

SOVEREIGN TRUST INSURANCE PLC
CONSOLIDATED AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

SOVEREIGN TRUST INSURANCE PLC

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SOVEREIGN TRUST INSURANCE PLC

CORPORATE INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2025

RC No.	31962																		
Nature of business	The principal activity of the Company continues to be the provision of all classes of non-life insurance and special risk insurance, settlement of claims and insurance of policyholders' funds.																		
Directors	<table><tr><td>Mr. Oluseun O. Ajayi</td><td>- Chairman (Retired)</td></tr><tr><td>Mr. Abimbola Oguntunde</td><td>- Chairman</td></tr><tr><td>Mr. Olaotan Soyinka</td><td>- Managing Director/CEO</td></tr><tr><td>Mrs. Ugochi Odemelam</td><td>- Executive Director</td></tr><tr><td>Mr. Kayode Adigun</td><td>- Executive Director</td></tr><tr><td>Mr. Emmanuel Anikibe</td><td>- Executive Director</td></tr><tr><td>Ms. Emi Faloughi</td><td>- Non Executive Director</td></tr><tr><td>Mr. Odoh Shedrack Chidozie</td><td>- Non Executive Director</td></tr><tr><td>Mr. Eric Balogun</td><td>- Independent Director</td></tr></table>	Mr. Oluseun O. Ajayi	- Chairman (Retired)	Mr. Abimbola Oguntunde	- Chairman	Mr. Olaotan Soyinka	- Managing Director/CEO	Mrs. Ugochi Odemelam	- Executive Director	Mr. Kayode Adigun	- Executive Director	Mr. Emmanuel Anikibe	- Executive Director	Ms. Emi Faloughi	- Non Executive Director	Mr. Odoh Shedrack Chidozie	- Non Executive Director	Mr. Eric Balogun	- Independent Director
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Ms. Emi Faloughi	- Non Executive Director																		
Mr. Odoh Shedrack Chidozie	- Non Executive Director																		
Mr. Eric Balogun	- Independent Director																		
Company Secretary	Equity Union Limited																		
Registered Office	17, Adetokunbo Ademola Street Victoria Island, Lagos, Nigeria www.stiplc.com																		
Auditors	PKF Professional Services PKF House 205A, Ikorodu Road Obanikoro Lagos																		
Bankers	First Bank of Nigeria Limited Standard Chartered Bank Zenith Bank Plc Access Bank Plc Guaranty Trust Bank Plc Ecobank Plc Providus Bank Limited First City Monument Bank Limited Fidelity Bank Plc Unity Bank Plc Sterling Bank Plc																		
Solicitors	Citipoint Chambers																		
Registrar	Meristem Registrars Limited																		

SOVEREIGN TRUST INSURANCE PLC

CORPORATE INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2025

Reporting Actuary	O & A Hedge Actuarial Consulting																																								
Reinsurers	Aveni Reinsurance Company Limited African Reinsurance Corporation Continental Reinsurance Plc WAICA Reinsurance Corporation																																								
Management Team	<table> <tr> <td>Olaotan Soyinka</td><td>- Managing Director/CEO</td></tr> <tr> <td>Ugochi Odemelum</td><td>- Executive Director, Marketing & Business Development</td></tr> <tr> <td>Kayode Adigun</td><td>- Executive Director, Finance & Corporate Services</td></tr> <tr> <td>Emmanuel Anikibe</td><td>- Executive Director, Technical Operations</td></tr> <tr> <td>Lucas Durojaiye</td><td>- GM/Head, Northern Area Operations</td></tr> <tr> <td>Sanni Oladimeji</td><td>- GM/Head, Risk Management & Compliance</td></tr> <tr> <td>Segun Bankole</td><td>- DGM/Head, Sales & Corporate Communications</td></tr> <tr> <td>Olajumoke Olatubosun</td><td>- DGM/Head, Marketing and Business Development</td></tr> <tr> <td>Olalekan Oguntunde</td><td>- DGM/Head, ICT</td></tr> <tr> <td>Samuel Oseni</td><td>- DGM/Head, Internal Audit</td></tr> <tr> <td>Angela Uche-Onochie</td><td>- DGM/Head, Eastern Area Operations</td></tr> <tr> <td>Abisola Asaju</td><td>- AGM/Head, General Internal Services</td></tr> <tr> <td>Niyi Olaitan</td><td>- DGM/ Head, Finance and Accounts</td></tr> <tr> <td>Victoria Eze</td><td>- DGM/ Head, Sales & Client Services 2</td></tr> <tr> <td>Akinwunmi Akinrinmade</td><td>- DGM/ Head, Energy</td></tr> <tr> <td>Kola Azeez</td><td>- AGM/Sales and Client Services</td></tr> <tr> <td>Funmilayo Idodo</td><td>- AGM/Head, General Underwriting Department/ Branch Operations</td></tr> <tr> <td>Moses Oyeyemi</td><td>- AGM/Head, Reinsurance & Claims Department</td></tr> <tr> <td>Deborah Ugbaje</td><td>- AGM/Head, Ikela Area Office</td></tr> <tr> <td>Dolapo Oyeniyi</td><td>- AGM/ Head, Finance & Accounts</td></tr> </table>	Olaotan Soyinka	- Managing Director/CEO	Ugochi Odemelum	- Executive Director, Marketing & Business Development	Kayode Adigun	- Executive Director, Finance & Corporate Services	Emmanuel Anikibe	- Executive Director, Technical Operations	Lucas Durojaiye	- GM/Head, Northern Area Operations	Sanni Oladimeji	- GM/Head, Risk Management & Compliance	Segun Bankole	- DGM/Head, Sales & Corporate Communications	Olajumoke Olatubosun	- DGM/Head, Marketing and Business Development	Olalekan Oguntunde	- DGM/Head, ICT	Samuel Oseni	- DGM/Head, Internal Audit	Angela Uche-Onochie	- DGM/Head, Eastern Area Operations	Abisola Asaju	- AGM/Head, General Internal Services	Niyi Olaitan	- DGM/ Head, Finance and Accounts	Victoria Eze	- DGM/ Head, Sales & Client Services 2	Akinwunmi Akinrinmade	- DGM/ Head, Energy	Kola Azeez	- AGM/Sales and Client Services	Funmilayo Idodo	- AGM/Head, General Underwriting Department/ Branch Operations	Moses Oyeyemi	- AGM/Head, Reinsurance & Claims Department	Deborah Ugbaje	- AGM/Head, Ikela Area Office	Dolapo Oyeniyi	- AGM/ Head, Finance & Accounts
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Dolapo Oyeniyi	- AGM/ Head, Finance & Accounts																																								
Subsidiary	STI Leasing Limited 22 Keffi Street, South - West Ikoyi Lagos.																																								

SOVEREIGN TRUST INSURANCE PLC

FINANCIAL HIGHLIGHTS FOR THE YEAR ENDED 31 DECEMBER 2025

	Group			Company		
	Dec-25	Dec-24	Change	Dec-25	Dec-24	Change
Statement of profit or loss and other comprehensive income	₦'000	₦'000	%	₦'000	₦'000	%
Insurance revenue	46,099,386	40,447,996	14%	46,099,386	40,447,996	14%
Insurance service expenses	(22,631,256)	(19,577,305)	-16%	(22,631,256)	(19,577,305)	-16%
Net expenses from reinsurance contract	(18,959,859)	(14,221,343)	-33%	(18,959,859)	(14,221,343)	-33%
Insurance service result	4,508,271	6,649,348	-32%	4,508,271	6,649,348	-32%
Interest revenue calculated using the effective interest method	701,050	929,973	-25%	700,910	929,973	-25%
Other investment revenue	1,430,441	664,901	115%	1,003,892	354,470	183%
Net impairment loss on financial assets	(15,409)	107,276	-114%	(5,745)	115,769	-105%
	2,116,082	1,702,150	24%	1,699,057	1,400,212	21%
Net foreign exchange gain	(35,681)	(854,401)	96%	(35,681)	(854,401)	96%
Investment return	2,080,401	847,749	-145%	1,663,376	545,811	-205%
Net Insurance and Investment returns	1,671,123	(45,353)	3585%	1,254,098	-347,291	261%
Profit before income tax	878,950	2,647,559	-67%	776,194	2,603,303	-70%
Profit after income tax	696,513	2,352,717	-70%	593,757	2,320,162	-74%
Statement of financial position						
Cash and cash equivalents	11,688,617	13,172,280	-11%	11,708,168	13,156,888	-11%
Total assets	28,314,752	28,312,421	0%	27,828,735	27,965,676	0%
Total liabilities	12,486,446	12,538,085	0%	12,338,559	12,396,640	0%
Total equity	15,660,667	15,670,213	0%	15,490,176	15,569,036	-1%
Ratios						
Basic earnings per share (kobo)	4.90	16.54	-70%	4.17	16.31	-74%

SOVEREIGN TRUST INSURANCE PLC

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2025

1. Legal Form And Principal Activity

In compliance with the relevant provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, the Insurance Act 2003, relevant policy guidelines issued by the National Insurance Commission (NAICOM) and the Financial Reporting Council of Nigeria Act No. 42, 2023 (as amended). The Directors have pleasure in submitting to the members their report on the affairs of Sovereign Trust Insurance Plc together with the Group Audited Financial Statements for the year ended 31st December 2025.

The Company was incorporated as a limited liability company on 26 February 1980 and commenced business on 2 January 1995 as a non-life insurer with an authorized share capital of ₦30 million and a fully paid up share capital of ₦20 million following the acquisition and recapitalization of the then Grand Union Assurance Limited.

The Company which was licensed to carry out business in all classes of non-life insurance and as special risk insurers currently has authorised share capital of ₦7.5 billion divided into 15 billion units of 50 kobo per share with a paid up capital of ₦7.11 billion (Dec 2024:7.11 billion) divided into 14.23 billion (Dec 2024:14.23 billion) units of 50 kobo per share.

The Company's corporate head office is at Victoria Island, Lagos with 17 other branches spread across major cities and commercial centers in Nigeria. The Company became a Public Limited Company (PLC) on 7 April 2004, and was listed on the Nigerian Stock Exchange on 29 November 2006.

	Group		Company	
	2025	2024	2025	2024
	₦'000	₦'000	₦'000	₦'000
2. Operating Results				
Insurance revenue	46,099,386	40,447,996	46,099,386	40,447,996
Insurance service expenses	(22,631,256)	(19,577,305)	(22,631,256)	(19,577,305)
Net expenses from reinsurance contract	(18,959,859)	(14,221,343)	(18,959,859)	(14,221,343)
Insurance service result	4,508,271	6,649,348	4,508,271	6,649,348
Profit before income tax	878,950	2,647,559	776,194	2,603,303
Income tax expense	(182,437)	(294,842)	(182,437)	(283,141)
Profit after income tax	696,513	2,352,717	593,757	2,320,162

3.Dividend

No Dividend is proposed in respect of the current year (2024 : 5kobo)

4.Business Review And Future Development

The Group carried out insurance activities in accordance with its Memorandum and Articles of Association. A comprehensive review of the business for the year and prospects for the ensuing year will be contained in the Managing Director's Report in the Annual Report.

SOVEREIGN TRUST INSURANCE PLC

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2025

5. Directors

The names of the Directors at the date of this report and of those who held offices during the year are as follows:

Mr. Oluseun O. Ajayi	- Chairman (Retired)
Mr. Abimbola Oguntunde	- Chairman (Appointed June 13, 2025)
Mr. Olaotan Soyinka	- Managing Director/CEO (Retired Decembner 31, 2025)
Mrs. Ugochi Odemelam	- Executive Director (Retired November, 2025)
Mr. Kayode Adigun	- Executive Director
Mr. Emmanuel Anikibe	- Executive Director (Resigned September.2025)
Ms. Emi Faloughi	- Non Executive Director (Retired September 2025)
Mr. Akinwumi Akinrinmade	- Executive Director (Appointed November 19, 2025)
Mr. Odoh Shedrack Chidoz	- Non Executive Director
Mr. Eric Balogun	- Independent Director

6. Directors's interests.

The names of the Directors and their interests in the issued and paid up share capital of the Company as recorded in the Register of Directors' shareholdings as at **31 December 2025** are as follows:

Name	Number of direct Ordinary Shares held in 2025	Number of indirect Ordinary Shares held in 2025	Total 31 Dec 2025	Total 31 Dec 2024	Indirect Representation on the Board
Mr. Oluseun O. Ajayi			-	2,222,006,877	Sovereign Investments Ltd
Mr. Olaotan Soyinka	68,298,960	-	68,298,960	68,298,960	-
Mrs. Ugochi Odemelam	8,419,351	-	8,419,351	88,419,351	-
Ms. Emi Faloughi	27,024,097	881,572,742	908,596,839	908,596,839	Teeof Holdings Ltd
Mr. Abimbola Oguntunde	335,414	-	335,414	200,335,414	-
Mr. Odoh Shedrack Chidozie	-		-	2,499,000,000	Morning side Capital Partners Ltd
Mr. Kayode Adigun	66,926,116		66,926,116	66,926,116	
Mr. Emmanuel Anikibe			-	20,604,971	-

7. Directors' Interest In Contracts

None of the Directors has notified the Company for the purposes of Section 277 of the Companies and Allied Matters Act, Laws of the Federation Nigeria 2020 of any disclosable interests in contracts in which the Company was involved as at 31 December 2025.

8. Complaint Management Policy

In compliance with the Securities and Exchange Commission (SEC) rules relating to the Complaints Management Framework of the Nigerian Capital Market, Sovereign Trust Insurance Plc has adopted a Complaints Management Policy. The Company shall receive and entertain all Shareholders' complaints arising out of issues covered under the Investments and Securities Act (ISA), 2007 the Rules and Regulations made pursuant to the ISA, the rules and regulations of Securities Exchanges and guidelines of recognised trade associations as directed.

9. Acquisition Of Own Shares

The Company did not purchase any of its own shares during the year.

10. Company's Distributors

The Company's products are marketed by insurance brokers and agents throughout the country. The Company also employs the direct marketing method to source for insurance business.

SOVEREIGN TRUST INSURANCE PLC

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2025

11. Insurance Technical Agreements

The Company had reinsurance treaty arrangements with the following companies during the year:

- African Reinsurance Corporation
- Aveni Reinsurance Company Limited
- Continental Reinsurance Plc
- WAICA Reinsurance Corporation

12. Events After The Reporting Date

There were no events after the reporting date which could have a material effect on the financial position of the Company as at **31 December 2025** or its financial performance for the year then ended that have not been adequately provided for or disclosed.

13. Equity Range

The range of shareholding as at **31 December 2025** is as follows:

Range	No. of Holders	Percent	Unit	Percent
1 - 1,000	2,746	20%	514,666	0%
1,001 - 5,000	2,986	22%	5,184,148	0%
5,001 - 10,000	1,474	11%	7,978,693	0%
10,001 - 50,000	3,349	25%	68,846,393	0%
50,001 - 100,000	1,123	8%	66,410,093	0%
100,001 - 500,000	1,273	9%	229,606,281	2%
500,001 - 1,000,000	221	2%	139,801,414	1%
1,000,001 - 5,000,000	207	2%	419,820,842	3%
5,000,001 - 10,000,000	28	0%	196,674,508	1%
10,000,001 - Above	55	0%	13,093,302,445	92%
Total	13,462	100%	14,228,139,483	100%

The range of shareholding as at **31 December 2024** is as follows:

Range	No. of Holders	Percent	Unit	Percent
1 - 1,000	1,388	14%	581,830	0%
1,001 - 5,000	1,838	19%	5,400,598	0%
5,001 - 10,000	1,102	11%	8,298,588	0%
10,001 - 50,000	2,771	29%	69,823,588	0%
50,001 - 100,000	952	10%	68,728,058	0%
100,001 - 500,000	1,138	12%	237,102,143	2%
500,001 - 1,000,000	197	2%	146,000,120	1%
1,000,001 - 5,000,000	200	2%	421,384,214	3%
5,000,001 - 10,000,000	28	0%	198,409,358	1%
10,000,001 - Above	65	1%	13,072,411,522	92%
Total	9,679	100%	14,228,140,019	100%

17. Substantial interest in shares

According to the register of members at **31 December 2025**, no shareholder held more than 5% of the issued share capital of the Company except as disclosed as follows:

SOVEREIGN TRUST INSURANCE PLC

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2025

SHAREHOLDERS WITH 5% SHAREHOLDING AND ABOVE

NAME	2025		2024	
	No. of Holding	% of Holding	No. of Holding	% of Holding
Morning Side Capital Partners Ltd	0	0.00%	2,499,000,000	17.56%
Sovereign Investments Limited	0	0.00%	1,055,850,018	7.42%
TrustBanc Nominee 4	900,000,000	6.33%	900,000,000	6.33%
Teeof Holdings Limited	881,572,742	6.20%	881,572,742	6.20%
Tripple Tees Endowment Limited	1,791,346,735	12.59%	1,791,346,735	12.59%
Ajayi Oluseun O.	0	0.00%	1,166,156,859	8.20%
Randwaves Ltd	1,218,341,894	8.56%	1,218,341,894.00	8.56%
Others	9,436,878,112	66.33%	4,715,871,235	33.14%
Total	14,228,139,483	100%	14,228,139,483	100%

18. Property and Equipment

Information relating to the Company's property and equipment is detailed in Note 25 to the financial statements.

20. Board Committees

The Board, in compliance with the guidelines of the National Insurance Commission carried out its oversight function through its standing committees, each which has a charter that clearly defines its purpose, composition and structure, frequency of meeting, duties, tenure and reporting lines to the Board.

The Board functions through these committees, whose membership are as follows:

a) Enterprise Risk Management and Governance Committee:

1. Mr. Shedrack Odoh - Chairman
2. Ms. Emi Faloughi - Member
3. Olaotan Soyinka - Member
4. Mrs. Ugochi Odemelam - Member

b) Finance, Investment and General Purposes Committee:

1. Mr. Eric Balogun - Chairman
2. Ms. Emi Faloughi - Member
3. Mr. Shedrack Odoh - Member
4. Mr. Olaotan Soyinka - Member
5. Mr. Emmanuel Anikibe - Member
6. Mr. Kayode Adigun - Member

c) Audit and Compliance Committee

Pursuant to Section 359(3) of the Companies and Allied Matters Act, Laws of the Federation of Nigeria 2020, the Company has in place an Audit Committee comprising three shareholders and two Directors as follows:

1. Mr. Emmanuel Oluwada - Chairman - Shareholders representative
2. Mr. Shedrack Odoh - Member - non executive director
3. Mr. David Ashaolu - Member - Shareholders representative
4. Ms. Emi Faloughi - Member - non executive director
5. Mr. Olanrewaju Oyeniya - Member - Shareholders representative

d) Board Audit and Compliance

1. Mr. Eric Balogun - Chairman
2. Mr. Shedrack Odoh - Member

e) Nominations Remuneration and Governance Committee

1. Mr. Shedrack Odoh - Chairman
2. Ms. Emi Faloughi - Member
3. Mr. Eric Balogun - Member

The functions of the Audit Committee are as laid down in Section 404(6) of the Companies and Allied Matters Act, Laws of the Federation of Nigeria 2020. All the committees endeavoured to perform their duties competently during the year ended **31 December 2025**.

SOVEREIGN TRUST INSURANCE PLC

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 31 DECEMBER 2025

The Company maintains corporate policies and standards designed to encourage good and transparent corporate governance, avoid potential conflicts of interest and promote ethical business practices. The business of the Company is conducted with integrity which pays due regard to the legitimate interests of

Securities Trading Policy

In line with the Nigerian Stock Exchange amended rules, Sovereign Trust Insurance Plc has policy guiding Directors, officers, key management personnel, contractors and all other employees dealing in the securities of the Company.

The policy aims to ensure that the reputation of the Company is not adversely impacted by perceptions of trading in the Company's securities at inappropriate times or in an inappropriate manner.

The policy's intention is to ensure that Directors, officers and other Company personnels do not make improper use of "price sensitive information" gained their position or engagement in the Company.

Composition of the Board

The Board of STI is made up of ten Directors. The details of the composition of the Board are stated

Mr. Oluseun O. Ajayi	- Chairman (Retired)
Mr. Olaotan Soyinka	- Managing Director/CEO
Mrs. Ugochi Odemelum	- Executive Director
Mr. Kayode Adigun	- Executive Director
Mr. Emmanuel Anikibe	- Executive Director
Ms. Emi Faloughi	- Non Executive Director
Mr. Abimbola Oguntunde	- Non Executive Director
Mr. Odoh Shedrack Chidozie	- Non Executive Director
Mr. Eric Balogun	- Independent Director

Meetings of the Board

The Board met four times in the year 2025, specifically on 14th of April, 2025, 10th of June, 2025, 9th July, 2025, 16th July, 2025, 24th July, 2025, 27th August, 2025, 29th August, 2025, 24th September, 2025, 24th September, 2025, 14th November, 2025 and 19th November 2025

Record of Board Attendance

Record of attendance at board meetings for the year 2025

MEMBERS	14-04-25	13-06-25	9,24/07/2025	27-08-25	24-09-25	14-11-25	19-11-25
Mr. Oluseun O. Ajayi	Retired	Retired	Retired	Retired	Retired	Retired	Retired
Mr. Olaotan Soyinka	Present	Present	Present	Present	Present	Present	Present
Mrs. Ugochi Odemelum	Present	Present	Present	Present	Present	Present	Retired
Mr. Kayode Adigun	Present	Present	Present	Present	Present	Present	Present
Mr. Emmanuel Anikibe	Present	Present	Present	Present	Retired	Retired	Retired
Ms. Emi Faloughi	Present	Present	Present	Present	Present	Retired	Retired
Mr. Abimbola Oguntunde	Present	Present	Present	Present	Present	Present	Present
Mr. Odoh Shedrack Chidozie	Present	Present	Present	Present	Present	Present	Present
Mr. Eric Balogun	Present	Present	Present	Present	Present	Present	Present

Board Committees

The Board, in compliance with the guidelines of the National Insurance Commission carried out its oversight function through its standing committees, each which has a charter that clearly defines its purpose, composition and structure, frequency of meeting, duties, tenure and reporting lines to the Board.

The Board functions through these committees, whose membership are as follows:

Record of attendance at the Finance, Investment & General Purposes Committee meetings for

MEMBERS	11/04/2025	10/06/2025	30/07/2025	30/10/2025
Mr. Abimbola Oguntunde	Present	Present	No longer a	No longer a
Mr. Eric Balogun	Not yet a	Not yet a	Present	Present
Ms. Emi Faloughi	Present	Present	Present	Retired
Mr. Shedrack Odoh	Present	Present	Present	Present
Mr. Olaotan Soyinka	Present	Present	Present	Present
Mr. Kayode Adigun	Present	Present	Present	Present
Mr. Emmanuel Anikibe	Present	Present	Present	Retired

SOVEREIGN TRUST INSURANCE PLC

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 31 DECEMBER 2025

Record of attendance at the Audit Committee meeting for 2025

Members	11/04/2025	29/12/2025
Mr. Emmanuel Oluwadare	Present	Present
Mr. Shedrack Odoh	Present	Present
Mr. David Ashaolu	Present	Present
Ms. Emi Faloughi	Present	Present
Mr. Olanrewaju Oyeniyi	Present	Present

Record of attendance at the Board Audit and Compliance Committee meeting for 2025

Members	22-09-25
Mr. Eric Balogun	Present
Mr. Abimbola Oguntunde	No longer a Member
Mr. Shedrack Odoh	Present

Record of attendance at the Enterprise Risk Management and Governance Committee meetings for 2025

MEMBERS	22-09-25
Mr. Shedrach Odoh	No longer a Member
Mr. Abimbola Oguntunde	Present
Mr. Olaotan Soyinka	Present
Mrs. Ugochi Odemelam	Present

Record of attendance at the Nomination Remuneration and Governance Committee meeting for 2025

MEMBERS	19/02/2025	23/09/2025	22/10/2025
Mr. Shedrach Odoh	Present	Present	Present
Mr. Abimbola Oguntunde	Present	No longer a	No longer a
Ms. Emi Faloughi	Present	Present	Present
Mr. Eric Balogun	Present	Present	Present

Employment And Employees

a) Employee Involvement and Training

The Company is committed to keeping employees fully informed as much as possible regarding the Company's performance and progress. Views of employees are sought, where practicable, on matters which particularly affect them as employees. The Company runs an open door management policy. Management, professional and technical expertise are the Company's major assets and investment in developing such skills is continuous. The Company's expanding skills base is being brought about by a wide range of inhouse and external training. Opportunities for career development within the company have also been broadened. Incentive schemes designed to meet the circumstances of each individual are implemented wherever appropriate and some of these schemes include staff retirement benefit, productivity bonus, promotion

b) Employment of Physically Challenged Persons

It is the policy of the Company that there is no discrimination in considering applications for employment including those of physically challenged persons. All employees whether physically challenged or not are given equal opportunities to develop their knowledge and to qualify for promotion in furtherance of their

c) Health Safety and Welfare at Work

The Company strictly observes all health and safety regulations. The Company maintains business premises designed with a view to guaranteeing the safety and healthy living conditions of its employees and customers alike. Employees are adequately insured against occupational and other hazards. Financial provision is also made for all employees in respect of transportation, housing, medical

SOVEREIGN TRUST INSURANCE PLC

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 31 DECEMBER 2025

Contributions And Sponsorship

The tax allowable donations and sponsorship made during the year was ₦9,500,000 (2024: ₦2,350,000).
See analysis below:

	2025 ₦'000	2024 ₦'000
Investiture of Mr. Samuel Agbeluyi as the 16th President CITN	-	500
Chartered Institute of Taxation of Nigeria VI and Lekki District Society	1,000	-
PILA's 50th anniversary lecture/awards	500	300
Business Journal 15th anniversary lecture/awards	-	500
All Junior schools spelling BEE competition	-	250
NAIPE annual conference	-	300
Investiture of the 2023-25 executive committee	-	500
Nigeria Council of Registered insurance Brokers	5,000	-
Chartered Institute of Insurance	2,500	-
Chartered Institute of Accountants of Nigeria	500	-
	<u>9,500</u>	<u>2,350</u>

Auditors

The Auditors, Messrs. PKF Professional Services, have expressed their willingness to continue in office as auditors in accordance with Section 401(2) of the Companies and Allied Matters Act, Laws of the Federation of Nigeria 2020.

Compliance Statement

The Board of Directors affirm that it is in substantial compliance with the Nigerian Code of Corporate Governance and requirements of the Securities and Exchange Commission, National Insurance Commission, the Financial Reporting Council, the Nigerian Exchange Limited, the Corporate Affairs Commission and other applicable regulatory requirements of Governments Agencies.

By Order of the Board


EQUITY UNION LIMITED
(Corporate Secretary/Signatures)
Alabidun Mahmud Bayo
FRC/2022/PRO/ICSAN/002/563803
Equity Union Limited
Company Secretary
Lagos, Nigeria

SOVEREIGN TRUST INSURANCE PLC

REPORT OF THE AUDIT COMMITTEE IN RESPECT OF THE CONSOLIDATED AUDITED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2025

In compliance with the provision of section 404(4) of the Companies and Allied Matters Act Laws of the Federation of Nigeria 2020, we the members of the Statutory Audit Committee of Sovereign Trust Insurance Plc ("the Company"), hereby report as follows:

- We have exercised our statutory functions under Section 404(6) of the Companies and Allied Matters Act, Laws of the Federation of Nigeria 2020 and we acknowledge the co-operation of management and staff in the conduct of these responsibilities.
- We confirm that the accounting and reporting policies of the Group are in accordance with legal requirements and agreed ethical practices and that the scope and planning of both the external and internal audits for the year ended **31 December 2025** were satisfactory, and reinforce the Group's internal control systems.
- We have deliberated with the external auditors, who have confirmed that necessary co-operation was received from management in the course of their statutory audit and we are satisfied with the management's response to the external auditor's recommendations on accounting and internal control matters and with the effectiveness of the Group's system of accounting and internal control.



Mr. Emmanuel Oluwadare
Chairman, Audit Committee
FRC/2019/ICAN/00000019299

Members of the Audit Committee are:

Mr. Emmanuel Oluwadare - Chairman -shareholders' representative
Mr. Shedrack Odoh - Member - non Executive Director
Mr. David Ashaolu - Member - shareholders' representative
Ms. Emi Faloughi - Member - non Executive Director
Mr. Olanrewaju Oyeniyi - Member - shareholders' representative



Alabidun Mahmud Bayo
Secretary to the Committee
FRC/2022/PRO/ICSAN/002/563803

SOVEREIGN TRUST INSURANCE PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

The Companies and Allied Matters Act, 2020, requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the Company at the end of the year and of its profit or loss and other comprehensive income. The responsibilities include ensuring that the Company:

- a) keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Group and comply with the requirements of the companies and allied Matters Act, 2020;
- b) establishes adequate internal controls to safeguard its asset and to prevent and detect fraud and other irregularities; and
- c) prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates, and are consistently applied.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgment and estimates, in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board; in compliance with Financial Reporting Council of Nigeria Act, No. 42, 2023 (as amended) and in the manner required by the Companies and Allied Matters Act, 2020.

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 profit for the year ended 31 December 2025. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal 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.



Mr. Bimbo Oguntunde

Chairman

FRC/2013/NIM/00000003361

Dated: 17 March 2026



Dr. Lucas Durojaiye

Managing Director/CEO

FRC/2013/CIIN/00000003926

Dated: 17 March 2026

SOVEREIGN TRUST INSURANCE PLC

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

FOR THE YEAR ENDED 31 DECEMBER 2025

We the undersigned hereby certify the following with regards to our financial statements for the year ended 31 December 2025 that:

- a) We have reviewed the report;
- b) To the best of our knowledge, the report does not contain:
 - i) Any untrue statement of a material fact, or
 - ii) Omit to state a material fact, which would make the financial statements misleading in the light of circumstances under which such statements were made;
- c) To the best of our knowledge, the financial statements and other financial information included in the report fairly present in all material respects the financial condition and results of operation of the Company as of, and for the years presented in the report.
- d) We:
 - (i) Are responsible for establishing and maintaining internal controls.
 - (ii) Have designed such internal controls to ensure that material information relating to the Company is made known to such officers by others within those entries particularly during the period in which the periodic reports are being prepared;
 - (iii) Have evaluated the effectiveness of the company's internal controls as of date within 90 days prior to the report;
 - (iv) Have presented in the report our conclusions about the effectiveness of our internal controls based on our evaluation as of that date;
- e) We have disclosed to the auditors of the Company and Finance, Investment and General-Purpose Committee:
 - (i) All significant deficiencies in the design or operation of internal controls which would adversely affect the Company's ability to record, process, summarize and report financial data and have identified for the company's auditors any material weakness in internal controls, and
 - (ii) Any fraud, whether or not material, that involves management or other employees who have significant role in the Company's internal controls;
- f) We have identified in the report whether or not there were significant changes in internal controls or other factors that could significantly affect internal controls subsequent to the date of our evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.



Mr. Niyi Olaitan
Chief Financial Officer
FRC/2013/ICAN/00000002683
Dated: 17 March 2026



Dr. Lucas Durojaiye
Managing Director/CEO
FRC/2013/CIIN/00000003926
Dated: 17 March 2026

SOVEREIGN TRUST INSURANCE PLC

CERTIFICATION OF MANAGEMENT'S ASSESSMENT ON INTERNAL CONTROL OVER FINANCIAL REPORTING FOR THE YEAR ENDED 31 DECEMBER 2025

We the undersigned hereby certify the following with regards to our financial statements for the year ended 31 December 2025 that:

- a) We have reviewed the report;
- b) To the best of our knowledge, the report does not contain:
 - i) Any untrue statement of a material fact, or
 - ii) Omit to state a material fact, which would make the financial statements misleading in the light of circumstances under which such statements were made;
- c) To the best of our knowledge, the financial statements and other financial information included in the report fairly present in all material respects the financial condition and results of operation of the Company as of, and for the years presented in the report.
- d) We:
 - (i) Are responsible for establishing and maintaining internal controls.
 - (ii) Have designed such internal controls to ensure that material information relating to the Company is made known to such officers by others within those entries particularly during the period in which the periodic reports are being prepared;
 - (iii) Have evaluated the effectiveness of the company's internal controls as of date within 90 days prior to the report;
 - (iv) Have presented in the report our conclusions about the effectiveness of our internal controls based on our evaluation as of that date;
- e) We have disclosed to the auditors of the Company and Finance, Investment and General-Purpose Committee:
 - (i) All significant deficiencies in the design or operation of internal controls which would adversely affect the Company's ability to record, process, summarize and report financial data and have identified for the company's auditors any material weakness in internal controls, and
 - (ii) Any fraud, whether or not material, that involves management or other employees who have significant role in the Company's internal controls;
- f) We have identified in the report whether or not there were significant changes in internal controls or other factors that could significantly affect internal controls subsequent to the date of our evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.



Mr. Niyi Olaitan
Chief Financial Officer
FRC/2013/ICAN/00000002683
Dated: 17 March 2026



Dr. Lucas Durojaiye
Managing Director/CEO
FRC/2013/CIIN/00000003926
Dated: 17 March 2026

SOVEREIGN TRUST INSURANCE PLC

MANAGEMENT'S ANNUAL ASSESSMENT OF, AND REPORT ON, THE ENTITY'S INTERNAL CONTROL OVER FINANCIAL REPORTING FOR THE YEAR ENDED 31 DECEMBER 2025

To comply with the provision of Section 1.3 of SEC Guidance on implementation of Sections 60-63 of the investments and securities Act No. 29, 2007 for the year ended 31st December, 2025.

We the undersigned hereby make the following statements regarding the Internal Controls of the **Sovereign Trust Insurance Plc**. Over the audited financial statements for the year ended **31st December, 2025** that:

- i. Management is responsible for establishing and maintaining a system of internal controls over financial reporting ("ICFR") that provides reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purpose in accordance with International Financial Reporting Standards.
- ii. Management used the Committee of Sponsoring Organisation of the Treadway Commission (COSO) internal Control-Integrated Framework to conduct the required evaluation of the effectiveness of the entity's ICFR.
- iii. Management has assessed that the entity's ICFR as of the end of 31 December 2025 is effective.
- iv. The external auditor Messrs PKF Professional Services that audited the group financial statements, included in the annual report, has issued an attestation report on management's assessment of the company's and group's internal control over financial reporting.

The attestation report of Messrs PKF Professional Services that audited its consolidated financial statements will be filed as part of its annual report.



Mr. Niyi Olaitan
Chief Financial Officer
FRC/2013/ICAN/00000002683
Dated: 17 March 2026



Dr. Lucas Durojaiye
Managing Director/CEO
FRC/2013/CIIN/00000003926
Dated: 17 March 2026

Independent Auditor's Attestation Report on Management's Assessment of Internal Controls over Financial Reporting

To the Shareholders of Sovereign Trust Insurance Plc

Attestation

We have performed a limited review assurance engagement on management's assessment of the effectiveness of internal control over financial reporting of **Sovereign Trust Insurance Plc ("the Company") and its Subsidiaries ("the Group")** as of 31 December 2025, in compliance with the SEC Guidance on Implementation of Section 88-91 of the Investments and Securities Act, 2025 (as amended) issued by the Securities and Exchange Commission and in accordance with the FRC Guidance on Assurance Engagement Report on Internal Control Over Financial Reporting ("the Guidance") issued by the Financial Reporting Council of Nigeria.

Based on the procedures performed and evidence obtained, nothing has come to our attention to cause us to believe that the Company's internal control over financial reporting as of 31 December 2025 is not effective, in compliance with the SEC Guidance on Implementation of Section 88-91 of the Investments and Securities Act, 2025 (as amended) issued by the Securities and Exchange Commission and the FRC Guidance on Assurance Engagement Report on Internal Control Over Financial Reporting ("the Guidance") issued by the Financial Reporting Council of Nigeria.

Basis for Attestation

We conducted a limited review assurance engagement on management's assessment of the effectiveness of internal control over financial reporting of **Sovereign Trust Insurance Plc ("the Company") and its Subsidiaries ("the Group")** as of 31 December 2025, based on FRC Guidance on Assurance Engagement Report on Internal Control Over Financial Reporting ("the Guidance") issued by the Financial Reporting Council of Nigeria.

Our responsibilities under those sections and the guidance are further described in the Auditor's Responsibilities for the Audit of the internal control procedures over financial reporting section of our report.

We are independent of the Company in accordance with the requirements of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the internal control procedures over financial reporting in Nigeria.

We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements that are relevant to our audit of Internal control procedures over financial reporting in Nigeria.

Responsibilities of the Directors and Those Charged with Governance for maintaining effective internal control over financial reporting

The directors are responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, in accordance with requirement of Section 405 of the Companies and Allied Matters Act, 2020, in connection with Section 1.3 of SEC Guidance on implementation of Sections 88-91 of the investments and Securities Act, 2025 (as amended) and in compliance with the FRC Guidance on Assurance Engagement Report on Internal Control Over Financial Reporting ("the Guidance") issued by the Financial Reporting Council of Nigeria.

Auditor's Responsibilities for the Audit of the internal control procedures over financial reporting

Our responsibility is to express an opinion on the management's assessment of the effectiveness of the Company's internal control over financial reporting based on our limited review.

We conducted our limited review assurance engagement in accordance with "the Guidance", which requires that we planned and performed the assurance engagement and provide a limited assurance report on the entity's internal control over financial reporting based on our assurance engagement. As prescribed in the Guidance, the procedures we performed included:

- obtaining an understanding of internal control over financial reporting,
- assessed the risks that a material weakness may exist, and
- evaluated the result of the test of design and operating effectiveness of internal control based on the assessed risks.

Our engagement also included performing such other procedures as we considered necessary in the circumstances. We believe the procedures performed provide a basis for our report on the internal control put in place by management over financial reporting.

Definition of Internal Control over Financial Reporting

The Company's internal control over financial reporting is process designed by, or under the supervision of, the entity's principal executive and principal financial officers, or persons performing similar functions, and effected by the entity's board of directors, management, and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Generally Acceptable Accounting Principles and includes those policies and procedures that:

- a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company.
- b) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and direction of the Company; and
- c) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

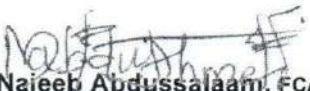
Limitations of Internal Control over Financial Reporting

Because of such limitations, Internal Control over Financial Reporting cannot prevent or detect all misstatements, whether unintentional errors or fraud. However, these inherent limitations are known features of the financial reporting process, therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk. The major limitation are:

- a) Internal Control over Financial Reporting cannot provide absolute assurance due to its inherent limitations;
- b) it is a process that involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human failures.
- c) It can be circumvented by collusion or improper management override.

Other Information

We have also audited, in accordance with the requirements of International Standards on Auditing, the financial statements of the **Sovereign Trust Insurance Plc ("the Company") and its Subsidiaries ("the Group")** and our report dated **18 March 2026** expressed an unqualified opinion.


Najeel Abdussalaam, FCA
FRC/2013/PRO/ICAN/002/00000000753
For: **PKF Professional Services**
FRC/2023/COY/141906
Chartered Accountants
Lagos, Nigeria

Dated: 18 March 2026



Independent Auditor's Report**To the Shareholders of Sovereign Trust Insurance Plc****Opinion**

We have audited the consolidated financial statements of Sovereign Trust Insurance Plc ("the Company") and its Subsidiary ("the Group"), which comprise the consolidated statement of financial position at 31 December 2025, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group at 31 December 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and with the requirements of the Companies and Allied Matters Act 2020, the Insurance Act, Cap I17, LFN 2003 and relevant policy guidelines issued by the National Insurance Commission (NAICOM) and the Financial Reporting Council of Nigeria Act, No. 42, 2023 (as amended).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated 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 (IESBA Code) together with the ethical requirements that are relevant to performing audits of consolidated financial statements in Nigeria. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements that are relevant to our audit of consolidated financial statements in Nigeria. 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 judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How the matters were addressed in the audit
<p>a) Valuation of Insurance and reinsurance Contract assets and Liabilities</p> <p>The Group and the Company have insurance contract liabilities and reinsurance assets for the Group ₦6.50 billion and ₦4.12 billion while the Company ₦6.50 billion and ₦2.86 billion (2024:Group ₦8.66 billion and ₦6.24 billion while the Company ₦8.66 billion and ₦6.24 billion) which are significant. The valuation of insurance contract liabilities and reinsurance assets involves high estimation uncertainties, risk adjustment, time value of money and other significant judgments over uncertain future outcomes.</p> <p>Liabilities for incurred claims are essentially based on the present value of the fulfilment future cash flows plus, if any, risk adjustment. This reserve is for outstanding claims, including incurred but not yet reported claims and risk adjustment. Liabilities for remaining coverage involved calculating of each policy's unexpired insurance coverage period (UP) as the exact number of days of insurance cover available after the review date, then we calculates the UPR as the year's premium multiplied by the unexpired period divided by the policy duration, using 365th UPR reserve approach on the gross premium. The LRC is equal to unearned premium unless facts and circumstances indicate that the group is onerous, in which case the LRC will be supplemented by an amount (the loss component) that would bring it to the level it would be under the GMA.</p> <p>Reinsurance recoveries and recoverable are based on historical experience and actual claims put forward. This involves ascertain any contingent cash flows commitments made by the reinsurers and the cedant and the risk for the risk adjustment, for the reinsurance asset value.</p> <p>The Group has an external consultant who assesses on periodic basis, an estimate of the insurance liabilities. At the end of each year management employed the services of an external actuary in the determination of its insurance contract liability and reinsurance assets in line with the requirements of IFRS 17, after considering the accuracy and integrity of data used in the valuation. Necessary adjustments are made in the financial statements to reflect the liabilities and/or assets determined by the actuary.</p> <p>The Company's accounting policy on the valuation of insurance contract liabilities and related disclosures are shown in Note 3.3 to 3.6 and 19 respectively.</p>	<p>Our approaches in relation to management's valuation of insurance contract liabilities and reinsurance assets included the following:</p> <ul style="list-style-type: none"> i) We evaluated the design, implementation and operating effectiveness of key controls instituted by the Group which includes management review of data used for the valuation of insurance contract liabilities and reinsurance assets. ii) We tested the accuracy and completeness of the underlying data used in actuarial valuations by checking claims paid, outstanding claims and underwriting data recorded in the Group's books. iii) We engaged our actuarial specialists to challenge the appropriateness of the methodology used by the Group's external actuary in calculating the insurance contract liabilities and reinsurance asset. This involved an assessment of the appropriateness of the valuation methods, taking into account available industry data and specific product features of the Group. iv) With the assistance of our actuarial specialists, we evaluated the reasonableness of the actuarial assumptions used by the Group's external actuary and performed liability adequacy tests based on the requirements of IFRS 17 on cohort of policies with similar contract boundary and homogenous risk grouping on insurance contract liabilities and reinsurance assets including basis for risk adjustments, impact of time value of money, assumptions and estimates on the present value of the total future fulfilment cashflows, best estimate liability (BEL), undiscounted and discounted estimate, basic chain ladder, runoff period, inflation rate, mortality and discount rates by comparing them to Group specific data, available industry data and market experience. v) We considered the Group's valuation methodology and assumptions for consistency between reporting periods as well as indicators of possible management bias. We were also assisted by our actuarial specialists in this regard. <p>Based on the work we have performed, we consider the valuation of insurance contract liabilities and reinsurance assets acceptable.</p>

Key audit matters	How the matters were addressed in the audit
<p>b) Valuation of investment properties, land and buildings</p> <p>The valuation of the Group's investment property, land and buildings are identified as a key audit matter due to the significance of the balance and judgment required in assessing the key valuation assumptions and methodology.</p> <p>The investment properties, land and buildings are valued annually using the income capitalization methodology. Key assumptions in the valuation methodology include capitalization rate, vacancy rate, estimated expenses, future rental income, property not affected by or subject to compulsory acquisition, road widening, new proposal or planning scheme, title to the property is good and marketable.</p> <p>At the end of each year management employed the services of external valuers in the determination of its investment properties, land and buildings' valuation. Necessary adjustments are made in the financial statements to reflect the valuation determined by the valuers.</p> <p>The Group's accounting policy on investment properties; property and equipment and related disclosures are shown in Notes 3.7, 3.9, 22 and 25.</p>	<p>Our audit approach included the following:</p> <ul style="list-style-type: none"> i) We assessed the appropriateness of the valuation methodology adopted by giving due consideration to the requirements of the relevant accounting standards and the Group accounting policies. ii) We challenged key assumptions applied in the valuation of the properties, including the capitalization rates, vacancy rate, estimated expenses and future rental income, by comparing the assumptions to publicly available sales information, historical data, market experience and properties specific attributes such as location and asset condition. iii) We ensured the appropriateness of the journals posted and agreed the figures in the financial statements to the valuation report. iv) We recomputed the fair value gain on investment properties. v) We involved our legal experts in the determination of the adequacy of the properties' title documents. <p>Based on the work we have performed, we consider the valuations of investment properties and land and buildings acceptable.</p>
<p>c) Impairment allowance on financial assets</p> <p>The impairment assessment of investment securities at amortised costs, insurance contract receivable, reinsurance contract claims recoverable and other assets are key areas of judgment due to the level of subjectivity inherent in estimating the impact of key assumptions on the recoverable amount of the insurance and reinsurance assets and other receivable.</p> <p>Significant judgement is required by the Directors in assessing the impairment of financial assets in compliance with IFRS 9, which requires a loss allowance for Expected Credit Loss (ECL) to be measured at the reporting date for those financial assets subject to impairment accounting. With the concept of a significant increase in credit risk arising as a result of the default in recovery rate and diminution in value of financial assets in determining expected credit losses, this assessment must consider all reasonable and supportable historic and forward-looking information.</p>	<p>We focused our testing of management's impairment assessment on investment securities at amortised costs, insurance contract receivable, reinsurance contract claims recoverable and other assets included:</p> <ul style="list-style-type: none"> i) We reviewed the IT general controls governing the IFRS reporting process employed by the Group in assigning PD's to the financial assets. <p>Also, tested the key controls relating to the preparation of the impairment model including the competence and authority of person(s) performing the control, frequency, and consistency with which the control is performed;</p>

Key audit matters	How the matters were addressed in the audit
<p>c) Impairment allowance on financial assets (Cont'd)</p> <p>The use of the Expected Credit Loss (ECL) model for the computation of impairment allowance requires the application of certain indices which are derived from historical financial data within and outside the Group, this includes:</p> <ul style="list-style-type: none"> Assessing the relationship between the quantitative and qualitative factors incorporated in determining the Probability of Default (PD), and the Loss Given Default (LGD) and the Exposure at Default (EAD). Incorporating forward-looking information into the ECL model and probability weightings applied to them. Factors considered in cash flow estimation including timing and amount. Analysis of external ratings, internal benchmarking or grouping risks together when the Group relies on such. The Group might be unable to support the suitability of any groupings to justify such approach as this may mask underlying credit losses or increases in credit risks, if the segments are not sufficiently homogeneous. <p>The Group's accounting policy on impairment and placement with banks, investment securities at amortised cost, trade receivable, reinsurance recoverable and other assets are disclosed in Notes 3.2.4; 3.5.5.5; 16.1, 5; 17.4, 18; and 20.</p>	<p>Our further procedures in relation included:</p> <ul style="list-style-type: none"> ii) For insurance contract receivable, reinsurance contract claims recoverable and other assets, obtained an understanding of the Expected Credit Loss (ECL) model prepared by management for the computation of impairment. iii) Checked the forward-looking information used by management in its ECL calculations and corroborated the information using publicly available data comprising foreign exchange rate, gross domestic (GDP) growth rate, inflation, interest rates, unemployment rate etc. iv) Assessed the appropriateness of the most significant model assumptions including loss given default and probability of default and recalculated the impairment allowance. v) Validated material transactions during the year to debit and credit notes. vi) We reviewed subsequent receipts after year end of insurance and reinsurance assets and other assets. vii) Evaluated the appropriateness of the related disclosures in line with IFRS 9 requirements. viii) Verifying the source of the credit ratings used and check the appropriateness of the ratings in accordance with IFRS 9. <p>Based on the work we have performed, we consider the level of impairment allowance acceptable.</p>

Other information

The directors are responsible for the other information. The other information comprises the Chairman's statement, Directors' Report; Audit Committee's Report, and Statement of Directors Responsibilities which are expected to be made available to us after that date. The other information does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appeared to be materially misstated.

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

Responsibilities of the Directors and those charged with Governance for the consolidated financial statements

The Directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) and with the requirements of the Companies and Allied Matters Act, 2020, the Insurance Act, Cap I17, LFN 2003 and relevant policy guidelines issued by the National Insurance Commission (NAICOM), and the Financial Reporting Council of Nigeria Act, No 42, 2023 (as amended) and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group 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.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained 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.
- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Concluded on the appropriateness of the director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists and related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we concluded that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with the Audit Committee, we determined those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We described these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In accordance with the fifth schedule of the Companies and Allied Matters Act, 2020 and Section 28(2) of the Insurance Act, Cap I17, LFN 2003, 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 Group, so far as it appears from our examination of those books;
- iii) The Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income are in agreement with the books of account;
- iv) In accordance with the provisions of Section 28(2) of the Insurance Act 2003, the consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income present fairly, in all material respects, the consolidated financial position and consolidated financial performance of the Group.



Najeeb A. Abdussalaam, FCA

FRC/2013/PRO/ICAN/002/00000000753

For: PKF Professional Services

Chartered Accountants

FRC/2023/COY/141906

Abuja, Nigeria



Dated: 17 March 2026

SOVEREIGN TRUST INSURANCE PLC

GENERAL INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2025

The Group

The group comprises of Sovereign Trust Insurance Plc (the company) and its subsidiary - STI Leasing Limited.

Company Information:

The Company was incorporated as a limited liability company on 26 February 1980 and commenced business on 2 January 1995 as a non-life insurer with an authorized share capital of ₦30 million and a fully paid up share capital of ₦20 million following the acquisition and recapitalization of the then Grand Union Assurance Limited.

The Company, Sovereign Trust Insurance Plc, is operating both as a Company and as a Group in line with its natural evolution, with each of the subsidiary becoming direct offshoot of the General Insurance business.

Principal Activities

Sovereign Trust Insurance Plc is a General Business and Special Risks Insurance underwriting firm fully capitalized in line with statutory requirements of the industry regulatory body

- National Insurance Commission. The company underwrites Aviation, Oil and Gas, Marine Cargo and Hull and other non - life insurance underwriting including Motor, Fire and Special Perils, Goods- in-transit, Engineering Insurance and General Accident insurance businesses.

The Company identifies prompt claims payment as a means to achieving customer satisfaction and therefore emphasizes prompt claims payment in its operations. The company also invests its available funds in interest bearing and highly liquid instruments to generate adequate returns to meet its claims obligations.

Going concern assessment

These consolidated financial statements have been prepared on a going concern basis. The group has neither intention nor need to reduce substantially its business operations. The management believes that the going concern assumption is appropriate for the group and there are no going concern threats to the operations of the

Subsidiary;

STI Leasing Limited

STI Leasing Limited was incorporated in June 2008 as a limited liability company and commenced business operations January 2013. Sovereign Trust Insurance Plc has 61.1% holding with STI Leasing.

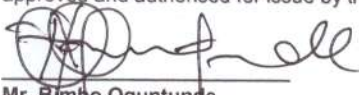
The principal activities of the company during the year is the provision of equipment finance lease.

SOVEREIGN TRUST INSURANCE PLC

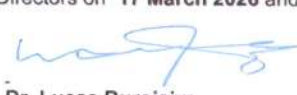
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2025

	Notes	Group		Company	
		Dec-25	Dec-24	Dec-25	Dec-24
		₦'000	₦'000	₦'000	₦'000
Assets					
Cash and cash equivalents	16	11,688,617	13,172,280	11,708,168	13,156,888
Investment in financial assets:					
- Measured at fairvalue through profit or loss	17	2,074,991	1,412,978	2,074,991	1,412,978
- Measured at fairvalue through other comprehensive income	17	822,173	783,348	822,173	783,348
- Measured at amortised cost	17	1,284,205	2,455,752	1,284,205	2,455,752
Premium receivable	18	2,316,611	2,105,214	1,988,731	1,842,948
Reinsurance contract assets	19.2	3,948,749	2,862,570	3,948,749	2,862,570
Other receivables and prepayments	20	929,486	855,189	589,862	573,729
Investment in subsidiary	21.1	-	-	232,772	232,772
Investment properties	22	1,490,790	1,347,398	1,490,790	1,347,398
Intangible assets	23	3,309	13,980	3,309	13,980
Right of use assets	24.1	742,635	263,522	700,425	263,522
Property, plant and equipment for lease	25a	612	18,777	-	-
Property, plant and equipment	25b	2,697,574	2,706,414	2,669,561	2,704,791
Statutory deposit	26	315,000	315,000	315,000	315,000
Total assets		28,314,752	28,312,421	27,828,735	27,965,676
Liabilities and equity					
Liabilities					
Insurance contract liabilities	19.1	6,495,641	6,499,696	6,495,641	6,499,696
Other payables and accruals	27	321,934	314,667	191,788	251,357
Borrowing	29	4,980,667	4,967,271	4,980,667	4,967,271
Lease liabilities	24.2	375,633	247,681	357,892	202,681
Current income tax payable	30.1	202,232	277,756	202,232	249,795
Deferred tax liabilities	31	110,340	231,013	110,340	225,840
Total liabilities		12,486,446	12,538,085	12,338,559	12,396,640
Equity					
Ordinary share capital	32.1	7,114,070	7,114,070	7,114,070	7,114,070
Share premium	32.2	33,814	33,814	33,814	33,814
Contingency reserve	32.3	7,404,671	6,016,078	7,404,671	6,016,078
Revaluation reserve	32.4	979,023	979,023	979,023	979,023
Fair value reserve	32.5	177,348	138,559	177,348	138,559
Insurance finance reserves	32.6	(404,199)	(404,199)	(404,199)	(404,199)
Credit risk reserve	32.7	27,177	25,934	-	-
Statutory reserve	32.8	45,860	30,436	-	-
Retained earning	32.9	282,902	1,736,499	185,449	1,691,691
Total equity		15,660,667	15,670,213	15,490,176	15,569,036
Non Controlling Interest	32.1	167,639	104,123	-	-
Total liabilities and equity		28,314,752	28,312,421	27,828,735	27,965,676

The consolidated financial statements and accompanying summary of accounting policies and notes to the financial statements were approved and authorised for issue by the Board of Directors on **17 March 2026** and were signed on its behalf by:



Mr. Bimbo Oguntunde
Chairman
FRC/2013/NIM/00000003361



Dr. Lucas Durojaiye
Managing Director/CEO
FRC/2013/CIIN/00000003926



Mr. Niyi Olaitan
Chief Financial Officer
FRC/2013/ICAN/00000002683

The accompanying summary of significant accounting policies and notes to the financial statements are an integral part of these consolidated financial statements.

SOVEREIGN TRUST INSURANCE PLC

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	Group		Company	
		2025 N'000	2024 N'000	2025 N'000	2024 N'000
Insurance revenue	6	46,099,386	40,447,996	46,099,386	40,447,996
Insurance service expenses	7	(22,631,256)	(19,577,305)	(22,631,256)	(19,577,305)
Insurance service result before reinsurance contract held		23,468,130	20,870,691	23,468,130	20,870,691
Net expenses from reinsurance contract	8	(18,959,859)	(14,221,343)	(18,959,859)	(14,221,343)
Insurance service result		4,508,271	6,649,348	4,508,271	6,649,348
Interest income calculated using the effective interest method	9.2.1	701,050	929,973	700,910	929,973
Other investment income	9.3&9.4	1,430,441	664,901	1,003,892	354,470
Net impairment loss on financial assets	10	(15,409)	107,276	(5,745)	115,769
Net foreign exchange (loss)/gain	11.2	(35,681)	(854,401)	(35,681)	(854,401)
Investment return		2,080,401	847,749	1,663,376	545,811
Net finance expenses from insurance contracts	9.1.a.2	(656,789)	(1,245,826)	(656,789)	(1,245,826)
Net finance income from reinsurance contracts	9.1.a.3	247,511	352,723	247,511	352,723
Net insurance and investment returns		1,671,123	(45,353)	1,254,098	(347,291)
Other income	11	23,246	13,848	-	-
Other operating expenses	12	(5,323,689)	(3,933,709)	(4,986,174)	(3,663,553)
Other finance costs	13	-	(36,574)	-	(35,200)
Share of profit of equity accounted investees, net of tax	14	-	-	-	-
Profit before income tax		878,950	2,647,559	776,194	2,603,303
Income tax expense	31.2	(182,437)	(294,842)	(182,437)	(283,141)
Profit after income tax		696,513	2,352,717	593,757	2,320,162
Profit attributable to:					
Owners of the parent		662,997	2,340,053	-	-
Non-controlling interests		33,516	12,664	-	-
		696,513	2,352,717	-	-
Other comprehensive income/(expenses):					
Other comprehensive income/(expenses) not to be reclassified to profit or loss in subsequent periods					
Revaluation gain on property and equipment, net of tax	32.4	-	-	-	-
Fair value gain on equity instruments at fair value through other comprehensive income	32.5	38,789	173,250	38,789	173,250
Insurance finance income for insurance contract issued	9.1.b.3	-	(224,291)	-	(224,291)
Reinsurance finance income for reinsurance contract issued	9.1.b.2	-	97,511	-	97,511
Other comprehensive income for the year, net of tax		38,789	46,470	38,789	46,470
Total comprehensive income for the year, net of tax		735,302	2,399,187	632,546	2,366,632
Attributable to:					
Owners of the parent		701,786	2,386,523	-	-
Non-controlling interests		33,516	12,664	-	-
		735,302	2,399,187	-	-
Earnings per share:					
Basic (kobo)	15	4.90	16.54	4.17	16.31

The accompanying summary of significant accounting policies and notes to the financial statements are an integral part of these consolidated financial statements.

SOVEREIGN TRUST INSURANCE PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2025

The Group

	Ordinary share capital	Share premium	Contingency reserve	Revaluation reserve	Fair value reserve	Insurance finance reserves	Credit risk reserve	Statutory reserve	Retained earnings	Non- controlling interests	Total equity
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
1 January 2024	7,114,070	33,814	4,753,288	979,023	(34,691)	(277,419)	-	-	1,061,163	-	13,629,248
Total comprehensive income for the year											
Profit for the year	-	-	-	-	-	-	-	-	2,340,053	12,664	2,352,717
Other comprehensive income for the year:											
Issued during the year	-	-	-	-	-	-	-	-	-	-	-
Share issue expenses	-	-	-	-	-	-	-	-	-	-	-
Dividend paid during the year	-	-	-	-	-	-	-	-	(426,844)	-	(426,844)
Revaluation gain during the year	-	-	-	-	-	-	-	-	-	-	-
Effect of deferred tax	-	-	-	-	-	-	-	-	-	-	-
Fairvalue loss during the year	-	-	-	-	173,250	-	-	-	-	-	173,250
Recognised and transferred from STI Leasing	-	-	-	-	-	-	25,934	30,436	24,918	91,459	172,746
Net finance expenses from insurance contracts	-	-	-	-	-	(224,291)	-	-	-	-	(224,291)
Net finance income from reinsurance contracts	-	-	-	-	-	97,511	-	-	-	-	97,511
Total other comprehensive income for the year	-	-	-	-	173,250	(126,780)	25,934	30,436	1,938,127	104,123	2,145,089
Transactions with onwers of the Company:											
Transfer between reserves	-	-	1,262,790	-	-	-	-	-	(1,262,790)	-	-
Total transactions with onwers of the Company	-	-	1,262,790	-	-	-	-	-	(1,262,790)	-	-
Balance at 31 December 2024	7,114,070	33,814	6,016,078	979,023	138,559	(404,199)	25,934	30,436	1,736,499	104,123	15,774,337
At 1 January 2025	7,114,070	33,814	6,016,078	979,023	138,559	(404,199)	25,934	30,436	1,736,499	104,123	15,774,337
Total comprehensive income for the year											
Profit for the year	-	-	-	-	-	-	-	-	662,997	33,516	696,513
Other comprehensive income for the year:											
Issued during the year	-	-	-	-	-	-	-	-	-	-	-
Share issue expenses	-	-	-	-	-	-	-	-	-	-	-
Dividend paid during the year	-	-	-	-	-	-	-	-	(711,407)	-	(711,407)
Revaluation gain during the year	-	-	-	-	-	-	-	-	-	-	-
Effect of deferred tax	-	-	-	-	-	-	-	-	-	-	-
Fairvalue loss during the year	-	-	-	-	38,789	-	-	-	-	-	38,789
Transferred between reserves	-	-	-	-	-	-	1,243	15,424	(16,594)	30,000	30,073
Net finance expenses from insurance contracts	-	-	-	-	-	-	-	-	-	-	-
Net finance income from reinsurance contracts	-	-	-	-	-	-	-	-	-	-	-
Total other comprehensive income for the year	-	-	-	-	38,789	-	1,243	15,424	(65,004)	63,516	53,969
Transactions with onwers of the Company:											
Transfer between reserves	-	-	1,388,593	-	-	-	-	-	(1,388,593)	-	-
Total transactions with onwers of the Company	-	-	1,388,593	-	-	-	-	-	(1,388,593)	-	-
At 31 December 2025	7,114,070	33,814	7,404,671	979,023	177,348	(404,199)	27,177	45,860	282,902	167,639	15,828,306

The accompanying summary of significant accounting policies and notes to the financial statements are an integral part of these consolidated financial statements.

SOVEREIGN TRUST INSURANCE PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2025

	Ordinary share capital	Share premium	Contingency reserve	Revaluation reserve	Fair value reserve	Insurance finance reserves	Retained earnings	Total equity
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
The Company								
1 January 2024	7,114,070	33,814	4,753,288	979,023	(34,691)	(277,419)	1,061,163	13,629,248
Total comprehensive income for the year								
Profit for the year	-	-	-	-	-	-	2,320,162	2,320,162
Other comprehensive income for the year:								
Issued during the year	-	-	-	-	-	-	-	-
Share issue expenses	-	-	-	-	-	-	-	-
Dividend paid during the year	-	-	-	-	-	-	(426,844)	(426,844)
Revaluation gain during the year	-	-	-	-	-	-	-	-
Effect of deferred tax	-	-	-	-	-	-	-	-
Fairvalue loss during the year	-	-	-	-	173,250	-	-	173,250
Net finance expenses from insurance contracts	-	-	-	-	-	(224,291)	-	(224,291)
Net finance income from reinsurance contracts	-	-	-	-	-	97,511	-	97,511
Total other comprehensive income for the year	-	-	-	-	173,250	(126,780)	1,893,318	1,939,788
Transactions with onwers of the Company:								
Transfer between reserves	-	-	1,262,790	-	-	-	(1,262,790)	-
Total transactions with onwers of the Company	-	-	1,262,790	-	-	-	(1,262,790)	-
Balance at 31 December 2024	7,114,070	33,814	6,016,078	979,023	138,559	(404,199)	1,691,691	15,569,036
At 1 January 2025	7,114,070	33,814	6,016,078	979,023	138,559	(404,199)	1,691,691	15,569,036
Total comprehensive income for the year								
Profit for the year	-	-	-	-	-	-	593,757	593,757
Other comprehensive income for the year:								
Issued during the year	-	-	-	-	-	-	-	-
Share issue expenses	-	-	-	-	-	-	-	-
Dividend paid during the year	-	-	-	-	-	-	(711,407)	(711,407)
Revaluation gain during the year	-	-	-	-	-	-	-	-
Effect of deferred tax	-	-	-	-	-	-	-	-
Fairvalue gain/(loss) during the year	-	-	-	-	38,789	-	-	38,789
Net finance expenses from insurance contracts	-	-	-	-	-	-	-	-
Net finance income from reinsurance contracts	-	-	-	-	-	-	-	-
Total other comprehensive income for the year	-	-	-	-	38,789	-	(117,650)	(78,861)
Transactions with onwers of the Company:								
Transfer between reserves	-	-	1,388,593	-	-	-	(1,388,593)	-
Total transactions with onwers of the Company	-	-	1,388,593	-	-	-	(1,388,593)	-
At 31 December 2025	7,114,070	33,814	7,404,671	979,023	177,348	(404,199)	185,449	15,490,176

The accompanying summary of significant accounting policies and notes to the financial statements are an integral part of these consolidated financial statements.

SOVEREIGN TRUST INSURANCE PLC

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2025

		Group		Company	
		2025 ₦'000	2024 ₦'000	2025 ₦'000	2024 ₦'000
Operating activities:	Notes				
Premium received from policyholders	18.2.b	46,142,195	41,741,441	46,142,195	41,741,441
Amounts received from reinsurers relating to incurred claim	19.2.a	1,692,530	1,743,821	1,692,530	1,743,821
Claims paid	19.1.a	(6,086,967)	(4,010,855)	(6,086,967)	(4,010,855)
Amount paid to reinsurance net of ceding commissions	19.2.a	(21,658,556)	(17,062,095)	(21,658,556)	(17,062,095)
Insurance acquisition cash flows paid	19.1.a	(17,427,310)	(16,654,002)	(17,427,310)	(16,654,002)
Cash paid to and on behalf of employees	12.1	(2,722,960)	(2,190,985)	(2,681,337)	(2,167,917)
Income tax paid	31.1	(185,918)	(129,985)	(157,956)	(128,175)
Other operating cash payments		(1,879,129)	(591,702)	(1,413,673)	(557,380)
Net cash flows from operating activities	33	(2,126,113)	2,845,638	(1,591,073)	2,904,838
Investing activities:					
Purchase of property, plant and equipment for lease	25a	-	(2,454)	-	-
Purchase of property, plant and equipment	25b	(253,171)	(598,250)	(158,096)	(596,938)
Proceed from disposal of property, plant and equipment		26,000	26,000	-	-
Purchase of intangible assets	23	(8,001)	-	(8,001)	-
Purchase of right of use	24	(690,144)	(276,569)	(712,894)	(276,569)
Purchase of quoted shares FVPL and bonus	17.6	(1,231,569)	(1,304,210)	(1,231,569)	(1,304,210)
Proceeds from disposal of quoted stocks	17.6	1,383,772	1,391,227	1,383,772	1,391,227
Purchase of equity instrument FVTOCI	17.6	-	(288,000)	-	(288,000)
Purchase of assets at amortised cost	17.6	(790,179)	(832,640)	(790,179)	(832,640)
Proceed of instruments at amortised cost	17.6	-	447,134	-	447,134
Purchase of equity		-	(124,031)	-	(124,031)
Rental incomes generated from investment properties	9.4	32,886	10,118	32,886	10,118
Dividend income earned from equity investments	9.4	13,398	43,946	13,398	43,946
Interest income on debts instruments and placement	17.6	892,998	315,545	892,998	315,545
Other Interest income	9.2.1.	41,959	614,428	41,959	614,428
Net cash flows from investing activities		754,965	(858,325)	720,835	(880,562)
Financing activities:					
Proceed from issue of share capital	32.1	50,000	50,000	-	-
Dividend Paid	32.9	(711,407)	(426,844)	(711,407)	(426,844)
Addition to lease liabilities	24.2	92,752	130,499	155,211	110,499
Finance cost	13.1	-	(36,574)	-	(35,200)
Net cash flows from financing activities		(568,655)	(282,919)	(556,196)	(351,545)
Net increase in cash and cash equivalents		(1,939,804)	1,704,394	(1,426,435)	1,672,731
Cash and cash equivalents at 1 January		13,140,617	10,980,082	13,156,888	10,996,353
Effect of movements in exchange rates on cash and cash equivalents held		487,804	487,804	(22,285)	487,804
Cash and cash equivalents at 31 December	16.6	11,688,617	13,172,280	11,708,168	13,156,888

The accompanying summary of significant accounting policies and notes to the financial statements are an integral part of these consolidated financial statements.

SOVEREIGN TRUST INSURANCE PLC

REPORT AND CONSOLIDATED AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

1. Corporate information

Sovereign Trust Insurance Plc ("The Company") was incorporated as a limited liability company on 26 February 1980, but was reorganised and commenced business as a reorganized non-life insurance company on 2 January 1995 with an authorized share capital of ₦30 million and a fully paid up capital of the ₦20 million following the acquisition and recapitalisation of the then Grand Union Assurance Limited. The Company was listed on the Nigerian Stock Exchange on 29 November 2006.

Sovereign Trust Insurance Plc is regulated by the National Insurance Commission of Nigeria.

The principal activity of the Company continues to be the provision of all classes of non-life insurance and special risk insurance, settlement of claims and Insurance of Policyholders' Fund. The Company's head office is at 17, Ademola Adetokunbo Street, Victoria Island, Lagos with 17 other branches spread across major cities.

The following are the significant accounting policies adopted by the Group in the preparation of its consolidated financial statements. These policies have been consistently applied to all year's presentations, unless otherwise stated

2. Basis of preparation

2.1.Statement of compliance with IFRS

These financial statements are the separate and consolidated financial statement of the company and its subsidiaries (together, "the group"). The group's financial statements for the year 2024 have been prepared in accordance with the International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standard Board ("IASB"), and interpretations issued by IFRS's interpretation committee (IFRIC) and in compliance with the Financial Reporting Council of Nigeria Act, No 42 2023 (as amended).

These are the Group's financial statements for the year ended 31 December 2024, prepared in accordance with IFRS 10 - Consolidated Financial Statements.

The preparation of consolidated financial statements in conformity with IFRS requires the Company's Board of Directors to exercise its judgment in applying the Group's accounting policies. The areas involving a higher degree of judgments or complexity, or areas where assumptions or estimates are significant to the financial statements are as disclosed in Note 4.

2.2.Basis for measurement

The preparation of these consolidated financial statements have been based on historical cost basis except for the undermentioned areas which are measured on an alternative basis on each reporting date:

- Equity instruments at fair value through profit or loss measured at fair value
- Debt securities at amortised cost
- Equity instrument at fair value through other comprehensive income
- Investment properties measured at fair value
- Land and buildings are carried at revalued amount.
- Insurance contract liabilities measured at present value of projected cash flows.

This is the first set of the Group's annual financial statements in which IFRS 17 Insurance Contracts. The related changes to significant accounting policies are described in Note 2.7.

The consolidated financial statements were approved by the board of Directors and authorised for issue on **17 March 2026**.

2.3 Going concern assessment

These consolidated financial statements have been prepared on going concern basis. The Group has neither intention nor need to reduce substantially its business operations. The management believes that the going concern assumption is appropriate for the Group and there are no going concern threats to the operations of the Group.

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2.4. Presentation currency

The consolidated financial statements are presented in Nigerian Naira (₦) and are rounded to the nearest thousand unless otherwise stated.

2.5. Functional currency

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates (the “functional currency”). The Group is incorporated in Nigeria and has adopted the Naira as its functional currency.

2.6 Consolidation

The Group financial statements comprise the financial statements of the company and its subsidiary, STI Leasing Limited.

The financial statements of subsidiary are consolidated from the date the group acquires control, up to the date that such effective control ceases.

2.7. Foreign currencies

Transactions and balances

Transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction and are not subsequently restated. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of a gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income (OCI) or profit or loss are also recognised in OCI or profit or loss, respectively).

2.8. Summary of Standards and Interpretations effective for the first time

New and amended standards and interpretations that are effective for the current year

Several standards amendments and interpretations apply for the first time in 2024 but did not have an impact on the financial statements of the Group.

In the current year, the Group has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2024. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

2.8.1. Amendments to IAS 1 Presentation of Financial Statements—Classification of Liabilities as Current or Non-current

The amendments to IAS 1 published in January 2020 affect only the presentation of liabilities as current or noncurrent in the consolidated statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

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

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The directors of the Group have accessed the application of this amendment above and concluded that it did not have any material impact on the amounts recognised in the Group's consolidated financial statements for prior periods and in future periods.

2.8.2.Amendments to IAS 1 Presentation of Financial Statements—Non-current Liabilities with Covenants

The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or noncurrent). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).

The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

The directors of the Group have accessed the application of this amendment above and concluded that it did not have any material impact on the amounts recognised in the Group's consolidated financial statements for prior periods and in future periods

2.8.3.Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures—Supplier Finance Arrangements

The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, IFRS 7 was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to

The term 'supplier finance arrangements' is not defined. Instead, the amendments describe the characteristics of an arrangement for which an entity would be required to provide the information.

To meet the disclosure objective, an entity will be required to disclose in aggregate for its supplier finance arrangements:

- * The terms and conditions of the arrangements;
- * The carrying amount, and associated line items presented in the entity's statement of financial position, of the liabilities that are part of the arrangements;
- * The carrying amount, and associated line items for which the suppliers have already received payment from the finance providers;
- * Ranges of payment due dates for both those financial liabilities that are part of a supplier finance arrangement and comparable trade payables that are not part of a supplier finance arrangement;
- * Liquidity risk information.

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The directors of the Group have accessed the application of this amendment above and concluded that it did not have any material impact on the amounts recognised in the Group's consolidated financial statements for prior periods and in future periods

2.8.4. Amendment to IFRS 16 Leases—Lease Liability in a Sale and Leaseback

The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognise a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.

The amendments do not affect the gain or loss recognised by the seller-lessee relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee may have recognised a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in IFRS 16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate.

As part of the amendments, the IASB amended an Illustrative Example in IFRS 16 and added a new example to illustrate the subsequent measurement of a right-of-use asset and lease liability in a sale and leaseback transaction with variable lease payments that do not depend on an index or rate. The illustrative examples also clarify that the liability, that arises from a sale and leaseback transaction that qualifies as a sale applying IFRS 15, is a lease liability.

The directors of the Group have accessed the application of this amendment above and concluded that it did not have any material impact on the amounts recognised in the Group's consolidated financial statements for prior periods and in future periods

2.9. Interpretations Issued and Effective on or after 1 January 2025

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

2.9.1. Standards issued and effective on or after 1 January 2025

- * Amendments to IAS 21 -- Lack of Exchangeability (effective for annual periods beginning on or after 1 January 2025);
- * Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7 (effective for annual periods beginning on or after 1 January 2026);
- * IFRS 19 Subsidiaries without Public Accountability: Disclosures (effective for annual periods beginning on or after 1 January 2027);
- * IFRS 18 Presentation and Disclosure in Financial Statements (effective for annual periods beginning on or after 1 January 2027);

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The directors do not expect that the adoption of the Standards listed above will have a material impact on the consolidated financial statements of the group in future periods, except if indicated below.

2.9.2.Amendments to IAS 21 -- Lack of Exchangeability (effective for annual periods beginning on or after 1 January 2025)

In August 2023, the IASB amended IAS 21 to help entities to determine whether a currency is exchangeable into another currency, and which spot exchange rate to use when it is not.

The directors do not expect that the adoption of the Standards listed above will have a material impact on the consolidated financial statements of the group in future periods, except if indicated below.

2.9.3.Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7 (effective for annual periods beginning on or after 1 January 2026)

On 30 May 2024, the IASB issued targeted amendments to IFRS 9 and IFRS 7 to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. These amendments:

- * clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- * clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- * add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
- * update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

The directors do not expect that the adoption of the Standards listed above will have a material impact on the consolidated financial statements of the group in future periods, except if indicated below.

2.9.4.IFRS 19 Subsidiaries without Public Accountability: Disclosures (effective for annual periods beginning on or after 1 January 2027)

Issued in May 2024, IFRS 19 allows for certain eligible subsidiaries of parent entities that report under IFRS Accounting Standards to apply reduced disclosure requirements.

The directors do not expect that the adoption of the Standards listed above will have a material impact on the consolidated financial statements of the group in future periods, except if indicated below.

2.9.5.IFRS 18 Presentation and Disclosure in Financial Statements (effective for annual periods beginning on or after 1 January 2027)

IFRS 18 will replace IAS 1 Presentation of financial statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though IFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements.

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The new standard introduces the following key new requirements:

- * Entities are required to classify all income and expenses into five categories in the statement of profit or loss. Namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Entities net profit will not change.
- * Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.
- * Enhances guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit sub-total as the starting points for the statement of cash flows when presenting operating cash flows under the indirect method.

Management is currently assessing the detailed implications of applying the new standard on the group's consolidated financial statements. From the high-level preliminary assessment performed, the following potential impacts have been identified:

- * Although the adoption of IFRS 18 will have no impact on the group's net profit, the group expects that grouping items of income and expenses in the statement of profit or loss into the new categories will impact how operating profit is calculated and reported. From the high-level impact assessment that the group has performed, the following items might potentially impact operating profit:
- * Foreign exchange differences currently aggregated in the line item 'other income and other gains/(losses) – net' in operating profit might need to be disaggregated, with some foreign exchange gains or losses presented below operating profit.
- * IFRS 18 has specific requirements on the category in which derivative gains or losses are recognised – which is the same category as the income and expenses affected by the risk that the derivative is used to manage. Although the group currently recognises some gains or losses in operating profit and others in finance costs, there might be a change to where these gains or losses are recognised, and the group is currently evaluating the need for change.
- * The line items presented on the primary financial statements might change as a result of the application of the concept of 'useful structured summary' and the enhanced principles on aggregation and disaggregation. In addition, since goodwill will be required to be separately presented in the statement of financial position, the group will disaggregate goodwill and other intangible assets and present them separately in the statement of financial position.
- * The directors of the group does not expect there to be a significant change in the information that is currently disclosed in the notes because the requirement to disclose material information remains unchanged; however, the way in which the information is grouped might change as a result of the aggregation/disaggregation principles. In addition, there will be significant new disclosures required for:
 - * management-defined performance measures;
 - * a break-down of the nature of expenses for line items presented by function in the operating category of the statement of profit or loss – this break-down is only required for certain nature expenses; and
 - * for the first annual period of application of IFRS 18, a reconciliation for each line item in the statement of profit or loss between the restated amounts presented by applying IFRS 18 and the amounts previously presented applying IAS 1.
- * From a cash flow statement perspective, there will be changes to how interest received and interest paid are presented. Interest paid will be presented as financing cash flows and interest received as investing cash flows, which is a change from current presentation as part of operating cash flows.

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The Group will apply the new standard from its mandatory effective date of 1 January 2027. Retrospective application is required, and so the comparative information for the financial year ending 31 December 2026 will be restated in accordance with IFRS 18.

3. Summary of significant accounting policies

3.1. Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short term highly liquid investments. These assets are readily convertible into known amounts of cash.

3.1.1 Cash and cash equivalents for the purpose of Statement of Cashflow

The cash and cash equivalents for the purpose of the statement of cashflow comprise of cash on hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less and bank overdraft.

3.2. Financial assets

3.2.1. Initial recognition and measurement

Financial assets are classified, at initial recognition and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies on Revenue from non-insurance contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cashflows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cashflows. The business model determines whether cashflows will result from collecting contractual cashflows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

a. Business model assessment

There are three business models available under IFRS 9:

- Hold to collect Financial assets with objective to collect contractual cashflows;
- Hold to Collect and sell (Financial assets held with the objective of both collecting contractual cashflows and selling financial assets);
- Other Financial Assets held with trading intent or that do not meet the criteria of either "Hold to Collect" or "Hold to Collect and sell."

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The Assessment of the business model requires judgment based on the facts and circumstances as at the date of the assessment. The Group has considered quantitative factors (e.g. expected frequency and volume of sales) and qualitative factors such as how the performance of the business model and financial assets held within the business model are evaluated and reported to management; the risk that affect the performance of the business, model and the financial assets held within the business model. In particular, the way in which those risks are managed; and how management received returns on the assets (i.e. whether the returns are based on fair value of the assets managed or on contractual cashflows collected).

b. Solely payments of principal and interest (SPPI)

If a financial asset is held in either a Hold to Collect or Hold to Collect and Sell model, then an assessment is determined whether contractual cashflows are solely payments of principal and interest on principal amount outstanding at initial recognition is required to determine the classification.

Contractual cashflows that are SPPI on the principal amount outstanding are considered as basic lending arrangement with interest as consideration for the time value of money and the credit risk associated with the principal amount outstanding during the tenor of the agreed arrangement. Other basic lending risks like liquidity risk and cost of administration associated with holding the financial asset for the specified tenor and the profit margin that is consistent with a basic lending arrangement.

3.2.2. Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments);
- Financial assets at fair value through profit or loss.

a. Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cashflows
- The contractual terms of the financial asset give rise on specified dates to cashflows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes debt instruments (bonds), fixed deposits with banks and others.

b. Financial assets at fair value through OCI (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cashflows and selling and
- The contractual terms of the financial asset give rise on specified dates to cashflows that are solely payments of principal and interest on the principal amount outstanding.

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For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss. During the year under consideration, the Group does not have any debt instruments at fair value through OCI.

c. Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment. The Group elected to classify irrevocably its non-listed equity investments under this category.

d. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cashflows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss. This category includes listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in profit or loss when the right of payment has been established.

3.2.3. Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised (i.e., removed from the Group's statement of financial position) when:

- The rights to receive cashflows from the asset have expired Or
- The Group has transferred its rights to receive cashflows from the asset or has assumed an obligation to pay the received cashflows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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When the Group has transferred its rights to receive cashflows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement.

In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

3.2.4. Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cashflows due in accordance with the contract and all the cashflows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cashflows will include cashflows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For debt instruments at amortised cost, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort.

In making that evaluation, the Group reassesses the credit rating of the debt instrument by international credit rating agencies like S&P, Moodys and Fitch as well as local ratings by Agosto and Co. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. Where the credit risk of any bond deteriorates, the Group will sell the bond and purchase bonds meeting the required investment grade.

The Group's debt instruments at amortised cost comprise solely of quoted bonds that are graded in the top investment category and the credit ratings are tracked by the finance and investment teams via publications by International Credit Rating Agencies and trading exchange platforms.

The Group's fixed income investment portfolio consists of Investment grade and high speculative bonds and, therefore, are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from the International Credit Rating Agencies both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

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The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cashflows.

Further disclosures relating to impairment of financial assets are also provided in the following:

- Disclosures for significant estimates Judgements and assumptions - Note 4;
- Financial assets at amortised cost;
- Other receivables and prepayments.

3.2.5. Write off

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group categorises its receivables for write-off when a debtor fails to make contractual payments greater than 360 days past due. Where financial assets have been written off, the company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The gross carrying amount of an asset is written off (either fully or partially) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the counterparty does not have assets or sources of income that could generate sufficient cashflows to repay the amount subject to write off. However, the financial assets that are subjected to write-off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amount due.

3.3. Financial liabilities and equity instruments

3.3.1 Classification as debt or equity

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

3.3.2 Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised as the proceeds received, net of direct issue costs. Repurchase of the Group's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

3.3.3. Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group does not have any financial liability that is measured at fair value through profit or loss during the period under review.

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3.3.4 Other financial liabilities

3.3.4.1. Subsequent measurement

Other financial liabilities (including borrowings) are subsequently measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

3.3.4.2 Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are extinguished- i.e. when the obligation specified in the contract is discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss. The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability or a part of it (whether or not attributable to the financial difficulty of the debtor) shall be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

3.3.4.3. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

3.4. Other assets

Other receivables principally consist of prepayments, accrued income and sundry debtors and are carried at amortised cost.

3.5. Insurance and reinsurance contracts classification

The Group issues insurance contracts in the normal course of business, under which it accepts significant insurance risk from its policyholders. As a general guideline, the Group determines whether it has significant insurance risk, by comparing benefits payable after an insured event with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk.

The Group issues non-life insurance to individuals and businesses. Non-life insurance products offered include Motor, Fire & property, General Accident, Marine, Oil & Gas, Aviation and Car & Engineering. These products offer protection of policyholder's assets and indemnification of other parties that have suffered damage as a result of a policyholder's accident.

The Group also issues reinsurance contracts in the normal course of business to compensate other entities for claims arising from one or more insurance contracts issued by those entities.

The Group does not issue any contracts with direct participating features.

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3.5.1. Separating components from insurance and reinsurance contracts

The Group assesses its non-life insurance and reinsurance products to determine whether they contain distinct components which must be accounted for under another IFRS instead of under IFRS 17. After separating any distinct components, the Group applies IFRS 17 to all remaining components of the (host) insurance contract. Currently, the Group's products do not include any distinct components that require separation.

Some reinsurance contracts issued contain profit commission arrangements. Under these arrangements, there is a minimum guaranteed amount that the policyholder will always receive – either in the form of profit commission, or as claims, or another contractual payment irrespective of the insured event happening. The minimum guaranteed amounts have been assessed to be highly interrelated with the insurance component of the reinsurance contracts and are, therefore, non-distinct investment components which are not accounted for separately. However, receipts and payments of these investment components are recognised outside of profit or loss.

3.5.2. Level of aggregation

IFRS 17 requires a Group to determine the level of aggregation for applying its requirements. The Group previously applied aggregation levels under IFRS 4 alongside with management discretion, which were significantly higher than the level of aggregation required by IFRS 17. The level of aggregation for the Group is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together. Portfolios are further divided based on expected profitability at inception into three categories: onerous contracts, contracts with no significant risk of becoming onerous, and the remainder. This means that, for determining the level of aggregation, the Group identifies a contract as the smallest 'unit', i.e., the lowest common denominator. However, the Group makes an evaluation of whether a series of contracts need to be treated together as one unit based on reasonable and supportable information, or whether a single contract contains components that need to be separated and treated as if they were stand-alone contracts. As such, what is treated as a contract for accounting purposes may differ from what is considered as a contract for other purposes (i.e., legal or management). IFRS 17 also requires that no group for level of aggregation purposes may contain contracts issued more than one year apart.

The Group has elected to group together those contracts that would fall into different groups only because law or regulation specifically constrains its practical ability to set a different price or level of benefits for policyholders with different characteristics.

The Group applied a full retrospective approach for transition to IFRS 17. The portfolios are further divided by year of issue and profitability for recognition and measurement purposes. Hence, within each year of issue, portfolios of contracts are divided into three groups, as follows:

- * A group of contracts that are onerous at initial recognition (if any)
- * A group of contracts that, at initial recognition, have no significant possibility of becoming onerous subsequently (if any)
- * A group of the remaining contracts in the portfolio (if any)

The profitability of groups of contracts is assessed by actuarial valuation models that take into consideration existing and new business. The Group assumes that no contracts in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise. For contracts that are not onerous, the Group assesses, at initial recognition, that there is no significant possibility of becoming onerous subsequently by assessing the likelihood of changes in applicable facts and circumstances. The Group considers facts and circumstances to identify whether a group of contracts are onerous based on:

- * Pricing information;

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- * Results of similar contracts it has recognised; and
- * Environmental factors, e.g., a change in market experience or regulations.

The Group divides portfolios of reinsurance contracts held applying the same principles set out above, except that the references to onerous contracts refer to contracts on which there is a net gain on initial recognition. For some groups of reinsurance contracts held, a group can comprise a single contract.

For short term contracts accounted for applying the PAA, the Group determines that contracts are not onerous on initial recognition, unless there are facts and circumstances indicating otherwise. As IFRS 17 does not define what “facts/circumstances” entail; the following are considered on their impact on expected cashflows and resulting profitability:

Significant changes in external conditions including economic or regulatory changes.

- * Changes to the organization or processes
- * Changes in underwriting and pricing strategies

Trends in experience and expected variability in cashflows

This consideration is only required for Liabilities for Remaining Claims (LRC) and not Liabilities for Incurred Claims (LIC) which is already measured at the current fulfillment value. Fulfillment cashflows can be estimated at whichever aggregate level is deemed appropriate and then subsequently allocated into IFRS 17 portfolios and groups. The fact that incurred claims of a particular cohort are loss-making does not mean the LRC will also be onerous. Judgment is applied to determine whether each cohort's LRC will be similar to this incurred experience and hence onerous. For example, actions taken to improve profitability a historically loss-making cohort may indicate that the cohort will be non-onerous going forward.

All short-term contracts have currently been assessed as having no possibility of becoming onerous. Though the Fire portfolio (non-Life) has historically been loss-making, the portfolio has been showing some improvement post implementation of PRAN rates and other underwriting strategies such as removal of some toxic accounts etc. The Group expects that improvements will be sustained in future and therefore the cohort will be non-onerous. In subsequent periods, non-onerous contracts are re-assessed based on the likelihood of prevailing facts and circumstances leading to significant possibility of becoming onerous.

Reinsurance contracts held are assessed for aggregation on an individual contract basis and are assessed separately from insurance contracts. The smallest unit of account is a reinsurance contract, even where this contract covers more than one type of insurance product. However, there are cases where a reinsurance contract covers separate and identifiable product lines which are only included in the same legal document for administrative convenience. These contracts have been separated into its different component.

If two or more reinsurance contracts are written on a particular product line, these may be grouped together in the same portfolio as they will be covering risks of the same nature and will be managed together. For example, the Surplus contracts (1&2) on Fire have been grouped together as they cover risks of the same nature and can be measured under the same measurement approach (PAA because they have a contract boundary of 1 year). While, facultative and excess of loss contracts are in separate groups; though they cover the same risks and are even managed together, differing measurement approaches as well as recognition requirements may apply.

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3.5.3. Recognition

The Group recognises groups of insurance contracts it issues from the earliest of the following:

- * The beginning of the coverage period of the group of contracts;
- * The date when the first payment from a policyholder in the group is due or when the first payment is received if there is no due date;
- * For a group of onerous contracts, if facts and circumstances indicate that the group is onerous.

The Group recognises a group of reinsurance contracts held it has entered into from the earlier of the following:

- * The beginning of the coverage period of the group of reinsurance contracts held. (However, the Group delays the recognition of a group of reinsurance contracts held that provide proportionate coverage until the date any underlying insurance contract is initially recognised, if that date is later than the beginning of the coverage period of the group of reinsurance contracts held.

And

- * The date the Company recognises an onerous group of underlying insurance contracts if the Group entered into the related reinsurance contract held in the group of reinsurance contracts held at or before that date.

The Group adds new contracts to the group in the reporting period in which that contract meets one of the criteria set out above.

3.5.4. Contract boundaries

The Group includes in the measurement of a group of insurance contracts all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay the premiums, or in which the Group has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation to provide insurance contract services ends when:

- * The Group has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks;

Or

- * Both of the following criteria are satisfied:
- * The Group has the practical ability to reassess the risks of the portfolio of insurance contracts that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio;
- * The pricing of the premiums up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date.

A liability or asset relating to expected premiums or claims outside the boundary of the insurance contract is not recognised. Such amounts relate to future insurance contracts.

3.5.5.1. Insurance contracts – initial measurement

The Group applies the premium allocation approach (PAA) to all the insurance contracts that it issues and reinsurance contracts that it holds, as:

- * The coverage period of each contract in the group is one year or less, including insurance contract services arising from all premiums within the contract boundary (refer to Note 2.5.4).

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- * For contracts longer than one year, the Group has modelled possible future scenarios and reasonably expects that the measurement of the liability for remaining coverage for the group containing those contracts under the PAA does not differ materially from the measurement that would be produced applying the general model. In assessing materiality, the Group has also considered qualitative factors such as the nature of the risk and types of its lines of business.

The Group does not apply the PAA if, at the inception of the group of contracts, it expects significant variability in the fulfilment cash flows that would affect the measurement of the liability for the remaining coverage during the period before a claim is incurred. Variability in the fulfilment cash flows increases with, for example:

- * The extent of future cash flows related to any derivatives embedded in the contracts;
- * The length of the coverage period of the group of contracts.

For a group of contracts that is not onerous at initial recognition, the Group measures the liability for remaining coverage as:

- * premiums, if any, received at initial recognition
- * Minus any insurance acquisition cash flows at that date, with the exception of contracts which are one year or less where this is expensed,
- * Plus or minus any amount arising from the derecognition at that date of the asset recognised for insurance acquisition cash flows; and
- * Any other asset or liability previously recognised for cash flows related to the group of contracts that the Group pays or receives before the group of insurance contracts is recognised.

For marine and personal accident insurance, the liability for remaining coverage is discounted to reflect the time value of money and the effect of financial risk. For all other business, there is no allowance for time value of money as the premiums are received within one year of the coverage period.

Where facts and circumstances indicate that contracts are onerous at initial recognition, the Group performs additional analysis to determine if a net outflow is expected from the contract. Such onerous contracts are separately grouped from other contracts and the Group recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Group for the liability for remaining coverage for such onerous group depicting the losses recognised. For additional disclosures on the loss component, please refer to Note 3.5.6.2.

3.5.5.2.Reinsurance contracts held – initial measurement

The Group measures its reinsurance assets for a group of reinsurance contracts that it holds on the same basis as insurance contracts that it issues. However, they are adapted to reflect the features of reinsurance contracts held that differ from insurance contracts issued, for example the generation of expenses or reduction in expenses rather than revenue.

Where the Group recognises a loss on initial recognition of an onerous group of underlying insurance contracts or when further onerous underlying insurance contracts are added to a group, the Group establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the recovery of losses.

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The Group calculates the loss-recovery component by multiplying the loss recognised on the underlying insurance contracts and the percentage of claims on the underlying insurance contracts the Group expects to recover from the group of reinsurance contracts held. The Group uses a systematic and rational method to determine the portion of losses recognised on the group to insurance contracts covered by the group of reinsurance contracts held where some contracts in the underlying group are not covered by the group of reinsurance contracts held.

The loss-recovery component adjusts the carrying amount of the asset for remaining coverage.

3.5.5.3. Insurance contracts – subsequent measurement

The Group measures the carrying amount of the liability for remaining coverage at the end of each reporting period as the liability for remaining coverage at the beginning of the period:

- * Plus premiums received in the period;
- * Minus insurance acquisition cash flows, with the exception of property insurance product line for which the Group chooses to expense insurance acquisition cash flows as they occur (please see Note 3.5.5.1);
- * Plus any amounts relating to the amortisation of the insurance acquisition cash flows recognised as an expense in the reporting period for the group;
- * Plus any adjustment to the financing component, where applicable;
- * Minus the amount recognised as insurance revenue for the services provided in the period;
- * Minus any investment component paid or transferred to the liability for incurred claims.

The Group estimates the liability for incurred claims as the fulfilment cash flows related to incurred claims. The fulfilment cash flows incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows, they reflect current estimates from the perspective of the Group, and include an explicit adjustment for non-financial risk (the risk adjustment). The Group does not adjust the future cash flows for the time value of money and the effect of financial risk for the measurement of liability for incurred claims that are expected to be paid within one year of being incurred.

Where, during the coverage period, facts and circumstances indicate that a group of insurance contracts is onerous, the Group recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Group for the liability for remaining coverage for such onerous group depicting the losses recognised. For additional disclosures on the loss component, please refer to Note 3.5.6.2.

Insurance acquisition cash flows are allocated on a straight-line basis as a portion of premium to profit or loss (through insurance revenue)

3.5.5.4. Reinsurance contracts held – subsequent measurement

The subsequent measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued and has been adapted to reflect the specific features of reinsurance held.

Where the Group has established a loss-recovery component, the Group subsequently reduces the loss recovery component to zero in line with reductions in the onerous group of underlying insurance contracts in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the entity expects to recover from the group of reinsurance contracts held.

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3.5.5.5. Insurance acquisition cash flows

Insurance acquisition cash flows arise from the costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts to which the group belongs.

With the exception of the property insurance product line, for which the Group chooses to expense insurance acquisition cash flows as they occur, the Group uses a systematic and rational method to allocate:

- a. Insurance acquisition cash flows that are directly attributable to a group of insurance contracts:
 - i to that group; and
 - ii to groups that include insurance contracts that are expected to arise from the renewals of the insurance contracts in that group.
- b. Insurance acquisition cash flows directly attributable to a portfolio of insurance contracts that are not directly attributable to a group of contracts, to groups in the portfolio.

Where insurance acquisition cash flows have been paid or incurred before the related group of insurance contracts is recognised in the statement of financial position, a separate asset for insurance acquisition cash flows is recognised for each related group.

The asset for insurance acquisition cash flow is derecognised from the statement of financial position when the insurance acquisition cash flows are included in the initial measurement of the related group of insurance contracts. The time bands when the Group expects to derecognise the above asset for insurance acquisition cash flows are disclosed in Note 18.

At the end of each reporting period, the Group revises amounts of insurance acquisition cash flows allocated to groups of insurance contracts not yet recognised, to reflect changes in assumptions related to the method of allocation used.

After any re-allocation, the Group assesses the recoverability of the asset for insurance acquisition cash flows, if facts and circumstances indicate the asset may be impaired. When assessing the recoverability, the Company applies:

- * An impairment test at the level of an existing or future group of insurance contracts; and
- * An additional impairment test specifically covering the insurance acquisition cash flows allocated to expected future contract renewals.

If an impairment loss is recognised, the carrying amount of the asset is adjusted and an impairment loss is recognised in profit or loss.

The Group recognises in profit or loss a reversal of some or all of an impairment loss previously recognised and increases the carrying amount of the asset, to the extent that the impairment conditions no longer exist or have improved.

3.5.5.6. Insurance contracts – modification and derecognition

The Group derecognises insurance contracts when:

- * The rights and obligations relating to the contract are extinguished (i.e., discharged, cancelled or expired).

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- * The contract is modified such that the modification results in a change in the measurement model or the applicable standard for measuring a component of the contract, substantially changes the contract boundary, or requires the modified contract to be included in a different group. In such cases, the Group derecognises the initial contract and recognises the modified contract as a new contract.

When a modification is not treated as a derecognition, the Group recognises amounts paid or received for the modification with the contract as an adjustment to the relevant liability for remaining coverage.

3.5.6.Presentation

The Group has presented separately, in the statement of financial position, the carrying amount of portfolios of insurance contracts issued that are assets, portfolios of insurance contracts issued that are liabilities, portfolios of reinsurance contracts held that are assets and portfolios of reinsurance contracts held that are liabilities.

Any assets for insurance acquisition cash flows recognised before the corresponding insurance contracts are included in the carrying amount of the related groups of insurance contracts are allocated to the carrying amount of the portfolios of insurance contracts that they relate to.

The Group disaggregates the total amount recognised in the statement of profit or loss and other comprehensive income into an insurance service result, comprising insurance revenue and insurance service expense, and insurance finance income or expenses.

The Group does not disaggregate the change in risk adjustment for non-financial risk between a financial and non-financial portion and includes the entire change as part of the insurance service result.

The Group separately presents income or expenses from reinsurance contracts held from the expenses or income from insurance contracts issued.

3.5.6.1.Insurance revenue

The insurance revenue for the period is the amount of expected premium receipts (excluding any investment component) allocated to the period. The Group allocates the expected premium receipts to each period of insurance contract services on the basis of the passage of time. But if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then the allocation is made on the basis of the expected timing of incurred insurance service expenses.

The Group changes the basis of allocation between the two methods above as necessary, if facts and circumstances change. The change is accounted for prospectively as a change in accounting estimate.

For the periods presented, all revenue has been recognised on the basis of the passage of time.

3.5.6.2.Loss components

The Group assumes that no contracts are onerous at initial recognition unless facts and circumstances indicate otherwise. Where this is not the case, and if at any time during the coverage period, the facts and circumstances mentioned in Note 3.5.2 indicate that a group of insurance contracts is onerous, the Group establishes a loss component as the excess of the fulfilment cash flows that relate to the remaining coverage of the group over the carrying amount of the liability for remaining coverage of the group as determined in Note 3.5.5.3. Accordingly, by the end of the coverage period of the group of contracts the loss component will be zero.

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3.5.6.3. Loss-recovery components

As described in Note 3.5.5.2 above, where the Group recognises a loss on initial recognition of an onerous group of underlying insurance contracts, or when further onerous underlying insurance contracts are added to a group, the Group establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the expected recovery of the losses.

A loss-recovery component is subsequently reduced to zero in line with reductions in the onerous group of underlying insurance contracts in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the entity expects to recover from the group of reinsurance contracts held.

3.5.6.4. Insurance finance income and expense

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

- * The effect of the time value of money and changes in the time value of money; and
- * The effect of financial risk and changes in financial risk.

The Group disaggregates insurance finance income or expenses on insurance contracts issued for its personal accident product line between profit or loss and OCI. The impact of changes in market interest rates on the value of the insurance assets and liabilities are reflected in OCI in order to minimise accounting mismatches between the accounting for financial assets and insurance assets and liabilities. The Group's financial assets backing the personal accident insurance portfolios are predominantly measured FVOCI. For all other business, the Group does not disaggregate finance income and expenses because the related financial assets are managed on a fair value basis and measured at FVPL.

3.5.6.5. Net income or expense from reinsurance contracts held

The Group presents separately on the face of the statement of profit or loss and other comprehensive income, the amounts expected to be recovered from reinsurers, and an allocation of the reinsurance premiums paid. The Group treats reinsurance cash flows that are contingent on claims on the underlying contracts as part of the claims that are expected to be reimbursed under the reinsurance contract held, and excludes investment components and commissions from an allocation of reinsurance premiums presented on the face of the statement of profit or loss and other comprehensive income.

3.6. Deferred acquisition costs

The incremental costs directly attributable to the acquisition of new business are deferred by recognising an asset. For other insurance contracts, acquisition costs including both incremental acquisition costs and other indirect costs of acquiring and processing new business are deferred.

"Where such business is reinsured the reinsurers' share is carried forward as deferred income"

Deferred acquisition costs and deferred origination costs are amortized systematically over the life of the contracts and tested for impairment at each reporting date. Any amount not recoverable is expensed. They are derecognized when the related contracts are settled or disposed of.

Deferred income - Reinsurance commissions

The Group recognises commissions receivable on outwards reinsurance contracts as a deferred income and amortised over the average term of the expected premiums payable.

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3.7. Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in statement of profit or loss in the period in which they arise. Fair values are determined based on an annual evaluation performed by an accredited independent external valuer applying a valuation model.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in statement of profit or loss in the period in which the property is derecognized.

If an investment property becomes owner-occupied, it is reclassified as property and equipment, and its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

If a property initially classified as property and equipment becomes an investment property because its use has changed, any difference arising between the carrying amount and the fair value of this item at the date of transfer is recognised in statement of other comprehensive income as a revaluation of property and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss. Upon the disposal of such investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through profit or loss.

3.8. Intangible assets

3.8.1. Software

The amount initially recognised for intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria. Where no internally-generated intangible asset can be recognized, development expenditure is recognised in profit or loss in the period in which it is incurred.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of directly attributable overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred.

Subsequent to initial recognition, intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Its estimated useful life typically varies between 3 and 5 years. Amortisation method, useful lives, and residual values are reviewed at each financial year-end and adjusted if appropriate.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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An intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

3.9. Property, plant and equipment

Property, plant and equipment are those owned and used by the Group, and are stated in the statement of financial position at cost except for building which are at revalued amount, less any subsequent accumulated depreciation and accumulated impairment. Property, plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are available for their intended use.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Freehold land is not depreciated. Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is derecognised or classified as held for sale in accordance with IFRS 5. A non-current asset or disposal group is not depreciated while it is classified as held for sale.

Property, plant and equipment (excluding building) is stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment losses. Replacement or major inspection costs are capitalised when incurred and if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.

Building is measured at fair value less accumulated depreciation and impairment losses recognised after the date of the revaluation. Valuations are performed frequently to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Any revaluation surplus is recorded in statement of other comprehensive income and hence, credited to the asset revaluation reserve in equity, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the statement of profit or loss, in which case, the increase is recognised in the profit or loss. A revaluation deficit is recognised in the profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation.

Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

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Depreciation is calculated on a straight line method to write down the cost of assets in equal instalments over their estimated useful lives, at the following annual rates:

Land	-
Building	2%
Leasehold improvements	10%
Motor vehicles	25%
Furniture and fittings	15%
Computer and equipment	33.3%
Office equipment	20%
Plant and machinery	15%

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

3.10. Statutory deposit

Statutory deposit represents a deposit of 10% of the regulatory share capital kept with the Central Bank of Nigeria. The amount held will increase or decrease in relation to the amount of paid up share capital in issue. The cash amount held is considered to be a restricted cash balance.

3.11. Earnings per share

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period excluding treasury shares held by the Group.

Diluted earnings per share amounts are calculated by dividing the net profit by the weighted number of ordinary shares outstanding during the year plus the weighted number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

3.12. Trade payables

Trade 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 is less than one year, discounting is omitted.

3.13. Other payables

Other payables are initially recognised at fair value, fair value represents transaction price and subsequently measured at amortised cost.

3.14. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

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3.14.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

The current taxes include: Group Income Tax at 30% of taxable profit; Education Tax at 2% of assessable profit; Capital Gain Tax at 10% of chargeable gains; and Information Technology Development Levy at 1% of accounting profit. Minimum tax may be computed based on CITA.

3.14.2 Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary difference, unutilised tax loss and unutilised tax credits.

Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3.14.3 Current and deferred tax for the year

Current and deferred tax are recognized in statement of profit or loss, except when they relate to items that are recognized in statement of other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in statement of other comprehensive income or directly in equity respectively.

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Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

An entity shall offset deferred tax assets and deferred tax liabilities if, and only if:

- a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - (i) the same taxable entity; or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and
 - (ii) settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3.15 Employee benefit costs

3.15.1. Defined contribution pension scheme

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

3.15.2. Defined contribution pension scheme

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

This is done in line with the Pension Reform Act 2014, whereby the minimum rate of Pension Contribution is 18% of monthly emolument, where 8% will be contributed by employee and 10% by the employer.

3.15.3. Short-term benefits

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

3.15.4. Defined benefit plan

The Group operates a defined benefit plan to employees who are qualified as at the period it was discontinued.

Remeasurements, comprising actuarial gains and losses and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of the date of the plan amendment or curtailment or the date that the Company recognises related restructuring costs or termination benefits.

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Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under 'Management expenses' in the statement of profit or loss:

- Service costs comprising current service costs, past service costs, and non-routine settlements.
- Net interest expense or income.

3.16. Borrowings

Finance cost comprise interest payable on loans and bank overdrafts. They are charged to profit or loss as incurred, except those that relate to qualifying assets.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the profit or loss when the liabilities are derecognised as well as through the effective interest rate (EIR) amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that is an integral part of the EIR. The EIR amortisation is included in finance cost in the profit or loss.

3.17. Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental external costs that are directly attributable to the issue of these shares are recognised in equity, net of tax.

3.18. Statutory contingency reserve

The Group maintains Statutory contingency reserve in accordance with the provision of Section 21(2) of the Insurance Act, CAP I17, LFN 2004 to cover fluctuations in securities and variations in statistical estimates at a rate equal to greater of 3% of gross premium or 20% of net profits until the accumulated amount reaches the greater of the minimum paid-up capital or 50% of the net premium.

3.19. Dividends

Dividend to the shareholders of the Group is recognised in the period in which the dividend are declared as a first interim dividend approved by the Board of Directors or a second interim dividend approved by the Group's shareholders at the Group's annual general meeting.

Final dividend for the year that are approved after the reporting date are dealt with as event after the reporting date. This is approved by the shareholders at the Annual General Meeting.

3.20. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude, and is also exposed to inventory and credit risks. The specific recognition criteria described below must also be met before revenue is recognised.

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3.20.1. Insurance revenue

The insurance revenue for the period is the amount of expected premium receipts (excluding any investment component) allocated to the period. The Group allocates the expected premium receipts to each period of insurance contract services on the basis of the passage of time. But if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then the allocation is made on the basis of the expected timing of incurred insurance service expenses.

The Group changes the basis of allocation between the two methods above as necessary, if facts and circumstances change. The change is accounted for prospectively as a change in accounting estimate.

For the periods presented, all revenue has been recognised on the basis of the passage of time.

3.20.2 Fees and commission income

Fees and commission income consists primarily of agency and brokerage commission, reinsurance and profit commissions, policyholder administration fees and other contract fees. Reinsurance commission income are deferred in the same way as acquisition costs. All other fees and commission income are recognized as the services are provided.

3.20.3 Investment income

Investment income consists of dividend, interest and rent received, movements in amortized cost on debt securities and other loans and receivables, realized gains and losses, and unrealized gains and losses on fair value assets.

3.20.4. Interest income

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

3.20.5. Dividend income

Dividend income from investments is recognized when the shareholders' rights to receive payment have been established.

3.20.6. Rental income

Rental income is recognized on an accrual basis.

3.20.7. Realized gains and losses

Gains and losses on the sale of investments are calculated as the difference between net sales proceeds and the original or amortized cost and are recorded on occurrence of the sale transaction.

3.20.8. Unrealised gains and losses

Unrealized gains or losses represent the difference between the carrying value at the year end and the carrying value at the previous year end or purchase value during the year, less the reversal of previously recognized unrealized gains and losses in respect of disposals during the year.

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3.21. Benefits, claims and expenses recognition

3.21.1. Loss components

The Group assumes that no contracts are onerous at initial recognition unless facts and circumstances indicate otherwise. Where this is not the case, and if at any time during the coverage period, the facts and circumstances mentioned in Note 3.5.2 indicate that a group of insurance contracts is onerous, the Group establishes a loss component as the excess of the fulfilment cash flows that relate to the remaining coverage of the group over the carrying amount of the liability for remaining coverage of the group as determined in Note 3.5.5.3. Accordingly, by the end of the coverage period of the group of contracts the loss component will be zero.

3.21.2. Loss-recovery components

As described in Note 3.5.5.2 above, where the Group recognises a loss on initial recognition of an onerous group of underlying insurance contracts, or when further onerous underlying insurance contracts are added to a group, the Company establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the expected recovery of the losses.

A loss-recovery component is subsequently reduced to zero in line with reductions in the onerous group of underlying insurance contracts in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the entity expects to recover from the group of reinsurance contracts held.

3.21.3. Insurance finance income and expense

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

- * The effect of the time value of money and changes in the time value of money; and
- * The effect of financial risk and changes in financial risk.

The Group disaggregates insurance finance income or expenses on insurance contracts issued for its personal accident product line between profit or loss and OCI. The impact of changes in market interest rates on the value of the insurance assets and liabilities are reflected in OCI in order to minimise accounting mismatches between the accounting for financial assets and insurance assets and liabilities. The Group's financial assets backing the personal accident insurance portfolios are predominantly measured FVOCI. For all other business, the Group does not disaggregate finance income and expenses because the related financial assets are managed on a fair value basis and measured at FVPL.

3.21.4. Net income or expense from reinsurance contracts held

The Group presents separately on the face of the statement of profit or loss and other comprehensive income, the amounts expected to be recovered from reinsurers, and an allocation of the reinsurance premiums paid. The Group treats reinsurance cash flows that are contingent on claims on the underlying contracts as part of the claims that are expected to be reimbursed under the reinsurance contract held, and excludes investment components and commissions from an allocation of reinsurance premiums presented on the face of the statement of profit or loss and other comprehensive income.

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3.21.5. Insurance benefits and claims

Insurance claims include all claims occurring during the year, whether reported or not, related internal and external claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years.

3.21.5.1. Reinsurance claims

The Group recognises reinsurance claims when the related gross insurance claims are recognised according to the terms of the relevant contracts.

3.21.5.2 Underwriting expenses

Underwriting expenses refer to all expenses, inclusive of net commissions, that are applicable to the servicing of net premiums written. These expenses encompass all that are incurred by an insurance company.

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

Acquisition costs comprise all direct and indirect costs arising from the writing of insurance contracts.

Other underwriting expenses are those incurred in servicing existing policies/contract. These expenses are charged in the accounting period in which they are incurred.

3.21.6. Other expenses

All other operating expenses are recognized directly in profit or loss and when incurred.

3.22. Related parties

Related parties include the Group and other connected entities. Directors, their close family members and any employees who is able to exert a significant influence on the operating policies of the Group, are also considered to be related parties. Key management personnel are also regarded as related parties. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the entity.

3.23. Contingent liabilities and assets

A 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 may crystallise.

A contingent asset is a possible asset 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. Contingent assets are never recognised but are disclosed in the financial statements when they arise.

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Lease

3.23.1. Initial recognition and measurement

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 in exchange for consideration.

3.23.1.1. Company 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). The cost of a right-of-use asset at inception of the lease includes an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease. The Group incurs the obligation for those costs at the commencement date or as a consequence of having used the underlying asset during a particular period.

Right-of-use assets are subsequently 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 (Real Estate 2 to 5 years). If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in section(s) Impairment of non-financial assets Property and equipment - (Note 3.2.4).

The Group's lease arrangements are majorly real estate leases which include leases of office spaces. These lease arrangements do not contain an obligation to dismantle and remove the underlying asset, restore the site on which it is located or restore the underlying asset to a specified condition.

In the financial statements for the current and prior periods, no right of use (ROU) asset is recognized because of the application of short term lease exception.

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.

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Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date where the interest rate implicit in the lease is not clearly stated in the lease contract. 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.

iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Tenant deposits

Tenant deposits are initially recognised at fair value and subsequently measured at amortised cost. Any difference between the initial fair value and the nominal amount is included as a component of operating lease income and recognised on a straight-line basis over the lease term.

4. Critical accounting judgments and key sources of estimation uncertainty

In the application of the Group's accounting policies, the Directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

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Critical judgments in applying the Group's accounting policies

The following are the critical judgments, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognized in financial statements.

4.1.Going Concern

The consolidated financial statements have been prepared on the going concern basis and there is no intention to curtail business operations. Capital adequacy, profitability and liquidity ratios are continuously reviewed and appropriate action taken to ensure that there are no going concern threats to the operation of the Group. The Directors have made assessment of the Group's ability to continue as a going concern and have no reason to believe that the Group will not remain a going concern in the years ahead.

4.2.Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group included the renewal period as part of the lease term for leases of office spaces and plant and machinery with shorter non-cancellable period (i.e., three to five years) where this is expressly stated in the lease contract or enforceable at law per the lease contract. The Group typically exercises its option to renew for these leases because there will be a significant negative effect on its operation if a replacement asset is not readily available. The renewal periods for leases of office spaces are not included as part of the lease term as these are not reasonably certain to be exercised. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

4.3.Property lease classification – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

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4.4.Fair value of financial instruments using valuation techniques

The Directors use their judgment in selecting an appropriate valuation technique. Where possible, financial instruments are marked at prices quoted in active markets. In the current market environment, such price information is typically not available for all instruments and the company uses valuation techniques to measure such instruments.

These techniques use “market observable inputs” where available, derived from similar assets in similar and active markets, from recent transaction prices for comparable items or from other observable market data. For positions where observable reference data are not available for some or all parameters the company estimates the non-market observable inputs used in its valuation models.

Other financial instruments are valued using a discounted cash flow analysis based on assumptions supported, where possible, by observable market prices or rates although some assumptions are not supported by observable market prices or rates.

4.5.Impairment under IFRS 9

The impairment requirements of IFRS 9 apply to all debt instruments that are measured at amortised cost. The determination of impairment loss and allowance moves from the incurred credit loss model whereby credit losses are recognised when a defined loss event occurs under IAS 39, to expected credit loss model under IFRS 9, where expected credit losses are recognised upon initial recognition of the financial asset based on expectation of potential credit losses at the time of initial recognition.

4.5.1.Staged Approach to the Determination of Expected Credit Losses

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

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

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

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

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The determination of whether a financial asset is credit-impaired focuses exclusively on default risk, without taking into consideration the effect of credit risk mitigants such as collateral or guarantees. Specifically, the financial asset is credit impaired and in stage 3 when: the Group considers the obligor is unlikely to pay its credit obligations to the Group. The termination may include forbearance actions, where a concession has been granted to the borrower or economic or legal reasons that a qualitative indicators of credit impairment; or contractual payments of either principal or interest by the obligor are pass due by more than 90 days.

For financial assets considered to be credit impaired, the ECL allowance covers the amount of loss the Group is expected to suffer. The estimation of ECLs is done on a case by case basis for non-homogenous portfolios, or by applying portfolio based parameters to individual financial assets in this portfolios by the Group's ECL model for homogenous portfolios.

Forecast of future economic conditions when calculating ECLs are considered. The lifetime expected losses are estimated based on the probability - weighted present value of the difference between:

- The contractual cash flows that are due to the Group under the contract; and
- The cash flows that the Group expects to receive.

4.5.2.Elements of ECL models that are considered accounting judgements and estimates include:

- The Group's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis and the qualitative assessment
- The development of ECL models, including the various formulas and the choice of inputs.
- Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels, interest rate, Gross Domestic Product (GDP) and collateral values, and the effect on Probability of Default (PDs), Exposure at Defaults (EADs) and Lost Given Defaults (LGDs)
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

4.5.3.Expected lifetime:

The expected life time of a financial asset is a key factor in determine the life time expected credit losses. Lifetime expected credit losses represents default events over the expected life of a financial asset. The Group measures expected credit losses considering the risk of default over the maximum contractual period (including any borrower's extension option) over which it is exposed to credit risk.

4.6.Insurance and reinsurance contracts

The Group applies the PAA to simplify the measurement of insurance contracts. When measuring liabilities for remaining coverage, the PAA is broadly similar to the Group's previous accounting treatment under IFRS 4. However, when measuring liabilities for incurred claims, the Group now discounts cash flows that are expected to occur more than one year after the date on which the claims are incurred and includes an explicit risk adjustment for non-financial risk.

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4.6.1.Liability for remaining coverage

4.6.1.1.Insurance acquisition cash flows

For all the non-life lines of insurance and liability reinsurance products, the insurance acquisition cash flows are allocated to related groups of insurance contracts recognised in the statement of financial position (including those groups that will include insurance contracts expected to arise from renewals). An asset for insurance acquisition cash flows is recognised for acquisition cash flows incurred before the related group of insurance contracts has been recognised.

The effect of electing to recognise insurance acquisition cash flows as an expense when incurred for a group of insurance contracts is to increase the liability for remaining coverage and reduce the likelihood of any subsequent onerous contract loss. There would be an increased charge to profit or loss on incurring the expense, offset by an increase in profit released over the coverage period.

4.6.1.2.Onerous groups

For groups of contracts that are onerous, the liability for remaining coverage is determined by the fulfilment cash flows. Any loss-recovery component is determined with reference to the loss component recognised on underlying contracts and the recovery expected on such claims from reinsurance contracts held.

4.6.1.3.Time value of money

The Group adjusts the carrying amount of the liability for remaining coverage to reflect the time value of money and the effect of financial risk using discount rates that reflect the characteristics of the cash flows of the group of insurance contracts at initial recognition.

4.6.2.Liability for incurred claims

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder methods, Expected loss ratio method, Bornhuetter-Ferguson (BF) method, Frequency and Severity method, Stochastic Reserving method, Risk Adjustment etc.

The main assumption underlying these techniques is that a Group's past claims development experience can be used to project future claims development and hence ultimate claims costs. These methods extrapolate the development of paid and incurred losses, average costs per claim (including claims handling costs), and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years, but can also be further analysed by geographical area, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding 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 judgement 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 probability weighted expected value outcome from the range of possible outcomes, taking account of all the uncertainties involved.

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Some of the insurance contracts that have been written in the property line of business permit the Group to sell property acquired in settling a claim. The Group also has the right to pursue third parties for payment of some or all costs. Estimates of salvage recoveries and subrogation reimbursements are considered as an allowance in the measurement of ultimate claims costs.

Other key circumstances affecting the reliability of assumptions include variation in interest rates, delays in settlement and changes in foreign currency exchange rates.

4.6.3. Discount rates

An average spot/zero curve locked in rate of 13.34% per year was adopted to estimate the value of the future expected cashflows from the liability for unexpired claims obligations as at the valuation date. No deduction for illiquidity premium and no (additional) spread has been applied. The NAS interest curve used to discount future cash flows is derived from the Federal Government (FGN) bonds yield with similar characteristics (in terms of timing, currency and liquidity requirements) as the future fulfilment cashflows. The discount rate was set having regards to the weighted average of the expected yield on FGN bonds with terms less than 10 years. The FGN Bonds relied on by NAS is based on the FMDQ Bonds daily listing.

Discount rates applied for discounting of future cash flows are listed below

Class of business	1 Year		3 Years		5 Years		10 Years	
	2024	2023	2024	2023	2024	2023	2024	2023
	N	N	N	N	N	N	N	N
Liability Insurance contracts issued								
Motor	13.4%	13.4%	13.4%	13.4%	13.4%	13.4%	13.4%	13.4%
General Accident	13.4%	13.4%	13.4%	13.4%	13.4%	13.4%	13.4%	13.4%
Fire	13.4%	13.4%	13.4%	13.4%	13.4%	13.4%	13.4%	13.4%
Engineering	13.4%	13.4%	13.4%	13.4%	13.4%	13.4%	13.4%	13.4%
Marine	13.4%	13.4%	13.4%	13.4%	13.4%	13.4%	13.4%	13.4%
Oil & Gas	13.4%	13.4%	13.4%	13.4%	13.4%	13.4%	13.4%	13.4%
Bond	13.4%	13.4%	13.4%	13.4%	13.4%	13.4%	13.4%	13.4%
Aviation	13.4%	13.4%	13.4%	13.4%	13.4%	13.4%	13.4%	13.4%
Asset reinsurance contracts issued								
Motor	13.4%	13.4%	13.4%	13.4%	13.4%	13.4%	13.4%	13.4%
General Accident	13.4%	13.4%	13.4%	13.4%	13.4%	13.4%	13.4%	13.4%
Fire	13.4%	13.4%	13.4%	13.4%	13.4%	13.4%	13.4%	13.4%
Engineering	13.4%	13.4%	13.4%	13.4%	13.4%	13.4%	13.4%	13.4%
Marine	13.4%	13.4%	13.4%	13.4%	13.4%	13.4%	13.4%	13.4%
Oil & Gas	13.4%	13.4%	13.4%	13.4%	13.4%	13.4%	13.4%	13.4%
Bond	13.4%	13.4%	13.4%	13.4%	13.4%	13.4%	13.4%	13.4%
Aviation	13.4%	13.4%	13.4%	13.4%	13.4%	13.4%	13.4%	13.4%

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4.6.4. Risk adjustment for non-financial risk

*The risk adjustment for non-financial risk is the compensation that the Group requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts. The risk adjustment reflects an amount that an insurer would rationally pay to remove the uncertainty that future cash flows will exceed the expected value amount.

*The Group uses a bootstrap (Mack) Stochastic reserving approach to derive the risk margin or risk adjustment in determining the present value of the total fulfilment cashflows to be in the Group's financial statements for all its insurance contract. The Confidence level used in the calculation was set at 75th percent yielding 11.37% of the Discounted best estimate liability for incurred claims and reinsurance held. That is, the Group has assessed its indifference to uncertainty for all product lines (as an indication of the compensation that it requires for bearing non-financial risk) as being equivalent to the 75th percentile confidence level less the mean of an estimated probability distribution of the future cash flows. The Group has estimated the probability distribution of the future cash flows, and the additional amount above the expected present value of future cash flows required to meet the target percentiles.

4.6.5. Assets for insurance acquisition cash flows

The Group applies judgement in determining the inputs used in the methodology to systematically and rationally allocate insurance acquisition cash flows to groups of insurance contracts. This includes judgements about the amounts allocated to insurance contracts expected to arise from renewals of existing insurance contracts in a group and the volume of expected renewals from new contracts issued in the period.

At the end of each reporting period, the Group revisits the assumptions made to allocate insurance acquisition cash flows to groups and where necessary revises the amounts of assets for insurance acquisition cash flows accordingly.

In the current and prior year, for all the product lines, the Group did not identify any facts and circumstances indicating that the assets may be impaired.

5. Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

5.1. Standards issued and effective on or after 1 January 2024

- * Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture;
- * Amendments to IAS 1 - Classification of Liabilities as Current or Non-current;
- * Amendments to IAS 1 - Non-current Liabilities with Covenants;
- * Amendments to IAS 7 and IFRS 7 - Supplier Finance Arrangements;
- * Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback.

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The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the in future periods, except if indicated below.

5.1.1. Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures—Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

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

The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted. The directors of the Group anticipate that the application of these amendments may have an impact on the Group's financial statements in future periods should such transactions arise.

The directors of the Group anticipate that the application of these amendments may have an impact on the Group's financial statements in future periods.

5.1.2. Amendments to IAS 1 Presentation of Financial Statements—Classification of Liabilities as Current or Non-current

The amendments to IAS 1 published in January 2020 affect only the presentation of liabilities as current or noncurrent in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

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

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2024, with early application permitted. The IASB has aligned the effective date with the 2022 amendments to IAS 1. If an entity applies the 2020 amendments for an earlier period, it is also required to apply the 2022 amendments early.

The directors of the Group anticipate that the application of these amendments may have an impact on the Group's financial statements in future periods.

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5.1.3. Amendments to IAS 1 Presentation of Financial Statements—Non-current Liabilities with Covenants

The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or noncurrent). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).

The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

The amendments are applied retrospectively for annual reporting periods beginning on or after 1 January 2024. Earlier application of the amendments is permitted. If an entity applies the amendments for an earlier period, it is also required to apply the 2020 amendments early.

The directors of the Group anticipate that the application of these amendments may have an impact on the Group's financial statements in future periods.

5.1.4. Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures—Supplier Finance Arrangements

The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, IFRS 7 was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

The term 'supplier finance arrangements' is not defined. Instead, the amendments describe the characteristics of an arrangement for which an entity would be required to provide the information.

To meet the disclosure objective, an entity will be required to disclose in aggregate for its supplier finance arrangements:

- * The terms and conditions of the arrangements;
- * The carrying amount, and associated line items presented in the entity's statement of financial position, of the liabilities that are part of the arrangements;
- * The carrying amount, and associated line items for which the suppliers have already received payment from the finance providers;

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- * Ranges of payment due dates for both those financial liabilities that are part of a supplier finance arrangement and comparable trade payables that are not part of a supplier finance arrangement;
- * Liquidity risk information.

The amendments, which contain specific transition reliefs for the first annual reporting period in which an entity applies the amendments, are applicable for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted.

5.1.5. Amendment to IFRS 16 Leases—Lease Liability in a Sale and Leaseback

The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognise a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.

The amendments do not affect the gain or loss recognised by the seller-lessee relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee may have recognised a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in IFRS 16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate.

As part of the amendments, the IASB amended an Illustrative Example in IFRS 16 and added a new example to illustrate the subsequent measurement of a right-of-use asset and lease liability in a sale and leaseback transaction with variable lease payments that do not depend on an index or rate. The illustrative examples also clarify that the liability, that arises from a sale and leaseback transaction that qualifies as a sale applying IFRS 15, is a lease liability.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted. If a seller-lessee applies the amendments for an earlier period, it is required to disclose that fact.

A seller-lessee applies the amendments retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, which is defined as the beginning of the annual reporting period in which the entity first applied IFRS 16.

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	Group		Company	
	2025	2024	2025	2024
	₦'000	₦'000	₦'000	₦'000
6. Insurance revenue				
6.1. Insurance Revenue from Contract measured under the PAA	46,099,386	40,447,996	46,099,386	40,447,996
6.2. Analysis by product line				
Motor	8,911,949	6,460,699	8,911,949	6,460,699
Fire and Property	4,662,040	11,759,988	4,662,040	11,759,988
General Accident	3,933,289	2,521,944	3,933,289	2,521,944
Marine	2,491,067	1,772,714	2,491,067	1,772,714
Oil and Gas	17,082,227	14,079,789	17,082,227	14,079,789
Bonds	2,602,554	2,824,548	2,602,554	2,824,548
Aviation	498,865	248,137	498,865	248,137
Car and Engineering	5,917,395	780,177	5,917,395	780,177
	46,099,386	40,447,996	46,099,386	40,447,996

The insurance revenue for the period is the amount of expected premium receipts (excluding any investment component) allocated to the period. The Group allocates the expected premium receipts to each period of insurance contract services on the basis of the passage of time.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

6. Insurance revenue

6.1.a. Amounts relating to changes in liabilities for remaining coverage

	31 December 2025								
	Motor N'000	Fire and property N'000	General accident N'000	Marine N'000	Oil and gas N'000	Bonds N'000	Aviation N'000	Car and engineering N'000	Total N'000
Direct premium income	8,451,624	4,723,758	4,063,440	2,461,013	17,930,694	2,495,560	448,446	5,711,897	46,286,433
Reinsurance inward premium	-	-	-	-	-	-	-	-	-
Premium received	8,451,624	4,723,758	4,063,440	2,461,013	17,930,694	2,495,560	448,446	5,711,897	46,286,433
Changes in unearned premium	460,325	(61,718)	(130,151)	30,054	(848,467)	106,993	50,419	205,499	(187,047)
Interest accretion to insurance contract	-	-	-	-	-	-	-	-	-
Recovery of insurance acquisition cashflows	-	-	-	-	-	-	-	-	-
	8,911,949	4,662,040	3,933,289	2,491,067	17,082,227	2,602,554	498,865	5,917,395	46,099,386

6.1.b. Amounts relating to changes in liabilities for remaining coverage

	31 December 2024								
	Motor N'000	Fire and property N'000	General accident N'000	Marine N'000	Oil and gas N'000	Bonds N'000	Aviation N'000	Car and engineering N'000	Total N'000
Direct premium income	6,595,759	12,825,175	2,542,486	2,235,452	14,399,055	2,051,294	448,446	995,320	42,092,987
Reinsurance inward premium	-	-	-	-	-	-	-	-	-
Premium received	6,595,759	12,825,175	2,542,486	2,235,452	14,399,055	2,051,294	448,446	995,320	42,092,987
Changes in unearned premium	(135,060)	(465,187)	(20,542)	(462,738)	(319,266)	773,254	(800,309)	(215,143)	(1,644,991)
Interest accretion to insurance contract	-	-	-	-	-	-	-	-	-
Recovery of insurance acquisition cashflows	-	-	-	-	-	-	-	-	-
	6,460,699	12,359,988	2,521,944	1,772,714	14,079,789	2,824,548	(351,863)	780,177	40,447,996

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

7.a. Insurance service expenses

The tables below show an analysis of insurance service expenses recognised in the period.

Group & Company

	31 December 2025								
	Motor N'000	Fire and property N'000	General accident N'000	Marine N'000	Oil and gas N'000	Bond N'000	Aviation N'000	Car and engineering N'000	Total N'000
Insurance Service Expense									
Claims incurred	3,538,417	899,170	995,565	183,349	189,014	14,010	32,974	199,340	6,051,839
Other directly attributable expense	96,826	(377,803)	(317,499)	95,776	(9,426)	272,425	(1,570)	50,168	(191,103)
Changes related to past services	(15,080)	(128,814)	(234,441)	(68,849)	(55,229)	(140,964)	(1,890)	(11,521)	(656,789)
Impairment loss and reversals of impairment or Losses and reversal of losses on onerous contracts	-	-	-	-	-	-	-	-	-
Insurance acquisition cash flows:									
Amortisation of insurance acquisition cash flows	4,532,125	1,709,638	2,064,207	940,766	2,553,706	1,003,801	99,762	4,523,305	17,427,310
	<u>8,152,288</u>	<u>2,102,190</u>	<u>2,507,832</u>	<u>1,151,042</u>	<u>2,678,065</u>	<u>1,149,272</u>	<u>129,276</u>	<u>4,761,292</u>	<u>22,631,256</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

7.b. Insurance service expenses

The tables below show an analysis of insurance service expenses recognised in the period.

Group & Company	31 December 2024								
	Motor N'000	Fire and property N'000	General accident N'000	Marine N'000	Oil and gas N'000	Bonds N'000	Aviation N'000	Car and engineering N'000	Total N'000
Claim incurred	1,740,236	899,170	995,565	183,349	189,014	14,010	32,974	199,340	4,253,658
Other directly attributable expense	(322,040)	266,077	969,648	19,688	(826,103)	311,705	(48,734)	(419,643)	(49,401)
Changes related to past services	11,478	14,858	12,416	(59,252)	(842,749)	(886)	(23)	(381,668)	(1,245,826)
Impairment loss and reversal of impairment or Losses and reversal of losses on onerous contracts	-	-	-	-	-	-	-	-	-
Insurance acquisition cash flows:									
Amortisation of insurance acquisition cash flows	2,957,964	7,496,740	493,557	593,256	3,660,508	809,205	101,827	505,816	16,618,874
	4,387,638	8,676,845	2,471,186	737,041	2,180,670	1,134,034	86,045	(96,155)	19,577,305

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

8. Income or expenses from reinsurance contracts held

An analysis of allocation of reinsurance premiums paid and amounts recovered from reinsurers, are presented in the tables below:

8.1. Amounts relating to changes in the remaining coverage

Group & Company	Reinsurance contracts held for:								
	31 December 2025								
	Motor ₦'000	Fire and property ₦'000	General accident ₦'000	Marine ₦'000	Oil and gas ₦'000	Bonds ₦'000	Aviation ₦'000	Car and engineering ₦'000	Total ₦'000
Allocation of reinsurance premiums paid	8,416	1,880,934	1,668,396	1,086,731	14,566,209	319,261	77,863	746,160	20,353,970
Allocation of reinsurance premiums paid	8,416	1,880,934	1,668,396	1,086,731	14,566,209	319,261	77,863	746,160	20,353,970
Recoveries of incurred claims and other insurance service expenses	(26,493)	221,035	97,891	(277,194)	(327,669)	(728,815)	412	(353,277)	(1,394,111)
Amounts recoverable for incurred claims and other incurred insurance service expenses	(26,493)	221,035	97,891	(277,194)	(327,669)	(728,815)	412	(353,277)	(1,394,111)
Net expenses from reinsurance contracts held	(18,076)	2,101,968	1,766,286	809,537	14,238,540	(409,554)	78,275	392,883	18,959,859

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

8.Income or expenses from reinsurance contracts held

An analysis of allocation of reinsurance premiums paid and amounts recovered from reinsurers, are presented in the tables below:

8.1.Amounts relating to changes in the remaining coverage

	Reinsurance contracts held for:								
	31 December 2024								
	Motor N'000	Fire and property N'000	General accident N'000	Marine & N'000	Oil and gas N'000	Bonds N'000	Aviation N'000	Car and engineering N'000	Total N'000
Expected claims and other expenses recovery	-	(2,772)	141,637	266,895	(810,884)	40,096	77,863	150,192	(136,972)
Changes in the risk adjustment recognised for the risk expired	-	-	-	-	-	-	-	-	-
CSM recognised for the services received	8,416	1,883,705	1,526,759	819,835	15,377,094	279,165	-	595,967	20,490,942
Expected amount recoverable for claims and other insurance service expenses incurred in the period	8,416	1,880,934	1,668,396	1,086,731	14,566,209	319,261	77,863	746,160	20,353,970
Contracts measured under the PAA	8,416	1,880,934	1,668,396	1,086,731	14,566,209	319,261	77,863	746,160	20,353,970
Contracts not measured under the PAA	-	-	-	-	-	-	-	-	-
Allocation of reinsurance premiums paid	8,416	1,880,934	1,668,396	1,086,731	14,566,209	319,261	77,863	746,160	20,353,970
Changes in amounts recoverable that relate to past service – adjustments to incurred claims	(31,764)	170,324	89,235	(167,742)	(11,818)	(101,055)	131	(15,208)	(67,897)
Effect of changes in the risk of reinsurers non-performance	5,271	59,226	103,623	24,410	6,463	43,548	281	4,690	247,512
Insurance Claim recoverables	-	(8,515)	(94,967)	(1,889)	-	(137,600)	-	(24,568)	(267,539)
Reinsurance claim recoveries	-	-	-	(131,973)	(322,315)	(533,708)	-	(318,191)	(1,306,187)
Amounts recoverable for incurred claims and other incurred insurance service expenses	(26,493)	221,035	97,891	(277,194)	(327,669)	(728,815)	412	(353,277)	(1,394,111)
Contracts measured under the PAA	(26,493)	221,035	97,891	(277,194)	(327,669)	(728,815)	412	(353,277)	(1,394,111)
Contracts not measured under the PAA	-	-	-	-	-	-	-	-	-
Amounts recovered from reinsurers	(26,493)	221,035	97,891	(277,194)	(327,669)	(728,815)	412	(353,277)	(1,394,111)
Net expenses from reinsurance contracts held	(18,076)	2,101,968	1,766,286	809,537	14,238,540	(409,554)	78,275	392,883	18,959,859

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

8.Income or expenses from reinsurance contracts held cont'd

An analysis of allocation of reinsurance premiums paid and amounts recovered from reinsurers, are presented in the tables below:

8.2.Amounts relating to changes in the remaining coverage

Reinsurance contracts held for:

	31 December 2024								
	Motor ₦'000	Fire and property ₦'000	General accident ₦'000	Marine ₦'000	Oil and gas ₦'000	Bonds ₦'000	Aviation ₦'000	Car and engineering ₦'000	Total ₦'000
Allocation of reinsurance premiums paid	1,451	3,428,311	(687,519)	1,925,671	10,058,399	135,233	(6,664)	504,468	15,359,351
Allocation of reinsurance premiums paid	1,451	3,428,311	(687,519)	1,925,671	10,058,399	135,233	(6,664)	504,468	15,359,351
Recoveries of incurred claims and other insurance service expenses	-	(1,812,457)	1,097,127	(379,256)	995,344	(189,221)	4	(849,547)	(1,138,007)
Amounts recoverable for incurred claims and other incurred insurance service expenses	-	(1,812,457)	1,097,127	(379,256)	995,344	(189,221)	4	(849,547)	(1,138,007)
Net expenses from reinsurance contracts held	1,451	1,615,854	409,608	1,546,415	11,053,744	(53,988)	(6,661)	(345,080)	14,221,343

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

9.Total investment income and insurance finance income/(expenses)

The tables below present an analysis of net investment income and net insurance finance income/(expenses) recognised in profit or loss and OCI in the period:

9.1.a.Summary analysis

9.1.a.1.Investment income/(expenses) on underlying assets

	Group 31 December 2025			Company 31 December 2025		
	Insurance related contracts N'000	Others N'000	Total N'000	Insurance related contracts N'000	Others N'000	Total N'000
Interest income from financial assets measured at amortised cost (Note 9.2)	701,050	-	701,050	700,910	-	700,910
Net income from financial instruments measured at FVTPL (Note 9.3)	814,216	-	814,216	814,216	-	814,216
Other Investment income (Note 9.4)	616,225	-	616,225	189,676	-	189,676
Total investment income on underlying assets recognised in P&L	2,131,491	-	2,131,491	1,704,802	-	1,704,802
Total investment income on underlying assets recognised in OCI	-	-	-	-	-	-
Total net investment income	2,131,491	-	2,131,491	1,704,802	-	1,704,802

9.2.Interest income calculated using the effective interest method

9.2.1.Financial assets measured at amortised cost

Statutory deposit with Central bank of Nigeria	65,461	65,461
Governments and Corporates bonds	14,083	14,083
Placement with banks and other financial institutions	621,506	621,366
	701,050	700,910

9.3.Net income from financial instruments measured at FVTPL

Net trading gain (realised gain) on FVTPL (Note 17.5)	-	(37)
Fair value gain on equity instruments FVTPL (Note 17.5)	814,216	814,253
	814,216	814,216

9.4.Other investment incomes

Fair value gain for the year on investment properties (Note 22.1)	143,392	143,392
Rental incomes generated from investment properties (Note 22.5)	459,435	32,886
Dividend income earned from equity investments	13,398	13,398
	616,225	189,676

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

9.Total investment income and insurance finance income/(expenses) cont'd

The tables below present an analysis of net investment income and net insurance finance income/(expenses) recognised in profit or loss and OCI in the period:

9.1.b.Summary analysis

9.1.b.1.Investment income/(expenses) on underlying assets

	Group 31 December 2024			Company 31 December 2024		
	Insurance related contracts N'000	Others N'000	Total N'000	Insurance related contracts N'000	Others N'000	Total N'000
Interest income from financial assets measured at amortised cost (Note 9.2)	929,973	-	929,973	929,973	-	929,973
Net income from financial instruments measured at FVTPL (Note 9.3)	206,348	-	206,348	206,348	-	206,348
Other Investment income (Note 9.4)	458,553	-	458,553	148,122	-	148,122
Total investment income on underlying assets recognised in P&L	1,594,874	-	1,594,874	1,284,443	-	1,284,443
Total investment income on underlying assets recognised in OCI	-	-	-	-	-	-
Total net investment income	1,594,874	-	1,594,874	1,284,443	-	1,284,443

9.2.Interest income calculated using the effective interest method

9.2.1.Financial assets measured at amortised cost

Statutory deposit with Central bank of Nigeria	36,975	36,975
Governments and Corporates bonds	164,212	164,212
Placement with banks and other financial institutions	728,786	728,786
	929,973	929,973

9.3.Net income from financial instruments measured at FVTPL

Net trading gain (realised gain) on FVTPL (Note 17.5)	118,263	118,263
Fair value gain on equity instruments FVTPL (Note 17.5)	88,085	88,085
	206,348	206,348

9.4.Other investment incomes

Fair value gain for the year on investment properties (Note 22.1)	94,058	94,058
Rental incomes generated from investment properties (Note 22.5)	320,549	10,118
Dividend income earned from equity investments	43,946	43,946
	458,553	148,122

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Group & Company	31 December 2025		
	Insurance related contracts N'000	Others N'000	Total N'000
9.1.a.2 .Insurance finance expenses from insurance contracts issued			
Interest accreted-effect of changes in interest rates and other financial assumptions (Note 9.5.1.a.)	(656,789)	-	(656,789)
Insurance finance expenses from insurance contracts issued	(656,789)	-	(656,789)
Total insurance finance expense from insurance contracts issued recognised in P&L	(656,789)	-	(656,789)
Total insurance finance expenses from insurance contracts issued recognised in OCI (Note 32.6)	-	-	-
Total insurance finance expenses from insurance contracts issued	(656,789)	-	(656,789)
9.1.a.3.Finance income from reinsurance contracts held			
Interest accreted-effect of changes in interest rates and other financial assumptions (Note 9.5.1.b.)	247,511	-	247,511
Total finance income from reinsurance contracts held recognised in P&L	247,511	-	247,511
Total finance income from reinsurance contracts held recognised in OCI (Note 32.6)	-	-	-
Total finance income from reinsurance contracts held	247,511	-	247,511
	31 December 2024		
	Insurance related contracts N'000	Others N'000	Total N'000
9.1.b.2. Insurance finance expenses from insurance contracts issued			
Interest accreted-effect of changes in interest rates and other financial assumptions (Note 9.5.1.a.)	(1,245,826)	-	(1,245,826)
Insurance finance expenses from insurance contracts issued	(1,245,826)	-	(1,245,826)
Total insurance finance expenses from insurance contracts issued recognised in P&L	(1,245,826)	-	(1,245,826)
Total insurance finance expenses from insurance contracts issued recognised in OCI (Note 32.6)	-	-	-
Total insurance finance expenses from insurance contracts issued	(1,245,826)	-	(1,245,826)
9.1.b.3.Finance income from reinsurance contracts held			
Interest accreted-effect of changes in interest rates and other financial assumptions (Note 9.5.1.b.)	352,723	-	352,723
Total finance income from reinsurance contracts held recognised in P&L	352,723	-	352,723
Total finance income from reinsurance contracts held recognised in OCI (Note 32.6)	-	-	-
Total finance income from reinsurance contracts held	352,723	-	352,723

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Group & Company	31 December 2025								
	Motor N'000	Fire and property N'000	General accident N'000	Marine N'000	Oil and gas N'000	Bonds N'000	Aviation N'000	Car and engineering N'000	Total N'000
9.5.1.a. Insurance finance income/(expenses) from insurance contracts issued									
Interest accreted-effect of changes in interest rates and other financial assumptions	15,080	128,814	234,441	68,849	55,229	140,964	1,890	11,521	656,789
Insurance finance income/(expenses) from insurance contracts issued	15,080	128,814	234,441	68,849	55,229	140,964	1,890	11,521	656,789
Total insurance finance income/(expenses) from insurance contracts issued recognised in P&L	15,080	128,814	234,441	68,849	55,229	140,964	1,890	11,521	656,789
Total insurance finance income/ (expenses) from insurance contracts issued recognised in OCI (Note 32.6)	-	-	-	-	-	-	-	-	-
Total insurance finance income/ (expenses) from insurance contracts issued	15,080	128,814	234,441	68,849	55,229	140,964	1,890	11,521	656,789
9.5.1.b. Finance income/(expenses) from reinsurance contracts held									
	Motor N'000	Fire and property N'000	General accident N'000	Marine N'000	Oil and gas N'000	Bonds N'000	Aviation N'000	Car and engineering N'000	Total N'000
Interest accreted-effect of changes in interest rates and other financial assumptions	(5,270)	(59,226)	(103,623)	(24,410)	(6,463)	(43,548)	(281)	(4,690)	(247,511)
Insurance finance income/(expenses) from insurance contracts issued	(5,270)	(59,226)	(103,623)	(24,410)	(6,463)	(43,548)	(281)	(4,690)	(247,511)
Total finance income/(expenses) from reinsurance contracts held recognised in P&L	(5,270)	(59,226)	(103,623)	(24,410)	(6,463)	(43,548)	(281)	(4,690)	(247,511)
Total finance income/(expenses) from reinsurance contracts held recognised in OCI (Note 32.6)	-	-	-	-	-	-	-	-	-
Total finance income/(expenses) from reinsurance contracts held	(5,270)	(59,226)	(103,623)	(24,410)	(6,463)	(43,548)	(281)	(4,690)	(247,511)
Net insurance finance income or expenses	20,350	69,589	130,818	44,439	48,765	97,416	1,609	6,831	409,278

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	31 December 2024								
	Motor ₦'000	Fire and property ₦'000	General accident ₦'000	Marine ₦'000	Oil and gas ₦'000	Bonds ₦'000	Aviation ₦'000	Car and engineering ₦'000	Total ₦'000
9.5.2.a. Insurance finance income/expenses from insurance contracts issued									
Interest accreted-effect of changes in interest rates and other financial assumptions	(11,478)	(14,858)	(12,416)	59,252	842,749	886	23	381,668	1,245,826
Insurance finance expenses from insurance contracts issued	(11,478)	(14,858)	(12,416)	59,252	842,749	886	23	381,668	1,245,826
Total insurance finance expenses from insurance contracts issued recognised in P&L	(11,478)	(14,858)	(12,416)	59,252	842,749	886	23	381,668	1,245,826
Total insurance finance expenses from insurance contracts issued recognised in OCI (Note 32.6)	-	-	-	-	-	-	-	-	-
Total insurance finance expenses from insurance contracts issued	(11,478)	(14,858)	(12,416)	59,252	842,749	886	23	381,668	1,245,826

	31 December 2024								
	Motor ₦'000	Fire and property ₦'000	General accident ₦'000	Marine ₦'000	Oil and gas ₦'000	Bonds ₦'000	Aviation ₦'000	Car and engineering ₦'000	Total ₦'000
9.5.2.b.Finance income/expenses from reinsurance contracts held									
Interest accreted-effect of changes in interest rates and other financial assumptions	-	(21,506)	(71,670)	(8,546)	(250,054)	(281)	(4)	(665)	(352,723)
Insurance finance expenses/(income) from insurance contracts issued	-	(21,506)	(71,670)	(8,546)	(250,054)	(281)	(4)	(665)	(352,723)
Total finance income/expenses from reinsurance contracts held recognised in P&L	-	(21,506)	(71,670)	(8,546)	(250,054)	(281)	(4)	(665)	(352,723)
Total finance income/expenses from reinsurance contracts held recognised in OCI (Note 32.6)	-	-	-	-	-	-	-	-	-
Total finance income/expenses from reinsurance contracts held	-	(21,506)	(71,670)	(8,546)	(250,054)	(281)	(4)	(665)	(352,723)
Net insurance finance income or expenses	(11,478)	(36,363)	(84,086)	50,707	592,695	605	19	381,003	893,102

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10. Credit risk is the risk of financial loss to the Group if a counterparty to a reinsurance contract or financial instrument fails to meet its contractual obligations, and arises principally from the Group's reinsurance contract assets and investments in instruments at amortised costs and debt securities. For risk management reporting purposes, the Group considers and consolidates all elements of credit risk exposures – e.g. individual obligor default risk, country risk and sector risk.

	Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	Total N'000
10. 1. Net impairment loss on financial assets				
10.1.a. Net impairment loss on financial assets				
31 December 2025				
Short-term deposits (Note 16.1)	(747)	-	-	(747)
Debt instruments at amortised cost:				
Bonds (Note 17.4)	6,492	-	-	6,492
Loans and advances (Note 17.4)	-	-	-	-
Account receivables (Note 18.1.)	-	-	-	-
Other receivables (Note 20.3)	-	-	-	-
	<u>5,745</u>	<u>-</u>	<u>-</u>	<u>5,745</u>
10.1.b. Net impairment loss on financial assets				
31 December 2024				
Short-term deposits (Note 16.1)	(7,106)	-	-	(7,106)
Debt instruments at amortised cost:				
Bonds (Note 17.4)	(108,663)	-	-	(108,663)
Loans and advances (Note 17.4)	-	-	-	-
Account receivables (Note 18.1.)	-	-	-	-
Other receivables (Note 20.3)	-	-	-	-
	<u>(115,769)</u>	<u>-</u>	<u>-</u>	<u>(115,769)</u>
	Group		Company	
	2025	2024	2025	2024
	N'000	N'000	N'000	N'000
11. Other income				
Fees income	1,620	-	-	-
Sundry income (Note 11.1)	5,260	2,493	-	-
Gain on assets disposed	16,366	11,355	-	-
	<u>23,246</u>	<u>13,848</u>	<u>-</u>	<u>-</u>
11.1. This represents profit on disposal of tangible assets, including profit on disposal of PPE of #8,113,000				
11.2. Net foreign exchange (loss)/gain				
Foreign exchange gain	(22,285)	487,804	(22,285)	487,804
Foreign exchange loss on Daewoo Bond (Note 29.1)	(13,396)	(1,342,205)	(13,396)	(1,342,205)
	<u>(35,681)</u>	<u>(854,401)</u>	<u>(35,681)</u>	<u>(854,401)</u>

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	Group		Company	
	2025	2024	2025	2024
	₦'000	₦'000	₦'000	₦'000
12. Other Operating/Management Expenses				
Employee benefits expense (Note 12.1)	2,722,960	2,190,985	2,681,337	2,167,917
Other expenses (Note 12.2)	1,857,021	1,077,705	1,809,584	1,039,471
Operating lease expenses	217,975	187,005	-	-
Amortisation of intangible assets (Note 23)	18,672	44,157	18,672	44,157
Amortisation of right-of-use- assets (Note 24)	234,680	135,103	229,990	135,103
Depreciation on property, plant and equipment (Note 25)	206,312	251,024	193,324	232,988
Directors' fee and allowance	45,142	34,067	41,267	31,917
Auditors' remunerations (Note 12.3)	13,663	13,663	12,000	12,000
Interest expenses - Right of use assets	7,264	-	-	-
	5,323,689	3,933,709	4,986,174	3,663,553
12.1.Employee benefits expense				
Wages and salaries	2,386,282	1,878,819	2,346,313	1,855,977
Defined contribution pension costs (Note 29.1.1)	176,005	95,893	175,140	95,667
Staff training and development	110,653	100,776	110,653	100,776
Contribution to NSITF	11,686	9,483	10,897	9,483
Contribution to NHF	17,112	11,334	17,112	11,334
Contribution to I.T.F. levy	21,222	15,218	21,222	15,218
Other benefit	-	79,462	-	79,462
	2,722,960	2,190,985	2,681,337	2,167,917
12.2 Other expenses				
Advertising	289,370	108,914	289,230	108,914
Bank charges	154,885	136,642	154,033	127,798
Rent and rate	67,461	27,778	60,711	22,312
Fuel,electricity and energy	126,016	184,808	115,333	173,410
Insurance expenses	96,980	60,744	93,230	60,644
Naicom levy*	513,487	130,685	513,087	130,685
Transport and travelling expenses	49,989	45,212	49,783	44,928
Data processing	55,698	53,760	55,698	53,760
Automobile expenses	46,276	25,235	37,617	24,660
Office building maintenance and security	56,759	39,791	51,871	39,203
Gifts	77,831	63,691	76,793	62,258
Professional fees	120,902	60,510	116,901	59,910
Telephone expenses	7,136	14,585	6,064	14,000
Annual general meeting expenses	35,164	24,008	35,077	23,878
Forms and printing expenses	50,238	32,043	50,238	31,966
Office and stationery expenses	25,232	12,135	22,275	11,909
Equipment maintenance and repairs	25,584	14,656	24,244	10,077
Hotel accommodation	14,687	6,253	14,687	6,253
Periodicals and books	4,085	4,662	4,085	4,621
Tax consultancy expenses	300	492	300	492
Courier and postages expenses	6,178	5,372	6,178	4,024
Entertainment	6,891	4,636	6,841	4,451
Local government dues	2,353	1,904	2,353	1,904
Security exchange commission and Nigerian stock exchange expenses	4,400	3,544	4,400	3,544
Contributions and donations	9,500	5,200	9,500	5,200
Club membership and subscriptions	9,055	6,745	9,055	6,745
Staff uniforms	-	1,925	-	1,925
Stamp duty	464	1,703	-	-
Tax fine on VAT and Withholding tax	100	72	-	-
	1,857,021	1,077,705	1,809,584	1,039,471

* Included in the Naicom levy is N150 million penalty for having re-insurance business with WAICA Re-insurance company

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12.3. This represents fee charged on the audit exercise carried out by the external auditors (the "Firm") during the year for the Group. The Firm did not carry out any other non-audit engagements for the Company during the year.

	Group		Company	
	2025	2024	2025	2024
	₦'000	₦'000	₦'000	₦'000
12.4. Expenses by function				
Insurance service expenses (Note 7)	22,631,256	19,577,305	22,631,256	19,577,305
Net expenses from reinsurance contract (Note 8)	20,353,970	-	20,353,970	15,359,351
Foreign exchange loss (Note 11.2)	1,342,205	13,396	13,396	1,342,205
Management expenses (Note 12)	5,323,689	3,933,709	4,986,174	3,663,553
Other finance costs (Note 13)	-	36,574	-	35,200
Finance expenses from insurance contracts (Note 9.5.)	656,789	-	656,789	1,245,826
	50,307,910	23,560,984	48,641,586	41,223,439
12.5. Expenses by insurance class				
Insurance contracts related	49,794,423	23,430,299	48,128,499	41,092,754
Non-insurance contracts related	513,487	130,685	513,087	130,685
	50,307,910	23,560,984	48,641,586	41,223,439
13. Other finance costs				
13.1. Interest expenses on financial liabilities measured at amortised cost				
Convertible bond (Note 29.1)	-	1,374	-	-
Lease liabilities (Note 24)	-	35,200	-	35,200
	-	36,574	-	35,200
14. Share of profit of equity accounted investees, net of tax				
Profit shared for the year (Note 21.2)	-	-	-	-
	-	-	-	-

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15. Earnings per share

Basis earnings per share amounts is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary share outstanding at the reporting date.

The following reflects the income and share data used in the basic earnings per share computations:

	2025 N'000	2024 N'000	2025 N'000	2024 N'000
Net profit attributable to ordinary shareholders for basic earnings	696,513	2,352,717	593,757	2,320,162
Total outstanding number of ordinary shares in the year	14,228,139	14,228,139	14,228,139	14,228,139
Weighted average number of ordinary shares for basic earning per share	14,228,139	14,228,139	14,228,139	14,228,139
Basic earnings per ordinary share (kobo)	4.90	16.54	4.17	16.31

15.1. There have been no other transactions involving ordinary share or potential ordinary share between the reporting date and the date of authorisation of these financial statements.

15.2. There is not potential ordinary shares as at year end.

	Group		Company	
	2025 N'000	2024 N'000	2025 N'000	2024 N'000
16. Cash and cash equivalents				
Cash in banks	8,964,070	9,045,562	8,983,621	9,055,170
Placement with banks and other financial institutions	2,724,633	4,127,550	2,724,633	4,102,550
Gross before deduction of placements above 3 months cash and cash equivalent	11,688,703	13,173,112	11,708,254	13,157,720
Less: Placement with banks and other financial institutions above 3 months (Note 17.3.2)	-	-	-	-
Gross after deduction of placements above 3 months cash and cash equivalent	11,688,703	13,173,112	11,708,254	13,157,720
Impairment allowance for expected credit loss on short-term placement (Note 16.1)	(86)	(832)	(86)	(832)
	11,688,617	13,172,280	11,708,168	13,156,888
16.1. Movement in impairment allowance for expected credit loss on short-term placement				
At 1 January	832	-	832	7,331
(write back)/charge in the year (Note 10)	(747)	-	(747)	(7,106)
Reclassified to amortised cost (Note 17.4)**	-	832	-	607
At 31 December	86	832	86	832

** This represents impairment on placements with banks and other financial institutions above 90 days reported as parts of assets at amortised cost. See Note 17.4.

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	2025 N'000	2024 N'000
16.2. Analysis of Placement with banks and other financial institutions by tenor		
Current	11,708,168	13,156,888
Non-current	-	-
	<u>11,708,168</u>	<u>13,156,888</u>

16.3. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group. All short-term deposits are subject to an average variable interest rate of 7% per annum (2024: 7%).

16.4. Cash and cash equivalents include underlying items of the Group's non-participating contracts of N11.7 million (2024: N13.15 million).

16.5. Impairment allowance for placement with banks and other financial institutions measured at amortised cost

a. The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the internal rating system are explained in Note 3.2.4 and policies about whether ECL allowance are calculated on an individual or collective basis are set out in Note 16.5.c.

	Stage 1 Individual N'000	Stage 2 Individual N'000	Stage 3 N'000	Total N'000
31 December 2025				
Internal rating grade				
Performing				
High grade	-	-	-	-
Standard grade	11,708,254	-	-	11,708,254
Sub-standard grade	-	-	-	-
Past due but not impaired	-	-	-	-
Non-performing				
Individually impaired	-	-	-	-
	<u>11,708,254</u>	<u>-</u>	<u>-</u>	<u>11,708,254</u>
31 December 2024				
Internal rating grade				
Performing				
High grade	-	-	-	-
Standard grade	13,157,720	-	-	13,157,720
Sub-standard grade	-	-	-	-
Past due but not impaired	-	-	-	-
Non-performing				
Individually impaired	-	-	-	-
	<u>13,157,720</u>	<u>-</u>	<u>-</u>	<u>13,157,720</u>

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b. An analysis of changes in the gross carrying amount and the corresponding ECL allowances is as follows:

	Stage 1 Individual N'000	Stage 2 Individual N'000	Stage 3 N'000	Total N'000
31 December 2025				
Gross carrying amount At 1 January 2025	13,157,720	-	-	13,157,720
New assets originated or purchased	-	-	-	-
Assets derecognised or repaid (excluding write offs)	(1,449,466)	-	-	(1,449,466)
Transfer to stage 2	-	-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Amount written off	-	-	-	-
Changes in PD/LGB/EAD and accrued interest	-	-	-	-
Foreign exchange adjustment	-	-	-	-
At 31 December 2025	11,708,254	-	-	11,708,254
31 December 2024				
Gross carrying amount At 1 January 2024	11,968,330	-	-	11,968,330
New assets originated or purchased	1,189,390	-	-	1,189,390
Assets derecognised or repaid (excluding write offs)	-	-	-	-
Transfer to stage 2	-	-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Amount written off	-	-	-	-
Changes in PD/LGB/EAD and accrued interest	-	-	-	-
Foreign exchange adjustment	-	-	-	-
At 31 December 2024	13,157,720	-	-	13,157,720

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c. An analysis of changes in the corresponding ECL allowances is as follows:

	Stage 1 Individual R'000	Stage 2 Individual R'000	Stage 3 R'000	Total R'000
31 December 2025				
At 1 January 2025	832	-	-	832
New assets originated or purchased	(747)	-	-	(747)
Assets derecognised or repaid (excluding write offs)		-	-	-
Transfer to stage 2	-	-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition				
	-	-	-	-
Amount written off	-	-	-	-
Changes in PD/LGB/EAD and accrued interest	-	-	-	-
Reclassified to amortised cost (Note 17.4)		-	-	-
Charge during the year (Note 10)	(747)	-	-	(747)
At 31 December 2025	85	-	-	85
31 December 2024				
At 1 January 2024	7,330	-	-	7,330
New assets originated or purchased	-	-	-	-
Assets derecognised or repaid (excluding write offs)	(7,106)	-	-	(7,106)
Foreign exchange adjustment	-	-	-	-
Transfer to stage 2	-	-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition				
	-	-	-	-
Amount written off	-	-	-	-
Changes in PD/LGB/EAD and accrued interest	-	-	-	-
Reclassified to amortised cost (Note 17.4)	608	-	-	608
Charge during the year (Note 10)	(7,106)	-	-	(7,106)
At 31 December 2024	832	-	-	832
	Group		Company	
	2025	2024	2025	2024
	R'000	R'000	R'000	R'000

16.6. Cash and cash equivalents for the purpose of statements of cash flows consist of the following:

Gross cash and cash equivalents (Note 16)	11,688,703	11,708,254	13,157,720
Cash and cash equivalents	11,688,703	11,708,254	13,157,720

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	Group						Company					
	31 December 2025			31 December 2024			31 December 2025			31 December 2024		
	Insurance related contracts R'000	Non- Insurance related contracts R'000	Total R'000	Insurance related contracts R'000	Non-Insurance related contracts R'000	Total R'000	Insurance related contracts R'000	Non- Insurance related contracts R'000	Total R'000	Insurance related contracts R'000	Non- Insurance related contracts R'000	Total R'000
17. Investment in financial assets												
Equity instrument at fair value through profit or loss (Note 17.1)	2,074,991	-	2,074,991	1,412,978	-	1,412,978	2,074,991	-	2,074,991	1,412,978	-	1,412,978
Equity instrument at fair value through other comprehensive income (Note 17.2)	822,173	-	822,173	783,348	-	783,348	822,173	-	822,173	783,348	-	783,348
Investments at amortised cost (Note 17.3.)	1,284,205	-	1,284,205	2,455,752	-	2,455,752	1,284,205	-	1,284,205	2,455,752	-	2,455,752
	<u>4,181,369</u>	<u>-</u>	<u>4,181,369</u>	<u>4,652,078</u>	<u>-</u>	<u>4,652,078</u>	<u>4,181,369</u>	<u>-</u>	<u>4,181,369</u>	<u>4,652,078</u>	<u>-</u>	<u>4,652,078</u>

17.i. All the underlying items are not designated as hedging instruments

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17.1. Equity instrument at fair value through profit or loss

The Group has designated the following equity investments as at FVTPL because it intends to hold them for the short term for trading purposes. They are:

	Fairvalue at 31 December			2024
	2025			
Quoted equity investments:	Unit of shares (‘000)	Price per unit ₦	₦’000	₦’000
Access Bank of Nig Plc	45	23	1,035	-
Academy Press PLC	19	7	138	-
African Prudential Registrat	-	-	0	-
AIICO	-	-	-	-
Aradel Holdings PLC	121	670	81,120	-
Cadbury	-	-	-	-
Conoil	-	-	-	-
Cordros capital brokage	-	-	-	-
CAP	-	-	-	19
Cutix	41	3	127	115
CWG	-	-	-	-
Dangote Cement	159	609	96,950	95,760
Dangote Sugar	27	60	1,617	81
Eternal Oil	-	-	-	-
Eco Transnational In'l	1	42	52	35
FCMB	500	12	6,025	-
FBNH	89	50	4,439	2,600
Fidelity	115	19	2,185	-
Flour Mills Plc	-	-	-	-
Forte Oil	-	-	-	-
Geregu	0	1,142	80	1,150
Goldlink	1,375	0	275	275
Guaranty Trust Bank Plc	-	-	-	-
Guinea Insurance	100	1	133	81
Guinness	-	-	-	-
Honeywell	85	23	1,956	-
Imperial Stocks	-	-	-	-
Japaul	-	-	-	-
Julius Berger	-	-	-	-
Larfrage Wapco	16	135	2,141	630
Nascon	-	-	-	2,581
NGX	-	-	-	163
NNFM Plc	-	-	-	-
MTNN Plc	450	511	229,950	136,809
Mobil	-	-	-	-
Mutual Benefit	3,700	3	11,470	2,257
Nigerian Breweries	-	-	-	-
Oando	33	40	1,338	3,532
Omatek Ventures	-	-	-	-
Okomu Oil	620	1,095	678,900	-
Presco Plc	200	1,450	290,000	572,372
PZ	-	-	-	-
Royal Exchange	-	-	-	-
Scoa Plc	-	-	-	-
Seplat	18,000	6	104,562	912
Skye Shelter Fund Offer	-	-	-	-
Sovereign Trust Insurance PLC	420	4	1,604	-
Stanbic Ibtc Bank Plc	7	100	689	-
Sterling	-	-	-	280
Total Plc	-	-	-	-
Tower Securities Ltd	-	-	-	-
Transcorp	15	45	689	1,088
Transpower	853	307	261,871	273,524
UBA	2,905	42	121,000	102,000
UBA Capital	1,000	19	18,700	73,776
UACN	-	-	-	-
UPDC Plc	270	5	1,445	-
Veritals Capital	-	-	-	952
Wapic	-	-	-	-
Wema	-	-	-	937
Zenith	2,500	62	154,500	141,050
			<u>2,074,990</u>	<u>1,412,978</u>

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17.1.1. The following changes in fair value have been recognised for these investments

	2025 ₦'000	2024 ₦'000
Change in fair value attributable to changes in market prices during the year (Note 9.3)	814,253	88,085
Cumulative change in fair value attributable to changes in market price for assets held at 31 December	(120,747)	(121,697)

17.2. Equity instrument at fair value through other comprehensive income

The Group has designated the following equity investments as at FVOCI because it intends to hold them for the long term for strategic purposes. They are:

	Fairvalue at 31 December		Dividend income recognised	
	2025 ₦'000	2024 ₦'000	2025 ₦'000	2024 ₦'000
Unquoted equity investments:				
Waica Reinsurance Corporation	155,634	65,692	-	15,085
Interconnect Clearinghouse Nigeria Limited	26,929	13,621	13,398	4,265
STI Asset Management Limited (Note 17.2.1)	600,821	600,821	-	-
	783,384	680,134	13,398	19,350
Fairvalue reserve	38,789	103,214	-	-
	822,173	783,348	13,398	19,350

17.2.1. STI Asset management limited will be a subsidiary of the Company (STI Plc) and is currently undergoing approval and certification by the Securities and Exchange Commission.

	Group		Company	
	2025 ₦'000	2024 ₦'000	2025 ₦'000	2024 ₦'000
17.3. Investments at amortised cost				
17.3.1. Debt instruments at amortised cost				
Federal Government bonds (Note 17.3.1.1)	30,029	30,030	30,029	30,030
State Government bonds (Note 17.3.1.2)	347,865	390,564	347,865	390,564
Corporate bonds (Note 17.3.1.3)	95,993	111,519	95,993	111,519
17.3.2. Other investments at amortised cost				
Placement with banks and other financial institutions above 3 months (Note 17.3.2.1)	902,662	2,009,491	902,662	2,009,491
Gross amount	1,376,549	2,541,604	1,376,549	2,541,604
Impairment allowance for expected credit loss (Note 17.3.2.1)	(92,344)	(85,852)	(92,344)	(85,852)
	1,284,205	2,455,752	1,284,205	2,455,752

17.3.2.1. This represent placements with banks and other financial institutions above 3 months reclassified from cash and cash equivalent

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	Group		Company	
	2025	2024	2025	2024
	₦'000	₦'000	₦'000	₦'000
17.3.1.1. Analysis of Federal Government bonds				
12.80% FGN Sukuk 1V Bond	30,028	30,029	30,028	30,029
8.25% FGB 2051 Euro Bond (Sfund)	-	-	-	-
	30,028		30,028	30,029
17.3.1.2. Analysis of State Government bonds				
15.25% Lagos State 2021/2033	25,394	25,394	25,394	25,394
13% Ondo State Bond	2,442	4,685	2,442	4,685
13% Lagos State 2021/2031	50,290	50,291	50,290	50,291
7.785% Ghana Eurobond 05/05/2027	-	-	-	-
8.291% Ghana June 2049	269,740	310,193	269,740	310,193
	347,865	390,564	347,865	390,564
17.3.1.3. Analysis of Corporate bonds				
16.5% Wema Bank Series 11 Bond	-	15,533	-	15,533
18% Orange Stone Limited (S Fund)	-	-	-	-
12.75% Mtn Series 2 Bond	40,789	40,790	40,789	40,790
9.125% Access Bank Euro Bond (Sfund)	-	-	-	-
23.5% Dangote Cement Series (1) 2034	55,205	55,196	55,205	55,196
	95,993	111,519	95,993	111,519
17.4. Movement in Impairment allowance for expected credit loss				
At 1 January	85,852	195,123	85,852	195,123
Additional charge in the year (Note 10)	6,492	6,492	6,492	(108,663)
Reclassified from placement with bank within 90 days (Note 16.1)**	-	(832)	-	(607)
At 31 December 2024	85,852	92,344	92,344	85,852

** This represents impairment on placements with banks and other financial institutions above 90 days reported as parts of assets at amortised cost.

SOVEREIGN TRUST INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

17.5. Impairment allowance

a. The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the internal rating system are explained in Note 3.2.4 and policies about whether ECL allowance are calculated on an individual or collective basis are set out in Note 17.5.c.

31 December 2025				
	Stage 1	Stage 2	Stage 3	Total
	Collective	Collective	Individual	
	₦'000	₦'000	₦'000	₦'000
Internal rating grade				
Performing				
High grade	1,284,205	-	-	1,284,205
Standard grade	-	-	-	-
Sub-standard grade	-	-	-	-
Past due but not impaired	-	-	-	-
Non-performing				
Individually impaired	85,852	-	6,492	92,344
	<u>1,370,057</u>	<u>-</u>	<u>6,492</u>	<u>1,376,549</u>
31 December 2024				
	Stage 1	Stage 2	Stage 3	Total
	Collective	Collective	Individual	
	₦'000	₦'000	₦'000	₦'000
Internal rating grade				
Performing				
High grade	2,455,752	-	-	2,455,752
Standard grade	-	-	-	-
Sub-standard grade	-	-	-	-
Past due but not impaired	-	-	-	-
Non-performing				
Individually impaired	195,123	-	(109,271)	85,852
	<u>2,650,875</u>	<u>-</u>	<u>(109,271)</u>	<u>2,541,604</u>

SOVEREIGN TRUST INSURANCE PLC

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b. An analysis of changes in the gross carrying amount and the corresponding ECL allowances is as follows:

	31 December 2025			
	Stage 1 Collective N'000	Stage 2 Collective N'000	Stage 3 Individual N'000	Total N'000
Gross carrying amount At 1 January 2025	2,456,360	-	85,244	2,541,604
New assets originated or purchased	-	-	-	-
Assets derecognised or repaid (excluding write offs)	(1,165,055)	-	-	(1,165,055)
Transfer to stage 3	-	-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Amount written off	-	-	-	-
Changes in PD/LGB/EAD and accrued interest	-	-	-	-
Foreign exchange adjustment	-	-	-	-
At 31 December 2025	1,291,305	-	85,244	1,376,549
	31 December 2024			
	Stage 1 Collective N'000	Stage 2 Collective N'000	Stage 3 Individual N'000	Total N'000
Gross carrying amount At 1 January 2024	1,646,037	-	194,515	1,840,552
New assets originated or purchased	810,323	-	-	810,323
Assets derecognised or repaid (excluding write offs)	-	-	(109,271)	(109,271)
Foreign exchange adjustment	-	-	-	-
Transfer to stage 3	-	-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Amount written off	-	-	-	-
Changes in PD/LGB/EAD and accrued interest	-	-	-	-
Reclassified from placement with bank within 90 days	-	-	-	-
At 31 December 2024	2,456,360	-	85,244	2,541,604

SOVEREIGN TRUST INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

c. An analysis of changes in the corresponding ECL allowances is as follows:

	31 December 2025			
	Stage 1	Stage 2	Stage 3	Total
	Collective	Collective	Individual	
	₦'000	₦'000	₦'000	₦'000
At 1 January 2025	(108,662)	-	194,515	85,853
New assets originated or purchased	-	-	-	-
Assets derecognised or repaid (excluding write offs)	-	-	-	-
Transfer to stage 3	-	-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Amount written off	-	-	-	-
Changes in PD/LGB/EAD and accrued interest	6,492	-	-	6,492
Reclassified from placement with bank within 90 days (Note 16.1)	-	-	-	-
Charge during the year (Note 10)	6,492	-	-	6,492
At 31 December 2025	(102,170)	-	194,515	92,345

	31 December 2024			
	Stage 1	Stage 2	Stage 3	Total
	Collective	Collective	Individual	
	₦'000	₦'000	₦'000	₦'000
At 1 January 2024	608	-	194,515	195,123
New assets originated or purchased	-	-	-	-
Assets derecognised or repaid (excluding write offs)	(108,663)	-	-	(108,663)
Transfer to stage 3	-	-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Amount written off	-	-	-	-
Changes in PD/LGB/EAD and accrued interest	-	-	-	-
Foreign exchange adjustment	(607)	-	-	(607)
Charge during the year (Note 10)	(108,663)	-	-	(108,663)
At 31 December 2024	(108,662)	-	194,515	85,853

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

31 December 2025				
	Equity at fair value through profit or loss	Equity at fair value through other comprehensive income	Assets at amortised cost	Total
	₦'000	₦'000	₦'000	₦'000
17.6.Movement in investment securities				
At 1 January 2025	1,412,978	783,348	2,455,752	4,652,078
Additions	1,231,569	-	790,179	2,021,748
Bonus	-	-	-	-
Disposals	(1,383,772)	-	-	(1,383,772)
Receipts	-	-	(2,848,232)	(2,848,232)
Fair value gain recognised in profit or loss:				
Fair value gain on equity instruments (Note 9.3)	814,216	37	-	814,253
Realised gain on equity instruments (Note 9.3)	-	-	-	-
Interest income on debts instruments	-	-	164,212	164,212
Interest income on placement more than 3 months	-	-	728,786	728,786
Fair value gain recorded in other comprehensive income				
	-	38,789	-	38,789
	2,074,991	822,174	1,290,697	4,187,862
Expected credit losses	-	-	(6,492)	(6,492)
At 31 December 2025	2,074,991	822,174	1,284,205	4,181,370

31 December 2024				
	Equity at fair value through profit or loss	Equity at fair value through other comprehensive income	Assets at amortised cost	Total
	₦'000	₦'000	₦'000	₦'000
17.6.Movement in investment securities				
At 1 January 2024	1,293,648	322,098	1,645,430	3,261,176
Additions	1,304,210	288,000	832,640	2,424,850
Bonus	-	-	-	-
Disposals	(1,391,227)	-	(447,134)	(1,838,361)
Receipts from loans	-	-	-	-
Proceeds from bonds maturity	-	-	-	-
Fair value gain recognised in profit or loss:				
Fair value gain on equity instruments (Note 9.3)	88,085	-	-	88,085
Realised gain on equity instruments (Note 9.3)	118,262	-	-	118,262
Interest income on debts instruments	-	-	164,212	164,212
Interest income on placement more than 3 months	-	-	151,333	151,333
Fair value loss recorded in other comprehensive income				
	-	173,250	-	173,250
	1,412,978	783,348	2,346,481	4,542,807
Expected credit losses	-	-	109,271	109,271
At 31 December 2024	1,412,978	783,348	2,455,752	4,652,078

SOVEREIGN TRUST INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

17.7. Determination of fair value and fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by value technique:

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

Level 2 : Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly, and

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

	Carrying amount N'000	Level 1 N'000	Level 2 N'000	Level 3 N'000	Total N'000
31 December 2025					
Equity instruments at fair value through profit or loss	2,074,991	2,074,991	-	-	2,074,991
Equity instrument at fair value through other comprehensive income	822,173	-	-	822,173	822,173
Assets at amortised cost	1,284,205	-	1,284,205	-	1,284,205
Reconciliation of level 3 items					
At 1 January 2025	-	-	-	-	-
Additions	-	-	-	-	-
Loss recognised through other comprehensive income	-	-	-	38,789	38,789
At 31 December 2025	4,181,369	2,074,991	1,284,205	38,789	4,181,369
31 December 2024					
Equity instruments at fair value through profit or loss	1,412,978	1,412,978	-	-	1,412,978
Equity instrument at fair value through other comprehensive income	783,348	-	-	783,348	783,348
Assets at amortised cost	2,455,752	-	2,455,752	-	2,455,752
Reconciliation of level 3 items					
At 1 January 2024	-	-	-	-	-
Loss recognised through other comprehensive income	-	-	-	173,250	173,250
At 31 December 2024	4,652,078	1,412,978	2,455,752	173,250	4,652,078

17.8. During the year ended 31 December 2025 and comparative year 31 December 2024, there were no transfers between level 1 and level 2 and in and out of level 1 and 3.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

17.9. Determination of fair value and fair value hierarchy

Level 3 fair value measurement

17.9.1 Unobservable inputs used in measure fair value

The table below sets out information about significant unobservable inputs used at 31 December 2025 and 31 December 2024 in measuring financial instruments categorized as level 3 in the fair value hierarchy.

Type of instrument	Fair value ₦'000	Valuation technique	Significant unobservable input	Range of estimates
Unquoted equity investment	822,173	Equity DCF Model	Discount rate	Risk premium of 10.6% - 12.4% (2024: 10 - 12.4%) above risk-free interest rate of 14% (2024 : 14%).
			Estimate cash flow	5-years Compound Annual Growth Rate (CAGR) of cash flow of 5% (2024: 5%).

17.9.2 The effect of unobservable inputs on fair value measurement

Although the Group believes that its estimate of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. For fair value measurement in Level 3, changing one or more of the assumptions would have the following effects.

		2025 ₦'000	2024 ₦'000
Effect on OCI			
Discount rate	+5%	40,728	181,912
	-5%	(36,849)	(164,587)
Compound Annual Growth Rate	+5%	2,722	2,722
	-5%	(2,462)	(2,462)

The fair value of the unquoted equity holding in WAICA Re is determined using dividend discounted cash flow model. Inputs in future dividend cash flows to equity, valuation horizon and Capital Assets Pricing Model (CAPM) discount rate (Risk free rate plus).

17.9.3 Fair valuation methods and assumptions

Fair value of financial assets and liabilities

Below are the methodologies and assumptions used to determine fair values for those financial instruments in the financial statements:

17.10. Assets for which fair value approximates carrying value

For financial assets and financial liabilities that have a short-term maturity (less than three months), demand deposits and savings accounts without a specified maturity, the carrying amounts approximate to their fair value. The carrying amounts of loans and receivables as disclosed above approximate fair value at the reporting date.

17.10.1 Equity instruments at fair value through profit or loss - Quoted

The fair values of the quoted equity instruments are derived from quoted market prices in active market, the Nigerian Stock Exchange (NSE).

17.10.2 Equity instruments at fair value through OCI - Unquoted

The fair values of the non-listed equity investments have been estimated using a DCF model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, the discount rate. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these non-listed equity investments.

17.10.3 Debt instruments at amortised cost - Federal, State Government and Corporate bonds

Certain unquoted investments for which fair values could not be reliably estimated have been carried at cost less impairment. There are no active markets for these financial instruments, fair value information are therefore not available, this makes it impracticable for the Group to fair value these investments. They have therefore been disclosed at cost less impairment. The carrying amount is the expected recoverable amounts on these investments. This investment can be disposed through private placement.

17.10.4 Debt instruments at amortised cost - Loans and advances

The fair value of loans and advances was estimated using the maximum lending rate quoted on Central Bank of Nigeria website as at year end.

17.10.5 Investment at amortised cost - Placements above 90%

The fair value of placements above 90 days was estimated using the maximum lending rate quoted on Rating Agency rates of Nigeria website as at year end.

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	Group		Company	
	2025	2024	2025	2024
	₦'000	₦'000	₦'000	₦'000
18. Premium receivables				
Insurance receivables (Note 18.1.a)	1,988,731	1,842,948	1,988,731	1,842,948
Lease receivables (Note 18.1.b)	327,880	262,266	-	-
	<u>2,316,611</u>	<u>2,105,214</u>	<u>1,988,731</u>	<u>1,842,948</u>
18.1.a. Insurance receivables				
Gross account receivables	1,988,731	1,844,493	1,988,731	1,844,493
Impairment allowance on premium receivables (Note 18.1.a.1)	-	(1,545)	-	(1,545)
Net carrying amount	<u>1,988,731</u>	<u>1,842,948</u>	<u>1,988,731</u>	<u>1,842,948</u>
18.1.a.1. Movement in Impairment allowance on premium receivables				
At 1 January	1,545	-	1,545	2,498,790
(write off) /charge in the year	(1,545)	-	(1,545)	(2,497,245)
At 31 December 2024	<u>-</u>	<u>1,545</u>	<u>-</u>	<u>1,545</u>

18.1.a.1.1 The carrying amounts disclosed above approximate fair value at the reporting date.

18.1.b. Lease receivables				
Consumer lease	2,444	2,444	-	-
Corporate lease	331,191	252,379	-	-
Sale and lease back	17,415	20,948	-	-
	<u>351,050</u>	<u>275,771</u>	<u>-</u>	<u>-</u>
Impairment allowance on lease receivables	(23,170)	(13,505)	-	-
Net carrying amount	<u>327,880</u>	<u>262,266</u>	<u>-</u>	<u>-</u>

18.2. Impairment allowance for account

a. The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the internal rating system are explained in Note 3.2.3 and policies about whether ECL allowance are calculated on an individual or collective basis are set out in Note 18.2.c.

	31 December 2025			
	Stage 1 Individual ₦'000	Stage 2 Individual ₦'000	Stage 3 Individual ₦'000	Total ₦'000
Internal rating grade				
Performing				
High grade	-	-	-	-
Standard grade	1,988,731	-	-	1,988,731
Sub-standard grade	-	-	-	-
Past due but not impaired	-	-	-	-
Non-performing				
Individually impaired	-	-	-	-
	<u>1,988,731</u>	<u>-</u>	<u>-</u>	<u>1,988,731</u>

	31 December 2024			
	Stage 1 Individual ₦'000	Stage 2 Individual ₦'000	Stage 3 Individual ₦'000	Total ₦'000
Internal rating grade				
Performing				
High grade	-	-	-	-
Standard grade	1,842,948	-	-	1,842,948
Sub-standard grade	-	-	-	-
Past due but not impaired	-	-	-	-
Non-performing				
Individually impaired	-	-	1,545	1,545
	<u>1,842,948</u>	<u>-</u>	<u>1,545</u>	<u>1,844,493</u>

SOVEREIGN TRUST INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

b. An analysis of changes in the gross carrying amount and the corresponding ECL allowances is as follows:

	31 December 2025			
	Stage 1	Stage 2	Stage 3	Total
	Individual N'000	Individual N'000	Individual N'000	N'000
At 1 January 2025	1,844,493	-	-	1,844,493
Gross premium written during the year	46,286,433	-	-	46,286,433
Premium received	(46,142,195)	-	-	(46,142,195)
Transfer to stage 3	-	-	-	-
Amount written off	-	-	-	-
At 31 December 2025	1,988,731	-	-	1,988,731

	31 December 2024			
	Stage 1	Stage 2	Stage 3	Total
	Individual N'000	Individual N'000	Individual N'000	N'000
At 1 January 2024	1,492,947	-	2,498,791	3,991,738
Gross premium written during the year	42,092,987	-	-	42,092,987
Premium received	(41,741,441)	-	-	(41,741,441)
Amount written off	-	-	(2,498,791)	(2,498,791)
At 31 December 2024	1,844,493	-	-	1,844,493

SOVEREIGN TRUST INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

c.An analysis of changes in the corresponding ECL allowances is as follows:

	31 December 2025			
	Stage 1	Stage 2	Stage 3	Total
	Individual N'000	Individual N'000	Individual N'000	N'000
At 1 January 2025	1,545	-	-	1,545
New assets originated or purchased	-	-	-	-
Assets derecognised or repaid (excluding write offs)	(1,545)	-	-	(1,545)
Transfer to stage 3	-	-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Amount written off	-	-	-	-
Changes in PD/LGB/EAD nad accrued interest	-	-	-	-
Foreign exchange adjustment	-	-	-	-
Charge during the year (Note 10.1.a)	(1,545)	-	-	(1,545)
At 31 December 2025	-	-	-	-

	31 December 2024			
	Stage 1	Stage 2	Stage 3	Total
	Individual N'000	Individual N'000	Individual N'000	N'000
At 1 January 2024	1,147	-	2,497,644	2,498,791
New assets originated or purchased	398	-	-	398
Assets derecognised or repaid (excluding write offs)	-	-	(2,497,644)	(2,497,644)
Foreign exchange adjustment	-	-	-	-
Transfer to stage 3	-	-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Amount written off	-	-	-	-
Changes in PD/LGB/EAD nad accrued interest	-	-	-	-
Foreign exchange adjustment	-	-	-	-
Charge during the year (Note 10.1.b)	398	-	(2,497,644)	(2,497,246)
At 31 December 2024	1,545	-	-	1,545

SOVEREIGN TRUST INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

18.3. Age analysis of premium receivables

S/No	Age of debts/owed	Outstanding balance at 31 December 2025		Outstanding balance at 31 December 2024	
		No of Policies	Insurance contract assets ₦'000	No of Policies	Insurance contract assets ₦'000
1	Within 14 days	178	1,660,903	132	511,353
2	Within 14 - 30 days	64	327,828	151	1,331,595
3	Within 31 - 90 days	-	-	-	-
4	Within 91 - 180 days	-	-	-	-
5	Within 181 - 360 days	-	-	-	-
6	Above 360 days	-	-	-	-
Total		242	1,988,731	283	1,842,948

18.4. Premium receivables by products

	2025 ₦'000	2024 ₦'000
Motor	189,917	295,255
Fire and property	507,967	446,070
General accident	231,879	29,705
Marine	43,009	115,207
Oil and gas	835,575	629,849
Bonds	26,249.0	192,209.0
Aviation	-	31,607.0
Car and engineering	154,136	103,046
Total	1,988,732	1,842,948

18.5. Analysis by Counterparty

Brokers	1,988,732	1,842,948
Co-insurances	-	-
Reinsurances	-	-
Agents	-	-
	1,988,732	1,842,948

18.6. Reconciliation of trade receivables

At 1 January	1,844,494	1,492,948
Gross premium written	46,286,433	42,092,987
Premiu receipt/received	(46,142,195)	(41,741,441)
Closing trade receivable	1,988,732	1,844,494
Less:		
Impairment(ECL) Allowance (Note 18.1)	-	(1,545)
	1,988,732	1,842,948

SOVEREIGN TRUST INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

Group & Company		2025 ₦'000		2024 ₦'000	
19. Insurance and reinsurance contracts	Note		Note		Note
19.1. Insurance contract liabilities					
Liabilities for remaining coverage	19.1.a	4,495,788	19.1.b	4,273,612	19.1.c
Liabilities for incurred claims	19.1.a	1,999,854	19.1.b	2,226,084	19.1.c
Total Insurance contract liabilities		6,495,641		6,499,696	
19.1.a. Summary of Insurance Contract Liabilities:					
Insurance Contract Liabilities (excluding insurance acquisition cash flow and other pre-recognition cash flow)		7,041,195		6,937,485	
Insurance acquisition cash flow asset		(709,467)		(724,475)	
Other pre-recognition cash flow		163,914		286,686	
Insurance Contract Liabilities		6,495,642		6,499,696	
19.1.b. Liabilities for remain coverage					
Excluding loss components		4,495,787		4,308,740	
Loss componenets		-		(35,128)	
		4,495,787		4,273,612	
19.1.c. Liabilities forIncurred Claims					
Excluding of present value of future cash flow		1,835,939		2,477,644	
		163,914		(251,559)	
		1,999,853		2,226,085	
19.2. Reinsurance contract assets held					
Asset for remaining coverage	19.2.a	3,185,625	19.2.a	3,048,654	19.2.b
Asset for incurred claims	19.2.a	930,624	19.2.a	981,531	19.2.b
		4,116,249		4,030,185	
19.2.1. Reinsurance contract liability					
Due to reinsurance Companies		(167,500)		(1,167,615)	
		(167,500)		(1,167,615)	
Total reinsurance contract assets held		3,948,749		2,862,570	
19.2.a. Summary of Reinsurance Contract Assets					
Reinsurance contract assets (excluding reinsurance deferred acquisition income cash flow other pre-recognition cash flow)		4,668,645		4,733,099	
Insurance acquisition cash flow asset		(624,947)		(821,719)	
Reinsurance payable		(167,500)		(167,501)	
Other pre-recognition cash flow		72,552		118,804	
Insurance Contract Liabilities		3,948,750		3,862,683	
19.2.b. Asset for remain coverage					
Excluding loss components		3,185,625		1,875,440	
Loss componenets		-		5,600	
Reinsurance payable		(167,500)		-	
		3,018,125		1,881,040	
19.2.c. Asset forIncurred Claims					
Excluding of present value of future cash flow		858,072		868,327	
Riskadjustments		72,552		113,204	
		930,624		981,531	

SOVEREIGN TRUST INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

19.1.a. Movement in insurance contract assets and liabilities

The following table shows the reconciliation from the opening to the closing balances of the net liability for the remaining coverage and the liability for incurred claims for insurance contracts.

	31 December 2025				
	Liability for remaining coverage		Liabilities for incurred claims		
	Total Insurance contracts excluding loss component N'000	Loss component N'000	Estimates of the present value of future cash flow N'000	Risk adjustment N'000	Total N'000
At 1 January 2025					
Assets	-	-	-	-	-
Liabilities	4,308,740	(35,128)	2,477,644	(251,559)	6,499,697
Net at 1 January 2025	4,308,740	(35,128)	2,477,644	(251,559)	6,499,697
Changes in the statement of profit or loss and OCI:					
Insurance revenue	(46,099,386)	-	-	-	(46,099,386)
Insurance service expenses					
Claims Incurred	-	-	6,051,839	-	6,051,839
Other directly attributable expense	-	-	492,875	415,473	908,348
Changes related to past services	-	-	(1,756,241)	-	(1,756,241)
Amortisation of Insurance acquisition cash flows	17,427,310	-	-	-	17,427,310
Impairment loss and reversals of impairment or Losses and reversals of losses on onerous contracts	-	-	-	-	-
	17,427,310	-	4,788,473	415,473	22,631,256
Investment components and premium refunds	-	-	-	-	-
Insurance service result	(28,672,077)	-	4,788,473	415,473	(23,468,131)
Insurance finance income or expenses from insurance contracts recognised in profit or loss	-	-	656,789	-	656,789
Effect of movements in exchange rates	-	-	-	-	-
Total changes in the statement of profit or loss and OCI	(28,672,077)	-	5,445,262	415,473	(22,811,341)
Cash flows					
Premiums received	46,142,195	-	-	-	46,142,195
Insurance acquisition cash flows	(17,427,310)	-	-	-	(17,427,310)
Claims and other insurance service expenses paid	-	-	(6,086,967)	-	(6,086,967)
Total cash flows	28,714,885	-	(6,086,967)	-	22,627,919
At 31 December 2025					
Non-cash flows					
Impact of trade receivables during the year	179,366	-	-	-	179,366
Impact of transfers between/within LRC & LIC	(35,128)	35,128	-	-	-
Other impacts on trade receivables	-	-	-	-	-
Total non-cash flows	144,238	35,128	-	-	179,366
Net closing balance	4,495,787	-	1,835,940	163,914	6,495,641
Assets	-	-	-	-	-
Liabilities	4,495,787	-	1,835,940	163,914	6,495,641
Net at 31 December 2025	4,495,787	-	1,835,940	163,914	6,495,641

SOVEREIGN TRUST INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

19.1.b. Movement in insurance contract assets and liabilities

The following table shows the reconciliation from the opening to the closing balances of the net liability for the remaining coverage and the liability for incurred claims for insurance contracts.

	Liability for remaining coverage		31 December 2024 Liabilities for incurred claims		Total N'000
	Total Insurance contracts excluding loss component N'000	Loss component N'000	Estimates of the present value of future cash flow N'000	Risk adjustment N'000	
At 1 January 2024					
Assets	-	-	-	-	-
Liabilities	2,628,620	-	2,051,194	-	4,679,814
Net at 1 January 2024	<u>2,628,620</u>	<u>-</u>	<u>2,051,194</u>	<u>-</u>	<u>4,679,814</u>
Changes in the statement of profit or loss and OCI:					
Insurance revenue	40,447,996	-	-	-	40,447,996
Insurance service expenses					
Claims and other benefits paid	-	-	(4,253,658)	-	(4,253,658)
Risk adjustments released for liabilities for incurred claims	-	-	994,267	(251,559)	742,708
Changes related to past services	-	-	49,401	-	49,401
Amortisation of Insurance acquisition cash flows	(16,654,002)	-	-	-	(16,654,002)
Impairment loss and reversals of impairment or Losses and reversals of losses on onerous contract	-	35,128	-	-	35,128
	<u>(16,654,002)</u>	<u>35,128</u>	<u>(3,209,990)</u>	<u>(251,559)</u>	<u>(20,080,423)</u>
Investment components and premium refunds	-	-	-	-	-
Insurance service result	23,793,994	35,128	(3,209,990)	(251,559)	20,367,572
Insurance finance income or expenses from insurance contracts recognised in profit or loss	-	-	(1,245,826)	-	(1,245,826)
Effect of movements in exchange rates	-	-	-	-	-
Total changes in the statement of profit or loss and OCI	<u>23,793,994</u>	<u>35,128</u>	<u>(4,455,815)</u>	<u>(251,559)</u>	<u>19,121,746</u>
Cash flows					
Premiums received	(42,092,987)	-	-	-	(42,092,987)
Insurance acquisition cash flows	16,618,874	-	-	-	16,618,874
Claims and other insurance service expenses paid	-	-	4,029,366	-	4,029,366
Total cash flows	<u>(25,474,113)</u>	<u>-</u>	<u>4,029,366</u>	<u>-</u>	<u>(21,444,747)</u>
At 31 December 2024					
Assets	-	-	-	-	-
Liabilities	4,308,740	(35,128)	2,477,644	(251,559)	6,499,697
Net at 31 December 2024	<u>4,308,740</u>	<u>(35,128)</u>	<u>2,477,644</u>	<u>(251,559)</u>	<u>6,499,697</u>

SOVEREIGN TRUST INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

19.2. Movement in reinsurance contract assets and liabilities

The following table shows the reconciliation from the opening to the closing balances of the net liability for the remaining coverage and the liability for incurred claims for reinsurance contracts asset.

	31 December 2025					31 December 2024				
	Assets for incurred claims					Assets for incurred claims				
	Total Insurance contracts excluding loss component N'000	Loss Compo nent N'000	Estimates of the present value of future cash flow N'000	Risk adjustment N'000	Total N'000	Assets for remaining coverage N'000	Loss Compo nent N'000	Estimates of the present value of future cash flow N'000	Risk adjustment N'000	Total N'000
At 1 January										
Reinsurance contract asset as at January 1	1,881,040	-	868,327	113,204	2,862,572	1,345,911	-	1,234,623	-	2,580,533
Reinsurance contract liabilities as at January 1	-	-	-	-	-	-	-	-	-	-
Net at 1 January	1,881,040	-	868,327	113,204	2,862,572	1,345,911	-	1,234,623	-	2,580,533
Changes in the statement of profit or loss and OCI:										
Allocation of reinsurance premiums paid	(20,353,970)	-	-	-	(20,353,970)	(15,364,951)	-	-	-	(15,364,951)
Amount recovered from reinsurance										
Recoveries of incurred claims and other insurance service expenses	-	-	1,321,559	72,552	1,394,111	-	-	1,024,803	113,204	1,138,007
Adjustments to assets for remaining coverage	-	-	-	-	-	-	5,600	-	-	5,600
	(20,353,970)	-	1,321,559	72,552	(18,959,859)	(15,364,951)	5,600	1,024,803	113,204	(14,221,344)
Investment components and premium refunds	-	-	-	-	-	-	-	-	-	-
Net expenses from reinsurance contracts	(20,353,970)	-	1,321,559	72,552	(18,959,859)	(15,364,951)	5,600	1,024,803	113,204	(14,221,344)
Finance income from reinsurance contracts held	-	-	247,512	-	247,512	-	-	352,723	-	352,723
Reinsurance payable	-	-	-	-	-	(1,167,615)	-	-	-	(1,167,615)
Total changes in the statement of profit or loss and OCI	(20,353,970)	-	1,569,071	72,552	(18,712,347)	(16,532,566)	5,600	1,377,527	113,204	(15,036,235)
Cash flows										
Premiums paid	21,658,556	-	-	-	21,658,556	17,062,095	-	-	-	17,062,095
Amounts received from reinsurers relating to incurred claims	-	-	(1,692,530)	-	(1,692,530)	-	-	(1,743,821)	-	(1,743,821)
Total cash flows	21,658,556	-	(1,692,530)	-	19,966,026	17,062,095	-	(1,743,821)	-	15,318,274
Non-cash flows										
Impact of Reinsurance payable	(167,500)				(167,500)					
Impact of transfers between/within ARC & AIC			113,204	(113,204)	-					
Total cash flows	(167,500)	-	113,204	(113,204)	(167,500)					
At 31 December										
Reinsurance contract asset as at December 31	3,018,127	-	858,072	72,552	3,948,750	1,875,440	5,600	868,327	113,204	2,862,572
Reinsurance contract liabilities as at December 31	-	-	-	-	-	-	-	-	-	-
Net reinsurance contract assets as at December 31	3,018,127	-	858,072	72,552	3,948,750	1,875,440	5,600	868,327	113,204	2,862,572

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

19.3.Age analysis of claims reported and losses adjusted

2025		
Days	Number of claims	₦'000
0-90	418	75,226
91-180	197	98,574
181-270	203	102,184
271-360	264	49,821
361 and above	147	378,717
Incurred but not reported (IBNR)		<u>1,131,420</u>
		<u><u>1,835,942</u></u>
2024		
Days	Number of claims	₦'000
0-90	533	141,639
91-180	137	38,529
181-270	42	23,644
271-360	70	30,225
361 and above	322	463,931
Incurred but not reported (IBNR)		<u>1,612,894</u>
		<u><u>2,310,862</u></u>

SOVEREIGN TRUST INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

19.4.Age analysis of claims reported and losses adjusted

AGE ANALYSIS OF OUTSTANDING CLAIMS FOR THE YEAR ENDED, DECEMBER 31, 2025.													
S/N	REASONS	0- 90 days		91-180 days		181 - 270 days		271 - 360 days		Above 360 days		Total	
		Qty	N'000	Qty	N'000	Qty	N'000	Qty	N'000	Qty	N'000	Qty	N'000
1	Adjuster's Fee Payable	-	-	-	-	-	-	-	-	-	-	-	-
2	Awaiting Adjster's Final Report	-	-	16	3,968	-	-	-	-	-	-	16	3,968
3	Awaiting Lead Insurer's Instruction	91	23,752	76	15,658	136	88,165	182	35,346	92	55,950	577	218,871
4	Claims Reported but Being Adjusted	243	38,714	38	12,055	61	12,908	75	13,215	47	23,767	464	100,659
5	Claims Reported But Incomplete Documentation	75	11,250	60	13,479	5	986	6	1,150	3	28,000	149	54,865
6	Claims Repudiated	-	-	1	51,000	-	-	-	-	-	-	1	51,000
7	Discharge Voucher Not Yet Signed	-	-	-	-	1	125	1	110	-	-	2	235
8	Discharge Voucher Signed and Returned by Policyholders	9	1,510	5	414	-	-	-	-	-	-	14	1,924
9	Incurred But Not Reported (IBNR)	-	-	-	-	-	-	-	-	-	-	-	1,131,420
10	Litigation	-	-	1	2,000	-	-	-	-	5	271,000	6	273,000
11	Third-Party Liability Outstanding	-	-	-	-	-	-	-	-	-	-	-	-
	TOTAL	418	75,226	197	98,574	203	102,184	264	49,821	147	378,717	1,229	1,835,942

AGE ANALYSIS OF OUTSTANDING CLAIMS FOR THE YEAR ENDED, DECEMBER 31, 2024.													
S/N	REASONS	0 - 90 days		91 - 180 days		181 - 270 days		271 - 360 days		Above 360 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 by policyholders	-	-	-	-	-	-	-	-	-	-	-	-
2	Discharge Voucher not yet signed	15	3,377	-	-	-	-	-	-	1	176	16	3,553
3	claims reported but incomplete documentation	372	91,454	61	17,438	4	3,407	26	16,317	218	81,559	681	210,175
4	Claims reported but being adjusted	34	9,774	44	14,103	19	7,010	1	176	-	-	98	31,063
5	Claims Repudiated	-	-	-	-	-	-	-	-	1	175,905	1	175,905
6	Awaiting Adjusters Final Report	-	13,052	-	-	6	9,499	1	493	73	5,470	80	28,513
7	Litigation	-	-	-	-	-	-	-	-	2	194,066	2	194,066
8	Awaiting Lead Insurer's instruction	112	23,983	32	6,989	13	3,728	42	13,239	27	6,756	227	54,695
9	Third Party liability outstanding	-	-	-	-	-	-	-	-	-	-	-	-
10	Adjusters fee payable	-	-	-	-	-	-	-	-	-	-	-	-
11	Incurred but not Reported (IBNR)	-	-	-	-	-	-	-	-	-	-	-	1,612,894
	Total	533	141,640	137	38,530	42	23,644	70	30,225	322	463,932	1,105	2,310,862

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

	Group		Company	
	2025	2024	2025	2024
	₦'000	₦'000	₦'000	₦'000
20. Other receivables and prepayments				
Contribution to Nigerian Insurance Association	411,174	411,174	411,174	411,174
Staff debtors	17,577	14,053	16,729	13,715
Prepaid rent	40,914	17,028	21,664	12,028
Prepaid Medical	-	4,231	-	4,231
Prepaid staff allowances	-	10,009	-	10,009
Prepaid insurance	51,002	20,229	51,002	20,229
Prepaid Subscription	107	-	-	-
Prepaid MTN Vehicles	22,543	-	-	-
Prepaid Right of Use	21,568	-	-	-
Prepaid Others	16,717	-	-	-
Claims Receivable	2,517	-	-	-
Sundry receivables (Note 20.1)	348,778	381,876	92,704	105,754
	932,897	858,600	593,273	577,140
Impairment allowance for other receivables (Note 10.3)	(3,411)	(3,411)	(3,411)	(3,411)
	929,486	855,189	589,862	573,729

20.1. This balance represents amount owed to the Group for the disposal of an investment property at Agbara Estate. The carrying amount at inception was ₦203.7 million out of which ₦123.7 million has been recovered till date, out of which ₦9.72 million was received during the year.

20.2. The carrying amount disclosed above approximate the fair value at the reporting date. All other receivable amounts are collectible within one year and the prepayment utilisable within one year.

20.3. Impairment allowance for other receivables

At 1 January	3,411	3,411	3,411	3,411
Additional recognised in the year (Note 10)	-	-	-	-
At 31 December	3,411	3,411	3,411	3,411

21. Investment in subsidiary/associate

21.1. Investment in subsidiary

Investment in STI Leasing	-	-	232,772	232,772
	-	-	232,772	232,772

21.2. Investment in associate

21.2.1. Investment accounted for using equity method

Investment in STI Leasing	-	-	-	-
Share of profit in STI Leasing (Note 21.2)	-	-	-	-
	-	-	-	-

21.3. The Company increased its ownership interest in STI leasing Limited to 61.1%, which is involved in Leasing services to private and public sector contributors. Thereby obtaining control as defined under IFRS10 Consolidated Financial Statements. As a result, the investment previously accounted for using equity method in accordance with IAS 28 Investment in Associate and Joint Venture, has been reclassified and consolidated as a subsidiary. STI Leasing Limited was incorporated as a Limited Liability Company under the Companies and Allied Matters Act, CAP C20 Laws of the Federation 2004 and licensed as a Leasing Company. STI Leasing Limited is domiciled in Nigeria and its registered office is at 22, Keffi Street, Ikoyi, Lagos. Sovereign Trust Insurance Plc does not has significant control over the control the Board of Directors.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

22. Investment properties

The Group holds investment properties as underlying items of its investment contracts. Investment properties comprises commercial properties that are owned by the Group and leased to third parties under operating leases. Each of these leases contains an initial non-cancellable period of 10 years. Some leases include options to extend at the end of the term and historically the average renewal period is four years.

	Group		Company	
	2025	2024	2025	2024
	₦'000	₦'000	₦'000	₦'000
22.1. Reconciliation of carrying amount				
At 1 January	1,347,398	1,253,340	1,347,398	1,253,340
Addition during the year	-	-	-	-
Net changes in fair value for the year (Note 9.4)	143,392	94,058	143,392	94,058
Disposal during the year	-	-	-	-
At 31 December	1,490,790	1,347,398	1,490,790	1,347,398

22.2. All the total investment properties N1.490 billion (2024: N1.347 billion) are expected to be recovered more than 12 months after the reporting date.

22.3. Changes in fair values are recognised as gains in statement of profit or loss and other comprehensive income and included in 'investment income under Note 9', of which N143.39 million (2024: N94.05 million) is attributable to investment properties held at the reporting date.

There are no restrictions on the realisability of investment property or remittance of income and proceeds of disposal. The Group has no contractual obligations to purchase, construct or develop investment property or for repairs or enhancement.

22.4. Measurement of fair values

22.4.1. Fair value hierarchy

The fair value of investment property was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of properties being valued. The independent valuers provide the fair value of the Group's investment property portfolio every twelve months.

Investment properties are stated at fair value, which has been determined based on valuations performed by Gerry Iputu & Partners. (FRC/2015/NIESV/00000006098), J. Ajayi Patunola & Co. (FRC/2013/00000000679), Rogba Orimolade & Co. (FRC/2012/NIESV/00000000107), Amos Jolaoye & Co. (FRC/2016/NIESV/00000013727) accredited independent valuers as at 31 December 2025. The valuers are specialists in valuing these types of investment properties.

The fair value measurement for all of the investment properties has been categorised as a Level 3 fair value based on the inputs to the valuation technique used. See analysis below:

	Quoted prices in active market	Significant observable inputs	Significant unobservable inputs	Total
	Level 1	Level 2	Level 3	
	₦'000	₦'000	₦'000	₦'000
Date of valuation:				
31 December 2025				
Investment properties	-	-	1,490,790	1,490,790
31 December 2024				
Investment properties	-	-	1,347,398	1,347,398

During the reporting year ended 31 December 2025, there were no transfers between level 1 and level 2 and in and out of level 3.

SOVEREIGN TRUST INSURANCE PLC

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22.4.2.Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of investment property and the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Fair value measurement sensitivity to unobservable inputs
Discounted cash flows: The valuation model considers the present value of net cash flows to be generated from the property, taking into account the expected rental growth rate, void periods, occupancy rate, lease incentive costs such as rent-free periods and other costs not paid by tenants. The expected net cash flows are discounted using risk adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location (prime vs secondary), tenant credit quality and lease terms.	<ul style="list-style-type: none"> - Expected market rental growth (2025: 2–3%, weighted average 2.6%; 2024: 2–3%, weighted average 2.5%). - Void periods (2024 and 2023: average six months after the end of each lease). - Occupancy rate (2025: 90–95%, weighted average 92.5%; 2024: 91–95%, weighted average 92.8%). - Rent-free periods (2025 and 2024: one year on new leases). - Risk-adjusted discount rates (2025: 5–6%, weighted average 5.8%; 2024: 6–7%, weighted average 6.1%). 	<p>The estimated fair value would increase (decrease) if:</p> <ul style="list-style-type: none"> - expected market rental growth were higher (lower); - Void periods were shorter (longer); - The occupancy rate were higher (lower); - Rent-free periods were shorter (longer); or - The risk-adjusted discount rate were lower (higher).

		2025 N'000	2024 N'000
Property's Names	Name of Valuer		
May Fair Gardens	Rogba Orimolade & Co	75,000	57,500
Ibeshe Properties	J. Ajayi Patuola & Co	111,555	108,000
Sunrise Estate, Ipaja	Amos Jolaoye & Co	61,557	61,500
Solteby Apartment	Amos Jolaoye & Co	90,000	75,000
Epie Swali Road, Yenagoa	Gerry Iputu & Partners	175,554	97,578
Alagbaka Junction, Akure	J. Ajayi Patuola & Co	459,000	448,200
Awolowo Road, Ikoyi	Amos Jolaoye & Co	518,124	499,620
		1,490,790	1,347,398

22.4.3.Maturity analysis of lease payments

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	2025 N'000	2024 N'000
Within 1 year	32,886	10,118
Within 1 - 2 years	-	-
Within 2 - 3 years	-	-
Within 3 - 4 years	-	-
Within 4 - 5 years	-	-
Above 5 years	-	-
	32,886	10,118

22.5.Rental income derived from investment properties

Investment properties related expenses	-	-
Rental income derived from investment properties (Note 9.4)	32,886	10,118

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22.6.The movement in investment properties are as shown below:

	01-Jan-25 ₦'000	Additions ₦'000	Disposal / reclassi- fication ₦'000	Fair value gain ₦'000	31-Dec-25 ₦'000
31 December 2025					
May Fair Gardens	57,500	-	-	17,500	75,000
Ibeshe Properties	108,000	-	-	3,555	111,555
Sunrise Estate, Ipaja	61,500	-	-	57	61,557
Solteby Apartment	75,000	-	-	15,000	90,000
Epie Swali Road, Yenagoa	97,578	-	-	77,976	175,554
Alagbaka Junction, Akure	448,200	-	-	10,800	459,000
Awolowo Road, Ikoyi	499,620	-	-	18,504	518,124
	1,347,398	-	-	143,392	1,490,790
	01-Jan-24 ₦'000	Additions ₦'000	Disposal / reclassi- fication ₦'000	Fair value gain ₦'000	31-Dec-24 ₦'000
31 December 2024					
May Fair Gardens	50,000	-	-	7,500	57,500
Ibeshe Properties	94,500	-	-	13,500	108,000
Sunrise Estate, Ipaja	51,812	-	-	9,688	61,500
Solteby Apartment	68,750	-	-	6,250	75,000
Epie Swali Road, Yenagoa	95,100	-	-	2,478	97,578
Alagbaka Junction, Akure	441,080	-	-	7,120	448,200
Awolowo Road, Ikoyi	452,098	-	-	47,521	499,620
	1,253,340	-	-	94,057	1,347,398

22.7.Status of perfection of investment properties are as shown below:

Description of Properties	Locations	Status of perfection	2025 ₦'000	2024 ₦'000
May Fair Gardens	Lagos	Perfected	75,000	57,500
Ibeshe Properties	Lagos	Perfected	111,555	108,000
Sunrise Estate, Ipaja	Lagos	Good state	61,557	61,500
Solteby Apartment	Lagos	Perfected	90,000	75,000
Epie Swali Road, Yenagoa	Bayelsa	Perfected	175,554	97,578
Alagbaka Junction, Akure	Ondo	Perfected	459,000	448,200
Awolowo Road, Ikoyi	Lagos	Perfected	518,124	499,620
			1,490,790	1,347,398

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23. Intangible assets 23.1. Reconciliation of carrying amount	Group		Company	
	Computer software N'000	Total N'000	Computer software N'000	Total N'000
Cost:				
At 1 January 2024	<u>209,603</u>	<u>209,603</u>	<u>207,003</u>	<u>207,003</u>
Additions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2024	<u>209,603</u>	<u>209,603</u>	<u>207,003</u>	<u>207,003</u>
At 1 January 2025	<u>209,603</u>	<u>209,603</u>	<u>207,003</u>	<u>207,003</u>
Additions	<u>8,001</u>	<u>8,001</u>	<u>8,001</u>	<u>8,001</u>
At 31 December 2025	<u>217,604</u>	<u>217,604</u>	<u>215,004</u>	<u>215,004</u>
Accumulated amortisation and impairment losses:				
At 1 January 2024	<u>148,866</u>	<u>148,866</u>	<u>148,866</u>	<u>148,866</u>
Amortisation charge	44,157	44,157	44,157	44,157
Recognised and transferred from STI Leasing	<u>2,600</u>	<u>2,600</u>	<u>-</u>	<u>-</u>
At 31 December 2024	<u>195,623</u>	<u>195,623</u>	<u>193,023</u>	<u>193,023</u>
At 1 January 2025	<u>195,623</u>	<u>195,623</u>	<u>193,023</u>	<u>193,023</u>
Amortisation charge	<u>18,672</u>	<u>18,672</u>	<u>18,672</u>	<u>18,672</u>
Recognised and transferred from STI Leasing	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2025	<u>214,295</u>	<u>214,295</u>	<u>211,695</u>	<u>211,695</u>
Carrying amounts:				
At 31 December 2024	<u>13,980</u>	<u>13,980</u>	<u>13,980</u>	<u>13,980</u>
At 31 December 2025	<u>3,309</u>	<u>3,309</u>	<u>3,309</u>	<u>3,309</u>

23.1. Intangible assets represent externally purchased software for the running of the business.

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24. Leases

The Group leases buildings and Motor Vehicles for its own use. These leases have a non-cancellable period of at least 3 years, with an option to extend the lease at the end of the lease term. Some leases include market rent reviews every five years. Some leases have rents that are indexed to consumer prices.

24.1. Right of use assets	Group			Company		
	Buildings* N'000	Motor vehicle** N'000	Total N'000	Buildings* N'000	Motor vehicle** N'000	Total N'000
Cost:						
At 1 January 2024	46,000	167,130	-	46,000	167,130	213,130
Additions	-	276,569	276,569	-	276,569	276,569
At 31 December 2024	46,000	443,699	276,569	46,000	443,699	489,699
At 1 January 2025	46,000	443,699	276,569	46,000	443,699	489,699
Additions	22,750	737,044	759,794	22,750	690,144	712,894
Derecognition	(46,000)	-	(46,000)	(46,000)	-	(46,000)
At 31 December 2025	22,750	1,180,743	990,363	22,750	1,133,843	1,156,593
Accumulated depreciation						
At 1 January 2024	17,792	73,283	91,074	17,792	73,283	91,074
Depreciation charge	24,179	110,925	135,104	24,179	110,925	135,103
At 31 December 2024	41,970	184,207	226,178	41,970	184,207	226,177
At 1 January 2025	41,970	184,207	226,178	41,970	184,207	226,178
Depreciation charge	4,030	276,651	280,680	4,030	271,961	275,990
Derecognition	(46,000)	-	(46,000)	(46,000)	-	(46,000)
At 31 December 2025	-	460,858	460,858	-	456,168	456,168
Carrying amounts:						
At 31 December 2024	4,030	259,492	263,522	4,030	259,492	263,522
At 31 December 2025	22,750	719,885	742,635	22,750	677,675	700,425
24.2. Lease liabilities						
At 1 January 2024		56,982	56,982		56,982	56,982
Additions		130,499	130,499		110,499	110,499
Recognised and transferred from STI Leasing		25,000	25,000		-	-
Interest expenses (Note 13.1)		35,200	35,200		35,200	35,200
Repayments		-	-		-	-
At 31 December 2024		247,681	247,681		202,681	202,681
At 1 January 2025		247,681	247,681		202,681	202,681
Additions		92,752	92,752		155,211	155,211
Recognised and transferred from STI Leasing		-	-		-	-
Interest expenses (Note 13.1)		35,200	35,200		-	-
Repayments (Principal+ interest)		-	-		-	-
At 31 December 2025		375,633	375,633		357,892	357,892

24.3.*This represents lease rental on Office Building of Ibiyinka.

24.4.**The lease is an agreement with CandourCrest Africa and the Company for the Purchase 1 unit of Toyota Lancruser Prado 2019 Model From Credite capital Finance & Investment with monthly repayment of N2,587,098.73 for 12 months instalment effective November 17,2023 and 4 units of Totoya Corollas base model 2016 from Fundsworth ltd with monthly repayment of N3,790,933.78 with 12 months equal instalments. For the current year a lease agreement with CandourCrest Africa and STI for the purchase of 1 unit of Toyota Prado 2018 Model with monthly repayment of N1,594,280 for 24months effective June 6, 2024, 1 unit of Toyotal Prado 2019 VX Model with monthly repayment of N1,889,517.31 for 24months effective 28 June 20224, 1 unit of Toyota Prado 2019 VXL Model with monthly repayment of N1,983,714.80 effective 19 September 2024 and 1 unit of Toyota Prado 2019 TXL with monthly repayment of N1,889,517.31 effective 21 June 2024.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

25.a. Property, plant and equipment for lease

	Group		Company	
Motor Vehicle on lease	2025	2024	2025	2024
	₦'000	₦'000	₦'000	₦'000
Cost				
At 1 January 2024	-	-	-	-
Additions in the year	2,454	-	-	-
Recognised and transferred from STI Leasing	175,265	-	-	-
Disposal	(92,500)	-	-	-
At 31 December 2024	85,219	-	-	-
At 1 January 2025	85,219	-	-	-
Additions in the year	-	2,454	-	-
Recognised and transferred from STI Leasing	-	175,265	-	-
Disposal	(83,829)	(92,500)	-	-
At 31 December 2025	1,390	85,219	-	-
Accumulated depreciation and impairment losses				
At 1 January 2024	-	-	-	-
Charge for the year	17,748	17,748	-	-
Recognised and transferred from STI Leasing	126,548	126,548	-	-
Disposal	(77,854)	(77,854)	-	-
At 31 December 2024	66,442	66,442	-	-
At 1 January 2025	66,442	-	-	-
Charge for the year	278	-	-	-
Recognised and transferred from STI Leasing	-	-	-	-
Disposal	(65,942)	-	-	-
At 31 December 2025	778	-	-	-
Carrying amounts:				
At 31 December 2024	18,777	(66,442)	-	-
At 31 December 2025	612	85,219	-	-

- i. Depreciation charge of N126,548 million is included in Other Operating/Management Expenses
- ii. No impairment charge on plant and equipment during the year.

25.b. Property, plant and equipment
The Group

	Land R'000	Building R'000	Leasehold improvements R'000	Office equipment R'000	Furniture & fittings R'000	Plant & machinery R'000	Motor vehicles R'000	Computer & equipment R'000	Total R'000
Cost/revaluation									
At 1 January 2024	1,522,000	645,480	-	116,068	138,477	100,268	1,182,226	350,531	4,055,050
Additions in the year	-	71,361	-	16,672	16,495	-	475,000	18,722	598,250
Recognised and transferred from STI Leasing	-	10,322	-	5,979	3,196	3,368	24,647	874	48,386
Revaluation gain	-	-	-	-	-	-	-	-	-
At 31 December 2024	1,522,000	727,163	-	138,719	158,167	103,636	1,681,873	370,126	4,701,685
At 1 January 2025	1,522,000	727,163	-	138,719	158,167	103,636	1,681,873	370,126	4,701,684
Additions in the year	-	45,973	-	14,559	16,012	-	113,769	62,857	253,171
At 31 December 2025	1,522,000	773,136	-	153,278	174,179	103,636	1,795,642	432,983	4,954,855
Accumulated depreciation and impairment losses									
At 1 January 2024	-	33,694	-	100,438	121,455	92,597	1,057,380	308,641	1,714,206
Charge for the year	-	14,351	-	8,140	8,350	2,879	159,646	39,913	233,278
Recognised and transferred from STI Leasing	-	10,322	-	5,891	3,196	3,368	24,647	364	47,787
Disposal	-	-	-	-	-	-	-	-	-
At 31 December 2024	-	58,367	-	114,469	133,001	98,845	1,241,673	348,917	1,995,271
At 1 January 2025	-	58,367	-	114,469	133,001	98,845	1,241,673	348,917	1,995,272
Charge for the year	-	15,444	-	10,746	10,148	2,882	105,613	61,478	206,312
At 31 December 2025	-	73,811	-	125,215	143,149	101,727	1,402,983	410,395	2,257,281
Carrying amounts:									
At 31 December 2024	1,522,000	668,796	-	24,250	25,166	4,791	440,200	21,209	2,706,414
At 31 December 2025	1,522,000	699,325	-	28,063	31,030	1,909	392,659	22,588	2,697,574

i. No leased assets are included in the above property

ii. There were no capital commitment contracted or authorised as at the reporting date (2024: Nil).

iii. There were not capitalised borrowing cost related to the acquisition of property and equipment during the year (2024: Nil).

iv. None of the assets are pledged during the year (2024: Nil).

25.c. Property, plant and equipment
The Company

	Land R'000	Building R'000	Leasehold improvements R'000	Office equipment R'000	Furniture & fittings R'000	Plant & machinery R'000	Motor vehicles R'000	Computer & equipment R'000	Total R'000
Cost/revaluation									
At 1 January 2024	<u>1,522,002</u>	<u>645,480</u>	<u>-</u>	<u>116,068</u>	<u>138,477</u>	<u>100,268</u>	<u>1,182,226</u>	<u>350,531</u>	<u>4,055,051</u>
Additions in the year	-	70,270	-	16,672	16,275	-	475,000	18,721	596,938
Reclassified	-	-	-	-	-	-	-	-	-
Revaluation gain	-	-	-	-	-	-	-	-	-
At 31 December 2024	<u>1,522,001</u>	<u>715,750</u>	<u>-</u>	<u>132,740</u>	<u>154,751</u>	<u>100,268</u>	<u>1,657,226</u>	<u>369,251</u>	<u>4,651,988</u>
Additions in the year	-	45,973	-	14,253	16,012	-	19,000	62,858	158,096
Revaluation gain	-	-	-	-	-	-	-	-	-
At 31 December 2025	<u>1,522,002</u>	<u>761,723</u>	<u>-</u>	<u>146,993</u>	<u>170,764</u>	<u>100,268</u>	<u>1,676,226</u>	<u>432,109</u>	<u>4,810,085</u>
Accumulated depreciation and impairment losses									
At 1 January 2024	-	33,694	-	100,438	121,455	92,597	1,057,380	308,641	1,714,206
Charge for the year	-	14,316	-	8,112	8,340	2,882	159,647	39,694	232,991
Disposal	-	-	-	-	-	-	-	-	-
At 31 December 2024	-	48,009	-	108,553	129,798	95,477	1,217,027	348,335	1,947,197
Charge for the year	-	15,226	-	10,657	10,102	2,884	93,198	61,260	193,327
At 31 December 2025	-	63,234	-	119,212	139,902	98,359	1,310,224	409,594	2,140,524
Carrying amounts:									
At 1 January 2024	<u>1,522,002</u>	<u>611,786</u>	<u>-</u>	<u>15,630</u>	<u>17,022</u>	<u>7,671</u>	<u>124,846</u>	<u>41,890</u>	<u>2,340,845</u>
At 31 December 2024	<u>1,522,001</u>	<u>667,741</u>	<u>-</u>	<u>24,187</u>	<u>24,954</u>	<u>4,791</u>	<u>440,199</u>	<u>20,917</u>	<u>2,704,791</u>
At 31 December 2025	<u>1,522,002</u>	<u>698,489</u>	<u>-</u>	<u>27,781</u>	<u>30,861</u>	<u>1,909</u>	<u>366,002</u>	<u>22,515</u>	<u>2,669,561</u>

- i. No leased assets are included in the above property
- ii. There were no capital commitment contracted or authorised as at the reporting date (2024: Nil).
- iii. There were not capitalised borrowing cost related to the acquisition of property and equipment during the year (2024: Nil).
- iv. None of the assets are pledged during the year (2024: Nil).

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FOR THE YEAR ENDED 31 DECEMBER 2025**

25.1. The movement of lands and buildings under property, plant and equipment is shown as below:

	01-Jan-25 N'000	Additions N'000	Disposal / reclassi- fication N'000	Fair value gain N'000	Accumulated depreciation N'000	31-Dec-25 N'000
31-Dec-25						
Lands:						
Head office-Adetokunbo Ademola, V/I	1,420,000	-	-	-		1,420,000
Olugbosi-Plot 1707A Olugbosi Close, V/I	102,001	-	-	-		102,001
Total lands	1,522,001	-	-	-	-	1,522,001
Buildings:						
Head office-Adetokunbo Ademola, V/I	605,107	45,973	-	-	(44,380)	606,700
Olugbosi-Plot 1707A Olugbosi Close, V/I	110,643	-	-	-	(18,855)	91,788
Total Buildings	715,750	45,973	-	-	(63,235)	698,487
Total lands and buildings	2,237,751	45,973	-	-	(63,235)	2,220,489

	01-Jan-24 N'000	Additions N'000	Disposal / reclassi- fication N'000	Fair value gain/(loss) N'000	Accumulated depreciation N'000	31-Dec-24 N'000
31 December 2024						
Lands:						
Head office-Adetokunbo Ademola, V/I	656,366	-	-	763,634		1,420,000
Olugbosi-Plot 1707A Olugbosi Close, V/I	102,001	-	-	-		102,001
Total lands	758,367	-	-	763,634	-	1,522,001
Buildings:						
Head office-Adetokunbo Ademola, V/I	534,837	70,270	-	-	(33,694)	571,413
Olugbosi-Plot 1707A Olugbosi Close, V/I	110,643	-	-	-	(14,315)	96,328
Total Buildings	645,480	70,270	-	-	(48,009)	667,741
Total lands and buildings	1,403,847	70,270	-	763,634	(48,009)	2,189,742

25.2. Status of perfection of Properties are as shown below:

Description of Properties	Locations	Status of perfection	2025 N'000	2024 N'000
Adetokunbo Ademola, V/I	Lagos	Not Perfected***	2,026,700	1,991,413
Olugbosi-Plot 1707A Olugbosi Close, V/I	Lagos	Not Perfected***	193,789	198,329
			2,220,489	2,189,742

***The Group at present is in possession of the title documents (executed deed of assignment) on the cost of purchased of the properties while in the process of obtaining certificate of Occupancy from the Lagos state

SOVEREIGN TRUST INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

	Group		Company	
	2025	2024	2025	2024
	₦'000	₦'000	₦'000	₦'000
26.Statutory deposit	315,000	315,000	315,000	315,000

26.1.The statutory deposit of ₦315,000,000 represents the amount deposited with the Central Bank of Nigeria as at 31 December 2025 (31 December 2024: ₦315,000,000) in accordance with Section 10 (3) of Insurance Act 2003. The deposit has been tested for adequacy as at 31 December 2025 and found to be adequate.

26.2. Interest income earned at annual average rate of 13.17% per annum (2024:13.17%) and this is included within investment income. However, access to the deposit is restricted.

SOVEREIGN TRUST INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

	Group		Company	
	2025	2024	2025	2024
	₦'000	₦'000	₦'000	₦'000
27. Other payables and accruals				
Account payable	12,000	10,545	12,000	-
Pension payable	-	8,172	-	8,172
Accrued expenses	25,331	152,919	25,330	148,755
Unclaimed dividends	-	47,112	-	47,112
Withholding tax payable	-	310	-	-
VAT payable	-	22,941	-	-
Sundry creditors (Note 27.2)	284,603	72,668	154,458	47,318
	321,934	314,667	191,788	251,357
Current	321,934	314,667	191,788	251,357

27.1 The carrying amounts disclosed above approximate the fair value at the reporting date. All other payable are due within one year.

27.2. Included in sundry creditors above are various settlement accounts and other levies.

28. Retirement benefit obligation

28.1. Defined contribution plan

The defined contribution plan is a pension plan under which the Group pays fixed contributions in line with the Pension Reform Act 2014. There is no legal or constructive obligation to pay further contributions. The assets of the plan are held separately from those of the Group.

	2025	2024	2025	2024
	₦'000	₦'000	₦'000	₦'000
28.1.1. Movement of Pension				
At 1 January	8,172	19,295	8,172	19,295
Contributed during the year (Note 12.1)	176,005	95,893	175,140	95,667
Remitted during the year	(184,177)	(107,016)	(183,312)	(106,790)
At 31 December	-	8,172	-	8,172

28.2. Defined benefit plan

A defined benefit plan is a gratuity plan that defines an amount of gratuity benefit that an employee is entitled to receive on retirement, dependent on one or more factors such as age, years of service and salary. A full actuarial valuation by a qualified independent actuary is carried out every year.

The plan liability is measured on an actuarial basis using the projected unit credit method, adjusted for unrecognised actuarial gains and losses. The defined benefit plan liability is discounted using rates equivalent to the market yields at the reporting date of high-quality corporate/government bonds that are denominated in the currency in which benefits will be paid, and that have a maturity approximating to the terms of the related pension liability.

SOVEREIGN TRUST INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

	Group		Company	
	2025	2024	2025	2024
	₩'000	₩'000	₩'000	₩'000
29. Borrowings				
Convertible bond (Note 30.1)	<u>4,980,667</u>	<u>4,967,271</u>	<u>4,980,667</u>	<u>4,967,271</u>
29.1.Convertible bond				
At 1 January	4,967,272	3,625,067	4,967,272	3,625,067
Interest capitalised (Note 13.1)	-	1,374	-	-
Foreign exchange difference (Note 11.2)	<u>13,396</u>	<u>1,342,205</u>	<u>13,396</u>	<u>1,342,205</u>
At 31 December	<u>4,980,668</u>	<u>4,968,646</u>	<u>4,980,668</u>	<u>4,967,272</u>

29.2. This represents zero coupon JPY 846,000,000 direct, unconditional, unsubordinated and unsecured European Bond with options issued to Daewoo Securities Europe Limited in 2008. The underlying Bond had a put period of 30 months with a yield to put of 4.25% per annum while the tenor of the convertible option is valid up to year 2024. The purpose for which the Bond was issued relates to Expansion of Branch Network, Upgrade of Information and Communication Technology and Working Capital. However, the Group has secured the consent and agreement of Daewoo Securities (Europe) Limited to restructure the bond for a period of 5 years commencing from year 2013 to 2017 under a new interest rate (10%) arrangement which incorporate any previous default interest.

The Group and Daewoo arrived at full and final figure of \$3.43 million in October 2019 and the interest on the balance was frozen. The parties agreed that first tranche payment of \$1.5 million should be paid with the balance spread over six instalments.

The Board of the Group believes that the agreement would be fully executed and the terms and conditions would be fulfilled as stated.

29.3. The Group did not have any defaults of principal or interest or other breaches with respect to its loans and borrowings during the years ended 31 December 2025 and 2024.

SOVEREIGN TRUST INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

	Group		Company	
	2025	2024	2025	2024
	₦'000	₦'000	₦'000	₦'000
30. Taxation				
30.1. Current income tax payable				
At 1 January	249,795	94,455	249,795	94,455
Amounts recorded in the profit or loss (Note 30.2)	297,937	393,148	297,937	372,649
Over provision for previous years tax	(159,582)	(1)	(187,544)	(1)
Withholding tax credit notes	-	(89,133)	-	(89,133)
Payments made during the year	(185,918)	(129,985)	(157,956)	(128,175)
Recognised and transferred from STI Leasing	-	9,272	-	-
At 31 December	202,232	277,756	202,232	249,795
30.2. Income tax expense				
The major components of income tax expense for the year ended 31 December 2024 are:				
30.2.1. Current tax year charge				
Current year tax:				
Company income tax	297,937	306,907	297,937	288,386
Education tax	-	43,806	-	41,827
Information technology levy	-	42,223	-	42,223
Police trust fund levy	-	212	-	212
Total corporate tax (Note 30.1)	297,937	393,148	297,937	372,648
(Over)/under provision for tax	-	-	-	-
Deferred taxation:				
Charge for the year (Note 31)	(115,500)	(98,306)	(115,500)	(89,507)
Total income tax expense	182,437	294,842	182,437	283,141
30.2.2. Reconciliation of tax charge				
Profit before income tax	878,950	2,647,559	776,194	2,603,303
Tax at Nigerian's statutory income tax rate of 30%	263,685	794,268	232,858	780,991
Tax exempt income	-	-	-	-
Information technology	-	42,223	-	42,223
Non-deductible expenses	-	-	-	-
Company income tax	297,937	306,907	297,937	288,386
Police Trust Fund levy	-	212	-	212
Education tax @ 2% of assessable profit	-	43,806	-	41,827
	561,622	1,187,416	530,795	1,153,639

SOVEREIGN TRUST INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

	Group		Company	
	2025	2024	2025	2024
	₩'000	₩'000	₩'000	₩'000
29. Borrowings				
Convertible bond (Note 30.1)	<u>4,980,667</u>	<u>4,967,271</u>	<u>4,980,667</u>	<u>4,967,271</u>
29.1.Convertible bond				
At 1 January	4,967,272	3,625,067	4,967,272	3,625,067
Interest capitalised (Note 13.1)	-	1,374	-	-
Foreign exchange difference (Note 11.2)	<u>13,396</u>	<u>1,342,205</u>	<u>13,396</u>	<u>1,342,205</u>
At 31 December	<u>4,980,668</u>	<u>4,968,646</u>	<u>4,980,668</u>	<u>4,967,272</u>

29.2. This represents zero coupon JPY 846,000,000 direct, unconditional, unsubordinated and unsecured European Bond with options issued to Daewoo Securities Europe Limited in 2008. The underlying Bond had a put period of 30 months with a yield to put of 4.25% per annum while the tenor of the convertible option is valid up to year 2024. The purpose for which the Bond was issued relates to Expansion of Branch Network, Upgrade of Information and Communication Technology and Working Capital. However, the Group has secured the consent and agreement of Daewoo Securities (Europe) Limited to restructure the bond for a period of 5 years commencing from year 2013 to 2017 under a new interest rate (10%) arrangement which incorporate any previous default interest.

The Group and Daewoo arrived at full and final figure of \$3.43 million in October 2019 and the interest on the balance was frozen. The parties agreed that first tranche payment of \$1.5 million should be paid with the balance spread over six instalments.

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29.3. The Group did not have any defaults of principal or interest or other breaches with respect to its loans and borrowings during the years ended 31 December 2025 and 2024.

SOVEREIGN TRUST INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

	Group		Company	
	2025	2024	2025	2024
	₦'000	₦'000	₦'000	₦'000
30. Taxation				
30.1. Current income tax payable				
At 1 January	249,795	94,455	249,795	94,455
Amounts recorded in the profit or loss (Note 30.2)	182,437	393,148	182,437	372,649
Over provision for previous years tax	(44,082)	(1)	(72,044)	(1)
Withholding tax credit notes	-	(89,133)	-	(89,133)
Payments made during the year	(185,918)	(129,985)	(157,956)	(128,175)
Recognised and transferred from STI Leasing	-	9,272	-	-
At 31 December	202,232	277,756	202,232	249,795
30.2. Income tax expense				
The major components of income tax expense for the year ended 31 December 2024 are:				
30.2.1. Current tax year charge				
Current year tax:				
Company income tax	182,437	306,907	182,437	288,386
Education tax	-	43,806	-	41,827
Information technology levy	-	42,223	-	42,223
Police trust fund levy	-	212	-	212
Total corporate tax (Note 30.1)	182,437	393,148	182,437	372,648
(Over)/under provision for tax	-	-	-	-
Deferred taxation:				
Charge for the year (Note 31)	-	(98,306)	-	(89,507)
Total income tax expense	182,437	294,842	182,437	283,141
30.2.2. Reconciliation of tax charge				
Profit before income tax	878,950	2,647,559	776,194	2,603,303
Tax at Nigerian's statutory income tax rate of 30%	263,685	794,268	232,858	780,991
Tax exempt income	-	-	-	-
Information technology	-	42,223	-	42,223
Non-deductible expenses	-	-	-	-
Company income tax	182,437	306,907	182,437	288,386
Police Trust Fund levy	-	212	-	212
Education tax @ 2% of assessable profit	-	43,806	-	41,827
	446,122	1,187,416	415,295	1,153,639

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

	Group		Company	
	2025	2024	2025	2024
	₦'000	₦'000	₦'000	₦'000
31.Deferred tax liabilities				
Deferred tax liabilities	110,340	231,013	110,340	225,840
31.1.Movement in deferred tax liabilities				
At 1 January	231,013	225,840	225,840	315,347
Amounts recorded in the profit or loss (Note 31.2.1)	(115,500)	(98,306)	(115,500)	(89,507)
Effect of revaluation of property and equipment (Note 32.4)	-	-	-	-
Recognised and transferred from STI Leasing	-	13,972	-	-
At 31 December	110,340	231,013	110,340	225,840
31.2. Deferred tax liabilities is attributable to the following:				
Property and equipment	110,340	231,013	110,340	225,840
Investment property	-	-	-	-
Unrealised foreign exchange gain	-	-	-	-
ECL on financial assets	-	-	-	-
	110,340	231,013	110,340	225,840
32. Equity				
32.1 Share capital				
Share capital 15 billion (2024 : 15 billion) units of ordinary share of ₦0.50k each				
32.1.1.Movement in authorised ordinary shares				
At 1 January	7,500,000	7,500,000	7,500,000	7,500,000
At 31 December	7,500,000	7,500,000	7,500,000	7,500,000
32.1.2.Movement in ordinary shares issued and fully paid				
14,228,139,483 (2023:14,228,139,483) ordinary shares at ₦0.50k each				
At 1 January	7,114,070	7,114,070	7,114,070	7,114,070
Issued during the year (Note 32.1.2.1)	-	-	-	(0)
At 31 December	7,114,070	7,114,070	7,114,070	7,114,070

SOVEREIGN TRUST INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

	Group		Company	
	2025	2024	2025	2024
	₩'000	₩'000	₩'000	₩'000
29. Borrowings				
Convertible bond (Note 30.1)	<u>4,980,667</u>	<u>4,967,271</u>	<u>4,980,667</u>	<u>4,967,271</u>
29.1.Convertible bond				
At 1 January	4,967,272	3,625,067	4,967,272	3,625,067
Interest capitalised (Note 13.1)	-	1,374	-	-
Foreign exchange difference (Note 11.2)	<u>13,396</u>	<u>1,342,205</u>	<u>13,396</u>	<u>1,342,205</u>
At 31 December	<u>4,980,668</u>	<u>4,968,646</u>	<u>4,980,668</u>	<u>4,967,272</u>

29.2. This represents zero coupon JPY 846,000,000 direct, unconditional, unsubordinated and unsecured European Bond with options issued to Daewoo Securities Europe Limited in 2008. The underlying Bond had a put period of 30 months with a yield to put of 4.25% per annum while the tenor of the convertible option is valid up to year 2024. The purpose for which the Bond was issued relates to Expansion of Branch Network, Upgrade of Information and Communication Technology and Working Capital. However, the Group has secured the consent and agreement of Daewoo Securities (Europe) Limited to restructure the bond for a period of 5 years commencing from year 2013 to 2017 under a new interest rate (10%) arrangement which incorporate any previous default interest.

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29.3. The Group did not have any defaults of principal or interest or other breaches with respect to its loans and borrowings during the years ended 31 December 2025 and 2024.

SOVEREIGN TRUST INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

	Group		Company	
	2025	2024	2025	2024
	₦'000	₦'000	₦'000	₦'000
32.2.Share premium				
At 1 January	33,814	33,814	33,814	33,814
Share issue expenses (Note 32.2.1.)	-	-	-	-
At 31 December	33,814	33,814	33,814	33,814
32.2.1.Detailed analysis includes:				
a.Professional fees				
First issued of 1,000,000,000 units at 1.25%	-	-	-	-
Balance issued of 420,562,041 units at 1.225%	-	-	-	-
Stockbroker cost of issued 1,420,562,041 units at 0.13%	-	-	-	-
Agent Commission cost of issued 1,420,562,041 units at 0.50%	-	-	-	-
Registrars,Solicitors and Auditors	-	-	-	-
Travelling, printing,advert, courier and others	-	-	-	-
VAT @ 7.5%	-	-	-	-
Sub total professional fees	-	-	-	-
b-Regulatory fees				
i-Securities & Exchange Commission-SEC				
Application/processinf fee and filing fee	-	-	-	-
ii-The Nigerian Stock Exchange-NSE				
Application/processinf fee and NSE fee	-	-	-	-
iii-Central Securities Clearing System-CSCS				
Eligibility fee and VAT @7.5%	-	-	-	-
32.3.Contingency reserve				
At 1 January	6,016,078	4,753,288	6,016,078	4,753,288
Transfer from retained earning/(loss sustained) (Note 32.7)	1,388,593	1,262,790	1,388,593	1,262,790
At 31 December	7,404,670	6,016,078	7,404,670	6,016,078
32.3.1.Contingency reserve in respect of non-life business is the higher of 20% of net profit and 3% of total premium as specified in Section 21 (2) of the Insurance Act 2003.				
32.4.Revaluation reserve				
This is revaluation surplus in respect of land and buildings in line with the Group's accounting policy.				
At 1 January	979,023	979,023	979,023	979,023
Revaluation gain during the year	-	-	-	-
Effect of deferred tax (Note 31.3.1)	-	-	-	-
At 31 December	979,023	979,023	979,023	979,023

SOVEREIGN TRUST INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

	Group		Company	
	2025	2024	2025	2024
	₦'000	₦'000	₦'000	₦'000
33.Reconciliation of profit before tax to cash flows provided by operating activities:				
Profit before income tax	878,950	2,647,559	776,194	2,603,303
Adjustments for non-cash items:				
Fair value loss/(gain) on quoted equities (Note 17.6)	(814,253)	(88,085)	(814,253)	(88,085)
Realised gain on equities (Note 17.6)	-	(118,262)	-	(118,262)
Interest on borrowing (Note 30.1)	-	1,374	-	-
Unrealised exchange loss on foreign borrowing (Note 30.1)	13,396	1,342,205	13,396	1,342,205
Interest expense on lease liabilities (Note 23.2)	35,200	35,200	-	35,200
Depreciation of property, plant and equipment for lease (Note 25a)	278	17,748	-	-
Depreciation of property, plant and equipment (Note 25)	262,009	233,278	193,327	232,991
Amortisation of intangible assets (Note 23)	18,672	44,157	18,672	44,157
Amortisation of right-of-use assets (Note 24.1)	280,680	135,104	275,990	135,103
Fair value gain on investment properties (Note 22)	(143,392)	(94,058)	(143,392)	(94,058)
Share of profit in associate (Note 21.2)	-	-	-	-
Rental incomes generated from investment properties	(32,886)	(10,118)	(32,886)	(10,118)
Interest income on debts instruments and placement above 3 months	(892,998)	(315,545)	(892,998)	(315,545)
Other Interest income	41,959	(614,428)	41,959	(614,428)
Insurance finance income for insurance contract issued	-	(224,291)	-	(224,291)
Reinsurance finance income for reinsurance contract issued	-	97,511	-	97,511
Dividend income earned from equity investments	(13,398)	(43,946)	(13,398)	(43,946)
Gain from valuation of closing foreign exchange gain	(487,804)	(487,804)	22,285	(487,804)
Net impairment loss on financial assets (Note 10)	5,745	(116,376)	5,745	(116,376)
Profit on disposal of property, plant and equipment	(11,355)	(11,355)	-	-
Cash flow from operating profit before changes in operating assets and liabilities	(859,196)	2,429,868	(549,358)	2,377,558
Changes in operating assets and liabilities				
Increase in trade receivables	(137,409)	(341,626)	(145,783)	(350,000)
Increase in reinsurance contract assets	(1,086,179)	(282,038)	(1,086,179)	(282,038)
(Increase)/decrease in other receivables and prepayments	(65,686)	(384,193)	(16,133)	(334,640)
Increase in insurance contract liabilities	(4,055)	1,819,882	(4,055)	1,819,882
Decrease in trade payables	(68,521)	(272,184)	-	(203,663)
Increase in other payables and accruals	(59,569)	95,046	(59,569)	95,046
Over provision for previous years tax	(159,582)	(1)	(187,544)	-
Income tax paid	(185,918)	(129,985)	(157,956)	(128,175)
Withholding tax credit notes	-	(89,133)	-	(89,133)
Net cash flows from operating activities	(2,126,115)	2,845,636	(1,591,075)	2,904,836

SOVEREIGN TRUST INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

	Group		Company	
	2025	2024	2025	2024
	₦'000	₦'000	₦'000	₦'000
32.5. Fair value reserve				
The Fair value reserve represents the net cumulative change in the fair value of equity instrument measured at fair value through other comprehensive income until the investment is derecognised or impaired.				
At 1 January	138,558	(34,691)	138,558	(34,691)
Fair value loss during the year	38,789	173,250	38,789	173,250
At 31 December	177,348	138,558	177,348	138,558
32.6. Insurance finance reserve				
At 1 January	(404,199)	(277,419)	(404,199)	(277,419)
Recognised during the year:				
Net finance income from insurance contracts	-	(224,291)	-	(224,291)
Net finance income from reinsurance contracts	-	97,511	-	97,511
At 31 December	(404,199)	(404,199)	(404,199)	(404,199)
32.7. Credit risk reserve				
At 1 January	25,934	-	-	-
Recognised during the year:				
Recognised and transferred from STI Leasing	1,243	25,934	-	-
At 31 December	27,177	25,934	-	-
32.8. Statutory reserve				
At 1 January	30,436	-	-	-
Recognised during the year:				
Recognised and transferred from STI Leasing	15,424	30,436	-	-
At 31 December	45,860	30,436	-	-
32.9.Retained earning				
At 1 January	1,736,499	1,061,159	1,691,691	1,061,159
Profit for the year	662,997	2,340,053	593,757	2,320,162
Dividend paid during the year	(711,407)	(426,844)	(711,407)	(426,844)
Transferred between reserves	(16,594)	-	-	-
Transfer to contingency reserve (Note 32.3)	(1,388,593)	(1,262,790)	(1,388,593)	(1,262,790)
Recognised and transferred from STI Leasing	-	24,918	-	-
At 31 December	282,902	1,736,499	185,447	1,691,691
32.10.Non-controlling interest				
At 1 January	104,123	-	-	-
Addition- Share capital	30,000	-	-	-
Profit for the year	33,516	12,664	-	-
Recognised and transferred from STI Leasing	-	91,459	-	-
At 31 December	167,639	104,123	-	-

SOVEREIGN TRUST INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

	2025 N'000	2024 N'000
34.Reclassification		
Certain reclassifications were made to the recorded figures of prior year to conform to this year's presentation. Below are the reclassifications.		
35.Employees and Directors		
35.1.Employees		
35.1.1 Compensation for the staff are as follows:		
Wages and salaries	2,620,626	2,145,605
Defined contribution pension	60,711	22,312
	<u>2,681,337</u>	<u>2,167,917</u>
35.1.2. Average number of persons employed during the year by category:		
	Number	Number
Executive directors	4	4
Management	24	27
Non-management	124	124
	<u>152</u>	<u>155</u>
35.1.3. Number of employees whose emoluments during the year, fell within the ranges shown below:		
Less than N500,000	-	-
N500,000 – N1,000,000	-	-
N1,000,000 and above	152	155
	<u>152</u>	<u>155</u>
	N'000	N'000
34.2 Directors		
34.2.1 Directors' emoluments:		
The remuneration paid to directors are as follows:		
Executive compensation	7,380	4,680
Fees and sitting allowances	33,887	27,237
	<u>41,267</u>	<u>31,917</u>
Fees and other emoluments disclosed above include amounts paid to:		
The Chairman	<u>1,200</u>	<u>1,200</u>
The highest paid director	<u>39,691</u>	<u>39,691</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

	2025 Number	2024 Number
The number of directors who received fees and other emoluments (excluding pension contributions and other allowances) in the following ranges was:		
Below ₦2,000,000	-	-
₦2,000,000 - ₦4,000,000	-	-
Above ₦5,000,000	<u>8</u>	<u>8</u>

35. Related party disclosures

35.1 Related party

A related party is a person or an entity that is related to the reporting entity:

- A person or a close member of that person's family is related to a reporting entity if that person has control, joint control or significant influence over the entity or is a member of its key management personnel.
- An entity is related to a reporting entity if, among other circumstances, it is a parent, subsidiary, fellow subsidiary, associate, or joint venture of the reporting entity, or it is controlled, jointly, jointly controlled, or significantly influenced or managed by a person who is a related party.

35.2 Related parties transactions

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged. If an entity has had related party transactions during the periods covered by the financial statements, IAS 24 requires it to disclose the nature of the related party relationship as well as information about those transactions and outstanding balances, including commitments, necessary for users to understand the potential effect of the relationship on the financial statements.

35.2.1. Transactions with related parties

Transactions/balances with related parties during the year are:

Name of related party	Relationship	Nature of transaction	Amount/Balance	
			2025 ₦'000	2024 ₦'000
STI Leasing Ltd	Subsidiary	Fund placement	<u>172,890</u>	<u>172,890</u>

These transactions were carried out in ordinary course of business at arm's length.

35.3 Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the company, directly or indirectly, including any directors (whether executive or otherwise).

Mr. Abimbola Oguntunde	- Chairman (Retired)
Mr. Olaotan Soyinka	- Executive Director
Mr. Kayode Adigun	- Executive Director
Ms. Emi Faloughi	- Non-Executive Director
Mr. Odoh S. Chidozie	- Non-Executive Director
Mr. Eric Balogun	- Independent Non-Executive Director
Mr. Sanni Oladimeji	- General Manager
Mr. Lucas Durojaiye	- General Manager
Mr. Olusegun Bankole	- Deputy General Manager
Mr. Niyi Olaitan	- Deputy General Manager
Mr. Akinwumi Akinrinmade	- Deputy General Manager
Mr. Olalekan Oguntunde	- Deputy General Manager
Mrs. Victoria Eze	- Deputy General Manager
Mrs. Angela Uche-Onoche	- Deputy General Manager
Mrs. Samuel Oseni	- Deputy General Manager

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	2025 N'000	2024 N'000
35.3.1. Compensation of key management personnel		
Short term employee benefits	288,435	288,435
Post employment pension benefits	-	-
Total compensation of key management personnel	288,435	288,435

36. Risk management framework

36.1 Governance framework

The primary objective of the Group's risk and financial management framework is to protect the Group's shareholders from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. Key management recognises the critical importance of having efficient and effective risk management systems in place.

The Group has established a risk management function with clear terms of reference from the board of directors, its committees and the associated executive management committees. This is supplemented with a clear organisational structure with documented delegated authorities and responsibilities from the board of directors to executive management committees and senior managers. Lastly, a Group policy framework which sets out the risk profiles for the Group, risk management, control and business conduct standards for the Group's operations has been put in place. Each policy has a member of senior management charged with overseeing compliance with the policy throughout the Group.

The board of directors approves the Group risk management policies and meets regularly to approve any commercial, regulatory and organisational requirements of such policies. These policies define the Group's identification of risk and its interpretation, limit structure to ensure the appropriate quality and diversification of assets, align underwriting and reinsurance strategy to the corporate goals, and specify reporting requirements.

36.2 Capital management objectives, policies and approach

The Group has established the following capital management objectives, policies and approach:

- 1) To maintain the required level of stability of the Group thereby providing a degree of security to policyholders;
- 2) To allocate capital efficiently and support the development of business by ensuring that returns on capital employed meet the requirements of its capital providers and of its shareholders;
- 3) To retain financial flexibility by maintaining strong liquidity and access to a range of capital markets;
- 4) To align the profile of assets and liabilities taking account of risks inherent in the business;
- 5) To maintain financial strength to support new business growth and to satisfy the requirements of the policyholders, regulators and stakeholders;
- 6) To maintain strong credit ratings and healthy capital ratios in order to support its business objectives and maximise shareholders value.

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In reporting financial strength, capital and solvency are measured using the rules prescribed by the National Insurance Commission. These regulatory capital tests are based upon required levels of solvency, capital and a series of prudent assumptions in respect of the type of business written.

The Group's capital management policy for its insurance business is to hold sufficient capital to cover the statutory requirements based on the NAICOM directives, including any additional amounts required by the regulator. The Group seeks to optimise the structure and sources of capital to ensure that it consistently maximises returns to the shareholders and policyholders. The Group has had no significant changes in its policies and processes to its capital structure during the past year from previous years.

	2025 ₦'000	2024 ₦'000
Available capital resources as at 31 December		
Total shareholders' funds per financial statements	15,490,176	15,569,036
Regulatory adjustments	<u>-</u>	<u>-</u>
Available capital resources	15,490,176	15,569,036
Minimum capital based required by regulator	<u>3,000,000</u>	<u>3,000,000</u>
Excess in solvency margin	<u>12,490,176</u>	<u>12,569,036</u>

The regulatory adjustments represent assets inadmissible for regulatory reporting purpose. However, current year available capital resources are subject to Regulator's review and approval.

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36.3. The Solvency Margin for the Company as at 31 December 2025 is as follows:

	Admissible N'000	Inadmissible N'000	Total N'000	2024 N'000
Admissible assets				
Cash and cash equivalents	11,708,168	-	11,708,168	13,156,888
Investment in financial assets:				
- Measured at fairvalue through profit or	2,074,991	-	2,074,991	1,412,978
- Measured at fairvalue through other				
comprehensive income	371,558	450,616	822,173	332,732
- Measured at amortised cost			-	2,455,752
Premium receivables	1,988,731	-	1,988,731	1,842,948
Reinsurance contract assets	3,948,749	-	3,948,749	2,862,571
Other receivables and prepayments	16,729	573,133	589,862	13,715
Investment in subsidiary	232,772	-	232,772	232,772
Investment in associate	-	-	-	-
Investment properties	1,143,278	347,512	1,490,790	1,022,871
Intangible assets	3,309	-	3,309	13,980
Right of use assets	-	700,425	700,425	-
Property, plant and equipment	449,070	2,220,491	2,669,561	515,050
Statutory deposit	315,000	-	315,000	315,000
	22,252,354	4,292,176	26,544,530	24,177,257
Admissible liabilities				
Insurance contract liabilities	6,495,641	-	6,495,641	6,499,696
Trade payables	-	-	-	-
Other payables and accruals	191,788	-	191,788	251,357
Debt securities in issue	4,980,667	-	4,980,667	4,967,271
Lease liabilities	357,892	-	357,892	202,681
Current income tax payable	202,232	-	202,232	249,795
Deferred tax liabilities	-	110,340	110,340	-
	12,228,219	110,340	12,338,559	12,170,800
Solvency margin	10,024,135			12,006,457
A. Minimum solvency required	3,000,000			3,000,000
B. 15% of Net premium				
C. Required solvency (Higher of A or B)				
Surplus	7,024,135			9,006,457
Solvency ratio (%)	3.34			4.00

36.4 Regulatory framework

Regulators are primarily interested in protecting the rights of policyholders and monitor them closely to ensure that the Group is satisfactorily managing affairs for their benefit. At the same time, regulators are also interested in ensuring that the Group maintains an appropriate solvency position to meet unforeseen liabilities arising from economic shocks or natural disasters.

36.5 Asset liability management (ALM) framework

The principal technique of the Group's ALM is to match assets to the liabilities arising from insurance contracts by reference to the type of benefits payable to contract holders. For each category of liabilities, a separate portfolio of assets is maintained.

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The Group's ALM is:

An integral part of the insurance risk management policy, to ensure in each period sufficient cash flows is available to meet liabilities arising from insurance contracts.

36.6 Insurance risk

The principal risk the Group faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Group is to ensure that sufficient reserves are available to cover these liabilities.

The risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements.

The Group purchases reinsurance as part of its risks mitigation programme. Reinsurance ceded is placed on both a proportional and non-proportional basis. The majority of proportional reinsurance is quota-share reinsurance which is taken out to reduce the overall exposure of the Group to certain classes of business. Non-proportional reinsurance is primarily excess-of-loss reinsurance designed to mitigate the Group's net exposure to catastrophe losses. Retention limits for the excess-of-loss reinsurance vary by product line and territory.

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. Although the Group has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements. The Group's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Group substantially dependent upon any single reinsurance contract. There is no single counterparty exposure that exceeds 20% of total reinsurance assets at the reporting date.

The Group principally issues the following types of general insurance contracts: fire, motor, general accident, engineering, marine and aviation and oil and gas. Risks under non-life insurance policies usually cover twelve months duration. For general insurance contracts, the most significant risks arise from climate changes, natural disasters and terrorist activities. For longer tail claims that take some years to settle, there is also inflation risk.

The Group has also limited its exposure by imposing maximum claim amounts on certain contracts as well as the use of reinsurance arrangements in order to limit exposure to catastrophic events (e.g., hurricanes, earthquakes and flood damage).

The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is improved by careful selection and implementation of underwriting strategies, which are designed to ensure that risks are diversified in terms of type of risk, and level of insured benefits. This is largely achieved through diversification across industry sectors and geography. Furthermore, strict claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are all policies and procedures put in place to reduce the risk exposure of the Group.

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The Group further enforces a policy of actively managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the business. Inflation risk is mitigated by taking expected inflation into account when estimating insurance contract liabilities.

The purpose of these underwriting and reinsurance strategies is to limit exposure to catastrophes based on the Group's risk appetite as decided by management. The overall aim is currently to restrict the impact of a single catastrophic event to approximately 50% of shareholders' equity on a gross basis and 10% on a net basis. In the event of such a catastrophe, counterparty exposure to a single reinsurer is estimated not to exceed 2% of shareholders' equity. The Board may decide to increase or decrease the maximum tolerances based on market conditions and other factors.

Key assumptions

The principal assumption underlying the liability estimates is that the Group's future claims development will follow a similar pattern to past claims development experience. This includes assumptions in respect of loss ratio, discount rate and claim handling costs of claim paid for each accident year. Additional qualitative judgments are used to assess the extent to which past trends may not apply in the future, for example: once-off occurrence, changes in market factors such as public attitude to claiming, economic conditions, as well as internal factors such as portfolio mix, policy conditions and claims handling procedures. Judgment is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

Other key circumstances affecting the reliability of assumptions include variation in interest rates, delays in settlement and changes in foreign currency rates.

Claims development table

The following tables show the estimates of cumulative incurred claims, including both claims notified and incurred but not reported (IBNR) for each successive accident year at each reporting date, together with cumulative payments to date.

As required by IFRS 17, in setting claims provisions, the Group gives consideration to the probability and magnitude of future experience being more adverse than assumed which is reflected in the risk adjustment.

In general, the uncertainty associated with the ultimate claims experience in an accident year is greatest when the accident year is at an early stage of development and the margin necessary to provide the necessary confidence in the provisions adequacy is relatively at its highest. As claims develop, and the ultimate cost of claims becomes more certain, the relative level of margin maintained should decrease. However, due to the uncertainty inherited in the estimation process, the actual overall claim provision may not always be in surplus.

The development of insurance liabilities provides a measure of the Group's ability to estimate the ultimate value of claims. The top half of each below illustrates how the Group's estimate of total claims outstanding for each year has changed at successive year-ends.

The Group has not disclosed previously unpublished information about claims development that occurred earlier than five years before the end of the annual reporting period in which it first applies IFRS 17.

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36.6 Insurance risk - cont'd

36.6.1 Claims Paid Incremental Chain Ladder at 31 December 2025

Motor

CL / Paid triangle	Input triangle															
Incremental	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
2010	225,016	116,717	4,485	693	414	551	-	117	-	-	-	-	-	112	-	115
2011	292,165	107,836	8,335	670	1,392	1	59	-	439	-	-	14	-	-	455	
2012	209,066	153,520	1,135	28	1	166	-	159	-	-	-	-	6	-		
2013	253,325	56,039	11,951	-	745	16	99	-	-	-	-	-	-			
2014	448,185	151,855	90	1,208	10	-	-	-	74	-	-	-				
2015	419,353	164,457	11,856	554	581	732	380	1,856	-	-	-					
2016	339,042	119,370	12,595	5,885	5,181	18,650	394	564	-	-						
2017	400,840	144,144	2,767	8,216	774	394	-	-	75							
2018	409,781	135,009	11,587	1,527	294	15,801	-	646								
2019	393,003	215,790	9,987	5,410	2,299	74	216									
2020	706,511	169,814	9,843	7,729	-	2,272										
2021	448,469	202,743	7,156	19	1,562											
2022	530,798	238,755	8,766	829												
2023	540,389	119,911	2,012													
2024	652,668	214,458														
2025	724,580															

Fire

AY	Input triangle															
	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
2010	48,683	14,921	551	169	404	69	-	-	-	-	-	-	-	-	-	-
2011	40,147	25,404	14,687	296	1,689	-	543	615	441	-	-	-	-	-	-	-
2012	34,801	71,849	3,309	1,185	92	31	-	-	-	-	-	-	-	-	-	-
2013	96,493	28,388	24,664	45	8,988	-	-	-	-	-	-	-	311			
2014	269,309	209,095	5	28,604	1,509	-	-	-	-	-	-	-				
2015	99,928	190,574	83,970	4,547	183	-	-	2,462	-	42	-					
2016	139,327	202,455	28,427	3,154	3,026	329	-	-	-	-						
2017	318,536	309,344	319,250	22,581	16,053	12,162	1,142	-	-							
2018	319,792	268,985	34,359	4,113	6,064	6,287	1,093	-								
2019	340,005	317,534	180,633	206,561	322	-	31									
2020	185,331	926,810	209,534	197,878	30,173	201										
2021	109,922	194,382	217,780	3,218	16											
2022	416,714	228,751	27,554	1,589												
2023	247,011	181,521	11,287													
2024	281,103	287,342														

2025 275,230

General Accident

) Paid for General Accident Class by Development Year																
AY	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
2010	56,380	51,047	21,990	13,467	805	1,787	34	-	-	2,409	-	-	21	-	-	14
2011	64,532	62,614	16,555	687	3,155	257	824	1,927	-	-	-	-	-	-	-	
2012	134,451	133,618	3,124	7,988	-	1,972	1,249	5,528	589	-	-	-	-	-		
2013	62,941	23,864	19,583	-	1,522	978	77	25	855	63	-	-	-			
2014	193,012	103,077	-	15,204	2,295	467	861	-	4,362	-	-	-				
2015	96,443	208,591	15,673	45,911	3,007	162	151	15,017	-	-	300					
2016	129,179	97,502	15,083	2,091	5,792	3,985	10,413	-	16	-						
2017	73,628	121,245	41,278	10,776	10,277	2,953	4,186	1,085	2,033							
2018	144,382	113,797	18,588	22,357	21,284	3,150	972	176								
2019	78,988	121,916	100,537	27,664	200,932	304	333									
2020	76,967	263,852	28,457	22,660	2,774	541										
2021	139,973	245,850	25,738	9,104	11,281											
2022	152,978	263,137	29,537	8,902												
2023	475,677	177,132	40,371													
2024	288,770	211,002														
2025	337,559															

Engineering

00) Paid for Engineering Class by Development Year																
	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
2010	14,206	6,958	3,892	1,194	113	-	-	-	-	-	-	-	-	-	-	-
2011	33,165	13,466	19,933	48	18	-	72	-	-	-	-	-	-	-	-	
2012	41,347	20,691	343	48	-	-	-	-	-	-	-	-	-	-		
2013	3,266	6,191	6,193	-	-	206	218	-	-	-	-	-	-			
2014	14,750	19,161	-	401	6	-	-	-	-	-	-	-				
2015	8,635	18,349	3,453	2,887	28	-	-	15	-	-	-					
2016	14,981	28,519	787	231	-	62,231	610	1,243	171	-						
2017	10,823	25,078	-	2,038	-	-	4,246	-	-							
2018	12,771	36,172	577	1,256	63	350	-	-								
2019	20,038	47,348	10,938	1,043	1,767	-	-									
2020	16,498	46,332	25,822	537	-	-										
2021	111,276	69,083	40,595	3,247	1,187						-					
2022	64,465	126,318	12,199	1,663												
2023	38,295	32,031	3,362													
2024	22,786	69,455														
2025	25,529															

Marine

	Incremental Annual Claims Amounts(NGN) Paid Chain Ladder for Fire Class by Development Year													
	0	1	2	3	4	5	6	7	8	9	10	11	12	13
2012	30,164	116,629	-	491	-	-	-	-	-	-	-	-	-	-
2013	32,653	7,113	23,178	-	3	1,567	-	-	-	-	-	-	-	-
2014	142,076	112,097	-	605	1,574	-	-	-	-	-	-	-	-	-
2015	44,911	37,147	31,554	571	1,201	-	-	-	-	-	-	-	-	-
2016	35,286	57,357	39,507	34,203	3,072	-	-	-	-	-	-	-	-	-
2017	36,911	273,961	84,380	-	95	1,092	-	-	-	-	-	-	-	-
2018	160,327	120,653	25,029	86,318	936	12,602	-	-	-	-	-	-	-	-
2019	65,053	191,139	57,183	2,555	-	7,344	-	-	-	-	-	-	-	-
2020	65,378	66,690	31,242	348	16,942	-	-	-	-	-	-	-	-	-
2021	15,016	116,562	6,949	-	-	-	-	-	-	-	-	-	-	-
2022	29,323	122,357	32,096	-	-	-	-	-	-	-	-	-	-	-
2023	74,067	61,622	3,278	-	-	-	-	-	-	-	-	-	-	-
2024	60,734	75,224	-	-	-	-	-	-	-	-	-	-	-	-
2025	68,613	-	-	-	-	-	-	-	-	-	-	-	-	-

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The table below sets out the concentration of non-life insurance contract liabilities by type of contract:

	2025			2024		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	liabilities	share of	liabilities	liabilities	share of	liabilities
	₦'000	liabilities	liabilities	₦'000	liabilities	liabilities
		₦'000	₦'000		₦'000	₦'000
Accident	-	(278,658)	(278,658)	276,964	(439,312)	(162,348)
Engineering	-	(27,014)	(27,014)	19,295	(12,641)	6,654
Fire	-	(82,727)	(82,727)	80,419	(270,148)	(189,729)
Marine	-	(198,312)	(198,312)	16,934	(39,248)	(22,314)
Motor	-	-	-	2,061	-	2,061
Oil & Gas	-	(112,856)	(112,856)	47,795	(108,166)	(60,371)
	-	(699,567)	(699,567)	443,468	(869,515)	(426,047)

36.7 Financial risks

36.7.1 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation.

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

- Reinsurance is placed with counterparties that have a good credit rating and concentration of risk is avoided by following policy guidelines in respect of counterparties' limits that are set each year by the board of director and are subject to regular reviews. At each reporting date, management performs an assessment of creditworthiness of reinsurers and updates the reinsurance purchase strategy, ascertaining suitable allowance for impairment.
- The Group sets the maximum amounts and limits that may be advances to corporate counterparties by reference to their long-term credit ratings.
- The credit risk in respect of customer balances incurred on non-payment of premiums or contributions will only persist during the grace period specified in the policy document until expiry, when the policy is either paid or fully provided for and commission paid to intermediaries is netted off against amounts receivable from them to reduce the risk of doubtful debts.
- Net exposure limits are set for each counterparty i.e limits are set for investments and cash deposits, foreign exchange trade exposures and minimum credit ratings for investments that may be held.
- A Group credit risk policy which sets out the assessment and determination of what constitutes credit risk for the Group. Compliance with the policy is monitored and exposures and breaches are reported to the Group's risk committee. The policy is regularly reviewed for pertinence and for changes in the risk environment.

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Credit exposure

The Group's maximum exposure to credit risk for the components of the consolidated statement of financial position at 31 December 2025 and 2024 is the carrying amounts as presented below.

The credit risk analysis below is presented in line with how the Group manages the risk. The Group manages its credit risk exposure based on the carrying value of the financial instruments.

	Financial services ₦'000	Govern- ment ₦'000	Others ₦'000	Total ₦'000
Industry analysis				
At 31 December 2025				
Other receivables	462,176	-	109,433	571,609
Statutory deposit	-	315,000	-	315,000
Debt securities (Bonds)	-	377,894	95,993	473,887
	<u>462,176</u>	<u>692,894</u>	<u>205,426</u>	<u>1,360,496</u>
Trade receivables	1,988,731	-	-	1,988,731
Reinsurance contract assets	3,948,749	-	-	3,948,749
Cash and cash equivalents	11,708,168	-	-	11,708,168
	<u>18,107,824</u>	<u>692,894</u>	<u>205,426</u>	<u>19,006,144</u>
At 31 December 2024				
Other receivables	431,403	-	129,478	560,881
Statutory deposit	-	315,000	-	315,000
Debt securities (Bonds)	-	420,594	111,519	532,113
	<u>431,403</u>	<u>735,594</u>	<u>240,997</u>	<u>1,407,994</u>
Trade receivables	1,842,948	-	-	1,842,948
Reinsurance contract assets	2,862,570	-	-	2,862,570
Cash and cash equivalents	13,156,888	-	-	13,156,888
	<u>18,293,809</u>	<u>735,594</u>	<u>240,997</u>	<u>19,270,400</u>

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The table below provides information regarding the credit risk exposure of the Company by classifying assets according to the Group's credit ratings of counter parties:

	Neither past-due not impaired			Past due but not impaired	Total
	Investment grade N'000	Non-investment grade N'000	Non-investment grade N'000	N'000	N'000
At 31 December 2025					
Other receivables	-	571,609	-	-	571,609
Statutory deposit	315,000	-	-	-	315,000
Debt securities (Bonds)	473,887	-	-	-	473,887
Trade receivables	1,988,731	-	-	-	1,988,731
Reinsurance contract assets	3,948,749	-	-	-	3,948,749
Cash and cash equivalents	11,708,168	-	-	-	11,708,168
	18,434,535	571,609	-	-	19,006,144
At 31 December 2024					
Other receivables	-	560,881	-	-	560,881
Statutory deposit	315,000	-	-	-	315,000
Debt securities (Bonds)	532,113	-	-	-	532,113
Trade receivables	1,842,948	-	-	-	1,842,948
Reinsurance contract assets	2,862,570	-	-	-	2,862,570
Cash and cash equivalents	13,156,888	-	-	-	13,156,888
	18,709,519	560,881	-	-	19,270,400

Age analysis of financial assets past due but not impaired

	<30 Days N'000	31 to 60 days N'000	61 to 90 days N'000	Total past due but not impaired N'000
At 31 December 2025				
Trade receivables	1,988,731	-	-	1,988,731
Reinsurance contract assets	3,948,749	-	-	3,948,749
	5,937,480	-	-	5,937,480
At 31 December 2024				
Trade receivables	1,842,948	-	-	1,842,948
Reinsurance contract assets	2,862,570	-	-	2,862,570
	1,842,948	-	-	1,842,948

Collateral

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types of collateral and the valuation parameters. Credit risk is also mitigated by entering into collateral agreements. Management monitors the market value of the collateral, requests additional collateral when needed and performs an impairment valuation when applicable.

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36.7.2 Liquidity risk

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

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

- Guidelines are set for asset allocations, portfolio limit structures and maturity profiles of assets, in order to ensure sufficient funding available to meeting insurance and investment contracts obligations.
- The Group's catastrophe excess-of-loss reinsurance contracts contain clauses permitting the immediate draw down of funds to meet claim payments should claim events exceed a certain size.
- Contingency funding plans are in place, which specify minimum proportions of funds to meet emergency calls well as specifying events that would trigger such plans.

Maturity profiles

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

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

The Group maintains a portfolio of highly marketable and diverse assets that can be easily liquidated in the event of an unforeseen interruption of cash flow. The Group also has committed lines of credit that it can access to meet liquidity needs to assist users in understanding how assets and liabilities have been matched. Reinsurance assets have been presented on the same basis as insurance liabilities. Loans and receivables include contractual undiscounted interest receivable.

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Maturity analysis (contractual undiscounted cash flows basis)

	Carrying amount N'000	Up to 1 year N'000	1-3 years N'000	3-5 years N'000	Over 5 years N'000	No maturity date N'000	Total N'000
At 31 December 2025							
Financial assets:							
Cash and cash equivalents	11,708,168	11,708,168	-	-	-	-	11,708,168
Debt securities at amortised cost	1,284,205	1,284,205	-	-	-	-	1,284,205
Trade receivable	1,988,731	1,988,731	-	-	-	-	1,988,731
Reinsurance contract assets	3,948,749	3,948,749	-	-	-	-	3,948,749
Other receivables	589,862	589,862	-	-	-	-	589,862
Statutory deposit	315,000	-	-	-	-	315,000	315,000
Total financial assets	19,834,715	19,519,715	-	-	-	315,000	19,834,715
Financial liabilities							
Insurance contract liabilities	6,495,641	6,495,641	-	-	-	-	6,495,641
Trade payables	-	-	-	-	-	-	-
Other payables and accruals	191,788	191,788	-	-	-	-	191,788
Borrowing	4,980,667	-	4,980,667	-	-	-	4,980,667
Lease liabilities	357,892	357,892	-	-	-	-	357,892
Total financial liabilities	12,025,988	7,045,321	4,980,667	-	-	-	12,025,988
Total liquidity gap	7,808,728	12,474,394	(4,980,667)	-	-	315,000	7,808,728

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Maturity analysis (contractual undiscounted cash flows basis) (Cont'd)

	Carrying amount N'000	Up to 1 year N'000	1 - 3 years N'000	3-5 years N'000	Over 5 years N'000	No maturity date N'000	Total N'000
At 31 December 2024							
Financial assets:							
Cash and cash equivalents	13,156,888	13,156,888	-	-	-	-	13,156,888
Debt securities at amortised cost	2,455,752	2,455,752	-	-	-	-	2,455,752
Trade receivable	1,842,948	1,842,948	-	-	-	-	1,842,948
Reinsurance contract assets	2,862,570	2,862,570	-	-	-	-	2,862,570
Other receivables	573,729	573,729	-	-	-	-	573,729
Statutory deposit	315,000	-	-	-	-	315,000	315,000
Total financial assets	21,206,887	20,891,887	-	-	-	315,000	21,206,888
Financial liabilities							
Insurance contract liabilities	6,499,696	6,499,696	-	-	-	-	6,499,696
Trade payables	-	-	-	-	-	-	-
Other payables and accruals	251,357	251,357	-	-	-	-	251,357
Borrowing	4,967,271	-	4,967,271	-	-	-	4,967,271
Lease liabilities	202,681	202,681	-	-	-	-	202,681
Total financial liabilities	11,921,005	6,953,734	4,967,271	-	-	-	11,921,005
Total liquidity gap	9,285,882	13,938,153	(4,967,271)	-	-	315,000	9,285,883

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The table below summarises the expected utilisation or settlement of assets and liabilities.

	31 December 2025			31 December 2024		
	Current ₦'000	Non-current ₦'000	Total ₦'000	Current ₦'000	Non-current ₦'000	Total ₦'000
Assets						
Cash and cash equivalents	11,708,168	-	11,708,168	13,156,888	-	13,156,888
Investment in financial assets:						
-Measured at fair value through profit or loss	2,074,991	-	2,074,991	1,412,978	-	1,412,978
-Measured at fair value through other comprehensive income	822,173	-	822,173	783,348	-	783,348
-Measured at amortised cost	1,284,205	-	1,284,205	2,455,752	-	2,455,752
Trade receivables	1,988,731	-	1,988,731	1,842,948	-	1,842,948
Reinsurance contract assets	3,948,749	-	3,948,749	2,862,570	-	2,862,570
Other receivables and prepayments	589,862	-	589,862	573,729	-	573,729
Investment in associate	-	-	-	-	-	-
Investment properties	-	1,490,790	1,490,790	-	1,347,398	1,347,398
Intangible assets	-	3,309	3,309	-	13,980	13,980
Right of use assets	-	700,425	700,425	-	263,522	263,522
Property, plant and equipment	-	2,669,561	2,669,561	-	2,704,791	2,704,791
Statutory deposit	-	315,000	315,000	-	315,000	315,000
Total assets	22,416,879	5,179,084	27,595,964	23,088,213	4,644,690	27,732,903
Liabilities						
Insurance contract liabilities	6,495,641	-	6,495,641	6,499,696	-	6,499,696
Trade payables	-	-	-	-	-	-
Other payables and accruals	191,788	-	191,788	251,357	-	251,357
Borrowing	4,980,667	-	4,980,667	4,967,271	-	4,967,271
Lease liabilities	-	357,892	357,892	-	202,681	202,681
Current income tax payable	202,232	-	202,232	249,795	-	249,795
Deferred tax liabilities	-	110,340	110,340	-	225,840	225,840
Total liabilities	11,870,327	251,154	12,338,559	11,968,119	251,154	12,396,640

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36.7.3 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign exchange rates (currency risk), market interest rates (interest rate risk) and market prices (price risk). The risk management frameworks for each of its components are discussed below:

36.7.3.1 Foreign exchange currency risk

The Group is exposed to foreign exchange currency risk primarily through certain transactions denominated in foreign currency. The Group is exposed to fluctuation of foreign currency through bank balances and borrowings in other currencies. The Group's transactions are carried out majorly in four (4) foreign currencies with a significant percentage of transactions involving US Dollars. The Group uses the average Central Bank exchange rate for each foreign currency to value assets and liabilities denominated in foreign currencies. The carrying amounts of the Group's foreign currency-denominated balances as at end of the year are as follows:

The table below summarizes the Group's exposure to foreign currency exchange rate risk at 31 December 2025 and 2024. Included in the table are the Company's financial instruments at carrying amounts, categorised by currency.

	2025				
	Naira ₦'000	Dollars \$'000	Pounds £'000	Euros €'000	Total ₦'000
Assets					
Cash and cash equivalents	4,374,629	7,333,539	-	-	11,708,168
- Measured at fair value through profit or loss	2,074,991	-	-	-	2,074,991
- Measured at fair value through other comprehensive income	822,173	-	-	-	822,173
- Measured at amortised cost	1,284,205	-	-	-	1,284,205
Trade receivables	1,988,731	-	-	-	1,988,731
Reinsurance contract assets	3,948,749	-	-	-	3,948,749
Other receivables	589,862	-	-	-	589,862
Statutory deposit	315,000	-	-	-	315,000
Total assets	15,398,340	7,333,539	-	-	22,731,879
Liabilities					
Insurance contract liabilities	6,495,641	-	-	-	6,495,641
Trade payables	-	-	-	-	-
Other payables and accruals	191,788	-	-	-	191,788
Borrowing	4,980,667	4,980,667	-	-	9,961,333
Lease liabilities	357,892	-	-	-	357,892
Total liabilities	11,668,096	4,980,667	-	-	16,648,762
Net exposure	3,730,244	2,352,872	-	-	6,083,117

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	2024				
	Naira ₦'000	Dollars \$'000	Pounds £'000	Euros €'000	Total ₦'000
Assets					
Cash and cash equivalents	4,828,985	8,327,649	254	-	13,156,888
- Measured at fair value through profit or loss	1,412,978	-	-	-	1,412,978
- Measured at fair value through other comprehensive income	783,348	-	-	-	783,348
- Measured at amortised cost	2,455,752	-	-	-	2,455,752
Trade receivables	1,842,948	-	-	-	1,842,948
Reinsurance contract assets	2,862,570	-	-	-	2,862,570
Other receivables	573,729	-	-	-	573,729
Statutory deposit	315,000	-	-	-	315,000
Total assets	15,075,310	8,327,649	254	-	23,403,214
Liabilities					
Insurance contract liabilities	6,499,696	-	-	-	6,499,696
Trade payables	-	-	-	-	-
Other payables and accruals	251,357	-	-	-	251,357
Borrowing	4,967,271	4,967,271	-	-	9,934,542
Lease liabilities	202,681	-	-	-	202,681
Total liabilities	11,718,324	4,967,271	-	-	16,685,596
Net exposure	3,356,985	3,360,378	254	-	6,717,618

Movement in exchange rate between the foreign currencies, and the Nigerian Naira affects reported profit before tax through revaluation gain or loss and consolidated statement of financial position size through increase or decrease in the revalued amounts of assets and liabilities denominated in foreign currency.

The table below shows the impact on the Group's statement of profit or loss and statement of financial position size if the exchange rate between the foreign currencies, and Nigerian Naira had increased or decreased by 16% (31 December 2024: 16%) with all other variables held constant.

Foreign currencies effect of 16% (31 December 2024: 16%) up or (down) movement on profit before tax and statement of financial position size (in thousands of Naira).

	2025	2024	2025	2024
	Change in variable		₦'000	₦'000
Dollars	16%	16%	376,460	537,660
Pounds	16%	16%	-	41
Euros	16%	16%	-	-
Dollars	-16%	-16%	(376,460)	(537,660)
Pounds	-16%	-16%	-	(41)
Euros	-16%	-16%	-	-

36.7.3.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fixed interest rate instruments expose the Group to fair value interest risk. Group does not expose to cash flow interest risk.

The Group has no significant concentration of interest rate risk.

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36.7.3.3 Equity price risk

Equity price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Group's equity price risk exposure relates to equity instrument whose values will fluctuate as a result of changes in market prices, principally investment securities.

The risks arising from change in price of our investment securities is managed through our investment desk and in line with the investment risk policy.

The Group is exposed to equity price risk as a result of holding quoted and non-quoted equity investments that present the Group with opportunity for return through dividend income and capital appreciation.

The unquoted securities represents the Group's holdings in Waica Reinsurance Corporation and Interconnect Clearinghouse Nigeria Limited

The analysis below is performed for reasonably possible movements in market indices with all other variables held constant, showing the impact up or (down) on profit before tax (due to changes in fair value of financial assets whose fair values are recorded in the statement of profit or loss and statement of financial position)

Investment quality and limit analysis

The Board through its Board Investment Committee set approval limits for taking investment decision approval limits are illustrated using an approval hierarchy that establishes different levels of authority necessary to approve investment decisions of different naira amounts. The approval limits system sets a personal discretionary limit for the Chief Executive Officer; requires that investment decisions above this personal discretionary limit requires approval by the Board of Directors and sets out lower limits for the Chief Finance Officer (CFO) and, or provides the CFO with the authority to assign limits to subordinates.

The analysis below is performed for reasonably possible movements in key variables (share price) with all other variables held constant, showing the impact on profit before tax (due to changes in fair value of financial assets whose fair values are recorded in profit or loss) and equity (that reflects adjustments to profit before tax and changes in fair value of equity instrument through OCI). The correlation of variables will have a significant effect in determining the ultimate impact on price risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis.

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			2025		2024	
Change in variable			Impact on profit before tax N'000	Impact on equity (OCI) N'000	Impact on profit before tax N'000	Impact on equity (OCI) N'000
FVTPL	2%	2%	41,500	-	28,260	-
	-2%	-2%	(41,500)	-	(28,260)	-
FVTOCI	2%	2%	-	16,443	-	15,667
	-2%	-2%	-	(16,443)	-	(15,667)

36.7.4 Operational risks

Our operational risk exposure arises from inadequately controlled internal processes or systems, human error or non-compliance as well as from external events. Operational risk management framework includes strategic, reputation and compliance risks. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss. The Group cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Group is able to manage the risks. Controls include effective segregation of duties, access controls, authorisation and reconciliation procedures, staff education and assessment processes, including the use of internal audit. Business risks such as changes in environment, technology and the industry are monitored through the Group's strategic planning and budgeting process.

The table below sets out the concentration of non-life insurance contract liabilities by type of contract:

	2025			2024		
		Re- insurance share of	Net		Re- insurance share of	Net liabilities
	Gross liabilities N'000	liabilities N'000	liabilities N'000	Gross liabilities N'000	liabilities N'000	liabilities N'000
Accident	-	(278,658)	(278,658)	276,964	(439,312)	(162,348)
Engineering	-	(27,014)	(27,014)	19,295	(12,641)	6,654
Fire	-	(82,727)	(82,727)	80,419	(270,148)	(189,729)
Marine	-	(198,312)	(198,312)	16,934	(39,248)	(22,314)
Motor	-	-	-	2,061	-	2,061
Oil & Gas	-	(112,856)	(112,856)	47,795	(108,166)	(60,371)
	-	(699,567)	(699,567)	443,468	(869,515)	(426,047)

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36.8 Sensitivity analysis

The non-life insurance claim liabilities are sensitive to the key assumptions that follow. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process.

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

It should be noted that movements in these assumptions are non-linear.

		2025			2024		
Change in assumptions		Impact on gross liabilities N'000	Impact on net liabilities N'000	Impact on profit before tax N'000	Impact on gross liabilities N'000	Impact on net liabilities N'000	Impact on profit before tax N'000
Loss percentage	+5%	-	(34,978)	(34,978)	22,173	(21,302)	(43,476)
Loss percentage	-5%	-	34,978	34,978	(22,173)	21,302	43,476
Inflation rate	+2%	-	(6,996)	(6,996)	4,435	(4,260)	(8,695)
Inflation rate	2%	-	6,996	6,996	(4,435)	4,260	8,695
Discount rate	+2%	-	(6,996)	(6,996)	4,435	(4,260)	(8,695)
Discount rate	2%	-	6,996	6,996	(4,435)	4,260	8,695

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37. Hypothecation of Assets

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

31 December 2025

	Policyholders' funds		Investment contract		Shareholders funds		Total
	Non-life	Life	Non-life	Life	Non-life	Life	
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Assets							
Cash and cash equivalents	8,195,718	-	-	-	3,512,450	-	11,708,168
Investment in financial assets:							
-Measured at fairvalue through profit or loss	2,074,991	-	-	-	-	-	2,074,991
-Measured at fairvalue through other comprehensive income	822,173	-	-	-	-	-	822,173
-Measured at amortised cost	898,944	-	-	-	385,262	-	1,284,205
Trade receivables	-	-	-	-	1,988,731	-	1,988,731
Reinsurance contract assets	3,948,749	-	-	-	-	-	3,948,749
Other receivables and prepayments	-	-	-	-	589,862	-	589,862
Investment in associate	-	-	-	-	-	-	-
Investment properties	-	-	-	-	1,490,790	-	1,490,790
Intangible assets	-	-	-	-	3,309	-	3,309
Right of use assets	-	-	-	-	700,425	-	700,425
Property, plant and equipment	-	-	-	-	2,669,561	-	2,669,561
Statutory deposit	-	-	-	-	315,000	-	315,000
Total assets	15,940,574	-	-	-	11,655,389	-	27,595,964
Liabilities							
Insurance contract liabilities	6,495,641	-	-	-	-	-	6,495,641
Trade payables	-	-	-	-	-	-	-
Other payables and accruals	-	-	-	-	191,788	-	191,788
Borrowing	-	-	-	-	4,980,667	-	4,980,667
Lease liabilities	-	-	-	-	357,892	-	357,892
Current income tax payable	-	-	-	-	202,232	-	202,232
Deferred tax liabilities	-	-	-	-	110,340	-	110,340
Total liabilities	6,495,641	-	-	-	5,842,918	-	12,338,559
Surplus	9,444,933	-	-	-	5,812,471	-	15,257,404

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	Policyholders' funds		Investment contract		Shareholders funds		Total
	Non-life	Life	Non-life	Life	Non-life	Life	
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Assets							
Cash and cash equivalents	9,209,822	-	-	-	3,947,066	-	13,156,888
Investment in financial assets:							
-Measured at fairvalue through profit or loss	1,412,978	-	-	-	-	-	1,412,978
-Measured at fairvalue through other comprehensive income	783,348	-	-	-	-	-	783,348
-Measured at amortised cost	1,719,026	-	-	-	736,726	-	2,455,752
Trade receivables	-	-	-	-	1,842,948	-	1,842,948
Reinsurance contract assets	2,862,570	-	-	-	-	-	2,862,570
Other receivables and prepayments	-	-	-	-	573,729	-	573,729
Investment in associate	-	-	-	-	-	-	-
Investment properties	-	-	-	-	1,347,398	-	1,347,398
Intangible assets	-	-	-	-	13,980	-	13,980
Right of use assets	-	-	-	-	263,522	-	263,522
Property, plant and equipment	-	-	-	-	2,704,791	-	2,704,791
Statutory deposit	-	-	-	-	315,000	-	315,000
Total assets	15,987,744	-	-	-	11,745,159	-	27,732,903
Liabilities							
Insurance contract liabilities	6,499,696	-	-	-	-	-	6,499,696
Financial liabilities	-	-	-	-	-	-	-
Trade payables	-	-	-	-	251,357	-	251,357
Other payables	-	-	-	-	4,967,271	-	4,967,271
Lease liabilities	-	-	-	-	202,681	-	202,681
Income tax payable	-	-	-	-	249,795	-	249,795
Deferred tax liabilities	-	-	-	-	225,840	-	225,840
Total liabilities	6,499,696	-	-	-	5,671,104	-	12,396,640
Surplus	9,488,048	-	-	-	6,074,055	-	15,336,263

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	Motor N'000	Fire and property N'000	General accident N'000	Marine and aviation N'000	Oil and gas N'000	Bonds N'000	Aviation N'000	Car and engineering N'000	Total N'000
38.Segment information									
For the year ended 31 December 2025									
Gross premium written	8,451,624	4,723,758	4,063,440	2,461,013	17,930,694	2,495,560	448,446	5,711,897	46,286,433
Reinsurance inward	-	-	-	-	-	-	-	-	-
Premium received	8,451,624	4,723,758	4,063,440	2,461,013	17,930,694	2,495,560	448,446	5,711,897	46,286,433
Changes in unexpired premium	460,325	(61,718)	(130,151)	30,054	(848,467)	106,993	50,419	205,499	(187,047)
Interest accretion to insurance contract	-	-	-	-	-	-	-	-	-
Recovery of insurance acquisition cashflows	-	-	-	-	-	-	-	-	-
Total insurance revenue	8,911,949	4,662,040	3,933,289	2,491,067	17,082,227	2,602,554	498,865	5,917,395	46,099,386
Claims and other benefits paid	3,538,417	899,170	995,565	183,349	189,014	14,010	32,974	199,340	6,051,839
Changes related to past services	96,826	(377,803)	(317,499)	95,776	(9,426)	272,425	(1,570)	50,168	(191,103)
Incurred claims and other incurred insurance service expenses	3,635,243	521,367	678,066	279,125	179,588	286,435	31,404	249,508	5,860,736
Risk adjustments released for liabilities for incurred claims	(15,080)	(128,814)	(234,441)	(68,849)	(55,229)	(140,964)	(1,890)	(11,521)	(656,789)
Insurance acquisition cash flows:									
Amortisation of insurance acquisition cash flows	4,532,125	1,709,638	2,064,207	940,766	2,553,706	1,003,801	99,762	4,523,305	17,427,310
Total insurance expenses	8,152,288	2,102,190	2,507,832	1,151,042	2,678,065	1,149,272	129,276	4,761,292	22,631,256
Expected claims and other expenses recovery	-	(2,772)	141,637	266,895	(810,884)	40,096	77,863	150,192	(136,972)
Changes in the risk adjustment recognised for the risk expired	-	-	-	-	-	-	-	-	-
CSM recognised for the services received	8,416	1,883,705	1,526,759	819,835	15,377,094	279,165	-	595,967	20,490,942
Expected amount recoverable for claims and other insurance service expenses incurred in the period	8,416	1,880,934	1,668,396	1,086,731	14,566,209	319,261	77,863	746,160	20,353,970
Contracts measured under the PAA	8,416	1,880,934	1,668,396	1,086,731	14,566,209	319,261	77,863	746,160	20,353,970
Contracts not measured under the PAA	-	-	-	-	-	-	-	-	-
Allocation of reinsurance premiums paid	8,416	1,880,934	1,668,396	1,086,731	14,566,209	319,261	77,863	746,160	20,353,970
Changes in amounts recoverable that relate to past service – adjustments to incurred claims	(31,764)	170,324	89,235	(167,742)	(11,818)	(101,055)	131	(15,208)	(67,897)
Effect of changes in the risk of reinsurers non-performance	5,271	59,226	103,623	24,410	6,463	43,548	281	4,690	247,512
Reinsurance claim recoveries	-	-	-	(131,973)	(322,315)	(533,708)	-	(318,191)	(1,306,187)
Amounts recoverable for incurred claims and other incurred insurance service expenses	(26,493)	229,549	192,858	(275,305)	(327,669)	(591,215)	412	(328,709)	(1,126,572)
Contracts not measured under the PAA	(26,493)	229,549	192,858	(275,305)	(327,669)	(591,215)	412	(328,709)	(1,126,572)
Contracts measured under the PAA	-	-	-	-	-	-	-	-	-
Amounts recovered from reinsurers	(26,493)	229,549	192,858	(275,305)	(327,669)	(591,215)	412	(328,709)	(1,126,572)
Net expenses from reinsurance contracts held	(18,076)	2,110,483	1,861,254	811,426	14,238,540	(271,954)	78,275	417,451	19,227,398
Insurance service result before net finance expenses/income from insurance and reinsurance contracts	777,738	449,366	(435,796)	528,599	165,622	1,725,237	291,314	738,652	4,240,732
Net finance expenses from insurance contracts	(15,080)	(128,814)	(234,441)	(68,849)	(55,229)	(140,964)	(1,890)	(11,521)	(656,789)
Net finance income from reinsurance contracts	5,270	59,226	103,623	24,410	6,463	43,548	281	4,690	247,511
Insurance service result after net finance expenses/income from insurance and reinsurance contracts	3,629,973	379,777	(566,614)	484,160	116,857	1,627,821	289,705	731,821	3,831,454

SOVEREIGN TRUST INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

	Motor N'000	Fire and property N'000	General accident N'000	Marine and aviation N'000	Oil and gas N'000	Bonds N'000	Aviation N'000	Car and engineering N'000	Total N'000
38. Segment information									
For the year ended 31 December 2024									
Gross premium written	6,595,759	12,825,175	2,542,486	2,235,452	14,399,055	2,051,294	448,446	995,320	42,092,987
Reinsurance inward	-	-	-	-	-	-	-	-	-
Premium received	6,595,759	12,825,175	2,542,486	2,235,452	14,399,055	2,051,294	448,446	995,320	42,092,987
Changes in unexpired premium	(135,060)	(465,187)	(20,542)	(462,738)	(319,266)	773,254	(800,309)	(215,143)	(1,644,991)
Interest accretion to insurance contract	-	-	-	-	-	-	-	-	-
Recovery of insurance acquisition cashflows	-	-	-	-	-	-	-	-	-
Total insurance revenue	6,460,699	12,359,988	2,521,944	1,772,714	14,079,789	2,824,548	(351,863)	780,177	40,447,996
Claims and other benefits paid	1,740,236	899,170	995,565	183,349	189,014	14,010	32,974	199,340	4,253,658
Changes related to past services	(322,040)	266,077	969,648	19,688	(826,103)	311,705	(48,734)	(419,643)	(49,401)
Incurred claims and other incurred insurance service expenses	1,418,196	1,165,247	1,965,213	203,037	(637,089)	325,715	(15,760)	(220,303)	4,204,256
Risk adjustments released for liabilities for incurred claims	11,478	14,858	12,416	(59,252)	(842,749)	(886)	(23)	(381,668)	(1,245,826)
Insurance acquisition cash flows:									
Amortisation of insurance acquisition cash flows	2,957,964	7,496,740	493,557	593,256	3,660,508	809,205	101,827	505,816	16,618,874
Total insurance expenses	4,387,638	8,676,845	2,471,186	737,041	2,180,670	1,134,034	86,045	(96,155)	19,577,305
Expected claims and other expenses recovery	1,451	496,535	(2,088,425)	430,392	(419,000)	(85,338)	(6,664)	65,817	(1,605,232)
Changes in the risk adjustment recognised for the risk expired	-	-	-	-	-	-	-	-	-
CSM recognised for the services received	-	2,931,776	1,400,906	1,495,280	10,477,400	220,571	-	438,651	16,964,583
Expected amount recoverable for claims and other insurance service expenses incurred in the period	1,451	3,428,311	(687,519)	1,925,671	10,058,399	135,233	(6,664)	504,468	15,359,351
Contracts measured under the PAA	1,451	3,428,311	(687,519)	1,925,671	10,058,399	135,233	(6,664)	504,468	15,359,351
Contracts not measured under the PAA	-	-	-	-	-	-	-	-	-
Allocation of reinsurance premiums paid	1,451	3,428,311	(687,519)	1,925,671	10,058,399	135,233	(6,664)	504,468	15,359,351
Changes in amounts recoverable that relate to past service – adjustments to incurred claims	-	(909,693)	1,548,953	(268,891)	745,291	(105,044)	-	(757,524)	253,091
Effect of changes in the risk of reinsurers non-performance	-	21,506	71,670	8,546	250,054	281	4	665	352,723
Reinsurance claim recoveries	-	(924,270)	(523,495)	(118,911)	-	(84,458)	-	(92,688)	(1,743,822)
Amounts recoverable for incurred claims and other incurred insurance service expenses	-	(1,812,457)	1,097,127	(379,256)	995,344	(189,221)	4	(849,547)	(1,138,007)
Contracts not measured under the PAA	-	(1,812,457)	1,097,127	(379,256)	995,344	(189,221)	4	(849,547)	(1,138,007)
Contracts measured under the PAA	-	-	-	-	-	-	-	-	-
Amounts recovered from reinsurers	-	(1,812,457)	1,097,127	(379,256)	995,344	(189,221)	4	(849,547)	(1,138,007)
Net expenses from reinsurance contracts held	1,451	1,615,854	409,608	1,546,415	11,053,744	(53,988)	(6,661)	(345,080)	14,221,343
Insurance service result before net finance expenses/income from insurance and reinsurance contracts	2,071,609	2,067,290	(358,850)	(510,742)	845,375	1,744,502	(431,248)	1,221,411	6,649,348
Net finance expenses from insurance contracts	11,478	14,858	12,416	(59,252)	(842,749)	(886)	(23)	(381,668)	(1,245,826)
Net finance income from reinsurance contracts	-	21,506	71,670	8,546	250,054	281	4	665	352,723
Insurance service result after net finance expenses/income from insurance and reinsurance contracts	1,418,196	2,103,653	(274,764)	(561,448)	252,680	1,743,897	(431,267)	840,408	5,756,245

SOVEREIGN TRUST INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

39. Contraventions

There was no penalty paid in the current year and no other contravention occurred during the year.

40. Events after the reporting date

There are no events after reporting date which could have a material effect on the financial statements of the Group as at 31 December 2025 or the financial performance for the year ended that have not been adequately provided for or disclosed.

41. Contingencies and commitments

41.1 Contingencies proceedings and regulations

The Group operates in the insurance industry and is subject to legal proceedings 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.

The Group is also subject to insurance solvency regulations of NAICOM. There are no contingencies associated with the Group's compliance or lack of compliance with such regulations.

41.2 Capital commitments and operating leases

The Company has no capital commitments at the reporting date.

The Group has entered into commercial property leases on its investment properties portfolio and the Group's surplus office buildings. These non-cancellable leases have remaining terms of between one and five years. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

Future minimum lease rentals receivable under non-cancellable operating leases as at 31 December are as follows:

	2025	2024
	₦'000	₦'000
Within one year	32,886	10,118
After one year but not more than five years	-	-
	<u>32,886</u>	<u>10,118</u>

42. Going Concern Assessment

The Group will continue to assess the status of the fight against the pandemic and its impact on the Group's business. However, based on current assessment and result for the year just concluded, the Directors are confident that the Going Concern of the Group will not be threatened and would be able to continue to operate in the foreseeable future.

SOVEREIGN TRUST INSURANCE PLC

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

OTHER NATIONAL DISCLOSURES

SOVEREIGN TRUST INSURANCE PLC

STATEMENT OF VALUE ADDED FOR THE YEAR ENDED 31 DECEMBER 2025

	2025		2024	
	₦'000	%	₦'000	%
Insurance revenue	46,099,386		40,447,996	
Net finance income from reinsurance contracts	247,511		352,723	
Financial assets measured at amortised cost	700,910		929,973	
Other investment incomes	189,676		148,122	
Insurance service expenses	(22,631,256)		(19,577,305)	
Net expenses from reinsurance contract	(18,959,859)		(14,221,343)	
Net finance expenses from insurance contracts	(656,789)		(1,245,826)	
Other charges and expenses	1,009,939		38,762	
Value added	5,999,517	100	6,873,102	100
Applied as follow:				
In payment to employees				
Employee benefits expense	2,681,337	45	2,167,917	32
In payment to Government				-
As taxes	182,437	3	283,141	4
In payment to providers of Capital				
Shareholders as dividend	711,407	12	426,844	6
Retained in the business				
Depreciation of property and equipment	193,324	3	232,988	3
Amortisation of intangible	18,672	0	44,157	1
Amortisation of right-of-use	229,990	4	135,103	2
Contingency reserve	1,388,593	23	1,262,790	18
Profit for the year	593,757	10	2,320,162	34
Value added	5,999,517	100	6,873,102	100

Value added statement represents the wealth created by the efforts of the company and its employees' efforts based on ordinary activities and the allocation of that wealth being created between employees, shareholders, government and that retained for the future creation of more wealth.

SOVEREIGN TRUST INSURANCE PLC

FIVE-YEAR FINANCIAL SUMMARY

31 DECEMBER

	2025	2024	2023	2022	2021
	₦'000	₦'000	₦'000	₦'000	₦'000
				Restated	Restated
Statement of financial position					
Assets					
Cash and cash equivalents	11,708,168	13,156,888	10,989,022	7,803,243	7,982,827
Investment securities	4,181,369	4,652,078	3,261,176	2,662,164	1,700,920
Trade receivables	1,988,731	1,842,948	1,492,948	894,415	884,015
Reinsurance assets	3,948,749	2,862,570	2,580,533	2,480,968	2,046,189
Other receivables and prepayments	589,862	573,729	239,089	217,394	226,901
Investment in Subsidiary	232,772	232,772	-	-	-
Investment in associate	-	-	108,741	100,550	92,131
Investment properties	1,490,790	1,347,398	1,253,340	1,158,470	1,014,708
Intangible assets	3,309	13,980	58,137	61,604	1,844
Deferred acquisition costs	-	-	-	-	-
Right of use assets	700,425	263,522	122,056	31,500	47,250
Property and equipment	2,669,561	2,704,791	2,340,845	1,428,256	1,423,467
Statutory deposit	315,000	315,000	315,000	315,000	315,000
Total assets	27,828,735	27,965,675	22,760,887	17,153,565	15,735,252
Liabilities and equity					
Liabilities					
Insurance contract liabilities	6,495,641	6,499,696	4,679,815	4,146,766	3,288,520
Trade payables	-	-	203,663	227,224	678,224
Other payables and accruals	191,788	251,357	156,311	114,150	82,191
Borrowing	4,980,667	4,967,271	3,625,068	2,078,536	1,714,241
Lease liabilities	357,892	202,681	56,982	19,273	19,869
Current income tax payable	202,232	249,795	94,455	99,668	227,781
Deferred tax liabilities	110,340	225,840	315,347	63,167	96,375
Total liabilities	12,338,559	12,396,640	9,131,641	6,748,784	6,107,201
Equity					
Ordinary share capital	7,114,070	7,114,070	7,114,070	5,682,248	5,682,248
Share premium	33,814	33,814	33,814	74,057	74,057
Contingency reserve	7,404,671	6,016,078	4,753,288	4,168,435	3,689,555
Revaluation reserve	979,023	979,023	979,023	390,605	390,560
Fair value reserve	177,348	138,559	(34,691)	4,793	16,947
Insurance finance reserves	(404,199)	(404,199)	(277,419)	(232,697)	-
Retained earnings/(loss sustained)	185,449	1,691,691	1,061,163	317,340	(225,317)
Total equity	15,490,176	15,569,036	13,629,248	10,404,781	9,628,050
Total liabilities and equity	27,828,735	27,965,677	22,760,887	17,153,565	15,735,251
Statement of profit or loss and other comprehensive income					
				Restated	Restated
Insurance Revenue written	46,099,386	40,447,996	19,322,894	12,718,526	12,718,526
Insurance service result	4,508,271	6,649,348	3,355,795	3,325,731	2,413,835
Insurance Revenue earned	-	-	-	-	-
Profit before income tax	776,194	2,603,303	1,440,223	1,448,747	885,757
Profit after income tax	593,757	2,320,162	1,298,436	1,386,788	974,732
Earnings per share - basic & diluted	4.17	16.31	9.13	16.14	11.34