

2020

REPORT OF DIRECTORS AND
CONSOLIDATED AND
SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

- IEI PLC

INTERNATIONAL ENERGY INSURANCE PLC
Lagos, Nigeria

REPORT OF THE DIRECTORS

AND

CONSOLIDATED AND SEPARATE FINANCIAL
STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

DOYIN OWOLABI & CO.
(Chartered Accountants)
14, Falolu Street,
Surulere,
Lagos.

INTERNATIONAL ENERGY INSURANCE PLC
 CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

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INTERNATIONAL ENERGY INSURANCE PLC

CORPORATE INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 2020

DIRECTORS

| | | |
|-----------------------------|---|--|
| Mr. Muhammad K. Ahmad (OON) | - | Interim Chairman |
| Mr. Peter Irene | - | Interim Managing Director (Resigned on 20 th Dec' 2020) |
| Mr. Ebunolu Ayeni | - | Managing Director (Appointed on 20 th Dec' 2020) |
| Ms. Ibiyemi B. Adeyinka | - | Interim Non-Executive Director |
| Ms. Daisy Ekineh | - | Interim Non-Executive Director |

SECRETARY

H. Michael & Co
48B, Lasode Crescent
Victoria Island, Lagos

REGISTRATION NO.

RC No. 6126

REGISTERED OFFICE

Plot 294, Jide Oki Street
Victoria Island, Lagos

SOLICITORS

Bayo Osipitan & Co.
2A Ireti Street
Off Thorburn Avenue, Yaba

Solola & Akpana
3B, Tokunbo Omisore Street,
Off Wole Olateju, Lekki Phase 1, Lagos

AUDITORS

Doyin Owolabi & Co. (Chartered Accountants)
14, Falolu Street,
Surulere, Lagos.

BANKERS

Access Bank Plc
United Bank for Africa Plc
Zenith Bank Plc
Diamond Bank Plc
Keystone Bank Limited
Wema Bank Plc
Fidelity Bank Plc

ACTUARIES

Brian Karidza (FIA FASSA CERA)
FRC/2017NAS/00000016625
Alexander Forbes Nigeria Limited
Plot 235, Muri Okunola Street,
Rio Plaza, 2nd Floor, Victoria Island, Lagos

**INTERNATIONAL ENERGY INSURANCE PLC
FINANCIAL HIGHLIGHTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

| Group | | Company | |
|-------|--|---------|--|
|-------|--|---------|--|

| 2020 | | 2019 | | 2020 | | 2019 | |
|------|------|------|------|------|---|------|---|
| N | '000 | N | '000 | % | N | '000 | % |

Major statement of financial position items

As at December 31:

| | | | | | | |
|--------------------------------|--------------|--------------|---|--------------|--------------|---|
| Total assets | 8,992,890 | 8,755,366 | 3 | 8,807,441 | 8,636,224 | 1 |
| Insurance contract liabilities | 4,110,675 | 4,053,715 | 1 | 4,110,675 | 4,053,715 | 1 |
| Total deficit | (11,106,426) | (10,634,445) | 4 | (11,075,790) | (10,575,108) | 4 |

Major statement of profit or loss items

For the year ended December 31:

| | | | | | | |
|---|-------------|-----------|--------|-------------|---------|--------|
| Gross written premium | 564,563 | 525,947 | 7 | 564,563 | 525,947 | 7 |
| Underwriting results | 235,905 | 103,296 | 41 | 235,905 | 103,296 | 41 |
| Investment and other operating income, net realized, fair value changes and Interest Revenue | 1,168,123 | 1,719,278 | (32) | 303,581 | 859,121 | (65) |
| (Loss)/profit before income tax expense | (1,160,936) | 308,115 | (477) | (1,207,079) | 276,230 | (537) |
| Income tax expense | 549,917 | (32,726) | (1760) | 571,989 | (8,816) | (6588) |
| (Loss)/profit for the year | (610,019) | 275,389 | (322) | (635,090) | 267,414 | (337) |

Net liabilities per share (kobo)

| | | | | |
|--|-------|-------|-------|-------|
| | (879) | (826) | (862) | (824) |
|--|-------|-------|-------|-------|

(Loss)/profit Per Share:

Basic and Diluted loss per share (Kobo)

| | | | | |
|--|------|----|------|----|
| | (48) | 21 | (49) | 24 |
|--|------|----|------|----|

INTERNATIONAL ENERGY INSURANCE PLC

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED DECEMBER 31, 2020

The Directors submit their Report on the affairs of International Energy Insurance Plc ("the Company") and its subsidiary, (collectively "the Group") together with the consolidated and separate financial statements for the year ended December 31, 2020.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activities of International Energy Insurance Plc are the provision of general business risk underwriting and related financial services to corporate and retail customers. The Company has 81% shareholding in IEI Anchor Pensions Managers Limited. IEI Anchor Pensions Managers Limited is engaged in Pension Fund Administration for employees in the private and public sector.

RESULTS FOR THE YEAR

| | Group | | Company | |
|--|-------------|----------|-------------|---------|
| | N'000 | N'000 | N'000 | N'000 |
| (Loss)/Profit before income tax expense | (1,160,936) | 308,115 | (1,207,079) | 276,230 |
| Income tax expense | 549,917 | (32,726) | 571,989 | (8,816) |
| (Loss)/Profit for the year | (611,019) | 275,389 | (635,090) | 267,414 |
| Other comprehensive income/(loss) for the year, net of tax | 109,382 | 469,804 | 109,382 | 469,804 |
| Total comprehensive profit/(loss) for the year | (501,637) | 745,193 | (525,708) | 737,218 |

DIVIDEND

The Directors do not recommend payment of any dividend for the year ended December 31, 2020 (2019: Nil).

EVENTS AFTER REPORTING DATE

There are no events after the reporting date, which could have had a material effect on the financial position of the Group and the Company as at December 31, 2020 and the profit for the year then ended.

BOARD OF DIRECTORS

The following are members of the Interim board of Directors who held office during the year and at the date of this report, these directors were appointed by NAICOM:

| | | |
|----------------------------|---|---|
| Mr. Muhammad K. Ahmad, OON | - | Interim Chairman |
| Mr. Peter Irene | - | Interim Managing Director (Resigned on 20 th Dec 2020) |
| Mr. Ebunolu Ayeni | - | Managing Director (Appointed on 20 th Dec 2020) |
| Ms. Ibiyemi B. Adeyinka | - | Interim Non-Executive Director |
| Ms. Daisy Ekineh | - | Interim Non-Executive Director |

DIRECTORS' INTEREST IN CONTRACTS

In accordance with Section 277 of the Companies and Allied Matters Act of Nigeria, CAP C20 Laws of the Federation of Nigeria, none of the Directors has notified the Company of any declarable interest in contracts during the year.

DIRECTORS' INTEREST IN SHARES

The Directors' direct and indirect interests in the issued share capital of the Company are as follows:

| Directors | 2020 | 2019 |
|-----------------------------|--------|--------|
| Mr. Muhammad K. Ahmad (OON) | - | - |
| Mr. Ebunolu Ayeni | - | - |
| Ms. Ibiyemi B. Adeyinka | 38,888 | 38,888 |
| Ms. Daisy Ekineh | - | - |

INTERNATIONAL ENERGY INSURANCE PLC

REPORT OF THE DIRECTORS - CONTINUED

FOR THE YEAR ENDED DECEMBER 31, 2020

AGENTS AND BROKERS

The Group maintains a network of licensed agents. The Group also renders services directly to its customers as well as through a varied network of brokers who are licensed by the National Insurance Commission (NAICOM).

COMPLAINTS MANAGEMENT POLICY FRAMEWORK

Complaint Management Policy has been prepared in compliance with the requirement of the Nigerian Capital Market (SEC Rules) issued by the Securities & Exchange Commission and the Nigerian Stock Exchange Directives (the NSE Directives) as well as in recognition of the importance of effective engagement in promoting shareholders/investors' confidence in the Company and the capital market.

REINSURANCE

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

- | | |
|--------------------------------------|------------------------------------|
| - African Reinsurance Corporation | - Continental Reinsurance Plc. |
| - WAICA Reinsurance Corporation Plc. | - Nigerian Reinsurance Corporation |
| - CICA Reinsurance Company | - PTA/ZEP Reinsurance Company |
| - NCA Reinsurance Company | |

RESEARCH AND DEVELOPMENT

The Group is not involved in any research and development activities.

DISABLED PERSONS

The Group believes in giving full and fair consideration to all current and prospective staff. No disabled person (2019: Nil) is currently employed by the Group. There are procedures in respect for those employees who became disabled, to be assigned duties that are commensurate to their disabilities.

GIFTS AND DONATIONS

The Group made no charitable donations (2019: Nil) during the year under review.

HEALTH AND SAFETY AT WORK OF EMPLOYEES

The Group places a high premium on the health and welfare of its employees. Medical facilities are provided for the staff and their families at private hospitals retained within the respective localities of the staff residence through Group's appointed Health Management Organizations (HMO). Firefighting equipment has also been installed in strategic positions within the offices of the Group. The Group incurred a sum of ₦5.038million (2019: ₦6.8 million) and Company ₦6.038million (2019: ₦6.8 million) in providing such medical benefits during the year.

INTERNATIONAL ENERGY INSURANCE PLC

REPORT OF THE DIRECTORS - CONTINUED

FOR THE YEAR ENDED DECEMBER 31, 2020

EMPLOYEE INVOLVEMENT AND TRAINING

In addition to in-house training, the Group, where necessary sends its employees on various seminars, conferences, workshops and courses both locally and abroad. The staff are encouraged to improve themselves academically in any chosen profession, which is relevant to their job. The Group refunds a substantial proportion of all expenses incurred on such courses on the successful completion of the course. The Group incurred ₦4.09million (2019: ₦5.4million) on employees training during the year.

AUDITORS

Messrs. Doyin Owolabi & Co (Chartered Accountants) were appointed as auditors on 27 July 2020 and have indicated their willingness to continue in office as auditors of the Company in accordance with Section 357 (2) the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria.

Order of the Interim Board

17 January 2022

H. Michael & Co.
Company Secretary
FRC/2013/NBA/00000001060
Lagos, Nigeria



INTERNATIONAL ENERGY INSURANCE PLC

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2020

Management Objectives

International Energy Insurance Plc is the first energy-sector focused insurance company in the country providing first class underwriting solutions for offshore, onshore as well as general business risks using a combination of strategic initiatives and excellent service delivery.

We are a market oriented Company that focuses on customers' satisfaction. Our business model is "Superior Service Delivery" which is customer-centric. It is aimed at meeting and surpassing the expectations of internal and external customers'.

Management focus in the period to come is to adopt initiatives and actions that will guarantee the growth of the Company including introducing additional capital necessary to reposition the Company.

Management Strategy

The Company's strategy is to use technology and international best practice and superior services to provide its customers with tailor made solutions. The Company has put series of measures, initiatives and target aimed at profitable growth and increase market share. The Company aspire to achieve market leadership in all segment of the business.

Operating Results

| | Group | | Company | |
|---|---------------|---------------|---------------|---------------|
| | 2020 N'000 | 2019 N'000 | 2020 N'000 | 2019 N'000 |
| Gross Premium written | 564,563 | 525,947 | 564,563 | 525,947 |
| (Loss)/Profit before income tax expense | (1,160,936) | 308,115 | (1,207,079) | 276,230 |
| Income tax expense/credit | 549,917 | (32,728) | 571,969 | (8,816) |
| (Loss)/Profit for the year | (611,019) | 275,389 | (635,090) | 267,414 |

INTERNATIONAL ENERGY INSURANCE PLC

CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED DECEMBER 31, 2020

Year 2020 was a particularly difficult year because of the effect of the Covid 19 global pandemic and the effect of End SARS civil unrest all over the nation, which suspended business activities for most part of the year.

In line with our commitment to the principles of good governance, ethics, probity and professionalism, we continue to be transparent in our business transactions through compliance with ethics and statutory provisions and laws relating to insurance business to achieve our corporate objectives.

We have continued to work consistently at ensuring compliance and explaining circumstances through our corporate governance reporting platform to the regulators.

IEI operates its business within the framework of appropriate rules and regulations under which it was incorporated, as well as global best practices, corporate governance codes and guidelines released by relevant regulatory authorities such as the National Insurance Commission, the Nigerian Stock Exchange and the Securities and Exchange Commission, as well as the Corporate Affairs Commission.

Best practices principles have been an integral part of how we now conduct our business affirming our belief that good corporate governance is a means of retaining and expanding our clientele, sustaining the viability of the business in the long term and maintaining the confidence of investors. IEI believes that the attainment of its business objectives is, among others, directly aligned to good corporate behavior as it provides stability and growth to the enterprise. In line with this objective and the need to meet its responsibility to its stakeholders, the Company strives to meet the expectations of its operating environment. That is why we have continued to challenge ourselves and to reinvent our processes to effectively tackle the unfolding challenges and exploit emerging opportunities. In spite of our current challenges, we are determined to remain an important player in the industry by considering various options open to us to upscale our business bearing in mind our goals for success through business sustainability initiatives.

The Board of the company, in the course of the year commenced the process of the recapitalization of the company by way of business combination options as approved at its 42nd Annual General Meeting in Kano in February 2017.

The Company has strengthened its systems of internal control and risk management to safeguard the interest of all the stakeholders to the business. As indicated in the statement of responsibility of Directors and notes to the Financial Statements, IEI adopts standard accounting practices to engender transparency in the disclosure of information and to give assurance to the reliability of the financial statements.

ETHICAL STANDARDS

The leadership of the Board continues to provide ethical leadership where every process of operations is subject to due process and ethical conduct with all stakeholders are duly observed. To maintain high ethical standard for the conduct of its business, IEI ensures that each director and employee discloses to the board his/her interest in any other company within the insurance industry and in position where their self-interest conflict with their duty to act in the best interest of the Company.

CORPORATE STRUCTURE

Shareholders Meeting

The Company in actualization of its corporate governance objectives recognizes its shareholders as the highest decision making body in line with the provisions of its Memorandum and Articles of Association. The Annual General Meeting of the Company by statutory requirement is to be held once in a year. An Extra-Ordinary General Meeting of the Company may be convened at the behest of the Board or shareholders holding not less than 10% of the Company's paid up capital. Attendance at these meetings is open to shareholders and/or their proxies and sufficient notice is given to ensure maximum attendance of the shareholders. IEI held its 42nd Annual General Meeting on February 23, 2017 and decisions affecting the strategic development and direction of the Company were taken under the watchful eyes of representatives of regulatory authorities such as the National Insurance Commission, Nigerian Stock Exchange, Securities and Exchange Commission and members of the press.

INTERNATIONAL ENERGY INSURANCE PLC

CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED DECEMBER 31, 2020

The Board of Directors of International Energy Insurance Plc has overall responsibility for ensuring that the highest standard of corporate governance are maintained and adhered to by the Company. The following structures have been put in place for the execution of corporate governance strategy:

- 1 Board of Directors
- 2 Board Committees
- 3 Management and;
- 4 Consultants (where necessary)

BOARD OF DIRECTORS

During the period under review, the Board met to set policies for the operations of the Company, and ensured that it maintained a professional relationship with the Company's Auditors to promote transparency in financial and non-financial reporting.

The Interim Board met three times within the year under review. Within the same period its Finance and General Purpose Committee met five times and the Statutory Audit Committee met three times. The Interim Board Members are:

| | | |
|-----------------------------|---|---|
| Mr. Muhammad K. Ahmad (OON) | - | Interim Chairman |
| Mr. Peter Irene | - | Interim Managing Director (resigned WEF 20/12/21) |
| Mr. Egun Ayeni | - | Ag. Managing Director |
| Ms. Ibiyemi B. Adeyinka | - | Interim Non-Executive Director |
| Ms. Daisy Ekinet | - | Interim Non-Executive Director |
| H. Michael & Co | - | Company Secretary |

ROLES OF CHAIRMAN AND MANAGING DIRECTOR

The manner in which the Company structured the roles of the Chairman and the Managing Director has assisted in averting overlaps of roles and effectiveness of governance. This is done in accordance with NAICOM guidelines on Code of Good Corporate Governance for insurance industry.

The Chairman has the primary responsibility of ensuring that the board carries out its governance role in the most effective manner. He is responsible for the overall leadership of board and for creating an enabling environment for the effectiveness of individual directors. The Managing Director is responsible for the day to day running of the Company to achieve overall efficiency of management controls. He has responsibilities for developing, implementing and monitoring the strategic and financial plans of the Company in the most effective manner.

ROLE OF THE BOARD

- Establish corporate strategies, set performance indices, monitor implementation and performances
- Review alignment of goals, major plans of action and annual budget
- Ensure the integrity of the Company accounting and financial reporting systems (including the independent audit) and that appropriate system are in place for monitoring risks financial control and compliance with the law
- Formulate risk strategies and make decisions on business acquisitions and expansions/investments into foreign markets
- Ensure that the interests of the stakeholders are balanced
- Ensure that the Company's operations are in accordance with high business and ethical standards

The Board meets regularly to review financial performance and reports on the contribution of the various business units to the overall performance of the company as well as consider other matters. Adequate advance notice of the meeting, the agenda and reports to be considered are circulated to members. Emergency meetings are convened as and when the need arises.

INTERNATIONAL ENERGY INSURANCE PLC

CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED DECEMBER 31, 2020

DIRECTORS' ATTENDANCE

In accordance with Section 284(2) of the Companies and Allied Matters Act 2020, the record of the Directors attendance at Directors and Committee meetings during the year under review is as shown below.

The Board met nine (9) times during the year under review as shown below;

| S/N | DATE OF MEETINGS | MR M.K AHMAD | MS IBIYEMI ADEYINKA | MS. DAISY EKINEH | MD/CEO MR PETER IRENE |
|-----|--------------------|-----------------|------------------------|---------------------|-----------------------------|
| 1 | MAY 22, 2020 | ✓ | ✓ | ✓ | ✓ |
| 2 | JUNE 5, 2020 | ✓ | ✓ | ✓ | ✓ |
| 3 | JULY 9, 2020 | ✓ | ✓ | ✓ | ✓ |
| 4 | SEPTEMBER 9, 2020 | ✓ | ✓ | ✓ | ✓ |
| 5 | SEPTEMBER 23, 2020 | ✓ | ✓ | ✓ | ✓ |
| 6 | OCTOBER 30, 2020 | ✓ | ✓ | ✓ | ✓ |
| 7 | NOVEMBER 18, 2020 | ✓ | ✓ | ✓ | ✓ |
| 8 | NOVEMBER 19, 2020 | ✓ | ✓ | ✓ | ✓ |
| 9 | DECEMBER 3, 2020 | ✓ | ✓ | ✓ | ✓ |

BOARD COMMITTEES

The Interim Board carried out its oversight functions with the assistance of two Board Committees; The Finance and General Purposes Committee and the statutory Audit Committee.

BOARD FINANCE AND GENERAL PURPOSES COMMITTEE

The Board Finance and General Purposes Committee had the mandate to review and make recommendations on all staff and related matters, approve within set limits, review and make recommendations on branch expansions and/or closures, implement safeguarded measures as recommended from time to time, and to ensure an adequate platform by which the company will adequately protect its finances. Other functions of the Committee include but not limited to, determining the policies, strategies and financial objectives of the company, overseeing and monitoring the implementation of these policies, with a view to maximizing its overall economic value. It also reviews the community, environmental, health and safety issues and incidents to determine, that management takes appropriate action in respect of those matters and that management is diligent in carrying out its responsibilities and activities in relation to sustainability issues.

The members of the Committee met five (5) times within the year under review, they are as follows;

| | |
|-------------------------|--------------------------------|
| Ms. Daisy Ekineh | Interim Chairman |
| Ms. Ibiyemi B. Adeyinka | Interim Non-Executive Director |
| Mr. Peter Irene | Interim Managing Director |
| H. Michael & Co | Secretary |

INTERNATIONAL ENERGY INSURANCE PLC

CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED DECEMBER 31, 2020

| S/N | DATE OF MEETINGS | MS. DAISY EKINEH, CHAIRMAN | MS. IBIYEMI B. ADEYINKA, MEMBER | MR. PETER IRENE INTERIM, MD/CEO |
|-----|-------------------|----------------------------|---------------------------------|---------------------------------|
| 1 | JANUARY 31, 2020 | ✓ | ✓ | ✓ |
| 2 | JULY 20, 2020 | ✓ | ✓ | ✓ |
| 3 | AUGUST 10, 2020 | ✓ | ✓ | ✓ |
| 4 | OCTOBER 13, 2020 | ✓ | ✓ | ✓ |
| 5 | NOVEMBER 12, 2020 | ✓ | ✓ | X |

STATUTORY AUDIT COMMITTEE

In compliance with the provisions of Section 359 of the Companies and Allied Matters Act, Cap C20, LFN 2004, the Company had an Audit Committee comprised of two (2) Non-executive Directors and two (2) shareholders' representatives as follows:

Mr. Augustine Anono
Mr. Moses Igbrode
Ms. Daisy Ekineh
Ms. Ibiyemi Adeyinka

Chairman
Shareholders' representative
Non-executive Director
Non-executive Director

In compliance with the amended provision of the Companies and Allied Matters Act, 2020 (as amended) the company shall propose a reconstitution of the Audit Committee to be comprised of three members and two Non-Executive Directors.

The Committee met four (4) times during the year under review as shown below

| S/N | DATES OF MEETINGS | MR. G.A ANONO CHAIRMAN | MR. MOSES IGBRUDE MEMBER | MS. IBIYEMI B. ADEYINKA MEMBER | MS. DAISY EKINEH MEMBER |
|-----|-------------------|------------------------|--------------------------|--------------------------------|-------------------------|
| 1 | JULY 3, 2020 | ✓ | ✓ | ✓ | ✓ |
| 2 | JULY 27, 2020 | ✓ | ✓ | ✓ | ✓ |
| 3 | AUGUST 14, 2020 | ✓ | ✓ | ✓ | ✓ |
| 4 | DECEMBER 21, 2020 | ✓ | ✓ | ✓ | ✓ |

INTERNATIONAL ENERGY INSURANCE PLC

CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED DECEMBER 31, 2020

DIRECTORS NOMINATION PROCESS

The Board of Directors of the Company is currently an interim board appointed by the National Insurance Commission (NAICOM) in 2015 following the dissolution of the erstwhile Board of Directors. The tenure of the Board has been extended by NAICOM. The board worked assiduously in the course of the year as part of its implementation plan for the actualization of the recapitalization of the company. One of the options considered by the board was recapitalization by way of acquisition of the shares of the company by new investors.

THE MANAGEMENT TEAM

The Management team consists of Executive and Senior Management Staff led by the Interim Managing Director. It formulates programmes and assigns responsibilities and resources for the achievement of set goals. The Management team is also charged with the responsibility of identifying and assessing the risk profile within which the Company is operating, with a view to eliminating or minimizing the impact of such risks to the achievement of set Company objectives.

Other functions of the Management team include; determining the long term strategic direction of the company and developing annual business plan and budget that drives the long term strategy, ensuring that the company complies with all relevant laws and corporate governance principles, ensuring proper staffing and establishment of appropriate organizational structure that support effective succession plan for the company, putting the right structure in place to ensure that accounts and financial affairs are carried out in a reliable manner. The Management also take steps to ensure successful implementation of the company's policies as well as creating effective ethical environment within the company. The leadership team meets regularly to review the performance of the Company and assess progress against the achievement of laid down objectives.

COMPLIANCE AND DISCLOSURE

As a result of the determination of the Interim Board to reposition the Company's operations within international standards of best practices, the Company made significant efforts to ensure compliance with applicable regulatory requirements against previous year's records. Certain infractions were however found due to late submission of the Company's Audited Financial Statements for the year ended December 31, 2020.

Penalties levied against the Company for late submission of financial statements as mentioned above by the regulators amounted to N13.5million. Details of these payments are recorded on note 51 in the financial statements.

This disclosure of non-compliance is in conformity with the provisions of Appendix III, Clause 14 (g) of the Nigerian Stock Exchange Rules which requires companies to state in the Annual Report contraventions and sanctions imposed for such contraventions. The Interim Board is however paying concerted attention to eliminate incidences of infractions.

The company in the course of the current year took certain corporate actions that were duly disclosed and announced to the investing public through the Nigerian Stock Exchange portal. These included the resignation of the Interim Managing Director with effect from December 20, 2020 and subsequent appointment of a new Interim Managing Director whose appointment is subject to the ratification of NAICOM and the Shareholders.

CORPORATE SOCIAL RESPONSIBILITY

The company had its share of the aftermath of the total lockdown of Nigeria's economy because of Covid 19 global Pandemic. The company made contributions to its immediate environment to control the spread of the disease.

HEALTH AND SAFETY AT WORK FOR EMPLOYEES

The Company ensured that the robust HSE plan, process and procedure that had been previously put in place was reviewed for improvements and maintained for the safety of its workforce which has reduced work related discomfort, accidents and injury, litigation and non-compliance issues. Consequently, the employees have become more confident as regards their health and wellbeing in the manner, which the Company has invested in HSE issues, that has reduced overtime, health related costs to the Company as well.

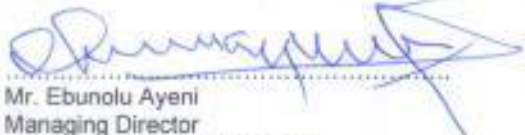
INTERNATIONAL ENERGY INSURANCE PLC


FOR THE YEAR ENDED DECEMBER 31, 2020

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

We the undersigned hereby certify the following with regards to our consolidated and separate financial statements for the year ended 31 December 2020 that:

- We have reviewed the report;
- To the best of our knowledge, the report does not contain:
 - (i) Any untrue statement of a material fact, or
 - (ii) Omit to state a material fact, which would make the statements, misleading in the light of circumstances under which such statements were made;
- To the best of our knowledge, the consolidated and separate financial statements and other financial information included in the report fairly present in all material respects the financial condition and results of operations of the Group and Company as of, and for the period presented in the report;
- 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 entities 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;
- We have disclosed to the auditors of the Company and the Audit Committee:
 - (i) all significant deficiency in the design or operations 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;
- 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. Ebunolu Ayeni
Managing Director
FRC/2015/CIIN/00000011052


Mr. Emmanuel Bassey
Chief Financial Officer
FRC/2013/CAN/00000000635

17 January 2022

INTERNATIONAL ENERGY INSURANCE PLC

FOR THE YEAR ENDED DECEMBER 31, 2020

RISK MANAGEMENT DECLARATION

The Board of International Energy Insurance Plc hereby provides a Risk Management Declaration and state that, to the best of its knowledge and belief, having made appropriate enquiries:

- a. The Group and Company have systems in place for the purpose of ensuring compliance with this guideline;
- b. The Board is satisfied with the efficacy of the processes and systems surrounding the production of financial information of the Group and Company;
- c. The Group and Company have in place Risk Management Strategy, developed in accordance with the requirements of this guideline, setting out its approach to risk management; and
- d. The systems that are in place for managing and monitoring risks, and the risk management framework, are appropriate to the Company, having regard to such factors as the size, business mix and complexity of the Group and Company's operations.



Mr. Muhammad K. Ahmad, OON
Interim Chairman
FRC/2015/ODN/00000012581



Mr. Egunolu Ayeni
Managing Director
FRC/2015/CIIN/00000011052

17 January 2022

INTERNATIONAL ENERGY INSURANCE PLC

REPORT OF THE AUDIT COMMITTEE

FOR THE YEAR ENDED DECEMBER 31, 2020

To the members of International Energy Insurance Plc.:

In accordance with the provision of Section 359 (6) of the Companies and Allied Matters, Act CAP C20, Laws of the Federation of Nigeria 2004, the members of the Audit Committee of International Energy Insurance Plc hereby report as follows:

- We have exercised our statutory functions under Section 359(6) of the Companies and Allied Matters, Act CAP C20, Laws of the Federation of Nigeria 2004 and acknowledge the co-operation of management and staff in the conduct of these responsibilities.
- We are of the opinion that the accounting and reporting policies of the Group and the Company are in accordance with legal requirements and agreed ethical practices and that the scope and planning of both the external and internal audit for the year ended December 31 2020 were satisfactory and reinforce the Group's and the 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.

.....
Chief Augustine G. Anono
Chairman, Audit Committee
FRC/2020/002/00000020618
14 January 2022

Members of the Audit Committee are:

- | | | |
|-----------------------------|---|----------|
| 1. Chief Augustine G. Anono | - | Chairman |
| 2. Mr. Moses Igbrude | - | Member |
| 3. Ms. Ibiyemi B. Adeyinka | - | Member |
| 4. Ms. Daisy Ekineh | - | Member |

Secretary to the Committee
H. Michael & Co,
Company Secretary
FRC/2013/NBA/00000001060
Lagos, Nigeria

INTERNATIONAL ENERGY INSURANCE PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE PREPARATION OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

The Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, requires the Directors to prepare consolidated financial statements for each financial year that present fairly, in all material respects, the state of financial affairs of the Company and its subsidiary at the end of the year and of its profit or loss and other comprehensive income. The responsibilities include ensuring that the Company and its subsidiary:

- a) keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company and its subsidiary and comply with the requirements of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004;
- b) establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and
- c) prepares its consolidated and separate financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates and are consistently applied.

The Directors accept responsibility for the preparation and fair presentation of the consolidated and separate financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards, and the relevant provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, the Insurance Act 2003, the relevant policy guidelines issued by the National Insurance Commission (NAICOM), the Pension Reform Act 2014 and Financial Reporting Council of Nigeria Act No. 6, 2011.

The Directors are of the opinion that the consolidated and separate financial statements present fairly, in all material respects, the state of the financial affairs of the Company and its subsidiary as at 31 December 2020, and of their financial performance for the year ended then. Nothing has come to the attention of the Directors to indicate that the Company and its subsidiary will not remain a going concern for at least twelve months from the date of this statement.

On behalf of the Directors



Mr. Muhammad K. Ahmad, OON
Interim Chairman
FRC/2015/IODN/00000012581



Mr. Egunolu Ayeni
Managing Director
FRC/2015/CIIN/00000011052

17 January 2022



Doyin Owolabi & Co.

Chartered Accountants

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF INTERNATIONAL ENERGY INSURANCE PLC

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of International Energy Insurance Plc ("the Company") and its subsidiary (collectively "the Group"), which comprise the consolidated and separate statements of financial position as at December 31 2020, and the consolidated and separate statements of profit or loss, consolidated and separate statements of other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statement of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Company and its subsidiary as at December 31 2020 and their financial performance and their cash flows for the year then ended and have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB) and the relevant provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, the Insurance Act 2003 and the relevant policy guidelines issued by the National Insurance Commission (NAICOM), the Pensions Reform Act 2014 and the Financial Reporting Council of Nigeria Act No. 6, 2011.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and other independence requirements applicable to performing audit of International Energy Insurance Plc. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code, and in accordance with other ethical requirements applicable to performing the audit of International Energy Insurance Plc. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Relating to Going Concern

We draw attention to the fact that the Company's total liabilities exceeded its total assets by ₦11.08 billion (2019: ₦10.58 billion) while the Group's total liabilities exceeded its total assets by ₦11.106 billion (2019: ₦10.634 billion). In addition, the Company's negative total equity as at December 31, 2020 of ₦11.08 billion (2019: ₦10.58 billion) is below the minimum regulatory requirement of ₦3 billion and the Company did not meet the regulatory solvency margin whilst there was a shortfall of ₦2.50 billion (2019: ₦2.48 billion) in the assets cover. The Company also had a negative solvency margin of (₦15,587,468) as at 31st December 2020 (2019: ₦14,384,461). The Company recorded a negative operating cash flow of ₦54 million (2019: ₦85 million) while the Group recorded a positive operating cash flow of ₦4 million (2019: negative ₦53 million). The Company no longer carries out oil and gas business and this led to its declining revenue over the years. The Company has also not been able to resolve issue relating to its obligations in respect of Daewoo loan. The note indicates that these conditions, along with other matters, indicate the existence of a material uncertainty which may cast significant doubt on the Group and Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current year. In addition to the matters described in the Material uncertainty related to going concern section of our report, we have determined the matters described below to be the key audit matters to be communicated in our report. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

Doyin Owolabi & Co.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF INTERNATIONAL ENERGY INSURANCE PLC – CONTINUED

Key Audit Matters - continued

We have fulfilled the responsibilities described in the Auditor's responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and separate financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated and separate financial statements.

| Key Audit Matters | How the matter was addressed in the audit |
|--|--|
| <p>Valuation of Insurance Contract Liabilities.</p> <p>The Group through the parent Company has insurance contract liabilities of N4.1 billion as at December 31, 2020 (2019: N4 billion) representing 20.4% (2019:21%) of the Group's and the Company's total liabilities. This is an area that involves significant judgment over uncertain future outcomes and therefore we considered it a key audit matter for our audit.</p> <p>Consistent with the insurance industry practice, the Company engages an actuary to test the adequacy of this valuation of non-life business as at year end. The complexity of the valuation models may give rise to errors as a result of inadequate/incomplete data or the design or application of the models. Economic assumptions such as interest rates and future inflation rates and actuarial assumptions such as customer behavior and uniform risk occurrence throughout the period are key inputs used to determine these liabilities. Significant judgment is applied in setting these assumptions.</p> <p>Insurance contract liabilities are disclosed in Note 12 to the consolidated and separate financial statements.</p> | <p>We used our in-house actuarial specialist to assist us in performing the audit procedures in the area of reviewing the Group's Actuarial report on non-life business which included among others:</p> <ul style="list-style-type: none"> i. Consideration of the appropriateness of assumptions used in the valuation of the Insurance Contracts by reference to company and industry data and expectations. ii. Consideration of the appropriateness of non-economic assumptions used in the valuation of the Insurance Contracts in relation to lapse or extension assumptions by reference to company specific and industry data. <p>Other Key audit procedures included:</p> <ul style="list-style-type: none"> i. We reviewed and documented management's process for estimating insurance contracts. ii. We performed file review of specific underwriting contracts in order to maximize our understanding of the business and validate initial loss estimates. iii. We performed subsequent year claim payments to confirm the reasonableness of initial loss estimates. |

Doyin Owolabi & Co.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF INTERNATIONAL ENERGY INSURANCE PLC – CONTINUED

Other Information

The Directors are responsible for the other information. The other information comprises the Financial Highlights, the Report of the Directors, Management Discussion and Analysis, Report of the Audit Committee, Certification pursuant to section 60 (2) of the Investment and Securities Act No. 29 2007, Statement of Value Added and Five-Year Financial Summary as required by the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria, and Corporate Governance Report as required by the Securities and Exchange Commission, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. Other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

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

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The Directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with the International Financial Reporting Standards, as issued by the International Accounting Standard Board (IASB) and the relevant provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, the Insurance Act 2003 and the relevant policy guidelines issued by the National Insurance Commission (NAICOM), the Pensions Reform Act 2014 and the Financial Reporting Council of Nigeria Act No. 6, 2011 and for such internal control as the Directors determine is necessary to enable the preparation of the consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's and the Company's financial reporting processes.

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

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

Doyin Owolabi & Co.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF INTERNATIONAL INSURANCE PLC – CONTINUED

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements – continued

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

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

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

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

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

Doyin Owolabi & Co.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF INTERNATIONAL INSURANCE PLC – CONTINUED

Report on Other Legal and Regulatory Requirements


In accordance with the requirement of Schedule 6 of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, the Insurance Act 2003 and NAICOM's Prudential Guidelines 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. proper books of account have been kept by the Company, in so far as it appears from our examination of those books;
- iii. the Company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.
- iv. In our opinion, the consolidated and separate financial statements have been prepared in accordance with the provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, the Insurance Act 2003 and NAICOM's Prudential Guidelines so as to present fairly the consolidated and separate statements of profit or loss and other comprehensive income of the Company and its subsidiary.

Contravention of Regulatory Guidelines

The Company incurred penalties in respect of contravention of the requirement of a section of the Investment & Securities Act (ISA) 2007, Rule 7.4 of the Nigerian Stock Exchange, 2015 and Section 26 of the Insurance Act 2003 in conjunction with the National Insurance Commission's Prudential Guidelines for Insurers and Reinsurers, 2015 on the filing and submission of annual reports and accounts. The details of the contravention and penalty are disclosed in the Note 51 to the consolidated and separate of the financial statements.

Lagos, Nigeria
17 January 2022


Adedoyin Idewu Owolabi, FCA
FRC/2013/ICAN/00000000101
For: Doyin Owolabi & Co.
(Chartered Accountants)



INTERNATIONAL ENERGY INSURANCE PLC

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. General Information

The International Energy Insurance Plc ("the Company") was incorporated as Nigeria Exchange Insurance Limited on 26 March 1969. The name was changed to Mutual Life and General Insurance Limited in 1995. In 2000, the name of the Company was changed to Global Assurance Limited. In 2003, the Company's name was changed to International Energy Insurance Limited following the acquisition of 70% of the shares of Global Assurance Limited by SKI Consult. The Company merged its operations with Rivbank Insurance Limited on 30 November 2006 with the name of the combined business changing to International Energy Insurance Plc., thereafter; the Company was listed on the Nigerian Stock Exchange in 2007.

The consolidated and separate financial statements of International Energy Insurance Plc. for the year ended December 31 2020 were authorised for issue in accordance with a resolution by the Board of Directors on 17 January 2022.

Principal activities

The activities of the Company include general insurance business with special focus on Oil and Energy. The activities include insurance underwriting, claims administration and management of liquidity by investing the surplus in fixed deposits, bonds, held for trading and treasury bills. It has a subsidiary IEI Anchor Pensions Managers Limited which principal activity is pension funds administration for employees in private and public sectors.

Going concern

The Directors assess the Group's future performance and financial position on a going concern basis and have no reason to believe that the Company and its subsidiary will not be a going concern in the year ahead as stated in Note 2.36.1. For this reason, these consolidated and separate financial statements are prepared on a going-concern basis.

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation and compliance with International Financial Reporting Standard (IFRS)

The consolidated and separate financial statements of International Energy Insurance Plc have been prepared on a going concern principles in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB"), and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), Standing Interpretations Committee (SIC) interpretations, and the relevant provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, the Insurance Act 2003 and the relevant policy guidelines issued by the National Insurance Commission (NAICOM), the Pensions Reform Act 2014 and the Financial Reporting Council of Nigeria Act No. 6, 2011 to the extent that they are not in conflict with IFRS.

These consolidated and separate financial statements are presented in Nigerian Naira, rounded to the nearest thousand, and prepared under the historical cost convention, except for financial assets measured at fair value through profit or loss, investment properties, equity instruments measured at fair value through Other Comprehensive Income (OCI) and 'land and building' which have been measured at fair value.

2.2 Basis of consolidation

Subsidiary

The financial statements of the subsidiary is consolidated from the date the Group acquires control, up to the date that the Group loses control.

Profit or loss and each component of other comprehensive income (OCI) is attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiary to reflect their accounting policies in line with the Group's accounting policies.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2.2 Basis of consolidation - continued

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

For the purpose of these consolidated and separate financial statements, subsidiary is an entity over which the Group, directly or indirectly, has the power to govern the financial and operating policies so as to obtain benefits from their activities. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Accounting policies of the subsidiary have been changed where necessary to ensure consistency with the policies adopted by the Group. In the separate financial statements, investments in subsidiary is measured at cost.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

Acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on the proportionate amount of the net assets of the subsidiary.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

2.3 Functional currency and translation of foreign currencies

Functional and presentation currency

Items included in the consolidated and separate financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated and separate financial statements are presented in Nigerian Naira (NGN), which is the functional and presentation currency.

Transactions and balances in individual entities

Foreign currency transactions are translated into the functional currency of the respective entity using the exchange rates prevailing on the dates of the transactions or the date of valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated and separate statements of profit or loss. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated and separate statements of profit or loss within 'finance costs or other income'.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2.4 Cash and cash equivalents

For the purposes of the consolidated and separate statements of cash flows, cash comprises cash in hand and deposits held at call with banks. Cash equivalents comprise highly liquid investments (including money market funds) that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value with original maturities of three months or less being used by the Company in the management of its short-term commitments. Cash and cash equivalents are carried at amortised cost in the statement of financial position.

2.5 Financial assets and financial liabilities

2.5.1 Financial assets

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

Business Model Assessment

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

2.5.2 Classification and Measurements

For the purpose of measuring a financial asset after initial recognition, IFRS 9 classifies financial assets into the following categories: at fair value through profit or loss; at fair value through other comprehensive income and at amortized cost. The classification is based on the results of the group's business model test and the contractual cash flow characteristics of the financial assets. The category relevant to The Group as at December 31 2020 are fair value through profit or loss; at fair value through other comprehensive income and at amortized cost. At initial recognition all assets are measured at Fair Value.

(i) Financial assets at fair value through profit and loss

Financial assets at fair value through profit or loss are financial assets held for trading and those designated by The Group as at fair value through profit or loss upon initial recognition. Financial assets classified as held through profit or loss are those that have been acquired principally for the purpose of selling in the short term or repurchasing in the near term, or held as part of a portfolio that is managed together for short-term profit.

Financial instruments included in this category are recognized initially at fair value; transaction costs are taken directly to profit or loss. Gains and losses arising from changes in fair value are included directly in profit or loss and are reported as 'Net gains/ (losses) on financial assets classified as held for trading'. Interest income and expense and dividend income on financial assets held for trading are included in 'Discount and similar income' or 'Other operating income', respectively. Fair value changes relating to financial assets designated at fair value through profit or loss are recognized in 'Net gains from financial assets held for trading'.

(ii) Financial assets at fair value through other comprehensive income

Except for financial assets that are designated at initial recognition as at fair value through profit or loss, a financial asset is measured at fair value through other comprehensive income (FVTOCI) if both of the following conditions are met:

- a. the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets (the business model test); and
- b. the contractual terms of the financial asset give rise on specified dates to cash flow that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flows characteristics test).

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2.5 Financial assets and financial liabilities

(iii) Financial assets measured at amortized cost

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

2.5.3 Recognition and measurement

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

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

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

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

Determination of fair value

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

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2.5 Financial assets and financial liabilities

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

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. In cases where the fair value of unlisted equity instruments cannot be determined reliably, the instruments are carried at cost less any impairment.

The fair value for loans and receivables as well as liabilities to banks, and customers are determined using a present value model on the basis of contractually agreed cash flows, taking into account credit quality, liquidity and costs. The fair values of contingent liabilities and irrevocable loan commitments correspond to their carrying amounts.

2.5.4 De-recognition of financial instruments

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

2.5.5 Reclassification of financial assets

Reclassification of financial assets is determined by The Group's senior management, and is done as a result of external or internal changes which are significant to The Group's operations and demonstrable to external parties.

Reclassification of financial assets occurs when The Entity changes its business model for managing financial assets investments in equity instruments that are designated as at FVTOCI at initial recognition cannot be reclassified because the election to designate as at FVTOCI is irrevocable. For financial assets, reclassification is required between FVTPL, FVTOGI and amortised cost; if and only if the entity's business model objective for its financial assets changes so its previous business model assessment would no longer apply.

IFRS 9 does not allow reclassification:

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

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

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

INTERNATIONAL ENERGY INSURANCE PLC

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2.5 Financial assets and financial liabilities – continued

2.5.5 Financial Instrument - continued

Impairment of financial assets

The Group will assess on a forward-looking basis, the expected credit losses ("ECL") associated with its debt instruments carried at amortized cost and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts.

No impairment is recognized on equity investments. This is because the fair value changes will incorporate impairment gains or losses if any.

General Approach

Under the general approach, at each reporting date, the Group recognizes a loss allowance based on either 12-month ECLs or lifetime ECLs, depending on whether there has been a significant increase in credit risk on the financial instrument since initial recognition. The changes in the loss allowance balance are recognized in profit or loss as an impairment gain or loss.

The amount of ECLs recognized as a loss allowance or provision depends on the extent of credit deterioration since initial recognition. Under the general approach, there are two measurement bases:

- 12-month ECLs (Stage 1), which applies to all items (from initial recognition) as long as there is no significant deterioration in credit quality.
- Lifetime ECLs (Stages 2 and 3), which applies when a significant increase in credit risk has occurred on an individual or collective basis or when a loan becomes credit impaired respectively.

Staging

Stage 1: On origination, a financial asset (provided that it is not a purchased or originated credit impaired asset) will be in stage 1 of the general model for expected credit losses. Financial assets that have not had a significant increase in credit risk since initial recognition or that (upon assessment and option selected by the Group) have low credit risk at the reporting date remain in stage 1.

For these assets, 12-month expected credit losses ('ECL') are recognized and interest revenue is calculated on the gross carrying amount of the asset (that is, without deduction for credit allowance). 12-month ECL are the ECL that result from default events that are possible within 12 months after the reporting date. It is not the expected cash shortfalls over the 12-month period but the entire credit loss on an asset, weighted by the probability that the loss will occur in the next 12 months.

Stage 2: Financial instruments that have had a significant increase in credit risk since initial recognition (unless they have low credit risk at the reporting date and this option is taken by the Group) but that do not have objective evidence of impairment. For these assets, lifetime ECL are recognized and interest revenue is still calculated on the gross carrying amount of the asset.

Lifetime ECL are the ECL that result from all possible default events over the maximum contractual period during which the Group is exposed to credit risk. ECL are the weighted average credit losses, with the respective risks of a default occurring as the weights.

The Group, when determining whether the credit risk on a financial instrument has increased significantly, considers reasonable and supportable (both historical and forward-looking) information available, in order to compare the risk of a default occurring at the reporting date with the risk of a default occurring at initial recognition of the financial instrument.

Stage 3: This includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime ECLs are recognized and interest revenue is calculated on the net carrying amount (that is, net of credit allowance). This is done by applying the EIR in subsequent reporting periods to the amortized cost of the financial asset.

When the Group has no reasonable expectations of recovering the financial asset, then the gross carrying amount of the financial asset can be directly reduced in its entirety via a write off. A write-off constitutes a derecognition event.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2.5 Financial assets and financial liabilities – continued

2.5.5 Financial Instrument – continued

Impairment of financial assets – continued

Simplified approach

The simplified approach does not require the Group to track the changes in credit risk, but, instead, requires the Group to recognize a loss allowance based on lifetime ECLs at each reporting date, right from origination.

The Group recognizes lifetime ECLs at each reporting period for trade receivables or other receivables that result from transactions within the scope of IFRS 15 and that do not contain a significant financing component.

Measurement of expected credit losses

The standard defines credit loss as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive (i.e., all cash shortfalls), discounted at the original EIR.

ECLs are a probability-weighted estimate of credit losses over the expected life of the financial instrument (i.e., the weighted average of credit losses with the respective risks of a default occurring as the weights).

When measuring ECLs, in order to derive an unbiased and probability-weighted amount, the Group would evaluate a range of possible outcomes. This involves identifying possible scenarios that specify:

- a. The amount and timing of the cash flows for particular outcomes
- b. The estimated probability of these outcomes
- c. Exposure at default (EAD): The EAD estimates the percentage of exposure the Group might lose if the borrower defaults.

Probability of default (PD)

12 Month PDs

12 month PD is the probability of a loan defaulting within the next 12 months. 12-month PD estimates are required to calculate 12-month ECLs for accounts classified as Stage 1. These PD estimates also form the basis of the lifetime PD curves, which are required to calculate lifetime ECLs for accounts classified as Stage 2. 12 Months PD used is computed using the Group's data.

Lifetime PDs

Lifetime PD curves are required to calculate expected credit losses for Stage 2 accounts. Ideally, lifetime PD curves will be developed based on internal default data. However, the Company does not have sufficient history of internal default data to build credible curves so it has derived lifetime PD curves using S & P's "2017 Annual Sovereign Default Study and Rating Transition".

Loss given default (LGD)

LGD is the share of an asset that is lost when a borrower defaults. The recovery rate is defined as 1 minus the LGD, the share of an asset that is recovered when a borrower defaults. Loss given default is facility-specific because such losses are generally understood to be influenced by key transaction characteristics such as the presence of collateral and the degree of subordination.

Exposure at default (EAD)

EAD is equal to the current amount outstanding at the expected point of default in case of fixed exposures like staff loans and investment securities. This is derived using the original carrying amount, interest rate and tenor of the facility.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2.5 Financial assets and financial liabilities – continued

2.5.6 Financial liabilities

The Group's financial liabilities include trade and other payables as well as borrowings.

Subsequent measurement

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 statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in finance cost in the consolidated and separate statements of profit or loss.

2.5.7 Derecognition of financial liabilities/assets

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the consolidated and separate statements of profit or loss.

A financial asset (or, when applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

The rights to receive cash flows from the asset have expired or the Group has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows 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 Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

2.5.8 Offsetting financial instruments

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

2.6 Trade receivables

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

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

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

2.7 Other Receivables and Prepayments

Other receivables and prepayments are carried at cost less accumulated impairment losses.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2.7 Other Receivables and Prepayments

2.7.1 Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there have separately identifiable cash inflows (cash-generating units). The impairment test also can be performed on a single asset when the fair value less cost to sell or the value in use can be determined reliably. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognized.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

2.8 Fair value measurement

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the group.

The fair value of an asset or a liability is measured using the assumption that market participant would use when pricing the asset or liability, assuming that market participant's act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

All assets, liabilities and equity items for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest input that is significant to the fair value measurement as a whole:

- Level 1- Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2- Valuation techniques for which the lowest level input that significant to the fair value measurement is directly or indirectly observable.
- Level 3- Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

INTERNATIONAL ENERGY INSURANCE PLC

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2.8 Fair value measurement – Continued

The fair value of financial instruments that are actively traded in organized financial markets is determined by reference to quoted market bid prices for assets and offer prices for liabilities, at the close of business on the reporting date, without any adjustment for transaction costs.

For other financial instruments other than investment in equity instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include the discounted cash flow method, comparison to similar instruments for which market observable prices exist and other relevant valuation models.

Their fair value is determined using a valuation model that has been tested against prices or inputs to actual market transactions and using the Group's best estimate of the most appropriate model assumptions.

For discounted cash flow techniques, estimated future cash flows are based on management's best estimates and the discount rate used is a market-related rate for a similar instrument. The use of different pricing models and assumptions could produce materially different estimates of fair values.

The fair value of floating rate and overnight deposits with credit institutions is their carrying value. The carrying value is the cost of the deposit and accrued interest. The fair value of fixed interest bearing deposits is estimated using discounted cash flow techniques. Expected cash flows are discounted at current market rates for similar instruments at the reporting date.

2.9 Reinsurance assets

Reinsurance assets consist of short-term balances due from reinsurers, as well as longer term receivables that are dependent on the expected claims and benefits arising under the related reinsurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsurance contracts and in compliance with the terms of the reinsurance contract. The reinsurers' share of unearned premiums (i.e. the reinsurance assets) are recognised as an asset using principles consistent with the Company's method for determining unearned premium liability. The amount reflected on the statement of financial position is on a gross basis to indicate the extent of credit risk related to the reinsurance and its obligations to policy holders.

The Group assesses its reinsurance assets for impairment at each statement of financial position date. If there is objective evidence that the reinsurance asset is impaired, the Group reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the statement of profit or loss. The Group gathers the objective evidence that a reinsurance asset is impaired using the same process adopted for financial assets held at amortised cost.

2.10 Deferred acquisition costs (DAC)

Commissions and other acquisition costs that are related to securing new contracts and renewing existing contracts are capitalised as Deferred Acquisition Costs (DAC) if they are separately identifiable can be measured reliably and it's probable that they will be recovered. All other acquisition costs are recognised as expenses when incurred. The DAC is subsequently amortised over the life of the contracts in line with premium revenue using assumptions consistent with those used in calculating unearned premium. It is calculated by applying to the acquisition expenses the ratio of unearned premium to written premium. The DAC is tested for impairment annually and written down when it is not expected to be fully recovered.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2.11 Investment properties

Investment properties comprise of completed property and property under construction that are held by the Group to earn rental income or for capital appreciation or both.

Investment properties are measured initially at their cost, including related transaction costs. Transaction costs include professional fees for legal services and other commissions to bring the properties to the condition necessary for them to be capable of operating. After initial recognition, investment properties are carried at fair value with any changes therein recognised in the consolidated and separate statements of profit or loss.

An external, independent valuer, having appropriate recognised professional qualifications, certified by the Financial Reporting Council (FRC) of Nigeria and with recent experience in the location and category of the investment properties being valued, values the Company's investment properties annually. Fair value is evaluated annually by an accredited external, independent valuer, applying a valuation model recommended by the International Valuation Standards Committee which reflects market conditions at the reporting date.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefit is 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 property) is recognised in the statement of profit or loss in the period of the derecognition.

2.12 Intangible assets

Intangible assets comprise computer software purchase from third parties. They are measured at cost less accumulated amortisation and accumulated impairment losses. Purchased computer software are capitalised on the basis of costs incurred to acquire and bring into use the specific software. These costs are amortised on straight line basis over the useful life of the asset.

Amortisation is recognised in the statement of profit or loss on a straight-line basis over the estimated useful life of the software, from the date that it is available for use. The estimated useful life of software is 10years. The residual values and useful lives are reviewed at the end of each reporting period and adjusted if appropriate. An Intangible asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The estimated useful live for the computer software is 10 years.

2.13 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment (except land and buildings) are carried at cost less subsequent accumulated depreciation and impairment losses. The cost of property, plant and equipment includes expenditures that are directly attributable to the acquisition of the asset. Property, plant and equipment under construction are disclosed as capital work-in-progress.

Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the consolidated and separate statements of profit or loss.

Depreciation

All property, plant and equipment (except land and buildings) are stated at historical cost less accumulated depreciation and impairment losses. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts over their estimated useful lives.

Depreciation is recognised in the statement of profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. 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 - Non-current Assets Held-for-Sale and Discontinued Operations.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2.13 Property, plant and equipment continued

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

| | |
|--|-----|
| Buildings | 1% |
| Leasehold improvements | 20% |
| Plant and Machinery | 20% |
| Furniture, fittings and office equipment | 10% |
| Computer equipment | 10% |
| Motor vehicles | 25% |

The assets' residual values and useful lives are reviewed at the end of each reporting period and adjusted if appropriate. An asset's carrying amount is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Revaluation of land and building

Land is shown at fair value based on periodic valuations by external independent valuers less subsequent depreciation for buildings. Buildings are subsequently carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. When an individual property is revalued, any increase in its carrying amount (as a result of revaluation) is transferred to a revaluation reserve through OCI, except to the extent that it reverses a revaluation decrease of the same property previously recognised as an expense in the statement of profit or loss. When the value of an individual property is decreased as a result of a revaluation, the decrease is charged against any related credit balance in the revaluation reserve through OCI in respect of that property. However, to the extent that it exceeds any surplus, it is recognised as an expense in the statement of profit or loss.

De-recognition

An item of property, plant and equipment is derecognised on disposal or when no future economic benefit is expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceed and the carrying amount of the asset) is included in the statement of profit or loss in the year the asset is derecognised.

2.14 Statutory deposit

The Company's Statutory deposit represents the fixed deposit with the Central Bank of Nigeria in accordance with section 10(3) of the Insurance Act, 2003. The deposit is recognised at the cost in the statement of financial position being 10% of the statutory minimum capital requirement of N3 billion for General insurance business. Interest income on the deposit is recognised in the statement of profit or loss in the period the interest is earned.

2.15 Insurance contract liabilities

The Company issues contracts that transfer insurance risk or financial risk or both. Insurance contracts are those contracts that transfer significant insurance risk. Such contracts may also transfer financial risk. These contracts include General accident, workmen's compensation, motor, marine and aviation and fire insurance.

Insurance contracts protect the Company's customers against the risk of harm from unforeseen events to their properties resulting from their legitimate activities. The typical protection offered is designed for employers who become legally liable to pay compensation to injured employees (employers' liability) and for individual and business customers who become liable to pay compensation to a third party for bodily harm or property damage (public liability).

Property insurance contracts mainly compensate the Company's customers for damage suffered to their properties or for the value of property lost.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2.15 Insurance contract liabilities Continued

Others forms of Insurance contracts include but are not limited to workmen's compensation, motor, marine and aviation insurance.

Claims and loss adjustment expenses are charged to profit or loss as incurred based on the estimated liability for compensation owed to contract holders or third parties for damaged incurred or lost suffered by the contract holders. They include direct and indirect claims settlement costs arising from events that have occurred up to the end of the reporting period even if they have not yet been reported to the Companies i.e. Claims incurred but not reported (IBNR) which is actuarial valuation. The Group does not discount its liabilities for unpaid claims other than for workmen compensation claims. Liabilities for unpaid claims are estimated using the impute of assessments of provision reported to the Group and analysis for the claims incurred but not reported (IBNR).

Reinsurance contracts held

The Group holds the under-noted reinsurance contracts:

- Treaty Reinsurance Outward is usually between the Group and Reinsurers.
- Facultative Reinsurance Outward is usually between the Group and other insurance companies or between the Group and Reinsurers.
- Facultative reinsurance inwards is usually between the Group and other insurance Companies or between the Group and Reinsurers.

Premiums due to the reinsurers are paid and all claims and recoveries due from reinsurers are received. Contracts entered into by the Group with reinsurers under which the Group is compensated for losses on one or more contracts issued by the Group and that meet the classification requirements for insurance contracts are classified as re-insurance contracts held while contracts that do not meet these classification requirements are classified as financial assets. Insurance contracts entered into by the Group under which the contract holder is another insurer (inward re-insurance) are included within insurance contracts.

The benefits to which the Group is entitled under its re-insurance contracts held are recognized as re-insurance assets. These assets consist of short-term balances due from reinsurers, as well as long term receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts.

Amount recoverable from or due to reinsurers are measured consistently with the amount associated with the primary insurance contracts and in accordance with the terms of each reinsurance contract. Re-insurance liabilities are primarily premiums payable for the reinsurance contracts and are recognized as an expense when due. The Company's Insurance liabilities or balances arising from insurance contracts primarily include those insurance contract liabilities that were valued by the Actuaries. These include unearned premiums reserve and outstanding claim reserve.

Reserve for unearned premium

In compliance with Section 20 (1) (a) of Insurance Act 2003, the reserve for unearned premium is calculated on a time apportionment basis in respect of the risks accepted during the year.

Reserve for outstanding claims

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

Reserves for unexpired risk

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2.15 Insurance contract liabilities Continued

Liability adequacy test

At the end of each reporting period, Liability Adequacy Tests are performed to ensure that material and reasonably foreseeable losses arising from existing contractual obligations are recognised. In performing these tests, current best estimates of future contractual cash flows, claims handling and administration expenses, investment income backing such liabilities are considered. Long-term insurance contracts are measured based on assumptions set out at the inception of the contract. Any deficiency is charged to profit or loss by increasing the carrying amount of the related insurance liabilities.

Salvage and subrogation reimbursements

Some insurance contracts permit the Company to sell (usually damaged) property acquired in settling a claim (for example, salvage). The Company may also have the right to pursue third parties for payment of some or all costs (for example, subrogation). Estimates of salvage recoveries are included as an allowance in the measurement of the insurance liability for claims, and salvage property is recognized in other assets when the liability is settled. The allowance is the amount that can reasonably be recovered from the disposal of the property.

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

2.16 Trade payables

Trade payables (i.e. insurance payables) are recognised when due and measured on initial recognition at the fair value of the consideration received less directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest rate method. Trade payables include payables to agents and brokers, payables to reinsurance companies, payables to coinsurance companies and commission payable.

The effective interest method is a method of calculating the amortised cost of the financial liabilities and of allocating interest expenses over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liabilities, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

The fair value of a non-interest bearing liability is its discounted repayment amount. If the due date of the liability is less than one year discounting is omitted. Trade payables are derecognised when the obligation under the liability is settled, cancelled or expired.

2.17 Provisions and other payables

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

Provisions are measured at the Director's best estimate of the expenditure required to settle the obligation at the end of the reporting period. The provisions are reviewed at the end of the reporting period and adjusted to reflect the current best estimate.

Other payables are recognised initially at fair value and are subsequently measured at amortised cost using effective interest method. They comprise of other short-term monetary liabilities such as professional fees payable, insurance levy payable, and staff pension liability.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2.18 Retirement obligations and employee benefits

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

Defined contribution pension scheme

The Group operates a defined contributory pension scheme for eligible employees. Employers and employees contribute 10% and 8% respectively of the employees' Basic, Housing and Transport allowances in line with the provisions of the Pension Reform Act 2014. The Company pays the contributions to a pension fund administrator. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefits expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Short-term benefits

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

2.19 Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date in Nigeria. Current income tax assets and liabilities also include adjustments for tax expected to be payable or recoverable in respect of previous periods.

Current income tax relating to items recognized directly in equity or other comprehensive income is recognized in equity or other comprehensive income and not in the statement of profit or loss and other comprehensive income.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

In respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2.19 Taxes - Continued

Deferred tax liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

2.20 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in statement of profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as a transaction cost of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates. Borrowings are classified as current liabilities unless the company has an unconditional right to defer the settlement of the liabilities for at least twelve months after the date of the statement of financial position.

2.21 Deposit for share

Deposit for share is recognised at cost, being the amount of deposit received from potential shareholders of the Company. The deposit is derecognised when the Company's equity instruments have been issued to the depositors or refund made.

2.22 Share capital

The issued ordinary shares of the Company are classified as equity instruments. Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

2.23 Dividends on ordinary share capital

Dividends on ordinary shares are recognized as a liability and deducted from equity when they are approved by the Company's shareholders. Dividends for the year that are approved after the reporting date are dealt with as an event after the reporting date. Thus, such dividends are only disclosed in the notes to the financial statements.

2.24 Share premium

This represents the excess amount paid by shareholders on the nominal value of the shares. This amount is distributable to the shareholders at their discretion. The share premium is classified as an equity instrument in the statement of financial position.

2.25 Contingency reserve

In compliance with Section 21(2) of Insurance Act, CAP 117 LFN 2004, contingency reserve is credited with the greater of 3% of total premium, or 20% of the net profits. This shall accumulate until it reaches the amount of greater of minimum paid-up capital or 50 percent of net premium.

2.26 Accumulated losses

Accumulated losses comprise the undistributed (losses)/profits from previous years, which have not been reclassified to the other equity reserves.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2.27 Premiums and unearned premiums

Premiums written comprise the premiums on contracts incepting in the financial year. Premiums written are stated gross of commissions payable to agents and exclusive of taxes levied on premiums. The Company earns premium income evenly over the term of the insurance policy generally using the pro rata method. The portion of the premium related to the unexpired portion of the policy at the end of the fiscal year is reflected in unearned premiums.

2.28 Reinsurance expenses

Reinsurance expenses represent outward premium paid to reinsurance companies less the unexpired portion as at the end of the accounting year.

2.29 Commission income

Commissions earned are recognised on ceding businesses to reinsurers and other insurance companies and are credited to the statement of profit or loss.

2.30 Claims expenses

Claims expenses incurred consist of claims and claims handling expenses paid by the Company during the financial year together with the movement in the provision for outstanding claims. (See the accounting policy for reserve for outstanding claims above). The gross provision for claims represents the estimated liability arising from claims in the current and preceding financial years which have not yet given rise to claims paid. The provision includes an allowance for claims management and handling expenses.

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

2.31 Acquisition costs

Acquisition costs represent commissions and other expenses related to the acquisition of insurance contract revenues written during the financial year.

2.32 Maintenance expenses

Maintenance expenses are expenses incurred in servicing existing policies/contract. These expenses are charged to the statement of profit or loss in the accounting period in which they are incurred.

2.33 Investment income

This includes interest income and dividend income. Interest income is recognised 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 recognised as an adjustment to the effective interest rate of the instrument. Dividend income from equity investment is recognised when the right to receive payment is established.

2.34 Management expenses

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2.35 Losses per share

The Group presents basic earnings/losses per share (EPS/LPS) data for its ordinary shares. Basic EPS/LPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

2.36 Significant judgements, estimates and assumption

2.36.1 Judgement

The preparation of consolidated and separate financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

Going Concern

The Company's total liabilities exceeded its total assets by ₦11.08 billion (2019: ₦10.58 billion) while the Group's total liabilities exceeded its total assets by ₦11.29 billion (2019: ₦10.63 billion). In addition, the Company's negative total equity as at December 31 2020 of ₦11.08 billion (2019: ₦10.58 billion) is below the minimum regulatory requirement of ₦3 billion and the Company did not meet the regulatory solvency margin whilst there was a shortfall of ₦2.50 billion (2019: ₦2.48 billion) in the assets cover. The Company recorded a negative operating cash flow of ₦53 million (2019: ₦85 million) while the Group recorded a positive (2019: negative) operating cash flow of ₦4 million (2019: ₦53 million). The Company no longer carries out oil and gas line of business and this led to its declining revenue over the years.

These conditions give rise to a material uncertainty which may cast significant doubt about the Group and the Company's ability to continue as going concern therefore they may be unable to realize their assets and discharge their liabilities in the normal course of business.

Management plans to recapitalize the Company. The recapitalization of the business will be achieved through the injection of Funds by potential investors. The Company is discussing with prospective investors. However, if the Company gets an investor, it is estimated that the timing of completion of the recapitalization process may take about 6 months because of the logistics around capital raising for a listed and regulated Company. The success of this plan will potentially lead to a turnaround of the Company's performance from adverse regulatory ratios, losses and inadequate liquidity to improved market share, cash flows and liquidity. In addition, the Company may then be able to meet the minimum regulatory capital requirements of NAICOM and thus be able to re-commence its oil and gas line of businesses. In addition, Management has put in place plans to improve on its retail business base by exploring new opportunities that may improve its revenues and performance. Specifically, some of the plan are leveraging on personal relationships and opportunities created by the Government on compulsory insurance to increase its reach and spread. The Company plans to achieve this by retaining its existing clients and selling permissible services to clients in new locations across the country through strategic partnership with other insurance and insurance brokerage firms. The Company plans to optimize its cost by converting some of its branches to office representatives.

The consolidated and separate financial statements are prepared on the basis that the Group and the Company will continue to be a going concern. This basis of preparation is dependent on the presumption of the ability of the Company to comply with the minimum regulatory capital requirement and the solvency margin requirement as well as its ability to realize its assets and discharge its liabilities in the ordinary course of business.

Deferred tax liabilities

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities. The amount of such provisions is based on various factors such as experience of previous tax audits and differing interpretations by the taxable entity.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2.36 Significant judgements, estimates and assumption - continued

2.36.1 *Judgement - continued*

Deferred tax liabilities - continued

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based on the likely timing and the level of future taxable profits together with future tax planning strategies. The carrying value at the reporting date of deferred tax assets/liability is disclosed in Note 16.

2.36.2 *Estimates and assumption*

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions. 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. Information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described below:

Valuation of investment properties

The valuation of the properties is based on the price for which comparable land and properties are being exchanged or are being marketed for sale. Therefore, the market-approach method of valuation is used; this reflects existing use with recourse to comparison approach that is the analysis of recent sale transaction on similar properties in the neighbourhood. The best price that subsisting interest in the property will reasonably be expected to be sold if made available for sale by private treaty between willing seller and buyer under competitive market condition. "Further details can be found in Note 8."

Impairment on receivables

In accordance with the accounting policy, the Company tests annually whether premium receivables have suffered any impairment. The recoverable amounts of the premium receivables have been determined based on the incurred loss model. These calculations required the use of estimates based on passage of time and probability of recovery. "Further details can be found in Note 3".

Insurance contract liabilities

For non-life insurance contracts, estimates have to be made both for the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of claims incurred, but not yet reported, at the reporting date. It can take a significant period of time before the ultimate claims cost can be established with certainty and for some type of policies, IBNR claims form a significant part of the liability in the statement of financial position.

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder method. The main assumption underlying these techniques is that a Company's past claims development experience can be used to project future claims development and hence ultimate claims costs. As such, these methods extrapolate the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years, 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 judgment is used to assess the extent to which past trends may not apply in future, (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved. "Further details can be found in Note 12."

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2.36 Significant judgements, estimates and assumption - continued

2.36.2 *Estimates and assumption Continued*

Revaluation of property, plant and equipment

The Group measures land and buildings at revalued amounts with changes in fair value being recognised in other comprehensive income. The Group engaged an independent valuation specialist to assess fair value as at December 31 2018. Land and buildings were valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property.

Impairment losses on financial assets

The measurement of impairment losses both under IFRS 9 across all categories of financial assets in scope requires judgment the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk.

The measurement of impairment losses both under IFRS 9 across all categories of financial assets in scope requires judgment the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk.

- i. S&P credit grading model of obligors which assigns PDs to the individual grades.
- ii. The Company'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.
- iii. Development of ECL models, including the various formulas and the choice of inputs.
- iv. Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment rates, inflation rate, GDP growth rate and crude oil price, and the effect on PDs, EADs and LGDs.
- v. Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

It has been the Company's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

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 Company considers the obligor is unlikely to pay its credit obligations to the Company. 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 Company 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 portfolio by the Company'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:

- 1) The contractual cash flows that are due to the Company under the contract; and
- 2) The cash flows that the Company expects to receive.

Elements of ECL models that are considered accounting judgments and estimates include:

- The Company'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 and collateral values, and the effect on PDs, EADs and LGDs
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2.36 Significant judgements, estimates and assumption - continued

2.36.2 *Estimates and assumption Continued*

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 Company 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.

Fair value of financial instruments using valuation techniques

The Directors use their judgment in selecting an appropriate valuation technique. Where possible, financial instruments are finarked 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.

3. Changes in accounting policies and disclosures

New and amended standards and interpretations

In these financial statements, the Group has applied IFRS 9, IFRS 7R (Revised) and IFRS 15 effective for annual periods beginning on or after 1 January 2019, for the first time. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

IFRS 9 Financial Instruments

The Group has adopted IFRS 9 as issued by the International Accounting Standards Board (IASB) with a transition date of 1 January 2019. IFRS 9 replaces IAS 39 for annual periods on or after 1 January 2019. The Group has not restated comparative information for 2017 for financial instruments in the scope of IFRS 9. Therefore, the comparative information for 2019 is report under IAS 39 and is not comparable to the information presented for 2019. Differences arising from the adoption of IFRS 9 have been recognised directly in accumulated losses as of 1 January 2019 and are disclosed in Note 23.

Changes to classification and measurement

To determine their classification and measurement category, IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics.

The IAS 39 measurement categories of financial assets (fair value through profit or loss (FVPL), available for sale (AFS), held to maturity and loans and receivables) have been replaced by:

- Debt instrument at amortised cost
- Debt instrument at fair value through other comprehensive income (FVOCI), with gains or losses recycled to profit or loss on derecognition
- Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition
- Financial assets FVPL

The accounting for financial liabilities remains largely the same as it was under IAS 39. The Group's classification of its financial assets and liabilities is explained in Notes 2.5. The quantitative impact of applying IFRS 9 as at 1 January 2019 is disclosed in Note 23.

3. **Changes in accounting policies and disclosures - continued**

Changes to the impairment calculation

The adoption of IFRS 9 has fundamentally changed the Group's accounting for loss impairments by replacing IAS 39's incurred loss approach (with the exception of insurance related assets which is not within the scope of IFRS 9 just yet) with a forward looking expected credit loss (ECL) approach. IFRS 9 requires the Group to record an allowance for ECLs for loans and other debt financial assets not held at FVPL. The allowance is based on the ECLs associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination.

Details of the Group's impairment method are disclosed in Note 2.5. The quantitative impact of applying IFRS 9 as at 1 January 2019 is disclosed in Note 2.3.

IFRS 7 Revised (IFRS 7R)

To reflect the differences between IFRS 9 and IAS 39, IFRS 7 Financial Instruments: Disclosures was updated, and the Group has adopted it, together with IFRS 9, for the year beginning 1 January 2019. Changes include transition disclosures as shown in Note 5, detailed qualitative and quantitative information about the ECL calculations such as the assumptions and inputs used are set out in Note 2.5 (note on significant estimates) and Note 2.5 to the financial statements.

Reconciliations from opening to closing ECL allowances are presented in Notes 5 (transition disclosures).

IFRS 15 Revenue from contracts with customers

The Group adopted IFRS 15 Revenue from contracts with customers on its effective date of 1 January 2019. IFRS 15 replaces IAS 18 Revenue and establishes a five step model to account for revenue arising from contracts with customers. It applies to all contracts with customers except leases, financial instruments and insurance contracts.

The standard establishes a more systematic approach for revenue measurement and recognition by introducing a five-step model governing revenue recognition. The five-step model requires the Group to (i) identify the contract with the customer, (ii) identify each of the performance obligations included in the contract, (iii) determine the amount of consideration in the contract, (iv) allocate the consideration to each of the identified performance obligations and (v) recognise revenue as each performance obligation is satisfied.

There are no significant impacts from the adoption of IFRS 15 in relation to the timing of when the Company recognises revenues or when revenue should be recognised gross as a principal or net as an agent. Therefore, International Energy Insurance Plc will continue to recognise fee and commission income charged for services provided by the Company as the services are provided (for example on completion of the underlying transaction). Revenue recognition for trading income and net investment income are recognised based on requirements of IFRS 9. In addition, guidance on interest and dividend income has been moved from IAS 18 to IFRS 9 without significant changes to the requirements.

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Considerations

The Interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the date of the transactions for each payment or receipt of advance consideration. This interpretation did not have any impact on the Group's financial statements.

Amendments to IAS 40 Transfers of Investment Property

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. These amendments did not have any impact on the Group's financial statements.

INTERNATIONAL ENERGY INSURANCE PLC

Changes in accounting policies and disclosures - continued

Changes to the impairment calculation

Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts

The amendments address concerns arising from implementing the new financial instruments standard, IFRS 9, before implementing IFRS 17 insurance Contracts, which replaces IFRS 4. The amendments introduce two options for entities issuing insurance contracts: a temporary exemption from applying IFRS 9 and an overlay approach. These amendments are not relevant to the Group as it has already adopted IFRS 9 in 2019.

Other standards that became effective during the year but have no impact on the Group's financial statements

- Amendments to IFRS 2 Classification and measurement of Share-based Payment Transactions
- Amendments to IAS 28 investments in Associates and Joint ventures - Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice
- Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards - Deletion of short-term exemptions for first-time adopters

Standards and interpretations issued but not yet effective - continued

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure, which replaces IFRS 4 Insurance Contracts.

In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies for measurement purposes, IFRS 17 provides a comprehensive model (the general model) for insurance contracts, supplemented by the variable fee approach for contracts with direct participation features that are substantially investment-related service contracts, and the premium allocation approach mainly for short-duration which typically applies to certain non-life insurance contracts.

The main features of the new accounting model for insurance contracts are, as follows:

- The measurement of the present value of future cash flows, incorporating an explicit risk adjustment, remeasured every reporting period (the fulfilment cash flows);
- A Contractual Service Margin (CSM) that is equal and opposite to any day one gain in the fulfilment cashflows of a group of contracts. The CSM represents the unearned profitability of the insurance contracts and is recognised in profit or loss over the service period (i.e., coverage period);
- Certain changes in the expected present value of future cash flows are adjusted against the CSM and thereby recognised in profit or loss over the remaining contractual service period;
- The effect of changes in discount rates will be reported in either profit or loss or other comprehensive income, determined by an accounting policy choice;
- The recognition of insurance revenue and insurance service expenses in the statement of comprehensive income based on the concept of services provided during the period;
- Amounts that the policyholder will always receive, regardless of whether an insured event happens (non-distinct investment components) are not presented in the income statement, but are recognized directly on the statement of financial position;
- Insurance services results (earned revenue less incurred claims) are presented separately from the insurance finance income or expense;
- Extensive disclosures to provide information on the recognized amounts from insurance contracts and the nature and extent of risks arising from these contracts.

IFRS 17 is effective for annual reporting periods beginning on or after 1 January 2021, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. Retrospective application is required.

However, if full retrospective application for a group of insurance contracts is impracticable, then the entity is required to choose either a modified retrospective approach or a fair value approach.

The Group started a project to implement IFRS 17 and has been performing a high-level impact assessment of IFRS 17. The Group expects that the new standard will result in an important change to the accounting policies for insurance contract liabilities of the Group and is likely to have a significant impact on profit and total equity together with presentation and disclosure.

(i) IFRIC Interpretation 23 Uncertainty over Income Tax Treatment - continued

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

(i) IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available. The amendment did not have any impact on the group financial Statements.

(ii) Annual Improvements 2015-2017 Cycle (issued in December 2017)

IAS 12 Income Taxes

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application is permitted. When an entity first applies those amendments, it applies them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period. Since the Group's current practice is in line with these amendments, the Group does not expect any effect on its consolidated financial statements.

IAS 23 Borrowing Costs

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted. Since the Group's current practice is in line with these amendments, the Group does not expect any effect on its financial statements.

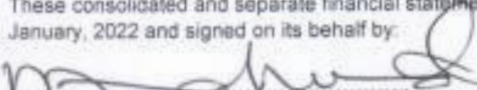
(iii) Other amendments to standards, which currently do not apply to the Group are listed below:

- Amendments to IFRS 9: Prepayment Features with Negative Compensation
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement
- Amendments to IAS 28: Long-term interests in associates and joint ventures
- IFRS 3: Business combination- Annual Improvements 2015-2017 Cycle
- IFRS 11: Joint Arrangements- Annual Improvements 2015-2017 Cycle
- IFRS 16- Leases
- IFRS 17- Insurance Contracts
- Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – Amendments to IFRS 4
- Definition of a Business – Amendments to IFRS 3
- Amendments to IAS 1 and IAS 8: Definition of Material
- Interest Rate Benchmark Reform – Amendments to IFRS 9, IAS 39 and IFRS 7.

INTERNATIONAL ENERGY INSURANCE PLC
CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020

| | Notes | Group | | Company | |
|--|-------|----------------------|----------------------|----------------------|----------------------|
| | | 31-Dec-20 =N='000 | 31-Dec-19 =N='000 | 31-Dec-20 =N='000 | 31-Dec-19 =N='000 |
| Assets | | | | | |
| Cash and cash equivalents | 1 | 266,589 | 255,323 | 147,204 | 136,093 |
| Financial assets | 2 | | - | | |
| - Fair value through profit or loss | 2.1 | 93,609 | 108,556 | 93,609 | 108,556 |
| - Fair value through other comprehensive income | 2.2 | 247,281 | 136,288 | 247,281 | 136,288 |
| - Debt instruments at amortised cost | 2.3 | 519 | 57,882 | 519 | 57,882 |
| Trade receivables | 3 | 132,908 | 120,891 | - | 79 |
| Other receivables and prepayments | 4 | 413,772 | 353,055 | 1,997 | 13,910 |
| Reinsurance assets | 5 | 294,005 | 268,466 | 294,005 | 268,466 |
| Deferred acquisition costs | 6 | 10,465 | 4,384 | 10,465 | 4,384 |
| Investment in subsidiary | 7 | - | - | 1,000,000 | 1,000,000 |
| Investment properties | 8 | 3,617,500 | 3,315,000 | 3,617,500 | 3,315,000 |
| Intangible assets | 9 | 17,652 | 17,417 | - | - |
| Property, plant and equipment | 10 | 3,576,091 | 3,795,603 | 3,072,362 | 3,273,065 |
| Deferred tax assets | 16 | - | - | - | - |
| Statutory deposit | 11 | 322,500 | 322,500 | 322,500 | 322,500 |
| Total assets | | 8,992,890 | 8,755,366 | 8,807,441 | 8,636,224 |
| Liabilities | | | | | |
| Insurance contract liabilities | 12 | 4,110,675 | 4,053,715 | 4,110,675 | 4,053,715 |
| Trade payables | 13 | 73,016 | 62,317 | 23,905 | 16,053 |
| Provision and other payables | 14 | 1,250,237 | 1,134,019 | 1,175,086 | 1,077,843 |
| Current income tax payable | 15 | 525,521 | 505,593 | 512,464 | 497,936 |
| Deferred tax liabilities | 16 | 246,476 | 810,606 | 206,209 | 792,724 |
| Borrowings | 17 | 13,576,160 | 12,505,434 | 13,537,660 | 12,454,934 |
| Deposit for shares | 18 | 317,233 | 318,127 | 317,233 | 318,127 |
| Total liabilities | | 20,099,318 | 19,389,811 | 19,883,232 | 19,211,332 |
| Equity | | | | | |
| Share capital | 19 | 642,043 | 642,043 | 642,043 | 642,043 |
| Share premium | 20 | 963,097 | 963,097 | 963,097 | 963,097 |
| Statutory contingency reserve | 21 | 1,629,867 | 1,607,980 | 1,583,143 | 1,566,208 |
| Capital reserve | 22 | 7,926,399 | 7,926,399 | 7,926,399 | 7,926,399 |
| Accumulated losses | 23 | (24,108,118) | (23,500,235) | (23,825,671) | (23,198,670) |
| Property revaluation reserve | 24 | 1,501,417 | 1,501,417 | 1,482,917 | 1,482,917 |
| Fair value reserve | 25 | 152,283 | 42,901 | 152,283 | 42,901 |
| Equity attributable to the owners of the parent | | (11,293,013) | (10,816,399) | (11,075,790) | (10,575,108) |
| Non-controlling interest | 26 | 186,587 | 181,954 | - | - |
| Total deficit | | (11,106,426) | (10,634,445) | (11,075,790) | (10,575,108) |
| Total liabilities and equity | | 8,992,890 | 8,755,366 | 8,807,441 | 8,636,224 |

These consolidated and separate financial statements were approved by the Board of Directors and authorized for issue on 14th January, 2022 and signed on its behalf by:


Mr. Muhammad K. Ahmad, OON
Interim Chairman
FRC/2015/IODN/00000012581


Mr. Egunolu Ayeni
Managing Director
FRC/2015/CIIN/00000011052


Mr. Emmanuel Bassey
Chief Financial Officer
FRC/2013/ICAN/00000000635

See accompanying summary of significant accounting policies and notes to the consolidated and separate financial statements which form an integral part of these consolidated and separate financial statements.

INTERNATIONAL ENERGY INSURANCE PLC
CONSOLIDATED AND SEPARATE STATEMENTS OF PROFIT OR LOSS
FOR THE YEAR ENDED DECEMBER 31, 2020

| | Note | Group | | Company | |
|---|------|----------------------|----------------------|----------------------|----------------------|
| | | 31-Dec-20 =N='000 | 31-Dec-19 =N='000 | 31-Dec-20 =N='000 | 31-Dec-19 =N='000 |
| Gross written premium | 27 | 564,563 | 525,947 | 564,563 | 525,947 |
| Gross premium income | 27 | 531,388 | 403,098 | 531,388 | 403,098 |
| Reinsurance expenses | 28 | (91,393) | (78,916) | (91,393) | (78,916) |
| Net premium income | | 439,995 | 324,182 | 439,995 | 324,182 |
| Commission income | 29 | 9,939 | 12,328 | 9,939 | 12,328 |
| Net underwriting income | | 449,934 | 338,510 | 449,934 | 338,510 |
| Underwriting expenses | | | | | |
| Claims expenses | 30 | (69,510) | (121,772) | (69,510) | (121,772) |
| Acquisition costs | 31 | (22,655) | (35,251) | (22,655) | (35,251) |
| Maintenance costs | 32 | (121,865) | (76,191) | (121,865) | (76,191) |
| Total underwriting expenses | | (214,030) | (233,214) | (214,030) | (233,214) |
| Underwriting results | | 235,904 | 103,296 | 235,904 | 103,296 |
| Interest revenue calculated using effective interest method | 33.1 | 63,592 | 59,111 | 60,575 | 48,758 |
| Other investment income | 33.2 | 1,969 | 2,557 | 1,969 | 746 |
| Net realised (loss)/gains | 34 | 2,615 | 5,347 | 2,615 | 5,347 |
| Net fair value gain/(loss) | 35 | 114,164 | 501,885 | 114,164 | 501,885 |
| Other income | 36 | 985,782 | 1,150,379 | 124,257 | 302,385 |
| Credit loss reversal/(expense) | 37 | (17,385) | (906) | (17,385) | (906) |
| Management expenses | 38 | (1,456,139) | (1,506,131) | (646,453) | (885,281) |
| Operating losses | | (69,498) | 315,538 | (124,354) | 276,230 |
| Finance costs | 39 | (1,091,439) | (7,423) | (1,082,726) | - |
| (Loss)/Profit before income tax expense | | (1,160,937) | 308,115 | (1,207,080) | 276,230 |
| Income tax expense | 15 | 549,917 | (32,726) | 571,989 | (8,816) |
| (Loss)/Profit for the year | | (611,020) | 275,389 | (635,091) | 267,414 |
| Profit/(loss) for the year attributable to: | | | | | |
| Equity holders of the parent | | (615,653) | 273,873 | (635,091) | 267,414 |
| Non-controlling interests | | 4,633 | 1,515 | - | - |
| | | (611,020) | 275,389 | (635,091) | 267,414 |
| (Loss)/Profit per share: | | | | | |
| Basic and diluted profit/(loss) per share (N) | 40 | (48) | 21 | (49) | 24 |

See accompanying summary of significant accounting policies and notes to the consolidated and separate financial statements which form an integral part of these consolidated and separate financial statements.

INTERNATIONAL ENERGY INSURANCE PLC
CONSOLIDATED AND SEPARATE STATEMENTS OF OTHER COMPREHENSIVE INCOME
AS AT DECEMBER 31, 2020

| | Note | Group | | Company | |
|---|------|----------------------|----------------------|----------------------|----------------------|
| | | 31-Dec-20 =N='000 | 31-Dec-19 =N='000 | 31-Dec-20 =N='000 | 31-Dec-19 =N='000 |
| (Loss)/Profit for the year | | (611,020) | 275,389 | (635,091) | 267,414 |
| Other comprehensive income (OCI) | | | | | |
| <i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i> | | | | | |
| Net (loss)/gain on available-for-sale financial assets | 41 | - | 4,775 | - | 4,775 |
| <i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i> | | | | | |
| Net loss on equity instrument designated at fair value through other comprehensive income | 41.2 | 109,382 | 53,752 | 109,382 | 53,752 |
| Revaluation gain on property | 42 | - | 587,538 | - | 587,538 |
| Income tax relating to items not to be reclassified to profit or loss | 16 | - | (176,261) | - | (176,261) |
| OCI for the year, net of tax | | 109,382 | 469,804 | 109,382 | 469,804 |
| Total comprehensive (Loss)/Profit for the year | | (501,638) | 745,193 | (525,709) | 737,218 |
| Total comprehensive (loss)/profit attributable to: | | | | | |
| Equity holders of the parent | | (506,271) | 743,677 | (525,709) | 737,218 |
| Non-controlling interests | | 4,633 | 1,515 | - | - |
| | | (501,638) | 745,193 | (525,709) | 737,218 |

See accompanying summary of significant accounting policies and notes to the consolidated and separate financial statements which form an integral part of these consolidated and separate financial statements.

INTERNATIONAL ENERGY INSURANCE PLC
CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2020

| Group | Attributable to owners of the parent | | | | | | | | | |
|---|--------------------------------------|-------------------------|---|------------------------------|---------------------------------|--|---------------------------------|-----------------|--|---------------------------|
| | Share capital =N=000 | Share premium =N=000 | Statutory contingency reserve =N=000 | Capital reserve =N=000 | Accumulated losses =N=000 | Property revaluation reserve =N=000 | Fair value reserve =N=000 | Total =N=000 | Non- controlling interests =N=000 | Total equity =N=000 |
| As at 1 January 2019 | 642,043 | 963,097 | 1,445,677 | 7,926,398 | (24,198,471) | 1,090,140 | (15,526) | (12,046,742) | 176,099 | (11,870,643) |
| Impact of adopting IFRS 9* | - | - | - | - | - | - | - | - | - | - |
| Loss for the year | - | - | - | - | 275,389 | - | - | 275,389 | 1,515 | 276,904 |
| Other comprehensive income | - | - | - | - | - | 411,277 | 58,527 | 469,804 | 4,340 | 474,144 |
| Total comprehensive loss | - | - | - | - | 275,389 | 411,277 | 58,527 | 745,193 | 5,855 | 751,048 |
| Transfer between reserves | - | - | 62,303 | - | (62,303) | - | - | - | - | - |
| Adjustment made to write off balances | - | - | - | - | 485,148 | - | - | 485,148 | - | 485,148 |
| At 31 December 2019 | 642,043 | 963,097 | 1,607,980 | 7,926,398 | (23,500,237) | 1,501,417 | 42,901 | (10,816,401) | 181,964 | (10,634,447) |
| Impact of adopting IFRS 9* | - | - | - | - | - | - | - | - | - | - |
| Prior year adjustment | - | - | - | - | - | - | - | - | - | - |
| Restated opening balance under IFRS 9 | 642,043 | 963,097 | 1,607,980 | 7,926,398 | (23,500,237) | 1,501,417 | 42,901 | (10,816,401) | 181,964 | (10,634,447) |
| (Loss)/Profit for the year | - | - | - | - | (611,020) | - | - | (611,020) | 4,633 | (606,387) |
| Other comprehensive income | - | - | - | - | - | - | 109,362 | 109,362 | - | 109,362 |
| Total comprehensive loss | - | - | - | - | (611,020) | - | 109,362 | (501,658) | 4,633 | (497,025) |
| Transfer between reserves | - | - | 21,887 | - | (21,887) | - | - | - | - | - |
| Adjustment made to write off balances | - | - | - | - | 25,027 | - | - | 25,027 | - | 25,027 |
| Reclassification on Interest on Borrowing | - | - | - | - | - | - | - | - | - | - |
| At 31 December 2020 | 642,043 | 963,097 | 1,629,867 | 7,926,398 | (24,106,117) | 1,561,417 | 152,263 | (11,293,013) | 186,587 | (11,106,426) |

INTERNATIONAL ENERGY INSURANCE PLC
CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2020

| Company | Attributable to owners of the parent | | | | | | | Total =N=000 |
|---|--------------------------------------|-----------------------------|---|------------------------------|---------------------------------|--|---------------------------------|-----------------|
| | Shares capital =N=000 | Shares premium =N=000 | Statutory contingency reserve =N=000 | Capital reserve =N=000 | Accumulated losses =N=000 | Property revaluation reserve =N=000 | Fair value reserve =N=000 | |
| As at 1 January 2019 | 642,043 | 963,097 | 1,512,723 | 7,936,398 | (23,897,749) | 1,071,640 | (15,626) | (11,797,474) |
| Impact of adopting IFRS 9* | - | - | - | - | - | - | - | - |
| Loss for the year | - | - | - | - | 267,414 | - | - | 267,414 |
| Other comprehensive income | - | - | - | - | - | - | - | - |
| Total comprehensive loss | - | - | - | - | 267,414 | - | - | 267,414 |
| Transfer between reserves | - | - | 93,493 | - | (93,493) | 411,277 | 58,527 | 469,804 |
| Adjustment made to write off Balance | - | - | - | - | 485,140 | - | - | 485,140 |
| As 31 December 2019 | 642,043 | 963,097 | 1,606,206 | 7,936,398 | (23,198,670) | 1,482,917 | 42,901 | (10,575,168) |
| Impact of adopting IFRS 9* | - | - | - | - | - | - | - | - |
| Revalued opening balance under IFRS 9 | 642,043 | 963,097 | 1,566,206 | 7,936,398 | (23,198,670) | 1,482,917 | 42,901 | (10,575,168) |
| Loss for the year | - | - | - | - | (635,091) | - | - | (635,091) |
| Other comprehensive income | - | - | - | - | - | - | 109,362 | 109,362 |
| Total comprehensive loss | - | - | - | - | (635,091) | - | 109,362 | (525,729) |
| Transfer between reserves | - | - | 16,037 | - | (16,037) | - | - | - |
| Adjustment made to write off Balance | - | - | - | - | 25,027 | - | - | 25,027 |
| Reclassification on interest on Borrowing | - | - | - | - | - | - | - | - |
| As 31 December 2020 | 642,043 | 963,097 | 1,582,243 | 7,936,398 | (23,823,671) | 1,482,917 | 192,283 | (11,678,791) |

See accompanying notes to the consolidated and separate financial statements which forms an integral part of these financial statements.

INTERNATIONAL ENERGY INSURANCE PLC
CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

| | Note | Group | | Company | |
|--|------|----------------------|----------------------|----------------------|----------------------|
| | | 31-Dec-20 =N='000 | 31-Dec-19 =N='000 | 31-Dec-20 =N='000 | 31-Dec-19 =N='000 |
| Operating activities | | | | | |
| Premium received from policy holders | | 584,484 | 525,968 | 584,484 | 525,968 |
| Reinsurance premium paid | 28 | (88,798) | (78,917) | (88,798) | (78,917) |
| Commission received | 29 | 9,939 | 12,328 | 9,939 | 12,328 |
| Commission paid | 6 | (28,736) | (35,354) | (28,736) | (35,354) |
| Claims paid | 30 | (89,004) | (59,370) | (89,004) | (59,370) |
| Claims recoverable from re-insurers | 30.1 | 22,839 | 31,340 | 22,839 | 31,340 |
| Other operating cash payments | 44 | (506,315) | (1,306,358) | (505,890) | (811,381) |
| Other operating income | | 121,127 | 870,990 | 121,127 | 135,910 |
| Cash used in operating activities | 43 | 5,536 | (39,374) | (54,039) | (79,477) |
| Income tax paid | 15 | (1,482) | (10,554) | - | (6,002) |
| Net cash flows used in operating activities | | 4,054 | (49,928) | (54,039) | (85,479) |
| Investing activities | | | | | |
| Purchase of property, plant and equipment | 10 | (42,176) | (79,441) | (2,312) | (654) |
| Proceeds from disposal of property, plant and equipment | | 2,681 | 6,610 | 2,681 | 5,193 |
| Purchase of financial assets | 2.1 | - | - | - | - |
| Purchase of intangible assets | 9 | (1,683) | (3,959) | - | - |
| Proceeds from disposal of financial assets | | - | 1,053 | - | 1,053 |
| Dividend received | 33.2 | 1,969 | 2,557 | 1,969 | 746 |
| Interest received | 33.1 | 64,896 | 59,110 | 60,575 | 48,758 |
| Net cash flows provided by/(used in) investing activities | | 25,687 | (14,069) | 62,913 | 55,096 |
| Financing activities | | | | | |
| Repayment of borrowings | | (12,000) | (9,500) | - | - |
| Receipts of loan received from loan obtained during the year | | - | 60,000 | - | - |
| Interest paid | | (8,713) | (7,423) | - | - |
| Repayment of deposit for shares | 18.2 | (894) | - | (894) | - |
| Net cash flows used in financing activities | | (21,607) | 43,077 | (894) | - |
| Net decrease in cash and cash equivalents | | 8,136 | (24,067) | 7,980 | (30,384) |
| Cash and cash equivalents at 1 January | | 255,323 | 279,390 | 136,093 | 166,477 |
| Effect of foreign exchange differences | | 3,130 | - | 3,130 | - |
| Cash and cash equivalents at 31 December | 45 | 266,589 | 255,323 | 147,203 | 136,093 |

See accompanying notes to the consolidated and separate financial statements which forms an integral part of these financial statements.

INTERNATIONAL ENERGY INSURANCE PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

1 Cash and cash equivalents

| | Group | | Company | |
|-----------------------------------|-----------------|-----------------|-----------------|-----------------|
| | 2020 =N='000 | 2019 =N='000 | 2020 =N='000 | 2019 =N='000 |
| Cash-in-hand | 918 | 1,235 | 365 | 357 |
| Balances with banks (Note 1.1) | 77,311 | 107,246 | 62,177 | 90,259 |
| Short-term placements (Note 1.2) | 196,471 | 147,554 | 92,773 | 46,190 |
| | <u>274,700</u> | <u>256,035</u> | <u>155,315</u> | <u>136,805</u> |
| Less: Allowance for credit losses | (8,112) | (712) | (8,112) | (712) |
| Cash and cash equivalents | <u>266,589</u> | <u>255,323</u> | <u>147,204</u> | <u>136,093</u> |

1.1 Balances with banks are made up of the following:

| | | | | |
|---------------------------------------|---------------|----------------|---------------|---------------|
| Balances held with local banks | 46,075 | 86,422 | 34,075 | 69,435 |
| Balances held in domiciliary accounts | 31,236 | 20,824 | 28,102 | 20,824 |
| | <u>77,311</u> | <u>107,246</u> | <u>62,177</u> | <u>90,259</u> |
| Less: Allowance for credit losses | (139) | (191) | (139) | (191) |
| Total balance with banks | <u>77,172</u> | <u>107,055</u> | <u>62,038</u> | <u>90,068</u> |

1.2 Short term placements are made up of:

| | | | | |
|-----------------------------------|----------------|----------------|---------------|---------------|
| Call deposits | 2,228 | 2,082 | 2,228 | 2,082 |
| Term deposits | 194,243 | 145,472 | 90,545 | 44,108 |
| | <u>196,471</u> | <u>147,554</u> | <u>92,773</u> | <u>46,190</u> |
| Less: Allowance for credit losses | (7,973) | (521) | (7,973) | (521) |
| Total short term placements | <u>188,498</u> | <u>147,033</u> | <u>84,800</u> | <u>45,669</u> |

Short-term placements are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group. All deposits are subject to an average variable interest rate of (2020: 6.5 %) per annum. All amounts included as part of cash and cash equivalents are current.

1.3 Impairment loss on cash and cash equivalents

An analysis of the gross carrying amount and corresponding ECLs is as follows:

| | Stage 1 Individual N'000 | Stage 2 Individual N'000 | Stage 3 Individual N'000 | Total N'000 |
|---|--------------------------------|--------------------------------|--------------------------------|----------------|
| Group | | | | |
| Gross carrying amount | | | | |
| Balances held with local banks and domiciliary accounts | 78,234 | - | 139 | 78,373 |
| Call deposits | 2,228 | - | - | 2,228 |
| Term deposits | 194,243 | - | 7,973 | 202,216 |
| | <u>274,705</u> | <u>-</u> | <u>8,112</u> | <u>282,817</u> |
| Expected credit losses | | | | |
| Balances held with local banks and domiciliary accounts | 139 | - | - | 139 |
| Call deposits | - | - | - | - |
| Term deposits | 7,973 | - | - | 418 |
| | <u>8,112</u> | <u>-</u> | <u>-</u> | <u>557</u> |
| Company | | | | |
| Gross carrying amount | | | | |
| Balances held with local banks and domiciliary accounts | 62,177 | - | (139) | 62,038 |
| Call deposits | 2,228 | - | (16) | 2,212 |
| Term deposits | 90,545 | - | (7,763) | 82,782 |
| | <u>154,950</u> | <u>-</u> | <u>(7,918)</u> | <u>147,032</u> |
| Expected credit losses | | | | |
| Balances held with local banks and domiciliary accounts | 139 | - | - | 139 |
| Call deposits | 16 | - | - | 16 |
| Term deposits | 7,763 | - | - | 7,763 |
| | <u>7,918</u> | <u>-</u> | <u>-</u> | <u>7,918</u> |

INTERNATIONAL ENERGY INSURANCE PLC
 NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

2 Financial assets

| | Group | | Company | |
|--|-----------------|-----------------|-----------------|-----------------|
| | 2020 =N='000 | 2019 =N='000 | 2020 =N='000 | 2019 =N='000 |
| - Fair value through profit or loss (Note 2.1) | 93,609 | 108,556 | 93,609 | 108,556 |
| - Fair value through other comprehensive income (Note 2.2) | 247,281 | 136,288 | 247,281 | 136,288 |
| - Debt instruments at amortised cost (Note 2.3) | 519 | 57,882 | 519 | 57,882 |
| - Treasury bill at amortised cost (Note 2.7) | - | - | - | - |
| | <u>341,409</u> | <u>302,726</u> | <u>341,409</u> | <u>302,726</u> |

| | | | | |
|--|---------------|----------------|---------------|----------------|
| 2.1 Fair value through profit or loss/Held-for-trading | | | | |
| At 1 January | 108,556 | 236,320 | 108,556 | 236,320 |
| Purchase during the year | - | - | - | - |
| Adjustment | - | - | - | - |
| Acquisition of shares | - | - | - | - |
| *Reclassification/during the year/Redemption | (1,611) | (899) | (1,611) | (899) |
| Net fair value (loss)/gain (Note 35) | (13,336) | (126,865) | (13,336) | (126,865) |
| At 31 December | <u>93,609</u> | <u>108,556</u> | <u>93,609</u> | <u>108,556</u> |

Financial assets held at fair value through profit or loss/Held-for-trading relates to quoted equity instruments.

INTERNATIONAL ENERGY INSURANCE PLC
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

2 Financial assets

2.2 Fair value through OCI (FVTOCI) /Available-for-sale (AFS)

| | Group | | Company | |
|---|-----------------|-----------------|-----------------|-----------------|
| | 2020 =N='000 | 2019 =N='000 | 2020 =N='000 | 2019 =N='000 |
| Heritage Banking Company Limited | - | - | - | - |
| WAICA RE | 123,493 | 43,136 | 123,493 | 43,136 |
| EAPN | 122,177 | 93,152 | 122,177 | 93,152 |
| *Unlisted Stocks- Reclassification from Quoted stocks | 1,811 | - | 1,811 | - |
| | 247,281 | 136,288 | 247,281 | 136,288 |
| Movement in FVTOCI/AFS | | | | |
| At 1 January | 136,288 | 38,361 | 136,288 | 38,361 |
| Disposal | - | - | - | - |
| Addition | 1,811 | 93,152 | 1,811 | 93,152 |
| Fair value change (Note 41.1) | 108,382 | 4,775 | 108,382 | 4,775 |
| Fair value loss (Note 41.2) | - | - | - | - |
| At 31 December | 247,281 | 136,288 | 247,281 | 136,288 |

The Group's FVTOCI/AFS financial assets consists of equities that are not quoted in an active market.

2.3 Debt securities at amortised cost/Loans and receivables

| | Group | | Company | |
|---|-----------------|-----------------|-----------------|-----------------|
| | 2020 =N='000 | 2019 =N='000 | 2020 =N='000 | 2019 =N='000 |
| Treasury bills | - | 57,073 | - | 57,073 |
| Staff loans | 519 | 809 | 519 | 809 |
| | 519 | 57,882 | 519 | 57,882 |
| Treasury bills* | | | | |
| Gross | - | 57,267 | - | 57,267 |
| Impairment loss on treasury bills | - | (194) | - | (194) |
| | - | 57,073 | - | 57,073 |
| Staff loans* | 249,175 | 249,175 | 249,175 | 249,175 |
| Payment received | (290) | - | (290) | - |
| Impairment allowance on loans and receivables (written off) | (248,366) | (248,366) | (248,366) | (248,366) |
| Bad debt | - | - | - | - |
| | 519 | 809 | 519 | 809 |

INTERNATIONAL ENERGY INSURANCE PLC
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

| | Group | | Company | |
|--|-----------------|-----------------|-----------------|-----------------|
| | 2020 =N='000 | 2019 =N='000 | 2020 =N='000 | 2019 =N='000 |
| ECL allowance as at 1 January 2019 | - | 248,366 | - | 248,366 |
| New assets purchased | - | - | - | - |
| Assets derecognised or matured (excluding write-offs) | - | - | - | - |
| Amounts written off | - | - | - | - |
| At 31 December 2019 | - | 248,366 | - | 248,366 |
| 3 Trade receivables | | | | |
| Insurance receivables (Note 3.1) | - | 2,713,466 | - | 2,713,466 |
| Fees receivables | 134,947 | 125,769 | - | - |
| | 134,947 | 2,839,235 | - | 2,713,466 |
| Provision now written off | - | (2,718,344) | - | (2,713,387) |
| Less: allowance for credit losses (Note 3.3) | (2,039) | - | - | - |
| At 31 December | 132,908 | 120,891 | - | 79 |
| 3.1 Insurance receivables comprise amount due from: | | | | |
| Brokers | - | 2,713,466 | - | 2,713,466 |
| Insurers | - | - | - | - |
| | - | 2,713,466 | - | 2,713,466 |
| 3.2 Allowance for impairment on insurance receivables | | | | |
| At 1 January | - | 2,713,466 | - | 2,713,387 |
| Written off during the year | - | 4,957 | - | - |
| | - | 2,718,423 | - | 2,713,387 |
| Provision now written off | - | (2,718,423) | - | (2,713,387) |
| At 31 December | - | - | - | - |

In compliance with NAICOM's guidelines/Circular on 'No Premium No Cover' Management has made full impairment allowance of the trade receivables in the books as at 31 December, 2019. Management has determined that it is not probable that these receivable would be recovered and has resolved to write-off these balances.

3.3 Impairment loss on fees receivable
An analysis of the gross carrying amount and corresponding ECLs is as follows:

| Group | 31/12/2020 | | | | | | | | | | | | | | |
|--|--|-------------------|-------|-------|--|------|------|---------|---------|---------|---------|---------|---------|---------|---------|
| | Not Due (Current) | Days past due | Total | | | | | | | | | | | | |
| | N'000 | < 30days N'000 | N'000 | | | | | | | | | | | | |
| Estimated credit loss rate | 0.61% | 0.71% | | | | | | | | | | | | | |
| Estimated total gross carrying amount at default | | | | | | | | | | | | | | | |
| Expected credit loss | | | | | | | | | | | | | | | |
| | | 01/01/2020 | | | | | | | | | | | | | |
| Estimated credit loss rate | 1.20% | 1.54% | | | | | | | | | | | | | |
| Estimated total gross carrying amount at default | | | | | | | | | | | | | | | |
| Expected credit loss | | | | | | | | | | | | | | | |
| Fees receivable | <table border="1"> <thead> <tr> <th colspan="2">Group</th> </tr> <tr> <th>2020</th> <th>2019</th> </tr> <tr> <th>=N='000</th> <th>=N='000</th> </tr> </thead> <tbody> <tr> <td>134,947</td> <td>125,769</td> </tr> <tr> <td>(2,039)</td> <td>(4,957)</td> </tr> <tr> <td>132,908</td> <td>120,812</td> </tr> </tbody> </table> | | | Group | | 2020 | 2019 | =N='000 | =N='000 | 134,947 | 125,769 | (2,039) | (4,957) | 132,908 | 120,812 |
| Group | | | | | | | | | | | | | | | |
| 2020 | 2019 | | | | | | | | | | | | | | |
| =N='000 | =N='000 | | | | | | | | | | | | | | |
| 134,947 | 125,769 | | | | | | | | | | | | | | |
| (2,039) | (4,957) | | | | | | | | | | | | | | |
| 132,908 | 120,812 | | | | | | | | | | | | | | |
| Receivables from third party Customers | | | | | | | | | | | | | | | |
| Allowance for expected credit loss | | | | | | | | | | | | | | | |

Trade receivables are non interest bearing and are generally in terms of 30 days.

INTERNATIONAL ENERGY INSURANCE PLC
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

3.3 Impairment loss on fees receivable cont'd

All insurance receivables carrying values approximate fair value at the reporting date. The Group reviews individual receivable account to determine its collectivity. The Group issues policies only to clients who pay in advance or are backed by registered brokers' credit notes that are payable within thirty days. All uncollected amounts after due date are deemed impaired.

3.4 Below is the aging analysis of trade receivables

0-30 days

4 Other receivables and prepayments

Investment receivables
 Withholding tax receivable
 Prepayments
 Sundry receivables*
 Allowance for impairment on sundry receivables (Note 4.1)

| | Group | | Company | |
|---|-----------------|-----------------|-----------------|-----------------|
| | 2020 =N='000 | 2019 =N='000 | 2020 =N='000 | 2019 =N='000 |
| 0-30 days | 132,908 | 120,812 | - | 79 |
| Investment receivables | - | 10,427 | - | 10,427 |
| Withholding tax receivable | 384,961 | 307,752 | - | - |
| Prepayments | 17,804 | 17,357 | 157 | 3,483 |
| Sundry receivables* | 21,585 | 19,722 | 12,018 | 2,203 |
| | 423,951 | 355,258 | 12,176 | 16,113 |
| Allowance for impairment on sundry receivables (Note 4.1) | (10,179) | (2,203) | (10,179) | (2,203) |
| | 413,772 | 353,055 | 1,997 | 13,910 |

The sum of N10,179,000 represents allowance for impairment in respect to the amount of fraud perpetrated by a staff of the Company during the year.

4.1 Impairment Allowance/ written off

Investment Receivables
 Allowance for impairment on sundry receivables
 At 31 December
 Sundry Receivables
 Impairment written off
 Allowance for impairment on sundry receivables
 At 31 December

| | Group | | Company | |
|--|-----------------|-----------------|-----------------|-----------------|
| | 2020 =N='000 | 2019 =N='000 | 2020 =N='000 | 2019 =N='000 |
| Investment Receivables | - | 257,564 | - | 257,564 |
| Allowance for impairment on sundry receivables At 31 December | - | (257,564) | - | (257,564) |
| Sundry Receivables | 12,018 | 2,203 | 12,018 | 2,203 |
| Impairment written off | - | (2,203) | - | (2,203) |
| Allowance for impairment on sundry receivables At 31 December | (10,179) | - | (10,179) | - |
| | 1,839 | - | 1,839 | - |

5 Reinsurance assets

Reinsurance share of outstanding claims
 Reinsurance share of IBNR on OCR
 Outstanding claims recoverable
 Prepaid reinsurance expenses
 Minimum Deposit Premium
 Movement in outstanding claims recoverable
 At 1st January
 Reinsurance share of claims paid during the year
 Recovery from reinsurance during the year (Note 30.1)
 Increase/(Decrease) during the year (Note 30)
 At 31 December
 Movement in prepaid reinsurance expenses
 At 1st January
 Reinsurance cost during the year
 Increase during the year
 At 31 December

| | Group | | Company | |
|--|-----------------|-----------------|-----------------|-----------------|
| | 2020 =N='000 | 2019 =N='000 | 2020 =N='000 | 2019 =N='000 |
| Reinsurance share of outstanding claims | 258,884 | 226,814 | 258,884 | 226,814 |
| Reinsurance share of IBNR on OCR | 23,760 | 27,896 | 23,760 | 27,896 |
| Outstanding claims recoverable | 282,644 | 254,510 | 282,644 | 254,510 |
| Prepaid reinsurance expenses | 7,331 | 13,956 | 7,331 | 13,956 |
| Minimum Deposit Premium | 4,030 | - | 4,030 | - |
| | 294,005 | 268,466 | 294,005 | 268,466 |
| Movement in outstanding claims recoverable At 1st January | 254,510 | 303,555 | 254,510 | 303,555 |
| Reinsurance share of claims paid during the year | 7,314 | 6,436 | 7,314 | 6,436 |
| Recovery from reinsurance during the year (Note 30.1) | (22,839) | (31,340) | (22,839) | (31,340) |
| Increase/(Decrease) during the year (Note 30) | 43,659 | (24,141) | 43,659 | (24,141) |
| At 31 December | 282,644 | 254,510 | 282,644 | 254,510 |
| Movement in prepaid reinsurance expenses At 1st January | 13,957 | 15,530 | 13,957 | 15,530 |
| Reinsurance cost during the year | 88,800 | 77,343 | 88,800 | 77,343 |
| Increase during the year | (91,395) | (78,916) | (91,395) | (78,916) |
| At 31 December | 11,362 | 13,957 | 11,362 | 13,957 |

Reinsurance assets represent the extent of credit risk related to reinsurance and its obligations to policy holders. Reinsurance assets are carried at amortised cost. The carrying amount is not significantly different from fair value.

INTERNATIONAL ENERGY INSURANCE PLC
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

6 Deferred acquisition costs

These represent commission paid to brokers on unearned premium relating to the unexpired tenure of risks.

| | Fire =N='000 | Motor =N='000 | General accident =N='000 | Marine =N='000 | Energy =N='000 | Total =N='000 |
|---|-----------------|------------------|--------------------------------|-------------------|-------------------|------------------|
| At 1 January 2019 | 3,454 | 4,928 | 2,442 | 1,420 | 2,210 | 14,454 |
| Commission incurred during the year (Note 31) | 1,979 | 5,275 | 19,627 | 3,378 | 5,096 | 35,354 |
| Amortisation | (4,861) | (8,596) | (20,665) | (4,161) | (7,141) | (45,424) |
| At 31 December 2019 | 572 | 1,606 | 1,404 | 637 | 165 | 4,384 |
| Commission incurred during the year (Note 31) | 4,538 | 17,412 | 2,489 | 4,297 | - | 28,735 |
| Amortisation to profit or loss (to revenue account) | (3,831) | (11,747) | (3,020) | (4,056) | - | (22,655) |
| At 31 December 2020 | 1,279 | 7,271 | 873 | 877 | 165 | 10,465 |
| 2020 | | | | | | |
| Current | 1,279 | 7,271 | 873 | 877 | 165 | 10,465 |
| Non-current | - | - | - | - | - | - |
| | 1,279 | 7,271 | 873 | 877 | 165 | 10,465 |
| 2019 | | | | | | |
| Current | 572 | 1,606 | 1,404 | 637 | 165 | 4,384 |
| Non-current | - | - | - | - | - | - |
| | 572 | 1,606 | 1,404 | 637 | 165 | 4,384 |

INTERNATIONAL ENERGY INSURANCE PLC
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

7 Investment in subsidiary

| | Group | | Company | |
|-------------------------------------|-----------------|-----------------|-----------------|-----------------|
| | 2020 =N='000 | 2019 =N='000 | 2020 =N='000 | 2019 =N='000 |
| IEI Anchor Pension Managers Limited | - | - | 1,000,000 | 1,000,000 |
| | - | - | 1,000,000 | 1,000,000 |

Impairment testing

The Group performed its annual impairment test as at December 2020 on its various investments in its subsidiary. The Group considers the relationship between their value in use (VIU) and its book value, among other factors, when reviewing for indicators of impairment. As at 31 December 2020 the value in use (which approximate fair value) of the subsidiary was above the carrying value, indicating no potential impairment on the investments in the Group's subsidiary.

| Subsidiary | Equity interest % | | Country of incorporation | Business operation |
|-------------------------------------|-------------------|------|--------------------------|---------------------------|
| | 2020 | 2019 | | |
| IEI Anchor Pension Managers Limited | 81 | 81 | Nigeria | Pension assets management |

Non-controlling interest in subsidiary

The Group's subsidiary does not have a material non-controlling interest.

8 Investment properties

| | Group | | Company | |
|--------------------------------------|-----------------|-----------------|-----------------|-----------------|
| | 2020 =N='000 | 2019 =N='000 | 2020 =N='000 | 2019 =N='000 |
| At 1 January | 3,315,000 | 2,686,250 | 3,315,000 | 2,686,250 |
| Reclassification | 175,000 | - | 175,000 | - |
| Net fair value adjustments (Note 35) | 127,500 | 628,750 | 127,500 | 628,750 |
| At 31 December | 3,617,500 | 3,315,000 | 3,617,500 | 3,315,000 |

Further analysis and details of the investment properties including their location are stated below. These includes the carrying amount and the corresponding fair value adjustments recognized in the profit or loss.

8.1 Description of properties

| | Group | | Company | |
|--|-----------------|-----------------|-----------------|-----------------|
| | 2020 =N='000 | 2019 =N='000 | 2020 =N='000 | 2019 =N='000 |
| IEI Ibadan Estate, Liberty Road, Oke Ado, Ibadan No 3. Oshunkeys Crescent, Gbagada Industrial Scheme, Lagos | 1,387,500 | 1,350,000 | 1,387,500 | 1,350,000 |
| 7 Onitsha-Aba Benin Expressway, Asaba, Delta State | 1,450,000 | 1,400,000 | 1,450,000 | 1,400,000 |
| Ugbo-Eryi-Nike, Enugu Local Government | 500,000 | 475,000 | 500,000 | 475,000 |
| No 5 Ribadu Road, off swimming pool road GRA Kaduna | 95,000 | 90,000 | 95,000 | 90,000 |
| | 185,000 | - | 185,000 | - |
| | 3,617,500 | 3,315,000 | 3,617,500 | 3,315,000 |

The landed property in Kaduna had been reclassified to investment property according to IAS 40

Valuation techniques used for fair valuation of investment properties

This represents the Company's investment in building and landed property for the purpose of capital appreciation. The investment properties are stated at fair value, which has been determined based on valuations performed by a qualified estate surveyor. The investment properties were independently valued by Messrs Humphrey Cronsaye & Co. (a registered estate surveyor & valuers) as at 31 December 2020, based on valuation model in accordance with that recommended by the International Valuation Standards Committee. However, the Valuer has confirmed that this represent the value of all these properties as at 31st December, 2020. The determination of fair value of the investment property was supported by market evidence.

INTERNATIONAL ENERGY INSURANCE PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

8 Investment properties - continued

8.2 The movement in investment properties are as follows:

| Description/Location | Opening Balance N'000 | Additions/ Transfer N'000 | Disposal N'000 | Fair Value gain/(loss) N'000 | Closing Balance N'000 |
|---|--------------------------|---------------------------------|-------------------|------------------------------------|--------------------------|
| (i) UGBO-ENYI-NIKE ALONG ONITSHA ENUGU EXPRESSWAY, ENUGU STATE | 90,000 | - | - | 5,000 | 95,000 |
| (ii) 3A OSHUNKEYE STREET, OFF APAPA OSHODI EXPRESSWAY, GBAGADA, LAGOS | 1,400,000 | - | - | 50,000 | 1,450,000 |
| (iii) KILOMETRE 7, ONITSHA-ASABA-BENIN EXPRESSWAY, ASABA, DELTA STATE | 475,000 | - | - | 25,000 | 500,000 |
| (iv) LIBERTY ROAD, OPPOSITE LIBERTY STADIUM, OFF RING ROAD, IBADAN, OYO STATE | 1,350,000 | - | - | 37,500 | 1,387,500 |
| (v) No. 5, RIBADU ROAD, OFF SWIMMING POOL ROAD, GRA, KADUNA | - | 175,000 | - | 10,000 | 185,000 |
| | 3,315,000 | 175,000 | - | 127,500 | 3,617,500 |

8.2.1 Status of title: Item (i) - (v) are undergoing perfection.

8.2.2 N1.85billion represents valuation of the total units of 32 including other facilities in IEI Ibadan Estate. The amount of N1.3875billion as shown on the audited financial statements represents the portion of the 24 units owned by IEI Plc.

8.2.3 Reclassification of No. 5, Ribadu Road, Off Swimming Pool Road, GRA, Kaduna

The property of the Company situated at 5, Ribadu Road, Off Swimming Pool Road, GRA, Kaduna held previously as Property, Plant and Equipment has been reclassified as investment property. The property is now fully for rental purposes and to generate rental income.

INTERNATIONAL ENERGY INSURANCE PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

8.3 Details of the valuer

The investment properties were independently valued as at 31 December 2020 by Messrs Humphrey Oronsaye & Co. (an estate surveyor & valuer) duly registered with the Financial Reporting Council of Nigeria. The valuer, which is located at Suite 1, Lewis street by Maloney street Lafia - Obafemi, Lagos, Nigeria is a qualified member of the Nigerian Institute of Estate Surveyors and Valuers with FRC No. FRC/2017/NIES/00000016090

| Location of property | Valuation technique | Significant unobservable inputs |
|---|---|--|
| IEI Ibadan Estate, Liberty Road, Oke Ado Ibadan | Valuation was based on the market value of similar properties in the neighbourhood as well as sale of similar property within the area. | Rent per annum ranges from N1.2million to N1.5million. Property has approximate total area of 2.6 hectares i.e. 26,000 square meters. |
| No 3 Oshunkeye Crescent, Gbagada Industrial Scheme, Lagos | Valuation was based on the market value of similar properties in the neighbourhood as well as sale of similar property within the area. | Approximate total area is 951 square meters. Rental value ranges between N3million to N6million per annum. |
| 7 Onitsha-Aba Benin Expressway, Asaba, Delta State | Valuation was based on the market value of similar properties in the neighbourhood as well as sale of similar property within the area. | Rental values in the area ranges between N4million to N8million per annum. The property is regular in shape and has approximate total area of 2,940 square meters. |
| Ugbo-Enyi-Nike, Enugu Local Government | Valuation was based on direct market comparison of recent sale of similar properties with same taste, finishings and location. | Site consists of warehouse and office complex on a total area of 1,280 square meters. Rental values range from N2million to N3.5million. |
| No 5, Ribadu Road, behind Police College, GRA, Kaduna, Kaduna State | Valuation was based on the market value of similar properties in the neighbourhood as well as sale of similar property within the area. | N1.8million to 2million. Property has approximate total area of 1,195.60 square meters with a five bedroom two-storey detached house. |

Investment properties carried at fair value

Investment properties are fair valued as determined by an independent valuer. The valuation is based on open market capital valuation using the market comparison approach through analysis of recent transactions of sale of comparable properties in the neighborhood to arrive at the value of the property. Investment properties are categorised as level 3 assets based on the methodology adopted in determining the fair value.

Significant increases (decreases) in estimated price per square metre in isolation would result in a significantly higher (lower) fair value.

INTERNATIONAL ENERGY INSURANCE PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

Investment properties - continued

Investment properties carried at fair value using market approach

Under this approach, fair value of investment properties was determined using the market comparable method. The valuation have been performed by the valuer and are based on proprietary data basis or prices of transaction for properties of similar nature, location and condition.

| | Level 1 =N='000 | Level 2 =N='000 | Level 3 =N='000 | Total =N='000 |
|---|--------------------|--------------------|--------------------|------------------|
| 31 Decemeber 2020 Investment properties | - | - | 3,617,500 | 3,617,500 |
| 31 Decemeber 2019: Investment properties | - | - | 3,315,000 | 3,315,000 |

9 Intangible assets

| | Group =N='000 | Company =N='000 | IEI Anchor |
|----------------------------------|------------------|--------------------|------------|
| Cost: | | | |
| At 1 January 2019 | 79,032 | 10,790 | 68,242 |
| Additions | 3,959 | - | 3,959 |
| At 31 December 2019 | 82,991 | 10,790 | 72,201 |
| Additions | 1,683 | - | 1,683 |
| At 31 December 2020 | 84,674 | 10,790 | 73,884 |
| Accumulated amortisation: | | | |
| At 1 January 2019 | 59,903 | 10,790 | 49,113 |
| Charge for the year (Note 38) | 5,671 | - | 5,671 |
| At 31 December 2019 | 65,574 | 10,790 | 54,784 |
| Charge for the year (Note 38) | 1,448 | - | 1,448 |
| At 31 December 2020 | 67,022 | 10,790 | 56,232 |
| Carrying amount: | | | |
| At 31 December 2020 | 17,652 | - | 17,652 |
| At 31 December 2019 | 17,417 | - | 17,417 |

The Intangible assets consist wholly of computer software.

INTERNATIONAL ENERGY INSURANCE PLC
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

10 Property, plant and equipment

| Group | Land | Buildings | Leasehold improvements | Plant and Machinery | Motor vehicles | Furniture fittings office and computer equipment | Total |
|---------------------------------------|-----------|-----------|------------------------|---------------------|----------------|--|-----------|
| | ='N='000 | ='N='000 | ='N='000 | ='N='000 | ='N='000 | ='N='000 | ='N='000 |
| Cost/valuation: | | | | | | | |
| At 1 January 2019 | 1,123,184 | 1,997,773 | 19,000 | 946,334 | 176,048 | 448,405 | 4,100,744 |
| Additions | - | - | - | 2,936 | 58,236 | 31,236 | 79,441 |
| Disposals | - | - | - | (19,367) | (8,000) | (4,381) | (27,748) |
| Write-off/retired | - | - | - | - | - | - | - |
| Revaluation | - | 538,043 | - | - | - | - | 538,043 |
| At 31 December 2019 | 1,123,184 | 2,535,816 | 19,000 | 1,133,902 | 423,238 | 465,280 | 4,680,480 |
| Additions | - | - | - | 805 | - | 41,371 | 42,176 |
| Disposals | - | - | - | (2,200) | (9,500) | (7,778) | (19,478) |
| Transfer* | - | - | - | - | - | - | - |
| *Transfer/Reclassification adjustment | (82,727) | (142,777) | - | - | - | - | (114,999) |
| At 31 December 2020 | 1,090,457 | 2,383,044 | 19,000 | 1,131,487 | 413,738 | 498,871 | 4,528,159 |
| Accumulated depreciation: | | | | | | | |
| At 1 January 2019 | - | 43,408 | 19,000 | 132,982 | 335,977 | 354,563 | 805,930 |
| Change for the year (Note 38) | - | 20,268 | - | 2,216 | 31,419 | 39,971 | 83,874 |
| Disposals | - | - | - | (15,367) | (4,833) | (3,836) | (19,096) |
| Write-off/retired | - | - | - | - | - | - | - |
| Revaluation | - | (59,496) | - | - | - | - | (59,496) |
| At 31 December 2019 | - | 4,180 | 19,000 | 119,831 | 352,563 | 390,698 | 806,272 |
| Change for the year (Note 38) | - | 25,538 | - | 3,573 | 23,096 | 35,021 | 85,228 |
| Disposals | - | - | - | (2,220) | (9,499) | (7,713) | (19,432) |
| Transfer* | - | - | - | - | - | - | - |
| Reclassification | - | - | - | - | - | - | - |
| At 31 December 2020 | - | 29,718 | 19,000 | 118,184 | 366,160 | 418,006 | 963,068 |
| Net book value: | | | | | | | |
| At 31 December 2020 | 1,090,457 | 2,353,326 | - | 3,303 | 47,578 | 80,867 | 3,576,091 |
| At 31 December 2019 | 1,123,184 | 2,521,636 | - | 4,071 | 70,735 | 74,582 | 3,794,206 |

*Transfer/Reclassification of Land and Building of the sum of M174,999,999.000: The property of the Company situated at 5, Ribatu Road, Off Swimming Pool Road, Kairua held previously as Property, Plant and Equipment has been reclassified as investment property. The property is now fully for rental purposes and to generate rental income.

INTERNATIONAL ENERGY INSURANCE PLC
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

10 Property, plant and equipment

| Company | Land =N='000 | Buildings =N='000 | machinery =N='000 | Motor vehicles =N='000 | fittings office =N='000 | Total =N='000 |
|---------------------------------------|-----------------|----------------------|----------------------|---------------------------|----------------------------|------------------|
| Cost: | | | | | | |
| At 1 January 2019 | 1,123,184 | 1,608,773 | 123,124 | 200,743 | 216,406 | 3,272,230 |
| Additions | - | 329 | - | - | 325 | 654 |
| Disposals | - | - | (15,369) | - | (3,421) | (18,788) |
| Revaluation adjustment | - | 528,043 | - | - | - | 528,043 |
| At 31 December 2019 | 1,123,184 | 2,136,816 | 108,084 | 200,743 | 213,310 | 3,782,137 |
| Additions | - | - | - | - | 2,312 | 2,312 |
| Disposals | - | - | (2,230) | (9,500) | (7,778) | (19,498) |
| *Transfer/Reclassification adjustment | (82,727) | (142,272) | - | - | - | (174,999) |
| At 31 December 2020 | 1,090,457 | 1,994,544 | 105,854 | 191,243 | 207,844 | 3,589,952 |
| Accumulated depreciation: | | | | | | |
| At 1 January 2019 | - | 43,408 | 321,985 | 200,540 | 195,574 | 561,507 |
| Charge for the year (Note 38) | - | 16,088 | 420 | 101 | 9,239 | 25,848 |
| Disposals | - | - | (15,367) | - | (3,420) | (18,787) |
| Revaluation Adjustment | - | (59,496) | - | - | - | (59,496) |
| At 31 December 2019 | - | 307,038 | 307,038 | 200,641 | 201,383 | 509,072 |
| Charge for the year (Note 38) | - | 19,945 | 541 | 101 | 7,363 | 27,950 |
| Disposals | - | - | (2,220) | (9,499) | (7,713) | (19,432) |
| Revaluation Adjustment | - | - | - | - | - | - |
| At 31 December 2020 | - | 19,945 | 105,359 | 191,243 | 201,043 | 517,590 |
| NET BOOK VALUE | | | | | | |
| At 31 December 2020 | 1,090,457 | 1,974,599 | 505 | - | 6,801 | 3,072,362 |
| At 31 December 2019 | 1,123,184 | 2,136,816 | 1,046 | 102 | 11,917 | 3,273,065 |

*Transfer/Reclassification of Land and Building of the sum of N174,999,999,000.

The property of the Company situated at 5, Ribada Road, Off Swimming Pool Road, Kaduna held previously as Property, Plant and Equipment has been reclassified as investment property. This property is now fully for rental purposes and to generate rental income.

INTERNATIONAL ENERGY INSURANCE PLC
 NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

10
Property, plant and equipment

based on the valuation carried out on 21
 If land and buildings were measured using the cost model, the carrying amounts would be as follows:

| | Group | | Company | |
|--------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| | 31-Dec 2020 =N='000 | 31-Dec 2019 =N='000 | 31-Dec 2020 =N='000 | 31-Dec 2019 =N='000 |
| Cost | | 1,534,057 | | 1,165,467 |
| Accumulated depreciation | | (302,739) | | (302,739) |

INTERNATIONAL ENERGY INSURANCE PLC
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

10 Property, plant and equipment - continued

Group

The fair value disclosure on Land and Buildings is as follows:

31 December

| Fair value measurement using | | | |
|--|---------------------------------------|---------------------------------------|-----------------|
| Quoted prices in active market Level 1 | Significant observable inputs Level 2 | Significant observable inputs Level 3 | |
| =N='000 | =N='000 | 2020 =N='000 | 2019 =N='000 |
| - | - | - | 36,444,820 |

Land and Buildings

Company

The fair value disclosure on Land and Buildings is as follows:

31 December

| Fair value measurement using | | | |
|--|---------------------------------------|---------------------------------------|-----------------|
| Quoted prices in active market Level 1 | Significant observable inputs Level 2 | Significant observable inputs Level 3 | |
| =N='000 | =N='000 | 2020 =N='000 | 2019 =N='000 |
| - | - | - | 3,260,000 |

Land and Buildings

During the reporting year ended 31 December 2020, there were no transfers between level 1 and level 2 and in and out of level 3 for land and building carried at fair value.

The revalued land and buildings are the subsidiary's property. Management determined that these constitute one class of asset under IFRS 13, based on the nature, characteristics and risks of the property. The valuation was based on an open market value reflecting the existing valuation of the assets. The surplus on the valuation has been credited to the revaluation reserve account as at the date of revaluation. As at the date of revaluation on December 31, 2020, the property's fair value was based on valuations performed by Messrs Humphrey Oronsaye & Co. (an estate surveyor & valuer) duly registered with the Financial Reporting Council of Nigeria. The valuer, which is located at Suite 1, Lewis street by Maloney street Lafia - Obalende, Lagos, Nigeria is a qualified member of the Nigerian Institute of Estate Surveyors and Valuers with FRC No. FRC/2017/NIESV/00000016090.

Land and buildings are carried at fair value using market approach

Under this approach, fair value of land and buildings was determined using the market comparable method. The valuation have been performed by the valuer and are based on proprietary data basis or prices of transaction for properties of similar nature, location and condition.

Significant increases (decreases) in estimated price per square metre in isolation would result in a significantly higher (lower) fair value.

| Location of property | Valuation technique | Significant observable input |
|---|--|---|
| 22, Otukpo Street, off Onitsha Crescent, Area 11, Garki District, FCT Abuja | Valuation was based the market value of similar properties in the neighbourhood as well as sale of similar property within the area. | Estimated price per square metre N240,000 - N330,000 |

11 Statutory deposit

| Group | | Company | |
|-----------------|-----------------|-----------------|-----------------|
| 2020 =N='000 | 2019 =N='000 | 2020 =N='000 | 2019 =N='000 |
| 322,500 | 322,500 | 322,500 | 322,500 |

Minimum statutory deposit

Statutory deposit represents the amount deposited with the Central Bank of Nigeria in accordance with Section 9 (1) and Section 10 (3) of Insurance Act 2003. This is restricted cash as management does not have access to the balances in its day to day activities. Statutory deposits are measured at cost and attract interest rate at a rate determined by the Central Bank of Nigeria.

INTERNATIONAL ENERGY INSURANCE PLC
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

12 Insurance contract liabilities

| | Group | | Company | |
|--|------------------|------------------|------------------|------------------|
| | 2020 =N='000 | 2019 =N='000 | 2020 =N='000 | 2019 =N='000 |
| Insurance contract liabilities consist of the following: | | | | |
| Provision for reported claims | 3,763,593 | 3,709,223 | 3,763,593 | 3,709,223 |
| Provision for incurred but not reported claims | 73,442 | 103,649 | 73,442 | 103,649 |
| Reserve for outstanding claims | 3,837,035 | 3,812,872 | 3,837,035 | 3,812,872 |
| Reserve for unearned premium | 273,640 | 240,843 | 273,640 | 240,843 |
| | 4,110,675 | 4,053,715 | 4,110,675 | 4,053,715 |
| Movement in reserve for outstanding claims | | | | |
| At 1 January | 3,812,872 | 3,838,883 | 3,812,872 | 3,838,883 |
| Claims incurred in the current accident year (Note 30) | 113,169 | 104,067 | 113,169 | 104,067 |
| Claims paid during the year | (89,004) | (130,078) | (89,004) | (130,078) |
| At 31 December | 3,837,037 | 3,812,872 | 3,837,037 | 3,812,872 |
| Movement in reserve for unearned premium | | | | |
| At 1 January | 240,843 | 117,994 | 240,843 | 117,994 |
| Premium written in the year (Note 27) | 564,563 | 533,075 | 564,563 | 533,075 |
| Premium earned during the year (Note 27) | (531,388) | (410,227) | (531,388) | (410,227) |
| At 31 December | 274,018 | 240,843 | 274,018 | 240,843 |
| Current | 4,110,675 | 3,950,066 | 4,110,675 | 4,053,715 |
| Non-current | - | - | - | - |
| | 4,110,675 | 3,950,066 | 4,110,675 | 4,053,715 |

Age Analysis of Outstanding Claims as at December 31, 2020

| 2020 | 0 - 90 days | 91-180 days | 181 - 270 days | 271 - 365 days | Above 365 days | Total |
|---------------------|----------------|----------------|----------------|----------------|------------------|------------------|
| | =N='000 | =N='000 | =N='000 | =N='000 | =N='000 | =N='000 |
| 1-250,000 | 42,085 | 52,000 | 45,000 | 45,000 | 56,000 | 240,085 |
| 250,001-500,000 | 32,569 | 110,232 | 84,000 | 52,000 | 58,000 | 336,801 |
| 500,001-1,500,000 | 9,563 | 50,269 | 24,397 | 65,000 | 50,238 | 199,467 |
| 1,500,001-2,500,000 | - | - | - | - | 100,560 | 100,560 |
| 2,500,001-5,000,000 | - | - | - | - | 357,132 | 357,130 |
| Above 5,000,000 | - | - | - | - | 2,529,550 | 2,529,550 |
| Total | 84,217 | 212,501 | 153,397 | 162,000 | 3,151,480 | 3,763,593 |
| | | | | | | |
| 2019 | 0 - 90 days | 91-180 days | 181 - 270 days | 271 - 365 days | Above 365 days | Total |
| | =N='000 | =N='000 | =N='000 | =N='000 | =N='000 | =N='000 |
| 1-250,000 | 51,487 | 52,000 | 4,500 | 25,000 | 49,500 | 162,487 |
| 250,001-500,000 | 37,084 | 20,000 | 48,000 | 26,000 | 78,000 | 209,084 |
| 500,001-1,500,000 | 27,334 | 50,269 | 35,987 | 77,000 | 21,426 | 212,016 |
| 1,500,001-2,500,000 | 65,269 | 110,232 | 77,312 | 81,040 | 88,150 | 422,003 |
| 2,500,001-5,000,000 | 5,000 | 15,000 | 61,500 | - | 357,132 | 438,632 |
| Above 5,000,000 | - | 20,000 | 605,000 | 785,000 | 835,000 | 2,245,000 |
| Total | 186,174 | 267,501 | 832,299 | 994,040 | 1,429,208 | 3,709,223 |

Number of Claimants in each category

| | 0 - 90 days | 91 - 180 days | 181 - 270 days | 271 - 365 days | Above 365 days | Total |
|---------------------|-------------|---------------|----------------|----------------|----------------|-------|
| At 31 December 2020 | 289 | 265 | 809 | 756 | 1,259 | 3,377 |
| At 31 December 2019 | 188 | 358 | 568 | 325 | 928 | 2,367 |

The claims outstanding beyond 90 days are due to the following reasons; incomplete documentations, awaiting adjusters' reports and non-availability of funds.

13 Trade payables

This represents the amount payable to insurance companies on facultative placements.

| | | | | |
|--|--------|--------|--------|--------|
| | 73,016 | 62,317 | 23,905 | 16,053 |
|--|--------|--------|--------|--------|

This represents the amount payable to insurance companies as at year end. The carrying amounts of trade payable as disclosed above approximate their fair value at the reporting date. Trade payables are derecognised when the obligation under the liability is settled, cancelled or expired.

INTERNATIONAL ENERGY INSURANCE PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

14 Provisions and other payables

| | Group | | Company | |
|--|------------------|------------------|------------------|------------------|
| | 2020 =N='000 | 2019 =N='000 | 2020 =N='000 | 2019 =N='000 |
| Staff pension | 157,808 | 132,608 | 157,808 | 132,608 |
| Pay-As-You-Earn | 179,756 | 148,496 | 157,355 | 122,636 |
| Accruals (Note 14.1) | 528,741 | 469,882 | 476,265 | 439,774 |
| NAICOM Levy | 14,193 | 14,193 | 14,193 | 14,193 |
| Sundry creditors (Note 14.2) | 149,342 | 148,932 | 149,068 | 148,726 |
| Deposit premium* | 155,187 | 155,695 | 155,187 | 155,695 |
| Unclaimed dividend | 64,211 | 64,211 | 64,211 | 64,211 |
| | 1,250,237 | 1,134,019 | 1,175,086 | 1,077,843 |
| 14.1 Accruals comprise: | | | | |
| Accrued expenses | 327,448 | 295,177 | 304,903 | 288,021 |
| Professional fees | 64,528 | 64,528 | 64,528 | 64,528 |
| Accrued rental income | 23,458 | 3,529 | 23,458 | 3,529 |
| WHT payable | 55,594 | 49,722 | 43,373 | 39,783 |
| VAT payable | 28,338 | 24,841 | 10,628 | 10,628 |
| Industrial Training Fund (ITF) | 20,679 | 17,599 | 20,679 | 17,599 |
| Audit fee | 7,310 | 14,300 | 7,310 | 14,300 |
| Accrued claims | 1,387 | 1,387 | 1,387 | 1,387 |
| | 528,741 | 469,882 | 476,265 | 439,774 |
| 14.2 Sundry creditors comprise: | | | | |
| Anchor pension limited | 46,180 | 46,180 | 46,180 | 46,180 |
| Staff cooperative | 64,113 | 66,823 | 64,113 | 66,823 |
| WHT FGN | 31,059 | 31,059 | 31,059 | 31,059 |
| Other creditors | 7,990 | 4,870 | 7,716 | 4,664 |
| | 149,342 | 148,932 | 149,068 | 148,726 |
| Financial liabilities | 918,284 | 825,607 | 843,407 | 769,637 |
| Non-financial liabilities | 331,953 | 308,412 | 331,679 | 308,206 |
| | 1,250,237 | 1,134,019 | 1,175,086 | 1,077,843 |

*Deposit Premium represents various receipts from all other "online" bank transactions. They are classified as "uncleared reconciling items" for lack of full details of such transactions, as at the date when the transactions was initiated. Whilst "Other Creditors" consist of various accrued expenses on commission and other ancillary expenses.

INTERNATIONAL ENERGY INSURANCE PLC
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

15 Taxation

Per statement of profit or loss:

| | Group | | Company | |
|---|-----------------|-----------------|-----------------|-----------------|
| | 2020 =N='000 | 2019 =N='000 | 2020 =N='000 | 2019 =N='000 |
| Company income tax | - | - | - | - |
| Minimum tax | 5,651 | 24,395 | 1,328 | 20,155 |
| Education tax | 2,094 | 1,539 | - | - |
| Information technology development levy | 13,664 | 3,359 | 13,199 | 3,108 |
| | 21,409 | 29,293 | 14,527 | 23,263 |
| Over provision | - | - | - | - |
| Deferred tax expense | (571,326) | 3,433 | (586,516) | (14,447) |
| Income tax expense | (549,917) | 32,726 | (571,989) | 8,816 |

Per statement of financial position:

Current income tax payable

| | 2020 =N='000 | 2019 =N='000 | 2020 =N='000 | 2019 =N='000 |
|---------------------------------------|-----------------|-----------------|-----------------|-----------------|
| At 1 January | 505,594 | 506,779 | 497,937 | 480,676 |
| Charge to profit or loss | 21,409 | 29,293 | 14,527 | 23,263 |
| Over provision | - | - | - | - |
| Withholding tax credit notes utilised | - | (19,925) | - | - |
| Payment during the year | (1,482) | (10,554) | - | (6,002) |
| | 525,521 | 505,593 | 512,464 | 497,937 |

Reconciliation of tax charge

| | 2020 =N='000 | 2019 =N='000 | 2020 =N='000 | 2019 =N='000 |
|--|-----------------|-----------------|-----------------|-----------------|
| Profit/(Loss) before income tax expense | (1,180,937) | 342,689 | (1,207,080) | 310,804 |
| Tax at Nigeria income tax rate of 30% | (348,281) | 102,807 | (362,124) | 93,241 |
| Non-deductible expenses | 723,234 | 1,282,283 | 721,980 | 1,188,830 |
| Tax exempt income | (421,208) | (273,286) | (161,845) | (238,790) |
| Minimum tax | 5,651 | 24,395 | 1,328 | 20,155 |
| Education tax | 2,094 | 1,539 | - | - |
| Information technology development levy | 13,664 | 3,359 | 13,199 | 3,108 |
| Over provision | - | (17,680) | - | - |
| Utilisation of previously unrecognised tax losses | (826,091) | (982,161) | (1,084,453) | (931,979) |
| Tax rate differential on fair value gains on investment properties | (25,501) | (125,751) | (25,501) | (125,751) |
| At effective income tax rate of 2% (2020:2%) | (875,438) | 15,305 | (897,416) | 8,814 |

16 Deferred taxation

Deferred income tax assets/(liabilities) are attributable to the following items:

Deferred tax liabilities/(asset)

| | 2020 =N='000 | 2019 =N='000 | 2020 =N='000 | 2019 =N='000 |
|---|-----------------|-----------------|-----------------|-----------------|
| Accelerated depreciation | (772,188) | (610,285) | (680,416) | (504,696) |
| Revaluation gain on land and building | (388,899) | (528,043) | 76,199 | (528,043) |
| Unutilised tax credit | 463,833 | 271,046 | 463,833 | 271,046 |
| Fair value gains on investment properties | 394,888 | 56,676 | (65,625) | (31,029) |
| Carried forward losses | 36,890 | - | - | - |
| Impairment on financial assets | - | - | - | - |
| | (248,476) | (810,606) | (206,209) | (792,722) |

Movement in temporary differences during the year:

| | 2020 =N='000 | 2019 =N='000 | 2020 =N='000 | 2019 =N='000 |
|---|-----------------|-----------------|-----------------|-----------------|
| At 1 January | 810,606 | 630,453 | 792,722 | 630,908 |
| Recognised in profit or loss: | | | | |
| Accelerated depreciation | 175,720 | 97,577 | 175,720 | 79,238 |
| Unutilised tax credit | (604,242) | (207,213) | (604,242) | (207,213) |
| Fair value gains on investment properties | (192,787) | (34,796) | (192,787) | (34,796) |
| Impairment on financial assets | 34,796 | (30,229) | 34,796 | (30,229) |
| Losses carried forward | 22,383 | 178,544 | - | 178,544 |
| Impairment on financial assets | - | 9 | - | 9 |
| | (564,130) | 3,892 | (586,513) | (14,447) |
| Recognised in other comprehensive income: | | | | |
| Revaluation surplus on property | - | 176,261 | - | 176,261 |

At 31 December

| | | | | |
|--|---------|---------|---------|---------|
| | 248,476 | 810,606 | 206,209 | 792,722 |
|--|---------|---------|---------|---------|

A deferred tax asset has not been recognised in respect of a tax loss carry forward of N- (2019: N337,473,914) relating to its subsidiary, as there is insufficient certainty as to the availability of future profits. This tax loss has no expiry date.

INTERNATIONAL ENERGY INSURANCE PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

17 Borrowings

| | Group | | Company | |
|--|-------------------|-------------------|-------------------|-------------------|
| | 2020 =N='000 | 2019 =N='000 | 2020 =N='000 | 2019 =N='000 |
| Daewoo Securities (Europe) Limited (Note 17.1) | 13,537,660 | 12,454,934 | 13,537,660 | 12,454,934 |
| Term Loan - Fidelity Bank | 38,500 | 50,500 | - | - |
| | <u>13,576,160</u> | <u>12,505,434</u> | <u>13,537,660</u> | <u>12,454,934</u> |

17.1 Daewoo Securities (Europe) Limited

| | | | | |
|---------------------------|-------------------|-------------------|-------------------|-------------------|
| At 1 January | 12,454,934 | 12,454,934 | 12,454,934 | 12,454,934 |
| Interest | - | - | - | - |
| Exchange rate differences | 1,082,726 | - | 1,082,726 | - |
| | <u>13,537,660</u> | <u>12,454,934</u> | <u>13,537,660</u> | <u>12,454,934</u> |

International Energy Insurance Plc issued a bond valued at 1,850,000,000 Japanese Yen (JPY) to Daewoo Securities (Europe) Limited who has acted as the foreign agent. The bond has a tenor of 20 years commencing on 24 January 2008 and maturing on 23 January 2028. The bond was issued at a zero coupon interest rate. A premium of 29% of the face value of the bond is payable on the maturity date.

The Terms and condition of the bond contract, among others granted the bondholders the right to require IEI to redeem all or some of the bonds on 18, 20, 24, 36 and 48 months from the date of the issuance of the bond. On 25 July 2009, 18 months after the issuance of the bonds, Daewoo exercise their right of early redemption, contrary to the general understanding of the parties that the bonds were to be a long term borrowing. The bond is now a subject of litigation.

IEI has denied liability and is currently obtaining a judicial precedence to this effect. It is not practical to estimate the potential effect of this claim, but initial legal advice indicated that it is not probable that a significant liability will arise.

The matter is currently being considered by the Company lawyers and the Company expects a judiciary precedence that can serve as a basis to negotiate for the principal amount as final settlement under the doctrine of money held and received. The Company considers it to be probable that any competent court of jurisdiction will give a judgement in its favour and has therefore not recognise a provision of interest and penalty on the loan in 2020.

INTERNATIONAL ENERGY INSURANCE PLC
 NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

18 Deposit for shares

| | Group | | Company | |
|-------------------|-----------------|-----------------|-----------------|-----------------|
| | 2020 =N='000 | 2019 =N='000 | 2020 =N='000 | 2019 =N='000 |
| Private placement | 279,360 | 279,360 | 279,360 | 279,360 |
| Staff | 37,873 | 38,767 | 37,873 | 38,767 |
| | <u>317,233</u> | <u>318,127</u> | <u>317,233</u> | <u>318,127</u> |

18.1 Deposit for shares

| | | | | |
|---------------------------------|----------------|----------------|----------------|----------------|
| Opening Balance- 1st January | 279,360 | 279,360 | 279,360 | 279,360 |
| Additions | - | - | - | - |
| Written off to accumulated loss | - | - | - | - |
| Closing Balance- 31st December | <u>279,360</u> | <u>279,360</u> | <u>279,360</u> | <u>279,360</u> |

Deposit for shares relates to monies received for purchase of shares in the Company awaiting allotments and approvals.

18.2 Deposit for shares - Staff

| | | | | |
|--|---------------|---------------|---------------|---------------|
| Opening Balance - 1st January | 38,767 | 94,207 | 38,767 | 94,207 |
| Withdrawal | (894) | - | (894) | - |
| Refunds/ Written off to accumulated loss | - | (55,440) | - | (55,440) |
| Closing Balance-31st December | <u>37,873</u> | <u>38,767</u> | <u>37,873</u> | <u>38,767</u> |

*Amount written-off arose from the correction of error of overstatement on Staff Share loan Scheme.

19 Share capital

| | | | | |
|--|------------------|------------------|------------------|------------------|
| Authorised: | | | | |
| 5,136,341,957 ordinary shares of 50 kobo each | <u>2,568,171</u> | <u>2,568,171</u> | <u>2,568,171</u> | <u>2,568,171</u> |
| 1,600,000,000 redeemable preference shares of N2.5 kobo each | <u>4,000,000</u> | <u>4,000,000</u> | <u>4,000,000</u> | <u>4,000,000</u> |
| Issued and fully paid: | | | | |
| 1,264,085,489 ordinary shares of 50 kobo each | <u>642,043</u> | <u>642,043</u> | <u>642,043</u> | <u>642,043</u> |

20 Share premium

| | | | | |
|---------------|----------------|----------------|----------------|----------------|
| At 1 December | <u>963,097</u> | <u>963,097</u> | <u>963,097</u> | <u>963,097</u> |
|---------------|----------------|----------------|----------------|----------------|

Premium from issue of shares are reported in share premium account.

21 Statutory contingency reserve

| | | | | |
|------------------------------|------------------|------------------|------------------|------------------|
| At 1 January | 1,607,980 | 1,545,677 | 1,566,206 | 1,512,723 |
| Transfer from profit or loss | 21,667 | 62,303 | 16,937 | 53,483 |
| At 31 December | <u>1,629,647</u> | <u>1,607,980</u> | <u>1,583,143</u> | <u>1,566,206</u> |

The statutory contingency reserve has been computed in accordance with Section 21 (1) of the Insurance Act, Cap 117 LFN 2004. In addition, part of the statutory contingency reserve at the Group level represents 12.5% of net profit after tax in accordance with the new Pension Reform Act.

INTERNATIONAL ENERGY INSURANCE PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

22 Capital reserve

| | Group | | Company | |
|----------------|-----------------|-----------------|-----------------|-----------------|
| | 2020 =N='000 | 2019 =N='000 | 2020 =N='000 | 2019 =N='000 |
| At 31 December | 7,926,399 | 7,926,399 | 7,926,399 | 7,926,399 |

This represents the surplus nominal value which arose from the share reconstruction exercise done in previous years.

23 Accumulated losses

| | Group | | Company | |
|---------------------------------------|-----------------|-----------------|-----------------|-----------------|
| | 2020 =N='000 | 2019 =N='000 | 2020 =N='000 | 2019 =N='000 |
| At 1 January | (23,500,237) | (24,198,471) | (23,188,670) | (23,897,749) |
| Transfer to contingency reserves | (21,887) | (62,303) | (16,937) | (63,483) |
| Transfer from profit or loss | (611,021) | 275,389 | (635,091) | 267,414 |
| Adjustment made to write off balances | 25,027 | 485,148 | 25,027 | 485,148 |
| At 31 December | (24,108,118) | (23,500,237) | (23,825,671) | (23,198,670) |

During the year ended there were adjustments made to write off various legacy balances which has resulted to a net balance of N25,027,000. This has impacted on the balances on the accumulated losses as at 31st December, 2020

This comprises the accumulated losses previous years, which have not been reclassified to other reserves in equity

24 Property revaluation reserve

| | Group | | Company | |
|-------------------|-----------------|-----------------|-----------------|-----------------|
| | 2020 =N='000 | 2019 =N='000 | 2020 =N='000 | 2019 =N='000 |
| At 1 January | 1,501,417 | 1,090,140 | 1,482,917 | 1,071,640 |
| Transfer from OCI | - | 411,277 | - | 411,277 |
| At 31 December | 1,501,417 | 1,501,417 | 1,482,917 | 1,482,917 |

This reserve contains surplus on revaluation of Property, Plant and Equipment. A revaluation surplus is recorded in Other Comprehensive Income and credited to the property revaluation reserve in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve

25 Fair value reserve

| | Group | | Company | |
|-------------------|-----------------|-----------------|-----------------|-----------------|
| | 2020 =N='000 | 2019 =N='000 | 2020 =N='000 | 2019 =N='000 |
| At 1 January | 42,901 | (15,626) | 42,901 | (15,626) |
| Transfer from OCI | 109,382 | 58,527 | 109,382 | 58,527 |
| At 31 December | 152,283 | 42,901 | 152,283 | 42,901 |

The fair value reserve represent accumulation of fair value gains/losses on investments measured subsequently at fair value through other comprehensive income (OCI).

INTERNATIONAL ENERGY INSURANCE PLC
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

26 Non-controlling interest

International Energy Insurance Plc has a controlling interest of 81% (2019: 81%) in IEI Anchor Pension Managers Limited, which gives rise to a non-controlling interest of 19% in the entity. The balance represents the amount attributable to the non-controlling shareholders of IEI Anchor Pension Managers Limited.

| | GROUP | | | |
|---|-----------------|----------------|-----------------|----------------|
| | 31 Dec-2020 | 31 Dec-2019 | | |
| Opening balance | 181,954 | 176,099 | | |
| Share from total comprehensive Income | 4,633 | 5,855 | | |
| Closing balance | <u>186,587</u> | <u>181,954</u> | | |
| 27 Gross premium income | Group | | Company | |
| | 2020 | 2019 | 2020 | 2019 |
| | =N='000 | =N='000 | =N='000 | =N='000 |
| Gross premium written: | | | | |
| Direct | 556,996 | 505,025 | 556,996 | 505,025 |
| Inward | 7,567 | 20,922 | 7,567 | 20,922 |
| Total gross written premium (Note 12) | <u>564,563</u> | <u>525,947</u> | <u>564,563</u> | <u>525,947</u> |
| Change in unearned premium | (33,175) | (122,848) | (33,175) | (122,848) |
| Gross premium income (Note 12) | <u>531,388</u> | <u>403,099</u> | <u>531,388</u> | <u>403,099</u> |
| Gross premium income represents the total premium that the Group realised for the year. The amount of the premium related to the unexpired portion of the policy at the end of the fiscal year is reflected in reserve for unearned premiums in insurance contract liabilities. | | | | |
| 28 Reinsurance expenses | Group | | Company | |
| | 2020 | 2019 | 2020 | 2019 |
| | =N='000 | =N='000 | =N='000 | =N='000 |
| Outward reinsurance | 88,798 | 77,343 | 88,798 | 77,343 |
| Decrease in prepaid reinsurance (Note 5) | 2,595 | 1,574 | 2,595 | 1,574 |
| | <u>91,393</u> | <u>78,917</u> | <u>91,393</u> | <u>78,917</u> |
| Reinsurance expenses represent outward premium paid to reinsurance companies. | | | | |
| 29 Commission income | Group | | Company | |
| | 2020 | 2019 | 2020 | 2019 |
| | =N='000 | =N='000 | =N='000 | =N='000 |
| Commission income | <u>9,939</u> | <u>12,328</u> | <u>9,939</u> | <u>12,328</u> |
| Commission income represents commission received on transactions ceded to reinsurance during the year under review. Commission income is recognised over the time of the premium. | | | | |
| 30 Claims expenses | | | | |
| Gross claims paid | 89,004 | 130,078 | 89,004 | 130,078 |
| Change in outstanding claims reserve | 54,370 | 51,838 | 54,370 | 45,402 |
| Changes in IBNR | (30,206) | (77,849) | (30,206) | (77,849) |
| | <u>113,169</u> | <u>104,067</u> | <u>113,169</u> | <u>97,631</u> |
| Recoverable from reinsurance (Note 30.1) | (43,659) | 17,705 | (43,659) | 24,141 |
| | <u>69,510</u> | <u>121,772</u> | <u>69,510</u> | <u>121,772</u> |
| 30.1 Recoverable from reinsurance: | | | | |
| Reinsurance share of claims paid (Note 5) | (22,839) | (31,340) | (22,839) | (31,340) |
| Change in reinsurance share of outstanding claims | (24,756) | 14,319 | (24,756) | 20,755 |
| Changes in reinsurance share of IBNR | 3,938 | 34,726 | 3,938 | 34,726 |
| | <u>(43,659)</u> | <u>17,705</u> | <u>(43,659)</u> | <u>24,141</u> |

INTERNATIONAL ENERGY INSURANCE PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

| 31 | Acquisition costs | Group | | Company | |
|-------------|---|-----------------|-----------------|-----------------|-----------------|
| | | 2020 =N='000 | 2019 =N='000 | 2020 =N='000 | 2019 =N='000 |
| | Deferred acquisition costs at 1 January | 4,384 | 14,454 | 4,384 | 14,454 |
| | Commission for the year (Note 6) | 28,735 | 25,181 | 28,735 | 25,181 |
| | Gross commission | 33,119 | 39,635 | 33,119 | 39,635 |
| | Deferred acquisition costs at 31 December | (10,464) | (4,384) | (10,464) | (4,384) |
| | | <u>22,655</u> | <u>35,251</u> | <u>22,655</u> | <u>35,251</u> |
| 32 | Maintenance costs | | | | |
| | These are underwriting expenses incurred in servicing existing policies or contract. The costs include, but are not limited to, supervisory levy, superintending fees and other technical expenses. | | | | |
| | Interest revenue calculated using effective interest method | | | | |
| 33.1 | Short term investment income | 4,363 | 15,989 | 1,346 | 5,636 |
| | Rental Income | 17,151 | 1,871 | 17,151 | 1,871 |
| | Interest on bank and statutory deposits | 42,078 | 41,251 | 42,078 | 41,251 |
| | | <u>63,592</u> | <u>69,111</u> | <u>60,575</u> | <u>48,758</u> |
| 33.2 | Other investment income | | | | |
| | Dividend income | 1,969 | 2,557 | 1,969 | 746 |
| | | <u>1,969</u> | <u>2,557</u> | <u>1,969</u> | <u>746</u> |
| 34 | Net realised gains/(loss) | | | | |
| | On disposal of property, plant and equipment | 2,615 | 5,193 | 2,615 | 5,193 |
| | Recycled to profit or loss on available for sale financial asset | - | - | - | - |
| | (Loss)/gain on disposal of financial asset | - | 154 | - | 154 |
| | | <u>2,615</u> | <u>5,347</u> | <u>2,615</u> | <u>5,347</u> |
| 34.1 | Profit on Disposal of assets | | | 2020 | 2019 |
| | Profit on Disposal of assets was calculated as follows: | | | =N='000 | =N='000 |
| | Cost of assets | | | 19,498 | 18,788 |
| | Less: Accumulated depreciation on items sold | | | (19,432) | (18,787) |
| | Net Book Value | | | 66 | 1 |
| | Sales proceeds | | | 2,681 | 5,194 |
| | Profit on Disposal of assets | | | <u>2,615</u> | <u>5,193</u> |
| 35 | Net fair value gain/(loss) | | | | |
| | On fair value through profit or loss/held for trading financial assets (Note 2.1) | (13,336) | (126,865) | (13,336) | (126,865) |
| | On investment properties (Note 8) | 127,500 | 628,750 | 127,500 | 628,750 |
| | | <u>114,164</u> | <u>501,885</u> | <u>114,164</u> | <u>501,885</u> |

INTERNATIONAL ENERGY INSURANCE PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

| 36 | Other income | Group | | Company | |
|----|-----------------------------|-----------------|------------------|-----------------|-----------------|
| | | 2020 =N='000 | 2019 =N='000 | 2020 =N='000 | 2019 =N='000 |
| | Fee based income | 861,525 | 847,994 | - | - |
| | Recovery on financial asset | - | - | - | - |
| | Foreign exchange gains | 3,130 | - | 3,130 | - |
| | Sundry income | 121,127 | 302,385 | 121,127 | 302,385 |
| | | <u>985,782</u> | <u>1,150,379</u> | <u>124,257</u> | <u>302,385</u> |

36.1

Fee based income is related to the income accrued to the Group, through its subsidiary line of business, which is pension administration. Principally, pensions administration revenue are generally "fee based" in nature. Thus, the income is at a point in time.

36.2

Sundry income consist of recovery of the sum of N100Million from lost investment and refund of N21.1Million on stamp duty overpayments in 2007 Recapitalization Exercise to Federal Inland Revenue Service.

36.2(1) Nature of Lost investments:

A total sum of N560 Million was given to IEI Assets Management, a subsidiary of International Energy Insurance Plc to manage. During the Management BuyOut scheme which led to the sale of the subsidiary, Management could not trace the refund of the deposit in the books. The actions of the Management led to the recovery of the fund on installments.

37

Charge on impairment of assets

| | | | | |
|--|-----------------|--------------|-----------------|--------------|
| Impairment on cash and cash equivalents (Note 1.3) | (7,206) | (712) | (7,206) | (712) |
| Impairment on amortised costs (Note 2.3) | - | (194) | - | (194) |
| Impairment on fees receivable (Note 3.3) | (10,179) | - | (10,179) | - |
| Impairment on FVOCI (Note 41) | - | - | - | - |
| | <u>(17,385)</u> | <u>(906)</u> | <u>(17,385)</u> | <u>(906)</u> |

38

Management expenses

| | | | | |
|-------------------------------------|------------------|------------------|----------------|----------------|
| Personnel cost (Note 47) | 790,810 | 722,774 | 367,855 | 364,079 |
| Directors emoluments | 80,348 | 101,713 | 15,185 | 15,959 |
| Auditors remuneration | 8,450 | 5,800 | 8,450 | 4,300 |
| Depreciation (note 10) | 85,229 | 83,872 | 27,951 | 25,846 |
| Amortisation (Note 9) | 1,448 | 5,671 | - | - |
| Charge for impairment allowances | - | 2,201 | - | 2,201 |
| Legal and other professional fees | 102,527 | 114,641 | 86,878 | 102,981 |
| Motor running expenses | 16,962 | 25,846 | 15,044 | 22,719 |
| Subscription | 18,456 | 31,752 | 12,728 | 24,393 |
| Corporate gift | 488 | 300 | 488 | 300 |
| Repairs and maintenance | 66,978 | 59,790 | 25,515 | 20,021 |
| Rent and rates | 23,592 | 30,932 | 4,111 | 13,292 |
| Postage and telephone | 17,971 | 16,992 | 3,291 | 4,283 |
| Transport and travelling | 13,111 | 31,825 | 6,703 | 11,399 |
| Advertisements, sales and marketing | 3,329 | 7,668 | 802 | 1,071 |
| Printing and stationery | 6,893 | 13,192 | 2,002 | 2,348 |
| Security expenses | 7,945 | 8,087 | 5,497 | 5,670 |
| Oil and diesel | 14,979 | 23,409 | 5,132 | 8,590 |
| Insurance and license | 11,549 | 13,089 | 8,007 | 7,253 |
| State and local government levy | 2,859 | 1,801 | 2,859 | 1,801 |
| NAICOM Levy | 5,633 | 5,330 | 5,633 | 5,330 |
| Balance carried forward | <u>1,277,557</u> | <u>1,306,665</u> | <u>602,019</u> | <u>643,836</u> |

INTERNATIONAL ENERGY INSURANCE PLC
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

| 38 Management expenses - continued | Group | | Company | |
|------------------------------------|------------------|------------------|-----------------|-----------------|
| | 2020 =N='000 | 2019 =N='000 | 2020 =N='000 | 2019 =N='000 |
| Balance brought forward | 1,277,557 | 1,306,665 | 602,019 | 643,836 |
| Other operating expenses | 53,228 | 53,498 | 13,747 | 14,344 |
| ICT consumables | 3,380 | 3,337 | 3,380 | 3,337 |
| Internet subscription | 30,847 | 25,432 | 19,949 | 15,046 |
| Bank charges | 1,939 | 1,929 | 1,605 | 1,236 |
| Electricity and utilities | 6,188 | 5,925 | 2,797 | 3,634 |
| Fines and penalty | 2,957 | 3,848 | 2,957 | 3,848 |
| Sales and marketing | 68,641 | 100,659 | - | - |
| Training Expenses | 11,403 | 4,209 | - | - |
| Loss on Disposal | - | 629 | - | - |
| | <u>1,456,139</u> | <u>1,506,131</u> | <u>646,453</u> | <u>685,281</u> |

38.1 Non-audit service

The Company did not engage the auditors for non-audit services during the year (2019: Nil).

39 Finance costs

| | | | | |
|-----------------------------|------------------|--------------|------------------|----------|
| Interest on borrowings | 8,713 | 7,423 | - | - |
| Other interest expense | - | - | - | - |
| Exchange loss on borrowings | 1,082,726 | - | 1,082,726 | - |
| | <u>1,091,439</u> | <u>7,423</u> | <u>1,082,726</u> | <u>-</u> |

40 Basic and diluted profit/loss per share

Basic loss per share is calculated by dividing the results attributable to shareholders by the weighted average number of ordinary shares in issue at the reporting date.

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

| | Group | | Company | |
|---|-----------------|-----------------|-----------------|-----------------|
| | 2020 =N='000 | 2019 =N='000 | 2020 =N='000 | 2019 =N='000 |
| Net losses attributable to owners of the parent =N='000 | (615,653) | 273,873 | (635,091) | 267,414 |
| Weighted average number of shares for the year ('000) | 1,284,085 | 1,284,085 | 1,284,085 | 1,284,085 |
| Basic and diluted profit/loss per share | (48) | 21 | (49) | 21 |

41.1 Net (loss)/gain on available-for-sale financial assets

Fair value profit/loss on available-for-sale financial assets (Note 2.2)
Gain on disposal (note 34)
Impairment recycled through p or l (Note 37)

| | Group | | Company | |
|--|-----------------|-----------------|-----------------|-----------------|
| | 2020 =N='000 | 2019 =N='000 | 2020 =N='000 | 2019 =N='000 |
| Fair value profit/loss on available-for-sale financial assets (Note 2.2) | - | 4,775 | - | 4,775 |
| Gain on disposal (note 34) | 2,615 | 5,193 | 2,615 | 5,193 |
| Impairment recycled through p or l (Note 37) | (17,385) | (906) | (17,385) | (906) |

41.2 Net loss on equity instrument designated at fair value through other comprehensive income

Fair value loss on financial assets at FVTOCI (Note 2.2)

| | | | | |
|--|----------------|---------------|----------------|---------------|
| | <u>109,382</u> | <u>53,752</u> | <u>109,382</u> | <u>53,752</u> |
|--|----------------|---------------|----------------|---------------|

INTERNATIONAL ENERGY INSURANCE PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

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| 42 | Revaluation surplus on property | Group | | Company | |
|-----------|--|-----------------|-----------------|-----------------|-----------------|
| | | 2020 =N='000 | 2019 =N='000 | 2020 =N='000 | 2019 =N='000 |
| | Arising during the year (Note 10) | - | 587,538 | - | 587,538 |
| | Revaluation surplus | - | 587,538 | - | 587,538 |
| | Income tax effect (Note 16) | - | (176,261) | - | (176,261) |
| | | - | 411,277 | - | 411,277 |
| 43 | Reconciliation of loss before income tax expense to cash provided by operating activities | | | | |
| | Loss before income tax expense | (1,160,937) | 308,115 | (1,207,060) | 276,230 |
| | Adjustments for items not involving movement of cash: | | | | |
| | Depreciation | 85,229 | 89,474 | 27,951 | 25,846 |
| | Amortisation of intangible assets | 1,447 | 5,671 | - | - |
| | Profit on disposal of PPE | 2,615 | (5,193) | 2,615 | (5,193) |
| | Profit on disposal of financial asset | - | (154) | - | (154) |
| | Recycled to profit or loss (financial asset) | - | - | - | - |
| | Interest income | (63,592) | (48,758) | (60,575) | (48,758) |
| | Dividend income | (1,969) | (746) | (1,969) | (746) |
| | Fair value loss/(gain) on held-for-trading assets | 13,336 | 126,865 | 13,336 | 126,865 |
| | Recovery on other financial asset (Waica Re) | (109,382) | (47,771) | (109,382) | (47,771) |
| | Fair value loss / (gains) on investment properties | (127,500) | (628,750) | (127,500) | (628,750) |
| | Charge on impairment of assets | - | 906 | - | 906 |
| | Finance costs | 1,091,439 | - | 1,082,726 | - |
| | Exchange gains | (3,130) | - | (3,130) | - |
| | | 888,493 | (508,456) | 824,072 | (577,755) |
| | Changes in working capital: | | | | |
| | Loans and receivables | 519 | 4,781 | 519 | 4,781 |
| | Trade receivables | 12,017 | 38,481 | (79) | 21 |
| | Other receivables and prepayments | 89,932 | (96,890) | (11,914) | (8,688) |
| | Reinsurance assets | 25,539 | (53,281) | 25,539 | 45,051 |
| | Deferred acquisition costs | 6,081 | 10,070 | 6,081 | 10,070 |
| | Insurance contract liabilities | 56,960 | 96,838 | 56,960 | 96,838 |
| | Trade payables | 10,699 | (96,039) | 7,852 | (142,303) |
| | Provisions and other payables | 76,233 | 253,859 | 244,011 | 216,260 |
| | | 277,961 | 157,817 | 328,970 | 222,048 |
| | Cash used in operating activities | 5,536 | (42,525) | (54,039) | (79,478) |
| 44 | Reconciliation of other operating cash payments | | | 54,039 | 79,477 |
| | Auditors' remuneration | (8,450) | (5,800) | (6,450) | (4,300) |
| | Other expenses | (675,248) | (1,366,268) | (799,908) | (677,145) |
| | Change in other assets and receivables | 90,451 | (92,109) | (11,395) | (3,907) |
| | Change in trade payables and other liabilities | 86,932 | 157,819 | 251,863 | 73,971 |
| | | (506,315) | (1,306,358) | (565,890) | (611,381) |
| 45 | Cash and cash equivalents for the purposes of the consolidated and separate statements of cash flows: | | | | |
| | | 506,315 | 1,306,358 | 565,890 | 611,381 |
| | Cash and cash equivalents | 266,589 | 255,323 | 147,204 | 136,093 |
| | Overdrafts | - | - | - | - |
| | | 266,589 | 255,323 | 147,204 | 136,093 |

INTERNATIONAL ENERGY INSURANCE PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

| | Group | | Company | |
|--|---------|---------|---------|---------|
| | 2020 | 2019 | 2020 | 2019 |
| 46 Loss before income tax expense | | | | |
| Loss before income tax expense is arrived at after charging/(crediting): | =N='000 | =N='000 | =N='000 | =N='000 |
| Depreciation of property, plant and equipment | 85,229 | 83,872 | 27,951 | 25,848 |
| Amortisation of intangible assets | 1,448 | 5,671 | - | - |
| Directors' emoluments | 80,348 | 101,713 | 15,185 | 15,959 |
| Auditors' remuneration | 6,300 | 5,800 | 4,300 | 4,300 |
| Profit on disposal of property and equipment | 2,616 | (5,193) | 2,616 | (5,193) |
| Net exchange loss | - | (194) | - | (194) |

47 Directors and employees

Compensation of key management personnel

Key management personnel of the Group includes all directors, executives and non-executive, and senior management. The summary of compensation of key management personnel for the year is as follows:

| | Group | | Company | |
|----------------------------------|----------------|----------------|---------------|---------------|
| | 2020 | 2019 | 2020 | 2019 |
| Short-term employee benefits: | =N='000 | =N='000 | =N='000 | =N='000 |
| Salaries and allowances | 131,332 | 121,982 | 56,418 | 50,635 |
| Long-term employee benefits: | | | | |
| Post employment pension benefits | 4,330 | 6,393 | 4,330 | 6,393 |
| | 135,662 | 128,375 | 60,748 | 57,028 |

Fees and other emolument disclosed above includes amount paid to:

| | | | | |
|----------|--------|--------|-------|-------|
| Chairman | 12,000 | 12,000 | 6,000 | 6,000 |
|----------|--------|--------|-------|-------|

The number of Directors who received fees and other emoluments (excluding pension contributions and certain benefit) in the following ranges was:

| | Number | Number | Number | Number |
|------------------------------|----------|----------|----------|----------|
| Below =N=1,000,000 | 0 | 0 | 0 | 0 |
| =N=1,000,001 - =N=5,000,000 | 5 | 5 | 2 | 2 |
| =N=5,000,001 - =N=10,000,000 | 2 | 2 | 1 | 1 |
| =N=10,000,001 and above | 1 | 1 | 0 | 0 |
| | 8 | 8 | 3 | 3 |

Employees

The number of persons employed (excluding Directors) in the Group during the year was as follows:

| | | | | |
|------------------|------------|------------|-----------|-----------|
| Administration | 47 | 49 | 21 | 23 |
| Technical | 99 | 110 | 34 | 45 |
| General services | 53 | 53 | - | - |
| | 199 | 212 | 55 | 68 |

The table below shows the number of employees (excluding Directors) of the Group who earned emoluments in the following ranges:

INTERNATIONAL ENERGY INSURANCE PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

| Enrolment range | Number | Number | Number | Number |
|------------------------------|--------|--------|--------|--------|
| =N=500,001 - =N=600,000 | 0 | 21 | 0 | 0 |
| =N=600,001 - =N=1,000,000 | 43 | 43 | 2 | 2 |
| =N=1,000,001 - =N=2,000,000 | 79 | 80 | 2 | 3 |
| =N=2,000,001 - =N=3,000,000 | 13 | 15 | 5 | 7 |
| =N=3,000,001 - =N=4,000,000 | 19 | 21 | 14 | 16 |
| =N=4,000,001 - =N=5,000,000 | 18 | 32 | 13 | 27 |
| =N=5,000,001 - =N=8,000,000 | 19 | 12 | 15 | 8 |
| =N=8,000,001 - =N=10,000,000 | 4 | 4 | 1 | 1 |
| =N=10,000,001 - and above | 4 | 5 | 3 | 4 |
| | 199 | 233 | 55 | 68 |

| 47 Directors and employees - continued | Group | | Company | |
|--|-----------------|-----------------|-----------------|-----------------|
| | 2020 =N='000 | 2019 =N='000 | 2020 =N='000 | 2019 =N='000 |
| Staff costs | | | | |
| Wages and salaries | 688,683 | 612,400 | 350,420 | 345,323 |
| Other staff costs | 58,942 | 50,443 | 17,365 | 18,754 |
| Pensions | 68,314 | 53,242 | 25,199 | 21,251 |
| | 815,939 | 716,085 | 392,984 | 385,328 |

48 Related parties

Subsidiary

IEI Plc holds 81% interest in IIEI Anchor Pensions Limited. Transactions between IEI Plc and her subsidiary is eliminated on consolidation.

Transaction with related parties

Details of significant transactions carried out with related party during the year ended are as follows:

| | 2020 =N='000 | 2019 =N='000 |
|----------------------------|-----------------|-----------------|
| Premium received | 3,544 | 1,664 |
| Claims paid | 736 | - |
| Office rent received | - | - |
| Amount due from subsidiary | - | - |
| Amount due to subsidiary | 46,180 | 46,180 |

Terms and conditions

Premium received and claims paid relates to sale of insurance contract and other services are at arms length.

INTERNATIONAL ENERGY INSURANCE PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

49 Contingencies and commitments

49.1 Outstanding litigations

In the ordinary course of business, there are pending litigations involving the Company for which no provision has been made amounted to N 80.7 million (2019: N80.7 million). However, the actions are being defended and the Directors are of the opinion that no material liability would arise therefrom.

49.2 Capital commitments

The Company has no capital commitment at the reporting date.

50 Events after the reporting date

There are no events after the reporting date that require adjustments in the financial statements.

On 20 May 2019, the National Insurance Commission (NAICOM) issued a circular in which it reviewed the minimum paid-up share capital for insurance and reinsurance companies. It required General Insurance companies to shore up their share capital to N10 billion by 30 June 2020. In subsequent circulars dated 30 December 2019 and 03 June 2020, the regulator extended the deadline to 31 December 2020 and then 30 September 2021 respectively. This events have no financial adjustment as at the reporting date.

The recent Coronavirus outbreak is an emerging risk that the Group is monitoring closely. As things presently stand, International Energy Insurance Plc does not expect the consequences of the outbreak to have an overall material impact on the annual result. However, the more the virus spreads coupled with lockdowns, the greater the impact could be on the Group with more far-reaching effects on the capital markets and more significant implications on the Company's results.

The Group has performed a line-by-line analysis of its statement of financial position and has done an assessment of whether the current uncertainty may impact any of the amounts presented at 31 December 2020. Management has concluded that the amounts recognised in the financial statement do not require further adjustment but will continue to monitor situation as new information becomes available and adjustment thereof will be reflected in the appropriate reporting period.

Management has assessed the impact of the COVID-19 on the going concern of the Group and has concluded that despite the COVID-19 Pandemic, the going concern of the Group is not threatened. See Note 2.35.1 of summary of significant accounting policies for the going concern disclosures.

The Company contravened certain laws and regulations during the year ended December 31 2020. Details of the contraventions and penalty is as follows:

51 Non Compliance with laws and regulations

| | Name of Regulator | Company | |
|---------------------------------|-------------------|-----------------|-----------------|
| | | 2020 =N='000 | 2019 =N='000 |
| Late submission of accounts. | SEC | 3,174 | 3,250 |
| Late filing of audited accounts | NSE | 9,000 | 9,000 |
| Late filing of accounts | NAICOM | 1,345 | 2,070 |
| | | <u>13,519</u> | <u>14,320</u> |

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NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

52 Segment information

For management purpose, the Group is organized into business units based on their products and services and two reportable operating segments as follows:

Following the management approach of IFRS the Group is organized into two operating segments. These segments distribute their products through various forms of brokers, agencies and direct marketing programs. Management identifies its reportable segments by product lines. These segments and their respective operations are as follows:

Non-life insurance business

The non-life reportable segment offers a wide variety of insurance products for both personal and corporate customers. The products offer range from fire, motor, general accident, engineering, aviation, marine liability as well as oil and energy. The main source of income in this segment is the premium received from the insured on risk covered by the entity and the investment income earned on placements and deposit with financial institutions.

The business of this segment is undertaken by International Energy Insurance Plc, the parent company.

Pension administration

This reportable segment includes the administration and management of the retirement benefits of members. The administration includes making investment decisions, collection of contribution and making payment to retirees in-line with provisions of Pension Reform Act 2014. The revenue earned includes administration and management fees received on member's contributions and the Net Asset value of Funds under Management respectively. The business of this segment is undertaken by IEI Anchor Pensions Limited, a 81% owned subsidiary of the Company.

| Consolidated statement of profit or loss 2020 | Non-life =N='000 | Pension =N='000 | Total =N='000 | Eliminations =N='000 | Consolidated =N='000 |
|--|---------------------|--------------------|------------------|-------------------------|-------------------------|
| Gross written premium | 564,563 | - | 564,563 | - | 564,563 |
| Gross premium income | 531,388 | - | 531,388 | - | 531,388 |
| Reinsurance expenses | (91,393) | - | (91,393) | - | (91,393) |
| Net premium income | 439,995 | - | 439,995 | - | 439,995 |
| Commission income | 9,939 | - | 9,939 | - | 9,939 |
| Net underwriting income | 449,934 | - | 449,934 | - | 449,934 |
| Claims expenses | (69,510) | - | (69,510) | - | (69,510) |
| Underwriting expenses | (144,520) | - | (144,520) | - | (144,520) |
| Underwriting results | 235,904 | - | 235,904 | - | 235,904 |
| Interest revenue calculated using effective interest method | 60,575 | 3,017 | 63,592 | - | 63,592 |
| Investment income | 1,969 | - | 1,969 | - | 1,969 |
| Net realised gains | 2,615 | - | 2,615 | - | 2,615 |
| Net fair value gains/(loss) | 114,164 | - | 114,164 | - | 114,164 |
| Other income | 124,257 | 861,525 | 985,782 | - | 985,782 |
| Impairment charge on assets | (17,385) | - | (17,385) | - | (17,385) |
| Depreciation | (27,951) | (272,498) | (300,449) | - | (300,449) |
| Amortisation | - | (1,448) | (1,448) | - | (1,448) |
| Management expenses | (618,503) | (535,743) | (1,154,246) | - | (1,154,246) |
| Results from operating activities | (124,354) | 54,853 | (69,501) | - | (69,501) |
| Finance costs | (1,062,726) | (8,713) | (1,091,439) | - | (1,091,439) |
| (Loss)/profit before income tax | (1,207,080) | 46,140 | (1,160,940) | - | (1,160,940) |
| Income tax (expense)/credit | 571,989 | (22,072) | 549,917 | - | 549,917 |
| profit/(Loss) after income tax | (635,091) | 24,068 | (611,023) | - | (611,023) |

INTERNATIONAL ENERGY INSURANCE PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

52 Segment information - continued

| Consolidated statement of financial position 2020 | Non-life =N='000 | Pension =N='000 | Total =N='000 | Eliminations =N='000 | Consolidated =N='000 |
|---|---------------------|--------------------|------------------|-------------------------|-------------------------|
| Segment assets | 8,807,441 | 1,185,483 | 9,992,924 | (1,000,034) | 8,992,890 |
| Segment liabilities | 19,863,232 | 160,597 | 20,043,829 | 55,489 | 20,099,318 |
| Consolidated statement of profit or loss 2019 | | | | | |
| Gross written premium | 525,947 | - | 525,947 | - | 525,947 |
| Gross premium income | 403,098 | - | 403,098 | - | 403,098 |
| Reinsurance expenses | (78,916) | - | (78,916) | - | (78,916) |
| Net premium income | 324,182 | - | 324,182 | - | 324,182 |
| Commission income | 12,328 | - | 12,328 | - | 12,328 |
| Net underwriting income | 336,510 | - | 336,510 | - | 336,510 |
| Claims expenses | (121,772) | - | (121,772) | - | (121,772) |
| Underwriting expenses | (111,442) | - | (111,442) | - | (111,442) |
| Underwriting results | 103,297 | - | 103,297 | - | 103,297 |
| Interest revenue calculated using effective interest method | 48,758 | 10,353 | 59,111 | - | 59,111 |
| Investment income | 746 | 1,811 | 2,557 | - | 2,557 |
| Net realised gains | 5,347 | - | 5,347 | - | 5,347 |
| Net fair value gains/(loss) | 501,885 | - | 501,885 | - | 501,885 |
| Other income | 302,385 | 847,994 | 1,150,379 | - | 1,150,379 |
| Allowance for impairment of assets | (906) | - | (906) | - | (906) |
| Depreciation | (25,846) | (58,026) | (83,872) | - | (83,872) |
| Ammortisation | - | (5,671) | (5,671) | - | (5,671) |
| Management expenses | (659,435) | (757,153) | (1,416,588) | - | (1,416,588) |
| Results from operating activities | 276,230 | 39,308 | 315,538 | - | 315,538 |
| Finance costs | - | (7,423) | (7,423) | - | (7,423) |
| (Loss)/profit before income tax | 276,230 | 31,885 | 308,115 | - | 308,115 |
| Income tax credit/(expense) | (8,816) | (23,910) | (32,726) | - | (32,726) |
| (Loss)/profit after income tax | 267,414 | 7,975 | 275,389 | - | 275,389 |
| Consolidated statement of financial position 2019 | | | | | |
| Segment assets | 8,684,483 | 1,117,745 | 9,753,969 | (998,605) | 8,755,366 |
| Segment liabilities | 19,211,332 | 160,597 | 19,371,929 | 17,882 | 19,389,811 |

INTERNATIONAL ENERGY INSURANCE PLC
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

53 Asset and Liability Management

The Company is exposed to a range of financial risks through its financial assets, financial liabilities (insurance contract liabilities and borrowings) and reinsurance assets.

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

The Company manages these positions within an ALM framework that has been developed to achieve long-term investment returns in excess of its obligations under insurance contracts. The following tables reconcile the Company's non-life business within the Statement of Financial Position to the classes and portfolios used in the Company's ALM framework.

| The Company | Insurance contract =N=000 | Shareholders' funds =N=000 | 31-Dec 2020 Total =N=000 |
|---|---------------------------------|----------------------------------|-----------------------------------|
| Assets | | | |
| Cash and cash equivalents | 147,204 | - | 147,204 |
| Financial assets | | | |
| - Fair value through P/L | 93,609 | - | 93,609 |
| - Fair value through OCI | 43,136 | 204,145 | 247,281 |
| - Loans and receivables- Amortized cost | 519 | - | 519 |
| Trade receivables | - | 0 | - |
| Other receivables and prepayments | - | 1,997 | 1,997 |
| Reinsurance assets | 294,005 | - | 294,005 |
| Deferred acquisition costs | - | 10,465 | 10,465 |
| Investment in subsidiary | - | 1,000,000 | 1,000,000 |
| Investment properties | 1,027,669 | 2,589,831 | 3,617,500 |
| Property, plant and equipment | - | 3,072,362 | 3,072,362 |
| Statutory deposit | - | 322,500 | 322,500 |
| Total assets | 1,606,141 | 7,201,300 | 8,807,441 |
| Liabilities | | | |
| Insurance contract liabilities | 4,110,675 | - | 4,110,675 |
| Trade payables | - | 23,905 | 23,905 |
| Provisions and other payables | - | 1,175,086 | 1,175,086 |
| Current income tax payable | - | 512,464 | 512,464 |
| Deferred tax liabilities | - | 206,209 | 206,209 |
| Borrowings | - | 13,537,660 | 13,537,660 |
| Deposit for shares | - | 317,233 | 317,233 |
| Total liabilities | 4,110,675 | 15,772,557 | 19,883,232 |
| | (2,504,534) | (8,571,257) | (11,075,791) |

53 Asset and Liability Management - continued
The Company

| | Insurance contract =R=000 | Shareholders' funds =R=000 | 31-Dec 2019 Total =R=000 |
|---|---------------------------------|----------------------------------|-----------------------------------|
| Assets | | | |
| Cash and cash equivalents | 136,093 | - | 136,093 |
| Financial assets | | | |
| - Fair value through P/L | 108,556 | - | 108,556 |
| - Fair value through OCI | 43,136 | 93,152 | 136,288 |
| - Loans and receivables- Amortised cost | - | 57,662 | 57,662 |
| Trade receivables | - | 79 | 79 |
| Other receivables and prepayments | - | 13,910 | 13,910 |
| Reinsurance assets | 266,466 | - | 266,466 |
| Deferred acquisition costs | - | 4,384 | 4,384 |
| Investment in subsidiary | - | 1,000,000 | 1,000,000 |
| Investment properties | 1,013,429 | 2,301,571 | 3,315,000 |
| Property, plant and equipment | - | 3,273,067 | 3,273,067 |
| Statutory deposit | - | 322,500 | 322,500 |
| Total assets | 1,560,680 | 7,060,545 | 8,636,225 |
| Liabilities | | | |
| Insurance contract liabilities | 4,053,715 | - | 4,053,715 |
| Trade payables | - | 16,053 | 16,053 |
| Provisions and other payables | - | 1,077,843 | 1,077,843 |
| Current income tax payable | - | 497,936 | 497,936 |
| Deferred tax liabilities | - | 792,722 | 792,722 |
| Borrowings | - | 12,454,934 | 12,454,934 |
| Deposit for shares | - | 318,127 | 318,127 |
| Total liabilities | 4,053,715 | 15,157,615 | 19,211,330 |
| | (2,484,035) | (8,091,070) | (10,575,105) |

54 Capital Management

The main objectives of the Group when managing capital are:

- * To ensure that the Minimum Capital Requirement of R3 billion as required by the Insurance Act CAP 117, LFN 2004, is maintained at all times.

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

- * To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- * To provide an adequate return to shareholders by pricing insurance contracts and other services commensurately with the level of risk.

INTERNATIONAL ENERGY INSURANCE PLC
 NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

54 Capital Management - continued

The Insurance Act CAP 117, LFN 2004 specifies the amount of capital that must be held in proportion to the Company's liabilities, i.e. in respect of outstanding claims liability risk, catastrophe risk and reinsurance ceded.

As part of its plan to meet the required capital base set by NAICOM and to maintain the statutory asset cover based on its underwritten risks, the Company intends to do the following to strengthen its financial position:

- * Dispose its investment properties.
- * Recoveries from trade and other debtors: The Company has engaged the services of solicitors and recovery agents to help it make substantial recoveries from its debtors.
- * The Company is still on its plan to bring in fresh capital into the Company through private placement.

The Company is also subject to a solvency requirement under the Insurance Act CAP 117, LFN 2004 and is required to maintain its solvency at the minimum capital required at all times. Solvency margin is the excess of admissible assets in Nigeria over admissible liabilities in Nigeria and shall not be less than the minimum paid-up capital or 15% of the gross premium income less reinsurance premiums paid out during the year, whichever is higher in accordance with section 24 of Insurance Act CAP 117 LFN, 2004.

Capital Adequacy Test

Based on the capital adequacy calculation below, International Energy Insurance Plc has a deficit of N10.564 billion (2019: N10.526 billion)

| | 31-Dec 2020 =N='000 | 31-Dec 2019 =N='000 |
|---|---------------------------|---------------------------|
| Shareholders funds as per statement of financial position | (11,075,790) | (10,575,108) |
| Capital Base | (11,075,790) | (10,575,108) |

Management uses regulatory capital ratios to monitor its capital base. Based on the capital base computed above, the Company's capital base is below the minimum capital requirement of N3 billion specified by NAICOM.

The Company's capital requirement of N3,000,000,000 was not maintained as at the end of the financial year, while the Solvency margin was also below the requirements of the Insurance Act CAP 117, LFN 2004 as a result of the restriction on the admissibility of certain assets.

INTERNATIONAL ENERGY INSURANCE PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

| 54 Capital Management - continued | 2020 | | 2020 | 2019 | | 2019 |
|---|-------------------|------------------|-------------------|-------------------|------------------|-------------------|
| | Admissible | Inadmissible | Total | Admissible | Inadmissible | Total |
| | =N='000 | =N='000 | =N='000 | =N='000 | =N='000 | =N='000 |
| Cash and cash equivalents | 88,278 | 61,122 | 147,398 | 136,093 | - | 136,093 |
| Financial assets | | | | | | |
| - Fair value through profit or loss | 93,509 | - | 93,509 | 108,556 | - | 108,556 |
| - Fair value through other comprehensive income | 247,281 | - | 247,281 | 136,288 | - | 136,288 |
| - Debt instruments at amortized Cost | 519 | - | 519 | 57,882 | - | 57,882 |
| Trade receivables | - | - | - | 79 | - | 79 |
| Other receivables and prepayments | - | 1,997 | 1,997 | - | 13,910 | 13,910 |
| Reinsurance assets | 294,005 | - | 294,005 | 288,468 | - | 288,468 |
| Deferred acquisition costs | 10,465 | - | 10,465 | 4,384 | - | 4,384 |
| Investment in subsidiary | 1,000,000 | - | 1,000,000 | 1,000,000 | - | 1,000,000 |
| Investment properties | 1,000,000 | 2,617,500 | 3,617,500 | 1,986,832 | 1,328,168 | 3,315,000 |
| Property, plant and equipment- Land & Building | 1,027,594 | 2,037,462 | 3,065,056 | - | 3,260,000 | 3,273,067 |
| Property, plant and equipment- Others | 7,308 | - | 7,308 | 13,067 | - | - |
| Statutory deposit | 322,500 | - | 322,500 | 322,500 | - | 322,500 |
| Admissible assets | 4,089,555 | 4,718,081 | 8,807,635 | 4,034,148 | 4,602,078 | 8,636,226 |
| Insurance contract liabilities | 4,110,675 | - | 4,110,675 | 4,053,715 | - | 4,053,715 |
| Trade payables | 23,905 | - | 23,905 | 16,053 | - | 16,053 |
| Provision and other payables | 1,175,086 | - | 1,175,086 | 1,077,843 | - | 1,077,843 |
| Current income tax payable | 512,464 | - | 512,464 | 497,937 | - | 497,936 |
| Deferred Tax liabilities | - | 206,209 | 206,209 | - | 792,722 | 792,724 |
| Borrowings | 13,537,860 | - | 13,537,860 | 12,454,934 | - | 12,454,934 |
| Deposit for shares | 317,233 | - | 317,233 | 318,127 | - | 318,127 |
| | 19,677,023 | 206,209 | 19,883,232 | 18,418,609 | 792,722 | 19,211,332 |
| Solvency margin | (15,587,468) | | | (14,384,461) | | |
| The higher of: | | | | | | |
| 15% of net premium income and Shareholders' funds | 3,000,000 | | | 3,000,000 | | |
| Shortfall in solvency margin | 18,587,468 | | | 17,384,461 | | |

55.1 Valuation bases

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair values are determined at prices quoted in active markets. In the current environment, such price information is typically not available for all instruments and the Company applies valuation techniques to measure such instruments. These valuation techniques make maximum use of market observable data but in some cases management estimate other than observable market inputs within the valuation model. There is no standard model and different assumptions would generate different results.

Fair values are subject to a control framework designed to ensure that input variables and output are assessed independent of the risk taker. These inputs and outputs are reviewed and approved by a valuation committee. The Company has minimal exposure to financial assets which are valued at other than quoted

The table below shows financial assets carried at fair value.

| Group | Note | Fair value through OCI | Fair value through P & L |
|-----------------------------------|------|---------------------------|-----------------------------|
| | | €N='000 | €N='000 |
| 31 December 2020 | | | |
| Quoted equities at FVTPL | | 93,609 | |
| Fair value through OCI - unquoted | 2.1 | | 247,281 |
| | | <u>93,609</u> | <u>247,281</u> |
| 31 December 2019 | | | |
| Quoted equities at FVTPL | | 108,568 | |
| Fair value through OCI - unquoted | 2.1 | | 136,288 |
| | | <u>108,568</u> | <u>136,288</u> |

| Company | Note | Fair value through OCI | Fair value through P & L |
|-----------------------------------|------|---------------------------|-----------------------------|
| | | €N='000 | €N='000 |
| 31 December 2020 | | | |
| Quoted equities at FVTPL | | 94,032 | |
| Fair value through OCI - unquoted | 2.1 | | - |
| | | <u>94,032</u> | <u>-</u> |
| 31 December 2019 | | | |
| Quoted equities at FVTPL | | 108,568 | |
| Fair value through OCI - unquoted | 2.1 | | 136,288 |
| | | <u>108,568</u> | <u>136,288</u> |

The management assessed that the fair values of cash and cash equivalents, trade receivables, trade payables, other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

i Unquoted equity

The fair values of the unquoted ordinary shares have been estimated using either of income approach or Market approach.

Under the income approach, the valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, the discount rate, credit risk and volatility. 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 unquoted equity investments.

Under the market approach, the Company determines comparable public companies (Peers) based on industry, size, leverage and strategy and calculates an appropriate trading multiple for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by an earnings measure. The trading multiple is then discounted for considerations such as liquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the investee company to measure the fair value.

ii Unlisted managed funds

The Company invests in managed funds, including private equity funds, which are not quoted in an active market and which may be subject to restrictions on redemptions such as lock up periods, redemption gates and side pockets.

The Company's investment manager considers the valuation techniques and inputs used in valuing these funds as part of its due diligence prior to investing, to ensure they are reasonable and appropriate. Therefore, the NAV of these funds may be used as an input into measuring their fair value. In measuring the fair value, the NAV of the funds is adjusted, as necessary, to reflect restrictions on redemptions, future commitments, and other specific factors of the fund and fund manager. In measuring fair value, consideration is also paid to any transactions in the shares of the fund. Depending on the nature and level of adjustments needed to the NAV and the level of trading in the fund, the Company classifies these funds as Level 3.

INTERNATIONAL ENERGY INSURANCE PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

55.1 Valuation bases - continued

iii Listed debt securities - bonds

Fair values of publicly traded debt securities are based on quoted market prices in an active market for identical assets with adjustments for accrued interest on the instrument after the last interest/coupon payment date. The Company values these investments at closing bid price.

iv Money market funds and similar securities (treasury bills)

The estimated fair value of money market funds is based on discounted cash flows using prevailing quoted Money-market interest rates for debts with similar credit risk and maturity.

| Group | 2020 | 2019 |
|---|----------------|----------------|
| Financial Assets measured at: | ₦N=000 | ₦N=000 |
| Quoted prices in active markets (level 1) | 93,609 | 108,556 |
| Valuation technique: | | |
| Market observable data (level 2) | | - |
| Other than observable market data (level 3) | 247,281 | 136,288 |
| | <u>340,890</u> | <u>244,844</u> |
| Company | | |
| Financial Assets measured at: | | |
| Quoted prices in active markets (level 1) | 93,609 | 108,556 |
| Valuation technique: | | |
| Market observable data (level 2) | | - |
| Other than observable market data (level 3) | 247,281 | 136,288 |
| | <u>340,890</u> | <u>244,844</u> |

55.1.1 Fair value and fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, into Levels 1 to 3 based on the degree to which the fair value is observable. The categorisation also includes items not measured at fair value but whose fair value is disclosed.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

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

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date data. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the company is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily Nigerian Stock Exchange equity investments classified as trading securities.

Financial instruments in level 2

Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Financial instruments in level 3

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

INTERNATIONAL ENERGY INSURANCE PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

86.1.1 Fair value and fair value hierarchy - Continued

Group

Items measured at fair value

| | 2020 | | | |
|--|---------|---------|---------|---------|
| | Level 1 | Level 2 | Level 3 | Total |
| | €'000 | €'000 | €'000 | €'000 |
| Financial assets | | | | |
| Financial assets at FVTPL: | | | | |
| Quoted equity shares | 93,609 | | | 93,609 |
| Financial assets at FVOCI: | | | | |
| Unquoted equity shares | | | 247,281 | 247,281 |
| | 93,609 | | 247,281 | 340,890 |
| Items whose fair values are disclosed | | | | |
| Total financial assets | 93,609 | | 247,281 | 340,890 |

Items measured at fair value

| | 2019 | | | |
|--|---------|---------|---------|---------|
| | Level 1 | Level 2 | Level 3 | Total |
| | €'000 | €'000 | €'000 | €'000 |
| Financial assets | | | | |
| Financial assets at FVTPL: | | | | |
| Quoted equity shares | 108,556 | - | - | 108,556 |
| | 108,556 | - | - | 108,556 |
| Financial assets at FVOCI: | | | | |
| Unquoted equity shares | | - | 136,288 | 136,288 |
| | 108,556 | - | 136,288 | 244,844 |
| Items whose fair values are disclosed | | | | |
| Total financial assets | 108,556 | - | 136,288 | 244,844 |

Company

Items measured at fair value

| | 2020 | | | |
|--|---------|---------|---------|---------|
| | Level 1 | Level 2 | Level 3 | Total |
| | €'000 | €'000 | €'000 | €'000 |
| Financial assets | | | | |
| Financial assets at FVTPL: | | | | |
| Quoted equity shares | 93,609 | | | 93,609 |
| Financial assets at FVOCI: | | | | |
| Unquoted equity shares | | | 247,281 | 247,281 |
| | 93,609 | | 247,281 | 340,890 |
| Items whose fair values are disclosed | | | | |
| Total financial assets | 93,609 | | 247,281 | 340,890 |

Items measured at fair value

| | 2019 | | | |
|--|---------|---------|---------|---------|
| | Level 1 | Level 2 | Level 3 | Total |
| | €'000 | €'000 | €'000 | €'000 |
| Financial assets | | | | |
| Financial assets at FVTPL: | | | | |
| Quoted equity shares | 108,556 | - | - | 108,556 |
| | 108,556 | - | - | 108,556 |
| Financial assets at FVOCI: | | | | |
| Unquoted equity shares | | - | 136,288 | 136,288 |
| | 108,556 | - | 136,288 | 244,844 |
| Items whose fair values are disclosed | | | | |
| Total financial assets | 108,556 | - | 136,288 | 244,844 |

There were no transfers between level 1 and 2 or in and out of level 3 in 2020 and 2019.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

55.2 Management of insurance and financial risk

The Group issues contracts that transfer insurance risk. This section summarises the main risks linked to short-term insurance business and the way they are managed.

55.2.1 Insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is fortuitous and therefore unexpected and unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Company faces under its insurance contracts is that the actual claims and indemnity payments exceed the carrying amount of the insurance liabilities.

The Group has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

Frequency and severity of claims

The frequency and severity of claims can be affected by several factors the most significant resulting from events like fire and allied perils and their consequences and liability claims. Inflation is another factor that may affect claims payments.

Underwriting measures are in place to enforce appropriate risk selection criteria or not to renew an insurance contract.

The reinsurance arrangements for proportional and non-proportional treaties are such that the Group is adequately protected and would only suffer predetermined amounts.

Concentration of insurance risk

The following table discloses the concentration of claims by class of business and the gross future claims paid that are incurred by the Group.

| Class of business | Outstanding claims | | | | | |
|-------------------|----------------------|-----------------------|------------------|----------------------|-----------------------|------------------|
| | 2020 | | | 2019 | | |
| | Gross OCR =N='000 | Gross IBNR =N='000 | Total =N='000 | Gross OCR =N='000 | Gross IBNR =N='000 | Total =N='000 |
| Fire | 205,389 | 6,409 | 211,798 | 251,488 | 20,035 | 271,523 |
| Motor | 141,348 | 27,287 | 168,635 | 102,668 | 40,684 | 143,352 |
| General accident | 507,601 | 2,881 | 510,482 | 508,426 | 19,963 | 528,389 |
| Marine | 123,122 | 36,794 | 159,916 | 91,307 | 9,522 | 100,829 |
| Oil and gas | 2,529,551 | - | 2,529,551 | 2,529,551 | 13,273 | 2,542,824 |
| Bond | 256,582 | 71 | 256,653 | 225,582 | 172 | 225,754 |
| | 3,783,593 | 73,442 | 3,857,035 | 3,709,223 | 103,649 | 3,812,872 |

The Group manages insurance risks through the underwriting strategy, adequate reinsurance arrangements and proactive claims handling. The underwriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type and amount of risk and class of business.

55.2 Management of insurance and financial risk

55.2.1 Insurance risk - continued

Sources of uncertainty in the estimation of future claim payments

Claims are payable on a claims-occurrence basis. The Company is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term. As a result, liability claims are settled over a long period of time and a larger element of the claims provision relates to incurred but not reported claims (IBNR). There are several variables that affect the amount and timing of cash flows from these contracts. These mainly relate to the inherent risks of the business activities carried out by individual contract holders and the risk management procedures they adopted. The compensation paid on these contracts is the monetary awards granted.

The Group claims are short-term and are settled within a short time and the Group's estimation processes reflect with a higher degree of certainty all the factors that influence the amount and timing.

The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. The liability for these contracts comprise a provision for IBNR and a provision for reported claims not yet paid at the end of the reporting date. The Group has ensured that liabilities on the statement of financial position at year end for existing claims whether reported or not, are adequate.

The Group has in place a series of quota-share and excess of loss covers in each of the last four years to cover for losses on these contracts.

Claims development table

The following tables show the estimates of cumulative incurred claims, including both claims notified and IBNR for each successive accident year at each reporting date, together with cumulative payments to date.

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 triangulation below illustrates how the Group's estimate of total claims outstanding for each year has changed at successive year-ends.

INTERNATIONAL ENERGY INSURANCE PLC
 NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

66.1 Management of insurance and financial risk - continued
 Claims Paid Triangulations as at December 2020

| Accident Year | Fire | | | | | | | | | | |
|------------------|------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| 2010 | 28,645,647 | 90,677,893 | 94,268,787 | 99,435,591 | 99,882,848 | 99,917,070 | 99,917,070 | 99,917,070 | 99,917,070 | 99,917,070 | 99,917,070 |
| 2011 | 13,923,481 | 35,511,599 | 48,106,407 | 50,315,587 | 50,779,549 | 51,538,719 | 51,538,719 | 51,538,719 | 51,538,719 | 51,538,719 | 51,538,719 |
| 2012 | 9,347,077 | 69,421,870 | 152,096,308 | 152,171,189 | 155,729,020 | 155,729,020 | 155,729,020 | 155,786,789 | 155,786,789 | 155,786,789 | 155,786,789 |
| 2013 | 103,285,228 | 255,104,868 | 265,256,015 | 268,935,635 | 268,935,635 | 268,941,823 | 269,052,590 | 269,052,590 | 269,052,590 | 269,052,590 | 269,052,590 |
| 2014 | 59,852,787 | 142,857,822 | 150,774,147 | 150,774,147 | 150,774,147 | 150,978,553 | 150,978,553 | 150,978,553 | 150,978,553 | 150,978,553 | 150,978,553 |
| 2015 | 85,821,507 | 149,547,998 | 150,602,679 | 150,602,679 | 151,855,038 | 151,855,038 | 151,855,038 | 151,855,038 | 151,855,038 | 151,855,038 | 151,855,038 |
| 2016 | 132,487,527 | 138,834,030 | 138,834,030 | 139,244,443 | 159,244,443 | 159,244,443 | 159,244,443 | 159,244,443 | 159,244,443 | 159,244,443 | 159,244,443 |
| 2017 | 19,528,512 | 20,816,462 | 27,412,385 | 28,201,328 | 28,201,328 | 28,201,328 | 28,201,328 | 28,201,328 | 28,201,328 | 28,201,328 | 28,201,328 |
| 2018 | 738,900 | 1,189,060 | 1,462,780 | 1,462,780 | 1,462,780 | 1,462,780 | 1,462,780 | 1,462,780 | 1,462,780 | 1,462,780 | 1,462,780 |
| 2019 | 1,095,933 | 3,924,133 | 3,924,133 | 3,924,133 | 3,924,133 | 3,924,133 | 3,924,133 | 3,924,133 | 3,924,133 | 3,924,133 | 3,924,133 |
| 2020 | 1,541,426 | | | | | | | | | | |
| General Accident | | | | | | | | | | | |
| Accident Year | Development Year | | | | | | | | | | |
| | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| 2010 | 68,937,158 | 155,882,218 | 204,992,967 | 207,934,318 | 211,612,293 | 212,107,940 | 214,519,890 | 214,519,890 | 214,599,836 | 214,897,859 | 214,897,859 |
| 2011 | 67,646,777 | 151,285,342 | 182,942,107 | 170,457,352 | 172,337,700 | 172,855,074 | 172,855,074 | 172,855,074 | 175,428,185 | 175,428,185 | 175,428,185 |
| 2012 | 95,828,128 | 163,899,612 | 192,773,402 | 206,952,358 | 213,947,548 | 214,243,329 | 214,243,329 | 214,243,329 | 214,250,043 | 214,250,043 | 214,250,043 |
| 2013 | 31,371,558 | 88,306,886 | 117,110,435 | 122,801,777 | 122,950,819 | 122,950,819 | 123,420,004 | 123,420,004 | 123,420,004 | 123,420,004 | 123,420,004 |
| 2014 | 20,907,504 | 63,899,976 | 103,398,183 | 104,263,629 | 104,307,016 | 104,596,846 | 104,596,846 | 104,596,846 | 104,596,846 | 104,596,846 | 104,596,846 |
| 2015 | 27,726,878 | 76,184,209 | 77,848,458 | 77,922,366 | 78,960,468 | 78,960,468 | 78,960,468 | 78,960,468 | 78,960,468 | 78,960,468 | 78,960,468 |
| 2016 | 184,856,225 | 197,836,241 | 198,013,388 | 200,575,240 | 200,807,351 | 200,807,351 | 200,807,351 | 200,807,351 | 200,807,351 | 200,807,351 | 200,807,351 |
| 2017 | 6,171,701 | 6,829,706 | 9,316,645 | 9,381,313 | 9,381,313 | 9,381,313 | 9,381,313 | 9,381,313 | 9,381,313 | 9,381,313 | 9,381,313 |
| 2018 | 2,409,357 | 6,438,895 | 6,448,398 | 6,448,398 | 6,448,398 | 6,448,398 | 6,448,398 | 6,448,398 | 6,448,398 | 6,448,398 | 6,448,398 |
| 2019 | 1,000,508 | 1,000,508 | 1,000,508 | 1,000,508 | 1,000,508 | 1,000,508 | 1,000,508 | 1,000,508 | 1,000,508 | 1,000,508 | 1,000,508 |
| 2020 | | | | | | | | | | | |

INTERNATIONAL ENERGY INSURANCE PLC
 NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

55.1 Management of insurance and financial risk - continued
 Claims Paid Triangulations as at December 2020

| Accident Year | Marine | | | | | | | | | | |
|---------------|------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| 2010 | 8,269,673 | 33,539,645 | 52,083,610 | 52,083,610 | 52,083,610 | 52,083,610 | 57,646,935 | 57,646,935 | 57,646,935 | 57,646,935 | 57,646,935 |
| 2011 | 22,017,774 | 49,852,042 | 67,337,157 | 67,337,157 | 77,488,583 | 77,488,583 | 77,488,583 | 77,488,583 | 77,488,583 | 77,488,583 | 77,488,583 |
| 2012 | 17,833,789 | 91,791,902 | 95,417,901 | 95,417,901 | 95,417,901 | 95,417,901 | 95,417,901 | 103,462,160 | 103,462,160 | 103,462,160 | 103,462,160 |
| 2013 | 26,949,610 | 74,470,453 | 102,975,737 | 102,975,737 | 102,975,737 | 102,975,737 | 102,975,737 | 102,975,737 | 102,975,737 | 102,975,737 | 102,975,737 |
| 2014 | 2,401,025 | 31,551,960 | 36,329,224 | 36,329,224 | 36,329,224 | 36,329,224 | 36,329,224 | 36,329,224 | 36,329,224 | 36,329,224 | 36,329,224 |
| 2015 | 63,206,983 | 175,767,690 | 175,781,078 | 175,781,078 | 175,781,078 | 175,781,078 | 175,781,078 | 175,781,078 | 175,781,078 | 175,781,078 | 175,781,078 |
| 2016 | 35,714,338 | 38,024,308 | 38,024,308 | 38,044,850 | 38,044,850 | 38,044,850 | 38,044,850 | 38,044,850 | 38,044,850 | 38,044,850 | 38,044,850 |
| 2017 | 7,386,270 | 7,861,754 | 8,665,968 | 8,665,968 | 8,665,968 | 8,665,968 | 8,665,968 | 8,665,968 | 8,665,968 | 8,665,968 | 8,665,968 |
| 2018 | - | 607,900 | 5,607,900 | 5,607,900 | 5,607,900 | 5,607,900 | 5,607,900 | 5,607,900 | 5,607,900 | 5,607,900 | 5,607,900 |
| 2019 | 618,864 | 797,365 | 797,365 | 797,365 | 797,365 | 797,365 | 797,365 | 797,365 | 797,365 | 797,365 | 797,365 |
| 2020 | 373,377 | 373,377 | 373,377 | 373,377 | 373,377 | 373,377 | 373,377 | 373,377 | 373,377 | 373,377 | 373,377 |

| Accident Year | Motor | | | | | | | | | | |
|---------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| 2010 | 238,955,405 | 413,433,834 | 424,694,083 | 425,673,148 | 428,635,326 | 429,186,629 | 431,470,754 | 431,470,754 | 431,470,754 | 431,470,754 | 431,470,754 |
| 2011 | 242,075,173 | 380,541,338 | 386,386,154 | 386,386,154 | 386,386,154 | 386,386,154 | 386,386,154 | 386,386,154 | 386,386,154 | 386,386,154 | 386,386,154 |
| 2012 | 182,242,762 | 310,002,731 | 320,616,652 | 320,768,694 | 320,768,694 | 320,768,694 | 320,768,694 | 320,768,694 | 320,768,694 | 320,768,694 | 320,768,694 |
| 2013 | 164,976,160 | 292,041,120 | 320,374,399 | 320,720,399 | 320,720,399 | 320,720,399 | 320,720,399 | 320,720,399 | 320,720,399 | 320,720,399 | 320,720,399 |
| 2014 | 172,156,052 | 352,807,606 | 364,365,500 | 364,379,655 | 364,383,380 | 364,383,380 | 364,383,380 | 364,383,380 | 364,383,380 | 364,383,380 | 364,383,380 |
| 2015 | 286,337,228 | 448,891,947 | 449,720,071 | 449,720,071 | 451,540,071 | 451,540,071 | 451,540,071 | 451,540,071 | 451,540,071 | 451,540,071 | 451,540,071 |
| 2016 | 254,668,498 | 263,760,244 | 264,513,995 | 268,044,789 | 268,044,789 | 268,044,789 | 268,044,789 | 268,044,789 | 268,044,789 | 268,044,789 | 268,044,789 |
| 2017 | 69,781,947 | 73,110,873 | 77,377,291 | 77,377,291 | 77,377,291 | 77,377,291 | 77,377,291 | 77,377,291 | 77,377,291 | 77,377,291 | 77,377,291 |
| 2018 | 21,842,328 | 40,083,170 | 40,147,870 | 40,147,870 | 40,147,870 | 40,147,870 | 40,147,870 | 40,147,870 | 40,147,870 | 40,147,870 | 40,147,870 |
| 2019 | 17,085,752 | 26,779,958 | 26,779,958 | 26,779,958 | 26,779,958 | 26,779,958 | 26,779,958 | 26,779,958 | 26,779,958 | 26,779,958 | 26,779,958 |
| 2020 | 21,968,015 | 21,968,015 | 21,968,015 | 21,968,015 | 21,968,015 | 21,968,015 | 21,968,015 | 21,968,015 | 21,968,015 | 21,968,015 | 21,968,015 |

INTERNATIONAL ENERGY INSURANCE PLC
 NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

55.1 Management of Insurance and financial risk - continued
 Claims Paid Triangulations as at December 2020

| Accident Year | Development Year | | | | | | | | | | |
|---------------|------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| 2010 | 53,371,561 | 73,395,703 | 137,920,496 | 269,104,918 | 278,966,761 | 278,966,761 | 278,966,761 | 278,966,761 | 278,966,761 | 278,966,761 | 278,966,761 |
| 2011 | 39,519,397 | 125,257,576 | 198,063,682 | 262,496,263 | 271,803,479 | 271,803,479 | 271,803,479 | 271,803,479 | 271,803,479 | 271,803,479 | 271,803,479 |
| 2012 | 159,329,379 | 430,151,435 | 529,590,485 | 578,563,649 | 578,563,649 | 578,563,649 | 578,563,649 | 578,563,649 | 578,563,649 | 578,563,649 | 578,563,649 |
| 2013 | 86,844,517 | 204,419,169 | 245,075,351 | 245,075,351 | 245,075,351 | 245,075,351 | 245,075,351 | 245,075,351 | 245,075,351 | 245,075,351 | 245,075,351 |
| 2014 | 97,999,141 | 189,846,172 | 190,232,254 | 190,232,254 | 190,232,254 | 190,232,254 | 190,232,254 | 190,232,254 | 190,232,254 | 190,232,254 | 190,232,254 |
| 2015 | 71,553 | 2,385,919 | 2,385,919 | 2,385,919 | 3,555,655 | 3,555,655 | 3,555,655 | 3,555,655 | 3,555,655 | 3,555,655 | 3,555,655 |
| 2016 | 5,797,284 | 5,797,284 | 5,797,284 | 5,797,284 | 5,797,284 | 5,797,284 | 5,797,284 | 5,797,284 | 5,797,284 | 5,797,284 | 5,797,284 |
| 2017 | 3,505,207 | 3,505,207 | 3,505,207 | 3,505,207 | 3,505,207 | 3,505,207 | 3,505,207 | 3,505,207 | 3,505,207 | 3,505,207 | 3,505,207 |
| 2018 | - | - | - | - | - | - | - | - | - | - | - |
| 2019 | - | - | - | - | - | - | - | - | - | - | - |
| 2020 | - | - | - | - | - | - | - | - | - | - | - |

55.2.1 Insurance risk management - continued

55.2.3 Claims development tables

The following tables show the development of claims over a period of time on both a gross and net of reinsurance basis. In 2012, in the year of adoption of IFRS, only 5 years were required to be disclosed. This will be increased in each succeeding year, until 8 - 10 years of information is presented. The top half of the table shows how the estimates of total claims for each accident year develop over time. The lower half of the table reconciles the cumulative claims to the amount appearing in the Statement of Financial Position.

Analysis of claims development – Gross

| | Before 2014 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | Total |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-----------|-------------|
| | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 |
| Estimate of ultimates: | | | | | | | | | |
| End of accident year | - | 1,143,689 | 1,910,840 | 2,890,511 | 1,111,770 | 1,750,955 | 975,014 | 865,890 | - |
| 1 year later | - | 2,094,662 | 1,890,840 | 1,990,121 | 1,203,475 | 1,790,134 | 1,565,234 | - | - |
| 2 years later | - | 2,996,216 | 1,656,840 | 1,891,230 | 1,787,075 | - | - | - | - |
| 3 years later | - | 2,617,056 | 1,742,840 | 1,510,034 | - | - | - | - | - |
| 4 years later | - | 1,917,752 | 1,742,708 | - | - | - | - | - | - |
| 5 years later | - | 1,601,929 | - | - | - | - | - | - | - |
| Current estimate of ultimate claims | - | 1,601,929 | 1,742,708 | 1,510,034 | 1,787,075 | 1,790,134 | 1,565,234 | 865,890 | 10,863,004 |
| End of accident year | - | (688,756) | (888,870) | (1,476,089) | (1,180,710) | (1,156,802) | (641,577) | (811,520) | - |
| 1 year later | - | (1,188,200) | (1,009,963) | (1,337,139) | (1,203,623) | (1,383,214) | (1,428,687) | - | - |
| 2 years later | - | (1,214,014) | (1,456,234) | (1,450,164) | (1,211,450) | - | - | - | - |
| 3 years later | - | (1,299,219) | (1,867,345) | (1,150,178) | - | - | - | - | - |
| 4 years later | - | (1,041,169) | (1,380,556) | - | - | - | - | - | - |
| 5 years later | - | (1,387,225) | - | - | - | - | - | - | - |
| Cumulative payments | - | (1,387,225) | (1,380,556) | (1,150,178) | (1,211,450) | (1,383,214) | (1,428,687) | (811,520) | (8,753,030) |
| Outstanding claims provision at December 31, 2020 | 1,653,619 | 214,704 | 362,152 | 359,856 | 575,625 | 406,920 | 136,347 | 54,370 | 3,763,593 |

INTERNATIONAL ENERGY INSURANCE PLC
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

55.3 Financial risk

The Group is exposed to financial risks through its financial assets, financial liabilities and insurance and reinsurance assets and liabilities. In particular, the key financial risk is that investment proceeds are not sufficient to fund obligations arising from insurance contracts.

The most important components of this financial risk are:

Market risk (which includes currency risk, interest rate risk and equity price risk)

Credit risk,

Liquidity risk;

Capital management; and

Fair value estimation

These risks arise from open position in interest rate, currency and equity products, all of which are exposed to general and open market movements.

The Group's risk management policies are designed to identify and analyse risks, to set appropriate risk limits and control, and monitor the risks and adherence to limits by means of reliable and up-to-date administrative and information systems. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The Board recognises the critical importance of having efficient and effective risk management policies and systems in place.

To this end, there is a clear organisational structure with delegated authorities and responsibilities from the Board to Board Committees, executives and senior management. Individual responsibility and accountability are designed to deliver a disciplined, conservative and constructive culture of risk management and control.

55.3.1 Market risk

Market risk is the risk of adverse financial impact due to changes in fair value of future cashflows of financial instruments from fluctuations in foreign currency exchange rates, interest rates and equity prices.

The Group has established policies which set out the principles that they expect to adopt in respect of management of the key market risks to which they are exposed. The Group monitors adherence to this market risk policy through its Investment Committee. The Group's Investment Committee is responsible for managing market risk.

INTERNATIONAL ENERGY INSURANCE PLC
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

55.3 Financial risk - continued

55.3.1 Market risk - continued

The market risk is monitored at board level through investment reports which examine impact of changes in market risk in investment returns and asset values. The Group's market risk policy sets out the principles for matching liabilities with appropriate assets, the approaches to be taken when liabilities cannot be matched and the monitoring processes that are required.

Currency risk

The Group has a number of investments in foreign currencies which are exposed to this currency risk. The Investment Committee closely monitors currency risk exposures against pre-determined limits. Exposure to foreign currency exchange risk is not hedged.

The Group's total assets and liabilities by currency is detailed below:

| | €'000 | £'000 | \$'000 | €'000 | Total |
|---|------------|-----------|--------|-------|------------|
| At 31 December 2020 | | | | | |
| Assets: | | | | | |
| Financial assets | 93,609 | - | - | - | 93,609 |
| - Fair value through profit or loss | 247,281 | - | - | - | 247,281 |
| - Fair value through other comprehensive income | 519 | - | - | - | 519 |
| - Debt instruments at amortised cost | 132,908 | - | - | - | 132,908 |
| Trade receivables | 413,772 | - | - | - | 413,772 |
| Other receivables and prepayments | 294,005 | - | - | - | 294,005 |
| Reinsurance assets | 10,465 | - | - | - | 10,465 |
| Deferred acquisition costs | 3,617,500 | - | - | - | 3,617,500 |
| Investment properties | 17,652 | - | - | - | 17,652 |
| Intangible assets | 3,576,091 | - | - | - | 3,576,091 |
| Property, plant and equipment | - | - | - | - | - |
| Deferred tax assets | 322,500 | - | - | - | 322,500 |
| Statutory deposit | 239,488 | 192 | 21,690 | 5,412 | 266,782 |
| Bank balances, deposits and cash | 8,965,789 | 192 | 21,690 | 5,412 | 8,993,083 |
| Total assets | | | | | |
| Liabilities: | | | | | |
| Insurance contract liabilities | 4,110,675 | - | - | - | 4,110,675 |
| Trade payables | 73,016 | - | - | - | 73,016 |
| Provision and other payables | 1,250,237 | - | - | - | 1,250,237 |
| Current income tax payable | 525,521 | - | - | - | 525,521 |
| Deferred tax liabilities | 246,476 | - | - | - | 246,476 |
| Deposit for shares | 317,233 | - | - | - | 317,233 |
| Borrowings | 4,265,555 | 9,310,605 | - | - | 13,576,160 |
| Total Liabilities | 10,788,713 | 9,310,605 | - | - | 20,099,318 |

INTERNATIONAL ENERGY INSURANCE PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

55.3 Financial risk - continued

55.3.1 Market risk - continued

| | At 31 December 2019 | €'000 | £'000 | \$'000 | €'000 | Total |
|---|---------------------|------------------|----------|---------------|--------------|-------------------|
| Assets: | | | | | | |
| Financial assets | | | | | | |
| - Fair value through profit or loss | 108,556 | - | - | - | - | 108,556 |
| - Fair value through other comprehensive income | 136,288 | - | - | - | - | 136,288 |
| - Debt instruments at amortised cost | 57,882 | - | - | - | - | 57,882 |
| Trade receivables | 120,891 | - | - | - | - | 120,891 |
| Other receivables and prepayments | 353,055 | - | - | - | - | 353,055 |
| Reinsurance assets | 268,466 | - | - | - | - | 268,466 |
| Deferred acquisition costs | 4,384 | - | - | - | - | 4,384 |
| Investment properties | 3,315,000 | - | - | - | - | 3,315,000 |
| Intangible assets | 17,417 | - | - | - | - | 17,417 |
| Property, plant and equipment | 3,795,603 | - | - | - | - | 3,795,603 |
| Deferred tax assets | - | - | - | - | - | - |
| Statutory deposit | 322,500 | - | - | - | - | 322,500 |
| Bank balances, deposits and cash | 233,975 | - | - | 15,936 | 5,412 | 255,323 |
| Total assets | 8,734,017 | - | - | 15,936 | 5,412 | 8,755,365 |
| Liabilities: | | | | | | |
| Insurance contract liabilities | 4,053,715 | - | - | - | - | 4,053,715 |
| Trade payables | 62,317 | - | - | - | - | 62,317 |
| Provision and other payables | 1,134,020 | - | - | - | - | 1,134,020 |
| Current income tax payable | 505,593 | - | - | - | - | 505,593 |
| Deferred tax liabilities | 810,606 | - | - | - | - | 810,606 |
| Deposit for shares | 318,127 | - | - | - | - | 318,127 |
| Borrowings | 3,194,829 | 9,310,605 | - | - | - | 12,505,434 |
| Total Liabilities | 10,079,206 | 9,310,605 | - | - | - | 19,389,811 |

INTERNATIONAL ENERGY INSURANCE PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

55.3 Financial risk - continued

55.3.1 Market risk - continued

The Company's total assets and liabilities by currency is detailed below:

| At 31 December 2020 | €'000 | £'000 | \$'000 | €'000 | Total |
|---|-------------------|-------|------------------|-------|-------------------|
| Assets: | | | | | |
| Financial assets | 93,609 | | | | 93,609 |
| - Fair value through profit or loss | 247,281 | | | | 247,281 |
| - Fair value through other comprehensive income | 519 | | | | 519 |
| - Debt instruments at amortised cost | - | | | | - |
| Trade receivables | 1,997 | | | | 1,997 |
| Other receivables and prepayments | 294,005 | | | | 294,005 |
| Reinsurance assets | 10,465 | | | | 10,465 |
| Deferred acquisition costs | 1,000,000 | | | | 1,000,000 |
| Investment in subsidiary | 3,617,500 | | | | 3,617,500 |
| Investment properties | - | | | | - |
| Intangible assets | 3,072,362 | | | | 3,072,362 |
| Property, plant and equipment | - | | | | - |
| Deferred tax assets | 322,500 | | | | 322,500 |
| Statutory deposit | 120,437 | 192 | 21,690 | 5,412 | 147,204 |
| Bank balances, deposits and cash | 8,780,674 | 192 | 21,690 | 5,412 | 8,807,441 |
| Total assets | | | | | |
| Liabilities: | | | | | |
| Insurance contract liabilities | 4,110,675 | | | | 4,110,675 |
| Trade payables | 23,905 | | | | 23,905 |
| Provision and other payables | 1,175,086 | | | | 1,175,086 |
| Current income tax payable | 512,464 | | | | 512,464 |
| Deferred tax liabilities | 206,209 | | | | 206,209 |
| Deposit for shares | 317,233 | | | | 317,233 |
| Borrowings | 4,227,055 | | 9,310,605 | | 13,537,660 |
| Total Liabilities | 10,572,627 | | 9,310,605 | | 19,883,232 |

INTERNATIONAL ENERGY INSURANCE PLC
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

55.3 Financial risk - continued

55.3.1 Market risk - continued

At 31 December 2019

| | ¥'000 | €'000 | \$'000 | €'000 | Total |
|---|------------------|-------|---------------|--------------|------------------|
| Assets: | | | | | |
| Financial assets | | | | | |
| - Fair value through profit or loss | 108,556 | - | - | - | 108,556 |
| - Fair value through other comprehensive income | 136,288 | - | - | - | 136,288 |
| - Debt instruments at amortised cost | 57,882 | - | - | - | 57,882 |
| Trade receivables | 79 | - | - | - | 79 |
| Other receivables and prepayments | 13,910 | - | - | - | 13,910 |
| Reinsurance assets | 268,466 | - | - | - | 268,466 |
| Deferred acquisition costs | 4,384 | - | - | - | 4,384 |
| Investment in subsidiary | 1,000,000 | - | - | - | 1,000,000 |
| Investment properties | 3,315,000 | - | - | - | 3,315,000 |
| Intangible assets | - | - | - | - | - |
| Property, plant and equipment | 3,273,065 | - | - | - | 3,273,065 |
| Deferred tax assets | - | - | - | - | - |
| Statutory deposit | 322,500 | - | - | - | 322,500 |
| Bank balances, deposits and cash | 114,745 | - | 15,936 | 5,412 | 136,093 |
| Total assets | 8,614,875 | - | 15,936 | 5,412 | 8,636,224 |
| Liabilities: | | | | | |
| Insurance contract liabilities | 4,053,715 | - | - | - | 4,053,715 |
| Trade payables | 16,053 | - | - | - | 16,053 |
| Provision and other payables | 1,077,843 | - | - | - | 1,077,843 |
| Current income tax payable | 497,936 | - | - | - | 497,936 |
| Deferred tax liabilities | 792,724 | - | - | - | 792,724 |
| Book overdraft | - | - | - | - | - |
| Deposit for shares | 318,127 | - | - | - | 318,127 |
| Borrowings | 3,144,329 | - | - | - | 3,144,329 |
| Total Liabilities | 9,900,727 | - | - | - | 9,900,727 |

INTERNATIONAL ENERGY INSURANCE PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

55.3 Financial risk - continued

55.3.1 Market risk - continued

Sensitivity

If the Naira had weakened/strengthened against the following currencies with all variables remaining constant, the impact on the results for the year would have been as shown below mainly as a result of foreign exchange gains/losses:

| Impact on results Group | NGN | Yen | GBP | USD | Euro | Carrying value | +5% =N='000 | -5% =N='000 |
|----------------------------|-----------|-----------|-----|--------|-------|----------------|-------------|-------------|
| At 31 December 2020 | | | | | | | | |
| Bank balances and deposits | 239,488 | - | 192 | 21,690 | 5,412 | 266,782 | 1,365 | (1,365) |
| Borrowings | 4,265,555 | 9,310,605 | - | - | - | 13,576,160 | (465,530) | 465,530 |
| At 31 December 2019 | | | | | | | | |
| Bank balances and deposits | 233,976 | - | - | 15,936 | 5,411 | 255,323 | 1,067 | (1,067) |
| Borrowings | 3,194,829 | 9,310,605 | - | - | - | 12,505,434 | (465,530) | 465,530 |
| Company | | | | | | | | |
| At 31 December 2020 | | | | | | | | |
| Bank balances and deposits | 120,437 | - | 192 | 21,690 | 5,412 | 147,731 | 1,365 | (1,365) |
| Borrowings | 4,227,055 | 9,310,605 | - | - | - | 13,537,660 | (465,530) | 465,530 |
| At 31 December 2019 | | | | | | | | |
| Bank balances and deposits | 115,269 | - | - | 15,936 | 4,888 | 136,093 | 1,041 | (1,041) |
| Borrowings | 3,144,329 | 9,310,605 | - | - | - | 12,454,934 | (465,530) | 465,530 |

Limitations of sensitivity analysis

Sensitivity analysis in respect of market risk demonstrates the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear and larger or smaller impacts should not be interpolated or extrapolated from these results.

Sensitivity analysis does not take into consideration that the Group's assets and liabilities are actively managed. Other limitations include the use of hypothetical market movements to demonstrate potential risk that only represent the Group's views of possible near-term market changes that cannot be predicted with any certainty.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

55.3 Financial risk - continued

55.3.1 Market risk - continued

Interest rate risk

Based on the Group assessment, interest rate risk does not arise from the Group's investments in long term debt securities and fixed income securities (Held-to-Maturity financial assets), bank balances and deposits which are exposed to fluctuations in interest rates. Exposure to interest rate risk on short term business is monitored by the Investment Committee through a close matching of assets and liabilities. No impact was observed for the entities. The Group concluded that it is not exposed to interest rate risk because none of the financial instruments mentioned is measured at fair value and of them carries variable rate of interest.

Equity price risk

The Group is subject to price risk due to daily changes in the market values of its equity securities portfolio. Equity price risk is actively managed in order to mitigate anticipated unfavourable market movements. In addition, local insurance regulations set the capital required for risks associated with type of assets held, investments above a certain concentration limit, policy liabilities risk, catastrophes risks and reinsurance ceded.

The Investment Committee actively monitors equity assets owned directly by the Group as well as concentrations of specific equity holdings. Equity price risk is also mitigated as the Group holds diversified portfolios of local investments in various sectors of the economy.

Sensitivity

The impact on the Group's shareholders' equity, had the equity market values increased/decreased by 1% and 5% with other assumptions left unchanged, would have been as follows:

| <u>Group/Company</u> | 2020 | Carrying value =N='000 | Decrease by 5% =N='000 | Increase by 5% =N='000 |
|-------------------------------------|------|------------------------------|------------------------------|------------------------------|
| Financial assets | | | | |
| Listed equities (FVPL) | | 93,609 | (4,680) | 4,680 |
| Impact on profit or loss before tax | | | (4,680) | 4,680 |

| <u>Group/Company</u> | 2020 | Carrying value =N='000 | Decrease by 5% =N='000 | Increase by 5% =N='000 |
|---------------------------|------|------------------------------|------------------------------|------------------------------|
| Financial assets | | | | |
| Unlisted equities (FVOCI) | | 247,281 | (12,364) | 12,364 |
| Impact on equity | | | (12,364) | 12,364 |

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

85.3 Financial risk - continued

Equity price risk - continuedGroup/Company

| | 2019 | Carrying value =N=000 | Decrease by 5% =N=000 | Increase by 5% =N=000 |
|-------------------------------------|------|-----------------------------|-----------------------------|-----------------------------|
| Financial assets | | | | |
| Listed equities (FVPL) | | 108,558 | (5,428) | 5,428 |
| Impact on profit or loss before tax | | | (5,428) | 5,428 |

Group/Company

| | 2019 | Carrying value =N=000 | Decrease by 5% =N=000 | Increase by 5% =N=000 |
|---------------------------|------|-----------------------------|-----------------------------|-----------------------------|
| Financial assets | | | | |
| Unlisted equities (FVOCI) | | 130,288 | (6,814) | 6,814 |
| Impact on equity | | | (6,814) | 6,814 |

85.3.2 Credit risks

Credit risks arise from a counterparty's inability to fully meet its on and/ off-statement of financial obligation contractual obligations. Exposure to this risk results from financial transactions with a counter party including issuer, debtor, investee, borrower, broker, policy holder, reinsurer or guarantor. The Group has policies in place to mitigate its credit risks.

(i)

The Group's Enterprise Risk Management policy sets out the assessment and determination of what constitutes credit risk for the Group. Compliance with the policy is monitored and exposures and breaches are reported to the company's risk committee. The policy is regularly reviewed for pertinence and for changes in the risk environment. Net exposure limits are set for each counterparty or group of counterparties, geographical and industry segment (i.e., limits are set for investment and cash deposits, foreign exchange trade exposures and minimum credit for investments that may be held).

- (ii) The Group further restricts its credit risk exposure by entering into master netting arrangements with which it enters into significant volumes of transactions. However, such arrangements do not generally result in an offset of statement of financial position assets and liabilities, as transactions are usually settled on a gross basis. However, the credit risk associated with such balances is reduced in the event of default, when such balances are settled on a net basis. The group's reinsurance treaty contracts involve netting arrangements.
- (iii) Reinsurance is placed with counterparties that have a good credit rating and concentration of risk is avoided by following policy guidelines in respect of counterparties' limits that are set each year by the management and are subject to regular reviews. At each reporting date, management performs an assessment of credit worthiness of reinsurers and updates the reinsurance purchase strategy; ascertaining suitable allowance for impairment.
- (iv) The Group's set guidelines determine when to obtain collateral and guarantees. The Group also maintains strict control limits by amount and terms on financial assets. The amount subject to credit risk are limited to the fair value of 'in the money' financial assets against which the Group either obtains collateral from counterparties or requires margin deposits. Collateral may be sold or repledged by the Group and is repayable if the contract terminates or the contract's fair value falls.
- (v) The Group sets the maximum amounts and limits that may be advanced to corporate counterparties by reference to their long-term credit ratings and worthiness.
- (vi) The credit risk in respect of customer balances incurred on non-payment of premiums or contributions will only persist during the grace period specified in the policy document or trust deed until expiry, when the policy is either paid up or terminated. Commission paid to intermediaries is netted off against amounts and receivables from them to reduce the risk of doubtful debts.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

55.3 Financial risk - continued

55.3.2 Credit risks - continued

Credit exposure

The credit risk analysis below is presented in line with how the Company manages the risk. The Company manages its credit risk exposure based on the carrying value of the financial instruments.

| Industry analysis Group | Financial services M'000 | Government M'000 | Other M'000 | Total M'000 |
|-----------------------------------|-----------------------------|---------------------|----------------|------------------|
| 31 December 2020 | | | | |
| Cash and cash equivalents | 266,589 | - | - | 266,589 |
| Trade receivables | - | - | 132,908 | 132,908 |
| Debt instrument at amortised cost | - | - | 519 | 519 |
| Other receivables | - | - | - | - |
| Reinsurance assets | 294,005 | - | - | 294,005 |
| Statutory deposit | - | 322,500 | - | 322,500 |
| | <u>560,594</u> | <u>322,500</u> | <u>133,427</u> | <u>1,016,521</u> |
| 31 December 2019 | | | | |
| Cash and cash equivalents | 255,323 | - | - | 255,323 |
| Trade receivables | - | - | 125,789 | 125,789 |
| Debt instrument at amortised cost | - | 57,285 | 809 | 58,074 |
| Other receivables | - | - | - | - |
| Reinsurance assets | 268,466 | - | - | 268,466 |
| Loans and receivables | - | - | - | - |
| Statutory deposit | - | 322,500 | - | 322,500 |
| | <u>523,789</u> | <u>379,785</u> | <u>126,578</u> | <u>1,030,132</u> |
| Company | | | | |
| 31 December 2020 | | | | |
| Cash and cash equivalents | 147,204 | - | - | 147,204 |
| Trade receivables | - | - | - | - |
| Debt instrument at amortised cost | - | - | 519 | 519 |
| Other receivables | - | - | - | - |
| Reinsurance assets | 294,005 | - | - | 294,005 |
| Loans and receivables | - | - | - | - |
| Statutory Deposit | - | 322,500 | - | 322,500 |
| | <u>441,209</u> | <u>322,500</u> | <u>519</u> | <u>764,228</u> |
| 31 December 2019 | | | | |
| Cash and cash equivalents | 136,093 | - | - | 136,093 |
| Trade receivables | - | - | - | - |
| Debt instrument at amortised cost | - | 57,287 | 809 | 58,076 |
| Other receivables | - | - | - | - |
| Reinsurance assets | 268,466 | - | - | 268,466 |
| Loans and receivables | - | - | - | - |
| Statutory Deposit | - | 322,500 | - | 322,500 |
| | <u>404,559</u> | <u>379,787</u> | <u>809</u> | <u>785,135</u> |

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

85.3 Financial risk - continued

85.3.2 Credit risks - continued

Credit exposure - continued

The table below provides information regarding the credit risk exposure of the Group and Company by classifying assets according to the Group and Company credit ratings of counter parties.

| Group | Neither past due nor impaired | | | | Total |
|------------------------------------|-------------------------------|------------------------------------|--------------------------------------|---------------------------|------------------|
| | Investment Grade | Non Investment Grade: Satisfactory | Non Investment Grade: Unsatisfactory | Past due but not impaired | |
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| 31 December 2020 | | | | | |
| Cash and cash equivalents | - | 266,589 | - | - | 266,589 |
| Trade receivables | 132,908 | - | - | - | 132,908 |
| Debt instrument at amortised costs | - | - | - | - | - |
| Other receivables | - | - | - | - | - |
| Reinsurance assets | 294,005 | - | - | - | 294,005 |
| Loans and receivables | - | - | - | - | - |
| Statutory deposit | 322,500 | - | - | - | 322,500 |
| | 749,413 | 266,589 | - | - | 1,016,002 |
| 31 December 2019 | | | | | |
| Cash and cash equivalents | - | 255,924 | - | - | 255,924 |
| Trade receivables | 125,769 | - | - | - | 125,769 |
| Debt instrument at amortised costs | - | - | - | 53,295 | 53,295 |
| Other receivables | - | - | - | - | - |
| Reinsurance assets | 268,466 | - | - | - | 268,466 |
| Loans and receivables | - | - | - | - | - |
| Statutory deposit | 322,500 | - | - | - | 322,500 |
| | 716,736 | 255,924 | - | 53,295 | 1,025,954 |
| Company | | | | | |
| 31 December 2020 | | | | | |
| Cash and cash equivalents | - | 147,204 | - | - | 147,204 |
| Trade receivables | - | - | - | - | - |
| Other receivables | - | 1,997 | - | - | 1,997 |
| Reinsurance assets | 294,005 | - | - | - | 294,005 |
| Financial assets at amortized Cost | - | - | - | - | - |
| Statutory deposit | 322,500 | - | - | - | 322,500 |
| | 616,505 | 149,201 | - | - | 765,706 |

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

88.3 Financial risk - continued

88.3.2 Credit risks - continued

Credit exposure - continued

| Company | Neither past due nor impaired | | | | Total |
|--------------------------------------|-------------------------------|------------------------------------|--------------------------------------|---------------------------|---------|
| | Investment Grade | Non Investment Grade: Satisfactory | Non Investment Grade: Unsatisfactory | Past due but not impaired | |
| | N'000 | N'000 | N'000 | N'000 | |
| 31 December 2019 | | | | | N'000 |
| Cash and cash equivalents | - | 136,605 | - | - | 136,605 |
| Held-for-trading | - | - | - | - | - |
| Available-for-sale | - | - | - | - | - |
| Trade receivables | - | - | - | - | - |
| Other receivables | - | - | - | - | - |
| Reinsurance assets | 258,495 | - | - | - | 258,495 |
| Financial assets - at amortized Cost | - | 57,882 | - | - | 57,882 |
| Statutory deposit | 322,500 | - | - | - | 322,500 |
| | 580,995 | 194,487 | - | - | 785,482 |

Impairment assessment

The Company's ECL assessment and measurement method is set out below.

Significant increase in credit risk, default and cure

The Company continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12mECL or LTECL, the Company assesses whether there has been a significant increase in credit risk since initial recognition. The Company considers that there has been a significant increase in credit risk when any contractual payments are more than 30 days past due, in addition, the Company also considers a variety of instances that may indicate unlikelihood to pay by assessing whether there has been a significant increase in credit risk. Such events include:

- The counterparty having past due liabilities to public creditors or employees
- The counterparty (or any legal entity within the debtor's group) filing for bankruptcy application/protection
- Counterparty's listed debt or equity suspended at the primary exchange because of rumours or facts about financial difficulties

The Company considers a financial instrument defaulted and, therefore, credit-impaired for ECL calculations in all cases when the counterparty becomes 90 days past due on its contractual payments. The Company may also consider an instrument to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full. In such cases, the Company recognises a lifetime ECL.

There has been no significant increase in credit risk or default for financial assets during the year.

Expected credit loss

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

INTERNATIONAL ENERGY INSURANCE PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

55.3 Financial risk - continued

55.3.2 Credit risk - continued

Impairment assessment- Continued

Debt instruments measured at amortised cost

The table below shows the credit quality and the maximum exposure to credit risk based on Moody's credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Group's internal grading system are also provided.

| Group Moody's rating | 31-Dec-20 | | 01-Jan-20 | |
|-----------------------------------|-----------------|----------------|----------------|----------------|
| | 12mECL M'000 | LTECL M'000 | Total M'000 | Total M'000 |
| Performing | | | | |
| Cash and cash equivalents | | | | |
| AAA-A+ | - | - | - | - |
| BBB-B+ | 274,700 | - | 274,700 | 286,035 |
| C-CCC | - | - | - | - |
| Total Gross Amount | 274,700 | - | 274,700 | 286,035 |
| ECL | (7,584) | - | (8,112) | (712) |
| Total Net Amount | 267,116 | - | 266,588 | 285,323 |
| Financial assets - amortised cost | | | | |
| AAA-A+ | - | - | - | - |
| BBB-B+ | - | - | - | 57,267 |
| C-CCC | - | - | - | - |
| Total Gross Amount | - | - | - | 57,267 |
| ECL | - | - | - | - |
| Total Net Amount | - | - | - | 57,267 |
| Unrated | | | | |
| Trade receivables | 132,908 | - | 132,908 | 125,769 |
| Total Gross Amount | 132,908 | - | 132,908 | 125,769 |
| ECL | (2,039) | - | (2,039) | (4,957) |
| Total Net Amount | 130,869 | - | 130,869 | 120,812 |

INTERNATIONAL ENERGY INSURANCE PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

55.3 Financial risk - continued

55.3.2 Credit risk - continued

Impairment assessment- Continued

| Company | 31-Dec-20 | | 01-Jan-20 | |
|-----------------------------------|-----------------|----------------|----------------|----------------|
| | 12mECL M'000 | LTECL M'000 | Total M'000 | Total M'000 |
| Moody's rating | | | | |
| Performing | | | | |
| Cash and cash equivalents | | | | |
| AAA-A+ | | | - | - |
| BBB-B+ | 155,315 | | 155,315 | 136,805 |
| C-CCC | | | - | - |
| Total Gross Amount | 155,315 | | 155,315 | 136,605 |
| ECL | (8,112) | | (8,112) | (712) |
| Total Net Amount | 147,204 | | 147,204 | 135,893 |
| Financial assets - amortised cost | | | | |
| AAA-A+ | | | - | - |
| BBB-B+ | | | - | 57,267 |
| C-CCC | | | - | - |
| Total Gross Amount | | | - | 57,267 |
| ECL | | | - | - |
| Total Net Amount | | | - | 57,267 |

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

55.3 Financial risk - continued

55.3.2 Credit risk - continued

Impairment assessment- Continued

Collateral for other receivables

As at December 31, 2020, the Company had no asset reposed as security against asset. The group policy is to pursue timely realisation of collateral in an orderly manner in the case of default. The company does not generally use the non cash collateral for its own operations.

As at December 31, 2020, the Company has not pledged any of its assets as collateral for any liability or payable balance (2019: nil)

Amounts arising from ECL

Inputs, assumptions and techniques used for estimating impairment

When determining whether the credit risk (i.e. Risk of default) on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available with out undue cost of effort. This includes both qualitative and quantitative information analysis based on the Company's experience, expert credit assessment and forward looking information. The Company primarily identifies whether a significant increase in credit risk has occurred for an exposure by using days past due and assessing other information obtained externally.

Whenever available, the Company monitors changes in credit risk by tracking published external credit ratings. To determine whether published ratings remain up to date and to assess whether there has been a significant increase in credit risk at the reporting date that has not been reflected in the published rating, the group also reviews changes in Bond yields together with available press and regulatory information about issuers.

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

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

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

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

Modified financial assets

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

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

INTERNATIONAL ENERGY INSURANCE PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

55.3 *Financial risk - continued*

55.3.2 *Credit risk - continued*

Impairment assessment- Continued

Definition of default

The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or the financial asset is more than 90 days past due. In assessing whether a borrower is in default, the Company considers indicators that are:

- qualitative: e.g. breaches of covenant and the other indicators of financial distress;
- quantitative: e.g. overdue status and non-payment of another obligation of the same issuer to the Group; and
- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances

Incorporation of Forward looking information

The Company incorporates forward-looking information into its measurement of ECL. It formulates a 'base case' view of the future direction of relevant economic variables and a representative range of other possible forecast scenarios based on advice from the Company's Investment and Risk committee, economic experts and consideration of a variety of external actual and forecast information. This process involves developing two additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies and monetary authorities in the Nigeria, supranational organizations such as the Organisation for Economic Cooperation and Development and the International Monetary Fund, and selected private-sector and academic forecasters.

The base case represents a best estimate and is aligned with information used by the Company for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and pessimistic outcomes.

Measurement of ECL

The calculation of the expected credit loss is based on the key risk parameters of Probability of default(PD), Loss given default(LGD) and Exposure at default (EAD).

To determine the Lifetime and 12-month PDs, the Company uses the PD tables supplied by Moodys based on the default history of sovereign and corporate obligors with the same credit rating. The Company adopts the same approach for unlisted investments by mapping its internal risk grades to the equivalent external credit ratings. The PDs are recalibrated and adjusted to reflect forward looking information as described below. changes in the rating for counterparties and exposure lead to a change in estimate of the associated PD.

EAD represents the expected exposure in the event of a default. The Company derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract, including amortisation, and prepayments. The EAD of a financial asset is its gross carrying amount. As described in the accounting policy, and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Company measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options over which it is exposed to credit risk, even if, for risk management purposes, the Company considers a longer period. The modelling of parameter is carried out on an individual basis.

An overview of the approach to estimating ECLs is set out in Note 2 Summary of significant accounting policies and in Note 3 Significant accounting judgements, estimates and assumptions. To ensure completeness and accuracy, the Company obtains the data used from third party sources (Moodys, Standards and Poor, Economist associate etc.) and its investment team verifies the accuracy of inputs to the Company's ECL models including determining the weights attributable to the multiple scenarios. The following tables set out the key drivers of expected loss and the assumptions used for the Company's base case estimate. ECLs based on the base case, plus the effect of the use of multiple economic scenarios for Nigeria, as at December 31, 2020 and January 1, 2020.

INTERNATIONAL ENERGY INSURANCE PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

55.3 Financial risk - continued

55.3.2 Credit risk - continued

Impairment assessment- Continued

The Company has identified and documented key drivers of credit risk and ECL for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro economic variables and credit risk and credit losses. The tables show the values of the key forward looking economic variables/assumptions used in each of the economic scenarios for the ECL calculations. The figures for "Subsequent years" represent a long-term average and so are the same for each scenario.

Analysis of inputs to the ECL model under multiple economic scenarios
December 31, 2020

| Key drivers | ECL Scenario | Assigned Probabilities | 2020 | 2021 | 2023 | 2024 |
|------------------------------------|--------------|------------------------|-------|-------|-------|-------|
| Macroeconomic variable | | | | | | |
| GDP Growth rate (%) | Upside | 35% | 3.50 | 1.71 | 1.80 | |
| | Base case | 35% | 3.50 | 1.71 | 1.8 | |
| | Downside | 30% | 3.50 | 1.71 | 1.80 | |
| Inflation rates (%) | Upside | 35% | 14.28 | 14.50 | 14.50 | 14.50 |
| | Base case | 35% | 14.28 | 14.5 | 14.50 | 14.5 |
| | Downside | 30% | 14.28 | 14.50 | 14.50 | 14.50 |
| Oil Prices "USD"(price per barrel) | Upside | 35% | 74 | 69 | 69 | 70 |
| | Base case | 35% | 74 | 69 | 69 | 70 |
| | Downside | 30% | 74 | 69 | 69 | 70 |
| Unemployment rates (%) | Upside | 35% | 17.40 | 15.00 | 16.20 | 16.50 |
| | Base case | 35% | 17.40 | 15.00 | 16.20 | 16.50 |
| | Downside | 30% | 17.40 | 15.00 | 16.20 | 16.50 |

Analysis of inputs to the ECL model under multiple economic scenarios
December 31, 2019

| Key drivers | ECL Scenario | Assigned Probabilities | 2019 | 2020 | 2023 | 2024 |
|------------------------------------|--------------|------------------------|-------|-------|-------|-------|
| Macroeconomic variable | | | | | | |
| GDP Growth rate (%) | Upside | 35% | 3.50 | 1.71 | 1.80 | |
| | Base case | 35% | 3.50 | 1.71 | 1.8 | |
| | Downside | 30% | 3.50 | 1.71 | 1.80 | |
| Inflation rates (%) | Upside | 35% | 14.28 | 14.50 | 14.50 | 14.50 |
| | Base case | 35% | 14.28 | 14.5 | 14.50 | 14.5 |
| | Downside | 30% | 14.28 | 14.50 | 14.50 | 14.50 |
| Oil Prices "USD"(price per barrel) | Upside | 35% | 74 | 69 | 69 | 70 |
| | Base case | 35% | 74 | 69 | 69 | 70 |
| | Downside | 30% | 74 | 69 | 69 | 70 |

INTERNATIONAL ENERGY INSURANCE PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

55.3 Financial risk - continued

55.3.2 Credit risk - continued

Impairment assessment- Continued

| Key drivers | ECL Scenario | Assigned Probabilities | 2019 | 2020 | 2023 | 2024 |
|------------------------|--------------|------------------------|-------|-------|-------|-------|
| Unemployment rates (%) | Upside | 35% | 17.40 | 15.00 | 16.20 | 16.50 |
| | Base case | 35% | 17.40 | 15.00 | 16.20 | 16.50 |
| | Downside | 30% | 17.40 | 15.00 | 16.20 | 16.50 |

Since the beginning of the year, as the Company has reassessed the key economic indicators used in its ECL models, the expected GDP growth rate over the next few years has been revised downwards, given the slowdown of Nigeria's economy which is majority due to the unstable political outlook of the country. Unemployment and oil price assumptions follow a similar trend. Central Bank base rates have been stable while inflation rate is on the rise with the expected minimum wage legislation. Long-term expectations remain unchanged.

The following tables outline the impact of multiple scenarios on the allowance

| | | Cash and cash equivalents | Financial assets - amortised cost | Other receivables | Total |
|-----------|------------------|---------------------------|-----------------------------------|-------------------|-------|
| | 31-Dec-20 | | | | |
| Upside | | | | | |
| Base case | | | | | |
| Downside | | | | | |
| | 31-Dec-19 | | | | |
| Upside | 18% | 128 | 41 | - | 169 |
| Base case | 66% | 470 | 143 | - | 613 |
| Downside | 16% | 114 | 33 | - | 147 |
| | | 712 | 217 | - | 929 |

55.3.3 Liquidity risks

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

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

- * A Company liquidity risk policy which set out assessment and determination of what constitutes liquidity risk for the Company. Compliance with the policy is monitored and exposures and breaches are reported to the Company's risk committee. The policy is regularly reviewed for pertinence and for changes in the risk environment.
- * Guidelines are set for asset allocations, portfolio limit structures and maturity profiles of assets, in order to ensure sufficient funding available to meet insurance and investment contracts obligations.
- * Contingency funding plans are in place, which specify minimum proportions of funds to meet emergency calls as well as specifying events that would trigger such plans.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

55.3 *Financial risk - continued*55.3.3 *Liquidity risks - continued*

The following table shows details of the expected maturity profile of the company's undiscounted obligations with respect to its financial liabilities and estimated cash flows of recognised insurance contract liabilities. Unearned premiums are excluded from this analysis. The table includes both interest and principal cash flows. Assets are included in this table because Management uses those assets to manage liquidity risk.

| | Up to 1 year | 1 - 3 years | 3 - 6 years | Over 6 years | Total |
|---------------------------------------|----------------|-------------|-------------|--------------|----------------|
| GROUP - 31 December 2020 | €'000 | €'000 | €'000 | €'000 | €'000 |
| <i>Financial and insurance assets</i> | | | | | |
| Debt instrument at amortised cost | 519 | - | - | - | 519 |
| Trade receivables | 132,908 | - | - | - | 132,908 |
| Other receivables and prepayments | 413,772 | - | - | - | 413,772 |
| Cash and cash equivalents | 266,589 | - | - | - | 266,589 |
| | <u>813,787</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>813,787</u> |
| GROUP - 31 December 2020 | Up to 1 year | 1 - 3 years | 3 - 6 years | Over 6 years | Total |

| <i>Financial and insurance liabilities</i> | N'000 | N'000 | N'000 | N'000 | N'000 |
|--|------------------|---------------|--------------|-------------------|-------------------|
| Insurance contract liabilities | 4,110,675 | - | - | - | 4,110,675 |
| Borrowings | - | 38,500 | - | 13,537,860 | 13,576,360 |
| Deposit for shares | - | - | - | 317,233 | 317,233 |
| | 4,110,675 | 38,500 | - | 13,854,893 | 18,004,268 |
| GROUP - 31 December 2019 | | | | | |
| Financial and insurance assets | | | | | |
| Debt instrument at amortised cost | 53,295 | - | - | - | 53,295 |
| Trade receivables | 125,789 | - | - | - | 125,789 |
| Other receivables and prepayments | 718,817 | - | - | - | 718,817 |
| Cash and cash equivalents | 255,924 | - | - | - | 255,924 |
| | 1,151,805 | - | - | - | 1,151,805 |
| Financial and insurance liabilities | | | | | |
| Insurance contract liabilities | 4,053,715 | - | - | - | 4,053,715 |
| Borrowings | - | 50,500 | - | 12,454,934 | 12,505,434 |
| Deposit for shares | - | - | - | 318,127 | 318,127 |
| | 4,053,715 | 50,500 | - | 12,773,061 | 16,877,276 |
| Company - 31 December 2020 | | | | | |
| Financial and insurance assets | | | | | |
| Debt instrument at amortised cost | 519 | - | - | - | 519 |
| Reinsurance assets | 294,005 | - | - | - | 294,005 |
| Trade receivables | - | - | - | - | - |
| Other receivables | 1,997 | - | - | - | 1,997 |
| Cash and cash equivalents | 147,204 | - | - | - | 147,204 |
| | 443,724 | - | - | - | 443,724 |
| Financial and insurance liabilities | | | | | |
| Insurance contract liabilities | 4,110,675 | - | - | - | 4,110,675 |
| Borrowings | - | - | - | 13,537,860 | 13,537,860 |
| Provisions and other payables | 1,175,086 | - | - | - | 1,175,086 |
| Deposit for shares | - | - | - | 317,233 | 317,233 |
| | 5,285,761 | - | - | 13,854,893 | 19,140,654 |
| 31 December 2019 | | | | | |
| Financial and insurance assets | | | | | |
| Debt instrument at amortised cost | 53,295 | - | - | - | 53,295 |
| Reinsurance assets | 303,191 | - | - | - | 303,191 |
| Trade receivables | 79 | - | - | - | 79 |
| Other receivables | 2,203 | - | - | - | 2,203 |
| Cash and cash equivalents | 136,505 | - | - | - | 136,505 |
| | 495,373 | - | - | - | 495,373 |

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

55.3 Financial risk - continued

55.3.3 Liquidity risks - continued

| Company - 31 December 2019 | Up to 1 year | 1 - 3 years | 3 - 5 years | Over 5 years | Total |
|--|------------------|--------------|--------------|-------------------|-------------------|
| Financial and insurance liabilities | €'000 | €'000 | €'000 | €'000 | €'000 |
| Insurance contract liabilities | 4,063,716 | - | - | - | 4,063,716 |
| Borrowings | - | - | - | 12,454,934 | 12,454,934 |
| Provisions and other payables | 1,077,843 | - | - | - | 1,077,843 |
| Deposit for shares | - | - | - | 318,127 | 318,127 |
| | <u>5,131,558</u> | <u>-</u> | <u>-</u> | <u>12,773,061</u> | <u>17,904,619</u> |

Maturity analysis on expected maturity bases

The table below summarises the expected utilisation of assets and liabilities

| Group - 31 December 2020 | Current | Non-current | Total |
|---|--------------------------|-------------------------|--------------------------|
| Assets | €'000 | €'000 | €'000 |
| Cash and cash equivalents | 266,589 | - | 266,589 |
| Financial assets | | | |
| - Fair value through profit or loss | 93,609 | - | 93,609 |
| - Fair value through other comprehensive income | 247,281 | - | 247,281 |
| - Debt instruments at amortised cost | 519 | - | 519 |
| Trade receivables | 132,908 | - | 132,908 |
| Other receivables and prepayments | 413,772 | - | 413,772 |
| Reinsurance assets | 294,006 | - | 294,006 |
| Deferred acquisition costs | 10,465 | - | 10,465 |
| Investment in subsidiary | - | - | - |
| Investment properties | - | 3,617,500 | 3,617,500 |
| Intangible assets | - | 17,852 | 17,852 |
| Property, plant and equipment | - | 3,576,091 | 3,576,091 |
| Statutory deposit | - | 322,500 | 322,500 |
| Deferred tax assets | - | - | - |
| Total assets | <u>1,459,147</u> | <u>7,633,743</u> | <u>8,992,890</u> |
| Liabilities | | | |
| Insurance contract liabilities | 4,110,675 | - | 4,110,675 |
| Trade payables | 73,016 | - | 73,016 |
| Provisions and other payables | 1,260,237 | - | 1,260,237 |
| Current income tax payable | 525,521 | - | 525,521 |
| Deferred tax liabilities | - | 248,476 | 248,476 |
| Borrowings | 13,576,160 | - | 13,576,160 |
| Deposit for shares | 317,233 | - | 317,233 |
| Total liabilities | <u>19,852,842</u> | <u>248,476</u> | <u>20,099,318</u> |

INTERNATIONAL ENERGY INSURANCE PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

55.3 Financial risk - continued

55.3.3 Liquidity risks - continued

| Group - 31 December 2019 | Current | Non-current | Total |
|---|-------------------|------------------|-------------------|
| Assets | €'000 | €'000 | €'000 |
| Cash and cash equivalents | 256,323 | - | 256,323 |
| Financial assets | | | |
| - Fair value through profit or loss | 108,556 | - | 108,556 |
| - Fair value through other comprehensive income | 136,288 | - | 136,288 |
| - Debt instruments at amortised cost | 57,882 | - | 57,882 |
| Trade receivables | 120,891 | - | 120,891 |
| Other receivables and prepayments | 353,055 | - | 353,055 |
| Reinsurance assets | 268,486 | - | 268,486 |
| Deferred acquisition costs | 4,384 | - | 4,384 |
| Investment in subsidiary | - | - | - |
| Investment properties | - | 3,316,000 | 3,316,000 |
| Intangible assets | - | 17,417 | 17,417 |
| Property, plant and equipment | - | 3,796,603 | 3,796,603 |
| Statutory deposit | - | 322,500 | 322,500 |
| Deferred tax assets | - | - | - |
| Total assets | 1,304,846 | 7,460,520 | 8,755,366 |
| Liabilities | | | |
| Insurance contract liabilities | 4,053,715 | - | 4,053,715 |
| Trade payables | 82,317 | - | 82,317 |
| Provisions and other payables | 1,134,020 | - | 1,134,020 |
| Current income tax payable | 505,593 | - | 505,593 |
| Deferred tax liabilities | - | 810,606 | 810,606 |
| Borrowings | 12,506,434 | - | 12,506,434 |
| Deposit for shares | 318,127 | - | 318,127 |
| Total liabilities | 18,579,206 | 810,606 | 19,389,811 |
| Company - 31 December 2020 | | | |
| Assets | | | |
| Cash and cash equivalents | 147,204 | - | 147,204 |
| Financial assets | | | |
| - Held-for-trading | 93,609 | - | 93,609 |
| - Available-for-sale | 247,281 | - | 247,281 |
| - Debt instruments at amortised cost | 519 | - | 519 |
| Trade receivables | - | - | - |
| Other receivables and prepayments | 1,997 | - | 1,997 |
| Reinsurance assets | 294,005 | - | 294,005 |
| Deferred acquisition costs | 10,465 | - | 10,465 |
| Investment in subsidiary | - | 1,000,000 | 1,000,000 |
| Investment properties | - | 3,617,500 | 3,617,500 |
| Intangible assets | - | - | - |
| Property, plant and equipment | - | 3,072,362 | 3,072,362 |
| Statutory deposit | - | 322,500 | 322,500 |
| Total assets | 795,079 | 8,012,362 | 8,807,441 |
| Liabilities | | | |
| Insurance contract liabilities | 4,110,675 | - | 4,110,675 |
| Trade payables | 23,905 | - | 23,905 |
| Provisions and other payables | 1,175,086 | - | 1,175,086 |
| Current income tax payable | 512,464 | - | 512,464 |
| Deferred tax liabilities | - | 206,209 | 206,209 |
| Borrowings | 13,537,660 | - | 13,537,660 |
| Deposit for shares | 317,233 | - | 317,233 |
| Total liabilities | 19,677,023 | 206,209 | 19,883,232 |

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

86.3 Financial risk - continued

86.3.3 Liquidity risks - continued

| Company - 31 December 2019 | Current R'000 | Non-current R'000 | Total R'000 |
|--------------------------------------|-------------------|----------------------|-------------------|
| Assets | | | |
| Cash and cash equivalents | 136,093 | | 136,093 |
| Financial assets | | | |
| - Held-for-trading | 108,556 | | 108,556 |
| - Available-for-sale | | 136,288 | 136,288 |
| - Debt instruments at amortised cost | 57,882 | | 57,882 |
| Trade receivables | 79 | | 79 |
| Other receivables and prepayments | 13,910 | | 13,910 |
| Reinsurance assets | 268,466 | | 268,466 |
| Deferred acquisition costs | 4,384 | | 4,384 |
| Investment in subsidiary | | 1,000,000 | 1,000,000 |
| Investment properties | | 3,315,000 | 3,315,000 |
| Intangible assets | | | - |
| Property, plant and equipment | | 3,273,068 | 3,273,068 |
| Statutory deposit | 322,500 | 322,500 | 322,500 |
| Total assets | 3,222,500 | 8,548,868 | 8,638,228 |
| Liabilities | | | |
| Insurance contract liabilities | 4,053,715 | | 4,053,715 |
| Trade payables | 16,053 | | 16,053 |
| Provisions and other payables | 1,077,844 | | 1,077,844 |
| Current income tax payable | 497,936 | | 497,936 |
| Deferred tax liabilities | | 792,722 | 792,722 |
| Borrowings | 12,454,934 | | 12,454,934 |
| Deposit for shares | 318,127 | | 318,127 |
| Total liabilities | 18,418,608 | 792,722 | 19,211,330 |

Fair value of financial assets and liabilities

a Financial instruments not measured at fair value

| Group | 31 December 2020 | | 31 December 2019 | |
|-----------------------------------|----------------------------|------------------------|----------------------------|------------------------|
| | Carrying value R'000 | Fair value R'000 | Carrying value R'000 | Fair value R'000 |
| Financial assets | | | | |
| Cash and cash equivalents | 266,589 | 266,599 | 265,323 | 265,323 |
| Debt instrument at amortised cost | 519 | 519 | 57,882 | 57,882 |
| Trade receivables | 132,908 | 132,908 | 120,891 | 120,891 |
| | | | | - |
| Financial liabilities | | | | |
| Trade payables | 73,016 | 73,016 | 62,317 | 62,317 |
| Borrowings | 13,578,160 | 13,578,160 | 12,505,434 | 12,505,434 |
| Deposit for shares | 317,233 | 317,233 | 318,127 | 318,127 |

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

55.3 Financial risk - continued

Fair value of financial assets and liabilities -continued

a Financial instruments not measured at fair value - continued

| Company | 31 December 2020 | | 31 December 2019 | |
|------------------------------|------------------|--------------|------------------|--------------|
| | Carrying value | Fair value | Carrying value | Fair value |
| Financial assets | N'000 | N'000 | N'000 | N'000 |
| Cash and cash equivalents | 147,204 | 147,204 | 136,093 | 136,093 |
| Debt instrument at amortised | 519 | 519 | 57,582 | - |
| Financial liabilities | | | | |
| Trade payables | 23,905 | 23,905 | 16,053 | 16,053 |
| Borrowings | 13,537,660 | 13,537,660 | 12,454,934 | 12,454,934 |
| Deposit for shares | 317,233 | 317,233 | 518,127 | 318,127 |

Note: Financial liabilities carrying amounts approximates their fair value.

b Fair valuation methods and assumptions

Financial assets and liabilities:

(i) Cash and cash equivalents

Cash and cash equivalents represent cash and placement held with banks for short-term. The carrying amount of these balances approximates their fair value.

(ii) Trade receivables, Other receivables and Trade payables

Trade receivables and Other receivables represent monetary assets which usually has a short recycle period and other payables represents amount outstanding on account payables. And as such the fair values of these balances approximate their carrying amount.

(iii) Equity

Listed equities were fair valued using quoted prices from the Nigerian Stock Exchange. The inputs are unit held and the market price.

(iv) Loans and receivable

Loans and receivables were valued using the DCF method and the inputs are the expected cashflows and interest rate.

56 Enterprise Risk Management (ERM)

ERM as defined Under COSO framework is "a process, effected by an entity's Board of Directors, management and other personnel, applied in a strategy setting and across the enterprise, designed to identify potential events that may affect the entity, and manage risk to be within its risk appetite, to provide reasonable assurance regarding the achievement of entity objectives".

International Energy Insurance Plc recognizes the presence of risk in our value chain, business model and other processes of delivering value to our stakeholders and therefore committed to establishing due processes for identifying, assessing, monitoring, controlling and mitigating all material risks in the business of the Group as embedded in the Group's ERM framework.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS - CONTINUED

66 Enterprise Risk Management (ERM) - continued

IEI Plc in adopting COSO ERM framework, defines ERM in its framework as the discipline by which International Energy Insurance Plc assesses, controls, exploits, finances, and monitors risks from all sources for the purpose of increasing the IEI Plc short- and long-term value to its Stakeholders.

Risk Management Philosophy, Principles and Culture

The Enterprise Wide Risk Management process of the company is guided by the following core principles:

Embedding

ERM and Internal Control framework shall be fully embedded within the major functional and operational processes just as strategic planning and performance measurement system.

Consistency

The Group shall adopt a consistent method for the identification, assessment, monitoring, mitigation, control and communication of risks associated with all of its activities, functions, processes, and events in an effort to efficiently and effectively achieve its corporate objectives.

Risk awareness

A result driven and risk awareness culture shall be nurtured to move the Group to a position where decisions are taken with full consideration of relevant risks and their implications.

Ownership

Ownership – Specific risk owners within the Group's workforce as well as the members of the Board shall have sound understanding of the risk impacting their operations or areas of responsibility and be able to respond with appropriate strategies and mechanisms to identify, assess, monitor and control those risks.

Accountability

Risk owners within the Group's workforce shall be accountable for the risk management actions in their respective areas of responsibility. The Board shall provide adequate oversight, control, review and approve risk strategies, plans and budgets prepared by management.

Authority

Risk owners must have the required level of authority and flexibility to determine and execute the proper course of action to manage the risk in their respective areas of responsibility.

Communication

The Group's information system will be continually updated to accommodate data output necessary for proper assessment and monitoring of risks.

Risk Management Process

The Group's disciplined approach to risk management is iterative, scalable, and includes the steps below. Consistent application of this process enables continuous improvement in decision making and performance.

56 Enterprise Risk Management (ERM) - continued

Risk Management Process - continued

Communication and dialogue:

Communication and dialogue with internal and external stakeholders should take place at every relevant stage of the risk management process.

Establishing the Context:

This defines the internal and external parameters to be taken into account when managing risk, and setting the scope and risk criteria for the remaining process.

Risk identification:

The purpose of this step is to generate a comprehensive list of risks based on those events that might enhance, prevent, degrade, or delay the achievement of the objectives.

Risk Analysis:

Risk analysis is about developing an understanding of the risk by considering the causes and sources of risk, their positive and negative consequences, and the likelihood that those consequences can occur. Existing risk controls and their effectiveness should be taken into account.

Risk Evaluation:

The purpose of risk evaluation is to assist in making decisions based on the outcomes of risk analysis about which risks need treatment and to prioritize treatment implementation for those unacceptable risks (i.e. those that exceed risk tolerance).

Risk Treatment:

This involves the selection of one or more options for modifying unacceptable risks and implementing those options. Risk treatment options include: avoiding the risk, seeking out an opportunity, removing the source of risk, changing the likelihood, changing the consequence, sharing the risk with another party, and retaining the risk by choice.

Monitoring and Review:

This step encompasses all aspects of the risk management process to:

- *Analyze and learn lessons from events, changes, and trends.
- *Detect changes in the external and internal context including changes to the risk itself.
- *Ensure that the risk controls and treatment measures are effective in both design and operation.
- *Identify emerging risks.

Risk Identification

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

Risk Assessment

Risks is measured in terms of likelihood and consequences on both inherent and residual basis (pre and post controls). IEI in assessing the likelihood and consequences of risk uses both qualitatively or quantitatively measures depending on the risks being considered.

55 Enterprise Risk Management (ERM) - continued

Risk Appetite

Risk appetite is the level of risk that the Company is willing to accept in fulfilling its business objectives. The purpose of the risk appetite is to assist in the process of setting the company's strategic objective and in the management of risks.

IEI has an articulated risk appetite limits for various classes of risk in it is written which has been approved by Management and Board.

Risk Culture

Risk culture is the system of values and behaviors present in the organization that shapes risk decisions of management and employees. IEI ensures a common understanding of the organization and its business purpose amongst its employees. Employees understand that risk and compliance rules apply to everyone as they work towards business goals. This understanding is to ensure that IEI "does the right thing" all the time.

IEI propagates a strong risk culture and supports employee's training to understand how to make educated risk-related decisions to ensure consistent risk behavior in the organization.

To ensure a good risk culture IEI:

- *Propagates a positive corporate culture
- *Actively ensures observation of policy and procedures
- *Ensures effective use of technology in its management processes.

INTERNATIONAL ENERGY INSURANCE PLC

NON LIFE REVENUE ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2020

| REVENUE | Fire =N='000 | Motor =N='000 | General accident =N='000 | Marine =N='000 | Oil and energy =N='000 | Total 2020 =N='000 | Total 2019 =N='000 |
|------------------------------|-----------------|------------------|--------------------------------|-------------------|------------------------------|--------------------------|--------------------------|
| Direct premium | 21,296 | 500,276 | 12,901 | 22,522 | - | 556,995 | 505,725 |
| Inward premium | 2,179 | 3,142 | 722 | 1,524 | - | 7,567 | 20,222 |
| Gross written premium | 23,475 | 503,418 | 13,623 | 24,046 | - | 564,563 | 525,947 |
| Change in unearned premium | 7,985 | (43,334) | 1,116 | 1,058 | - | (33,175) | (122,848) |
| Gross premium earned | 31,460 | 460,084 | 14,739 | 25,104 | - | 531,388 | 403,098 |
| Outward reinsurance | (20,573) | (33,867) | (17,015) | (19,939) | - | (91,395) | (78,916) |
| Net premium earned | 10,887 | 426,217 | (2,276) | 5,165 | - | 439,993 | 324,182 |
| Commission received | (2,585) | 246 | 6,553 | 5,725 | - | 9,939 | 12,328 |
| Net underwriting income | 8,302 | 426,464 | 4,277 | 10,890 | - | 449,933 | 336,510 |
| EXPENSES | | | | | | | |
| Gross claims paid | 3,498 | 30,753 | 45,487 | 9,131 | 135 | 89,004 | 130,078 |
| Change in outstanding claims | (59,724) | 25,083 | 12,983 | 59,087 | (13,273) | 24,165 | (26,011) |
| Gross claims incurred | (56,227) | 55,836 | 58,480 | 68,218 | (13,138) | 113,170 | 104,067 |
| Reinsurance claims recovery | (14,206) | (3,841) | (12,780) | (12,833) | - | (43,660) | 17,705 |
| Net claims incurred | (70,432) | 51,996 | 45,700 | 55,385 | (13,138) | 69,510 | 121,772 |
| Acquisition costs | 3,831 | 11,747 | 3,020 | 4,056 | - | 22,655 | 35,251 |
| Maintenance costs | 29 | 120,423 | 935 | 478 | - | 121,865 | 76,191 |
| Underwriting expenses | (66,572) | 184,166 | 49,655 | 59,919 | (13,138) | 214,030 | 233,214 |
| Underwriting (loss)/profit | 74,874 | 242,298 | (45,378) | (49,029) | 13,138 | 235,902 | 103,296 |

INTERNATIONAL ENERGY INSURANCE PLC
 CONSOLIDATED AND SEPARATE STATEMENTS OF VALUE ADDED
 FOR THE YEAR ENDED 31 DECEMBER 2020

| | GROUP | | COMPANY | |
|---|-----------------|----------------------|-----------------|----------------------|
| | 2020 =N='000 | % 2019 =N='000 | 2020 =N='000 | % 2019 =N='000 |
| Gross premium income | 531,388 | 403,098 | 531,388 | 403,098 |
| Commission | 9,939 | 12,328 | 9,939 | 12,328 |
| Interest revenue calculated using effective interest method | 63,592 | 59,111 | 60,575 | 48,758 |
| Investment income | 4,584 | 3,610 | 4,584 | 1,799 |
| Other income | 1,099,946 | 1,656,404 | 238,421 | 808,409 |
| | 1,709,449 | 2,134,552 | 844,907 | 1,274,393 |
| Reinsurance expenses, net claims incurred, commission paid and other operating expenses - Value added | (894,264) | (966,521) | (573,452) | (573,664) |
| | 815,185 | 1,168,031 | 271,455 | 700,729 |
| Applied as follows: | | | | |
| To pay employees: | | | | |
| Salaries, wages and benefits | 790,810 | 94 | 722,774 | 62 |
| | | | 367,855 | 123 |
| | | | | 364,079 |
| | | | | 52 |
| To pay Government: | | | | |
| Taxes | 21,409 | 3 | 29,293 | 3 |
| | | | 14,527 | 5 |
| | | | | 23,263 |
| | | | | 3 |
| To pay providers of capital: | | | | |
| Finance costs | 1,091,439 | 129 | 7,423 | 1 |
| | | | 1,082,726 | 362 |
| | | | | - |
| Retained for asset replacement and future expansion of business: | | | | |
| -Depreciation and amortisation | 86,677 | 10 | 95,145 | 8 |
| -Deferred taxation | (564,130) | (67) | 3,892 | 0 |
| -Profit / loss for the year | (611,020) | (69) | 309,504 | 26 |
| Value added | 815,185 | 100 | 1,168,031 | 100 |
| | | | 271,455 | 100 |
| | | | | 700,729 |
| | | | | 25,846 |
| | | | | (14,447) |
| | | | | 301,988 |
| | | | | 43 |
| | | | | 100 |
| | | | | 700,729 |
| | | | | 25,846 |
| | | | | (14,447) |
| | | | | 301,988 |
| | | | | 43 |
| | | | | 100 |
| | | | | 700,729 |

Value added is the wealth created by the efforts of the Group and its employees and the allocation between employees, shareholders, government and that retained in the future for the creation of more wealth.

INTERNATIONAL ENERGY INSURANCE PLC

FIVE-YEAR FINANCIAL SUMMARY - GROUP

| STATEMENT OF FINANCIAL POSITION AS AT | 31 DECEMBER | | | | |
|--|---------------------|---------------------|---------------------|--------------------|--------------------|
| | 2020 | 2019 | 2018 | 2017 | 2016 |
| | =N='000 | =N='000 | =N='000 | =N='000 | =N='000 |
| Assets | | | | | |
| Cash and cash equivalents | 266,589 | 255,323 | 278,458 | 347,526 | 553,560 |
| Financial assets | 341,409 | 302,726 | 327,976 | 1,118,437 | 624,546 |
| Trade receivables | 132,908 | 120,891 | 159,372 | 137,945 | 252,887 |
| Other receivables and prepayments | 413,772 | 363,055 | 256,165 | 182,963 | 145,420 |
| Reinsurance assets | 294,005 | 268,466 | 319,085 | 633,262 | 886,058 |
| Deferred acquisition costs | 10,465 | 4,384 | 14,454 | 31,272 | 63,480 |
| Investment properties | 3,617,500 | 3,315,000 | 2,686,250 | 2,600,250 | 2,821,600 |
| Intangible assets | 17,652 | 17,417 | 8,271 | 9,521 | 4,271 |
| Property, plant and equipment | 3,576,091 | 3,795,603 | 3,225,670 | 3,211,137 | 3,282,970 |
| Deferred tax assets | - | - | 455 | - | - |
| Statutory deposit | 322,500 | 322,500 | 322,500 | 322,500 | 322,500 |
| Total assets | 8,992,890 | 8,755,366 | 7,598,656 | 8,494,813 | 8,957,292 |
| Liabilities | | | | | |
| Insurance contract liabilities | 4,110,675 | 4,053,715 | 3,956,877 | 4,061,593 | 3,483,956 |
| Trade payables | 73,016 | 62,317 | 158,356 | 300,068 | 520,085 |
| Provisions and other payables | 1,250,237 | 1,134,019 | 1,387,878 | 1,183,555 | 1,023,027 |
| Current income tax payable | 525,521 | 505,593 | 506,779 | 429,237 | 396,667 |
| Deferred tax liabilities | 246,476 | 810,606 | 630,908 | 524,515 | 402,246 |
| Book overdraft | - | - | - | 6,039 | 25,493 |
| Borrowings | 13,576,160 | 12,505,434 | 12,454,934 | 9,310,605 | 8,102,557 |
| Deposit for shares | 317,233 | 318,127 | 373,567 | 376,028 | 380,182 |
| Total liabilities | 20,099,318 | 19,389,811 | 19,469,299 | 16,191,640 | 14,334,213 |
| Equity | | | | | |
| Share capital | 642,043 | 642,043 | 642,043 | 642,043 | 642,043 |
| Share premium | 963,097 | 963,097 | 963,097 | 963,097 | 963,097 |
| Other reserves | (12,898,154) | (12,421,539) | (13,651,882) | (9,476,613) | (7,149,621) |
| Non-controlling interest | 186,587 | 181,954 | 176,099 | 174,646 | 167,560 |
| Total equity | (11,106,427) | (10,634,445) | (11,870,643) | (7,696,827) | (5,376,921) |
| Total liabilities and equity | 8,992,890 | 8,755,366 | 7,598,656 | 8,494,813 | 8,957,292 |
| STATEMENT OF PROFIT OR LOSS | | | | | |
| (Loss)/profit before income tax | (1,160,937) | 308,115 | (3,995,595) | (2,080,492) | (3,555,104) |
| Income tax | 549,917 | (32,726) | (183,111) | (167,789) | (110,465) |
| Profit/loss for the year | (611,020) | 275,389 | (4,178,707) | (2,248,261) | (3,665,569) |
| Other comprehensive income/(loss) | 109,382 | 469,804 | 7,214 | (71,645) | 875,837 |
| Total comprehensive (loss)/income | (501,638) | 745,193 | (4,171,493) | (2,319,906) | (2,789,732) |
| Basic and diluted (loss)/income per share (kobo) | (48) | 21 | (325) | (175) | (285) |
| Net (liabilities)/assets per share (kobo) | (879) | (826) | (938) | (613) | (432) |

Note: The (losses)/income per share have been computed respectively for each year on the loss after income tax expense and the number of ordinary shares in issue at the end of each year. The net liabilities per share are based on the number of issued 50 kobo ordinary shares at the end of the year.

INTERNATIONAL ENERGY INSURANCE PLC

FIVE-YEAR FINANCIAL SUMMARY - COMPANY

STATEMENT OF FINANCIAL POSITION AS AT

31 DECEMBER

| | 2020 | 2019 | 2018 | 2017 | 2016 |
|-------------------------------------|---------------------|---------------------|---------------------|--------------------|--------------------|
| | =N='000 | =N='000 | =N='000 | =N='000 | =N='000 |
| Assets | | | | | |
| Cash and cash equivalents | 147,204 | 136,093 | 165,653 | 266,113 | 461,814 |
| Financial assets | 341,409 | 302,726 | 327,976 | 968,927 | 624,546 |
| Trade receivables | - | 79 | 100 | 16,688 | 1,474 |
| Other receivables and prepayments | 1,997 | 13,910 | 5,222 | 106,723 | 115,460 |
| Reinsurance assets | 294,005 | 268,466 | 319,085 | 533,262 | 886,058 |
| Deferred acquisition costs | 10,465 | 4,384 | 14,454 | 31,272 | 63,480 |
| Non-current assets held-for-sale | | | | | |
| Investment in subsidiary | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 |
| Investment properties | 3,617,500 | 3,315,000 | 2,686,250 | 2,600,250 | 2,821,600 |
| Intangible assets | | | | | |
| Property, plant and equipment | 3,072,362 | 3,273,065 | 2,710,722 | 2,740,143 | 2,807,296 |
| Statutory deposit | 322,500 | 322,500 | 322,500 | 322,500 | 322,500 |
| Total assets | 8,807,441 | 8,636,224 | 7,551,962 | 8,586,078 | 9,104,228 |
| Liabilities | | | | | |
| Insurance contract liabilities | 4,110,675 | 4,053,715 | 3,956,877 | 4,061,593 | 3,463,956 |
| Trade payables | 23,905 | 16,053 | 158,356 | 300,068 | 520,085 |
| Provisions and other payables | 1,175,086 | 1,077,843 | 1,294,118 | 1,212,720 | 1,069,697 |
| Current income tax payable | 512,464 | 497,936 | 480,676 | 410,525 | 376,628 |
| Deferred tax liabilities | 206,209 | 792,724 | 630,908 | 524,515 | 402,246 |
| Book overdraft | | | | 8,039 | 25,493 |
| Borrowings | 13,537,660 | 12,454,934 | 12,454,934 | 9,310,605 | 8,102,557 |
| Deposit for shares | 317,233 | 318,127 | 373,567 | 376,028 | 380,182 |
| Total liabilities | 19,883,232 | 19,211,332 | 19,349,436 | 16,202,093 | 14,363,044 |
| Equity | | | | | |
| Share capital | 642,043 | 642,043 | 642,043 | 642,043 | 642,043 |
| Share premium | 963,097 | 963,097 | 963,097 | 963,097 | 963,097 |
| Other reserves | (12,680,931) | (12,180,248) | (13,402,614) | (9,221,155) | (6,863,956) |
| Total equity | (11,075,791) | (10,575,108) | (11,797,474) | (7,616,015) | (5,258,816) |
| Total liabilities and equity | 8,807,441 | 8,636,224 | 7,551,962 | 8,586,078 | 9,104,228 |

STATEMENT OF PROFIT OR LOSS

| | 2020 | 2019 | 2018 | 2017 | 2016 |
|--|------------------|----------------|--------------------|--------------------|--------------------|
| (Loss)/profit before income tax | (1,207,080) | 276,230 | (3,961,220) | (2,127,588) | (3,672,398) |
| Income tax expense | 571,989 | (8,616) | (183,866) | (157,966) | (122,349) |
| (Loss)/profit for the year | (635,091) | 267,414 | (4,165,086) | (2,285,554) | (3,794,747) |
| Other comprehensive income/(loss) | 109,382 | 469,804 | (15,626) | (71,645) | 875,837 |
| Total comprehensive loss | (525,709) | 737,218 | (4,180,712) | (2,357,199) | (2,918,910) |
| Basic and diluted (loss)/income per share (kobo) | (49) | 24 | (324) | (178) | (296) |
| Net liabilities per share (kobo) | (663) | (824) | (919) | (593) | (410) |

Note: The (losses)/income per share have been computed respectively for each year on the (loss)/profit after income tax expense and the number of ordinary shares in issue at the end of each year. The net (liabilities)/assets per share are based on the number of issued 50 kobo ordinary shares at the end of the year.

The Energy to care

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