ANNUAL REPORT

2020

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

AFRICAN ALLIANCE
INSURANCE PLC
With you for life

Contents

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About **Us**

African Alliance Insurance PLC is widely recognised as the most experienced and strongest Specialist Life Assurance Office in Nigeria, serving thousands of customers with personalised insurance products tailored for each stage of their lives.

Formerly African Alliance Insurance Limited, we were incorporated on May 6, 1960 by our founders, Chief S.L. Edu (CON), Mr T. A. Braithwaite(CON) and Chief M.E.R. Okorodudu, backed by world class reinsurers and co-shareholders, Munich Reinsurance Company.

Today, African Alliance Insurance PLC drives innovation in the 21st century and uniquely positions itself to offer premium value to all its stakeholders, from its esteemed customers to its employees, partners and shareholders.

Operating a network of 18 branch offices managed by a competent and passionate team, we offer a creative combination of Protection (Term Assurance and Group Life), Savings and Investments Products. Our clients choose us for our rich history exemplified by excellent customer service delivery and prompt claims settlement. In fact, in 2019 financial year alone, we paid an estimated N9 billion in settlement of various claims.

African Alliance Insurance PLC currently boasts of a Capital Base of N10.29 billion with a Gross Premium Income and Asset Base estimated as N7.3 billion and N37.70 billion respectively (2019 audited results), an evidence of our strength, heritage and clients' trust in our brand.

Our Mision

We improve the quality of lives of our clients, and add value to our shareholders

Our Vision

To be the most preferred life insurance specialist

Our Core Values

Our values are our guiding principles, the pillars upon which all we do is built. They inspire our internal culture and conduct towards our clients and other stakeholders. In all we do, therefore, we are guided by these values, represented by our acronym–AAIPLC.

Accountability

In all we do, we do not shirk our responsibilities to our stakeholders; we always own up to our duties and never falter in delivering value to our esteemed stakeholders.

Integrity

Ours is a business of trust, which is the basis of integrity. In the way we do our business, we do all we can to keep the trust of our stakeholders come what may.

Loyalty

For 61 years, we have built a family of stakeholders, aided multiple generations of clients as they navigate the journey to financial freedom. Our loyalty is not in doubt because our commitment is plain to see.

Accessibility

We run an open office, dedicated to ensuring ease of access to our various stakeholders. Be it via our ever growing social media engagements, we keep our stakeholders close and informed at all times.

Professionalism

We do not do sloppy work nor go half way for our stakeholders. For us, the whole nine miles is the only way we know how to do our work. Whoever is at the receiving end, they can be assured of quality service at all touchpoints.

Creativity

Creativity is at the heart of our deliverables. From customer acquisition to retention, corporate communications and staff engagement, policy servicing and claims settlement, we lead a creative life that ensures each customer is treated with the uniqueness they deserve.

Membership of the Board of Directors as at the year ended 31 December, 2020

Anthony Okocha	Non-Executive Director	Chairman	
Funmi Omo	Managing Director	Member	Resigned 31 August 2020
Joyce Ojemudia	Managing Director	Member	Appointed 12 October 2020
Olabisi Adekola	Executive Director	Member	
Sylva Ogwemoh (SAN)	Non-Executive Director	Member	
Ahmad Nahuche	Non-Executive Director	Member	Resigned 31 March 2020
Dr Abatcha Bulama	Non-Executive Director	Member	Appointed 1 October 2020
Dr Adiele Ekechukwu	Non-Executive Director	Member	Appointed 1 October 2020
Mr Macauley Atasie	Non-Executive Director	Member	Appointed 1 October 2020

Company Secretary

Tope Adebayo & Co
25C Ladoke Akintola Str,
GRA, Ikeja, Lagos
2013/00000000001586

Estate Surveyors and Valuer

A.C Otegbulu & Co
FRC/2013/NIESV/00000001582

Registrars

Carnation Registrars Limited
2a Gbagada Expressway
Anthony Village, Lagos.

Re-insurers

African Reinsurance Corporation
WAICA Reinsurance Corporation PLC

Registered Office

54 Awolowo Road, Ikoyi, Lagos
info@africanallianceplc.com

Regulatory Authority

National Insurance Commission

Head Office

54 Awolowo Road, Ikoyi
Lagos
RC NO: 2176
info@africanallianceplc.com

Bankers

EcoBank Nigeria Limited
Guaranty Trust Bank PLC.
First Bank of Nigeria Limited
Fidelity Bank PLC
Access Bank PLC
Keystone Bank Limited
Sterling Bank PLC
Union Bank of Nigeria PLC
First City Monument Bank Limited

Registered Corporation Number

RC. 2176
info@africanallianceplc.com

Management Team

Joyce Ojemudia	Managing Director / CEO
Olabisi A. Adekola	Executive Director
Steve Ajudua	General Manager, Business Development
Amaka Okafor	Head, Abuja & Northern Region
Emmanuel Eburajolor	Head, Marketing
Akinola O. Akinwole	Head, Human Capital Management
Akinbode Raji	Head, Finance
Alice Amina Uwodi	Head, Administration
Victor Peters	Head, Agency Operations

Auditors

Deloitte & Touche
(Chartered Accountants)
Civic Towers
Ozumba Mbadiwe Avenue
Victoria Island
Lagos

Actuaries

Ernst & Young
FRC/2012/NAS/00000000738
(Consulting Actuaries & Chartered Insurers)
10th & 13th Floors
UBA House
57 Marina, Lagos, Nigeria

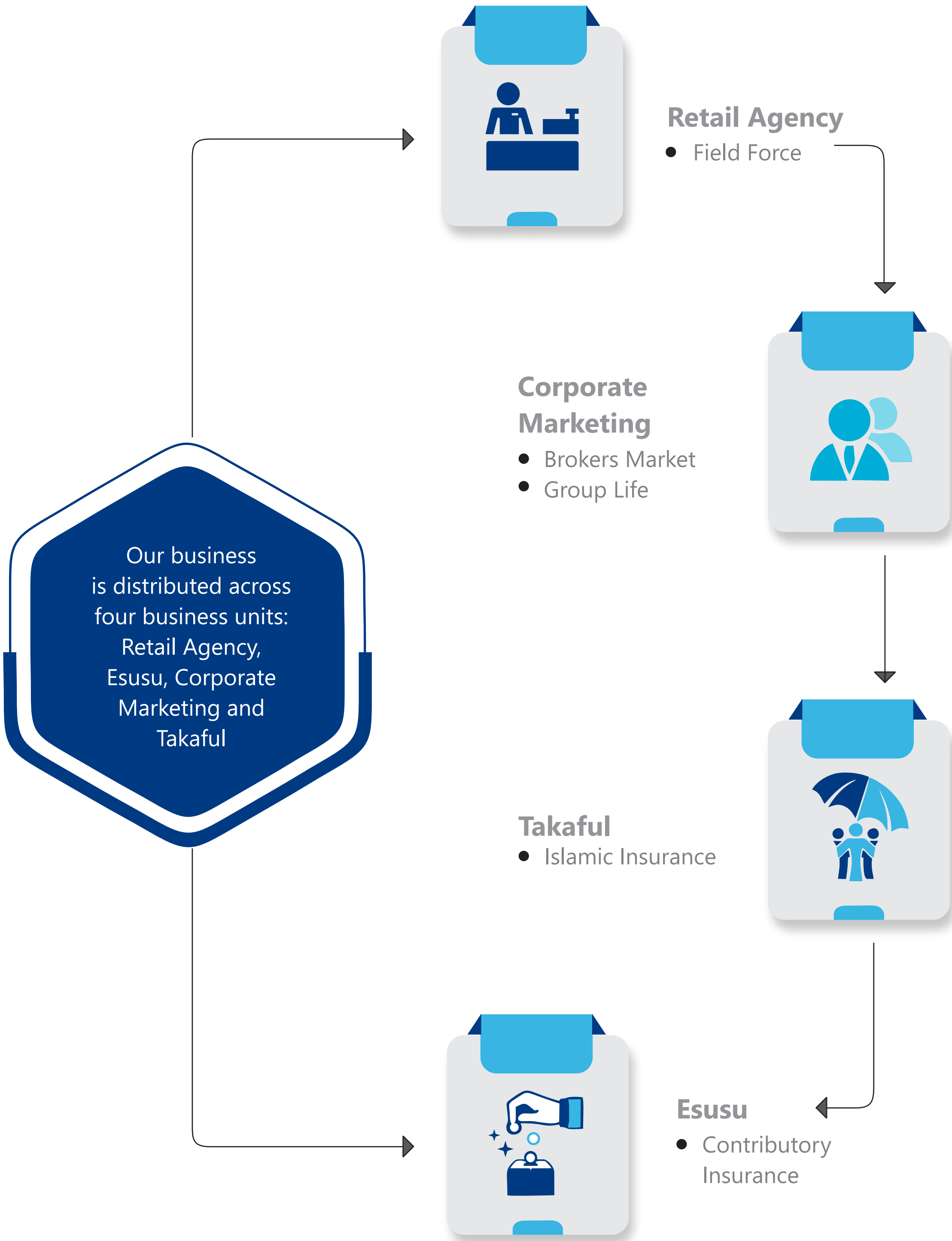
Regulatory Authority

National Insurance Commission

Our Branch Network

1	ABA	62 ABA/OWERRI ROAD. TEL: 07039558890
2	ABAKALIKI	28 WATER WORK ROAD, NWAGWU PLAZA. TEL: 08084818479, 07032410018
3	ABUJA	79 ADETOKUNBO ADEMOLA CRESCENT. WUSE II. TEL: 08036049269
4	AKURE	AFRICAN ALLIANCE HOUSE, 73, OYEMEKUN ROAD, AKURE/. TEL: 08148115272
5	AKWA	BLOCK C, MILLENUIM PLAZA, BESIDE ANAMBRA STATE , UNIVERSITY TEACHING HOSPITAL ANAMBRA. TEL: 08161816564
6	ASPAMDA	GODS FAVOUR PLAZA , ZONE C BEHIND ZONE C8 , TRADE FAIR, ASPAMDA-LAGOS. TEL: 07019075066
7	BENIN	34, AKPAKPAVA ROAD IGHODARO-EHANERE HOUSE, BY IGBESANMAN JUNCTION (THIRD FLOOR) TEL: 08025376625
8	CALABAR	PLOT 38 MCC ANASA ROAD, TEL: 08026208433
9	ENUGU	4 RIDGE WAY STATION ROAD, STATE SECRETARIAT G.R.A. TEL: 08032181930
10	IBADAN	1 ADEKUNLE FAJUYI ROAD, DUGBE, FEDERAL MORTGAGE, BANK BUILDING TEL: 08135907423
11	AJAH	KM 24 LEKKI EPE EXPRESSWAY BESIDE DOMINIONS PIZZA TEL: 08027500814
12	ILUPEJU	13 TOWN PLANNING WAY, ILUPEJU - LAGOS. TEL: 09011394963
13	ABEOKUTA	SUITE 006, PROVIDENCE MAIL NEAR NNPC MEGA STATION, ABIOLA WAY, ABEOKUTA. TEL: 08039282557
14	KADUNA	22 AHMADU BELLO WAY, OPPOSITE AP FILLING STATION. TEL: 08065724410
15	KANO	13A UMMA DANTATA HOUSE, MURITALA MOHAMMED WAY. TEL: 08065496784
16	ONITSHA	2ND BUSINESS PARK , 2ND FLOOR, BLOCK C , ENUGU ROAD, GRA BY CPS TEL: 08066273645
17	PORT-HARCOURT	245 ABA ROAD, OPPOSITE, FIRST BANK BY 1ST ARTILERY, JUCTION TEL: 07069644096
18	UYO	6 AKA ITIAM STREET, OFF ORON ROAD. TEL: 08064994084

Our Structure (Distribution/Business Units)



Chairman's Statement

Anthony C. Okocha Board Chairman

Distinguished Shareholders
Esteemed Members of our Board of Directors and Management of African Alliance Insurance PLC
Our Regulators
Members of the Fourth Estate of the Realm
Ladies and Gentlemen;

It is my delight to welcome you to the 52nd Annual General Meeting of our Company, African Alliance Insurance PLC as I present to you the Annual Reports and Financial Statements for the year ended 31st December, 2020.

A. Our Operating Environment

The outbreak of the Covid-19 global pandemic negatively influenced all economic projections for 2020. The rapid and huge infection rate of the virus brought the global economy to a standstill, which also impacted the African continent with a contracted GDP of 2.1 percent in the year under review taking the continent into its first recession in half a century. Indeed, it is estimated that about 39 million Africans could fall into extreme poverty in 2021 if appropriate measures are not taken and support provided.

According to the Central Bank of Nigeria (CBN) daily crude oil price report, prices experienced downward pressure in the second quarter of 2020, as crude oil rates fell to unprecedented levels of about US$20 per barrel in April 2020 from $69 per barrel at the start of the year. It took the intervention of the Organisation of Petroleum Exporting Countries (OPEC) and its allies to shore up the Brent crude benchmark from an all-time low of $20 per barrel in April 2020 to $42.49 as of June 2020.

In Q1 2020, the real Gross Domestic Product (GDP) growth rate as released by the National Bureau of Statistics (NBS) was 1.87 percent but it witnessed a huge contraction of -6.10 percent in Q2 due to the impact of the pandemic on global economies. Economy recovery started in Q3 at -3.62 percent growth and ended the year with a slight growth of 0.11 percent in Q4 2020. For the full year, the annual growth of real GDP declined from 2.27 percent recorded in 2019 to –1.92 percent in 2020.

Consequently, Nigeria's external reserves dropped for most of the year due to poor economic activities occasioned by lockdown and restrictions at the beginning of Q2 2020. Despite the intervention of the Central Bank of Nigeria to defend the Nation's currency in the foreign exchange market, Nigeria's foreign reserve which stood at US$38.53 billion at the start of the year reduced to US$35.37 billion by December 2020.

Likewise, the implementation of the Finance Act 2020 which led to a rise in Value Added Tax (VAT) from 5% to 7.5%, the low yield environment in the last quarter of 2019 which lingered throughout 2020 and the negative returns on government securities further heightened inflation rate with Treasury Bills maintaining a low rate of -1%.

Notwithstanding the negative trajectory, your Company braced up to the challenge. In particular response to the pandemic, we immediately activated our business continuity plan to ensure our offices continued to run seamlessly with minimal disruption to services offered to our customers. Through our virile Brand, Media and Communications department aided by our expansive digital channels, we constantly engaged and communicated with our customers reiterating our online premium payment solutions. Thus, your Company ensured the provision of tools to staff for remote connection to business applications and improved service delivery to our customers.

In the year under review, we welcomed a new Managing Director/Chief Executive Officer into our fold, in the person of Mrs. Joyce Ojemudia. Joyce is aptly described as an amazon and a proven sales strategist cum insurance marketing expert whose career is laced with outstanding performance. Please join me in welcoming this astute leader and conscientious manager of men and resources into your Company. Your Board has entrusted Joyce with the task of driving the business to renewed profitability and stability following the exit of our immediate past MD/CEO, Mrs. Funmi Omo. May I quickly use this opportunity to wish Funmi well in her new appointment.

B. Our Performance

Despite our best efforts, the effects of the pandemic took a toll on your Company's gross written premium with 19% reduction year-on-year in premiums recorded for the year under review. This is not unconnected to the devastating effect of the pandemic which impacted the retail business and revenue generation. However, the financial impact of these on the business was counterbalanced by a 21% reduction in the total claims paid year-on-year. This is the result of shrewd underwriting/ vibrant risk selection process which saw us cede strategically to reinsurers. Ultimately, we were properly positioned to handle the expected policy surrenders following the pandemic.

In the same year, ladies and gentlemen, your Company was able to grow its asset base by 29% from over N40 billion to N56.3 billion. This was as a result of substantial capital injection which gave us a boost on our bottom line to the tune of N5.67 billion from the 2019 loss position of -N7.04 billion. These profits have been immediately assigned as retained earnings to further boost our ongoing quest to revamp our books and grow the overall financial standing of your Company.

C. Our Recapitalisation Efforts

Our recapitalization plans are on course despite the suspension of the exercise by the National Insurance Commission. For ease of reference, our plans are still in the three possible areas:

i. Disposal of assets
ii. Capital injection by way of rights issue
iii. Business Combination

We remain confident that the execution of the highlighted plans will strategically position your Company for giant strides.

D. Outlook for 2021

Our primary target is to continue working towards meeting the minimum capital requirement as set out by NAICOM. We will pursue this relentlessly in alignment with our stated plans with the belief that come year end, we would be fully and adequately capitalized.

With the appointment of the new MD/CEO, introduction of new products, deployment of effective strategies and technological innovations, we are looking to grow our market share by at least 50% by year end. This will be achieved by a robust strategy which includes deploying Information Communication Technology to boost end to end on-boarding and claims settlement. We will also open new offices and revamp existing ones to establish and strengthen the Company's presence as shall be determined by our in-house strategy and research team. We also intend to increase our corporate marketing reach substantially across board to address the shortfall in manpower in that department.

Our many digital exertions to expand reach, increase visibility and growth will be consolidated this year. Having decided to grow our corporate portfolio, we shall take advantage of technology to scale quickly in that market while ensuring cordial and mutually rewarding business relationships with top brokers in the market. Work is ongoing in building a mobile app to help with retail penetration and promote better customer experience to our over 50,000 strong policyholders.

The quality of staff is directly linked to the overall productivity of the Company. Your Company has continually engaged its staff by retraining them for better service delivery while necessary steps have been taken to ensure that staff members are consistently motivated. Having identified key roles within the business, we will recruit highly skilled professionals to drive such departments to better productivity.

Your Company has one of the most visible media presence in the insurance industry contributing to an impressive voice in the ever expanding media space. Given the communications strategies already set out in alignment with the overall corporate goal to increase brand visibility, we will continue to scale up our engagements and overall management thought leadership within the industry.

E. Conclusion

Distinguished ladies and gentlemen, the year 2021 is pregnant with positives and we can all rightly look forward to positive results following the extensive strategies we have put in place. I thank the members of the Board for their relentless leadership, diversity and drive at all times. The management and staff of our dear Company, the ones I like to call the front liners, deserve commendation for their boundless belief, diligence and commitment in seeing our Company back to its deserved place in the industry. As we welcome 2021 with renewed optimism, I, on behalf of the Board, reiterate our commitment to ensuring your dear Company lives up to its famous mantra, come what may: With YOU for life.

Thank you.

Managing Director's Statement

Joyce Ojemudia (MD / CEO)

To our esteemed Shareholders,

The 2020 financial year was a topsy-turvy one signaled by the outbreak of the novel coronavirus otherwise known as Covid-19 which crippled economic activities across the world. The global effect of the pandemic trickled down to our immediate operating environment and had major impact on both corporate organisations and individuals across various economic divides.

A. The Operating Environment

Following the impact of the pandemic, the erstwhile recapitalization plan of the National Insurance Commission (NAICOM) was relaxed and the deadline for adequate capitalization for insurance and reinsurance companies was extended. The capital raise was further segmented into two phases: 50% and 60% of the minimum paid-up capitals for Insurance and Reinsurance companies respectively to be met by 31st December

2020 under the first phase, with full compliance with the approved Minimum Paid-Up Capital expected not later than 30th September, 2021. Following a suit challenging the regulators, NAICOM eventually suspended the recapitalization process indefinitely.

In the year under review, and in a bid to deepen insurance penetration in Nigeria, NAICOM licensed four new insurance underwriters and one reinsurance company to commence operations in the Nigerian insurance market. It is pertinent to note that these new companies were licensed at the new capital base level to further create healthy and productive competition among the players which will in turn enhance the contribution of the industry to Nigeria's GDP. The new companies are expected to start operations in the coming year and will provide yet a tougher playing turf for existing and new entrants. It is also expected that the increase in the number of insurers will inspire innovative underwriting and sales strategies which can only be good for our industry.

The Central Bank's policy aimed at shoring up foreign portfolio inflows resulted in the continuous decline of Treasury Bill Rates during the year. This was further aided by the subsisting restriction of investment in Open Market Operations. Also, the monetary policy committee of the Central Bank of Nigeria (CBN) reduced the Monetary Policy Rate (MPR), which determines interest rate, by 100 basis points from 12.5 percent to 11.5 percent during Q3 2020 amid the disruptions caused by the pandemic.

Also, the implementation of the Finance Act 2020 inspired the rise in VAT from 5% to 7.5% further straining already strict funds flow occasioned by the low yield environment which started in the last quarter of 2019 and lingered throughout 2020 while the negative returns on government securities further heightened inflation rate.

According to Nigeria Insurers Association Digest of 2019, the Insurance Market Size by Gross Premium Written was N490.80 billion, representing a growth of 18.89% on the 2018 figures of N413.15 billion. Of this amount, Non-Life companies contributed N260.57 billion while Life contributed N230.23 billion. We were ranked 8th out of 20 life insurance companies who had their approved financials analyzed, with a market share amounting 3.17% up from 2.89% the previous years.

B. Activities and Performance Highlights

I. Financials

Though our gross premium written dropped by 19% in the year under review, we returned a profit after tax of N5.6billion for the year 2020 compared to a loss after tax of N7.04billion in 2019. This is unconnected to substantial capital injection from the disposal of a major asset. The reduced GPW is as a result of the peculiarity of the operating environment due to the effect of the Covid-19 pandemic. The effects of the pandemic also affected interest rates as earlier shared and this contributed to the decline in our investment income by 19% as at 31 December 2020. However, as a precautionary counterbalance to these reduced earnings, we had a 14% reduction in our operating expenses largely due to the work-from-home situation we found ourselves during the compulsory lockdown.

ii. Business Continuity Management

The pandemic forced a lockdown on the economy and with it, came a frantic rush by many firms to ensure seamless transition to a remote work structure. Fortunately for us, we had long instituted a virile and viable Business Continuity Plan (BCP) which we simulated two weeks before the lockdown. Upon enforcement of the lockdown, we quickly activated our BCP and deployed a number of alternative channels for marketing using digital technology. We stepped up our social media engagements, ensured online purchase of our products from end to end via our website whilst setting up a fully functional remote contact centre to attend to customer requests and improve customer experience.

iii. ISO Certification

I am proud to announce that following a successful audit process of our BCP by the global ISO family, our ISO certification as a Business Continuity Management compliant Company was awarded to us in the year under review. We have already demonstrated that the certification was fully deserved following our ability to keep the office running remotely during the lockdown. We are already looking forward to next year's audit with a view to ensuring our certification is appropriately renewed.

iv. 60th Anniversary

Our beloved Company turned 60 during the year. While we planned to have a big celebration consistent with our staying power and longevity, Management reviewed the plans and settled for a very low key event where we appreciated and rewarded staff who have been in our employ for 10 years and above. We chose to reward long service knowing well that in these times where company loyalty is rare, we still have men and women of steadfast commitments to our Company. Over twenty members of staff were honoured during the short but emotional event held within our office premises.

v. Product Review

Some of our popular products, Esusu and Term Assurance, were reviewed in line with market demands. The product review is part of the Company's diverse ways of satisfying customers' yearnings for easy-to-buy, short term products. With a combination of digital advertising and aggressive sales strategy, we can earnestly look forward to a fruitful 2021 in relation to our products.

vi. Corporate Social Responsibility

As part of our contribution to the Federal Government's covid interventions, we joined our peers in the Nigerian Insurers Association to support life insurance for frontline health workers. This unprecedented initiative, got the attention and glowing appreciation of President Muhammadu Buhari GCFR, who in his 2020 Independence Day speech thanked the industry for the wonderful gesture.

We also supported the grassroots Government in our immediate vicinity by providing palliatives to residents of Obalende-Ikoyi LCDA. These went a long way in helping residents whose means of livelihood had been affected by the pandemic stay afloat while the lockdown lasted.

Beyond sale of life insurance, one of our strategic goals is to support life-enhancing social causes that aligns with our ideals. During the period under review, we supported Headfort Foundation, a prison intervention that seeks to help wrongly incarcerated, indigent inmates perfect their bails and help their absorption into the society.

C. Outlook

i. Market Expansion

Our main focus next year is to grow our market share substantially. This will be achieved by massive beef-up of the sales team (field force and corporate marketers) and provision of necessary tools to aid marketing activities. We will reopen branches in locations we have found promising and enhance our presence in existing locations. Our quest to maintain physical presence resonates with our integrity drive as insurance is a business of trust especially amongst the retail market. This effort will be supported by digital technology as we adopt a two-prong onslaught on the market.

ii. Recapitalization

Our recapitalization plans have taken flight. As earlier stated, our plans are in three phases:

* Disposal of assets
* Capital injection by way of rights issue
* Business Combination

We are confident that by the incoming year, our plans for recapitalization will be achieved subject to approval of our regulators, NAICOM.

iii. Staff Training Retraining

In today's business landscape, it is imperative that our staff members are adequately equipped with the right skill set and mind set to take on the market and deliver their optimal best. Therefore, we will continuously invest in staff training and retraining, and possibly hire a full-time, in-house trainer over time to save cost and enhance accessibility to knowledge.

iv. Manpower Development

We have identified gaps in some critical departments in the Company. For us to achieve our set corporate goals, these roles will be filled in the coming months to enhance market competition as well as satisfy regulatory requirements for such roles.

v. ISO Re-Certification

All hands are on deck to ensure that our ISO re-certification is achieved. The Business Continuity Management (BCM) team, ably led by our Executive Director, Finance, Olabisi Adekola, has demonstrated capacity and competence necessary to undertake the daunting task. We are confident of getting re-certified at first request.

vi. IT Upgrades

In order to meet the demands of new normal, we are constantly improving our digital capabilities to ensure seamless operations. In view of the foregoing and with the support of the Board, we are looking to resolve all pending IT issues to boost the Company's performance.

vii. Corporate Social Responsibility

We will continue to identify and support diverse not-for-profit interventions particularly tailored towards ensuring improved living conditions for people within our area of influence and business.

D. Conclusion

Finally, I thank the Board for finding me worthy to lead the affairs of this legacy Company at this critical time. The confidence reposed in me is well appreciated even as I want to use this opportunity to assure the Board and indeed all stakeholders of my unreserved commitment to ensuring our noble Company improves by all measurable standards this year. At this juncture, I crave the continuous support of the Management and Staff of our Company as well as all stakeholders. More than ever, I am convinced we will have a most productive 2021 as the Lord helps us.

Thank you.

Sincerely,

Joyce Ojemudia

Notice of the 52nd Annual General Meeting of African Alliance Insurance PLC

NOTICE IS HEREBY GIVEN that the **52nd Annual General Meeting of AFRICAN ALLIANCE INSURANCE PLC** will hold at **Westwood Hotel, Awolowo Road, Ikoyi, Lagos** on **Thursday 25th November 2021** at **10am prompt** to transact the following business:

Ordinary Business

1. To lay the Audited Financial Statements for the year ended December 31, 2020 together with the Reports of the Directors, Independent Auditors and Statutory Audit Committee thereon;

2. To elect/ re-elect directors;

3. To authorise Directors to fix the remuneration of the External Auditors of the Company;

4. To elect members of the Statutory Audit Committee;

5. To disclose the remuneration of Managers of the Company;

Special Business

6. (i) To fix the remuneration of Directors.

   (ii) To approve the payment of the severance package of ex-directors.

7. To consider and if thought fit, pass the following as resolutions of the Company as explained in Note 6:

   "That further to Members' approval at the Annual General Meeting of the Company held on 27th October 2020 authorizing the Board of Directors to dispose the Company's assets to meet the new capital requirement set by the National Insurance Commission (NAICOM);

   i. To ratify the sale of the Company's 539,000,000 (Five Hundred and Thirty-Nine Million) units of ordinary shares representing 49% equity stake in Pensions Alliance Limited (PAL) at the price of N16.6 billion Naira to Conau Trade and Investment Co. Limited.

   ii. To ratify the repurchase of the Company's 539,000,000 (Five Hundred and Thirty-Nine Million) units of ordinary shares representing 49% equity stake in Pensions Alliance Limited (PAL) from Conau Trade and Investment Co. Limited at the price of N18.6 billion Naira using cash, the Company's shareholding in Universal Insurance PLC and the property at 29 A & B Akin Adesola Street, Victoria Island, Lagos State.

Proxy

A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company. For the appointment to be valid, a completed and duly stamped proxy form must be deposited at the office of the Registrar, Carnation Registrars Limited, No.2A, Gbagada/Anthony Expressway, Lagos State, not less than 48 hours before the time fixed for the meeting.

Notes

1. Attendance By Proxy

In the interest of public safety and having regard to the COVID-19 Health Protection Regulations 2021, the Corporate Affairs Commission (CAC) Guidelines on Holding of Annual General Meetings (AGM) of Public Companies Using Proxies and the restrictions on public gatherings by the Lagos State Government, African Alliance Insurance PLC. will conduct its 52nd Annual General Meeting by proxy only and limited to the maximum number of persons allowed in a gathering.

2. Approval of the Corporate Affairs Commission

The approval of the Corporate Affairs Commission (CAC) was sought and obtained to hold the AGM in line with the Commission's Guidelines on holding of AGMs of public companies using proxies.

3. Nomination of Proxies

Accordingly, members entitled to vote are requested to appoint a proxy of their choice from the list of nominated proxies below to represent them at the Meeting: (A blank Proxy Form is attached to the Annual Report).

1. Mr. Sylva Ogwemoh SAN
2. Engr. Cyril Ajagu
3. Sir Sunday N. Nwosu
4. Dr. Anthony Omojola
5. Mr. Matthew Akinlade
6. Alhaja Ayodele S. Kudaisi
7. Mrs. Adebisi O. Bakare

All completed proxy forms should be sent by email to info@carnationregistrars.com. In line with the Corporate Affairs Commission Guidelines, the Company has made arrangement at its cost, for the stamping of the duly completed and signed proxy forms submitted to the Company's Registrars not later than 24 hours before the time of holding the meeting.

4. Live Streaming of the AGM

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

5. E-Annual Report

The electronic version of the Annual Report is available at www.africanallianceplc.com. Shareholders who have provided their email addresses to the Registrars will receive the electronic version of the Annual Report via email. Furthermore, Shareholders who are interested in receiving the electronic version of the Annual Report are kindly required to request via email to info@carnationregistrars.com.

6. Sale and Repurchase of Company's Shares in Pensions Alliance Limited

African Alliance Insurance PLC received the approval of its shareholders at its 2019 Annual General Meeting to take steps necessary to meet the recapitalization deadline imposed by the National Insurance Commission (NAICOM). To unlock the value of its shareholding in

Pensions Alliance Limited (PAL) which stood at N2 billion, the Company sold its shares for N16.6 billion. The Company, upon becoming aware of an opportunity, repurchased its prized asset for N18.6 billion due to the strategic nature of the asset and seeks ratification of the transaction.

7. Closure Of Register

The Register of Members will be closed from 1st November 2021 to 24th November 2021 (both days inclusive) in accordance with the provisions of Section 114 of the Companies and Allied Matters Act, 2020.

8. Statutory Audit Committee

In accordance with Section 404 (6) of the Companies and Allied Matters Act, 2020, a shareholder may nominate another shareholder as a member of the Statutory Audit Committee by giving notice in writing of such nomination to the Company Secretary at least twenty-one (21) days before the Annual General Meeting. Such notice of nomination should be sent via email to the Company Secretary, at the Company's Head Office, African Alliance Insurance PLC, 54 Awolowo Way, Ikoyi, Lagos or via email at a.udeh@topeadebayollp.com.

9. Shareholders Rights to Ask Questions

In compliance with Rule 19.12 of the Nigeria Exchange Limited Rulebook, a member and other Security Holders of the Company have a right to ask questions not only at the Annual General Meeting, but also in writing prior to the Meeting. Please send questions, comments or observations to the Company Secretariat, African Alliance Insurance PLC, 54 Awolowo Road, Ikoyi, Lagos or by email to a.udeh@topeadebayollp.com at least one week before the meeting.

10. Unclaimed Dividend

There are no unclaimed dividends in the records of the Company. For more information, Shareholders are advised to contact the Registrars, Carnation Registrars Limited, 2A, Gbagada Expressway, Anthony Oke Bus Stop, by Beko Ransome Kuti Park, Lagos State.

11. Website

A copy of this notice and other information relating to the meeting can be found at www.africanallianceplc.com

Dated this 12th day of October, 2021

BY ORDER OF THE BOARD

ANTHONIA UDEH (Mrs.)
PP: TOPE ADEBAYO & CO
COMPANY SECRETARY

Board of Directors

Anthony C. Okocha

Chairman

Dr Anthony Okocha is the Chairman of the Board of African Alliance Insurance PLC. An accomplished financial services professional with over 38 years cognate experience across sales, commerce, banking, insurance, financial advisory services and technology, Dr. Okocha's first job was as a Standards Officer at Standards Organization of Nigeria (SON) where he was involved in several quality control functions. He left the organization after 2 years of professional practice to join Longman Nigeria Limited as the District Manager, Bendel State following his MBA from the University of Lagos in 1986. At Longman, he held regional responsibility for promoting, marketing and sales of all the Company's books from primary to tertiary levels. He was there for two years before taking up career in finance and subsequently banking, where he was to spend the next 20 years before retiring in 2010.

His career in finance and banking saw him amass unequalled work experience across a string of banks including First Marina Trust Limited, Devcom Merchant Bank Limited, Equitorial Trust Bank Limited, Ecobank PLC, IMB International Bank PLC, Citizens Bank Limited and Finbank PLC where he retired as Group Executive, Institutional Banking. His key areas of responsibilities whilst in banking were in Corporate & Investment Banking, Wealth Management, Credit Analysis and Supervision and General Management.

Dr Okocha resigned from the services of Finbank PLC on 31 January, 2010 to lead Forbs Investment Solutions Limited as its pioneer Managing Director/Chief Executive Officer. The Company is engaged in Business Advisory, Corporate Finance, Corporate Restructuring & Loan Workout, and Equipment Leasing.

A Ph.D holder in Credit Management from the University of Panama, Dr Okocha is also an alumnus of the Universities of Ife, Lagos, Columbia and New York. He currently sits on the Boards of Universal Insurance PLC and Cryptovision Information Technology Solutions Nigeria Limited.

Joyce Ojemudia

Managing Director

Joyce is an accomplished insurance professional and astute manager of resources. She has over twenty years of experience in insurance sales, business development, risk management, claims administration and reinsurance with a proven track record of revitalizing businesses and/or departments.

She started her career as a Marketing Executive at Healthcare International (a Health Maintenance Organisation) - a subsidiary of NICON Insurance- before joining Linkage Assurance PLC as an Executive Trainee in 2002. By 2007, she had risen to become the Deputy Head, Marketing at the company. In this role, she oversaw all the branch activities of the company as it relates to Marketing and contributed to the increase in market share and profitability of the underwriter. Thereafter, she joined STACO Insurance PLC as Assistant General Manager, Marketing, with responsibilities to coordinate and monitor the marketing activities in the public sector and direct corporate client. Joyce's profile grew and was soon promoted to Assistant Director in 2011, a role which required her to formulate and execute strategic business plans for the public sector in addition to her marketing duties.

In late 2016, she returned to Linkage Assurance as General Manager tasked with the management and coordination of the entire marketing department which had four sub-units viz Bancassurance, Financial Institution, Brokers Market and Direct Corporate. In less than four years at her second stint there, she grew the company's gross premium income by over 80% from N4bn to N7.5bn thus improving Linkage's market share from the 24th to 8th position by the end of 2019.

A thoroughbred professional, Joyce is currently rounding up her Ph.D in Entrepreneurship at the Joseph Ayo Babalola University. She is an alumnus of the prestigious Lagos Business School (SMP 40) and the University of Lagos where she had her first and second degrees in Insurance and Risk Management respectively. She is also a Fellow of the National Institute of Marketing of Nigeria, an Associate of both the Chartered Insurance Institute of Nigeria and the Institute of Chartered Economists of Nigeria.

She is the current President of Professional Insurance Ladies Association (PILA).

Olabisi Adekola

Executive Director Finance

Olabisi Adekola is a seasoned Chartered Accountant, Investment Manager and Business Continuity leader with over 25 years' experience in Financial Management, Internal Audit and Accounting.

After a stint as a Data Entry Officer at Nigerian Hoechst PLC, she joined African Alliance in 1997 as an Assistant Superintendent in the Finance department. She learnt the ropes and rose through the ranks in Finance until she was moved to Internal Audit Department as Manager in 2002. She became a key member of the Internal Audit team tasked with designing and implementing various programs for the prevention and detection of frauds, errors and irregularities in the Company. As she excelled in the various roles she held in the department, her stock rose and she is credited with inputting a couple of processes that have become an integral part of the business till date. In 2008, Olabisi was promoted as Acting Head (Finance and Investment) and then Assistant General Manager (Finance and Investment) in 2010. As Acting General Manager, she managed and administered the entire investment portfolio of the Company and was responsible for financial reporting and control, design and review of strategic corporate policies as well as budget performance and analysis. In 2012, Olabisi was promoted as the Executive Director (Finance), capping a brilliant lateral growth within the Organisation.

Olabisi holds an MBA in Financial Management from the Lagos State University, as well as HND and National Diploma in Business Administration from the Federal Polytechnic, Ilaro, where she finished top of her department at both instances. She is a Fellow of both the Institute of Chartered Accountants of Nigeria (FCA) and Association of Investment Advisors and Portfolio Managers (FIAPM); an Associate Member of the Chartered Institute of Taxation of Nigeria (ACTI), Nigeria Institute of Management and Business Continuity Professional, Disaster Recovery International.

A brilliant mind, Olabisi is an alumnus of the Lagos Business School and China Europe International Business School.

Ogwemoh Sylva SAN

Non-Executive Director

Sylva Ogwemoh is a Senior Advocate of Nigeria (SAN) with over three decades of experience in Commercial Litigation and Corporate Law. He has vast legal compliance and private equity experiences where he has advised clients on structured finance, corporate governance issues, portfolio decision making, corporate strategy, board facilitation, joint ventures, mergers, and acquisition, among others.

Sylva Ogwemoh (SAN) is the Senior Partner and Head of the law firm of Kevin Martin Ogwemoh Legal, a commercial law firm with the Headquarters in Lagos. He obtained his LL.B from the former Bendel State University (now Ambrose Alli University), Ekpoma, in 1987. He was admitted as a Solicitor and Advocate of the Supreme Court of Nigeria in 1988. In 2000, he obtained a Masters in law degree (LL.M) with specialisation in Corporate Management and Finance Law from Lagos State University. He is an alumnus of Sa d Business School (OAMLP), University of Oxford, United Kingdom, with a certification in management and leadership. He became a Notary Public of the Federal Republic of Nigeria in 1998 and subsequently elevated to the prestigious rank of a Senior Advocate of Nigeria (SAN) in 2014.

Sylva Ogwemoh (SAN) is a Fellow of the Chartered Institute of Arbitrators, United Kingdom; Member of the London Court of International Arbitration (LCIA African User's Council); and a Panel Member of the Kigali International Arbitration Centre (KIAC) Rwanda. He is also a member of the Lagos Court of Arbitration, Maritime Arbitrators Association of Nigeria and the Negotiation and Conflict Management Group. He is a Fellow and Certified Member of the Institute of Management Consultants, Nigeria. He is also a member of the Nigerian Bar Association, International Bar Association, Nigerian Institute of Management, Capital Market Solicitors Association of Nigeria and a Registered Capital Market Practitioner with the Securities and Exchange Commission of Nigeria. He was an Associate Editor, Journal of Human Rights Law and Practice from 1991-1992.

Sylva Ogwemoh (SAN) is the 2018 winner of African Prize for Leadership Excellence under the Legal Personality Prize Category. He also won the LEGALSFINEST Client Choice Award-Shipping and Maritime Law in 2013. He has attended several local and international conferences in law and has delivered many papers on diverse subjects in law.

Alhaji (Dr.) Abatcha Bulama

Non-Executive Director

Alhaji (Dr) Abatcha Bulama is a proven financial analyst with four decades of experience in Banking, Financial Advisory, Administrative Services and Accounting. Alhaji Bulama started his post-Youth Service career in 1982 as a Senior/Principal Accountant at the Borno State Hospitals Management Board, Maiduguri, from where he joined Continental Merchant Bank PLC in 1988 as a Banking Officer/Assistant Manager. He spent the next seventeen years in banking where he learnt his expertise to leading banks including the United Bank for Africa (UBA) as a Principal Manager; and then Unity Bank PLC (Formerly New Africa Merchant Bank PLC) where he held sway as Assistant general Manager and Head of Department, Treasury and Finance.

He joined the Securities and Exchange Commission Abuja as Deputy Director in 2005 and rose through the ranks before retiring as Acting Executive Commissioner, Operations, in 2015. Armed with his glowing experience, Alhaji Bulama set up Abatcha Bulama & Co, a financial advisory firm he runs as Managing Partner.

Alhaji Bulama is an alumnus of the famous Ahmadu Bello University Zaria and holds an honorary doctorate in Management from the Commonwealth University, Belize. An esteemed board room practitioner; Alhaji Bulama has been on the boards of the Financial Reporting Council of Nigeria (FRC), Certified Pension Institute of Nigeria (CIPN), Security and Exchange Commission amongst others. He currently sits on the boards of Ikeja Hotel PLC (Owners of Sheraton, Lagos), Tourist Company of Nigeria (Owners of Federal Palace Hotel, Lagos) and Capital Hotels PLC (Owners of Abuja Sheraton).

Dr. Adiele Don Ekechukwu

Non-Executive Director

Dr Adiele Ekechukwu is a seasoned professional with over 37 years combined experience in consultancy and advisory, project management and training and capacity development.

He began his career in 1983 as the pioneer Petrochemical Lecturer in Federal University of Technology, Owerri before joining the Nigerian Defence Academy, Kaduna also as a Lecturer. He was the Chief Research Officer and Head, Division of Postgraduate Services, National Universities Commission, roles which saw him actively coordinate International donor funds to Nigerian Universities.

In 1993, Dr Ekechukwu joined the Management Support Unit of the European Union, Nigeria branch as the Head of Training and Research Programs (TARP). Due to his commitment and remarkable leadership, he was promoted as Head, Monitoring and Evaluation. Under his watch, major European Development Fund (EDF) projects in Nigeria, valued at about 300 million European Currency Unit (ECU), were completed. He was instrumental in the development, implementation and monitoring of many institutional training, rural development and conservation programmes including Management Development Programme with Centre for Management Development; Small Scale Entrepreneurial Development with the Administrative Staff College of Nigeria; Industrial Maintenance programme with the Federal Ministry of Industries; and the development of an MBA curriculum working in concert with the Faculty of Economics at the University of Ibadan.

He joined Ernst And Young Consulting Ltd, a member firm of Ernst & Young International in 1995 as the Head of Human Resources Development and Special Projects, coordinating the activities of the Management Consulting Services Group and Human Resources Department of the organization. He held this position till 2001 when he became an Executive Director in Neads Consult Limited, a human resource consulting firm in Lagos, Nigeria.

An alumnus of the University of Ibadan with BSc (Hons) in Chemistry, Dr Ekechukwu holds both master's and doctorate degrees in Petrochemicals from the University of Manchester Institute of Science and Technology (UMIST) U.K. He also holds a professional certificate in Administrative Management with distinction from Manchester Polytechnic. He is a member of the Institute of Petroleum and an associate member of Institute of Administrative Management and currently a Partner at George Davidson & Associates, an advisory and management consulting firm.

Mr Macauley Atasie

Non-Executive Director

Macauley Atasie is an emerging markets consultant and accomplished e-commerce solutions provider with over two decades' experience across the fintech space.

As Head ePayments, Ventures and Strategy Development in Accenture Nigeria, Atasie led the conceptualisation and setup of Interswitch and eTranzact and also championed the reform agenda for the then ValuCard (now Unified Payments Limited). At the national level, he steered the group that defined Nigeria's eGovernment's strategy in 2005/6; a process that ushered in the establishment of National e-Government Strategies Limited (NeGSt). He was a key member of the high-powered team that inspired the Central Bank of Nigeria (CBN) directive to all banks to use the National Identity Number (NIN) as sole KYC platform in Nigeria. The NIN was later replaced by Bank Verification Number (BVN).

Within the private sector and as CEO of NEXTZON, Atasie has played important roles such as the program management of a rigorous process that led to the development of Nigeria's 13-year Financial Systems Strategy (FSS2020). He led the launch of the first for profit business incubation platform in Nigeria with funding support from the World Bank. Atasie has offered strategy development services to leading public and private sector organisations including regulators and is the strategy advisor to at least 2 states in Nigeria. Under his leadership, NEXTZON has supported over 400 clients across leading sectors of the economy including State Governments in Nigeria covering well over ten states, Commercial Banks, Insurance Companies, SMEs and regulatory bodies including the Central Bank of Nigeria (CBN), National Insurance Commission (NAICOM), Securities & Exchange Commission (SEC), Nigerian Stock Exchange (NSE) etc.

Atasie has a bachelor's degree in Microbiology and master's in Pharmacy, both from the University of Nigeria, Nsukka. He has attended several courses and executive programmes at top rated global business schools such as Stanford University in the United States, Cranfield University in the United Kingdom and Witts University in South Africa. Atasie is the current President of E-Payment Providers Association of Nigeria (EPPAN), an umbrella body of all ePayments providers in the country.

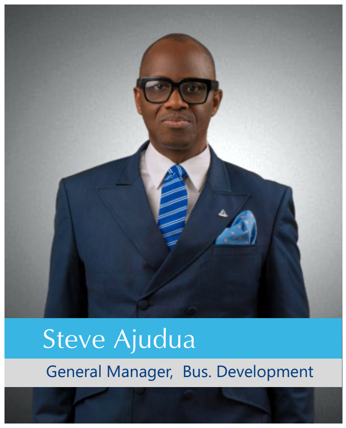
Management Team

AFRICAN ALLIANCE
INSURANCE PLC
With you for life

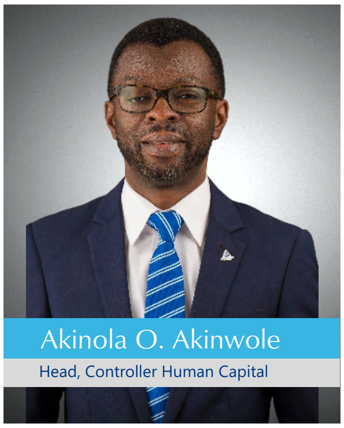
Management Team

Joyce Ojemudia
MD/CEO

Olabisi Adekola
Executive Director



Steve Ajudua
General Manager, Bus. Development

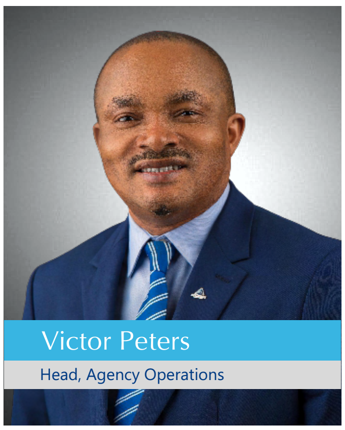


Akinola O. Akinwole
Head, Controller Human Capital

Akinbode Raji
Head, finance

Alice Amina Uwodi
Head, Administration

Amaka Okafor
Head, Abuja & Northern Region



Victor Peters
Head, Agency Operations

Emmanuel Eburajolo
Head, Marketing

Joyce Ojemudia

MD/CEO

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A thoroughbred professional, Joyce is currently rounding up her Ph.D in Entrepreneurship at the Joseph Ayo Babalola University. She is an alumnus of the prestigious Lagos Business School (SMP 40) and the University of Lagos where she had her first and second degrees in Insurance and Risk Management respectively. She is also a Fellow of the National Institute of Marketing of Nigeria, an Associate of both the Chartered Insurance Institute of Nigeria and the Institute of Chartered Economists of Nigeria.

She is the current President of Professional Insurance Ladies Association (PILA).

Olabisi Adekola

Executive Director

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Olabisi holds an MBA in Financial Management from the Lagos State University, as well as HND and National Diploma in Business Administration from the Federal Polytechnic, Ilaro, where she finished top of her department at both instances. She is a Fellow of both the Institute of Chartered Accountants of Nigeria (FCA) and Association of Investment Advisors and Portfolio Managers (FIAPM); an Associate Member of the Chartered Institute of Taxation of Nigeria (ACTI), Nigeria Institute of Management and Business Continuity Professional, Disaster Recovery International.

A brilliant mind, Olabisi is an alumnus of the Lagos Business School and China Europe International Business School.

Steve Ajudua
General Manager, Bus. Development

Steve Elue Ajudua is a Master Strategist & thoroughbred Business Development expert with almost three decades' experience in the financial services industry.

Prior to joining African Alliance as the General Manager, Business Development, Steve was the General Manager/Chief Marketing Officer at Law Union & Rock Insurance PLC, where he directly managed Six (6) Strategic Business Units (SBU) and Twelve (12) branches to standout profitability. Earlier in his career, he was the General Manager/Chief Operating Officer (Head office Annex) at NICON Insurance, one of Nigeria's most iconic insurers at the time. In 2008, before pitching his tent with NICON Insurance, he had brought his renowned depth and strategic onus to bear on ADIC Insurance (now NSIA) as the Chief Operating Officer (North). As Regional Director (North) with the former UBA Insurance, he was instrumental to the strategic calibration of the Northern Regional Office and driving it to become the cash cow of the company.

Steve holds a bachelor's degree in Actuarial Science from University of Lagos, Akoka, and a master's degree in Business administration (MBA) with special bias in marketing from Ambrose Alli University, Ekpoma. He is a Fellow of the National Institute of Marketing (FNIM); Senior Member of the Chartered Insurance Institute of Nigeria; Associate, Institute of Pension Management; Fellow, Institute of Corporate Admininistration (FCAI); Full member, African Business School and Associate, Chartered Nigeria Institute of Management.

An alumnus of the prestigious Lagos Business School, Steve is a public speaker, leadership expert and proven business strategist.

Akinola O. Akinwole

Head, Controller Human Capital

Akinola Akinwole is an innovative Talent Manager, strategic thinker and eagle-eyed recruiter with 17 years' Human Capital Management experience.

He started out as a Human Resources Assistant at Askar Paints in 2003 and two years later, he was off to KPMG professional services, the presitigious, top 3 multinational firm with leading global best practices. At KPMG, he drove various clients' talent and organisational development strategy towards building their organisational capabilities for superior performance in the marketplace. His achievements caught the eye and he was made Head,Talent Acquisition/Management Consultant at Human Capital Partners, the erstwhile Executive Selection and Training Services, Management Consulting Division of KPMG. He spent a further two years before joining the fast growing ARM Group as Group Head, Talent Sourcing and Development. Akinola grew within the ARM Group to become the Head of Human Resources and Administration and Assistant Vice President at ARM Pension Managers (PFA) Ltd. As Head HR & Admin at ARM Pension, he developed and managed all the aspects of the Human Capital Management function including strategic planning, talent acquisition, learning and development, HRIS and payroll administration. He left ARM Pension for Pivot HR Services, a HRM Consulting from where he joined African Alliance as Head, Human Capital Management in 2019.

Akinola holds a B. Tech (Chemical Engineering) from Ladoke Akintola University of Technology and an MBA (Human Resources Management) from Netherlands Business School. He is also an Associate Member, Chartered Institute of Personnel Management and Member, Society for Human Resources Management.

A trainer par distinction, Akinola is an alumnus of the Lagos Business School.

Akinbode Raji

Head, finance

Akinbode Raji is a Certified Forensic Accountant and Tax professional with over 20 years' experience in Finance, Risk and Compliance and Internal Audit.

He started his career as a Senior Clerical Officer in the finance department at African Alliance in 2000. He worked his way through various finance functions where he was saddled with diverse, critical responsibilities before moving to Internal Audit in 2010. As the Head of Internal Audit and Control, he pioneered the Risk and Compliance unit which was hitherto an Internal Control function within the business. Thereafter, he was assigned the Risk Office for a short, stabilising period while he led the Compliance unit for five more years before he was promoted to Deputy Head, Finance. His financial acumen and vast mind saw him become the Head, Finance in 2018, the position he currently occupies.

Bode attended the Federal College of Education (Technical) Akoka, Lagos and Ogun State University, Ago-Iwoye (now Olabisi Onabanjo University) where he graduated with a B.Sc in Accounting. He also holds an MBA in Financial Management from Ladoke Akintola University and an M.Sc in Business Administration from the National Open University of Nigeria (NOUN). A thoroughbred accountant, Bode is a fellow of the Institute of Chartered Accountants of Nigeria (ICAN), the Nigeria Institute of Management (NIM), the Chartered Institute of Economics and the Chartered Institute of Taxation of Nigeria (CITN).

A certified Anti-Money Laundering Specialist, Bode is also an Associate Business Continuity Professional from the Disaster Recovery Institute International.e is an alumnus of the Lagos Business School and IESE Business School, University of Navarra Barcelona, Spain. Bode has attended training and seminars both locally and internationally. He has been a resource person at several fora.

Alice Amina Uwodi

Head, Administration

Alice Amina Uwodi is a Human Resources, Projects and Administrative Services expert with over 15years extensive private sector experience. Her proven track record spans in the delivery of Strategic Human Resources functions, Corporate Real Estate Projects including Disposals, Acquisitions, Facilities Management, Strategic Asset Management, General office Administration and Project Management.

She began her career as a Finance and Administrative Officer at AG Leventis PLC before being promoted to Branch Administrator/Accountant at Worldwide Superstores (Formerly Leventis Superstores Kaduna) a year later in 1999. In 2001, she joined Netspex Ltd an ICT Company in Lagos as Administrative /Accounts Officer tasked with overseeing Staff Welfare and General office Administration.

Amina has risen through various Administrative and Human Resources roles including Assistant Manager-Special Duties (Office of the MD/CEO Agency Administration Manager. Currently, she is the Head, Administrative Services with vast experience in Human Resources, Business Continuity and Administrative functions. It is pertinent to note that Amina drove the entire cascading of the first rebranding exercise the company has done in its sixty-year in existence across all the company's units and collaterals.

An Associate Member of the Chartered Institute of Personnel Management of Nigeria (CIPM), Institute of Chartered Secretaries and Administration of Nigeria (ICSAN), Nigerian Institute of Training and Development (NITD) and Associate Business Continuity Professional (ABCP). She holds an MBA and a Post Graduate Diploma in Management from the University of Calabar in addition to an HND in Business Administration from Kaduna Polytechnic.

Alice Amina Uwodi is an Alumnus of the Prestigious Lagos Business School. She has attended several courses in Business & Management both local and international.

Amaka Okafor
Head, Abuja & Northern Region

Ukamaka Okafor is a corporate marketer, sales strategist and Business Continuity professional with almost two decades' experience in the insurance industry.

She started out as an Assistant Manager at the defunct United Trust Insurance in 2001 and after four years of supporting her team to achieving various marketing targets, she joined Unity Kapital (now Veritas Kapital) as Manager (Group Life), her first exposure to the intricacies of Group Life marketing. At Unity Kapital, her ability to help team members close complicated accounts brought her to the attention of Metropolitan Life Insurance (recently renamed Tangerine Insurance) who consequently hired her. As Senior Manager/Team Lead (Group Life) at Metropolitan Life, she led and won various pitches for the firm and used market intelligence to develop formidable sales strategies that helped grow the business' top and bottom lines. Amaka joined African Alliance in 2009 as Deputy Controller, Marketing (Northern Region) with a mandate to develop, grow and stabilize the corporate marketing business of the company in the Norther region. Her success at the role aided her promotion to her current position as Controller, Marketing (Northern region) in 2015.

Amaka is a B.Sc Accountancy graduate of Enugu State University of Science and Technology and an M.Sc Management graduate of the University of Liverpool, United Kingdom. She has attended various courses in Business Continuity, Insurance Sales and Leadership within and outside the country.

Amaka is a B.Sc Accountancy graduate of Enugu State University of Science and Technology and an M.Sc Management graduate of the University of Liverpool, United Kingdom. She has attended various courses in Business Continuity, Insurance Sales and Leadership within and outside the country.

Victor Peters
Head, Agency Operations

Victor Obinna Peters is a superstar sales professional with 22 years' experience in sales strategy, sales channel development and agency management.

His foray into the sales and marketing of insurance started at AIICO Insurance as a Representative (Marketer) in 1998. Four years later, he became a Unit Manager. As Unit Manager, he grew his Unit's profitability, opening up new markets in the process. He joined African Alliance Insurance in 2005 as an Agency Manager in what turned out to be a match made in heaven. At African Alliance, Victor exceeded himself, smashing sales targets, building sales structures, delivering on budgets year-in, year-out, breaking records and winning several awards along the way. He was promoted to Senior Agency Manager in 2007, a position he held for the next six years before he was drafted from the field into the back office as Senior Manager, Marketing (Agency Operations). He continued his famous sales streak and was promoted to Deputy Controller, Marketing (Agency Operations) in 2013. In 2018, he became the Head, Agency Operations, responsible for the overall agency structure of the 60-year-old insurer.

Victor holds a bachelor's degree in Linguistics from Abia State University as well as a Diploma and Advanced Diploma in Insurance from the Chartered Insurance Institute of Nigeria. He is an Associate Member of the Chartered Insurance Institute of Nigeria and has attended several courses, trainings and seminars both locally and internationally.

An alumnus of both the Lagos Business School and the IESE Business School, University of Navarra, Barcelona, Spain, Victor is a charismatic sales trainer and accomplished manager of men and resources.

Emmanuel Eburajolo

Head, Marketing

Emmanuel Ojelre Eburajolor is a dynamic and technical sales professional with about 30 years' experience in driving sales targets across both life and non-life insurance.

He started his career as a General Duties Officer at African Development Insurance Company in 1990. His natural appetite for challenges drew him into the technical aspects of insurance where he learnt the basics of the profession to the acclaim of his peers and superiors. He moved into the marketing department in 1994 and thus began his lifelong adventure into the difficult terrain of insurance sales. He rose through the ranks and became a part of the ADIC Life team in 2000 where he built a reputation as a salesman par distinction. Emmanuel joined African Alliance in 2007 as Senior Manager, Corporate Marketing, with a mandate to grow the Brokers Market and position the company for lateral growth. After almost a decade of success, his hard work and business acumen saw him promoted into top management as the Deputy Controller, Corporate Marketing, the position he currently occupies.

Emmanuel holds a Diploma in Marketing from Delta State University and a bachelor's degree in Insurance from Lagos State University. He is an Associate member of the Chartered Insurance Institute of Nigeria; Full member, Chartered Institute of Administration; Fellow, Institute of Certifed Sales Professional and Fellow, Chartered Institute of Public Diplomacy and Management.

CERTIFICATION BY COMPANY SECRETARY

In my capacity as Company Secretary, I hereby certify, in terms of the Companies and Allied Matters Act, 2020 that for the year ended on the 31st of December 2020, the Company has lodged all such returns as are required of a Company in terms of this Act, and that all such returns are, to the best of my knowledge and belief, true, correct and up to date.

COMPANY SECRETARY

ANTHONIA UDEH (MRS.)
PP: TOPE ADEBAYO & CO
COMPANY SECRETARY
AFRICAN ALLIANCE INSURANCE PLC

Lagos, Nigeria

June 2021

Statement of Directors' Responsibilities in Relation to the Consolidated and Separate Financial Statements for the year ended 31 December 2020

The Directors of African Alliance Insurance PLC accept responsibility for the preparation of the financial statements and state that they give a true and fair view of the financial position of the Group as at 31 December 2020, and the results of its operations, cash flows and changes in equity for the year ended, are in compliance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Allied Matters Act 2020, the Insurance Act, CAP I17 LFN 2004, relevant guidelines and circulars issued by the National Insurance Commission (NAICOM) and Financial Reporting Council Act 2011.

Going Concern

As of 31 December, 2020, the Company had a negative insurance solvency margin of N24.3billion, and the total admissible assets less net insurance and investment contract liabilities amounted to a deficit of N8.02billion.

The Directors have set forth specific measures and actions to address this position and return the Company and Group to profit making. However, these events or conditions, along with other matters stated therein, indicate that a material uncertainty exists that may cast significant doubt on the Company's and Group's ability to continue as a going concern.

Certification of Financial Statements

In accordance with Section 405 of the Companies and Allied Act of Nigeria 2020, the Chief Executive Officer and the Chief Financial Officer certify that the financial statements have been reviewed and based on their knowledge, the

(i) audited financial statements do not contain any untrue statement of material fact or omit to state a material fact, which would make the statements misleading, in the light of the circumstances under which such statement was made, and

(ii) audited financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the Group as of and for, the periods covered by the audited financial statements;

We state that Management and Directors:

(I) are responsible for establishing and maintaining internal controls and have designed such internal controls to ensure that material information relating to the Group were made known by officers of the Group, particularly during the period in which the audited financial statement report was being prepared.

(ii) have evaluated the effectiveness of the Group's internal controls within 90 days prior to the date of its audited financial statements, and

(iii) certify that the Group's internal controls are effective as of that date

We have disclosed:

(I) all significant deficiencies in the design or operation of internal controls which could adversely affect the Group's ability to record, process, summarize and report financial data, and have identified for the Group's auditors any material weaknesses in internal controls, and

(ii) if there was any fraud involving Management or other employees who have a significant role in the Group's internal control; and

(iii) As indicated in the report, if there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

The financial statements of the Group for the year ended 31 December 2020 were approved by the Board of Directors on 10 August 2021.

By Order of the Board

Joyce Ojemudia
Managing Director
FRC/2015/CIIN/00000012042

Olabisi Adekola
Chief Financial Officer
FRC/2013/ICAN/00000001179

Risk Management Declaration

The Board Governance, Establishment, and Enterprise Risk Committee of African Alliance Insurance PLC hereby declares as follows:

a) The Group and Company have systems in place for the purpose of ensuring compliance with NAICOM guidelines;

b) The Board is satisfied with the efficacy of the processes and systems surrounding the production of financial information of the Group and Company;

c) The Group and Company has in place a Risk Management Strategy, developed in accordance with the requirements of NAICOM's Guideline on Enterprise Risk Management (ERM), setting out its approach to risk management; and

d) The systems that are in place for managing and monitoring risks, and the risk management framework, are appropriate to the Group and Company, having regard to such factors as the size, business mix and complexity of the Group and Company's operations.

Joyce Ojemudia
Managing Director
FRC/2015/CIIN/00000012042

Olabisi Adekola
Chief Financial Officer
FRC/2013/ICAN/00000001179

Certification Pursuant To Section 60(2) of Investment And Securities Act No. 27 Of 2007

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

a. We have reviewed the report:
b. To the best of our knowledge, the report does not contain:

   i. any untrue statement of a material fact, or
   ii. omit to state a material fact, which would make the statements, misleading in the light of circumstances under which such statements were made;

c. To the best of our knowledge, the financial statements and other financial information included in the report fairly present in all material respects, the financial condition and results of operation of the Group as of, and for the periods presented in the report.

d. We:

   (i) are responsible for establishing and maintaining internal controls.
   (ii) have designed such internal controls to ensure that material information relating to the Company and its consolidated subsidiaries are made known to such officers by others within those entries particularly during the period in which the periodic reports are being prepared;
   (iii) have evaluated the effectiveness of the Group's internal controls as of date within 90 days prior to the report;
   (iv) have, presented our conclusions about the effectiveness of our internal controls based on our evaluation as of that date;

e. We have disclosed to the auditors of the Group and Audit Committee:

   (I) all significant deficiency in the design or operation of internal controls which would adversely affect the Group's ability to record, process, summarize and report financial data and have identified for the Group's auditors, any material weakness in internal controls, and
   (ii) any fraud, whether or not material, that involves Management or other employees who have significant role in the Group's internal controls.

f. We have identified in the report, if there were significant changes in internal controls or other factors that could significantly affect internal controls subsequent to the date of our evaluation, including any corrective actions regarding significant deficiencies and material weaknesses.

On behalf of the Directors of the Group and Company

Joyce Ojemudia
Managing Director
FRC/2015/CIIN/00000012042

Olabisi Adekola
Chief Financial Officer
FRC/2013/ICAN/00000001179

Directors' Report

Directors' Report

The Directors submit their report together with the audited consolidated and separate financial statements for the year ended 31 December 2020, which disclose the state of affairs of the Group.

(a) Incorporation

The Company was incorporated as a private limited liability Company in 1960 under the provisions of the applicable Companies and Allied Matters Act with RC No 2176. The Company became a public liability company following the successful completion of the private placement exercise undertaken by the company in June 2008. On 17 September 2009, the Company became listed on the Nigerian Stock Exchange. African Alliance Insurance PLC owns 100% equity of Axiom Air Limited, a cargo airline Company and 98% in Ghana Life Insurance Company Limited, a Life Insurance Company in Ghana.

(b) Principal Activities

The principal activity of the Group is the provision of life assurance and pension business to corporate and retail customers in Nigeria.

© Result at a Glance

The Group's results for the 12-months period are set out on page 65. The profit after tax for the year of N5.7billion for the Group and N6.1billion for the Company in 2020 and a loss after tax of N7.0billion and N7.2billion in 2019 respectively have been transferred to retained earnings.

	Group		Company	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	N'000	N'000	N'000	N'000
Gross premium written	7,121,766	8,744,391	5,963,632	7,286,907
Net Underwriting income	6,653,552	8,146,225	5,497,421	6,702,584
Profit/(Loss) before tax	5,715,156	(7,019,288)	6,113,934	(7,266,832)
Taxation	(46,219)	(18,737)	(46,218)	(18,712)
Profit/Loss after tax	5,668,937	(7,038,025)	6,067,716	(7,285,544)

(d) Dividends

No dividend was proposed for year ended 31 December 2020.

(e) Directors

The directors who held office during the year and to the date of this report were:

Anthony Okocha	- Chairman	
Funmi Omo	- Managing Director	Resigned 31 August 2020
Joyce Ojemudia	- Managing Director	Appointed 12 October 2020
Olabisi Adekola	- Executive Director	
Sylva Ogwemoh (SAN)	- Non Executive	
Ahmad Nahuche	- Non Executive	Resigned 31 March 2020

Alh. Abatcha Bulama	-	Non Executive	Appointed 1 October 2020
Dr Adiele Ekechukwu	-	Non Executive	Appointed 1 October 2020
Mr Macauley Atasie	-	Non Executive	Appointed 1 October 2020

Appointment of Directors

Dr. Adiele Ekechukwu, Dr. Abatcha Bulama and Mr. Macualey Atasie were appointed as Non-Executive Directors effective 1st October, 2020. Mrs. Joyce Ojemudia was appointed as Managing Director/CEO on 12th October, 2020. All four appointments were ratified by members at the Company's AGM held on 27th October, 2020.

(f) Induction and Training

The Group has in place an induction and formal orientation program for newly appointed directors. During inductions, new directors are provided with materials and are required to attend series of introductory meetings and retreats to become knowledgeable about the Company's businesses and products and also become familiar with the senior management team.

The Enterprise Risk and Governance Committee of the Board in collaboration with the Company Secretary is saddled with the responsibility of ensuring that directors participate in continuing education programs to keep them abreast with the Group's business objectives, operations, strategic plans, business environment as well as industry regulations and other external factors such as corporate governance requirements and best practices. As part of the program, directors are encouraged to periodically attend appropriate trainings or seminars which would be beneficial to them in performing their service to the Board.

(g) Performance Evaluation Process

The Enterprise Risk and Governance Committee ensures that a formal evaluation process is in place to assess the composition and performance of the Board, Committees, and individual Directors annually. The assessment is conducted by an independent Consultant to guarantee objectivity and fairness. The essence of the evaluation process is to ensure that the Board, its Committees and individual directors are effective and productive and to also identify opportunities for improvement and skill set gaps (if any)

(h) Board Composition and Procedure for Board Appointments.

The Board is composed of individuals with enviable records of achievement in their respective fields. Directors are selected based on certain core competencies and experience spanning across diverse industries and sectors including the Insurance industry, Finance, Media and Public relations, Politics and international relations, Banking, Retail and Consumer Products. In addition to having one or more of these core competencies, candidates for appointment as directors are identified and considered based on knowledge, experience, integrity, diversity, leadership, reputation and ability to understand the Company's business.

During the year under review, Dr. Abatcha Bulama and Mr. Macauley Atasie, both Non-Executive Directors and Dr. Adiele Ekechukwu (Independent Non-Executive Director) were appointed by the Board effective 1st October, 2020; while Mrs. Joyce Ojemudia was appointed as Managing Director/CEO on 12th October, 2020 making the Board of Directors' composition to be seven.

Also, there is clear separation of responsibilities of the Chairman, CEO, Board and Management thus ensuring non- interference of the Board in management functions. The Non -Executive directors are independent of Management and are free from any constraint that may materially affect their judgment as directors of the Company.

(i) Code of Business Ethics for Directors and Employees

In compliance with the Rulebook of the Nigerian Exchange Group, the Company has in place a Code of Ethics and Business Conduct Policy which serves as a guide for all directors and employees for acceptable and appropriate behavior in the Company. All directors and employees are encouraged to observe the highest standards of ethics and integrity in their conduct. This Policy can be found on the Company's website: www.africanallianceplc.com

The Shareholders' Audit Committee is saddled with the supervisory role of receiving and reviewing reports from Internal Audit, while the Enterprise Risk Committee oversees the assessment of the Company's risk and control processes and ensures that recommendations from the Committees are adequately implemented.

(j) Directors' shareholding

The direct and indirect interests of the Directors in the issued share capital of the Company as recorded in the Register of Directors' shareholding and/or as notified by the Directors for the purpose of Section 301 of the Companies and Allied Matters Act 2020 and the listing requirements of the Nigerian Stock Exchange as of 31 December, 2020 are as follows:

Names	direct Shareholding	InDirect Shareholding
Anthony Okocha	50,000	Nil
Olabisi Adekola	500,000	Nil

(k) Directors' interests in contracts

None of the directors notified the Group for the purpose of section 303 (1) of the Companies and Allied Matters Act 2020, of their direct or indirect interest in contracts or proposed contracts with the Group during the year.

(l) Shareholding

The shares of the Company were fully owned by Nigerian citizens and associations.

The range of shareholding as of 31 December 2020 is as follows:

Range of holdings	Number of Share holding	Number of Share held	% Holding
1 - 7,000,000	1253	848,100,998	4
7,000,001 - 15,000,000	59	596,080,605	3
15,000,001 - 40,000,000	12	283,316,282	1
40,000,001 and above	34	18,857,502,115	92
Total	1,358	20,585,000,000	100

Major Shareholding

The following shareholders held more than 5% of shares of the Company according to the Register of Members as of 31 December 2020:

	2020		2019	
	Number of shares ('000)	Percentage held (%)	Number of shares ('000)	Percentage held (%)
Conau Limited	11,835,900,000	57	11,835,900,000	57
Universal Insurance PLC	1,200,000,000	6	1,200,000,000	6
	13,035,900,000	63	13,035,900,000	63

(m) Donations and gifts

Contributions to charity and non-government organisations during the year amounts to N400,000 (2019: N150,000).

2020	Amount N'000
Headforth Foundation	400

(n) Events after year end

No material facts or circumstances arose between the dates of the statement of financial position and this report that will affect the financial position of AFRICAN ALLIANCE INSURANCE PLC as of 31 December 2020

(o) Human Resources

Employment of Physically Challenged Persons

The Group continues to maintain a policy of giving fair consideration to the employment application of physically challenged persons with due regard to their abilities. The Group's policy prohibits discrimination against physically challenged persons in the recruitment, training and career development of its employees.

In the event of members of staff becoming physically challenged, efforts have been made to ensure that their employment with the Group continues and appropriate training arranged to ensure that they fit into the Group's working environment. As at 31 December 2020, the Group had no physically challenged person in its employment.

Health, Safety and Welfare at Work

The Group enforces strict health and safety rules and practices at the work environment, which are reviewed and tested regularly. The Group retains top-class private hospitals where medical facilities are provided to staff and their immediate families at the Group's expense. Fire prevention and fire-fighting equipment are installed at strategic locations within the Group's premises. The Group operates a Workmen's Compensation Insurance cover for the benefit of its employees. It also operates a contributory pension plan in line with the Pension Reform Act, 2014.

Employee Involvement and Training

The Group ensures, through various fora, that employees are informed on matters concerning them. Formal and informal channels are also employed in communication with employees with an appropriate two-way feedback mechanism. In addition, employees of the Group are nominated to attend both locally and internationally organized courses. These are complemented by on-the job training. All officers of the Group attend meetings and retreats where members of staff critically discuss the Group's performance and recommend solutions to identified challenges

Gender Analysis

The number and percentage of women employed in the Group during the financial year vis-a-vis total workforce is as follows:

	Male Number	Female Number	Male	Female
Employees	**48**	**48**	**50%**	**50%**
Gender analysis of Board and Top				
Management is as follows:				
Board	5	2	71%	29%
Top Management	5	4	56%	44%
Detailed analysis of the Board and Top				
Management is as follows:				
Senior Manager	4	2	67%	33%
General Manager	1	0	100%	0%
Executive Director	0	1	0%	100%
Chief Executive Officer	0	1	0%	100%
Non-Executive Director	5	0	100%	0%

(p) Contraventions

The Company was penalised by the Nigerian Exchange Limited to the tune of N6.1 Million for late filing of 2019 Audited Financial Statement (AFS) and Q1 and Q2 Unaudited Financial Statement 2020. The Company paid the sum of N3.9 Million as penalties to other Regulators during the year under review.

(q) Share Capital History

The following changes have taken place in the Company share capital since inception.

Year	Authorized (N)		Issued & Fully Paid-up (N)		Consideration
	Increase (N)	Cumulative (N)	Increase (N)	Cumulative (N)	
1961	100,000	100,000		25,000	Cash
1996	20,000,000	25,000,000		5,000,000	
1999		25,000,000	15,000,000	20,000,000	Cash
2004	175,000,000	200,000,000	130,000,000	150,000,000	Cash
2007	300,000,000	500,000,000		150,000,000	Cash
2008	14,500,000,000	15,000,000,000	5,000,000,000	5,150,000,000	Cash
2008		15,000,000,000	2,850,000,000	8,000,000,000	Share exchange
2009		15,000,000,000	2,292,500,000	10,292,500,000	Right issue

® Dividend History

Dividend in the last ten years

Year	Profit (Loss) After Taxation	Dividend Proposed
	N'000	
2011	(1,094,978)	Nil
2012	(315,375)	Nil
2013	1,404,680	Nil
2014	630,161	Nil
2015	(4,757,340)	Nil
2016	3,537,386	Nil
2017	(3,712,591)	Nil
2018	(2,658,566)	Nil
2019	(7,285,544)	Nil
2020	6,067,716	Nil

(s) Unclaimed Dividend

The Company does not have any unclaimed dividend. Hence, no list is provided.

(t) Securities Trading Policy

The Company also has in place a Securities Trading Policy in compliance with Rule 17.15 Disclosure of Dealings in issuers' shares, Rulebook of The Nigeran Stock Exchange, 2015. This policy can be found on the Company's website: www.africanallianceplc.com

(u) Complaint Policy and Procedure

Pursuant to the Investment and Securities Act (ISA), 2007, the Securities and Exchange Commission Rules 2015, African Alliance Insurance Plc has a Complaints Management Policy ("Policy") to effectively manage and resolve complaints from clients and members of the public. Management and Staff of the Company are duly trained to respect the right of members of the public to lodge complaints about the standard of services provided by the Company. Amongst other things, the Complaint Management Policy aims to recognize customer's right to complain, provide an efficient, fair and accessible mechanism for resolving customer's complaints while demonstrating the Company's commitment to continually improve its services at no cost to the Complainant.

Enquiries about the Complaints Management Policy can be directed to:
The Managing Director
African Alliance Insurance PLC
54 Awolowo Way, Ikoyi, Lagos State.
Telephone: 070africanalliance | Email: customer@africanallianceplc.com
Website: www.africanallianceplc.com

(v) Auditors

The Auditors, Messrs. Deloitte & Touche have indicated their willingness to continue in office as auditors in accordance with Section 401 of the Companies and Matters Act, 2020. A resolution will be proposed at the Annual General Meeting to authorize the directors to determine their remuneration.
African Alliance Insurance PLC consolidated financial statements have been authorised for issue by the Board of Directors on 10 August 2021

By Order of the Board

Anthonia Udeh (Mrs)
Tope Adebayo & Co
Company Secretary
FRC/2013/NBA/00000000001586

August 2021

Company Name:	African Alliance Insurance PLC
Board Listed:	Main Board
Year End:	December
Reporting Period:	Period End 31 December 2020
Share Price At End of Reporting Period:	N0.20 (2019: N0.20)
Shareholding Structure/Free Float Status	

	31-Dec-20		31-Dec-19	
Description	**Unit**	**Percentage**	**Unit**	**Percentage**
Issued Share Capital	20,585,000,000	100%	20,585,000,000	100%
Substantial Shareholdings (5% and above)				
Conau Limited	11,835,900,000	57.50%	11,835,900,000	57.50%
Universal Insurance PLC	1,200,000,000	5.83%	1,200,000,000	5.83%
Total Substantial Shareholding	13,035,900,000	63.33%	13,035,900,000	63.33%
Directors Shareholdings (direct and indirect)				
excluding directors with substantial holdings				
Dr Anthony Okocha	50,000	0.0002%	50,000	0.0002%
Mr Sylva Ogwemoh (SAN)	-	-	-	-
Mrs Funmi Omo (Resigned 31 August 2020)	-	0.00%	500,000	0.002%
Mrs Olabisi Adekola	500,000	0.002%	500,000	0.002%
Total Directors Shareholding	550,000	0.003%	1,050,000	0.01%
Other Shareholdings				
African Alliance Staff Scheme	23,652,673	0.11%	23,652,673	0.11%
Total Other Shareholdings	23,652,673	0.11%	23,652,673	0.11%
Free Float in Units and Percentage	7,524,897,327	36.56%	7,524,397,327	36.55%
Free Float in Value	₦1,504,979,465		₦1,504,879,465	

Declaration:

A) African Alliance Insurance PLC with a free float percentage of 36.56% as at 31 December 2020, is compliant with the Exchange's free float requirements for companies listed on the Main Board.

B) African Alliance Insurance PLC with a free float value of N1,504,979,465.40 as at 31 December 2020, is compliant with the Exchange's free float requirements for companies listed on the Main Board.

Audit Committee Report

In accordance with the provision of Section 404(7) of the Companies and Allied Matters Act, 2020, we hereby confirm that we have seen the Audit Plan and Scope as well as the Management Letter on the audit of the books of account of the Group and Company and the related Management response.

In our opinion, the plan and scope of the audit for the year ended 31 December 2020 were adequate.

We have reviewed the auditor's findings and we are satisfied with the Management response thereon.

We also confirm that the accounting and reporting policies of the Company are in accordance with legal requirements and ethical practices.

Dr Attu Naji Raphael
FRC/2013/ANAN/00000003475

MEMBERS OF THE STATUTORY AUDIT AND COMPLIANCE COMMITTEE

Alh. Kabir Tunde Sarumi	-	Chairman	
Mr Fidelis Opia Ijoma	-	Member	(Deceased April 2020)
Dr Raphael Naji Attu	-	Member	
Ms Juliet Ebere Gbaka	-	Member	(Appointed 27 October 2020)
Mr Sylva Ogwemoh SAN	-	Member	

Enterprise Risk Management Philosophy

Enterprise Risk Management

Our business provides financial guaranty to our clients. Hence, the management of our business strongly focuses on mortality studies and investment performance.

A key business objective is meeting client claims as and when they occur. Achieving this objective involves risk activities including but not limited to:

- adequate insurance risk pricing,
- ensuring our business contracts are properly captured in writing, optimally investing available Insurance and Shareholder Funds,
- timely reports of our financial activities internally and externally,
- deploying necessary operating processes/system to maximise operations.

The Board is committed to ensuring ERM is embraced by staff members of the Group and also ensure that our processes reflect our strategic objectives

Our Risk Culture

The Group is building a risk culture whereby there is sufficient level of risk awareness across all business units and amongst employees

Risks faced by the Group are communicated across board. The Enterprise Risk Management Committee (ERMC) ensures that the business units develop a risk culture where all Heads of Departments /Units are aware of the Group's strategy objectives, risk appetite and limits. The business process adheres to the stipulated risk limits and if they are likely to be exceeded, the information is escalated to the Risk Officer/RMC

Risk Management Framework

We have a robust and effective risk management framework which seeks to protect our Group's capital base and earnings without hindering our business growth.

We operate and maintain three lines of defense for the management and oversight of risk to ensure adherence to guiding principles and control. The lines of defense are:

First Line – Board and Management

The Board of Directors sets the tone for Risk Management by approving the strategic objectives of the Group and the Group's risk appetite and tolerance limits. The Risk Management Committee has the oversight role of ensuring that the business units adhere to the Board's directives and ensures the business units develop a risk culture where all leaders are aware of the Group's strategy.

The Risk Management Committee through its Chairman reports to the Board on risk matters. The Chief Risk Officer collates quarterly enterprise reports to the Risk Management Committee

Second Line – Risk Management Unit

The Group's risk management department is responsible for designing risk framework methodologies and tools which supports the business in analyzing and managing risks and providing early warning of adverse trends. The department reports to the Board, Management and staff on risk identification, control and mitigation.

Third Line – Internal Audit Function
This line of defense provides independent and objective assurance on the effectiveness of internal controls established by the Board, Management and Risk Unit in the Group

Risk Appetite
The Group's risk appetite is commensurate with its business goals and market indices. In undertaking risks, the Group aims at ensuring solvency at all times. Also, the Group ensures that all obligations are met as and when due.
The Group also aligns its risk appetite to ensure compliance with applicable laws and regulations within set tolerance limit framework.

Risk Management Policies and Procedures
The Group has a Risk Management Policy and Procedural Manual which sets out the Group's risk governance framework. The document is implemented by the Risk Management Committee, and the Committee reports on risk matters to the Board. The Chief Risk Officer collates quarterly enterprise - wide reports to the Risk Management Committee.

Risk Classification
Operational Risk
This is the risk of loss from inadequate or failed internal processes, people and systems or from external events which arises from the potential that inadequate information systems, operational problems, breaches in internal controls, fraud, or unforeseen catastrophes will result in unexpected losses. The Group has policies that cover risk that may arise from people, systems and internal process failures. The policies include staff recruitment, training, retention plans, succession plans, remuneration and welfare benefits, designing standard operating procedure and policies, driving compliance culture, process automation, Information Technology support systems, data integrity, IT systems access, etc.

Liquidity Risk
Liquidity risks exist when there is insufficient cash flow to meet the Group's operational and financial obligations and is usually associated with inability to liquidate assets or obtain funding from external sources to pay claims and other liabilities when due. The Group manages its liquidity risk through appropriate assets and liability management strategy through the Investment and Finance Committee. Monthly reports and review of liquidity gaps are conducted to assess the level of liquidity risk.

Reinsurance Risk
This is the risk of inadequate reinsurance cover to mitigate underwriting risk. It usually occurs when there is insolvency of a reinsurer, discovery of exposures without current reinsurance coverage, or exhaustion of reinsurance covers through multiple losses. The Group has documented reinsurance policies for adequate reinsurance arrangements and treaties for all categories of insurance business transacted. The policies include the process for Reinsurer selection, monitoring, claims recovery, etc.

Underwriting Risk
Underwriting is the process by which an insurer determines the conditions necessary and suitable to accept insurance risk. The risk crystallizes when there are severe and frequent claims against the Group's projected capacity. The Group has embedded internal control processes to

guide its insurance business and guide against the risk of unexpected losses and capital erosion. There are well documented underwriting policies and procedures and which are enforced throughout the organization.

Business Risk

The Group's business risk is associated with gaining market shares and while remaining profitable. This risk is considered through documented processes for product development and launch, business segment profitability analysis, stakeholder's engagement as well as being embedded in our brand promise.

Reputational Risk

This is the risk of events that could cause public distrust and damages to the Group's integrity, reputation and goodwill especially in the eyes of our customers, regulators, competitors, and the general public. We manage our reputational risk through a structured approach for defining and implementing core values and acceptable standard of behaviour which the staff are expected to uphold while conducting the day-to-day business of the Group. The Group's risk assessment and monitoring process has embedded controls for testing reputational risk and the outcome of such exercise is communicated to the Board Enterprise Risk Committee on a quarterly basis.

Legal/Compliance Risk Management

The Group has procedures to ensure that all statutory regulations are completely adhered to by the business unit at all times. These regulations include those set by NAICOM and other relevant agencies of government. There are internal control processes that identify potential breaches to the regulations and are promptly mitigated. Some of the control processes include:

a) Know -Your-Customer (KYC) procedure
b) Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) Regulation
c) Anti-Bribery and Corruption Measures and Governance Principles.
d) Guidelines for adherence to Corporate and Governance Policies.
e) Gift policies
f) Whistle blowing policies

Risk Report and Risk Map

Issues arising from risk assessment process are collated and presented in a report called the Risk Report which forms the basis of constructing the risk map. The risk map draws Senior Management's attention to the critical risk factors as well as the adequacy of existing controls to mitigate the risk. The risk map provides a snap shot summary of the significant risk and the ratings and probability of occurrence within a specific period. This forms the basis for estimating the potential operational loss.

Risk Control Self-Assessment (RCSA)

The Group has a mechanism for risk assessment on periodic basis and this is known as Risk Control Self Assessment (RCSA) principle. It involves the tests and procedures or assessments that need to be performed periodically to assure that key controls are in place and are working effectively as designed. The control requirements are proactively assessed through process risk analysis and review of policy requirements, loss events, and audit findings. The Group set controls required to comply with policy requirements and test these processes for adequacy and risk mitigation capability. Risk champions are engaged in each business or risk unit to facilitate the process of risk control self-assessment in the Group.

Key Risk Indicators

The Key Risk Indicator (KRI) provides trend analysis of risk exposures or deviation from standard processes. This helps the Risk Officers and Risk Owners to promptly identify increasing threat to business activities and escalate to the appropriate senior levels for control and review of the risk appetite. The trend analysis is one of the sources of data for the risk report and risk map documented by the Group.

Loss Events Reporting

The Group has a Loss Event Register that captures all actual loss sustained during operational processes.

Health and Safety Management

The Health and Safety Management has been instituted to provide and maintain safe healthy working conditions, work equipment and systems for all staff. This responsibility also extends to visitors, contractors and others who may potentially be affected by our activities. The Health and Safety Policy framework underpins the policy statements, roles and responsibilities of HSE officer with "Safety First" culture and zero tolerance for near misses approach.

Business Continuity Plan (BCP)

The Business Continuity Plan (BCP) has been designed to promote resilience against operational threats especially with regards to continuity of critical operations, in the event of a disaster or disruption to critical operations. The BCP framework also addresses adherence to contingency planning procedures, in the event of emergencies. We aim to continually improve on inherent gaps identified during each simulation exercise. The Company is ISO 22301 compliant and certified by PECB MS.

Management Discussion And Analysis

The Management Discussion and Analysis (MD&A) presents Management's view of the financial results of the Group's operations and cash flows of African Alliance Insurance PLC and its subsidiaries for the year ended 31 December 2020.

The Nature of the Business

African Alliance Insurance PLC was incorporated as a Private Limited Liability Company on May 6th 1960 and was the first indigenous insurance company to carry out the business of Life Assurance in Nigeria. In 2005, African Alliance Insurance PLC. pioneered the sale of Takaful (Islamic Insurance) in Nigeria through a robust selection of Sharia compliant insurance and investment products. Also in the same year, the Company went into a joint venture with First Securities Discount House Limited (FSDH) to set up Pension Alliance Limited (PAL), a licenced Pension Fund Administrator.

Management Objectives and Strategies

The Group has established a solid reputation for excellent customer service and prompt claims settlement. Our marketing efforts are co-ordinated through a network of 18 Branches manned by experienced managers and highly motivated sales personnel for effective field coverage. Other recent and on-going capacity building efforts and performance enhancers embarked on by the Company's Management include information technology infrastructure to link our offices nationwide for more excellent standard of service delivery through improved on-line, real-time customer claims and policy handling processes.

Result of Operations:-(in thousands of Nigerian Naira)

	Group 2020	Group 2019	% Chg.	Company 2020	Company 2019	% Chg.
Gross premium written	7,121,766	8,744,391	-19%	5,963,632	7,286,907	-18%
Net underwriting income	6,653,552	8,146,225	-18%	5,497,421	6,702,584	-18%
Underwriting loss	(14,362,632)	(9,525,821)	51%	(14,219,688)	(9,538,969)	49%
Investment income	2,456,968	3,026,417	-19%	2,411,620	2,945,880	-18%
Admin/Operating expenses	(2,245,371)	(2,606,587)	-14%	(2,050,178)	(2,320,813)	-12%
Profit/(Loss) after tax	5,668,937	(7,038,025)	-181%	6,067,716	(7,285,544)	-183%

Critical Performance Measures and Indicators

Gross Premium Written – The Group premium income reduced by 19% during the current year under review over previous year 2019. This is attributable to the stiff operating environment particularly the outbreak of Covid-19 pandemic and lockdown at various period.

Net Premium Revenue – The net underwriting income reduced by 18% when compared with previous year due to above reasons.

Underwriting Loss – The Group result showed a negative amount of N14.3billion during the year against a result of N9.5billion loss in the previous year due to drastic drop in interest rate in the market which increased changes in contract liabilities.

Investment Income – This reduced by 19% as at 31 December 2020. This is attributable to crash in interest rate in the market which affected investment income of the Group.

Operating Expenses – The operating expenses of the Group reduced by 14% as at 31st December 2020 when compared with previous year 31 December 2019.

Profit After Tax – The Group made a profit after tax of N5.6billion as against N7.0 billion loss in the previous year.

Assessment of Covid-19 Impact on the Company

As many are aware, the outbreak of the novel Coronavirus Disease (COVID-19) profoundly changed the world. While this crisis is first and foremost a public health issue, which has claimed the lives of many people worldwide and still counting, the economic damages are unprecedented on several fronts.

The impacts of the COVID-19 outbreak have caused significant increase in economic uncertainties for companies. The spread has severely impacted many local economies around the globe as businesses are being forced to close down or limit operations for long or indefinite periods of time. Measures being taken to contain the spread of the virus including travel bans, quarantines, social distancing and closures of non-essential services have triggered significant disruptions to businesses in the country resulting in an economic slowdown

As a Company, our first step was to activate our business continuity and crisis communication plan to deal with the sudden emergency and ensure our offices continue to run seamlessly. Thus, in response to this emergency, the Company took a number of steps operationally to mitigate the negative effect the lockdown occasioned by the pandemic may have on its businesses and operations. These were undertaken to ensure business continuity with minimal disruption to services offered to its clients/customers. Some of the measures, amongst others, put in place by the Company to ensure its operations are not halted by the pandemic includes constant engagement and communication with our customers reiterating our online payment facilities to ease premium payment, provision of virtual network and tools to staff for remote connection to business applications to better service our customers, adequate liquidity management, continuous communication and customer engagement leveraging on our digital platform channels, introduction of cost cutting initiatives and adequate relationship management with outsourcing partners to mitigate any risks that may arise and impact operations.

As a result of the restriction on movement and lockdown in various states of the Federation, the Company assessed the impact of Covid-19 on its operations and noted that premium generation was slightly impacted during the lockdown. To immediately enhance premium generation activities, the Company deployed a number of alternative channels for marketing using digital approach such as, social media, website, online purchase of insurance products from end to end. Likewise, we simulated customers engagement to improve experience, recruitment and expansion of agency network coupled with online capacity enhancement measures, i.e digital online marketing training techniques. This aided the Company to grow its customer base and premium income, track collections and pursue prompt payments from all intermediaries, reinsurance companies and others. We also:

- reviewed all retail and conventional products to attract customers while ensuring profitability
- ensured aggressive online marketing was recommended to our marketers with increased media visibility and introduced incentives to attract new customers while retaining old ones
- improved our business opportunities through online prospecting

- enhanced our product applications to ease business wins.

The Company also relies on investment portfolios to generate returns. Markets have been in turmoil and, as a result, return on investment portfolios was impacted due to crash in interest rate. This also increased the actuarial liabilities of the insurance contract portfolio.

However, to mitigate this shortfall, the budget 2020 was reviewed downward and we also ensured liquidity management and carefully identified banks and institutions with capacity to withstand economic shock for fund placement.

With respect to claims, the level of impact on claims payment during this period was within forecast, however expectations of high claims payment were mitigated by transferring the exposure to our reinsurer.

For the operating expenses and capital expenditure, these were slightly reduced due to the lock down and cost cutting initiatives deployed by the Company and as a further measure, the following strategies were put in place to enhance profitability;

- Deployment of document management system, paperless environment as a cost saving initiative
- Upgrading the existing ICT infrastructure to ease transaction processing
- Robust Business Continuity Management
- Increased security activities on premises and assets to eliminate loss.
- Reduction in operational cost and capex through budget reviews.

Going Concern and Future Outlook

The Board of Directors and Management have considered the potential implications of COVID-19 on the Company's ability to continue as a going concern and confirm that the impact on our business and results has not been significant.

The impact on the Company will be constantly monitored and reviewed even as the Company will deploy industry experience to ensure business continuity. We will continue to follow various government policies and advice and will ensure our business is undertaken in the safest way without jeopardizing the health of our staff. In addition, with the business continuity and crisis management policy in place, risks will constantly be monitored and mitigated as they arise. The Company is confident that based on its recapitalization plan in place, the going concern status is not threatened as Management does not intend to liquidate the entity or cease trading. The Company is committed to meeting all stakeholders interest and will continue to operate into the foreseeable future.

Corporate Governance

The Group is committed to high standards of Corporate Governance practice in the Group drawn from various applicable codes of corporate governance issued by NAICOM and the Securities and Exchange Commission amongst others. This ensures compliance with regulatory requirements as well as the core values on which the Group was established.

The Group has developed corporate policies and standards to encourage good and transparent corporate governance framework to avoid potential conflicts of interest between all stakeholders whilst promoting ethical business practices.

The activities of the Group are at all times conducted with high standards of professionalism, accountability and integrity with due regard to the genuine interests of all our stakeholders. This is the foundation of our history, values and culture as a Group for building and sustaining an endurable institution that guarantees profitability and professionalism whilst enhancing shareholders' value.

African Alliance Insurance PLC is committed to the continuous management of its business operations by identifying and implementing key governance indicators which aid sustainable development and guarantee shareholders return on investment.

Governance Structure

The governance of the Group resides with the Board of Directors who are accountable to shareholders for creating and delivering sustainable value through the management of the Group's business. The Board of Directors is responsible for the efficient operation of the Group and to ensure the Group fully discharges its legal, financial and regulatory responsibilities.

The membership of the Board is a mix of executive and non-executive directors based on integrity, professionalism, career success, recognition and the ability to add value to the Organization. In reviewing Board composition, the Board ensures a mix with representatives from different industry sectors.

The Group's financial performance is reviewed at each Board meeting. The Board reviews all financial reports before they are released. The effectiveness of the process for assessing risks and the execution of control activities are monitored continuously at various levels. This involves reviews of results in comparison with budgets and plans. The responsibility of maintaining an effective control environment and operating the system for risk management and internal control of financial reporting is delegated to the Chief Executive Officer (CEO).

The Group has a compliance program. Standard requirements have been defined for internal control over financial reporting. Management expects all employees to maintain high moral and ethical standards and those expectations are communicated to the employees through internal channels.

The Board monitors the effectiveness of its governance practices, manages potential conflict and provides general direction to Management. These oversight functions of the Board of Directors are exercised through its various Committees. In the course of the period under review, the Board had three (3) Committees to ensure the proper management and direction of the Group via interactive dialogue on a regular basis.

The Board comprises of 7(seven) members led by a Chairperson who is a Non-Executive Director, the Managing Director and Chief Executive Officer, Executive Director for Finance, HR&Admin. and 4 (four) Non-Executive Directors.

The Board derives its effectiveness from the various skills and vast experiences of each director who has expertise and has attained the highest pinnacle in their various profession. The members of the Board bring various and varied competencies to bear on all Board deliberations. The Board meets quarterly and other meetings are convened when necessary and is responsible for the effective control and monitoring of the Group's strategies. The Board which is responsible for the effective control and monitoring of the Group's Strategies meets quarterly and at other times when necessary.

The directors are provided with comprehensive information at each of the quarterly Board meetings and are also briefed on the Company's business developments monthly.

The primary responsibility of the Board of Directors is to build long-term shareholders value and ensure Management oversight. The Board ensures that adequate systems, policies and procedures are in place to safeguard the assets of the Group. The Board is also responsible to shareholders for creating and delivering sustainable shareholders value through the management of the Group's business.

Responsibilities of the Board

1. The Board determines the Group's objectives and strategies and plans to achieve them.

2. The Board approves mergers and acquisitions, equity investments, branch expansion and establishment of subsidiaries; approval of remuneration policy and packages of the Board members.

3. The Board considers and approves the annual budget, monitors performance and ensures that the Group remains a going concern.

4. The Board approves resolutions and corresponding documentation for shareholders in general meeting(s), shareholders circulars, prospectus and principal regulatory filings with the regulators.

5. The Board ensures that a risk culture and effective risk management process exists and is maintained.

6. The Board approves changes to the Group's corporate structure and changes relating to the Group capital structure.

7. The Board approves yearly audited financial statements.

8. The Board monitors the statutory audit of the financial statements, evaluates the independence of the statutory auditor or audit firm, particularly the provision of related services to the Group and prepares the proposal for resolution on the election of the auditor. It performs this function through the Board Audit Committee.

9. The Board determines the terms of reference and procedures of the Board committees, including reviewing and approving the reports of such committees where appropriate.

10. The Board ensures that an adequate budgetary and planning process exists such that performance is measured against budgets and plans.

11. The Board reviews annually the description of the main features of the internal control and risk management systems in relation to the financial reporting process.

12. The Board ensures evaluation, compensation and succession for key Management roles

13. The Board performs oversight of risk management and Implementation of Internal Controls.

Composition of the Board

Dr. Anthony Okocha	-	Chairman
Mrs. Joyce Ojemudia	-	Managing Director/CEO
Mrs. Olabisi Adekola	-	Executive Director
Mr. Sylva Ogwemoh (SAN)	-	Non-Executive Director
Alh. Abatcha Bulama	-	Non-Executive Director
Mr. Macauley Atasie		Non-Executive Director
Dr. Adiele Ekechukwu		Independent Director

Board Meetings

The Board of Directors meetings are held every quarter or as the need arises to consider the Financial Statement of the Group for the period, review of management accounts for the quarter, consider the reports and minutes of Board committees , consider the report of risk assessment and resolution and any other reports pertaining to issues within the purview of the Board's responsibilities.

Board Committees

The Board discharges its responsibilities through the different committees and is regularly informed about the work of the committees by their respective chairpersons.

The Board has three standing (3) Committees, namely:

(1) Audit and Compliance Committee,
(2) Board Finance, and Investment Committee,
(3) Board Enterprise Risk Management and Governance Committee

The Committees make recommendations to the Board, which retains responsibility for final decision making.

All Committees report to the Board and as such, must conform to the regulations laid down by the Board, with well-defined terms of reference contained in the charter of each Committee. The Committees render reports to the Board at the Board's quarterly meetings.
A summary of the functions of each committee is stated below:

Audit and Compliance Committee

The Committee held five meetings during the year. Section 404 of the Companies and Allied Matters Act 2020, provides for the functions of this Committee. In addition, the 2011 Securities and Exchange Commission (SEC) Code of Corporate Governance also assigns responsibilities to the Committee.

The Committee provides oversight responsibility for the audit, regulatory, and compliance functions of the Group. The committee also discusses the quarterly compliance reports and takes delivery of the audit reports and statements by the external auditor. The Committee monitors the effectiveness of the Group's internal control system, risk management system, compliance system and internal audit system. The committee recommends the appointment of external auditors and monitors its independence and quality and review audit fee of the external auditor.

Core Responsibilities of the Committee include:

1. Monitoring the effectiveness of internal control and processes in the Group.
2. Setting and overseeing the overall standard for financial reporting and internal controls within the Group.
3. Reviewing and assessing the quality of the work done by the professionals responsible for financial reporting.
4. Engaging in discussions with external and internal auditor on the quality and acceptability of the control environment and reporting structure.

Board Finance, Investment and General Purpose Committee

The Finance, Investment and General Purpose Committee monitors and reviews the Group's investment policies. It ensures at all times that the Group's investment policies reflect the objectives of safety and maintenance of fair returns on investments. The Committee equally establishes standards, rules and guidelines for the Group's investment management operations while also reviewing the Group's investment strategy with a view to sustaining medium to long term competitive edge. The value of the Group's market-to-market portfolios is also evaluated by this Committee.

Objectives of the Committee include :

1. Assist the Board to oversee the overall management of the company's finances.
2. Support the Board in overseeing the Company's investment strategy and portfolios to ensure consistency and compliance with set objectives.
3. Advise the Board on its oversight responsibilities in relation to human capital issues in general, and in specific, the recruitment, compensation and benefits.
4. Provide broad guidance to the Board on other generic but strategic matters including but not limited to customer satisfaction, corporate communications etc.
5. Assess the Company's financial statements including the income statement, statement of financial position, statement of changes in equity and the statement of cash flow.
6. Review the quality of the Company's investment portfolio with a view to appraising performance and recommending necessary improvements.
7. Review the process for determining provision for investment losses and the adequacy of provisions made.

Core responsibilities of the Committee include:

1. The Committee reviews and recommends for the Board's approval the Company's annual operating budget
2. The Committee reviews the capital adequacy and requirements of the Company and makes recommendations.
3. Ensures that the Company's investment Portfolio is structured to meet the minimum requirement for investments as per Insurance Act 2003
4. Reviews and makes recommendations to the Board regarding investment strategy, policy and guidelines, its implementation and compliance with those policies and guidelines
5. Ensures that the liability of insurance contracts are adequately matched against their maturity profiles.
6. Periodically reviews the performance of the major securities and financial instruments relative to the investment portfolio of the Company.
7. The Committee annually reviews the Company's policies with respect to financial risk assessment and financial risk management.

The Committee met four times during the year to review the financial performance of Group and approve the management and performance of the investment portfolio for the Group.

Board Enterprise Risk Management and Governance Committee

The Enterprise Risk Management and Governance Committee assists the Board in the development and implementation of a comprehensive Enterprise Risk Management framework in line with NAICOM's risk management guidelines. It reviews and monitors the Enterprise Risk Management practices of the Company.

The Committee also ensures the development and implementation of an appropriate corporate governance framework for the Company while it also reviews and monitors the corporate governance practices and the implementation of the corporate strategy in the context of prevailing trends in the business landscape.

Objectives of the Committee include:

1· The development and implementation of a comprehensive enterprise risk management framework in line with NAICOM's risk management guidelines, and international best practices on risk management.
2· Reviewing and monitoring of the enterprise risk management practices of the Company and providing recommendations where necessary.
3· Overseeing the development and implementation of a Business Continuity Plan for the Company relative to existing and emerging risks.
4· Ensuring the development and implementation of an appropriate corporate governance framework for the Company in line with NAICOM's Code of Corporate Governance 2021, the Nigerian Code of Corporate Governance 2018 and international best practices.
5· Reviewing and monitoring the corporate governance practices and providing improvement recommendations where necessary.
6· Monitoring the implementation of the corporate strategy in the context of prevailing trends in the business landscape.
7· Supervising the strategic activities and initiatives of key operational functions of the Company.

Core responsibilities of the Committee include:

1. Overseeing the development, and conducting periodic review of the Company's enterprise risk management framework, policies and procedures.
2. Reviewing the adequacy of the risk control activities and providing additional control measures where necessary.
3. Ensuring that the enterprise risk management framework includes processes for the identification, assessment, control and mitigation of all categories of risks.
4. Escalating high impact risks to the Board as deemed necessary for further consideration with a view to promptly intervening in the mitigation of such risks.
5. Supporting the Board and Management in the process of defining short to medium term strategic aspirations and objectives for the Company.
6. Reviewing the implementation status of key strategic initiatives as defined in the approved corporate strategy and make necessary recommendations.
7. Continuously monitoring conflict of interests within Management and Board Members and advise the Board on same.
8. Working with Management and other relevant Board committees in ensuring that the integrity of the Company's accounting and reporting systems are maintained.

The composition of the Committees are as follows:

Audit and Compliance Committee

Alhaji Tunde Kabir Sarumi	-	Chairman	
Mr Fidelis Ijoma Opia	-	Member	(Died In April 2020)
Dr Attu Naji Raphael	-	Member	
Ms Juliet Ebere Gbaka	-	Member	(Appointed 27 October 2020)
Mr. Sylva Ogwemoh (SAN)	-	Member	

Board Finance, Investment and General Purpose Committee

Mr. Macauley Atasie	-	Member	
Dr. Adiele Ekechukwu	-	Member	
Mrs. Joyce Ojemudia	-	Member	
Olabisi Adekola	-	Member	
Mr. Sylva Ogwemoh (SAN)	-	Member	
Alh. Abatcha Bulama	-	Member	
Olufunmilayo Omo	-	Member	(Resigned on 31st August, 2020

Board Enterprise Risk Management and Governance Committee

Mr. Sylva Ogwemoh (SAN)	-	Chairman	
Dr. Adiele Ekechukwu	-	Member	
Mr. Macauley Atasie	-	Member	
Alh. Abatcha Bulama	-	Member	
Mrs. Joyce Ojemudia	-	Member	
Olabisi Adekola	-	Member	
Olufunmilayo Omo	-	Member	(Resigned 31st August, 2020)

Attendance of Board and Committee Meetings 2020

Board Meetings	Composition	No of Meetings Attended	25th Feb 2020	20th May 2020	20th Aug 2020	26th Oct 2020	21st Dec 2020
Dr. Anthony Okocha	Chairman	5	•	•	•	•	•
Mrs. Funmi Omo (Resigned 31st August, 2020)	Member	2		•	•		
Mrs. Joyce Ojemudia	Member	2				•	•
Mrs. Olabisi Adekola	Member	5	•	•	•	•	•
Sylva Ogwemoh (SAN)	Member	5	•	•	•	•	•
Alh. Abatcha Bulama	Member	2				•	•
Mr. Macauley Atasie	Member	2				•	•
Dr. Adiele Ekechukwu	Member	2				•	•

Audit and Compliance Committee	Composition	No of Meetings Attended	23rd Feb 2020	19th May 2020	10th Aug 2020	22nd Oct 2020	15th Dec 2020
Alhaji Tunde Kabir Sarumi	Chairman	5	•	•	•	•	•
Chief Fidelis Opia Ijoma (Died April, 2020)	Member	1	•				
Dr. Attu Naji Raphael	Member	5	•	•	•	•	•
Sylva Ogwemoh (SAN)	Member	5	•	•	•	•	•
Ms Juliet Ebere Gbaka	Member	1					•

Board Finance, Investment and General Purpose Committee	Composition	No of Meetings Attended	24th Feb 2020	25th May 2020	17th Aug 2020	26th Oct 2020	4th Dec 2020
Mr. Sylva Ogwemoh (SAN)	Chairman	5	•	•	•	•	•
Mrs. Funmi Omo (Resigned 31st August, 2020)	Member	3	•	•	•		
Mrs. Joyce Ojemudia	Member	2				•	•
Olabisi Adekola	Member	5	•	•	•	•	•
Mr. Macauley Atasie	Member	1					•
Alh. Abatcha Bulama	Member	1					•
Dr. Adiele Ekechukwu	Member	1					•

Board Enterprise Risk Management and Governance Committee	Composition	No of Meetings Attended	24th Feb 2020	5th June 2020	17th Aug 2020	22nd Oct 2020
Sylva Ogwemoh (SAN)	Chairman	4	•	•	•	•
Funmi Omo (Resigned 31st Aug, 2020)	Member	2		•	•	
Olabisi Adekola	Member	4	•	•	•	•
Joyce Ojemudia	Member	1				•

- • connotes present
- — connotes absent

Support Committees

Executive Management Committee (ExCo)

This Committee reports to the Board on activities of the Group. The Committee which comprises of executive management staff members meets regularly to deliberate on various activities.

The Committee is responsible for the following:

i) ensuring alignment of Group's strategy and plan with operational activities.
ii) reviewing strategic and business performance against approved plans and budget of the Group, and recommendations and corrective actions.
iii) discussing and monitoring compliance with policies .

Management Executive Committee

This Committee reports to the Board Investment Committee on investment activities of the Group. The Committee meets weekly to discuss and review the portfolio of the Group. The Committee members are:

MD/ CEO	-	Chairman
Chief Financial Officer	-	Member
Head, Group Life Marketing	-	Member
Head, Agency Operations	-	Member
Head, Information Technology	-	Member
Head, Risk Management	-	Member
Head, Internal Audit & Control	-	Member

Whistle Blowing Procedures

The whistle-blowing process involves steps that should be taken by the whistleblower in reporting a reportable misconduct, and steps required for the investigation of the reported misconduct. The Company has a procedure that encourages staff and other relevant stakeholders to report perceived unethical or illegal conduct of employees, Management, directors and other stakeholders across the Group to appropriate authorities in a confidential manner without any fear of harassment, intimidation, victimization or reprisal of anyone for raising concern(s) under this policy.

The Board of Directors and Management is committed towards promoting a culture of openness, accountability and integrity, and will not tolerate any harassment, victimization or discrimination of the whistle blower provided such disclosure is made in good faith with reasonable belief that what is being reported is true. The Company has a dedicated email address and telephone numbers through which staff are encouraged to raise any concern or unethical conduct.

Results At A Glance

Consolidated and Separate financial statements for the year ended 31st December 2020

	Group		Company	
	Dec 31 2020	Dec 31 2019	Dec 31 2020	Dec 31 2019
COMPREHENSIVE INCOME STATEMENT	N'000	N'000	N'000	N'000
Gross premium written	7,121,766	8,744,391	5,963,632	7,286,907
Gross premium income	7,008,642	8,487,440	5,850,508	7,029,956
Net premium income	6,559,709	8,022,248	5,403,577	6,578,607
Investment income	2,456,968	3,026,417	2,411,620	2,945,880
Profit/(loss) before tax	5,715,156	(7,019,288)	6,113,934	(7,266,832)
Profit/(loss) after tax	5,668,937	(7,038,025)	6,067,716	(7,285,544)

STATEMENT OF FINANCIAL POSITION	Group		Company	
	Dec 31 2020	Dec 31 2019	Dec 31 2020	Dec 31 2019
	N'000	N'000	N'000	N'000
Total assets	56,307,087	40,006,861	54,021,988	37,706,916
Insurance and investment contract liabilities	58,328,955	47,173,066	56,342,177	45,325,277
Total liabilities	61,420,955	51,352,837	58,517,047	48,299,223
Total Equity	(5,113,869)	(11,345,976)	(4,495,058)	(10,592,307)
Profit/(Loss) per share (basic) - in kobo	28%	-34%	29%	-35%

Independent Auditor's Report

To the Shareholders of African Alliance Insurance PLC

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the accompanying consolidated and separate financial statements of African Alliance Insurance PLC (the company) and its subsidiaries (together the group) which comprise the Consolidated and separate statement of financial position as at 31 December 2019, the Consolidated and separate statement of profit or loss and other comprehensive income, statement of changes in equity, Consolidated and separate statement of cash flow for the year then ended, and the notes to the Consolidated and separate financial statements including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements give a true and fair view of the Consolidated and Separate financial position of African Alliance Insurance PLC as at 31 December, 2019 and the financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards, the Companies and Allied Matters Act Cap C20 LFN 2004, Insurance Act I17 LFN 2004, circulars and guidelines issued by the National Insurance Commission (NAICOM) and the Financial Reporting Council of Nigeria Act, 2011.

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 Financial Statements section of our report. We are independent of the Group in accordance with the Institute of Chartered Accountants of Nigeria (ICAN) Professional Code of Conduct and Guide for Accountants and other independence requirements applicable to performing audits of financial statements in Nigeria. We have fulfilled our other ethical responsibilities in accordance with the ICAN Code and in accordance with other ethical requirements applicable to performing audits in Nigeria. The ICAN Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty related to going concern

We draw attention to Note 1.6 in the consolidated and separate financial statements. As of 31 December, 2019, the company and the group recorded a loss after tax of N7.3billion and N7.02billion respectively. As of the same date, the company had a negative insurance solvency margin of N12.2billion, and the total admissible assets less net insurance and investment contract liabilities amounted to a deficit of N15.5billion (group: N15.4billion).

As indicated in Note 3, the Directors have set forth specific measures and actions to address this position and bring back the company and group to profit making, however these events or conditions, along with other matters stated therein, indicate that a material uncertainty exists that may cast significant doubt on the company's and group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matter

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the financial statements of the current year. The matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do

Key Audit Matter

Valuation of Insurance Contracts Loss Reserve	How the Key Audit Matter matter was addressed in the audit
Under IFRS 4, the Group is required to perform liability adequacy test on its insurance contract liabilities to ensure the carrying value of the liabilities is adequate As disclosed in note 19 to the financial statements, the insurance and investment contract liabilities of the Group amounted to N47.173billion [2018: N40.95Billion] and N45.325 billion (2018: N38.99billion) for the company. This represents about 92% of the Group total liabilities as at 31 December 2019. Determination of the fair value of the contracts is an area that involves exercise of significant judgement and use of key inputs and assumptions. Some of these include operating assumptions in relation to uncertain future outcomes like mortality, morbidity, lapse and surrender, etc., and also economic assumptions relating to interest rates, inflation rates, expenses, return on investments, discount rates, future growth rates etc, which are the	We reviewed the methodology and processes adopted by management for making reserves in the books of the Group. Tested entity's control around reserving process and maintenance of data for valuation of insurance contract liabilities. We considered the validity of management's liability adequacy testing which is a key test performed to check that the liabilities are adequate in the context of expected experience. Our work on the liability adequacy test includes assessing the reasonableness of the projected cash flows and challenging the assumptions adopted in the context of group and industry experience data and specific product features. We validated the data used in the valuation of the insurance contract liabilities. We involved Deloitte Actuary in the

key inputs used to estimate these long-term liabilities. At the end of each financial year, management employs the services of an external actuary in the determination of its insurance liability after considering the accuracy and integrity of data used in the valuation. Necessary adjustments are made in the financial statements to reflect the liabilities determined by the actuary.	review of the assumptions and estimates used by management and assessment of the adequacy of the insurance liabilities in line with Liability Adequacy Test ("LAT") based on requirements of IFRS 4. We ensured the appropriateness of the journals posted and agreed the figures disclosed in the financial statements to the figures stated in the actuarial valuation after thorough review of the basis and assumptions. We found that the assumptions used by management were comparable with the market, accord with best practices, the key input data used in estimating the fair value of the insurance and investment contracts liabilities were appropriate in the circumstances. We consider the disclosure of the liabilities to be adequate, relevant and useful.

Other Information

The Directors are responsible for the other information. The other information comprises the Corporate Governance Report, Management Commentary, Enterprise Risk Management Report, Directors' Report and Result at a glance, which we obtained prior to the date of this auditor's report. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act CAP C20 LFN 2004, Insurance Act I17 LFN 2004, circulars and guidelines issued by the National Insurance Commission (NAICOM), Financial Reporting Council Act, 2011 and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate 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'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 consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism 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 the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the Group and 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 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 to continue as a going concern.

Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the Group and company's financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee and the directors 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 identify during our audit.

We also provide the Audit Committee and directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee and Directors, we determine the matter that was of most significance in the audit of the financial statements of the current period and is therefore the key audit matter. We describe the matter 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 benefits derivable by the public from such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the Sixth Schedule of the Companies and Allied Matters Act CAP C20 LFN 2004 and Section 28 (2) of the Insurance Act I17 LFN 2004, we expressly state that:

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.

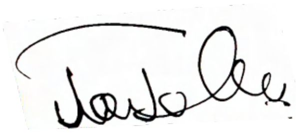
The Group has kept proper books of account, so far as appears from our examination of those books.

The Group and Company's statement of financial position and its statement of profit or loss and other comprehensiveincome are in agreement with the books of account.

Contraventions

The Company contravened certain sections of the Insurance Act; NAICOM circulars and guidelines during the year. The particulars thereof and penalties paid are as disclosed in Note 43b to the financial statements.

No evidence of non-compliance with laws and regulations (NOCLAR) was brought to our notice during the audit of the financial statements for the year.



For: Deloitte & Touche
Chartered Accountants
Lagos, Nigeria
September, 2021

Engagement partner:
Joshua Ojo
FRC/2013/ICAN/00000000849

Significant Accounting Policies

1. General Information

African Alliance Insurance Company is a public limited company incorporated and domiciled in Nigeria. The registered office is located at 54 Awolowo Road, Ikoyi, Lagos.

The Company is principally engaged in the business of providing risk underwriting for life, related financial and pension services, aviation and hospitality services to its customers.

1.2 Principal Activities

The principal business of the company is providing risk underwriting and related financial and hospitality services to its customers. Such services include provision of life insurance services to both corporate and individual customers.

The Subsidiaries activities are:

- Ghana Life Insurance Company Limited, a Life assurance company in Ghana.
- Axiom Air Limited, a cargo airline company

1.3 Components of Financial Statements

The Financial statements comprises the Consolidated and Separate Statements of Comprehensive income, Consolidated and Separate statements of Financial Position, Consolidated and Separate Statement of Changes in Equity, Consolidated and Separate Statements of Cash Flows, and the accompanying Notes.

Income and expenses (excluding the components of other comprehensive income) are recognised in the profit or loss segment of comprehensive income to arrive at the profit for the year.

Other comprehensive income is recognised in the other comprehensive segment of the statement of other comprehensive income and comprises items of income and expenses that are not recognised in the statement of profit or loss as required or permitted by IFRS.

The addition of the loss for the year and the other comprehensive income gives the total comprehensive income for the year.

Reclassification adjustments are amounts reclassified to statement of comprehensive income in the current year that were recognised in other comprehensive income in the current or previous years. Transactions with the owners of the Group in their capacity as owners are recognised in the statement of changes in equity.

1.4 Basis of Preparation and Measurement

The financial statements are prepared in compliance with International Financial Reporting Standards (IFRS) and the requirements of the Companies and Allied Matters Act, Insurance Act CAP I17 LFN 2004, the Financial Reporting Council of Nigeria Act 2011 and regulatory guidelines as pronounced from time to time by National Insurance Commission (NAICOM). Historical cost basis was used in preparation of the financial statements as modified by the measurement of certain items at revalued amounts as stated below:

- Property, plant and equipment at valuation
- Investment property at fair value
- Investment at fair value
- Impaired assets at their recoverable amounts

1.5 Compliance with IFRS

These financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRIC) Interpretations applicable to companies reporting under IFRS as issued by the International Accounting Standards Board (IASB). Additional information required by national regulations have been included where appropriate.

1.6 Going Concern Status

As at the end of the financial year 31 December 2020, the following negative regulatory indicators were identified:

1. The company's solvency margin is below the regulatory requirement as stated in the Insurance Act CAP I17, LFN 2004. The company reported a solvency margin deficit of N23.3billion for the year ended 31 December, 2020.
2. The total admissible assets of the company less net insurance and investment contract liabilities amounted to a deficit of N8.02billion as at 31 December 2020
3. Negative shareholders' fund amounted to N4.49billion (Group – N5.113billion) as at the end of 31 December 2020.
4. In exercise of its statutory powers and regulatory functions, the National Insurance Commission ("NAICOM"), recently reviewed the minimum paid-up share capital requirement for all classes of insurers and as a life insurance Company, we are expected to recapitalize to the sum of N8billion.

These indicators, based on the performance and financial statements of the company and group, including the deficit in the solvency margin as well as the failure of the regulatory admissible assets of the entity to cover the insurance liabilities, all indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. The board of directors and management performed an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future.

Action Plans

The Board of Directors hereby confirm that the following action plans have been set forth whose implementation have commenced. Overall, the directors believe that these actions will mitigate the going concern issues. However, please refer to different factors for different actions noted below.

1. Disposal of the company's investment property. Firm commitment of offer and acceptance at a consideration have been made. However, this is subject to the consent and approval of the regulators (NAICOM).
2. The company is currently conducting due diligence and working with appointed consultants on plans to seek the approval of shareholders and investors to inject additional capital into the company through right issue. While the shareholders have given their consent to the offering, this is however subject to the final approval of the

regulators (National Insurance Commission (NAICOM), Financial Reporting Council of Nigeria (FRCN) and Securities and Exchange Commission.
The timing for the conclusion of the exercise is also subject to several factors that might be beyond the expectations of the company. There is however a firm commitment from the major shareholder to take up the right issue as soon as the regulatory approvals are obtained.

3. Renewal of overdraft facilities-the company has revolving overdraft lines with their bankers to support working capital requirements. This is however subject to the approval of the board and the bankers to access the revolving credits
4. A cashflow projection has also been prepared by management factoring the above into the liquidity assessment of the entity as well as the operational requirements of the entity over the next 12 months. This projection was however premised on selected scenarios of projected share of the market and year-on year growth expectations of the company. There is material uncertainty relating to the company achieving the market share to support the projected increase in cash flows.

Following extensive appraisal of the current situation of the company at various Board Committee meetings as well as at the Board Meetings, the following plan was agreed to by the Board in turning around the company.

Capital Raise by way of Rights Issue

The Board at its meeting approved the raising of additional equity capital via a rights issue to the significant shareholders in order to shore up the company's existing capital base as well as finance other strategic initiatives. In order to achieve this, the Board has approved the engagement of consultants to act as the financial adviser and issuing house to the transaction. This process is at an advanced stage of conclusions with meetings and obtaining necessary approvals from regulators. Material uncertainty exists as it relates to the timing that the procedures will be concluded, how much shareholders will and investors be willing to further inject into the entity considering the capital market and economic performance, and necessary approval by the regulators.

Other Issues

Sale of Non-Performing Properties

We have been able to make progress on properties not yielding income for the Company as some have been disposed. The Board is resolved to ensure properties not contributing to the bottom line, as well as those that do not qualify as regulatory admissible assets are disposed. Management will also conclude on the transfer of all properties whose titles are currently not in the name of the company. The process of disposal of these assets are at an advanced stage with prospective buyers already firming up negotiations. However, material uncertainty exists based on the bureaucracy around perfection of title to the company's name, timing of the sale of these properties and the uncertainty around the final value that will be placed on these properties.

Overdraft Credit Lines

The company has revolving overdraft lines with their bankers to support working capital requirements. This is rolled over on an annual basis subject to the approval of the board and the bankers to access the revolving credits. There is uncertainty whether these facilities will be renewed at the current facility values in the future.

Fresh capital injection through third-party investor participation

The above proposed capital raising will be executed in four broad phases:

a) Phase I – Transaction preparation/Investor engagement
b) Phase II – Documentation/Early Regulatory engagement
c) Phase III – Regulatory filings
d) Phase IV – Allotment and listing

The Board of Directors has received the special resolution of the Shareholders to proceed with the action plans and currently in progress.

Merger with an existing Life/Composite Insurance Company

The business combination option could involve a merger with an existing Life/Composite Insurance Company. It is expected that the potential partner will be in compliance with the Regulators capital requirement with sufficient buffer in order to cushion the effect of the Company's capital deficit. Suffice to mention that the Company have started receiving informal expression of interest from some companies willing to go into business combination with us.

ACTION PLAN TIME LINE

1. Offer for subscription – Rights issue October 2021
2. Properties disposal – August 2021
3. Achievement of operational targets and profits
4. Fresh Capital Injection – October 2021
5. Business Combination – November 2021

In conclusion, based on the executive management's plan of restructuring the assets of the company and Group and injecting fresh capital to improve the liquidity position and upturn in the current negative indices in the financials statement with respect to shareholders fund, asset cover and solvency margin to positive position in the shortest time. This is however premised on the ability of all of the plans to be achieved at the stated period attached to each of the events. Material uncertainty exists for each of these plans, as a result of events that might be beyond expectations.

There can be no assurance that the Company will be successful with its strategic initiatives. If such initiatives and plans are not successful, the Company and Group may be forced to limit its business activities or be unable to continue as a going concern, which will have a material adverse effect on our consolidated results of operations and financial condition.

Although the Directors believe the initiatives will be successful and have prepared the consolidated and company financial statements on a going concern basis, material uncertainties exist that may cast significant doubt on the Group's and Company's ability to continue as going concerns. The audit opinion on our consolidated financial statements includes an emphasis of matter paragraph related to the material uncertainty surrounding the Company's ability to continue as a going concern.

1.7 Significant Judgements and Key Sources of Estimation Uncertainty

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

The preparation of the Group's financial statements requires Management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the reporting date. however, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future. these factors should include:
The judgements made by the directors in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements include:

- **Claims arising from Insurance Contracts**
  Liabilities for unpaid claims are estimated on a case by case basis. The liabilities recognised for claims fluctuate based on the nature and severity of the claim reported. Claims incurred but not reported are determined using statistical analyses and the Group deems liabilities reported as adequate.

- **Fair value of Unquoted Equity Financial Instruments**
  The fair value of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. In these cases, the fair values are estimated from observable data using valuation models.

- **Property, Plant and Equipment**
  Property, Plant and equipment represent one of the most significant proportion of the asset base of the Group, accounting for about 4% of the Group's total assets. Therefore, the estimates and assumptions made to determine their carrying value and related depreciation are critical to the Group's financial position and performance.

  The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. Increasing an asset's expected life or its residual value would result in the reduced depreciation charge in the statement of comprehensive income.

  The useful lives and residual values of the property, plant and equipment are determined by management based on historical experience as well as anticipation of future events and circumstances which may impact their useful lives.

- **Taxation**
  Whether it is probable that future taxable profits will be available against which temporary differences can be utilized; and

1.8 Functional and Presentation Currency

The consolidated financial statements are presented in Nigerian Naira (Naira), rounded to the nearest thousand, this is also the functional currency of the Group.

1.9 Presentation of Financial Statements

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

2.0 Changes in Accounting Policy and Disclosures

New and revised IFRSs/IFRICs affecting amounts reported and/or disclosures in these financial statements.

Impact of the Initial Application of Interest Rate Benchmark Reform Amendments to IFRS 9 and IFRS 7

In September 2020, the IASB issued Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7). These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reforms.

The amendments also introduce new disclosure requirements to IFRS 7 for hedging relationships that are subject to the exceptions introduced by the amendments to IFRS 9.

Impact of the initial application of Covid-19-Related Rent Concessions Amendment to IFRS 16

In May 2020, the IASB issued Covid-19-Related Rent Concessions (Amendment to IFRS 16) that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification.

Amendments to IFRS 9 Prepayment Features with Negative Compensation

The Company and the group have adopted the amendments to IFRS 9 for the first time in the current year. The amendments to IFRS 9 clarify that for the purpose of assessing whether a prepayment feature meets the 'solely payments of principal and interest' (SPPI) condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment.

In other words, financial assets with prepayment features with negative compensation do not automatically fail SPPI.
The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met.

1 The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

2 Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and

3 There is no substantive change to other terms and conditions of the lease.

Impact of the initial application of new and amended IFRS Standards that are effective for the current year

Amendments to IAS 1 and IAS 8 Definition of Material

The group has adopted the amendments to IAS 1 and IAS 8 in the current year. The amendments make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition. The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1.

New and revised IFRS Standards in Issue but not yet Effective

IFRS 17 - Insurance Contracts

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.

Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognized in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture.

Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognized in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture. The effective date of the amendments has yet to be set by the Board; however, earlier application of the amendments is permitted.

Amendments to IAS 1 – Classification of Liabilities as Current or Non-Current

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to

the transfer to the counter party of cash, equity instruments, other assets or services.
The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

Amendments to IAS 16 – Property, Plant and Equipment—Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognizes such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

Amendments to IAS 37 - Onerous Contracts—Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

Annual Improvements to IFRS Standards 2018 - 2020

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent. in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary.

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

IFRS 1 First-time Adoption of International Financial Reporting Standards.

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent. in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary.

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

IFRS 9 Financial Instruments

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

IFRS 16 Leases

The amendment removes the illustration of the reimbursement of leasehold improvements. As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated.

IAS 41 Agriculture

The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pretax or post-tax cash flows and discount rates for the most appropriate fair value measurement.

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application.

2.3 Consolidation

2.3.1Subsidiaries

Subsidiaries are all 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 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 and 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, either at fair value or 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, 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 profit or loss.

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 profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

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.

2.3.2 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.

2.3.3 Disposal of Subsidiaries

When the group ceases to have control, 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 profit or loss. 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 amounts previously recognised in other comprehensive income in respect of that entity are 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 profit or loss.

2.4 Foreign Currencies

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 income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'other income'.

All other foreign exchange gains and losses are presented in the income statement within 'Other income' or 'Other expenses'. Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security, and other changes in the carrying amount of the security.

Translation differences related to changes in amortised cost are recognised in profit or loss; other changes in carrying amount are recognised in equity. Translation differences on financial assets and liabilities held at fair value through profit and loss are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as fair value through other comprehensive income financial assets are included in the fair value reserve in equity.

2.5 Financial Assets

The Group classifies its financial assets into the following categories: fair value through profit or loss, fair value through other comprehensive income and amortized cost. The classification is determined by management at initial recognition and depends on the objective of the business model.

2.5.1 Classification and Measurements

Financial assets are classified and measured at initial recognition at fair value, including directly attributable transaction cost. Subsequent measurement is based on the business model objective of managing the assets as well as the cashflow characteristics of the asset.

Business Model Assessment

Business model assessment involves determining if financial assets are managed in order to generate cash flows from collection of contractual cash flows, selling financial assets or both. The Group assesses business model at a portfolio level which reflects how the assets are managed together to achieve a particular business objective.

Financial Assets at Fair Value through Profit and Loss

Financial assets will be measured at fair value through the income statement if they do not meet the business model criteria of either "Hold to collect" or "Hold to collect and sell". All equity instruments and similar securities (unless designated at inception to fair value through other comprehensive income); and all derivatives are measured at fair value through profit or loss. An entity have the option to designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch.

Financial assets at Fair Value through other Comprehensive Income

Financial assets will be measured at fair value through other comprehensive income if they are held within a business model where the objective is achieved by both collecting contractual cash flows and selling financial assets ("Hold to collect and sell"), and their contractual cash flows represent solely payments of principal and interest.

2.5.2 Financial Assets Measured at Amortized Cost

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

2.6 Trade Receivables

Trade, reinsurance and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counter party will default. Trade receivables arising from insurance contracts are stated after deducting allowance made for specific debts considered doubtful of recovery. Impairment of trade receivables are presented within other operating expenses.

Trade and Other receivables amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value. Trade receivables are reviewed at every reporting period for impairment.

2.6.1 Recognition and Measurement

Financial assets are initially recognised at fair value plus, in the case of all financial assets not carried at fair value through profit and loss, transaction costs that are directly attributable to their acquisition. Financial assets carried at fair value through profit and loss are initially recognised at fair value, and transaction costs are expensed in the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from them have expired or where they have been transferred and the Group has also transferred substantially all risks and rewards of ownership.

Financial assets at fair value through other comprehensive income and financial assets at fair value through profit and loss are subsequently carried at fair value. Other financial assets are carried at amortised cost using the effective interest method.

Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit and loss' category are included in the income statement in the period in which they arise. Dividend income from financial assets at fair value through profit and loss is recognised in the statement of comprehensive income as part of Investment income when the Group's right to receive payments is established.

Interest on financial assets fair value through other comprehensive income calculated using the effective interest method is recognised in the income statement. Dividends on equity instruments fair value through other comprehensive income are recognised in the income statement when the Group's right to receive payments is established. Both are included in the investment income line.

2.6.2 Determination of Fair Value

For financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations. This includes listed equity securities and quoted debt instruments on major exchanges. The quoted market price used for financial assets held by the Group is the current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry, company, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. Indications that a market is inactive are when there is a wide bid - offer spread or significant increase in the bid - offer spread or there are few recent transactions.

For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs (for example, NIBOR, MPR etc.) existing at the dates of the statement of financial position.

The Group uses widely recognised money market rates in determining fair values of non-standardised financial instruments of lower complexity like placements, and treasury bills. These financial instruments models are generally market observable. The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. In cases where the fair value of unlisted equity instruments cannot be determined reliably, the instruments are carried at cost less any impairments. The fair value for loans and receivables as well as liabilities to banks and customers are determined using a present value model on the basis of contractually agreed cash flows, taking into account credit quality, liquidity and costs. The fair values of contingent liabilities and irrevocable loan commitments correspond to their carrying amounts.

2.6.3 De-Recognition of Financial Instruments

The Group de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

2.6.4 Re-classification of Financial Assets

For financial assets, reclassification is required between FVTPL, FVTOCI and amortised cost; if and only if the entity's business model objective for its financial assets changes so its previous business model assessment would no longer apply.
IFRS 9 does not allow reclassification:

- when the fair value option has been elected in any circumstance for a financial asset;
- or equity investments (measured at FVTPL or FVTOCI); or
- for financial liabilities.

If an entity reclassifies a financial asset, it is required to apply the reclassification prospectively from the reclassification date, defined as the first day of the first reporting period following the change in business model that results in the entity reclassifying financial assets. Previously recognised gains, losses (including impairment gains or losses) or interest are not restated.

2.6.5 Impairment of Asset

Financial assets carried at Amortized Cost and FVTOCI

The IFRS 9 impairment model is applicable to all financial assets at amortized cost, and debt instruments measured at fair value through other comprehensive income. IFRS 9 replaces the 'incurred loss' model (IAS 39) with an Expected Credit Loss ('ECL') model, resulting in earlier recognition of credit losses compared with IAS 39. Expected credit losses are the unbiased probability weighted average credit losses determined by evaluating a range of possible outcomes and future economic conditions. The ECL model has three stages.

Stage 1: As soon as a financial instrument is originated or purchased, an entity is required to recognize a 12 month expected credit loss in profit or loss and a loss allowance is established. For financial assets, interest revenue is calculated on the gross carrying amount (i.e. without deduction for expected credit losses).
Stage 2: if the credit risk increases significantly and is not considered low, a full lifetime expected credit loss is recognized in profit or loss. The calculation of interest revenue is the same as for stage 1 above.
Stage 3: if the credit risk of a financial asset increases to the point that it is considered credit-impaired, interest revenue is calculated based on the amortized cost (i.e. the gross carrying amount less the loss allowance). Financial assets in this stage will generally be assessed individually. Lifetime expected credit losses are recognized on these financial assets. Based on the criteria in stages 1-3, the Group sets reserves for impairment.

No impairment reserve is set on financial assets measured at fair value through profit and loss.

2.6.6 Financial Liabilities

Financial liabilities are classified into one of the following measurement categories:
i Amortized cost,
ii Fair Value through Profit or Loss (FVTPL)

Financial Liabilities at Fair Value through Profit or Loss

Financial liabilities accounted for at fair value through profit or loss fall into two categories: financial liabilities held for trading and financial liabilities designated at fair value through profit or loss on inception. However, for financial liabilities designated at fair value through profit or loss, gains or losses attributable to changes in own credit risk are presented in Other Comprehensive Income.

Financial Liabilities at Amortized Cost

Financial liabilities that are not classified at fair value through profit or loss fall into this category and are measured at amortized cost using the effective interest rate method.

2.6.7 Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.7 Trade Receivables and Payables Related to Insurance Contracts

Receivables and payables are recognised when due. These include amounts due to and from agents, brokers and insurance contract holders.

If there is objective evidence that the insurance receivable is impaired, the Group reduces the carrying amount of the insurance receivable accordingly and recognises that impairment loss in the income statement.

2.8 Reinsurance

The Group cedes insurance risk in the normal course of business for all of its businesses.

2.8.1 Reinsurance Assets

Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims or insurance contract liabilities associated with the reinsurers policies and are in accordance with the related reinsurance contract. reinsurance assets are reviewed for impairment at each reporting date or more frequently when an indication of impairment arises during the reporting year. impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the Group may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measurable impact on the amounts that the Group will receive from the reinsurer. the impairment loss recorded in the statement of

profit or loss and other comprehensive income.

Gains or losses on buying reassurance are recognised in the income statement immediately at the date of purchase and are not amortised. Ceded reinsurance arrangements do not relieve the Group from its obligation to policy holders.

2.8.2 Reinsurance Liabilities

Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due. The Group has the right to set-off re-insurance payables against amount due from re-insurance and brokers in line with the agreed arrangement between both parties.

2.9 Deferred Policy Acquisition Costs (DAC)

Acquisition cost comprise all direct and indirect costs arising from the writing of Life insurance contracts. Deferred acquisition costs represent a proportion 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 by applying to the acquisition expenses that ratio of unearned premium to written premium.

2.10 Prepayment

Prepayments are carried at cost less accumulated impairment losses.

2.11 Investment in Associates

As associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 - Noncurrent Asset Held for Sale and Discontinued Operations. Under the equity method, an investment in an associate is initially recognised in the consolidated and separate statement of financial position at cost and adjusted thereafter to recognized the Group's share of the profit or loss and other comprehensive income of the associate. when the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interest that, in substance, form part of the Groups net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

The requirements of IAS 39 are applied to determine whether it is necessary to recognize any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

2.12 Investment Properties

Investment property is property held on earn rentals or for capital appreciation or both. Investment property, including interest in leasehold land, is initially recognised at cost including the transaction costs. Subsequently, investment property is carried at fair value representing the open market value at the statement of financial position date determined by annual valuation carried out by external registered valuer's. gains or losses arising from changes in the fair value are included in determining the profit or loss for the year to which they relate.

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

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

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

2.13 Intangible Assets

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

Amortization is calculated using the straight line method to write down the cost of each license or item of software to its residual value over its estimated useful life.

Amortization begins when the asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management, even when idle. Amortization ceases at the earlier date that the asset is classified as held for sale and the date that the asset is derecognized and ceases temporarily, while the residual value exceeds or is equal to the carrying value.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset it derecognized.

Intangibles recognised as assets are amortized over their useful lives, which does not exceed five years.

2.14 Property, Plant and Equipment

All categories of property and equipment are initially recognised at cost. Cost includes expenditure directly attributable to the acquisition of the assets. Computer software, including the operating system that is an integral part of the related hardware is capitalized as part of the computer equipment

Work in progress owner-occupied property that are included in property, plant and equipment are stated at cost to date and are not yet de-componentised as the asset has not been put into use.

Subsequent cost is included in the asset's carrying amount or recognised 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. Repairs and maintenance expenses are charged to the income statement in the year in which they are incurred.

Increases in the carrying amount arising on revaluation are recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus. Decreases that offset previous increases of the same asset are recognised in other comprehensive income. All other decreases are charged to the statement of profit or loss.

Freehold land is not depreciated. Depreciation is calculated using the straight line method to write down the cost or the revalued amount of each asset to its residual value over its estimated useful life using the following annual rates:

Leasehold land	0%
Buildings	2%
Motor Vehicles	25%
Computer Equipment	20%
Furniture & Fittings	10%
Office Equipment	10%
Plant & Machinery	10%
Aircraft (Componentized) Aircraft Engines	4%
Airframes (Body)	3%
Landing gears	10%
APU, Avionic & other electronic parts	15%

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

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

The assets' residual values, depreciation method and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.
An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal.

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

2.15 Statutory Deposits

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

2.16 Insurance Liabilities

The Group issues contracts that transfer insurance risk or financial risk or both. Insurance contracts are those contracts that transfer significant insurance risk. Such contracts may also transfer financial risk.

2.16.1 Classification of Contracts

A contract is classified as an insurance contract where the Group accepts significant insurance risk by agreeing with the policyholder to pay benefits if a specified uncertain future event (the insured event) adversely affects the policyholder or other beneficiary. Significant insurance risk exists where it is expected that for the duration of the policy or part thereof, policy benefits payable on the occurrence of the insured event will exceed the amount payable on early termination, before allowance for expense deductions at early termination. Once a contract has been classified as an insurance contract, the classification remains unchanged for the remainder of its lifetime, even if the insurance risk reduces significantly during this period.

2.16.2 Recognition and Measurement

Short-Term Insurance Contracts

Short-duration 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 dependents to maintain their current level of income. They are usually short-duration life insurance contracts ranging between 12 to 24 months period of coverage. 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 policyholder.

For all these contracts, premiums are recognised as revenue (earned premiums) proportionally over the period of coverage. The portion of premium received on in-force contracts that relates to unexpired risks at the balance sheet date is reported as the unearned premium liability. Premiums are shown before deduction of commission and are gross of any taxes or duties levied on premiums.

Claims and loss adjustment expenses are charged to income as incurred based on the estimated liability for compensation owed to contract holders or third parties damaged by the contract holders. They include direct and indirect claims settlement costs and arise from events that have occurred up to the end of the reporting period even if they have not yet been reported to the Group. The Group does not discount its liabilities for unpaid claims. Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to the Group and statistical analyses for the claims incurred but not reported (IBNR), and to estimate the expected ultimate cost of more complex claims that may be affected by external factors.

The liability reserve on short term insurance contract is made up of an unexpired premium reserve (UPR) and reserve for 'Incurred but not reported' claims (IBNR). The UPR are calculated after adjusting for acquisition expenses. IBNR reserves are required to take account of the delay in reporting claims. These are determined by considering ultimate claims ratios for the life schemes on the Group's books. The ratios differ by industry and have been determined following a historical analysis of portfolio claims experience. The IBNR reserves are calculated by adjusting the ultimate claims amounts to allow for claims already paid and those outstanding for payment, and again adjusted to allow for the holding of a separate UPR reserve. As the short term insurance contract experience of African Alliance Insurance builds up we will be able to adjust for Group-specific claims settlement patterns.

Long-term insurance contracts with fixed and guaranteed terms

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 decrease of unexpired insurance risk of the contracts in force or, for annuities in force, in line with the decrease of the amount of future benefits expected to be paid. The liabilities are recalculated at each end of the reporting period using the assumptions established at inception of the contracts.
The long term insurance contracts insure events associated with human life. They include individual insurance contracts.

Individual Insurance Contracts

The reserve has been calculated using the gross premium valuation approach. This reserving methodology adopts a cash flow approach taking into account all expected future cash flows including premiums, expenses and benefit payments to satisfy the liability adequacy test. The test also considers current estimates of all contractual cash flows, and of related cash flows such as claims handling costs, as well as cash flows resulting from embedded options and guarantees (where applicable).

Insurance Contract Liabilities

Life insurance policy claims received up to the last day of each financial period and claims incurred but not reported (IBNR) are provided for and included in the policy liabilities. Past claims experience is used as the basis for determining the extent of the IBNR claims.
Income from reinsurance policies is recognised concurrently with the recognition of the related policy benefit. Insurance liabilities are presented without offsetting them against related reinsurance assets.

Insurance liabilities are retained in the statement of financial position until they are discharged or cancelled and/or expire. The Group performs a liability adequacy test to determine the recognised insurance liabilities and an impairment test for reinsurance assets held at each reporting date.

2.17 Technical Reserves

These are the reserves computed in compliance with the provision of Section 20, 21, and 22 of the Insurance Act 2003. They are:

Life Business
Life Fund

This is made up of net liabilities on policies in force as computed by the actuaries at the time of the actuarial valuation.

Liability Adequacy Test

At the end of the reporting period, liability adequacy tests are performed by an Actuary to ensure the adequacy of the contract liabilities. In performing these tests, current best estimates of future contractual cash flows including office premiums, expenses and benefit payments satisfying the liability adequacy test, are used. Any deficiency is immediately charged to statement of comprehensive income.

2.18 Trade and other Payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortized 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.

2.19 Retirement Benefit Obligations

Defined Contribution Plan

A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. The company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.
The company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are

recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

In accordance with the provisions of the Pension Reform Act 2014, the company and its employees contributes a minimum of 18% of basic salary, housing and transport allowance to each employee's retirement savings account maintained with their nominated pension fund administrators.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.
A liability is recognised for the amount expected to be paid under short-term cash bonus or profit sharing plans if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and obligation can be estimated reliably.

Defined Benefit Plan

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors, such as age, years of service and compensation.
The liability recognised in the statement of financial position in respect of the defined benefit pension plan is the present value of the defined benefit obligation at the date of the statement of financial position less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs.

Terminal Benefits/Severance pay

This is determined on need – basis. The Company enters into Collective Bargaining Agreement with Staff Union (staff representatives) anytime there is a business imperative to optimize. Management endorses Collective Bargaining Agreement in this instance as the request comes up.

2.20 Provisions

General Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. if the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is re-cognised as a finance cost.

2.21 Current Income Tax

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

2.22 Deferred Income Tax

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

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. unrecognized deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.
Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off such:

* Current tax assets against current income tax liabilities and
* The deferred taxes relate to the same taxable entity and
* The same taxation authority

2.23 Share Capital and Share Premium

Ordinary shares are recognized at par value and classified as 'share capital' in equity. Any amounts received over and above the par value of the shares issued are classified as 'share premium' in equity.

2.24 Statutory Contingency Reserve

The Group maintains contingency reserves in accordance with the provisions of Insurance Act 2003 to cover fluctuations in securities and variations in statistical estimates at the rate equal to the higher of 1% of total premium or 10% of the net profit.

2.25 Retained Earnings

The retained earnings represent the amount available for dividend distribution to the equity shareholders of the company. See statement of changes in equities for movement in retained earnings.

2.26 Assets Revaluation Reserve

This represents the Group's revaluation reserve emanating from revaluation of certain assets

2.27 Income Recognition

Gross Premiums

Gross premiums on insurance contract are recognized as revenue when payable by the policy holder.

For single premium business revenue is recognised on the date on which the policy is effect.

Gross insurance written premiums comprise the total premiums receivable for the whole period of cover provided by contracts entered into during the accounting period and are recognised on the date on which the policy incepts. Premiums include any adjustments arising in the accounting period for premiums receivable in respect of business written in prior accounting periods.

Premiums collected by intermediaries, but not yet received, are assessed based on estimates from underwriting or past experience and are included in premiums written.

Unearned premiums are those proportions of premiums written in a year that relate to periods of risk after the statement of financial position date. Unearned premiums are calculated on a daily pro rata basis. The proportion attributable to subsequent periods is deferred as a provision for unearned premiums.

2.28 Reinsurance Premiums

Gross reinsurance premium on insurance contracts are recognized as an expense when payable or on the date on which the policy is effective. Gross reinsurance premiums written comprise the total premiums payable for the whole cover provided by contracts entered into the period and are recognised on the date on which the policy incepts. Premiums include any adjustments arising in the accounting period in respect of reinsurance contracts incepting in prior accounting periods.

Unearned reinsurance premiums are those proportions of premiums written in a year that relate to periods of risk after the statement of financial position date. Unearned premiums are deferred over the term of the underlying direct insurance policies for risks attaching contracts and over the term of the reinsurance contract for losses-occurring contracts.

2.29 Commission income

Commission are recognized on ceding business to the reinsurers and are credited to the income statements.

2.30 Investment Income

Interest income is recognised in the income statement as it accrues and is calculated by using the effective interest rate method. Fees and commissions that are an integral part of the effective yield of the financial asset or liability are recognised as an adjustment to the effective interest rate of the instrument.

Investment income also includes dividend income which is recognised when the right to receive the payment is established.

Rental income arising from operating leases on investment properties is accounted for on a straight line basis over the lease terms.

2.31 Management and Administrative Fees

The management and administrative fee consist primarily of investment contract fee income, asset management fee, policyholder administrative fee and other contract fees

2.32 Realized/Unrealized Gains and Losses

Realized or unrealized gains and losses recorded in the income statement on investments include gains and losses on financial assets and investment properties. Gains and losses on the sale of investments are calculated as the difference between net sales proceeds and the original carrying or amortized cost and are recorded on occurrence of the sale transaction

2.33 Gross Benefits and Claims

Claims incurred in respect of Insurance contracts include the cost of all claims arising during the year including internal and external claims handling costs that are directly related to the processing and settlement of claims as well as changes in the gross valuation of insurance and investment contract liabilities. All claims paid and incurred are charged against revenue as expenses when incurred.

2.34 Reinsurance Claims

Reinsurance claims are recognised when the related gross insurance claim is recognised according to the terms of the relevant contract.

2.35 Interest Income and Expense

Interest income and expense are recognized in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash (or, where appropriate, the next re-pricing date) to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the entity estimates future cash flows considering all contractual terms of the financial instruments but not future credit losses.

The calculation of the effective interest rate includes contractual fees and points paid or received transaction costs and discounts or premium that are integral part of the effective interest rate.
Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.

Interest income and expense presented in the financial statement include:
Interest on financial assets and liabilities measured at amortized cost calculated on an effective interest basis
Interest on financial assets measured at fair value through profit or loss calculated on an effective interest rate basis.

2.36 Expenses

Expenses are recognised in the income statement when a decrease in future economic benefit related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably. This means, in effect, that recognition of expenses occurs simultaneously with the recognition of an increase in liabilities or a decrease in assets (for example, the accrual of employee entitlements or the depreciation of equipment)

When economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined, expenses are recognised in the income statement on the basis of systematic and rational allocation procedures.
This is often necessary in recognizing the equipment associated with the using up of assets

such as property, plant and equipment in such cases the expense is referred to as a deprecation or amortization. These allocation procedures are intended to recognise expenses in the accounting periods in which the economic benefits associated with these items are consumed or expire. an expense is recognised immediately in the income statement when expenditure produces no future economic benefits or when, and to the extent that future economic benefits do not qualify, or cease to qualify, for recognition in the statement of financial position as an asset.

2.37 Underwriting Expenses

Underwriting expenses comprise acquisition costs and other underwriting expenses. Acquisition costs comprise all direct and indirect costs arising from writing insurance contracts. These cost are charged in the income statement in the period they are incurred.

2.38 Impairment of Non-Financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. an asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use.

The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Groups of assets. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre- discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. in determining fair value less costs to sell, an appropriate valuation model is used.

Impairment losses of continuing operations are recognised in the income statement in those expenses categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to comprehensive income. in this case the impairment is also recognised in comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount. A previous impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. if that is the case the carrying amount of the asset is increased to its recoverable amount.

The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

Statement Of Comprehensive Income

	Notes	Group		Company	
		Dec 31 2020	Dec 31 2019	Dec 31 2020	Dec 31 2019
		N'000	N'000	N'000	N'000
Gross premium written	30	7,121,766	8,744,391	5,963,632	7,286,907
Unearned premium	30	(113,124)	(256,951)	(113,124)	(256,951)
Gross premium income		**7,008,642**	**8,487,440**	**5,850,508**	7,029,956
Insurance premium ceded to reinsurers	31	(448,933)	(465,192)	(446,931)	(451,349)
Net premium income		**6,559,709**	**8,022,248**	**5,403,577**	6,578,607
Fees and commission income	32	93,844	123,977	93,844	123,977
Net underwriting income		**6,653,552**	**8,146,225**	**5,497,421**	**6,702,584**
Insurance claims incurred and loss adjustments expenses	33a	8,159,149	10,417,657	7,113,114	9,364,731
Insurance claims incurred recovered from reinsurers	33a	(249,998)	(178,460)	(249,998)	(178,460)
Underwriting expenses		1,483,811	1,357,123	1,323,715	1,178,148
Changes in long term insurance contracts	35	11,623,223	6,075,726	11,530,278	5,877,135
Net underwriting expenses		**21,016,184**	**17,672,046**	**19,717,108**	**16,241,553**
Net underwriting loss		**(14,362,632)**	**(9,525,821)**	**(14,219,688)**	**(9,538,969)**
Other income	36	786,534	70,552	784,495	69,923
Gain on disposal of Associate	36a	14,499,265	-	14,499,265	-
Fair value gains on investment properties	11	161,051	251,469	16,962	20,430
Fair value gain/(loss) on financial asset	37	4,940,700	2,018,858	4,940,700	2,018,858
Investment income	38	2,456,968	3,026,417	2,411,620	2,945,880
Loss from investment contracts	39	(61,648)	(99,943)	(61,648)	(99,943)
Share of profit of equity accounted investee	13	731,138	657,259	731,138	657,259
Employee benefit expenses	41	(1,109,693)	(1,178,931)	(857,396)	(942,781)
Other operating and administrative expenses	43	(2,245,371)	(2,606,587)	(2,050,178)	(2,320,813)
ECL Impairment	40	26,479	458,138	26,297	14,022
Finance cost	42	(107,633)	(90,699)	(107,633)	(90,699)
Profit/ (loss) before tax		**5,715,156**	**(7,019,288)**	**6,113,934**	**(7,266,832)**
Income tax expense	44	(46,219)	(18,737)	(46,218)	(18,712)
Profit/ (loss) for the year		**5,668,937**	**(7,038,025)**	**6,067,716**	**(7,285,544)**
Profit/ (loss) attributable to:					
– Owners of the parent		5,674,166	(7,041,266)	-	-
– Non-controlling interests	46	(5,229)	3,241	-	-
		5,668,937	**(7,038,025)**	**6,067,716**	**(7,285,544)**

	Notes	Group		Company	
		Dec 31 2020	Dec 31 2019	Dec 31 2020	Dec 31 2019
Other comprehensive income:		N'000	N'000	N'000	N'000
Items that may be subsequently reclassified to profit or loss		-	-	-	-
Exchange difference on translation of foreign operations		409,399	-	-	-
Items that will not be subsequently reclassfied to profit or loss			-	-	-
Gain on revaluation of property, plant and equipment (net of taxes)		132,238	170,088	8,000	23,000
Remeasurement of the net defined benefit liability (asset		20,734	(72,146)	20,734	(72,146)
Change in value of unquoted equities FVOCI (net of taxes)		799	(1,524)	799	2,415
		153,771	96,418	29,533	(46,731)
Other comprehensive income for the year		**563,170**	**96,418**	**29,533**	**(46,731)**
Total comprehensive income for the year		**6,232,107**	**(6,941,606)**	**6,097,249**	**(7,332,275)**
Total comprehensive income attributable to:					
– Owners of the parent		6,230,346	(6,946,743)	6,097,249	(7,332,275)
– Non-controlling interests		1,762	5,117	-	-
		6,232,107	**(6,941,626)**	**6,097,249**	**(7,332,275)**

Consolidated and separate statement of financial position for the year ended 31 December 2020

ASSETS	Notes	Group		Company	
		Dec 31 2019	Dec 31 2018	Dec 31 2019	Dec 31 2018
		N'000	N'000	N'000	N'000
Cash and cash equivalents	6	17,799,223	2,076,831	17,659,067	1,859,154
Financial assets :					
- fair value through profit or loss-equities	7.1	1,020,938	997,229	1,020,938	997,229
- fair value through profit or loss-bonds	7.2	22,884,140	21,346,629	22,884,140	21,346,629
- fair value through Other comprehensive income	7.3	97,146	96,240	92,839	92,040
- Amortized cost	7.4	80,240	-	80,240	-
Trade receivables	8	11,603	125,469	-	-
Reinsurance assets	9	486,196	311,054	486,196	311,054
Other receivables and prepayments	10	596,544	667,926	1,152,966	1,062,137
Investment properties	11	10,774,958	10,432,005	8,969,500	8,811,600
Investment in subsidiary	12	-	-	542,728	542,728
Investment in Associate	13	-	1,545,042	-	1,545,042
Defferred Tax Asset	25b	147,972	147,935	146,476	146,476
Intangible assets	14	62,165	57,323	25,719	21,775
Property, plant and equipment	15	1,841,453	1,629,625	621,668	551,033
Right of Use Assets	16	139,511	220,019	139,511	220,019
Statutory deposit	17	364,998	353,534	200,000	200,000
Total assets		56,307,087	40,006,861	54,021,988	37,706,916
LIABILITIES					
Insurance contract liabilities	18	53,185,432	41,521,103	51,198,654	39,673,313
Investment contract liabilities	19	5,143,523	5,651,964	5,143,524	5,651,964
Trade payables	20	877,560	1,027,469	639,310	739,568
Other payables and accruals	21	694,447	413,323	540,838	333,844
Employee benefit liabilities	22i	49,732	114,363	49,732	114,363
Borrowings	23	452,799	1,460,582	252,759	940,159
Tax payable	24	632,980	786,761	600,123	753,905
Deferred tax liability	25a	384,482	377,272	92,107	92,107
Total liabilities		61,420,955	51,352,837	58,517,047	48,299,223
EQUITY					
Share capital	26b	10,292,500	10,292,500	10,292,500	10,292,500
Share premium	26c	14,365,133	14,365,133	14,365,133	14,365,133
Contingency reserves	27	1,684,639	1,061,976	1,570,986	964,214
Retained earnings	28	(32,294,654)	(37,346,004)	(30,838,149)	(36,299,093)
Translation reserve	45	(282,862)	(686,898)	-	-
Fair value reserves	29	1,118,054	965,911	114,472	84,939
		(5,117,191)	(11,347,382)	(4,495,058)	(10,592,307)
Non-controlling interest	46	3,322	1,407	-	-
Total equity		(5,113,869)	(11,345,976)	(4,495,058)	(10,592,307)
Total equities and liabilities		56,307,087	40,006,861	54,021,988	37,706,916

Signed on behalf of the Board of Directors on 10 August 2021 by:

Joyce Ojemudia	**Olabisi Adekola**
Managing Director	*Chief Financial Officer*
FRC/2015/CIIN/00000012042	FRC/2013/ICAN/00000001179

Statement of changes in equity - group

STATEMENT OF CHANGES IN EQUITY - GROUP	Share Capital N'000	Share Premium N'000	Fair value Reserve N'000	Contingency Reserve N'000	Translation Reserve N'000	Retained Earnings N'000	Non-controlling Interest N'000	Total Equity N'000
At 1 January 2020	10,292,500	14,365,133	965,911	1,061,976	(686,898)	(37,346,004)	1,407	(11,345,976)
Total comprehensive income for the year								
Revaluation reserve derecognised on demolition of buidling	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	5,674,166	(5,229)	5,668,937
Changes in fair value of FVOCI Investments	-	-	799	-	-	-	-	799
Translation reserve	-	-	-	-	404,036	-	5,363	409,399
Remeasurement of the net defined benefit liability	-	-	20,734	-	-	-	-	20,734
Gain on revaluation of PPE	-	-	130,610	-	-	-	1,628	132,238
Deferred tax on revaluation	-	-	-	-	-	-	-	-
Total Comprehensive income for the year	-	-	152,143	-	404,036	5,674,166	1,762	6,232,107
				622,663				
Transfer to contingency reserve						(622,817)	154	-
Total transactions with owners, recognised directly in equity	-	-	-	622,663	-	(622,817)	154	-
At 31 December 2020	10,292,500	14,365,133	1,118,054	1,684,639	(282,862)	(32,294,654)	3,322	(5,113,869)

	Share Capital	Share Premium	Fair value Reserve	Contingency Reserve	Translation Reserve	Retained Earnings	Non-controlling Interest	Total Equity
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
At 1 January 2019	10,292,500	14,365,133	1,165,442	975,947	237,295	(30,218,534)	8,353	(3,173,864)
Total comprehensive income for the year								
Revaluation reserve derecognised on demolition of buidling	-	-	(294,023)	-	-	-	-	(294,023)
Loss for the year	-	-	-	-	-	(7,041,266)	3,241	(7,038,025)
Changes in fair value of FVOCI Investments	-	-	(1,524)	-	-	-	(20)	(1,544)
Translation reserve	-	-		-	(924,193)		(12,268)	(936,461)
Remeasurement of the net defined benefit liability	-	-	(72,146)	-	-	-	-	(72,146)
Gain on revaluation of PPE	-	-	168,162	-	-	-	1,926	170,088
Deferred tax on revaluation	-	-		-	-	-	-	-
Total Comprehensive income for the year								
	-	-	(199,531)	-	(924,193)	(7,041,266)	(7,121)	(8,172,112)
Transfer to contingency reserve				86,029		(86,204)	175	-
Total transactions with owners, recognised directly in equity	-	-	-	86,029	-	(86,204)	175	-
Balance at 31 December 2019	10,292,500	14,365,133	965,911	1,061,976	(686,898)	(37,346,004)	1,407	(11,345,976)

	Share Capital	Share Premium	Contingency Reserve	Fair Value Reserve	Retained Earnings	Total Equity
	N'000	N'000	N'000	N'000	N'000	N'000
At 1 January 2020	**10,292,500**	**14,365,133**	**964,214**	**84,939**	**(36,299,093)**	**(10,592,307)**
Total comprehensive income for the year						
Profit for the year						-
Other comprehensive gain for the year					6,067,716	6,067,716
Total Comprehensive loss for the year				29,533		29,533
	-	-	-	29,533	6,067,716	6,097,249
Transactions with owners, recorded directly in equity						
Transfer to contingency reserve			606,772		(606,772)	-
Total transactions with owners, recognised directly in equity	-	-	606,772	-	(606,772)	-
At 31 December 2020	**10,292,500**	**14,365,133**	**1,570,986**	**114,472**	**(30,838,149)**	**(4,495,058)**
At 1 January 2019	**10,292,500**	**14,365,133**	**891,345**	**425,693**	**(28,940,680)**	**(2,966,009)**
Total comprehensive income for the year						
Revaluation reserve derecognised on demolition of buidling				(294,023)	-	(294,023)
Loss for the year	-	-	-	-	(7,285,544)	(7,285,544)
Other comprehensive Loss for the year	-	-	-	(46,731)	-	(46,731)
Total Comprehensive loss for the year	-	-	-	**(340,754)**	**(7,285,544)**	**(7,626,298)**
Transactions with owners, recorded directly in equity						
Transfer to contingency reserve	-	-	72,869	-	(72,869)	-
Total transactions with owners, recognised directly in equity	-	-	**72,869**	-	**(72,869)**	-
At 31 December 2019	**10,292,500**	**14,365,133**	**964,214**	**84,939**	**(36,299,093)**	**(10,592,307)**

Statement Of Cash Flows

	Notes	Group		Company	
CASH FLOWS FROM OPERATING ACTIVITIES		**Dec 31 2020**	**Dec 31 2019**	**Dec 31 2020**	**Dec 31 2019**
		N'000	**N'000**	**N'000**	**N'000**
Cash premium received	-	7,104,632	8,754,849	5,832,632	7,286,907
Cash received from deposit contract liabilities	19	22,354	1,883,664	22,354	1,883,664
Cash withdrawals from deposit contract liabilities	19	(592,783)	(2,173,984)	(592,783)	(2,173,984)
Dividend received	38	8,256	21,407	8,256	21,407
Claims recoveries		(11,730)	-	(11,730)	-
Claims paid		(8,277,210)	(10,027,635)	(7,231,175)	(8,974,709)
Cash paid to reinsurers/ coinsurers	9(iii)	(326,225)	(509,296)	(324,228)	(495,453)
Commission received	32	93,844	123,977	93,844	123,977
Maintenance expenses paid	34	(822,611)	(842,252)	(662,515)	(663,276)
Acquisition costs	34	(661,199)	(514,871)	(661,199)	(514,871)
Employee benefits paid		(1,106,110)	(1,178,931)	(853,813)	(942,781)
Other operating expenses paid		(1,500,227)	(2,554,782)	(1,736,233)	(1,746,461)
Other income received	36	136,044	65,448	103,770	64,937
Interest received	38	2,409,878	3,005,010	2,356,225	2,924,473
Income tax paid	24	(200,000)	(39,051)	(200,000)	(39,051)
Net cashflow from operating activities		**(3,723,088)**	**(3,986,447)**	**(3,856,598)**	**(3,245,221)**
Cash flow from investing activities:					
Purchases of plant and equipment	15	(194,502)	(244,451)	(174,295)	(183,787)
Purchase of intangible assets	14	(12,992)	(10,522)	(12,992)	(10,522)
Capital Improvement of investment properties	11	(140,938)	(170,257)	(140,938)	(170,257)
Proceeds from disposal of property and equipment		8,640	34,426	1,837	7,380
Proceeds from disposal of investment in associate company	13	16,600,000	-	16,600,000	-
Capital injection made to Subsidiary		-	-	(122,500)	-
Cash received from associate company	13	175,445	916,300	175,445	916,300
Purchase of financial assets- Bonds FVTPL		(263,200)	(696,000)	(263,200)	(696,000)
Purchase of financial assets- Bonds amortized cost		(82,262)	-	(82,262)	-
Proceeds from disposal of investments - bonds FVTPL		4,383,072	-	4,383,072	
Proceeds from disposal of financial asset - Quoted equity		-	44	-	44
Right of Use Assets	16	(33,138)	(145,065)	(33,138)	(145,065)
Disposal of financial assets-bonds		-	1,382,343	-	1,382,343
Net cashflow from investing activities		**20,440,125**	**1,066,819**	**20,331,030**	**1,100,436**
Cash flow from financing activities:					
Repayment of borrowings	23	(1,007,783)	(128,280)	(687,400)	(128,686)
Proceeds from borrowings	23	-	995,088	940,159	500,000
Net cash used in dancing activities		**(1,007,783)**	**866,808**	**252,759**	**371,314**
Net decrease in cash and cash equivalents		**15,709,254**	**(2,052,820)**	**16,727,191**	**(1,773,470)**
Cash and cash equivalent at beginning of year	6.2	2,090,433	3,193,759	931,931	2,705,401
		15,709,254	(2,052,820)	16,727,191	(1,773,470)
Cash and cash equivalent at end of year					
		17,799,687	**1,140,939**	**17,659,122**	**931,931**

Notes To The Financial Statements

1. General Information

African Alliance Insurance Company is a public limited company incorporated and domiciled in Nigeria. The registered office is located at 54 Awolowo Raod, Ikoyi, Lagos. The company is principally engaged in the business of providing risk underwriting for life, related financial and pension services, aviation and hospitality services to its customers.

2. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are disclosed under General information on the Reporting Entity and Summary of Significant Accounting Policies. These policies have been consistently applied to all the years presented unless otherwise stated.

3. Solvency

The solvency level at the valuation date was (659%) for the Company (2019: (899%)). The company's assets do not match liabilities (see note 4.4). Hence, asset admissibility requirements and localization rules in section 25 of Insurance Act CAP I17 LFN 2004 were not met. The life fund shows a deficit of N8.02billion as at 31 December 2020

The assets backing the life funds are as follows:

	Group		Company	
	2020	2019	2020	2019
	N'000	N'000	N'000	N'000
Government Bonds	22,884,140	21,346,629	22,884,140	21,346,629
Cash and cash equivalents	17,799,223	2,076,831	17,659,067	1,859,154
Investment in quoted equity	1,020,938	997,229	1,020,938	997,229
Total	**41,704,300**	**24,420,689**	**41,564,144**	**24,203,013**

4. Management of Financial Risk

The Group is exposed to various financial risks in connection with its current operating activities, such as foreign currency risk, interest rate risk, credit risk, market risk and liquidity risk. These risks contribute to the key financial risk that the proceeds from the Group's financial assets are insufficient to fund the obligations arising from insurance policy contracts.

The Company manages these risks through the activities of the Audit Committee and the Investment Committee. Each committee meets at least four times per annum to discuss financial risk issues. Management is responsible for implementing recommendations that have been agreed and reporting back to the relevant committee.

The Audit Committee is a committee of the Board of African Alliance Insurance PLC and is responsible for the implementation and monitoring of overall risk management, internal financial controls and financial and actuarial reporting within the Group.

The main responsibilities of this Committee are:

I). Setting and overseeing the overall standard for financial and actuarial reporting, risk management and internal controls within the Group;

ii) Monitoring the effectiveness of business risk management processes in the Group;

iii) Reviewing and assessing the quality of the work done by professionals responsible for financial and actuarial reporting, risk management and internal control;

iv) Engaging in discussions with external and internal auditors on the quality and acceptability of the control environment and reporting structures.

The Investment Committee is a management committee and is responsible for

i) ensuring that insurance and investment contract liabilities are matched with appropriate supporting assets based on the type of benefits payable to the contract holders;

ii) ensuring that the long-term investment return on assets supporting policy liabilities are sufficient to fund policyholders' reasonable benefit expectations and the shareholders' profit entitlement;

iii) the implementation and monitoring of the asset management process to ensure that the risks arising from trading positions are effectively managed within the pre-determined risk parameters.

4.1 Market Risk

The business's operations are exposed to market risk. Market risk is the risk of adverse financial impact as a consequence of market movements such as currency exchange rates, interest rates and other price changes. Market risks arises due to flunctuations in both value of assets and liabilities. The company has established policies and procedures in order to manage market risk.

The acquisition of policyholders' assets is based on the design of the product and marketing descriptions. Within these parameters, investments are managed with the aim of maximising policyholder returns while limiting risk to acceptable levels within the framework of statutory requirements. The focus of risk measurement and management is to ensure that the potential risks inherent in an investment are reasonable for the future potential reward, exposure to investment risk is limited to acceptable levels, premium rates are adequate to compensate for investment risk and an adequate reserving policy is applied for long-term policy liabilities. The diverse product range requires a variety of approaches to the management of risk; these range from portfolio management practices and techniques such as optimization of expected risks and rewards based on investment objectives, to asset-liability matching in support of statement of financial position obligations.

4.1.1 Foreign Exchange Risk

Foreign exchange risk is the risk associated with movement in the foreign exchange prices from foreign currency denominated transactions which the Group is exposed to.

The Group is exposed to foreign exchange currency risk primarily through certain transactions denominated in foreign currency. The Group is exposed to foreign currency denominated in dollars and Pound through bank balances in other foreign currencies.

The Group manages its exposure to foreign exchange risk using sensitivity analysis to assess potential changes in the value of foreign exchange positions and impact of such changes on the Group's income. There have been no major changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

The carrying amounts of the Group's foreign currency-denominated assets as at end of the year are as follows:

	Currency	Group		Company	
		31-Dec-2020	31-Dec-2019	31-Dec-2020	31-Dec-2019
		N'000	N'000	N'000	N'000
Cash and bank	Dollars	0.960	3,235	0.960	3,235
	Pounds	325,639	235,192	325,639	235,192

The table below shows the effect on the profit as at 31 December 2020 from N 379.5 /$1 (2019 December: N306/$) and N 518.0175/GBP (2019 December: N403.92 /GBP) closing rate unfavourable/favourable change in USD/GBP against the naira with all other variables held constant.

	Group		Company	
Changes in USD exchange rate	31-Dec- 2020	31-Dec-2019	31-Dec- 2020	31-Dec-2019
	N'000	N'000	N'000	N'000
Increase/(decrease) by 10% (+/-)	0.10	323	0.1	323
Increase/(decrease) by 15% (+/-)	0.14	485	0.1	485
Changes in POUNDS exchange rate				
Increase/(decrease) by 10% (+/-)	32,564	23,519	32,564	23,519
Increase/(decrease) by 15% (+/-)	48,846	35,279	48,846	35,279

4.1.2 Interest-Rate Risk

Interest rate risk is the risk that the value of a fixed income security will fall as a result of movement in market interest rates. Interest rate risk also arises from fluctuations in future cash flows of a financial instrument because of changes in market interest rates.

The company is exposed to interest rate risk as the company invest in short term investments at fixed interest rates. Interest rate risk also exists in products sold by the company. The company manages this risk by adopting close asset/liability matching criteria, to minimise the impact of mismatches between asset and liability values arising from interest rate movements. Interest rate risk exposures from guarantees embedded in insurance liabilities. The company's insurance contracts and investment contracts with DPF have certain options and guarantees that transfer interest rate risk to the company. These are:

- options to surrender the insurance contract or the investment contract with DPF where the surrender value (i.e. the strike price of the option) is either a fixed amount or a fixed amount plus interest depending on the year in which the contract was issued;
- guaranteed annuity options where the company has guaranteed at the inception of certain contracts that it will be paying a life annuity to the surviving policyholders at their retirement dates which will be calculated using the higher of the current annuity rate at that date or the guaranteed annuity rate set in the contract. The guaranteed rate has fixed at inception both the level of mortality risk and the interest rate that will be used to calculate the annuity payments. "

4.2 Credit Risk

Credit risk arises from the inability or unwillingness of a counter party to a financial instrument to discharge its contractual obligations. The Group determines counter-party credit quality by reference to ratings from independent ratings agencies or, where such ratings are not available, by internal analysis. The Group seeks to avoid unacceptable concentration of credit risk to groups of counter-parties, to business sectors, product types, etc.

Key areas where the Group is exposed to credit risk are:

- Reinsurers' share of insurance liabilities;
- Amounts due from reinsurers in respect of claims already paid;
- Amounts due from insurance contract holders;
- Amounts due from insurance intermediaries
- Amounts due from loans and receivables;
- Amounts due from money market and cash positions

The Group structures the levels of credit risk it accepts by placing limits on its exposure to a single counterparty, or groups of counterparties. Such risks are subject to an annual or more frequent review. Limits on the level of credit risk by category and territory are approved by the Management Committee.

Reinsurance is used to manage insurance risk. This does not, however, discharge the Group's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the Group remains liable for the payment to the policyholder.
The creditworthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to finalisation of any contract.

The Group's financial instruments do not represent a concentration of credit risk because the business deals with a variety of reinsurers and its premiums receivable and loans are spread among a number of major industries, customers and geographic areas. Amounts receivable in terms of long-term insurance business are secured by the underlying value of the unpaid policy benefits in terms of the policy contract. An appropriate level of provisioning is maintained.

The Group manages its exposure to credit risk through counterparty risk using established limits as approved by the Board. These limits are determined based on credit ratings of the counterparty amongst other factors. The investments portfolio is monitored on a monthly basis.

4.2.1 Maximum exposure to credit risk before collateral and other credit enhancements.

	Group		Company	
	31-Dec- 2020	31-Dec-2019	31-Dec- 2020	31-Dec-2019
	N'000	N'000	N'000	N'000
Cash and cash equivalents	17,799,223	2,076,831	17,659,067	1,859,154
Investment securities	24,082,463	22,440,098	23,997,917	22,435,898
Trade receivables	11,603	125,469	-	-
Reinsurance assets	486,196	311,054	486,196	311,054
Other receivables	596,544	667,926	1,152,966	1,062,138
Statutory deposit	364,998	353,533	200,000	200,000
	43,341,027	**25,974,913**	**43,496,146**	**25,868,243**

4.2.2 Credit Quality of Financial Assets

All assets are classified as "Neither past due nor impaired". Credit quality of trade receivables is summarised as follows:

	Group		Company	
	31-Dec- 2020	31-Dec-2019	31-Dec- 2020	31-Dec-2019
	N'000	N'000	N'000	N'000
Neither past due nor impaired	42,732,880	25,181,517	42,343,179	24,806,105
Individually impaired	608,147	660,410	1,152,966	1,062,137
Gross	43,341,027	25,841,927	43,496,146	25,868,242
Less: allowance for impairment	(3,938,997)	(3,967,996)	(3,938,513)	(3,966,831)
Net	**39,402,030**	**21,873,931**	**39,557,633**	**21,901,412**

No trade receivable balance was past due but not impaired. The risk associated with other receivables are low.

4.2.3 Credit Quality of Financial Assets neither Past due nor Impaired

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to internal credit ratings or to historical information about counterparty default rates.

4.2.4 Management of Credit Risk

The Board of Directors is responsible for oversight of the Entity's credit risk, including:

- Formulating credit policies for The Entity, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.
- Establishing the authorisation structure for the approval and renewal of credit facilities. Authorisation limits are allocated to the Board of Directors as appropriate.
- Reviewing and assessing credit risk in all credit exposures prior to making commitment to customers. Renewals and reviews of facilities are subject to the same review process
- Developing and maintaining The Entity's criteria for categorising exposures, and to focus management on the attendant risks. The responsibility for approving and reviewing the Risk Assets Acceptance Criteria and Credit Risk Policy lies with the Board of Directors
- Reviewing compliance of with exposure and concentration limits, and promotion of best practices throughout the entity in the management of credit risk.

4.2.5 Credit Risk Management

The Entity acknowledges that there are diverse intrinsic risks inherent in the vagaries of its business segments and, as a result, applies different parameters to adequately dimension the risks in each business segments.

The Entity’s rating grades as defined by the Board of Directors, covering all the entity's credit exposure to corporate, commercial, conglomerates and multinationals. Obligor rating in the entity is handled by Relationship Managers with further review by Risk Management and Control before it goes through the approval process.

The Entity's external rating system (Moody’s.) is shown below:

Moody’s	PD	AAIC	Definition
Aaa	0.02%	AAA	Superior asset quality. Asset will be recovered in full. Risk of loss is remote.
Aa1	0.03%	AA	
Aa2	0.05%	AA-	
Aa3	0.09%	A+	
A1	0.14%	A	
A2	0.18%	A-	Asset quality is reliable, but with considerable risk. Risk of loss is doubtful.
A3	0.22%	BBB+	
Baa1	0.28%	BBB	
Baa2	0.43%	BBB-	
Baa3	0.66%	BB+	The quality of the Asset is acceptable with some potential weakness. While the asset is currently protected, it is considered potentially weak.
Ba1	1.10%	BB	
Ba2	1.65%	BB-	
Ba3	2.48%	CCC+	
B1	3.71%	CCC	
B2	5.57%	CCC-	Asset quality is unreliable with strong tendency for failure/loss. Imminent weakness with slim chance of survival.
B3	8.35%	CC+	
Caa1	10.20%	CC	
Caa2	13.80%	CC-	
Caa3	100.00%	C+	
Ca		C	
			Asset recovery is of great concern. The risk of loss is more imminent and pronounced.

The Entity's operational measurements for credit risk are in conformity with the impairment allowances required under the applicable reporting standard – IFRS 9, and are based on expected losses at the date of entering the contract.

The estimation of credit exposure is complex and requires the use of models, as the value of a product varies with changes in market variables, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties.

The Entity has developed models to support the quantification of the credit risk. These rating and scoring models are in use for all key credit portfolios and form the basis for measuring default risks. In measuring credit risk, the Group considers three components: (i) the ‘probability of default’ (PD) by the client or counterparty on its contractual obligations;

(ii) current exposures to the counterparty and its likely future development, from which the Group derive the 'Exposure At Default' (EAD); and (iii) the likely recovery ratio on the defaulted obligations (the 'Loss Given Default') (LGD). The models are reviewed regularly to monitor their robustness relative to actual performance and amended as necessary to optimise their effectiveness.

For debt securities, external ratings are used by Risk Management department for managing of the credit risk exposures as supplemented by The Entity's own assessment through the use of internal ratings tools.

GROUP						
31 December 2020	**AAA**	**AA**	**A**	**BB**	**CC**	**Total**
Policyholder Portfolio	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Cash and cash equivalents	17,799,223	-	-	-	-	17,799,223
Marketable investment securities	-	24,002,223	-	-	-	24,002,223
Total	**17,799,223**	**24,002,223**				**41,801,446**
Shareholder Portfolio						
Cash and bank balances	-	-	-	-	-	-
Marketable investment securities	-	-	-	-	-	-
Reinsurance assets	486,196	-	-	-	-	486,196
Statutory deposit	364,998	-	-	-	-	364,998
Due from policy holders	-	-	-	-	-	-
Total	**851,194**	-	-	-	-	**851,194**
31 December 2019	AAA	AA	A	BB	CC	Total
Policyholder Portfolio						
Cash and cash equivalents	2,076,831	-	-	-	-	2,076,831
Marketable investment securities	-	22,440,098	-	-	-	22,440,098
Total	**2,076,831**	**22,440,098**	-	-	-	**24,516,929**
Shareholder Portfolio						
Cash and bank balances						-
Marketable investment securities						-
Reinsurance assets	311,054	-	-	-	-	311,054
Statutory deposit	353,534	-	-	-	-	353,534
Due from policy holders	-	-	-	-	-	-
Total	**664,588**	-	-	-	-	**664,588**

COMPANY						
31 December 2020	**AAA**	**AA**	**A**	**BB**	**CC**	**Total**
Policyholder Portfolio	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Cash and bank balances	17,659,067	-	-	-	-	17,659,067
Marketable investment securities	24,078,157	-	-	-	-	24,078,157
Total	**41,737,223**	-	-	-	-	**41,737,223**
Shareholder Portfolio			-	-	-	
Cash and bank balances	-	-	-	-	-	-
Marketable investment securities	-	-	-	-	-	-
Reinsurance assets	486,196	-	-	-	-	486,196
Statutory deposit	200,000	-	-	-	-	200,000
Due from policy holders	-	-	-	-	-	-
	-	-	-	-	-	-
Total	**686,196**	-	-	-	-	**686,196**
			-	-	-	
31 December 2019	AAA	AA	A	BB	CC	Total
Policyholder Portfolio						
Cash and bank balances	1,859,154	-				1,859,154
Marketable investment securities	22,435,899	-	-	-	-	22,435,899
Total	**24,295,053**	-	-	-	-	**24,295,053**
Shareholder Portfolio			-	-	-	
Cash and bank balances	-	-		-	-	-
Marketable investment securities	-	-	-	-	-	-
Reinsurance assets	311,054	-	-	-	-	311,054
Statutory deposit	200,000	-	-	-	-	200,000
Total	**511,054**	-	-	-	-	**511,054**

4.2.6 Concentration of Credit Risk Exposure

a. Geographical Sectors

The concentration of credit risk exposure are all in Nigeria.

b. Industry Sector

The following table breaks down the Group's credit exposure at carrying amounts, as categorised by the industry sectors of the Group's counterparties.

GROUP	31-DEC-2020				31-DEC-2019			
	Premium Receivable	Investment securities	Other receivable	Total	Premium Receivable	Investment securities	Other receivable	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Finance and insurance	-	41,881,686	-	41,881,686	-	24,516,930	-	24,516,930
General commerce	-	-	-	-				-
Manufacturing	-	-	-	-				-
Oil and gas	-	-		-				-
Public sector	-	-	364,998	364,998			353,533	353,533
Retail	11,603	-	596,544	608,147	125,469		534,941	660,410
	11,603	**41,881,686**	**961,542**	**42,854,831**	**125,469**	**24,516,930**	**888,474**	**25,530,873**

COMPANY	31-DEC-2020				31-DEC-2019			
	Premium Receivable	Investment securities	Other receivable	Total	Premium Receivable	Investment securities	Other receivable	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Communication	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-
Finance and insurance	-	41,656,983	-	41,656,983	-	24,295,051	-	24,295,051
General commerce	-	-	-	-	-	-	-	-
Manufacturing	-	-	-	-	-	-	-	-
Oil and gas	-	-	-	-	-	-	-	-
Oil and gas	-	-	-		-	-	-	-
Public sector	-	-	200,000		-	-	200,000	200,000
Transportation	-	-	-		-	-	-	-
Retail	-	-		-	-	-		-
	-	**41,656,983**	**200,000**	**41,856,983**	-	**24,295,051**	**200,000**	**24,495,051**

4.2.7 Offsetting Financial Assets and Financial Liabilities

The disclosures set out in the tables below include financial assets and financial liabilities that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments, irrespective of whether they are offset in the statement of financial position. As at year end, none of these agreement arrangements met the criteria for offsetting in the statement of financial position.

Reinsurance payable and receivables create for the parties to the agreement a right of set-off on recognised amounts that is enforceable only following a predetermined events as stipulated within the treaty agreements. Under the requirements of 'IFRS 4 - Insurance contract', reinsurance assets and liabilities are disclosed gross. Each party to the agreement will have the option to settle all such amounts on a net basis in the event of default of the other party. An event of default includes a failure by a party to make payment when due.

GROUP						
31 December 2020	Related amounts not offset in the statement of financial position					
Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements	Gross amount of recognised financial asset	Gross amount of financial liabilities offset in the statement of financial position	Net amounts of financial assets presented in the statement financial of position	Financial instruments (including non cash collateral	Cash collateral received	Net amount
	N'000	N'000	N'000	N'000	N'000	N'000
Reinsurance receivables	486,196	-	486,196	-	-	486,196

31 December 2019	Related amounts not offset in the statement of financial position					
Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements	Gross amount of recognised financial liabilities	Gross amount of financial assets offset in the statement of financial position	Net amounts of financial liabilities presented in the statement financial of position	Financial instruments (including non cash collateral	Cash collateral received	Net amount
	N'000	N'000	N'000	N'000	N'000	N'000
Reinsurance Payables	-	-	-	-	-	-

31 December 2019	Related amounts not offset in the statement of financial position					
Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements	Gross amount of recognised financial asset	Gross amount of financial liabilities offset in the statement of financial position	Net amounts of financial assets presented in the statement financial of position	Financial instruments (including non cash collateral	Cash collateral received	Net amount
	N'000	N'000	N'000	N'000	N'000	N'000
Reinsurance receivables	311,054	-	311,054	-	-	311,054

31 December 2019	Related amounts not offset in the statement of financial position					
Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements	Gross amount of recognised financial liabilities	Gross amount of financial assets offset in the statement of financial position	Net amounts of financial liabilities presented in the statement financial of position	Financial instruments (including non cash collateral	Cash collateral received	Net amount
	N'000	N'000	N'000	N'000	N'000	N'000
Reinsurance Payables	-	-	-	-	-	-

COMPANY						
31 December 2020	Related amounts not offset in the statement of financial position					
Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements	Gross amount of recognised inancial asset	Gross amount of financial liabilities offset in the statement of financial position	Net amounts of financial assets presented in the statement financial of position	Financial instruments (including non cash collateral	Cash collateral received	Net amount
	N'000	N'000	N'000	N'000	N'000	N'000
Reinsurance receivables	486,196	-	486,196	-	-	486,196

31 December 2020	Related amounts not offset in the statement of financial position					
Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements	Gross amount of recognised financial liabilities	Gross amount of financial assets offset in the statement of financial position	Net amounts of financial liabilities presented in the statement financial of position	Financial instruments (including non cash collateral	Cash collateral received	Net amount
	N'000	N'000	N'000	N'000	N'000	N'000
Reinsurance payables	-	-	-	-	-	-

31 December 2019	Related amounts not offset in the statement of financial position					
Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements	Gross amount of recognised financial asset	Gross amount of financial liabilities offset in the statement of financial position	Net amounts of financial assets presented in the statement financial of position	Financial instruments (including non cash collateral	Cash collateral received	Net amount
	N'000	N'000	N'000	N'000	N'000	N'000
Reinsurance receivables	311,054	-	144,052	-	-	144,052

31 December 2019	Related amounts not offset in the statement of financial position					
Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements	Gross amount of recognised financial asset	Gross amount of financial liabilities offset in the statement of financial position	Net amounts of financial assets presented in the statement financial of position	Financial instruments (including non cash collateral	Cash collateral received	Net amount
	N'000	N'000	N'000	N'000	N'000	N'000
Reinsurance payables	-	-	-	-	-	-

4.2.8 Impairment Model

Premium debtors are measured at amortized cost, less provision for impaired receivables. Under IFRS, an asset is impaired if the carrying amount is greater than the recoverable amount. IAS 39 favours the use of the incurred loss model in estimating the impairment of its receivables. However, with the inception of IFRS 9 which became effective for annual periods beginning on/after 1 January 2018, the Expected Credit Losses (ECL) method of impairment calculation will be in force.

Based on NAICOM's "No Premium No Cover" guidelines which state that "all insurance covers shall be provided on a strict 'no premium no cover' basis", only cover for which payment has been received shall be booked. However, brokers have a 30 day period to make payments from the date of the credit notes.

After analysing this financial instrument based on NAICOM "No Premium No Cover" guidelines, a nil impairment standpoint was taken.

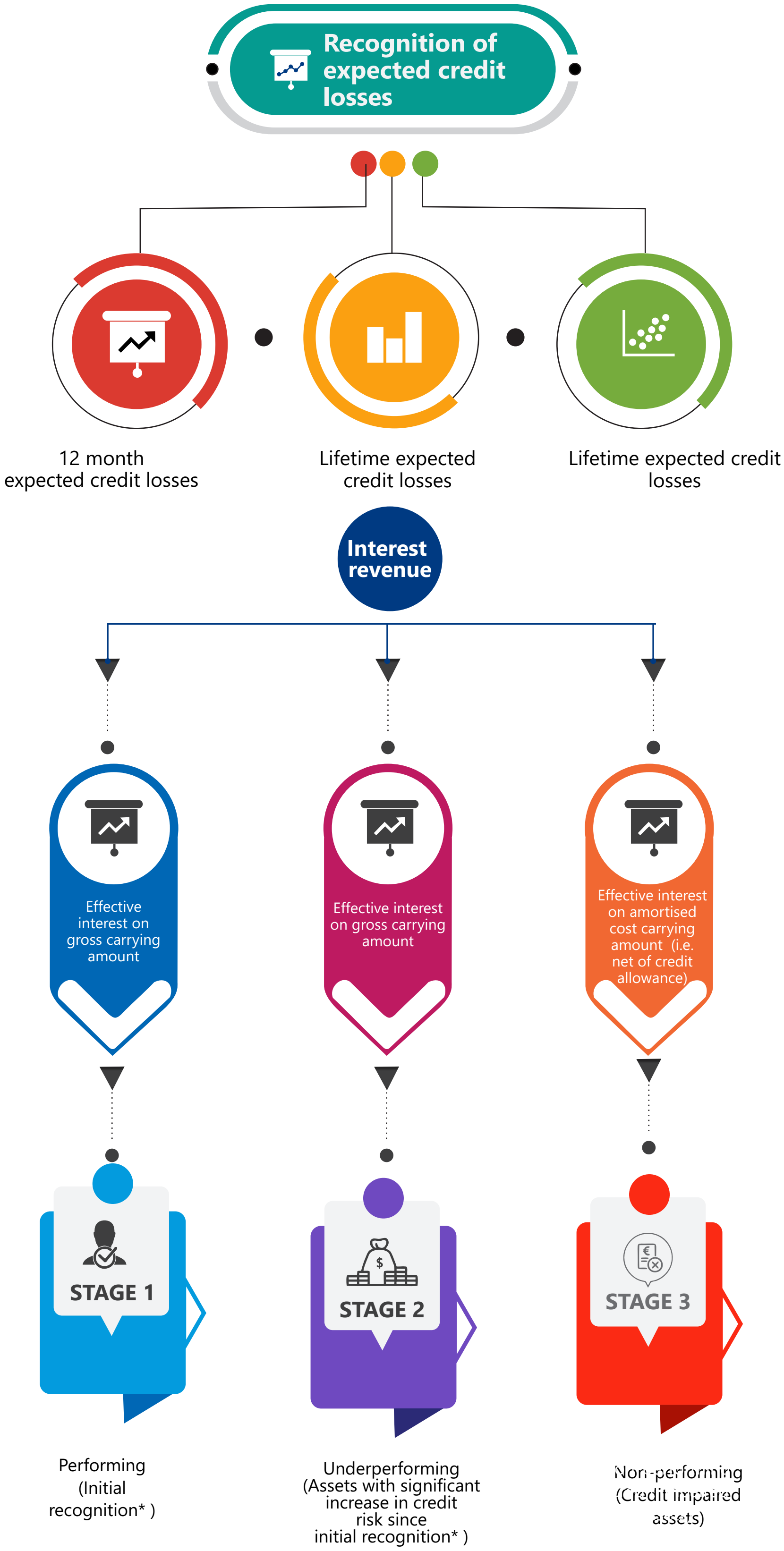
The impairment requirements of IFRS 9 apply to all debt instruments that are measured at amortised cost or FVOCI, and to off-balance sheet lending commitments such as loan commitments and financial guarantees (hereafter collectively referred to as financial assets). This contrasts to the IAS 39 impairment model which was not applicable to loan commitments and financial guarantee contracts, as there were instead covered by International Accounting standards 37: ""Provisions, contingent liabilities and contingent assets (IAS 37).

The determination of impairment loss and allowance moves from the incurred credit loss model whereby credit losses are recognized when a defined loss event occurs under IAS 39, to expected credit loss model under IFRS 9, where provisions are recognised upon initial recognition of the financial asset based on expectation of potential credit losses at the time of initial recognition. Under IFRS 9, The Company first evaluates individually whether objective evidence of impairment exists for loans that are individually significant and then collectively assess the loan and other receivables that are not significant and those which are significant but for which there is no objective evidence of impairment available under the individual assessment

Staged Approach to the Determination of Expected Credit Losses

IFRS 9 outlines a three-stage model for impairment based on changes in credit quality since initial recognition. These stages are as outlined below:

Change in credit quality since initial recognition



*** Except for purchased or originated credit impaired assets**

Stage 1: The Company recognises a credit loss allowance at an amount equal to the 12 month expected credit losses. This represents the portion of lifetime expected credit losses from default events that are expected within 12 months of the reporting date, assuming that credit risk has not increased significantly after the initial recognition.

Stage 2: The Company recognises a credit loss allowance at an amount equal to the lifetime expected credit losses (LTECL) for those financial assets that are considered to have experienced a significant increase in credit risk since initial recognition. This requires the computation of ECL based on Lifetime probabilities of default that represents the probability of a default occurring over the remaining lifetime of the financial assets. Allowance for credit losses is higher in this stage because of an increase in credit risk and the impact of a longer time horizon being considered compared to 12 months in stage 1.

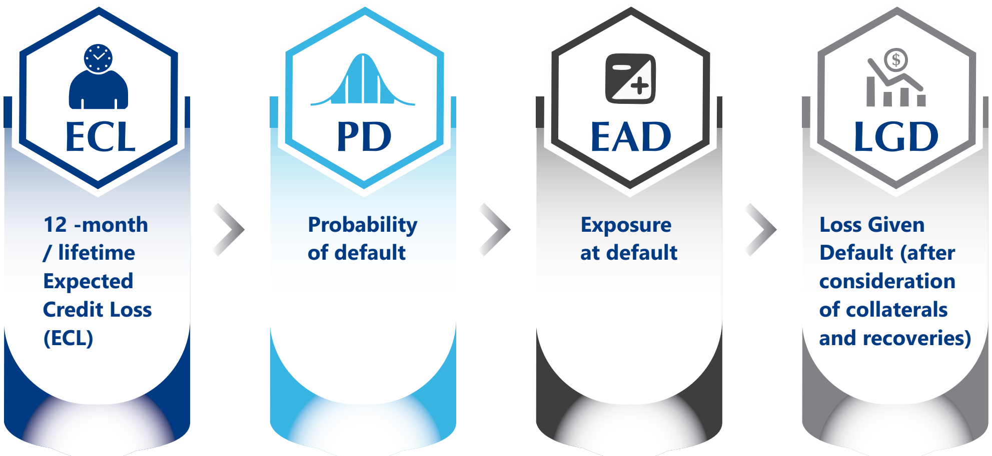
Stage 3: The Company recognises a loss allowance at an amount equal to life-time expected credit losses, reflecting a probability of default (PD) of 100% via the recoverable cash flows for the asset. For those financial assets that are credit impaired. The Company's definition of default is aligned with the regulatory definition. The treatment of the loans and other receivables in stage 3 remains substantially the same as the treatment of impaired financial assets under IAS 39 except for the portfolios of assets purchased or originated as credit impaired

The Company does not originate or purchase credit impaired loans or receivables

Impairment Methodology

Calculation of Expected Credit Losses

Calculation of the expected credit loss is based on the key risk parameters of PD, LGD and ED according to the formular set below:



The calculation of ECL incorporates forward-looking information in all the ECL components. This forward-looking information will impact the various ECL components as follows:

- Probability of default – The PDs will vary during various stages of an economic cycle. It is based on the likelihood that a borrower will default within one year (PD), assessment of the creditworthiness of the counter party and transformation of 1 Year horizon into lifetime of the asset.

- Loss Given Default – Collateral values will vary based on the stage of an economic cycle.
- Exposure at default – Change in interest rates may affect the EAD e.g. higher interest rates may result in longer terms for loans causing a change in the EAD.

Loss Given Default

The Company applies historical experience to determine the expected loss given default ratios for each class of financial instruments. Where internal historical experience is not available, other sources, e.g. data available from rating companies as well as professional judgments are used to determine the LGD ratios that will apply. Collateral that is held against the financial assets is also considered in determining the LGD.

The Company management has resolved to use the recovery rates as published by Moodys credit analytics for all credit exposures to sovereign denominated in foreign currencies and all corporate exposures.

For sovereign exposures denominated in Naira which are assessed as low credit risk exposures, we have resolved to use LGDs within the rage of 5-10% based on the Central banks of Nigeria's Revised Guidance Notes on Credit risk. Section 3.1 of the document addresses exposure to sovereigns and Central banks and states that financial institutions should assign a risk weight of 0% to the following:

- Exposures to Federal Government of Nigeria (FGN) and Central Bank of Nigeria (CBN);
- Instruments issued by other entities backed by express guarantee of the FGN
- Inter-bank transactions guaranteed by the FGN or CBN; and

Inter-bank transactions among supervised institutions collateralized by FGN Bonds, Treasury Bills or other similar sovereign bills.

4.2.9 Liquidity Risk

Liquidity risk is the risk that the Company is unable to meet its obligations when they fall due as a result of policyholder benefit payments, cash requirements from contractual commitments, or other cash outflows, such as debt maturities. Such outflows would deplete available cash resources for operational, trading and investments activities. In extreme circumstances, lack of liquidity could result in reductions in the consolidated balance sheet and sales of assets, or potentially an inability to fulfil policyholder commitments. The risk that the Group will be unable to do so is inherent in all insurance operations and can be affected by a range of institution-specific and market-wide events including, but not limited to, credit events, merger and acquisition activity, systemic shocks

and natural disasters.
Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month respectively, as these are key periods for liquidity management. The starting point for those projections is an analysis of the undiscounted contractual cashflow at maturity of the financial liabilities and the expected collection date of the financial assets.

All policyholder funds are invested in appropriate assets to meet the reasonable benefit expectations of policyholders, which include the expectation that funds will be available to pay out benefits as required by the policy contract. The disclosure in note 6 demonstrate that the Group has significant liquid resources. The value for policyholders' liabilities and the assets backing them are as per the carrying amount in the statement of the financial position.

The maturity profile of the total policyholders' liabilities and assets backing them is shown below:

GROUP							
	Carrying amount	0-3 months	3 to 9 months	9 months to 1 year	1 to 5 years	> 5 years	Total
31-Dec_2020	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Trade payables	877,560	263,268	307,146	307,146	-	-	877,560
Other liabilities	1,829,958	365,992	457,489	548,987	457,489	-	1,829,958
Investment linked contract liabilities	5,143,523	771,528	1,285,881	771,528	2,314,585	-	5,143,523
Total financial liabilities	7,851,041	1,400,788	2,050,516	1,627,662	2,772,075	-	7,851,041
Cash and cash equivalents	17,799,223	2,669,883	4,449,806	6,229,728	2,669,883	1,779,922	17,799,223
Marketable investment securities	24,002,223	1,200,111	840,078	1,800,167	3,360,311	16,801,556	24,002,223
Trade receivables	11,603	11,603	-	-	-	-	11,603
Reinsurance assets	486,196	-	-	486,196	-	-	486,196
Other receivables	596,544	89,482	149,136	208,790	89,482	59,654	596,544
Total financial assets	42,895,788	3,971,079	5,439,019	8,724,881	6,119,676	18,641,133	42,895,788
Net financial assets and liabilities	35,044,747	2,570,291	3,388,503	7,097,219	3,347,601	18,641,133	35,044,747
Insurance contract liabilities - Life fund	(53,185,432)	(1,784,813)	(2,379,750)	(3,807,600)	(3,926,588)	(41,286,681)	(53,185,432)
Net policyholders assets and liabilities	**(18,140,685)**	**785,479**	**1,008,753**	**3,289,619**	**(578,986)**	**(22,645,549)**	**(18,140,685)**

GROUP	Carrying amount	0-3 months	3 to 9 months	9 months to 1 year	1 to 5 years	> 5 years	Total
31-Dec-2019	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Trade payables	1,027,469	308,241	359,614	359,614	-	-	1,027,469
Other liabilities	2,775,029	555,006	693,757	832,509	693,757	-	2,775,029
Investment linked contract liabilities	5,651,964	847,795	1,412,991	847,795	2,543,384	-	5,651,964
Total financial liabilities	**9,454,463**	**1,711,041**	**2,466,363**	**2,039,918**	**3,237,141**	-	**9,454,463**
Cash and bank balances	2,076,831	311,525	519,208	726,891	311,525	207,683	2,076,831
Marketable investment securities	22,440,098	1,122,005	785,403	1,683,007	3,141,614	15,708,068	22,440,098
Trade receivables	125,469	125,469	-	-	-	-	125,469
Reinsurance assets	311,054	-	-	311,054	-	-	311,054
Other receivables	667,926	100,189	166,982	233,774	100,189	66,793	667,926
Total financial assets	**25,621,378**	**1,659,188**	**1,471,593**	**2,954,726**	**3,553,327**	**15,982,544**	**25,621,378**
Net financial assets and liabilities	16,166,916	(51,854)	(994,770)	914,809	316,186	15,982,544	16,166,916
Insurance contract liabilities - Life fund	(41,521,103)	(1,373,206)	(1,830,941)	(2,929,505)	(3,021,053)	(32,366,398)	(41,521,103)
Net policyholders assets and liabilities	(25,354,187)	(1,425,059)	(2,825,711)	(2,014,697)	(2,704,866)	(16,383,854)	(25,354,187)

COMPANY	Carrying amount	0-3 months	3 to 9 months	9 months to 1 year	1 to 5 years	> 5 years	Total
31-Dec-2020	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Trade payables	639,310	191,793	223,759	223,759	-	-	639,310
Other liabilities	1,443,452	288,690	360,863	433,036	360,863	-	1,443,452
Investment linked contract liabilities	5,143,524	771,529	1,285,881	771,529	2,314,586	-	5,143,524
Total financial liabilities	**7,226,286**	**1,252,012**	**1,870,503**	**1,428,323**	**2,675,449**	-	**7,226,286**
Cash and cash equivalents	17,659,067	2,648,860	4,414,767	6,180,673	2,648,860	1,765,907	17,659,067
Marketable investment securities	23,997,917	1,199,896	839,927	1,799,844	3,359,708	16,798,542	23,997,917
Trade receivables	-	-					-
Reinsurance assets	486,196			486,196			486,196
Other receivables	1,152,966	172,945	288,242	403,538	172,945	115,297	1,152,966
Total financial assets	**43,296,146**	**4,021,701**	**5,542,935**	**8,870,251**	**6,181,513**	**18,679,745**	**43,296,146**
Net financial assets and liabilities	36,069,859	2,769,689	3,672,433	7,441,928	3,506,065	18,679,745	36,069,859
Insurance contract liabilities - Life fund	(51,198,654)	(1,486,796)	(1,982,394)	(3,171,831)	(3,270,951)	(41,286,681)	(51,198,654)
Net policyholders assets and liabilities	**(15,128,794)**	**1,282,893**	**1,690,038**	**4,270,097**	**235,114**	**(22,606,936)**	**(15,128,794)**

COMPANY	Carrying amount	0-3 months	3 to 9 months	9 months to 1 year	1 to 5 years	> 5 years	Total
31-Dec-2019	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Trade payables	739,568	221,870	258,849	258,849	-	-	739,568
Other liabilities	2,142,271	428,454	535,568	642,681	535,568	-	2,142,271
Investment linked contract liabilities	5,651,966	847,795	1,412,992	847,795	2,543,385	-	5,651,966
Total financial liabilities	**8,533,805**	**1,498,119**	**2,207,408**	**1,749,325**	**3,078,952**	-	**8,533,805**
Cash and bank balances	1,859,154	278,873	464,789	650,704	278,873	185,915	1,859,154
Marketable investment securities	22,435,898	1,121,795	785,256	1,682,692	3,141,026	15,705,128	22,435,898
Trade receivables	-	-					-
Reinsurance assets	311,054			311,054			311,054
Other receivables	1,062,137	159,321	265,534	371,748	159,321	106,214	1,062,137
Total financial assets	**25,668,243**	**1,559,989**	**1,515,579**	**3,016,198**	**3,579,219**	**15,997,257**	**25,668,243**
Net financial assets and liabilities	17,134,438	61,869	(691,829)	1,266,873	500,267	15,997,257	17,134,438
Insurance contract liabilities - Life fund	(39,673,313)	(1,096,037)	(1,461,383)	(2,338,213)	(2,411,282)	(32,366,398)	(39,673,313)
Net policyholders assets and liabilities	**(22,538,874)**	**(1,034,168)**	**(2,153,212)**	**(1,071,339)**	**(1,911,015)**	**(16,369,141)**	**(22,538,874)**

The maturity of non-derivative financial liabilities and financial assets have been compiled based on undiscounted cash flows, which include estimated interest payments

4.2.10 Capital Management Policies and Procedures

The Company manages its capital to ensure that the company will be able to continue as going concern and comply with the regulators' capital requirements while maximising the return to stakeholders through the optimsation of the debt and equity balance. The capital structure of the company consists of equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

The Group's Issued share capital as at 31 December, 2020 is (N10,292,500), (2019:N10,292,500). The company is not in compliance with the minimum capital requirement of N2 billion as stipulated by the Insurance Act.

	GROUP		COMPANY	
	2020	2019	2020	2019
	N'000	N'000	N'000	N'000
Share capital	10,292,500	10,292,500	10,292,500	10,292,500
Share premium	14,365,133	14,365,133	14,365,133	14,365,133
Contingency reserves	1,684,639	1,061,976	1,570,986	964,214
Fair value reserves	1,118,054	965,911	114,472	84,939
Translation reserve	(282,862)	(686,898)	-	-
Retained earnings	(32,294,654)	(37,346,004)	(30,838,149)	(36,299,093)
	(5,117,191)	**(11,347,382)**	**(4,495,058)**	**(10,592,307)**

The Company's policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain the future development of the business. Management uses regulatory capital ratios to monitor its capital base. Capital is allocated between specific operations and activities and to a large extent driven by optimisation of the return achieved on the capital allocated. The amount of caiptal allocated to each activity is based primarily on the regulatory capital. In some cases the regulatory requirements do not fully reflect the varying degree of risk associated with different activities. In such cases, the capital requirements may be flexed to reflect differing risk profiles, subject to the overall level of capital to support a particular operation not falling below the minimum required for regulatory purposes. The process of allocating capital to specific operations or activities is undertaken independently of those responsible for the operation by a committee.

The National Insurance Commission (NAICOM) specifies the minimum amount and type of capital that must be held by the company to cover the insurance liabilities. The regulator measures the financial strenght of insurance companies using the capital adequacy requirements for the category of company. This test compares insurer's capital against the risk profile.

The company recorded a negative shareholders fund and Solvency Margin of ₦4.4 Billion and ₦24.3Billion respectively. This is below the minimum regulatory capital of ₦2 Billion required by the National Insurance Commission (NAICOM) for life insurance business. These constitute non-compliance with the regulatory capital requirements. The continuation of the Company’s operation is dependent on the ability to meet its regulatory capital requirement and generate sufficient cash flows to meet its obligation as they fall due

4.3 Group Hypothecation

	ITEM	Life	Annuity	Investment Contract	Total (Admissible)
		N'000	N'000	N'000	N'000
	Insurance Contract Liabilities	11,898,751	41,286,681	-	53,185,432
	Investment Contract Liabilities	-	-	5,143,524	5,143,524
	Gross Insurance Funds	11,898,751	41,286,681	5,143,524	58,328,956
Less					
Reinsurance Receivables			-		
1	Reinsurance expenses prepaid		-		-
2	Reinsurers' share of Claims expense paid	(180,516)	-		(180,516)
3	Reinsurers' share of Unearned premium	(19,272)	-		(19,272)
4	Reinsurers' share of Incurred but not rep	(286,409)	-		(286,409)
5	Others (specify)	-	-	-	-
Net Insurance Funds		**11,412,555**	**41,286,681**	**5,143,524**	**57,842,760**
Admissible Assets					
1	Cash and Cash Equivalents	3,110,661	14,486,799	201,763	17,799,223
2	Treasury bills and Government Bond	3,170,168	17,057,909	2,736,302	22,964,380
3	Corporate Bonds & Debenture	-	-	-	-
4	Quoted Shares	596,347	-	424,592	1,020,939
5	Unquoted Shares	97,146	-	-	97,146
6	Loan to Policy holders	91,961	-	-	91,961
7	Investment Properties	7,274,133	1,719,957	1,780,867	10,774,958
8	Total Admissible Assets	14,340,416	33,264,666	5,143,525	52,748,607
SURPLUS(DEFICIT) IN ASSETS COVER		**2,927,861**	**(8,022,015)**		**(5,094,153)**
				-	

4.4 Company Hypothecation

	ITEM	Life	Annuity	Investment Contract	Total (Admissible)
		N'000	N'000	N'000	N'000
	Insurance Contract Liabilities	9,911,972	41,286,681	-	51,198,654
	Investment Contract Liabilities		-	5,143,524	5,143,524
	Gross Insurance Funds	9,911,972	41,286,681	5,143,524	56,342,177
Less					
Reinsurance Receivables					
1	Reinsurance expenses prepaid		-		-
2	Reinsurers' share of Claims expense paid	(180,516)	-		(180,516)
3	Reinsurers' share of Unearned premium	(19,272)	-		(19,272)
4	Reinsurers' share of Incurred but not rep	(286,409)	-		(286,409)
5	Others (specify)	-	-	-	-
Net Insurance Funds		9,425,776	41,286,681	5,143,524	55,855,981
Admissible Assets					
1	Cash and Cash Equivalents	2,970,505	14,486,799	201,763	17,659,067
2	Treasury bills and Government Bond	3,170,168	17,057,909	2,736,302	22,964,380
3	Corporate Bonds & Debenture		-		
4	Quoted Shares	596,347	-	424,591	1,020,938
5	Unquoted Shares	92,839	-		92,839
6	Loan to Policy holders	47,243	-		47,243
7	Investment Properties	2,548,675	1,719,957	1,780,867	6,049,500
8	Total Admissible Assets	**9,425,776**	33,264,666	**5,143,524**	47,833,966
DEFICIT IN ASSETS COVER			**(8,022,015)**	-	(8,022,015)

4.5 Minimum Capital Requirement

The Group's Authorized share capital as at 31 December, 2020 is N10,292,500 (2018:N10,292,500).

The company did not meet the minimum capital requirement of N2 billion as stipulated by the Insurance Act

The Solvency Margin for African Alliance Insurance PLC. as at 31 December		
	N'000	N'000
2020 is as follows:	-	-
Admissible Assets	-	-
Cash & Cash Equivalents	4,562,519	-
Financial assets :		
'-fair value through profit or loss	23,905,078	
'- amortized Cost	173,079	
Trade Receivable	-	
Reinsurance Assets	486,196	
Other Receivable & Prepayment	12,631	
Investment properties	6,049,500	
Investment in Subsidiary	-	
Investment in Associate	-	
Deferred Tax Asset	-	
Property Plant & Equipment (Land and Building)	93,000	
Property Plant & Equipment (Land and Building)	528,668	
Right of Use Assets	139,511	
Statutory Deposit	200,000	
Total Admissible Assets (a)		
Insurance Contract Liabilities	51,198,654	**36,150,181**
Investment Contract Liabilities	5,143,524	
Employee Benefit	49,732	
Borrowing	252,759	
Trade Payable	639,310	
Provision & Other Payables	540,838	
Dividend Payable	-	
Provision for Current Tax	600,123	
Total Admissible Liabilities (b)		**58,424,940**
		(22,274,758)
SOLVENCY DEFICIT (a-b)		
Subject to Higher of:		
15% of Net premium income	810,537	
or		
Minimum Capital Requirement	2,000,000	2,000,000.00
Surplus/(Deficit)		(24,274,758
Gross Solvency ratio		(1,214)
Net Solvency ratio		(1,314)

During the year the solvency margin was -1314% (2019: (899)%).
The company's capital objectives are to ensure that the company is properly capitalized and funded at all times, having regard to its regulatory needs, prudent management and the needs of all stakeholders

Precisely, the company has adopted the following capital management policies:

(i) Maintenance, as a minimum, of capital sufficient to meet the statutory requirement.
(ii) An Economic Capital at Risk (ECaR) approach is also used by the management and the board to ensure that obligations to policyholders can be met in adverse circumstances
(iii) Maintenance of an appropriate level of liquidity at all times. The company further ensures that it can meet its expected capital and financing needs at all times, having regard to business plans to guarantee its going concern status, forecast and any strategic initiaves.

Sensitivities

The company has both qualitative and quantitative risk management procedures to monitor the key risks and sensitivities of the business. This is achieved through scenario analysis and risk assessments. From an understanding of the principal risks, appropriate risk limits and control are defined. The Enterprise Risk Management committee plays a major role here.
The risk types affecting the surplus capital of the company are market risk, credit risk, liquidity risk, liability risk, business risk and operational risk.

The minimum capital required is compared with the equity maintained during the period in the table below:

	31-Dec-2020	31-Dec-2019
	N'000	N'000
Shareholders' equity	(4,495,058)	(10,592,307)
Capital requirement on regulatory basis	2,000,000	2,000,000
Shortfall in Solvency Margin	(24,274,758)	(17,975,373)
Shortfall in Asset cover for contract liabilities	(8,022,015)	(15,501,198)

4.5B Measurement Basis of Financial Assets and Liabilities

	31 December 2020			31 December 2019		
	Fair Value	Amortised Cost	Total	Fair Value	Amortised Cost	Total
Group	N'000	N'000	N'000	N'000	N'000	N'000
Cash and cash equivalents	17,799,223	-	17,799,223	2,076,831	-	2,076,831
Investment securities	24,002,224	80,240	24,082,464	22,440,098	-	22,440,098
Trade receivables	-	11,603	11,603	-	125,469	125,469
Reinsurance assets	-	486,196	486,196	-	311,054	311,054
Other assets	-	596,544	596,544	-	667,926	667,926
Statutory deposit	-	364,998	364,998	-	353,534	353,534
Total Financial assets	**41,801,447**	**1,539,581**	**43,341,028**	**24,516,929**	**1,457,983**	**25,974,912**
Financial liabilities						
Bank overdraft	-	452,799	452,799	-	1,460,582	1,460,582
Trade payable	-	877,560	877,560	-	1,027,469	1,027,469
Other payables and accruals	-	1,829,958	1,829,958	-	2,775,029	2,775,029
Investment linked contract liabilities		-	-	-	-	-
Total Financial liabilities	-	**3,160,317**	**3,160,317**	-	**5,263,080**	**5,263,080**

	31 December 2020			31 December 2019		
	Fair Value	Amortised Cost	Total	Fair Value	Amortised Cost	Total
Company	N'000	N'000	N'000	N'000	N'000	N'000
Cash and cash equivalents	17,659,067	-	17,659,067	-	-	-
Investment securities	23,997,917	80,240	24,078,157	1,859,154	-	1,859,154
Trade receivables	-	-	-	1,089,269	21,346,629	22,435,898
Reinsurance assets	-	486,196	486,196	-	311,054	311,054
Other assets	-	1,695,694	1,695,694	-	3,149,907	3,149,907
Statutory deposit	-	200,000	200,000	-	200,000	200,000
Total Financial assets	**41,656,983**	**2,462,130**	**44,119,113**	**2,948,423**	**25,007,590**	**27,956,013**
Financial liabilities						
Bank overdraft	-	252,759	252,759	-	940,159	940,159
Trade payable	-	639,310	639,310	-	739,568	739,568
Other payables and accruals	-	540,838	540,838	-	333,844	333,844
Investment linked contract liabilities	-	5,143,524	5,143,524	-	5,651,966	5,651,966
Total Financial liabilities	-	**6,576,431**	**6,576,431**	-	**7,665,537**	**7,665,537**

4.6 Measurement of Financial Assets and Liabilities at Fair Value

The Group measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements:

Level 1: inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data. All level 2 valuation were derived using either the net present value and discounted cash flow models or comparison with similar instruments for which market observable prices exist.

Level 3: inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

There were no transfers from Level 1 to Level 2 or between level 2 or level 3 of the fair value hierarchy during the year.

4.6.1 Fair Value of Financial Assets and Liabilities

The table below summarises the carrying amounts and fair values of the financial assets and liabilities.

	Group				Company			
	31-Dec-2020		31-Dec-2019		31-Dec-2020		31-Dec-2019	
	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Financial assets	-	-	-	-	-	-	-	-
Statutory deposits	364,998	3364,998	353,534	3353,534	200,000	200,000	200,000	200,000
Cash and bank balances	17,799,223	17,799,223	2,076,831	2,076,831	17,659,067	17,659,067	1,859,154	1,859,154
Investment securities:								
FVTPL-equities	1,020,938	1,020,938	997,229	997,229	1,020,938	1,020,938	997,229	997,229
FVTPL-bonds	22,884,140	22,884,140	21,346,629	21,346,629	22,884,140	22,884,140	21,346,629	21,346,629
FVOCI	97,146	97,146	96,240	96,240	92,839	92,839	92,040	92,040
Amortized cost	-	-	-	-	-	-	-	-
Loans and receivables	-	-	132,986	132,986	-	-	-	66,375
Trade receivables	11,603	11,603	125,469	125,469	-	-	-	-
Reinsurance assets	486,196	486,196	311,054	311,054	486,196	486,196	311,054	311,054
Other receivables	596,544	596,544	534,941	534,941	1,152,966	1,152,966	1,062,137	995,762
TOTAL	**43,260,787**	**43,260,787**	**25,974,913**	**25,974,913**	**43,496,146**	**43,496,146**	**25,868,243**	**25,868,243**
Financial liabilities								
Trade payables	877,560	877,560	1,027,469	1,027,469	639,310	639,310	739,562	739,562
Other liabilities	1,196,978	1,196,978	1,988,268	1,988,268	843,329	843,329	1,388,366	1,388,366
Dividend payable								
Investment linked contract liabilities	5,143,523	5,143,523	5,651,964	5,651,964	5,143,524	5,143,524	5,651,966	5,651,966
TOTAL	**7,218,061**	**7,218,061**	**8,667,701**	**8,667,701**	**6,626,163**	**6,626,163**	**7,779,894**	**7,779,894**

4.7.1 Financial Instruments Measured at Fair Value - Fair Value Hierarchy

The following table analyses financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the statement of financial position.

Group	Level 1	Level 2	Level 3	Total fair value
31 December 2020	**N'000**	**N'000**	**N'000**	**N'000**
Financial assets	-	-	-	23,905,077
Investment securities:	23,905,077	-	97,146	97,146
Financial assets designated at fair value through P or L	-	-		
Fair value through Other Comprehensive Income	**23,905,077**	-	**97,146**	**24,002,223**

Group 31 December 2019	Level 1 N'000	Level 2 N'000	Level 3 N'000	Total fair value N'000
Financial assets	-	-	-	-
Investment securities:		-	-	22,343,858
Financial assets designated at fair value through P or L	22,343,858	-	96,240	96,240
Fair value through Other Comprehensive Income	-	-		
	22,343,858		**96,240**	**22,440,098**

Company 31 December 2020	Level 1 N'000	Level 2 N'000	Level 3 N'000	Total fair value N'000
Financial assets	-	-	-	-
Investment securities:		-		
Financial assets designated at fair value through P or L	23,905,077	-	92,839	23,905,077
Financial assets designated at fair value through P or L	-	-		92,839
	23,905,077		**92,839**	**23,997,917**

Company 31 December 2019	Level 1 N'000	Level 2 N'000	Level 3 N'000	Total fair value N'000
Financial assets	-	-	-	-
Investment securities:	-	-	-	22,343,858
Financial assets designated at fair value through P or L	22,343,858	-	92,040	92,040
Financial assets designated at fair value through P or L	-	-		
	22,343,858		**92,040**	**22,435,898**

4.7.2 Financial Instruments not Measured at Fair Value

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

Group					
31st December, 2020	**Level 1**	**Level 2**	**Level 3**	**Total value fair**	**Total Carrying Amount**
	N'000	**N'000**	**N'000**	**N'000**	**N'000**
Financial assets	-	-	-	-	-
Cash and cash equivalents	-	17,799,223	-	-	17,799,223
Investment securities:			-	-	
Fair value through profit or loss	22,884,140		-	-	22,884,140
Available for sale			-	-	-
Held to Maturity			-	-	-
Loans and receivables	-	-	-	-	-
Trade receivables	-	11,603	-	-	11,603
Reinsurance assets	-	486,196	-	-	486,196
Other receivables	-	596,544	-	-	596,544
Statutory deposit	-	364,998	-	-	364,998
			-	-	
	22,884,140	**19,258,564**	-	-	**42,142,703**
Financial liabilities					
Trade payables					
Other liabilities					
Investment linked contract liabilities	**-**				
			-	-	

Group					
31-Dec-2019	**Level 1**	**Level 2**	**Level 3**	**Total value fair**	**Total Carrying Amount**
	N'000	**N'000**	**N'000**	**N'000**	**N'000**
Financial assets	-	-	-	-	-
Cash and cash equivalents		2,076,831		2,076,831	2,076,831
Investment securities:	-				-
Fair value through profit or loss	21,346,629			21,346,629	21,346,629
Fair value through Other Comprehensive Income				-	-
Amortized Cost				-	-
Trade receivables	-	125,469		125,469	125,469
Reinsurance assets	-	311,054		311,054	311,054
Other receivables	-	667,926		667,926	667,926
Statutory deposit	-	353,534		353,534	353,534
	21,346,629	**3,534,815**		**24,881,444**	**24,881,444**
Financial liabilities					
Trade payables					
Other liabilities					
Investment linked contract liabilities	**-**				

Company					
31-Dec-2020	**Level 1**	**Level 2**	**Level 3**	**Total value fair**	**Total Carrying Amount**
	N'000	**N'000**	**N'000**	**N'000**	**N'000**
Financial assets	-	17,659,067	-	17,659,067	17,659,067
Cash and bank balances					-
Investment securities:					1,020,938
Fair value through profit or loss-equities	1,020,938				22,884,140
Fair value through profit or loss-bonds	22,884,140				92,839
Fair value through Other Comprehensive Income	92,839				-
Amortized Cost		-	-	-	-
Loans and receivables	-	-		-	-
Trade receivables	-		-		
Reinsurance assets	-	486,196	-	486,196	486,196
Other receivables	-	1,152,966	-	1,152,966	1,152,966
Statutory deposit	-	200,000	-	200,000	200,000
	23,997,917	**19,498,229**	-	**19,498,229**	**43,496,146**
Financial liabilities					
Trade payables	-	-	639,310	-	639,310
Other liabilities	-	-	843,329	-	843,329
Investment linked contract liabilities	-	-	5,143,524	-	5,143,524
			6,626,163		**6,626,163**

Company					
31-Dec-2019	**Level 1**	**Level 2**	**Level 3**	**Total value fair**	**Total Carrying Amount**
	N'000	**N'000**	**N'000**	**N'000**	**N'000**
Financial assets	-	-	-	-	-
CCash and bank balances		1,859,154		1,859,154	1,859,154
Investment securities:	-		-		-
Fair value through profit or loss	997,229	-	-	-	997,229
Fair value through Other comprehensive Income	21,346,629	-	-	-	21,346,629
Amortized Cost	92,040	-	-	-	92,040
Loans and receivables		-	-	-	-
Trade receivables	-	-	-	-	-
Reinsurance assets	-	311,054	-	311,054	311,054
Other receivables	-	1,062,138	-	1,062,138	1,062,138
Statutory deposit	-	200,000		200,000	200,000
			-		
	22,435,898	**3,432,346**		**3,432,346**	**25,868,244**
Financial liabilities	-	-		-	
TTrade payables	-	-	739,568	-	739,568
Other liabilities	-	-	1,388,366	-	1,388,366
Investment linked contract liabilities			5,651,966		5,651,966
	-	-	**7,779,900**	-	**7,779,900**

4.7.3 Financial Instruments in Level 3

The financial instruments in level 3 above comprise unquoted equity instruments. The following table shows a reconciliation from the beginning balances to the ending balances for financial instruments in level 3 of the fair value hierarchy.

	Group		Company	
	2020	2019	2020	2019
	N'000	N'000	N'000	N'000
At 1 January	96,240	100,284	92,040	92,125
Transfer to quoted equities	-	(2,500)	-	(2,500)
Acquisitions	-	-	-	-
Translation adjustment	107	-	-	-
Impairment (charge)/write back	-	-	-	-
Disposal	-	-	-	-
Fair value changes	799	(1,544)	799	2,415
At 31 December	**97,146**	**96,240**	**92,839**	**92,040**

The unquoted equity instruments are carried at fair value (2019: carried at fair value) using market approach

4.7.4 Fair Valuation Methods and Assumptions

i. Cash & cash equivalents

This represents cash held in various bank accounts at the end of the period. The fair value of this amount is the carrying amount.

ii. Other receivables

Other assets represent amount due from reinsurers and other related parties which usually have a short recycle period and as such the fair values of these balances approximate their carrying amount.

iii. Statutory deposit

This represents the deposit held by Central bank of Nigeria. i.e. 10% of the minimum capitalisation in compliance with the Insurance Act. The fair value of this balance is approximately its carrying amount.

iv. Trade payables

These represent amount payable to reinsurers and other creditors which have a short recycle period and as such the fair values of these balances approximate their carrying amount.

v. Other liabilities

These are amounts outstanding and are payable within a period of one year. Amount outstanding are assumed to approximate their respective fair values.

vi. Insurance contract liabilities

These are amounts payable to policyholders in the event of a claim. The carrying amount have been calculated by the actuary and the carrying amount represents the fair value as at 31 December, 2019.

5 Critical Accounting Estimates and Judgements

When preparing the financial statements management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results are likely to differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results. Information about the significant judgements, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are discussed below.

5.1 The Ultimate Liability Arising from Claims made Under Insurance Contracts

The estimation of the ultimate liability arising from claims made under insurance contracts is 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.

5.2 Sources of Uncertainty in the Estimation of Future Claim Payments

Claims on contracts are payable on a claims-occurrence basis. The Group is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term. As a result, liability claims are settled over a long period of time, and a larger element of the claims provision relates to incurred but not reported claims (IBNR).

Uncertainty in the estimation of future benefits payments and premium receipts for insurance contracts arises from the unpredictability of long-term changes in variables such as the overall levels of mortality, accident level and the variability in policyholder behavior.

The insurance liabilities have been made on the following principles:-

Type of Business	Valuation Method
Individual Risk Business	Gross premium
Individual Deposit Based business	Deposit reserve: Account balance at val. Date Risk reserve: Gross premium
Group Life	UPR + IBNR
Group Deposit Administration	Deposit reserve: Account balance at val. Date

5.2.1 Individual Business

A gross premium method is adopted for individual traditional risk business. This is a monthly cash flow approach taking into account the incidence of all expected future cash flows including office premiums, expenses and benefit payments, satisfying the Liability Adequacy Test. This implies that no further testing is required as a result of the implementation of the IFRS; or in other words the liability adequacy test has been met implicitly and a separate liability calculation will not be required for accounting purposes.

Negative reserves will be zeroised at the valuation date.

5.2.2 Individual Deposit Based Business

A reserve for the Individual and group deposit-based business (Deposit Plus Plan) will be maintained being the amount standing to the credit of the policyholders (account balance) at the valuation date.

Reserves for the supplementary life cover and expenses for individual deposit based business will be calculated using a gross premium cash flow approach as described in above. This is the present value of future guaranteed risk related benefit costs and expenses, less future risk premiums

5.2.3 Group Life

Reserves for Group Life business will comprise an unexpired premium reserve (UPR) and where necessary, a reserve for Incurred But Not Reported Claims (IBNR) to make an allowance for the delay in reporting of claims.

The UPR will represent the unexpired portion of the premium for each scheme, net of an expense margin reflecting the acquisition cost loadings. The adequacy of the UPR will be tested by comparing against an Additional Unexpired Risk Reserve (AURR), which will be calculated using pooled industry claims data for the underlying assumptions. An AURR will be held in cases where the UPR is deemed insufficient to meet claims in respect of the unexpired period.

A loss ratio approach will be used for IBNR reserving, where the underlying claim rates are based on an analysis of historical group life claims experience, with judgement adopted where required.

No separate reserve is proposed for claims handling costs for Group Life business as these are typically insignificant in size. Any costs incurred are absorbed as part of the general business management costs.

5.3 Process used to Decide on Assumptions

5.3.1 Valuation Interest Rate:

The valuation interest rate is based on current market risk-free yields with adjustments. The use of a risk-free rate also implies that future investment margins (in excess of the risk-free return) will not be capitalized upon, which satisfies paragraph 27 of IFRS 4. Further the result is a "fair value" liability calculation which aids the comparability of accounts between insurers.

The rate of interest used in the valuation is 6.5% PA, with the exception of annuities which adopted an interest rate of 7.65%. The basis to be adopted for distribution of profits among policyholders and shareholders is determined by the Directors, taking into account the requirements of the 2003 Insurance Act with regards to such distributions and the advice of the Actuary.

a. The directors acting upon the advice of the Actuary, determine the principles upon which any distribution of profits to policyholders will be made
b. Reversionary bonuses are allotted in respect of each full year's premium paid
c. Reversionary bonuses vest on the policy anniversary

5.3.2 Expenses

The Group makes provisions for expenses in its mathematical reserves of an amount which is not less than the amount expected to be incurred in fulfilling its long-term insurance contracts. IFRS 4 explicitly requires the consideration of claims handling expenses.

Future maintenance expenses
The regulatory maintenance expenses are derived from the best estimate maintenance expenses plus a prudence margin for adverse deviations. The best estimate maintenance expenses are calculated using the sum of the following:

(1) Per policy maintenance charges
(2) Allocated operating expenses

The valuation expense assumptions are as follows:

Type of Business	Current Valuation N'per policy	Previous valuation N'per policy
Individual Life	16,695	15,040
Deposit Based Policies	16,695	15,040
Annuities	16,695	15,040

5.3.3 Expense Inflation

The above expenses are subject to inflation at 11.0% pa. Consumer Price Inflation at 31 December 2020 was 15.75%. Both the expense inflation and expense assumption will be actively reviewed in subsequent valuations once more experience data and an expense analysis is made available.

5.3.4 Mortality

An appropriate base table of standard mortality is chosen depending on the type of contract. An investigation into Group's experience over the most recent three years is performed, and statistical methods are used to adjust the rates reflected in the table to a best estimate of mortality for that year.
The Mortality Table used in the valuation is the Mortality of Assured Lives 1967-70 (A6770) without adjustment. The annuities were valued using the UK's (PA90)-2 Annuitants table.

+ Where negative reserves were calculated, these were set to zero to prevent policies being treated as assets
+ Any policies subject to substandard terms were valued using the same basis as standard policies

For annuity, we have adopted the UK Pensioner table PA (90) with age rating of -1 to -2

5.3.5 Withdrawals

Surrenders are acceptable under the Endowment life assurance portfolio after policies have been in force for a pre-defined length of time (at which policies become eligible to receive a surrender value payout).

5.3.6 Group Life Businesses

Unexpired premium reserves (UPR) are reduced by a margin representing acquisition expenses, as these have been loaded into rates yet they have already been incurred. The acquisition expense ratio of 20% of gross premium was adopted. Group Life commission is currently paid at 9% of premium and a NAICOM (regulatory) fee is payable at 1% of premium. The remaining 10% of premium reflects the loading for additional acquisition expenses.

5.3.7 Reinsurance Agreements

Reinsurance is allowed for in the valuation by having gross and reinsurance ceded records in the policy files. All reserves have been reported gross of reinsurance, with the value of the reinsurance asset reported separately.

5.3.8 Changes in Assumptions

The Group did not change its assumptions for the insurance contracts.

5.4 Insurance and Market Risk Sensitivities

The sensitivity analysis of insurance and market risk is used as it provides a detailed understanding of the risks inherent in the business and to help develop a risk monitoring and management framework to ensure the risks remain within limits, taking into account the available capital and shareholder risk tolerance levels.

Segment Reporting

Identification of Reportable Segments

The business activities of African Alliance Insurance PLC. Group are first organized by product and type of service: life insurance activities and air freight activities.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit (or loss) before income taxes, as included in the internal management reports that are reviewed by the Group's CEO. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within this industry. Inter-segment pricing is determined on an arm's length basis.

Information reported to the chief operating decision maker (the CEO) for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The Company's reportable segments under IFRS 8 are therefore as follows:

- **Life Business**
- **Air Freight Business**

Life Business

The Life reportable segment offers a wide variety of insurance products for both personal and corporate customers. The products offer range from provision of group life policies, traditional life policies with a segment of investment linked and annuity policies. The main source of income in this segment is the premium received from the insured on risk covered by the entity and the investment income earned on placements and deposit with financial institutions.

Air Freight

This reportable segment is a private company who provides cargo air transportation through relevant leasing arrangement.

Segment Revenues and Results

The following is an analysis of the group revenue and results from continuing operations by reportable segment

	Segment revenue		Segment profit /(loss)	
Company	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	N'000	N'000	N'000	N'000
Life business	7,121,331	8,744,391	(14,363,066)	(9,525,821)
Air Freight	435		434	-
	7,121,766	**8,744,391**	**(14,362,632)**	**(9,525,821)**

Company	Segment revenue		Segment profit /(loss)	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	N'000	N'000	N'000	N'000
Other income			786,534	70,552
Impairment charges			26,479	458,138
Fair value gain on investment properties			161,051	251,469
Fair value through profit or loss			4,940,700	2,018,858
Investment income			2,456,968	3,026,417
Loss from investment contracts			(61,648)	(99,943)
Share of profit of equity accounted investee			731,138	657,259
Other operating and administrative expenses			(3,355,065)	(3,785,518)
Finance cost			(107,633)	(90,699)
Profit before tax (continuing operations)			**(8,784,109)**	**(7,019,288)**

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year.

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profit represents the profit before tax carried by each segment without allocation of other operating administration costs and director's salaries, share of profit of associates, investment income, other gains and losses as well as finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Segment Assets		
	31-Dec-20	31-Dec-19
	N'000	N'000
Life business	56,301,924	40,006,861
Air Freight	5,164	4,726
	56,307,087	**40,011,587**

Segment Liabilities		
	31-Dec-20	31-Dec-19
	N'000	N'000
Life business	58,054,322	51,352,837
Air Freight	3,366,633	3,366,629
	61,420,955	**54,719,466**

Other Segment Information	Depreciation and amortisation		Additions to non-current assets	
	Year ended 31	Year ended 31	Year ended 31	Year ended 31
	Dec-20	Dec-19	Dec-20	Dec-19
	N'000	N'000	N'000	N'000
Life business	191,136	191,136	194,502	244,451
Air Freight	-	-	-	-
	191,136	**191,136**	**194,502**	**244,451**

6 **Cash And Cash Equivalents**	Group		Company	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	N'000	N'000	N'000	N'000
Cash in bank	190,842	604,564	174,489	572,992
Short-term bank deposits	17,608,381	1,472,267	17,484,578	1,286,162
	17,799,223	**2,076,831**	**17,659,067**	**1,859,154**
Short-term bank deposits	17,608,845	1,485,869	17,484,634	1,299,099
ECL Impairment 1 January	(13,602)	(20,034)	(12,937)	(14,438)
Additional ECL Impairment during the year	13,138	6,432	12,881	1,501
	17,608,381	**1,472,267**	**17,484,578**	**1,286,162**

6.1 Movement in ECL Adjustment on Cash and Cash Equivalent is detailed below

	Group		Company	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	N'000	N'000	N'000	N'000
At 1 January	13,602	20,034	12,937	14,438
Movement for the year	(13,138)	(6,432)	(12,881)	(1,501)
At 31 December	**464**	**13,602**	**56**	**12,937**

6.2 Cash and Cash Equivalent for the purpose of Cashflow

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less. They include:

	Group		Company	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	N'000	N'000	N'000	N'000
Cash in bank	190,842	604,564	174,489	572,992
Short-term bank deposits	17,608,845	1,485,869	17,484,634	1,299,099
Bank overdraft	-	(949,494)	-	(940,159)
	17,799,687	**1,140,939**	**17,659,121**	**931,931**

7 Financial Assets

7.1 FVTPL - Quoted Equities

These are quoted equities on the Nigerian Stock Exchange, the fair values were determined by reference to the quoted closing bid prices at the end of the reporting year derived as follows:

	Group		Company	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	N'000	N'000	N'000	N'000
Quoted equity securities	1,020,938	997,229	1,020,938	997,229
7.1i Movement in FVTPL - Quoted equities				
At 1 January	997,229	1,014,023	997,229	1,014,023
Additions	-	-	-	-
Disposals	-	(1)	-	(1)
Reclassification of Jaiz bank	-	2,500	-	2,500
Fair value changes	23,709	(19,293)	23,709	(19,293)
	1,020,938	**997,229**	**1,020,938**	**997,229**

	Group		Company	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
7.2 FVTPL - Debt Securities (bonds)	N'000	N'000	N'000	N'000
Government and corporate bonds	15,928,997	19,308,477	15,928,997	19,308,477
Fair value changes	6,955,142	2,038,152	6,955,142	2,038,152
	22,884,140	**21,346,629**	**22,884,140**	**21,346,629**

7.2i Movement in FVTPL - Debt Securities (bonds)	Group		Company	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	N'000	N'000	N'000	N'000
At 1 January	21,346,629	-	21,346,629	-
Reclassification from Amortized cost - FVTPL	-	19,994,820	-	19,994,820
Additions	263,200	696,000	263,200	696,000
Redemption	(3,926,808)	(782,343)	(3,926,808)	(782,343)
Disposal	(1,754,024)	(600,000)	(1,754,024)	(600,000)
Fair value changes	6,955,142	2,038,152	6,955,142	2,038,152
	22,884,140	**21,346,629**	**22,884,140**	**21,346,629**

	Group		Company	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
7.2ii Net fair value gains/(loss)	N'000	N'000	N'000	N'000
Fair value gain on equity shares	23,709	(19,294)	23,709	(19,294)
Fair value gain on Bonds	6,955,142	2,038,152	6,955,142	2,038,152
	6,978,852	**2,018,858**	**6,978,852**	**2,018,858**
Fair value movement				
As 1 January	2,038,152	-	2,038,152	-
Fair value changes	4,940,700	2,038,152	4,940,700	2,038,152
	6,978,852	**2,038,152**	**6,978,852**	**2,038,152**

7.3 FVOCI (Unquoted Equities)

The unquoted equities carried as fair value through other Comprehensive Income Financial Assets were fair valued using the fund prices advised by the investee companies

	Group		Company	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
Equity securities	97,146	96,240	92,839	92,040

	Group		Company	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
7.3i Movement in FVOCI - unquoted equities	N'000	N'000	N'000	N'000
At 1 January	96,240	100,284	92,040	92,125
Impairment write back	-	(2,500)	-	(2,500)
Reclassification of Jaiz bank	107	-	-	-
Disposal	799	(1,544)	799	2,415
Fair value changes				
At 31 December	**97,146**	**96,240**	**92,839**	**92,040**

7.4 Amortised cost - Debt securities	Group		Company	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	N'000	N'000	N'000	N'000
Commercial paper	4,926	-	4,926	-
Corporate bond	21,010	-	21,010	-
Promissory notes	56,326	-	56,326	-
ECL Adjustment	(2,021)	-	(2,021)	-
	80,240	-	**80,240**	-

7.4i Movement in Amortised cost - Debt securities	Group		Company	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	N'000	N'000	N'000	N'000
At 1 January	-	19,994,820	-	19,994,820
Reclassification from Amortized cost - FVTPL		(19,994,820)	-	(19,994,820)
Addtions	82,261	-	82,261	-
ECL Adjustment	(2,021)	-	(2,021)	-
At 31 December	**80,240**	-	**80,240**	-

7.4ii Movement in ECL Adjustment on Amortised cost - Debt securities	Group		Company	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	N'000	N'000	N'000	N'000
At 1 January	-	(37,776)	-	(37,776)
Movement for the year	(2,021)	37,776	(2,021)	37,776
At 31 December	**(2,021)**	-	**(2,021)**	-

8 Trade receivables	Group		Company	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	N'000	N'000	N'000	N'000
Premium receivables	11,603	125,469	-	-
Trade debtors	-	58,159	-	-
Impairment allowance (note 8.1)	-	(58,159)		
	11,603	**125,469**	**-**	-

8.1 Movement In Impairments Of Trade Receivables	Group		Company	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	N'000	N'000	N'000	N'000
At 1 January	-	58,159	-	-
Additional charge during the year	-	(58,159)	-	-
			-	-
	-	-		

9 Reinsurance Assets	Group		Company	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	N'000	N'000	N'000	N'000
Claims receivables	180,516	-	180,516	-
Reinsurance share of claims Incurred But Not Reported	286,409	245,802	286,409	245,802
(IBNR) (note 9 (I))	19,272	65,252	19,272	65,252
Prepaid reinsurance (note 9(ii))				
	486,196	**311,054**	**486,196**	**311,054**

9 (i) Movement in Reinsurance Share of Claims Incurred but Not Reported (IBNR)	Group		Company	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	N'000	N'000	N'000	N'000
At 1 January	245,802	122,904	245,802	122,904
Changes during the year	40,607	122,898	40,607	122,898
	286,409	**245,802**	**286,409**	**245,802**

9 (ii) Prepaid Reinsurance	Group		Company	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	N'000	N'000	N'000	N'000
At 1 January	65,252	21,149	65,252	21,148
Reinsurance premium paid during the year	-	44,104	-	44,104
Amortised in the year-reinsurance expense (see note 32)	(45,980)	-	(45,980)	-
	19,272	**65,252**	**19,272**	**65,252**

9 (iii) Cash Paid to Reinsurers/ Coinsurers	Group		Company	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	N'000	N'000	N'000	N'000
Due to reinsurance	30,748	-	30,742	-
Prepaid reinsurance	45,980	-	45,980	-
Reinsurance premium during the year	(402,953)	(509,296)	(400,951)	(495,453)
	(326,225)	**(509,296)**	**(324,228)**	**(495,453)**

10 Other Receivables and Prepayments	Group		Company	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	N'000	N'000	N'000	N'000
Mortgage Loans- staff	21,493	76,353	21,493	76,353
Policy loans	205,163	218,921	160,398	152,310
Due from agents	66,608	71,657	66,078	70,182
Investment Income Receivable	-	8,306	-	-
Prepayment Rent	12,574	20,620	12,574	20,620
Prepayment - Others	122,427	150,233	112,431	150,233
Staff Loans & Receivables	12,760	43,122	12,631	43,122
Interest receivables on loans	4,724	-	-	-
Withholding tax receivable	2,451	-	-	-
Deposit for Investment (note 10.2)	-	-	628,616	506,116
Due from related company (note 10.4)	1,600,267	1,600,267	1,600,267	1,600,267
Director's current account	4,338	4,231	-	-
Stock of raw materials & consumables	4,708	8,079	4,708	2,519
Staff share loans (note 10.1b)	2,131,790	2,135,150	2,131,790	2,131,790
Other debit balances	345,773	285,384	340,438	262,520
	4,535,076	4,622,320	5,091,423	5,016,032
Impairment allowance (note 10.1c)	(3,938,532)	(3,954,394)	(3,938,457)	(3,953,894)
	596,544	667,926	1,152,966	1,062,138
Current	-	-	-	-
Non-current	596,544	667,926	1,152,966	1,062,138
	596,544	**667,926**	**1,152,966**	**1,062,138**

10.1a The Movement In Other Receivables And Prepayments	Group		Company	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	N'000	N'000	N'000	N'000
At 1 January	4,622,320	6,454,367	5,016,032	6,495,964
Transfer from Loans and Receivables	-	296,234	-	296,234
Additional loans and receivables	-	(961)	-	(67,571)
Balances written off against provision	-	(716,734)	-	(716,734)
Movement during the year	595,665	(1,410,586)	129,686	(991,861)
At 31 December	**5,217,985**	**4,622,320**	**5,145,717**	**5,016,032**

10.1b Staff Share Loan:

This amount is made up of African Alliance Company PLC share purchased during the private placement exercise on behalf of staff of the company.

10.1c The Movement In Impairment Allowance is as Follows	Group		Company	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	N'000	N'000	N'000	N'000
At 1 January	3,954,394	4,841,772	3,953,894	4,402,087
Reclassification to/from loans and receivables	-	243,286	-	243,286
Additional Impairment on loans and receivables reclassified	-	11,723	-	11,227
Impairment on Short term loan	-	52,648	-	52,648
Provision no longer required on Frenchies taken over by AAIC in 2017	-	(2,926)	-	(2,926)
Provision no longer required	(15,862)	(475,375)	(15,437)	(35,694)
Balances written off against provision	-	(716,734)	-	(716,734)
	3,938,532	**3,954,394**	**3,938,457**	**3,953,894**

10.1d Impairment Allowance	Group		Company	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	N'000	N'000	N'000	N'000
Policy Loans	113,202	123,127	113,155	123,127
Mortgage Staff Loan	4,015	39,161	3,987	39,161
Due from agents	8,927	2,298	8,927	2,298
Due to related company	1,600,267	1,600,267	1,600,267	1,600,267
Staff Account Receivable	10,953	4,603	10,953	4,603
Staff Share loan	2,131,790	2,131,790	2,131,790	2,131,790
Short term Loan	52,648	53,148	52,648	52,648
Other debit balances	16,729	-	16,729	-
	3,938,532	**3,954,394**	**3,938,457**	**3,953,894**
10.2 Deposits for shares/Investment				
Ghana Life Insurance Limited			**628,616**	**506,116**
10.3 Movement in Deposit for Shares				
At 1 January 2020				**506,116**
Additional injection of funds during the year (note 10.3A)				**122,500**
At 31 December 2020				**628,616**

10.3 A During the year, African Alliance Insurance Company PLC injected an additional capital of N122.5million to reduce the shortfall in the shareholders fund as required by the Ghana Insurance Commission.

10.4 Due from Related Company				
*Universal Insurance Company PLC	1,600,267	1,600,267	1,600,267	1,600,267

* These represent balances that were fully provisioned in prior years. However, they have been written off during the year against the related provision into the memorandum account for follow up and recovery.

11 Investment Properties	Group		Company	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	N'000	N'000	N'000	N'000
At 1 January	10,432,005	10,258,313	8,811,600	8,620,913
Translation adjustment	40,964	(248,034)	-	-
***Acquisition during the year	140,938	170,257	140,938	170,257
Fair value gain on revaluation	161,051	251,469	16,962	20,430
	10,774,958	**10,432,005**	**8,969,500**	**8,811,600**
Of the investment properties, the				
following relates to insurance Funds:				
Insurance funds	7,267,195	6,098,951	6,049,500	5,151,600
Shareholders funds	3,507,763	4,333,054	2,920,000	3,660,000
	10,774,958	**10,432,005**	**8,969,500**	**8,811,600**

***Acquisition during the year of ₦140.9million was the amount expended as capital improvement on investment properties at (i) Aba road, Port Harcourt Building and (ii) Ajah Property, Lagos to enhance the commercial value

11.1 A brief descriptions of the properties held by Company are as follows	Group		Company	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	N'000	N'000	N'000	N'000
Breadfruit Street Marina Lagos	1,973,000	1,950,000	1,973,000	1,950,000
Land at Pankere Village, Abijo, Ibeju Lekki	2,920,000	2,830,000	2,920,000	2,830,000
Plot C4, Rumuogba Layout, Aba road, Port Harcourt	850,000	900,000	850,000	900,000
Sani Abacha Estate, Abuja	880,500	880,500	880,500	880,500
73 Oyemekun street, Akure	27,500	24,000	27,500	24,000
Property at Millennium Housing estate	70,000	79,100	70,000	79,100
4 bedroom duplex, Ajah road, Ajah, Lagos	165,000	108,000	165,000	108,000
29A Akin Adesola Street, Victoria Island, Lagos	860,000	830,000	860,000	830,000
112 Broad Street, Lagos	1,223,500	1,210,000	1,223,500	1,210,000
Land & Residential properties held in Ghana Life Insurance	1,805,458	1,620,405	-	-
	10,774,958	**10,432,005**	**8,969,500**	**8,811,600**

A brief descriptions of the properties held by the company in its name are as follows:	Group		Company	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	N'000	N'000	N'000	N'000
Breadfruit Street Marina Lagos	1,973,000	1,950,000	1,973,000	1,950,000
Property at Millennium Housing estate	70,000	79,100	70,000	79,100
4 bedroom duplex, Ajah road, Ajah, Lagos	165,000	108,000	165,000	108,000
73 oyemekun street Akure	27,500	24,000	27,500	24,000
112 Broad Street, Lagos	1,223,500	1,210,000	1,223,500	1,210,000
Sani Abacha Estate, Abuja	880,500	880,500	880,500	880,500
29A, Akin Adesola Street, Victoria Island	860,000	-	860,000	-
Plot C4, Rumuogba Layout, Aba road, Port Harcourt	850,000	900,000	850,000	900,000
	6,049,500	**5,151,600**	**6,049,500**	**5,151,600**

A brief descriptions of the properties held by the company in the name of Conau Limited are as follows:	Group		Company	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	N'000	N'000	N'000	N'000
Land at Pankere Village, Abijo, Ibeju Lekki	2,920,000	2,830,000	2,920,000	2,830,000
Land & Residential properties held in Ghana Life Insurance	1,805,458	1,620,405	-	-
29A, Akin Adesola Street, Victoria Island	-	830,000	-	830,000
	4,725,458	5,280,405	2,920,000	3,660,000
Total investment property	**10,774,958**	**10,432,005**	**8,969,500**	**8,811,600**

Investment properties are carried at fair value as at 31 December 2020 which has been determined by an independent professional valuer, AC Otegbulu & Partners Estate Sureveyors & valuers, a registered member of Financial Reporting Council of Nigeria (FRCN/2013/NIESV/0000001582). Valuations are performed on an annual basis and the fair value gains and losses are recognised in the profit or loss are recognised in the profit ot loss account

The Properties have been valued using fair value basis. The fair value of all the properties are determined using recent comparable prices i.e the highest price in terms of money, which the subject property assets will fetch in an open and competitive market under all conditions requisite to a fair sale.

None of the assets above are encumbered or pledged as security for loan

11.2 Movement in Investment Properties

Group 2020					
Description	At 1 January	Additions	Disposal	Fair value	At 31 December
	N'000	N'000	N'000	N'000	N'000
Breadfruit Street Marina Lagos	1,950,000	-	-	23,000	1,973,000
Land at Pankere Village, Abijo, Ibeju Lekki	2,830,000	-	-	90,000	2,920,000
Plot C4, Rumuogba Layout, Aba road, Port Harcourt	900,000	64,063	-	(114,063)	850,000
Sani Abacha Estate, Abuja	880,500		-	-	880,500
73 Oyemekun street, Akure	24,000		-	3,500	27,500
Property at Millennium Housing estate	79,100		-	(9,100)	70,000
4 bedroom duplex, Ajah road, Ajah, Lagos	108,000	76,875	-	(19,875)	165,000
29A Akin Adesola Street, Victoria Island, Lagos	830,000		-	30,000	860,000
112 Broad Street, Lagos	1,210,000	-	-	13,500	1,223,500
Land & Residential properties held in Ghana Life Insurance	1,620,405	-	-	185,053	1,805,458
	10,432,005	**140,938**	-	**202,015**	**10,774,958**

Company 2020					
Description	At 1 January	Additions	Disposal	value fair	At 31 December
	N'000	N'000	N'000	N'000	N'000
Breadfruit Street Marina Lagos	1,950,000	-	-	23,000	1,973,000
Land at Pankere Village, Abijo, Ibeju Lekki	2,830,000	-	-	90,000	2,920,000
Plot C4, Rumuogba Layout, Aba road, Port Harcourt	900,000	64,063	-	(114,063)	850,000
Sani Abacha Estate, Abuja	880,500		-	-	880,500
73 Oyemekun street, Akure	24,000		-	3,500	27,500
Property at Millennium Housing estate	79,100		-	(9,100)	70,000
4 bedroom duplex, Ajah road, Ajah, Lagos	108,000	76,875	-	(19,875)	165,000
29A Akin Adesola Street, Victoria Island, Lagos	830,000		-	30,000	860,000
112 Broad Street, Lagos	1,210,000	-	-	13,500	1,223,500
	8,811,600	**140,938**		**16,962**	**8,969,500**

11.3 Investment Properties not in the Name of African Alliance

PROPERTIES	TITLE OF DOCUMENTS	DATE OF ACQUISITION	TITLE DOCUMENT NO	LOCATION	CARRYING AMOUNT N'000
Land at Pankere Village, Abijo, Ibeju Lekki	Deed of Assignment & Governor's Consent for Application to assignment between Land Owner and Conau Limited	Year 2008	N/A	Abijo GRA Ibeju Lekki, Lagos state	2,920,000

Investment Properties in the name of African Alliance

PROPERTIES	TITLE OF DOCUMENTS	DATE OF ACQUISITION	TITLE DOCUMENT NO	LOCATION	CARRYING AMOUNT N'000
Property Breadfruit Street Marina Lagos	Lagos State Government Land Certificate and Deed of Assignment	Year 1960	L03746	13/17 Breadfruit Street, Lagos	1,973,000
Property Rumuogba Layout, Aba road, Port Harcourt	Deed of Assignment & Certificate of Occupancy	Year 2008	N/A	Plot C4, Rumuogba Layout, Aba road, Port Harcourt	850,000
73 Oyemekun street, Akure	Certificate of Right of Occupancy	Year 1983	N/A	73 Oyemekun street, Akure	27,500
Duplex at Sani Abacha Estate, Abuja	Deed of Assignment between Federal Republic of Nigeria represented by EFCC and Conau Limited	Year 2008	N/A	2220 Suez Canal Crescent Sani Abacha Estate, Abuja	880,500
4 bedroom duplex, Ajah road, Ajah, Lagos	Deed of Assignment	Year 2009	N/A	Lekki Epe Expressway, Ajah Town, Lagos	165,000
Property at Millennium Housing estate	Lagos State Government Allocation Letter	Year 2004	N/A	Block B House 9B Oba Adeyinka Oyekan Housing Estate Lekki, Lagos	70,000
Property 112 Broad Street, Lagos	Lagos State Government Land Certificate and Deed of Assignment	Year 1961	L03990	112 Broad Street, Lagos	1,223,000
Building At 29a Akin Adesola Street, VI, Lagos	Lagos State Government Land Certificate and Deed of Assignment	Year 2017 - By transfer from Subsidiary	LSLR Land Registry L07425	29a Akin Adesola Street, VI, Lagos	860,000
					6,049,000

12 Investment in Subsidiary

The company's investment in subsidiary is as stated below:

	Group		Company	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	N'000	N'000	N'000	N'000
Axiom Air Limited (Note 13a)	-	-	3,000,000	3,000,000
Ghana Life Insurance Company Limited (Note 13b)	-	-	1,770,741	1,770,741
	-	-	**4,770,741**	**4,770,741**
Impairment allowance (note 13d)	-	-	(4,228,013)	(4,228,013)
	-	-	**542,728**	**542,728**

12a. Movement in the Investment in Ghana Life is as follows

Axiom Air Limited:-	Company	
The movement in Axiom Air Limited is as follows:	31-Dec-20	31-Dec-19
	N'000	N'000
At 1 January	3,000,000	3,000,000
Additions, during the period (capital injection)	-	-
Impairment allowance	(3,000,000)	(3,000,000)
	-	-

The company was incorporated on 17 July 2008 to carry on the business of airline owners and management, provide air transport for public use; to provide all necessary and or desirable services incidental to this objective, including booking, reservation, routing and ticketing services, baggage management, flight catering and entertainment and provision of hotel accommodation. The company is wholly owned, the single aircraft owned by Axiom Air is in Jordan for maintenance since 2014

12b Ghana Life Insurance Company Limited

	Company	
	31-Dec-20	31-Dec-19
	N'000	N'000
The movement in Ghana Life Limited is as follows:	-	-
At 1 January	1,770,741	1,770,741
Impairment allowance	(1,228,013)	(1,228,013)
	542,728	**542,728**

The company is a subsidiary of African Alliance Insurance PLC. The company is domiciled in Ghana and is permitted by its regulation to carry on the business of life insurance, the Company is actively in business.

12c Movement in the Investment in Ghana Life is as follows

	Company	
	31-Dec-20	31-Dec-19
	N'000	N'000
At 1 January	1,228,013	1,228,013
Impairment allowance		
At 31 December	**1,228,013**	**1,228,013**

12d Movement in Impairment Allowance in Investment

	Company	
	31-Dec-20	31-Dec-19
	N'000	N'000
At 1 January	4,228,013	4,228,013
Impairment charge/(written back) for the year	-	-
At 31 December	**4,228,013**	**4,228,013**

Movement in impairment charge		Additional	
African Alliance Realty Company Limited	1-Jan-20	Charge	31-Dec-20
	N'000	N'000	N'000
Axiom Air Limited	3,000,000	-	3,000,000
Ghana Life Insurance company	1,228,013	-	1,228,013
		-	
	4,228,013		**4,228,013**

	Group		Company	
13. Investment In Associate	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	N'000	N'000	N'000	N'000
Investment in Pension Alliance Limited	**-**	**1,545,042**	**-**	**1,545,042**
The movement in investment in associate is as follow:				
At 1 January	1,545,042	1,804,083	1,545,042	1,804,083
Share of profit after taxation: @ 49%	731,138	657,259	731,138	657,259
Less: Dividend received	(175,445)	(916,300)	(175,445)	(916,300)
At 31 December	2,100,735	-	2,100,735	-
	-	**1,545,042**	**-**	**1,545,042**

This represents the Company's 49% holding in Pensions Alliance Limited. The associated company is engaged in the provision of pension services in accordance with the Pension Reform Act. The financial year end of the company is 31 December.

Pension Alliance Limited

	Group		Company	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	N'000	N'000	N'000	N'000
Current assets	3,223,792	2,242,481	3,223,792	2,242,481
Non-current assets	2,306,497	2,090,418	2,306,497	2,090,418
Current liabilities	(477,443)	(476,567)	(477,443)	(476,567)
Non-current liabilities	(765,631)	(703,187)	(765,631)	(703,187)
Revenue	5,087,153	4,898,391	5,087,153	4,898,391
Profit for the year	1,492,119	1,341,343	1,492,119	1,341,343
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	1,492,119	1,341,343	1,492,119	1,341,343
Dividend received from the associate during the year	(175,445)	(916,300)	(175,445)	(916,300)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Pension Alliance Limited recognised in the consolidated financial statements

	Group		Company	
2020	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	N'000	N'000	N'000	N'000
Net assets of the associate N'000	4,287,215	3,153,146	4,287,215	3,153,146
Proportion of the Group's ownership interest				
in Pensions Alliance Limited	49%	49%	49%	49%
Carrying amount of the net assets	2,100,735	1,545,042	2,100,735	1,545,042

At the meeting of the company's board of directors dated 15 August 2019, the board approved the sale of 539 million units of shares representing 49% equity stake of African Alliance Insurance Company PLC in PAL pension. The board resolution was approved by the shareholders at the annual general meeting dated 27 October 2020 and the sale was made to CONAU Trade and Investment Company Limited for N16.6billion.

During the year, the company obtained an approval from the National Insurance Commission to dispose the company's investment in associate with the carrying amount of 2.2billion as at the time of the disposal.

The investment was disposed for the sum of 16.6billion with gains recognized in the profit or loss while a profit of N14.4billion was recognised in the statement of profit. The terms and conditions for the sale of the investment included an option for African Alliance Insurance Company PLC to buy back the investment at a later late.

	Group		Company	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	N'000	N'000	N'000	N'000
Proceeds on disposal of associate	16,600,000	-	16,600,000	-
Cost of Investment in Associate	(2,100,735)	-	(2,100,735)	-
		-		-
	14,499,265	-	**14,499,265**	-

14. Intangible Assets

	Group			Company	
2020	Software in Progress	Computer Software	Total	Computer Software	Total
		N'000	N'000	N'000	N'000
Cost	-	-	-	-	-
At 1 January 2020	29,288	124,705	153,993	109,496	109,496
Translation adjustment	740	384	1,124	-	-
Additions	-	12,992	12,992	12,992	12,992
At 31 December 2020	**30,028**	**138,081**	**168,109**	**122,488**	**122,488**
Amortisation					
At 1 January 2020		96,669	96,669	87,721	87,721
Translation adjustment		226	226	-	-
Charge for the year	-	9,048	9,048	**9,048**	**9,048**
At 31 December 2020	-	**105,943**	**105,943**	96,769	**96,769**
Net book amount					
At 31 December 2020	**30,028**	**32,138**	**62,165**	**25,719**	**25,719**

14.1 Intangible Asset

2019	Group			Company	
	Software in Progress	Computer Software	Total	Computer Software	Total
		N'000	N'000	N'000	N'000
At 1 January 2019	12,626	128,369	140,995	98,975	98,975
Translation adjustment	16,662	(14,186)	2,476	-	
Additions	-	10,522	10,522	10,522	10,522
At 31 December 2019	**29,288**	**124,705**	**153,993**	**109,496**	**109,497**
Amortisation					
At 1 January 2019	-	85,652	85,652	79,199	79,199
Translation adjustment	-	974	974	-	
Charge for the year	-	10,043	10,043	8,522	8,522
At 31 December 2019	-	**96,669**	**96,669**	**87,721**	**87,721**
Net book amount					
At 31 December 2019	**29,288**	**28,036**	**57,323**	**21,775**	**21,775**

15 Property and Equipment

Group				Furniture	Computer	Office	Plant &		
	Land	Building	Motor Vehicle	and fittings	Equipments	Equipments	Machinery	Aircraft	Total
Cost	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
At 1 January 2020	85,000	1,015,828	294,448	240,316	294,173	318,096	9,171	2,281,122	4,538,154
Translation adjustment	-	26,078	(31,002)	(4,659)	1,366	-	-	-	(8,216)
Additions	-	7,623	46,872	13,118	53,397	73,491	-	-	194,502
Disposal	-	-	(25,226)	(582)	(332)	(3,440)	-	-	(29,580)
Elimination on revaluation	-	(10,933)	-	-	-	-	-	-	(10,933)
Revaluation	8,000	124,238	-	-	-	-	-	-	132,238
At 31 December 2020	**93,000**	**1,162,835**	**285,093**	**248,193**	**348,604**	**388,148**	**9,171**	**2,281,122**	**4,816,165**
Depreciation and impairment									
At 1 January 2020	-	-	231,061	111,995	171,722	103,459	9,171	2,281,122	2,908,530
Translation adjustment	-	-	(42,083)	(5,207)	990	-	-	-	(46,300)
Charge for the year	-	10,933	41,151	18,900	42,455	34,349	-	-	147,787
Disposal	-	-	(20,018)	(582)	(332)	(3,440)	-	-	(24,372)
Elimination on revaluation	-	(10,933)	-	-	-	-	-	-	(10,933)
At 31 December 2020	-	-	**210,110**	**125,106**	**214,835**	**134,368**	**9,171**	**2,281,122**	**2,974,712**
At 31 December 2020	**93,000**	**1,162,835**	**74,982**	**123,087**	**133,770**	**253,780**	-	-	**1,841,453**

Property and Equipment

Group 2019	Land	Building	Motor Vehicle	Furniture and fittings	Computer Equipments	Office Equipments	Plant & Machinery	Aircraft	Total
Cost	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
At 1 January 2019	62,000	1,493,112	402,096	224,357	209,922	246,933	9,171	2,281,122	4,928,714
Translation adjustment		(234,330)	(13,588)	(7,261)	(1,059)	-	-	-	(256,237)
Additions	-	2,220	49,328	26,431	87,072	79,401	-	-	244,451
Disposal	-	-	(143,388)	(3,211)	(1,762)	(8,238)	-	-	(156,599)
Derecognition of property demolished	-	(294,022)	-	-	-	-	-	-	(294,022)
Recognition of fair value gain	-	(89,093)	-	-	-	-	-	-	(89,093)
Elimination on revaluation	-	(9,148)	-	-	-	-	-	-	(9,148)
Revaluation	23,000	147,088	-	-	-	-	-	-	170,088
At 31 December 2019	**85,000**	**1,015,828**	**294,448**	**240,316**	**294,173**	**318,096**	**9,171**	**2,281,122**	**4,538,154**
Depreciation and impairment									
At 1 January 2019	-	-	304,740	104,215	140,942	80,282	9,171	2,281,122	2,920,472
Translation adjustment	-	-	(7,293)	(7,514)	(1,874)	-	-	-	(16,681)
Charge for the year	-	9,148	49,956	18,505	33,694	27,184	-	-	138,487
Disposal	-	-	(116,342)	(3,211)	(1,041)	(4,007)	-	-	(124,601)
Elimination on revaluation	-	(9,148)	-	-	-	-	-	-	(9,148)
At 31 December 2019	-	-	**231,061**	**111,995**	**171,722**	**103,459**	**9,171**	**2,281,122**	**2,908,529**
Net book amount									
At 31 December 2019	**85,000**	**1,015,828**	**63,387**	**128,321**	**122,452**	**214,637**	-	-	**1,629,625**

1. There were no capital commitment contracted or authorized at reporting date (2019: Nil)
2. There were no capitalized borrowing cost related to the acquisition of property, plant and equipment during the year (2019: Nil).
3. None of the assets are pledged during the year (2019: Nil).
4. Management reports its property, plant and equipment at fair value as permitted by IFRS 16

15.1 Property and Equipment

Company	Land	Building	Motor Vehicle	Furniture and fittings	Computer Equipments	Office Equipments	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
At 1 January 2020	85,000	-	223,720	189,778	244,898	318,096	1,061,492
Additions	-	-	46,872	10,177	43,755	73,491	174,295
Revaluation surplus	8,000	-	-	-	-	-	-
Disposal	-	-	(20,018)	(582)	(332)	(3,440)	(24,372)
At 31 December 2020	**93,000**	-	**250,574**	**199,373**	**288,321**	**388,147**	**1,219,415**
Depreciation							
At 1 January 2020	-	-	188,765	82,873	135,362	103,459	**510,459**
Charge for the year	-	-	24,104	16,433	36,775	34,348	111,660
Disposal	-	-	(20,018)	(582)	(332)	(3,440)	(24,372)
At 31 December 2020	-	-	**192,851**	**98,724**	**171,805**	**134,367**	**597,747**
Net book amount							
At 31 December 2020	**93,000**	-	**57,723**	**100,649**	**116,516**	**253,780**	**621,668**

Property and eEuipment

Cost	Land	Building	Motor Vehicle	Furniture and fittings	Computer Equipments	Office Equipments	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
At 1 January 2019	62,000	383,115	253,715	169,377	165,886	246,933	1,281,026
Additions	-	-	-	23,612	80,774	79,401	183,787
Disposal	-	-	(29,995)	(3,211)	(1,762)	(8,238)	(43,206)
Derecognition of cost	-	(89,093)	-	-	-	-	(89,093)
Derecognition on revaluation surplus	23,000	(294,022)	-	-	-	-	(271,022)
At 31 December 2019	**85,000**	-	**223,720**	**189,778**	**244,898**	**318,096**	**1,061,492**
Depreciation							
At 1 January 2019	-	-	194,724	69,959	107,014	80,282	451,979
Charge for the year	-	-	24,036	16,125	29,389	27,184	96,734
Disposal	-	-	(29,995)	(3,211)	(1,041)	(4,007)	(38,254)
At 31 December 2019	-	-	**188,765**	**82,873**	**135,362**	**103,459**	**510,459**
Net book amount							
At 31 December 2019	**85,000**	-	**34,955**	**106,905**	**109,536**	**214,637**	**551,033**

1. There were no capital commitment contracted or authorized at reporting date (2019: Nil)
2. There were no capitalized borrowing cost related to the acquisition of property, plant and equipment during the year (2019: Nil).
3. None of the assets are pledged during the year (2019: Nil).
4. Management reports its property,plant and equipment at fair value as permitted by IFRS 16

16 Right of Use Assets

	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	N'000	N'000	N'000	N'000
At 1 January	220,019	109,395	220,019	109,395
Additions	33,138	145,065	33,138	145,065
Amortizations	(113,646)	(34,441)	(113,646)	(34,441)
	139,511	**220,019**	**139,511**	**220,019**

ROU Assets	Location	Period	1-Jan	Additions	Charge for the current year	Prepaid amount
ONITSHA OFFICE	ONITSHA 2	1/11/2019-31/10/2021	4,125,000.00	-	2,250,000.00	1,875,000.00
BREADFRUIT OFFICE	13/17 BREADFRUIT STREET LAGOS	1/01/2016-30/4/2021	569,457.78	-	427,093.33	142,364.44
BREADFRUIT OFFICE	13/17 BREADFRUIT STREET LAGOS	13/01/2016-12/7/2023	1,873,340.85	-	535,240.24	1,338,100.61
BREADFRUIT OFFICE	13/17 BREADFRUIT STREET LAGOS	1/01/2017-31/12/2021	640,000.00	-	320,000.00	320,000.00
ILUPEJU CAR PARK	ASSOCIATION AVENUE ILUPEJU, LAGOS	1/05/18-30/04/2021	3,777,777.78	-	2,833,333.33	944,444.44
HEAD OFFICE IKOYI	54 AWOLOWO ROAD IKOYI	1/02/18-31/01/2023	74,325,600.00	-	24,105,600.00	50,220,000.00
ILUPEJU AGENCY OFFICE	13 TOWN PLANNING WAY ILUPEJU, LAGOS	1/12/19-30/11/2021	134,707,645.83	-	70,282,250.00	64,425,395.83
ABUJA OFFICE	79 ADETOKUNBO ADEMOLA CRESCENT ABUJA	1/12/2019-30/11/2021		16,958,000.00	8,847,652.17	8,110,347.83
ABUJA OFFICE	79 ADETOKUNBO ADEMOLA CRESCENT ABUJA	1/07/2020-30/06/2022		16,180,000.00	4,045,000.00	12,135,000.00
			220,018,822.24	**33,138,000.00**	**113,646,169.08**	**139,510,653.16**

17 Statutory Deposit

This represents 10% of the regulatory minimum share capital deposited with the Central Bank of Nigeria as at 31 December 2020 in accordance with the requirement of section a(I) and section 10(3) of Insurance Act. Interest Income earned on this deposit is included in investment income

	Group		Company	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	N'000	N'000	N'000	N'000
Statutory deposit	364,998	353,534	200,000	200,000
Non-current	364,998	353,534	200,000	200,000

18 Insurance contract liabilities

GROSS	Group		Company	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	N'000	N'000	N'000	N'000
Outstanding claims (see note i)	343,872	196,753	343,872	196,753
Unearned premiums (see note ii)	550,960	437,836	550,960	437,836
Short term insurance contract - Claims incurred but not reported (IBNR) (see note iii)	1,084,818	1,349,998	1,084,818	1,349,998
Liability on annuity fund (see note iv)	41,286,681	32,366,398	41,286,681	32,366,398
Liability on long term insurance contract - Life fund	9,919,101	7,170,117	7,932,322	5,322,327
Total Insurance liabilities (Gross)	**53,185,432**	**41,521,103**	**51,198,654**	**39,673,313**
Current	11,664,330	6,410,471	11,525,340	6,524,108
Non-current	41,521,103	35,110,631	39,673,313	33,149,205
	53,185,432	**41,521,103**	**51,198,654**	**39,673,313**
Recoverable from reinsurers				
Claims reported and loss adjustment expenses			-	-
Unearned premiums	19,272	65,252	19,272	65,252
IBNR on Short term insurance contract	286,409	245,802	286,409	245,802
Total reinsurers' share of insurance liabilities	305,680	311,054	305,680	311,054
NET				
Claims reported and loss adjustment expenses	343,872	196,753	343,872	196,753
Unearned premiums	531,688	437,836	531,688	372,584
Claims incurred but not reported on Short term insurance contract	798,410	1,349,998	798,410	1,104,196
Liability on annuity fund	41,286,681	32,366,398	41,286,681	32,366,398
Liability on long term insurance contract (Life fund)	9,919,101	7,170,117	7,932,322	5,322,327
Total Insurance liabilities (Net)	**52,879,752**	**41,521,103**	**50,892,973**	**39,362,259**

(I) The Movement in Outstanding Claims during the year was as follows:

	Group		Company	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	N'000	N'000	N'000	N'000
At 1 January	196,753	65,967	196,753	65,967
Additions claims incurred during the year (see note 34)	7,378,294	9,105,495	7,378,294	9,105,495
Claims paid during the year	(7,231,175)	(8,974,709)	(7,231,175)	(8,974,709)
31 December	**343,872**	**196,753**	**343,872**	**196,753**
Age of outstanding claims				
0 - 90 days	-	-	-	-
91- 180 days	-	-	-	-
181-270 days	-	-	-	-
271 -365 days	343,872	196,753	343,872	196,753
366 days and above	-	-	-	-
	343,872	**196,753**	**343,872**	**196,753**

	Group		Company	
(ii) The movement in unearned premium during	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
the year was as follows:	N'000	N'000	N'000	N'000
At 1 January	437,838	180,886	437,838	180,886
Change during the year	113,122	256,951	113,122	256,951
31 December	**550,960**	**437,836**	**550,960**	**437,837**

	Group		Company	
(iii) The movement in IBNR claims on Short term	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
insurance during the year was as follows:	N'000	N'000	N'000	N'000
At 1 January	1,349,998	1,090,763	1,349,998	1,090,763
Change during the year	(265,180)	259,236	(265,180)	259,236
31 December	**1,084,818**	**1,349,999**	**1,084,818**	**1,349,998**

	Group		Company	
(iv) The movement in annuity fund during	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
the year was as follows:	N'000	N'000	N'000	N'000
At 1 January	32,366,398	28,113,829	32,366,398	28,113,829
Change during the year	8,920,283	4,252,569	8,920,283	4,252,569
31 December	**41,286,681**	**32,366,398**	**41,286,681**	**32,366,398**

The Company had 7,258 PRA regulated annuity policies with a total reserve of N41,286,681 (2019: 7,311: N32,366,397,844) with annual annuity payments of N4,259,845,839 (2019: N4,294,304,000). Each annuity policy was valued using a monthly discounted cashflow method with the reserves set to equal the present value of future annuity payments and attending expenses. We have recognised the annuity guaranteed minimum payment period in our calculations.

Valuation interest rate used is based on current market risk-free yields with adjustments. This is in line with the requirements of IFRS 4 (Paragraph 24). The use of a risk-free rate implies that future investment margins (in excess of the risk-free return) will not be capitalised upon, which satisfies paragraph 27 of IFRS 4.

Illustrated below is the movement of the annuity portfolio for the group and company for the year 2020 and 2019

	31 December 20		31 December 19	
	Number of annuity policies	Annual Annuity premium	Number of annuity policies	Annual Annuity premium
	N'000	N'000	N'000	N'000
At 1 January	7,317	4,326,472	7,347	4,310,370
Additions	13	16,098	-	-
Deaths	(72)	(43,365)	(109)	(56,283)
Maturity	-	-	-	-
Forfeiture or lapse	-	-	-	-
Adjustment on opening annual annuity	-	(39,359)	73	40,218
At 31 December	**7,258**	**4,259,846**	**7,311**	**4,294,304**

Mortality Assumptions

The following sample average expectation of life were assumed.

	31 December 20		31 December 19	
	Expectation of life (in years)		Expectation of life (in years)	
Age	Male	Female	Male	Female
50	30	35	30	35
60	21	26	21	26
70	15	18	15	18
80	9	11	9	11

(v) The movement in life fund contract (excluding annuity) during the year was as follows:	Group		Company	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	N'000	N'000	N'000	N'000
At 1 January	7,170,117	5,659,187	5,322,327	3,697,761
Exchange difference from translation	46,044	(297,117)	-	-
Change during the year	2,702,940	1,808,047	2,609,995	1,624,566
31 December	**9,919,101**	**7,170,117**	**7,932,322**	**5,322,327**

(vi) Insurance contract liabilities at the end of the year were as follows:	Group		Company	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	N'000	N'000	N'000	N'000
Outstanding claims	343,872	196,753	343,872	196,753
Unearned premiums	550,960	437,834	550,960	437,835
Short term insurance contract- IBNR	1,084,818	1,349,998	1,084,818	1,349,998
Liability on Annuity contract	41,286,681	32,366,398	41,286,681	32,366,398
Liability on long term insurance contract - Life fund	9,919,101	7,170,117	7,932,322	5,322,327
	53,185,432	**41,521,101**	**51,198,655**	**39,673,312**

Estimates of incurred but not reported (IBNR) claims liability for short term insurance contract, calculation of unearned premium, estimates on liability on annuity fund and long term insurance contract for life business was developed by the management of the company with the use of a professional actuary (Ernst & Young), certified firm of actuaries. The valuation report was authorised by Mr. Okpaise Olurotimi with FRC Registration Number : FRC/2012/NAS/00000000738

19 Investment Contract Liabilities

The investment contract liabilities comprise interest-linked guaranteed investment funds. The movement in the investment contract liabilities is shown below

	Group		Company	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	N'000	N'000	N'000	N'000
At 1 January	5,651,964	5,841,756	5,651,964	5,841,756
Deposits received during the year	22,354	1,883,664	22,354	1,883,664
Withdrawals during the year	(592,783)	(2,173,984)	(592,783)	(2,173,984)
Guaranteed interest in the year	61,989	100,528	61,989	100,528
31 December	**5,143,523**	**5,651,964**	**5,143,524**	**5,651,964**
Non-current	**5,143,523**	**5,651,964**	**5,143,524**	**5,651,964**

Investment contract liabilities consist of group deposit adminstered funds and account balance of policy holders under investment linked insurance funds. Movement in the relevant funds are detailed below

19.1 Liabilities on Administered Deposits

	Group		Company	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	N'000	N'000	N'000	N'000
At 1 January	2,147,061	2,892,756	2,147,061	2,892,756
Deposits received during the year	753	628	753	628
Withdrawals during the year	(52,431)	(807,552)	(52,431)	(807,552)
Guaranteed interest in the year	45,937	61,229	45,937	61,229
31 December	**2,141,319**	**2,147,061**	**2,141,319**	**2,147,061**

19.2 Investment Linked Fund

	Group		Company	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	N'000	N'000	N'000	N'000
At 1 January	3,504,905	2,949,002	3,504,905	2,949,002
Deposits received during the year	21,601	1,883,035	21,601	1,883,036
Withdrawals during the year	(540,352)	(1,366,432)	(540,352)	(1,366,432)
Guaranteed interest in the year	16,052	39,299	16,052	39,299
31 December	**3,002,206**	**3,504,904**	**3,002,206**	**3,504,905**

20 Trade Payable

	Group		Company	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	N'000	N'000	N'000	N'000
Unallocated premium deposits (Note 20i)	487,796	618,797	487,796	618,797
Due to Reinsurance	151,178	120,430	151,178	120,435
Trade creditors	238,586	288,243	336	336
	877,560	1,027,469	639,310	739,568
Current	**877,560**	**1,027,469**	**639,310**	**739,568**

20i. Unallocated Premium Deposits

	Group		Company	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	N'000	N'000	N'000	N'000
At 1 January	618,797	-	618,797	-
Movement during the year	(131,001)	-	(131,001)	-
At 31 December	**487,796**	-	**487,796**	-

20ii. The amount represent premium deposits for which policy holders are yet to be identified due to inadequate information. The Company has already set up a committee to review it and make recommendations to management. Please see below the age analysis of the payables

A sum of N131,001,000 was adjusted on gross written premium during the year subsequent to matching the premium to specific policy holders.

	Group		Company	
S/N Age of Premium Deposit	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	N'000	N'000	N'000	N'000
10 - 90 days	-	-	-	-
291- 180 days	-	-	-	-
3181-270 days	-	-	-	-
4271 -365 days	487,796	618,797	487,796	618,797
5366 days and above	-	-	-	-
	487,796	**618,797**	**487,796**	**618,797**

21. Other payables and accruals	Group		Company	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	N'000	N'000	N'000	N'000
Agent savings	157,687	153,062	157,687	145,075
PAYE and other witholding taxes payable	147,210	91,040	108,152	89,763
Provisions and accruals	73,305	68,937	22,500	33,500
Rent receivable	18,926	4,531	18,926	4,531
Other creditors	228,158	95,753	190,572	60,975
National fiscal stabilization levy	15,523	-	-	-
Refund Liability	10,638	-	-	-
Consent Judgement on Project SBBL (note 21.1)	43,000			
Current (Payable within the period)	**694,447**	**413,323**	**540,838**	**333,844**

21.1 Other Creditors

Balance represents judgement sum with respect to suit filed at Lagos State High Court in 2016 against Frenchies Limited and African Alliance Insurance PLC for the tenancy agreement between the parties. The judgement was delivered 18 March 2021 and both parties ahve signed terms of settlement on 19 March 2021

22 Retirement Benefit Asset

22i Retirement Benefit Liabilities

	Group		Company	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	N'000	N'000	N'000	N'000
Staff pension scheme	49,732	37,832	49,732	37,832
Staff defined benefit plan (note 22ii)	-	76,531	-	76,531
	49,732	114,363	49,732	114,363

22 ii Staff Defined Benefit Plan

The Company has a gratuity scheme for employees who have spent 5 years and above in its employment. The staff gratuity benefit plan was terminated by the management of African Alliance Insurance PLC at the end of the financial year ended 31st December 2020. This led to a past service credit of N68.37million due to curtailment as reported herein and the planned asset was utilised in the settlement of the defined benefit liabilities.

The amounts recognised in the statement of financial position are as follows:

	Company	
	31-Dec-20	31-Dec-19
	N'000	N'000
Defined benefit obligation	-	430,490
Fair value of plan assets	-	(353,959)
Net (asset)/liability	-	**76,531**
Reconciliation of Obligation		
At 1 January	430,492	385,169
Current service cost	40,027	31,202
Interest cost	57,812	59,336
Curtailment losses	7,936	26,080
Benefit paid from the funds	(459,958)	-
Benefits paid	(76,309)	(71,295)
At 31 December	-	**430,492**
Reconciliation of Plan Assets		
At 1 January	353,959	373,358
Contributions from the employer	17,902	21,347
Contributions from plan participants	11,945	14,291
Interest income on Planned Assets	47,480	57,505
Re-measurement (gains)/losses	28,670	(46,066)
Benefits paid from the fund	(459,956)	(66,476)
At 31 December	-	**353,959**
Income Statement		
Current service cost	40,027	40,027
Past Servce Credit due to Curtailment	7,936	-
Interest cost	57,812	57,812
Interest income on planned Assets	(47,480)	(47,480)
	58,295	**50,359**
Amount recognised in other comprehensive income are as follows:		
Re-measurement (gains)/losses arising on planned asset	-	26,080
Re-measurement (gains)/losses arising on defined benefit obligations	(28,670)	46,066
Remeasurement of the net defined benefit liability (asset)	(28,670)	72,146
The assets of the African Alliance Insurance Gratuity Scheme were invested as follows:		
Fixed Deposit	57%	57%
Treasury Bills	43%	43%
	100%	**100%**

Valuation Methodlogy

Accrued Liability

IAS19R requires that entities should have provided for their post-employment liabilities by the time that the employee and/or their dependants become entitled to receive the post-employment benefits, which is usually the date of withdrawal, retirement or death-in- service.

Under the Projected Unit Credit method, the liability accrues uniformly whilst the member is in service. In this way, the liability may be divided into two parts for each current in-service member:

- the accrued (past service) liability, based on service to date relative to total potential service, and
- the future service liability, which relates to service not yet completed.

Net Annual Cost

The accrued liability in excess of any plan assets is expected to change each year, as a result of:

- The liability accrual in respect of an additional year of service for in-service members (resulting in the current service cost);
- The unwinding of the discount rate as the discounting period reduces (resulting in the interest cost);
- The interest income on any plan assets (offsetting the interest cost); and
- The employer benefit payments during the year that serve to reduce the liability (since the liability is a provision for future benefit payments).

As the current service cost is calculated at the beginning of the year, one should allow for one year's interest using the discount rate at the start of the year.

The interest cost on the liabilities and interest income on plan assets are based on the discount rate at the start of the year and are calculated allowing for expected benefit payments during the year.

A gain or loss arises in a particular year as a result of a change in actuarial assumptions and/or a difference between expected experience and actual experience.

Ignoring any gains or losses, the employer's net annual cost is the current service cost plus the interest cost on the liabilities minus the interest income on any plan assets. From the equation above, one can see that this corresponds to the change in the accrued liability in excess of plan assets plus the employer benefit payments.

Assumptions Used:

IAS19 requires that assumptions be based on market data as at the valuation date. The economic assumptions used in this valuation are therefore based on market information as at 31 December 2019.

	Group	Company
	31-Dec-20	31-Dec-19
	N'000	N'000
Rate of return on assets	14%	11%
Rate of increase in remuneration	13%	13%
Discount Rate	11.0%	13.5%

Major Classes of Plan Assets

Defined contribution scheme

The company and its employees make a joint contribution of 10% and 8% respectively of the basic salary, housing and transport allowance to each employee's retirement savings account maintained with their nominated pension fund administrators

Gratuity Scheme

The Company has a gratuity scheme for employees who have spent 5 years and above in its employment. The staff gratuity benefit plan was terminated by the management of African Alliance Insurance PLC at the end of the financial year ended 31st December 2020. The planned asset was utilised in the settlement of the defined benefit liabilities.

	Group		Company	
23 Borrowings (Overdraft)	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	N'000	N'000	N'000	N'000
Overdraft Facility (note I & ii)	364,553	949,494	252,759	940,159
Term loan	88,246	511,088	-	-
	452,799	**1,460,582**	**252,759**	**940,159**

(i) Overdraft facility represents a cash backed overdraft facility of N250 Million granted by Sterling Bank PLC to augment working capital requirements. The facility has a tenor of 12 months with a nominal interest rate of 18%.

(ii) The company has an overdraft facility of GH¢700,000 with Zenith bank to finance early redemption of maturing obligations and other operating expenses. Interest rate is at 21% per annum. The facility will expired on 26 December 2021. The overdraft is secured with lien over an amount of GH¢800,000 deposit account with Zenith Bank.

(iii) Movement in overdraft facility and term loan	Group		Company	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	N'000	N'000	N'000	N'000
At 1 January	1,460,582	507,076	940,159	482,146
Additions	-	995,088	-	500,000
Transaction cost	-	(4,000)	-	(4,000)
Interest expense	-	90,698	-	90,698
Repayment	(1,007,783)	(128,280)	(687,400)	(128,687)
At 31 December	**452,799**	**1,460,582**	**252,759**	**940,159**

24 Tax payable	Group		Company	
Company income tax payable	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	N'000	N'000	N'000	N'000
At 1 January	786,761	826,742	753,905	774,244
Charge to profit and loss	46,219	18,737	46,218	18,712
Foreign exchange difference arising from translation	-	(19,667)	-	-
Tax paid in the year	(200,000)	(39,051)	(200,000)	(39,051)
	632,980	**786,761**	**600,123**	**753,905**
Current	**632,980**	**786,761**	**600,123**	**753,905**

25 Deferred Tax Liability

25 a	Group		Company	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	N'000	N'000	N'000	N'000
At 1 January	377,272	428,182	92,107	92,107
Tax charge recognised in other comprehensive income	-	-	-	-
Foreign exchange difference arising from translation	7,210	(50,910)	-	-
Income statement charge	-	-	-	-
At 31 December	**384,482**	**377,272**	**92,107**	**92,107**
Non- current	**384,482**	**377,272**	**92,107**	**92,107**

25b Deferred Tax Asset

The movement on the deferred tax asset account is as follows:	Group		Company	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	N'000	N'000	N'000	N'000
At 1 January	147,935	148,195	146,476	146,476
Foreign exchange difference arising from translation	37	(260)	-	-
At 31 December	**147,972**	**147,935**	**146,476**	**146,476**
Non- current	**147,972**	**147,935**	**146,476**	**146,476**

26 Share capital

Ordinary Shares

	Group		Company	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	N'000	N'000	N'000	N'000
26a Authorised share capital ('000)	30,000,000	30,000,000	30,000,000	30,000,000
26b Paid up share capital of 20.585 billion	10,292,500	10,292,500	10,292,500	10,292,500
ordinary shares of 50 kobo each	10,292,500	10,292,500	10,292,500	10,292,500
At 31 December				
Number of shares				
Shares at the beginning of the year('000)	20,585,000	20,585,000	20,585,000	20,585,000
At 31 December	**20,585,000**	**20,585,000**	**20,585,000**	**20,585,000**
26c Share premium				
At 31 December	**14,365,133**	**14,365,133**	**14,365,133**	**14,365,133**
27 Contingency reserves				
At 1 January	1,061,976	975,947	964,214	891,345
Transfer from retained earnings	622,663	86,029	606,772	72,869
At 31 December	**1,684,639**	**1,061,976**	**1,570,986**	**964,214**

In accordance with the insurance act, a contingency reserve is credited with the greater of 1% of total premiums or 10% of net profit. This shall accumulate until it reaches the amount of greater of minimum paid-up capital or 50 percent of net premium

28 Retained Earnings

The retained earning represents the amount available for dividend distribution to the equity shareholders of the company. See statement of changes in equity for the movement in retained earnings.

	Group		Company	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	N'000	N'000	N'000	N'000
At 1 January	(37,346,003)	(30,218,534)	(36,299,095)	(28,940,681)
Transfer to contingency reserves	(622,817)	(86,204)	(606,772)	(72,869)
Profit/Loss for the year	5,674,166	(7,041,266)	6,067,716	(7,285,544)
At 31 December	**(32,294,654)**	**(37,346,003)**	**(30,838,150)**	**(36,299,095)**

29. Fair Value Reserves

	Group		Company	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	N'000	N'000	N'000	N'000
At 1 January	965,911	1,165,442	84,939	425,693
Revaluation reserve derecognised on demolition of buidling	-	(294,023)	-	(294,023)
Gain on revaluation on land	130,610	168,162	8,000	23,000
Change in value of FVOCI financial assets (net of taxes)	799	(1,524)	799	2,415
Remeasurement of the net defined benefit liability (asset	20,734	(72,146)	20,734	(72,146)
At 31 December	**1,118,054**	**965,911**	**114,472**	**84,939**

30 Gross Premium Income

	Group		Company	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	N'000	N'000	N'000	N'000
Individual life	3,703,322	4,108,365	2,644,997	2,650,880
Group life	2,655,081	2,069,051	2,583,709	2,069,051
Annuity	32,598	40,659	32,598	40,659
Takaful	630,537	430,788	630,537	430,788
Esusu	71,790	2,095,528	71,790	2,095,528
Group Credit	28,438	-	-	-
Gross premium written	**7,121,766**	**8,744,391**	**5,963,632**	**7,286,907**
Unearned premium				
Group life	(113,124)	(256,951)	(113,124)	(256,951)
	7,008,642	**8,487,440**	**5,850,508**	**7,029,956**

31 Insurance Premium Ceded to Reinsurers

	Group		Company	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	N'000	N'000	N'000	N'000
Gross reinsurance expense	(402,953)	(509,296)	(400,951)	(495,453)
Changes in prepaid reinsurance	(45,980)	44,104	(45,980)	44,104
	(448,933)	(465,192)	(446,931)	(451,349)

32 Fees and Commission Income

	Group		Company	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	N'000	N'000	N'000	N'000
Group Life	88,614	121,877	88,614	121,877
Individual Life	5,230	2,100	5,230	2,100
	93,844	**123,977**	**93,844**	**123,977**

Fee income represents commission received in direct business and transactions ceded to reinsurance companies during the year under review

33 Insurance Claims and Loss Adjustment Expenses

A. Group

	31 December 20		
	Gross	Reinsurance	Net
	N'000	N'000	N'000
Claims paid during the year	8,277,210	(209,392)	8,067,819
Changes in Outstanding Claims	147,119	-	147,119
Claims incurred during the year	8,424,329	(209,392)	8,214,937
Changes in Incurred But Not Reported claims	(265,180)	(40,607)	(305,787)
	8,159,149	**(249,998)**	**7,909,150**

	31 December 19		
	Gross	Reinsurance	Net
	N'000	N'000	N'000
Claims paid during the year	10,027,635	(55,562)	9,972,073
Changes in Outstanding Claims	130,786	-	130,786
Claims incurred during the year	10,158,421	(55,562)	10,102,859
Changes in Incurred But Not Reported claims	259,236	(122,898)	136,338
	10,417,657	**(178,460)**	**10,239,197**

Insurance Claims and Loss Adjustment Expenses

b. Company	31 December 20		
	Gross	Reinsurance	Net
	N'000	N'000	N'000
Claims paid during the year	7,231,175	(209,392)	7,021,784
Changes in Outstanding claims	147,119	-	147,119
Changes in Incurred But Not Reported claims	(265,180)	(40,607)	(305,787)
	7,113,114	(249,998)	6,863,115

Insurance Claims and Loss Adjustment Expenses

Company	31 December 19		
	Gross	Reinsurance	Net
	N'000	N'000	N'000
Claims paid during the year	8,974,709	(55,562)	8,919,146
Change in outstanding claims	130,786	-	130,786
Claims incurred during the year	9,105,495	(55,562)	9,049,933
IBNR on Short term insurance contract	259,236	(122,898)	136,338
	9,364,731	**(178,460)**	**9,186,271**

	Group		Company	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	N'000	N'000	N'000	N'000
Gross claims paid during the year (a)	8,277,210	10,027,635	7,231,175	8,974,709
Changes in Outstanding claims	147,119	130,786	147,119	130,786
Changes in Incurred But Not Reported claims	(265,180)	259,236	(265,180)	259,236
Gross claims incurred during the year	8,159,149	10,417,657	7,113,114	**9,364,731**
Claims recovered (b)	(209,392)	(55,562)	(209,392)	(55,562)
Recoverable from reinurance	(40,607)	(122,898)	(40,607)	(122,898)
Net Claims expenses	7,909,150	10,239,197	6,863,115	**9,186,271**
Claims paid	8,277,210	10,027,635	7,231,175	8,974,709
Claims Recovered	249,998	178,460	249,998	**178,460**
Reinsurance Recoveries				
Claims recovered (b)	209,392	55,562	209,392	55,562
Recoverable from reinurance	40,607	122,898	40,607	122,898
	249,998	178,460	249,998	**178,460**

34 Underwriting Expenses

	Group		Company	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	N'000	N'000	N'000	N'000
Acquisition cost	661,199	514,871	661,199	514,871
Maintenance cost	822,611	842,252	662,515	663,276
	1,483,811	**1,357,123**	**1,323,715**	**1,178,148**

35 Changes in Long Term Insurance Contracts

	Group		Company	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	N'000	N'000	N'000	N'000
Changes in annuity fund	8,920,283	4,252,569	8,920,283	4,252,569
Changes in individual life fund excluding annuity	2,702,940	1,823,157	2,609,995	1,624,566
	11,623,223	**6,075,726**	**11,530,278**	**5,877,135**

36 Other Income

	Group		Company	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	N'000	N'000	N'000	N'000
Rental income	9,382	50,077	9,382	50,077
Gain on disposal of PPE	3,432	2,428	1,837	2,428
Writeback on Mortgage loans	-	2,515	-	2,515
Gain on disposal of investment in FGN Bonds	740,392	43	740,392	43
Exchange gain	17,238	118	16,811	-
Policy service gains	17	-	-	-
Sundry income	3,195	-	3,195	-
Sundry income on policy	12,878	15,371	12,878	14,860
	786,534	**70,552**	**784,495**	**69,923**
36a Gain on disposal of investment in associate company	**14,499,265**		**14,499,265**	

During the year, the company disposed its 49% interest in PAL Pension Limited. The decision was approved by the board of directors through letter dated 15 August 2019 and ratified by the shareholders at the annual general meeting dated 27 October 2020.The sale was made to CONAU Trade and Investment Company Limited for N16.6billion. Analyis of the profit on disposal is as below

Net assets of the associate (N'000)	4,287,215
Proportion of the Group's ownership interest in Pensions Alliance Limited	49%
Carrying amount of the net assets	2,100,735
Proceeds on dispoal of Associate (N'000)	16,600,000
Cost of Investment in Associate(N'000)	(2,100,735)
Profit on disposal (N'000)	**14,499,265**

37 Fair Value Gain on Financial Asset

	Group		Company	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	N'000	N'000	N'000	N'000
Bonds	4,916,991	2,038,152	4,916,991	2,038,152
Quoted equities	23,710	(19,294)	23,710	(19,294)
	4,940,700	**2,018,858**	**4,940,700**	**2,018,858**

38 Investment Income

	Group		Company	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	N'000	N'000	N'000	N'000
Interest income on cash and bank balances	83,967	274,470	83,959	209,642
Interest income on bonds	2,267,418	2,612,038	2,232,376	2,612,038
Investment income on planned assets	47,480	57,505	47,480	57,505
Dividend Income	8,256	21,407	8,256	21,407
Interest income on statutory deposit	26,094	27,873	26,094	27,873
Interest income on staff and mortgage loans	23,752	33,124	13,454	17,415
	2,456,968	**3,026,417**	**2,411,620**	**2,945,880**

39 Loss from investment contract:

	Group		Company	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	N'000	N'000	N'000	N'000
Investment income from investment contract liabilities	341	585	341	585
Guaranteed interest	(61,989)	(100,528)	(61,989)	(100,528)
	(61,648)	(99,943)	(61,648)	**(99,943)**

40 ECL Impairment on assets

	Group		Company	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	N'000	N'000	N'000	N'000
Provision on due from related party no longer required (note 10.1c)	-	(2,926)	-	(2,926)
Mortage and policy loans (note 10.1c)	(45,071)	11,723	(45,146)	11,227
Investment securities (note 7.4ii)	2,021	(37,776)	2,021	(37,776)
Other receivables (note 10.1c)	29,708	(475,375)	29,708	(35,694)
Cash and cash equivalents (note 6.1)	(13,138)	(6,432)	(12,881)	(1,501)
Short term loan (note 10.1c)	-	52,648	-	52,648
	(26,479)	(458,138)	(26,297)	**(14,022)**

40a. ECL Allowance on cash and cash equivalents and Financial Assets -Group

	At 1 January N'000	Movement during the year N'000	At 31 December N'000
Cash & Cash Equivalents	13,602	(13,138)	464
Amortized Cost-bonds	-	2,021	2,021
Agency Loans	2,298	6,629	8,927
Mortgage loans	39,161	(35,146)	4,015
Policy Loans	123,127	(9,925)	113,202
Staff Account Receivable	4,603	6,350	10,953
Short term Loan	52,648	-	52,648
Other debit balances	-	16,729	16,729
	235,439	**(26,479)**	**208,960**

40a. ECL Allowance on cash and cash equivalents and Financial Assets-Company

	At 1 January N'000	Movement during the year N'000	At 31 December N'000
Cash & Cash Equivalents	12,937	(12,881)	56
Amortized Cost-bonds	-	2,021	2,021
Agency Loans	2,298	6,629	8,927
Mortgage loans	39,161	(35,174)	3,987
Policy Loans	123,127	(9,972)	113,155
Staff Account Receivable	4,603	6,350	10,953
Short term Loan	52,648	-	52,648
Other debit balances	-	16,729	16,729
	234,774	**(26,297)**	**208,477**

41 Employee benefit expenses

The number of persons employed excluding directors in the Group and in the Company during the year and at the end of the year ended 31 December, 2020 were 168 and 96 respectively (2019: 159 and 101). The staff cost for the above persons was:

	Group		Company	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	N'000	N'000	N'000	N'000
Wages and salaries	787,214	915,113	595,393	678,963
Other Staff Cost	167,051	178,922	128,423	178,922
Defined contribution pension costs	57,589	36,390	35,741	36,390
Defined benefit pension cost	97,839	48,506	97,839	48,506
	1,109,693	**1,178,931**	**857,396**	**942,781**

42 Finance Cost

	Group		Company	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	N'000	N'000	N'000	N'000
Interest expense on borrowings	107,633	90,699	107,633	90,699

43 Other Operating and Administrative Expenses

	Group		Company	
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
	N'000	N'000	N'000	N'000
Directors' emoluments	191,107	87,100	187,000	62,546
Bank Charges	41,920	90,960	16,786	59,469
Professional fee	3,856	-	-	-
Motor vehicle running cost	20,156	-	-	-
Auditors' remuneration (note 43a)	22,500	22,500	22,500	22,500
Depreciation	147,647	109,590	111,660	96,734
Amortization on Right of use assets	113,646	34,441	113,646	34,441
Amortisation on intangible	9,048	8,522	9,048	8,523
Consultancy expenses	191,258	395,267	191,258	388,272
Security	33,854	29,355	27,332	13,587
Rent and rates	51,398	179,601	30,963	117,140
General maintenance and running costs	134,771	195,944	112,524	144,720
Advert and Publicity	310,275	452,981	307,914	448,517
Telecommunications	22,732	31,365	14,053	17,519
Dues and Subscription	14,756	9,005	14,423	7,277
Travels and accomodation	252,247	323,264	240,957	293,057
Insurance supervision fees	147,098	64,005	147,098	64,005
Insurance expenses	27,694	29,224	24,983	25,718
Printing and stationeries	11,968	67,619	7,069	58,906
Industrial training fund	13,569	6,578	13,569	6,578
Entertainment	12,950	34,808	12,502	30,817
Regulatory levies	42,249	40,085	42,249	36,488
Amortisation of leasehold premises	51,450	41,524	51,450	41,524
Office ICT expenses	152,547	126,107	152,547	126,046
Donation	400	150	400	150
Office cleaning expenses	41,236	26,567	41,236	26,567
Medical expenses	16,008	7,008	1,806	1,975
Contribution to NIC, WAII, WAICA & GIA	10,517	-	-	-
Electricity and water	7,535	-	-	-
Foreign exchange loss	126	-	-	-
Legal fees	12	-	-	-

	Group		Company	
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
	N'000	N'000	N'000	N'000
Other regulatory fees and fines	9,195	9,195	8,743	9,195
Demolition of property	89,093	89,093	-	89,093
Cost of demolition	30,726	30,726	-	30,726
Stamp duties	8,614	8,614	4,087	8,613
Newspapers and periodicals	1,542	1,542	225	1,542
Business registration cost	-	-	-	-
Other Adminstrative Expenses	53,847	53,847	37,922	48,568
Information Technology levy	-	-	60,962	-
Nigeria Police Force levy	-	-	264	-
Consent Judgement on Project SBBL	-	-	43,000	-
	2,606,587	**2,606,587**	**2,050,178**	**2,320,813**

43 a Auditor's Remuneration

The audit remuneration represents audit fee for the statutory audit ended 31 December 2020. The external auditor did not provide any non-audit service to the company during the year

43b Contraventions

Nature of Penalties	Group	Company
	31-Dec-20	31-Dec-19
	N'000	N'000
Outstanding penalty for late submission to NAICOM	500	-
Penalty for late submission to Securities and Exchange Commission	3,400	1,825
	3,900	**1,825**

	Group		Company	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	N'000	N'000	N'000	N'000
44 Current tax on profits for the year (note 24)	46,219	18,737	46,218	18,712

45 Translation Reserve

	Group	Company
	31-Dec-20	31-Dec-19
	N'000	N'000
The movement in translation reserve during the year is shown below:	-	-
At 1 January	(686,898)	237,295
Exchange difference arising on translating the foreign operations	404,036	(924,193)
At 31 December	**(282,862)**	**(686,898)**

46 Non-Controlling Interest

Nature of Penalties	Group	Company
	31-Dec-20	31-Dec-19
	N'000	N'000
At 1 January	1,407	8,353
Share of profit/loss for the year	(5,229)	3,241
Changes in fair value of FVOCI Investments	-	(20)
Share of contingency reserve	154	175
Share of foreign exchange translation difference	5,363	(12,268)
Share of gain on revaluation of land and building	1,628	1,926
At 31 **December**	**3,322**	**1,407**

47 Other Income Statement Information: Staff and Directors Cost

	Group		Company	
Employee costs during the year amounted to:	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	N'000	N'000	N'000	N'000
Wages & salaries	787,214	915,113	595,393	678,963
Pension cost	167,051	136,890	35,741	136,890
Other staff cost	57,589	36,390	128,423	36,390
Staff defined benefit	97,839	90,538	97,839	90,538
	1,109,693	1,178,931	857,396	942,781

The number of employees of the company, other than directors, who received emoluments in the following ranges was:

47 Other Income Statement Information: Staff and Directors Cost

	Group		Company	
Employee costs during the year amounted to:	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	N'000	N'000	N'000	N'000
N1,000,001 - N1,500,000	58	57	-	-
N1,500,001 - N2,000,000	3	4	3	4
N2,000,001 - N2,500,000	7	7	7	7
N2,500,001 - N3,000,000	1	1	1	1
N3,000,001 - N3,500,000	27	29	27	29
N3,500,001 - N4,000,000	23	24	23	24
Above N4,000,000	26	34	26	34
	145	**156**	**87**	**99**

Employee costs during the year amounted to:	Group		Company	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	N'000	N'000	N'000	N'000
N1,000,001 - N1,500,000	58	57	-	-
N1,500,001 - N2,000,000	3	4	3	4
N2,000,001 - N2,500,000	7	7	7	7
N2,500,001 - N3,000,000	1	1	1	1
N3,000,001 - N3,500,000	27	29	27	29
N3,500,001 - N4,000,000	23	24	23	24
Above N4,000,000	26	34	26	34
	145	156	87	99

The average number of full time persons employed by the Company during the year per level were as follows:

Employee costs during the year amounted to:	Group		Company	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	N'000	N'000	N'000	N'000
Executive director	4	3	2	2
Management staff	19	10	7	7
Non-management staff	145	146	87	92
	168	**159**	**96**	**101**

Directors' Remuneration:

Remuneration paid to the directors of the Company were as follows:

	Group		Company	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	N'000	N'000	N'000	N'000
Short term benefits:	38,000	54,546	38,000	54,546
- Directors fees	8,000	8,000	8,000	8,000
- Directors sitting allowances	27,058	25,058	27,058	25,058
- Executive compensation	-	-	-	-
- Other directors costs and expenses	73,058	87,604	73,058	87,604
Fees and other emoluments disclosed above include amounts paid to :				
The Chairman10,00010,000	10,000	10,000	10,000	10,000
The highest paid director14,40014,400	**14,400**	**14,400**	**14,400**	**14,400**

The number of directors who received fees and other emoluments (excluding pension contributions) in the following ranges was:

	Group		Company	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	N'000	N'000	N'000	N'000
Below N5,000,000	-	-	-	-
N5,000,000- N10,000,000	-	-	-	-
N10,000,000 and above	5	3	5	3
	5	3	5	3

48 Related Parties

		Group	Company
Shareholders		31-Dec-20	31-Dec-19
		N'000	N'000
Conau Limited		57.50%	57.50%
Universal Insurance PLC		5.83%	5.83%
Nature of the balance	Related party		
Intercompany receivables	Axiom Air Ltd		
Intercompany receivable	African Alliance Holding Limited		
Intercompany receivables	Universal Insurance Company PLC	1,600,267	1,600,267
Intercompany receivables	African Alliance Trustees Limited		

49 Contingent Liabilities and Commitments

(a) Legal Proceedings

The Group is presently in ten (10) legal proceedings (2019 eight (8)), the cases arose in the normal course of business. Though the outcome of the cases will not give rise to any significant loss from the review of nine (9) case files and confirmation from the company's solictor, a consent judgement was entered on 19th March 2021 for N43,000,000 with respect to the case between Frenchies Foods/African Alliance Insurance PLC and Project SBBL. The amount has been fully provided for in this financial statement.

(b) Capital Commitments

At 31 December 2020, the Group has no capital commitments in respect of buildings and equipment purchases.

50 Profit/Loss Per Share

Basic earnings per share is calculated by dividing the profit per share attributable to equity holders of the company by the weighted average number of ordinary shares in issues.

	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
Profit/Loss for the year N'000	5,668,937	(7,038,026)	6,067,716	(7,285,544)
Weighted number of shares at the end of the year ('000)	20,585,000	20,585,000	20,585,000	20,585,000
Basic Earnings per share (basic) - in Kobo	0.28	(0.34)	0.29	(0.35)

51 Proposed Dividend : There was no propose dividend during the year (2019: N0.0000)

Other National Disclosures

(a) Value Added Statement

	Group				Company			
	31-Dec-20	%	31-Dec-19	%	31-Dec-20	%	31-Dec-19	%
	N'000		N'000		N'000		N'000	
Gross Premium Income	6,559,709		8,022,248		5,403,577		6,578,607	
Fee and Commission Income	93,844		123,977		93,844		123,977	
Net Investment Income	16,894,585		2,926,475		16,849,237		2,845,938	
Other income	1,517,672		727,811		1,515,633		727,182	
	25,065,809		11,800,511		23,862,291		10,275,704	
Claims Incurred, commission paid								
and other operating expenses	(23,078,382)		(19,702,383)		(21,620,282)		(18,443,087)	
Value Added	1,987,426	100	(7,901,872)	100	2,242,009	100	(8,167,383)	100
Applied as follows:								
In payment of employees:								
- Salaries, wages and other benefits	1,109,693	56	1,178,931	15	857,396	38	942,781	193
In payment to providers of capital:								
- Interest on loan	107,633	5	90,699	1	107,633	5	90,699	13
In payment to Government:								
- Taxation	46,219	2	18,737	-	46,218	2	18,712	53
For future replacement of assets, expansion of								
business and payment of dividend to shareholders:								
- Depreciation & Amortisation	156,695	8	118,113	1	120,708	5	105,257	31
- Fair value reserve	(5,101,751)	(257)	(2,270,327)	(29)	(4,957,662)	(221)	(2,039,288)	182
- Profit/Loss for the year	5,668,937	285	(7,038,025)	(89)	6,067,716	271	7,285,544	(571)
	1,987,426	100	(7,901,872)	(100)	2,242,009	100	(8,167,383)	(100)

Financial Summary

bi Group					
	31-Dec-20	31-Dec-19	31-Dec-18	31-Dec-17	31-Dec-16
ASSETS	N'000	N'000	N'000	N'000	N'000
Cash and Cash equivalents	17,799,223	2,076,831	3,680,801	6,006,807	6,873,981
Financial Assets	24,082,463	22,440,098	21,109,127	22,753,040	23,665,513
Trade Receivables	11,603	125,469	135,927	41,918	168,658
Reinsurance Assets	486,196	311,054	144,052	53,717	76,772
Loans and receivables	-	-	52,948		
Other Receivables and Prepayments	596,544	667,926	1,612,595	341,178	439,945
Deferred Acquisition Cost	-	-	-	-	15,717
Investment Properties	10,774,958	10,432,005	10,258,313	10,794,603	7,772,882
Investment in Subsidiary	-	-	-	-	-
Investment in Associate	-	1,545,042	1,804,083	1,605,405	1,341,159
Retirement benefit asset	-	-	-	7,063	-
Deferred Tax Asset	147,972	147,935	148,195	147,881	26,226
Intangible Assets	62,165	57,323	57,343	63,959	56,130
Property and Equipment	1,841,453	1,629,625	2,008,241	1,666,110	4,901,209
Right of Use Assets	139,511	220,019	-	-	-
Statutory Deposit	364,998	353,534	358,182	348,965	309,978
Total Assets	**56,307,087**	**40,006,861**	**41,369,807**	**43,830,646**	**45,648,170**

	31-Dec-20	31-Dec-19	31-Dec-18	31-Dec-17	31-Dec-16
LIABILITIES	N'000	N'000	N'000	N'000	N'000
Insurance Contract Liabilities	53,185,432	41,521,103	35,110,631	36,378,453	31,611,594
Investment Contract Liabilities	5,143,523	5,651,964	5,841,758	4,927,104	5,411,398
Trade payables	877,560	1,027,469	1,106,999	1,177,117	1,183,273
Other payables and Accruals	694,447	413,323	679,592	563,265	535,742
Employee benefit liabilities	49,732	114,363	42,690	29,335	59,544
Borrowings	452,799	1,460,582	507,077	287,652	67,110
Tax payable	632,980	786,761	826,742	594,024	363,544
Deferred tax Liabilities	384,482	377,272	428,182	384,874	953,540
Total Liabilities	**61,420,955**	**51,352,837**	**44,543,671**	**44,341,824**	**40,185,745**

EQUITY	31-Dec-20 N'000	31-Dec-19 N'000	31-Dec-18 N'000	31-Dec-17 N'000	31-Dec-16 N'000
Share Capital	10,292,500	10,292,500	10,292,500	10,292,500	10,292,500
Share Premium	14,365,133	14,365,133	14,365,133	14,365,133	14,365,133
Contingency Reserve	1,684,639	1,061,976	975,947	908,259	832,162
Retained Earnings	(32,294,654)	(37,346,004)	(30,218,534)	(27,275,850)	(22,232,954)
Translation Reserve	(282,862)	(686,898)	237,295	186,441	111,070
Non-Controlling Interest	3,322	1,407	8,353	7,816	11,321
Fair Value Reserve	1,118,054	965,911	1,165,442	1,004,523	2,083,193
Total Equity	**(5,113,869)**	**(11,345,976)**	**(3,173,864)**	**(511,178)**	**5,462,425**
Total Liabilities & Equity	**56,307,087**	**40,006,861**	**41,369,807**	**43,830,646**	**45,648,170**

INCOME STATEMENTS	31-Dec-20 N'000	31-Dec-19 N'000	31-Dec-18 N'000	31-Dec-17 N'000	31-Dec-16 N'000
Gross Premium written	7,121,766	8,744,391	6,795,777	7,626,710	14,068,406
Gross Premium income	7,008,642	8,487,440	6,858,262	7,586,932	14,523,181
Profit/loss before tax	5,715,156	(7,019,288)	(2,422,953)	(6,726,979)	2,774,855
Income tax expense	(46,219)	(18,737)	(273,662)	475,924	(330,817)
Profit/Loss after tax	5,668,937	(7,038,025)	(2,696,615)	(6,251,055)	(2,444,038)
Other Comprehensive income	563,170	96,398	213,815	(57,696)	(446,727)
Total comprehensive Income/Loss	**6,232,107**	**(6,941,626)**	**(2,482,800)**	**(6,308,751)**	**(2,890,765)**

(bii)

COMPANY ASSETS	31-Dec-20 N'000	31-Dec-19 N'000	31-Dec-18 N'000	31-Dec-17 N'000	31-Dec-16 N'000
Cash and Cash equivalents	17,659,067	1,859,154	3,173,108	5,799,468	6,359,793
Financial Assets	24,078,157	22,435,898	21,153,916	22,665,754	23,584,248
Trade Receivables	-	-	-	-	-
Reinsurance Assets	486,196	311,054	144,052	53,717	76,772
Other Receivables and Prepayments	1,152,966	1,062,137	2,093,877	324,286	700,236
Deferred Acquisition Cost	-	-	-	-	15717
Investment Properties	8,969,500	8,811,600	8,620,913	9,285,488	6,616,999
Investment in Subsidiary	542,728	542,728	542,728	553,805	1,538,299
Investment in Associate	-	1,545,042	1,804,084	1,605,405	1,341,159
Retirement benefit asset	-	-	-	7,063	-
Deferred Tax Asset	146,476	146,476	146,476	146,476	24,551
Intangible Assets	25,719	21,775	19,776	20,913	28,023
Property and Equipment	621,668	551,033	829,048	627,276	647,313
Right of Use Assets	139,511	220,019	-	-	-
Statutory Deposit	200,000	200,000	200,000	200,000	200,000
Total Assets	**54,021,988**	**37,706,917**	**38,727,978**	**41,289,651**	**41,133,110**

LIABILITIES	31-Dec-20 N'000	31-Dec-19 N'000	31-Dec-18 N'000	31-Dec-17 N'000	31-Dec-16 N'000
Insurance Contract Liabilities	51,198,654	39,673,313	33,149,205	34,536,368	30,104,525
Investment Contract Liabilities	5,143,524	5,651,966	5,841,758	4,927,104	5,411,398
Trade payables	639,310	739,568	850,179	914,215	923,974
Other payables and Accruals	540,838	333,844	461,659	344,085	291,182
Employee benefit liabilities	49,732	114,363	42,690	29,335	39,624
Borrowings	252,759	940,159	482,146	182714	-
Tax payable	600,123	753,905	774,244	545,285	285,240
Deferred tax Liabilities	92,107	92,107	92,107	92,107	695,696
Total Liabilities	**58,517,047**	**48,299,224**	**41,693,988**	**41,571,213**	**37,751,639**

EQUITY	31-Dec-20 N'000	31-Dec-19 N'000	31-Dec-18 N'000	31-Dec-17 N'000	31-Dec-16 N'000
Share Capital	10,292,500	10,292,500	10,292,500	10,292,500	10,292,500
Share Premium	14,365,133	14,365,133	14,365,133	14,365,133	14,365,133
Contingency Reserve	1,570,986	964,214	891,345	839,681	776,327
Retained Earnings	(30,838,149)	(36,299,093)	(28,940,681)	(26,146,738)	(22,370,793)
Fair Value Reserve	114,472	84,939	425,693	367,862	318,304
Total Equity	**(4,495,058)**	**(10,592,307)**	**(2,966,010)**	**(281,562)**	**3,381,471**
Total Liabilities & Equity	**54,021,988**	**37,706,917**	**38,727,978**	**41,289,651**	**41,133,110**

INCOME STATEMENTS	31-Dec-20 N'000	31-Dec-19 N'000	31-Dec-18 N'000	31-Dec-17 N'000	31-Dec-16 N'000
Gross Premium written	5,963,632	7,286,907	5,166,396	6,335,448	12,963,414
Gross Premium income	5,850,508	7,029,956	5,229,081	6,295,670	13,418,189
Profit/loss before tax	6,113,934	(7,266,832)	(2,413,903)	(4,167,907)	3,216,247
Income tax expense	(46,218)	(18,712)	(244,662)	455,316	(270,628)
Profit/Loss after tax	6,067,716	(7,285,544)	(2,658,565)	(3,712,591)	2,945,619
Other Comprehensive income	**29,533**	**(46,731)**	**57,831**	**49,558**	**44,027**
Total comprehensive income/loss	**6,097,249**	**(7,332,275)**	**(2,600,734)**	**(3,663,033)**	**2,989,646**

PROXY FORM
AFRICAN ALLIANCE INSURANCE PLC

AFRICAN ALLIANCE INSURANCE PLC

PROXY CARD

52nd ANNUAL GENERAL MEETING OF AFRICAN ALLIANCE INSURANCE PLC will be held at **Westwood Hotel, 22 Awolowo Road, Ikoyi, Lagos on Thursday, 25th November, 2021 at 10:00am** to transact the following businesses.

I/We ____

Name of Shareholder in Block Letters

OF ____

being a member of AFRICAN ALLIANCE INSURANCE PLC hereby appoint

____

failing him or the Chairman of the meeting ____

____

my/our proxy to act and vote for me/us on my behalf at the **Annual General Meeting of African Alliance Insurance PLC**. on the **25th day of November, 2021** or at any adjournment hereof.

____

Dated this ____________________ day ______________ 2021

Shareholder's Signature(s) ____

BEFORE POSTING OR SUBMITTING THE ABOVE FORM PLEASE TEAR OFF THIS PART AND RETAIN FOR ADMISSION TO THE MEETING

The manner in which the Proxy is to vote should be indicated by inserting 'X" in the appropriate space		
NUMBER OF SHARES		
RESOLUTION FOR OR AGAINST	**FOR**	**AGAINST**
1. To lay receive the Audited Financial Statements for the year ended 31st December 2021 together with the Report of the Directors, Independent Auditors and Statutory Audit Committee thereon. 2. To elect/re-elect directors 3. To disclose the remuneration of managers of the Company 4. To authorize Directors to fix the remuneration of the Independent Auditors 5. To elect members of the Statutory Audit Committee 6. (i) To fix the remuneration of Directors (ii) To approve the payment of the severance package of ex-directors 7. To consider and if thought fit pass the following as resolutions of the Company: That further to Members' approval at the Annual General Meeting of the Company held on 27th October 2020 authorizing the Board of Directors to dispose the Company's assets to meet the new capital requirement set by the National Insurance Commission (NAICOM); i. To ratify the sale of the Company's 539,000,000 (Five Hundred and Thirty-Nine Million) units of ordinary shares representing 49% equity stake in Pensions Alliance Limited (PAL) at the price of N16.6 billion naira to Conau Trade and Investment Co. Limited. ii. To ratify the repurchase of the Company's 539,000,000 (Five Hundred and Thirty-Nine Million) units of ordinary shares representing 49% equity stake in Pensions Alliance Limited (PAL) from Conau Trade and Investment Co. Limited at the price of N18.6 billion naira using cash, the Company's shareholding in Universal Insurance PLC and the property at 29 A & B Akin Adesola Street, Victoria Island, Lagos State.		

ADMISSION CARD

Annual General Meeting to be held at **10:00 am on Thursday, 25th November 2021 at Westwood Hotel, 22 Awolowo Road, Ikoyi, Lagos.**

In the interest of public safety and having regard to the Nigerian Centre for Disease Control (NCDC) COVID-19 Guidance for Safe Mass Gatherings in Nigeria, the guidelines of the Corporate Affairs Commission (CAC) on holding Annual General Meetings Using Proxies and the restrictions on public gatherings by the Lagos State Government, this Proxy Form has been prepared to enable shareholders entitled to attend and vote at the Annual General Meeting exercise their right to vote despite not being physically present at the meeting.

1. Members may appoint a Proxy of their choice from the following persons: (**a) Mr. Sylva Ogwemoh SAN (b) Sir Sunday N. Nwosu, (c) Dr. Anthony Omojola, and (d) Mr. Mathew Akinlade, (e) Alhaja Ayodele S. Kudaisi and (f) Mrs. Adebisi O. Bakare.**
2. The completed proxy form must be deposited at the office of the Registrar, Carnation Registrars Limited, No. 2A, Gbagada Phase 1, Lagos, or sent via email to info@carnationregistrars.com not less than forty-eight (48) hours before the time fixed for the meeting.
3. If the Shareholder is a Corporation, this form must be executed under its Common Seal or under the hand of some officers or an Attorney duly authorized.
4. The Proxy must produce the Admission Card sent with the Notice of the meeting to gain entrance to the meeting.
5. In line with the Corporate Affairs Commission Guidelines, the Company has made arrangements at its cost, for the stamping of the duly completed and signed proxy forms submitted to the Company's Registrars within the stipulated time. Signature of the person attending:
6. A member (Shareholder) who is unable to attend an Annual General Meeting is allowed by law to vote on a poll by proxy. The above has been prepared to enable you to exercise your right to vote as the meeting will be held by proxy in line with public safety and having regard to COVID-19 Health Protection Regulation 2021.

IMPORTANT

The name of the Shareholder must be written in BLOCK CAPITALS on the Proxy Form where marked. This Admission form must be produced by the Shareholder or his Proxy who need not be a member of the Company, in order to obtain entrance to the Annual General Meeting

Signature of person attending ______________________________

MANDATE FORM

AFRICAN ALLIANCE
INSURANCE PLC

25th of November, 2021

The Registrars
Mainstreet Bank Registrars Limited
2A Gbagada Expressway
Anthony Village, Lagos

Dear Sir/Madam,

MANDATE FORM FOR E-BONUS AND E-DIVIDEND

We hereby mandate you to include my/our shareholding in The African Alliance Insurance PLC. among the e-bonus beneficiaries or future bonus issues. My/our Shareholding particulars are:

Surname: ____________________
Other Name: ____________________
Address: ____________________

Signature: ____________________
Telephone: ____________________
CSCS Clearing House No.: ____________________
Account Number: ____________________

Note: please ensure that names are identical with those on your Share Certificates.

I/We will also like to receive my/our future dividends directly into my/our bank account electronically through e-dividend. My/Our bank account details are as stated below;

Bank: ____________________
Branch: ____________________
Account Number: ____________________
Bank Sort Code: ____________________

Yours Faithfully,

CSCS ACCOUNT NOTIFICATION

AFRICAN ALLIANCE INSURANCE PLC

The Registrars
Mainstreet Bank Registrars Limited
2 Gbagada Expressway
Anthony Village
Lagos

Please credit my account at Central Securities Clearing Systems Limited (CSCS) with all subsequent allotments and bonuses due to me from holdings in the companies as indicated in the right-hand column

Personal Data: ____________________
Surname: ____________________
Other Names: ____________________
Address: ____________________
Mobile Phone: ____________________
Email: ____________________
Shareholder's Signature: ____________________
1. ____________________
2. ____________________

____
Corporate Seal/Stamp (for Corporate Shareholders)

CSCS Details
Stockbroker

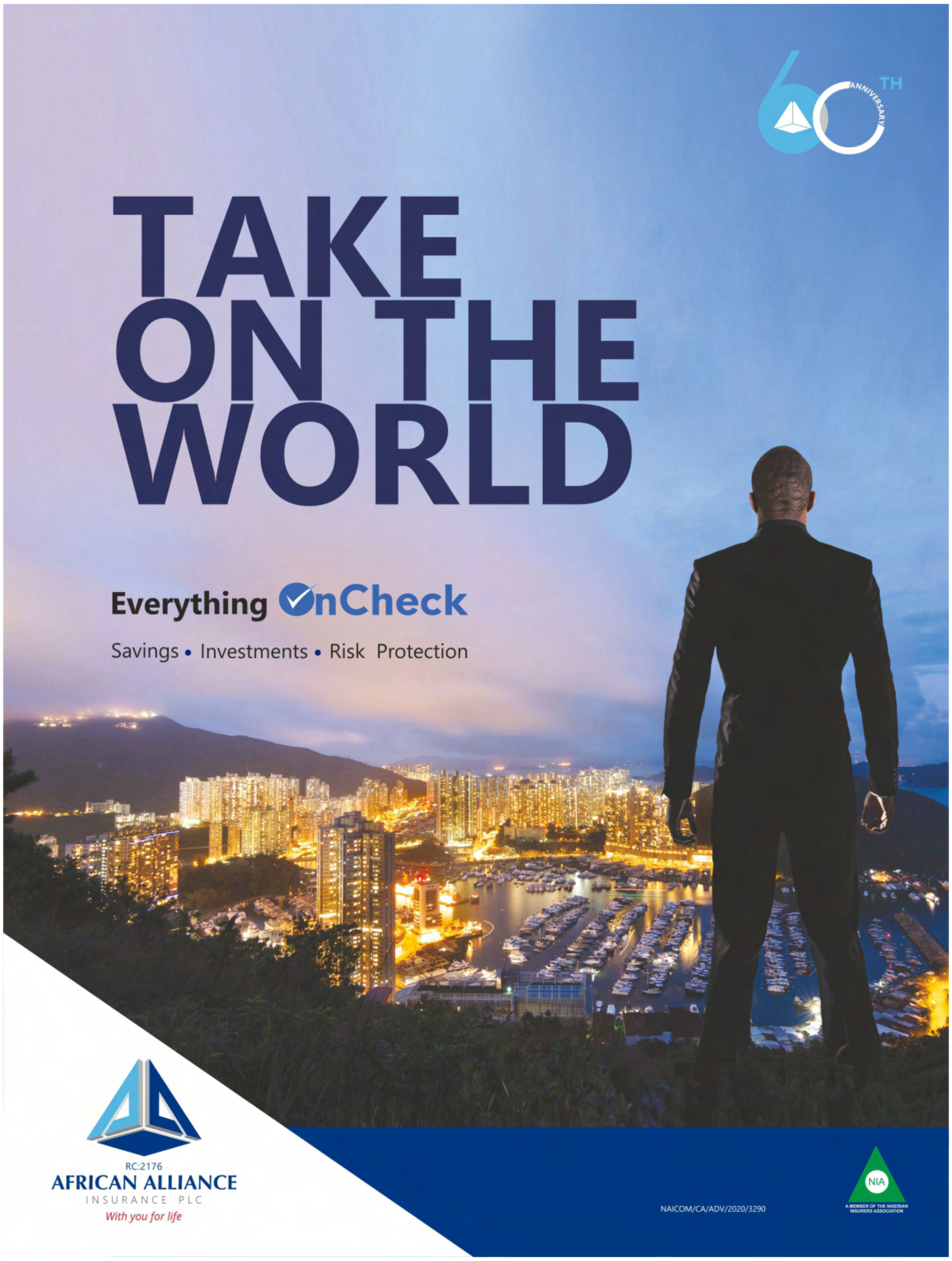
Clearing House Number: ____________________

____
Authorised Signature & Stamp of Stockbroker

Name of Company	Account Number

Please attach a copy of your CSCS statement to this form as evidence that a CSCS account has been opened for you

AFRICAN ALLIANCE
INSURANCE PLC


60TH ANNIVERSARY
TAKE ON THE WORLD
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AFRICAN ALLIANCE
INSURANCE PLC
With you for life
NAICOM/CA/ADV/2020/3290
NIA

60TH ANNIVERSARY

AFRICAN ALLIANCE
INSURANCE PLC
With you for life

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www.africanallianceplc.com

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NIA
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