

TANGERINE LIFE INSURANCE LIMITED
LIFE BUSINESS FINANCIAL CONDITION REPORT
AS AT 31 DECEMBER 2025



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Tangerine Life Insurance Limited
Life Business Financial Condition Report

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Becoda Consulting has prepared the Financial Condition Report of the Life business portfolio of Tangerine Life Insurance Limited (“the Client” or “Tangerine Life”) as at 31 December 2025 and is addressed to the Managing Director of Tangerine Life Insurance Limited. The Report was prepared for our client's sole use and benefit and to meet our client's regulatory requirements under the Nigeria Insurance Industry Reform Act 2025. Becoda Consulting makes no representation or warranties to any other third party as to the accuracy or completeness of the Report.

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EXECUTIVE SUMMARY

- I. This report presents the actuarial analysis of the financial condition of Tangerine Life Insurance Limited (“Tangerine Life”) as of 31 December 2025.
- II. While the company has demonstrated exceptional operational growth and a significant underwriting turnaround, it faces a tightening regulatory environment that necessitates disciplined capital management.

Key Findings

- III. *Exceptional Top-Line Growth:* Gross Premium Written (GPW) surged by 40.0% to ₱15.61 billion, driven primarily by the dominance of Group Life (60% of total) and an acceleration in Investment-Linked business.
- IV. *Operational Underwriting Triumph:* The Group Life segment achieved a landmark performance, with its combined ratio improving from 108.4% to 83.5%. This shift from underwriting loss to profit indicates superior pricing discipline and management expense efficiencies.
- V. *New Regulatory Solvency Reality:* Following the enactment of NIIRA 2025, the legal capital requirement jumped from ₱2 billion to ₱10 billion. While Tangerine Life is still meeting its obligations with a Capital Adequacy Ratio (CAR) of 107.4%, its safety margin has narrowed considerably compared to the 446.7% seen last year. To put the impact of the new regulation into perspective: had the minimum stayed at ₱2 billion, the CAR would have reached a robust 537% by December 31, 2025.
- VI. *Capital Quality Concerns:* A total of ₱3.38 billion in assets are currently classified as “inadmissible” for solvency purposes. Given the narrow 7.4% solvency margin (₱735 million), the company's regulatory compliance is highly sensitive to asset value fluctuations and further growth-related capital strain.
- VII. *Mixed Profitability Profile:* Under IFRS 17, most lines remain profitable at inception; however, the Investment-Linked business is currently not projected to generate a Contractual Service Margin (CSM) due to an unsustainable expense burden of 147.2% of inflows.

VIII. *Ambitious 2026 Outlook:* The 2026 Business Plan targets a further 44.1% increase in premiums. While this growth is aggressive, the plan forecasts an underwriting combined ratio of 101.4%, indicating a strategic reliance on investment income to drive bottom-line profitability.

1. INTRODUCTION

1.1 Purpose

The primary objective of this report is to present the findings of our analysis of the financial condition of Tangerine Life Insurance Limited (“Tangerine Life”) as at 31 December, 2025.

This report has been prepared exclusively for Tangerine Life and we understand it would form part of its submission to NAICOM. Its distribution is restricted to NAICOM, and it is not suitable for any purpose other than that stated herein.

1.2 Documents and Information Supplied

We were supplied with the following documents and information for this report by the Management of Tangerine Life.

- a) Audited financial statements as at 31 December 2024.
- b) Unaudited financial statements as at 31 December 2025.
- c) IFRS 17 financial disclosures as at 31 December 2025, as prepared by Becoda and Tangerine Life.
- d) Insurance liability valuation as at 31 December 2025 prepared by Becoda.
- e) Summary of actual transactional data and cashflows in the reporting period.
- f) Minimum Capital Requirement calculation template completed by Tangerine Life as at 31 December 2025.
- g) Tangerine Life 2026 Strategy & Budget slides which included its forecasted profit and loss for the years 2026 - 2030.

1.3 Reliance and Limitations

The preparation and submission of this Financial Condition Report are the sole responsibility of Tangerine Life's management. Our role is limited to conducting an independent analysis, which does not constitute a review or audit. As such, we do not express any assurance concerning Tangerine Life's financial condition, its long-term sustainability, or its ability to operate as a going concern.

This report is based on information and data provided by Tangerine Life's management. While we have relied on this information, we have not conducted a full audit. Therefore, our analysis and conclusions are necessarily constrained by the accuracy and completeness of the provided data and the appropriateness of the underlying assumptions.

2. BUSINESS OVERVIEW

2.1 Activities of the Company

Tangerine Life's business is made up of the following the lines of business:

- Protection
- Endowment
- Investment-Linked
- Credit Life
- Group Life

There has been no change in the lines of business it underwrites in 2025 compared to 2024.

2.2 Financial Performance Summary

The following table summarizes the financial results for the three-year period ending 31 December 2025.

Statement of profit or loss	2025	2024	2023
<i>Amounts in N'000</i>			
Insurance service result	1,668,298	620,155	709,052
Financial insurance result	3,262,450	4,760,209	4,201,367
Other expenses	(2,665,775)	(2,499,070)	(2,376,496)
Profit before tax	2,264,973	2,261,139	2,533,923
Income tax credit/(expense)	(226,497)	1,658,348	(129,382)
Profit for the year	2,038,475	3,919,487	2,404,541
Statement of changes in equity			
<i>Amounts in N'000</i>			
Opening equity	12,122,441	8,383,015	6,017,396
Profit for the year	2,038,475	3,919,487	2,404,541
Other comprehensive income for the year	172,873	(180,061)	(38,922)
Cash Dividend	(219,320)	0	0
Transfer to Contingency Reserve	0	0	0
Other changes in equity	0	0	0
Closing equity	14,114,470	12,122,441	8,383,015

Key Performance Drivers:

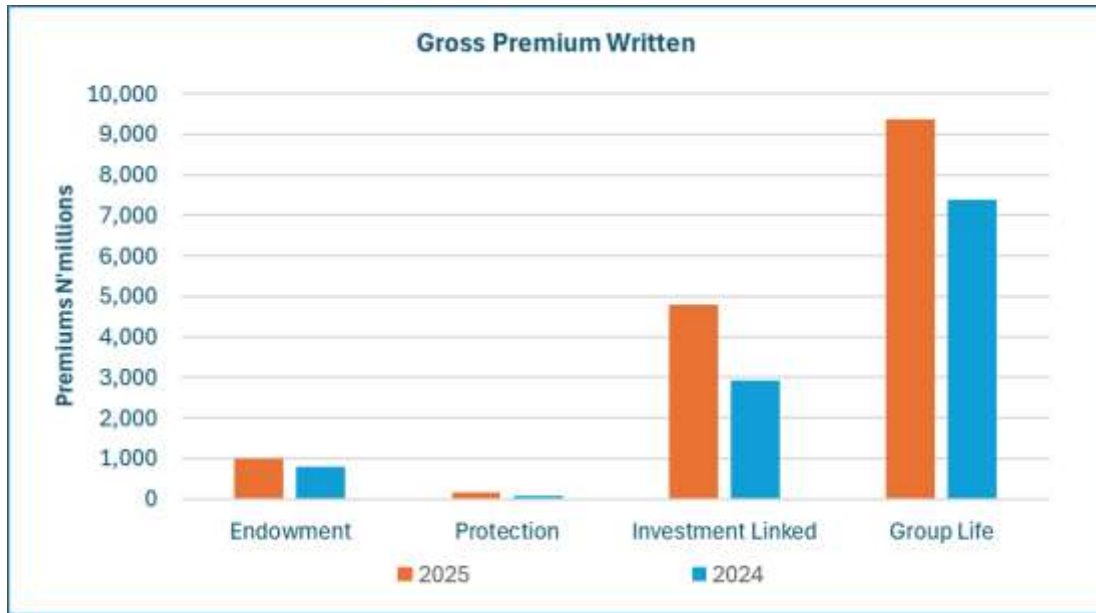
- **Operational Resilience:** Despite a 48% drop in Profit After Tax (PAT), the Insurance Service Result saw a significant 169% increase in 2025. This indicates a strong improvement in core underwriting performance and expense management.
- **Financial Result Volatility:** The decline in PAT was primarily driven by the Financial Insurance Result, which fell by 31.5% compared to 2024. This was largely due to increased insurance finance expenses — a reflection of market interest rate shifts affecting the discounting of liabilities. There is also reduced returns due to exchange rate loss.

- **One-off Adjustments:** It is important to note that the 2024 profit was significantly bolstered by a ₦1.66 billion tax credit. On a pre-tax basis, the 2025 performance of ₦2.26 billion is virtually identical to 2024, demonstrating underlying stability despite the drop in the final net profit.
- **Capital and Equity Growth:** Shareholder equity has demonstrated a consistent upward trajectory, growing from ₦8.38 billion in 2023 to ₦14.11 billion in 2025. *While equity grew by 16.4% in 2025, this represents a normalization following the 44.6% surge in 2024. The 2024 growth was inorganic, fuelled by the aforementioned tax credit. The 2025 growth is more representative of the company's organic capital generation capacity, even after accounting for the ₦219 million dividend payout.*

2.3 Premium History

Tangerine Life delivered robust growth in 2025, with Gross Premium Written (GPW) increasing by 40.0% to reach ₦15.61 billion, up from ₦11.15 billion in 2024. This growth was broad-based across all lines of business, though heavily concentrated in two key segments.

Line of business	Gross Premium Written (N'000)		Change over the period
	2025	2024	
Endowment	1,008,393	788,788	+27.8%
Protection	169,746	58,564	+189.8%
Investment Linked	4,802,314	2,913,072	+64.9%
Group Life	9,360,979	7,386,028	+26.7%
Credit Life	268,178	0	-
Total	15,609,610	11,146,452	+40.0%



Strategic Insights & Growth Drivers:

- **Dominance of Group Life:** Group Life continues to be the primary engine of the business, accounting for 60% of total GPW in 2025. The 26.7% growth in this segment reflects strong retention and potentially new large-scale corporate mandates.
- **Acceleration in Investment-Linked (ILP):** The ILP segment saw a significant 64.9% surge. From an actuarial perspective, this shift toward unit-linked business typically transfers investment risk to the policyholder, which can be capital-efficient for the firm, though it increases the sensitivity of fee income to market volatility.
- **Concentrated Growth:** Notably, 87% of the total ~~N~~₹4.46 billion increase in GPW was driven solely by the Group Life and Investment Linked portfolios.

2.4 New Business Impact

IFRS 17 requires that the impact of new business is measured and disclosed to show whether new contracts written over the period are profitable or onerous at inception. The Standard IFRS 17 introduces the “contractual service margin” (CSM) for this, and it represents unearned profit for a group of insurance contracts. It is added to the balance sheet liability to eliminate day one profits and then controls the rate at which profits are recognised in profit or loss.

To calculate whether there is a CSM at inception, we compare:

(A) the present value of estimates of the future cash inflows, to

(B) the total of present value of estimates of the future cash outflows and the value of the risk margin

If (A) > (B), then we have a CSM, i.e. the contracts are profitable, otherwise the contracts are onerous.

The following tables present the contractual service margin for the contracts written in 2025, along with some analysis of the estimates of cash flows.

Insurance contracts recognized in the year ending 31 December 2025

	Endowment	Protection	Investment Linked	Credit Life
Estimates of future cash inflows	776,768,047	137,724,122	312,045,676	244,280,246
Estimates of future cash outflows				
- Claims	673,002,341	14,945,131	13,019,894	56,505,602
- Directly attributable expenses	22,036,034	56,762,464	223,338,596	1,445,938
- Acquisition cash flows	54,461,646	55,964,096	235,990,803	59,701,134
	749,500,021	127,671,691	472,349,293	117,652,674
Risk adjustment for non-financial risk	1,883,442	3,532,186	16,477,012	2,912,598
Contractual service margin	25,384,583	6,520,245	-	123,714,973
Total insurance contract liabilities at Inception	-	-	176,780,630	-
Claims as a % of future cash inflows	86.6%	10.9%	4.2%	23.1%
Directly attributable exps as a % of future cash inflows	2.8%	41.2%	71.6%	0.6%
Acquisition costs as a % of future cash inflows	7.0%	40.6%	75.6%	24.4%
Risk adjustment as a % of future cash inflows	0.2%	2.6%	5.3%	1.2%
CSM as a % of future cash inflows	3.3%	4.7%	0.0%	50.6%

Key Insights:

- **Efficiency vs. Volume:** While Endowment generates the highest absolute CSM (N25.4m), it is the least efficient profitable line with a margin of only 3.3%. The high claims burden (86.6% of inflows) leaves very little room for adverse deviation.

- **The Profitability Engine:** Credit Life stands out as the most profitable segment on a unit basis, with a CSM margin of 50.6%. This suggests that Credit Life premiums noted in section 2.4 is highly accretive to shareholder value. Please note that Credit Life portfolio is now measured under General Model Measurement Approach (GMM) rather than the Premium Allocation Approach (PAA) used for the previous years.
- **Onerous/Break-even Warning:** The Investment-Linked business is currently not projected to generate any CSM. This is driven by an unsustainable expense burden where direct and acquisition costs (147.2% of inflows) far exceed the low claims burden of 4.2%. *The Investment-Linked segment requires immediate operational review. The high acquisition cost (75.6%) suggests that the current commission structures or marketing spends are not aligned with the projected fee income from these contracts.*

2.5 Experience Analysis – Group Life Insurance Contracts

We have carried out analysis of the experience of Tangerine Life’s Group Life insurance contracts over the period 2024 - 2025 in the table below.

Amounts in N'000	2025	2024	Change over the period
INSURANCE CONTRACT EXPERIENCE RATIOS			
Premiums received	9,360,979	7,386,028	+26.7%
Insurance revenue	9,329,917	6,080,592	+53.4%
Incurred claims	(4,415,124)	(3,620,381)	+22.0%
Acquisition costs	(844,325)	(648,535)	+30.2%
Fulfilment expenses	(1,061,714)	(976,309)	+8.7%
Other (management) expenses	(1,466,176)	(1,348,237)	+8.7%
Investment income	2,118,278	1,680,750	+26.0%
Profit before tax	2,641,684	1,033,670	+155.6%
<i>As a % of insurance revenue:</i>			
Incurred Claims [A]	(47.3)%	(59.5)%	+12.2%
Acquisition costs [B]	(9.0)%	(10.7)%	+1.6%
Fulfilment expenses [C]	(11.4)%	(16.1)%	+4.7%
Other (management) expenses [D]	(15.7)%	(22.2)%	+6.5%
Investment Income	22.7%	27.6%	-4.9%
Profit before tax	28.3%	17.0%	+11.3%
Combined ratio on Insurance Services = [A] + [B] + [C] + [D]	(83.5)%	(108.4)%	+25.0%

Group Life remains Tangerine Life’s primary business driver. In 2025, the segment achieved a landmark performance, transitioning from an underwriting loss to significant profitability.

- **Underwriting Turnaround:** The Combined Ratio improved dramatically from 108.4% to 83.5%. This indicates that for every ₦100 of revenue, the company now retains ₦16.50 as underwriting profit, compared to a ₦8.40 loss in the prior year.
- **Favourable Claims Experience:** The Incurred Claims ratio dropped from 59.5% to 47.3%. While claims increased in absolute terms, the growth was well below the revenue expansion, suggesting either more disciplined pricing or an exceptionally benign mortality year for the group schemes.
- **Scale Efficiencies:** Total management and fulfilment expenses as a percentage of revenue dropped from 38.3% in 2024 to 27.1% in 2025. This demonstrates that the company successfully grew its book without a proportional increase in the overhead required to manage it.
- **Reduced Reliance on Investment Income:** In 2024, the business relied on investment income (27.6% of revenue) to remain profitable overall. In 2025, while

investment income remains strong at ₦2.12 billion, the core insurance service is now independently profitable.

2.6 Experience Analysis – Group Life Reinsurance Contracts

The table below provides an overview of Tangerine Life's Group Life reinsurance contracts over the same period.

<i>Amounts in N'000</i>	2025	2024	Change over the period
REINSURANCE CONTRACT EXPERIENCE RATIOS			
Reinsurance premiums paid	(2,629,454)	(2,488,405)	+5.7%
Inward commissions & fees	803,050	721,939	+11.2%
Reinsurance recoveries	1,464,533	1,090,752	+34.3%
Reinsurance contract remeasurements	(55,038)	1,255,891	-104.4%
Net income or (expense) on reinsurance	(416,909)	580,178	-171.9%
<i>As a % of reinsurance premium paid:</i>			
Inward commissions & fees	30.5%	29.0%	+1.5%
Reinsurance recoveries	55.7%	43.8%	+11.9%
Reinsurance contract remeasurements	(2.1)%	50.5%	-52.6%
Net income or (expense) on reinsurance	(15.9)%	23.3%	-39.2%

Reinsurance is a critical risk-mitigation tool for Tangerine Life, particularly for the Group Life portfolio. In 2025, the reinsurance program functioned as intended, providing increased protection against claims volatility, despite a shift in its accounting impact on the P&L.

- **Normalization of Net Result:** The swing from a net income of ₦580 million in 2024 to a net expense of ₦417 million in 2025 is primarily driven by the absence of significant "Reinsurance contract remeasurements". In 2024, these remeasurements added ₦1.26 billion (50.5% of premiums) to income, whereas 2025 saw a minor negative adjustment of ₦55 million.
- **Enhanced Risk Recovery:** Reinsurance recoveries as a percentage of premiums paid rose from 43.8% to 55.7%. This indicates that the reinsurers are absorbing a higher proportion of the gross claims, effectively shielding the company's net insurance service result from the 22% increase in gross incurred claims noted in Section 2.6.
- **Stable Commission Income:** Inward commissions and fees grew by 11.2%, reaching ₦803 million. This represents a healthy "ceding commission" which helps offset the management expenses associated with the Group Life book.
- **Strategic Positioning:** Despite the accounting "expense" in 2025, the net cost of reinsurance remains a modest 15.9% of the premiums paid. This is a sustainable

cost for the level of solvency protection and volatility reduction provided to the Group Life segment.

2.7 Reinsurance Effectiveness – Group Life

The table below provides a general assessment of the value derived from reinsurance arrangements over the last three years.

	2025	2024	2023	Total
<i>Amounts in N'000</i>				
Reinsurance expense	(2,629,454)	(2,488,405)	(1,355,792)	(6,473,650)
Inward commission & fees	803,050	721,939	367,277	1,892,266
Reinsurance recoveries	1,464,533	1,090,752	700,156	3,255,441
Reinsurance Income	2,267,583	1,812,691	1,067,433	5,147,707
Value for Money Ratio	86.2%	72.8%	78.7%	79.5%

To evaluate the efficiency of the reinsurance program, we utilize a Value for Money (VfM) Ratio, defined as:

$$VfM \text{ Ratio} = \frac{(Inward \text{ Commission \& Fees} + Reinsurance \text{ Recoveries})}{Reinsurance \text{ Premium Expense}}$$

A target ratio of approximately 80% is considered a benchmark for a well-balanced treaty that provides sustainable protection while allowing the reinsurer a margin for risk and administration.

- **Performance Rebound:** Contrary to a downward trend, the VfM ratio saw a sharp increase to 86.2% in 2025. This was primarily fuelled by the 34.3% growth in recoveries, significantly outpacing the 5.7% growth in premium expense.
- **Sustainable Average:** On a three-year aggregate basis, the program is operating at 79.5% efficiency—precisely in line with the industry target of 80%. This indicates that over a full cycle, the current reinsurance terms are appropriate for the risk profile being ceded.
- **Commission Stability:** Inward commissions have consistently contributed roughly 35-40% of the total value derived from the program. This provides a stable hedge against management expenses, regardless of claims volatility.

3. FINANCIAL POSITION AND MANAGEMENT

3.1 Statement of financial position

The table below presents Tangerine Life's statement of financial position for the year ending 31 December 2025 compared to 2024.

Statement of financial position

<i>Amounts in N'000</i>	2025	2024	% change
Financial Assets	25,725,883	19,985,790	+28.7%
Property	820,000	700,000	+17.1%
Cash and cash equivalents	3,252,286	2,631,446	+23.6%
Invested Assets	29,798,169	23,317,236	+27.8%
Reinsurance Assets	1,768,125	1,897,480	-6.8%
Other balance sheet assets	5,369,736	5,290,779	+1.5%
Total Assets	36,936,029	30,505,495	+21.1%
Insurance liabilities	20,389,544	16,269,306	+25.3%
Other liabilities	2,432,015	2,113,748	+15.1%
Total Liabilities	22,821,559	18,383,054	+24.1%
Net Assets	14,114,470	12,122,441	+16.4%

The financial position of Tangerine Life remains robust, characterized by a 21.1% expansion in the total balance sheet to ₦36.94 billion as of 31 December 2025. This growth is reflective of the aggressive new business acquisition strategy noted in earlier sections.

- **Liability Intensification:** Insurance liabilities increased by 25.3%. This is expected given the high volume of new business; however, the fact that liabilities are growing at a slightly faster rate than total assets (21.1%) warrants close monitoring of the company's solvency margin.
- **Capital Accretion:** Net Assets increased by ₦1.99bn (16.4%). This inorganic growth in the capital base provides a healthy cushion against the increased insurance risk profile of the 2025 portfolio.
- **Strategic Shift in Retention:** The 6.8% decline in Reinsurance Assets in a year of significant growth suggests a strategic move toward higher risk retention or a change in the valuation of technical recoveries under IFRS 17 or both.

3.2 Results of the Insurance Liability Valuation

The following table provides a reconciliation of the insurance contract liabilities and assets as at 31st December 2025.

Reconciliation of Insurance Contract Liabilities <i>N'm</i>	Total	Endowment	Protection	Investment Linked	Group Life	Credit Life
Opening insurance contract assets	-	-	-	-	-	-
Opening insurance contract liabilities	16,269.3	6,324.0	55.1	3,985.7	5,876.3	28.2
Net opening balance	16,269.3	6,324.0	55.1	3,985.7	5,876.3	28.2
Insurance revenue	(10,429.8)	(211.6)	(74.2)	(771.6)	(9,329.9)	(42.5)
Insurance service expenses		-	-	-	-	-
Incurred claims	4,604.3	60.6	24.2	4.4	4,415.1	100.0
Incurred fulfilment expenses	1,930.4	451.8	20.7	386.9	1,061.7	9.4
Acquisition expenses	1,239.3	63.7	10.7	303.5	844.3	17.0
Changes related to future service	410.3	368.9	(8.4)	49.8	-	-
Changes related to past service	105.6	-	-	-	105.6	-
Total Insurance service expenses	8,289.9	945.0	47.1	744.7	6,426.7	126.3
Investment components	-	-	-	-	-	-
Insurance service result	(2,139.9)	733.4	(27.0)	(26.9)	(2,903.2)	83.8
Insurance finance expenses	2,780.7	1,284.3	8.2	1,240.8	204.0	43.4
Total change in comprehensive income	640.8	2,017.7	(18.8)	1,213.8	(2,699.2)	127.3
Premiums received	15,609.6	1,008.4	169.7	4,802.3	9,361.0	268.2
Claims paid	(8,960.5)	(1,270.7)	(24.2)	(3,071.7)	(4,493.9)	(100.0)
Fulfilment expenses paid	(1,930.4)	(451.8)	(20.7)	(386.9)	(1,061.7)	(9.4)
Acquisition costs paid	(1,239.3)	(63.7)	(10.7)	(303.5)	(844.3)	(17.0)
Total cash flows	3,479.5	(777.8)	114.2	1,040.2	2,961.0	141.9
Closing insurance contract assets	-	-	-	-	-	-
Closing insurance contract liabilities	20,389.5	7,563.8	150.5	6,239.7	6,138.1	297.4
Net closing balance	20,389.5	7,563.8	150.5	6,239.7	6,138.1	297.4

The next table provides a reconciliation of the risk adjustment element of the insurance contract liabilities as at 31st December 2025 as stated in the previous table.

Reconciliation of Risk Adjustment on Insurance Contract Liabilities <i>N'm</i>	Total	Endowment	Protection	Investment Linked	Group Life	Credit Life
Opening insurance contract assets	-	-	-	-	-	-
Opening insurance contract liabilities	222.0	149.5	0.6	5.5	66.1	0.3
Net opening balance	222.0	149.5	0.6	5.5	66.1	0.3
Changes related to current services						
CSM for service provided	-	-	-	-	-	-
Risk Adjustment release for expired risks	(33.3)	(21.7)	(3.0)	(11.7)	4.8	(1.9)
Experience adjustments	-	-	-	-	-	-
Total changes related to current services	(33.3)	(21.7)	(3.0)	(11.7)	4.8	(1.9)
Changes related to future services						
New contracts recognised	24.8	1.9	3.5	16.5	-	2.9
Changes in estimates reflected in CSM	8.7	9.0	0.1	(0.9)	-	0.5
Changes in estimates resulting in contract losses	28.1	28.1	(0.1)	0.1	-	-
Total changes related to future services	61.6	39.0	3.5	15.7	-	3.5
Changes that relate to past service						
Adjustments to liabilities for incurred claims	-	-	-	-	-	-
Total changes that relate to past service	-	-	-	-	-	-
Insurance service result	(28.3)	(17.3)	(0.6)	(4.0)	(4.8)	(1.6)
Insurance finance expenses	-	-	-	-	-	-
Total change in comprehensive income	(28.3)	(17.3)	(0.6)	(4.0)	(4.8)	(1.6)
Total cash flows	-	-	-	-	-	-
Closing insurance contract assets	-	-	-	-	-	-
Closing insurance contract liabilities	250.3	166.8	1.1	9.5	71.0	1.9
Net closing balance	250.3	166.8	1.1	9.5	71.0	1.9

Similar to the insurance contract liabilities, the following table provides a reconciliation of the reinsurance contract assets as at 31st December 2025.

Reconciliation of Reinsurance Contract Assets <i>N'm</i>	Total	Endowment	Protection	Investment Linked	Group Life	Credit Life
Opening insurance contract assets	1,897.5	-	-	-	1,897.5	-
Opening insurance contract liabilities	-	-	-	-	-	-
Net opening balance	1,897.5	-	-	-	1,897.5	-
Insurance revenue	(1,981.0)	-	-	-	(1,980.5)	(0.5)
Insurance service expenses	-	-	-	-	-	-
Incurred claims and other expenses	1,742.8	-	-	-	1,742.8	-
Acquisition expenses	-	-	-	-	-	-
Changes related to future service	(54.2)	-	-	-	-	(54.2)
Changes related to past service	(179.2)	-	-	-	(179.2)	-
Total insurance service expenses	1,509.4	-	-	-	1,563.6	(54.2)
Investment components	-	-	-	-	-	-
Insurance service result	(471.6)	-	-	-	(416.9)	(54.7)
Insurance finance expenses	(49.0)	-	-	-	(74.3)	25.4
Total change in comprehensive income	(520.6)	-	-	-	(491.2)	(29.4)
Premiums received	1,775.9	-	-	-	1,826.4	(50.5)
Claims and expenses paid	(1,464.5)	-	-	-	(1,464.5)	-
Acquisition costs paid	13.2	-	-	-	-	13.2
Total cash flows	324.6	-	-	-	361.9	(37.3)
Closing insurance contract assets	1,701.5	-	-	-	1,768.1	(66.7)
Closing insurance contract liabilities	-	-	-	-	-	-
Net closing balance	1,701.5	-	-	-	1,768.1	(66.7)

The table below provides a reconciliation of the risk adjustment element of the reinsurance contract assets as at 31st December 2025.

Reconciliation of Risk Adjustment on Reinsurance Contract Assets <i>N'm</i>	Total	Endowment	Protection	Investment Linked	Group Life	Credit Life
Opening insurance contract assets	18.2	-	-	-	18.2	-
Opening insurance contract liabilities	-	-	-	-	-	-
Net opening balance	18.2	-	-	-	18.2	-
Changes related to current services	-	-	-	-	-	-
CSM for service provided	-	-	-	-	-	-
Risk Adjustment release for expired risks	(0.0)	-	-	-	0.5	(0.5)
Experience adjustments	-	-	-	-	-	-
Total changes related to current services	(0.0)	-	-	-	0.5	(0.5)
Changes related to future services						
New contracts recognised	0.6	-	-	-	-	0.6
Changes in estimates reflected in CSM	0.0	-	-	-	-	0.0
Changes in estimates resulting in contract losses	0.0	-	-	-	-	0.0
Total changes related to future services	0.7	-	-	-	-	0.7
Changes that relate to past service						
Adjustments to liabilities for incurred claims	-	-	-	-	-	-
Total changes that relate to past service	-	-	-	-	-	-
Insurance service result	(0.7)	-	-	-	(0.5)	(0.1)
Insurance finance expenses	-	-	-	-	-	-
Total change in comprehensive income	(0.7)	-	-	-	(0.5)	(0.1)
Total cash flows	-	-	-	-	-	-
Closing insurance contract assets	18.8	-	-	-	18.7	0.1
Closing insurance contract liabilities	-	-	-	-	-	-
Net closing balance	18.8	-	-	-	18.7	0.1

3.3 Solvency

The table below provides Tangerine Life's balance sheet solvency margin and capital adequacy ratio over the years 2024 - 2025.

<i>Amounts in N'000</i>	2025	2024
Insurance contract liabilities	20,389,544	16,269,306
Shareholders' Funds	14,114,470	12,122,441
<i>Less: Inadmissible Assets</i>	(3,379,284)	(3,188,802)
Admissible Shareholders' Funds	10,735,186	8,933,639
Balance Sheet Solvency Margin	52.7%	54.9%
Minimum Required Statutory Capital	10,000,000	2,000,000
Capital Adequacy Ratio	107.4%	446.7%

The enactment of the Nigeria Insurance Industry Reform Act 2025 (NIIRA 2025) in August 2025 has introduced a more stringent capital regime for the Nigerian insurance market. Tangerine Life is now subject to a dual capital test, requiring the higher of a risk-based capital (RBC) requirement or a fixed statutory minimum.

As of 31 December 2025, Tangerine Life remains compliant with NIIRA 2025, maintaining a CAR of 107.4% against the mandatory 100% threshold. However, the precipitous drop from 446.7% in 2024 underscores the immense pressure the new ₦10 billion statutory minimum has placed on the company's capital headroom. To put the impact of the new regulation into perspective - had the minimum statutory capital stayed at ₦2 billion, the CAR would have reached a robust 537% by December 31, 2025.

While the Economic Risk Capital (ERC) proxy was calculated at ₦5.88 billion, the ₦10 billion fixed statutory minimum remains the binding constraint for the company. This suggests the company is currently "over-capitalized" relative to its internal risks but "lean" relative to new legislative requirements.

A significant ₦3.38 billion of shareholders' funds are currently classified as inadmissible. Given the narrow 7.4% margin (₦735 million) above the required capital, any further increase in inadmissible assets or a slight downturn in asset values could push the company below the 100% regulatory minimum.

The Balance Sheet Solvency Margin (Admissible Funds as a % of Insurance Liabilities) decreased slightly to 52.7%. While the absolute value of admissible funds grew by 20.2%, it could not keep pace with the 25.3% growth in insurance liabilities.

The following tables show how sensitive the balance sheet solvency margin and CAR are to changes in the confidence interval used to set the Risk Adjustment.

Balance Sheet Solvency Margin Sensitivity to Risk Adjustment Confidence Level

	2025	2024
50% confidence interval	+1.7%	+2.2%
60% confidence interval	+0.5%	+0.6%
Base (70% confidence interval)	52.7%	54.9%
80% confidence interval	-0.1%	-0.2%
90% confidence interval	-0.8%	-1.0%
99.5% confidence interval	-1.8%	-2.3%

Capital Adequacy Ratio Sensitivity to Risk Adjustment Confidence Level

	2025	2024
50% confidence interval	+2.2%	+11.1%
60% confidence interval	+0.7%	+3.3%
Base (70% confidence interval)	107.4%	436.7%
80% confidence interval	-0.2%	-0.9%
90% confidence interval	-1.1%	-5.5%
99.5% confidence interval	-2.4%	-12.0%

3.4 Business Plan

Tangerine Life's forecast for all its business for the year ending 31 December 2025 is shown in the tables below.

Amounts in N'000	2026 Forecast	2025 Actual	2024 Actual	2026 Forecast vs. 2025 Actual
INSURANCE CONTRACTS				
Premiums received	22,500,000	15,609,610	11,146,452	+44.1%
Insurance revenue	14,152,054	10,429,786	6,768,770	+35.7%
Incurring claims	(6,622,624)	(4,604,292)	(3,647,805)	+43.8%
Acquisition costs	(1,782,547)	(1,239,292)	(961,359)	+43.8%
Fulfilment expenses	(2,776,592)	(1,930,389)	(1,775,108)	+43.8%
Other (management) expenses	(3,162,270)	(2,665,775)	(2,499,070)	+18.6%
Investment income	5,817,469	6,092,130	4,191,394	-4.5%
Profit before tax	3,249,614	2,264,973	3,919,487	+43.5%
<i>As a % of Insurance revenue:</i>				
Incurring claims [A]	(46.8)%	(44.1)%	(53.9)%	-2.7%
Acquisition costs [B]	(12.6)%	(11.9)%	(14.2)%	-0.7%
Fulfilment expenses [C]	(19.6)%	(18.5)%	(26.2)%	-1.1%
Other (management) expenses [D]	(22.3)%	(25.6)%	(36.9)%	+3.2%
Investment Income	41.1%	58.4%	61.9%	-17.3%
Profit before tax	23.0%	21.7%	57.9%	+1.2%
Combined ratio on Insurance Services = [A]+[B]+[C]+[D]	(101.4)%	(100.1)%	(131.2)%	-1.3%

Tangerine Life's 2026 strategy is centred on aggressive market share expansion, with a targeted 44.1% growth in premiums received to reach ₦22.5 billion.

- **Scaling Risk:** The forecast assumes that acquisition and fulfilment costs will grow at 43.8%, perfectly in line with incurred claims. This implies *no "economies of scale"* are expected in the 2026 expansion; rather, the company is prepared to spend heavily to capture volume.
- **Underwriting Margin Compression:** The Combined Ratio is expected to exceed 100%, reaching 101.4%. This suggests the insurance operations are essentially a "loss leader" in this plan. The company is trading ₦1.40 in underwriting loss for every ₦100 of revenue to achieve the 44% growth target.
- **Management Expense Efficiency:** One positive highlight is the Other (Management) Expenses, which are capped at 18.6% growth—significantly lower than the 44% premium growth. This provides a 3.2 percentage point improvement in the management expense ratio.

- **Investment Income Sensitivity:** With a projected 4.5% decline in investment income, the plan's 43.5% profit growth is highly sensitive to market yields. If market yields stay high, there is significant upside potential to this profit forecast.

3.5 Sensitivity Analysis

This section evaluates the resilience of the Best Estimate Liabilities (BEL) against adverse shifts in economic and non-economic assumptions as of 31 December 2025. The base BEL for the reviewed lines (excluding Group Life) stands at ₦13.33 billion.

Sensitivities on Best Estimate Liabilities - December 2025 (Excludes Group Life)											
Amounts in N'000	Stress Factor	Credit Life		Endowment		Protection		Investment Linked		Total	
Base		82,599		7,250,450		56,012		5,937,853		13,326,914	
Interest_Up	10%	-8,635	-10.5%	-1,179,719	-16.3%	-2,804	-5.0%	-47,798	-0.8%	-1,238,955	-9.3%
Interest_Down	10%	+11,590	+14.0%	+1,749,702	+24.1%	+4,024	+7.2%	+261,405	+4.4%	+2,026,721	+15.2%
Inflation_Up	10%	+1,113	+1.3%	+97,728	+1.3%	+3,596	+6.4%	+22,306	+0.4%	+124,743	+0.9%
Inflation_Down	10%	-1,033	-1.3%	-21,742	-0.3%	-700	-1.3%	-19,547	-0.3%	-43,021	-0.3%
Lapse_Up	10%	+0	-	+11,219	+0.2%	+0	-	-3,139	-0.1%	+8,079	+0.1%
Lapse_Down	10%	+0	-	-11,270	-0.2%	+0	-	+3,196	+0.1%	-8,074	-0.1%
Mortality_Up	10%	+6,901	+8.4%	-11,131	-0.2%	+931	+1.7%	+250	+0.0%	-3,050	-0.0%
Mortality_Down	10%	-6,903	-8.4%	-3,494	-0.0%	-916	-1.6%	-245	-0.0%	-11,558	-0.1%
Expenses_Up	10%	+1,334	+1.6%	+15,127	+0.2%	+5,065	+9.0%	+19,731	+0.3%	+41,257	+0.3%
Expenses_Down	10%	-1,334	-1.6%	-15,116	-0.2%	-5,063	-9.0%	-19,049	-0.3%	-40,562	-0.3%
Morbidity_Up	10%	+0	-	+0	-	+0	-	+21	+0.0%	+21	+0.0%
Morbidity_Down	10%	+0	-	-3,494	-0.0%	+0	-	-21	-0.0%	-3,515	-0.0%

Interest Rate Risk - Primary Vulnerability: The portfolio exhibits a significant asymmetric sensitivity to interest rates. A 10% decrease in rates triggers a 15.2% (₦2,027 million) surge in liabilities, whereas a 10% increase only yields a 9.3% reduction. This is almost entirely concentrated in the Endowment line, where a 10% rate drop causes a 24.1% increase in BEL. This suggests the presence of long-term guarantees that become more expensive to fund as market yields fall.

Inflation and Expenses - Operational Resilience: Despite the high-inflation environment in Nigeria, the BEL shows high resilience to non-economic shocks. A 10% spike in either inflation or management expenses results in a negligible increase of 0.9% or less to the total BEL. This indicates that the company's liability profile is well-insulated from direct operational cost volatility.

Segment-Specific Risks:

- *Protection Business:* This segment is most sensitive to Interest, inflation and expenses, with a 10% increase in expenses raising its specific BEL by 9.0%.
- *Credit Life:* While small in absolute terms, this line is the most sensitive to interest and mortality shocks, with a 10% reduction in interest rate increasing its BEL by 14.0% and a 10% increase in mortality rates increasing its BEL by 9%.
- *Investment-Linked:* The primary non-economic driver here is the expense rate with a 10% shift impacting the BEL by 0.3%.

3.6 Material Risks

The following risks have been identified as material to Tangerine Life's ability to meet its strategic objectives and maintain regulatory solvency under the NIIRA 2025 regime.

1. Economic and Market Risk The primary market risk for the Life business is the volatility of interest rates used to value long-term liabilities.

- *Inflationary Pressure:* High inflation continues to stress the operational cost base and threatens to increase "claims inflation," adversely impacting underwriting performance.
- *Currency Mismatch:* The holding of US Dollar-denominated assets creates a functional currency mismatch with Naira-denominated liabilities. While this provides a hedge against Naira devaluation, it introduces significant P&L volatility that must be managed within the Company's risk appetite.

2. Expense Risk Tangerine Life achieved a notable improvement in its expense ratio, falling from 77.3% in 2024 to 55.9% in 2025.

- *The 2026 Challenge:* The business plan targets a further reduction to 54.6%. Achieving this requires robust budgetary control to overcome pressure from inflationary headwinds, especially as the company scales its headcount and infrastructure to support the projected 44.1% premium growth.

3. Pricing and Underwriting Risk The risk that premiums charged do not adequately reflect the underlying mortality and morbidity risks.

- *Experience-Led Confidence:* The dramatic improvement in the Group Life combined ratio—from 108.4% to 83.5%—validates recent pricing adjustments.
- *New Business Margin:* Analysis in Section 2.5 confirms that new business (excluding Investment Linked) is generating healthy CSM margins, suggesting that current pricing remains technically adequate on a projected cash flow basis.

4. Insurance and Catastrophe Risk

- *Claims Volatility:* The aggregate incurred claims ratio improved to 44.1% in 2025. The 2026 forecast assumes a slight normalization to 46.8%, which is considered prudent given the increased volume of Group Life business.
- *Concentration/Catastrophe:* The Group Life portfolio remains susceptible to high-severity, low-frequency events (e.g., localized disasters affecting corporate clients). This is mitigated through geographical diversification and a robust reinsurance treaty, though the 2025 Value for Money ratio of 86.2% suggests Tangerine Life is utilizing this protection heavily.

4. ACTUARIAL STANDARDS

Technical Actuarial Standards (TASs) are issued by the Financial Reporting Council (FRC) and set standards for certain items of actuarial work, including the information and advice contained in this report.

The following Technical Actuarial Standards are applicable in relation to this report and have been complied with where material:

- TAS 100: Generic TAS - Principles for Technical Actuarial Work, which applies to all technical actuarial work and promotes high-quality technical actuarial work.
- TAS 200: Insurance - Insurance (TAS 200) promotes high-quality technical actuarial work in insurance on matters where there is a high degree of risk to the public interest.



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