



2020-2024 **ANNUAL** REPORTS & ACCOUNTS

Blossoming
With New
Strength



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ABOUT US

In a Nutshell →

A legacy player in the Nigerian insurance sector with strong brand equity and proven market resilience, offering:

- General Insurance ;
- Life Insurance;

Lagos

Head Office:
20c Akin Ogunlewe Street,
Victoria Island,
Lagos.

Our Value Proposition →

Technology-Driven

Our innovative platform leverages cutting-edge technology to make insurance seamless, fast, and accessible anytime, anywhere.

Professionalism & Expertise

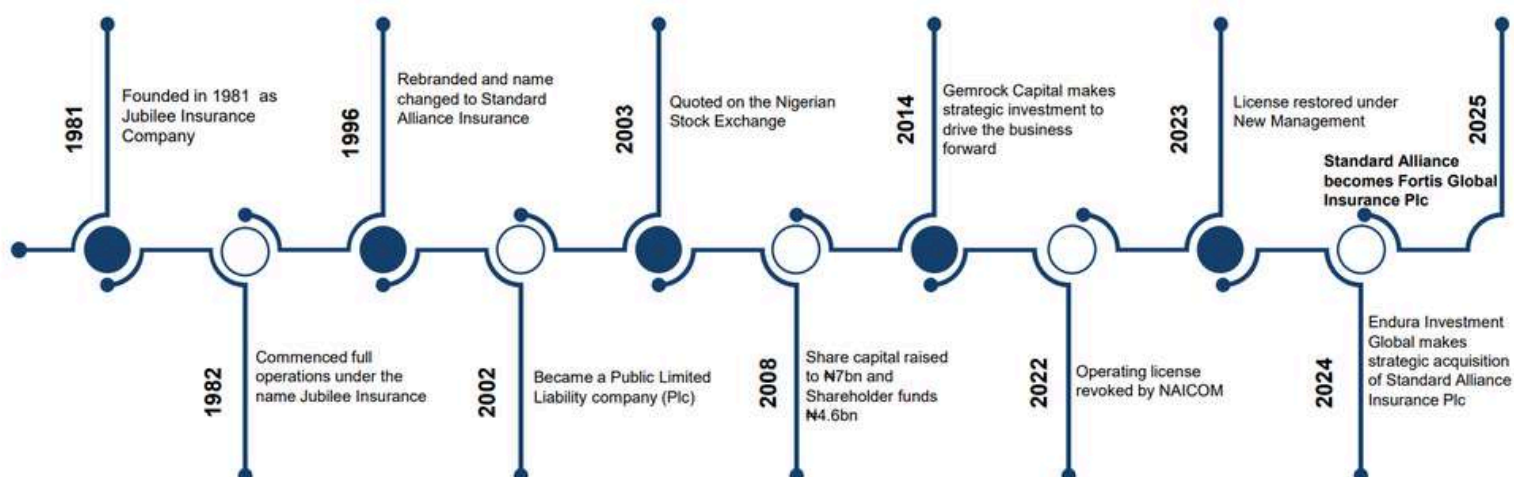
Our leadership and team bring deep experience, enabling sound decisions, strategic strength, and sustainable value creation.

Transparency & Integrity

We are committed to transparency, integrity, and ethical practices in all our dealings

Excellent Service Delivery

We are passionately committed to satisfying our clients. Our service model is built on empathy, responsiveness, and clear communication.



OUR VISION

To be Africa's most trusted and forward-thinking insurer, transforming challenges into opportunities through innovative solutions, reliable coverage, and exceptional service.

OUR MISSION

To transform the insurance experience across Africa by empowering stakeholders through innovative solutions, resilient partnerships, and outstanding service that make trust visible.

OUR CORE VALUES



Forward - Thinking



Outstanding Service



Resilient



Trustworthy



Innovative



Synergy



**Corporate Information Registration Number
Registered Office**

RC: 40590
Plot 20c Akin Ogunlewe Street,
Victoria Island,
Eti-Osa, Lagos State

Board of Directors

Akin Iroko - Non-Executive Chairman
Nomwen Emeghalu Managing Director
Olutayo Amore Executive Director, Technical
Rohan Fernando - Non-Executive Director
Musa Lawan - Non-Executive Director
Nathaniel Ibitowa- Non-Executive Director

Management Team

Nomwen Emeghalu - Managing Director
Olutayo Amore Executive Director, Technical
Mike Owopo - Chief Finance Officer
Bolaji Akerele - Chief Information Officer
Halima Jimada - Company Secretary/Legal
Adviser
Adedamola Adeshina - Head Human Resources
Ademola Oladipupo - Head Compliance

FRC No:

FRC/2013/00000000570

Tax Identification No:

00097402-0001

Auditors

TAC Professional Services
(Chartered Accountants)
Plot 22, Adebisi Oguniyi Crescent.
Off Oladimeji Alao Street.
Lekki Phase 1 Lagos

Bankers

Globus Bank
Providus Bank Limited
Access Bank Plc
Guaranty Trust Bank Plc
Zenith Bank Plc
First Bank of Nigeria Limited
Fidelity Bank Plc
United Bank for Africa Plc
Wema Bank Plc
GTI MFB

Re-insurers

Continental Reinsurance Plc
Nigeria Reinsurance Corporation
WAICA Reinsurance Corporation



Corporate Information (Cont'd)

Registrar

PAC Registrars & Investors Services Limited.

Reinsurance Broker

Standard Insurance Brokers Limited

Actuary

Becoda Consulting Limited
No 7, Ibiyinka Olorunimbe Close
Victoria Island, Lagos
FRC/2015/PRO/NAS/004/00000012946

ESTATE SURVEYOR & VALUERS

Omo Egbedi & Co
205 Igboere Rd., Opposite Lagos High
Court, Marina Lagos.
FRC/2014/NIESV/000000007157



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that by an order of the Federal High Court of Nigeria holden at Abuja, on 30th January 2026 in suit no: FHC/ABJ/CS/99/2026, the Court directed that the 23rd to 27th Annual General Meeting ("AGM") of **FORTIS GLOBAL INSURANCE PLC** ("the Company") be convened and accordingly the AGM will be held on Thursday, 12th February 2026 at 11:00 a.m. at BWC Hotels, 1228B, Ahmadu Bello Way, Victoria Island, Lagos State, to transact the following business:

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the year ended 31st December 2020 together with the Reports of Directors, Auditors and Audit Committee thereon.
2. To receive the Audited Financial Statements for the year ended 31st December 2021 together with the Reports of Directors, Auditors and Audit Committee thereon.
3. To receive the Audited Financial Statements for the year ended 31st December 2022 together with the Reports of Directors, Auditors and Audit Committee thereon.
4. To receive the Audited Financial Statements for the year ended 31st December 2023 together with the Reports of Directors, Auditors and Audit Committee thereon.
5. To receive the Audited Financial Statements for the year ended 31st December 2024 together with the Reports of Directors, Auditors and Audit Committee thereon.
6. To ratify the appointment of the following Directors:
 - a. Abiodun Sanusi
 - b. Nelson Ahaneku
 - c. Nomwen Imariagbotua Emeghalu
7. To re-elect the following Directors who in accordance with Article 83 of the Company's Articles of Association retires by rotation, and being eligible have offered themselves for re-election:
 - a. Rohan Fernando
 - b. Musa Lawan

Directors: Akin Iroko (Nigerian, Chairman), Rohan Fernando (NED, Sri Lankan), Musa Lawan (NED, Nigerian), Abiodun Sanusi (NED, Nigerian), Nelson Ahaneku (NED, Nigerian), Nomwen Emeghalu (Managing Director), Olutayo Amore (ED, Technical).

AUTHORIZED AND REGULATED BY THE NATIONAL INSURANCE COMMISSION RIC 091

8. To ratify the appointment of TAC Professional Services as the Auditors of the Company and to authorize the Directors to fix their remuneration.
9. To elect members of the Statutory Audit Committee.

SPECIAL BUSINESS/ORDINARY RESOLUTIONS

The following businesses will be transacted at the meeting as special businesses:

To consider and if thought, pass the following as ordinary resolutions:

10. To approve the remuneration of the Non-Executive Directors.
11. That subject to necessary regulatory and statutory approvals, the Board be and are hereby authorised to take all necessary steps to raise additional capital for the Company to meet the mandatory minimum capital requirement in any form and through any structure, including without limitation equity, debt, quasi-equity or hybrid instruments. Such capital raise may be undertaken by way of ordinary shares, preference shares, (cumulative or non-cumulative, redeemable or non-redeemable), debentures, bonds, notes, subordinated instruments, convertible or non-convertible instruments, mezzanine financing, rights issues, private placements, public offers, or any other capital or debt instrument or structure permitted under applicable law. The Board is further authorised to negotiate, approve and execute all agreements, documents and transactions necessary to consummate any such capital raise, and to take all actions required to ensure the Company's continued compliance with NAICOM's minimum capital requirements and the risk-based capital framework.
12. That pursuant to the provisions of the Companies and Allied Matters Act, 2020 (CAMA 2020) and the existing Articles of Association of the Company, the Articles of Association of the Company be and are hereby amended to permit the holding of General Meetings by the Company either physical, or electronically.
 - A. That a new Article 57(2) be inserted immediately after Article 57(1) as follows:

'The Company may convene and hold any Meeting (including Directors, Annual or Extraordinary General Meetings) by physical, or electronic means, and members participating through such electronic or technological platform shall be deemed to be present in person for the purposes of quorum, voting and all other proceedings of the meeting.'
13. That the Board of Directors be and are hereby authorized to do all such acts, deeds, matters and things as the Board may deem necessary to give effect to the aforementioned resolutions of the Company.



NOTES:

1. **Proxy:** A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of Fortis Global Insurance Plc. To be valid, a completed and duly stamped proxy form must be completed and deposited at the registered office of the Company or forwarded via email secretariat@fortisglobalinsurance.com not later than forty-eight (48) hours before the time fixed for the meeting.
2. **Closure of Register of Members:**
The Register of Members and Transfer Books will be closed from 4 to 10 February 2026 (both days inclusive) to enable the Registrars update its records.
3. **Website:** A copy of this Notice and other information relating to the meeting can be found at www.fortisglobalinsurance.com
4. **Nomination for Statutory Audit Committee.**
5. In accordance with section 404 (6) of the Companies and Allied Matters Act, 2020 (CAMA 2020), any member may nominate a shareholder as a member of the Statutory Audit Committee by giving notice in writing of such nomination to the Company Secretary (together with a short biodata of the nominee), at least seven (7) days before the AGM. A list of the prospective candidates shall be posted on the Registrar's website before the date of the meeting.
6. **Shareholders' Rights:** Shareholders have the right to ask questions not only at the meeting but also in advance. Questions should be submitted in writing to the Company Secretary at least five (5) days before the meeting.
7. **E-Annual Report**

Shareholders who have provided their email addresses to the Registrars will receive the electronic version of the audited financial statements of the company for the five (5) years ended December 31, 2024, via email. Furthermore, shareholders who are interested in receiving the electronic version of the audited financial statements of the Company for the five (5) years ended December 31, 2024, may request for it via email: secretariat@fortisglobalinsurance.com

Dated this 2nd day of February 2026



Halima Jimada
Company Secretary
FRC/2024/PRO/NBA/004/605363

OUR SERVICE OFFERINGS

1

General Insurance

Motor Insurance

Accident Insurance

Bond Insurance

Marine Insurance

Aviation Insurance

Fire & Burglary

Oil & Gas

Travel Insurance

Goods in Transit

2

Life Insurance

Group Life

Credit Life

Capital Income Plan

Income Protection Plan & Salary Protection Insurance Scheme

Annuity

Digital Savings

Education Endowment

Key Man Assurance

Deposit Linked Assurance



OUR BOARD OF DIRECTORS



Akinlolu Iroko
Chairman

Akinlolu is a seasoned management expert with a focus on corporate governance and leadership development. He has held significant positions such as Director-General of the Chartered Institute of Directors Nigeria and Administrator of the Nigerian Institute of Management.

He is currently involved in board positions at several organizations in Nigeria, Canada, and the US, leveraging his expertise to contribute to their success.



Nelson Ahaneku
Non-Executive
Director

Nelson is the Chairman of Marvel Kapital Limited. He is a seasoned finance professional with a strong academic background and over two decades of experience.

He has a highly experienced finance professional with over 25 years of expertise in the Oil & Gas and Capital Management industries. He worked with Shell in Nigeria and multiple locations globally.



Abiodun Sanusi
Non-Executive
Director

Abiodun is the MD and Founder of BlackBirch Capital. He has over 20 years' experience in Investment banking and has executed transactions over \$10 billion across multiple sectors including oil & gas, financial services, consumer, industrials etc. in his investment banking career.

He is a CFAC charterholder and also a Fellow of the Institute of Chartered Accountants of Nigeria. He has an MBA from the prestigious Wharton School, University of Pennsylvania, USA.



Rohan Fernando
Non-Executive
Director

Rohan is an accomplished professional with a Diploma in Pharmaceutical Marketing and MCIM certification from the Chartered Institute of Marketing (UK). He is the CEO of QPI Consultants in the UAE since 2018, where he leads investment and advisory services across emerging markets in sectors like insurance, banking, and renewables. Previously, he was Director of Nutrition Marketing at Maliban Milk Products, where he expanded operations to 35 countries, and Business Development Manager at Hemas Pharmaceuticals, driving growth in healthcare and diagnostics.



Musa Lawan
Non-Executive

Musa holds a Bachelor of Law Degree from the University of Maiduguri (1983), a Postgraduate Diploma in Petroleum Law from the University of Dundee (1990). He was called to the Bar in 1984. He joined NNPC in 1987 as a Legal Officer and later integrated insurance functions, driving efficiency during the 1996/1997 reorganization. He served as Manager of Insurance at NAPIMS (2012), Group General Manager of Group Insurance, and Group General Manager of NAPIMS, NNPC's investment arm. He was Managing Director of Petroleum Products Marketing Company (PPMC) from 2019 to 2021, retiring after a distinguished career.



Nomwen Emeghalu
Managing
Director

Nomwen is a seasoned insurance executive with a strong academic and professional foundation spanning education, management, and risk. She holds a B.Ed. in Biology from the University of Benin and an MBA in Management from the University of Port Harcourt. She is a Fellow of the Chartered Insurance Institute of Nigeria (FIIN) and the Risk Managers Society of Nigeria (FRMN), as well as an Associate of the Certified Pension Institute of Nigeria (CPIN). She brings a multidisciplinary perspective to insurance leadership, governance, and risk management.



Olutayo Amore
Executive –
Technical

Olutayo holds an HND in Insurance and a Master's in Managerial Psychology. He is an Associate of Chartered Insurance Institute of Nigeria (CIIN). He has over 24 years of experience in insurance, covering risk management, underwriting, and claims. He has held senior roles at Leadway Assurance, Standard Alliance, and First Adequate Benefits.



OUR MANAGEMENT TEAM



**Nomwen
Emeghalu**
Managing
Director

Nomwen is a seasoned insurance executive with a strong academic and professional foundation spanning education, management, and risk. She holds a B.Ed. in Biology from the University of Benin and an MBA in Management from the University of Port Harcourt.

She is a Fellow of the Chartered Insurance Institute of Nigeria (FIIN) and the Risk Managers Society of Nigeria (FRMN), as well as an Associate of the Certified Pension Institute of Nigeria (CPIN). He brings a multidisciplinary perspective to insurance leadership, governance, and risk management.



Olutayo Amore
Executive –
Technical

Olutayo holds an HND in Insurance and a Master's in Managerial Psychology. He is an Associate of Chartered Insurance Institute of Nigeria (CIIN).

He has over 24 years of experience in insurance, covering risk management, underwriting, and claims. He has held senior roles at Leadway Assurance, Standard Alliance, and First Adequate Benefits.



**Michael
Owope**
Chief Financial
Officer

Michael holds a B.Sc. in Accounting from Ahmadu Bello University, Zaria, and an MBA from Ladoke Akintola University of Technology. A Fellow of the Institute of Chartered Accountants of Nigeria (ICAN), he is also an Associate Member of the Chartered Institute of Taxation of Nigeria (CITN).

With over 30 years of extensive experience in the insurance and maritime industries. His expertise spans payroll accounting, credit control, financial reporting, statutory returns, cash flow management, investment portfolio management, taxation, and due diligence investigations.

He has held various positions across multiple industries, including insurance, maritime, and aviation.



Halima Jimada
Company
Secretary
Director

Halima holds an LL.B and an LL.M from the University of Ilorin, Nigeria, and was called to the Nigerian Bar in 2015. She is an accomplished legal professional with a decade of post-call experience in corporate governance, regulatory compliance, and legal advisory. She has excelled in corporate secretarial roles, ensuring regulatory adherence and facilitating effective governance.

She has held key roles at firms such as Shuaib Alaran & Associates and ABFR & Co., demonstrating her ability to navigate complex legal frameworks and provide strategic legal counsel.



**Omolabake
Olusesan**

Omolabake is a seasoned finance and taxation professional with over 15 years of experience spanning accounting, tax advisory, and financial management.

She is a Fellow Association of Chartered Certified Accountant (FCCA), Fellow, Chartered Institute of Taxation of Nigeria (FCTI), Associate Institute of Chartered Accountants of Nigeria (ACA), she holds an MBA from Ladoke Akintola University Ogbomosho and holds a BSc in Biochemistry from University of Ilorin.



Bolaji Akerele
Chief Information
Officer

Bolaji is a consummate strategy professional, analyst and business leader with over 15 years of experience spanning IT infrastructure, cybersecurity, and data management across corporate and financial sectors. He led strategy at Law Union and Rock Insurance before moving on to head Corporate Development at Trucks Transit Parks Limited, where he developed the corporate and commercial structure for the multi-million-dollar PPP project.

He holds a B.Sc. in Computer Science from Babcock University and an M.Sc. in Corporate Brand Management from Brunel University, London.

OUR MANAGEMENT TEAM



**Samuel
Ohonusi**

Samuel has over twenty-five (25) years of high-impact experience as a seasoned underwriter, insurance technocrat and top management professional. A multi-skilled leader that provides strategic guidance on general and life Underwriting, Reinsurance, Claims Administration, Brokerage and Portfolio Management with extensive work experience across reputable Brokerage Firms and Insurance Companies including a significant tenure at ALLIANZ SE, Munich, Nigeria Office.

He is a graduate of Insurance, master's degree holder in Financial Management, an Associate of the Chartered Insurance Institute of Nigeria and also holds the prestigious ALLIANZ SE Gold Badge Underwriter accreditation.



Dorothy Ibeh

PM Business
Development

Dorothy Ibeh is a seasoned insurance professional with almost two decades of industry experience. Holds a Master of Public Administration (MPA) from Lagos State University and a Bachelor of Arts in History from the University of Benin. An Associate of the Chartered Insurance Institute of Nigeria (ACIIN) and the Nigerian Institute of Management (AMNIM). She is Committed to upholding the highest standards of professional excellence and operational leadership.



Bolanle Daso

SM Business
Development

Bolanle is an insurance sales and relationship-management professional with over 11 years in Nigeria's general insurance market. She is currently a Relationship Manager at Fortis Global Insurance, overseeing client portfolios and supporting revenue growth.

Bolanle is skilled in prospecting, client onboarding, product promotion, and renewal management across retail and corporate segments.

She is recognized for relationship-driven sales, portfolio retention, and supporting sustainable business expansion.



**Adedamola
Adeshina**

Head- Human
Resources

Adedamola has extensive experience in human resources management, organizational development, and employee relations across diverse sectors.

She holds a B.A. in English Studies from Babcock University and an M.Sc. in Industrial & Personnel Relations from the University of Ibadan.



**Ademola
Oladipupo**

Head
Compliance

Ademola holds a B.Sc. (Hons) in Accounting from Ekiti State University and a Certificate in Insurance from the Chartered Insurance Institute of Nigeria (CIIN).

He is an Associate Member of the Institute of Chartered Accountants of Nigeria (ICAN).





CHAIRMAN'S STATEMENT

FOR THE YEARS ENDED 31 DECEMBER 2020, 2021, 2022, 2023 & 2024

To Our Esteemed Shareholders, good day, and a sincere welcome to you all. I address you today at a defining moment for our company – a moment that follows a complex period of legal challenge, operational cessation, and the start of a determined journey of rebuilding.

It is my duty to provide a transparent account of our recent history and our clear path forward.

A Period of Legal Challenge, Cancellation, and Reset

The review period from 2020 to 2024 includes a phase of profound difficulty and transition. On the 21st of June 2022, the National Insurance Commission (NAICOM) cancelled our operational license due to the company's inability to meet mandatory regulatory capital and solvency requirements at that time. Following the cancellation, some shareholders sought legal recourse. They went to court to challenge NAICOM's decision. In a significant development, the court delivered a judgment on the 7th of July 2023 that nullified the initial cancellation order.

However, despite this legal ruling, the fundamental operational and financial realities that led to the regulatory action remained unchanged. Critically, the company remained non-operational from 21st of June 2022 until the new investors and management assumed control in August 2024. No new insurance business was conducted during this entire period. The legal victory addressed the procedural status but did not reactivate the company or solve its foundational issues.

The true turning point arrived in August 2024 with the strategic acquisition by Endura Investment Global Limited, which acquired a strategic stake in the company from Olorogun Otega Emerhor, Standard Alliance Investment Limited and related parties resulting in their exit as strategic investors in the company with Endura Investment Global Limited becoming the core investor. This investment was secured specifically to pave way for injection of new capital after the change in the core ownership of the company. Subsequently, in line with this new financial commitment and leadership, NAICOM has formally restored our operating license.

A new Board was constituted in September 2024, and I was appointed Chairman. Together with other Board members and management, we undertook the responsibility of revitalization and compliance. Our mandate is to responsibly manage the complex legacy of the past while building a new, stable, and compliant enterprise under this renewed structure.

Review of Financial Highlights (2020–2024)

The five-year period under review paints a picture of steep decline followed by stabilization in 2024. Following operational challenges, the Company recorded consistent losses from 2020 through 2023, with a pre-tax loss of N1.81 billion in 2023 contributing to a significant accumulated deficit. Total assets had contracted, and regulatory solvency margins were deeply negative.

The 2024 result shows a decisive shift in reported position, though this requires careful explanation. The reported profit before tax of N4.99 billion is primarily a result of a N7.64 billion fair value gain on investment properties, stemming from a mandatory independent annual revaluation. This accounting adjustment has dramatically improved the balance sheet, with total assets increasing by 83% to N13.76 billion. The inherited liabilities remain a core focus, particularly the insurance contract liabilities of N4.86 billion and the investment contract liabilities of N2.90 billion. It is important to note that with no active underwriting during the year, this result reflects a restructuring of legacy positions rather than new operational performance.

Regulatory Compliance and Account Finalization

A primary and immediate task for the new management upon assuming office was to address the significant backlog in regulatory filings and financial reporting that had accumulated during the period of non-operation. Our team has been diligently saddled with the preparation, filing, and securing of approvals for outstanding financial statements and compliance documents with all relevant regulators, including NAICOM, the Financial Reporting Council of Nigeria (FRC), Securities and Exchange Commission (SEC) and the Nigeria Exchange Group (NGX). The presentation of these audited accounts for 2024 marks a critical milestone in regularizing our standing and demonstrating our commitment to transparency and good governance.



Our immediate and ongoing concerns include:

1. **Resolution of Outstanding Legacy Liabilities:** We have inherited substantial obligations, including insurance claims of N4.86 billion and investment contract liabilities of N2.90 billion. Addressing these legacy obligations to our policyholders is our foremost ethical and operational priority.
2. **Achieving Full Recapitalisation and Solvency:** While the licence is restored, the journey to full financial health is just beginning. We still face a capital shortfall. Executing the comprehensive recapitalisation plan with our core investor is our critical strategic objective especially in the light of NIIRAw which sets the capital requirement at N10 billion for life and N15 billion for general insurance business.
3. **Managing the Daewoo Securities Liability:** The outstanding bond obligation of approximately N6.17 billion remains a significant legacy liability. We are engaged in active negotiations to reach a sustainable resolution.

Our Strategy: A Blueprint for Responsible Rebuilding

From this standing start, our strategy is methodical and clear:

1. **Ensuring Unwavering Regulatory Compliance:** We will continue to prioritize timely and accurate reporting to all regulators to safeguard our hard-won operating license and rebuild trust.
2. **Finalising the Recapitalisation Process:** We are focused on closing the capital gap. A major step has already been taken: an initial fund injection of N12 billion was made in February 2025. This is the essential foundation for our restart.
3. **HoldCo Structure:** This entails transitioning the Company into a holding company structure under which Fortis Global Insurance Plc will become the holding entity, while two new wholly owned subsidiaries will be incorporated to separately manage the General and Life Insurance businesses. Mr. Bode Akinboye, was engaged as the Group Chief Executive Officer, whose leadership will drive the HoldCo transformation and the Companies under the structure. He was at the helm of affairs between 2003 and 2009 when the company was at its best paying dividends and bonus throughout this period. We are confident in his ability to provide leadership to the HoldCo towards its transformation to a formidable one.
4. **Systematically Resolving Legacy Liabilities:** We are conducting a thorough audit and assessment of all pre-cancellation liabilities, to ensure they are managed with integrity and efficiency.
5. **Improving Operational Capability:** With our license restored and recapitalisation underway, we are now focused on strengthening our underwriting, risk management, internal control and customer service functions. Our commitment is to build a sustainable operation that not only meets but exceeds the prudential standards set by the regulator for the long term.

Acknowledgements

I wish to express our deepest gratitude to you, our shareholders. Your patience during years of uncertainty is the bedrock upon which we now build. We do not take your faith lightly. We are profoundly thankful to the National Insurance Commission (NAICOM) for its engagement and for the decision to restore our operating license following the new investment commitment. We also acknowledge the Corporate Affairs Commission (CAC), the Financial Reporting Council of Nigeria (FRC), and SEC. The Nigeria Exchange Group (NGX) in particular has provided the guidance and encouragement environment that helped us to successfully navigate the very challenging pathway that got us to our current state. We also thank our Reinsurers, Auditors, Actuaries and other professional advisers for their guidance and cooperation during our compliance and regularization process. Equally we continue to appreciate our customers and Brokers for their understanding and support as we focus on resolving all pending claims.

To our employees who have joined in this rebuilding and restart, thank you. We are committed to creating a stable and purposeful future for the company.

Finally, I commend my fellow Board members and the executive management team for their dedication to the formidable task of restarting and revitalising Fortis Global Insurance Plc.

The period of cancellation and legal challenge is now behind us. Today, with a committed core investor, a restored license, and a focused team, we begin the work of responsible reconstruction. We are dedicated to rebuilding the company into a model of resilience and reliability and I solicit your continued support in this journey. We foresee a very bright future for the company in the medium to long term.

Thank you.



Akin Iroko

Chairman, Board of Directors
Fortis Global Insurance Plc
January 2026.

FRC/2024/PRO/DIR/003/358339



CHIEF EXECUTIVE OFFICER'S STATEMENT

Combined Annual General Meeting (2020–2024)



Introduction

Dear Esteemed Shareholders and Stakeholders,
It is with profound gratitude and renewed confidence that I present the Chief Executive Officer's Statement of Fortis Global Insurance Plc at this Combined Annual General Meeting covering the financial years 2020 to 2024.

This AGM marks a defining milestone in the history of our Company, following the restoration of our operating licence by the National Insurance Commission (NAICOM), the change of name and the successful repositioning under a new ownership and governance structure.

While the period under review was characterised by significant operational disruption, it has equally provided the foundation for comprehensive institutional rebuilding and long-term value creation.

Review of the Global Economy

The global economy between 2020 and 2024 experienced unprecedented volatility driven by the COVID-19 pandemic, inflationary pressures, tightening monetary policies, geopolitical tensions, and capital market instability. For the global insurance industry, these conditions translated into increased claims experience, pressure on investment portfolios, solvency considerations, and accelerated digital transformation initiatives.

Review of the Nigerian Economy

Nigeria's economy reflected these global challenges, compounded by domestic structural pressures including currency depreciation, elevated inflation, constrained fiscal capacity, and subdued consumer purchasing power. The insurance sector continued to evolve under enhanced regulatory oversight, with increased focus on capital adequacy, governance standards, risk management, and sustainable business models.

Business Performance and Challenges

Distinguished shareholders, the Company's performance during the years under review was materially impacted by the suspension of our operating licence, which resulted in the cessation of underwriting activities. Key operational challenges included; capital inadequacy and liquidity constraints, accumulated legacy claims obligations, weak internal controls and process inefficiencies, suboptimal investment income performance, governance and enterprise risk management gaps. These challenges adversely affected premium generation, profitability, solvency indicators, and stakeholder confidence.

Business Transformation Update and Turnaround Milestones

Following the restoration of our operating licence in 2024 and the acquisition of the shares held by Olorogun Otega Emerhor/Standard Alliance Investment group in the company by new strategic investors, Endura Investment Global Limited, the Company commenced a structured turnaround and stabilisation programme.

Key institutional milestones achieved include:

- i. Reconstitution of the Board and executive leadership with strong governance oversight
- ii. Rebranding to Fortis Global Insurance Plc to reflect a renewed strategic direction
- iii. Completion and regulatory approval of outstanding audited financial statements
- Strengthening of enterprise risk management and underwriting controls
- iv. Implementation of claims validation framework and prioritised settlement programme
- Restoration of regulatory compliance across statutory filings and reporting
- v. Obligations
- vi. Launch of operational restructuring across finance, underwriting, claims, IT, and compliance

These milestones collectively mark the transition from recovery to sustainable growth readiness.

Financial Performance Indicators (Recovery Phase Highlights)

Given the suspension of operations for a significant portion of the review period, traditional growth metrics were constrained. However, the turnaround phase has delivered measurable financial stabilisation outcomes, including:

Capital & Solvency

- Restoration of minimum regulatory solvency thresholds
- Structured capital injection programme underway
- Improved liquidity management framework implemented



Balance Sheet Strengthening

- i. Progressive reduction of verified legacy claims obligations
- ii. Clean-up of impaired receivables and non-performing assets
- iii. Improved asset quality and investment risk profile

Operational Efficiency

- i. Reduced operating leakages through process automation and control redesign
- ii. Streamlined cost structures aligned with lean operating model
- iii. Strengthened financial reporting and treasury management

Revenue Recovery Readiness

- i. Reopening of underwriting portfolios in core insurance lines
 - ii. Re-engagement of brokers, corporate clients, and distribution partners
 - iii. Pipeline of corporate and retail business under active development
- Management expects a return to sustained premium growth, improved combined ratios, and positive profitability trajectory going forward.

Recapitalisation Plan

The Company has initiated a robust recapitalisation programme designed to strengthen shareholders' funds and solvency margins, enhance underwriting capacity and claims-paying ability, support portfolio expansion and digital transformation in order to position the Company competitively within Nigeria's evolving insurance market.

Advanced-stage capital discussions are ongoing with institutional investors and strategic partners that will ensure that the minimum capital requirements for both life and general insurance business are fully met latest by July 2026.

Looking Forward

Our strategic focus over the medium term is anchored on disciplined growth, profitability, and shareholder value creation.

Key priorities include:

- i. Concentration on profitable core insurance segments
- ii. Deployment of technology-driven underwriting, claims, and customer engagement platforms
- iii. Deepening corporate governance, compliance, and accountability culture
- iv. Building a performance-driven professional workforce
- v. Prompt settlement of verified claims to rebuild market confidence
- vi. Strategic partnerships for distribution expansion and product innovation

Our brand promise "Making Trust Visible" remains central to our operating philosophy.

Conclusion: A Stronger and More Profitable Future

Distinguished shareholders, Fortis Global Insurance Plc has transitioned from crisis to recovery and is now firmly positioned for sustainable growth.

The successful restoration of our operating licence, execution of critical turnaround milestones, strengthening of our balance sheet, and renewed capital support provide a solid platform for improved financial performance.

We are optimistic about the future. The Company is entering a new phase defined by stronger governance, sound financial discipline, operational excellence, and profitable expansion.

Your Company is being rebuilt not merely to survive but to thrive.

Appreciation

On behalf of the Board and Management, I sincerely thank Our shareholders for their patience, loyalty, and confidence, The National Insurance Commission for its guidance and oversight, The Nigerian Exchange Group for their timely support, The Securities and Exchange Commission and Financial Reporting Council for their guided oversights, our Board for their leadership and strategic stewardship, our employees for their resilience and commitment, Our partners and stakeholders for their continued support and most especially our valued customers for their trust and patronage.

Together, we are building a resilient, trusted, and high-performing Fortis Global Insurance Plc.

Thank you.



Nomwen Emeghalu

JANUARY 2026.

FRC/2025/PRO/DIR/003/060576

**FINANCIAL
STATEMENTS FOR
THE YEAR ENDED 31
DECEMBER 2020**



STANDARD ALLIANCE INSURANCE PLC

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Corporate information

Registration Number - RC: 40590

Directors :	Mr. Johnson Egu Chukwu	Chairman
	Mr. Tayo Awodiya	Chief Executive Officer - Appointed wef 27 January 2020
	Mr. Richard Ododo	Chief Executive Officer - Resigned wef 31 January 2020
	Mr. Oduniyi Odusi	Executive Director -
	Alh. Uwais Haruna Mohammed	Independent Non-Executive Director
	Chief Uzoma Igbonwa	Non-Executive Director

Ag. Company Secretary - Kasoki Hart Olekanma (Esq.)

Registered Office - Plot 1 Block 94, Providence Street
 Lekki Scheme 1, Lekki
 Lagos.

Registrar - First Registrars and Investor Services Limited
 Plot 2, Abebe Village Road, Iganmu
 Lagos.

Bankers - Access Bank Plc
 Ecobank Plc
 Fidelity Bank Plc
 First City Monument Bank Limited
 First Bank of Nigeria Limited
 Guaranty Trust Bank Plc
 Heritage Bank Limited
 Keystone Bank Limited
 Polaris Bank Limited
 Sterling Bank Plc
 Union Bank Plc
 United Bank for Africa Plc
 Unity Bank Plc
 Wema Bank Plc
 Zenith Bank Plc

Reinsurers - African Reinsurance Corporation
 Waica Reinsurance Corporation Plc
 Nigeria Reinsurance Corporation
 Zep Reinsurance Corporation
 Nouvell Compagnie Africaine De Reassurance
 Aveni Reinsurance Company Ltd

Reinsurance Broker - Feybil Insurance Brokers Limited

Auditor - Muhtari Dangana & Co
 (Chartered Accountants)
 Maanah Plaza
 19, Araromi Street,
 Onikan - Lagos.

Actuary - O & A Hedge Actuarial Consulting (OAHAC)
 Suite 24 Motorways Centre
 1 Motor ways Avenue
 Opposite Seven Up Bottling Plant
 Alausa-Ikeja, Lagos.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Results at a glance

	2020	2019	%
	N'000	N'000	Change
Statement of Comprehensive income:			
Gross premium written	962,578	2,427,120	(60)
Net premium income	700,671	2,316,140	(70)
Claims expenses	(2,206,147)	(719,445)	207
Underwriting (loss)/profit	(1,578,755)	1,140,059	(238)
Investment and other income	1,075,646	169,654	534
Management expenses	(835,774)	(954,243)	(12)
Loss before tax	(2,128,453)	(1,624,773)	(31)
Statement of Financial Position:			
Cash and cash equivalents	1,165,808	1,259,652	(7)
Investment property	4,030,067	4,670,589	(14)
Insurance contract liabilities	5,618,723	3,929,106	43
Investment contract liabilities	455,519	595,773	(24)
Paid up share capital	6,455,515	6,455,515	-
Shareholders' funds	(1,372,172)	3,940,240	(135)
Total Assets	7,697,050	11,322,244	(32)
Per share data			
Basic earnings per share (kobo)	(16.52)	(9.42)	(75)
Net assets per share (kobo)	(11)	31	-
Share price (kobo)	50	50	-
General			
Number of Shareholders	70,357	70,357	-
Number of Employees	135	164	-
Number of Branches	14	14	-

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

STATEMENT OF DIRECTORS' RESPONSIBILITIES

In accordance with the provisions of the Companies and Allied Matters Act, 2020, the Insurance Act CAP I17, LFN, 2004 and National Insurance Commission's prudential guidelines 2015, the Directors are responsible for the preparation of financial statements which give a true and fair view of the state of affairs of the Company and the profit or loss and other comprehensive income for the financial year.

The Directors responsibilities include ensuring that the Company:

- i. implement appropriate internal controls to secure the assets of the Company, prevent and detect fraud and other financial irregularities
- ii. keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which ensure that the financial statements comply with the requirements of the Companies and Allied Matters Act 2020, Insurance Act CAP I17, LFN 2004, and NAICOM Prudential Guidelines and Circulars.
- iii. 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.

The Directors accept responsibility for maintaining adequate accounting records as required by:

- a. International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards
- b. Companies and Allied Matters Act, 2020;
- c. Insurance Act, CAP I17, LFN 2004;
- d. NAICOM Prudential Guidelines and circulars.

The Directors are of the opinion that the financial statements give a true and fair view of the state of affairs of the Company and of the profit or loss for the year. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal control.

Nothing has come to the attention of the Directors to indicate that the Company will not remain a going concern for at least 12 (twelve) months from the date of approval of the financial statements.



Mr. Pius Uwagbai
Chief Finance Officer
FRC/2014/PRO/ICAN/001/00000005986

Date: 11th October, 2024



Mr. Tayo Awodiya
Managing Director/CEO
FRC/2014/CIIN/004/00000006094

Date: 11th October, 2024



Mr. Johnson Chukwu
Chairman
FRC/2014/ICAN/00000003920

Date: 11th October, 2024

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

REPORT OF THE DIRECTORS

The Directors have the pleasure of presenting their annual report and the audited financial statements of Standard Alliance Insurance Plc to the Shareholders along with the auditor's report for the year ended 31 December 2020. The Company's financial statements were prepared in compliance with the International Financial Reporting Standards (IFRS).

Principal activities and business review

The Company's principal activity is the provision of non-life and life underwriting and special risk underwriting. Such services include provision of general insurance and life assurance services to both individual and corporate customers.

The below is the summary of the Company's operating results:

	2020 N'000	2019 N'000
Gross premium income	721,017	2,554,796
Claims expenses	(2,206,147)	(719,445)
Underwriting expenses	(95,341)	(476,809)
Underwriting results	(1,578,755)	1,140,060

Directors

The Directors of the Company are as follows:

Mr. Johnson Egu Chukwu	-	Chairman
Mr. Tayo Awodiya	-	Chief Executive Officer - Appointed wef 27 January 202
Mr. Richard Ododo	-	Chief Executive Officer - Resigned wef 31 January 2020
Mr. Oduniyi Odusi	-	Executive Director -
Alh. Uwais Haruna Mohammed	-	Independent Non-Executive Director
Chief Uzoma Igbonwa	-	Non-Executive Director

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

REPORT OF THE DIRECTORS (continued)

Directors' interests

The Directors' direct interests in the issued share capital of the Company as recorded in the Register of members as at 31 December 2020 are as follows:

Number of shares held at the end of:				
	2020		2019	
	Units	%	Units	%
Mr. Johnson Chukwu	-	-	-	-
Mr Bode Akinboye	435,442,485	3.37	435,442,485	3.37
Mr. Bolaji Oladipo	150,000	0.00	150,000	0.001
Mr. Austin Enajemo-Isire	28,155,285	0.22	28,155,285	0.22
Mrs. Omolola Oshiafi	12,500,000	0.10	12,500,000	0.10

The Directors' indirect interests in the issued share capital of the Company as recorded in the Register of members are as follows:

	2020		2019	
	Units	%	Units	%
Bode Akinboye:				
Gemrock Management Company Limited	2,594,060,738	20.09	2,594,060,738	20.09
Mr. Johnson Chukwu & Mr. Austin Enajemo-Isire:				
Standard Alliance Investments Limited	2,557,636,144	19.81	2,557,636,144	19.81
Standard Alliance Capital Limited	250,250,000	1.94	250,250,000	1.94

Mr. Bode Akinboye and Mr Austin Enajemo-Isire resigned from the company in June 26, 2019 and May 10, 2019 respectively.

Contracts

In accordance with Section 277 of the Companies and Allied Matters Act 2020, none of the Directors notified the Company of any declarable interest in contracts involving the Company during the year under review.

Property, plant and equipment

Information relating to changes in tangible assets is given in Note 14 to the financial statements. The Directors are of the opinion that the market value of the Company's assets is not lower than the values shown in the financial statements.

Share capital information

a) Share range analysis

Range of shares	Number of Shareholders	% Total	Share Units	% Total
1 - 1,000	15,126	21.49	14,492,143	0.11
1,001 - 5,000	27,647	39.27	86,388,122	0.67
5,001 - 10,000	11,711	16.63	103,565,160	0.80
10,001 - 50,000	11,831	16.81	282,768,978	2.19
50,001 - 100,000	2,029	2.88	165,648,519	1.28
100,001 - 500,000	1,534	2.18	340,954,565	2.64
500,001 - 1,000,000	240	0.34	198,713,693	1.54
1,000,001 - 5,000,000	165	0.23	363,668,833	2.82
5,000,001 - 10,000,000	45	0.06	335,668,609	2.60
10,000,001 - 50,000,000	40	0.06	853,979,957	6.61
50,000,001 and above	33	0.05	10,165,182,007	78.73
Total	70,401	100	12,911,030,586	100

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020
REPORT OF THE DIRECTORS (continued)

b) Substantial interests in shares

Apart from Gemrock Management Company Limited, Standard Alliance Investments Limited and FCMB Plc which hold 2,594,060,738 units (20.09%), 2,557,636,144 units (19.81%) and 700,000,000 units (5.42%) respectively, no other shareholder held more than 5% of the issued share capital of the Company as at 31 December 2020.

Corporate Social Responsibilities

The Company makes donations to charitable and non-profit organisations in appreciation of the society's contributions toward's the Company's progress.

During the year, a total sum of N1,050,000 (December 2019: N1,250,000) was given out as donations and charitable contributions. Details of the donations and charitable gifts are as stated below:

	2020	2019
	N'000	N'000
i) Fair Life African Foundation	900	1,250
ii) Ansar-ud-deen Society of Nigeria	150	-
	<u>1,050</u>	<u>1,250</u>

Human resources

a) Employment of disabled persons

The Company operates a non-discriminatory policy in the consideration of applications for employment, including those received from disabled persons. The Company's policy is that the most qualified and experienced persons are recruited for appropriate job levels irrespective of applicants state of origin, ethnicity, religion or physical condition. In the event that any employee becomes disabled in the course of employment, the Company is in a position to arrange appropriate training to ensure continuous employment of such person without being subjected to any disadvantage in his/her career development.

b) Health, safety and welfare of Employees

The Company's business premises are designed with a view to guaranteeing the safety and healthy living conditions of its employees and customers alike. Health, safety and fire drills are regularly organised to keep employees alert at all times. Employees are adequately insured against occupational hazards. In addition, the Company provides medical facilities to its employees and their immediate families at its expense.

c) Employee involvement and training

The Company encourages participation of employees in arriving at decisions in respect of matters affecting their well being. Towards this end, the Company provides opportunities for employees to deliberate on issues affecting the Company and employees' interests, with a view to making inputs to decisions thereon. The Company places a high premium on the development of its manpower. Consequently, the Company sponsored its employees for various training courses both in Nigeria and abroad in the year under review.

Auditors

Muhtari Danagana & Co (Chartered Accountants) were appointed as statutory auditor of the Company in 2020 and have indicated their willingness to continue in office in accordance with the Companies and Allied Matters Act, 2020.

A resolution will be proposed at the Annual General Meeting to authorize the directors to fix their remuneration.

By order of the Board



KASOKI HART OLEKANMA ESQ.
Ag. Company Secretary
FRC/2020/PRO/00000021806

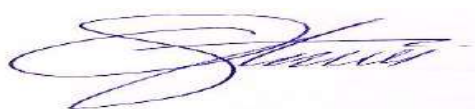
.....11th October,..... 2024

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

**CERTIFICATION PURSUANT TO SECTION 60(2) OF INVESTMENT AND SECURITIES
ACT NO.29 OF 2007**

We the undersigned hereby certify the following with regards to our audited report for the year ended 31 December 2020 that:

- (a) We have reviewed the report;
- (b) To the best of our knowledge, the report does not contain:
 - (i) Any untrue statement of a material fact, or
 - (ii) Omit to state a material fact, which would make the statements, misleading in the light of circumstances under which such statements were made;
- (c) 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 operations of the company as of, and for the periods presented in the report;
- (d) **We:**
 - (i) are responsible for establishing and maintaining internal controls;
 - (ii) have designed such internal controls to ensure that material information relating to the Company is made known to such officers by others within the entity particularly during the period in which the periodic reports are being prepared;
 - (iii) have evaluated the effectiveness of the Company's internal controls as of date within 90 days prior to the report;
 - (iv) have presented in the report our conclusions about the effectiveness of our internal controls based on our evaluation as of that date;
- (e) **We have disclosed to the Auditors of the Company and Audit Committee:**
 - (i) all significant deficiencies in the design or operations of internal controls which would adversely affect the Company's ability to record, process, summarize and report financial data;
 - (ii) any fraud, whether or not material, that involves management or other employees who have significant roles in the Company's internal controls;
- (f) 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. Pius Uwagbai
Chief Finance Officer
FRC/2014/PRO/ICAN/001/00000005986



Mr. Tayo Awodiya
FRC/2014/CIIN/004/00000006094
Managing Director/CEO

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

REPORT OF AUDIT COMMITTEE
TO THE MEMBERS OF STANDARD ALLIANCE INSURANCE PLC

In accordance with the provisions of Section 404 (7) of the Companies and Allied Matters Act 2020, we the Members of the Audit Committee of Standard Alliance 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 31 December, 2020 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.
- We are satisfied with the departmental responses to the External Auditors' findings on management matters for the year ended 31 December, 2020.

Finally, we acknowledge and appreciate the cooperation of Management and Staff in the conduct of these duties.



Alh. Uwais Haruna Mohammed
Chairman of the Audit Committee

Members of the Audit Committee

Mr. Austin Enajemo-Isire	-	Chairman (Resigned w.e.f May 10, 2019
Alh. Uwais Haruna Mohammed	-	Chairman (Appointed September 30, 2020)
Mr. Matthew Esonanjor	-	Member
Mr. Erinfolami Gafar	-	Member
Mr. Godwin Anono	-	Member

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

CORPORATE GOVERNANCE REPORT

Reporting entity

Standard Alliance Insurance Plc is a Company incorporated and domiciled in Nigeria. The address of the Company's registered office is Plot 1, Block 94, Providence Street, Lekki Scheme 1, Lekki – Epe Express way, Lekki, Lagos. The Company underwrites life and non-life insurance risks. The Company is listed on the Nigerian Stock Exchange.

The Company primarily operates in the insurance sector.

Standard Alliance Insurance Plc has over the years built an enviable reputation and has consistently adopted, implemented and applied international best practices in corporate governance, service delivery and value creation for all its stakeholders.

The Company's corporate governance principles are embodied in its Code of Corporate Governance, which represents the core values upon which the Company was founded. The code of Corporate Governance is designed to ensure that the Company's business is conducted in a fair, honest and transparent manner that conforms to high ethical standards. For the entity, good corporate governance goes beyond just adhering to rules and policies of the Regulators; it is about consistently creating excellent value for our stakeholders using the best possible principles within a sustainable and enduring system.

In order to remain a pace setter in the area of good corporate governance practice, the Company's corporate governance practices are constantly under review in line with the dynamics of the business environment and guidelines of the regulatory bodies.

Governance Structure

The Company is committed to high standards of corporate governance. Corporate governance practice in the Company is drawn from various applicable codes of corporate governance issued by National Insurance Commission (NAICOM) and Securities and Exchange Commission (SEC). This ensures compliance with regulatory requirement as well as the core value which the Company upholds.

The provision of the codes is geared towards ensuring transparency and accountability of the Board and Management to shareholders of the Company.

The Board of Directors

Presently, the Company has a eight (8) man Board led by a Chairman who is a Non-Executive Director. There are two Executive Directors, one of whom is the Chief Executive Officer, all other three directors are non-executive.

All the Directors bring various and varied competencies to bear on all Board deliberations. The Directors individually have attained the highest pinnacle of their chosen professions. The Board meets quarterly and is responsible for effective control and monitoring of the Company's strategy.

The ultimate responsibility for the governance of the Company resides with the Board of Directors, which is accountable to the shareholders for creating and delivering sustainable value through the management of the Company's business. The Board is also responsible for the management of the Company's relationship with its various stakeholders. The day to day running of the Company is delegated to the Chief Executive Officer by the Board of Directors assisted by the Management Committees.

Responsibilities of the Board

The responsibilities of the Board of Directors include:

- i. Review corporate strategy, major plans of actions, risk policies, business plans, setting performance objectives, monitoring implementation and corporate performance and overseeing major capital expenditures and acquisitions

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

CORPORATE GOVERNANCE REPORT (Continued)

- ii. Select, compensate, monitor and when necessary, replace key executives and oversee succession planning.
- iii. Monitor the effectiveness of the governance practices under which it operates and make changes as may be necessary.
- iv. Ensure the integrity of the Company's accounting and financial reporting systems, including the independent audit and that appropriate systems of control are in place, in particular, systems for monitoring risk, financial control and compliance with the law.
- v. Monitor and manage potential conflicts of interest of management, board members and shareholders, including misuse of corporate assets and abuse in related party transactions.
- vi. Supervise and monitor the execution of policies and providing direction for the management.
- vii. Monitor potential risks within the company including recognising and encouraging honest whistle blowing.
- viii. Oversee the process of disclosure and communication in the company.

Roles of Chairman and Chief Executive Officer

The roles of Chairman and Chief Executive are separate and no one individual combines the two positions. The Chairman's main responsibility is to lead and manage the Board to ensure that it operates effectively and fully discharges its legal and regulatory responsibilities. The Chairman is responsible for ensuring that Directors receive accurate, timely and clear information to enable the Board take informed decisions, monitor effectively and provide advice to promote the success of the Company. The Chairman also facilitates the contributions of Directors and promotes effective relationships and open communications between Executive and non-Executive Directors, both inside and outside the Boardroom.

The Board has delegated the responsibility for the day-to-day management of the Company to the Chief Executive Officer, who is supported by Executive Management. The Chief Executive Officer executes the powers delegated to him in accordance with guidelines approved by the Board of Directors. Executive management is accountable to the Board for the development and implementation of strategies and policies. The Board regularly reviews Company performance, matters of strategic concern and any other matters it regards as material.

Board Committees

The Board carries out some of its responsibilities through the Board sub-committees whose terms of reference set out clearly their roles, responsibilities, scope of authority and procedures for reporting to the Board. Each committee is chaired by a non-Executive Director in compliance with principles of good corporate governance and the Audit Committee is chaired by a non-executive director. These committees report to the Board of Directors on their activities and decisions, which are ratified by the full Board. The Committees are as follows:

1) The Finance, Strategy and General purposes Committee

This is a standing Committee of the Board with the responsibility to review the Company investment portfolio. The terms of reference of the Committee includes:

- Review of existing investments;
- Review of investment strategies;
- Review of company's investments by way of equities;
- Review of Budgets.
- Review and make recommendations on procedural manuals/policies;
- Make recommendation on recruitment/termination of General Managers and above to the Board;
- Strategy formulation;
- Review of Human Capital Management Operations
- Review of Marketing activities

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020
CORPORATE GOVERNANCE REPORT (Continued)

The Committee had the following members during the year under review:

Mr. Bode Akinboye	-	Member - Resigned June 26, 2019
Mrs. Oerhime Emerhor-Iwuagwu	-	Member
Mr. Austin Enajemo-Isire	-	Member - Resigned May 10, 2019

The Committee did not hold any meeting during the year under review because the Board of Directors were not sufficient in number.

2) The Enterprise Risk Management and Governance Committee

The terms of reference of this Committee includes the following:

- Establish criteria for Board and Board Committee memberships, review candidate's qualifications and any potential conflict of interest, assess the contribution of current directors in connection with their re-appointment and make recommendations to the Board;
- Prepare job specification for the Chairman's position, including assessment of time commitment required of the candidate;
- Periodic evaluation of skills, knowledge and experience required on the Board;
- Make recommendations on experience required by the Board Committee members, Committee appointments and removal, operating structure, reporting and other Committee operational matters;
- Make recommendations on compensation structure for Executive Directors;
- Provide input to the annual report of the Company in respect of Director's compensation;
- Ensure Succession Policy and Plan, subsists for positions of Chairman, CEO/MD, Executive Directors and subsidiary MDs;
- Ensure Board conducts Board Evaluation on annual basis;
- Review performance and effectiveness of the subsidiary's Board on annual basis;
- Review and make recommendations to Board for approval of the Company's organizational structure and any proposed amendments;
- Review of performance bonuses;
- Review of Staff Remuneration package.
- Review and approval of the Company's Enterprise Risk Management policy including risk appetite and risk strategy;
- Review the adequacy and effectiveness of risk management and controls;
- Oversight of management's process for the identification of significant risks across the Company and the adequacy of prevention, detection and reporting mechanisms;
- Review of the Company's compliance level with applicable laws and regulatory requirements which may impact the Company's risk profile;
- Periodic review of changes in the economic and business environment, including emerging trends and other factors relevant to the Company's risk profile;
- Review and recommend for approval of the Board risk management procedures and controls for new products and services.

The Committee did not hold any meeting during the year under review because the Board of Directors were not sufficient in number.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

CORPORATE GOVERNANCE REPORT (Continued)

3) The Audit and Compliance Committee

The Audit and Compliance Committee is made up of 6 (six) members, three representatives each of Shareholders and Directors. Its members are elected at the Annual General Meeting.

In addition to its responsibility to review the scope, independence and objectivity of the audit, the Committee carries out all such matters as are referred to it by the Companies and Allied Matters Act, 2020. These functions include to:

- Meet at least thrice yearly and once with the External Auditors;
- Review Whistle blowing policy;
- Periodic Evaluation of the Committee's performance;
- Carrying out internal control checks on all company activities;
- Make recommendations to the Board on sanctions in areas of default where necessary;
- Receive and review integrity of data of the audited financial statements of the company;
- Make recommendation on appointment and remuneration of external auditors;
- Review and make recommendations based on Management letters issued by external auditors;
- Monitor the quality of internal control procedures and compliance with regulatory policies.

The Committee had the following members during the year under review:

Alh. Uwais Haruna Mohammed	-	Chairman (Appointed September 30, 2020)
Mr. Matthew Esonanjor	-	Member
Mr. Erinfolami Gafar	-	Member
Mr. Godwin Anono	-	Member

The Committee did not hold any meeting during the year under review because the Board of Directors were not sufficient in number.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020
CORPORATE GOVERNANCE REPORT (Continued)

Internal Control

It is the responsibility of the Board of Directors to ensure that all the records are accurate and correctly reflect the financial position of the Company. The Board is mindful of the fact that as an insurance company, great relevance is placed by policy holders and potential investors on the accuracy of information contained in its financial statements.

In order to ensure the accuracy of its records, the Board sets standards that the Quality Assurance department implements system of internal control comprising policies, standards and procedures to ensure that the safety of assets and reduction of the risk of loss, error, fraud and other irregularities. Both the Quality Assurance (Internal Auditors) and the External Auditors independently appraise the adequacy of the internal controls.

Muhtari Dangana & Co (Chartered Accountants) acted as external auditors to the Company for the 2020 financial year. Their report for the year under review is contained on pages 20 - 23 of these financial statements.

Support Committees

1 Executive Management Committee

The Committee is responsible for strategic marketing activities, review of investment portfolio and approval of new products and branches. The members of the committee are:

- i) Chief Executive Officer
- ii) Executive Director
- iii) Chief Finance Officer
- iv) Company Secretary

2 Senior Management Committee

The Committee is responsible for strategic initiatives on business generation and membership includes:

- i. Chief Executive Officer
- ii. Executive Directors
- iii. All Divisional Heads
- iv. Head, Technical
- v. Head, Corporate Services
- vi. Chief Finance Officer
- vii. Head, Internal Control/Quality Assurance
- viii. Head, Information Technology (IT)

3 Weekly Activity Review Committee

This Committee meets weekly to review business development activities of the entire Company. The Committee consists of:

- i. Chief Executive Officer
- ii. All Divisional Heads
- iii. Head, Technical
- iv. Head, Information Technology
- v. Head, Corporate Services
- vi. Head, Internal Audit/Quality Assurance
- vii. Chief Finance Officer
- viii. Head, Enterprise Risk Management
- ix. All marketing staff

4 Management Committee

This Committee meets every month to review the Company's performance. The meetings are usually held first Friday and Saturday following the end of each month. The Committee consists of:

- i. Chief Executive Officer
- ii. Executive Director
- iii. All Divisional Heads
- iv. All Regional Heads
- v. All Branch Managers
- vi. Head, Technical
- vii. Head, Information Technology
- viii. Chief Finance Officer
- ix. Head, Corporate Services
- x. Head, Internal Audit/Quality Assurance
- xi. Head, Enterprise Risk Management

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

FREE FLOAT & SHAREHOLDING STRUCTURE STATUS AS AT 31ST DECEMBER 2020

Description				
	Unit	Percentage	Unit	Percentage
Issued Share Capital	12,911,030,586	100%	12,911,303,586	100%
Substantial Shareholdings (5% and above)				
STANDARD ALLIANCE	3,421,999,908	26.50%	3,421,999,908	26.50%
GEMROCK MANAGEMENT COMPANY LIMITED	2,594,060,738	20%	2,594,060,738	20%
FIRST INLAND BANK PLC/FCMB	1,120,000,000	9%	1,120,000,000	9%
Total Substantial Shareholdings	7,136,060,646	55%	7,136,060,646	55%
Directors' Shareholdings (direct and indirect), excluding directors with substantial interests				
Omotayo Awodiya	1,413,021	0.0109%	1,413,021	0.0109%
Bode Awodiya	435,442,485	3.3726%	435,442,485	3.3726%
Bolaji Oladipo	150,000	0.0012%	150,000	0.0012%
Agnes Okiemute Umukoro	438,780	0.0034%	438,780	0.0034%
Omolola Oshiafi	12,500,000	0.0968%	12,500,000	0.0968%
Austin Enajemo-Isire	17,714,285	0.1372%	17,714,285	0.1372%
Total Directors' Shareholdings	467,658,571	3.62%	467,658,571	3.62%
Other Influential Shareholdings				
Total Other Influential Shareholdings	0	0.00%	0	0.00%
Free Float in Units and Percentage	5,307,311,369	41%	5,307,584,369	41%
Free Float in Value	₦ 1,061,462,273.80		₦ 1,061,516,873.80	

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Directors' Interests

The Directors' direct interests in the issued share capital of the Company as recorded in the Register of Members as at **31 December 2020** are as follows:

Number of Shares Held at the End of the Year

S/N	Name	2017	2018	2019	2020
1	Johnson Chukwu	Not on record	Not on record	Not on record	Not on record
2	Omotayo Awodiya	1,413,021	1,413,021	1,413,021	1,413,021
3	Bode Awodiya	435,442,485	435,442,485	435,442,485	435,442,485
4	Oduniyi Odusi	Not on record	Not on record	Not on record	Not on record
5	Bolaji Oladipo	150,000	150,000	150,000	150,000
6	Uzoma Igbonwa	Not on record	Not on record	Not on record	Not on record
7	Uwais Haruna Mohammed	Not on record	Not on record	Not on record	Not on record
8	Agnes Okiemute Umukoro	438,780	438,780	438,780	438,780
9	Omolola Oshiafi	12,500,000	12,500,000	12,500,000	12,500,000
10	Adetayo Akintunde	Not on record	Not on record	Not on record	Not on record
11	Etiowe Uwa	Not on record	Not on record	Not on record	Not on record
12	Austin Enajemo-Isire	17,714,285	17,714,285	17,714,285	17,714,285

Security Trading Policy

The Company ensures strict compliance with the Investment and Securities Act 2007, the Securities and Exchange Commission Code of Corporate Governance for Companies in Nigeria 2011, and other laws that may be applicable from time to time bordering on insider trading.

To this end, the Company has put in place mechanisms to ensure that the categories of persons and entities that may be classified as "Restricted Persons" for the purpose of insider trading are clearly identified and informed. In addition, there are stringent restrictions on dealing with the Company's securities.

STANDARD ALLIANCE INSURANCE PLC

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Directors and Key Management personnel are also required to comply with rules relating to dealings in the Company's securities, particularly the requirement to obtain prior approval before dealing in such securities.

There are also mechanisms in place to ensure that detailed reports are submitted to the Nigerian Stock Exchange and the Securities and Exchange Commission on the extent of compliance with this rule, permitted exceptions, and any instances where the rule may have been breached.

This Policy has become an essential company document that has been brought to the notice, and will continue to be brought to the notice, of all concerned, and continuous efforts are made to ensure strict compliance and implementation.

Internal Control

It is the responsibility of the Board of Directors to ensure that all records are accurate and correctly reflect the financial position of the Group. The Board is mindful of the fact that, as an insurance company, great relevance is placed by policyholders and potential investors on the accuracy of information contained in the financial statements.

Complaints Management Policy Framework

The Company's Complaints Management Policy framework on how to resolve complaints arising from issues covered under the Investment and Securities Act 2007 is being complied with and implemented as approved by the Board of Directors.

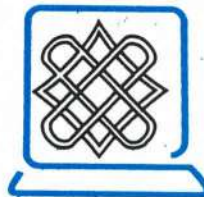
It can be accessed on the Company's website:
www.sainsuranceng.com

Whistle Blowing Policy

The Company has a Whistle Blowing Policy in place which provides a formal mechanism for employees, directors, and other stakeholders to report, in good faith, any suspected misconduct, unethical behaviour, illegal acts, or other improprieties relating to the Company's operations.

The Policy ensures confidentiality of disclosures and provides protection against retaliation for whistle blowers. Reports are received, reviewed, and investigated under the oversight of the Board Audit Committee, and appropriate action is taken in line with applicable laws and the Company's internal policies.

The Whistle Blowing Policy is approved by the Board of Directors and is implemented across the Company.



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**INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF STANDARD ALLIANCE INSURANCE PLC**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Standard Alliance Insurance Plc, which comprise, the statement of financial position as at 31 December 2020, statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, issued by the International Accounting Standards Board and in compliance with the relevant provisions of the Financial Reporting Council of Nigeria, Act No 6, 2011, the Companies and Allied Matters Act 2020, Insurance Act CAP I17, LFN 2004 and the Prudential Guidelines issued by National Insurance Commission.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to our audit of the financial statements in Nigeria, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the International Ethics Standards Board Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty relating to going concern

We draw attention to note 42 of the financial statements, which indicates that the company recorded a net loss of N2.133billion during the year ended 31 December 2020 (2019, N1.22billion) and, as at that date, there is a shortfall of regulatory minimum paid up capital of N6.372billion and shortfall of N10.972billion in solvency margin. These conditions along with other matters as set forth in Note 42, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

The Board and Management of the Company are working assiduously to inject fresh capital through a recapitalization and business restructuring plan involving major prospective investor as set forth in Note 43. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



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INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF STANDARD ALLIANCE INSURANCE PLC. - CONT'D

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS - CONT'D

Revenue recognition

Due to the large number of policies underwritten by the Company there is a risk that the revenue recorded in the financial statements and the flow of premium information from the underwriting systems to the financial reporting ledger may not be completely accounted for.

Response

We have tested the design and implementation of the key controls over revenue recognition, focusing on the flow of information from the underwriting systems to the financial reporting ledger. In addition, we performed substantive analytical testing procedures on the gross and unearned premium balances amongst others.

Valuation of investment properties

The Directors have estimated the value of the Company's investment properties to be N4.0 billion as at 31 December 2020. Independent external valuations were obtained in order to support the value in the Company's financial statements. These valuations are dependant on certain key assumptions and significant judgments including capitalization rates and fair market rents.

Our response

We ascertained the following

- Evaluated the independent external valuers' competence, capabilities and objectivity
- Assessed the methodologies used and the appropriateness of the key assumptions.
- Checked the accuracy and relevance of the input data used.

We also reviewed and found the disclosures in note 11.2 to be appropriate based on the assumptions and available evidence.

Valuation of insurance contracts liabilities.

The Directors have estimated the value of insurance contract liabilities in the Company's financial statements to be N4.9 billion as at year ended 31 December, 2020 based on the actuarial valuation and liability adequacy test carried out by an external firm of Actuaries.

The valuation has been made on the following key assumptions which were determined by the Actuary:

- Reserves were calculated via a cash flow projection approach, taking into account future premiums, expenses and benefit payments including an allowance for benefits.
- The unexpired premium reserve for general business is calculated on the assumption that risk will occur evenly during the duration of the policy.
- The Company's claim payment approach will be sustained into the future.
- Weighted past average inflation will remain unchanged over the claim projection period.
- Gross claim amount includes all related claim expenses.
- An unexpired premium reserve was included for Group life business, after allowing for acquisition expenses at a ratio of 20% premium.
- An allowance was made for IBNR(Incurred But Not Reported) claims in Group Life to take care of the delay in reporting claims.

Our response

We:

- Evaluated and validated controls over insurance contract liabilities,
- Evaluated the independent external Actuary's competence, capability and objectivity,
- Assessed the methodologies used and the appropriateness of the key assumptions,
- Checked the accuracy and relevance of data provided to the Actuary by management,
- Reviewed the result based on the assumptions.



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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF STANDARD ALLIANCE INSURANCE PLC. - CONT'D

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS - CONT'D

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Chairman's and Directors' statements, but does not include the financial statements and our auditors report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards issued by the International Accounting and Assurance Standards Board, and in compliance with the relevant provisions of the Financial Reporting Council of Nigeria Act, No 6, 2011, the Companies and Allied Matters Act, 2020, Insurance Act, CAP I17 LFN 2004, and the Prudential Guidelines issued by National Insurance Commission, 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.

In preparing the financial statements, the directors are responsible for assessing 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 Company or to cease operations, or has no realistic alternative but to do so.

Auditors' responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a 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 International Standards on Auditing 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 financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- * Identify and assess the risks of material misstatement of the 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 control 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 Company's internal control.

- * Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.



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**INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF STANDARD ALLIANCE INSURANCE PLC. - CONT'D**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS - CONT'D

* Conclude on the appropriateness of 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 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 auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

* Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit, and significant audit findings and any significant deficiencies in internal control that we identify during our audit.

Contravention of laws and regulations

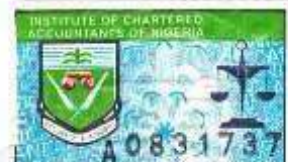
During the year, the Company contravened certain sections of the Insurance Act, CAP I17, LFN 2004 and NAICOM's operational guidelines. Details of the contraventions and appropriate penalties thereon are disclosed in note 45.

Report on other legal and regulatory requirements

The Companies and Allied Matters Act, 2020 and Insurance Act CAP I17 LFN 2004 require that in carrying out our audit we consider and report to you on the following matters. 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) in our opinion, proper books of account have been kept by the Company
- iii) the Company's statement of financial position, and its statement of profit or loss and other comprehensive income are in agreement with the books of account.

Abel Atalor
FRC/2013/PRO/ICAN/004/00000001141
Muhtari Dangana & Co
(Chartered Accountants)
Lagos, Nigeria



14th October, 2024

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following are the significant accounting policies adopted by the Company in the preparation of its financial statements. These policies have been consistently applied to all year's presentations.

1 The reporting entity

The Company was incorporated in July 1981 as a Private Limited Liability Company and commenced full operations in 1982 under the name Jubilee Insurance Company Limited. The name was changed to Standard Alliance Insurance Company Limited (Standard Alliance) in August 1996.

During the year ended 31 December 2017, the Company successfully merged with its subsidiary Company, Standard Alliance Life Assurance Limited. The merger was concluded and approved by National Insurance Commission on 27 February 2017. The Life Company's transactions for January and February were not material and have been included in the results of the Composite Company for the year ended 31 December 2017.

Standard Alliance Insurance became a Public Liability Company (Plc) on 30th May 2002 and was quoted on the Nigerian Stock Exchange in December 2003.

The Company is 100% fully owned by Nigerian citizens and Institutional investors. Its major shareholders are:

	Units	%
Gemrock Management Company Limited	2,594,060,738	20.09
Standard Alliance Investments Limited	2,557,636,144	19.81
First City Monument Bank Plc	1,120,000,000	8.67
Bode Akinboye	435,442,485	3.37
Sina Alimi (also a director in Gemrock Mgt. Co. Ltd.)	382,013,914	2.96

The financial statements of the Company for the year ended 31 December 2020 were approved for issue by the Board of Directors on 11th October, 2024.

The Company's principal activity continues to be provision of risk underwriting and related financial services to its customers. Such services include provision of general insurance services and life assurance to both corporate and individual customers.

2. Basis of preparation

2.1 Statement of compliance with International Financial Reporting Standards (IFRSs)

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and the interpretations of these standards, issued by the International Financial Reporting Standards Interpretation Committee (IFRIC) and the requirements of the Companies and Allied Matters Act 2020 and the Insurance Act, CAP I17, LFN 2004 and regulatory guidelines as pronounced from time to time by National Insurance Commission (NAICOM).

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Going concern

The Company's financial statements are prepared on a going concern basis. Even though the parties are aware of material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern, the Directors are satisfied that the Company has the resources to continue in business for the foreseeable future.

This conclusion of the Directors is on the mitigating procedures taken to inject fresh capital through a recapitalization and business restructuring plan involving major prospective investors.

2.3 Basis of measurement

Historical cost basis was used in the preparation of the financial statements as modified by certain items of:

- Investments at fair value
- Financial assets at fair value through other comprehensive income (FVOCI) that are measured at fair value
- Investments carried at amortised cost
- Impaired assets at their recoverable amounts
- Insurance contract liabilities at fair value
- Freehold Land and Buildings stated at revalued amount

2.4 Functional and Presentation Currency

The financial statements are presented in Nigerian naira (N), which is also the functional currency of the Company and rounded to the nearest thousand (N'000) unless otherwise indicated.

2.5 Transactions and balances in foreign currencies

Transactions denominated in foreign currencies are recorded in Naira at the rate of exchange ruling at the date of each transaction. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included in the profit and loss account. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated at that date. Exchange gains arising from the revaluation of monetary assets and liabilities are recognized in the income statement while those on non-monetary items are recognized in other comprehensive income. For non-monetary financial investments, unrealized exchange differences are recorded directly in equity until the asset is disposed or impaired.

2.6 Order of presentation

The Company presents its statement of financial position broadly in order of liquidity. An analysis regarding recovery or settlement within twelve months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in the notes.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3 Significant management judgements and key sources of estimation uncertainty

In the process of applying the accounting policies adopted by the Company, the directors make certain judgments and estimates that may affect the carrying values of assets and liabilities in the next financial period. Such judgments and estimates are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the current circumstances. The directors evaluate these at each financial reporting date to ensure that they are still reasonable under the prevailing circumstances based on the information available.

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require material adjustments to the carrying amount of the asset or liability affected in the future. These factors could include:

(i) Significant judgements made in applying the Company's accounting policies

The judgements made by the directors in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements include:

- Whether it is probable that future taxable profits will be available against which temporary differences can be utilised; and
- Whether the Company has the ability to hold financial assets at amortised cost until they mature. If the Company were to sell other than an insignificant amount of such financial asset before maturity, it would be required to classify the entire class as financial assets through other comprehensive income (FVOCI) and measure them at fair value.

(ii) Key sources of estimation uncertainty

a) Valuation of insurance contract liabilities

- Critical assumptions are made by the actuaries in determining the present value of actuarial liabilities. These assumptions are set out in accounting policy 5.19 and as embedded in the report. The liability for insurance contracts is either based on current assumptions or on assumptions established at inception of the contract, reflecting the best estimate at the time increased with a margin for risk and adverse deviation. All contracts are subject to a liability adequacy test, which reflects management's best current estimate of future cash flows.
- Estimates are also made as to future investment income arising from the assets backing insurance contracts. These estimates are based on current market returns as well as expectations about future economic and financial developments.
- Assumptions on future expenses are based on current expense levels, adjusted for expected expense inflation if appropriate.

b) Property, plant and equipment

Critical estimates are made by the directors in determining the useful lives and residual values of property, plant and equipment.

c) Impairment losses

Estimates are made in determining the impairment losses on assets. Such estimates include the determination of the recoverable amount of the asset.

d) Income taxes

The Company is subject to income taxes under the Nigerian Tax Laws. Significant estimates are required in determining the provisions for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcomes of these matters are different from the amounts that were initially recorded, such differences will impact the income tax and the deferred tax provisions in the period in which such determinations are made.

e) Critical judgments in applying the entity's accounting policies

In the process of applying the Company's accounting policies, management has made judgements in determining:

- i) The classification of financial assets and liabilities
- ii) Whether assets are impaired.
- iii) Whether land and buildings meet the criteria to be classified as investment property.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) New standards, interpretations and amendments not yet effective

There are certain standards, interpretations and amendments that have been published that are not mandatory for the 31 December, 2020 reporting period and have not been early adopted by the Company. Except for IFRS 17: Insurance Contracts, these standards are not expected to have a material impact on the Company in the current or future reporting periods. The most significant of these are:

- IFRS 17 Insurance Contracts (Effective 1 January 2023)

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 provides the principles for recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The standard is aimed at providing information that faithfully represents those contracts. In contrast to the requirements in IFRS 4, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The standard requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. When it becomes effective, IFRS 17 shall supersede IFRS 4 Insurance Contracts.

Other standards issued but not effective for annual periods beginning from 1 January 2020 include:

- Annual improvements to IFRS standards 2018 - 2020 (Effective 1 January 2022):

- IFRS 9: Financial Instruments clarifies which fees should be included in the 10% test for derecognition of financial liabilities.
- IFRS 16: Leases - amendment to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.
- Amendments to IFRS 3: Business Combination - Reference to the Conceptual Framework.
- Amendments to IAS 1: Presentation of Financial Statements - Classification of liabilities as current or non-current.
- Amendments to IAS 16: Property, plant and equipment - Proceeds before intended use.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4. Significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below:

4.1 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less. They include bank overdraft in the context of the statement of cash flows.

4.2 Financial instruments

Recognition

The Company on the date of origination or purchase recognizes placements, equity securities and deposits at the fair value of consideration paid. Regular-way purchases and sales of financial assets are recognized on the settlement date. All other financial assets and liabilities, including derivatives, are initially recognized on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Classification and Measurement

Initial measurement of a financial asset or liability is at fair value plus transaction costs that are directly attributable to its purchase or issuance. For instruments measured at fair value through profit or loss, transaction costs are recognized immediately in profit or loss. Financial assets include placement with banks, treasury bills and equity instruments.

Financial assets are classified into one of the following measurement categories:

1. Amortised cost
2. Fair Value through Other Comprehensive Income (FVOCI)
3. Fair Value through Profit or Loss (FVTPL) for trading related assets

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual cash flow characteristics.

Business Model Assessment

Business model assessment involves determining whether financial assets are managed in order to generate cash flows from collection of contractual cash flows, selling financial assets or both. The Company assesses business model at a portfolio level reflective of how groups of assets are managed together to achieve a particular business objective. For the assessment of business model the Company takes into consideration the following factors:

- i 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 realizing cash flows through the sale of the assets
- ii How the performance of assets in a portfolio is evaluated and reported to Company heads and other key decision makers within the Company's business lines;

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Financial instruments - cont'd

Business Model Assessment - cont'd

- iii The risks that affect the performance of assets held within a business model and how those risks are managed;
 - iv How compensation is determined for the Company's business lines' management that manages the assets;
 - v The frequency and volume of sales in prior periods and expectations about future sales activity.
- Management determines the classification of the financial instruments at initial recognition. The business model assessment falls under three categories:
- a) Business Model 1 (BM1): Financial assets held with the sole objective to collect contractual cash flows;
 - b) Business Model 2 (BM2): Financial assets held with the objective of both collecting contractual cash flows and selling; and
 - c) Business Model 3 (BM3): Financial assets held with neither of the objectives mentioned in BM1 or BM2 above. These are basically financial assets held with the sole objective to trade and to realize fair value changes.

The Company may decide to sell financial instruments held under the BM1 category with the objective to collect contractual cash flows without necessarily changing its business model if one or more of the following conditions are met:

- i) Where these sales are infrequent even if significant in value. A Sale of financial assets is considered infrequent if the sale is one-off during the Financial Year and/or occurs at most once during the quarter or at most three (3) times within the Financial Year.

The Company may decide to sell financial instruments held under the BM1 category with the objective to collect contractual cash flows without necessarily changing its business model if one or more of the following conditions are met:

- ii) Where these sales are insignificant in value both individually and in aggregate, even if frequent. A sale is considered insignificant if the portion of the financial assets sold is equal to or less than five (5) per cent of the carrying amount (book value) of the total assets within the business model.
- iii) When these sales are made close to the maturity of the financial assets and the proceeds from the sales approximate the collection of the remaining contractual cash flows. A sale is considered to be close to maturity if the financial assets have a tenor to maturity of not more than one (1) year and/or the remaining contractual cash flows expected from the financial asset do not exceed the cash flows from the sales by ten (10) per cent.

Other reasons: The following reasons outlined below may constitute 'Other Reasons' that may necessitate selling financial assets from the BM1 category that will not constitute a change in business model:

1. Selling the financial asset to realize cash to deal with unforeseen need for liquidity (infrequent).
2. Selling the financial asset to manage credit concentration risk (infrequent)
3. Selling the financial assets as a result of changes in tax laws (infrequent).
4. Other situations also depend upon the facts and circumstances which need to be judged by the management

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash flow characteristics assessment

The contractual cash flow characteristics assessment involves assessing the contractual features of an instrument to determine if they give rise to cash flows that are consistent with a basic investment arrangement. Contractual cash flows are consistent with a basic deposit arrangement if they represent cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

Principal is defined as the fair value of the instrument at initial recognition. Principal may change over the life of the instruments due to repayments. Interest is defined as consideration for the time value of money and the credit risk associated with the principal amount outstanding and for other basic lending risks and costs (liquidity risk and administrative costs), as well as a profit margin.

a) Financial assets measured at amortised cost

Financial assets are measured at amortised cost if they are held within a business model whose objective is to hold for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. After initial measurement, debt instruments in this category are carried at amortized cost using the effective interest rate method. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. Amortized cost is calculated taking into account any discount or premium on acquisition, transaction costs and fees that are an integral part of the effective interest rate. Amortization is included in Interest income in the Consolidated Statement of Income. Impairment on financial assets measured at amortized cost is calculated using the expected credit loss approach.

Financial assets measured at amortized cost are presented net of the allowance for credit losses (ACL) in the statement of financial position

b) Financial assets measured at FVOCI

Financial assets are measured at FVOCI if they are held within a business model whose objective is to hold for collection of contractual cash flows and for selling financial assets, where the assets' cash flows represent payments that are solely payments of principal and interest. Subsequent to initial recognition, unrealized gains and losses on debt instruments measured at FVOCI are recorded in other comprehensive Income (OCI).

c) Financial assets measured at FVTPL

Financial assets measured at FVTPL include assets held for trading purposes, assets held as part of a portfolio managed on a fair value basis and assets whose cash flows do not represent payments that are solely payments of principal and interest. Financial assets may also be designated at FVTPL if by so doing eliminates or significantly reduces an accounting mismatch which would otherwise arise. These instruments are measured at fair value in the Statement of Financial Position, with transaction costs recognized immediately in the Statement of Income.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Equity Instruments

Equity instruments are measured at FVTPL, unless an election is made to designate them at FVOCI upon purchase. For equity instruments measured at FVTPL, changes in fair value are recognized in the Statement of profit or loss. The Company can elect to classify non-trading equity instruments at FVOCI. This election will be used for certain equity investments for strategic or longer term investment purposes. The FVOCI election is made upon initial recognition, on an instrument-by-instrument basis and once made is irrevocable. Gains and losses on these instruments including when derecognized/sold are recorded in OCI and are not subsequently reclassified to the Statement of profit or loss. Dividends received are recorded in Interest income in the Statement of Income. Any transaction costs incurred upon purchase of the security are added to the cost basis of the security and are not reclassified to the Statement of Income on sale of the security.

Financial liabilities are classified into one of the following measurement categories:

- (i) Fair Value through Profit or Loss (FVTPL)
- (ii) Amortised cost

i) Financial Liabilities at fair value through profit or loss

Financial liabilities accounted for at fair value through profit or loss fall into two categories:

Financial liabilities held for trading and financial liabilities designated at fair value through profit or loss on inception

Financial liabilities at fair value through profit or loss are financial liabilities held for trading. A financial liability is classified as held for trading if it is incurred principally for the purpose of repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking. Derivatives are also categorized as held for trading unless they are designated and effective as hedging instruments. Financial liabilities held for trading also include obligations to deliver financial assets borrowed by a short seller. Gains and losses arising from changes in fair value of financial liabilities are included in the income statement and are reported as 'Net gains/(losses) on financial instruments classified as held for trading. Interest expenses on financial liabilities held for trading are included in 'Net interest income'.

Financial Liabilities are designated at FVTPL when either the designation eliminates or significantly reduce an accounting mismatch which would otherwise arise or the financial liability contains one or more embedded derivatives which significantly modify the cash flows otherwise required. For liabilities designated at fair value through profit or loss, all changes in fair value are recognized in Non-interest income in the Statement of Income, except for changes in fair value arising from changes in the Company's own credit risk which are recognized in OCI. Changes in fair value of liabilities due to changes in the Company's own credit risk, which are recognized in OCI, are not subsequently reclassified to the Statement of Income upon derecognition/extinguishment of the liabilities.

ii) Financial Liabilities at amortised cost

Financial liabilities that are not classified at fair value through profit or loss fall into this category and are measured at amortised cost using the effective interest rate method. Financial liabilities measured at amortised cost are debt securities in issue for which the fair value option is not applied, e.g. convertible bonds and subordinated debts.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 Reinsurance assets

The Company cedes insurance risk in the normal course of business on the bases of 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.

4.4 Trade receivables

Trade receivables arising from insurance contracts are stated after adjusting for receivables outstanding from brokers over 30 days.

4.5 Other receivables and prepayments

They are initially recognised at fair value and subsequently measured at amortised cost less provision for impairment. A provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtors) that the Company will not be able to collect all the amount due under the original terms of the contract. Impaired debts are derecognised when they are assessed as uncollectible. If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. Any subsequent reversal of an impairment loss is recognised in profit or loss. Prepayments are carried at cost less accumulated impairment losses.

4.6 Deferred acquisition costs (DACs)

Incremental costs directly attributable to the acquisition of investment and insurance contracts with investment management services are capitalized to a Deferred Acquisition Cost(DAC) asset if they are separately identifiable, can be measured reliably and its probable that they will be recovered. DAC are amortized in the income statement over the term of the contracts as the related services are rendered and revenue recognized, which varies from year to year depending on the outstanding terms of the contracts in force. The DAC asset is tested for impairment bi annually and written down when it is not expected to be fully recovered.

4.7 Non-current assets held for sale

Non-current assets or disposal group comprising assets and liabilities that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the asset, or components of a disposal group are remeasured in accordance with the Company's accounting policies.

Thereafter generally, the assets or disposal group are measured at the lower of their carrying amounts and fair values less costs to sell. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property and biological assets, which continue to be measured in accordance with the Company's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognized in profit or loss, subject to cumulative subsequent gains not exceeding cumulative losses recorded for the asset.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.8 Investment property

An investment property is property held to earn rentals or for capital appreciation or both. Investment property, including interest in leasehold land, is initially recognized at cost including the transaction costs. Subsequently, investment property is carried at fair value representing the open market value at the statement of financial position date determined by annual valuations carried out by external registered valuers. Gains or losses arising from changes in fair value of investment property shall be recognized in profit or loss for the period in which it arises.

Investment properties are derecognized when either they have been disposed off or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is charged or credited to profit or loss.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property and equipment up to the date of the change in use.

When the Company completes the construction or development of a self-constructed investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognized in the other comprehensive income.

4.9 Intangible assets

Software licence costs and computer software that are not an integral part of the related hardware are initially recognised at cost, and subsequently carried at cost less accumulated amortisation and accumulated impairment losses. Costs that are directly attributable to the production of identifiable computer software products controlled by the Company are recognised as intangible assets.

Amortization is calculated using the straight line method to write down the cost of each licence or item of software to its residual value over its estimated useful life. The estimated useful life of the software is four years. Amortization begins when the asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management, even when idle.

Amortization ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognized and ceases temporarily while the residual value exceeds or is equal to the carrying value.

Gains or losses arising from the derecognition of intangible assets are measured as the differences between the net disposal proceeds and the carrying amount of the assets and are recognised in the income statements of the periods in which the assets are.

4.10 Property, plant and equipment

All categories of property, plant and equipment are initially recognized at cost or at fair value. Cost includes expenditure directly attributable to the acquisition of the assets.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance expenses are charged to the income statement in the year in which they are incurred.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Depreciation is calculated using the straight line method to write down the cost or the revalued amount of each of the following classes of assets to its residual value over its estimated useful life:

- Building 50 years
- Furniture & Fittings 10 years
- Office Equipment 5 years
- Computer equipment 5 years
- Motor Vehicles 4 years
- Generating sets 5 years

Land is a component of property, plant and equipment but not subject to depreciation.

Depreciation on an item of property, plant and equipment commences when it is available for use and continues to be depreciated until it is derecognized, even if during that period the item is idle. Depreciation of an item ceases when the item is retired from active use and is being held for disposal.

As no parts of items of property, plant and equipment of the Company have a cost that is significant in relation to the total cost of the item, the same rate of depreciation is applied to the whole item.

The assets' residual values, depreciation method and useful lives are reviewed and adjusted, if appropriate, at each statement of financial position date.

Impairment reviews are performed when there are indicators that the carrying value of an asset may not be recoverable. Impairment losses are recognised in the income statement as an expense.

The Company classifies all assets within a disposal group as Non-current assets held for sale if the carrying amount will be recovered principally through sale transaction rather than continuous use.

Freehold land and buildings are subsequently carried at revalued amounts. Valuations are done on an annual basis by external independent valuers less accumulated depreciation and accumulated impairment losses. All other items of property, plant and equipment are subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amounts and are taken into account in determining operating profit.

Increases in the carrying amounts arising on revaluation are recognised in other comprehensive income and accumulated in equity under the heading of revaluation reserve. Decreases that offset previous increases of the same asset are recognised in other comprehensive income. All other decreases are charged to the Income statement.

4.11 Statutory deposit

Statutory deposit represents 10% of the minimum paid up capital of the Company deposited with the Central Bank of Nigeria (CBN) in pursuant to Section 10(3) of the Insurance Act, CAP I17, LFN 2004 Statutory deposit is measured at cost.

4.12 Insurance contract liabilities

Insurance contract liabilities include the outstanding claims provision, the provision for unearned premium and 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 handling costs and reduction for the expected value of salvage and other recoveries. 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 date using a range of standard actuarial claim projection techniques, 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 equalisation or catastrophe reserves is recognised. The liabilities are derecognised when the obligation to pay a claim expires, is discharged or is cancelled.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 recognised 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 Company reviews its unexpired risk and a liability adequacy test is performed in accordance with requirement of IFRS on liability adequacy test 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 recognised in the income statement by setting up a provision for premium deficiency.

- **Liability adequacy test**

At the end of the reporting period, liability adequacy tests are performed by an actuary to ensure the adequacy of the contractual liabilities net of related deferred acquisition cost assets (DAC). In performing these tests current best estimates of future contractual cash flows and claims handling and administrative expenses, as well as investment income from the assets backing such liabilities, are used. Any deficiency is immediately charged to 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".

- **Annuity contracts**

These contracts insure customers from consequences of events that would affect the ability of the customers to maintain their current level of income. There are no maturity benefits. However, there is a death benefit payable to named beneficiary if death occurs within the ten years guaranteed period. The annuity contracts are fixed annuity plans. Policy holders make a lump sum payment recognised as part of premium in the period when the payment was made. Constant and regular payments are made to annuitants based on terms and conditions agreed at the inception of the contract and throughout the life of the annuitants. The annuity funds are invested in money market instruments to meet up with the payment of monthly/quarterly annuity payments. The annuity funds liability is actuarially determined based on assumptions as to mortality, persistence, maintenance expenses and investment income that are established at the time the contract is issued.

Recognition and Measurement of Annuity Premium and Claims

Annuity premiums relate to single premium payments and are recognised as earned premium income in the period in which payments are received.

Claims are made to annuitants in the form of monthly/quarterly payments based on the terms of the annuity contract and charged to income statement as incurred. Premiums are recognised as revenue when they become payable by the contract holders.

4.13 Investment contract liabilities

The Company's investment contract business offers a range of savings products to suits Company and individual customers' long and short term investment needs. It comprises all types of contract, both with or without insurance risk, and with and without discretionary participation features.

The liability of the Company to the schemes is as determined by Actuarial valuation carried out annually by certified actuaries.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.14 Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate.

The estimated fair value of payables with no stated maturity which includes no interest payables is the amount repayable on demand.

4.15 Other payables and accruals

General Provisions are recognised when the Company 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 Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the income statement 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.

4.16 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate.

Fees paid on the establishment of loan facilities are recognised as a transaction cost of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

4.17 Finance lease obligations

Asset held under finance leases are initially recognised as asset of the Company at their fair value at the inception of the lease or if lower at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between the liability and finance charges. The corresponding rental obligation, net of finance charges are included in long term payables. The interest element of the finance cost is charged to the income statement over the lease periods so as to produce constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the useful life of the asset.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.18 Employee retirement benefits

Retirement Benefit Obligations

The Company operates a defined contribution scheme for qualifying employees. The Company contributes 10% while all its employees contribute 8% each of their pensionable emoluments (basic salary, housing allowance and transport allowance) to the Pension Scheme and this is being managed by registered and licensed pension managers as may be chosen by the staff from time to time.

4.19 Income tax liabilities

Income tax expense is the aggregate amount charged/(credited) in respect of current tax and deferred tax in determining the profit or loss for the year. Tax is recognised in the income statement except when it relates to items recognised in other comprehensive income, in which case it is also recognised in other comprehensive income.

Company Income tax

This is the amount of income tax payable on the taxable profit of the Company for the year determined in accordance with the Company Income Tax Act, CAP. C60 LFN, 2004. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted as at the reporting date.

Education tax

This is a component of the income tax. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted as at the reporting date.

Deferred tax liabilities

Deferred tax is provided in full on all temporary differences except those arising from the fair value measurement of assets.

Deferred tax is determined using the liability method on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes, using tax rates and laws enacted or substantively enacted at the statement of financial position date and expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss.

Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off such current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same Taxation authority.

4.20 Share capital and share premium.

Ordinary shares are recognized at par value and classified as 'share capital' in equity. Any amounts received over and above the par value of the shares issued are classified as 'share premium' in equity. The share premium account is utilized in accordance with the provisions of Companies and Allied Matters Act 2020.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.21 Contingency reserves

This is computed in accordance with the provisions of section 22 of the Insurance Act, CAP 117 LFN 2004. It is credited with amount equal to the higher of 3% of the total premium written and 20% of the net profit for non-life business and the higher of 1% of the total premium and 10% of the net profit for life business until it reaches the amount of the minimum paid up capital.

4.22 Retained earnings

Retained earnings are the carried forward recognised income net of expenses plus current period profit or loss attributable to owners of the Company.

4.23 Gross premium income

Insurance premium revenue is received or receivable by the Company from in-force insurance contracts during the reporting period. In-force insurance contracts are those whose premiums have been collected by the Company, its intermediaries or collectible within 30 days of the reporting date. Premium revenue is recognized on the date on which the insurance policy commences. Gross premium income comprises the total premium written in a year after adjusting for unearned premiums.

Unearned premiums

Unearned premiums are those proportions of premiums written in a year that relate to periods of risk after the statement of financial position 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.

Reinsurance premium

Reinsurance premiums are outward premiums due to reinsurance companies in accordance with the tenor of the reinsurance contract, after adjusting for the unexpired portion, as at the end of the period.

Net premium income

The result of the gross premium income and reinsurance premium expenses is the net premium income accruing to the entity for the period.

4.24 Commission on reinsurance

When the Company acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognized is the amount of commission made by the Company. Commission on reinsurance is recognised as income over the period of the underlying contracts. If the fees are for services provided in future periods, then they are deferred and recognised over those future periods.

4.25 Investment income

Investment income includes interest on bank placements, dividend income and rental income arising from operating leases on investment properties, which are presented in the Income statement. Income from any earmarked investment is credited to its source. Otherwise, the investment income is distributed between the Insurance contract business, Investment contract business and shareholders' account on the basis of average investments outstanding during the year as financed by the respective funds.

The distribution is presented only as note to the financial statements.

4.26 Fees and other income

Insurance contract policyholders are charged for surrenders and other contract fees. Investment contract policyholders are charged for administration services, investment management services, surrenders and other contract fees. These fees are recognised as revenues over the periods in which the related services are performed. If the fees are for services provided in future periods then they are deferred and recognised over those future periods.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.27 Realized/unrealized gains and losses

Realized gains and losses include gains and losses arising from the disposal of financial instruments, non-current assets held for sale and investment properties and they are recognised in the Income statement of the period in which the disposal occurred.

Unrealized gains and losses include gains and losses arising from the fair valuation of financial assets, non-current assets held for sale (that is, immediately before classification as held for sale) and investment properties. Unrealized gains and losses arising from the fair valuation of investment properties are recognized in the Income statement.

4.28 Underwriting and management expenses

Expenses are recognized in the Statement of profit or loss when a decrease in future economic benefit related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably. This means, in effect, that recognition of expenses occurs simultaneously with the recognition of an increase in liabilities or a decrease in assets.

The Company's expenses are recognized in the statement of profit or loss on the following basis:

As either directly attributable expenses on insurance contracts and investment contracts on one hand and sundry business activities on the other hand. These expenses are accounted for wholly under the businesses that they relate to;

Common expenses, which are those other than the directly attributable expenses but excluding brokers/agents' allowances and commissions. The common expenses are allocated in the ratio of 70:20:10 between insurance business, investment contract and shareholders' funds. The amount allocated to insurance contract business is again distributed between Company Life and Individual life on the basis of gross premium written in the year.

Brokers/ Agents' commissions and allowances

The Company employs the services of brokers/ agents in marketing its life policies and investment contracts. Commissions paid to the agents/brokers are charged against revenue as underwriting expenses.

Furthermore, the Company employs the services of agents in marketing its individual life policies and investment contract products. Allowances and commissions paid to the agents are allocated on equal basis between the individual life business and investment contract activities.

Net claims expenses

The result of the gross benefits and claims expenses and reinsurance claims recoveries is the net claims expense for the period. Ceded reinsurance arrangements do not relieve the Company from its obligations to policyholders.

Policyholder benefits incurred comprise claims paid in the year and changes in the provision for insurance contract liabilities. Benefits paid represent all payments made during the year, whether arising from events during that or earlier years. Insurance contract liabilities represent the estimated ultimate cost of settling all benefits accruing to policyholders and are discounted to the present value.

Reinsurance claims recoveries

Reinsurance claims recoveries are recognized when the related gross insurance claim expenses are recognized according to the terms of the relevant contract.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Salvage and subrogation reimbursements

Some insurance contracts permit the Company to sell (usually damaged) property acquired in settling a claim (for example, salvage). The Company may also have the right to pursue third parties for payment of some or all costs (for example, subrogation).

Estimates of salvage recoveries are included as an allowance in the measurement of the insurance liability for claims, and salvage property is recognized in other assets when the liability is settled. The allowance is the amount that can reasonably be recovered from the disposal of the property.

Subrogation reimbursements are also considered as an allowance in the measurement of the insurance liability for claims and are recognized in other assets when the liability is settled. The allowance is the assessment of the amount that can be recovered from the action against the liable third party.

4.29 Dividends

Dividends on ordinary shares are recognised as a liability in the year in which they are declared. Proposed dividends are accounted for as a separate component of equity until they have been declared at an annual general meeting. Dividends for the year that are approved after the statement of financial position date are dealt with as a non-adjusting event after the statement of financial position date.

4.30 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares.

Basic earnings per share amounts are calculated by dividing the profit for the year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding at the reporting date.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

4.31 Conversion of foreign currencies

On initial recognition, all transactions are recorded in the functional currency (the currency of the primary economic environment in which the Company operates or transacts business), which is Nigerian Naira and Kobo. Transactions in foreign currencies during the year are converted into the functional currency using the exchange rate prevailing at the transaction dates.

Monetary assets and liabilities at the statement of financial position date denominated in foreign currencies are translated into the functional currency using the exchange rate prevailing as at that date. The resulting foreign exchange gains and losses from the settlement of such transactions and from year-end translation are recognised on a net basis in the income statement in the year in which they arise.

4.32 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (Board of Directors). Directors allocate resources to and assess the performance of the operating segments of the Company. The operating segments are based on the Company's management and internal operating structure. The directors consider the Company to comprise three business segments: Company life assurance segment, Individual life assurance segment and Investments management or savings links segment.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.33 Comparatives

Where necessary, comparatives have been adjusted to conform to changes in presentation in the current year. Where changes are made and affect the statement of financial position, a third statement of financial position at the beginning of the earliest period presented is presented together with the corresponding notes.

4.34 Events after the reporting date

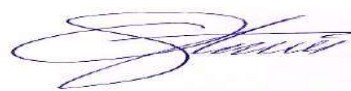
The financial statements are adjusted to reflect events that occurred between the statement of financial position date and the date when the financial statements are authorised for issue, provided they give evidence of conditions that existed at the statement of financial position date. Events that are indicative of conditions that arose after the statement of financial position date are disclosed, but do not result in an adjustment of the financial statements.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

STATEMENT OF FINANCIAL POSITION

ASSETS	NOTES	2020 N'000	Restated 2019 N'000
Cash and cash equivalents	5	1,165,808	1,259,652
Financial Assets:			
- At fair value through profit or loss	6.1	68,263	60,109
- At amortised cost	6.2	462,276	214,521
- At fair value through other comprehensive income	6.3	159,356	175,292
Reinsurance assets	7	368,242	401,934
Trade receivables	8	2,275	2,271
Other receivables and prepayments	9	751,414	45,028
Deferred acquisition costs	10	16,782	13,950
Investment properties	11	4,030,067	4,670,589
Intangible assets	12	-	2,504
Property, plant and equipment	13	137,567	3,941,394
Statutory deposit	14	535,000	535,000
TOTAL ASSETS		<u>7,697,050</u>	<u>11,322,244</u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
Insurance contract liabilities	15	5,618,723	3,929,106
Investment contract liabilities	16	455,519	595,773
Trade payables	17	51,300	53,785
Other payables and accruals	18	781,008	726,800
Borrowings	19	1,783,944	1,683,651
Finance lease obligations	20	-	12,559
Income tax liabilities	21	316,820	317,885
Deferred tax liabilities	22	61,909	62,445
TOTAL LIABILITIES		<u>9,069,223</u>	<u>7,382,004</u>
SHAREHOLDERS' EQUITY			
Share capital	23	6,455,515	6,455,515
Treasury shares	24	(1,145)	(1,145)
Share premium	25	7,484,955	7,484,955
Contingency reserves	26	1,756,720	1,740,714
Accumulated loss	27	(17,121,819)	(14,972,546)
Revaluation reserves	28	48,291	3,211,502
Fair value reserves	29	5,310	21,246
Total equity		<u>(1,372,174)</u>	<u>3,940,241</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>7,697,050</u>	<u>11,322,244</u>

The financial statements were approved by the Board of Directors on 11th October, 2024 and signed on its behalf by:



Mr. Pius Uwagbai
FRC/2014/PRO/ICAN/001/0000005986
Chief Finance Officer



Mr. Tayo Awodiya
FRC/2014/CIIN/004/00000006094
Managing Director/CEO



Mr. Johnson Chukwu
FRC/2014/ICAN/0000003920
Chairman

The accounting policies on pages 19 to 36, notes on pages 41 to 80 and other national disclosures on pages 81 to 83 form an integral part of these financial statements.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTES	2020 N'000	Restated 2019 N'000
Gross premium written	30	962,578	2,427,120
Unearned premium	30	71,057	238,429
Movement in individual life	15.4	(133,120)	159,832
Movement in annuity	15.6	(179,499)	(270,585)
Gross premium income		721,017	2,554,796
Reinsurance expenses	15.7	(20,346)	(238,656)
Net premium income		700,671	2,316,140
Commission income	31	22,062	20,174
Net underwriting income		722,733	2,336,314
Claims expenses (net)	32	(2,206,147)	(719,445)
Underwriting expenses	33	(95,341)	(476,809)
Total underwriting expenses		(2,301,488)	(1,196,254)
Underwriting (loss)/profit		(1,578,755)	1,140,060
Investment income	34(a)	202,449	160,711
Other income	34(b)	873,197	8,943
Gain/(loss) on investment contract liabilities	35	2,331	(15,351)
Management expenses	36	(835,774)	(954,243)
Expected credit loss expense	36(a)	(4,089)	(1,542)
Impairment-Due to insurance Companies & brokers	36(b)	(63,513)	(61,242)
Impairment- Other debtors	36(c)	40,000	(40,000)
Impairment loss allowance on property, plant and equipment	36(d)	-	(1,053,000)
Finance charges	37	(84,794)	(78,268)
Fair value gain/(loss) on financial assets	6.1(a)	8,154	(3,078)
Impairment of claims recoverable	7.1	-	(170,202)
Fair value loss on investment properties	11	(586,522)	(527,500)
Foreign exchange loss		(101,137)	(30,060)
Loss before taxation	41	(2,128,453)	(1,624,772)
Income tax	21	(4,813)	(4,117)
Deferred tax credit	21	-	413,159
Loss for the year		(2,133,266)	(1,215,731)
Other comprehensive income			
Item that may be reclassified to profit or loss:			
Fair value loss on financial assets at FVOCI	29	(15,936)	(58,430)
Items that will not be classified to profit or loss:			
Revaluation loss on building	28	(4,829)	-
Revaluation surplus reversed during the year	28	(3,158,381)	-
Other comprehensive loss		(3,179,146)	(58,430)
Total comprehensive loss for the year		(5,312,412)	(1,274,161)
Earnings per share : Basic (Naira)	41	(16.52)	(9.42)

The accounting policies on pages 19 to 36, notes on pages 41 to 80 and other national disclosures on pages 81 to 83 form an integral part of these financial statements.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

STATEMENT OF CHANGES IN EQUITY

	Share Capital N'000	Treasury shares N'000	Share Premium N'000	Contingency Reserves N'000	Accumulated Loss N'000	Revaluation Reserves N'000	Fair value Reserve N'000	Total N'000
At 1 January 2020 - As previously stated	6,455,515	(1,145)	7,484,955	1,740,714	(14,972,546)	3,211,502	21,246	3,940,240
Correction of error (Note 28.1)	-	-	-	-	-	-	-	-
At 1 January 2020 - As Restated	6,455,515	(1,145)	7,484,955	1,740,714	(14,972,546)	3,211,502	21,246	3,940,240
Total comprehensive income for the year:								
Loss for the year	-	-	-	-	(2,133,266)	-	-	(2,133,266)
Transfer to contingency reserve (Note 26)	-	-	-	16,006	(16,006)	-	-	-
Fair value loss on treasury shares (Note 24)	-	-	-	-	-	-	-	-
Other comprehensive income:								
Revaluation on building (Note 28)	-	-	-	-	-	(4,829)	-	(4,829)
Revaluation surplus reversed during the year (Note 28)	-	-	-	-	-	(3,158,381)	-	(3,158,381)
Fair value loss on financial assets at fair value through other comprehensive income (Note 30)	-	-	-	-	-	-	(15,936)	(15,936)
At 31 December 2020:	6,455,515	(1,145)	7,484,955	1,756,720	(17,121,818)	48,291	5,310	(1,372,172)
At 1 January 2019	6,455,515	(1,145)	7,484,955	1,696,992	(13,713,093)	3,328,501	79,676	5,331,400
Total comprehensive income for the year:								
Loss for the year:								
As previously stated	-	-	-	-	(162,730)	-	-	(162,730)
Correction of error (Note 28.1)	-	-	-	-	(1,053,001)	1,053,001	-	-
(Loss)profit for the year as restated	-	-	-	-	(1,215,731)	1,053,001	-	(162,730)
Transfer to contingency reserve (Note 26)	-	-	-	43,722	(43,722)	-	-	-
Other comprehensive income:								
Revaluation loss on land (Note 28)	-	-	-	-	-	(1,170,000)	-	(1,170,000)
Fair value loss on financial assets at fair value through other comprehensive income (Note 39)	-	-	-	-	-	-	(58,430)	(58,430)
Total comprehensive income for the year	-	-	-	43,722	(1,259,453)	(116,999)	(58,430)	(1,391,160)
At 31 December 2019:	6,455,515	(1,145)	7,484,955	1,740,714	(14,972,546)	3,211,502	21,246	3,940,240

The accounting policies on Pages 19 to 36, notes on pages 41 to 80 and other national disclosures on pages 81 to 83 form an integral part of these financial statements.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

STATEMENT OF CASH FLOWS

	NOTES	2020 N'000	Restated 2019 N'000
Cash flows from operating activities			
Premium received from policy holders	40	962,574	2,497,201
Cash received on investment contract	16	235,533	463,174
Cash withdrawals on investment contract	16	(375,787)	(550,546)
Fees and commission	31	22,062	20,174
Other income	34(b)	20,782	8,743
Claims recovered	32a	18,478	2,375
Claims paid	32	(1,640,093)	(1,357,288)
Cash payments for reinsurance	15.7	(9,844)	(191,401)
Commissions paid	33a	(97,479)	(477,098)
Other acquisition costs paid	33	(347)	-
Loans against policy	6.2.1(b)	-	(990)
Repayment of policy loan	6.2.1(b)	-	866
Cash payments to employees, suppliers and others		(693,652)	(689,165)
		(1,557,774)	(273,955)
Taxes paid: Income tax	21	(5,878)	(3,700)
Net cash used from operating activities		(1,563,652)	(277,655)
Cash flows from investing activities			
Purchase of Property, plant and equipment	13	(3,710)	(69,334)
Rental income	18.2	8,510	33,987
Dividends received	34(a)	2,696	367
Interest on treasury bills	34(a)	-	12,688
Interest received on fixed deposits	34(a)	187,219	124,166
Gain from sale of property, plant & equipment	34b	-	200
Proceeds from sale of property, plant and equipment		700,000	-
Proceeds from sale of investment property		54,000	-
Liquidation of financial assets at amortised cost	6.2.2a	50,000	50,000
Addition to financial assets at amortised cost	6.2.2(a)	(298,461)	(144,828)
Net cash generated from investing activities		700,254	7,246
Cash flows from financing activities			
Finance charges	37	(4,603)	(15,331)
Repayment of lease finance	20	(12,559)	(929)
Loan borrowing	19.2	-	300,000
Loan repayment	19.2	(100,000)	(100,000)
Net cash (used)/flows from financing activities		(117,162)	183,740
Net decrease in cash and cash equivalents during the year		(980,560)	(86,669)
Cash and cash equivalents at the beginning of the year		1,259,652	1,346,321
Cash and cash equivalents at the end of the year		279,092	1,259,652
Cash and cash equivalent comprise:			
Cash in hand		27	1,258
Current Bank accounts balances		164,043	375,258
Short term deposits - Local banks		1,001,738	883,136
	5	1,165,808	1,259,652

The accounting policies on pages 19 to 36, notes on pages 41 to 80 and other national disclosures on pages 81 to 83 form an integral part of these financial statements.

Auditors report, pages 20 to 23

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

NOTES TO THE FINANCIAL STATEMENTS (continued)

	2020	Restated
	N'000	2019
		N'000
5 Cash and cash equivalents		
Cash in hand	27	1,258
Cash at bank	164,043	375,258
Short term investments	1,004,928	883,532
	1,168,998	1,260,048
Allowance for credit losses (Note 5a)	(3,190)	(396)
	1,165,808	1,259,652

Included in short term deposits is a sum of N3,182,144 (2019: N3,155,476) being unclaimed dividends returned by First Registrars Limited as instructed by the Securities and Exchange Commission (SEC). This amount is included in other accruals (Note 18).

Short-term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Company.

5(a) Impairment allowance for cash and cash equivalents

At 1 January	396	784
Movements during the year (Note 36a)	2,794	(388)
At 31 December	3,190	396

6 Financial assets

At fair value through profit or loss (FVPL) - Note 6.1	68,263	60,109
At amortised cost (Note 6.2)	462,276	214,521
At fair value through other comprehensive income (FVOCI) - Note 6.3.1	159,356	175,292
	689,895	449,922

By nature:

Investment in quoted equities	227,619	235,401
Loans and receivables	68,583	69,491
Treasury bills	393,693	145,030
	689,895	449,922

6.1 Financial assets at fair value through profit or loss (FVPL)

At 1 January	60,109	63,877
Addition during the year	-	-
Fair value gain/(loss) during the year [Note 6.1(a)]	8,154	(3,078)
Disposal during the year	-	(690)
At 31 December	68,263	60,109

6.1(a) Fair value (gain)/loss disclosed in the income statement is as analysed below:

Fair value gain/(loss) on equity instrument carried at FVPL (Note 6.1)	8,154	(3,078)
	8,154	(3,078)

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

NOTES TO THE FINANCIAL STATEMENTS (continued)

	2020	Restated
	N'000	2019
		N'000
6.1.2 Analysis of the fair value of the Company's investments in listed entities is shown below:		
ABC Transport Plc	3,987	4,656
Africa Prudential Registrar Plc	-	35
Lafarge Cement	563	563
Cornerstone Insurance Plc	207	158
Dangote Sugar Refineries Plc	5,280	4,080
Diamond Bank Plc (Now Access Bank Plc)	207	207
Ecobank Transnational Plc (ETI)	79	87
First City Monument Bank Limited	6,324	3,513
Fidelity Bank Plc	6,022	4,899
First Bank of Nigeria Limited	6,977	6,001
Guaranty Trust Bank Plc	1,415	1,299
Nigerian Aviation Handling Company	1,195	1,247
Oando Plc	142	154
Polaris Bank Plc	849	849
UBA Capital	167	85
United Bank for Africa Plc	3,970	5,817
Halal lotus capital	163	163
WAPIC Insurance Plc	22	17
Zenith Bank International Plc	3,633	2,285
WAICA	27,061	23,994
	68,263	60,109

6.2 Financial assets at amortised costs

Loans and receivables (Note 6.2.1)	71,118	70,731
Treasury bills (Note 6.2.2)	393,693	145,030
	464,811	215,761
Allowance for credit losses	(2,535)	(1,240)
	462,276	214,521

6.2.1 Loans and receivables

Loans against policies (Note 6.2.1a)	69,125	69,125
Staff debtors (Note 6.2.1c)	1,439	1,052
Agency loan	554	554
	71,118	70,731
Allowance for credit losses	(2,333)	(1,038)
	68,785	69,693

6.2.1a Loans against policies

The Company grants commercial loans to life policyholders. The surrender values serve as collaterals for the loans.
The details of the loans are as shown below:

	2020	2019
	N'000	N'000
GSL policy loan	14,621	14,621
Standard Life Accumulator Scheme (SLA)	3,263	3,263
Special Personnel Policy (SPP)	5,093	5,093
Flexible Assurance scheme (FAS)	478	478
Personal Providence Plan (PPP)	43,396	43,396
Annuity Policy Loan	200	200
Deposit Link Assurance (DELAS)	2,048	2,048
SIP- Policy loan	26	26
	69,125	69,125

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

NOTES TO THE FINANCIAL STATEMENTS (continued)

	2020	Restated
	N'000	2019
		N'000
6.2.1b Movement in loans against policies		
At 1 January	69,125	69,001
Additions during the year	-	990
Repayments	-	(866)
At 31 December	69,125	69,125
6.2.1c Movement in staff debtors		
At 1 January	1,052	1,168
Additions during the year	387	-
Repayments during the year	-	(116)
At 31 December	1,439	1,052
6.2.2 Treasury bill		
Treasury bills (Note 6.2.2a)	393,693	145,030
Allowance for credit losses	(202)	(202)
	393,491	144,828
6.2.2a Movement in treasury bills		
At 1 January	145,030	50,000
Addition during the year	298,461	145,030
Liquidation during the year	(50,000)	(50,000)
At 31 December	393,491	145,030
This refers to the Company's investment in treasury bill with tenors of 91 - 365 days fair valued at a discounted rate of 12.35%.		
6.2.3 Impairment allowance for amortised costs		
At 1 January	1,038	2,192
Charged to profit or loss during the year (Note 36a)	(1,295)	(1,154)
At 31 December	(257)	1,038
ECL allowance on amortised costs charged to profit or loss during the year is shown below:		
ECL allowance on treasury bills	-	77
ECL allowance on loans and receivables	1,295	1,077
Charged to profit or loss during the year	1,295	1,154
6.3 Financial assets at fair value through other comprehensive income		
Quoted Shares in Transcorp Plc (Note 6.3.1)	159,356	175,292
6.3.1 Investment in quoted shares (Transcorp Plc)		
At 1 January	175,292	233,722
Fair value loss during the year (Note 29)	(15,936)	(58,430)
At 31 December	159,356	175,292
7 Reinsurance assets		
Reinsurer share of outstanding claims (Note 7.1)	255,100	257,028
Reinsurer's share of claims IBNR (Note 7.2)	101,023	122,285
Reinsurer's share of UPR (Note 7.3)	12,119	22,621
	368,242	401,934

These represent amounts recoverable from reinsurers in respect of claims incurred and reinsurance premium paid of which risks have not expired.
The reinsurance assets are of current maturity.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

NOTES TO THE FINANCIAL STATEMENTS (continued)

	2020	Restated
	N'000	2019
		N'000
7 Reinsurance assets - cont'd		
7.1 Reinsurer share of outstanding claims		
Life business claims recoverable	-	-
Non-life business claims recoverable	255,100	257,028
	255,100	257,028
 Movement in claims recoverable during the year is as follows:		
At 1 January	257,028	413,179
Allowance for impairment	-	(170,202)
(Decrease)/Increase during the year (Note 32a)	(1,928)	14,051
At 31 December	255,100	257,028
 Claims recoverable represents balances due from re-insurance companies in respect of claims paid. During the year, the Company carried out a reconciliation of claims recoverable with its reinsurers. There is an decrease of N1.9million in claims recoverable and allowance for impairment of N170.202 million (2019: N170.202 million) on recoverable as at reporting date.		
 7.2 Reinsurer's share of IBNR		
Life business IBNR	-	43,916
Non-life business IBNR	101,023	78,369
	101,023	122,285
 Movement in Reinsurer's Share of IBNR during the year is as follows:		
At 1 January	122,285	83,242
(Decrease)/increase during the year (Note 32a)	(21,262)	39,043
At 31 December	101,023	122,285
 7.3 Reinsurer's Share of UPR		
Life business UPR	-	19,029
Non-life business UPR	12,119	3,592
	12,119	22,621
 7.3.1 Movement in Reinsurer's Share of UPR		
At 1 January	22,621	26,325
Decrease during the year (Note 15.6)	(10,502)	(3,704)
At 31 December	12,119	22,621
 8 Trade receivables		
At 1 January	63,513	72,352
Additions during the year	2,275	614,454
Received during the year	-	(623,293)
At 31 December	65,788	63,513
Allowance for impairment - due from insurance companies and brokers (Note 37b)	(63,513)	(61,242)
Carrying amount at 31 December 2020	2,275	2,271

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

NOTES TO THE FINANCIAL STATEMENTS (continued)

	2020	Restated
	N'000	2019
		N'000
9 Other receivables and prepayments		
Other debtors (Note 9.1)	740,000	40,000
Interest receivable (Note 9.2)	5,629	39,080
Prepaid rent	4,685	4,299
Staff advances	444	993
Deposit for quoted shares (Note 9.3)	656	656
	751,414	85,028
Allowance for impairment	-	(40,000)
	751,414	45,028

9.1 This sum includes N700 million receivable on disposal of the ₦1.4 billion worth of land and building during the year, and ₦40 million loan to a former Director of the Company unpaid as at reporting year.

The loan to a former Director of the Company who pledged 250 hectares of Land at Kaduna State costing N40 million as collateral. The documents of the Land has been fully executed but issues relating to consent and ownership have not been perfected. In 2020, the impairment was written back.

9.2 This represents accrued biannual interest on statutory deposits with the Central Bank of Nigeria.

9.3 Deposit for quoted shares represents the Company's subscription for right issues in Access Bank Plc which are yet to be allotted.

	2020	Restated
	N'000	2019
		N'000
10 Deferred acquisition costs:		
Aviation	-	2
Engineering	391	870
Fire	7,578	3,095
General accident	1,322	1,904
Marine	980	1,249
Motor	5,391	6,465
Bond	187	147
Oil and Gas	1	218
Life business	932	-
	16,782	13,950

The movement in deferred acquisition cost is:

At 1 January	13,950	54,684
Additions during the year	97,826	436,075
Amortisation for the year (Note 33)	(94,994)	(476,809)
At 31 December	16,782	13,950

11 Investment properties		
At 1 January	4,670,589	4,134,589
Disposed during the year (Note 11.1)	(54,000)	-
Reclassified from property, plant and equipment (Note 13)	-	1,103,500
Reclassified to other receivables and prepayments (Note 9)	-	(40,000)
Fair value (loss)/gain during the year (Note 11.2.1)	(586,522)	(527,500)
At 31 December (Fair value)	4,030,067	4,670,589

11.1 The property situated at Shapati Village, Ibeju, Lekki was sold during the year.

Further details are:

Valuation	54,000	-
Sale proceeds	(54,000)	-
Gain on sale of property	-	-

11.2 **History and movement in fair value gain**

Cost as at date of initial recognition	3,186,501	3,240,501
Cumulative fair value gain at 1 January	1,430,088	1,957,588
Fair value loss for the year	(586,522)	(527,500)
Cumulative fair value gain at 31 December	843,566	1,430,088
At 31 December	4,030,067	4,670,589

11.2.1 **Fair value loss reported in the statement of profit or loss**

Fair value changes in investment properties	(586,522)	(527,500)

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

NOTES TO THE FINANCIAL STATEMENTS

Movements in investment properties 2020

	Cost	Fair value gain/(loss) at 1 January	Balance at 1 January	Addition during the year	Sold during the year	Revaluation (loss)	Balance at 31 December
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
250 hectares of Farmland at Mydumbi Village							
11 units of 4-bedroom terrace houses at New County Estate, Lekki, Lagos	1,045,000	165,000	1,210,000	-	-	(41,250)	1,168,750
10 units of 2 Bedroom Terrace houses at No 17, Gbangbala Road, Ikate Elegushi, Lekki	244,734	555,266	800,000	-	-	(138,816)	661,184
One wing of 4 bedroom duplex, Lekki, Lagos	57,371	53,218	110,589	-	-	(13,305)	97,284
Six (6) storey lettable office complex - Ebute Metta	201,301	898,699	1,100,000	-	-	(224,675)	875,325
Six (6) bedroom detached house, Asokoro-Abuja	268,595	651,405	920,000	-	-	(162,851)	757,149
Abuja plot of Land at Cadastral Zone.	320,000	(320,000)	-	-	-	-	-
Oreki Village, Ibeju, Lekki.	600,000	(150,000)	450,000	-	-	-	450,000
Shapati Village, Ibeju, Lekki.	500,000	(446,000)	54,000	-	(54,000)	-	-
Flat 3,Block 2, Kadiri Estate, Joseph Dosu, Badagry.	3,500	22,500	26,000	-	-	(5,625)	20,375
	3,240,501	1,430,088	4,670,589	-	(54,000)	(586,522)	4,030,067

Movements in investment properties 2019

	Cost	Fair value gain at 1 January	Balance at 1 January	Reclassified from PPE (Note 14)	Reclassified to other receivables and prepayments (Note 10)	Revaluation (loss)/gain	Balance as at 31 December
250 hectares of Farmland at Mydumbi Village	40,000	80,000	120,000	-	(40,000)	(80,000)	-
11 units of 4-bedroom terrace houses at New County Estate, Lekki, Lagos	1,045,000	255,000	1,300,000	-	-	(90,000)	1,210,000
10 units of 2 Bedroom Terrace houses at No 17, Gbangbala Road, Ikate Elegushi, Lekki	244,734	271,266	516,000	-	-	284,000	800,000
One wing of 4 bedroom duplex, Lekki, Lagos	57,371	21,629	79,000	-	-	31,589	110,589
Six (6) storey lettable office complex - Ebute Metta	201,301	398,288	599,589	-	-	500,411	1,100,000
Six (6) bedroom detached house, Asokoro-Abuja	268,595	621,405	890,000	-	-	30,000	920,000
Abuja plot of land, Cadasral Zone	320,000	310,000	630,000	-	-	(630,000)	-
Oreki Village, Ibeju, Lekki.	-	-	-	600,000	-	(150,000)	450,000
Shapati Village, Ibeju, Lekki.	-	-	-	500,000	-	(446,000)	54,000
Flat 3,Block 2, Kadiri Estate, Joseph Dosu, Badagry.	-	-	-	3,500	-	22,500	26,000
	2,177,001	1,957,588	4,134,589	1,103,500	(40,000)	(527,500)	4,670,589

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

NOTES TO THE FINANCIAL STATEMENTS

11.3 The status of the Company's investments properties are detailed below:

S/N	Name on Title Document	Description of Properties	Date of Acquisition	Nature of Document	Locations	Carrying Amount N'000	Steps taken for perfection
i	Standard Alliance Insurance Plc	Warehouse	2015	Deed of Assignment	Oreki Village, Ibeji-Lekki	450,000	Perfection in progress
ii	Standard Alliance Insurance Plc	11 Unit of 4 Bedroom Flat	2009	Registered Title	New County Terrace, Iroko Awe, Lekki Peninsula	1,210,000	Near Perfection
iii	Standard Alliance Insurance Plc	10 Units of 2 B/R Terrace Hse	2003	Deed of Assignment	No 17 Gbangbala Road, Ikate, Elegushi, Lekki, Lagos	800,000	Perfection in progress
	Standard Alliance Insurance Plc	3 Bedroom Duplex	2012	Deed of Assignment	Flat 3, Block 2, Kadiri Est, Joseph Dosu Way,Badagry	26,000	Perfection in progress
iv	Standard Alliance Insurance Plc	4 Bedroom Duplex	2003	Registered Title	House 13B, Oba Adeyinka Estate, Lekki, Lagos	110,589	Near Perfection
v	Standard Alliance Insurance Plc	Six (6) storey lettable Offices	2012	Registered Title	No 22, Herbert Macaulay Street, Ebute Meta, Lagos	1,100,000	Near Perfection
vi	Standard Alliance Insurance Plc	Six (6) Bedroom Detached House	2010	Deed of Assignment	House 1207, Yakubu Gowon, Asokoro, Abuja	920,000	Perfection in progress
						4,616,589	

Investment properties held by Standard Alliance Insurance Plc were independently valued by Osaro Eguasa & co (FRC/2012/0000000000423) and James Garuba & Company (FRC/1999/00000003709) on 31 December 2020. The fair value of each of the properties was determined by discounting the expected cash flows of each property based upon internal plans and assumptions and comparable market transactions.

STANDARD ALLIANCE INSURANCE PLC
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OTHER NOTES TO THE FINANCIAL STATEMENTS

12	Intangible asset		2020	Restated
	Computer software		2019	
	Cost		N'000	N'000
	At 1 January		15,000	15,000
	Addition during the year		-	-
	At 31 December		15,000	15,000
	Amortisation			
	At 1 January		12,496	9,121
	Amortisation for the year		2,504	3,375
	At 31 December		15,000	12,496
	Carrying amount at 31 December		-	2,504

The intangible asset relates to the Company's accounting software package, Global Insurance Business Solution (GIBS) which is an underwriting solution software bought from a Nigerian Information Technology Company, Intteck Global systems Limited.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

NOTES TO THE FINANCIAL STATEMENTS

								Restated
13 Property, plant and equipment	Land	Building	Motor vehicles	Furniture and fittings	Computer equipment	Office equipment	Generating set	Total
Cost/valuations:	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
At 1 January 2019	2,770,433	3,583,067	831,060	226,994	130,426	192,224	123,357	7,857,561
Additions	-	-	280	65,000	3,352	702	-	69,334
Disposal	-	-	(4,150)	-	-	-	-	(4,150)
At 31 December 2019	2,770,433	3,583,067	827,190	291,994	133,778	192,926	123,357	7,922,745
At 1 January 2020	496,933	3,583,067	827,190	291,994	133,778	192,926	123,357	5,649,245
Additions	-	-	-	2,380	1,207	123	-	3,710
Revaluation loss (Note 29)	-	(5,366)	-	-	-	-	-	(5,366)
Disposal (Note 13.1)	(496,933)	(3,513,067)	(3,900)	-	-	-	-	(4,013,900)
At 31 December 2020	-	64,634	823,290	294,374	134,985	193,049	123,357	1,633,689
Accumulated depreciation and impairment:								
At 1 January 2019	-	143,626	797,676	200,346	129,248	183,052	118,215	1,572,163
Charge for the year	-	92,661	27,359	10,156	1,281	3,113	5,017	139,587
Allowance for impairment (Note 28.1)	1,170,000	-	-	-	-	-	-	1,170,000
Reclassification to investment properties (Note 11)	1,103,500	-	-	-	-	-	-	1,103,500
Disposal	-	-	(3,900)	-	-	-	-	(3,900)
At 31 December 2019	2,273,500	236,287	821,135	210,502	130,529	186,165	123,232	3,981,350
At 1 January 2020	-	236,287	821,135	210,502	130,529	186,165	123,232	1,707,850
Charge for the year	-	73,113	5,868	13,998	1,379	1,745	103	96,206
Disposal (Note 13.1)	-	(304,034)	(3,900)	-	-	-	-	(307,934)
At 31 December 2020	-	5,366	823,103	224,500	131,908	187,910	123,335	1,496,122
Carrying amounts as at:								
31 December 2020	-	59,268	187	69,874	3,077	5,139	22	137,567
31 December 2019	496,933	3,346,780	6,055	81,492	3,249	6,761	125	3,941,397

13.1 Disposal of company's office building

Despite the valuation of ₦1.4B, the carrying amount of the Company's property located at Plot 1, Block 94, Providence Street, Lekki, Lagos is ₦3,705,966,000

The Company's office building was constructed between 2009 and 2011 and its reported current valued amount was ₦1.4 billion prior to sale. The office building was sold at the valued amount of ₦1.4 billion. This amount includes ₦700 million receivable on the disposed asset as at 31 December, 2020 (Note 10.1). The carrying amounts of the land and building prior to sale is as stated below:

	Valuation	Accum. Depr.	Carrying amount
	₦'000	₦'000	₦'000
	DR/(CR)	DR/(CR)	DR/(CR)
Land	496,933	-	496,933
Building	3,513,067	(304,034)	3,209,033
Carrying amount	4,010,000	(304,034)	3,705,966
Sale proceeds			(1,400,000)
Loss on sale of asset made up of:			2,305,966
Revaluation surplus now reversed (Note 28)			(3,158,381)
Gain on disposal based on historical cost (Note 34b)			852,415
			(2,305,966)
			-

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

NOTES TO THE FINANCIAL STATEMENTS (continued)

13.2 The status of the Company's land and buildings is as detailed below

Name on Title Document	Date of Acquisition	Nature of Document	Location	Carrying amount N'000	Steps for perfection
Standard Alliance Insurance Plc	2009	Deed of Assignment	Plot 1, Block 94, Providence Street, Lekki, Lagos	-	Sold
Standard Alliance Insurance Plc	2011	Deed of Assignment	Plot 1, Block 94, Providence Street, Lekki, Lagos	-	Sold
Standard Alliance Insurance Plc	2001	Registered Title	No 20, Fola-Bolumole Street, Ibadan	59,268	Near Perfection
				59,268	

None of the Company's assets was pledged as security on loan as at year end (2019: Nil).

There was an impairment loss recognised in the Company's property, plant and equipment at the end of the year.

	2020 N'000	Restated 2019 N'000
14 Statutory Deposits		
Statutory deposit for life business	200,000	200,000
Statutory deposit for non-life business	335,000	335,000
	535,000	535,000

These represent 10% of the minimum paid up share capital deposited with the Central Bank of Nigeria in accordance with Section 10 (3) of the Insurance Act, CAP I17, LFN 2004.

15 Insurance contract liabilities		
Unearned premium reserves (Note 15.1)	114,570	185,627
Outstanding claims (Note 15.2)	1,818,991	1,236,768
Provision for claims incurred but not reported (IBNR) (Note 15.3)	418,745	439,629
Individual life (Note 15.4)	264,898	131,778
Group life (Note 15.5)	886,717	-
Annuity fund (Note 15.6)	2,114,803	1,935,304
	5,618,723	3,929,106

Life Insurance contract liabilities	N'000	N'000	N'000
	Risk liability	DA liability	Gross liability
Individual life risk contract	277,852	-	277,852
Individual investment and risk contract	7,047	307,917	314,964
Annuity business	866,716	-	866,716
PFA's annuities	2,108,574	-	2,108,574
Deferred annuities	6,228	-	6,228
Total annuity business	3,266,417	307,917	3,574,334
GSLAS	395,081	147,602	542,683
Group life business	3,661,498	455,519	4,117,017

Non- Life Insurance contract liabilities

	Gross liability	Reinsurance Assets	Net liability
Claims reserve	1,863,807	(365,506)	1,498,301
UPR	87,049	-	87,049
AURR	6,370	(2,736)	3,634
Total Non-Life Insurance contract liabilities	1,957,226	(368,242)	1,588,984

15.1 Unearned premium reserves		
Aviation	6,370	9
Bond	3,019	737
Engineering	1,178	3,052
Fire	27,537	14,461
General accident	6,427	9,421
Marine	4,900	7,247
Motor	43,980	48,575
Oil & gas	7	1,579
Life	21,152	100,546
	114,570	185,627
15.1.2 Movements in unearned premium reserve		
At 1 January	185,627	424,058
Decrease in during the year (Note 30)	(71,057)	(238,431)
At 31 December	114,570	185,627

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

NOTES TO THE FINANCIAL STATEMENTS (continued)

	2020	Restated 2019
15.2 Outstanding claims reserves	N'000	N'000
Aviation	100,281	35,423
Bond	13,004	28,918
Engineering	55,191	38,202
Fire	203,762	123,023
General accident	223,269	232,607
Marine	16,198	31,685
Motor	132,067	105,047
Oil & Gas	777,493	499,473
Group life	297,727	142,390
	1,818,992	1,236,768
15.2.1 Movements in outstanding claims are further analysed below:		
At 1 January	1,236,768	1,876,684
Increase/(decrease) during the year (Note 32)	582,224	(639,916)
At 31 December	1,818,992	1,236,768
15.2.2 The age analysis of outstanding claims are:		
0 - 90 days	5,554	25,242
91 - 180 days	88,073	80,804
181 - 270 days	13,341	41,727
271 - 365 days	80,497	141,057
366 days and above	1,631,526	947,938
	1,818,992	1,236,768

The delay in settlement of outstanding claims that are over 90 days was as a result of late submission of necessary documents and data on the part of the claimants. Also, the need to verify the veracity of the claims contributed to this delay.

15.2.3 REASONS FOR OUTSTANDING CLAIMS CAN BE ANALYSED AS FOLLOWS:

31 December 2020	0-90 DAYS N'000	91-180 DAYS N'000	181-270 DAYS N'000	271-365 DAYS N'000	Above 365 DAYS N'000	2020 Total N'000
Discharge Voucher Issued- Life	454	73,164	8,525	14,701	200,884	297,727
Discharge Voucher Issued- Non-Life	-	7,725	1,308	16,967	528,790	554,791
Awaiting Lost Adjusters report		4,201		-	132,792	136,993
Awaiting Documentation from Claimants	5,100	2,983	3,508	48,829	520,425	580,845
Abandoned by Claimants					83,004	83,004
Incomplete Documentations by Claimants					165,631	165,631
TOTAL	5,554	88,073	13,341	80,497	1,631,526	1,818,992
31 December 2019	0-90 DAYS N'000	91-180 DAYS N'000	181-270 DAYS N'000	271-365 DAYS N'000	Above 365 DAYS N'000	2019 Total N'000
Discharge Voucher Issued- Life	-	20,769	23,473	52,261	45,887	142,390
Discharge Voucher Issued- Non-Life	3,885	10,766	13,342	46,403	577,202	651,597
Awaiting Lost Adjusters report	350	38,754	1,643	724	116,511	157,982
Awaiting Documentation from Claimants	21,006	10,515	3,269	9,080	179,003	222,874
Abandoned by Claimants	-	-	-	32,589	2,657	35,246
Incomplete Documentations by Claimants	-	-	-	-	26,679	26,679
TOTAL	25,242	80,804	41,728	141,057	947,938	1,236,768

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

NOTES TO THE FINANCIAL STATEMENTS (continued)

		Restated
	2020	2019
	N'000	N'000
15.3 IBNR Per Actuarial valuation		
Aviation	6,570	539
Bond	5,786	1,279
Engineering	48,112	47,460
Fire	147,514	90,561
General accident	9,375	1,958
Marine	5,246	10,627
Motor	41,181	32,066
Oil & Gas	78,760	29,927
Life	76,202	225,212
	418,746	439,629
15.3.1 Movement in IBNR		
At 1 January	439,629	304,631
(Decrease)/increase during the year (Note 32)	(20,883)	134,998
At 31 December	418,746	439,629
15.4 Movement in individual life		
At 1 January	131,778	291,610
Increase/(decrease) during the year	133,120	(159,832)
At 31 December	264,898	131,778
15.5 Movement in group life		
At 1 January	-	-
During the year	886,717	-
At 31 December	886,717	-
15.6 Movement in annuity fund		
At 1 January	1,935,304	1,664,719
Increase during the year	179,499	270,585
At 31 December	2,114,803	1,935,304
The Company Insurance Contract Liabilities for both Life and Non-Life businesses is established at the end of the year by O & A Hedge Actuarial Consulting with FRC/2019/00000012909. The report was signed by Layemo B. Abraham with Financial Reporting Council Number FRC/2016/NAS/00000015764.		
15.7 Reinsurance expenses		
Reinsurance cost	9,844	234,952
Changes in UPR (Note 7.3.1)	10,502	3,704
	20,346	238,656
15.8 Cash payments for reinsurance		
Reinsurance cost (Note 15.6)	(9,844)	(234,952)
Changes in due to reinsurer payable (Note 17)	-	43,551
Per statement of cash flows	(9,844)	(191,401)
16 Investment Contract Liabilities		
At 1 January	595,773	660,145
Amount received in the year	235,533	463,174
Interest expenses	-	23,000
Withdrawals	(375,787)	(550,546)
At 31 December	455,519	595,773
17 Trade payables		
Due to Reinsurer	36,257	36,257
Underwriting expenses payable	15,043	17,528
	51,300	53,785

The trade payables are all of current maturity.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

NOTES TO THE FINANCIAL STATEMENTS (continued)

	2020	Restated
	N'000	2019
		N'000
18 Other payables and accruals		
Statutory deductions (Note 18.1)	177,350	146,112
Information technology development levy (Note 38)	8,406	8,406
Rent received in advance (Note 18.2)	1,000	7,355
Due to staff	109,078	173,827
Accrued expenses (Note 18.4)	239,604	150,631
Unclaimed dividend	3,182	3,155
Deferred Commission Income (18.5)	1,190	641
Preference dividend payable (Note 18.6)	175,000	175,000
Amount due to other beneficiaries (Note 18.7)	16,275	5,881
Annuity fund fee payable (Note 18.8)	16,651	14,885
Industrial training fund	-	4,743
Directors' current account	33,271	33,271
Unearned interest on treasury bills	-	2,893
	781,008	726,800
The above are further analysed as:		
Current	781,008	726,800
Non-current	-	-
	781,008	726,800
18.1 Statutory deductions		
PAYE payable	88,927	72,564
Pension payable	46,527	31,651
VAT payable	3,838	3,838
Withholding tax	38,059	38,059
	177,350	146,112
18.2 Movement in rent received in advance		
At January 1	7,355	4,507
Additional rental Income received	8,510	33,987
Rental income recognised during the year (Note 34a)	(14,865)	(31,139)
At December 31	1,000	7,355
18.4 Accrued expenses		
Audit fee accrual	20,000	10,000
NAICOM supervisory levy	-	22,000
FRC statutory annual dues	-	2,000
Management expenses payable	94,895	116,631
Accrued expenses	124,709	-
	239,604	150,631

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

NOTES TO THE FINANCIAL STATEMENTS (continued)

	2020	Restated
	N'000	2019
	N'000	N'000
18.5 Deferred Commission Income		
At January 1	641	1,190
Addition During the year	22,611	4,510
Amortised During the year (Note 31)	(22,062)	(5,059)
At 31 December	1,190	641

18.6 Preference dividend payable	175,000	175,000

The Company had 17,500,000 (Seventeen Million, Five Hundred Thousand units of preference shares of N100 (One Hundred Naira) each prior to year ended 31 December 2011. These were converted to ordinary shares of 50k (50 Kobo) each in the Company and issued to the holders of the preference shares as at 31 December 2011 in accordance with the resolution passed at the 15th Annual General Meeting of 16th December 2011. The amount of N175 million is the balance of pre conversion dividend yet unpaid as at 31 December 2020 reporting date.

18.7 Amount due to other beneficiaries	N'000	N'000
Staff fines and penalties	4,828	4,810
Staff group life payable	151	151
Other creditors	11,296	920
	16,275	5,881

18.8 Annuity fund fee payable	N'000	N'000
At January 1	14,885	12,552
Addition during the year	1,766	2,333
At December 31	16,651	14,885

Annuity fund fee represents a provision of 1% out of annuity premium received in a financial year. This is being proposed by NAICOM. The balance at the end of the year represents provisions as at reporting dates.

19 Borrowings	N'000	N'000
Daewoo Secuirities Bond (Note 19.1)	1,682,418	1,482,131
Cowry Asset Management Limited (Note 19.2)	101,526	201,526
	1,783,944	1,683,657

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

NOTES TO THE FINANCIAL STATEMENTS (continued)

19.1 Daewoo Securities Bond

The Company received a capital inflow of JPY650,000,000 (\$7,397,516) zero coupon bond raised from Daewoo Securities in December 2009.

The bond was tenured originally for 20 years with the lenders' option to convert the bond to Standard Alliance Insurance Plc's ordinary shares. If the option is not exercised, the Company must pay interest 4.25% per annum on the gross bond value for the entire term it has been outstanding.

Daewoo Securities requested for the full redemption of the bond in 2011 following which the Company went to a negotiation with it and a repayment plan with the bond owners was renegotiated in 2012. Further negotiations commenced in 2015 and are still on-going. The Company's outstanding liability to Daewoo Securities as at 31 December 2020 is JPY534,191,000 (2019:JPY512,413,000), principal and interest inclusive.

Further details of transactions during the year are:

	Principal JPY'000	Interest JPY'000	Total JPY'000	2020 N'000	Restated 2019 N'000
At 1 January	398,203	114,210	512,413	1,482,125	1,369,925
Interest accrued during the year	-	21,778	21,778	80,193	58,975
Foreign exchange difference	-	-	-	120,101	53,225
At 31 December	398,203	135,988	534,191	1,682,419	1,482,125

Current maturities

	JPY'000	JPY'000
Interest	21,778	20,890
Principal	512,413	491,523
Total current maturities	534,191	512,413
Non-current principal maturity	-	-
	534,191	512,413

The balance of JPY 534,191,000 (2019: JPY 512,413,000) is stated in the financial statements at the Central Bank of Nigeria closing exchange rate of N3.6823/JPY as at 31 December 2020. Subsequent to 2020 reporting period, no payment has been made on principal and interest.

19.2 Cowry Asset Loan

	N'000	N'000
At 1 January	201,526	-
Addition during the period	-	300,000
Accrued interest	-	12,594
Repayment during the year	(100,000)	(111,068)
At 31 December	101,526	201,526

Repayments during the year

	N'000	N'000
Principal	100,000	100,000
Loan interest charge	-	11,068
	100,000	111,068

The Company entered into a new loan arrangement with Cowry Assets Management Limited for working capital needs. The new loan was consummated in July 2019 at a value of N300million. The loan is payable within one year at the interest rate of 28%.

20 Finance lease obligations

	N'000	N'000
At 1 January	12,559	13,488
Repayments during the year (Note 20a)	(12,559)	(929)
At 31 December	-	12,559

20a Repayments during the year

	N'000	N'000
Principal	10,506	667
Lease interest charge	2,053	262
	12,559	929

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

NOTES TO THE FINANCIAL STATEMENTS (continued)

20 Finance lease obligations - cont'd

In 2016, the Company acquired a new lease facility of N24,000,000 from CFS Financial Services Limited at an interest rate of 23% for a lease period of 36 months to finance the acquisition of a motor vehicle.

This motor vehicle is included in the property, plant and equipment of the Company as at 31 December 2020. The rental due as at 31 December 2020 are further analysed as follows:

	2020	Restated
	N'000	2019
		N'000
Less than 3 months	-	2,533
Between 3 and 6 months	-	2,598
Between 6 and 12 months	-	7,428
	-	12,559
Over 12 months	-	-
	-	12,559

21 Current income tax liabilities
Per Statement of Comprehensive income

Company income tax	4,813	4,117
Education tax	-	-
Deferred tax	-	(413,159)
	4,813	(409,042)

Per Statement of Financial Position:

At 1 January		
Company income tax	317,468	292,176
Education tax	-	25,292
	317,885	317,468
Provisions for the year:		
Company income tax	4,813	4,117
Education tax	-	-
Payments during the year:		
Company income tax	(5,878)	(3,700)
Education tax	-	-
At 31 December	316,820	317,885

22 Deferred tax liabilities

At 1 January	62,445	475,604
Charged for the year	-	(296,159)
Tax on gain/(loss) on revaluation of property, plant and equipment	(536)	(117,000)
At 31 December	61,909	62,445

STANDARD ALLIANCE INSURANCE PLC
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NOTES TO THE FINANCIAL STATEMENTS - (continued)

	2020	Restated
	Units	2019
	'000	Units
	'000	'000
23 Ordinary share capital		
Authorized		
14,000,000,000 ordinary shares of 50k each	14,000,000	14,000,000
	N'000	N'000
14,000,000,000 ordinary shares of 50k each	7,000,000	7,000,000
Issued and Fully Paid	Units	Units
At 1 January	12,911,030	12,911,030
Addition during the year	-	-
At 31 December	12,911,030	12,911,030
	N'000	N'000
At 1 January	6,455,515	6,455,515
Addition during the year	-	-
At 31 December	6,455,515	6,455,515
24 Treasury share	(1,145)	(1,145)
Treasury share represents the standard Alliance Assurance Life Limited investment in Standard Alliance Insurance Plc reclassified to treasury share upon merger of the two companies in 2017.		
25 Share premium		
At 1 January	7,484,955	7,484,955
Addition during the year	-	-
At 31 December	7,484,955	7,484,955
Share premium comprises additional paid-in capital in excess of the par value. This reserve is not ordinarily available for distribution.		
26 Contingency reserves		
At 1 January	1,740,714	1,696,992
Charge for the year (Note 27)	16,006	43,722
At 31 December	1,756,720	1,740,714

In compliance with section 21(1) of Insurance Act 2003, the contingency reserve for Non-life insurance business is credited with the greater of 3% of total premium, or 20% of the net profits. This shall accumulate until it reaches the greater of minimum paid-up capital and 50% percent of the net premium. For life business, the contingency reserve is credited with an amount equal to 1% of gross premium or 10% of net profit (whichever is greater) and accumulated until it reaches the amount of minimum paid-up capital.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

26 Contingency reserves - cont'd

As required by insurance regulations, a contingency reserve is maintained for both the non-life insurance and life assurance contracts underwritten by the Company. The appropriation to contingency reserve for non-life underwriting contracts is calculated in accordance with sections 21 (2) and 22 (1) of the Insurance Act 2003. The reserve is calculated at the higher of 3% of gross premium and 20% of net profits of the business for the year. The appropriation to contingency reserve for life underwriting contracts is calculated at the higher of 1% of the gross premium and 10% of net profits of the business for the year. The appropriations are charged to the life fund.

	2020	Restated
	N'000	2019
	N'000	N'000
27 Accumulated loss		
At 1 January - As previously stated	(14,972,546)	(14,766,093)
Correction of error (Note 28.1)	-	1,053,000
At 1 January - Restated	(14,972,546)	(13,713,093)
Loss for the year	(2,133,266)	(1,215,731)
Appropriation to contingency reserves (Note 26)	(16,006)	(43,722)
At 31 December	(17,121,818)	(14,972,546)
28 Revaluation Reserves		
At 1 January - As previously stated	3,211,502	3,328,502
Correction of error (Note 28.1)	-	1,053,000
At 1 January - Restated	3,211,502	4,381,502
Revaluation loss charged to other comprehensive income during the year	(4,829)	-
Revaluation surplus reversed during the year	(3,158,380)	(1,170,000)
At 31 December	48,291	3,211,502
Further details are:		
Revaluation loss (Note 13)	(5,366)	-
Less: Tax on loss on revaluation	537	-
	(4,829)	-

28.1 Correction of error

The Company bought landed property for the sum of ₦1.170 billion situated in Lugbe, Abuja in the year 2015. Subsequently, the FCT Land Registry declared title to the land as not being genuine. The property accordingly was valued at nil amount in 2019. However, the allowance for impairment loss of ₦1.053 (i.e. net of tax) was recognised wrongly within revaluation reserves in 2019 financial statements.

Therefore, the financial statements have been restated to correct this prior period error. The restatement requires adjustments in the statement of financial position as at 31 December 2019 and statement of profit or loss as at that date. To this effect, the statement of financial position, statement of profit or loss, statement of changes in equity and affected notes showed restated comparative information for the year ended 31 December 2019 as disclosed in Note 27 - Accumulated loss and Note 28 - Revaluation reserves respectively.

29 Fair Value Reserves

	N'000	N'000
	N'000	N'000
At 1 January	21,246	79,676
Decrease during the year	(15,936)	(58,430)
At 31 December	5,310	21,246

The fair value reserves shows the effect from the fair value measurement of financial instruments of the category available for sale now classified as financial asset at fair value through other comprehensive income. Any gains or losses are not recognised in the comprehensive income statement until the asset has been sold or impaired.

30 Gross premium

	N'000	N'000
	N'000	N'000
General business	319,003	711,989
Group life	449,848	1,386,732
Individual life	17,137	95,104
Annuity	176,590	233,295
	962,578	2,427,120
Movement in unexpired risks (Note 15.1.2)	71,057	238,429
	1,033,635	2,665,549

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NOTES TO THE FINANCIAL STATEMENTS (continued)

	2020	Restated
	N'000	2019
		N'000
31 Commission income		
Bond	154	128
Engineering	3,267	459
Fire	18,601	2,618
General accident	1	1,148
Oil and gas	-	-
Aviation	-	-
Marine	39	706
	22,062	5,059
Life - Forfeitures and admin charges	-	15,115
	22,062	20,174
32 Claims expenses		
Claims paid	1,640,093	1,279,832
Change in outstanding claims (Note 15.2.1)	582,224	(639,916)
Change in claims incurred but not reported (Note 15.3.1)	(20,883)	134,998
	2,201,434	774,914
Claims expenses recovered from reinsurers (Note 32(a))	4,712	(55,469)
	2,206,147	719,445
32a) Claims paid recovered from reinsurers	18,478	2,375
Change in claims paid recoverable (Note 7.1)	(1,928)	14,051
Change in reinsurer's share of IBNR (Note 7.2)	(21,262)	39,043
	(4,712)	55,469
33 Underwriting expenses		
Acquisition costs (Note 10):		
Aviation	229	580
Bond	705	11,075
Engineering	5,045	21,585
Fire	26,421	74,806
General accident	4,301	135,326
Marine	7,481	17,280
Motor	12,662	27,859
Oil and Gas	26,011	4,000
Life	12,140	184,298
	94,994	476,809
Other acquisition costs	347	-
	95,341	476,809
33a Commission paid analysis		
Acquisition costs (Note 33)	(94,994)	(476,809)
Changes in commission payable	(2,485)	(289)
Per statement of cash flows	(97,479)	(477,098)
34(a) Investment income		
Interest on deposits	187,219	124,166
Interest on treasury bills	-	12,688
Rental income	14,865	31,139
Dividend received	2,696	367
	204,780	168,360
The investment income is attributable to:		
Annuity fund	148,163	24,113
Insurance fund	17,935	52,517
Shareholders fund	36,351	84,081
Investment income per statement of profit or loss	202,449	160,711
Investment fund (Note 35)	2,331	7,649
	204,780	168,360

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NOTES TO THE FINANCIAL STATEMENTS (continued)

		Restated
	2020	2019
	N'000	N'000
34(b) Other income		
Gain on sale of property, plant and equipment	852,415	200
Charges/penalties for loss of policy documents	20,782	8,743
	873,197	8,943
35 Gain/(loss) on investment contract liabilities		
Investment income attributable to investment contracts (Note 34)	2,331	7,649
Guaranteed interest on investment contracts (Note 16)	-	(23,000)
	2,331	(15,351)
36 Management expenses		
Salaries and Allowances	330,053	399,441
Other staff costs	15,721	45,399
Directors' fee and allowances	45,408	43,857
Insurance expenses	-	3,857
Rent and rates	14,909	12,214
Repairs and maintenance	57,720	88,339
Depreciation	96,206	139,837
Amortisation	2,504	3,375
Legal and professional fees	98,136	33,001
Bank charges	3,103	5,306
Printing and stationery	3,339	2,502
Advertising and promotion expenses	1,447	20,409
Books and periodicals	45	286
Telephone and postages	15,318	5,753
Other administrative expenses	76,501	63,827
Supervisory levies	38,581	44,627
Actuarial cost	-	3,200
Staff training and development	1,976	5,755
Audit fee	10,000	10,000
Corporate and public relation expenses	12,623	15,812
Travelling, outstation and hotel expenses	12,182	7,446
	835,774	954,243
36(a) Expected credit loss expense		
Allowance for credit losses - Cash (Note 5(a))	2,794	388
Allowance for credit losses - Treasury bills (Note 6.2.3)	-	77
Allowance for credit losses - Loans and receivables (Note 6.2.3)	1,295	1,077
	4,089	1,542
36(b) Impairment - Due from insurance companies and brokers		
Impairment provision - Due from brokers	60,491	58,328
Impairment provision - Due from insurance companies	3,022	2,914
Total impairment (Note 8)	63,513	61,242
36(c) Allowance for impairment - Other receivables and prepayments		
Other debtors (Note 9.1)	(40,000)	40,000
36(d) Allowance for impairment on property, plant and equipment		
Allowance for impairment loss (Note 13)	-	1,170,000
Less: Tax on impairment loss	-	(117,000)
	-	1,053,000
37 Finance charges		
Interest expenses on loan	4,603	15,331
Lease charges	-	-
	4,603	15,331
Interest on Daewoo bond	80,191	62,937
	84,794	78,268

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NOTES TO THE FINANCIAL STATEMENTS (continued)

	2020	Restated
	N'000	2019
		N'000
38 Information Technology Development Levy		
At 1 January	8,406	8,406
Charge for the year	-	-
Payment during the year	-	-
At 31 December	8,406	8,406
The Nigerian Information Technology Development Agency (NITDA) Act was signed into law on 24 April, 2007. Section 12(a) of the Act stipulates that specified Companies contribute 1% of their profit before tax to the Nigerian Information Technology Development Agency.		
39 Profit before taxation		
Profit before taxation is stated after charging:		
Depreciation	96,206	139,587
Amortization	2,504	3,375
Auditors' remuneration	10,000	10,000
Director's remuneration	45,408	43,857
39.1 Messrs. Muhtari Dangana & Co (Chartered Accountants) did not provide any other service to the Company during the year.		
40 Premium receipt from policy holders		
Premium due from policy holder at 1 January	2,271	72,352
Gross Premium written in the year	962,578	2,427,120
	964,849	2,499,472
Premium due from policyholders at 31 December	(2,275)	(2,271)
Premium receipts in the year	962,574	2,497,201
41 Basic (loss)/earnings per share		
Basic loss per share is calculated by dividing the net loss attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year.		
Loss for the year (N'000)	(2,133,266)	(1,215,731)
Number of shares ('000)	12,911,030	12,911,030
Basic loss per share (Naira)	(16.52)	(9.42)
42 Going concern of Company		
The events and conditions listed below indicate that there may exist material uncertainty that cast doubt on the Company's ability to continue as a going concern entity within a foreseeable future:		
i. Shortfall of existing ₦5billion regulatory minimum paid-up capital of the Company by ₦6.372billion as at 31 December, 2020;		
ii. Deteriorating solvency margin of the Company which increased from a deficiency of ₦6.487 billion in 2019 to ₦10.972 billion in 2020;		
iii. Accumulated losses of ₦17.121 billion (2019: ₦14.973 billion) as at 31 December, 2020 which resulted in negative equity of the Company of ₦1.372billion as at 31 December, 2020;		
iv. Severe business downturn for the Company in 2020 represented by 60% reduction in premium written and 189% increased in claims expenses during the year resulting into 33% increased in operational loss before tax from ₦1.625 billion in 2019 to ₦2.133 billion in 2020;		
v The high impairment allowances over the years on the Company's investment properties suggesting possible inability to realize them and discharge its liabilities in the normal course of business; and		
vi Significantly reduced staff workforce and low morale of staff		
Management is however executing mitigating procedures and are working assiduously to inject fresh capital through a recapitalization and business restructuring plan involving major prospective investors.		

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NOTES TO THE FINANCIAL STATEMENTS (continued)

43 Events after reporting period

Introduction of a new investor

On the 5th of January 2022, an Investor, QPI Consultants FZE through a special purpose vehicle (SPV) named Endura Investment Global Limited (EIG) showed interest in obtaining regulatory approval for the purchase of 3,140,774,908 ordinary shares in Standard Alliance Insurance Plc at N0.01 each. Purchase of the shares will give the new investor 26.4% of the issued capital of the Company. The investor will be in a position to restructure the business and turn it around with a minimum amount of U\$8million. Subsequently, the transaction was consummated on the 19th of August 2024 with the approval of the Nigerian Exchange Limited (NGX).

Cancellation of Certificate of Registration and Authorization to Continue to carry on Insurance Business.

The National Insurance Commission (NAICOM) revoked the certificate of registration of Standard Alliance Insurance Plc, effective from June 21, 2022. Consequent upon a judgement of the Federal High Court delivered on the 7th July, 2023, reversing the revocation of the Company's licence and the Company application for No-objection for the acquisition of its shares by Endura Investment Global Limited, on 18th December 2023, NAICOM provisionally authorised the Company to continue to carry on insurance business in accordance with its certificate of registration subject to satisfaction of other conditions, eg approval of other relevant regulatory bodies, final court order authorising the acquisition.

44 Fair value Hierarchy

The Company's fair value measurements model is highlighted in accounting policy 4.2.

Level 1

Fair value measurements classified as level 1 include fair values of quoted investments based on current market prices.

Level 2

Fair value measurements classified as level 2 include fair values of unquoted investments which the Company established using valuation techniques such as:

- * recent arm's length transactions
- * reference to other instruments that are substantially the same
- * net assets value and
- * discounted cash flows

Level 3

Fair value measurements classified as level 3 include fair values of financial assets of which there are no active markets and no observable inputs. They comprise loans and other receivables.

The table below highlights financial instruments in their various fair value hierarchies at year end:

2020

Asset type	Total N'000	Level 1 N'000	Level 2 N'000	Level 3 N'000
Quoted securities - At fair value through profit or loss	68,263	68,263	-	-
Quoted securities - At FVOCI	159,356	159,356	-	-
	<u>227,619</u>	<u>227,619</u>	<u>-</u>	<u>-</u>

2019

Asset type				
Quoted securities - At fair value through profit or loss	60,109	60,109	-	-
Quoted securities - At FVOCI	175,292	175,292	-	-
	<u>235,401</u>	<u>235,401</u>	<u>-</u>	<u>-</u>

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NOTES TO THE FINANCIAL STATEMENTS (continued)

45 CONTRAVENTION OF LAWS AND REGULATIONS

45.1 Penalty by NAICOM

During the year the Company contravened certain sections of the Insurance Act, CAP I17, LFN 2004 and NAICOM's operational guidelines. Details of the contraventions and appropriate penalties thereon are as follows:

Section	Nature of infraction	Amount of penalty	
		2020 N'000	2019 N'000
Operational guideline	Non-rendition of AML/CFT (Anti-Money Laundering/ Countering of Financing of terrorism) employee training plan	1,000	-
Operational guideline	Late submission of 2018 reinsurance Treaty to NAICOM	-	250
Operational guideline	Late submission of 2019/2018 Accounts to NAICOM	2,000	5
Operational guideline	Fines and Penalty income/processing fees for NAICOM	-	600
		3,000	855

46 Directors and employees

Employees

The average number of persons employed by the Company during the year by category

	2020 Number	2019 Number
Executive Director	2	2
Management Staff	14	14
Non-management staff	122	119
	138	135
Staff cost for the above persons (Excluding Executive Directors) was:		
Salaries and allowances	330,053	399,441
Other staff cost	15,721	45,399
	345,775	444,840

The number of employees of the company other than Director who received emolument in the following range was:

	Number	Number
N900,001 - N1,100,000	52	4
N1,100,001 - N1,300,000	6	16
N1,300,001 - N1,500,000	4	-
Above - N1,500,000	74	113
	136	133

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NOTES TO THE FINANCIAL STATEMENTS (continued)

46 Directors and employees (Cont'd)

Directors' Remuneration

The remuneration paid to the Directors of the company was:

Fees and other allowances

Executive compensation

N'000	N'000
45,408	43,377
-	480
45,408	43,857

Fees and other emoluments disclosed above include amount paid to:

The Chairman

Highest paid Director

N'000	N'000
20,100	21,928
20,100	21,928

The number of Director who received fees and other emolument (excluding pension contribution) in the following ranges was:

N1,000,001 - N2,000,000

N2,000,001 and above

Number	Number
-	-
3	3
3	3

47 Contingent liabilities

Material contingent liabilities have been made or are likely to be made in these financial statements.

48 Related party transactions

Related parties include the related Companies, the directors and any employee who is able to exert significant influence on the operating policies of the Company. Key management personnel are also considered related parties. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

During the year under review, there were no material transactions between related parties. Transactions with related parties are as stated in note 45 above.

There were no events after the reporting period which could have material effect on the financial position of the Company as at 31 December 2020 or the profit or loss and other comprehensive income for the year then ended which have not been disclosed.

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49 RISK MANAGEMENT REPORT

A) Introduction and overview

The Company was faced with the following risks in its operations.

- i Capital Adequacy risk
- ii Regulatory risk
- iii Liquidity risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risks.

Risk Management Philosophies and Principles

The following principles guide financial risk management in the Company:

- i. A deliberate and conscious management of the Company's investment portfolio to ensure that the risk of excessive concentration on any one class, industry, or sector is minimized, as well as to ensure portfolio flexibility and liquidity.
- ii. A strict adoption of sound internal policies and processes resulting in consistent adherence to investment guidelines issued by the National Insurance Commission to enable the Insurance industry maintain sound solvency margin and sound liquidity health at all times.
- iii. The Executive Management took responsibility for establishing a robust liquidity management framework consistent with regulatory requirements of the Commission that ensures sufficient liquidity to withstand a range of stress events.
- iv. The financial risk procedural manual spell-out the operational steps and procedures for executing relevant controls to prevent the occurrence or reduce the impact of risk events touching on Financial and strategy risk. The manual is being reviewed periodically reviewed and updated to take into account new activities, system changes, and structural changes in the industry.
- v. The Board approves all strategies and policies in respect of financial and strategic risk management.
- vi. Evaluation of the effectiveness of risk management process and the internal control system shall be carried out by external consultants periodically.
- vii. The Company relies on its Risk Management Committee
- viii. It develops early warning indicators to aid the prompt identification of all risks from all of the risk categories

Risk Management Strategy

The Board and Management has put in place clearly defined financial risk management framework that provides the Company with guidance and prescribes tolerable financial risk related losses considering available capital and levels of other investment risk exposures. The Company's financial risk policy and strategy are anchored on the following:

- i. Investment portfolio diversification which involves the application of the Company's investible funds in a wide range and class of financial instruments consistent with Regulatory Requirements.
- ii. Liquidity risk Management taking within well defined limits with the sole purpose of creating and enhancing liquidity and competitive advantage,
- iii. Effective utilization of Company's liquidity position.

STANDARD ALLIANCE INSURANCE PLC

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Risk Management Framework

The Standard Alliance Insurance Plc recognizes the presence of financial risk in its process of delivering value to its stakeholders. This financial risk Management Framework is set out to manage financial risks resident in the investment processes and procedures of the company. It provides guidance on related issues of Identification, Measurement, Monitoring and Reporting of financial risks in order to ensure the Company continually meets its contractual liabilities to policy holders.

The Company recognizes the importance of these classes of risks, which is inherent in the investment, market, and liquidity management of its insurance business. This policy contains guidelines to help the Company manage its assets in a sound and prudent manner, taking account of the profile of its liabilities, its solvency position and its risk return profile.

The Company's financial risk shall be managed within tolerable limits through an appropriate management focus and deployment of resources.

Risk Management Governance

The overall responsibility for the management of financial risk shall reside with the Board through its Risk and Remuneration Committee. To ensure consistency and prudent management of financial risks, this responsibility shall be divided as follows:

- i. Board of Directors/ Risk & Remuneration Committee
- ii. Finance and Investment Committee of the Board
- iii. Executive Management Committee on Investment
- iv. ERM Committee/CRO
- v. Finance and Investment Department.
- vi. Quality Assurance and Control

Risk Tolerance/Appetite

The Company shall operate by managing its risks within acceptable bounds so as to maintain and increase the value of its resources for its stakeholders. An explicit discussion of risks and risk tolerance will be part of the STANDARD ALLIANCE INSURANCE's decision making process.

STANDARD ALLIANCE INSURANCE has defined Enterprise risk appetite at two levels:

- i. The enterprise level; and
- ii. The Business/Support/Functional Unit levels

The ERM Committee set target key performance indicators ("KPI's") at both an enterprise and a business/support unit level based on recommendations from the Chief Risk Officer. Target KPI's is reviewed at least on annual basis.

At the Business and Support unit levels, the enterprise KPI's is cascaded to the extent that the contribution of each Business/Support Unit to enterprise risk shall serve as input for assessing the performance of the Business/Support Unit.

Tolerance levels is defined for each key risk indicator and serves as a proxy for the risk appetite for each risk area and Business/Support Unit.

Tolerance levels is subject to approval of ERM Committee and shall be reviewed on a periodic basis to reflect changing circumstances.

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Risk Management Process

The Company's disciplined approach to risk management is iterative, scalable, and includes the steps below. Consistent application of this process enables continuous improvement in decision making and performance by top Management. The process as follows:

1. Communication and Dialogue: Communication and dialogue with internal and, as appropriate, external stakeholders as far as necessary takes place at each stage of the risk management process.
2. Establishing the Context: This defines risk parameters to be taken into account when managing risk, and setting the scope and risk criteria for the remaining process.
3. Risk Identification: This process helps the company develop a comprehensive list of risks based on those events that might enhance, prevent, degrade, or delay the achievement of the objectives.
4. Risk Analysis: This context helps to understand the causes and sources of risk, their positive and negative consequences, and the likelihood that those consequences can occur. Existing risk controls and their effectiveness should be taken into account and communicated.
5. Risk Evaluation: The purpose of risk evaluation is to assist in making decisions based on the outcomes of risk analysis about which risks need treatment and to prioritize treatment implementation for those unacceptable risks (i.e. those that exceed risk tolerance)
6. Risk Treatment: This involves the selection of one or more options for modification of unacceptable risks and implementing those options. Risk treatment options include: avoiding the risk, seeking out an opportunity, removing the source of risk, changing the likelihood, changing the consequence, sharing the risk with another party, and retaining the risk by choice.
7. Monitoring and Review: This step should encompass all aspects of the risk management process to:
 - i. Analyze and learn lessons from events, changes, and trends.
 - ii. Detect changes in the external and internal context including changes to the risk.

Risks/ events shall be identified and analyzed against the broad success criteria which may be affected.

The focus in risk identification is capturing all the possible risks associated with an event, activity, project, roles or management decisions. It also covers the impact of an event occurring on the identified success criteria.

- i. Element of Risk- Description of the risk engaged within a process and event or a role.
- ii. Impact on business- Details the consequences of a risk occurring upon the related success criteria.
- iii. Mitigation Measures- Details controls already established or in the process of being established.
- iv. Responsibility- Identifies the officer and department responsible for the implementation and monitoring of compliance of the prescribed controls

B) Financial Risk Assessment

Risks is measured in terms of likelihood and consequences on both inherent and residual basis (pre and post controls). Both likelihood and consequences may be measured qualitatively or quantitatively depending on the risks being considered.

The criteria for success adopted by the Company are;

- i. Shareholders' funds
- ii. Market Share
- iii. Company's image
- iv. Revenue growth
- v. Employees welfare
- vi. Solvency Margin
- vii. Customer Service

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The impact of risk against this success criteria form the basis for the development of the consequence rating scale. The specific evaluation criteria adopted in this document is:

Consequence rating scale

No	Rating	Consequence (impact on established success criteria)	Quantification
1	Catastrophic	Shareholder's fund depleted, license withdrawn and liquidation imminent	>= 10% of Shareholders' fund
2	Major	Most success criteria threatened or one severely affected	5% - < 10% of shareholders' fund
3	Moderate	Some success criteria affected, considerable effort being made to rectify	1% - < 5% of shareholders' fund
4	Minor	Easily remedied, criteria can be recovered	0.5% - < 1% of shareholders' fund
5	Negligible	Very small impact, rectified in the course of normal processes	< 0.5% of shareholders' fund

Likelihood rating scale

No	Rating	Interpretations
1	Almost certain	More than 50% change that it will happen during the year and may occur several
2	Likely	50% change that it will happen during the year
3	Possible	Less than 50% chance that it will happen during the year
4	Unlikely	Could occur once over a 5-10 year period
5	Rare	Very unlikely over a 10 year period

a) **Market Risks**

Market risk refers to worsening financial condition arising from adverse movements in the level of volatility of market prices. It involves the exposure to movement of financial variables such as; equity prices, interest rates or exchange rates. It is usually introduced into a Standard Alliance Operation through variations in financial markets that cause changes in asset values, product or portfolio valuation. Some of the events under market risks are:

- i. Movement in interest rates to the extent that future cash flows from the assets and liabilities are not well matched.
- ii. Movement in market values of equity, real estate and other assets to the extent that the company is exposed to changes in market value.
- iii. Movement in exchange rates which may result in losses from asset and liabilities denominated in different currencies.

b) **Credit Risks**

Credit risk refers to the risk of financial losses arising from default or movement in the credit quality of issuers of security, debtors, or counterparties and intermediaries to whom the company has exposures. Such risk events are:

- i. Default Risk: Risk that a company will not receive or receipts delayed or partially the cash flow or assets to which it is entitled because the other parties default in one or more obligations. This risk has been substantially eliminated by the regulations No Premium, No Cover policy.
- ii. Concentration Risk: Risk of increased exposure to losses due to concentration of investments in a geographical area, economic sector, counterparty, or connected parties.
- iii. Downgrade or Migration Risks: Risks that change in the probability of a future default by an obligor will adversely affect the present value of the contract with the obligor today.
- iv. Indirect or Spread Risks: Risk due to market perception of increased risk on either a macro or micro basis.

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c) Liquidity Risks:

Liquidity risk refers to the risk that a Company, though solvent has insufficient liquid assets to meet its obligations as they fall due. Liquidity is concerned with the current and future maintenance of appropriate levels of cash and liquid assets. Such risk events are:

- i. Liquidation Value Risks: The risk that unexpected timing or amount of needed cash may require the liquidation of asset when market condition may result in loss of realized value.
- ii. Affiliated Investment Risk: The risk that an investment in the Company may be difficult to sell or that such affiliate may create a drain on the financial or operating resources of the Company.
- iii. Capital Funding Risks: The risk that the company will not be able to obtain sufficient outside funding as its assets are illiquid at the time of need.
- iv. Negative Publicity with unexpected liquidity strain.
- v. Negative Report about other companies in similar trade.
- vi. Deterioration of the Economy.
- vii. Abnormally volatile or stressed market.

Identification of Financial Risk

The various risk types identified under financial risk category as used in this policy are:

Market Risks	Credit Risks	Liquidity Risks
Interest Rate	Concentration Risk	Liquidation Value
Equity	Default Risk	Affiliated Investment
Real Estate	Indirect or spread Risks	Capital Funding
Currency	Downgrade or Migration Risks	Negative Publicity

Role of the CRO in conjunction with the finance/ Investment risk manager:

- i. Strive to anticipate the risks inherent in the above listed indicative factors and propose appropriate preventive measures.
- ii. Document the anticipated risks and reports to the ERMC for appropriate response and implementation.

Assessment of Financial Risk

- i. The Company measures its financial risk exposures across risk types, risk factors and overall investment portfolio
- ii. The Company documents the appropriate products to be used to hedge exposures, the item that qualifies to be hedged, how hedging instruments effectiveness shall be assessed and identify individuals responsible for monitoring hedge performance
- iii. The Company has set appropriate limit structure to control its financial risk exposures.
- iv. The Company periodically reviews its financial risk limits to verify its suitability based on current market conditions, economic conditions and its overall risk tolerance
- v. The Company applies its stress testing to determine the potential effect of economic shifts, market events, changes in interest rates, changes in foreign exchange and changes in liquidity conditions

Internal Risk Identification and Assessment

Internal risk relate to risks that have their sources in faulty or deficient internal systems, process or negligence or indolence of persons responsible for such roles. Such risk resides within the financial management system of the Company.

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Internal Risk Identification and Assessment - cont'd

- i. Internal Processes
- ii. Reporting System
- iii. Bank reconciliation practices
- iv. Budget preparation and monitoring
- v. Working capital management

Financial risks also reside within financial processes, people in financial management, compliance levels, Reporting system, control processes.

External Risk Identification and Assessment

External risks relate to risks that are exogenously determined and impact directly on the financial health of the company. Such risks can arise from the following;

- i. Changes in regulation
- ii. Changes in currency and exchange rate
- iii. Changes in interest rate
- iv. Changes in capitalization and Solvency Margin.
- v. Changes in shareholder's structure and composition
- vi. Changes in money and capital markets

Risk & Control Self Assessments

Risk control self assessment of existing, newly identified and emerging financial risk should be carried-out regularly, at least once every quarter.

- i. For every Control-based financial risks such as fraud, the CRO in conjunction with the finance/ Investment managers risk shall;
 - a Identify the control structure
 - b Compare the control structure to a best practice model
 - c Identify the gaps
 - d Recommend and implement new controls.

Risk Ratings

The CRO in conjunction with the finance/ Investment risk managers

Ensure every risk identified and assessed is given the right risk priority rating for effective treatment.

Key Risk Indicators

Management considers several factors as indicative of the presence of financial risks across the organization. Some of these indicative factors are:

Market Risks – KRIs	Credit Risks – KRIs	Liquidity Risks - KRIs
Interest rate fluctuations	Increasing receivables	Earnings volatility
Proportion of debt to equity	Changes in debt profile	Asset coverage
Decline in market values	Frequency of settlement failure	Liquidity ratio
Guaranteed value losses	Connected or affiliated	Cash flow modelling
Changes in exchange rate	Financial trends	Frequency of Cash conversion
Rising inflation	Counterparty exposures	Working Variations in capital

Risk Mitigation

a. Insurance

- i. The finance/ Investment risk manger brings to the attention of the Head Administration department every risk emanating from investment operations that ought to be insured (refer to the risk register for financial risks that are mitigated through insurance)
- ii. The Administration Manager ensures that premium due for all insurances are dully paid
- iii. The finance/ Investment risk manager shall advise the administration department of any insurance that is no longer required.

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Risk Mitigation - cont'd

b. Consultancy

All consultancy services relating to financial risk shall have contract which clearly states the terms of engagement of the consultant.

The Chief risk officer shall ensure that the contract arising from all consultancy services covers the following;

Standard Level Agreement (SLAs) which;

- i. details the minimum level of performance/quality required from the consultants
- ii. clearly delineates the risks to be borne by the consultant
- iii. clearly specifies the penalty for default

Risk Reporting

Financial Risk Management requires an organization to have an effective risk reporting process reflecting the up-to-date status of risk issues within the Company.

- i. Such report should define the responsibility for production of investment report, the layout of each of the reports, timing of production and delivery, presentation of result, basis evaluation, etc.
- ii. Report should be analyzed to improve existing risk management performance, evaluate the impact of financial risk breaches and monitor compliance with risk appetite levels.
- iii. Separate report should be generated for each of the three major risk types: Market, Credit and Liquidity Risk.

Risk Reporting Template

The periodic report should include the following:

- i. Details of investment activities during the period under reference
- ii. Commentary on each of the investment activity
- iii. Details of portfolio positions by asset type
- iv. Concentration analysis of portfolio and/or credit exposures
- v. Details of any regulatory or internal limits breached during the period
- vi. Actions taken on such if any
- vii. Planned future investment activities

C) Capital management

The Company's capital management framework is designed to ensure that the company is capitalised in line with the risk profile, regulatory requirements, economic capital standards and target ratios approved by the board. The capital management objectives of the company are to:

- maintain sufficient capital resources to meet minimum regulatory capital requirements set by NAICOM
- maintain sufficient capital resources to support the company's risk appetite and economic capital requirements;
- support the company's credit rating;
- maintain adequate capital to support the development of its business and to enable it continue as a going concern, while at the same time maximising the return to its shareholders.
- allocate capital to businesses to support the company's strategic objectives, including optimising returns on economic and regulatory capital;
- ensure the company holds capital in excess of minimum requirements in order to achieve the target Capital Adequacy Ratios set by management and to withstand the impact of potential stress events; and
- manage the net asset value currency management process, including evaluating and implementing new derivative instruments that could be used for hedging purposes;

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Capital Management Strategy

The Company's Enterprise Risk Management (ERM) committee ensures compliance with the Company's capital management objectives. The committee reviews actual and forecast capital adequacy on a regular basis. The processes in place for delivering the Company's capital management objectives are:

- establish internal targets for capital adequacy;
- apply stress tests to assess the Company's capital adequacy under stress scenarios;
- plan and forecast capital requirements to ensure that capital ratios exceed the targets set by the Board.

In addition to these processes, the board, through the ERM Committee, review and set risk appetite annually and analyse the impact of stress scenarios to understand and manage the Company's projected capital adequacy.

The Company has had no significant changes in its policies and processes to its capital structure during the year under review through effective selection of investment platforms and has shown concerns over strict compliance with NAICOM investment guidelines.

Expected Credit Loss Impairment Model for financial assets:

The Company's allowance for credit losses calculations shall be outputs of models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. The expected credit loss impairment model reflects the present value of all cash shortfalls related to default events either over the following twelve months or over the expected life of a financial instrument depending on credit deterioration from inception. The allowance for credit losses reflects an unbiased, probability-weighted outcome which considers multiple scenarios based on reasonable and supportable forecasts. The Company shall adopt a three-stage approach for impairment assessment based on changes in credit quality since initial recognition

Stage1—Where there has not been a Significant Increase in Credit Risk (SICR) since initial recognition of a financial instrument, an amount equal to 12months expected credit loss shall be recorded .The expected credit loss shall be computed using a probability of default occurring over the next 12 months. For those instruments with a remaining maturity of less than 12 months, a probability of default corresponding to remaining term to maturity shall be used.

Stage2—When a financial instrument experiences a SICR subsequent to origination but is not considered to be in default, it shall be included in Stage 2. This requires the computation of expected credit loss based on the probability of default over the remaining estimated life of the financial instrument.

Stage3—Financial instruments that are considered to be in default shall be included in this stage. Similar to Stage 2, the allowance for credit losses captures the lifetime expected credit losses.

Measurement of Expected Credit

Losses: The probability of default (PD), exposure at default (EAD) ,and loss given default (LGD) inputs used to estimate expected credit losses shall be modelled based on macroeconomic variables that are most closely related with credit losses in the relevant portfolio.

Details of these statistical parameters/inputs are as follows:

PD—The probability of default shall be an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the remaining estimated life, if the asset has not been previously derecognized and are still in the portfolio.

12-month PDs—This is the estimated probability of default occurring within the next 12months (or over the remaining life of the financial instrument if that is less than 12 months).This shall be used to calculate 12-month ECLs.

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Lifetime PDs—This is the estimated probability of default occurring over the remaining life of the financial instrument. This shall be used to calculate lifetime ECLs for “stage2” and stage3 exposures. PDs shall be limited to the maximum exposure required by IFRS 9.

EAD—The exposure at default shall be an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected draw downs on committed facilities, and accrued interest from missed payments.

LGD—The loss given default shall be an estimate of the loss arising in the case where a default occurs at a given time. It shall be based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It shall be usually expressed as a percentage of the EAD.

The measurement of expected credit losses for each stage and the assessment of significant increases in credit risk considers information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking information requires significant judgement.

The Company shall rely on a broad range of forward looking information as economic inputs, such as GDP growth, unemployment rates, central bank base rates, crude oil prices, inflation rates and foreign exchange rates. The inputs and models used for calculating expected credit losses may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays shall be made as temporary adjustments using expert credit judgement.

The Company shall determine allowance for credit losses using probability-weighted forward looking scenarios. The Company shall consider both internal and external sources of information in order to achieve an unbiased measure of the scenarios used. The Company prepares the scenarios using forecasts generated by credible sources such as Business Monitor International (BMI), International Monetary Fund (IMF), Nigeria Bureau of Statistics (NBS), World Bank, Central Bank of Nigeria (CBN), Nigeria Insurers Association, Financial Markets Dealers Quotation (FMDQ), and Trading Economics.

Assessment of Significant increase in Credit Risk (SICR)

At each reporting date, the company shall assess whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the remaining expected life from the reporting date and the date of initial recognition. The assessment considers borrower-specific quantitative and qualitative information without consideration of collateral, and the impact of forward-looking macroeconomic factors. The common assessments for SICR on retail and non-retail portfolios include macroeconomic outlook, management judgement, and delinquency and monitoring. Forward looking Macroeconomic factors shall be a key component of the macroeconomic outlook. The importance and relevance of each specific macroeconomic factor depends on the type of product, characteristics of the financial instruments and the borrower and the geographical region.

The Company shall adopt a multi factor approach in assessing changes in credit risk. This approach considers: Quantitative (primary), Qualitative (secondary) and Back stop indicators which are critical in allocating financial assets into stages.

The quantitative models consider deterioration in the credit rating of obligor/counter party based on the company's internal rating system or External Credit Assessment Institutions (ECAI) while qualitative factors consider information such as expected forbearance, restructuring, exposure classification by licensed credit bureau etc.

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Assessment of Significant increase in Credit Risk (SICR) - cont'd

A back stop shall be used to ensure that in the (unlikely) event that the primary (quantitative) indicators do not change and there is no trigger from the secondary (qualitative) indicators, an account that has breached the 30 days past due criteria for SIC Rand 90 days past due criteria for default shall be transferred to stage 2 and stage 3 respectively except there is a reasonable and supportable evidence available without undue cost to rebut the presumption.

Definition of Default and Credit Impaired Financial Assets

At each reporting date, the Company shall assess whether financial assets are credit impaired. A financial asset shall be credit impaired when one or more of the following events have a detrimental impact on the estimated future cash flows of the financial asset:

Significant financial difficulty of the Issuer;

- A breach of contract such as a default or past due event;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganization
- The disappearance of an active market for a security because of financial difficulties

A debt that has been renegotiated due to a deterioration in the issuer's condition shall be considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cashflows has reduced significantly and there shall be no other indicators of impairment. In making an assessment of whether an investment in sovereign debts is credit-impaired, the Company shall consider the following factors.

- (i). The market's assessment of credit worthiness as reflected in the bond yields
- (ii). The rating agencies' assessments of credit worthiness
- (iii). The country's ability to access the capital markets for new debt issuance
- (iv). The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness
- (v). The international support mechanisms in place to provide the necessary support as lender of last resort to that country as well as the intention, reflected in public statements of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and irrespective of the political intent, whether there is the capacity to fulfil the required criteria

Effective Interest Rate

EIR (also denoted Internal Rate of Return or Level Yield to Maturity) is in the context of IFRS 9, the interest rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or the amortised cost of a financial liability.

Presentation of allowance for ECL in the statement of financial position

Allowances for ECL shall be 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

Financial assets measured at FVOCI: no loss allowance shall be recognized in the statement of financial position because the carrying amount of these assets shall be their fair value. However, the loss allowance shall be disclosed and recognized in the fair value reserve.

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50 Solvency Margin

The Company's solvency margin is summarised below:

	2020	2019
	N'000	N'000
Company solvency	(5,972,231)	(1,486,545)
Regulatory minimum capital required	5,000,000	5,000,000
Deficit in solvency margin	<u>(10,972,231)</u>	<u>(6,486,545)</u>

The Company had a solvency margin of N(3.776)billion for the year ended 31 December 2020 (2019: N1.487 billion), which is N8.776 billion below (2019: N6.486 billion) the regulatory minimum solvency of N5 billion for composite business. Detailed computation of solvency margin is shown below:

31 December, 2020

	Note	Admissible	Inadmissible	Total
		N'000	N'000	N'000
Assets				
Cash and cash equivalents	(i)	243,720	922,088	1,165,808
Financial assets:		-		
- At fair value through profit or loss		68,263	-	68,263
- At amortised cost		462,276	-	462,276
- Financial asset at FVOCI		159,356	-	159,356
Reinsurance assets		368,242	-	368,242
Trade receivable		2,275	-	2,275
Other receivables and prepayments	(ii)	444	750,970	751,414
Deferred acquisition cost		16,782	-	16,782
Investment properties	(iii)	990,501	3,039,566	4,030,067
Intangible assets		-	-	-
Property, plant and equipment		137,566	-	137,566
Statutory deposit		535,000	-	535,000
Total assets		<u>2,984,426</u>	<u>4,712,624</u>	<u>7,697,050</u>
Liabilities				
Insurance contract liabilities		5,618,723	-	5,618,723
Investment contract liabilities		455,519	-	455,519
Trade payables		53,785	-	51,300
Other payables		726,800	-	781,008
Borrowings		1,783,944	-	1,783,944
Finance lease obligation		-	-	-
Income tax liabilities		317,885		316,820
Deferred tax liabilities		-	61,909	61,909
Total liabilities		<u>8,956,656</u>	<u>61,909</u>	<u>9,069,223</u>

Excess of total admissible liabilities over admissible assets

	(5,972,231)
The higher of 15% of net premium and minimum paid up capital	5,000,000
Deficit in Solvency margin	<u>(10,972,231)</u>

- (i) Cash and cash equivalents: The inadmissible portion represents the excess amount deposited in one bank which is above 20% statutory limit as at reporting date.
- (ii) Other receivables and prepayments: the inadmissible portion of other receivables and prepayments represents amounts of other receivables and prepayments except staff loans made to members of staff in line with Section 24 (13) of the Insurance Act 2003.
The Company has total staff loans receivable of ₦444,000 as at 31 December, 2020. These have been admitted for the purpose of the computation while the remaining balance in other receivables and prepayments has been excluded.
- (iii) Investment properties: The inadmissible portion of investment properties represent the balance of reserves arising from revaluation of the assets.

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Valuation Methods

The Insurance Act, CAP I17, LFN 2004 does not specify any particular approach that must be used in determining the statutory value of insurance liabilities. Whilst some sections of the Act appear to make reference to the net premium approach to reserving, we understand that this simply reflects the practice at the time the Act was written and is not a requirement to adopt a net premium valuation approach. We have in the last few years adopted the gross premium valuation approach for statutory purposes as standard and this has been acceptable to NAICOM.

From the IFRS perspective, the main features of IFRS 4 that impact the liability calculations are as follows:

- a) The IFRS prohibits provisions for possible claims under contracts that are not in existence at the end of the reporting period.
- b) The IFRS requires an insurer to keep insurance liabilities in its statement of financial position until they are discharged or cancelled, or expire, and to present insurance liabilities without offsetting them against related reinsurance assets.
- c) The IFRS requires a test for the adequacy of recognised insurance liabilities and an impairment test for reinsurance assets.

Liability adequacy

At each reporting date, an assessment is made of whether the recognized long-term business provisions are adequate, using current estimates of future cash flows. If that assessment shows that the carrying amount of the liabilities (less related assets) is insufficient in light of the estimated future cash flows, the deficiency is recognized in the profit or loss by setting up an additional provision in the statement of financial position.

Key assumptions in liability adequacy testing

IFRS 4 paragraph 15 describes the liability adequacy test which, if conditions are not met, requires any deficiency to be recognised in profit or loss. Paragraph 16 states that:

"If an insurer applies a liability adequacy test that meets the specified minimum requirements, this IFRS imposes no further requirements. The minimum requirements are the following:

- a) The test considers current estimates of all contractual cash flows, and of related cash flows such as claims handling costs, as well as cash flows resulting from embedded options and guarantees.
- b) If the test shows that the liability is inadequate, the entire deficiency is recognised in profit or loss."

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51 **Segment information**

The Company is organised into two operating segments. These segments distribute their products through various forms of brokers, agencies and direct marketing programs. These segments and their respective operations are as follows:

Non-Life: This segments covers the protection of customers' assets (particularly their properties, both for personal and commercial business) and indemnification of other parties that have suffered damage as a result of customers' accidents. All contracts in this segment are short-term in nature. Revenue in this segment is derived primarily from insurance premium, investment income, net realized gains on financial assets, and net fair value gains on financial assets at fair value through profit or loss.

Life: This segment covers the protection of the Company's customers against the risk of premature death, disability, critical illness and other accidents. Revenue from this segment is derived primarily from insurance premium, investment income, net realized gains on financial assets and net fair value gains on financial assets at fair value through profit and loss.

51.1 **Segment profit or loss and other comprehensive income**

	2020			2019		
	Non-Life N'000	Life N'000	Total N'000	Non-Life N'000	Life N'000	Restated Total N'000
Gross premium written	319,003	643,575	962,578	711,989	1,715,131	2,427,120
Unearned premium	(8,337)	79,394	71,057	196,731	41,698	238,429
Movement in individual life	-	(133,120)	(133,120)	-	159,832	159,832
Movement in individual life	-	(179,499)	(179,499)	-	(270,585)	(270,585)
Gross premium income	310,666	410,350	721,016	908,720	1,646,076	2,554,796
Reinsurance expenses	(15,346)	(5,000)	(20,346)	(83,671)	(154,985)	(238,656)
Net premium income	295,320	405,350	700,670	825,049	1,491,091	2,316,140
Commission income	22,062	-	22,062	4,510	15,664	20,174
Net underwriting income	317,382	405,350	722,732	829,559	1,506,755	2,336,314
Claims expenses (net)	(615,783)	(1,590,364)	(2,206,147)	(26,550)	(692,895)	(719,445)
Underwriting expenses	(83,202)	(12,140)	(95,342)	(230,320)	(246,489)	(476,809)
Total underwriting expenses	(698,984)	(1,602,504)	(2,301,488)	(256,870)	(939,384)	(1,196,254)
Underwriting profit	(381,602)	(1,197,154)	(1,578,756)	572,689	567,371	1,140,059
Investment and other income	892,093	183,553	1,075,646	70,266	96,304	166,570
Gain/(loss) on investment contract liabilities	-	2,331	2,331	7,649	(23,000)	(15,351)
Management expenses	(441,590)	(394,184)	(835,774)	(582,524)	(371,719)	(954,243)
Expected credit loss expense	1,314	(5,403)	(4,089)	(101,242)	1,542	(99,700)
Finance charges	(80,191)	(4,603)	(84,794)	(62,937)	(15,331)	(78,268)
Fair value gain/(loss) on financial assets	6,247	1,907	8,154	(415)	(2,663)	(3,078)
Impairment of claims recoverable	(63,513)	-	(63,513)	-	(170,202)	(170,202)
Fair value loss on investment	(284,854)	(301,668)	(586,522)	(766,000)	238,500	(527,500)
Foreign exchange loss	(101,137)	-	(101,137)	(30,060)	-	(30,060)
(Loss)/profit before taxation	(453,235)	(1,715,220)	(2,168,455)	(892,574)	320,802	(571,773)
Income tax	-	-	(4,813)	(3,560)	(557)	(4,117)
Deferred tax credit	-	-	-	55,686	357,473	413,159
Information technology development levy	-	-	-	-	-	-
(Loss)/profit for the year	(453,235)	(1,715,220)	(2,173,268)	(840,448)	677,718	(162,731)
Other comprehensive income						
Item that may be reclassified to profit or loss:						
Fair value loss on financial assets	(15,936)	-	(15,936)	(58,430)	-	(58,430)
Items that will be classified to profit or loss:						
Revaluation surplus on building	-	-	-	-	(1,053,000)	(1,053,000)
Other comprehensive income	(15,936)	-	(15,936)	(58,430)	(1,053,000)	(1,111,430)
Total comprehensive (loss)/income for the year	(469,171)	(1,715,220)	(2,189,204)	(898,878)	(375,282)	(1,274,161)

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51.2 **Segment Statement of financial Position**

	Non-Life	Life	Elimination of Intra-business balances	Total	Non-Life	Life	Elimination of Intra-business balances	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	Restated N'000
ASSETS								
Cash and cash equivalents	91,385	1,074,423	-	1,165,808	80,860	1,178,792	-	1,259,652
Financial Assets:				-				
- At fair value through profit or loss	52,297	15,966	-	68,263	47,206	12,903	-	60,109
- At amortised cost	1,643	460,633	-	462,276	1,037	212,930	554	214,521
- At fair value through OCI	159,356	0	-	159,356	175,292	-	-	175,292
Reinsurance assets	368,242	0	-	368,242	338,988	62,946	-	401,934
Trade receivables	2,275	0	-	2,275	2,271	-	-	2,271
Other receivables and prepayments	3,618	747,797	-	751,415	23,476	22,106	(554)	45,028
Deferred acquisition costs	15,850	932	-	16,782	13,950	-	-	13,950
Investment property	2,654,921	1,375,146	-	4,030,067	1,714,000	2,956,589	-	4,670,589
Intangible assets	-	-	-	-	1,605	899	-	2,504
Property, plant and equipment	70,198	67,368	-	137,566	3,448,340	493,054	-	3,941,394
Statutory deposit	335,000	200,000	-	535,000	335,000	200,000	-	535,000
TOTAL ASSETS	3,754,786	3,942,265	-	7,697,050	6,182,025	5,140,219	-	11,322,244
LIABILITIES AND SHAREHOLDERS' EQUITY								
LIABILITIES								
Insurance contract liabilities	1,957,226	3,661,498	-	5,618,723	1,393,876	2,535,230	-	3,929,106
Investment contract liabilities	307,916	147,602	-	455,519	-	595,773	-	595,773
Trade payables	17,863	33,437	-	51,300	17,863	35,922	-	53,785
Other payables and accruals	535,361	245,647	-	781,008	565,820	160,980	-	726,800
Borrowings	1,682,418	101,526	-	1,783,944	1,482,125	201,526	-	1,683,651
Finance lease obligations	-	-	-	-	12,559	-	-	12,559
Income tax liabilities	265,682	51,138	-	316,820	260,869	57,016	-	317,885
Deferred tax (assets)/liabilities	381,186	(319,277)	-	61,909	381,722	(319,277)	-	62,445
TOTAL LIABILITIES	5,147,652	3,921,571	-	9,069,223	4,114,834	3,267,170	-	7,382,004
TOTAL EQUITY				(1,372,172)				3,940,240
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY				7,697,050				11,322,244

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OTHER NOTES TO THE FINANCIAL STATEMENTS
51.3 Revenue account

	Non Life Business								Life Business				Restated	
	Aviation N'000	Bonds N'000	Engineering N'000	Fire N'000	General Accident N'000	Marine N'000	Motor Accident N'000	Oil & Gas N'000	Group Life N'000	Individual life N'000	Annuity N'000	Investment Contract N'000	2020 N'000	2019 N'000
Gross Premium written	1,679	5,866	15,140	131,182	18,162	36,057	106,055	4,862	449,440	17,545	176,590	-	962,578	2,427,120
Movements in unexpired risks	(6,361)	(2,282)	1,873	(13,077)	2,995	2,348	4,595	1,572	79,394	-	-	-	71,057	238,429
Movement in individual life	-	-	-	-	-	-	-	-	-	(259,682)	-	-	(133,120)	159,832
Movement in annuity	-	-	-	-	-	-	-	-	-	-	(179,499)	-	(179,499)	(270,585)
Gross premium income	(4,682)	3,584	17,013	118,105	21,157	38,405	110,650	6,434	528,834	(242,137)	(2,909)	-	721,017	2,554,796
Reinsurance expenses:														
Charged for the year	-	-	-	-	-	4,844	-	-	5,000				9,844	242,248
Changes in reinsurer's share of UPR	-	(1,140)	(407)	(544)	-	13,300	(488)	(219)	-	-	-	-	10,502	(3,592)
	-	(1,140)	(407)	(544)	-	18,144	(488)	(219)	5,000	-	-	-	20,346	238,656
Net premium written	(4,682)	4,724	17,420	118,649	21,157	20,261	111,138	6,654	523,834	(242,137)	(2,909)	-	700,671	2,316,140
Commission received	-	154	3,267	18,601	1	39	-	-	-	-	-	-	22,062	20,174
Underwriting income	(4,682)	4,878	20,687	137,250	21,158	20,300	111,138	6,654	523,834	(242,137)	(2,909)	-	722,733	2,336,314
Claim expenses														
Claims paid	-	-	497	9,293	13,786	11,509	17,881	3,092	1,148,705	294,051	14,719		1,640,093	1,279,832
Movement in outstanding claims	64,858	(15,914)	16,990	80,738	(9,338)	(15,488)	27,019	278,020	155,337	-	-	-	582,224	(639,916)
Movement in IBNR	6,030	4,507	652	56,953	7,418	(5,381)	9,115	48,833	(149,010)	-	-	-	(20,883)	134,998
	70,888	(11,407)	18,139	146,984	11,866	(9,360)	54,015	329,945	1,155,032	294,051	14,719	-	2,201,434	774,914
Claim expenses recovered from reinsurers	-	-	-	2,193	410	2,110	-	-	-	-	-	-	4,712	(55,469)
	70,888	(11,407)	18,139	144,880	11,474	(11,385)	54,015	329,945	1,155,032	294,051	14,719	-	2,206,147	719,445
Underwriting expenses														
Acquisition costs	229	705	5,045	26,421	4,301	7,480	12,663	26,011	5,651	53	6,436		94,995	476,809
Maintenance costs	-	-	-	-	-	-	347	-	-	-	-	-	347	-
Total underwriting expenses	229	705	5,045	26,421	4,301	7,480	13,010	26,011	5,651	53	6,436	-	95,342	476,809
Total expenses	71,117	(10,702)	23,184	171,301	15,775	(3,905)	67,025	355,956	1,160,683	294,104	21,155	-	2,301,488	1,196,254
Underwriting (loss)/profit	(75,799)	15,580	(2,497)	(34,051)	5,383	24,205	44,113	(349,302)	(636,850)	(536,241)	(24,064)	-	(1,578,755)	1,140,060

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

51.4 Asset Hypothecation

The company is exposed to a range of financial risks through its financial assets, financial liabilities, reinsurance assets and insurance liabilities. In particular, the key financial risk is that in the long term its investment proceeds will not be sufficient to fund the obligations arising from its insurance contracts, in response to the risk, the Company's assets and liabilities are allocated as follows:

	Non-Life	Policy Holders' Fund Life Policy Insurance Contract Liabilities	Investment Contract Liabilities	Annuity	Shareholders' Fund	Total 2020	Total Restated 2019	Change %
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	
ASSETS								
Cash and cash equivalents	91,385	93,090	88,246	893,087	-	1,165,808	1,259,652	(7)
Financial Assets:								
- At fair value through profit or loss	52,297	15,966	-	-	-	68,263	60,109	14
- At amortised cost	1,643	-	68,655	391,978	-	462,276	214,521	115
- At fair value through OCI	159,356	-	-	-	-	159,356	175,292	(9)
Reinsurance assets	368,242	-	-	-	-	368,242	401,934	(6)
TOTAL ASSETS	672,923	109,056	156,901	1,285,065	-	2,223,945	2,111,508	
LIABILITIES								
Insurance contract liabilities	1,957,226	1,546,695	-	2,114,803	-	5,618,723	3,929,106	24
Investment contract liabilities	-	-	455,519	-	-	455,519	595,773	104
TOTAL LIABILITIES	1,957,226	1,546,695	455,519	2,114,803	-	6,074,242	4,524,879	
(Deficits)/surplus in asset cover	(1,284,303)	(1,437,639)	(298,618)	(829,737)	-	(3,850,299)	(2,413,371)	

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

OTHER NATIONAL DISCLOSURE

STATEMENT OF VALUE ADDED

	2020		Restated	
	N'000	%	2019	%
	N'000		N'000	
Premium, Investment and Other Income	1,796,663		2,724,450	
Premiums, Commissions, Claims paid and other operational cost	<u>(3,395,837)</u>		<u>(3,269,743)</u>	
Value Added	<u>(1,599,174)</u>	<u>100</u>	<u>(545,293)</u>	<u>100</u>
DISTRIBUTED AS FOLLOWS:				
EMPLOYEES				
Staff costs	345,775	(21)	444,840	(82)
PROVIDERS OF FUNDS				
Finance charges	84,794	(5)	78,268	(14)
GOVERNMENT				
Taxation	4,813	-	4,117	(1)
ASSET REPLACEMENT				
Depreciation and amortisation	98,710	(6)	143,212	(26)
CONTRACTION/EXPANSION - Shareholder's interest				
(Loss)/Profit for the year	<u>(2,133,266)</u>	<u>132</u>	<u>(1,215,730)</u>	<u>223</u>
VALUE ADDED	<u>(1,599,174)</u>	<u>100</u>	<u>(545,293)</u>	<u>100</u>

The value added statement represents the distribution of the wealth created by the Company through the use of its assets and the efforts of the employees. This statement shows the allocation of the wealth between employees, shareholders, government and that retained for the future creation of more wealth.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

OTHER NATIONAL DISCLOSURE
FIVE YEAR FINANCIAL SUMMARY

ASSETS	2020 N'000	2019 N'000	2018 N'000	2017 N'000	2016 N'000
Cash and cash equivalents	1,165,808	1,259,652	1,346,321	1,029,269	485,013
Financial Assets:					
- At fair value through profit or loss	68,263	60,109	63,877	73,027	26,450
Amortised cost	462,276	214,521	117,775	-	-
- Loans and receivables	-	-	-	76,534	84,095
- At fair value through OCI	159,356	175,292	233,722	-	-
- Available for sale investment	-	-	-	258,511	342,674
- Held to maturity	-	-	-	41,634	314,678
Reinsurance assets	368,242	401,934	569,489	631,111	955,467
Trade receivables	2,275	2,271	72,352	18,046	16,340
Other receivables and prepayments	751,414	45,028	42,160	67,083	44,294
Deferred acquisition costs	16,782	13,950	54,684	106,439	117,910
Investment property	4,030,067	4,670,589	4,134,589	3,934,589	3,824,589
Non-current asset held for sale	-	-	-	-	-
Intangible assets	-	2,504	5,881	9,256	13,480
Property, plant and equipment	137,566	3,941,394	6,285,400	6,307,811	6,257,177
Statutory deposit	535,000	535,000	535,000	535,000	535,000
TOTAL ASSETS	7,697,050	11,322,244	13,461,249	13,088,311	13,017,168
LIABILITIES AND SHAREHOLDERS' EQUITY					
LIABILITIES					
Insurance contract liabilities	5,618,723	3,929,106	4,639,158	4,637,364	5,022,163
Investment contract liabilities	455,519	595,773	660,145	368,236	590,676
Trade payables	51,300	53,785	57,266	216,556	75,669
Other payables and accruals	781,008	726,800	596,796	508,649	538,464
Borrowings	1,783,944	1,683,651	1,369,925	1,304,290	1,269,650
Finance lease obligations	-	12,559	13,488	38,786	80,676
Income tax liabilities	316,820	317,885	317,468	247,502	204,136
Deferred tax liabilities	61,909	62,445	475,604	543,145	586,662
TOTAL LIABILITIES	9,069,223	7,382,004	8,129,850	7,864,528	8,368,096
SHAREHOLDERS' EQUITY					
Share capital	6,455,515	6,455,515	6,455,515	6,455,515	5,996,587
Treasury shares	(1,145)	(1,145)	(1,145)	(2,853)	(2,853)
Share premium	7,484,955	7,484,955	7,484,955	7,484,955	7,667,476
Contingency reserves	1,756,721	1,740,714	1,696,992	1,611,278	1,505,599
Accumulated loss	(17,161,821)	(14,972,546)	(13,713,094)	(13,650,078)	(13,870,646)
Revaluation reserves	48,291	3,211,501	3,328,501	3,220,501	3,076,501
Fair value reserves	5,310	21,246	79,676	104,465	-
Total equity attributable to the owners of the	(1,412,171)	3,940,240	5,331,400	5,223,783	4,372,664
Non-controlling interest in equity		-	-	-	276,408
TOTAL EQUITY	(1,372,174)	3,940,240	5,331,400	5,223,783	4,649,072
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	7,697,050	11,322,244	13,461,249	13,088,311	13,017,168

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

OTHER NATIONAL DISCLOSURE
FIVE YEAR FINANCIAL SUMMARY

	2020 N'000	2019 N'000	2018 N'000	2017 N'000	2016 N'000
Gross premium written	962,578	2,427,120	3,757,303	5,057,100	4,378,185
Unearned premium	71,057	238,429	514,961	152,870	(37,764)
Movement in individual life	(133,120)	159,832	189,235	109,510	-
Movement in annuity	(179,499)	(270,585)	(519,570)	(86,621)	-
Gross premium income	721,017	2,554,796	3,941,929	5,232,859	4,340,421
Reinsurance expenses	(20,346)	(238,656)	(339,415)	(715,489)	(692,015)
Net premium income	700,671	2,316,140	3,602,514	4,517,370	3,648,406
Commission income	22,062	20,174	81,422	139,654	118,816
Net underwriting income	722,733	2,336,314	3,683,936	4,657,024	3,767,222
Claims expenses (net)	(2,206,147)	(719,445)	(1,379,603)	(1,511,974)	(1,828,385)
Underwriting expenses	(95,341)	(476,809)	(1,374,015)	(1,548,569)	(1,666,991)
Total underwriting expenses	(2,301,488)	(1,196,254)	(2,753,618)	(3,060,543)	(3,495,376)
Underwriting profit	(1,578,755)	1,140,060	930,318	1,596,481	271,846
Investment income	202,449	160,711	199,986	156,395	139,255
Other income	873,197	8,943	-	206,785	149,220
Loss on investment contract liabilities	2,331	(15,351)	(234,182)	(38,230)	(158,374)
Management expenses	(835,774)	(954,243)	(879,084)	(1,450,701)	(1,515,824)
Expected credit loss expense	(4,089)	(1,542)	(1,076)	-	-
Finance charges	(84,794)	(78,268)	(67,906)	(80,533)	(189,904)
Writeback	-	-	-	-	-
Fair value gain/(loss) on financial assets	8,154	(3,078)	-	(188,628)	(45,860)
Fair value loss on available for sales financial assets	-	-	(10,858)	18,814	-
Impairment- Other debtors	40,000	-	-	-	-
Impairment of claims recoverable	-	(170,202)	(109,715)	-	-
Fair value gain/(Loss) on disposal of assets	(586,522)	(527,500)	200,000	110,000	520,026
Foreign exchange loss	(101,137)	(30,060)	(4,529)	(52,617)	(385,289)
Impairment of Other Assets	(63,513)	(101,242)	-	-	-
Profit/(loss) before taxation	(2,128,453)	(571,772)	22,954	277,766	(1,214,903)
Income tax	(4,813)	(4,117)	(4,178)	(6,350)	(126,765)
Deferred tax	-	413,159	9,252	-	-
Information technology development tevy	-	-	(3,228)	(656)	-
Profit/(loss) for the year	(2,133,266)	(162,730)	24,800	270,760	(1,341,668)
(Loss)/earnings per share : Basic (naira)	(16.52)	(1.26)	0.19	2.00	(11.00)

**FINANCIAL
STATEMENTS FOR
THE YEAR ENDED 31
DECEMBER 2021**



STANDARD ALLIANCE INSURANCE PLC

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

CORPORATE INFORMATION

Registration Number	- RC: 40590		
Directors :	Mr. Johnson Chukwu	Chairman	Resigned 16 August 2024
	Mr. Tayo Awodiya	Chief Executive Officer	Resigned 16 August 2024
	Mr. Oduniyi Odusi	Executive Director	Resigned 28 June 2024
	Alh. Uwais Haruna Mohammed	Independent Non-Executive Director	Resigned 16 August 2024
	Chief Uzoma Igbonwa	Non-Executive Director	Resigned 27 June 2024
	Akin Iroko	Chairman	Appointed 23 September 2024
	Nathaniel ibitowa	Non-Executive Director	Appointed 23 September 2024
	Rohan Fernando	Non-Executive Director	Appointed 23 September 2024
	Musa Lawan	Non-Executive Director	Appointed 23 September 2024
	Paulinus Offorzor	Managing Director/CEO	Appointed 23 September 2024
	Michael Owope	Chief Financial Officer	Appointed 23 September 2024
	Olutayo Amore	ED - Technical	Appointed 30 October 2024
Company Secretary	- Bar. Halima Jimada		
Registered Office	- Plot 1 Block 94, Providence Street Lekki Scheme 1, Lekki Lagos.		
Registrar	- First Registrars and Investor Services Limited Plot 2, Abebe Village Road, Iganmu Lagos.		
Bankers	- Access Bank Plc		
	Ecobank Plc		
	Fidelity Bank Plc		
	First City Monument Bank Limited		
	First Bank of Nigeria Limited		
	Guaranty Trust Bank Plc		
	Heritage Bank Limited		
	Keystone Bank Limited		
	Polaris Bank Limited		
	Sterling Bank Plc		
	Union Bank Plc		
	United Bank for Africa Plc		
	Unity Bank Plc		
	Wema Bank Plc		
	Zenith Bank Plc		
Reinsurers	- African Reinsurance Corporation		
	Waica Reinsurance Corporation Plc		
	Nigeria Reinsurance Corporation		
	Zep Reinsurance Corporation		
	Nouvell Compagnie Africaine De Reassurance		
Reinsurance Broker	Aveni Reinsurance Company Ltd		
	- Standard Insurance Brokers Limited		
Auditor	- Muhtari Dangana & Co		
	(Chartered Accountants)		
	Maanah Plaza		
	19, Araromi Street, Onikan - Lagos.		
Actuary	- Becoda Consulting Limited		
	No 7, Ibiyinka Olorunimbe Close		
	Victoria Island		
	Lagos		

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

RESULTS AT GLANCE

	2021 N'000	2020 N'000	% Change
Statement of Comprehensive Income:			
Gross premium written	402,670	962,578	(58)
Net premium income	429,084	700,671	(39)
Claims expenses	(881,065)	(2,206,147)	(60)
Underwriting loss	(492,834)	(1,578,755)	(69)
Investment and other income	28,705	1,075,646	(97)
Management expenses	(882,316)	(835,774)	6
Loss before tax	(1,726,418)	(2,128,453)	19
Statement of Financial Position:			
Cash and cash equivalents	1,945,556	1,165,808	67
Investment properties	4,030,067	4,030,067	-
Insurance contract liabilities	5,037,459	5,618,723	(10)
Investment contract liabilities	2,584,313	455,519	467
Paid up share capital	6,455,515	6,455,515	-
Shareholders' funds	(3,148,219)	(1,372,172)	129
Total Assets	7,698,336	7,697,050	0
Per Share Data			
Basic earnings per share (kobo)	(13.36)	(16.52)	19
Net assets per share (kobo)	(24)	(11)	-
Share price (kobo)	50	50	-
General			
Number of Shareholders	70,357	70,357	-
Number of Employees	135	135	-
Number of Branches	14	14	-

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES

In accordance with the provisions of the Companies and Allied Matters Act, 2020, the Insurance Act CAP I17, LFN, 2004 and National Insurance Commission's prudential guidelines 2015, the Directors are responsible for the preparation of financial statements which give a true and fair view of the state of affairs of the Company and the profit or loss and other comprehensive income for the financial year.

The Directors responsibilities include ensuring that the Company:

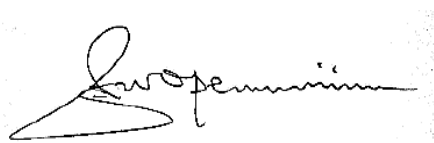
- i. implement appropriate internal controls to secure the assets of the Company, prevent and detect fraud and other financial irregularities
- ii. keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which ensure that the financial statements comply with the requirements of the Companies and Allied Matters Act 2020, Insurance Act CAP I17, LFN 2004, and NAICOM Prudential Guidelines and Circulars.
- iii. 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.

The Directors accept responsibility for maintaining adequate accounting records as required by:

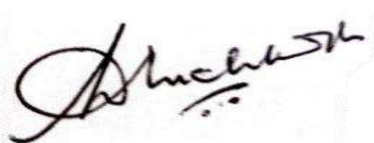
- a. International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board
- b. Companies and Allied Matters Act, 2020;
- c. Insurance Act, CAP I17, LFN 2004;
- d. NAICOM Prudential Guidelines and circulars.

The Directors are of the opinion that the financial statements give a true and fair view of the state of affairs of the Company and of the profit or loss for the year. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal control.

Nothing has come to the attention of the Directors to indicate that the Company will not remain a going concern for at least 12 (twelve) months from the date of approval of the financial statements.



Mr. Michael Owopo
Chief Finance Officer
FRC/2018/PRO/ICAN/001/00000017730



Mr. Paulinus Offorzor
Managing Director/CEO
FRC/2013/PRO/CIIN/002/00000003287



Mr. Akin Iroko
Chairman
FRC/2024/PRO/DIR/003/358339

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

REPORT OF THE DIRECTORS

The Directors have the pleasure of presenting their annual report and the audited financial statements of Standard Alliance Insurance Plc to the Shareholders along with the auditor's report for the year ended 31 December 2021. The Company's financial statements were prepared in compliance with the International Financial Reporting Standards (IFRS).

Principal activities and business review

The Company's principal activity is the provision of non-life and life underwriting and special risk underwriting. Such services include provision of general insurance and life assurance services to both individual and corporate customers.

The below is the summary of the Company's operating results:

	2021 N'000	2020 N'000
Gross premium income	453,038	721,017
Claims expenses	(881,065)	(2,206,147)
Underwriting expenses	(40,853)	(95,341)
Underwriting results	(492,834)	(1,578,755)

Directors

The Directors of the Company during the year ended 31 December 2021 and subsequent changes were as follows:

Mr. Johnson Chukwu	- Chairman	Resigned 16 August 2024
Mr. Tayo Awodiya	- Chief Executive Officer	Resigned 16 August 2024
Mr. Oduniyi Odusi	- Executive Director	Resigned 28 June 2024
Alh. Uwais Haruna Mohammed	- Independent Non-Executive Director	Resigned 16 August 2024
Chief Uzoma Igbonwa	- Non-Executive Director	Resigned 27 June 2024
Akin Iroko	- Chairman	Appointed 23 September 2024
Nathaniel ibitowa	- Non-Executive Director (Nigerian)	Appointed 23 September 2024
Rohan Fernando	- Non-Executive Director (Sri Lankan)	Appointed 23 September 2024
Musa Lawan	- Non-Executive Director (Nigerian)	Appointed 23 September 2024
Paulinus Offorzor	- Managing Director/CEO (Nigerian)	Appointed 23 September 2024
Michael Owoppe	- Chief Financial Officer (Nigerian)	Appointed 23 September 2024
Olutayo Amore	- Executive Director-Technical (Nigerian)	Appointed 30 October 2024

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

REPORT OF THE DIRECTORS (continued)

Directors' interests

The Directors' interests in the issued share capital of the Company as recorded in the Register of members as at 31 December 2021 are as follows:

Mr. Johnson Chukwu & Mr. Austin Enajemo-Isire:

Standard Alliance Investments Limited	2,557,636,144	19.81	2,557,636,144	19.81
Standard Alliance Capital Limited	250,250,000	1.94	250,250,000	1.94

Contracts

In accordance with Section 303 of the Companies and Allied Matters Act 2020, none of the Directors notified the Company of any declarable interest in contracts involving the Company during the year under review.

Property, plant and equipment

Information relating to changes in tangible assets is given in Note 12 to the financial statements. The Directors are of the opinion that the market value of the Company's assets is not lower than the values shown in the financial statements.

Share capital information

a) **Share range analysis**

Range of shares	Number of Shareholders	% Total	Share Units	% Total
1 - 1,000	15,126	21.49	14,492,143	0.11
1,001 - 5,000	27,647	39.27	86,388,122	0.67
5,001 - 10,000	11,711	16.63	103,565,160	0.80
10,001 - 50,000	11,831	16.81	282,768,978	2.19
50,001 - 100,000	2,029	2.88	165,648,519	1.28
100,001 - 500,000	1,534	2.18	340,954,565	2.64
500,001 - 1,000,000	240	0.34	198,713,693	1.54
1,000,001 - 5,000,000	165	0.23	363,668,833	2.82
5,000,001 - 10,000,000	45	0.06	335,668,609	2.60
10,000,001 - 50,000,000	40	0.06	853,979,957	6.61
50,000,001 and above	33	0.05	10,165,182,007	78.73
Total	70,401	100	12,911,030,586	100

b) **Substantial interests in shares**

Apart from Gemrock Management Company Limited, Standard Alliance Investments Limited and FCMB Plc which held 2,594,060,738 units (20.09%), 2,557,636,144 units (19.81%) and 700,000,000 units (5.42%) respectively, no other shareholder held more than 5% of the issued share capital of the Company as at 31 December 2021.

Corporate Social Responsibilities

The Company makes donations to charitable and non-profit organisations in appreciation of the society's contributions toward's the Company's progress.

During the year, no donation was made (December 2020: N1,050,000) was given out as donations and charitable contributions. Details of the donations and charitable gifts are as stated below:

	2021 N'000	2020 N'000
i) Fair Life African Foundation	-	900
ii) Ansar-ud-deen Society of Nigeria	-	150
	-	1,050

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021
REPORT OF THE DIRECTORS (continued)

Human resources

a) Employment of disabled persons

The Company operates a non-discriminatory policy in the consideration of applications for employment, including those received from disabled persons. The Company's policy is that the most qualified and experienced persons are recruited for appropriate job levels irrespective of applicants state of origin, ethnicity, religion or physical condition. In the event that any employee becomes disabled in the course of employment, the Company is in a position to arrange appropriate training to ensure continuous employment of such person without being subjected to any disadvantage in his/her career development.

b) Health, safety and welfare of Employees

The Company's business premises are designed with a view to guaranteeing the safety and healthy living conditions of its employees and customers alike. Health, safety and fire drills are regularly organised to keep employees alert at all times. Employees are adequately insured against occupational hazards. In addition, the Company provides medical facilities to its employees and their immediate families at its expense.

c) Employee involvement and training

The Company encourages participation of employees in arriving at decisions in respect of matters affecting their well being. Towards this end, the Company provides opportunities for employees to deliberate on issues affecting the Company and employees' interests, with a view to making inputs to decisions thereon. The Company places a high premium on the development of its manpower. Consequently, the Company sponsored its employees for various training courses both in Nigeria and abroad in the year under review.

Auditors

Muhtari Danagana & Co (Chartered Accountants) were appointed as statutory auditor of the Company in 2021 and have indicated their willingness to continue in office in accordance with the Companies and Allied Matters Act, 2020.

A resolution will be proposed at the Annual General Meeting to authorize the directors to fix their remuneration.

By order of the Board



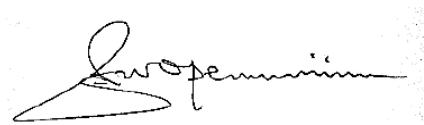
Miss. Halima Jimada
Comp. Sec/Legal Adviser
FRC/2024/PRO/NBA/004/605363

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

**CERTIFICATION PURSUANT TO SECTION 60(2) OF INVESTMENT AND SECURITIES
ACT NO.29 OF 2007**

We the undersigned hereby certify the following with regards to our audited report for the year ended 31 December 2021 that:

- (a) We have reviewed the report;
- (b) To the best of our knowledge, the report does not contain:
 - (i) Any untrue statement of a material fact, or
 - (ii) Omit to state a material fact, which would make the statements, misleading in the light of circumstances under which such statements were made;
- (c) 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 operations of the company as of, and for the periods presented in the report;
- (d) **We:**
 - (i) are responsible for establishing and maintaining internal controls;
 - (ii) have designed such internal controls to ensure that material information relating to the Company is made known to such officers by others within the entity particularly during the period in which the periodic reports are being prepared;
 - (iii) have evaluated the effectiveness of the Company's internal controls as of date within 90 days prior to the report;
 - (iv) have presented in the report our conclusions about the effectiveness of our internal controls based on our evaluation as of that date;
- (e) **We have disclosed to the Auditors of the Company and Audit Committee:**
 - (i) all significant deficiencies in the design or operations of internal controls which would adversely affect the Company's ability to record, process, summarize and report financial data;
 - (ii) any fraud, whether or not material, that involves management or other employees who have significant roles in the Company's internal controls;
- (f) 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. Michael Owopo
FRC/2018/PRO/ICAN/001/00000017730
Chief Finance Officer



Mr. Paulinus Offorzor
FRC/2013/PRO/CIIN/002/00000003287
Managing Director/CEO

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

REPORT OF AUDIT COMMITTEE
TO THE MEMBERS OF STANDARD ALLIANCE INSURANCE PLC

In accordance with the provisions of Section 404 (7) of the Companies and Allied Matters Act 2020, we the Members of the Audit Committee of Standard Alliance 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 31 December, 2021 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.
- We are satisfied with the departmental responses to the External Auditors' findings on management matters for the year ended 31 December, 2021.

Finally, we acknowledge and appreciate the cooperation of Management and Staff in the conduct of these duties.



Nathaniel Ibitowa
Chairman of the Audit Committee

Members of the Audit Committee

Nathaniel Ibitowa	-	Chairman	Appointed October 9, 2024
Musa Lawan	-	Member	Appointed October 9, 2024
Erinfolami Gafar	-	Member	Appointed October 9, 2024
Matthew Esonanjor (SAN)	-	Member	Appointed October 9, 2024

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

CORPORATE GOVERNANCE REPORT

Reporting Entity

Standard Alliance Insurance Plc is a Company incorporated and domiciled in Nigeria. The address of the Company's registered office is Plot 1, Block 94, Providence Street, Lekki Scheme 1, Lekki – Epe Express way, Lekki, Lagos. The Company underwrites life and non-life insurance risks. The Company is listed on the Nigerian Stock Exchange.

The Company primarily operates in the insurance sector.

Standard Alliance Insurance Plc has over the years built an enviable reputation and has consistently adopted, implemented and applied international best practices in corporate governance, service delivery and value creation for all its stakeholders.

The Company's corporate governance principles are embodied in its Code of Corporate Governance, which represents the core values upon which the Company was founded. The code of Corporate Governance is designed to ensure that the Company's business is conducted in a fair, honest and transparent manner that conforms to high ethical standards. For the entity, good corporate governance goes beyond just adhering to rules and policies of the Regulators; it is about consistently creating excellent value for our stakeholders using the best possible principles within a sustainable and enduring system.

In order to remain a pace setter in the area of good corporate governance practice, the Company's corporate governance practices are constantly under review in line with the dynamics of the business environment and guidelines of the regulatory bodies.

Governance Structure

The Company is committed to high standards of corporate governance. Corporate governance practice in the Company is drawn from various applicable codes of corporate governance issued by National Insurance Commission (NAICOM) and Securities and Exchange Commission (SEC). This ensures compliance with regulatory requirement as well as the core value which the Company upholds.

The provision of the codes is geared towards ensuring transparency and accountability of the Board and Management to shareholders of the Company.

The Board of Directors

The newly reconstituted Board of Directors is made up of seven (7) members; the Chairman, three (3) Non-Executive Directors and three (3) Executive Directors.

All the Directors bring various and varied competencies to bear on all Board deliberations. The Directors individually have attained the highest pinnacle of their chosen professions. The Board meets quarterly and is responsible for effective control and monitoring of the Company's strategy.

The ultimate responsibility for the governance of the Company resides with the Board of Directors, which is accountable to the shareholders for creating and delivering sustainable value through the management of the Company's business. The Board is also responsible for the management of the Company's relationship with its various stakeholders. The day to day running of the Company is delegated to the Chief Executive Officer by the Board of Directors assisted by the Management Committees.

Responsibilities of the Board

The responsibilities of the Board of Directors include:

- i. Review corporate strategy, major plans of actions, risk policies, business plans, setting performance objectives, monitoring implementation and corporate performance and overseeing major capital expenditures and acquisitions

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

CORPORATE GOVERNANCE REPORT (Continued)

- ii. Select, compensate, monitor and when necessary, replace key executives and oversee succession planning.
- iii. Monitor the effectiveness of the governance practices under which it operates and make changes as may be necessary.
- iv. Ensure the integrity of the Company's accounting and financial reporting systems, including the independent audit and that appropriate systems of control are in place, in particular, systems for monitoring risk, financial control and compliance with the law.
- v. Monitor and manage potential conflicts of interest of management, board members and shareholders, including misuse of corporate assets and abuse in related party transactions.
- vi. Supervise and monitor the execution of policies and providing direction for the management.
- vii. Monitor potential risks within the company including recognising and encouraging honest whistle blowing.
- viii. Oversee the process of disclosure and communication in the company.

Roles of Chairman and Chief Executive Officer

The roles of Chairman and Chief Executive are separate and no one individual combines the two positions. The Chairman's main responsibility is to lead and manage the Board to ensure that it operates effectively and fully discharges its legal and regulatory responsibilities. The Chairman is responsible for ensuring that Directors receive accurate, timely and clear information to enable the Board take informed decisions, monitor effectively and provide advice to promote the success of the Company. The Chairman also facilitates the contributions of Directors and promotes effective relationships and open communications between Executive and non-Executive Directors, both inside and outside the Boardroom.

The Board has delegated the responsibility for the day-to-day management of the Company to the Chief Executive Officer, who is supported by Executive Management. The Chief Executive Officer executes the powers delegated to him in accordance with guidelines approved by the Board of Directors. Executive management is accountable to the Board for the development and implementation of strategies and policies. The Board regularly reviews Company performance, matters of strategic concern and any other matters it regards as material.

Board Committees

The Board carries out some of its responsibilities through the Board sub-committees whose terms of reference set out clearly their roles, responsibilities, scope of authority and procedures for reporting to the Board. Each committee is chaired by a non-Executive Director in compliance with principles of good corporate governance and the Audit Committee is chaired by a non-executive director. These committees report to the Board of Directors on their activities and decisions, which are ratified by the full Board. The Committees are as follows:

1) The Finance, Strategy and General purposes Committee

This is a standing Committee of the Board with the responsibility to review the Company investment portfolio. The terms of reference of the Committee includes:

- Review of existing investments;
- Review of investment strategies;
- Review of company's investments by way of equities;
- Review of Budgets.
- Review and make recommendations on procedural manuals/policies;
- Make recommendation on recruitment/termination of General Managers and above to the Board;
- Strategy formulation;
- Review of Human Capital Management Operations
- Review of Marketing activities

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021
CORPORATE GOVERNANCE REPORT (Continued)

The Committee had the following members during the year under review:

The Committee did not hold any meeting during the year under review because the Board of Directors were not sufficient in number.

2) The Enterprise Risk Management and Governance Committee

The terms of reference of this Committee includes the following:

- Establish criteria for Board and Board Committee memberships, review candidate's qualifications and any potential conflict of interest, assess the contribution of current directors in connection with their re-appointment and make recommendations to the Board;
- Prepare job specification for the Chairman's position, including assessment of time commitment required of the candidate;
- Periodic evaluation of skills, knowledge and experience required on the Board;
- Make recommendations on experience required by the Board Committee members, Committee appointments and removal, operating structure, reporting and other Committee operational matters;
- Make recommendations on compensation structure for Executive Directors;
- Provide input to the annual report of the Company in respect of Director's compensation;
- Ensure Succession Policy and Plan, subsists for positions of Chairman, CEO/MD, Executive Directors and subsidiary MDs;
- Ensure Board conducts Board Evaluation on annual basis;
- Review performance and effectiveness of the subsidiary's Board on annual basis;
- Review and make recommendations to Board for approval of the Company's organizational structure and any proposed amendments;
- Review of performance bonuses;
- Review of Staff Remuneration package.
- Review and approval of the Company's Enterprise Risk Management policy including risk appetite and risk strategy;
- Review the adequacy and effectiveness of risk management and controls;
- Oversight of management's process for the identification of significant risks across the Company and the adequacy of prevention, detection and reporting mechanisms;
- Review of the Company's compliance level with applicable laws and regulatory requirements which may impact the Company's risk profile;
- Periodic review of changes in the economic and business environment, including emerging trends and other factors relevant to the Company's risk profile;
- Review and recommend for approval of the Board risk management procedures and controls for new products and services.

The Committee did not hold any meeting during the year under review because the Board of Directors were not sufficient in number.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

CORPORATE GOVERNANCE REPORT (Continued)

3) The Audit and Compliance Committee

The Audit and Compliance Committee is made up of 6 (six) members, three representatives each of Shareholders and Directors. Its members are elected at the Annual General Meeting.

In addition to its responsibility to review the scope, independence and objectivity of the audit, the Committee carries out all such matters as are referred to it by the Companies and Allied Matters Act, 2020. These functions include to:

- Meet at least thrice yearly and once with the External Auditors;
- Review Whistle blowing policy;
- Periodic Evaluation of the Committee's performance;
- Carrying out internal control checks on all company activities;
- Make recommendations to the Board on sanctions in areas of default where necessary;
- Receive and review integrity of data of the audited financial statements of the company;
- Make recommendation on appointment and remuneration of external auditors;
- Review and make recommendations based on Management letters issued by external auditors;
- Monitor the quality of internal control procedures and compliance with regulatory policies.

The Committee had the following members during the year under review:

Nathaniel Ibitowa	-	Chairman
Musa Lawan	-	Member
Rohan Fernando	-	Member
Erinfolami Gafar	-	Member
Matthew Esonanjor (SAN)	-	Member

This Committee was recently reconstituted after new core investors came on board. The previous Audit Committee of the former management did not hold any meeting in the year under review.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021
CORPORATE GOVERNANCE REPORT (Continued)

Internal Control

It is the responsibility of the Board of Directors to ensure that all the records are accurate and correctly reflect the financial position of the Company. The Board is mindful of the fact that as an insurance company, great relevance is placed by policy holders and potential investors on the accuracy of information contained in its financial statements.

In order to ensure the accuracy of its records, the Board sets standards that the Quality Assurance department implements system of internal control comprising policies, standards and procedures to ensure that the safety of assets and reduction of the risk of loss, error, fraud and other irregularities. Both the Quality Assurance (Internal Auditors) and the External Auditors independently appraise the adequacy of the internal controls.

Muhtari Dangana & Co (Chartered Accountants) acted as external auditors to the Company for the 2021 financial year. Their report for the year under review is contained on pages 15 - 18 of these financial statements.

Support Committees

1 Executive Management Committee

The Committee is responsible for strategic marketing activities, review of investment portfolio and approval of new products and branches. The members of the committee are:

- i) Chief Executive Officer
- ii) Executive Director
- iii) Chief Finance Officer
- iv) Company Secretary

2 Senior Management Committee

The Committee is responsible for strategic initiatives on business generation and membership includes:

- i. Chief Executive Officer
- ii. Executive Directors
- iii. All Divisional Heads
- iv. Head, Technical
- v. Head, Corporate Services
- vi. Chief Finance Officer
- vii. Head, Internal Control/Quality Assurance
- viii. Head, Information Technology (IT)

3 Weekly Activity Review Committee

This Committee meets weekly to review business development activities of the entire Company. The Committee consists of:

- i. Chief Executive Officer
- ii. All Divisional Heads
- iii. Head, Technical
- iv. Head, Information Technology
- v. Head, Corporate Services
- vi. Head, Internal Audit/Quality Assurance
- vii. Chief Finance Officer
- viii. Head, Enterprise Risk Management
- ix. All marketing staff

4 Management Committee

This Committee meets every month to review the Company's performance. The meetings are usually held first Friday and Saturday following the end of each month. The Committee consists of:

- i. Chief Executive Officer
- ii. Executive Director
- iii. All Divisional Heads
- iv. All Regional Heads
- v. All Branch Managers
- vi. Head, Technical
- vii. Head, Information Technology
- viii. Chief Finance Officer
- ix. Head, Corporate Services
- x. Head, Internal Audit/Quality Assurance
- xi. Head, Enterprise Risk Management

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

FREE FLOAT & SHAREHOLDING STRUCTURE STATUS AS AT 31ST DECEMBER 2021

Description				
	Unit	Percentage	Unit	Percentage
Issued Share Capital	12,911,030,586	100%	12,911,303,586	100%
Substantial Shareholdings (5% and above)				
STANDARD ALLIANCE	3,421,999,908	26.50%	3,421,999,908	26.50%
GEMROCK MANAGEMENT COMPANY LIMITED	2,594,060,738	20%	2,594,060,738	20%
FIRST INLAND BANK PLC/FCMB	1,120,000,000	9%	1,120,000,000	9%
Total Substantial Shareholdings	7,136,060,646	55%	7,136,060,646	55%
Directors' Shareholdings (direct and indirect), excluding directors with substantial interests				
Omotayo Awodiya	1,413,021	0.0109%	1,413,021	0.0109%
Bode Awodiya	435,442,485	3.3726%	435,442,485	3.3726%
Bolaji Oladipo	150,000	0.0012%	150,000	0.0012%
Agnes Okiemute Umukoro	438,780	0.0034%	438,780	0.0034%
Omolola Oshiafi	12,500,000	0.0968%	12,500,000	0.0968%
Austin Enajemo-Isire	17,714,285	0.1372%	17,714,285	0.1372%
Total Directors' Shareholdings	467,658,571	3.62%	467,658,571	3.62%
Other Influential Shareholdings				
Total Other Influential Shareholdings	0	0.00%	0	0.00%
Free Float in Units and Percentage	5,307,311,369	41%	5,307,584,369	41%
Free Float in Value	₦ 1,061,462,273.80		₦ 1,061,516,873.80	

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

Directors' Interests

The Directors' direct interests in the issued share capital of the Company as recorded in the Register of Members as at **31 December 2021** are as follows:

Number of Shares Held at the End of the Year

S/N	Name	2018	2019	2020	2021
1	Johnson Chukwu	Not on record	Not on record	Not on record	Not on record
2	Omotayo Awodiya	1,413,021	1,413,021	1,413,021	1,413,021
3	Bode Awodiya	435,442,485	435,442,485	435,442,485	435,442,485
4	Oduniyi Odusi	Not on record	Not on record	Not on record	Not on record
5	Bolaji Oladipo	150,000	150,000	150,000	150,000
6	Uzoma Igbonwa	Not on record	Not on record	Not on record	Not on record
7	Uwais Haruna Mohammed	Not on record	Not on record	Not on record	Not on record
8	Agnes Okiemute Umukoro	438,780	438,780	438,780	438,780
9	Omolola Oshiafi	12,500,000	12,500,000	12,500,000	12,500,000
10	Adetayo Akintunde	Not on record	Not on record	Not on record	Not on record
11	Etiowe Uwa	Not on record	Not on record	Not on record	Not on record
12	Austin Enajemo-Isire	17,714,285	17,714,285	17,714,285	17,714,285

Security Trading Policy

The Company ensures strict compliance with the Investment and Securities Act 2007, the Securities and Exchange Commission Code of Corporate Governance for Companies in Nigeria 2011, and other laws that may be applicable from time to time bordering on insider trading.

To this end, the Company has put in place mechanisms to ensure that the categories of persons and entities that may be classified as "Restricted Persons" for the purpose of insider trading are clearly identified and informed. In addition, there are stringent restrictions on dealing with the Company's securities.

STANDARD ALLIANCE INSURANCE PLC

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

Directors and Key Management personnel are also required to comply with rules relating to dealings in the Company's securities, particularly the requirement to obtain prior approval before dealing in such securities.

There are also mechanisms in place to ensure that detailed reports are submitted to the Nigerian Stock Exchange and the Securities and Exchange Commission on the extent of compliance with this rule, permitted exceptions, and any instances where the rule may have been breached.

This Policy has become an essential company document that has been brought to the notice, and will continue to be brought to the notice, of all concerned, and continuous efforts are made to ensure strict compliance and implementation.

Internal Control

It is the responsibility of the Board of Directors to ensure that all records are accurate and correctly reflect the financial position of the Group. The Board is mindful of the fact that, as an insurance company, great relevance is placed by policyholders and potential investors on the accuracy of information contained in the financial statements.

Complaints Management Policy Framework

The Company's Complaints Management Policy framework on how to resolve complaints arising from issues covered under the Investment and Securities Act 2007 is being complied with and implemented as approved by the Board of Directors.

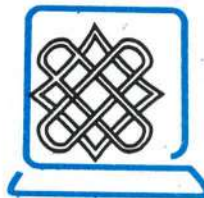
It can be accessed on the Company's website:
www.sainsuranceng.com

Whistle Blowing Policy

The Company has a Whistle Blowing Policy in place which provides a formal mechanism for employees, directors, and other stakeholders to report, in good faith, any suspected misconduct, unethical behaviour, illegal acts, or other improprieties relating to the Company's operations.

The Policy ensures confidentiality of disclosures and provides protection against retaliation for whistle blowers. Reports are received, reviewed, and investigated under the oversight of the Board Audit Committee, and appropriate action is taken in line with applicable laws and the Company's internal policies.

The Whistle Blowing Policy is approved by the Board of Directors and is implemented across the Company.



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**REPORT ON THE INDEPENDENT AUDITORS
TO THE MEMBERS OF STANDARD ALLIANCE INSURANCE PLC**

Opinion

We have audited the financial statements of Standard Alliance Insurance Plc, which comprise, the statement of financial position as at 31 December 2021, statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2021 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, issued by the International Accounting Standards Board and in compliance with the relevant provisions of the Financial Reporting Council of Nigeria, Act No 6, 2011, the Companies and Allied Matters Act 2020, Insurance Act CAP I17, LFN 2004 and the Prudential Guidelines issued by National Insurance Commission.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to our audit of the financial statements in Nigeria, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the International Ethics Standards Board Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty relating to going concern

We draw attention to note 42 of the financial statements, which indicates that the company recorded a net loss of N1.725billion during the year ended 31 December 2021 (2020, N2.133billion) and, as at that date, there is a shortfall of regulatory minimum paid-up capital of N8.148 billion and a shortfall of N9.370 billion in solvency margin. These conditions, along with other matters as outlined in Note 42, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

The Board and Management of the Company are working assiduously to inject fresh capital through a recapitalization and business restructuring plan involving major prospective investor as set forth in Note 43. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



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**REPORT ON THE INDEPENDENT AUDITORS
TO THE MEMBERS OF STANDARD ALLIANCE INSURANCE PLC**

Revenue recognition

Due to the large number of policies underwritten by the Company there is a risk that the revenue recorded in the financial statements and the flow of premium information from the underwriting systems to the financial reporting ledger may not be completely accounted for.

Response

We have tested the design and implementation of the key controls over revenue recognition, focusing on the flow of information from the underwriting systems to the financial reporting ledger. In addition, we performed substantive analytical testing procedures on the gross and unearned premium balances amongst others.

Valuation of investment properties

The Directors could not estimate the value of the Company's investment properties as at 31 December 2021. The services of Independent external valuations were not obtained in order to support the value in the Company's financial statements. These valuations depend on certain key assumptions and significant judgments, including capitalization rates and fair market rents.

Our response

We ascertained the following

- No independent valuation was conducted on the company's investment properties. Directors' estimates were used for investment property valuation without external validation.
- Valuation assumptions and judgments by the Directors may significantly impact reported investment properties value.

Valuation of insurance contracts liabilities.

The Directors have estimated the value of insurance contract liabilities in the Company's financial statements to be N5.037 billion as at year ended 31 December, 2021 based on the actuarial valuation and liability adequacy test carried out by an external firm of Actuaries.

The valuation has been made on the following key assumptions which were determined by the Actuary:

- Reserves were calculated via a cash flow projection approach, taking into account future premiums, expenses and benefit payments including an allowance for benefits.
- The unexpired premium reserve for general business is calculated on the assumption that risk will occur evenly during the duration of the policy.
- The Company's claim payment approach will be sustained into the future.
- Weighted past average inflation will remain unchanged over the claim projection period.
- Gross claim amount includes all related claim expenses.
- An unexpired premium reserve was included for Group life business, after allowing for acquisition expenses at a ratio of 20% premium.
- An allowance was made for IBNR(Incurred But Not Reported) claims in Group Life to take care of the delay in reporting claims.

Our response

We:

- Evaluated and validated controls over insurance contract liabilities,
- Evaluated the independent external Actuary's competence, capability and objectivity,
- Assessed the methodologies used and the appropriateness of the key assumptions,
- Checked the accuracy and relevance of data provided to the Actuary by management,
- Reviewed the result based on the assumptions.



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**REPORT ON THE INDEPENDENT AUDITORS
TO THE MEMBERS OF STANDARD ALLIANCE INSURANCE PLC**

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Chairman's and Directors' statements, but does not include the financial statements and our auditors report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards issued by the International Accounting and Assurance Standards Board, and in compliance with the relevant provisions of the Financial Reporting Council of Nigeria Act, No 6, 2011, the Companies and Allied Matters Act, 2020, Insurance Act, CAP I17 LFN 2004, and the Prudential Guidelines issued by National Insurance Commission, 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.

In preparing the financial statements, the directors are responsible for assessing 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 Company or to cease operations, or has no realistic alternative but to do so.

Auditors' responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a 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 International Standards on Auditing 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 financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- * Identify and assess the risks of material misstatement of the 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 control 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 Company's internal control.

- * Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.



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**REPORT ON THE INDEPENDENT AUDITORS
TO THE MEMBERS OF STANDARD ALLIANCE INSURANCE PLC**

* Conclude on the appropriateness of 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 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 auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

* Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit, and significant audit findings and any significant deficiencies in internal control that we identify during our audit.

Contravention of laws and regulations

During the year, the Company contravened certain sections of the Insurance Act, CAP I17, LFN 2004 and NAICOM's operational guidelines. Details of the contraventions and appropriate penalties thereon are disclosed in note 45.

Report on other legal and regulatory requirements

The Companies and Allied Matters Act, 2020 and Insurance Act CAP I17 LFN 2004 require that in carrying out our audit we consider and report to you on the following matters. 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) in our opinion, proper books of account have been kept by the Company
- iii) the Company's statement of financial position, and its statement of profit or loss and other comprehensive income are in agreement with the books of account.

Abel Atalor
FRC/2013/PRO/ICAN/004/00000001141
Muhtari Dangana & Co
(Chartered Accountants)
Lagos, Nigeria

13 August 2025



STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following are the significant accounting policies adopted by the Company in the preparation of its financial statements. These policies have been consistently applied to all year's presentations.

1 The Reporting Entity

The Company was incorporated in July 1981 as a Private Limited Liability Company and commenced full operations in 1982 under the name Jubilee Insurance Company Limited. The name was changed to Standard Alliance Insurance Company Limited (Standard Alliance) in August 1996.

During the year ended 31 December 2017, the Company successfully merged with its subsidiary Company, Standard Alliance Life Assurance Limited. The merger was concluded and approved by National Insurance Commission on 27 February 2017. The Life Company's transactions for January and February, 2021 were not material and have been included in the results of the Composite Company for the year ended 31 December 2021.

Standard Alliance Insurance became a Public Liability Company (Plc) on 30th May 2002 and was quoted on the Nigerian Stock Exchange in December 2003.

The Company is 100% fully owned by Nigerian citizens and Institutional investors. Its major shareholders are:

	Units	%
Gemrock Management Company Limited	2,594,060,738	20.09
Standard Alliance Investments Limited	2,557,636,144	19.81
First City Monument Bank Plc	1,120,000,000	8.67
Bode Akinboye	435,442,485	3.37
Sina Alimi (also a director in Gemrock Mgt. Co. Ltd.)	382,013,914	2.96

Subsequently, on 19 2024, the shares that previously belonged to Standard Alliance Investments Limited were sold to a new core investor, Endura Investment Global Limited. The financial statements for the year ended 31 December 2021 which had been in arrears for three (3) years were finally approved by the new Board of Directors on 16th June 2025.

The Company's principal activity continues to be provision of risk underwriting and related financial services to its customers. Such services include provision of general insurance services and life assurance to both corporate and individual customers.

2. Basis of Preparation

2.1 Statement of Compliance with International Financial Reporting Standards (IFRSs)

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and the interpretations of these standards, issued by the International Financial Reporting Standards Interpretation Committee (IFRIC) and the requirements of the Companies and Allied Matters Act 2020 and the Insurance Act, CAP I17,LFN 2004 and regulatory guidelines as pronounced from time to time by National Insurance Commission (NAICOM).

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Going Concern

The Company's financial statements are prepared on a going concern basis. Even though the parties are aware of material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern, the Directors are satisfied that the Company has the resources to continue in business for the foreseeable future.

This conclusion of the Directors is on the mitigating procedures taken to inject fresh capital through a recapitalization and business restructuring plan involving major prospective investors.

2.3 Basis of Measurement

Historical cost basis was used in the preparation of the financial statements as modified by certain items of:

- Investments at fair value
- Financial assets at fair value through other comprehensive income (FVOCI) that are measured at fair value
- Investments carried at amortised cost
- Impaired assets at their recoverable amounts
- Insurance contract liabilities at fair value
- Freehold Land and Buildings stated at revalued amount

2.4 Functional and Presentation Currency

The financial statements are presented in Nigerian naira (N), which is also the functional currency of the Company and rounded to the nearest thousand (N'000) unless otherwise indicated.

2.5 Transactions and balances in foreign currencies

Transactions denominated in foreign currencies are recorded in Naira at the rate of exchange ruling at the date of each transaction. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included in the profit and loss account. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated at that date. Exchange gains arising from the revaluation of monetary assets and liabilities are recognized in the income statement while those on non-monetary items are recognized in other comprehensive income. For non-monetary financial investments, unrealized exchange differences are recorded directly in equity until the asset is disposed or impaired.

2.6 Order of presentation

The Company presents its statement of financial position broadly in order of liquidity. An analysis regarding recovery or settlement within twelve months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in the notes.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3 Significant Management Judgements and Key Sources of Estimation Uncertainty

In the process of applying the accounting policies adopted by the Company, the directors make certain judgments and estimates that may affect the carrying values of assets and liabilities in the next financial period. Such judgments and estimates are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the current circumstances. The directors evaluate these at each financial reporting date to ensure that they are still reasonable under the prevailing circumstances based on the information available.

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require material adjustments to the carrying amount of the asset or liability affected in the future. These factors could include:

(i) Significant judgements made in applying the Company's accounting policies

The judgements made by the directors in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements include:

- Whether it is probable that future taxable profits will be available against which temporary differences can be utilised; and
- Whether the Company has the ability to hold financial assets at amortised cost until they mature. If the Company were to sell other than an insignificant amount of such financial asset before maturity, it would be required to classify the entire class as financial assets through other comprehensive income (FVOCI) and measure them at fair value.

(ii) Key sources of estimation uncertainty

a) Valuation of insurance contract liabilities

- Critical assumptions are made by the actuaries in determining the present value of actuarial liabilities. These assumptions are set out in accounting policy 5.19 and as embedded in the report. The liability for insurance contracts is either based on current assumptions or on assumptions established at inception of the contract, reflecting the best estimate at the time increased with a margin for risk and adverse deviation. All contracts are subject to a liability adequacy test, which reflects management's best current estimate of future cash flows.
- Estimates are also made as to future investment income arising from the assets backing insurance contracts. These estimates are based on current market returns as well as expectations about future economic and financial developments.
- Assumptions on future expenses are based on current expense levels, adjusted for expected expense inflation if appropriate.

b) Property, plant and equipment

Critical estimates are made by the directors in determining the useful lives and residual values of property, plant and equipment.

c) Impairment losses

Estimates are made in determining the impairment losses on assets. Such estimates include the determination of the recoverable amount of the asset.

d) Income taxes

The Company is subject to income taxes under the Nigerian Tax Laws. Significant estimates are required in determining the provisions for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcomes of these matters are different from the amounts that were initially recorded, such differences will impact the income tax and the deferred tax provisions in the period in which such determinations are made.

e) Critical judgments in applying the entity's accounting policies

In the process of applying the Company's accounting policies, management has made judgements in determining:

- i) The classification of financial assets and liabilities
- ii) Whether assets are impaired.
- iii) Whether land and buildings meet the criteria to be classified as investment property.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) New standards, interpretations and amendments not yet effective

There are certain standards, interpretations and amendments that have been published that are not mandatory for the 31 December, 2021 reporting period and have not been early adopted by the Company. Except for IFRS 17: Insurance Contracts, these standards are not expected to have a material impact on the Company in the current or future reporting periods. The most significant of these are:

- IFRS 17 Insurance Contracts (Effective 1 January 2023)

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 provides the principles for recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The standard is aimed at providing information that faithfully represents those contracts. In contrast to the requirements in IFRS 4, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The standard requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. When it becomes effective, IFRS 17 shall supersede IFRS 4 Insurance Contracts.

Other standards issued but not effective for annual periods beginning from 1 January 2021 include:

- Annual improvements to IFRS standards 2018 - 2020 (Effective 1 January 2022):

- IFRS 9: Financial Instruments clarifies which fees should be included in the 10% test for derecognition of financial liabilities.
- IFRS 16: Leases - amendment to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.
- Amendments to IFRS 3: Business Combination - Reference to the Conceptual Framework.
- Amendments to IAS 1: Presentation of Financial Statements - Classification of liabilities as current or non-current.
- Amendments to IAS 16: Property, plant and equipment - Proceeds before intended use.

New standards, amendments and interpretations adopted by the Company

a Covid 19 related Rent Concessions beyond 30 June 2021 Amendments to IFRS 16

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendment applies to annual reporting periods beginning on or after 1 April 2021 until 30 June 2022.

The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The Company has not received Covid-19-related rent concessions, but may consider applying the practical expedient if it becomes applicable within allowed period of application.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4. Significant Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below:

4.1 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less. They include bank overdraft in the context of the statement of cash flows.

4.2 Financial instruments

Recognition

The Company on the date of origination or purchase recognizes placements, equity securities and deposits at the fair value of consideration paid. Regular-way purchases and sales of financial assets are recognized on the settlement date. All other financial assets and liabilities, including derivatives, are initially recognized on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Classification and measurement

Initial measurement of a financial asset or liability is at fair value plus transaction costs that are directly attributable to its purchase or issuance. For instruments measured at fair value through profit or loss, transaction costs are recognized immediately in profit or loss. Financial assets include placement with banks, treasury bills and equity instruments.

Financial assets are classified into one of the following measurement categories:

1. Amortised cost
2. Fair Value through Other Comprehensive Income (FVOCI)
3. Fair Value through Profit or Loss (FVTPL) for trading related assets

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual cash flow characteristics.

Business model assessment

Business model assessment involves determining whether financial assets are managed in order to generate cash flows from collection of contractual cash flows, selling financial assets or both. The Company assesses business model at a portfolio level reflective of how groups of assets are managed together to achieve a particular business objective. For the assessment of business model the Company takes into consideration the following factors:

- i 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 realizing cash flows through the sale of the assets
- ii How the performance of assets in a portfolio is evaluated and reported to Company heads and other key decision makers within the Company's business lines;

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Financial instruments - cont'd

Business model assessment - cont'd

- iii The risks that affect the performance of assets held within a business model and how those risks are managed;
 - iv How compensation is determined for the Company's business lines' management that manages the assets;
 - v The frequency and volume of sales in prior periods and expectations about future sales activity.
- Management determines the classification of the financial instruments at initial recognition. The business model assessment falls under three categories:
- a) Business Model 1(BM1): Financial assets held with the sole objective to collect contractual cash flows;
 - b) Business Model 2 (BM2): Financial assets held with the objective of both collecting contractual cash flows and selling; and
 - c) Business Model 3 (BM3): Financial assets held with neither of the objectives mentioned in BM1 or BM2 above. These are basically financial assets held with the sole objective to trade and to realize fair value changes.

The Company may decide to sell financial instruments held under the BM1 category with the objective to collect contractual cash flows without necessarily changing its business model if one or more of the following conditions are met:

- i) Where these sales are infrequent even if significant in value. A Sale of financial assets is considered infrequent if the sale is one-off during the Financial Year and/or occurs at most once during the quarter or at most three (3) times within the Financial Year.

The Company may decide to sell financial instruments held under the BM1 category with the objective to collect contractual cash flows without necessarily changing its business model if one or more of the following conditions are met:

- ii) Where these sales are insignificant in value both individually and in aggregate, even if frequent. A sale is considered insignificant if the portion of the financial assets sold is equal to or less than five (5) per cent of the carrying amount (book value) of the total assets within the business model.
- iii) When these sales are made close to the maturity of the financial assets and the proceeds from the sales approximate the collection of the remaining contractual cash flows. A sale is considered to be close to maturity if the financial assets have a tenor to maturity of not more than one (1) year and/or the remaining contractual cash flows expected from the financial asset do not exceed the cash flows from the sales by ten (10) per cent.

Other reasons: The following reasons outlined below may constitute 'Other Reasons' that may necessitate selling financial assets from the BM1 category that will not constitute a change in business model:

1. Selling the financial asset to realize cash to deal with unforeseen need for liquidity (infrequent).
2. Selling the financial asset to manage credit concentration risk (infrequent)
3. Selling the financial assets as a result of changes in tax laws (infrequent).
4. Other situations also depend upon the facts and circumstances which need to be judged by the management

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash flow characteristics assessment

The contractual cash flow characteristics assessment involves assessing the contractual features of an instrument to determine if they give rise to cash flows that are consistent with a basic investment arrangement. Contractual cash flows are consistent with a basic deposit arrangement if they represent cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

Principal is defined as the fair value of the instrument at initial recognition. Principal may change over the life of the instruments due to repayments. Interest is defined as consideration for the time value of money and the credit risk associated with the principal amount outstanding and for other basic lending risks and costs (liquidity risk and administrative costs), as well as a profit margin.

a) Financial assets measured at amortised cost

Financial assets are measured at amortised cost if they are held within a business model whose objective is to hold for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. After initial measurement, debt instruments in this category are carried at amortized cost using the effective interest rate method. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. Amortized cost is calculated taking into account any discount or premium on acquisition, transaction costs and fees that are an integral part of the effective interest rate. Amortization is included in Interest income in the Consolidated Statement of Income. Impairment on financial assets measured at amortized cost is calculated using the expected credit loss approach.

Financial assets measured at amortized cost are presented net of the allowance for credit losses (ACL) in the statement of financial position

b) Financial assets measured at FVOCI

Financial assets are measured at FVOCI if they are held within a business model whose objective is to hold for collection of contractual cash flows and for selling financial assets, where the assets' cash flows represent payments that are solely payments of principal and interest. Subsequent to initial recognition, unrealized gains and losses on debt instruments measured at FVOCI are recorded in other comprehensive Income (OCI).

c) Financial assets measured at FVTPL

Financial assets measured at FVTPL include assets held for trading purposes, assets held as part of a portfolio managed on a fair value basis and assets whose cash flows do not represent payments that are solely payments of principal and interest. Financial assets may also be designated at FVTPL if by so doing eliminates or significantly reduces an accounting mismatch which would otherwise arise. These instruments are measured at fair value in the Statement of Financial Position, with transaction costs recognized immediately in the Statement of Income.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Equity Instruments

Equity instruments are measured at FVTPL, unless an election is made to designate them at FVOCI upon purchase. For equity instruments measured at FVTPL, changes in fair value are recognized in the Statement of profit or loss. The Company can elect to classify non-trading equity instruments at FVOCI. This election will be used for certain equity investments for strategic or longer term investment purposes. The FVOCI election is made upon initial recognition, on an instrument-by-instrument basis and once made is irrevocable. Gains and losses on these instruments including when derecognized/sold are recorded in OCI and are not subsequently reclassified to the Statement of profit or loss. Dividends received are recorded in Interest income in the Statement of Income. Any transaction costs incurred upon purchase of the security are added to the cost basis of the security and are not reclassified to the Statement of Income on sale of the security.

Financial liabilities are classified into one of the following measurement categories:

- (i) Fair Value through Profit or Loss (FVTPL)
- (ii) Amortised cost

i) Financial liabilities at fair value through profit or loss

Financial liabilities accounted for at fair value through profit or loss fall into two categories:

Financial liabilities held for trading and financial liabilities designated at fair value through profit or loss on inception

Financial liabilities at fair value through profit or loss are financial liabilities held for trading. A financial liability is classified as held for trading if it is incurred principally for the purpose of repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking. Derivatives are also categorized as held for trading unless they are designated and effective as hedging instruments. Financial liabilities held for trading also include obligations to deliver financial assets borrowed by a short seller. Gains and losses arising from changes in fair value of financial liabilities are included in the income statement and are reported as 'Net gains/(losses) on financial instruments classified as held for trading. Interest expenses on financial liabilities held for trading are included in 'Net interest income'.

Financial Liabilities are designated at FVTPL when either the designation eliminates or significantly reduce an accounting mismatch which would otherwise arise or the financial liability contains one or more embedded derivatives which significantly modify the cash flows otherwise required. For liabilities designated at fair value through profit or loss, all changes in fair value are recognized in Non-interest income in the Statement of Income, except for changes in fair value arising from changes in the Company's own credit risk which are recognized in OCI. Changes in fair value of liabilities due to changes in the Company's own credit risk, which are recognized in OCI, are not subsequently reclassified to the Statement of Income upon derecognition/extinguishment of the liabilities.

ii) Financial liabilities at amortised cost

Financial liabilities that are not classified at fair value through profit or loss fall into this category and are measured at amortised cost using the effective interest rate method. Financial liabilities measured at amortised cost are debt securities in issue for which the fair value option is not applied, e.g. convertible bonds and subordinated debts.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 Reinsurance assets

The Company cedes insurance risk in the normal course of business on the bases of 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.

4.4 Trade receivables

Trade receivables arising from insurance contracts are stated after adjusting for receivables outstanding from brokers over 30 days.

4.5 Other receivables and prepayments

They are initially recognised at fair value and subsequently measured at amortised cost less provision for impairment. A provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtors) that the Company will not be able to collect all the amount due under the original terms of the contract. Impaired debts are derecognised when they are assessed as uncollectible. If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. Any subsequent reversal of an impairment loss is recognised in profit or loss. Prepayments are carried at cost less accumulated impairment losses.

4.6 Deferred acquisition costs (DACs)

Incremental costs directly attributable to the acquisition of investment and insurance contracts with investment management services are capitalized to a Deferred Acquisition Cost(DAC) asset if they are separately identifiable, can be measured reliably and its probable that they will be recovered. DAC are amortized in the income statement over the term of the contracts as the related services are rendered and revenue recognized, which varies from year to year depending on the outstanding terms of the contracts in force. The DAC asset is tested for impairment bi annually and written down when it is not expected to be fully recovered.

4.7 Non-current assets held for sale

Non-current assets or disposal group comprising assets and liabilities that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the asset, or components of a disposal group are remeasured in accordance with the Company's accounting policies.

Thereafter generally, the assets or disposal group are measured at the lower of their carrying amounts and fair values less costs to sell. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property and biological assets, which continue to be measured in accordance with the Company's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognized in profit or loss, subject to cumulative subsequent gains not exceeding cumulative losses recorded for the asset.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.8 Investment properties

An investment property is property held to earn rentals or for capital appreciation or both. Investment property, including interest in leasehold land, is initially recognized at cost including the transaction costs. Subsequently, investment property is carried at fair value representing the open market value at the statement of financial position date determined by annual valuations carried out by external registered valuers. Gains or losses arising from changes in fair value of investment property shall be recognized in profit or loss for the period in which it arises.

Investment properties are derecognized when either they have been disposed off or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is charged or credited to profit or loss.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property and equipment up to the date of the change in use.

When the Company completes the construction or development of a self-constructed investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognized in the other comprehensive income.

4.9 Intangible assets

Software licence costs and computer software that are not an integral part of the related hardware are initially recognised at cost, and subsequently carried at cost less accumulated amortisation and accumulated impairment losses. Costs that are directly attributable to the production of identifiable computer software products controlled by the Company are recognised as intangible assets.

Amortization is calculated using the straight line method to write down the cost of each licence or item of software to its residual value over its estimated useful life. The estimated useful life of the software is four years. Amortization begins when the asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management, even when idle.

Amortization ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognized and ceases temporarily while the residual value exceeds or is equal to the carrying value.

Gains or losses arising from the derecognition of intangible assets are measured as the differences between the net disposal proceeds and the carrying amount of the assets and are recognised in the income statements of the periods in which the assets are.

4.10 Property, plant and equipment

All categories of property, plant and equipment are initially recognized at cost or at fair value. Cost includes expenditure directly attributable to the acquisition of the assets.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance expenses are charged to the income statement in the year in which they are incurred.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Depreciation is calculated using the straight line method to write down the cost or the revalued amount of each of the following classes of assets to its residual value over its estimated useful life:

- Building 50 years
- Furniture & Fittings 10 years
- Office Equipment 5 years
- Computer equipment 5 years
- Motor Vehicles 4 years
- Generating sets 5 years

Land is a component of property, plant and equipment but not subject to depreciation.

Depreciation on an item of property, plant and equipment commences when it is available for use and continues to be depreciated until it is derecognized, even if during that period the item is idle. Depreciation of an item ceases when the item is retired from active use and is being held for disposal.

As no parts of items of property, plant and equipment of the Company have a cost that is significant in relation to the total cost of the item, the same rate of depreciation is applied to the whole item.

The assets' residual values, depreciation method and useful lives are reviewed and adjusted, if appropriate, at each statement of financial position date.

Impairment reviews are performed when there are indicators that the carrying value of an asset may not be recoverable. Impairment losses are recognised in the income statement as an expense.

The Company classifies all assets within a disposal group as Non-current assets held for sale if the carrying amount will be recovered principally through sale transaction rather than continuous use.

Freehold land and buildings are subsequently carried at revalued amounts. Valuations are done on an annual basis by external independent valuers less accumulated depreciation and accumulated impairment losses. All other items of property, plant and equipment are subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amounts and are taken into account in determining operating profit.

Increases in the carrying amounts arising on revaluation are recognised in other comprehensive income and accumulated in equity under the heading of revaluation reserve. Decreases that offset previous increases of the same asset are recognised in other comprehensive income. All other decreases are charged to the Income statement.

4.11 Statutory deposit

Statutory deposit represents 10% of the minimum paid up capital of the Company deposited with the Central Bank of Nigeria (CBN) in pursuant to Section 10(3) of the Insurance Act, CAP I17, LFN 2004 Statutory deposit is measured at cost.

4.12 Insurance contract liabilities

Insurance contract liabilities include the outstanding claims provision, the provision for unearned premium and 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 handling costs and reduction for the expected value of salvage and other recoveries. 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 date using a range of standard actuarial claim projection techniques, 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 equalisation or catastrophe reserves is recognised. The liabilities are derecognised when the obligation to pay a claim expires, is discharged or is cancelled.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 recognised 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 Company reviews its unexpired risk and a liability adequacy test is performed in accordance with requirement of IFRS on liability adequacy test 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 recognised in the income statement by setting up a provision for premium deficiency.

- **Liability adequacy test**

At the end of the reporting period, liability adequacy tests are performed by an actuary to ensure the adequacy of the contractual liabilities net of related deferred acquisition cost assets (DAC). In performing these tests current best estimates of future contractual cash flows and claims handling and administrative expenses, as well as investment income from the assets backing such liabilities, are used. Any deficiency is immediately charged to 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".

- **Annuity contracts**

These contracts insure customers from consequences of events that would affect the ability of the customers to maintain their current level of income. There are no maturity benefits. However, there is a death benefit payable to named beneficiary if death occurs within the ten years guaranteed period. The annuity contracts are fixed annuity plans. Policy holders make a lump sum payment recognised as part of premium in the period when the payment was made. Constant and regular payments are made to annuitants based on terms and conditions agreed at the inception of the contract and throughout the life of the annuitants. The annuity funds are invested in money market instruments to meet up with the payment of monthly/quarterly annuity payments. The annuity funds liability is actuarially determined based on assumptions as to mortality, persistence, maintenance expenses and investment income that are established at the time the contract is issued.

Recognition and measurement of annuity premium and claims

Annuity premiums relate to single premium payments and are recognised as earned premium income in the period in which payments are received.

Claims are made to annuitants in the form of monthly/quarterly payments based on the terms of the annuity contract and charged to income statement as incurred. Premiums are recognised as revenue when they become payable by the contract holders.

4.13 Investment contract liabilities

The Company's investment contract business offers a range of savings products to suits Company and individual customers' long and short term investment needs. It comprises all types of contract, both with or without insurance risk, and with and without discretionary participation features.

The liability of the Company to the schemes is as determined by Actuarial valuation carried out annually by certified actuaries.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.14 Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate.

The estimated fair value of payables with no stated maturity which includes no interest payables is the amount repayable on demand.

4.15 Other payables and accruals

General Provisions are recognised when the Company 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 Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the income statement 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.

4.16 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate.

Fees paid on the establishment of loan facilities are recognised as a transaction cost of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

4.17 Finance lease obligations

Asset held under finance leases are initially recognised as asset of the Company at their fair value at the inception of the lease or if lower at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between the liability and finance charges. The corresponding rental obligation, net of finance charges are included in long term payables. The interest element of the finance cost is charged to the income statement over the lease periods so as to produce constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the useful life of the asset.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.18 Employee retirement benefits

Retirement Benefit Obligations

The Company operates a defined contribution scheme for qualifying employees. The Company contributes 10% while all its employees contribute 8% each of their pensionable emoluments (basic salary, housing allowance and transport allowance) to the Pension Scheme and this is being managed by registered and licensed pension managers as may be chosen by the staff from time to time.

4.19 Income tax liabilities

Income tax expense is the aggregate amount charged/(credited) in respect of current tax and deferred tax in determining the profit or loss for the year. Tax is recognised in the income statement except when it relates to items recognised in other comprehensive income, in which case it is also recognised in other comprehensive income.

Company Income tax

This is the amount of income tax payable on the taxable profit of the Company for the year determined in accordance with the Company Income Tax Act, CAP. C60 LFN, 2004. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted as at the reporting date.

Education tax

This is a component of the income tax. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted as at the reporting date.

Deferred tax liabilities

Deferred tax is provided in full on all temporary differences except those arising from the fair value measurement of assets.

Deferred tax is determined using the liability method on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes, using tax rates and laws enacted or substantively enacted at the statement of financial position date and expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss.

Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off such current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same Taxation authority.

4.20 Share capital and share premium.

Ordinary shares are recognized at par value and classified as 'share capital' in equity. Any amounts received over and above the par value of the shares issued are classified as 'share premium' in equity. The share premium account is utilized in accordance with the provisions of Companies and Allied Matters Act 2020.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.21 Contingency reserves

This is computed in accordance with the provisions of section 22 of the Insurance Act, CAP 117 LFN 2004. It is credited with amount equal to the higher of 3% of the total premium written and 20% of the net profit for non-life business and the higher of 1% of the total premium and 10% of the net profit for life business until it reaches the amount of the minimum paid up capital.

4.22 Retained earnings

Retained earnings are the carried forward recognised income net of expenses plus current period profit or loss attributable to owners of the Company.

4.23 Gross premium income

Insurance premium revenue is received or receivable by the Company from in-force insurance contracts during the reporting period. In-force insurance contracts are those whose premiums have been collected by the Company, its intermediaries or collectible within 30 days of the reporting date. Premium revenue is recognized on the date on which the insurance policy commences. Gross premium income comprises the total premium written in a year after adjusting for unearned premiums.

Unearned premiums

Unearned premiums are those proportions of premiums written in a year that relate to periods of risk after the statement of financial position 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.

Reinsurance premium

Reinsurance premiums are outward premiums due to reinsurance companies in accordance with the tenor of the reinsurance contract, after adjusting for the unexpired portion, as at the end of the period.

Net premium income

The result of the gross premium income and reinsurance premium expenses is the net premium income accruing to the entity for the period.

4.24 Commission on reinsurance

When the Company acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognized is the amount of commission made by the Company. Commission on reinsurance is recognised as income over the period of the underlying contracts. If the fees are for services provided in future periods, then they are deferred and recognised over those future periods.

4.25 Investment income

Investment income includes interest on bank placements, dividend income and rental income arising from operating leases on investment properties, which are presented in the Income statement.

Income from any earmarked investment is credited to its source. Otherwise, the investment income is distributed between the Insurance contract business, Investment contract business and shareholders' account on the basis of average investments outstanding during the year as financed by the respective funds.

The distribution is presented only as note to the financial statements.

4.26 Fees and other income

Insurance contract policyholders are charged for surrenders and other contract fees. Investment contract policyholders are charged for administration services, investment management services, surrenders and other contract fees. These fees are recognised as revenues over the periods in which the related services are performed. If the fees are for services provided in future periods then they are deferred and recognised over those future periods.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.27 Realized/unrealized gains and losses

Realized gains and losses include gains and losses arising from the disposal of financial instruments, non-current assets held for sale and investment properties and they are recognised in the Income statement of the period in which the disposal occurred.

Unrealized gains and losses include gains and losses arising from the fair valuation of financial assets, non-current assets held for sale (that is, immediately before classification as held for sale) and investment properties. Unrealized gains and losses arising from the fair valuation of investment properties are recognized in the Income statement.

4.28 Underwriting and management expenses

Expenses are recognized in the Statement of profit or loss when a decrease in future economic benefit related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably. This means, in effect, that recognition of expenses occurs simultaneously with the recognition of an increase in liabilities or a decrease in assets.

The Company's expenses are recognized in the statement of profit or loss on the following basis:

As either directly attributable expenses on insurance contracts and investment contracts on one hand and sundry business activities on the other hand. These expenses are accounted for wholly under the businesses that they relate to;

Common expenses, which are those other than the directly attributable expenses but excluding brokers/agents' allowances and commissions. The common expenses are allocated in the ratio of 70:20:10 between insurance business, investment contract and shareholders' funds. The amount allocated to insurance contract business is again distributed between Company Life and Individual life on the basis of gross premium written in the year.

Brokers/ Agents' commissions and allowances

The Company employs the services of brokers/ agents in marketing its life policies and investment contracts. Commissions paid to the agents/brokers are charged against revenue as underwriting expenses.

Furthermore, the Company employs the services of agents in marketing its individual life policies and investment contract products. Allowances and commissions paid to the agents are allocated on equal basis between the individual life business and investment contract activities.

Net claims expenses

The result of the gross benefits and claims expenses and reinsurance claims recoveries is the net claims expense for the period. Ceded reinsurance arrangements do not relieve the Company from its obligations to policyholders.

Policyholder benefits incurred comprise claims paid in the year and changes in the provision for insurance contract liabilities. Benefits paid represent all payments made during the year, whether arising from events during that or earlier years. Insurance contract liabilities represent the estimated ultimate cost of settling all benefits accruing to policyholders and are discounted to the present value.

Reinsurance claims recoveries

Reinsurance claims recoveries are recognized when the related gross insurance claim expenses are recognized according to the terms of the relevant contract.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Salvage and subrogation reimbursements

Some insurance contracts permit the Company to sell (usually damaged) property acquired in settling a claim (for example, salvage). The Company may also have the right to pursue third parties for payment of some or all costs (for example, subrogation).

Estimates of salvage recoveries are included as an allowance in the measurement of the insurance liability for claims, and salvage property is recognized in other assets when the liability is settled. The allowance is the amount that can reasonably be recovered from the disposal of the property.

Subrogation reimbursements are also considered as an allowance in the measurement of the insurance liability for claims and are recognized in other assets when the liability is settled. The allowance is the assessment of the amount that can be recovered from the action against the liable third party.

4.29 Dividends

Dividends on ordinary shares are recognised as a liability in the year in which they are declared. Proposed dividends are accounted for as a separate component of equity until they have been declared at an annual general meeting. Dividends for the year that are approved after the statement of financial position date are dealt with as a non-adjusting event after the statement of financial position date.

4.30 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares.

Basic earnings per share amounts are calculated by dividing the profit for the year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding at the reporting date.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

4.31 Conversion of foreign currencies

On initial recognition, all transactions are recorded in the functional currency (the currency of the primary economic environment in which the Company operates or transacts business), which is Nigerian Naira and Kobo. Transactions in foreign currencies during the year are converted into the functional currency using the exchange rate prevailing at the transaction dates.

Monetary assets and liabilities at the statement of financial position date denominated in foreign currencies are translated into the functional currency using the exchange rate prevailing as at that date. The resulting foreign exchange gains and losses from the settlement of such transactions and from year-end translation are recognised on a net basis in the income statement in the year in which they arise.

4.32 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (Board of Directors). Directors allocate resources to and assess the performance of the operating segments of the Company. The operating segments are based on the Company's management and internal operating structure. The directors consider the Company to comprise three business segments: Company life assurance segment, Individual life assurance segment and Investments management or savings links segment.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.33 Comparatives

Where necessary, comparatives have been adjusted to conform to changes in presentation in the current year. Where changes are made and affect the statement of financial position, a third statement of financial position at the beginning of the earliest period presented is presented together with the corresponding notes.

4.34 Events after the reporting date

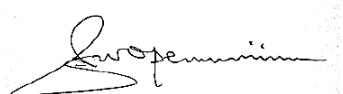
The financial statements are adjusted to reflect events that occurred between the statement of financial position date and the date when the financial statements are authorised for issue, provided they give evidence of conditions that existed at the statement of financial position date. Events that are indicative of conditions that arose after the statement of financial position date are disclosed, but do not result in an adjustment of the financial statements.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

ASSETS	NOTES	2021 N'000	2020 N'000
Cash and cash equivalents	5	1,945,556	1,165,808
Financial Assets:			
- At fair value through profit or loss	6.1	36,461	68,263
- At amortised cost	6.2	404,841	462,276
- At fair value through other comprehensive income	6.3	175,291	159,356
Reinsurance assets	7	368,242	368,242
Trade receivables	8	8,074	2,275
Other receivables and prepayments	9	144,570	751,414
Deferred acquisition costs	10	0	16,782
Investment properties	11	4,030,067	4,030,067
Intangible assets	12	-	-
Property, plant and equipment	13	50,233	137,567
Statutory deposit	14	535,000	535,000
TOTAL ASSETS		7,698,336	7,697,050
LIABILITIES AND SHAREHOLDERS' EQUITY			
Insurance contract liabilities	15	5,037,459	5,618,723
Investment contract liabilities	16	2,584,313	455,519
Trade payables	17	44,205	51,300
Other payables and accruals	18	850,919	781,008
Borrowings	19	1,994,015	1,783,944
Income tax liabilities	21	273,735	316,820
Deferred tax liabilities	22	61,909	61,909
TOTAL LIABILITIES		10,846,555	9,069,223
SHAREHOLDERS' EQUITY			
Share capital	23	6,455,515	6,455,515
Treasury shares	24	(1,145)	(1,145)
Share premium	25	7,484,955	7,484,955
Contingency reserves	26	1,768,801	1,756,720
Accumulated loss	27	(18,925,881)	(17,121,819)
Revaluation reserves	28	48,291	48,291
Fair value reserves	29	21,245	5,310
Total equity		(3,148,219)	(1,372,173)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		7,698,336	7,697,050

The financial statements were approved by the Board of Directors on 16th June 2025 and signed on its behalf by:



Mr. Michael Owopo
FRC/2018/PRO/ICAN/001/00000017730
Chief Finance Officer



Mr. Paulinus Offorzor
FRC/2013/PRO/CIIN/002/00000003287
Managing Director/CEO



Mr. Akin Iroko
FRC/2024/PRO/DIR/003/358339
Chairman

The accounting policies on pages 19 to 36, notes on pages 41 to 78 and other national disclosures on pages 79 to 81 form an integral part of these financial statements.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTES	2021 N'000	2020 N'000
Gross premium written	30	402,670	962,578
Unearned premium	30	50,368	71,057
Movement in individual life	15.4	-	(133,120)
Movement in annuity	15.5	-	(179,499)
Gross premium income		453,038	721,017
Reinsurance expenses	15.6	(23,954)	(20,346)
Net premium income		429,084	700,671
Commission income	31	-	22,062
Net underwriting income		429,084	722,733
Claims expenses (net)	32	(881,065)	(2,206,147)
Underwriting expenses	33	(40,853)	(95,341)
Total underwriting expenses		(921,917)	(2,301,488)
Underwriting loss		(492,834)	(1,578,755)
Investment income	34(a)	13,289	202,449
Other income	34(b)	15,416	873,197
Gain/(loss) on investment contract liabilities	35	1,780	2,331
Management expenses	36	(882,316)	(835,774)
Expected credit loss expense	36(a)	(529)	(4,089)
Impairment-Due to insurance Companies & brokers	36(b)	-	(63,513)
Impairment- Other debtors	36(c)	-	40,000
Finance charges	37	(135,920)	(84,794)
Fair value loss on financial assets	6.1(a)	(31,801)	8,154
Fair value loss on investment properties	11	-	(586,522)
Foreign exchange loss		(213,503)	(101,137)
Loss before taxation	41	(1,726,418)	(2,128,453)
Income tax	21	1,915	(4,813)
Loss for the year		(1,724,503)	(2,133,266)
Other comprehensive income			
Item that may be reclassified to profit or loss:			
Fair value gain/(loss) on financial assets at FVOCI	29	15,935	(15,936)
Items that will not be classified to profit or loss:			
Revaluation loss on building	28	-	(4,829)
Revaluation surplus reversed during the year	28	-	(3,158,381)
Other comprehensive loss		15,935	(3,179,146)
Total comprehensive loss for the year		(1,708,568)	(5,312,412)
Earnings per share : Basic (Naira)	41	(13.36)	(16.52)

The accounting policies on pages 19 to 36, notes on pages 41 to 78 and other national disclosures on pages 79 to 81 form an integral part of these financial statements.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

STATEMENT OF CHANGES IN EQUITY

	Share Capital N'000	Treasury shares N'000	Share Premium N'000	Contingency Reserves N'000	Accumulated Loss N'000	Revaluation Reserves N'000	Fair value Reserve N'000	Fair value Reserves N'000	Total N'000
At 1 January 2021	6,455,515	(1,141)	7,484,955	1,756,720	(17,189,301)	48,291	5,310	-	(1,439,651)
<i>Total comprehensive income for the year:</i>									
Loss for the year	-	-	-	-	(1,724,503)	-	-	-	(1,724,503)
Transfer to contingency reserve (Note 26)	-	-	-	12,080	(12,080)	-	-	-	-
<i>Other comprehensive income:</i>									
Fair value gain on financial assets at fair value through other comprehensive income (Note 30)	-	-	-	-	-	-	15,935	-	15,935
At 31 December 2021	6,455,515	(1,141)	7,484,955	1,768,800	(18,925,885)	48,291	21,245	-	(3,148,219)
At 1 January 2020	6,455,515	(1,141)	7,484,955	1,740,714	(14,972,546)	3,211,502	21,246	-	3,940,244
<i>Total comprehensive income for the year:</i>									
Loss for the year	-	-	-	-	(2,133,266)	-	-	-	(2,133,266)
Transfer to contingency reserve (Note 26)	-	-	-	16,006	(16,006)	-	-	-	-
<i>Other comprehensive income:</i>									
Revaluation on building (Note 28)	-	-	-	-	-	(4,829)	-	-	(4,829)
Revaluation surplus reversed during the year (Note 28)	-	-	-	-	-	(3,158,381)	-	-	(3,158,381)
Fair value loss on financial assets at fair value through other comprehensive income (Note 30)	-	-	-	-	-	-	(15,936)	-	(15,936)
At 31 December 2020:	6,455,515	(1,141)	7,484,955	1,756,720	(17,121,818)	48,291	5,310	-	(1,372,168)

The accounting policies on pages 19 to 36, notes on pages 41 to 78 and other national disclosures on pages 79 to 81 form an integral part of these financial statements.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

STATEMENT OF CASH FLOWS

	NOTES	2021 N'000	2020 N'000
Cash flows from operating activities			
Premium received from policy holders	40	396,871	962,574
Cash received on investment contract	16	2,128,794	235,533
Cash withdrawals on investment contract	16	-	(375,787)
Fees and commission	31	-	22,062
Other income	34(b)	-	20,782
Claims recovered	32a	(58)	18,478
Claims paid	32	(430,241)	(1,640,093)
Cash payments for reinsurance	15.7	(23,954)	(9,844)
Commissions paid	33a	(47,948)	(97,479)
Other acquisition costs paid	33	-	(347)
Loans against policy	6.2.1(b)	-	-
Repayment of policy loan	6.2.1(b)	-	-
Cash payments to employees, suppliers and others		(1,746,556)	193,065
		276,909	(671,057)
Taxes paid: Income tax	21	(45,000)	(5,878)
Net cash used from operating activities		231,909	(676,935)
Cash flows from investing activities			
Purchase of Property, plant and equipment	13	(469)	(3,710)
Rental income	18.2	1,840	8,510
Dividends received	34(a)	415	2,696
Interest on treasury bills	34(a)	-	-
Interest received on fixed deposits	34(a)	10,407	187,219
Gain from sale of property, plant & equipment	34b	-	-
Proceeds from sale of property, plant and equipment		714,139	700,000
Proceeds from sale of investment property		-	54,000
Liquidation of financial assets at amortised cost	6.2.2a	57,425	50,000
Addition to financial assets at amortised cost	6.2.2(a)	-	(298,461)
Net cash generated from investing activities		783,757	700,254
Cash flows from financing activities			
Finance charges	37	(135,920)	(4,603)
Repayment of lease finance	20	-	(12,559)
Loan borrowing	19.2	-	-
Loan repayment	19.2	(100,000)	(100,000)
Net cash (used)/flows from financing activities		(235,920)	(117,162)
Net decrease in cash and cash equivalents during the year		779,747	(93,843)
Cash and cash equivalents at the beginning of the year		1,165,808	1,259,652
Cash and cash equivalents at the end of the year		1,945,556	1,165,808
Cash and cash equivalent comprise:			
Cash in hand		-	27
Current Bank accounts balances		53,989	164,043
Short term deposits - Local banks		1,891,567	1,001,738
	5	1,945,556	1,165,808

The accounting policies on pages 19 to 36, notes on pages 41 to 78 and other national disclosures on pages 79 to 81 form an integral part of these financial statements.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS (continued)

	2021	2020
	N'000	N'000
5 Cash and cash equivalents		
Cash in hand	-	27
Bank balances	53,989	164,043
Short term deposits	1,894,757	1,004,928
	1,948,746	1,168,998
Allowance for credit losses (Note 6a)	(3,190)	(3,190)
	1,945,556	1,165,808

Included in short term deposits is a sum of N3,182,144 (2020: N3,182,144) being unclaimed dividends returned by First Registrars Limited as instructed by the Securities and Exchange Commission (SEC). This amount is included in other accruals (Note 18).

Short-term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Company.

5(a) Impairment allowance for cash and cash equivalents

At 1 January	3,190	396
Movements during the year (Note 36a)	-	2,794
At 31 December	3,190	3,190

6 Financial assets

At fair value through profit or loss (FVPL) - Note 6.1	36,461	68,262
At amortised cost (Note 6.2)	404,841	462,276
At fair value through other comprehensive income (FVOCI) - Note 6.3.1	175,291	159,356
	616,593	689,894

6.1 Financial assets at fair value through profit or loss (FVPL)

At 1 January	68,262	60,109
Fair value (loss/gain) during the year [Note 6.1(a)]	(31,801)	8,153
At 31 December	36,461	68,262

6.1(a) Fair value (gain)/loss disclosed in the income statement is as analysed below:

Fair value (loss)/gain on equity instrument carried at FVPL (Note 6.1)	(31,801)	8,153
	(31,801)	8,153

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS (continued)

	2021	2020
	N'000	N'000
6.1.2 Analysis of the fair values of the Company's investments in listed entities is shown below:		
ABC Transport Plc	3,208	3,987
Africa Prudential Registrar Plc	88	-
Lafarge Cement	-	563
Cornerstone Insurance Plc	-	207
Dangote Sugar Refineries Plc	5,220	5,280
Diamond Bank Plc (Now Access Bank Plc)	797	207
Ecobank Transnational Plc (ETI)	139	79
First City Monument Bank Limited	5,754	6,324
Fidelity Bank Plc	6,094	6,022
First Bank of Nigeria Limited	4,938	6,977
Guaranty Trust Bank Plc	-	1,415
Nigerian Aviation Handling Company	-	1,195
Oando Plc	-	142
Polaris Bank Plc	-	849
UBA Capital	551	167
United Bank for Africa Plc	3,695	3,970
Halal lotus capital	-	163
WAPIC Insurance Plc	-	22
Zenith Bank International Plc	-	3,633
WAICA	-	27,061
Stanbic IBTC Holdings Plc	5,760	-
	36,243	68,263

6.2 Financial assets at amortised costs

Loans and receivables (Note 6.2.1)	68,573	71,118
Treasury bills (Note 6.2.2)	336,268	393,693
	404,841	464,811
Allowance for credit losses	-	(2,535)
	404,841	462,276

6.2.1 Loans and receivables

Loans against policies (Note 7.2.1a)	69,125	69,125
Staff debtors (Note 7.2.1c)	1,227	1,439
Agency loan	554	554
	70,906	71,118
Allowance for credit losses	(2,333)	(2,333)
	68,573	68,785

6.2.1a Loans against policies

The Company grants commercial loans to life policyholders. The surrender values serve as collaterals for the loans.
The details of the loans are as shown below:

	2021	2020
	N'000	N'000
GSL policy loan	14,621	14,621
Standard Life Accumulator Scheme (SLA)	3,263	3,263
Special Personnel Policy (SPP)	5,093	5,093
Flexible Assurance scheme (FAS)	478	478
Personal Providence Plan (PPP)	43,396	43,396
Annuity Policy Loan	200	200
Deposit Link Assurance (DELAS)	2,048	2,048
SIP- Policy loan	26	26
	69,125	69,125

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS (continued)

	2021	2020
	N'000	N'000
6.2.1b Movement in loans against policies		
At 1 January	69,125	69,125
At 31 December	69,125	69,125
6.2.1c Movement in staff debtors		
At 1 January	1,439	1,052
Additions during the year	-	387
Repayments during the year	(212)	-
At 31 December	1,227	1,439
6.2.2 Treasury bills		
At 1 January	393,491	393,693
Matured and transferred to short-term deposit	(57,425)	-
Reversal/(allowance) for credit losses (Note 36a)	202	(202)
At 31 December	336,268	393,491
The Company's existing treasury bills matured during the year. The sum of N57.425 million of the proceeds was invested in short-term deposits, while the balance of N336.27 million was reinvested in a 90-day tenored treasury bills to mature on 24 February 2022. Subsequently, the same bills were invested for a tenure of 365 days.		
6.2.3 Impairment allowance for amortised costs		
At 1 January	(257)	1,038
Charged to profit or loss during the year (Note 36a)	202	(1,295)
At 31 December	(55)	(257)
ECL allowance on amortised costs charged to profit or loss during the year is shown below:		
ECL allowance on treasury bills	202	-
ECL allowance on loans and receivables	-	1,295
Charged to profit or loss during the year	202	1,295
6.3 Financial assets at fair value through other comprehensive income		
Quoted Shares in Transcorp Plc (Note 6.3.1)	175,291	159,356
6.3.1 Investment in quoted shares (Transcorp Plc)		
At 1 January	159,356	175,292
Fair value gain/(loss) during the year (Note 29)	15,935	(15,936)
At 31 December	175,291	159,356
See subsequent events per note 43.		
7 Reinsurance assets		
Reinsurer share of outstanding claims (Note 7.1)	255,100	255,100
Reinsurer's share of claims IBNR (Note 7.2)	101,023	101,023
Reinsurer's share of UPR (Note 7.3)	12,119	12,119
	368,242	368,242

These represent amounts recoverable from reinsurers in respect of claims incurred and reinsurance premium paid of which risks have not expired.
The reinsurance assets are of current maturity.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS (continued)

	2021	2020
	N'000	N'000
7 Reinsurance assets - cont'd		
7.1 Reinsurer share of outstanding claims		
Non-life business claims recoverable	255,100	255,100
a	255,100	255,100
Movement in claims recoverable during the year is as follows:		
At 1 January	255,100	257,028
(Decrease)/Increase during the year (Note 32a)	(0)	(1,928)
At 31 December	255,100	255,100
Claims recoverable represents balances due from re-insurance companies in respect of claims paid. In 2020, the Company carried out a reconciliation of claims recoverable with its reinsurers. There was a decrease of N1.9 million in claims recoverable as at reporting date.		
7.2 Reinsurer's share of IBNR		
Non-life business IBNR	101,023	101,023
	101,023	101,023
Movement in Reinsurer's Share of IBNR during the year is as follows:		
At 1 January	101,023	122,285
(Decrease)/increase during the year (Note 32a)	-	(21,262)
At 31 December	101,023	101,023
7.3 Reinsurer's Share of UPR		
Non-life business UPR	12,119	12,119
	12,119	12,119
7.3.1 Movement in Reinsurer's Share of UPR		
At 1 January	12,119	22,621
Decrease during the year (Note 15.6)	-	(10,502)
At 31 December	12,119	12,119
8 Trade receivables		
At 1 January	2,275	63,513
Additions during the year	5,799	2,275
At 31 December	8,074	65,788
Allowance for impairment - due from insurance companies and brokers (Note 37b)	0	(63,513)
Carrying amount at 31 December 2021	8,074	2,275

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS (continued)

	2021	2020
	N'000	N'000
9 Other receivables and prepayments		
Other debtors (Note 9.1)	40,000	740,000
Interest receivable (Note 9.2)	-	5,629
Prepaid rent	103,590	4,685
Staff advances	324	444
Deposit for quoted shares (Note 9.3)	656	656
	144,570	751,414
9.1	N40 million loan was given to a former Director of the Company, which remained unpaid as at reporting year. The Director pledged 250 hectares of land in Kaduna State, valued at N40 million, as collateral. The documents for the land have been fully executed, but issues relating to consent and ownership have not been perfected.	
9.2	This represents accrued biannual interest on statutory deposits with the Central Bank of Nigeria.	
9.3	The deposit for quoted shares represents the Company's subscription for rights issues in Access Bank Plc, which have yet to be allotted.	
10 Deferred acquisition costs:	2021	2020
	N'000	N'000
Engineering	-	391
Fire	-	7,578
General accident	-	1,322
Marine	-	980
Motor	-	5,391
Bond	-	187
Oil and Gas	-	1
Life business	-	932
	-	16,782
The movement in deferred acquisition cost is:		
At 1 January	16,782	13,950
Additions during the year	-	97,826
Amortisation for the year (Note 33)	-	(94,994)
At 31 December	-	16,782
11 Investment properties		
At 1 January	4,030,067	4,670,589
Disposed during the year (Note 11.1)	-	(54,000)
Fair value (loss)/gain during the year (Note 11.2.1)	-	(586,522)
At 31 December (Fair value)	4,030,067	4,030,067
11.1	The property situated at Shapati Village, Ibeju, Lekki was sold during the year. Further details are:	
Valuation	-	54,000
Sale proceeds	-	(54,000)
Gain on sale of property	-	-
11.2 History and movement in fair value gain		
Cost as at date of initial recognition	3,186,501	3,186,501
Cumulative fair value gain at 1 January	843,566	1,430,088
Fair value loss for the year	-	(586,522)
Cumulative fair value gain at 31 December	843,566	843,566
At 31 December	4,030,067	4,030,067
11.2.1 Fair value loss reported in the statement of profit or loss		
Fair value changes in investment properties	-	(586,522)

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS

Movements in investment properties 2021	Cost	Fair value gain at 1 January	Balance at 1 January	Addition during the year	Sold during the year	Revaluation (loss)	Balance at 31 December
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
250 hectares of Farmland at Mydumbi Village							
11 units of 4-bedroom terrace houses at New County Estate, Lekki, Lagos	1,045,000	-	1,168,750	-	-	-	1,168,750
10 units of 2 Bedroom Terrace houses at No 17, Gbangbala Road, Ikate Elegushi, Lekki	244,734	-	661,184	-	-	-	661,184
One wing of 4 bedroom duplex, Lekki, Lagos	57,371	-	97,284	-	-	-	97,284
Six (6) storey lettable office complex - Ebute Metta	201,301	-	875,325	-	-	-	875,325
Six (6) bedroom detached house, Asokoro-Abuja	268,595	-	757,149	-	-	-	757,149
Abuja plot of Land at Cadastral Zone.	320,000	-	-	-	-	-	-
Oreki Village, Ibeju, Lekki.	600,000	-	450,000	-	-	-	450,000
Shapati Village, Ibeju, Lekki.	446,000	-	-	-	-	-	-
Flat 3,Block 2, Kadiri Estate, Joseph Dosu, Badagry.	3,500	-	20,375	-	-	-	20,375
	3,186,501	-	4,030,067	-	-	-	4,030,067

Movements in investment properties 2020	Cost	Fair value gain at 1 January	Balance at 1 January	Reclassified from PPE (Note 14)	Reclassified to other receivables and prepayments (Note 10)	Revaluation (loss)/gain	Balance as at 31 December
250 hectares of Farmland at Mydumbi Village	-	-	-	-	-	-	-
11 units of 4-bedroom terrace houses at New County Estate, Lekki, Lagos	1,045,000	165,000	1,210,000	-	-	(41,250)	1,168,750
10 units of 2 Bedroom Terrace houses at No 17, Gbangbala Road, Ikate Elegushi, Lekki	244,734	555,266	800,000	-	-	(138,816)	661,184
One wing of 4 bedroom duplex, Lekki, Lagos	57,371	53,218	110,589	-	-	(13,305)	97,284
Six (6) storey lettable office complex - Ebute Metta	201,301	898,699	1,100,000	-	-	(224,675)	875,325
Six (6) bedroom detached house, Asokoro-Abuja	268,595	651,405	920,000	-	-	(162,851)	757,149
Abuja plot of land, Cadasral Zone	320,000	(320,000)	-	-	-	-	-
Oreki Village, Ibeju, Lekki.	600,000	(150,000)	450,000	-	-	-	450,000
Shapati Village, Ibeju, Lekki.	500,000	(446,000)	54,000	-	(54,000.00)	-	-
Flat 3,Block 2, Kadiri Estate, Joseph Dosu, Badagry.	3,500	22,500	26,000	-	-	(5,625)	20,375
	3,240,501	1,430,088	4,670,589	-	(54,000)	(586,522)	4,030,067

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS

11.3 The status of the Company's investments properties are detailed below:

S/N	Name on Title Document	Description of Properties	Date of Acquisition	Nature of Document	Locations	Carrying Amount N'000	Steps taken for perfection
i	Standard Alliance Insurance Plc	Warehouse	2015	Deed of Assignment	Oreki Village, Ibeji-Lekki	450,000	Perfection in progress
ii	Standard Alliance Insurance Plc	11 Unit of 4 Bedroom Flat	2009	Registered Title	New County Terrace, Iroko Awe, Lekki Peninsula	1,210,000	Near Perfection
iii	Standard Alliance Insurance Plc	10 Units of 2 B/R Terrace Hse	2003	Deed of Assignment	No 17 Gbangbala Road, Ikate, Elegushi, Lekki, Lagos	800,000	Perfected
	Standard Alliance Insurance Plc	3 Bedroom Duplex	2012	Deed of Assignment	Flat 3, Block 2, Kadiri Est, Joseph Dosu Way, Badagry	26,000	Perfection in progress
iv	Standard Alliance Insurance Plc	4 Bedroom Duplex	2003	Registered Title	House 13B, Oba Adeyinka Estate, Lekki, Lagos	110,589	Near Perfection
v	Standard Alliance Insurance Plc	Six (6) storey lettable Offices	2012	Registered Title	No 22, Herbert Macaulay Street, Ebute Meta, Lagos	1,100,000	Perfected
vi	Standard Alliance Insurance Plc	Six (6) Bedroom Detached House	2010	Deed of Assignment	House 1207, Yakubu Gowon, Asokoro, Abuja	920,000	Perfection in progress
						4,616,589	

Investment properties held by Standard Alliance Insurance Plc were independently valued by Osaro Eguasa & co (FRC/2012/0000000000423) and James Garuba & Company (FRC/1999/00000003709) on 31 December 2020. The fair value of each of the properties was determined by discounting the expected cash flows of each property based upon internal plans and assumptions and comparable market transactions.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020
OTHER NOTES TO THE FINANCIAL STATEMENTS

12	Intangible asset		
	Computer software		
	Cost	2021	2020
		N'000	N'000
	At 1 January	15,000	15,000
	Addition during the year	-	-
	At 31 December	15,000	15,000
	Amortisation		
	At 1 January	15,000	12,496
	Amortisation for the year	-	2,504
	At 31 December	15,000	15,000
	Carrying amount at 31 December	-	-

The intangible asset relates to the Company's accounting software package, Global Insurance Business Solution (GIBS) which is an underwriting solution software bought from a Nigerian Information Technology Company, Intteck Global systems Limited.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS

13 Property, plant and equipment	Land	Building	Motor vehicles	Furniture and fittings	Computer equipment	Office equipment	Generating set	Total
Cost/valuations:	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
At 1 January 2020	496,933	3,583,067	827,190	291,994	133,778	192,926	123,357	5,649,245
Additions	-	-	-	2,380	1,207	123	-	3,710
Revaluation loss (Note 29)	-	(5,366)	-	-	-	-	-	(5,366)
Disposal (Note 13.1)	(496,933)	(3,513,067)	(3,900)	-	-	-	-	(4,013,900)
At 31 December 2020	-	64,634	823,290	294,374	134,985	193,049	123,357	1,633,689
At 1 January 2021	-	64,634	823,290	294,374	134,985	193,049	123,357	1,633,689
Additions	-	-	-	-	422	47	-	469
Revaluation loss (Note 29)	-	-	-	-	-	-	-	-
Write off/disposal	-	(64,634)	(36,795)	(14)	-	-	(110)	(101,553)
At 31 December 2021	-	-	786,495	294,680	135,407	193,096	123,247	1,532,925
Accumulated depreciation and impairment:								
At 1 January 2020	-	236,287	821,135	210,502	130,529	186,165	123,232	1,707,850
Charge for the year	-	73,113	5,868	13,998	1,379	1,745	103	96,206
Disposal (Note 13.1)	-	(304,034)	(3,900)	-	-	-	-	(307,934)
At 31 December 2020	-	5,366	823,103	224,500	131,908	187,910	123,335	1,496,122
At 1 January 2021	-	5,366	823,103	224,500	131,908	187,910	123,335	1,496,122
Charge for the year	-	-	-	23,665	2,160	2,904	(22)	28,707
Write off/disposal	-	(5,366)	(36,690)	(14)	-	-	(67)	(42,137)
At 31 December 2021	-	-	786,413	248,151	134,068	190,814	123,246	1,482,692
Carrying amounts as at:								
31 December 2021	-	-	82	46,529	1,339	2,282	1	50,233
31 December 2020	-	59,268	187	69,874	3,077	5,139	22	137,567

13.1 Disposal of company's office building

Despite the valuation of ₦1.4B, the carrying amount of the Company's property located at Plot 1, Block 94, Providence Street, Lekki, Lagos is ₦3,705,966,000

The Company's office building was constructed between 2009 and 2011 and its reported current valued amount was ₦1.4 billion prior to sale. The office building was sold at the valued amount of ₦1.4 billion. This amount includes ₦700 million receivable on the disposed asset as at 31 December, 2020 (Note 10.1). The carrying amounts of the land and building prior to sale is as stated below:

	Valuation	Accum. Depr.	Carrying amount
	₦'000	₦'000	₦'000
	DR/(CR)	DR/(CR)	DR/(CR)
Land	496,933	-	496,933
Building	3,513,067	(304,034)	3,209,033
Carrying amount	4,010,000	(304,034)	3,705,966
Sale proceeds			-
Loss on sale of asset made up of:			3,705,966
Revaluation surplus now reversed (Note 28)			(3,158,381)
Gain on disposal based on historical cost (Note 34b)			852,415
			<u>1,400,000</u>

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS (continued)

13.2 The status of the Company's land and buildings is as detailed below

Name on Title Document	Date of Acquisition	Nature of Document	Location	Carrying amount N'000	Steps for perfection
Standard Alliance Insurance Plc	2009	Deed of Assignment	Plot 1, Block 94, Providence Street, Lekki, Lagos	-	Sold
Standard Alliance Insurance Plc	2011	Deed of Assignment	Plot 1, Block 94, Providence Street, Lekki, Lagos	-	Sold
Standard Alliance Insurance Plc	2001	Registered Title	No 20, Fola-Bolumole Street, Ibadan	-	Near Perfection
				<u>-</u>	

None of the Company's assets was pledged as security on loan as at year end (2020: Nil).

There was an impairment loss recognised in the Company's property, plant and equipment at the end of the year.

	2021 N'000	2020 N'000
14 Statutory Deposits		
Statutory deposit for life business	200,000	200,000
Statutory deposit for non-life business	335,000	335,000
	<u>535,000</u>	<u>535,000</u>

These represent 10% of the minimum paid up share capital deposited with the Central Bank of Nigeria in accordance with Section 10 (3) of the Insurance Act, CAP I17, LFN 2004.

15 Insurance contract liabilities		
Unearned premium reserves (Note 15.1)	64,202	114,570
Outstanding claims (Note 15.2)	2,089,839	1,818,991
Provision for claims incurred but not reported (IBNR) (Note 15.3)	598,724	418,745
Individual life (Note 15.4)	13,460	264,898
Group life (Note 15.5)	-	886,717
Annuity fund (Note 15.5)	2,271,234	2,114,803
	<u>5,037,459</u>	<u>5,618,723</u>

Life Insurance contract liabilities	N'000	N'000	N'000
	Risk liability	DA liability	Gross liability
Individual life risk contract	8,201	135,597	143,798
Individual investment and risk contract	5,259	2,448,716	2,453,975
Annuity business	-	-	-
PFA's annuities	2,271,234	-	2,271,234
Deferred annuities	-	-	-
Total annuity business	2,284,694	2,584,313	4,869,007
GSLAS	1,004,258	-	1,004,258
Total	<u>3,288,952</u>	<u>2,584,313</u>	<u>5,873,265</u>

Non- Life Insurance contract liabilities

		Reinsurance	
	Gross liability	Assets	Net liability
Claims reserve	1,464,613	-	1,464,613
UPR	64,202	-	64,202
IBNR	219,692	-	219,692
Total Non-Life Insurance contract liabilities	<u>1,748,507</u>	<u>-</u>	<u>1,748,507</u>

15.1 Unearned premium reserves		
Aviation	-	6,370
Bond	147	3,019
Engineering	-	1,178
Fire	5,194	27,537
General accident	33,318	6,427
Marine	6,561	4,900
Motor	18,979	43,980
Oil & gas	3	7
Life	-	21,152
	<u>64,202</u>	<u>114,570</u>

15.1.2 Movements in unearned premium reserve		
At 1 January	114,570	424,058
Decrease in during the year (Note 30)	(50,368)	(71,057)
At 31 December	<u>64,202</u>	<u>114,570</u>

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS (continued)

	2021	2020
15.2 Outstanding claims reserves	N'000	N'000
Aviation	34,721	100,281
Bond	54,899	13,004
Engineering	45,747	55,191
Fire	38,995	203,762
General accident	385,084	223,269
Marine	50,253	16,198
Motor	37,155	132,067
Oil & Gas	817,758	777,493
Group life	625,226	297,727
	2,089,838	1,818,992
15.2.1 Movements in outstanding claims are further analysed below:		
At 1 January	1,818,992	1,236,768
Increase/(decrease) during the year (Note 32)	270,846	582,224
At 31 December	2,089,838	1,818,992
15.2.2 The age analysis of outstanding claims are:		
0 - 90 days	-	5,554
91 - 180 days	-	88,073
181 - 270 days	-	13,341
271 - 365 days	171,797	80,497
366 days and above	3,819,698	1,631,526
	3,991,495	1,818,992

The delay in settlement of outstanding claims that are over 90 days was as a result of late submission of necessary documents and data on the part of the claimants. Also, the need to verify the veracity of the claims contributed to this delay.

15.2.3 REASONS FOR OUTSTANDING CLAIMS CAN BE ANALYSED AS FOLLOWS:

	0-90 DAYS N'000	91-180 DAYS N'000	181-270 DAYS N'000	271-365 DAYS N'000	Above 365 DAYS N'000	2021 Total N'000
31 December 2021						
Discharge Voucher Issued- Life	-	-	-	33,403	29,329	62,732
Discharge Voucher Issued- Non-Life	-	-	-	-	-	-
Awaiting Lost Adjusters report	-	-	-	33,300	414,222	447,522
Awaiting Documentation from Claimants	-	-	-	4,434	713,538	717,972
Abandoned by Claimants	-	-	-	6,495	128,050	134,545
Incomplete Documentations by Claimants	-	-	-	94,165	2,534,559	2,628,724
TOTAL	-	-	-	171,797	3,819,698	3,991,495
31 December 2020						2020 Total N'000
Discharge Voucher Issued- Life	454	73,164	8,525	14,701	200,884	297,727
Discharge Voucher Issued- Non-Life	-	7,725	1,308	16,967	528,790	554,791
Awaiting Lost Adjusters report	-	4,201	-	-	132,792	136,993
Awaiting Documentation from Claimants	5,100	2,983	3,508	48,829	520,425	580,845
Abandoned by Claimants	-	-	-	-	83,004	83,004
Incomplete Documentations by Claimants	-	-	-	-	165,631	165,631
TOTAL	5,554	88,073	13,341	80,497	1,631,526	1,818,992

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS (continued)

	2021	2020
	N'000	N'000
15.3 IBNR Per Actuarial valuation		
Aviation	5,208	6,570
Bond	8,235	5,786
Engineering	6,862	48,112
Fire	5,849	147,514
General accident	57,763	9,375
Marine	7,538	5,246
Motor	5,573	41,181
Oil & Gas	122,664	78,760
Life	379,032	76,202
	598,724	418,746
15.3.1 Movement in IBNR		
At 1 January	418,746	439,629
(Decrease)/increase during the year (Note 32)	179,978	(20,883)
At 31 December	598,724	418,746
15.4 Movement in individual life		
At 1 January	264,898	131,778
Increase/(decrease) during the year	(251,438)	133,120
At 31 December	13,460	264,898
15.5 Movement in group life		
At 1 January	886,717	-
During the year	(886,717)	886,717
At 31 December	-	886,717
15.6 Movement in annuity fund		
At 1 January	2,610,145	1,935,304
Decrease during the year	(338,911)	674,841
At 31 December	2,271,234	2,610,145
The Company Insurance Contract Liabilities for both Life and Non-Life businesses is established at the end of the year by Becoda Consulting Limited with FRC/2019/00000012909. The report was signed by Benjamin Awunor with Financial Reporting Council Number FRC/2015/PRO/NAS/004/00000012946.		
15.7 Reinsurance expenses		
Reinsurance cost	23,954	9,844
Changes in UPR (Note 7.3.1)	-	10,502
	23,954	20,346
15.8 Cash payments for reinsurance		
Reinsurance cost (Note 15.6)	(23,954)	(9,844)
Per statement of cash flows	(23,954)	(9,844)
16 Investment Contract Liabilities		
At 1 January	455,519	595,773
Amount received in the year	2,128,794	235,533
Withdrawals	-	(375,787)
At 31 December	2,584,313	455,519
17 Trade payables		
Due to Reinsurer	36,257	36,257
Underwriting expenses payable	7,948	15,043
	44,205	51,300
The trade payables are all of current maturity.		

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS (continued)

	2021	2020
	N'000	N'000
18 Other payables and accruals		
Statutory deductions (Note 18.1)	199,147	177,350
Information technology development levy (Note 38)	8,406	8,406
Rent received in advance (Note 18.2)	373	1,000
Due to staff	200,994	109,078
Accrued expenses (Note 18.4)	157,623	239,604
Unclaimed dividend	3,182	3,182
Deferred Commission Income (18.5)	-	1,190
Preference dividend payable (Note 18.6)	175,000	175,000
Amount due to other beneficiaries (Note 18.7)	56,272	16,275
Annuity fund fee payable (Note 18.8)	16,651	16,651
Directors' current account	33,271	33,271
	850,919	781,008
The above are further analysed as:		
Current	850,919	781,008
	850,919	781,008
18.1 Statutory deductions		
PAYE payable	106,915	88,927
Pension payable	50,399	46,527
VAT payable	3,824	3,838
Withholding tax	38,009	38,059
	199,147	177,350
18.2 Movement in rent received in advance		
At January 1	1,000	7,355
Additional rental Income received	1,840	8,510
Rental income recognised during the year (Note 34a)	(2,467)	(14,865)
At December 31	373	1,000
18.3 Accrued expenses		
Audit fee accrual	19,500	20,000
Management expenses payable	13,914	94,895
Others	124,209	124,709
	157,623	239,604

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS (continued)

	2021	2020
	N'000	N'000
18.5 Deferred Commission Income		
At January 1	1,190	641
Addition During the year	(1,190)	22,611
Amortised During the year (Note 31)	-	(22,062)
At 31 December	-	1,190

18.6 Preference dividend payable	175,000	175,000

The Company had 17,500,000 (Seventeen Million, Five Hundred Thousand units of preference shares of N100 (One Hundred Naira) each prior to year ended 31 December 2011. These were converted to ordinary shares of 50k (50 Kobo) each in the Company and issued to the holders of the preference shares as at 31 December 2011 in accordance with the resolution passed at the 15th Annual General Meeting of 16th December 2011. The amount of N175 million is the balance of pre conversion dividend yet unpaid as at 31 December 2020 reporting date.

18.7 Amount due to other beneficiaries	N'000	N'000
Staff fines and penalties	5,446	4,828
Staff group life payable	151	151
Other creditors	50,675	11,296
	56,272	16,275

18.8 Annuity fund fee payable	N'000	N'000
At January 1	16,651	14,885
Addition during the year	(0)	1,766
At December 31	16,651	16,651

Annuity fund fee represents a provision of 1% out of annuity premium received in a financial year. This is being proposed by NAICOM. The balance at the end of the year represents provisions as at reporting dates.

19 Borrowings	N'000	N'000
Daewoo Securities Bond (Note 19.1)	1,994,015	1,682,418
Cowry Asset Management Limited (Note 19.2)	-	101,526
	1,994,015	1,783,944

STANDARD ALLIANCE INSURANCE PLC
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NOTES TO THE FINANCIAL STATEMENTS (continued)

19.1 Daewoo Securities Bond

The Company received a capital inflow of JPY650,000,000 (\$7,397,516) zero coupon bond raised from Daewoo Securities in December 2009.

The bond was tenured originally for 20 years with the lenders' option to convert the bond to Standard Alliance Insurance Plc's ordinary shares. If the option is not exercised, the Company must pay interest 4.25% per annum on the gross bond value for the entire term it has been outstanding.

Daewoo Securities requested for the full redemption of the bond in 2011 following which the Company went to a negotiation with it and a repayment plan with the bond owners was renegotiated in 2012. Further negotiations commenced in 2015 and are still on-going. The Company's outstanding liability to Daewoo Securities as at 31 December 2021 is JPY556,894,000 (2020:JPY534,191,000), principal and interest inclusive.

Further details of transactions during the year are:

	Principal JPY'000	Interest JPY'000	Total JPY'000	2021 N'000	2020 N'000
At 1 January	398,203	135,988	534,191	1,682,419	1,482,125
Interest accrued during the year	-	22,703	22,703	82,446	80,193
Foreign exchange difference	-	-	-	229,150	120,101
At 31 December	398,203	158,691	556,894	1,994,015	1,682,419
Current maturities				JPY'000	JPY'000
Interest				158,691	135,988
Principal				398,203	398,203
Total current maturities				556,894	534,191
				556,894	534,191

The balance of JPY 556,894,000 (2020: JPY 534,191,000) is stated in the financial statements at the Central Bank of Nigeria closing exchange rate of N3.5806/JPY as at 31 December 2021. Subsequent to 2021 reporting period, no payment has been made on principal and interest.

19.2 Cowry Asset Loan

	N'000	N'000
At 1 January	101,526	201,526
Repayment during the year	(101,526)	(100,000)
At 31 December	-	101,526

Repayments during the year

Principal	100,000	100,000
Loan interest charge	1,526	-
	101,526	100,000

The Company entered into a new loan arrangement with Cowry Assets Management Limited for working capital needs. The new loan was consummated in July 2019 at a value of N300million. The loan is payable within one year at the interest rate of 28%. Both the principal and the accrued interest were paid in 2021.

20 Finance lease obligations

	N'000	N'000
At 1 January	-	12,559
Repayments during the year (Note 20a)	-	(12,559)
At 31 December	-	-

20a Repayments during the year

Principal	-	10,506
Lease interest charge	-	2,053
	-	12,559

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS (continued)

21 Current income tax liabilities

Per Statement of Comprehensive income

Company income tax

1,915	4,813
1,915	4,813

Per Statement of Financial Position:

At 1 January

Company income tax

316,820	317,468
316,820	317,468

Provisions for the year:

Company income tax

1,915	4,813

Payments during the year:

Company income tax

(45,000)	5,878

At 31 December

273,735	316,820

22 Deferred tax liabilities

At 1 January

61,909	62,445

Tax on gain/(loss) on revaluation of property, plant and equipment

-	(536)

At 31 December

61,909	61,909

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS - (continued)

23 Ordinary share capital

	2021	2020
	Units	Units
	'000	'000
Authorized		
14,000,000,000 ordinary shares of 50k each	14,000,000	14,000,000
	N'000	N'000
14,000,000,000 ordinary shares of 50k each	7,000,000	7,000,000
Issued and Fully Paid	Units	Units
At 1 January	12,911,030	12,911,030
At 31 December	12,911,030	12,911,030
	N'000	N'000
At 1 January	6,455,515	6,455,515
At 31 December	6,455,515	6,455,515

24 Treasury share

	(1,145)	(1,145)

Treasury share represents the standard Alliance Assurance Life Limited investment in Standard Alliance Insurance Plc reclassified to treasury share upon merger of the two companies in 2017.

25 Share premium

At 1 January	7,484,955	7,484,955
At 31 December	7,484,955	7,484,955

Share premium comprises additional paid-in capital in excess of the par value.
This reserve is not ordinarily available for distribution.

26 Contingency reserves

At 1 January	1,756,720	1,740,714
Charge for the year (Note 27)	12,080	16,006
At 31 December	1,768,801	1,756,720

In compliance with section 21(1) of Insurance Act 2003, the contingency reserve for Non-life insurance business is credited with the greater of 3% of total premium, or 20% of the net profits. This shall accumulate until it reaches the greater of minimum paid-up capital and 50% percent of the net premium. For life business, the contingency reserve is credited with an amount equal to 1% of gross premium or 10% of net profit (whichever is greater) and accumulated until it reaches the amount of minimum paid-up capital.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS (continued)

26 Contingency reserves - cont'd

As required by insurance regulations, a contingency reserve is maintained for both the non-life insurance and life assurance contracts underwritten by the Company. The appropriation to contingency reserve for non-life underwriting contracts is calculated in accordance with sections 21 (2) and 22 (1) of the Insurance Act 2003. The reserve is calculated at the higher of 3% of gross premium and 20% of net profits of the business for the year. The appropriation to contingency reserve for life underwriting contracts is calculated at the higher of 1% of the gross premium and 10% of net profits of the business for the year. The appropriations are charged to the life fund.

	2021	2020
	N'000	N'000
27 Accumulated loss		
At 1 January	(17,189,298)	(14,972,547)
Loss for the year	(1,724,503)	(2,133,266)
Appropriation to contingency reserves (Note 26)	(12,080)	(16,006)
At 31 December	<u>(18,925,881)</u>	<u>(17,121,819)</u>

**Adjustment: To align retained earnings to the lead sheet.*

28 Revaluation Reserves

At 1 January - As previously stated	48,292	3,211,502
Revaluation loss charged to other comprehensive income during the year	-	(4,829)
Revaluation surplus reversed during the year	-	(3,158,380)
At 31 December	<u>48,291</u>	<u>48,292</u>

Further details are:

Revaluation gain (Note 13)	-	(5,366)
Less: Tax on loss on revaluation	-	537
	<u>-</u>	<u>(4,829)</u>

28.1 Correction of error

The Company bought landed property for the sum of ₦1.170 billion situated in Lugbe, Abuja in the year 2015. Subsequently, the FCT Land Registry declared title to the land as not being genuine. The property accordingly was valued at nil amount in 2019. However, the allowance for impairment loss of ₦1.053 (i.e. net of tax) was recognised wrongly within revaluation reserves in 2019 financial statements.

Therefore, the financial statements have been restated to correct this prior period error. The restatement requires adjustments in the statement of financial position as at 31 December 2019 and statement of profit or loss as at that date. To this effect, the statement of financial position, statement of profit or loss, statement of changes in equity and affected notes showed restated comparative information for the year ended 31 December 2019 as disclosed in Note 27 - Accumulated loss and Note 28 - Revaluation reserves respectively.

29 Fair Value Reserves

	N'000	N'000
At 1 January	5,310	21,246
Increase/(Decrease) during the year	15,935	(15,936)
At 31 December	<u>21,245</u>	<u>5,310</u>

The fair value reserves shows the effect from the fair value measurement of financial instruments of the category available for sale now classified as financial asset at fair value through other comprehensive income. Any gains or losses are not recognised in the comprehensive income statement until the asset has been sold or impaired.

30 Gross premium

	N'000	N'000
General business	255,137	319,003
Group life	136,841	449,848
Individual life	1,491	17,137
Annuity	9,201	176,590
	<u>402,670</u>	<u>962,578</u>
Movement in unexpired risks (Note 16.1.2)	50,368	71,057
	<u>453,038</u>	<u>1,033,635</u>

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS (continued)

	2021	2020
	N'000	N'000
31 Commission income		
Bond	-	154
Engineering	-	3,267
Fire	-	18,601
General accident	-	1
Marine	-	39
	-	22,062
Life - Forfeitures and admin charges	-	-
	-	22,062
32 Claims expenses		
Claims paid	430,241	1,640,093
Change in outstanding claims (Note 15.2.1)	270,846	582,224
Change in claims incurred but not reported (Note 15.3.1)	179,978	(20,883)
	881,065	2,201,434
Claims expenses recovered from reinsurers (Note 32(a))	-	4,712
	881,065	2,206,147
32a) Claims paid recovered from reinsurers	(58)	18,478
Change in claims paid recoverable (Note 7.1)	(0)	(1,928)
Change in reinsurer's share of IBNR (Note 7.2)	-	(21,262)
	(58)	(4,712)
33 Underwriting expenses		
Acquisition costs (Note 10):		
Aviation	178	229
Bond	844	705
Engineering	946	5,045
Fire	5,255	26,421
General accident	5,288	4,301
Marine	7,356	7,481
Motor	11,363	12,662
Oil and Gas	222	26,011
Life	9,401	12,140
	40,853	94,994
Other acquisition costs	-	347
	40,853	95,341
33a Commission paid analysis		
Acquisition costs (Note 33)	(40,853)	(94,994)
Changes in commission payable (Note 18)	(7,095)	(2,485)
Per statement of cash flows	(47,948)	(97,479)
34(a) Investment income		
Interest on deposits	10,407	187,219
Rental income	2,467	14,865
Dividend received	415	2,696
	13,289	204,780
The investment income is attributable to:		
Annuity fund	2,424	148,163
Insurance fund	1,035	17,935
Shareholders fund	4,766	36,351
Investment income per statement of profit or loss	8,226	202,449
Investment fund (Note 35)	1,780	2,331
	10,006	204,780

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS (continued)

	2021	2020
	N'000	N'000
34(b) Other income		
Gain on sale of property, plant and equipment	14,139	852,415
Charges/penalties for loss of policy documents	-	20,782
Sundry Income	1,277	-
	15,416	873,197
35 Gain/(loss) on investment contract liabilities		
Investment income attributable to investment contracts (Note 34)	1,780	2,331
	1,780	2,331
36 Management expenses		
Salaries and Allowances	330,411	330,053
Other staff costs	18,479	15,721
Directors' fee and allowances	38,755	45,408
Insurance expenses	6,212	-
Rent and rates	30,022	14,909
Repairs and maintenance	81,275	57,720
Depreciation	28,856	96,206
Amortisation	-	2,504
Legal and professional fees	89,534	98,136
Bank charges	2,656	3,103
Printing and stationery	7,531	3,339
Advertising and promotion expenses	1,598	1,447
Books and periodicals	10	45
Telephone and postages	13,367	15,318
Other administrative expenses	190,374	76,501
Supervisory levies	-	38,581
Actuarial cost	1,500	-
Staff training and development	6,253	1,976
Audit fee	3,500	10,000
Corporate and public relation expenses	10,836	12,623
Travelling, outstation and hotel expenses	21,147	12,182
	882,316	835,774
36(a) Expected credit loss expense		
Allowance for credit losses - Cash (Note 5(a))	(529)	2,794
Allowance for credit losses - Loans and receivables (Note 6.2.3)	-	1,295
	(529)	4,089
36(b) Impairment - Due from insurance companies and brokers		
Impairment provision - Due from brokers	(0)	60,491
Impairment provision - Due from insurance companies	(0)	3,022
Total impairment (Note 8)	(0)	63,513
36(c) Allowance for impairment - Other receivables and prepayments		
Other debtors (Note 9.1)	-	(40,000)
36(e) Allowance for impairment - Treasury bills		
Reversal for impairment - Treasury bills (Note 6.2.2)	202	-

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS (continued)

	2021	2020
	N'000	N'000
37 Finance charges		
Interest expenses on loan	135,920	4,603
Interest on Daewoo bond	-	80,191
	135,920	84,794

38 Information Technology Development Levy		
At 1 January	8,406	8,406
At 31 December	8,406	8,406

The Nigerian Information Technology Development Agency (NITDA) Act was signed into law on 24 April, 2007. Section 12(a) of the Act stipulates that specified Companies contribute 1% of their profit before tax to the Nigerian Information Technology Development Agency.

39 Profit before taxation		
Profit before taxation is stated after charging:		
Depreciation	28,707	96,206
Amortization	-	2,504
Auditors' remuneration	3,500	10,000
Director's remuneration	38,755	45,408

39.1 Messrs. Muhtari Dangana & Co (Chartered Accountants) did not provide any other service to the Company during the year.

40 Premium receipt from policy holders		
Premium due from policy holder at 1 January	2,275	2,271
Gross Premium written in the year	402,670	962,578
	404,945	964,849
Premium due from policyholders at 31 December	(8,074)	(2,275)
Premium receipts in the year	396,871	962,574

41 **Basic (loss)/earnings per share**
Basic loss per share is calculated by dividing the net loss attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year.

Loss for the year (N'000)	(1,724,503)	(2,133,266)
Number of shares ('000)	12,911,030	12,911,030
Basic loss per share (Naira)	(13.36)	(16.52)

42 **Going concern of Company**
The events and conditions listed below indicate that there may exist material uncertainty that cast doubt on the Company's ability to continue as a going concern entity within a foreseeable future:

- Shortfall of existing ₦5billion regulatory minimum paid-up capital of the Company by ₦8.148billion as at 31 December, 2021;
- Solvency margin of the Company decreased from a deficiency of ₦5.972billion in 2020 to ₦4.370 billion in 2021;
- Accumulated losses of ₦18.926 billion (2020: ₦17.122 billion) as at 31 December, 2021 which resulted in negative equity of the Company of ₦3.148. billion as at 31 December, 2021;
- There was business downturn for the Company in 2021 represented by 58% reduction in premium written. Though there was 60% decreased in claims expenses during the year resulting into 6% decreased in operational loss before tax;
- The high impairment allowances over the years on the Company's treasury bills suggesting possible inability to realize them and discharge its liabilities in the normal course of business; and

Management is however executing mitigating procedures and are working assiduously to inject fresh capital through a recapitalization and business restructuring plan involving major prospective investors.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

43 Events after reporting period

Introduction of a new investor

On the 5th of January 2022, an Investor, QPI Consultants FZE through a special purpose vehicle (SPV) named Endura Investment Global Limited (EIG) showed interest in obtaining regulatory approval for the purchase of 3,140,774,908 ordinary shares in Standard Alliance Insurance Plc at N0.01 each. Purchase of the shares will give the new investor 26.4% of the issued capital of the Company. The investor will be in a position to restructure the business and turn it around with a minimum amount of U\$8million. Subsequently, the transaction was consummated on the 19th of August 2024 with the approval of the Nigerian Exchange Limited (NGX). The Company subsequently injected N12 Billion additional capital in February 2025.

Cancellation of certificate of registration and authorization to continue to carry on insurance business.

The National Insurance Commission (NAICOM) revoked the certificate of registration of Standard Alliance Insurance Plc, effective from June 21, 2022. Consequent upon a judgement of the Federal High Court delivered on the 7th July, 2023, reversing the revocation of the Company's licence and the Company application for No-objection for the acquisition of its shares by Endura Investment Global Limited, on 18th December 2023, NAICOM provisionally authorised the Company to continue to carry on insurance business in accordance with its certificate of registration subject to satisfaction of other conditions, eg approval of other relevant regulatory bodies, final court order authorising the acquisition.

Change of company's name

At the Extra-Ordinary General Meeting of the company held on 4th April 2025, the shareholders approved the change of the Company's name from Standard Alliance Insurance Plc to Fortis Global Insurance Plc. In 25th April 2025, the Corporate Affairs Commission awarded a certificate of Registration to the Company.

The reconstruction of the shares of Transcorp Plc

In October 2024, Transcorp Plc carried out a share reconstruction exercise. This involves consolidating the total number of issued shares at a ratio of 1 to 4. While the number of shares reduced pro rata to 5,140,578, the total value of shareholders' investments remained unchanged, with no dilutive impact.

44 Fair value Hierarchy

The Company's fair value measurements model is highlighted in accounting policy 4.2.

Level 1

Fair value measurements classified as level 1 include fair values of quoted investments based on current market prices.

Level 2

Fair value measurements classified as level 2 include fair values of unquoted investments which the Company established using valuation techniques such as:

- recent arm's length transactions
- reference to other instruments that are substantially the same
- net assets value and
- discounted cash flows

Level 3

Fair value measurements classified as level 3 include fair values of financial assets of which there are no active markets and no observable inputs. They comprise loans and other receivables.

The table below highlights financial instruments in their various fair value hierarchies at year end:

2021	Total N'000	Level 1 N'000	Level 2 N'000	Level 3 N'000
Asset type				
Quoted securities - At fair value through profit or loss	36,461	36,461	-	-
Quoted securities - At FVOCI	175,291	175,291	-	-
	<u>211,752</u>	<u>211,752</u>	<u>-</u>	<u>-</u>
2020				
Asset type				
Quoted securities - At fair value through profit or loss	68,263	68,263	-	-
Quoted securities - At FVOCI	159,356	159,356	-	-
	<u>227,619</u>	<u>227,619</u>	<u>-</u>	<u>-</u>

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NOTES TO THE FINANCIAL STATEMENTS (continued)

45 CONTRAVENTION OF LAWS AND REGULATIONS

45.1 Penalty by NAICOM

During the year the Company contravened certain sections of the Insurance Act, CAP I17, LFN 2004 and NAICOM's operational guidelines. Details of the contraventions and appropriate penalties thereon are as follows:

Section	Nature of infraction	Amount of penalty	
		2021 N'000	2020 N'000
Operational guideline	Non-remission of AML/CFT (Anti-Money Laundering/ Countering of Financing of terrorism) employee training plan	-	1,000
Operational guideline	Late submission of 2018 reinsurance Treaty to NAICOM	-	-
Operational guideline	Late submission of 2019/2018 Accounts to NAICOM	-	2,000
Operational guideline	Fines and Penalty income/processing fees for NAICOM	-	-
		-	3,000

46 Directors and employees

Employees

The average number of persons employed by the Company during the year by category

	2021 Number	2020 Number
Executive Director	2	2
Management Staff	14	14
Non-management staff	122	122
	138	138
Staff cost for the above persons (Excluding Executive Directors) was:		
Salaries and allowances	330,411	330,053
Other staff cost	18,479	15,721
	348,890	345,775

The number of employees of the company other than Director who received emolument in the following range was:

	Number	Number
N900,001 - N1,100,000	52	52
N1,100,001 - N1,300,000	6	6
N1,300,001 - N1,500,000	4	4
Above - N1,500,000	74	74
	136	136

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NOTES TO THE FINANCIAL STATEMENTS (continued)

46 Directors and employees (Cont'd)

Directors' Remuneration

Directors' Remuneration

The remuneration paid to the Directors of the company was:
Fees and other allowances

N'000	N'000
45,408	45,408
45,408	45,408

Fees and other emoluments disclosed above include amount paid to:
The Chairman
Highest paid Director

N'000	N'000
20,100	20,100
20,100	20,100

The number of Director who received fees and other emolument
(excluding pension contribution) in the following ranges was:
N2,000,001 and above

Number	Number
3	3
3	3

47 Contingent liabilities

Material contingent liabilities have been made or are likely to be made in these financial statements.

48 Related party transactions

Related parties include the related Companies, the directors and any employee who is able to exert significant influence on the operating policies of the Company. Key management personnel are also considered related parties. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

During the year under review, there were no material transactions between related parties. Transactions with related parties are as stated in note 45 above.

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49 RISK MANAGEMENT REPORT

A) Introduction and overview

The Company was faced with the following risks in its operations.

- i Capital Adequacy risk
- ii Regulatory risk
- iii Liquidity risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risks.

Risk Management Philosophies and Principles

The following principles guide financial risk management in the Company:

- i. A deliberate and conscious management of the Company's investment portfolio to ensure that the risk of excessive concentration on any one class, industry, or sector is minimized, as well as to ensure portfolio flexibility and liquidity.
- ii. A strict adoption of sound internal policies and processes resulting in consistent adherence to investment guidelines issued by the National Insurance Commission to enable the Insurance industry maintain sound solvency margin and sound liquidity health at all times.
- iii. The Executive Management took responsibility for establishing a robust liquidity management framework consistent with regulatory requirements of the Commission that ensures sufficient liquidity to withstand a range of stress events.
- iv. The financial risk procedural manual spell-out the operational steps and procedures for executing relevant controls to prevent the occurrence or reduce the impact of risk events touching on Financial and strategy risk. The manual is being reviewed periodically reviewed and updated to take into account new activities, system changes, and structural changes in the industry.
- v. The Board approves all strategies and policies in respect of financial and strategic risk management.
- vi. Evaluation of the effectiveness of risk management process and the internal control system shall be carried out by external consultants periodically.
- vii. The Company relies on its Risk Management Committee
- viii. It develops early warning indicators to aid the prompt identification of all risks from all of the risk categories

Risk Management Strategy

The Board and Management has put in place clearly defined financial risk management framework that provides the Company with guidance and prescribes tolerable financial risk related losses considering available capital and levels of other investment risk exposures. The Company's financial risk policy and strategy are anchored on the following:

- i. Investment portfolio diversification which involves the application of the Company's investible funds in a wide range and class of financial instruments consistent with Regulatory Requirements.
- ii. Liquidity risk Management taking within well defined limits with the sole purpose of creating and enhancing liquidity and competitive advantage,
- iii. Effective utilization of Company's liquidity position.

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Risk Management Framework

The Standard Alliance Insurance Plc recognizes the presence of financial risk in its process of delivering value to its stakeholders. This financial risk Management Framework is set out to manage financial risks resident in the investment processes and procedures of the company. It provides guidance on related issues of Identification, Measurement, Monitoring and Reporting of financial risks in order to ensure the Company continually meets its contractual liabilities to policy holders.

The Company recognizes the importance of these classes of risks, which is inherent in the investment, market, and liquidity management of its insurance business. This policy contains guidelines to help the Company manage its assets in a sound and prudent manner, taking account of the profile of its liabilities, its solvency position and its risk return profile.

The Company's financial risk shall be managed within tolerable limits through an appropriate management focus and deployment of resources.

Risk Management Governance

The overall responsibility for the management of financial risk shall reside with the Board through its Risk and Remuneration Committee. To ensure consistency and prudent management of financial risks, this responsibility shall be divided as follows:

- i. Board of Directors/ Risk & Remuneration Committee
- ii. Finance and Investment Committee of the Board
- iii. Executive Management Committee on Investment
- iv. ERM Committee/CRO
- v. Finance and Investment Department.
- vi. Quality Assurance and Control

Risk Tolerance/Appetite

The Company shall operate by managing its risks within acceptable bounds so as to maintain and increase the value of its resources for its stakeholders. An explicit discussion of risks and risk tolerance will be part of the STANDARD ALLIANCE INSURANCE's decision making process.

STANDARD ALLIANCE INSURANCE has defined Enterprise risk appetite at two levels:

- i. The enterprise level; and
- ii. The Business/Support/Functional Unit levels

The ERM Committee set target key performance indicators ("KPI's") at both an enterprise and a business/support unit level based on recommendations from the Chief Risk Officer. Target KPI's is reviewed at least on annual basis.

At the Business and Support unit levels, the enterprise KPI's is cascaded to the extent that the contribution of each Business/Support Unit to enterprise risk shall serve as input for assessing the performance of the Business/Support Unit.

Tolerance levels is defined for each key risk indicator and serves as a proxy for the risk appetite for each risk area and Business/Support Unit.

Tolerance levels is subject to approval of ERM Committee and shall be reviewed on a periodic basis to reflect changing circumstances.

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Risk Management Process

The Company's disciplined approach to risk management is iterative, scalable, and includes the steps below. Consistent application of this process enables continuous improvement in decision making and performance by top Management. The process as follows:

1. Communication and Dialogue: Communication and dialogue with internal and, as appropriate, external stakeholders as far as necessary takes place at each stage of the risk management process.
2. Establishing the Context: This defines risk parameters to be taken into account when managing risk, and setting the scope and risk criteria for the remaining process.
3. Risk Identification: This process helps the company develop a comprehensive list of risks based on those events that might enhance, prevent, degrade, or delay the achievement of the objectives.
4. Risk Analysis: This context helps to understand the causes and sources of risk, their positive and negative consequences, and the likelihood that those consequences can occur. Existing risk controls and their effectiveness should be taken into account and communicated.
5. Risk Evaluation: The purpose of risk evaluation is to assist in making decisions based on the outcomes of risk analysis about which risks need treatment and to prioritize treatment implementation for those unacceptable risks (i.e. those that exceed risk tolerance)
6. Risk Treatment: This involves the selection of one or more options for modification of unacceptable risks and implementing those options. Risk treatment options include: avoiding the risk, seeking out an opportunity, removing the source of risk, changing the likelihood, changing the consequence, sharing the risk with another party, and retaining the risk by choice.
7. Monitoring and Review: This step should encompass all aspects of the risk management process to:
 - i. Analyze and learn lessons from events, changes, and trends.
 - ii. Detect changes in the external and internal context including changes to the risk.

Risks/ events shall be identified and analyzed against the broad success criteria which may be affected.

The focus in risk identification is capturing all the possible risks associated with an event, activity, project, roles or management decisions. It also covers the impact of an event occurring on the identified success criteria.

- i. Element of Risk- Description of the risk engaged within a process and event or a role.
- ii. Impact on business- Details the consequences of a risk occurring upon the related success criteria.
- iii. Mitigation Measures- Details controls already established or in the process of being established.
- iv. Responsibility- Identifies the officer and department responsible for the implementation and monitoring of compliance of the prescribed controls

B) Financial Risk Assessment

Risks is measured in terms of likelihood and consequences on both inherent and residual basis (pre and post controls). Both likelihood and consequences may be measured qualitatively or quantitatively depending on the risks being considered.

The criteria for success adopted by the Company are;

- i. Shareholders' funds
- ii. Market Share
- iii. Company's image
- iv. Revenue growth
- v. Employees welfare
- vi. Solvency Margin
- vii. Customer Service

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The impact of risk against this success criteria form the basis for the development of the consequence rating scale. The specific evaluation criteria adopted in this document is:

Consequence rating scale

No	Rating	Consequence (impact on established success criteria)	Quantification
1	Catastrophic	Shareholder's fund depleted, license withdrawn and liquidation imminent	>= 10% of Shareholders' fund
2	Major	Most success criteria threatened or one severely affected	5% - < 10% of shareholders' fund
3	Moderate	Some success criteria affected, considerable effort being made to rectify	1% - < 5% of shareholders' fund
4	Minor	Easily remedied, criteria can be recovered	0.5% - < 1% of shareholders' fund
5	Negligible	Very small impact, rectified in the course of normal processes	< 0.5% of shareholders' fund

Likelihood rating scale

No	Rating	Interpretations
1	Almost certain	More than 50% change that it will happen during the year and may occur several
2	Likely	50% change that it will happen during the year
3	Possible	Less than 50% chance that it will happen during the year
4	Unlikely	Could occur once over a 5-10 year period
5	Rare	Very unlikely over a 10 year period

a) **Market Risks**

Market risk refers to worsening financial condition arising from adverse movements in the level of volatility of market prices. It involves the exposure to movement of financial variables such as; equity prices, interest rates or exchange rates. It is usually introduced into a Standard Alliance Operation through variations in financial markets that cause changes in asset values, product or portfolio valuation. Some of the events under market risks are:

- i. Movement in interest rates to the extent that future cash flows from the assets and liabilities are not well matched.
- ii. Movement in market values of equity, real estate and other assets to the extent that the company is exposed to changes in market value.
- iii. Movement in exchange rates which may result in losses from asset and liabilities denominated in different currencies.

b) **Credit Risks**

Credit risk refers to the risk of financial losses arising from default or movement in the credit quality of issuers of security, debtors, or counterparties and intermediaries to whom the company has exposures. Such risk events are:

- i. Default Risk: Risk that a company will not receive or receipts delayed or partially the cash flow or assets to which it is entitled because the other parties default in one or more obligations. This risk has been substantially eliminated by the regulations No Premium, No Cover policy.
- ii. Concentration Risk: Risk of increased exposure to losses due to concentration of investments in a geographical area, economic sector, counterparty, or connected parties.
- iii. Downgrade or Migration Risks: Risks that change in the probability of a future default by an obligor will adversely affect the present value of the contract with the obligor today.
- iv. Indirect or Spread Risks: Risk due to market perception of increased risk on either a macro or micro basis.

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c) Liquidity Risks:

Liquidity risk refers to the risk that a Company, though solvent has insufficient liquid assets to meet its obligations as they fall due. Liquidity is concerned with the current and future maintenance of appropriate levels of cash and liquid assets. Such risk events are:

- i. Liquidation Value Risks: The risk that unexpected timing or amount of needed cash may require the liquidation of asset when market condition may result in loss of realized value.
- ii. Affiliated Investment Risk: The risk that an investment in the Company may be difficult to sell or that such affiliate may create a drain on the financial or operating resources of the Company.
- iii. Capital Funding Risks: The risk that the company will not be able to obtain sufficient outside funding as its assets are illiquid at the time of need.
- iv. Negative Publicity with unexpected liquidity strain.
- v. Negative Report about other companies in similar trade.
- vi. Deterioration of the Economy.
- vii. Abnormally volatile or stressed market.

Identification of Financial Risk

The various risk types identified under financial risk category as used in this policy are:

Market Risks	Credit Risks	Liquidity Risks
Interest Rate	Concentration Risk	Liquidation Value
Equity	Default Risk	Affiliated Investment
Real Estate	Indirect or spread Risks	Capital Funding
Currency	Downgrade or Migration Risks	Negative Publicity

Role of the CRO in conjunction with the finance/ Investment risk manager:

- i. Strive to anticipate the risks inherent in the above listed indicative factors and propose appropriate preventive measures.
- ii. Document the anticipated risks and reports to the ERMC for appropriate response and implementation.

Assessment of Financial Risk

- i. The Company measures its financial risk exposures across risk types, risk factors and overall investment portfolio
- ii. The Company documents the appropriate products to be used to hedge exposures, the item that qualifies to be hedged, how hedging instruments effectiveness shall be assessed and identify individuals responsible for monitoring hedge performance
- iii. The Company has set appropriate limit structure to control its financial risk exposures.
- iv. The Company periodically reviews its financial risk limits to verify its suitability based on current market conditions, economic conditions and its overall risk tolerance
- v. The Company applies its stress testing to determine the potential effect of economic shifts, market events, changes in interest rates, changes in foreign exchange and changes in liquidity conditions

Internal Risk Identification and Assessment

Internal risk relate to risks that have their sources in faulty or deficient internal systems, process or negligence or indolence of persons responsible for such roles. Such risk resides within the financial management system of the Company.

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Internal Risk Identification and Assessment - cont'd

- i. Internal Processes
- ii. Reporting System
- iii. Bank reconciliation practices
- iv. Budget preparation and monitoring
- v. Working capital management

Financial risks also reside within financial processes, people in financial management, compliance levels, Reporting system, control processes.

External Risk Identification and Assessment

External risks relate to risks that are exogenously determined and impact directly on the financial health of the company. Such risks can arise from the following;

- i. Changes in regulation
- ii. Changes in currency and exchange rate
- iii. Changes in interest rate
- iv. Changes in capitalization and Solvency Margin.
- v. Changes in shareholder's structure and composition
- vi. Changes in money and capital markets

Risk & Control Self Assessments

Risk control self assessment of existing, newly identified and emerging financial risk should be carried-out regularly, at least once every quarter.

- i. For every Control-based financial risks such as fraud, the CRO in conjunction with the finance/ Investment managers risk shall;
 - a Identify the control structure
 - b Compare the control structure to a best practice model
 - c Identify the gaps
 - d Recommend and implement new controls.

Risk Ratings

The CRO in conjunction with the finance/ Investment risk managers

Ensure every risk identified and assessed is given the right risk priority rating for effective treatment.

Key Risk Indicators

Management considers several factors as indicative of the presence of financial risks across the organization. Some of these indicative factors are:

Market Risks – KRIs	Credit Risks – KRIs	Liquidity Risks - KRIs
Interest rate fluctuations	Increasing receivables	Earnings volatility
Proportion of debt to equity	Changes in debt profile	Asset coverage
Decline in market values	Frequency of settlement failure	Liquidity ratio
Guaranteed value losses	Connected or affiliated	Cash flow modelling
Changes in exchange rate	Financial trends	Frequency of Cash conversion
Rising inflation	Counterparty exposures	Working Variations in capital

Risk Mitigation

a. Insurance

- i. The finance/ Investment risk manger brings to the attention of the Head Administration department every risk emanating from investment operations that ought to be insured (refer to the risk register for financial risks that are mitigated through insurance)
- ii. The Administration Manager ensures that premium due for all insurances are dully paid
- iii. The finance/ Investment risk manager shall advise the administration department of any insurance that is no longer required.

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Risk Mitigation - cont'd

b. Consultancy

All consultancy services relating to financial risk shall have contract which clearly states the terms of engagement of the consultant.

The Chief risk officer shall ensure that the contract arising from all consultancy services covers the following;

Standard Level Agreement (SLAs) which;

- i. details the minimum level of performance/quality required from the consultants
- ii. clearly delineates the risks to be borne by the consultant
- iii. clearly specifies the penalty for default

Risk Reporting

Financial Risk Management requires an organization to have an effective risk reporting process reflecting the up-to-date status of risk issues within the Company.

- i. Such report should define the responsibility for production of investment report, the layout of each of the reports, timing of production and delivery, presentation of result, basis evaluation, etc.
- ii. Report should be analyzed to improve existing risk management performance, evaluate the impact of financial risk breaches and monitor compliance with risk appetite levels.
- iii. Separate report should be generated for each of the three major risk types: Market, Credit and Liquidity Risk.

Risk Reporting Template

The periodic report should include the following:

- i. Details of investment activities during the period under reference
- ii. Commentary on each of the investment activity
- iii. Details of portfolio positions by asset type
- iv. Concentration analysis of portfolio and/or credit exposures
- v. Details of any regulatory or internal limits breached during the period
- vi. Actions taken on such if any
- vii. Planned future investment activities

C) Capital management

The Company's capital management framework is designed to ensure that the company is capitalised in line with the risk profile, regulatory requirements, economic capital standards and target ratios approved by the board. The capital management objectives of the company are to:

- maintain sufficient capital resources to meet minimum regulatory capital requirements set by NAICOM
- maintain sufficient capital resources to support the company's risk appetite and economic capital requirements;
- support the company's credit rating;
- maintain adequate capital to support the development of its business and to enable it continue as a going concern, while at the same time maximising the return to its shareholders.
- allocate capital to businesses to support the company's strategic objectives, including optimising returns on economic and regulatory capital;
- ensure the company holds capital in excess of minimum requirements in order to achieve the target Capital Adequacy Ratios set by management and to withstand the impact of potential stress events; and
- manage the net asset value currency management process, including evaluating and implementing new derivative instruments that could be used for hedging purposes;

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Capital Management Strategy

The Company's Enterprise Risk Management (ERM) committee ensures compliance with the Company's capital management objectives. The committee reviews actual and forecast capital adequacy on a regular basis. The processes in place for delivering the Company's capital management objectives are:

- establish internal targets for capital adequacy;
- apply stress tests to assess the Company's capital adequacy under stress scenarios;
- plan and forecast capital requirements to ensure that capital ratios exceed the targets set by the Board.

In addition to these processes, the board, through the ERM Committee, review and set risk appetite annually and analyse the impact of stress scenarios to understand and manage the Company's projected capital adequacy.

The Company has had no significant changes in its policies and processes to its capital structure during the year under review through effective selection of investment platforms and has shown concerns over strict compliance with NAICOM investment guidelines.

Expected Credit Loss Impairment Model for financial assets:

The Company's allowance for credit losses calculations shall be outputs of models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. The expected credit loss impairment model reflects the present value of all cash shortfalls related to default events either over the following twelve months or over the expected life of a financial instrument depending on credit deterioration from inception. The allowance for credit losses reflects an unbiased, probability-weighted outcome which considers multiple scenarios based on reasonable and supportable forecasts. The Company shall adopt a three-stage approach for impairment assessment based on changes in credit quality since initial recognition

Stage1—Where there has not been a Significant Increase in Credit Risk (SICR) since initial recognition of a financial instrument, an amount equal to 12months expected credit loss shall be recorded .The expected credit loss shall be computed using a probability of default occurring over the next 12 months. For those instruments with a remaining maturity of less than 12 months, a probability of default corresponding to remaining term to maturity shall be used.

Stage2—When a financial instrument experiences a SICR subsequent to origination but is not considered to be in default, it shall be included in Stage 2. This requires the computation of expected credit loss based on the probability of default over the remaining estimated life of the financial instrument.

Stage3—Financial instruments that are considered to be in default shall be included in this stage. Similar to Stage 2, the allowance for credit losses captures the lifetime expected credit losses.

Measurement of Expected Credit

Losses: The probability of default (PD), exposure at default (EAD) ,and loss given default (LGD) inputs used to estimate expected credit losses shall be modelled based on macroeconomic variables that are most closely related with credit losses in the relevant portfolio.

Details of these statistical parameters/inputs are as follows:

PD—The probability of default shall be an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the remaining estimated life, if the asset has not been previously derecognized and are still in the portfolio.

12-month PDs—This is the estimated probability of default occurring within the next 12months (or over the remaining life of the financial instrument if that is less than 12 months).This shall be used to calculate 12-month ECLs.

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Lifetime PDs—This is the estimated probability of default occurring over the remaining life of the financial instrument. This shall be used to calculate lifetime ECLs for “stage2” and stage3 exposures. PDs shall be limited to the maximum exposure required by IFRS 9.

EAD—The exposure at default shall be an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected draw downs on committed facilities, and accrued interest from missed payments.

LGD—The loss given default shall be an estimate of the loss arising in the case where a default occurs at a given time. It shall be based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It shall be usually expressed as a percentage of the EAD.

The measurement of expected credit losses for each stage and the assessment of significant increases in credit risk considers information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking information requires significant judgement.

The Company shall rely on a broad range of forward looking information as economic inputs, such as GDP growth, unemployment rates, central bank base rates, crude oil prices, inflation rates and foreign exchange rates. The inputs and models used for calculating expected credit losses may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays shall be made as temporary adjustments using expert credit judgement.

The Company shall determine allowance for credit losses using probability-weighted forward looking scenarios. The Company shall consider both internal and external sources of information in order to achieve an unbiased measure of the scenarios used. The Company prepares the scenarios using forecasts generated by credible sources such as Business Monitor International (BMI), International Monetary Fund (IMF), Nigeria Bureau of Statistics (NBS), World Bank, Central Bank of Nigeria (CBN), Nigeria Insurers Association, Financial Markets Dealers Quotation (FMDQ), and Trading Economics.

Assessment of Significant increase in Credit Risk (SICR)

At each reporting date, the company shall assess whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the remaining expected life from the reporting date and the date of initial recognition. The assessment considers borrower-specific quantitative and qualitative information without consideration of collateral, and the impact of forward-looking macroeconomic factors. The common assessments for SICR on retail and non-retail portfolios include macroeconomic outlook, management judgement, and delinquency and monitoring. Forward looking Macroeconomic factors shall be a key component of the macroeconomic outlook. The importance and relevance of each specific macroeconomic factor depends on the type of product, characteristics of the financial instruments and the borrower and the geographical region.

The Company shall adopt a multi factor approach in assessing changes in credit risk. This approach considers: Quantitative (primary), Qualitative (secondary) and Back stop indicators which are critical in allocating financial assets into stages.

The quantitative models consider deterioration in the credit rating of obligor/counter party based on the company's internal rating system or External Credit Assessment Institutions (ECAI) while qualitative factors consider information such as expected forbearance, restructuring, exposure classification by licensed credit bureau etc.

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Assessment of Significant increase in Credit Risk (SICR) - cont'd

A back stop shall be used to ensure that in the (unlikely) event that the primary (quantitative) indicators do not change and there is no trigger from the secondary (qualitative) indicators, an account that has breached the 30 days past due criteria for SIC Rand 90 days past due criteria for default shall be transferred to stage 2 and stage 3 respectively except there is a reasonable and supportable evidence available without undue cost to rebut the presumption.

Definition of Default and Credit Impaired Financial Assets

At each reporting date, the Company shall assess whether financial assets are credit impaired. A financial asset shall be credit impaired when one or more of the following events have a detrimental impact on the estimated future cash flows of the financial asset:

Significant financial difficulty of the Issuer;

- A breach of contract such as a default or past due event;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganization
- The disappearance of an active market for a security because of financial difficulties

A debt that has been renegotiated due to a deterioration in the issuer's condition shall be considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cashflows has reduced significantly and there shall be no other indicators of impairment. In making an assessment of whether an investment in sovereign debts is credit-impaired, the Company shall consider the following factors.

- (i). The market's assessment of credit worthiness as reflected in the bond yields
- (ii). The rating agencies' assessments of credit worthiness
- (iii). The country's ability to access the capital markets for new debt issuance
- (iv). The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness
- (v). The international support mechanisms in place to provide the necessary support as lender of last resort to that country as well as the intention, reflected in public statements of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and irrespective of the political intent, whether there is the capacity to fulfil the required criteria

Effective Interest Rate

EIR (also denoted Internal Rate of Return or Level Yield to Maturity) is in the context of IFRS 9, the interest rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or the amortised cost of a financial liability.

Presentation of allowance for ECL in the statement of financial position

Allowances for ECL shall be 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

Financial assets measured at FVOCI: no loss allowance shall be recognized in the statement of financial position because the carrying amount of these assets shall be their fair value. However, the loss allowance shall be disclosed and recognized in the fair value reserve.

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50 Solvency Margin

The Company's solvency margin is summarised below:

	2021 N'000	2020 N'000
Company solvency	(4,370,122)	(5,972,231)
Regulatory minimum capital required	5,000,000	5,000,000
Deficit in solvency margin	<u>(9,370,122)</u>	<u>(10,972,231)</u>

The Company had a solvency margin of N(4.370)billion for the year ended 31 December 2021 (2020: N5.972 billion), which is N9.370 billion below (2020: N10.972 billion) the regulatory minimum solvency of N5 billion for composite business. Detailed computation of solvency margin is shown below:

31 December, 2021

	Note	Admissible N'000	Inadmissible N'000	Total N'000
Assets				
Cash and cash equivalents	(i)	1,945,556		1,945,556
Financial assets:		-		-
- At fair value through profit or loss		36,461	-	36,461
- At amortised cost		404,841	-	404,841
- Financial asset at FVOCI		175,291	-	175,291
Reinsurance assets		368,242	-	368,242
Trade receivable		8,074	-	8,074
Other receivables and prepayments	(ii)	324	144,246	144,570
Deferred acquisition cost		-	-	-
Investment properties	(iii)	2,890,501	1,139,566	4,030,067
Intangible assets		-	-	-
Property, plant and equipment		50,233	-	50,233
Statutory deposit		535,000	-	535,000
Total assets		<u>6,414,524</u>	<u>1,283,812</u>	<u>7,698,336</u>
Liabilities				
Insurance contract liabilities		5,037,459	-	5,037,459
Investment contract liabilities		2,584,313	-	2,584,313
Trade payables		44,205	-	44,205
Other payables		850,919	-	850,919
Borrowings		1,994,015	-	1,994,015
Finance lease obligation		-	-	-
Income tax liabilities		273,735	-	273,735
Deferred tax liabilities		-	61,909	61,909
Total liabilities		<u>10,784,646</u>	<u>61,909</u>	<u>10,846,555</u>

Excess of total admissible liabilities over admissible assets

(4,370,122)

The higher of 15% of net premium and minimum paid up capital

5,000,000

Deficit in Solvency margin

(9,370,122)

- (i) Cash and cash equivalents: The inadmissible portion represents the excess amount deposited in one bank which is above 20% statutory limit as at reporting date.
- (ii) Other receivables and prepayments: the inadmissible portion of other receivables and prepayments represents amounts of other receivables and prepayments except staff loans made to members of staff in line with Section 24 (13) of the Insurance Act 2003.
The Company has total staff loans receivable of N324 as at 31 December 2021 (2020: N444). These have been admitted for the purpose of the computation while the remaining balance in other receivables and prepayments has been excluded.
- (iii) Investment properties: The inadmissible portion of investment properties represent the balance of reserves arising from revaluation of the assets.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

Valuation Methods

The Insurance Act, CAP I17, LFN 2004 does not specify any particular approach that must be used in determining the statutory value of insurance liabilities. Whilst some sections of the Act appear to make reference to the net premium approach to reserving, we understand that this simply reflects the practice at the time the Act was written and is not a requirement to adopt a net premium valuation approach. We have in the last few years adopted the gross premium valuation approach for statutory purposes as standard and this has been acceptable to NAICOM.

From the IFRS perspective, the main features of IFRS 4 that impact the liability calculations are as follows:

- a) The IFRS prohibits provisions for possible claims under contracts that are not in existence at the end of the reporting period.
- b) The IFRS requires an insurer to keep insurance liabilities in its statement of financial position until they are discharged or cancelled, or expire, and to present insurance liabilities without offsetting them against related reinsurance assets.
- c) The IFRS requires a test for the adequacy of recognised insurance liabilities and an impairment test for reinsurance assets.

Liability adequacy

At each reporting date, an assessment is made of whether the recognized long-term business provisions are adequate, using current estimates of future cash flows. If that assessment shows that the carrying amount of the liabilities (less related assets) is insufficient in light of the estimated future cash flows, the deficiency is recognized in the profit or loss by setting up an additional provision in the statement of financial position.

Key assumptions in liability adequacy testing

IFRS 4 paragraph 15 describes the liability adequacy test which, if conditions are not met, requires any deficiency to be recognised in profit or loss. Paragraph 16 states that:

"If an insurer applies a liability adequacy test that meets the specified minimum requirements, this IFRS imposes no further requirements. The minimum requirements are the following:

- a) The test considers current estimates of all contractual cash flows, and of related cash flows such as claims handling costs, as well as cash flows resulting from embedded options and guarantees.
- b) If the test shows that the liability is inadequate, the entire deficiency is recognised in profit or loss."

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

51.4 Asset Hypothecation

The company is exposed to a range of financial risks through its financial assets, financial liabilities, reinsurance assets and insurance liabilities. In particular, the key financial risk is that in the long term its investment proceeds will not be sufficient to fund the obligations arising from its insurance contracts, in response to the risk, the Company's assets and liabilities are allocated as follows:

	Non-Life	Policy Holders' Fund Life Policy Insurance Contract Liabilities	Investment Contract Liabilities	Annuity	Shareholders' Fund	Total 2021	Total 2020	Change %
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	
ASSETS								
Cash and cash equivalents	91,385	520,211	488,246	893,087	-	1,992,929	1,165,808	71
Financial Assets:								
- At fair value through profit or loss	20,495	15,966	-	-	-	36,461	68,263	(47)
- At amortised cost	1,643	1,725	65,205	-	-	68,573	462,276	(85)
- At fair value through OCI	159,356	-	-	-	-	159,356	159,356	-
Reinsurance assets	368,242	-	-	-	-	368,242	368,242	-
TOTAL ASSETS	641,121	537,902	553,451	893,087	-	2,625,561	2,223,945	
LIABILITIES								
Insurance contract liabilities	1,748,507	1,017,718	-	2,271,234	-	5,037,459	5,618,723	(10)
Investment contract liabilities	-	-	2,584,313	-	-	2,584,313	455,519	467
TOTAL LIABILITIES	1,748,507	1,017,718	2,584,313	2,271,234	-	7,621,772	6,074,242	
(Deficits)/surplus in asset cover	(1,107,386)	(479,816)	(2,030,862)	(1,378,148)	-	(4,996,211)	(3,850,299)	

STANDARD ALLIANCE INSURANCE PLC
51.5 Revenue account

	Non Life Business							Life Business						
	Aviation N'000	Bonds N'000	Engineering N'000	Fire N'000	General Accident N'000	Marine N'000	Motor Accident N'000	Oil & Gas N'000	Group Life N'000	Individual life N'000	Annuity N'000	Investment Contract N'000	2021 N'000	2020 N'000
Gross Premium written	400	4,464	5,187	34,467	71,183	39,339	91,965	8,895	136,894	3	9,201	673	402,670	962,578
Movements in unexpired risks	(500)	300	(89,950)	(4,918)	72,744	1	797	(7,500)	79,394	-	-	-	50,368	71,057
Movement in individual life	-	-	-	-	-	-	-	-	-	-	-	-	-	(133,120)
Movement in annuity	-	-	-	-	-	-	-	-	-	-	-	-	-	(179,499)
Gross premium income	(100)	4,764	(84,763)	29,549	143,927	39,340	92,762	1,395	216,287	3	9,201	673	453,039	721,016
Reinsurance expenses:														
Charged for the year	-	-	-	-	-	-	8,595	-	10,000	5,359			23,954	(20,346)
Changes in reinsurer's share of UPR	-	-	-	-	-	-	-	-	-	-	-		-	-
	-	-	-	-	-	-	8,595	-	10,000	5,359	-		23,954	(20,346)
Net premium written	(100)	4,764	(84,763)	29,549	143,927	39,340	84,168	1,395	206,287	(5,357)	9,201	673	429,085	700,671
Commission received	-	-	-	-	-	-	-	-	-	-	-	-	-	22,062
Underwriting income	(100)	4,764	(84,763)	29,549	143,927	39,340	84,168	1,395	206,287	(5,357)	9,201	673	429,085	722,733
Claim expenses														
Claims paid	559	2,020	10,973	1,080	39,002	-	3,412	(262)	47,201	322,746	3,510		430,241	(2,206,147)
Movement in outstanding claims	-	-	-	-	55	-	-	-	270,791	-	-	-	270,846	-
Movement in IBNR	(1,362)	2,292	(41,250)	(141,665)	48,388	2,292	(35,607)	43,904	302,986	-	-	-	179,978	-
	(803)	4,312	(30,277)	(140,585)	87,445	2,292	(32,195)	43,642	620,978	322,746	3,510	-	881,065	(2,206,147)
Claim expenses recovered from reinsurers	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	(803)	4,312	(30,277)	(140,585)	87,445	2,292	(32,195)	43,642	620,978	322,746	3,510	-	881,066	(2,206,147)
Underwriting expenses														
Acquisition costs	178	844	946	5,255	5,288	7,356	11,363	222	9,401	-	-		40,853	(95,341)
Maintenance costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total underwriting expenses	178	844	946	5,255	5,288	7,356	11,363	222	9,401	-	-	-	40,853	(95,341)
Total expenses	(625)	5,156	(29,331)	(135,330)	92,733	9,648	(20,832)	43,864	630,379	322,746	3,510	-	921,919	(2,301,488)
Underwriting (loss)/profit	525	(392)	(55,432)	164,879	51,195	29,693	105,000	(42,469)	(424,092)	(328,103)	5,691	673	(492,834)	(1,578,755)

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

OTHER NATIONAL DISCLOSURE

STATEMENT OF VALUE ADDED

	2021		2020	
	N'000	%	N'000	%
Premium, Investment and Other Income	481,742		1,796,663	
Premiums, Commissions, Claims paid and other operational cost	<u>(1,694,494)</u>		<u>(3,395,837)</u>	
Value Added	<u>(1,212,752)</u>	<u>100</u>	<u>(1,599,174)</u>	<u>100</u>
DISTRIBUTED AS FOLLOWS:				
EMPLOYEES				
Staff costs	348,890	(29)	345,775	(22)
PROVIDERS OF FUNDS				
Finance charges	135,920	(11)	84,794	(5)
GOVERNMENT				
Taxation	(1,915)	-	4,813	-
ASSET REPLACEMENT				
Depreciation and amortisation	28,856	(2)	98,710	(6)
CONTRACTION/EXPANSION - Shareholder's interest				
(Loss)/Profit for the year	<u>(1,724,503)</u>	<u>142</u>	<u>(2,133,266)</u>	<u>132</u>
VALUE ADDED	<u>(1,212,752)</u>	<u>100</u>	<u>(1,599,174)</u>	<u>99</u>

The value added statement represents the distribution of the wealth created by the Company through the use of its assets and the efforts of the employees. This statement shows the allocation of the wealth between employees, shareholders, government and that retained for the future creation of more wealth.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

OTHER NATIONAL DISCLOSURE
FIVE YEAR FINANCIAL SUMMARY

ASSETS	2021 N'000	2020 N'000	2019 N'000	2018 N'000	2017 N'000
Cash and cash equivalents	1,945,556	1,165,808	1,259,652	1,346,321	1,029,269
Financial Assets:					
- At fair value through profit or loss	36,461	68,263	60,109	63,877	73,027
Amortised cost	404,841	462,276	214,521	117,775.00	-
- Loans and receivables	-	-	-	-	76,534
- At fair value through OCI	175,291	159,356	175,292	233,722.00	-
- Available for sale investment	-	-	-	-	258,511
- Held to maturity	-	-	-	-	41,634
Reinsurance assets	368,242	368,242	401,934	569,489	631,111
Trade receivables	8,074	2,275	2,271	72,352	18,046
Other receivables and prepayments	144,570	751,414	45,028	42,160	67,083
Deferred acquisition costs	-	16,782	13,950	54,684	106,439
Investment property	4,030,067	4,030,067	4,670,589	4,134,589	3,934,589
Non-current asset held for sale	-	-	-	-	-
Intangible assets	-	-	2,504	5,881	9,256
Property, plant and equipment	50,233	137,567	3,941,394	6,285,400	6,307,811
Statutory deposit	535,000	535,000	535,000	535,000	535,000
TOTAL ASSETS	7,698,336	7,697,050	11,322,244	13,461,249	13,088,311
LIABILITIES AND SHAREHOLDERS' EQUITY					
LIABILITIES					
Insurance contract liabilities	5,037,459	5,618,723	3,929,106	4,639,158	4,637,364
Investment contract liabilities	2,584,313	455,519	595,773	660,145	368,236
Trade payables	44,204	51,300	53,785	57,266	216,556
Other payables and accruals	850,919	781,008	726,800	596,796	508,649
Borrowings	1,994,015	1,783,944	1,683,651	1,369,925	1,304,290
Finance lease obligations	0	0	12,559	13,488	38,786
Income tax liabilities	273,735	316,820	317,885	317,468	247,502
Deferred tax liabilities	61,909	61,909	62,445	475,604	543,145
TOTAL LIABILITIES	10,846,554	9,069,223	7,382,004	8,129,850	7,864,528
SHAREHOLDERS' EQUITY					
Share capital	6,455,515	6,455,515	6,455,515	6,455,515	6,455,515
Treasury shares	(1,145)	(1,145)	(1,145)	(1,145)	(2,853)
Share premium	7,484,955	7,484,955	7,484,955	7,484,955	7,484,955
Contingency reserves	1,768,801	1,756,720	1,740,714	1,696,992	1,611,278
Accumulated loss	(18,925,881)	(17,121,819)	(14,972,546)	(13,713,094)	(13,650,078)
Revaluation reserves	48,291	48,291	3,211,501	3,328,501	3,220,501
Fair value reserves	21,245	5,310	21,246	79,676	104,465.00
Total equity attributable to the owners of the	(3,148,219)	(1,372,173)	3,940,240	5,331,400	5,223,783
Non-controlling interest in equity		-	-	-	-
TOTAL EQUITY	(3,148,219)	(1,372,173)	3,940,240	5,331,400	5,223,783
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	7,698,336	7,697,050	11,322,244	13,461,249	13,088,311

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

OTHER NATIONAL DISCLOSURE
FIVE YEAR FINANCIAL SUMMARY

	2021 N'000	2020 N'000	2019 N'000	2018 N'000	2017 N'000
Gross premium written	402,670	962,578	2,427,120	3,757,303	5,057,100
Unearned premium	50,368	71,057	238,429	514,961	152,870
Movement in individual life	-	(133,120)	159,832	189,235	109,510
Movement in annuity	-	(179,499)	(270,585)	(519,570)	(86,621)
Gross premium income	453,038	721,016	2,554,796	3,941,929	5,232,859
Reinsurance expenses	(23,954)	(20,346)	(238,656)	(339,415)	(715,489)
Net premium income	429,084	700,671	2,316,140	3,602,514	4,517,370
Commission income	-	22,062	20,174	81,422	139,654
Net underwriting income	429,084	722,733	2,336,314	3,683,936	4,657,024
Claims expenses (net)	(881,065)	(2,206,147)	(719,445)	(1,379,603)	(1,511,974)
Underwriting expenses	(40,853)	(95,341)	(476,809)	(1,374,015)	(1,548,569)
Total underwriting expenses	(921,917)	(2,301,488)	(1,196,254)	(2,753,618)	(3,060,543)
Underwriting profit	(492,834)	(1,578,755)	1,140,060	930,318	1,596,481
Investment income	13,289	202,449	160,711	199,986	156,395
Other income	15,416	873,197	8,943	-	206,785
Loss on investment contract liabilities	1,780	2,331	(15,351)	(234,182)	(38,230)
Management expenses	(882,316)	(835,774)	(954,243)	(879,084)	(1,450,701)
Expected credit loss expense	(529)	(4,089)	(1,542)	(1,076.00)	-
Finance charges	(135,920)	(84,794)	(78,268)	(67,906)	(80,533)
Writeback	-	-	-	-	-
Fair value gain/(loss) on financial assets	(31,801)	8,154	(3,078)	-	(188,628)
Fair value loss on available for sales financial assets	-	-	-	(10,858)	18,814
Impairment- Other debtors	-	40,000	-	-	-
Impairment of claims recoverable	-	-	(170,202)	(109,715)	-
Fair value gain/(Loss) on disposal of assets	-	(586,522)	(527,500)	200,000	110,000
Foreign exchange loss	(213,503)	(101,137)	(30,060)	(4,529)	(52,617)
Impairment of Other Assets	-	(63,513)	(101,242)	-	-
Profit/(loss) before taxation	(1,726,418)	(2,128,453)	(571,772)	22,954	277,766
Income tax	1,915	(4,813)	(4,117)	(4,178)	(6,350)
Deferred tax	-	-	413,159	9,252	-
Information technology development tevy	-	-	-	(3,228)	(656)
Profit/(loss) for the year	(1,724,503)	(2,133,266)	(162,730)	24,800	270,760
(Loss)/earnings per share : Basic (naira)	(13.36)	(16.52)	(1.26)	0.19	2.00

**FINANCIAL
STATEMENTS FOR
THE YEAR ENDED 31
DECEMBER 2022**



STANDARD ALLIANCE INSURANCE PLC

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Corporate information

Registration Number - RC: 40590

Directors :	Mr. Johnson Chukwu	Chairman	Resigned 16 August 2024
	Mr. Tayo Awodiya	Chief Executive Officer	Resigned 16 August 2024
	Mr. Oduniyi Odusi	Executive Director	Resigned 28 June 2024
	Alh. Uwais Haruna Mohammed	Independent Non-Executive Director	Resigned 16 August 2024
	Chief Uzoma Igbonwa	Non-Executive Director	Resigned 27 June 2024
	Akin Iroko	Chairman	Appointed 23 September 2024
	Nathaniel ibitowa	Non-Executive Director	Appointed 23 September 2024
	Rohan Fernando	Non-Executive Director	Appointed 23 September 2024
	Musa Lawan	Non-Executive Director	Appointed 23 September 2024
	Paulinus Offorzor	Managing Director/CEO	Appointed 23 September 2024
	Michael Owoppe	Chief Financial Officer	Appointed 23 September 2024
	Olutayo Amore	ED - Technical	Appointed 30 October 2024

Company Secretary - Bar. Halima Jimada

Registered Office - Plot 1 Block 94, Providence Street
Lekki Scheme 1, Lekki
Lagos.

Registrar - First Registrars and Investor Services Limited
Plot 2, Abebe Village Road, Iganmu
Lagos.

Bankers - Access Bank Plc
Ecobank Plc
Fidelity Bank Plc
First City Monument Bank Limited
First Bank of Nigeria Limited
Guaranty Trust Bank Plc
Heritage Bank Limited
Keystone Bank Limited
Polaris Bank Limited
Sterling Bank Plc
Union Bank Plc
United Bank for Africa Plc
Unity Bank Plc
Wema Bank Plc
Zenith Bank Plc

Reinsurers - African Reinsurance Corporation
Waica Reinsurance Corporation Plc
Nigeria Reinsurance Corporation
Zep Reinsurance Corporation
Nouvell Compagnie Africaine De Reassurance
Aveni Reinsurance Company Ltd

Reinsurance Broker - Standard Insurance Brokers Limited

Auditor - Muhtari Dangana & Co
(Chartered Accountants)
Maanah Plaza
19, Araromi Street,
Onikan - Lagos.

Actuary - Becoda Consulting Limited
No 7, Ibiyinka Olorunimbe Close
Victoria Island
Lagos

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Results at a glance

	2022 N'000	2021 N'000	% Change
Statement of Comprehensive income:			
Gross premium written	105,330	402,670	(74)
Net premium income	93,160	429,084	(78)
Claims expenses	(578,558)	(881,065)	(34)
Underwriting (loss)/profit	(494,549)	(492,834)	0
Investment and other income	26,830	28,705	(7)
Management expenses	(409,184)	(882,316)	(54)
Loss before tax	(1,211,203)	(1,726,418)	30
Statement of Financial Position:			
Cash and cash equivalents	695,776	1,945,556	(64)
Investment property	4,030,067	4,030,067	-
Insurance contract liabilities	5,078,824	5,037,459	1
Investment contract liabilities	2,713,529	2,584,313	5
Paid up share capital	6,455,515	6,455,515	-
Shareholders' funds	(4,334,634)	(3,148,219)	38
Total Assets	6,316,314	7,698,336	(18)
Per share data			
Basic earnings per share (kobo)	(9.38)	(13.36)	30
Net assets per share (kobo)	(34)	(24)	-
Share price (kobo)	50	50	-
General			
Number of Shareholders	70,357	70,357	-
Number of Employees	135	135	-
Number of Branches	14	14	-

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

STATEMENT OF DIRECTORS' RESPONSIBILITIES

In accordance with the provisions of the Companies and Allied Matters Act, 2020, the Insurance Act CAP I17, LFN, 2004 and National Insurance Commission's prudential guidelines 2015, the Directors are responsible for the preparation of financial statements which give a true and fair view of the state of affairs of the Company and the profit or loss and other comprehensive income for the financial year.

The Directors responsibilities include ensuring that the Company:

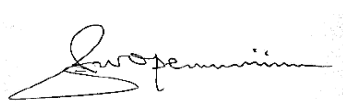
- i. implement appropriate internal controls to secure the assets of the Company, prevent and detect fraud and other financial irregularities
- ii. keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which ensure that the financial statements comply with the requirements of the Companies and Allied Matters Act 2020, Insurance Act CAP I17, LFN 2004, and NAICOM Prudential Guidelines and Circulars.
- iii. 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.

The Directors accept responsibility for maintaining adequate accounting records as required by:

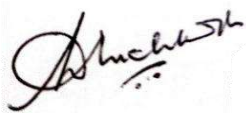
- a. International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);
- b. Companies and Allied Matters Act, 2020;
- c. Insurance Act, CAP I17, LFN 2004;
- d. NAICOM Prudential Guidelines and circulars.

The Directors are of the opinion that the financial statements give a true and fair view of the state of affairs of the Company and of the profit or loss for the year. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal control.

Nothing has come to the attention of the Directors to indicate that the Company will not remain a going concern for at least 12 (twelve) months from the date of approval of the financial statements.



Mr. Michael Owopo
Chief Finance Officer
FRC/2018/PRO/ICAN/001/00000017730



Mr. Paulinus Offorzor
Managing Director/CEO
FRC/2013/PRO/CIIN/002/00000003287



Mr. Akin Iroko
Chairman
FRC/2024/PRO/DIR/003/358339

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

REPORT OF THE DIRECTORS

The Directors have the pleasure of presenting their annual report and the audited financial statements of Standard Alliance Insurance Plc to the Shareholders along with the auditor's report for the year ended 31 December 2022. The Company's financial statements were prepared in compliance with the International Financial Reporting Standards (IFRS).

Principal activities and business review

The Company's principal activity is the provision of non-life and life underwriting and special risk underwriting. Such services include provision of general insurance and life assurance services to both individual and corporate customers.

The below is the summary of the Company's operating results:

	2022 N'000	2021 N'000
Gross premium income	105,279	453,038
Claims expenses	(578,558)	(881,065)
Underwriting expenses	(9,151)	(40,853)
Underwriting results	(494,549)	(492,834)

Directors

The Directors of the Company are as follows:

Mr. Johnson Chukwu	- Chairman	Resigned 16 August 2024
Mr. Tayo Awodiya	- Chief Executive Officer	Resigned 16 August 2024
Mr. Oduniyi Odusi	- Executive Director	Resigned 28 June 2024
Alh. Uwais Haruna Mohammed	- Independent Non-Executive Director	Resigned 16 August 2024
Chief Uzoma Igbonwa	- Non-Executive Director	Resigned 27 June 2024
Akin Iroko	- Chairman	Appointed 23 September 2024
Nathaniel ibitowa	- Non-Executive Director (Nigerian)	Appointed 23 September 2024
Rohan Fernando	- Non-Executive Director (Sri Lankan)	Appointed 23 September 2024
Musa Lawan	- Non-Executive Director (Nigerian)	Appointed 23 September 2024
Paulinus Offorzor	- Managing Director/CEO (Nigerian)	Appointed 23 September 2024
Michael Owoppe	- Chief Financial Officer (Nigerian)	Appointed 23 September 2024
Olutayo Amore	- Executive Director-Technical (Nigerian)	Appointed 30 October 2024

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

REPORT OF THE DIRECTORS (continued)

Directors' interests

The Directors' direct interests in the issued share capital of the Company as recorded in the Register of members as at 31 December 2022 are as follows:

Mr. Johnson Chukwu & Mr. Austin Enajemo-Isire:

Standard Alliance Investments Limited	2,557,636,144	19.81	2,557,636,144	19.81
Standard Alliance Capital Limited	250,250,000	1.94	250,250,000	1.94

Contracts

In accordance with Section 277 of the Companies and Allied Matters Act 2020, none of the Directors notified the Company of any declarable interest in contracts involving the Company during the year under review.

Property, plant and equipment

Information relating to changes in tangible assets is given in Note 14 to the financial statements. The Directors are of the opinion that the market value of the Company's assets is not lower than the values shown in the financial statements.

Share capital information

a) Share range analysis

Range of shares	Number of Shareholders	% Total	Share Units	% Total
1 - 1,000	15,126	21.49	14,492,143	0.11
1,001 - 5,000	27,647	39.27	86,388,122	0.67
5,001 - 10,000	11,711	16.63	103,565,160	0.80
10,001 - 50,000	11,831	16.81	282,768,978	2.19
50,001 - 100,000	2,029	2.88	165,648,519	1.28
100,001 - 500,000	1,534	2.18	340,954,565	2.64
500,001 - 1,000,000	240	0.34	198,713,693	1.54
1,000,001 - 5,000,000	165	0.23	363,668,833	2.82
5,000,001 - 10,000,000	45	0.06	335,668,609	2.60
10,000,001 - 50,000,000	40	0.06	853,979,957	6.61
50,000,001 and above	33	0.05	10,165,182,007	78.73
Total	70,401	100	12,911,030,586	100

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022
REPORT OF THE DIRECTORS (continued)

b) Substantial interests in shares

Apart from Gemrock Management Company Limited, Standard Alliance Investments Limited and FCMB Plc which hold 2,594,060,738 units (20.09%), 2,557,636,144 units (19.81%) and 700,000,000 units (5.42%) respectively, no other shareholder held more than 5% of the issued share capital of the Company as at 31 December 2022.

Corporate Social Responsibilities

The Company makes donations to charitable and non-profit organisations in appreciation of the society's contributions toward's the Company's progress.

During the year, no donation was made (December 2021: Nil) was given out as donations and charitable contributions. Details of the donations and charitable gifts are as stated below:

	2022 N'000	2021 N'000
i) Fair Life African Foundation	-	-
ii) Ansar-ud-deen Society of Nigeria	-	-
	-	-

Human resources

a) Employment of disabled persons

The Company operates a non-discriminatory policy in the consideration of applications for employment, including those received from disabled persons. The Company's policy is that the most qualified and experienced persons are recruited for appropriate job levels irrespective of applicants state of origin, ethnicity, religion or physical condition. In the event that any employee becomes disabled in the course of employment, the Company is in a position to arrange appropriate training to ensure continuous employment of such person without being subjected to any disadvantage in his/her career development.

b) Health, safety and welfare of Employees

The Company's business premises are designed with a view to guaranteeing the safety and healthy living conditions of its employees and customers alike. Health, safety and fire drills are regularly organised to keep employees alert at all times. Employees are adequately insured against occupational hazards. In addition, the Company provides medical facilities to its employees and their immediate families at its expense.

c) Employee involvement and training

The Company encourages participation of employees in arriving at decisions in respect of matters affecting their well being. Towards this end, the Company provides opportunities for employees to deliberate on issues affecting the Company and employees' interests, with a view to making inputs to decisions thereon. The Company places a high premium on the development of its manpower. Consequently, the Company sponsored its employees for various training courses both in Nigeria and abroad in the year under review.

Auditors

Muhtari Danagana & Co (Chartered Accountants) were reappointed as statutory auditor of the Company in 2022 and have indicated their willingness to continue in office in accordance with the Companies and Allied Matters Act, 2020.

A resolution will be proposed at the Annual General Meeting to authorize the directors to fix their remuneration.

By order of the Board



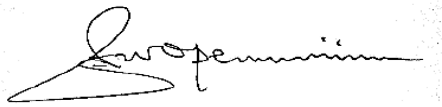
Miss. Halima Jimada
Comp. Sec/Legal Adviser
FRC/2024/PRO/NBA/004/605363

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

CERTIFICATION PURSUANT TO SECTION 60(2) OF INVESTMENT AND SECURITIES
ACT NO.29 OF 2007

We the undersigned hereby certify the following with regards to our audited report for the year ended 31 December 2022 that:

- (a) We have reviewed the report;
- (b) To the best of our knowledge, the report does not contain:
 - (i) Any untrue statement of a material fact, or
 - (ii) Omit to state a material fact, which would make the statements, misleading in the light of circumstances under which such statements were made;
- (c) 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 operations of the company as of, and for the periods presented in the report;
- (d) **We:**
 - (i) are responsible for establishing and maintaining internal controls;
 - (ii) have designed such internal controls to ensure that material information relating to the Company is made known to such officers by others within the entity particularly during the period in which the periodic reports are being prepared;
 - (iii) have evaluated the effectiveness of the Company's internal controls as of date within 90 days prior to the report;
 - (iv) have presented in the report our conclusions about the effectiveness of our internal controls based on our evaluation as of that date;
- (e) **We have disclosed to the Auditors of the Company and Audit Committee:**
 - (i) all significant deficiencies in the design or operations of internal controls which would adversely affect the Company's ability to record, process, summarize and report financial data;
 - (ii) any fraud, whether or not material, that involves management or other employees who have significant roles in the Company's internal controls;
- (f) 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. Michael Owopo
FRC/2018/PRO/ICAN/001/00000017730
Chief Finance Officer



Mr. Paulinus Offorzor
FRC/2013/PRO/CIIN/002/00000003287
Managing Director/CEO

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

REPORT OF AUDIT COMMITTEE
TO THE MEMBERS OF STANDARD ALLIANCE INSURANCE PLC

In accordance with the provisions of Section 404 (7) of the Companies and Allied Matters Act 2020, we the Members of the Audit Committee of Standard Alliance 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 31 December, 2022 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.
- We are satisfied with the departmental responses to the External Auditors' findings on management matters for the year ended 31 December, 2022.

Finally, we acknowledge and appreciate the cooperation of Management and Staff in the conduct of these duties.



Nathaniel Ibitowa
Chairman of the Audit Committee
FRC/2025/PRO/DIR/003/655875

Members of the Audit Committee

Nathaniel Ibitowa	-	Chairman	Appointed October 9, 2024
Musa Lawan	-	Member	Appointed October 9, 2024
Erinfolami Gafar	-	Member	Appointed October 9, 2024
Matthew Esonanjor (SAN	-	Member	Appointed October 9, 2024

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

CORPORATE GOVERNANCE REPORT

Reporting entity

Standard Alliance Insurance Plc is a Company incorporated and domiciled in Nigeria. The address of the Company's registered office is Plot 1, Block 94, Providence Street, Lekki Scheme 1, Lekki – Epe Express way, Lekki, Lagos. The Company underwrites life and non-life insurance risks. The Company is listed on the Nigerian Stock Exchange.

The Company primarily operates in the insurance sector.

Standard Alliance Insurance Plc has over the years built an enviable reputation and has consistently adopted, implemented and applied international best practices in corporate governance, service delivery and value creation for all its stakeholders.

The Company's corporate governance principles are embodied in its Code of Corporate Governance, which represents the core values upon which the Company was founded. The code of Corporate Governance is designed to ensure that the Company's business is conducted in a fair, honest and transparent manner that conforms to high ethical standards. For the entity, good corporate governance goes beyond just adhering to rules and policies of the Regulators; it is about consistently creating excellent value for our stakeholders using the best possible principles within a sustainable and enduring system.

In order to remain a pace setter in the area of good corporate governance practice, the Company's corporate governance practices are constantly under review in line with the dynamics of the business environment and guidelines of the regulatory bodies.

Governance Structure

The Company is committed to high standards of corporate governance. Corporate governance practice in the Company is drawn from various applicable codes of corporate governance issued by National Insurance Commission (NAICOM) and Securities and Exchange Commission (SEC). This ensures compliance with regulatory requirement as well as the core value which the Company upholds.

The provision of the codes is geared towards ensuring transparency and accountability of the Board and Management to shareholders of the Company.

The Board of Directors

The newly reconstituted Board of Directors is made up of seven (7) members; the Chairman, three (3) Non-Executive Directors and three (3) Executive Directors.

All the Directors bring various and varied competencies to bear on all Board deliberations. The Directors individually have attained the highest pinnacle of their chosen professions. The Board meets quarterly and is responsible for effective control and monitoring of the Company's strategy.

The ultimate responsibility for the governance of the Company resides with the Board of Directors, which is accountable to the shareholders for creating and delivering sustainable value through the management of the Company's business. The Board is also responsible for the management of the Company's relationship with its various stakeholders. The day to day running of the Company is delegated to the Chief Executive Officer by the Board of Directors assisted by the Management Committees.

Responsibilities of the Board

The responsibilities of the Board of Directors include:

- i. Review corporate strategy, major plans of actions, risk policies, business plans, setting performance objectives, monitoring implementation and corporate performance and overseeing major capital expenditures and acquisitions

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

CORPORATE GOVERNANCE REPORT (Continued)

- ii. Select, compensate, monitor and when necessary, replace key executives and oversee succession planning.
- iii. Monitor the effectiveness of the governance practices under which it operates and make changes as may be necessary.
- iv. Ensure the integrity of the Company's accounting and financial reporting systems, including the independent audit and that appropriate systems of control are in place, in particular, systems for monitoring risk, financial control and compliance with the law.
- v. Monitor and manage potential conflicts of interest of management, board members and shareholders, including misuse of corporate assets and abuse in related party transactions.
- vi. Supervise and monitor the execution of policies and providing direction for the management.
- vii. Monitor potential risks within the company including recognising and encouraging honest whistle blowing.
- viii. Oversee the process of disclosure and communication in the company.

Roles of Chairman and Chief Executive Officer

The roles of Chairman and Chief Executive are separate and no one individual combines the two positions. The Chairman's main responsibility is to lead and manage the Board to ensure that it operates effectively and fully discharges its legal and regulatory responsibilities. The Chairman is responsible for ensuring that Directors receive accurate, timely and clear information to enable the Board take informed decisions, monitor effectively and provide advice to promote the success of the Company. The Chairman also facilitates the contributions of Directors and promotes effective relationships and open communications between Executive and non-Executive Directors, both inside and outside the Boardroom.

The Board has delegated the responsibility for the day-to-day management of the Company to the Chief Executive Officer, who is supported by Executive Management. The Chief Executive Officer executes the powers delegated to him in accordance with guidelines approved by the Board of Directors. Executive management is accountable to the Board for the development and implementation of strategies and policies. The Board regularly reviews Company performance, matters of strategic concern and any other matters it regards as material.

Board Committees

The Board carries out some of its responsibilities through the Board sub-committees whose terms of reference set out clearly their roles, responsibilities, scope of authority and procedures for reporting to the Board. Each committee is chaired by a non-Executive Director in compliance with principles of good corporate governance and the Audit Committee is chaired by a non-executive director. These committees report to the Board of Directors on their activities and decisions, which are ratified by the full Board. The Committees are as follows:

1) The Finance, Strategy and General purposes Committee

This is a standing Committee of the Board with the responsibility to review the Company investment portfolio. The terms of reference of the Committee includes:

- Review of existing investments;
- Review of investment strategies;
- Review of company's investments by way of equities;
- Review of Budgets.
- Review and make recommendations on procedural manuals/policies;
- Make recommendation on recruitment/termination of General Managers and above to the Board;
- Strategy formulation;
- Review of Human Capital Management Operations
- Review of Marketing activities

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022
CORPORATE GOVERNANCE REPORT (Continued)

The Committee had the following members during the year under review:

The Committee did not hold any meeting during the year under review because the Board of Directors were not sufficient in number.

2) The Enterprise Risk Management and Governance Committee

The terms of reference of this Committee includes the following:

- Establish criteria for Board and Board Committee memberships, review candidate's qualifications and any potential conflict of interest, assess the contribution of current directors in connection with their re-appointment and make recommendations to the Board;
- Prepare job specification for the Chairman's position, including assessment of time commitment required of the candidate;
- Periodic evaluation of skills, knowledge and experience required on the Board;
- Make recommendations on experience required by the Board Committee members, Committee appointments and removal, operating structure, reporting and other Committee operational matters;
- Make recommendations on compensation structure for Executive Directors;
- Provide input to the annual report of the Company in respect of Director's compensation;
- Ensure Succession Policy and Plan, subsists for positions of Chairman, CEO/MD, Executive Directors and subsidiary MDs;
- Ensure Board conducts Board Evaluation on annual basis;
- Review performance and effectiveness of the subsidiary's Board on annual basis;
- Review and make recommendations to Board for approval of the Company's organizational structure and any proposed amendments;
- Review of performance bonuses;
- Review of Staff Remuneration package.
- Review and approval of the Company's Enterprise Risk Management policy including risk appetite and risk strategy;
- Review the adequacy and effectiveness of risk management and controls;
- Oversight of management's process for the identification of significant risks across the Company and the adequacy of prevention, detection and reporting mechanisms;
- Review of the Company's compliance level with applicable laws and regulatory requirements which may impact the Company's risk profile;
- Periodic review of changes in the economic and business environment, including emerging trends and other factors relevant to the Company's risk profile;
- Review and recommend for approval of the Board risk management procedures and controls for new products and services.

The Committee did not hold any meeting during the year under review because the Board of Directors were not sufficient in number.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

CORPORATE GOVERNANCE REPORT (Continued)

3) The Audit and Compliance Committee

The Audit and Compliance Committee is made up of 6 (six) members, three representatives each of Shareholders and Directors. Its members are elected at the Annual General Meeting.

In addition to its responsibility to review the scope, independence and objectivity of the audit, the Committee carries out all such matters as are referred to it by the Companies and Allied Matters Act, 2020. These functions include to:

- Meet at least thrice yearly and once with the External Auditors;
- Review Whistle blowing policy;
- Periodic Evaluation of the Committee's performance;
- Carrying out internal control checks on all company activities;
- Make recommendations to the Board on sanctions in areas of default where necessary;
- Receive and review integrity of data of the audited financial statements of the company;
- Make recommendation on appointment and remuneration of external auditors;
- Review and make recommendations based on Management letters issued by external auditors;
- Monitor the quality of internal control procedures and compliance with regulatory policies.

The Committee had the following members during the year under review:

Nathaniel Ibitowa	-	Chairman
Musa Lawan	-	Member
Rohan Fernando	-	Member
Erinfolami Gafar	-	Member
Matthew Esonanjour (SAN)	-	Member
Bar. Halima Jimada	-	Member

This Committee was recently reconstituted after new core investors came on board. The previous Audit Committee of the former management did not hold any meeting in the year under review.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022
CORPORATE GOVERNANCE REPORT (Continued)

Internal Control

It is the responsibility of the Board of Directors to ensure that all the records are accurate and correctly reflect the financial position of the Company. The Board is mindful of the fact that as an insurance company, great relevance is placed by policy holders and potential investors on the accuracy of information contained in its financial statements.

In order to ensure the accuracy of its records, the Board sets standards that the Quality Assurance department implements system of internal control comprising policies, standards and procedures to ensure that the safety of assets and reduction of the risk of loss, error, fraud and other irregularities. Both the Quality Assurance (Internal Auditors) and the External Auditors independently appraise the adequacy of the internal controls.

Muhtari Dangana & Co (Chartered Accountants) acted as external auditors to the Company for the 2022 financial year. Their report for the year under review is contained on pages 20 - 23 of these financial statements.

Support Committees

1 Executive Management Committee

The Committee is responsible for strategic marketing activities, review of investment portfolio and approval of new products and branches. The members of the committee are:

- i) Chief Executive Officer
- ii) Executive Director
- iii) Chief Finance Officer
- iv) Company Secretary

2 Senior Management Committee

The Committee is responsible for strategic initiatives on business generation and membership includes:

- i. Chief Executive Officer
- ii. Executive Directors
- iii. All Divisional Heads
- iv. Head, Technical
- v. Head, Corporate Services
- vi. Chief Finance Officer
- vii. Head, Internal Control/Quality Assurance
- viii. Head, Information Technology (IT)

3 Weekly Activity Review Committee

This Committee meets weekly to review business development activities of the entire Company. The Committee consists of:

- i. Chief Executive Officer
- ii. All Divisional Heads
- iii. Head, Technical
- iv. Head, Information Technology
- v. Head, Corporate Services
- vi. Head, Internal Audit/Quality Assurance
- vii. Chief Finance Officer
- viii. Head, Enterprise Risk Management
- ix. All marketing staff

4 Management Committee

This Committee meets every month to review the Company's performance. The meetings are usually held first Friday and Saturday following the end of each month. The Committee consists of:

- i. Chief Executive Officer
- ii. Executive Director
- iii. All Divisional Heads
- iv. All Regional Heads
- v. All Branch Managers
- vi. Head, Technical
- vii. Head, Information Technology
- viii. Chief Finance Officer
- ix. Head, Corporate Services
- x. Head, Internal Audit/Quality Assurance
- xi. Head, Enterprise Risk Management

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

FREE FLOAT & SHAREHOLDING STRUCTURE STATUS AS AT 31ST DECEMBER 2022

Description				
	Unit	Percentage	Unit	Percentage
Issued Share Capital	12,911,030,586	100%	12,911,303,586	100%
Substantial Shareholdings (5% and above)				
STANDARD ALLIANCE	3,421,999,908	26.50%	3,421,999,908	26.50%
GEMROCK MANAGEMENT COMPANY LIMITED	2,594,060,738	20%	2,594,060,738	20%
FIRST INLAND BANK PLC/FCMB	1,120,000,000	9%	1,120,000,000	9%
Total Substantial Shareholdings	7,136,060,646	55%	7,136,060,646	55%
Directors' Shareholdings (direct and indirect), excluding directors with substantial interests				
Omotayo Awodiya	1,413,021	0.0109%	1,413,021	0.0109%
Bode Awodiya	435,442,485	3.3726%	435,442,485	3.3726%
Bolaji Oladipo	150,000	0.0012%	150,000	0.0012%
Agnes Okiemute Umukoro	438,780	0.0034%	438,780	0.0034%
Omolola Oshiafi	12,500,000	0.0968%	12,500,000	0.0968%
Austin Enajemo-Isire	17,714,285	0.1372%	17,714,285	0.1372%
Total Directors' Shareholdings	467,658,571	3.62%	467,658,571	3.62%
Other Influential Shareholdings				
Total Other Influential Shareholdings	0	0.00%	0	0.00%
Free Float in Units and Percentage	5,307,311,369	41%	5,307,584,369	41%
Free Float in Value	₦ 1,061,462,273.80		₦ 1,061,516,873.80	

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Directors' Interests

The Directors' direct interests in the issued share capital of the Company as recorded in the Register of Members as at **31 December 2022** are as follows:

Number of Shares Held at the End of the Year

S/N	Name	2019	2020	2021	2022
1	Johnson Chukwu	Not on record	Not on record	Not on record	Not on record
2	Omotayo Awodiya	1,413,021	1,413,021	1,413,021	1,413,021
3	Bode Awodiya	435,442,485	435,442,485	435,442,485	435,442,485
4	Oduniyi Odusi	Not on record	Not on record	Not on record	Not on record
5	Bolaji Oladipo	150,000	150,000	150,000	150,000
6	Uzoma Igbonwa	Not on record	Not on record	Not on record	Not on record
7	Uwais Haruna Mohammed	Not on record	Not on record	Not on record	Not on record
8	Agnes Okiemute Umukoro	438,780	438,780	438,780	438,780
9	Omolola Oshiafi	12,500,000	12,500,000	12,500,000	12,500,000
10	Adetayo Akintunde	Not on record	Not on record	Not on record	Not on record
11	Etiowe Uwa	Not on record	Not on record	Not on record	Not on record
12	Austin Enajemo-Isire	17,714,285	17,714,285	17,714,285	17,714,285

Security Trading Policy

The Company ensures strict compliance with the Investment and Securities Act 2007, the Securities and Exchange Commission Code of Corporate Governance for Companies in Nigeria 2011, and other laws that may be applicable from time to time bordering on insider trading.

To this end, the Company has put in place mechanisms to ensure that the categories of persons and entities that may be classified as "Restricted Persons" for the purpose of insider trading are clearly identified and informed. In addition, there are stringent restrictions on dealing with the Company's securities.

STANDARD ALLIANCE INSURANCE PLC

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Directors and Key Management personnel are also required to comply with rules relating to dealings in the Company's securities, particularly the requirement to obtain prior approval before dealing in such securities.

There are also mechanisms in place to ensure that detailed reports are submitted to the Nigerian Stock Exchange and the Securities and Exchange Commission on the extent of compliance with this rule, permitted exceptions, and any instances where the rule may have been breached.

This Policy has become an essential company document that has been brought to the notice, and will continue to be brought to the notice, of all concerned, and continuous efforts are made to ensure strict compliance and implementation.

Internal Control

It is the responsibility of the Board of Directors to ensure that all records are accurate and correctly reflect the financial position of the Group. The Board is mindful of the fact that, as an insurance company, great relevance is placed by policyholders and potential investors on the accuracy of information contained in the financial statements.

Complaints Management Policy Framework

The Company's Complaints Management Policy framework on how to resolve complaints arising from issues covered under the Investment and Securities Act 2007 is being complied with and implemented as approved by the Board of Directors.

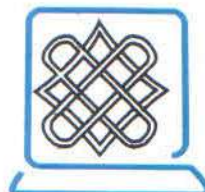
It can be accessed on the Company's website:
www.sainsuranceng.com

Whistle Blowing Policy

The Company has a Whistle Blowing Policy in place which provides a formal mechanism for employees, directors, and other stakeholders to report, in good faith, any suspected misconduct, unethical behaviour, illegal acts, or other improprieties relating to the Company's operations.

The Policy ensures confidentiality of disclosures and provides protection against retaliation for whistle blowers. Reports are received, reviewed, and investigated under the oversight of the Board Audit Committee, and appropriate action is taken in line with applicable laws and the Company's internal policies.

The Whistle Blowing Policy is approved by the Board of Directors and is implemented across the Company.



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09028213784.

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LAGOS:

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Victoria Island.
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09021503792.

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INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF STANDARD ALLIANCE INSURANCE PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Standard Alliance Insurance Plc, which comprise, the statement of financial position as at 31 December 2022, statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2022 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, issued by the International Accounting Standards Board and in compliance with the relevant provisions of the Financial Reporting Council of Nigeria, Act No 6, 2011, the Companies and Allied Matters Act 2020, Insurance Act CAP I17, LFN 2004 and the Prudential Guidelines issued by National Insurance Commission.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to our audit of the financial statements in Nigeria, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the International Ethics Standards Board Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

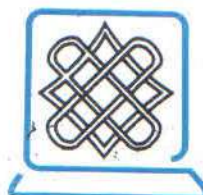
Material uncertainty relating to going concern

We draw attention to note 42 of the financial statements, which indicates that the company recorded a net loss of N838.94 million during the year ended 31 December 2022 (2021, N1.724billion) and, as at that date, there is a shortfall of regulatory minimum paid up capital of N8.962billion and shortfall of N11.426billion in solvency margin. These conditions along with other matters as set forth in Note 42, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

The Board and Management of the Company are working assiduously to inject fresh capital through a recapitalization and business restructuring plan involving major prospective investor as set forth in Note 43. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



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INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF STANDARD ALLIANCE INSURANCE PLC. - CONT'D

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS - CONT'D

Revenue recognition

Due to the large number of policies underwritten by the Company there is a risk that the revenue recorded in the financial statements and the flow of premium information from the underwriting systems to the financial reporting ledger may not be completely accounted for.

Response

We have tested the design and implementation of the key controls over revenue recognition, focusing on the flow of information from the underwriting systems to the financial reporting ledger. In addition, we performed substantive analytical testing procedures on the gross and unearned premium balances amongst others.

Valuation of investment properties

The Directors have estimated the value of the Company's investment properties to be N4.0 billion as at 31 December 2021. Independent external valuations were obtained in order to support the value in the Company's financial statements. These valuations are dependant on certain key assumptions and significant judgments including capitalization rates and fair market rents.

Our response

We ascertained the following

- Evaluated the independent external valuers' competence, capabilities and objectivity
- Assessed the methodologies used and the appropriateness of the key assumptions.
- Checked the accuracy and relevance of the input data used.

We also reviewed and found the disclosures in note 11.2 to be appropriate based on the assumptions and available evidence.

Valuation of insurance contracts liabilities.

The Directors have estimated the value of insurance contract liabilities in the Company's financial statements to be N4.9 billion as at year ended 31 December, 2021 based on the actuarial valuation and liability adequacy test carried out by an external firm of Actuaries.

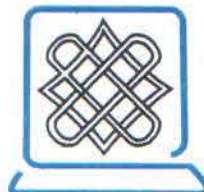
The valuation has been made on the following key assumptions which were determined by the Actuary:

- Reserves were calculated via a cash flow projection approach, taking into account future premiums, expenses and benefit payments including an allowance for benefits.
- The unexpired premium reserve for general business is calculated on the assumption that risk will occur evenly during the duration of the policy.
- The Company's claim payment approach will be sustained into the future.
- Weighted past average inflation will remain unchanged over the claim projection period.
- Gross claim amount includes all related claim expenses.
- An unexpired premium reserve was included for Group life business, after allowing for acquisition expenses at a ratio of 20% premium.
- An allowance was made for IBNR(Incurred But Not Reported) claims in Group Life to take care of the delay in reporting claims.

Our response

We:

- Evaluated and validated controls over insurance contract liabilities,
- Evaluated the independent external Actuary's competence, capability and objectivity,
- Assessed the methodologies used and the appropriateness of the key assumptions,
- Checked the accuracy and relevance of data provided to the Actuary by management,
- Reviewed the result based on the assumptions.



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INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF STANDARD ALLIANCE INSURANCE PLC. - CONT'D

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS - CONT'D

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Chairman's and Directors' statements, but does not include the financial statements and our auditors report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards issued by the International Accounting and Assurance Standards Board, and in compliance with the relevant provisions of the Financial Reporting Council of Nigeria Act, No 6, 2011, the Companies and Allied Matters Act, 2020, Insurance Act, CAP I17 LFN 2004, and the Prudential Guidelines issued by National Insurance Commission, 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.

In preparing the financial statements, the directors are responsible for assessing 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 Company or to cease operations, or has no realistic alternative but to do so.

Auditors' responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a 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 International Standards on Auditing 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 financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- * Identify and assess the risks of material misstatement of the 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 control 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 Company's internal control.

- * Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.



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**INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF STANDARD ALLIANCE INSURANCE PLC. - CONT'D**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS - CONT'D

* Conclude on the appropriateness of 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 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 auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

* Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit, and significant audit findings and any significant deficiencies in internal control that we identify during our audit.

Contravention of laws and regulations

During the year, the Company contravened certain sections of the Insurance Act, CAP I17, LFN 2004 and NAICOM's operational guidelines. Details of the contraventions and appropriate penalties thereon are disclosed in note 45.

Report on other legal and regulatory requirements

The Companies and Allied Matters Act, 2020 and Insurance Act CAP I17 LFN 2004 require that in carrying out our audit we consider and report to you on the following matters. 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) in our opinion, proper books of account have been kept by the Company
- iii) the Company's statement of financial position, and its statement of profit or loss and other comprehensive income are in agreement with the books of account.

Abel Atalor
FRC/2013/PRO/ICAN/004/00000001141
Muhtari Dangana & Co
(Chartered Accountants)
Lagos, Nigeria



STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following are the significant accounting policies adopted by the Company in the preparation of its financial statements. These policies have been consistently applied to all year's presentations.

1 The reporting entity

The Company was incorporated in July 1981 as a Private Limited Liability Company and commenced full operations in 1982 under the name Jubilee Insurance Company Limited. The name was changed to Standard Alliance Insurance Company Limited (Standard Alliance) in August 1996.

The Company successfully merged with its subsidiary Company, Standard Alliance Life Assurance Limited on 27 February 2017.

Standard Alliance Insurance became a Public Liability Company (Plc) on 30th May 2002 and was quoted on the Nigerian Stock Exchange in December 2003.

The Company is 100% fully owned by Nigerian citizens and Institutional investors. Its major shareholders are:

	Units	%
Gemrock Management Company Limited	2,594,060,738	20.09
Standard Alliance Investments Limited	2,557,636,144	19.81
First City Monument Bank Plc	1,120,000,000	8.67
Bode Akinboye	435,442,485	3.37
Sina Alimi (also a director in Gemrock Mgt. Co. Ltd.)	382,013,914	2.96

Subsequently, on 19 2024, the shares that previously belonged to Standard Alliance Investments Limited were sold to a new core investor, Endura Investment Global Limited. The financial statements for the year ended 31 December 2022 which had been in arrears for two (2) years were finally approved by the new Board of Directors on 20th August, 2025.

The Company's principal activity continues to be provision of risk underwriting and related financial services to its customers. Such services include provision of general insurance services and life assurance to both corporate and individual customers.

2. Basis of preparation

2.1 Statement of compliance with International Financial Reporting Standards (IFRSs)

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and the interpretations of these standards, issued by the International Financial Reporting Standards Interpretation Committee (IFRIC) and the requirements of the Companies and Allied Matters Act 2020 and the Insurance Act, CAP I17,LFN 2004 and regulatory guidelines as pronounced from time to time by National Insurance Commission (NAICOM).

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Going concern

The Company's financial statements are prepared on a going concern basis. Even though the parties are aware of material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern, the Directors are satisfied that the Company has the resources to continue in business for the foreseeable future.

This conclusion of the Directors is on the mitigating procedures taken to inject fresh capital through a recapitalization and business restructuring plan involving major prospective investors.

2.3 Basis of measurement

Historical cost basis was used in the preparation of the financial statements as modified by certain items of:

- Investments at fair value
- Financial assets at fair value through other comprehensive income (FVOCI) that are measured at fair value
- Investments carried at amortised cost
- Impaired assets at their recoverable amounts
- Insurance contract liabilities at fair value
- Freehold Land and Buildings stated at revalued amount

2.4 Functional and Presentation Currency

The financial statements are presented in Nigerian Naira (N), which is also the functional currency of the Company and rounded to the nearest thousand (N'000) unless otherwise indicated.

2.5 Transactions and balances in foreign currencies

Transactions denominated in foreign currencies are recorded in Naira at the rate of exchange ruling at the date of each transaction. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included in the profit and loss account. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated at that date. Exchange gains arising from the revaluation of monetary assets and liabilities are recognized in the income statement while those on non-monetary items are recognized in other comprehensive income. For non-monetary financial investments, unrealized exchange differences are recorded directly in equity until the asset is disposed or impaired.

2.6 Order of presentation

The Company presents its statement of financial position broadly in order of liquidity. An analysis regarding recovery or settlement within twelve months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in the notes.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3 Significant management judgements and key sources of estimation uncertainty

In the process of applying the accounting policies adopted by the Company, the directors make certain judgments and estimates that may affect the carrying values of assets and liabilities in the next financial period. Such judgments and estimates are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the current circumstances. The directors evaluate these at each financial reporting date to ensure that they are still reasonable under the prevailing circumstances based on the information available.

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require material adjustments to the carrying amount of the asset or liability affected in the future. These factors could include:

(i) Significant judgements made in applying the Company's accounting policies

The judgements made by the directors in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements include:

- Whether it is probable that future taxable profits will be available against which temporary differences can be utilised; and
- Whether the Company has the ability to hold financial assets at amortised cost until they mature. If the Company were to sell other than an insignificant amount of such financial asset before maturity, it would be required to classify the entire class as financial assets through other comprehensive income (FVOCI) and measure them at fair value.

(ii) Key sources of estimation uncertainty

a) Valuation of insurance contract liabilities

- Critical assumptions are made by the actuaries in determining the present value of actuarial liabilities. These assumptions are set out in accounting policy 5.19 and as embedded in the report. The liability for insurance contracts is either based on current assumptions or on assumptions established at inception of the contract, reflecting the best estimate at the time increased with a margin for risk and adverse deviation. All contracts are subject to a liability adequacy test, which reflects management's best current estimate of future cash flows.
- Estimates are also made as to future investment income arising from the assets backing insurance contracts. These estimates are based on current market returns as well as expectations about future economic and financial developments.
- Assumptions on future expenses are based on current expense levels, adjusted for expected expense inflation if appropriate.

b) Property, plant and equipment

Critical estimates are made by the directors in determining the useful lives and residual values of property, plant and equipment.

c) Impairment losses

Estimates are made in determining the impairment losses on assets. Such estimates include the determination of the recoverable amount of the asset.

d) Income taxes

The Company is subject to income taxes under the Nigerian Tax Laws. Significant estimates are required in determining the provisions for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcomes of these matters are different from the amounts that were initially recorded, such differences will impact the income tax and the deferred tax provisions in the period in which such determinations are made.

e) Critical judgments in applying the entity's accounting policies

In the process of applying the Company's accounting policies, management has made judgements in determining:

- i) The classification of financial assets and liabilities
- ii) Whether assets are impaired.
- iii) Whether land and buildings meet the criteria to be classified as investment property.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) New standards, interpretations and amendments not yet effective

There are certain standards, interpretations and amendments that have been published that are not mandatory for the 31 December, 2022 reporting period and have not been early adopted by the Company. Except for IFRS 17: Insurance Contracts, these standards are not expected to have a material impact on the Company in the current or future reporting periods. The most significant of these are:

- IFRS 17 Insurance Contracts (Effective 1 January 2023)

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 provides the principles for recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The standard is aimed at providing information that faithfully represents those contracts. In contrast to the requirements in IFRS 4, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The standard requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. When it become effective, IFRS 17 shall supersede IFRS 4 Insurance Contracts.

Issued and amended standards effective from periods beginning on 1 January 2022.

- Annual improvements to IFRS standards 2018 - 2020 (Effective 1 January 2022):

- IFRS 9: Financial Instruments clarifies which fees should be included in the 10% test for derecognition of financial liabilities.
- IFRS 16: Leases - amendment to remove the illustration of payments from the less or relating to lease hold improvements, to remove any confusion about the treatment of lease incentives.
- Amendments to IFRS 3: Business Combination - Reference to the Conceptual Framework.
- Amendments to IAS 1: Presentation of Financial Statements - Classification of liabilities as current or non-current.
- Amendments to IAS 16: Property, plant and equipment - Proceeds before intended use.
- Amendments to IAS 37: Onerous Contract - Cost of Fulfilling a Contract

(g) Disclosure of various measurement models and their applications under IFRS 17.

At the transition date, the company will apply the requirements of IFRS 17 retrospectively for each group of insurance contracts unless it is considered impracticable to do so. Where it is assessed as impracticable, an entity may apply a modified retrospective approach ('MRA') or fair value approach ('FVA').

The choice of transition approach will affect the financial impact of implementation of IFRS 17 (both in terms of future profitability and impacts on equity) and the operational complexity of collating the required information.

IFRS 17 transition requirements are such that impracticability of the FRA needs to be demonstrated at the IFRS 17 group of contracts level. Paragraph C4 of the standard states that 'to apply IFRS 17 retrospectively, an entity shall at the transition date: (a) identify, recognise and measure each group of insurance contracts as if IFRS 17 had always applied'. Therefore, when assessing whether to apply the FRA, groupings are first determined (portfolio, onerousness, year of inception) and the FRA assessment of practicality is made for each group. If any element of the FRA is considered impracticable for a group, then the entity immediately has a choice between the two simplified options.

Based on the above principles, the fair value approach will be used for the calculation of the CSM at transition date of restated December 31, 2021 whilst the fully retrospective approach will be used for the Group Life business since those are annually renewable contracts.

Portfolios	Transition Approach of restated December 2021	
Annuity	Fair Value Approach (FVA)	
Endowment	Fair Value Approach (FVA)	
Protection	Fair Value Approach (FVA)	
Group Life	Fully Retrospective Approach (FRA)	

(h) Description of risk adjustment, discount rate applied, confidence level and how they are determined

The risk adjustment is the additional liability the company needs to hold to cover the uncertainty about the amount and timing of the cash flows that arises from non-financial risk as the company fulfils its insurance contracts.

The uncertainty and timing for the company's Group Life arises in the estimate of the Loss Reserve, hence only the uncertainty arising from claims reserve will be allowed for in the Risk Adjustment calculation for Group Life. The company will use Value at Risk (VAR) approach to estimate the Risk Adjustment. The historical claims as per the data in the IBNR calculation and have ranked the claims and the development factors from the claims and will applied a 70% confidence level to determine the Risk Adjustment factor.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

For the other contracts other than Group Life business, the Value at Risk approach will be used also, for the calculation of the risk adjustment. The Risk Adjustment will be derived by calibrating stresses on the best estimate assumptions to give a set of assumptions allowing for risk, and then differencing the two results. The stress assumptions will be calibrated at 70% confidence level.

The results of the non-financial stress impacts will be aggregated whilst also allowing for diversification benefits. The result will represent the entity's attitude to and expectation of compensation for taking on non-financial risk. The Risk Adjustment will be calculated at Unit of Account level with a bottom-up approach. The table below shows the risk adjustment factors that will be used for restated 31 December 2021 transition and 31 December 2022 comparatives at the point of transition.

December 2021 Risk Adjustment		
Portfolios	RA Factor as % of Risk Driver	Risk Driver
Group Life	2.0%	LIC
Protection	4.6%	BEL
Endowment	4.6%	BEL
Annuity	4.6%	BEL
December 2022 Risk Adjustment		
Portfolios	RA Factor as % of Risk Driver	Risk Driver
Group Life	2.0%	LIC
Protection	4.6%	BEL
Endowment	4.6%	BEL
Annuity	4.6%	BEL

The same risk adjustment will be used for the transition and comparatives as there was no material change in the business composition.

(i) Impact on the adoption of IFRS 17 to the Company

In addition to the new financial reporting model (where insurance contracts measure at fulfilment value), IFRS17 introduces the concept of contractual service margins (CSM). This represents the unearned profit on an insurance contract and is amortised over the coverage period to reflect the transfer of services as the insurer fulfils any obligations.

There are also enhanced disclosure requirements that require companies to provide confidential contract information. This includes details related to risk exposures, assumptions, sensitivity analyses and the impact of changes in estimates or discount rates.

Actuarial modelling is also crucial in determining key impacts or assumptions used in calculating contract liabilities. So, companies may need to develop or refine actuarial models to ensure that they accurately reflect these contracts' underlying risks and characteristics.

(j) INSURANCE CONTRACTS (PRE-ADOPTION DISCLOSURES)

IFRS 17 supersedes IFRS 4 Insurance Contracts and aims to increase comparability and transparency about profitability. The new standard introduces a new comprehensive model ("general model") for the recognition and measurement of liabilities arising from insurance contracts. In addition, it includes a simplified approach and modifications to the general measurement model that can be applied in certain circumstances and to specific contracts, such as:

- Reinsurance contracts held;
- Direct participating contracts; and
- Investment contracts with discretionary participation features.

Under the new standard, investment components are excluded from insurance revenue and service expenses. Entities can also choose to present the effect of changes in discount rates and other financial risks in profit or loss or OCI. The new standard includes various new disclosures and requires additional granularity in disclosures to assist users to assess the effects of insurance contracts on the entity's financial statements. The standard is effective for annual periods beginning on or after 1 January 2023. The Company will apply IFRS 17 for the first time on 1 January 2023. This standard is expected to bring significant changes to the accounting for insurance and reinsurance contracts which are expected to have a material impact on the Company's financial statements in the period of initial application.

Estimated impact of the adoption of IFRS 17

The Company's assessment of the estimated impact that the initial application of IFRS 17 will have on its financial statements is ongoing and the transition adjustments are expected to have a significant impact on the financial statements. The assessment is in the preliminary stage and the actual impact of adopting IFRS 17 on 1 January 2023 and 2022 will materialise after:

- the Company has refined the new accounting processes and internal controls required for applying IFRS 17
- the Company has finalised the testing and assessment of controls over its new IT systems and changes to its governance framework.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The assessment of the impact of IFRS 17 below is preliminary because not all of the transition work has been finalized. The actual impact of adopting IFRS 17 1 January 2023 and 2022 may change from the information presented below:

- the Company is continuing to refine the new accounting processes and internal controls required for applying IFRS 17
- the dry and parallel runs have not been performed as at the end of 2022; also, the new systems and associated controls in place have not been operational for a more extended period;
- the Company has not finalized the testing and assessment of controls over its IT systems and changes to its governance framework; and
- the new accounting policies, assumptions, judgments, and estimation techniques employed are subject to change until the Company finalizes its first financial statements that include the date of initial application.

IFRS 17 INSURANCE CONTRACTS

IFRS 17 replaces IFRS 4 Insurance Contracts and is effective for annual periods beginning on or after 1 January 2023, with early adoption permitted.

I. IDENTIFYING CONTRACTS IN THE SCOPE OF IFRS 17 [IFRS 17.C1]

IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with discretionary participation features (DPF). When identifying contracts in the scope of IFRS 17, in some cases the Company will have to assess whether a set or series of contracts needs to be treated as a single contract and whether embedded derivatives, investment components and goods and services components have to be separated and accounted for under another standard. For insurance and reinsurance contracts, the Company does not expect significant changes arising from the application of these requirements.

If a contract does not meet the definition of an insurance contract or the definition of an investment contract with discretionary participation features, then it falls outside the scope of IFRS 17. For products that are outside the scope of IFRS 17, the value of liabilities as determined by the applicable IFRS standard will be reported.

II. LEVEL OF AGGREGATION [IFRS 17.14, 16, 22, A]

Under IFRS 17, insurance contracts and investment contracts with DPF are aggregated into groups for measurement purposes. Groups of contracts are determined by first identifying portfolios of contracts, each comprising contracts subject to similar risks and managed together. Contracts in different product lines or issued by different Group entities are expected to be in different portfolios. Each portfolio is then divided into annual cohorts (i.e., by year of issue) and each annual cohort into three groups:

- any contracts that are onerous on initial recognition.
- any contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently;
- any remaining contracts in the annual cohort.

When a contract is recognised, it is added to an existing group of contracts or, if the contract does not qualify for inclusion in an existing group, it forms a new group to which future contracts may be added. Groups of reinsurance contracts are established such that each group comprises a single contract. The level of aggregation requirements of IFRS 17 limit the offsetting of gains on groups of profitable contracts, which are generally deferred as a Contractual Service Margin (CSM), against losses on groups of onerous contracts, which are recognised immediately (see (v) and (vi), on the measurement of the Life and Non-contracts). Compared with the level at which the liability adequacy test is performed under IFRS 4 (i.e. portfolio of contracts level), the level of aggregation under IFRS 17 is more granular and is expected to result in more contracts being identified as onerous and losses on onerous contracts being recognised sooner.

III. CONTRACT BOUNDARIES

Compared with the current accounting, the Company expects that for certain contracts the IFRS 17 contract boundary requirements will change the scope of cash flows to be included in the measurement of existing recognised contracts, as opposed to future unrecognised contracts. The period covered by the premiums within the contract boundary is the 'coverage period', which is relevant when applying a number of requirements in IFRS 17.

INSURANCE CONTRACTS

For insurance contracts, cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the policyholder to pay premiums or has a substantive obligation to provide services (including insurance coverage and investment services). A substantive obligation to provide services ends when:

- the Company has the practical ability to reassess the risks of the policyholder and can set a price or level of benefits that fully reflects those reassessed risks; or
- the Company has the practical ability to reassess the risks of the portfolio that contains the contract and can set a price or level of benefits that fully reflects the risks of that portfolio, and the pricing of the premiums up to the reassessment date does not take into account risks that relate to periods after the reassessment date.
- Risk-attaching reinsurance contracts: The Company reasonably expects that the resulting measurement of the asset for remaining coverage would not differ materially from the result of applying the accounting policies described above.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Some term life contracts issued by the Company have annual terms that are guaranteed to be renewable each year. Currently, the Company accounts for these contracts as annual contracts. Under IFRS 17, the cash flows related to future renewals (i.e., the guaranteed renewable terms) of these contracts will be within the contract boundary, this is because the Group does not have the practical ability to reassess the risks of the policyholders at individual contract or portfolio level. Some universal life contracts contain a guaranteed annuity option, which allows the policyholder to convert, on maturity of the stated term, the maturity benefit into an immediately starting life- contingent annuity at a predetermined rate. Currently, the Group does not consider the cash flows related to the options when measuring the contracts until the option is exercised. The Group has assessed the contract boundary for the contracts, including the options, and concluded that, under IFRS 17, the cash flows related to the guaranteed annuity options will fall within the boundary of the contracts, this is because the Group does not have the practical ability to reprice the contract on maturity of the stated term.

REINSURANCE CONTRACTS

For reinsurance contracts, cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Company is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer. A substantive right to receive services from the reinsurer ends when the reinsurer:

- has the practical ability to reassess the risks transferred to it and can set a price or level of benefits that fully reflects those reassessed risks; or
- has a substantive right to terminate the coverage.

IV. MEASUREMENT-OVERVIEW

IFRS 17 introduces a measurement model based on the estimates of the present value of future cash flows that are expected to arise as the Company fulfills the contracts, an explicit risk adjustment for non-financial risk, and a CSM. Contracts are subject to different requirements depending on whether they are classified as direct participating contracts or contracts without direct participation features. Direct participating contracts are contracts that are substantially investment-related service contracts under which the Company promises an investment return based on underlying items; they are contracts for which, at inception:

- the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items;
- the Company expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items; and
- the Company expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items.

All insurance contracts and investment contracts with DPF in the Participating segment are expected to be classified as direct participating contracts.

PREMIUM ALLOCATION APPROACH (PAA)

The PAA is an optional simplified measurement model in IFRS 17 that is available for insurance and reinsurance contracts that meet the eligibility criteria. For an explanation of how the Company will apply the PAA. The Company expects that it will apply the PAA to all contracts in the non-life segment because the following criteria are expected to be met at inception.

- Insurance contracts and loss-occurring reinsurance contracts: The coverage period of each contract in the group is one year or less.
- Risk-attaching reinsurance contracts: The Company reasonably expects that the resulting measurement of the asset for remaining coverage would not differ materially from the result of applying the accounting policies described above

V. MEASUREMENT-LIFE CONTRACTS

Insurance contracts and investment contracts with DPF

On initial recognition, the Company will measure a group of contracts as the total of:

- (a) the fulfilment cash flows, which comprise estimates of future cash flows, adjusted to reflect the time value of money and the associated financial risks, and a risk adjustment for non-financial risk; and
- (b) the CSM. The fulfilment cash flows of a group of contracts do not reflect the Company's non-performance risk.

The Company's objective in estimating future cash flows is to determine the expected value of a range of scenarios that reflects the full range of possible outcomes. The cash flows from each scenario will be discounted and weighted by the estimated probability of that outcome to derive an expected present value. If there are significant interdependencies between cash flows that vary based on changes in market variables and other cash flows, then the Company will use stochastic modelling techniques to estimate the expected present value. Stochastic modelling involves projecting future cash flows under a large number of possible economic scenarios for variables such as interest rates and equity returns. All cash flows will be discounted using risk-free yield curves adjusted to reflect the characteristics of the cash flows and the liquidity characteristics of the contracts. Cash flows that vary based on the returns on any underlying items will be adjusted for the effect of that variability using risk-neutral measurement techniques and discounted using the risk-free rates as adjusted for illiquidity. When the present value of future cash flows is estimated by stochastic modelling, the cash flows will be discounted at scenario-specific rates calibrated, on average, to be the risk-free rates as adjusted for illiquidity.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The risk adjustment for non-financial risk for a group of contracts, determined separately from the other estimates, is the compensation that the Company would require for bearing uncertainty about the amount and timing of the cash flows that arises from non-financial risk. The CSM of a group of contracts represents the unearned profit that the Company will recognize as it provides services under those contracts. On initial recognition of a group of contracts, the group is not onerous if the total of the following is a net inflow:

- (a) the fulfilment cash flows;
- (b) any cash flows arising at that date; and any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group (including assets)
- (c) for insurance acquisition cash flows; see below).

In this case, the CSM is measured as the equal and opposite amount of the net inflow, which results in no income or expenses arising on initial recognition. If the total is a net outflow, then the group is onerous and the net outflow is generally recognised as a loss in profit or loss; a loss component is created to depict the amount of the net cash outflow, which determines the amounts that are subsequently presented in profit or loss as reversals of losses on onerous contracts and are excluded from insurance revenue (see (viii)) on presentation and disclosure.

Subsequently, the carrying amount of a group of contracts at each reporting date is the sum of the liability for remaining coverage and the liability for incurred claims. The liability for remaining coverage comprises (a) the fulfilment cash flows that relate to services that will be provided under the contracts in future periods and (b) any remaining CSM at that date. The liability for incurred claims includes the fulfilment cash flows for incurred claims and expenses that have not yet been paid, including claims that have been incurred but not yet reported.

The fulfilment cash flows of groups of contracts are measured at the reporting date using current estimates of future cash flows, current discount rates and current estimates of the risk adjustment for non-financial risk. Changes in fulfilment cash flows are recognised as follows.

Changes relating to future services: Adjusted against the CSM (or recognised in the insurance service result in profit or loss if the group is onerous)

Changes relating to current or past service: Adjusted against the CSM (or recognised in the insurance service result in profit or loss if the group is onerous)

Effects of the time value of money, financial risk, and changes therein on estimated future cash flows. Recognised as insurance finance income or expenses.

The CSM is adjusted subsequently only for changes in fulfilment cash flows that relate to future services and other specified amounts and is recognised in profit or loss as services are provided. The CSM at each reporting date represents the profit in the group of contracts that has not yet been recognised in profit or loss because it relates to future service.

REINSURANCE CONTRACTS

The Company will apply the same accounting policies to measure a group of reinsurance contracts, with the following modifications:

The carrying amount of a group of reinsurance contracts at each reporting date is the sum of the asset for remaining coverage and the asset for incurred claims. The asset for remaining coverage comprises:

- (a) the fulfilment cash flows that relate to services that will be received under the contracts in future periods and
- (b) any remaining CSM at that date estimates of the present value of future cash flows for the underlying insurance contracts, with an adjustment for any risk of non-performance by the reinsurer. The effect of the non-performance risk of the reinsurer is assessed at each reporting date and the effect of changes in the nonperformance risk is recognised in the insurance service result in profit or loss."

The risk adjustment for non-financial risk will represent the amount of risk being transferred by the Company to the reinsurer.

The CSM of a group of reinsurance contracts represents a net cost or net gain on purchasing reinsurance. It is measured such that no income or expense arises on initial recognition, except that the Company will:

- recognise any net cost on purchasing reinsurance coverage immediately in profit or loss as an expense if it relates to insured events that occurred
- recognise income when it recognises a loss on initial recognition of onerous underlying contracts if the reinsurance contract is entered into before or at the same time as the onerous underlying contracts are recognised. A loss-recovery component is created, which determines the amounts that are subsequently disclosed as reversals of recoveries of losses from the reinsurance contracts and are excluded from the allocation of reinsurance premiums paid.

The CSM is adjusted subsequently only for specified amounts and is recognised in profit or loss as services are received.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

INSURANCE ACQUISITION CASH FLOWS

Insurance acquisition cash flows arise from the activities of selling, underwriting and starting a group of contracts that are directly attributable to the portfolio of contracts to which the group belongs. Under IFRS 17, for Life contracts, insurance acquisition cash flows are allocated to groups of contracts using systematic and rational methods based on the total premiums for each group. Insurance acquisition cash flows that are directly attributable to a group of contracts (e.g., non-refundable commissions paid on issuance of a contract) are allocated only to that group and to the groups that will include renewals of those contracts. The allocation to renewals will only apply to certain term life and critical illness contracts that have a one-year coverage period. The Company expects to recover part of the related insurance acquisition cash flows through renewals of these contracts. The allocation to renewals will be based on the manner in which the Company expects to recover those cash flows.

Under IFRS 17, only insurance acquisition cash flows that arise before the recognition of the related insurance contracts are recognised as separate assets and tested for recoverability, whereas other insurance acquisition cash flows are included in the estimates of the present value of future cash flows as part of the measurement of the related insurance contracts. The Company expects that most assets for insurance acquisition cash flows will relate to the renewals of term life and critical illness contracts, as described above. These assets will be presented in the same line item as the related portfolio of contracts and derecognised once the related group of contracts has been recognised. This differs from the Company's current practice, under which all acquisition costs are recognised and presented as separate assets from the related insurance contracts ('deferred acquisition costs'). IFRS 17 will require the Company to assess at each reporting date whether facts and circumstances indicate that an asset for insurance acquisition cash flows may be impaired. If it is impaired, then the Company will:

- a. recognise an impairment loss in profit or loss so that the carrying amount of the asset does not exceed the expected net cash inflow for the related group; and
- b. if the asset relates to future renewals, recognise an impairment loss in profit or loss to the extent that it expects those insurance acquisition cash flows to exceed the net cash inflow for the expected renewals and this excess has not already been recognised as an impairment loss under (a).

The Company will reverse any impairment losses in profit or loss and increase the carrying amount of the asset to the extent that the impairment conditions have improved.

VI. MEASUREMENT - NON-LIFE

On initial recognition of each group of non-life insurance contracts, the carrying amount of the liability for remaining coverage is measured at the premiums received on initial recognition. The Company will elect to recognise insurance acquisition cash flows as expenses when they are incurred. Subsequently, the carrying amount of the liability for remaining coverage is increased by any further premiums received and decreased by the amount recognised as insurance revenue for services provided. The Company expects that the time between providing each part of the services and the related premium due date will be no more than a year. Accordingly, as permitted under IFRS 17, the Company will not adjust the liability for remaining coverage to reflect the time value of money and the effect of financial risk.

If at any time before and during the coverage period, facts and circumstances indicate that a group of contracts is onerous, then the Company will recognise a loss in profit or loss and increase the liability for remaining coverage to the extent that the current estimates of the fulfilment cash flows that relate to remaining coverage exceed the carrying amount of the liability for remaining coverage. The fulfilment cash flows will be discounted (at current rates) if the liability for incurred claims is also discounted.

The Company will recognise the liability for incurred claims of a group of contracts at the amount of the fulfilment cash flows relating to incurred claims. The future cash flows will be discounted (at current rates) unless they are expected to be paid in one year or less from the date the claims are incurred. The Company will apply the same accounting policies to measure a group of reinsurance contracts, adapted where necessary to reflect features that differ from those of insurance contracts.

VII. PRESENTATION AND DISCLOSURE

IFRS 17 will significantly change how insurance contracts, reinsurance contracts are presented and disclosed in the Company's financial statements.

Under IFRS 17, portfolios of insurance contracts that are assets and those that are liabilities, and portfolios of reinsurance contracts that are assets and those that are liabilities, are presented separately in the statement of financial position. All rights and obligations arising from a portfolio of contracts will be presented on a net basis; therefore, balances such as insurance receivables and payables and policyholder loans will no longer be presented separately. Any assets or liabilities recognised for cash flows arising before the recognition of the related group of contracts (including any assets for insurance acquisition cash flows) will also be presented in the same line item as the related portfolios of contracts.

Under IFRS 17, amounts recognised in the statement of profit or loss and OCI are disaggregated into

- (a) an insurance service result, comprising insurance revenue and insurance service expenses; and
- (b) insurance finance income or expenses. Amounts from reinsurance contracts will be presented separately.

The separate presentation of underwriting and financial results under IFRS 17 will provide added transparency about the sources of profits and quality of earnings.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

INSURANCE SERVICE RESULT

For contracts not measured using the PAA, insurance revenue for each year represents the changes in the liabilities for remaining coverage that relate to services for which the Company expects to receive consideration and an allocation of premiums that relate to recovering insurance acquisition cash flows. For contracts measured using the PAA, insurance revenue is recognised based on an allocation of expected premium receipts to each period of coverage, which is based on the expected timing of incurred insurance service expenses for certain property contracts and the passage of time for other contracts. The requirements in IFRS 17 to recognise insurance revenue over the coverage period will result in slower revenue recognition compared with the Company's current practice of recognising revenue when the related premiums are written. Expenses that relate directly to the fulfilment of contracts will be recognised in profit or loss as insurance service expenses, generally when they are incurred. Expenses that do not relate directly to the fulfilment of contracts will be presented outside the insurance service result.

Amounts recovered from reinsurers and reinsurance expenses will no longer be presented separately in profit or loss, because the Company will present them on a net basis as 'net expenses from reinsurance contracts' in the insurance service result, but information about these will be included in the disclosures. The Company may choose not to disaggregate changes in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses. All changes in the risk adjustment for non-financial risk recognised in profit or loss will be included in the insurance service result.

INSURANCE FINANCE INCOME AND EXPENSES

Under IFRS 17, changes in the carrying amounts of groups of contracts arising from the effects of the time value of money, financial risk and changes therein are generally presented as insurance finance income or expenses. They include changes in the measurement of groups of contracts caused by changes in the value of underlying items (excluding additions and withdrawals). For Participating and Non-life contracts, the Company will present insurance finance income or expenses in profit or loss, considering that the supporting assets will generally be measured at FVTPL.

PRESENTATION AND DISCLOSURE

An entity is required to present comparative financial information for the annual period immediately preceding the date of initial application i.e., the annual period starting from the transition date.

IFRS 17 requires extensive new disclosures about amounts recognised in the financial statements, including detailed reconciliations of contracts, effects of newly recognised contracts and information on the expected CSM emergence pattern, as well as disclosures about significant judgements made when applying IFRS 17. There will also be expanded disclosures about the nature and extent of risks from insurance contracts, reinsurance contracts and investment contracts with DPF. Disclosures will generally be made at a more granular level than under IFRS 4, providing more transparent information for assessing the effects of contracts on the financial statements.

IMPRACTICABILITY TEST

IFRS17 requires a restatement of the Company's results as if IFRS17 had always been applicable (the "fully retrospective approach" unless it is "impracticable" to do so). Where a fully retrospective approach is impracticable, a "modified retrospective" or "fair value" approach is available. We will follow a fair value approach where a fully retrospective approach is impracticable.

The principles applied to test for impracticability:

- (a) Risk adjustment
- (b) Actual historic premiums and charges
- (c) Actual historic expenses split between acquisition and maintenance expenses
- (d) Historic discount rates
- (e) Policy administration system change / past data.

The likely examples of impracticability cut-off points in time will include policy administration system changes where past data was not captured or validated and valuation model/methodology changes e.g., transition from an NPV valuation methodology to a prospective calculation or transition to a more sophisticated valuation model requiring additional data fields.

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4. Significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below:

4.1 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less. They include bank overdraft in the context of the statement of cash flows.

4.2 Financial instruments

Recognition

The Company on the date of origination or purchase recognizes placements, equity securities and deposits at the fair value of consideration paid. Regular-way purchases and sales of financial assets are recognized on the settlement date. All other financial assets and liabilities, including derivatives, are initially recognized on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Classification and Measurement

Initial measurement of a financial asset or liability is at fair value plus transaction costs that are directly attributable to its purchase or issuance. For instruments measured at fair value through profit or loss, transaction costs are recognized immediately in profit or loss. Financial assets include placement with banks, treasury bills and equity instruments.

Financial assets are classified into one of the following measurement categories:

1. Amortised cost
2. Fair Value through Other Comprehensive Income (FVOCI)
3. Fair Value through Profit or Loss (FVTPL) for trading related assets

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual cash flow characteristics.

Business Model Assessment

Business model assessment involves determining whether financial assets are managed in order to generate cash flows from collection of contractual cash flows, selling financial assets or both. The Company assesses business model at a portfolio level reflective of how groups of assets are managed together to achieve a particular business objective. For the assessment of business model the Company takes into consideration the following factors:

- i 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 realizing cash flows through the sale of the assets
- ii How the performance of assets in a portfolio is evaluated and reported to Company heads and other key decision makers within the Company's business lines;

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Financial instruments - cont'd

Business Model Assessment - cont'd

- iii The risks that affect the performance of assets held within a business model and how those risks are managed;
 - iv How compensation is determined for the Company's business lines' management that manages the assets;
 - v The frequency and volume of sales in prior periods and expectations about future sales activity.
- Management determines the classification of the financial instruments at initial recognition. The business model assessment falls under three categories:
- a) Business Model 1(BM1): Financial assets held with the sole objective to collect contractual cash flows;
 - b) Business Model 2 (BM2): Financial assets held with the objective of both collecting contractual cash flows and selling; and
 - c) Business Model 3 (BM3): Financial assets held with neither of the objectives mentioned in BM1 or BM2 above. These are basically financial assets held with the sole objective to trade and to realize fair value changes.

The Company may decide to sell financial instruments held under the BM1 category with the objective to collect contractual cash flows without necessarily changing its business model if one or more of the following conditions are met:

- i) Where these sales are infrequent even if significant in value. A Sale of financial assets is considered infrequent if the sale is one-off during the Financial Year and/or occurs at most once during the quarter or at most three (3) times within the Financial Year.

The Company may decide to sell financial instruments held under the BM1 category with the objective to collect contractual cash flows without necessarily changing its business model if one or more of the following conditions are met:

- ii) Where these sales are insignificant in value both individually and in aggregate, even if frequent. A sale is considered insignificant if the portion of the financial assets sold is equal to or less than five (5) per cent of the carrying amount (book value) of the total assets within the business model.
- iii) When these sales are made close to the maturity of the financial assets and the proceeds from the sales approximate the collection of the remaining contractual cash flows. A sale is considered to be close to maturity if the financial assets have a tenor to maturity of not more than one (1) year and/or the remaining contractual cash flows expected from the financial asset do not exceed the cash flows from the sales by ten (10) per cent.

Other reasons: The following reasons outlined below may constitute 'Other Reasons' that may necessitate selling financial assets from the BM1 category that will not constitute a change in business model:

1. Selling the financial asset to realize cash to deal with unforeseen need for liquidity (infrequent).
2. Selling the financial asset to manage credit concentration risk (infrequent)
3. Selling the financial assets as a result of changes in tax laws (infrequent).
4. Other situations also depend upon the facts and circumstances which need to be judged by the management

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash flow characteristics assessment

The contractual cash flow characteristics assessment involves assessing the contractual features of an instrument to determine if they give rise to cash flows that are consistent with a basic investment arrangement. Contractual cash flows are consistent with a basic deposit arrangement if they represent cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

Principal is defined as the fair value of the instrument at initial recognition. Principal may change over the life of the instruments due to repayments. Interest is defined as consideration for the time value of money and the credit risk associated with the principal amount outstanding and for other basic lending risks and costs (liquidity risk and administrative costs), as well as a profit margin.

a) Financial assets measured at amortised cost

Financial assets are measured at amortised cost if they are held within a business model whose objective is to hold for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. After initial measurement, debt instruments in this category are carried at amortized cost using the effective interest rate method. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. Amortized cost is calculated taking into account any discount or premium on acquisition, transaction costs and fees that are an integral part of the effective interest rate. Amortization is included in Interest income in the Consolidated Statement of Income. Impairment on financial assets measured at amortized cost is calculated using the expected credit loss approach.

Financial assets measured at amortized cost are presented net of the allowance for credit losses (ACL) in the statement of financial position

b) Financial assets measured at FVOCI

Financial assets are measured at FVOCI if they are held within a business model whose objective is to hold for collection of contractual cash flows and for selling financial assets, where the assets' cash flows represent payments that are solely payments of principal and interest. Subsequent to initial recognition, unrealized gains and losses on debt instruments measured at FVOCI are recorded in other comprehensive Income (OCI).

c) Financial assets measured at FVTPL

Financial assets measured at FVTPL include assets held for trading purposes, assets held as part of a portfolio managed on a fair value basis and assets whose cash flows do not represent payments that are solely payments of principal and interest. Financial assets may also be designated at FVTPL if by so doing eliminates or significantly reduces an accounting mismatch which would otherwise arise. These instruments are measured at fair value in the Statement of Financial Position, with transaction costs recognized immediately in the Statement of Income.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Equity Instruments

Equity instruments are measured at FVTPL, unless an election is made to designate them at FVOCI upon purchase. For equity instruments measured at FVTPL, changes in fair value are recognized in the Statement of profit or loss. The Company can elect to classify non-trading equity instruments at FVOCI. This election will be used for certain equity investments for strategic or longer term investment purposes. The FVOCI election is made upon initial recognition, on an instrument-by-instrument basis and once made is irrevocable. Gains and losses on these instruments including when derecognized/sold are recorded in OCI and are not subsequently reclassified to the Statement of profit or loss. Dividends received are recorded in Interest income in the Statement of Income. Any transaction costs incurred upon purchase of the security are added to the cost basis of the security and are not reclassified to the Statement of Income on sale of the security.

Financial liabilities are classified into one of the following measurement categories:

- (i) Fair Value through Profit or Loss (FVTPL)
- (ii) Amortised cost

i) Financial Liabilities at fair value through profit or loss

Financial liabilities accounted for at fair value through profit or loss fall into two categories:

Financial liabilities held for trading and financial liabilities designated at fair value through profit or loss on inception

Financial liabilities at fair value through profit or loss are financial liabilities held for trading. A financial liability is classified as held for trading if it is incurred principally for the purpose of repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking. Derivatives are also categorized as held for trading unless they are designated and effective as hedging instruments. Financial liabilities held for trading also include obligations to deliver financial assets borrowed by a short seller. Gains and losses arising from changes in fair value of financial liabilities are included in the income statement and are reported as 'Net gains/(losses) on financial instruments classified as held for trading. Interest expenses on financial liabilities held for trading are included in 'Net interest income'.

Financial Liabilities are designated at FVTPL when either the designation eliminates or significantly reduce an accounting mismatch which would otherwise arise or the financial liability contains one or more embedded derivatives which significantly modify the cash flows otherwise required. For liabilities designated at fair value through profit or loss, all changes in fair value are recognized in Non-interest income in the Statement of Income, except for changes in fair value arising from changes in the Company's own credit risk which are recognized in OCI. Changes in fair value of liabilities due to changes in the Company's own credit risk, which are recognized in OCI, are not subsequently reclassified to the Statement of Income upon derecognition/extinguishment of the liabilities.

ii) Financial Liabilities at amortised cost

Financial liabilities that are not classified at fair value through profit or loss fall into this category and are measured at amortised cost using the effective interest rate method. Financial liabilities measured at amortised cost are debt securities in issue for which the fair value option is not applied, e.g. convertible bonds and subordinated debts.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 Reinsurance assets

The Company cedes insurance risk in the normal course of business on the bases of 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.

4.4 Trade receivables

Trade receivables arising from insurance contracts are stated after adjusting for receivables outstanding from brokers over 30 days.

4.5 Other receivables and prepayments

They are initially recognised at fair value and subsequently measured at amortised cost less provision for impairment. A provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtors) that the Company will not be able to collect all the amount due under the original terms of the contract. Impaired debts are derecognised when they are assessed as uncollectible. If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. Any subsequent reversal of an impairment loss is recognised in profit or loss. Prepayments are carried at cost less accumulated impairment losses.

4.6 Deferred acquisition costs (DACs)

Incremental costs directly attributable to the acquisition of investment and insurance contracts with investment management services are capitalized to a Deferred Acquisition Cost(DAC) asset if they are separately identifiable, can be measured reliably and its probable that they will be recovered. DAC are amortized in the income statement over the term of the contracts as the related services are rendered and revenue recognized, which varies from year to year depending on the outstanding terms of the contracts in force. The DAC asset is tested for impairment bi annually and written down when it is not expected to be fully recovered.

4.7 Non-current assets held for sale

Non-current assets or disposal group comprising assets and liabilities that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the asset, or components of a disposal group are remeasured in accordance with the Company's accounting policies.

Thereafter generally, the assets or disposal group are measured at the lower of their carrying amounts and fair values less costs to sell. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property and biological assets, which continue to be measured in accordance with the Company's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognized in profit or loss, subject to cumulative subsequent gains not exceeding cumulative losses recorded for the asset.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.8 Investment property

An investment property is property held to earn rentals or for capital appreciation or both. Investment property, including interest in leasehold land, is initially recognized at cost including the transaction costs. Subsequently, investment property is carried at fair value representing the open market value at the statement of financial position date determined by annual valuations carried out by external registered valuers. Gains or losses arising from changes in fair value of investment property shall be recognized in profit or loss for the period in which it arises.

Investment properties are derecognized when either they have been disposed off or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is charged or credited to profit or loss.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property and equipment up to the date of the change in use.

When the Company completes the construction or development of a self-constructed investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognized in the other comprehensive income.

4.9 Intangible assets

Software licence costs and computer software that are not an integral part of the related hardware are initially recognised at cost, and subsequently carried at cost less accumulated amortisation and accumulated impairment losses. Costs that are directly attributable to the production of identifiable computer software products controlled by the Company are recognised as intangible assets.

Amortization is calculated using the straight line method to write down the cost of each licence or item of software to its residual value over its estimated useful life. The estimated useful life of the software is four years. Amortization begins when the asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management, even when idle.

Amortization ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognized and ceases temporarily while the residual value exceeds or is equal to the carrying value

Gains or losses arising from the derecognition of intangible assets are measured as the differences between the net disposal proceeds and the carrying amount of the assets and are recognised in the income statements of the periods in which the assets are.

4.10 Property, plant and equipment

All categories of property, plant and equipment are initially recognized at cost or at fair value. Cost includes expenditure directly attributable to the acquisition of the assets. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance expenses are charged to the income statement in the year in which they are incurred.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Depreciation is calculated using the straight line method to write down the cost or the revalued amount of each of the following classes of assets to its residual value over its estimated useful life:

- Building 50 years
- Furniture & Fittings 10 years
- Office Equipment 5 years
- Computer equipment 5 years
- Motor Vehicles 4 years
- Generating sets 5 years

Land is a component of property, plant and equipment but not subject to depreciation.

Depreciation on an item of property, plant and equipment commences when it is available for use and continues to be depreciated until it is derecognized, even if during that period the item is idle. Depreciation of an item ceases when the item is retired from active use and is being held for disposal.

As no parts of items of property, plant and equipment of the Company have a cost that is significant in relation to the total cost of the item, the same rate of depreciation is applied to the whole item.

The assets' residual values, depreciation method and useful lives are reviewed and adjusted, if appropriate, at each statement of financial position date.

Impairment reviews are performed when there are indicators that the carrying value of an asset may not be recoverable. Impairment losses are recognised in the income statement as an expense.

The Company classifies all assets within a disposal group as Non-current assets held for sale if the carrying amount will be recovered principally through sale transaction rather than continuous use.

Freehold land and buildings are subsequently carried at revalued amounts. Valuations are done on an annual basis by external independent valuers less accumulated depreciation and accumulated impairment losses. All other items of property, plant and equipment are subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amounts and are taken into account in determining operating profit.

Increases in the carrying amounts arising on revaluation are recognised in other comprehensive income and accumulated in equity under the heading of revaluation reserve. Decreases that offset previous increases of the same asset are recognised in other comprehensive income. All other decreases are charged to the Income statement.

4.11 Statutory deposit

Statutory deposit represents 10% of the minimum paid up capital of the Company deposited with the Central Bank of Nigeria (CBN) in pursuant to Section 10(3) of the Insurance Act, CAP I17, LFN 2004 Statutory deposit is measured at cost.

4.12 Insurance contract liabilities

Insurance contract liabilities include the outstanding claims provision, the provision for unearned premium and 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 handling costs and reduction for the expected value of salvage and other recoveries. 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 date using a range of standard actuarial claim projection techniques, 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 equalisation or catastrophe reserves is recognised. The liabilities are derecognised when the obligation to pay a claim expires, is discharged or is cancelled.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 recognised 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 Company reviews its unexpired risk and a liability adequacy test is performed in accordance with requirement of IFRS on liability adequacy test 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 recognised in the income statement by setting up a provision for premium deficiency.

- **Liability adequacy test**

At the end of the reporting period, liability adequacy tests are performed by an actuary to ensure the adequacy of the contractual liabilities net of related deferred acquisition cost assets (DAC). In performing these tests current best estimates of future contractual cash flows and claims handling and administrative expenses, as well as investment income from the assets backing such liabilities, are used. Any deficiency is immediately charged to 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".

- **Annuity contracts**

These contracts insure customers from consequences of events that would affect the ability of the customers to maintain their current level of income. There are no maturity benefits. However, there is a death benefit payable to named beneficiary if death occurs within the ten years guaranteed period. The annuity contracts are fixed annuity plans. Policy holders make a lump sum payment recognised as part of premium in the period when the payment was made. Constant and regular payments are made to annuitants based on terms and conditions agreed at the inception of the contract and throughout the life of the annuitants. The annuity funds are invested in money market instruments to meet up with the payment of monthly/quarterly annuity payments. The annuity funds liability is actuarially determined based on assumptions as to mortality, persistence, maintenance expenses and investment income that are established at the time the contract is issued.

Recognition and Measurement of Annuity Premium and Claims

Annuity premiums relate to single premium payments and are recognised as earned premium income in the period in which payments are received.

Claims are made to annuitants in the form of monthly/quarterly payments based on the terms of the annuity contract and charged to income statement as incurred. Premiums are recognised as revenue when they become payable by the contract holders.

4.13 Investment contract liabilities

The Company's investment contract business offers a range of savings products to suits Company and individual customers' long and short term investment needs. It comprises all types of contract, both with or without insurance risk, and with and without discretionary participation features.

The liability of the Company to the schemes is as determined by Actuarial valuation carried out annually by certified actuaries.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.14 Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate.

The estimated fair value of payables with no stated maturity which includes no interest payables is the amount repayable on demand.

4.15 Other payables and accruals

General Provisions are recognised when the Company 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 Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the income statement 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.

4.16 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate.

Fees paid on the establishment of loan facilities are recognised as a transaction cost of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

4.17 Finance lease obligations

Asset held under finance leases are initially recognised as asset of the Company at their fair value at the inception of the lease or if lower at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between the liability and finance charges. The corresponding rental obligation, net of finance charges are included in long term payables. The interest element of the finance cost is charged to the income statement over the lease periods so as to produce constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the useful life of the asset.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.18 Employee retirement benefits

Retirement Benefit Obligations

The Company operates a defined contribution scheme for qualifying employees. The Company contributes 10% while all its employees contribute 8% each of their pensionable emoluments (basic salary, housing allowance and transport allowance) to the Pension Scheme and this is being managed by registered and licensed pension managers as may be chosen by the staff from time to time.

4.19 Income tax liabilities

Income tax expense is the aggregate amount charged/(credited) in respect of current tax and deferred tax in determining the profit or loss for the year. Tax is recognised in the income statement except when it relates to items recognised in other comprehensive income, in which case it is also recognised in other comprehensive income.

Company Income tax

This is the amount of income tax payable on the taxable profit of the Company for the year determined in accordance with the Company Income Tax Act, CAP. C60 LFN, 2004. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted as at the reporting date.

Education tax

This is a component of the income tax. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted as at the reporting date.

Deferred tax liabilities

Deferred tax is provided in full on all temporary differences except those arising from the fair value measurement of assets.

Deferred tax is determined using the liability method on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes, using tax rates and laws enacted or substantively enacted at the statement of financial position date and expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss.

Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off such current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same Taxation authority.

4.20 Share capital and share premium.

Ordinary shares are recognized at par value and classified as 'share capital' in equity. Any amounts received over and above the par value of the shares issued are classified as 'share premium' in equity. The share premium account is utilized in accordance with the provisions of Companies and Allied Matters Act 2020.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.21 Contingency reserves

This is computed in accordance with the provisions of section 22 of the Insurance Act, CAP 117 LFN 2004. It is credited with amount equal to the higher of 3% of the total premium written and 20% of the net profit for non-life business and the higher of 1% of the total premium and 10% of the net profit for life business until it reaches the amount of the minimum paid up capital.

4.22 Retained earnings

Retained earnings are the carried forward recognised income net of expenses plus current period profit or loss attributable to owners of the Company.

4.23 Gross premium income

Insurance premium revenue is received or receivable by the Company from in-force insurance contracts during the reporting period. In-force insurance contracts are those whose premiums have been collected by the Company, its intermediaries or collectible within 30 days of the reporting date. Premium revenue is recognized on the date on which the insurance policy commences. Gross premium income comprises the total premium written in a year after adjusting for unearned premiums.

Unearned premiums

Unearned premiums are those proportions of premiums written in a year that relate to periods of risk after the statement of financial position 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.

Reinsurance premium

Reinsurance premiums are outward premiums due to reinsurance companies in accordance with the tenor of the reinsurance contract, after adjusting for the unexpired portion, as at the end of the period.

Net premium income

The result of the gross premium income and reinsurance premium expenses is the net premium income accruing to the entity for the period.

4.24 Commission on reinsurance

When the Company acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognized is the amount of commission made by the Company. Commission on reinsurance is recognised as income over the period of the underlying contracts. If the fees are for services provided in future periods, then they are deferred and recognised over those future periods.

4.25 Investment income

Investment income includes interest on bank placements, dividend income and rental income arising from operating leases on investment properties, which are presented in the Income statement.

Income from any earmarked investment is credited to its source. Otherwise, the investment income is distributed between the Insurance contract business, Investment contract business and shareholders' account on the basis of average investments outstanding during the year as financed by the respective funds.

The distribution is presented only as note to the financial statements.

4.26 Fees and other income

Insurance contract policyholders are charged for surrenders and other contract fees. Investment contract policyholders are charged for administration services, investment management services, surrenders and other contract fees. These fees are recognised as revenues over the periods in which the related services are performed. If the fees are for services provided in future periods then they are deferred and recognised over those future periods.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.27 Realized/unrealized gains and losses

Realized gains and losses include gains and losses arising from the disposal of financial instruments, non-current assets held for sale and investment properties and they are recognised in the Income statement of the period in which the disposal occurred.

Unrealized gains and losses include gains and losses arising from the fair valuation of financial assets, non-current assets held for sale (that is, immediately before classification as held for sale) and investment properties. Unrealized gains and losses arising from the fair valuation of investment properties are recognized in the Income statement.

4.28 Underwriting and management expenses

Expenses are recognized in the Statement of profit or loss when a decrease in future economic benefit related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably. This means, in effect, that recognition of expenses occurs simultaneously with the recognition of an increase in liabilities or a decrease in assets.

The Company's expenses are recognized in the statement of profit or loss on the following basis:

As either directly attributable expenses on insurance contracts and investment contracts on one hand and sundry business activities on the other hand. These expenses are accounted for wholly under the businesses that they relate to;

Common expenses, which are those other than the directly attributable expenses but excluding brokers/agents' allowances and commissions. The common expenses are allocated in the ratio of 70:20:10 between insurance business, investment contract and shareholders' funds. The amount allocated to insurance contract business is again distributed between Company Life and Individual life on the basis of gross premium written in the year.

Brokers/ Agents' commissions and allowances

The Company employs the services of brokers/ agents in marketing its life policies and investment contracts. Commissions paid to the agents/brokers are charged against revenue as underwriting expenses.

Furthermore, the Company employs the services of agents in marketing its individual life policies and investment contract products. Allowances and commissions paid to the agents are allocated on equal basis between the individual life business and investment contract activities.

Net claims expenses

The result of the gross benefits and claims expenses and reinsurance claims recoveries is the net claims expense for the period. Ceded reinsurance arrangements do not relieve the Company from its obligations to policyholders.

Policyholder benefits incurred comprise claims paid in the year and changes in the provision for insurance contract liabilities. Benefits paid represent all payments made during the year, whether arising from events during that or earlier years. Insurance contract liabilities represent the estimated ultimate cost of settling all benefits accruing to policyholders and are discounted to the present value.

Reinsurance claims recoveries

Reinsurance claims recoveries are recognized when the related gross insurance claim expenses are recognized according to the terms of the relevant contract.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Salvage and subrogation reimbursements

Some insurance contracts permit the Company to sell (usually damaged) property acquired in settling a claim (for example, salvage). The Company may also have the right to pursue third parties for payment of some or all costs (for example, subrogation).

Estimates of salvage recoveries are included as an allowance in the measurement of the insurance liability for claims, and salvage property is recognized in other assets when the liability is settled. The allowance is the amount that can reasonably be recovered from the disposal of the property.

Subrogation reimbursements are also considered as an allowance in the measurement of the insurance liability for claims and are recognized in other assets when the liability is settled. The allowance is the assessment of the amount that can be recovered from the action against the liable third party.

4.29 Dividends

Dividends on ordinary shares are recognised as a liability in the year in which they are declared. Proposed dividends are accounted for as a separate component of equity until they have been declared at an annual general meeting. Dividends for the year that are approved after the statement of financial position date are dealt with as a non-adjusting event after the statement of financial position date.

4.30 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares.

Basic earnings per share amounts are calculated by dividing the profit for the year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding at the reporting date.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

4.31 Conversion of foreign currencies

On initial recognition, all transactions are recorded in the functional currency (the currency of the primary economic environment in which the Company operates or transacts business), which is Nigerian Naira and Kobo. Transactions in foreign currencies during the year are converted into the functional currency using the exchange rate prevailing at the transaction dates.

Monetary assets and liabilities at the statement of financial position date denominated in foreign currencies are translated into the functional currency using the exchange rate prevailing as at that date. The resulting foreign exchange gains and losses from the settlement of such transactions and from year-end translation are recognised on a net basis in the income statement in the year in which they arise.

4.32 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (Board of Directors). Directors allocate resources to and assess the performance of the operating segments of the Company. The operating segments are based on the Company's management and internal operating structure. The directors consider the Company to comprise three business segments: Company life assurance segment, Individual life assurance segment and Investments management or savings links segment.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.33 Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation of the current year in accordance with the International Accounting Standards (IAS 1)

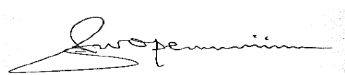
4.34 Events after the reporting date

The financial statements are adjusted to reflect events that occurred between the statement of financial position date and the date when the financial statements are authorised for issue, provided they give evidence of conditions that existed at the statement of financial position date. Events that are indicative of conditions that arose after the statement of financial position date are disclosed, but do not result in an adjustment of the financial statements.

STANDARD ALLIANCE INSURANCE PLC
STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

ASSETS	NOTES	2022 N'000	2021 N'000
Cash and cash equivalents	5	695,776	1,945,556
Financial Assets:			
- At fair value through profit or loss	6.1	40,501	36,461
- At amortised cost	6.2	603,061	404,841
- At fair value through other comprehensive income	6.3	200,080	175,291
Reinsurance assets	7	0	368,242
Trade receivables	8	8,849	8,074
Other receivables and prepayments	9	167,317	144,570
Deferred acquisition costs	10	-	-
Investment properties	11	4,030,067	4,030,067
Intangible assets	12	-	-
Property, plant and equipment	13	35,663	50,233
Statutory deposit	14	535,000	535,000
TOTAL ASSETS		<u>6,316,314</u>	<u>7,698,336</u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
Insurance contract liabilities	15	5,078,824	5,037,459
Investment contract liabilities	16	2,713,529	2,584,313
Trade payables	17	44,205	44,205
Other payables and accruals	18	502,513	850,919
Borrowings	19	1,976,233	1,994,015
Statutory penalty	45.1	-	-
Income tax liabilities	21	273,736	273,735
Deferred tax liabilities	22	61,909	61,909
TOTAL LIABILITIES		<u>10,650,948</u>	<u>10,846,555</u>
SHAREHOLDERS' EQUITY			
Share capital	23	6,455,515	6,455,515
Treasury shares	24	(1,145)	(1,145)
Share premium	25	7,484,955	7,484,955
Contingency reserves	26	1,771,669	1,768,801
Accumulated loss	27	(20,139,954)	(18,925,882)
Revaluation reserves	28	48,292	48,292
Fair value reserves	29	46,034	21,245
Total equity		<u>(4,334,634)</u>	<u>(3,148,219)</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>6,316,314</u>	<u>7,698,336</u>

The financial statements were approved by the Board of Directors on 20th August, 2025, and signed on its behalf by:



Mr. Michael Owopo
FRC/2018/PRO/ICAN/001/00000017730
Chief Finance Officer



Mr. Paulinus Offorzor
FRC/2013/PRO/CIIN/002/00000003287
Managing Director/CEO



Mr. Akin Iroko
FRC/2024/PRO/DIR/003/358339
Chairman

The accounting policies on pages 19 to 42, notes on pages 47 to 86 and other national disclosures on pages 88 to 90 form an integral part of these financial statements.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTES	2022 N'000	2021 N'000
Gross premium written	30	105,330	402,670
Unearned premium	30	62,136	50,368
Movement in individual life	15.4	(1,105)	-
Movement in annuity	15.5	(61,082)	-
Gross premium income		105,279	453,038
Reinsurance expenses	15.6	(12,119)	(23,954)
Net premium income		93,160	429,084
Commission income	31	-	-
Net underwriting income		93,160	429,084
Claims expenses (net)	32	(578,558)	(881,065)
Underwriting expenses	33	(9,151)	(40,853)
Total underwriting expenses		(587,709)	(921,917)
Underwriting (loss)		(494,549)	(492,834)
Investment income	34(a)	26,730	13,289
Other income	34(b)	100	15,416
Gain/(loss) on investment contract liabilities	35	-	1,780
Management expenses	36	(409,184)	(882,316)
Expected credit loss expense	36(a)	-	(529)
Write-off on Reinsurance assets	32(a)	(356,123)	-
Finance charges	37	(76,688)	(135,920)
Fair value gain on financial assets	6.1(a)	4,041	(31,801)
Foreign exchange gain/(loss)		94,470	(213,503)
Loss before taxation	41	(1,211,203)	(1,726,418)
Income tax (expenses)/gain	21	(1)	1,915
Loss for the year		(1,211,204)	(1,724,503)
Other comprehensive income			
Item that may be reclassified to profit or loss:			
Fair value gain/(loss) on financial assets at FVOCI	29	24,789	15,935
Revaluation loss on building	28		
Revaluation surplus reversed during the year	28		
Other comprehensive loss		24,789	15,935
Total comprehensive loss for the year		(1,186,415)	(1,708,568)
Earnings per share : Basic (Naira)	41	(9.38)	(13.36)

The accounting policies on pages 19 to 42, notes on pages 47 to 86 and other national disclosures on pages 88 to 90 form an integral part of these financial statements.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

STATEMENT OF CHANGES IN EQUITY

	Share Capital N'000	Treasury shares N'000	Share Premium N'000	Contingency Reserves N'000	Accumulated Loss N'000	Revaluation Reserves N'000	Fair value Reserve N'000	Fair value Reserves N'000	Total N'000
At 1 January 2022	6,455,515	(1,145)	7,484,955	1,768,800	(18,925,881)	48,291	21,245	-	(3,148,219)
Total comprehensive income for the year:									-
Loss for the year	-	-	-	-	(1,211,204)	-	-	-	(1,211,204)
Transfer to contingency reserve (Note 26)	-	-	-	2,868	(2,868)	-	-	-	-
Fair value loss on treasury shares (Note 24)	-	-	-	-	-	-	-	-	-
Other comprehensive income:									-
Revaluation on building (Note 28)	-	-	-	-	-	-	-	-	-
Revaluation surplus reversed during the year (Note 28)	-	-	-	-	-	-	-	-	-
Fair value loss on financial assets at fair value through other comprehensive income (Note 30)	-	-	-	-	-	-	24,789	-	24,789
At 31 December 2022	6,455,515	(1,145)	7,484,955	1,771,668	(20,139,953)	48,291	46,034	-	(4,334,634)
At 1 January 2021	6,455,515	(1,145)	7,484,955	1,756,720	(17,189,297)	48,291	5,310	-	(1,439,651)
Loss for the year					(1,724,503)				(1,724,503)
Transfer to contingency reserve (Note 26)	-	-	-	12,080	(12,080)	-	-	-	-
Fair value loss on treasury shares (Note 24)	-	-	-	-	-	-	-	-	-
Fair value loss on available for sale financial assets	-	-	-	-	-	-	-	-	-
Other comprehensive income:	-	-	-	-	-	-	-	-	-
Revaluation surplus reversed during the year (Note 28)									-
Fair value loss on financial assets at fair value through other comprehensive income (Note 30)	-	-	-	-	-	-	15,935	-	15,935
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
At 31 December 2021	6,455,515	(1,145)	7,484,955	1,768,800	(18,925,881)	48,291	21,245	-	(3,148,219)

The accounting policies on pages 19 to 42, notes on pages 47 to 86 and other national disclosures on pages 88 to 90 form an integral part of these financial statements.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

STATEMENT OF CASH FLOWS

	NOTES	2022 N'000	2021 N'000
Cash flows from operating activities			
Premium received from policy holders	40	104,555	396,871
Cash received on investment contract	16	129,216	2,128,794
Cash withdrawals on investment contract	16	-	-
Fees and commission	31	-	-
Other income	34(b)	-	-
Claims recovered	32a	-	(58)
Claims paid	32	(537,244)	(430,241)
Cash payments for reinsurance	15.7	(12,119)	(23,954)
Commissions paid	33a	(9,151)	(47,948)
Other acquisition costs paid	33	-	-
Loans against policy	6.2.1(b)	-	-
Repayment of policy loan	6.2.1(b)	-	-
Cash payments to employees, suppliers and others		(677,258)	(1,746,556)
		(1,002,001)	276,909
Taxes paid: Income tax	21	-	(45,000)
Net cash used from operating activities		(1,002,001)	231,909
Cash flows from investing activities			
Purchase of Property, plant and equipment	13	(781)	(469)
Rental income	18.2	1,501	1,840
Dividends received	34(a)	3,683	415
Interest on treasury bills	34(a)	-	-
Interest received on fixed deposits	34(a)	22,726	10,407
Gain from sale of property, plant & equipment	34b	-	-
Proceeds from sale of property, plant and equipment		-	714,139
Proceeds from sale of investment property		-	-
Liquidation of financial assets at amortised cost	6.2.2a	336,268	57,425
Addition to financial assets at amortised cost	6.2.3	(534,488)	-
Net cash generated from investing activities		(171,091)	783,757
Cash flows from financing activities			
Finance charges	37	(76,688)	(135,920)
Repayment of lease finance	20	-	-
Loan borrowing	19.2	-	-
Loan repayment	19.2	-	(100,000)
Net cash (used)/flows from financing activities		(76,688)	(235,920)
Net decrease in cash and cash equivalents during the year		(1,249,780)	779,746
Cash and cash equivalents at the beginning of the year		1,945,556	1,165,810
Cash and cash equivalents at the end of the year		695,776	1,945,556
Cash and cash equivalent comprise:			
Cash in hand		116	-
Current Bank accounts balances		47,421	53,989
Short term deposits - Local banks		648,239	1,891,567
	5	695,776	1,945,556

The accounting policies on pages 19 to 42, notes on pages 47 to 86 and other national disclosures on pages 88 to 90 form an integral part of these financial statements.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS (continued)

	2022	2021
	N'000	N'000
5 Cash and cash equivalents		
Cash in hand	116	-
Bank balances	47,421	53,989
Short term deposits	651,429	1,894,757
	698,966	1,948,746
Allowance for credit losses (Note 6a)	(3,190)	(3,190)
	695,776	1,945,556

Included in short term deposits is a sum of N3,182,144.27 (2021: N3,182,144.27) being unclaimed dividends returned by First Registrars Limited as instructed by the Securities and Exchange Commission (SEC). This amount is included in other accruals (Note 18).

Short-term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Company.

5(a) Impairment allowance for cash and cash equivalents		
At 1 January	3,190	3,190
Movements during the year (Note 36a)	-	-
At 31 December	3,190	3,190

6 Financial assets		
At fair value through profit or loss (FVPL) - Note 6.1	40,501	36,461
At amortised cost (Note 6.2)	603,061	404,841
At fair value through other comprehensive income (FVOCI) - Note 6.3.1	200,080	175,291
	843,642	616,593

6.1 Financial assets at fair value through profit or loss (FVPL)		
At 1 January	36,461	68,262
Addition during the year	-	-
Fair value gain/(loss) during the year [Note 6.1(a)]	4,041	(31,801)
Disposal during the year	-	-
At 31 December	40,501	36,461

6.1(a) Fair value (gain)/loss disclosed in the income statement is as analysed below:

Fair value gain/(loss) on equity instrument carried at FVPL (Note 6.1)	4,041	(31,801)
	4,041	(31,801)

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS (continued)

	2022	2021
	N'000	N'000
6.1.2 Analysis of the fair value of the Company's investments in listed entities is shown below:		
ABC Transport Plc	2,587	3,208
Africa Prudential Registrar Plc	83	88
Dangote Sugar Refineries Plc	4,815	5,220
Diamond Bank Plc (Now Access Bank Plc)	729	797
Ecobank Transnational Plc (ETI)	170	139
First City Monument Bank Limited	7,409	5,754
Fidelity Bank Plc	10,395	6,094
First Bank of Nigeria Limited	4,695	4,938
UBA Capital	779	551
United Bank for Africa Plc	3,488	3,695
Stanbic IBTC Holdings Plc	5,352	5,760
	40,502	36,243

6.2 Financial assets at amortised costs

Loans and receivables (Note 6.2.1)	68,573	68,573
Treasury bills (Note 6.2.2)	-	336,268
Bonds (Note 6.2.3)	534,488	
	603,061	404,841

6.2.1 Loans and receivables

Loans against policies	69,125	69,125
Staff debtors	1,227	1,227
Agency loan	554	554
	70,906	70,906
Allowance for credit losses	(2,333)	(2,333)
	68,573	68,573

6.2.1a Loans against policies

The Company grants commercial loans to life policyholders. The surrender values serve as collaterals for the loans.
The details of the loans are as shown below:

	2022	2021
	N'000	N'000
GSL policy loan	14,621	14,621
Standard Life Accumulator Scheme (SLA)	3,263	3,263
Special Personnel Policy (SPP)	5,093	5,093
Flexible Assurance scheme (FAS)	478	478
Personal Providence Plan (PPP)	43,396	43,396
Annuity Policy Loan	200	200
Deposit Link Assurance (DELAS)	2,048	2,048
SIP- Policy loan	26	26
	69,125	69,125

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS (continued)

	2022	2021
	N'000	N'000
6.2.1b Movement in loans against policies		
At 1 January	69,125	69,125
Additions during the year	-	-
Repayments	-	-
At 31 December	69,125	69,125
6.2.1c Movement in staff debtors		
At 1 January	1,227	1,439
Additions during the year	-	-
Repayments during the year	-	(212)
At 31 December	1,227	1,227
6.2.2 Treasury bill		
Treasury bills (Note 6.2.2a)	336,268	393,491
Matured and transferred to short-term deposit	(336,268)	(57,425)
Allowance for credit losses	-	202
	-	336,268

The Company's existing treasury bills matured during the year. The sum of N57.425 million of the proceeds was invested in short-term deposits, while the balance of N336.27 million was reinvested in 90-day tenored treasury bills to mature on 24 February 2022. In 2022, bills were liquidated and deposited in a bank.

6.2.3 Bonds	534,488	-
During the year, the company invested in FGN and corporate bonds with a maturity date of 6 to 7years. These investments are measured at amortised cost using the effective interest rates of 13% and 16.288%. The interests are accrued biannually and paid into Zenith Bank, UBA, and Access Bank.		
6.2.4 Impairment allowance for amortised costs		
At 1 January	-	(202)
Charged to profit or loss during the year (Note 36a)	-	202
At 31 December	-	-
ECL allowance on amortised costs charged to profit or loss during the year is shown below:		
ECL allowance on treasury bills	-	202
ECL allowance on loans and receivables	-	-
Charged to profit or loss during the year	-	202

6.3 Financial assets at fair value through other comprehensive income

Quoted Shares in Transcorp Plc (Note 6.3.1)	200,080	175,291

6.3.1 Investment in quoted shares (Transcorp Plc)

At 1 January	175,291	159,356
Fair value gain during the year (Note 29)	24,789	15,935
At 31 December	200,080	175,291

As at 31st December 2022, the Company had 177,062,222 units of Transcorp Plc shares valued at N200.08 million (2021: N175.29 million)

7 Reinsurance assets

Reinsurer share of outstanding claims (Note 7.1)	-	255,100
Reinsurer's share of claims IBNR (Note 7.2)	-	101,023
Reinsurer's share of UPR (Note 7.3)	-	12,119
	-	368,242

These represent amounts recoverable from reinsurers in respect of claims incurred and reinsurance premium paid of which risks have not expired.
The reinsurance assets are of current maturity.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS (continued)

	2022	2021
	N'000	N'000
7 Reinsurance assets - cont'd		
7.1 Reinsurer share of outstanding claims		
Life business claims recoverable	-	-
Non-life business claims recoverable	-	255,100
	<u>-</u>	<u>255,100</u>
 Movement in claims recoverable during the year is as follows:		
At 1 January	255,100	255,100
(Decrease)/Increase during the year (Note 32a)	(255,100)	0
At 31 December	<u><u>-</u></u>	<u><u>255,100</u></u>
 Claims recoverable represents balances due from re-insurance companies in respect of claims paid. During the year, the Company did not carry out a reconciliation of claims recoverable with its reinsurers due to the suspension of its operation licence. Meanwhile, the assets were impaired during the year, which reduced the value to N210.90 million (2021 N255.1 million) in claims recoverable as at the reporting date.		
 7.2 Reinsurer's share of IBNR		
Non-life business IBNR	-	101,023
	<u>-</u>	<u>101,023</u>
 Movement in Reinsurer's Share of IBNR during the year is as follows:		
At 1 January	101,023	101,023
(Decrease)/increase during the year (Note 32a)	(101,023)	-
At 31 December	<u><u>-</u></u>	<u><u>101,023</u></u>
 7.3 Reinsurer's Share of UPR		
Non-life business UPR	-	12,119
	<u>-</u>	<u>12,119</u>
 7.3.1 Movement in Reinsurer's Share of UPR		
At 1 January	12,119	12,119
Decrease during the year (Note 15.6)	(12,119)	-
At 31 December	<u><u>-</u></u>	<u><u>12,119</u></u>
 8 Trade receivables		
At 1 January	8,074	2,275
Gross premium written	105,330	-
Gross premium received	(104,555)	5,799
At 31 December	<u><u>8,849</u></u>	<u><u>8,074</u></u>
Allowance for impairment - due from insurance companies and brokers (Note 37b)	-	0
Carrying amount at 31 December 2022	<u><u>8,849</u></u>	<u><u>8,074</u></u>

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS (continued)

	2022	2021
	N'000	N'000
9 Other receivables and prepayments		
Other debtors (Note 9.1)	40,000	40,000
Interest receivable (Note 9.2)	-	-
Prepaid rent	126,252	103,590
Staff advances	409	324
Deposit for quoted shares (Note 9.3)	656	656
	167,317	144,570
9.1 N40 million loan was given to a former Director of the Company, which remained unpaid as at reporting year.		
The Director pledged 250 hectares of land in Kaduna State, valued at N40 million, as collateral. The documents for the land have been fully executed, but issues relating to consent and ownership have not been perfected.		
9.2 This represents accrued biannual interest on statutory deposits with the Central Bank of Nigeria.		
9.3 Deposit for quoted shares represents the Company's subscription for right issues in Access Bank Plc which are yet to be allotted.		
11 Investment properties		
At 1 January	4,030,067	4,030,067
Disposed during the year (Note 11.1)	-	-
Reclassified from property, plant and equipment (Note 13)	-	-
Reclassified to other receivables and prepayments (Note 9)	-	-
Fair value (loss)/gain during the year (Note 11.2.1)	-	-
At 31 December (Fair value)	4,030,067	4,030,067
11.2 History and movement in fair value gain		
Cost as at date of initial recognition	3,186,501	3,186,501
Cumulative fair value gain at 1 January	843,566	843,566
Fair value loss for the year	-	-
Cumulative fair value gain at 31 December	843,566	843,566
At 31 December	4,030,067	4,030,067
11.2.1 Fair value loss reported in the statement of profit or loss		
Fair value changes in investment properties	-	-

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS

Movements in investment properties 2022	Cost N'000	Fair value gain at 1 January N'000	Balance at 1 January N'000	Addition during the year N'000	Sold during the year N'000	Revaluation (loss) N'000	Balance at 31 December N'000
11 units of 4-bedroom terrace houses at New County Estate, Lekki, Lagos	1,045,000	-	1,168,750	-	-	-	1,168,750
10 units of 2 Bedroom Terrace houses at No 17, Gbangbala Road, Ikate Elegushi, Lekki	244,734	-	661,184	-	-	-	661,184
One wing of 4 bedroom duplex, Lekki, Lagos	57,371	-	97,284	-	-	-	97,284
Six (6) storey lettable office complex - Ebute Metta	201,301	-	875,325	-	-	-	875,325
Six (6) bedroom detached house, Asokoro-Abuja	268,595	-	757,149	-	-	-	757,149
Abuja plot of Land at Cadastral Zone.	320,000	-	-	-	-	-	-
Oreki Village, Ibeju, Lekki.	600,000	-	450,000	-	-	-	450,000
Shapati Village, Ibeju, Lekki.	446,000	-	-	-	-	-	-
Flat 3,Block 2, Kadiri Estate, Joseph Dosu, Badagry.	3,500	-	20,375	-	-	-	20,375
	3,186,501	-	4,030,067	-	-	-	4,030,067

Movements in investment properties 2021	Cost	Fair value gain at 1 January	Balance at 1 January	Reclassified from PPE (Note 14)	Reclassified to other receivables and prepayments (Note 10)	Revaluation (loss)/gain	Balance as at 31 December
250 hectares of Farmland at Mydumbi Village	-	-	-	-	-	-	-
11 units of 4-bedroom terrace houses at New County Estate, Lekki, Lagos	1,045,000	-	1,168,750	-	-	-	1,168,750
10 units of 2 Bedroom Terrace houses at No 17, Gbangbala Road, Ikate Elegushi, Lekki	244,734	-	661,184	-	-	-	661,184
One wing of 4 bedroom duplex, Lekki, Lagos	57,371	-	97,284	-	-	-	97,284
Six (6) storey lettable office complex - Ebute Metta	201,301	-	875,325	-	-	-	875,325
Six (6) bedroom detached house, Asokoro-Abuja	268,595	-	757,149	-	-	-	757,149
Abuja plot of land, Cadasral Zone	320,000	-	-	-	-	-	-
Oreki Village, Ibeju, Lekki.	600,000	-	450,000	-	-	-	450,000
Shapati Village, Ibeju, Lekki.	446,000	-	-	-	-	-	-
Flat 3,Block 2, Kadiri Estate, Joseph Dosu, Badagry.	3,500	-	20,375	-	-	-	20,375
	3,186,501	-	4,030,067	-	-	-	4,030,067

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS

11.3 The status of the Company's investments properties are detailed below:

S/N	Name on Title Document	Description of Properties	Date of Acquisition	Nature of Document	Locations	Carrying Amount N'000	Steps taken for perfection
i	Standard Alliance Insurance Plc	Warehouse	2015	Deed of Assignment	Oreki Village, Ibeji-Lekki	450,000	Perfection in progress
ii	Standard Alliance Insurance Plc	11 Unit of 4 Bedroom Flat	2009	Registered Title	New County Terrace, Iroko Awe, Lekki Peninsula	1,210,000	Near Perfection
iii	Standard Alliance Insurance Plc	10 Units of 2 B/R Terrace Hse	2003	Deed of Assignment	No 17 Gbangbala Road, Ikate, Elegushi, Lekki, Lagos	800,000	Perfected
	Standard Alliance Insurance Plc	3 Bedroom Duplex	2012	Deed of Assignment	Flat 3, Block 2, Kadiri Est, Joseph Dosu Way, Badagry	26,000	Perfection in progress
iv	Standard Alliance Insurance Plc	4 Bedroom Duplex	2003	Registered Title	House 13B, Oba Adeyinka Estate, Lekki, Lagos	110,589	Near Perfection
v	Standard Alliance Insurance Plc	Six (6) storey lettable Offices	2012	Registered Title	No 22, Herbert Macaulay Street, Ebute Meta, Lagos	1,100,000	Perfected
vi	Standard Alliance Insurance Plc	Six (6) Bedroom Detached House	2010	Deed of Assignment	House 1207, Yakubu Gowon, Asokoro, Abuja	920,000	Perfection in progress
						4,616,589	

Investment properties held by Standard Alliance Insurance Plc were independently valued by Osaro Eguasa & co (FRC/2012/0000000000423) and James Garuba & Company (FRC/1999/00000003709) on 31 December 2022. The fair value of each of the properties was determined by discounting the expected cash flows of each property based upon internal plans and assumptions and comparable market transactions.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022
OTHER NOTES TO THE FINANCIAL STATEMENTS

12	Intangible asset		
	Computer software		
	Cost	2022	2021
		N'000	N'000
	At 1 January	15,000	15,000
	Addition during the year	-	-
	At 31 December	15,000	15,000
	Amortisation		
	At 1 January	15,000	15,000
	Amortisation for the year	-	-
	At 31 December	15,000	15,000
	Carrying amount at 31 December	-	-

The intangible asset relates to the Company's accounting software package, Global Insurance Business Solution (GIBS) which is an underwriting solution software bought from a Nigerian Information Technology Company, Intteck Global systems Limited.

STANDARD ALLIANCE INSURANCE PLC
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NOTES TO THE FINANCIAL STATEMENTS

13 Property, plant and equipment	Building	Motor vehicles	Furniture and fittings	Computer equipment	Office equipment	Generating set	Total
Cost/valuations:	N'000	N'000	N'000	N'000	N'000	N'000	N'000
At 1 January 2021	64,634	823,290	294,374	134,985	193,049	123,357	1,633,689
Additions	-	-	-	422	47	-	469
Write off	(64,634)	(36,795)	(14)	-	-	(110)	(101,553)
At 31 December 2021	-	786,495	294,360	135,407	193,096	123,247	1,532,605
At 1 January 2022	-	786,495	294,360	135,407	193,096	123,247	1,532,605
Additions	-	-	320	183	278	-	781
At 31 December 2022	-	786,495	294,680	135,590	193,374	123,247	1,533,386
Accumulated depreciation and impairment:							
At 1 January 2021	5,366	823,103	224,500	131,908	187,910	123,335	1,496,122
Charge for the year	-	-	23,665	2,160	2,904	-	28,729
Write off	(5,366)	(36,690)	(14)	-	-	(89)	(42,159)
At 31 December 2021	-	786,413	248,151	134,068	190,814	123,246	1,482,692
At 1 January 2022	-	786,413	248,151	134,068	190,814	123,246	1,482,692
Charge for the year	-	82	13,094	1,111	743	-	15,030
At 31 December 2022	-	786,495	261,245	135,179	191,557	123,246	1,497,722
Carrying amounts as at:							
31 December 2022	-	-	33,435	411	1,817	1	35,663
31 December 2021	-	82	46,529	1,339	2,282	1	50,233

None of the Company's assets was pledged as security on loan as at year end (2021: Nil).

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS (continued)

	2022	2021
	N'000	N'000
14 Statutory Deposits		
Statutory deposit for life business	200,000	200,000
Statutory deposit for non-life business	335,000	335,000
	535,000	535,000

These represent 10% of the minimum paid up share capital deposited with the Central Bank of Nigeria in accordance with Section 10 (3) of the Insurance Act, CAP I17, LFN 2004.

15 Insurance contract liabilities		
Unearned premium reserves (Note 15.1)	2,066	64,202
Outstanding claims (Note 15.2)	2,158,723	2,089,839
Provision for claims incurred but not reported (IBNR) (Note 15.3)	571,154	598,724
Individual life (Note 15.4)	14,565	13,460
Annuity fund (Note 15.5)	2,332,316	2,271,234
	5,078,824	5,037,459

Life Insurance contract liabilities

	N'000	N'000	N'000
	Risk liability	DA liability	Gross liability
Individual life risk contract	8,731	142,378	151,109
Individual investment and risk contract	5,834	2,571,151	2,576,985
Subtotal	14,565	2,713,529	2,728,094
PFA's annuities	2,332,316	-	2,332,316
GSLAS	966,355	-	966,355
Total	3,313,236	2,713,529	6,026,765

Non- Life Insurance contract liabilities

	Gross liability	Reinsurance Assets	Net liability
Claims reserve	1,533,497	-	1,533,497
UPR	2,066	-	2,066
IBNR	230,025	-	230,025
Total Non-Life Insurance contract liabilities	1,765,588	-	1,765,588

15.1 Unearned premium reserves

Aviation	-	-
Bond	7	147
Fire	53	5,194
General accident	868	33,318
Marine	76	6,561
Motor	1,059	18,979
Oil & gas	2	3
	2,066	64,202

15.1.2 Movements in unearned premium reserve

At 1 January	64,202	114,570
Decrease in during the year (Note 30)	(62,136)	(50,368)
At 31 December	2,066	64,202

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS (continued)

	2022	2021
15.2 Outstanding claims reserves	N'000	N'000
Aviation	36,354	34,721
Bond	57,481	54,899
Engineering	47,899	45,747
Fire	40,829	38,995
General accident	403,195	385,084
Marine	52,617	50,253
Motor	38,903	37,155
Oil & Gas	856,219	817,758
Group life	625,226	625,226
	2,158,723	2,089,803
15.2.1 Movements in outstanding claims are further analysed below:		
At 1 January	2,089,838	1,818,992
Increase/(decrease) during the year (Note 32)	68,885	270,846
At 31 December	2,158,723	2,089,838
15.2.2 The age analysis of outstanding claims are:		
0 - 90 days		-
91 - 180 days		-
181 - 270 days	13,341	-
271 - 365 days	265,424	171,797
366 days and above	1,879,957	1,918,041
	2,158,723	2,089,839

The delay in settlement of outstanding claims that are over 90 days was as a result of late submission of necessary documents and data on the part of the claimants. Also, the need to verify the veracity of the claims contributed to this delay.

15.2.3 REASONS FOR OUTSTANDING CLAIMS CAN BE ANALYSED AS FOLLOWS:

	0-90 DAYS N'000	91-180 DAYS N'000	181-270 DAYS N'000	271-365 DAYS N'000	Above 365 DAYS N'000	2022 Total N'000
31 December 2022						
Discharge Voucher Issued- Life			8,525	107,021	200,884	316,429
Discharge Voucher Issued- Non-Life			1,308	7,725	528,790	537,824
Awaiting Lost Adjusters report				37,501	132,792	170,293
Awaiting Documentation from Claimants			3,508	12,517	520,425	536,450
Abandoned by Claimants				6,495	331,435	337,930
Incomplete Documentations by Claimants				94,165	165,631	259,796
TOTAL	-	-	13,341	265,424	1,879,957	2,158,723
31 December 2021						
Discharge Voucher Issued- Life	-	-	-	33,403	29,329	62,732
Awaiting Lost Adjusters report	-	-	-	33,300	414,222	447,522
Awaiting Documentation from Claimants	-	-	-	4,434	713,538	717,972
Abandoned by Claimants	-	-	-	6,495	135,726	134,545
Incomplete Documentations by Claimants	-	-	-	94,165	625,226	2,628,724
TOTAL	-	-	-	171,797	1,918,040	2,089,839

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS (continued)

	2022	2021
15.3 IBNR Per Actuarial valuation	N'000	N'000
Aviation	5,453	5,208
Bond	8,622	8,235
Engineering	7,185	6,862
Fire	6,124	5,849
General accident	60,479	57,763
Marine	7,893	7,538
Motor	5,835	5,573
Oil & Gas	128,433	122,664
Life	341,129	379,032
	571,153	598,724
15.3.1 Movement in IBNR		
At 1 January	598,724	418,746
(Decrease)/increase during the year (Note 32)	(27,571)	179,978
At 31 December	571,153	598,724
15.4 Movement in individual life		
At 1 January	13,460	264,898
Increase/(decrease) during the year	1,105	(251,438)
At 31 December	14,565	13,460
Movement in group life		
At 1 January	-	886,717
During the year	-	(886,717)
At 31 December	-	-
15.5 Movement in annuity fund		
At 1 January	2,271,234	2,610,145
Increase during the year	61,082	(338,911)
At 31 December	2,332,316	2,271,234
Adjustments* - This is to align the UPCL bank confirmation balance to the ledger.		
The Company Insurance Contract Liabilities for both Life and Non-Life businesses is established at the end of the year by Becoda Consulting Limited with FRC/2019/00000012909. The report was signed by Benjamin Awunor with Financial Reporting Council Number FRC/2015/PRO/NAS/004/00000012946.		
15.6 Reinsurance expenses		
Reinsurance cost	12,119	23,954
Changes in UPR (Note 7.3.1)	-	-
	12,119	23,954
15.7 Cash payments for reinsurance		
Reinsurance cost (Note 15.6)	(12,119)	(23,954)
Changes in due to reinsurer payable (Note 17)	-	-
Per statement of cash flows	(12,119)	(23,954)
16 Investment Contract Liabilities		
At 1 January	2,584,313	455,519
Amount received in the year	129,216	2,128,794
Interest expenses	-	-
Withdrawals	-	-
At 31 December	2,713,529	2,584,313
17 Trade payables		
Due to Reinsurer	36,257	36,257
Underwriting expenses payable	7,948	7,948
	44,205	44,205
The trade payables are all of current maturity.		

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS (continued)

	2022	2021
	N'000	N'000
18 Other payables and accruals		
Statutory deductions (Note 18.1)	206,614	199,147
Information technology development levy (Note 38)	8,406	8,406
Rent received in advance (Note 18.2)	1,553	373
Due to staff	11,293	200,994
Accrued expenses (Note 18.3)	39,926	157,623
Statutory penalty payable (Note 18.4)	4,026	-
Unclaimed dividend	3,182	3,182
Preference dividend payable (Note 18.6)	175,000	175,000
Amount due to other beneficiaries (Note 18.7)	2,590	56,272
Annuity fund fee payable (Note 18.8)	16,651	16,651
Directors' current account	33,271	33,271
	502,513	850,919
The above are further analysed as:		
Current	502,513	850,919
Non-current	-	-
	502,513	850,919
18.1 Statutory deductions		
PAYE payable	110,224	106,915
Pension payable	54,557	50,399
VAT payable	3,824	3,824
Withholding tax	38,009	38,009
	206,614	199,147
18.2 Movement in rent received in advance		
At January 1	373	1,000
Additional rental Income received	1,501	1,840
Rental income recognised during the year (Note 34a)	(321)	(2,467)
At December 31	1,553	373
18.3 Accrued expenses		
Audit fee accrual	23,000	19,500
Management expenses payable	13,914	13,914
Others	3,012	124,209
	39,926	157,623
18.4 Statutory penalty payable	4,026	-
This relates to NAICOM charges to the company for late submission of 2022 financial statements.		

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS (continued)

	2022	2021
	N'000	N'000
18.5 Deferred Commission Income		
At January 1	-	1,190
Addition During the year	-	(1,190)
Amortised During the year (Note 31)	-	-
At 31 December	-	-

18.6 Preference dividend payable	175,000	175,000

The Company had 17,500,000 (Seventeen Million, Five Hundred Thousand units of preference shares of N100 (One Hundred Naira) each prior to year ended 31 December 2011. These were converted to ordinary shares of 50k (50 Kobo) each in the Company and issued to the holders of the preference shares as at 31 December 2011 in accordance with the resolution passed at the 15th Annual General Meeting of 16th December 2011. The amount of N175 million is the balance of pre conversion dividend yet unpaid as at 31 December 2020 reporting date.

	N'000	N'000
18.7 Amount due to other beneficiaries	1,139	5,446
Staff fines and penalties	-	151
Staff group life payable	1,451	50,675
Other creditors	2,590	56,272

	N'000	N'000
18.8 Annuity fund fee payable	16,651	16,651
At January 1	0	(0)
Addition during the year	16,651	16,651
At December 31	16,651	16,651

Annuity fund fee represents a provision of 1% out of annuity premium received in a financial year. This is being proposed by NAICOM. The balance at the end of the year represents provisions as at reporting dates.

	N'000	N'000
19 Borrowings	1,976,233	1,994,015
Daewoo Securities Bond (Note 19.1)	-	-
Cowry Asset Management Limited (Note 19.2)	1,976,233	1,994,015

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS (continued)

19.1 Daewoo Securities Bond

The Company received a capital inflow of JPY650,000,000 (\$7,397,516) zero coupon bond raised from Daewoo Securities in December 2009.

The bond was tenured originally for 20 years with the lenders' option to convert the bond to Standard Alliance Insurance Plc's ordinary shares. If the option is not exercised, the Company must pay interest 4.25% per annum on the gross bond value for the entire term it has been outstanding.

Daewoo Securities requested for the full redemption of the bond in 2011 following which the Company went to a negotiation with it and a repayment plan with the bond owners was renegotiated in 2012. Further negotiations commenced in 2015 and are still on-going. The Company's outstanding liability to Daewoo Securities as at 31 December 2022 is JPY580,562,000 (2021:JPY556,894,000), principal and interest inclusive.

Further details of transactions during the year are:

	Principal JPY'000	Interest JPY'000	Total JPY'000	2022 N'000	2021 N'000
At 1 January	398,203	158,691	556,894	1,994,015	1,682,419
Interest accrued during the year	-	23,668	23,668	76,688	82,446
Foreign exchange difference	-	-	-	(94,470)	229,150
At 31 December	398,203	182,359	580,562	1,976,233	1,994,015
Current maturities				JPY'000	JPY'000
Interest				182,359	158,691
Principal				398,203	398,203
Total current maturities				580,562	556,894
Non-current principal maturity				-	-
				580,562	556,894

The balance of JPY 580,562,000 (2021: JPY 556,894,000) is stated in the financial statements at the Central Bank of Nigeria closing exchange rate of N3.404/JPY as at 31 December 2022. Subsequent to 2022 reporting period, no payment has been made on principal and interest.

19.2 Cowry Asset Loan

	N'000	N'000
At 1 January	-	101,526
Repayment during the year	-	(101,526)
At 31 December	-	-
Repayments during the year		
Principal	-	100,000
Loan interest charge	-	1,526
	-	101,526

The Company entered into a new loan arrangement with Cowry Assets Management Limited for working capital needs. The new loan was consummated in July 2019 at a value of N300million. The loan is payable within one year at the interest rate of 28%.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS (continued)

21 Current income tax liabilities

Per Statement of Comprehensive income

Company income tax	1	1,915
Education tax	-	-
Deferred tax	-	-
	1	1,915

Per Statement of Financial Position:

At 1 January

Company income tax	273,735	316,820
Education tax	-	-
	273,735	316,820

Provisions for the year:

Company income tax	1	1,915
Education tax	-	-

Payments during the year:

Company income tax	-	(45,000)

At 31 December

273,736	273,735

22 Deferred tax liabilities

At 1 January

	61,909	61,909

Charged for the year

	-	-

Tax on gain/(loss) on revaluation of property, plant and equipment

	-	-

At 31 December

61,909	61,909

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS - (continued)

23 Ordinary share capital

	2022	2021
	Units	Units
	'000	'000
Authorized		
14,000,000,000 ordinary shares of 50k each	14,000,000	14,000,000
	N'000	N'000
14,000,000,000 ordinary shares of 50k each	7,000,000	7,000,000
Issued and Fully Paid	Units	Units
At 1 January	12,911,030	12,911,030
Addition during the year	-	-
At 31 December	12,911,030	12,911,030
	N'000	N'000
At 1 January	6,455,515	6,455,515
Addition during the year	-	-
At 31 December	6,455,515	6,455,515

24 Treasury share

	(1,145)	(1,145)

Treasury share represents the standard Alliance Assurance Life Limited investment in Standard Alliance Insurance Plc reclassified to treasury share upon merger of the two companies in 2017.

25 Share premium

At 1 January	7,484,955	7,484,955
Addition during the year	-	-
At 31 December	7,484,955	7,484,955

Share premium comprises additional paid-in capital in excess of the par value.
This reserve is not ordinarily available for distribution.

26 Contingency reserves

At 1 January	1,768,801	1,756,720
Transfers for the year (Note 27)	2,868	12,080
At 31 December	1,771,669	1,768,801

Transferred to Contingency reserves

Non-life	2,723	7,677
Life	145	4,403
Total	2,868	12,080

In compliance with section 21(1) of Insurance Act 2003, the contingency reserve for Non-life insurance business is credited with the greater of 3% of total premium, or 20% of the net profits. This shall accumulate until it reaches the greater of minimum paid-up capital and 50% percent of the net premium. For life business, the contingency reserve is credited with an amount equal to 1% of gross premium or 10% of net profit (whichever is greater) and accumulated until it reaches the amount of minimum paid-up capital.

STANDARD ALLIANCE INSURANCE PLC
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NOTES TO THE FINANCIAL STATEMENTS (continued)

26 Contingency reserves - cont'd

As required by insurance regulations, a contingency reserve is maintained for both the non-life insurance and life assurance contracts underwritten by the Company. The appropriation to contingency reserve for non-life underwriting contracts is calculated in accordance with sections 21 (2) and 22 (1) of the Insurance Act 2003. The reserve is calculated at the higher of 3% of gross premium and 20% of net profits of the business for the year. The appropriation to contingency reserve for life underwriting contracts is calculated at the higher of 1% of the gross premium and 10% of net profits of the business for the year. The appropriations are charged to the life fund.

	2022	2021
	N'000	N'000
27 Accumulated loss		
At 1 January	(18,925,882)	(17,189,298)
Gain/(Loss) for the year	(1,211,204)	(1,724,503)
Appropriation to contingency reserves (Note 26)	(2,868)	(12,080)
At 31 December	<u>(20,139,954)</u>	<u>(18,925,882)</u>

28 Revaluation Reserves

At 1 January	48,292	48,292
Revaluation loss charged to other comprehensive income during the year	-	
Revaluation surplus reversed during the year	-	
At 31 December	<u>48,292</u>	<u>48,292</u>

Further details are:

Revaluation loss (Note 13)	-	
Less: Tax on loss on revaluation	-	
	<u>-</u>	<u>-</u>

29 Fair Value Reserves

	N'000	N'000
At 1 January	21,245	5,310
Increase during the year	24,789	15,935
At 31 December	<u>46,034</u>	<u>21,245</u>

The fair value reserves shows the effect from the fair value measurement of financial instruments of the category available for sale now classified as financial asset at fair value through other comprehensive income. Any gains or losses are not recognised in the comprehensive income statement until the asset has been sold or impaired.

30 Gross premium

	N'000	N'000
General business	28,627	255,137
Group life	12,817	136,841
Individual life	63,886	1,491
Annuity	-	9,201
	<u>105,330</u>	<u>402,670</u>
Movement in unexpired risks (Note 16.1.2)	62,136	50,368
	<u>167,466</u>	<u>453,038</u>

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS (continued)

32 Claims expenses		
Claims paid	537,244	430,241
Change in outstanding claims (Note 15.2.1)	68,885	270,846
Change in claims incurred but not reported (Note 15.3.1)	(27,571)	179,978
	578,558	881,065
Claims expenses recovered from reinsurers (Note 32(a))	-	-
	578,558	881,065
32a) Claims paid recovered from reinsurers	-	(58)
Change in claims paid recoverable (Note 7.1)	(255,100)	-
Change in reinsurer's share of IBNR (Note 7.2)	(101,023)	-
	(356,123)	(58)
33 Underwriting expenses		
Acquisition costs (Note 10):		
Aviation	-	178
Bond	21	844
Engineering	154	946
Fire	589	5,255
General accident	257	5,288
Marine	507	7,356
Motor	1,431	11,363
Oil and Gas	1	222
Life	6,192	9,401
	9,151	40,853
Other acquisition costs	-	-
	9,151	40,853
33a Commission paid analysis		
Acquisition costs (Note 33)	(9,151)	(40,853)
Changes in commission payable (Note 18)	-	(7,095)
Per statement of cash flows	(9,151)	(47,948)
34(a) Investment income		
Interest on deposits	22,726	10,407
Interest on treasury bills	-	-
Rental income	321	2,467
Dividend received	3,683	415
	26,730	13,289
The investment income is attributable to:		
Annuity fund	-	2,424
Insurance fund	9,337	1,035
Shareholders fund	13,419	4,766
Investment income per statement of profit or loss	22,756	8,226
Investment fund (Note 35)	-	1,780
	22,756	10,006

STANDARD ALLIANCE INSURANCE PLC
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NOTES TO THE FINANCIAL STATEMENTS (continued)

	2022	2021
	N'000	N'000
34(b) Other income		
Gain on sale of property, plant and equipment	100	14,139
Charges/penalties for loss of policy documents	-	-
Sundry Income	-	1,277
	100	15,416
35 Gain/(loss) on investment contract liabilities		
Investment income attributable to investment contracts (Note 34)	-	1,780
Guaranteed interest on investment contracts (Note 16)	-	-
	-	1,780
36 Management expenses		
Salaries and Allowances	123,228	330,411
Other staff costs	15,276	18,479
Directors' fee and allowances	22,840	38,755
Insurance expenses	-	6,212
Rent and rates	1,512	30,022
Repairs and maintenance	16,686	81,275
Depreciation	15,032	28,856
Legal and professional fees	98,504	89,534
Bank charges	575	2,656
Printing and stationery	3,695	7,531
Advertising and promotion expenses	-	1,598
Books and periodicals	-	10
Penalty and fine	4,026	
Telephone and postages	9,090	13,367
Other administrative expenses	51,480	190,374
Actuarial cost	12,000	1,500
Staff training and development	-	6,253
Audit fee	3,500	3,500
Corporate and public relation expenses	2,536	10,836
Travelling, outstation and hotel expenses	29,204	21,147
	409,184	882,316
36(a) Write off		
During the period, the company wrote off certain fixed deposit balances recorded in its books to management expenses. This write-off was made due to uncertainty regarding the existence or recoverability of these balances.		
36(b) Expected credit loss expense		
Allowance for credit losses - Cash (Note 5(a))	-	(529)
Allowance for credit losses - Treasury bills (Note 6.2.3)	-	-
Allowance for credit losses - Loans and receivables (Note 6.2.3)	-	-
	-	(529)
36(e) Allowance for impairment - Treasury bills		
Reversal for impairment - Treasury bills (Note 6.2.2)		202

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS (continued)

	2022	2021
	N'000	N'000
37 Finance charges	76,688	135,920
Interest expenses on loan	-	-
Interest on Daewoo bond	76,688	135,920
38 Information Technology Development Levy		
At 1 January	-	8,406
Charge for the year	-	-
Payment during the year	-	-
At 31 December	-	8,406

The Nigerian Information Technology Development Agency (NITDA) Act was signed into law on 24 April, 2007. Section 12(a) of the Act stipulates that specified Companies contribute 1% of their profit before tax to the Nigerian Information Technology Development Agency.

39 Profit before taxation		
Profit before taxation is stated after charging:		
Depreciation	15,030	28,707
Auditors' remuneration	3,500	3,500
Director's remuneration	22,840	38,755

39.1 Messrs. Muhtari Dangana & Co (Chartered Accountants) did not provide any other service to the Company during the year.

40 Premium receipt from policy holders		
Premium due from policy holder at 1 January	8,074	2,275
Gross Premium written in the year	105,330	402,670
	113,404	404,945
Premium due from policyholders at 31 December	(8,849)	(8,074)
Premium receipts in the year	104,555	396,871

41 Basic (loss)/earnings per share		
Basic loss per share is calculated by dividing the net loss attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year.		
Loss for the year (N'000)	(1,211,204)	(1,724,503)
Number of shares ('000)	12,911,030	12,911,030
Basic loss per share (Naira)	(9.38)	(13.36)

- 42 **Going concern of Company**
- The events and conditions listed below indicate that there may exist material uncertainty that cast doubt on the Company's ability to continue as a going concern entity within a foreseeable future:
- Shortfall of existing ₦5billion regulatory minimum paid-up capital of the Company by ₦9.335 billion as at 31 December, 2022;
 - Deteriorating solvency margin of the Company which increased from a deficiency of ₦11.570 billion (2021: (₦9.370 billion)
 - Accumulated losses of ₦20.140 billion (2021: ₦18.926 billion) as at 31 December, 2022, which resulted in negative equity of the Company of ₦4.335 billion as at 31 December, 2022;
 - Significantly reduced staff workforce and low morale of staff

Management is however executing mitigating procedures and are working assiduously to inject fresh capital through a recapitalization and business restructuring plan involving major prospective investors.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

43 Events after reporting period

Introduction of a new investor

On the 5th of January 2022, an Investor, QPI Consultants FZE through a special purpose vehicle (SPV) named Endura Investment Global Limited (EIG) showed interest in obtaining regulatory approval for the purchase of 3,140,774,908 ordinary shares in Standard Alliance Insurance Plc at N0.01 each. Purchase of the shares will give the new investor 26.4% of the issued capital of the Company. The investor will be in a position to restructure the business and turn it around with a minimum amount of U\$8million. Subsequently, the transaction was consummated on the 19th of August 2024 with the approval of the Nigerian Exchange Limited (NGX). The Company subsequently injected N12 Billion additional capital in February 2025.

Cancellation of Certificate of Registration and Authorization to Continue to carry on Insurance Business.

The National Insurance Commission (NAICOM) revoked the certificate of registration of Standard Alliance Insurance Plc, effective from June 21, 2022. Consequent upon a judgement of the Federal High Court delivered on the 7th July, 2023, reversing the revocation of the Company's licence and the Company application for No-objection for the acquisition of its shares by Endura Investment Global Limited, on 18th December 2023, NAICOM provisionally authorised the Company to continue to carry on insurance business in accordance with its certificate of registration subject to satisfaction of other conditions, eg approval of other relevant regulatory bodies, final court order authorising the acquisition.

Change of company's name

At the Extra-Ordinary General Meeting of the company held on 4th April 2025, the shareholders approved the change of the Company's name from Standard Alliance Insurance Plc to Fortis Global Insurance Plc. In 25th April 2025, the Corporate Affairs Commission awarded a certificate of Registration to the Company.

44 Fair value Hierarchy

The Company's fair value measurements model is highlighted in accounting policy 4.2.

Level 1

Fair value measurements classified as level 1 include fair values of quoted investments based on current market prices.

Level 2

Fair value measurements classified as level 2 include fair values of unquoted investments which the Company established using valuation techniques such as:

- recent arm's length transactions
- reference to other instruments that are substantially the same
- net assets value and
- discounted cash flows

Level 3

Fair value measurements classified as level 3 include fair values of financial assets of which there are no active markets and no observable inputs. They comprise loans and other receivables.

The table below highlights financial instruments in their various fair value hierarchies at year end:

2022

Asset type

	Total N'000	Level 1 N'000	Level 2 N'000	Level 3 N'000
Quoted securities - At fair value through profit or loss	40,501	40,501	-	-
Quoted securities - At FVOCI	200,080	200,080	-	-
	<u>240,581</u>	<u>240,581</u>	<u>-</u>	<u>-</u>

2021

Asset type

Quoted securities - At fair value through profit or loss	36,461	36,461	-	-
Quoted securities - At FVOCI	175,291	175,291	-	-
	<u>211,752</u>	<u>211,752</u>	<u>-</u>	<u>-</u>

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NOTES TO THE FINANCIAL STATEMENTS (continued)

45 Directors and employees

Employees

The average number of persons employed by the Company during the year by category

	2022	2021
	Number	Number
Executive Director	2	2
Management Staff	14	14
Non-management staff	122	122
	138	138

Staff cost for the above persons (Excluding Executive Directors) was:

Salaries and allowances	123,228	330,411
Other staff cost	15,276	18,479
	138,504	348,890

The number of employees of the company other than Director who received emolument in the following range was:

	Number	Number
N900,001 - N1,100,000	52	52
N1,100,001 - N1,300,000	6	6
N1,300,001 - N1,500,000	4	4
Above - N1,500,000	74	74
	136	136

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS (continued)

45 Directors and employees (Cont'd)

Directors' Remuneration

Directors' Remuneration

The remuneration paid to the Directors of the company was:

Fees and other allowances

Executive compensation

N'000	N'000
45,408	45,408
-	-
22,840	38,755

Fees and other emoluments disclosed above include amount paid to:

The Chairman

Highest paid Director

N'000	N'000
20,100	20,100
20,100	20,100

The number of Director who received fees and other emolument
(excluding pension contribution) in the following ranges was:

N1,000,001 - N2,000,000

N2,000,001 and above

Number	Number
-	-
3	3
3	3

46 Contingent liabilities

Material contingent liabilities have been made or are likely to be made in these financial statements.

47 Related party transactions

Related parties include the related Companies, the directors and any employee who is able to exert significant influence on the operating policies of the Company. Key management personnel are also considered related parties. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

During the year under review, there were no material transactions between related parties. Transactions with related parties are as stated in note 45 above.

48 Events after the reporting period

There were no events after the reporting period which could have material effect on the financial position of the Company as at 31 December 2022 or the profit or loss and other comprehensive income for the year then ended which have not been disclosed.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

49 RISK MANAGEMENT REPORT

A) Introduction and overview

The Company was faced with the following risks in its operations.

- i Capital Adequacy risk
- ii Regulatory risk
- iii Liquidity risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risks.

Risk Management Philosophies and Principles

The following principles guide financial risk management in the Company:

- i. A deliberate and conscious management of the Company's investment portfolio to ensure that the risk of excessive concentration on any one class, industry, or sector is minimized, as well as to ensure portfolio flexibility and liquidity.
- ii. A strict adoption of sound internal policies and processes resulting in consistent adherence to investment guidelines issued by the National Insurance Commission to enable the Insurance industry maintain sound solvency margin and sound liquidity health at all times.
- iii. The Executive Management took responsibility for establishing a robust liquidity management framework consistent with regulatory requirements of the Commission that ensures sufficient liquidity to withstand a range of stress events.
- iv. The financial risk procedural manual spell-out the operational steps and procedures for executing relevant controls to prevent the occurrence or reduce the impact of risk events touching on Financial and strategy risk. The manual is being reviewed periodically reviewed and updated to take into account new activities, system changes, and structural changes in the industry.
- v. The Board approves all strategies and policies in respect of financial and strategic risk management.
- vi. Evaluation of the effectiveness of risk management process and the internal control system shall be carried out by external consultants periodically.
- vii. The Company relies on its Risk Management Committee
- viii. It develops early warning indicators to aid the prompt identification of all risks from all of the risk categories

Risk Management Strategy

The Board and Management has put in place clearly defined financial risk management framework that provides the Company with guidance and prescribes tolerable financial risk related losses considering available capital and levels of other investment risk exposures. The Company's financial risk policy and strategy are anchored on the following:

- i. Investment portfolio diversification which involves the application of the Company's investible funds in a wide range and class of financial instruments consistent with Regulatory Requirements.
- ii. Liquidity risk Management taking within well defined limits with the sole purpose of creating and enhancing liquidity and competitive advantage,
- iii. Effective utilization of Company's liquidity position.

STANDARD ALLIANCE INSURANCE PLC FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Risk Management Framework

The Standard Alliance Insurance Plc recognizes the presence of financial risk in its process of delivering value to its stakeholders. This financial risk Management Framework is set out to manage financial risks resident in the investment processes and procedures of the company. It provides guidance on related issues of Identification, Measurement, Monitoring and Reporting of financial risks in order to ensure the Company continually meets its contractual liabilities to policy holders.

The Company recognizes the importance of these classes of risks, which is inherent in the investment, market, and liquidity management of its insurance business. This policy contains guidelines to help the Company manage its assets in a sound and prudent manner, taking account of the profile of its liabilities, its solvency position and its risk return profile.

The Company's financial risk shall be managed within tolerable limits through an appropriate management focus and deployment of resources.

Risk Management Governance

The overall responsibility for the management of financial risk shall reside with the Board through its Risk and Remuneration Committee. To ensure consistency and prudent management of financial risks, this responsibility shall be divided as follows:

- i. Board of Directors/ Risk & Remuneration Committee
- ii. Finance and Investment Committee of the Board
- iii. Executive Management Committee on Investment
- iv. ERM Committee/CRO
- v. Finance and Investment Department.
- vi. Quality Assurance and Control

Risk Tolerance/Appetite

The Company shall operate by managing its risks within acceptable bounds so as to maintain and increase the value of its resources for its stakeholders. An explicit discussion of risks and risk tolerance will be part of the STANDARD ALLIANCE INSURANCE's decision making process.

STANDARD ALLIANCE INSURANCE has defined Enterprise risk appetite at two levels:

- i. The enterprise level; and
- ii. The Business/Support/Functional Unit levels

The ERM Committee set target key performance indicators ("KPI's") at both an enterprise and a business/support unit level based on recommendations from the Chief Risk Officer. Target KPI's is reviewed at least on annual basis.

At the Business and Support unit levels, the enterprise KPI's is cascaded to the extent that the contribution of each Business/Support Unit to enterprise risk shall serve as input for assessing the performance of the Business/Support Unit.

Tolerance levels is defined for each key risk indicator and serves as a proxy for the risk appetite for each risk area and Business/Support Unit.

Tolerance levels is subject to approval of ERM Committee and shall be reviewed on a periodic basis to reflect changing circumstances.

STANDARD ALLIANCE INSURANCE PLC

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Risk Management Process

The Company's disciplined approach to risk management is iterative, scalable, and includes the steps below. Consistent application of this process enables continuous improvement in decision making and performance by top Management. The process as follows:

1. Communication and Dialogue: Communication and dialogue with internal and, as appropriate, external stakeholders as far as necessary takes place at each stage of the risk management process.
2. Establishing the Context: This defines risk parameters to be taken into account when managing risk, and setting the scope and risk criteria for the remaining process.
3. Risk Identification: This process helps the company develop a comprehensive list of risks based on those events that might enhance, prevent, degrade, or delay the achievement of the objectives.
4. Risk Analysis: This context helps to understand the causes and sources of risk, their positive and negative consequences, and the likelihood that those consequences can occur. Existing risk controls and their effectiveness should be taken into account and communicated.
5. Risk Evaluation: The purpose of risk evaluation is to assist in making decisions based on the outcomes of risk analysis about which risks need treatment and to prioritize treatment implementation for those unacceptable risks (i.e. those that exceed risk tolerance)
6. Risk Treatment: This involves the selection of one or more options for modification of unacceptable risks and implementing those options. Risk treatment options include: avoiding the risk, seeking out an opportunity, removing the source of risk, changing the likelihood, changing the consequence, sharing the risk with another party, and retaining the risk by choice.
7. Monitoring and Review: This step should encompass all aspects of the risk management process to:
 - i. Analyze and learn lessons from events, changes, and trends.
 - ii. Detect changes in the external and internal context including changes to the risk.

Risks/ events shall be identified and analyzed against the broad success criteria which may be affected.

The focus in risk identification is capturing all the possible risks associated with an event, activity, project, roles or management decisions. It also covers the impact of an event occurring on the identified success criteria.

- i. Element of Risk- Description of the risk engaged within a process and event or a role.
- ii. Impact on business- Details the consequences of a risk occurring upon the related success criteria.
- iii. Mitigation Measures- Details controls already established or in the process of being established.
- iv. Responsibility- Identifies the officer and department responsible for the implementation and monitoring of compliance of the prescribed controls

B) Financial Risk Assessment

Risks is measured in terms of likelihood and consequences on both inherent and residual basis (pre and post controls). Both likelihood and consequences may be measured qualitatively or quantitatively depending on the risks being considered.

The criteria for success adopted by the Company are;

- i. Shareholders' funds
- ii. Market Share
- iii. Company's image
- iv. Revenue growth
- v. Employees welfare
- vi. Solvency Margin
- vii. Customer Service

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The impact of risk against this success criteria form the basis for the development of the consequence rating scale. The specific evaluation criteria adopted in this document is:

Consequence rating scale

No	Rating	Consequence (impact on established success criteria)	Quantification
1	Catastrophic	Shareholder's fund depleted, license withdrawn and liquidation imminent	$\geq 10\%$ of Shareholders' fund
2	Major	Most success criteria threatened or one severely affected	5% - < 10% of shareholders' fund
3	Moderate	Some success criteria affected, considerable effort being made to rectify	1% - < 5% of shareholders' fund
4	Minor	Easily remedied, criteria can be recovered	0.5% - < 1% of shareholders' fund
5	Negligible	Very small impact, rectified in the course of normal processes	< 0.5% of shareholders' fund

Likelihood rating scale

No	Rating	Interpretations
1	Almost certain	More than 50% change that it will happen during the year and may occur several
2	Likely	50% change that it will happen during the year
3	Possible	Less than 50% chance that it will happen during the year
4	Unlikely	Could occur once over a 5-10 year period
5	Rare	Very unlikely over a 10 year period

a) **Market Risks**

Market risk refers to worsening financial condition arising from adverse movements in the level of volatility of market prices. It involves the exposure to movement of financial variables such as; equity prices, interest rates or exchange rates. It is usually introduced into a Standard Alliance Operation through variations in financial markets that cause changes in asset values, product or portfolio valuation. Some of the events under market risks are:

- i. Movement in interest rates to the extent that future cash flows from the assets and liabilities are not well matched.
- ii. Movement in market values of equity, real estate and other assets to the extent that the company is exposed to changes in market value.
- iii. Movement in exchange rates which may result in losses from asset and liabilities denominated in different currencies.

b) **Credit Risks**

Credit risk refers to the risk of financial losses arising from default or movement in the credit quality of issuers of security, debtors, or counterparties and intermediaries to whom the company has exposures. Such risk events are:

- i. Default Risk: Risk that a company will not receive or receipts delayed or partially the cash flow or assets to which it is entitled because the other parties default in one or more obligations. This risk has been substantially eliminated by the regulations No Premium, No Cover policy.
- ii. Concentration Risk: Risk of increased exposure to losses due to concentration of investments in a geographical area, economic sector, counterparty, or connected parties.
- iii. Downgrade or Migration Risks: Risks that change in the probability of a future default by an obligor will adversely affect the present value of the contract with the obligor today.
- iv. Indirect or Spread Risks: Risk due to market perception of increased risk on either a macro or micro basis.

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c) Liquidity Risks:

Liquidity risk refers to the risk that a Company, though solvent has insufficient liquid assets to meet its obligations as they fall due. Liquidity is concerned with the current and future maintenance of appropriate levels of cash and liquid assets. Such risk events are:

- i. Liquidation Value Risks: The risk that unexpected timing or amount of needed cash may require the liquidation of asset when market condition may result in loss of realized value.
- ii. Affiliated Investment Risk: The risk that an investment in the Company may be difficult to sell or that such affiliate may create a drain on the financial or operating resources of the Company.
- iii. Capital Funding Risks: The risk that the company will not be able to obtain sufficient outside funding as its assets are illiquid at the time of need.
- iv. Negative Publicity with unexpected liquidity strain.
- v. Negative Report about other companies in similar trade.
- vi. Deterioration of the Economy.
- vii. Abnormally volatile or stressed market.

Identification of Financial Risk

The various risk types identified under financial risk category as used in this policy are:

Market Risks	Credit Risks	Liquidity Risks
Interest Rate	Concentration Risk	Liquidation Value
Equity	Default Risk	Affiliated Investment
Real Estate	Indirect or spread Risks	Capital Funding
Currency	Downgrade or Migration Risks	Negative Publicity

Role of the CRO in conjunction with the finance/ Investment risk manager:

- i. Strive to anticipate the risks inherent in the above listed indicative factors and propose appropriate preventive measures.
- ii. Document the anticipated risks and reports to the ERM for appropriate response and implementation.

Assessment of Financial Risk

- i. The Company measures its financial risk exposures across risk types, risk factors and overall investment portfolio
- ii. The Company documents the appropriate products to be used to hedge exposures, the item that qualifies to be hedged, how hedging instruments effectiveness shall be assessed and identify individuals responsible for monitoring hedge performance
- iii. The Company has set appropriate limit structure to control its financial risk exposures.
- iv. The Company periodically reviews its financial risk limits to verify its suitability based on current market conditions, economic conditions and its overall risk tolerance
- v. The Company applies its stress testing to determine the potential effect of economic shifts, market events, changes in interest rates, changes in foreign exchange and changes in liquidity conditions

Internal Risk Identification and Assessment

Internal risk relate to risks that have their sources in faulty or deficient internal systems, process or negligence or indolence of persons responsible for such roles. Such risk resides within the financial management system of the Company.

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Internal Risk Identification and Assessment - cont'd

- i. Internal Processes
- ii. Reporting System
- iii. Bank reconciliation practices
- iv. Budget preparation and monitoring
- v. Working capital management

Financial risks also reside within financial processes, people in financial management, compliance levels, Reporting system, control processes.

External Risk Identification and Assessment

External risks relate to risks that are exogenously determined and impact directly on the financial health of the company. Such risks can arise from the following;

- i. Changes in regulation
- ii. Changes in currency and exchange rate
- iii. Changes in interest rate
- iv. Changes in capitalization and Solvency Margin.
- v. Changes in shareholder's structure and composition
- vi. Changes in money and capital markets

Risk & Control Self Assessments

Risk control self assessment of existing, newly identified and emerging financial risk should be carried-out regularly, at least once every quarter.

- i. For every Control-based financial risks such as fraud, the CRO in conjunction with the finance/ Investment managers risk shall;
 - a Identify the control structure
 - b Compare the control structure to a best practice model
 - c Identify the gaps
 - d Recommend and implement new controls.

Risk Ratings

The CRO in conjunction with the finance/ Investment risk managers

Ensure every risk identified and assessed is given the right risk priority rating for effective treatment.

Key Risk Indicators

Management considers several factors as indicative of the presence of financial risks across the organization. Some of these indicative factors are:

Market Risks – KRIs	Credit Risks – KRIs	Liquidity Risks - KRIs
Interest rate fluctuations	Increasing receivables	Earnings volatility
Proportion of debt to equity	Changes in debt profile	Asset coverage
Decline in market values	Frequency of settlement failure	Liquidity ratio
Guaranteed value losses	Connected or affiliated	Cash flow modelling
Changes in exchange rate	Financial trends	Frequency of Cash conversion
Rising inflation	Counterparty exposures	Working Variations in capital

Risk Mitigation

a. Insurance

- i. The finance/ Investment risk manger brings to the attention of the Head Administration department every risk emanating from investment operations that ought to be insured (refer to the risk register for financial risks that are mitigated through insurance)
- ii. The Administration Manager ensures that premium due for all insurances are dully paid
- iii. The finance/ Investment risk manager shall advise the administration department of any insurance that is no longer required.

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Risk Mitigation - cont'd

b. Consultancy

All consultancy services relating to financial risk shall have contract which clearly states the terms of engagement of the consultant.

The Chief risk officer shall ensure that the contract arising from all consultancy services covers the following;

Standard Level Agreement (SLAs) which;

- i. details the minimum level of performance/quality required from the consultants
- ii. clearly delineates the risks to be borne by the consultant
- iii. clearly specifies the penalty for default

Risk Reporting

Financial Risk Management requires an organization to have an effective risk reporting process reflecting the up-to-date status of risk issues within the Company.

- i. Such report should define the responsibility for production of investment report, the layout of each of the reports, timing of production and delivery, presentation of result, basis evaluation, etc.
- ii. Report should be analyzed to improve existing risk management performance, evaluate the impact of financial risk breaches and monitor compliance with risk appetite levels.
- iii. Separate report should be generated for each of the three major risk types: Market, Credit and Liquidity Risk.

Risk Reporting Template

The periodic report should include the following:

- i. Details of investment activities during the period under reference
- ii. Commentary on each of the investment activity
- iii. Details of portfolio positions by asset type
- iv. Concentration analysis of portfolio and/or credit exposures
- v. Details of any regulatory or internal limits breached during the period
- vi. Actions taken on such if any
- vii. Planned future investment activities

C) Capital management

The Company's capital management framework is designed to ensure that the company is capitalised in line with the risk profile, regulatory requirements, economic capital standards and target ratios approved by the board. The capital management objectives of the company are to:

- maintain sufficient capital resources to meet minimum regulatory capital requirements set by NAICOM
- maintain sufficient capital resources to support the company's risk appetite and economic capital requirements;
- support the company's credit rating;
- maintain adequate capital to support the development of its business and to enable it continue as a going concern, while at the same time maximising the return to its shareholders.
- allocate capital to businesses to support the company's strategic objectives, including optimising returns on economic and regulatory capital;
- ensure the company holds capital in excess of minimum requirements in order to achieve the target Capital Adequacy Ratios set by management and to withstand the impact of potential stress events; and
- manage the net asset value currency management process, including evaluating and implementing new derivative instruments that could be used for hedging purposes;

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Capital Management Strategy

The Company's Enterprise Risk Management (ERM) committee ensures compliance with the Company's capital management objectives. The committee reviews actual and forecast capital adequacy on a regular basis. The processes in place for delivering the Company's capital management objectives are:

- establish internal targets for capital adequacy;
- apply stress tests to assess the Company's capital adequacy under stress scenarios;
- plan and forecast capital requirements to ensure that capital ratios exceed the targets set by the Board.

In addition to these processes, the board, through the ERM Committee, review and set risk appetite annually and analyse the impact of stress scenarios to understand and manage the Company's projected capital adequacy.

The Company has had no significant changes in its policies and processes to its capital structure during the year under review through effective selection of investment platforms and has shown concerns over strict compliance with NAICOM investment guidelines.

Expected Credit Loss Impairment Model for financial assets:

The Company's allowance for credit losses calculations shall be outputs of models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. The expected credit loss impairment model reflects the present value of all cash shortfalls related to default events either over the following twelve months or over the expected life of a financial instrument depending on credit deterioration from inception. The allowance for credit losses reflects an unbiased, probability-weighted outcome which considers multiple scenarios based on reasonable and supportable forecasts. The Company shall adopt a three-stage approach for impairment assessment based on changes in credit quality since initial recognition

Stage1—Where there has not been a Significant Increase in Credit Risk (SICR) since initial recognition of a financial instrument, an amount equal to 12months expected credit loss shall be recorded .The expected credit loss shall be computed using a probability of default occurring over the next 12 months. For those instruments with a remaining maturity of less than 12 months, a probability of default corresponding to remaining term to maturity shall be used.

Stage2—When a financial instrument experiences a SICR subsequent to origination but is not considered to be in default, it shall be included in Stage 2. This requires the computation of expected credit loss based on the probability of default over the remaining estimated life of the financial instrument.

Stage3—Financial instruments that are considered to be in default shall be included in this stage. Similar to Stage 2, the allowance for credit losses captures the lifetime expected credit losses.

Measurement of Expected Credit

Losses: The probability of default (PD), exposure at default (EAD) ,and loss given default (LGD) inputs used to estimate expected credit losses shall be modelled based on macroeconomic variables that are most closely related with credit losses in the relevant portfolio.

Details of these statistical parameters/inputs are as follows:

PD—The probability of default shall be an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the remaining estimated life, if the asset has not been previously derecognized and are still in the portfolio.

12-month PDs—This is the estimated probability of default occurring within the next 12months (or over the remaining life of the financial instrument if that is less than 12 months).This shall be used to calculate 12-month ECLs.

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Lifetime PDs—This is the estimated probability of default occurring over the remaining life of the financial instrument. This shall be used to calculate lifetime ECLs for “stage2” and stage3 exposures. PDs shall be limited to the maximum exposure required by IFRS 9.

EAD—The exposure at default shall be an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected draw downs on committed facilities, and accrued interest from missed payments.

LGD—The loss given default shall be an estimate of the loss arising in the case where a default occurs at a given time. It shall be based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It shall be usually expressed as a percentage of the EAD.

The measurement of expected credit losses for each stage and the assessment of significant increases in credit risk considers information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking information requires significant judgement.

The Company shall rely on a broad range of forward looking information as economic inputs, such as GDP growth, unemployment rates, central bank base rates, crude oil prices, inflation rates and foreign exchange rates. The inputs and models used for calculating expected credit losses may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays shall be made as temporary adjustments using expert credit judgement.

The Company shall determine allowance for credit losses using probability-weighted forward looking scenarios. The Company shall consider both internal and external sources of information in order to achieve an unbiased measure of the scenarios used. The Company prepares the scenarios using forecasts generated by credible sources such as Business Monitor International (BMI), International Monetary Fund (IMF), Nigeria Bureau of Statistics (NBS), World Bank, Central Bank of Nigeria (CBN), Nigeria Insurers Association, Financial Markets Dealers Quotation (FMDQ), and Trading Economics.

Assessment of Significant increase in Credit Risk (SICR)

At each reporting date, the company shall assess whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the remaining expected life from the reporting date and the date of initial recognition. The assessment considers borrower-specific quantitative and qualitative information without consideration of collateral, and the impact of forward-looking macroeconomic factors. The common assessments for SICR on retail and non-retail portfolios include macroeconomic outlook, management judgement, and delinquency and monitoring. Forward looking Macroeconomic factors shall be a key component of the macroeconomic outlook. The importance and relevance of each specific macroeconomic factor depends on the type of product, characteristics of the financial instruments and the borrower and the geographical region.

The Company shall adopt a multi factor approach in assessing changes in credit risk. This approach considers: Quantitative (primary), Qualitative (secondary) and Back stop indicators which are critical in allocating financial assets into stages.

The quantitative models consider deterioration in the credit rating of obligor/counter party based on the company's internal rating system or External Credit Assessment Institutions (ECAI) while qualitative factors consider information such as expected forbearance, restructuring, exposure classification by licensed credit bureau etc.

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Assessment of Significant increase in Credit Risk (SICR) - cont'd

A back stop shall be used to ensure that in the (unlikely) event that the primary (quantitative) indicators do not change and there is no trigger from the secondary (qualitative) indicators, an account that has breached the 30 days past due criteria for SIC Rand 90 days past due criteria for default shall be transferred to stage 2 and stage 3 respectively except there is a reasonable and supportable evidence available without undue cost to rebut the presumption.

Definition of Default and Credit Impaired Financial Assets

At each reporting date, the Company shall assess whether financial assets are credit impaired. A financial asset shall be credit impaired when one or more of the following events have a detrimental impact on the estimated future cash flows of the financial asset:

Significant financial difficulty of the Issuer;

- A breach of contract such as a default or past due event;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganization
- The disappearance of an active market for a security because of financial difficulties

A debt that has been renegotiated due to a deterioration in the issuer's condition shall be considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cashflows has reduced significantly and there shall be no other indicators of impairment. In making an assessment of whether an investment in sovereign debts is credit-impaired, the Company shall consider the following factors.

- (i). The market's assessment of credit worthiness as reflected in the bond yields
- (ii). The rating agencies' assessments of credit worthiness
- (iii). The country's ability to access the capital markets for new debt issuance
- (iv). The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness
- (v). The international support mechanisms in place to provide the necessary support as lender of last resort to that country as well as the intention, reflected in public statements of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and irrespective of the political intent, whether there is the capacity to fulfil the required criteria

Effective Interest Rate

EIR (also denoted Internal Rate of Return or Level Yield to Maturity) is in the context of IFRS 9, the interest rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or the amortised cost of a financial liability.

Presentation of allowance for ECL in the statement of financial position

Allowances for ECL shall be 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

Financial assets measured at FVOCI: no loss allowance shall be recognized in the statement of financial position because the carrying amount of these assets shall be their fair value. However, the loss allowance shall be disclosed and recognized in the fair value reserve.

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50 Solvency Margin

The Company's solvency margin is summarised below:

	2022	2021
	N'000	N'000
Company solvency	(6,569,700)	(4,370,122)
Regulatory minimum capital required	5,000,000	5,000,000
Deficit in solvency margin	<u>(11,569,700)</u>	<u>(9,370,122)</u>

The Company had a solvency margin of (N6.570)billion for the year ended 31 December 2022 (2021: (N4.370) billion), which is (N11.570) billion below (2021: (N9.370) billion) the regulatory minimum solvency of N5 billion for composite business. Detailed computation of solvency margin is shown below:

31 December, 2022

	Note	Total	Admissible	Non-admissible
Assets		N'000	N'000	N'000
Cash and cash equivalents	(i)	695,776	695,776	0
Loans to policyholders		68,573	68,573	-
Government Bonds		118,488	118,488	-
Corporate Bonds		416,000	416,000	-
Quoted Shares		240,582	240,582	-
Trade receivable		8,849	8,849	-
Other receivables and prepayments	(ii)	167,317	409	166,908
Investment properties	(iii)	4,030,067	1,900,000	2,130,067
Property, plant and equipment		35,663	35,663	-
Statutory deposit		535,000	535,000	-
Total assets		<u>6,316,315</u>	<u>4,019,339</u>	<u>2,296,975</u>
Liabilities				
Insurance contract liabilities		5,078,824	5,078,824	-
Investment contract liabilities		2,713,529	2,713,529	-
Trade payables		44,205	44,205	-
Other payables		502,513	502,513	-
Borrowings		1,976,233	1,976,233	-
Income tax liabilities		273,736	273,736	-
Deferred tax liabilities		61,909	-	61,909
Total liabilities		<u>10,650,948</u>	<u>10,589,039</u>	<u>61,909</u>
Available Solvency Margin (Total admissible assets minus admissible liabilities)		(6,569,700)		
The higher of:				
A 15% of Net Premium		15,792		
B Minimum Capital Required		5,000,000		
C Required solvency (Higher of A and B)		5,000,000		
Level of solvency (Available solvency margin/required solvency)		-131%		
Deficit in Solvency		<u>(11,569,700)</u>		

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- (i) Cash and cash equivalents: The inadmissible portion represents the excess amount deposited in one bank which is above 20% statutory limit as at reporting date.
- (ii) Other receivables and prepayments: the inadmissible portion of other receivables and prepayments represents amounts of other receivables and prepayments except staff loans made to members of staff in line with Section 24 (13) of the Insurance Act 2003.
The Company has total staff loans receivable of ₦409,000 as at 31 December, 2022. These have been admitted for the purpose of the computation while the remaining balance in other receivables and prepayments has been excluded.
- (iii) Investment properties: The inadmissible portion of investment properties represent the balance of reserves arising from revaluation of the assets.

Valuation Methods

The Insurance Act, CAP I17, LFN 2004 does not specify any particular approach that must be used in determining the statutory value of insurance liabilities. Whilst some sections of the Act appear to make reference to the net premium approach to reserving, we understand that this simply reflects the practice at the time the Act was written and is not a requirement to adopt a net premium valuation approach. We have in the last few years adopted the gross premium valuation approach for statutory purposes as standard and this has been acceptable to NAICOM.

From the IFRS perspective, the main features of IFRS 4 that impact the liability calculations are as follows:

- a) The IFRS prohibits provisions for possible claims under contracts that are not in existence at the end of the reporting period.
- b) The IFRS requires an insurer to keep insurance liabilities in its statement of financial position until they are discharged or cancelled, or expire, and to present insurance liabilities without offsetting them against related reinsurance assets.
- c) The IFRS requires a test for the adequacy of recognised insurance liabilities and an impairment test for reinsurance assets.

Liability adequacy

At each reporting date, an assessment is made of whether the recognized long-term business provisions are adequate, using current estimates of future cash flows. If that assessment shows that the carrying amount of the liabilities (less related assets) is insufficient in light of the estimated future cash flows, the deficiency is recognized in the profit or loss by setting up an additional provision in the statement of financial position.

Key assumptions in liability adequacy testing

IFRS 4 paragraph 15 describes the liability adequacy test which, if conditions are not met, requires any deficiency to be recognised in profit or loss. Paragraph 16 states that:

"If an insurer applies a liability adequacy test that meets the specified minimum requirements, this IFRS imposes no further requirements. The minimum requirements are the following:

- a) The test considers current estimates of all contractual cash flows, and of related cash flows such as claims handling costs, as well as cash flows resulting from embedded options and guarantees.
- b) If the test shows that the liability is inadequate, the entire deficiency is recognised in profit or loss."

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51 **Segment information**

The Company is organised into two operating segments. These segments distribute their products through various forms of brokers, agencies and direct marketing programs. These segments and their respective operations are as follows:

Non-Life: This segments covers the protection of customers' assets (particularly their properties, both for personal and commercial business) and indemnification of other parties that have suffered damage as a result of customers' accidents. All contracts in this segment are short-term in nature. Revenue in this segment is derived primarily from insurance premium, investment income, net realized gains on financial assets, and net fair value gains on financial assets at fair value through profit or loss.

Life: This segment covers the protection of the Company's customers against the risk of premature death, disability, critical illness and other accidents. Revenue from this segment is derived primarily from insurance premium, investment income, net realized gains on financial assets and net fair value gains on financial assets at fair value through profit and loss.

51.1 **Segment profit or loss and other comprehensive income**

	2022			2021		
	Non-Life N'000	Life N'000	Total N'000	Non-Life N'000	Life N'000	Total N'000
Gross premium written	28,627	76,703	105,330	255,900	146,770	402,670
Unearned premium	62,136	-	62,136	(29,026)	79,394	50,368
Movement in individual life	-	(1,105)	(1,105)	-	-	-
Movement in individual life	-	(61,082)	(61,082)	-	-	-
Gross premium income	90,764	14,516	105,280	226,874	226,164	453,038
Reinsurance expenses	(12,119)	-	(12,119)	(8,595)	(15,359)	(23,954)
Net premium income	78,645	14,516	93,161	218,280	210,805	429,084
Commission income	-	-	-	-	-	-
Net underwriting income	78,645	14,516	93,161	218,280	210,805	429,084
Claims expenses (net)	(10,333)	(568,225)	(578,557)	(308,373)	(572,692)	(881,065)
Underwriting expenses	(2,959)	(6,192)	(9,151)	(10,213)	(30,640)	(40,853)
Total underwriting expenses	(13,292)	(574,417)	(587,709)	(318,586)	(603,332)	(921,918)
Underwriting profit/(loss)	65,353	(559,901)	(494,548)	(100,306)	(392,527)	(492,834)
Investment and other income	9,437	17,393	26,830	10,500	18,205	28,705
Gain/(loss) on investment contract liabilities	-	-	-	-	1,780	1,780
Management expenses	(258,377)	(150,807)	(409,184)	(551,705)	(330,611)	(882,316)
Expected credit loss expense	-	-	-	-	(529)	(529)
Write-off on Reinsurance assets	(356,123)	-	(356,123)	-	-	-
Finance charges	-	(76,688)	(76,688)	-	(135,920)	(135,920)
Fair value (loss)/gain on financial assets	2,448	1,593	4,041	(19,267)	(12,534)	(31,801)
Foreign exchange loss	94,470	-	94,470	(213,503)	-	(213,503)
(Loss)/profit before taxation	(442,792)	(768,409)	(1,211,202)	(874,282)	(852,136)	(1,726,418)
Income tax	-	-	(1)	-	-	1,915
Deferred tax credit	-	-	-	-	-	-
Information technology development levy	-	-	-	-	-	-
(Loss) for the year	(442,792)	(768,409)	(1,211,203)	(874,282)	(852,136)	(1,724,503)
Other comprehensive income						
Item that may be reclassified to profit or loss:						
Fair value loss on financial assets	24,789	-	24,789	15,935	-	15,935
Other comprehensive income	24,789	-	24,789	15,935	-	15,935
Total comprehensive (loss)/income for the year	(418,003)	(768,409)	(1,186,414)	(858,347)	(852,136)	(1,708,568)

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51.2 **Segment Statement of financial Position**

	Non-Life	Life	Total	Non-Life	Life	Total
		2022		2021		
	N'000	N'000	N'000	N'000	N'000	N'000
ASSETS						
Cash and cash equivalents	91,385	604,391	695,776	871,133	1,074,423	1,945,556
Financial Assets:			-			-
- At fair value through profit or loss	24,535	15,966	40,501	20,495	15,966	36,461
- At amortised cost	142,428	460,633	603,061	95,613	309,228	404,841
- At fair value through OCI	159,356	40,724	200,080	139,613	35,678	175,291
Reinsurance assets	0	0	-	368,242	-	368,242
Trade receivables	2,275	6,574	8,849	2,076	5,998	8,074
Other receivables and prepayments	66,927	100,390	167,317	57,828	86,742	144,570
Deferred acquisition costs	0	0	-	0	-	-
Investment property	2,353,254	1,676,813	4,030,067	2,353,254	1,676,813	4,030,067
Intangible assets	0	0	-	-	-	-
Property, plant and equipment	21,398	14,265	35,663	30,140	20,093	50,233
Statutory deposit	335,000	200,000	535,000	335,000	200,000	535,000
TOTAL ASSETS	3,196,557	3,119,757	6,316,314	4,273,394	3,424,942	7,698,336
LIABILITIES AND SHAREHOLDERS' EQUITY						
LIABILITIES						
Insurance contract liabilities	1,825,658	3,253,166	5,078,824	1,825,658	3,211,801	5,037,459
Investment contract liabilities	1,068,072	1,645,456	2,713,529	1,068,072	1,516,241	2,584,313
Trade payables	17,863	26,342	44,205	17,863	26,342	44,205
Other payables and accruals	388,529	113,983	502,513	528,361	322,558	850,919
Borrowings	1,682,418	293,815	1,976,233	1,682,418	311,597	1,994,015
Statutory penalty	-	-	-	-	-	-
Income tax liabilities	260,870	12,866	273,736	260,869	12,866	273,735
Deferred tax (assets)/liabilities	44,585	17,324	61,909	44,585	17,324	61,909
TOTAL LIABILITIES	5,287,996	5,362,952	10,650,948	5,427,827	5,418,728	10,846,555
TOTAL EQUITY			(4,334,634)			(3,148,219)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			6,316,314			7,698,336

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

51.3 Asset Hypothecation

The company is exposed to a range of financial risks through its financial assets, financial liabilities, reinsurance assets and insurance liabilities. In particular, the key financial risk is that in the long term its investment proceeds will not be sufficient to fund the obligations arising from its insurance contracts, in response to the risk, the Company's assets and liabilities are allocated as follows:

	Non-Life	Policy Holders' Fund Life Policy Insurance Contract Liabilities	Investment Contract Liabilities	Annuity	Shareholders' Fund	Total 2022	Total 2021	Change %
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	
ASSETS								
Cash and cash equivalents	116	-	47,421	648,239	-	695,776	1,992,929	(65)
Financial Assets:								
- At fair value through profit or loss	40,501	-	-	-	-	40,501	36,461	11
- At amortised cost	603,061	-	-	-	-	603,061	68,573	779
- At fair value through OCI	200,080	-	-	-	-	200,080	159,356	26
Reinsurance assets	-	-	-	-	-	-	368,242	(100)
TOTAL ASSETS	843,758	-	47,421	648,239	-	1,539,418	2,625,561	
LIABILITIES								
Insurance contract liabilities	2,158,723	587,785	-	2,332,316	-	5,078,824	5,037,459	1
Investment contract liabilities	-	-	2,713,529	-	-	2,713,529	2,584,313	5
TOTAL LIABILITIES	2,158,723	587,785	2,713,529	2,332,316	-	7,792,353	7,621,772	
(Deficits)/surplus in asset cover	(1,314,965)	(587,785)	(2,666,108)	(1,684,078)	-	(6,252,934)	(4,996,211)	

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022
OTHER NOTES TO THE FINANCIAL STATEMENTS
51.4 Revenue account

	Non Life Business								Life Business					
	Aviation N'000	Bonds N'000	Engineering N'000	Fire N'000	General Accident N'000	Marine N'000	Motor Accident N'000	Oil & Gas N'000	Group Life N'000	Individual life N'000	Annuity N'000	Investment Contract N'000	2022 N'000	2021 N'000
Gross Premium written	-	-	-	-	28,627	-	-	-	12,817	63,886	-	-	105,330	402,670
Movements in unexpired risks	-	140	-	5,141	32,450	6,485	17,920	0	-	-	-	-	62,136	50,368
Movement in individual life	-	-	-	-	-	-	-	-	-	(1,105)	-	-	(1,105)	-
Movement in annuity	-	-	-	-	-	-	-	-	-	-	(61,082)	-	(61,082)	-
Gross premium income	-	140	-	5,141	61,077	6,485	17,920	0	12,817	62,781	(61,082)	-	105,280	453,038
Reinsurance expenses:														
Charged for the year	-	-	-	-	(12,119)	-	-	-	-	-	-	-	(12,119)	23,954
Changes in reinsurer's share of UPR	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	(12,119)	-	-	-	-	-	-	-	(12,119)	23,954
Net premium written	-	140	-	5,141	48,958	6,485	17,920	0	12,817	62,781	(61,082)	-	93,161	429,084
Commission received	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Underwriting income	-	140	-	5,141	48,958	6,485	17,920	0	12,817	62,781	(61,082)	-	93,161	429,084
Claim expenses														
Claims paid	(245)	(387)	(323)	(275)	(2,717)	(355)	(262)	(5,769)	(7,923)	(42,607)	(517,695)	-	(578,557)	430,241
Movement in outstanding claims	-	-	-	-	-	-	-	-	-	-	-	-	-	270,846
Movement in IBNR	-	-	-	-	-	-	-	-	-	-	-	-	-	179,978
	(245)	(387)	(323)	(275)	(2,717)	(355)	(262)	(5,769)	(7,923)	(42,607)	(517,695)	-	(578,557)	881,065
Claim expenses recovered from reinsurers	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	(245)	(387)	(323)	(275)	(2,717)	(355)	(262)	(5,769)	(7,923)	(42,607)	(517,695)	-	(578,557)	881,065
Underwriting expenses														
Acquisition costs	-	(21)	(154)	(589)	(257)	(507)	(1,431)	(1)	-	(6,192)	-	-	(9,151)	40,853
Maintenance costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total underwriting expenses	-	(21)	(154)	(589)	(257)	(507)	(1,431)	(1)	-	(6,192)	-	-	(9,151)	40,853
Total expenses	(245)	(408)	(477)	(864)	(2,974)	(861)	(1,693)	(5,770)	(7,923)	(48,799)	(517,695)	-	(587,708)	921,918
Underwriting (loss)	(245)	(269)	(477)	4,277	45,984	5,624	16,228	(5,770)	4,894	13,982	(578,777)	-	(494,548)	(492,834)

OTHER NATIONAL DISCLOSURES

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

OTHER NATIONAL DISCLOSURE

STATEMENT OF VALUE ADDED

	2022		2021	
	N'000	%	N'000	%
Premium, Investment and Other Income	132,109		481,742	
Premiums, Commissions, Claims paid and other operational cost	<u>(1,113,089)</u>		<u>(1,694,494)</u>	
Value Added	<u>(980,979)</u>	<u>100</u>	<u>(1,212,752)</u>	<u>100</u>
DISTRIBUTED AS FOLLOWS:				
EMPLOYEES				
Staff costs	138,504	(14)	348,890	(29)
PROVIDERS OF FUNDS				
Finance charges	76,688	(8)	135,920	(11)
GOVERNMENT				
Taxation	1	-	(1,915)	-
ASSET REPLACEMENT				
Depreciation and amortisation	15,032	(2)	28,856	(2)
CONTRACTION/EXPANSION - Shareholder's interest				
(Loss) for the year	<u>(1,211,204)</u>	<u>124</u>	<u>(1,724,503)</u>	<u>142</u>
VALUE ADDED	<u>(980,979)</u>	<u>100</u>	<u>(1,212,752)</u>	<u>100</u>

The value added statement represents the distribution of the wealth created by the Company through the use of its assets and the efforts of the employees. This statement shows the allocation of the wealth between employees, shareholders, government and that retained for the future creation of more wealth.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

OTHER NATIONAL DISCLOSURE
FIVE YEAR FINANCIAL SUMMARY

ASSETS	2022	2021	2020	2019	2018
	N'000	N'000	N'000	N'000	N'000
Cash and cash equivalents	695,776	1,945,556	1,165,808	1,259,652	1,346,321
Financial Assets:					
- At fair value through profit or loss	40,501	36,461	68,263	60,109	63,877
Amortised cost	603,061	404,841	462,276	214,521.00	117,775.00
- Loans and receivables	-	-	-	-	0
- At fair value through OCI	200,080	175,291	159,356	175,292.00	233,722.00
- Available for sale investment	-	-	-	-	-
- Held to maturity	-	-	-	-	-
Reinsurance assets	-	368,242	368,242	401,934	569,489
Trade receivables	8,849	8,074	2,275	2,271	72,352
Other receivables and prepayments	167,317	144,570	711,414	45,028	42,160
Deferred acquisition costs	-	-	16,782	13,950	54,684
Investment property	4,030,067	4,030,067	4,030,067	4,670,589	4,134,589
Non-current asset held for sale	-	-	-	-	-
Intangible assets	-	-	0	2,504	5,881
Property, plant and equipment	35,663	50,233	137,567	3,941,394	6,285,400
Statutory deposit	535,000	535,000	535,000	535,000	535,000
TOTAL ASSETS	6,316,314	7,698,336	7,657,050	11,322,244	13,461,250
LIABILITIES AND SHAREHOLDERS' EQUITY					
LIABILITIES					
Insurance contract liabilities	5,078,825	5,037,459	4,858,569	3,929,106	4,639,158
Investment contract liabilities	2,713,529	2,584,313	1,215,675	595,773	660,145
Trade payables	44,205	44,204	51,300	53,785	57,266
Other payables and accruals	502,513	850,919	781,008	726,800	596,796
Borrowings	1,976,233	1,994,015	1,783,944	1,683,651	1,369,925
Finance lease obligations	0	0	-	12,559	13,488
Income tax liabilities	273,736	273,735	316,820	317,885	317,468
Deferred tax liabilities	61,909	61,909	61,909	62,445	475,604
TOTAL LIABILITIES	10,650,949	10,846,554	9,069,225	7,382,004	8,129,850
SHAREHOLDERS' EQUITY					
Share capital	6,455,515	6,455,515	6,455,515	6,455,515	6,455,515
Treasury shares	(1,145)	(1,145)	(1,145)	(1,145)	(1,145)
Share premium	7,484,955	7,484,955	7,484,955	7,484,955	7,484,955
Contingency reserves	1,771,669	1,768,801	1,756,721	1,740,714	1,696,992
Accumulated loss	(20,139,954)	(18,925,881)	(17,161,821)	(14,972,546)	(13,713,094)
Revaluation reserves	48,292	48,291	48,291	3,211,501	3,328,501
Fair value reserves	46,034	21,245	5,310	21,246	79,676.00
Total equity attributable to the owners of the	(4,334,634)	(3,148,219)	(1,412,174)	3,940,240	5,331,400
Non-controlling interest in equity					
TOTAL EQUITY	(4,334,634)	(3,148,219)	(1,412,174)	5,331,400	5,223,783
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	6,316,314	7,698,336	7,657,050	11,322,244	13,461,250

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

OTHER NATIONAL DISCLOSURE
FIVE YEAR FINANCIAL SUMMARY

	2022 N'000	2021 N'000	2020 N'000	2019 N'000	2018 N'000
Gross premium written	105,330	402,670	962,578	2,427,120	3,757,303
Unearned premium	62,136	50,368	71,057	238,429	514,961
Movement in individual life	(1,105)	-	(259,682)	159,832	189,235
Movement in annuity	-	-	(179,499)	(270,585)	(519,570)
Gross premium income	166,361	453,038	594,454	2,554,796	3,941,929
Reinsurance expenses	(12,119)	(23,954)	(20,346)	(238,656)	(339,415)
Net premium income	154,242	429,084	574,109	2,316,140	3,602,514
Commission income	-	-	22,062	20,174	81,422
Net underwriting income	154,242	429,084	596,171	2,336,314	3,683,936
Claims expenses (net)	(578,558)	(881,065)	(2,079,586)	(719,445)	(1,379,603)
Underwriting expenses	(9,151)	(40,853)	(95,341)	(476,809)	(1,374,015)
Total underwriting expenses	(587,709)	(921,917)	(2,174,927)	(1,196,254)	(2,753,618)
Underwriting profit	(433,467)	(492,834)	(1,578,756)	1,140,060	930,318
Investment income	26,730	13,289	202,449	160,711	199,986
Other income	100	15,416	873,197	8,943	-
Loss on investment contract liabilities	-	1,780	2,331	(15,351)	(234,182)
Management expenses	(409,184)	(882,316)	(819,467)	(954,243)	(879,084)
Expected credit loss expense	-	(529)	(4,089)	(1,542.00)	(1,076.00)
Finance charges	(76,688)	(135,920)	(84,794)	(78,268)	(67,906)
Writeback	-	-	-	-	-
Fair value gain/(loss) on financial assets	4,041	(31,801)	(8,154)	(3,078)	-
Fair value loss on available for sales financial assets	-	-	-	-	(10,858)
Gain on disposal of assets	-	-	-	-	-
Impairment of claims recoverable	-	-	-	(170,202)	(109,715)
Fair value gain/(Loss) on disposal of assets	-	-	(586,522)	(527,500)	200,000
Foreign exchange loss	94,470	(213,503)	(101,137)	(30,060)	(4,529)
Impairment of Other Assets	-	-	(63,513)	(101,242)	-
Profit/(loss) before taxation	(793,998)	(1,726,418)	(2,168,455)	(571,772)	22,954
Income tax	(1)	1,915	(4,813)	(4,117)	(4,178)
Deferred tax	-	-	-	413,159	9,252.00
Information technology development tevy	-	-	-	-	(3,228)
Profit/(loss) for the year	(1,211,204)	(1,724,503)	(2,173,268)	(162,730)	24,800
(Loss)/earnings per share : Basic (naira)	(9.38)	(13.36)	(16.83)	(1.26)	0.19

**FINANCIAL
STATEMENTS FOR
THE YEAR ENDED 31
DECEMBER 2023**



STANDARD ALLIANCE INSURANCE PLC

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

Corporate information

Registration Number	- RC: 40590		
Directors :	Mr. Johnson Chukwu	Chairman	Resigned 16 August 2024
	Mr. Tayo Awodiya	Chief Executive Officer	Resigned 16 August 2024
	Mr. Oduniyi Odusi	Executive Director	Resigned 16 August 2024
	Alh. Uwais Haruna Mohammed	Independent Non-Executive Director	Resigned 16 August 2024
	Chief Uzoma Igbonwa	Non-Executive Director	Resigned 16 August 2024
	Akin Iroko	Chairman	Appointed 23 September 2024
	Nathaniel Ibitowa	Non-Executive Director	Appointed 23 September 2024
	Rohan Fernando	Non-Executive Director	Appointed 23 September 2024
	Musa Lawan	Non-Executive Director	Appointed 23 September 2024
	Paulinus Offorzor	Managing Director/CEO	Appointed 23 September 2024
	Michael Owoppe	Chief Financial Officer	Appointed 23 September 2024
	Olutayo Amore	ED - Technical	Appointed 30 October 2024
Company Secretary	- Bar. Halima Jimada		
Registered Office	- Plot 1 Block 94, Providence Street Lekki Scheme 1, Lekki Lagos.		
Registrar	- First Registrars and Investor Services Limited Plot 2, Abebe Village Road, Iganmu Lagos.		
Bankers	- Access Bank Plc Ecobank Plc Fidelity Bank Plc First City Monument Bank Limited First Bank of Nigeria Limited Guaranty Trust Bank Plc Heritage Bank Limited Keystone Bank Limited Polaris Bank Limited Sterling Bank Plc Union Bank Plc United Bank for Africa Plc Unity Bank Plc Wema Bank Plc Zenith Bank Plc		
Reinsurers	- African Reinsurance Corporation Waica Reinsurance Corporation Plc Nigeria Reinsurance Corporation Zep Reinsurance Corporation Nouvell Compagnie Africaine De Reassurance Aveni Reinsurance Company Ltd		
Reinsurance Broker	- Standard Insurance Brokers Limited		
Auditor	- Muhtari Dangana & Co (Chartered Accountants) Maanah Plaza 19, Araromi Street, Onikan - Lagos.		
Actuary	- Becoda Consulting Limited No 7, Ibiyinka Olorunimbe Close Victoria Island, Lagos - FRC/2015/PRO/NAS/004/00000012946		

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

Results at a glance

	2023 N'000	Restated 2022 N'000	% Change
Statement of Comprehensive income:			
Insurance revenue	418,062	523,845	(20)
Net insurance finance expenses	75,215	(333,527)	(123)
Management expenses	(18,374)	(513,973)	(96)
Loss before tax	(7,505)	(1)	(750,400)
Statement of Financial Position:			
Cash and cash equivalents	644,272	695,776	(7)
Investment property	4,030,067	4,030,067	-
Insurance contract liabilities	5,062,390	5,226,947	(3)
Investment contract liabilities	2,667,359	2,571,151	4
Paid up share capital	6,455,515	6,455,515	-
Shareholders' funds	(4,913,611)	(4,430,375)	11
Total Assets	7,512,352	6,190,063	21
Per share data			
Basic earnings per share (kobo)	(14.06)	(6.43)	(119)
Net assets per share (kobo)	(38)	(34)	(11)
Share price (kobo)	50	50	-
General			
Number of Shareholders	70,401	70,401	-
Number of Employees	1	1	-
Number of Branches	1	1	-

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES

In accordance with the provisions of the Companies and Allied Matters Act, 2020, the Insurance Act CAP I17, LFN, 2004 and National Insurance Commission's prudential guidelines 2015, the Directors are responsible for the preparation of financial statements which give a true and fair view of the state of affairs of the Company and the profit or loss and other comprehensive income for the financial year.

The Directors responsibilities include ensuring that the Company:

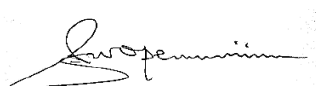
- i. implement appropriate internal controls to secure the assets of the Company, prevent and detect fraud and other financial irregularities
- ii. keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which ensure that the financial statements comply with the requirements of the Companies and Allied Matters Act 2020, Insurance Act CAP I17, LFN 2004, and NAICOM Prudential Guidelines and Circulars.
- iii. 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.

The Directors accept responsibility for maintaining adequate accounting records as required by:

- a. International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);
- b. Companies and Allied Matters Act, 2020;
- c. Insurance Act, CAP I17, LFN 2004;
- d. NAICOM Prudential Guidelines and circulars.

The Directors are of the opinion that the financial statements give a true and fair view of the state of affairs of the Company and of the profit or loss for the year. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal control.

Nothing has come to the attention of the Directors to indicate that the Company will not remain a going concern for at least 12 (twelve) months from the date of approval of the financial statements.



Mr. Michael Owopo
Chief Finance Officer
FRC/2018/PRO/ICAN/001/00000017730



Mr. Paulinus Offorzor
Managing Director/CEO
FRC/2013/PRO/CIIN/002/00000003287



Mr. Akin Iroko
Chairman
FRC/2024/PRO/DIR/003/358339

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

REPORT OF THE DIRECTORS

The Directors have the pleasure of presenting their annual report and the audited financial statements of Standard Alliance Insurance Plc to the Shareholders along with the auditor's report for the year ended 31 December 2021. The Company's financial statements were prepared in compliance with the International Financial Reporting Standards (IFRS).

Principal activities and business review

The Company's principal activity is the provision of non-life and life underwriting and special risk underwriting. Such services include provision of general insurance and life assurance services to both individual and corporate customers.

The below is the summary of the Company's operating results:

	2023	Restated
	N'000	2022
	N'000	N'000
Insurance revenue	418,062	523,845
Insurance service expenses	75,215	(333,527)
Loss before tax	(1,808,290)	(829,719)
Income tax expense	(7,505)	(1)
Loss for the year	(1,815,795)	(829,720)

Directors

The Directors of the Company are as follows:

Mr. Johnson Chukwu	- Chairman	Resigned 20 August 2024
Mr. Tayo Awodiya	- Chief Executive Officer	Resigned 30 August 2024
Mr. Oduniyi Odusi	- Executive Director	Resigned 28 June 2024
Alh. Uwais Haruna Mohammed	- Independent Non-Executive Director	Resigned 16 August 2024
Chief Uzoma Igbonwa	- Non-Executive Director	Resigned 30 June 2024
	-	
Akin Iroko	- Chairman	Appointed 23 September 2024
	-	
Nathaniel Ibitowa	- Non-Executive Director (Nigerian)	Appointed 23 September 2024
Rohan Fernando	- Non-Executive Director (Sri Lankan)	Appointed 23 September 2024
Musa Lawan	- Non-Executive Director (Nigerian)	Appointed 23 September 2024
Paulinus Offorzor	- Managing Director/CEO (Nigerian)	Appointed 23 September 2024
Michael Owoppe	- Chief Financial Officer (Nigerian)	Appointed 23 September 2024
Olutayo Amore	- Executive Director-Technical (Nigerian)	Appointed 30 October 2024

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

REPORT OF THE DIRECTORS (continued)

Directors' interests

The Directors' direct interests in the issued share capital of the Company as recorded in the Register of members as at 31 December 2023 are as follows:

Mr. Johnson Chukwu:

Standard Alliance Investments Limited

	2,557,636,144	19.81	2,557,636,144	19.81
Standard Alliance Capital Limited	250,250,000	1.94	250,250,000	1.94

Contracts

In accordance with Section 303 of the Companies and Allied Matters Act 2020, none of the Directors notified the Company of any declarable interest in contracts involving the Company during the year under review.

Property, plant and equipment

Information relating to changes in tangible assets is given in Note 14 to the financial statements. The Directors are of the opinion that the market value of the Company's assets is not lower than the values shown in the financial statements.

Share capital information

a) **Share range analysis**

Range of shares	Number of Shareholders	% Total	Share Units	% Total
1 - 1,000	15,126	21.49	14,492,143	0.11
1,001 - 5,000	27,647	39.27	86,388,122	0.67
5,001 - 10,000	11,711	16.63	103,565,160	0.80
10,001 - 50,000	11,831	16.81	282,768,978	2.19
50,001 - 100,000	2,029	2.88	165,648,519	1.28
100,001 - 500,000	1,534	2.18	340,954,565	2.64
500,001 - 1,000,000	240	0.34	198,713,693	1.54
1,000,001 - 5,000,000	165	0.23	363,668,833	2.82
5,000,001 - 10,000,000	45	0.06	335,668,609	2.60
10,000,001 - 50,000,000	40	0.06	853,979,957	6.61
50,000,001 and above	33	0.05	10,165,182,007	78.73
Total	70,401	100	12,911,030,586	100

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

REPORT OF THE DIRECTORS (continued)

b) Substantial interests in shares

Apart from Gemrock Management Company Limited, Standard Alliance Investments Limited and FCMB Plc which hold 2,594,060,738 units (20.09%), 2,557,636,144 units (19.81%) and 700,000,000 units (5.42%) respectively, no other shareholder held more than 5% of the issued share capital of the Company as at 31 December 2023.

Corporate Social Responsibilities

The Company makes donations to charitable and non-profit organisations in appreciation of the society's contributions toward's the Company's progress.

No donations or charitable contributions were made during the year (2022: Nil)

Human resources

a) Employment of disabled persons

The Company operates a non-discriminatory policy in the consideration of applications for employment, including those received from disabled persons. The Company's policy is that the most qualified and experienced persons are recruited for appropriate job levels irrespective of applicants state of origin, ethnicity, religion or physical condition. In the event that any employee becomes disabled in the course of employment, the Company is in a position to arrange appropriate training to ensure continuous employment of such person without being subjected to any disadvantage in his/her career development.

b) Health, safety and welfare of Employees

The Company's business premises are designed with a view to guaranteeing the safety and healthy living conditions of its employees and customers alike. Health, safety and fire drills are regularly organised to keep employees alert at all times. Employees are adequately insured against occupational hazards. In addition, the Company provides medical facilities to its employees and their immediate families at its expense.

c) Employee involvement and training

The Company encourages participation of employees in arriving at decisions in respect of matters affecting their well being. Towards this end, the Company provides opportunities for employees to deliberate on issues affecting the Company and employees' interests, with a view to making inputs to decisions thereon. The Company places a high premium on the development of its manpower. Consequently, the Company sponsored its employees for various training courses both in Nigeria and abroad in the year under review.

Auditors

Muhtari Dangana & Co (Chartered Accountants) have expressed their willingness to continue in office as the Company's auditors in accordance with the provision of section 401(2) of the Companies and Allied Matters Act, 2020

A resolution will be proposed at the Annual General Meeting to authorize the directors to fix their remuneration.

By order of the Board



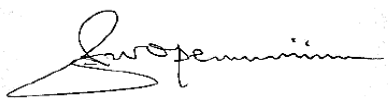
Miss. Halima Jimada
Comp. Sec/Legal Adviser
FRC/2024/PRO/NBA/004/605363

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

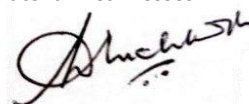
CERTIFICATION PURSUANT TO SECTION 60(2) OF INVESTMENT AND SECURITIES
ACT NO.29 OF 2007

We the undersigned hereby certify the following with regards to our audited report for the year ended 31 December 2023 that:

- (a) We have reviewed the report;
- (b) To the best of our knowledge, the report does not contain:
 - (i) Any untrue statement of a material fact, or
 - (ii) Omit to state a material fact, which would make the statements, misleading in the light of circumstances under which such statements were made;
- (c) 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 operations of the company as of, and for the periods presented in the report;
- (d) **We:**
 - (i) are responsible for establishing and maintaining internal controls;
 - (ii) have designed such internal controls to ensure that material information relating to the Company is made known to such officers by others within the entity particularly during the period in which the periodic reports are being prepared;
 - (iii) have evaluated the effectiveness of the Company's internal controls as of date within 90 days prior to the report;
 - (iv) have presented in the report our conclusions about the effectiveness of our internal controls based on our evaluation as of that date;
- (e) **We have disclosed to the Auditors of the Company and Audit Committee:**
 - (i) all significant deficiencies in the design or operations of internal controls which would adversely affect the Company's ability to record, process, summarize and report financial data;
 - (ii) any fraud, whether or not material, that involves management or other employees who have significant roles in the Company's internal controls;
- (f) 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. Michael Owopo
FRC/2018/PRO/ICAN/001/00000017730
Chief Finance Officer



Mr. Paulinus Offorzor
FRC/2013/PRO/CIIN/002/00000003287
Managing Director/CEO

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

REPORT OF AUDIT COMMITTEE
TO THE MEMBERS OF STANDARD ALLIANCE INSURANCE PLC

In accordance with the provisions of Section 404 (7) of the Companies and Allied Matters Act 2020, we the Members of the Audit Committee of Standard Alliance 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 31 December, 2023 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.
- We are satisfied with the departmental responses to the External Auditors' findings on management matters for the year ended 31 December, 2023.

Finally, we acknowledge and appreciate the cooperation of Management and Staff in the conduct of these duties.



Nathaniel Ibitowa
Chairman of the Audit Committee

Members of the Audit Committee

Nathaniel Ibitowa	-	Chairman	Appointed October 9, 2024
Musa Lawan	-	Member	Appointed October 9, 2024
Rohan Fernando	-	Member	Appointed October 9, 2024
Erinfolami Gafar	-	Member	Appointed October 9, 2024
Matthew Esonanjour (SAN	-	Member	Appointed October 9, 2024
Bar. Halima Jimada		Secretary	Appointed October 9, 2024

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

CORPORATE GOVERNANCE REPORT

Reporting entity

Standard Alliance Insurance Plc is a Company incorporated and domiciled in Nigeria. The address of the Company's registered office is Plot 1, Block 94, Providence Street, Lekki Scheme 1, Lekki – Epe Express way, Lekki, Lagos. The Company underwrites life and non-life insurance risks. The Company is listed on the Nigerian Stock Exchange.

The Company primarily operates in the insurance sector.

Standard Alliance Insurance Plc has over the years built an enviable reputation and has consistently adopted, implemented and applied international best practices in corporate governance, service delivery and value creation for all its stakeholders.

The Company's corporate governance principles are embodied in its Code of Corporate Governance, which represents the core values upon which the Company was founded. The code of Corporate Governance is designed to ensure that the Company's business is conducted in a fair, honest and transparent manner that conforms to high ethical standards. For the entity, good corporate governance goes beyond just adhering to rules and policies of the Regulators; it is about consistently creating excellent value for our stakeholders using the best possible principles within a sustainable and enduring system.

In order to remain a pace setter in the area of good corporate governance practice, the Company's corporate governance practices are constantly under review in line with the dynamics of the business environment and guidelines of the regulatory bodies.

Governance Structure

The Company is committed to high standards of corporate governance. Corporate governance practice in the Company is drawn from various applicable codes of corporate governance issued by National Insurance Commission (NAICOM) and Securities and Exchange Commission (SEC). This ensures compliance with regulatory requirement as well as the core value which the Company upholds.

The provision of the codes is geared towards ensuring transparency and accountability of the Board and Management to shareholders of the Company.

The Board of Directors

The newly reconstituted Board of Directors is made up of seven (7) members; the Chairman, three (3) Non-Executive Directors and three (3) Executive Directors.

All the Directors bring various and varied competencies to bear on all Board deliberations. The Directors individually have attained the highest pinnacle of their chosen professions. The Board meets quarterly and is responsible for effective control and monitoring of the Company's strategy.

The ultimate responsibility for the governance of the Company resides with the Board of Directors, which is accountable to the shareholders for creating and delivering sustainable value through the management of the Company's business. The Board is also responsible for the management of the Company's relationship with its various stakeholders. The day to day running of the Company is delegated to the Chief Executive Officer by the Board of Directors assisted by the Management Committees.

Responsibilities of the Board

The responsibilities of the Board of Directors include:

- i. Review corporate strategy, major plans of actions, risk policies, business plans, setting performance objectives, monitoring implementation and corporate performance and overseeing major capital expenditures and acquisitions

CORPORATE GOVERNANCE REPORT (Continued)

- ii. Select, compensate, monitor and when necessary, replace key executives and oversee succession planning.
- iii. Monitor the effectiveness of the governance practices under which it operates and make changes as may be necessary.
- iv. Ensure the integrity of the Company's accounting and financial reporting systems, including the independent audit and that appropriate systems of control are in place, in particular, systems for monitoring risk, financial control and compliance with the law.
- v. Monitor and manage potential conflicts of interest of management, board members and shareholders, including misuse of corporate assets and abuse in related party transactions.
- vi. Supervise and monitor the execution of policies and providing direction for the management.
- vii. Monitor potential risks within the company including recognising and encouraging honest whistle blowing.
- viii. Oversee the process of disclosure and communication in the company.

Roles of Chairman and Chief Executive Officer

The roles of Chairman and Chief Executive are separate and no one individual combines the two positions. The Chairman's main responsibility is to lead and manage the Board to ensure that it operates effectively and fully discharges its legal and regulatory responsibilities. The Chairman is responsible for ensuring that Directors receive accurate, timely and clear information to enable the Board take informed decisions, monitor effectively and provide advice to promote the success of the Company. The Chairman also facilitates the contributions of Directors and promotes effective relationships and open communications between Executive and non-Executive Directors, both inside and outside the Boardroom.

The Board has delegated the responsibility for the day-to-day management of the Company to the Chief Executive Officer, who is supported by Executive Management. The Chief Executive Officer executes the powers delegated to him in accordance with guidelines approved by the Board of Directors. Executive management is accountable to the Board for the development and implementation of strategies and policies. The Board regularly reviews Company performance, matters of strategic concern and any other matters it regards as material.

Board Committees

The Board carries out some of its responsibilities through the Board sub-committees whose terms of reference set out clearly their roles, responsibilities, scope of authority and procedures for reporting to the Board. Each committee is chaired by a non-Executive Director in compliance with principles of good corporate governance and the Audit Committee is chaired by a non-executive director. These committees report to the Board of Directors on their activities and decisions, which are ratified by the full Board. The Committees are as follows:

1) The Finance, Strategy and General purposes Committee

This is a standing Committee of the Board with the responsibility to review the Company investment portfolio. The terms of reference of the Committee includes:

- Review of existing investments;
- Review of investment strategies;
- Review of company's investments by way of equities;
- Review of Budgets.
- Review and make recommendations on procedural manuals/policies;
- Make recommendation on recruitment/termination of General Managers and above to the Board;
- Strategy formulation;
- Review of Human Capital Management Operations
- Review of Marketing activities

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023
CORPORATE GOVERNANCE REPORT (Continued)

The Committee had the following members during the year under review:

The Committee did not hold any meeting during the year under review because the Board of Directors were not sufficient in number.

2) The Enterprise Risk Management and Governance Committee

The terms of reference of this Committee includes the following:

- Establish criteria for Board and Board Committee memberships, review candidate's qualifications and any potential conflict of interest, assess the contribution of current directors in connection with their re-appointment and make recommendations to the Board;
- Prepare job specification for the Chairman's position, including assessment of time commitment required of the candidate;
- Periodic evaluation of skills, knowledge and experience required on the Board;
- Make recommendations on experience required by the Board Committee members, Committee appointments and removal, operating structure, reporting and other Committee operational matters;
- Make recommendations on compensation structure for Executive Directors;
- Provide input to the annual report of the Company in respect of Director's compensation;
- Ensure Succession Policy and Plan, subsists for positions of Chairman, CEO/MD, Executive Directors and subsidiary MDs;
- Ensure Board conducts Board Evaluation on annual basis;
- Review performance and effectiveness of the subsidiary's Board on annual basis;
- Review and make recommendations to Board for approval of the Company's organizational structure and any proposed amendments;
- Review of performance bonuses;
- Review of Staff Remuneration package.
- Review and approval of the Company's Enterprise Risk Management policy including risk appetite and risk strategy;
- Review the adequacy and effectiveness of risk management and controls;
- Oversight of management's process for the identification of significant risks across the Company and the adequacy of prevention, detection and reporting mechanisms;
- Review of the Company's compliance level with applicable laws and regulatory requirements which may impact the Company's risk profile;
- Periodic review of changes in the economic and business environment, including emerging trends and other factors relevant to the Company's risk profile;
- Review and recommend for approval of the Board risk management procedures and controls for new products and services.

The Committee did not hold any meeting during the year under review because the Board of Directors were not sufficient in number.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

CORPORATE GOVERNANCE REPORT (Continued)

3) The Audit and Compliance Committee

The Audit and Compliance Committee is made up of 6 (six) members, three representatives each of Shareholders and Directors. Its members are elected at the Annual General Meeting.

In addition to its responsibility to review the scope, independence and objectivity of the audit, the Committee carries out all such matters as are referred to it by the Companies and Allied Matters Act, 2020. These functions include to:

- Meet at least thrice yearly and once with the External Auditors;
- Review Whistle blowing policy;
- Periodic Evaluation of the Committee's performance;
- Carrying out internal control checks on all company activities;
- Make recommendations to the Board on sanctions in areas of default where necessary;
- Receive and review integrity of data of the audited financial statements of the company;
- Make recommendation on appointment and remuneration of external auditors;
- Review and make recommendations based on Management letters issued by external auditors;
- Monitor the quality of internal control procedures and compliance with regulatory policies.

The Committee had the following members during the year under review:

Nathaniel Ibitowa	-	Chairman
Musa Lawan	-	Member
Rohan Fernando	-	Member
Erinfolami Gafar	-	Member
Matthew Esonanjor (SAN)	-	Member
Bar. Halima Jimada		Secretary

This Committee was recently reconstituted after new core investors came on board. The previous Audit Committee of the former management did not hold any meeting in the year under review.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023
CORPORATE GOVERNANCE REPORT (Continued)

Internal Control

It is the responsibility of the Board of Directors to ensure that all the records are accurate and correctly reflect the financial position of the Company. The Board is mindful of the fact that as an insurance company, great relevance is placed by policy holders and potential investors on the accuracy of information contained in its financial statements.

In order to ensure the accuracy of its records, the Board sets standards that the Quality Assurance department implements system of internal control comprising policies, standards and procedures to ensure that the safety of assets and reduction of the risk of loss, error, fraud and other irregularities. Both the Quality Assurance (Internal Auditors) and the External Auditors independently appraise the adequacy of the internal controls.

Muhtari Dangana & Co (Chartered Accountants) acted as external auditors to the Company for the 2023 financial year. Their report for the year under review is contained on pages 15 - 18 of these financial statements.

Support Committees

1 Executive Management Committee

The Committee is responsible for strategic marketing activities, review of investment portfolio and approval of new products and branches. The members of the committee are:

- i) Chief Executive Officer
- ii) Executive Director
- iii) Chief Finance Officer
- iv) Company Secretary

2 Senior Management Committee

The Committee is responsible for strategic initiatives on business generation and membership includes:

- i. Chief Executive Officer
- ii. Executive Directors
- iii. All Divisional Heads
- iv. Head, Technical
- v. Head, Corporate Services
- vi. Chief Finance Officer
- vii. Head, Internal Control/Quality Assurance
- viii. Head, Information Technology (IT)

3 Weekly Activity Review Committee

This Committee meets weekly to review business development activities of the entire Company. The Committee consists of:

- i. Chief Executive Officer
- ii. All Divisional Heads
- iii. Head, Technical
- iv. Head, Information Technology
- v. Head, Corporate Services
- vi. Head, Internal Audit/Quality Assurance
- vii. Chief Finance Officer
- viii. Head, Enterprise Risk Management
- ix. All marketing staff

4 Management Committee

This Committee meets every month to review the Company's performance. The meetings are usually held first Friday and Saturday following the end of each month. The Committee consists of:

- i. Chief Executive Officer
- ii. Executive Director
- iii. All Divisional Heads
- iv. All Regional Heads
- v. All Branch Managers
- vi. Head, Technical
- vii. Head, Information Technology
- viii. Chief Finance Officer
- ix. Head, Corporate Services
- x. Head, Internal Audit/Quality Assurance
- xi. Head, Enterprise Risk Management

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

FREE FLOAT & SHAREHOLDING STRUCTURE STATUS AS AT 31ST DECEMBER 2023

Description				
	Unit	Percentage	Unit	Percentage
Issued Share Capital	12,911,030,586	100%	12,911,303,586	100%
Substantial Shareholdings (5% and above)				
STANDARD ALLIANCE	3,421,999,908	26.50%	3,421,999,908	26.50%
GEMROCK MANAGEMENT COMPANY LIMITED	2,594,060,738	20%	2,594,060,738	20%
FIRST INLAND BANK PLC/FCMB	1,120,000,000	9%	1,120,000,000	9%
Total Substantial Shareholdings	7,136,060,646	55%	7,136,060,646	55%
Directors' Shareholdings (direct and indirect), excluding directors with substantial interests				
Omotayo Awodiya	1,413,021	0.0109%	1,413,021	0.0109%
Bode Awodiya	435,442,485	3.3726%	435,442,485	3.3726%
Bolaji Oladipo	150,000	0.0012%	150,000	0.0012%
Agnes Okiemute Umukoro	438,780	0.0034%	438,780	0.0034%
Omolola Oshiafi	12,500,000	0.0968%	12,500,000	0.0968%
Austin Enajemo-Isire	17,714,285	0.1372%	17,714,285	0.1372%
Total Directors' Shareholdings	467,658,571	3.62%	467,658,571	3.62%
Other Influential Shareholdings				
Total Other Influential Shareholdings	0	0.00%	0	0.00%
Free Float in Units and Percentage	5,307,311,369	41%	5,307,584,369	41%
Free Float in Value	₦ 1,061,462,273.80		₦ 1,061,516,873.80	

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

Directors' Interests

The Directors' direct interests in the issued share capital of the Company as recorded in the Register of Members as at **31 December 2023** are as follows:

Number of Shares Held at the End of the Year

S/N	Name	2020	2021	2022	2023
1	Johnson Chukwu	Not on record	Not on record	Not on record	Not on record
2	Omotayo Awodiya	1,413,021	1,413,021	1,413,021	1,413,021
3	Bode Awodiya	435,442,485	435,442,485	435,442,485	435,442,485
4	Oduniyi Odusi	Not on record	Not on record	Not on record	Not on record
5	Bolaji Oladipo	150,000	150,000	150,000	150,000
6	Uzoma Igbonwa	Not on record	Not on record	Not on record	Not on record
7	Uwais Haruna Mohammed	Not on record	Not on record	Not on record	Not on record
8	Agnes Okiemute Umukoro	438,780	438,780	438,780	438,780
9	Omolola Oshiafi	12,500,000	12,500,000	12,500,000	12,500,000
10	Adetayo Akintunde	Not on record	Not on record	Not on record	Not on record
11	Etiowe Uwa	Not on record	Not on record	Not on record	Not on record
12	Austin Enajemo-Isire	17,714,285	17,714,285	17,714,285	17,714,285

Security Trading Policy

The Company ensures strict compliance with the Investment and Securities Act 2007, the Securities and Exchange Commission Code of Corporate Governance for Companies in Nigeria 2011, and other laws that may be applicable from time to time bordering on insider trading.

To this end, the Company has put in place mechanisms to ensure that the categories of persons and entities that may be classified as "Restricted Persons" for the purpose of insider trading are clearly identified and informed. In addition, there are stringent restrictions on dealing with the Company's securities.

STANDARD ALLIANCE INSURANCE PLC

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

Directors and Key Management personnel are also required to comply with rules relating to dealings in the Company's securities, particularly the requirement to obtain prior approval before dealing in such securities.

There are also mechanisms in place to ensure that detailed reports are submitted to the Nigerian Stock Exchange and the Securities and Exchange Commission on the extent of compliance with this rule, permitted exceptions, and any instances where the rule may have been breached.

This Policy has become an essential company document that has been brought to the notice, and will continue to be brought to the notice, of all concerned, and continuous efforts are made to ensure strict compliance and implementation.

Internal Control

It is the responsibility of the Board of Directors to ensure that all records are accurate and correctly reflect the financial position of the Group. The Board is mindful of the fact that, as an insurance company, great relevance is placed by policyholders and potential investors on the accuracy of information contained in the financial statements.

Complaints Management Policy Framework

The Company's Complaints Management Policy framework on how to resolve complaints arising from issues covered under the Investment and Securities Act 2007 is being complied with and implemented as approved by the Board of Directors.

It can be accessed on the Company's website:
www.sainsuranceng.com

Whistle Blowing Policy

The Company has a Whistle Blowing Policy in place which provides a formal mechanism for employees, directors, and other stakeholders to report, in good faith, any suspected misconduct, unethical behaviour, illegal acts, or other improprieties relating to the Company's operations.

The Policy ensures confidentiality of disclosures and provides protection against retaliation for whistle blowers. Reports are received, reviewed, and investigated under the oversight of the Board Audit Committee, and appropriate action is taken in line with applicable laws and the Company's internal policies.

The Whistle Blowing Policy is approved by the Board of Directors and is implemented across the Company.



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**INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF STANDARD ALLIANCE INSURANCE PLC**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Standard Alliance Insurance Plc, which comprise, the statement of financial position as at 31 December 2023, statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2023 and of its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards, issued by the International Accounting Standards Board (IASB) and in compliance with the relevant provisions of the Financial Reporting Council of Nigeria (Amendment) Act 2023, the Companies and Allied Matters Act 2020, Insurance Act CAP I17, LFN 2004 and the Prudential Guidelines issued by National Insurance Commission.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to our audit of the financial statements in Nigeria, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the International Ethics Standards Board Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty relating to going concern

"We draw attention to note 35 of the financial statements, which indicates that the company recorded a net loss of N1.816 billion during the year ended 31 December 2023 (2022: N829,720million) and, as at that date, there is a shortfall of regulatory minimum paid up capital of N9.914billion and shortfall of N10.350 billion in solvency margin. These conditions along with other matters as set forth in Note 35, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

The Board and Management of the Company are working assiduously to inject fresh capital through a recapitalization and business restructuring plan involving major prospective investor as set forth in Note 36. Our opinion is not modified in respect of this matter."

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



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**INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF STANDARD ALLIANCE INSURANCE PLC. - CONT'D**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS – CONT'D

Valuation of investment properties

The Directors have estimated the value of the Company's investment properties to be N4.0 billion as at 31 December 2023. Independent external valuations were obtained in order to support the value in the Company's financial statements. These valuations are dependent on certain key assumptions and significant judgments including capitalization rates and fair market rents.

Our response

We ascertained the following

- Evaluated the independent external valuers' competence, capabilities and objectivity
- Assessed the methodologies used and the appropriateness of the key assumptions.
- Checked the accuracy and relevance of the input data used.

We also reviewed and found the disclosures in note 11.2 to be appropriate based on the assumptions and available evidence.

Valuation of insurance contracts liabilities.

The Company has material insurance contract liabilities of ₦5.062billion (2022: ₦5.227billion). Actuarial valuation of these insurance contract liabilities is an area that involves significant judgment over uncertain future outcomes and therefore was an area of significance to our audit.

The result of management's assessments regarding the calculation of the liability for incurred claims depends on inputs, the choice of actuarial methods and the precision of management judgment in determining actuarial assumptions. Key assumptions with the greatest impact on the carrying amount include inflation, discount rates as well as estimated future payments for claims.

Valuation of insurance contract liabilities requires significant management judgement and accounting assumptions about uncertain future events, which may materially affect the carrying amount, and thus is a key audit matter.

Insurance contract liabilities, related accounting policies and significant judgments and assumptions are disclosed in Notes 3 and 15 respectively to the financial statements.

How the matter was addressed in our audit

- We obtained and documented our understanding of the Company's basis of valuation.
- We evaluated the design, implementation and operating effectiveness of key controls implemented by the Company which includes management review of data used for the valuation of insurance contract liabilities.
- We tested the completeness and accuracy of the databases used in determining the assumptions, as well as on actuarial calculations.
- We assessed whether the method/model for determining future cash flows is in line with the requirements of the relevant accounting standard and standard industry practices.
- We reviewed and confirmed the appropriateness of disclosures made in the financial statements as regards insurance contract.
- Reviewed the accuracy of data items used as inputs to valuations or valuation models, including those involved in retrospective and prospective liability calculations
- verified the accuracy of contract classifications for reporting under IFRS 17 Insurance Contracts;

Adoption of IFRS 17 Insurance Contracts

Effective 1 January 2023, the Company transitioned to IFRS 17: 'Insurance Contracts' which replaced the existing standard for insurance contracts, IFRS 4 'Insurance Contracts'.

The disclosure of the impact of the adoption of IFRS 17 is a key audit matter as this is a new and complex accounting standard which has required considerable judgment and assumptions in its implementation, and introduced a number of significant changes, including new requirements regarding the measurement and presentation of insurance contracts and related account balances and classes of transactions.



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**INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF STANDARD ALLIANCE INSURANCE PLC. - CONT'D**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS – CONT'D

Adoption of IFRS 17 Insurance Contracts- Cont'd

Refer to Notes 3 and 15 to the financial statements for the disclosures on the impact of adopting IFRS 17.

How the matter was addressed in our audit

Gained a detailed understanding of the process to estimate the transitional adjustments and obtained an understanding of relevant controls.

Evaluated the appropriateness of key technical accounting decisions, judgments, assumptions and elections made in determining the estimate against the requirements of the standard.

Reviewed management's documentation of the transition approach for groups of insurance contracts at transition date. Where management applied the fair value approach instead of full retrospective approach, we assessed the reasonableness of management's justification that retrospective application is impracticable for those group of insurance contracts.

Tested the IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" disclosures related to the transition impact and reconciled the disclosed impact to underlying accounting records.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Chairman's and Directors' statements, but does not include the financial statements and our auditors report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Standards issued by the International Accounting and Assurance Standards Board, and in compliance with the relevant provisions of the Financial Reporting Council of Nigeria (Amendment) Act, 2023, the Companies and Allied Matters Act, 2020, Insurance Act, CAP I17 LFN 2004, and the Prudential Guidelines issued by National Insurance Commission, 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.

In preparing the financial statements, the directors are responsible for assessing 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 Company or to cease operations, or has no realistic alternative but to do so.

Auditors' responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a 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 International Standards on Auditing 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 financial statements.



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**INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF STANDARD ALLIANCE INSURANCE PLC. - CONT'D**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS - CONT'D

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

* Identify and assess the risks of material misstatement of the 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 control 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 Company's internal control.

* 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 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 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 auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

* Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit, and significant audit findings and any significant deficiencies in internal control that we identify during our audit.

Contravention of laws and regulations

During the year, the Company contravened certain sections of the Insurance Act, CAP I17, LFN 2004, and NAICOM's operational guidelines. Details of the contraventions and appropriate penalties thereon are disclosed in note 45.

Report on other legal and regulatory requirements

The Companies and Allied Matters Act, 2020 and Insurance Act CAP I17 LFN 2004 require that in carrying out our audit we consider and report to you on the following matters. 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) in our opinion, proper books of account have been kept by the Company
- iii) the Company's statement of financial position, and its statement of profit or loss and other comprehensive income are in agreement with the books of account.

Abel Atalor
FRC/2013/PRO/ICAN/004/00000001141
Muhtari Dangana & Co
(Chartered Accountants)
Lagos, Nigeria

4 October 2025



STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

SUMMARY OF MATERIAL ACCOUNTING POLICIES

The following are the material accounting policies adopted by the Company in the preparation of its financial statements. These policies have been consistently applied to all year's presentations.

1 The reporting entity

The Company was incorporated in July 1981 as a Private Limited Liability Company and commenced full operations in 1982 under the name Jubilee Insurance Company Limited. The name was changed to Standard Alliance Insurance Company Limited (Standard Alliance) in August 1996.

The Company successfully merged with its subsidiary Company, Standard Alliance Life Assurance Limited on 27 February 2017.

Standard Alliance Insurance became a Public Liability Company (Plc) on 30th May 2002 and was quoted on the Nigerian Stock Exchange in December 2003.

The Company is 100% fully owned by Nigerian citizens and Institutional investors. Its major shareholders are:

	Units	%
Gemrock Management Company Limited	2,594,060,738	20.09
Standard Alliance Investments Limited	2,557,636,144	19.81
First City Monument Bank Plc	1,120,000,000	8.67
Bode Akinboye	435,442,485	3.37
Sina Alimi (also a director in Gemrock Mgt. Co. Ltd.)	382,013,914	2.96

Subsequently, on 19th August, 2024, the shares that previously belonged to Standard Alliance Investments Limited were sold to a new core investor, Endura Investment Global Limited. The financial statements for the year ended 31 December 2023, which had been in arrears for one (1) year, were finally approved by the new Board of Directors on 19th September, 2025.

The Company's principal activity continues to be provision of risk underwriting and related financial services to its customers. Such services include provision of general insurance services and life assurance to both corporate and individual customers.

2. Basis of preparation

2.1 Statement of compliance with International Financial Reporting Standards (IFRSs)

The financial statements are prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) and the interpretations of these standards, issued by the International Financial Reporting Standards Interpretation Committee (IFRIC) and the requirements of the Companies and Allied Matters Act 2020, Financial Reporting Council (Amendment) Act 2023 and the Insurance Act, CAP I17,LFN 2004 and regulatory guidelines as pronounced from time to time by National Insurance Commission (NAICOM).

The financial statements include the statements of financial position, statements of profit or loss and other comprehensive income, the statements of cash flows, the statement of changes in equity, summary of significant accounting policies and other explanatory information.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.2 Going concern

The Company's financial statements are prepared on a going concern basis. Even though the parties are aware of material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern, the Directors are satisfied that the Company has the resources to continue in business for the foreseeable future.

This conclusion of the Directors is on the mitigating procedures taken to inject fresh capital through a recapitalization and business restructuring plan involving major prospective investors.

2.3 Basis of measurement

Historical cost basis was used in the preparation of the financial statements as modified by certain items of:

- Investments at fair value
- Financial assets at fair value through other comprehensive income (FVOCI) that are measured at fair value
- Investments carried at amortised cost
- Impaired assets at their recoverable amounts
- Insurance contract liabilities at fair value
- Freehold Land and Buildings stated at revalued amount

2.4 Functional and Presentation Currency

The financial statements are presented in Nigerian Naira (N), which is also the functional currency of the Company and rounded to the nearest thousand (N'000) unless otherwise indicated.

2.5 Transactions and balances in foreign currencies

Transactions denominated in foreign currencies are recorded in Naira at the rate of exchange ruling at the date of each transaction. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included in the profit and loss account. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated at that date. Exchange gains arising from the revaluation of monetary assets and liabilities are recognized in the income statement while those on non-monetary items are recognized in other comprehensive income. For non-monetary financial investments, unrealized exchange differences are recorded directly in equity until the asset is disposed or impaired.

2.6 Order of presentation

The Company presents its statement of financial position broadly in order of liquidity. An analysis regarding recovery or settlement within twelve months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in the notes.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

3 Significant management judgements and key sources of estimation uncertainty

In the process of applying the accounting policies adopted by the Company, the directors make certain judgments and estimates that may affect the carrying values of assets and liabilities in the next financial period. Such judgments and estimates are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the current circumstances. The directors evaluate these at each financial reporting date to ensure that they are still reasonable under the prevailing circumstances based on the information available.

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require material adjustments to the carrying amount of the asset or liability affected in the future. These factors could include:

(i) Significant judgements made in applying the Company's accounting policies

The judgements made by the directors in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements include:

- Whether it is probable that future taxable profits will be available against which temporary differences can be utilised; and
- Whether the Company has the ability to hold financial assets at amortised cost until they mature. If the Company were to sell other than an insignificant amount of such financial asset before maturity, it would be required to classify the entire class as financial assets through other comprehensive income (FVOCI) and measure them at fair value.

(ii) Key sources of estimation uncertainty

a) Valuation of insurance contract liabilities

- Critical assumptions are made by the actuaries in determining the present value of actuarial liabilities. These assumptions are set out in accounting policy 5.19 and as embedded in the report. The liability for insurance contracts is either based on current assumptions or on assumptions established at inception of the contract, reflecting the best estimate at the time increased with a margin for risk and adverse deviation. All contracts are subject to a liability adequacy test, which reflects management's best current estimate of future cash flows.
- Estimates are also made as to future investment income arising from the assets backing insurance contracts. These estimates are based on current market returns as well as expectations about future economic and financial developments.
- Assumptions on future expenses are based on current expense levels, adjusted for expected expense inflation if appropriate.

b) Property, plant and equipment

Critical estimates are made by the directors in determining the useful lives and residual values of property, plant and equipment.

c) Impairment losses

Estimates are made in determining the impairment losses on assets. Such estimates include the determination of the recoverable amount of the asset.

d) Income taxes

The Company is subject to income taxes under the Nigerian Tax Laws. Significant estimates are required in determining the provisions for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcomes of these matters are different from the amounts that were initially recorded, such differences will impact the income tax and the deferred tax provisions in the period in which such determinations are made.

e) Critical judgments in applying the entity's accounting policies

In the process of applying the Company's accounting policies, management has made judgments in determining:

- i) The classification of financial assets and liabilities
- ii) Whether assets are impaired.
- iii) Whether land and buildings meet the criteria to be classified as investment property.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS (continued)

f Changes in Material Accounting Policy – IFRS 17

The Company applied IFRS 17 standards (Insurance Contracts) from 1 January 2023. This standard has brought significant changes to the accounting for insurance and reinsurance contracts. As a result, we restated certain comparative amounts and presented the statement of financial position as at 1 January 2022. We consistently applied the accounting policies as set out in all periods presented in these financial statements. The nature and effects of key changes in the Company's accounting policies resulting from its adoption of IFRS 17 is summarized below:

- **Recognition, measurement and presentation of insurance contracts:** IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with discretionary participation features. It introduces a model that measures groups of contracts based on the estimates of the present value of future cash flows that are expected to arise as the Company fulfils the contracts, an explicit risk adjustment for non-financial risk and contractual service margin. Under IFRS 17, insurance revenue in each reporting period represents the changes in the liabilities for remaining coverage that relate to services for which the Company expects to receive consideration and an allocation of premiums that relate to recovering insurance acquisition cash flows. In addition, investment components are no longer included in insurance revenue and insurance service expenses. Insurance finance income and expenses are presented in the profit or loss separately from insurance revenue and insurance service expenses. The Company applies the premium allocation approach (PAA) to simplify the measurement of contracts in the non-life segment. When measuring liabilities for remaining coverage, the PAA is similar to the Company's previous accounting treatment. However, when measuring liabilities for incurred claims, the Company now discounts the future cash flows (unless they are expected to occur in one year or less from the date on which the claims are incurred) and includes an explicit risk adjustment for non-financial risk. Previously, all acquisition costs were recognised and presented as separate assets from the related insurance contracts ('deferred acquisition costs') until those costs were included in profit or loss and OCI. Under IFRS 17, only insurance acquisition cash flows that arise before the recognition of the related insurance contracts are recognised as separate assets and are tested for recoverability. These assets are presented in the carrying amount of the related portfolio of contracts and are derecognised once the related contracts have been recognized.

The Company applies the general measurement model (GMM) approach to its life segment. The GMM approach measures group of insurance contracts as the sum of the following components, or 'building blocks', for each group of insurance contracts:

- i. **Fulfilment cash flows, which comprise:** - Estimates of expected future cash flows over the life of the contract - An adjustment to reflect the time value of money and the financial risks related to the future cash flows to the extent that the financial risks are not included in the estimates of the future cash flows - A risk adjustment for non-financial risk.
- ii. **Contractual service margin:** This represents unearned profit an entity will recognise as it provides service under the insurance contracts in the income and expenses from reinsurance contracts other than insurance finance income and expenses are now presented as a single net amount in profit or loss. Previously, amounts recovered from reinsurers and reinsurance expenses were presented separately.

Transition

On transition date, 1 January 2023, the Company:

- i. Has identified, recognised and measured each group of insurance contracts as if, IFRS 17 had always applied.
- ii. Derecognised any existing balances that would not exist had IFRS 17 always applied.
- iii. Recognised any resulting net difference in equity. On transition to IFRS 17, the Company has applied the full retrospective approach unless where it is impracticable. The Company has applied the full retrospective approach on transition to all contracts issued on or after 1 January 2022.
- iv. Recognised any resulting net difference in equity.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS (continued)

On transition to IFRS 17, the Company has applied the full retrospective approach on the transition to all contracts issued on or after 1 January 2022. The Company has used the following procedure to determine the CSM at initial recognition for these contracts:

i. Estimated future cash flows at the date of initial recognition as the amount of the future cash flows at transition date, adjusted by the cash flows that have occurred between the date of initial recognition and the transition date. The cash flows that are known to have occurred include cash flows resulting from contracts that ceased to exist before the transition date.

Discount rates:

- i. The Nigerian Actuarial Society published rates were used. Locked in rates for 2021 were used for 2021 data and 2022 rates were used for the 2022 data.
- ii. Estimated the risk adjustment for non-financial risk at the date of initial recognition by adjusting the risk adjustment at transition date by the expected release of risk in the periods before transition. The expected release of the risk was determined with reference to the release of risk for similar contracts that the Company has issued subsequent to the transition date

The Company has elected to disaggregate insurance finance income or expense between amounts included in profit or loss and amounts included in other comprehensive income and reset the cumulative amount of insurance finance income or expense recognised in other comprehensive income at the transition date to zero.

Fair value approach

The Company has applied the fair value approach on transition for certain groups of term-life contracts as, prior to transition, it grouped contracts from multiple cohorts and years into a single unit for accounting purposes. Obtaining reasonable and supportable information to apply the full retrospective approach was impracticable without undue cost or effort. The Company has determined the CSM of the liability for remaining coverage at the transition date, as the difference between the fair value of the group of insurance contracts and the fulfilment cash flows measured at that date. In determining fair value, the Company has applied the requirements of IFRS 13 Fair Value Measurement, except for the demand deposit floor requirement.

The Company has aggregated contracts issued more than one year apart in determining groups of insurance contracts under the fair value approach at transition as it did not have reasonable and supportable information to aggregate groups into those including only contracts issued within one year. For the application of the fair value approach, the Company has used reasonable and supportable information available at the transition date in order to:

- i. Identify groups of insurance contracts.
- ii. Determine whether any contracts are direct participating insurance contracts.
- iii. Identify any discretionary cash flows for insurance contracts without direct participation features

The discount rate for the company of contracts applying the fair value approach was determined at the transition date. Therefore, for the measurement of fulfilment cash flows at the date of transition, the locked-in discount rate is the weighted average of the rates applicable at the date of initial recognition of contracts that joined a group over a 12-month period. The discount rate used for accretion of interest on the CSM is determined using the bottom-up approach at inception.

The following table and accompanying notes below explain the original measurement categories under IFRS 4 and the new measurement under IFRS 17 as at 1 January 2022 and 1 January 2023 respectively.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS (continued)

IFRS 17 TRANSITION NOTES

Statement of financial position - 1 January 2022						
		2021				2021
Statement of financial position	Notes	IFRS 4 N'000	Reclassification n N'000	Remeasurement nt N'000	Correction of errors N'000	IFRS 17 N'000
Cash and cash equivalents		1,945,556	-	-	-	1,945,556
Financial Assets		616,593	-	-	-	616,593
Investment properties		4,030,067	-	-	-	4,030,067
Reinsurance contract assets	a	368,242	-	(368,242)	-	-
Investment in subsidiaries		-	-	-	-	-
Deferred acquisition cost		-	-	-	-	-
Intangible Assets		-	-	-	-	-
Property and equipment		50,233	-	-	-	50,233
Other receivables		144,570	-	-	-	144,570
Trade Receivables		8,075	-	-	-	8,075
Statutory deposit		535,000	-	-	-	535,000
Deferred tax assets		-	-	-	-	-
Total assets		7,698,337	-	(368,242)	-	7,330,095
Current tax liabilities		273,736	-	-	-	273,736
Investment contract liabilities	b	2,584,313	-	(135,597)	-	2,448,716
Insurance contract liabilities	c	5,037,459	-	280,838	-	5,318,297
Reinsurance contract liabilities		-	-	-	-	-
Other payables		850,919	-	-	-	850,919
Deferred commission income		-	-	-	-	-
Trade Payables	e	44,205	-	-	(36,257)	7,948
Borrowings		1,994,015	-	-	-	1,994,015
Deferred tax liabilities		61,909	-	-	-	61,909
Total liabilities		10,846,556	-	145,240	(36,257)	10,955,538
Share capital		6,455,515	-	-	-	6,455,515
Share Premium		7,484,955	-	-	-	7,484,955
Contingency Reserve		1,768,801	-	-	-	1,768,801
Revaluation reserve		48,292	-	-	(48,292)	-
Retained earnings	d	(18,925,883)	-	(513,482)	84,549	(19,354,816)
Other comprehensive income		21,245	-	-	-	21,245
Treasury shares		(1,145)	-	-	-	(1,145)
Other reserves		-	-	-	-	-
Total equity		(3,148,220)	-	(513,482)	36,257	(3,625,444)
Total liabilities and equity		7,698,336	-	(368,242)	(0)	7,330,094

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS (continued)

IFRS 17 TRANSITION NOTES

Statement of financial position - 31 December 2022						
		2022				2022
Statement of financial position		IFRS 4	Reclassification	Remeasurement	Correction	IFRS 17
Notes		N'000	n	nt	of errors	N'000
		N'000	N'000	N'000		
Cash and cash equivalents		695,776	-	-		695,776
Financial Assets		843,643	-	-		843,643
Investment properties		4,030,067	-	-		4,030,067
Reinsurance contract assets		-	-	-		-
Investment in subsidiaries		-	-	-		-
Deferred acquisition cost		-	-	-		-
Intangible Assets		-	-	-		-
Property and equipment		35,663	-	-		35,663
Other receivables		167,317	(126,252)	-		41,065
Trade Receivables		8,849	-	-		8,849
Statutory deposit		535,000	-	-		535,000
Deferred tax assets		-	-	-		-
Total assets		6,316,315	(126,252)	-		6,190,063
Current tax liabilities		273,736	-	-		273,736
Investment contract liabilities	b	2,713,529	-	(142,378)		2,571,151
Insurance contract liabilities	c	5,078,824	148,123	-		5,226,947
Reinsurance contract liabilities		-	-	-		-
Other payables		502,513	-	-		502,513
Deferred commission income		-	-	-		-
Trade Payables	e	44,205	-	-		44,205
Borrowings		1,976,233	-	-		1,976,233
Deferred tax liabilities		61,909	-	-		61,909
Total liabilities		10,650,949	148,123	(142,378)		10,656,695
Share capital		6,455,515	-			6,455,515
Share Premium		7,484,955	-			7,484,955
Contingency Reserve	f	1,771,668	4,059			1,775,727
Revaluation reserve	g	48,292	(48,292)			-
Retained earnings	d	(20,139,954)	74,744	(126,251)		(20,191,461)
Other comprehensive income		46,034	-			46,034
Treasury shares		(1,145)	-			(1,145)
Other reserves		-	-			-
Total equity		(4,334,635)	30,511	(126,251)		(4,430,375)
Total liabilities and equity		6,316,315	178,633	(268,630)		6,226,321

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS (continued)

IFRS 17 TRANSITION NOTES

Explanatory Notes

a Reinsurance contract assets

	01-Jan-22
Balance as at IFRS 4	N'000 368,242
Reclassification to retained earnings	(368,242)
Balance as per IFRS 17	-

Under IFRS 4, the Company 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.

Under IFRS 17, Reinsurance contracts held were nil from the Actuarial report, and the outstanding balance of N368.24 million was derecognised to retained earnings as there were no data to support the IFRS 17 measurement.

c Insurance Contract Liabilities

January 1, 2022 Insurance Contract Liabilities (Transition)			
Insurance Contract Liabilities	IFRS 17	IFRS 4	TOTAL
	N'000	N'000	N'000
Liability for Remaining Coverage (LRC)			
Present Value of Future Cashflows	2,265,928	2,284,695	(18,767)
Contractual Service Margin	70,712	-	70,712
Risk Adjustment	124,318	-	124,318
Total Liability for Remaining Coverage	2,460,959	2,284,695	176,263
Liability for Incurred Claims (IBNR+O)	1,004,258	1,004,258	-
Total Insurance Contract Liabilities	3,465,217	3,288,954	176,263
Total Investment Contract	2,448,716	2,584,313	(135,597)
Total Insurance Contracts	5,318,298	5,037,459	40,666

The table above shows that the IFRS 17 insurance contract liabilities is higher than the IFRS 4 liabilities.

The key differences are:

- N(149)m as a result of change in discount rate from fixed discount rate used under IFRS 4 to the use of yield curve
- N70m of contractual service margin (CSM) under IFRS 17 and
- N124m of risk adjustment under IFRS 17.

The table below shows the differences by portfolio.

1 January 2022 Insurance and Investment Contract Liabilities - Life			
Portfolios	IFRS 17	IFRS 4	TOTAL
	N'000	N'000	N'000
Group Life	1,024,344	1,004,258	20,085
Annuity	2,291,045	2,140,897	150,149
Endowment	149,827	143,799	6,029
Total Insurance Contract Liabilities	3,465,217	3,288,954	176,261
Investment/IFRS 9	2,448,716	2,584,313	(135,597)
Total Insurance and Investment Contracts	5,913,933	5,873,267	40,664

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS (continued)

IFRS 17 TRANSITION NOTES - cont'd

c Insurance Contract Liabilities

January 1, 2022 Insurance and Investment Contract Liabilities - Non Life			
Portfolios	IFRS 17	IFRS 4	Difference
	N'000	N'000	N'000
Fire	52,703	50,039	2,664
General Accidents	495,396	476,164	19,232
Motor	65,178	61,708	3,470
Marine	69,158	64,353	4,805
Aviation	42,713	39,929	2,784
Oil & Gas	1,006,256	940,424	65,832
Engineering	55,239	52,609	2,630
Bond	66,437	63,281	3,156
Total	1,853,080	1,748,506	104,575

The table above shows that the IFRS 17 insurance contract liabilities is higher than the IFRS 4 liabilities.

d The table below shows the impact on equity as a result of the transition from IFRS 4 to IFRS 17 as at 31 December 2021.

IFRS 4 to IFRS 17 1 January 2022 Transition Impact on Equity - Non Life			
IFRS 4 to IFRS 17 Transition Impact on	IFRS 17	IFRS 4	Difference
	N'000	N'000	N'000
Derecognition of DAC	-	-	-
Derecognition of Reinsurance contract assets	-	368,242	368,242
Increase in Insurance contract liabilities	5,318,297	5,037,459	280,837
Changes in Investment contract liabilities	2,448,716	2,584,313	(135,597)
Impact on Retained earnings and Equity	7,767,012	7,990,014	513,482

b 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. Under IFRS 4, the Company had other investment contract liabilities which were attached to insurance contracts within the ordinary life portfolio. Under IFRS 17, the investment contract liabilities attached to the long-term contracts are treated as not being qualified to be separable from their associated insurance components, due to the inability to measure one without the other, as stated in the IFRS 17 standard, and they are thus measured and valued as part of the insurance contract liabilities.

As of January 1, 2022, the investment contract liability under IFRS 4 stood at ₦2.58 billion. Following a remeasurement under IFRS 9, the investment was reduced by ₦135.60 million, resulting in a closing balance of ₦2.45 billion. By December 31, 2022, the investment contract liability under IFRS 4 had increased to ₦2.71 billion. A subsequent IFRS 9 remeasurement reduced the investment by ₦142.38 million, closing at ₦2.57 billion as stated below;

	01-Jan-22	01-Jan-23
	N'000	N'000
Opening balance IFRS 4	2,584,313	2,713,529
Remeasurement under IFRS 9 and reclassified to retained earnings	(135,597)	(142,378)
Balance as per (IFRS 17)	2,448,716	2,571,151

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS (continued)

c Insurance Contract Liabilities

Under IFRS 17, the Discounted Cashflow model is also used to determine adequate reserves for in-force long-term Life business contracts as at the valuation date. The results thereof are then used to ascertain adjustments necessary to reserve component balances including the Best Estimate of Liabilities, the Risk Adjustment factor and the Contractual Service Margin. This difference in treatment of the components of reserve, as well as difference in IFRS 17 prescribed methodology are responsible for the variations on IFRS 4 and IFRS 17 reserves for the Life business.

Under IFRS 4, 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.

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 as of the reporting date, whether reported or not, along with related claims expenses.

As of January 1, 2022, insurance contract liability increased by N280.84 million due to the following changes;

- i. Change in discount rate from the fixed discount rate used under IFRS 4 to the use of the yield curve in IFRS 17
- ii Contractual service margin (CSM) under IFRS 17 and
- iii Risk adjustment under IFRS 17

Also, as of January 1, 2023, there was an increase of N148.13 million due to the same reasons stated above.

	01-Jan-22	01-Jan-23
	N'000	N'000
Opening balance IFRS 4	5,037,459	5,078,824
Reclassification to retained earnings	-	148,123
Balance as per (IFRS 17)	5,037,459	5,226,947

d Retained earning

As at 1 January 2022, IFRS 4 retained loss closed at (N18.9 bn) for the Company. The difference between this position and IFRS 17 is a net increase of N513.48 million. As at 1 January 2023, IFRS 4 retained loss closed at (N20.140 bn). The difference between this position and IFRS 17 is a net decrease of N87.764 million. This is due to the changes that have occurred from the transition to Insurance Revenue, Insurance Service Result, and the inclusion of Net Insurance/Reinsurance and Net Finance Income/(Expenses) in the IFRS 17 restated financial performance.

As of January 1, 2022, revaluation reserves and reinsurance payables were reclassified to retained earnings alongside IFRS 17 adjustments of N513.48 million. These balances, along with prepayments due from branch offices of N126.25 million, were adjusted to the retained earnings as of January 1, 2023.

	01-Jan-22	01-Jan-23
	N'000	N'000
Opening balance IFRS 4	(18,925,882)	(20,139,954)
IFRS 17 adjustments	(513,482)	(126,251)
Reclassification from revaluation reserves, prepayments and reinsurance payables	84,549	74,744
Balance at 31 December	(19,354,815)	(20,191,461)

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS (continued)

e Trade payables

This relates to the reinsurance payables of ₦36.257 million, reclassified to retained earnings in the financial statements.

	01-Jan-22	01-Jan-23
	N'000	N'000
Previously January 1	44,205	44,205
Reclassified to retained earnings	-	-
Restated balance January 1	44,205	44,205

f Contingency reserves

This relates to the recalculation of Contingency charges due to the changes that have occurred from the transition to insurance revenue.

	01-Jan-23
	N'000
Previously January 1	1,771,668
Reclassified to retained earnings	4,059
Restated balance January 1	1,775,727

g Revaluation reserves

This pertains to the reclassification of ₦48.292 million from revaluation reserve to retained earnings, as the associated assets (Office building) have been disposed off in 2020 and the reserve needs to be eliminated accordingly.

	01-Jan-22	01-Jan-23
	N'000	N'000
Previously January 1	48,292	48,292
Reclassified to retained earnings	-	-
Restated balance January 1	48,292	48,292

Under IFRS17, the concepts of Deferred Commission Income (DCI) are no longer applied to produce separately recognized assets and liabilities in relation to insurance contracts, instead, they are implicitly included in the measurement of insurance contract assets and liabilities.

The Company elected to reclassify and measure its Trade payables consisting of payables to reinsurance companies and premium deposits to Other insurance contract liabilities. They represent financial obligations arising from the Company's insurance business that are basically outside the scope of the definition of insurance contracts.

Gross premium written, Unearned premium movement, Gross Premium income, Insurance Revenue

Under IFRS 4, the gross premium is adjusted by change in insurance contract liabilities (UPR) to arrive at the Gross Premium Income. Under IFRS 17, the Insurance revenue is made up of the following items:

Expected benefits incurred – Under PAA model (Group Life), this is based on premium allocated in the reporting period due to the passage of time and it is based on the coverage period of each contract using the start and end date for each contract. For contracts using General Model Approach (GMA), this is based on the expected insurance claims in the reporting period which are projected using actuarial assumptions.

- Expected expenses incurred - This is the expected expenses projected in the actuarial model using the valuation assumptions. This applies to business using General Model.

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS (continued)

- Loss Component: systematic allocation – For group of insurance contracts that are loss making, the loss will need to be recognised immediately in P&L and this is shown in the insurance service expenses as “Loss Component: losses and reversal of losses”. However, this loss will need to be tracked from one valuation to another, and the loss will need to be systematically allocated across the reporting periods in the coverage period and disclosed in both insurance revenue and insurance service expenses. So, this is in and out in the insurance service result.

- Change in the risk adjustment - The change in risk adjustment is the difference between the current risk adjustment and the prior year-end risk adjustment.

- CSM recognised – The Contractual Service Margin (CSM) is the unearned profit in the business for contracts using GMM. The CSM recognised in the period is part of the profit released in the reporting period and it is calculated using the coverage units of the group of insurance contracts.

- Recovery of acquisition cash flows – For businesses using GMM, the acquisition expenses are allowed at initial recognition. However, the acquisition expenses amortised in the period using the coverage unit is disclosed in P&L and it does not impact insurance service result. The corresponding impact is reported in insurance service expense. For the PAA model, Under IFRS 17, the Insurance revenue is the gross premium allocated to the reporting period. The allocation of the premium is based on the coverage period of each contract using the start and end date for each contract. The Company has reclassified the Gross premium income and remeasured this balance and reported as Insurance Revenue.

Reinsurance Expense and Net Expenses from Reinsurance contracts held

Reinsurance expenses is now reclassified and presented as Net expenses from reinsurance contract.

Insurance service expenses: Under IFRS 17, the insurance service expenses are made up of the following items:

- Incurred claims – This is actual claims reported in the period. Note that this is different from the actual claims paid in the period. The difference between the actual claims paid in the period and the actual claims reported in the period will feed into “changes in BEL related to LIC”.
- Incurred Fulfilment expenses – The fulfilment expenses are the actual incurred expenses relating to the core running of the business.
- Amortisation of insurance acquisition cash flows – For businesses using GMM, this is the opposite of the “recovery of acquisitions cash flows” in insurance revenue. For businesses using PAA model, this is the amortised acquisition expenses recognised in the reporting period.
- Changes in BEL related to LIC – This represents the movement between movement in IBNR and outstanding claims in the reporting period after allowing for claims reported and claims paid in the period.
- Changes in RA related to LIC – This is the change in risk adjustment relating to LIC in the reporting period where applicable.

- Loss Component: systematic allocation – This line discloses the amortised losses for the reporting period. There is a corresponding line in the insurance revenue, so no impact on P&L statement.

- Loss Component: losses and reversal of losses – This contains the impact of losses from group of insurance contracts (GICs) that are either onerous at inception or becomes onerous during the reporting period.

Net Finance income and expense from Insurance and Reinsurance contracts held

The Company has remeasured and accounted for under IFRS 17. The Insurance finance expenses relate to changes in economic movements. These items do not adjust the CSM but are classified under Insurance finance expenses. These items relate to unwinding of the cashflows, change in economic assumptions, CSM interest accretion and change in fair value of underlying items (interest credited to policyholders for investment linked contracts). The reinsurance finance income is akin to the insurance finance expenses and it contains the changes in economic movements in reinsurance BEL and reinsurance CSM interest accretion.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023
NOTES TO THE FINANCIAL STATEMENTS (continued)

Statements of profit or loss and other comprehensive income - 31 December 2022

		Balances under			Balances under
	Note	IFRS 4	Reclassification	Remeasurement	IFRS 17
Gross premium written		105,330	(105,330)	-	-
Change in insurance contract Liabilities		(51)	-	51	-
Expected benefits incurred		-	-	471,348	471,348
Expected expenses incurred		-	-	13,120	13,120
Change in the risk adjustment		-	-	17,309	17,309
CSM recognized		-	-	15,876	15,876
Recovery of acquisition cash flows		-	-	6,192	6,192
Insurance revenue	a	105,280	(105,330)	523,895	523,845
Claims expenses		(578,557)	-	21,874	(556,683)
Incurred Fulfilment expenses		-	-	(64,983)	(64,983)
Underwriting expenses		(9,151)	9,151	-	-
Insurance acquisition cash flow		-	(9,151)	-	(9,151)
Changes in BEL related to LIC		-	-	(41,114)	(41,114)
Changes in RA related to LIC		-	-	(4,331)	(4,331)
Insurance service expense	b	(587,709)	-	(88,554)	(676,263)
Reinsurance premium expenses	c	(12,119)	-	12,119	-
Insurance service result		(494,548)	(105,330)	447,460	(152,418)
Investment income and Finance Cost		26,730	-	-	26,730
Other investment income		100	-	-	100
Net impairment loss on financial assets		-	-	-	-
Fair value changes on financial assets - FVTPL		4,041	-	-	4,041
Net foreign exchange income or expense		94,470	-	-	94,470
Total Net Investment Income		125,341	-	-	125,341
Insurance finance expenses		-	-	(211,980)	(211,980)
Financial insurance result	d	125,341	-	(211,980)	(86,639)
Other expenses		(765,307)	174,646	-	(590,661)
Profit before Tax		(1,134,514)	69,316	235,480	(829,719)
Tax		-1	-	-	-1
Profit after Tax		(1,134,515)	69,316	235,480	(829,720)
Other comprehensive income					
Item that may be reclassified to profit or loss:		24,789	-	-	24,789
Total comprehensive loss for the year		(1,109,726)	69,316	235,480	(804,931)

Explanatory Notes

a Gross premium written, change in insurance contract liabilities, gross premium income, insurance revenue.

Under IFRS 4, the gross premium is adjusted by change in insurance contract liabilities (UPR) to arrive at the Gross Premium Income.

Under IFRS 17, the Insurance revenue is made up of the following items:

Expected benefits incurred – Under PAA model (Group Life), this is based on premium allocated in the reporting period due to the passage of time and it is based on the coverage period of each contract using the start and end date for each contract. For contracts using General Model Approach (GM), this is based on the expected insurance claims in the reporting period which are projected using actuarial assumptions.

Expected expenses incurred - This is the expected expenses projected in the actuarial model using the valuation assumptions. This applies to business using General Model

Loss Component: systematic allocation – For group of insurance contracts that are loss making, the loss will need to be recognised immediately in P&L and this is shown in the insurance service expenses as "Loss Component: losses and reversal of losses". However, this loss will need to be tracked from one valuation to another and the loss will need to be systematically allocated across the reporting periods in the coverage period and disclosed in both insurance revenue and insurance service expenses. So, this is in and out in the insurance service result.

Change in the risk adjustment - The change in risk adjustment is the difference between the current risk adjustment and the prior year-end risk adjustment.

CSM recognised – The Contractual Service Margin (CSM) is the unearned profit in the business for contracts using GM. The CSM recognised in the period is part of the profit released in the reporting period and it is calculated using the coverage units of the group of insurance contracts.

Recovery of acquisition cash flows – For businesses using GMM, the acquisition expenses are allowed at initial recognition. However, the acquisition expenses amortised in the period using the coverage unit is disclosed in P&L and it does not impact insurance service result. The corresponding impact is reported in insurance service expense.

For the PAA model, Under IFRS 17, the Insurance revenue is the gross premium allocated to the reporting period. The allocation of the premium is based on the coverage period of each contract using the start and end date for each contract.

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS (continued)

	01-Jan-23
	N'000
Balance per IFRS 4	105,280
Reclassification and remeasurement	418,565
Balance as per (IFRS 17)	<u><u>523,845</u></u>

b Insurance service expenses

Insurance service expense: Under IFRS 17, the insurance service expenses are made up of the following items:

Incurred claims – This is actual claims reported in the period. Note that this is different from the actual claims paid in the period. The difference between the actual claims paid in the period and the actual claims reported in the period will feed into “changes in BEL related to LIC”.

Incurred Fulfilment expenses – The fulfilment expenses are the actual incurred expenses relating to the core running of the business

Changes in BEL related to LIC – This represents the movement between movement in IBNR and outstanding claims in the reporting period after allowing for claims reported and claims paid in the period. • **Changes in RA related to LIC** – This is the change in risk adjustment relating to LIC in the reporting period where applicable.

Loss Component: Systematic allocation – This line discloses the amortised losses for the reporting period. There is a corresponding line in the insurance revenue, so no impact on P&L statement.

Loss Component: Losses and reversal of losses – This contains the impact of losses from group of insurance contracts (GICs) that are either onerous at inception or becomes onerous during the reporting period.

	01-Jan-23
	N'000
Balance per IFRS 4	(587,709)
Reclassifications	-
Balance as per (IFRS 17)	<u><u>(587,709)</u></u>

c Reinsurance Expense

Reclassification of ₦12.119 million previously reported as Reinsurance expenses now reclassified and presented as part of insurance service expenses.

d Net Finance income and expense from Insurance

The Company has remeasured and accounted for under IFRS 17

The Insurance finance expenses relates to changes in economic movements. These items do not adjust the CSM but are classified under Insurance finance expenses. These items relate to unwinding of the cashflows, change in economic assumptions, CSM interest accretion and change in fair value of underlying items (interest credited to policyholders for investment linked contracts).

The reinsurance finance income is akin to the insurance finance expenses and it contains the changes in economic movements in reinsurance BEL and reinsurance CSM interest accretion.

3.1.1 Key types of insurance contracts issued, and reinsurance contracts held.

Non-Life Business - The Company issues non-life insurance to individuals and commercial businesses. Non-life insurance products offered include Motor, Marine, Aviation, Bond, Engineering, Oil & Gas, Fire and General Accident. These products offer financial protection to policyholder's assets and indemnification of other parties against financial loss prompted by the action of the policyholder.

The Company accounts for these contracts applying the principles underlying International Financial Reporting Standard (IFRS17) Insurance Contracts and other relevant accounting standards issued by the International Accounting Standards Board (IASB). The Company also holds appropriate types of reinsurance contracts to mitigate risk exposure, including: proportional and non-proportional facultative arrangements.

3.1.2 Definition and Classification of Insurance contracts

Products sold by the Company are classified as insurance contracts when the Company accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder's finances.

The Company's accounting and financial assessment are made on a cohort basis and on a contract-by-contract basis at the contract issue date. In making this assessment, the Company considers all its substantive rights and obligations, whether they arise from contract, law or regulation.

The Company determines whether a contract contains significant insurance risk by assessing if an insured event could cause the Company to pay to the policyholder additional amounts that are significant in any single scenario with commercial substance even if the insured event is extremely unlikely or the expected present value of the contingent cash flows is a small proportion of the expected present value of the remaining cash flows from the insurance contract.

The Company does not issue any pure life insurance contracts or any life insurance contracts with direct participating features or any contract of insurance with investment component. The Company issues only non-life(General Business) insurance to individuals and commercial businesses.

3.1.3 Separating components from insurance and reinsurance contracts

The Company assesses its insurance and reinsurance products to determine whether they contain components which must be accounted for under another applicable IFRS rather than IFRS 17 (distinct non- insurance components). After separating any distinct components, the Company applies IFRS 17 to all remaining components of the (host) insurance contract on a cohort basis right from initial recognition and subsequent recognition until expiration of insurance service on the contract.

Currently, the Company's products do not include distinct non insurance components such as investment components, goods and services, embedded derivatives that require separation.

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023
NOTES TO THE FINANCIAL STATEMENTS (continued)

3.1 IFRS 17-INSURANCE CONTRACTS ACCOUNTING POLICIES

3.1.4 Level of aggregation

Under IFRS 17 the Company determines a granular grouping of individual contracts for the purpose of measuring insurance contract liability and in the recognition of profitability. The Company identifies portfolios by aggregating insurance contracts that are subject to similar risks and managed together. In grouping insurance contracts into portfolios, the Company considers the similarity of risks rather than the specific labelling of product lines. The Company has determined that all contracts within each product line, as defined for management purposes, have similar risks. Therefore, when contracts are managed together, they represent a portfolio of contracts. The Company's insurance contracts portfolios are disaggregated into annual cohorts or cohorts of periods that are not more than one year apart. Limiting groups to contracts issued within one year or less apart improves the transparency of profitability to be reported in the Company's set of financial statements.

Each portfolio is subdivided into groups of contracts to which the recognition and measurement requirements of IFRS 17 are applied.

At initial recognition, the Group segregates contracts based on when they were issued. A cohort contains all contracts that were issued within a 12-month period. Each cohort is then further disaggregated into three groups of contracts:

- . Contracts that are onerous on initial recognition
- . Contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently
- . Any remaining contracts

For short term contracts accounted for applying the Premium Allocation Approach (PAA), the Company determines that its contracts are not onerous upon initial recognition, unless there are facts and circumstances indicating otherwise. As IFRS 17 does not define what "facts/circumstances" entail; the following are considered on their impact on expected cashflows and resulting profitability:

- Significant changes in external conditions including economic or regulatory changes.
- Changes to the organization or processes
- Changes in underwriting and pricing strategies
- Trends in experience and expected variability in cashflows

All the Company's short-term contracts currently held have been assessed as having no possibility of becoming onerous. In subsequent periods, non-onerous contracts are re-assessed based on the likelihood of prevailing facts and circumstances leading to significant possibility of becoming onerous.

3.1.5 Reinsurance contracts held

Reinsurance contracts held (loss-occurring reinsurance contracts) are for one year or less. For Risk-attaching reinsurance contracts, the Company reasonably expects that the resulting measurement of the assets for remaining coverage would not differ materially from the result of applying the accounting policies that are the same as the underlying the measurement model for the insurance contracts they protect.

Reinsurance contracts are assessed for aggregation on an individual contract basis and are assessed separately from insurance contracts. The smallest unit of account is a reinsurance contract, even where this contract covers more than one type of insurance product. However, there are cases where a reinsurance contract covers separate and identifiable product lines which are only included in the same legal document for administrative convenience. These contracts have been separated into its different components.

3.1.6 Recognition of Insurance contracts

An insurance contract issued by the Company is recognised from the earliest of:

- the beginning of its coverage period (i.e. the period during which the Company provides services in respect of any premiums within the boundary of the contract);
- when the first payment from the policyholder becomes due or, if there is no contractual due date, when it is received from the policyholder; and
- when facts and circumstances indicate that the contract is onerous.

An insurance contract acquired in a transfer of contracts or a business combination is recognised on the date of acquisition.

As the Company adheres to the statutory "no premium no cover", the date premium is received from the policyholder will always be earlier or on the same date as the coverage period. This premium receipt date would then be used to separate the groups of insurance contracts into annual cohorts. The contract groupings shall not be reassessed until they are derecognised.

3.1.7 Contract Boundaries

The Company includes in the measurement of a group of insurance contracts all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the policyholder to pay the premiums, or in which the Company has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation to provide insurance contract services ends when:

- . The Company has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks Or;

Both of the following criteria are satisfied:

- . The Company has the practical ability to reassess the risks of the portfolio of insurance contracts that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio.
- . The pricing of the premiums up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date.

A liability or asset relating to expected premiums or claims outside the boundary of the insurance contract are not recognized. Such amounts relate to future insurance contracts.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS (continued)

3.1.8 Measurement of insurance contracts issued.

(a) Initial Measurement-Premium Allocation Approach (PAA)

At initial recognition, the Company measures the carrying amount of the liability for remaining coverage (LRC) as the premiums received on initial recognition minus any insurance acquisition cashflows allocated to the group of contracts at that date, and adjusted for any amount arising from derecognition of any assets or liabilities previously recognized for cash flows related to the group (including assets for insurance acquisition cashflows). The Company has not chosen to expense insurance acquisition cashflows when they are incurred. Subsequently, the carrying amount of the LRC is increased by any premiums received and the amortization of insurance acquisition cashflows recognized as expenses and decreased by amount recognized as insurance revenue for services provided and any additional insurance acquisition cashflows allocated after initial recognition. On initial recognition the Company expects that the time between providing part of the services and the related premium due date is not more than a year.

(b) Subsequent Measurement-Premium Allocation Approach (PAA)

In estimating the total future fulfilment cash flows, the Company distinguishes between those relating to already incurred claims and those relating to future service. At the end of each reporting period, the carrying amount of the group of insurance contracts will reflect a current estimate of the liability for remaining coverage (LRC) as at that date and a current estimate of the liability for incurred claims (LIC).

i Liability for Remaining Coverage

The LRC represents the Company's obligation to investigate and pay valid claims under existing contracts for insured events that have not yet occurred, amounts that relate to other insurance contract services not yet provided (i.e. provision of investment-return and investment-related services) and investment components and other amounts not related to insurance contract services that have not yet been transferred to the LIC.

When applying the PAA, the Company does not discount the liability for remaining coverage to reflect the time value of money and financial risk for its non-life policies with a coverage period of one year or less.

The Company measures the liability for remaining coverage at each subsequent reporting date as follows: Sum of:

(a) Previous carrying amount,

(b) Premium received in the period

(c) Amortization of insurance acquisition cashflows

Less:

(d) Capitalized insurance acquisition cashflows

(e) insurance revenue recognized and

(f) investment paid or transferred to the liability for incurred claims

ii Liability for Incurred claims (LIC)

The LIC includes the Company's liability to pay valid claims for insured events that have already incurred, other incurred insurance expenses arising from past coverage service and the liability for claims incurred but not yet reported. It also includes the Company's liability to pay amounts the Company is obliged to pay the policyholder under the contract. This includes repayment of investment components, when a contract is derecognised. The current estimate of LIC comprises the fulfilment cash flows related to current and past service allocated to the company at the reporting date.

For those claims that the Company expects to be paid within one year or less from the date of occurrence, the Company does not adjust future cash flows for the time value of money and the effects of financial risks. However, claims expected to take more than one year to settle are discounted applying the discount rate at the time the incurred claim is initially recognised.

3.1.8 Discount Rate

In line with IFRS17(59) (B), IAS8(36) the Company adjusts the measurement of the liability for incurred claims(LIC) for the impact of the time value of money and other financial risk of the claims not settled within 12 months, time value of money is measured separately from expected future cash flows with changes in financial risks recognised in profit or loss at the end of each reporting period and the Company has elected an accounting policy to present the time value of money separately in profit or loss and other comprehensive income. The Company measures the time value of money using discount rates that reflect the liquidity characteristics of the insurance contracts and the characteristics of the cash flows, consistent with observable current market prices. They exclude the effect of factors that influence such observable market prices but do not affect the future cash flows of the insurance contracts (e.g., credit risk).

For all insurance contracts the Company agrees to adopt the Premium allocation approach in which determined interest rate (locked in rate) is used to calculate the present value of future cashflows at the date of initial recognition of the group of insurance contracts in line with IFRS17 Para B72b. The locked - in interest rates is used for accreting interest rate accruing on the value of the contracts at initial recognition and loss components changes as a result of changes in Fulfilment Cashflow(FCF) that relate to future years service .

To derive the current discount rates which are judged to be used for the contracts cashflows, the Company uses discount rates starting from a risk-free rate of assets (high quality bonds) with similar characteristics as the underlining liability cashflows plus an illiquidity premium where applicable. Risk free rates are determined by reference to the yields of highly liquid FGN Bonds.

Average fixed locked-in rate is used for the group of insurance contracts issued over the 12 months cohort period, where the average fixed locked in rate is taken to be the simple arithmetic mean or geometric mean. The illiquidity premium is determined by reference to observable market rates, including sovereign debt, corporate debt and market swap rates. The Company shall adopt the Nigeria Actuarial Society committee discount rates as published on its website or on the NAICOM website whenever available.

3.1.9 Risk adjustment(RA) for non-financial risk

The risk adjustment measures the compensation the Company would require for bearing the uncertainty about the amount and timing of cash flows arising from insurance contracts, other than those relating to financial risk. The Company chooses a technique which aligns with the principles of risk adjustment and disclose significant judgement which has been made in determining the risk adjustment and the equivalent confidence level utilized. The Company has service level agreements that enhances prompt claim settlement except when circumstances warranted such delay. Amount recoverable from risk adjustment is recognised in the financial statement.

For the purposes of the financials, a bootstrap approach was adopted in determining the risk adjustment margin. A confidence level of the 70th percentile was adopted.

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS (continued)

3.1.10 Changes in fulfilment cash flows

At the end of each reporting period, the Company updates the fulfilment cash flows for both LIC and LRC to reflect the current estimates of the amounts, timing and uncertainty of future cash flows, as well as discount rates and other financial variable.

The Company has an accounting policy choice which calculates changes in fulfilment cash flows at the end of a reporting period for changes in non-financial assumptions, changes in discount rates and financial assumptions. The Company first calculates the changes in discount rates and financial assumptions on the fulfilment cash flows (as expected at the beginning of the period) and then calculate changes on those cash flows from the change in non-financial assumptions.

Experience adjustments are the difference between:

- . The expected cash flow estimates at the beginning of the period and the actual cash flows for premiums received in the period (and any related cash flows paid such as insurance acquisition cash flows and insurance premium taxes)
- . The expected cash flow estimates at the beginning of the period and the actual incurred amounts of insurance service expenses in the period (excluding insurance acquisition expenses).

Experience adjustments relating to current or past service are recognized in profit or loss. For incurred claims (including incurred but not reported) and other incurred insurance service expenses, experience adjustments always relate to current or past service. They are included in profit or loss as part of insurance service expenses.

3.1.11 Onerous Contracts

If at any time during the coverage period, facts and circumstances indicate that a group of insurance contracts is onerous, then the Company determines the loss component and recognizes the loss immediately. The Company considers an insurance contract to be onerous if the expected fulfilment cash flows allocated to the contract, less any previously recognized acquisition cash flows and any cash flows arising from the contract at the date of initial recognition in total result in a net cash outflow.

The Company conducts the onerousness assessment on a portfolio level by assessing future expected cash flows on a probability-weighted basis including a risk adjustment for non-financial risk. Contracts expected on initial recognition to be loss-making are grouped together and such groups are measured and presented separately. Once contracts are allocated to a group, they are not re-allocated to another group, unless they are substantively modified.

For contracts that are measured under PAA, the assumption is that there are no onerous contracts at initial recognition, unless facts and circumstances indicate otherwise. If the measurement of the LIC results in a loss-making company, this does not translate to the LRC being onerous. In this case, the company will be assessed as to whether its LRC will be similar to the incurred experience and hence considered to be onerous. For example, actions taken to improve profitability on the motor portfolio which is loss-making (in 2023) may indicate that the LRC will have a different loss experience.

If facts and circumstances indicate that a group of contracts is onerous during the coverage period, the onerous liability is calculated as the difference between:

- (a) the carrying amount of the liability for remaining coverage; and
- (b) the FCF that relates to remaining coverage similar to what is needed under the GMM.

This difference is recognized as a loss and shall increase the liability for remaining coverage.

3.1.12 Measurement of Reinsurance Contracts Held

(a) Recognition

Proportional reinsurance contracts held will be first recognised on the later of the beginning of the coverage period of the reinsurance contract or the date that the first underlying insurance contract in the treaty is initially recognised.

For example, if we enter a surplus fire reinsurance contract on 1 January 2022 and the first fire insurance policy in the treaty is written in February 2022, then the date of recognition of the surplus reinsurance contract will be February 2022. Though the contract agreement is in place in January, cashflows on the contract don't start until February.

Non-Proportionate reinsurance coverage will be recognized at the beginning of the coverage period of the contract.

(b) Reinsurance contracts held measured under the PAA.

The Company applies the same accounting policies to measure its group of reinsurance contracts, adapted where necessary to reflect features that differ from those of insurance contracts. Reinsurance contracts held are generally assets, rather than liabilities. They are separate from underlying insurance contracts; however, they correspond with them. To ensure that the impact of reinsurance is smoothened out over the period of the underlying contracts, the Company has a policy to recognising reinsurance contract held over the coverage period as each underlying contract is recognised. If a loss-recovery component is created for a group of reinsurance contracts measured under the PAA, then the Company adjusts the carrying amount of asset for remaining coverage.

All reinsurance contracts with contract boundaries not exceeding one year are automatically considered to meet PAA eligibility. Most of the Company's Surplus reinsurance contracts are immediately eligible for PAA as they are written on a clean-cut basis. At the end of the period, the reinsurer withdraws from the contract and the reinsurance held portfolio (including outstanding recoveries and ceded portion of unexpired premiums) is transferred to a new reinsurer.

A smaller number of surplus reinsurance contracts and all Facultative contracts are written on an underwriting year basis. This basis extends the contract boundary beyond one year as coverage of contracts ceded to the treaty may continue even after the underwriting year has ended.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS (continued)

The Company incurs incremental administrative costs that are insurance services expenses, namely cashflows that relate directly to the fulfilment of the underlying insurance contracts issued and are to be included in the measurement of the reinsurance contracts assets. The Company treats the actual incurred cost as insurance service expense. Where the reinsurance contracts held covers a group of onerous underlying insurance contracts, the Group adjusts the carrying amount of the asset for remaining coverage and recognizes a gain when, in the same period, it reports a loss on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to a group. The recognition of this gain results in the recognition for the loss recovery component of the asset for the remaining coverage of a group of reinsurance contracts held.

(c) Methods of Presenting Reinsurance Premiums and Recoveries from Reinsurance Contracts Held

For reinsurance contracts held, inline with IFRS 17.86, the company has an accounting policy of presenting income or expenses from reinsurance contracts held (other than insurance finance income or expenses) as separate amounts: the amounts recovered from the reinsurer and allocation of the premiums paid. Both the recovered amount and the allocated premiums paid together should give a net amount equal to the equivalent single amount option. The allocation of premium paid is not used as a reduction to premium revenue for the reinsurance contracts held.

(d) Accounting for Fixed Commissions by the Reinsurer

The Company treats ceding commission that are not contingent on claims as a reduction in premiums. Reinsurance Contracts may included fixed ceding commission payable to the Company.

3.1.13 Modification and Derecognition

The Company derecognizes the original contract and recognizes the modified contract as a new contract, if the terms of insurance contracts are modified and the following conditions are met:

If the modified terms were included at contract inception and the Company would have concluded that the modified contract:

- Is outside of the scope of IFRS 17
- Results in a different insurance contract due to separating components from the host contract
- Results in a substantially different contract boundary
- Would be included in a different group of contracts.
- The original contract met the definition of an insurance contract with direct participating features, but the modified contract no longer meets the definition.
- The original contract was accounted for applying the PAA, but the modified contract no longer meets the PAA eligibility criteria for that approach.

If the contract modification meets any of the conditions, the company performs all assessments applicable at initial recognition, derecognizes the original contract and recognizes the new modified contract as if it was entered for the first time.

If the contract modification does not meet any of the conditions, the Company treats the effect of the modification as changes in the estimates of fulfilment cash flows.

For insurance contracts accounted for using the PAA, the Company adjusts insurance revenue prospectively from the time of the contract modification. The Company derecognizes an insurance contract when, and only when the contract is:

- Extinguished (when the obligation specified in the insurance contract expires or is discharged or cancelled)
- Modified and the derecognition criteria are met.
- Modified and the derecognition criteria are met.

When the Company derecognizes an insurance contract from within a group of contracts, it:

- Adjusts the fulfilment cash flows allocated to the group to eliminate the present value of the future cash flows and risk adjustment for non-financial risk relating to the rights and obligations that have been derecognized from the Company.

When the Company transfers an insurance contract to a third party and that results in derecognition, the Company adjusts the CSM of the group from which the contract has been derecognized for the difference between the change in the carrying amount of the group caused by the derecognised fulfilment cash flows and the premium charged by the third party for the transfer.

When the Company derecognizes an insurance contract due to modification, it derecognizes the original insurance contract and recognizes a new one.

Presentation

The Company has presented separately in the Company's statement of financial position the carrying amount of portfolios of insurance contracts that are assets and those that are liabilities, and the portfolios of reinsurance contracts held that are assets and those that are liabilities.

The Company disaggregates the amounts recognized in the statement of profit or loss and other comprehensive income into an insurance service result sub-total that comprises insurance revenue and insurance service expenses and, separately from the insurance service result, the 'net insurance finance income or expenses' sub-total. The Company has voluntarily included the net insurance finance income or expenses line in another sub- total: net insurance and investment result, which also includes the income from all the assets backing the Company's insurance liabilities.

The Company includes any assets for insurance acquisition cash flows recognized before the corresponding groups of insurance contracts are recognized in the carrying amount of the related portfolios of insurance contracts issued.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS (continued)

3.1.14 Insurance Revenue

When applying the PAA, the Company recognizes insurance revenue for the period based on the passage of time by allocating expected premium receipts including premium experience adjustments to each period of service.

At the end of each reporting period, the Company considers whether there was a change in facts and circumstances indicating a need to change, on a prospective basis, the premium receipt allocation due to changes in the expected pattern of claim occurrence.

3.1.15 Insurance service expenses

Insurance service expenses arising from insurance contracts issued are recognized in the profit or loss generally as they are incurred. The company's insurance expenses comprises:

- Incurred claims and other insurance service expenses Changes in the LIC related to claims and expenses incurred in the period excluding repayment of investment components.(if any)
- Changes in the LIC related to claims and expenses incurred in prior periods (related to past service)
- Other directly attributable insurance service expenses incurred in the period. This includes technical salaries and wages and 30% of other administrative expenses.
- Amortization of insurance acquisition cash flows, which is recognized at the same amount in both insurance service expenses and insurance contract revenue.
- Loss component of onerous groups of contracts initially recognized in the period.

3.1.16 Net expenses from reinsurance contracts held.

The Company presents income or expenses from a group of reinsurance contracts held and reinsurance finance income or expenses in profit or loss for the period separately. Income or expenses from reinsurance contracts held are split into the following two amounts:

- Amount recovered from reinsurers.
- An allocation of the premiums paid.

The Company presents cash flows that are contingent on claims as part of the amount recovered from reinsurers. Ceding commissions that are not contingent on claims of the underlying contracts are presented as a deduction in the premiums to be paid to the reinsurer which is then allocated to profit or loss.

The Company establishes a loss recovery component of the asset for the remaining coverage for a group of reinsurance contracts held. This depicts the recovery of losses recognized on the initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to a Company.

The loss recovery component is then adjusted to reflect:

- Reversals of loss recovery component to the extent those reversals are not changes in the fulfilment cash flows of the group of reinsurance contracts held.
- Allocations of the loss recovery component against the amounts recovered from reinsurers reported in line with the associated reinsured incurred claims or expenses.

3.1.17 Insurance finance income and expenses

Insurance finance income or expenses present the effect of the time value of money and the change in the time value of money, together with the effect of financial risk and changes in financial risk of a group of insurance contracts and a group of reinsurance contracts held.

3.1.18 The presentation for insurance finance income and expenses

The Company has an accounting policy choice to present all the period's insurance finance income or expenses in profit or loss or to split the amount between profit or loss and other comprehensive income (OCI). When considering the choice of presentation of insurance finance income or expenses, the Company examines the assets held for that portfolio and how they are accounted for.

Currently the Company present all the period's insurance finance income or expenses in the profit or loss. The Company does not write participating contracts and does need to reassess its accounting policy choice in respect of such policies.

Standards in issue but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2024 and have not been applied in preparing these financial statements. Those Standards, Amendments to Standards and Interpretations which may be relevant to the Company are set out below.

The Company does not plan to adopt these standards early. The standards will be adopted in the period that they become mandatory unless otherwise indicated.

i Amendments to IFRS 16: Lease Liability in a Sale and Leasedback,

Amendments to IFRS 16 Leases requires a seller-lessee impacts how a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendment also requires the seller-lessee to include variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction. The amendments confirm the following.

- On initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction.
- After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognises no gain or loss relating to the right of use it retains. A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement. The amendments are effective for annual reporting periods beginning on or after 1 January 2024.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

Under IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, a seller-lessee will need to apply the amendments retrospectively to sale-and-leaseback transactions entered into or after the date of initial application of IFRS 16. This means that it will need to identify and re-examine sale-and-leaseback transactions entered into since implementation of IFRS 16 in 2019 and potentially restate those that included variable lease payments. There is no impact on the Company's activities. The amendment is effective periods beginning on or after 1 January 2024.

ii Amendments to IAS 1: Classification of liabilities as current or non-current.

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the Board has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period.

There is limited guidance on how to determine whether a right has substance and the assessment may require management to exercise interpretive judgement.

The existing requirement to ignore management's intentions or expectations for settling a liability when determining its classification is unchanged.

The amendments also clarify how a company classifies a liability that includes a counterparty conversion option, which could either be recognised as either equity or liability separately from the liability component under IAS 32 Financial Instruments: Presentation

The standard is effective for annual periods beginning on or after 1 January 2024. Early adoption is permitted. The amendments does have not significant impact on the Company's activities

iii Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.

The amendments require the full gain to be recognised when assets transferred between an investor and its associate or joint venture meet the definition of a 'business' under IFRS 3 Business Combinations. Where the assets transferred do not meet the definition of a business, a partial gain to the extent of unrelated investors' interests in the associate or joint venture is recognised. The definition of a business is key to determining the extent of the gain to be recognised.

When a parent loses control of a subsidiary in a transaction with an associate or joint venture (JV), there is a conflict between the existing guidance on consolidation and equity accounting.

Under the consolidation standard, the parent recognises the full gain on the loss of control. But under the standard on associates and JVs, the parent recognises the gain only to the extent of unrelated investors' interests in the associate or JV.

In either case, the loss is recognised in full if the underlying assets are impaired. The IASB has decided to defer the effective date for these amendments indefinitely. There is no impact on the Company's activities. The amendment was deferred indefinitely.

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SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

4. Material accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below:

4.1 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less. They include bank overdraft in the context of the statement of cash flows.

4.2 Financial instruments

Recognition

The Company on the date of origination or purchase recognizes placements, equity securities and deposits at the fair value of consideration paid. Regular-way purchases and sales of financial assets are recognized on the settlement date. All other financial assets and liabilities, including derivatives, are initially recognized on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Classification and Measurement

Initial measurement of a financial asset or liability is at fair value plus transaction costs that are directly attributable to its purchase or issuance. For instruments measured at fair value through profit or loss, transaction costs are recognized immediately in profit or loss. Financial assets include placement with banks, treasury bills and equity instruments.

Financial assets are classified into one of the following measurement categories:

1. Amortised cost
2. Fair Value through Other Comprehensive Income (FVOCI)
3. Fair Value through Profit or Loss (FVTPL) for trading related assets

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual cash flow characteristics.

Business Model Assessment

Business model assessment involves determining whether financial assets are managed in order to generate cash flows from collection of contractual cash flows, selling financial assets or both. The Company assesses business model at a portfolio level reflective of how groups of assets are managed together to achieve a particular business objective. For the assessment of business model the Company takes into consideration the following factors:

- i 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 realizing cash flows through the sale of the assets
- ii How the performance of assets in a portfolio is evaluated and reported to Company heads and other key decision makers within the Company's business lines;

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SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.2 Financial instruments - cont'd

Business Model Assessment - cont'd

- iii The risks that affect the performance of assets held within a business model and how those risks are managed;
- iv How compensation is determined for the Company's business lines' management that manages the assets;
- v The frequency and volume of sales in prior periods and expectations about future sales activity.
Management determines the classification of the financial instruments at initial recognition. The business model assessment falls under three categories:
 - a) Business Model 1(BM1): Financial assets held with the sole objective to collect contractual cash flows;
 - b) Business Model 2 (BM2): Financial assets held with the objective of both collecting contractual cash flows and selling; and
 - c) Business Model 3 (BM3): Financial assets held with neither of the objectives mentioned in BM1 or BM2 above. These are basically financial assets held with the sole objective to trade and to realize fair value changes.

The Company may decide to sell financial instruments held under the BM1 category with the objective to collect contractual cash flows without necessarily changing its business model if one or more of the following conditions are met:

- i) Where these sales are infrequent even if significant in value. A Sale of financial assets is considered infrequent if the sale is one-off during the Financial Year and/or occurs at most once during the quarter or at most three (3) times within the Financial Year.

The Company may decide to sell financial instruments held under the BM1 category with the objective to collect contractual cash flows without necessarily changing its business model if one or more of the following conditions are met:

- ii) Where these sales are insignificant in value both individually and in aggregate, even if frequent. A sale is considered insignificant if the portion of the financial assets sold is equal to or less than five (5) per cent of the carrying amount (book value) of the total assets within the business model.
- iii) When these sales are made close to the maturity of the financial assets and the proceeds from the sales approximate the collection of the remaining contractual cash flows. A sale is considered to be close to maturity if the financial assets have a tenor to maturity of not more than one (1) year and/or the remaining contractual cash flows expected from the financial asset do not exceed the cash flows from the sales by ten (10) per cent.

Other reasons: The following reasons outlined below may constitute 'Other Reasons' that may necessitate selling financial assets from the BM1 category that will not constitute a change in business model:

1. Selling the financial asset to realize cash to deal with unforeseen need for liquidity (infrequent).
2. Selling the financial asset to manage credit concentration risk (infrequent)
3. Selling the financial assets as a result of changes in tax laws (infrequent).
4. Other situations also depend upon the facts and circumstances which need to be judged by the management

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SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Cash flow characteristics assessment

The contractual cash flow characteristics assessment involves assessing the contractual features of an instrument to determine if they give rise to cash flows that are consistent with a basic investment arrangement. Contractual cash flows are consistent with a basic deposit arrangement if they represent cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

Principal is defined as the fair value of the instrument at initial recognition. Principal may change over the life of the instruments due to repayments. Interest is defined as consideration for the time value of money and the credit risk associated with the principal amount outstanding and for other basic lending risks and costs (liquidity risk and administrative costs), as well as a profit margin.

a) Financial assets measured at amortised cost

Financial assets are measured at amortised cost if they are held within a business model whose objective is to hold for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. After initial measurement, debt instruments in this category are carried at amortized cost using the effective interest rate method. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. Amortized cost is calculated taking into account any discount or premium on acquisition, transaction costs and fees that are an integral part of the effective interest rate. Amortization is included in Interest income in the Consolidated Statement of Income. Impairment on financial assets measured at amortized cost is calculated using the expected credit loss approach.

Financial assets measured at amortized cost are presented net of the allowance for credit losses (ACL) in the statement of financial position

b) Financial assets measured at FVOCI

Financial assets are measured at FVOCI if they are held within a business model whose objective is to hold for collection of contractual cash flows and for selling financial assets, where the assets' cash flows represent payments that are solely payments of principal and interest. Subsequent to initial recognition, unrealized gains and losses on debt instruments measured at FVOCI are recorded in other comprehensive Income (OCI).

c) Financial assets measured at FVTPL

Financial assets measured at FVTPL include assets held for trading purposes, assets held as part of a portfolio managed on a fair value basis and assets whose cash flows do not represent payments that are solely payments of principal and interest. Financial assets may also be designated at FVTPL if by so doing eliminates or significantly reduces an accounting mismatch which would otherwise arise. These instruments are measured at fair value in the Statement of Financial Position, with transaction costs recognized immediately in the Statement of Income.

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023
SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

d) Equity Instruments

Equity instruments are measured at FVTPL, unless an election is made to designate them at FVOCI upon purchase. For equity instruments measured at FVTPL, changes in fair value are recognized in the Statement of profit or loss. The Company can elect to classify non-trading equity instruments at FVOCI. This election will be used for certain equity investments for strategic or longer term investment purposes. The FVOCI election is made upon initial recognition, on an instrument-by-instrument basis and once made is irrevocable. Gains and losses on these instruments including when derecognized/sold are recorded in OCI and are not subsequently reclassified to the Statement of profit or loss. Dividends received are recorded in Interest income in the Statement of Income. Any transaction costs incurred upon purchase of the security are added to the cost basis of the security and are not reclassified to the Statement of Income on sale of the security.

Financial liabilities are classified into one of the following measurement categories:

- (i) Fair Value through Profit or Loss (FVTPL)
- (ii) Amortised cost

i) Financial Liabilities at fair value through profit or loss

Financial liabilities accounted for at fair value through profit or loss fall into two categories:

Financial liabilities held for trading and financial liabilities designated at fair value through profit or loss on inception

Financial liabilities at fair value through profit or loss are financial liabilities held for trading. A financial liability is classified as held for trading if it is incurred principally for the purpose of repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking. Derivatives are also categorized as held for trading unless they are designated and effective as hedging instruments. Financial liabilities held for trading also include obligations to deliver financial assets borrowed by a short seller. Gains and losses arising from changes in fair value of financial liabilities are included in the income statement and are reported as 'Net gains/(losses) on financial instruments classified as held for trading. Interest expenses on financial liabilities held for trading are included in 'Net interest income'.

Financial Liabilities are designated at FVTPL when either the designation eliminates or significantly reduce an accounting mismatch which would otherwise arise or the financial liability contains one or more embedded derivatives which significantly modify the cash flows otherwise required. For liabilities designated at fair value through profit or loss, all changes in fair value are recognized in Non-interest income in the Statement of Income, except for changes in fair value arising from changes in the Company's own credit risk which are recognized in OCI. Changes in fair value of liabilities due to changes in the Company's own credit risk, which are recognized in OCI, are not subsequently reclassified to the Statement of Income upon derecognition/extinguishment of the liabilities.

ii) Financial Liabilities at amortised cost

Financial liabilities that are not classified at fair value through profit or loss fall into this category and are measured at amortised cost using the effective interest rate method. Financial liabilities measured at amortised cost are debt securities in issue for which the fair value option is not applied, e.g. convertible bonds and subordinated debts.

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SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.2.1 Impairment of financial instruments

In line with IFRS 9, the Company assesses the under listed financial instruments for impairment using Expected Credit Loss (ECL) approach:

1. Amortized cost financial assets; and
2. Debt securities classified as at FVOCI.

Equity instruments and financial assets measured at FVTPL shall not be subjected to impairment as it is not required under the standard.

Expected Credit Loss Impairment Model

The Company's allowance for credit losses calculations shall be outputs of models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. The expected credit loss impairment model reflects the present value of all cash shortfalls related to default events either over the following twelve months or over the expected life of a financial instrument depending on credit deterioration from inception. The allowance for credit losses reflects an unbiased, probability-weighted outcome which considers multiple scenarios based on reasonable and supportable forecasts.

The Company shall adopt a three-stage approach for impairment assessment based on changes in credit quality since initial recognition.

Stage 1 – Where there has not been a Significant Increase in Credit Risk (SICR) since initial recognition of a financial instrument, an amount equal to 12 months expected credit loss shall be recorded. The expected credit loss shall be computed using a probability of default occurring over the next 12 months. For those instruments with a remaining maturity

Stage 2 – When a financial instrument experiences a SICR subsequent to origination but is not considered to be in default, it shall be included in Stage 2. This requires the computation of expected credit loss based on the probability of default over the remaining estimated life of the financial instrument.

Stage 3 – Financial instruments that are considered to be in default shall be included in this stage. Similar to Stage 2, the allowance for credit losses captures the lifetime expected credit losses.

The guiding principle for ECL model shall be to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments since initial recognition. The ECL allowance shall be based on credit losses expected to arise over the life of the asset (life time expected credit loss), unless there has been no significant increase in credit risk since origination. Examples of financial assets with low credit risk (no significant increase in credit risk) include: Risk free and gilt edged debt investment securities that shall be determined to have low credit risk at the reporting date; and Other financial instruments (other than lease receivables) on which credit risk has not increased significantly since their initial recognition.

Measurement of Expected Credit Losses

The probability of default (PD), exposure at default (EAD), and loss given default (LGD) inputs used to estimate expected credit losses shall be modelled based on macroeconomic variables that are most closely related with credit losses in the relevant portfolio.

Details of these statistical parameters/inputs are as follows:

PD – The probability of default shall be an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the remaining estimated life, if the asset has not been previously derecognized and are still in the portfolio.

12-month PDs – This is the estimated probability of default occurring within the next 12 months (or over the remaining life of the financial instrument if that is less than 12 months). This shall be used to calculate 12-month ECLs.

Lifetime PDs – This is the estimated probability of default occurring over the remaining life of the financial instrument. This shall be used to calculate lifetime ECLs for "stage 2" and stage 3 exposures. PDs shall be limited to the maximum exposure required by IFRS 9.

STANDARD ALLIANCE INSURANCE PLC
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SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

EAD – The exposure at default shall be an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

LGD – The loss given default shall be an estimate of the loss arising in the case where a default occurs at a given time. It shall be based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It shall be usually expressed as a percentage of the EAD.

The measurement of expected credit losses for each stage and the assessment of significant increases in credit risk considers information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking information requires significant judgement.

The Company shall rely on a broad range of forward looking information as economic inputs, such as GDP growth, unemployment rates, central bank base rates, crude oil prices, inflation rates and foreign exchange rates. The inputs and models used for calculating expected credit losses may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays shall be made as temporary adjustments using expert credit judgement.

The Company shall determine allowance for credit losses using three probability-weighted forward looking scenarios. The Company shall consider both internal and external sources of information in order to achieve an unbiased measure of the scenarios used. The Company prepares the scenarios using forecasts generated by credible sources such as Business Monitor International (BMI), International Monetary Fund (IMF), Nigeria Bureau of Statistics (NBS), World Bank, Central Bank of Nigeria (CBN), Nigeria Insurers Association, Financial Markets Dealers Quotation (FMDQ), and Trading Economics. The Company estimates three scenarios for each risk parameter (LGD, EAD, CCF and PD) – Normal, Upturn and Downturn, which in turn shall be used in the estimation of the multiple scenario ECLs. The 'normal case' represents the most likely outcome and shall be aligned with information used by the company for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. The Company has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables, credit risk and credit losses.

Assessment of significant increase in credit risk (SICR)

At each reporting date, the Company shall assess whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the remaining expected life from the reporting date and the date of initial recognition. The assessment considers borrower-specific quantitative and qualitative information without consideration of collateral, and the impact of forward-looking macroeconomic factors. The common assessments for SICR on retail and non-retail portfolios include macroeconomic outlook, management judgement, and delinquency and monitoring. Forward looking macroeconomic factors shall be a key component of the macroeconomic outlook. The importance and relevance of each specific macroeconomic factor depends on the type of product, characteristics of the financial instruments and the borrower and the geographical region.

The Company shall adopt a multi factor approach in assessing changes in credit risk. This approach considers: Quantitative (primary), Qualitative (secondary) and Back stop indicators which are critical in allocating financial assets into stages.

The quantitative models considers deterioration in the credit rating of obligor/counterparty based on the Company's internal rating system or External Credit Assessment Institutions (ECAI) while qualitative factors considers information such as expected forbearance, restructuring, exposure classification by licensed credit bureau etc.

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SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

A backstop shall be used to ensure that in the (unlikely) event that the primary (quantitative) indicators do not change and there is no trigger from the secondary (qualitative) indicators, an account that has breached the 30 days past due criteria for SICR and 90 days past due criteria for Default shall be transferred to stage 2 and stage 3 respectively except there is a reasonable and supportable evidence available without undue cost to rebut the presumption.

Definition of Default and Credit Impaired Financial Assets

At each reporting date, the Company shall assess whether financial assets are credit impaired. A financial asset shall be credit impaired when one or more of the following events have a detrimental impact on the estimated future cash flows of the financial asset:

- Significant financial difficulty of the Issuer;
- A breach of contract such as a default or past due event;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.
- The disappearance of an active market for a security because of financial difficulties.

A debt that has been renegotiated due to a deterioration in the issuer's condition shall be considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there shall be no other indicators of impairment. In making an assessment of whether an investment in sovereign debts is credit-impaired, the Company shall consider the following factors:

1. The market's assessment of credit worthiness as reflected in the bond yields
2. The rating agencies' assessments of credit worthiness
3. The country's ability to access the capital markets for new debt issuance
4. The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness
5. The international support mechanisms in place to provide the necessary support as lender of last resort to that country as well as the intention, reflected in public statements of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and irrespective of the political intent, whether there is the capacity to fulfil the required Criteria.

Presentation of allowance for ECL in the statement of financial position

Allowances for ECL shall be presented in the statement of financial position as follows:

- Financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets
- Financial assets measured at FVOCI: loss allowance shall be recognized in the statement of financial position because the carrying amount of these assets shall be their fair value. However, the loss allowance shall be disclosed and recognized in the fair value reserve.

Write-off

The Company writes off an impaired financial asset (and the related impairment allowance), either partially or in full, when there shall be no realistic prospect of recovery. After a full evaluation of a non-performing exposure, in the event that either one or all of the following conditions apply, such exposure shall be recommended for write-off (either partially or in full):

- Continued contact with the customer is impossible;
- Recovery cost is expected to be higher than the outstanding debt;
- Amount obtained from realization of credit collateral security leaves a balance of the debt; or
- It is reasonably determined that no further recovery on the facility is possible.

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SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.3 Reinsurance contract assets

The Company cedes insurance risk in the normal course of business on the bases of 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.

4.4 Premium receivables

Trade receivables arising from insurance contracts are stated after adjusting for receivables outstanding from brokers over 30 days.

4.5 Other receivables and prepayments

They are initially recognised at fair value and subsequently measured at amortised cost less provision for impairment. A provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtors) that the Company will not be able to collect all the amount due under the original terms of the contract. Impaired debts are derecognised when they are assessed as uncollectible. If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. Any subsequent reversal of an impairment loss is recognised in profit or loss. Prepayments are carried at cost less accumulated impairment losses.

4.6 Non-current assets held for sale

Non-current assets or disposal group comprising assets and liabilities that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the asset, or components of a disposal group are remeasured in accordance with the Company's accounting policies.

Thereafter generally, the assets or disposal group are measured at the lower of their carrying amounts and fair values less costs to sell. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property and biological assets, which continue to be measured in accordance with the Company's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognized in profit or loss, subject to cumulative subsequent gains not exceeding cumulative losses recorded for the asset.

4.7 Investment property

An investment property is property held to earn rentals or for capital appreciation or both. Investment property, including interest in leasehold land, is initially recognized at cost including the transaction costs. Subsequently, investment property is carried at fair value representing the open market value at the statement of financial position date determined by annual valuations carried out by external registered valuers. Gains or losses arising from changes in fair value of investment property shall be recognized in profit or loss for the period in which it arises.

Investment properties are derecognized when either they have been disposed off or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is charged or credited to profit or loss.

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SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.7 Investment property cont'd

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property and equipment up to the date of the change in use.

When the Company completes the construction or development of a self-constructed investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognized in the other comprehensive income.

4.8 Intangible assets

Software licence costs and computer software that are not an integral part of the related hardware are initially recognised at cost, and subsequently carried at cost less accumulated amortisation and accumulated impairment losses. Costs that are directly attributable to the production of identifiable computer software products controlled by the Company are recognised as intangible assets.

Amortization is calculated using the straight line method to write down the cost of each licence or item of software to its residual value over its estimated useful life. The estimated useful life of the software is four years. Amortization begins when the asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management, even when idle.

Amortization ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognized and ceases temporarily while the residual value exceeds or is equal to the carrying value

Gains or losses arising from the derecognition of intangible assets are measured as the differences between the net disposal proceeds and the carrying amount of the assets and are recognised in the income statements of the periods in which the assets are.

4.9 Property, plant and equipment

All categories of property, plant and equipment are initially recognized at cost or at fair value. Cost includes expenditure directly attributable to the acquisition of the assets.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance expenses are charged to the income statement in the year in which they are incurred.

Depreciation is calculated using the straight line method to write down the cost or the revalued amount of each of the following classes of assets to its residual value over its estimated useful life:

• Building	50 years
• Furniture & Fittings	10 years
• Office Equipment	5 years
• Computer equipment	5 years
• Motor Vehicles	4 years
• Generating sets	5 years

Land is a component of property, plant and equipment but not subject to depreciation.

Depreciation on an item of property, plant and equipment commences when it is available for use and continues to be depreciated until it is derecognized, even if during that period the item is idle. Depreciation of an item ceases when the item is retired from active use and is being held for disposal.

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SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.9 Property, plant and equipment cont'd

As no parts of items of property, plant and equipment of the Company have a cost that is significant in relation to the total cost of the item, the same rate of depreciation is applied to the whole item.

The assets' residual values, depreciation method and useful lives are reviewed and adjusted, if appropriate, at each statement of financial position date.

Impairment reviews are performed when there are indicators that the carrying value of an asset may not be recoverable. Impairment losses are recognised in the income statement as an expense.

The Company classifies all assets within a disposal group as Non-current assets held for sale if the carrying amount will be recovered principally through sale transaction rather than continuous use.

Freehold land and buildings are subsequently carried at revalued amounts. Valuations are done on an annual basis by external independent valuers less accumulated depreciation and accumulated impairment losses. All other items of property, plant and equipment are subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amounts and are taken into account in determining operating profit.

Increases in the carrying amounts arising on revaluation are recognised in other comprehensive income and accumulated in equity under the heading of revaluation reserve. Decreases that offset previous increases of the same asset are recognised in other comprehensive income. All other decreases are charged to the Income statement.

4.10 Statutory deposit

Statutory deposit represents 10% of the minimum paid up capital of the Company deposited with the Central Bank of Nigeria (CBN) in pursuant to Section 10(3) of the Insurance Act, CAP I17, LFN 2004 Statutory deposit is measured at cost.

4.12 Investment contract liabilities

The Company issues contracts that meet the definition of investment contracts with discretionary participation features (DPF) - IFRS 17 and investment contracts without DPF, which are measured under IFRS 9, which are within the scope of IFRS 17. These contracts offer a range of savings and risk transfer products to meet both Company and individual customers' long- and short-term needs. They comprise various types of contracts, some of which transfer significant insurance risk and others that do not (which may contain distinct investment components). Some contracts also feature DPFs, provided the entity issues insurance contracts.

The liabilities for these contracts are measured at the aggregate of the fulfilment cash flows (FCF) and the contractual service margin (CSM), determined by an annual measurement process carried out by certified actuaries. The FCF represent the explicit, unbiased, and probability-weighted present value of the future cash flows, adjusted for a risk adjustment for non-financial risk. The CSM represents the unearned profit in the group of contracts, which is recognised in profit or loss over the period the entity provides services.

The liability of the Company to the schemes is as determined by Actuarial valuation carried out annually by certified actuaries.

4.13 Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate.

The estimated fair value of payables with no stated maturity which includes no interest payables is the amount repayable on demand.

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SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.14 Other payables and accruals

General Provisions are recognised when the Company 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 Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the income statement 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.

4.15 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate.

Fees paid on the establishment of loan facilities are recognised as a transaction cost of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

4.16 Finance lease obligations

Asset held under finance leases are initially recognised as asset of the Company at their fair value at the inception of the lease or if lower at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between the liability and finance charges. The corresponding rental obligation, net of finance charges are included in long term payables. The interest element of the finance cost is charged to the income statement over the lease periods so as to produce constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the useful life of the asset.

4.17 Employee retirement benefits

Retirement Benefit Obligations

The Company operates a defined contribution scheme for qualifying employees. The Company contributes 10% while all its employees contribute 8% each of their pensionable emoluments (basic salary, housing allowance and transport allowance) to the Pension Scheme and this is being managed by registered and licensed pension managers as may be chosen by the staff from time to time.

4.18 Income tax liabilities

Income tax expense is the aggregate amount charged/(credited) in respect of current tax and deferred tax in determining the profit or loss for the year. Tax is recognised in the income statement except when it relates to items recognised in other comprehensive income, in which case it is also recognised in other comprehensive income.

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SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.18 Income tax liabilities cont'd

Company Income tax

This is the amount of income tax payable on the taxable profit of the Company for the year determined in accordance with the Company Income Tax Act, CAP. C60 LFN, 2004. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted as at the reporting date.

Education tax

This is a component of the income tax. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted as at the reporting date.

Deferred tax liabilities

Deferred tax is provided in full on all temporary differences except those arising from the fair value measurement of assets.

Deferred tax is determined using the liability method on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes, using tax rates and laws enacted or substantively enacted at the statement of financial position date and expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss.

Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off such current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same Taxation authority.

4.19 Share capital and share premium.

Ordinary shares are recognized at par value and classified as 'share capital' in equity. Any amounts received over and above the par value of the shares issued are classified as 'share premium' in equity. The share premium account is utilized in accordance with the provisions of Companies and Allied Matters Act 2020.

4.20 Contingency reserves

This is computed in accordance with the provisions of section 22 of the Insurance Act, CAP 117 LFN 2004. It is credited with amount equal to the higher of 3% of the total premium written and 20% of the net profit for non-life business and the higher of 1% of the total premium and 10% of the net profit for life business until it reaches the amount of the minimum paid up capital.

4.21 Retained earnings

Retained earnings are the carried forward recognised income net of expenses plus current period profit or loss attributable to owners of the Company.

4.22 Insurance Revenue

When applying the PAA, the Company recognizes insurance revenue for the period based on the passage of time by allocating expected premium receipts including premium experience adjustments to each period of service.

At the end of each reporting period, the Company considers whether there was a change in facts and circumstances indicating a need to change, on a prospective basis, the premium receipt allocation due to changes in the expected pattern of claim occurrence.

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SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.23 Insurance Service Expenses

Insurance service expenses arising from insurance contracts issued are recognized in the profit or loss generally as they are incurred. The company's insurance expenses comprises:

- . Incurred claims and other insurance service expenses Changes in the LIC related to claims and expenses incurred in the period excluding repayment of investment components.(if any).
- . Changes in the LIC related to claims and expenses incurred in prior periods (related to past service)
- . Other directly attributable insurance service expenses incurred in the period. This includes technical salaries and wages and 30% of other administrative and overhead expenses
- . Amortization of insurance acquisition cash flows, which is recognized at the same amount in both insurance service expenses and insurance contract revenue.
- . Loss component of onerous groups of contracts initially recognized in the period.

4.24 Investment income

Investment income includes interest on bank placements, dividend income and rental income arising from operating leases on investment properties, which are presented in the Income statement.

Income from any earmarked investment is credited to its source. Otherwise, the investment income is distributed between the Insurance contract business, Investment contract business and shareholders' account on the basis of average investments outstanding during the year as financed by the respective funds.

The distribution is presented only as note to the financial statements.

4.25 Fees and other income

Insurance contract policyholders are charged for surrenders and other contract fees. Investment contract policyholders are charged for administration services, investment management services, surrenders and other contract fees. These fees are recognised as revenues over the periods in which the related services are performed. If the fees are for services provided in future periods then they are deferred and recognised over those future periods.

4.26 Realized/unrealized gains and losses

Realized gains and losses include gains and losses arising from the disposal of financial instruments, non-current assets held for sale and investment properties and they are recognised in the Income statement of the period in which the disposal occurred.

Unrealized gains and losses include gains and losses arising from the fair valuation of financial assets, non-current assets held for sale (that is, immediately before classification as held for sale) and investment properties. Unrealized gains and losses arising from the fair valuation of investment properties are recognized in the Income statement.

4.27 Other operating expenses

Expenses are recognized in the Statement of profit or loss when a decrease in future economic benefit related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably. This means, in effect, that recognition of expenses occurs simultaneously with the recognition of an increase in liabilities or a decrease in assets.

The Company's expenses are recognized in the statement of profit or loss on the following basis:

As either directly attributable expenses on insurance contracts and investment contracts on one hand and sundry business activities on the other hand. These expenses are accounted for wholly under the businesses that they relate to;

Common expenses, which are those other than the directly attributable expenses but excluding brokers/agents' allowances and commissions. The common expenses are allocated in the ratio of 70:20:10 between insurance business, investment contract and shareholders' funds. The amount allocated to insurance contract business is again distributed between Company Life and Individual life on the basis of gross premium written in the year.

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SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.27 Other operating expenses cont'd

Brokers/ Agents' commissions and allowances

The Company employs the services of brokers/ agents in marketing its life policies and investment contracts. Commissions paid to the agents/brokers are charged against revenue as underwriting expenses.

Furthermore, the Company employs the services of agents in marketing its individual life policies and investment contract products. Allowances and commissions paid to the agents are allocated on equal basis between the individual life business and investment contract activities.

Net claims expenses

The result of the gross benefits and claims expenses and reinsurance claims recoveries is the net claims expense for the period. Ceded reinsurance arrangements do not relieve the Company from its obligations to policyholders.

Policyholder benefits incurred comprise claims paid in the year and changes in the provision for insurance contract liabilities. Benefits paid represent all payments made during the year, whether arising from events during that or earlier years. Insurance contract liabilities represent the estimated ultimate cost of settling all benefits accruing to policyholders and are discounted to the present value.

Reinsurance claims recoveries

Reinsurance claims recoveries are recognized when the related gross insurance claim expenses are recognized according to the terms of the relevant contract.

Salvage and subrogation reimbursements

Some insurance contracts permit the Company to sell (usually damaged) property acquired in settling a claim (for example, salvage). The Company may also have the right to pursue third parties for payment of some or all costs (for example, subrogation).

Estimates of salvage recoveries are included as an allowance in the measurement of the insurance liability for claims, and salvage property is recognized in other assets when the liability is settled. The allowance is the amount that can reasonably be recovered from the disposal of the property.

Subrogation reimbursements are also considered as an allowance in the measurement of the insurance liability for claims and are recognized in other assets when the liability is settled. The allowance is the assessment of the amount that can be recovered from the action against the liable third party.

4.28 Dividends

Dividends on ordinary shares are recognised as a liability in the year in which they are declared. Proposed dividends are accounted for as a separate component of equity until they have been declared at an annual general meeting. Dividends for the year that are approved after the statement of financial position date are dealt with as a non-adjusting event after the statement of financial position date.

4.29 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares.

Basic earnings per share amounts are calculated by dividing the profit for the year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding at the reporting date.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

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SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.30 Conversion of foreign currencies

On initial recognition, all transactions are recorded in the functional currency (the currency of the primary economic environment in which the Company operates or transacts business), which is Nigerian Naira and Kobo. Transactions in foreign currencies during the year are converted into the functional currency using the exchange rate prevailing at the transaction dates.

Monetary assets and liabilities at the statement of financial position date denominated in foreign currencies are translated into the functional currency using the exchange rate prevailing as at that date. The resulting foreign exchange gains and losses from the settlement of such transactions and from year-end translation are recognised on a net basis in the income statement in the year in which they arise.

4.31 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (Board of Directors). Directors allocate resources to and assess the performance of the operating segments of the Company. The operating segments are based on the Company's management and internal operating structure. The directors consider the Company to comprise three business segments: Company life assurance segment, Individual life assurance segment and Investments management or savings links segment.

4.32 Comparatives

Where necessary, comparatives have been adjusted to conform to changes in presentation in the current year. Where changes are made and affect the statement of financial position, a third statement of financial position at the beginning of the earliest period presented is presented together with the corresponding notes.

4.33 Events after the reporting date

The financial statements are adjusted to reflect events that occurred between the statement of financial position date and the date when the financial statements are authorised for issue, provided they give evidence of conditions that existed at the statement of financial position date. Events that are indicative of conditions that arose after the statement of financial position date are disclosed, but do not result in an adjustment of the financial statements.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

5 Critical accounting estimates, judgement and assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates under different assumptions and conditions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are described below.

a Insurance and reinsurance contracts- Life Business

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(i) The methods used to measure insurance contracts future cash flows

The Company primarily uses deterministic projections to estimate the present value of future cash flows. The following assumptions were used when estimating future cash flows for different class of the company's portfolio:

Mortality, longevity and morbidity rates

Assumptions are based on standard industry and national tables, according to the type of contract written and the territory in which the insured person resides. They reflect recent historical experience and are adjusted when appropriate to reflect the Company's own experiences. An appropriate, but not excessive, allowance is made for expected future improvements. Assumptions are differentiated by policyholder gender, underwriting class and contract type. An increase in expected mortality, longevity and morbidity rates will increase the expected claim cost which will reduce future expected profits of the Company.

Expense

Operating expenses assumptions reflect the projected costs of maintaining and servicing in-force policies and associated overhead expenses. The current level of expenses is taken as an appropriate expense base, adjusted for expected expense inflation if appropriate. An increase in the expected level of expenses will reduce future expected profits of the Company.

The cash flows within the contract boundary include an allocation of fixed and variable overheads directly attributable to fulfilling insurance contracts. Such overheads are allocated to groups of contracts using methods that are systematic, rational and are consistently applied to all costs that have similar characteristics.

Lapse and Surrender rates

Lapses relate to the termination of policies due to non-payment of premiums. Surrenders relate to the voluntary termination of policies by policyholders. Policy termination assumptions are determined using statistical measures based on the Company's experience and vary by product type, policy duration and sales trends. An increase in lapse rates early in the life of the policy would tend to reduce profits of the Company, but later increases are broadly neutral in effect.

(ii) Discount rate

The company insurance contract liabilities are calculated by discounting expected future cash flows at a risk-free rate, plus an illiquidity premium where applicable. Risk free rates are determined by reference to the yields published by the Nigerian Actuarial Society of highly rated sovereign securities in the currency of the life insurance contract liabilities. The illiquidity premium is determined by reference to observable market rates, including sovereign debt and corporate debt rates.

STANDARD ALLIANCE INSURANCE PLC
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NOTES TO THE FINANCIAL STATEMENTS (continued)

5 Critical accounting estimates, judgement and assumptions (cont'd)

(iii) Risk adjustment for non-financial risk

The risk adjustment for non-financial risk represents the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts and covers insurance risk, lapse risk and expense risk. The risk adjustment reflects an amount that an insurer would rationally pay to remove the uncertainty that future cash flows will exceed the best estimate amount.

The Company has estimated the risk adjustment using a confidence level (value at risk) approach in which a full IFRS 17 liability distribution is generated across all non-financial risks and risk adjustment is calculated as the difference between the best estimate liability and the liability value at the chosen confidence level.

(iv) Amortisation of the Contractual Service Margin (CSM)

The CSM is a component of the asset or liability for the group of insurance contracts that represents the unearned profit the Company will recognise as it provides services in the future. An amount of the CSM for a group of insurance contracts is recognised in profit or loss as insurance revenue in each period to reflect the insurance contract services provided under the group of insurance contracts in that period. The amount is determined by:

- Identifying the coverage units in the company
- Allocating the CSM at the end of the period (before recognising any amounts in profit or loss to reflect the insurance contract services provided in the period) equally to each coverage unit provided in the current period and expected to be provided in the future.
- Recognising in profit or loss the amount allocated to coverage units provided in the period

The number of coverage units in a group is the quantity of insurance contract services provided by the contracts in the group, determined by considering the quantity of the benefits provided and the expected coverage period. For groups of the company's life insurance contracts, the quantity of benefits is the contractually agreed sum assured over the period of the contracts. The total coverage units of each group of insurance contracts are reassessed at the end of each reporting period to adjust for the reduction of remaining coverage for claims paid, expectations of lapses and cancellation of contracts in the period. They are then allocated based on probability-weighted average duration of each coverage unit provided in the current period and expected to be provided in the future.

Expected release of Contractual Service Margin for insurance contracts issued

CSM with positive sign

Expected release of Contractual Service Margin	Annuity	Endowment	Total
Year 1	1,673	3,971	5,644
Year 2	1,673	1,390	3,063
Year 3	1,672	1,121	2,794
Year 4	1,665	-	1,665
Year 5	1,635	-	1,635
Year 6	1,585	-	1,585
Year 7	1,490	-	1,490
Year 8	1,408	-	1,408
Year 9	1,357	-	1,357
Year 10	1,306	-	1,306
Above Year 10	7,211	-	7,211
Total CSM	22,675	6,482	29,157

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NOTES TO THE FINANCIAL STATEMENTS (continued)

5 Critical accounting estimates, judgement and assumptions (cont'd)

(v) Assets for insurance acquisition cashflows

The Company applies judgement in determining the inputs used in the methodology to systematically and rationally allocate insurance acquisition cash flows to groups of insurance contracts. This includes judgements about whether insurance contracts are expected to arise from renewals of existing insurance contracts and, where applicable, the amount to be allocated to Company including future renewals and the volume of expected renewals from new contracts issued in the period.

(b) Insurance and reinsurance contracts- Non-Life Business

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

The Company applies the premium allocation approach (PAA) to simplify the measurement of insurance contracts.. For cashflows that are not expected to be settled more than one year after the claims is incurred, the company has elected not to discount such cashflows.

(i) Claims payment pattern for liability for incurred claims

In estimating the claims payment pattern for liability for incurred claims, the company sets:

An assumption regarding the future timing of claim settlement is required as the IFRS 17 requires the determination of probability weighted future cash flows. Weighted future cash flows will include expected claim payment, expected cost of settling the claims, unallocated claim expenses that are integral to the claim cost but due to system limitations they cannot be allocated to individual claims (e.g. cost of pool of contract cars), legal costs incurred or expected to be incurred for litigated claims, motor recoveries from third party insurers, salvage and subrogation and directly attributable maintenance expenses. For reinsurers' LIC, same cashflows shall apply as described above but the cashflows are apportioned according to reinsurance arrangement.

Run off triangles are used to project future claims payment generated by direct insurance contracts and claim recovered from reinsurance contracts. Actual claims paid and outstanding claim reserves are grouped by accident year cohorts. Methodology used for claims reserving is defined by the Company's Reserving Policy and Reserving Guidance, and it relies on the Basic Chain Ladder as well as the Bornhuetter- Ferguson method. Same methodology is applied to claims generated by direct contracts and claim recovered from reinsurance contracts.

The best estimate for claims development or payment to ultimate is determined by the link ratio estimator for each period of development. This is achieved by selecting the weighted averages or simple averages of link ratios for each period of claims development until the ultimate period when the claims development is deemed to be fully run off. For each reserving class that best estimate claim payment pattern is derived separately on a gross basis Insurance contracts and reinsurers' share (claim recovered from reinsurance contracts). The process of selecting link ratios often involves identifying outliers and excluding them.

Analysis of Actual versus Expected claim reserves is carried out to assess adequacy of best estimate payment pattern estimated in prior year/period. Where significant deviations are noted, further investigations are carried out to ascertain whether this is indicative of a new trend in the underlying claim development process or whether this is caused by the occurrence of abnormally large claims that tend to distort the latest link ratios or whether it was caused by certain specific events impacting the claims process that are not expected to recur in the future (e.g. restructuring of claims department, or installing a new admin system or claim backlog). If the cause of the deviation is driven by changes in the claims development process which is expected to be recurring or be permanent in the future (e.g. application of new case reserving practice), then judgement is applied in choosing the link ratio for the most recent accident year cohort.

Consideration is also given on the need to allow for a tail factor for projecting claims payment beyond the available data horizon.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS (continued)

5 Critical accounting estimates, judgement and assumptions (cont'd)

For non-liability claims, the ultimate period is often within 7 - 10 year unless- tail factor is not required.

- Claim payment pattern will be derived for each reserving class or portfolio (portfolio if there is only one reserving class).

- Basically, the payment pattern provides probabilities to project the settlement of claims in future time periods.

For a given portfolio or reserving class, same payment pattern will be applied to project the payment of OCR (outstanding claim reserve),

- IBNR reserve and Risk Adjustment estimates over future time periods.

Existing reserving models (primarily the Basic Chain Ladder) will be used to derive the payment probabilities from the link ratios obtained from paid triangles.

- Pattern will be derived once a year, that is, at the year-end valuation. It is expected that same payment pattern will be used in the LIC cashflow modelling for interim valuation periods and roll forward.

- However, for reserving class or portfolios which exhibit significant volatility, payment pattern might be reviewed and revised more frequently and also pattern used in LIC model will need to be updated. A change in payment pattern will lead to a change in fulfilment cashflows arising from non-financial assumption change. This change or delta in fulfilment cashflow will be accounted for as an insurance service expense.

Changes of payment pattern during a financial year will only be considered if justified by facts and circumstances. Examples of facts and circumstances could be as follows:

i. major changes in claim reporting and settlement processes that would invalidate existing payment pattern (e.g. non-life claims backlog can be quite common arising from dispute in settlement amount or change in policy administration system.

ii. occurrence of major external systemic events such as a pandemic related lockdown will impact the development factors- hence invalidate existing payment pattern.

It is to be noted that, for consistency, the same payment pattern as used for claim projection will be applied in the projection of Risk Adjustment estimates. The same approach would be used to derive the payment pattern for modelling the LIC cashflows for a portfolio of reinsurance contracts.

Moreover, it is required to allocate the projected OCR, IBNR and RA to issue year cohorts /underwriting year cohorts. This will necessitate the application of an allocation driver. Projected IBNR, OCR and RA cashflows will be allocated to underwriting year by making use of weights. Weights, as a proxy for coverage, for each underwriting year will be derived from earned premium /revenue (as computed for the LRC). For internal reporting needs, further allocation of IBNR, OCR and RA (risk adjustment) down to more granular levels (issue year cohorts/distribution channels/ cover-section/ client types) will be required. Earned premium weights, as described above, will also be used for a more granular allocation of projected OCR, IBNR and RA.

(ii) Insurance acquisition cash flows

For the company's PAA eligible contracts, the company is eligible to recognize insurance acquisition cashflows as an expense immediately as incurred or amortize it over the coverage period. The company will make this choice on a portfolio basis. Where the company has not recognized an expense immediately, the company allocates insurance acquisition cash flows to related groups of insurance contracts recognised in the statement of financial position (including those groups that will include insurance contracts expected to arise from renewals). An asset for insurance acquisition cash flows is recognised for acquisition cash flows incurred before the related group of insurance contracts has been recognised.

The effect of electing to recognise insurance acquisition cash flows as an expense when incurred for a group of insurance contracts is to increase the liability for remaining coverage and reduce the likelihood of any subsequent onerous contract loss. There would be an increased charge to profit or loss on incurring the expense, offset by an increase in profit released over the coverage period.

Onerous groups

For groups of contracts that are onerous, the liability for remaining coverage is determined by the fulfilment cash flows. Any loss-recovery component is determined with reference to the loss component recognised on underlying contracts and the recovery expected on such claims from reinsurance contracts held.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS (continued)

5 Critical accounting estimates, judgement and assumptions (cont'd)

(iii) *Risk adjustment for non-financial risk*

The risk adjustment for non-financial risk is the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts. The risk adjustment reflects an amount that an insurer would rationally pay to remove the uncertainty that future cash flows will exceed the expected value amount.

The Company has estimated the risk adjustment using a confidence level (value at risk) approach in which a full IFRS 17 liability distribution is generated across all non-financial risks and risk adjustment is calculated as the difference between the best estimate liability and the liability value at the chosen confidence level.

The valuation of the long term insurance contract liabilities was done by Awunor Benjamin Ebube (FRC/2015/PRO/NAS/004/00000012946) of Becoda Consulting (FRC/2015/NAS/00000012946).

The Liability Adequacy Test (LAT) was carried out by Awunor Benjamin Ebube (FRC/2015/PRO/NAS/004/00000012946) of Becoda Consulting (FRC/2015/NAS/00000012946). The claims reserve was calculated using the Discounted Inflation Adjusted Basic Chain Ladder method.

5.1 Product Classification

LIFE BUSINESS

Products	Portfolio	Measurement Approach
Annuity	Annuity	General Model Approach
Group Life	Group Life	Premium Allocation approach
SA Life Accumulator Scheme	Investment/IFRS 9	Investment/IFRS 9
Capital Appreciation and Income Plan	Investment/IFRS 9	Investment/IFRS 9
Deposit Linked-Assurance Scheme	Investment/IFRS 9	Investment/IFRS 9
Flexible Assurance Plan	Investment/IFRS 9	Investment/IFRS 9
SA Life Investment Plan	Investment/IFRS 9	Investment/IFRS 9
Income Protection Plan	Investment/IFRS 9	Investment/IFRS 9
Personal Pensions Plan	Investment/IFRS 9	Investment/IFRS 9
Standard Flexible Plan	Investment/IFRS 9	Investment/IFRS 9
Standard Flexible Assurance Scheme	Investment/IFRS 9	Investment/IFRS 9
Children Education Endowment	Endowment	General Model Approach
Education Support Plan	Endowment	General Model Approach

The Company uses Premium Allocation (PAA) approach to measure its General Business

NON- LIFE BUSINESS

Products	Portfolio	Measurement Approach
Fire	Fire	Premium Allocation Approach
General Accident	General Accident	Premium Allocation Approach
Motor	Motor	Premium Allocation Approach
Marine	Marine	Premium Allocation Approach
Aviation	Aviation	Premium Allocation Approach
Oil & Gas	Oil & Gas	Premium Allocation Approach
Engineering	Engineering	Premium Allocation Approach
Bond	Bond	Premium Allocation Approach

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

STATEMENT OF FINANCIAL POSITION

ASSETS	NOTES	31 December 2023 N'000	Restated	
			31 December 2022 N'000	1 January 2022 N'000
Cash and cash equivalents	5	644,272	695,776	1,945,557
Financial Assets:				
- At fair value through profit or loss	6.1	102,411	40,502	36,461
- At amortised cost	6.2	603,061	603,061	404,841
- At fair value through other comprehensive income	6.3	1,532,639	200,080	175,291
Premium Receivable	7	0	8,849	8,074
Other receivables and prepayments	8	40,656	41,065	144,570
Investment properties	9	4,030,067	4,030,067	4,030,067
Property, plant and equipment	10	24,246	35,663	50,233
Statutory deposit	11	535,000	535,000	535,000
TOTAL ASSETS		7,512,352	6,190,063	7,330,095
LIABILITIES AND SHAREHOLDERS' EQUITY				
Insurance contract liabilities	12	5,062,390	5,226,947	5,318,297
Investment contract liabilities	13	2,667,359	2,571,151	2,448,716
Trade payables	14	7,948	7,948	7,948
Other payables and accruals	15	503,320	502,513	850,919
Borrowings	16	3,841,795	1,976,233	1,994,015
Income tax liabilities	17	276,023	273,736	273,735
Deferred tax liabilities	18	67,127	61,909	61,909
TOTAL LIABILITIES		12,425,962	10,620,437	10,955,538
SHAREHOLDERS' EQUITY				
Share capital	19	6,455,515	6,455,515	6,455,515
Treasury shares	20	(1,145)	(1,145)	(1,145)
Share premium	21	7,484,955	7,484,955	7,484,955
Contingency reserves	22	1,780,003	1,775,727	1,768,801
Accumulated loss	23	(22,011,532)	(20,191,461)	(19,354,813)
Revaluation reserves	24	-	(0)	(0)
Fair value reserves	25	1,378,593	46,034	21,245
Total equity		(4,913,611)	(4,430,375)	(3,625,443)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		7,512,352	6,190,063	7,330,095

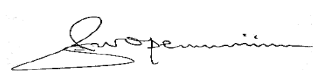
The financial statements were approved by the Board of Directors on 19th September, 2025 and signed on its behalf by:



Mr. Akin Iroko
FRC/2024/PRO/DIR/003/358339
Chairman



Mr. Paulinus Offorzor
FRC/2013/PRO/CIIN/002/00000003287
Managing Director/CEO



Mr. Michael Owopo
FRC/2018/PRO/ICAN/001/00000017730
Chief Finance Officer

The accounting policies on pages 19 to 58, notes on pages 63 to 109 and other national disclosures on pages 110 to 111 form an integral part of these financial statements.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTES	2023 N'000	Restated 2022 N'000
Insurance revenue	26	418,062	523,845
Insurance service expense	26.2	(323,532)	(676,263)
Insurance service result		94,529	(152,418)
Investment income	26.3	174,847	30,871
Investment expenses	26.4	(194,161)	(211,980)
Net investment result		(19,314)	(181,109)
Net insurance and investment result.		75,215	(333,527)
Other expenses			
Interest expenses on loan	16.1	(112,624)	(76,688)
Foreign exchange (expense)/gain	16.1	(1,752,506)	94,470
Other operating expenses	28	(18,374)	(513,973)
Loss before Tax		(1,808,290)	(829,719)
Income tax	17	(7,505)	(1)
Loss after Tax		(1,815,795)	(829,720)
Other comprehensive income			
Item that may be reclassified to profit or loss:			
Fair value gain on financial assets at FVOCI	6.3.1	1,332,559	24,789
Items that will not be classified to profit or loss:			
Revaluation loss on building		-	-
Revaluation surplus reversed during the year		-	-
Other comprehensive loss		1,332,559	24,789
Total comprehensive loss for the year		(483,236)	(804,931)
Earnings per share : Basic (Naira)	34	(14.06)	(6.43)

The accounting policies on pages 19 to 58, notes on pages 63 to 109 and other national disclosures on pages 110 to 111 form an integral part of these financial statements.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

STATEMENT OF CHANGES IN EQUITY

	Share Capital N'000	Treasury shares N'000	Share Premium N'000	Contingency Reserves N'000	Accumulated Loss N'000	Revaluation Reserves N'000	Fair value Reserve N'000	Total N'000
At 1 January 2023	6,455,515	(1,145)	7,484,955	1,775,727	(20,191,461)	-	46,034	(4,430,375)
								-
Loss for the year	-	-	-	-	(1,815,795)	-	-	(1,815,795)
Transfer to contingency reserve (Note 22)	-	-	-	4,276	(4,276)	-	-	-
Other comprehensive income:								-
Fair value loss on financial assets at fair value through other comprehensive income (Note 30)	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	1,332,559	1,332,559
At 31 December 2023	6,455,515	(1,145)	7,484,955	1,780,004	(22,011,532)	-	1,378,593	(4,913,611)
At 1 January 2022	6,455,515	(1,145)	7,484,955	1,768,800	(18,925,882)	48,292	21,245	(3,148,220)
IFRS 17 adjustments (Note 23)					(513,482)	-		(513,482)
Reclassification of Revaluation reserves (Note 24)					48,292	(48,292)		-
Reclassification of reinsurance payables (Note 14)					36,257	-		36,257
Restated as at 1 January	6,455,515	(1,145)	7,484,955	1,768,800	(19,354,815)	-	21,245	(3,625,445)
Loss for the year					(829,720)			(829,720)
Transfer to contingency reserve (Note 22)	-	-	-	6,927	(6,927)	-	-	-
Other comprehensive income:	-	-	-	-	-	-	-	-
Fair value loss on financial assets at fair value through other comprehensive income	-	-	-	-	-	-	24,789	24,789
	-	-	-	-	-	-	-	-
At 31 December 2022	6,455,515	(1,145)	7,484,955	1,775,727	(20,191,461)	-	46,034	(4,430,375)

The accounting policies on pages 19 to 58, notes on pages 63 to 109 and other national disclosures on pages 110 to 111 form an integral part of these financial statements.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

STATEMENT OF CASH FLOWS

	NOTES	2023 N'000	Restated 2022 N'000
Cash flows from operating activities			
Premium received	29	5,982	523,845
Cash received on investment contract	16	-	122,436
Other income	30(b)	-	100
Claims paid		-	(537,244)
Commissions paid		-	(9,151)
Cash payments to employees, suppliers and others		(12,776)	(1,273,144)
		(6,794)	(1,173,158)
Taxes paid: Income tax	21	-	-
Net cash used from operating activities		(6,794)	(1,173,158)
Cash flows from investing activities			
Purchase of Property, plant and equipment	13	-	(781)
Rental income	30(a)	1,553	1,501
Dividends received	30(a)	48,968	3,683
Interest received on fixed deposits	30(a)	17,393	22,726
Liquidation of financial assets at amortised cost	6.2.2a	-	336,268
Addition to financial assets at amortised cost	6.2.2(a)	-	(534,488)
Net cash generated from investing activities		67,914	(171,091)
Cash flows from financing activities			
Finance charges		(112,624)	76,688
Net cash (used)/flows from financing activities		(112,624)	76,688
Net decrease in cash and cash equivalents during the year		(51,504)	(1,267,561)
Cash and cash equivalents at the beginning of the year		677,994	1,945,556
Cash and cash equivalents at the end of the year		626,490	677,994
Cash and cash equivalent comprise:			
Cash in hand		117	116
Current Bank accounts balances		36,794	47,421
Short term deposits - Local banks		607,361	648,239
		644,272	695,776

The accounting policies on pages 19 to 58, notes on pages 63 to 109 and other national disclosures on pages 110 to 111 form an integral part of these financial statements.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS (continued)

		Restated	
	2023	2022	2021
	N'000	N'000	N'000
5 Cash and cash equivalents			
Cash in hand	117	116	-
Bank balances	36,794	47,421	53,990
Short term deposits	610,551	651,429	1,894,757
	647,462	698,966	1,948,747
Allowance for credit losses (Note 5a)	(3,190)	(3,190)	(3,190)
	644,272	695,776	1,945,557

Included in short term deposits is a sum of N3,182,144.27 (**2022:** N3,182,144.27, **2021:** N3,182,144.27) being unclaimed dividends returned by First Registrars Limited as instructed by the Securities and Exchange Commission (SEC). This amount is included in other accruals (Note 18).

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company. The carrying amounts disclosed above reasonably approximate the fair value at the reporting date.

5(a) Impairment allowance for cash and cash equivalents			
At 1 January	3,190	3,190	3,190
At 31 December	3,190	3,190	3,190
6 Financial assets			
At fair value through profit or loss (FVPL) - Note 6.1	102,411	40,502	36,461
At amortised cost (Note 6.2)	603,061	603,061	404,841
At fair value through other comprehensive income (FVOCI) - Note 6.3.1	1,532,639	200,080	175,291
	2,238,111	843,643	616,593
6.1 Financial assets at fair value through profit or loss (FVPL)			
At 1 January	40,502	36,461	68,262
Fair value gain/(loss) during the year [Note 6.1(a)]	61,909	4,041	(31,801)
At 31 December	102,411	40,502	36,461

6.1(a) Fair value (gain)/loss disclosed in the income statement is as analysed below:

Fair value gain/(loss) on equity instrument carried at FVPL (Note 6.1)	61,909	4,041	(31,801)
	61,909	4,041	(31,801)

		Restated	
	2023	2022	2021
	N'000	N'000	N'000
6.1.2 Analysis of the fair value of the Company's investments in listed entities is shown below:			
ABC Transport Plc	8,381	2,587	3,208
Africa Prudential Registrar Plc	103	83	88
Dangote Sugar Refineries Plc	17,100	4,815	5,220
Diamond Bank Plc (Now Access Bank Plc)	1,984	729	797
Ecobank Transnational Plc (ETI)	334	170	139
First City Monument Bank Limited	14,240	-	5,754
Fidelity Bank Plc	25,928	10,395	6,094
First Bank of Nigeria Limited	10,144	4,695	4,938
UBA Capital	1,280	779	551
United Bank for Africa Plc	11,773	3,488	3,695
Stanbic IBTC Holdings Plc	11,144	5,352	5,760
	102,411	40,502	36,244

6.2 Financial assets at amortised costs

Loans and receivables (Note 6.2.1)	68,573	68,573	68,573
Treasury bills (Note 6.2.2)	-	-	336,268
Bonds (Note 6.2.3)	534,488	534,488	-
	603,061	603,061	404,841

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS (continued)

		Restated	
	2023	2022	2021
	N'000	N'000	N'000
6.2.1 Loans and receivables			
Loans against policies (Note 6.2.1a)	69,125	69,125	69,125
Staff debtors (Note 6.2.1c)	1,227	1,227	1,227
Agency loan	554	554	554
	70,906	70,906	70,906
Allowance for credit losses	(2,333)	(2,333)	(2,333)
	68,573	68,573	68,573
6.2.1a Loans against policies			
The Company grants commercial loans to life policyholders. The surrender values serve as collaterals for the loans. The details of the loans are as shown below:			
	2023	2022	2021
	N'000	N'000	N'000
GSL policy loan	14,621	14,621	14,621
Standard Life Accumulator Scheme (SLA)	3,263	3,263	3,263
Special Personnel Policy (SPP)	5,093	5,093	5,093
Flexible Assurance scheme (FAS)	478	478	478
Personal Providence Plan (PPP)	43,396	43,396	43,396
Annuity Policy Loan	200	200	200
Deposit Link Assurance (DELAS)	2,048	2,048	2,048
SIP- Policy loan	26	26	26
	69,125	69,125	69,125
6.2.1b Movement in loans against policies			
At 1 January	69,125	69,125	69,125
At 31 December	69,125	69,125	69,125
6.2.1c Movement in staff debtors			
At 1 January	1,227	1,227	1,227
At 31 December	1,227	1,227	1,227
6.2.2 Treasury bills			
At 1 January	-	336,268	393,491
Matured and transferred to short-term deposit	-	(336,268)	(57,425)
Reversal/(allowance) for credit losses (Note 36a)	-	-	202
At 31 December	-	-	336,268

In 2021, the Company's existing treasury bills matured during the year. The sum of N57.425 million of the proceeds was invested in short-term deposits, while the balance of N336.27 million was reinvested in 90-day tenored treasury bills to mature on 24 February 2022. In 2022, bills were liquidated and deposited in a bank.

6.2.3 Bonds

At 1 January

534,488 534,488 -

The company invested in FGN and corporate bonds with a maturity date of 6 to 7 years. These investments are measured at amortised cost using the effective interest rates of 13% and 16.288%. Interest on these investments, which accrues bi-annually, is paid to the custodian who holds the investments.

6.3 Financial assets at fair value through other comprehensive income

This is equity security which is not held for trading, and which the company has elected at initial recognition to recognise as FVOCI. Equity investments at FVOCI comprise:
Quoted Shares in Transcorp Plc (Note 6.3.1)

1,532,639 200,080 175,291

The fair value gains in the carrying amount of financial assets at fair value through other comprehensive income (FVOCI) are recognized in other comprehensive income and accumulated under the heading of FVOCI reserve.

6.3.1 Investment in quoted shares (Transcorp Plc)

At 1 January

200,080 175,291 159,356

Fair value gain during the year

1,332,559 24,789 15,935

At 31 December

1,532,639 200,080 175,291

As at 31 December 2022, the company had 177,062,222 units of Transcorp Plc shares (valued at N1.13k per share) the share price increased significantly to N8.66k per share at year end 31 December 2023. Hence the increase in the value of the shares to N1.53 billion with the same units of shares (2022: N200.08 million).

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS (continued)

	2023	2022	2021
7 Premium Receivable			
At 1 January	8,849	8,074	2,275
Gross premium written during the year (Note 7.1)	5,982	105,330	402,670
Premium received in the year	(14,831)	(104,555)	(396,871)
At 31 December	(0)	8,849	8,074
Allowance for impairment - due from insurance companies and brokers (Note 37b)	-	-	-
Carrying amount at 31 December	(0)	8,849	8,074
7.1 Gross premium written during the year			
This relates to gross premium received from Group life only	5,982	13,069	-
8 Other receivables and prepayments	N'000	N'000	N'000
Other debtors (Note 9.1)	40,000	40,000	40,000
Prepaid rent	-	-	103,590
Staff advances	(0)	409	324
Deposit for quoted shares (Note 9.2)	656	656	656
	40,656	41,065	144,570
The loan to a former Director of the Company who pledged 250 hectares of Land at Kaduna State costing N40 million as collateral. The documents of the Land has been fully executed but issues relating to consent and ownership have not been perfected.			
8.1			
8.2 Deposit for quoted shares represents the Company's subscription for right issues in Access Bank Plc which are vet to be allotted.			
9 Investment properties			
At 1 January	4,030,067	4,030,067	4,030,067
At 31 December (Fair value)	4,030,067	4,030,067	4,030,067
9.1 History and movement in fair value gain			
Cost as at date of initial recognition	3,186,501	3,186,501	3,186,501
Cumulative fair value gain at 1 January	843,566	843,566	843,566
Fair value loss for the year	-	-	-
Cumulative fair value gain at 31 December	843,566	843,566	843,566
At 31 December	4,030,067	4,030,067	4,030,067
9.1.1 Fair value loss reported in the statement of profit or loss			
Fair value changes in investment properties	-	-	-

STANDARD ALLIANCE INSURANCE PLC
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NOTES TO THE FINANCIAL STATEMENTS

9.2	Movements in investment properties 2023	Cost	Fair value gain at 1 January	Balance at 1 January	Addition during the year	Sold during the year	Revaluation (loss)	Balance at 31 December
		N'000	N'000	N'000	N'000	N'000	N'000	N'000
	11 units of 4-bedroom terrace houses at New County Estate, Lekki, Lagos	1,045,000	-	1,168,750	-	-	-	1,168,750
	10 units of 2 Bedroom Terrace houses at No 17, Gbangbala Road, Ikate Elegushi, Lekki	244,734	-	661,184	-	-	-	661,184
	One wing of 4 bedroom duplex, Lekki, Lagos	57,371	-	97,284	-	-	-	97,284
	Six (6) storey lettable office complex - Ebute Metta	201,301	-	875,325	-	-	-	875,325
	Six (6) bedroom detached house, Asokoro-Abuja	268,595	-	757,149	-	-	-	757,149
	Oreki Village, Ibeju, Lekki.	600,000	-	450,000	-	-	-	450,000
	Flat 3,Block 2, Kadiri Estate, Joseph Dosu, Badagry.	3,500	-	20,375	-	-	-	20,375
		3,186,501	-	4,030,067	-	-	-	4,030,067

	Movements in investment properties 2022	Cost	Fair value gain at 1 January	Balance at 1 January	Reclassified from PPE (Note 14)	Reclassified to other receivables and prepayments (Note 10)	Revaluation (loss)/gain	Balance as at 31 December
	11 units of 4-bedroom terrace houses at New County Estate, Lekki, Lagos	1,045,000	-	1,168,750	-	-	-	1,168,750
	10 units of 2 Bedroom Terrace houses at No 17, Gbangbala Road, Ikate Elegushi, Lekki	244,734	-	661,184	-	-	-	661,184
	One wing of 4 bedroom duplex, Lekki, Lagos	57,371	-	97,284	-	-	-	97,284
	Six (6) storey lettable office complex - Ebute Metta	201,301	-	875,325	-	-	-	875,325
	Six (6) bedroom detached house, Asokoro-Abuja	268,595	-	757,149	-	-	-	757,149
	Oreki Village, Ibeju, Lekki.	600,000	-	450,000	-	-	-	450,000
	Flat 3,Block 2, Kadiri Estate, Joseph Dosu, Badagry.	3,500	-	20,375	-	-	-	20,375
		3,186,501	-	4,030,067	-	-	-	4,030,067

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS

9.3 The status of the Company's investments properties are detailed below:

Movements in investment properties 2021	Cost	Fair value gain at 1 January	Balance at 1 January	Reclassified from PPE (Note 14)	Reclassified to other receivables and prepayments (Note 10)	Revaluation (loss)/gain	Balance as at 31 December
11 units of 4-bedroom terrace houses at New County Estate, Lekki, Lagos	1,045,000	-	1,168,750	-	-	-	1,168,750
10 units of 2 Bedroom Terrace houses at No 17, Gbangbala Road, Ikate Elegushi, Lekki	244,734	-	661,184	-	-	-	661,184
One wing of 4 bedroom duplex, Lekki, Lagos	57,371	-	97,284	-	-	-	97,284
Six (6) storey lettable office complex - Ebute Metta	201,301	-	875,325	-	-	-	875,325
Six (6) bedroom detached house, Asokoro-Abuja	268,595	-	757,149	-	-	-	757,149
Oreki Village, Ibeju, Lekki.	600,000	-	450,000	-	-	-	450,000
Flat 3,Block 2, Kadiri Estate, Joseph Dosu, Badagry.	3,500	-	20,375	-	-	-	20,375
	3,186,501	-	4,030,067	-	-	-	4,030,067

S/N	Name on Title Document	Description of Properties	Date of Acquisition	Nature of Document	Locations	Carrying Amount N'000	Steps taken for perfection
i	Standard Alliance Insurance Plc	Warehouse	2015	Deed of Assignment	Oreki Village, Ibeji-Lekki	450,000	Perfection in progress
ii	Standard Alliance Insurance Plc	11 Unit of 4 Bedroom Flat	2009	Registered Title	New County Terrace, Iroko Awe, Lekki Peninsula	1,168,750	Near Perfection
iii	Standard Alliance Insurance Plc	10 Units of 2 B/R Terrace Hse	2003	Deed of Assignment	No 17 Gbangbala Road, Ikate, Elegushi, Lekki, Lagos	661,184	Perfection
	Standard Alliance Insurance Plc	3 Bedroom Duplex	2012	Deed of Assignment	Flat 3, Block 2, Kadiri Est, Joseph Dosu Way,Badagry	20,375	Perfection in progress
iv	Standard Alliance Insurance Plc	One wing of 4 bedroom duplex	2003	Registered Title	Lekki, Lagos	97,284	Near Perfection
v	Standard Alliance Insurance Plc	Six (6) storey lettable Offices	2012	Registered Title	No 22, Herbert Macaulay Street, Ebute Meta, Lagos	875,325	Perfection
vi	Standard Alliance Insurance Plc	Six (6) Bedroom Detached House	2010	Deed of Assignment	House 1207, Yakubu Gowon, Asokoro, Abuja	757,149	Perfection in progress
						4,030,067	

Investment properties held by Standard Alliance Insurance Plc were independently valued by Osaro Eguasa & co (FRC/2012/0000000000423) and James Garuba & Company (FRC/1999/00000003709) on 31 December 2020. The fair value of each of the properties was determined by discounting the expected cash flows of each property based upon internal plans and assumptions and comparable market transactions.

STANDARD ALLIANCE INSURANCE PLC
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NOTES TO THE FINANCIAL STATEMENTS

10 Property, plant and equipment	Building N'000	Motor vehicles N'000	Furniture and fittings N'000	Computer equipment N'000	Office equipment N'000	Generating set N'000	Total N'000
Cost/valuations:							
At 1 January 2021	64,634	823,290	294,374	134,985	193,049	123,357	1,633,689
Additions				422	47		469
Write off	(64,634)	(36,795)	(14)			(110)	(101,553)
At 31 December 2021	-	786,495	294,360	135,407	193,096	123,247	1,532,605
At 1 January 2022	-	786,495	294,360	135,407	193,096	123,247	1,532,605
Additions	-		320	183	278		781
At 31 December 2022	-	786,495	294,680	135,590	193,374	123,247	1,533,386
At 1 January 2023	-	786,495	294,680	135,590	193,374	123,247	1,533,386
Additions	-	-	-	-	-	-	-
At 31 December 2023	-	786,495	294,680	135,590	193,374	123,247	1,533,386
Accumulated depreciation and impairment:							
At 1 January 2021	5,366	823,103	224,500	131,908	187,910	123,335	1,496,122
Charge for the year			23,665	2,160	2,904	(22)	28,707
Write off	(5,366)	(36,690)	(14)			(67)	(42,137)
At 31 December 2021	-	786,413	248,151	134,068	190,814	123,246	1,482,692
At 1 January 2022	-	786,413	248,151	134,068	190,814	123,246	1,482,692
Charge for the year	-	82	13,094	1,111	743	-	15,030
Reclassification	-	-	-	-	-	-	-
Write off	-	-	-	-	-	-	-
At 31 December 2022	-	786,495	261,245	135,179	191,557	123,246	1,497,722
At 1 January 2023	-	786,495	261,245	135,179	191,557	123,246	1,497,722
Charge for the year	-	-	10,684	142	592	-	11,418
Reclassification	-	-	-	-	-	-	-
Write off	-	-	-	-	-	-	-
At 31 December 2023	-	786,495	271,929	135,321	192,149	123,246	1,509,140
Carrying amounts as at:							
31 December 2023	-	-	22,751	269	1,225	1	24,246
31 December 2022	-	-	33,435	411	1,817	1	35,663
31 December 2021	-	82	46,209	1,339	2,282	1	50,233

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS (continued)

	2023	2022	2021
	N'000	N'000	N'000
11 Statutory Deposits			
Statutory deposit for life business	200,000	200,000	200,000
Statutory deposit for non-life business	335,000	335,000	335,000
	535,000	535,000	535,000

These represent 10% of the minimum paid up share capital deposited with the Central Bank of Nigeria in accordance with Section 10 (3) of the Insurance Act, CAP I17, LFN 2004.

12 Insurance contract liabilities			
Liability for Incurred Claims (LIC) - Group Life PAA Model	985,682	985,682	1,024,344
Liability for Remaining Coverage (LRC) - GMM Life	1,950,103	2,121,074	2,265,928
Liability for Remaining Coverage (LRC) - Loss component	-	29,157	70,712
Liability for Incurred Claims (LIC) - GMM Life	313,495	209,465	104,233
Liability for Incurred Claims (LIC) - PAA General Business	1,813,110	1,876,816	1,792,510
Liability for Remaining Coverage (LRC) - PAA General Business	-	4,754	60,571
	5,062,390	5,226,947	5,318,297

2023 Life Insurance contract liabilities
Portfolio

Group Life (PAA)

Liability for Incurred Claims (LIC)
Liabilities
Remaining
PV of Future
Cashflows
Risk
Adjustment
Total

	N'000	N'000	N'000	N'000
Group life	-	966,355	19,327	985,682

General Measurement Model (GMM) Products

Liability for Remaining Coverage (LRC) Liability for Incurred Claims (LIC)

	Liability for Coverage excluding loss component	Loss component	Risk Adjustment	PV of Future Cash flows	Total
	N'000	N'000	N'000	N'000	N'000
Annuity	1,805,976	-	83,075	223,790	2,112,842
Endowment	144,127	-	6,630		150,756
Total	1,950,103	-	89,705	223,790	2,263,598

2023 Non-Life Insurance contract liabilities

Liability for Incurred Claims

	PV of Future cashflows	Risk Adjustment	Total
	N'000	N'000	N'000
Fire	46,953	2,629	49,582
General Accident	403,346	22,587	425,933
Motor	44,738	2,882	47,620
Marine	60,510	4,116	64,626
Aviation	41,807	2,717	44,524
Oil & Gas	984,652	68,926	1,053,578
Engineering	55,085	2,754	57,839
Bond	66,103	3,305	69,408
Total	1,703,194	109,916	1,813,110

2022 Life Insurance contract liabilities
Portfolio

Group Life (PAA)

Liability for Incurred Claims (LIC)

	Liabilities Remaining Coverage (LRC)	PV of Future Cashflows	Risk Adjustment	Total
	N'000	N'000	N'000	N'000
Group life	-	966,355	19,327	985,682

General Measurement Model (GMM) Products

Liability for Remaining Coverage (LRC) Liability for Incurred Claims (LIC)

	Liability for Coverage excluding loss component	Loss component	Risk Adjustment	PV of Future Cash flows	Total
	N'000	N'000	N'000	N'000	N'000
Annuity	1,983,699	22,675	91,250	111,895	2,209,519
Endowment	137,375	6,482	6,319		150,176
Total	2,121,074	29,157	97,569	111,895	2,359,695

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS (continued)

2022 Non-Life Insurance contract liabilities

	Liability for incurred claims			Total
	Liability for Remaining Coverage (LRC)	PV of Future cashflows	Risk Adjustment	
	N'000	N'000	N'000	N'000
Fire	53	46,953	2,629	49,635
General Accident	3,560	463,674	25,966	493,200
Motor	1,056	44,738	2,882	48,676
Marine	76	60,510	4,116	64,702
Aviation	-	41,807	2,717	44,524
Oil & Gas	2	984,652	68,926	1,053,580
Engineering	-	55,084	2,754	57,838
Bond	7	66,103	3,305	69,415
Total	4,754	1,763,521	113,295	1,881,570

2021 Life Insurance contract liabilities
Portfolio

Group Life (PAA)

Liability for Incurred Claims (LIC)

				Total
	Liabilities Remaining Coverage (LRC)	PV of Future cashflows	Risk Adjustment	
	N'000	N'000	N'000	N'000
Group life	-	1,004,258	20,085	1,024,344

General Measurement Model (GMM) Products

Liability for Remaining Coverage (LRC) Liability for Incurred Claims (LIC)

	Liability for Remaining Coverage excluding loss component		PV of Future Cash flows		Total
	N'000	Loss component N'000	N'000	N'000	
Annuity	2,129,224	63,877	97,944	-	2,291,045
Endowment	136,704	6,835	6,288	-	149,827
Total	2,265,928	70,712	104,233	-	2,440,873

2021 Non-Life Insurance contract liabilities

Liability for Incurred Claims

				Total
	Liability for Remaining Coverage (LRC)	PV of Future cashflows	Risk Adjustment	
	N'000	N'000	N'000	N'000
Fire	5,348	44,845	2,511	52,703
General Accident	27,751	442,846	24,799	495,396
Motor	19,696	42,729	2,753	65,178
Marine	7,436	57,791	3,930	69,158
Aviation	188	39,929	2,595	42,713
Oil & Gas	5	940,422	65,830	1,006,256
Engineering	-	52,609	2,630	55,239
Bond	146	63,134	3,157	66,437
Total	60,571	1,684,304	108,205	1,853,080

NOTES TO THE FINANCIAL STATEMENTS (continued)

Reconciliation of the liability for remaining coverage and the liability for incurred claims for insurance contracts

December, 2023

Reconciliation of carrying amounts by LRC/LIC: insurance	Liability for Remaining Coverage (LRC)		Liability for Incurred Claims		Total
	Non-onerous	Onerous	PV of Future cash flow	Risk Adjustment	
	N'000	N'000	N'000	N'000	N'000
Opening insurance contract assets	-	-	-	-	-
Opening insurance contract liabilities	2,154,985	-	2,841,772	230,191	5,226,947
Net opening balance	2,154,985	-	2,841,772	230,191	5,226,947
Insurance revenue	(418,061)	-	-	-	(418,061)
Insurance service expenses	-	-	-	-	-
Incurred claims	-	-	304,653	-	304,653
Incurred fulfilment expenses	-	-	17,084	-	-
Acquisition expenses	-	-	-	-	-
Changes related to future service	(9,730)	5,173	-	9,730	5,173
Changes related to past service	-	-	-	(3,378)	(3,378)
Total Insurance service expenses	(9,730)	5,173	321,737	6,351	306,448
Investment components	-	-	-	-	-
Insurance service result	(427,791)	5,173	321,737	6,351	(111,614)
Insurance finance expenses	194,161	-	-	-	194,161
Total change in comprehensive income	(233,630)	5,173	321,737	6,351	82,547
Premiums received	5,982	-	-	-	5,982
Claims paid	-	-	(253,086)	-	(253,086)
Expenses paid	-	-	(17,084)	-	(17,084)
Acquisition costs paid	-	-	-	-	-
Total cash flows	5,982	-	(270,170)	-	(264,188)
Closing insurance contract assets	-	-	-	-	-
Closing insurance contract liabilities	1,944,930	5,173	2,893,339	218,948	5,062,390
Net closing balance	1,944,930	5,173	2,893,339	218,948	5,062,390

Reconciliation of the liability for remaining coverage and the liability for incurred claims for insurance contracts - Group Life

December, 2023

Reconciliation of carrying amounts by LRC/LIC: insurance	Liability for Remaining Coverage (LRC)		Liability for Incurred Claims		Total
	Non-onerous	Onerous	PV of Future cash flow	Risk Adjustment	
	N'000	N'000	N'000	N'000	N'000
Opening insurance contract assets	-	-	-	-	-
Opening insurance contract liabilities	-	-	1,004,258	20,085	1,024,344
Net opening balance	-	-	1,004,258	20,085	1,024,344
Insurance revenue	(5,982)	-	-	-	(5,982)
Insurance service expenses	-	-	-	-	-
Incurred claims	-	-	7,923	-	7,923
Incurred Fulfilment expenses	-	-	12,385	-	12,385
Acquisition expenses	-	-	-	-	-
Changes related to future service	-	-	-	-	-
Changes related to past service	-	-	(37,903)	(758)	(38,661)
Total Insurance service expenses	-	-	(17,595)	(758)	(18,354)
Investment components	-	-	-	-	-
Insurance service result	(5,982)	-	(17,595)	(758)	(24,334)
Insurance finance expenses	-	-	-	-	-
Total change in comprehensive income	(5,982)	-	(17,595)	(758)	(24,334)
Premiums received	5,982	-	-	-	5,982
Claims and expenses paid	-	-	(7,923)	-	(7,923)
Claims and expenses paid	-	-	(12,385)	-	(12,385)
Acquisition costs paid	-	-	-	-	-
Total cash flows	5,982	-	(20,308)	-	(14,326)
Closing insurance contract assets	-	-	-	-	-
Closing insurance contract liabilities	-	-	966,355	19,327	985,682
Net closing balance	-	-	966,355	19,327	985,682

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS (continued)

Reconciliation of the liability for remaining coverage and the liability for incurred claims for insurance contracts - for Non-life

December, 2023

	Liability for Remaining Coverage (LRC)		Liability for Incurred Claims		Total
	Non-onerous	Onerous	PV of Future cash flow	Risk Adjustment	
	N'000	N'000	N'000	N'000	N'000
Reconciliation of carrying amounts by LRC/LIC: insurance					
Opening insurance contract assets	-	-	-	-	-
Opening insurance contract liabilities	4,754	-	1,763,522	113,295	1,881,570
Net opening balance	4,754	-	1,763,522	113,295	1,881,570
Insurance revenue	(4,754)	-	-	-	(4,754)
Insurance service expenses	-	-	-	-	-
Incurred claims	-	-	-	-	-
Incurred fulfilment expenses	-	-	6,118	-	6,118
Acquisition expenses	-	-	-	-	-
Changes related to future service	-	-	-	-	-
Changes related to past service	-	-	-	(3,378)	(3,378)
Total Insurance service expenses	-	-	6,118	(3,378)	2,740
Investment components	-	-	-	-	-
Insurance service result	(4,754)	-	6,118	(3,378)	(2,014)
Insurance finance expenses	-	-	-	-	-
Total change in comprehensive income	(4,754)	-	6,118	(3,378)	(2,014)
Premiums received	-	-	-	-	-
Claims paid	-	-	(60,328)	-	(60,328)
Expenses paid	-	-	(6,118)	-	(6,118)
Acquisition costs paid	-	-	-	-	-
Total cash flows	-	-	(66,446)	-	(66,446)
Closing insurance contract assets	-	-	-	-	-
Closing insurance contract liabilities	0	-	1,703,194	109,916	1,813,110
Net closing balance	0	-	1,703,194	109,916	1,813,110

Reconciliation of the liability for remaining coverage and the liability for incurred claims for insurance contracts - GMM Portfolios

December, 2023

	Liability for Remaining Coverage (LRC)		Liability for Incurred Claims		Total
	Non-onerous	Onerous	PV of Future cash flow	Risk Adjustment	
	N'000	N'000	N'000	N'000	N'000
Reconciliation of carrying amounts by LRC/LIC:					
Opening insurance contract assets	-	-	-	-	-
Opening insurance contract liabilities	2,150,231	-	111,895	97,569	2,359,695
Net opening balance	2,150,231	-	111,895	97,569	2,359,695
Insurance revenue	(407,325)	-	-	-	(407,325)
Insurance service expenses	-	-	-	-	-
Incurred claims	-	-	304,653	-	304,653
Incurred fulfilment expenses	-	-	7,735	-	7,735
Acquisition expenses	-	-	-	-	-
Changes related to future service	(9,730)	5,173	-	9,730	5,173
Changes related to past service	-	-	-	-	-
Total Insurance service expenses	(9,730)	5,173	312,388	9,730	317,561
Investment components	-	-	-	-	-
Insurance service result	(417,055)	5,173	312,388	9,730	(89,764)
Insurance finance expenses	194,161	-	-	-	194,161
Total change in comprehensive income	(222,894)	5,173	312,388	9,730	104,396
Premiums received	-	-	-	-	-
Claims paid	-	-	(192,758)	-	(192,758)
Expenses paid	-	-	(7,735)	-	(7,735)
Acquisition costs paid	-	-	-	-	-
Total cash flows	-	-	(200,493)	-	(200,493)
Closing insurance contract assets	-	-	-	-	-
Closing insurance contract liabilities	1,944,930	5,173	223,790	89,705	2,263,598
Net closing balance	1,944,930	5,173	223,790	89,705	2,263,598

NOTES TO THE FINANCIAL STATEMENTS (continued)

Reconciliation of the liability for remaining coverage and the liability for incurred claims for insurance contracts - Annuity

December, 2023

Reconciliation of carrying amounts by LRC/LIC: insurance

	Liability for Remaining Coverage (LRC)		Liability for Incurred Claims (LIC)	
	Non-onerous	Onerous	PV of Future cash flow	Total
	N'000	N'000	N'000	N'000
Opening insurance contract assets				
Opening insurance contract liabilities	2,097,624	-	111,895	2,209,519
Net opening balance	2,097,624	-	111,895	2,209,519
Insurance revenue	(311,472)			(311,472)
Insurance service expenses				
Incurred claims			304,653	304,653
Incurred Fulfilment expenses			7,243	7,243
Acquisition expenses				-
Changes related to future service	-	1,593	-	1,593
Changes related to past service	-	-	-	-
Total Insurance service expenses	-	1,593	311,896	313,489
Investment components	-	-	-	-
Insurance service result	(311,472)	1,593	311,896	2,017
Insurance finance expenses	101,307	-	-	101,307
Total change in comprehensive income	(210,166)	1,593.17	311,896.10	103,324
Premiums received	-	-	-	-
Claims paid	-	-	(192,758)	(192,758)
Expenses paid	-	-	(7,243)	(7,243)
Acquisition costs paid	-	-	-	-
Total cash flows	-	-	(200,001)	(200,001)
Closing insurance contract assets	-	-	-	-
Closing insurance contract liabilities	1,887,458	1,593	223,790	2,112,842
Net closing balance	1,887,458	1,593	223,790	2,112,842

Reconciliation of the liability for remaining coverage and the liability for incurred claims for insurance contracts - Endowment

December, 2023

Reconciliation of carrying amounts by LRC/LIC: insurance

	Liability for Remaining Coverage (LRC)		Liability for Incurred Claims (LIC)	
	Non-onerous	Onerous	PV of Future cash flow	Total
	N'000	N'000	N'000	N'000
Opening insurance contract assets				
Opening insurance contract liabilities	150,176	-	-	150,176
Net opening balance	150,176	-	-	150,176
Insurance revenue	(95,854)			(95,854)
Insurance service expenses				
Incurred claims			492	492
Incurred Fulfilment expenses			-	-
Acquisition expenses				-
Changes related to future service	-	3,579	-	3,579
Changes related to past service	-	-	-	-
Total Insurance service expenses	-	3,579	492	4,072
Investment components	-	-	-	-
Insurance service result	(95,854)	3,579	492	(91,782)
Insurance finance expenses	92,854	-	-	92,854
Total change in comprehensive income	(2,999)	3,579.34	492.27	1,073
Premiums received	-	-	-	-
Claims paid	-	-	-	-
Expenses paid	-	-	(492)	(492)
Acquisition costs paid	-	-	-	-
Total cash flows	-	-	(492)	(492)
Closing insurance contract assets	-	-	-	-
Closing insurance contract liabilities	147,177	3,579	-	150,756
Net closing balance	147,177	3,579	-	150,756

NOTES TO THE FINANCIAL STATEMENTS (continued)

Reconciliation of the components of insurance contract liabilities - GMM Portfolios

December, 2023

Reconciliation of carrying amounts by BEL/RA/CSM: Insurance	Estimates of present value of future cashflows	Risk Adjustment	CSM	Total
	N'000	N'000	N'000	N'000
Opening insurance contract assets	-	-	-	-
Opening insurance contract liabilities	2,232,969	97,569	29,157	2,359,695
Net opening balance	2,232,969	97,569	29,157	2,359,695
Changes related to current services				
CSM for service provided	-	-	-	-
Risk Adjustment release for expired risks	-	(17,594)	-	(17,594)
Experience adjustments	(77,343)	-	-	(77,343)
Total changes related to current services	(77,343)	(17,594)	-	(94,938)
Changes related to future services				
New contracts recognised	-	-	-	-
Changes in estimates reflected in CSM	24,793	7,888	(32,681)	0
Changes in estimates resulting in contract losses	3,331	1,842	-	5,173
Total changes related to future services	28,124	9,730	(32,681)	5,173
Changes that relate to past service				
Adjustments to liabilities for incurred claims	-	-	-	-
Total changes that relate to past service	-	-	-	-
Insurance service result	(49,219)	(7,865)	(32,681)	(89,765)
Insurance finance expenses	190,637	-	3,524	194,161
Total change in comprehensive income	190,637	-	3,524	194,161
Total cash flows	(200,493)	-	-	(200,493)
Closing insurance contract assets	-	-	-	-
Closing insurance contract liabilities	2,173,893	89,705	-	2,263,598
Net closing balance	2,173,893	89,705	-	2,263,598

Reconciliation of the components of insurance contract liabilities - Annuity

December, 2023

Reconciliation of carrying amounts by BEL/RA/CSM: Insurance	Estimates of present value of future cashflows	Risk Adjustment	CSM	Total
	N'000	N'000	N'000	N'000
Opening insurance contract assets	-	-	-	-
Opening insurance contract liabilities	2,095,594	91,250	22,675	2,209,519
Net opening balance	2,095,594	91,250	22,675	2,209,519
Changes related to current services				
CSM for service provided	-	-	-	-
Risk Adjustment release for expired risks	-	(13,228)	-	(13,228)
Experience adjustments	13,652	-	-	13,652
Total changes related to current services	13,652	(13,228)	-	424
Changes related to future services				
New contracts recognised	-	-	-	-
Changes in estimates reflected in CSM	20,661	4,755	(25,416)	-
Changes in estimates resulting in contract losses	1,295	298	-	1,593
Total changes related to future services	21,956	5,053	(25,416)	1,593
Changes that relate to past service				
Adjustments to liabilities for incurred claims	-	-	-	-
Total changes that relate to past service	-	-	-	-
Insurance service result	35,608	(8,175)	(25,416)	2,017
Insurance finance expenses	98,566	-	2,741	101,307
Total change in comprehensive income	134,174	(8,175)	(22,675)	103,324
Total cash flows	(200,001)	-	-	(200,001)
Closing insurance contract assets	-	-	-	-
Closing insurance contract liabilities	2,029,767	83,075	-	2,112,842
Net closing balance	2,029,767	83,075	-	2,112,842

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS (continued)

Reconciliation of the components of insurance contract liabilities - Endowment

December, 2023

	Estimates of present value of future cashflows	Risk Adjustment	CSM	Total
Reconciliation of carrying amounts by BEL/RA/CSM: insurance	N'000	N'000	N'000	N'000
Opening insurance contract assets	-	-	-	-
Opening insurance contract liabilities	137,375	6,319	6,482	150,176
Net opening balance	137,375	6,319	6,482	150,176
Changes related to current services				
CSM for service provided	-	-	-	-
Risk Adjustment release for expired risks	-	(4,366)	-	(4,366)
Experience adjustments	(90,995)	-	-	(90,995)
Total changes related to current services	(90,995)	(4,366)	-	(95,361)
Changes related to future services				
New contracts recognised	-	-	-	-
Changes in estimates reflected in CSM	4,132	3,133	(7,265)	-
Changes in estimates resulting in contract losses	2,036	1,544	-	3,579
Total changes related to future services	6,168	4,677	(7,265)	3,579
Changes that relate to past service				
Adjustments to liabilities for incurred claims	-	-	-	-
Total changes that relate to past service	-	-	-	-
Insurance service result	(84,827)	311	(7,265)	(91,782)
Insurance finance expenses	92,071	-	784	92,854
Total change in comprehensive income	7,244	311	(6,482)	1,073
Total cash flows	(492)	-	-	(492)
Closing insurance contract assets	-	-	-	-
Closing insurance contract liabilities	144,127	6,630	0	150,756
Net closing balance	144,127	6,630	0	150,756

Reconciliation of the liability for remaining coverage and the liability for incurred claims for insurance contracts

December, 2022

	Liability for Remaining Coverage (LRC)		Liability for Incurred Claims		Total
Reconciliation of carrying amounts by LRC/LIC: insurance	Non-onerous	Onerous	PV of Future cash flow	Risk Adjustment	N'000
	N'000	N'000	N'000	N'000	N'000
Opening insurance contract assets	-	-	-	-	-
Opening insurance contract liabilities	2,397,211	-	2,688,563	232,523	5,318,297
Net opening balance	2,397,211	-	2,688,563	232,523	5,318,297
Insurance revenue	(506,536)	-	-	(17,309)	(523,845)
Insurance service expenses					
Incurred claims	-	-	596,862	-	596,862
Incurred fulfilment expenses	-	-	65,674	-	65,674
Acquisition expenses	9,151	-	-	-	9,151
Changes related to future service	(10,646)	-	-	10,646	0
Changes related to past service	-	-	41,314	4,331	45,645
Total Insurance service expenses	(1,495)	-	703,851	14,977	651,659
Investment components	(42,607)	-	42,607	-	-
Insurance service result	(550,637)	-	746,457	(2,332)	127,814
Insurance finance expenses	211,980	-	-	-	211,980
Total change in comprehensive income	(338,657)	-	746,457	(2,332)	339,794
Premiums received	105,582	-	-	-	105,582
Claims paid	-	-	(540,882)	-	(540,882)
Expenses paid	-	-	(52,366)	-	(52,366)
Acquisition costs paid	(9,151)	-	-	-	(9,151)
Total cash flows	96,431	-	(593,248)	-	(496,817)
Closing insurance contract assets	-	-	-	-	-
Closing insurance contract liabilities	2,154,985	-	2,841,772	230,191	5,226,947
Net closing balance	2,154,985	-	2,841,772	230,191	5,226,947

NOTES TO THE FINANCIAL STATEMENTS (continued)

Reconciliation of the liability for remaining coverage and the liability for incurred claims for insurance contracts - Group Life

December, 2022

Reconciliation of carrying amounts by LRC/LIC: insurance	Liability for Remaining Coverage (LRC)		Liability for Incurred Claims		Total
	Non-onerous	Onerous	PV of Future cash flow	Risk Adjustment	
	N'000	N'000	N'000	N'000	N'000
Opening insurance contract assets	-	-	-	-	-
Opening insurance contract liabilities	-	-	1,004,258	20,085	1,024,344
Net opening balance	-	-	1,004,258	20,085	1,024,344
Insurance revenue	(13,069)	-	-	-	(13,069)
Insurance service expenses	-	-	-	-	-
Incurred claims	-	-	7,923	-	7,923
Incurred Fulfilment expenses	-	-	12,385	-	12,385
Acquisition expenses	-	-	-	-	-
Changes related to future service	-	-	-	-	-
Changes related to past service	-	-	(37,903)	(758)	(38,661)
Total Insurance service expenses	-	-	(17,595)	(758)	(18,354)
Investment components	-	-	-	-	-
Insurance service result	(13,069)	-	(17,595)	(758)	(31,423)
Insurance finance expenses	-	-	-	-	-
Total change in comprehensive income	(13,069)	-	(17,595)	(758)	(31,423)
Premiums received	13,069	-	-	-	13,069
Claims and expenses paid	-	-	(7,923)	-	(7,923)
Claims and expenses paid	-	-	(12,385)	-	(12,385)
Acquisition costs paid	-	-	-	-	-
Total cash flows	13,069	-	(20,308)	-	(7,239)
Closing insurance contract assets	-	-	-	-	-
Closing insurance contract liabilities	-	-	966,355	19,327	985,682
Net closing balance	-	-	966,355	19,327	985,682

Reconciliation of the liability for remaining coverage and the liability for incurred claims for insurance contracts - for Non-life

December, 2022

Reconciliation of carrying amounts by LRC/LIC: insurance	Liability for Remaining Coverage (LRC)		Liability for Incurred Claims		Total
	Non-onerous	Onerous	PV of Future cash flow	Risk Adjustment	
	N'000	N'000	N'000	N'000	N'000
Opening insurance contract assets	-	-	-	-	-
Opening insurance contract liabilities	60,571	-	1,792,510	-	1,853,080
Net opening balance	60,571	-	1,792,510	-	1,853,080
Insurance revenue	(84,445)	-	-	-	(84,445)
Insurance service expenses	-	-	-	-	-
Incurred claims	-	-	10,333	-	10,333
Incurred fulfilment expenses	-	-	23,641	-	23,641
Acquisition expenses	2,959	-	-	-	2,959
Changes related to future service	-	-	-	-	-
Changes related to past service	-	-	84,307	-	84,307
Total Insurance service expenses	2,959	-	118,280	-	121,240
Investment components	-	-	-	-	-
Insurance service result	(81,486)	-	118,280	-	36,795
Insurance finance expenses	-	-	-	-	-
Total change in comprehensive income	(81,486)	-	118,280	-	36,795
Premiums received	28,628	-	-	-	28,628
Claims paid	-	-	(33,974)	-	(33,974)
Expenses paid	(2,959)	-	-	-	(2,959)
Acquisition costs paid	-	-	-	-	-
Total cash flows	28,628	-	(33,974)	-	(8,305)
Closing insurance contract assets	-	-	-	-	-
Closing insurance contract liabilities	4,754	-	1,876,817	-	1,813,110
Net closing balance	4,754	-	1,876,817	-	1,813,110

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS (continued)

Reconciliation of the liability for remaining coverage and the liability for incurred claims for insurance contracts - GMM Portfolios

December, 2022

	Liability for Remaining Coverage (LRC)		Liability for Incurred Claims	Total
	Non-onerous	Onerous	PV of Future cash flow	
	N'000	N'000	N'000	N'000
Reconciliation of carrying amounts by LRC/LIC: insurance				
Opening insurance contract assets	-	-	-	-
Opening insurance contract liabilities	2,440,873	-	-	2,440,873
Net opening balance	2,440,873	-	-	2,440,873
Insurance revenue	(426,331)	-	-	(426,331)
Insurance service expenses	-	-	-	-
Incurred claims	-	-	578,607	578,607
Incurred fulfilment expenses	-	-	29,648	29,648
Acquisition expenses	6,192	-	-	6,192
Changes related to future service	-	-	-	-
Changes related to past service	-	-	-	-
Total Insurance service expenses	6,192	-	608,255	614,447
Investment components	(42,607)	-	42,607	-
Insurance service result	(462,745)	-	650,862	188,116
Insurance finance expenses	211,980	-	-	211,980
Total change in comprehensive income	(250,765)	-	650,862	400,096
Premiums received	63,885	-	-	63,885
Claims paid	-	-	(509,318)	(509,318)
Expenses paid	-	-	(29,648)	(29,648)
Acquisition costs paid	(6,192)	-	-	(6,192)
Total cash flows	57,693	-	(538,966)	(481,274)
Closing insurance contract assets	-	-	-	-
Closing insurance contract liabilities	2,247,800	-	111,895	2,359,695
Net closing balance	2,247,800	-	111,895	2,359,695

Reconciliation of the liability for remaining coverage and the liability for incurred claims for insurance contracts - Annuity

December, 2022

	Liability for Remaining Coverage (LRC)		Liability for Incurred Claims	Total
	Non-onerous	Onerous	PV of Future cash flow	
	N'000	N'000	N'000	N'000
Reconciliation of carrying amounts by LRC/LIC: insurance				
Opening insurance contract assets	-	-	-	-
Opening insurance contract liabilities	2,291,045	-	-	2,291,045
Net opening balance	2,291,045	-	-	2,291,045
Insurance revenue	(312,739)	-	-	(312,739)
Insurance service expenses	-	-	-	-
Incurred claims	-	-	578,607	578,607
Incurred Fulfilment expenses	-	-	27,762	27,762
Acquisition expenses	-	-	-	-
Changes related to future service	-	-	-	-
Changes related to past service	-	-	-	-
Total Insurance service expenses	-	-	606,368	606,368
Investment components	-	-	-	-
Insurance service result	(312,739)	-	606,368	293,630
Insurance finance expenses	119,317	-	-	119,317
Total change in comprehensive income	(193,422)	-	606,368.16	412,947
Premiums received	-	-	-	-
Claims paid	-	-	(466,711)	(466,711)
Expenses paid	-	-	(27,762)	(27,762)
Acquisition costs paid	-	-	-	-
Total cash flows	-	-	(494,473)	(494,473)
Closing insurance contract assets	-	-	-	-
Closing insurance contract liabilities	2,097,624	-	111,895	2,209,519
Net closing balance	2,097,624	-	111,895	2,209,519

NOTES TO THE FINANCIAL STATEMENTS (continued)

Reconciliation of the liability for remaining coverage and the liability for incurred claims for insurance contracts - Endowment

December, 2022

Reconciliation of carrying amounts by LRC/LIC: insurance

	Liability for Remaining Coverage (LRC)		Liability for Incurred Claims (LIC) PV of Future cash flow	Total
	Non-onerous	Onerous		
	N'000	N'000	N'000	N'000
Opening insurance contract assets	-	-	-	-
Opening insurance contract liabilities	149,827	-	-	149,827
Net opening balance	149,827	-	-	149,827
Insurance revenue	(113,592)	-	-	(113,592)
Insurance service expenses	-	-	-	-
Incurred claims	-	-	-	-
Incurred Fulfilment expenses	-	-	1,887	1,887
Acquisition expenses	6192	-	-	6,192
Changes related to future service	-	-	-	-
Changes related to past service	-	-	-	-
Total Insurance service expenses	6,192	-	1,887	8,079
Investment components	(42,607)	-	42,607	-
Insurance service result	(107,400)	-	1,887	(105,513)
Insurance finance expenses	92,663	-	-	92,663
Total change in comprehensive income	(14,737)	-	1,886.89	(12,850)
Premiums received	63,885	-	-	63,885
Claims paid	-	-	(42,607)	(42,607)
Expenses paid	-	-	(1,887)	(1,887)
Acquisition costs paid	-	6,192	-	(6,192)
Total cash flows	57,693	-	(44,493)	13,199
Closing insurance contract assets	-	-	-	-
Closing insurance contract liabilities	150,176	-	-	150,176
Net closing balance	150,176	-	-	150,176

Reconciliation of the components of insurance contract liabilities - GMM Portfolios

December, 2022

	Estimates of present value of future cashflows	Risk Adjustment	CSM	Total
Reconciliation of carrying amounts by BEL/RA/CSM: insurance				
Opening insurance contract assets	-	-	-	-
Opening insurance contract liabilities	2,265,928	104,233	70,712	2,440,873
Net opening balance	2,265,928	104,233	70,712	2,440,873
Changes related to current services	-	-	-	-
CSM for service provided	-	-	(15,876)	(15,876)
Risk Adjustment release for expired risks	-	(17,309)	-	(17,309)
Experience adjustments	221,301	-	-	221,301
Total changes related to current services	221,301	(17,309)	(15,876)	188,116
Changes related to future services	-	-	-	-
New contracts recognised	-	-	-	-
Changes in estimates reflected in CSM	23,581	10,646	(34,227)	-
Changes in estimates resulting in contract losses	-	-	-	-
Total changes related to future services	23,581	10,646	(34,227)	-
Changes that relate to past service	-	-	-	-
Adjustments to liabilities for incurred claims	-	-	-	-
Total changes that relate to past service	-	-	-	-
Insurance service result	244,882	(6,663)	(50,103)	188,116
Insurance finance expenses	203,432	-	8,548	211,980
Total change in comprehensive income	448,315	(6,663)	(41,555)	400,096
Total cash flows	(481,274)	-	-	(481,274)
Closing insurance contract assets	-	-	-	-
Closing insurance contract liabilities	2,232,969	97,569	29,157	2,359,695
Net closing balance	2,232,969	97,569	29,157	2,359,695

NOTES TO THE FINANCIAL STATEMENTS (continued)

Reconciliation of the components of insurance contract liabilities - Annuity

December, 2022

	Estimates of present value of future cashflows	Risk Adjustment	CSM	Total
Reconciliation of carrying amounts by BEL/RA/CSM: insurance				
Opening insurance contract assets	-	-	-	-
Opening insurance contract liabilities	2,129,224	97,944	63,877	2,291,045
Net opening balance	2,129,224	97,944	63,877	2,291,045
Changes related to current services				
CSM for service provided	-	-	(3,695.1)	(3,695)
Risk Adjustment release for expired risks	-	(12,912.4)	-	(12,912)
Experience adjustments	310,237.1	-	-	310,237
Total changes related to current services	310,237	(12,912)	(3,695)	293,630
Changes related to future services				
New contracts recognised	-	-	-	-
Changes in estimates reflected in CSM	39,010	6,218	(45,228)	-
Changes in estimates resulting in contract losses	-	-	-	-
Total changes related to future services	39,010	6,218	(45,228)	-
Changes that relate to past service				
Adjustments to liabilities for incurred claims	-	-	-	-
Total changes that relate to past service	-	-	-	-
Insurance service result	349,247	(6,694)	(48,923)	293,630
Insurance finance expenses	111,596	-	7,721	119,317
Total change in comprehensive income	460,842	(6,694)	(41,202)	412,947
Total cash flows	(494,473)	-	-	(494,473)
Closing insurance contract assets	-	-	-	-
Closing insurance contract liabilities	2,095,594	91,250	22,675	2,209,519
Net closing balance	2,095,594	91,250	22,675	2,209,519

Reconciliation of the components of insurance contract liabilities - Endowment

December, 2022

	Estimates of present value of future cashflows	Risk Adjustment	CSM	Total
Reconciliation of carrying amounts by BEL/RA/CSM: insurance				
Opening insurance contract assets	-	-	-	-
Opening insurance contract liabilities	136,704	6,288	6,835	149,827
Net opening balance	136,704	6,288	6,835	149,827
Changes related to current services				
CSM for service provided	-	-	(12,181)	(12,181)
Risk Adjustment release for expired risks	-	(4,397)	-	(4,397)
Experience adjustments	(88,936)	-	-	(88,936)
Total changes related to current services	(88,936)	(4,397)	(12,181)	(105,513)
Changes related to future services				
New contracts recognised	-	-	-	-
Changes in estimates reflected in CSM	(15,428)	4,428	11,001	-
Changes in estimates resulting in contract losses	-	-	-	-
Total changes related to future services	(15,428)	4,428	11,001	-
Changes that relate to past service				
Adjustments to liabilities for incurred claims	-	-	-	-
Total changes that relate to past service	-	-	-	-
Insurance service result	(104,365)	31	(1,180)	(105,513)
Insurance finance expenses	91,837	-	826	92,663
Total change in comprehensive income	(12,528)	31	(353)	(12,850)
Total cash flows	13,199	-	-	13,199
Closing insurance contract assets	-	-	-	-
Closing insurance contract liabilities	137,375	6,319	6,482	150,176
Net closing balance	137,375	6,319	6,482	150,176

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS (continued)

		2023	2022
		No. of	No. of
		Claimants	Claimants
		Amount	Amount (N'000)
		(N'000)	
12.1	The age analysis of outstanding claims are:		
	0 - 90 days	-	-
	91 - 180 days	-	-
	181 - 270 days	-	57
	271 - 365 days	-	156
	365 days and above	4,844	4,662
		4,844	4,875
		1,473,169	1,533,497

12.2 REASONS FOR OUTSTANDING CLAIMS CAN BE ANALYSED AS FOLLOWS:

	0-90	91-180	181-270	271-365	Above 365	2023
31 December 2023	DAYS	DAYS	DAYS	DAYS	DAYS	Total
	N'000	N'000	N'000	N'000	Qty	N'000
Discharge Voucher Issued- Life	-	-	-	215	192,876	192,876
Discharge Voucher Issued- Non-Life	-	-	-	139	287,824	287,824
Awaiting Lost Adjusters report	-	-	-	129	178,293	178,293
Awaiting Documentation from Claimar	-	-	-	3,028	261,450	261,450
Abandoned by Claimants	-	-	-	287	192,930	192,930
Incomplete Documentations by	-	-	-	1,046	359,796	359,796
TOTAL	-	-	-	4,844	1,473,169	1,473,169

	181-270	271-365	Above 365	2022
31 December 2022	DAYS	DAYS	DAYS	Total
	N'000	N'000	N'000	N'000
Discharge Voucher Issued- Life	8,525	157,021	87,659	253,204
Discharge Voucher Issued- Non-Life	1,308	57,725	228,790	287,824
Awaiting Lost Adjusters report	-	45,501	132,792	178,293
Awaiting Documentation from Claimants	3,508	12,517	245,425	261,450
Abandoned by Claimants	-	36,495	156,435	192,930
Incomplete Documentations by Claimants	-	194,165	165,631	359,796
TOTAL	-	-	13,341	503,424
				1,016,732
				1,533,497

	0-90	91-180	181-270	271-365	Above 365	2022
31 December 2021	DAYS	DAYS	DAYS	DAYS	DAYS	Total
	N'000	N'000	N'000	N'000	N'000	N'000
Discharge Voucher Issued- Life	-	-	18,525	107,021	210,811	336,356
Discharge Voucher Issued- Non-Life	-	-	11,308	7,725	278,790	297,824
Awaiting Lost Adjusters report	-	-	-	37,501	132,792	170,293
Awaiting Documentation from Claimants	-	-	3,508	12,517	270,425	286,450
Abandoned by Claimants	-	-	-	6,495	181,435	187,930
Incomplete Documentations by Claimants	-	-	963	94,165	90,631	185,759
TOTAL	-	-	34,304	265,424	1,164,884	1,464,612

The Company Insurance Contract Liabilities for both Life and Non-Life businesses is established at the end of the year by Becoda Consulting Limited with FRC/2019/00000012909. The report was signed by Benjamin Awunor with Financial Reporting Council Number FRC/2015/PRO/NAS/004/00000012946.

13 Investment Contract Liabilities

At 1 January	2,571,151	2,448,716	2,584,313
Guarantee interest for the year	96,208	122,436	(135,597)
At 31 December	2,667,359	2,571,151	2,448,716

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS (continued)

	2023	2022	2021
	N'000	N'000	N'000
14 Trade payables			
Due to Reinsurer (Note 14.1)	-	-	-
Commission payable	7,948	7,948	7,948
	7,948	7,948	7,948
14.1 Due to Reinsurer			
At 1 January	-	-	36,257
Reclassified to retained earning (Note 23)	-	-	(36,257)
At 31 December	-	-	-
This balance, along with reinsurance assets, was derecognised and taken to retained earnings, as Actuarial reports indicated a lack of supporting data for IFRS 17 measurement.			
15 Other payables and accruals			
Statutory deductions (Note 15.1)	206,613	206,614	199,147
Information technology development levy	8,406	8,406	8,406
Rent received in advance (Note 15.2)	-	1,553	373
Due to staff	11,293	11,293	200,994
Accrued expenses (Note 15.3)	43,426	39,926	157,623
Statutory penalty payable (Note 15.4)	4,026	4,026	-
Unclaimed dividend	3,182	3,182	3,182
Preference dividend payable (Note 15.5)	175,000	175,000	175,000
Amount due to other beneficiaries (Note 15.6)	1,451	2,590	56,272
Annuity fund fee payable (Note 15.7)	16,651	16,651	16,651
Directors' current account	33,271	33,271	33,271
Unearned interest on treasury bills	503,320	502,513	850,919
The above are further analysed as:			
Current	503,320	502,513	850,919
Non-current	-	-	-
	503,320	502,513	850,919
15.1 Statutory deductions			
PAYE payable	110,224	110,224	106,915
Pension payable	54,557	54,557	50,399
VAT payable	3,824	3,824	3,824
Withholding tax	38,009	38,009	38,009
	206,613	206,614	199,147
15.2 Movement in rent received in advance			
At January 1	1,553	373	1,000
Additional rental Income received	-	1,501	1,840
Rental income recognised during the year (Note 29.3)	(1,553)	(321)	(2,467)
At December 31	-	1,553	373
15.3 Accrued expenses			
Audit fee accrual	26,500	23,000	19,500
Management expenses payable	13,914	13,914	13,914
Others	3,012	3,012	124,209
	43,426	39,926	157,623
15.4 Statutory penalty payable	4,026	4,026	-
This relates to NAICOM charges to the company for late submission of 2022 financial			
15.5 Preference dividend payable	175,000	175,000	175,000
The Company had 17,500,000 (Seventeen Million, Five Hundred Thousand units of preference shares of N100 (One Hundred Naira) each prior to year ended 31 December 2011. These were converted to ordinary shares of 50k (50 Kobo) each in the Company and issued to the holders of the preference shares as at 31 December 2011 in accordance with the resolution passed at the 15th Annual General Meeting of 16th December 2011. The amount of N175 million is the balance of pre conversion dividend yet unpaid as at 31 December 2023 reporting date.			
15.6 Amount due to other beneficiaries	N'000	N'000	N'000
Staff group life payable	-	-	151
Other creditors	1,451	2,590	56,121
	1,451	2,590	56,272
15.7 Annuity fund fee payable	2023	2022	2021
	N'000	N'000	N'000
At January 1	16,651	16,651	16,651
Addition during the year	-	-	-
At December 31	16,651	16,651	16,651

Annuity fund fee represents a provision of 1% out of annuity premium received in a financial year. This is being proposed by NAICOM. The balance at the end of the year represents provisions as at reporting dates.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS (continued)

16	Borrowings	N'000	N'000	N'000
	Daewoo Securities Bond (Note 19.1)	3,841,795	1,976,233	1,994,015
	Cowry Asset Management Limited (Note 19.2)	-	-	-
		3,841,795	1,976,233	1,994,015

16.1 Daewoo Securities Bond

The Company received a capital inflow of JPY650,000,000 (\$7,397,516) zero coupon bond raised from Daewoo Securities in December 2009.

The bond was tenured originally for 20 years with the lenders' option to convert the bond to Standard Alliance Insurance Plc's ordinary shares. If the option is not exercised, the Company must pay interest 4.25% per annum on the gross bond value for the entire term it has been outstanding.

Daewoo Securities requested the full redemption of the bond in 2011, after which the Company negotiated with it and a repayment plan with the bond owners was renegotiated in 2012. Further negotiations commenced in 2015 and are still ongoing. The Company's outstanding liability to Daewoo Securities as of 31 December 2023 is JPY605,236,000 (2022:JPY580,562,000), principal and interest inclusive.

Further details of transactions during the year are:

	Principal JPY'000	Interest JPY'000	Total JPY'000	2023 N'000	2022 N'000	2021 N'000
At 1 January	398,203	182,359	580,562	1,976,233	1,994,015	1,682,419
Interest accrued during the year	-	24,674	24,674	112,624	76,688	82,446
Foreign exchange difference	-	-	-	1,752,938	(94,470)	229,150
At 31 December	398,203	207,033	605,236	3,841,795	1,976,233	1,994,015

Current maturities

	JPY'000	JPY'000	JPY'000
Interest	207,033	182,359	158,691
Principal	398,203	398,203	398,203
Total current maturities	605,236	580,562	556,894
Non-current principal maturity	-	-	-
	605,236	580,562	556,894

The balance of JPY 605,236,000,000 (2022: JPY 580,562,000) is stated in the financial statements at the Central Bank of Nigeria closing exchange rate of N6.3476/JPY as at 31 December 2023. Subsequent to 2023 reporting period, no payment has been made on principal and interest.

16.2 Cowry Asset Loan

	N'000	N'000	N'000
At 1 January	-	-	101,526
Repayment during the year	-	-	(101,526)
At 31 December	-	-	-

Repayments during the year

Principal	-	-	100,000
Loan interest charge	-	-	1,526
	-	-	101,526

The Company entered into a new loan arrangement with Cowry Assets Management Limited for working capital needs. The new loan was consummated in July 2019 at a value of N300million. The loan is payable within one year at the interest rate of 28%.

	2023 N'000	2022 N'000	2021 N'000	
17	Current income tax liabilities			
	Per Statement of Comprehensive income			
	Company income tax	2,287	1	1,915
	Deferred tax	5,218	-	-
		<u>7,505</u>	<u>1</u>	<u>1,915</u>
	Per Statement of Financial Position:			
	At 1 January			
	Company income tax	273,736	273,735	316,820
	Education tax	-	-	-
		<u>273,736</u>	<u>273,735</u>	<u>316,820</u>
	Provisions for the year:			
	Company income tax	2,287	1	1,915
	Payments during the year:			
	Company income tax	-	-	(45,000)
	At 31 December	<u>276,023</u>	<u>273,736</u>	<u>273,735</u>
18	Deferred tax liabilities			
	At 1 January	61,909	61,909	61,909
	Charged for the year	5,218	-	-
	At 31 December	<u>67,127</u>	<u>61,909</u>	<u>61,909</u>

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS - (continued)

19 Ordinary share capital	2023	2022	2021
	Units	Units	Units
Authorized	'000	'000	'000
14,000,000,000 ordinary shares of 50k each	14,000,000	14,000,000	14,000,000
	N'000	N'000	N'000
14,000,000,000 ordinary shares of 50k each	7,000,000	7,000,000	7,000,000
Issued and Fully Paid	Units	Units	Units
At 1 January	12,911,030	12,911,030	12,911,030
Addition during the year	-	-	-
At 31 December	12,911,030	12,911,030	12,911,030
	N'000	N'000	N'000
At 1 January	6,455,515	6,455,515	6,455,515
Addition during the year	-	-	-
At 31 December	6,455,515	6,455,515	6,455,515
20 Treasury share	(1,145)	(1,145)	(1,145)
Treasury share represents the standard Alliance Assurance Life Limited investment in Standard Alliance Insurance Plc reclassified to treasury share upon merger of the two companies in 2017.			
21 Share premium			
At 1 January	7,484,955	7,484,955	7,667,475
Addition during the year	-	-	-
At 31 December	7,484,955	7,484,955	7,667,475
Share premium comprises additional paid-in capital in excess of the par value. This reserve is not ordinarily available for distribution.			
22 Contingency reserves			
At 1 January	1,775,727	1,768,800	1,756,720
Charge for the year (Note 27)	4,276	6,927	12,080
At 31 December	1,780,003	1,775,727	1,768,800
Transferred to Contingency reserves			
Non-life	143	2,533	7,677
Life	4,133	4,394	4,403
Total	4,276	6,927	12,080

In compliance with section 21(1) of Insurance Act 2003, the contingency reserve for Non-life insurance business is credited with the greater of 3% of total premium, or 20% of the net profits. This shall accumulate until it reaches the greater of minimum paid-up capital and 50% percent of the net premium. For life business, the contingency reserve is credited with an amount equal to 1% of gross premium or 10% of net profit (whichever is greater) and accumulated until it reaches the amount of minimum paid-up capital.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS (continued)

22 Contingency reserves - cont'd

As required by insurance regulations, a contingency reserve is maintained for both the non-life insurance and life assurance contracts underwritten by the Company. The appropriation to contingency reserve for non-life underwriting contracts is calculated in accordance with sections 21 (2) and 22 (1) of the Insurance Act 2003. The reserve is calculated at the higher of 3% of gross premium and 20% of net profits of the business for the year. The appropriation to contingency reserve for life underwriting contracts is calculated at the higher of 1% of the gross premium and 10% of net profits of the business for the year. The appropriations are charged to the life fund.

	2023	Restated	
	N'000	2022 N'000	2021 N'000
23 Accumulated loss			
At 1 January - As previously reported	(20,276,010)	(18,925,882)	(17,189,298)
Effect of IFRS 17 Adjustments (Note 3k)	-	(513,482)	(513,482)
Reclassification of Revaluation surplus (Note 24)	48,292	48,292	48,292
Reinsurance payables (Note 14)	36,257	36,257	36,257
Restated as at 1 January	(20,191,461)	(19,354,813)	(17,618,230)
(Loss) for the year	(1,815,795)	(829,720)	(1,724,503)
Appropriation to contingency reserves (Note 23)	(4,276)	(6,927)	(12,080)
At 31 December	(22,011,532)	(20,191,461)	(19,354,813)
24 Revaluation Reserves			
At 1 January	(0)	(0)	48,292
Revaluation loss charged to other comprehensive income during the year	-	-	-
Revaluation surplus reclassified (Note 23)	-	-	(48,292)
At 31 December	-	(0)	(0)
25 Fair Value Reserves			
At 1 January	46,034	21,245	5,310
Increase during the year	1,332,559	24,789	15,935
At 31 December	1,378,593	46,034	21,245

The fair value reserves shows the effect from the fair value measurement of financial instruments of the category available for sale now classified as financial asset at fair value through other comprehensive income. Any gains or losses are not recognised in the comprehensive income statement until the asset has been sold or impaired.

	N'000	Restated N'000
26 Insurance revenue		
General business (Note 26.1)	4,754	84,445
Group life (Note 26.1)	5,982	13,069
Endowment (Note 26.1)	95,854	113,592
Annuity (Note 26.1)	311,472	312,739
	418,062	523,845

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023
NOTES TO THE FINANCIAL STATEMENTS (continued)

26.1 Insurance revenue

Expected benefits incurred
Expected expenses incurred
Change in the risk adjustment
CSM recognised
Contracts not measured under PAA
Contracts measured under PAA

Annuity	December, 2023				Total
	Group Life	Endowment	Non-life		
N'000	N'000	N'000	N'000	N'000	N'000
286,069	-	87,782	-		373,852
12,175	-	3,705			15,880
13,228	-	4,366			17,594
-	-	-			-
311,472	-	95,854			407,326
	5,982		4,754		10,736
311,472	5,982	95,854	4,754		418,062

Insurance revenue

Expected benefits incurred
Expected expenses incurred
Change in the risk adjustment
CSM recognised
Recovery of acquisition cash flows
Contracts not measured under PAA
Contracts measured under PAA

Annuity	December, 2022 Restated				Total
	Group Life	Endowment	Non-life		
N'000	N'000	N'000	N'000	N'000	N'000
286,070	-	87,764	-		373,834
10,061	-	3,059			13,120
12,912	-	4,397			17,309
3,695	-	12,181			15,876
-	-	6,192			6,192
312,739	-	113,592			426,331
	13,069		84,445		97,514
312,739	13,069	113,592	84,445		523,845

26.2 Insurance service expense

Incurred claims
Incurred Fulfilment expenses
Loss Component: systematic allocation
Total insurance service expense

Annuity	December, 2023				Total
	Group Life	Endowment	Non-life		
N'000	N'000	N'000	N'000	N'000	N'000
304,653			2,740		307,393
7,243	3,231	493			10,967
1,593	-	3,579			5,172
313,489	3,231	4,072	2,740		323,532

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023
NOTES TO THE FINANCIAL STATEMENTS (continued)

Insurance service expense - Life	Annuity	Group Life	Endowment	Total
	N'000	N'000	N'000	N'000
Incurring claims	304,653			304,653
Incurring Fulfilment expenses	7,243	3,231	493	10,967
Loss Component: systematic allocation	1,593	-	3,579	5,172
Total insurance service expense	313,489	3,231	4,072	320,792

Insurance service expense - Non-Life	Motor	Fire	Accident	Marine	Bond	Oil & Gas	Engineering	Aviation	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Incurring Fulfilment expenses	158	161	1,604	210	226	3,426	188	145	6,118
Changes in RA related to LIC			(3,378)						(3,378)
Total	158	161	(1,774)	210	226	3,426	188	145	2,740

Insurance service expense	December, 2022 Restated				Total
	Annuity	Group Life	Endowment	Non-life	N'000
	N'000	N'000	N'000	N'000	N'000
Incurring claims	538,427	7,923		121,040	667,390
Incurring Fulfilment expenses	27,305	12,181	1,856		41,342
Amortisation of insurance acquisition cash flows			6,192		6,192
Changes in BEL related to LIC	-	(37,903)	-		(37,903)
Changes in RA related to LIC		(758)			(758)
Total insurance service expense	565,733	(18,557)	8,048	121,040	676,263

Insurance service expense - Life	Annuity	Group Life	Endowment	Total
	N'000	N'000	N'000	N'000
Incurring claims	538,427	7,923		546,350
Incurring Fulfilment expenses	27,305	12,181	1,856	41,342
Amortisation of insurance acquisition cash flows			6,192	6,192
Changes in BEL related to LIC	-	(37,903)	-	(37,903)
Changes in RA related to LIC		(758)		(758)
Total insurance service expense	565,733	(18,557)	8,048	555,223

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023
NOTES TO THE FINANCIAL STATEMENTS (continued)

Insurance service expense - Non-Life	Motor	Fire	General Accident	Marine	Bond	Oil & Gas	Engineering	Aviation	Total
	N'000	N'000	N'000	N'000		N'000	N'000	N'000	N'000
Incurred claims	262	275	2,717	355	387	5,769	323	245	10,333
Incurred Fulfilment expenses	612	624	6,197	813	872	13,238	727	559	23,641
Amortisation of insurance acquisition cash flows	1,431	589	257	507	21	1	154	-	2,959
Changes in BEL related to LIC	2,010	2,109	20,828	2,718	2,969	44,231	2,474	1,678	79,017
Changes in RA related to LIC	129	118	1,166	185	148	3,096	124	122	5,089
Total	4,443	3,715	31,165	4,577	4,398	66,335	3,802	2,604	121,040

26.3 Investment income

	December, 2023				
	Annuity	Group Life	Endowment	Investment	Non-life
	N'000	N'000	N'000	N'000	N'000
Fair value Gain or Loss	13,954	8,313	1,266	22,090	16,286
Interest on statutory deposit and dividend	19,125	8,532	1,300	68,112	15,869
	33,079	16,845	2,566	90,202	32,155
					174,847

Investment income

	December, 2022 Restated				
	Annuity	Group Life	Endowment	Investment	Non-life
	N'000	N'000	N'000	N'000	N'000
Interest revenue on financial assets not measured at FVTPL	7,574	3,379	515	8,813	975
Fair value Gain or Loss	1,145	511	78	1,332	
Interest on statutory deposit and dividend	28	13	2	33	6,474
	8,747	3,902	595	10,179	7,449
					30,871

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023
NOTES TO THE FINANCIAL STATEMENTS (continued)

26.4 Insurance finance expenses

Unwind of discount on FCFs: LRC
Effect of change in economic assumptions: LRC
Interest accretion on CSM
Effect of change in Discount rate assumptions: LRC

December, 2023			
Annuity	Group Life	Endowment	Total
N'000	N'000	N'000	N'000
(245,242)	-	(92,298)	(337,539)
(11,722)	-	(14)	(11,736)
(2,741)	-	(784)	(3,524)
158,398	-	241	158,639
(101,307)	-	(92,854)	(194,161)

Insurance finance expenses

Unwind of discount on FCFs: LRC
Effect of change in economic assumptions: LRC
Interest accretion on CSM
Effect of change in Discount rate assumptions: LRC

December, 2022 Restated		
Annuity	Endowment	Total
N'000	N'000	N'000
(245,630)	(91,674)	(337,304)
(4,848)	(6)	(4,853)
(7,721)	(826)	(8,548)
138,882	(157)	138,725
(119,317)	(92,663)	(211,980)

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS (contd)

		Restated
	2023	2022
27(a) Investment income		
Interest on deposits	17,393	1,501
Rental income	1,553	3,683
Dividend received	48,968	22,726
	67,914	27,910
27(b) Other income	N'000	N'000
Gain on sale of property, plant and equipment	-	100
Charges/penalties for loss of policy documents	-	-
	-	100
28 Other operating expenses		
Salaries and Allowances	-	123,228
Other staff costs	-	15,276
Directors' fee and allowances	-	22,840
Rent and rates	-	127,764
Repairs and maintenance	-	16,686
Depreciation	11,418	15,032
Legal and professional fees	-	98,504
Bank charges	16	575
Printing and stationery	-	3,695
Telephone and postages	-	9,090
Other administrative expenses	3,440	30,018
Actuarial cost	-	12,000
Penalty and fine	-	4,026
Audit fee	3,500	3,500
Corporate and public relation expenses	-	2,536
Travelling, outstation and hotel expenses	-	29,204
	18,374	513,973
Interest expenses on loan	112,624	76,688
Interest on Daewoo bond	-	-
Total Management expenses	112,624	76,688

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS (continued)

		2023	2022
		N'000	N'000
29	Profit before taxation		
	Profit before taxation is stated after charging:		
	Depreciation	11,418	15,030
	Auditors' remuneration (Note 29.1)	3,500	3,500
	Director's remuneration	22,840	-
29.1	Messrs. Muhtari Dangana & Co (Chartered Accountants) did not provide any other service to the Company during the year.		
30	Premium receipt from policy holders		
	Premium due from policy holder at 1 January	8,849	8,074
	Insurance revenue for the year	5,982	523,845
	Premium received in the year	(8,849)	775
		5,982	532,694
	Premium due from policyholders at 31 December	-	(8,849)
	Insurance revenue for the year	5,982	523,845
31	Basic (loss)/earnings per share		
	Basic loss per share is calculated by dividing the net loss attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year.		
	Loss for the year (N'000)	(1,815,795)	(829,720)
	Number of shares ('000)	12,911,030	12,911,030
	Basic loss per share (Naira)	(14.06)	(6.43)
32	Going concern of Company		
	The events and conditions listed below indicate that there may exist material uncertainty that cast doubt on the Company's ability to continue as a going concern entity within a foreseeable future:		
	i. Shortfall of existing ₦5billion regulatory minimum paid-up capital of the Company by ₦9.914 billion as at 31 December, 2023;		
	ii. Accumulated losses of ₦22.012 billion (2022: ₦20.191 billion) as at 31 December, 2023, which resulted in negative equity of the Company of ₦4.914 billion as at 31 December, 2023;		
	iii The high impairment allowances over the years on the Company's investment properties suggesting possible inability to realize them and discharge its liabilities in the normal course of business; and		
	iv. Significantly reduced staff workforce and low morale of staff		
	Management is however executing mitigating procedures and are working assiduously to inject fresh capital through a recapitalization and business restructuring plan involving major prospective investors.		

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS (continued)

33 Events after reporting period

Introduction of a new investor

On the 5th of January 2022, an Investor, QPI Consultants FZE through a special purpose vehicle (SPV) named Endura Investment Global Limited (EIG) showed interest in obtaining regulatory approval for the purchase of 3,140,774,908 ordinary shares in Standard Alliance Insurance Plc at N0.01 each. Purchase of the shares will give the new investor 26.4% of the issued capital of the Company. The investor will be in a position to restructure the business and turn it around with a minimum amount of U\$8million. Subsequently, the transaction was consummated on the 19th of August 2024 with the approval of the Nigerian Exchange Limited (NGX). The Company subsequently injected N12 Billion additional capital in February 2025.

Change of company's name

At the Extra-Ordinary General Meeting of the company held on 4th April 2025, the shareholders approved the change of the Company's name from Standard Alliance Insurance Plc to Fortis Global Insurance Plc. In 25th April 2025, the Corporate Affairs Commission awarded a certificate of Registration to the Company.

Changes in the value of Transcorp Plc shares

The Company held 177,062,222 units of shares of Transcorp Plc, valued at N1.53billion as at 31 December 2023. Transcorp Plc, subsequently carried out a share reconstruction exercise in October 2024, consolidating the total number of issued shares at a ratio of 1 to 4 (44,265,555.50 units i.e. N1.92 billion).

However, there was an unauthorized disposal of 39,125,000 units (N1.702billion) of the Company's consolidated shares in Transcorp Plc as of December 2024 for which the company received no value. The company has formally lodged a complaint with the relevant regulatory authorities.

34 Fair value Hierarchy

The Company's fair value measurements model is highlighted in accounting policy 4.2.

Level 1

Fair value measurements classified as level 1 include fair values of quoted investments based on current market prices.

Level 2

Fair value measurements classified as level 2 include fair values of unquoted investments which the Company established using valuation techniques such as:

- recent arm's length transactions
- reference to other instruments that are substantially the same
- net assets value and
- discounted cash flows

Level 3

Fair value measurements classified as level 3 include fair values of financial assets of which there are no active markets and no observable inputs. They comprise loans and other receivables.

The table below highlights financial instruments in their various fair value hierarchies at year end:

2023

Asset type	Total N'000	Level 1 N'000	Level 2 N'000	Level 3 N'000
Quoted securities - At fair value through profit or loss	102,411	102,411	-	-
Quoted securities - At FVOCI	1,532,639	1,532,639	-	-
	<u>1,635,050</u>	<u>1,635,050</u>	<u>-</u>	<u>-</u>

2022

Asset type				
Quoted securities - At fair value through profit or loss	40,501	40,501	-	-
Quoted securities - At FVOCI	200,080	200,080	-	-
	<u>240,581</u>	<u>240,581</u>	<u>-</u>	<u>-</u>

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS (continued)

35 Directors and employees

Employees

The average number of persons employed by the Company during the year by category

	2023	2022
	Number	Number
Executive Director	1	1
Management Staff	-	-
Non-management staff	-	-
	1	1
Staff cost for the above persons (Excluding Executive Directors) was:		
Salaries and allowances	-	-
Other staff cost	-	-
	-	-

The number of employees of the company other than Director who received emolument in the following range was:

	Number	Number
N900,001 - N1,100,000	-	52
N1,100,001 - N1,300,000	-	6
N1,300,001 - N1,500,000	-	4
Above - N1,500,000	-	74
	-	136

Directors' Remuneration

Directors' Remuneration

The remuneration paid to the Directors of the company was:

	N'000	N'000
Fees and other allowances	-	45,408
Executive compensation	-	-
	-	45,408

Fees and other emoluments disclosed above include amount paid to:

	N'000	N'000
The Chairman	-	20,100
Highest paid Director	-	20,100

The number of Director who received fees and other emolument (excluding pension contribution) in the following ranges was:

	Number	Number
N1,000,001 - N2,000,000	-	-
N2,000,001 and above	-	3
	-	3

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS (continued)

36 Contingent liabilities

Material contingent liabilities have been made or are likely to be made in these financial statements.

37 Related party transactions

Related parties include the related Companies, the directors and any employee who is able to exert significant influence on the operating policies of the Company. Key management personnel are also considered related parties. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

During the year under review, there were no material transactions between related parties. Transactions with related parties are as stated in note 45 above.

38 Events after the reporting period

There were no events after the reporting period which could have material effect on the financial position of the Company as at 31 December 2023 or the profit or loss and other comprehensive income for the year then ended which have not been disclosed.

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

39 RISK MANAGEMENT REPORT

A) Introduction and overview

The Company was faced with the following risks in its operations.

- i Capital Adequacy risk
- ii Regulatory risk
- iii Liquidity risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risks.

Risk Management Philosophies and Principles

The following principles guide financial risk management in the Company:

- i. A deliberate and conscious management of the Company's investment portfolio to ensure that the risk of excessive concentration on any one class, industry, or sector is minimized, as well as to ensure portfolio flexibility and liquidity.
- ii. A strict adoption of sound internal policies and processes resulting in consistent adherence to investment guidelines issued by the National Insurance Commission to enable the Insurance industry maintain sound solvency margin and sound liquidity health at all times.
- iii. The Executive Management took responsibility for establishing a robust liquidity management framework consistent with regulatory requirements of the Commission that ensures sufficient liquidity to withstand a range of stress events.
- iv. The financial risk procedural manual spell-out the operational steps and procedures for executing relevant controls to prevent the occurrence or reduce the impact of risk events touching on Financial and strategy risk. The manual is being reviewed periodically reviewed and updated to take into account new activities, system changes, and structural changes in the industry.
- v. The Board approves all strategies and policies in respect of financial and strategic risk management.
- vi. Evaluation of the effectiveness of risk management process and the internal control system shall be carried out by external consultants periodically.
- vii. The Company relies on its Risk Management Committee
- viii. It develops early warning indicators to aid the prompt identification of all risks from all of the risk categories

Risk Management Strategy

The Board and Management has put in place clearly defined financial risk management framework that provides the Company with guidance and prescribes tolerable financial risk related losses considering available capital and levels of other investment risk exposures. The Company's financial risk policy and strategy are anchored on the following:

- i. Investment portfolio diversification which involves the application of the Company's investible funds in a wide range and class of financial instruments consistent with Regulatory Requirements.
- ii. Liquidity risk Management taking within well defined limits with the sole purpose of creating and enhancing liquidity and competitive advantage,
- iii. Effective utilization of Company's liquidity position.

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Risk Management Framework

The Standard Alliance Insurance Plc recognizes the presence of financial risk in its process of delivering value to its stakeholders. This financial risk Management Framework is set out to manage financial risks resident in the investment processes and procedures of the company. It provides guidance on related issues of Identification, Measurement, Monitoring and Reporting of financial risks in order to ensure the Company continually meets its contractual liabilities to policy holders.

The Company recognizes the importance of these classes of risks, which is inherent in the investment, market, and liquidity management of its insurance business. This policy contains guidelines to help the Company manage its assets in a sound and prudent manner, taking account of the profile of its liabilities, its solvency position and its risk return profile.

The Company's financial risk shall be managed within tolerable limits through an appropriate management focus and deployment of resources.

Risk Management Governance

The overall responsibility for the management of financial risk shall reside with the Board through its Risk and Remuneration Committee. To ensure consistency and prudent management of financial risks, this responsibility shall be divided as follows:

- i. Board of Directors/ Risk & Remuneration Committee
- ii. Finance and Investment Committee of the Board
- iii. Executive Management Committee on Investment
- iv. ERM Committee/CRO
- v. Finance and Investment Department.
- vi. Quality Assurance and Control

Risk Tolerance/Appetite

The Company shall operate by managing its risks within acceptable bounds so as to maintain and increase the value of its resources for its stakeholders. An explicit discussion of risks and risk tolerance will be part of the STANDARD ALLIANCE INSURANCE's decision making process.

STANDARD ALLIANCE INSURANCE has defined Enterprise risk appetite at two levels:

- i. The enterprise level; and
- ii. The Business/Support/Functional Unit levels

The ERM Committee set target key performance indicators ("KPI's") at both an enterprise and a business/support unit level based on recommendations from the Chief Risk Officer. Target KPI's is reviewed at least on annual basis.

At the Business and Support unit levels, the enterprise KPI's is cascaded to the extent that the contribution of each Business/Support Unit to enterprise risk shall serve as input for assessing the performance of the Business/Support Unit.

Tolerance levels is defined for each key risk indicator and serves as a proxy for the risk appetite for each risk area and Business/Support Unit.

Tolerance levels is subject to approval of ERM Committee and shall be reviewed on a periodic basis to reflect changing circumstances.

STANDARD ALLIANCE INSURANCE PLC
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Risk Management Process

The Company's disciplined approach to risk management is iterative, scalable, and includes the steps below. Consistent application of this process enables continuous improvement in decision making and performance by top Management. The process as follows:

1. Communication and Dialogue: Communication and dialogue with internal and, as appropriate, external stakeholders as far as necessary takes place at each stage of the risk management process.
2. Establishing the Context: This defines risk parameters to be taken into account when managing risk, and setting the scope and risk criteria for the remaining process.
3. Risk Identification: This process helps the company develop a comprehensive list of risks based on those events that might enhance, prevent, degrade, or delay the achievement of the objectives.
4. Risk Analysis: This context helps to understand the causes and sources of risk, their positive and negative consequences, and the likelihood that those consequences can occur. Existing risk controls and their effectiveness should be taken into account and communicated.
5. Risk Evaluation: The purpose of risk evaluation is to assist in making decisions based on the outcomes of risk analysis about which risks need treatment and to prioritize treatment implementation for those unacceptable risks (i.e. those that exceed risk tolerance)
6. Risk Treatment: This involves the selection of one or more options for modification of unacceptable risks and implementing those options. Risk treatment options include: avoiding the risk, seeking out an opportunity, removing the source of risk, changing the likelihood, changing the consequence, sharing the risk with another party, and retaining the risk by choice.
7. Monitoring and Review: This step should encompass all aspects of the risk management process to:
 - i. Analyze and learn lessons from events, changes, and trends.
 - ii. Detect changes in the external and internal context including changes to the risk.

Risks/ events shall be identified and analyzed against the broad success criteria which may be affected.

The focus in risk identification is capturing all the possible risks associated with an event, activity, project, roles or management decisions. It also covers the impact of an event occurring on the identified success criteria.

- i. Element of Risk- Description of the risk engaged within a process and event or a role.
- ii. Impact on business- Details the consequences of a risk occurring upon the related success criteria.
- iii. Mitigation Measures- Details controls already established or in the process of being established.
- iv. Responsibility- Identifies the officer and department responsible for the implementation and monitoring of compliance of the prescribed controls

B) Financial Risk Assessment

Risks is measured in terms of likelihood and consequences on both inherent and residual basis (pre and post controls). Both likelihood and consequences may be measured qualitatively or quantitatively depending on the risks being considered.

The criteria for success adopted by the Company are;

- i. Shareholders' funds
- ii. Market Share
- iii. Company's image
- iv. Revenue growth
- v. Employees welfare
- vi. Solvency Margin
- vii. Customer Service

STANDARD ALLIANCE INSURANCE PLC
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The impact of risk against this success criteria form the basis for the development of the consequence rating scale. The specific evaluation criteria adopted in this document is:

Consequence rating scale

No	Rating	Consequence (impact on established success criteria)	Quantification
1	Catastrophic	Shareholder's fund depleted, license withdrawn and liquidation imminent	>= 10% of Shareholders' fund
2	Major	Most success criteria threatened or one severely affected	5% - < 10% of shareholders' fund
3	Moderate	Some success criteria affected, considerable effort being made to rectify	1% - < 5% of shareholders' fund
4	Minor	Easily remedied, criteria can be recovered	0.5% - < 1% of shareholders' fund
5	Negligible	Very small impact, rectified in the course of normal processes	< 0.5% of shareholders' fund

Likelihood rating scale

No	Rating	Interpretations
1	Almost certain	More than 50% change that it will happen during the year and may occur several
2	Likely	50% change that it will happen during the year
3	Possible	Less than 50% chance that it will happen during the year
4	Unlikely	Could occur once over a 5-10 year period
5	Rare	Very unlikely over a 10 year period

a) **Market Risks**

Market risk refers to worsening financial condition arising from adverse movements in the level of volatility of market prices. It involves the exposure to movement of financial variables such as; equity prices, interest rates or exchange rates. It is usually introduced into a Standard Alliance Operation through variations in financial markets that cause changes in asset values, product or portfolio valuation. Some of the events under market risks are:

- i. Movement in interest rates to the extent that future cash flows from the assets and liabilities are not well matched.
- ii. Movement in market values of equity, real estate and other assets to the extent that the company is exposed to changes in market value.
- iii. Movement in exchange rates which may result in losses from asset and liabilities denominated in different currencies.

b) **Credit Risks**

Credit risk refers to the risk of financial losses arising from default or movement in the credit quality of issuers of security, debtors, or counterparties and intermediaries to whom the company has exposures. Such risk events are:

- i. Default Risk: Risk that a company will not receive or receipts delayed or partially the cash flow or assets to which it is entitled because the other parties default in one or more obligations. This risk has been substantially eliminated by the regulations No Premium, No Cover policy.
- ii. Concentration Risk: Risk of increased exposure to losses due to concentration of investments in a geographical area, economic sector, counterparty, or connected parties.
- iii. Downgrade or Migration Risks: Risks that change in the probability of a future default by an obligor will adversely affect the present value of the contract with the obligor today.
- iv. Indirect or Spread Risks: Risk due to market perception of increased risk on either a macro or micro basis.

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c) **Liquidity Risks:**

Liquidity risk refers to the risk that a Company, though solvent has insufficient liquid assets to meet its obligations as they fall due. Liquidity is concerned with the current and future maintenance of appropriate levels of cash and liquid assets. Such risk events are:

- i. Liquidation Value Risks: The risk that unexpected timing or amount of needed cash may require the liquidation of asset when market condition may result in loss of realized value.
- ii. Affiliated Investment Risk: The risk that an investment in the Company may be difficult to sell or that such affiliate may create a drain on the financial or operating resources of the Company.
- iii. Capital Funding Risks: The risk that the company will not be able to obtain sufficient outside funding as its assets are illiquid at the time of need.
- iv. Negative Publicity with unexpected liquidity strain.
- v. Negative Report about other companies in similar trade.
- vi. Deterioration of the Economy.
- vii. Abnormally volatile or stressed market.

Identification of Financial Risk

The various risk types identified under financial risk category as used in this policy are:

Market Risks	Credit Risks	Liquidity Risks
Interest Rate	Concentration Risk	Liquidation Value
Equity	Default Risk	Affiliated Investment
Real Estate	Indirect or spread Risks	Capital Funding
Currency	Downgrade or Migration Risks	Negative Publicity

Role of the CRO in conjunction with the finance/ Investment risk manager:

- i. Strive to anticipate the risks inherent in the above listed indicative factors and propose appropriate preventive measures.
- ii. Document the anticipated risks and reports to the ERMC for appropriate response and implementation.

Assessment of Financial Risk

- i. The Company measures its financial risk exposures across risk types, risk factors and overall investment portfolio
- ii. The Company documents the appropriate products to be used to hedge exposures, the item that qualifies to be hedged, how hedging instruments effectiveness shall be assessed and identify individuals responsible for monitoring hedge performance
- iii. The Company has set appropriate limit structure to control its financial risk exposures.
- iv. The Company periodically reviews its financial risk limits to verify its suitability based on current market conditions, economic conditions and its overall risk tolerance
- v. The Company applies its stress testing to determine the potential effect of economic shifts, market events, changes in interest rates, changes in foreign exchange and changes in liquidity conditions

Internal Risk Identification and Assessment

Internal risk relate to risks that have their sources in faulty or deficient internal systems, process or negligence or indolence of persons responsible for such roles. Such risk resides within the financial management system of the Company.

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Internal Risk Identification and Assessment - cont'd

- i. Internal Processes
- ii. Reporting System
- iii. Bank reconciliation practices
- iv. Budget preparation and monitoring
- v. Working capital management

Financial risks also reside within financial processes, people in financial management, compliance levels, Reporting system, control processes.

External Risk Identification and Assessment

External risks relate to risks that are exogenously determined and impact directly on the financial health of the company. Such risks can arise from the following;

- i. Changes in regulation
- ii. Changes in currency and exchange rate
- iii. Changes in interest rate
- iv. Changes in capitalization and Solvency Margin.
- v. Changes in shareholder's structure and composition
- vi. Changes in money and capital markets

Risk & Control Self Assessments

Risk control self assessment of existing, newly identified and emerging financial risk should be carried-out regularly, at least once every quarter.

- i. For every Control-based financial risks such as fraud, the CRO in conjunction with the finance/ Investment managers risk shall;
 - a Identify the control structure
 - b Compare the control structure to a best practice model
 - c Identify the gaps
 - d Recommend and implement new controls.

Risk Ratings

The CRO in conjunction with the finance/ Investment risk managers

Ensure every risk identified and assessed is given the right risk priority rating for effective treatment.

Key Risk Indicators

Management considers several factors as indicative of the presence of financial risks across the organization. Some of these indicative factors are:

Market Risks – KRIs	Credit Risks – KRIs	Liquidity Risks - KRIs
Interest rate fluctuations	Increasing receivables	Earnings volatility
Proportion of debt to equity	Changes in debt profile	Asset coverage
Decline in market values	Frequency of settlement failure	Liquidity ratio
Guaranteed value losses	Connected or affiliated	Cash flow modelling
Changes in exchange rate	Financial trends	Frequency of Cash conversion
Rising inflation	Counterparty exposures	Working Variations in capital

Risk Mitigation

a. Insurance

- i. The finance/ Investment risk manger brings to the attention of the Head Administration department every risk emanating from investment operations that ought to be insured (refer to the risk register for financial risks that are mitigated through insurance)
- ii. The Administration Manager ensures that premium due for all insurances are dully paid
- iii. The finance/ Investment risk manager shall advise the administration department of any insurance that is no longer required.

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Risk Mitigation - cont'd

b. Consultancy

All consultancy services relating to financial risk shall have contract which clearly states the terms of engagement of the consultant.

The Chief risk officer shall ensure that the contract arising from all consultancy services covers the following;

Standard Level Agreement (SLAs) which;

- i. details the minimum level of performance/quality required from the consultants
- ii. clearly delineates the risks to be borne by the consultant
- iii. clearly specifies the penalty for default

Risk Reporting

Financial Risk Management requires an organization to have an effective risk reporting process reflecting the up-to-date status of risk issues within the Company.

- i. Such report should define the responsibility for production of investment report, the layout of each of the reports, timing of production and delivery, presentation of result, basis evaluation, etc.
- ii. Report should be analyzed to improve existing risk management performance, evaluate the impact of financial risk breaches and monitor compliance with risk appetite levels.
- iii. Separate report should be generated for each of the three major risk types: Market, Credit and Liquidity Risk.

Risk Reporting Template

The periodic report should include the following:

- i. Details of investment activities during the period under reference
- ii. Commentary on each of the investment activity
- iii. Details of portfolio positions by asset type
- iv. Concentration analysis of portfolio and/or credit exposures
- v. Details of any regulatory or internal limits breached during the period
- vi. Actions taken on such if any
- vii. Planned future investment activities

C) Capital management

The Company's capital management framework is designed to ensure that the company is capitalised in line with the risk profile, regulatory requirements, economic capital standards and target ratios approved by the board. The capital management objectives of the company are to:

- maintain sufficient capital resources to meet minimum regulatory capital requirements set by NAICOM
- maintain sufficient capital resources to support the company's risk appetite and economic capital requirements;
- support the company's credit rating;
- maintain adequate capital to support the development of its business and to enable it continue as a going concern, while at the same time maximising the return to its shareholders.
- allocate capital to businesses to support the company's strategic objectives, including optimising returns on economic and regulatory capital;
- ensure the company holds capital in excess of minimum requirements in order to achieve the target Capital Adequacy Ratios set by management and to withstand the impact of potential stress events; and
- manage the net asset value currency management process, including evaluating and implementing new derivative instruments that could be used for hedging purposes;

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Capital Management Strategy

The Company's Enterprise Risk Management (ERM) committee ensures compliance with the Company's capital management objectives. The committee reviews actual and forecast capital adequacy on a regular basis. The processes in place for delivering the Company's capital management objectives are:

- establish internal targets for capital adequacy;
- apply stress tests to assess the Company's capital adequacy under stress scenarios;
- plan and forecast capital requirements to ensure that capital ratios exceed the targets set by the Board.

In addition to these processes, the board, through the ERM Committee, review and set risk appetite annually and analyse the impact of stress scenarios to understand and manage the Company's projected capital adequacy.

The Company has had no significant changes in its policies and processes to its capital structure during the year under review through effective selection of investment platforms and has shown concerns over strict compliance with NAICOM investment guidelines.

Expected Credit Loss Impairment Model for financial assets:

The Company's allowance for credit losses calculations shall be outputs of models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. The expected credit loss impairment model reflects the present value of all cash shortfalls related to default events either over the following twelve months or over the expected life of a financial instrument depending on credit deterioration from inception. The allowance for credit losses reflects an unbiased, probability-weighted outcome which considers multiple scenarios based on reasonable and supportable forecasts. The Company shall adopt a three-stage approach for impairment assessment based on changes in credit quality since initial recognition

Stage1—Where there has not been a Significant Increase in Credit Risk (SICR) since initial recognition of a financial instrument, an amount equal to 12months expected credit loss shall be recorded .The expected credit loss shall be computed using a probability of default occurring over the next 12 months. For those instruments with a remaining maturity of less than 12 months, a probability of default corresponding to remaining term to maturity shall be used.

Stage2—When a financial instrument experiences a SICR subsequent to origination but is not considered to be in default, it shall be included in Stage 2. This requires the computation of expected credit loss based on the probability of default over the remaining estimated life of the financial instrument.

Stage3—Financial instruments that are considered to be in default shall be included in this stage. Similar to Stage 2, the allowance for credit losses captures the lifetime expected credit losses.

Measurement of Expected Credit

Losses: The probability of default (PD), exposure at default (EAD) ,and loss given default (LGD) inputs used to estimate expected credit losses shall be modelled based on macroeconomic variables that are most closely related with credit losses in the relevant portfolio.

Details of these statistical parameters/inputs are as follows:

PD—The probability of default shall be an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the remaining estimated life, if the asset has not been previously derecognized and are still in the portfolio.

12-month PDs—This is the estimated probability of default occurring within the next 12months (or over the remaining life of the financial instrument if that is less than 12 months).This shall be used to calculate 12-month ECLs.

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Lifetime PDs—This is the estimated probability of default occurring over the remaining life of the financial instrument. This shall be used to calculate lifetime ECLs for "stage2" and stage3 exposures. PDs shall be limited to the maximum exposure required by IFRS 9.

EAD—The exposure at default shall be an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected draw downs on committed facilities, and accrued interest from missed payments.

LGD—The loss given default shall be an estimate of the loss arising in the case where a default occurs at a given time. It shall be based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It shall be usually expressed as a percentage of the EAD.

The measurement of expected credit losses for each stage and the assessment of significant increases in credit risk considers information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking information requires significant judgement.

The Company shall rely on a broad range of forward looking information as economic inputs, such as GDP growth, unemployment rates, central bank base rates, crude oil prices, inflation rates and foreign exchange rates. The inputs and models used for calculating expected credit losses may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays shall be made as temporary adjustments using expert credit judgement.

The Company shall determine allowance for credit losses using probability-weighted forward looking scenarios. The Company shall consider both internal and external sources of information in order to achieve an unbiased measure of the scenarios used. The Company prepares the scenarios using forecasts generated by credible sources such as Business Monitor International (BMI), International Monetary Fund (IMF), Nigeria Bureau of Statistics (NBS), World Bank, Central Bank of Nigeria (CBN), Nigeria Insurers Association, Financial Markets Dealers Quotation (FMDQ), and Trading Economics.

Assessment of Significant increase in Credit Risk (SICR)

At each reporting date, the company shall assess whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the remaining expected life from the reporting date and the date of initial recognition. The assessment considers borrower-specific quantitative and qualitative information without consideration of collateral, and the impact of forward-looking macroeconomic factors. The common assessments for SICR on retail and non-retail portfolios include macroeconomic outlook, management judgement, and delinquency and monitoring. Forward looking Macroeconomic factors shall be a key component of the macroeconomic outlook. The importance and relevance of each specific macroeconomic factor depends on the type of product, characteristics of the financial instruments and the borrower and the geographical region.

The Company shall adopt a multi factor approach in assessing changes in credit risk. This approach considers: Quantitative (primary), Qualitative (secondary) and Back stop indicators which are critical in allocating financial assets into stages.

The quantitative models consider deterioration in the credit rating of obligor/counter party based on the company's internal rating system or External Credit Assessment Institutions (ECAI) while qualitative factors consider information such as expected forbearance, restructuring, exposure classification by licensed credit bureau etc.

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Assessment of Significant increase in Credit Risk (SICR) - cont'd

A back stop shall be used to ensure that in the (unlikely) event that the primary (quantitative) indicators do not change and there is no trigger from the secondary (qualitative) indicators, an account that has breached the 30 days past due criteria for SIC Rand 90 days past due criteria for default shall be transferred to stage 2 and stage 3 respectively except there is a reasonable and supportable evidence available without undue cost to rebut the presumption.

Definition of Default and Credit Impaired Financial Assets

At each reporting date, the Company shall assess whether financial assets are credit impaired. A financial asset shall be credit impaired when one or more of the following events have a detrimental impact on the estimated future cash flows of the financial asset:

Significant financial difficulty of the Issuer;

- A breach of contract such as a default or past due event;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganization
- The disappearance of an active market for a security because of financial difficulties

A debt that has been renegotiated due to a deterioration in the issuer's condition shall be considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cashflows has reduced significantly and there shall be no other indicators of impairment. In making an assessment of whether an investment in sovereign debts is credit-impaired, the Company shall consider the following factors.

- (i). The market's assessment of credit worthiness as reflected in the bond yields
- (ii). The rating agencies' assessments of credit worthiness
- (iii). The country's ability to access the capital markets for new debt issuance
- (iv). The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness
- (v). The international support mechanisms in place to provide the necessary support as lender of last resort to that country as well as the intention, reflected in public statements of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and irrespective of the political intent, whether there is the capacity to fulfil the required criteria

Effective Interest Rate

EIR (also denoted Internal Rate of Return or Level Yield to Maturity) is in the context of IFRS 9, the interest rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or the amortised cost of a financial liability.

Presentation of allowance for ECL in the statement of financial position

Allowances for ECL shall be 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

Financial assets measured at FVOCI: no loss allowance shall be recognized in the statement of financial position because the carrying amount of these assets shall be their fair value. However, the loss allowance shall be disclosed and recognized in the fair value reserve.

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40 Solvency Margin

The Company's solvency margin is summarised below:

	2023	2022
	N'000	N'000
Company solvency	(5,350,206)	(6,569,700)
Regulatory minimum capital required	5,000,000	5,000,000
Deficit in solvency margin	<u>(10,350,206)</u>	<u>(11,569,700)</u>

The Company had a solvency margin of N(5.350)billion for the year ended 31 December 2023 (2022: N6.570 billion), which is N10.350 billion below (2022: N11.570 billion) the regulatory minimum solvency of N5 billion for composite business. Detailed computation of solvency margin is shown below:

31 December, 2023

	Note	Total	Admissible	Non-
Assets		N'000	N'000	admissible
				N'000
Cash and cash equivalents	(i)	644,272	644,272	-
Loans to policyholders		68,573	68,573	-
Government Bonds		118,488	118,488	-
Corporate Bonds		416,000	416,000	-
Quoted Shares		1,635,051	1,635,051	-
Trade receivable		(0)	-	(0)
Other receivables and prepayments	(ii)	40,656	-	40,656
Investment properties	(iii)	4,030,067	3,567,000	463,067
Property, plant and equipment		24,246	24,246	-
Statutory deposit		535,000	535,000	-
Total assets		<u>7,512,353</u>	<u>7,008,630</u>	<u>503,723</u>
Liabilities				
Insurance contract liabilities		5,062,390	5,062,390	-
Investment contract liabilities		2,667,359	2,667,359	-
Trade payables		7,948	7,948	-
Other payables		503,320	503,320	-
Borrowings		3,841,795	3,841,795	-
Income tax liabilities		276,023	276,023	-
Deferred tax liabilities		67,127	-	67,127
Total liabilities		<u>12,425,963</u>	<u>12,358,836</u>	<u>67,127</u>
Available Solvency Margin (Total admissible assets minus admissible liabilities)		(5,350,206)		
The higher of:				
A 15% of Net Premium		14,179		
B Minimum Capital Required		5,000,000		
C Required solvency (Higher of A and B)		5,000,000		
Level of solvency (Available solvency margin/required solvency)		-107%		
Deficit in Solvency margin		<u>(10,350,206)</u>		

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

41 Management Discussion Analysis for Standard Alliance Insurance Plc as of 31st December 2023

Business Profile

Standard Alliance Insurance Plc, is a Company incorporated under the Laws of the Federal Republic of Nigeria. It is licensed by the National Insurance Commission to carry out all forms of Life and Non-Life Insurance business.

Objectives and Strategies

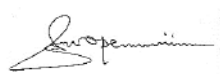
1. To be a world-class provider of insurance and other financial services.
2. The use of innovative ideas and modern technology.
3. The employment of a highly motivated workforce and modern technology.
4. To deliver superior returns to stakeholders.

Metrics	Current Period (N'000)	Prior Period (N'000)	% Change
Insurance Revenue	418,062	523,845	-20%
Insurance service expense	(323,532)	(676,263)	-52%
Insurance service result	94,529	(152,418)	-162%
Investment Income & Other Income	1,507,406	55,660	2608%
Operating Expenses	(18,374)	(513,973)	-96%
Profit/(Loss) Before Tax	(1,808,290)	(829,719)	118%
Profit / (Loss) After Tax	(1,815,795)	(829,720)	119%

The Company's insurance revenue decreased by 20.19% when compared to the prior year's result, Insurance service expenses decreased by 52.16%, Loss after tax increased by 117.93% while the Company's investment and other income increased by 907.18%.

Moving Forward

The Company has positioned itself for recapitalisation in line with the NAICOM directive. Members of staff will continuously undergo internal and external training to keep them abreast of the changing environment and make them add value to the company.



Mike Owopo
Chief Financial Officer

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

42 **Segment information**

The Company is organised into two operating segments. These segments distribute their products through various forms of brokers, agencies and direct marketing programs. These segments and their respective operations are as follows:

Non-Life: This segments covers the protection of customers' assets (particularly their properties, both for personal and commercial business) and indemnification of other parties that have suffered damage as a result of customers' accidents. All contracts in this segment are short-term in nature. Revenue in this segment is derived primarily from insurance premium, investment income, net realized gains on financial assets, and net fair value gains on financial assets at fair value through profit or loss.

Life: This segment covers the protection of the Company's customers against the risk of premature death, disability, critical illness and other accidents. Revenue from this segment is derived primarily from insurance premium, investment income, net realized gains on financial assets and net fair value gains on financial assets at fair value through profit and loss.

42.1 **Segment profit or loss and other comprehensive income**

	2023			Restated 2022		
	Non-Life N'000	Life N'000	Total N'000	Non-Life N'000	Life N'000	Total N'000
Insurance revenue	4,754	413,308	418,062	84,444	439,401	523,845
Insurance service expenses	(2,740)	(320,792)	(323,532)	(121,040)	(555,223)	(676,262)
Insurance service result	2,014	92,515	94,529	(36,596)	(115,822)	(152,418)
Insurance finance income	32,155	142,692	174,847	30,243	628	30,871
Insurance finance expenses	(44,657)	(149,504)	(194,161)	(48,755)	(211,980)	(211,980)
Financial insurance result	(12,502)	(6,812)	(19,314)	(18,512)	(211,352)	(181,109)
Net loss Insurance and Investment	(10,488)	85,703	75,215	(55,108)	(327,175)	(333,527)
Other claims						
Interest expenses on loan	(25,904)	(86,720)	(112,624)	(17,638)	(59,050)	(76,688)
Foreign exchange expense/(gain)	(403,076)	(1,349,430)	(1,752,506)	21,728	72,742	94,470
Management expenses	(4,226)	(14,148)	(18,374)	(187,420)	(276,989)	(513,973)
(Loss) before taxation	(443,694)	(1,364,595)	(1,808,289)	(238,438)	(590,472)	(829,718)
Income tax			(7,505)			(1)
(Loss) for the year	(443,694)	(1,364,595)	(1,815,794)	(238,438)	(590,472)	(829,719)
Other comprehensive income						
Item that may be reclassified to profit or loss:						
Fair value gain on financial assets	599,651	732,907	1,332,559	11,155	13,634	24,789
Items that will be classified to profit or loss:						
Revaluation surplus on building	-	-	-	-	-	-
Other comprehensive income	599,651	732,907	1,332,559	11,155	-	24,789
Total comprehensive (loss)/income for the year	155,957	(631,688)	(483,236)	(227,284)	(590,472)	(804,930)

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

42.2	Segment Statement of financial Position	Non-Life	Life	Total	Non-Life	Life	Total	Non-Life	Life	Total
			2023		2022 Restated	2022 Restated		2021 Restated	2021 Restated	
		N'000	N'000	N'000	N'000	N'000	N'000			
	ASSETS									
	Cash and cash equivalents	134,887	509,385	644,272	157,649	538,128	695,776	446,329	1,499,228	1,945,557
	Financial Assets:			-			-			
	- At fair value through profit or loss	23,494	78,917	102,411	9,177	31,325	40,502	8,364	28,097	36,461
	- At amortised cost	138,348	464,713	603,061	136,641	466,420	603,061	92,874	311,967	404,841
	- At fair value through OCI	351,602	1,181,037	1,532,639	45,334	154,746	200,080	40,213	135,078	175,291
	Trade receivables	0	0	(0)	2,005	6,844	8,849	1,852	6,222	8,074
	Other receivables and prepayment	9,351	31,305	40,656	37,911	129,406	41,065	33,166	111,405	144,570
	Deferred acquisition costs	0	0	-	0	-	-	-	-	-
	Investment property	924,536	3,105,531	4,030,067	924,536	3,105,531	4,030,067	924,536	3,105,531	4,030,067
	Property, plant and equipment	5,460	18,786	24,246	8,081	27,582	35,663	11,524	38,709	50,233
	Statutory deposit	122,734	412,266	535,000	122,734	412,266	535,000	122,734	412,266	535,000
	TOTAL ASSETS	1,710,411	5,801,941	7,512,352	1,444,066	4,872,248	6,190,063	1,681,593	5,648,502	7,330,095
	LIABILITIES AND SHAREHOLDERS' EQUITY									
	LIABILITIES									
	Insurance contract liabilities	1,792,164	3,270,227	5,062,390	1,881,570	3,345,377	5,226,947	1,853,080	3,465,216	5,318,297
	Investment contract liabilities	0	2,667,359	2,667,359	-	2,571,151	2,571,151	-	2,448,716	2,448,716
	Trade payables	1,828	6,120	7,948	10,016	(2,068)	7,948	10,141	(2,193)	7,948
	Other payables and accruals	114,415	388,904	503,320	113,859	388,654	502,513	195,209	655,710	850,919
	Borrowings	784,846	3,056,949	3,841,795	368,039	1,608,194	1,976,233	457,446	1,536,569	1,994,015
	Income tax liabilities	62,797	213,226	276,023	62,797	210,939	273,736	62,797	210,938	273,735
	Deferred tax (assets)/liabilities	14,203	52,924	67,127	14,203	47,706	61,909	14,203	47,706	61,909
	TOTAL LIABILITIES	2,770,253	9,655,710	12,425,963	2,450,484	8,169,953	10,620,437	2,592,876	8,362,662	10,955,538
	TOTAL EQUITY			(4,913,611)			(4,430,375)			(3,625,443)
	TOTAL LIABILITIES AND			7,512,352			6,190,063			7,330,095

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

42.3 Asset Hypothecation

The company is exposed to a range of financial risks through its financial assets, financial liabilities, reinsurance assets and insurance liabilities. In particular, the key financial risk is that in the long term its investment proceeds will not be sufficient to fund the obligations arising from its insurance contracts, in response to the risk, the Company's assets and liabilities are allocated as follows:

	Non-Life	Policy Holders' Fund Life Policy Insurance Contract Liabilities	Investment Contract Liabilities	Annuity	Shareholders' Fund	Total 2023	Total 2022	Change %
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	
ASSETS								
Cash and cash equivalents	39,552	9,717	6,437	18,707	569,859	644,272	695,776	(7)
Financial Assets:								
- At fair value through profit or loss	102,411	-	-	-	-	102,411	40,501	153
- At amortised cost	603,061	-	-	-	-	603,061	603,061	-
- At fair value through OCI	1,532,639	-	-	-	-	1,532,639	200,080	666
Reinsurance assets	-	-	-	-	-	-	324,037	(100)
Investment properties	-	1,318,070	-	-	-	1,318,070	1,318,070	-
TOTAL ASSETS	2,277,663	1,327,787	6,437	18,707	569,859	4,200,453	3,181,525	32
LIABILITIES								
Insurance contract liabilities	1,950,103	2,798,792	-	-	-	4,748,895	5,226,947	(9)
Investment contract liabilities	-	-	2,667,359	-	-	2,667,359	2,571,151	4
TOTAL LIABILITIES	1,950,103	2,798,792	2,667,359	-	-	7,416,255	7,798,099	(5)
(Deficits)/surplus in asset cover	327,560	(1,471,005)	(2,660,923)	18,706	569,859	(3,215,802)	(4,616,573)	(30)

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023
OTHER NOTES TO THE FINANCIAL STATEMENTS

42.4 Revenue account

	Non Life Business								Life Business				Restated	
	Aviation N'000	Bonds N'000	Engineering N'000	Fire N'000	General Accident N'000	Marine N'000	Motor Accident N'000	Oil & Gas N'000	Group Life N'000	Endowment N'000	Annuity N'000	Investment Contract N'000	2023 N'000	2022 N'000
Expected benefits incurred	-	7	-	53	3,560	76	1,056	2	5,982	87,782	286,069	-	384,588	471,348
Expected expenses incurred	-	-	-	-	-	-	-	-	-	3,705	12,174.84	-	15,880	13,120
Change in the risk adjustment	-	-	-	-	-	-	-	-	-	4,366	13,228	-	17,594	17,309
Recovery of acquisition cash flo	-	-	-	-	-	-	-	-	-	-	-	-	-	6,192
CSM recognised	-	-	-	-	-	-	-	-	-	0	-	-	-	15,876
Total Insurance revenue	-	7	-	53	3,560	76	1,056	2	5,982	95,854	311,472	-	418,062	523,845
Insurance service expenses													-	
Incurred claims	145	226	188	161	(1,774)	210	158	3,426	-	-	304,653	-	307,393	(556,683)
Amortisation of insurance acqui	-	-	-	-	-	-	-	-	-	-	-	-	-	(9,151)
Changes in BEL related to LIC	-	-	-	-	-	-	-	-	-	-	-	-	-	(41,114)
Incurred Fulfilment expenses	-	-	-	-	-	-	-	-	3,231	493	7,243	-	10,967	(64,983)
Changes in RA related to LIC	-	-	-	-	-	-	-	-	-	-	-	-	-	(4,331)
Loss Component: systematic all	-	-	-	-	-	-	-	-	-	3,579	1,593	-	5,172	-
Insurance service expense	145	226	188	161	(1,774)	210	158	3,426	3,231	4,072	313,489	-	323,532	(676,263)
Insurance service result	(145)	(219)	(188)	(108)	5,334	(134)	898	(3,424)	2,751	91,782	(2,017)	-	94,529	(152,418)
Interest revenue on financial as	-	-	-	-	-	-	-	-	-	-	-	-	-	30,871
Fair value changes on financial	375	585	489	419	4,159	546	411	8,885	8,313	1,266	13,954	22,090	61,492	-
Net foreign exchange expense	385	601	501	430	4,269	560	421	9,119	8,532	1,300	19,125	68,112	113,355	-
Total insurance finance														
Income	760	1,186	990	849	8,428	1,106	832	18,004	16,845	2,566	33,079	90,202	174,847	30,871
Unwind of discount on FCFs: LF	-	-	-	-	-	-	-	-	-	(92,298)	(245,242)	-	(337,539)	(337,304)
Net foreign exchange expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest accretion on CSM	-	-	-	-	-	-	-	-	-	(784)	(2,741)	-	(3,524)	(8,548)
Effect of change in Discount rat	-	-	-	-	-	-	-	-	-	241	158,398	-	158,639	138,725
Interest expenses on loan	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Effect of change in economic as	-	-	-	-	-	-	-	-	-	(14)	(11,722)	-	(11,736)	(4,853)
Total insurance finance														
expenses	-	-	-	-	-	-	-	-	-	(92,854)	(101,307)	-	(194,161)	(211,980)
Total insurance														
Income/(expenses)	760	1,186	990	849	8,428	1,106	832	18,004	16,845	(90,288)	(68,227)	90,202	(19,314)	(181,109)
Net loss insurance and														
finance result.	615	967	802	741	13,762	972	1,730	14,580	19,596	1,494	(70,244)	90,202	75,215	(333,527)

OTHER NATIONAL DISCLOSURES

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

OTHER NATIONAL DISCLOSURE

STATEMENT OF VALUE ADDED

	2023		Restated	
	N'000	%	2022	%
	N'000		N'000	
Premium, Investment and Other Income	592,909		554,716	
Premiums, Commissions, Claims paid and other operational cost (FX Difference)	<u>(2,517,415)</u>		<u>(1,154,210)</u>	
Value Added	<u>(1,924,506)</u>	<u>100</u>	<u>(599,495)</u>	<u>100</u>
DISTRIBUTED AS FOLLOWS:				
EMPLOYEES				
Staff costs	-	-	138,504	(23)
PROVIDERS OF FUNDS				
Finance charges	(112,624)	6	76,688	(13)
GOVERNMENT				
Taxation	(7,505)	-	1	-
ASSET REPLACEMENT				
Depreciation and amortisation	11,418	(1)	15,032	(3)
CONTRACTION/EXPANSION - Shareholder's interest				
(Loss) for the year	<u>(1,815,795)</u>	<u>94</u>	<u>(829,720)</u>	<u>137</u>
VALUE ADDED	<u>(1,924,506)</u>	<u>99</u>	<u>(599,495)</u>	<u>98</u>

The value added statement represents the distribution of the wealth created by the Company through the use of its assets and the efforts of the employees. This statement shows the allocation of the wealth between employees, shareholders, government and that retained for the future creation of more wealth.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

OTHER NATIONAL DISCLOSURE
FIVE YEAR FINANCIAL SUMMARY

ASSETS	2023	Restated	Restated	2020	2019
	N'000	2022	2021	N'000	N'000
	N'000	N'000	N'000	N'000	N'000
Cash and cash equivalents	644,272	695,776	1,945,557	1,165,809	1,259,652
Financial Assets:					
- At fair value through profit or loss	102,411	40,502	36,461	68,263	60,109
Amortised cost	603,061	603,061	404,841	462,276.16	214,521.00
- At fair value through OCI	1,532,639	200,080	175,291	159,356.00	175,292.00
Reinsurance assets	-	-	0	368,242	401,934
Trade receivables	(0)	8,849	8,074	2,275	2,271
Other receivables and prepayments	40,656	41,065	144,570	711,414	45,028
Deferred acquisition costs	-	-	0	16,782	13,950
Investment property	4,030,067	4,030,067	4,030,067	4,030,067	4,670,589
Non-current asset held for sale	-	-	-	-	-
Intangible assets	-	-	0	0	2,504
Property, plant and equipment	24,246	35,663	50,233	137,567	3,941,394
Statutory deposit	535,000	535,000	535,000	535,000	535,000
TOTAL ASSETS	7,512,352	6,190,063	7,330,095	7,657,051	11,322,244
LIABILITIES AND SHAREHOLDERS' EQUITY					
LIABILITIES					
Insurance contract liabilities	5,062,390	5,226,947	5,318,297	4,858,569	3,929,106
Investment contract liabilities	2,667,359	2,571,151	2,448,716	1,215,675	595,773
Trade payables	7,948	7,948	7,948	51,300	53,785
Other payables and accruals	503,320	502,513	850,919	781,008	726,800
Borrowings	3,841,795	1,976,233	1,994,015	1,783,944	1,683,651
Finance lease obligations	0	0	-	-	12,559
Income tax liabilities	276,023	273,736	273,735	316,820	317,885
Deferred tax liabilities	67,127	61,909	61,909	61,909	62,445
TOTAL LIABILITIES	12,425,963	10,620,437	10,955,538	9,069,225	7,382,004
SHAREHOLDERS' EQUITY					
Share capital	6,455,515	6,455,515	6,455,515	6,455,515	6,455,515
Treasury shares	(1,145)	(1,145)	(1,145)	(1,145)	(1,145)
Share premium	7,484,955	7,484,955	7,484,955	7,484,955	7,484,955
Contingency reserves	1,780,003	1,775,727	1,768,801	1,756,721	1,740,714
Accumulated loss	(22,011,532)	(20,191,461)	(19,354,813)	(17,161,821)	(14,972,546)
Revaluation reserves	-	(0)	0	48,291	3,211,501
Fair value reserves	1,378,593	46,034	21,245	5,310	21,246.00
Total equity attributable to the owners of the	(4,913,611)	(4,430,375)	(3,625,442)	(1,412,174)	3,940,240
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	7,512,352	6,190,063	7,330,095	7,657,051	11,322,244

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024



STANDARD ALLIANCE INSURANCE PLC

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

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STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

Corporate information

Registration Number

- RC: 40590

Directors :

Mr. Johnson Chukwu	Chairman	Resigned 16 August 2024
Mr. Tayo Awodiya	Chief Executive Officer	Resigned 16 August 2024
Mr. Oduniyi Odusi	Executive Director	Resigned 16 August 2024
Alh. Uwais Haruna Mohammed	Independent Non-Executive Director	Resigned 16 August 2024
Chief Uzoma Igbonwa	Non-Executive Director	Resigned 16 August 2024
Akin Iroko	Chairman	Appointed 23 September 2024
Nathaniel Ibitowa	Non-Executive Director	Appointed 23 September 2024
Rohan Fernando	Non-Executive Director	Appointed 23 September 2024
Musa Lawan	Non-Executive Director	Appointed 23 September 2024
Paulinus Offorzor	Managing Director/CEO	Appointed 23 September 2024
Michael Owopo	Chief Financial Officer	Appointed 23 September 2024
Olutayo Amore	ED - Technical	Appointed 30 October 2024

Company Secretary

- Bar. Halima Jimada

Registered Office

- Plot 1 Block 94, Providence Street
 Lekki Scheme 1, Lekki
 Lagos.

Registrar

- First Registrars and Investor Services Limited
 Plot 2, Abebe Village Road, Iganmu
 Lagos.

Bankers

- Access Bank Plc
 Ecobank Plc
 Fidelity Bank Plc
 First City Monument Bank Limited
 First Bank of Nigeria Limited
 Guaranty Trust Bank Plc
 Heritage Bank Limited
 Keystone Bank Limited
 Polaris Bank Limited
 Sterling Bank Plc
 Union Bank Plc
 United Bank for Africa Plc
 Unity Bank Plc
 Wema Bank Plc
 Zenith Bank Plc

Reinsurers

- African Reinsurance Corporation
 Waica Reinsurance Corporation Plc
 Nigeria Reinsurance Corporation
 Zep Reinsurance Corporation
 Nouvell Compagnie Africaine De Reassurance
 Aveni Reinsurance Company Ltd

Reinsurance Broker

- Standard Insurance Brokers Limited

Auditor

- Muhtari Dangana & Co
 (Chartered Accountants)
 Maanah Plaza
 19, Araromi Street,
 Onikan - Lagos.

Actuary

- Becoda Consulting Limited
 No 7, Ibiyinka Olorunimbe Close
 Victoria Island, Lagos
 - FRC/2015/PRO/NAS/004/00000012946

ESTATE SURVEYOR & VALUERS

Omo Egbedi & Co
 205 Igboere Rd., Opposite Lagos High Court
 Marina Lagos
 FRC/2014/NIESV/000000007157

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

Results at a glance

	2024 N'000	2023 N'000	% Change
Statement of Comprehensive income:			
Insurance revenue	413,635	418,062	(1)
Net insurance finance expenses	(347,586)	(323,532)	7
Management expenses	(103,859)	(18,374)	465
Profit/(Loss) before tax	4,993,511	(1,808,289)	376
Statement of Financial Position:			
Cash and cash equivalents	540,667	644,272	(16)
Investment property	11,670,000	4,030,067	190
Insurance contract liabilities	4,855,759	5,062,390	(4)
Investment contract liabilities	2,898,330	2,667,359	9
Paid up share capital	6,455,515	6,455,515	-
Shareholders' funds	(1,074,853)	(4,913,611)	(78)
Total Assets	13,759,685	7,512,352	83
Per share data			
Basic earnings per share (kobo)	38.65	(14.25)	371
Net assets per share (kobo)	(8)	(38)	78
Share price (kobo)	50	50	-
General			
Number of Shareholders	70,401	70,401	-
Number of Employees	3	1	-
Number of Branches	1	1	-

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

STATEMENT OF DIRECTORS' RESPONSIBILITIES

In accordance with the provisions of the Companies and Allied Matters Act, 2020, the Insurance Act CAP I17, LFN, 2004 and National Insurance Commission's prudential guidelines 2015, the Directors are responsible for the preparation of financial statements which give a true and fair view of the state of affairs of the Company and the profit or loss and other comprehensive income for the financial year.

The Directors responsibilities include ensuring that the Company:

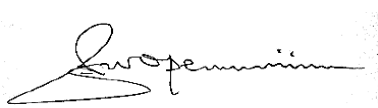
- i. implement appropriate internal controls to secure the assets of the Company, prevent and detect fraud and other financial irregularities
- ii. keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which ensure that the financial statements comply with the requirements of the Companies and Allied Matters Act 2020, Insurance Act CAP I17, LFN 2004, and NAICOM Prudential Guidelines and Circulars.
- iii. 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.

The Directors accept responsibility for maintaining adequate accounting records as required by:

- a. International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);
- b. Companies and Allied Matters Act, 2020;
- c. Insurance Act, CAP I17, LFN 2004;
- d. NAICOM Prudential Guidelines and circulars.

The Directors are of the opinion that the financial statements give a true and fair view of the state of affairs of the Company and of the profit or loss for the year. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal control.

Nothing has come to the attention of the Directors to indicate that the Company will not remain a going concern for at least 12 (twelve) months from the date of approval of the financial statements.



Mr. Michael Owopo
Chief Finance Officer
FRC/2018/PRO/ICAN/001/00000017730



Mr. Paulinus Offorzor
Managing Director/CEO
FRC/2013/PRO/CIIN/002/00000003287



Mr. Akin Iroko
Chairman
FRC/2024/PRO/DIR/003/358339

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

REPORT OF THE DIRECTORS

The Directors have the pleasure of presenting their annual report and the audited financial statements of Standard Alliance Insurance Plc to the Shareholders along with the auditor's report for the year ended 31 December 2024. The Company's financial statements were prepared in compliance with the International Financial Reporting Standards (IFRS).

Principal activities and business review

The Company's principal activity is the provision of non-life and life underwriting and special risk underwriting. Such services include provision of general insurance and life assurance services to both individual and corporate customers.

The below is the summary of the Company's operating results:

	2024 N'000	2023 N'000
Insurance revenue	413,635	457,421
Insurance service expenses	(347,586)	(323,531)
Profit/(Loss) before tax	4,993,511	(1,832,545)
Income tax expense	(3,120)	-
Profit/(Loss) for the year	4,990,391	(1,832,545)

Directors

The Directors of the Company are as follows:

Mr. Johnson Chukwu	- Chairman	Resigned 20 August 2024
Mr. Tayo Awodiya	- Chief Executive Officer	Resigned 30 August 2024
Mr. Oduniyi Odusi	- Executive Director	Resigned 28 June 2024
Alh. Uwais Haruna Mohammed	- Independent Non-Executive Director	Resigned 16 August 2024
Chief Uzoma Igbonwa	- Non-Executive Director	Resigned 30 June 2024
Akin Iroko	- Chairman	Appointed 23 September 2024
Nathaniel Ibitowa	- Non-Executive Director (Nigerian)	Appointed 23 September 2024
Rohan Fernando	- Non-Executive Director (Sri Lankan)	Appointed 23 September 2024
Musa Lawan	- Non-Executive Director (Nigerian)	Appointed 23 September 2024
Paulinus Offorzor	- Managing Director/CEO (Nigerian)	Appointed 23 September 2024
Michael Owopé	- Chief Financial Officer (Nigerian)	Appointed 23 September 2024
Olutayo Amore	- Executive Director-Technical (Nigerian)	Appointed 30 October 2024

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

REPORT OF THE DIRECTORS (continued)

Directors' interests

The Directors' indirect interests in the issued share capital of the Company as recorded in the Register of members as at 31 December 2024 are as follows:

Endura Investment Global Limited

Nathaniel Ibitowa	1,570,387,454	12.16
Rohan Fernando	1,570,387,454	12.16

Contracts

In accordance with Section 303 of the Companies and Allied Matters Act 2020, none of the Directors notified the Company of any declarable interest in contracts involving the Company during the year under review.

Property, plant and equipment

Information relating to changes in tangible assets is given in Note 11 to the financial statements. The Directors are of the opinion that the market value of the Company's assets is not lower than the values shown in the financial statements.

Share capital information

a) **Share range analysis**

Range of shares	Number of Shareholders	% Total	Share Units	% Total
1 - 1,000	15,126	21.49	14,492,143	0.11
1,001 - 5,000	27,647	39.27	86,388,122	0.67
5,001 - 10,000	11,711	16.63	103,565,160	0.80
10,001 - 50,000	11,831	16.81	282,768,978	2.19
50,001 - 100,000	2,029	2.88	165,648,519	1.28
100,001 - 500,000	1,534	2.18	340,954,565	2.64
500,001 - 1,000,000	240	0.34	198,713,693	1.54
1,000,001 - 5,000,000	165	0.23	363,668,833	2.82
5,000,001 - 10,000,000	45	0.06	335,668,609	2.60
10,000,001 - 50,000,000	40	0.06	853,979,957	6.61
50,000,001 and above	33	0.05	10,165,182,007	78.73
Total	70,401	100	12,911,030,586	100

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
REPORT OF THE DIRECTORS (continued)

b) Substantial interests in shares

Apart from Gemrock Management Company Limited, Standard Alliance Investments Limited and FCMB Plc which hold 2,594,060,738 units (20.09%), 2,557,636,144 units (19.81%) and 700,000,000 units (5.42%) respectively, no other shareholder held more than 5% of the issued share capital of the Company as at 31 December 2024.

Corporate Social Responsibilities

The Company makes donations to charitable and non-profit organisations in appreciation of the society's contributions toward's the Company's progress.

No donation or charitable contributions were made during the year (2023:Nil)

Human resources

a) Employment of disabled persons

The Company operates a non-discriminatory policy in the consideration of applications for employment, including those received from disabled persons. The Company's policy is that the most qualified and experienced persons are recruited for appropriate job levels irrespective of applicants state of origin, ethnicity, religion or physical condition. In the event that any employee becomes disabled in the course of employment, the Company is in a position to arrange appropriate training to ensure continuous employment of such person without being subjected to any disadvantage in his/her career development.

b) Health, safety and welfare of Employees

The Company's business premises are designed with a view to guaranteeing the safety and healthy living conditions of its employees and customers alike. Health, safety and fire drills are regularly organised to keep employees alert at all times. Employees are adequately insured against occupational hazards. In addition, the Company provides medical facilities to its employees and their immediate families at its expense.

c) Employee involvement and training

The Company encourages participation of employees in arriving at decisions in respect of matters affecting their well being. Towards this end, the Company provides opportunities for employees to deliberate on issues affecting the Company and employees' interests, with a view to making inputs to decisions thereon. The Company places a high premium on the development of its manpower. Consequently, the Company sponsored its employees for various training courses both in Nigeria and abroad in the year under review.

Auditors

Muhtari Dangana & Co (Chartered Accountants) have expressed their willingness to continue in office as the Company's auditors in accordance with the provision of section 401(2) of the Companies and Allied Matters Act, 2020

A resolution will be proposed at the Annual General Meeting to authorize the directors to fix their remuneration.

By order of the Board



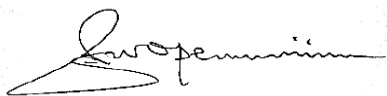
Miss. Halima Jimada
Comp. Sec/Legal Adviser
FRC/2024/PRO/NBA/004/605363

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

**CERTIFICATION PURSUANT TO SECTION 60(2) OF INVESTMENT AND SECURITIES
ACT NO.29 OF 2007**

We the undersigned hereby certify the following with regards to our audited report for the year ended 31 December 2024 that:

- (a) We have reviewed the report;
- (b) To the best of our knowledge, the report does not contain:
 - (i) Any untrue statement of a material fact, or
 - (ii) Omit to state a material fact, which would make the statements, misleading in the light of circumstances under which such statements were made;
- (c) 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 operations of the company as of, and for the periods presented in the report;
- (d) **We:**
 - (i) are responsible for establishing and maintaining internal controls;
 - (ii) have designed such internal controls to ensure that material information relating to the Company is made known to such officers by others within the entity particularly during the period in which the periodic reports are being prepared;
 - (iii) have evaluated the effectiveness of the Company's internal controls as of date within 90 days prior to the report;
 - (iv) have presented in the report our conclusions about the effectiveness of our internal controls based on our evaluation as of that date;
- (e) **We have disclosed to the Auditors of the Company and Audit Committee:**
 - (i) all significant deficiencies in the design or operations of internal controls which would adversely affect the Company's ability to record, process, summarize and report financial data;
 - (ii) any fraud, whether or not material, that involves management or other employees who have significant roles in the Company's internal controls;
- (f) 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. Michael Owopo
FRC/2018/PRO/ICAN/001/00000017730
Chief Finance Officer



Mr. Paulinus Offorzor
FRC/2013/PRO/CIIN/002/00000003287
Managing Director/CEO

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

REPORT OF AUDIT COMMITTEE
TO THE MEMBERS OF STANDARD ALLIANCE INSURANCE PLC

In accordance with the provisions of Section 404 (7) of the Companies and Allied Matters Act 2020, we the Members of the Audit Committee of Standard Alliance 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 31 December, 2024 and we confirm that they were adequate.
- We have reviewed the financial statements and are satisfied with the explanations and comments obtained
- The Company's reporting and accounting policies as well as internal control systems conform to legal requirements and agreed ethical practices.
- We are satisfied with the departmental responses to the External Auditors' findings on management matters for the year ended 31 December, 2024.

Finally, we acknowledge and appreciate the cooperation of Management and Staff in the conduct of these duties.



Nathaniel Ibitowa
Chairman of the Audit Committee

Members of the Audit Committee

Nathaniel Ibitowa	-	Chairman	Appointed October 9, 2024
Musa Lawan	-	Member	Appointed October 9, 2024
Rohan Fernando	-	Member	Appointed October 9, 2024
Erinfolami Gafar	-	Member	Appointed October 9, 2024
Matthew Esonanjor (SAN)	-	Member	Appointed October 9, 2024

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

CORPORATE GOVERNANCE REPORT

Reporting entity

Standard Alliance Insurance Plc is a Company incorporated and domiciled in Nigeria. The address of the Company's registered office is Plot 1, Block 94, Providence Street, Lekki Scheme 1, Lekki – Epe Express way, Lekki, Lagos. The Company underwrites life and non-life insurance risks. The Company is listed on the Nigerian Stock Exchange.

The Company primarily operates in the insurance sector.

Standard Alliance Insurance Plc has over the years built an enviable reputation and has consistently adopted, implemented and applied international best practices in corporate governance, service delivery and value creation for all its stakeholders.

The Company's corporate governance principles are embodied in its Code of Corporate Governance, which represents the core values upon which the Company was founded. The code of Corporate Governance is designed to ensure that the Company's business is conducted in a fair, honest and transparent manner that conforms to high ethical standards. For the entity, good corporate governance goes beyond just adhering to rules and policies of the Regulators; it is about consistently creating excellent value for our stakeholders using the best possible principles within a sustainable and enduring system.

In order to remain a pace setter in the area of good corporate governance practice, the Company's corporate governance practices are constantly under review in line with the dynamics of the business environment and guidelines of the regulatory bodies.

Governance Structure

The Company is committed to high standards of corporate governance. Corporate governance practice in the Company is drawn from various applicable codes of corporate governance issued by National Insurance Commission (NAICOM) and Securities and Exchange Commission (SEC). This ensures compliance with regulatory requirement as well as the core value which the Company upholds.

The provision of the codes is geared towards ensuring transparency and accountability of the Board and Management to shareholders of the Company.

The Board of Directors

The newly reconstituted Board of Directors is made up of seven (7) members; the Chairman, three (3) Non-Executive Directors and three (3) Executive Directors.

All the Directors bring various and varied competencies to bear on all Board deliberations. The Directors individually have attained the highest pinnacle of their chosen professions. The Board meets quarterly and is responsible for effective control and monitoring of the Company's strategy.

The ultimate responsibility for the governance of the Company resides with the Board of Directors, which is accountable to the shareholders for creating and delivering sustainable value through the management of the Company's business. The Board is also responsible for the management of the Company's relationship with its various stakeholders. The day to day running of the Company is delegated to the Chief Executive Officer by the Board of Directors assisted by the Management Committees.

Responsibilities of the Board

The responsibilities of the Board of Directors include:

- i. Review corporate strategy, major plans of actions, risk policies, business plans, setting performance objectives, monitoring implementation and corporate performance and overseeing major capital expenditures and acquisitions

CORPORATE GOVERNANCE REPORT (Continued)

- ii. Select, compensate, monitor and when necessary, replace key executives and oversee succession planning.
- iii. Monitor the effectiveness of the governance practices under which it operates and make changes as may be necessary.
- iv. Ensure the integrity of the Company's accounting and financial reporting systems, including the independent audit and that appropriate systems of control are in place, in particular, systems for monitoring risk, financial control and compliance with the law.
- v. Monitor and manage potential conflicts of interest of management, board members and shareholders, including misuse of corporate assets and abuse in related party transactions.
- vi. Supervise and monitor the execution of policies and providing direction for the management.
- vii. Monitor potential risks within the company including recognising and encouraging honest whistle blowing.
- viii. Oversee the process of disclosure and communication in the company.

Roles of Chairman and Chief Executive Officer

The roles of Chairman and Chief Executive are separate and no one individual combines the two positions. The Chairman's main responsibility is to lead and manage the Board to ensure that it operates effectively and fully discharges its legal and regulatory responsibilities. The Chairman is responsible for ensuring that Directors receive accurate, timely and clear information to enable the Board take informed decisions, monitor effectively and provide advice to promote the success of the Company. The Chairman also facilitates the contributions of Directors and promotes effective relationships and open communications between Executive and non-Executive Directors, both inside and outside the Boardroom.

The Board has delegated the responsibility for the day-to-day management of the Company to the Chief Executive Officer, who is supported by Executive Management. The Chief Executive Officer executes the powers delegated to him in accordance with guidelines approved by the Board of Directors. Executive management is accountable to the Board for the development and implementation of strategies and policies. The Board regularly reviews Company performance, matters of strategic concern and any other matters it regards as material.

Board Committees

The Board carries out some of its responsibilities through the Board sub-committees whose terms of reference set out clearly their roles, responsibilities, scope of authority and procedures for reporting to the Board. Each committee is chaired by a non-Executive Director in compliance with principles of good corporate governance and the Audit Committee is chaired by a non-executive director. These committees report to the Board of Directors on their activities and decisions, which are ratified by the full Board. The Committees are as follows:

1) The Finance, Strategy and General purposes Committee

This is a standing Committee of the Board with the responsibility to review the Company investment portfolio. The terms of reference of the Committee includes:

- Review of existing investments;
- Review of investment strategies;
- Review of company's investments by way of equities;
- Review of Budgets.
- Review and make recommendations on procedural manuals/policies;
- Make recommendation on recruitment/termination of General Managers and above to the Board;
- Strategy formulation;
- Review of Human Capital Management Operations
- Review of Marketing activities

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
CORPORATE GOVERNANCE REPORT (Continued)

The Committee had the following members during the year under review:

The Committee did not hold any meeting during the year under review because the Board of Directors were not sufficient in number.

2) The Enterprise Risk Management and Governance Committee

The terms of reference of this Committee includes the following:

- Establish criteria for Board and Board Committee memberships, review candidate's qualifications and any potential conflict of interest, assess the contribution of current directors in connection with their re-appointment and make recommendations to the Board;
- Prepare job specification for the Chairman's position, including assessment of time commitment required of the candidate;
- Periodic evaluation of skills, knowledge and experience required on the Board;
- Make recommendations on experience required by the Board Committee members, Committee appointments and removal, operating structure, reporting and other Committee operational matters;
- Make recommendations on compensation structure for Executive Directors;
- Provide input to the annual report of the Company in respect of Director's compensation;
- Ensure Succession Policy and Plan, subsists for positions of Chairman, CEO/MD, Executive Directors and subsidiary MDs;
- Ensure Board conducts Board Evaluation on annual basis;
- Review performance and effectiveness of the subsidiary's Board on annual basis;
- Review and make recommendations to Board for approval of the Company's organizational structure and any proposed amendments;
- Review of performance bonuses;
- Review of Staff Remuneration package.
- Review and approval of the Company's Enterprise Risk Management policy including risk appetite and risk strategy;
- Review the adequacy and effectiveness of risk management and controls;
- Oversight of management's process for the identification of significant risks across the Company and the adequacy of prevention, detection and reporting mechanisms;
- Review of the Company's compliance level with applicable laws and regulatory requirements which may impact the Company's risk profile;
- Periodic review of changes in the economic and business environment, including emerging trends and other factors relevant to the Company's risk profile;
- Review and recommend for approval of the Board risk management procedures and controls for new products and services.

The Committee did not hold any meeting during the year under review because the Board of Directors were not sufficient in number.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

CORPORATE GOVERNANCE REPORT (Continued)

3) The Audit and Compliance Committee

The Audit and Compliance Committee is made up of 6 (six) members, three representatives each of Shareholders and Directors. Its members are elected at the Annual General Meeting.

In addition to its responsibility to review the scope, independence and objectivity of the audit, the Committee carries out all such matters as are referred to it by the Companies and Allied Matters Act, 2020. These functions include to:

- Meet at least thrice yearly and once with the External Auditors;
- Review Whistle blowing policy;
- Periodic Evaluation of the Committee's performance;
- Carrying out internal control checks on all company activities;
- Make recommendations to the Board on sanctions in areas of default where necessary;
- Receive and review integrity of data of the audited financial statements of the company;
- Make recommendation on appointment and remuneration of external auditors;
- Review and make recommendations based on Management letters issued by external auditors;
- Monitor the quality of internal control procedures and compliance with regulatory policies.

The Committee had the following members during the year under review:

Nathaniel Ibitowa	-	Chairman
Musa Lawan	-	Member
Rohan Fernando	-	Member
Erinfolami Gafar	-	Member
Matthew Esonanjor (SAN)	-	Member

This Committee was recently reconstituted after new core investors came on board. The previous Audit Committee of the former management did not hold any meeting in the year under review.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
CORPORATE GOVERNANCE REPORT (Continued)

Internal Control

It is the responsibility of the Board of Directors to ensure that all the records are accurate and correctly reflect the financial position of the Company. The Board is mindful of the fact that as an insurance company, great relevance is placed by policy holders and potential investors on the accuracy of information contained in its financial statements.

In order to ensure the accuracy of its records, the Board sets standards that the Quality Assurance department implements system of internal control comprising policies, standards and procedures to ensure that the safety of assets and reduction of the risk of loss, error, fraud and other irregularities. Both the Quality Assurance (Internal Auditors) and the External Auditors independently appraise the adequacy of the internal controls.

Muhtari Dangana & Co (Chartered Accountants) acted as external auditors to the Company for the 2024 financial year. Their report for the year under review is contained on pages 20 - 23 of these financial statements.

Support Committees

1 Executive Management Committee

The Committee is responsible for strategic marketing activities, review of investment portfolio and approval of new products and branches. The members of the committee are:

- i) Chief Executive Officer
- ii) Executive Director
- iii) Chief Finance Officer
- iv) Company Secretary

2 Senior Management Committee

The Committee is responsible for strategic initiatives on business generation and membership includes:

- i. Chief Executive Officer
- ii. Executive Directors
- iii. All Divisional Heads
- iv. Head, Technical
- v. Head, Corporate Services
- vi. Chief Finance Officer
- vii. Head, Internal Control/Quality Assurance
- viii. Head, Information Technology (IT)

3 Weekly Activity Review Committee

This Committee meets weekly to review business development activities of the entire Company. The Committee consists of:

- i. Chief Executive Officer
- ii. All Divisional Heads
- iii. Head, Technical
- iv. Head, Information Technology
- v. Head, Corporate Services
- vi. Head, Internal Audit/Quality Assurance
- vii. Chief Finance Officer
- viii. Head, Enterprise Risk Management
- ix. All marketing staff

4 Management Committee

This Committee meets every month to review the Company's performance. The meetings are usually held first Friday and Saturday following the end of each month. The Committee consists of:

- i. Chief Executive Officer
- ii. Executive Director
- iii. All Divisional Heads
- iv. All Regional Heads
- v. All Branch Managers
- vi. Head, Technical
- vii. Head, Information Technology
- viii. Chief Finance Officer
- ix. Head, Corporate Services
- x. Head, Internal Audit/Quality Assurance
- xi. Head, Enterprise Risk Management

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

FREE FLOAT AS AT 31ST DECEMBER 2024

Description	31/12/2024	
	Unit	Percentage
Issued Share Capital	12,911,303,586	100%
Substantial Shareholdings (5% and above)		
ENDURA INVESTMENT GLOBAL LTD	3,140,774,908	24.33%
GEMROCK MANAGEMENT COMPANY LIMITED	2,594,060,738	20%
FIRST INLAND BANK PLC/FCMB	1,120,000,000	9%
Total Substantial Shareholdings	6,854,835,646	53%
Directors' Shareholdings (direct and indirect), excluding directors with substantial interests		
Iroko Akinlolu Gabriel (Indirect - representing Endura Investment Global Ltd)	Nil	Nil
Nathaniel Ibitowa (Indirect -representing Endura Investment Global Ltd)	Nil	Nil
Fernando Rohan Simon Michael (Indirect - representing Endura Investment Global Ltd)	Nil	Nil
Lawan Musa (Indirect -representing Gemrock Mgt Coy Ltd)	Nil	Nil
Paulinus Offorzor	Nil	Nil
Amore James Olutayo	55,125	0.0004%
Total Directors' Shareholdings	55,125	0.00%
Other Influential Shareholdings		
Total Other Influential Shareholdings	0	0.00%
Free Float in Units and Percentage	6,056,412,815	47%
Free Float in Value	₦ 1,211,282,563.00	

STANDARD ALLIANCE INSURANCE PLC

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

Directors' Interests

The Directors' direct interests in the issued share capital of the Company as recorded in the Register of Members as at **31 December 2024** are as follows:

Number of Shares Held at the End of the Year

S/N	Name	2021	2022	2023	2024
1	Johnson Chukwu	Not on record	Not on record	Not on record	Not on record
2	Omotayo Awodiya	1,413,021	1,413,021	1,413,021	1,413,021
3	Bode Awodiya	435,442,485	435,442,485	435,442,485	435,442,485
4	Oduniyi Odusi	Not on record	Not on record	Not on record	Not on record
5	Bolaji Oladipo	150,000	150,000	150,000	150,000
6	Uzoma Igbonwa	Not on record	Not on record	Not on record	Not on record
7	Uwais Haruna Mohammed	Not on record	Not on record	Not on record	Not on record
8	Agnes Okiemute Umukoro	438,780	438,780	438,780	438,780
9	Omolola Oshiafi	12,500,000	12,500,000	12,500,000	12,500,000
10	Adetayo Akintunde	Not on record	Not on record	Not on record	Not on record
11	Etiowe Uwa	Not on record	Not on record	Not on record	Not on record
12	Austin Enajemo-Isire	17,714,285	17,714,285	17,714,285	17,714,285

Security Trading Policy

The Company ensures strict compliance with the Investment and Securities Act 2007, the Securities and Exchange Commission Code of Corporate Governance for Companies in Nigeria 2011, and other laws that may be applicable from time to time bordering on insider trading.

To this end, the Company has put in place mechanisms to ensure that the categories of persons and entities that may be classified as "Restricted Persons" for the purpose of insider trading are clearly identified and informed. In addition, there are stringent restrictions on dealing with the Company's securities.

STANDARD ALLIANCE INSURANCE PLC

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

Directors and Key Management personnel are also required to comply with rules relating to dealings in the Company's securities, particularly the requirement to obtain prior approval before dealing in such securities.

There are also mechanisms in place to ensure that detailed reports are submitted to the Nigerian Stock Exchange and the Securities and Exchange Commission on the extent of compliance with this rule, permitted exceptions, and any instances where the rule may have been breached.

This Policy has become an essential company document that has been brought to the notice, and will continue to be brought to the notice, of all concerned, and continuous efforts are made to ensure strict compliance and implementation.

Internal Control

It is the responsibility of the Board of Directors to ensure that all records are accurate and correctly reflect the financial position of the Group. The Board is mindful of the fact that, as an insurance company, great relevance is placed by policyholders and potential investors on the accuracy of information contained in the financial statements.

Complaints Management Policy Framework

The Company's Complaints Management Policy framework on how to resolve complaints arising from issues covered under the Investment and Securities Act 2007 is being complied with and implemented as approved by the Board of Directors.

It can be accessed on the Company's website:
www.sainsuranceng.com

Whistle Blowing Policy

The Company has a Whistle Blowing Policy in place which provides a formal mechanism for employees, directors, and other stakeholders to report, in good faith, any suspected misconduct, unethical behaviour, illegal acts, or other improprieties relating to the Company's operations.

The Policy ensures confidentiality of disclosures and provides protection against retaliation for whistle blowers. Reports are received, reviewed, and investigated under the oversight of the Board Audit Committee, and appropriate action is taken in line with applicable laws and the Company's internal policies.

The Whistle Blowing Policy is approved by the Board of Directors and is implemented across the Company.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

BOARD MEETING ATTENDANCE

S/N	Name	Position	Meeting Date 21st June 2024
1	Johnson Chukwu	Chairman	Present
2	Omotayo Awodiya	Director	Present
4	Oduniyi Odusi	Director	Present
6	Uzoma Igbonwa	Director	Present
7	Uwais Haruna Mohammed	Director	Present
8	Agnes Okiemute Umukoro	Director	Present
9	John Onojeharho	Director	Present

S/N	Member Name	Committee Role	Meeting: 10th October 2024
1	Nathaniel Ibitowa	Chairman	Present
2	Musa Lawan	Member	Present
3	Mathew Esonanjor SAN	Member	Present
4	Gafar Erinfoami	Member	Present

SANCTIONS

No sanctions were incurred during the period.

MANAGEMENT'S REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROL OVER FINANCIAL REPORTING

To comply with the Financial Reporting Council of Nigeria Guidance on Assurance Engagement Report on Internal Control over Financial Reporting, we hereby make the following statements regarding the Internal Controls of Standard Alliance Insurance Plc for the year ended 31 December 2024

- i. Standard Alliance Insurance Plc management is responsible for establishing and maintaining a system of internal control over financial reporting and the preparation of financial statements for external purposes in accordance with IFRS Accounting Standards and in the manner required by the Companies and Allied Matters Act (CAMA), 2020 and Financial Reporting Council of Nigeria (Amendment) Act, 2023
- ii. Standard Alliance Insurance Plc's management used the Committee of Sponsoring Organisation of the Treadway Commission (COSO) Internal Control- Integrated Framework to conduct the required evaluation of the effectiveness of the Company's internal control over financial reporting (ICFR) and did not identify any material weakness.
- iii. Based on procedures performed, Standard Alliance Insurance Plc's management has assessed that the Company's ICFR as of the end of 31 December 2024 is effective. However, management identified certain deficiencies in internal control considered to be significant deficiencies. The Company's operations were limited during the period.

Due to the limited number of personnel in the company, there are inherent limitations to segregation of duties among the personnel. Key routines in the finance function such as reconciliation of bank accounts, reconciliation of significant ledger account balances and maintenance of the general ledger is not clearly segregated to mitigate risks. These deficiencies have been communicated to those charged with governance and remediation effected as appropriate.

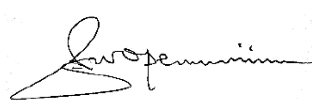
- iv. Standard Alliance Insurance Plc's external auditors, Messrs Muhtari Dangana & Co that audited the financial statements, issued an attestation report on management's assessment of the entity's internal control over financial reporting.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting that occurred subsequent to the date of our evaluation of the effectiveness of internal control over financial reporting that significantly affected, or are reasonably likely to significantly affect, the Company's internal control over financial reporting.



Mr. Paulinus Offorzor
Managing Director/CEO
FRC/2013/PRO/CIIN/002/00000003287
20 September 2025



Mr. Mike Owopo
Chief Financial Officer
FRC/2018/PRO/ICAN/001/0000017730
20 September 2025

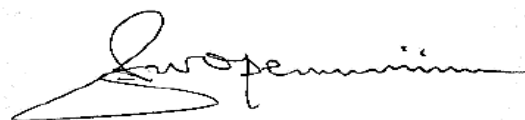
CERTIFICATION OF MANAGEMENT'S ASSESSMENT OF INTERNAL CONTROL OVER FINANCIAL REPORTING

In compliance with the provisions of section 405 of the Companies and Allied Matters Act, 2020 and, Provision of the Financial Reporting Council of Nigeria (Amendment) Act, 2023 and its guidance on Assurance Engagement Report on Internal Control over Financial Reporting, the directors, whose names are stated below, hereby certify that:

- a) We have reviewed the Report on the Effectiveness of Internal Control over Financial Reporting as of 31 December 2024 of Standard Alliance Insurance Plc;
- b) Based on our knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- c) Based on our knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
- d) We also certify that we:
 - (i) are responsible for establishing and maintaining internal controls;
 - (ii) have designed such internal controls and procedures, or caused such internal controls and procedures to be designed under our supervision, to ensure that material information relating to the company, and its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (iii) have designed such internal control system, or caused such internal control system to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS Accounting Standards;
 - (iv) have evaluated the effectiveness of the Company's internal controls and procedures as of a date within 90 days prior to the report and presented in this report our conclusions about the effectiveness of the internal controls and procedures, as of the end of the period covered by this report based on such evaluation.
- e) We have disclosed, based on our most recent evaluation of internal control system, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - (i) All significant deficiencies and that there are no material weaknesses in the design or operation of the internal control system which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and
 - (ii) There was no fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control system.
- f) We identified, in the report whether or not there were significant changes in internal controls or other facts that could significantly affect internal controls subsequent to the date of their evaluation including any corrective actions with regard to significant deficiencies and material weaknesses.



Mr. Paulinus Offorzor
Managing Director/CEO
FRC/2013/PRO/CIIN/002/00000003287
20th September 2025



Mr. Mike Owopo
Chief Financial Officer
FRC/2018/PRO/ICAN/001/0000017730
20th September 2025



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Independent Auditor's Limited Assurance Report To the Members of Standard Alliance Insurance Plc

Report on Limited assurance engagement performed on management's assessment of internal controls over financial reporting

Conclusion

We have performed a limited assurance engagement on whether internal control over financial reporting of Standard Alliance Insurance Plc as of 31 December 2024 is effective in accordance with the criteria established by Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("the COSO Framework") and the FRC Guidance on Assurance Engagement Report on Internal Control Over Financial Reporting ("the Guidance") issued by the Financial Reporting Council of Nigeria.

Based on the procedures performed and evidence obtained, nothing has come to our attention to cause us to believe that the Company's internal control over financial reporting as of 31 December 2024 is not effective, in all material respects, in accordance with the COSO Framework and the FRC Guidance on Assurance Engagement Report on Internal Control Over Financial Reporting. However, management identified certain deficiencies in internal control considered to be significant deficiencies as noted in page 15 of the Management's report.

Basis for conclusion

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board (IAASB) and the Financial Reporting Council of Nigeria Guidance on Assurance Engagement Report on Internal Control over Financial Reporting. Our responsibilities are further described in the "Our responsibilities" section of our report.

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA).

Our firms apply International Standard on Quality Management (ISQM) 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements issued by the IAASB. This standard requires the firms to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Other matter

We have audited the financial statements of Standard Alliance Insurance Plc in accordance with the International Standards on Auditing, and our report dated 16 October 2025 expressed an unmodified opinion of the financial statements. Our conclusion is not modified in respect of this matter.

Responsibilities for Internal Control over Financial reporting

The Board of Directors of Standard Alliance Insurance Plc is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on the Effectiveness of Internal Control over Financial Reporting. Our responsibility is to express a conclusion on the Company's internal control over financial reporting based on our assurance engagement.

Our responsibilities

The Financial Reporting Council of Nigeria Guidance on Assurance Engagement Report on Internal Control over Financial Reporting ("the Guidance") requires that we plan and perform the assurance engagement and provide a limited assurance report on the Company's internal control over financial reporting based on our assurance engagement.

Definition and Limitations of Internal Control Over Financial reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that:

- (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (iii) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect all misstatements. Furthermore, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Abel Atalor
FRC/2013/PRO/ICAN/004/00000001141
FOR: MUHTARI DANGANA & CO
(Chartered Accountants)
LAGOS - NIGERIA





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**INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF STANDARD ALLIANCE INSURANCE PLC**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Standard Alliance Insurance Plc, which comprise, the statement of financial position as at 31 December 2024, statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2024 and of its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards, issued by the International Accounting Standards Board (IASB) and in compliance with the relevant provisions of the Financial Reporting Council of Nigeria (Amendment) Act 2023, the Companies and Allied Matters Act 2020, Insurance Act CAP I17, LFN 2004 and the Prudential Guidelines issued by National Insurance Commission.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to our audit of the financial statements in Nigeria, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the International Ethics Standards Board Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty relating to going concern

"We draw attention to note 34 of the financial statements, which indicates that the company recorded a shortfall of regulatory minimum paid up capital of N6.075 billion and shortfall of N14.536 billion in solvency margin. These conditions along with other matters as set forth in Note 34, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

The Board and Management of the Company are working assiduously to inject fresh capital through a recapitalization and business restructuring plan involving major prospective investor as set forth in Note 35. Our opinion is not modified in respect of this matter."

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



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**INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF STANDARD ALLIANCE INSURANCE PLC. - CONT'D**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS – CONT'D

Valuation of investment properties

The Directors have estimated the value of the Company's investment properties to be N11.670 billion as at 31 December 2024. Independent external valuations were obtained in order to support the value in the Company's financial statements. These valuations are dependent on certain key assumptions and significant judgments including capitalization rates and fair market rents.

Our response

We ascertained the following

- Evaluated the independent external valuers' competence, capabilities and objectivity
- Assessed the methodologies used and the appropriateness of the key assumptions.
- Checked the accuracy and relevance of the input data used.

We also reviewed and found the disclosures in note 11.2 to be appropriate based on the assumptions and available evidence.

Valuation of insurance contracts liabilities.

The Company has material insurance contract liabilities of ₦4.856 billion (2023: ₦5.062billion). Actuarial valuation of these insurance contract liabilities is an area that involves significant judgment over uncertain future outcomes and therefore was an area of significance to our audit.

The result of management's assessments regarding the calculation of the liability for incurred claims depends on inputs, the choice of actuarial methods and the precision of management judgment in determining actuarial assumptions. Key assumptions with the greatest impact on the carrying amount include inflation, discount rates as well as estimated future payments for claims.

Valuation of insurance contract liabilities requires significant management judgement and accounting assumptions about uncertain future events, which may materially affect the carrying amount, and thus is a key audit matter.

Insurance contract liabilities, related accounting policies and significant judgments and assumptions are disclosed in Notes 3 and 12 respectively to the financial statements.

How the matter was addressed in our audit

- we obtained and documented our understanding of the Company's basis of valuation.
- we evaluated the design, implementation and operating effectiveness of key controls implemented by the Company which includes management review of data used for the valuation of insurance contract liabilities.
- we tested the completeness and accuracy of the databases used in determining the assumptions, as well as on actuarial calculations.
- we assessed whether the method/model for determining future cash flows is in line with the requirements of the relevant accounting standard and standard industry practices.
- we reviewed and confirmed the appropriateness of disclosures made in the financial statements as regards insurance contract.
- reviewed the accuracy of data items used as inputs to valuations or valuation models, including those involved in retrospective and prospective liability calculations
- verified the accuracy of contract classifications for reporting under IFRS 17 Insurance Contracts;



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**INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF STANDARD ALLIANCE INSURANCE PLC. - CONT'D**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS – CONT'D

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Chairman's and Directors' statements, but does not include the financial statements and our auditors report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Standards issued by the International Accounting and Assurance Standards Board, and in compliance with the relevant provisions of the Financial Reporting Council of Nigeria (Amendment) Act, 2023, the Companies and Allied Matters Act, 2020, Insurance Act, CAP I17 LFN 2004, and the Prudential Guidelines issued by National Insurance Commission, 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.

In preparing the financial statements, the directors are responsible for assessing 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 Company or to cease operations, or has no realistic alternative but to do so.

Auditors' responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a 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 International Standards on Auditing 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 financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 control 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.



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**REPORT OF THE INDEPENDENT AUDITORS TO SHAREHOLDERS OF STANDARD ALLIANCE
INSURANCE PLC- CONT'D**

* Conclude on the appropriateness of 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 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 auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

* Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit, and significant audit findings and any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

The Companies and Allied Matters Act, 2020 and Insurance Act CAP I17 LFN 2004 require that in carrying out our audit we consider and report to you on the following matters. 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) in our opinion, proper books of account have been kept by the Company
- iii) the Company's statement of financial position, and its statement of profit or loss and other comprehensive income are in agreement with the books of account.

Compliance with FRC Guidance on Assurance Engagement on Internal Control

In accordance with the requirement of the Financial Reporting Council of Nigeria, (FRC) we performed a limited assurance engagement and reported on management's assessment of the Company's Internal Control over Financial Reporting as of December 31, 2024. The work performed was done in accordance with ISAE 3000 (Revised) Assurance Engagements other Than Audits or Reviews of Historical Financial information and the FRC Guidance on Assurance Engagement Report on Internal Control over Financial Reporting. We have issued an unmodified opinion in our report dated 16 October 2025. That Report is included on Page 17 of the annual report.

Abel Atalor
FRC/2013/PRO/ICAN/004/00000001141
Muhtari Dangana & Co
(Chartered Accountants)
Lagos, Nigeria



STANDARD ALLIANCE INSURANCE PLC

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

SUMMARY OF MATERIAL ACCOUNTING POLICIES

The following are the material accounting policies adopted by the Company in the preparation of its financial statements. These policies have been consistently applied to all year's presentations.

1 The reporting entity

The Company was incorporated in July 1981 as a Private Limited Liability Company and commenced full operations in 1982 under the name Jubilee Insurance Company Limited. The name was changed to Standard Alliance Insurance Company Limited (Standard Alliance) in August 1996.

The Company successfully merged with its subsidiary Company, Standard Alliance Life Assurance Limited on 27 February 2017.

Standard Alliance Insurance became a Public Liability Company (Plc) on 30th May 2002 and was quoted on the Nigerian Stock Exchange in December 2003.

The Company is 100% fully owned by Nigerian citizens and Institutional investors. Its major shareholders are:

	Units	%
Gemrock Management Company Limited	2,594,060,738	39
Endura Investment Global Limited	3,140,774,908	48
Alimi Adesina	382,013,914	6
Bode Akinboye	435,442,485	7
Ogbogbo Augustine	26,038,000	0
	6,578,330,045	

In 19th August, 2024, the shares that previously belonged to Standard Alliance Investments Limited were sold to a new core investor, Endura Investment Global Limited. The financial statements for the year ended 31 December 2024, were finally approved by the new Board of Directors on 24th September, 2025.

The Company's principal activity continues to be provision of risk underwriting and related financial services to its customers. Such services include provision of general insurance services and life assurance to both corporate and individual customers.

2. Basis of preparation

2.1 Statement of compliance with International Financial Reporting Standards (IFRSs)

The financial statements for the year ended 31 December 2024 have been prepared in accordance with the IFRS Accounting Standards as issued by the International Accounting Standards Board, Companies and Allied Matters Act, 2020, Insurance Act CAP I17, LFN 2003 and Prudential Guidelines issued by National insurance Commission and Investment and Securities Act 2007.

The financial statements include the statements of financial position, statements of profit or loss and other comprehensive income, the statements of cash flows, the statement of changes in equity, summary of significant accounting policies and other explanatory information.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.2 Going concern

The Company's financial statements are prepared on a going concern basis. Even though the parties are aware of material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern, the Directors are satisfied that the Company has the resources to continue in business for the foreseeable future.

This conclusion of the Directors is on the mitigating procedures taken to inject fresh capital through a recapitalization and business restructuring plan involving major prospective investors.

2.3 Basis of measurement

Historical cost basis was used in the preparation of the financial statements as modified by certain items of:

- Investments at fair value
- Financial assets at fair value through other comprehensive income (FVOCI) that are measured at fair value
- Investments carried at amortised cost
- Impaired assets at their recoverable amounts
- Insurance contract liabilities at fair value
- Freehold Land and Buildings stated at revalued amount

2.4 Functional and Presentation Currency

The financial statements are presented in Nigerian Naira (N), which is also the functional currency of the Company and rounded to the nearest thousand (N'000) unless otherwise indicated.

2.5 Transactions and balances in foreign currencies

Transactions denominated in foreign currencies are recorded in Naira at the rate of exchange ruling at the date of each transaction. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included in the profit and loss account. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated at that date. Exchange gains arising from the revaluation of monetary assets and liabilities are recognized in the income statement while those on non-monetary items are recognized in other comprehensive income. For non-monetary financial investments, unrealized exchange differences are recorded directly in equity until the asset is disposed or impaired.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

3 Significant management judgements and key sources of estimation uncertainty

In the process of applying the accounting policies adopted by the Company, the directors make certain judgments and estimates that may affect the carrying values of assets and liabilities in the next financial period. Such judgments and estimates are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the current circumstances. The directors evaluate these at each financial reporting date to ensure that they are still reasonable under the prevailing circumstances based on the information available.

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require material adjustments to the carrying amount of the asset or liability affected in the future. These factors could include:

(i) Significant judgements made in applying the Company's accounting policies

The judgements made by the directors in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements include:

- Whether it is probable that future taxable profits will be available against which temporary differences can be utilised; and
- Whether the Company has the ability to hold financial assets at amortised cost until they mature. If the Company were to sell other than an insignificant amount of such financial asset before maturity, it would be required to classify the entire class as financial assets through other comprehensive income (FVOCI) and measure them at fair value.

(ii) Key sources of estimation uncertainty

a) Valuation of insurance contract liabilities

- Critical assumptions are made by the actuaries in determining the present value of actuarial liabilities. These assumptions are set out in accounting policy 5.19 and as embedded in the report. The liability for insurance contracts is either based on current assumptions or on assumptions established at inception of the contract, reflecting the best estimate at the time increased with a margin for risk and adverse deviation. All contracts are subject to a liability adequacy test, which reflects management's best current estimate of future cash flows.
- Estimates are also made as to future investment income arising from the assets backing insurance contracts. These estimates are based on current market returns as well as expectations about future economic and financial developments.
- Assumptions on future expenses are based on current expense levels, adjusted for expected expense inflation if appropriate.

b) Property, plant and equipment

Critical estimates are made by the directors in determining the useful lives and residual values of property, plant and equipment.

c) Impairment losses

Estimates are made in determining the impairment losses on assets. Such estimates include the determination of the recoverable amount of the asset.

d) Income taxes

The Company is subject to income taxes under the Nigerian Tax Laws. Significant estimates are required in determining the provisions for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcomes of these matters are different from the amounts that were initially recorded, such differences will impact the income tax and the deferred tax provisions in the period in which such determinations are made.

e) Critical judgments in applying the entity's accounting policies

In the process of applying the Company's accounting policies, management has made judgements in determining:

- i) The classification of financial assets and liabilities
- ii) Whether assets are impaired.
- iii) Whether land and buildings meet the criteria to be classified as investment property.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

f) Fair Valuation of Investment Properties

The fair value of investment properties is based on the nature, location and condition of the specific asset. The fair value is determined by reference to observable market prices. The fair value of investment property does not reflect the related future benefits from this future expenditure. These valuations are performed annually by external appraisers. Assumptions are made about expected future cash flows and the discounting rates.

g) Liability for remaining coverage (LRC) and Liability for Incurred claims (LIC)

The measurement of group's liability resulting from the insurance contracts that it issues requires a significant use of estimates and judgements. The Company estimates the liability for future insurance contract obligations, taking into account the expected cash flows for fulfilling these contracts. This involves making assumptions about future claim payments, premium income, and discount rates. See Note 4.40 for how the Company recognises and measures this liabilities.

h) Fulfilment Cash Flows

In estimating its liabilities and assets as it relates to insurance and reinsurance contracts, the Company makes significant assumptions relating to the future cash flows that will arise from fulfilling insurance contracts, considering variables such as claims experience, lapses, and policyholder behaviour. These estimates require judgment and are influenced by historical data and actuarial projections. See Note 4.43 for how the Company determines and measures cashflows relating to insurance and reinsurance contracts.

The Company incorporates, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. This information includes both internal and external historical data about claims and other experience, updated to reflect current expectations of future events. The estimates of future cash flows reflect the Company's view of current conditions at the reporting date, using market variables consistent with observable market prices, where applicable.

i) Risk adjustment

In the measurement of risk adjustment, the group makes use of significant judgements including estimations, actuarial projections and historical data in determining a reasonable compensation for bearing non-financial risks as it relates to insurance contracts that its issues. It also employs similar assumptions and methodologies in estimating the expected reinsurance portion or recoverable as it relates to risk adjustment. See Note 4.42 for the company's policy regarding the determination and measurement of risk adjustment.

j) Discount rates

The determination of appropriate discount rates to value future cash flows is critical in the application of IFRS 17. The Company considers factors such as the time value of money, credit risks and illiquidity premiums in selecting its discount rates. Significant judgement is used by the Company to ensure that the selected rates reflects the characteristics of the cashflows and the risks associated with insurance contracts. See note 2.39 for the Company's policy regarding discount rates used in assessing insurance and reinsurance contracts.

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SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(k) New standards and interpretations not yet effective for a 31 December 2024 year end
- Amendments to IAS 21 - Lack of exchangeability

The amendments clarify:

- when a currency is exchangeable into another currency; and
- how a company estimates a spot rate when a currency lacks exchangeability.

Assessing exchangeability: When to estimate a spot rate. A currency is exchangeable into another currency when a company is able to exchange that currency for the other currency at the measurement date and for a specified purpose. When a currency is not exchangeable, a company need to estimate a spot.

Estimating a spot rate: Meeting the estimation objective

A company's objective when estimating a spot rate is only that it reflects the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments contain no specific requirements on how to estimate a spot rate,

Therefore, when estimating a spot rate a company can use:

- an observable exchange rate without adjustment; or
- another estimation technique.

Under the amendments, companies will need to provide new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements. This may include:

- the nature and financial impacts of the currency not being exchangeable
- the spot exchange rate used;
- the estimation process; and
- risks to the company because the currency is not exchangeable

The company is still evaluating the impact of the amendments on its operation. The amendment is effective 1 January, 2025.

Amendments to IFRS 9 and IFRS 7 Classification and Measurement of Financial Instruments

The International Accounting Standards Board (IASB) issued amendments to the classification and measurement requirements in IFRS 9 Financial Instruments. The key amendments include the following:

•Settlement of financial liabilities through electronic payment systems: The amendments clarify that a financial liability is derecognised on the 'settlement date'. However, the amendments provide an exception for the derecognition of financial liabilities. This exception allows the company to derecognise its trade payable before the settlement date when it uses an electronic payment system, provided that specified criteria are met.

•Additional SPPI Test for Contingent Features: The amendments introduce an additional SPPI test for financial assets with contingent features that are not directly related to a change in basic lending risks or costs – for example, where the cash flows change depending on whether the borrower meets an ESG target specified in the loan contract. Under the amendments, certain financial assets, including those with ESG-linked features, could now meet the SPPI criterion, provided that their cash flows are not significantly different from an identical financial asset without such a feature.

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

- Clarification on Contractually Linked Instruments (CLIs): The amendments clarify the key characteristics of CLIs and how they differ from financial assets with non-recourse features. They also include factors that a company needs to consider when assessing the cash flows underlying a financial asset with non-recourse features (the 'look through' test).

- Additional Disclosure Requirements: The amendments require additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features that are not directly related to a change in basic lending risks or costs and are not measured at fair value through profit or loss. These amendments are not expected to materially impact the Company.

Presentation and Disclosure in Financial Statements (IFRS 18)

IFRS 18 Presentation and Disclosure in Financial Statements replaces IAS 1 Presentation of Financial Statements.

The new standard introduces the following key new requirements:

- It promotes a more structured income statement, in particular, it introduces a newly defined 'operating profit' subtotal and a requirement for all income and expenses to be classified into three new distinct categories, operating, investing, and financing, based on a company's main business activities.

- All companies are required to report the newly defined 'operating profit' subtotal – an important measure for investors' understanding of a company's operating results – i.e. investing and financing results are specifically excluded. This means that the results of equity-accounted investees are no longer part of operating profit and are presented in the investing' category.

- Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.

- Enhance guidance is provided on how to group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes. Companies are discouraged from labelling items as 'other' and will now be required to disclose more information if they continue to do so.

- Entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

- It also requires Companies to analyse their operating expenses directly on the face of the income statement – either by nature, by function or using a mixed presentation. If any items are presented by function on the face of the income statement (e.g. cost of sales), then a company provides more detailed disclosures about their nature. The Company is still evaluating the impact of the standard on its operations.

Annual Improvements to IFRS Accounting Standards (Amendments to IFRS 7, IFRS 9 and IAS 7)

IFRS 7 Financial Instruments: Disclosures

1. Gain or loss on derecognition. The amendment addresses a potential confusion in paragraph B38 of IFRS 7 arising from an obsolete reference to a paragraph that was deleted from the standard when IFRS 13 Fair Value Measurement was issued. These amendments are not expected to have material impact on the group or company.

2. Disclosure of deferred difference between fair value and transaction price. The amendment addresses an inconsistency between paragraph 28 of IFRS 7 and its accompanying implementation guidance that arose when a consequential amendment resulting from the issuance of IFRS 13 was made to paragraph 28, but not to the corresponding paragraph in the implementation guidance.

3. Introduction and credit risk disclosures. The amendment addresses a potential confusion by clarifying in paragraph IG1 that the guidance does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7 and by simplifying some explanations.

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SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

IFRS 9 Financial Instruments

1. Initial measurement of Trade receivables. The amendments remove the conflict between IFRS 9 and IFRS 15 over the amount at which a trade receivable is initially measured. Under IFRS 15, a trade receivable may be recognised at an amount that differs from the transaction price – e.g. when the transaction price is variable.

Conversely, IFRS 9 requires that companies initially measure Trade receivables without a significant financing component at the transaction price.

The IASB has amended IFRS 9 to require companies to initially measure a trade receivable without a significant financing component at the amount determined by applying IFRS 15. Amendment on Trade receivables could prompt accounting policy change.

2. Derecognition of a lease liability. If a lease liability is derecognised, then the derecognition is accounted for under IFRS 9. However, when a lease liability is modified, the codification is accounted for under IFRS 16 Leases. The Company is still evaluating the impact of the amendments on its operation.

Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments require the full gain to be recognised when assets transferred between an investor and its associate or joint venture meet the definition of a 'business' under IFRS 3 Business Combinations. Where the assets transferred do not meet the definition of a business, a partial gain to the extent of unrelated investors' interests in the associate or joint venture is recognised. The definition of a business is key to determining the extent of the gain to be recognised. When a parent loses control of a subsidiary in a transaction with an associate or joint venture (JV), there is a conflict between the existing guidance on consolidation and equity accounting. Under the consolidation standard, the parent recognises the full gain on the loss of control. But under the standard on associates and JVs, the parent recognises the gain only to the extent of unrelated investors' interests in the associate or JV. In either case, the loss is recognised in full if the underlying assets are impaired. The IASB has decided to defer the effective date for these amendments indefinitely. There is no impact on the Company's activities

STANDARD ALLIANCE INSURANCE PLC

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

4. Material accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below:

4.1 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less. They include bank overdraft in the context of the statement of cash flows.

4.2 Financial instruments

Recognition

The Company on the date of origination or purchase recognizes placements, equity securities and deposits at the fair value of consideration paid. Regular-way purchases and sales of financial assets are recognized on the settlement date. All other financial assets and liabilities, including derivatives, are initially recognized on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Classification and Measurement

Initial measurement of a financial asset or liability is at fair value plus transaction costs that are directly attributable to its purchase or issuance. For instruments measured at fair value through profit or loss, transaction costs are recognized immediately in profit or loss. Financial assets include placement with banks, treasury bills and equity instruments.

Financial assets are classified into one of the following measurement categories:

1. Amortised cost
2. Fair Value through Other Comprehensive Income (FVOCI)
3. Fair Value through Profit or Loss (FVTPL) for trading related assets

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual cash flow characteristics.

Business Model Assessment

Business model assessment involves determining whether financial assets are managed in order to generate cash flows from collection of contractual cash flows, selling financial assets or both. The Company assesses business model at a portfolio level reflective of how groups of assets are managed together to achieve a particular business objective. For the assessment of business model the Company takes into consideration the following factors:

- i 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 realizing cash flows through the sale of the assets
- ii How the performance of assets in a portfolio is evaluated and reported to Company heads and other key decision makers within the Company's business lines;

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SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.2 Financial instruments - cont'd

Business Model Assessment - cont'd

- iii The risks that affect the performance of assets held within a business model and how those risks are managed;
- iv How compensation is determined for the Company's business lines' management that manages the assets;
- v The frequency and volume of sales in prior periods and expectations about future sales activity.
Management determines the classification of the financial instruments at initial recognition. The business model assessment falls under three categories:
 - a) Business Model 1(BM1): Financial assets held with the sole objective to collect contractual cash flows;
 - b) Business Model 2 (BM2): Financial assets held with the objective of both collecting contractual cash flows and selling; and
 - c) Business Model 3 (BM3): Financial assets held with neither of the objectives mentioned in BM1 or BM2 above. These are basically financial assets held with the sole objective to trade and to realize fair value changes.

The Company may decide to sell financial instruments held under the BM1 category with the objective to collect contractual cash flows without necessarily changing its business model if one or more of the following conditions are met:

- i) Where these sales are infrequent even if significant in value. A Sale of financial assets is considered infrequent if the sale is one-off during the Financial Year and/or occurs at most once during the quarter or at most three (3) times within the Financial Year.

The Company may decide to sell financial instruments held under the BM1 category with the objective to collect contractual cash flows without necessarily changing its business model if one or more of the following conditions are met:

- ii) Where these sales are insignificant in value both individually and in aggregate, even if frequent. A sale is considered insignificant if the portion of the financial assets sold is equal to or less than five (5) per cent of the carrying amount (book value) of the total assets within the business model.
- iii) When these sales are made close to the maturity of the financial assets and the proceeds from the sales approximate the collection of the remaining contractual cash flows. A sale is considered to be close to maturity if the financial assets have a tenor to maturity of not more than one (1) year and/or the remaining contractual cash flows expected from the financial asset do not exceed the cash flows from the sales by ten (10) per cent.

Other reasons: The following reasons outlined below may constitute 'Other Reasons' that may necessitate selling financial assets from the BM1 category that will not constitute a change in business model:

1. Selling the financial asset to realize cash to deal with unforeseen need for liquidity (infrequent).
2. Selling the financial asset to manage credit concentration risk (infrequent)
3. Selling the financial assets as a result of changes in tax laws (infrequent).
4. Other situations also depend upon the facts and circumstances which need to be judged by the management

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Cash flow characteristics assessment

The contractual cash flow characteristics assessment involves assessing the contractual features of an instrument to determine if they give rise to cash flows that are consistent with a basic investment arrangement. Contractual cash flows are consistent with a basic deposit arrangement if they represent cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

Principal is defined as the fair value of the instrument at initial recognition. Principal may change over the life of the instruments due to repayments. Interest is defined as consideration for the time value of money and the credit risk associated with the principal amount outstanding and for other basic lending risks and costs (liquidity risk and administrative costs), as well as a profit margin.

a) Financial assets measured at amortised cost

Financial assets are measured at amortised cost if they are held within a business model whose objective is to hold for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. After initial measurement, debt instruments in this category are carried at amortized cost using the effective interest rate method. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. Amortized cost is calculated taking into account any discount or premium on acquisition, transaction costs and fees that are an integral part of the effective interest rate. Amortization is included in Interest income in the Consolidated Statement of Income. Impairment on financial assets measured at amortized cost is calculated using the expected credit loss approach.

Financial assets measured at amortized cost are presented net of the allowance for credit losses (ACL) in the statement of financial position

b) Financial assets measured at FVOCI

Financial assets are measured at FVOCI if they are held within a business model whose objective is to hold for collection of contractual cash flows and for selling financial assets, where the assets' cash flows represent payments that are solely payments of principal and interest. Subsequent to initial recognition, unrealized gains and losses on debt instruments measured at FVOCI are recorded in other comprehensive Income (OCI).

c) Financial assets measured at FVTPL

Financial assets measured at FVTPL include assets held for trading purposes, assets held as part of a portfolio managed on a fair value basis and assets whose cash flows do not represent payments that are solely payments of principal and interest. Financial assets may also be designated at FVTPL if by so doing eliminates or significantly reduces an accounting mismatch which would otherwise arise. These instruments are measured at fair value in the Statement of Financial Position, with transaction costs recognized immediately in the Statement of Income.

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

d) Equity Instruments

Equity instruments are measured at FVTPL, unless an election is made to designate them at FVOCI upon purchase. For equity instruments measured at FVTPL, changes in fair value are recognized in the Statement of profit or loss. The Company can elect to classify non-trading equity instruments at FVOCI. This election will be used for certain equity investments for strategic or longer term investment purposes. The FVOCI election is made upon initial recognition, on an instrument-by-instrument basis and once made is irrevocable. Gains and losses on these instruments including when derecognized/sold are recorded in OCI and are not subsequently reclassified to the Statement of profit or loss. Dividends received are recorded in Interest income in the Statement of Income. Any transaction costs incurred upon purchase of the security are added to the cost basis of the security and are not reclassified to the Statement of Income on sale of the security.

Financial liabilities are classified into one of the following measurement categories:

- (i) Fair Value through Profit or Loss (FVTPL)
- (ii) Amortised cost

i) Financial Liabilities at fair value through profit or loss

Financial liabilities accounted for at fair value through profit or loss fall into two categories:

Financial liabilities held for trading and financial liabilities designated at fair value through profit or loss on inception

Financial liabilities at fair value through profit or loss are financial liabilities held for trading. A financial liability is classified as held for trading if it is incurred principally for the purpose of repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking. Derivatives are also categorized as held for trading unless they are designated and effective as hedging instruments. Financial liabilities held for trading also include obligations to deliver financial assets borrowed by a short seller. Gains and losses arising from changes in fair value of financial liabilities are included in the income statement and are reported as 'Net gains/(losses) on financial instruments classified as held for trading. Interest expenses on financial liabilities held for trading are included in 'Net interest income'.

Financial Liabilities are designated at FVTPL when either the designation eliminates or significantly reduce an accounting mismatch which would otherwise arise or the financial liability contains one or more embedded derivatives which significantly modify the cash flows otherwise required. For liabilities designated at fair value through profit or loss, all changes in fair value are recognized in Non-interest income in the Statement of Income, except for changes in fair value arising from changes in the Company's own credit risk which are recognized in OCI. Changes in fair value of liabilities due to changes in the Company's own credit risk, which are recognized in OCI, are not subsequently reclassified to the Statement of Income upon derecognition/extinguishment of the liabilities.

ii) Financial Liabilities at amortised cost

Financial liabilities that are not classified at fair value through profit or loss fall into this category and are measured at amortised cost using the effective interest rate method. Financial liabilities measured at amortised cost are debt securities in issue for which the fair value option is not applied, e.g. convertible bonds and subordinated debts.

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SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.2.1 Impairment of financial instruments

In line with IFRS 9, the Company assesses the under listed financial instruments for impairment using Expected Credit Loss (ECL) approach:

1. Amortized cost financial assets; and
2. Debt securities classified as at FVOCI.

Equity instruments and financial assets measured at FVTPL shall not be subjected to impairment as it is not required under the standard.

Expected Credit Loss Impairment Model

The Company's allowance for credit losses calculations shall be outputs of models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. The expected credit loss impairment model reflects the present value of all cash shortfalls related to default events either over the following twelve months or over the expected life of a financial instrument depending on credit deterioration from inception. The allowance for credit losses reflects an unbiased, probability-weighted outcome which considers multiple scenarios based on reasonable and supportable forecasts.

The Company shall adopt a three-stage approach for impairment assessment based on changes in credit quality since initial recognition.

Stage 1 – Where there has not been a Significant Increase in Credit Risk (SICR) since initial recognition of a financial instrument, an amount equal to 12 months expected credit loss shall be recorded. The expected credit loss shall be computed using a probability of default occurring over the next 12 months. For those instruments with a remaining maturity

Stage 2 – When a financial instrument experiences a SICR subsequent to origination but is not considered to be in default, it shall be included in Stage 2. This requires the computation of expected credit loss based on the probability of default over the remaining estimated life of the financial instrument.

Stage 3 – Financial instruments that are considered to be in default shall be included in this stage. Similar to Stage 2, the allowance for credit losses captures the lifetime expected credit losses.

The guiding principle for ECL model shall be to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments since initial recognition. The ECL allowance shall be based on credit losses expected to arise over the life of the asset (life time expected credit loss), unless there has been no significant increase in credit risk since origination. Examples of financial assets with low credit risk (no significant increase in credit risk) include: Risk free and gilt edged debt investment securities that shall be determined to have low credit risk at the reporting date; and Other financial instruments (other than lease receivables) on which credit risk has not increased significantly since their initial recognition.

Measurement of Expected Credit Losses

The probability of default (PD), exposure at default (EAD), and loss given default (LGD) inputs used to estimate expected credit losses shall be modelled based on macroeconomic variables that are most closely related with credit losses in the relevant portfolio.

Details of these statistical parameters/inputs are as follows:

PD – The probability of default shall be an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the remaining estimated life, if the asset has not been previously derecognized and are still in the portfolio.

12-month PDs – This is the estimated probability of default occurring within the next 12 months (or over the remaining life of the financial instrument if that is less than 12 months). This shall be used to calculate 12-month ECLs.

Lifetime PDs – This is the estimated probability of default occurring over the remaining life of the financial instrument. This shall be used to calculate lifetime ECLs for "stage 2" and stage 3 exposures. PDs shall be limited to the maximum exposure required by IFRS 9.

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SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

EAD – The exposure at default shall be an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

LGD – The loss given default shall be an estimate of the loss arising in the case where a default occurs at a given time. It shall be based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It shall be usually expressed as a percentage of the EAD.

The measurement of expected credit losses for each stage and the assessment of significant increases in credit risk considers information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking information requires significant judgement.

The Company shall rely on a broad range of forward looking information as economic inputs, such as GDP growth, unemployment rates, central bank base rates, crude oil prices, inflation rates and foreign exchange rates. The inputs and models used for calculating expected credit losses may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays shall be made as temporary adjustments using expert credit judgement.

The Company shall determine allowance for credit losses using three probability-weighted forward looking scenarios. The Company shall consider both internal and external sources of information in order to achieve an unbiased measure of the scenarios used. The Company prepares the scenarios using forecasts generated by credible sources such as Business Monitor International (BMI), International Monetary Fund (IMF), Nigeria Bureau of Statistics (NBS), World Bank, Central Bank of Nigeria (CBN), Nigeria Insurers Association, Financial Markets Dealers Quotation (FMDQ), and Trading Economics. The Company estimates three scenarios for each risk parameter (LGD, EAD, CCF and PD) – Normal, Upturn and Downturn, which in turn shall be used in the estimation of the multiple scenario ECLs. The 'normal case' represents the most likely outcome and shall be aligned with information used by the company for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. The Company has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables, credit risk and credit losses.

Assessment of significant increase in credit risk (SICR)

At each reporting date, the Company shall assess whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the remaining expected life from the reporting date and the date of initial recognition. The assessment considers borrower-specific quantitative and qualitative information without consideration of collateral, and the impact of forward-looking macroeconomic factors. The common assessments for SICR on retail and non-retail portfolios include macroeconomic outlook, management judgement, and delinquency and monitoring. Forward looking macroeconomic factors shall be a key component of the macroeconomic outlook. The importance and relevance of each specific macroeconomic factor depends on the type of product, characteristics of the financial instruments and the borrower and the geographical region.

The Company shall adopt a multi factor approach in assessing changes in credit risk. This approach considers: Quantitative (primary), Qualitative (secondary) and Back stop indicators which are critical in allocating financial assets into stages.

The quantitative models considers deterioration in the credit rating of obligor/counterparty based on the Group's internal rating system or External Credit Assessment Institutions (ECAI) while qualitative factors considers information such as expected forbearance, restructuring, exposure classification by licensed credit bureau etc.

STANDARD ALLIANCE INSURANCE PLC

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SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

A backstop shall be used to ensure that in the (unlikely) event that the primary (quantitative) indicators do not change and there is no trigger from the secondary (qualitative) indicators, an account that has breached the 30 days past due criteria for SICR and 90 days past due criteria for Default shall be transferred to stage 2 and stage 3 respectively except there is a reasonable and supportable evidence available without undue cost to rebut the presumption.

Definition of Default and Credit Impaired Financial Assets

At each reporting date, the Company shall assess whether financial assets are credit impaired. A financial asset shall be credit impaired when one or more of the following events have a detrimental impact on the estimated future cash flows of the financial asset:

- Significant financial difficulty of the Issuer;
- A breach of contract such as a default or past due event;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.
- The disappearance of an active market for a security because of financial difficulties.

A debt that has been renegotiated due to a deterioration in the issuer's condition shall be considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there shall be no other indicators of impairment. In making an assessment of whether an investment in sovereign debts is credit-impaired, the Company shall consider the following factors:

1. The market's assessment of credit worthiness as reflected in the bond yields
2. The rating agencies' assessments of credit worthiness
3. The country's ability to access the capital markets for new debt issuance
4. The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness
5. The international support mechanisms in place to provide the necessary support as lender of last resort to that country as well as the intention, reflected in public statements of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and irrespective of the political intent, whether there is the capacity to fulfil the required Criteria.

Presentation of allowance for ECL in the statement of financial position

Allowances for ECL shall be presented in the statement of financial position as follows:

- Financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets
- Financial assets measured at FVOCI: loss allowance shall be recognized in the statement of financial position because the carrying amount of these assets shall be their fair value. However, the loss allowance shall be disclosed and recognized in the fair value reserve.

Write-off

The Company writes off an impaired financial asset (and the related impairment allowance), either partially or in full, when there shall be no realistic prospect of recovery. After a full evaluation of a non-performing exposure, in the event that either one or all of the following conditions apply, such exposure shall be recommended for write-off (either partially or in full):

- Continued contact with the customer is impossible;
- Recovery cost is expected to be higher than the outstanding debt;
- Amount obtained from realization of credit collateral security leaves a balance of the debt; or
- It is reasonably determined that no further recovery on the facility is possible.

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SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.3 Reinsurance contract assets

The Company cedes insurance risk in the normal course of business on the bases of treaty and facultative agreements. Reinsurance contract 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.

4.4 Premium receivables

Trade receivables arising from insurance contracts are stated after adjusting for receivables outstanding from brokers over 30 days.

4.5 Other receivables and prepayments

They are initially recognised at fair value and subsequently measured at amortised cost less provision for impairment. A provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtors) that the Company will not be able to collect all the amount due under the original terms of the contract. Impaired debts are derecognised when they are assessed as uncollectible. If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. Any subsequent reversal of an impairment loss is recognised in profit or loss. Prepayments are carried at cost less accumulated impairment losses.

4.6 Non-current assets held for sale

Non-current assets or disposal group comprising assets and liabilities that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the asset, or components of a disposal group are remeasured in accordance with the Company's accounting policies.

Thereafter generally, the assets or disposal group are measured at the lower of their carrying amounts and fair values less costs to sell. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property and biological assets, which continue to be measured in accordance with the Company's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognized in profit or loss, subject to cumulative subsequent gains not exceeding cumulative losses recorded for the asset.

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SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.7 Investment property

An investment property is property held to earn rentals or for capital appreciation or both. Investment property, including interest in leasehold land, is initially recognised at cost including the transaction costs. Subsequently, investment property is carried at fair value representing the open market value at the statement of financial position date determined by annual valuations carried out by external registered valuers. Gains or losses arising from changes in fair value of investment property shall be recognized in profit or loss for the period in which it arises.

Subsequent expenditure is included in the assets carrying amount only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred. The fair value of investment property is based on the nature, location and condition of the specific asset.

Investment properties are derecognized when either they have been disposed off or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is charged or credited to profit or loss.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property and equipment up to the date of the change in use.

When the Company completes the construction or development of a self-constructed investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognized in the other comprehensive income.

4.8 Intangible assets

Software licence costs and computer software that are not an integral part of the related hardware are initially recognised at cost, and subsequently carried at cost less accumulated amortisation and accumulated impairment losses. Costs that are directly attributable to the production of identifiable computer software products controlled by the Company are recognised as intangible assets.

Amortization is calculated using the straight line method to write down the cost of each licence or item of software to its residual value over its estimated useful life. The estimated useful life of the software is four years. Amortization begins when the asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management, even when idle.

Amortization ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognized and ceases temporarily while the residual value exceeds or is equal to the carrying value

Gains or losses arising from the derecognition of intangible assets are measured as the differences between the net disposal proceeds and the carrying amount of the assets and are recognised in the income statements of the periods in which the assets are.

4.9 Property, plant and equipment

All categories of property, plant and equipment are initially recognized at cost or at fair value. Cost includes expenditure directly attributable to the acquisition of the assets.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance expenses are charged to the income statement in the year in which they are incurred.

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SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Depreciation is calculated using the straight line method to write down the cost or the revalued amount of each of the following classes of assets to its residual value over its estimated useful life:

• Building	50 years
• Furniture & Fittings	10 years
• Office Equipment	5 years
• Computer equipment	5 years
• Motor Vehicles	4 years
• Generating sets	5 years

Land is a component of property, plant and equipment but not subject to depreciation.

Depreciation on an item of property, plant and equipment commences when it is available for use and continues to be depreciated until it is derecognized, even if during that period the item is idle. Depreciation of an item ceases when the item is retired from active use and is being held for disposal.

As no parts of items of property, plant and equipment of the Company have a cost that is significant in relation to the total cost of the item, the same rate of depreciation is applied to the whole item.

The assets' residual values, depreciation method and useful lives are reviewed and adjusted, if appropriate, at each statement of financial position date.

Impairment reviews are performed when there are indicators that the carrying value of an asset may not be recoverable. Impairment losses are recognised in the income statement as an expense.

The Company classifies all assets within a disposal group as Non-current assets held for sale if the carrying amount will be recovered principally through sale transaction rather than continuous use.

Freehold land and buildings are subsequently carried at revalued amounts. Valuations are done on an annual basis by external independent valuers less accumulated depreciation and accumulated impairment losses. All other items of property, plant and equipment are subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amounts and are taken into account in determining operating profit.

Increases in the carrying amounts arising on revaluation are recognised in other comprehensive income and accumulated in equity under the heading of revaluation reserve. Decreases that offset previous increases of the same asset are recognised in other comprehensive income. All other decreases are charged to the Income statement.

4.10 Statutory deposit

Statutory deposit represents 10% of the minimum paid up capital of the Company deposited with the Central Bank of Nigeria (CBN) in pursuant to Section 10(3) of the Insurance Act, CAP I17, LFN 2004 Statutory deposit is measured at cost.

4.11 Insurance contract liabilities

4.11.1 Definition and Classification of Insurance contracts

Products sold by the Company are classified as insurance contracts when the Company accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder's finances.

The Company's accounting and financial assessment are made on a cohort basis and on a contract-by-contract basis at the contract issue date. In making this assessment, the Company considers all its substantive rights and obligations, whether they arise from contract, law or regulation.

The Company determines whether a contract contains significant insurance risk by assessing if an insured event could cause the Company to pay to the policyholder additional amounts that are significant in any single scenario with commercial substance even if the insured event is extremely unlikely or the expected present value of the contingent cash flows is a small proportion of the expected present value of the remaining cash flows from the insurance contract.

STANDARD ALLIANCE INSURANCE PLC

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SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

The Company does not issue any pure life insurance contracts or any life insurance contracts with direct participating features or any contract of insurance with investment component. The Company issues only non-life (General Business) insurance to individuals and commercial businesses.

4.11.2 **Key types of insurance contracts issued, and reinsurance contracts held.**

Non-Life Business - The Company issues non-life insurance to individuals and commercial businesses. Non-life insurance products offered include Motor, Marine, Aviation, Bond, Engineering, Oil & Gas, Fire and General Accident. These products offer financial protection to policyholder's assets and indemnification of other parties against financial loss prompted by the action of the policyholder.

The Company accounts for these contracts applying the principles underlying International Financial Reporting Standard (IFRS17) Insurance Contracts and other relevant accounting standards issued by the International Accounting Standards Board (IASB). The Company also holds appropriate types of reinsurance contracts to mitigate risk exposure, including: proportional and non-proportional facultative arrangements.

4.11.3 **Separating components from insurance and reinsurance contracts**

The Company assesses its insurance and reinsurance products to determine whether they contain components which must be accounted for under another applicable IFRS rather than IFRS 17 (distinct non- insurance components). After separating any distinct components, the Company applies IFRS 17 to all remaining components of the (host) insurance contract on a cohort basis right from initial recognition and subsequent recognition until expiration of insurance service on the contract.

Currently, the Company's products do not include distinct non insurance components such as investment components, goods and services, embedded derivatives that require separation.

4.11.4 **Level of aggregation**

Under IFRS 17 the Company determines a granular grouping of individual contracts for the purpose of measuring insurance contract liability and in the recognition of profitability. The Company identifies portfolios by aggregating insurance contracts that are subject to similar risks and managed together. In grouping insurance contracts into portfolios, the Company considers the similarity of risks rather than the specific labelling of product lines. The Company has determined that all contracts within each product line, as defined for management purposes, have similar risks. Therefore, when contracts are managed together, they represent a portfolio of contracts. The Company's insurance contracts portfolios are disaggregated into annual cohorts or cohorts of periods that are not more than one year apart. Limiting groups to contracts issued within one year or less apart improves the transparency of profitability to be reported in the Company's set of financial statements.

Each portfolio is subdivided into groups of contracts to which the recognition and measurement requirements of IFRS 17 are applied.

At initial recognition, the Group segregates contracts based on when they were issued. A cohort contains all contracts that were issued within a 12-month period. Each cohort is then further disaggregated into three groups of contracts:

- . Contracts that are onerous on initial recognition
- . Contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently
- . Any remaining contracts.

For short term contracts accounted for applying the Premium Allocation Approach (PAA), the Company determines that its contracts are not onerous upon initial recognition, unless there are facts and circumstances indicating otherwise. As IFRS 17 does not define what "facts/circumstances" entail; the following are considered on their impact on expected cashflows and resulting profitability:

- Significant changes in external conditions including economic or regulatory changes.
- Changes to the organization or processes
- Changes in underwriting and pricing strategies
- Trends in experience and expected variability in cashflows

All the Company's short-term contracts currently held have been assessed as having no possibility of becoming onerous. In subsequent periods, non-onerous contracts are re-assessed based on the likelihood of prevailing facts and circumstances leading to significant possibility of becoming onerous.

STANDARD ALLIANCE INSURANCE PLC

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.11.5 Reinsurance contracts held

Reinsurance contracts held (loss-occurring reinsurance contracts) are for one year or less. For Risk-attaching reinsurance contracts, the Company reasonably expects that the resulting measurement of the assets for remaining coverage would not differ materially from the result of applying the accounting policies that are the same as the underlying the measurement model for the insurance contracts they protect.

Reinsurance contracts are assessed for aggregation on an individual contract basis and are assessed separately from insurance contracts. The smallest unit of account is a reinsurance contract, even where this contract covers more than one type of insurance product. However, there are cases where a reinsurance contract covers separate and identifiable product lines which are only included in the same legal document for administrative convenience. These contracts have been separated into its different components.

4.11.6 Recognition of Insurance contracts

An insurance contract issued by the Company is recognised from the earliest of:

- the beginning of its coverage period (i.e. the period during which the Company provides services in respect of any premiums within the boundary of the contract);
- when the first payment from the policyholder becomes due or, if there is no contractual due date, when it is received from the policyholder; and
- when facts and circumstances indicate that the contract is onerous.

An insurance contract acquired in a transfer of contracts or a business combination is recognised on the date of acquisition.

As the Company adheres to the statutory “no premium no cover”, the date premium is received from the policyholder will always be earlier or on the same date as the coverage period. This premium receipt date would then be used to separate the groups of insurance contracts into annual cohorts. The contract groupings shall not be reassessed until they are derecognised.

4.11.7 Contract Boundaries

The Company includes in the measurement of a group of insurance contracts all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the policyholder to pay the premiums, or in which the Company has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation to provide insurance contract services ends when:

. The Company has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks Or;

Both of the following criteria are satisfied:

. The Company has the practical ability to reassess the risks of the portfolio of insurance contracts that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio.

. The pricing of the premiums up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date.

A liability or asset relating to expected premiums or claims outside the boundary of the insurance contract are not recognized. Such amounts relate to future insurance contracts.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.11.8 Measurement of insurance contracts issued.

(a) Initial Measurement-Premium Allocation Approach (PAA)

At initial recognition, the Company measures the carrying amount of the liability for remaining coverage (LRC) as the premiums received on initial recognition minus any insurance acquisition cashflows allocated to the group of contracts at that date, and adjusted for any amount arising from derecognition of any assets or liabilities previously recognized for cash flows related to the group (including assets for insurance acquisition cashflows). The Company has not chosen to expense insurance acquisition cashflows when they are incurred. Subsequently, the carrying amount of the LRC is increased by any premiums received and the amortization of insurance acquisition cashflows recognized as expenses and decreased by amount recognized as insurance revenue for services provided and any additional insurance acquisition cashflows allocated after initial recognition. On initial recognition the Company expects that the time between providing part of the services and the related premium due date is not more than a year.

(b) Subsequent Measurement-Premium Allocation Approach (PAA)

In estimating the total future fulfilment cash flows, the Company distinguishes between those relating to already incurred claims and those relating to future service. At the end of each reporting period, the carrying amount of the group of insurance contracts will reflect a current estimate of the liability for remaining coverage (LRC) as at that date and a current estimate of the liability for incurred claims (LIC).

i Liability for Remaining Coverage

The LRC represents the Company's obligation to investigate and pay valid claims under existing contracts for insured events that have not yet occurred, amounts that relate to other insurance contract services not yet provided (i.e. provision of investment-return and investment-related services) and investment components and other amounts not related to insurance contract services that have not yet been transferred to the LIC.

When applying the PAA, the Company does not discount the liability for remaining coverage to reflect the time value of money and financial risk for its non-life policies with a coverage period of one year or less.

The Company measures the liability for remaining coverage at each subsequent reporting date as follows: Sum of:

- (a) Previous carrying amount,
- (b) Premium received in the period
- (c) Amortization of insurance acquisition cashflows

Less:

- (d) Capitalized insurance acquisition cashflows
- (e) insurance revenue recognized and
- (f) investment paid or transferred to the liability for incurred claims

ii Liability for Incurred claims (LIC)

The LIC includes the Company's liability to pay valid claims for insured events that have already incurred, other incurred insurance expenses arising from past coverage service and the liability for claims incurred but not yet reported. It also includes the Company's liability to pay amounts the Company is obliged to pay the policyholder under the contract. This includes repayment of investment components, when a contract is derecognised. The current estimate of LIC comprises the fulfilment cash flows related to current and past service allocated to the company at the reporting date.

For those claims that the Company expects to be paid within one year or less from the date of occurrence, the Company does not adjust future cash flows for the time value of money and the effects of financial risks. However, claims expected to take more than one year to settle are discounted applying the discount rate at the time the incurred claim is initially recognised.

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SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.11.9 Discount Rate

In line with IFRS17(59) (B), IAS8(36) the Company adjusts the measurement of the liability for incurred claims(LIC) for the impact of the time value of money and other financial risk of the claims not settled within 12 months, time value of money is measured separately from expected future cash flows with changes in financial risks recognised in profit or loss at the end of each reporting period and the Company has elected an accounting policy to present the time value of money separately in profit or loss and other comprehensive income. The Company measures the time value of money using discount rates that reflect the liquidity characteristics of the insurance contracts and the characteristics of the cash flows, consistent with observable current market prices. They exclude the effect of factors that influence such observable market prices but do not affect the future cash flows of the insurance contracts (e.g., credit risk).

For all insurance contracts the Company agrees to adopt the Premium allocation approach in which determined interest rate (locked in rate) is used to calculate the present value of future cashflows at the date of initial recognition of the group of insurance contracts in line with IFRS17 Para B72b. The locked -in interest rates is used for accreting interest rate accruing on the value of the contracts at initial recognition and loss components changes as a result of changes in Fulfilment Cashflow(FCF) that relate to future years service .

To derive the current discount rates which are judged to be used for the contracts cashflows, the Company uses discount rates starting from a risk-free rate of assets (high quality bonds) with similar characteristics as the underlining liability cashflows plus an illiquidity premium where applicable. Risk free rates are determined by reference to the yields of highly liquid FGN Bonds.

Average fixed locked-in rate is used for the group of insurance contracts issued over the 12 months cohort period, where the average fixed locked in rate is taken to be the simple arithmetic mean or geometric mean. The illiquidity premium is determined by reference to observable market rates, including sovereign debt, corporate debt and market swap rates. The Company shall adopt the Nigeria Actuarial Society committee discount rates as published on its website or on the NAICOM website whenever available.

4.11.10 Risk adjustment(RA) for non-financial risk

The risk adjustment measures the compensation the Company would require for bearing the uncertainty about the amount and timing of cash flows arising from insurance contracts, other than those relating to financial risk. The Company chooses a technique which aligns with the principles of risk adjustment and disclose significant judgement which has been made in determining the risk adjustment and the equivalent confidence level utilized. The Company has service level agreements that enhances prompt claim settlement except when circumstances warranted such delay. Amount recoverable from risk adjustment is recognised in the financial statement.

For the purposes of the financials, a bootstrap approach was adopted in determining the risk adjustment margin. A confidence level of the 70th percentile was adopted.

4.11.11 Changes in fulfilment cash flows

At the end of each reporting period, the Company updates the fulfilment cash flows for both LIC and LRC to reflect the current estimates of the amounts, timing and uncertainty of future cash flows, as well as discount rates and other financial variable.

The Company has an accounting policy choice which calculates changes in fulfilment cash flows at the end of a reporting period for changes in non-financial assumptions, changes in discount rates and financial assumptions. The Company first calculates the changes in discount rates and financial assumptions on the fulfilment cash flows (as expected at the beginning of the period) and then calculate changes on those cash flows from the change in non-financial assumptions.

STANDARD ALLIANCE INSURANCE PLC

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SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Experience adjustments are the difference between:

- . The expected cash flow estimates at the beginning of the period and the actual cash flows for premiums received in the period (and any related cash flows paid such as insurance acquisition cash flows and insurance premium taxes)
- . The expected cash flow estimates at the beginning of the period and the actual incurred amounts of insurance service expenses in the period (excluding insurance acquisition expenses).

Experience adjustments relating to current or past service are recognized in profit or loss. For incurred claims (including incurred but not reported) and other incurred insurance service expenses, experience adjustments always relate to current or past service. They are included in profit or loss as part of insurance service expenses.

4.11.12 Onerous Contracts

If at any time during the coverage period, facts and circumstances indicate that a group of insurance contracts is onerous, then the Company determines the loss component and recognizes the loss immediately. The Company considers an insurance contract to be onerous if the expected fulfilment cash flows allocated to the contract, less any previously recognized acquisition cash flows and any cash flows arising from the contract at the date of initial recognition in total result in a net cash outflow.

The Company conducts the onerousness assessment on a portfolio level by assessing future expected cash flows on a probability-weighted basis including a risk adjustment for non-financial risk. Contracts expected on initial recognition to be loss-making are grouped together and such groups are measured and presented separately. Once contracts are allocated to a group, they are not re-allocated to another group, unless they are substantively modified.

For contracts that are measured under PAA, the assumption is that there are no onerous contracts at initial recognition, unless facts and circumstances indicate otherwise. If the measurement of the LIC results in a loss-making company, this does not translate to the LRC being onerous. In this case, the company will be assessed as to whether its LRC will be similar to the incurred experience and hence considered to be onerous. For example, actions taken to improve profitability on the motor portfolio which is loss-making (in 2023) may indicate that the LRC will have a different loss experience.

If facts and circumstances indicate that a group of contracts is onerous during the coverage period, the onerous liability is calculated as the difference between:

- (a) the carrying amount of the liability for remaining coverage; and
- (b) the FCF that relates to remaining coverage similar to what is needed under the GMM.

This difference is recognized as a loss and shall increase the liability for remaining coverage.

4.11.13 Measurement of Reinsurance Contracts Held

(a) Recognition

Proportional reinsurance contracts held will be first recognised on the later of the beginning of the coverage period of the reinsurance contract or the date that the first underlying insurance contract in the treaty is initially recognised.

For example, if we enter a surplus fire reinsurance contract on 1 January 2022 and the first fire insurance policy in the treaty is written in February 2022, then the date of recognition of the surplus reinsurance contract will be February 2022. Though the contract agreement is in place in January, cashflows on the contract don't start until February.

Non-Proportionate reinsurance coverage will be recognized at the beginning of the coverage period of the contract.

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SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(b) Reinsurance contracts held measured under the PAA.

The Company applies the same accounting policies to measure its group of reinsurance contracts, adapted where necessary to reflect features that differ from those of insurance contracts. Reinsurance contracts held are generally assets, rather than liabilities. They are separate from underlying insurance contracts; however, they correspond with them. To ensure that the impact of reinsurance is smoothened out over the period of the underlying contracts, the Company has a policy to recognising reinsurance contract held over the coverage period as each underlying contract is recognised. If a loss-recovery component is created for a group of reinsurance contracts measured under the PAA, then the Company adjusts the carrying amount of asset for remaining coverage.

All reinsurance contracts with contract boundaries not exceeding one year are automatically considered to meet PAA eligibility. Most of the Company's Surplus reinsurance contracts are immediately eligible for PAA as they are written on a clean-cut basis. At the end of the period, the reinsurer withdraws from the contract and the reinsurance held portfolio (including outstanding recoveries and ceded portion of unexpired premiums) is transferred to a new reinsurer.

A smaller number of surplus reinsurance contracts and all Facultative contracts are written on an underwriting year basis. This basis extends the contract boundary beyond one year as coverage of contracts ceded to the treaty may continue even after the underwriting year has ended.

The Company incurs incremental administrative costs that are insurance services expenses, namely cashflows that relate directly to the fulfilment of the underlying insurance contracts issued and are to be included in the measurement of the reinsurance contracts assets. The Company treats the actual incurred cost as insurance service expense. Where the reinsurance contracts held covers a group of onerous underlying insurance contracts, the Group adjusts the carrying amount of the asset for remaining coverage and recognizes a gain when, in the same period, it reports a loss on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to a group. The recognition of this gain results in the recognition for the loss recovery component of the asset for the remaining coverage of a group of reinsurance contracts held.

(c) Methods of Presenting Reinsurance Premiums and Recoveries from Reinsurance Contracts Held

For reinsurance contracts held, inline with IFRS 17.86, the company has an accounting policy of presenting income or expenses from reinsurance contracts held (other than insurance finance income or expenses) as separate amounts: the amounts recovered from the reinsurer and allocation of the premiums paid. Both the recovered amount and the allocated premiums paid together should give a net amount equal to the equivalent single amount option. The allocation of premium paid is not used as a reduction to premium revenue for the reinsurance contracts held.

(d) Accounting for Fixed Commissions by the Reinsurer

The Company treats ceding commission that are not contingent on claims as a reduction in premiums. Reinsurance Contracts may included fixed ceding commission payable to the Company.

4.11.14 Modification and Derecognition

The Company derecognizes the original contract and recognizes the modified contract as a new contract, if the terms of insurance contracts are modified and the following conditions are met:

If the modified terms were included at contract inception and the Company would have concluded that the modified contract:

- Is outside of the scope of IFRS 17
- Results in a different insurance contract due to separating components from the host contract
- Results in a substantially different contract boundary
- Would be included in a different group of contracts.
- The original contract met the definition of an insurance contract with direct participating features, but the modified contract no longer meets the definition.
- The original contract was accounted for applying the PAA, but the modified contract no longer meets the PAA eligibility criteria for that approach.

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SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

If the contract modification meets any of the conditions, the company performs all assessments applicable at initial recognition, derecognizes the original contract and recognizes the new modified contract as if it was entered for the first time.

If the contract modification does not meet any of the conditions, the Company treats the effect of the modification as changes in the estimates of fulfilment cash flows.

For insurance contracts accounted for using the PAA, the Company adjusts insurance revenue prospectively from the time of the contract modification. The Company derecognizes an insurance contract when, and only when the contract is:

- Extinguished (when the obligation specified in the insurance contract expires or is discharged or cancelled)
- Modified and the derecognition criteria are met.
- Modified and the derecognition criteria are met.

When the Company derecognizes an insurance contract from within a group of contracts, it:

- Adjusts the fulfilment cash flows allocated to the group to eliminate the present value of the future cash flows and risk adjustment for non-financial risk relating to the rights and obligations that have been derecognized from the Company.

When the Company transfers an insurance contract to a third party and that results in derecognition, the Company adjusts the CSM of the group from which the contract has been derecognized for the difference between the change in the carrying amount of the group caused by the derecognised fulfilment cash flows and the premium charged by the third party for the transfer.

When the Company derecognizes an insurance contract due to modification, it derecognizes the original insurance contract and recognizes a new one.

Presentation

The Company has presented separately in the Company's statement of financial position the carrying amount of portfolios of insurance contracts that are assets and those that are liabilities, and the portfolios of reinsurance contracts held that are assets and those that are liabilities.

The Company disaggregates the amounts recognized in the statement of profit or loss and other comprehensive income into an insurance service result sub-total that comprises insurance revenue and insurance service expenses and, separately from the insurance service result, the 'net insurance finance income or expenses' sub-total. The Company has voluntarily included the net insurance finance income or expenses line in another sub-total: net insurance and investment result, which also includes the income from all the assets backing the Company's insurance liabilities.

The Company includes any assets for insurance acquisition cash flows recognized before the corresponding groups of insurance contracts are recognized in the carrying amount of the related portfolios of insurance contracts issued.

4.12 Investment contract liabilities

The Company issues contracts that meet the definition of investment contracts with discretionary participation features (DPF) - IFRS 17 and investment contracts without DPF, which are measured under IFRS 9, which are within the scope of IFRS 17. These contracts offer a range of savings and risk transfer products to meet both Company and individual customers' long- and short-term needs. They comprise various types of contracts, some of which transfer significant insurance risk and others that do not (which may contain distinct investment components). Some contracts also feature DPFs, provided the entity issues insurance contracts.

The liabilities for these contracts are measured at the aggregate of the fulfilment cash flows (FCF) and the contractual service margin (CSM), determined by an annual measurement process carried out by certified actuaries. The FCF represent the explicit, unbiased, and probability-weighted present value of the future cash flows, adjusted for a risk adjustment for non-financial risk. The CSM represents the unearned profit in the group of contracts, which is recognised in profit or loss over the period the entity provides services.

The liability of the Company to the schemes is as determined by Actuarial valuation carried out annually by certified actuaries.

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SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.13 Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate.

The estimated fair value of payables with no stated maturity which includes no interest payables is the amount repayable on demand.

4.14 Other payables and accruals

General Provisions are recognised when the Company 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 Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the income statement 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.

4.15 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate.

Fees paid on the establishment of loan facilities are recognised as a transaction cost of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

4.16 Finance lease obligations

Asset held under finance leases are initially recognised as asset of the Company at their fair value at the inception of the lease or if lower at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between the liability and finance charges. The corresponding rental obligation, net of finance charges are included in long term payables. The interest element of the finance cost is charged to the income statement over the lease periods so as to produce constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the useful life of the asset.

4.17 Employee retirement benefits

Retirement Benefit Obligations

The Company operates a defined contribution scheme for qualifying employees. The Company contributes 10% while all its employees contribute 8% each of their pensionable emoluments (basic salary, housing allowance and transport allowance) to the Pension Scheme and this is being managed by registered and licensed pension managers as may be chosen by the staff from time to time.

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SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.18 Income tax liabilities

Income tax expense is the aggregate amount charged/(credited) in respect of current tax and deferred tax in determining the profit or loss for the year. Tax is recognised in the income statement except when it relates to items recognised in other comprehensive income, in which case it is also recognised in other comprehensive income.

Company Income tax

This is the amount of income tax payable on the taxable profit of the Company for the year determined in accordance with the Company Income Tax Act, CAP. C60 LFN, 2004. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted as at the reporting date.

Education tax

This is a component of the income tax. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted as at the reporting date.

Deferred tax liabilities

Deferred tax is provided in full on all temporary differences except those arising from the fair value measurement of assets.

Deferred tax is determined using the liability method on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes, using tax rates and laws enacted or substantively enacted at the statement of financial position date and expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss.

Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off such current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same Taxation authority.

4.19 Share capital and share premium.

Ordinary shares are recognized at par value and classified as 'share capital' in equity. Any amounts received over and above the par value of the shares issued are classified as 'share premium' in equity. The share premium account is utilized in accordance with the provisions of Companies and Allied Matters Act 2020.

4.20 Contingency reserves

This is computed in accordance with the provisions of section 22 of the Insurance Act, CAP 117 LFN 2004. It is credited with amount equal to the higher of 3% of the total insurance revenue and 20% of the net profit for non-life business and the higher of 1% of the total insurance revenue and 10% of the net profit for life business until it reaches the amount of the minimum paid up capital.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.21 Retained earnings

Retained earnings are the carried forward recognised income net of expenses plus current period profit or loss attributable to owners of the Company.

4.22 Insurance Revenue

When applying the PAA, the Group recognizes insurance revenue for the period based on the passage of time by allocating expected premium receipts including premium experience adjustments to each period of service.

At the end of each reporting period, the Group considers whether there was a change in facts and circumstances indicating a need to change, on a prospective basis, the premium receipt allocation due to changes in the expected pattern of claim occurrence.

4.23 Insurance Service Expenses

Insurance service expenses arising from insurance contracts issued are recognized in the profit or loss generally as they are incurred. The company's insurance expenses comprises:

- . Incurred claims and other insurance service expenses Changes in the LIC related to claims and expenses incurred in the period excluding repayment of investment components.(if any).
- . Changes in the LIC related to claims and expenses incurred in prior periods (related to past service)
- . Other directly attributable insurance service expenses incurred in the period. This includes technical salaries and wages and 30% of other administrative and overhead expenses
- . Amortization of insurance acquisition cash flows, which is recognized at the same amount in both insurance service expenses and insurance contract revenue.
- . Loss component of onerous groups of contracts initially recognized in the period.

2.24 Reinsurance revenue

Reinsurance premiums are outward premiums due to reinsurance companies in accordance with the tenor of the reinsurance contract, after adjusting for the unexpired portion, as at the end of the period.

2.25 Net expenses from reinsurance contracts held.

The Company presents income or expenses from a group of reinsurance contracts held and reinsurance finance income or expenses in profit or loss for the period separately. Income or expenses from reinsurance contracts held are split into the following two amounts:

- . Amount recovered from reinsurers.
- . An allocation of the premiums paid.

The Company presents cash flows that are contingent on claims as part of the amount recovered from reinsurers. Ceding commissions that are not contingent on claims of the underlying contracts are presented as a deduction in the premiums to be paid to the reinsurer which is then allocated to profit or loss.

The Company establishes a loss recovery component of the asset for the remaining coverage for a group of reinsurance contracts held. This depicts the recovery of losses recognized on the initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to a group. The loss recovery component is then adjusted to reflect:

- . Reversals of loss recovery component to the extent those reversals are not changes in the fulfilment cash flows of the group of reinsurance contracts held.
- . Allocations of the loss recovery component against the amounts recovered from reinsurers reported in line with the associated reinsured incurred claims or expenses.

4.26 Insurance finance income and expenses

Insurance finance income or expenses present the effect of the time value of money and the change in the time value of money, together with the effect of financial risk and changes in financial risk of a group of insurance contracts and a group of reinsurance contracts held.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.27 The presentation for insurance finance income and expenses

The Company has an accounting policy choice to present all the period's insurance finance income or expenses in profit or loss or to split the amount between profit or loss and other comprehensive income (OCI). When considering the choice of presentation of insurance finance income or expenses, the Company examines the assets held for that portfolio and how they are accounted for.

Currently the Company present all the period's insurance finance income or expenses in the profit or loss. The Company does not write participating contracts and does need to reassess its accounting policy choice in respect of such policies.

4.28 Commission on reinsurance

When the Company acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognized is the amount of commission made by the Company. Commission on reinsurance is recognised as income over the period of the underlying contracts. If the fees are for services provided in future periods, then they are deferred and recognised over those future periods.

4.29 Investment income

(a) Dividend income and interest on fixed deposit.

Investment income includes interest on bank placements, dividend income and rental income arising from operating leases on investment properties, which are presented in the Income statement.

Income from any earmarked investment is credited to its source. Otherwise, the investment income is distributed between the Insurance contract business, Investment contract business and shareholders' account on the basis of average investments outstanding during the year as financed by the respective funds.

The distribution is presented only as note to the financial statements.

(b) Interest income and expense

Interest income on financial assets that are classified as amortized cost and interest expense on financial liabilities other than those at FVTPL are determined using the effective Interest rate method. Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for financial assets that have subsequently become credit-impaired (or stage 3), for which interest revenue is calculated by applying the effective interest rate to their amortized cost (i.e. net of the expected credit loss provision). Interest income on assets classified as amortized cost are recognized in investment income.

4.30 Fees and other income

Insurance contract policyholders are charged for surrenders and other contract fees. Investment contract policyholders are charged for administration services, investment management services, surrenders and other contract fees. These fees are recognised as revenues over the periods in which the related services are performed. If the fees are for services provided in future periods then they are deferred and recognised over those future periods.

4.31 Realized/unrealized gains and losses

Realized gains and losses include gains and losses arising from the disposal of financial instruments, non-current assets held for sale and investment properties and they are recognised in the Income statement of the period in which the disposal occurred.

Unrealized gains and losses include gains and losses arising from the fair valuation of financial assets, non-current assets held for sale (that is, immediately before classification as held for sale) and investment properties. Unrealized gains and losses arising from the fair valuation of investment properties are recognized in the Income statement.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.32 Other operating expenses

Expenses are recognized in the Statement of profit or loss when a decrease in future economic benefit related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably. This means, in effect, that recognition of expenses occurs simultaneously with the recognition of an increase in liabilities or a decrease in assets.

The Company's expenses are recognized in the statement of profit or loss on the following basis:

As either directly attributable expenses on insurance contracts and investment contracts on one hand and sundry business activities on the other hand. These expenses are accounted for wholly under the businesses that they relate to;

Common expenses, which are those other than the directly attributable expenses but excluding brokers/ agents' allowances and commissions. The common expenses are allocated in the ratio of 70:20:10 between insurance business, investment contract and shareholders' funds. The amount allocated to insurance contract business is again distributed between Company Life and Individual life on the basis of gross premium written in the year.

Brokers/ Agents' commissions and allowances

The Company employs the services of brokers/ agents in marketing its life policies and investment contracts. Commissions paid to the agents/brokers are charged against revenue as underwriting expenses.

Furthermore, the Company employs the services of agents in marketing its individual life policies and investment contract products. Allowances and commissions paid to the agents are allocated on equal basis between the individual life business and investment contract activities.

Net claims expenses

The result of the gross benefits and claims expenses and reinsurance claims recoveries is the net claims expense for the period. Ceded reinsurance arrangements do not relieve the Company from its obligations to policyholders.

Policyholder benefits incurred comprise claims paid in the year and changes in the provision for insurance contract liabilities. Benefits paid represent all payments made during the year, whether arising from events during that or earlier years. Insurance contract liabilities represent the estimated ultimate cost of settling all benefits accruing to policyholders and are discounted to the present value.

Reinsurance claims recoveries

Reinsurance claims recoveries are recognized when the related gross insurance claim expenses are recognized according to the terms of the relevant contract.

Salvage and subrogation reimbursements

Some insurance contracts permit the Company to sell (usually damaged) property acquired in settling a claim (for example, salvage). The Company may also have the right to pursue third parties for payment of some or all costs (for example, subrogation).

Estimates of salvage recoveries are included as an allowance in the measurement of the insurance liability for claims, and salvage property is recognized in other assets when the liability is settled. The allowance is the amount that can reasonably be recovered from the disposal of the property.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Subrogation reimbursements are also considered as an allowance in the measurement of the insurance liability for claims and are recognized in other assets when the liability is settled. The allowance is the assessment of the amount that can be recovered from the action against the liable third party.

4.33 Dividends

Dividends on ordinary shares are recognised as a liability in the year in which they are declared. Proposed dividends are accounted for as a separate component of equity until they have been declared at an annual general meeting. Dividends for the year that are approved after the statement of financial position date are dealt with as a non-adjusting event after the statement of financial position date.

4.34 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares.

Basic earnings per share amounts are calculated by dividing the profit for the year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding at the reporting

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive

4.35 Conversion of foreign currencies

On initial recognition, all transactions are recorded in the functional currency (the currency of the primary economic environment in which the Company operates or transacts business), which is Nigerian Naira and Kobo. Transactions in foreign currencies during the year are converted into the functional currency using the exchange

Monetary assets and liabilities at the statement of financial position date denominated in foreign currencies are translated into the functional currency using the exchange rate prevailing as at that date. The resulting foreign exchange gains and losses from the settlement of such transactions and from year-end translation are recognised on a net basis in the income statement in the year in which they arise.

4.36 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (Board of Directors). Directors allocate resources to and assess the performance of the operating segments of the Company. The operating segments are based on the Company's management and internal operating structure. The directors consider the Company to comprise three business segments: Company life assurance segment, Individual life assurance segment and Investments management or savings links segment.

4.37 Comparatives

Where necessary, comparatives have been adjusted to conform to changes in presentation in the current year. Where changes are made and affect the statement of financial position, a third statement of financial position at the beginning of the earliest period presented is presented together with the corresponding notes.

4.38 Events after the reporting date

The financial statements are adjusted to reflect events that occurred between the statement of financial position date and the date when the financial statements are authorised for issue, provided they give evidence of conditions that existed at the statement of financial position date. Events that are indicative of conditions that arose after the statement of financial position date are disclosed, but do not result in an adjustment of the financial statements.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

STATEMENT OF FINANCIAL POSITION

ASSETS	NOTES	2024 N'000	2023 N'000
Cash and cash equivalents	5	540,667	644,272
Financial Assets:			
- At fair value through profit or loss	6.1	125,539	102,411
- At amortised cost	6.2	603,061	603,061
- At fair value through other comprehensive income	6.3	223,615	1,532,639
Premium Receivable	7	0	0
Other receivables and prepayments	8	40,655	40,656
Investment properties	9	11,670,000	4,030,067
Property, plant and equipment	10	21,148	24,246
Statutory deposit	11	535,000	535,000
TOTAL ASSETS		13,759,685	7,512,352
LIABILITIES AND SHAREHOLDERS' EQUITY			
Insurance contract liabilities	12	4,855,759	5,062,390
Investment contract liabilities	13	2,898,330	2,667,359
Trade payables	14	7,948	7,948
Other payables and accruals	15	553,249	503,320
Borrowings	16	6,172,982	3,841,795
Income tax liabilities	17	278,091	276,023
Deferred tax liabilities	18	68,179	67,127
TOTAL LIABILITIES		14,834,538	12,425,963
SHAREHOLDERS' EQUITY			
Share capital	19	6,455,515	6,455,515
Treasury shares	20	(1,145)	(1,145)
Share premium	21	7,484,955	7,484,955
Contingency reserves	22	1,784,139	1,780,003
Accumulated loss	23	(17,025,277)	(22,011,532)
Fair value reserves	24	226,960	1,378,593
Total equity		(1,074,853)	(4,913,611)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		13,759,685	7,512,352

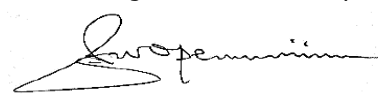
The financial statements were approved by the Board of Directors on 25th September, 2025 and signed on its behalf by:



Mr. Akin Iroko
FRC/2024/PRO/DIR/003/358339
Chairman



Mr. Paulinus Offorzor
FRC/2013/PRO/CIIN/002/00000003287
Managing Director/CEO



Mr. Michael Owope
FRC/2018/PRO/ICAN/001/000000177
Chief Finance Officer

The accounting policies on pages 22 to 51, notes on pages 56 to 99 and other national disclosures on pages 100 to 102 form an integral part of these financial statements.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTES	2024 N'000	2023 N'000
Insurance revenue	25	413,635	418,062
Insurance service expenses	26.1	(347,586)	(323,532)
Insurance service result		66,050	94,529
Investment income	26.2	144,383	174,847
Insurance finance expenses	26.3	(263,102)	(194,161)
Fair value gain on investment properties	9	7,639,933	-
Net investment result		7,587,263	75,215
Write down of investment	6.3.1.1	(157,390)	-
Net insurance and investment result.		7,429,873	75,215
Other expenses			
Interest expenses on loan	30	(156,620)	(112,624)
Foreign exchange expense	16.1	(2,174,566)	(1,752,506)
Other operating expenses	28	(103,859)	(18,374)
Impairment on bank balance	29	(1,316)	-
Profit/(loss) before taxation		4,993,511	(1,808,289)
Income tax	17	(3,120)	(7,505)
Profit/(Loss) for the year		4,990,391	(1,815,794)
Other comprehensive income			
Item that may be reclassified to profit or loss:			
Fair value profit on financial assets at FVOCI	24	46,266	1,332,559
Items that will not be classified to profit or loss:			
Other comprehensive profit		46,266	1,332,559
Total comprehensive profit/(loss) for the year		5,036,658	(483,235)
Earnings per share : Basic (Naira)	33	38.65	(14.25)

The accounting policies on pages 22 to 51, notes on pages 56 to 99 and other national disclosures on pages 100 to 102 form an integral part of these financial statements.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

STATEMENT OF CHANGES IN EQUITY

	Share Capital N'000	Treasury shares N'000	Share Premium N'000	Contingency Reserves N'000	Accumulated Loss N'000	Revaluation Reserves N'000	Fair value Reserve N'000	Total N'000
At 1 January 2024	6,455,515	(1,145)	7,484,955	1,780,004	(22,011,530)	-	1,378,593	(4,913,608)
<i>Total comprehensive income for the year:</i>								
Profit for the year	-	-	-	-	4,990,391	-	-	4,990,391
Transfer to contingency reserve (Note 22)	-	-	-	4,136	(4,136)	-	-	-
Write down of Transcorp investment (Note 24)	-	-	-	-	-	-	(1,197,900)	(1,197,900)
<i>Other comprehensive income:</i>								
Fair value gain on financial assets at fair value through other comprehensive income (Note 24)	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	46,266	46,266
At 31 December 2024	6,455,515	(1,145)	7,484,955	1,784,141	(17,025,277)	-	226,960	(1,074,853)
At 1 January 2023	6,455,515	(1,145)	7,484,955	1,775,727	(20,191,461)	-	46,034	(4,430,375)
<i>Loss for the year</i>					(1,815,794)			(1,815,794)
Transfer to contingency reserve (Note 22)	-	-	-	4,276	(4,276)	-	-	-
Other comprehensive income:	-	-	-	-	-	-	-	-
Fair value gain on financial assets at fair value through other comprehensive income (Note 24)	-	-	-	-	-	-	1,332,559	1,332,559
	-	-	-	-	-	-	-	-
At 31 December 2023	6,455,515	(1,145)	7,484,955	1,780,004	(22,011,530)	-	1,378,593	(4,913,611)

The accounting policies on pages 22 to 51, notes on pages 56 to 99 and other national disclosures on pages 100 to 102 form an integral part of these financial statements.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

STATEMENT OF CASH FLOWS

	NOTES	2024 N'000	2023 N'000
Cash flows from operating activities			
Premium received	25	195	5,982
Cash received on investment contract		-	-
Cash payments to employees, suppliers and others		(55,116)	(12,777)
		(54,921)	(6,795)
Taxes paid: Income tax	17	-	-
Net cash used from operating activities		(54,921)	(6,795)
Cash flows from investing activities			
Purchase of Property, plant and equipment	10	(8,320)	-
Dividends received	26.2	17,832	48,968
Rental income	26.2	-	1,553
Interest received on fixed deposits	26.2	98,423	17,393
Net cash generated from investing activities		107,935	67,914
Cash flows from financing activities			
Finance charges	30	(156,620)	(112,624)
Net cash (used)/flows from financing activities		(156,620)	(112,624)
Net decrease in cash and cash equivalents during the year		(103,606)	(51,504)
Cash and cash equivalents at the beginning of the year		644,272	695,776
Cash and cash equivalents at the end of the year		540,667	644,272
Cash and cash equivalent comprise:			
Cash in hand		117	117
Current Bank accounts balances		46,974	36,794
Short term deposits - Local banks		493,576	607,361
		540,667	644,272

The accounting policies on pages 22 to 51, notes on pages 56 to 99 and other national disclosures on pages 100 to 102 form an integral part of these financial statements.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

NOTES TO THE FINANCIAL STATEMENTS (continued)

	2024	2023
	N'000	N'000
5 Cash and cash equivalents		
Cash in hand	117	117
Bank balances	46,974	36,794
Short term deposits	498,082	610,551
	545,173	647,462
Allowance for credit losses (Note 5a)	(4,506)	(3,190)
	540,667	644,272

Included in short term deposits is a sum of N3,182,144.27 (2020: N3,182,144.27) being unclaimed dividends returned by First Registrars Limited as instructed by the Securities and Exchange Commission (SEC). This amount is included in other accruals (Note 18).

Short-term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Company.

5(a) Impairment allowance for cash and cash equivalents		
At 1 January	3,190	3,190
Movements during the year	1,316	-
At 31 December	4,506	3,190

6 Financial assets		
At fair value through profit or loss (FVPL) - Note 6.1	125,539	102,411
At amortised cost (Note 6.2)	603,061	603,061
At fair value through other comprehensive income (FVOCI) - Note 6.3.1	223,615	1,532,639
	952,215	2,238,111

6.1 Financial assets at fair value through profit or loss (FVPL)		
At 1 January	102,411	40,502
Fair value gain/(loss) during the year [Note 6.1(a)]	23,128	61,909
At 31 December	125,539	102,411

6.1(a) Fair value (gain)/loss disclosed in the income statement is as analysed below:

Fair value gain/(loss) on equity instrument carried at FVPL (Note 6.1)	23,128	66,169
	23,128	66,169

6.1.2 Analysis of the fair value of the Company's investments in listed entities is shown below:

	N'000	N'000
ABC Transport Plc	12,727	8,381
Africa Prudential Registrar Plc	286	103
Dangote Sugar Refineries Plc	9,750	17,100
Diamond Bank Plc (Now Access Bank Plc)	2,044	1,984
Ecobank Transnational Plc (ETI)	448	334
First City Monument Bank Limited	18,089	14,240
Fidelity Bank Plc	41,820	25,928
First Bank of Nigeria Limited	12,149	10,144
UBA Capital	3,405	1,280
United Bank for Africa Plc	15,606	11,773
Stanbic IBTC Holdings Plc	9,216	11,144
	125,539	102,411

6.2 Financial assets at amortised costs		
Loans and receivables (Note 6.2.1)	68,573	68,573
Bonds (Note 6.2.2)	534,488	534,488
	603,061	603,061

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

NOTES TO THE FINANCIAL STATEMENTS (continued)

6.2.1 Loans and receivables

Loans against policies (Note 6.2.1a)	69,125	69,125
Staff debtors (Note 6.2.1b)	1,227	1,227
Agency loan	554	554
	70,906	70,906
Allowance for credit losses	(2,333)	(2,333)
	68,573	68,573

6.2.1a Loans against policies

The Company grants commercial loans to life policyholders. The surrender values serve as collaterals for the loans. The details of the loans are as shown below:

	2024	2023
	N'000	N'000
GSL policy loan	14,621	14,621
Standard Life Accumulator Scheme (SLA)	3,263	3,263
Special Personnel Policy (SPP)	5,093	5,093
Flexible Assurance scheme (FAS)	478	478
Personal Providence Plan (PPP)	43,396	43,396
Annuity Policy Loan	200	200
Deposit Link Assurance (DELAS)	2,048	2,048
SIP- Policy loan	26	26
	69,125	69,125

6.2.1 Movement in loans against policies

At 1 January	69,125	69,125
At 31 December	69,125	69,125

6.2.1b Movement in staff debtors

At 1 January	1,227	1,227
At 31 December	1,227	1,227

6.2.2 Bonds

At 1 January	534,488	534,488
The company invested in FGN and corporate bonds with a maturity date of 6 to 7 years. These investments are measured at a mortised cost using the effective interest rates of 13% and 16.288%. Interest on these investments, which accrues bi-annually, is paid to the custodian who holds the investments.		

6.3 Financial assets at fair value through other comprehensive income

Quoted Shares in Transcorp Plc (Note 6.3.1)	223,615	1,532,639

6.3.1 Investment in quoted shares (Transcorp Plc)

At 1 January	1,532,639	200,080
Write down of investment (Note 6.3.1.1)	(1,355,290)	-
	177,349	200,080
Fair value gain during the year (Note 24)	46,266	1,332,559
At 31 December	223,615	1,532,639

6.3.1.1 Write down of investment

As of January 1, 2024, the Company held 177,062,311 shares of Transcorp Plc, valued at N1.53 billion. However, the investment was written down due to the difference attributed to unauthorized disposal of 156,500,000 units of shares in Transcorp for which the company received no value. The company has formally lodged a complaint with the relevant regulatory authorities. The corresponding losses of N1.198 billion and N157.39 million are disclosed in the fair value reserves and statement of profit or loss respectively.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

NOTES TO THE FINANCIAL STATEMENTS (continued)

7 Premium Receivable	2024	2023
At 1 January	(0)	8,849
Gross premium written during the year	195	5,982
Premium received in the year	(195)	(14,831)
At 31 December	(0)	(0)
Allowance for impairment - due from insurance companies and brokers	-	-
Carrying amount at 31 December	(0)	(0)
7.1 Gross premium written during the year	195	5,982
This relates to gross premium received from Group life only		
8 Other receivables and prepayments	N'000	N'000
Other debtors (Note 8.1)	40,000	40,000
Deposit for quoted shares (Note 8.2)	656	656
	40,655	40,656
The loan to a former Director of the Company who pledged 250 hectares of Land at Kaduna State costing N40 million as collateral. The documents of the Land has been fully executed but issues relating to consent and ownership have not been perfected. Therefore, the loan is now being fully impaired. 8.2 Deposit for quoted shares represents the Company's subscription for right issues in Access Bank Plc which are yet to be allotted.		
9 Investment properties		
At 1 January	4,030,067	4,030,067
Fair value gain during the year (Note 9.1.1)	7,639,933	-
At 31 December (Fair value)	11,670,000	4,030,067
9.1 History and movement in fair value gain		
Cost as at date of initial recognition	3,186,501	3,186,501
Cumulative fair value gain at 1 January	843,566	843,566
Fair value gain for the year	7,639,933	-
Cumulative fair value gain at 31 December	8,483,499	843,566
At 31 December	11,670,000	4,030,067
9.1.1 Fair value gain reported in the statement of profit or loss		
Fair value changes in investment properties	7,639,933	-

The investment properties were last valued in 2020 due to regulatory issues the Company had which resulted to the cancellation of its operating licence. There were unrecorded market appreciations between 2020 and 2024, property value have risen due to inflation and exchange movement and ultimately construction costs. In addition, the properties were left unattended to during the period of the Company's closure. Appropriate measures are now being implemented to ensure that the investments properties generate rental income.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

NOTES TO THE FINANCIAL STATEMENTS

9.1.2	Movements in investment properties 2024						
	Cost	Fair value gain at 1 January	Balance at 1 January	Addition during the year	Sold during the year	Fair value gain	Balance at 31 December
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
11 units of 4-bedroom terrace houses at New County Estate, Lekki, Lagos	1,045,000	-	1,168,750	-	-	1,966,250	3,135,000
10 units of 2 Bedroom Terrace houses at No 17, Gbangbala Road, Ikate Elegushi, Lekki	244,734	-	661,184	-	-	838,816	1,500,000
One wing of 4 bedroom duplex, Lekki, Lagos	57,371	-	97,284	-	-	482,716	580,000
Six (6) storey lettable office complex - Ebute Metta	201,301	-	875,325	-	-	3,074,675	3,950,000
Six (6) bedroom detached house, Asokoro-Abuja	268,595	-	757,149	-	-	842,851	1,600,000
Abuja plot of Land at Cadastral Zone.	320,000	-	-	-	-	-	-
Oreki Village, Ibeju, Lekki.	600,000	-	450,000	-	-	400,000	850,000
Shapati Village, Ibeju, Lekki.	446,000	-	-	-	-	-	-
Flat 3,Block 2, Kadiri Estate, Joseph Dosu, Badagry.	3,500	-	20,375	-	-	34,625	55,000
	3,186,501	-	4,030,067	-	-	7,639,933	11,670,000

Movements in investment properties 2023						
	Cost	Fair value gain at 1 January	Balance at 1 January	Reclassified from PPE (Note 14)	Reclassified to other receivables and prepayments (Note 10)	Balance as at 31 December
250 hectares of Farmland at Mydumbi Village	-	-	-	-	-	-
11 units of 4-bedroom terrace houses at New County Estate, Lekki, Lagos	1,045,000	-	1,168,750	-	-	1,168,750
10 units of 2 Bedroom Terrace houses at No 17, Gbangbala Road, Ikate Elegushi, Lekki	244,734	-	661,184	-	-	661,184
One wing of 4 bedroom duplex, Lekki, Lagos	57,371	-	97,284	-	-	97,284
Six (6) storey lettable office complex - Ebute Metta	201,301	-	875,325	-	-	875,325
Six (6) bedroom detached house, Asokoro-Abuja	268,595	-	757,149	-	-	757,149
Abuja plot of land, Cadasral Zone	320,000	-	-	-	-	-
Oreki Village, Ibeju, Lekki.	600,000	-	450,000	-	-	450,000
Shapati Village, Ibeju, Lekki.	446,000	-	-	-	-	-
Flat 3,Block 2, Kadiri Estate, Joseph Dosu, Badagry.	3,500	-	20,375	-	-	20,375
	3,186,501	-	4,030,067	-	-	4,030,067

STANDARD ALLIANCE INSURANCE PLC
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NOTES TO THE FINANCIAL STATEMENTS

9.1.2 The status of the Company's investments properties are detailed below:

S/N	Name on Title Document	Description of Properties	Date of Acquisition	Nature of Document	Locations	Carrying Amount N'000	Steps taken for perfection
i	Standard Alliance Insurance Plc	Warehouse	2015	Deed of Assignment	Oreki Village, Ibeji-Lekki	850,000	Perfection in progress
ii	Standard Alliance Insurance Plc	11 Unit of 4 Bedroom Flat	2009	Registered Title	New County Terrace, Iroko Awe, Lekki Pennisula	3,135,000	Near Perfection
iii	Standard Alliance Insurance Plc	10 Units of 2 B/R Terace Hse	2003	Deed of Assignment	No 17 Gbangbala Road, Ikate, Elegushi, Lekki, Lagos	1,500,000	Perfection
	Standard Alliance Insurance Plc	3 Bedroom Duplex	2012	Deed of Assignment	Flat 3, Block 2, Kadiri Est, Joseph Dosu Way,Badagry	55,000	Perfection in progress
iv	Standard Alliance Insurance Plc	4 Bedroom Duplex	2003	Registered Title	House 13B, Oba Adeyinka Estate, Lekki, Lagos	580,000	Near Perfection
v	Standard Alliance Insurance Plc	Six (6) storey lettable Offices	2012	Registered Title	No 22, Herbert Macaulay Street, Ebute Meta, Lagos	3,950,000	Perfection
vi	Standard Alliance Insurance Plc	Six (6) Bedroom Detached House	2010	Deed of Assignment	House 1207, Yakubu Gowon, Asokoro, Abuja	1,600,000	Perfection in progress
						<u>11,670,000</u>	

Investment properties held by Standard Alliance Insurance Plc were independently valued by Omo Egbedi & Co (FRC/2014/NIESV/000000007157) as at 31 December 2024. The fair value of each of the properties was determined by discounting the expected cash flows of each property based upon internal plans and assumptions and comparable market transactions.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

NOTES TO THE FINANCIAL STATEMENTS

10 Property, plant and equipment

Cost/valuations:

	Building N'000	Motor vehicles N'000	Furniture and fittings N'000	Computer equipment N'000	Office equipment N'000	Generating set N'000	Work In Progress N'000	Total N'000
At 1 January 2023	-	786,495	294,680	135,590	193,374	123,247	-	1,533,386
At 31 December 2023	-	786,495	294,680	135,590	193,374	123,247	-	1,533,386
At 1 January 2024	-	786,495	294,680	135,590	193,374	123,247	-	1,533,386
Additions	-	-	-	-	720	-	7,600	8,320
At 31 December 2024	-	786,495	294,680	135,590	194,094	123,247	7,600	1,541,706

Accumulated depreciation and impairment:

At 1 January 2023	-	786,495	261,245	135,179	191,557	123,246	-	1,497,722
Charge for the year	-	-	10,684	142	592	-	-	11,418
At 31 December 2023	-	786,495	271,929	135,321	192,149	123,246	-	1,509,140
At 1 January 2024	-	786,495	271,929	135,321	192,149	123,246	-	1,509,140
Charge for the year	-	-	10,684	142	592	-	-	11,418
At 31 December 2024	-	786,495	282,613	135,463	192,741	123,246	-	1,520,558
Carrying amounts as at:								
31 December 2024	-	-	12,067	127	1,353	1	7,600	21,148
31 December 2023	-	-	22,751	269	1,225	1	-	24,246

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

NOTES TO THE FINANCIAL STATEMENTS (continued)

	2024 N'000	2023 N'000
11 Statutory Deposits		
Statutory deposit for life business	200,000	200,000
Statutory deposit for non-life business	335,000	335,000
	535,000	535,000

These represent 10% of the minimum paid up share capital deposited with the Central Bank of Nigeria in accordance with Section 10 (3) of the Insurance Act, CAP I17, LFN 2004.

12 Insurance contract liabilities		
Liability for Incurred Claims (LIC) - Group Life PAA Model	885,209	985,682
Liability for Remaining Coverage (LRC) - GMM Life	1,847,920	1,950,103
Liability for Incurred Claims (LIC) - GMM Life	420,690	313,495
Liability for Incurred Claims (LIC) - PAA General Business	1,701,940	1,813,110
	4,855,759	5,062,390

12.1 2024 Life Insurance contract liabilities

Group Life (PAA)

Portfolio	Liability for Incurred Claims (LIC)			
	Remaining Coverage (LRC)	PV of Future Cashflows	Risk Adjustment	Total
	N'000	N'000	N'000	N'000
Group life	-	867,852	17,357	885,209

General Measurement Model (GMM) Products

Portfolios	Liability for Remaining Coverage (LRC)		Liability for Incurred Claims (LIC)		Total N'000
	Liability for Remaining Coverage excluding loss component N'000	Loss component N'000	Risk Adjustment N'000	PV of Future Cash flows N'000	
Annuity	1,697,585	-	78,089	335,686	2,111,360
Endowment	150,335	-	6,915	-	157,250
Total	1,847,920	-	85,004	335,686	2,268,610

2024 Non-Life Insurance contract liabilities

	Liability for		Total N'000
	PV of Future cashflows N'000	Risk Adjustment N'000	
Fire	46,953	2,629	49,582
General Accident	298,071	16,692	314,763
Motor	44,738	2,882	47,620
Marine	60,510	4,116	64,626
Aviation	41,807	2,717	44,524
Oil & Gas	984,652	68,926	1,053,578
Engineering	55,085	2,754	57,839
Bond	66,103	3,305	69,408
Total	1,597,919	104,021	1,701,940

2023 Life Insurance contract liabilities

Portfolio	Group Life (PAA)			
	Liability for Incurred Claims (LIC)			
	Remaining Coverage (LRC)	PV of Future Cashflows	Risk Adjustment	Total
	N'000	N'000	N'000	N'000
Group life	-	966,355	19,327	985,682

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

NOTES TO THE FINANCIAL STATEMENTS (continued)

2023 Life Insurance contract liabilities

	General Measurement Model (GMM) Products				
	Liability for Remaining Coverage (LF)	Liability for Incurred Claims (LIC)			
	Liability for Remaining Coverage excluding loss component	Loss component	Risk Adjustment	PV of Future Cash flows	Total
	N'000	N'000	N'000	N'000	N'000
Annuity	1,805,976	-	83,075	223,790	2,112,842
Endowment	144,127	-	6,630		150,756
Total	1,950,103	-	89,705	223,790	2,263,598

2023 Non-Life Insurance contract liabilities

	Liability for PV of Future cashflows	Risk Adjustment	Total
	N'000	N'000	N'000
Fire	46,953	2,629	49,582
General Accident	403,346	22,587	425,933
Motor	44,738	2,882	47,620
Marine	60,510	4,116	64,626
Aviation	41,807	2,717	44,524
Oil & Gas	984,652	68,926	1,053,578
Engineering	55,085	2,754	57,839
Bond	66,103	3,305	69,408
Total	1,703,194	109,916	1,813,110

Reconciliation of the liability for remaining coverage and the liability for incurred claims for insurance contracts

December, 2024

	Liability for Remaining Coverage (LRC)		Liability for Incurred Claims		Total
	Non-onerous	Onerous	PV of Future cash flow	Risk Adjustment	
	N'000	N'000	N'000	N'000	N'000
Opening insurance contract assets	-	-	-	-	-
Opening insurance contract liabilities	1,944,930	5,173	2,893,339	218,948	5,062,390
Net opening balance	1,944,930	5,173	2,893,339	218,948	5,062,390
Insurance revenue	(413,635)	-	-	-	(413,635)
Insurance service expenses	-	-	-	-	-
Incurred claims	-	-	288,767	-	288,767
Incurred fulfilment expenses	-	-	23,229	-	-
Acquisition expenses	-	-	-	-	-
Changes related to future service	-	43,455	-	-	43,455
Changes related to past service	-	-	-	(7,865)	(7,865)
Total Insurance service expenses	-	43,455	311,996	(7,865)	324,357
Investment components	-	-	-	-	-
Insurance service result	(413,635)	43,455	311,996	(7,865)	(89,278)
Insurance finance expenses	263,102	-	-	-	263,102
Total change in comprehensive income	(150,533)	43,455	311,996	(7,865)	173,824
Premiums received	195	-	-	-	195
Claims paid	-	-	(380,651)	-	(380,651)
Expenses paid	-	-	(23,229)	-	(23,229)
Acquisition costs paid	-	-	-	-	-
Total cash flows	195	-	(403,879)	-	(403,684)
Closing insurance contract assets	-	-	-	-	-
Closing insurance contract liabilities	1,799,293	48,628	2,801,456	206,382	4,855,759
Net closing balance	1,799,293	48,628	2,801,456	206,382	4,855,759

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

NOTES TO THE FINANCIAL STATEMENTS (continued)

Reconciliation of the liability for remaining coverage and the liability for incurred claims for insurance contracts - Group Life

December, 2024

Reconciliation of carrying amounts by LRC/LIC: insurance	Liability for Remaining Coverage (LRC)		Liability for Incurred Claims		Total
	Non-onerous	Onerous	PV of Future cash flow	Risk Adjustment	
	N'000	N'000	N'000	N'000	N'000
Opening insurance contract assets		-	-	-	-
Opening insurance contract liabilities		-	966,355	19,327	985,682
Net opening balance		-	966,355	19,327	985,682
Insurance revenue	(195)	-	-	-	(195)
Insurance service expenses					-
Incurred claims		-	-	-	-
Incurred Fulfilment expenses		-	4,368	-	4,368
Acquisition expenses		-	-	-	-
Changes related to future service		-	-	-	-
Changes related to past service		-	-	(1,970)	(1,970)
Total Insurance service expenses		-	4,368	(1,970)	2,397
Investment components		-	-	-	-
Insurance service result		-	4,368	(1,970)	2,202
Insurance finance expenses		-	-	-	-
Total change in comprehensive income		-	4,368	(1,970)	2,202
Premiums received		195	-	-	195
Claims and expenses paid		-	(98,504)	-	(98,504)
Claims and expenses paid		-	(4,368)	-	(4,368)
Acquisition costs paid		-	-	-	-
Total cash flows		195	(102,871)	-	(102,676)
Closing insurance contract assets		-	-	-	-
Closing insurance contract liabilities		-	867,852	17,357	885,209
Net closing balance		-	867,852	17,357	885,209

Reconciliation of the liability for remaining coverage and the liability for incurred claims for insurance contracts - Non-Life

December, 2024

Reconciliation of carrying amounts by LRC/LIC: insurance	Liability for Remaining Coverage (LRC)		Liability for Incurred Claims		Total
	Non-onerous	Onerous	PV of Future cash flow	Risk Adjustment	
	N'000	N'000	N'000	N'000	N'000
Opening insurance contract assets					-
Opening insurance contract liabilities			1,703,194	109,916	1,813,110
Net opening balance	-	-	1,703,194	109,916	1,813,110
Insurance revenue					-
Insurance service expenses					-
Incurred claims			8,405		8,405
Incurred fulfilment expenses					-
Acquisition expenses					-
Changes related to future service					-
Changes related to past service				(5,895)	(5,895)
Total Insurance service expenses	-	-	8,405	(5,895)	2,510
Investment components					-
Insurance service result					-
Insurance finance expenses					-
Total change in comprehensive income	-	-	-	-	-
Premiums received					-
Claims paid			(8,405)		(8,405)
Expenses paid			(105,275)		(105,275)
Acquisition costs paid					-
Total cash flows	-	-	(113,680)	-	(113,680)
Closing insurance contract assets					-
Closing insurance contract liabilities			1,597,919	104,021	1,701,940
Net closing balance	-	-	1,597,919	104,021	1,701,940

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
NOTES TO THE FINANCIAL STATEMENTS (continued)

Reconciliation of the liability for remaining coverage and the liability for incurred claims for insurance contracts - GMM Portfolios

December, 2024

Reconciliation of carrying amounts by LRC/LIC:	Liability for Remaining Coverage (LRC)		Liability for Incurred Claims PV of Future cash flow Risk Adjustment		Total
	Non-onerous	Onerous			
	N'000	N'000	N'000	N'000	N'000
Opening insurance contract assets	-	-	-	-	-
Opening insurance contract liabilities	1,944,930	5,173	223,790	89,705	2,263,598
Net opening balance	1,944,930	5,173	223,790	89,705	2,263,598
Insurance revenue	(413,440)	-	-	-	413,440
Insurance service expenses	-	-	-	-	-
Incurred claims	-	-	288,767	-	288,767
Incurred Fulfilment expenses	-	-	10,456	-	10,456
Acquisition expenses	-	-	-	-	-
Changes related to future service	-	43,455	-	-	43,455
Changes related to past service	-	-	-	-	-
Total Insurance service expenses	-	43,455	299,223	-	342,678
Investment components	-	-	-	-	-
Insurance service result	(413,440)	43,455	299,223	-	(70,760)
Insurance finance expenses	263,102	-	-	-	263,102
Total change in comprehensive income	(150,338)	43,455	299,223	-	192,342
Premiums received	-	-	-	-	-
Claims paid	-	-	(176,872)	-	(176,872)
Expenses paid	-	-	(10,456)	-	(10,456)
Acquisition costs paid	-	-	-	-	-
Total cash flows	-	-	(187,328)	-	(187,328)
Closing insurance contract assets	-	-	-	-	-
Closing insurance contract liabilities	1,799,293	48,628	335,686	85,004	2,268,610
Net closing balance	1,799,293	48,628	335,686	85,004	2,268,610

Reconciliation of the liability for remaining coverage and the liability for incurred claims for insurance contracts - Annuity

December, 2024

Reconciliation of carrying amounts by LRC/LIC: insurance	Liability for Remaining Coverage (LRC)		Liability for Incurred Claims (LIC)		Total
	Non-onerous	Onerous	PV of Future cash flow		
	N'000	N'000	N'000	N'000	N'000
Opening insurance contract assets	-	-	-	-	-
Opening insurance contract liabilities	1,887,458	1,593	223,790	-	2,112,842
Net opening balance	1,887,458	1,593	223,790	-	2,112,842
Insurance revenue	-	(312,539)	-	-	(312,539)
Insurance service expenses	-	-	-	-	-
Incurred claims	-	-	288,767	-	288,767
Incurred Fulfilment expenses	-	-	9,790	-	9,790
Acquisition expenses	-	-	-	-	-
Changes related to future service	-	32,300	-	-	32,300
Changes related to past service	-	-	-	-	-
Total Insurance service expenses	-	32,300	298,558	-	330,857
Investment components	-	-	-	-	-
Insurance service result	(312,539)	32,300	298,558	-	18,318
Insurance finance expenses	166,862	-	-	-	166,862
Total change in comprehensive income	(145,677)	32,299.54	298,557.61	-	185,180
Premiums received	-	-	-	-	-
Claims paid	-	-	(176,872)	-	(176,872)
Expenses paid	-	-	(9,790)	-	(9,790)
Acquisition costs paid	-	-	-	-	-
Total cash flows	-	-	(186,662)	-	(186,662)
Closing insurance contract assets	-	-	-	-	-
Closing insurance contract liabilities	1,741,781	33,893	335,686	-	2,111,360
Net closing balance	1,741,781	33,893	335,686	-	2,111,360

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

NOTES TO THE FINANCIAL STATEMENTS (continued)

Reconciliation of the liability for remaining coverage and the liability for incurred claims for insurance contracts - Endowment

December, 2024

Reconciliation of carrying amounts by LRC/LIC: insurance	Liability for Remaining Coverage (LRC)		Liability for Incurred Claims (LIC)	Total
	Non-onerous	Onerous	PV of Future cash flow	
	N'000	N'000	N'000	N'000
Opening insurance contract assets				
Opening insurance contract liabilities	147,177	3,579	-	150,756
Net opening balance	147,177	3,579	-	150,756
Insurance revenue	(100,901)			(100,901)
Insurance service expenses				
Incurred claims			-	-
Incurred Fulfilment expenses			665	665
Acquisition expenses				
Changes related to future service	-	11,156	-	11,156
Changes related to past service	-	-	-	-
Total Insurance service expenses	-	11,156	665	11,821
Investment components	-	-	-	-
Insurance service result	(100,901)	11,156	665	(89,080)
Insurance finance expenses	96,240	-	-	96,240
Total change in comprehensive income	(4,661)	11,155.85	665.43	7,160
Premiums received	-	-	-	-
Claims paid	-	-	-	-
Expenses paid	-	-	(665)	(665)
Acquisition costs paid	-	-	-	-
Total cash flows	-	-	(665)	(665)
Closing insurance contract assets	-	-	-	-
Closing insurance contract liabilities	142,516	14,735	-	157,251
Net closing balance	142,516	14,735	-	157,251

Reconciliation of the components of insurance contract liabilities - GMM Portfolios

December, 2024

Reconciliation of carrying amounts by BEL/RA/CSM: Insurance	Estimates of present value of future cashflows	Risk Adjustment	CSM	Total
	N'000	N'000	N'000	N'000
Opening insurance contract assets	-	-	-	-
Opening insurance contract liabilities	2,173,893	89,705	-	2,263,598
Net opening balance	2,173,893	89,705	-	2,263,598
Changes related to current services				
CSM for service provided	-	-	-	-
Risk Adjustment release for expired risks	-	(17,746)	-	(17,746)
Experience adjustments	(96,471)	-	-	(96,471)
Total changes related to current services	(96,471)	(17,746)	-	(114,217)
Changes related to future services				
New contracts recognised	-	-	-	-
Changes in estimates reflected in CSM	-	-	-	-
Changes in estimates resulting in contract losses	30,409	13,046	-	43,455
Total changes related to future services	30,409	13,046	-	43,455
Changes that relate to past service				
Adjustments to liabilities for incurred claims	-	-	-	-
Total changes that relate to past service	-	-	-	-
Insurance service result	(66,062)	(4,700)	-	(70,762)
Insurance finance expenses	263,102	-	-	263,102
Total change in comprehensive income	263,102	-	-	263,102
Total cash flows	(187,328)	-	-	(187,328)
Closing insurance contract assets	-	-	-	-
Closing insurance contract liabilities	2,183,606	85,004	-	2,268,610
Net closing balance	2,183,606	85,004	-	2,268,610

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
NOTES TO THE FINANCIAL STATEMENTS (continued)

Reconciliation of the components of insurance contract liabilities - Annuity

December, 2024

	Estimates of present value of future cashflows	Risk Adjustment	CSM	Total
Reconciliation of carrying amounts by BEL/RA/CSM: Insurance				
	N'000	N'000	N'000	N'000
Opening insurance contract assets	-	-	-	-
Opening insurance contract liabilities	2,029,767	83,075	-	2,112,842
Net opening balance	2,029,767	83,075	-	2,112,842
Changes related to current services				
CSM for service provided	-	-	-	-
Risk Adjustment release for expired risks	-	(13,121)	-	(13,121)
Experience adjustments	(860)	-	-	(860)
Total changes related to current services	(860)	(13,121)	-	(13,982)
Changes related to future services				
New contracts recognised	-	-	-	-
Changes in estimates reflected in CSM	-	-	-	-
Changes in estimates resulting in contract losses	24,164	8,135	-	32,300
Total changes related to future services	24,164	8,135	-	32,300
Changes that relate to past service				
Adjustments to liabilities for incurred claims	-	-	-	-
Total changes that relate to past service	-	-	-	-
Insurance service result	23,304	(4,986)	-	18,318
Insurance finance expenses	166,862	-	-	166,862
Total change in comprehensive income	190,166	(4,986)	-	185,180
Total cash flows	(186,662)	-	-	(186,662)
Closing insurance contract assets	-	-	-	-
Closing insurance contract liabilities	2,033,271	78,089	-	2,111,360
Net closing balance	2,033,271	78,089	-	2,111,360

Reconciliation of the components of insurance contract liabilities - Endowment

December, 2024

	Estimates of present value of future cashflows	Risk Adjustment	CSM	Total
Reconciliation of carrying amounts by BEL/RA/CSM: insurance				
	N'000	N'000	N'000	N'000
Opening insurance contract assets	-	-	-	-
Opening insurance contract liabilities	144,127	6,630	-	150,756
Net opening balance	144,127	6,630	-	150,756
Changes related to current services				
CSM for service provided	-	-	-	-
Risk Adjustment release for expired risks	-	(4,625)	-	(4,625)
Experience adjustments	(95,611)	-	-	(95,611)
Total changes related to current services	(95,611)	(4,625)	-	(100,236)
Changes related to future services				
New contracts recognised	-	-	-	-
Changes in estimates reflected in CSM	-	-	-	-
Changes in estimates resulting in contract losses	6,245	4,911	-	11,156
Total changes related to future services	6,245	4,911	-	11,156
Changes that relate to past service				
Adjustments to liabilities for incurred claims	-	-	-	-
Total changes that relate to past service	-	-	-	-
Insurance service result	(89,366)	286	-	(89,080)
Insurance finance expenses	96,240	-	-	96,240
Total change in comprehensive income	6,874	286	-	7,160
Total cash flows	(665)	-	-	(665)
Closing insurance contract assets	-	-	-	-
Closing insurance contract liabilities	150,335	6,915	0	157,251
Net closing balance	150,335	6,915	0	157,251

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

NOTES TO THE FINANCIAL STATEMENTS (continued)

Reconciliation of the liability for remaining coverage and the liability for incurred claims for insurance contracts

December, 2023

Reconciliation of carrying amounts by LRC/LIC: insurance	Liability for Remaining Coverage (LRC)		Liability for Incurred Claims		Total
	Non-onerous	Onerous	PV of Future cash flow	Risk Adjustment	
	N'000	N'000	N'000	N'000	N'000
Opening insurance contract assets	-	-	-	-	-
Opening insurance contract liabilities	2,154,985	-	2,841,772	230,191	5,226,947
Net opening balance	2,154,985	-	2,841,772	230,191	5,226,947
Insurance revenue	(418,061)	-	-	-	(418,061)
Insurance service expenses	-	-	-	-	-
Incurred claims	-	-	304,653	-	304,653
Incurred fulfilment expenses	-	-	17,084	-	-
Acquisition expenses	-	-	-	-	-
Changes related to future service	(9,730)	5,173	-	9,730	5,173
Changes related to past service	-	-	-	(3,378)	(3,378)
Total Insurance service expenses	(9,730)	5,173	321,737	6,351	306,448
Investment components	-	-	-	-	-
Insurance service result	(427,791)	5,173	321,737	6,351	(111,614)
Insurance finance expenses	194,161	-	-	-	194,161
Total change in comprehensive income	(233,630)	5,173	321,737	6,351	82,547
Premiums received	5,982	-	-	-	5,982
Claims paid	-	-	(253,086)	-	(253,086)
Expenses paid	-	-	(17,084)	-	(17,084)
Acquisition costs paid	-	-	-	-	-
Total cash flows	5,982	-	(270,170)	-	(264,188)
Closing insurance contract assets	-	-	-	-	-
Closing insurance contract liabilities	1,944,930	5,173	2,893,339	218,948	5,062,390
Net closing balance	1,944,930	5,173	2,893,339	218,948	5,062,390

Reconciliation of the liability for remaining coverage and the liability for incurred claims for insurance contracts - Group Life

December, 2023

Reconciliation of carrying amounts by LRC/LIC: insurance	Liability for Remaining Coverage (LRC)		Liability for Incurred Claims		Total
	Non-onerous	Onerous	PV of Future cash flow	Risk Adjustment	
	N'000	N'000	N'000	N'000	N'000
Opening insurance contract assets	-	-	-	-	-
Opening insurance contract liabilities	-	-	1,004,258	20,085	1,024,344
Net opening balance	-	-	1,004,258	20,085	1,024,344
Insurance revenue	(5,982)	-	-	-	(5,983)
Insurance service expenses	-	-	-	-	-
Incurred claims	-	-	7,923	-	7,923
Incurred Fulfilment expenses	-	-	12,385	-	12,385
Acquisition expenses	-	-	-	-	-
Changes related to future service	-	-	-	-	-
Changes related to past service	-	-	(37,903)	(758)	(38,661)
Total Insurance service expenses	-	-	(17,595)	(758)	(18,354)
Investment components	-	-	-	-	-
Insurance service result	(5,982)	-	(17,595)	(758)	(24,335)
Insurance finance expenses	-	-	-	-	-
Total change in comprehensive income	(5,982)	-	(17,595)	(758)	(24,335)
Premiums received	5,982	-	-	-	5,982
Claims and expenses paid	-	-	(7,923)	-	(7,923)
Claims and expenses paid	-	-	(12,385)	-	(12,385)
Acquisition costs paid	-	-	-	-	-
Total cash flows	5,982	-	(20,308)	-	(14,326)
Closing insurance contract assets	-	-	-	-	-
Closing insurance contract liabilities	-	-	966,355	19,327	985,682
Net closing balance	-	-	966,355	19,327	985,682

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

NOTES TO THE FINANCIAL STATEMENTS (continued)

Reconciliation of the liability for remaining coverage and the liability for incurred claims for insurance contracts - for Non-life

December, 2023

	Liability for Remaining Coverage (LRC)		Liability for Incurred Claims		
			PV of Future		
Reconciliation of carrying amounts by LRC/LIC: insurance	Non-onerous	Onerous	cash flow	Risk Adjustment	Total
	N'000	N'000	N'000	N'000	N'000
Opening insurance contract assets	-	-	-	-	-
Opening insurance contract liabilities	4,754	-	1,763,522	113,295	1,881,570
Net opening balance	4,754	-	1,763,522	113,295	1,881,570
Insurance revenue	(4,754)	-	-	-	(4,754)
Insurance service expenses	-	-	-	-	-
Incurred claims	-	-	-	-	-
Incurred fulfilment expenses	-	-	6,118	-	6,118
Acquisition expenses	-	-	-	-	-
Changes related to future service	-	-	-	-	-
Changes related to past service	-	-	-	(3,378)	(3,378)
Total Insurance service expenses	-	-	6,118	(3,378)	2,740
Investment components	-	-	-	-	-
Insurance service result	(4,754)	-	6,118	(3,378)	(2,014)
Insurance finance expenses	-	-	-	-	-
Total change in comprehensive income	(4,754)	-	6,118	(3,378)	(2,014)
Premiums received	-	-	-	-	-
Claims paid	-	-	(60,328)	-	(60,328)
Expenses paid	-	-	(6,118)	-	(6,118)
Acquisition costs paid	-	-	-	-	-
Total cash flows	-	-	(66,446)	-	(66,446)
Closing insurance contract assets	-	-	-	-	-
Closing insurance contract liabilities	0	-	1,703,194	109,916	1,813,110
Net closing balance	0	-	1,703,194	109,916	1,813,110

Reconciliation of the liability for remaining coverage and the liability for incurred claims for insurance contracts - GMM Portfolios

December, 2023

Reconciliation of carrying amounts by LRC/LIC:	Liability for Remaining Coverage (LRC)		Liability for Incurred Claims		CSM	Total
	Non-onerous	Onerous	PV of Future cash flow	Risk Adjustment		
	N'000	N'000	N'000	N'000		
Opening insurance contract assets	-	-	-	-	-	-
Opening insurance contract liabilities	2,121,074	-	111,895	97,569	29,157	2,359,695
Net opening balance	2,121,074	-	111,895	97,569	29,157	2,359,695
Insurance revenue	(407,325)	-	-	-	-	(407,325)
Insurance service expenses	-	-	-	-	-	-
Incurred claims	-	-	304,653	-	-	304,653
Incurred fulfilment expenses	-	-	7,735	-	-	7,735
Acquisition expenses	-	-	-	-	-	-
Changes related to future service	22,951	5,173	-	9,730	(32,681)	5,173
Changes related to past service	-	-	-	-	-	-
Total Insurance service expenses	22,951	5,173	312,388	9,730	(32,681)	317,561
Investment components	-	-	-	-	-	-
Insurance service result	(384,374)	5,173	312,388	9,730	(32,681)	(89,765)
Insurance finance expenses	190,637	-	-	-	3,524	194,161
Total change in comprehensive income	(193,737)	5,173	312,388	9,730	(29,157)	104,397
Premiums received	-	-	-	-	-	-
Claims paid	-	-	(192,758)	-	-	(192,758)
Expenses paid	-	-	(7,735)	-	-	(7,735)
Acquisition costs paid	-	-	-	-	-	-
Total cash flows	-	-	(200,493)	-	-	(200,493)
Closing insurance contract assets	-	-	-	-	-	-
Closing insurance contract liabilities	1,944,930	5,173	223,790	89,705	-	2,263,598
Net closing balance	1,944,930	5,173	223,790	89,705	-	2,263,598

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

NOTES TO THE FINANCIAL STATEMENTS (continued)

Reconciliation of the liability for remaining coverage and the liability for incurred claims for insurance contracts - Annuity

December, 2023

Reconciliation of carrying amounts by LRC/LIC: insurance	Liability for Remaining Coverage (LRC)		Liability for Incurred Claims (LIC)	Total
	Non-onerous	Onerous	PV of Future cash flow	
	N'000	N'000	N'000	N'000
Opening insurance contract assets				
Opening insurance contract liabilities	2,097,624	-	111,895	2,209,519
Net opening balance	2,097,624	-	111,895	2,209,519
Insurance revenue	(311,472)			(311,472)
Insurance service expenses				
Incurred claims			304,653	304,653
Incurred Fulfilment expenses			7,243	7,243
Acquisition expenses				-
Changes related to future service	-	1,593	-	1,593
Changes related to past service	-	-	-	-
Total Insurance service expenses	-	1,593	311,896	313,489
Investment components	-	-	-	-
Insurance service result	(311,472)	1,593	311,896	2,017
Insurance finance expenses	101,307	-	-	101,307
Total change in comprehensive income	(210,166)	1,593.17	311,896.10	103,324
Premiums received	-	-	-	-
Claims paid	-	-	(192,758)	(192,758)
Expenses paid	-	-	(7,243)	(7,243)
Acquisition costs paid	-	-	-	-
Total cash flows	-	-	(200,001)	(200,001)
Closing insurance contract assets	-	-	-	-
Closing insurance contract liabilities	1,887,458	1,593	223,790	2,112,842
Net closing balance	1,887,458	1,593	223,790	2,112,842

Reconciliation of the liability for remaining coverage and the liability for incurred claims for insurance contracts - Endowment

December, 2023

Reconciliation of carrying amounts by LRC/LIC: insurance	Liability for Remaining Coverage (LRC)		Liability for Incurred Claims (LIC)	Total
	Non-onerous	Onerous	PV of Future cash flow	
	N'000	N'000	N'000	N'000
Opening insurance contract assets				
Opening insurance contract liabilities	150,176	-	-	150,176
Net opening balance	150,176	-	-	150,176
Insurance revenue	(95,854)			(95,854)
Insurance service expenses				
Incurred claims			492	492
Incurred Fulfilment expenses			-	-
Acquisition expenses				-
Changes related to future service	-	3,579	-	3,579
Changes related to past service	-	-	-	-
Total Insurance service expenses	-	3,579	492	4,072
Investment components	-	-	-	-
Insurance service result	(95,854)	3,579	492	(91,782)
Insurance finance expenses	92,854	-	-	92,854
Total change in comprehensive income	(2,999)	3,579.34	492.27	1,073
Premiums received	-	-	-	-
Claims paid	-	-	-	-
Expenses paid	-	-	(492)	(492)
Acquisition costs paid	-	-	-	-
Total cash flows	-	-	(492)	(492)
Closing insurance contract assets	-	-	-	-
Closing insurance contract liabilities	147,177	3,579	-	150,756
Net closing balance	147,177	3,579	-	150,756

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

NOTES TO THE FINANCIAL STATEMENTS (continued)

Reconciliation of the components of insurance contract liabilities - GMM Portfolios

December, 2023

Reconciliation of carrying amounts by BEL/RA/CSM: Insurance	Estimates of present value of future cashflows	Risk Adjustment	CSM	Total
	N'000	N'000	N'000	N'000
Opening insurance contract assets	-	-	-	-
Opening insurance contract liabilities	2,232,969	97,569	29,157	2,359,695
Net opening balance	2,232,969	97,569	29,157	2,359,695
Changes related to current services				
CSM for service provided	-	-	-	-
Risk Adjustment release for expired risks	-	(17,594)	-	(17,594)
Experience adjustments	(77,343)	-	-	(77,343)
Total changes related to current services	(77,343)	(17,594)	-	(94,938)
Changes related to future services				
New contracts recognised	-	-	-	-
Changes in estimates reflected in CSM	24,793	7,888	(32,681)	0
Changes in estimates resulting in contract losses	3,331	1,842	-	5,173
Total changes related to future services	28,124	9,730	(32,681)	5,173
Changes that relate to past service				
Adjustments to liabilities for incurred claims	-	-	-	-
Total changes that relate to past service	-	-	-	-
Insurance service result	(49,219)	(7,865)	(32,681)	(89,765)
Insurance finance expenses	190,637	-	3,524	194,161
Total change in comprehensive income	190,637	-	3,524	194,161
Total cash flows	(200,493)	-	-	(200,493)
Closing insurance contract assets	-	-	-	-
Closing insurance contract liabilities	2,173,893	89,705	-	2,263,598
Net closing balance	2,173,893	89,705	-	2,263,598

Reconciliation of the components of insurance contract liabilities - Annuity

December, 2023

Reconciliation of carrying amounts by BEL/RA/CSM: Insurance	Estimates of present value of future cashflows	Risk Adjustment	CSM	Total
Opening insurance contract assets	-	-	-	-
Opening insurance contract liabilities	2,095,594	91,250	22,675	2,209,519
Net opening balance	2,095,594	91,250	22,675	2,209,519
Changes related to current services				
CSM for service provided	-	-	-	-
Risk Adjustment release for expired risks	-	(13,228)	-	(13,228)
Experience adjustments	13,652	-	-	13,652
Total changes related to current services	13,652	(13,228)	-	424
Changes related to future services				
New contracts recognised	-	-	-	-
Changes in estimates reflected in CSM	20,661	4,755	(25,416)	-
Changes in estimates resulting in contract losses	1,295	298	-	1,593
Total changes related to future services	21,956	5,053	(25,416)	1,593
Changes that relate to past service				
Adjustments to liabilities for incurred claims	-	-	-	-
Total changes that relate to past service	-	-	-	-
Insurance service result	35,608	(8,175)	(25,416)	2,017
Insurance finance expenses	98,566	-	2,741	101,307
Total change in comprehensive income	134,174	(8,175)	(22,675)	103,324
Total cash flows	(200,001)	-	-	(200,001)
Closing insurance contract assets	-	-	-	-
Closing insurance contract liabilities	2,029,767	83,075	-	2,112,842
Net closing balance	2,029,767	83,075	-	2,112,842

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

NOTES TO THE FINANCIAL STATEMENTS (continued)

Reconciliation of the components of insurance contract liabilities - Endowment

December, 2023

Reconciliation of carrying amounts by BEL/RA/CSM: Insurance	Estimates of present value of future cashflows	Risk Adjustment	CSM	Total
Opening insurance contract assets	-	-	-	-
Opening insurance contract liabilities	137,375	6,319	6,482	150,176
Net opening balance	137,375	6,319	6,482	150,176
Changes related to current services				
CSM for service provided	-	-	-	-
Risk Adjustment release for expired risks	-	(4,366)	-	(4,366)
Experience adjustments	(90,995)	-	-	(90,995)
Total changes related to current services	(90,995)	(4,366)	-	(95,361)
Changes related to future services				
New contracts recognised	-	-	-	-
Changes in estimates reflected in CSM	4,132	3,133	(7,265)	-
Changes in estimates resulting in contract losses	2,036	1,544	-	3,579
Total changes related to future services	6,168	4,677	(7,265)	3,579
Changes that relate to past service				
Adjustments to liabilities for incurred claims	-	-	-	-
Total changes that relate to past service	-	-	-	-
Insurance service result	(84,827)	311	(7,265)	(91,782)
Insurance finance expenses	92,071	-	784	92,854
Total change in comprehensive income	7,244	311	(6,482)	1,073
Total cash flows	(492)	-	-	(492)
Closing insurance contract assets	-	-	-	-
Closing insurance contract liabilities	144,127	6,630	0	150,756
Net closing balance	144,127	6,630	0	150,756

12.2 The age analysis of outstanding claims are:	2024		2023	
	No. of Claimants	Amount	No. of Claimants	Amount (N'000)
0 - 90 days	-	-	-	-
91 - 180 days	-	-	-	-
181 - 270 days	-	-	-	-
271 - 365 days	-	-	-	-
366 days and above	4,800	1,367,894	4,844	1,473,169
	4,800	1,367,894	4,844	1,473,169

REASONS FOR OUTSTANDING CLAIMS CAN BE ANALYSED AS FOLLOWS:

31 December 2024	Above 365 days		N'000
	Qty	N'000	
Discharge Voucher Issued- Life	195	174,174	174,174
Discharge Voucher Issued- Non-Life	115	201,250	201,250
Awaiting Lost Adjusters report	129	178,293	178,293
Awaiting Documentation from Claimants	3,028	261,450	261,450
Abandoned by Claimants	287	192,930	192,930
Incomplete Documentations	1,046	359,796	359,796
TOTAL	4,800	1,367,894	1,367,894

31 December 2023	Above 365 days		Total
	Qty	N'000	N'000
Discharge Voucher Issued- Life	215	192,876	192,876
Discharge Voucher Issued- Non-Life	139	287,824	287,824
Awaiting Lost Adjusters report	129	178,293	178,293
Awaiting Documentation from Claimants	3,028	261,450	261,450
Abandoned by Claimants	287	192,930	192,930
Incomplete Documentations	1,046	359,796	359,796
TOTAL	4,844	1,473,169	1,473,169

The Company Insurance Contract Liabilities for both Life and Non-Life businesses is established at the end of the year by Becoda Consulting Limited with FRC/2019/00000012909. The report was signed by Benjamin Awunor with Financial Reporting Council Number FRC/2015/PRO/NAS/004/00000012946.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

NOTES TO THE FINANCIAL STATEMENTS (continued)

	2024	2023
	N'000	N'000
13 Investment Contract Liabilities		
At 1 January	2,667,359	2,571,151
Guarantee interest for the year	230,971	96,208
At 31 December	2,898,330	2,667,359
14 Trade payables		
Commision payable	7,948	7,948
	7,948	7,948
15 Other payables and accruals		
Statutory deductions (Note 15.1)	206,613	206,613
Information technology development levy (Note 27)	8,406	8,406
Due to staff	11,293	11,293
Accrued expenses (Note 15.3)	93,355	43,426
Statutory penalty payable (Note 15.4)	4,026	4,026
Unclaimed dividend	3,182	3,182
Preference dividend payable (Note 15.5)	175,000	175,000
Amount due to other beneficiaries (Note 15.6)	1,451	1,451
Annuity fund fee payable (Note 15.7)	16,651	16,651
Directors' current account	33,271	33,271
	553,249	503,320
The above are further analysed as:		
Current	553,249	503,320
Non-current	-	-
	553,249	503,320
15.1 Statutory deductions	N'000	N'000
PAYE payable	110,224	110,224
Pension payable	54,557	54,557
VAT payable	3,824	3,824
Withholding tax	38,009	38,009
	206,613	206,614
15.2 Movement in rent received in advance		
At January 1	-	1,553
Additional rental Income received	-	0
Rental income recognised during the year	-	(1,553)
At December 31	-	-
15.3 Accrued expenses		
Audit fee accrual	20,978	28,000
Management expenses payable	71,966	13,914
Others	412	3,012
	93,355	44,926
15.4 Statutory penalty payable		
This relates to NAICOM charges to the company for late submission of 2022 financial	4,026	4,026
15.5 Preference dividend payable	N'000	N'000
	175,000	175,000
The Company had 17,500,000 (Seventeen Million, Five Hundred Thousand units of preference shares of N100 (One Hundred Naira) each prior to year ended 31 December 2011. These were converted to ordinary shares of 50k (50 Kobo) each in the Company and issued to the holders of the preference shares as at 31 December 2011 in accordance with the resolution passed at the 15th Annual General Meeting of 16th December 2011. The amount of N175 million is the balance of pre conversion dividend vet unpaid as at 31 December 2024 reportina date.		

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

NOTES TO THE FINANCIAL STATEMENTS (continued)

NOTES TO THE FINANCIAL STATEMENTS (continued)

15.6

Amount due to other beneficiaries

Other creditors

2024

N'000

1,451

1,451

1,451

2023

N'000

1,451

1,451

1,451

15.7

Annuity fund fee payable

At January 1

Addition during the year

At December 31

Annuity fund fee represents a provision of 1% out of annuity premium received in

N'000

16,651

-

16,651

16,651

N'000

16,651

-

16,651

16,651

16

Borrowings

Daewoo Secuirities Bond (Note 16.1)

Cowry Asset Management Limited (Note 16.2)

N'000

6,172,982

-

6,172,982

6,172,982

N'000

3,841,795

-

3,841,795

3,841,795

16.1

Daewoo Securities Bond

The Company received a capital inflow of JPY650,000,000 (\$7,397,516) zero coupon bond raised from Daewoo Securities in December 2009.

The bond was tenured originally for 20 years with the lenders' option to convert the bond to Standard Alliance Insurance Plc's ordinary shares. If the option is not exercised, the Company must pay interest 4.25% per annum on the gross bond value for the entire term it has been outstanding.

Daewoo Securities requested the full redemption of the bond in 2011, after which the Company negotiated with it and a repayment plan with the bond owners was renegotiated in 2012. Further negotiations commenced in 2015 and are still ongoing. The Company's outstanding liability to Daewoo Securities as of 31 December 2024 is JPY630,958,000 (2023:JPY605,236,000), principal and interest inclusive.

Further details of transactions during the year are:

Principal

JPY'000

398,203

-

398,203

Interest

JPY'000

207,033

25,723

232,755

Total

JPY'000

605,236

25,723

630,958

2024

N'000

3,841,795

156,620

2,174,566

6,172,982

2023

N'000

1,976,233

112,624

1,752,938

3,841,795

At 1 January

Interest accrued during the year

Foreign exchange difference

At 31 December

Current maturities

Interest

Principal

Total current maturities

Non-current principal maturity

JPY'000

232,755

398,203

630,958

-

630,958

JPY'000

207,033

398,203

605,236

-

605,236

The balance of JPY 630,958,000 (2023: JPY 605,236,000) is stated in the financial statements at the Central Bank of Nigeria closing exchange rate of N9.7835/JPY as at 31 December 2024. Subsequent to 2024 reporting period, no payment has been made on principal and interest.

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Current income tax liabilities

Per Statement of Comprehensive income

Company income tax

Deferred tax

2,068

1,052

3,120

2,287

5,218

7,505

Per Statement of Financial Position:

At 1 January

Company income tax

Provisions for the year:

Company income tax

At 31 December

276,023

276,023

2,068

278,091

273,736

273,736

2,287

276,023

18

Deferred tax liabilities

At 1 January

Charged for the year

At 31 December

67,127

1,052

68,179

61,909

5,218

67,127

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

NOTES TO THE FINANCIAL STATEMENTS - (continued)

19 Ordinary share capital	2024	2023
	Units	Units
Authorized	'000	'000
14,000,000,000 ordinary shares of 50k each	14,000,000	14,000,000
	N'000	N'000
14,000,000,000 ordinary shares of 50k each	7,000,000	7,000,000
Issued and Fully Paid	Units	Units
At 1 January	12,911,030	12,911,030
Addition during the year	-	-
At 31 December	12,911,030	12,911,030
	N'000	N'000
At 1 January	6,455,515	6,455,515
Addition during the year	-	-
At 31 December	6,455,515	6,455,515
20 Treasury share	(1,145)	(1,145)
Treasury share represents the standard Alliance Assurance Life Limited investment in Standard Alliance Insurance Plc reclassified to treasury share upon merger of the two companies in 2017.		
21 Share premium		
At 1 January	7,484,955	7,484,955
Addition during the year	-	-
At 31 December	7,484,955	7,484,955
Share premium comprises additional paid-in capital in excess of the par value. This reserve is not ordinarily available for distribution.		
22 Contingency reserves		
At 1 January	1,780,003	1,775,727
Charge for the year (Note 23)	4,136	4,276
At 31 December	1,784,139	1,780,003
Transferred to Contingency reserves		
Non-life	-	143
Life	4,136	4,133
Total	4,135	4,276

In compliance with section 21(1) of Insurance Act 2003, the contingency reserve for Non-life insurance business is credited with the greater of 3% of total premium, or 20% of the net profits. This shall accumulate until it reaches the greater of minimum paid-up capital and 50% percent of the net premium. For life business, the contingency reserve is credited with an amount equal to 1% of gross premium or 10% of net profit (whichever is greater) and accumulated until it reaches the amount of minimum paid-up capital.

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

NOTES TO THE FINANCIAL STATEMENTS (continued)

22 Contingency reserves - cont'd

As required by insurance regulations, a contingency reserve is maintained for both the non-life insurance and life assurance contracts underwritten by the Company. The appropriation to contingency reserve for non-life underwriting contracts is calculated in accordance with sections 21 (2) and 22 (1) of the Insurance Act 2003. The reserve is calculated at the higher of 3% of gross premium and 20% of net profits of the business for the year. The appropriation to contingency reserve for life underwriting contracts is calculated at the higher of 1% of the gross premium and 10% of net profits of the business for the year. The appropriations are charged to the life fund.

	2024	2023
	N'000	N'000
23 Accumulated loss		
At 1 January	(22,011,532)	(20,191,461)
Profit/(loss) for the year	4,990,391	(1,815,794)
Appropriation to contingency reserves (Note 22)	(4,136)	(4,276)
At 31 December	(17,025,277)	(22,011,532)

	N'000	N'000
24 Fair Value Reserves		
At 1 January	1,378,593	46,034
Write down of investment (Note 6.3.1)	(1,197,900)	-
Increase during the year	46,266	1,332,559
At 31 December	226,960	1,378,593

The fair value reserves shows the effect from the fair value measurement of financial instruments of the category available for sale now classified as financial asset at fair value through other comprehensive income. Gains or losses are recognised in the comprehensive income statement when the fair value of the investments changes. The write-down of N1.198 billion relates to the disposal of Transcorp shares during the year.

	N'000	N'000
25 Insurance revenue		
General business	-	4,754
Group life	195	5,982
Individual life	100,901	95,854
Annuity	312,539	311,472
Total	413,635	418,062

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NOTES TO THE FINANCIAL STATEMENTS (continued)

25.1 Insurance revenue

Expected benefits incurred
Expected expenses incurred
Change in the risk adjustment
CSM recognised
Contracts not measured under PAA
Contracts measured under PAA

Annuity	Group Life	December 2024		Total
		Endowment	Non-life	
N'000	N'000	N'000	-	N'000
286,012	195	92,193		378,400
13,406	-	4,083		17,489
13,121	-	4,625		17,746
-	-	-		-
312,539	-	100,901		413,635
-	195	-	-	
312,539	195	100,901	-	413,635

Insurance revenue

Expected benefits incurred
Expected expenses incurred
Change in the risk adjustment
CSM recognised
Contracts not measured under PAA
Contracts measured under PAA

Annuity	Group Life	December 2023		Total
		Endowment	Non-life	
N'000	N'000	N'000	N'000	N'000
286,069	5,982	87,782	4,754	384,588
12,175	-	3,705		15,880
13,228	-	4,366		17,594
-	-	-		-
311,472	-	95,854		418,062
	5,982		4,754	
311,472	5,982	95,854		418,062

26.1 Insurance service expense

Incurred claims
Incurred Fulfilment expenses
Changes in RA related to LIC
Loss Component: losses and reversal of losses
Total insurance service expense

Annuity	Group Life	December 2024		Total
		Endowment	Non-life	
N'000	N'000	N'000	N'000	N'000
288,767			2,510	291,277
9,790	4,368	665		14,823
-	(1,970)			(1,970)
32,300	-	11,156		43,455
330,857	2,397	11,821	2,510	347,586

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NOTES TO THE FINANCIAL STATEMENTS (continued)

Insurance service expense

	December 2023				
	Annuity	Group Life	Endowment	Non-life	Total
	N'000	N'000	N'000	N'000	N'000
Incurred claims	304,653			2,740	307,393
Incurred Fulfilment expenses	7,243	3,231	493		10,967
Loss Component: systematic allocation	1,593		3,579		5,172
Total insurance service expense	313,489	3,231	4,072	2,740	323,532

26.2 Investment income

	December 2024					
	Annuity	Group Life	Endowment	Investment	Non-life	Total
	N'000	N'000	N'000	N'000	N'000	N'000
Fair value Gain or Loss	6,305	2,941	4,710	3,557	5,615	23,128
Interest on statutory deposit and dividend	33,056	15,421	2,359	40,981	29,438	121,255
	39,361	18,363	7,069	44,537	35,053	144,383

Investment income

	December 2023					
	Annuity	Group Life	Endowment	Investment	Non-life	Total
	N'000	N'000	N'000	N'000	N'000	N'000
Fair value Gain or Loss	13,954	8,313	1,266	22,090	16,286	61,909
Interest on statutory deposit and dividend	19,125	8,532	1,300	68,112	15,869	112,938
	33,079	16,845	2,566	90,202	32,155	174,847

STANDARD ALLIANCE INSURANCE PLC
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NOTES TO THE FINANCIAL STATEMENTS (continued)

26.3 Insurance finance expenses

	December 2024				
	Annuity	Group Life	Endowment	Investment	Non-life
	N'000	N'000	N'000	N'000	N'000
Unwind of discount on FCFs: LRC	(244,832)	-	(97,030)	-	(341,862)
Effect of change in economic assumptions: LRC	(124,349)	-	(117)	-	(124,467)
Effect of change in Discount rate assumptions: LRC	202,319	-	908	-	203,227
	(166,862)	-	(96,240)	-	(263,102)

Insurance finance expenses

	December 2023				
	Annuity	Group Life	Endowment	Investment	Non-life
	N'000	N'000	N'000	N'000	N'000
Unwind of discount on FCFs: LRC	(245,242)	-	(92,298)	-	(337,539)
Effect of change in economic assumptions: LRC	(11,722)	-	(14)	-	(11,736)
Interest accretion on CSM	(2,741)	-	(784)	-	(3,524)
Effect of change in Discount rate assumptions: LRC	158,398	-	241	-	158,639
	(101,307)	-	(92,854)	-	(194,161)

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NOTES TO THE FINANCIAL STATEMENTS (continued)

27 Information Technology Development Levy

At 1 January	8,406	8,406
Charge for the year	-	-
Payment during the year	-	-
At 31 December	8,406	8,406

The Nigerian Information Technology Development Agency (NITDA) Act was signed into law on 24 April, 2007. Section 12(a) of the Act stipulates that specified Companies contribute 1% of their profit before tax to the Nigerian Information Technology Development Agency.

28 Other operating expenses	2024	2023
	N'000	N'000
Salaries and Allowances	5,241	-
Insurance expenses	2,711	-
Depreciation	11,418	11,418
Legal and professional fees	618	-
Bank charges	258	16
Advertising and promotion expenses	1,547	-
Other administrative expenses	58,784	3,440
Supervisory levies	9,631	-
Actuarial cost	1,087	-
Staff training and development	899	-
Audit fee	9,500	3,500
Travelling, outstation and hotel expenses	2,165	-
	103,859	18,374

29 Impairment on bank balance

This relates to impairment of the Company's cash balance in Heritage bank. Central bank of Nigeria (CBN) revoked the license of Heritage bank in June 2024.

30 Finance charges	N'000	N'000
Interest expenses on loan	156,620	112,624
Lease charges	-	-
	156,620	112,624

31 Profit before taxation

Profit before taxation is stated after charging:

Depreciation	11,418	11,418
Auditors' remuneration	9,500	3,500
Director's remuneration	-	22,840

31.1 Messrs. Muhtari Dangana & Co (Chartered Accountants) did not provide any other service to the Company during the year.

32 Premium receipt from policy holders

Premium due from policy holder at 1 January	0	-
Gross Premium written in the year	195	5,982
	195	5,982
Premium due from policyholders at 31 December	0	(0)
Premium receipts in the year	195	5,982

33 Basic (loss)/earnings per share

Basic loss per share is calculated by dividing the net loss attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year.

Profit/(loss) for the year (N'000)	4,990,391	(1,832,544)
Number of shares ('000)	12,911,030	12,911,030
Basic loss per share (Naira)	38.65	(14.25)

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NOTES TO THE FINANCIAL STATEMENTS (continued)

34 Going concern of Company

The events and conditions listed below indicate that there may exist material uncertainty that cast doubt on the Company's ability to continue as a going concern entity within a foreseeable future:

- i. Shortfall of existing ₦5billion regulatory minimum paid-up capital of the Company by ₦6.075 billion as at 31 December, 2024;
- ii. Accumulated losses of ₦17.025 billion (2023: ₦22.012 billion) as at 31 December, 2023 which resulted in negative equity of the Company of ₦1.075 billion as at 31 December, 2024;
- iii The high impairment allowances over the years on the Company's investment properties suggesting possible inability to realize them and discharge its liabilities in the normal course of business; and
- iv. Significantly reduced staff workforce and low morale of staff

Management is however executing mitigating procedures and are working assiduously to inject fresh capital through a recapitalization and business restructuring plan involving major prospective investors.

35 Events after reporting period

Introduction of a new investor

On the 5th of January 2022, an Investor, QPI Consultants FZE through a special purpose vehicle (SPV) named Endura Investment Global Limited (EIG) showed interest in obtaining regulatory approval for the purchase of 3,140,774,908 ordinary shares in Standard Alliance Insurance Plc at ₦0.01 each. Purchase of the shares will give the new investor 26.4% of the issued capital of the Company. The investor will be in a position to restructure the business and turn it around with a minimum amount of U\$8million. Subsequently, the transaction was consummated on the 19th of August 2024 with the approval of the Nigerian Exchange Limited (NGX). The Company subsequently injected ₦12 Billion additional capital in February 2025.

Change of company's name

At the Extra-Ordinary General Meeting of the company held on 4th April 2025, the shareholders approved the change of the Company's name from Standard Alliance Insurance Plc to Fortis Global Insurance Plc. In 25th April 2025, the Corporate Affairs Commission awarded a certificate of Registration to the Company.

36 Fair value Hierarchy

The Company's fair value measurements model is highlighted in accounting policy 4.2.

Level 1

Fair value measurements classified as level 1 include fair values of quoted investments based on current market prices.

Level 2

Fair value measurements classified as level 2 include fair values of unquoted investments which the Company established using valuation techniques such as:

- recent arm's length transactions
- reference to other instruments that are substantially the same
- net assets value and
- discounted cash flows

Level 3

Fair value measurements classified as level 3 include fair values of financial assets of which there are no active markets and no observable inputs. They comprise loans and other receivables.

The table below highlights financial instruments in their various fair value hierarchies at year end:

2024

Asset type	Total N'000	Level 1 N'000	Level 2 N'000	Level 3 N'000
Quoted securities - At fair value through profit or loss	125,539	125,539	-	-
Quoted securities - At FVOCI	223,615	223,615	-	-
	<u>349,154</u>	<u>349,154</u>	<u>-</u>	<u>-</u>

2023

Asset type				
Quoted securities - At fair value through profit or loss	102,411	102,411	-	-
Quoted securities - At FVOCI	1,532,639	1,532,639	-	-
	<u>1,635,050</u>	<u>1,635,050</u>	<u>-</u>	<u>-</u>

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NOTES TO THE FINANCIAL STATEMENTS (continued)

37 Directors and employees

Employees

The average number of persons employed by the Company during the year by category

	2024	2023
	Number	Number
Executive Director	2	1
Management Staff	1	-
Non-management staff	-	-
	3	1
Staff cost for the above persons (Excluding Executive Directors) was:		
Salaries and allowances	-	-
Other staff cost	-	-
	-	-

The number of employees of the company other than Director who received emolument in the following range was:

	Number	Number
N900,001 - N1,100,000	-	-
N1,100,001 - N1,300,000	-	-
N1,300,001 - N1,500,000	-	-
Above - N1,500,000	-	-
	-	-

Directors' Remuneration

The remuneration paid to the Directors of the company was:

	N'000	N'000
Fees and other allowances	-	-
Executive compensation	-	-
	-	-

Fees and other emoluments disclosed above include amount paid to:

	N'000	N'000
The Chairman	-	-
Highest paid Director	-	-

The number of Director who received fees and other emolument (excluding pension contribution) in the following ranges was:

	Number	Number
N1,000,001 - N2,000,000	-	-
N2,000,001 and above	-	-
	-	-

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NOTES TO THE FINANCIAL STATEMENTS (continued)

38 Contingent liabilities

Material contingent liabilities have been made or are likely to be made in these financial statements.

39 Related party transactions

Related parties include the related Companies, the directors and any employee who is able to exert significant influence on the operating policies of the Company. Key management personnel are also considered related parties. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

During the year under review, there were no material transactions between related parties. Transactions with related parties are as stated in note 45 above.

40 Events after the reporting period

There were no events after the reporting period which could have material effect on the financial position of the Company as at 31 December 2024 or the profit or loss and other comprehensive income for the year then ended which have not been disclosed.

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41 RISK MANAGEMENT REPORT

A) Introduction and overview

The Company was faced with the following risks in its operations.

- i Capital Adequacy risk
- ii Regulatory risk
- iii Liquidity risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risks.

Risk Management Philosophies and Principles

The following principles guide financial risk management in the Company:

- i. A deliberate and conscious management of the Company's investment portfolio to ensure that the risk of excessive concentration on any one class, industry, or sector is minimized, as well as to ensure portfolio flexibility and liquidity.
- ii. A strict adoption of sound internal policies and processes resulting in consistent adherence to investment guidelines issued by the National Insurance Commission to enable the Insurance industry maintain sound solvency margin and sound liquidity health at all times.
- iii. The Executive Management took responsibility for establishing a robust liquidity management framework consistent with regulatory requirements of the Commission that ensures sufficient liquidity to withstand a range of stress events.
- iv. The financial risk procedural manual spell-out the operational steps and procedures for executing relevant controls to prevent the occurrence or reduce the impact of risk events touching on Financial and strategy risk. The manual is being reviewed periodically reviewed and updated to take into account new activities, system changes, and structural changes in the industry.
- v. The Board approves all strategies and policies in respect of financial and strategic risk management.
- vi. Evaluation of the effectiveness of risk management process and the internal control system shall be carried out by external consultants periodically.
- vii. The Company relies on its Risk Management Committee
- viii. It develops early warning indicators to aid the prompt identification of all risks from all of the risk categories

Risk Management Strategy

The Board and Management has put in place clearly defined financial risk management framework that provides the Company with guidance and prescribes tolerable financial risk related losses considering available capital and levels of other investment risk exposures. The Company's financial risk policy and strategy are anchored on the following:

- i. Investment portfolio diversification which involves the application of the Company's investible funds in a wide range and class of financial instruments consistent with Regulatory Requirements.
- ii. Liquidity risk Management taking within well defined limits with the sole purpose of creating and enhancing liquidity and competitive advantage,
- iii. Effective utilization of Company's liquidity position.

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Risk Management Framework

The Standard Alliance Insurance Plc recognizes the presence of financial risk in its process of delivering value to its stakeholders. This financial risk Management Framework is set out to manage financial risks resident in the investment processes and procedures of the company. It provides guidance on related issues of Identification, Measurement, Monitoring and Reporting of financial risks in order to ensure the Company continually meets its contractual liabilities to policy holders.

The Company recognizes the importance of these classes of risks, which is inherent in the investment, market, and liquidity management of its insurance business. This policy contains guidelines to help the Company manage its assets in a sound and prudent manner, taking account of the profile of its liabilities, its solvency position and its risk return profile.

The Company's financial risk shall be managed within tolerable limits through an appropriate management focus and deployment of resources.

Risk Management Governance

The overall responsibility for the management of financial risk shall reside with the Board through its Risk and Remuneration Committee. To ensure consistency and prudent management of financial risks, this responsibility shall be divided as follows:

- i. Board of Directors/ Risk & Remuneration Committee
- ii. Finance and Investment Committee of the Board
- iii. Executive Management Committee on Investment
- iv. ERM Committee/CRO
- v. Finance and Investment Department.
- vi. Quality Assurance and Control

Risk Tolerance/Appetite

The Company shall operate by managing its risks within acceptable bounds so as to maintain and increase the value of its resources for its stakeholders. An explicit discussion of risks and risk tolerance will be part of the STANDARD ALLIANCE INSURANCE's decision making process.

STANDARD ALLIANCE INSURANCE has defined Enterprise risk appetite at two levels:

- i. The enterprise level; and
- ii. The Business/Support/Functional Unit levels

The ERM Committee set target key performance indicators ("KPI's") at both an enterprise and a business/support unit level based on recommendations from the Chief Risk Officer. Target KPI's is reviewed at least on annual basis.

At the Business and Support unit levels, the enterprise KPI's is cascaded to the extent that the contribution of each Business/Support Unit to enterprise risk shall serve as input for assessing the performance of the Business/Support Unit.

Tolerance levels is defined for each key risk indicator and serves as a proxy for the risk appetite for each risk area and Business/Support Unit.

Tolerance levels is subject to approval of ERM Committee and shall be reviewed on a periodic basis to reflect changing circumstances.

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Risk Management Process

The Company's disciplined approach to risk management is iterative, scalable, and includes the steps below. Consistent application of this process enables continuous improvement in decision making and performance by top Management. The process as follows:

1. Communication and Dialogue: Communication and dialogue with internal and, as appropriate, external stakeholders as far as necessary takes place at each stage of the risk management process.
2. Establishing the Context: This defines risk parameters to be taken into account when managing risk, and setting the scope and risk criteria for the remaining process.
3. Risk Identification: This process helps the company develop a comprehensive list of risks based on those events that might enhance, prevent, degrade, or delay the achievement of the objectives.
4. Risk Analysis: This context helps to understand the causes and sources of risk, their positive and negative consequences, and the likelihood that those consequences can occur. Existing risk controls and their effectiveness should be taken into account and communicated.
5. Risk Evaluation: The purpose of risk evaluation is to assist in making decisions based on the outcomes of risk analysis about which risks need treatment and to prioritize treatment implementation for those unacceptable risks (i.e. those that exceed risk tolerance)
6. Risk Treatment: This involves the selection of one or more options for modification of unacceptable risks and implementing those options. Risk treatment options include: avoiding the risk, seeking out an opportunity, removing the source of risk, changing the likelihood, changing the consequence, sharing the risk with another party, and retaining the risk by choice.
7. Monitoring and Review: This step should encompass all aspects of the risk management process to:
 - i. Analyze and learn lessons from events, changes, and trends.
 - ii. Detect changes in the external and internal context including changes to the risk.

Risks/ events shall be identified and analyzed against the broad success criteria which may be affected.

The focus in risk identification is capturing all the possible risks associated with an event, activity, project, roles or management decisions. It also covers the impact of an event occurring on the identified success criteria.

- i. Element of Risk- Description of the risk engaged within a process and event or a role.
- ii. Impact on business- Details the consequences of a risk occurring upon the related success criteria.
- iii. Mitigation Measures- Details controls already established or in the process of being established.
- iv. Responsibility- Identifies the officer and department responsible for the implementation and monitoring of compliance of the prescribed controls

B) Financial Risk Assessment

Risks is measured in terms of likelihood and consequences on both inherent and residual basis (pre and post controls). Both likelihood and consequences may be measured qualitatively or quantitatively depending on the risks being considered.

The criteria for success adopted by the Company are;

- i. Shareholders' funds
- ii. Market Share
- iii. Company's image
- iv. Revenue growth
- v. Employees welfare
- vi. Solvency Margin
- vii. Customer Service

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The impact of risk against this success criteria form the basis for the development of the consequence rating scale. The specific evaluation criteria adopted in this document is:

Consequence rating scale

No	Rating	Consequence (impact on established success criteria)	Quantification
1	Catastroph	Shareholder's fund depleted, license withdrawn and liquidation imminent	>/= 10% of Shareholders' fund
2	Major	Most success criteria threatened or one severely affected	5% - < 10% of shareholders' fund
3	Moderate	Some success criteria affected, considerable effort being made to rectify	1% - < 5% of shareholders' fund
4	Minor	Easily remedied, criteria can be recovered	0.5% - < 1% of shareholders' fund
5	Negligible	Very small impact, rectified in the course of normal processes	< 0.5% of shareholders' fund

Likelihood rating scale

No	Rating	Interpretations
1	Almost cer	More than 50% change that it will happen during the year and may occur several
2	Likely	50% change that it will happen during the year
3	Possible	Less than 50% chance that it will happen during the year
4	Unlikely	Could occur once over a 5-10 year period
5	Rare	Very unlikely over a 10 year period

a) **Market Risks**

Market risk refers to worsening financial condition arising from adverse movements in the level of volatility of market prices. It involves the exposure to movement of financial variables such as; equity prices, interest rates or exchange rates. It is usually introduced into a Standard Alliance Operation through variations in financial markets that cause changes in asset values, product or portfolio valuation. Some of the events under market risks are:

- i. Movement in interest rates to the extent that future cash flows from the assets and liabilities are not well matched.
- ii. Movement in market values of equity, real estate and other assets to the extent that the company is exposed to changes in market value.
- iii. Movement in exchange rates which may result in losses from asset and liabilities denominated in different currencies.

b) **Credit Risks**

Credit risk refers to the risk of financial losses arising from default or movement in the credit quality of issuers of security, debtors, or counterparties and intermediaries to whom the company has exposures. Such risk events are:

- i. Default Risk: Risk that a company will not receive or receipts delayed or partially the cash flow or assets to which it is entitled because the other parties default in one or more obligations. This risk has been substantially eliminated by the regulations No Premium, No Cover policy.
- ii. Concentration Risk: Risk of increased exposure to losses due to concentration of investments in a geographical area, economic sector, counterparty, or connected parties.
- iii. Downgrade or Migration Risks: Risks that change in the probability of a future default by an obligor will adversely affect the present value of the contract with the obligor today.
- iv. Indirect or Spread Risks: Risk due to market perception of increased risk on either a macro or micro basis.

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c) **Liquidity Risks:**

Liquidity risk refers to the risk that a Company, though solvent has insufficient liquid assets to meet its obligations as they fall due. Liquidity is concerned with the current and future maintenance of appropriate levels of cash and liquid assets. Such risk events are:

- i. Liquidation Value Risks: The risk that unexpected timing or amount of needed cash may require the liquidation of asset when market condition may result in loss of realized value.
- ii. Affiliated Investment Risk: The risk that an investment in the Company may be difficult to sell or that such affiliate may create a drain on the financial or operating resources of the Company.
- iii. Capital Funding Risks: The risk that the company will not be able to obtain sufficient outside funding as its assets are illiquid at the time of need.
- iv. Negative Publicity with unexpected liquidity strain.
- v. Negative Report about other companies in similar trade.
- vi. Deterioration of the Economy.
- vii. Abnormally volatile or stressed market.

Identification of Financial Risk

The various risk types identified under financial risk category as used in this policy are:

Market Risks	Credit Risks	Liquidity Risks
Interest Rate	Concentration Risk	Liquidation Value
Equity	Default Risk	Affiliated Investment
Real Estate	Indirect or spread Risks	Capital Funding
Currency	Downgrade or Migration Risks	Negative Publicity

Role of the CRO in conjunction with the finance/ Investment risk manager:

- i. Strive to anticipate the risks inherent in the above listed indicative factors and propose appropriate preventive measures.
- ii. Document the anticipated risks and reports to the ERM for appropriate response and implementation.

Assessment of Financial Risk

- i. The Company measures its financial risk exposures across risk types, risk factors and overall investment portfolio
- ii. The Company documents the appropriate products to be used to hedge exposures, the item that qualifies to be hedged, how hedging instruments effectiveness shall be assessed and identify individuals responsible for monitoring hedge performance
- iii. The Company has set appropriate limit structure to control its financial risk exposures.
- iv. The Company periodically reviews its financial risk limits to verify its suitability based on current market conditions, economic conditions and its overall risk tolerance
- v. The Company applies its stress testing to determine the potential effect of economic shifts, market events, changes in interest rates, changes in foreign exchange and changes in liquidity conditions

Internal Risk Identification and Assessment

Internal risk relate to risks that have their sources in faulty or deficient internal systems, process or negligence or indolence of persons responsible for such roles. Such risk resides within the financial management system of the Company.

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Internal Risk Identification and Assessment - cont'd

- i. Internal Processes
- ii. Reporting System
- iii. Bank reconciliation practices
- iv. Budget preparation and monitoring
- v. Working capital management

Financial risks also reside within financial processes, people in financial management, compliance levels, Reporting system, control processes.

External Risk Identification and Assessment

External risks relate to risks that are exogenously determined and impact directly on the financial health of the company. Such risks can arise from the following;

- i. Changes in regulation
- ii. Changes in currency and exchange rate
- iii. Changes in interest rate
- iv. Changes in capitalization and Solvency Margin.
- v. Changes in shareholder's structure and composition
- vi. Changes in money and capital markets

Risk & Control Self Assessments

Risk control self assessment of existing, newly identified and emerging financial risk should be carried-out regularly, at least once every quarter.

- i. For every Control-based financial risks such as fraud, the CRO in conjunction with the finance/ Investment managers risk shall;
 - a Identify the control structure
 - b Compare the control structure to a best practice model
 - c Identify the gaps
 - d Recommend and implement new controls.

Risk Ratings

The CRO in conjunction with the finance/ Investment risk managers

Ensure every risk identified and assessed is given the right risk priority rating for effective treatment.

Key Risk Indicators

Management considers several factors as indicative of the presence of financial risks across the organization. Some of these indicative factors are:

Market Risks – KRIs	Credit Risks – KRIs	Liquidity Risks - KRIs
Interest rate fluctuations	Increasing receivables	Earnings volatility
Proportion of debt to equity	Changes in debt profile	Asset coverage
Decline in market values	Frequency of settlement failure	Liquidity ratio
Guaranteed value losses	Connected or affiliated	Cash flow modelling
Changes in exchange rate	Financial trends	Frequency of Cash conversion
Rising inflation	Counterparty exposures	Working Variations in capital

Risk Mitigation

a. Insurance

- i. The finance/ Investment risk manager brings to the attention of the Head Administration department every risk emanating from investment operations that ought to be insured (refer to the risk register for financial risks that are mitigated through insurance)
- ii. The Administration Manager ensures that premium due for all insurances are dully paid
- iii. The finance/ Investment risk manager shall advise the administration department of any insurance that is no longer required.

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Risk Mitigation - cont'd

b. Consultancy

All consultancy services relating to financial risk shall have contract which clearly states the terms of engagement of the consultant.

The Chief risk officer shall ensure that the contract arising from all consultancy services covers the following;

Standard Level Agreement (SLAs) which;

- i. details the minimum level of performance/quality required from the consultants
- ii. clearly delineates the risks to be borne by the consultant
- iii. clearly specifies the penalty for default

Risk Reporting

Financial Risk Management requires an organization to have an effective risk reporting process reflecting the up-to-date status of risk issues within the Company.

- i. Such report should define the responsibility for production of investment report, the layout of each of the reports, timing of production and delivery, presentation of result, basis evaluation, etc.
- ii. Report should be analyzed to improve existing risk management performance, evaluate the impact of financial risk breaches and monitor compliance with risk appetite levels.
- iii. Separate report should be generated for each of the three major risk types: Market, Credit and Liquidity Risk.

Risk Reporting Template

The periodic report should include the following:

- i. Details of investment activities during the period under reference
- ii. Commentary on each of the investment activity
- iii. Details of portfolio positions by asset type
- iv. Concentration analysis of portfolio and/or credit exposures
- v. Details of any regulatory or internal limits breached during the period
- vi. Actions taken on such if any
- vii. Planned future investment activities

C) Capital management

The Company's capital management framework is designed to ensure that the company is capitalised in line with the risk profile, regulatory requirements, economic capital standards and target ratios approved by the board. The capital management objectives of the company are to:

- maintain sufficient capital resources to meet minimum regulatory capital requirements set by NAICOM
- maintain sufficient capital resources to support the company's risk appetite and economic capital requirements;
- support the company's credit rating;
- maintain adequate capital to support the development of its business and to enable it continue as a going concern, while at the same time maximising the return to its shareholders.
- allocate capital to businesses to support the company's strategic objectives, including optimising returns on economic and regulatory capital;
- ensure the company holds capital in excess of minimum requirements in order to achieve the target Capital Adequacy Ratios set by management and to withstand the impact of potential stress events; and
- manage the net asset value currency management process, including evaluating and implementing new derivative instruments that could be used for hedging purposes;

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Capital Management Strategy

The Company's Enterprise Risk Management (ERM) committee ensures compliance with the Company's capital management objectives. The committee reviews actual and forecast capital adequacy on a regular basis. The processes in place for delivering the Company's capital management objectives are:

- establish internal targets for capital adequacy;
- apply stress tests to assess the Company's capital adequacy under stress scenarios;
- plan and forecast capital requirements to ensure that capital ratios exceed the targets set by the Board.

In addition to these processes, the board, through the ERM Committee, review and set risk appetite annually and analyse the impact of stress scenarios to understand and manage the Company's projected capital adequacy.

The Company has had no significant changes in its policies and processes to its capital structure during the year under review through effective selection of investment platforms and has shown concerns over strict compliance with NAICOM investment guidelines.

Expected Credit Loss Impairment Model for financial assets:

The Company's allowance for credit losses calculations shall be outputs of models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. The expected credit loss impairment model reflects the present value of all cash shortfalls related to default events either over the following twelve months or over the expected life of a financial instrument depending on credit deterioration from inception. The allowance for credit losses reflects an unbiased, probability-weighted outcome which considers multiple scenarios based on reasonable and supportable forecasts. The Company shall adopt a three-stage approach for impairment assessment based on changes in credit quality since initial recognition

Stage1—Where there has not been a Significant Increase in Credit Risk (SICR) since initial recognition of a financial instrument, an amount equal to 12months expected credit loss shall be recorded .The expected credit loss shall be computed using a probability of default occurring over the next 12 months. For those instruments with a remaining maturity of less than 12 months, a probability of default corresponding to remaining term to maturity shall be used.

Stage2—When a financial instrument experiences a SICR subsequent to origination but is not considered to be in default, it shall be included in Stage 2. This requires the computation of expected credit loss based on the probability of default over the remaining estimated life of the financial instrument.

Stage3—Financial instruments that are considered to be in default shall be included in this stage. Similar to Stage 2, the allowance for credit losses captures the lifetime expected credit losses.

Measurement of Expected Credit

Losses: The probability of default (PD), exposure at default (EAD) ,and loss given default (LGD) inputs used to estimate expected credit losses shall be modelled based on macroeconomic variables that are most closely related with credit losses in the relevant portfolio.

Details of these statistical parameters/inputs are as follows:

PD—The probability of default shall be an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the remaining estimated life, if the asset has not been previously derecognized and are still in the portfolio.

12-month PDs—This is the estimated probability of default occurring within the next 12months (or over the remaining life of the financial instrument if that is less than 12 months).This shall be used to calculate 12-month ECLs.

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Lifetime PDs—This is the estimated probability of default occurring over the remaining life of the financial instrument. This shall be used to calculate lifetime ECLs for “stage2” and stage3 exposures. PDs shall be limited to the maximum exposure required by IFRS 9.

EAD—The exposure at default shall be an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected draw downs on committed facilities, and accrued interest from missed payments.

LGD—The loss given default shall be an estimate of the loss arising in the case where a default occurs at a given time. It shall be based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It shall be usually expressed as a percentage of the EAD.

The measurement of expected credit losses for each stage and the assessment of significant increases in credit risk considers information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking information requires significant judgement.

The Company shall rely on a broad range of forward looking information as economic inputs, such as GDP growth, unemployment rates, central bank base rates, crude oil prices, inflation rates and foreign exchange rates. The inputs and models used for calculating expected credit losses may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays shall be made as temporary adjustments using expert credit judgement.

The Company shall determine allowance for credit losses using probability-weighted forward looking scenarios. The Company shall consider both internal and external sources of information in order to achieve an unbiased measure of the scenarios used. The Company prepares the scenarios using forecasts generated by credible sources such as Business Monitor International (BMI), International Monetary Fund (IMF), Nigeria Bureau of Statistics (NBS), World Bank, Central Bank of Nigeria (CBN), Nigeria Insurers Association, Financial Markets Dealers Quotation (FMDQ), and Trading Economics.

Assessment of Significant increase in Credit Risk (SICR)

At each reporting date, the company shall assess whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the remaining expected life from the reporting date and the date of initial recognition. The assessment considers borrower-specific quantitative and qualitative information without consideration of collateral, and the impact of forward-looking macroeconomic factors. The common assessments for SICR on retail and non-retail portfolios include macroeconomic outlook, management judgement, and delinquency and monitoring. Forward looking Macroeconomic factors shall be a key component of the macroeconomic outlook. The importance and relevance of each specific macroeconomic factor depends on the type of product, characteristics of the financial instruments and the borrower and the geographical region.

The Company shall adopt a multi factor approach in assessing changes in credit risk. This approach considers: Quantitative (primary), Qualitative (secondary) and Back stop indicators which are critical in allocating financial assets into stages.

The quantitative models consider deterioration in the credit rating of obligor/counter party based on the company's internal rating system or External Credit Assessment Institutions (ECAI) while qualitative factors consider information such as expected forbearance, restructuring, exposure classification by licensed credit bureau etc.

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Assessment of Significant increase in Credit Risk (SICR) - cont'd

A back stop shall be used to ensure that in the (unlikely) event that the primary (quantitative) indicators do not change and there is no trigger from the secondary (qualitative) indicators, an account that has breached the 30 days past due criteria for SIC Rand 90 days past due criteria for default shall be transferred to stage 2 and stage 3 respectively except there is a reasonable and supportable evidence available without undue cost to rebut the presumption.

Definition of Default and Credit Impaired Financial Assets

At each reporting date, the Company shall assess whether financial assets are credit impaired. A financial asset shall be credit impaired when one or more of the following events have a detrimental impact on the estimated future cash flows of the financial asset:

Significant financial difficulty of the Issuer;

- A breach of contract such as a default or past due event;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganization
- The disappearance of an active market for a security because of financial difficulties

A debt that has been renegotiated due to a deterioration in the issuer's condition shall be considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cashflows has reduced significantly and there shall be no other indicators of impairment. In making an assessment of whether an investment in sovereign debts is credit-impaired, the Company shall consider the following factors.

- (i). The market's assessment of credit worthiness as reflected in the bond yields
- (ii). The rating agencies' assessments of credit worthiness
- (iii). The country's ability to access the capital markets for new debt issuance
- (iv). The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness
- (v). The international support mechanisms in place to provide the necessary support as lender of last resort to that country as well as the intention, reflected in public statements of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and irrespective of the political intent, whether there is the capacity to fulfil the required criteria

Effective Interest Rate

EIR (also denoted Internal Rate of Return or Level Yield to Maturity) is in the context of IFRS 9 , the interest rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or the amortised cost of a financial liability.

Presentation of allowance for ECL in the statement of financial position

Allowances for ECL shall be 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

Financial assets measured at FVOCI: no loss allowance shall be recognized in the statement of financial position because the carrying amount of these assets shall be their fair value. However, the loss allowance shall be disclosed and recognized in the fair value reserve.

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42 Solvency Margin

The Company's solvency margin is summarised below:

	2024 N'000	2023 N'000
Company solvency	(9,535,939)	(5,350,205)
Regulatory minimum capital required	5,000,000	5,000,000
Deficit in solvency margin	<u>(14,535,939)</u>	<u>(10,350,205)</u>

The Company had a solvency margin of (N9.536) billion for the year ended 31 December 2024 (2023: (N5.350) billion), which is (N14.536) million below (2023: N10.350 billion) the regulatory minimum solvency of N5 billion for composite business. Detailed computation of solvency margin is shown below:

31 December, 2024

	Note	Total N'000	Admissible N'000	Non- admissible N'000
Assets				
Cash and cash equivalents		540,667	540,667	-
Loans to policyholders		68,573	68,573	-
Government Bonds		118,488	118,488	-
Corporate Bonds		416,000	416,000	-
Quoted Shares		349,154	349,154	-
Trade receivable		(0)	(0)	-
Other receivables and prepayments	(i)	40,655	-	40,655
Investment properties	(ii)	11,670,000	3,181,390	8,488,610
Property, plant and equipment		21,148	21,148	-
Statutory deposit		535,000	535,000	-
Total assets		<u>13,759,685</u>	<u>5,230,420</u>	<u>8,529,265</u>
Liabilities				
Insurance contract liabilities		4,855,759	4,855,759	-
Investment contract liabilities		2,898,330	2,898,330	-
Trade payables		7,948	7,948	-
Other payables		553,249	553,249	-
Borrowings		6,172,982	6,172,982	-
Income tax liabilities		278,091	278,091	-
Deferred tax liabilities		68,179	-	68,179
Total liabilities		<u>14,834,538</u>	<u>14,766,359</u>	<u>68,179</u>
Available Solvency Margin (Total admissible assets minus admissible liabilities)		<u>(9,535,939)</u>		
The higher of:				
A 15% of Net Premium		9,907		
B Minimum Capital Required		5,000,000		
C Required solvency (Higher of A and B)		5,000,000		
Level of solvency (Available solvency margin/required solvency)		<u>-191%</u>		
Deficit in Solvency margin		<u>(14,535,939)</u>		

(i) Other receivables and prepayments: the inadmissible portion of other receivables and prepayments represents amounts of other receivables and prepayments except staff loans made to members of staff in line with Section 24 (13) of the Insurance Act 2003.

(ii) Investment properties: The inadmissible portion of investment properties represent the balance of reserves arising from revaluation of the assets.

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43 Management Discussion Analysis for Standard Alliance Insurance Plc as of 31st December 2024

Business Profile

Standard Alliance Insurance Plc, is a Company incorporated under the Laws of the Federal Republic of Nigeria. It is licensed by

Objectives and Strategies

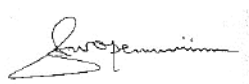
1. To be a world-class provider of insurance and other financial services.
2. The use of innovative ideas and modern technology.
3. The employment of a highly motivated workforce and modern technology.
4. To deliver superior returns to stakeholders.

Metrics	Current Period (N'000)	Prior Period (N'000)	% Change
Insurance Revenue	413,635	418,062	-1%
Insurance service expense	(347,586)	(323,532)	7%
Insurance service result	66,050	94,529	-30%
Investment Income & Other Income	7,784,316	174,847	4352%
Operating Expenses	(2,592,436)	(2,077,666)	25%
Profit/(Loss) Before Tax	4,993,511	(1,808,289)	-376%
Profit / (Loss) After Tax	4,990,391	(1,815,794)	-375%

The Company's insurance revenue decreased by 1.06% when compared to the prior year's result, Insurance service expenses increased by 7.43%, profit after tax increased by 374.83% while the Company's investment and other income increased by 4,284.17%.

Moving Forward

The Company has positioned itself for recapitalisation in line with the NAICOM directive. Members of staff will continuously undergo internal and external training to keep them abreast of the changing environment and make them add value to the company.



Mike Owopo
Chief Financial Officer

STANDARD ALLIANCE INSURANCE PLC
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44 **Segment information**

The Company is organised into two operating segments. These segments distribute their products through various forms of brokers, agencies and direct marketing programs. These segments and their respective operations are as follows:

Non-Life: This segments covers the protection of customers' assets (particularly their properties, both for personal and commercial business) and indemnification of other parties that have suffered damage as a result of customers' accidents. All contracts in this segment are short-term in nature. Revenue in this segment is derived primarily from insurance premium, investment income, net realized gains on financial assets, and net fair value gains on financial assets at fair value through profit or loss.

Life: This segment covers the protection of the Company's customers against the risk of premature death, disability, critical illness and other accidents. Revenue from this segment is derived primarily from insurance premium, investment income, net realized gains on financial assets and net fair value gains on financial assets at fair value through profit and loss.

44.1 **Segment profit or loss and other comprehensive income**

	2024			2023		
	Non-Life N'000	Life N'000	Total N'000	Non-Life N'000	Life N'000	Total N'000
Insurance revenue	-	413,635	413,635	4,754	413,308	418,062
Insurance service expenses	(79,945)	(267,641)	(347,586)	(2,740)	(320,792)	(323,532)
Insurance service result	(79,945)	145,994	66,050	2,014	92,515	94,529
Insurance finance income	33,208	111,175	144,383	40,215	134,632	174,847
Insurance finance expenses	(466,629)	(263,102)	(263,102)	(44,657)	(149,504)	(194,161)
Fair value gain on investment properties	-	7,639,933	7,639,933	-	-	-
Write down of investment	-	(157,390)	(157,390)	-	-	-
Financial insurance result	(433,421)	7,330,615	7,363,823	(4,442)	(14,872)	(19,314)
Net loss Insurance and Investment	(513,366)	7,476,610	7,429,873	(2,428)	77,644	75,215
Other Claims						
Interest expenses on loan	(36,023)	(120,597)	(156,620)	(25,904)	(86,720)	(112,624)
Foreign exchange (expense)/gain	(500,150)	(1,674,416)	(2,174,566)	(403,076)	(1,349,430)	(1,752,506)
Other operating expenses	(79,971)	(23,888)	(103,859)	(4,226)	(14,148)	(18,374)
Impairment on bank balance	(303)	(1,013)	(1,316)	-	-	-
(Loss)/profit before taxation	(1,129,813)	5,656,695	4,993,511	(435,634)	(1,372,655)	(1,808,289)
Income tax	-	-	(3,120)	-	-	(7,505)
Profit/(loss) for the year	(1,129,813)	5,656,695	4,990,391	(435,634)	(1,372,655)	(1,815,794)
Other comprehensive income						
Item that may be reclassified to profit or loss:						
Fair value (loss)/gain on financial assets	10,641	35,625	46,266	599,651	732,907	1,332,559
Items that will be classified to profit or loss:						
Revaluation surplus on building	-	-	-	-	-	-
Other comprehensive income	10,641	35,625	46,266	599,651	732,907	1,332,559
Total comprehensive (loss)/income for the year	(1,119,172)	5,692,320	5,036,658	164,017	(639,748)	(483,235)

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

44.2 **Segment Statement of financial Position**

	Non-Life	Life	Total	Non-Life	Life	Total
		2024		2023		
ASSETS	N'000	N'000	N'000	N'000	N'000	N'000
Cash and cash equivalents	124,353	416,314	540,667	134,887	509,385	644,272
Financial Assets:						
- At fair value through profit or loss	28,874	96,665	125,539	24,471	82,200	102,411
- At amortised cost	138,704	464,357	603,061	138,348	464,713	603,061
- At fair value through OCI	51,431	172,184	223,615	351,602	1,181,037	1,532,639
Trade receivables	0	0	(0)	0	-	-
Other receivables and prepayments	9,351	31,304	40,655	9,351	31,305	40,656
Deferred acquisition costs	0	0	-	0	-	-
Investment property	2,684,100	8,985,900	11,670,000	924,536	3,105,531	4,030,067
Intangible assets	0	0	-	-	-	-
Property, plant and equipment	4,864	16,284	21,148	5,460	18,806	24,266
Statutory deposit	122,734	412,266	535,000	122,734	412,266	535,000
TOTAL ASSETS	3,164,412	10,595,273	13,759,685	1,711,389	5,805,243	7,512,372
LIABILITIES AND SHAREHOLDERS' EQUITY						
LIABILITIES						
Insurance contract liabilities	1,116,825	3,738,934	4,855,759	1,792,164	3,270,227	5,062,390
Investment contract liabilities	666,616	2,231,714	2,898,330	-	2,667,359	2,667,359
Trade payables	1,828	6,120	7,948	1,828	6,120	7,948
Other payables and accruals	127,247	426,002	553,249	114,415	388,904	503,320
Borrowings	1,419,786	4,753,196	6,172,982	784,846	3,056,949	3,841,795
Income tax liabilities	63,961	214,130	278,091	62,797	213,226	276,023
Deferred tax (assets)/liabilities	15,681	52,498	68,179	14,203	52,924	67,127
TOTAL LIABILITIES	3,411,944	11,422,594	14,834,538	5,895,995	3,262,409	12,425,963
TOTAL EQUITY			(1,074,853)			(4,913,611)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			13,759,685			7,512,352

STANDARD ALLIANCE INSURANCE PLC
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44.3 **Asset Hypothecation**

The company is exposed to a range of financial risks through its financial assets, financial liabilities, reinsurance assets and insurance liabilities. In particular, the key financial risk is that in the long term its investment proceeds will not be sufficient to fund the obligations arising from its insurance contracts, in response to the risk, the Company's assets and liabilities are allocated as follows:

		Policy Holders' Fund			Shareholders' Fund	Total	Total	Change
	Non-Life	Life Policy Insurance Contract Liabilities	Investment Contract Liabilities	Annuity		2024	2023	%
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	
ASSETS								
Cash and cash equivalents	125,380	75,549	192,776	146,962	-	540,667	644,272	(16)
Financial Assets:								
- At fair value through profit or loss	125,539	-	-	-	-	125,539	102,411	23
- At amortised cost	603,061	-	-	-	-	603,061	603,061	-
- At fair value through OCI	223,615	-	-	-	-	223,615	1,532,639	(85)
Investment properties	461,980	1,052,744	-	-	-	1,514,724	3,567,000	(58)
TOTAL ASSETS	1,539,575	1,128,293	192,776	146,962	-	3,007,606	6,449,383	(53)
LIABILITIES								
Insurance contract liabilities	1,847,920	3,007,839	-	-	-	4,855,759	5,062,390	(4)
Investment contract liabilities	-	-	2,898,330	-	-	2,898,330	2,667,359	9
TOTAL LIABILITIES	1,847,920	3,007,839	2,898,330	-	-	7,754,089	7,729,750	0
(Deficits)/surplus in asset cover	(308,345)	(1,879,546)	(2,705,554)	146,961	-	(4,746,483)	(1,280,367)	271

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
OTHER NOTES TO THE FINANCIAL STATEMENTS
44.4 Revenue account

	Non Life Business								Life Business						
	Aviation N'000	Bonds N'000	Engineering N'000	Fire N'000	General Accident N'000	Marine N'000	Motor Accident N'000	Oil & Gas N'000	Group Life N'000	Endowment	Individual life N'000	Annuity N'000	Investment Contract N'000	2024 N'000	2023 N'000
Expected benefits incurred	-	-	-	-	-	-	-	-	195	92,193	-	286,012	-	378,400	384,588
Expected expenses incurred	-	-	-	-	-	-	-	-	-	4,083	-	13,406	-	17,489	15,880
Change in the risk adjustment	-	-	-	-	-	-	-	-	-	4,625	-	13,121	-	17,746	17,594
CSM recognized	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total insurance revenue	-	-	-	-	-	-	-	-	195	100,901	-	312,539	-	413,636	418,062
Insurance service expenses															
Incurred claims	-	-	-	-	-	-	-	-	-	-	-	288,767	-	288,767	307,393
Incurred Fulfilment expenses	199	310	258	222	2,203	289	217	4,707	4,368	665	-	9,790	-	23,229	10,967
Changes in RA related to LIC	-	-	-	-	(5,895)	-	-	-	(1,970)	-	-	-	-	(7,865)	5,172
Loss Component: losses and reversal of losses	-	-	-	-	-	-	-	-	-	11,156	-	32,300	-	43,455	-
Insurance service expenses	199	310	258	222	(3,692)	289	217	4,707	2,398	11,821	-	330,857	-	347,586	323,532
Insurance service result	(199)	(310)	(258)	(222)	3,692	(289)	(217)	(4,707)	(2,203)	89,080	-	(18,318)	-	66,050	94,529
Fair value Gain or Loss	133	207	173	148	1,472	193	145	3,144	2,941	450	-	6,305	7,817	23,128	61,909
Interest on statutory deposit and dividend	668	1,041	868	745	7,398	971	730	15,804	14,785	2,261	5,000	31,693	39,291	121,255	112,938
Fair value Gain or Loss on investment property	-	-	-	-	-	-	-	-	-	-	7,639,933	-	-	7,639,933	-
Investment income	801	1,248	1,040	893	8,870	1,164	875	18,948	17,727	2,711	7,644,933	37,998	47,108	7,784,316	174,847
Write down of investment	-	-	-	-	-	-	-	-	-	(96,240)	-	(157,390)	-	(157,390)	-
Insurance finance expenses	-	-	-	-	-	-	-	-	-	(96,240)	-	(166,862)	-	(263,102)	(194,161)
Investment expenses	-	-	-	-	-	-	-	-	-	(96,240)	-	(324,253)	-	(420,492)	(194,161)
Financial insurance result	801	1,248	1,040	893	8,870	1,164	875	18,948	17,727	(93,529)	7,644,933	(286,255)	47,108	7,363,823	(19,314)
Net financial result	602	938	782	671	12,562	875	658	14,241	15,524	(4,449)	7,644,933	(304,572)	47,108	7,429,873	75,215

OTHER NATIONAL DISCLOSURES

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

OTHER NATIONAL DISCLOSURE

STATEMENT OF VALUE ADDED

	2024		2023	
	N'000	%	N'000	%
Premium, Investment and Other Income	7,934,849		592,909	
Premiums, Commissions, Claims paid and other operational cost (FX Difference)	<u>(2,768,059)</u>		<u>(2,277,156)</u>	
Value Added	<u>5,166,790</u>	<u>100</u>	<u>(1,684,247)</u>	<u>100</u>
DISTRIBUTED AS FOLLOWS:				
EMPLOYEES				
Staff costs	5,241	-	-	-
PROVIDERS OF FUNDS				
Finance charges	156,620	3	112,624	(7)
GOVERNMENT				
Taxation	3,120	-	7,505	-
ASSET REPLACEMENT				
Depreciation and amortisation	11,418	-	11,418	(1)
CONTRACTION/EXPANSION - Shareholder's interest				
Profit/(Loss) for the year	<u>4,990,391</u>	<u>97</u>	<u>(1,815,794)</u>	<u>108</u>
VALUE ADDED	<u>5,166,790</u>	<u>100</u>	<u>(1,684,247)</u>	<u>100</u>

The value added statement represents the distribution of the wealth created by the Company through the use of its assets and the efforts of the employees. This statement shows the allocation of the wealth between employees, shareholders, government and that retained for the future creation of more wealth.

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

OTHER NATIONAL DISCLOSURE
FIVE YEAR FINANCIAL SUMMARY

ASSETS	2024	2023	2022	2021	2020
	N'000	N'000	N'000	N'000	N'000
Cash and cash equivalents	540,667	644,272	695,776	1,945,557	1,165,808
Financial Assets:					
- At fair value through profit or loss	125,539	102,411	40,502	36,461	68,263
Amortised cost	603,061	603,061	603,061	404,841	462,276.16
- At fair value through OCI	223,615	1,532,639	200,080	175,291	159,356.00
Reinsurance assets	-	-	-	-	368,242
Trade receivables	(0)	(0)	8,849	8,074	2,275
Other receivables and prepayments	40,655	40,656	41,065	144,570	711,414
Deferred acquisition costs	-	-	-	-	16,782
Investment property	11,670,000	4,030,067	4,030,067	4,030,067	4,030,067
Non-current asset held for sale	-	-	-	-	-
Intangible assets	-	-	-	-	-
Property, plant and equipment	21,148	24,246	35,663	50,233	137,567
Statutory deposit	535,000	535,000	535,000	535,000	535,000
TOTAL ASSETS	13,759,685	7,512,352	6,190,063	7,330,095	7,657,050
LIABILITIES AND SHAREHOLDERS' EQUITY					
LIABILITIES					
Insurance contract liabilities	4,855,759	5,062,390	5,226,948	5,318,297	4,858,569
Investment contract liabilities	2,898,330	2,667,359	2,571,151	2,448,716	1,215,675
Trade payables	7,948	7,948	7,948	7,948	51,300
Other payables and accruals	553,249	503,320	502,513	850,919	781,008
Borrowings	6,172,982	3,841,795	1,976,233	1,994,015	1,783,944
Finance lease obligations	0	0	-	-	-
Income tax liabilities	278,091	276,023	273,736	273,735	316,820
Deferred tax liabilities	68,179	67,127	61,909	61,909	61,909
TOTAL LIABILITIES	14,834,538	12,425,963	10,620,438	10,955,538	9,069,225
SHAREHOLDERS' EQUITY					
Share capital	6,455,515	6,455,515	6,455,515	6,455,515	6,455,515
Treasury shares	(1,145)	(1,145)	(1,145)	(1,145)	(1,145)
Share premium	7,484,955	7,484,955	7,484,955	7,484,955	7,484,955
Contingency reserves	1,784,139	1,780,003	1,775,727	1,768,801	1,756,721
Accumulated loss	(17,025,277)	(22,011,532)	(20,191,461)	(19,354,813)	(17,161,821)
Revaluation reserves	-	-	0	0	48,291
Fair value reserves	226,960	1,378,593	46,034	21,245	5,310.00
Total equity attributable to the owners of the	(1,074,853)	(4,913,611)	(4,430,375)	(3,625,442)	(1,412,174)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	13,759,685	7,512,352	6,190,063	7,330,095	7,657,050

STANDARD ALLIANCE INSURANCE PLC
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

OTHER NATIONAL DISCLOSURE
FIVE YEAR FINANCIAL SUMMARY

	2024	2023	2022	2021	2020
	N'000	N'000	N'000	N'000	N'000
Insurance revenue	413,635	418,062	523,845	453,038	721,017
Insurance service expenses	(347,586)	(323,532)	(676,263)	(945,872)	(2,299,772)
Insurance service result	66,050	94,529	(152,418)	(492,834)	(1,578,755)
Other income	7,784,316	174,847	125,341	30,485	1,126,131
Other expenses	(2,856,854)	(2,077,666)	(802,641)	(1,264,069)	(1,675,829)
Profit Before Tax	4,993,511	(1,808,289)	(829,719)	(1,726,418)	(2,128,453)
Income tax	(3,120)	(7,505)	(1)	1,915	(4,813)
Profit/(loss) for the year	4,990,391	(1,815,794)	(829,720)	(1,724,503)	(2,133,266)
Other Comprehensive (loss)/income for the year	46,266	1,332,559	24,789	15,935	(3,179,146)
Total Comprehensive Income/(loss) for the year	5,036,658	(483,235)	(804,931)	(1,708,568)	(5,312,412)
Earnings per share : Basic (naira)	38.65	(14.25)	(6.43)	(13.36)	(16.52)

RC: 40590
PROXY FORM

The ANNUAL GENERAL MEETING (AGM) of Fortis Global Insurance Plc will be held on Thursday, 12th February, 2026, physically at 11.00 a.m.

I/We

(Name of Shareholder in block letters)

Of.....
 being shareholder/shareholders of Fortis Global Insurance Plc hereby appoint or failing him/her, the Chairman of the meeting, 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 Thursday, 12th February, 2026, and at any adjournment thereof.

Shareholder's signature _____

Date _____

I/We desire this proxy to be used in favour of/ or against the resolution as indicated alongside:

S/N	Ordinary Business	For	Against	Abstain
1.	To receive the Audited Financial Statements for the year ended 31st December 2020 together with the Reports of Directors, Auditors and Audit Committee thereon.			
2	To receive the Audited Financial Statements for the year ended 31st December 2021 together with the Reports of Directors, Auditors and Audit Committee thereon.			
3	To receive the Audited Financial Statements for the year ended 31st December 2022 together with the Reports of Directors, Auditors and Audit Committee thereon.			
4	To receive the Audited Financial Statements for the year ended 31st December 2023 together with the Reports of Directors, Auditors and Audit Committee thereon.			
5	To receive the Audited Financial Statements for the year ended 31st December 2024 together with the Reports of Directors, Auditors and Audit Committee thereon.			
6	To ratify the appointment of the following persons as Directors:			
6.1	To ratify the appointment of Abiodun Sanusi as a Director.			
6.2	To ratify the appointment of Nelson Ahaneku as a Director.			
6.3	To ratify the appointment of Nomwen Imariagbotua Emeghalu as a Director:			
7	To re-elect the following Directors who in accordance with Article 83 of the Company's Articles of Association retires by rotation, and being			

AUTHORIZED AND REGULATED BY THE NATIONAL INSURANCE COMMISSION RIC 091

Directors: Akin Iroko (Nigerian, Chairman), Rohan Fernando (NED, Sri Lankan), Musa Lawan (NED, Nigerian), Abiodun Sanusi (NED, Nigerian), Nelson Ahaneku (NED, Nigerian), Nomwen Emeghalu (Managing Director), Olutayo Amore

	eligible have offered themselves for re-election:			
7.1	To re-elect Rohan Fernando as a Director.			
7.2	To re-elect Musa Lawan as a Director.			
8	To ratify the appointment of TAC Professional Services as the Auditors of the Company and to authorize the Directors to fix their remuneration.			
9	To elect members of the Statutory Audit Committee.			
S/N	Special Business	For	Against	Abstain
10	To approve the remuneration of the Non-Executive Directors.			
11	That subject to necessary regulatory and statutory approvals, the Board be and are hereby authorised to take all necessary steps to raise additional capital for the Company to meet the mandatory minimum capital requirement in any form and through any structure, including without limitation equity, debt, quasi-equity or hybrid instruments. Such capital raise may be undertaken by way of ordinary shares, preference shares, (cumulative or non-cumulative, redeemable or non-redeemable), debentures, bonds, notes, subordinated instruments, convertible or non-convertible instruments, mezzanine financing, rights issues, private placements, public offers, or any other capital or debt instrument or structure permitted under applicable law. The Board is further authorised to negotiate, approve and execute all agreements, documents and transactions necessary to consummate any such capital raise, and to take all actions required to ensure the Company's continued compliance with NAICOM's minimum capital requirements and the risk-based capital framework.			
12	That pursuant to the provisions of the Companies and Allied Matters Act, 2020 (CAMA 2020) and the existing Articles of Association of the Company, the Articles of Association of the Company be and are hereby amended to permit the holding of General Meetings by the Company either physical, or electronically.			
12.1	That a new Article 57(2) be inserted immediately after Article 57(1) as follows: "The Company may convene and hold any Meeting (including Directors, Annual or Extraordinary General Meetings) by physical, or electronic means, and members participating through such electronic or technological platform shall be deemed to be present in person for the purposes of quorum, voting and all other proceedings of the meeting".			
13	That the Board of Directors be and are hereby authorized to do all such acts, deeds, matters and things as the Board may deem necessary to give effect to the aforementioned resolutions of the Company.			

This proxy should not be completed and sent to the registered office of the Registrar if the Shareholder will be attending the meeting.

Notes:

- A. 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 registered office of the Registrar, PAC Registrars & Investor Services Limited, No 122 Bode Thomas Street, Surulere, Lagos. or be sent via email to secretariat@fortisglobalinsurance.com not later than 48 hours before the meeting.
 - B. In the case of Joint Shareholders, any of them may complete the form, but the names of all Joint Shareholders must be stated.
 - C. If the Shareholder is a corporation, this form must be executed under its Common Seal or under the hand of some of its officers or an attorney duly authorized.
 - D. It is a legal requirement that all instruments of proxy to be used for the purpose of voting by any person entitled to vote at any meeting of Shareholders must bear appropriate stamp duty from the Stamp Duties Office (not adhesive postage stamps). All instruments of proxy shall be stamped at the Shareholder's expense.
 - E. Please indicate with an "X" in the appropriate column, how you wish your votes to be cast on the resolutions set out above. Unless otherwise instructed, the Proxy will vote or abstain from voting at his/her discretion.
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2020-2024
ANNUAL
REPORTS & ACCOUNTS



Plot 20C Akin Ogunlewe Rd, Victoria Island, Lagos 106104, Lagos