




NEM INSURANCE PLC

FINANCIAL STATEMENTS

31 DECEMBER 2022

CERTIFIED BY:-

Director
Secretary

NEM INSURANCE PLC



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Corporate Information

Directors	Dr. Fidelis Ayebae Mr. Tope Smart Mr. Andrew Ikekhua Mr. Sunday Joshua Adebayo Mr. Momoh Odamah Mrs. Olayinka Aletor Alh. Ahmed Yakasai Chief Ede Dafinone Mrs. Joy Teluwo Mr. Papa Ndiaye Mr. Kelechi Okoro	Chairman Group Managing Director/CEO Executive Director Executive Director (Retired on 30/6/2022) Executive Director (Retired on 31/12/2022) Director Independent Director Director Director Director Director
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Company Secretary Mrs. Olajumoke Philip-Akede
199, Ikorodu Road
Obanikoro, Lagos

Registered Office NEM House
199, Ikorodu Road
Obanikoro, Lagos

CERTIFIED BY:-

Director
Secretary

FRCN Number FRC/2012/0000000000249

Registration Number 6971

Corporate Head Office NEM House
199, Ikorodu Road
Obanikoro, Lagos

Registrars APEL Capital & Trust Limited
8, Alhaji Bashorun Street
Off Norman Williams Crescent,
South West, Ikoyi
Lagos
Tel: 01-2932121
Mobile No: 07046126698

Bankers Access Bank Plc
Polaris Bank Limited
Ecobank Nigeria Limited
First Bank of Nigeria Limited
Guaranty Trust Bank Limited
Keystone Bank Limited
Standard Chartered Bank Nigeria Limited
Sterling Bank Plc
United Bank for Africa Plc
Zenith Bank Plc

Auditors BDO Professional Services
(Chartered Accountants)
ADOL House, 15 CIPM Avenue
Central Business District
Alausa, Ikeja, Lagos.
P.O.Box 4929,GPO, Marina Lagos.
www.bdo-ng.com

Corporate Information (Cont'd)

Solicitors	Koya & Kuti Solicitors 5th Floor, 3, Ajele Street Lagos. Sola Abidakun & Co 9th Floor, UBA House 57, Marina Lagos.
Reinsurers	African Reinsurers Corporation Continental Reinsurance Corporation SWISS Reinsurance Company WAICA Reinsurance Pool
Subsidiary	NEM Asset Management Ltd 199, Ikorodu Road Obanikoro Lagos P.O. Box 654 Tel: 01-4489574
Associate	Regency Nem Insurance (Ghana) Limited No.65, Patrice Lumumba Road Airport Residential Area Accra P.O. Box 6342 Cantonments, Ghana
Branch Networks	Abuja - Garki 3, Ringim Close Off Sokoto Street Area 7, Garki, Abuja Branch Manager: Michael A. Giwa Mobile No: 08033208141 Abuja - Wuse Plot 960, Ahmadu Bello Way Wuse II, Abuja Branch Manager: Mr. Martins Ilegoma Mobile Nos: 08077284843 08078153184, 08037020262 Abuja - Central Business District 82, Imo State Liaison office Opp. Federal Ministry of Finance Central Business District Branch Manager: Davies O. Dada Mobile Nos: 08150849411 Apapa 2nd Floor 41/43 Itire Road Surulere, Lagos Tel: 01-7375546, 07028442653 Branch Manager: Uzor E nubuzo Mobile No: 08059301673, 0802896842

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Director
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Corporate Information (Cont'd)

Calabar

2nd Floor, 26, Etta-Agbor Road
Calabar
Cross River
Branch Manager: Opeoluwa Olaku
Mobile Nos: 08054642551, 08033542048

Akure

3rd Floor, BIO Building Alagabaka
Akure, Ondo State
Tel: 034-215829
Branch Manager: Kehinde Agbelade
Mobile No: 08033509419

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Director
Secretary

Ibadan

3rd Floor, Broking House
1, Alhaji Jimoh Odutola Street
PMB 5328, Ibadan
Oyo State
Tel: 02-2411992
Branch Manager: Rufus Olumide
Mobile Nos: 08033463697

Jos

10, Rwang Pam Street
P.O. Box 1261
Jos, Plateau State
Tel: 073-454216
Branch Manager: Oyeronke Oyegbamile-Bello
Mobile No: 08077284946

Lagos Mainland

199, Ikorodu Road
Obanikoro, Lagos
Tel: 01-8171844, 01-4824737, 01-2710060
Branch Manager: Lucky Okparavero
Mobile Nos: 08076175287, 08023123006
08077284829

Kano

3rd Floor, Union Bank Building
37, Niger Street
P.O. Box 1185, Kano
Tel: 064-649374
Branch Manager: Peter I. Agono
Mobile No: 08035923740
070228243127, 07029909242

Onitsha

2nd Floor, (AIB) Building
107, Upper New Market Road, Onitsha
Tel: 046-410736
Branch Manager: Cyracus Akujobi
Mobile Nos: 08033457426, 07029219983

Corporate Information (Cont'd)

Kaduna

Ground Floor, Turaki Ali House
3, Kanata Road
P.O Box 822, Kaduna
Tel: 062-217683
Branch Manager: Eyitayo Ogboyomi
Mobile Nos: 07028243118

Oshogbo

1st Floor, Former Afribank Building
Opposite Fakunle Comprehensive High School
Fakunle, Gbongan/Ibadan Road
Osogbo, Osun State
Tel: 035-214844
Branch Manager: Olubiyi Sonoiki
Mobile Nos: 08038436231, 08077284898

CERTIFIED BY:-

Director
Secretary

Warri

57, Effurun, Sapele Road
Effurun, Delta State
Branch Manager: Kayode Arimoro
Mobile No: 08034221374 0802388188

Port Harcourt

House 2, Road 2
Circular Road, Residential Estate
Port Harcourt, Rivers State
Tel: 084-233513
Branch Manager: Akintan Kolawole
Mobile Nos: 08037236009

Our Vision	To be the preferred choice of the insuring public
Our Mission	To build a customer-satisfying Insurance Institution that is passionate about adding value to the interests of all stakeholders.
Core Values	Discipline Integrity Humility Excellence Empathy Courage

FINANCIAL STATEMENTS, 31 DECEMBER 2022

RESULTS AT A GLANCE

	2022	2021		Changes
Financial Position	₦'000	₦'000	₦'000	%
Cash and cash equivalents	8,878,011	7,895,469	982,542	12
- At fair value through profit or loss	5,800,623	5,354,017	446,606	8
- At fair value through other comprehensive income	53,731	84,884	(31,153)	(37)
- At amortised cost	12,159,020	8,143,491	4,015,529	49
Trade receivables	672,356	1,479,056	(806,700)	(55)
Reinsurance assets	9,712,498	7,565,820	2,146,678	28
Deferred acquisition cost	1,446,991	1,030,753	416,238	40
Other receivables and prepayments	723,428	414,712	308,716	74
Investment properties	1,813,768	1,706,167	107,601	6
Statutory deposit	320,000	320,000	-	-
Property, plant and equipment	3,886,188	3,794,957	91,231	2
Right-of-use Assets	149,520	209,920	(60,400)	(29)
Intangible asset	15,721	10	15,711	157,110
Deferred tax Assets	256,411	257,505	(1,094)	-
Total Assets	45,888,266	38,256,761		
Insurance contract liabilities	15,645,093	12,217,843	3,427,250	28
Trade payables	487,527	410,728	76,799	19
Other payables	2,107,289	1,893,238	214,051	11
Lease liabilities	35,999	139,623	(103,624)	(74)
Retirement benefit obligations	29,497	52,414	(22,917)	(44)
Income tax liability	379,224	623,508	(244,284)	(39)
Deferred tax liabilities	3,687	10,387	(6,700)	(65)
Total Liabilities	18,688,316	15,347,741		
Issued share capital	5,016,477	5,016,477	-	-
Contingency reserve	7,186,595	6,098,784	1,087,811	18
FVOCI reserve	(67,765)	(36,612)	(31,153)	85
Asset revaluation reserve	2,107,964	2,107,964	-	-
Other Reserves - Employee benefit	58,581	72,495	(13,914)	(19)
Retained earnings	12,898,098	9,649,912	3,248,186	34
Shareholders' Fund	27,199,950	22,909,020		
INCOME STATEMENT	₦'000	₦'000	₦'000	%
Gross premium written	33,369,050	27,875,088	5,493,962	20
Gross premium income	31,433,600	26,545,254	4,888,346	18
Reinsurance expenses	(9,283,442)	(7,239,127)	2,044,315	28
Net premium income	22,150,158	19,306,127		
Fees and commission income	1,562,242	1,454,875	107,367	7
Net underwriting income	23,712,400	20,761,002		
Claims expenses	(7,647,470)	(5,560,885)	2,086,585	38
Underwriting expenses	(9,856,218)	(8,204,631)	1,651,587	20
Underwriting profit	6,208,712	6,995,486		
Investment income	1,555,154	1,134,507	420,647	37
Net Fair value gain	174,088	358,318	(184,230)	(51)
Other operating income	1,378,383	292,526	1,085,857	371
(Loss)/profit on disposal of properties, plant and equipment	(36,425)	(12,104)	24,321	201
Management expenses	(3,724,696)	(4,197,765)	(473,069)	(11)
Profit before taxation	5,481,497	4,528,198	953,299	21
Income taxes	(41,875)	(95,918)	(54,043)	(56)
Profit for the year after tax	5,439,622	4,432,280	1,007,342	23
Total other comprehensive income/(loss)	(45,067)	1,018,403	1,063,470	(104)
Total comprehensive income for the year	5,394,555	5,450,683	(56,128)	(1)
Basic Earnings Per Share (Kobo)	1.08	0.88	0.20	22.73
Diluted Basic Earnings Per Share (Kobo)	1.08	0.88	0.20	22.73

CERTIFIED BY:-

 Auditor

NEM INSURANCE PLC
FINANCIAL STATEMENTS, 31 DECEMBER 2022
REPORT OF DIRECTORS

The directors hereby present their annual reports on the affairs of NEM Insurance Plc with the company's financial statements and auditors' report.

1. Legal form

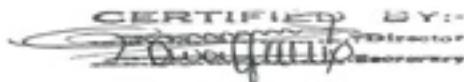
The company was incorporated in 1970 as a Nigerian Company in accordance with the Companies Act of 1968. The company became listed on the Nigerian Stock Exchange in 1989 following its privatization by the Federal Government of Nigeria.

2. Principal activities and corporate development

The company is engaged in the business of General Insurance which includes marine, motor vehicle, fire and burglary, oil and gas etc.

SUMMARY OF THE RESULT

Comprehensive Income	2022	2021
	N'000	N'000
Gross premium written	33,369,050	27,875,088
Gross premium income	31,433,600	26,545,254
Reinsurance expenses	(9,283,442)	(7,239,127)
Investment Income	1,555,154	1,134,507
Other revenue	3,078,288	2,093,615
Total Revenue	26,783,600	22,534,249
Claims paid	7,647,470	5,560,885
Underwriting expenses	9,856,218	8,204,631
Management expenses	3,743,623	4,195,410
Total Claims and Other Expenses	21,247,311	17,960,926
Profit before tax	5,536,289	4,573,323
Information Technology Development Levy	(54,792)	(45,125)
Income tax expense	(41,875)	(95,918)
Profit For the Year	5,439,622	4,432,280
Other Comprehensive (loss)/income for the year	(45,067)	1,018,403
Total comprehensive income for the year	5,394,555	5,450,683
Basic Earnings Per Share (Kobo)	1.08	0.88
Diluted Basic Earnings Per Share (Kobo)	1.08	0.88

CERTIFIED BY:

 Director

3. Corporate governance

Introduction

The business of NEM Insurance Plc is conducted under a corporate governance structure that incorporates the Board, the Committees, and a functional Management System with the Board as the apex decision making body. This is in accordance with the Code of Corporate Governance for the Insurance industry in Nigeria, the Securities and Exchange Commission (SEC) Code of Corporate Governance and best practices. "At NEM Insurance Plc, we have ensured that our business activities are implicitly transparent".

For the financial year under review, 2022; the Board is of the opinion that NEM Insurance Plc has in all material respects, complied with the requirements of the Code of Corporate Governance for Insurance industry in Nigeria. A summary of the key components of our Corporate Governance System is provided hereunder.



THE BOARD OF DIRECTORS

The Board of the Company is responsible for establishing the policy framework that would ensure that the Company fully discharges its legal, financial, as well as regulatory responsibilities. The Board monitors the performance of the Company, monitors the effectiveness of the Governance Structure under which it operates and renders the Accounts of its stewardship of the organization's resources to the shareholders. The Board of Directors of the Company is composed of a mix of non-executives and executives whereby the number of non-executives exceeds the number of executives while the position of the Chairman of the Board is clearly delineated from the Chief Executive Officer.

The Chairman

The Chairman of NEM Insurance Plc was duly appointed. The Chairman's primary role is to ensure that the board carries out its governance role in the most effective manner. The Chairman manages the operations of the Board effectively to ensure that members made concrete contributions towards the decisions of the Board and that the Board operates in harmony.

The Chief Executive Officer

The CEO monitors the day-to-day operations of the Company and its strategic and financial plans with the cooperation and support of the Board. The CEO ensures transparency and the effective operation and management of the Company's resources to ensure profitability of its operations and that all significant matters affecting the Company are brought to the attention of the Board.

Independent Director

The Board appointed an independent Director who has remained independent since his appointment.

Annual Board Appraisal

In accordance with the requirements of the NAICOM Code, the Board renewed the mandate of New Version Consultants Ltd to conduct the appraisal of its performance for 2022. The Board embarked on implementation of some of the recommendations of the last Appraisal Report.

(a) ACTIVITIES OF THE BOARD

The Board meets regularly to discuss critical issues affecting the organization and performs other responsibilities that fall within its purview as provided in the Company's Article of Association and by other relevant regulatory authorities. Meetings were well attended with sufficient notice given well in advance of the meetings. Sufficient time was also allotted to meetings as required to cover the items on the Agenda.

Composition of the Board/Schedule of Attendance at Meetings

Name of Director	Status	Meetings Held	Meetings Attended
Dr. Fidelis Ayebae	Chairman	5	5
Mr. Tope Smart	Group Managing Director/CEO	5	5
Mr Andrew Ikekua	Executive Director	5	5
Mr. Sunday Joshua Adebayo	Executive Director	5	2
Mr. Momoh Odamah	Executive Director	5	5

Alhaji Ahmed I. Yakasai	Independent Non-Executive Director	5	5
Mrs Joy Teluwo	Non-Executive Director	5	5
Mrs. Yinka Aletor	Non-Executive Director	5	5
Chief Ede Dafinone	Non-Executive Director	5	4
Mr. Papa Ndiaye	Non-Executive Director	5	5
Mr. Kelechi Okoro	Non-Executive Director	5	5

Mr. Sunday Joshua Adebayo retired on the 30th June 2022 and Mr. Momoh Odamah were appointed as directors on the 31st December 2022.

(b) Board Committees

The Board's committee structure is as specified in the NAICOM Code and adequate for the complexity of the operations of the Company. The Committees and committee members for the 2022 financial year were:

- Finance, General Purpose and Investment Committee.
- Enterprise Risk Management Committee.
- Strategy and Corporate Governance Committee.
- Remuneration, Nomination And Governance Committee
- Audit and Compliance Committee.

The Committees listed above were provided with specified Terms of Reference to guide their activities.

Finance, General Purpose and Investment Committee

The key responsibilities of the Committee are:

- Monitoring the Company's Budget
- Setting investment policies and guidelines
- Monitoring sources of Income Generation.
- Overseeing investment and reinvestment of the funds of the company
- Ensuring Integrity of Financial Reporting.
- Expense Control.

The Committee met six times during the year:

Composition of Committee/Attendance

Name	Status	Meetings Held	Meetings Attended
Mrs Yinka Aletor	Chairman	6	6
Mr. Tope Smart	Group Managing Director	6	6
Alhaji Ahmed I. Yakasai	Independent Non-Executive Director	6	6
Mr. Kelechi Okoro	Non-Executive Director	6	6

Enterprise Risk Management and Strategy Committee

The key responsibilities of the Committee are:

- Determine the policies in respect of Risk Profile and Risk Limits.
- Develop, recommend and implement strategic management plans
- Review policies as required by the Emerging dynamics of the operating environment.
- Study and give advice on the strategic plans for the long term development of the Company
- Ensure that all the Departments of the Company are adequately sensitized to the level of risks inherent in their operations.
- Assess Adequacy of Risk mitigants for major risk indicators.

The Committee met two times during the year

Composition of the Committee/Attendance

Name	Status	Meetings Held	Meetings Attended
Chief Ede Dafinone	Chairman	2	2
Mrs Joy Teluwo	Non-Executive Director	2	2
Alhaji Ahmed I. Yakasai	Independent Non-Executive Director	2	2
Mr Andrew Ikekhua	Executive Director	2	2

Strategy and Corporate Governance Committee

The Terms of Reference of the Committee are:

- Researching and making recommendations to the Board on the long-term development strategies and plans of the Company.
- Develop an overall strategic plan for the company by prioritizing key issues based on input from management.
- Monitor progress toward the achievement of strategic goals.
- Oversight of the Company's investment relations engagement activities.

The Committee met six times during the year

Composition of the Committee/Attendance

Name	Status	Meetings Held	Meetings Attended
Mr. Kelechi Okoro	Chairman	6	6
Mr. Tope Smart	Group Managing Director	6	6
Mrs Yinka Aletor	Non-Executive Director	6	6
Mr. Andrew Ikekhua	Executive Director	6	6

Remuneration, Nomination and Governance Committee

The Terms of Reference of the Committee are:

- Approve, guide and influence key human resource policies and strategies.
- Ensure disclosure of remuneration in a proper, complete, accurate and transparent manner.
- To advise the Board on the Company's compliance with the NAICOM and SEC Corporate Governance Codes, and the Nigerian Stock Exchange Listed Company Rules and other applicable governance requirements.
- Make recommendations to the board on matters pertaining to appointments, removals, and resignations of executive and non-executive directors
- Ensure that the process of appointing executives is credible and transparent; and oversee induction and ongoing development of directors.

The Committee met three times during the year

Composition of the Committee/Attendance

Name	Status	Meetings Held	Meetings Attended
Mr. Papa Ndiaye	Chairman	3	3
Alhaji Ahmed I. Yakasai	Independent Non-Executive Director	3	3
Mrs Yinka Aletor	Non-Executive Director	3	3
Mrs. Joy Teluwo	Non-Executive Director	3	3
Chief Ede Dafinone	Non-Executive Director	3	3

Audit and Compliance Committee

The NAICOM Code makes the following provisions in respect of the responsibilities of the Audit and Compliance Committee:

- The Committee shall have a written mandate and Terms of Reference.
- The Committee shall be responsible for the review of integrity of the data and information provided in the Audit and/or Financial Report.

- The Committee shall provide oversight functions with regards to both the Company's Financial Statement and its Internal Control and Risk Management Functions.
- The Committee shall review the terms of engagement and recommend the appointment or reappointment and compensation of External Auditors to the Board and the Shareholders.
- Review the procedure put in place to encourage honest whistle blowing.
- The Audit Committee shall meet at least three times in a year and at least once with the External Auditors.
- The Committee performance shall be evaluated periodically.

S.404 (7) of the Companies and Allied Matters Act, 2020 provides for the functions of the Committee.

The Committee met five times during the year and covered the basic components of these responsibilities.

The Composition of the Committee and schedule of attendance are as follows:

Name	Status	Meetings Held	Meetings Attended
Mr. Samuel Mpamaugo	Chairman	5	5
Mr. Taiwo Oderinde	Shareholders' Representative	5	5
Mr. Christopher Ogba	Shareholders' Representative	5	5
Mr. Kelechi Okoro	Non-Executive Director	5	5
Mrs. Yinka Aletor	Non-Executive Director	5	5

4. Directors and Directors' Interest

Directors

No Director has disclosed any declarable interest in any contract with the Company during the year in pursuant to Section 303 of the Companies and Allied Matters Act, 2020.

Directors' interest

The Interest of the Directors in the issued share capital of the Company as recorded in the register of shareholders and/or as notified by them for the purposes of Sections 301 of the Companies and Allied Matters Act, 2020 are as follows:

NAME	Direct	Indirect	Total
MRS JOY TELUWO	106,990,287	320,201,645	427,191,932
MRS. YINKA ALETOR	-	364,318,306	364,318,306
CHIEF EDE DAFINONE	-	350,023,219	350,023,219
MR. TOPE SMART	120,411,652	-	120,411,652
DR. FIDELIS AYEBAE	23,155,158	-	23,155,158
MR ANDREW IKEKHUA	1,362,856	-	1,362,856
ALHAJI AHMED I. YAKASAI	-	-	-
MR PAPA NDIAYE	-	1,499,926,852	1,499,926,852
MR KELECHI OKORO	-	-	-
MR. ODAMAH MOMOH	2,225,120	-	2,225,120
MR. ADEBAYO SUNDAY JOSHUA	3,275,501	-	3,275,501
	257,420,574	2,534,470,022	2,791,890,596

5. Directors Responsibilities

The Directors are responsible for the preparation of the consolidated financial statements which give a true and fair view of the state of affairs of the Group at the end of each financial year and of the income statement for that year and comply with the Insurance Act CAP I17 LFN 2004, Financial Reporting Council of Nigeria Act, No. 6, 2011 and the Companies And Allied Matters Act, 2020.

6. Shareholding

The Registrars have advised that the issued capital of the Company as at 31 December, 2022 were beneficially held as follows:

CERTIFIED BY:-

 Director

 Secretary

SHARE RANGE ANALYSIS AS AT 31 DECEMBER 2022

	BEGINNING	TOTAL	% OF	TOTAL	% OF
	RANGE	SHAREHOLDER	HOLDINGS	SHAREHOLDINGS	SHAREHOLDINGS
1	1000	5,261	12.28	2,862,229	0.06
1001	5000	10,957	25.58	33,567,771	0.67
5001	10000	8,113	18.94	65,591,929	1.31
10001	50000	13,432	31.36	328,195,105	6.54
50001	100000	2,893	6.75	222,375,872	4.43
100001	500000	1,798	4.20	372,342,666	7.42
500001	1000000	193	0.45	145,807,740	2.91
1000001	5000000	145	0.34	283,379,197	5.65
5000001	10000000	17	0.04	127,489,038	2.54
10000001	50000000	10	0.02	177,235,490	3.53
50000001	100000000	1	0.00	74,383,366	1.48
100000001	1000000000000	9	0.02	3,183,247,364	63.46
Grand Total		42,829	100	5,016,477,767	100

NEM SHARE CAPITAL HISTORY

YEAR	ISSUED AND FULLY PAID UP
1990	800,000
1991	200,000
1993	900,000
1996	2,500,000
1997	34,235,623
1998	46,996,377
2004	251,987,063
2005	
2006	706,206,767
2007	3,531,133,835
2008	
2009	4,976,922,766
2010	5,280,502,313
2011	5,280,502,313
2012	5,280,502,313
2013	5,280,502,313
2014	5,280,502,313
2015	5,280,502,313
2016	5,280,502,313
2017	5,280,502,313
2018	5,280,502,313
2019	5,280,502,313
2020	10,032,955,532
2021	3,183,247,364
2022	5,016,477,767

We hereby declare that apart from Jeidoc Limited, Bukson Investment Limited, Capital Express Assurance Limited and AFIG Fund 11 LP (the shareholders with 5% and above), no other person or persons hold more than 5% and above in the issued and fully paid up shares of the company.

CERTIFIED BY:-

 Director
 Secretary

S/N	ACCT NO	NAME	ADDRESS	HOLDING	%
1	2979	JEIDOC LIMITED	CEDDI TOWERS 16, WHARF ROAD , APAPA LAGOS STATE LAGOS	350,023,219	6.98
2	147140	BUKSON INVESTMENT LIMITED	C/O NEM INSURANCE PLC BROAD STREET, LAGOS LAGOS	320,201,645	6.38
3	194768	CAPITAL EXPRESS ASSURANCE LIMITED	C/O NEM INSURANCE PLC, 138/146 BROAD STREET LAGOS ISLAND LAGOS	364,318,306	7.26
4	1699	AFIG FUNDS	C/O ABOX CORPORATE SERVICES LIMITED TOWER 1, 6 TH FLOOR, 1 CYBERCITY, EBENE, MAURITIUS	1,499,926,851	29.90
				2,534,470,021	50.52

Chief Ede Dafinone represents Jeidoc Limited, Mrs. Joy Teluwo represents Bukson Investment Limited, Mrs. Yinka Aletor represents Capital Express Assurance Company Limited while Mr. Papa Ndiaye and Mr. Kelechi Okoro represent AFIG Funds.

7. Retirement by Rotation and Re-election

In accordance with the Section 285 of the Companies and Allied Matters Act, 2020, Alhaji Ahmed I Yakasai and Chief Ede Dafinone will retire by rotation and being eligible offers themselves for re-election. Their profiles are contained in the Annual Report and also on the Company's website.

8. Composition of Directors

The Board of Directors of the company is currently comprised of the under listed individuals:

Dr. Fidelis Ayebae	Chairman
Mr. Tope Smart	Group Managing Director
Mr. Andrew Ikehua	Executive Director
Mr. Sunday Joshua Adebayo	Executive Director (Retired 30/06/2022)
Mr. Momoh Odamah	Executive Director (Retired 31/12/2022)
Alh. Ahmed Yakasai	Independent Non-Executive Director
Mrs. Olayinka Aletor	Non-Executive Director
Chief Ede Dafinone	Non-Executive Director
Mrs. Joy Teluwo	Non-Executive Director
Mr. Papa Ndiaye	Non-Executive Director
Mr. Kelechi Okoro	Non-Executive Director

Records of the Directors Attendance

In accordance with Section 252 of the Companies and Allied Matters Act, 2020, the records of the Directors' attendance at Directors' meetings in 2022 are available for inspection at the Annual General Meeting.

9. SECURITY TRADING POLICY

In compliance with Rule 17.15 Disclosure of Dealings in Issuers' Share, Rulebook of the Exchange 2015 (Issuers Rules), the Company has a Security Trading Policy that applies to all employees and Directors, and this has been circulated to all employees that may at times possess any insider or material information about the company. The policy includes the need to enforce confidentiality against external advisers.



10. COMPLAINTS MANAGEMENT POLICY

In compliance with the Securities and Exchange Commission’s Rule on Complaints Management for Public Companies, the company has in place an investor complaint desk at its head office to resolve complaints arising from issues covered under the Investment and Securities Act 2017 (ISA)

11. DONATIONS

Donations during the year ended 31 December 2022 amounted to ₦32,445,292 (2021: ₦31,476,150) as follows:

	N
CHARTERED INSURANCE INSTITUTE OF NIGERIA	2,200,000
EMBLEM APPEAL LAUNCH-MINISTRY OF DEFENCE	50,000
AFRICAN INSURANCE ORGANISATION	10,400,000
TIGER TENNIS FOUNDATION	500,000
JHIMIS EDUCATION FOUNDATION	250,000
PROFESSIONAL INSURANCE LADIES' ASSOCIATION	650,000
CHAMPION NEWS MEDIA & TRUST LTD	500,000
AFRICAN ASSOCIATION OF YOUNG INSURANCE PROFESSIONALS	4,160,000
IGNITE CAREER INITIATIVE	2,500,000
NIGERIAN COUNCIL OF REGISTERED INSURANCE BROKERS	2,500,000
MODUPE COLE MEMORIAL CHILD CARE, RACO CHILD & RURAL INITIATIVE ORPHANAGE & HERITAGE HOMES ORPHANAGE	530,000
THE BOY'S BRIGADE, NIGERIA	500,000
NIGERIA BRITIAN ASSOCIATION	1,255,292
NATIONAL ASSOCIATION OF INSURANCE & PENSION CORRESPONDENTS	750,000
LIFT ABOVE POVERTY ORGANIZATION	500,000
NIGERIAN INSURERS ASSOCIATION	500,000
AKURE PROFESSIONALS LIONS CLUB	2,500,000
REDEEMERS UNIVERSITY	200,000
UNIVERSITY OF LAGOS ALUMNI ASSOCIATION	2,000,000
	<u>32,445,292</u>

12. EVENTS AFTER REPORTING DATE

There were no significant events after reporting date which could have had a material effect on the consolidated financial statements for the year ended 31 December 2022 which have not been adequately provided for or disclosed in the financial statements.

13. EMPLOYMENT AND EMPLOYEES

It is the policy of the Group not to adopt discriminatory criteria for considering applications for employment including those from physically challenged persons. All employees whether physically challenged are given equal opportunities to develop their experience and knowledge and to qualify for promotion.

When an employee becomes disabled during his or her employment, the Group endeavors to retain the individual for employment in spite of his disability, when this is reasonably possible. As at 31 December, 2022 one physically challenged person was in the employment of the Company.

14. EMPLOYEES INVOLVEMENT, TRAINING AND DEVELOPMENT

i. Information dissemination

“The employees are regularly provided with information on matters that are of concern to them through established channels of communication.”

CERTIFIED BY:-
[Signature]
Director
Secretary

ii. Consultation with employees

There are regular consultations between the senior and junior staff unions and Management, particularly on matters affecting staff welfare.

iii. Encouraging employees' involvement and training

The employees are the Group's most valuable and cherished resource. The Company is therefore committed to their continuous training and development. In line with this policy of continuous development of the human resources, members of staff are sent on training programs. The courses are aimed at broadening their technical/professional knowledge and managerial skills.

iv. Health, safety at work and welfare of employees

The Group places high premium on health and welfare of its employees. Medical facilities are provided for staff and their families at private hospitals retained in their respective localities. Transportation, housing and lunch subsidies are provided to all levels of employees. Firefighting equipment are also installed in strategic positions in the office building.

15 AUDITORS

In compliance with Section 33(2) of the Securities and Exchange Commission's Code of Corporate Governance and Section 22(1) of National Insurance Commission 2010 guidelines on the tenure of External Auditors, Messrs. BDO Professional Services (Chartered Accountants) has shown willingness to continue in office as the auditors in accordance with Section 401(2) of the Companies and Allied Matters Act 2020, as amended. A resolution will be proposed at the Annual General Meeting to authorize the Directors to determine their remunerations.

BY ORDER OF THE BOARD

Type your text

OLAJUMOKE PHILIP-AKEDE
COMPANY SECRETARY
Lagos, Nigeria
FRC/2017/NBA/00000015972
Date:14....March 2023



Lagos: 18b Olu Holloway Road, Ikoyi, Lagos.
Tel: 01 463 0871-2 Fax: 01-463 0870

Abuja: 1st Floor, Bank of Industry Building
Central District Area, FCT, Abuja.
Tel: 09-291 2462-3
E-mail: enquiries@siao-ng.com
Website: www.siao-ng.com

SIAO/HRC/TG/018/023

March 2023

The Chairman
Board of Directors,
NEM Insurance Plc.
199 Ikorodu Road, Obanikoro, Lagos.

Dear Sir,

STATEMENT BY THE EXTERNAL CONSULTANT ON THE BOARD PERFORMANCE AND CORPORATE GOVERNANCE ASSESSMENT OF NEM INSURANCE PLC. FOR THE YEAR ENDED 31st DECEMBER 2022

In line with the provisions of **Principle 14.1** of the National Code of Corporate Governance, **Section 15.1** of the SEC Code of Corporate Governance, and **Section 4.0** of the NAICOM Guidelines, as well as global best practice standards on Corporate Governance, SIAO was engaged by NEM Insurance Plc. to carry out an evaluation of the performance of the Board of Directors, and an assessment of the Company's corporate governance structure for the year ended 31 December 2022.

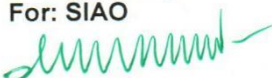
This assessment comprised of a review of both the corporate and statutory documents of the Company, as well as an assessment of members of the Board and key members of the Executive Management. The Board's performance and the Company's corporate governance structure were benchmarked against the provisions of the NCCG Code, the SEC Code, and the NAICOM Guidelines, as well as global best practice requirements. The key point indicators include but are not limited to:

- The Board of Directors (Composition, Terms of Service, Separation of Role of Chairman and Managing Director, Board Mandate, Appointment of Board Members, etc)
- Meetings (Regularity of Board Meetings, Attendance, Board Communication)
- Strategy and Planning
- Training
- Transparency and Disclosure
- Board Committees (Committee Mandate, Qualification of Members, etc)

Based on the concluded exercise and the Report prepared, we hereby confirm that NEM Insurance Plc. has complied significantly with the corporate governance requirements of the NCCG and SEC Codes, the NAICOM Guidelines, and recognized standards of best practice.

We trust that the Board will adopt and implement the recommendations articulated in the Board and Corporate Governance Report for further improvement of NEM Insurance Plc's corporate governance practice.

Yours faithfully,
For: SIAO



Ituah Ighodalo
Partner
FRC/2013/ICAN/0000003919

CERTIFIED BY:-

Director

Statement of Directors' Responsibilities

In accordance with the provisions of Section 377 of the Companies and Allied Matters Act, 2020 and Sections 24 and 28 of the Banks and Other Financial Institutions Act 1991, the Directors are responsible for the preparation of annual financial statements which give a true and fair view of the financial position at the end of the financial year of the Company and of the operating result for the year then ended.

The responsibilities include ensuring that:

- Appropriate and adequate internal controls are established to safeguard the assets of the Company and to prevent and detect fraud and other irregularities;
- The Company keeps proper accounting records which disclose with reasonable accuracy the financial position of the Company and which ensure that the financial statements comply with the requirements of the Companies and Allied Matters Act, 2020, Banks and Other Financial Institutions Act, 1991, Insurance Act 2003, Financial Reporting Council Act, 2011 and the yearly Operational Guidelines issued by NAICOM.
- The Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates, and that all applicable accounting standards have been followed; and
- The financial statements are prepared on a going concern basis unless it is presumed that the Company will not continue in business.

The Directors accept responsibility for the year's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates in conformity with;

- Insurance Act 2003
- International Financial Reporting Standards;
- Companies and Allied Matters Act, 2020;
- Banks and Other Financial Institutions Act, 1991;
- NAICOM Operational Guidelines; and
- Financial Reporting Council Act, 2011.

The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Group and of its operating result for the year ended 31 December 2022.

The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of the financial statements, as well as adequate systems of financial control. Nothing has come to the attention of the Directors to indicate that the Group will not remain a going concern for at least twelve months from the date of this statement.

Signed on behalf of the Directors on 14 March 2023 by:



Mr. Tope Smart
GMD
FRC/2013/CIIN/00000001331



Fidelis Ayebae
Chairman, Board of Directors
FRC/2013/CIANG/00000002376

NEM INSURANCE PLC
FINANCIAL STATEMENTS, 31 DECEMBER 2022
CERTIFICATION PURSUANT TO SECTION 60(2) OF INVESTMENT AND SECURITIES ACT NO. 29
OF 2007

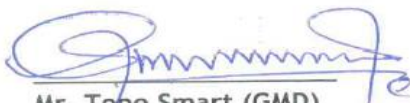
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We the undersigned hereby certify the following with regards to our Audited Financial Statements for the year ended 31 December 2022 that:

CERTIFIED BY:-

Director

- We have reviewed the report;
- To the best of our knowledge, the report does not contain:
 - Any untrue statement of a material fact, or
 - Omit to state a material fact, which would make the statements, misleading in the light of circumstances under which such statements were made;
- 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 Company as of, and for the periods presented in the report.
- We:
 - Are responsible for establishing and maintaining internal controls.
 - Have designed such internal controls to ensure that material information relating to the Company and its consolidated subsidiary is made known to such officers by others within those entries particularly during the period in which the periodic reports are being prepared;
 - Have evaluated the effectiveness of the Company's internal controls as of date within 90 days prior to the report;
 - Have presented in the report our conclusions about the effectiveness of our internal controls based on our evaluation as of that date;
- We have disclosed to the auditors of the Company and audit committee:
 - All significant deficiencies in the design or operation of internal controls which would adversely affect the Company's ability to record, process, summarise and report financial data and have identified for the Company's auditors any material weakness in internal controls, and
 - Any fraud, whether or not material, that involves management or other employees who have significant role in the Company's internal controls;
- We have identified in the report whether or not there were significant changes in internal controls or other factors that could significantly affect internal controls subsequent to the date of our evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.


Mr. Tope Smart (GMD)
FRC/2013/CIIN/00000001331


Mr. Idowu Semowo CFO
FRC/2013/ICAN/00000001466

Environmental, Social and Governance (ESG) Report

NEM Insurance Plc is committed to the Environmental, Social and Governance (ESG) initiative. The core elements of this initiative are environmental protection, social protection and support and institutional strengthening. The Company's board drives the initiative and has ensured that a well-developed long-term strategy which encompasses all ESG issues is developed.

The Company has expanded its social performance approach by engaging in activities that enhance our client protection principles and support; such as transparency and development of beneficial products to protect our clients' diverse interests, privacy of clients' data and a feedback method which gives NEM Insurance Plc ways to address clients' complaints so that they can be served more effectively.

The Company also ensures protection and preservation of our environment through responsible water and electricity consumption. Adequate maintenance of generators and vehicles to minimize consumption of fuel is adhered to.

NEM Insurance Plc has installed first aid boxes and fire safety equipment in all branches and at the head office, our staff are being trained periodically on fire safety, surveillance and emergency first aid in the work place; inverters are being installed in order to reduce energy consumption as well as energy saving bulbs; industrial printers have been installed to reduce paper usage.

CERTIFIED BY:-

Director

Secretary

To the members of NEM Insurance Plc

In accordance with the provisions of Section 404 of the Companies and Allied Matters Act, 2020, we the Members of the Audit and Compliance Committee of NEM Insurance Plc, having carried out our statutory functions under the Act, hereby report as follows:

- We have reviewed the scope and planning of the audit for the year ended 31 December 2022 and we confirm that they were adequate;
- The Company's and its Subsidiary's reporting and accounting policies as well as internal control systems conform to legal requirements and agreed ethical practices; and
- We are satisfied with the departmental responses to the External Auditors' findings on management matters for the year ended 31 December 2022

Finally, we acknowledge and appreciate the co-operation of Management and Staff in the conduct of these duties.



.....
Chairman of the Audit and Compliance Committee
FRC/2021/003/00000022891

Date: 14 March 2023

Members of the Audit Committee

Mr. Samuel Mpamaugo	(Shareholders' Representative)	Chairman
Mr. Christopher Ogba	(Shareholders' Representative)	Member
Mr. Taiwo Oderinde	(Shareholders' Representative)	Member
Mr. Kelechi Okoro	(Non Executive Director)	Member
Mrs. Yinka Aletor	(Non Executive Director)	Member

The Company Secretary/Legal Adviser acted as the Secretary to the Committee.



INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF NEM INSURANCE PLC AND ITS SUBSIDIARY COMPANY REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated and separate financial statements of NEM Insurance Plc ("the Company") and its Subsidiary (together "the group"), which comprise, the consolidated and separate statements of financial position as at 31 December 2022, the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity, and consolidated and separate statements of cash flows for the year then ended; and notes to the consolidated and separate financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion the consolidated and separate financial statements give a true and fair view of the financial position of the Company and its Subsidiary as at 31 December 2022 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in compliance with the relevant provisions of the Financial Reporting Council of Nigeria, Act No 6, 2011, the Companies and Allied Matters Act, 2020, Insurance Act CAP I17, LFN 2004 and the Prudential Guidelines issued by National Insurance Commission.

Basis for Opinion

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

Key Audit Matters

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

(i) Revenue recognition

In view of large number of policies underwritten by the Company, the gap between the underwriting and finance departments, and manual interference in the premium documentation, there is a risk that revenue may not be completely accounted for in the financial statements.

Response

- We have tested the design and implementation of key controls over revenue recognition, focusing on the flow of information from the underwriting systems to the financial reporting ledger. In addition, we performed substantive analytical procedures on gross and unearned premium balances.
- We performed other substantive procedures to confirm completeness of revenue by: selecting some debit notes from hard copy files and traced to soft copy listing of premium and obtained a serially generated debit notes and investigated missing and duplicated debit notes.



CERTIFIED BY:-
 2022/11/13
 Director
 Secretary

- We ensured that an appropriate and consistent revenue recognition policy is in place and in line with the Company's and its Subsidiary's accounting policies.

(ii) **Valuation of investment properties**

Management has estimated the value of the Company's and its Subsidiary's investment properties to be N1.81billion as at 31 December 2022. Independent external valuations were obtained in order to support the value in the Company's and its Subsidiary's financial statements. These valuations are dependent on certain key assumptions and significant judgments including capitalization rates and fair market rents.

Our response

We ascertained the following

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

We also reviewed and found the disclosures in note 11 to be appropriate based on the assumptions and available evidence.

(iii) **Valuation of insurance contract liabilities**

Management has estimated the value of insurance contract liabilities in the Company's and its Subsidiary's financial statements to be N15.65billion as at 31 December 2022 based on the actuarial valuation and liability adequacy test carried out by an external firm of Actuaries.

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

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

Our response

We ascertained the following

- Evaluated and validated controls over insurance contract liabilities,
- Checked the claims register for completeness and accuracy of claims accrued, additional adjustment was raised,
- Reviewed transactions after year end for claims paid but not accrued, additional audit adjustment was raised,
- Evaluated the independent external Actuary's competence, capability and objectivity,
- Assessed the methodologies used and the appropriateness of the key assumptions,
- Checked the accuracy and relevance of data provided to the Actuary by management,
- Reviewed the results based on the assumptions.

(iv) **Impairment losses on financial assets carried at amortised costs**

The Company's investments in this class of financial assets include cash and short-term deposits and debt instruments carried at amortised costs. This totaled N21 billion as at 31 December 2022 representing 46% of the Company's total assets and the associated expected credit loss (ECL) is significant to the financial statements. This was considered a Key Audit Matter as IFRS 9 is a complex accounting standard which requires significant judgement to determine the impairment loss reserve.

The general approach to ECL was adopted. This approach involves identification of significant changes in credit risks using a multi factor model, for the purpose of determining whether financial assets will be classified as stage 1, stages 2 or stage 3. While twelve months ECLs are computed for financial assets in stage 1, lifetime ECLs are computed for financial assets in stage 2 and 3. Calculating ECL for this class of financial assets also involves determination of risk parameters such as probability of default (PD), loss given default (LGD) and exposure at default (EAD). The approach also involves considerable level of judgements and estimation in determining inputs for ECL calculation such as:

- Determination of PD and LGD
- Adjusting the PD for forward looking information
- Selecting macroeconomics variables
- Incorporating multiple scenarios
- Considered cash flows estimation including timing and amount as well as
- Collateral valuation

Our response

We ascertained the following

- We reviewed the IFRS 9 ECL models and documentation prepared by the management for the computation of impairment losses on financial assets carried at amortised costs in line with the requirements of IFRS 9.
- We gained an understanding of how the client derived the risk parameters (i.e. PD's and LGD's) by performing a walkthrough exercise. We also challenged all the assumptions considered in the estimation of recovery cash flows, the discount factor, collateral valuation and timing of realization, the forecast, and assigned probability weight to the scenarios.
- In instances where we were not satisfied with the assumptions used by the management in its cash flows estimation and discounting, we challenged management assumptions by re-computing the cash flows to determine the recoverable amounts and all other parameters used.
- We focused on the most significant model assumptions including probability of default and loss given default.
- We performed detailed procedures on the completeness and accuracy of the information used.
- Lastly, we reviewed the qualitative and quantitative disclosures for reasonableness to ensure conformity with the IFRS 7- Financial Instruments: Disclosures

Other Information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of 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 issued by the International Accounting Standards Board, and in compliance with the relevant provisions of the Financial Reporting Council of Nigeria Act, No 6, 2011, the Companies and Allied Matters Act, 2020, Insurance Act, CAP 117 LFN 2004, and the Prudential Guidelines issued by National Insurance Commission, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's and its Subsidiary's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company and its Subsidiary or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' 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 a report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and its Subsidiary's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and its Subsidiary's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company and its Subsidiary to cease 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's and the Company's financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Contravention of laws and regulations

The Company did not contravene the requirements of the National Insurance Commission of Nigeria's Operational Guidelines during the year and therefore no penalty was paid.

Compliance with the FRC guidance for reporting the effects of COVID-19 on business operations

The Company and its Subsidiary complied with the guidance provided by the Financial Reporting Council (FRC) for reporting the impact of COVID-19 on its operations. Also, we confirm that we have obtained sufficient appropriate audit evidence regarding going concern applicability. We conclude, based on the audit evidence obtained up to the date of our auditors' report, that no material uncertainty exists about the Company's ability to continue as a going concern.

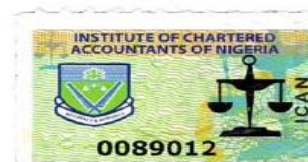
Report on other legal and regulatory requirements

The Companies and Allied Matters Act, 2020 and Insurance Act CAP I17 LFN 2004 require that in carrying out our audit we consider and report to you on the following matters. We confirm that:

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit
- ii) in our opinion, proper books of account have been kept by the Company and its Subsidiary
- iii) the Company's and its Subsidiary's statements of financial position, and its statements of profit or loss and other comprehensive income are in agreement with the books of account.
- iv) to the best of our knowledge, the Company and its Subsidiary complied with the requirements of the relevant circulars issued by National Insurance Commission (NAICOM) and the regulations of the Insurance Act CAP I17 LFN 2004 during the year.

Lagos, Nigeria
28 March 2023

Olusegun Agbana-Anibaba- FCA
FRC/2013/ICAN/00000003667
For: BDO Professional Services
Chartered Accountants



The following are the significant accounting policies adopted by the Group in the preparation of these financial statements. These accounting policies have been consistently applied for all years presented.

1.0 General Information

- (a) NEM Insurance Plc (“NEM” or “the Company”) is a public limited liability company domiciled in Nigeria. The Company’s registered and corporate office is 199, Ikorodu Road, Obanikoro, Lagos.

In 2016, the Company opened a subsidiary NEM Asset Management Ltd and NEM Insurance Ghana Limited became an Associate after merger with Regency Insurance to transact the same line of business.

The financial statements were authorised for issue by the Board of Directors on 14 March 2023.

(b) Principal activity

The Company is principally engaged in the business of General Insurance activities. Such services include provision of non-life insurance services for both corporate and individual customers.

1.1 Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these Financial Statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.2 Going Concern

These financial statements have been prepared on the going concern basis. The Group has no intention or need to reduce substantially its business operations, the management believes that the going concern assumption is appropriate for the Group due to sufficient capital adequacy ratio and projected liquidity, based on historical experience that short-term obligations will be refinanced in the normal course of the business. Liquidity ratio and continuous evaluation of current ratio of the group is carried out by the group to ensure that there are no going concern threats to the operations of the group.

1.3 Basis of Preparation and Compliance with IFRS

The Group’s financial statements for the year 2022 have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), Companies and Allied Matters Act, 2020, Insurance Act CAP I17, LFN 2004 and Prudential Guidelines issued by National insurance Commission and Investment and Securities Act 2007.

1.3.1 Foreign currency translation

(a) Functional and Presentation Currency

The financial statements are presented in Nigerian currency (Naira) which is the Group’s functional currency. Except otherwise indicated, financial information presented in Naira have been rounded to the nearest thousand (₦ ‘000)

(b) Transactions and balances in foreign currencies

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

1.3.2 Basis of measurement

The financial statements are prepared on the historical cost basis except for the following:

- Financial instruments at fair value through profit or loss;
 - Financial assets classified as FVOCI which are measured at fair value through other comprehensive income;
 - Land and building (included in property and equipment) which are measured at fair value through other comprehensive income;
 - Financial assets which are measured at amortised costs; and
 - Investment properties which are measured at fair value.
- In accordance with IFRS 4 Insurance contracts, the Group has applied existing accounting policies for its Non-life Insurance contracts, modified as appropriate to comply with the IFRS framework.

1.4 Critical Accounting Estimates, Judgments and Assumptions

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate and that the Group's financial statements therefore present the financial positions and results fairly. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 1.5.

1.5 Judgments, Estimates and Assumptions

The estimates and underlying assumptions are reviewed on an on-going basis. Revision to accounting estimates are recognized in the year in which the estimate is revised, if the revision affects only that year or if the revision affects both current and future years.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are described below:

1.5.1 Income Taxes

Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognizes liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions.

1.5.2 Retirement Benefits

The present value of the retirement benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of gratuity obligations. The assumptions used in determining the net cost (income) for gratuity include the discount rate, rate of return on assets, future salary increments and mortality rates.

The Group determines the appropriate discount rate at the end of the year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the gratuity obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related gratuity liability. Other key assumptions for gratuity obligations are based in part on current market conditions.

In most cases, no explicit assumptions are made regarding the future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgment is used to assess the extent to which past trends may not apply in future, (e.g. to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved.

Similar judgments, estimates and assumptions are employed in the assessment of adequacy of provisions for unearned premium. Judgment is also required in determining whether the pattern of insurance service provided by a contract requires amortisation of unearned premium on a basis other than time apportionment.

1.5.3 Fair Valuation of Investment Properties

The fair value of investment properties is based on the nature, location and condition of the specific asset. The fair value is determined by reference to observable market prices. The fair value of investment property does not reflect the related future benefits from this future expenditure. These valuations are performed annually by external appraisers. Assumptions are made about expected future cash flows and the discounting rates.

1.6 New standards, interpretations and amendments

1.6.1 New standards, interpretations and amendments adopted from 1 January 2022

New standards effective for adoption in the annual financial statements for the year ended 31 December 2022 but had no significant effect or impact on the Group are:

Standard/Interpretation		Date issued by IASB	Effective date
IAS 37	Onerous Contracts - Cost of Fulfilling a Contract	14 May 2020	1 January 2022
Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41	Annual Improvements to IFRS Standards 2018-2020	14 May 2020	1 January 2022
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use	14 May 2020	1 January 2022
IFRS 3	Reference to the Conceptual Framework	14 May 2020	1 January 2022

1.6.2 New standards, amendments and interpretations issued but not yet effective

The following are the new standards and interpretations that have been issued, but are not mandatory for the financial year ended 31 December 2022. They have not been adopted in preparing the financial statements for the year 31 December 2022.

Standard/Interpretation		Date issued by IASB	Effective date
IAS 1	Classification of liabilities as current or non-current	23 January 2020	1 January 2023
IAS 1	Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	12 February 2021	1 January 2023
IAS 8	Definition of Accounting Estimates (Amendments to IAS 8)	12 February 2021	1 January 2023
IAS 12	Deferred Tax related to Assets and Liabilities arising from a single Transaction (Amendments to IAS 12)	7 May 2021	1 January 2023
IAS 1	Non-current Liabilities with covenants	31 October 2022	1 January 2024
IAS 16	Lease Liability in a sale and Leaseback (Amendments to IFRS 16)	22 September 2022	1 January 2024
IFRS 17 Insurance Contracts	IFRS 17 was issued in May 2017 and applies to annual reporting periods beginning on or after 1 January 2021. IFRS 17 Insurance Contracts establishes the principles for the recognition, measurement, presentation and disclosure of Insurance contracts within the scope of the Standard. The objective of IFRS17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows.	1 June 2020	1 January 2023

*All standards and interpretations will be adopted at their effective date (except for those standards and interpretations that are not applicable to the Entity).

2 SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies are defined as those that are reflective of significant judgements and uncertainties and potentially give rise to different results under different assumptions and conditions.

The accounting policies set out below have been consistently applied to all periods presented in these financial statements.

2.1 CONSOLIDATION

(i) Subsidiaries

The financial statements of the subsidiary is consolidated from the date the Group acquires control, up to the date that such effective control ceases. For the purpose of these financial statements, subsidiaries are entities over which the Group, directly or indirectly, has power to govern the financial and operating policies so as to obtain benefits from their activities.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (transactions with owners). Any difference between the amount by which the non- controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the Group.

Inter- company transactions, balances and unrealised gains on transactions between Companies within the Group are eliminated on consolidation. Unrealised losses are also eliminated in the same manner as unrealised gains, but only to the extent that there is no evidence of impairment. Accounting policies of the subsidiary has been changed where necessary to ensure consistency with the policies adopted by the Group. Investment in the subsidiary in the separate financial statements of the Company entity is measured at cost.

Acquisition - related costs are expensed as incurred.

If the business combination is achieved in stages, fair value of the acquirer's previously held equity interest in the acquiree is re- measured to fair value at the acquisition date through profit or loss.

(ii) Disposal of subsidiaries

On loss of control, the Group derecognises the assets and liabilities of the subsidiary, any controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, that retained interest is accounted for as an equity, accounted investment or as a financial asset under the Amortized Cost or Fair Value Through Other Comprehensive Income category depending on business model intended and the level of influence retained.

(iii) Special purpose entities

Special purpose entities that are created to accomplish a narrow and well- defined objective such as the securitisation of particular assets, or the execution of specific borrowings or lending transactions or the provision of certain benefits to employee.

The financial statements of special purpose entities are included in the Group's consolidated financial statements, where the substance of the relationship is that the Group controls the special purpose entity.

(iv) Associates

In the financial statements, the Company's investment in its associate is accounted for using the equity method of accounting. An associate is an entity in which the Company has significant influence and which is neither a subsidiary nor a joint venture.

Under the equity method, the investment in the associate is carried in the statement of financial position at cost plus post-acquisition changes in the Company's share of net assets of the associate.

The share of profit of the associate is shown on the face of the income statement. This is profit attributable to equity holders of the associate and, therefore, is profit after tax and non-controlling interests in the subsidiaries of the associates.

2.2 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash in hand and at banks and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. Due to their short-term nature, the carrying value of cash and cash equivalents approximates their fair value, hence they are carried at fair value in the statement of financial position.

2.3 FINANCIAL ASSETS

2.3.1 Recognition

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

2.3.2 Classification and Measurement

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

The Group classifies its financial assets into the following categories in line with the provisions of IFRS 9:

- (a) Fair Value Through Profit or Loss (FVTPL)
- (b) Amortized Cost
- (c) Fair Value Through Other Comprehensive Income (FVOCI)

The Group shall classify its financial assets based on the business model for managing the assets and the asset's contractual cash flows characteristics.

Business Model Assessment

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

The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that shall be funding those assets or realizing cash flows through the sale of the assets;

How the performance of assets in a portfolio will be evaluated and reported to the relevant heads of departments and other key decision makers within the Group's business lines;
The risks that affect the performance of assets held within a business model and how those risks shall be managed;
How compensation shall be determined for the Group's business lines, management that manages the assets; and
The frequency and volume of sales in prior periods and expectations about future sales activity.

Management shall determine the classification of the financial instruments at initial recognition. The business model assessment falls under three categories:

- I) Business Model 1 (BM1): Financial assets held with the sole objective to collect contractual cash flows
- II) Business Model 2 (BM2): Financial assets held with the objective of both collecting contractual cash flows and selling; and
- III) Business Model 3 (BM3): Financial assets held with neither of the objectives mentioned in BM1 or BM2 above. These shall be basically financial assets held with the sole objective to trade and to realize fair value changes.

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

- (i) Where these sales shall be infrequent even if significant in value. A Sale of financial assets shall be considered infrequent if the sale shall be one-off during the Financial Year and/or occurs at most once during the quarter or at most three (3) times within the Financial Year.
- (ii) Where these sales shall be insignificant in value both individually and in aggregate, even if frequent. A sale shall be considered insignificant if the portion of the financial assets sold shall be equal to or less than five (5) per cent of the carrying amount (book value) of the total assets within the business model.
- (iii) When these sales shall be made close to the maturity of the financial assets and the proceeds from the sales approximates the collection of the remaining contractual cash flows. A sale is considered to be close to maturity if the financial asset has a tenor to maturity of not more than one (1) year and/or the difference between the remaining contractual cash flows expected from the financial asset does not exceed the cash flows from the sales by ten (10) per cent.

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

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

Cash flows Characteristics Assessment

The Group shall assess the contractual features of an instrument to determine if they give rise to cash that shall be consistent with a basic investment arrangement.

Contractual cash flows shall be consistent with a basic deposit arrangement if they represent cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

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

A. Classification of Financial Assets

a) Financial assets measured at amortised cost

Financial assets shall be measured at amortised cost if they are held within a business model whose objective shall be 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 shall be carried at amortized cost using the effective interest rate method. The effective interest rate shall be the rate that discounts estimated future cash payments or receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. Amortized cost shall be calculated taking into account any discount or premium on acquisition, transaction costs and fees that shall be an integral part of the effective interest rate. Amortization shall be included in Interest income in the Consolidated Statement of profit or loss and other comprehensive Income. Impairment on financial assets measured at amortized cost shall be calculated using the expected credit loss approach.

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

b) Financial assets measured at FVOCI

Financial assets shall be measured at FVOCI if they are to be held within a business model whose objective shall be to hold for collection of contractual cash flows and for selling financial assets, where the assets' cash flows represent payments that shall be solely payments of principal and interest.

Subsequent to initial recognition, unrealized gains and losses on debt instruments measured at FVOCI shall be recorded in Other Comprehensive Income (OCI).

c) Financial assets measured at FVTPL

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

d) Equity Investments

Equity instruments shall be measured at FVTPL, unless an election is made to designate them at FVOCI upon purchase. For equity instruments measured at FVTPL, changes in fair value shall be recognized in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. The Group can elect to classify non-trading equity instruments at FVOCI. This election will be used for certain equity investments for strategic or longer term investment purposes. The FVOCI election shall be made upon initial recognition, on an instrument-by-instrument basis and once made shall be irrevocable. Gains and losses on these instruments including when derecognized/sold shall be recorded in OCI and shall not be subsequently reclassified to the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Dividends received shall be recorded in Interest income in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. Any transaction costs incurred upon purchase of the security shall be added to the cost basis of the security and shall not be reclassified to the Consolidated Statement of Profit or Loss and Other Comprehensive Income on sale of the security.

B. Classification of Financial Liabilities

Financial liabilities shall be classified into one of the following measurement categories:

- a) Fair Value through Profit or Loss (FVTPL)
- b) Amortised cost

(a) Financial Liabilities at fair value through profit or loss

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

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

Financial liabilities at fair value through profit or loss shall be financial liabilities held for trading. A financial liability shall be classified as held for trading if it shall be incurred principally for the purpose of repurchasing it in the near term or if it shall be part of a portfolio of identified financial instruments that shall be managed together and for which there shall be evidence of a recent actual pattern of profit-taking. Derivatives shall also be categorized as held for trading unless they shall be designated and effective as hedging instruments. Financial liabilities held for trading also include obligations to deliver financial assets borrowed by a short seller.

Gains and losses arising from changes in fair value of financial liabilities classified as held for trading shall be included in the income statement and shall be reported as 'Net gains/(losses) on financial instruments classified as held for trading'. Interest expenses on financial liabilities held for trading shall be included in 'Net interest income'.

Financial Liabilities shall be designated at FVTPL when either the designation eliminates or significantly reduces an accounting mismatch which would otherwise arise or the financial liability contains one or more embedded derivatives which significantly modify the cash flows otherwise required. For liabilities designated at fair value through profit or loss, all changes in fair value shall be recognized in the Consolidated Statement of profit or loss and other comprehensive Income, except for changes in fair value arising from changes in the Group's own credit risk which shall be recognized in OCI. Changes in fair value of liabilities due to changes in the Group's own credit risk, which are recognized in OCI, shall not be subsequently reclassified to the Consolidated Statement of Profit or Loss and Other Comprehensive Income upon derecognition/extinguishment of the liabilities.

(b) Financial Liabilities at amortised cost

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

C. Reclassifications

Financial assets shall not be reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets. A change in the Group's business model will occur only when the Group either begins or ceases to perform an activity that is significant to its operations such as:

- Significant internal restructuring or business combinations; for example: an acquisition of a private asset management company that might necessitate transfer and sale of assets to willing buyers, this action will constitute changes in business model and subsequent reclassification of the assets held from BM1 to BM2 Category. Any other reason that might warrant a change in the Group's business model are determined by management based on facts and circumstances.

The following shall not be considered to be changes in the business model:

- (a) A change in intention related to particular financial assets (even in circumstances of significant changes in market conditions)
- (b) A temporary disappearance of a particular market for financial assets.
- (c) A transfer of financial assets between parts of the Group with different business models.

When reclassification occurs, the Group shall reclassify all affected financial assets in accordance with the new business model. Reclassification shall be applied prospectively from the 'reclassification date'. Reclassification date shall be 'the first day of the first reporting period following the change in business model. For example, if the Group decides to shut down the retail business segment on 30 April 2020, the reclassification date will be 1 January, 2021 (i.e. the first day of the entity's next reporting period), the Group shall not engage in activities consistent with its former business model after 30 April, 2020. Gains, losses or interest previously recognised shall not be restated when reclassification occurs.

2.3.3 IMPAIRMENT OF FINANCIAL ASSETS

In line with IFRS 9, the Group assesses the under listed financial instruments for impairment using Expected Credit Loss (ECL) approach:

1. Amortized cost financial assets; and
2. Debt securities classified as at FVOCI.

Equity instruments and financial assets measured at FVTPL shall not be subjected to impairment under the standard.

Expected Credit Loss Impairment Model

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

The Group shall adopt a three-stage approach for impairment assessment based on changes in credit quality since initial recognition.

Stage 1 - Where there has not been a Significant Increase in Credit Risk (SICR) since initial recognition of a financial instrument, an amount equal to 12 months expected credit loss shall be recorded. The expected credit loss shall be computed using a probability of default occurring over the next 12 months. For those instruments with a remaining maturity of less than 12 months, a probability of default corresponding to remaining term to maturity shall be used.

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

Stage 3 - Financial instruments that are considered to be in default shall be included in this stage. Similar to Stage 2, the allowance for credit losses captures the lifetime expected credit losses.

The guiding principle for ECL model shall be to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments since initial recognition. The ECL allowance shall be based on credit losses expected to arise over the life of the asset (life time expected credit loss), unless there has been no significant increase in credit risk since origination. Examples of financial assets with low credit risk (no significant increase in credit risk) include: Risk free and gilt edged debt investment securities that shall be determined to have low credit risk at the reporting date; and Other financial instruments (other than lease receivables) on which credit risk has not increased significantly since their initial recognition.

Measurement of Expected Credit Losses

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

Details of these statistical parameters/inputs are as follows:

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

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

Lifetime PDs - This is the estimated probability of default occurring over the remaining life of the financial instrument. This shall be used to calculate lifetime ECLs for “stage 2” and stage 3 exposures. PDs shall be limited to the maximum exposure required by IFRS 9

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

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

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

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

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

The Group estimates three scenarios for each risk parameter (LGD, EAD, CCF and PD) - Normal, Upturn and Downturn, which in turn shall be used in the estimation of the multiple scenario ECLs. The 'normal case' represents the most likely outcome and shall be aligned with information used by the company for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. The Group has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-

Assessment of significant increase in credit risk (SICR)

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

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

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

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

Definition of Default and Credit Impaired Financial Assets

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

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

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

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

Presentation of allowance for ECL in the statement of financial position

Allowances for ECL shall be presented in the statement of financial position as follows:

- Financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets
- Financial assets measured at FVOCI: loss allowance shall be recognized in the statement of financial position because the carrying amount of these assets shall be their fair value. However, the loss allowance shall be disclosed and recognized in the fair value reserve.

Write-off

The Group writes off an impaired financial asset (and the related impairment allowance), either partially or in full, when there shall be no realistic prospect of recovery. After a full evaluation of a non-performing exposure, in the event that either one or all of the following conditions apply, such exposure shall be recommended for write-off (either partially or in full):

- Continued contact with the customer is impossible;
- Recovery cost is expected to be higher than the outstanding debt;
- Amount obtained from realization of credit collateral security leaves a balance of the debt; or
- It is reasonably determined that no further recovery on the facility is possible.

2.4 TRADE RECEIVABLES

Trade receivables are initially recognized at fair value and subsequently measured at amortized cost less provision for impairment. A provision for impairment is made when there is an objective evidence (such as the probability of solvency or significant financial difficulties of the debtors) that the Group will not be able to collect all the amount due based on the original terms of the invoice. Allowances are made based on an impairment model which consider the loss given default for each customer, probability of default for the sectors in which the customer belongs and emergence period which serves as an impairment trigger based on the age of the debt. Impaired debts are derecognized when they are assessed as uncollectible. If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previous recognized impairment loss is reversed to the extent that the carrying value of the asset does not exceed its amortized cost at the reversed date. Any subsequent reversal of an impairment loss is recognized in the profit or loss.

2.5 REINSURANCE ASSETS

Contracts entered into by the Group with reinsurers under which the Group is compensated for losses on one or more contracts issued by the Group and that meet the classification requirements for the insurance contracts in accounting policy 2.15 are classified as reinsurance contracts held. Contracts that do not meet these classification requirements are classified as financial assets. Insurance contracts entered into by the Group under which the contract holder is another insurer (inwards reinsurance) are included with insurance contracts. Reinsurance assets consist of short-term balances due from reinsurers, as well as long term receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in compliance with the terms of each reinsurance contract. 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.

The Group assesses its reinsurance assets for impairment on a yearly basis. If there is objective evidence that the reinsurance asset is impaired, the Group reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the income statement. The Group gathers the objective evidence that a reinsurance asset is impaired using the same process adopted for financial assets held at amortised cost. The impairment loss is calculated using the incurred loss model for these financial assets.

(a) 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. The Group gathers the objective evidence that an insurance receivable is impaired using the same methodology adopted for financial assets held at used for these financial assets. These processes are described in accounting policy.

2.6 DEFERRED ACQUISITION COSTS

Acquisition costs comprise all direct and indirect costs arising from the writing of non-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 the ratio of unearned premium to written premium.

2.7 OTHER RECEIVABLES AND PREPAYMENTS

2.7.1 Other receivables

Other receivables are made up of amounts due from parties which are not directly linked to insurance or investment contracts. Other receivables are stated after deductions of amount considered bad or doubtful of recovery. When a debt is deemed not collectible, it is written-off against the related provision or directly to the profit or loss to the extent not previously provided for. Any subsequent recovery of written-off debts is credited to the profit or loss.

2.7.2 Prepayments

Prepayments are carried at cost less amortisation and accumulated impairment losses.

2.8 INVESTMENT IN ASSOCIATE

In the separate financial statements of NEM Insurance Plc, investment in associate is accounted for using the equity method of accounting.

Under the equity method, the investment in the associate is carried in the statement of financial position at cost plus post-acquisition changes in the Company's share of net assets of the associate.

The share of profit of the associate is shown on the face of the income statement. This is profit attributable to equity holders of the associate and, therefore, is profit after tax and non-controlling interests in the subsidiaries of the associates.

2.9 INVESTMENT IN SUBSIDIARY

The financial statements of subsidiaries are consolidated from the date the Group acquires control, up to the date that such effective control ceases. For the purpose of these financial statements, subsidiaries are entities over which the Group, directly or indirectly, has the power to govern the financial and operating policies so as to obtain benefits from their activities. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (transactions with owners). Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the Group.

Inter-company transactions, balances and unrealised gains on transactions between Companies within the Group are eliminated on consolidation. Unrealised losses are also eliminated in the same manner as unrealised gains, but only to the extent that there is no evidence of impairment.

In the separate financial statements of NEM Insurance Plc, investment in subsidiary is accounted for at cost.

On loss of control, the Group de-recognizes the assets and liabilities of the subsidiary, any controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising from the loss of control is recognised in income statement.

If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, that retained interest is accounted for as an equity-accounted investee or as fair value through other comprehensive income financial asset depending on the level of influence retained.

2.10 INVESTMENT PROPERTIES

Properties that are held for long-term rental yields or for capital appreciation or both and that are insignificantly occupied by the entities in the group are classified as investment properties. These properties consist of land and buildings.

Recognition of investment properties takes place only when it is probable that the future economic benefits that are associated with the investment property will flow to the entity and the cost can be measured reliably.

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing parts of an existing investment property at the time the cost was incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market condition at the date of the consolidated statement of financial position.

Gains or losses arising from the changes in the fair value of investment properties are included in the consolidated income statement in the year in which they arise. Subsequent expenditure is included in the assets carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the consolidated income statement during the financial period in which they are incurred. The fair value of investment property is based on the nature, location and condition of the specific asset.

Rent receivable is recognized in profit or loss and is spread on a straight-line basis over the period of the lease. Where lease incentive, such as a rent free period is given to a Lessee, the carrying value of the related investment property excludes any amount reported as a separate asset as a result of recognizing rental income on this basis.

2.11 STATUTORY DEPOSIT

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

2.12 INTANGIBLE ASSETS

(i) Software

Software acquired by the Group is stated at cost less accumulated amortization and accumulated impairment losses. Expenditure on internally developed software is recognized as an asset when the Group is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits and can reliably measure the costs to complete the development. Development costs previously expensed cannot be capitalized. The capitalized costs of internally developed software include all costs attributable to developing the software and capitalized borrowing costs and are amortized over its useful life. Subsequent expenditure on software assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred. Amortization is recognized in profit or loss on a straight-line basis over the estimated useful life of the software, from the date that it is available for use since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The maximum useful life of software is five years. Amortization methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

(ii) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the net identifiable assets of the Company acquired at the date of acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses in goodwill are not reversed.

2.13 PROPERTY, PLANT AND EQUIPMENT

(i) Recognition and measurement

Property, plant and equipment are initially recorded at cost. Land is subsequently carried at revalued amount being the fair value at the date of revaluation, while buildings are subsequently carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. The Group revalues its property, plant and equipment every three years in line with relevant provisions of International Accounting Standard (IAS) 16

All other property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Any increase in an asset's carrying amount, as a result of revaluation is credited to other comprehensive income and accumulated in Revaluation Surplus within Revaluation reserves in equity. The increase is recognized in profit or loss to the extent that it reverses a decrease of the same asset previously recognised in profit or loss.

(ii) Subsequent costs

The cost of replacing part of an item of property or equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in profit or loss as incurred.

(iii) Depreciation

Depreciation is recognized in Profit or Loss and is provided on a straight-line basis over the estimated useful life of the assets. Depreciation methods, estimated useful lives and residual values are reviewed annually and adjusted when necessary. No depreciation is charged on property, plant and equipment until they are available for use. The average useful lives per class of asset are as follows:

Assets class		Average useful life
Land	-	Nil
Building under Construction	-	Nil
Buildings	-	2%
Machinery and equipment	-	20%
Motor vehicles	-	20%
Furniture and fittings	-	20%
Computer equipment	-	20%

(iv) De-recognition

An item of property and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset which is calculated as the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss in the year the asset is derecognized.

2.14 Leases (Policy applicable as of 1 January 2019)

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

(ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

2.15 INSURANCE CONTRACT LIABILITIES

The Group underwrites risks that individuals, corporate and other entities wish to transfer to an insurer. These risks relate to property, personal accident, motor, liability, marine and other perils which may arise from an insured event. The Group is therefore exposed to uncertainty surrounding the timing, frequency and severity of claims under insurance contracts. The major risk is that the frequency and severity of claims may be greater than estimated or expected. The Group is engaged in the general insurance business and most of the risks it underwrites are insurance which claims are settled within one year of the occurrence of the events giving rise to the claims.

In accordance with IFRS 4 on insurance contracts, the Group has continued to apply certain accounting policies which are applied in accordance with pre-changeover Nigerian GAAP.

Technical Reserves

Technical Reserves are statutory amounts which are computed in accordance with the provisions of Sections 20(1) (a) of the Insurance Act of Nigeria CAP I17 LFN 2004 as follows:

a) Insurance Funds

i) Reserves for unearned premium

Reserves for unearned premium is made on the basis of percentage of net premiums written on time apportionment in accordance with section 20(1) (a) of the Insurance Act of Nigeria CAP I17 LFN 2004.

ii) Reserves for additional unexpired risk

A provision for additional unexpired risk reserves (AURR) is recognized for an underwriting year where it is envisaged that the estimated cost of claims and expenses would exceed the unearned premium reserve ("UPR")

iii) Reserves for outstanding claims

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

b) Liability adequacy test

This is an assessment of whether the carrying amount of an insurance liability needs to be increased (or the carrying amount of related deferred acquisition costs or related intangible assets decreased), based on a review of future cash flows. At each reporting date the Group performs a liability adequacy test on its insurance liabilities less deferred policy acquisition expenses to ensure that the carrying amount is adequate. If the assessment shows that the carrying amount is inadequate, the deficiency is recognized in the income statement by setting up an additional provision in the statement of financial position at amortised cost. The impairment loss is calculated under the same method.

The provisions of the Insurance Act CAP I17 LFN, 2004 requires an actuarial valuation for life reserves only. However, IFRS 4 requires a liability adequacy test for both life and non-life insurance reserves. The provision of section 59 of the Financial Reporting Council Act of Nigeria, CAP I17 LFN,2004 gives superiority to the provision of IFRS and since it results in a more conservative reserving than the provision of the Insurance Act CAP I17 LFN, 2004 it well serves the Group's prudential concerns.

2.16 TRADE AND OTHER PAYABLES

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

2.17 RETIREMENT OBLIGATIONS AND EMPLOYEE BENEFITS

The Group operates the following contribution and benefit schemes for its employees:

(i) Defined benefit gratuity scheme

The Group has a defined benefit gratuity scheme for management and non-management staff. Under this scheme, a specified amount as determined by actuarial valuation is contributed by the Group and charged to the income statement over the service life of each employee.

Employees are entitled to gratuity after completing a minimum of five continuous full years of service. The gratuity obligation is calculated annually by Independent Actuaries using the projected unit credit method. The present value of the gratuity obligation is determined by discounting the estimated future cash outflows using market yields on high quality corporate bonds (except where there is no deep market in such bonds, in which case the discount rate is based on market yields on Government bonds). The liability recognised in the statement of financial position in respect of defined benefit gratuity plan is the present value of the defined benefit obligation at the date of the statement of the financial position less the fair value of plan assets. Actuarial gains or losses arising from the valuation are credited or charged to Other Comprehensive Income (OCI) in the financial year in which they arise.

(ii) Defined contribution pension scheme

In line with the provisions of the Nigerian Pension Reform Act, 2014, the Group has instituted a defined contributory pension scheme for its employees. The scheme is funded by fixed contributions from employees and the Group at the rate of 8% by employees and 10% by the Group of basic salary, transport and housing allowances invested outside the Group through Pension Fund Administrators (PFAs) of the employee's choice. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due.

(iii) Short-term benefits

Wages, salaries, paid annual leave, bonuses and non-monetary benefits are recognised as employee benefit expenses and paid in arrears when the associated services are rendered by the employees of the Group.

2.18 INCOME TAX

Income tax expense comprises current and deferred tax

(i) Current income tax

Income tax payable is calculated on the basis of the applicable tax law in the respective jurisdiction and is recognized as an expense for the period except to the extent that current tax related to items that are charged or credited in other comprehensive income or directly to equity. In these circumstances, current tax is charged or credited to other comprehensive income or to equity.

(ii) Deferred income tax

Deferred income tax is provided using liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the date of the consolidated statement of financial position and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The principal temporary differences arise from depreciation of property, plant and equipment, revaluation of certain financial assets and liabilities and in relation to acquisitions on the difference between the fair values of the net assets acquired and their tax base.

However, deferred income tax is not recognized for:

(a) Temporary differences arising on the initial recognition of goodwill

(b) Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

(c) Temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are recognized when it is probable that future taxable profit will be available against which these temporary differences can be utilized.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities against current tax assets, and they relate to taxes levied by the same tax authority on the same taxable entity or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

2.19 SHARE CAPITAL AND PREMIUM

Ordinary shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax. Share premium accounts for the amount the Group raises in excess of par value.

2.20 CONTINGENCY RESERVE

Contingency reserve is credited at the higher of 3% of total premiums during the year and 20% of net profit per year, until it reaches the higher of the minimum paid up capital or 50% of net premium in accordance with Section 21 (2) of the Insurance Act CAP I17, LFN 2004.

2.21 ASSET REVALUATION RESERVE

When the Group's land and building are revalued by independent professional valuer, surpluses arising on the revaluation of these assets are credited to the asset revaluation reserve account. When assets previously revalued are disposed off, any revaluation surplus relating to the disposed assets is transferred to retained earnings.

2.22 RETAINED EARNINGS

This represents the amount available for dividend distribution to the equity shareholders of the Group.

2.23 FVOCI RESERVE

FVOCI reserve comprises the cumulative net change in the fair value of the Group's investments categorised as Fair Value Through Other Comprehensive Income (FVTOCI). Net fair value movements are recycled to income statement if an investment categorized as Amortised Cost is either derecognized or impaired.

2.24 OTHER RESERVES - EMPLOYEE BENEFIT ACTUARIAL SURPLUS

Actuarial surplus/deficit on employee benefits represent changes in benefit obligation due to changes in actuarial valuation assumptions or actual experience differing from experience. The gains/losses for the year, net of applicable deferred tax assets/liability on employee benefit obligation, are recognized in other comprehensive income.

2.25 FOREIGN CURRENCY TRANSLATION

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entities operate (the 'functional currency'). The consolidated financial statements are presented in Nigerian Naira (N), which is the Group's presentation currency.

(b) Transactions and balances

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

Foreign exchange gains and losses relating to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or finance cost'. All other foreign exchange gains and losses are presented in the income statement within 'Other operating income' or 'Other operating expenses'.

2.26 REVENUE RECOGNITION

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

(a) Rendering of services: Revenue arising from asset management and other related services offered by the Group are recognised in the accounting period in which the services are rendered.

Recognition and Measurement of Insurance Contracts

(i) Gross premium written

Gross premium is recognized at the point of attachment of risk to a policy before deducting cost of reinsurance cover. All written premium relating to risk for period not falling due within the accounting period is carried forward as an unearned premium.

(ii) Gross premium earned

Gross premium earned is stated at premium written on direct and indirect business after deducting premium relating to unexpired risks which is determined on time apportionment basis.

(iii) Net premium earned

Net premium represents total amount invoiced to policy holders less reinsurance and is recognized as an income from the date of attachment of risk.

(iv) Reinsurance premium

The Group cedes reinsurance in the normal course of business with retention limits varying by line of business for the purpose of limiting its net loss potential. Reinsurance arrangements however do not relieve the Group from its direct obligation to its policy holders. This is recognized as an expense or deduction from the gross premium and it relates to premium on business ceded on treaty and facultative and is recognized on part apportionment basis.

2.27 REINSURANCE EXPENSES

Reinsurance cost represents outward premium paid to reinsurance Companies less the unexpired portion as at the end of the accounting year.

2.28 FEES AND COMMISSION INCOME

Fees and commission income represents the income the Group is entitled to for ceding businesses to the reinsurers and other insurance Companies. Fees and commission income is recognized over time, in accordance with IFRS 15 (Revenue from Contracts with Customers), covering the policy period over which services are expected to be provided, using the time apportionment basis. Fees and commission covering the reporting period are recognized in profit or loss as fees and commission income earned, while the unearned portion of fees and commission income is reported in the statement of financial position as deferred commission income.

2.29 CLAIMS AND LOSS ADJUSTMENT EXPENSES

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 claim 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, and to estimate the expected ultimate cost of more complex claims that may be affected by external factors (such as court decisions).

(a) Salvages

Some non-life insurance contracts permit the Group to sell (usually damaged) property acquired in the process of settling a claim.

The Group may also have the right to pursue third parties for payment of some or all costs of damages to its clients' property (i.e. subrogation right).

Salvage recoveries are used to reduce the claim expenses when the claim is settled.

2.3 UNDERWRITING EXPENSES

Underwriting expenses comprise acquisition costs and other underwriting expenses. Acquisition costs comprise all direct and indirect costs arising from the writing of insurance contracts. Examples of these costs include, but are not limited to, commission expense, supervisory levy, superintending fees and other technical expenses. Other underwriting expenses are those incurred in servicing existing policies/contract.

(a) Commission expenses

Commission expenses are brokerage fees paid to brokers and agents which are certain percentages based on the class of business underwritten.

(b) Maintenance expenses

Maintenance expenses are expenses incurred in servicing existing policies/contract. These expenses are charged to the revenue account in the accounting period in which they are incurred.

2.31 INVESTMENT INCOME

(a) Dividend income

Dividend income from equities is recognised when the right to receive payment is established, this is the ex-dividend date for equity securities.

(b) Interest income and expense

Interest income on financial assets that are classified as amortised cost and interest expense on financial liabilities other than those at FVTPL are determined using the effective Interest rate method. Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for financial assets that have subsequently become credit-impaired (or stage 3), for which interest revenue is calculated by applying the effective interest rate to their amortised cost (i.e net of the expected credit loss provision). Interest income on assets classified as amortised cost are recognised in investment income.

2.32 MANAGEMENT EXPENSES

Management expenses are expenses other than claims, investment expenses, employee benefit, expenses for marketing and administration and underwriting expenses. They include rents, professional fee, depreciation expenses and other non-operating expenses. Management expenses are accounted for on accrual basis and recognised in the income statement upon utilization of the service or at the date of their origin.

2.33 SEGMENT REPORTING

An operating segment is a component of the Group that engages in business activities from which it can earn and incur expenses, including revenues and expenses that relate to transaction with any of the Group's other components, whose revenues and operating results are reviewed regularly by Executive Management to make decisions about the resources allocated to each segment and assess its performance, and for which discrete financial information is available. All costs that are directly traceable to the operating segments are allocated to the segment concerned while indirect costs are allocated based on the benefits derived from such costs.

2.34 CONTINGENT LIABILITIES

Contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or the Group has a present obligation as a result of past events which is not recognised because it is not probable that an outflow of resources will be required to settle the obligation; or the amount cannot be reliably estimated. Contingent liabilities normally comprise of legal claims under arbitration or court process in respect of which a liability is not likely to crystallise.

NEM INSURANCE PLC
STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

CERTIFIED BY:
[Signature]
Director

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	Notes	Group		Parent	
		2022 N'000	2021 N'000	2022 N'000	2021 N'000
Assets					
Cash and cash equivalents	3	8,878,011	7,895,469	8,842,182	7,841,181
Financial assets					
- At fair value through profit or loss	4	5,800,623	5,354,017	5,800,623	5,354,017
- At fair value through other comprehensive income	4	53,731	84,884	53,731	84,884
- At amortised cost	4	12,159,020	8,143,491	12,159,020	8,143,491
Trade receivables	5	672,356	1,479,056	672,356	1,479,056
Reinsurance assets	6	9,712,498	7,565,820	9,712,498	7,565,820
Deferred acquisition costs	7	1,446,991	1,030,753	1,446,991	1,030,753
Other receivables and prepayments	8	723,428	414,712	581,362	263,776
Investment in Associate Regency NEM	9	-	-	-	-
Investment in Subsidiary	10	-	-	150,000	150,000
Investment properties	11	1,813,768	1,706,167	1,813,768	1,706,167
Statutory deposit	12	320,000	320,000	320,000	320,000
Intangible asset	13	15,721	10	15,721	10
Property, Plant and Equipment	14	3,886,188	3,794,957	3,878,192	3,784,962
Right-of-use Assets	14(c)	149,520	209,920	149,520	209,920
Deferred tax assets	20(i)	256,411	257,505	253,568	253,568
Total Assets		45,888,266	38,256,761	45,849,532	38,187,605
Liabilities					
Insurance contract liabilities	15	15,645,093	12,217,843	15,645,093	12,217,843
Trade payables	16	487,527	410,728	487,527	410,728
Other payables	17	2,107,289	1,893,238	2,102,128	1,860,814
Lease liabilities	17(d)	35,999	139,623	35,999	139,623
Retirement benefit obligations	18	29,497	52,414	29,497	52,414
Income tax liability	19	379,224	623,508	378,179	618,736
Deferred tax liabilities	20(ii)	3,687	10,387	3,687	10,387
		18,688,316	15,347,741	18,682,110	15,310,545
Share capital	21	5,016,477	5,016,477	5,016,477	5,016,477
Statutory contingency reserve	22	7,186,595	6,098,784	7,186,595	6,098,784
Retained earnings	23	12,898,098	9,649,912	12,865,570	9,617,952
FVOCI reserve	24	(67,765)	(36,612)	(67,765)	(36,612)
Asset revaluation reserve	25	2,107,964	2,107,964	2,107,964	2,107,964
Other Reserves - gratuity	26	58,581	72,495	58,581	72,495
Total Equity		27,199,950	22,909,020	27,167,422	22,877,060
Total Equity and Liabilities		45,888,266	38,256,761	45,849,532	38,187,605

The financial statements on pages 28 to 96 were approved by the Board of Directors and authorised for issue on 14 March 2023 and signed on its behalf by:

[Signature]
Dr. Fidelis Ayebae (Chairman)
FRC/2013/CIANG/00000002376

[Signature]
Mr. Tope Smart (GMD/CEO)
FRC/2013/CIIN/00000001331

[Signature]
Mr. Idowu Semowo (CFO)
FRC/2013/ICAN/00000001466

The accompanying notes and significant accounting policies on pages 6 to 90 and other national disclosures on pages 91 to 96 form an integral part of these financial statements.

NEM INSURANCE PLC
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

CERTIFIED BY:
2022
Director
Secretary

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	Notes	Group		Parent	
		2022 N'000	2021 N'000	2022 N'000	2021 N'000
Gross premiums written	27	33,369,050	27,875,088	33,369,050	27,875,088
Increase in unearned premium	28(a)	(1,935,450)	(1,329,834)	(1,935,450)	(1,329,834)
Gross premium income	28	31,433,600	26,545,254	31,433,600	26,545,254
Reinsurance expenses	29	(9,283,442)	(7,239,127)	(9,283,442)	(7,239,127)
Net premium income		22,150,158	19,306,127	22,150,158	19,306,127
Fees and commission income	30	1,562,242	1,454,875	1,562,242	1,454,875
Net underwriting income		23,712,400	20,761,002	23,712,400	20,761,002
Claims expenses	31	(7,647,470)	(5,560,885)	(7,647,470)	(5,560,885)
Underwriting expenses	32	(9,856,218)	(8,204,631)	(9,856,218)	(8,204,631)
Underwriting profit		6,208,712	6,995,486	6,208,712	6,995,486
Investment income	33	1,555,154	1,134,507	1,555,154	1,134,507
Net Fair value gain	34	174,088	358,318	174,088	358,318
Other operating income	35	1,378,383	292,526	1,324,892	251,147
Loss on disposal of property, plant and equipment	37	(36,425)	(12,104)	(36,425)	(12,104)
Management expenses	36	(3,724,696)	(4,197,765)	(3,673,499)	(4,172,106)
Write back/ (Allowance) for credit losses - Cash	3	1,299	(6,030)	1,299	(6,030)
(Allowance)/ Write back for credit losses - Bonds	4.3(e)	(10,490)	22,122	(10,490)	22,122
Allowance for credit losses - Fixed deposits	4.3(f)	(9,736)	(9,997)	(9,736)	(9,997)
Finance cost		-	(3,740)	-	(3,740)
Profit before NITDA and taxation		5,536,289	4,573,323	5,533,995	4,557,603
Information Technology Development Levy	19(a)	(54,792)	(45,125)	(54,792)	(45,125)
Profit before taxation		5,481,497	4,528,198	5,479,203	4,512,478
Income taxes	19(b)	(41,875)	(95,918)	(40,149)	(88,192)
Profit for the year after tax		5,439,622	4,432,280	5,439,054	4,424,286
Other comprehensive income:					
<i>Items within OCI that may be reclassified to the Profit or loss:</i>					
Actuarial (loss)/gain-change in assumption	18	(72)	10,293	(72)	10,293
Actuarial loss - experience adjustment	18	(20,542)	(8,795)	(20,542)	(8,795)
Deferred tax	20(ii)	6,700	(150)	6,700	(150)
Gain on FVTOCI	24	(31,153)	3,566	(31,153)	3,566
<i>Items within OCI that will not be reclassified to the Profit or loss:</i>					
Gain on revaluation of land and buildings	25	-	1,023,726	-	1,023,726
Deferred tax	25	-	(10,237)	-	(10,237)
Total other comprehensive (loss)/income for the year		(45,067)	1,018,403	(45,067)	1,018,403
Total comprehensive income for the year		5,394,555	5,450,683	5,393,987	5,442,689
Basic earnings per share (Kobo)		1.08	0.88	1.08	0.88
Diluted earnings per shares (Kobo)		1.08	0.88	1.08	0.88

The accompanying notes and significant accounting policies on pages 6 to 90 and other national disclosures on pages 91 to 96 form an integral part of these financial statements.

Auditors' report, pages 1 to 5

NEM INSURANCE PLC
Consolidated Statement of Changes in Equity
for the year ended 31 December 2022
Group

	Share capital	Share premium	Contingency reserve	Other reserve - Gratuity	FVOCI Reserve	Asset revaluation reserve	Retained earnings	Total equity
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Balance 1 January 2022	5,016,477	-	6,098,784	72,495	(36,612)	2,107,964	9,649,912	22,909,020
Total comprehensive income for the year:								
Profit for the year	-	-	-	-	-	-	5,439,622	5,439,622
Transfer to contingency reserve	-	-	1,087,811	-	-	-	(1,087,811)	-
Dividend paid during the year	-	-	-	-	-	-	(1,103,625)	(1,103,625)
Transfer to share capital	-	-	-	-	-	-	-	-
Fair value loss on FVOCI	-	-	-	-	(31,153)	-	-	(31,153)
Changes in valuation of gratuity	-	-	-	(13,914)	-	-	-	(13,914)
Balance 31 December 2022	5,016,477	-	7,186,595	58,581	(67,765)	2,107,964	12,898,098	27,199,950
Balance 1 January 2021	5,016,477	-	5,213,927	71,147	(40,178)	1,094,475	7,005,455	18,361,303
Total comprehensive income for the year:								
Profit for the year	-	-	-	-	-	-	4,432,280	4,432,280
Transfer to contingency reserve	-	-	884,857	-	-	-	(884,857)	-
Dividend paid during the year	-	-	-	-	-	-	(902,966)	(902,966)
Fair value gain on FVOCI	-	-	-	-	3,566	-	-	3,566
Changes in valuation of gratuity	-	-	-	1,348	-	-	-	1,348
Changes in valuation of land and building	-	-	-	-	-	1,013,489	-	1,013,489
Balance 31 December 2021	5,016,477	-	6,098,784	72,495	(36,612)	2,107,964	9,649,912	22,909,020

The accompanying notes and significant accounting policies on pages 6 to 90 and other national disclosures on pages 91 to 96 form an integral part of these financial statements.

Auditors' report, pages 1 to 5

NEM INSURANCE PLC
Statement of Changes in Equity
for the year ended 31 December 2022
Parent

	Share capital	Share premium	Contingency reserve	Other reserve - Gratuity	FVOCI Reserve	Asset revaluation reserve	Retained earnings	Total equity
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Balance 1 January 2022	5,016,477	-	6,098,784	72,495	(36,612)	2,107,964	9,617,952	22,877,060
Total comprehensive income for the year:								
Profit for the year	-	-	-	-	-	-	5,439,054	5,439,054
Transfer to contingency reserve	-	-	1,087,811	-	-	-	(1,087,811)	-
Dividend paid during the year	-	-	-	-	-	-	(1,103,625)	(1,103,625)
Transfer to share capital	-	-	-	-	-	-	-	-
Fair value loss on FVOCI	-	-	-	-	(31,153)	-	-	(31,153)
Changes in valuation of gratuity	-	-	-	(13,914)	-	-	-	(13,914)
Balance 31 December 2022	5,016,477	-	7,186,595	58,581	(67,765)	2,107,964	12,865,570	27,167,422
Balance 1 January 2021	5,016,477	-	5,213,927	71,147	(40,178)	1,094,475	6,981,489	18,337,337
Total comprehensive income for the year:								
Profit for the year	-	-	-	-	-	-	4,424,286	4,424,286
Transfer to contingency reserve	-	-	884,857	-	-	-	(884,857)	-
Dividend paid during the year	-	-	-	-	-	-	(902,966)	(902,966)
Fair value gain on FVOCI	-	-	-	-	3,566	-	-	3,566
Changes in valuation of gratuity	-	-	-	1,348	-	-	-	1,348
Changes in valuation of land and building	-	-	-	-	-	1,013,489	-	1,013,489
Balance 31 December 2021	5,016,477	-	6,098,784	72,495	(36,612)	2,107,964	9,617,952	22,877,060

The accompanying notes and significant accounting policies on pages 6 to 90 and other national disclosures on pages 91 to 96 form an integral part of these financial statements.

Auditors' report, pages 1 to 5

NEM INSURANCE PLC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

CERTIFIED BY:

 Director

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	Notes	Group		Parent	
		2022 N'000	2021 N'000	2022 N'000	2021 N'000
Cash flows from Operating Activities:					
Premium received from policy holders	41(a)	33,880,290	26,467,387	33,880,290	26,467,387
Deposit premium	16	295,460	156,785	295,460	156,785
Reinsurance Premium Paid	29(a)	(10,030,390)	(7,503,726)	(10,030,390)	(7,503,726)
Fees and Commission Received	30	1,732,100	1,411,751	1,732,100	1,411,751
Direct Claims Paid	31	(12,294,580)	(11,603,949)	(12,294,580)	(11,603,949)
Claims paid on behalf of co-assurance companies	6.5	(2,413)	(421,751)	(2,413)	(421,751)
Claims Received from Reinsurers	31(d)	3,608,638	2,192,000	3,608,638	2,192,000
Claims Received from co-assurance companies	31(c)	1,177,491	2,550,179	1,177,491	2,550,179
Commission Paid	32(b)	(6,033,240)	(4,315,230)	(6,033,240)	(4,315,230)
Maintenance Expenses Paid	32(d)	(4,200,041)	(2,973,048)	(4,200,041)	(2,973,048)
Cash paid to and on behalf of Employees	36(a)	(1,883,059)	(1,893,066)	(1,871,085)	(1,882,727)
Other Operating Expenses paid		(737,615)	(752,374)	(735,489)	(806,985)
Company Income Tax Paid	19(bii)	(162,146)	(187,788)	(157,787)	(184,867)
Net cash inflow from operating activities		5,350,495	3,127,170	5,368,954	3,085,819
Cash flows from Investing Activities:					
Purchase of FVTPL	4.1	(377,119)	(590,000)	(377,119)	(590,000)
Investment in short term placement above 90 days	4.3(d)	(1,339,732)	(1,287,525)	(1,339,732)	(1,287,525)
Purchase of financial assets at amortised cost	4.3(a)	(2,696,023)	(738,312)	(2,696,023)	(738,312)
Investment Income received	33	1,555,154	1,134,507	1,555,154	1,134,507
Acquisition of Intangible assets	13	(19,639)	-	(19,639)	-
Acquisition of Investment properties	11	(3,000)	(15,136)	(3,000)	(15,136)
Acquisition of property, plant and equipment	14	(362,687)	(108,986)	(362,687)	(96,492)
Proceeds from disposal on PPE	37	1,803	5,994	1,803	5,994
Net cash outflow from investing activities		(3,241,243)	(1,599,458)	(3,241,243)	(1,586,964)
Cash flows from financing activities					
Lease initial deposit payment	17(d)	-	(65,560)	-	(65,560)
Lease payment during the year	17(d)	(127,424)	(121,529)	(127,424)	(121,529)
Dividends paid to equity holders of the parent	17(b(i))	(999,286)	(797,343)	(999,286)	(797,343)
Net cash outflow from financing activities		(1,126,710)	(984,432)	(1,126,710)	(984,432)
Total cash inflow		982,542	543,280	1,001,001	514,423
Cash and cash equivalents at 1 January		7,895,469	7,352,189	7,841,181	7,326,758
Cash and cash equivalents at 31 December		8,878,011	7,895,469	8,842,182	7,841,181
Represented by:					
Cash and cash equivalents at 31 December	3	8,878,011	7,895,469	8,842,182	7,841,181

The accompanying notes and significant accounting policies on pages 6 to 90 and other national disclosures on pages 91 to 96 form an integral part of these financial statements.

Auditors' report, pages 1 to 5

3. Cash and Cash Equivalents	Group		Parent	
	2022 N'000	2021 N'000	2022 N'000	2021 N'000
Cash - petty cash	1,107	1,914	1,107	1,910
Balances with Local banks	1,681,926	1,130,959	1,646,097	1,076,675
Domiciliary accounts with local banks	928,325	626,832	928,325	626,832
Placement with banks	5,004,299	5,119,330	5,004,299	5,119,330
Placement with other institutions	1,268,998	1,024,377	1,268,998	1,024,377
	<u>8,884,655</u>	<u>7,903,412</u>	<u>8,848,826</u>	<u>7,849,124</u>
Allowance for credit losses (Note 3(c))	(6,644)	(7,943)	(6,644)	(7,943)
Total cash and cash equivalents	<u>8,878,011</u>	<u>7,895,469</u>	<u>8,842,182</u>	<u>7,841,181</u>
Current	8,878,011	7,895,469	8,842,182	7,841,181
Non-current	-	-	-	-

Short-term deposits are made for varying periods averaging between 1 - 90 days depending on the immediate cash requirements of the Group. All deposits are subject to an average interest rate of 8.82%. The carrying amounts disclosed above reasonably approximate fair value at the reporting date.

(a) Attributable to policyholders	N'000	N'000	N'000	N'000
Balances with Local Banks	1,683,033	1,132,873	1,647,204	1,078,585
Domiciliary Accounts with local banks	928,325	626,832	928,325	626,832
Placement with Banks	5,004,299	5,119,330	5,004,299	5,119,330
	<u>7,615,657</u>	<u>6,879,035</u>	<u>7,579,828</u>	<u>6,824,747</u>
(b) Attributable to shareholders	N'000	N'000	N'000	N'000
Balances with local banks	-	-	-	-
Placement with other institutions	1,268,998	1,024,377	1,268,998	1,024,377
Cash and cash equivalents	<u>8,884,655</u>	<u>7,903,412</u>	<u>8,848,826</u>	<u>7,849,124</u>
(c) Impairment allowance for cash & cash equivalents	N'000	N'000	N'000	N'000
ECL allowance as at 1 January	7,943	1,913	7,943	1,913
(Write back)/additions during the year (Note 36(c))	(1,299)	6,030	(1,299)	6,030
Balance as at the 31 December	<u>6,644</u>	<u>7,943</u>	<u>6,644</u>	<u>7,943</u>

4. **Financial Assets**

The Company's financial assets are summarised by categories as follows:

	N'000	N'000	N'000	N'000
Fair value through profit or loss (Note 4.1)	5,800,623	5,354,017	5,800,623	5,354,017
Fair value through other comprehensive income (Note 4.2)	53,731	84,884	53,731	84,884
Financial assets at amortised cost (Note 4.3)	12,159,020	8,143,491	12,159,020	8,143,491
	<u>18,013,374</u>	<u>13,582,392</u>	<u>18,013,374</u>	<u>13,582,392</u>
Current	165,217	85,272	165,217	85,272
Non-current	17,848,157	13,497,120	17,848,157	13,497,120
	<u>18,013,374</u>	<u>13,582,392</u>	<u>18,013,374</u>	<u>13,582,392</u>

4.1 Financial assets at fair value through profit or loss

	Group		Parent	
	2022 N'000	2021 N'000	2022 N'000	2021 N'000
Balance at the beginning of the year	5,354,017	4,479,121	5,354,017	4,479,121
Purchases	377,119	590,000	377,119	590,000
Fair value gains (Note 34)	69,487	284,896	69,487	284,896
Balance at the end of the year	5,800,623	5,354,017	5,800,623	5,354,017
Attributable to policyholders	5,800,623	5,354,017	5,800,623	5,354,017
Attributable to shareholders	-	-	-	-

Management valued the Company's quoted investments at market value which is a reasonable measurement of fair value since the prices of the shares are quoted in an active market. The instruments are measured and evaluated on a fair value basis and fair value is determined by reference to published price quotations in an active market -classified as level 1 in the fair value hierarchy.

4.2 Fair value through other comprehensive income

Financial assets at fair value through other comprehensive income (FVOCI) comprise:

- (a) Equity securities which are not held for trading, and which the group has elected at initial recognition to recognise as FVOCI. These are strategic investments and the group considers this classification to be more relevant.

Equity investments at FVOCI comprise the following individual investments:

Equity securities Fair value	Group		Parent	
	2022 N'000	2021 N'000	2022 N'000	2021 N'000
CSCS	30,148	43,434	30,148	43,434
WAMCO	23,583	41,450	23,583	41,450
	53,731	84,884	53,731	84,884

The fair value gains in the carrying amount of financial assets at fair value through other comprehensive income (FVOCI) are recognized in other comprehensive income and accumulated under the heading of FVOCI reserve.

(b) Equity instrument measured at fair value through other comprehensive income

	Group		Parent	
	2022 N'000	2021 N'000	2022 N'000	2021 N'000
Balance at the beginning of the year	84,884	81,318	84,884	81,318
Fair value (loss)/ gain (Note 24)	(31,153)	3,566	(31,153)	3,566
Balance at the end of the year	53,731	84,884	53,731	84,884
Attributable to policy holders	-	-	-	-
Attributable to shareholders	53,731	84,884	53,731	84,884

	Group		Parent	
	2022 N'000	2021 N'000	2022 N'000	2021 N'000
4.3 Financial assets at amortised cost				
Bonds (Note 4.3(a))	6,922,963	4,237,430	6,922,963	4,237,430
Fixed deposits and Treasury bills (Note 4.3(d))	5,236,057	3,906,061	5,236,057	3,906,061
	12,159,020	8,143,491	12,159,020	8,143,491
(a) Bonds	N'000	N'000	N'000	N'000
Balance at the beginning of the year	4,255,650	3,517,338	4,255,650	3,517,338
Purchases during the year	2,696,023	738,312	2,696,023	738,312
	6,951,673	4,255,650	6,951,673	4,255,650
Allowance for credit losses (Note 4.3(e))	(28,710)	(18,220)	(28,710)	(18,220)
Balance at the end of the year	6,922,963	4,237,430	6,922,963	4,237,430
(b) Breakdown of the bonds	Maturity date	Coupon Rate Frequency	2022 N'000	Parent 2021 N'000
Fidelity(Eurobond)	October 2026	7.63% Half yearly	46,984	46,984
Sterling Bond(Corporate Bond)	October 2025	16.25% Half yearly	29,933	29,933
Ondo State Bond	January 2027	13.00% Half yearly	36,924	42,651
Capital Express(FGN BOND)	Various	Various Half yearly	450,945	227,588
MBC(Flourmill Bond)(Corporate Bond)	February 2025	11.10% Half yearly	100,000	100,000
Apel Asset(FGN Bond)	June 2027	11.20% Half yearly	150,000	-
UBA Capital (Bond)(Corporate Bond)	May 2025	12.50% Half yearly	57,521	76,070
Nova Merchant Bank(Bond)(Corporate Bond)	June 2027	12.00% Half yearly	52,000	52,000
FSDH(Euro Bond)(first Bank Nigeria)	Various	Various Half yearly	2,031,925	1,711,557
ValueFund Property(Corporate Bond)	January 2023	13.50% Half yearly	50,000	50,000
Lagos State(Bond)	Various	Various Half yearly	68,072	70,000
Edo State Bond	December 2025	9.00% Half yearly	50,000	50,000
CardinalStone Bond(Corporate Bond)	December 2025	7.00% Half yearly	150,000	150,000
Sokoto State Bond	May 2023	12.50% Half yearly	30,963	77,608
Powercorp Green Bond	April 2031	12.00% Half yearly	310,250	346,750
CEGAM Insurance Note(Bond)	May 2023	12.00% Half yearly	57,145	-
Garden City Bond	February 2024	6.00% Half yearly	500,000	500,000
Kwara State Bond	July 2028	15.00% Half yearly	44,629	50,000
Ecobank Euro Bond	February 2026	7.13% Half yearly	120,798	120,798
Chapel Hill Bond	September 2028	6.13% Half yearly	82,000	82,000
Value fund	January 2023	13.50% Half yearly	50,000	-
Apel Eurobond Trust(Ghana Bond)	January 2026	8.13% Half yearly	41,600	-
Presco Bond	March 2029	12.85% Half yearly	28,000	-
Niger State Bond	February 2029	15.50% Half yearly	47,898	-
FGN BOND(ZEDCREST)	January 2026	12.50% Half yearly	150,000	-
Fidelity(Eurobond)	October 2026	7.63% Half yearly	247,800	-
Minaret Sukuk Bond	September 2028	15.00% Half yearly	71,396	-
Gombe Bond(Jewel Sukuk)	August 2029	14.50% Half yearly	47,822	-
PAT Digital Infra Fund(Bond)	February 2032	13.25% Half yearly	100,000	-
Value fund	January 2023	13.50% Half yearly	50,000	50,000
Dangote Cement	April 2027	11.85% Half yearly	116,570	-
FGN BOND(Apel Capital)	March 2027	16.29% Half yearly	250,687	-
Eurobond(ZEDCREST)	October 2026	7.63% Half yearly	104,000	-
Eurobond(Access bank 2026)Zedcrest	September 2026	6.13% Half yearly	124,800	-
Apel Capital(FGN Bond)	January 2026	12.50% Half yearly	112,311	150,000
Geregu Power Plc	July 2029	14.50% Half yearly	100,000	-

Breakdown of the bonds	Maturity date	Coupon Rate	Frequency	Parent	
				2022 N'000	2021 N'000
Dangote Bond	July 2029	12.75%	Half yearly	50,000	-
Cross River State Bond	August 2029	15.50%	Half yearly	75,000	-
MTN Bond	September 2026	13.50%	Half yearly	100,000	-
Zamfara State Bond	October 2029	17.00%	Half yearly	200,000	-
Alagbaka Power Bond	September 2023	19.00%	Half yearly	150,000	-
FGN Eurobond	November 2025	7.63%	Half yearly	128,700	-
Capital Express (CEGAM)	November 2023	12.00%	Half yearly	185,000	171,429
Wema bond	May 2022	18.50%	Half yearly	-	49,894
EduMed bond	October 2022	14.00%	Half yearly	-	50,000
Ondo State Bond	August 2022	15.50%	Half yearly	-	388
				<u>6,951,673</u>	<u>4,255,650</u>

(c) The bonds were issued at par with no discount and they are redeemable at par on their respective due dates. Based on all these facts, management is of the opinion that the fair values of these bonds are equal to their face values.

	Group		Parent	
	2022 N'000	2021 N'000	2022 N'000	2021 N'000
(d) Fixed deposits and Treasury bills				
Balance at the beginning of the year	3,932,773	2,645,248	3,932,773	2,645,248
Additions during the year	1,339,732	1,287,525	1,339,732	1,287,525
	<u>5,272,505</u>	<u>3,932,773</u>	<u>5,272,505</u>	<u>3,932,773</u>
Allowance for credit losses (Note 4.3(f))	(36,448)	(26,712)	(36,448)	(26,712)
Balance at the end of the year	<u>5,236,057</u>	<u>3,906,061</u>	<u>5,236,057</u>	<u>3,906,061</u>
Attributable to policyholders	-	-	-	-
Attributable to shareholders	12,159,020	8,143,491	12,159,020	8,143,491
(e) Impairment allowance on Bond:	N'000	N'000	N'000	N'000
ECL allowance as at 1 January	18,220	40,342	18,220	40,342
Allowance/(Write back) during the year (Note 36(c))	10,490	(22,122)	10,490	(22,122)
Balance at the end of the year (Note 4.3(a))	<u>28,710</u>	<u>18,220</u>	<u>28,710</u>	<u>18,220</u>
(f) Impairment allowance on Fixed deposits and Treasury bills:	N'000	N'000	N'000	N'000
ECL allowance as at 1 January	26,712	16,715	26,712	16,715
Additions during the year (Note 36(c))	9,736	9,997	9,736	9,997
Balance at the end of the year (Note 4.3(d))	<u>36,448</u>	<u>26,712</u>	<u>36,448</u>	<u>26,712</u>
5 Trade Receivables				
	Group		Parent	
	2022 N'000	2021 N'000	2022 N'000	2021 N'000
Premium Receivable (Note 5(a))	672,356	1,479,056	672,356	1,479,056
Receivable from reinsurer	-	-	-	-
	<u>672,356</u>	<u>1,479,056</u>	<u>672,356</u>	<u>1,479,056</u>
(a) Premium Receivable	N'000	N'000	N'000	N'000
Balance at the beginning of the year	1,479,056	228,140	1,479,056	228,140
Gross premium written during the year (Note 28)	33,369,050	27,875,088	33,369,050	27,875,088
Premium received in the year	(34,175,750)	(26,624,172)	(34,175,750)	(26,624,172)
Balance at the end of the year	<u>672,356</u>	<u>1,479,056</u>	<u>672,356</u>	<u>1,479,056</u>
Current	672,356	1,479,056	672,356	1,479,056
Non-current	-	-	-	-

	Group		Parent	
	2022	2021	2022	2021
	N'000	N'000	N'000	N'000
(b) Analysis of Trade Receivables				
Amount due from reinsurance Companies	-	-	-	-
Amount due from Insurance Brokers	672,356	1,479,056	672,356	1,479,056

(c) The Group's policy in line with the provisions of "No Premium, No Cover" on impairment of trade receivables recognizes trade receivables from Brokers only. Such receivables should not exceed a period of 30 days.

Age of Trade Receivables	N'000	N'000	N'000	N'000
Within 14 days	672,356	1,479,056	672,356	1,479,056
Within 15 -30 days	-	-	-	-
Within 31 -90 days	-	-	-	-
Within 91 -180 days	-	-	-	-
Above 180 days	-	-	-	-
	672,356	1,479,056	672,356	1,479,056

(d) Trade receivables are receivables from insurance contracts as at the year end from brokers and these have been collected subsequent to the year ended 31 December 2022.

6 Reinsurance Assets	N'000	N'000	N'000	N'000
Reinsurance share of UPR (Note 6.1)	2,374,961	1,583,477	2,374,961	1,583,477
Reinsurance share of IBNR (Note 6.2)	2,144,718	1,951,123	2,144,718	1,951,123
Reinsurance share of Outstanding Claim (Note 6.3)	2,369,489	1,615,475	2,369,489	1,615,475
	6,889,168	5,150,075	6,889,168	5,150,075
Reinsurance share of Claims paid (Note 6.4)	2,792,910	2,038,968	2,792,910	2,038,968
Co-assurance receivables (Note 6.5)	30,420	376,777	30,420	376,777
	9,712,498	7,565,820	9,712,498	7,565,820
Current	2,405,381	1,960,254	2,405,381	1,960,254
Non-current	7,307,117	5,605,566	7,307,117	5,605,566

6.1 Prepaid Reinsurance expense	N'000	N'000	N'000	N'000
Reinsurance share of UPR (Note 6.1(a))	2,374,961	1,583,477	2,374,961	1,583,477
Prepaid reinsurance premium (Note (6.1(b)))	-	-	-	-
	2,374,961	1,583,477	2,374,961	1,583,477

(a) Reinsurance share of UPR	N'000	N'000	N'000	N'000
Balance at the beginning of the year	1,583,477	1,493,504	1,583,477	1,493,504
Movement during the year (Note 29)	791,484	89,973	791,484	89,973
Balance at the end of year	2,374,961	1,583,477	2,374,961	1,583,477

(b) Prepaid reinsurance premium of N2,374,961 (2021: N1,583,477,000) was as a result of time apportionment on reinsurance outward ceded out amounting to N10,074,926 (2021: N7,239,100,000).

(c) Prepaid reinsurance premium	N'000	N'000	N'000	N'000
Balance at the beginning of the year	-	-	-	-
Premium ceded during the year (Note 29(a))	10,074,926	7,329,100	10,074,926	7,329,100
Balance at the end of the year (Note 6.1(b))	-	-	-	-
Amortised Reinsurance	10,074,926	7,329,100	10,074,926	7,329,100
Movement in UPR during the year (Note 29)	(791,484)	(89,973)	(791,484)	(89,973)
Reinsurance Expenses (Note 29)	9,283,442	7,239,127	9,283,442	7,239,127

	Group		Parent	
	2022 N'000	2021 N'000	2022 N'000	2021 N'000
6.2 Reinsurance share of IBNR				
Balance at the beginning of the year	1,951,123	680,276	1,951,123	680,276
Movement during the year (Note 31(d))	193,595	1,270,847	193,595	1,270,847
Balance at the end of year (Note 6)	2,144,718	1,951,123	2,144,718	1,951,123
6.3 Reinsurance share of Outstanding Claim				
Balance at the beginning of the year	1,615,475	1,573,438	1,615,475	1,573,438
Movement during the year (Note 31(d))	754,014	42,037	754,014	42,037
Balance at the end of year (Note 6)	2,369,489	1,615,475	2,369,489	1,615,475
6.4 Reinsurance share of Claims paid				
Balance at the beginning of the year	2,325,379	1,018,429	2,325,379	1,018,429
Movement during the year (Note 31(d))	753,942	1,306,950	753,942	1,306,950
	3,079,321	2,325,379	3,079,321	2,325,379
Allowance for impairment Note (6.4(a))	(286,411)	(286,411)	(286,411)	(286,411)
Balance at the end of year (Note 6)	2,792,910	2,038,968	2,792,910	2,038,968
(a) Impairment allowance on Reinsurance share of Claims paid:				
Impairment allowance as at 1 January	286,411	51,737	286,411	51,737
Additions during the year (Note 36(c))	-	234,674	-	234,674
Balance at the 31 December	286,411	286,411	286,411	286,411
6.5 Co assurance receivables				
Balance at the beginning of the year	708,377	497,501	708,377	497,501
Claims paid on behalf of Co-assurance Companies	2,413	421,751	2,413	421,751
Claims recovered from co-assurance companies (Note 31(c))	(348,770)	(210,875)	(348,770)	(210,875)
	362,020	708,377	362,020	708,377
Allowance for impairment (Note 6.5(b))	(331,600)	(331,600)	(331,600)	(331,600)
Balance at the end of year (Note 6)	30,420	376,777	30,420	376,777
(a) Co-assurance receivables relate to amount paid on behalf of co-assurance companies where NEM Insurance Plc is leading which are yet to be received at year end.				
(b) Movement in allowance for impairment of co-assurance receivables				
Balance at the beginning of the year	331,600	155,278	331,600	155,278
Allowance for impairment during the year (Note 36(b))	-	176,322	-	176,322
Balance at the end of the year	331,600	331,600	331,600	331,600
7 Deferred acquisition cost				
Balance at the beginning of the year	1,030,753	1,840,694	1,030,753	1,840,694
Commission paid during the year (Note 32(a))	6,033,240	4,421,642	6,033,240	4,421,642
Amortised acquisition cost during the year (Note 32(a))	(5,617,002)	(5,231,583)	(5,617,002)	(5,231,583)
Balance at the end of the year	1,446,991	1,030,753	1,446,991	1,030,753
8 Other receivables and prepayments				
Prepayments (Note 8(a)(i))	51,531	39,561	51,531	39,561
Interest receivable (Note 8(b))	122,496	90,720	122,496	90,720
Withholding Tax Receivable	67,146	12,697	67,146	12,697
Other receivables (Note 8(c))	480,356	268,534	338,290	117,598
Stock brokers' current accounts (Note 8(d))	1,899	3,200	1,899	3,200
	723,428	414,712	581,362	263,776

	Group		Parent	
	2022 N'000	2021 N'000	2022 N'000	2021 N'000
(a) Prepayments				
Balance at the beginning of the year	39,561	67,602	39,561	67,602
Payment during the year	111,193	48,706	111,193	48,706
Amortisation during the year (Note 8(a)(ii))	(99,223)	(76,747)	(99,223)	(76,747)
Balance at the end of the year	51,531	39,561	51,531	39,561
(i) Breakdown of prepayments	N'000	N'000	N'000	N'000
Prepaid Commission	38,524	28,256	38,524	28,256
Rent and rates	13,007	11,305	13,007	11,305
	51,531	39,561	51,531	39,561
(ii) Breakdown of amortisation during the year	N'000	N'000	N'000	N'000
Commission	63,565	43,974	63,565	43,974
Rent and rates (Note 36(b))	35,658	32,773	35,658	32,773
	99,223	76,747	99,223	76,747
(iii) Prepaid commission represents commission paid to brokers on deposit premium received during the year which will be recognised respectively when the business commence.				
(b) Interest receivable	N'000	N'000	N'000	N'000
Balance at the beginning of the year	90,720	81,992	90,720	81,992
Interest received during the year	(90,720)	(81,992)	(90,720)	(81,992)
Accrued interest during the year	122,496	90,720	122,496	90,720
Balance at the end of the year	122,496	90,720	122,496	90,720
(i) Interest receivable represents accrued interest on various placements as at the reporting date. The net movements during the year of N90.72million and N122.496million have been included in investment income reported in Note 33.				
(c) Other Receivables	N'000	N'000	N'000	N'000
Staff loans and advances (Note 8(c)(i))	220,446	23,343	220,446	23,343
Others (Note 8(c)(ii))	233,370	245,191	8,804	11,755
Deposit for shares in NEM Asset Management Ltd (Note 8(c) (iii))&(vi)	-	-	82,500	82,500
Deposit for shares in NEM Health Ltd (Note 8(c)(iv))	26,540	-	26,540	-
	480,356	268,534	338,290	117,598
(i) Staff loans and advances	N'000	N'000	N'000	N'000
Balance at the beginning of the year	23,343	68,023	23,343	68,023
Additions during the year (Note 8(c)(v))	234,374	26,243	234,374	26,243
Repayment during the year	(36,242)	(64,845)	(36,242)	(64,845)
Write-off during the year (Note 8(c)(v) & 36(b))	(1,029)	(6,078)	(1,029)	(6,078)
Balance at the end of the year	220,446	23,343	220,446	23,343
(ii) Included in the N233 million group balance is the amount of N225 million due from NEM Asset Management Limited's customers.				
(iii) Deposit for shares in NEM Asset Management Ltd represents amount given to NEM Asset Management Limited for future increase in shares.				
(iv) Deposit for shares in NEM Health Limited represents investment in the entity as at the reporting date. The Company is yet to commence operations as at 31 December 2022.				
(v) Write-off during the year represents staff loans and advances no longer recoverable from a deceased staff.				
(vi) Deposit for shares in NEM Asset Management Ltd	N'000	N'000	N'000	N'000
Balance at the beginning of the year	-	-	82,500	132,500
Reclassification during the year (Note 10)	-	-	-	(50,000)
Balance at the end of the year	-	-	82,500	82,500
(d) Stock brokers' current accounts	N'000	N'000	N'000	N'000
Centrepoint Investment Limited	1,899	3,200	1,899	3,200
	1,899	3,200	1,899	3,200

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- i Stock brokers' current accounts comprise of amount due to NEM Insurance Plc after year end reconciliation with brokers.
- (e) As other receivables are short term in nature, highly active and recoverable on a monthly basis from staff salaries and ultimately from staff final entitlement, no assessment for impairment using Expected Credit Loss (ECL) approach was carried out at the reporting date.

	Group		Parent	
	N'000 2022	N'000 2021	N'000 2022	N'000 2021
9 Investment in Associate -Regency NEM Ghana				
Balance at the beginning and end of the year	-	-	-	-

Nem Insurance Plc holds 40% interest in Regency NEM Insurance Limited amounting to N412,741,000. This investment has been fully impaired as a result of going concern issues faced by the company resulting in non-performance of the investment.

	Group		Parent	
	N'000	N'000	N'000	N'000
10 Investment in subsidiary - NEM Asset				
Balance at the beginning of the year	-	-	150,000	100,000
Reclassification during the year (Note 8(c)(vi))	-	-	-	50,000
Balance at the end of the year	-	-	150,000	150,000

NEM Insurance Plc acquired 100% interest in NEM Asset Management in 2016. The principal activity of NEM Asset Management is asset leasing and LPO financing. The Assets and Liabilities of the new Subsidiary (NEM Asset Management) are consolidated in these Financial Statements. During the year, the subsidiary made a Profit after tax of N0.57million (2021: N7.99million).

	Group		Parent	
	N'000	N'000	N'000	N'000
11 Investment Properties				
Balance at the beginning of the year	1,706,167	1,617,609	1,706,167	1,617,609
Addition during the year (Note 11(f))	3,000	15,136	3,000	15,136
Revaluation gain (Note 35)	104,601	73,422	104,601	73,422
Balance at the end of the year	1,813,768	1,706,167	1,813,768	1,706,167

(a) Carrying amount of investment properties	Status of Title	Balance at the beginning of the year	Additions	Fair value changes	Carrying amount
		N'000	N'000	N'000	N'000
Oniru-Block Xv1, Plot 11, Aremo					
Adesegun Oniru Crecent, Off Onigefon Road, Oniru, Lagos	Perfection in progress	246,696	-	15,251	261,947
Ebute-Metta- 22a, Borno Way, Ebute-Metta Lagos	Perfected	401,152		10,642	411,794
Zaria- Plot No 34, Liverpool Street, Off River Road, GRA Extension Zaria, Kaduna State	Perfected	57,941		2,086	60,027
Plot 10, Elegba Festival Drive, Off Oba Idowu Abiodun Oniru Street, Victoria Island, Lagos	Perfection in progress	1,000,378	3,000	76,622	1,080,000
		1,706,167	3,000	104,601	1,813,768

	Group		Parent	
	2022 N'000	2021 N'000	2022 N'000	2021 N'000
The Company's investment properties are allocated as follows:				
Attributable to policyholders	-	-	-	-
Attributable to shareholders	1,813,768	1,706,167	1,813,768	1,706,167

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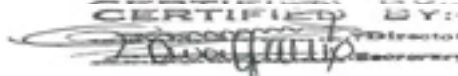
- (b) Investment properties are held at fair value which has been determined based on valuations performed by independent valuation experts, Diya Fatimilehin & Co. (Estate Surveyors & Valuers) ; Plot 237B, Muri Okunola Street, Victoria Island , Lagos; The Valuers Fatimilehin Adegboyega and Diya Maurice Kolawole are registered with Financial Reporting Council of Nigeria with registration Numbers FRC/2013/NIESV/0000000754 and FRC/2013/NIESV/0000002773 respectively.
- (c) The valuers are the industry specialists in valuing these types of investment properties. The fair value is supported by market evidence and represents the amount at which the assets could be exchanged between knowledgeable, willing buyers and knowledgeable, willing sellers in an arm's length transaction at the date of valuation, in accordance with standards issued by International Valuation Standards Committee. Valuations are performed on an annual basis and the fair value gains and losses are recorded within the statement of comprehensive income.
- (d) This is an investment in land and building held primarily for generating income or capital appreciation and occupied substantially for use in the operations of the Company. This is carried in the statement of financial position at their market value.
- (e) In the year, there was revaluation fair value gain on investment properties of N104,601,000.
- (f) The Company incurred N3,000,000 to renovate its investment properties during the year

	Group		Parent	
	2022 N'000	2021 N'000	2022 N'000	2021 N'000
12 Statutory deposit				
Statutory deposit	320,000	320,000	320,000	320,000

This represents the amount deposited with the Central Bank of Nigeria as at 31 December 2022: (2021: N 320m) which was in accordance with section 9(1) and section 10 (3) of Insurance Act CAP I17 LFN 2004. Statutory deposits are measured at cost.

13 Intangible asset	Group		Parent	
	N'000	N'000	N'000	N'000
Cost				
At 1 January	79,051	79,051	61,596	61,596
Addition (Note 13(a))	19,639	-	19,639	-
At 31 December	98,690	79,051	81,235	61,596
Amortisation				
At 1 January	79,041	79,041	61,586	61,586
Amortisation during the year	3,928	-	3,928	-
At 31 December	82,969	79,041	65,514	61,586
Carrying Amount	15,721	10	15,721	10

- (a) The software named "IES' previously acquired by the Company used in posting the business transactions has been fully amortized but still in use with the carrying amount of N10,000. However, additional software was acquired during the year for the implementation of IFRS 17.

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14(a) Property, plant and equipment (Group)

Cost/Valuation	Land	Building	Machinery & equipt	Motor Vehicles	Furniture & fittings	Computer Equipment	Total
<u>Cost</u>	N'000	N'000	N'000	N'000	N'000	N'000	N'000
At 1 January 2021	417,900	2,197,100	23,332	799,762	28,530	152,736	3,619,360
Additions	-	-	300	70,252	6,208	32,226	108,986
Disposals	-	-	(2,980)	(177,316)	(11,597)	(29,814)	(221,707)
Revaluation Surplus (Note 25)	254,300	637,600	-	-	-	-	891,900
At 31 December 2021	672,200	2,834,700	20,652	692,698	23,141	155,148	4,398,539
At 1 January 2022	672,200	2,834,700	20,652	692,698	23,141	155,148	4,398,539
Additions (Note 14(a)(i))	91,230	4,411	25,560	163,817	5,546	72,123	362,687
Reclassification (Note 14)(a)(iii)	-	-	-	13,200	-	-	13,200
Disposals	-	-	(3,946)	(47,785)	(1,563)	(16,496)	(69,790)
At 31 December 2022	763,430	2,839,111	42,266	821,930	27,124	210,775	4,704,636
Accumulated depreciation							
At 1 January 2021	-	87,884	5,910	501,145	19,308	82,691	696,938
Charge for the year	-	43,942	4,130	159,079	4,611	30,317	242,079
On disposals	-	-	(2,981)	(159,217)	(11,597)	(29,814)	(203,609)
Transfer to revaluation reserve (Note 25)	-	(131,826)	-	-	-	-	(131,826)
At 31 December 2021	-	-	7,059	501,007	12,322	83,194	603,582
At 1 January 2022	-	-	7,059	501,007	12,322	83,194	603,582
Charge for the year	-	56,782	8,453	131,180	5,408	41,965	243,788
Reclassification (Note 14)(a)(iii)	-	-	-	2,640	-	-	2,640
On disposals	-	-	(3,946)	(9,557)	(1,563)	(16,496)	(31,562)
At 31 December 2022	-	56,782	11,566	625,270	16,167	108,663	818,448
Carrying amounts at:							
31 December 2022	763,430	2,782,329	30,700	196,660	10,957	102,112	3,886,188
31 December 2021	672,200	2,834,700	13,593	191,691	10,819	71,954	3,794,957

- (i) Additions to land in the sum of N91,230,000 represent amount incurred during the year to perfect the title document of the landed property at the Head Office, located at 199, Ikorodu road, Obanikoro Lagos State. Additions to building of N4,410,500 represent amount spent on the construction of a new generator shed and in obtaining approved drawings for the Head Office building
- (ii) The Group had no capital commitments as at the statement of financial position date (2021: Nil). As at the reporting date land is being carried at revalued amount.
- (iii) Reclassification represents cost and accumulated depreciation of prior year's Right-of-use (ROU) asset (Motor vehicle) reclassified to property, plant and equipment during the year. The asset was subsequently disposed of before the end of the reporting date.

(b) Property, plant and equipment (Parent)

Cost/Valuation	Land	Building	Machinery & equip	Motor Vehicles	Furniture & fittings	Computer Equipment	Total
Cost	N'000	N'000	N'000	N'000	N'000	N'000	N'000
At 1 January 2021	417,900	2,197,100	23,330	795,161	28,444	151,932	3,613,867
Additions	-	-	300	58,499	6,208	31,485	96,492
Disposals	-	-	(2,980)	(172,716)	(11,597)	(29,814)	(217,107)
Revaluation Surplus (Note 25)	254,300	637,600	-	-	-	-	891,900
At 31 December 2021	672,200	2,834,700	20,650	680,944	23,055	153,603	4,385,152
At 1 January 2022	672,200	2,834,700	20,650	680,944	23,055	153,603	4,385,152
Additions (Note 14(a)(i))	91,230	4,411	25,560	163,817	5,546	72,123	362,687
Reclassification (Note 14(a)(iii))	-	-	-	13,200	-	-	13,200
Disposals	-	-	(3,946)	(47,785)	(1,563)	(16,496)	(69,790)
At 31 December 2022	763,430	2,839,111	42,264	810,176	27,038	209,230	4,691,249
Accumulated depreciation							
At 1 January 2021	-	87,884	5,910	496,544	19,237	81,870	691,445
Charge for the year	-	43,942	4,130	156,728	4,611	30,169	239,580
On disposals	-	-	(2,981)	(154,617)	(11,597)	(29,814)	(199,009)
Revaluation Surplus (Note 25)	-	(131,826)	-	-	-	-	(131,826)
At 31 December 2021	-	-	7,059	498,655	12,251	82,225	600,190
At 1 January 2022	-	-	7,059	498,655	12,251	82,225	600,190
Reclassification (Note 14(a)(iii))	-	-	-	2,640	-	-	2,640
Charge for the year	-	56,782	8,453	129,300	5,408	41,846	241,789
On disposals	-	-	(3,946)	(9,557)	(1,563)	(16,496)	(31,562)
At 31 December 2022	-	56,782	11,566	621,038	16,096	107,575	813,057
Carrying amounts at:							
31 December 2022	763,430	2,782,329	30,698	189,138	10,942	101,655	3,878,192
31 December 2021	672,200	2,834,700	13,591	182,289	10,804	71,378	3,784,962

14(c) Right-of-Use Assets	Group		Parent	
	2022 N'000	2021 N'000	2022 N'000	2021 N'000
Cost				
At 1 January	262,400	-	262,400	-
Additions during the year	-	262,400	-	262,400
Reclassification (Note 14(a)(iii))	(13,200)	-	(13,200)	-
At 31 December	249,200	262,400	249,200	262,400
Accumulated depreciation				
At 1 January	52,480	-	52,480	-
Charge for the year	49,840	52,480	49,840	52,480
Reclassification (Note 14(a)(iii))	(2,640)	-	(2,640)	-
At 31 December	99,680	52,480	99,680	52,480
Carrying amounts at:				
At 31 December	149,520	209,920	149,520	209,920
15 Insurance Contract Liabilities	N'000	N'000	N'000	N'000
Outstanding Claims reserve (Note 15.1)	3,018,611	2,512,860	3,018,611	2,512,860
Incurred but not reported (IBNR) (Note 15.1(b))	4,361,125	3,375,076	4,361,125	3,375,076
Total outstanding Claims (including IBNR)	7,379,736	5,887,936	7,379,736	5,887,936
Unearned Premium Reserve (Note 15.2)	8,265,357	6,329,907	8,265,357	6,329,907
	15,645,093	12,217,843	15,645,093	12,217,843

The firm Ernst & Young (Formally HR Nigeria Limited), an actuarial service organisation did the valuation for the reporting date. The actuarial valuation reports were authorised by Wise Chigudu, a professional actuary registered with the Financial Reporting Council of Nigeria with registration number FRC/2022/PRO/NAS/004/00000024119.

15.1 Outstanding Claims reserve	N'000	N'000	N'000	N'000
Fire	1,278,968	979,906	1,278,968	979,906
Accident	418,320	504,414	418,320	504,414
Marine and Aviation	275,894	214,457	275,894	214,457
Motor	1,022,556	761,550	1,022,556	761,550
Oil and Gas	22,565	52,458	22,565	52,458
Agriculture	308	75	308	75
	3,018,611	2,512,860	3,018,611	2,512,860
(a) Movement in outstanding Claims reserve	N'000	N'000	N'000	N'000
Opening balance	2,512,860	2,860,898	2,512,860	2,860,898
Increase/(decrease) in the year (Note 31)	505,751	(348,038)	505,751	(348,038)
Closing balance	3,018,611	2,512,860	3,018,611	2,512,860
(b) Movement in Incurred but not reported	N'000	N'000	N'000	N'000
Opening balance	3,375,076	1,918,964	3,375,076	1,918,964
Increase in the year (Note 31)	986,049	1,456,112	986,049	1,456,112
Closing balance	4,361,125	3,375,076	4,361,125	3,375,076

(c) The Age Analysis of Outstanding Claims in thousands of Nigerian Naira as at 31 December 2022 is as follows:

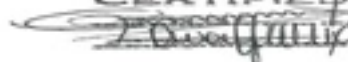
	No. of Claimants	2022 N'000	2021 N'000
0 - 90 days	234	337,954	729,511
91 - 180 days	275	387,390	680,704
	509	725,344	1,410,215

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 Director

 Secretary

(d) AGE ANALYSIS BY REASON	0 - 90 days		91 - 180 days		181-270 days		271 -365 days		Above 365 days		Total	
	Qty	N'000	Qty	N'000	Qty	N'000	Qty	N'000	Qty	N'000	Qty	N'000
1 Discharge Voucher Signed and returned to policyholders	80	120,740	54	149,812	69	150,996	86	137,413	79	180,607	368	739,568
2 Discharge Vouchers not yet Signed	15	53,971	18	50,474	17	160,454	23	52,490	21	24,255	94	341,644
3 Claims reported but incomplete documentation	50	70,151	45	53,761	113	65,741	73	46,470	2,946	251,889	3,227	488,012
4 Claims reported but been adjusted	5	13,136	13	24,449	11	30,963	10	96,957	10	11,250	49	176,755
5 claims repudiated			1	1,000					1	4,000	2	5,000
6 Awaiting adjusteds final report	15	50,781	25	82,434	12	113,958	15	224,305	12	193,457	79	664,935
7 Litigation award									2	276,000	2	276,000
8 Awaiting Lead insurer's instruction	69	29,175	119	25,460	100	55,413	96	41,209	1,370	89,758	1,754	241,015
9 Third paty liability outstanding					25	18,076	30	23,381	35	44,227	90	85,684
Total	234	337,954	275	387,390	347	595,601	333	622,225	4,476	1,075,443	5,665	3,018,613

CERTIFIED BY:-

 Director

	Group		Parent	
	2022 N'000	2021 N'000	2022 N'000	2021 N'000
15.2 Unearned Premium reserve				
Balance at the beginning of the year(Note 28(a))	6,329,907	5,000,073	6,329,907	5,000,073
Changes in unearned premium (Note 28(a))	1,935,450	1,329,834	1,935,450	1,329,834
Balance at the end of the year (Note 28(a))	8,265,357	6,329,907	8,265,357	6,329,907

The above balances represent the amounts payable on direct insurance business and assumed reinsurance business. The carrying amounts disclosed above approximate fair value at the reporting date. All amounts are payable within one year.

	N'000	N'000	N'000	N'000
16 Trade Payables				
Due to Reinsurance Broker - A.O.N.(Note 16(a)(i))	119,268	128,213	119,268	128,213
Due to Reinsurance Broker - SCIB (Note 16(a)(ii))	72,799	19,318	72,799	19,318
Premium Deposit (Note 16(b))	295,460	156,785	295,460	156,785
Commission payable (Note 32(b))	-	106,412	-	106,412
	<u>487,527</u>	<u>410,728</u>	<u>487,527</u>	<u>410,728</u>

(a) Trade payable represents premium payable to both reinsurance companies and brokers and commission payable to insurance brokers. The carrying amount disclosed above reasonably approximates fair value at the reporting date. All amounts are payable within one year and payment process has commenced subsequent to the year end

(i) Due to Reinsurance Broker - A.O.N.	N'000	N'000	N'000	N'000
Premium	107,032	115,059	107,032	115,059
Commission	12,236	13,154	12,236	13,154
	<u>119,268</u>	<u>128,213</u>	<u>119,268</u>	<u>128,213</u>

(ii) Due to Reinsurance Broker - SCIB	N'000	N'000	N'000	N'000
Premium	49,213	13,059	49,213	13,059
Commission	23,586	6,259	23,586	6,259
	<u>72,799</u>	<u>19,318</u>	<u>72,799</u>	<u>19,318</u>

(b) Premium deposit represents advance received in 2022 for 2023 production.

17 Other Payables	N'000	N'000	N'000	N'000
Accruals (Note 17(b))	606,497	590,005	525,388	543,274
Dividend payable (Note 17(b)(i))	938,259	833,920	938,259	833,920
Other creditors (Note 17(c))	30,965	107,603	106,913	121,910
Deferred commission Income (Note 17(g) and Note 30)	531,568	361,710	531,568	361,710
	<u>2,107,289</u>	<u>1,893,238</u>	<u>2,102,128</u>	<u>1,860,814</u>

(a) The carrying amount disclosed above reasonably approximates fair value at the reporting date. All amounts are payable within one year.

(b) Accruals	N'000	N'000	N'000	N'000
Audit fees	4,000	4,000	4,000	4,000
Profit Sharing	258,664	200,000	258,664	200,000
Performance bonus	39,175	33,547	39,175	33,547
Medical expenses	-	7,033	-	7,033
Naicom Levy	203,334	278,750	203,334	278,750
Pension payable	10,715	9,110	10,715	9,110
Cooperative	-	347	-	-
Others	90,609	57,218	9,500	10,834
	<u>606,497</u>	<u>590,005</u>	<u>525,388</u>	<u>543,274</u>

(b(i)) Dividend payable represents Unclaimed Dividend returned to the Group by Apel Capital & Trust Limited for investment as required by Securities and Exchange Commission.

Movement in dividend payable:	N'000	N'000	N'000	N'000
Balance at the beginning of the year	833,920	728,297	833,920	728,297
Dividend declared (Note 23)	1,103,625	902,966	1,103,625	902,966
Dividend paid	(999,286)	(797,343)	(999,286)	(797,343)
Balance at the end of the year	938,259	833,920	938,259	833,920

	Group		Parent	
	2022 N'000	2021 N'000	2022 N'000	2021 N'000
(c) Other Creditors				
Due to NEM Assets Management Ltd (Note 17 (e))	-	-	75,948	14,307
Deferred Income (Note 17(f))	-	107,603	-	107,603
Other Creditor	30,965	-	30,965	-
	<u>30,965</u>	<u>107,603</u>	<u>106,913</u>	<u>121,910</u>
(d) Lease liabilities	N'000	N'000	N'000	N'000
Balance at the beginning of the year	139,623	47,963	139,623	47,963
Additions during the year	-	262,400	-	262,400
Interest charged during the year (Note 36)	23,800	16,349	23,800	16,349
Lease initial deposit payment	-	(65,560)	-	(65,560)
Lease payment during the year	(127,424)	(121,529)	(127,424)	(121,529)
Balance as at the end of the year	<u>35,999</u>	<u>139,623</u>	<u>35,999</u>	<u>139,623</u>

(e) NEM Asset Management Ltd financed the purchase of some motor cars for NEM Insurance Plc. The total amount outstanding as at 31 December 2022 was N75,948,000 (2021: N14,307,000). NEM Asset Management Limited is a subsidiary of NEM Insurance Plc.

(f) The Deferred income represents rental income received in advance from the occupants of the Company's properties.

(g) Deferred commission Income represents unexpired commission received on reinsurance expenses.

18 Retirement Benefit Obligations

The Group has a defined benefit gratuity scheme covering its entire employees who have spent a minimum number of five years continuous service. The scheme is unfunded, therefore, no contribution is made to any fund. The Company has stopped gratuity since 2014 and the balance outstanding on it is subjected to valuation at year end.

The amounts recognised in the income statement (Management expenses) are as follows:

	Group		Parent	
	2022 N'000	2021 N'000	2022 N'000	2021 N'000
Current service cost	-	-	-	-
Interest cost on benefit obligation (Note 36(a))	6,298	5,590	6,298	5,590
	<u>6,298</u>	<u>5,590</u>	<u>6,298</u>	<u>5,590</u>

The amounts recognised in the statement of financial position at the reporting date are as follows:

	N'000	N'000	N'000	N'000
Present value of the defined benefit obligation				
Total defined benefit obligation	<u>29,497</u>	<u>52,414</u>	<u>29,497</u>	<u>52,414</u>

The movement in the defined benefit obligation is as follows:

	N'000	N'000	N'000	N'000
Balance at the beginning of the year	52,414	78,960	52,414	78,960
Current service cost	-	-	-	-
Interest cost	6,298	5,590	6,298	5,590
Benefits paid (Note 41)	(49,829)	(30,638)	(49,829)	(30,638)
Actuarial loss/(gain)-Due to change in assumption	72	(10,293)	72	(10,293)
Actuarial losses - Due to experience adjustment	20,542	8,795	20,542	8,795
Balance at the end of the year	<u>29,497</u>	<u>52,414</u>	<u>29,497</u>	<u>52,414</u>

Actuary Report Extracts

Valuation Assumption

The Valuation assumptions fall under two broad categories:

- A Financial Assumptions
- B Demographic Assumptions

The assumptions depict the estimate of the likely future experience of the Group.

A Financial Assumptions	Group		Parent	
	2022	2021	2022	2021
Average Long-Term Future				
Discount Rate (p.a)	12.41%	12.55%	12.41%	12.55%
Interest Credit Rate (p.a)	0.00%	0%	0.00%	0%

In order to measure the liability, the projected benefit must be discounted to a net present value as at the statement of financial position date, using an interest assumption (called the discount rate).

The discount rate should be determined on the Group's statement of financial position date by reference to market yields on high quality corporate bonds (except where there is no deep market in such bonds, in which case the discount rate should be based on market yields on Government bonds). The discount rate should reflect the duration of the liabilities of the benefit programme.

We calculated the weighted average liability duration and adopted the corresponding Nigerian Government bonds market yield at the valuation date.

The weighted average liability duration for the Plan is 2.68 years. The average weighted duration of the closest Nigerian Government bond as at 31 December 2022 was 2.65 years with a gross redemption yield of 12.40%.

We have prudently adopted a discount rate of 12.41% for the current valuation.

B Demographic Assumptions

Mortality in Service

The rates of mortality assumed for employees are the rates published in the A67/70 Ultimate Tables, published jointly by the Institute and Faculty of Actuaries in the UK.

Sample Age	No of Deaths in year of age out of 10,000 lives		No of Deaths in year of age out of 10,000 lives	
	2022	2021	2022	2021
	25	7	7	7
30	7	7	7	7
35	9	9	9	9
40	14	14	14	14
45	26	26	26	26

Withdrawal from Service

Age Band	Rate		Rate	
	2022	2021	2022	2021
Less than or equal to 30	3%	3%	3%	3%
31-39	2%	2%	2%	2%
40-44	2%	2%	2%	2%
45-50	0%	0%	0%	0%
51-59	0%	0%	0%	0%

Valuation Method

As required by IAS 19, we have adopted the Projected Unit Credit (PUC) method to establish the value of the accrued liabilities. In calculating the liabilities, the method:

- i estimates the expected gratuity benefit payable in future (and we have not allowed for notional interest credits since it is not granted) between the review dates and the eventual exit date of the employee via withdrawal, death or retirement and then discounts the expected benefit payments to the review date.
- ii The emerging total value (for each individual) is described by IAS 19 as the **Defined Benefit Obligation (DBO)**.

MEMBERSHIP DATA

The calculations are based on the membership data as at 31 December 2022 as summarised below.

	Number of Employees	Crystallised Gratuity as 31 December 2014
Summary by Category		
Category		N
Male	6	31,316,705
Female	2	6,623,309
Total	<u>8</u>	<u>37,940,014</u>
Data Reconciliation Summary		
As at 31 December 2021	28	84,161,037
Exits	(20)	(46,221,023)
As at 31 December 2022	<u>8</u>	<u>37,940,014</u>

Had the plan discontinued as at 31 December 2022, we estimate the accrued benefits payable as N37.94 million. This is the sum of the crystallised gratuity benefits of all qualified employees as at the review date.

The statement of financial position liability of N29.5 million is lower because it is the discounted value of the crystallised gratuity benefits (with no interest credit) from their expected payment date to the review date.

ACTUARY'S STATEMENT

The calculations reported above have been made on a basis consistent with the understanding of the statement purpose of fulfilling the employer's financial accounting standards.

Figures required for other purposes should be calculated in accordance with the specific requirements for such purposes and it should not be assumed that the figures herein have any relevance beyond the scope of the International Accounting Standards requirements.

The firm Ernst & Young (Formerly HR Nigeria Limited), an actuarial service organisation did the valuation of Gratuity for the reporting period. The actuarial valuation reports were authorised by Wise Chigudu, a professional actuary registered with the Financial Reporting Council of Nigeria with registration number FRC/2022/PRO/NAS/0000024119.

19 Taxation	Group		Parent	
	2022 N'000	2021 N'000	2022 N'000	2021 N'000
(a) Per Financial Position				
Balance at the beginning of the year	623,508	675,783	618,736	670,286
Income tax for the year	474,789	489,933	474,157	488,101
Education tax for the year	53,246	58,442	53,246	58,078
Prior year over-provision (Note 19(b))	(487,254)	(457,987)	(487,254)	(457,987)
Information technology levy (Note 19(d))	54,792	45,125	54,792	45,125
Paid during the year	(339,857)	(187,788)	(335,498)	(184,867)
Balance at the end of the year	<u>379,224</u>	<u>623,508</u>	<u>378,179</u>	<u>618,736</u>
(b) Per Income Statement				
Income tax	474,789	489,933	474,157	488,101
Education tax	53,246	58,442	53,246	58,078
Prior year over-provision	(487,254)	(457,987)	(487,254)	(457,987)
	40,781	90,388	40,149	88,192
Deferred tax asset (Note 20 (i))	1,094	5,530	-	-
Deferred tax liabilities (Note 20 (ii))	-	-	-	-
Charge for the year	<u>41,875</u>	<u>95,918</u>	<u>40,149</u>	<u>88,192</u>
(bii) Per Statement of Cash flows				
Tax Paid during the year	(339,857)	(187,788)	(335,498)	(184,867)
Add: WHT Credit Notes utilized during the year	177,711	-	177,711	-
Total Cash paid for Tax liability	<u>(162,146)</u>	<u>(187,788)</u>	<u>(157,787)</u>	<u>(184,867)</u>

	Group		Parent	
	2022	2021	2022	2021
(c) Profit before tax differs from the theoretical amount that would arise using the basic tax rate as follows:				
	N'000	N'000	N'000	N'000
Profit before income tax	5,536,289	4,573,323	5,533,995	4,557,603
Tax calculated at the corporate tax rate	1,662,635	1,369,717	1,660,199	1,367,281
Effect of:				
Non-deductible expenses	83,464	95,162	83,464	94,920
Effect of Education tax levy	53,246	58,321	53,246	59,078
Effect of Capital allowance on income tax	(164,790)	(227,148)	(164,790)	(227,148)
Effect of Balancing and Investment Allowance	(540)	(915)	(540)	(915)
Effect of Deferred tax	1,094	5,530	-	-
Tax exempt income	(1,105,980)	(746,762)	(1,104,176)	(746,037)
Overprovision in prior years	(487,254)	(457,987)	(487,254)	(457,987)
Total income tax expense in income statement	41,875	95,918	40,149	89,192
Effective tax rate (%)	0.76	2.10	0.73	1.96

(d) Information Technology Levy

The Nigeria Information Technology Development Agency (NITDA) Act was signed into Law on 24 April, 2007. Section 12 (2a) of the Act stipulates that, specified companies contribute 1% of their profit before tax to the Nigerian Information Technology Development Agency. In line with the Act, the Company has provided for NITDA levy at the specified rate.

20 Deferred Taxation

i Deferred tax Assets

	N'000	N'000	N'000	N'000
Balance at the beginning of the year	(257,505)	(263,035)	(253,568)	(253,568)
Write back for the year	1,094	5,530	-	-
Balance at the end of the year	(256,411)	(257,505)	(253,568)	(253,568)

ii Deferred tax Liabilities

	N'000	N'000	N'000	N'000
Balance at the beginning of the year	10,387	-	10,387	-
Charge for the year	-	-	-	-
Revaluation surplus (Note 25)	-	10,237	-	10,237
Other reserves-gratuity (Note 26)	(6,700)	150	(6,700)	150
Balance at the end of the year	3,687	10,387	3,687	10,387

21 Share Capital

Ordinary shares issued and fully paid

	N'000	N'000	N'000	N'000
Share reconstruction-5,016,477,767 ordinary shares of N1 each (Note 21(a))	5,016,477	5,016,477	5,016,477	5,016,477
	5,016,477	5,016,477	5,016,477	5,016,477

- (a) In 2021, the Company implemented a share capital reconstruction on the Daily Official List of Nigerian Exchange Limited (NGX). Consequently, the entire issued shares 10,032,955,535 ordinary shares of 50 kobo each at N2.42 per share were delisted from the Daily Official List on 29 December 2021 while the Company's 5,016,477,767 ordinary shares of N1.00 each arising from the share capital reconstruction were listed on the Daily Official List on the same day at N4.84 per share. With the implementation of the Company's share capital reconstruction, the total issued and fully paid-up shares of the Company was reduced from 10,032,955,535 ordinary shares of 50kobo each to 5,016,477,767 of N1 each.

	Group		Parent	
	2022	2021	2022	2021
22 Statutory contingency reserve	N'000	N'000	N'000	N'000
Balance at the beginning of the year	6,098,784	5,213,927	6,098,784	5,213,927
Transfer from revenue reserve (Note 23)	1,087,811	884,857	1,087,811	884,857
Balance at the end of the year	<u>7,186,595</u>	<u>6,098,784</u>	<u>7,186,595</u>	<u>6,098,784</u>

Statutory contingency reserve is calculated in accordance with the provisions of Section 21(2) of the Insurance Act, 2003 at the higher of 3% of the total premium or 20% of total profit after tax. This shall accumulate until it reaches the amount of greater of minimum paid-up capital or 50% of net premium.

During the current year, this was calculated based on 3% of the gross premium.

	N'000	N'000	N'000	N'000
23 Retained earnings				
Balance at the beginning of the year	9,649,912	7,005,455	9,617,952	6,981,489
Profit for the year	5,439,622	4,432,280	5,439,054	4,424,286
Transfer to contingency reserve (Note 22)	(1,087,811)	(884,857)	(1,087,811)	(884,857)
Dividend declared (Note 17(b)(i))	(1,103,625)	(902,966)	(1,103,625)	(902,966)
Balance at the end of the year	<u>12,898,098</u>	<u>9,649,912</u>	<u>12,865,570</u>	<u>9,617,952</u>

	N'000	N'000	N'000	N'000
24 FVOCI reserve				
Balance at the beginning of the year	(36,612)	(40,178)	(36,612)	(40,178)
(Addition)/Write back during the year (Note 4.2(b))	(31,153)	3,566	(31,153)	3,566
Balance at the end of the year	<u>(67,765)</u>	<u>(36,612)</u>	<u>(67,765)</u>	<u>(36,612)</u>

- (a) The fair value reserve shows the effect from the fair value measurement of financial instruments of the category FVOCI. Any gains or losses are not recognised in the comprehensive income statement until the asset has been sold or impaired. The negative movement was due to change in the long term Unquoted Investments.

	N'000	N'000	N'000	N'000
25 Asset revaluation reserve				
Balance at the beginning of the year	2,107,964	1,094,475	2,107,964	1,094,475
Additions during the year: Cost- revaluation surplus (Note 14)	-	891,900	-	891,900
Accumulated depreciation (Note 14)	-	131,826	-	131,826
	-	1,023,726	-	1,023,726
Deferred tax (Note 20(ii))	-	(10,237)	-	(10,237)
	-	1,013,489	-	1,013,489
Balance at the end of the year	<u>2,107,964</u>	<u>2,107,964</u>	<u>2,107,964</u>	<u>2,107,964</u>

- (a) This comprise cumulative fair value changes on valuation of leasehold land & building net of deferred tax asset/liabilities.

	N'000	N'000	N'000	N'000
26 Other Reserves - gratuity				
Balance at the beginning of the year	72,495	71,147	72,495	71,147
(Loss)/gain during the year	(20,614)	1,498	(20,614)	1,498
Deferred tax (Note 20(ii))	6,700	(150)	6,700	(150)
Balance at the end of the year	<u>58,581</u>	<u>72,495</u>	<u>58,581</u>	<u>72,495</u>

- (a) This comprise of the cumulative actuarial gain on change in assumptions and experience adjustment.

	Group		Parent	
	2022	2021	2022	2021
	N'000	N'000	N'000	N'000
27 Gross Premium written				
Direct premium (Note 27(a))	32,866,388	27,412,551	32,866,388	27,412,551
Inward reinsurance (Note 27(a))	502,662	462,537	502,662	462,537
	<u>33,369,050</u>	<u>27,875,088</u>	<u>33,369,050</u>	<u>27,875,088</u>
Gross premium written increased when compared with previous year majorly because of the new businesses won during the year due to aggressive marketing embarked upon by the Company.				
(a) Gross Premium written	N'000	N'000	N'000	N'000
Fire	8,284,813	6,334,528	8,284,813	6,334,528
Oil and Gas	4,765,273	4,340,340	4,765,273	4,340,340
General accident	6,097,000	4,880,822	6,097,000	4,880,822
Marine	3,430,439	3,834,348	3,430,439	3,834,348
Motor	10,142,612	7,951,224	10,142,612	7,951,224
Agriculture	146,251	71,289	146,251	71,289
Direct premium (Note 27)	32,866,388	27,412,551	32,866,388	27,412,551
Inward reinsurance (Note 27)	502,662	462,537	502,662	462,537
	<u>33,369,050</u>	<u>27,875,088</u>	<u>33,369,050</u>	<u>27,875,088</u>
28 Gross premium income	N'000	N'000	N'000	N'000
Premium written during the year (Note 27)	33,369,050	27,875,088	33,369,050	27,875,088
Changes in unearned premium (Note 28(a))	(1,935,450)	(1,329,834)	(1,935,450)	(1,329,834)
	<u>31,433,600</u>	<u>26,545,254</u>	<u>31,433,600</u>	<u>26,545,254</u>
(a) Movement in Unearned premium	N'000	N'000	N'000	N'000
Unearned premium brought forward (Note 15.2)	6,329,907	5,000,073	6,329,907	5,000,073
Unearned premium carried forward (Note 15.2)	(8,265,357)	(6,329,907)	(8,265,357)	(6,329,907)
Increase in unearned premium	(1,935,450)	(1,329,834)	(1,935,450)	(1,329,834)
	<u>9,283,442</u>	<u>7,239,127</u>	<u>9,283,442</u>	<u>7,239,127</u>
29 Reinsurance expenses	N'000	N'000	N'000	N'000
Reinsurance premium (Cost) during the year (Note 29(a))	10,074,926	7,329,100	10,074,926	7,329,100
Change in Reinsurance Share of UPR (Note 6.1(a))	(791,484)	(89,973)	(791,484)	(89,973)
Change in Prepaid Reinsurance Premium (Note 6.1(b))	-	-	-	-
	<u>9,283,442</u>	<u>7,239,127</u>	<u>9,283,442</u>	<u>7,239,127</u>
(a) Reinsurance expense	N'000	N'000	N'000	N'000
Motor	99,515	46,237	99,515	46,237
Marine	1,122,099	1,048,439	1,122,099	1,048,439
Fire	3,648,421	2,376,956	3,648,421	2,376,956
General Accident	2,616,801	1,696,105	2,616,801	1,696,105
Oil & Gas	2,522,519	2,122,169	2,522,519	2,122,169
Agric	65,571	39,194	65,571	39,194
	<u>10,074,926</u>	<u>7,329,100</u>	<u>10,074,926</u>	<u>7,329,100</u>
Opening-Due to Reinsurance Broker-A.O.N (Note 16)	128,213	205,514	128,213	205,514
Opening-Due to Reinsurance Broker - SCIB (Note 16)	19,318	116,643	19,318	116,643
Closing-Due to Reinsurance Broker - A.O.N. (Note 16)	(119,268)	(128,213)	(119,268)	(128,213)
Closing-Due to Reinsurance Broker - SCIB (Note 16)	(72,799)	(19,318)	(72,799)	(19,318)
Reinsurance expense paid during the year	<u>10,030,390</u>	<u>7,503,726</u>	<u>10,030,390</u>	<u>7,503,726</u>
(b) Reinsurance expenses of N10,030,390,000 was paid during the year, N6,955,362,035 was paid to the foreign insurers while N3,075,027,965 was paid to local insurers. In 2021 reinsurance expense stood at N7,503,726,000 (Foreign N7,008,522,726 - Local N495,203,449).				
30 Fees and commission income	N'000	N'000	N'000	N'000
Deferred Commission as at 1 January	361,710	404,834	361,710	404,834
Fees and Commission Income received during the year (Note 30(b))	1,732,100	1,411,751	1,732,100	1,411,751
Deferred Commission as at 31 December (Note 17)	(531,568)	(361,710)	(531,568)	(361,710)
Fees and Commission Income earned during the year	<u>1,562,242</u>	<u>1,454,875</u>	<u>1,562,242</u>	<u>1,454,875</u>

- (a) Fee income represents commission received on direct business and transactions ceded to re-insurance during the year under review.

	Group		Parent	
	2022 N'000	2021 N'000	2022 N'000	2021 N'000
(b) Classes				
Motor	462	2,786	462	2,786
Marine	211,008	244,492	211,008	244,492
Fire	852,435	614,397	852,435	614,397
General Accident	625,458	516,254	625,458	516,254
Oil and Gas	29,623	25,983	29,623	25,983
Agric	13,114	7,839	13,114	7,839
	<u>1,732,100</u>	<u>1,411,751</u>	<u>1,732,100</u>	<u>1,411,751</u>
31 Claims Expenses	N'000	N'000	N'000	N'000
Gross Claims paid (Note 31(a))	12,294,580	11,603,949	12,294,580	11,603,949
Increase in outstanding claims (Note 15.1(a))	505,751	(348,038)	505,751	(348,038)
Changes in IBNR (Note 15.1(b))	986,049	1,456,112	986,049	1,456,112
Gross claims incurred during the year	<u>13,786,380</u>	<u>12,712,023</u>	<u>13,786,380</u>	<u>12,712,023</u>
Claims recovered (Note 31(c))	(828,721)	(2,339,304)	(828,721)	(2,339,304)
Recoverables from Reinsurance (Note 31(d))	(5,310,189)	(4,811,834)	(5,310,189)	(4,811,834)
Net Claims expenses	<u>7,647,470</u>	<u>5,560,885</u>	<u>7,647,470</u>	<u>5,560,885</u>
(a) Claims Paid				
Classes	N'000	N'000	N'000	N'000
Motor	5,076,395	4,299,764	5,076,395	4,299,764
Marine	1,131,694	503,209	1,131,694	503,209
Fire	4,506,321	4,357,726	4,506,321	4,357,726
General Accident	1,408,826	1,504,825	1,408,826	1,504,825
Oil and Gas	149,455	929,124	149,455	929,124
Agric	21,889	9,301	21,889	9,301
	<u>12,294,580</u>	<u>11,603,949</u>	<u>12,294,580</u>	<u>11,603,949</u>
(b) Claims expenses consist of claims paid during the financial year together with the movement in the provision for outstanding claims.				
(c) Claims recovered				
Classes	N'000	N'000	N'000	N'000
Motor	365,022	790,555	365,022	790,555
Marine	117,749	255,018	117,749	255,018
Fire	294,373	535,538	294,373	535,538
General Accident	211,948	535,538	211,948	535,538
Oil and Gas	188,399	433,530	188,399	433,530
	<u>1,177,491</u>	<u>2,550,179</u>	<u>1,177,491</u>	<u>2,550,179</u>
Claims recovered from co-assurance companies (Note 6.5)	(348,770)	(210,875)	(348,770)	(210,875)
	<u>828,721</u>	<u>2,339,304</u>	<u>828,721</u>	<u>2,339,304</u>
i Claims recovered represent recoveries from co-assurance companies where NEM Insurance Plc is the lead underwriter.				
(d) Reinsurance Recoverable	N'000	N'000	N'000	N'000
Claims recovered from reinsurance	3,608,638	2,192,000	3,608,638	2,192,000
Changes in Reinsurance share of Outstanding Claims (Note 6.3)	754,014	42,037	754,014	42,037
Changes in Reinsurance share of IBNR (Note 6.2)	193,595	1,270,847	193,595	1,270,847
Change in Reinsurance share of Claims paid not yet recovered (Note 6.4)	753,942	1,306,950	753,942	1,306,950
	<u>5,310,189</u>	<u>4,811,834</u>	<u>5,310,189</u>	<u>4,811,834</u>

	Group		Parent	
	2022 N'000	2021 N'000	2022 N'000	2021 N'000
32 Underwriting Expenses				
Commission expense (Note 32(a))	5,617,002	5,231,583	5,617,002	5,231,583
Maintenance expense (Note 32(c))	4,239,216	2,973,048	4,239,216	2,973,048
	<u>9,856,218</u>	<u>8,204,631</u>	<u>9,856,218</u>	<u>8,204,631</u>
(a) Commission expense	N'000	N'000	N'000	N'000
Commission cost incurred during the year (Note 32(b))	6,033,240	4,421,642	6,033,240	4,421,642
Changes in deferred acquisition cost	(416,238)	809,941	(416,238)	809,941
	<u>5,617,002</u>	<u>5,231,583</u>	<u>5,617,002</u>	<u>5,231,583</u>
(b) Commission expense				
The analysis of commission expenses by business class is as follows:	N'000	N'000	N'000	N'000
Motor	1,279,953	1,011,690	1,279,953	1,011,690
Marine	704,634	724,851	704,634	724,851
Fire	1,761,635	1,432,020	1,761,635	1,432,020
General Accident	1,272,357	1,047,899	1,272,357	1,047,899
Oil & Gas	984,761	194,138	984,761	194,138
Agriculture	29,900	11,044	29,900	11,044
Commission cost incurred during the year	<u>6,033,240</u>	<u>4,421,642</u>	<u>6,033,240</u>	<u>4,421,642</u>
Commission payable (Note 16)	-	(106,412)	-	(106,412)
Commission paid during the year	<u>6,033,240</u>	<u>4,315,230</u>	<u>6,033,240</u>	<u>4,315,230</u>
(c) The analysis of Maintenance expenses by business class is as follows:	N'000	N'000	N'000	N'000
Motor	1,144,588	951,375	1,144,588	951,375
Marine	296,745	297,305	296,745	297,305
Fire	1,314,157	624,340	1,314,157	624,340
General Accident	763,059	624,340	763,059	624,340
Oil & Gas	678,275	475,688	678,275	475,688
Agriculture	42,392	-	42,392	-
	<u>4,239,216</u>	<u>2,973,048</u>	<u>4,239,216</u>	<u>2,973,048</u>
(d) The analysis of Maintenance expenses for the purpose Statement of Cash flows:				
Maintenance Expenses	4,239,216	2,973,048	4,239,216	2,973,048
Less: Provision for Transport and Traveling expense	(39,175)	-	(39,175)	-
Total Cash used for Maintenance expenses	<u>4,200,041</u>	<u>2,973,048</u>	<u>4,200,041</u>	<u>2,973,048</u>
(e) Underwriting expenses consist of acquisition and maintenance expenses which include commission and policy expenses, proportion of staff cost. Underwriting expenses for insurance contracts are recognised as expense when incurred.				
33 Investment Income	N'000	N'000	N'000	N'000
Dividend income	470,062	622,121	470,062	622,121
Interest from fixed deposit	590,427	477,788	590,427	477,788
Interest from Amortised cost financial assets	481,246	15,355	481,246	15,355
Interest from statutory deposit	13,419	19,243	13,419	19,243
	<u>1,555,154</u>	<u>1,134,507</u>	<u>1,555,154</u>	<u>1,134,507</u>
The increase in Interest from Amortised cost financial assets was as a result of about N4 billion increase in Financial assets at Amortised cost during the year.				
(a) Investment Income	N'000	N'000	N'000	N'000
Attributable to Policy holders	870,886	635,324	870,886	635,324
Attributable to Share holders	684,268	499,183	684,268	499,183
	<u>1,555,154</u>	<u>1,134,507</u>	<u>1,555,154</u>	<u>1,134,507</u>

	Group		Parent	
	2022	2021	2022	2021
34 Net Fair Value Gain				
Investment properties	N'000	N'000	N'000	N'000
Fair Value Gain (Note 11)	104,601	73,422	104,601	73,422
Fair Value through Profit or Loss:				
Quoted Equity Securities (Note 4.1)	69,487	284,896	69,487	284,896
	<u>174,088</u>	<u>358,318</u>	<u>174,088</u>	<u>358,318</u>
35 Other operating income	N'000	N'000	N'000	N'000
Sundry income (Note 35(a))	255,104	23,807	251,685	18,946
Interest and Similar Income	50,072	38,209	-	-
Recoveries (Note 35(c))	641,854	-	641,854	-
Rental Income (Note 35(b))	134,204	47,198	134,204	48,889
Unrealised foreign exchange gain (Note 35(d))	297,149	183,312	297,149	183,312
	<u>1,378,383</u>	<u>292,526</u>	<u>1,324,892</u>	<u>251,147</u>
(a) Sundry Income	N'000	N'000	N'000	N'000
Overprovision on expenses	13,511	23,807	13,511	18,946
Interest earned on current account	44	-	44	-
Rent refund on Garki Abuja Branch	900	-	900	-
Damages awarded from rent litigation	2,588	-	2,588	-
Withholding tax credit notes (Note 35(a)(i))	230,352	-	230,352	-
Statute Barred Unclaimed Dividend	3,456	-	3,456	-
Others	4,253	-	834	-
	<u>255,104</u>	<u>23,807</u>	<u>251,685</u>	<u>18,946</u>
(i) Amounts recognised are in respect of Withholding tax receivable which had been previously written off over the years.				
(b) Rental income	N'000	N'000	N'000	N'000
Ebute Meta property	7,075	7,650	7,075	7,650
Head Office	122,767	11,167	122,767	12,858
Zaria Kaduna	112	-	112	-
Abuja Office (Sub lease)	-	506	-	506
Oniru property	4,250	27,875	4,250	27,875
	<u>134,204</u>	<u>47,198</u>	<u>134,204</u>	<u>48,889</u>
(c) Recoveries represent prior years' recoveries of loss incurred on bonds and guarantees				
(d) Unrealised foreign exchange gain arose majorly from retranslation of foreign denominated cash and cash equivalents and short term placements with financial institutions as at the reporting date				
36 Management Expenses	N'000	N'000	N'000	N'000
Employee benefit expenses (Note 36(a))	1,889,357	1,898,656	1,877,383	1,888,317
Other Management Expenses (Note 36(b))	976,635	1,841,804	940,611	1,830,183
Directors emoluments	173,315	100,745	173,315	100,745
AGM expenses	15,896	34,452	15,896	34,452
NAICOM Levy	336,637	-	336,637	-
Auditors Remuneration (Note 38(a)and (b))	11,500	11,200	10,300	10,000
Depreciation of property, plant and equipment (Note 14)	243,788	242,079	241,789	239,580
Depreciation of Right-of-use Assets (Note 14(c))	49,840	52,480	49,840	52,480
Interest expense (Note 17(d))	23,800	16,349	23,800	16,349
Amortisation (Note 13)	3,928	-	3,928	-
	<u>3,724,696</u>	<u>4,197,765</u>	<u>3,673,499</u>	<u>4,172,106</u>
(a) Employee benefit expenses	N'000	N'000	N'000	N'000
Salaries and Wages	1,215,713	1,104,168	1,204,840	1,095,153
Medical Expenses	95,782	92,963	95,600	92,842
Staff Training	110,517	122,105	110,127	122,105
Staff Welfare	389,179	514,415	389,179	513,694
Employers' Pension Contribution	71,868	59,415	71,339	58,933
	<u>1,883,059</u>	<u>1,893,066</u>	<u>1,871,085</u>	<u>1,882,727</u>
Gratuity (Note 18)	6,298	5,590	6,298	5,590
	<u>1,889,357</u>	<u>1,898,656</u>	<u>1,877,383</u>	<u>1,888,317</u>

	Group		Parent	
	2022	2021	2022	2021
	N'000	N'000	N'000	N'000
(b) Other Management Expenses				
Advertising	234,102	205,991	234,102	205,130
Bank charges	46,145	52,748	45,808	52,467
Business permit	1,420	2,242	1,420	2,242
Computer Expenses	21,414	23,999	21,373	23,796
Dailies and Subscription	129,028	103,405	117,320	103,115
Donations	32,445	31,476	32,445	31,476
ECOWAS Brown Card	7,374	4,772	7,374	4,772
Electricity expenses	40,008	42,910	40,008	42,910
Filing Fees	1,350	1,400	1,350	1,400
Generator Expenses	101,173	171,874	101,173	171,874
Hotel expenses	-	29,356	-	29,356
Insurance Expenses	94,171	88,972	94,171	88,972
Impairment provision on claim recoverable (Note 6.4(a))	-	234,674	-	234,674
Impairment provision on Co-assurance (Note 6.5(b))	-	176,322	-	176,322
Impairment of investment in associate (Note 9)	-	412,741	-	412,741
Motor running expenses	14,877	15,617	14,877	15,617
Motor Repairs & Maintenance	45,187	38,863	44,864	38,400
Nigerian Insurers Association Levy	8,346	11,096	8,346	11,096
Office General Expenses	84,778	83,333	83,693	83,265
Postages & telephone	11,552	11,232	11,552	11,232
Rent, rates and other expenses (Note 8(a(ii)))	35,658	32,773	35,658	32,773
Repairs & Maintenance	44,820	31,522	43,130	31,522
Staff loan written off (Note 8 (c)(i))	1,029	6,078	1,029	6,078
Other Expenses	21,758	28,408	918	18,953
	976,635	1,841,804	940,611	1,830,183
(c) Expected credit loss expense	N'000	N'000	N'000	N'000
Allowance for credit losses - Cash (Note 3(c))	(1,299)	6,030	(1,299)	6,030
Allowance for credit losses - Fixed deposits and treasury bills (Note 4.3(f))	9,736	9,997	9,736	9,997
Allowance for credit losses - Bonds (Note 4.3(e))	10,490	(22,122)	10,490	(22,122)
Allowance for credit losses - Reinsurance share of Claims paid (Note 6.4(a))	-	234,674	-	234,674
Impairment provision on Co-assurance (Note 6.5(b))	-	176,322	-	176,322
Impairment of investment in associate (Note 9)	-	412,741	-	412,741
	18,927	817,642	18,927	817,642
	Stage 1	Stage 2	Stage 3	Total
Cash and cash equivalents	(1,299)	-	-	(1,299)
Financial Assets measured at amortised costs	9,736	-	-	9,736
Financial Assets measured at amortised costs-Bonds	10,490	-	-	10,490
Financial Assets-Reinsurance share of Claims paid	-	-	-	-
Financial Assets-Co-assurance Receivable	-	-	-	-
Financial Assets-Investment in associate	-	-	-	-
	18,927	-	-	18,927
	2022	2021	2022	2021
	N'000	N'000	N'000	N'000
37 Loss on disposal of Property, plant and equipment				
Cost (Note 14(b))	(69,790)	(221,707)	(69,790)	(217,107)
Accumulated depreciation (Note 14(b))	31,562	203,609	31,562	199,009
Carrying amount	(38,228)	(18,098)	(38,228)	(18,098)
Sale proceeds	1,803	5,994	1,803	5,994
	(36,425)	(12,104)	(36,425)	(12,104)

	Group		Parent	
	2022 N'000	2021 N'000	2022 N'000	2021 N'000
38 Supplementary profit or loss information				
(a) Profit before taxation is arrived at after charging:				
Depreciation (Note 14)	243,788	242,079	241,789	239,580
Amortisation (Note 13)	3,928	-	3,928	-
Auditors' fees (Note 36)	11,500	11,200	10,300	10,000
Loss on disposal of property, plant and equipment (Note 37)	(36,425)	(12,104)	(36,425)	(12,104)
Directors' emoluments (Note 36)	173,315	100,745	173,315	100,745
	N'000	N'000	N'000	N'000
and after crediting:				
Unrealised exchange gain (Note 35)	297,149	183,312	297,149	183,312
Gain on investment properties (Note 34)	104,601	73,422	104,601	73,422

(b) BDO Professional Services was appointed to carry out only the statutory audit of the financial statements of the Company. The Auditors did not provide any non-audit services to the Company during the year (2021:Nil).

(c) **Staff Costs**

The average number of persons employed (excluding Directors) in the financial year and staff costs were as follows:

	Number	Number	Number	Number
Managerial	16	15	15	14
Senior	185	181	184	180
Junior	18	18	16	16
	219	214	215	210

(d) **Employees Remunerated at Higher Rates**

The number of employees in receipt of emoluments excluding allowance and pension within the following ranges were:

N	N	Number	Number	Number	Number
60,001 - 500,000		-	-	-	-
500,001 - 1,000,000		3	6	-	6
1,000,001 - 1,500,000		-	12	-	10
1,500,001 - 2,000,000		6	74	6	74
2,000,001 - 2,500,000		4	34	4	34
2,500,001 - 3,000,000		6	1	6	-
3,000,001 - 3,500,000		44	87	44	86
3,500,001 - 4,000,000		37	-	36	-
4,000,001 - 4,500,000		20	-	20	-
4,500,001 - Above		99	-	99	-
		219	214	215	210

(e) **Chairman's and Directors' Emoluments**

i Aggregate emoluments of the directors were:

	N'000	N'000	N'000	N'000
Fees				
Chairman	7,500	6,500	7,500	6,500
Other Directors	36,000	30,000	36,000	30,000
	43,500	36,500	43,500	36,500
Emoluments as Executives	120,000	81,567	120,000	81,567
	163,500	118,067	163,500	118,067

ii The number of Directors excluding the Chairman whose emoluments were within the following ranges were:

N	N	Number	Number	Number	Number
2,000,000 - 4,000,000		-	6	-	6
4,000,001 - 6,000,000		6	-	6	-
6,000,001 - 8,000,000		-	-	-	-
8,000,001 and Above		-	-	-	-
		6	6	6	6

The Highest paid Director earned N45,000,000 in 2022 (2021:N40,500,000)

	Group		Parent	
	2022 N'000	2021 N'000	2022 N'000	2021 N'000
39 Basic/Diluted earnings per ordinary share				
Basic/Diluted earnings per share is calculated by dividing the results attributable to shareholders by the weighted average number of ordinary shares in issue and ranking for dividend.				
	'000	'000	'000	'000
Net profit attributable to ordinary shareholders for basic and diluted EPS	=N=5,439,622	=N=4,432,280	=N=5,439,054	=N=4,424,286
Weighted average number of ordinary shares for EPS	5,016,477	5,016,477	5,016,477	5,016,477
Basic Earnings Per Share (kobo)	1.08	0.88	1.08	0.88
Diluted Basic Earnings Per Share (kobo)	1.08	0.88	1.08	0.88

(a) There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and date of completion of these financial statements.

40 Related party disclosures

(a) Parent

Related parties include the Board of Directors, the Group Managing Director, Group Finance Director, Managing Director, close family members and Companies which are controlled by these individuals.

(b) Subsidiary

During the year, the Parent conducted transactions with its related Company and also with its subsidiary Company, Details of amount due from and to these related parties are as disclosed in Notes 9, 10 and 17(c) to the financial statements. Lease financing transactions with related parties were carried out in the ordinary course of business and were on an arm's length basis. Where these are eliminated on consolidation, they are not disclosed in the consolidated financial statements.

	N'000	N'000	N'000	N'000
Due to NEM Assets Management Limited	-	-	75,948	14,307
Investment in Subsidiary-NEM Asset Limited	-	-	150,000	150,000

(c) Transactions with key management personnel

The Group's key management personnel and persons connected with them are also considered to be related parties for disclosure purposes. The definition of key management includes close members of family and entity over which control can be exercised. The key management personnel have been identified as the executive directors of the Group. Close members of family are those members who may be expected to influence or be influenced by that individual in their dealings with Nem Insurance Plc.

(d) Short term Benefits (Board of Directors)

	N'000	N'000	N'000	N'000
Fees:				
Chairman	7,500	6,500	7,500	6,500
Other Directors	36,000	30,000	36,000	30,000
	43,500	36,500	43,500	36,500
Other Emoluments:				
Other Directors	120,000	81,567	120,000	81,567
	163,500	118,067	163,500	118,067
Short term Benefits (Management Team)				
Salaries and Allowances:	145,267	243,187	145,267	236,934
Post Employment Benefits (Management Team)				
Pension	11,629	21,733	11,629	21,098
Total Benefits to Key Personnel	320,396	382,987	320,396	376,099

	Notes	Group		Parent	
		2022 N'000	2021 N'000	2022 N'000	2021 N'000
41 Cash flow from Operating activities					
Operating profit before tax		5,481,497	4,528,198	5,479,203	4,512,478
Adjustment for non-operating items:					
Depreciation - Property, plant & equipment	14	243,788	242,079	241,789	239,580
Interest charged during the year	36	23,800	16,349	23,800	16,349
Depreciation - Right-of-use Assets	14	49,840	52,480	49,840	52,480
Amortisation - Intangible assets	13	3,928	-	3,928	-
Reclassification of deposit for shares	10	-	-	-	(50,000)
Loss on disposal of property and equipment	37	36,425	12,104	36,425	12,104
Fair value gain on investment properties	11	(104,601)	(73,422)	(174,088)	(73,422)
Fair value gain on quoted investment	4.1(a)	(69,487)	(284,896)	(69,487)	(284,896)
Information Technology Development Levy	19(a)	54,792	45,125	54,792	45,125
Allowance for credit losses		20,226	(12,125)	20,226	(12,125)
Impairment of Associate		-	412,741	-	412,741
Service & Interest cost on retirement benefit	18	6,298	5,590	6,298	5,590
Investment Income	33	(1,555,154)	(1,134,507)	(1,555,154)	(1,134,507)
Cash flow changes before changes in working capital		4,191,352	3,809,716	4,117,572	3,741,497
Changes in operating assets and liabilities					
Decrease/(increase) in Trade receivables		806,700	(1,250,916)	806,700	(1,250,916)
Increase in Reinsurance assets		(2,146,678)	(2,457,950)	(2,146,678)	(2,457,950)
(Increase)/decrease in Deferred acquisition cost		(416,238)	809,941	(416,238)	809,941
(Increase)/decrease in Other receivables and prepayments		(308,716)	56,015	(317,586)	111,086
Increase in Insurance contract liabilities		3,427,250	2,437,908	3,427,250	2,437,908
Increase/(decrease) in Trade payables		76,799	(174,599)	76,799	(174,599)
Increase in Other payables		109,712	115,481	206,462	84,357
Net cash inflow from operating activities		5,740,181	3,345,596	5,754,281	3,301,324
Gratuity benefit to employees (Note 18)		(49,829)	(30,638)	(49,829)	(30,638)
Tax paid		(339,857)	(187,788)	(335,498)	(184,867)
		5,350,495	3,127,170	5,368,954	3,085,819
(a) Premium received from policy holders		N'000	N'000	N'000	N'000
Trade receivable at the beginning	5(a)	1,479,056	228,140	1,479,056	228,140
Gross premium written	27	33,369,050	27,875,088	33,369,050	27,875,088
Trade receivable at the end	5(a)	(672,356)	(1,479,056)	(672,356)	(1,479,056)
Deposit premium	16	(295,460)	(156,785)	(295,460)	(156,785)
		33,880,290	26,467,387	33,880,290	26,467,387

42 Capital Commitments

There were no material capital commitments at 31 December 2022 (2021: Nil).

43 Contingent liabilities

There were contingent liabilities in respect of legal actions against the Group, the monetary amount of which cannot be quantified. No provision has been made in these financial statements in respect of the legal actions as the directors, having taken legal advice, do not believe any material liability will eventually be borne by the Group.

44 Comparative Figures

Where necessary, comparative figures have been adjusted to conform with changes in the presentation of the current year financial statements.

45 Legal proceedings and regulations

(a) Legal Proceedings

The Parent operates in the insurance industry and is subject to legal proceeding in the normal course of business. While it is not practicable to forecast or determine the final results of all pending or threatened legal proceedings, management does not believe that such proceedings (including litigation) will have a material effect on its results and financial position.

(b) Regulations

The Parent is also subject to insurance solvency regulations in all the territories where it operates and has complied with all these solvency regulations. There are no contingencies associated with the Parent's compliance or lack of compliance with such regulations.

(c) The directors are of the opinion that the Parent will not incur any significant loss with respect to these claims and accordingly, no provision has been made in these Consolidated Financial Statements.

46 Events after the reporting date

The directors are not aware of any events which occurred since 31 December 2022 which may have material effect on the financial statements at that date or which may need to be mentioned in the financial statements in order not to make them misleading as to the operations or financial position at 31 December 2022.

In compliance with the requirements of the Financial Reporting Council of Nigeria (FRC) and the Institute of Chartered Accountants of Nigeria (ICAN) in respect of COVID-19, the directors have assessed its impact on the financial statements as a whole and are of the opinion that it has no material effect.

47 Segment reporting

For management purposes, the Company is organised into business units based on their products and services and reportable operating segments as follows:

Segments Report - Underwriting Result per class of business

Group	GENERAL						2022 N'000	2021 N'000
	MOTOR N'000	MARINE N'000	FIRE N'000	ACCIDENT N'000	OIL & GAS N'000	AGRICULTURE N'000		
Direct Business Premium	10,142,612	3,430,439	8,284,813	6,097,000	4,765,273	146,251	32,866,388	27,412,551
Reinsurance Inward	72,444	33,228	246,981	143,504	-	6,505	502,662	462,537
Gross Premium written	10,215,056	3,463,667	8,531,794	6,240,504	4,765,273	152,756	33,369,050	27,875,088
Increase in Unexpired Risk	(790,952)	216,722	(690,044)	(892,605)	283,893	(62,463)	(1,935,450)	(1,329,834)
Gross Premium Earned	9,424,104	3,680,389	7,841,750	5,347,899	5,049,166	90,293	31,433,600	26,545,254
Reinsurance Cost	(99,902)	(1,170,194)	(3,300,373)	(2,344,210)	(2,323,588)	(45,175)	(9,283,442)	(7,239,127)
Net Premium Earned	9,324,202	2,510,195	4,541,377	3,003,689	2,725,578	45,118	22,150,158	19,306,127
Commission Received	417	190,315	768,841	564,123	26,718	11,828	1,562,242	1,454,875
	9,324,619	2,700,510	5,310,218	3,567,812	2,752,296	56,946	23,712,400	20,761,002
Direct Claim Paid	(5,076,395)	(1,131,694)	(4,506,321)	(1,408,826)	(149,455)	(21,889)	(12,294,580)	(11,603,949)
Increase in Outstanding Claims & IBNR	(349,385)	(229,899)	(655,173)	(177,625)	(81,852)	2,133	(1,491,800)	(1,108,074)
Gross Claim Incurred	(5,425,780)	(1,361,593)	(5,161,494)	(1,586,451)	(231,307)	(19,756)	(13,786,380)	(12,712,023)
Claim recoveries	217,391	40,638	470,999	82,345	17,347	-	828,721	2,339,304
Reinsurance Recoveries	33,218	836,690	3,005,364	1,350,414	72,561	11,943	5,310,189	4,811,834
Net Claim Expense	(5,175,171)	(484,265)	(1,685,131)	(153,692)	(141,399)	(7,813)	(7,647,470)	(5,560,885)
Acquisition Cost	(1,182,088)	(750,769)	(1,623,927)	(1,094,420)	(945,176)	(20,621)	(5,617,002)	(5,231,583)
Underwriting Expenses	(1,144,588)	(296,745)	(1,314,157)	(763,059)	(678,275)	(42,392)	(4,239,216)	(2,973,048)
Total Deduction	(7,501,848)	(1,531,779)	(4,623,214)	(2,011,171)	(1,764,850)	(70,826)	(17,503,688)	(13,765,516)
Underwriting Profit	1,822,771	1,168,731	687,004	1,556,641	987,447	(13,880)	6,208,712	6,995,486

48 Claim Development Table
 Extracts from EY Nigeria Limited Valuation Report

48.1 Data Reconciliation

As part of our verification process, we have reconciled the gross written premium and the claims paid in the technical data, with the figures indicated in the financial accounts. We illustrate both set of figures below.

(a) Claims Data Class of Business	Gross Claims Paid	Gross Claims Paid	Percentage Difference
	Data	Account	
	N'000	N'000	
General Accident	1,413,028	1,413,028	0%
Fire	4,506,321	4,506,321	0%
Marine	1,131,694	1,131,694	0%
Motor	5,072,193	5,072,193	0%
Oil and Gas	149,455	149,455	0%
Agriculture	21,889	21,889	0%
Total	12,294,580	12,294,580	0%

Whilst we are investigating the cause of the difference above, we are of the view that they will not materially impact the reserve figures advised.

(b) Premium Data Class of Business	Gross Premium	Gross Premium	Percentage Difference
	Written Data	Written Account	
	N'000	N'000	
General Accident	6,240,504	6,240,504	0%
Fire	8,531,794	8,531,794	0%
Marine	3,463,667	3,463,667	0%
Motor	10,215,056	10,215,056	0%
Oil and Gas	4,765,273	4,765,273	0%
Agriculture	152,756	152,756	0%
Total	33,369,050	33,369,050	

(c) Comments on Claims Data

The claims data was divided into six risk groups - (Marine, Motor, Fire, General Accident, Agriculture and Oil & Gas) in accordance with the Nigerian Insurance Act 2003.

To enhance data credibility, we have not subdivided the claims data into sub risk group e.g. comprehensive, third party, private and commercial vehicles.

(d) Business Trend

We illustrate in the table below, the Gross Written Premium as at 31 December 2022 and 2021 respectively. All lines of business experienced increases and there was an overall increase in GWP by 20%.

Class of Business	Gross Premium	Gross Premium	Percentage Difference
	Written Data	Written Data	
	2022	2021	
	N'000	N'000	
General Accident	6,240,504	5,019,823	24%
Fire	8,531,794	6,592,961	29%
Marine	3,463,667	3,847,471	-10%
Motor	10,215,056	8,000,168	28%
Agriculture	152,756	72,634	110%
Oil and Gas	4,765,273	4,342,030	10%
Total	33,369,050	27,875,087	20%

48.2 Valuation Methodology

We describe in this section the methods used for calculating Premium and Claim Reserve.

(a) Premium Reserves

- i Our reserves consist of Unearned Premium Reserve (“UPR”), Unexpired Risk Reserve (“URR”) and Additional Unexpired Risk Reserve (“AURR”), which are all described in section 2.
- ii We adopted the 365th (time apportionment) method. Each policy's unexpired insurance period (UP) was calculated as the exact number of days of insurance cover available after the valuation date. The UPR is calculated as the premium *(Unexpired duration)/ full policy duration.
- iii Each policy's URR= Unearned Premium* Assumed Loss Ratio. Typically, the Unearned Risk Reserve is expected to cover the unexpired risk. Where the unexpired risk exceeds the unearned premium we have held, an additional reserve called Additional Unexpired Risk Reserve (AURR) as described in section 2.

(b) Claims Reserves

The claim reserves comprise of:

- i Outstanding Claims Reported (OCR)
- ii Incurred But Not Reported (IBNR)

Reserving method

To ensure the estimates calculated are not biased by the underlying assumptions of the model chosen, four different deterministic methods were considered:

- i Basic Chain Ladder Method (BCL)
- ii Loss Ratio Method
- iii Bornhuetter-Ferguson Method
- iv Frequency and Severity Method

48.3 Valuation Results

(a) Inflation Adjusted Chain Ladder Method - Result table

Discounted Inflation Adjusted Basic Chain Ladder Method

Class of Business	Gross Outstanding Claims N'000	Estimated Reinsurance Recoveries N'000	Net Outstanding Claims N'000
General Accident	1,405,698	(1,008,683)	397,015
Fire	3,055,325	(2,099,273)	956,052
Marine	834,040	(523,453)	310,587
Motor	1,569,692	(777,774)	791,918
Agriculture	1,093	(516)	577
Oil and Gas*	513,888	(104,508)	409,380
Total	7,379,736	(4,514,207)	2,865,529
Accounts (Outstanding Claims)	3,018,611	(2,369,489)	649,122
Difference	4,361,125	(2,144,718)	2,216,407

* Estimated using Expected loss ratio method and discounted

(b) Incurred But Not Reported (IBNR) Table

Class of Business	Outstanding	Outstanding	Gross IBNR
	Claim Reserves	Reported Claim Reserves	
	N'000	N'000	N'000
General Accident	1,405,698	418,319	987,379
Fire	3,055,325	1,278,968	1,776,357
Marine	834,040	275,895	558,145
Motor	1,569,692	1,022,556	547,136
Agriculture	1,093	308	785
Oil and Gas	513,888	22,565	491,323
Total	7,379,736	3,018,611	4,361,125

(c) Reinsurance IBNR table

Class of Business	Total	Outstanding	Reinsurance IBNR
	Outstanding Reinsurance Recoveries	Reported Reinsurance Recoveries	
	N'000	N'000	N'000
General Accident	1,008,683	314,410	694,273
Fire	2,099,273	1,113,003	986,270
Marine	523,453	232,050	291,403
Motor	777,774	702,969	74,805
Agriculture	516	246	270
Oil and Gas	104,508	6,810	97,698
Total	4,514,207	2,369,488	2,144,719

(d) UPR (Gross and Reinsurance UPR) - Result table

Class of Business	Gross UPR	Reinsurance UPR	Net UPR
	N'000	N'000	
General Accident	1,954,412	(762,070)	1,192,342
Fire	2,012,156	(888,540)	1,123,616
Marine	868,479	(260,336)	608,143
Motor	2,872,785	(343)	2,872,442
Agriculture	75,450	(29,705)	45,745
Oil and Gas	482,075	(433,967)	48,108
Total	8,265,357	(2,374,961)	5,890,396

(e) Additional Unexpired Risk Reserve (AURR)

We derived our expense ratio as the average of the management expense ratio for the past four years using the information provided by NEM Insurance Plc. The expense ratio was calculated to be 20.8%. We do not have the breakdown of management expenses by line of business.

We have illustrated the combined ratio for each line of business with a maximum combined ratio of 92% for Motor in the table below:

Class of Business	Claims Ratio	Combined Ratio	AURR N
General Accident	35%	53%	-
Fire	57%	75%	-
Marine	25%	44%	-
Motor	57%	76%	-
Agriculture	27%	46%	-
Oil and Gas	25%	44%	-

(f) DAC (Deferred Acquisition Cost) and DAR (Deferred Acquisition Revenue)

We summarise our DAC and DAR calculated using the 365th method in the table below:

Estimated DAC and DAR

Class of Business	DAC	DAR
	N'000	N'000
General Accident	393,325	209,559
Fire	412,374	241,315
Marine	165,962	72,079
Motor	359,610	65
Agriculture	11,218	5,941
Oil and Gas	104,502	2,609
Total	<u>1,446,991</u>	<u>531,568</u>

48.4 Conclusion

We are adopting the reserves from the Inflation Adjusted Discounted Chain Ladder method in this report. This method as indicated earlier

- i - anticipates that total claim payments may be exposed to future inflationary pressures
- ii - recognises that reserves should represent the present value and timing of future claim payments

Technical Reserves

We are reporting Gross Reserves of N15.59 billion and Reinsurance Assets of N6.89 billion as shown in the table below. Our estimates meet the Liability Adequacy Test.

Reserves	Gross	Reinsurance	Net
	N'000	Assets N'000	N'000
Claims	7,379,736	(4,514,207)	2,865,529
UPR	8,265,357	(2,374,961)	5,890,396
Total	<u>15,645,093</u>	<u>(6,889,168)</u>	<u>8,755,925</u>

49 Financial Risk Management Policy
Management of financial and insurance risk

NEM Insurance Plc issues contracts that transfer insurance risk or financial risk or both. This section summarizes these risks and the way the Company manages them.

(a) Insurance risk

The risk, under any insurance contract, is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable. The Company manages its insurance risk by means of established internal procedures that include underwriting authority levels, pricing policy, approved reinsurers list and monitoring.

NEM is exposed to underwriting risk through the insurance contracts that are underwritten. The risks within the underwriting risk category are associated with both the perils covered by the specific lines of insurance including General Accident, Motor, Fire, Marine and Aviation, Oil and Gas and Miscellaneous insurance, as well as the specific processes associated with the conduct of the insurance business. The various subsets of underwriting risks are listed below;

- i Underwriting Process Risk:** risk from exposure to financial losses related to the selection and acceptance of risks to be insured.
- ii Mispricing Risk:** risk that insurance premiums will be too low to cover the Company's expenses related to underwriting, claims, claims handling and administration.

Individual risk: This includes the identification of the risk inherent in an insured property (movable or unmovable), we shall ensure surveys are performed and reviewed as at when due and that risks are adequately priced.

Claims Risk (for each peril): Risk that many more claims occur than expected or that some claims that occur are much larger than expected claims resulting in unexpected losses to the Company. The underwriting risk assessment shall also determine the likelihood of a claim arising from an insured risk by considering various factors and probabilities, determined by information obtained from the insured party, historical information on similar risks and available external data.

Concentration risk (including geographical risk): This includes identification of the concentration of risks insured by NEM. NEM utilizes data analysis, software and market knowledge to determine the concentration of its risks by insurance class, geographic location, exposure to a client or business. The assessment of the concentration risk is consistent with the overall risk appetite as established by the Company.

NEM INSURANCE PLC
FINANCIAL STATEMENTS, 31 DECEMBER 2022
NOTES TO THE FINANCIAL STATEMENTS

Underwriting Risk Appetite

- The following statements amongst others shall underpin NEM’s underwriting risk appetite:
- We do not underwrite risks which we do not understand;
- We are cautious in underwriting unquantifiable risks;
- We are extremely cautious in underwriting risk observed to poorly managed at proposal state e.g. those with low safety standards, shoddy construction or businesses with excessively high risk profile;
- We carefully evaluate businesses or opportunities that could create systemic risk exposures i.e. incidents of multiple claims occurring from one event e.g. natural catastrophe risks, and risks dependent on the macroeconomic environment);
- We consider all applicable regulatory guidelines while carrying out our underwriting activities;
- We established and adhere to internal standards for co-insurance, reinsurance transactions;
- We exercise extreme caution when underwriting discrete (one-off) risks, particularly where we do not have the requisite experience or know-how;
- Where the broker has inadequate knowledge of the trade of the client or the class of business, we exercise caution in taking on such risks into our books;
- We exercise extreme prudence and caution when dealing with clients with financial difficulties or poor payment records; and with transient clients who change insurers regularly; and
- We ensure compliance with NAICOM’s guideline on KYC for consistency.

Underwriting Strategy

The Company has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome. Any risks exceeding the underwriting limits require Head Office approval. Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered. The Company manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling. Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the Company has the right not to renew individual policies, it can impose deductibles and it has the right to reject the payment of a fraudulent claim. Insurance contracts also entitle the Company to pursue third parties for payment of some or all costs (for example, subrogation).

Products and Services

NEM Insurance Plc is presently operating as a non-life insurance company and we have a wide range of insurance products and services that are tailored to meet the specific needs of the company’s clients. Insurance contracts are issued on an annual contract either directly to the customer or through accredited insurance brokers and agents. Premiums from brokers and agents are payable within 30 days, whereas from direct customers immediately. The following is a broad spectrum of the products and services the company is offering:

Fire/Extraneous Perils Policy

This type of policy will provide indemnity to the insured in the event of loss or damage to property covered under it as a direct result of fire outbreak, lightning or explosion. Other extraneous perils such as social disturbances like strike and riot, and natural disasters like storm damage, flood and earthquake can also be covered by an extension of the standard scope of the cover. The items to be insured are usually made up of the following:

- a) Buildings
- b) Office Furniture, Electrical & Electronic Equipment
- c) Plant and Machinery
- d) Stock of Raw Materials and finished goods
- e) Loss of Annual Rent for alternative accommodation.

The policy also contains various other extensions that are granted at no extra cost to the policyholder. The replacement cost of the items to be insured will have to be supplied to us for assessment to facilitate quotation of the premium payable.

Consequential Loss Policy

This type of policy, often referred to as "business interruption insurance" is designed to indemnify the insured against loss of productive capacity or future earning power which may occur as a result of loss or damage to the premises and property insured under the Fire/Extraneous Perils in 1 above. This policy is normally taken out in conjunction with the Fire Policy so that when the latter pays for the material damage to property insured under it, this will pick up the intangible loss that will flow from the primary loss of the Fire perils. The items usually covered under this policy are as follows:

- a)Gross Profit
- b)Salary and Wages
- c)Auditor's fees

The sum insured to be indicated against the items of Gross Profit should represent the difference in turnover and the total of standing and variable charges. The sum insured on Salary and Wages will be that which is required to maintain some key staff pending resumption of business while the sum insured on Auditor's Fees will represent charges that any firm of accountants will make in preparing papers for insurance claim.

Burglary/Housebreaking Policy

This type of policy is designed to indemnify the insured against loss or damage resulting from theft or attempted theft which is accompanied by actual forcible or violent entry into or out of the premises or any attempt theft. The items usually covered under this policy are similar to those under the Fire/Extraneous Perils policy above with the exception of Buildings and Loss of Rent. The replacement cost of the relative items would have to be supplied to enable us submit our quotation.

Fidelity Guarantee Policy

This is a form of policy that protects an organization against loss of money or valuable stock as a result of dishonesty or fraudulent activity of employees. It is possible to grant cover on named basis, positions basis or on a blanket basis. In any of these cases, the number of persons and the limit of guarantee any one loss would be advised as well as aggregate amount of guarantee in a given year. Once we have this information, we would be in a position to quote for premium payable.

Public Liability Policy

This policy also covers the insured against legal liability to third party for cost and expenses incurred in respect of accidental death, bodily injury and accidental damage to property occurring within the insured's premises or at work-away premises. The vicarious liability of the insured's employee can also be covered provided it arose in the course of carrying out his official duties. The Company usually require the insured to indicate the limit of cover required to enable her advise the premium payable.

Money Policy

This is another type of All Risks policy which is designed to cover any fortuitous event that could result in the loss of cash while in the course of transit either to or from the bank. The cover will also operate while the money is on the premises of the insured and while in a securely locked safe. The policy can also be extended to cover cash in the personal custody of selected management staff.

Goods in Transit Policy

This is also an "All Risks" policy covering goods being carried from one location to another. Any loss not specifically excluded under the policy is covered and the insurance is suitable for any organization that is engaged in movement of goods either by road or rail and the cover will operate when the goods are being conveyed by the insured's owned or hired vehicles. Losses arising from Fire and Theft are covered under this policy.

Group Personal Accident Policy

This type of policy is designed to foster the welfare of employees as well as reduce the financial constrain that an organization could undergo in the event of death or bodily injury to a member of staff arising as a result of any injury sustained through accidental, violent, external and visible means. The policy provides a world-wide cover on 24 hours basis and benefits payable in respect of Death and Permanent Disability are usually expressed as multiple of salaries. Cover also extends to pay weekly benefit in the event of temporary total disability resulting from bodily injury to the insured person as well as certain allowance for expenses incurred on medical treatment as a result of accidental injury. Death or injuries from natural causes are however not covered.

Motor Insurance Policy

This class of insurance is made compulsory by Government through the legislation known as the Motor Vehicle (Third Party) Insurance Act of 1945. Third Party Only cover which is the minimum type of insurance legislated upon provides indemnity to policyholder against legal liability to Third Parties for death, bodily injury and property damage.

The most popular type of cover under this policy is comprehensive insurance which, in addition to the cover provided under the Third Party Only, will also indemnify the policyholder for loss or damage to the vehicle resulting from road accident, fire and theft. The premium payable for the various forms of cover under this policy is regulated by a statistical table of rate known as "tariff" which is approved by Government.

Marine Policies

CARGO: The policy issued here is to provide indemnity for loss or damage to imported goods being conveyed by sea or air. The All Risks type of cover known as Clauses "A" provides indemnity to the insured in the event of total or partial loss of the goods while the restricted cover known as Clauses "C" would provide indemnity in the event of total loss only. To enable us determine the premium payable in this regard, we would require information on the nature and value of goods being imported as well as the type of cover required.

HULL: This type of policy is issued on vessels and yachts to provide indemnity for any loss, damage or liability that may arise from their use. The scope of cover provided is either an "all risks" or "total loss only" while the policy usually carries a deductible of about 10% of the value of the vessel or yacht.

Aviation Policy

This policy provides comprehensive cover against loss or damage to insured aircraft while operating anywhere in the world. Cover also extends to include the operator's legal liability to Third Parties for death, bodily injury and property damage. Liability to passengers is also covered up to a certain limit selected. In order to ensure full protection for our clients, we reinsure as much as 90% of this type of risk in the London Aviation Market through one of our overseas associates. The essence of this arrangement is to obviate the problem of absorption in the Nigerian Market which has limited capacity for Aviation Insurance and also to afford our clients the opportunity of having a dollar/sterling based insurance policy.

Machinery Breakdown Policy

This policy is designed to cover any damage to a plant or equipment while working or at rest, or being dismantled for the purpose of cleaning, repairing or overhauling. In the same vein, boiler and pressure vessels can be covered under a separate but similar policy.

Electronic Equipment Policy

This policy is designed to cover any loss or damage that could result while any computer and or equipment insured is working or at rest. The cover under this policy also extends to include loss or damage to external data media such as diskettes and tapes containing processed information while such are kept within the premises. The increase in cost of working, as a result of damage to the main computer equipment, is also covered and indemnity is provided for alternative means of carrying on operation. With payment of an additional premium, this policy can be extended to cover the risk of theft.

Energy Risks

The policies on offer in this area have been specifically developed to take advantage of the insurance opportunities created by the Nigerian Content Policy. The Nigerian content policy is aimed at utilizing Nigerian human and material resources in creating values in the country through all contracts awarded in the Oil and Gas industry and the Power sector of the economy. NEM Insurance Plc has carved a niche as the Leader in provision of Oil & Gas and Energy Insurance in Nigeria.

- Our focus is on the following areas:
- Upstream Risks which includes Construction/Erection All Risks, Operators Extra Expense Insurance, Property Insurance and General Third Party Liability Insurance.
- Downstream Risks which include the downstream properties (Refineries and Petrochemical plants, Onshore pipelines, Oil tank farm, Gas processing plants, Pumping and Metering stations, Gas turbines and Boilers, Damage to Asset and other related downstream sector risks.
- Power, Solid Mineral and Other special products.

The above products have been packaged for marketing to the public sector as well as various manufacturing, industrial and commercial concerns. Financial institutions such as banks, mortgage and stock broking firms are also being offered these products. Our Company is innovative in approach and we specialize in packaging policies in line with the needs of the various segments of the economy. NEM Insurance Plc also provides comprehensive risk management services. The Company carries out various risk surveys and make appropriate recommendations towards risk improvement and minimization of loss impacts.

Approach to Management of Underwriting Risks

The Company's underwriting risk shall be managed by adhering to policies, principles and guidelines spelt out in the Annual Underwriting Plan.

Where the broker has inadequate knowledge of the trade of the client or the class of business and the client not willing to disclose such information, the Company shall exercise caution in taking on such risks.

The Company shall exercise extreme prudence and caution when dealing with clients with financial difficulties or poor payment records; and with transient clients who change insurers regularly; and The Company shall ensure compliance with the National Insurance Commission's guidelines on "Know Your Customer" (KYC) requirement to get enough information about the transaction.

The Company carries out timely pre-loss inspection/survey exercise of risks, preferably before commencement of cover but not later than 48 hours after commencement of risks.

We limit acceptance of risks to a more convenient value/share while spreading excess through co-insurance or facultative basis. We ensure application/introduction/review of policy terms and conditions including clauses/warranties that will deal with areas of concern which will at the end of the day make the risk worthy of being in the Company's portfolio.

Risk Acceptance Rules

The Company shall follow the provisions (terms and conditions) of the reinsurance treaties that were arranged for the classes of insurance that any risk offered for insurance falls under in deciding whether to accept the risk or not. This shall be the case on all cases where the sum insured of the risk is more than the Company's retention as contained and evidenced by the treaty cover notes.

For any risk that Reinsurance Treaty could not be arranged for, acceptance of such risks shall be limited to any limit set by the Company for such risks at the beginning of each year and shown in the underwriting plan.

Marine Insurance Risks

No Marine insurance risk (Hull or Cargo), Marine Cargo or any other special risks of different nature but relating to Marine Insurance e.g. Marine Cargo Insurance export, shall be accepted without clarification from the Heads of Technical, Energy and Branch Operations Departments. The Company shall not accept Marine Cargo business in respect of fish head risks whether as import or export. Where it must be covered for any reason, cover shall be limited to ICC "C" and on rate of premium of a minimum of 0.20%.

Aviation Risks

No Aviation risk, Marine Hull risk, Marine Cargo export and any other special risks of different nature shall be accepted without clarification from the Heads of Technical, Energy and Branch Operations Departments.

Approaches to Risk Mitigation

Generally, we shall apply any of the following four (4) approaches to risk mitigations:

a) Risk Termination (Avoidance)

Under the risk termination approach, we will take measures to avoid risks that are outside our risk appetite, not aligned to our strategy or offer rewards that are unattractive when compared to the risk undertaken. Specifically, we will discontinue activities that generate these risks, such as divesting from certain geographical markets, product lines or businesses. Generally, we will utilise this approach for high-risk events that remain unacceptably high even after we have applied controls.

b) Risk Treatment (Reduction)

Under the risk treatment approach, we would accept the risks inherent in our transactions, but shall take measures, through our system of internal controls, to reduce the likelihood and/or impact of these risks. Generally, we would utilise this approach for risks that occur frequently and have low impact. Some of the measures we shall take under this approach may include formulating or enhancing policies, defining boundaries and authority limits, assigning accountabilities and measuring performance, improving processes, strengthening existing controls or implementing new controls and continuing education and training.

c) Risk Transfer (Sharing)

Under the risk transfer approach, we would accept the risks inherent in our transactions, but shall take measures to transfer whole or portions of the risk to an independent counterparty. Specifically, we shall transfer our risks to an independent counterparty such as co-insurance and reinsurance companies by utilising contracts and arrangements. We will retain accountability for the outsourced risk and that outsourcing does not eliminate risk but only changes our risk profile. The relevant business units shall be responsible for identifying and incorporating the risks arising from such risk transfer arrangements in their risk registers. The business units shall also be responsible for managing the resultant risks and reviewing the risk transfer arrangement to ensure that it is still capable of mitigating the initial risk.

d) Risk Tolerance (Acceptance)

Under the risk tolerance approach, we would accept the risks inherent in our transactions and would not take any action to change the likelihood and/or impact of the risks. We shall adopt this approach where the risk is low and the cost of further managing the risk exceeds the potential benefit should the risk crystallize.

e) Reinsurance Treaty Cover

We have arranged very adequate reinsurance treaties to enable us accommodate risks with high necessary support in the event of large claims. Our treaties are arranged by UAIB RE and placed with a consortium of reputable reinsurance companies.

The types of re-insurance on NEM Treaty are:

- 1) Quota share
- 2) Surplus
- 3) Excess of loss

1) Quota share

This is the simplest type of Re-insurance whereby a Reinsurer agrees to reinsure a fixed proportion of every risk accepted by the ceding Company, sharing proportionately in all losses and receiving in the same proportion of all direct net premium, less the agreed reinsurance commission.

2) Surplus

Under this arrangement the ceding Company can retain a risk up to the level of its agreed Retention amount. The proportion of the risk which is beyond the Retention amount is then ceded into the Surplus treaty and reinsurer receives a proportionate share of the premium, less reinsurance commission.

3) Excess of Loss

This arrangement protects the ceding Company against a loss where the ceding Company's claims liability exceeds its retention.

Concentration of insurance risk

The Company monitors concentrations of insurance risk by product and sector. An analysis of concentrations of insurance risk at 31 December 2022 and 2021 for Gross Premiums written is set out below:

(a) By product

	2022 N'000	2021 N'000
Motor business	10,215,056	8,000,168
Fire & Property	8,531,794	6,592,962
Marine & Aviation	3,463,667	3,847,471
General Accident	6,240,504	5,019,823
Energy business	4,765,273	4,342,030
Agriculture	152,756	72,634
	33,369,050	27,875,088

General accident class consists of the following:

Engineering	2,321,195	1,867,156
Bond	730,713	587,781
General accident	3,188,596	2,564,886
Total premium generated from General accident class	6,240,504	5,019,823

(b) By sector

	N'000	N'000
Energy	4,949,598	4,134,684
Financial Services	9,806,417	8,191,865
IT/Telecoms & Other Corp.	7,500,775	6,265,829
Manufacturing	8,056,388	6,729,965
Retail	3,055,872	2,552,745
	33,369,050	27,875,088

50 Financial risk management

NEM Insurance Plc operates in a highly complex and competitive environment driven by the need to meet all claim obligations, maximize returns to shareholders and comply with all statutory and regulatory requirements. The Company is in the business of managing risks for public and private entities as well as individuals. In the ordinary course of its business activities, the Company is exposed to a variety of financial risks, including currency risk, liquidity risk, credit risk, country risk and market risk as well as operational and compliance risks.

Risk is the level of exposure to opportunity, threat and uncertainty - that should be identified, understood, measured and effectively managed, in the course of executing the Company's business strategies. In terms of opportunity, we see risk in relation to returns in that the greater the risk, the greater the potential return. We therefore manage risk by using several methods to maximize the positive aspects within the constraints of our risk appetite and business environment.

In terms of threat, we see risk as the potential for the occurrence of negative events such as financial loss, fraud, damage to reputation or public image and loss of competitive advantage. We therefore manage risk in this context by introducing risk management techniques to reduce the probability of these negative events occurring without incurring excessive costs or stifling the initiative, innovation, and entrepreneurial flair of our staff.

In terms of uncertainty, we see risk as the distribution of all possible outcomes both positive and negative. In this context, we manage uncertainty by seeking to reduce the variance between anticipated outcomes and actual results.

Our risk management philosophy and culture consist of our shared beliefs, values, attitudes and practices with respect to how we consider risk in everything we do, from strategy development and implementation to every aspect of our day-to-day activities.

"We shall underwrite all profitable transactions that we consider prudent and meets our risk appetite and profile. We shall take calculated and informed risk while seeking to maximize returns and shareholders' value. We shall continuously evaluate the risk and rewards inherent in our business transactions, from strategy development and implementation to our day-to-day activities. We believe that to achieve this objective would require a good understanding of the risks we are taking and the effective management of these risks both at the individual and enterprise levels".

We therefore manage and control risk by introducing new risk management techniques, enhancing existing risk management practices and placing a greater emphasis on cooperation among departments to comprehensively manage the Company's full range of risks as a whole. The Company proactively formulates strategies and plans that enable the identification and management of events/factors/occurrences that impact our ability to attain our business and strategic objectives.

(a) Risk Management Strategy

The Company adopts the following strategy for managing risks:

- i. Establish a clearly defined risk management process for identifying, measuring, controlling, monitoring and reporting risks.
- ii. Entrench and incorporate risk management principles in all functions across the Company
- iii. Comprehensive implementation and maintenance of our risk management framework
- iv. Ensure good corporate governance practices
- v. Board and senior management support to promote sound risk management
- vi. Zero tolerance for non-compliance with risk and control procedures
- vii. Avoid concentration of risk to any industry, market, sector or individual entity.
- viii. Deploy a risk management systems to facilitate the effective management of risks

Short-term insurance contracts

For short-term insurance contracts, the Company funds the insurance liabilities with a portfolio of equity and debt securities exposed to market risk. The following tables indicate the contractual timing of cash flows arising from assets and liabilities included in the Company's ALM framework for management of short-term insurance contracts.

At 31 December 2022	Carrying amount N'000	No stated maturity	0 - 90 days	91 - 180 days	181 - 365 days	1 - 2 years	> 2 years
Financial assets							
Cash & bank balances	2,575,529	-	2,575,529	-	-	-	-
Short Term Deposits	6,273,297	-	6,273,297	-	-	-	-
Trade receivables	672,356	-	672,356	-	-	-	-
Other Receivables	581,362	-	241,173	1,899	338,290	-	-
Amortised Cost Assets	12,159,020	-	-	5,236,057	-	-	6,922,963
Equity securities							
Financial Assets -FVTPL	5,800,623	5,800,623	-	-	-	-	-
Financial Assets -FVOCI	53,731	53,731	-	-	-	-	-
	28,115,918	5,854,354	9,762,355	5,237,956	338,290	-	6,922,963

Insurance liabilities

Insurance Contract liability	15,645,093	-	15,645,093	-	-	-	-
Reinsurance Assets	(9,712,498)	-	(9,712,498)	-	-	-	-
	5,932,595	-	5,932,595	-	-	-	-

At 31 December 2021	Carrying amount N'000	No stated maturity	0 - 90 days	91 - 180 days	181 - 365 days	1 - 2 years	> 2 years
Financial assets							
Cash & bank balances	1,705,417	-	1,705,417	-	-	-	-
Short Term Deposits	6,143,707	-	3,497,088	-	-	-	-
Trade receivables	1,479,056	-	1,479,056	-	-	-	-
Other Receivables	263,776	-	142,978	3,200	117,598	-	-
Amortised Cost Assets	8,143,491	-	-	3,906,061	-	-	4,237,430
Equity securities							
Financial Assets -FVTPL	5,354,017	5,354,017	-	-	-	-	-
Financial Assets -FVOCI	84,884	84,884	-	-	-	-	-
	23,174,348	5,438,901	6,824,539	3,909,261	117,598	-	4,237,430

Insurance liabilities

Insurance Contract liability	12,217,843	-	12,217,843	-	-	-	-
Reinsurance Assets	(7,565,820)	-	(7,565,820)	-	-	-	-
	4,652,023	-	4,652,023	-	-	-	-

(b) **Sensitivity analysis - interest-rate risk**

The sensitivity analysis below is based on a change in one assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated - for example, change in interest rate and change in market values.

31 December 2022 (N'000)

Assets	Carrying amount	Fixed rate	Floating rate
Cash and cash equivalents	8,842,182	-	-
Trade receivables	672,356	-	-
Reinsurance Assets	9,712,498	-	-
Amortised Cost Assets	12,159,020	12,159,020	-
	31,386,056	12,159,020	-
Liabilities			
Non-life insurance liability	15,645,093	-	-
Other liabilities	2,589,655	-	-
Bank Overdraft	-	-	-
Debt security in issue	-	-	-
	18,234,748	-	-

31 December 2021 (N'000)

Assets	Carrying amount	Fixed rate	Floating rate
Cash and cash equivalents	7,841,181	-	-
Trade receivables	1,479,056	-	-
Reinsurance Assets	7,565,820	-	-
Amortised Cost Assets	8,143,491	8,143,491	-
	25,029,548	8,143,491	-
Liabilities			
Non-life insurance liability	12,217,843	-	-
Other liabilities	2,271,542	-	-
Bank Overdraft	-	-	-
Debt security in issue	-	-	-
	14,489,385	-	-

The impact on the Company's profit before tax if interest rates on financial instruments held at amortised cost or at fair value had increased or decreased by 100 basis points, with all other variables held constant are considered insignificant. This is due to the short term nature of the majority of the financial assets measured at amortised cost.

(c) **Sensitivity analysis - equity risk**

The sensitivity analysis for equity price risk illustrates how changes in the fair value of equity securities will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual equity issuer, or factors affecting all similar equity securities traded in the market.

Management monitors movements of financial assets and equity price risk movements by assessing the expected changes in the different portfolios due to parallel movements of a 10% increase or decrease in the Nigeria All share index with all other variables held constant and all the Company's equity instruments in that particular index moving proportionally.

As at 31 December 2022, the market value of quoted securities held by the Company is N5.8 billion (2021: N5.4 billion). If the all share index of the NGX moves by 100 basis points at 31 December 2022, the effect on profit or loss would have been N54 million (2021: N 54 million).

Credit Risk

The Company's assets are exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. The Company's maximum exposure to credit risk is reflected in the carrying amounts of financial assets on the statement of financial position. The main sources of the Company's incoming cash flows are the amounts of receivables from insured and reinsurers. The Company manages the credit risk arising from such sources by aging and monitoring the receivables. The Company conducts the review of current and non-current receivables on a monthly basis and monitors the progress in the process of collection of the premiums in accordance with the procedure stated in the Company's internal control policy. The non-current receivables are checked and assessed for impairment.

The overdue premiums are considered by the Company on case by case basis. If an overdue premium is recognized by the Company as uncollectible, a notification is sent to the policyholder and the insurance agreement is cancelled from the date of notification. The premium related to the period from the beginning of insurance cover until the date of cancellation of the insurance agreement is considered a bad debt, and further steps right up to legal actions are planned with regard to that bad debt.

Other areas where the Company is exposed to credit risk are:

- amounts due from reinsurers for the insurance risks ceded;
- amounts due from insurance intermediaries.
- amounts due from insured
- amounts of deposits held in banks and correspondent accounts

NEM is exposed to the following categories of credit risk;

Direct Default Risk - risk that NEM will not receive the cash flows or assets to which it is entitled because brokers, clients and other debtors which NEM has a bilateral contract default on their obligations.

Concentration Risk - is the exposure to losses due to excessive concentration of business activities to individual counterparties, groups of individual counterparties or related entities, counterparties in specific geographical locations, industry sectors, specific products, etc

Counterparty Risk - the risk that a counterparty is not able or willing to meet its financial obligations to the Company as they fall due.

(a) Credit Risk Principles

The following principles underpin the Company's credit risk management policies:

- Individuals who create the credit risk and those who manage the risk clearly understand the nature of the risk;
- The Company's credit risk exposure is within the limits as approved by the Board;
- Credit decisions are clear and explicit and in line with the business strategy and objectives as approved by the Board;
- Credit risk exposures shall be within the defined limits to ensure there is no excessive concentration and that credit control procedures for managing large exposures and related counterparties are adhered to;

- Appropriate classification of credit risk through periodic evaluation of the collectability of risk assets; and
- Adequate loan loss provisioning to ensure that provisions or allowances are made to absorb anticipated losses.
- The expected payoffs more than compensate for the credit risks taken by the Company;
- Credit risk taking decisions are explicit and clear;
- There shall be clear delegated authorization limits for transactions;
- Sufficient capital as a buffer is available to take credit risk;

The Company's credit risk appetite shall be in line with its strategic objectives, available resources and the provisions of NAICOM Operational Guidelines. In setting this appetite/tolerance limits, NEM takes into consideration its corporate solvency level, risk capital and liquidity level, credit ratings, level of investments, reinsurance and coinsurance arrangements, and nature and categories of its clients. In setting the credit limit, a few conditions were put into consideration and these actually assisted in the selection of the brokers that made this list. From the records available for this purpose, the conditions used as yardstick are as follows:

1. Speed of payment;
2. Relationship management;
3. Volume of business and
4. Size of the accounts

From the above conditions, the few Insurance Brokers identified have been categorized into three (3) groups namely A, B and C. Maximum exposure to credit risk before collateral held or other credit enhancements. The table below provides information regarding the credit risk exposure of the Company in relation with comparative exposure:

Maximum exposure to credit risk before collateral held or other credit enhancements:	Maximum exposure	
	2022 N'000	2021 N'000
Cash and cash equivalents	8,842,182	7,841,181
Trade receivables	672,356	1,479,056
Debt measured at amortised cost	12,159,020	8,143,491
Loans and other receivables	581,362	263,776
Total assets bearing credit risk	22,254,920	17,727,504

Age analysis for past due and impaired	Cash and cash equivalents N'000	Trade receivables N'000	Loans and other N'000	Amortised cost N'000	Total N'000
31 December 2022	8,842,182	672,356	581,362	12,159,020	22,254,920
Neither past due nor impaired	-	-	-	-	-
Past due but not impaired	-	-	-	-	-
Impaired	-	-	-	-	-
Net	8,842,182	672,356	581,362	12,159,020	22,254,920

Business Risk Management

Business risk is managed by Management Underwriting & Investment Committee through consistent monitoring of product lines' profitability, stakeholder engagement to ensure positive outcomes from external factors beyond the Group's control and prompt response to changes in the external environment.

Reputational Risk Management

NEM Insurance Plc norms and values set a tone for acceptable behaviours required for all staff members, and provide structure and guidance for non-quantifiable decision making, thereby assisting in the management of the group's reputation.

The Group identifies, assesses and manages reputational risks predominately within its business processes. Management of reputational risks is based on the Group's risk governance framework. In addition, Company-wide risks are identified and assessed qualitatively as part of the annual risk & control self-assessment. The Group's risk functions analyses the overall risk profile and regularly informs management about the current profile and potential exposures to the risk. Risk functions' presentation of potential reputational risk guides management decisions in executing business operations and strategies.

The Group has laid great emphasis on effective management of its exposure to credit risk especially premium related debts. The Group defines credit risk as the risk of counterparty's failure to meet its contractual obligations. Credit risk arises from insurance cover granted to parties with payment instruments or payments plan issued by stating or implying the terms of contractual agreement. Credit risk exposure to direct business is low as the Group requires debtors to provide payment plans before inception of insurance policies. The Group's exposure to credit risk arising from brokerage business is relatively moderate and the risk is managed by the Group's internal rating model for brokers. Our credit risk internal rating model is guided by several weighted parameters which determine the categorization of brokers the Group transacts businesses with.

The Group credit risk originates from reinsurance recoverable transactions, retail clients, corporate clients, brokers and agents.

Management of credit risk due to outstanding premium

Credit Rating

We constantly review brokers' contribution to ensure that adequate attention is paid to high premium contributing brokers while others are explored for possible potentials.

Receivables are reviewed and categorized into grade A, B, C and D on the basis of:

- a) Previous year contribution
- b) Payment mode
- c) Outstanding as at December of the previous year
- d) Future prospect
- e) Recommendation

The Group credit risk is constantly reviewed and approved during the weekly Management Operations meeting. The monthly Group management meeting is responsible for the assessment and continual review of the Group premium debt and direct appropriate actions in respect of delinquent ones. It also ensured that adequate provisions are taken in line with the regulatory guidelines. Other credit risk management includes:

- a) Formulating credit policies with strategic business units, underwriters, brokers covering, brokers grading, reporting, assessment, legal procedures and compliance with regulatory and statutory bodies.
- b) Identification of credit risk drivers within the Group in order to coordinate and monitor the probability of default that could have an unfortunate impact.
- c) Developing and monitoring credit limits. The Group is responsible for setting credit limits through grading in order to categorize risk exposures according to the degree of financial loss and the level of priority expected from management.

d) Assessment of credit risk. All firsthand assessment and review of credit exposures in excess of credit limits, prior to granting insurance cover are subject to review process and approval given during management meeting.

e) Continuous reviewing of compliance and processes in order to maintain credit risk exposure within acceptable parameters.

In measuring credit risk, the Group considers three models:

a) The Probability of Default(PD), the likelihood that the insured will fail to make full and timely payment of financial obligations

b)The Exposure at Default (EAD) is derived from the Group's expected value of debt at the time of default

c)The Loss Given Default (LGD) which states the amount of the loss if there is a default, expressed as a percentage of the (EAD).

Impairment Model

Premium debtors, which technically falls under receivables is recognized at a fair value and subsequently measured at amortised cost, less provision for impaired receivables. Under IFRS, an asset is impaired if the carrying amount is greater than the recoverable amount. The Group adopts simplified provisional matrix for calculating expected losses on premium receivables as a practical expedient in line with IFRS 9. The provision matrix is based on the Group's historical default rates over the expected life of the trade receivables which is adjusted for forward-looking estimates

Credit quality

The Group loan and receivables have no collateral as security and other credit enhancements, thus the Group has no loan or receivables that are past due but not impaired. Insurance receivables are to be settled on demand and the carrying amount is not significantly different from the fair value.

The Group further manages its exposure to credit risk through deduction of transactions at source and investment in blue-chip companies quoted on Stock Exchange. The exposure to credit risk associated with other receivables is low.

Operational Risk Management

A summary of the analytical tools that the Group employed in operational risk management are discussed below:

Issue tracking report/action plan report:

Issues can surface from the internal self-assessment process, an audit, or regulators requirements. A key result of the self-assessment process is an action plan with assigned responsibilities. This report contains a reop of major issues, the status of the action plan, and an aging of overdue tasks.

Risk control and self-assessment (RCSA): The business areas perform self-assessments semi- annually and results are aggregated to provide a qualitative and quantitative profile of risk across the organization and related action items. Severity of the risks identified is compared with previous RCSA risk severity and a trend is ascertained. The register summarizes findings into list of risks facing the institution. These summary results are accompanied by descriptions of the significant gaps and trends, suggested mitigants, and process owners and timeline for each risk.

The profile of risks across the organization is an integral input for the Group's internal audit whilst preparing audit plans. Areas with high-risk exposures are thoroughly audited and performance of recommended controls tested by the Group's internal control function to ascertain that risks are properly managed.

Risk Maps: Risk maps typically are graphs on which impact of each risk is plotted against probability of occurrence. Risk maps are designed either to show inherent or residual risk categories by line of business. Risks in the upper right are very severe and need to be monitored closely to reduce the Group's exposure. High-frequency/low-severity risks create the basis for expected losses and are often subject to detailed analysis focused on reducing the level of losses.

Key risk indicators dashboard: These are numerous measures of actual risks in the business and support functions, such as error rates and control breaks. Summary indicators, related escalation criteria, explanations of any excesses, and identified trends are all important aspects that are tracked. Many indicators are specific to each business unit or process, but some may be common and reported in a consolidated fashion. Threshold is set by management for each key risk indicators and escalation of indicators above such levels triggers a mitigation response.

Loss events report: The ERM team developed a database for loss event collation named Loss Event Register. This register allows staff to report actual and near-miss (an unplanned event that did not result in injury, illness, or damage - but had the potential to do so) loss events. Summary statistics from the loss event database are used to show trends of total losses and mean average loss, with analysis by type of loss and business line.

Business continuity plan: A critical tool in managing our operational risk is the Business Continuity Plan (BCP) that documents the procedures to be executed by relevant teams in the event of a disaster.

Liquidity Risk Management

Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. The Group mitigates this risk by monitoring cash activities and expected outflows. The Group's current liabilities arise as claims are made and clients request for termination of their investment-linked products. The Group has no material commitments for capital expenditures and there is no need for such expenditures in the normal course of business. Claims payments are funded by current operating cash flows including investment income. The Group has no tolerance for liquidity risk and is committed to meeting all liabilities as they fall due.

Expected Credit Loss Impairment Model for financial assets

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

The Group adopts a three-stage approach for impairment assessment based on changes in credit quality since initial recognition.

- Stage 1 - Where there has not been a significant increase in credit risk (SICR) since initial recognition of a financial instrument, an amount equal to 12 months expected credit loss is recorded. The expected credit loss is computed using a probability of default occurring over the next 12 months. For those instruments with a remaining maturity of less than 12 months, a probability of default corresponding to remaining term to maturity is used.

- Stage 2 - When a financial instrument experiences a SICR subsequent to origination but is not considered to be in default, it is included in Stage 2. This requires the computation of expected credit loss based on the probability of default over the remaining estimated life of the financial instrument.
- Stage 3 - Financial instruments that are considered to be in default are included in this stage. Similar to Stage 2, the allowance for credit losses captures the lifetime expected credit losses.

The guiding principle for ECL model is to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments since initial recognition. The ECL allowance is based on credit losses expected to arise over the life of the asset (life time expected credit loss), unless there has been no significant increase in credit risk since origination. Examples of financial assets with low credit risk (no significant increase in credit risk) include: Risk free and gilt edged debt investment securities that are determined to have low credit risk at the reporting date; and Other financial instruments (other than lease receivables) on which credit risk has not increased significantly since their initial recognition.

Measurement of Expected credit losses

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

The Group employs the usage of international rating agencies PD factors which was modified by factors specific to the Nigerian Economy such as inflation rate, unemployment rate, GDP and so on.

Using the probabilities of default (PD) as provided by Standard & Poors, our model employs Nigeria-centric forward-looking macro-economic factors which have been determined to be statistically significant, to adjust the PDs. Country-specific factors are also applied to the LGD factors which originate from Basel recommendations and are thereby adjusted to our specific circumstances. Base, optimistic and pessimistic scenarios are employed and projected cash flows are discounted to present value at using the effective rates of interest. The resulting ECL computations are therefore appropriately probability-weighted and consider relevant forward-looking information as well as the time value of money.

Details of these statistical parameters/inputs are as follows:

- PD - The probability of default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the remaining estimated life, if the facility has not been previously derecognized and is still in the portfolio.
 1. 12-month PDs - This is the estimated probability of default occurring within the next 12 months (or over the remaining life of the financial instrument if that is less than 12 months). This is used to calculate 12-month ECLs.
 2. Lifetime PDs - This is the estimated probability of default occurring over the remaining life of the financial instrument. This is used to calculate lifetime ECLs for 'stage 2' and 'stage 3' exposures. PDs are limited to the maximum period of exposure required by IFRS 9.
- EAD - The exposure at default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

• LGD - The loss given default is an estimate of the loss arising in the case where a default occurs at a given time. Basically, It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD. However, the Group make use of the combination of the following in establishing its LGD:

- 1) Fixed LGD ratios prescribed by the Bank for International Settlements (BIS) under the foundation approach
- 2) Recovery rates on insolvencies in Nigeria as published by the World bank

Forward-looking information

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

Macroeconomic factors

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

Multiple forward-looking scenarios

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

The Group estimates three scenarios for each risk parameter (LGD, EAD, CCF and PD) - Normal, Upturn and Downturn, which in turn are used in the estimation of the multiple scenario ECLs. The normal case represents the most likely outcome and is aligned with information used by the Group for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. The Group has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables, credit risk and credit losses.

Assessment of significant increase in credit risk (SICR)

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

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

i Quantitative elements

The quantitative element is the primary indicator of significant increases in credit risk, with the qualitative element playing a secondary role. The quantitative element is calculated based on the change in lifetime PDs by comparing:

- the remaining lifetime PD as at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated based on facts and circumstances at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations)

ii Qualitative elements

In general, qualitative factors that are indicative of an increase in credit risk are reflected in PD models on a timely basis and thus are included in the quantitative assessment and not in a separate qualitative assessment. However, if it is not possible to include all current information about such qualitative factors in the quantitative assessment, they are considered separately in a qualitative assessment as to whether there has been a significant increase in credit risk. If there are qualitative factors that indicate an increase in credit risk that have not been included in the calculation of PDs used in the quantitative assessment, the Group recalibrates the PD or otherwise adjusts its estimate when calculating ECLs.

iii Backstop indicators

Instruments which are more than 30 days past due or have been granted forbearance are generally regarded as having significantly increased in credit risk and may be credit-impaired. There is a rebuttable presumption that the credit risk has increased significantly if contractual payments are more than 30 days past due; this presumption is applied unless the Group has reasonable and supportable information demonstrating that the credit risk has not increased significantly since initial recognition.

Definition of Default and Credit Impaired Financial Assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI are credit-impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cashflows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- (i) Significant financial difficulty of the borrower or issuer;
- (ii) A breach of contract such as a default or past due event;
- (iii) It is becoming probable that the issuer will enter bankruptcy or other financial reorganisation; or
- (iv) The disappearance of an active market for a security because of financial difficulties.
- (v) The purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

An asset that has been renegotiated due to a deterioration in the issuer's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

In making an assessment of whether an investment in sovereign debt is credit-impaired, the Group considers the following factors:

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

Presentation of allowance for ECL in the statement of financial position

The Company assesses the possible default events within 12 months for the calculation of the 12month ECL and lifetime for the calculation of Life Time ECL. Given the investment policy, the probability of default for new instruments acquired is generally determined to be minimal and the expected loss given default ratio varies for different instruments. In cases where a lifetime ECL is required to be calculated, the probability of default is estimated based on economic scenarios.

Loan allowances for ECL are presented in the statement of financial position as follows:

- Financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets:
- Financial assets measured at FVOCI: loss allowance shall be recognized in the statement of financial position because the carrying amount of these assets shall be their fair value. However, the loss allowance shall be disclosed and recognized in the fair value reserve.

Inputs, assumptions and techniques used for estimating impairment

When determining whether the credit risk(i.e. Risk of default) on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost of effort, This includes both qualitative and quantitative information analysis based on the Group's experience, expert credit assessment and forward looking information.

The Group primarily identifies whether a significant increase in credit risk has occurred for an exposure by using days past due and assessing other information obtained externally. Whenever available, the Group monitors changes in credit risk by tracking published external credit ratings. To determine whether published ratings remain up to date and to assess whether there has been a significant increase in credit risk at the reporting date that has not been reflected in the published rating, the Group also reviews changes in Bond yields together with available press and regulatory information about issuers.

Where external credit ratings are not available, the Group allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of default(including but not limited to the audited financial statements, management accounts and cash flows projections, available regulatory and press information about the borrowers and apply experienced credit judgement. Credit risk grades are defined by using qualitative and quantitative factors that are indicative of the risk of default and are aligned with the external credit rating definition from Moody's and Standards and Poor.

The Group has assumed that the credit risk of a financial asset has not increased significantly since the initial recognition if the financial asset has low credit risk at reporting date. The Group considers a financial asset to have low credit risk when its credit risk rating is equivalent to the globally understood definition of "investment grade". The Group considers this to be Baa3 or higher based on the Moody rating.

As a back stop, the Group considers that a significant increase in credit risk occurs no later than when the asset is more than 30 days past due. Days past due are determined by counting the numbers of days since the earliest elapsed due date in respect of which full payments has not been received. Due dates are determined without considering any grace period that might be available to the borrower.

The Group monitors the effectiveness of the criteria used to identify significant increase in credit risk by regular reviews to confirm that:

- The criteria are capable of identifying significant increase in credit risk before an exposure is in default;

- The criteria do not align with the point in time when the asset becomes 30 days past due;
- The average time between the identification of a significant increase in credit risk and default appears reasonable
- Exposures are not generally transferred from 12- month ECL measurement to credit impaired and
- There is no unwarranted volatility in loss allowance from transfers between 12-month ECL and Lifetime ECL measurement.

Modified financial assets

The contractual terms of a financial asset may be modified for a number of reasons, including changing market conditions and other factors not related to a current or potential credit deterioration of the borrower. An existing financial asset whose terms have been modified may be derecognized and the renegotiated asset recognized as a new financial asset at fair value in accordance with the accounting policies. When the terms of a financial asset are modified and the modification does not result in derecognition, the determination of whether the asset's credit risk has increased significantly reflects a comparison of:

- Its risk of default occurring at the reporting date based on the modified term; with
- The risk of default occurring estimated based on Data on initial recognition and the original contractual terms.

Liquidity Risk

Liquidity risk is the inability of a Group to meet obligations on a timely basis. It is also the inability of a Group to take advantage of business opportunities and sustain the growth target in its business strategy due to liquidity constraints or difficulty in obtaining funding at a reasonable cost. Our liquidity risk exposure is strongly related to our credit and investment risk profile. The Group is exposed to daily calls on its available cash resources from claims to be paid.

At 31 December 2022, management does not believe the current maturity profile of the Group lends itself to any material liquidity risk, taking into account the level of cash and deposits and the nature of its securities portfolio at year end, as well as the reinsurance structure of the Group's insurance portfolio. The Group's bank deposits and trading securities are able to be released at short notice when and if required. The possible payments of significant insurance claims are secured by the reinsurance contracts' clause that allows a cash call from the reinsurers for the losses exceeding a certain amount based on line of business.

Sources of Liquidity Risk

Our liquidity risk exposure depends on the occurrence of other risks. Some of the factors that could lead to liquidity risks are:

- Reputational loss or rating downgrade, leading to inability to generate funds;
- Failure of insurance brokers and clients to meet their premium payment obligation as and when due;
- Lack of timely communication between Finance & Investment Division and Claims Department resulting in mismatch of funds;
- Investment in volatile securities; and
- Frequency and severity of major and catastrophic claims.

Liquidity Risk Management Strategy

The Group's strategy for managing liquidity risks are as follows:

- Maintain a good and optimum balance between having sufficient stock of liquid assets, profitability and investment needs;
- Ensure strict credit control and an effective management of account receivables;
- Ensure unrestricted access to financial markets to raise funds;
- Develop and continuously update the contingency funding plan;
- Adhere to the liquidity risk control limits; and
- Communicate to all relevant staff on the liquidity risk management objectives and control limits.

Liquidity Risk Appetite/Tolerance

Our liquidity risk appetite is defined using the following parameters:

- Liquidity gap limits;
- Scenario and Sensitivity Analysis

- Liquidity Ratios such as:
 - Claims ratio
 - Cash ratio
 - Quick ratio
- Receivable to capital ratio
- Technical provision to capital ratio
- Maximum exposure for single risk to capital ratio
- Maximum exposure for a single event to capital ratio
- Retention rate
- Re-insurance receipts to ceded premium ratio
- Solvency margin

(b) **Financial instruments measured at fair value**

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable input reflects market data obtained from independent sources; unobservable inputs reflect the Group's market assumptions. These two types of inputs have created the following fair value hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

This hierarchy requires the use of observable market data when available. The Group considers relevant and observable market prices in its valuations where possible.

At 31 December 2022 (N'000)

Financial assets

	Level 1	Level 2	Level 3
Financial Assets -FVTPL	5,800,623	-	-
Financial Assets -FVOCI	-	53,731	-
Amortised Cost Assets	12,159,020	-	-
	17,959,643	53,731	-

At 31 December 2021 (N'000)

Financial assets

	Level 1	Level 2	Level 3
Financial Assets -FVTPL	5,354,017	-	-
Financial Assets -FVOCI	-	84,884	-
Amortised Cost Assets	8,143,491	-	-
	13,497,508	84,884	-

(c) **Fair valuation methods and assumptions**

(i) **Cash and bank balances**

Cash and bank balances represent cash held with other banks. The fair value of these balances is their carrying amounts.

(ii) **Equity securities**

The fair values of quoted equity securities are determined by reference to quoted prices (unadjusted) in active markets for identical assets. The fair value of the unquoted equity securities was determined on a net asset value basis.

(iii) **Debt securities**

Treasury bills represent short term instruments issued by the Central bank of the jurisdiction where the Group operates. The fair value of treasury bills and bonds at fair value are determined with reference to quoted prices (unadjusted) in active markets for identical assets. The estimated fair value of bonds (asset or liability) at amortised cost represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

(iv) **Other assets**

Other assets represent monetary assets which usually have a short recycle period and as such the fair values of these balances approximate their carrying amount.

51 Capital management Policy

NEM has over the years been deploying capital from earnings and additional equity funds to support growth in business volumes while striving to meet dividend commitments to shareholders. To be able to continue to generate and deploy capital both to grow core businesses and reward shareholders, there is need for the Group to execute the right strategy, the right growth dynamics, the right cost structure and risk discipline as well as the right capital management.

NEM's capital management strategy focuses on the creation of shareholders' value whilst meeting the crucial and equally important objective of providing an appropriate level of capital to protect stakeholders' interests and satisfy regulators.

The Group's objectives when managing capital are as follows:

- To ensure that capital is, and will continue to be, adequate for the safety, soundness and stability of the Group;
- To generate sufficient capital to support the Group's overall business strategy;
- To ensure that the Group meets all regulatory capital ratios and the prudent buffer required by the Board;
- To ensure that the average return on capital over a 3 -5 years performance cycle is sufficient to satisfy the expectations of investors;
- To maintain a strong risk rating;
- To ensure that capital allocation decisions are optimal, considering the return on economic and regulatory capital;
- To determine the capital required to support each business activity based on returns generated on capital to facilitate growth/expansion of existing businesses (i.e. capital allocation);
- To establish the efficiency of capital utilization.

(a) **Minimum Capital Requirement**

The Parent complied with the minimum capital requirement of N3billion for non-life operations. This is shown under Shareholders' Fund in the Statement of Financial Position.

(b) **Solvency Status**

The Parent met the criteria for solvency margin as stated in section 24(1) of the Insurance Act, CAP I17, LFN 2004, the solvency margin maintained is N17,916,252

(c) **Finance Act 2021- Part IX - Insurance Act**

The Federal Government of Nigeria, by Federal Republic of Nigeria official Gazzete, dated 18 January 2022 amended the Finance Act, 2021. The Finance Act 2021 (Part ix-Insurance Act) in sections 33, 34, and 35 contains provisions which amended Sections 9, 10 and 102 of Insurance Act, 2003, as previously related to paid up share capital. The Sections of the Act amended the Insurance Act by substituting the words " paid up share capital" with words " Capital requirement" and wherever they appear in Insurance Act 2003. The word " Capital requirement" was introduced and inserted in Section 102 of the Insurance Act. By the provision of Section 35 " Capital Requirement" means-

(a) In the case of existing company -

- (i) the excess of admissible assets over liabilities, less the amount of own shares held by the company,
- (ii) subordinated liabilities subject approval by the Commission, and
- (iii) any other financial instrument as prescribed by the Commission.

For this purpose, Admissible Assets are defined as :

Share Capital, Share Premium, Retained Earnings, Contingency Reserves and other admissible assets subject to the approval of the Commission.

(b) In the case of a new company-

- (i) Government Bonds and Treasury bills,
- (ii) Cash and Bank balances, and
- (iii) Cash and cash equivalents

	2022 N'000	2021 N'000
Share Capital	5,016,477	5,016,477
Share Premium	-	-
Retained earnings	12,865,570	9,617,952
Contingency reserves	7,186,595	6,098,784
Excess of admissible assets over liabilities	25,068,642	20,733,213
Less the amount of own shares held (Treasury Shares)	-	-
	25,068,642	20,733,213
Subordinated liabilities	-	-
Any other financial instruments as prescribed by the Commission	-	-
	25,068,642	20,733,213

(d) Capital Adequacy Test

Based on the capital adequacy calculation below, NEM Insurance Plc has a surplus of N24.2 billion.

	2022 N'000	2021 N'000
Shareholders' fund as per Statement of Financial Position		27,167,422
Less:		
Intangible Assets	(15,721)	
Deferred tax liability	(3,687)	
Due from related parties	-	
		(19,408)
Capital Base		27,148,014

Management uses regulatory capital ratios to monitor its capital base. Based on the capital base computed above, the Parent capital base is above the minimum capital requirement of N3billion specified by NAICOM.

(e) DETERMINATION OF SOLVENCY MARGIN	Admissible	Inadmissible	2022 N'000	2021 N'000
Cash and cash equivalents	7,573,184	1,268,998	8,842,182	6,816,804
Financial assets				
-FVTPL	5,800,623	-	5,800,623	5,354,017
-Amortised Cost	9,312,413	2,846,607	12,159,020	6,384,950
-FVOCI	53,731	-	53,731	84,884
Trade receivables	672,356	-	672,356	1,479,056
Reinsurance assets	9,712,498	-	9,712,498	7,565,820
Deferred acquisition costs	1,446,991	-	1,446,991	1,030,753
Investment in Subsidiary	150,000	-	150,000	150,000
Staff loans and advances	220,446	-	220,446	23,343
Investment in Properties	-	1,813,768	1,813,768	-
Property, plant and equipment	1,332,433	2,545,759	3,878,192	1,278,062
Right-of-use Assets	-	149,520	149,520	209,920
Statutory deposit	320,000	-	320,000	320,000
Admissible assets	36,594,675	8,624,652	45,219,327	30,697,609
LIABILITIES				
Insurance contract liabilities	15,645,093		15,645,093	12,217,843
Trade payables	487,527		487,527	410,728
Provisions and other payables	2,102,128		2,102,128	1,860,814
Lease liabilities	35,999		35,999	139,623
Retirement benefits obligations	29,497		29,497	52,414
Current income tax liabilities	378,179		378,179	618,736
Admissible liabilities	18,678,423	-	18,678,423	15,300,158
Solvency margin	17,916,252			15,397,451
Minimum share capital	3,000,000			3,000,000
Surplus in solvency margin	14,916,252			12,397,451
Percentage of solvency	83%			81%

The Company's capital requirement ratio and Solvency margin are above the requirements of the Insurance Act CAP I17, LFN 2004.

Asset and Liability Management

The Group is exposed to a range of financial risks through its financial assets, financial liabilities, reinsurance assets and insurance liabilities.

Asset and Liability management (ALM) attempts to address financial risks the group is exposed to which include interest rate risks, foreign currency risks, equity price risks and credit risks. The major financial risk is that in the long term its investment proceeds are not sufficient to fund the obligations arising from its insurance and investment contracts. ALM ensures that specific assets of the group is allocated to cover reinsurance and liabilities of the Group.

The Group manages these positions within an ALM framework that has been developed to achieve long-term investment returns in excess of its obligations under insurance contracts. The notes below show how the Group has managed its financial risks.

Assets	Insurance funds N'000	Shareholders' funds N'000	Total N'000
Cash and cash equivalents	7,573,184	1,268,998	8,842,182
Financial assets			
-FVTPL	5,800,623	-	5,800,623
-FVOCI	-	53,731	53,731
- At amortised cost	-	12,159,020	12,159,020
Trade receivables	-	672,356	672,356
Reinsurance assets	6,889,168	2,823,330	9,712,498
Deferred acquisition costs	-	1,446,991	1,446,991
Other receivables and prepayment	-	581,362	581,362
Investment in Subsidiary-NEM Asset	-	150,000	150,000
Investment properties	-	1,813,768	1,813,768
Statutory deposit	-	320,000	320,000
Intangible assets	-	15,721	15,721
Property, plant and equipment	-	3,878,192	3,878,192
Right-of-use Assets	-	149,520	149,520
Deferred tax assets	-	253,568	253,568
Total assets	20,262,975	25,586,557	45,849,532
Liabilities:			
Insurance contract liabilities	15,645,093	-	15,645,093
Trade payables	-	487,527	487,527
Other payables	-	2,102,128	2,102,128
Lease liabilities	-	35,999	35,999
Retirement benefit obligations	-	29,497	29,497
Income tax liability	-	378,179	378,179
Deferred tax liabilities	-	3,687	3,687
Total liabilities	15,645,093	3,037,017	18,682,110
Gap	4,617,882	22,549,540	27,167,422

The main objectives of the Parent when managing capital are:

- to ensure that the Minimum Capital Requirement of N3 billion as required by the Insurance Act CAP I17, LFN 2004, is maintained at all times.

This is a risk based capital method of measuring the minimum amount appropriate for an insurance company to support its overall business operations in consideration of its size and risk profile. The calculation is based on applying capital factors to amongst others, the Parent's assets, outstanding claims, unearned premium reserve and assets above a certain concentration limit.

NEM INSURANCE PLC
 FINANCIAL STATEMENTS, 31 DECEMBER 2022
 OTHER NATIONAL DISCLOSURE
 STATEMENT OF VALUE ADDED - GROUP

CERTIFIED BY:

 Director

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	2022 N'000	%	2021 N'000	%
Gross Premium Income:				
Local	31,433,600		26,545,254	
Foreign	-		-	
Other Income:				
Local	4,459,354		2,869,804	
Foreign	-		-	
	<u>35,892,954</u>		<u>29,415,058</u>	
Bought in Services:				
Local	(26,082,948)		(20,958,302)	
Foreign	-		-	
Value Added	<u><u>9,810,006</u></u>	<u>100</u>	<u><u>8,456,756</u></u>	<u>100</u>
Applied as follows:				
Employees				
Salaries and other employees benefits	1,889,357	19	1,898,656	22
Provider of Capital				
Dividend to Shareholders	1,103,625	11	902,966	11
Government				
Taxation	41,875	0	95,918	1
Retention and Expansion				
Depreciation and Amortisation Charges	247,716	3	242,079	3
Contingency reserves	1,087,811	11	884,857	11
Retained profit for the year	<u>5,439,622</u>	<u>55</u>	<u>4,432,280</u>	<u>52</u>
Value Added	<u><u>9,810,006</u></u>	<u>100</u>	<u><u>8,456,756</u></u>	<u>100</u>

Value added represents the additional wealth the Group has been able to create by its own and its employees' efforts. This statement shows the allocation of the wealth between employees, shareholders, government and that retained for the future creation of more wealth.

NEM INSURANCE PLC
 FINANCIAL STATEMENTS, 31 DECEMBER 2022
 OTHER NATIONAL DISCLOSURE
 STATEMENT OF VALUE ADDED - PARENT

CERTIFIED BY:

 Director

	2022 N'000	%	2021 N'000	%
Gross Premium Income:				
Local	31,433,600		26,545,254	
Foreign	-		-	
Other Income:				
Local	4,405,863		2,828,425	
Foreign	-		-	
	35,839,463		29,373,679	
Bought in Services:				
Local	(26,045,724)		(20,945,481)	
Foreign	-		-	
Value Added	9,793,739	100	8,428,198	100
Applied as follows:				
Employees				
Salaries and other employees benefits	1,877,383	19	1,888,317	22
Provider of Capital				
Dividend to Shareholders	1,103,625	11	902,966	11
Government				
Taxation	40,149	-	88,192	1
Retention and Expansion				
Depreciation and Amortisation Charges	245,717	3	239,580	3
Contingency reserves	1,087,811	11	884,857	11
Retained profit for the year	5,439,054	56	4,424,286	52
Value Added	9,793,739	100	8,428,198	100

Value added represents the additional wealth the Company has been able to create by its own and its employees' efforts. This statement shows the allocation of the wealth between employees, shareholders, government and that retained for the future creation of more wealth.

NEM INSURANCE PLC
 FINANCIAL STATEMENTS, 31 DECEMBER 2022
 OTHER NATIONAL DISCLOSURE
 FIVE YEAR FINANCIAL SUMMARY - GROUP
STATEMENT OF FINANCIAL POSITION

CERTIFIED BY:

 Director
 Secretary

	2022	2021	2020	2019	2018
	N'000	N'000	N'000	N'000	N'000
Assets					
Cash and Cash Equivalents	8,878,011	7,895,469	7,352,189	8,101,885	6,697,017
Financial assets					
- At fair value through profit or loss	5,800,623	5,354,017	4,479,121	2,485,564	1,108,206
- At fair value through other comprehensive income	53,731	84,884	81,318	70,028	1,260,729
- At amortised cost	12,159,020	8,143,491	6,105,529	2,130,855	1,235,106
Trade Receivable	672,356	1,479,056	228,140	207,484	279,709
Reinsurance Assets	9,712,498	7,565,820	5,107,870	5,525,893	4,809,590
Deferred Acquisition Cost	1,446,991	1,030,753	1,840,694	810,097	655,614
Investment in Associate	-	-	412,741	435,165	413,752
Investment Properties	1,813,768	1,706,167	1,617,609	1,589,278	682,951
Intangible Assets	15,721	10	10	1,225	6,405
Property, plant and equipment	3,886,188	3,794,957	2,922,422	3,031,838	4,158,807
Right-of-use Assets	149,520	209,920	-	-	-
Other Receivables and Prepayment	723,428	414,712	470,727	683,375	709,859
Statutory Deposit	320,000	320,000	320,000	320,000	320,000
Deferred tax asset	256,411	257,505	263,035	291,203	92,773
Total Assets	45,888,266	38,256,761	31,201,405	25,683,890	22,430,518
Liabilities					
Insurance Contract Liabilities	15,645,093	12,217,843	9,779,935	9,000,865	7,126,871
Trade Payables	487,527	410,728	585,327	298,046	319,023
Other Payables	2,107,289	1,893,238	1,672,134	1,386,681	1,247,829
Finance lease obligations	35,999	139,623	47,963	-	-
Income Tax Liabilities	379,224	623,508	675,783	462,419	835,998
Deferred Tax Liability	3,687	10,387	-	356,500	397,746
Retirement Benefit Obligations	29,497	52,414	78,960	81,635	78,496
Total liabilities	18,688,316	15,347,741	12,840,102	11,586,146	10,005,963
Net Assets	27,199,950	22,909,020	18,361,303	14,097,744	12,424,555
Equity					
Share Capital	5,016,477	5,016,477	5,016,477	2,640,251	2,640,251
Share Premium	-	-	-	272,551	272,551
Other Reserves-gratuity	58,581	72,495	71,147	111,455	131,043
FVOCI reserve	(67,765)	(36,612)	(40,178)	(51,468)	(35,344)
Asset revaluation reserve	2,107,964	2,107,964	1,094,475	1,094,475	1,094,475
Contingency Reserve	7,186,595	6,098,784	5,213,927	4,198,848	3,606,052
Retained Earnings	12,898,098	9,649,912	7,005,455	5,831,632	4,715,527
Shareholders' Fund	27,199,950	22,909,020	18,361,303	14,097,744	12,424,555

NEM INSURANCE PLC
 FINANCIAL STATEMENTS, 31 DECEMBER 2022
 OTHER NATIONAL DISCLOSURE
 FIVE YEAR FINANCIAL SUMMARY - GROUP
INCOME STATEMENT

CERTIFIED BY:-

 Director

 Secretary

	2022	2021	2020	2019	2018
	N'000	N'000	N'000	N'000	N'000
Gross Premium Written	33,369,050	27,875,088	22,035,695	19,759,872	15,049,453
Gross premium income	31,433,600	26,545,254	21,682,189	19,259,541	14,346,488
Net Premium income	22,150,158	19,306,127	15,862,758	12,617,540	10,693,794
Other Revenue	4,633,442	3,228,122	3,583,000	2,147,044	1,934,089
Total Revenue	26,783,600	22,534,249	19,445,758	14,764,584	12,627,883
Claims expense	(7,647,470)	(5,560,885)	(6,054,469)	(3,937,318)	(2,554,253)
Other Expenses	(13,654,633)	(12,445,166)	(8,261,476)	(8,907,512)	(7,387,969)
Total Benefits, Claims and Other Expenses	(21,302,103)	(18,006,051)	(14,315,945)	(12,844,830)	(9,942,222)
Profit Before Tax	5,481,497	4,528,198	5,129,813	1,919,754	2,685,661
Income tax	(41,875)	(95,918)	(45,161)	475,612	(648,957)
Profit For the Year	5,439,622	4,432,280	5,084,652	2,395,366	2,036,704
Other Comprehensive (loss)/income for the year	(45,067)	1,018,403	(29,018)	(35,712)	1,208,882
Total Comprehensive Income for the year	5,394,555	5,450,683	5,055,634	2,359,654	3,245,586
Basic EPS (Kobo)	1.08	0.88	0.96	0.45	0.39
Diluted Basic EPS (Kobo)	1.08	0.88	0.96	0.45	0.39

NEM INSURANCE PLC
 FINANCIAL STATEMENTS, 31 DECEMBER 2022
 OTHER NATIONAL DISCLOSURE
 FIVE YEAR FINANCIAL SUMMARY - PARENT
INCOME STATEMENT

CERTIFIED BY:-

 Director

	2022	2021	2020	2019	2018
	N'000	N'000	N'000	N'000	N'000
INCOME STATEMENT					
Gross Premium Written	33,369,050	27,875,088	22,035,695	19,759,872	15,049,453
Gross premium income	31,433,600	26,545,254	21,682,189	19,259,541	14,346,488
Net Premium income	22,150,158	19,306,127	15,862,758	12,617,540	10,693,794
Other Revenue	4,579,951	3,186,743	3,541,993	2,102,279	1,894,521
Total Revenue	26,730,109	22,492,870	19,404,751	14,719,819	12,588,315
Claims expense	(7,647,470)	(5,560,885)	(6,054,469)	(3,937,318)	(2,554,253)
Other Expenses	(13,603,436)	(12,419,507)	(8,232,647)	(8,884,559)	(7,364,939)
Total Benefits, Claims and Other	(21,250,906)	(17,980,392)	(14,287,116)	(12,821,877)	(9,919,192)
Profit Before Tax	5,479,203	4,512,478	5,117,635	1,897,942	2,669,123
Income tax	(40,149)	(88,192)	(42,240)	480,112	(648,487)
Profit For the Year	5,439,054	4,424,286	5,075,395	2,378,054	2,020,636
Other Comprehensive (loss)/income for the year	(45,067)	1,018,403	(29,018)	(35,712)	1,208,882
Total Comprehensive Income for the year	5,393,987	5,442,689	5,046,377	2,342,342	3,229,518
Basic EPS (Kobo)	1.08	0.88	0.96	0.45	0.38
Diluted Basic EPS (Kobo)	1.08	0.88	0.96	0.45	0.38

NEM INSURANCE PLC

Shareholding Structure/Free Float Status

CERTIFIED BY:

 Director

 Secretary

Description	31-Dec-22		31-Dec-21	
	Unit	Percentage	Unit	Percentage
Issued Share Capital	5,016,477,766		5,016,477,766	
Substantial Shareholdings (5% and above)				
AFIG FUND	1,499,926,852	29.90%	1,499,926,852	29.90%
CAPITAL EXPRESS ASSURANCE LIMITED	364,318,306	7.26%	364,318,306	7.26%
BUKSON INVESTMENT LIMITED	320,201,645	6.38%	320,201,645	6.38%
JEIDOC LIMITED	350,023,219	6.98%	350,023,219	6.98%
Total Substantial Shareholdings	2,534,470,022	50.52%	2,534,470,022	50.52%
Directors' Shareholdings (direct and indirect), excluding directors with substantial interests				
DR. FIDELIS AYEBAE	23,155,158	0.46%	23,155,158	0.46%
MR TOPE SMART	120,411,652	2.40%	120,411,652	2.40%
MR ANDREW IKEKHUA	1,362,856	0.03%	1,362,856	0.03%
MR. ODAMAH MOMOH	2,225,120	0.04%	2,225,120	0.04%
MR. ADEBAYO SUNDAY JOSHUA	3,275,501	0.07%	3,275,501	0.07%
JOY TELUWO	106,990,287	2.13%	106,990,287	2.13%
Total Directors' Shareholdings	257,420,574	5.13%	257,420,574	5.13%
Other Influential Shareholdings				
Total Other Influential Shareholdings				
Free Float in Units and Percentage	2,224,587,170	44.35%	2,224,587,170	44.35%
Free Float in Value	₦ 10,010,642,265.00		₦ 10,010,642,265.00	

Declaration:

(A) NEM Insurance Plc with a free float percentage of 44.35% as at 31st December 2022, is compliant with The Exchange's free float requirements for companies listed on the Main Board.

(B) NEM Insurance Plc with a free float value of N10,010,642,265. as at 31st Dec 2022, is compliant with The Exchange's free float requirements for companies listed on the Main Board.

Securities Trading Policy

In compliance with Rule 17.15 Disclosure of Dealings in Issuers' Shares, Rulebook of the Exchange 2015 (Issuers Rule) NEM Insurance Plc maintains a Security Trading Policy which guides Directors, Audit Committee members, employees and all individuals categorized as insiders with respect to their dealing in the Company's shares. The Policy undergoes periodic review by the Board and is updated accordingly. The Company has made specific inquiries of all its directors and other insiders and is not aware of any infringement of the policy during the period.

Rules Governing Free Float Requirements

**In accordance with Rule 2.2 – Rules Governing Free Float Requirement:
NEM Insurance plc complies with the Exchange's free Float requirement.**