

50 and Fluid Happiness in motion

Annual Report & Accounts 2020

Tribute to *Oluseyi Bickersteth* (1952-2021)

The news of 'Seyi's untimely demise came to us as a rude shock, one that saddens our hearts and reechoes the brevity and ephemerality of life. Just a few days before his passing, he presided over our Board meeting and was in high spirit, with his usual jokes to conclude the meeting. Hence, his transition still remains inexplicable to us all.

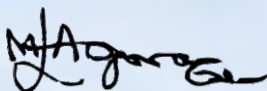
As a director and Chairman of our Board Audit & Compliance Committee, 'Seyi was a rare asset to the Leadway family and engineered the improved growth of the company. He had a penchant for excellence, bold and firm in communicating his opinion or insights and was dedicated to his oversight responsibilities. He has built men and reproduced himself in many others.

He was a man of impeccable probity, reliable and had a diverse reasoning on every subject matter.

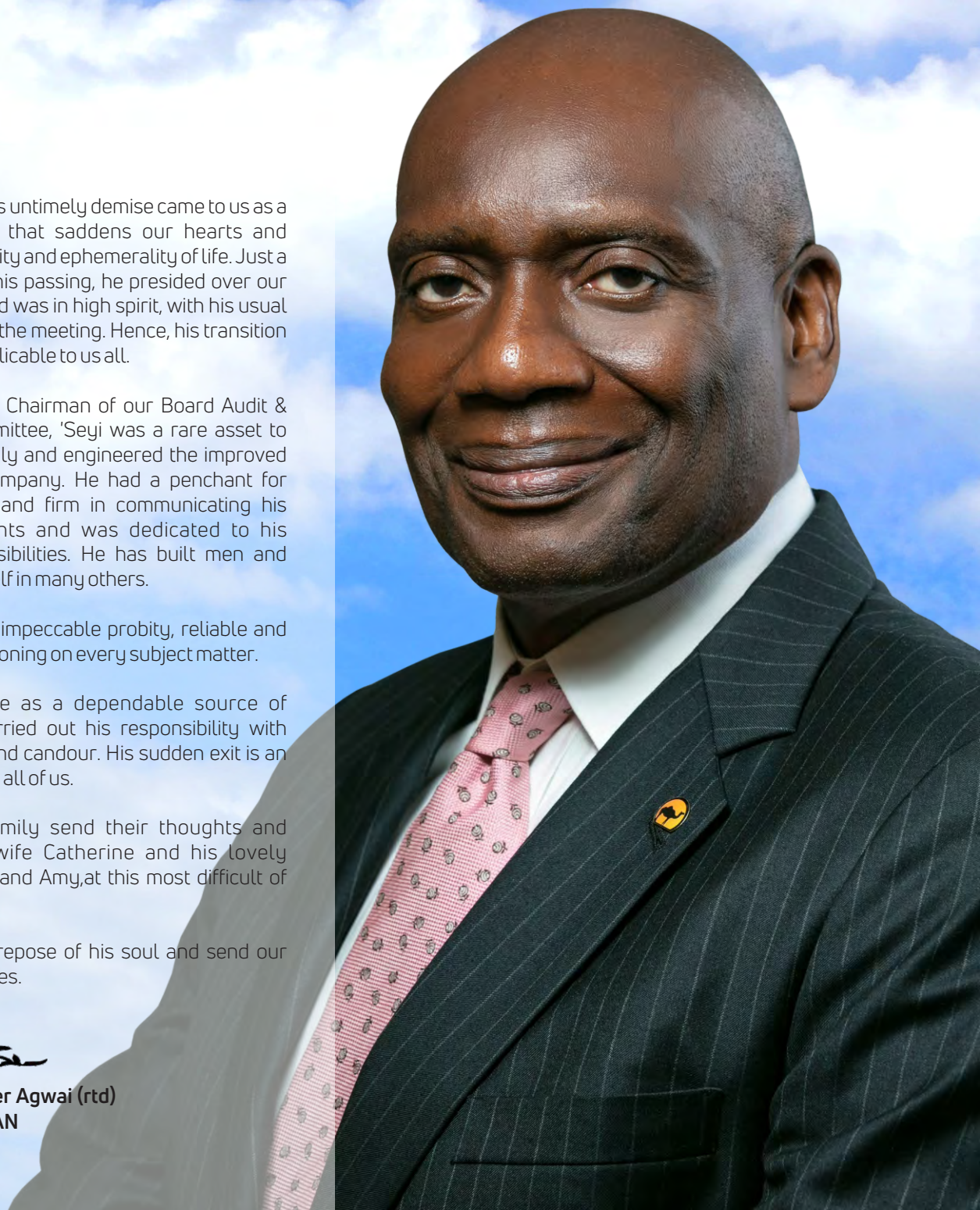
He was available as a dependable source of guidance and carried out his responsibility with diligence, grace and candour. His sudden exit is an irreparable loss to all of us.

The Leadway family send their thoughts and prayers to his wife Catherine and his lovely children, Melody and Amy, at this most difficult of times.

We pray for the repose of his soul and send our deepest sympathies.



Gen. Martin Luther Agwai (rtd)
BOARD CHAIRMAN



Our purpose is repositioning insurance for people and the world at large.

We want to ensure your happiness
and improvement of people's lives.

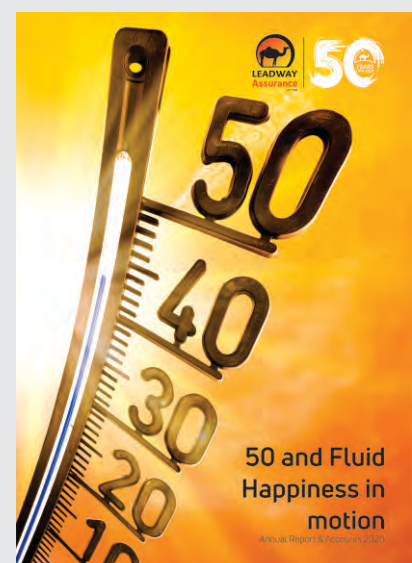
We aim to dramatically reduce disappointment
that is attributed to insurance businesses and operations
as well as creating new products and services.

We advocate for rapid progress in processing claims
and strive to be a leader in the insurance industry.

We know we have all the answers and will listen to
and work further with our stakeholders in order to get
the desired results for our customers.

We want to be an insurance company with purpose;
one that is trusted by society, valued by shareholders
and motivating for everyone who works at LEADWAY.

We believe we have the experience and expertise,
the relationships and the reach, the skill and the will,
to do this.



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Navigating our reports

Our fast read

provides a concise summary of the annual report, highlighting strategy, performance and sustainability information.

Our insurance products designed to provide cover for Individual, business (es), their staff and their proprietors from losses due to events that may occur during the normal course of business make us a truly global insurance provider.



Overview
Business Review
Governance
Group Financial Statements
Appendix



Our Business Review

brings together all our key reports, including our sustainability report, as well as other reports on how we see the energy market evolving in the future.



Leadway at a Glance

Like any industry, ours has its own unique language.
page 192

Measuring our progress over...



1960: OF INDEPENDENCE, OF NEW BEGINNINGS

1960 wasn't just the year of the birth of a nation but also of a new idea- as Sir Olusola Hassan-Odukale became the first individual insurance agent for any insurance company in the North of Nigeria, with the setting up Gaskiya Insurance Brokers.

1970: A VISION FOR EXCELLENCE

the vision became a mission as Gaskiya Insurance Brokers transformed to Leadway Assurance Company Limited, becoming the standard bearer for insurance services in Nigeria.



Measuring our progress over...



1971: THE ART OF BUILDING A LEGACY

The real task of creating a legacy began as Leadway Assurance Company Limited commenced operations with INTEGRITY (Gaskiya) as its only currency while enjoying the goodwill of likeminded people.

1982: DELIVERING ON INTEGRITY, OPENING NEW FRONTIERS

The integrity mantra was established when against all expectations LEADWAY ASSURANCE paid a huge marine claim of \$1m thereby opening the door for bigger opportunities.



Measuring our progress over...

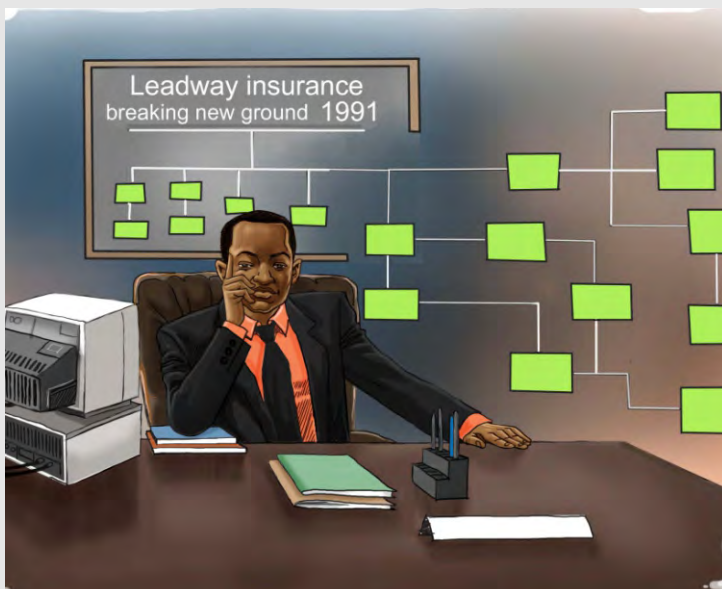


1985: NEW OPPORTUNITIES. GREATER POSSIBILITIES

With new opportunities came more responsibilities as the Company's operating license was extended to include Life Insurance, providing cover for both Life and Non-Life Insurance risks, a testimony to the Company's competence and reliability.

1991: A COMMAND PERFORMANCE

The Pioneer General Manager of the company, Pastor J.O Oni after years of sterling service took a bow. He created the LEADWAY ASSURANCE brand identity giving the company the vigour to break new grounds.



Measuring our progress over...



1994: DISCOVERING NEW POSSIBILITIES

Mr Oye Hassan-Odukale became the MD/CEO of Leadway Assurance with a renewed vision of repositioning the company for more wins with innovative and strategic investment sources beyond insurance. He made a success story of these daring initiatives in less than a decade.

1996: WIDENING THE FOOTPRINTS OF EXCELLENCE

The opening of LEADWAY state of the art building in Port Harcourt, the oil capital of Nigeria is a strategic move to consolidate on opportunities the city and its business offers.



Measuring our progress over...

1999



1999-FROM NOVICE TO A PIONEER TO A LEGEND

Sir Odukale left this mortal planet having built a legacy from a business he knew little about to a success story that outlived him. He was a hard working, confident, honest and an outstanding team player.

2006: COLLABORATING FOR GREATER GROWTH

Collaborative partnership is part of the strategic moves at deepening and strengthening the Company's institutional framework, and in keeping up with this we partnered with International Finance Corporation which invested US \$14m in the company.



2006

Measuring our progress over...



2011: BLAZING THE TRAIL, REACHING HIGHER

Positioned to serve better, with the commitment to giving only the best to our customers, we moved into an ultra-modern office edifice. Equipped with state-of-the-art technology and a welcoming ambience, we continue to put the comfort of our clients at the heart of our operations.

2013: LEADING THE WAY, ALWAYS

A presence in the nation's capital was made with a bold statement that shows our uniqueness, success and readiness to expand the frontiers of not just the insurance business but all investment portfolios.



Measuring our progress over...



2016: CONSOLIDATING FOR BIGGER SUCCESSES

As a long-standing ally, who believed in our vision, Swiss Re, our Reinsurance partner deepened the vision by buying a 25% stake in LEADWAY ASSURANCE, trusting in our joint mission of expanding the horizon.

2017- HELPING PEOPLE, IMPROVING LIVES

One of Nigeria's great creative exports to the world is NOLLYWOOD, a thriving industry but with poor insurance cover for members until LEADWAY ASSURANCE facilitated a landmark life insurance package for the members



Measuring our progress over...



2017: CREATING INNOVATIONS, GETTING CLOSER TO YOU

We brought insurance closer to the people by creating the first mobile office, creating access to insurance products and services in a convenient way to the Nigerian public.

2018: EXPANDING FRONTIERS, GOING GLOBAL

Our focus is not just to set the standards in the Nigerian financial market but to replicate it across Africa, and to the world at large. Opening our Cote D'Ivoire office- LEADWAY Vie (life) is part of our plan to take giants strides across the globe, a step at a time.



Measuring our progress over...



2019: SUSTAINING THE LEGACY OF EXCELLENCE

LEADWAY ASSURANCE was listed among Nigerian firms that made the London Stock Exchange Group's (LSEG) 'Companies to Inspire Africa' report, a testimony to our tenacity for excellence and distinction in service.

2020: A CHANGE OF BATON, REFRESHING THE VISION

A Standing ovation as an astute business man Mr Oye-Hassan-Odukale, who has made his indelible mark makes a way for Mr. Tunde Hassan-Odukale as the new MD/CEO to continue the track record of success



Measuring our progress over...



2020: A GOLDEN ERA, A BRIGHTER FUTURE

50 years of greatness, an era of revolutionising the insurance industry with innovation, creativity and integrity, setting standards and creating new possibilities. It also signifies a time of new beginning, a fresh quest for even more remarkable achievements- CHEERS TO ANOTHER 50 YEARS OF UNENDING HAPPINESS

2020: THE BURDEN BEARER, A TESTAMENT

Our deep understanding of the business of insurance is the reason for our success stories. The unveiling of 50th Anniversary logo which is a reinvigoration of burden bearer (the camel) logo against the setting sun, is a bold statement that while we keep developing unique and better ways to satisfying customers' need, we would remain true to the vision of our founding fathers-living for INTEGRITY.



//

Getting our foot into new spaces and provide innovative solutions that last, has been a strong feature of the Leadway story.

//



Mr. Tunde Hassan-Odukale
Managing Director / CEO

//

Our ambition for the insurance business transformation is to pursue a strategy that is consistent, Responding to increased shareholder interest.

//



2020 at a glance

Scale

We are an integrated insurance business. We have operations in Nigeria and Cote D'Ivoire.

307

Employees

24

Branches

20+

Retail Insurance

Performance

Our 2020 performance has helped us deliver for our shareholders and other stakeholders, including insurance consumers worldwide.

₦523b

Total Asset base

₦67b

Shareholders' Funds

₦54b

Premium Income

₦43.5b

claims



Vision Statement

To be a leading insurance company and non-banking financial solutions provider in Nigeria, leveraging on our strategic capabilities in other selected markets.

Mission Statement

To be a service provider of choice, bringing insurance as a risk management tool to the consciousness of all; adding value to our clients and other stakeholders in an efficient and reliable manner.



01

Overview

Who We Are



What We Do

Leadway offers insurance services in life and general businesses (property & casualty). Leadway also offers allied financial services like bond, secured credit, miscellaneous financial losses and fund/portfolio management.

Leadway enjoys the patronage of clients spanning all the major industries including Construction & Engineering, Manufacturing, Oil and Gas, Shipping, Government Establishments, Ministries and Parastatals. Leadway increasingly attracts patronage from retail clients from a wide variety of backgrounds.

Our Responsibilities

In discharging our responsibilities, we pledge that come what may -rain or shine, dull or bright- the Company must always meet its financial obligations to all its customers, primary of which is claims. Without claims there will be no insurance business.

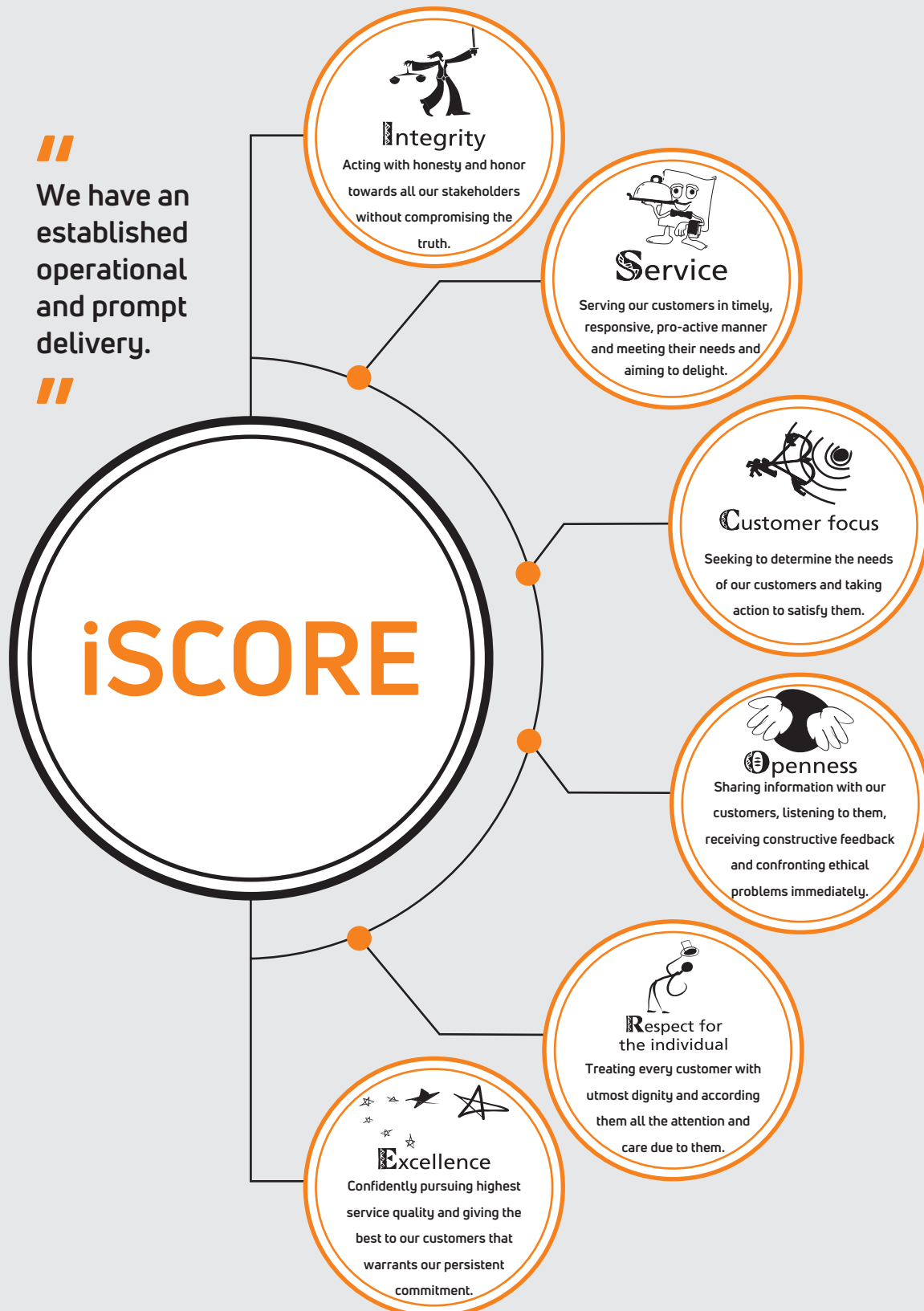
The conceptual basis of our Camel logo is rested on the slogan of the company being an Efficient and Reliable carrier of financial burden/obligations which in turn ensures the happiness of its customers.

Our Culture

The Leadway Assurance has come a long way since its establishment in 1970 to carry on business as a composite insurer.

Its Board of Directors comprises of men and women of integrity with several decades of experience in financial services and other diverse fields in between them. The Board is collectively responsible for the success of the company and works with management to achieve company objectives.

Our Core Values





LEADWAY
Assurance

RC 7588

Smile. Your Happiness is **Assured.**

● General Insurance ● Life Assurance ● Annuity

www.leadway.com

Corporate Office:

121/123, Funso Williams Avenue, Iponri
G.P.O Box 6437, Marina Lagos
Tel: (01) 2700 700

Registered Office:

NN 28/29 Constitution Road,
Kaduna.

Website: www.leadway.com

Email: insure@leadway.com

Connect with us on:     

Notice of the 49th Annual General Meeting

Notice is hereby given that the 49th Annual General Meeting of LEADWAY ASSURANCE COMPANY LIMITED will convene virtually via Cisco Webex on Thursday, 15th April, 2021 at 10am for the following purposes:

Olumide Hanson
Company Secretary



ORDINARY BUSINESS

1. To receive and consider the Audited Financial Statements for the year ended 31st December, 2020 and the reports of the Directors and Auditors thereon.
2. To declare a dividend.
3. To appoint Ms. Hadiza Aliko Mohammed as director (subject to regulatory approval).
4. To re-elect Mr. Odein Ajumogobia who in accordance with Section 285 (1 & 2) of the Companies and Allied Matters Act 2020, retire by rotation, but is eligible and offer himself for re-election.
5. To authorize the Directors to fix the remuneration of the Auditors.
6. To disclose the Remuneration of Managers.

BY ORDER OF THE BOARD



Olumide Hanson
COMPANY SECRETARY
FRC/2019/NBA/00000019064
121/123, Funso Williams Avenue,
Iponri, Surulere,
Lagos.

NOTES:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him/her. In view of the Covid-19 pandemic, attendance shall be virtual and also by proxy. To be valid, executed forms of proxy should be deposited at the Office of the Company Secretary, Leadway Assurance Company Limited, 121/123, Funso Williams Avenue, Surulere, Lagos, or sent via email to c-secretariat@leadway.com not later than 48 hours before the time of holding the meeting.
2. The Register of Members and their shareholding is available for inspection, at the office of the Company Secretary during normal business hours, from the date of this notice until the close of business on Tuesday 6th April, 2021.



02

Business Review

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In fulfillment of our assurance to guarantee good return on your equity investments, the Board of Directors recommends a cash dividend of ₦3.5billion.

//

Gen. (rtd) Martin Luther Agwai, cfr
Chairman

Repositioning insurance

Our purpose is repositioning insurance for people and the world at large. This will frame our thinking, our activities and our interactions.

Reinventing LEADWAY

Introducing a new structure, new leadership team and new ways of working.

Performing while transforming

Our commitment to reliable insurance services remain unchanged. And our investor proposition remains unchanged.

Chairman's Statement

Distinguished Shareholders, Members of the Board of Directors, Ladies and Gentlemen. I welcome you to the 49th Annual General Meeting of our company to present our financial statements and reports for the year ended 31st December, 2020. It is with gratitude that we went through the period of the unanticipated pandemic that shaped human lives in 2020, while acknowledging the unfortunate transition of many despite the excellent service of front line health workers all over the world.

OPERATING ENVIRONMENT

The pandemic experiences of the year 2020 unsettled global economies and humbled most countries to recessionary states. The global economy contracted due to shutdown of social life and compelled lockdown restrictions by countries of the world. While there has been a couple of variants to the coronavirus, there is an optimistic outlook that the effectiveness of the COVID-19 vaccines will drive early restoration.

The gains and momentum the Nigerian economy had in the previous year was eroded by the pandemic, alongside social/civil unrest that permeated the country's commercial capital in the last quarter of the year.

The Russian-Arabian oil price war which triggered a 65% plunge in prices of crude oil negatively impacted the country's earnings and put pressure on the local currency which eventually led to the devaluation of the Naira despite the Central Bank of Nigeria's highly significant dollar injection into the foreign exchange market to ensure the stability of the Naira.

The implementation of the Finance Act 2020 led to a rise in Value Added Tax from 5% to 7.5%, the low yield environment in the last quarter of 2019 lingered throughout 2020 while the negative returns on government securities further heightened inflation rate with Treasury Bills maintaining a low rate of -1%. The data obtained from the National Bureau of Statistics (NBS)

indicated that Nigeria's inflation rate increased from 11.98% in the year 2019 to 15.75% in 2020, the highest rate recorded in the last 3 years. While the increased inflation above the Central Bank of Nigeria's target was partly impacted by Nigeria's closure of its land borders with Benin Republic to curb smuggling activities, the Agricultural sector gained a boost in local production of food items.

Following the global macro-economic challenges which resulted in Nigeria's slump into its second recession in 5 years, the country exited the recession when the Gross Domestic Product (GDP) grew marginally by 0.11% in Q4 according to the NBS, following a 3.6% contraction in Q3 compared with a positive 2.27% recorded in 2019.

The All Share Index of the Nigerian Stock Exchange (NSE) closed the year at 40,270.7 points, a remarkable improvement when compared with the 26,842 points recorded in 2019 with almost all sectors and indices closing negative.

INSURANCE INDUSTRY

Surrounded by the challenging year within which the insurance industry operated, most companies witnessed suspension of clients' policies and dwindling premium income occasioned by COVID-19 restrictions on commercial activities, intra country and intercountry travels. In order to mitigate the effect on the survival and sustainability of most businesses, insurers explored various creative and technological measures to reach their target markets and deliver efficient services.

These measures paid off as the populace became more sensitive to insurance, leading to an increased demand by corporate clients for Business Interruption policy and also further requests by business owners to cover potential risks that ensued from the social unrest in Q4. Indeed, there is an optimism that the renewed insurance awareness will improve insurance penetration in the Nigerian Economy and grow the industry.

The challenges of the year presented a stern test of resilience and conservatism for an industry already weighed down by enduringly low interest rates and slow growth. The fast declining yield market, interest rate reduction and its impact on long term commitments, foisted a more competitive market, leaving insurance operators to decide from two strategies; focus on prudent cum profitably margin within reduced premium income or increased premium income with antecedent long term pressure on capital.

Following the impact of the COVID -19 pandemic on the insurance industry, the insurance regulator; National Insurance Commission (NAICOM), extended and segmented the recapitalization timeline into phases; 50% & 60% of the Minimum Paid-Up Capital for Insurance and Reinsurance companies respectively to be met by 31st December, 2020 while full compliance with the approved Minimum Paid-Up Capital was pegged at not later than 30th September, 2021. The first phase of the recapitalization was eventually short-lived based on the interim injunction suspending the implementation of the process, pending the court's determination of the suit challenging the process.

In furtherance of the changing times and adaptation to digitalized and technological norms, the regulator has taken a major step towards accessibility of insurance industry statistical data by launching a digital NAICOM portal to signal the automation of its processes. Some of the anticipated benefits of the platform includes; quicker turnaround time on certain regulatory engagements, reduction in incidence of fake insurance, improving of public trust and confidence in insurance.

The NAICOM also recently released the much awaited Guidelines on the Code of Corporate Governance which will be applied in consonance with the Nigerian Code of Corporate Governance, 2018 released by the Financial Reporting Council. We believe that the principles of the Code and Guidelines will ensure good Corporate Governance Practices within

Chairman's Statement

the insurance industry and in the long term, reflect insurance operators as global best practice leaders on Corporate Governance.

We are confident that the various initiatives of the regulator are reassuring for the insurance industry and will boost the confidence and comfort of the teeming populace in the financial protection that insurance provides.

FINANCIAL RESULTS

Within the overly onerous operating environment, the Management and Board of your company fulfilled its commitment to achieve a fair share of its budget as well as protect the company's capital with prudence through its focus on profitable margin.

Despite a 41% decrease in Gross Written Premium (GWP) from ₦90.7billion in 2019 to ₦53.9billion in 2020, profit before tax grew from ₦9.6billion in previous year to ₦11.4billion in 2020. Whilst the decrease in GWP is largely due to the significant drop in our Life insurance business, specifically the Annuity portfolio, good returns on investment and other income helped to achieve significant increase in profit. Claims expenses increased from ₦38.5billion in 2019 to ₦43.5billion in 2020 with annuity pay out of ₦30.4billion accounting for the largest proportion of this amount, followed by over ₦7billion net claim expenses in General Insurance. Investment income increased by 17% from ₦31.8billion in 2019 to ₦37.3billion, Underwriting and Operating expenses decreased by 5% and 1% respectively compared to 2019. Total assets recorded 32% growth from ₦396billion in 2019 to ₦523billion in 2020.

DIVIDEND

In fulfilment of our commitment to provide improved returns on your equity investments, the Board of Directors recommends a cash dividend of ₦3.5billion which translates to 35 kobo per share subject to withholding tax at the prevailing rate.

FUTURE OUTLOOK

The discovery and distribution of vaccines for COVID-19 pandemic has provided the required impetus and assurance of the economic recovery from the pitfall of the year 2020.

As it has been our strategy to strike a balance between overexposure of capital and total risk aversion in making business decisions, we affirm our goals to disrupt existing markets and, in the long term, maintain leadership positions across markets. We are well positioned to take full advantage of the prospects, while maintaining quality and affordable cover for our customers.

With the increased global cyber threat occasioned by remote working and susceptibility to risks within digitized environments, we are making ourselves to be top of consumers' mind for cyber insurance products and services.

We are also creating an inextricably intertwined group, reflecting a synergy of clientele, within the legal bounds, to provide all the product offerings required for the lifestyle of our numerous customers and target markets, for long term wealth protection.

DIRECTORS' EXIT AND APPOINTMENT

Within the year, Mr. Jeremy Rowse resigned from the Board after several years of his valuable contribution to the growth and sustainability of your company. His rare insight towards the growth of company is appreciated.

In a bid to refresh our Board with diverse knowledge and actualize our commitment to a minimum of 30% gender diversity for female representation on the Board, Ms. Hadiza Aliko Mohammed, a chartered insurer and business executive, was appointed as an Independent Non-Executive Director, subject to regulatory approval. Her appointment will be presented to shareholders for ratification in the course of this meeting.

Just recently, we lost one of our amiable directors, a friend, an impeccable intellectual and a bridge builder on our Board, Mr. Seyi Bickersteth. He was until his death the Chairman of our Board Audit Committee. He was the quintessential, graceful gentleman and his outstanding contributions to the company, he proudly spoke of, will always be revered. We pray that his family will be comforted at this time.

CONCLUSION

For Fifty years, we have remained fluid and consistent in our unique service delivery and value creation to our customers. We have succeeded through the first and second generations and we believe that the brand of your company will outlive us all.

This success is a reflection of the unswerving loyalty of our customers and stakeholders, some of whom have maintained their stand with us through thick and thin on this journey. Over the years, we have maintained an array of dedicated staff whose valuable contributions have mutually enhanced our worth in the insurance industry and theirs, amongst their network of influence. We are grateful to you for your service.

Thank you.



Avoid the shame of #SeeFinish

Asking for help for unexpected funeral expenses will leave you exposed.
That is why you should cover yourself with our

Leadway Family Benefit Plan Plus.

To Start Now, visit www.leadway.com/startfbpp or call (01) 2800700

Terms and conditions apply

Corporate Office:

121/123, Funso Williams Avenue, Iponri
G.P.O Box 6437, Marina Lagos.

Tel: (01) 2800701, (01) 2800700, (01) 2700700

Email: LCS@leadway.com

Website: www.leadway.com

Registered Office:

NN 28/29 Constitution Road,
Kaduna.

Connect with us on:     



LEADWAY

ASSURANCE COMPANY LIMITED
RC 7588

Insuring Happiness Since 1970

Corporate Information

**Certificate of
Incorporation Number**
RC 7588

Date of Incorporation
22 September, 1970

NAICOM License Number
RIC-025

DIRECTORS

Gen. (rtd) Martin Luther Agwai
Mr. Tunde Hassan-Odukale
Ms. Adetola Adegbayi
Mr. Jeremy Rowse
Mr. Seyi Bickersteth
Mr. Odein Ajumogobia
Mr. Martyn Parker
Mr. Ire Hassan-Odukale

Chairman, Independent
Managing Director (Appointed wef 1 January, 2020)
Executive Director
Non-Executive Director(Retired wef 31 December, 2020)
Non-Executive Director, Independent
Non-Executive Director, Independent
Non-Executive Director (Appointed wef 3 February, 2020)
Non-Executive Director (Appointed wef 8 May, 2020)

Company Secretary

Olumide Hanson
FRC/2019/NBA/00000019064

Registered Office

NN 28/29 Constitution road,
Kaduna State Nigeria
www.leadway.com



Corporate Information

Bankers and other Professional Advisors

Auditors

KPMG Professional Services
KPMG Towers
Bishop Aboyade Cole Street
Victoria Island, Lagos
Tel: (01) 2718955

Bankers

Access Bank Plc
Citibank Nigeria Limited
FBN Bank (UK) Limited
Fidelity Bank Plc
First Bank of Nigeria Limited
First City Monument Bank Limited
FSDH Merchant Bank Nigeria Limited
Guaranty Trust Bank Plc
Keystone Bank Nigeria Limited
Polaris Bank Plc
Stanbic IBTC Bank Plc
Standard Chartered Bank Nigeria Limited
Sterling Bank Plc
Union Bank Plc
United Bank of Africa Plc
Wema Bank Plc
Zenith bank Plc

Reinsurers

African Reinsurance Corporation
Continental Reinsurance Plc
Waica Reinsurance
Hannover Reinsurance Company Limited
General Insurance Company, Indian
Swiss Reinsurance Africa Limited
AIG Europe
Kiln Syndicate
Chubb Limited

Actuaries

Ernst & Young Nigeria
FRC/2012/NAS/00000000738

Estate Surveyor and Valuer

Diya Fatimilehin & Co.
FRC/2013/NIESV/00000002773





03

Governance

Board of Directors



Gen. Martin Luther Agwai (Rtd)
Chairman

- Visiting Professor, African Leadership Center, London
- Former Chief of Army Staff, Nigerian Army
- Former Chief of Defense Staff, Nigerian Army
- Former Chairman, Subsidy Reinvestment Programme
- Alumnus, National Defense University, Washington DC, USA
- Alumnus, Administrative Staff College of Nigeria



Mr. Tunde Hassan-Odukale
Managing Director / CEO

- Director, First Bank of Nigeria Ltd.
- Member, Royal Society of Mathematics and the Institute of Actuaries
- Former Director, Stanbic IBTC Bank Plc
- Former Director, Union Assurance
- Alumnus, University of London
- Alumnus, City University, London
- Alumnus, Harvard Business School, USA



Mr. Odein Ajumogobia SAN.
Director (Non-Executive, Independent)

- Member of Nigerian Bar Association
- Fellow, Chartered Institute of Arbitrators (FCI) Arb London.
- Former Attorney General and Commissioner of Justice, Rivers State
- Former Minister of State for Petroleum Resources
- Former Minister of Foreign Affairs
- Alumnus, Harvard Law School, Massachusetts.

Board of Directors



Mr. Oluseyi Bickersteth

Director (Non-Executive, Independent)

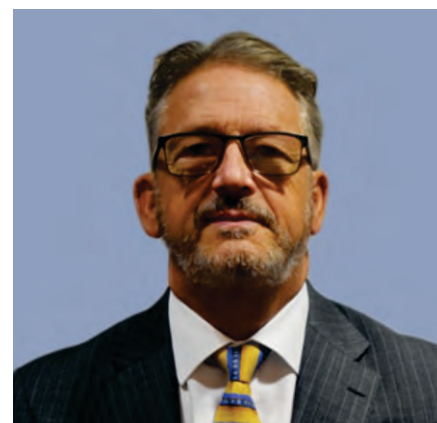
- Chairman, Andersen Tax Africa
- Director, Nigeria-South Africa Chamber of Commerce
- Director, Nigerian Economic Summit Group
- Fellow, Institute of Chartered Accountants of Nigeria (FCA)
- Former National Senior Partner, KPMG Nigeria
- Former Chairman, KPMG Africa
- Alumnus, York University, Canada.



Mr. Jeremy Rowse

Director (Non-Executive)

- Former Director, Santam South Africa
- Former Chief Executive, African Life Assurance, Johannesburg, South Africa
- Former Member, Board of the Life Offices Association of South Africa
- Former Member, Ghana Investment Advisory Council
- Alumnus, Rhodes University, South Africa
- Alumnus, University of Cape Town, South Africa



Mr. Martyn Parker

Director (Non-Executive)

- Chairman of Swiss Re Life & Health Africa
- Former Deputy Chairman of Vina Re in Vietnam
- Former Executive Director of Swiss Re Life and Health Australia
- Former Executive Director Swiss Re Asset Management Hong Kong
- Former Chief Executive Officer of Swiss Re Life and Health UK
- Fellow, Chartered Insurance Institute
- Fellow, of London Chartered Insurance Institute

Board of Directors



Mr. Ire Hassan-Odukale
Director (Non-Executive)

- Co-founder of Ikoyi London Limited.
- Member of the Chartered Institute of Insurance.
- Graduate of LSE (London School of Economics and Political Science), UK.
- Non-Executive Director at Leadway Hotels Limited until March, 2020.
- One of 10 graduates recruited into JLT's graduate scheme in 2008 out of a pool.
- Former staff of AIG Europe Limited.



Ms. Adetola Adegbayi
Executive Director / General Business

- Director, Leadway Hotels Limited
- Director, Energy and Allied Insurance Pool of Nigeria
- Director, Nigerian Liability Insurance Pool
- Associate, Chartered Insurance Institute, London
- Associate, Chartered Institute of Arbitrators, UK.
- Former Director, Prestige Assurance Plc.
- Alumnus, University of Bristol, UK.
- Alumnus, University of South Wales, UK.
- Alumnus, Harvard Business School, USA



Olumide Hanson
Company Secretary

- Member, Chartered Institute of Arbitrators, United Kingdom
- Member, Nigerian Bar Association
- Alumnus, University of Lagos
- Fellow, Institute of Chartered Secretaries and Administrators, UK.



THE ALL IN ONE COVER



LEADWAY
Assurance

WHAT YOU NEED TO PROTECT YOUR BUSINESS

- Business Officers and Content Insurance ■
- Occupier's Liability Insurance for Visitors ■
- Motor Vehicle Insurance ■
- Employees' Life Insurance ■
- Other Assets and Liabilities Insurance ■

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121/123 Funso Williams Avenue, Iponri
G.P.O. Box 6437, Marina, Lagos.
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E-mail: Lcs@leadway.com

Registered Office:

NN 28/29 Constitution Road
Kaduna
Website: www.leadway.com

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Directors Report

For The Year Ended 31 December 2020

All amounts are in thousands of Naira unless otherwise stated

The directors have pleasure in presenting their annual report on the affairs of Leadway Assurance Company Limited ("the Company") and subsidiary company ("the Group") together with the audited financial statements and the auditor's report for the year ended 31 December 2020

Legal form and principal activity

The Company was incorporated as a private limited liability company in September 1970. It obtained a license to operate as an insurance company in January 1971 and commenced business in January 1971.

The Company is principally engaged in the business of providing risk underwriting and related financial services to its customers. Such services include provision of life and non-life business insurance services to both corporate and individual customers.

Subsidiary company

- a. The company owns 99.99% share holding in Leadway Vie Limited ("The Subsidiary").

The subsidiary which is based in Cote D'ivoire was acquired in April 2018, having obtained control over it and obtaining other regulatory approvals in Nigeria and Cote D'ivoire.

Operating results

The highlights of the Group and Company's operating results for the year ended 31 December 2020 is as follows:

	Group 31-Dec-20	Group 30-Dec-19	Company 31-Dec-20	Company 30-Dec-19
	N'000	N'000	N'000	N'000
Gross premium written	53,858,944	90,665,609	53,653,676	90,596,192
Profit before tax	11,413,184	9,627,543	11,533,278	11,286,465
Income tax expense	(225,902)	(436,592)	(223,737)	(434,750)
Profit for the year	11,187,282	9,190,951	11,309,541	10,851,715
Other comprehensive income	5,787,960	1,169,641	5,787,960	1,169,641
Total comprehensive income	16,975,241	10,360,592	17,097,501	12,021,356
Earnings per share (kobo) - Basic/diluted	112	92	113	109
Profit attributable to:				
- Owners of the Company	11,187,294	9,191,117	11,309,541	10,851,715
- Non-controlling interest (Loss)	(12)	(166)	-	-
	11,187,282	9,190,951	11,309,541	10,851,715
Appropriation of profit attributable to owners of the company				
Transfer to:				
- Contingency reserve	1,664,029	1,915,879	1,664,027	1,915,879
- Retained earnings	9,523,265	7,275,238	9,645,514	8,935,836
	11,187,294	9,191,117	11,309,541	10,851,715

Dividends

- b. The dividend declared and paid in 2020 was a cash dividend of N3.5bn (17.5 kobo per share). A cash dividend of N3.5bn will be proposed at the next annual general meeting in respect of the year ended 31 Dec 2020. This has been disclosed in the financial statements.

Directors Report Cont'd

For The Year Ended 31 December 2020

All amounts are in thousands of Naira unless otherwise stated

Directors and their interest

The directors who held office, together with their direct and indirect interests in the shares of the company, were as follows:

		Direct 31-Dec-20	Indirect 31-Dec-20	Direct 31-Dec-19	Indirect 31-Dec-19
Gen. Martin Luther Agwai	Chairman, Independent	-	-	-	-
Mr. Tunde Hassan-Odukale*	Managing Director	-	1,069,352	-	1,069,352
Ms. Adetola Adegbayi	Executive Director	26,061	-	26,061	-
Mr. Jeremy Rowse***	Non-Executive Director	-	-	-	-
Mr. Martyn Parker**	Non-Executive Director	-	-	-	-
Mr. Ire Hassan-Odukale**	Non-Executive Director	-	-	-	-
Mr. Seyi Bickersteth	Non-Executive Director,	-	-	-	-
Mr. Odein Ajumogobia	Non-Executive Director, Independent	-	-	-	-

Retirement and appointment of Directors

*The Board of Directors of the Company appointed Mr. Tunde Hassan-Odukale as the new Managing Director of the Company with effect from 1 January, 2020.

**Mr. Martyn Parker was appointed to represent the interest of Swiss Re Direct Investments Company Limited on the Board of the Company effective 3 February, 2020.

**Mr. Ire Hassan-odukale was also appointed as Non-Executive Director effect from 8 May, 2020."

***Duirng the year, Mr. Jeremy Rowse retired with effect from 31 December, 2020.

Analysis of shareholding

The analysis of the distribution of the shares of the Company is as follows:

		31 December 2020		
	No of shareholders	Percentage of shareholders	No of holdings ('000)	Percentage of holdings
Share range				
Above 800,000,000	6	16%	14,870,686	74%
400,000,001 - 800,000,000	5	13%	3,190,863	16%
200,000,001 - 400,000,000	4	10%	1,000,181	5%
100,000,001 - 200,000,000	4	10%	544,781	3%
Below 100,000,000	20	51%	393,489	2%
Total	39	100%	20,000,000	100%

		31 December 2019		
	No of shareholders	Percentage of shareholders	No of holdings ('000)	Percentage of holdings
Share range				
Above 800,000,000	6	16%	14,870,686	74%
400,000,001 - 800,000,000	5	13%	3,190,863	16%
200,000,001 - 400,000,000	4	10%	1,000,181	5%
100,000,001 - 200,000,000	4	10%	544,781	3%
Below 100,000,000	20	51%	393,489	2%
Total	39	100%	20,000,000	100%

Property and equipment

Information relating to changes in property and equipment is given in Note 12 to these financial statements.

Donations and charitable gifts

A total sum of N205,507,493 (2019 : N42,776,723) was donated to non-political and charitable organizations, in order to identify with

Directors Report Cont'd

For The Year Ended 31 December 2020

All amounts are in thousands of Naira unless otherwise stated

the aspirations of the community and the environment within which the Company operates. Details of such donations and charitable contributions are as follows:

Beneficiaries (All amounts in Naira)	Purpose	31-Dec-20	31-Dec-19
ACE Charity	Support for IDP's Through Ace Charity	2,876,560	2,157,420
American University Of Nigeria		-	1,500,000
Safe Driving Academy	Support for the Road Safety Conference	200,000	-
Shakara Square	Premium for insurance cover for Shakara Square		
	Athletes for the 2020 Fitness Season	250,000	-
Blooming Minds Kids Agency Ltd	Sponsorship of Blooming Kids 2020 Young Writers	180,000	150,000
Charity Home Support		-	591,700
Chartered Insurance Institute of Nigeria	Sponsorship of CIFM	250,000	-
CIIN NYSC Scholarship		-	200,000
Debriche Health Development Center		-	250,000
Demonstration School for the Deaf		-	1,589,303
Demonstration School For The Deaf		-	1,589,303
Dept of Obstetrics & Gynaecology, LUTH		-	1,748,300
Disabled Sports		-	50,000
Fed. Society for the Blind		-	50,000
Federal Road Safety Corps	Payment for 2020 FRSC Support	230,000	-
Federal University of Technology Akure		-	500,000
God's Home for Women Foundation		-	600,000
Heritage Home	School Fes for 1 child at Heritage Home	150,000	150,000
Ibadan Golf Club	Ibadan Golf Club Support	100,000	-
Ikoyi Club 1938		-	2,000,000
Individual Cancer Support		-	300,000
International Tennis Academy		-	2,000,000
Ilshan Health Center	50th Anniversary CSR: Equipment Donation to Ilshan Health Centre	1,428,850	-
Kaduna State	50th Anniversary CSR: Kaduna Borehole Donation	1,535,700	-
Lagos State Government	Lagos State Government COVID-19 CSR Scheme	17,000,000	-
Lagos Chamber of Commerce and Industry	LCCI Support	100,000	-
Lagos State Security Trust Fund	Donation to LSSTF	5,000,000	5,000,000
Life Bank Technology and Logistics Services		-	875,000
Lagos, Ogun & Kaduna State Governments	Food Supplies to Covid Centers in Lagos/Ogun/Kaduna	76,995,842	-
Lagos Waste Management Authority	Donation to LAWMA Workers on International Women's Day	886,000	-
Nigerian Girl Guides Association	Support for Girls Guides Association	270,000	-
Nigerian Council of Registered Ins. Brokers	The Nigerian Council of Registered Insurance Brokers	225,000	-
Moyinoluwa Foundation		-	600,000
National Institute of Marketing	Donation to NATIONAL INSTITUTE OF MARKETING OF NIG.	100,000	-
NEEM Foundation	Support for IDP's through NEEM Foundation	3,333,333	2,500,000
NIA/CBN Financial Literacy Campaign		-	470,000
Nigerian Insurers Association	Donation towards the Covid 19 Pandemic through the NIA	41,000,000	-
United Kingdom Government	Support to FBN UK on supplies of COVID 19 materials to the UK Govt	45,991,455	-
Ogun State Security Trust Fund	2020 Donation to the OGSSTF	5,000,000	-
Osun Economic & Investment Summit		-	15,000,000
The National Association Of Insurance and Pension Correspondents	Support to NAIPCO	200,000	-
Professional Insurance Ladies Association	Payment for PILA Support	300,000	-
Renal Dialysis Center	Support for the 2020 World Kidney Day Symposium	500,000	-
Sebecclly Lycancer Care And Support Centre		-	500,000
Sickle Cell Foundation Nigeria		-	300,000
Society For The Performing Arts In Nigeria		-	500,000
The Nigerian Institute of Medical Research	Support of COVID-19 Drive Through Testing Centre	300,000	-
St Saviours School		-	600,000
The ILISAN Club		-	250,000
Vehicle Inspection Organisation	Payment for VIO Support	715,450	-
The Nigerian Stock Exchange		-	500,000
The Society of Nigerian Artists		-	200,000
Others		389,303	55,697
		205,507,493	42,776,723

Directors Report Cont'd

For The Year Ended 31 December 2020

All amounts are in thousands of Naira unless otherwise stated

Employment of disabled persons

The Group operates a non-discriminatory policy in the consideration of applications for employment, including those received from disabled persons. The Group's policy is that the most qualified and experienced persons are recruited for appropriate job levels irrespective of an applicant's state of origin, ethnicity, religion or physical condition. In the event of any employee becoming disabled in the course of employment, the Group is in a position to arrange appropriate training to ensure the continuous employment of such a person without subjecting him/her to any disadvantage in his/her career development. Currently, the group has 2 persons in its employment with physical disability.

Health, safety and welfare of employees

The Group maintains business premises designed with a view to guaranteeing the safety and healthy living conditions of its employees and customers alike. Employees are adequately insured against occupational and other hazards.

Employee involvement and training

The Group encourages participation of employees in arriving at decisions in respect of matters affecting their well-being. Thus, the Group provides opportunities for employees to deliberate on issues affecting them, with a view to making inputs to decisions thereon. The Group places a high premium on the development of its manpower. Consequently, employees are sponsored for various training courses both locally and internationally.

Directors' interests in contracts

In accordance with section 303 of the Companies and Allied Matters Act of Nigeria, 2020, none of the directors has notified the Company of any declarable interest in contracts deliberated by the Company during the year (2019: Nil).

Auditors

Messrs KPMG professional services having satisfied the relevant corporate governance rules on their tenure in office have indicated their willingness to continue on office as auditors to the company in accordance with section 401 (2) of the companies and Allied Matters Act of Nigeria, 2020.

BY ORDER OF THE BOARD



Olumide Hanson

FRC/2019/NBA/00000019064
Company Secretary
121/123 Funso Williams Avenue
Iponri
Lagos

26 February, 2021

Statement of Directors' Responsibilities in relation to the consolidated and separate financial statements

For the year ended 31 December 2020

The Directors accept responsibility for the preparation of the annual (consolidated and separate) financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Companies and Allied Matters Act, CAMA 2020, the Financial Reporting Council of Nigeria Act, 2011, the Insurance Act 2003 and relevant National Insurance Commission of Nigeria ("NAICOM") Circulars.

The Directors further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act, Laws of the Federation of Nigeria, 2020 and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

The Directors have made assessment of the Group and Company's ability to continue as a going concern and have no reason to believe that the Group and Company will not remain a going concern in the year ahead

SIGNED ON BEHALF OF THE DIRECTORS BY:



General (Rtd) Martin Luther Agwai
Chairman
FRC/2019/CDIR/00000019923
26 February 2021



Mr. Tunde Hassan-Odukale
Managing Director
FRC/2013/IODN/00000002040
26 February 2021

Corporate Governance Report

For The Year Ended 31 December 2020

INTRODUCTION

Leadway Assurance Company Limited is committed to adhering with high standards of good corporate governance at all levels of its operations. The Board of Directors has continued to ensure the implementation of corporate governance principles that guarantee fairness, accountability and transparency in all its dealings within and outside the Company and its subsidiary company. Leadway complies with all laws, regulations, rules and guidelines, applicable to insurance business, including the Code of Business Ethics and the Nigerian Code of Corporate Governance issued by the Financial Reporting Council (FRC).

COMPOSITION OF DIRECTORS

The Board of Leadway comprises a total of eight (8) directors as at 31 December 2020. This includes the Chairman, (who is an Independent Non-Executive Director), the Managing Director, one Executive Director, three Non-Executive Director and two Independent Non-Executive Directors. The members of the Board are reliable, skilled and bring to the Board decades of experience and expertise which positively impact the oversight responsibility of the Board. Their level of expertise has manifested in the strategic direction of the company and high quality of management policies formulated over the years.

SEPARATION OF THE ROLE OF THE CHAIRMAN FROM THE MANAGING DIRECTOR

The way and manner the company structured the roles of the Chairman and the Managing Director has assisted in averting overlaps of roles. The Chairman who is first among equals is responsible for the overall leadership of the Board and for creating enabling environment for the effectiveness of individual directors, while the Managing Director is responsible for the day-to-day running of the company to achieve overall efficiency of management controls. This is done in accordance with the Nigerian Code of Corporate Governance 2018.

GENDER DIVERSITY

Leadway Assurance understands that gender diversity is fundamental to the success and sustainability of the company and enriches discussions among directors, better reflects the company's relationship with all of its stakeholders and allows for improved stewardship from a risk- management perspective. The company has its diversity policy and has committed to establish measurable objectives for achieving diversity on the Board and within management positions. The Company has improved on its plans to achieve a 30% gender diversity and increased women representation on the Board. To this end, a female independent director has been appointed and she is undergoing consideration by the regulator. Over the next one year, the company intends to continue to create a diverse and inclusive culture by deliberately promoting increased women representation on the Board, management positions and overall employees, based on availability of vacancy and appropriately-skilled candidates. The company remains committed to improving other dimensions on diversity to reflect global best standard and will reflect its efforts in future disclosures.

PROCESS OF BOARD APPOINTMENT

The process for the selection, nomination and appointment of a candidate to the Board is essential to ensure the Company has an optimum combination of experience and commitment and achieve the effectiveness of the Board. Potential candidates are identified by referrals of suitably qualified individuals by other Directors; and/or engaging external consultants that will present diverse candidates from the pool of candidates sourced. The Nomination, Remuneration and Governance Board Committee is saddled with the responsibility of engaging, interview and recommending the suitable candidates, having regard to the expertise, integrity, qualification, age, experience, positive attributes, independence, competency, relationships, industry standing, diversity of gender, background, professional skills and personal qualities required to operate successfully as director. The Committee is further guided by the Succession and Diversity policies in its engagement.

BOARD TRAINING AND INDUCTION

The Chairman, in conjunction with the Company Secretary, is responsible for ensuring that induction programmes are conducted for new Directors and a continuing education programme is in place for all Directors. The Continuing education is expected to assist directors to consistently familiarize themselves with their roles and responsibilities, Corporate Governance, the Company's strategic plan, operations, and the business environment within which the company operates.

New directors undergo a three-day orientation and Induction programme which holds within three months of the director's appointment and entail an engagement with the Management of the company coordinated by the Company Secretary. The various sessions provides directors with understanding of the company's business, current strategy/business plan, Organization Structure, delegation of authority, Board and Board Committees' annual plan, Corporate Governance and Risk Management information, the company's Board approved policies and Code of Conduct. The session also provides an insight into the Financial and Capital Management of the company.

Directors are encouraged to attend internal and external seminars and workshops that are organized on the financial standards, new development within Corporate Governance and Mandatory trainings organized by the regulator, in order to enhance their skills and knowledge.

During the year, the directors of the company attended the following trainings/ seminars to enhance their knowledge in the discharge of their duties within the company.

- The Role of the Board in Economic Capital Process (Internally Organized)
- Insurance Directors Conference 2020 organized by National Insurance Commission and College of Insurance on Corporate Governance.

Corporate Governance Report Cont'd

For The Year Ended 31 December 2020

BOARD EVALUATION

The assessment of the effectiveness of the Board is key in the Board Governance Structure. The Board undergoes a rigorous evaluation process every year to assess the performance of the Board, its committees, individual directors and assessment of the Corporate Governance Practices. This exercise has been previously carried out by an independent external consultant and the Company Secretariat with outcomes reported to the Board and the sectoral regulator.

In 2017, 2018 and 2019, the Society for Corporate Governance, Ernst & Young and the Company Secretariat respectively, carried out the evaluation of the Board, its committees, the Chairman, individual Directors, and the Company's corporate governance practices.

The evaluation that was conducted for the year 2019 was with reference to the Nigerian Code of Corporate Governance 2018 and best practice. This exercise involved the use the Board Effectiveness Maturity Assessment Model which allows for quantitative performance assessment with a road map to improvement. This tool adequately assisted in the evaluation of the effectiveness of directors on the Board.

In view of the requirement by the Nigerian Code of Corporate Governance 2018 which provides for Board Evaluation to be facilitated once every three years by an Independent External Consultant and having successfully carried out the evaluation of the last three years by Independent External Consultants and the Company Secretariat, the evaluation for the year 2020 was conducted by Ernst & Young. The consultant understands the expectation on Corporate Governance and is expected to improve on the internally-driven Board Evaluation for the year 2019, measure the extent of resolution of the gaps identified and provide an independent assessment report that will be submitted to the company's regulator.

DIRECTORS STANDING FOR RE-ELECTION

In compliance with Section 285 (1 & 2) of the Companies and Allied Matters Act 2020, one-third of the company's directors are required to retire by rotation at the Annual General Meeting (AGM). This is applicable to directors who have been longest in office since their last election.

Consequently, Mr. Seyi Bickersteth and Mr. Odein Ajumogobia are up for retirement and are both eligible for re-election. They have both offered themselves for re-election.

The Nomination, Remuneration and Governance Committee has the responsibility to review and assess the performance of the Directors that are subject to re-election at the AGM and submits its recommendation to the Board for the proposed re-election being presented to the Shareholders for approval. The Committee makes its recommendation, taking into consideration, value contribution at Board and Board Committee meetings, deliverables on the expectations in relation to his role and responsibilities and continuing value to the Board through in-depth reasoning, knowledge, experience and expertise.

BOARD RESPONSIBILITY

The Board is saddled with the responsibility of making policies for the company, reviewing corporate performance, monitoring strategic decisions while ensuring regulatory compliance, safeguarding shareholders' interest and fulfilling the expectations of stakeholders. The Board met five times in the last financial year and through their leadership, the company was able to achieve its set objectives. The record of the attendance is provided below:

Meetings Held	1	2	3	4	5
Names	5th March, 2020	28th May, 2020	8th August, 2020	12th November, 2020	11th December, 2020
Gen. (rtd) Martin Luther Agwai (Chairman, Independent)	✓	✓	✓	✓	✓
Mr. Tunde Hassan-Odukale (Managing Director)	✓	✓	✓	✓	✓
Ms. Adetola Adegbayi (Executive Director)	✓	✓	✓	✓	✓
Mr. Jeremy Rowse (Non-Executive)	✓	✓	✓	✓	✓
Mr. Martyn Parker (Non-Executive)	✓	✓	✓	✓	✓
Mr. Odein Ajumogobia (Non-Executive, Independent)	✓	✓	✓	✓	✓
Mr. Seyi Bickersteth (Non-Executive, Independent)	✓	✓	✓	✓	✓
Mr. Ire Hassan Odukale (Non-Executive)	NYA	✓	✓	✓	✓

Key:

✓ Present

NYA - Not Yet Appointed

COMMITTEES OF THE BOARD

The Board committees have been engineered to ensure proper coordination and effectiveness and these committees are saddled with responsibilities which are aimed at enhancing the operations of the company. Over the years, the committees have rendered immense assistance to the Board through regular reporting.

Corporate Governance Report Cont'd

For The Year Ended 31 December 2020

Below are the committees of the Board:

a. Enterprise Risk Management and Technical Committee:

The Committee comprise four Non-Executive Directors and two Executive Directors. Mr. Jeremy Rowse Chairs the Committee and other membership are Mr. Seyi Bickersteth (Independent), Mr. Odein Ajumogobia (Independent), Mr. Martyn Parker (Non-Executive) Mr. Tunde Hassan-Odukale (Managing Director) and Ms. Adetola Adegbayi (Executive Director). Following the retirement of Mr. Jeremy Rowse, Mr. Martyn Parker will take over the chairmanship of the Committee.

This committee assists the Board in carrying out its oversight responsibilities by:

- * Coordinating and overseeing the application and effectiveness of technical controls and analysis in the insurance activities;
- * Enhancing the quality, effectiveness and relevance of insurance technical reports and management information;
- * Overseeing the strategic risk management process and monitoring the quality, integrity, reliability and effectiveness of the process;
- * Reviewing the adequacy and effectiveness of controls on the development, introduction and maintenance of IT systems and processes.

The Committee held four meetings in the year 2020 and the attendance of directors stated below:

Meetings Held	1	2	3	4
Names	3rd March, 2020	26th May, 2020	4th August, 2020	10th November, 2020
Mr. Jeremy Rowse (Chairman, Non-Executive)	✓	✓	✓	✓
Mr. Odein Ajumogobia (Non-Executive, Independent)	✓	✓	✓	✓
Mr. Seyi Bickersteth (Non-Executive, Independent)	✓	✓	✓	✓
Mr. Martyn Parker (Non-Executive)	✓	✓	✓	✓
Mr. Tunde Hassan-Odukale (Managing Director)	✓	✓	✓	✓
Ms. Adetola Adegbayi (Executive Director)	✓	✓	✓	✓

Key:

✓ Present

b. Audit & Compliance Committee

The Committee comprises three Non-Executive Directors. Mr. Seyi Bickersteth (Independent) Chairs the Committee and other members are Mr. Martyn Parker (Non-Executive Director), and Mr. Ire Hassan-Odukale (Non-Executive Director). All members of the committee are financially literate and can read and understand financial statements. The Committee Chairman is a financial expert, have current knowledge in accounting and financial management and is able to interpret financial statements.

This committee assists the Board in carrying out its oversight responsibilities by:

- * Monitoring the Nigerian regulatory environment for threats and/or opportunities
- * Reviewing the Company's relationship with relevant regulatory agencies and authorities and recommend required steps and activities for improvement in such relationships;
- * Monitoring overall compliance by the Company with the provisions of the National Insurance Commission (NAICOM) and other relevant industry regulations;
- * Co-coordinating and overseeing the effectiveness of the Company's audit management and shall assist the internal and external Auditors in preparing financial reports;

The committee held four meetings in the year 2020 and the attendance of directors stated below:

Corporate Governance Report Cont'd

For The Year Ended 31 December 2020

Meetings Held	1	2	3	4
Names	4th March, 2020	27th May, 2020	5th August, 2020	11th November, 2020
Mr. Seyi Bickersteth (Non-Executive, Independent)	✓	✓	✓	✓
Mr. Martyn Parker (Non-Executive)	✓	✓	✓	✓
Mr. Ire Hassan-Odukale (Non-Executive)	NYA	✓	✓	✓

Key:

✓ Present

NYA - Not Yet Appointed

c. Finance, Investment & General Purpose Committee

The Committee comprises three Non-Executive Directors and two Executive Directors. Mr. Odein Ajumogobia (Independent) Chairs the Committee and other membership are Mr. Jeremy Rowse (Non-Executive Director), Mr. Ire Hassan-Odukale (Non-Executive Director), Mr. Tunde Hassan-Odukale (Managing Director) and Ms. Adetola Adegbayi (Executive Director).

This committee assists the Board in carrying out its oversight responsibilities by:

- * Reviewing Management Accounts and report to the Board against Best Practice;
- * Developing, monitoring and reviewing efficiency of the Company's investment policies;
- * Determining, developing and reviewing the Company's investment parameters in consistency with business trends, Company's investment capacity and compliance obligations;
- * Ensuring at all times that the Company's investment policies reflect the objectives of safety and maintenance affair returns on investments;
- * Establishing standards, rules and guidelines for the Company's investment management operations;
- * Evaluating the value of the daily marked-to-market portfolios and make proposals to the Company's Board accordingly;
- * Reviewing from time to time the Company's investment strategy with a view to sustaining medium to long term competitive edge.

The committee held four meetings in the year 2020 and the attendance of directors stated below:

Meetings Held	1	2	3	4
Names	4th March, 2020	27th May, 2020	5th August, 2020	11th November, 2020
Mr. Odein Ajumogobia (Independent, Chairman)	✓	✓	✓	✓
Mr. Jeremy Rowse (Non-Executive Director)	✓	✓	✓	✓
Mr. Ire Hassan-Odukale (Non-Executive)	✓	✓	✓	✓
Mr. Tunde Hassan-Odukale (Managing Director)	✓	✓	✓	✓
Ms. Adetola Adegbayi (Executive Director)	✓	✓	✓	✓

Key:

✓ Present

NYA - Not Yet Appointed

Corporate Governance Report Cont'd

For The Year Ended 31 December 2020

d. Nomination, Remuneration & Governance Committee

The Committee comprise three Non-Executive Directors. Mr. Martyn Parker (Non-Executive Director) Chairs the Committee and the other members are Mr. Seyi Bickersteth (Independent) and Mr. Ire Hassan-Odukale (Non-Executive Director).

This committee assists the Board in carrying out its oversight responsibilities by:

- * Annually review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and other Committees;
- * Give full consideration to and ensure the company has a succession policy and planning for Chairman of the Board, Managing Director, all other Executive Directors, Non-Executive Directors and other Senior Management positions;
- * Be responsible for the process of identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise;
- * Establish a formal and transparent process for Board appointments, including establishing the criteria for appointment to the Board and Board committees, reviewing prospective candidates' qualifications and any potential conflict of interest; assessing the contribution of current Directors against their re-nomination suitability, and making appropriate recommendations to the Board;
- * Develop a process for, and ensure that the Board undertakes, an annual performance evaluation of itself, its committees, the Chairman and individual Directors, as well as the Company's corporate governance practices.
- * undertake the annual assessment of the independent status of Independent Non-Executive Directors (INED);
- * Consider the extent to which the company's governance arrangements are consistent with the various Corporate Governance Codes, and make recommendations to the Board accordingly;
- * Review the governance section of the annual report and make recommendations to the Board for approval;
- * Develop, review, administer and recommend to the Board for approval of Corporate Governance policies;
- * Review annually the Key Performance Indicators (KPIs) set for the Chief Executive and Executive Directors by the Board and their performance evaluation;
- * Ensure the development and periodic review of Board charters, Board committee charters and other governance policies, such as the code of ethics, conflict of interest and whistleblowing policies among others.

The committee held three meetings in the year 2020 and the attendance of directors stated below:

Meetings Held	1	2	3
Names	5th March, 2020	6th August, 2020	12th November, 2020
Mr. Martyn Parker (Non-Executive Director, Chairman)	✓	✓	✓
Mr. Seyi Bickersteth (Independent)	✓	✓	✓
Mr. Ire Hassan-Odukale (Non-Executive Director)	NYA	✓	✓

Key:

✓ Present

NYA - Not Yet Appointed

CUMMULATIVE YEARS OF SERVICE

a. Tenure of directors

The tenure for the Managing Director and the Executive Directors are determined by the Board taking into account performance, the existing succession planning mechanism, continuity of the Board and the need for continuous refreshing of the Board. The tenure of each of the company's Non-Executive Director is for a defined period and can be re-elected for additional terms subject to satisfactory performance and approval by the shareholders. However, the principles of Nigerian Code of Corporate Governance 2018 caps the tenure of an Independent Non-Executive Director at a cumulative term of nine years.

Corporate Governance Report Cont'd

For The Year Ended 31 December 2020

	Directors	Date of Admission	Years of Service
1	Gen. Martin Luther Agwai (Chairman, Independent)	10th November, 2016	4 years 2 months
2	Tunde Hassan-Odukale (Managing Director)	1st January, 2020	1 year
3	Jeremy Rowse (Non-Executive) resigned effective 31st December, 2020	31st July 2007	13 years, 1 month
4	Adetola Adegbayi (Executive Director)	6th December, 2012	8 years, 1 month
5	Seyi Bickersteth (Non-Executive, Independent)	1st January, 2017	4 years
6	Odein Ajumogobia (Non-Executive, Independent)	1st January, 2017	4 years
7	Martyn Parker (Non-Executive)	3rd February, 2020	11 months
8	Ire Hassan-Odukale (Non-Executive)	8th May, 2020	8 months

Mr. Jeremy Rowse had a cooling off period for 4 months in 2015. However, after a dedicated service as Non-Executive Director for 13 years, he resigned his directorship effective 31st December, 2020.

In reflection of the company's commitment to consistently refreshing its Board and Board Committees to guarantee improved value contribution to the company and in line with global best practice, the Board appointed another Independent Non-Executive Director subject to the anticipated approval of the company's regulator, the National Insurance Commission.

b. External auditor

KPMG Professional Services was appointed as the company's External Auditor in 2018 following the expiration of the 5 year tenure of PricewaterhouseCoopers Chartered Accountants as required by the National Insurance Commission Code of Corporate Governance 2009. This was before the advent of the Nigerian Code of Corporate Governance 2018 which provided for a 10 year tenure to External Auditors.

The Company went through a tender process and after careful review of the value proposition of the bidders and the commitment to avoid potential conflict of interests in relation to non-audit services and ensure the independence of the auditor, KPMG was selected and approved by the company's shareholders at the 2018 Annual General Meeting.

The audit partner leading the 2020 financial audit is Kabir Okunola and has held the role for three years. The role of audit partner will be rotated after completion of the 2022 year end audit in line with the Nigerian Code of Corporate Governance 2018 and best practice.

c. Statement on availability of code of business conduct and ethics

The company has a Board approved Code of Business Conduct and Ethics which sets out broad principles and practices that guide each and every member of the Board, Management and employees in their conduct and decision making for the company. The directors, Management and employees are abreast with the Code of Business Conduct and Ethics and have declared their understanding of their fiduciary duty to shareholders and other stakeholders of the Company.

Corporate Governance Report Cont'd

For The Year Ended 31 December 2020

HIGHLIGHTS OF HUMAN RESOURCES MANAGEMENT

HR policy highlights

The Company has established the underlined Human Resources policies. These policies are reviewed periodically as part of the company's commitment to ensure continued applicability and growing changes in the Human Resource space and workspace dynamism.

The year 2020 was a unique year as the Covid-19 pandemic has had significant impact on all organizations, Leadway inclusive. However, we have adapted the company Flexi work policy to ensure business continuity while ensuring the Health and Safety of its stakeholders are guaranteed. Leadway has built an emotionally intelligent workforce that is agile and more tech savvy to adapt to the global peculiar times. Collaboration, synergy and team work has improved and the company has also promoted Work life balance/clear integration in view of regular burnout occasioned by the new norm.

- **Learning and Development Policy** focuses on the provision of effective and appropriate training and development for all employees to constantly update their knowledge, skills, abilities and attitudes using the 70:20:10 learning framework. It also fosters professional development by catering for subscription and certification with respective globally recognized bodies. Every employee is guaranteed at the minimum 32 hours of training annually.
- **Performance Management Policy** is to establish and maintain a performance culture, creating an enabling environment for employees to develop their abilities and achieve optimal possible potential to ensure a workplace where the staff performance review process is fair, consistently applied and shall not be perceived nor used as a punitive system. The process is designed to measure the achievement of company strategic goals.
- **Recruitment & Selection Policy** seek to attract, select, recruit and retain people with the right skill set, expertise, experience and qualifications to meet business aspirations, whilst offering a rewarding and fulfilling career with opportunities for growth and personal development. The recruitment process is driven by the Workforce plan, utilizing the Build, Borrow and Buy strategy.
- **Compensation & Benefit Policy** adopts a compensation philosophy that ensures employees are equitably remunerated within competitive market salary scales to drive and reward excellent performance utilizing global recognized frameworks. The aim is to maintain a pay structure that attracts, motivates and retains the highest caliber of talents at all levels. These include recognition awards, short and long term incentives pay as well as non-monetary rewards, benefits and perquisites.
- **Social Media (Internet Usage) Policy** is to enable employees to participate online in a respectful, relevant way that protects the company's reputation. The policy is intended to protect the business confidentiality, its network, computing resources and information assets.
- **Flexi – Work Policy** aims to encourage flexible working arrangements with the dynamics in the business environment. It recognizes that a better work-life balance can improve employee motivation, productivity, improved competitiveness while reducing staff turnover and ensuring employees fulfil their work requirements as well as other family/personal commitments.
- **Disciplinary Policy** is designed to correct unacceptable conduct or behaviour of employees where there is a breach of any rule, regulation, policy or procedure. The company takes comprehensive approach regarding discipline and will consider all facts before a decision is taken.
- **Grievance Policy** is designed to provide a transparent framework to deal with conflicts that may arise out of employment relationships. This is in alignment with company's desire to provide an environment that is productive, encourages growth and achieves business objectives. The process ensures that all employees are treated in a fair and consistent manner.
- **Expatriate Policy** provides a guide to ensuring standardized management of expatriates within the company, ensuring established need, value delivery, knowledge transfer, optimizing the cost in the engagement of expatriates and consistency in mobility policy.

Corporate Governance Report Cont'd

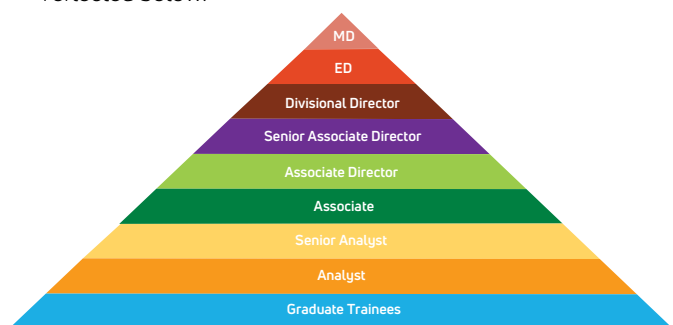
For The Year Ended 31 December 2020

WORKPLACE INITIATIVES

- **Capability Building** – One of such is Leader-led sessions, a business continuity initiative that ensures knowledge transfer across the company it provides the opportunity to directly address knowledge gaps from day to day operation and increase breadth of knowledge in teams. We also have instituted, job rotation and expansions, mentorship and coaching frameworks, Talent Exchange programme and pipeline building, Quarterly Performance Reviews where we proactively assess market dynamics and align our strategies accordingly.
- **Employee Engagement and Support** – The Company recognizes that employee engagement is a key driver of productivity which directly impacts profitability. It has multifaceted initiatives to feel the pulse of the workforce and creating tools and drivers for such engagements that the drive workplace productivity. These include Annual Engagement Surveys, Town Halls and Village Meetings, Open days, Dial in sessions, CSR events etc. In addition we practice customized onboarding systems, Team Bonding, Happy Hour, motivational talks, career conversations. We have structured support systems such as fund channels, Health plans and annual medical checks, Gym, Crèche, Corporate Fitness, interdepartmental-games, Employee Wellbeing Sessions as well as Employee Assistance Programs in place to drive positive mental wellbeing and create an exceptional employee experience.
- **Capacity Building** – Leadership Programs and now done digitally to ensure leadership capabilities across all layers in the organization
- **Diversity and Inclusion** – As an equal opportunity organization, the company is committed to an inclusive culture that respects and embraces the diversity of employees, clients and community. This aims to attract, develop and retain the best people from all culture, ethnicity, gender, abilities, background and experiences.
- **Acculturation** – This initiative aims to entrench the company's core values thereby sustaining the right culture among employees in order to drive business performance.

INTERNAL MANAGEMENT STRUCTURE

The internal Management Structure of the company is as reflected below.



HIGHLIGHTS OF PROGRAMS ON SOCIAL ISSUES

HIGHLIGHTS OF CASES OF CLAW BACK

In line with the company's Claw Back policy, the Nomination, Remuneration & Governance Committee has reviewed the company's account and financial performance to ascertain if there has been undeserved award arising from the company's account and financial performance that has been materially false, misstated, misleading, erroneous, or there has been instances of misdemeanour, fraud, material violation of Company policy or material regulatory infractions.

The Committee has satisfied itself that there is no incidence necessitating the company to recover excess or undeserved reward, such as bonuses, incentives, share of profits, or any performance-based reward, from Directors and senior employees.

FINES AND PENALTIES

This has been disclosed in notes 40 & 41

NATURE OF ANY RELATED PARTY TRANSACTIONS

This has been disclosed in note 39

DIRECTORS' REMUNERATION POLICY

Remuneration policy of Leadway was approved in 2019 and shall apply for a period of three (3) years except there is an earlier review to ensure its continued appropriateness and applicability. The remuneration of Non-executive directors is not necessarily market leading but reflective of the prudence and conservatism of the company without undermining sufficient remuneration commensurate with the dedication and responsibility of directors.

The remuneration of Executive Directors is fairly competitive and incentivizes the directors to achieve the business plan, in alignment with company's long term strategy and to promote the retention of executive directors.

The remuneration of directors takes into primary consideration the performance of the company and prevailing economic situation.

Corporate Governance Report Cont'd

For The Year Ended 31 December 2020

KEY ASPECTS OF THE REMUNERATION POLICY OF DIRECTORS

EXECUTIVE DIRECTORS

Remuneration Elements	Payment mode
Basic Salary Salaries earned during the payroll period. Benefits and Allowance (In cash or kind) An amount paid as Benefits/packages by the company to meet the basic needs.	Monthly Annually
Variable Pay A performance based sum awarded to Executive Directors for attaining or exceeding their assigned	• Quantitative Gross Premium, Profit Before Tax (PBT), Taxes, Return on Invested Capital (ROIC) and performance of Leadway.
Long term incentive plan A plan created to reward directors for attaining company's long term goals and shareholders' interest. This aids the retention of key personnel and promotes commitment to long term growth.	• Qualitative Strategic milestones and initiatives that need to be achieved and implemented on areas such as strategy, innovation, business development, synergy, human capital management, financial management and societal development.

NON-EXECUTIVE DIRECTORS

Category- Fixed/Variable	Component	Component description
Fixed	Fees	A fixed annual sum provided to Non- Executive Directors for their ongoing contribution to the Board and as an incentive to attract and retain talent. This is payable on a quarterly basis.
Fixed	Meeting/Sitting allowance	A payment made to Non-Executive Directors on a per-meeting basis. This is condition on attendance (physical or virtual) which is a prerequisite for remittance.
Fixed	Medical Allowance	A fixed annual amount paid to Non-Executive Directors for the medical needs and upkeep. This is payable on the first working day of every year.

Notes of this report highlights the remuneration paid to directors.

SUMMARY OF RISK MANAGEMENT FRAMEWORK

Introduction

The Summary of the Risk Management Framework is contained in the Risk Management disclosures on page 52.

STATEMENT ON THE COMPANY'S ESG ACTIVITIES

The Company is aware of its responsibilities on Environmental, Social and Governance activities and is committed to economic growth and social value creation by supporting the development of the insurance industry, supporting internal and external stakeholders as well as the society in which it operates while promoting the education of the present and next generations. The Company also impacts tremendously the lives of the less privileged in the society through its corporate social responsibility, ensuring nationwide reach from Internal Displaced Persons, to public

schools and physically challenged persons in other parts of the country. This also includes the company's contribution towards alleviating the impact of the Covid-19 pandemic. At the heart of these efforts is a set of guiding principles laid out by the Board and crystallized in its iSCORE Philosophy.

Other support provided by the company is referenced in under the Donations & Charitable gifts of the company in "Directors' Report" section of the annual report.

By recycling stationeries, reducing print production companywide and digitalizing all its processes, the company ensures a more natural, healthier social environment for its people and stakeholders. The Company also has a focus on expanding its products and services while strengthening its corporate governance structures based on the recognition that the promotion of various initiatives are essential for the

Corporate Governance Report Cont'd

For The Year Ended 31 December 2020

maintenance and development of both the economy and society.

It will continue to utilize its financial industry experience and knowledge in cooperation with stakeholders to further promote relevant initiatives and realize a more sustainable and truly prosperous society.

STATEMENT ON THE BOARD'S LEVEL OF APPLICATION OF THE CORPORATE GOVERNANCE CODE

The Board of Leadway Assurance engaged the services of Ernst & Young to evaluate its level of compliance with the Nigerian Code of Corporate Governance. The Board, in its commitment to ensure compliance with the Code, has taken steps to remedy gaps identified and is now adequately compliant with the application of the Code. The Board will continue to improve its effectiveness to ensure that it becomes a leading practice reference in Corporate Governance for others to emulate.

BY ORDER OF THE BOARD



Olumide Hanson

FRC/2019/NBA/00000019064

Company Secretary

121/123 Funso Williams Avenue

Iponri

Lagos

26 February, 2021

Complaint and Feedback Statement

For The Year Ended 31 December 2020

Strategy for Handling Customer Feedback and Complaints

We are currently running our three year planning horizon (2021– 2023). As customers progressively become more informed and erudite, there is greater demand for customized and personalized insurance products and services.

One of our key strategy to providing an enhanced customer experience is our provision of a 24/7 customer service.

This ensures continuous customer engagement through our complaints management and customer resolution. Our Investment in technology has grown tremendously to provide our customers with the option of self -service. To this regard a continuous gear to enhancing our own data management is very pertinent. We have also improved our feedback gathering mechanisms. Our services have been extended to managing our customers efficiently through our digital platforms which includes our Mobile Apps, Web chats, WhatsApp and CRM integration. We are constantly incorporating customer feedback from these channels into product design/ redesign. This has resulted in improved product acceptability and reduced cases of product failures and attainment of customer goodwill.

With the above, Leadway seeks to expand its customer loyalty with an all-inclusive view and wider understanding of the customer. Customer journey maps and plans are been developed based on insights and analysis from direct feedback from customers. This has proven to be very effective in understanding customer's pain points and boosting our customer retention.

Complaints Channels

We have provided various channels for customers to provide feedback on our products and services. These platforms include:

- Our Leadway Assurance Company Limited Customer Service front desks, corporate office and designated branches for walk in customers
- Complaint e-mail channel;
-insure@leadway.com
- Our Leadway Assurance Company Limited hotline; 01-2700700, 01-2800700, 08129997027, 08129997178
- Our website platform; www.leadway.com
- Our Leadway Mobile App
- Our Leadway WhatsApp - 08080577724
- Social media
 - Facebook - www.facebook.com/LeadwayAssurance/
 - Twitter - @LeadwayInsure
 - Google Plus - [Plus.google.com/+LeadwayAssurance](https://plus.google.com/+LeadwayAssurance)
 - LinkedIn - www.linkedin.com/company/leadway-assurance-co-ltd

Customers can also pay a visit to any of our Leadway Assurance Company Limited Welcome Centers located across the country for business enquiries and resolution.

Resolution Mechanism

At Leadway Assurance Company Limited, we have put in place a standard system to ensure that customers' feedback are received and promptly resolved.

For this purpose we have a dedicated Customer Service

Department (CSD) which is responsible for the prompt investigation and resolution of customers' complaints within the approved period. The Customer Service Department liaises with other units within the organization and ensures that customers' complaints are satisfactorily resolved.

Customers' complaints are stream-lined based on the type of complaints to provide an enabling environment for proper monitoring, proper documentation and effective feedback process of received complaints.

The process flow of customer complaint and resolution is as follows:

- The customer care officer acknowledges and attends to the various customers' complaints.
- The complaint is reviewed and it is determined if the complaint could be resolved at first-level.
- Where the complaint can be resolved at the first level, a resolution is immediately provided to the customer.
- If such complaint cannot be resolved at the first level, the customer care officer creates a case on our Dynamics CRM (Customer Relationship Management) application. This will in turn generate a Case ID number for escalation and tracking of case to resolution.
- Customer Care officer forwards and follow-up on the complaint with the appropriate unit in the organization to handle.
- Upon resolution, the customer is contacted and the resolution is explained to the customer.
- The case is closed and marked as resolved.

In addition to our present process, we are currently building a more robust CRM to adequately manage all complaints and to give the best response time in this area of our services.

Customers' loyalty and opinion on products

To enrich our customers experience we also periodically evaluate public/customer opinion about our services, products and policies. The evaluation is conducted in various ways including:

- One-on-one focus meetings with key customers
- Interviews with selected customers
- Online Customer Feedback Survey and Questionnaires administered to customers

This is to afford our organization the opportunity of receiving customers' perception about the company, in order to ensure that efforts can be put in place to close such gap(s) in our service delivery or improve upon the process, service or product.

Feedback on Customers' Complaints to Leadway Assurance

Feedback on customers' complaints is provided to Management and other relevant Units in the organization

The feedback gathered ensures that:

- Leadway Assurance Company Limited retains her customers as customers feel appreciated and respected,
- The quality service delivery at Leadway Assurance Company Limited is maintained and made uniform across board.
- A reliable source of identifying improvement opportunities is

Complaint and Feedback Statement Cont'd

For The Year Ended 31 December 2020

presented to management.

- A reliable source of data on customers' complaints and expectations is collated.

The feedbacks are circulated to management staff through the company's internal information channel for the general information of all staff.

Report of complaints received and resolved by the organization between January-December 2020.

Month	Complaints received during the year	Number of complaints resolved	Number complaints unresolved	Number of unresolved complaints within SLA*
January	3	3	-	-
February	5	4	1	1
March	3	3	-	-
April	2	2	-	-
May	7	7	-	-
June	8	8	-	-
July	5	5	-	-
August	5	4	1	1
September	4	4	-	-
October	1	1	-	-
November	1	1	-	-
December	1	1	-	-
Total	45	43	2	2

Complaints not resolved within the turnaround time, can be attributed mainly to the unavailability of these customers either via mail or phone call after resolution of their complaint but all complaints are usually treated within 24hrs (depending on the source of the error).

Management Discussion and Analysis

This Management Discussion and Analysis (MD&A) has been prepared as at 31 December 2020 and should be read in conjunction with the consolidated financial statement account of Leadway Assurance Company Limited and subsidiary.

Leadway Group is made up of Leadway Assurance Company Limited, (parent company) and one subsidiary Leadway Vie Cote d'Ivoire. The group is registered and incorporated in Nigeria and its major business activities are: provision of Insurance risk underwriting to Public Sector, corporate and individuals customers in Nigeria. The Group is also established and run in such a way that it will become the biggest insurance company in Nigeria with future outlook to expand to other parts of Africa.

Leadway Vie Cote d'Ivoire is a life Insurance Company which was "born digital".

Leadway Vie was launched in (2018). The Company completed it's second full year this financial year. Leadway Vie has been planned and is being executed as a digital-led business. The Company is continually changing the insurance landscape with its suite of digital tools, products and digitized processes. Leadway Vie will continue to be a pacesetter and a company that can be trusted- we will not tell stories when our customers need us. This remains our first and only venture outside Nigeria as at this reporting date.

Forward Looking Statements

The MD&A contains factual statements relating to Leadway Assurance Company Limited Group's financial and other projections, expected future plans, event, financial and operating results, objectives and performance as well as underlying assumptions all of which involve risk and uncertainties.

These statement reflect management's current belief and are based on information available to Leadway Assurance Company Limited and are subject to certain risk, uncertainties and assumptions.

Business Strategy of the Company and Overall Performance

Leadway is still running its 2017 - 2020 strategic cycle. This strategy is centered around Digitization, diversification and enhancement of our internal process. Leadway's Strategic plan involves initiatives to help achieve intended growth and profitability in 2020, the focus was more on deploying and harnessing our various digital assets to enhance customer experience drive growth in the top line, enhance the efficient utilization of resources leading to improved profitability.

Our overall strategic aspiration is to maintain our number one position in market share and profitability. We intend to achieve this by fully embracing digitization in all aspects of our business, diversify our business portfolio and dominate out chosen markets. These three pillars will be supported with specific initiatives around scalable technology & digital platforms, efficient service delivery and customer service excellence, optimum human capital as a source of competitive advantage, effective risk management, relevant partnerships and alliances.

Retail remains the next frontier of our growth as we expect our human and digital distribution resources to begin to yield results. We will continue to dominate the corporate and public sector businesses while paying special attention to our individual customers.

Our guiding principles remain "Customer First, Solution focused and Innovative mindset". We will focus on creating new markets, improving internal efficiency and enhancing customer experience.

Financial Performance

	Group			Company		
	31-Dec-20	31-Dec-19	% change	31-Dec-20	31-Dec-19	% change
Gross Premium	53,858,944	90,665,609	-41%	53,653,676	90,596,192	-41%
Net Premium	37,234,965	70,931,286	-48%	37,040,412	70,898,107	-48%
Total Underwriting Income	39,564,277	73,831,454	-46%	39,366,796	73,786,286	-47%
Investment Income	37,275,746	31,804,800	17%	37,169,982	31,853,455	17%
Claims expenses	13,173,185	11,050,578	19%	13,135,325	11,038,751	19%
Annuity Claim	30,382,834	27,435,750	11%	30,382,834	27,435,750	11%
Underwriting expenses	7,691,161	8,132,305	-5%	7,686,427	8,128,704	-5%
Underwriting loss	(103,535,433)	(47,049,792)	120%	(103,598,413)	(46,936,201)	121%
Operating expenses including employee benefit expenses	8,906,820	8,988,204	-1%	8,715,649	8,791,692	-1%
Profit before tax	11,413,184	9,627,543	19%	11,533,278	11,286,465	2%
Earnings per share in kobo	112	92	22%	113	109	4%

Management Discussion and Analysis Cont'd

Performance ratios (based on Gross Written Premium)

	Group		Company	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	%	%	%	%
Underwriting expenses ratio	14	9	14	9
Claims ratio	81	42	81	42
Operating expenses ratio	17	10	16	10
Combined ratio	112	61	112	61
Underwriting profit ratio	-192	-52	-193	-52
Profitability ratio	21	11	21	12

Performance ratios (based on Net Written Premium)

	Group		Company	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	%	%	%	%
Underwriting expenses ratio	21	22	21	22
Claims ratio	117	103	117	103
Operating expenses ratio	24	13	24	12
Combined ratio	162	138	161	138
Underwriting profit ratio	-278	-66	-280	-66
Profitability ratio	31	14	31	16

The Group experienced a reduction of 41% in Gross written premium, 48% in net premium when compared to prior year result. The reduction recorded in GWP was largely from the impact of stiff competition in Annuity market worsened by impact of covid-19 on the sector.

Revenue and underwriting Result

The group recorded a 41% reduction in premium income, this in turn led to a 46% decline in underwriting income as a result of reduced production on the back of stiff competition from the Annuity market worsened by the effect of the covid-19 pandemic. The Group paid out N43.6 billion in claims and insurance benefits, an increase of 13% over previous year's payout. The claims ratio finished at 81%, this could be better managed even as management continues to focus on improving these ratios.

Underwriting result at the end of the year amounted to N103.5billion Loss compared with N47billion Loss recorded in the prior year ended December 2019. This was mainly due to drop in yield on Bond securities over the year which resulted in increase in liabilities of our life business and consequently an increase in movement in annuity fund of N90.2billion in the current year. This increase in liability valuation is compensated by a corresponding fair value gain in investment security measured at fair value.

Investment Income

Group's Investment income for the year amounted to N37.3billion with prior year performance of N31.8billion which translates to a 13% increase over previous year. Interest income from bonds continues to dominate our investment income.

Operating Expenses

The Group's total Operating expenses for the year stood at N8.91billion as against N8.99 billion in prior year. This represents a decrease of 1%. The management continues to watch costs on a regular basis with the aim of keeping it within acceptable limits.

Foreign exchange revaluation gain

The foreign exchange gains on performance was due to the impact of the SMIS rate devaluation during the year. This resulted in exchange gains on financial assets as stated in the financial statements, at the same time, liabilities denominated in foreign currencies were translated at the closing SMIS rate to reflect an accurate position of these liabilities thus reducing the negative impact of exchange losses on the bottom line in the financial statements. The foreign currencies liabilities are well-matched as the assets supporting them were also held in foreign currencies as at 31 December 2020.

Fair Value Gain/Loss

Yield on FGN Bonds reduced during the year, closing with an average yield of 5.7% on all Federal Government maturities versus 11% (average) that it opened the year with. Drop in yield in the Bond market was mainly driven by a change in CBN policy aimed at restricting participation in Open market operation (OMO) T-bills to only banks and foreign investors.

The downward move in yield has an inverse effect on the value of our bond holdings. Therefore, we recorded significant fair value gain in our debt financial instruments designated at fair value through profit or loss. Fair value gain of N 78bn was recorded for the year 2020 compared to a fair value gain of N34bn in 2019.

Independent Auditor's Report



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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Leadway Assurance Company Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Leadway Assurance Company Limited ("the Company") and its subsidiary (together, "the group"), which comprise:

- the consolidated and separate statements of financial position as at 31 December 2020;
- the consolidated and separate statements of profit or loss and other comprehensive income;
- the consolidated and separate statements of changes in equity;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of the Company and its subsidiary as at 31 December, 2020, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies and Allied Matters Act (CAMA), 2020 and the Financial Reporting Council of Nigeria Act, 2011, the Insurance Act 2003 and relevant National Insurance Commission of Nigeria ("NAICOM") Circulars.

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 Auditor's Responsibilities for the Audit of the consolidated and separate Financial Statements section of our report. We are independent of the Group and Company in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated and separate financial statements in Nigeria and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

A key audit matter is that matter that, in our professional judgment, was of most significance in our audit of the consolidated and separate financial statements of the current period. This matter was addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Valuation of Insurance Contract Liabilities

The Company had significant life and Non-Life insurance contract liabilities of N406 billion (2019: N297 billion) as at 31 December 2020. The valuation of insurance contract liabilities involves high estimation uncertainties and significant judgment over uncertain future outcomes.

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Registered in Nigeria No BN 980320

Partners:

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Adesunja A. Etebute	Chinonso B. Nwagwu	Muhammed M. Adama	Oluwalimi O. Awotayo
Adetola P. Adeniyi	Elija O. Olatunmbiyi	Nneke C. Esuma	Oluwatoyin A. Ishig
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Ayodele A. Soyinka	Kasir O. Olorunla	Olanrewaju O. Olayinka	
Ayodele H. Oluwalimi	Lawrence C. Amadi	Olanrewaju A. Sowande	

Independent Auditor's Report Cont'd



Provisions for reported claims are based on historical experience, however the eventual liabilities may differ from the estimated amounts. Furthermore, the estimated liability for claims that have occurred but are yet to be reported in respect of Non-Life insurance contracts involve economic assumptions about inputs such as inflation rate, ultimate loss ratio and discount rates, hence the eventual outcome is uncertain.

The actuarial assumptions used in the valuation of life insurance contract liabilities are judgmental, particularly with respect to mortality rates, expenses and discount rates.

The level of complexity, the assumptions and judgment involved in estimating these amounts make insurance contract liabilities a matter of significance to our audit.

How the matter was addressed in our audit

Our audit procedures included the following:

- We evaluated the design, implementation and operating effectiveness of key controls instituted by the Company which includes management review of data used for the valuation of insurance contract liabilities.
- We performed test of details on the accuracy and completeness of the underlying data used in actuarial valuations by checking the claims paid, outstanding claims and underwriting data on a sample basis.
- We engaged our actuarial specialists to:
 - i. Challenge the appropriateness of the methodology used by the Company's external actuary in calculating the insurance contract liabilities. This involved an assessment of the appropriateness of the valuation methods, taking into account industry practice and specific product features of the Company.
 - ii. Evaluate the reasonableness of the actuarial assumptions used by the Company's external actuary and performed liability adequacy tests on insurance contract liabilities including assumptions and estimates on the projected cash flows, basic chain ladder runoff period, inflation rate, expense ratios, mortality and discount rate by comparing them to Company specific data and to reflect market conditions.
 - iii. Consider the Company's valuation methodology and assumptions for consistency between reporting periods.

The Group's accounting policy on valuation of insurance contract liabilities and related disclosures are shown in notes 2.13 and 2.14 (accounting policy), note 4(a) (critical accounting estimates and judgments) and note 21 (insurance contract liabilities).

Information Other than the Financial Statements and Audit Report thereon

The Directors are responsible for the other information which comprises its corporate information, directors' report, statement of directors' responsibilities, corporate governance report, complaint and feedback statement, management discussions and analysis, value added statement, five year financial summary, Non-Life business statement of financial position, Non-Life business statement of comprehensive income, Non-Life business revenue account, life business statement of financial position, life business statement of comprehensive income, life business revenue account, life business annuity statement, but does not include the consolidated and separate financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material

Independent Auditor's Report Cont'd



misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and separate Financial Statements

The Directors are responsible for the preparation of consolidated and separate financial statements that give a true and fair view in accordance with IFRSs and in the manner required by the Companies and Allied Matters Act (CAMA), 2020 and the Financial Reporting Council of Nigeria Act, 2011, the Insurance Act 2003 and relevant National Insurance Commission of Nigeria ("NAICOM") Circulars, 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 consolidated and separate financial statements, the directors are responsible for assessing the Group and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated and separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal 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 Group and 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 Group and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

Independent Auditor's Report Cont'd



- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Schedule 5 of the Companies and Allied Matters Act, 2020.

- We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.
- In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books (and proper returns adequate for the purposes of our audit have been received from branches not visited by us).
- The Company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account and returns.

Contraventions and penalties

The Company incurred a fine in respect of a contravention of the Market Conduct Guidelines for Insurance Institutions 2015 during the financial year. The details of this contravention and the fine incurred is disclosed in Note 40 to the financial statement.

Signed:

Kabir O. Okunlola, FCA
FRC/2012/ICAN/00000000428
For: KPMG Professional Services
Chartered Accountants
8 March 2021



Company Information and Summary of Significant Accounting Policies Cont'd

For The Year Ended 31 December 2020

1 General information

Leadway Assurance Company Limited is a company incorporated and domiciled in Nigeria. The address of its registered office is NN 28/29 Constitution Road, Kaduna State, Nigeria. The Company was incorporated as a private limited liability company on 22 September 1970. It obtained a license to operate as an insurance company in January 1971 and commenced business in January 1971.

The Company is principally engaged in the business of providing risk underwriting and related financial services to its customers. Such services include provision of life and non-life underwriting insurance risks to both corporate and individual customers, and also issuing of Investment contracts that provide returns.

At 31 Dec 2020, the company holds 99.99% shareholding in Leadway Vie Limited, Cote D'ivoire.

The consolidated financial statements of the Group for the year ended 31 December 2020 comprise the Company and its subsidiary (together referred to as the "Group" and individually as "Group entity"). These financial statements were authorised for issue by the directors on the 26 of February 2021.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements for the group consist of Leadway Assurance Company Limited and its subsidiary.

2.1 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRIC) as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements have been prepared under the historical cost convention except for the following:

- i. Financial instruments at fair value through profit or loss
- ii. Available for sale financial assets measured at fair value
- iii. Investment properties measured at fair value
- iv. Revaluation of land and buildings measured at fair value
- v. Insurance liabilities measured at fair value of estimated future cashflows

Use of estimates & judgements : The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies and the reported amount of assets, liabilities, income & expenses, actual results may differ from these estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

Functional currency & presentation currency: These consolidated financial statements are presented in Naira which is the groups functional currency. All amounts are in thousands unless otherwise stated.

2.2 Changes in accounting policy, amendments and disclosures

2.2.1 New and amended standards adopted by the group

The following new or revised standards and amendments which have a potential impact on the Group are effective for the year ended 31 December 2020 and have been applied in preparing these consolidated financial statements.

Company Information and Summary of Significant Accounting Policies Cont'd

For The Year Ended 31 December 2020

Standard	Effective date	Comments
IFRS 3, 'Definition of Business'	1 January 2020	This amendment provides more guidance on the definition of a business. The amendment did not have a significant impact on the financial statements.
IAS 39, IFRS 9 and IFRS 7, 'Interest Rate Benchmark Reform'	1 January 2020	This amendment seek to address uncertainties related to the market-wide reform of interbank offered rates (IBOR reform). The amendments provide targeted relief for financial instruments qualifying for hedge accounting under IAS 39 or IFRS 9. There was no impact on the financial statements.
IAS 1 and IAS 8, 'Definition of Material'	1 January 2020	This amendment provides more guidance on the definition of materiality. The purpose of the amendment is to end the 'checklist' mentality by encouraging companies to use greater judgement. The amendments will be applied retrospectively. The amendment did not have a significant impact on the financial statements.

2.2.2 New standards and interpretations not yet effective

The following new or revised standards and amendments which have a potential impact on the Group are not yet effective for the year ended 31 December 2020 and have not been applied in preparing these consolidated financial statements. The Group also plans to apply all the standards and amendments disclosed below once they are applicable. However, the Group's assessments of the new standards and amendments is not yet concluded but is expected to have significant impact on our Group operations and financial position

IFRS	Effective Date	Key Requirements
IFRS 17, 'Insurance contract'	1 January 2023	<p>This standard replaces the existing accounting standard IFRS 4 Insurance Contracts which gave entities dispensation to account for insurance contracts (particularly measurement) using local actuarial practice, resulting in a multitude of different approaches. The overall objective of IFRS 17 is to provide a more useful and consistent accounting model for insurance contracts among entities issuing insurance contracts globally.</p> <p>The standard requires an entity to measure insurance contracts using updated estimates and assumptions that reflect the timing of cash flows and any uncertainty relating to insurance contracts. A General Measurement Model (GMM) will be applied to long-term insurance contracts, and is based on a fulfilment objective (risk-adjusted present value of best estimate future cash flows). This model uses current estimates, informed by actual trends and investment markets.</p> <p>Also, IFRS 17 establishes what is called a Contractual Service Margin (CSM) in the initial measurement of the liability which represents the unearned profit on the contract and results in no gain on initial recognition. The CSM is released over the life of the contract, but interest on the CSM is locked in at inception rates. The CSM will be utilised as a "shock absorber" in the event of changes to best estimate cash flows. On loss making (onerous) contracts, no CSM is set up and the full loss is recognised at the point of contract inception.</p> <p>An optional simplified Premium Allocation Approach (PAA) is available for all contracts that are less than 12 months at inception. The PAA is similar to the current unearned premium reserve profile over time. The requirement to eliminate all treasury shares has been amended such that treasury shares held as underlying items for a group of direct participating contracts or investment funds are not required to be eliminated and can be accounted for as financial assets. These requirements will provide transparent reporting about an entities' financial position and risk and will provide metrics that can be used to evaluate the performance of insurers and how that performance changes over time.</p>
IAS 1, 'Classification of Liabilities as Current or Non current'	1 January 2023 (earlier application permitted)	This amendment seeks to clarify the requirements for classifying liabilities as current or non-current. Including the conditions which exist at the end of the reporting period are those which will be used to determine if a right to defer settlement of a liability exists, Management expectations about events after the balance sheet date, and the situations that are considered settlement of a liability. The amendments will be applied retrospectively and is not expected to have a significant impact on the financial statements.

Company Information and Summary of Significant Accounting Policies Cont'd

For The Year Ended 31 December 2020

IFRS 9 Financial Instruments

IFRS 9, Financial instruments, issued by the IASB in July, 2014, fully replaces IAS 39 and provides a new approach on how to classify financial instruments based on their cash flow characteristics and the business model under which they are managed. Furthermore, the standard introduces new rules for forward-looking impairment model for debt instrument and provides new rules for hedge accounting.

It can be assumed that the main impact from IFRS9 will arise from the new classification rules leading to more financial instrument being measured at a fair value through income as well as the new impairment model. Interdependencies with IFRS17 will need to be considered to assess the ultimate combined impact of both standards.

The amendments to IFRS4, Applying IFRS9 Financial Instruments with IFRS4 Insurance Contracts, issued in September 2016, allow entities that issue insurance contracts within the scope of IFRS 4 to defer the implementation of IFRS 9 until January 2021 under certain circumstances. At its meeting on November 14, 2018, the IASB tentatively decided to extend the use of the deferral approach to IFRS 9 for a further year, so that insurance entities would only be required to apply IFRS 9 for annual periods beginning on or after January 1, 2023.

Given the strong interrelation between the measurement of direct participating insurance contracts and the underlying assets held, the Leadway Assurance Company has decided to use the option to defer the full implementation of IFRS 9 until IFRS 17 becomes effective.

In order to qualify for temporary exemption, an entity has to prove that its activities are predominantly connected to insurance as of 31 December 2015. Under the amended IFRS4, this condition is met if the insurer carries significant liabilities arising from contracts within the scope of IFRS4. Significant insurance-related liabilities are given, among others, if the percentage of the total carrying amount of liabilities connected with insurance relative to the total carrying amount of all liabilities is greater than 90%. A reassessment at a subsequent annual reporting date is required if, and only if, there was a change in the entity's activities during the annual period that ended on that date.

As of 31 December 2015, the Leadway Assurance Group and Company recorded a total amount of liabilities connected with insurance of N114.6b, which represented more than 90% of its total liabilities of N119.3b. Moreover, of the amount connected with insurance contract, N109.2b were related to liabilities arising within the scope of IFRS 4. Other insurance related liabilities amounted to N5.4b and included mainly other liabilities like trade payables. The Group and Company did not have any non-derivative investment contract liabilities measured at fair value through income statement. No change in the activities of the Leadway Assurance Group and Company occurred subsequently that would have required a reassessment.

GROUP				
FINANCIAL ASSET UNDER IFRS 9 CLASSIFICATION OF ASSET				
As At 31 December 2020	***Financial Asset that meet SPPI Criterion		All Other Financial Asset	
	Fair Value	Fair Value Change	Fair Value	Fair Value Change
Cash and cash equivalent	58,200,553			
Debt Securities:				
Treasury Bill	399,704	-	-	-
Government Bonds	26,479,391	2,771,955	-	-
Corporate Bonds	7,079,573	(16,425)	-	-
Sub Total	33,958,668	2,755,530	-	-
Loans and advances	579,541	(2,397)	-	-
Other Assets	1,232,549	(154,341)	-	-
Equity Securities-Quoted	-	-	15,532,021	(447,742)
Equity Securities-Unquoted	-	-	7,114,627	(480,000)
Others	-	-	-	-
Sub Total	-	-	22,646,648	(927,742)
Grand Total	93,971,311	2,598,792	22,646,648	(927,742)

***These exclude those that meet the definition of held for trading under IFRS 9 or those managed and whose performance is evaluated on fair value basis.

Company Information and Summary of Significant Accounting Policies Cont'd

For The Year Ended 31 December 2020

GROUP						
CARRYING AMOUNT OF FINANCIAL ASSET THAT MEET SPPI CRITERION BY RATING						
Investment Grade	Rating Agency	Cash and cash equivalents	Treasury Bill	Government Bonds	Corporate Bonds	Others
B2	Moody	-	399,704	26,386,020	-	-
B2	Moody	-	-	-	5,455,125	-
A+	GCR	-	-	-	1,500,000	-
Not rated		58,200,553	-	93,371	124,448	1,812,090
		58,200,553	399,704	26,479,391	7,079,573	1,812,090

COMPANY				
FINANCIAL ASSET UNDER IFRS 9 CLASSIFICATION OF ASSET				
As At 31 Dec 2020	***Financial Asset that meet SPPI		All Other Financial Asset	
	Fair Value	Fair Value Change	Fair Value	Fair Value Change
	N'000			
Cash and cash equivalent	54,328,877			
Debt Securities:				
Treasury Bill	399,704	-	-	-
Government Bonds	26,386,020	2,771,955	-	-
Corporate Bonds	7,079,573	(16,425)	-	-
Sub Total	33,865,297	2,755,530	-	-
Loans and advances	579,541	(2,397)	-	-
Other Assets	1,232,549	(154,341)	-	-
Equity Securities-Listed	-	-	15,532,021	(447,742)
Equity Securities-Unlisted	-	-	7,114,627	(480,000)
Others	-	-	-	-
Sub Total	-	-	22,646,648	(927,742)
Grand Total	93,971,311	2,598,792	22,646,648	(927,742)

***These exclude those that meet the definition of held for trading under IFRS 9 or those managed and whose performance is evaluated on fair value basis.

COMPANY						
CARRYING AMOUNT OF FINANCIAL ASSET THAT MEET SPPI CRITERION BY RATING						
	Rating Agency	Cash and cash equivalents	Treasury Bill	Government Bonds	Corporate Bonds	Others
Investment Grade						
B2	Moody	-	399,704	26,386,020	-	-
B2	Moody	-	-	-	6,459,633	-
A+	GCR	-	-	-	-	-
Not rated		54,328,877	-	-	619,940	1,812,090
		54,328,877	399,704	26,386,020	7,079,573	1,812,090

Prepayment Features with Negative comparison (Amendments to IFRS 9)

This amendment was published to address the concerns about how IFRS 9 'Financial Instruments' classifies particular prepayable financial assets. In addition, the IASB clarifies an aspect of the accounting for financial liabilities following a modification. The amendments are to be applied retrospectively for fiscal years beginning on or after 1 January 2019, i.e. one year after the first application of IFRS 9 in its current version. Early application is permitted so entities can apply the amendments together with IFRS 9 if they wish so.

Company Information and Summary of Significant Accounting Policies Cont'd

For The Year Ended 31 December 2020

The Group will adopt the amendment along with the effective date of IFRS 9 (2023) at the earliest. The impact of the adoption of this amendment on the Group is being assessed.

The tables above provide an overview of the fair values as of 31 December 2020 and the amounts of change in the fair values during the reporting period separately for financial assets that meet the SPPI criterion (i.e. financial assets with contractual terms that give rise on the specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding excluding any financial asset that meets the definition of held for trading in IFRS9, or that is managed and whose performance is evaluated on a fair value basis) and all other financial assets.

2.3 Basis of consolidation

(a) Subsidiaries

Subsidiaries are entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances. Investments in subsidiary companies are carried at cost less any accumulated impairment losses in the Company's separate financial statements.

(b) Business Combination

The group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages (Step acquisition), the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in statement of comprehensive income.

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in statement of comprehensive income or as a change to other comprehensive income. If the contingent consideration is outside the scope of IAS 39, it is accounted for in accordance with IAS 37 or the appropriate IFRS.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary amounts reported by subsidiaries have been adjusted to conform with the group's accounting policies.

(c) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Company Information and Summary of Significant Accounting Policies Cont'd

For The Year Ended 31 December 2020

(d) Disposal of subsidiaries

When the group ceases to have control, it derecognises the assets and liabilities of the subsidiary, any related NCI and other components of equity. Any resulting gain or loss is recognised in statement of profit or loss, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in statement of comprehensive income. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amount previously recognised in other comprehensive income in respect of that entity is accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to statement of comprehensive income.

2.4 Non-current asset held for distribution and discontinued operations

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale or distribution rather than through continuing use, are classified as held for sale or distribution. Before being classified as held for sale or distribution, the assets, or components of a disposal group, are re-measured in accordance with the Group's accounting policies. Conditions to be met before assets qualify as being held for sale/distribution include the following:

- management is committed to a plan to sell;
- the asset is available for immediate sale;
- an active programme to locate a buyer is initiated;
- the sale is highly probable, within 12 months of classification as held for sale (subject to limited exceptions);
- the asset is being actively marketed for sale at a sales price reasonable in relation to its fair value; and
- actions required to complete the plan indicate that it is unlikely that plan will be significantly changed or withdrawn.

Thereafter, the assets or disposal group, are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to financial assets and deferred tax assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale or distribution and subsequent gains and losses on re-measurement are recognised in profit or loss.

Intangible assets and property and equipment once classified as held for sale or distribution are not amortised or depreciated. In addition, equity accounting of equity-accounted investees ceases once classified as held for sale or distribution. In line with IFRIC 17, the subsidiaries being spun off will be distributed as dividend to the shareholders of the parent. The dividend payable will be at the fair value of the net assets to be distributed. For discontinued operations, the Group presents discontinued operations in a separate line in the Income statement if an entity or a component of an entity has been disposed of or is classified as held for sale and: (a) represents a separate major line of business or geographical area of operations; (b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or (c) is a subsidiary acquired exclusively with a view to resale. Net profit from discontinued operations includes the net total of operating profit and loss before tax from operations, including net gain or loss on sale before tax or measurement to fair value less costs to sell and discontinued operations tax expense. A component of an entity comprises operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the Group's operations and cash flows. If an entity or a component of an entity is classified as a discontinued operation, the Group restates prior periods in the Income statement. Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

2.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). Except otherwise stated the consolidated financial statements are presented in thousands of Naira (NGN), which is the Group's functional and presentation currency.

Company Information and Summary of Significant Accounting Policies Cont'd

For The Year Ended 31 December 2020

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

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

Foreign exchange gains and losses that relate to borrowings are presented in the statement of comprehensive income within 'finance income or cost'.

Changes in the fair value of debt securities denominated in foreign currency and classified as available for sale are analysed between translation differences resulting from changes in the fair value of the security, and translation differences arising from changes in amortised cost. Translation differences related to changes in amortised cost are recognised in statement of comprehensive income while translation related to changes in fair value are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities held at fair value through statement of comprehensive income are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale financial assets are included in 'other comprehensive income', except on impairment, in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss.

The assets and liabilities of foreign operations including goodwill and fair value adjustments arising on acquisition are translated at the exchange rate on the reporting date. The income and expenses of foreign operations are translated at the exchange rate at the dates of transactions. Foreign currency differences on foreign operations are recognised in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

Company Information and Summary of Significant Accounting Policies Cont'd

For The Year Ended 31 December 2020

2.6 Financial assets and liabilities

In accordance with IAS 39, all financial assets and liabilities (including derivative financial instruments) have to be recognised in the consolidated financial statements and measured in accordance with their assigned categories.

Category (as defined by IAS39)		Classes as determined by the Group		Sub classes
Financial assets	Financial assets at fair value through profit or loss	Financial assets at fair value through profit or loss	Listed Debt Securities	Federal Government of Nigeria bonds
			Listed Equity securities	
		Held for trading	Listed Equity securities	Shares
	Loans and receivables	Cash and cash equivalents		Cash in hand and bank Placements Treasury bills with original maturity not more than 90 days.
		Loans and advances		Commercial loans Loans to policyholders Agency loans Advances under finance lease
		Trade receivables	Insurance receivables	Due from contract, brokers, agents and insurance companies
		Reinsurance assets		Due from reinsurers
		Other receivables		Other receivables
			Listed equity	Shares
			Unlisted equity	Shares
	Available for sale	Investment securities	Listed debt securities	State Government bonds FGN Treasury bills Corporate bonds Eurobonds FGN bonds
		Nil	Nil	Nil
Financial liabilities	Financial liabilities at fair value through P&L	Trade payables		Reinsurance payable
	Financial liabilities at amortised cost	Other liabilities		Insurance payable Commission payable Investment contract payable Accrued expenses Outstanding claims
		Insurance contract liabilities		Life funds
		Borrowings		Term loans Others

Company Information and Summary of Significant Accounting Policies Cont'd

For The Year Ended 31 December 2020

2.6.1 Financial Assets:

Initial recognition

Regular-way purchases and sales of financial assets are recognised on the settlement date i.e. the date on which the group receives value for a purchase/sale of assets. All financial assets are initially recognized at fair value, which includes directly attributable transaction costs for financial instruments not classified at fair value through the statement of comprehensive income.

Subsequent measurement

Subsequent to initial measurement, financial instruments are measured either at fair value or amortised cost, depending on their classification:

(a) *Financial assets held at fair value through profit or loss*

A financial asset is classified into the "financial assets at fair value through profit or loss" category at inception if so designated by management at inception.

Financial assets designated as fair value through profit or loss at inception are those that are held in internal funds to match insurance and investment contracts liabilities that are linked to the changes in fair value of these assets. The designation of these assets to be at fair value through profit or loss eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as "an accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Upon initial recognition, attributable transaction costs are recognised in the statement of comprehensive income as incurred. Subsequent to initial recognition, they are remeasured at fair value, with gains and losses arising from changes in this value recognized in Net fair value gains/(losses) in the statement of comprehensive income in the period in which they arise. The fair values of quoted investments in active markets are based on current bid prices.

Interest earned and dividends receivable while holding trading assets at fair value through profit or loss are included in investment income.

Financial assets at fair value through profit or loss are presented within "Operating activities" as part of changes in working capital in the statement of cash flows.

(b) *Held-to-maturity*

Held-to-maturity investments are non-derivative financial assets with fixed determinable payments and fixed maturities that management has both the positive intention and ability to hold to maturity other than:

- those that the Group upon initial recognition designates as at fair value through statement of comprehensive income;
- those that the Group designates as available for sale; and
- those that meet the definition of loans and receivables.

Held to maturity investments include corporate and government bonds. Interests on held-to- maturity investments are included in the consolidated financial statement and reported as interest income within investment income.

Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs and are subsequently carried at amortised cost, using the effective interest method, less any accumulated impairment losses. Any sale or reclassification of a more than insignificant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity investments as available-for-sale, and prevent the Group from classifying financial assets as held-to-maturity for the current and the following two financial years.

(c) *Available-for-sale*

Available for sale financial investments are made up of equities. The Group classifies as available-for-sale those financial assets that are generally not designated as another category of financial assets, and strategic capital investments held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

Available-for-sale financial assets are carried at fair value, with the exception of investments in equity instruments where fair value cannot be reliably determined, which are carried at cost. Fair values are determined in the same manner as for investments designated at fair value through statement of comprehensive income. Unrealised gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income while the investment is held, and are subsequently transferred to the statement of comprehensive income upon sale or de-recognition of the investment.

Dividends received on available-for-sale instruments are recognised in the statement of profit or loss when the Group's right to receive payment of the dividend has been established & the amount can be measured reliably.

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For The Year Ended 31 December 2020

(d) *Loans and receivables*

Loans and receivables include non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those classified by the Group as fair value through statement of comprehensive income or available-for-sale. Loans and receivables consist of cash & cash equivalent, loans & advances, reinsurance & co-insurance receivables, trade receivables and other receivables. These are managed in accordance with a documented policy.

Loans and receivables are measured at amortised cost using the effective interest method, less any accumulated impairment losses. Loans granted at below market rates are fair valued by reference to expected future cash flows and current market interest rates for instruments in a comparable or similar risk class and the difference between the historical cost and fair value is accounted for as employee benefits under staff costs.

- *Cash & cash equivalents*

Cash and cash equivalents include cash in hand and at bank, call deposits and short term highly liquid financial assets with original maturities of three months or less from the acquisition date, which are subject to insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. Cash and cash equivalents are carried at amortised cost in the statement of financial position.

- *Trade receivables*

Trade receivables arising from insurance contracts are stated net of allowance made for specific debts considered doubtful of recovery. Trade receivables are reviewed at every reporting period for impairment (See 2.6.1 (f) (iii)) for the accounting policy on impairment of trade receivables).

- *Loans & advances*

Loans & advances includes commercial loans, loans to policy holders, staff loans, annuity loans, mortgage loans and agency loans and are recognised at amortised cost.

- *Reinsurance and Co-insurance recoverables*

The group cedes business to reinsurers in the normal course of business for the purpose of limiting its net loss through the transfer of risks. Premium ceded comprise the share of gross written premiums transferred to reinsurers based on agreed arrangements. Reinsurance arrangements does not relieve the Group from its direct obligation to policy holders.

(e) *Fair value measurement*

The best evidence of the fair value of a financial instrument on initial recognition is the transaction price, i.e. the fair value of the consideration paid or received, unless the fair value is evidenced by comparison with other observable current market transactions in the same instrument, without modification or repackaging, or based on discounted cash flow models and option pricing valuation techniques whose variables include only data from observable markets.

Subsequent to initial recognition, the fair values of financial instruments are based on quoted market prices or dealer price quotations for financial instruments traded in active markets. If the market for a financial asset is not active or the instrument is an unlisted instrument, the fair value is determined by using applicable valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analyses, pricing models and valuation techniques commonly used by market participants.

Where discounted cash flow analyses are used, estimated cash flows are based on management's best estimates and the discount rate is a market-related rate at the balance sheet date from a financial asset with similar terms and conditions.

Where pricing models are used, inputs are based on observable market indicators at the balance sheet date and profits or losses are only recognised to the extent that they relate to changes in factors that market participants will consider in setting a price.

(f) *Impairment of financial assets*

(i) *Financial assets carried at amortised cost*

The carrying amounts of these assets are reviewed at each reporting date to determine whether there is any objective evidence of impairment. A financial asset is considered to be impaired if objective evidence indicates that one or more events that have occurred since the initial recognition of the asset have had a negative effect on the estimated future cash flows of that asset and can be reliably estimated. Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Group about the following events:

- Significant financial difficulty of the issuer or debtor;
- A breach of contract, such as a default or delinquency in payments;
- It becoming probable that the issuer or debtor will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the estimated future cashflow from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the Group.

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For financial assets measured at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant and individually or collectively for financial assets that are not individually significant. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying value and the present value of the estimated future cash flows discounted at the original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income. If the financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under contract. The Group may measure impairment on the basis of an instrument's fair value using an observable market price.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics. Those characteristics are relevant to the estimation of future cashflows for groups of such assets by being indicative of the issuer's ability to pay all amounts due under the contractual terms of the debt instrument being evaluated. 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 (such as improved credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the statement of comprehensive income.

(ii) Assets classified as available-for-sale

Available-for-sale financial assets are considered impaired if there is objective evidence of impairment, resulting from one or more loss events that occurred after initial recognition but before the reporting date, that have an impact on the future cash flows of the asset. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is an objective evidence of impairment resulting in the recognition of an impairment loss. In this respect, a decline of 20% or more is regarded as significant, and a period of 12 months or longer is considered to be prolonged. If any such quantitative evidence exists for available-for-sale financial assets, the asset is considered for impairment, taking qualitative evidence into account.

All impairment losses are recognized through statement of comprehensive income. If any loss on the financial asset was previously recognized directly in equity as a reduction in fair value, the cumulative net loss that had been recognized in equity is transferred to the statement of comprehensive income and is recognized as part of the impairment loss. The amount of the loss recognized in the statement of comprehensive income is the difference between the acquisition cost and the current fair value, less any previously recognized impairment loss.

Subsequent decreases in the amount relating to an impairment loss, that can be linked objectively to an event occurring after the impairment loss was recognized in the statement of comprehensive income, is reversed through the statement of comprehensive income. An impairment loss in respect of an equity instrument classified as available-for-sale is not reversed through the statement of comprehensive income but accounted for directly in equity.

(iii) Trade receivables

Trade receivables, are a significant part of loans and receivables, are initially recognised at fair value and subsequently measured at amortised cost less provision for impairment. An allowance for impairment is made when there is an objective evidence (such as the probability of solvency or significant financial difficulties of the debtors) that the Group will not be able to collect all the amount due under the original terms of the invoice. Allowances are made based on an impairment model which considers the loss given default for each customer, probability of default and emergence period which serves as an impairment trigger based on the age of the debt. 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 reverse date. Any subsequent reversal of an impairment loss is recognised in the statement of comprehensive income.

In respect of other receivables, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.6.2 Financial liabilities

The Group classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortized cost or fair value through profit and loss

Investment contracts

Investment contracts are those contracts that transfer financial risk with no significant insurance risk. Investment contracts with guaranteed and fixed terms are initially measured at fair value less transaction cost that are incremental and directly attributable to the acquisition or issue of the contract.

The Group re-estimates at each reporting date the expected future cashflows and recalculate the carrying amount of the financial liability by calculating the present value of estimated future cashflows using the financial liability's original effective interest rate. Any adjustment is immediately recognised as income or expense in the statement of comprehensive income.

Trade and Other Payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. The fair value of a non-interest bearing liability is its discounted repayment amount. If the due date of the liability is less than one year discounting is omitted.

2.6.3 Offsetting financial instruments

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, and only when, there is a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

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2.6.4 De-recognition of financial instruments

A financial asset is derecognized when the contractual rights of the Group to the cash flows from the asset expire, or its rights to receive the contractual cash flows on the financial asset in a transaction that transfers substantially all the risks and rewards of ownership of the financial asset are transferred, or when it assumes an obligation to pay those cash flows to one or more recipients, subject to certain criteria.

Any interest in transferred financial assets that is created or retained by the Group is recognized as a separate asset or liability. The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

The group also derecognises a financial liability when its terms are modified and the cashflows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid including any non cash assets transferred or liabilities assumed is recognised in profit or loss.

2.7 Deferred acquisition costs

Acquisition costs comprise all direct and indirect costs arising from the origination of insurance contracts. Deferred acquisition costs represent a portion of commission which are incurred during a financial year and are deferred to the extent that they are recoverable out of future revenue margins. It is calculated on a time apportionment basis over the tenor of the policies.

2.8 Investment property

Investment property comprises investment in land or buildings held primarily to earn rentals or capital appreciation or both.

The Group's investment property is initially recognized at cost including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes cost of day to day servicing of an investment property. An investment property is subsequently measured at fair value with any change therein recognised in statement of profit or loss. Fair values are determined individually, on a basis appropriate to the purpose for which the property is intended and with regard to recent market transactions for similar properties in the same location.

Fair values are reviewed annually by independent valuer, holding a recognized and relevant professional qualification and with relevant experience in the location and category of investment property being valued.

Subsequent expenditure on investment property is capitalized only if future economic benefit will flow to the Group; otherwise they are expensed as incurred.

Investment properties are disclosed separate from the Property and equipment used for the purposes of the business.

The Group separately accounts for a dual purpose property as investment property if it occupies only an insignificant portion. Otherwise, the portion occupied by the Group is treated as property and equipment. Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in statement of comprehensive income. When investment property that

was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings

2.9 Statutory deposit

These deposits represent bank balances required by the insurance regulators of the Group to be placed with relevant central banks of Group's operating jurisdictions. These deposits are stated at cost. Interest on statutory deposits is recognized as earned in other receivables and the corresponding amount is recognised in statement of comprehensive income within investment income.

2.10 Intangible assets

(a) Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill has an indefinite useful life and it is tested annually for impairment.

Goodwill is allocated to cash-generating units or groups of cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose identified in accordance with IFRS 3.

Goodwill has an indefinite useful life and is tested annually as well as whenever a trigger event has been observed for impairment by comparing the present value of the expected future cash flows from a cash generating unit with the carrying value of its net assets, including attributable goodwill and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(b) Purchased software

Recognition of software acquired is only allowed if it is probable that future economic benefits to this intangible asset are attributable and will flow to the Group.

Internally developed software is capitalized when the Group has the intention and demonstrates the ability to complete the development and use of the software in a manner that will generate future economic benefits, and can reliably measure the costs to complete the development. The capitalised costs include all costs directly attributable to the development of the software. Internally developed software is stated at capitalised cost less accumulated amortisation and impairment.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred. Amortisation is recognised in statement of comprehensive income on a straight-line basis over the estimated useful life of the software, from the date that it is available for use. The estimated useful life of software is three years subject to annual reassessment.

2.11 Property and equipment

Recognition & measurement

Property and equipment comprise land and buildings and other properties owned by the Group.

Items of Property and equipment are carried at cost less accumulated depreciation and impairment losses except for land and building which is carried at revalued amount. Cost includes expenditure that is

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directly attributable to the acquisition of the asset.
Subsequent costs

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 Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the statement of comprehensive income during the financial period in which they are incurred.

Subsequent costs on replacement parts on an item of property are recognized in the carrying amount of the asset and the carrying amount of the replaced or renewed component is derecognized.

Subsequent measurement

All items of property and equipment except land and buildings are subsequently measured at cost less accumulated depreciation and impairment losses.

Land and buildings

Land and buildings are subsequently carried at revalued amounts, being fair value at the date of revaluation less subsequent accumulated depreciation and impairment losses, if any. They are valued on an open market basis by qualified property valuers at each reporting date. Land is however not depreciated.

When an individual property is revalued, any increase in its carrying amount (as a result of revaluation) is transferred to a revaluation reserve, except to the extent that it reverses a revaluation decrease of the same property previously recognised as an expense in the statement of statement of comprehensive income.

When the value of an individual property is decreased as a result of a revaluation, the decrease is charged against any related credit balance in the revaluation reserve in respect of that property. However, to the extent that it exceeds any surplus, it is recognised as an expense in the statement of statement of comprehensive income.

In accordance with IAS 16 par 35, when Land and buildings are revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount.

Depreciation

Depreciation is calculated on property and equipment excluding land on the straight line basis to write down the cost of each asset to its residual value over its estimated useful life.

Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is derecognised or classified as held for sale in accordance with IFRS 5.

The estimated useful lives for the current and comparative periods are as follows:

Land	-	Not depreciated
Buildings	-	50 years
Office equipment	-	5 years
Computer equipment	-	3 years
Furniture and fittings	-	5 years
Motor vehicles	-	4 years

Capital work in progress is not depreciated. The Group's capital work

in progress relates to capital expenditure on properties to be for the company's activities. Upon completion it is transferred to the relevant asset category. Depreciation methods, useful lives and residual values are reassessed at each reporting date.

De-recognition

Upon disposal of any item of property and equipment or when no future economic benefits are expected to flow from its use, such items are derecognized from the books. Gains and losses on disposal of assets are determined by comparing proceeds with their carrying amounts and are recognized in the statement of comprehensive income in the year of de-recognition.

Re-classification to investment property

When the use of a property changes from owner-occupied to investment property, the property is re-measured to fair value and reclassified accordingly. Any gain arising on this re-measurement is recognised in statement of comprehensive income to the extent that it reverses a previous impairment loss on the specific property with any remaining gain recognised in OCI and presented in revaluation reserve. Any loss is recognised in statement of comprehensive income. However, to the extent that an amount is included in revaluation surplus for that property, the loss is recognised in OCI and reduces the revaluation surplus in equity.

2.12 Leases

The Group initially adopted IFRS 16 Leases from 1 January 2019. IFRS 16 introduced a single, on-balance sheet accounting model for leases. As a result, the Group, as a lessee has recognized the right-of-use assets representing its right to use the underlying assets. Lessors accounting remains similar to previous accounting policies. The major lease transaction wherein the Group is a lessee relates to the lease of Leadway Assurance's operating branches in several locations. The Group applied IFRS 16 using the modified retrospective approach

A. Definition of a lease

A contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The change in definition of a lease mainly relates to the concept of control. IFRS 16 distinguishes between leases and service contracts on the basis of whether the use of an identified asset is controlled by the customer. Control is considered to exist if the customer has:

- * The right to obtain substantially all of the economic benefits from the use of an identified asset; and
- * The right to direct the use of that asset.

The Group applies the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or modified on or after 1 January 2019 (whether it is a lessor or a lessee in the lease contract). At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which it is a lessee, the Group has elected not to separate non-lease components and will instead account for the lease and non-lease component as a single component.

B. As a Lessee

Leases, under which the Group possess a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration is disclosed in the Group's statement of

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financial position and recognized as a leased asset. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, it has both of the following: (a) the right to obtain substantially all of the economic benefits from use of the identified asset, and (b) the right to direct the use of the identified asset. The Group recognizes expenses associated with these leases as an expense on straight line basis over the lease term. The Group presents right-of-use assets as a separate class under 'property and equipment'.

i. Significant accounting policies

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability.

The lease liability (where applicable) is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability (where applicable) is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain

to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognized.

C. As a lessor

The group leases out its investment property, including own property and right-of-use assets. The group has classified these leases as operating leases. The group is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor, except for a sub-lease.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

2.13 Insurance Contracts

The Group enters into insurance contracts as its primary business activities. Insurance contracts are those that the Group accepts significant insurance risk from another party (the policy holder) by agreeing to compensate the policy holder or other beneficiary, if a specified uncertain future event (the insured event) adversely affects the policy holder or the other beneficiary. The Group as a guide defines significant insurance risk as the possibility of having to pay benefit on the occurrence of an insured event that are at least 10% more than the benefit payable if the insured event did not occur.

The Group classifies financial guarantee contracts and account for these as insurance contracts in accordance with IFRS 4.

(a)

Classification of insurance contracts

The Group classifies insurance contracts into life and non-life insurance contracts. The group also makes a distinction between Short and Long term insurance contracts as follows:

	Short Term	Long Term
Non- Life contracts	Most non- life insurance contract policies	Some insurance contracts under special risks
Life Contracts	Group life insurance contract policies	Insurance contract policies over human life

(i) Non life insurance contract

These contracts are accident, casualty and property insurance contracts.

Accident and casualty insurance contracts protect the Group's customers against the risk of causing harm to third parties as a result of their legitimate activities. Damages covered include both contractual and non-contractual events. The typical protection offered is designed for employers who become legally liable to pay compensation to injured employees (employers' liability) and for individual and business customers who become liable to pay compensation to a third party for bodily harm or property damage (public liability).

Property insurance contracts mainly compensate the Group's customers for damage suffered to their properties or for the value of property lost. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the insured properties in their business activities.

Non-life insurance contracts protect the Group's customers from the consequences of events (such as death or disability) that would affect the ability of the customer or his/her dependants to maintain their current level of income. Guaranteed benefits paid on occurrence of the specified insurance event are either fixed or linked to the extent of the economic loss suffered by the insured. There are no maturity or surrender benefits.

(ii) Life insurance contract

These contracts insure events associated with human life (for example, death or survival) over a long duration.

-Individual and group life insurance contracts

Individual life contracts are usually long term insurance contracts and span over one year while the group life insurance contracts usually cover risk within one year. A liability for contractual benefits that are expected to be incurred in the future when the premiums are recognised. The liability is determined as the sum of the expected discounted value of the benefit payments and the future administration expenses that are directly related to the contract, less t

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The expected discounted value of the theoretical premiums that would be required to meet the benefits and administration expenses based on the valuation assumptions used. The liability is based on assumptions as to mortality, persistency, maintenance expenses and investment income that are established at the time the contract is issued.

-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 or surrender benefits. 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 long tailed government bonds and reasonable money markets 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, persistency, maintenance expenses and investment income that are established at the time the contract is issued.

(b) Insurance contracts- Recognition and measurement

(i) Premiums

Gross premiums comprise the premiums on insurance contracts entered into during the year, irrespective of whether they relate in whole or in part to a later accounting period. This is recognised gross of commission expense.

Premiums on reinsurance inward are included in gross written premiums and accounted for as if the reinsurance was considered direct business, taking into account the product classification of the reinsured business.

Outward reinsurance premiums are accounted for in the same accounting period as the premiums for the related direct insurance or reinsurance business assumed.

The earned portion of premiums received is recognized as revenue. Premiums are earned from the date of attachment of risk, over the insurance period, based on the pattern of risk underwritten. Outward reinsurance premiums are recognized as an expense in accordance with the pattern of risk reinsured.

(ii) Unearned premiums

Unearned premiums are those proportions of premiums written in the year for Non-Life contracts that relate to periods of risks after the reporting date. It is computed separately for each Non-Life insurance contract using a time apportionment basis, or another suitable basis for uneven risk contracts. Provision for unexpired risk is made for unexpired risks arising where the expected value of claims and expenses attributable to the unexpired period of policies in force at the reporting date exceeds the unearned premium in relation to such policies after deduction of any deferred acquisition costs.

(iii) Reinsurance

The Group cedes out insurance risks in the normal course of business for the purpose of limiting its net loss on policies written. Premium ceded comprise written premiums ceded to reinsurers, adjusted for the reinsurers' share of the movement in the provision for the unearned premiums. Reinsurance arrangements do not relieve the Group from its direct obligations to its policy holders.

Premium ceded, claims reimbursed and commission recovered are presented in the statement of comprehensive income and statement of financial position separately from the gross amounts.

Reinsurance assets represent balances due from reinsurance contracts. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised at cost.

Reinsurance recoverables are estimated in manner consistent with the outstanding claims provision and claims incurred associated with the reinsurer's policies and are in accordance with the related insurance contract. They are measured at their carrying amount less any impairment charges. Amounts recoverable under reinsurance contracts are assessed for impairment at each Statement of financial position date. If there is objective evidence of impairment, the Group reduces the carrying amount of its reinsurance assets to its recoverable amount and recognizes the impairment loss in the statement of comprehensive income as a result of an event that occurred after its initial recognition, for which the Group may not be able to recover all amounts due and the event has a reliably measurable impact on the amounts that the Group will receive from the reinsurer.

(iv) Commission income

Commissions are recognized on ceding business to the reinsurer, and are credited to the statement of comprehensive income.

(v) Underwriting expenses

Underwriting expenses are made up of acquisition and maintenance expenses.

Underwriting expenses for insurance contracts and investment contracts are recognized as expense when incurred, with the exception of acquisition costs which are recognized on a time apportionment basis in respect of risk.

(vi) Claims incurred

Claims incurred consist of claims and claims handling expenses paid during the financial year together with the movement in the provision for outstanding claims. The provision for outstanding claims represent the Group's estimate of the ultimate cost of settling all claims incurred but unpaid at the balance sheet date whether reported or not. The provision includes an allowance for claims management and handling expenses.

The provision for outstanding claims for reported claims, is estimated based on current information and the ultimate liability may vary as a result of subsequent information and events and may result in significant adjustments to the amounts provided. Adjustments to the amounts of claims provision for prior years are reflected in the statement of comprehensive income in the financial period in which adjustments are made, and disclosed separately if material.

Reinsurance recoverables are recognized when the Group records the liability for the claims and are not netted off claims expense but are presented separately in the statement of comprehensive income.

Claims incurred in respect of long-term insurance contracts especially pure life business and annuity contracts consist of claims arising during the year including provision for policy holders' liabilities. Outstanding claims on long-term insurance contracts that have occurred at the balance sheet date and have been notified by the insured are carried at the claim amounts advised.

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(vii) Salvages

Some non-life insurance contracts permit the Group to sell (usually damaged) property acquired in the process of settling a claim. The Group may also have the right to pursue third parties for payment of some or all costs of damages to its client's property (i.e. subrogation right). Salvage recoveries are presented net of the claim expense.

2.14 Insurance contract liabilities

The recognition and measurement of Insurance contract liabilities is determined as follows:

(i) Non-life business

(a) Reserves for unearned premium and unexpired risk

The reserve for unearned premium is calculated on a time apportionment basis in respect of risk accepted during the year with the exception of construction all risk policies where the risk increases with term and progress on the project at hand and marine policies where actuarial valuation is used to determine the liabilities. A provision for additional unexpired risk reserve is recognised for an underwriting year where it is determined that the estimated cost of claims and expenses would exceed the unearned premium reserve.

(b) Reserves for outstanding claims

The reserve for outstanding claims is maintained at the total amount of outstanding claims incurred plus claims incurred but not reported ("IBNR") as at the reporting date. The IBNR is based on the liability adequacy test.

(c) Liabilities Adequacy Test

The net liability for insurance contracts is tested annually for adequacy by actuarial valuation. This is carried out by discounting current estimates of all future contractual cash flows and comparing this amount to the carrying value of the liability net of deferred acquisition costs. Where a shortfall is identified, an additional provision is made and the Group recognizes the deficiency in the statement of comprehensive income for the year. The method of valuation and assumptions used, the cashflows considered and the discounting and aggregation practices adopted have been set out in the following notes.

Reserving methodology and assumptions

For non-life insurance risks, the Group uses different methods to incorporate the various assumptions made in order to estimate the ultimate cost of claims. The two methods more commonly used are the Discounted Inflation-adjusted Basic Chain Ladder and the Expected Loss Ratio methods adjusted for assumed experience to date.

Claims data was grouped into triangles by accident year or quarter and payment year or quarter. The choice between quarters or years was based on the volume of data in each segment. Analysis was conducted by line of business.

Discounted inflation-adjusted basic chain ladder method

Historical claims paid were grouped into cohorts – representing when they were paid after their underwriting year. These cohorts are called claim development years and the patterns were studied. The historical paid losses are projected to their ultimate values for each underwriting year by calculating the loss development factors for each development year. The ultimate claims are then derived using the loss development factors and the latest paid historical claims.

The historical paid losses are inflated using the corresponding inflation index in each of the accident years to the year of valuation and then accumulated to their ultimate values for each accident year to obtain the projected outstanding claims. These projected outstanding claims are then further multiplied by the future inflation index from the year of valuation to the future year of payment of the outstanding claims.

The resulting claims estimated is discounted to the valuation date using a discount factor raised by years as a result of applying historical inflation rates to determine the appropriate discount rate to allow for a margin of prudence.

The future claims (the ultimate claim amount less paid claims to date) are allocated to future payment periods in line with the development patterns. The outstanding claims reported and that paid to date are then subtracted from the total future claims to give the resulting IBNR figure per accident year or quarter. i.e. $IBNR = (\text{Ultimate claim amount}) - (\text{paid claims till date}) - (\text{claims outstanding})$.

Assumptions underlying the Discounted Inflation-adjusted Basic Chain Ladder method

This method assumes the following:

- The future claims follows a trend pattern from the historical data.
- Payment patterns will be broadly similar in each accident year. Thus, the proportionate increases in the known cumulative payments from one development year to the next is used to calculate the expected cumulative payments for the future development periods.
- The run off period is seven (7) years and hence the method assumes no more claims will be paid subsequently.

Expected loss ratio method

This method was adopted where the volume of data available is too small to be credible when using a statistical approach. Special risk reserves were estimated based on this method. Under this method, the ultimate claims was obtained by assuming loss ratio of 50%, where loss ratio is defined as claims incurred divided by earned premiums. Outstanding claims is stated as amount estimated less paid claims.

(ii) Life business

These contracts insure events associated with human life (for example, death or survival) over a long duration. Premiums are recognised as revenue when they become payable by the contract holder. Premiums are shown before deduction of commission.

Benefits are recorded as an expense when they are incurred. A liability for contractual benefits that are expected to be incurred in the future is recorded when the premiums are recognised. The liability is determined as the sum of the expected discounted value of the benefit payments and the future administration expenses that are directly related to the contract, less the expected discounted value of the theoretical premiums that would be required to meet the benefits and administration expenses based on the valuation assumptions used (the valuation premiums). The liability is based on assumptions as to mortality, persistency, maintenance expenses and investment income that are established at the time the contract is issued. A margin for adverse deviations is included in the assumptions. Where insurance contracts have a single premium or a limited number of premium payments due over a significantly shorter period than the period during which benefits are provided, the excess of the premiums payable over the valuation premiums is deferred and recognised as income in line with the unexpired insurance risk of the

Company Information and Summary of Significant Accounting Policies Cont'd

For The Year Ended 31 December 2020

contracts in force or, for annuities in force, in line with the amount of future benefits expected to be paid. The liabilities are recalculated at each balance sheet date using the assumptions established at inception of the contracts. Actuarial valuation of the life fund is conducted annually to determine the net liabilities on the existing policies and the adequacy of the assets representing the insurance funds as at the date of the valuation. All deficits arising therefore are charged to the statement of comprehensive income while the surplus is appropriated to the shareholders and credited to the statement of comprehensive income.

2.15 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are determined by discounting the expected future cash flows discounted at a rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

2.16 Employee benefits

Short-term benefits

Short-term employee benefit obligations include wages, salaries and other benefits which the Group has a present obligation to pay, as a result of employees' services provided up to the balance sheet date. The accrual is calculated on an undiscounted basis, using current salary rates.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Post employment benefits

The Group operates a defined contributory retirement scheme as stipulated in the Pension Reform Act 2004. Under the defined contribution scheme, the Group pays fixed contributions of 10% to a separate entity – Pension Fund Administrators; employees also pay 8% to the same entity. Once the contributions have been paid, the Group retains no legal or constructive obligation to pay further contributions if the Fund does not hold enough assets to finance benefits accruing under the retirement benefit plan. The Group's obligations are recognised in the statement of comprehensive income. The Group introduced a defined contributory post employment benefit scheme during the year for its Executive Directors. Under the scheme, the Group contributes fixed amounts as determined by the Board of Directors to their respective Pension Fund Administrators. The contribution made in the year and for past service has been charged to profit or loss.

Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it is demonstrably committed either to terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal, or to provide termination benefits as a result of an offer made to encourage voluntarily redundancy if it is probable

that the offer will be accepted and the number of acceptances can be estimated. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

2.17 Income tax

(i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year, and any adjustment to tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date and is assessed as follows:

- Company income tax is computed on taxable profits
- Tertiary education tax is computed on assessable profits
- National Information Technology Development Agency levy is computed on profit before tax
- Nigeria Police Trust Fund levy is computed on net profit (i.e. profit after deducting all expenses and taxes from revenue earned by the company during the year).

Total amount of tax payable under CITA is determined based on the higher of two components namely Company Income Tax (based on taxable income (or loss) for the year); and minimum tax. Taxes based on profit for the period are treated as income tax in line with IAS 12.

Minimum tax

Minimum tax which is based on a gross amount is outside the scope of IAS 12 and therefore, are not presented as part of income tax expense in the profit or loss. The Company is subject to the Finance Act (amendments made to Companies Income Tax Act (CITA)). Total amount of tax payable under the new Finance Act shall not be less than 0.5% of the Company's gross premium for general business and 0.5% of gross income for life business. Where the minimum tax charge is higher than the Company Income Tax (CIT), a hybrid tax situation exists. In this situation, the CIT is recognized in the income tax expense line in the profit or loss and the excess amount is presented above the income tax line as Minimum tax.

(ii) Deferred taxation

Deferred taxation, which arises from timing differences in the recognition of items for accounting and tax purposes, is calculated using the liability method. Deferred taxation is provided fully on timing differences, which are expected to reverse at the rate of tax likely to be in force at the time of reversal. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the associated unused tax losses and deductible temporary differences can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit; differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future and differences arising from investment property measured at fair value whose carrying amount will be recovered through use. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Company Information and Summary of Significant Accounting Policies Cont'd

For The Year Ended 31 December 2020

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

2.18 Share capital and reserves

Share capital

The Group classifies ordinary shares and share premium as equity when there is no obligation to transfer cash or other assets.

Incremental costs directly attributable to issue of shares are recognised as deductions from equity net of any tax effects.

Dividend on ordinary shares

Dividend distribution to the Group's shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved by the Group's shareholders. Dividends that are proposed but not yet declared are disclosed in the notes to the financial statements. Dividends on the Group's ordinary shares are recognised in equity in the period in which they are paid or, if earlier, approved by the Group's shareholders.

(a) Contingency reserves

The Group maintains contingency reserves in accordance with the provisions of the Insurance Act 2003 to cover fluctuations in securities and variations in statistical estimates at the rate equal to the higher of 3% of total premium or 20% of the total profit after taxation until the reserve reaches the greater of minimum paid up capital or 50% of net premium for non-life business. Contingency reserve for life business is credited with the higher of 1% of gross premium and 10% of profit after taxation. The insurance subsidiary in Cote'divore (Leadway Vie) maintains a Legal reserve in accordance with the provisions of Article 346 of the OHADA Treaty on Commercial Companies and Economic Interest Groupings, a company is expected to set aside 10% of its profit after tax, after payment of dividends minus carried forward losses as legal reserve. This ceases to be mandatory when the amount so set aside reaches 20% of its stated capital."

(b) Assets revaluation reserves

Assets revaluation reserves represents the fair value differences on the revaluation of items of Property and equipment as at the balance sheet date.

(c) Fair value reserves

Fair value reserves represents the fair value gains or losses on valuation of financial assets measured at fair value through equity.

(d) Treasury shares

When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognised as deduction from equity. Repurchased shares are classified as treasury shares and are presented in the treasury shares reserve. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity and the resulting surplus or deficit on the transaction is presented within share premium.

Basic earnings per share are calculated by dividing the profit attributable to ordinary shareholders of the group by the number of shares outstanding during the year.

Diluted Earnings per share is determined by dividing the statement of comprehensive income attributable to ordinary shareholders by the weighted average number of ordinary shares adjusted for the bonus shares issued.

2.20 Revenue recognition

Revenue comprises the fair value for services, net of value-added tax, after eliminating revenue within the Group. Revenue is recognised as follows:

(i) *Insurance contracts:*

See accounting policy 2.13 b(i) for recognition of premium on insurance contracts.

(ii) *Investment and other operating income*

Investment income comprises interest income earned on short-term deposits, rental income and income earned on trading of securities including all realised and unrealised fair value changes, interest income on loans and finance leases, dividends and foreign exchange differences. Investment income is accounted for on an accrual basis.

Other operating income comprises fee income and profit on disposal of property and equipment.

(iii) *Dividend income*

Dividend income for available for sale equities are recognised when the right to receive payment is established.

2.21 Management expense

Management expenses are expenses other than claims and underwriting expenses. They include depreciation expenses and other operating expenses. They are recognised on an accrual basis.

2.22 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs 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 prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired.

2.23 Impairment of non-financial assets

The Group's non-financial assets with carrying amounts other than investment property are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are

2.19 Earnings per share

The Group presents basic earnings per share for its ordinary shares.

Company Information and Summary of Significant Accounting Policies Cont'd

For The Year Ended 31 December 2020

available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in statement of comprehensive income.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.



04

Financial Statements

Consolidated And Separate Statement Of Financial Position

As at 31 December 2020

(All amounts in thousands of Nigerian Naira unless otherwise stated)

	Notes	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
ASSETS					
Cash and cash equivalents	5	58,200,553	27,050,020	54,328,877	26,210,607
Trade receivables	6	138,363	102,459	97,211	102,459
Investment securities	7				
- Financial assets at fair value through profit or loss	7.1	322,052,797	238,425,827	322,052,797	238,425,827
- Available for sale financial assets	7.2	55,677,574	62,598,975	55,584,203	62,200,278
- Held to maturity financial assets	8.3	-	-	-	-
Reinsurance assets	8	58,399,894	39,051,024	58,391,308	39,038,453
Deferred acquisition cost	9	862,676	825,367	862,676	825,367
Other receivables and prepayments	10	3,068,475	1,505,351	2,557,492	2,132,561
Loans and advances	11	577,144	1,402,795	577,144	1,402,795
Property and equipment	12	5,012,375	4,561,664	4,880,238	4,412,066
Investment properties	13	19,062,755	18,467,449	17,694,603	17,199,024
Investment in subsidiaries	14	-	-	5,590,448	2,153,425
Intangible assets	16	1,728,875	1,816,122	76,944	162,448
Statutory deposits	17	500,000	500,000	500,000	500,000
TOTAL ASSETS		525,281,481	396,307,053	523,193,941	394,765,310
LIABILITIES					
Trade payables	18	8,690,090	9,700,624	8,681,794	9,690,123
Current income tax liabilities	19	815,776	884,553	788,560	859,502
Other liabilities	20	5,705,025	4,724,877	5,398,189	4,539,823
Insurance contract liabilities	21	406,737,189	297,025,538	406,448,505	296,704,133
Investment contract liabilities	22	33,970,668	28,409,487	32,067,632	26,796,212
Deferred tax liabilities	15	1,919,527	1,883,284	1,919,527	1,883,284
TOTAL LIABILITIES		457,838,275	342,628,363	455,304,207	340,473,077
EQUITY					
Issued and paid up share capital	23	10,000,000	10,000,000	10,000,000	10,000,000
Share premium	23	588,575	588,575	588,575	588,575
Retained earnings	23	29,678,993	23,655,728	30,442,971	24,297,457
Other reserves	23	27,175,241	19,434,343	26,858,188	19,406,201
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		67,442,809	53,678,646	67,889,734	54,292,233
Non controlling interest	24	397	44	-	-
TOTAL EQUITY		67,443,206	53,678,690	67,889,734	54,292,233
TOTAL EQUITY AND LIABILITIES		525,281,481	396,307,053	523,193,941	394,765,310

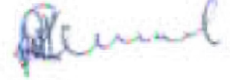
SIGNED ON BEHALF OF THE BOARD OF DIRECTORS ON 26 February 2021 BY:



Mr. Tunde Hassan Odukale
FRC/2013/IODN/00000002040
Group Chief Executive Officer



General (Rtd) Martin Luther Agwai
FRC/2019/CDIR/00000019923
Chairman



Mr. Raphael Akomolede
FRC/2013/ICAN/00000001912
Ag. Chief Financial Officer

The notes are an integral part of these consolidated financial statements.

Consolidated And Separate Statement Of Comprehensive Income

For The Year Ended 31 December 2020

(All amounts in thousands of Nigerian Naira unless otherwise stated)

	Notes	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Gross premium written	25	53,858,944	90,665,609	53,653,676	90,596,192
Gross premium income	25	54,655,076	88,923,723	54,449,808	88,854,306
Reinsurance expenses	26	(17,420,111)	(17,992,437)	(17,409,396)	(17,956,199)
Net premium income		37,234,965	70,931,286	37,040,412	70,898,107
Commission income	27	2,329,312	2,900,168	2,326,384	2,888,179
Underwriting income		39,564,277	73,831,454	39,366,796	73,786,286
Claims expenses	28	(43,556,019)	(38,486,328)	(43,518,159)	(38,474,501)
Increase in annuity fund	25	(90,296,982)	(73,125,802)	(90,296,982)	(73,125,802)
Increase in individual life fund	25	(1,555,548)	(1,136,811)	(1,463,641)	(993,480)
Underwriting expenses	29	(7,691,161)	(8,132,305)	(7,686,427)	(8,128,704)
Total underwriting expense		(143,099,710)	(120,881,246)	(142,965,209)	(120,722,487)
Total underwriting (loss)/profit		(103,535,433)	(47,049,792)	(103,598,413)	(46,936,201)
Investment income	30	37,275,746	31,804,800	37,169,982	31,853,455
(Loss)/profit on investment contracts	30(a)	4,747,802	(697,467)	5,036,639	602,697
Net fair value gain/(loss) on assets at fair value	31	78,180,288	33,858,052	78,180,289	33,858,052
Other operating income	32	3,537,410	705,604	3,346,240	705,604
Gain on assets distributed	5	-	-	-	-
Employee benefit expenses	33	(3,805,548)	(3,220,761)	(3,709,144)	(3,196,138)
Other operating expenses	34	(5,101,272)	(5,767,443)	(5,006,505)	(5,595,554)
		11,298,994	9,632,993	11,419,088	11,291,915
Finance cost	35	-	-	-	-
Net impairment (losses)/ write back	35	114,190	(5,450)	114,190	(5,450)
Profit before income tax		11,413,184	9,627,543	11,533,278	11,286,465
Income tax expense	36	(225,902)	(436,592)	(223,737)	(434,750)
Profit for the year from continuing operations		11,187,282	9,190,951	11,309,541	10,851,715
Loss for the year from discontinued operations	5	-	-	-	-
Profit for the year		11,187,282	9,190,951	11,309,541	10,851,715
Other comprehensive income:					
Items that may be subsequently reclassified to the profit or loss account:					
Changes in available-for-sale financial assets net of taxes		5,929,270	832,396	5,929,270	832,396
Net amount transferred to the income or (loss) statement on sale of Available for sale Debt instrument		(189,883)	275,836	(189,883)	275,836
Items within OCI that will not be reclassified to profit or loss:					
Gain on revaluation of properties and equipment net of tax		48,573	61,409	48,573	61,409
Other comprehensive income for the year		5,787,960	1,169,641	5,787,960	1,169,641
Total comprehensive income for the year		16,975,241	10,360,592	17,097,501	12,021,356
Profit attributable to:					
- Owners of the Company		11,187,294	9,191,117	11,309,541	10,851,715
- Non-controlling interest (Loss)		(12)	(166)	-	-
Profit for the year		11,187,282	9,190,951	11,309,541	10,851,715
Total Comprehensive income attributable to:					
- Owners of the Company		16,975,254	10,360,758	17,097,501	12,021,356
- Non-controlling interest (Loss)		(12)	(166)	-	-
Total comprehensive income for the year		16,975,241	10,360,592	17,097,501	12,021,356
Total Comprehensive income attributable to equity shareholders arises from:					
- Continuing operations		16,975,241	10,360,592	17,097,501	12,021,356
- Discontinued operations		-	-	-	-
Total comprehensive income for the year		16,975,241	10,360,592	17,097,501	12,021,356
Basic/Diluted - Earnings per share (kobo):					
- From continuing operations	37	112	92	113	109
- From Discontinued operations	37	-	-	-	-
- Total Comprehensive Income for the Year	37	112	92	113	109

* Items disclosed in other comprehensive income do not have tax effects based on relevant tax regulation

The notes are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For The Year Ended 31 December 2020

(All amounts in thousands of Nigerian Naira unless otherwise stated)

Group 2020	Share capital	Share premium	Retained earnings	Fair value reserve on Available for sale financial assets	Contingency reserve	Asset revaluation reserve	Translation reserve	Total	Non controlling interest	Total
As at 1 January 2020	10,000,000	588,575	23,655,728	4,198,892	13,650,079	1,558,699	26,674	53,678,647	44	53,678,691
Profit for the year	-	-	11,187,294	-	-	-	-	11,187,294	(12)	11,187,282
Other comprehensive income										
Net changes in fair value of AFS financial instruments	-	-	-	5,929,270	-	-	-	5,929,270	-	5,929,270
Net amount of AFS instruments transferred to income statement	-	-	-	(189,883)	-	-	-	(189,883)	-	(189,883)
Fair value gain on Property and equipment net of tax	-	-	-	-	-	48,573	-	48,573	-	48,573
Total comprehensive income for the year	-	-	11,187,294	5,739,387	-	48,573	-	16,975,254	(12)	16,975,242
Transaction with owners and directly in equity:										
Transfer to contingency reserve	-	-	(1,664,029)	-	1,664,029	-	-	0	-	0
Issue of shares of subsidiary acquired	-	-	-	-	-	-	-	-	365	365
Foreign currency translation reserve	-	-	-	-	-	-	288,908	288,908	-	288,908
Total transactions with owners	-	-	(5,164,029)	-	1,664,029	-	288,908	(3,211,092)	365	(3,210,727)
As at 31 December 2020	10,000,000	588,575	29,678,993	9,938,279	15,314,108	1,607,272	315,582	67,442,809	397	67,443,206

Consolidated Statement of Changes in Equity

For The Year Ended 31 December 2019

(All amounts in thousands of Nigerian Naira unless otherwise stated)

Group 2019	Share capital	Share premium	Retained earnings	Fair value reserve on available for sale financial assets	Contingency reserve	Asset revaluation reserve	Translation reserve	Total	Non controlling interest	Total
As at 1 January 2019	10,000,000	588,575	19,380,490	3,090,660	11,734,200	1,497,290	202,715	46,493,930	210	46,494,140
Profit for the year	-	-	9,191,117	-	-	-	-	9,191,117	(166)	9,190,951
Other comprehensive income										
Acquired subsidiary at acquisition	-	-	-	(2,855,554)	-	-	-	(2,855,554)	-	(2,855,554)
Net changes in fair value of AFS financial instruments	-	-	-	832,396	-	-	-	832,396	-	832,396
Net amount transferred to income statement	-	-	-	275,836	-	-	-	275,836	-	275,836
Fair value gain on Property and equipment net of tax	-	-	-	-	-	61,409	-	61,409	-	61,409
Total comprehensive income for the year	-	-	9,191,117	1,108,232	-	61,409	-	10,360,758	(166)	10,360,592
Bonus issue										
Transaction with owners and directly in equity:										
Transfer to contingency reserve	-	-	(1,915,879)	-	1,915,879	-	-	-	-	-
Cash dividend paid to equity holders	-	-	(3,000,000)	-	-	-	-	(3,000,000)	-	(3,000,000)
Transfers from acquired subsidiary	-	-	-	-	-	-	(176,041)	-	-	(176,041)
Total transactions with owners	-	-	(4,915,879)	-	1,915,879	-	(176,041)	(3,000,000)	-	(3,176,041)
As at 31 December 2019	10,000,000	588,575	23,655,728	4,198,892	13,650,079	1,558,699	26,674	53,678,646	44	53,678,690

Separate Statement of Changes in Equity

For The Year Ended 31 December 2020

(All amounts in thousands of Nigerian Naira unless otherwise stated)

2020	Share capital	Share premium	Retained earnings	Fair value reserve on Available for sale financial assets	Contingency reserve	Asset revaluation reserve	Total
As at 1 January 2020	10,000,000	588,575	27,297,457	4,198,892	13,648,609	1,558,700	54,292,233
Profit for the year	-	-	11,309,541	-	-	-	11,309,541
Other comprehensive income							
Net changes in fair value of AFS financial instruments	-	-	-	5,929,270	-	-	5,929,270
Net amount transferred to Income statement	-	-	-	(189,883)	-	-	(189,883)
Fair value gain on property and equipment net of tax	-	-	-	-	-	48,573	48,573
Total comprehensive income for the year	-	-	11,309,541	5,739,387	-	48,573	17,097,501
Transaction with owners & directly in equity:							
Transfer to contingency reserve	-	-	(1,664,027)	-	1,664,027	-	-
Cash dividend paid to equity holders	-	-	(3,500,000)	-	-	-	(3,500,000)
Issue of Bonus Shares	-	-	-	-	-	-	-
Total transactions with owners of equity	-	-	(5,164,027)	-	1,664,027	-	(3,500,000)
As at 31 December 2020	10,000,000	588,575	30,442,971	9,938,279	15,312,636	1,607,273	67,889,734

Separate Statement of Changes in Equity

For The Year Ended 31 December 2020

(All amounts in thousands of Nigerian Naira unless otherwise stated)

Company 2019	Share capital	Share premium	Retained earnings	Fair value reserve on sale financial assets	Contingency reserve	Asset revaluation reserve	Total
As at 1 January 2019	10,000,000	588,575	18,361,621	3,090,660	11,732,730	1,497,291	45,270,877
Profit for the year	-	-	10,851,715	-	-	-	10,851,715
Other comprehensive income							
Net changes in fair value of AFS financial instruments	-	-	-	832,396	-	-	832,396
Net amount transferred to Income statement	-	-	-	275,836	-	-	275,836
Fair value gain on property and equipment net of tax	-	-	-	-	-	61,409	61,409
Total comprehensive income for the year	-	-	10,851,715	1,108,232	-	61,409	12,021,356
Transaction with owners & directly in equity:							
Transfer to contingency reserve	-	-	(1,915,879)	-	1,915,879	-	-
Contingent consideration on investment in parent	-	-	-	-	-	-	-
Cash dividend paid to equity holders	-	-	(3,000,000)	-	-	-	(3,000,000)
Issue of Bonus Shares	-	-	-	-	-	-	-
Total transactions with owners of equity	-	-	(4,915,879)	-	1,915,879	-	(3,000,000)
As at 31 December 2019	10,000,000	588,575	24,297,457	4,198,892	13,648,609	1,558,700	54,292,233

Consolidated and Separate Statement of Cash Flows

For The Year Ended 31 December 2020

(All amounts in thousands of Nigerian Naira unless otherwise stated)

	Notes	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Operating activities					
Insurance premium received		48,765,263	82,563,222	48,601,147	82,530,537
Reinsurance premium paid		(15,390,466)	(18,058,478)	(15,377,546)	(18,022,240)
Reinsurance commission received	27	2,329,312	2,900,168	2,328,782	2,888,179
Insurance benefits and claims paid		(57,927,941)	(41,824,594)	(57,890,080)	(41,956,098)
Deposit received on investment contracts	22	12,967,779	10,742,521	12,455,237	9,856,703
Claims paid on investment contracts	22	(9,871,153)	(7,910,917)	(9,183,776)	(6,747,694)
Reinsurance claims received		14,093,064	2,952,615	14,089,079	2,895,711
Premium received in advance	18	3,206,647	6,102,664	3,206,647	6,102,664
Cash Commission paid to insurance brokers and agents		(5,110,418)	(5,455,037)	(5,094,312)	(5,388,619)
Cash paid to employees		(3,893,514)	(4,145,928)	(3,760,983)	(4,157,432)
Cash paid to external parties		(8,179,587)	(9,360,293)	(7,480,348)	(8,032,207)
		(19,011,014)	18,505,943	(18,106,152)	19,969,504
Corporate tax paid	19	(258,435)	(693,729)	(258,435)	(659,196)
Net cash (used in)/from operating activities		(19,269,449)	17,812,214	(18,364,587)	19,310,308
Cash flows from investing activities					
Investment income received		30,396,556	28,589,231	30,394,384	28,588,662
Purchase of investment property	13	(621,055)	(576,704)	(621,055)	(576,704)
Dividend received		1,173,602	1,322,094	1,173,602	1,322,094
Other income received		1,180,966	1,324,279	977,399	1,317,394
Proceeds on disposal of property and equipment		7,262	13,376	7,262	13,376
"Purchase of Financial assets designated at fair value"	7.1	(52,102,514)	(92,148,721)	(52,102,514)	(92,148,721)
Purchase of available for sale financial asset	7.2©	(15,418,571)	(43,766,851)	(15,418,571)	(43,766,851)
Payment for Loans and Receivables		(551,061)	(508,760)	(551,061)	(508,760)
Purchase of intangible assets	16	(32,956)	(64,714)	(32,341)	(60,708)
Purchase of property and equipment	12	(1,001,289)	(1,422,478)	(957,011)	(1,390,236)
Proceeds on disposal of Investment securities		87,324,063	83,879,709	86,638,972	83,556,638
Loans repayment received	11	1,795,687	616,160	1,795,687	616,160
Investment in subsidiary	14a	-	-	(2,795,561)	-
Proceeds on disposal of investment property		295,624	1,354,622	-	-
"Net cash from/(used in) investing activities"		52,446,315	(21,388,756)	48,509,193	(23,037,655)
Cash flows from financing activities					
Dividend paid to equity holders (parents)		(3,500,000)	(3,000,000)	(3,500,000)	(3,000,000)
Net cash used in financing activities		(3,500,000)	(3,000,000)	(3,500,000)	(3,000,000)
Net increase in cash and cash equivalents		29,676,866	(6,576,541)	26,644,605	(6,727,345)
Effect of exchange rate fluctuations on cash held		1,473,665	(40,352)	1,473,665	(40,352)
Cash and cash equivalents at beginning of year	5	27,050,021	33,666,913	26,210,607	32,978,304
Cash and cash equivalent at end of year	5	58,200,553	27,050,021	54,328,877	26,210,607

Note To The Financial Statements

For The Year Ended 31 December 2020

(All amounts in thousands of Nigerian Naira unless otherwise stated)

ENTERPRISE RISK MANAGEMENT

3 Introduction

Leadway Assurance Company Limited (Leadway) applies an entity-wide approach to its risk management process such that both existing and anticipated risks are identified upfront and appropriate responses are applied to reduce the likelihood of the risk downside while exploiting the opportunities inherent in the risks, thus creating value. The ERM framework has assisted all levels of operation in achieving the company's strategic objectives through systematic and portfolio approach to evaluating and improving on effectiveness of risk management and control.

Purpose

The general purpose of Leadway's ERM Framework is to provide the internal stakeholders with the guidance that ensures that all decisions made and activities conducted with regard to risk management are in congruence with the entity's goals and business units' objectives.

The specific benefits we envisage gaining from our ERM framework are to:

- Protect and strengthen the company's capital base such that risk acceptances are guided by our Risk Appetite Framework and exposures are curtailed within tolerance limits.
- Give reasonable assurance to our policyholders and the regulators about our ability to promptly pay claims arising now and in the future.
- Communicate the risks being taken by the company to the investors and ensure that the strategic objectives of the organization are aligned with the expectations of capital providers.
- Provide the means to promote and demonstrate best practices in governance and risk management, and deliver more efficient use of capital.
- To ensure Leadway's operational resilience in the face of systematic shocks or disruptions.
- To improve the control and coordination of risk taking across the Company.
- To maximize opportunities, earnings potential and ultimately our stakeholder value.
- Our risk management philosophy and culture represent our shared values, attitude and practice of how we consider risk in our day-to-day operations across all levels. As insurers, we anticipate risks and in advance, respond appropriately.
- We regard every one of our employees as a risk manager and we all take individual and collective ownership of the ERM responsibilities.
- We observe prudence in our underwriting processes and limit our risks to the Board approved risk appetite and tolerance levels.
- We have no tolerance for infractions of laws and regulations and we detest business relationship with disreputable business entities and individuals.

Risk Management Strategy

Our risk management methodology recognizes that there cannot be total elimination of risk but we are determined to reduce both the severity and probability of the occurrence of risk events through appropriate risk responses. We have deployed an ERM policy that focuses on taking enterprise-level view of interrelationships among various risks with a view to providing an effective response to managing the material risks that present the greatest threats to our existence and operations as an insurance company.

We adopt the following strategies in managing risks in Leadway:

- i) Incorporate risk management principles into all functions and ensure an environment in which the Board and senior management set the tone for effective controls
- ii) Establish well-defined risk management process for risk identification, assessment, controlling, monitoring, and reporting
- iii) Entrench a structured and disciplined approach to assets balancing that will prevent concentration of risk in any sector, industry, instrument, product or entity.
- iv) Formulation of policies and procedures that ensure that appropriate risk responses, as well as other entity directives, internal policies and control procedures are carried out.
- v) Ensure good corporate governance and pursue zero tolerance for non-compliance to regulatory directives.

External Perspectives

Leadway has continued to project its position as a market leader especially with its contribution to contain the spread of COVID-19 by providing collaborative free insurance coverage to health workers. It single handedly provided Personal Protection Equipment (PPE) materials, COVID-19 test kits and foodstuff as part of its efforts to support optimal testing and treatment of COVID-19 cases as well as access to nutrition in the country during the quarantine period.

Note To The Financial Statements Cont'd

For The Year Ended 31 December 2020

(All amounts in thousands of Nigerian Naira unless otherwise stated)

Risk Governance, Roles & Responsibilities

Our risk governance focuses on directing and controlling the management of risks within the company by articulating the roles and responsibilities for the board, management, and employees. The policy adopts the three lines of defense model of risk management governance that revolves around the Board, Risk Management Committee and the Audit Committee.

Risk Management Strategy

Our risk management methodology recognises that there cannot be total elimination of risk but we are determined to reduce both the severity and probability of the occurrence of risk events through appropriate responses.

Roles and Responsibilities

The Board

The board has the ultimate accountability for the risk and the related control environment and as such, is responsible for the following:

- To approve the risk management framework, set the risk appetite/tolerance level and the risk management strategy escalated to it, from time to time.
- To appraise the risk management process and the internal controls for effectiveness, appropriateness and adequacy.
- To ensure that the company's ERM Framework is subject to periodic audit by competent personnel independent of the company's risk management functions.

Board Risk & Technical committee

- To review risk management framework and policies and present same for board's approval.
- Ensure that the ERM framework takes a portfolio view of risk and that strategy and objectives formulation are predicated on sound understanding and assessment of material risks.
- To challenge risk information and examine the appropriateness of the judgments underlying the setting of the company's risk tolerance/limits.

Business Units

Many of the operational risks reside in the business units and risk owners/champions in these units have responsibilities for risk management in the respective risks. Specifically, business units are responsible for the following:

- To carry out a monthly review of risks profile in the department/unit in compliance with the entity's risk policies and procedures.
- Apply appropriate control measures to manage identified risks and solicit the involvement of the Enterprise Risk Management Division in the escalation of material risks to the Management Committee.
- Be involved in all activities designed to propagate risk management culture within the company and in building firewalls against emerging exposures that may affect the achievement of the company's objectives.
- Produce risk management reports input for consolidation into the overall report repository domiciled in the Enterprise Risk Management Division.
- Provide information towards the development of new approaches to risk management in its domain and collaborate with Enterprise Risk Management Division to prepare appropriate risk mitigation plans for the unit.

Enterprise Risk Management Division

- Responsible for facilitation and co-ordination of risk management activities across the company.
- Provision of technical assistance and guidance to business units. It will be responsible for raising awareness of risk management across the company.
- Reviews and analyses the company's business and investment proposals to ensure that risks have been adequately identified and proper mitigating factors put in place.
- Develop Key Risk Indicators (KRIs) for monitoring key drivers associated with identified major risks.
- Monitor compliance with the company's ERM policies/procedures on risk limits and assess the impact regulatory requirements will have on the company's operations.

Note To The Financial Statements

For The Year Ended 31 December 2020

(All amounts in thousands of Nigerian Naira unless otherwise stated)

Internal Audit

- To adopt a risk-based approach to planning and executing the internal audit process/activities by directing internal auditing resources at those areas most important to the organization.
- Evaluate the adequacy and effectiveness of controls encompassing the organization's governance, operations, and information systems.
- Develop internal audit plans that identify and assess risks relevant to the activity under review and ensure that the internal auditing objectives reflect the results of the risk assessment.
- To contribute to the effectiveness of enterprise risk management, by participating in separate evaluations of internal controls and the ERM programme, and recommending improvements.
- To provide advice in the design and improvement of control systems and risk mitigation strategies.
- To challenge the basis of management's risk assessments and evaluate the adequacy and effectiveness of risk treatment strategies.

Risk Landscape

The company's risk landscape comprises of the core risks around our business operations and other risks that are external to them. The company's key risk classifications includes but not limited to the following:

i) Insurance Risk – the risk of loss as a result of improper pricing or/and inadequate reserving. The risk may arise as the insurers are exposed to the risk of timing and expectation of claims and benefit payments. The risk is mitigated through a strong reinsurance programme and effective underwriting strategy that diversifies through appropriate mix.

ii) Operational Risk – the company is exposed to risks associated with process inefficiencies, system failure, human errors and external events. This risk is mitigated through task segregations, alongside other system controls, periodic assessment, proper trainings, and data mining capabilities to uncover patterns in behaviors.

iii) Market & Investment Risk – the risk of loss arising from changes in financial market variable that may impact our investment performance and capital. In mitigating this risk, we have set our exposure to be within the defined risk appetite and tolerance.

iv) Regulatory/Compliance Risk – the risk of loss arising from non-compliance to regulatory requirements resulting in fines and infractions. The company conducts relevant trainings across all levels employees within the firm, with the objective of attaining the status of 'most significantly-compliant insurer'. The company's Governance and Compliance Policies are periodically audited.

v) Competition Risk: the risk of losing business and market share arising from voluntary customer attrition, price war, inefficient work process and poor service delivery. Our company is able to manage this risk through efficient, technology driven premium service delivery and prompt resolution of customer complaints that has enabled the company sustain its market leadership status.

vi) Asset and Liability Management (ALM) Risk – This is the risk of loss arising from mismatch between the firm's asset and liabilities either due to changes in interest rates. e.g. gap, repricing, yield curve risks, etc. Our ALM risk framework focuses on the firm's short & long-term viability subject to balance sheet constraints (hedge ratios). This process is carried out using a multi-factor risk hedge that ensures that the firm hedges the risks across its asset and liability transformation by employing bucket analysis and key rate exposures. We recognize that there are no perfect hedging strategy, hence we ensure all gap risks are within our acceptable risk appetite.

vii) Reputational Risk – This risk focuses on the belief that the firm can and will fulfil its promises to counterparties, policy holders, and creditors as well as the risk that the firm is a fair dealer and follows ethical, social, and environmental practices. The firm manages this risk by embedding strong safety policies that affirm safety and risk management, building trust and value creation are the top strategic priorities for the firm.

viii) Cyber Risk – This is the risk of loss resulting from the failure of the firm's technology systems. Leadway recognizes the importance of this risk as it moves into new technologies. We manage this risk through security awareness trainings on cyber threats, software updates, and an investment in a good IT defense system. The firm also supports this by testing its disaster recovery and business continuity plans annually.

Note To The Financial Statements Cont'd

For The Year Ended 31 December 2020

(All amounts in thousands of Nigerian Naira unless otherwise stated)

3.1 Capital Management Policies, Objectives and Approach

Approach to capital management

Leadway seeks to optimise the structure and sources of capital to ensure that it consistently maximises returns to the shareholders and policyholders.

Leadway's approach to managing capital involves managing assets, liabilities and risks in a coordinated way, assessing shortfalls between reported and required capital level on a regular basis and taking appropriate actions to influence the capital position of the company in the light of changes in economic conditions and risk characteristics. An important aspect of the company's overall capital management process is the setting of target risk adjusted rates of return, which are aligned to performance objectives and ensure that the Group is focused on the creation of value for shareholders.

The Group's primary source of capital is its equity shareholders. Leadway also utilizes adequate and efficient reinsurance arrangements to protect shareholders' funds by reducing the need for further funding following unfavorable events such as catastrophes or large claims through treaty and facultative reinsurance arrangements.

The capital requirements are routinely forecasted over a 1 year horizon based on the value at risk framework. The process is carried out twice in a year involving both the Actuarial and ERM teams, with the results presented at both management and Board risk committees.

The Group has developed a framework to identify the risks and quantify their impact on the economic capital. The framework estimates how much capital is required to reduce the risk of insolvency to a remote degree of probability. The framework has also been considered in assessing the capital requirement.

The Company's objectives with respect to capital management are to maintain a capital base that is structured to exceed regulatory requirement and to decide on the efficient use of capital by assessing the return on capital allocated to the various classes of business and/or products. The table below summarises the maximum authorized capital across the group and the paid up capital held as follows:

	Group 31-Dec-20 N'000	Group 31-Dec-19 N'000	Group 31-Dec-20 N'000	Group 31-Dec-19 N'000
Maximum Regulatory Capital	5,000,000	5,000,000	5,000,000	5,000,000
Maximum authorized capital	10,000,000	10,000,000	10,000,000	10,000,000
Paid up share capital	10,000,000	10,000,000	10,000,000	10,000,000

The Group has different requirements depending on the specific operations which it engages in. The Group's main business is Insurance risk underwriting. The insurance business is divided into life and non life business. Note 24a shows the authorized and paid up capital for the life and non life businesses.

Insurance industry regulator measures the financial strength of non-life insurers using a solvency margin model. This test compares insurers' capital against the risk profile. Section 24 (1) of the Insurance Act, 2003 requires that an insurer shall in respect of its business other than its life insurance business, maintain at all times a margin of solvency being the excess of the value of its admissible assets in Nigeria over its liabilities in Nigeria. The solvency margin shall not be less than 15 percent of the gross premium income less reinsurance premiums paid out during the year under review or the minimum paid-up capital which ever is greater. During the year, the Company has complied with this capital requirement. The regulator has the authority to request more extensive reporting and can place restrictions on the Company's operations if the Company falls below this requirement as deemed necessary.

Effective September 2021, the industry's regulatory body (NAICOM) has increased the minimum required regulatory capital for insurance companies as shown below;

1. Life Insurers: Increased to N8 billion from N2 billion
2. General Insurers: Increased to N10 billion from N3 billion

This implies that composite insurers like Leadway Assurance will now have it's minimum required regulatory capital increased to N18 billion from its current N5 billion.

We will comply with the above listed requirement as a composite insurer.

Note To The Financial Statements

For The Year Ended 31 December 2020

(All amounts in thousands of Nigerian Naira unless otherwise stated)

December 2019

December 2020

ASSETS	Notes	TOTAL N'000	INADMISSIBLE N'000	TOTAL N'000	ADMISSIBLE N'000	INADMISSIBLE N'000
Cash and Cash Equivalents	5	54,328,877	46,710,345	26,210,607	21,640,794	4,569,813
Trade Receivables	6	97,211	97,211	102,459	102,459	-
Investment Securities	7	377,637,000	377,637,000	300,626,105	300,626,105	-
Reinsurance Asset	8	58,391,308	58,391,308	39,038,453	39,038,453	-
Deferred Acquisition Cost	9	862,676	862,676	825,367	825,367	-
Other Receivables and						
Prepayments	10	2,557,492	-	2,132,561	-	2,132,561
Loans and Advances	11	577,144	45,955	140,2795	69,827	1,332,968
Intangible assets	16	76,944	76,944	162,448	162,448	-
Property & Equipment	12	4,880,238	4,880,238	4,412,066	4,412,066	-
Investment Properties	13	17,694,603	16,248,869	17,199,024	15,757,091	1,441,933
Investment in Subsidiaries	14	5,590,448	5,590,448	2,153,425	2,153,425	-
Statutory Deposit	17	500,000	500,000	500,000	500,000	-
Total Assets		523,193,940	507,713,014	394,765,310	385,288,035	9,477,275

December 2019

December 2020

LIABILITIES	Notes	TOTAL N'000	ADMISSIBLE N'000	INADMISSIBLE N'000	TOTAL N'000	ADMISSIBLE N'000	INADMISSIBLE N'000
Trade payables	18	8,681,794	8,681,794	-	9,690,123	9,690,123	-
Current Income Tax	19	788,560	788,560	-	859,502	859,502	-
Liabilities	20	5,398,189	5,398,189	-	4,539,823	4,539,823	-
Other Liabilities	21	406,448,505	406,448,505	-	296,704,133	296,704,133	-
Insurance Contract Liabilities							
Deferred Tax Liabilities	15	1,919,527	-	1,919,527	1,883,284	-	1,883,284
Total Liabilities		455,304,207	453,384,680	1,919,527	340,473,077	338,589,793	1,883,284

Excess of admissible assets over liabilities

Test I	Gross Premium	54,449,808	46,698,242
	Less: Reinsurance expense	(17,409,396)	88,854,306
	Net premium	37,040,412	(17,956,199)
	15% thereof	5,556,062	70,898,107
	10,634,716		
Test II	Minimum paid-up capital	5,000,000	5,000,000
	The higher thereof:		
SURPLUS OF SOLVENCY		48,772,273	36,063,526
Solvency ratio		978%	439%

Note To The Financial Statements Cont'd

For The Year Ended 31 December 2020

(All amounts in thousands of Nigerian Naira unless otherwise stated)

3.2 Asset and liability management

The Group 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 are not sufficient to fund the obligations arising from its insurance and investment contracts. The most important components of this financial risk are interest rate risk, equity price risk, foreign currency risk and credit risk. These risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The risks that the Group primarily faces due to the nature of its investments and liabilities are interest rate risk and equity price risk. The Group manages these positions within an ALM framework that has been developed to achieve long term investment returns in excess of its obligations under insurance and investment contracts. Within the ALM framework, the Group periodically produces reports at portfolio, legal entity and asset and liability class level that are circulated to the Group's key management personnel. The principal technique of the Group's ALM is to match assets to the liabilities arising from insurance and investment contracts by reference to the type of benefits payable to contract holders. For each distinct class of liabilities, a separate portfolio of assets is maintained. The Group has not changed the processes used to manage its risks from previous periods."

The Group's ALM is integrated with the management of the financial risks associated with the Group's other classes of financial assets and liabilities not directly associated with insurance and investment liabilities. The notes below explain how financial risks are managed using the categories utilized in the Group's ALM framework.

Asset Cover for Insurance Contract Liabilities	Form	31-Dec-20	31-Dec-19	% Change
Item				
Gross Insurance Funds		438,516,137	323,500,345	36%
Less				
Reinsurance Receivables				
1 Reinsurance				
2 Reinsurance expenses prepaid		3,635,574	3,193,766	14%
3 Reinsurers share of Claims expense paid		380,844	492,135	-23%
4 Reinsurers share of Claims expense outstanding		54,374,890	35,352,553	54%
5 Reinsurers share of Incurred but not reported claims				
Net Insurance Funds		380,124,829	284,461,892	34%
Admissible Assets				
1 Cash and Cash Equivalents		20,053,962	5,428,864	269%
2 Treasury bills and Government Bonds		342,409,618	265,259,821	0%
3 Placement with Financial Institutions		34,274,915	20,781,743	65%
4 Corporate Bonds & Debenture		11,492,170	11,492,170	29%
5 Ordinary & Preference Shares		23,735,212	23,874,114	-1%
6 Agency Loan		54,440	45,699	19%
7 Loan to Policy holders		415,061	378,220	10%
8 Other Loans & Investments		-	8,185,951	-100%
9 Investment in subsidiaries,		-	-	
10 Investment in Associates		-	-	
11 Investment in jointly controlled entities				
12 Investment Properties		16,248,869	15,757,091	3%
Total Admissible Assets		448,684,247	351,203,673	28%
SURPLUS(DEFICIT) IN ASSETS COVER		68,559,417	66,741,781	3%

Note To The Financial Statements

For The Year Ended 31 December 2020

(All amounts in thousands of Nigerian Naira unless otherwise stated)

3.2 ASSET AND LIABILITY MANAGEMENT

(a) HYPOTHECATION OF ASSETS

As at 31 December 2020

(All amounts in thousands of Nigerian Naira unless otherwise stated)

COMPANY	Non Life				Life				TOTAL
	Shareholder's fund	Policy holder's Fund	Others	Shareholder's fund	Deposit Admin. Fund	Annuity Fund	Policy holder's Fund (LIFE)	Others	
TOTAL	35,039,056	83,378,971	13,511,059	32,850,677	32,067,632	311,074,834	11,994,701	4,270,012	524,186,942
INVESTMENTS:									
Fixed Assets:									
Real Estate	5,451,597	-	-	11,467,507	-	-	775,499	-	17,694,597
Office Equipments	163,354	-	-	73,844	-	-	-	-	237,198
Motor Vehicles	172,479	-	-	180,496	-	-	-	-	352,975
Furniture and Fittings	18,519	-	-	20,553	-	-	-	-	39,072
Intangible Assets	76,944	-	-	-	-	-	-	-	76,944
Others Investments:	-	-	-	-	-	-	-	-	-
Commercial loans	-	-	-	64,085	-	-	-	-	64,085
Loans to Policy holders	-	-	-	-	415,061	-	-	-	415,061
Statutory Deposit	300,000	-	-	-	-	-	-	-	500,000
Treasury Bills	-	-	-	200,000	-	-	-	-	466,216
Government Bonds	10,845,208	12,052,240	-	4,269,054	19,288,926	283,105,227	399,704	-	335,298,704
Corporate bonds	908,854	5,950,419	-	278,949	1,028,105	9,068,324	259,128	-	17,493,778
Quoted Securities	5,527,960	413,556	-	3,412,242	2,353,565	3,298,547	517,546	1,577,170	17,100,586
Unquoted Securities	2,994,804	310,970	-	3,304,986	-	-	23,866	-	6,634,626
Bank Placements	-	18,846,358	3,073,410	350,493	4,765,461	6,414,894	824,300	-	34,274,876
Bank and Cash Balances	300,001	2,060,556	-	570,601	4,150,002	9,187,842	2,544,721	1,240,238	20,053,961
Related Companies Securities	-	-	-	-	-	-	-	-	5,590,448
Related Companies Loans	-	-	-	-	-	-	-	-	-
Other assets (see "A" below)	8,279,336	43,744,874	10,437,649	3,067,419	-	-	911,886	1,452,652	67,893,816
TOTAL	35,039,056	83,378,972	13,511,059	32,850,677	32,067,632	311,074,834	11,994,701	4,270,060	524,186,942

OTHER DETAILS (A)

	NON LIFE BUSINESS	LIFE BUSINESS	COMPANY
Intangible assets	2,076,394	2,174,598	4,250,992
Other PPE (L & B, WIP, ROUA)	57,540,620	850,687	58,391,307
Prepaid Reinsurance & Recoverables	862,676	-	862,676
Deferred Acquisition Expenses	36,012	61,199	97,211
Premium Debtors	-	-	-
Deferred Tax Assets	-	-	-
Other assets: (Staff loans, prepayments, and sundry debtors)	1,946,157	2,345,473	4,291,631
TOTAL	62,461,859	5,431,957	67,893,816

Note To The Financial Statements Cont'd

For The Year Ended 31 December 2020

(All amounts in thousands of Nigerian Naira unless otherwise stated)

3.3 Financial risk management

The Group is exposed to a range of financial risks through its financial instrument, reinsurance assets and insurance liabilities. The key financial risk is that in the long term its investments proceeds are not sufficient to fund the obligations arising from its insurance and investment contracts. The most important components of the financial risks are:

- Credit risks
- Liquidity risks
- Market risks

3.3.1 Credit risks

Credit risks arise from the default of a counterparty to fulfil its on and/or off- balance sheet contractual obligations. Exposure to this risk results from financial transactions with a counterparty including issuer, debtor, investee, borrower, broker, policy holder, reinsurer or guarantor.

The Group has policies in place to mitigate its credit risks.

- (i) The Group's Enterprise risk management policy sets out the assessment and determination of what constitutes credit risk for the company. Compliance with the policy is monitored and exposures and breaches are reported to the company's risk committee. The policy is regularly reviewed for pertinence and for changes in the risk environment.

Net exposure limits are set for each counterparty or group of counterparties (i.e. limits are set for investments and cash deposits, foreign exchange trade exposures and minimum credit ratings for investments that may be held).

- (ii) The Group's set guidelines determine when to obtain collateral and guarantees. The Group also maintains strict control limits by amount and terms on financial assets. The amounts subject to credit risk are limited to the fair value of 'in the money' financial assets against which the Group either obtains collateral from counterparties or requires margin deposits. Collateral may be sold or repledged by the Group and is repayable if the contract terminates or the contract's fair value falls.
- (iii) Reinsurance is placed with counterparties that have a good credit rating and concentration of risk is avoided by following policy guidelines in respect of counterparties' limits that are set each year by the management and are subject to regular reviews. At each reporting date, management performs an assessment of creditworthiness of reinsurers and updates the reinsurance purchase strategy, ascertaining suitable allowance for impairment.
- (iv) The Group sets the maximum amounts and limits that may be advanced to corporate counterparties by reference to their long-term credit ratings and worthiness.
- (v) The credit risk in respect of customer balances incurred on non-payment of premiums or contributions will only persist during the grace period specified in the policy document or trust deed until expiry, when the policy is either paid up or terminated. Commission paid to intermediaries is netted off against amounts receivable from them to reduce the risk of doubtful debts.
- (vi) In evaluating credit risk (impairment), the group determines impairment on loans that are not specifically impaired using a model in line with the requirements of IFRS as follows:

$$\text{Impairment} = \text{EAD} * \text{PD} * \text{LGD}$$

the parameters are defined as follows:

1. Probability of default (PD) : This is the probability that a counterparty will default on an existing commitment usually over a 12 months period
2. Loss given default (LGD) : This is the portion of a loan or receivable determined to be irrecoverable, our methods considers prior period experience, other qualitative factors and future economic prospect
3. Exposure at default (EAD): This represents the amount that is due or outstanding at the time of default."

Note To The Financial Statements

For The Year Ended 31 December 2020

(All amounts in thousands of Nigerian Naira unless otherwise stated)

3.3.1.1 Maximum exposure to credit risk

		31-Dec-20	31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Cash and cash equivalents (See note 1 below)	5	58,194,015	27,044,037	54,322,376	26,204,721
Trade receivables	6	138,363	102,459	97,211	102,459
Investment securities:					
- Fair value through profit or loss (See note 2 below)	7.1	320,036,491	235,720,995	320,036,491	235,720,995
- Available for sale	7.2	33,958,668	41,429,693	33,865,297	41,030,996
- Held to maturity	7.3	-	-	-	-
Reinsurance Assets (See note 3 below)	8	54,764,319	35,857,257	54,755,734	35,844,687
Other receivables (See note 4 below)	10	1,225,121	676,471	1,331,307	760,069
Loans and advances	11	577,144	1,402,795	577,144	1,402,795
Statutory deposits	17	500,000	500,000	500,000	500,000
Total assets exposed to credit risk		469,394,121	342,733,707	465,485,559	341,566,722

1. Cash and cash equivalents excludes the balance in hand which is not exposed to credit risk.
2. Assets measured at fair value through profit or loss and Available for sale financial instrument do not include the balance of equity securities in these classes of asset as equity securities are not exposed to credit risk.
3. Reinsurance Assets only includes amount recoverable on claims reported (excluding IBNR) and amount due from reinsurers. The balance on prepaid reinsurance is excluded from this analysis.
4. Other receivables excludes prepayments and other non financial assets. (see note 10)"

The Group further manages its exposure to credit risk through counterparty risk via established limits as approved by the Board. These limits are determined based on credit ratings of the counterparty amongst other factors. All fixed income investments are measured for performance on a quarterly basis and monitored by management on a monthly basis.

Note To The Financial Statements Cont'd

For The Year Ended 31 December 2020

(All amounts in thousands of Nigerian Naira unless otherwise stated)

3.3.1.2 Counterparty risk

(a) Cash and cash equivalent

The group and company's counterparty exposure of its cash and cash equivalent is represented below:

Counterparty	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
National banks	46,921,895	19,783,476	46,921,895	19,783,476
Foreign banks	7,326,796	5,409,129	3,455,157	4,569,813
Investment banks	3,945,325	1,851,432	3,945,325	1,851,432
	58,194,015	27,044,037	54,322,376	26,204,721
Counterparty	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
National banks	81%	73%	87%	75%
Foreign banks	13%	20%	6%	17%
Investment banks	7%	7%	7%	7%
	100%	100%	100%	100%

(b) Investment securities

The group and company's counterparty exposure of its investment securities is represented below:

Counterparty	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Federal Government of Nigeria	343,170,909	264,792,768	343,170,909	264,792,768
State Government in Nigeria	2,321,025	868,794	2,321,025	868,794
Corporates with acceptable risk ratings	8,808,551	11,489,126	8,409,854	11,090,429
	353,995,159	277,150,688	353,901,788	276,751,991

(c) Trade receivables

Credit risk exposure to trade receivables arises from the 30 days window given by NAICOM in the "No Premium No Cover" policy. This give the brokers latitude to withhold premium collected from the insured for 30 days before remittance. However, they are expected to issue their credit note and remit the premium on or before the expiration of the 30 days grace period. Brokers who fail to remit are reported on a quarterly basis to NAICOM and are subject to the downgrading process in line with the Group's policy. The Group's risk exposure to credit risk is low as the receipt of insurance premium from the insured is a pre-condition for the issuance of insurance cover.

(d) Loans and advances

Credit risk exposure to direct business is low as the Company requires debtors to provide guarantees before inception of insurance policies. The Company's exposure to credit risk arising from brokered business is relatively moderate and the risk is managed by the Group's internal rating model for brokers. Our credit risk internal rating model is guided by several weighted parameters which determine the categorization of brokers the Group transacts businesses with.

(e) Reinsurance receivable

Reinsurance contract is executed only with reinsurers with a minimum acceptable credit rating. Management monitors the credit worthiness of reinsurers by reviewing their annual financial statements and through ongoing communications. Reinsurance treaties are reviewed annually by management prior to renewal of reinsurance contracts.

Note To The Financial Statements Cont'd

For The Year Ended 31 December 2020

(All amounts in thousands of Nigerian Naira unless otherwise stated)

Company 2020

Neither past due nor impaired

Cash and cash equivalents (excl. cash on hand)	5
Investment securities - FVTPL (excl. equity)	7.1
Investment securities - AFS (excl. equity)	7.2
Investment securities - HTM	
Trade receivables	6
Loans and advances	11
Other receivables - financial assets	10
Statutory deposits	17
Reinsurance assets (Due from reinsurers)	8

Past due but not impaired

Loans and advances

Past due and impaired

Loans and advances

Less specific impairment on past due and impaired:

Loans and advances

AA+/AA-	A+/A-	BB+/BB-	UNRATED	TOTAL
20,645,134	23,667,474	8,366,223	1,643,546	54,322,376
1,394,871	5,453,386	313,188,234	-	320,036,491
	102,183	33,763,114		33,865,297
-	-	-	-	-
-	-	-	97,211	97,211
-	-	-	577,144	577,144
-	-	-	1,331,307	1,331,307
-	-	500,000	-	500,000
-	-	-	54,755,734	54,755,734
-	-	-	-	-
-	-	-	-	-
-	-	-	2,397	2,397
-	-	-	-	-
-	-	-	-	-
22,040,005	29,223,043	355,817,571	58,407,338	465,487,956

Company 2019

Neither past due nor impaired

Cash and cash equivalents (excl. cash on hand)	5
Investment securities - FVTPL (excl. equity)	7.1
Investment securities - AFS (excl. equity)	7.2
Investment securities - HTM	
Trade receivables	6
Loans and advances	11
Other receivables - financial assets	10
Statutory deposits	17
Reinsurance assets (Due from reinsurers)	

Past due but not impaired

Loans and advances

Past due and impaired

Loans and advances

Less specific impairment on past due and impaired:

Loans and advances

AA+/AA-	A+/A-	BB+/BB-	UNRATED	TOTAL
7,754,023	13,432,901	4,380,750	637,047	26,204,721
1,847,477	1,573,446	232,300,072	-	235,720,995
54,380	6,524,338	34,324,688	127,590	41,030,996
-	-	-	-	-
-	-	-	102,459	102,459
-	-	-	1,295,437	1,295,437
-	-	-	760,069	760,069
-	-	500,000	-	500,000
-	-	-	35,844,688	35,844,688
-	-	-	-	-
-	-	-	107,358	107,358
-	-	-	-	-
-	-	-	356,457	356,457
-	-	-	-	-
-	-	-	(324,754)	(324,754)
9,655,880	21,530,685	271,505,510	38,906,351	341,598,426

Note To The Financial Statements

For The Year Ended 31 December 2020

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Global Corporate Rating (GCR)'s rating symbols and Definitions

AAA	Extremely strong financial security characteristics and is the highest FSR assigned by GCR.
AA+	Has very strong financial security characteristics, differing only slightly from those rated higher.
AA	
AA-	
A+	Has strong financial security characteristics, but is somewhat more likely to be affected by adverse business conditions than assurers with higher ratings.
A	
A-	
BBB+	Has good financial security characteristics, but is much more likely to be affected by adverse business conditions than assurers with higher ratings.
BBB	
BBB-	
BB+	Has vulnerable financial security characteristics, which might outweigh its strengths. The ability of these companies to discharge obligations is not well safeguarded in the future.

	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Past due and impaired				
0 - 90 days	-	324,754	-	324,754
90 - 180 days	-	-	-	-
181 days and above	-	-	-	-
	-	324,754	-	324,754

Concentration of credit risk

All credit risks are concentrated across many industries. The Group monitors concentration of credit risk by sector

Group 2020	Notes	Financial institution	Public sector	Others	Total
Cash and cash equivalents	5	58,194,015	-	-	58,194,015
Investment securities - FVTPL (excl. equity)	7.1	1,932,115	315,183,351	2,921,025	320,036,491
Investment securities - AFS (excl. equity)	7.2	134,815	33,644,997	178,856	33,958,668
Investment securities - HTM		-	-	-	-
Trade receivables	6	-	-	138,363	138,363
Loans and advances	11	64,085	-	513,059	577,144
Other receivables (excl. prepayments)	10	-	-	1,225,121	1,225,121
Statutory deposits	17	500,000	-	-	500,000
Reinsurance Assets	8	54,764,319	-	-	54,764,319
Total		115,589,348	348,828,348	4,976,424	469,394,121

Note To The Financial Statements Cont'd

For The Year Ended 31 December 2020

(All amounts in thousands of Nigerian Naira unless otherwise stated)

Group 2019

		Financial institution	Public sector	Others	Total
Cash and cash equivalents	5	27,044,037	-	-	27,044,037
Investment securities - FVTPL (excl. equity)	7.1	3,080,604	230,867,769	1,772,622	235,720,995
Investment securities - AFS (excl. equity)	7.2	4,354,119	32,034,441	5,041,133	41,429,693
Investment securities - HTM	0	-	-	-	-
Trade receivables	6	-	-	102,459	102,459
Loans and advances	11	728,094	-	674,701	1,402,795
Other receivables (excl. prepayments)	10	-	-	676,471	676,471
Statutory deposits	17	500,000	-	-	500,000
Reinsurance Assets	8	35,857,257	-	-	35,857,257
Total		71,564,111	262,902,210	8,267,386	342,733,706

Company 2020

		Financial institution	Public sector	Others	Total
Cash and cash equivalents	5	54,322,376	-	-	54,322,376
Investment securities - FVTPL (excl. equity)	7.1	1,932,115	315,183,351	2,921,025	320,036,491
Investment securities - AFS (excl. equity)	7.2	134,815	33,644,997	85,486	33,865,297
Investment securities - HTM	0	-	-	-	-
Trade receivable	6	-	-	97,211	97,211
Loans and advances	11	64,085	-	513,059	577,144
Other receivables - financial assets	10	-	-	1,331,307	1,331,307
Statutory deposits	17	500,000	-	-	500,000
Reinsurance Assets	8	54,755,734	-	-	54,755,734
Total		111,709,124	348,828,348	4,948,088	465,485,559

Company 2019

		Financial institution	Public sector	Others	Total
Cash and cash equivalents	5	26,204,721	-	-	26,204,721
Investment securities - FVTPL (excl. equity)	7.1	3,080,604	230,867,769	1,772,622	235,720,995
Investment securities - AFS (excl. equity)	7.2	4,354,119	32,034,441	4,642,436	41,030,996
Investment securities - HTM	0	-	-	-	-
Trade receivable	6	-	-	102,459	102,459
Loans and advances	11	728,094	-	674,701	1,402,795
Other receivables - financial assets	10	-	-	760,069	760,069
Statutory deposits	17	500,000	-	-	500,000
Reinsurance Assets	8	35,844,688	-	-	35,844,688
Total		70,712,226	262,902,210	7,952,287	341,566,723

Note To The Financial Statements

For The Year Ended 31 December 2020

(All amounts in thousands of Nigerian Naira unless otherwise stated)

3.3.2 Liquidity risks

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial instruments. In respect of catastrophic events there is also a liquidity risk associated with the timing differences between gross cash out-flows and expected reinsurance recoveries.

The following policies and procedures are in place to mitigate the company's exposure to liquidity risk:

-The Company's Enterprise risk policy is the umbrella policy that guides the assessment and determination of all material risks, which is not limited to liquidity risk. Compliance with the policy is monitored and exposures and breaches are reported to the company's risk committee. The policy is regularly reviewed for pertinence and for changes in the risk environment. With regards to liquidity risk, this policy is also supported by the investment guidelines that sets out asset allocations, portfolio limit structures, in order to ensure sufficient funding available to meet insurance and investment contracts obligations.

-Contingency funding plans are in place, which specify minimum proportions of funds to meet emergency calls as well as specifying events that would trigger such plans. This is also embedded within the investment guideline.

The table that follows summarizes the maturity profile of the non-derivative financial assets and financial liabilities of the Group based on remaining undiscounted contractual obligations, including interest payable.

For insurance contracts liabilities and reinsurance assets, maturity profiles are determined based on estimated timing of net cash outflows from the recognised insurance liabilities. Unearned premiums and the reinsurers' share of unearned premiums have been excluded from the analysis as they are not contractual obligations.

Repayments which are subject to notice are treated as if notice were to be given immediately.

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Maturity analysis (contractual undiscounted cash flow basis for non-derivatives)

Using the behavioural pattern of our funding sources over time, the Group's expected cash flows on some financial assets and liabilities to vary significantly from the contractual cash flows. As part of management of liquidity risk arising from financial liabilities, the Group maintains a portfolio of highly marketable and diverse assets that can be easily liquidated in the event of an unforeseen interruption of cash flow.

The table below shows the undiscounted cash flow on the Group's financial assets and liabilities and on the basis of the earliest possible contractual maturity. The gross nominal inflow/outflow disclosed in the table is the contractual, undiscounted cash flows on the financial assets and liabilities. Whilst the table below have been prepared based on the contractual maturities, the maturity profile based on the behavioural pattern of the assets and liabilities observed over a very long period (five years) presents management with a reliable basis to manage the inherent liquidity risks.

Contractual maturities of financial assets and liabilities

Group

31 December 2020	Notes	Carrying amount	Gross nominal	0-3 months	3-6 months	6-12 months	1-5 years	Over 5 years
Assets								
Cash and cash equivalents	5	58,200,553	58,200,553	47,590,466	6,088,820	4,522,495	-	-
Trade receivables	6	138,363	138,363	97,211	-	-	-	-
Investment securities - FVTPL	7.1	322,052,797	745,430,762	5,913,453	8,094,341	110,633,685	127,310,384	493,478,900
Investment securities - Available for sale	7.2	55,677,574	673,458,936	1,458,942	802,423	566,333,002	22,917,856	82,252,037
Reinsurance assets (Excl. prepaid reinsurance)	8	54,764,319	35,853,273	21,394,176	14,463,081	-	-	-
Other receivables - financial assets	10	1,225,121	1,225,121	1,225,121	-	-	-	-
Loans and Advances	11	577,144	95,809	-	91,632	4,177	-	-
Statutory deposit	17	500,000	500,000	-	-	-	-	500,000
Total financial assets		493,135,871	1,514,902,817	77,679,369	29,540,298	681,493,359	150,228,240	576,230,937
Liabilities								
Trade payables	18	8,690,090	9,700,624	9,700,624	-	-	-	-
Other liabilities - financial liabilities	20	3,143,683	3,143,683	1,490,603	1,135,406	517,673	-	-
Insurance contract liabilities	21	-	-	-	-	-	-	-
(excl. IBNR and unearned premium))	22	383,952,694	633,659,262	7,758,331	7,630,054	15,259,805	121,447,435	481,563,638
Investment contract liabilities		33,970,668	29,514,945	1,854,392	1,040,331	3,363,950	12,424,662	10,831,610
Total financial liabilities		429,757,135	676,018,514	20,803,950	9,805,791	19,141,428	133,872,097	492,395,248
Gap		63,378,736	838,884,303	56,875,419	19,734,507	662,351,931	16,356,143	83,835,689

Note To The Financial Statements

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(All amounts in thousands of Nigerian Naira unless otherwise stated)

Contractual maturities of financial assets and liabilities									
Group	Note	Carrying amount	Gross nominal	0-3 months	3-6 months	6-12 months	1-5 years	Over 5 years	
31 December 2019									
Cash and cash equivalents	5	27,050,020	27,120,396	26,351,359	769,037	-	-	-	-
Trade receivables	6	102,459	102,459	102,459	-	-	-	-	-
Investment securities - FVTPL	7.1	238,425,827	675,557,975	8,997,846	7,342,519	13,804,130	123,872,622	521,540,858	-
Investment securities - Available for sale	7.2	62,598,975	113,250,759	9,945,251	3,254,650	12,695,587	25,328,829	62,026,443	-
Reinsurance assets (Excl. prepaid reinsurance)	8	35,857,257	35,857,257	21,394,176	14,463,081	-	-	-	-
Other receivables - financial assets	10	676,471	676,471	676,471	-	-	-	-	-
Loans and Advances	11	1,402,795	1,615,850	795,346	117,193	233,961	469,350	-	-
Statutory deposit	17	500,000	500,000	-	-	-	-	500,000	-
Total financial assets		366,613,804	854,681,167	68,262,908	25,946,480	26,733,678	149,670,801	584,067,301	
Trade payables	18	9,700,624	9,700,624	9,700,624	-	-	-	-	-
Other liabilities - financial liabilities	20	2,858,541	2,858,541	1,146,279	1,557,506	154,757	-	-	-
Borrowings	21	-	-	-	-	-	-	-	-
Insurance contract liabilities (excl. IBNR and unearned premium))	21	272,108,428	-	-	-	-	116,746,216	458,722,703	-
Investment contract liabilities	22	28,409,487	28,409,487	1,321,951	682,032	1,079,130	12,424,662	12,901,713	-
Total financial liabilities		313,077,081	692,973,625	66,752,352	9,558,141	15,867,836	129,170,878	471,624,417	
Gap		53,536,724	161,707,543	1,510,555	16,388,337	10,865,841	20,499,923	112,442,886	

Contractual maturities of financial assets and liabilities									
Company	Note	Carrying amount	Gross nominal	0-3 months	3-6 months	6-12 months	1-5 years	Over 5 years	
31 December 2020									
Assets									
Cash and cash equivalents	5	54,328,877	54,328,877	47,590,466	2,215,915	4,522,495	-	-	-
Trade receivables	6	97,211	97,211	97,211	-	-	-	-	-
Investment securities - FVTPL	7.1	322,052,797	745,430,762	5,913,453	8,094,341	110,633,685	127,310,384	493,478,900	-
Investment securities - Available for sale	7.2	55,584,203	673,365,565	1,060,246	802,423	566,333,002	22,917,856	82,252,037	-
Reinsurance assets (Excl. prepaid reinsurance)	8	54,755,734	35,844,688	21,381,607	14,463,081	-	-	-	-
Other receivables - financial assets	10	1,331,307	1,331,307	1,331,307	-	-	-	-	-
Loans and advances	11	577,144	95,809	-	91,632	4,177	-	-	-
Statutory deposit	17	500,000	500,000	-	-	-	-	500,000	-
Total financial assets		489,227,273	1,510,994,219	77,374,289	25,667,393	681,493,359	150,228,240	576,230,937	
Trade payables	18	8,681,794	9,690,123	9,690,123	-	-	-	-	-
Other liabilities - financial liabilities	20	3,143,683	2,996,236	1,815,669	1,180,567	-	-	-	-
Insurance contract liabilities (excl. IBNR and unearned premium))	21	383,514,501	633,188,347	7,608,822	7,630,054	15,259,805	121,126,029	481,563,638	-
Investment contract liabilities	22	32,067,632	29,819,101	1,854,392	1,040,331	3,363,950	12,728,818	10,831,610	-
Total financial liabilities		427,407,610	675,693,807	20,969,006	9,850,952	18,623,755	133,854,847	492,395,249	
Gap		61,819,663	835,300,412	56,405,284	15,816,441	662,869,604	16,373,393	83,835,689	

Note To The Financial Statements Cont'd

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(All amounts in thousands of Nigerian Naira unless otherwise stated)

Contractual maturities of financial assets and liabilities

Company

31 December 2019	Note	Carrying amount	Gross nominal	0-3 months	3-6 months	6-12 months	1-5 years	Over 5 years
Cash and cash equivalents	5	26,210,607	26,280,983	26,280,983	-	-	-	-
Trade receivables	6	102,459	102,459	102,459	-	-	-	-
Investment securities - FVTPL	7.1	238,425,827	675,557,975	8,997,846	7,342,519	13,804,130	123,872,622	521,540,858
Investment securities - Available for sale	7.2	62,200,278	112,852,062	9,546,554	3,254,650	12,695,587	25,328,829	62,026,443
Reinsurance assets (Excl. prepaid reinsurance)	8	35,844,688	35,844,688	21,381,607	14,463,081	-	-	-
Other receivables - financial assets	10	760,069	760,069	760,069	-	-	-	-
Loans and advances	11	1,402,795	1,615,850	795,346	117,193	233,961	469,350	-
Statutory deposit	17	500,000	500,000	-	-	-	-	500,000
Total financial assets		365,446,723	853,514,086	67,864,864	25,177,443	26,733,678	149,670,801	584,067,301
Trade payables	18	9,690,123	9,690,123	9,690,123	-	-	-	-
Other liabilities - financial liabilities	20	2,822,414	2,996,236	1,815,669	1,180,567	-	-	-
Insurance contract liabilities (excl. IBNR and unearned premium))	21	-	-	-	-	-	-	-
Investment contract liabilities	22	271,787,023	651,683,566	54,583,499	7,318,604	14,633,950	116,424,810	458,722,703
		26,796,212	26,796,212	1,321,951	682,032	1,079,130	10,811,387	12,901,713
Total financial liabilities		311,095,772	691,166,137	67,411,242	9,181,203	15,713,080	127,236,197	471,624,416
Gap		54,350,951	162,347,949	453,622	15,996,240	11,020,598	22,434,604	112,442,886

It is not expected that cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

(g) Market risks

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign exchange rates (currency risk), market interest rates (interest rate risk) and market prices (price risk).

-The Group's enterprise risk management policy sets out the assessment and determination of what constitutes market risk. Compliance with the policy is monitored and exposures and breaches are reported to the company risk committee. The policy is reviewed regularly for pertinence and for changes in the risk environment.

-Guidelines are set for asset allocation and portfolio limit structure, to ensure that assets back specific policyholder's liabilities and that assets are held to deliver income and gains for policyholders which are in line with expectations of the policyholders.

-The Group stipulates diversification benchmarks by type of instrument and geographical area as the Group is exposed to guaranteed bonuses, cash and annuity options when interest rates falls.

(h) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group's principal transactions are carried out in Naira and its exposure to foreign exchange risk arise primarily with respect to US dollar and CFA.

The Group's financial assets are primarily denominated in the same currencies as the related insurance and investment contract liabilities. The main foreign exchange risk arises from recognised assets and liabilities denominated in currencies other than those in which insurance and investment contract liabilities are expected to be settled.

The table below summarises the Group's financial assets and liabilities by major currencies. Note that irrespective of the currency in which the assets are held, the amounts disclosed against individuals currencies are the Naira equivalent of the respective currencies. The exchange rates applied for each of the listed currencies have been obtained from reliable sources depicting reliable market transactions on 31 December 2020.

Note To The Financial Statements

For The Year Ended 31 December 2020

(All amounts in thousands of Nigerian Naira unless otherwise stated)

Group	Notes	Naira (N)	US Dollars (USD)	UK Pound Sterling (GBP)	Euro	CFA Franc CFA	Others	Total
31 December 2020								
Assets								
Cash and cash equivalents	5	36,208,967	17,721,424	43,700	354,786	3,871,676	-	58,200,553
Trade receivables	6	97,211	-	-	-	41,152	-	138,363
Investment securities - FVTPL	7.1	316,453,468	5,599,329	-	-	-	-	322,052,797
Investment securities - Available for sale	7.2	29,704,387	25,879,816	-	-	93,371	-	55,677,574
Investment securities - Held to maturity	7.3	-	-	-	-	-	-	-
Reinsurance assets (Excl. prepaid reinsurance)	8	4,723,504	50,032,230	-	-	8,585	-	54,764,319
Other receivables - financial assets	10	1,225,121	-	-	-	-	-	1,225,121
Loans and advances	11	577,144	-	-	-	-	-	577,144
Statutory deposits	17	500,000	-	-	-	-	-	500,000
Total financial assets		389,489,802	99,232,798	43,700	354,786	4,014,784	-	493,135,870
Trade payables	18	8,681,794	-	-	-	8,296	-	8,690,090
Other liabilities - financial liabilities	20	3,143,683	-	-	-	-	-	3,143,683
Insurance contract liabilities (excl. IBNR and unearned premium)	21	326,358,720	57,305,290	-	-	288,684	-	383,952,694
Investment contract liabilities	22	32,067,632	-	-	-	1,903,036	-	33,970,668
Total financial liabilities		370,251,829	57,305,290	-	-	2,200,016	-	429,757,135
Net FCY exposure		19,237,973	41,927,508	43,700	354,786	1,814,768	-	63,378,735
Group								
31 December 2019								
Cash and cash equivalents	5	5,887,994	19,855,546	223,581	243,487	839,413	-	27,050,020
Trade receivables	6	102,459	-	-	-	-	-	102,459
Investment securities - FVTPL	7.1	235,092,745	3,333,082	-	-	-	-	238,425,827
Investment securities - Available for sale	7.2	37,986,764	24,213,514	-	-	398,697	-	62,598,975
Investment securities - Held to maturity	7.3	-	-	-	-	-	-	-
Reinsurance assets (Excl. prepaid reinsurance)	8	5,534,709	30,309,979	-	-	12,569	-	35,857,257
Other receivables - financial assets	10	592,873	-	-	-	83,598	-	676,471
Loans and advances	11	1,402,795	-	-	-	-	-	1,402,795
Statutory deposits	17	500,000	-	-	-	-	-	500,000
Total financial assets		287,100,338	77,712,121	223,581	243,487	1,334,277	-	366,613,803
Trade payables	18	5,154,739	4,535,384	-	-	10,501	-	9,700,624
Other liabilities - financial liabilities	20	2,822,414	-	-	-	36,127	-	2,858,541
Insurance contract liabilities (excl. IBNR and unearned premium)	21	231,004,624	40,782,399	-	-	321,405	-	272,108,428
Investment contract liabilities	22	26,796,212	-	-	-	1,613,275	-	28,409,487
Total financial liabilities		265,777,990	45,317,783	-	-	1,981,308	-	313,077,081
Net FCY exposure		21,322,348	32,394,338	223,581	243,487	(647,031)	-	53,536,723

Note To The Financial Statements Cont'd

For The Year Ended 31 December 2020

(All amounts in thousands of Nigerian Naira unless otherwise stated)

Company	Note	Naira (N)	US Dollars (USD)	UK Pound Sterling (GBP)	Euro	Franc CFA	Others	Total
31 December 2020								
Cash and cash equivalents	5	36,208,967	17,721,424	43,700	354,786	-	-	54,328,877
Trade receivables	6	97,211	-	-	-	-	-	97,211
Investment securities - FVTPL	7.1	316,453,468	5,599,329	-	-	-	-	322,052,797
Investment securities - Available for sale	7.2	29,704,387	25,879,816	-	-	-	-	55,584,203
Investment securities - Held to maturity	7.3	-	-	-	-	-	-	-
Reinsurance assets (Excl. prepaid reinsurance)	8	4,723,504	50,032,230	-	-	-	-	54,755,734
Other receivables - financial assets	10	1,331,307	-	-	-	-	-	1,331,307
Loans and advances	11	577,144	-	-	-	-	-	577,144
Statutory deposits	17	500,000	-	-	-	-	-	500,000
Total financial assets		389,595,989	99,232,798	43,700	354,786	-	-	489,227,273
Trade payables	18	8,681,794	-	-	-	-	-	8,681,794
Other liabilities - financial liabilities	20	3,143,683	-	-	-	-	-	3,143,683
Insurance contract liabilities (excl. IBNR and unearned premium))	21	326,209,211	57,305,290	-	-	-	-	383,514,501
Investment contract liabilities	22	32,067,632	-	-	-	-	-	32,067,632
Total financial liabilities		370,102,320	57,305,290	-	-	-	-	427,407,610
Net FCY exposure		19,493,669	41,927,508	43,700	354,786	-	-	61,819,663
Company	Note	Naira (N)	US Dollars (USD)	UK Pound Sterling (GBP)	Euro	Franc CFA	Others	Total
31 December 2019								
Cash and cash equivalents	5	5,887,994	19,855,546	223,581	243,487	-	-	26,210,607
Trade receivables	6	102,459	-	-	-	-	-	102,459
Investment securities - FVTPL	7.1	235,092,745	3,333,082	-	-	-	-	238,425,827
Investment securities - Available for sale	7.2	37,986,764	24,213,514	-	-	-	-	62,200,278
Investment securities - Held to maturity	7.3	-	-	-	-	-	-	-
Reinsurance assets (Excl. prepaid reinsurance)	8	5,534,709	30,309,979	-	-	-	-	35,844,688
Other receivables - financial assets	10	676,471	-	-	-	83,598	-	760,069
Loans and advances	11	1,402,795	-	-	-	-	-	1,402,795
Statutory deposits	17	500,000	-	-	-	-	-	500,000
Total financial assets		287,183,937	77,712,121	223,581	243,487	83,598	-	365,446,723
Trade payables	18	5,154,739	4,535,384	-	-	-	-	9,690,123
Other liabilities - financial liabilities	20	2,822,414	-	-	-	-	-	2,822,414
Insurance contract liabilities (excl. IBNR and unearned premium))	21	231,004,624	40,782,399	-	-	-	-	271,787,023
Investment contract liabilities	22	26,796,212	-	-	-	-	-	26,796,212
Total financial liabilities		265,777,990	45,317,783	-	-	-	-	311,095,773
Net FCY exposure		21,405,948	32,394,338	223,581	243,487	83,598	-	54,350,951

Note To The Financial Statements

For The Year Ended 31 December 2020

(All amounts in thousands of Nigerian Naira unless otherwise stated)

Foreign currency sensitivity

The tables below shows the sensitivity of the Group's profit before tax to appreciation or depreciation of the naira in relation to other currencies. Based on the past years behaviour, it is reasonable to assume 1000 basis points appreciation and 1000 basis points depreciation of the Naira holding all other variables constant.

Group		31 December 2020		31 December 2019	
Currency	Change in variables	Impact on profit before tax	Impact on equity	Impact on profit before tax	Impact on equity
US Dollar	+ 1000 basis points	4,192,751	2,934,926	3,239,434	2,267,604
Pound sterling	+ 1000 basis points	4,370	3,059	22,358	15,651
Euro	+ 1000 basis points	35,479	24,835	24,349	17,044
Franc CFA	+ 1000 basis points	181,477	127,034	(64,703)	(45,292)
US Dollar	- 1000 basis points	(4,192,751)	(2,934,926)	(3,239,434)	(2,267,604)
Pound sterling	- 1000 basis points	(4,370)	(3,059)	(22,358)	(15,651)
Euro	- 1000 basis points	(35,479)	(24,835)	(24,349)	(17,044)
Franc CFA	- 1000 basis points	(181,477)	(127,034)	64,703	45,292

Company		31 December 2020		31 December 2019	
Currency	Change in variables	Impact on profit before tax	Impact on equity	Impact on profit before tax	Impact on equity
US Dollar	+ 1000 basis points	4,192,751	2,934,926	3,239,434	2,267,604
Pound sterling	+ 1000 basis points	4,370	3,059	22,358	15,651
Euro	+ 1000 basis points	35,479	24,835	24,349	17,044
US Dollar	- 1000 basis points	(4,192,751)	(2,934,926)	(3,239,434)	(2,267,604)
Pound sterling	- 1000 basis points	(4,370)	(3,059)	(22,358)	(15,651)
Euro	- 1000 basis points	(35,479)	(24,835)	(24,349)	(17,044)
Franc CFA	- 1000 basis points				

(i) Interest rate risks:

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Exposure to this risk primarily results from timing differences in the repricing of assets and liabilities as they mature (fixed rate instruments) or contractually repriced (floating rate instruments).

The Group monitors this exposure through periodic reviews of the assets and liability position. Estimates of cash flows, as well as the impact of interest rate fluctuations relating to the investment portfolio and insurance provisions are modeled and reviewed.

The overall objective of these strategies is to limit the net change in value of assets and liabilities arising from interest rate movements.

While it is more difficult to measure the interest sensitivity of insurance liabilities than that of the related assets, to the extent that such sensitivities are measurable then the interest rate movements will generate asset value changes that substantially offset changes in the value of the liabilities relating to the underlying products. The table below details the interest rate sensitivity analysis of the Group as at 31 December 2020 holding all other variables constant. Based on historical data, 100 basis points change is deemed to be reasonably possible and are used when reporting interest rate risk.

Note To The Financial Statements Cont'd

For The Year Ended 31 December 2020

(All amounts in thousands of Nigerian Naira unless otherwise stated)

Group 31 December 2020

	Non-interest bearing	0-3 months	3-6 months	6-12 months	1-5 years	Over 5 years	Total
5 Cash and cash equivalents	23,538,304	34,662,249	-	-	-	-	58,200,553
7.1 Investment securities - FVTPL	2,016,306	-	-	1,557,579	26,925,832	291,553,080	322,052,797
7.2 Investment securities - AFS	21,461,269	-	817,223	927,014	2,952,870	29,519,198	55,677,574
Investment securities - Held to maturity	-	-	-	-	-	-	-
11 Loans and advances	26,140	-	-	45,955	505,049	-	577,144
17 Statutory deposits	-	-	-	-	-	500,000	500,000
Total	47,042,019	34,662,249	817,223	2,530,547	30,383,750	321,572,278	437,008,067
22 Investment contract liabilities	-	1,854,392	1,040,331	3,363,950	12,728,818	10,831,610	33,970,668
Borrowings	-	-	-	-	-	-	-
Total	-	1,854,392	1,040,331	3,363,950	12,728,818	10,831,610	33,970,668
Gap	47,042,019	32,807,857	(223,108)	(833,403)	17,654,932	310,740,668	407,188,965
Cumulative gap	47,042,019	79,849,876	79,626,768	78,793,365	96,448,297	407,188,965	
Impact on profit before tax	7,984,988	7,962,677	7,879,336	7,879,336	9,644,830	40,718,897	74,190,728
Taxation at 30%	2,395,496	2,388,803	2,363,801	2,363,801	2,893,449	12,215,669	22,257,218
Impact on equity	5,589,492	5,573,874	5,515,535	5,515,535	6,751,381	28,503,228	51,933,510

Group 31 December 2019

	Non-interest bearing	0-3 months	3-6 months	6-12 months	1-5 years	Over 5 years	Carrying amount
5 Cash and cash equivalents	6,144,124	20,905,896	-	-	-	-	27,050,020
7.1 Investment securities - FVTPL	9,153,567	-	2,680,505	168,093	20,196,515	206,227,147	238,425,826
7.2 Investment securities - AFS	26,965,777	597,845	420,030	65,461	14,648,845	19,901,015	62,598,974
11 Loans and advances	7,231	-	149,301	400,468	845,795	-	1,402,795
Statutory deposits	-	-	-	-	-	500,000	500,000
Total	42,270,699	21,503,741	3,249,836	634,022	35,691,155	226,628,162	329,977,614
22 Investment contract liabilities	-	1,321,951	682,032	1,079,130	10,811,387	12,901,713	28,409,487
Borrowings	-	-	-	-	-	-	-
Total	-	1,321,951	682,032	1,079,130	10,811,387	12,901,713	28,409,487
Gap	42,270,699	20,181,790	2,567,804	(445,108)	24,879,768	213,726,449	303,181,403
Cumulative gap	42,270,699	62,452,489	65,020,293	64,575,186	89,454,954	303,181,403	
Impact on profit before tax	6,245,249	6,502,029	6,457,519	6,457,519	8,945,495	30,318,140	58,468,433
Taxation at 30%	1,873,575	1,950,609	1,937,256	1,937,256	2,683,649	9,095,442	17,540,530
Impact on equity	4,371,674	4,551,421	4,520,263	4,520,263	6,261,847	21,222,698	40,927,903

Note To The Financial Statements

For The Year Ended 31 December 2020

(All amounts in thousands of Nigerian Naira unless otherwise stated)

Company 31 December 2020		Non-interest bearing	0-3 months	3-6 months	6-12 months	1-5 years	Over 5 years	Total
Cash and cash equivalents	5	19,666,628	34,662,249	-	-	-	-	54,328,877
Investment securities - FVTPL	7.1	2,016,306	-	-	1,557,579	26,925,832	291,553,080	322,052,797
Investment securities - AFS	7.2	21,785,417	-	399,704	927,014	2,952,870	29,519,198	55,584,203
Investment securities - Held to maturity	11	-	-	-	-	-	-	-
Loans and advances	11	26,140	-	-	45,955	505,049	-	577,144
Statutory deposits	17	-	-	-	-	-	500,000	500,000
Total		43,494,491	34,662,249	399,704	2,530,547	30,383,750	321,572,278	433,043,021
Investment contract liabilities	22	2,248,531	1,854,392	1,040,331	3,363,950	12,728,818	10,831,610	32,067,632
Borrowings		-	-	-	-	-	-	-
Total		2,248,531	1,854,392	1,040,331	3,363,950	12,728,818	10,831,610	32,067,632
Gap		41,245,960	32,807,857	(640,627)	(833,403)	17,654,932	310,740,668	400,975,388
Cumulative gap		41,245,960	74,053,817	73,413,191	72,579,787	90,234,719	400,975,388	
Impact on profit before tax		-	7,405,382	7,341,319	7,257,979	9,023,472	40,097,539	71,125,690
Taxation at 30%		-	2,221,615	2,202,396	2,177,394	2,707,042	12,029,262	21,337,707
Impact on equity		-	5,183,767	5,138,923	5,080,585	6,316,430	28,068,277	49,787,983
Company 31 December 2019		Non-interest bearing	0-3 months	3-6 months	6-12 months	1-5 years	Over 5 years	Carrying amount
Cash and cash equivalents	5	5,304,711	20,905,896	-	-	-	-	26,210,607
Investment securities - FVTPL	7.1	9,153,557	-	2,680,505	168,093	20,196,515	206,227,147	238,425,827
Investment securities - AFS	7.2	26,984,599	597,845	2,511	65,461	14,648,846	19,901,015	62,200,278
Investment securities - Held to maturity		-	-	-	-	-	-	-
Loans and advances	11	7,231	-	149,301	400,468	845,795	-	1,402,795
Statutory deposits	17	-	-	-	-	-	500,000	500,000
Total		41,450,108	21,503,741	2,832,317	634,022	35,691,156	226,628,162	328,739,507
Investment contract liabilities	22	-	1,321,951.06	682,032	1,079,130	10,811,387	12,901,713	26,796,212
Borrowings		-	-	-	-	-	-	-
Total		-	1,321,951	682,032	1,079,130	10,811,387	12,901,713	26,796,212
Gap		41,450,108	20,181,790	2,150,285	(445,108)	24,879,769	213,726,449	301,943,294
Cumulative gap		41,450,108	61,631,898	63,782,183	63,337,075	88,216,844	301,943,294	
Impact on profit before tax		-	6,163,190	6,378,218	6,333,707	8,821,684	30,194,329	57,891,129
Taxation at 30%		-	1,848,957	1,913,466	1,900,112	2,646,505	9,058,299	17,367,339
Impact on profit after tax		-	4,314,233	4,464,753	4,433,595	6,175,179	21,136,031	40,523,791

Note To The Financial Statements Cont'd

For The Year Ended 31 December 2020

(All amounts in thousands of Nigerian Naira unless otherwise stated)

(j) Equity price risk

The Group manages its exposure to equity price risk through adherence to investment in eligible equities as approved by the Board and in line with NAICOM investment guidelines. Management Investment Committee establishes and approves a list of eligible stocks in line with approval as approved by the Board through its Board Investment Committee. The investment decisions are subject to authorization(s) levels.

Management Investment Committee

1. An investment which would result in exposure to the invested company for not greater than 5% of the issue under consideration i.e. Equities, Bonds etc.
2. Investment in any unquoted stock with value less than N500m.

Board Investment Committee

- i. An investment which would result in exposure to the invested company for greater than 5% of the issue under consideration.
- ii. Any investment where the value of total exposure to the invested corporate on completion, as a percentage of total Leadway's Asset Under Management will exceed 2.5% as at the time of the investment.
- iii. An Investment in any unquoted stock with value greater than N500m.
- iv. Investment in a start-up venture with value over N100m.
- v. Investments in a company, which will result in the Leadway having control of management.
- vi. Securities lending, leveraged investments, derivatives or hedging.

We have exposure to equity risk through asset/liability mismatches, including our investments in equity securities held in our investment portfolio. Changes in equity prices create risk that the resulting changes in asset values will differ from the changes in the value of the liabilities. Additionally, changes in equity prices may impact other items including, but not limited to investment income of the Company.

	Group 31-Dec-20 +/- 2500 basis points	Group 31-Dec-19 +/- 2000 basis points	Company 31-Dec-20 +/- 2500 basis points	Company 31-Dec-19 +/- 2000 basis points
Financial assets				
Listed equities (FVTPL)	504,077	405,725	504,077	405,725
Listed equities (AFS)	3,771,070	2,323,180	3,771,070	2,323,180
Unlisted equities (AFS)	1,658,657	852,213	1,658,657	852,213
Impact on profit before tax	504,077	405,725	504,077	405,725
Tax charge of 30%	(151,223)	(121,717)	(151,223)	(121,717)
Impact on profit after tax	352,854	284,007	352,854	284,007
Impact on equity	5,782,580	3,459,400	5,782,580	3,459,400

Note To The Financial Statements

For The Year Ended 31 December 2020

(All amounts in thousands of Nigerian Naira unless otherwise stated)

3.4 Fair values of financial assets and liabilities

Accounting classification, measurement basis and fair values

The table below sets out the Group's classification of each class of financial assets and liabilities, and their fair values

Group 31 December 2020	Notes	At fair value through P/L	Loans and receivables	Available for sale	Other financial liabilities at amortised cost	Total carrying amount	Fair Value
Assets							
Cash and cash equivalents		-	58,200,553	-	-	58,200,553	58,200,553
Trade receivables	5	-	138,363	-	-	138,363	138,363
Investment securities - FVTPL	6	-	-	-	-	-	-
Investment securities - AFS	7.1	322,052,797	-	-	-	322,052,797	322,052,797
Reinsurance assets (Excl. prepaid reinsurance)	7.2	-	-	55,677,574	-	55,677,574	55,677,574
Other receivables	8	-	54,764,319	-	-	54,764,319	54,764,319
Loans and advances	9	-	1,225,121	-	-	1,225,121	1,225,121
Statutory deposits	11	-	577,144	-	-	577,144	577,144
	17	-	500,000	-	-	500,000	500,000
Total		322,052,797	115,405,500	55,677,574	-	493,135,871	493,135,871
Liabilities							
Trade payables	18	-	-	-	8,690,090	8,690,090	8,690,090
Other liabilities	20	-	-	-	3,143,683	3,143,683	3,143,683
Borrowings		-	-	-	-	-	-
Insurance contract liabilities (excl. IBNR and unearned premium)	21	-	-	-	-	-	-
	21	316,367,258	-	-	67,585,436	383,952,694	383,952,694
Investment contract liabilities	22	-	-	-	33,970,668	33,970,668	33,970,668
Total		316,367,258	-	-	113,389,877	429,757,135	429,757,135

Note To The Financial Statements Cont'd

For The Year Ended 31 December 2020

(All amounts in thousands of Nigerian Naira unless otherwise stated)

Group 31 December 2019	Notes	At fair value through P/L	Held to Maturity	Loans and receivables	Available for sale	Other financial liabilities at amortised cost	Total carrying amount	Fair Value
Assets								
Cash and cash equivalents	5	-	-	27,050,020	-	-	27,050,020	27,050,020
Trade receivables	6	-	-	102,459	-	-	102,459	102,459
Investment securities - FVTPL	7.1	238,425,827	-	-	-	-	238,425,827	238,425,827
Investment securities - AFS	7.2	-	-	-	62,598,975	-	62,598,975	62,598,975
Reinsurance assets (Excl. prepaid reinsurance)	8	-	-	35,857,257	-	-	35,857,257	35,857,257
Other receivables	9	-	-	676,471	-	-	676,471	676,471
Loans and advances	11	-	-	1,402,795	-	-	1,402,795	1,402,795
Statutory deposits	17	-	-	500,000	-	-	500,000	500,000
Total		238,425,827	-	65,589,002	62,598,975	-	366,613,804	366,613,804
Liabilities								
Trade payables	18	-	-	-	-	9,700,624	9,700,624	9,700,624
Other liabilities	20	-	-	-	-	2,858,541	2,858,541	2,858,541
Borrowings	21	-	-	-	-	-	-	-
Insurance contract liabilities (excl IBNR and unearned premium)	21	224,868,857	-	-	-	47,239,571	272,108,428	272,108,428
Investment contract liabilities	22	-	-	-	-	28,409,487	28,409,487	28,409,487
Total		224,868,857	-	-	-	88,208,224	313,077,081	313,077,081

Note To The Financial Statements

For The Year Ended 31 December 2020

(All amounts in thousands of Nigerian Naira unless otherwise stated)

Company 31 December 2020	Notes	At Fair Value through P/L	Held to Maturity	Loans and receivables	Available for sale	Other financial liabilities at amortised cost	Total Carrying amount	Fair Value
Assets								
Cash and cash equivalents	5	-	-	54,328,877	-	-	54,328,877	54,328,877
Trade receivables	6	-	-	97,211	-	-	97,211	97,211
Investment securities - FVTPL	7.1	322,052,797	-	-	-	-	322,052,797	322,052,797
Investment securities - AFS	7.2	-	-	-	55,584,203	-	55,584,203	55,584,203
Reinsurance assets (Excl. prepaid reinsurance)	8	-	-	54,755,734	-	-	54,755,734	54,755,734
Other receivables	9	-	-	1,331,307	-	-	1,331,307	1,331,307
Loans and advances	11	-	-	577,144	-	-	577,144	577,144
Statutory deposits	17	-	-	500,000	-	-	500,000	500,000
Total		322,052,797	-	111,590,272	55,584,203	-	489,227,273	489,227,273
Liabilities								
Trade payables	18	-	-	-	-	8,681,794	8,681,794	8,681,794
Other liabilities		-	-	-	-	3,143,683	3,143,683	3,143,683
Insurance contract liabilities (excl. IBNR and unearned premium))	20	316,308,073	-	-	-	67,206,428	383,514,501	383,514,501
Investment contract liabilities	21	-	-	-	-	32,067,632	32,067,632	32,067,632
Total	22	316,308,073	-	-	-	111,099,537	427,407,610	427,407,610

Note To The Financial Statements Cont'd

For The Year Ended 31 December 2020

(All amounts in thousands of Nigerian Naira unless otherwise stated)

Company 31 December 2019	Notes	At Fair Value through P/L	Held to Maturity	Loans and receivables	Available for sale	Other financial liabilities amortised cost	Total Carrying amount	Fair Value
Assets								
Cash and cash equivalents	5	-	-	26,210,607	-	-	26,210,607	26,210,607
Trade receivables	6	-	-	102,459	-	-	102,459	102,459
Investment securities - FVTPL	7.1	238,425,827	-	-	-	-	238,425,827	238,425,827
Investment securities - AFS	7.2	-	-	-	62,200,278	-	62,200,278	62,200,278
Reinsurance assets (Excl. prepaid reinsurance)	8	-	-	35,844,688	-	-	35,844,688	35,844,688
Other receivables	9	-	-	760,069	-	-	760,069	760,069
Loans and advances	11	-	-	1,402,795	-	-	1,402,795	1,402,795
Statutory deposits	17	-	-	500,000	-	-	500,000	500,000
Total		238,425,827	-	64,820,618	62,200,278	-	365,446,723	365,446,723
Liabilities								
Trade payables	18	-	-	-	-	9,690,123	9,690,123	9,690,123
Other liabilities		-	-	-	-	2,822,414	2,822,414	2,822,414
Insurance contract liabilities (excl. IBNR and unearned premium)	20 21	224,547,452	-	-	-	47,239,571	271,787,023	271,787,023
Investment contract liabilities	22	-	-	-	-	26,796,212	26,796,212	26,796,212
Total		224,547,452	-	-	-	86,548,321	311,095,773	311,095,773

Note To The Financial Statements Cont'd

For The Year Ended 31 December 2020

(All amounts in thousands of Nigerian Naira unless otherwise stated)

3.4.1 Fair value hierarchy

The Group's accounting policy on fair value measurement is disclosed in note 2.6. The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). These may include quoted prices for similar assets or liabilities in active markets or quoted prices for identical or similar assets and liabilities in markets that are not active.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data (that is, unobservable inputs). It also includes financial instruments whose fair values could not be reliably determined and so they were measured at cost.

- (a) The following table presents the financial assets and liabilities that are measured at fair value as 31 December 2020. See note 4.1b for non-financial assets that are measured at fair value.

Group 31 December 2020

All amounts are in thousands of Naira unless otherwise stated

Assets	Level 1	Level 2	Level 3	Total
Investment securities:				
Fair value through profit or loss				
- Equity securities	2,016,306	-	-	2,016,306
- Federal government bond	311,033,372	-	-	311,033,372
- State government	3,002,483	-	-	3,002,483
- Corporate bonds	6,000,637	-	-	6,000,637
Available for sale				
- Listed equity securities	14,909,433	174,847	-	15,084,280
- Unlisted equity securities	-	-	-	-
- Listed debt securities	33,958,668	-	-	33,958,668
Total	370,920,898	174,847	-	377,730,371

Group 31 December 2019

All amounts are in thousands of Naira unless otherwise stated

Assets	Level 1	Level 2	Level 3	Total
Investment securities:				
Fair value through profit or loss				
- Equity securities	2,705,428	-	-	2,705,428
- Federal government bond	230,712,790	-	-	230,712,790
- State government	167,210	-	-	167,210
- Corporate bonds	4,840,399	-	-	4,840,399
Available for sale				
- Listed equity securities	15,338,757	149,107	-	15,487,864
- Unlisted equity securities	-	-	5,681,418	5,681,418
- Unlisted equity securities	-	-	-	-
- Listed debt securities	41,429,693	-	-	41,429,693
Total	295,194,277	149,107	5,681,418	301,024,802

Note To The Financial Statements Cont'd

For The Year Ended 31 December 2020

(All amounts in thousands of Nigerian Naira unless otherwise stated)

Company

31 December 2020

All amounts are in thousands of Naira unless otherwise stated

Assets	Level 1	Level 2	Level 3	Total
Investment securities:				
Fair value through profit or loss				
- Equity securities	2,016,306	-	-	2,016,306
- Federal government bond	311,033,372	-	-	311,033,372
- State government	3,002,483	-	-	3,002,483
- Corporate bonds	6,000,637	-	-	6,000,637
	-			-
Available for sale	-			-
- Listed equity securities	14,909,433	174,847	-	15,084,280
- Unlisted equity securities	-	-	6,634,627	6,634,627
- Listed debt securities	33,865,297	-	-	33,865,297
- Unlisted equity securities				-
Total	370,827,527	174,847	6,634,627	377,637,000

Company

31 December 2019

All amounts are in thousands of Naira unless otherwise stated

Assets	Level 1	Level 2	Level 3	Total
Investment securities:				
Fair value through profit or loss				
- Equity securities	2,705,428	-	-	2,705,428
- Federal government bond	230,712,790	-	-	230,712,790
- State government	167,210	-	-	167,210
- Corporate bonds	4,840,399	-	-	4,840,399
	-	-	-	-
Available for sale	-	-	-	-
- Listed equity securities	15,338,757	149,107	-	15,487,864
- Unlisted equity securities	-	-	5,681,418	5,681,418
- Listed debt securities	41,030,996	-	-	41,030,996
- Unlisted equity securities	-	-	-	-
Total	294,795,580	149,107	5,681,418	300,626,105

There were no transfers between levels 1 and 2 during the year

(i) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price.

(ii) Financial instruments in Level 2

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in

Level 3.

Specific valuation techniques used to value financial instruments include:

(i) Quoted market prices or dealer quotes for similar instruments;

(ii) Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments

The Group's level 2 corporate bonds, state bonds and unlisted equities were valued using quoted market prices for similar instruments at the measurement date.

Note To The Financial Statements Cont'd

For The Year Ended 31 December 2020

(All amounts in thousands of Nigerian Naira unless otherwise stated)

(iii) Financial instruments in level 3

The following table presents the changes in Level 3 instruments for the year ended 31 December 2020

All amounts are in thousands of Naira unless otherwise stated

Equity securities - Available for sale	Group	Group	Company	Company
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
Opening balance				
Acquisitions	5,681,418	2,661,068	5,681,418	2,656,311
Reclassification from investments at cost less impairment (see note 7.2)	168,336	465,350	168,336	470,107
Reclassifications from Level 2	-	1,080,000	-	1,080,000
Changes in fair value recognised in other comprehensive income	-			3,033,000
	784,873	3,033,000	784,873	(1,558,000)
		(1,558,000)		
Balance, end of year	6,634,627	5,681,418	6,634,627	5,681,418

Varying valuation techniques in determining the fair value of Level 3 item, investments in AFC, Capital Bancorp, Lekky Budget Limited, Mainstreet Technologies, Oakwood Park Limited, Energy & Allied Limited, JDI Investment Company, Nigeria Liability Insurance Pool are as follows:

Valuation technique	Unobservable inputs	Range of unobservable inputs (probability - weighted average)	Relationship of unobservable inputs to fair value
Market Approach	P/BV multiples	0.85x - 5.88x	The higher the multiples the higher the fair value of the asset.
	EV/EBITDA multiples	5.73x - 15.57x	

EV/EBITDA or P/E valuation multiple - the company determines appropriate comparable public company/ies based on industry, size, developmental stage, revenue generation and strategy. The company then calculates a trading multiple for each comparable company identified. The multiple is calculated by either dividing the quoted price of the comparable company by its net income (P/E).

Financial instruments not measured at fair value

The following table sets out fair values of financial instruments not measured at fair value and analyses them by level in the fair value hierarchy into which each fair value measurement is categorised.

Note To The Financial Statements Cont'd

For The Year Ended 31 December 2020

(All amounts in thousands of Nigerian Naira unless otherwise stated)

Group 31 December 2020

All amounts are in thousands of Naira unless otherwise stated

Assets	Level 1	Level 2	Level 3	Total
Cash and cash equivalents		58,200,553		58,200,553
Available for sale: Unlisted equity at cost	-	-	480,000	480,000
Trade receivables			138,363	138,363
Loans and advances			577,144	577,144
Reinsurance assets (Excl. prepaid reinsurance)			54,764,319	54,764,319
Other receivables			1,225,121	1,225,121
Statutory deposits			500,000	500,000
Total financial assets	-	58,200,553	57,684,947	115,885,500
Liabilities				
Investment contract liabilities			33,970,668	33,970,668
Trade payables			8,690,090	8,690,090
Other liabilities			3,143,683	3,143,683
Borrowings			-	-
Total financial liabilities	-	-	45,804,441	45,804,441

Group 31 December 2019

All amounts are in thousands of Naira unless otherwise stated

Assets	Level 1	Level 2	Level 3	Total
Cash and cash equivalents		27,050,020		27,050,020
Held to maturity investment securities:				
State bonds		-	-	-
Corporate bonds		6,403,105	-	6,403,105
Federal government bonds		-	-	-
Federal government treasury bills		-	-	-
Available for sale: Unlisted equity at cost		-	480,000	480,000
Trade receivables			102,459	102,459
Loans and advances			1,402,795	1,402,795
Reinsurance assets (Excl. prepaid reinsurance)			35,857,257	35,857,257
Other receivables			676,471	676,471
Statutory deposits			500,000	500,000
Total financial assets	-	33,453,125	39,018,982	72,472,107
Liabilities				
Investment contract liabilities			28,409,487	28,409,487
Trade payables			9,700,624	9,700,624
Other liabilities			2,858,541	2,858,541
Borrowings			-	-
Total financial liabilities	-	-	40,968,653	40,968,653

Note To The Financial Statements Cont'd

For The Year Ended 31 December 2020

(All amounts in thousands of Nigerian Naira unless otherwise stated)

Company

31 December 2020

All amounts are in thousands of Naira unless otherwise stated

Assets	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	-	54,328,877	-	54,328,877
Available for sale: Unlisted equity at cost	-	-	480,000	480,000
Trade receivables	-	-	97,211	97,211
Loans and advances	-	-	577,144	577,144
Reinsurance assets (Excl. prepaid reinsurance)	-	-	54,755,734	54,755,734
Other receivables	-	-	1,331,307	1,331,307
Statutory deposits	-	-	-	-
Total financial assets	-	54,328,877	57,241,395	111,570,272
Liabilities				
Investment contract liabilities	-	-	32,067,632	32,067,632
Trade payables	-	-	8,681,794	8,681,794
Other liabilities	-	-	3,143,683	3,143,683
Total financial liabilities	-	-	43,893,109	43,893,109

Company

31 December 2019

All amounts are in thousands of Naira unless otherwise stated

Assets	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	-	26,210,607	-	26,210,607
Available for sale: Unlisted equity at cost	-	-	-	-
Trade receivables	-	-	102,459	102,459
Loans and advances	-	-	1,402,795	1,402,795
Reinsurance assets (Excl. prepaid reinsurance)	-	-	35,844,688	35,844,688
Other receivables	-	-	760,069	760,069
Statutory deposits	-	-	-	-
Total financial assets	-	26,210,607	38,110,011	64,320,618
Liabilities				
Investment contract liabilities	-	-	26,796,212	26,796,212
Trade payables	-	-	9,690,123	9,690,123
Other liabilities	-	-	2,822,414	2,822,414
Total financial liabilities	-	-	39,308,750	39,308,750

Note To The Financial Statements Cont'd

For The Year Ended 31 December 2020

(All amounts in thousands of Nigerian Naira unless otherwise stated)

The fair value for financial assets and liabilities that are not carried at fair value were determined respectively as follows:

- (i) **Cash**
Included in the balances of cash and cash equivalents are cash and balances with banks and short term placement. The carrying amount of cash and cash equivalents is a reasonable approximation of fair value.
- (ii) **Loans and advances**
The estimated fair value of loans and advances represents the discounted amount of estimated future cashflows expected to be received. Expected future cashflows are discounted at the current market rate to determine the fair value.
- (iii) **Trade receivables, Other Receivables, Reinsurance Assets (Excl. prepaid reinsurance), Trade payables and Other liabilities**
The estimated fair value of receivables and payables with no stated maturity which includes no interest payables and receivables is the amount repayable or received on demand. The carrying amounts are reasonable approximation of their fair values which are payable on demand.
- (iv) **Investment contract liabilities**
Investment contracts are those that do not transfer significant insurance risk from the contract holder to the issuer. The carrying amount of investment contract liability is a reasonable approximation of fair value.

3.4 Management of insurance risk

The Group issues contracts that transfer insurance risk or financial risk or both. This section summarizes these risks and the way the Group manages them.

Insurance Risk

Insurance risk arises from accepting risks which turn out to be inappropriate or pricing the risks accepted inappropriately. The principal risk that the Group faces under its insurance contracts is that the actual claims and benefits payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random, and the actual number and amount of claims and benefits will could vary from year to year from the level established using statistical techniques.

Our insurance underwriting strategy has been developed in such a way that the types of insurance risks accepted are diversified to achieve a sufficiently large population of risks to reduce the variability of the expected outcome. Insurance risk is increased by the lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered."

Non-life Insurance Contracts

(a) Frequency and severity of claims: The frequency and severity of claims can be affected by several factors. The most significant are the increasing level of awards for the damages suffered as a result of road accidents. The Group manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling and investigations.

Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the Group has the right not to renew certain policies, it can impose excess or deductibles and has the right to reject the payment of a fraudulent claim. Insurance contracts also entitle the Group to pursue third parties for payment of some or all of claims costs. The reinsurance arrangements include excess and proportional coverage. The effect of such reinsurance arrangements is that the Group should not suffer total net insurance losses in any one year.

The Group has a specialized claims unit that ensures mitigation of the risks surrounding all known claims. This unit investigates and adjusts all claims in conjunction with appointed loss adjusters. The Group actively manages and pursues early settlements of claims to reduce its exposure to unpredictable developments.

Risk concentration is assessed per class of business. The concentration of insurance risk before and after reinsurance by class in relation to the type of insurance risk accepted is summarized below, with reference to the carrying amount of the insurance liabilities (gross and net of reinsurance) arising from all non-life insurances.

Note To The Financial Statements Cont'd

For The Year Ended 31 December 2020

(All amounts in thousands of Nigerian Naira unless otherwise stated)

Group Life Reinsurance

The table below shows the Group life risk exposure by industry or sector in 2020. The table shows that the company's exposure is highly skewed towards Administrative, Civil Service/Government agency, Estate Management/Insurance and Banking & Financial Institutions.

(All amounts in thousands of Nigerian Naira unless otherwise stated)

Industry/Sector	Before Reinsurance	Share of Gross	After Reinsurance
Civil Service/Government Agency	477,806,166,249	19%	475,701,885,505
Education, Research & Professional Institutions	56,031,349,855	2%	53,200,393,158
Engineering & Construction	67,563,552,029	3%	60,768,069,865
Estate Management/Insurance, banking & Financial Institutions	418,843,840,225	16%	401,696,516,471
Foods & Beverages/Agro-allied	9,128,133,388	0%	8,354,038,420
Health Service provider	14,173,280,975	1%	12,678,029,193
Hotels and Resorts/catering services	4,874,250,753	0%	4,454,248,485
Manufacturing	84,793,308,678	3%	72,134,063,379
Marine & Aviation	59,171,713,636	2%	53,291,251,471
Administrative	552,511,216,899	22%	497,362,890,382
Others		0%	
NNPC		0%	
Oil & Gas	380,877,131,034	15%	351,706,212,142
Radio & Television/ Electronics & Telecommunications	136,963,394,433	5%	134,047,860,083
Religious institutions/NGO/Clubs& Associations	215,281,516,402	8%	208,054,818,093
Security Personnel	73,070,693,290	3%	71,439,010,112
	<u>2,551,089,547,846</u>	100%	<u>2,404,889,286,759</u>

b) Sources of uncertainty in the estimation of future claim payments

Claims on non-life insurance contracts are payable on a claims-occurrence basis. The Group is liable for all insured events that occurred during the term of the contract. There are several variables that affect the amount and timing of cash flows from these contracts. These mainly relate to the inherent risks of the business activities carried out by individual contract holders and the risk management procedures they adopted. The estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected subrogation value and other recoveries.

The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. The reserves held for these contracts comprises of a provision for IBNR, a provision for reported claims not yet paid and a provision for unearned premiums at the end of the reporting period.

c) Process used to decide on assumptions

Non-life insurance contract liabilities: The discounted inflation adjusted chain ladder method (IABCL) was applied for reserving in respect of non-life risk, with the exception of special risk policies reserved using the Expected Loss Ratio Approach. The discounted inflation adjusted chain ladder method (IABCL) method involves historical paid losses adjusted for inflation using the corresponding inflation index in each of the accident years to the year of valuation and then accumulated to their ultimate values for each accident year to obtain the projected outstanding claims. The projected outstanding claims are then further multiplied by the future inflation index from the year of valuation to the future.

The Expected Loss Ratio Approach was adopted for the special risk sub-category of non-life risks due to the volume of data available being too small to be credible when using a statistical approach. Under this method, the ultimate claims is obtained by assuming loss ratio. Paid claims already emerged is then deducted for from the estimated ultimate claims

The provision for outstanding claims, including IBNR, was determined for each line of business on both gross and net of reinsurance basis. A yearly cohort from year 2007 has been adopted in building the historical claims

Note To The Financial Statements Cont'd

For The Year Ended 31 December 2020

(All amounts in thousands of Nigerian Naira unless otherwise stated)

Year	Inflation index	Accumulated Inflation Index
2007	6.6%	382.0%
2008	15.1%	352.0%
2009	13.9%	293.0%
2010	11.8%	245.0%
2011	10.3%	209.0%
2012	12.0%	180.0%
2013	8.0%	150.0%
2014	8.3%	131.0%
2015	9.6%	114.0%
2016	18.5%	95.0%
2017	15.4%	64.0%
2018	11.3%	43.0%
2019	11.4%	28.0%
2020	15.0%	15.0%
2021+	12.0%	

See note 21.4 for claims development tables

Key assumptions

"The methods assumes that future claims follow a regression pattern from the historical data. Hence payment patterns will be broadly similar in each accident year. Thus the proportionate increase in the known cumulative payments from one development year to the next is used to calculate the expected cumulative payments for the future development periods.

- An implicit assumption of the chain ladder is that weighted past average inflation will remain unchanged in to the future.
- We assume gross claim amount includes all related claim expenses. If this is not the case, we will hold a separate reserve to cover claim expenses.
- The UPR is calculated on the assumption that risk will occur evenly during the duration of the policy.
- The BF method assumes past experience is not fully representative of the future.
- Historical average loss ratio under gross Special Risk is 26% and 6.5% is the proportion of recoveries to ceded premiums, we have assumed loss ratio of 50% and 20% respectively.
- The run off period is seven (7) years.

Life insurance contract liabilities- Individual risk business comprises whole life assurances, endowment assurances and term assurances of descriptions, including mortgage protection and credit life. For all individual risk business the gross premium method of valuation was adopted. Reserves were calculated via a cashflow projection approach, taking into account future office premium, expenses and benefit payments, including payments on surrender where applicable. Future cashflows were discounted back to the valuation date at the valuation rate of interest. An unexpired premium reserve was included for Group life business, after allowing for acquisition expenses. Where required, an additional unexpired risk reserve was also held for any inadequacies in the unexpired risk reserve for meeting claims in respect of the unexpired period. The claim rates underlying the determination of additional unexpired risk reserve were based on pooled historical scheme claims experience.

An allowance was made for incurred but not reported (IBNR) claims in group life to take care of delay in reporting claims. This was based on Chain Ladder method, where the group business was grouped into two classes - Public and Private Businesses. Historical claims were grouped into accident year cohorts-representing how they were paid after their accident year to form development triangles. For each accident year, paid claims were accumulated to the valuation date and projected into the future to obtain the expected ultimate claim arising for that year. This assumes the trends observed in the historical data will continue. The gross claim reserve is calculated as the difference between the estimated ultimate claims and the accumulated paid claims. For the later years where the cohorts are underdeveloped or has less than expected claims, the Bornheutter Ferguson (BF) method was used to estimate the ultimate claims. The appropriate loss ratio used in estimating the BF ultimate claim was the average of fully developed historical years."

Key assumptions

Material judgment is required in determining the liabilities and, in particular, in the choice of assumptions. Assumptions in use are based on past experience, current internal data, external market indices and benchmarks which reflect current observable market prices and other published information. Assumptions and prudent estimates are determined at the date of valuation and no credit is taken for possible beneficial effects of voluntary withdrawals. Assumptions are further evaluated on a continuous basis in order to ensure realistic and reasonable reserves are set aside to meet liabilities.

(i) **Sensitivity analysis on insurance contract liabilities**

The analysis which follows is performed for reasonably possible movements in key assumptions with all other assumptions held constant, and shows the impact on gross and net liabilities, profit before tax and equity. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, the assumptions had to be changed on an individual basis.

It should be noted that movements in these assumptions are non-linear. Sensitivity information will also vary according to the current economic assumptions, mainly due to the impact of changes to both the intrinsic cost and time value of options and guarantees. When options and guarantees exist, they are the main reason for the asymmetry of sensitivities.

Sensitivities were not applied to the Reinsurance for individual life business as its value is immaterial. Also, Mortality sensitivity tests were applied in the opposite direction for the annuity business. These are as shown below:

Life insurance contract liabilities

	Base	Interest rate +1%	Interest rate -1%	Expenses +10%	Expenses -10%	Expense Inflation +2%	Expense Inflation -2%	Lapses +10%	Lapses -10%	Mortality +5%	Mortality -5%
N'000m											
Investment Linked Plans	21,310,791	21,310,791	21,310,791	21,310,791	21,310,791	21,310,791	21,310,791	21,310,791	21,310,791	21,310,791	21,310,791
- Fund Balance											
Investment Linked Plans	210,918	207,403	214,625	235,352	187,012	219,601	203,034	210,913	210,924	212,328	209,518
- Risk Reserve											
Traditional Plans (excluding Annuity)	5,308,775	5,067,110	5,599,638	5,350,019	5,267,815	5,332,984	5,289,282	5,257,741	5,364,617	5,374,045	5,242,621
Annuity	310,733,015	289,622,873	334,957,387	311,634,579	309,831,452	313,656,791	308,708,749	310,733,015	310,733,015	307,733,903	313,866,959
Group DA	10,236,988	10,236,988	10,236,988	10,236,988	10,236,988	10,236,988	10,236,988	10,236,988	10,236,988	10,236,988	10,236,988
Group Life – UPR	1,543,779	1,543,779	1,543,779	1,543,779	1,543,779	1,543,779	1,543,779	1,543,779	1,543,779	1,543,779	1,543,779
Group Life – IBNR	2,053,381	2,053,381	2,053,381	2,053,381	2,053,381	2,053,381	2,053,381	2,053,381	2,053,381	2,053,381	2,053,381
Other Group Risk	34,950	34,611	35,315	36,228	33,679	35,273	34,676	34,924	34,976	35,541	34,366
Outstanding Claims	3,213,780	3,213,780	3,213,780	3,213,780	3,213,780	3,213,780	3,213,780	3,213,780	3,213,780	3,213,780	3,213,780
Additional reserves	20,762	20,762	20,762	20,762	20,762	20,762	20,762	20,762	20,762	20,762	20,762
Reinsurance	(850,687)	(850,687)	(850,687)	(850,687)	(850,687)	(850,687)	(850,687)	(850,687)	(850,687)	(850,687)	(850,687)
Net liability	353,816,452	332,460,790	378,335,759	354,784,972	352,848,751	356,773,443	351,764,535	353,765,387	353,872,325	350,884,610	356,882,257
	-	-6.04%	6.93%	0.27%	-0.27%	0.32%	-0.25%	-0.01%	-0.01%	0.48%	-0.47%
Summary	Base	Interest rate +1%	Interest rate -1%	Expense +10%	Expense -10%	Expense Inflation +1%	Expense Inflation -1%	Lapse +20%	Lapse -20%	Mortality +1%	Mortality -1%
Individual	337,584,261	316,228,938	362,103,203	338,551,503	336,617,831	340,540,929	335,532,618	337,533,222	337,640,108	334,651,828	340,650,650
Group	17,082,878	17,082,539	17,083,243	17,084,156	17,081,607	16,232,514	16,231,917	16,232,165	16,232,217	16,232,782	16,231,607
% change in liability	-	-6.04%	6.93%	0.27%	-0.27%	0.32%	-0.25%	-0.01%	-0.01%	0.48%	-0.47%

--- The mortality stress has been applied in the opposite direction for annuities. For example the 5% strengthening of the mortality assumption was modelled as 5% lighter mortality for annuities.

--- All stresses were applied independently

— All stresses were applied independently

Note To The Financial Statements Cont'd

For The Year Ended 31 December 2020

(All amounts in thousands of Nigerian Naira unless otherwise stated)

(b) Non-life insurance contract liabilities

Class of business	Base	5% Development Ratio	-5% Development Ratio	1% Inflation Rate	-1% Inflation Rate	1% Discount Rate	-1% Discount Rate
General Accident	1,285,931,830	1,291,184,275	1,280,349,024	1,296,935,081	1,275,001,896	1,276,358,853	1,295,734,671
Engineering	636,984,159	638,628,429	635,249,619	640,099,000	633,877,091	633,286,679	640,748,318
Fire	3,884,778,124	3,913,798,966	3,854,244,575	3,907,203,623	3,862,437,082	3,859,911,089	3,910,139,081
Marine	1,549,684,319	1,563,928,776	1,534,840,107	1,559,767,693	1,539,631,870	1,540,577,903	1,558,965,139
Motor	1,486,877,023	1,519,594,692	1,453,162,632	1,501,552,058	1,472,254,488	1,477,710,170	1,496,223,969
Agric	422,617,092	443,747,946	401,486,237	422,617,092	422,617,092	422,617,092	422,617,092
Bond	237,165,269	237,803,473	236,491,074	239,371,129	234,961,639	235,973,978	238,375,428
Special Risks	65,901,334,202	65,862,387,130	65,940,345,547	65,959,708,556	65,843,323,979	65,424,383,838	66,390,147,363
Total	75,405,372,018	75,471,073,687	75,336,168,816	75,527,254,232	75,284,105,136	74,870,819,602	75,952,951,062
Account outstanding	64,042,131,398	64,042,131,398	64,042,131,398	64,042,131,398	64,042,131,398	64,042,131,398	64,042,131,398
Difference	11,363,240,620	11,428,942,289	11,294,037,418	11,485,122,834	11,241,973,738	10,828,688,204	11,910,819,664
Percentage change		0.09%	-0.09%	0.16%	-0.16%	-0.71%	0.73%

The key assumptions to which the estimation of liabilities is particularly sensitive to are as follows:

Mortality and morbidity rates

Our assumptions are based on standard industry and national tables, according to the type of contract written . They are adjusted when appropriate to reflect historical experience of the portfolio.

An appropriate, but not excessive prudent allowance is made for expected future improvements.

An increase in rates on products other than life annuities will lead to a larger number of expected claims (and claims could occur sooner than anticipated), which will increase the reserve and reduce reported profits for the shareholders. For Life annuities, the converse will be true.

Longevity

Our assumptions are based on standard industry and national tables, according to the type of contract written . They are adjusted when appropriate to reflect historical experience of the portfolio

An appropriate, but not excessive prudent allowance is made for expected future improvements.

An increase in longevity rates will lead to an increase in the expected number of annuity payments to be made, which will increase the reserve and reduce reported profits for the shareholders.

Investment return

An increase in investment return would lead to a reduction in reserves and an increase in reported profits for the shareholders.

Expenses

Operating expense assumption reflects 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 level of expenses would result in an increase in expected expenditure thereby reducing reported profits for the shareholders.

Lapses and surrender rates

Lapses relate to the termination of risk 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.

Usually, an increase in lapse rates early in the life of the policy would tend to reduce profits for shareholders to the unrecouped initial expenses.

Life insurance liabilities are determined as the sum of the discounted value of the expected future benefits and future administration expenses directly related to the contract, less the discounted value of the expected future premiums from the contract. Discount rates are based on the risk free rate at different tenors plus an adjustment for risk.

A decrease in the discount rate will increase the value of the insurance liability and therefore reduce profits for the shareholders with the exception of a perfectly matched annuity portfolio where both assets and liabilities will increase by the same magnitude.

Note To The Financial Statements Cont'd

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The following table outlines the general form of terms and conditions that apply to contracts sold in each category of business, and the nature of the risk incurred by the Group.

	Name	Features
1	Leadway Immediate Annuity Plan	<p>Designed to help with the cost of retirement by providing a guaranteed income for the rest of the policyholder's life. The annual payments can be made monthly, quarterly or annually.</p> <p>During the stated guarantee period, the annuity payments will continue whether the annuitant is alive or not. If the annuitant dies before the end of the guarantee period the present value of the outstanding payment due within the guarantee period shall be payable in a lump sum to the name beneficiary or to the estate of the annuitant under probate.</p>
2	Annuity certain	<p>Policyholder buys into this product and pays a lump-sum premium. The policyholder in turn receives pre-defined payments throughout the term of the policy. If the policyholder dies within the annuity period, the balance in the annuity is payable to the beneficiary, but if he survives the annuitant (policy holder) gets the annuity.</p>
3	Education Protection Plan	<p>The policy covers payment of fees for the named beneficiary children or ward whilst in school or college in the event of death, total permanent disablement (optional cover) or critical illness (optional cover) of the named parent and/or Policyholder. The policy has a minimum term of one year and has options for Level Benefit and Decreasing benefit. The benefit shall be payable to the named school through the named legal guardian for the unexpired school years as stated in the schedule.</p>
4	Family Benefit Plan	<p>A whole Life Assurance product that pays sum assured on death of policyholder or any of the parents or spouse insured.</p> <ul style="list-style-type: none"> - Policy terminates on first death. - Additional grocery voucher of N25,000 on death of any member and a family support benefit payable for 6 months in installments of N20,000 on death of policyholder.
5	Family Benefit Plan Plus	<p>A Whole Life Assurance that pays sum assured on death of each of the members covered by the policy terminates on the death of the policyholder. Additional grocery voucher of N25,000 on death of any member and a family support benefit of N20,000 payable for 6 months on death of policyholder.</p>

Note To The Financial Statements Cont'd

For The Year Ended 31 December 2020

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6	Group life	Sum assured is payable in the event of death of a member while in the service of the employer and before retirement. Refund of premium: in the event that the life assured is terminated before the normal retirement date from any cause other than death, the Company will pay to the employer a rebate in respect of the relative premium proportionate to the unexpired portion of the then current year of assurance. Premium rates are annually renewable. Leadway has the right to charge extra premiums on medical grounds.
7	Credit Life	Credit Life Protection that pays outstanding loan amount on death. There are disability and job loss riders.
8	Personal Loan Protection Plan	Credit Life Protection that pays outstanding loan amount on Death. It has PTD and Job Loss Covers.
9	Term Assurance	The Term Assurance product pays out a lump sum if death (or any the insured event) occurs during the period of cover.
10	Mortgage Protection Plan	Credit Life Protection that pays outstanding loan amount on death. It also has optional CIC, 12 months Job loss and PTDriders.
11	REN Credit Life	Credit Life Protection that pays outstanding loan amount on Death. It has PTD , Critical Illness and 6 months Job Loss cover.
12	RSL Credit Life Insurance	Credit Life Protection that pays outstanding loan amount on Death. It has PTD , Critical Illness and 6 months Job Loss cover.
13	Vehicle Loan Protection Plan	Credit Life Protection that pays outstanding loan amount on Death. It has PTD , Critical Illness and 6 months Job Loss cover.
14	Heritage Credit Life Protection	Credit Life Protection that pays outstanding loan amount on Death. It has PTD and 6 months Job Loss cover
15	BORSTAL MFB Credit Life Protection	Credit Life Protection that pays outstanding loan amount on Death. It has PTD and 3 months Job Loss cover.
16	CRUTECH MFB Credit Life Protection	Credit Life Protection that pays outstanding loan amount on Death. It has PTD, Critical Illness and 3 months Job Loss cover.
17	EcoBank Credit Life Protection	Credit Life Protection that pays outstanding loan amount on Death and PTD. It has 6 months job loss cover.

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For The Year Ended 31 December 2020

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18	MICROCRED MFB Credit Life Protection	Credit Life Protection that pays outstanding loan amount on death, critical illness and Permanent Disability. Outstanding loan less terminal benefit is paid on job loss. Minimum term is 1 year.
19	WEMA Credit Protection	Credit Life Protection that pays outstanding loan amount on Death, critical illness and Permanent Total Disability.
20	Heritage Personal Protection Plan	Credit Life Protection that pays outstanding loan amount on Death.
21	Small and Medium Enterprise	Credit Life Protection that pays outstanding loan amount on Death. It has PTD and 6 months job loss cover.
22	Credit Card Protection	Credit Life Protection that pays outstanding loan amount on Death or named Critical Illness.
23	GTB Credit Life protection	Credit Life Protection that pays outstanding loan amount on death.
24	Personal Credit Loan	Credit Life Protection that pays outstanding loan amount on Death and PTD. It has 6 months job loss cover.
25	Term Loan Protection Plan	Credit Life Protection that pays outstanding loan amount with one month Job loss.
26	Group Credit Life	Credit Life Protection that pays outstanding loan amount on Death or Critical Illness or PTD. It has 6 months Job Loss also.
27	Group Mortgage Protection	Credit Life Protection that pays outstanding loan amount on Death. It has PTD or 12 months Job Loss cover.
28	Private Health Plan	One year renewable term assurance with sum assured payable on death. PTD benefit is payable if specified by the policyholder.
29	Education Target Plan	Payment of Sum Assured (Target amount) upon Death or Maturity, whichever comes earlier. Policy terminates after payment of any benefit. Critical Illness, Accidental, Total and Permanent disability are optional riders and attract additional premium.
30	Leadway Target Plan	Payment of Sum Assured (Target amount) upon Death or Maturity, whichever comes earlier. Policy terminates after payment of any benefit. Critical Illness, Accidental, Total and Permanent disability are optional riders and attract additional premium.

Note To The Financial Statements Cont'd

For The Year Ended 31 December 2020

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31	Leadway Lifestyle Protection Plan	<p>Leadway Lifestyle Protection is a life assurance plan that provides you with a life cover and also optionally protects you against Critical Illness, Permanent Total Disability and Job Loss. The</p> <p>product pays a sum assured on occurrence of the insured risks within the policy term. The minimum policy term is one year. For having consecutive claim-free years, you receive a cash-back payment which is a rate on the premiums paid in the year.</p>
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Investment contract liabilities

The following table outlines the deposit based (DA) products)

	Name	Features
1	Deferred annuity plan	<p>This product meets protection and savings needs of a policyholder towards funding an annuity pension at retirement.</p> <p>Contributions from policy holder are to be invested in a fund. The accumulated return on the investment as well as the invested amount is due on maturity. Payment of Sum Assured + Savings account balance upon death.</p> <p>Minimum policy term is 3 years.</p> <p>On choosing critical illness and/or PTD riders, payment of sum assured on the riders + Savings account balance in the event of claim.</p>
2	Leadway Investment Plan	<p>Single Premium endowment assurance that pays the higher of "Invested single premium plus an additional 20% of invested Single Premium" and "Accumulated value of single premium" on death or maturity. The 20% of Single Premium is subject to a maximum death risk benefit of N5 million. On Maturity, the guaranteed accumulated value of the premium is paid.</p> <p>A guaranteed amount (known at inception) is paid upon maturity of the investment.</p> <p>Policyholders can avail additional Life Cover, Critical illness and PTD cover.</p>
3	Personal Savings Plan	<p>Deposit Based Savings. Death benefit is sum assured + savings account balance upon death.</p>
4	Education Target Plan	<p>Payment of Sum Assured + Savings account balance upon death, Minimum policy term is 3 years, on choosing critical illness and/or PTD riders, payment of sum assured on the riders.</p>

Note To The Financial Statements Cont'd

For The Year Ended 31 December 2020

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5	Leadway Savings Plan	<p>Payment of Sum Assured + Savings account balance upon death.</p> <p>At maturity, account deposit balance is paid.</p> <p>On choosing critical illness and/or PTD riders, payment of sum assured on the riders + Savings account balance in the event of claim.</p>
6	Custodian	<p>Deposit based savings, Risk component is the outstanding premium payable. It is thus a decreasing term assurance with start sum assured equal to contracted total premium.</p> <p>Risk benefit is funded by the Nil and partial allocations on the premiums.</p> <p>The structure for Nil and Partial allocation. Year 1- 75% allocation. Year 2 to year 4 - 90% allocation. Year 6 afterwards- 97% allocation. The product is running off.</p>
7	Individual Deposit Admin	<p>The life cover granted during the policy shall be future unpaid premiums up to cessation date provided the policy is in force. This policy has nil allocation between 4 months to 8 months during which the overhead cost of the Company are met. If term assurance is not opted for, 100% premium will be transferred to the policyholder's account for investment purpose.</p> <p>When policyholder dies, the balance in the policyholder's account plus total premium due after death and before maturity is payable to the beneficiary. If the policyholder surrenders or terminates the policy; the balance in the policyholder's account is payable. On maturity, accumulated balance in the policy holder's account is paid or instalment payment of the maturity benefit through the period of child's education.</p>
8	Pearl	<p>Deposit based savings. No risk cover.</p> <p>The product is running off. No new business.</p>
9	Group Deposit Admin	<p>Guaranteed interest (renewable annually) on all deposits received from employer. Contribution to the fund can be on individual basis or on pool basis. If a member leaves the service of the employer before normal retirement date, accrued benefit up to withdrawal date in respect of employee's and employer's contribution shall be paid to the member.</p> <p>Pension option:</p> <p>In the event of the benefit becoming payable; it could be applied in whole or in part to secure a Pension. This pension is payable at equal intervals to the member until he dies, however the payment is guaranteed for a predefined period. If a member leaves the service of the employer before normal retirement date, accrued benefit up to withdrawal date in respect of employee's and employer's contribution shall be paid to the member. If a member dies before the expiration of the guaranteed period a cash sum shall be payable.</p>

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For The Year Ended 31 December 2020

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4 Critical accounting estimates and judgement.

In preparing these consolidated financial statements, management makes estimates and judgements that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

These disclosures supplement the commentary on enterprise risk management (see note 3). Estimates where management has applied judgements are:

- (a) Ultimate liability arising from claims made under insurance contracts
- (b) Determination of fair value of level 3 financial instruments (unquoted equities)
- (c) Assessment of impairment of goodwill on acquired subsidiaries
- (d) Deferred tax asset assessment

(a) The ultimate liability arising from claims made under insurance contracts

The estimation of the ultimate liability arising from claims made under insurance contracts is one of the Group's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimate of the liability that the Group will ultimately pay for such claims.

The ultimate cost of outstanding claims is estimated by using a standard actuarial claims projection techniques called the Basic Chain Ladder (BCL).

"The main assumption underlying these technique is that the Group's past claims development experience can be used to project future claims development and hence ultimate claims costs. As such, this method extrapolates the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years and the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgment is used to assess the extent to which past trends may not apply in future, (for example to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims, inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved.

See note 3.4 (i) for sensitivity analysis on insurance contract liabilities."

(b) Determination of fair value of level 3 financial instruments (Unquoted equities)

Investments in unquoted equity securities that are classified as equity securities at fair value available for sale financial instrument in line with the accounting policies as set out in note 2.6 of the statement of significant accounting policies. See note 3.4 for the valuation methodology for the determining the fair value.

(c) Assessment of impairment of goodwill on acquired subsidiary

"Leadway Assurance owns 99.9% of the shareholdings of Leadway Vie, goodwill was recognised upon acquisition of the subsidiary. The goodwill amount was tested for impairment using discounted cash flow valuation method at year end. Projected cash flows were discounted to present value using a discount rate of 11.1%, a first year revenue growth of 100% and subsequent average revenue growth rate of 7.7% over a period of 4 years. The Group determined the appropriate discount rate at the end of the reporting period. See note 16 for further details.

(d) Deferred tax asset assessment

Deferred tax assessment relates to availability of future taxable profit against which carry-forward tax losses can be used. see note 15 for details.

Note To The Financial Statements Cont'd

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(All amounts in thousands of Nigerian Naira unless otherwise stated)

5 Cash and cash equivalents

	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Cash on hand	6,538	5,983	6,501	5,886
Cash at bank	23,531,766	6,138,141	20,047,461	5,422,978
Tenored deposits	34,662,249	20,905,896	34,274,915	20,781,743
	58,200,553	27,050,020	54,328,877	26,210,607

Tenored deposits are made up of placements with banks and other financial institutions with less than 3 months maturity from the date of acquisition. The carrying amounts disclosed above reasonably approximates fair value at the reporting date.

6 Trade receivables

(a) Trade receivable comprises the following:

	Group	Group	Company	Company
Non-Life Insurance receivables	36,012	97,595	36,012	97,595
Life Insurance receivables	102,351	4,864	61,199	4,864
	138,363	102,459	97,211	102,459
Insurance receivable is analysed as follows:				
Due from Brokers	138,363	102,459	97,211	102,459
	138,363	102,459	97,211	102,459
Current	138,363	102,459	97,211	102,459

(b) The age analysis of gross insurance receivables as at the end of the year is as follows:

	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Analysis of premium debtors in days				
0 - 30 days	138,363	102,459	97,211	102,459
	138,363	102,459	97,211	102,459

7 Investment securities:

The Group's investment securities are summarised below by measurement category in the table below:

	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Financial assets at fair value through profit or loss (see note 7.1 below)	322,052,797	238,425,827	322,052,797	238,425,827
Available for sale (see note 7.2 below)	55,677,574	62,598,975	55,584,203	62,200,278
	377,730,371	301,024,802	377,637,000	300,626,105
Current	25,221,812	30,753,946	3,343,024	3,370,650
Non Current	352,508,559	270,270,856	374,293,976	297,255,455
	377,730,371	301,024,802	377,637,000	300,626,105

The assets comprised in each of the categories above are detailed in the tables below:

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7.1 Financial assets at fair value through profit or loss

	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Designated at fair value through profit or loss				
Debt securities:				
- Listed	320,036,491	235,720,995	320,036,491	235,720,995
Held for trading				
Equity securities:				
- Listed	2,016,306	2,704,832	2,016,306	2,704,832
Total financial assets at fair value through profit or loss	322,052,797	238,425,827	322,052,797	238,425,827
Current	2,016,306	2,704,832	2,016,306	2,704,832
Non Current	320,036,491	235,720,995	320,036,491	235,720,995
	322,052,797	238,425,827	322,052,797	238,425,827

Movement in financial assets at fair value through profit or loss

	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Opening balance	238,425,827	156,009,761	238,425,827	156,009,761
Additions	54,102,514	92,148,721	54,102,514	92,148,721
Disposals	(49,722,684)	(44,898,866)	(49,722,684)	(43,953,156)
Accrued Interest on bonds	29,746,442	24,944,542	29,746,442	24,944,542
Interest received	(28,805,068)	(24,374,217)	(28,805,068)	(24,374,217)
Fair value changes	78,305,764	34,595,886	78,305,764	33,650,175
Closing balance	322,052,797	238,425,827	322,052,797	238,425,827

7.2 Available for sale financial assets

Certain unquoted investment securities listed below for which fair values could not be reliably estimated have been carried at cost less impairment. There are no active markets for these equity instruments, fair value information are therefore not available making it impracticable for the group to fair value these investments. The group does not intend to dispose any of these investments within the next financial year.

Note To The Financial Statements Cont'd

For The Year Ended 31 December 2020

(All amounts in thousands of Nigerian Naira unless otherwise stated)

	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Equity securities at fair value				
- Listed	15,084,279	15,487,864	15,084,279	15,487,864
- Unlisted (see note a(i) below)	6,659,587	5,706,378	6,659,587	5,706,378
Equity securities at cost				
- Listed	31,644	-	31,644	-
- Unlisted (see note a(ii) below)	480,000	480,000	480,000	480,000
Debt securities:				
- Listed	33,958,668	41,429,693	33,865,297	41,030,996
	56,214,177	63,103,935	56,120,806	62,705,238
Less: allowance for impairment loss (see note b below)				
- Unlisted	(504,960)	(504,960)	(504,960)	(504,960)
- Listed	(31,644)	-	(31,644)	-
Total available for sale financial assets	55,677,574	62,598,975	55,584,203	62,200,278
Current	23,205,506	28,049,114	1,326,718	665,818
Non Current	32,472,068	34,549,861	54,257,485	61,534,460
	55,677,574	62,598,975	55,584,203	62,200,278

a (i) Analysis of unlisted available for sale financial assets:

	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
At fair value				
Africa Finance Corporation	1,191,328	1,186,757	1,191,328	1,186,757
African Reinsurance Company Limited	1,588,613	1,496,056	1,588,613	1,496,056
Capital Bancorp	143,265	156,197	143,265	156,197
Food Concept Limited	8,000	7,000	8,000	7,000
Lekky Budget Limited	31,592	37,038	31,592	37,038
Mainstreet Technologies	565,786	339,285	565,786	339,285
Energy and Allied Insurance pool of Nigeria	423,216	310,969	423,216	310,969
West African Milk Company Limited	54,844	49,514	54,844	49,514
JDI investment company Ltd	23,866	23,866	23,866	23,866
Nigeria Liability Insurance Pool	111,698	94,180	111,698	94,180
Lagos Building Investment Company Ltd	104,603	104,603	104,603	104,603
Verod Capital Management Ltd	2,412,775	1,900,912	2,412,775	1,900,912
Others	-	-	-	-
	6,659,587	5,706,378	6,659,587	5,706,378

a (ii) At cost

MotorWays Assets Limited	480,000	480,000	480,000	480,000
	480,000	480,000	480,000	480,000
Less: Specific allowance for impairment (unquoted equity securities)	(504,960)	(504,960)	(504,960)	(504,960)
Total unlisted equities (A+B +C)	6,634,627	5,681,418	6,634,627	5,681,418

Note To The Financial Statements Cont'd

For The Year Ended 31 December 2020

(All amounts in thousands of Nigerian Naira unless otherwise stated)

b (i) The movement in the allowance for impairment losses on available for sale unquoted equities is as follows:

	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Balance, beginning of year	504,960	504,960	504,960	504,960
Charge for the year	-	-	-	-
Write off	-	-	-	-
Balance, end of year	504,960	504,960	504,960	504,960

(ii) The movement in the allowance for impairment losses on available for sale quoted equities is as follows:

	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Balance, beginning of year	-	-	-	-
Charge for the year	31,644	-	31,644	-
Balance, end of year	31,644	-	31,644	-

C) Movement in Available for sale financial assets

	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Opening balance	62,874,811	53,697,478	62,200,277	53,279,959
Additions	15,418,571	43,766,851	15,418,571	43,766,851
Disposals	(29,875,126)	(36,392,297)	(29,569,800)	(36,373,475)
Fair value changes	5,739,387	1,108,232	5,739,387	1,108,232
Exchange gains	1,616,372	(6,158)	1,616,372	(6,158)
Interest received	(2,955,973)	(3,228,577)	(2,955,973)	(3,228,577)
Impairment	(31,644)	-	(31,644)	-
Accrued Interest on bonds & treasury bill	3,167,014	3,929,282	3,167,014	3,929,282
Closing balance	55,953,411	62,874,811	55,584,203	62,200,277

Note To The Financial Statements Cont'd

For The Year Ended 31 December 2020

(All amounts in thousands of Nigerian Naira unless otherwise stated)

8 Reinsurance assets	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Prepaid reinsurance	3,635,574	3,193,766	3,635,574	3,193,766
Reinsurance recoverable	54,374,890	35,352,553	54,374,890	35,352,553
Due from reinsurers	389,429	504,704	380,844	492,135
	58,399,894	39,051,024	58,391,308	39,038,453
	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
(a) Prepaid reinsurance - Non Life business	3,358,908	3,090,180	3,358,908	3,090,180
Prepaid reinsurance - Life Business	276,666	103,585	276,666	103,585
	3,635,574	3,193,766	3,635,574	3,193,766
See note (i) below for movement				
(b) Reinsurance recoverable Non Life business	53,800,869	35,092,421	53,800,869	35,092,421
Reinsurance recoverable Life business	574,021	260,131	574,021	260,131
	54,374,890	35,352,553	54,374,890	35,352,553
See note (ii) below for movement				
(c) Due from reinsurers Non Life business	380,844	492,135	380,844	492,135
Due from reinsurers Life business	8,585	12,569	-	0
	389,429	504,704	380,844	492,135
Total Reinsurance Assets	58,399,894	39,051,024	58,391,308	39,038,453
Current	57,952,615	38,546,320	58,391,308	39,038,453
Non-current	447,279	504,704	-	-
	58,399,894	39,051,024	58,391,308	39,038,453

(i) The movement in prepaid reinsurance is as follows:

	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Balance, beginning of the year	3,193,766	3,127,725	3,193,766	3,127,725
Reinsurance Ceded during the year	17,861,919	18,058,478	17,851,204	18,022,240
Reinsurance Expense during the year (see note 26)	(17,420,111)	(17,992,437)	(17,409,396)	(17,956,199)
Balance, end of year	3,635,574	3,193,766	3,635,574	3,193,766

Note To The Financial Statements Cont'd

For The Year Ended 31 December 2020

(All amounts in thousands of Nigerian Naira unless otherwise stated)

Non-life	Group	Group	Company	Company
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
Balance, beginning of the year	3,090,180	2,930,656	3,090,180	2,930,656
Reinsurance Ceded during the year	16,381,916	17,553,188	16,381,916	17,553,188
Reinsurance Expense during the year	(16,113,189)	(17,393,664)	(16,113,189)	(17,393,664)
Balance, end of year	3,358,908	3,090,180	3,358,908	3,090,180
Life	Group	Group	Company	Company
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
Balance, beginning of the year	103,585	197,069	103,585	197,069
Reinsurance Ceded during the year	1,480,004	505,290	1,469,288	469,052
Reinsurance Expense during the year	(1,306,923)	(598,773)	(1,296,207)	(562,535)
Balance, end of year	276,666	103,585	276,666	103,585
(ii) The movement in reinsurance recoverable is as follows:	Group	Group	Company	Company
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
Balance, beginning of the year	35,352,553	40,492,413	35,352,553	40,492,413
Increase/(decrease) during the year (see note 28)	19,022,337	(5,139,860)	19,022,337	(5,139,860)
Balance, end of year	54,374,890	35,352,553	54,374,890	35,352,553
Non-life				
Balance, beginning of the year	35,092,421	39,665,977	35,092,421	39,665,977
Increase/(decrease) during the year (see note 28)	18,708,448	(4,573,556)	18,708,448	(4,573,556)
Balance, end of year	53,800,869	35,092,421	53,800,869	35,092,421
Life				
Balance, beginning of the year	260,131	826,435	260,131	826,435
Increase/(decrease) during the year (see note 28)	313,889	(566,304)	313,889	(566,304)
Balance, end of year	574,021	260,131	574,021	260,131

9 Deferred acquisition costs

Deferred acquisition costs represent commissions on unearned premium relating to the unexpired period of risks and comprise:

	Group	Group	Company	Company
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
Motor	137,656	168,875	137,656	168,875
Fire	234,767	159,882	234,767	159,882
General accident	90,870	79,744	90,870	79,744
Agric	26,550	22,554	26,550	22,554
Marine	200,821	146,158	200,821	146,158
Bond	4,987	4,834	4,987	4,834
Engineering and Special Risk	167,025	243,320	167,025	243,320
Special Risk	-	-	-	-
	862,676	825,367	862,676	825,367

Note To The Financial Statements Cont'd

For The Year Ended 31 December 2020

(All amounts in thousands of Nigerian Naira unless otherwise stated)

i. The movement in deferred acquisition costs is as follows:

	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Balance, beginning of year	825,367	851,069	825,367	851,069
Cost incurred during the year	3,235,479	2,827,756	3,235,479	2,827,756
Amortisation for the year (see (ii) below)	(3,198,170)	(2,853,458)	(3,198,170)	(2,853,458)
Balance, end of year	862,676	825,367	862,676	825,367

ii. Analysis of amortization for the year is as follows:

	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Acquisition cost during the year	3,235,479	2,827,756	3,235,479	2,827,756
Increase/(decrease) in deferred acquisition cost during the year	(37,309)	25,702	(37,309)	25,702
Balance, end of year	3,198,170	2,853,458	3,198,170	2,853,458
Current	862,676	825,367	862,676	825,367
	862,676	825,367	862,676	825,367

10 Other receivables and prepayments

	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Financial assets:	2,453	14,439	2,453	14,439
Accrued interest on statutory deposits	-	-	-	-
Receivable from third party	558,502	490,278	558,502	490,278
Rental income receivable	-	-	-	-
Trusteeship fee receivable	671,594	217,793	671,594	217,793
Dividend receivable	50,082	46,740	156,268	130,338
Receivable from Leadway Holding, Leadway VIE (see note "I")	1,282,631	769,250	1,388,817	852,848
Non financial assets:	247,150	185,128	247,150	185,128
Prepayment (see note "ii" below)	-	-	-	-
Inventories and other consumables	280,000	302,000	280,000	943,462
Deposit for shares (see note "a" below)	-	-	-	-
Inventory and other consumables	-	-	-	-
WHT Recoverable	104,827	103,640	104,827	103,640
Receivable on Claims settled on behalf of Co - Insurers	-	-	-	-
Deposit for purchase of foreign currency	-	-	-	-
Deposit for purchase of Assets	1,308,208	382,128	691,039	284,279
Sundry debtors (See note "iii" below)	1,940,185	972,896	1,323,016	1,516,509
Gross other receivables	3,222,816	1,742,146	2,711,833	2,369,357

Note To The Financial Statements Cont'd

For The Year Ended 31 December 2020

(All amounts in thousands of Nigerian Naira unless otherwise stated)

Less: Impairment allowance on:

Financial asset

Accrued interest on statutory deposits

Rental income receivable

Dividend receivable

Receivable from related parties

Total Impairment losses on Financial assets

Non-Financial Assets

Deposit for shares

Asset receivable from debtors

WHT Recoverable

Sundry debtors

Total Impairment losses on Non-Financial assets

Total Impairment on Financial and Non Financial Assets

Net other receivables

Current

Non Current

-	(64,851)	-	(64,851)
(57,510)	(27,928)	(57,510)	(27,928)
-	-	-	-
(57,510)	(92,779)	(57,510)	(92,779)
-	-	-	-
-	(22,000)	-	(22,000)
-	-	-	-
-	-	-	-
(96,831)	(122,017)	(96,831)	(122,017)
(96,831)	(144,017)	(96,831)	(144,017)
(154,341)	(236,796)	(154,341)	(236,796)
3,068,475	1,505,351	2,557,492	2,132,561
3,054,036	1,490,912	2,543,053	2,118,122
14,439	14,439	14,439	14,439
3,068,475	1,505,351	2,557,492	2,132,561

- i. The amount due from Leadway Holdco & Subsidiaries includes Technical Service fees due from Holdco.
 - ii. Prepayment relates to our advance payments on expenses like rent, advertisement and others
 - iii. Sundry Debtors represents claims due from co-insurers and payment due from Asset Management Company on our investment application.
- a. Deposit for shares relates to payments made for the acquisition of shares in unquoted companies which had not been allotted as at 31 December 2020. Detail is shown below.

Company's name	31-Dec-20	31-Dec-19	Nature of business
i FBS Reinsurance Limited	280,000	280,000	Underwriting of risk
ii MV Exchange	-	22,000	E- commerce
iii 3 Avie Insurance Company (Cote D'Ivoire)	-	-	Underwriting of risk
iii Leadway Vie (reclassified from Financial Assets)	-	641,462	
Total	280,000	943,462	

The movement in deposit for shares is as follows:

	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Balance, beginning of year	302,000	302,000	943,462	302,000
Addition/Write-off	(22,000)	-	(22,000)	641,462
Transfer to Investment in subsidiary upon allotment of Leadway Vie's equity	-	-	(641,462)	-
Balance, end of year	280,000	302,000	280,000	943,462

Note To The Financial Statements Cont'd

For The Year Ended 31 December 2020

(All amounts in thousands of Nigerian Naira unless otherwise stated)

The addition to deposit for shares in 2019 represents the carrying value of the Togo bond which was transferred to Leadway Vie as additional investment but was classified as deposit for shares as at year end 2019 pending the issues of shares. This has now been transferred to investment in subsidiaries in 2020 given allotment of shares.

b. The movement in allowance for impairment of other receivable is as follows:

	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Balance, beginning of year	236,787	236,787	236,796	236,796
Charge/(write back) for the year (see note 35)	(114,099)	-	(114,099)	-
Balance, end of year	154,341	236,787	154,341	236,796
11 Loans and Advances				
	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Gross				
Commercial loans	64,085	1,229,744	64,085	1,229,744
Staff loans	45,955	70,487	45,955	70,487
Agency loan	54,440	47,430	54,440	47,430
Loan to policy holders	415,061	411,591	415,061	411,591
Advance under finance lease	-	-	-	-
	579,541	1,759,252	579,541	1,759,252
Current	100,395	643,574	100,395	643,574
Non Current	479,146	1,115,678	479,146	1,115,678
	579,541	1,759,252	579,541	1,759,252
Specific Impairment allowance on:				
- Commercial loans	-	(288,992)	-	(288,992)
- Staff Loans	-	(660)	-	(660)
- Agency loans	-	(1,731)	-	(1,731)
- Mortgage loan	-	-	-	-
- Policy holders loans	-	(33,371)	-	(33,371)
- Advance under finance lease below	-	-	-	-
Collective Impairment - Advance under finance lease	-	-	-	-
Collective Impairment - Loans	(2,397)	(31,703)	(2,397)	(31,703)
	(2,397)	(356,457)	(2,397)	(356,457)
Net Loans and advances	577,144	1,402,795	577,144	1,402,795

Note To The Financial Statements Cont'd

For The Year Ended 31 December 2020

(All amounts in thousands of Nigerian Naira unless otherwise stated)

(i) The movement in allowance for impairment of loans is as follows:

	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Balance, beginning of year (a)	356,458	351,008	356,458	351,008
Charge/ (credit) for the year : (see note 35)				
- Commercial loans	(110,712)	(2,034)	(110,712)	(2,034)
- Staff Loans	(720)	185	(720)	185
Mortgage loans				
- Agency loans	(1,303)	222	(1,303)	222
- Policy holders loans	(33,100)	7,077	(33,100)	7,077
Advance under finance lease	-	-	-	-
Charge to discontinued operations	-	-	-	-
Write off :	-	-	-	-
Allowance no longer required		-		-
- Commercial loans	(208,226)		(208,226)	
Derecognition of distributed subsidiaries	-		-	
Subtotal (b)	(354,061)	5,450	(354,061)	5,450
Balance, end of year (a+b)	2,397	356,458	2,397	356,458

Analysis of charge/(credit) for the year

Specific:				
Commercial loans	(80,765)	(1,726)	(80,765)	(1,726)
Staff Loans	(660)	127	(660)	127
Agency loans	(1,731)	11	(1,731)	11
Policy holders loans	(33,371)	10,715	(33,371)	10,715
	(116,528)	9,127	(116,528)	9,127

Collective impairment was recorded for all loans and advances which are not specifically impaired in recognition of the credit risk inherent in all loans

Staff Loans	(60)	58	(60)	58
Agency Loans	428	211	428	211
Policy holders loans	271	(3,638)	271	(3,638)
	(29,306)	(3,677)	(29,306)	(3,677)

(ii) Movement in loans and advances is as follows:

	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Balance beginning of year	1,402,795	1,395,564	1,402,795	1,395,564
Additional loans granted	551,061	508,760	551,061	508,760
Loan repayment received	(1,795,687)	(616,160)	(1,795,687)	(616,160)
Accrued interests	43,245	162,304	43,245	162,304
Impairment writeback/ (charge)	145,835	(5,450)	145,835	(5,450)
Write off	208,226	-	208,226	-
Reclassification to bad debt	21,669	(42,222)	21,669	(42,222)
Derecognition of distributed subsidiaries	-	-	-	-
Balance end of year	577,144	1,402,795	577,144	1,402,795

Note To The Financial Statements

For The Year Ended 31 December 2020

(All amounts in thousands of Nigerian Naira unless otherwise stated)

12 Property and equipment 12.1 Group - 2020

	Land	Building	Office equipment	Computer equipment	Furniture & fittings	Motor vehicles	Capital Work in progress	Right of Asset Use	Total
Cost on valuation									
Balance, beginning of year	528,923	1,747,281	654,249	1,321,231	682,423	1,720,315	1,247,629	191,040	8,093,091
Additions	274,631		96,889	66,911	49,117	100,661	337,114	75,965	1,001,289
Revaluation Gain/(Loss)	11,520	49,912	-	-	-	-	-	-	61,432
Reversal of accumulated depreciation due to revaluation	-	(50,005)	-	-	-	-	-	-	(50,005)
Disposals	-	-	-	-	-	(18,000)	-	-	(18,000)
Balance, end of year	815,074	1,747,189	751,139	1,388,142	731,540	1,802,975	1,584,743	267,005	9,087,806
Accumulated depreciation									
Balance, beginning of year	-	-	554,235	1,159,088	569,965	1,183,039	-	65,099	3,531,427
Charge for the year	-	50,005	44,927	121,389	38,796	252,174	-	97,921	605,213
Reversal of accumulated depreciation due to revaluation	-	(50,005)	-	-	-	-	-	-	(50,005)
Disposals	-	-	-	-	-	(11,205)	-	-	(11,205)
Balance, end of year	-	-	599,162	1,280,478	608,761	1,424,009	-	163,020	4,075,430
Net book value end of year	815,074	1,747,189	151,976	107,664	122,779	378,967	1,584,743	103,985	5,012,376
Net book value beginning of year	528,923	1,747,281	100,014	162,142	112,458	537,276	1,247,629	125,941	4,561,664

(i) Fair values of land and buildings

On a determined basis, the Group engages the services of external, independent and qualified valuers to determine the fair value of the group's land and buildings. As at 31 December 2020, the fair values of the land and buildings have been determined by Gboyega Fatimilehin (FRC/2013/NIESV/00000000754) for Diya Fatimilehin & Co., Estate Surveyor and Valuers (FRC/2013/NIESV/000000002773). See note 12.4b for the analysis of the fair valuation method used for land and building.

Consequent to the adjusted revaluation of the Group's land and buildings at 31 December 2020, the accumulated depreciation at that date was eliminated against the gross carrying amount of the properties and the net amount adjusted to the revalued amount."

(ii) The Group had no capital commitments as at the balance sheet date (31 December 2019: Nil).

(iii) No leased assets are included in property and equipment (31 December 2017: Nil)

(iv) No borrowing cost was capitalised as borrowing liability does not relate to purchase of property and equipment.

(v) The group did not recognise any lease liability for the period as management has determined that there is no economic incentive that will significantly influence or reasonably ascertain renewals of any of its leased rental properties

(vi) There are no restriction to the use of the Company's properties.

Note To The Financial Statements Cont'd

For The Year Ended 31 December 2020

(All amounts in thousands of Nigerian Naira unless otherwise stated)

12.2 Company - 2020

	Land	Building	Office equipment	Computer equipment	Furniture & fittings	Motor vehicles	Capital Work In Progress	Right of Asset Use	Total
Cost or valuation									
Balance, beginning of year	528,923	1,747,282	648,200	1,272,542	548,694	1,635,904	1,247,629	191,040	7,820,214
Additions	274,631	-	96,889	47,329	24,421	100,661	337,114	75,965	957,011
Revaluation Gain/(Loss)	11,520	49,912	-	-	-	-	-	-	61,432
Reversal of accumulated depreciation due to revaluation	-	-	-	-	-	-	-	-	-
Reversal of accumulated depreciation due to revaluation	-	(50,005)	-	-	-	-	-	-	(50,005)
Disposals	-	-	-	-	-	(18,000)	-	-	(18,000)
Balance, end of year	815,074	1,747,189	745,090	1,319,871	573,115	1,718,564	1,584,744	267,005	8,770,652
Accumulated depreciation									
Balance, beginning of year	-	-	548,186	1,129,287	520,464	1,145,110	-	65,099	3,408,147
Charge for the year	-	50,005	44,927	105,361	13,578	231,683	-	97,921	543,476
Reversal of accumulated depreciation due to revaluation	-	(50,005)	-	-	-	-	-	-	(50,005)
Disposals	-	-	-	-	-	(11,205)	-	-	(11,205)
Balance, end of year	-	-	593,113	1,234,649	534,043	1,365,589	-	163,020	3,890,413
Net book value end of year	815,074	1,747,189	151,977	85,222	39,073	352,976	1,584,744	103,985	4,880,238
Net book value beginning of year	528,923	1,747,281	100,014	143,254	28,230	490,794	1,247,629	125,941	4,412,066

Note To The Financial Statements

For The Year Ended 31 December 2020
(All amounts in thousands of Nigerian Naira unless otherwise stated)

12 Property and equipment 12.3 Group - 2019

	Land	Building	Office equipment	Computer equipment	Furniture & fittings	Motor vehicles	Capital Work in progress	Right of Asset Use	Total
Cost or valuation									
Balance, beginning of year	518,692	1,738,075	613,203	1,255,338	664,145	1,430,038	470,136	-	6,689,627
Additions	-	-	60,984	66,395	18,278	308,289	777,493	191,040	1,422,478
Revaluation Surplus/(deficit)	10,231	51,178	-	-	-	-	-	-	61,409
Disposals	-	-	(19,937)	(502)	-	(18,012)	-	-	(38,451)
Reversal of accumulated depreciation due to revaluation	-	-	-	-	-	-	-	-	(41,971)
Balance, end of year	528,923	1,747,282	654,249	1,321,231	682,423	1,720,315	1,247,629	191,040	8,093,090
Accumulated depreciation									
Balance, beginning of year	-	-	539,278	1,053,798	534,429	976,898	-	-	3,104,403
Charge for the year	-	41,971	34,894	105,411	35,536	214,582	-	65,099	497,493
Reversal of accumulated depreciation due to revaluation	-	(41,971)	-	-	-	-	-	-	(41,971)
Disposals	-	-	(19,937)	(120)	-	(8,441)	-	-	(28,499)
Balance, end of year	-	-	554,235	1,159,088	569,965	1,183,039	-	65,099	3,531,427
Net book value end of year	528,923	1,747,281	100,014	162,142	112,458	537,276	1,247,629	125,941	4,561,664
Net book value beginning of year	518,692	1,738,075	73,925	201,540	129,716	453,140	470,136	-	3,585,224

Note To The Financial Statements Cont'd

For The Year Ended 31 December 2020

(All amounts in thousands of Nigerian Naira unless otherwise stated)

12.4 Company - 2019

	Land	Building	Office equipment	Computer equipment	Furniture & fittings	Motor vehicles	Capital Work In Progress	Right of Asset Use	Total
Cost or valuation									
Balance, beginning of year	518,692	1,738,075	607,154	1,210,857	531,994	1,372,083	470,136	-	6,448,991
Additions	-	-	60,984	62,187	16,700	281,833	777,493	191,040	1,390,236
Revaluation surplus/(deficit)	10,231	51,178	-	-	-	-	-	-	61,409
Disposals	-	-	(19,937)	(502)	-	(18,012)	-	-	(38,451)
Reversal of accumulated depreciation due to revaluation	-	-	-	-	-	-	-	-	(41,971)
Balance, end of year	528,923	1,747,282	(81,929)	1,272,542	548,694	1,635,904	1,247,629	191,040	7,820,213
Accumulated depreciation									
Balance, beginning of year	-	-	533,229	1,031,020	506,957	949,690	-	-	3,020,896
Charge for the year	-	41,971	34,894	98,388	13,507	203,861	-	65,099	457,721
Reversal of accumulated depreciation due to revaluation	-	(41,971)	(19,937)	(120)	-	(8,441)	-	-	(41,971)
Disposals	-	0	548,186	1,129,287	520,464	1,145,110	-	-	(28,499)
Balance, end of year	528,923	1,747,281	100,014	143,254	28,230	490,794	1,247,629	65,099	4,412,066
Net book value end of year	518,692	1,738,075	73,925	179,837	25,037	422,393	470,136	125,941	3,428,095
Net book value beginning of year									

(b) Non financial instruments measured at fair value

The following table sets out fair values of non financial instruments measured at fair value and analyses them by level in the fair value hierarchy into which each fair value measurement is categorised

Note To The Financial Statements Cont'd

For The Year Ended 31 December 2020

(All amounts in thousands of Nigerian Naira unless otherwise stated)

Group 31 December 2020

All amounts are in thousands of Naira unless otherwise stated

	Level 1	Level 2	Level 3	Total
Property and equipment				
- Land	-	-	815,074	815,074
- Building	-	-	1,747,189	1,747,189
Total	-	-	2,562,263	2,562,263

Group 31 December 2019

All amounts are in thousands of Naira unless otherwise stated

	Level 1	Level 2	Level 3	Total
Property and equipment				
- Land	-	-	528,923	528,923
- Building	-	-	1,747,281	1,747,281
Total	-	-	2,276,204	2,276,204

Group 31 December 2020

All amounts are in thousands of Naira unless otherwise stated

	Level 1	Level 2	Level 3	Total
Property and equipment				
- Land	-	-	815,074	815,074
- Building	-	-	1,747,189	1,747,189
Total	-	-	2,562,263	2,562,263

Group 31 December 2019

All amounts are in thousands of Naira unless otherwise stated

	Level 1	Level 2	Level 3	Total
Property and equipment				
- Land	-	-	528,923	528,923
- Building	-	-	1,747,281	1,747,281
Total	-	-	2,276,204	2,276,204

Valuation techniques used to derive level 3 fair values

Level 3 fair values of land and buildings have been derived using the market valuation approach. Sales prices of comparable land and buildings in close proximity are adjusted for differences in key attributes such as property size and age.

Note To The Financial Statements Cont'd

For The Year Ended 31 December 2020

(All amounts in thousands of Nigerian Naira unless otherwise stated)

13 Investment properties

	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Office property	14,522,482	14,061,978	14,522,482	14,061,978
Residential property	4,540,273	4,405,471	3,172,121	3,137,046
	19,062,755	18,467,449	17,694,603	17,199,024

Non Current	19,062,755	18,467,449	17,694,603	17,199,024
	19,062,755	18,467,449	17,694,603	17,199,024

(a) The movement in investment properties during the year is shown below:

	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Balance, beginning of the year	18,467,449	19,096,447	17,199,024	16,414,443
Additions during the year	621,055	576,704	621,055	576,704
Fair value gain/(loss) (see note 31)	180,130	207,877	(125,476)	207,877
Disposals by subsidiary	(205,879)	(1,413,579)	-	-
As at end of the year	19,062,755	18,467,449	17,694,603	17,199,024

The analysis of investment properties is as follows:

	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Thomas Wyatt House ** (See note "c" below)	1,445,734	1,441,933	1,445,734	1,441,933
Cadastral Property, Abuja	2,859,797	2,842,998	2,859,797	2,842,998
Bedwell, Ikoyi I	1,796,574	1,787,721	1,796,574	1,787,721
George Street Ikoyi Property **	882,279	878,128	882,279	878,128
Ozumba Mbadiwe Property	1,175,268	1,160,916	1,175,268	1,160,916
Abeokuta property - Oke Ilewo	140,008	140,004	140,008	140,004
Enugu Landed property	56,722	52,107	56,722	52,107
Aerodrome Road, Apapa **	267,729	240,770	267,729	240,770
Warehouse Road Apapa **	442,363	431,729	442,363	431,729
Onike Road, Sabo Yaba **	191,198	183,188	191,198	183,188
Alfred Rewane Road (Marble House) **	7,286,372	6,924,648	7,286,372	6,924,648
Funsho Williams Av. - Old Corporate Office	854,021	835,796	854,021	835,796
Plot 802 Cadastral Zone Bo2, Durumi	116,538	114,254	116,538	114,254
Sangotedo scheme, Lekki sub-region	180,000	164,832	180,000	164,832
Cocody Besiko - Cote de voire	1,368,152	1,268,425	-	-
	19,062,755	18,467,449	17,694,603	17,199,024

(b) The Group's investment properties are held for the purpose of capital appreciation and rental income generation under operating lease arrangements (All leases are cancellable). The Group's investment properties were revalued by Diya Fatimilehin & Co, Estate Surveyors and Valuers (FRC/2013/NIESV/00000002773) using the Comparative approach method of valuation to arrive at the open market value as at 31 December 2020. Fair value gains have been recognized in the income statement in line with the fair value model of IAS 40. Rental income on investment property included in the statement of comprehensive income for the year is N769.84million (2019: N761.25 million); and N757.44 million (2019: N754.36 million) for group and company respectively. The titles of most of the group's properties are fully perfected.

Note To The Financial Statements

For The Year Ended 31 December 2020

(All amounts in thousands of Nigerian Naira unless otherwise stated)

(c) The Thomas Wyatt House property is subject of an ongoing litigation. Our Legal experts are of the view that Leadway Assurance Company has a high probability of success based on the facts of the case and that there is no other encumbrance to the full realization of the property. There is no income being realized from the property.

(d) DESCRIPTION	BAL B/F	ADDITION	DISPOSAL via RECLASSIFICATION	FAIR VALUE GAIN/(LOSS) ON REVALUATION	CLOSING BALANCE
THOMAS WYATT HOUSE	1,438,161	-	-	7,573	1,445,734
ABUJA CADASTRAL OFFICE	2,842,998	17,749	-	(950)	2,859,797
SIUN PROPERTY - OGUN STATE	-	-	-	-	-
BEDWELL ROAD IKOYI	1,786,664	-	-	9,910	1,796,574
GEORGE STR-AMCON (Undeveloped Landed property)	878,128	237	-	3,914	882,279
OZUMBA MBADIWE-AMCON (Undeveloped Landed property)	1,160,916	-	-	14,352	1,175,268
ABEOKUTA PROPERTY (Undeveloped Landed property)	140,004	-	-	4	140,008
ENUGU LANDED PROPERTY (Undeveloped Landed property)	52,107	-	-	4,615	56,722
Property in Apapa - Aerodrome road	240,770	1,599	-	25,360	267,729
Property in Apapa - Warehouse road	431,729	1,599	-	9,035	442,363
No. 2, Onike Road (4A, Industrial Avenue), Sabo, Yaba, Lagos.	183,188	-	-	8,010	191,198
Marble House Ikoyi	6,924,648	583,927	-	(222,203)	7,286,372
FUNSHO WILLIAMS AVENUE PROPERTY	840,625	15,945	-	(2,549)	854,021
ASO 1-Plot 802, Cadastral Zone B02, Durumi Distric	114,254	-	-	2,284	116,538
ASO 2- Sangotedo scheme, Lekki sub - region, Eti o	164,832	-	-	15,168	180,000
Total	17,199,024	621,055	-	(125,476)	17,694,603

I. Additions above relates to enhancement of our existing properties during the year

Note To The Financial Statements Cont'd

For The Year Ended 31 December 2020

(All amounts in thousands of Nigerian Naira unless otherwise stated)

(e) Non financial instruments measured at fair value

The following table sets out fair values of non financial instruments measured at fair value and analyses them by level in the fair value hierarchy into which each fair value measurement is categorised

Group 31 December 2020

All amounts are in thousands of Naira unless otherwise stated

Assets	Level 1	Level 2	Level 3	Total
Investment properties				
- Office property	-	-	14,522,482	14,522,482
- Residential property	-	-	4,540,273	4,540,273
Total	-	-	19,062,755	19,062,755

Group 31 December 2019

All amounts are in thousands of Naira unless otherwise stated

Assets	Level 1	Level 2	Level 3	Total
Investment properties				
- Office property	-	-	14,061,978	14,061,978
- Residential property	-	-	4,405,471	4,405,471
Total	-	-	18,467,449	18,467,449

Company 31 December 2020

All amounts are in thousands of Naira unless otherwise stated

Assets	Level 1	Level 2	Level 3	Total
Investment properties				
- Office property	-	-	14,522,482	14,522,482
- Residential property	-	-	3,172,121	3,172,121
Total	-	-	17,694,603	17,694,603

Company 31 December 2019

All amounts are in thousands of Naira unless otherwise stated

Assets	Level 1	Level 2	Level 3	Total
Investment properties				
- Office property	-	-	14,061,978	14,061,978
- Residential property	-	-	3,137,046	3,137,046
Total	-	-	17,199,024	17,199,024

Valuation techniques used to derive level 3 fair values

Level 3 fair values of land and buildings have been derived using the market valuation approach. Sales prices of comparable land and buildings in close proximity are adjusted for differences in key attributes such as property size and age.

Note To The Financial Statements

For The Year Ended 31 December 2020

(All amounts in thousands of Nigerian Naira unless otherwise stated)

14 Investment in subsidiary

	Company 31-Dec-20	Company 31-Dec-19
(a) The Company's investment in subsidiary is as stated below:		
Leadway Vie (note v)	5,590,448	2,153,425
	5,590,448	2,153,425

	Company 31-Dec-20	Company 31-Dec-19
(i) Breakdown of Investment in subsidiary is analysed as follows:		
Balance at the beginning of the year	2,153,425	2,153,425
Transfer from deposit for shares (note 10a)	641,462	-
Cash transferred to subsidiary	2,795,561	
	5,590,448	2,153,425

(b) Nature of investments in subsidiary

Name of entity	Nature of business	Country of incorporation	Proportion of ordinary shares directly held by parent /group (%)	Proportion of ordinary shares held by non-controlling interest (%)
Leadway Vie (note v)	Life Insurance	Cote d'Ivoire	99.99%	0.01%

The table below summarises the financial information of all the Parent's subsidiaries before any intra-group elimination.

In thousand of Naira

	Leadway Vie	
	31 December	
	31-Dec-20	31-Dec-19
Assets		
Cash and cash equivalent	3,872,905	839,415
Other receivables and prepayments	666,906	110,418
Investment securities	93,371	398,696
Property and equipment	132,138	149,597
Intangible assets	2,233	3,976
Investment property	1,368,152	1,268,425
Total Assets	6,135,705	2,770,527
Liabilities		
Other liabilities	422,537	920,612
Current tax liability	27,216	25,051
Investment contract liabilities	1,903,037	1,613,275
Insurance contract liabilities	288,683	321,406
Total liabilities	2,641,473	2,880,344
Capital and reserves		
Share capital	5,549,341	1,900,201
Retained earnings	(1,965,051)	(1,842,803)
Translation reserves	(98,885)	(176,041)
Other reserves	8,826	8,826
Total equity	3,494,232	(109,817)
Total Liabilities and Equity	6,135,705	2,770,527
	Leadway Vie	
	31 December	
	31-Dec-20	31-Dec-19
Revenue	402,509	(146,817)
Profit/(loss) before income tax	(120,083)	(1,658,922)
Income tax expense	(2,165)	(1,843)
Profit after tax	(122,248)	(1,660,765)
Other comprehensive income	-	-
Total comprehensive income	(122,248)	(1,660,765)

Note To The Financial Statements Cont'd

For The Year Ended 31 December 2020

(All amounts in thousands of Nigerian Naira unless otherwise stated)

15 Deferred taxation

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

The movement in deferred tax liabilities account during the year was as follows:

	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Balance, Beginning of year	(1,883,284)	(1,883,284)	(1,883,284)	(1,883,284)
(Charge) / credit to income statement	(36,243)	-	(36,243)	-
	(1,919,527)	(1,883,284)	(1,919,527)	(1,883,284)
Net Deferred Tax Liabilities (See note "15.1" below)	(1,919,527)	(1,883,284)	(1,919,527)	(1,883,284)
Net deferred tax liability is attributable to the following:				
	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Property and equipment	(42,541)	(44,594)	(42,541)	(44,594)
Other Non-Current Assets and liabilities	(141,637)	(551,718)	(141,637)	(551,718)
Unrealised exchange difference	-	184,876	-	184,876
Provisions	(33,022)	-	(33,022)	-
Net deferred tax liabilities - Life Business	(217,200)	(411,436)	(217,200)	(411,436)
Property and equipment	(501,083)	(447,958)	(501,083)	(447,958)
Other Non-Current Assets and liabilities	(191,377)	(105,089)	(191,377)	(105,089)
Unrealised exchange difference	(1,006,331)	(918,800)	(1,006,331)	(918,800)
Unrecouped tax losses	(3,536)	-	(3,536)	-
Net deferred tax liabilities - General Business	(1,702,327)	(1,471,848)	(1,702,327)	(1,471,848)
Net Deferred Tax Liabilities	(1,919,527)	(1,883,284)	(1,919,527)	(1,883,284)

The Group did not recognise deferred income tax assets of N142billion (2019: N65billion) in respect of unrecouped losses amounting to N474billion (2019: N217billion) that can be carried forward against future taxable income. 96% of the unrecognised deferred tax and unrecouped losses is from the life business results.

15.1 Movements in temporary differences during the year ended 31 December 2020

	Group				Company			
	Balance at 1 January 2020	Recognised in profit or loss	Recognised in other comprehensive income	Balance at 31 December 2020	Balance at 1 January 2020	Recognised in profit or loss	Recognised in other comprehensive income	Balance at 31 December 2020
Property and equipment	(492,552)	(36,486)	(14,587)	(543,624)	(492,552)	(36,486)	-	(543,624)
Other non current assets	(656,808)	323,794	-	(333,014)	(656,808)	323,794	-	(333,014)
Provisions	-	(36,558)	-	(36,558)	-	(36,558)	-	(36,558)
Unrealised exchange gain	(733,924)	(272,407)	-	(1,006,331)	(733,924)	(272,407)	-	(1,006,331)
	(1,883,284)	(21,657)	(14,587)	(1,919,527)	(1,883,284)	(21,656)	-	(1,919,527)

Movements in temporary differences during the year ended 31 December 2019

	Group				Company			
	Balance at 1 January 2019	Recognised in profit or loss	Recognised in other comprehensive income	Balance at 31 December 2019	Balance at 1 January 2019	Recognised in profit or loss	Recognised in other comprehensive income	Balance at 31 December 2019
Property and equipment	115,220	(607,772)	-	(492,552)	115,220	(607,772)	-	(492,552)
Other non current assets	(1,574,103)	917,295	-	(656,808)	(1,574,103)	917,295	-	(656,808)
Unrealised exchange gain	(609,277)	(124,647)	-	(733,924)	(609,277)	(124,647)	-	(733,924)
Unrecouped tax losses	184,876	(184,876)	-	-	184,876	(184,876.00)	-	-
	(1,883,284)	(0)	-	(1,883,284)	(1,883,284)	(0)	-	(1,883,284)

Note To The Financial Statements

For The Year Ended 31 December 2020

(All amounts in thousands of Nigerian Naira unless otherwise stated)

15.2 Analysis of amount of deferred tax recognised in profit or loss

	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Deferred tax from continuing operations	(21,657)	(0)	(21,656)	(0)

16 Intangible assets

In thousands of Naira

	Group				Company		
	Goodwill	Software	Work in Progress	Total	Software	Work in Progress	Total
31 December 2020							
Cost							
Balance, beginning of year	1,649,697	1,237,156	-	2,886,853	1,231,672	-	1,231,672
Addition to other intangible assets	-	32,956	-	32,956	32,341	-	32,341
Reclassification to other assets	-	79,054	-	-	79,054	-	-
Balance, end of year	1,649,697	1,348,551	-	2,919,809	1,343,067	-	1,264,013
Accumulated amortization							
Balance, beginning of year	-	1,070,731	-	1,070,731	1,069,224	-	1,069,224
Amortization	-	119,229	-	119,229	117,845	-	117,845
Balance, end of year	-	1,188,576	-	1,189,960	1,187,069	-	1,187,069
Carrying amount							
As at end of year	1,649,697	159,976	-	1,729,849	155,998	-	76,944
As at beginning of year	1,649,697	166,425	-	1,816,122	162,448	-	162,448
31 December 2019							
Cost							
Balance, beginning of year	1,649,697	1,093,388	79,054	2,822,139	1,091,910	79,054	1,170,964
Addition to other intangible assets	-	64,714	-	64,714	60,708	-	60,708
Reclassification to other assets	-	79,054	(79,054)	-	79,054	(79,054)	-
Balance, end of year	1,649,697	1,237,156	-	2,886,853	1,231,672	-	1,231,672
Accumulated amortization							
Balance, beginning of year	-	915,748	-	915,748	915,625	-	915,625
Amortization	-	154,983	-	154,983	153,599	-	153,599
Balance, end of year	-	1,070,731	-	1,070,731	1,069,224	-	1,069,224
Carrying amount							
As at end of year	1,649,697	166,425	-	1,816,122	162,448	-	162,448
As at beginning of year	1,649,697	177,640	79,054	1,906,391	176,285	79,054	255,339

Impairment test of goodwill

Goodwill is reviewed annually for impairment, or more frequently when there are indications that impairment may have occurred. Impairment assessment has been performed for the period, and no impairment losses on goodwill was recognized during the period under review as the recoverable amount of Goodwill as at 31 December 2020 was greater than its carrying amount and is thus not impaired.

The recoverable amount was determined using a value-in-use computation.

Goodwill is monitored by the Group on an entity by entity basis.

The key assumption used in computing the value-in-use for goodwill in 2020 are as follows:

	Group 31-Dec-20	Group 31-Dec-19
Long term growth rate (Terminal growth rate)	4.0%	3.2%
Discount rate	10.2%	11.1%

Note To The Financial Statements Cont'd

For The Year Ended 31 December 2020

(All amounts in thousands of Nigerian Naira unless otherwise stated)

Cash Flow Forecast

Cash flows were projected based on past experience of operating results. These cashflows are based on the expected revenue growth for the entity over a 5 year period.

Discount Rate

"Pre-tax discount rate of 10.2% (2019:11.1%) was applied in determining the recoverable amounts for the entity with goodwill (Leadway Vie Ltd). This discount rate was estimated using the risk-free rate using the average yield on Ivorian government long term bond, equity risk premium and appropriate Beta."

Longterm term growth rate

The key assumptions described above may change as economic and market conditions change. The Group estimates that reasonably possible changes in these assumptions are not expected to cause the recoverable amount of the subsidiaries (from which the goodwill arose) to decline below their carrying amount.

Net Assets

Note that the increase in Net Assets compared with prior year is mainly due to a Cash Investment of N2.8billion (see note 14(a)(i)) made in the subsidiary during the year, if adjusted for, Excess Recoverable Amount over Value In Use would be N3.1billion.

Sensitivity analysis of key assumptions used

	Group 31-Dec-20		Group 31-Dec-19	
	5% increase	5% decrease	5% increase	5% decrease
Impact of change in discount rate on value-in-use computation	(2,752)	26,040	(1,576)	9,469
<i>In millions of Nigerian Naira</i>	31-Dec-20		31-Dec-19	
Recoverable amount		5,471		3,628
Less: Carrying amount				
Goodwill	(1,650)		(1,650)	
Net assets	(3,494)		(257)	
Total carrying amount		(5,144)		(1,907)
Excess of recoverable amount over carrying amount		327		1,721

17 Statutory deposits

This represents the Company's deposit with the Central Bank of Nigeria as at 31 December 2020, in compliance with the Insurance Act, CAP 117 LFN 2004. This amount is not available for the day-to day use in the working capital of the Company and is therefore excluded from cash and cash equivalents. Analysis of statutory deposits is as shown below:

	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Non-life Business	300,000	300,000	300,000	300,000
Life Business	200,000	200,000	200,000	200,000
	500,000	500,000	500,000	500,000
Non Current	500,000	500,000	500,000	500,000
	500,000	500,000	500,000	500,000

Income on statutory deposit is recognized in investment income

Note To The Financial Statements

For The Year Ended 31 December 2020

(All amounts in thousands of Nigerian Naira unless otherwise stated)

18 Trade payables

	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Reinsurance payable	3,870,030	1,398,576	3,861,734	1,388,075
Insurance payable	506,592	1,644,328	506,592	1,644,328
Claims Deposit (see note 'b' below)	57,321	162,149	57,321	162,149
Agent Commission Payable (paid in January 2021)	4,612	138,708	4,612	138,708
Premium deposits (see note 'a' below)	4,251,535	6,102,664	4,251,535	6,102,664
Matured and surrendered policy payable (see note 'c' below)	-	254,199	-	254,199
	8,690,090	9,700,624	8,681,794	9,690,123
Current	8,690,090	9,700,624	8,681,794	9,690,123
Non Current	-	-	-	-
	8,690,090	9,700,624	8,681,794	9,690,123

a. The movement in premium deposit is as follows:

	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Balance, beginning of year	6,102,664	8,358,781	6,102,664	8,358,781
Addition during the year	(6,747,694)	(6,747,694)	(6,747,694)	(6,747,694)
Transfer to premium income (see note 'd' below)	4,896,565	4,491,577	4,896,565	4,491,577
Balance, end of year	4,251,535	6,102,664	4,251,535	6,102,664

Premium deposit represents premium received in advance but which the policy risk period is yet to commence as at reporting date.

- b. " Claims deposit relates to claim amounts received from other insurance companies as their proportion on claims due to insured."
- c. Matured and surrendered policy payable represents policies that has matured and undergoing settlement processes to the policy holders as at the reporting date majority of whom has been settled in the subsequent year.
- d. Transfers to premium income from premium deposit relates to amounts received on or before reporting date for policies commencing at the start of the following year

19 Current income tax liabilities

The movement on current income tax liabilities during the year was as follows:

	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Balance, beginning of year	884,553	1,141,689	859,502	1,083,948
Charge for the year (see note (a) below)	189,658	436,593	187,493	434,750
Payments during the year	(258,435)	(693,729)	(258,435)	(659,196)
Balance, end of year	815,776	884,553	788,560	859,502

(a) Analysis of charge for the year is as follows:

	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
- Current year's income tax provision	189,658	436,593	187,493	434,750
	189,658	436,593	187,493	434,750

Note To The Financial Statements Cont'd

For The Year Ended 31 December 2020

(All amounts in thousands of Nigerian Naira unless otherwise stated)

20 Other liabilities

	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Financial liabilities:				
Sundry creditors	517,673	154,757	517,673	154,757
Due to employees	-	36,127	-	-
Accrued audit fee	52,000	49,500	52,000	49,500
Accrued Fine & Penalty	566,864	-	566,864	-
Accrued consultancy fee	892,332	341,142	892,332	341,142
Staff profit sharing payable	630,267	682,106	630,267	682,106
Insurance supervisory fee payable	505,139	875,400	505,139	875,400
NCDF Levy	546,271	719,510	546,271	719,510
	3,143,683	2,858,541	3,143,683	2,822,414
Non-financial liabilities:				
Deferred rental income	-	1,560	-	1,560
Premium deposits (see note 'a' below)	382,347	379,949	382,347	379,949
Unearned income(see note "b" below)	859,770	438,881	859,770	438,881
Withholding tax payable	520,658	230,264	520,658	230,264
Premium & other suspense (see note 'a' below)	21,253	33,337	21,253	33,337
Agency provident fund	17,668	15,982	17,668	15,982
PAYE deductions	3,046	3,946	3,046	3,946
NHF, Staff Cooperative and other statutory deductions	-	-	-	-
Office rent payable	115,275	155,965	115,275	155,965
VAT payable	139,018	51,637	139,018	51,637
Other creditors	502,307	554,816	195,470	405,889
Other payables (see note (l) below)	(1,019,041)	1,090,256	5,268,544	622,995
	2,561,341	1,866,336	2,254,505	1,717,409
Total other liabilities	5,705,024	4,724,877	5,398,188	4,539,823
Current	5,388,699	4,339,011	5,081,862	4,153,957
Non Current	316,325	385,866	316,325	385,866
	5,705,024	4,724,877	5,398,188	4,539,823

- a. Premium suspense represents premium paid into the Company's bank account by customers which are yet to be matched with specific policies as at the reporting date due to unavailability of relevant policy information. This is usually reconciled and matched with appropriate policies on a regular basis.
- b. Unearned income relates to commission received on premium ceded to reinsurer which has not been earned due to time apportionment

Note To The Financial Statements

For The Year Ended 31 December 2020

(All amounts in thousands of Nigerian Naira unless otherwise stated)

21 Insurance contract liabilities

	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Gross				
Claims reported and loss adjustment payable (see note 21.1 below)	67,585,436	47,239,571	67,355,937	47,239,571
Claims incurred but not reported - IBNR (see note 21.1 below)	13,267,116	14,603,602	13,267,116	14,603,602
Unearned premium (see note 21.2 below)	9,517,379	10,313,508	9,517,379	10,313,508
Life fund (see note 21.3 below)	316,367,258	224,868,857	316,308,073	224,547,452
	406,737,189	297,025,538	406,448,505	296,704,133
Reinsurance receivables				
Prepaid reinsurance (see note 8a)	3,635,574	3,193,766	3,635,574	3,193,766
Claims reported & loss adjustment payable and IBNR (see note 8b)	54,374,890	35,352,553	54,374,890	35,352,553
Total reinsurers' share of insurance liabilities	58,010,464	38,546,319	58,010,464	38,546,319
Net insurance contract liability	348,726,725	258,479,219	348,438,041	258,157,814
Current (Gross)	90,369,931	72,156,681	90,140,432	72,156,681
Non-current (Gross)	316,367,258	224,868,857	316,308,073	224,547,452
	406,737,189	297,025,538	406,448,505	296,704,133

Outstanding claims represents the estimated cost of settling all claims arising from incidents occurring as at the reporting date. The liability adequacy test for outstanding claims liability as at 31 December 2020 and the comparative periods were done by O.O Okapise for Ernst &Young Nigeria Limited (FRC/2012/NAS/00000000738).

21.1 Analysis of gross benefit and claims expenses

	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Non-life (see note 21.1d)	64,042,126	44,723,000	64,042,126	44,723,000
Life (see note 21.1d)	3,543,310	2,837,977	3,313,811	2,516,571
	67,585,436	47,560,977	67,355,937	47,239,571
Claims incurred but not reported				
Non-life	11,363,244	13,294,960	11,363,244	13,294,960
Life	1,903,872	1,308,642	1,903,872	1,308,642
	13,267,116	14,603,602	13,267,116	14,603,602
	80,852,552	62,164,579	80,623,053	61,843,173

(a) The aging analysis of claims reported and loss adjusted for non-life insurance contracts

	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Days				
0 - 90	6,102,872	5,868,456	6,102,872	5,868,456
91- 180	1,888,042	630,505	1,888,042	630,505
181 - 270	2,643,452	1,647,772	2,643,452	1,647,772
271 - 365	23,512,182	850,560	23,512,182	850,560
366 and above	29,895,577	35,725,707	29,895,577	35,725,707
	64,042,126	44,723,000	64,042,126	44,723,000

(b) The aging analysis of claims reported for life insurance contracts

	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Days				
0 - 90	842,764	466,149	842,764	466,149
91- 180	641,913	527,840	412,414	206,434
181 - 270	202,006	184,418	202,006	184,418
271 - 365	124,669	214,164	124,669	214,164
366 and above	1,582,448	1,445,405	1,582,448	1,445,405
	3,393,801	2,837,977	3,164,302	2,516,571

Note To The Financial Statements Cont'd

For The Year Ended 31 December 2020

(All amounts in thousands of Nigerian Naira unless otherwise stated)

Outstanding claims above 90 days are those that are awaiting relevant documentations to facilitate settlement. Sufficient funds has been set aside to meet these obligations.

(c) Movement in outstanding claims provision inclusive of IBNR:

	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Balance, beginning of year	61,843,173	61,843,173	61,843,173	61,843,173
Less movement:				
- Claims incurred during the year	46,175,479	13,895,175	46,287,126	13,883,348
- Claims paid during the year (see note 28)	(27,545,107)	(13,895,175)	(27,507,246)	(13,883,348)
Net movement in the year	18,630,372	-	18,779,880	-
Balance, end of year	80,852,552	61,843,173	80,623,053	61,843,173

(d) Group and Company analysis of claims reported and IBNR by class:

	Group 31-Dec-20			Company 31-Dec-20		
	Claims reported	IBNR	Total	Claims reported	IBNR	Total
Non-life:						
Motor	883,056	603,821	1,486,877	883,056	603,821	1,486,877
Fire	2,798,680	1,086,098	3,884,778	2,798,680	1,086,098	3,884,778
General accident	1,003,006	282,925	1,285,931	1,003,006	282,925	1,285,931
Marine	1,061,637	488,047	1,549,684	1,061,637	488,047	1,549,684
Agric	299,089	123,528	422,617	299,089	123,528	422,617
Bond	195,436	41,729	237,165	195,436	41,729	237,165
Engineering	495,932	141,052	636,984	495,932	141,052	636,984
Special risk	57,305,290	8,596,044	65,901,334	57,305,290	8,596,044	65,901,334
	64,042,126	11,363,244	75,405,370	64,042,126	11,363,244	75,405,370
Life:						
Group life	2,928,539	2,053,381	4,981,921	2,699,041	2,053,381	4,752,422
Individual life	123,442	-	123,442	123,442	-	123,442
Annuity	341,819	-	341,819	341,819	-	341,819
	3,393,800	2,053,381	5,447,182	3,164,301	2,053,381	5,217,683
Total claims	67,435,926	13,416,625	80,852,552	67,206,428	13,416,625	80,623,053

Included in "claims reported and loss adjustment payable" for the year is N48.59million (2019:N50.09m) representing insurance claims which are subject of ongoing litigations. The provision charged is recognised in "claims and loss adjustment expense". In the Directors' opinion, the outcome of these legal claims will not give rise to any significant loss beyond the amounts provided as at 31 December 2020.

Group and Company	31-Dec-19			31-Dec-19		
	Claims reported	IBNR	Total	Claims reported	IBNR	Total
Non-life:						
Motor	555,171	894,942	1,450,113	555,171	894,942	1,450,113
Fire	974,948	1,265,935	2,240,883	974,948	1,265,935	2,240,883
General accident	841,443	215,535	1,056,978	841,443	215,535	1,056,978
Marine	868,262	401,395	1,269,657	868,262	401,395	1,269,657
Agric	165,279	44,356	209,635	165,279	44,356	209,635
Bond	276,331	365,832	642,163	276,331	365,832	642,163
Engineering	259,167	242,357	501,524	259,167	242,357	501,524
Special risk	40,782,399	9,864,608	50,647,007	40,782,399	9,864,608	50,647,007
	44,723,000	13,294,960	58,017,960	44,723,000	13,294,960	58,017,960
Life:						
Group life	2,285,465	1,308,642	3,594,107	2,285,465	1,308,642	3,594,107
Individual life	32,401	-	32,401	32,401	-	32,401
Annuity	198,705	-	198,705	198,705	-	198,705
	2,516,571	1,308,642	3,825,213	2,516,571	1,308,642	3,825,213
Total claims	47,239,571	14,603,602	61,843,173	47,239,571	14,603,602	61,843,173

Note To The Financial Statements

For The Year Ended 31 December 2020

(All amounts in thousands of Nigerian Naira unless otherwise stated)

21.2 Unearned premium

Group and Company analysis of unearned premium by class:

	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Non-life				
Motor	1,109,873	1,370,040	1,109,873	1,370,040
Fire	1,293,031	1,067,746	1,293,031	1,067,746
General accident	551,867	468,601	551,867	468,601
Marine	360,883	131,707	360,883	131,707
Agric	1,049,884	661,129	1,049,884	661,129
Bond	26,360	44,456	26,360	44,456
Engineering	169,775	244,984	169,775	244,984
Special risk	3,411,927	4,637,496	3,411,927	4,637,496
	7,973,598	8,626,160	7,973,598	8,626,160
Life				
Group life	1,543,779	1,687,347	1,543,779	1,687,347
	9,517,379	10,313,508	9,517,379	10,313,508
Movement in unearned premium is as follows:				
	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Balance, beginning of the year	10,313,508	8,571,621	10,313,508	8,571,621
Increase/(Decrease) during the year(see note 25)	(796,132)	1,741,887	(796,132)	1,741,887
Balance, end of year	9,517,379	10,313,508	9,517,379	10,313,508

21.3 Analysis of life fund is as follows:

	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Individual life	5,634,243	4,432,823	5,575,058	4,111,418
Annuity	310,733,015	220,436,034	310,733,015	220,436,034
	316,367,258	224,868,857	316,308,073	224,547,452

(i) The movement on the life insurance liability during the year was as follows:

Group and company - 2020				Company		
	Individual life	Annuity	Total	Individual life	Annuity	Total
Balance, beginning of year	4,432,823	220,436,034	224,868,857	4,111,418	220,436,034	224,547,452
Reclassification of DA	(501,265)	-	(501,265)	-	-	-
Addition/reduction during the year	1,702,685	90,296,981	91,999,666	1,463,640	90,296,981	91,760,621
Balance, end of year	5,634,243	310,733,015	316,367,258	5,575,058	310,733,015	316,308,073
Group and company - 2019				Company		
	Individual life	Annuity	Total	Individual life	Annuity	Total
Balance, beginning of year	4,432,823	220,436,034	224,868,857	3,117,938	147,310,233	150,428,171
Reclassification of DA	(1,847,443)	-	(1,847,443)	-	-	-
Addition during the year	1,847,443	-	1,847,443	993,480	73,125,801	74,119,281
Balance, end of year	4,432,823	220,436,034	224,868,857	4,111,418	220,436,034	224,547,452

(ii) The movement in Annuity fund during the year was as follows:

	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Balance, beginning of year	220,436,034	220,436,034	220,436,034	220,436,034
Premiums received during the year	15,239,336	48,404,850	15,239,336	48,404,850
Payments during the year	(32,229,639)	(29,066,230)	(32,229,639)	(29,066,230)
Changes in actuarial valuation	107,287,284	(19,338,621)	107,287,284	(19,338,621)
Balance as at 31 December	310,733,015	220,436,034	310,733,015	220,436,034

Note To The Financial Statements Cont'd

For The Year Ended 31 December 2020

(All amounts in thousands of Nigerian Naira unless otherwise stated)

21.4 Claims development tables

The claims development table provides a measure of the Group's ability to estimate the ultimate value of claims. The top half of each table below illustrates how the Group's estimate of total claims outstanding for each year has changed at successive year-ends. The bottom half of the table reconciles the cumulative claims to the amount appearing in the consolidated statement of financial position.

Table of claims paid excluding large claims (Attritional Table)

MOTOR	Accident Year	1	2	3	4	5	6	7	8	9	10	11	12
2007	-	201,283	28,568	6,997	3,493	3,640	-	-	-	-	-	-	-
2008	853,038	421,486	72,016	18,286	5,934	4,180	-	-	-	704	-	-	-
2009	744,027	497,530	55,340	11,042	1,626	2,709	-	-	1,497	-	-	-	-
2010	758,364	471,609	65,663	13,725	6,279	635	-	-	1,124	-	-	-	-
2011	839,901	406,306	39,577	3,506	13,070	3,193	-	-	9,058	-	-	-	-
2012	894,025	505,792	24,724	13,153	10,034	2,831	-	-	502	-	-	-	-
2013	907,835	612,597	23,085	38,907	4,518	-	-	-	-	-	-	-	-
2014	963,872	390,059	85,746	36,049	8	6,429	-	1,789	-	-	-	-	-
2015	1,190,393	402,538	53,877	6,457	560	-	-	-	-	-	-	-	-
2016	1,296,782	310,620	2,446	2,000	24	-	-	-	-	-	-	-	-
2017	1,155,119	317,446	17,930	3,602	-	-	-	-	-	-	-	-	-
2018	1,450,223	317,759	6,241	-	-	-	-	-	-	-	-	-	-
2019	1,566,419	418,324	-	-	-	-	-	-	-	-	-	-	-
2020	1,511,735	-	-	-	-	-	-	-	-	-	-	-	-

Table of inflated adjusted claims paid excluding large claims (Attritional Table)

MOTOR	Accident Year	1	2	3	4	5	6	7	8	9	10	11	12
2007	-	790,769	98,538	21,588	9,771	9,091	-	-	-	-	-	-	-
2008	3,351,285	1,453,792	222,182	51,147	14,819	9,666	-	-	1,158	-	-	-	-
2009	2,566,302	1,534,959	154,790	27,576	3,760	5,783	-	-	2,462	-	-	-	-
2010	2,339,671	1,319,120	163,986	31,737	13,408	1,237	-	-	1,601	-	-	-	-
2011	2,349,254	1,014,698	91,517	7,485	25,461	5,250	-	-	12,910	-	-	-	-
2013	2,099,264	1,307,996	44,972	63,974	6,439	-	-	-	-	-	-	-	-
2014	2,058,027	759,892	140,990	51,378	10	7,393	-	1,789	-	-	-	-	-
2015	2,319,058	661,886	76,787	8,269	644	-	-	-	-	-	-	-	-
2016	2,132,274	442,703	3,133	2,300	24	-	-	-	-	-	-	-	-
2017	1,646,303	406,571	20,620	3,602	-	-	-	-	-	-	-	-	-
2018	1,857,380	365,422	6,241	-	-	-	-	-	-	-	-	-	-
2019	1,801,382	418,324	-	-	-	-	-	-	-	-	-	-	-
2020	1,511,735	-	-	-	-	-	-	-	-	-	-	-	-

Combined results table (Attritional and Large Losses)

MOTOR	Accident Year	Paid to date	Latest Paid Large Loss	Total Ultimate	Gross claims reserve	Gross Earned Premium	Ultimate Loss ratio
	2007	929,758	-	929,758	-	3,459,782	27%
	2008	5,104,050	102,653	5,206,702	-	3,459,782	150%
	2009	4,295,631	71,251	4,366,882	-	3,459,782	126%
	2010	3,877,406	60,074	3,937,480	-	4,005,126	98%
	2011	3,506,576	35,858	3,542,433	-	4,005,126	88%
	2012	3,501,824	40,776	3,542,600	-	3,961,399	89%
	2013	3,522,646	142,092	3,664,738	2,717	3,248,131	113%
	2014	3,019,479	137,190	3,156,669	11,383	3,465,694	91%
	2015	3,066,644	230,991	3,303,009	5,373	2,954,417	112%
	2016	2,580,433	301,767	2,943,344	61,144	2,819,910	104%
	2017	2,077,096	172,073	2,389,191	140,022	2,963,988	81%
	2018	2,229,044	176,694	2,502,112	96,374	3,434,077	73%
	2019	2,219,705	171,614	2,535,471	144,151	3,856,002	66%
	2020	1,511,735	200,619	2,338,067	102,573	4,462,695	61%
Total		41,442,026	1,843,650	44,772,554	1,486,877	49,555,911	

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ENGINEERING Table of claims paid excluding large claims (Attritional Table)

Accident Year	1	2	3	4	5	6	7	8	9	10	11	12
2007	-	32,204	9,310	270	-	-	722	-	-	-	-	-
2008	7,021	35,216	20,787	378	6,761	206	72	20	-	-	-	-
2009	40,790	55,128	17,683	285	575	116	319	1,713	-	-	-	-
2010	23,720	38,788	2,791	3,885	1,188	15	1,817	-	1,745	-	-	-
2011	20,311	56,873	43,413	7,612	3,053	-	-	-	-	-	-	-
2012	31,107	47,004	8,616	1,806	1,575	-	-	386	1,157	-	-	-
2013	40,346	115,740	16,278	2,690	1,158	-	18	925	-	-	-	-
2014	85,778	52,129	36,809	5,793	131	3	-	-	-	-	-	-
2015	57,143	54,315	2,835	5,159	397	-	-	-	-	-	-	-
2016	51,127	41,192	11,300	4,625	-	-	-	-	-	-	-	-
2017	55,758	41,346	3,364	8,794	-	-	-	-	-	-	-	-
2018	54,241	47,642	3,793	-	-	-	-	-	-	-	-	-
2019	50,983	47,525	-	-	-	-	-	-	-	-	-	-
2020	39,579	-	-	-	-	-	-	-	-	-	-	-

ENGINEERING Table of inflated adjusted claims paid excluding large claims (Attritional Table)

Accident Year	1	2	3	4	5	6	7	8	9	10	11	12
2007	-	126,519	32,114	833	-	-	1,670	-	-	-	-	-
2008	27,581	121,469	64,132	1,058	16,886	477	154	39	-	-	-	-
2009	140,694	170,078	49,459	711	1,329	247	622	2,817	-	-	-	-
2010	73,180	108,493	6,970	8,983	2,536	30	2,987	-	2,007	-	-	-
2011	56,810	142,034	100,386	16,252	5,947	-	-	-	-	-	-	-
2012	77,685	108,692	18,397	3,518	2,589	-	-	444	1,157	-	-	-
2013	93,295	247,124	31,712	4,422	1,650	-	21	925	-	-	-	-
2014	183,150	101,555	60,525	8,257	168	4	-	-	-	-	-	-
2015	111,323	89,309	4,040	6,608	457	-	-	-	-	-	-	-
2016	84,068	58,708	14,472	5,319	-	-	-	-	-	-	-	-
2017	79,467	52,954	3,869	8,794	-	-	-	-	-	-	-	-
2018	69,469	54,789	3,793	-	-	-	-	-	-	-	-	-
2019	58,631	47,525	-	-	-	-	-	-	-	-	-	-
2020	39,579	-	-	-	-	-	-	-	-	-	-	-

ENGINEERING Combined results table (Attritional and Large Losses)

Accident Year	Paid to date	Latest Paid Large Loss	Total Ultimate	Gross claims reserve	Gross Earned Premium	Ultimate Loss ratio
2007	161,135	-	161,135	-	593,884	27%
2008	231,796	21,817	253,613	-	593,884	43%
2009	365,957	32,923	398,880	-	593,884	67%
2010	205,185	112,382	317,566	-	550,249	58%
2011	321,430	136,665	458,095	-	550,249	83%
2012	212,483	77,692	290,175	-	716,219	41%
2013	379,150	102,083	481,233	-	687,315	70%
2014	353,658	312,333	674,808	8,817	980,992	69%
2015	211,737	74,748	297,497	11,012	817,303	36%
2016	162,567	61,570	234,347	10,209	799,904	29%
2017	145,084	95,024	302,531	62,424	1,236,223	24%
2018	128,051	79,576	301,421	93,794	1,333,565	23%
2019	106,156	132,165	-	64,719	1,181,265	99%
2020	39,579	187,669	613,258	386,010	622,195	-
Total	3,023,966	1,426,648	4,784,559	636,984	11,257,132	-

Note To The Financial Statements Cont'd

For The Year Ended 31 December 2020

(All amounts in thousands of Nigerian Naira unless otherwise stated)

Table of claims paid excluding large claims (Attritional Table)

FIRE	Accident Year	1	2	3	4	5	6	7	8	9	10	11
2007	-	107,972	92,652	3,492	3,087	1,947	549	-	-	-	463	-
2008	374,759	302,531	107,940	19,373	1,583	310	288	20	20	-	-	-
2009	138,680	163,929	36,520	7,903	619	-	54	-	4,180	-	-	-
2010	175,303	127,912	34,528	46,782	10,745	43	1483	-	-	-	-	133
2011	237,670	439,609	112,765	1627	339	4,064	5,426	-	-	-	-	1,678
2012	141,267	278,907	18,893	6,504	4,875	23	-	13	24	-	-	-
2013	304,906	174,174	21,852	37,622	225	611	62	-	-	-	-	-
2014	356,023	225,666	64,750	15,966	627	-	-	-	-	-	-	-
2015	277,168	261,308	12,866	1637	1,755	-	-	-	-	-	-	-
2016	309,003	287,852	31,614	8,129	4,978	-	-	-	-	-	-	-
2017	295,526	244,555	45,102	123,939	-	-	-	-	-	-	-	-
2018	277,942	436,740	198,624	-	-	-	-	-	-	-	-	-
2019	439,690	402,389	-	-	-	-	-	-	-	-	-	-
2020	396,580	-	-	-	-	-	-	-	-	-	-	-

Table of inflated adjusted claims paid excluding large claims (Attritional Table)

FIRE	Accident Year	1	2	3	4	5	6	7	8	9	10	11
2007	-	424,183	319,576	10,774	8,636	4,862	1,270	-	-	-	-	-
2008	1,472,296	1,043,492	333,013	54,188	3,954	717	615	33	39	-	-	-
2009	478,337	505,748	102,148	19,738	1,430	-	105	-	6,873	-	-	-
2010	540,837	357,778	86,229	108,178	22,941	84	2,439	-	-	-	-	152
2011	664,777	1,097,868	260,757	3,475	661	6,683	7,733	-	-	-	-	1,678
2012	352,797	644,941	40,340	12,671	8,017	32	-	15	24	-	-	-
2013	705,061	371,891	42,571	61,861	320	-	71	-	-	-	-	-
2014	760,169	439,631	106,468	22,756	803	703	-	-	-	-	-	-
2015	539,963	429,664	18,337	2,097	2,018	-	-	-	-	-	-	-
2016	508,088	409,969	40,489	9,348	4,978	-	-	-	-	-	-	-
2017	421,191	313,215	51,868	123,939	-	-	-	-	-	-	-	-
2018	355,975	502,251	198,624	-	-	-	-	-	-	-	-	-
2019	505,643	402,389	-	-	-	-	-	-	-	-	-	-
2020	396,580	-	-	-	-	-	-	-	-	-	-	-

Combined results table (Attritional and Large Losses)

FIRE	Combined results table (Attritional and Large Losses)						
Accident Year	Paid to date	Latest Paid	Large Loss	Total Ultimate	Gross claims reserve	Gross Earned Premium	Ultimate Loss ratio
2007	770,061	202,602		972,664	-	1,203,372	81%
2008	2,908,348	1,840,810		4,749,158	-	1,203,372	395%
2009	1,114,379	89,484		1,203,863	-	1,203,372	100%
2010	1,118,486	127,207		1,245,694	-	1,644,687	76%
2011	2,041,969	560,752		2,602,721	-	1,878,292	139%
2012	1,059,715	396,060		1,455,775	-	1,967,539	74%
2013	1,181,775	455,342		1,637,277	159	2,029,174	81%
2014	1,330,529	842,325		2,224,204	51,349	2,021,096	110%
2015	992,079	450,093		1,532,877	90,705	1,990,048	77%
2016	972,872	2,548,554		3,571,163	49,738	2,326,034	154%
2017	910,213	1,423,288		2,504,564	171,063	2,575,040	97%
2018	1,056,850	1,348,022		2,655,261	250,389	3,038,005	87%
2019	908,032	365,389			970,619	3,275,502	
2020	396,580	181,347				3,489,379	
Total	16,761,890	10,831,275		29,233,903	3,884,778	29,844,912	82%

Note To The Financial Statements Cont'd

For The Year Ended 31 December 2020

(All amounts in thousands of Nigerian Naira unless otherwise stated)

Table of claims paid excluding large claims (Attritional Table)

MARINE	1	2	3	4	5	6	7	8	9	10	11	12
Accident Year												
2007	-	19,792	21,180	2,889	2,010	-	-	-	-	-	-	-
2008	183,671	72,873	23,692	3,905	6,569	30	3,865	-	-	-	-	-
2009	90,957	107,709	28,685	4,329	929	58	54	-	-	-	-	-
2010	69,958	71,656	10,320	234	2,848	-	-	-	-	-	-	-
2011	89,427	83,735	9,788	3,004	147	37	-	-	-	-	-	-
2012	143,326	114,430	6,403	450	366	32	-	-	-	-	-	-
2013	122,320	121,486	15,176	-	1,582	-	-	-	-	-	-	-
2014	165,869	107,548	36,603	8,041	5,348	81	53	-	-	-	-	-
2015	162,103	145,063	20,702	12,907	-	39	-	-	-	-	-	-
2016	120,585	92,416	13,486	6,071	150	-	-	-	-	-	-	-
2017	128,799	131,511	4,272	113	-	-	-	-	-	-	-	-
2018	247,241	131,126	26,931	-	-	-	-	-	-	-	-	-
2019	256,061	134,017	-	-	-	-	-	-	-	-	-	-
2020	277,925	-	-	-	-	-	-	-	-	-	-	-

Table of inflated adjusted claims paid excluding large claims (Attritional Table)

MARINE	1	2	3	4	5	6	7	8	9	10	11	12
Accident Year												
2007	-	77,755	73,056	8,912	5,623	-	-	-	-	-	-	-
2008	721,578	251,353	-	10,923	16,405	69	8,252	-	-	-	-	-
2009	313,729	332,300	80,235	10,811	2,149	124	106	-	-	-	-	-
2010	215,831	200,425	25,773	542	6,081	-	-	-	-	-	-	-
2011	250,132	209,118	22,633	6,414	287	61	-	-	-	-	-	-
2012	357,939	264,607	13,671	877	601	45	-	-	-	-	-	-
2013	282,851	259,393	29,565	-	2,255	-	-	-	-	-	-	-
2014	354,158	209,519	60,186	11,460	6,850	93	53	-	-	-	-	-
2015	315,800	238,525	29,506	16,531	-	39	-	-	-	-	-	-
2016	198,276	131,713	17,272	6,982	150	-	-	-	-	-	-	-
2017	183,568	168,434	4,913	113	-	-	-	-	-	-	-	-
2018	316,656	150,795	26,931	-	-	-	-	-	-	-	-	-
2019	294,470	134,017	-	-	-	-	-	-	-	-	-	-
2020	277,925	-	-	-	-	-	-	-	-	-	-	-

Combined results table (Attritional and Large Losses)

MARINE	Accident Year	Paid to date	Latest Paid Large Loss	Total Ultimate	Gross claims reserve	Gross Earned Premium	Ultimate Loss ratio
2007	165,346	-	-	165,346	-	862,220	17%
2008	1,008,581	21,131	-	1,029,712	-	862,220	104%
2009	739,453	72,727	-	812,180	-	862,220	83%
2010	448,652	-	-	448,652	-	1,005,603	39%
2011	488,645	16,644	-	505,289	-	1,026,446	43%
2012	637,739	271,138	-	908,877	-	1,083,007	76%
2013	574,063	270,989	-	845,052	-	1,000,601	77%
2014	642,319	315,613	-	957,932	30,689	1,262,545	72%
2015	600,401	572,856	-	1,173,257	96,329	1,136,917	106%
2016	354,393	101,676	-	456,069	65,744	621,818	78%
2017	357,027	143,562	-	500,589	71,783	1,247,786	43%
2018	494,382	628,856	-	1,123,238	282,956	1,511,154	86%
2019	428,487	477,405	-	905,892	205,043	1,931,262	55%
2020	277,925	67,791	-	345,716	797,140	3,206,368	-
Total	7,217,413	2,960,386	-	10,177,799	1,549,684	17,620,167	-

Note To The Financial Statements Cont'd

For The Year Ended 31 December 2020

(All amounts in thousands of Nigerian Naira unless otherwise stated)

Table of claims paid excluding large claims (Attritional Table)

GENERAL ACCIDENT	1	2	3	4	5	6	7	8	9	10	11	12
Accident Year												
2007	-	150,727	45,046	25,010	21,267	5,632	5,118	1,769	-	150	-	-
2008	78,583	115,978	58,285	88,778	4,000	8,545	3,285	1,573	-	-	-	-
2009	62,974	98,556	47,384	33,570	6,790	2,424	3,005	118	-	-	133	-
2010	80,873	80,915	40,296	23,772	20,746	5,813	1,999	284	107	1,957	1,678	-
2011	99,785	129,214	58,716	18,214	8,526	2,777	3	582	403	53	-	-
2012	116,947	115,763	38,016	11,916	14,145	17	-	-	-	-	-	-
2013	67,883	72,208	26,216	9,508	4,581	-	8	-	-	-	-	-
2014	52,707	113,680	46,197	14,664	1,592	38	500	-	-	-	-	-
2015	79,920	92,493	28,800	20,117	5,218	13,543	-	-	-	-	-	-
2016	117,173	123,799	22,693	6,013	564	-	-	-	-	-	-	-
2017	64,491	111,364	31,511	5,037	-	-	-	-	-	-	-	-
2018	86,842	66,601	23,493	-	-	-	-	-	-	-	-	-
2019	77,114	81,857	-	-	-	-	-	-	-	-	-	-
2020	58,730	-	-	-	-	-	-	-	-	-	-	-

Table of inflated adjusted claims paid excluding large claims (Attritional Table)

GENERAL ACCIDENT	1	2	3	4	5	6	7	8	9	10	11	12
Accident Year												
2007	-	592,152	155,372	77,159	59,486	14,065	11,835	3,776	-	247	-	-
2008	308,726	400,034	179,820	248,318	-	19,759	7,015	3,065	-	-	-	-
2009	217,212	304,059	132,536	83,837	15,700	5,176	5,854	195	-	-	152	-
2010	249,506	226,324	100,633	54,969	44,296	11,325	3,288	405	137	2,251	1,678	-
2011	279,104	322,695	135,775	38,890	16,609	4,566	4	746	464	53	-	-
2012	292,060	267,688	81,171	23,214	23,259	24	-	-	-	-	-	-
2013	156,971	154,176	51,072	15,635	6,529	-	10	-	-	-	-	-
2014	112,539	221,465	75,961	20,900	2,039	43	500	-	-	-	-	-
2015	155,696	152,084	41,047	25,765	6,001	13,543	-	-	-	-	-	-
2016	192,666	176,442	29,064	6,915	564	-	-	-	-	-	-	-
2017	91,914	142,630	36,237	5,037	-	-	-	-	-	-	-	-
2018	111,224	76,591	23,493	-	-	-	-	-	-	-	-	-
2019	88,681	81,857	-	-	-	-	-	-	-	-	-	-
2020	58,730	-	-	-	-	-	-	-	-	-	-	-

Combined results table (Attritional and Large Losses)

GENERAL ACCIDENT	Paid to date	Latest Paid Large Loss	Total Ultimate	Gross claims reserve	Gross Earned Premium	Ultimate Loss ratio
Accident Year						
2007	914,093	62,258	976,350	-	2,322,854	42%
2008	1,166,736	231,033	1,397,770	-	2,322,854	60%
2009	764,722	175,847	940,569	-	2,322,854	40%
2010	694,812	375,106	1,069,918	-	1,824,950	59%
2011	798,906	201,389	1,000,296	-	2,021,176	49%
2012	687,415	218,812	906,227	-	1,367,701	66%
2013	384,393	138,183	524,024	1,448	1,196,502	44%
2014	433,448	103,923	646,008	108,638	1,143,149	57%
2015	394,136	356,710	874,882	124,037	1,183,481	74%
2016	405,650	14,773	511,035	90,612	1,175,191	43%
2017	275,818	89,506	484,718	119,395	1,131,193	43%
2018	211,309	33,825	515,110	269,977	1,504,350	34%
2019	170,537	58,085	432,762	204,140	1,654,787	26%
2020	58,730	-	426,416	367,686	2,513,306	17%
Total	7,360,704	2,059,450	10,706,086	1,285,932	23,684,348	

Note To The Financial Statements Cont'd

For The Year Ended 31 December 2020

(All amounts in thousands of Nigerian Naira unless otherwise stated)

AGRICULTURE Combined results table (Attritional and Large Losses)

Accident Year	Gross Earned Premium (N' 000)	Claims Paid till date (N' 000)	Total O/s as at 31 December 2019 (N'000)	Current Incurred (N'000)	Current Loss Ratio	Ultimate Loss Ratio	Ultimate Losses (N'000)	O/s Claim Reserves (N'000)
2007	-	-	-	-	-	0%	0	0
2008	-	-	-	-	-	0%	0	0
2009	-	-	-	-	-	0%	0	0
2010	-	-	-	-	-	0%	0	0
2011	-	-	-	-	-	0%	0	0
2012	-	-	-	-	-	0%	0	0
2013	-	-	-	-	-	0%	0	0
2014	-	-	-	-	-	0%	0	0
2015	-	-	900	900	-	0%	0	900
2016	-	-	263	263	-	0%	0	262,674
2017	-	-	1640	1640	-	0%	0	1640
2018	-	123,879	14,064	137,944	-	0%	0	14,064,3859
2019	443,556	409,530	100,486	510,016	1	116%	514,451,625	104,921,926
2020	1,190,921	160,581	181,736	342,317	0	39%	461,408,9531	300,828,106
Total	1,634,477	693,990	299,089	993,079	1		975,861	422,617

BOND Table of claims paid excluding large claims (Attritional Table)

Accident Year	1	2	3	4	5	6	7	8	9	10	11	12
2007	-	563	548	215	-	-	-	-	-	-	-	-
2008	75,938	81,831	-	-	125	-	-	-	-	-	-	-
2009	21,339	154,217	5,827	-	-	-	-	-	-	-	-	-
2010	2,687	209,669	1,657	-	-	-	-	-	-	-	-	-
2011	283,845	281,558	665	-	-	-	180	50	-	-	-	-
2012	89,184	605,149	-	-	-	-	79	80	-	-	-	-
2013	307,415	50,813	-	-	-	290	-	-	-	-	-	-
2014	179,905	212,813	315	14,049	-	-	-	-	-	-	-	-
2015	93,525	110,020	738	-	2,000	-	-	-	-	-	-	-
2016	145,001	132,182	31,076	560	26,436	-	-	-	-	-	-	-
2017	26,612	301,056	22,434	-	-	-	-	-	-	-	-	-
2018	60,007	315,954	-	-	-	-	-	-	-	-	-	-
2019	19,476	21,882	-	-	-	-	-	-	-	-	-	-
2020	174,217	-	-	-	-	-	-	-	-	-	-	-

BOND Table of inflated adjusted claims paid excluding large claims (Attritional Table)

Accident Year	1	2	3	4	5	6	7	8	9	10	11	12
2007	-	2,212	1,888	663	-	-	-	-	-	-	-	-
2008	298,332	282,253	-	-	312	-	-	-	-	-	-	-
2009	73,602	475,784	16,300	-	-	-	-	-	-	-	-	-
2010	8,290	586,457	4,139	-	-	-	-	-	-	-	-	-
2011	793,932	703,155	1,538	-	-	-	257	64	-	-	-	-
2012	222,726	1,399,337	-	-	-	-	101	92	-	-	-	-
2013	710,862	108,493	-	-	-	371	-	-	-	-	-	-
2014	384,126	414,591	518	20,023	-	-	-	-	-	-	-	-
2015	182,199	180,904	1,051	-	2,300	-	-	-	-	-	-	-
2016	238,423	188,389	39,800	644	26,436	-	-	-	-	-	-	-
2017	37,928	385,579	25,799	-	-	-	-	-	-	-	-	-
2018	76,854	363,348	-	-	-	-	-	-	-	-	-	-
2019	22,397	21,882	-	-	-	-	-	-	-	-	-	-
2020	174,217	-	-	-	-	-	-	-	-	-	-	-

Note To The Financial Statements Cont'd

For The Year Ended 31 December 2020

(All amounts in thousands of Nigerian Naira unless otherwise stated)

Combined results table (Attritional and Large Losses)

BOND	Accident Year	Paid to date	Latest Paid Large Loss	Total Ultimate	Gross claims reserve	Gross Earned Premium	Ultimate Loss ratio
	2007	4,763	-	4,763	-	272,411	2%
	2008	580,897	-	580,897	-	272,411	213%
	2009	565,685	-	590,176	24,491	272,411	217%
	2010	598,886	-	598,886	-	427,458	140%
	2011	1,498,946	-	1,569,907	70,961	599,336	262%
	2012	1,622,255	399,714	2,021,969	-	761,353	266%
	2013	819,727	-	819,727	-	593,545	138%
	2014	819,258	-	822,863	3,605	761,845	108%
	2015	366,455	-	366,474	20	728,863	50%
	2016	493,693	613,002	1,157,504	50,809	740,170	156%
	2017	449,306	491,414	985,239	44,519	594,131	166%
	2018	440,201	-	453,299	13,097	696,329	65%
	2019	44,279	-	44,305	26	883,810	5%
	2020	174,217	-	203,856	29,639	391,451	52%
	Total	8,478,570	1,504,130	10,219,865	237,165	7,995,525	

Table of claims paid excluding large claims (Attritional Table)

SPECIAL RISK	Accident Year	1	2	3	4	5	6	7	8	9	10	11	12
	2007	4,534	9,535	-	11,877	-	-	-	-	-	-	-	-
	2008	19,199	3,025	1,379	-	-	8,865	-	-	280	2,982	1,327	-
	2009	3,884	-	2,624	-	22,215	677	6,908	-	662	1,581	-	-
	2010	23,568	53,773	196,010	9,282	25,490	-	-	-	401	-	1,963	-
	2011	68,684	165,111	65,533	85,041	3,324	-	2,238	900	-	614	-	-
	2012	82,728	7,382	277,016	146,549	169,718	669	67,147	-	15,224	-	-	-
	2013	4,118	372,917	78,512	1,881	1,624	26,143	292	1,044	-	-	-	-
	2014	72,022	294,280	-	4,626	2,569	8,365	1,541	-	-	-	-	-
	2015	12,651	26,561	6,535	143,008	5,941	9,098	-	-	-	-	-	-
	2016	48,595	17,398	422,680	309,896	142,329	-	-	-	-	-	-	-
	2017	62,899	75,800	333,134	2,811	-	-	-	-	-	-	-	-
	2018	219,267	352,051	4,679	-	-	-	-	-	-	-	-	-
	2019	67,272	108,749	-	-	-	-	-	-	-	-	-	-
	2020	23,458	-	-	-	-	-	-	-	-	-	-	-

Note To The Financial Statements Cont'd

For The Year Ended 31 December 2020

(All amounts in thousands of Nigerian Naira unless otherwise stated)

SPECIAL RISK Table of inflated adjusted claims paid excluding large claims (Attritional Table)

Accident Year	1	2	3	4	5	6	7	8	9	10	11	12
2007	20,504	37,458	-	36,641	-	-	-	-	-	-	-	-
2008	75,428	10,433	4,255	-	-	20,499	-	-	461	4,250	1,700	-
2009	13,398	-	7,340	-	51,369	1,447	13,457	-	944	2,025	-	-
2010	72,711	150,406	489,510	21,463	54,425	-	-	-	514	-	1,963	-
2011	192,113	412,345	151,537	181,578	6,476	-	3,190	1,152	-	614	-	-
2012	206,603	17,069	591,475	285,498	279,064	954	85,999	-	15,224	-	-	-
2013	9,522	796,240	152,952	3,093	2,315	33,483	336	1,044	-	-	-	-
2014	153,780	573,299	-	6,593	3,290	9,620	1,541	-	-	-	-	-
2015	24,646	43,674	9,314	183,158	6,833	9,098	-	-	-	-	-	-
2016	79,904	24,796	541,349	356,380	142,329	-	-	-	-	-	-	-
2017	89,645	97,082	383,105	2,811	-	-	-	-	-	-	-	-
2018	-	404,858	4,679	-	-	-	-	-	-	-	-	-
2019	77,363	108,749	-	-	-	-	-	-	-	-	-	-
2020	23,458	-	-	-	-	-	-	-	-	-	-	-

SPECIAL RISK Combined results table (Attritional and Large Losses)

Accident Year	Paid to date	Latest Paid Large Loss	IBNER	Total Ultimate	Gross claims reserve	Gross Earned Premium	Ultimate Loss ratio
2007	94,603	-	76,000	94,603	-	7,504,563	1%
2008	117,026	-	304,000	260,614	143,587	11,687,862	2%
2009	89,979	207,736	608,000	305,730	8,015	11,515,695	3%
2010	790,991	342,307	608,000	1,137,151	3,853	6,616,535	17%
2011	949,004	583,844	684,000	2,139,834	606,985	6,290,318	34%
2012	1,481,886	2,500,761	684,000	5,867,683	1,885,036	12,863,770	46%
2013	998,985	-	1,444,000	2,039,229	1,040,245	10,615,790	19%
2014	748,123	-	760,000	1,357,207	609,083	11,748,608	12%
2015	276,723	367,277	-	2,136,029	1,492,029	10,975,832	19%
2016	1,144,759	3,486,963	-	8,169,780	3,538,059	12,006,726	68%
2017	572,642	27,654,296	-	30,405,615	2,178,677	14,528,257	209%
2018	690,364	3,316,800	380,000	12,619,432	8,612,267	18,364,393	69%
2019	186,112	1,077,564	-	10,440,909	9,177,233	21,031,263	50%
2020	23,458	-	-	31,081,723	31,058,265	16,095,693	193%
Total	8,164,656	39,537,548	5,548,000	108,055,538	60,353,334	171,845,306	

Note To The Financial Statements Cont'd

For The Year Ended 31 December 2020

(All amounts in thousands of Nigerian Naira unless otherwise stated)

22 Investment contract liabilities

Movement in investment contract liabilities is as shown below

	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Balance, beginning of year	28,409,487	21,890,989	26,796,212	21,890,989
Reclassification from Insurance contract liabilities (note 21.3i)	501,265	1,847,443	-	-
Deposits received	12,967,779	10,742,521	12,455,237	9,856,703
Withdrawals	(9,871,153)	(7,910,917)	(9,183,776)	(6,747,694)
Guaranteed interest charged during the year	1,963,290	1,839,451	1,999,959	1,796,214
Balance, end of year	33,970,668	28,409,487	32,067,632	26,796,212
Current	4,817,593	3,287,701	4,817,593	3,287,701
Non Current	29,153,075	25,121,786	27,250,039	23,508,511
	33,970,668	28,409,487	32,067,632	26,796,212

23 Capital and reserves

a Share capital

- (i) Minimum issued share capital:
Ordinary shares of 50k each:
20,000,000,000 units
(2019: 20,000,000,000 units)

	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
	10,000,000	10,000,000	10,000,000	10,000,000

The issued and fully paid up capital of the company which is a composite insurer is N10bn (2019: N10bn). In line with regulations issued by the National Insurance Commission (NAICOM), issued and paid capital of the company is allocated as follows;

	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Ordinary shares of 50k each:				
Non-life business 10,000,000,000 units (2019: 10,000,000,000)	5,000,000	5,000,000	5,000,000	5,000,000
Life business 10,000,000,000 units (2019: 10,000,000,000)	5,000,000	5,000,000	5,000,000	5,000,000
	10,000,000	10,000,000	10,000,000	10,000,000

b Share premium

Share premium comprises the amount paid over the nominal value of shares. This reserve is not ordinarily available for distribution.

c Retained earnings

The retained earnings is the carried forward recognised income net of expenses plus current profit attributable to shareholders. It is the amount available for dividend distribution to the equity shareholders of the company. See statement of changes in equities for movement in retained earnings.

d Other Reserves

Components of other reserves are as follows:

	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Contingency reserve (see note (i) below)	15,314,108	13,650,079	15,312,636	13,648,609
Asset revaluation reserves (see note (ii) below)	1,607,272	1,558,699	1,607,273	1,558,700
Fair value reserves (see note (iii) below)	9,938,279	4,198,892	9,938,279	4,198,892
Translation reserve (see note (iv) below)	315,582	26,674	-	-
	27,175,241	19,434,344	26,858,188	19,406,201

Note To The Financial Statements Cont'd

For The Year Ended 31 December 2020

(All amounts in thousands of Nigerian Naira unless otherwise stated)

Contingency reserves

Included in the contingency reserve is contingency reserve from Leadway assurance company general and life business in line with Insurance act of 2003.

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 premiums or 20% of the net profits (whichever is greater). This shall accumulate until it reaches the amount of greater of minimum paid-up capital or 50 percent of net premium. While for life business, the contingency reserves 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.

Leadway Vie maintains a Legal reserve in accordance with the provisions of Article 346 of the OHADA Treaty on Commercial Companies and Economic Interest Groupings, a company is expected to set aside 10% of its profit after tax, after payment of dividends minus carried forward losses as legal reserve. This ceases to be mandatory when the amount so set aside reaches 20% of its stated capital.

The distribution of contingency reserve is shown below:

	Group 31-Dec-20	Group 31-Dec-19
Contingency reserves:		
Leadway Assurance company	15,312,636	13,648,609
Leadway Vie	1,473	1,470
	15,314,108	13,650,079

(ii) Asset revaluation reserve

This reserve is the accumulation of revaluation gain on the group's land and buildings. See statement of changes in equities for

(iii) Fair value reserves

The distribution of contingencies reserve is accumulated change in the fair value of available for sale asset until the investment is derecognized or impaired. See statement of changes in equities for movement in fair value reserve.

(iv) Translation reserve

The translation reserve comprises foreign exchange differences on the translation to Naira of the results and financial position of the foreign subsidiary within the Group. See statement of changes in equity for movement in translation reserve.

24 Non controlling interest

Non controlling interest comprises:

	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Leadway Vie	397	44	-	-
	397	44	-	-

Analysis of movement in controlling interest

- See statement of changes in equities for movement in non controlling interest during the period
- The financial information for the subsidiary (2019: subsidiaries) with non-controlling interest are disclosed in note 15 (investment in subsidiaries) of these financial statements.

25 Gross premium written

	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Gross premium				
- Non-life business	30,748,054	35,046,532	30,748,054	35,046,532
- Life business	23,110,890	55,619,077	22,905,622	55,549,660
	53,858,944	90,665,609	53,653,676	90,596,192
Decrease /(Increase)				
- Unearned premium (see note (a) i below)	796,132	(1,741,886)	796,132	(1,741,886)
Gross premium income	54,655,076	88,923,723	54,449,808	88,854,306

Note To The Financial Statements Cont'd

For The Year Ended 31 December 2020

(All amounts in thousands of Nigerian Naira unless otherwise stated)

(a) Breakdown of changes in unearned premium is analysed as follows:

(i) Non-life business

	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Motor	260,167	(201,391)	260,167	(201,391)
Fire	(225,284)	(169,810)	(225,284)	(169,810)
General Accident	(83,265)	(140,834)	(83,265)	(140,834)
Agric	(229,177)	210,533	(229,177)	210,533
Bond	(388,754)	32,807	(388,754)	32,807
Marine	18,096	(23,978)	18,096	(23,978)
Engineering	75,210	145,410	75,210	145,410
Special risk	1,225,570	(939,232)	1,225,570	(939,232)
Total for General Business	652,563	(1,086,495)	652,563	(1,086,495)
Group life	143,569	(655,391)	143,569	(655,391)
	796,132	(1,741,886)	796,132	(1,741,886)

(ii) Life business - Annuity & Ind. Life

	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Individual life	(1,555,548)	(1,136,811)	(1,463,641)	(993,480)
Annuity	(90,296,982)	(73,125,802)	(90,296,982)	(73,125,802)
	(91,852,530)	(74,262,613)	(91,760,623)	(74,119,282)

26 Reinsurance expenses

	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Reinsurance premium paid	17,861,920	18,058,478	17,851,205	18,022,240
Increase in unexpired reinsurance cost	(441,809)	(66,041)	(441,809)	(66,041)
	17,420,111	17,992,437	17,409,396	17,956,199

27 Commission income

	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Commission earned on non-life insurance contracts	1,903,307	2,769,245	1,903,307	2,769,245
Commission earned on group life assurance contracts	426,005	130,923	423,077	118,934
	2,329,312	2,900,168	2,326,384	2,888,179

28 Analysis of Net Claims Expense

	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Combined				
Gross benefits & claims paid (see note 22.1c)	27,545,107	13,895,175	27,507,246	13,883,348
Annuity Claims	30,382,834	27,435,750	30,382,834	27,435,750
Claims ceded to reinsurers	(14,191,818)	(3,319,097)	(14,191,817)	(3,319,096)
Change in provision for outstanding claims & IBNR	18,630,373	(4,594,192)	18,630,373	(4,594,192)
Proceed from salvage and subrogation	(2,170)	(71,170)	(2,170)	(71,170)
Change in reinsurance recoverable on outstanding claims & IBNR	(18,808,307)	5,139,862	(18,808,307)	5,139,861
	43,556,019	38,486,328	43,518,159	38,474,501

Note To The Financial Statements Cont'd

For The Year Ended 31 December 2020

(All amounts in thousands of Nigerian Naira unless otherwise stated)

	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Non-life business				
Gross benefits & claims paid	22,083,059	9,552,855	22,083,059	9,552,855
Claims ceded to reinsurers	(13,606,156)	(3,088,747)	(13,606,156)	(3,088,747)
Change in provision for outstanding claims	17,387,413	(4,617,927)	17,387,413	(4,617,927)
Recoveries from salvage and subrogation	(2,170)	(71,170)	(2,170)	(71,170)
Change in recoverable on outstanding claims	(18,708,447)	4,573,557	(18,708,447)	4,573,557
(a)	7,153,699	6,348,568	7,153,699	6,348,568
Life business				
Gross benefits & claims paid	5,462,048	4,342,320	5,424,187	4,330,493
Annuity Claims	30,382,834	27,435,750	30,382,834	27,435,750
Claims ceded to reinsurers	(585,661)	(230,349)	(585,661)	(230,349)
Change in provision for outstanding claims	1,242,960	23,735	1,242,960	23,735
Change in recoverable on outstanding claims	(99,860)	566,304	(99,860)	566,304
(b)	36,402,321	32,137,760	36,364,460	32,125,933
(a+b)	43,556,020	38,486,328	43,518,159	38,474,501

Note To The Financial Statements Cont'd

For The Year Ended 31 December 2020

(All amounts in thousands of Nigerian Naira unless otherwise stated)

29 Underwriting expenses

Underwriting expenses can be sub-divided into acquisition and other maintenance expenses. Acquisition expenses relate to commission expenses

	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Acquisition expenses	4,279,152	5,790,358	4,274,421	5,786,757
Maintenance expenses	3,412,009	2,341,947	3,412,006	2,341,947
	7,691,161	8,132,305	7,686,427	8,128,704

30 Investment income

	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Interest income on debt securities	28,644,896	25,740,455	28,643,445	25,737,607
Rental income	769,838	761,245	757,441	754,360
Interest on loans	43,245	162,304	43,245	162,304
Interest on short term deposits	635,515	986,437	633,343	985,868
Dividend income on investment securities	1,627,403	1,307,103	1,627,403	1,307,103
Profit/(Loss) on sale of investment securities	5,445,254	2,864,382	5,445,254	2,864,382
Interest income on statutory deposits	19,850	41,831	19,850	41,831
(Loss)/ Profit on Sale of Investment Property	89,745	(58,957)	-	-
	37,275,746	31,804,800	37,169,982	31,853,455

a. Profit/(Loss) from investment contracts

	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
	4,747,796	(697,467)	5,036,633	602,697

The above figure relates to profit or (loss) for the year, see DA revenue in appendix (page 153)

31 Net fair value gain/ (loss) on assets at fair value

	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Financial assets at fair value through profit or loss				
- Fair value gains/(losses) on listed equity securities	88,783	(1,425,147)	88,783	(1,425,147)
- Fair value gains/(losses) on listed debt securities	78,216,981	35,075,322	78,216,981	35,075,322
- Fair value gains/(losses) on investment property	(125,476)	207,877	(125,476)	207,877
	78,180,288	33,858,052	78,180,289	33,858,052

32 Other operating income

	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Fee income on shared locations & services	12,315	14,180	12,315	14,180
Profit/ (Loss) on sale of property and equipment	467	3,424	467	3,424
Foreign exchange gain/(loss)				
- Investment securities	3,261,770	(6,158)	3,261,770	(6,158)
- Cash and cash equivalents	(171,733)	(40,352)	(171,733)	(40,352)
Other income	434,591	734,510	243,421	734,510
	3,537,410	705,604	3,346,240	705,604

Other income represents income on current account, surrender fees, policy fees, and other miscellaneous income that does not fall under income head above

Note To The Financial Statements Cont'd

For The Year Ended 31 December 2020

(All amounts in thousands of Nigerian Naira unless otherwise stated)

33 Employee benefit expense

	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Wages and salaries - staff and executive directors	3,118,037	2,566,613	3,021,633	2,541,990
Pension cost - Defined contribution plan	61,248	35,068	61,248	35,068
Termination benefits (see note (d) below)	59,455	-	59,455	-
Profit sharing expense	566,808	619,080	566,808	619,080
	3,805,548	3,220,761	3,709,144	3,196,138

In 2020, a total of N775million was paid to managers within the company as remuneration for the period under review

- (a) Staff information:
Employees earning more than N100,000 per annum, other than the executive directors, whose duties were wholly or mainly discharged in Nigeria, received emoluments in the following ranges:

	Group 31-Dec-20 Number	Group 31-Dec-19 Number	Company 31-Dec-20 Number	Company 31-Dec-19 Number
Absolute				
N101,001 - N500,000	-	-	-	-
N500,001 - N750,000	1	-	-	-
N750,000 - N1,000,000	-	-	-	-
N1,000,000 - N2,000,000	21	4	1	3
N2,000,000 - N3,000,000	9	31	-	22
Over N3,000,000	319	294	304	285
	350	329	305	310

- (b) The average number of full time persons employed during the year was as follows:

	Group 31-Dec-20 Number	Group 31-Dec-19 Number	Company 31-Dec-20 Number	Company 31-Dec-19 Number
Executive directors	2	3	2	3
Management staff	41	32	35	28
Non-management staff	309	297	270	282
	352	332	307	313

(c) Directors' remuneration

- (i) Remuneration paid to the directors is as follows:

	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Salaries and wages	125,791	126,631	120,600	119,597
Directors' fees	172,237	68,772	167,430	68,216
Post-employment benefits	7,849	5,130	7,849	5,130
	305,877	200,533	295,879	192,943

- (ii) The directors' remuneration shown above includes:

	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Chairman	38,743	26,348	38,202	25,807
Highest paid director	71,696	53,281	71,696	53,281

- (iii) The emoluments of all other directors fell within the following range:

	Group 31-Dec-20 Number	Group 31-Dec-19 Number	Company 31-Dec-20 Number	Company 31-Dec-19 Number
Above N4,800,000	12	12	8	8
N2,300,000 - N4,800,000	-	-	-	-
N1,500,000 - N2,300,000	-	-	-	-
N750,000 - N1,500,000	-	-	-	-
Below N750,000	-	-	-	-
	12	12	8	8

- (d) Termination benefit relates to payments made to disengaged staff during the relevant period.

Note To The Financial Statements Cont'd

For The Year Ended 31 December 2020

(All amounts in thousands of Nigerian Naira unless otherwise stated)

34 Other operating expenses

	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Contract staff cost	70,521	167,160	70,521	167,160
Asset repairs and maintenance	202,001	487,518	202,001	487,518
Corporate expenses and gift items	247,670	318,492	247,670	318,492
Telecommunication	649,629	705,151	644,022	698,084
Advertisement	875,180	984,561	870,949	905,834
Agency related expenses	65,447	72,743	65,447	72,743
Property insurance expense	44,839	42,366	44,839	42,366
Insurance supervisory fund	285	703,581	285	702,905
Professional fees	159,648	227,144	156,291	223,212
Travelling, tours and other passage exps.	112,147	202,855	111,560	202,532
Auditor's remuneration	55,829	79,473	55,829	79,473
Bank charges	92,972	90,260	92,972	90,260
Offices rates and rent	65,890	28,413	65,654	28,337
Training cost	64,441	126,234	60,980	123,104
Power and Fuel charges	138,883	167,169	137,905	166,612
Donations	205,507	42,777	205,507	42,777
Subscription	21,779	23,607	21,779	23,607
Depreciation of property and equipment	605,213	497,494	543,476	457,721
Amortisation of intangible assets	119,229	154,983	117,845	153,599
Directors' fees and allowances	206,177	70,615	201,370	68,216
Hotel accommodation expenses	6,501	13,867	6,501	13,623
Entertainment	21,266	39,937	21,266	39,937
Investment expenses	63,325	221,620	61,189	219,072
Other statutory & Regulatory Levy	311,256	-	311,256	-
Penalty & Fine	566,864	-	566,864	-
Others	128,773	299,423	122,527	268,370
	5,101,272	5,767,443	5,006,505	5,595,554

i. Investment expenses represents custody and other regulatory fees on investment activities during the year.

ii. Included in Professional fees is a total of N36,835,750 for Non-audit services rendered by Messrs. KPMG Advisory Services. See table below for details

Name of The Firm	Nature of Service	Applicable Fees (Naira)
KPMG Advisory Services	Revenue Assurance Review	8,000,000
KPMG Advisory Services	Diagnostic Review of Financial Reporting Process.	7,000,000
KPMG Advisory Services	Quality Assurance Review of the Internal Audit Function	3,500,000
KPMG Advisory Services	LAC Remuneration Survey	18,335,750
Total		36,835,750

iii. Other expenses are items that cannot be classified under the various expense head in note 34 above

35 Net impairment losses

	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Impairment loss AFS Financial asset(note 7.2)	31,644	-	31,644	-
Specific Impairment write back on loans (see note 11i)	(116,528)	9,127	(116,528)	9,127
Collective impairment write back on loans (see note 11i)	(29,306)	(3,677)	(29,306)	(3,677)
	(114,190)	5,450	(114,190)	5,450

Note To The Financial Statements Cont'd

For The Year Ended 31 December 2020

(All amounts in thousands of Nigerian Naira unless otherwise stated)

36 Income tax expense

	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Current tax on profits for the year:				
Company income tax	81,690	323,163	79,525	321,321
Technology levy	107,468	112,865	107,468	112,865
Nigeria Police fund levy	501	564	501	564
Total current tax	189,659	436,592	187,494	434,750
Deferred tax charge credit	36,243		36,243	
	225,902	436,592	223,737	434,750

(b) The tax on the group and company's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Profit before income tax	11,413,184	9,627,543	11,533,278	11,286,465
Tax calculated at domestic rate applicable in Nigeria at 30% (2019: 30%)	3,423,955	2,888,263	3,459,983	3,385,939
Effect of:				
Tax exempt income	(10,481,108)	(10,481,108)	(10,481,108)	(10,481,108)
Non-deductible expenses	8,031,396	8,795,634	7,973,531	8,261,056
Technology levy	114,132	96,275	115,333	112,865
Tax assessment based on minimum tax	(321,322)	(321,322)	(321,322)	(321,322)
WHT paid on dividend	(62,406)	(62,406)	(43,936)	(43,936)
Capital allowance	(478,745)	(478,745)	(478,745)	(478,745)
Total income tax expense in comprehensive income	225,902	436,592	223,737	434,750

Reconciliation of effective tax rate	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Tax calculated at domestic rate applicable in Nigeria at 30% (2019: 30%)	30.00%	30.00%	30.00%	30.00%
Effect of:				
Tax exempt income	-91.83%	-108.87%	-90.88%	-92.86%
Non-deductible expenses	70.37%	91.36%	69.13%	73.19%
Education tax	0.00%	0.00%	0.00%	0.00%
Technology levy	1.00%	1.00%	1.00%	1.00%
Capital gains tax	0.00%	0.00%	0.00%	0.00%
Tax assessment based on minimum tax	-2.82%	-3.34%	-2.79%	-2.85%
WHT paid on dividend	-0.55%	-0.65%	-0.38%	-0.39%
Capital allowance	-4.19%	-4.97%	-4.15%	-4.24%
Effective tax rate	1.98%	4.53%	1.94%	3.85%

Effective tax rate

Uncertainty over Income tax treatments

The Company's Non life business keeps a reserve for unexpired risk. Section 16(8)(a) of CITA allows non-life businesses to take as a deduction, a 'reserve for unexpired risks'. This is the risk associated with future financial periods and includes the 'unearned premium' received by the insurer applicable to those periods. Therefore there is uncertainty around whether the deduction as permitted by the tax law is actually a 'tax exemption or a 'deduction' for that year. The Company has treated the reserve for unexpired risks as a tax exemption as the Company believes that the reserve for unexpired risks would will be allowed as an exemption.

The Company believes that its treatment of the reserve for unexpired risk for its non-life business is adequate based on its assessment of factors including interpretations of tax law and prior experience with the tax authorities.

Note To The Financial Statements Cont'd

For The Year Ended 31 December 2020

(All amounts in thousands of Nigerian Naira unless otherwise stated)

37 Earnings Per Share

	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Profit from continuing operations attributable to owners of the parent	11,187,282	9,190,951	11,309,541	10,851,715
Total	11,187,282	9,190,951	11,309,541	10,851,715
Weighted average number of ordinary shares in issue before deducting bonus shares	10,000,000	10,000,000	10,000,000	10,000,000
Weighted average number of shares in issue	10,000,000	10,000,000	10,000,000	10,000,000
Basic and diluted Earnings per share (kobo)				
From continuing operations	112	92	113	109
From discontinued operations	-	-	-	-
Total comprehensive income for the year	112	92	113	109

38 Dividend

The dividend declared and paid in 2020 was a cash dividend of N3.5bn (15 kobo per share). A cash dividend of N3.5bn will be proposed at the next annual general meeting in respect of the year ended 31 December 2020. This has been disclosed in the financial statement.

Note To The Financial Statements Cont'd

For The Year Ended 31 December 2020

(All amounts in thousands of Nigerian Naira unless otherwise stated)

39 Related parties

Leadway Assurance Company Limited is the ultimate parent/controlling party of the group. Related parties to the Company are as follows:

(i) Subsidiary

The Company has one subsidiary as at 31 December 2020. Transactions between Leadway Assurance Company Limited and the subsidiary also meet the definition of related party transactions. During the year, N27,797,566 representing balances of transactions with Leadway Vie. During the year, the sum of N3.44 billion (CFA 5.5 billion) was invested as additional in Leadway Vie capital due to changes in regulatory capital requirement.

(ii) Key management personnel

The key management personnel have been identified as the members of the board of directors (executive and non executive members), including their close members of family and any other entity over which they exercise control. Close members of family are those family members who may be expected to influence, or be influenced by that individual in their dealings with Leadway Assurance Company Limited.

The compensation paid or payable to key management personnel for employee services is disclosed in note 33c"

	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Salaries and other short term				
employee benefits	125,791	124,788	120,600	119,597
Pension cost - defined contribution	5,219	5,056	5,219	5,056
	131,010	129,844	125,819	124,653

Key management personnel and their immediate relatives engaged in the following transactions with the company during the year:

	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Loans and advances to key management	43,877	64,821	43,877	64,821
Interest income earned by the company during the year	2,205	3,049	2,205	3,049
Rent	53,333	-	53,333	-
Premium paid to Leadway	285	-	285	-

40 Contingent liabilities, litigations and claims

The Group in the ordinary course of business is currently involved in 65 cases (2019: 55) legal cases. The actions are being contested and the Directors are of the opinion that no significant liability will arise therefrom in excess of the provision that has been made in the financial statements.

In 2018, The National Insurance Commission (NAICOM) fined the Company the sum of N2,674,029,543 (\$7,458,730.70) for alleged failure to remit co-insurance premium within 30 days as required by the Market Conduct Guidelines for Insurance Institutions 2015 (the Market Guidelines).

Following the Company's objection to and appeal against the imposition of the fine and several engagements with the regulator, NAICOM reduced the fine to the sum of N566,863,533.40 (\$1,491,746.14) and directed the company to pay it in four instalments within 2021 financial year and in Naira.

41 Contravention of laws and regulations

The Company in 2020 paid fines totaling Nil (2019: N37,500). See table below for descriptions of the fines and amount paid

Nos	Description of fines	Amount
		N
i	Nil	Nil



05

Appendix To Financial Statements

(Other National Disclosures)

Value Added Statement

For The Year Ended 31 December 2020

(All amounts in thousands of Nigerian Naira unless otherwise stated)

	Group 2020	%	Group 2019	%	Company 2020	%	Company 2019
Gross premium income (Local)	53,858,944		90,665,609		53,653,676		90,596,192
Investment income							
- Local	37,275,746		31,804,800		37,169,982		31,853,455
Other income							
- Local	3,537,410		705,604		3,346,240		705,604
Reinsurance, claims, commission & operating expenses							
- Local	(68,144,017)		(97,785,505)		(67,681,258)		(96,171,767)
- Foreign	(10,584,897)		(11,889,561)		(10,584,897)		(11,889,561)
Value added	15,943,186	100	13,500,947	100	15,903,743	100	15,093,923
Applied to pay:							
Employee benefit expense	3,805,548	24%	3,220,761	24%	3,709,144	22%	3,196,138
Government as tax	225,902	1%	436,592	3%	223,737	1%	434,750
Retained in the business							
Depreciation of Property and equipment	605,213	4%	497,494	4%	543,476	3%	457,721
Amortisation of intangible assets	119,229	1%	154,983	1%	117,845	2%	153,599
To augment reserve	11,187,294	70%	9,191,117	68%	11,309,541	71%	10,851,715
Value added	15,943,186	100%	13,500,947	100%	15,903,743	100%	15,093,923

Five Year Financial Summary

For The Year Ended 31 December 2020

(All amounts in thousands of Nigerian Naira unless otherwise stated)

STATEMENT OF FINANCIAL POSITION

GROUP	2020	2019	2018	2017	2016
Cash and cash equivalents	58,200,553	27,050,020	33,666,913	29,043,554	26,018,694
Trade receivables	138,363	102,459	396,614	231,987	169,761
Investment securities	377,730,371	301,024,802	209,707,239	183,434,258	113,593,442
Reinsurance assets	58,399,894	39,051,024	43,758,359	35,235,353	11,720,783
Deferred acquisition cost	862,676	825,367	851,069	548,797	486,416
Other receivables and prepayments	3,068,475	1,505,351	1,471,347	4,663,679	2,137,103
Loans and advances	577,144	1,402,795	1,395,564	3,434,853	2,463,338
Property and equipment	5,012,375	4,561,664	3,585,224	6,751,530	6,063,939
Investment properties	19,062,755	18,467,449	19,096,447	15,637,546	8,820,070
Investment in associates	-	-	-	-	-
Deferred tax assets	-	-	-	313,462	286,446
Intangible assets	1,728,875	1,816,122	1,906,391	3,991,663	3,899,894
Statutory deposits	500,000	500,000	500,000	500,000	500,000
Total assets	525,281,481	396,307,053	316,335,167	283,786,682	176,159,886
Liabilities					
Trade payables	8,690,090	9,700,624	11,684,883	3,633,509	2,754,639
Current tax liabilities	815,776	884,553	1,141,689	1,820,530	1,535,019
Other liabilities	5,705,025	4,724,877	5,777,507	15,622,409	8,964,205
Borrowings	-	-	-	160,275	204,623
Insurance contract liabilities	406,737,189	297,025,538	227,462,674	183,982,546	104,757,646
Investment contract liabilities	33,970,668	28,409,487	21,890,990	22,532,309	18,294,287
Deferred tax liabilities	1,919,527	1,883,284	1,883,284	731,601	825,997
Total liabilities	457,838,275	342,628,363	269,841,027	228,483,179	137,336,416
Capital and reserves					
Issued and paid share capital	10,000,000	10,000,000	10,000,000	4,682,450	4,682,450
Share premium	588,575	588,575	588,575	4,433,748	4,233,748
Contingency reserve	15,314,109	13,650,079	11,734,200	10,472,100	8,238,232
Retained earnings	29,678,993	23,655,728	19,380,490	25,324,605	15,624,296
Assets revaluation reserves	1,607,272	1,558,699	1,497,290	1,694,017	1,603,053
Fair value reserves	9,938,278	4,198,892	3,090,660	5,832,593	1,859,503
Translation reserves	315,582	26,674	202,715	(79,688)	(79,688)
Shareholders funds:	67,442,809	53,678,647	46,493,930	52,359,825	36,161,594
Non controlling interest	397	44	210	2,943,676	2,661,876
Total Equity	67,443,206	53,678,691	46,494,140	55,303,501	38,823,470
Total equity and liabilities	525,281,481	396,307,053	316,335,167	283,786,682	176,159,886

Five Year Financial Summary Cont'd

For The Year Ended 31 December 2020

(All amounts in thousands of Nigerian Naira unless otherwise stated)

COMPANY	2020	2019	2018	2017	2016
Assets					
Cash and cash equivalents	54,328,877	26,210,607	32,978,304	27,800,239	24,189,697
Trade receivables	97,211	102,459	395,585	231,987	169,761
Investment securities	377,637,000	300,626,105	209,289,720	179,922,719	111,041,245
Reinsurance assets	58,391,308	39,038,453	43,688,887	35,235,353	11,720,783
Deferred acquisition cost	862,676	825,367	851,069	548,797	486,416
Other receivables and prepayment	2,557,492	2,132,561	1,417,602	3,534,606	1,115,754
Loans and advances	577,144	1,402,795	1,395,564	1,065,407	797,368
Property and equipment	4,880,238	4,412,066	3,428,095	3,828,939	3,645,335
Investment properties	17,694,603	17,199,024	16,414,443	14,963,765	8,159,419
Investment in subsidiaries	5,590,448	2,153,425	2,153,425	3,637,495	3,637,495
Investment in associates	-	-	-	-	-
Deferred tax assets	-	-	-	286,446	286,446
Intangible assets	76,944	162,448	255,339	392,884	313,804
Statutory deposits	500,000	39,947,165,000	500,000	500,000	500,000
Total assets	523,193,941	394,765,310	312,768,033	271,948,637	166,063,523
Liabilities					
Trade payables	8,681,794	9,690,123	11,573,804	3,633,509	2,754,639
Current tax liabilities	788,560	859,502	1,083,948	1,119,536	900,143
Other liabilities	5,398,189	4,539,823	5,627,973	12,926,747	7,097,389
Insurance contract liabilities	406,448,505	296,704,133	225,437,157	183,982,546	104,757,646
Investment contract liabilities	32,067,632	26,796,212	21,890,990	22,532,309	18,294,287
Deferred tax liabilities	1,919,527	1,883,284	1,883,284	693,427	728,673
Total liabilities	455,304,207	340,473,077	267,497,156	224,888,074	134,532,777
Capital and reserves					
Issued and paid share capital	10,000,000	10,000,000	10,000,000	4,682,450	4,682,450
Share premium	588,575	588,575	588,575	4,433,748	4,233,748
Contingency reserve	15,312,640	13,648,609	11,732,730	9,877,208	7,839,003
Retained earnings	30,442,971	24,297,456	18,361,620	20,795,497	11,537,043
Assets revaluation reserves	1,607,272	1,558,701	1,497,292	1,435,516	1,363,442
Fair value reserves	9,938,278	4,198,892	3,090,660	5,836,144	1,875,060
Shareholders funds:	67,889,736	54,292,233	45,270,877	47,060,563	31,530,746
Total equity and liabilities	523,193,941	394,765,310	312,768,033	271,948,637	166,063,523

Five Year Financial Summary Cont'd

For The Year Ended 31 December 2020

(All amounts in thousands of Nigerian Naira unless otherwise stated)

STATEMENT OF COMPREHENSIVE INCOME

GROUP	2020	2019	2018	2017	2016
Gross premium written	53,858,944	90,665,609	88,039,621	84,189,079	52,700,272
Premium earned	37,234,965	70,931,286	69,811,623	69,811,623	41,256,760
Profit before taxation	11,413,178	9,627,543	9,533,005	13,448,965	8,791,606
Taxation	(225,902)	(436,592)	(2,269,424)	(652,304)	(1,206,754)
Profit for the year	11,187,276	9,190,951	7,263,581	12,796,661	7,584,852
Transfer to contingency reserve	(1,664,029)	(1,915,879)	(2,233,868)	(2,233,868)	(1,031,113)
Basic/diluted earnings per share (kobo)					
From continuing operations	112	92	39	93	84
From discontinued operations (kobo)	-	-	(8)	7	-
COMPANY	2020	2019	2018	2017	2016
Gross premium written	53,653,676	90,596,192	87,519,720	84,189,079	46,648,918
Premium earned	37,040,412	70,898,107	71,121,875	69,823,794	39,947,165
Profit before taxation	11,533,272	11,286,465	11,412,782	13,448,965	6,484,941
Taxation	(223,737)	(434,750)	(2,229,461)	(652,304)	(105,012)
Profit after taxation	11,309,535	10,851,715	9,183,321	12,796,661	6,379,929
Transfer to contingency reserve	(1,664,027)	(1,915,879)	(1,855,522)	(2,038,206)	(943,301)
Basic/diluted earnings per share (kobo)					
From continuing operations (kobo)	113	109	59	83	72
From discontinued operations (kobo)	-	-	-	-	-

Non-Life Business Statement of Financial Position

For The Year Ended 31 December 2020

(All amounts in thousands of Nigerian Naira unless otherwise stated)

	Company 31-Dec-20	Company 31-Dec-19
Assets		
Cash and cash equivalents	24,280,325	21,308,948
Investment securities	39,626,852	40,925,920
Trade receivables	36,012	97,595
Reinsurance assets	57,540,620	38,674,736
Deferred acquisition cost	862,676	825,367
Loans and other receivables	1,323,314	721,484
Investment properties	5,451,597	4,065,450
Intangible assets	76,944	104,356
Property and equipment	2,430,746	2,493,152
Statutory deposits	300,000	300,000
Total assets	131,929,086	109,517,008
Liabilities		
Insurance contract liabilities	83,378,971	66,644,120
Trade payables and other liabilities	11,506,954	11,016,115
Current tax liabilities	301,778	374,279
Deferred tax liabilities	1,702,327	773,269
Total liabilities	96,890,030	78,807,783
Capital and reserves		
Share capital	5,000,000	5,000,000
Contingency reserve	11,077,305	9,811,735
Retained earnings	11,472,286	10,966,196
Asset revaluation reserve	1,432,942	1,392,060
Fair value reserves	6,056,523	3,539,234
Shareholders funds:	35,039,056	30,709,225
Total equity and liabilities	131,929,086	109,517,008

Non-Life Business Income Statement

For The Year Ended 31 December 2020

(All amounts in thousands of Nigerian Naira unless otherwise stated)

	Company 31-Dec-20	Company 31-Dec-19
Gross premium written	30,748,055	35,046,533
Add: Increase/(Decrease) in unearned premium	652,562	(1,086,495)
Gross insurance premium revenue	31,400,617	33,960,038
Reinsurance expense	(16,113,189)	(17,393,664)
Net insurance premium earned	15,287,428	16,566,374
Commission income	1,903,307	2,769,245
Total revenue	17,190,735	19,335,619
Claims expenses	(7,153,697)	(6,348,569)
Underwriting expenses	(5,317,872)	(5,144,809)
Net underwriting expenses	(12,471,569)	(11,493,378)
Total underwriting profit	4,719,167	7,842,242
Investment income	3,466,919	3,466,916
Net fair value gain/(loss) on assets at fair value	382,942	282,351
Other operating income	3,294,992	408,583
Gain on non-current assets distributed to owners	-	-
Employee benefit expenses and other operating expenses	(5,510,942)	(5,202,812)
	1,633,911	(1,044,962)
Net impairment gains/(losses)	(25,228)	4,633
Profit before tax	6,327,850	6,801,914
Income taxes	(1,056,191)	(243,591)
Profit for the year	5,271,660	6,558,322
<i>Other comprehensive income:</i>		
Fair value changes on available for sale financial assets	2,517,289	630,037
Dividend Payment	(3,500,000)	
Revaluation gain on land & building	40,882	49,376
Other comprehensive income for the year, net of tax	(941,829)	679,413
Total comprehensive income	4,329,831	7,237,735



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Non-Life Business Revenue Account

For The Year Ended 31 December 2020

(All amounts in thousands of Nigerian Naira unless otherwise stated)

	MOTOR	FIRE	GEN. ACC.	AGRIC.	MARINE	BOND	ENGINEERING	SPECIAL RISK	2020 TOTAL	2019 TOTAL
INCOME										
Gross premium written	4,186,931	3,681,711	2,575,787	1,412,750	2,070,840	387,940	598,424	15,833,671	30,748,055	35,046,533
Less: Increase/ (decrease) in unearned premium	260,167	(225,284)	(83,265)	(229,177)	(388,754)	18,096	75,210	1,225,570	652,562	(1,086,495)
Gross premiums earned	4,447,098	3,456,427	2,492,522	1,183,574	1,682,084	406,036	673,634	17,059,241	31,400,617	33,960,038
Reinsurance cost	(116,112)	(1,445,433)	(792,168)	(1,139,650)	(888,907)	(124,680)	(401,786)	(11,204,452)	(16,113,189)	(17,393,664)
Net premium earned	4,330,985	2,010,994	1,700,354	43,924	793,177	281,356	271,847	5,854,790	15,287,428	16,566,374
Commissions earned	53,090	389,153	161,871	140,306	392,340	44,213	102,779	619,555	1,903,307	2,769,245
Total underwriting income	4,384,076	2,400,147	1,862,225	184,230	1,185,517	325,570	374,626	6,474,345	17,190,735	19,335,619
EXPENSES										
Gross claims paid	(2,187,864)	(1,624,650)	(236,502)	(419,609)	(872,709)	(216,568)	(426,170)	(16,098,987)	(22,083,059)	(9,552,855)
Increase/(decrease) in outstanding claims provision	(36,764)	(1,643,895)	(228,804)	(212,982)	(280,027)	405,497	(136,110)	(15,254,328)	(17,387,413)	4,617,927
Gross claims incurred	(2,224,628)	(3,268,545)	(465,306)	(632,591)	(1,152,736)	188,929	(562,280)	(31,353,315)	(39,470,472)	(4,934,928)
Deduct: reinsurance claims recoveries/recoverable	140,969	847,261	30,220	545,581	57,506	41,238	191,996	30,462,004	32,316,775	(1,413,640)
Net claims incurred	(2,083,660)	(2,421,284)	(435,086)	(87,010)	(1,095,230)	230,167	(370,284)	(891,311)	(7,153,696)	(6,348,568)
Add: Underwriting expenses:										
Commission expenses	(526,782)	(598,452)	(428,212)	(68,355)	(343,252)	(15,450)	(129,907)	(1,087,759)	(3,198,169)	(2,853,458)
Acquisition expenses	(385,573)	(339,048)	(237,203)	(130,100)	(190,703)	(35,725)	(55,109)	(746,241)	(2,119,702)	(2,291,351)
Maintenance expenses	(912,355)	(937,500)	(665,415)	(198,454)	(533,955)	(51,175)	(185,016)	-	(5,317,871)	(5,144,809)
Total expenses and claims incurred	(2,996,015)	(3,358,784)	(1,100,501)	(285,464)	(1,629,185)	178,992	(555,300)	(2,725,311)	(12,471,568)	(11,493,377)
Underwriting profit/(loss)	1,388,060	(958,637)	761,723	(101,234)	(443,668)	504,561	(180,673)	3,749,035	4,719,168	7,842,241

Financial Performance

(All amounts in thousands of Nigerian Naira unless otherwise stated)

Gross Premium
Net Premium
Total Underwriting Income
Investment Income
Claims expenses
Annuity Claim
Underwriting expenses
Underwriting Profit
Operating expenses
Profit before tax

Earnings per share

Non Life Business			
31-Dec-20		31-Dec-19	% Change
30,748,055		35,046,533	-12%
15,287,428		16,566,374	-8%
17,190,735		19,335,619	-11%
3,466,919		3,466,916	0%
(7,153,697)		(6,348,569)	13%
-		-	0%
(5,317,872)		(5,144,809)	3%
4,719,167		7,842,242	-40%
(5,510,942)		(5,202,812)	6%
6,327,850		6,801,914	-7%
53kobo		66kobo	

Performance ratios

Underwriting expenses ratio
Claims ratio
Operating expenses ratio
Combined ratio
Underwriting profit ratio

Using Gross Written Premium	
31-Dec-20	31-Dec-19
17%	15%
23%	18%
18%	15%
58%	48%
15%	22%

Using Net Written Premium	
31-Dec-20	31-Dec-19
35%	31%
47%	38%
36%	31%
118%	101%
31%	47%

Life Business Statement of Financial Position

As at 31 December 2020

(All amounts in thousands of Nigerian Naira unless otherwise stated)

	Company 31-Dec-20	Company 31-Dec-19
Assets		
Cash and cash equivalents	30,048,552	4,901,658
Investment securities	338,010,149	259,700,185
Trade receivables	61,199	4,864
Reinsurance assets	850,687	363,717
Loans and other receivables	2,804,317	3,546,396
Investment in subsidiaries	5,590,448	2,153,425
Investment properties	12,243,006	13,133,574
Intangible assets	-	58,093
Property and equipment	2,449,491	1,918,913
Statutory deposits	200,000	200,000
Total assets	392,257,849	285,980,825
Liabilities		
Insurance contract liabilities	323,069,535	230,060,011
Investment contract liabilities	32,067,631	26,796,212
Trade payables and other liabilities	3,566,029	3,946,356
Current tax liabilities	486,783	485,224
Deferred tax liabilities	217,200	1,110,014
Total liabilities	359,407,178	262,397,817
Capital and reserves		
Share capital	5,000,000	5,000,000
Share premium	588,575	588,575
Contingency reserve	4,235,335	3,836,875
Retained earnings	18,970,682	13,331,262
Asset revaluation reserve	174,330	166,640
Fair value reserves	3,881,755	659,657
Shareholders funds	32,850,677	23,583,009
Total equity and liabilities	392,257,850	285,980,825

Life Business Income Statement

For The Year Ended 31 December 2020

(All amounts in thousands of Nigerian Naira unless otherwise stated)

	Company 31-Dec-20	Company 31-Dec-19
Gross premium written	22,905,622	55,549,659
Add: Increase/(Decrease) in unearned premium Group life	143,569	(655,391)
Gross insurance premium revenue	23,049,191	54,894,268
Reinsurance expense	(1,296,207)	(562,535)
Net insurance premium earned	21,752,984	54,331,733
Commission income	423,077	118,934
Total revenue	22,176,061	54,450,667
Gross benefits and claims paid	(35,807,022)	(31,766,243)
Increase in annuity fund	(90,296,982)	(73,125,802)
Increase in individual life fund	(1,463,641)	(993,480)
Claims ceded to reinsurance	685,521	(335,954)
Gross change in contract liabilities	(1,242,960)	(23,734)
Underwriting expenses	(2,368,559)	(2,983,897)
Net Underwriting expenses	(130,493,644)	(109,229,111)
Total Underwriting (loss)/profit	(108,317,583)	(54,778,444)
Investment income	33,703,063	28,386,540
Profit/(Loss) on investment contracts	5,036,639	602,697
Net fair value gain/(loss) on assets at fair value	77,797,347	33,575,701
Other operating income	51,247	297,021
Employee benefit expenses and other operating expenses	(3,204,705)	(3,588,879)
Result of operating activities	113,383,591	59,273,080
Net impairment gains/(losses)	139,419	(10,083)
Profit before tax	5,205,427	4,484,552
Income taxes	832,453	(191,159)
Profit for the year	6,037,880	4,293,393
Other comprehensive income:		
Fair value changes on available for sale financial assets	3,222,098	478,195
Revaluation gain on land & building	7,690	12,033
Other comprehensive income for the year, net of tax	3,229,788	490,228
Total comprehensive income	9,267,668	4,783,621

Life Business Revenue Accounts

For The Year Ended 31 December 2020

(All amounts in thousands of Nigerian Naira unless otherwise stated)

	Individual Life	Group Life	Annuity	2020 Total	2019 Total
Income					
Gross premium written	1,945,825	5,720,462	15,239,336	22,905,623	55,549,659
Increase/Decrease in unearned income	-	143,569	-	143,569	(655,391)
Gross premium income	1,945,825	5,864,031	15,239,336	23,049,192	54,894,268
Reinsurance expenses	(25,384)	(1,270,824)	-	(1,296,207)	(562,535)
Premium retained	1,920,441	4,593,206	15,239,336	21,752,984	54,331,733
Commissions earned		423,077		423,077	118,934
Investment income	1,511,939	725,303	31,465,821	33,703,063	26,789,785
Fair value gain/ (loss) on annuity bond	229,742	616,669	76,950,936	77,797,347	33,154,088
Fair Value Gain on Investment property	-	-	-	-	15,886
Other income	1,489	23,556	26,203	51,247	116,073
Total income	3,663,611	6,381,810	123,682,295	133,727,718	114,526,498
Direct claims paid	(1,188,811)	(2,388,571)	(1,846,805)	(5,424,188)	(4,330,493)
Surrenders	-	-	-	-	-
Annuity payments	-	-	(30,382,834)	(30,382,834)	(27,435,750)
Gross claims incurred	(1,188,811)	(2,388,571)	(32,229,639)	(35,807,022)	(31,766,243)
Deduct:					
Reinsurance claims recoveries/recoverables	-	685,521		685,521	(335,954)
Provision for Outstanding Claims	(91,041)	(1,008,805)	(143,114)	(1,242,960)	(23,734)
Net claims incurred	(1,279,852)	(2,711,856)	(32,372,753)	(36,364,461)	(32,125,931)
Provision for unexpired risk	(1,463,641)		(90,296,982)	(91,760,623)	(74,119,282)
Employee benefit expenses	(388,584)	(1,055,635)	(134,464)	(1,578,683)	(932,005)
Commission expenses	(306,644)	(502,508)	(533,483)	(1,342,635)	(2,458,596)
Maintenance expenses	(184,225)	(99,869)	(567,127)	(851,220)	(525,301)
Operating expenses	(639,644)	(704,558)	(281,626)	(1,625,828)	(2,653,785)
Total expenses	(4,262,591)	(5,074,425)	(124,186,434)	(133,523,450)	(112,814,900)
Underwriting result	(598,980)	1,307,384	(504,139)	204,268	1,711,598

Revenue Account on Deposit Administration

For The Year Ended 31 December 2020

(All amounts in thousands of Nigerian Naira unless otherwise stated)

	Group 31-Dec-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Income				
Investment Income	3,673,248	3,229,755	3,657,228	3,136,011
Profit/Loss from sale of investment	3,591,117	(584,243)	3,591,117	(86,188)
Valuation gain on property	305,606	-	-	-
Unrealised gains/(losses) from investment	1,252,969	945,711	1,156,959	945,711
Other income	-	-	-	-
	8,822,940	3,591,223	8,405,303	3,995,533
Expenses				
Acquisition expenses	(664,592)	(507,099)	(648,485)	(474,705)
Maintenance cost	(266,383)	(74,158)	(266,383)	(74,158)
Interest on Deposit Administration	(2,036,633)	(1,839,026)	(1,999,964)	(1,796,214)
Management Expenses	(1,107,536)	(1,868,406)	(453,838)	(1,047,759)
	(4,075,144)	(4,288,690)	(3,368,670)	(3,392,837)
PROFIT/(LOSS) FROM DEPOSIT ADMINISTRATION	4,747,796	(697,467)	5,036,633	602,697

Financial Performance

For The Year Ended 31 December 2020

(All amounts in thousands of Nigerian Naira unless otherwise stated)

Gross Premium
Net Premium
Total Underwriting Income
Investment Income
Claims expenses
Annuity Claim
Underwriting expenses
Underwriting Profit
Operating expenses
Profit before tax

Earnings per share

Life Business			
31-Dec-20		31-Dec-19	% Change
22,905,622		55,549,659	-59%
21,752,984		54,331,733	-60%
22,176,061		54,450,667	-59%
33,703,063		28,386,540	19%
(5,424,188)		(4,330,493)	25%
(30,382,834)		(27,435,750)	11%
(2,368,559)		(2,983,897)	-21%
(108,317,583)		(54,778,444)	98%
(3,204,705)		(3,588,879)	-11%
5,205,427		4,484,552	16%
60kobo		43kobo	

Performance ratios

Underwriting expenses ratio
Claims ratio
Operating expenses ratio
Combined ratio
Underwriting profit ratio

Using Gross Written Premium	
31-Dec-20	31-Dec-19
10%	5%
24%	8%
14%	6%
48%	20%
10%	5%

Using Net Written Premium	
31-Dec-20	31-Dec-19
11%	5%
25%	8%
15%	7%
48%	20%
11%	5%

Life Business Annuity Statement

For The Year Ended 31 December 2020

(All amounts in thousands of Nigerian Naira unless otherwise stated)

Leadway Assurance Company

Annuities' Portfolio at 31st December 2020

Annuity Business by nature, type and their operation.

Title	Number of Policies	Classification	Operations Procedure
PRA Regulated Annuities	49,784	Risk	Quotation; Provisional Agreement; NAICOM Approval; Premium Remittance By PFC; Despatch Policy Document; Administration
Annuities Certain	107	Risk	Quotation; Premium Remittance; Despatch Policy Document; Administration

Annuity Liabilities, Investment Income and Pay Out.

Title	Liability As At 31 December 2020	Investment Income (N'000)	Pay Out (N'000)
PRA Regulated Annuities	310,403,755	31,381,276	32,229,639
Annuities Certain	671,079	110,748	-

Note The information above corresponds with the report of the Actuarial Valuation as at 31st December 2020

The assets backing Annuity Funds are as follows:

S/N	ASSET TYPE	ANNUITY		ANNUITY CERTAIN	
		(N'000)	%	(N'000)	%
1	Money Market	15,401,454	99	201,282	1
2	Quoted Shares	3,163,085	96	135,462	4
3	Corporate Bonds	9,068,324	100	-	-
5	Real Estate	-	-	-	-
6	Treasury bills	-	-	-	-
7	Unquoted Securities	-	-	-	-
	TOTAL	310,403,755	56	671,079	1

Leadway At A Glance

YEAR OF INCORPORATION	1970
COMMENCEMENT OF OPERATIONS	1971
FINANCIAL YEAR END	31 st December
SHAREHOLDERS' FUNDS	₦ 67 Billion (as at 31 December 2020)
TOTAL ASSET BASE	₦ 525Billion (as at 31 December 2020)
CLASSIFICATION	All classes of Insurance, Managed Funds & Trusteeship
NUMBER OF BRANCHES	24 (excluding Registered office & Corporate office)
ASSOCIATE COMPANIES	Leadway Capital & Trusts Limited Leadway Properties & Investments Ltd. Leadway Hotels Limited Leadway Pensure PFA Limited Leadway Asset Management
SUBSIDIARY	Leadway Vie
NUMBER OF EMPLOYEES	313 (as at December 31, 2020)
FOUNDER	Sir Hassan O. Odukale (1926-1999)
DIRECTORS	Gen. (rtd) Martin Luther Agwai – Chairman, Independent Mr. Tunde Hassan-Odukale – Managing Director Ms. Adetola Adegbagi – Executive Director Mr. Jeremy Rowse - Non-Executive Director(Retired wef 31 December, 2020) Mr. Seyi Bickersteth - Non-Executive Director, Independent Mr. Odein Ajumogobia - Non-Executive Director, Independent Mr. Martyn Parker - Non-Executive Director (Appointed wef 3 February, 2020) Mr. Ire Hassan-Odukale - Non-Executive Director (Appointed wef 8 May, 2020)
MANAGEMENT STAFF	Mr. Tunde Hassan-Odukale - Managing Director/CEO Ms. Adetola Adegbagi – Executive Director, General Insurance Mr. Tinashe Muyambo – Head, Life Business Mr. Gboyega Lesi – Commercial Director Mr. Allan Olufade Suradj – Regional Director Mrs. Kunbi Adeoti – Human Resources Director Mr. Odalo Aimufia – Chief Information Officer Mr. Ernest Aziagba – General Insurance Actuary Director Mr. Tunde Alao-Olaifa – Strategy & Special Projects Director Mr. Oluwafemi Adebayo – Life Sales Director Mr. Bamidele Lawal – Chief Technical Officer Mrs. Kikelomo Fischer – Enterprise Risk Management Director Mr. Olumide Hanson – Company Secretary
COMPANY SECRETARY	Mr. Olumide Hanson

Branch Network	<p>Registered office: NN 28/ 29 Constitution Road, Kaduna.</p> <p>Corporate office: 121/123 Funso Williams Avenue, Iponri Lagos.Branch Network</p>	
Branch Offices		
<p>ABEOKUTA Seriki Fadare Plaza, beside Nigeria Immigration office, Oke-Mosan, Abeokuta 08129997096, 08129997097</p> <p>ABUJA Leadway House Plot 1061, Herbert Macaulay Way Central Business District, Cadastral Zone. Abuja 08129997114, 08129997115</p> <p>AKURE NACRDB Building, Ado-Owo Road Alagabaka Akure 08129997104, 08129997159</p> <p>BENIN 49 Akpakpava Road, Benin City 08129997103, 08129997158</p> <p>CALABAR 141, Ndidem Usang Iso Road/ Marian Road, Calabar, Cross River 08129997098, 08129997099</p> <p>ENUGU Akalaka House (2nd floor) 127/129 Chime Avenue New Haven, Enugu 08129997106, 08129997161</p> <p>FESTAC* Twin Place, Plot 2015 Block, 18A, Amuwo- Odofin Govt. Scheme by Apple Bus/stop Festac Link Road, Festac, Lagos 08129997005</p>	<p>IBADAN 25, Morgaji Are Rd,Iyaganku GRA Off Moshood Abiola Way,Ibadan 08129997102, 081299971629</p> <p>IKEJA* 77 Opebi Road, Ikeja, Lagos 08129997012</p> <p>ILORIN 163, Ajase-Ipo.Road, Gaa- Akanbi Junction Road. Anu Oluwapa Complex Ilorin, Kwara State 08129997153, 08129997157</p> <p>JOS 2A Ibrahim Taiwo Rd,GRA Jos 08129997122, 08129997123</p> <p>KANO Fustan House 25 Zaria Road Gyadi-Gyadi Round About, Kano 08129997112, 08129997168</p> <p>LEKKI Garnet Building, Igbo-Efon by 2nd round-about along Lekki-Epe Expreway, Lekki, Lagos 08129997009</p>	<p>MAKURDI Last Floor, 8 Railway bye pass, High Level, near Zenith bank, Makurdi 08129997113</p> <p>OSOGBO 2nd floor, Moye House Km2,Gbogan /Ibadan Road Oshogbo,Osun State 08129997108, 08129997163</p> <p>PORT HARCOURT 8 Igbodo Street, Old GRA, Port Harcourt 08129997109, 08129997110</p> <p>UYO 140, Atiku Abubakar Way Uyo 08129997100, 08129997155</p> <p>SAGAMU 13 Isale Oko Road, Sagamu 08129997101, 08129997156</p> <p>SOKOTO 15A, Kano Road Not Far From Central Of Nigeria, Sokoto. 08129997124</p> <p>WARRI Ecobank Building 60 Effurun/Sapele Road Warri 08129997111, 08129997166</p> <p>ZARIA Last floor, UBA building by PZ Kaduna Road Zaria 08129997125</p> <p>MARINA 24 Campbell Street, Lagos Island 08129997011</p>

* Asterisked offices are domiciled in Lagos

Subsidiary

Leadway Vie

Leadway Assurance Company Limited gained inroads into Cote d'Ivoire through the acquisition of a Life Insurance Company. Our decision to expand into Cote d'Ivoire was a result of the identified opportunity in the Ivorian Market. Increasing institutional Investment in the country has resulted in increasing economic activities. We started operating as Leadway Vie on the 30th of September, 2018 upon receiving regulatory approval for the acquisition and name change.

In a market that has created so much reputational damage to insurance through value eroding products, there exists both the opportunity to gain market share from acting fairly and a discouragement of customers to buy insurance. Our goal is to encourage customers to embrace the change. We aim to become Ivory Coast's foremost insurance company, following in the steps of its parent brand in ensuring integrity, service, customer focus, openness, respect for the individual and excellence (iSCORE). Leadway Vie is the transparent insurer; we listen more than we speak and we are open to our Customers.

The Company intends to transform the insurance space by becoming the leading digital Insurance Company in Cote d'Ivoire.

Associated Companies

Leadway Pensure PFA

Leadway Pensure PFA Limited was incorporated on the 25th day of August 2004 in accordance with the provisions of the Pension Reforms Act 2004 to carry on the services of a Pension Fund Administrator [PFA], and was duly licensed by the National Pensions Commission (PenCom) in 2005. We have an authorised and Paid-up share capital of N2.0 Billion. As at December 31st 2017, their shareholders fund stood at 5.018 billion, unimpaired by losses. The principal goal of the company is to provide effective support to contributors in securing a comfortable retirement, by offering world class pension fund management and administration services.

Overall, Leadway Pensure PFA is considered in the individual and corporate market as being Strong, Progressive and driven by Integrity, having successfully managed funds and provided enviable returns. With a responsive complaints resolution and feedback system, the business interacts and stays close to its customers in order to nurture and retain them, always available to take their numerous customers through the process of attaining desirable financial status at retirement.

Leadway Capital & Trusts

Leadway Capital & Trusts Limited is a subsidiary of the Leadway Holding Company. The reputation enjoyed by the Leadway brand has been attained and sustained by the pursuit of improvements to maintain competitive advantage. All aspects of the business are approached with discipline – the recruitment of staff, development of products, use of advanced technology to final service delivery.

Since incorporation, the company has been providing trusteeship services in diverse arrangements. Specifically, Leadway Capital & Trusts Limited provides professional services in the following areas:

Short Term Financing for pre-qualified transactions, Equipment Leasing to select Corporate Bodies, as well as Investing in varied transactions where management finds it expedient. Leadway Capital and Trusts Limited is able to tap into the resources and over 45-year experience of the Leadway brand.

Address: 121/123 Funso Williams Avenue, Iponri, Surulere, Lagos; P.O. Box 6437, Marina, Lagos. Tel: 01-2700700 Fax: 01-2700800,

E-mail: trustees@leadway.com, Website: www.leadwaycapital.com

Leadway Hotels

Leadway Hotels Limited, incorporated March 2005, is a subsidiary of Leadway Holding Company and an up-and-coming player in the hospitality industry in Nigeria. It aims to become a distinctly recognized brand in the hospitality and service industry. Leadway Hotels Limited is dedicated to quality and services and has a reputation for service efficiency and customers' reliability. For almost a decade, the Leadway Hotels Limited, has honoured its hospitality commitments and has earned its reputation of excellence in this regard. All aspects of the business are approached with discipline; the recruitment of staff, the advancement of technologies and the corporate/personal service offered to its growing clientele.

Under its umbrella are three notable and thriving businesses in Lagos and Abuja, namely, Leadway Hotel in Ikeja, Le'ola Suites and Panache Restaurant, both in Abuja. One of the strengths of the group is its ability to effectively coordinate these businesses with innovative prowess which is helping it carve a niche within the hospitality industry in Nigeria. These are evident in the excellent local and international cuisine offered to its diverse guests. Its Restaurants boasts of a menu selection that is varied enough to cater for all tastes.

Operating Address: Leadway Hotel, Ikeja. 1 Mugambo Close, Maryland Estate, Lagos. Nigeria.

Tel: +2341 2790800/0802/0803/0806, Fax: +2341 2790801, E-mail: reservations@leadway.com

Leola Suites/Panache Restaurant Leadway House (near NNPC Towers) 1061 Herbert Macaulay Way Central Business District Abuja, Nigeria.

Leadway Properties & Investment Limited

Leadway Properties & Investment Limited, a wholly-owned subsidiary of Leadway Holding Company, is a property development company involved in the acquisition, development, management and sales of high quality, serviced commercial and residential properties in the Nigerian real estate market.

- Trusts of Consortium Lending
- Debenture Trusts
- Unit Trusts and Mutual Funds
- Mortgage Trusts
- Investment Trusts
- Leasing Trusts
- Employee Share Ownership Trusts
- Custodian Trusteeship
- Nominee Shareholding Management of other Trusts as Endowments, Foundations and Co-operatives
- Preparation of Wills
- Living Trusts
- Education Trusts
- Public Trusts

Leadway Asset Management

Leadway Asset Management is a wholly owned subsidiary of the Leadway Holdings and an associated company with Leadway Assurance Company Limited. We are a full service asset management company providing wealth management services to high net worth and ultra-high net worth individuals, portfolio and advisory services to institutions and investment solutions to retail clients.

As a company, Leadway Asset Management leverages the strength and experience of the group and Swiss RE brands to offer tailor-made investment solutions to her clients, helping them meet their long term investment objectives.



LUXURY IN A WORLD APART.

Everything exquisite is in the mix of what you get at Leadway Hotels when you come for business or leisure in Lagos or Abuja.



L'EOLA
SUITES

...space to be yourself

Panache
Restaurant

Have you been to d' Panache...



LEADWAY HOTELS LTD
Operational Office
1 Mogambo Close,
Maryland Estate,
Ikeja, Lagos, Nigeria
Tel: +234 1 279 0800

L'eola Suites / Panache Restaurant
Leadway House (Near NNPC Towers)
1061, Herbert Macaulay Way
Central Business District
Abuja, Nigeria.
Tel: +234 (9) 623 3314/6233313
Email: leola@leadway.com
Email: panache@leadway.com

