CONTINENTAL REINSURANCE

Pan-African commitment made local

2019 ANNUAL REPORT & ACCOUNTS

Pushing beyond the **boundaries**

www.continental-re.com

2019

ANNUAL
REPORT &
ACCOUNTS

Pushing
beyond the
boundaries

Our Vision

To be the premier Pan-African reinsurer.

Our Mission

To provide credible reinsurance security and services to our clients and sustainable value to our shareholders and other stakeholders.

Our Values

Commitment

Collective passion and commitment to the industry.

Responsiveness

High responsiveness in service, dependability and building of capability.

Sustainability

Realizing ambitious, sustainable and relevant offerings.

Trust

Putting customers first by building relationships via localization.

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Who We Are

Corporate Information

Board of Directors

Chief Ajibola Ogunshola
Chairman, Non -Executive Director

Dr. Olufemi Oyetunji
Group Managing Director/ CEO

Mr. Lawrence M. Nazare (Zimbabwean)
Executive Director

Mr. Foluso Laguda
Non-Executive Director

Ms. Patricia N. Ifewulu
Company Secretary/Group Head, Legal and Compliance

Mrs. Ahlam Bennani (Moroccan)
Non-Executive Director

Mr. Paul Oje Kokoricha
Non-Executive Director

Mr. Steve Olisa Iwenjora
Non-Executive Director

Mr. Ian Alvan Tofield (British)
Independent Non -Executive Director

Mr. Emmanuel Brule (French)
Non-Executive Director

Mr. Stephen Murphy (South African)
Non-Executive Director

Registered Office
17, Olosa Street
Victoria Island
Lagos, Nigeria

Regional Office
Lagos Office
17, Olosa Street
Victoria Island
Lagos, Nigeria

Tunis Office
Rue Lac Leman
Imm Regency -Bloc "C"
2 eme etage - Bur 2017
1053 les Berges du Lac
Tunis ,Tunisia

Abidjan Office
4e étage, Imm Angle de la Rue
Pierre & Ma rie Curie & de la Rue
Docteur Calmette , Zone 4c
Marcory - Abidjan, 01 B.P 1073
Abidjan, Côte d'Ivoire

Subsidiaries
Continental Reinsurance Ltd, Kenya
197 Lenana Place (4th floor)
Lenana Road
P.O. Box 76326 -00508
Nairobi, Kenya

Continental Reinsurance Co. Ltd.
1st Floor , Plot 67977, Fairgrounds,
P.O. Box 698 ABG, Sebele
Gaborone, Botswana

Continental Reinsurance SA. Cameroon
Mairie, Douala 1er Bonanjo
P.O. Box 4745
Douala, Cameroon

Banker
Citibank Ltd
Stanbic IBTC Bank Ltd
Zenith Bank Plc
Guaranty Trust Bank Plc
Ecobank, Douala
NIC Bank, Nairobi
United Bank for Africa Plc, Douala
BGFI Bank, Douala
United Bank for Africa Plc, Abidjan
Societe Ivorienne De Banque, Abidjan
Attijari Bank, Tunis
BIAT, Tunis

Solicitors
Bayo Osipitan & Co
2A, Ireti Street
Yaba, Lagos
Nigeria

Auditors
PricewaterhouseCoopers
Landmark Towers
5B, Water Corporation Road
Victoria Island, Lagos, Nigeria

Registrars
Pace Registrars Limited,
24, Campbell Street
Lagos, Nigeria

Corporate Profile

Continental Reinsurance Plc ("the Company" or "Continental Re") is a Pan-African reinsurance Company providing Life and Non-Life reinsurance on both treaty and facultative portfolio with a well-diversified business mix and customer base across Africa. The Company was incorporated as a private reinsurance Company in Nigeria in 1985. It commenced business as a general reinsurer in January 1987 and became a composite reinsurer in January 1990.

It became a public limited Company in 2000 and recapitalized from NGN 2 billion to NGN 10 billion in 2007 and was listed on the Nigerian Stock Exchange on 30th May 2007. However, the company delisted from the Nigerian Stock Exchange on January 17, 2020, consequent upon the approval of a Scheme of Arrangement for the restructuring of the business operations by the shareholders.

Our Pan -African Footprint

Continental Reinsurance writes business in more than 50 African countries, which are serviced from our six client service centres in Nigeria, Botswana, Cameroon, Côte d'Ivoire, Kenya and Tunisia. We also have an inhouse technical 'referral competence', Continental Property and Engineering Risk Services (CPERS), that services all our clients across Africa. With a diversified and profitable portfolio, we offer our clients a product of indisputable value underpinned by our uncompromising service and technical capability.

- Lagos office
- Douala and Abidjan offices
- Nairobi office
- Tunis office
- Gaborone office

The group corporate head office is in Lagos, Nigeria. It serves as the Lagos regional office and covers business activities in the Anglophone West African Countries while its regional office in Tunis, covers the Northern/Maghreb/Middle East territories and provides Takaful reinsurance offering to the Company's clients and partners in those regions.

Also, in line with its strategic mission of being a Pan African reinsurer, the group also established three African subsidiaries as follows:

a. Continental Reinsurance Limited, Kenya established in 2011 to cover businesses in Eastern Africa markets.
b. Continental Reinsurance Cameroun SA established in 2014 to covers Francophone West and Central Africa operations.
c. Continental Reinsurance Company Limited, Botswana established in 2014 to cover Southern Africa market excluding South Africa.

All subsidiaries are capitalised and licensed by their respective regulators and are structured to fully exploit the significant opportunities available in the region in which they operate.

Product and Services

The Company provides world class products and services that cover basically non-life and Life treaty and facultative reinsurance, supported by first class retrocessionaires in the London and African Reinsurance markets. The products and services cut across Fire, Energy, Marine, Liability, Accident and Life, both individual and group life.

The Company has a well-structured, managed and solid investment portfolio, with diversified investment focus that enables it to meet future claims and operational obligations and limit its exposure to investment risk in order to preserve shareholders' capital and thereby maximize total return on investment.

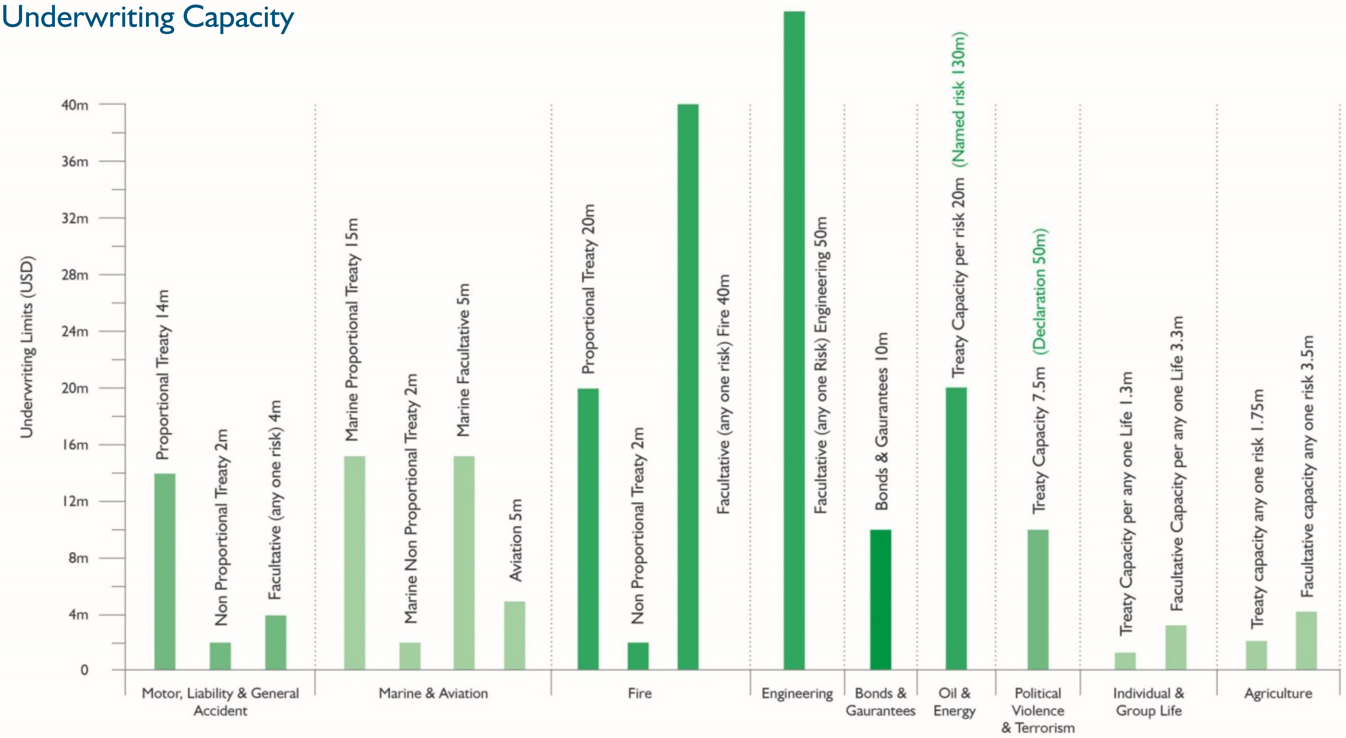
In line with its continued commitment towards developing the insurance industry, to provide reinsurance skills required to fill the knowledge gaps in the African markets and to enhance the technical capacity of its clients, the Company provides top class specialized training and development programmes to its esteemed clients and the insurance industry in general on various classes of insurance and reinsurance portfolios including Fire, Energy, Business Interruption, International Reinsurance, Life and Pension, Motor and General Accident Insurance and Engineering/Bond Insurance among others.

Credit rating

The Company is rated B+ (Good) for financial strength by A. M. Best, the world's oldest and most authoritative insurance rating company. The rating signifies that the Company has the capacity to meet its ongoing obligations.

Continental Reinsurance is a notable brand in reinsurance in Africa. With an emphasis on trusted relationships, the Company will build on its diversified and profitable portfolio to offer uncompromising service and technical capability to its diverse clients because everything it does is underpinned by the translation of its pan-African track record and commitment into local value.

Underwriting Capacity



Financial Highlights

for the year ended 31st December, 2019

₦ millions, unless otherwise stated	2018	2019	Change in %
Non -Life			
Premium earned	19,932	33,663	69 %
Life			
Premium earned	3,189	5,167	62 %
Investment			
Investment income (Net of Provision)	3,462	2,712	-22 %
Return on investment in %	11%	9 %	
Total			
Premium earned	23,122	38,831	68 %
Combined ratio in % (Net of Retro)	95 %	96 %	2 %
Net income	3,322	1,896	-43 %
Earnings per share in kobo	34	18	
Shareholders' equity	28,948	30,189	39 %
Return of equity[1] in %	11%	6 %	
Number of employees[2]	92	92	

[1]Return on equity is calculated by dividing annualized net income attributable to common shareholders by average common shareholders' equity.
[2]Permanent staff

Financial strength ratings as at 31st December, 2018	A. M. Best
Ratings	B+
Outlook	Good
Earnings per share in kobo	

Share Performance Market Capitalization as at 25th March, 2020	
Share price in ₦	2.20
Number of Shares (Billion)	10.37
Market capitalization in ₦ Bn	22,820

Non Financial Highlights

Shareholders Approved Restructuring Plan

Shareholders of Continental Reinsurance Plc on Tuesday October 29, 2019 approved a Scheme of Arrangement geared towards the restructuring of the Company' business operations. The effect of the Scheme was the transfer of all the shares in the capital of the Company to CRe African Investment Ltd' (CRe Mauritius), a company domiciled in Mauritius and capitalized by C-Re Holding Limited, the majority shareholders of Continental Reinsurance Plc. The Scheme transformed Continental Reinsurance Plc into a fully owned subsidiary of to CRe African Investment Ltd'.

A. M. Best Affirms Ratings of Continental Reinsurance Plc

Our rating agency A. M. Best affirmed the Financial Strength Rating of B+ (Good) and the Long-Term Issuer Credit Rating of "bbb-". The outlook of these Credit Ratings is stable.

Agriculture insurance capability

We expanded our product relevance by launching our Agriculture Reinsurance capability. We intend to grow a profitable revenue stream from the business class through capacity building, collaborations and partnerships with key stakeholders across the African continent.

Continental Re Centre

The Company has completed its state of the art new head office building in Lagos named Continental Re Centre and has relocated its operation to the new office premises.

New Group Operating Model

The Board approved the new operating model for the Group which was designed to strategically drive the business operations through shared services, centres of excellence and cost optimization.

Implementation of New Software

We recently acquired a robust, world class core reinsurance software called 'Standard Industrial Classification' which went live in January 2019. We also upgraded our financial system from the Sage 1000 to the new Sage X3 software. This will go a long way to enhance our operations and provide fast and efficient service delivery.


Growth in group gross premium income
39%

Commitment

Collective passion and commitment to the industry.

Chairman's Statement

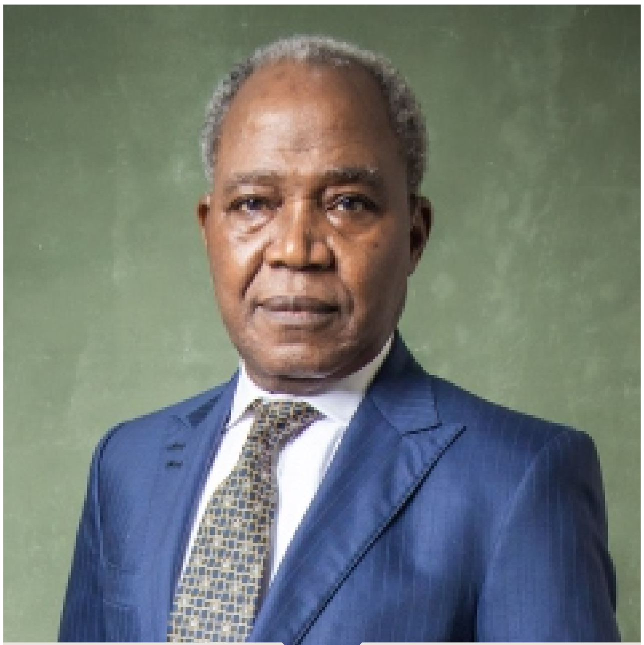
2019 was a unique year for the Company as it obtained the approval of its shareholders and the regulators to undertake a Scheme of Arrangement for the purpose of restructuring its business. The objective of the restructuring is to enhance the growth of the business, reposition the Company for enhanced competitiveness and provide for a sustainable increase in profitability. The successful implementation of the Scheme culminated in the 100% acquisition of the shares of the Company by its parent company in Mauritius, CRe African Investment Limited and the delisting of the shares of the Company from the Nigerian Stock Exchange.

Business and Operating Environment

Global Economy

The business environment is becoming more challenging with each passing day. The global economy grew by 3% in 2019 as against an initial projection of 2.9% and economic and financing conditions continued to tighten while trade tensions remain elevated across major economies in 2019 due to concerns resulting from the negative spillover effect of the protracted trade dispute between the U.S. and China, the lingering Brexit uncertainties and geopolitical tensions in the Middle East. As a result of these factors, emerging markets and developing economies experienced significant financial market stress and lost momentum in their recovery.

Towards the end of the year 2019, the International Monetary Fund ("IMF") released its economic outlook for year 2020 and it projected a global growth rate of 3.4% reflecting an expected improvement in economic performance in a number of emerging markets in Latin America and the Middle East, moderation of investment growth in major advanced economies and strong growth in some non-resource-intensive countries of Sub-Sahara Africa. However, it is now uncertain that the projected growth rate will be achieved in view of the expected impact of the COVID-19 pandemic on the global economy. The pandemic had forced governments of the world major economies to enforce a lockdown of their countries and this has resulted in a slump in international travel and local commute, crash in global commodity prices particularly crude oil and material disruption of global supply chains, in effect, crippling economic activities the world over. Fitch Rating expects the world GDP to contract by 3.9% in 2020 and projected recession, likely to be twice as severe as the 2009 recession. Policy missteps at this stage would further exacerbate an already worsening global economy and it is hoped that countries and governments would move towards stronger multilateral cooperation, shared economic objectives and national-level policies that will provide timely support and foster a sustained recovery to the benefit of all.



The global economy grew by **3%** in 2019 as against an initial projection of **2.9%**

Chief Ajibola Ogunshola, Chairman

African Economy

In 2019, the recovery in Sub-Sahara Africa continued at a softer pace. According to IMF World Economic Outlook, Gross Domestic Product (GDP) grew by 3.3% in 2019 as against 3.2% in 2018, significantly slower than expected, partly due to weaknesses in the region's major largest economies of Nigeria, Ethiopia and South Africa. The year 2020 is expected to be another year of modest growth and the IMF had projected a growth rate of 3.5% for 2020-2021; however, as at the end of March 2020, the WEO predicted a negative growth of 1.6% for the region because of the current world economic realities and expected impact of COVID-19 pandemic on the economies in the region.

It is anticipated that falling commodity prices, the disruptive impact of the lockdown, job losses, tight financial conditions in the advanced economies and debt overhang on African nations might cause prolonged recovery for the continent. In this difficult environment, it is of paramount importance for developing economies to build policy buffers, laying a strong foundation for future recovery by boosting human capital and promoting trade integration.

Financial Performance

The highlights of the company's financial performance during year 2019 are contained in the Group MD overview.

Reinsurance

Though the operating environment in Sub-Sahara Africa remains challenging, the reinsurance market in Sub-Sahara Africa continues to offer growth potential. The continued presence of global reinsurance companies in the African market had enhanced competition and the growth of the sector. The renewal season in 2019 witnessed price increases following two consecutive years of significant catastrophe losses. Pricing continues to improve, and there had been improvements on the reinsurance treaty side which were largely driven by bigger improvements in pricing in the primary markets. However, these moderate increases in rates did not transform into reinsurers' profitability as the sector continues to face other weak business conditions.

Also, the initial stable outlook forecast for the global reinsurance sector for the year 2020 and beyond became short-lived by the emergence of the COVID-19 pandemic and, although we cannot yet foresee the exact effects of the pandemic at this time, it is certain that the probable short and long-term costs would be substantial.

It is expected that the pandemic will exacerbate the tightening of the non-life market segment, especially the catastrophe risk, and the segment could find itself in demand, as re/insurers would be looking for ways to better protect their balance-sheets in 2020, in light of the expected impact to their capital and the potential for ongoing losses from the pandemic. However, we do not expect the pandemic to prove a hindrance to our business objectives, as we expect the Company to become stronger in this challenging environment. With our balance sheet, industry experience and unalloyed commitment, we will remain a reliable partner to our clients. We are confident of emerging stronger from the coronavirus crisis as we will be able to avail ourselves of the opportunities likely to arise.

Nigerian Insurance Market

The Nigerian insurance industry has experienced significant growth in the past few years, though still full of untapped opportunities. It had a favourable year in 2019 with growth of the Gross Premium Income (GPI) rising by over 12% to an estimated N471 billion. The major contributors to the growth were increased regulatory support through the implementation of micro-insurance and bancassurance insurance initiatives, favourable macroeconomic indices, the commencement of major projects across the country and increased awareness of the benefit of insurance. Despite the growth achieved in the previous year, enormous untapped opportunities abound as well as challenges, but the reinstatement of the January-December budget cycle is expected to boost business planning and investment and the effect of the new Finance Act and other economic reconstruction policies geared toward revitalizing the growth of economic activities will surely benefit the insurance industry in the year 2020.

The National Insurance Commission remains committed to building capacity and improving the resilience of the insurance sector as evidenced by its push for the recapitalization in the sector. It is expected that the recapitalization will create supply-side capacity for local content utilization, enable the industry to support big infrastructural projects, restructure existing market fundamentals and reposition the industry for the greater benefit of all stakeholders.

We are optimistic that we will comply with the minimum capital requirement long before the deadline which has been split into two phases owing to the COVID-19 pandemic.

Head office building

The construction of our state-of-the-art head office building was delayed due to the enactment of movement restrictions because of the pandemic; however, the building is now majorly completed, and we have commenced the running of our operations from the new office. The new building was designed to promote environmental sustainability, provide our staff with a functional, spacious and stylish space to work and run our operations; in turn, increasing productivity.

Board changes

Strong governance is one of the keys to our ability to achieve our vision and grow safely. The Board plays a vital role in good corporate governance and we will continue to make suitable additions to the board as appropriate.

Staff

Our employees are our greatest asset for the achievement of the business objectives and goals. The Company ensures that the right talents are considered for appointment, diversity and inclusion in its people management agenda, promotes equal opportunity for all employees to acquire the right competencies that will enable them to deliver the best results and also ensures the security, health and safety of staff. Our employees are dedicated and always strive to make significant contributions towards stabilizing our growth and business. Their exemplary responses to the current challenging business environment resulting from the pandemic is a reaffirmation of their commitment towards making "Continental Re" the preferred company in the market.

Future outlook

We remain undaunted in our vision to make Continental Re" the premier Pan-African reinsurer and we will continue to pursue this with strength and vigour. We remain committed to ensuring that our Company continues to improve on all its performance-measurement parameters. The destabilizing impact of current realities has reawakened our focus and we are confident of achieving our target performance because of all the measures and strategies that have been put in place. We expect the road to be bumpy, but we are confident that we are well-positioned to take advantage of opportunities created by the situation.

As a Company, our achievements thus far would not have been possible without the support, understanding and cooperation of all our partners. I thank the Board of Directors for their insights and guidance in ensuring that the Company is well run. I also thank the management and staff for their commitment and dedication.

Chief Ajibola Ogunshola
Chairman

Section 1

Section 2

Section 3

Contact Information

Group Managing Director's overview

It gives me great pleasure to present a summary of our business and strategic performance highlights for year 2019.

Despite the turmoil on economic activities and slowing down of businesses occasioned by uncertainties / heightened political environment in our major markets, instability and decline in prices of major commodity prices, increased trade tensions between major world economies (the United States and China), lingering Brexit uncertainties and geopolitical tension in the Middle East during the year, Continental Reinsurance PLC turned out another good operation and financial fundamentals in year 2019.

Our firm commitment to sustainability through volume growth, improved operational efficiencies, development of critical skills and our determination that the clients should be at the center of everything we do assisted us to maintain our position in the market. We focused on our value discipline of customer – centricity to build on what was already a great strength of our business and helping us address our clients' evolving needs.

We achieved stronger fundamentals in underwriting and investment, attained industry core competences as well as strengthened financial base to sustain future growth.

Dr. Olufemi Oyetunji, Group Managing Director/CEO

Our Strategy

We concluded our twin strategy consolidating our brand presence and the enhancing our client services to guarantee sustainable growth and strengthen our already formidable multi-national talent pool to the benefit of our continent at large. As evidenced by our financial and operations reports, we are bold to say that most of the metrics have been achieved. We achieved stronger fundamentals in underwriting and investment, attained industry core competences as well as strengthened financial base to sustain future growth.

In line with our strategic initiative of diversification and development of a balanced portfolio, we expanded our product relevance by launching our agriculture insurance capabilities. We intend to grow this profitable stream of revenue through capacity building, collaboration and partnership with key stakeholders across the African continent. We have substantial growth potentials in this business line that will make our growth aspirations achievable.

2019 was a year of renewed focus on professional growth and development of our employees as we implement new organizational structure in line with the new operating model approved by the board. The model is a harmonized unitary approach which will enable us, based on our key competences, to operate and deliver as one entity, across all geographical locations.

Professional development workshops focused on improving our service delivery to clients were conducted for our employees, and we believe these would assist our employees to deliver a more meaningful service to our stakeholders.

Continental Re continues to model positive engagement in the industry as we demonstrate our unique culture in organizing well-resourced CEO summit with the presence of exceptional speakers, delivering fit for purpose messages. The annual programme is one of the pillars of our strategy to always engage with stakeholders in the industry on topical issues aimed at advancing the African Insurance market. Our 6th CEO Summit was held between March 28th and 29th 2019 in Mauritius under the theme 'Leadership for Sustainable Insurance'. The two-day summit gave the leaders an opportunity to engage in discussions on the various roles of the industry in supporting investments that contribute to sustainable insurance. The participants agreed that tapping into opportunities presented by Sustainable Development Goals (SDGs) by developing business cases to address needs and capture opportunities of SDGs in Africa; coming together of regulators across the continent to promote collaborative thinking on topics that are increasingly becoming significant for insures in Africa; working to deliver affordable risk management services that cater for the needs of all, including the poor and vulnerable people; quality investment in brand and risk management practices will all enhance the continued growth and sustained profitability of insurance sector in Africa.

Our Annual Pan-African Re/Insurance Journalism Awards, organized jointly with the CEO summit lived up to the expectations of promoting professional journalism, creating influencers who are disseminating credible news about Re/insurance, making audiences to understand and trust the industry better, ultimately increasing insurance penetration in sub-Saharan Africa. Year 2019 edition achieved a higher standard and cast an interesting view over a wealth of insurance stories. The number and quality of entries attest to our continued commitment to advance excellence in the sector.

Also, in 2019, our Company was in the spotlight in major African industry events and supported localized insurance activities. The sponsoring and participation in such events help build awareness for our brand and boost the Company's image to existing and prospective clients.

Performance

The Company's performance in 2019 reflects the outcome of targeted underwriting actions and increased underwriting discipline. Gross Premium Income grew by 39%, from NGN34.19 billion in 2018 to NGN47.66 billion in 2019 and the underwriting profit increased by 36% from NGN1.18 billion in 2018 to NGN1.6 billion in 2019.

Despite the recorded increase in underwriting performance compared to year 2018, profit before tax reduced by 41% from NGN4.36 billion in 2018 to NGN2.58 billion in 2019 and profit after tax reduced by 37% from NGN3.32 billion in 2018 to NGN2.08 billion in 2019. This was due to a drop in currency exchange gain from NGN 1.8 billion in 2018 to NGN74 million in 2019 as a result of move to official Naira exchange rate in 2018 that saw the significant gain following currency devaluation which is the group reporting currency. This led to relative stability in the year 2019. There was a slight reduction in Investment income from NGN2.20 billion in 2018 to NGN2.17 billion in 2019.

Total assets grew by 16% from NGN57.64 billion in 2018 to NGN66.76 billion in 2019 and Shareholders' fund increased by 5%, from NGN28.95 billion in 2018, to NGN30.38 billion in 2019.

Looking Forward

The initial year 2020 growth projection for Sub-Saharan Africa by the World bank was 2.9%. This was based on the assumptions of improved investors' confidence, easing of energy bottlenecks, increased oil production and continued robust growth of agricultural commodity export. The projection was to propel upward spending on major infrastructure that will impact positively on insurance activities. Our positioning across the continent gave us the lead to take advantage of the opportunities in the marketplace where we operate.

The emergency of COVID-19 pandemic in the beginning of year 2020 brought lots of uncertainties that has caused extreme personal distress and challenged business sustainability across the world. The devastating impact of the policy responses to address and contain the spread of the virus in the world led to reversal of previous growth projection and large cut to global GDP forecast. At the end of April 2020, Fitch Rating expects world GDP to contract by 3.9% in 2020, a recession of unprecedented depth. This would be twice as severe as the 2009 recession and translates to a USD2.8 trillion decline in global income levels relative to 2019 and a loss of USD4.5 trillion relative to our pre-virus expectations of 2020 global GDP.

Although the pandemic extremely challenged business sustainability across the world, it has also created an environment for greater collaboration, innovation and digital transformation, particularly within the insurance industry. As reinsurers, we are demonstrating our value more effectively as lubricants of the economy to create greater cohesion with other sectors of our economies.

As we did with the UN–Principles of Sustainable Insurance, we integrated our global efforts to proactively prevent and manage climate related catastrophes and pandemics. We are focusing our attention on the crisis on the continent by working with industry players to contribute towards resolving this challenge. We are closely monitoring developments in our markets and have instituted internal protocols to protect our staff while supporting our clients uninterruptedly and have the right to strategies to trigger a return to normal.

It is encouraging that our operations are propelled by global technological trends and our internal preparedness. Our operations are going on as usual but with significantly increased health and safety measures in place. As a pan-African player, we have embraced innovative business practices and fresh thinking, forged by our experiences across Africa.

The global crisis caused by the pandemic present us with a chance to further impress on our clients our important role in helping provide continuity and protection. We remain a reliable partner to our clients as our systems continue to support them uninterruptedly and credibly delivering on our brand value for responsiveness through our various teams.

At the conclusion of our current strategic growth plan, we evaluated our performances to determine the success and the gaps. We combine our past experiences with present realities and future aspirations in line with the overall goals of the company to roll out our next strategy phase know as Project 2020 - 2022. The new strategy plan is with the objectives of expanding the revenue base with clear choice on preferred markets and segments, and enhancing group profitability through high underwriting standards, a coherent structure, operating efficiency, resource leverage and effective execution. Despite the uncertainty resulting from COVID-19, we are confident that our experience, diversified presence across the continent and formidable multi-national talent pool will sustain us to the realisation of the strategic objectives.

Conclusion

In conclusion, I would like to appreciate our valued partners for their continued patronage and loyalty and the Board of Directors and our staff for their unalloyed commitment and support. I assure all our stakeholders of our total commitment to excellence as we are counting on you all for better performance as we navigate into the future to the benefit of all.

Dr. Olufemi Oyetunji
Group Managing Director/CEO

2019 Financial Year Business Review

Review of operations

As a composite reinsurance company, Continental Reinsurance Plc (C Re) continues to accept life and general (non-life) business from Nigeria and other African countries with life business coming substantially from Nigeria.

To maintain proper focus and better service delivery, the technical and underwriting operations continue to be structured along regional lines indicated below. These are also the reporting regional/subsidiary offices.

- Lagos office covering Nigeria, other Anglophone West African countries, Angola and South Africa.
- Abidjan office covering Francophone West Africa.
- Tunis office covering North Africa and Middle East states.
- Douala subsidiary office covering Central Africa.
- Nairobi, subsidiary office covering East Africa.
- Gaborone, subsidiary office covering Southern Africa excluding South Africa.

The group lines of business are classified as follows:

- Fire which covers Property and all Engineering sub-classes.
- General Accident class.
- Marine and Aviation class.
- Liability and Motor class.
- Energy (Oil and Gas) class.
- Life comprising of Individual and Group life classes.

Non-Life Business

Premium Income:

The group's non-life gross written premium grew by 36% in 2019 over the performance in 2018 from NGN30.03 billion to NGN40.87 billion. This performance is a further confirmation of the positive impact of the regional expansion strategy adopted by management.

Geographical Distribution:

The group's performance in 2019 is further confirmation of the continued viability of Continental Re's geographical expansion strategy. This has helped to further achieve penetration into and deepening of our markets and resulted in spreading and diversification of risk. As earlier stated, for effective coverage of the African continent, Continental Re currently operates in six strategic locations across the continent through a combination of regional and subsidiary offices.

The Lagos office's percentage contribution to total premium has further dropped by 1% from 43% in 2018 to 42% in year 2019. This was due to growth of Nairobi and Gaborone subsidiaries.

In 2019 the Lagos business constituted 42% of the total non-life business compared the previous year's contribution of 43%. On the other hand, Nairobi and Gaborone subsidiary contributed 25% and 15% compared to the contribution of 22% and 14% respectively in 2018. Douala subsidiary contributed 4% while Tunis and Abidjan offices contributed 9% and 4% each to the total non-life premium.

Classes of Business

The business performance by class in 2019 was moderate across all classes with Fire taking the lead as usual. The percentage contributions to total non-life premium by business lines were 65% for Fire, 16% for General Accident. Energy and Marine contributed 7% while Liability 6%.

Management plans to consolidate on the 2019 gains by further pursuing the twin growth strategy of consolidation in existing and new markets' segments.

Claims Incurred

The non-life gross claims incurred in 2019 was NGN22.02billion representing 89% increase from the NGN11.66 billion recorded in 2018.

This shows a negative trend with claims growing at a rate of 89% in comparison with premium growth of 36% from previous years' results.

Acquisition costs and Charges

Non-life acquisition costs and charges increased by 92% in 2019, from a total of NGN6.01 billion in 2018 to NGN11.5 billion in 2019

Combined ratio;

Non-life combined ratio is calculated as a percentage of 'Net Earned Premium' and includes Claims incurred, Acquisition costs and Charges and Management Expenses. The combined ratio for non-life operations increased from 95% in 2018 to 97% in 2019. Barring any unusual claims experience, the combined ratio is expected to improve in the next couple of years as increase in volume and stability is achieved.

Life Business

Premium Income;

Life business grew significantly in 2019 by 63% to NGN6.79 billion from NGN4.16 billion in 2018.

Group life contributed 95% of the total premium of NGN6.79 billion generated in 2019, down by 2% from 97% contribution in 2018. This mix still shows the continued dominance of the Group life business, a trend expected to continue over the next couple of years mainly due to the impact of the Nigerian Pension Reform Act where the bulk of the premiums are generated. The trend is however expected to taper as the individual life business is beginning to gain more acceptance.

Life Business Outgo;

Life Gross Claims Incurred in 2019 was NGN2.7 billion compared to NGN1,90 billion in 2018; an increase of 39%. Acquisition costs and charges paid were NGN1.7 billion in 2019 compared to NGN901 million in 2018 representing 90% increase.

Investments

1. Our Investment Objective:

   Our key investment objectives in managing the company's financial assets are to ensure that as a reinsurance company, we preserve the company's capital, meet current and future claims and other obligations while maximizing total return and reducing exposure to investment risks.

   Accordingly, the principal goal of our asset management strategy is to safeguard the assets and match the liability profiles of the Company and make funds available to support reinsurance obligations, while at the same time ensure that current operating cash in-flows are adequate to meet the current year operating obligations. Investments are managed in line with the following compliance guidelines:

   - National Insurance Commission (NAICOM) guidelines;
   - Insurance Regulatory Authority (IRA), and NBFIRA guidelines;
   - Board approved policies; and
   - Risk Management: Portfolio Investment objectives of Assets and Liability Matching in line with the currency and tenor of our Liability profile

   We use multiple investment instruments to maintain enough liquid resources needed to meet reinsurance claims and other operational and strategic investment cash outflows. Therefore, in executing investment activities, we engage only in operations designed to achieve high quality and liquid investment portfolio.

2. 2019 Macro-Economic Review

   According to data released by the Nigerian Bureau of Statistics ("NBS"), Nigeria's economy grew by 2.28% in Q3 2019 compared with 2.12% in Q2 2019 and 1.81% recorded in Q3 2018. The improved growth was driven largely by the performance of the oil sector, which grew by 6.49 per cent, while the non-oil sector grew by 1.85 per cent. The Central Bank of Nigeria projected that GDP will grew by 2.38% in the Q4 2019 to be driven by non-oil sector. Headwinds to this projection, include continued high level of unemployment, mild resurgence of anticipated inflationary pressures towards the December festive season, rising public debt, high level of insecurity, and slow pace of oil price recovery.

   The consumer price index, (CPI) which measures inflation increased to 11.98% in December 2019 (December 2018: 11.18%). This is 13bps higher than the rate recorded in November 2019 of 11.85%. Prices of food advanced the most in 20 months

(14.67% vs 14.48% in November), amid the country's ongoing border closures and increased seasonal demand during the Christmas season. It is expected that inflation will further trend up due to continuous border closure pending when agriculture recovers as farmer herdsman clashes further waned.

The Naira depreciated in the Investor and Exporters' window to close the year at N364.75/USD (Q2 2019:362.27/USD) but remained flat year to date when compared with the close rate of N364.41/USD as at December 2018. Naira is largely supported by the Central Bank of Nigeria continuous intervention to defend the currency by injecting liquidity into the system from time to time but the indicators for continued ability to defend the Naira is waning as the FX reserve continue to decline.
It dipped from the USD45.06 billion as at Q2 2019 to USD38.68 billion at the close the year 2019. We shall continue to build into our USD investments for a strong Balance Sheet.

Money Market

The Monetary Policy Committee ("MPC") of the CBN maintained the Monetary Policy Rate ("MPR") at 13.50%p.a. Similarly, all other policy levers were also maintained; the asymmetric corridor of +200/-500 basis points around the MPR; the CRR at 22.50% and the Liquidity Ratio at 30.00%. The decision was considered essential to support the GDP growth and attainment of single digit inflation. In addition, the CBN introduced policies, which required Money Deposit Banks to increase lending to the real sector by raising bank lending ratio to 65% of deposits; barring local investors, both individual and institutions (except banks using their proprietary fund), from participating in the Open Market Operations and restricting the local investors to the Treasury Bills and Bonds. Consequently, the system became saturated with excess liquidity, which in turn caused rates to dip significantly.

Equity Market

The Nigerian bourse ended the year in negative territory as the ASI closed at 26,842.07 from 31,141, representing a YTD loss of -14.60% for the year 2019.

3.1 Company Portfolio

Investment Asset	Investment Value			Actual Asset allocation	Budget Asset allocation	Movement in Assets	Return						Annual Budget Achieved	YE Forecsat Achieved	Annusalised Yield	
	31-Dec-19	31-Dec-18	2019				31-Dec-19	31-Dec-18	YOY	31-Dec-19	31-Dec-19	2019			2019	2019
	Actual	Annual Actual	Annual 'Budget			Dec 18-Dec 19	Actual	Actual	Growth	Orig Forecast	New Forecast	Annual 'Budget			Actual	Budget
	=N='000	=N='000	=N='000	%	%	%	=N='000	=N='000	%	=N='000	=N='000	=N='000	%	%	%	%
Cash & Cash Equivalent	4,735,311	4,862,722	3,947,747	33%	25.13%	-2.62%	389,304	658,042	-40.84%	350,045	350,017	322,187	120.83%	111.22%	8.11%	8.16%
Statutory Deposit	1,000,000	1,000,000	1,000,000	7%	6.36%	0.00%	123,711	149,878	-17.46%	121,615	123,711	140,000	88.36%	101.72%	12.37%	14.00%
Equity	1,403,104	1,510,239	1,265,067	10%	8.05%	-7.09%	155,476	22,281	597.79%	446,060	155,476	32,557	477.56%	34.86%	11.08%	2.57%
Investment Property	3,123,121	3,073,003	2,247,911	22%	14.31%	1.63%	166,184	728,134	-77.18%	94,713	114,930	105,547	157.45%	175.46%	5.36%	4.70%
Mutual Funds	312,125	282,508	267,749	2%	1.70%	10.48%	0	0	0.00%	0	0		0.00%	0.00%	0.00%	0.00%
FGN Bonds	477,508	1,699,572	4,032,875	3%	25.67%	-71.90%	17,989	199,639	-90.99%	8,042	17,989	564,338	3.19%	223.69%	1.65%	13.99%
FGN Eurobond	0	0	0	0%	0.00%	0.00%	0	0	0.00%		0	0	0.00%	0.00%	0.00%	0.00%
Corporate Bonds - Local	256,569	357,153	564,240	2%	3.59%	-28.16%	40,666	48,639	-16.39%	40,812	40,666	77,019	52.80%	99.64%	13.25%	13.65%
Corporate Bonds - Eurobond	540,631	1,850,997	1,003,293	4%	6.39%	-70.79%	126,219	275,713	-54.22%	137,869	126,244	113,030	111.67%	91.55%	10.56%	11.27%
State Bonds	0	9,123	0	0%	0.00%	-100.00%	0	6,220	-100.00%	0	0	0	0.00%	0.00%	0.00%	0.00%
Treasury Bills	2,677,004	757,067	1,382,425	18%	8.80%	253.60%	572,673	124,002	361.83%	595,121	567,114	172,788	331.43%	96.23%	33.35%	12.50%
Total	**14,525,373**	**15,402,382**	**15,711,306**	**100%**	**100%**	**-5.69%**	**1,592,222**	**2,212,549**	**-28.04%**	**1,794,277**	**1,496,147**	**1,527,464**	**104.24%**	**88.74%**	**12.51%**	**9.72%**

Table 1

Note: *Mutual fund is 100% Quoted equities for Nigeria and under sale.*

3.2 Group Portfolio

Investment Asset	Investment Value			Actual Asset allocation	Budget Asset allocation	Movement in Assets	Return					2019	Annual Budget Achieved	YE Forecast Achieved	Annusalised Yield	
	31-Dec-19	31-Dec-18	2019				31-Dec-19	31-Dec-18	YOY	**31-Dec-19**	**31-Dec-19**				2019	2019
	Actual	Annual Actual	Annual 'Budget			Dec 18-Nov 19	Actual	Actual	Growth	**Orig Forecast**	**Revised Forecast**	Annual 'Budget			Actual	Budget
	=N='000	=N='000	=N='000	%	%	%	=N='000	=N='000	%	=N='000	=N='000	=N='000	%	%	%	%
Cash & Cash Equivalent	12,578,570	12,916,821	5,950,128	44.21%	20.38%	-2.62%	770,468	929,988	-17.2%	710,032	710,004	436,389	176.56%	108.51%	6.04%	7.33%
Statutory Deposit	1,000,000	1,000,000	1,000,000	3.51%	3.42%	0.00%	123,711	149,878	-17.5%	121,615	123,711	140,000	88.36%	101.72%	12.37%	14.00%
Equity	1,403,104	1,510,239	1,265,067	4.93%	4.33%	-7.09%	155,476	22,417	593.6%	446,061	155,476	32,557	477.56%	34.86%	10.67%	2.57%
Investment Property	3,123,121	3,073,003	2,247,911	10.98%	7.70%	1.63%	166,184	728,134	-77.2%	94,713	114,930	105,547	157.45%	175.46%	5.36%	4.70%
Mutual Funds	3,499,411	3,153,310	2,899,008	12.30%	9.93%	10.98%	316,936	243,769	30.0%	331,680	331,680	246,362	128.65%	95.55%	9.53%	8.50%
FGN Bonds	1,984,309	2,605,040	7,917,379	6.97%	27.12%	-23.83%	108,401	324,245	-66.6%	102,510	112,457	843,275	12.85%	105.75%	4.72%	10.65%
FGN Eurobond	738,719	0	3,567,832	2.60%	12.22%	0.00%	51,042	0	0.0%	32,477	32,477	202,080	25.26%	157.16%	13.82%	5.66%
Corporate Bonds - Local	256,569	408,991	612,308	0.90%	2.10%	-37.27%	45,863	57,287	-19.9%	40,812	40,666	81,349	56.38%	112.38%	13.78%	13.29%
Corporate Bonds - Eurobond	540,631	2,807,345	1,522,293	1.90%	5.21%	-80.74%	126,219	324,462	-61.1%	137,869	126,244	151,700	83.20%	91.55%	7.54%	9.97%
State Bonds	0	9,123	0	0.00%	0.00%	-100.00%	0	6,220	-100.0%	0	0	0	0.00%	0.00%	0.00%	0.00%
Treasury Bills	3,327,306	1,403,884	2,215,200	11.69%	7.59%	137.01%	625,112	156,035	300.6%	655,779	627,772	227,161	275.19%	95.32%	26.43%	10.25%
Total	**28,451,739**	**28,887,755**	**29,197,127**	**100%**	**100%**	**-1.51%**	**2,489,414**	**2,942,435**	**-15.40%**	**2,673,548**	**2,375,418**	**2,466,420**	**100.93%**	**93.11%**	**9.44%**	**8.45%**

Table 1

3.3 Commentary

3.3.1 Portfolio Size

Our group investment portfolio declined by 1.09% from N28.76 billion (USD79.6 million) as at December 31, 2018 to N28.451 billion (USD 78.608 million) in December 31, 2019.

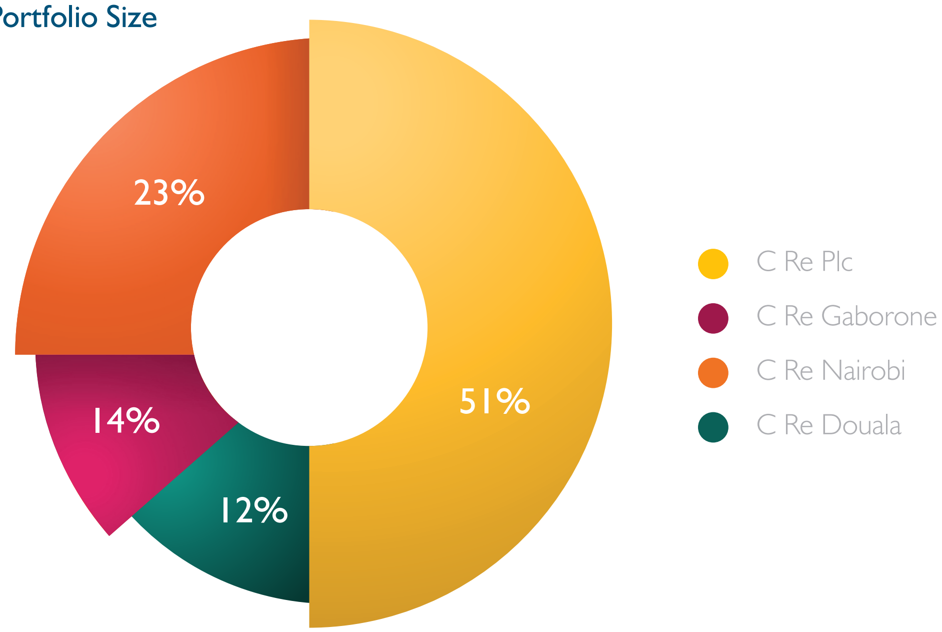
The portfolio summary by company is as follows:

Portfolio Size
(figures in thousands of Naira)

Company	31-Dec-19	31-Dec-18	% Change
C Re Plc	14,525,373	15,402,382	-5.69 %
C Re Gaborone	3,897,252	3,703,521	5.23%
C Re Nairobi	6,643,797	5,702,905	16.50%
C Re Douala	3,385,317	3,957,598	-14.46%
Group	28,451,739	28,766,406	-1.09%

Table 3

Group Portfolio Size



3.3.2 Portfolio performance

The Group investment return was N2.489 billion which represents yield on assets of 9.44% on average investment assets and we were able to achieve 100.93% of our annual budget.

The table below shows the distribution of performance across the group for the year:

Companies	Actual				YOY Income Growth	Yield on Investment	2019 Return Budget	% Contribution to 2019 Budget	% Contribution to 2019 return
	31-Dec-19		31-Dec-18						
	Income	Assets	Income	Assets					
	N'000	N'000	N'000	N'000	%	%	N'000	%	%
Lagos	1,592,222	14,525,373	2,212,549	15,402,382	-28.04%	12.51%	1,527,464	62%	64%
Gaborone	184,729	3,897,252	105,806	1,969,280	74.59%	5.07%	175,740	7%	7%
Nairobi	553,292	6,643,797	485,603	4,616,698	13.94%	8.94%	518,346	21%	22%
Douala	159,171	3,385,317	138,476	4,311,226	14.94%	4.31%	244,870	10%	6%
Group	**2,489,414**	**28,451,739**	**2,942,434**	**26,299,585**	**-15.40%**	**9.44%**	**2,466,420**	**100%**	**100%**

The investment in Nigeria continue to be the major contributor to the group investment performance; contributing 64% of the total group return at 12.51% yield as against the budget yield of 10.06%.

Analysis of return on investment

The table below shows the analysis of the contribution of the various asset classes to investment performance for the period.

Asset class	Lagos			Gaborone			Nairobi			Douala			Group		
	weight	Return	% Contribution to income	weigt	Return	% Contribution to income	weight	Return	% Contribution to income	weight (%)	Return (%)	% Contribution to income	weight	Return	% Contribution to income
Cash & Cash Equivalent	32.60%	8.22%	24.45%	95.56%	4.76%	95.87%	11.04%	6.52%	8.11%	100.00%	4.70%	100.00%	44.21%	6.04%	30.95%
Statutory Deposit	6.88%	12.37%	7.77%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	3.51%	12.37%	4.97%
Equity	9.66%	11.08%	9.76%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	4.93%	10.67%	6.25%
Investment Property	21.50%	5.32%	10.44%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	10.98%	5.36%	6.68%
Mutual Funds	2.15%	0.00%	0.00%	0.00%	0.00%	0.00%	47.97%	11.04%	57.28%	0.00%	0.00%	0.00%	12.30%	9.53%	12.73%
FGN Bonds	3.29%	3.77%	1.13%	0.00%	0.00%	0.00%	22.68%	6.38%	16.34%	0.00%	0.00%	0.00%	6.97%	4.72%	4.35%
FGN Eurobond	0.00%	0.00%	0.00%	4.44%	4.41%	4.13%	8.52%	8.31%	7.85%	0.00%	0.00%	0.00%	2.60%	13.82%	2.05%
Corporate Bonds-Local	1.77%	15.85%	2.55%	0.00%	0.00%	0.00%	0.00%	-100.00%	0.94%	0.00%	0.00%	0.00%	0.90%	13.78%	1.84%
Corporate Bonds-Eurobond	3.72%	23.35%	7.93%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.90%	7.54%	5.07%
State Bonds	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Treasury Bills	18.43%	33.35%	35.97%	0.00%	0.00%	0.00%	9.79%	8.77%	9.48%	0.00%	0.00%	0.00%	11.69%	26.43%	25.11%
Total	100.00%	12.51%	100.00%	100.00%	5.07%	100.00%	100.00%	8.94%	100.00%	100.00%	4.31%	100.00%	100.00%	9.44%	100.00%

Table 6

4.0 Asset allocation

The charts below show the asset allocation and distribution by traditional classification for the group and the company:

Group Asset Allocation

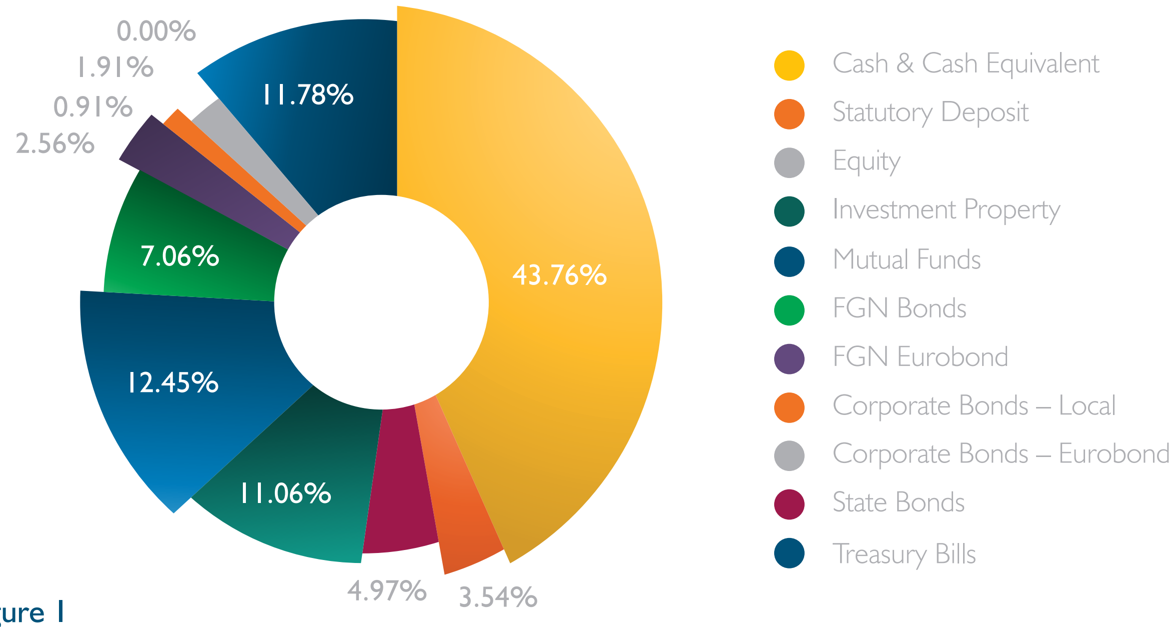


Figure 1

Fixed income proportion: 79%

Company Asset Allocation

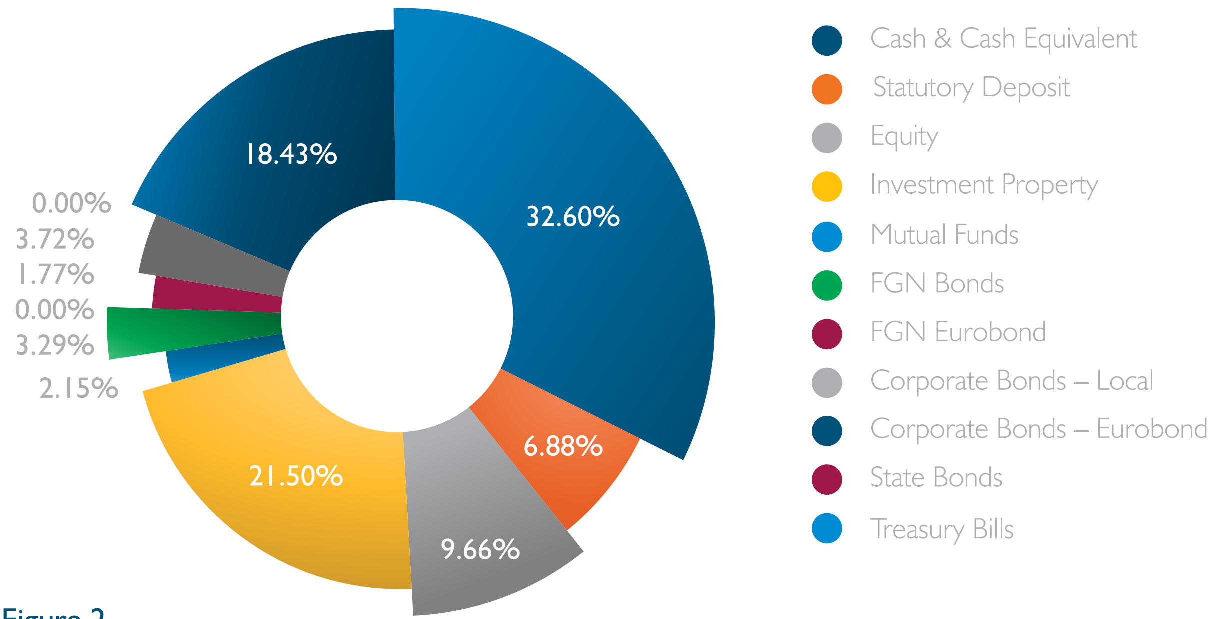


Figure 2

Fixed income proportion: 57%

5.0 ALM and currency matching/congruence framework

The Liabilities of the company are mainly short and medium term in nature than long term, so, the company is focused on short term liquidity management and currency matching to mitigate exchange rate fluctuations.

5.1 Liquidity management

The focus of liquidity is both funding of liability and the ability to realize assets in the market without taking significant cut in the prices of the assets or loosing income.

5.2 Currency matching

The company matches its liabilities by currency by holding assets in the currencies of liabilities in the various regions. The purpose is to mitigate the impact of exchange losses that may arise from buying currencies to settle liabilities and/or keeping idle or low earning currencies' asset class; however, it is still exposed to foreign exchange risk due to other factors that impact on foreign exchange movement in the currencies of the countries that the company does her business.

The tables below show group assets by currencies and the composition of the currencies to total portfolio:

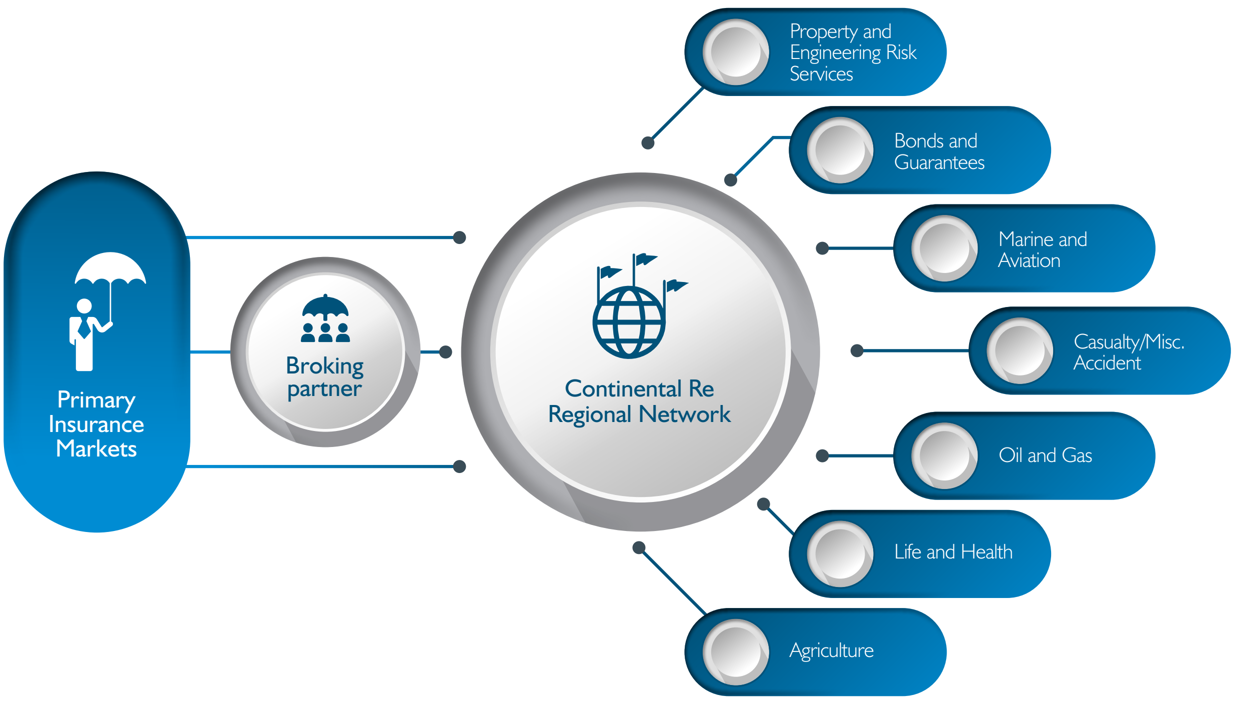
Group's Assets by currency

Currencies	=N=	USD	KES	CFA	GBP	BWP	TND	EUR	GHS	MWK	Total
Asset Class	**=N='000**	**=N='000**	**=N='000**	**=N='000**	**=N='000**	**=N='000**	**=N='000**				**=N='000**
Placement with banks	1,339,199	5,782,234	905,059	3,452,536	0	683,150	581,870	0	0	0	12,744,048
Quoted Equity	713,690	0	0	0	0	0	0	0	0	0	713,690
Unquoted Equity	179,119	152,330	0	357,965	0	0	0	0	0	0	689,414
FGN Bond	477,508	1,286,320	4,631,313	0	0	0	0	0	0	0	6,395,140
Corporate Bond	256,569	540,631	0	0	0	0	0	0	0	0	797,199
State Bond	0	0	0	0	0	0	0	0	0	0	0
Treasury Bill	2,677,004	0	0	0	0	0	0	0	0	0	2,677,004
Mutual Fund	0	158,917	0	0	153,208	0	0	0	0	0	312,125
Statutory Deposit	1,000,000	0	0	0	0	0	0	0	0	0	1,000,000
Investment Property	650,600	0	0	2,472,521	0	0	0	0	0	0	3,123,121
Total	**7,293,689**	**7,920,431**	**5,536,372**	**6,283,022**	**153,208**	**683,150**	**581,870**				**28,451,739**
% to total asset	**25.64%**	**27.84%**	**19.46%**	**22.08%**	**0.54%**	**2.40%**	**2.05%**	**0.00%**	**0.00%**	**0.00%**	**100.00%**

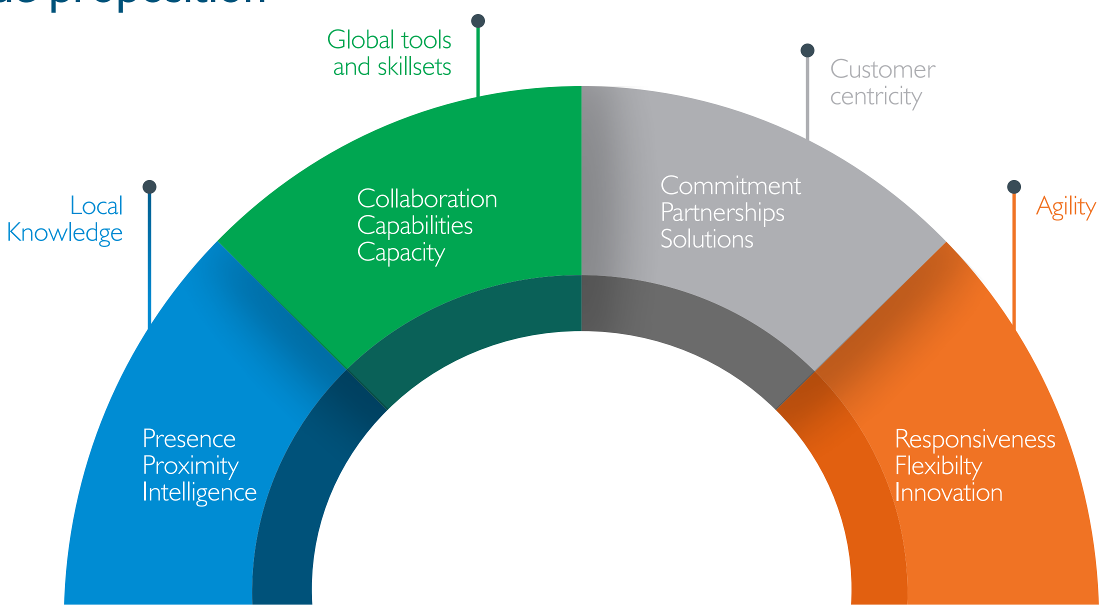
6 2020 Investment Strategy

Our investment strategy is crafted to enable us to achieve our objectives for the year. The strategy focus is on assets' allocations based on our expectation of asset return performance across the regions. Consequently, we will allocate funds to the classes that give the superior risk adjusted returns across our operating regions to optimize our investment return. The allocations will be done taking into consideration the various constraints, which include liquidity, liabilities durations, regulatory requirement and capital charges impact on the various asset classes.

Our Business Model



Our value proposition



Claims settlement excellence

Strategy Framework

Strategy Themes	No.1-3 in African Reinsurance Market	Profitability	"A" A. M. Best Financial Security Rating

Sustainable Shareholder Value

FINANCIAL Delivered to Shareholders

- **Market Share** – High ranking in key markets and key clients
- **Revenue** – Consistent high quality growth
- **Cash flow** – Improved collections and credit control
- **Net Income** – Optimal Retrocession Increased retentions
- **Expenses/ Claims** – Low expense and claims ratio
- **Profitability** – Combined Ratio ROE

Customer Value Proposition

CUSTOMER Fulfilling Customer Expectations

- **Service** – Accessible, Responsive, Timely and Flexible
- **Capabilities** – Reinsurance knowledge application, sharing and transfer
- **Products** – Relevant and competitive solutions across diverse lines
- **Geography** – Enhanced proximity, further 'localisation' and market knowledge
- **Value** – Adequate and secure capacity and customised solutions

Business Process Excellence

PROCESSES Excelling in best operational practices and processes

- Business Development Customer Relationship Management
- Risk Management
- Disciplined Underwriting
- Claims Management Excellence
- Shared Services (HR, ICT, Finance, Capital Management, Accounts, ERM, Marketing, etc)

Business Capability Development

LEARNING AND GROWTH Continuous Improvement on Capabilities

Human Capital

- Optimal human resource base
- Superior knowledge and skills in Reinsurance, Underwriting, Risk, Accounting and Asset Management
- Innovation and adaptation
- Continuous professional learning and development

Learning Organisation

- Integrated ICT Infrastructure and institutionalised business intelligence from credible real-time data and statistical base
- Best in class application systems
- Relevant Risk management tools
- Process automation
- Feedback loop: Claims – Risk Management - Underwriting

Client-Customer Development and Sustainability

- Training and Supportive operating structure
- Ethical Reputation
- Strong culture and Alignment with Principles of Sustainable Insurance and ESG underwriting guidelines

Our People

Employment and Employees

The Company ensures commitment and compliance to best human resource management practices. We conform with all regulatory requirements in the employment of staff, whilst also ensuring that only fit and proper persons are approved for appointment to board or top management positions.

This philosophy continues to guide us in the way we work and is reflected in our policies and practices at every stage of our employment cycle.

Equality and Diversity Policy

As a Company, we are proud to be a multi-cultural community operating in an increasingly competitive and diverse business world. We value equality and diversity and are committed to creating a working environment where all individuals are treated fairly, with dignity and respect. We also provide open opportunities to all and a safe, supportive and welcoming environment for all employees and visitors. The key elements of the policy include:

Employment Equity and Equality: The Company is committed to equal treatment of employees regardless of age, gender, race, ethnic origin, religion or belief, disability, marital status, pregnancy, sexual orientation, number of dependents, part-time or fixed term status, creed, color, nationality, membership or non-membership of trade union.

Diversity: The Company values diversity, recognizing that different people with different backgrounds and experiences can bring valuable insights that contribute to the business. We are committed to remain an equal opportunity employer that is passionate about diversity, inclusivity and mutual respect, while encouraging vibrant communication and consultation between employees and the leadership team. Our core values and Code of Business Principles define what we stand for and the framework in which we do business.

Employment of physically challenged persons

The Company is an equal opportunity employer and does not discriminate on any grounds. Thus, we provide employment opportunities to physically challenged persons. However, this goes beyond the need to ensure that there is no discrimination against such persons but driven by a deep conviction that even in disability, there could be immense ability.

In the event of members of staff becoming disabled, efforts will be made to ensure that their employment continues, and appropriate training arranged to ensure that they fit into the Company's working environment.

The Company did not have any physically challenged persons in its employment during the period under review.

Health, safety at work and welfare of employees
The Company is committed to an occupational health and safety system that promotes a safe working environment for all employees, contactors, suppliers, clients and visitors to our Company. At Continental Reinsurance Plc, occupational health and safety holds paramount importance.

Our aim as a Company is to create a proactive safety culture in which all our employees believe that injuries and occupational illnesses are foreseeable and preventable and act in a manner that demonstrates their personal commitment to this belief. This includes every employee being passionate about keeping each other safe, committed to preventing injury and recognizing the benefits of safe behaviour and celebrating safety success.

The Company provides Group Life, Group Personal Accident and Workmen's Compensation insurance cover for its employees. It also operates contributory pension scheme and social security as well as Retirement Benefit Scheme approved by the Joint TAX Board applicable to each of the office locations within the group.

Learning and development

Human capability has been found to be a key factor for corporate success in today's competitive business landscape. The Company believe strongly that we must win with people. We must not only enable employees to perform in their day to day jobs but must unlock their potentials and make it possible for them to unleash energy to achieve business goals.

The Company believe strongly that we must win with people. We must not only enable employees to perform in their day to day jobs but must unlock their potentials and make it possible for them to unleash energy to achieve business goals.

Continuous training and upgrading of skills at all levels in the Company is therefore the key to achieving a meaningful competitive advantage and long-term business success. We provide our employees both operational and leadership training within and outside Nigeria to expose them to best practices and improve knowledge transfer at international level. These are supported by on-the-job training and eLearning. The Company has also embraced e-learning, coaching, cross-location work placements, and training attachment in reputable reinsurance companies, reinsurance brokers and retrocessionaires.

Employees involvement and engagement

The Company places great value on employees' contribution to and involvement in decision making and in line with this policy encourages participation of employees in arriving at decisions on corporate issues and on matters

affecting their well-being through various forums. To achieve this, the Company provides opportunities where employees deliberate on issues affecting the Company and employee interests, with a view to making inputs to decisions thereon.

Employee remuneration and talent management

The Company philosophy is to ensure that its remuneration is internally equitable and externally competitive. The Company's remuneration is performance driven and promote employee's engagement. There is a robust talent management framework which guides how the Company attracts, develops, and retains people with the competencies to meet its strategic objectives. This has enabled the Company to build leadership strength in depth and create the flexibility to meet rapidly changing market conditions and competition.

Internal communication/employee relationship

The Company put in place various channels of communications which include face-to-face interaction, use of telecommunication devises, meetings, social media platforms, newsletters, notice boards, intranet, e-mails and other appropriate communication platforms with appropriate feedback between employees and the Company's leadership. This approach enhances employees' involvement in decision making, promotes employee engagement and motivates achievement of the Company's strategic objectives.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Corporate Social Responsibility (CSR)

We are fully committed to creating real value for all stakeholders in fulfillment of our socio-economic and environmental obligations. The Company continues to recognize its role as a corporate citizen and has long supported local community and charitable projects. The Company's approach to Corporate Social Responsibility (CSR) is to regard it as a means of maintaining good relations with local communities, rather than as a means of promotion. It is tailored to improve social compatibility and further enhance company-wide community relationship.

Continental Reinsurance has a strong belief that sustenance of its business is linked to the wellbeing of its immediate environment. Guidance on selecting, managing and evaluating CSR activities is provided to all regional offices. However, it is recognized that local community needs are diverse. As a result, within the parameters of this guidance and guidelines on focus of spend, CSR is managed locally to ensure the most appropriate projects are supported.

Corporate Social Investment

In 2019, the Company enhanced its Corporate Social Investment which connects directly to its business strategy with respect to the following focus areas:

Sponsorship/Donations

Over the years, the major objective of the company's CSR initiatives has been to positively impact the lives of the needy by partnering with organizations working with children with special needs and other people groups such as hospitals and NGO affiliated schools by making donations to such organizations.

The strategy is to identify organizations working with children and others at the fringe of the opportunities available in the immediate environment where we operate and in line with that strategy, the company has identified such organizations like the SOS Children Village in Nigeria, the Wesley School for the Blind and Hearing Impaired, Pacelli School for the Blind & Partially Sighted Children, Little Saints Orphanage and the National Handicap Carers Association; and it partner with these organizations by targeting its intervention in the areas of their most critical needs.

Other organizations that received donations from the company in 2019 were AJOFA Special Education Foundation for the deaf, Hearts of Gold Children Hospice, Lagos, Onikan Health Centre, Lagos , Sickle Cell Foundation Nigeria, Special Persons Association of Nigeria, Star Children Development Initiative, Ibadan and Lagos State Rehabilitation Centre, Ikorodu.

Internship and Mentorship

The Company internship and mentorship programme is aimed at creating opportunities for industrial attachment to continuing students from recognized institutions of higher learning. Also, there exists an internship programme for fresh graduates which is tailored in such a way to improve labour market relevance and exposures. In addition, the programme provides a platform for on-the-job training, which provides the trainee with the opportunity to have an insight into the practical application of their skills and interpersonal skills in the work environment.

Through this program, we hope to share knowledge, build relationships and inculcate a passion for development of work in young people.

Advocacy / Popularizing Insurance

The Company continued its sponsorship of the 15 minutes French language education programme tagged 'Ambience Continental Re', aired on Ray Power 100.5 FM Radio every Thursday from 5.15 p.m. to 5.30 p.m.

In 2019, we continued with our aims of advocating / popularizing insurance through our journalism awards programme as part of our corporate social investment. The Pan-African Re/Insurance Journalism Awards are an extension of our continued commitment to advance excellence in the sector.

Client development programmes

As part of the Company's customer relationship management, we continue to deploy resources into the development of our clients through our various technical trainings in the form of seminars and workshops. These carefully planned training programmes are put together following critical analyses of knowledge gaps among our clients.

In 2019, the Company organized training programmes which cut across different technical topics such as agriculture insurance, engineering and property insurance, life assurance, oil and gas insurance, liability insurance, Bond and reinsurance. These programmes were well attended by practitioners in the different markets where they were held Nigeria, Cameroun, Botswana, Ghana, Rwanda.

UN-Principles of Sustainable Insurance (UN-PSI)

Our pledge to the United Nations Environment Programme Finance Initiative's Principle for Sustainable Insurance demonstrates our commitment to accountability and transparency in managing environmental, social and governance issues in our business.

In 2019, the Company hosted the 2nd PSI African Market Event, in Lagos, Nigeria. At the summit, it was agreed that signatories need to 'promote insurance as a habit and improve communication among stakeholders, a key in driving the sustainability agenda forward. To achieve that, consistent to our mission and as a signatory to the UN-Principles for Sustainable Insurance, we were the launch sponsor for a fortnight newsletter, Africa Ahead: the Sustainability Challenge, in August 2019. The newsletter has built up a solid base of 700 readers across the continent, with insurance CEOs accounting for more than half of the readers.

Corporate Governance

Corporate Governance Report

1. Introduction

Our brand heritage dictates that we continually demonstrate our commitment as a responsible corporate entity by obeying rules and regulations, operating with the highest standards of corporate governance and living our core values with a view to delivering greater shareholder value enhancing confidence business partners, employees and the financial markets. We recognize that there is a strong link between good corporate governance and creation of long-term stakeholder value and that maintaining good corporate governance practices and keeping public trust and confidence is key to our continued long-term success.

2. Governance Structure

2.1 Board of Directors

The Board of Directors is the principal driver of strategic affairs and corporate governance of the company and has overall oversight responsibility for ensuring that the tenets of good corporate governance are adhered to by the management of the Company and is accountable to shareholders for creating and delivering sustainable value through the management of the company's business.

The Board regularly reviews developments in corporate governance ad updates the Corporate Governance Guidelines and other governance materials as it deems necessary.

The Board ensures that an appropriate level of checks and balances is maintained, in order to ensure that decisions are taken with the best interest of the company's stakeholders in mind. Directors of the company possess the right balance of expertise, skills and experience, which translates to an effective Board and an executive management team capable of steering the affairs of the Company in an ever changing and challenging environment. The Company's robust appointment and effective succession planning framework is one way of ensuring that we continue to have the right people to drive the business in the desired direction.

2.2 Composition and structure

The Board is comprised of ten (10) directors, eight (8) of whom are non-executive directors including the Chairman and an independent non-executive director while two (2) are executive directors. The directors are qualified professionals in their respective fields with extensive knowledge of the business of the Company and they bring to the Board diverse skills, knowledge and experience appropriate for the efficient and effective running of the Company. The directors are upright personalities and are individuals with a sense of accountability and integrity. They are knowledgeable in board matters and are fully committed to ensuring compliance with corporate governance principles and the entrenching of high standards of governance and ethical practices.

In compliance with the Codes and to avoid over concentration of powers in one individual, the roles of the Chairman and the group Managing Director/CEO remained separate and are clearly defined in the Board Charter. Whilst the Chairman's responsibilities include leadership and governance of the Board as a whole and creating a conducive atmosphere at board meetings for the effective performance of the individual directors; ensuring that directors and shareholders receive accurate, timely and clear information, ensuring that the performance of the Board and of individual directors are evaluated at the end of each financial year and ensuring that issues raised by shareholders are appropriately considered by the Board, the Managing Director is responsible for the effective day to day running of the Company and management control; developing and translating strategies; providing motivation and leadership; monitoring and ensuring the achievement of corporate goals and the attainment of business targets; identifying business opportunities and developing relationship with ceding companies, brokers and other business clients and providing marketing support to enhance the Company's presence and visibility in the African reinsurance market.

The composition, roles, functions and responsibilities and powers of the board of directors and the Board standing committees as well as the responsibilities of the Chairman and the Managing Director are clearly set out in the Board Charter.

2.3 Board appointments
There is a defined, formal and transparent procedure for the selection, appointment and onboarding of directors approved by the Board. The Nomination and Remuneration Committee of the Board reviews proposed appointments to the Board and makes recommendations to the Board.

2.4 Term of office of Directors
As provided in the Company's Articles of Association, one third of the directors, excluding the executive directors and those appointed by the Board during the year, retire by rotation at each Annual General Meeting such that each director submits himself/herself for re-election every three years. Directors appointed by the Board during the year to fill casual vacancies or as addition to the existing directors are presented for approval of their appointments at the Annual General Meeting immediately following their appointments. Any director who is 70 years and above seeking approval of his/her appointment or seeking re-election is required to disclose his age to shareholders before and at the meeting at which the approval of appointment or re-election is to take place.

2.5 Responsibilities of the Board
The Board has ultimate responsibility for determining the strategic objectives and policies of the company to deliver long-term value by providing overall strategic direction within a framework of rewards, incentives and controls. The Board has delegated the responsibility for day-to-day operations of the company to Management and ensures that Management strikes an appropriate balance between promoting long-term growth and delivering short-term objectives. In fulfilling its primary responsibility, the Board acknowledges the relationship between good governance and risk management practices, in relation to the achievement of the company's strategic objectives and good financial performance.

Notwithstanding the delegation of the operation of the Bank to Management, the Board reserved certain powers which include the approval of quarterly, half-yearly and full year financial statements (whether audited or unaudited) and any significant change in accounting policies and/or practices; approval of major changes to the company's corporate structure and changes relating to the capital structure or its corporate status; the determination and approval of the strategicc objectives and policies of the Bank to deliver long-term value; approval of the Bank's strategy, medium and short term plan and its annual operating and capital expenditure budget; appointment or removal of Company Secretary; recommendation to shareholders of the appointment or removal of auditors and the remuneration of Auditors; approval of resolutions and corresponding documentation for shareholders in general meeting(s), shareholders circulars, prospectus and principal regulatory filings with the Regulators.

Other powers reserved for the Board are the determination of Board structure, size and composition, including appointment and removal of Directors, succession planning for the Board and senior management and Board Committee membership; approval of mergers and acquisitions, branch expansion and establishment of subsidiaries; approval of remuneration policy and packages of the Managing Director and other Board members, appointment of the Managing Director and other Directors of subsidiaries nominated by the Bank; approval of the Board performance evaluation process, corporate governance framework and review of the performance of the Managing Director; approval of policy documents on significant issues including Enterprise-wide Risk Management, Human Resources, Credit, Corporate governance and Anti – Money laundering, and approval of all matters of importance to the company as a whole because of their strategic, financial, risk or reputational implications or consequences.

2.6 Multiple Directorship
It is acknowledged that some of the Directors have concurrent directorship positions on other Boards and this has not interfered with their ability to discharge their responsibilities on the Board of the Company. The Directors demonstrated their commitment to the business of the Company through regular attendance at meetings of the Board and Board Committees and effectively discharging their duties during the year. Serving and prospective Directors disclose their memberships on or prospective appointment to other Boards.

2.7 Board Evaluation
At the end of the year, an independent evaluation of the performance of the Board, its Committees and individual Directors was carried out by the Society for Corporate Governance Nigeria. The report of the evaluation is included in this Annual Report.

2.8 Directors' and officers' liability insurance
The Company continued to maintain Directors' and Officers' Liability Insurance cover for all the Directors to protect them against the risk of personal liability. The cover is renewed annually.

2.9 Directors' induction and training and development
There is a formal induction programme for newly appointed Directors to familiarise them with the Company's operations,

strategy, senior management and business environment. New Directors receive an induction pack containing the corporate profile; a synopsis of the Company's business, products and services; ethics and philosophy; organization structure; duties of Directors; Directors Code of Conduct; Directors' training plan; the Company's strategic plan; ERM Framework; Memorandum and Articles of Association; statutory codes of Corporate Governance, approved policies and charters including, amongst others, Anti-Bribery and Corruption Policy, Anti-Money Laundering/Countering the Financing of Terrorism Policy, Securities Trading Policy, Complaints Management Policy, Board and Board Committees' Charters and Whistle Blowing Policy; staff handbook; schedule of Meetings for the year; minutes of most recent meetings and other relevant information. Directors also receive updates through presentations by Heads of Departments, Regional Directors and Managing Directors of Subsidiaries at Board meetings and regularly receive up-to-date information on the Group's operations. All the Directors are encouraged to attend external courses to enhance their performance.

In line with the approved training plan for Directors, an in-house training on Strategy Review and Implementation and Retrocession Optimization were held during the year.

To update their skills and knowledge and thus enhance their performance, Directors are also encouraged to attend external courses, conferences, seminars, workshops and other relevant training programs at the Company's expense.

2.10 Right of Directors to seek independent professional advice

The Directors are aware of their right to seek independent professional advice, if necessary, in furtherance of their duties and at the Company's expense. There was no indication that any of the Directors sought such advice during the year.

2.11 Company Secretary

All Directors have access to the advice and services of the Company Secretary and apart from being Secretary to the Board, the Company Secretary also acts as Secretary to all the Committees. The Company Secretary assists the Board and management in implementing the codes of corporate governance and is available to provide necessary assistance and information as may be required by members of the Board of Directors. She is responsible for ensuring adherence to Board procedures and that the Company complies with applicable rules and regulations. She is also responsible for updating and implementing the induction programme for new Directors and coordinates the training of all Directors. She ensures that Directors receive timely and appropriate information on all matters relating to the Board and the Company

3. Organization Structure

The Company is structured to allow for effective and efficient decision making and in keeping with best practice, there is a clearly defined organization structure with clear job descriptions, authority levels, interrelationships among various job positions, functions, departments and office locations and working relationships for members of the management. The organization structure defines the matrix reporting lines at individual, Company and the group levels. There is clear separation of responsibilities between the Board and the executive management that ensures non-interference of the Board in management functions and vice versa and an effective and efficient human resources management that ensures staff welfare and objective assessment of individuals with emphasis on performance.

4. Board Meetings

The Board met six (6) times during the financial year. Agenda for each meeting was circulated along with the notice in line with the notice period stipulated in the Company's Articles of Association. In line with best practice, Board papers were sent to Directors in advance of meetings to enable them study and prepare ahead of the meetings. Appropriate and relevant information were also provided to enable Directors to make informed decision on any matter before them. Directors who were unable to attend any of the meetings appointed alternates to represent them at the meetings.

Directors' Attendance at Meetings

Details of Directors' attendance at Board meetings held during the year are shown in the table below:

Directors	Meetings					
	22/01/2019	31/01/2019	26/04/2019	30/07/2019	29/10/2019	05/12/2019
Chief Ajibola Ogunshola	✓	✓	X	✓	✓	✓
Dr. Olufemi Oyetunji	✓	✓	✓	✓	✓	✓
Mr. Lawrence M. Nazare	✓	✓	✓	✓	✓	✓
Mr. Folusho Laguda	✓	✓	✓	✓	✓	✓
Mrs. Ahlam Bennani	✓	X	✓	X	X	✓
Mr. Paul O. Kokoricha	✓	✓	✓	✓	✓	✓
Mr. Steve Iwenjora	✓	✓	✓	✓	✓	✓
Mr. Ian A. Tofield	✓	X	✓	✓	✓	X
Mr. Emmanuel Brule	✓	✓	✓	X 2	✓	X
Mr. Stephen Murphy	✓	X	X 1	X 3	X	✓

Notes:
X[1] – Mr Emmanuel Brule was alternate to Mr Stephen Murphy
X[2] - Mrs Ahlam Bennani was alternate to Mr. Emmanuel Brule
X[3] - Mr. Ian Tofield was alternate to Mr Stephen Murphy
X – Absent

5. Board Committees

The Board carries out its responsibilities through its Standing Committees, which have clearly defined terms of reference, setting out their roles, responsibilities, functions and scope of authority. The Board has four (4) Standing Committees in addition to the Statutory Audit Committee of the company, namely; Audit and Compliance Committee; Enterprise Risk Management, Governance and Underwriting Committee; Finance, Investment and General Purposes Committee; Nomination and Remuneration Committee.

Through these Committees, the Board is able to effectively carry out its oversight responsibilities and take advantage of individual expertise to formulate strategies for the Bank. The Committees make recommendations to the Board, which retains responsibility for final decision making. All Committees in the exercise of their powers so delegated conform to the regulations laid down by the Board, with well-defined terms of reference contained in the Charter of each Committee. The Committees render reports to the Board at the Board's quarterly meetings.

A summary of the roles, responsibilities, composition and frequency of meetings of each of the Committees are as stated hereunder:

5.1 *Audit and Compliance Committee*

The Board Audit and Compliance Committee is responsible for oversight of audit functions, without prejudice to the statutory Audit Committee established in compliance with CAMA, which is not considered a board committee. The Terms of Reference of the Board Audit Committee include amongst others:

- To keep the effectiveness of the company's system of accounting, reporting and internal control under review and to ensure compliance with legal and ethical requirements;
- To review the activities, findings, conclusions and recommendations of the external auditors relating to the company's annual audited financial statements;
- To review the Management Letter of the External Auditor and Management's response thereto;
- To review the appropriateness and completeness of the company's statutory accounts and its other published financial statements;
- To oversee the independence of the external auditors;
- To receive a summary of whistle blowing cases reported and the result of the investigation from the Head of Internal Audit;

The Board Audit Committee comprised the following members during the year under review:

Members	Meetings			
	21/01/2019	25/04/2019	29/07/2019	28/10/2019
Mr. Ian Tofield (Chairman)	✓	✓	✓	✓
Dr. Olufemi Oyetunji	✓	✓	✓	✓
Mr. Lawrence M. Nazare	✓	✓	✓	✓
Mrs. Ahlam Bennani	✓	✓	✓	✓
Mr. Paul Kokoricha	✓	✓	✓	✓
Mr. Emmanuel Brule	✓	✓	X 1	X 2

Notes:
X[1] & X[2] – Mrs Ahlam Bennani was alternate to Mr Emmanuel Brule

Enterprise Risk Management, Governance and Underwriting Committee

The Committee is tasked with overseeing, setting and reviewing the risk governance framework, including risk management and control, risk policies and their implementation as well as the risk strategy and monitoring of operational risks. The Terms of Reference of the Committee include:

- To Formulate geographical expansion of the Company and product development.
- To consider technical operation reports and related reports.
- Review the retrocession cover of the Company and the adequacy of technical reserves.

- To formulate the Risk Management Policy
- To review the adequacy and overall effectiveness of the Company's risk management function and its implementation by management, and reports on internal control and any recommendation, and confirm that appropriate action has been taken.
- To review the risk philosophy, strategy and policies and ensure compliance with such policies, and with the overall risk profile of the Company.
- To formulate Corporate Governance Policy for the Company and ensure effective implementation of the Policy.

The Committee comprised the following members during the year under review:

Members	Meetings			
	21/01/2019	25/04/2019	29/04/2019	28/10/2019
Mr. Emmanuel Brule (Chairman)	✓	✓	X[1]	✓
Dr. Olufemi Oyetunji	✓	✓	✓	✓
Mr. Lawrence M. Nazare	✓	✓	✓	✓
Mr. Foluso Laguda	✓	✓	✓	✓
Mr. Stephen Murphy	✓	✓	X[2]	✓
Mr. Steve Iwenjora	✓	✓	✓	✓
Mr. Ian A. Tofield	✓	✓	✓	✓

Notes:
X[1] - Mrs Ahlam Bennani was alternate to Mr Emmanuel Brule
X[2] - Mr. Ian Tofield was alternate to Mr Stephen Murphy

Finance, Investment and General Purposes Committee

The Board Finance, Investment and General Purpose Committee has oversight responsibility for issues relating to the strategic planning, budgetary process, procurements, corporate finance, resources and assets utilization, capital structure and reporting financial performance of the Group, investment strategies, investment portfolio performance, investment mix and the overall investment performance of the Group.

The Committee comprised the following members during the year under review:

Members	Meetings			
	21/01/2019	25/04/2019	29/04/2019	28/10/2019
Mr. Emmanuel Brule (Chairman)	✓	✓	X[1]	✓
Dr. Olufemi Oyetunji	✓	✓	✓	✓
Mr. Lawrence M. Nazare	✓	✓	✓	✓
Mr. Foluso Laguda	✓	✓	✓	✓
Mr. Stephen Murphy	✓	✓	X[2]	✓
Mr. Steve Iwenjora	✓	✓	✓	✓
Mr. Ian A. Tofield	✓	✓	✓	✓

Notes:

X[1] -Mr. Emmanuel Brule was alternate to Mr Stephen Murphy

X[2] & X[3] – Mr. Ian Tofield was alternate to Mr Stephen Murphy

X- Absent

Nomination and Remuneration Committee

This Committee is responsible for setting the principles and parameters of Remuneration Policy across the company, determining the policy of the Bank on the remuneration of the Managing Director and other Executive Directors, identification and nomination of candidates for appointment to the Board and Board governance issues such as annual evaluation of the performance of the Managing Director and the Board, induction and continuous education, approval of promotion of top management staff and succession planning. The Committee is also responsible for the approval of human resource matters, the oversight of strategic people issues, including employee retention, equality and diversity as well as other significant employee relations matters.

The Committee is made up of the following members:

Members	Meetings			
	21/01/2019	25/04/2019	29/04/2019	28/10/2019
Mr. Paul Kokoricha - (Chairman)	✓	✓	✓	✓
Mrs. Ahlam Bennani	✓	✓	✓	✓
Mr. Foluso Laguda	✓	✓	✓	✓
Mr. Steve Iwenjora	✓	✓	✓	✓
Mr. Stephen Murphy	✓	✓	X[2]	✓

Notes:

X[1]- Mr Ian Tofield was alternate to Mr. Stephen Murphy

6. Statutory Audit Committee

This Committee is responsible for ensuring that the company complies with all the relevant policies and procedures both from the regulators and as laid-down by the Board of Directors. Its major functions include the approval of the annual audit plan of the internal auditors, review and approval of the audit scope and plan of the external auditors, review of the audit report on internal weaknesses observed by both the internal and external auditors during their respective examinations and to ascertain whether the accounting and reporting policies of the Bank are in accordance with legal requirements and agreed ethical practices. The Committee also reviews the 's annual and interim financial statements, particularly the effectiveness of the company's disclosure controls and systems of internal control.

The Committee is responsible for the review of the integrity of the company's financial reporting and oversees the independence and objectivity of the external auditors, review and ensure that adequate whistle blowing procedures are in place and that a summary of issues reported are highlighted to the Committee and review the independence of the external auditors and ensure that where non-audit services are provided by the external auditors,there is no conflict of interest. The Committee has access to external auditors to seek explanations and additional information, while the internal and external auditors have unrestricted access to the Committee, which ensures that their independence is in no way impaired.

The Committee is made up of three (3) Non-Executive Directors and three (3) Shareholders representatives appointed at Annual General Meetings. The membership of the Committee at the Board level is based on relevant experience of the Board members, while one of the shareholders serves as the Chairman of the Committee.

The internal and external auditors are invited from time to time to attend the Meetings of the Committee. The Chief Financial Officer and appropriate members of Management also attend the meetings upon invitation. The Committee is required to meet quarterly and additional meetings may be convened as the need arises.

The following members served on the Committee during the year ended December 31, 2019:

Members	Meetings			
	21/01/2019	18/04/2019	29/07/2019	28/10/2019
Custodian & Allied Insurance Plc represented by Mr. Wole Oshin (Chairman)	✓	X	✓	✓
SONAR Burkina Faso represented by Mr. Justice K. Kambou	✓	✓	✓	✓
I & I Investments represented by Mr. Blakey O. Ijezie	✓	✓	✓	✓
Mrs. Ahlam Bennani	✓	✓	✓	✓
Mr. Foluso Laguda	✓	✓	✓	✓
Mr. Steve Iwenjora	✓	✓	✓	✓

7. Management Committees

Group Management Committee

The Committee comprises the Group Managing Director/CEO (Chairman), the Executive Director/Group Head of Operations, the CFO, the Chief Risk Officer, the Regional Directors, the Managing Directors of the Company's subsidiaries, the Company Secretary/Head, Legal & Compliance, and the Heads of ICT, Human Resources, Internal Audit, Technical Accounting/Credit Control. The Committee meets monthly to review the performance of each unit, regional offices and subsidiaries.

Executive Committee

The Group Managing Director/CEO (Chairman), the Executive Director/Group Head of Operations, the Chief Finance Officer, the Chief Risk Officer and other key management staff constitute the Executive Committee. The Committee meets weekly to discuss matters relating to the day to day operations of the business. The Committee assists the Group Managing Director/CEO to define business goals and objectives; chart and define corporate strategies; track and manage strategic business performance against formulated plans and expected results and outcomes; make decisions on operating plans and budgets as well as review financial results and control and make recommendations on major policies to the Board for approvals as required through the relevant Board Committees. The Committee effectively discharged its responsibilities and acted within the authority delegated to it by the Board.

Ad-Hoc Committees are set up from time to time to address specific issues.

8. Remuneration

8.1 Non-Executive Directors

Non-Executive Directors are paid remuneration by way of Directors' fees as approved from time to time by the Company in general meeting based on the recommendation of the Board. In addition, and as may be determined from time to time by the Board, non-Executive Directors are paid sitting allowance for attending meetings of the Board and Board Committees and are reimbursed expenses incurred by them in attending and returning from such meetings. Each quarterly meetings of Board Standing Committees and the related Board meeting are treated as one and no separated sitting allowance is paid for meetings of the Committees.

A peer review of compensation and remuneration of Directors is undertaken every two years in order to ensure that the Company remains competitive.

8.2 Executives

The Company's remuneration policy is formulated (i) to attract, motivate, retain and compete for talents locally and internally and (ii) to motivate and enhance commitment of Directors and senior executives and improvement in their productivity impacting positively on overall company's performance.

The remuneration package of the Group Managing Director/CEO, Executive Director and other senior executives is a mix of fixed pay and performance related element approved by the Board. The fixed pay comprises basic salary, benefits and allowances while the performance related element consists of an annual performance bonus. The bonus which is a percentage of the Company's profit before tax is subject to the approval of the Board and its distribution is based on laid down criteria. Executive Directors do not receive Director's fees and sitting allowance paid to Non-Executive Directors.

9. Directors' Code of Conduct

The Board appreciates that honesty, integrity and accountability are crucial to the success of the Company's business and to this end, has adopted a code of conduct to assist and guide Directors in the discharge of their duties. The purpose of the code is to promote ethical and honest behavior of Directors and key executives and to assist Directors in recognizing and dealing with ethical issues. There was no observed departure from the provisions of the code during the year.

10. Employee Code of Conduct

Employees of the Company are expected to demonstrate the highest level of conduct and ethical standards. The Company has a clearly defined Code of Conduct and Ethics that guides employees' behaviours. All employees in the Group have acknowledged receipt of the Code and confirmed that they have read and understood the contents. Procedures are put in place to ensure compliance and there are disciplinary measures for any confirmed violation. There was no reported violation of the Code during the year under review.

11. Conflict of interest

The Company's Conflict of Interest Policy specifies a number of principles to be followed by individual Directors regarding conflict of interest situations. The principles include, amongst others, a requirement for Directors to promptly disclose any real or potential conflict of interest that they may have regarding any matter that may come before the Board or any of the Committees and the need for a Director to abstain from discussions and voting on any matter in which the Director has or may have conflict of interest. There was no real, potential or perceived conflict of interest situation that was disclosed during the year.

12.Insider trading and dealing in Company's shares

Insider trading or insider dealing is prohibited by the Company. The Company's Securities Trading Policy sets out the guidelines on the purchase and sale of securities of the Company by employees, Directors and associates. In line with the policy, employees and Directors of the Company are prohibited from dealing in the Company's securities at any time, if they are in possession of inside price sensitive information which are not generally available to the public. The prohibition extends to dealings through nominees, agents or other associates including family members or anyone connected with the Company in one way or another. The policy is to assist employees, Directors and associates to understand the restrictions placed on them as insiders of the Company with respect to their securities transactions and to avoid the conduct known as "insider trading". No case of insider trading was identified during the year. The policy is available on the Company's website.

13. Human resources strategy

The HR strategy was developed and aligned with the Corporate strategy to achieve the Company's strategic objectives. The HR strategy ensures development of sound policies, processes and systems that are in line with global best practices to attract, motivate and retain high talents.

14. Succession Planning

The Company has an approved succession plan that ensures availability of suitable talents to succeed key positions. The succession planning guidelines is designed to provide a clear and simple process to assist managers in the activities involved in succession planning. The plan is reviewed annually, and appropriate developmental programmes are put in place for the identified successors. The developmental programmes are specific to individual successor and the impact on performance is measured regularly.

15. Staff Gender Analysis

Staff distribution by gender for the group is as shown below

	Male	Female	Male %	Female %
Total Employees	60	32	65.5	34.8
Detailed analysis of top management:	**Male**	**Female**	**Male %**	**Female %**
Assistant General Managers	3	3	50	50
Deputy General Managers	1	0	100	0
General Managers	6	1	85.7	14.3
Executive Directors	2	0	100	0
Non-Executive Directors	7	1	87.5	12.5

16. Anti-bribery and corruption policy

The Company has zero tolerance to corruption and corrupt practices and fully supports the United Nations Convention Against Corruption. The Company is also committed to complying with all anti-corruption laws and as part of its commitment has an approved Anti-Bribery & Corruption policy. Management is responsible and accountable for the implementation of the policy and internal controls and procedures are in place to ensure that the Company is consistent with its anti-corruption commitment. The Board and individual Directors are committed to transparent dealings and as part of the Board's further commitment to zero tolerance to corruption and corrupt practices has approved the on-line implementation of the Company's whistle blowing policy. There was no incidence of corruption or corrupt practices during the year.

17. Monitoring Compliance with Corporate Governance

The Chief Compliance Officer monitors compliance with money laundering requirements and the implementation of the Corporate Governance Code of the company. The Company Secretary who is also the Chief Compliance Officer forward regular returns to the National Insurance Commission on all whistle-blowing reports and corporate governance breaches.

18. Whistle-blowing policy

The Company has an approved whistle-blowing Policy and procedure that encourage honest whistle-blowing. All employees of the Company and stakeholders are aware of the Policy and there is an online portal on the Company's website that can be used anonymously by employees and stakeholders to report any illegal or unethical behavior. The policy provides for protection against harassment or victimization of employees who report genuine concerns, malpractice or illegal acts or omissions by Directors and employees. The Internal Auditor is designated to review reported cases and to initiate appropriate action. There were no reported cases during the year.

SOCIETY FOR CORPORATE GOVERNANCE NIGERIA
... committed to the development of corporate governance

Board Evaluation Report for the Board of Continental Reinsurance Plc

EXECUTIVE SUMMARY

The Society for Corporate Governance Nigeria was contracted to conduct an independent evaluation/assessment of the performance of the Board of Continental Reinsurance Plc for 2019 as part of stipulated regulatory requirement.

SCOPE

The scope of the evaluation covered the following areas:

- Composition, commitment and alignment of the skills/qualifications of directors to business requirement and performance
- Composition/effectiveness of the committees
- Compliance with existing regulatory requirement
- Effectiveness of directors in delivery of their fiduciary responsibilities
- Effective transparency and disclosure channels

Below is a summary of our findings:

Leadership: The Board Chairman exhibits a leadership style that promotes an environment that encourages and supports the active participation and contribution of Board members at meetings. The position of the chairman and managing director are held by separate individuals which shows clear separation of powers between both offices. The chairman is also not a member of any board committee in line with regulatory requirements.

Board Meetings: The Board met six (6) times with an aggregate attendance of 95% in the period under review. Meetings held were constructive, aligned to the agenda and directors gave useful contributions. Circulation of Board packs were timely helping directors better prepare for meetings.
Board Composition and Capacity: The Board had two (2) Executive directors, one (1) Independent Non-Executive director and seven (7) Non-Executive directors whose knowledge and understanding span across their diversity, experience, resounding knowledge of the business, financial and economic environment. However, there is need for more independent directors and improvement in gender diversity.

Board Committees: The Board has four (4) committees namely: Finance, Investment & General Purpose Committee; Audit and Compliance Committee; Nomination and Remunerations Committee; Enterprise Risk Management, Governance & Underwriting Committee which met adequately. All committees were well composed in line with regulatory requirements except the Audit & Compliance committee whose composition did not meet the requirements of the NAICOM code.

Board Oversight Functions: All policy documents sighted were assessed for content and relevance and were found to be detailed, relevant, comprehensive and articulate in efficiently guiding business processes and mitigating risk exposures.

Strategy and Planning: The Board takes its strategic oversight seriously setting the strategic initiatives and direction for the company. The Board considers and approves short term and long term strategies for the Business and has measures in place to monitor implementation.

Transparency and Accountability: Company communications are in plain language, readable, and understandable and stakeholders have a true picture of the company's financial position. Directors duly complete the code of conduct & conflict of interest/disclosure form when necessary.

Director Appointment and Development: Directors have shown commitment to trainings to update their knowledge and skill. However, there is need for more directors to be involved in regular trainings, relevant to the industry and business.

Risk Management and Compliance: The Board has a Risk Management framework for adequately managing risk exposures and ensuring effective internal control systems.

Company Secretariat: The Board has a functional and effective Secretariat which ensures information flow within the Board, its Committees and Senior Management. It is proactive in guiding the Board in regulatory matters and duly assists the Chairman in coordinating activities & processes of the Board.

Based on the analysis of the result, the Board of Directors have demonstrated its dedication and commitment to the growth and success of the company. This is demonstrated by their contributions, individual performance, attendance at Board and Committee meetings and the depth of discussions and resolutions arrived at during these meetings. There is also an alignment between the competencies of directors and the requirements / needs of the company.

In line with sectoral code and the NCCG 2018 we have found Continental Reinsurance Plc to a large extent compliant in regulatory requirements and recommended best practices. We have rated the Board 'Very Good' in its overall effectiveness.

We have however, recommended the following;

1. The Board should improve its gender diversity and increase the number of Independent Non-Executive Directors
2. The Audit and Compliance Committee should be reconstituted to meet the requirements of the FRC code
3. The Board should develop and implement an ESG policy
4. Directors should have more informal interactions.

In as much as there is still room for improvement and continuous Director Development, we are happy to state that the Board of Continental Reinsurance Plc conducted its affairs in an acceptable and satisfactory manner in 2019.

For: SOCIETY FOR CORPORATE GOVERNANCE NIGERIA

Hilda Nkor (Mrs.)
Chief Executive Officer

FRC/2016/NIM/00000015618

Statement of the Chairman of the Audit & Compliance Committee

In line with these objectives, the **Committee** has reviewed the **financial statements** for year ended December 31, 2019 and are satisfied with the explanations obtained.

Mr. Ian Alvan–Tofield Chairman: Audit and Compliance Committee

The primary purpose of the Committee is to provide oversight of the company's financial reporting process, the audit process, the system of internal controls and compliance with laws and regulations.

The Board of Directors and Management appreciate the crucial role the committee plays in its principal functions to monitor the integrity of the company's financial statement and long-term success by monitoring, reviewing and challenging the effectiveness of the company's system of control and processes in areas such as corporate governance, risk management, business continuity and financial reporting.

It is vital that we as a committee analyse closely the going concerns status, business agility, adaptability and growth of the company as it continues to push beyond boundaries and into an uncharted new horizon.

In line with these objectives, the Committee has reviewed the financial statements for year ended December 31, 2019 and are satisfied with the explanations obtained. It also reviewed the external Auditors' management letter for the period and are satisfied with the management's responses and that management has taken appropriate steps to address the issues raised by the Auditors. The Committee is of the opinion that the accounting and reporting policies of the Company are in accordance with legal requirements and ethical practices.

Internal Audit Function

The level of assurance provided by the Internal audit is an important part of the Committee's consideration. The Internal audit plan and budget were approved by the Committee and the recent engagement with the Internal Auditor indicates that the control environment and internal audit activities were in alignment with international auditing standards. The audit approach is not limited to current but emerging risk as well. Externally facilitated assessment of the effectiveness and efficiency of the internal audit function was conducted by Messrs SIAO and report of the assessment revealed that there is no impairment to the independence and objectivity of the internal audit function and, no restriction to the scope of its activities. The internal audit function reports to the Committee and administratively to the Group Managing Director.

Financial reporting and New accounting standards

The Committee endorsed the amendments to the company's accounting policies in line with the applicable International Financial Reporting Standards (IFRS) standards.

External auditor

The Committee remained satisfied with the services provided by the external auditors, PwC and that the company have adequate policies in place to maintain the objectivity and independence of the external auditor. The external auditor report directly to the Committee periodically on their independence. Periodic rotation of key audit engagement partners and manager is also maintained. The external Auditors also confirmed having received full co-operation from the Company's management during their statutory audit and that the scope of their work was not restricted in any way.

Priorities for the year ahead

In the years ahead, the committee will continue to emphasize the integrity of financial controls and reports, risk management system, digital transformation, appropriate disclosures and robustness of cybersecurity in line with the current reality of the business environment. The committee will continue to prioritise and oversee the governance of various transformation projects toward the actualisation of the company's business strategy.

Mr. Ian Alvan-Tofield
Chairman: Audit and Compliance Committee

Risk Management Statement

Risk Management organization structure

Continental Re's risk taking is steered by the Enterprise Risk Management Framework which includes the Risk Appetite Framework which established and approved by the Board of Directors. Risk management is an intrinsic function of the company and is overseen by a Chief Risk Officer.

The function monitors and ensures adherence to applicable policies and procedures and the company makes use of professional Actuaries to validate financial projections as well as reserving methodology, retrocession optimisation and capital adequacy in line with the NAICOM requirements.

The Company's risk management is built on the three lines of defence framework, the business units and functions are the first line of defence and are fully responsible for ensuring that a risk and control process is established as part of their day-to-day operations, with risk management function being the second line of defence and the internal audit, the last line of defence. Risk Management provides independent oversight and applies an integrated approach to managing current and emerging risks.

Managing uncertainties and improving performance

The Company's strategy is derived from its business plan and risk appetite. It focuses on how we can achieve growth in a rapidly evolving terrain, through expansion initiatives that drive geographic diversification and deeper market penetration. The plan also aims to aid strategy implementation and it uses a 'Multi-Domestic Enterprise' model as the fulcrum of the growth strategy.

However, it is important for a dynamic organization like ours to ensure that we are seen to be implementing all strategic objectives, to which end we have maintained a disciplined and consistent approach to managing risks. Defining the risk appetite has enabled risk acceptance within stated limits and tolerance and monitoring of Key performance indicators. In seeking to fully embed risk management across the group, performance management tools, capital and pricing tools and internal retro optimization have been adopted and strictly adhered to.

We have updated all departmental and strategic level risk registers and risk appetite KPIs are now embedded as part of staff performance objectives. Following the group strategy review exercise, we began to fully utilize effective monitoring of all key risk indicators, risk appetite tolerance implementation outcomes and the risk register to validate our objectives.

Continental Reinsurance Risk Appetite Framework

The risk appetite framework plays a particularly important role in the context of business strategy and planning discussions. The risk appetite facilitates discussion about where and how the Group deploy its capital, liquidity and other resources under a risk-return review, while the risk tolerance sets clear boundaries to risk- taking.

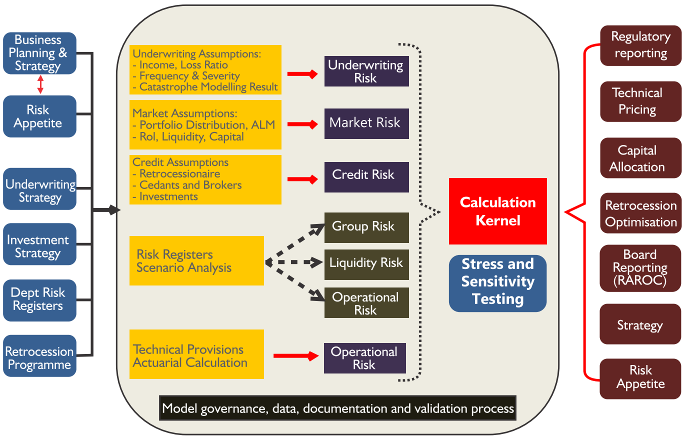
The risk management function reviews and challenges plan assumptions and assesses the risk and feasibility related to implementing the proposed plan. The risk function also proposes risk capacity limits to ensure compliance with overall risk appetite and risk tolerance criteria.

Update on key types of risk

Continental Re is continuously embedding the Enterprise Risk Management (ERM) framework across all business units in the group. The ERM framework enables the company to identify current risks as well as emerging risks; hence, it was adopted by the group to ensure effective communication and management of all risks, across the different risk categories at an aggregated level.

At Continental Re, Risk Management is not just a function, it is rooted in our culture to ensure consistency.

Core risk in Continental Re's internal model.



Continental Re is exposed to this broad range of risks.

- **Market/Investment Risk**

Market risk is the risk of loss, or of adverse change in the financial situation, resulting directly or indirectly from fluctuations in the level and in the volatility of market prices of assets, liabilities and financial instruments.

Continental Re's Investment policy states the risk limits and controls per authorized investments including the limitations on rating, interest, liquidity, and currency risk exposures. In monitoring and managing this risk, regular reports on risk and risk aggregations are presented. It tracks exposure limits and provides the key risk that could affect the portfolio.

- **Credit Risk**

Credit risk is the risk of loss or adverse change in the financial position resulting directly or indirectly, from fluctuations in the credit standing of issuers of securities, counterparties and any debtors to which undertakings are exposed, in the form of counterparty default risk, spread risk, or market risk concentrations. The company's investment and credit control policies cover this risk, as well as monitoring receivables and adherence to NAICOM's "no premium no cover" policy.

- **Liquidity Risk**

Liquidity risk is the risk that a firm would not have enough cash or liquid assets to meet its short-term obligations. The company's liquidity policy is documented in the Investment policy as well as the group's risk register.

- **Operational Risk**

Operational risk is the risk of loss resulting from inadequate or failed strategy, internal processes or from personnel, systems, and external events including reputational damage. Continental Re has documentations, guidelines and policies from HR to ICT aimed at managing operational risks. The approach to managing operational risk differs from the approach applied to other risk categories.

All operational losses, incidents and issues are reported and monitored to ensure that they are resolved as well as to avoid the recurrence of similar events.

- **Underwriting Risk**

Underwriting risk is the risk that the insured losses are higher than expected. This is the risk that the premium income does not adequately cover the claims that the company is obliged to pay. This risk could arise from inadequate pricing, human error and/or provisioning assumptions. The company has a well-documented underwriting guideline for all its classes of businesses and the guideline sets out the company's underwriting procedures on how to manage and oversee technical operations in the core business.

The Risk Management function reviews underwriting standards, costing models and large transactions and monitors exposures, reserves and limits. The company manages and mitigates this risk through external retrocession which provides protection against extreme catastrophic events and further diversifies the risk.

- **Reputational Risk**

Reputation is arguably the most valuable asset an organization possess, and reputational risk relates to the trustworthiness and standing of the firm with its stakeholders and its wider environment. Reputational risk is of utmost importance to the company; therefore, its framework for corporate communication is built from the position that the total communication effort must serve the corporate strategy. Communication is coordinated in order to ensure inclusivity as well as to build, maintain and protect the Company's reputation with its various stakeholders

- **Regulatory Framework**

The Company is fully committed to achieving 100% compliance with statutory and other regulatory requirements and has in place a robust compliance system. It also has in place a compliance risk register and a compliance reporting template to ensure the effectiveness of the Compliance system. The level of compliance is monitored by the Internal Auditor on a weekly basis; by the Audit Committee through quarterly internal audit reports to the Committee and by the Board through quarterly compliance reports detailing the Company's level of compliance and sanctions imposed, if any, prepared by the Chief Compliance Officer.

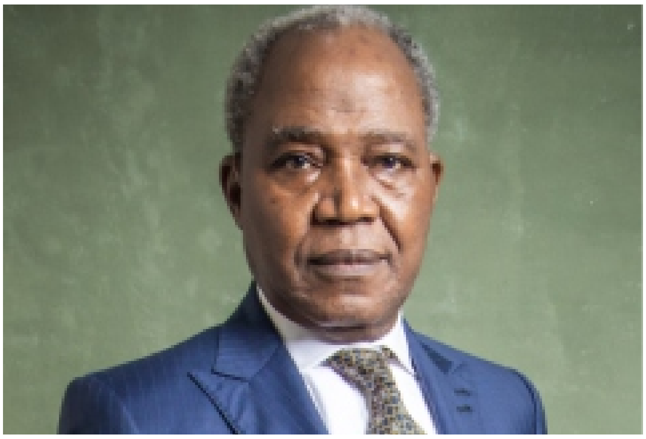
- **Internal audit**

The Company has an effective internal audit function that is risk-based. The internal audit unit is headed by a professionally qualified accountant who is a senior management staff. The unit assists the Board in assessing/evaluating the effectiveness of the internal controls put in place through reviews of processes and procedures and makes recommendations for enhancement and improvement. There is an approved audit charter developed by the unit which clearly defines the purpose, authority and responsibility of the internal audit function. The unit also develops annual risk-based audit plan which is based on the result of the Group's risk assessment. The Company's ERM framework identifies the broad range of risks facing the Company and the annual audit plan addresses the identified risks and identifies audit priority areas and areas of greatest threat to the Company.

The evaluation of internal controls put in place encompasses the Group's information systems environment; the reliability of the financial and operational information; the effectiveness and efficiency of operations; safeguarding of assets; compliance with laws, statutory requirements and regulations and assurance on the robustness and effectiveness of the Company's risk management process. During the year, the unit carried out quarterly reviews of the effectiveness of the internal controls at the head office and the subsidiaries in Botswana, Kenya and Douala. Findings and recommendations were shared and discussed with Management, the Audit Committee and the Board and corrective actions were taken where control weaknesses were identified.

Board of Directors

1 Chief Ajibola Ogunshola
Non-Executive Director (Chairman)



Chief Ogunshola holds a B.Sc. (Hons.) degree in Mathematics from the University of Ibadan (1967), is a Fellow of the Institute of Actuaries, United Kingdom and a member of the International Association of Actuaries. He was the founding President of the Nigeria Actuarial Society, Chairman of the Board of Directors of Punch Nigeria Ltd from 1987 – 2011 and President of the Association of Pension Fund and Investment Managers (now Association of Pension Fund Managers) from 2001 – 2003. He was Chairman and Managing Consultant of Ajibola Ogunshola & Company (Actuaries & Employee Benefit Consultants) from 1986 to 2004 and Chairman of Alexander Forbes Consulting Actuaries (Nigeria) Limited from 2005 to March 2015. He was appointed to the Board as a Non-Executive Director on November 8, 2016 and as Chairman of the Board on the same date.

2 Mr. Foluso Laguda
Non-Executive Director

Mr. Foluso Laguda is an experienced Strategy Consultant with over 15 years' experience in leadership in advisory, information and research businesses. He has worked with several global corporations across Consumer-Packaged Goods, Technology Media and Telecoms, and Financial Services sectors - on the development and implementation of business growth and innovation programmes.

Mr. Laguda holds an MBA from Imperial College, London, UK with specialization in Entrepreneurship and Corporate Finance; a Bachelor of Engineering Honours Degree in Mechanical Engineering from UMIST, Manchester, UK, is a member of the Institute of Directors (MIoD) in both Nigeria and the UK and currently serves on the boards of several companies including SALAG Limited. He joined the Board of Continental Re as a Non-Executive Director on September 18, 2013.

3

Mr. Paul Oje Kokoricha

Non-Executive Director

Mr. Kokoricha is an investment professional with over 30 years of experience in the financial services
industry. He has extensive experience in private equity as well as business turnarounds, transformation and reorganization. He is currently a partner in African Capital Alliance and is the Fund Manager in charge of the firm's private equity funds. He holds a Bachelor of Science Degree in Economics from the University of Nigeria, Nsukka and is a fellow of the Institute of Chartered Accountants of Nigeria and started his career with Arthur Andersen, providing accounting, consulting and audit services to various clients in financial services, oil & gas and manufacturing. Mr. Kokoricha was appointed to the Board of Continental Re as a Non-Executive Director on March 1, 2016.

4

Mr. Steve Olisa Iwenjora

Non-Executive Director

Steve Olisa Iwenjora has close to 2 decades of experience in the financial services sector including private equity, investment management and banking in leading local and international institutions. Steve is currently the Managing Director of CAN Fund Manager Limited, a company under African Capital Alliance ("ACA") and is currently a partner in African Capital Alliance. He has a first degree in Accounting, from University of Lagos, a master's degree in business administration from Columbia Business School, New York and is a Fellow of the Institute of Chartered Accountants of Nigeria. He was appointed to the Board of Continental Re as a Non-Executive Director Ltd on March 1, 2016.

5 Mr. Ian Alvan Tofield

Independent Non-Executive Director

Mr. Ian Alvan Tofield joined the Board of Continental Re as an Independent Non-Executive Director on April 27, 2016. He is an Associate of the Chartered Insurance Institute and has over 60 years' practical experience in all aspects of insurance and reinsurance business, administrative, technical, and marketing predominantly in and for the African continent. Mr. Tofield has served on the Boards of several insurance companies. He was an associate of CK Reinsurance Brokers, London, from 2002 – 2010 and consults for various large multinational insurance companies.

6 Mrs. Ahlam Bennani

Non-Executive Director

Mrs. Bennani is the managing director of Emerge Invest, a corporate finance consulting firm. Her technical competencies include advisory on mergers and acquisitions for local, international firms and equity funds; advisory for major operators in risk management and performance improvement; project management and change management. She graduated from the Graduate School of Management of Rouen, France and began her career in 2000 with Arthur Andersen/Ernst & Young Casablanca where she rose to senior Manager Transaction Advisory and Business Advisory. She was appointed Non-Executive Director of Continental Re on September 11th, 2015.

7 Mr. Emmanuel Brule

Non-Executive Director

Mr. Brule is a graduate of Ecole Centrale de Paris. He held several senior executives' roles with SCOR, a global Tier 1 reinsurance company (1997 - 2001) and American International Group (AIG) (2002 - 2015) in diverse functions across various territories. He is currently Chief Executive Officer, Sanlam Pan Africa GI (Casablanca). He is recognized as a strategic leader and critical thinker, with a strong record of execution in multiple environments and cultures. He was appointed to the Board of Continental Re as a Non-Executive Director on November 16, 2016.

8 Mr. Stephen Murphy

Non-Executive Director

Mr. Murphy holds a degree in Social Sciences from the University of South Africa. He has extensive experience in the insurance and reinsurance business which spanned 40 years, most of which was in the reinsurance sector. Mr. Murphy has served on several Boards and was appointed to the Board of Continental Re as a Non-Executive Director on October 24, 2017.

9 Dr. Olufemi Oyetunji

Managing Director/CEO

Dr. Femi Oyetunji was appointed Managing Director/CEO on January 3, 2011. He was, prior to his appointment, the founding Managing Director/CEO of Alexander Forbes Consulting Actuaries Nigeria Limited and was the Chief Actuary supervising many large insurance and pension schemes. He holds a PhD in Statistics from the University of Manchester, Institute of Science and Technology, England (1980); a Master of Science (M.Sc.) degree in Statistics from Imperial College, London (1977) and a Bachelor of Science (B.Sc.) First Class Honours degree in Statistics and Operational Research from the University of Manchester, Institute of Science and Technology, England (1976). He is a Fellow of the Institute of Actuaries, United Kingdom.

10 Mr. Lawrence Nazare

Executive Director

Mr. Lawrence Nazare is the Executive Director and Group Head of operations. He has vast experience in reinsurance spanning over 25 years. Prior to joining Continental Reinsurance in May 2010, he was the Managing Director of ZB Reinsurance Ltd, formerly Inter-Market Reinsurance Limited, Zimbabwe, a Hannover Re Joint Venture Company and served as Chairman of the Insurance Council of Zimbabwe for three consecutive terms.

Mr. Nazare holds a Bachelor of Law (Hons) Degree and a post-graduate Bachelor of Laws Degree from the University of Zimbabwe and is an admitted Legal Practitioner. He is an Associate in Reinsurance of the Insurance Institute of America and an Associate of the Insurance Institute of South Africa.

11 Ms. Patricia Ngozi Ifewulu

Company Secretary/Group Head, Legal Services & Compliance

Patricia is a legal practitioner with over 15 years' experience in company secretarial practice. She holds a Master of Law Degree from University of Lagos and a Bachelor of Law (Second Class Upper Division) Degree from Enugu State University of Science and Technology. She was admitted as Barrister and Solicitor of the Supreme Court of Nigeria on October 12, 2004.

She commenced her legal career with the Law Firm of Paul Usoro & Co before proceeding to corporate in-house practice in Royal Exchange Plc, a financial services group with interest in Insurance, Healthcare and Microfinance banking, where she carried out the dual role of assistant company secretary to the group holding company and company secretary to two subsidiaries, Royal Exchange Healthcare and Royal Exchange Microfinance Bank Limited. She is an Associate of the Institute of Chartered Secretaries and Administrators, UK and member of the Nigerian Bar Association.

Executive Management Team Profile

1 Dr. Olufemi Oyetunji
Managing Director/CEO

Dr. Oyetunji holds a PhD in Statistics from the University of Manchester, Institute of Science and Technology, England (1980); a Master of Science (M.Sc.) degree in Statistics from Imperial College, London (1977) and a Bachelor of Science (B.Sc.) First Class Honours degree in Statistics and Operational Research from the University of Manchester, Institute of Science and Technology, England (1976). He is a Fellow of the Institute of Actuaries, United Kingdom and has attended several management development programmes locally and overseas.

2 Mr. Lawrence Nazare
Executive Director, Technical Operations

Mr. Lawrence Nazare is the Executive Director and Group Head of operations. He has vast experience in reinsurance spanning over 25 years. Mr. Nazare holds a Bachelor of Law (Hons) Degree and a post-graduate Bachelor of Laws Degree from the University of Zimbabwe and is an admitted Legal Practitioner. He is an Associate in Reinsurance of the Insurance Institute of America and an Associate of the Insurance Institute of South Africa.

3 Abayomi Oluremi-Judah
Chief Risk Officer

Mr. Abayomi Oluremi-Judah holds a B.Sc. in Mathematics and Economics from the University of Warwick, United Kingdom and is an Associate of the Institute of Actuaries. He trained and worked as an actuary in the United Kingdom and Europe for more than 13 years and brings his extensive insurance and reinsurance experience to Africa and the organization.

4 Ms. Jane Mberia
Group Chief Finance Officer

Ms. Jane Mberia is the Group Chief Finance Officer at the Head Office in Lagos, Nigeria from where she leads the group's financial activities. Before her appointment, Jane served as Head of Finance at the Kenya subsidiary, having joined the Company in 2012. Jane has had a successful career in the industry spanning over 18 years. She is a Certified Public Accountant and a member of the Institute of Credit Management, Kenya. She graduated with an MBA (Strategic Management) and a Bachelor of Commerce (Finance).

5
Ms. Patricia Ngozi Ifewulu
Company Secretary/Group Head, Legal Services and Compliance

Patricia is a legal practitioner with over 15 years' experience in company secretarial practice. She holds a Master of Law Degree from University of Lagos and a Bachelor of Law (Second Class Upper Division) Degree from Enugu State University of Science and Technology. She was admitted as Barrister and Solicitor of the Supreme Court of Nigeria on October 12, 2004.

She commenced her legal career with the Law Firm of Paul Usoro & Co before proceeding to corporate in-house practice in Royal Exchange Plc, a financial services group with interest in Insurance, Healthcare and Microfinance banking, where she carried out the dual role of assistant company secretary to the group holding company and company secretary to two subsidiaries, Royal Exchange Healthcare and Royal Exchange Microfinance Bank Limited. She is an Associate of the Institute of Chartered Secretaries and Administrators, UK and member of the Nigerian Bar Association.

7
Cassim Hansa
Group Head, Underwriting & Claims

Mr. Cassim Hansa is a professional Civil Engineer and MBA graduate (University of Witwatersrand, Jhb.) with experience in both the Engineering and Insurance Industries; in both the USA and SA. He joined Continental Reinsurance in 2014.

He has been in the insurance industry since 1989 and now has twenty-seven years [two years of which were spent in the USA] of reinsurance/insurance underwriting and claims handling experience.

Prior to his intra-company transfer from Munich Re to the USA, he held the position of Chief Engineer carrying responsibility for all the Engineering Insurance business south of the Sahara. In the USA (2001 to 2003), he led Munich-American Risk Partner's Property-Engineering Insurance unit in Princeton, New Jersey.

6
Segun Ajibewa
Group Head, Human Resources & Admin

Dr. Segun Ajibewa holds a PhD in Psychology, an M.Sc. in Industrial & Organizational Psychology and a B.Sc. in Psychology, all from the University of Ibadan; and an MBA from Obafemi Awolowo University, Ile-Ife. He also holds Balanced Scorecard Professional Certification of the Institute of Balanced Scorecard, U.S.A., and is an alumnus of the Lagos Business School (SMP 25). He previously worked with Nigerian Breweries Plc, Industrial Projects International Limited and Mutual Benefits Assurance Plc as the Head of Human Resources and Administration.

He is a professional member of the Chartered Institute of Personnel Management of Nigeria, Nigerian Institute of Management, Nigerian Institute for Training and Development, and Advertising Practitioner Council of Nigeria and has attended several management development programmes locally and internationally.

8 Mrs. Diana Ussher-Eke

Group Head Corporate Services & Human Capital Development

Diana holds a Bachelor's and Master's degree in Human Resource Management from the University of Kent, Canterbury and London South Bank University.

She is a seasoned Human Resources professional with 17 years' international experience (within the public and private sector) across the United Kingdom, Middle East and Africa, with incrementally responsible roles across the HR spectrum.

Before joining Continental Reinsurance, Diana worked at Interswitch a leading Africa-focused fintech company offering integrated payment and multi-channel transaction processing as the Head of Talent and Organisation Development.
She is an associate member of the Chartered Institute of Personnel Development(CIPD), UK.

9 Mr. Shola Ajibade

General Manager (Operations) Anglophone West Africa

Mr. Shola Ajibade holds a Higher National Diploma in Insurance from the Lagos State College of Science and Technology and is a Fellow of the Chartered Insurance Institute, London and the Insurance Institute of South Africa. He holds an MBA from the University of South Africa. He is an accomplished reinsurance underwriter with more than 25 years' experience in insurance and reinsurance and has worked with Aon Benfield South Africa where he held the position of Executive (Treaty) for Sub-Saharan Africa , Swiss Re South Africa and Swiss Re Ivory Coast and United African Insurance Brokers (UAIB) Nigeria.

10 Mr. Souvik Banerjea

Manager Director, Continental Reinsurance (Kenya) Ltd

Mr. Souvik Banerjea has over 30 years' experience in the insurance and reinsurance sector. He has worked with The New India Assurance in both India and Japan, African Reinsurance Corporation and African Trade Insurance Agency prior to joining Continental Reinsurance.

Souvik holds a Master of Business Administration (MBA) from R.A. Podar Institute of Management, University of Rajasthan, India. He also holds a Bachelor of Commerce (B. Com) from the University of Rajasthan, India and Major in Marketing and Personnel Management. He is a Fellow of the Insurance Institute of India.

11 Mr. Oumar BA

Manager Director, Continental Reinsurance S.A Cameroun

Mr. Oumar BA seasoned insurance underwriter with over two decades experience in the industry. He has worked with Swiss Re in difference capacities, Regional Manager (West Africa – Anglophone), Senior Client Manager (Swiss Re Africa / Swiss Re Zurich) and Property Underwriter (Swiss Re Africa / Johannesburg). He also worked with Sosar Alamane (Senegal).

Mr. Ba holds a master's degree from the Institut de Formation aux Affaires et à la Gestion (French Institute of Management). He speaks French, English and Portuguese.

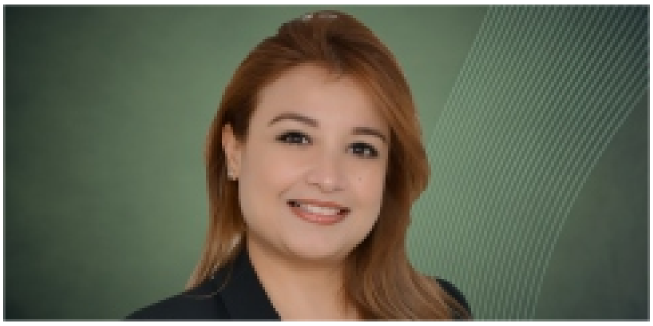
12 Mr. Francis Nzwili

Manager Director, (Botswana Subsidiary)

Mr. Francis Nzwili is the Managing Director for Continental Reinsurance Botswana and has over 20 years' experience in the industry. Francis was previously the head of Operations in Continental Reinsurance, Kenya where he managed the marketing and underwriting functions before he was promoted to his current position. He holds a bachelor's degree in Education (Mathematics and Economics) from Moi University, Kenya and is a member of the Insurance Institute of London.

13 Mrs. Dorsaf Sassi

Regional Director, Tunisia



Mrs. Dorsaf Sassi holds a bachelor's degree in Finance and a Master's degree in Total Quality Management (TQM), both from the Institut Supérieur de Gestion, Tunis. She has over 20 years' senior level experience in the insurance and reinsurance industry in Tunisia.

Directors' Report

The Directors of Continental Reinsurance Plc ("the Company" or Continental Re") are pleased to present their report on the affairs of the Company and its subsidiaries ("the Group"), together with the Group audited financial statements and the auditor's report for the year ended December 31, 2019.

1. Legal form

The Company was incorporated as a private limited liability Company on July 24th, 1985 and was converted to a public limited liability Company on March 27th, 2000. It commenced business as a general reinsurer in January 1987 and became a composite reinsurer in January 1990. It is authorized and regulated by the National Insurance Commission (NAICOM).

2. Principal activity

The Company reinsures all classes of insurance business, including Life, Fire, Engineering, Bond, General Accident, Marine, Aviation, Motor, Liability and Energy within and outside Nigeria. Its product mix includes a full range of treaty and facultative reinsurance services.

The Company is a pan-African reinsurance Company operating in more than 50 African countries with two regional offices in Lagos (Nigeria) and Tunis (Tunisia) and three subsidiaries in Nairobi (Kenya), Gaborone (Botswana) and Douala (Cameroon).

3. Results for the year

The results of the Company's three subsidiaries have been consolidated in the financial statements on pages 97 to 101. Below is a summary of the results for the year under review:

	Group ₦'000	Company ₦'000
Profit before taxation	2,395,626	1,534,723
Income Tax expense	(499,569)	(40,338)
	---------------	-------------
Profit after taxation	1,896,057	1,494,385
	======	======

4. Business review

A review of the 2019 group operating results compared to the group's performance in 2018 and outlook for the ensuing year are contained in the financial year business review.

5. Property, plant and equipment

Movements in property, plant and equipment during the year are shown in note 22 on pages 111 and 112. In the opinion of the directors, the market value of the Company's properties is not less than the value shown in the account

6. Post Balance Sheet Event

There are no post- Balance Sheet events which could have had a material effect on the state of affairs of the Company as at December 31, 2019 or on the profit for the year ended on that date that have not been adequately provided for or disclosed.

7. Retirement by rotation

In accordance with Article 103 and 105 of the Company's Articles of Association, Chief Ajibola Ogunshola, Mr. Emmanuel Brule and Mr. Steve Murphy retired by rotation at the Annual General Meeting held on April 29, 2020 and were re-elected as directors.

8. Directors' interests

The direct and indirect interests of directors in the issued share capital of the Company as recorded in the Register of Directors' shareholdings and/or as notified by them for the purpose of Section 275 of the Companies and Allied Matters Act, CAP C20, LFN 2004 are as follows:

Number of 50 kobo Ordinary Shares held as at December 31st

Directors	2019		2018	
	Direct	Indirect	Direct	Indirect
Chief Ajibola Ogunshola	Nil	Nil	Nil	*
Dr. Olufemi Oyetunji	Nil	Nil	12,140,500	Nil
Mr. Lawrence M. Nazare	Nil	Nil	Nil	Nil
Mr. Foluso Laguda	Nil	Nil	200,000	435,201,112
Mrs. Ahlam Bennani	Nil	Nil	Nil	Nil
Mr. Paul O. Kokoricha	1	Nil	Nil	Nil
Mr. Steve O. Iwenjora	Nil	Nil	Nil	Nil
Mr. Ian A. Tofield	Nil	Nil	Nil	Nil
Mr. Emmanuel Brule	Nil	Nil	Nil	Nil
Mr. Stephen Murphy	Nil	Nil	Nil	Nil

9. Directors' interests in contracts

For the purpose of Section 277 of the Companies and Allied Matters Act, CAP C20, LFN 2004, none of the directors has notified the Company of any declarable interest in contracts with which the Company was involved as at December 31, 2019.

10. Acquisition of own shares

The Company did not purchase any of its own shares during the year (2018: Nil).

11. Ownership structure

	June 30, 2020			December 31st, 2019		
	No. of Holders	No. of Share	%	No. of Holders	No. of Share	%
Foreign	1	10,372,744,313	99.99%	28	6,771,206,207	65.28
Nigeria	1	1	0.01%	6,018	3,601,538,107	34.72

12. Retrocessionaires

Antares Syndicate 1274
Ascot Syndicate 1414
Atrium Syndicate 609
Barbican Syndicate 1955
Blenhiem Syndicate 5886
Canopius
Cathedral Syndicate
CCR Algeria
Chaucer Syndicate 1084
Everest Re
Emirates Ins. Company
Ghana Re
GIC Re
Hannover Re
Hiscox
WAICA Re
Zep Re
Intern. Gen. Ins. (IGI)
Kenya Re
Milli Re
Namib Re
Novae Syndicate
One Re
Qbe Syndicate
Santam Re
Sava Re
SCOR
Starstone
Swiss Re
Tempo Underwriting on behalf of Starstone
Trust Re
Tunis Re
XL Catlin

13. Principal brokers

The following brokers transacted business with the Company during the year under review:

Local

Ark Reinsurance Brokers
Boff Insurance Brokers
Glanvill Enthoven Reinsurance Brokers
Jomola Insurance Brokers
SBG Insurance Brokers
The United African Insurance Brokers Ltd
YOA Insurance Brokers
IBN Insurance Brokers
Jordan Global Insurance
SCIB Insurance Brokers

Foreign

Atlas Re
Afro Asian Reinsurance Brokers
AON Re Africa (Pty) Limited
J.B. Boda & Company Private Ltd, Bombay
KEK Reinsurance Ltd
Minerva Risk Advisors

Bharat Reinsurance Brokers PVT
Capsicum Re
Chedid Re
Fair Insurance & Reinsurance Brokers
First Reinsurance Ltd
Gras Savoye, France
Guy Carpenter
Nairobi Reinsurance Brokers Ltd
Oak Tree Intermediaries (Pty) Ltd
Platinum Reinsurance Brokers Sal
Reinsurance Solutions, Mauritius
Saham Re, Togo
Trust Reinsurance Brokers
Willis Towers Watson Re

14. Analysis of shareholding

The issued and fully paid up share capital of the Company as at December 31, 2019 was NGN 5,186,372,157.00 divided into 10,372,744,314 ordinary shares of 50 kobo each. The range of shareholding is as follows:

Range Holdings			Numbers of Holders	Holdings	%
1	-	1,000	988	535,288	0.01
1,001	-	5,000	1,275	4,146,290	0.04
5,001	-	10,000	912	7,959,051	0.08
10,001	-	50,000	1,569	43,009,131	0.41
50,001	-	100,000	570	48,547,924	0.47
100,001	-	500,000	477	110,798,275	1.07
500,001	-	1,000,000	106	79,885,694	0.77
1,000,001	-	5,000,000	97	221,584,083	2.14
5,000,001	-	10,000,000	18	125,152,129	1.21
10,000,001	-	50,000,000	17	424,062,146	4.09
50,000,001	-	100,000,000	8	605,147,066	5.83
100,000,001	-	999,999,999,999	9	8,701,917,237	83.89
			6,046	10,372,744,314	100

15. Unclaimed dividends

The total unclaimed dividends as at December 31, 2019 was NGN382,710,651 (2018: NGN332,516,067). The unclaimed dividends are maintained in a fixed deposit account maintained with Sterling Bank Plc. The account is jointly managed by both the Company and Pace Registrars Ltd. The total amount in the account as at December 31, 2019 was NGN382,710,651. (Interest income from 2011 to date: NGN193,516,487)

16. Employment and Employees

Employment Policy

Continental Reinsurance prides itself in its commitment to best practices in people management. We believe strongly that we must win with people and through people in order to have a competitive edge in our business. This philosophy continues to guide us in the way we work and is reflected in our policies and practices at every stage of our employment cycle. We have entrenched world class best practices in our human resource management policies that ensure that the right work environment, professionalism, robust welfare initiatives and opportunity to acquire the right competencies are provided for employees to deliver the best results.

Equality and Diversity Policy: Continental Reinsurance is proud to be a multi-cultural community operating in an increasingly competitive and diverse business world. We value equality and diversity and are committed to creating a working environment where we, treat all individuals fairly, with dignity and respect; provide open opportunities to all and a safe, supportive and welcoming environment for all employees and visitors.

The key elements of the policy include:

Employment Equity and Equality: We are committed to equal treatment of employees regardless of age, gender, race, ethnic origin, religion or belief, disability, marital status, pregnancy, sexual orientation, number of dependents, part-time or fixed term status, creed, color, nationality, membership or non-membership of trade union.

Diversity: We value diversity, recognizing that different people with different backgrounds and experiences can bring valuable insights that contribute to the business. We strive to remain an equal opportunity employer that is passionate about diversity, inclusivity, mutual respect, encouraging vibrant communication and consultation between employees and the leadership team. Our core values and Code of Business Principles define what we stand for and the framework in which we do business. The group complies with all regulatory demands in the employment of employees' and ensure that right talents are considered for appointment to executive and top management positions.

Employment of physically challenged persons

The Company operates a non-discriminatory policy in the consideration of applications for employment, including those received from physically challenged persons.

In the event of members of staff becoming disabled, efforts will be made to ensure that their employment continues, and appropriate training arranged to ensure that they fit into the Company's working environment. The Company did not have any physically challenged persons in its employment during the period under review.

Health, safety at work and welfare of employees

Health and safety regulations are in force within the Company's work environment and employees are provided with necessary training on health and safety related issues. In line with the Company's health and safety policy, employees and a number of their immediate family members enjoy free medical care through retainer agreement with reputable clinics and hospitals and health insurance schemes. Employees are insured against occupational and other hazards.

Fire prevention and fire-fighting equipment are installed in strategic locations within the Company's premises.

The Company provides Group Life, Group Personal Accident and Workmen's Compensation insurance covers for its employees. It also operates contributory pension scheme and social security as well as Retirement Benefit Scheme approved by the Joint TAX Board applicable to each of the office locations within the group.

Learning and development

The Company continues to place high premium on the development of its manpower and thus invests substantially in training and development. Adequate training and development programs have been put in place for employees and these are pursued through enhanced job scope and responsibilities. Employees are sponsored to attend both local and internationally organized training courses, workshops, seminars and conferences to equip them with the essential skills required for optimal performance in their day to day activities. These are supported by on-the-job training. The Company has also embraced e-learning, coaching, cross-location work placements, and training attachment in reputable reinsurance companies, reinsurance brokers and retrocessionaires.

Employees involvement and engagement

The Company places great value on employees' contribution to and involvement in decision making and in line with this policy encourages participation of employees in arriving at decisions on corporate issues and on matters affecting their well-being. In this regard, a number of initiatives have been deployed to promote a highly engaged and productive workforce, also inspiring a sense of accountability and ownership. Management and team retreats, informal lunch sessions with the leadership teams are some of the practical ways used to promote employee engagement. Feedback from employees is considered to be essential in driving the Company's business in the desired direction.

Employee remuneration and talent management

The Company ensures that employees' remuneration is performance based and highly competitive. There is a robust talent management framework which guides how the Company attracts, develops, and retains people with the competencies to meet its strategic objectives. This has enabled the Company to build leadership strength in depth and create the flexibility to meet rapidly changing market conditions and competition.

Internal communication/employee relationship

The Company has an open internal communication policy and provides an environment that promotes effective internal communication and sound employee relations. In achieving this, various channels of communication used include face-to-face interaction, use of telecommunication devises, meetings, social media platforms, newsletters, notice boards, intranet, e-mails and other appropriate communication platforms with appropriate feedback between employees and the Company's leadership. This approach enhances employees' involvement in decision making, promotes employee engagement and motivates achievement of the Company's strategic objectives.

BY ORDER OF THE BOARD

Patricia N. Ifewulu (Ms.)
Company Secretary
FRC/2014/NBA/00000007697
6, Catholic Mission Street (8th Floor)
Lagos

Dated: February 27, 2020

Financial Statements

Statement of Directors' Responsibilities in relation to the consolidated and separate financial statements for the year ended 31 December 2019

The Companies and Allied Matters Act and Nigerian Insurance Act require the Directors to prepare financial statements for each financial year that present fairly, in all material respects, the state of financial affairs of the Company and its subsidiaries at the end of the year and of its profit or loss. The responsibilities include ensuring that the Company and its subsidiaries:

- keep proper accounting records that disclose, with reasonable accuracy, the financial position of the Company and Group and comply with the requirements of the Companies and Allied Matters Act and the Nigerian Insurance Act;
- establish adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and
- prepare financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates that are consistently applied.

The Directors accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with the International Financial Reporting Standard (IFRS) and the requirements of the Companies and Allied Matters Act, Nigerian Insurance Act, relevant guidelines and circulars issued by the National Insurance Commission (NAICOM) and the Financial Reporting Council of Nigeria.

The directors are of the opinion that the consolidated and separate financial statements give a true and fair view of the state of the financial affairs of the Group and of the financial performance and cash-flows for the period. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the directors to indicate that the Company and Group will not remain a going concern for at least twelve months from the date of this statement.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

Chief Ajibola Ogunshola
Managing Director/CEO
FRC/2013/NSA/00000000685
27 February 2020

Dr. Olufemi Oyetunji
Chairman
FRC:2017/IODN/00000016052
27 February 2020

Independent auditor's report

To the Members of Continental Reinsurance Plc

Report on the audit of the consolidated and separate financial statements

Our opinion

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Continental Reinsurance Plc ("the company") and its subsidiaries (together "the group") as at 31 December 2019, and of their consolidated and separate financial performance and their consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards(IFRS) and the requirements of the Companies and Allied Matters Act, the Insurance Act and the Financial Reporting Council of Nigeria Act.

What we have audited

Continental Reinsurance Plc's consolidated and separate financial statements comprise:

- the consolidated and separate statements of comprehensive income for the year ended 31 December 2019;
- the consolidated and separate statements of financial position as at 31 December 2019;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the consolidated and separate financial statements, which include a summary of significant accounting policies.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), i.e. the IESBA Code issued by the International Ethics Standards Board for Accountants. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

PricewaterhouseCoopers Chartered Accountants, Landmark Towers, 5B Water Corporation Road, Victoria Island, Lagos, Nigeria

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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 period. 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.

Key audit matter	How our audit addressed the key audit matter
Valuation of insurance contract liabilities (N30.6 billion) – See notes 2.4; 2.8; and 24	
The estimation of insurance contract liabilities involves a significant degree of judgement. The liabilities are based on the best-estimate of the ultimate cost of all Incurred Claims Liabilities (ICL) but not settled at a given date, whether reported or not and Unexpired Risk Reserve (URR). The Incurred Claims Liabilities (ICL) consist of Outstanding Claims Reserve (OCR), Incurred But Not Reported (IBNR) and Incurred But Not Enough Reported (IBNER). In valuing claims liabilities, directors applied a combination of the chain ladder (CL) method and Bornhuetter-Ferguson (BF) methods. The chain ladder uses historical data to project future expected claims. Similarly, the BF method uses a combination of claim values and incurred loss ratios to make projections. A critical assumption underlying the BF method is the choice of Initial Expected Loss Ratio (IELR). The Unexpired Risk Reserve (URR) consist of the Unearned Premium Reserve (UPR), Deferred Acquisition Cost (DAC) and the Additional Unexpired Risk Reserve(AURR). The Additional Unexpired Risk Reserve (AURR) is assessed based on the profitability of the business written. In determining the Unearned Premium Reserve (UPR) and Deferred Acqusition Cost (DAC), directors made use of models which are based on the assumption that the risk profile of the insurance contracts are spread over the year and premiums are received evenly. This is considered key audit matter in both the consolidated and separate financial statements.	We obtained the actuarial valuation report for insurance contract liabilities from directors and we : • assessed the competence, independence and objectivity of directors external actuarial experts; • understood, evaluated and tested controls over claims process and performed detailed substantive testing over claims paid, and • tested the accuracy, completeness and appropriateness of the underlying data used in the actuarial valuations by performing checks between the data recorded in the financial statements and actuarial data used by director's expert. Using our internal actuarial experts, we assessed the consistency and reasonableness of the group's methodology used. We assessed the actuarial assumptions used in the valuation to determine whether these are appropriate and in line with actual experience and challenged directors' rationale for the judgements applied. We assessed the financial statement disclosures for reasonableness

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Key audit matter	How our audit addressed the key audit matter
Valuation of reinsurance receivables (N17.1 billion) – See notes 2.4, 2.15 and 15	
The valuation of the group's reinsurance receivable requires significant judgement in determining the amount to reflect the credit risk exposure to reinsurance receivables.	We adopted a substantive approach in order to assess the recoverability of the reinsurance receivables.
The directors' impairment model considers the ageing of its reinsurance receivables, collection history over a three-year cycle and payables to cedants with a right of set off. The directors perform quarterly reconciliations with the existing cedants and considers the result in the impairment assessment.	We assessed the reasonableness and appropriateness of the impairment methodology and assumption used in testing the recoverability of the reinsurance receivables. Specifically, we: • tested the ageing analysis of the net receivable performed by directors by selecting samples and checking to supporting documentation; • reviewed the historical and current collection data used in determining the collection ratio and impairment factor applied in the valuation of the group's reinsurance receivables; and • evaluated the existing relationship between the company and selected cedants, reviewed quarterly reconciliations of cedants on a sample basis and assessed the financial condition of the cedants.
This is considered key audit matter in both the consolidated and separate financial statements.	We assessed the financial statement disclosures for reasonableness.

Other information

The directors are responsible for the other information. The other information comprises Corporate information, Directors Report, Statement of Directors' Responsibilities, Audit Committee's Report, Statement of Value Added and Five-Year Financial Summary (but does not include the consolidated and separate financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the other sections of the Continental Reinsurance Plc 2019 Annual Report, which are expected to be made available to us after that date.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not and will 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 identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

When we read the other sections of the Continental Reinsurance Plc 2019 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 and those charged with governance for the consolidated and separate financial statements

The directors are responsible for the preparation of the consolidated and separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act, the Financial Reporting Council of Nigeria Act and the Insurance Act, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the consolidated and separate financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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- 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 those charged with governance 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 those charged with governance 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 those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period 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.

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Report on other legal and regulatory requirements

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

i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

ii) the company has kept proper books of account, so far as appears from our examination of those books and returns adequate for our audit have been received from branches not visited by us;

iii) the company's statement of financial position and statement of comprehensive income are in agreement with the books of account.

For: **PricewaterhouseCoopers**
Chartered Accountants
Lagos, Nigeria

Engagement Partner: Chidi Ojechi
FRC/2017/ICAN/00000015955

2 March 2020

Consolidated and separate financial statements for the year ended December 31 2019
Statement of significant accounting policies

1. General information

(a). The consolidated financial statements of Continental Reinsurance Plc and its subsidiaries (collectively, the Group) for the year ended 31 December 2019 were authorised for issue in accordance with a resolution of the Directors on 27 February 2020.

Continental Reinsurance Plc (the Company or the parent) was incorporated in 1985 as a professional reinsurance limited liability company under the Companies Act 1968 and obtained license to transact non-life Reinsurance business on 10 December 1986. It commenced business operation in January 1987. The Company subsequently obtained the license to transact life reinsurance business in September 1989 and commenced life reinsurance business in January 1990. In 1999, the Company was converted to a public limited liability company and in May 2007, its shares were listed on the Nigerian Stock Exchange. In January 2005, the Company opened a business office in Douala Cameroon, Nairobi, Kenya in year 2007 and Abidjan Cote d' Ivoire in March 2012. The Nairobi office was converted to a subsidiary in 2013. In 2014, the Company acquired a subsidiary in Gaborone, Botswana. The Douala Cameroon office was converted to a subsidiary in 2018. The registered office address of the Company is St Nicholas House (8th Floor), 6 Catholic Mission Street, Lagos, Nigeria.

The Company is regulated by the National Insurance Commission of Nigeria (NAICOM).

(b). Principal activity

The Group is licensed to carry out both life and non - life reinsurance business. The Group provides cover in all classes of reinsurance, basically non-life and life treaty and facultative reinsurance, backed by retrocessionaires in the London and African reinsurance markets. The products and services by the Group cuts across accident, Energy, Fire, Marine, Liability, Individual and Group Life.

The Group also has an investment portfolio with diversified investment focus aimed at improving its profitability, meet future claim obligations, and limit the Group's exposure to investment risk, preserve shareholders' capital in order to maximize total return on investment.

In addition, the Group also provides top-class specialized training and development programmes to its esteemed clients in various classes of insurance and reinsurance including Fire, Energy, Business Interruption, International Reinsurance, Life and Pension, Motor and General Accident and Engineering/Bond Insurance.

2. Summary of significant accounting policies

2.1. Introduction to summary of accounting policies

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

2.2. Basis of preparation

These consolidated and separate financial statements are the financial statements of Continental Reinsurance Plc ("the Company") and its subsidiaries, Continental Reinsurance Limited, Kenya, Continental Reinsurance Limited, Botswana and Continental Reinsurance Limited, Cameroon (together "the Group").

2.2.1 Statement of compliance

The Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Additional information required by national regulations, the Company and Allied Matters Act CAP C20 LFN 2004, the Financial Reporting Council of Nigeria Act No. 6, 2011, Insurance Act 2003 and its interpretations issued by the National Insurance Commission in its Insurance Industry Policy Guidelines is included where appropriate.

The consolidated financial statements comprise the consolidated statement of financial position, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows and the notes to the consolidated financial statements.

2.2.1 Basis of measurements

The consolidated financial statements have been prepared in accordance with the going concern principle under the historical cost convention, except for available-for-sale financial assets, financial assets designed at fair value through profit or loss and investment properties.

Functional and presentation currency

The consolidated financial statements are presented in Naira, which is the Group's functional currency. The figures shown in the consolidated financial statements are stated in thousands.

2.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2019. 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, and
- The ability to use its power over the investee to affect its returns.

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

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss on each component of other comprehensive income (OCI) are 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 subsidiaries to bring their accounting policies into line with the Group's accounting policies. 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.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate and that the Group's consolidated financial statements therefore present the financial position and results fairly. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed below:

2.4 Significant accounting judgements, estimates and assumptions

Judgements

In the process of applying the Group's accounting policies, management has made the following judgement, which has the most significant effect on the amounts recognised in the consolidated financial statements:

Operating lease commitments — Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and, therefore, accounts for the contracts as operating leases

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Fair value of level 3 financial instruments

Investments in unquoted equity securities that are classified as available for sale financial instrument and measured at fair value in line with the accounting policies as set out in the statement of significant accounting policies See note 43.3 for sensitivity analysis on level 3 financial instruments

Valuation of Insurance contract liabilities

Life insurance contract liabilities:

The liability for life insurance contracts is either based on current assumptions or on assumptions established at the inception of the contract, reflecting the best estimate at the time increased with a margin for risk and adverse deviation. All contracts are subject to a liability adequacy test, which reflect management's best current estimate of future cash flows.

Certain acquisition costs related to the sale of new policies are recorded as deferred acquisition costs (DAC) and are amortised to the profit or loss over time. If the assumptions relating to future profitability of these policies are not realised, the amortisation of these costs could be accelerated and this may also require additional impairment writeoffs to the profit or loss.

2.4 Significant accounting judgements, estimates and assumptions

The main assumptions used relates to mortality, morbidity, investment returns, expenses, lapse and surrender rates and discount rates. The Group bases mortality and morbidity on standard industry mortality tables which reflect historical experiences, adjusted when appropriate to reflect the Group's unique risk exposure, product characteristics, target markets and own claims severity and frequency experiences.

Assumptions on future expense are based on current expense levels, adjusted for expected expense inflation, if appropriate.

Lapse and surrender rates are based on the Group's historical experience of lapses and surrenders.

Discount rates are based on current industry risk rates, adjusted for the Group's own risk exposure.

The carrying value at the reporting date of life insurance contract liabilities for the Group is N3,244,299,000 (2018: N2,136,285,000) and Company N2,164,396,000 (2018: N1,493,681,000).

Non-life insurance contract liabilities:

For non-life insurance contract, estimates have to be made for the expected ultimate cost of all future payments attaching to incurred claims at the reporting date. These include incurred but not reported ("IBNR") claims. Due to the nature of reinsurance business, it takes a significant period of time before ultimate costs of claims can be established with certainty and therefore considerable judgement, experience and knowledge of the business is required by management in the estimation of amounts due to contract holders. Actual results may differ resulting in positive or negative change in estimated liabilities.

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder and Bornheutter-Ferguson methods. These methods primarily use historical claim settlement trends as a base for assessing future claims settlement amounts. Historical claims developments are mainly analysed by underwriting year, by type and line of business and by geographical territory. Large claims are separately addressed using loss adjusters' reports and historical large claims development patterns.

Additional qualitative judgement is required as significant uncertainties remain such as future changes in inflation, economic conditions, attitude to claiming, foreign exchange rates, judicial decisions and operational process. Similar judgements, estimates and assumptions are employed in the assessment of losses attaching to unearned premium exposures. The methods used are based on time apportionment principles together with significant judgement to assess the adequacy of theses liabilities and the attached uncertainty.

The carrying value at the reporting date of non-life insurance contract liabilities for the Group is N27,309,984,000 (2018: N21,120,371,000) and Company N14,428,506,000 (2018: N10,584,221,000).

Pipeline reinsurance premium

For non-life reinsurance contracts, estimates have to be made for expected future premium from policies already written but not reported at the reporting date. Due to the nature of reinsurance business, in particular treaty business, it takes a significant period of time before all premiums are reported for a given underwriting period. Therefore considerable judgement, experience and knowledge of the business is required by management in the estimation of pipeline premiums due from contract holders. Actual results may differ resulting in positive or negative changes in estimated pipeline premium income.

The pipeline premiums are estimated by using the Chain Ladder technique. This technique primarily uses historical reporting trends as a base for assessing future premium amounts. Historical premiums developments are mainly analysed by underwriting year, by type and line of business and by geographical territory. Estimated premium income information is also used to supplement the results of this technique.

2.4 Significant accounting judgements, estimates and assumptions (continued)

Additional qualitative judgement is required as significant uncertainties remain such as future changes in inflation, economic conditions, foreign exchange rates, industry developments and operational process.

The carrying value at the reporting date of pipeline receivables for the Group is N6,790,447,000 (2018: N3,824,698,000) and Company N3,066,605,000 (2018: N2,137,922,000).

Deferred tax assets and 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.

The carrying value at the reporting date of net deferred tax liability for the Group is N8,880,000 (2018: N517,949,000) and Company N133,743,000 (2018: N400,310,000). Further details on taxes are disclosed in Note 9 to the financial statements.

Valuation of pension benefit obligation

The cost of defined benefit pension plans and other post-employments benefits and the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rate of return on assets, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Details of the key assumptions used in the estimates are contained in Note 27 to the financial statements.

The carrying value at the reporting date of gratuity benefit obligation for the Group is N404, 290,000 (2018: N203,123,000) and Company N342,212,000 (2018: N158,847,000).
See note 27.2 on sensitivity analysis on retirement benefit obligation.

Valuation of investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in profit or loss. The Group engaged an independent valuation specialist to assess fair value as at 31 December 2019. A valuation methodology based on discounted cash flow income capitalization model was used.

The determined fair value of the investment properties is most sensitive to the estimated yield as well as the long-term vacancy rate. The key assumptions used to determine the fair value of the investment properties are further explained in Note 20 to the consolidated financial statements.

The carrying value at the reporting date of investment properties for the Group is N3,123,121,000 (2018: N3,073,003,000) and Company N3,123,121,000 (2018:N3,073,003,000).
See note 20.2 on sensitivity analysis on investment properties

2.5 New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial period.

Standards and interpretations effective during the reporting period

(a). IFRIC 23 - Uncertainty over income tax treatments effective 1 January 2019

This standard which became effective 1 January 2019, clarifies the accounting for uncertainties in income taxes. It clarifies that an entity must consider the probability that the authorities will accept a treatment retained in its income tax fillings, assuming that they have full knowledge of all relevant information when making their examination. The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over tax treatments under IAS 12. The Group has considered the guidance within the interpretation and concluded that the prescribed approach does not have a material impact on the Group

(b). IFRS 16 – Leases effective 1 January 2019

This is a new standard introduced by IASB to replace existing standard IAS 17 - Leases.
IFRS 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e. leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset).

Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.
Lessor accounting substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

Continental Reinsurance Plc has applied IFRS 16 Leases with a date of initial application of 1 January 2019 and has changed its accounting policies for lease contracts disclosed in Note 2.18. Continental Reinsurance Plc has applied IFRS 16 using the modified restropective approach explained below.

Leases - Accounting policy from 1 January 2019

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly. If the supplier has a substantive substitution right, then the asset is not identified;
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:

- the Company has the right to operate the asset; or
- the Company designed the asset in a way that predetermines how and for what purpose it will be used.

This policy is applied to contracts entered into, or changed, on or after 1 January 2019.

The Group primarily leases buildings for use as office space. Lease terms are negotiated on an individual basis and contain different terms and conditions, including extension and termination options. The lease terms range from 1 year to 5 years. On renewal of a lease, the terms may be renegotiated. The lease agreements do not impose any covenants, however, leased assets may not be used as security for borrowing purposes.

Contracts may contain both lease and non-lease components. The Group has elected not to separate lease and nonlease components and and instead accounts for these as a single lease component.

Until the 2018 financial year, leases of property were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.
From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each

lease payment is allocated between the liability and finance cost. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Lease liabilities

At the commencement date of a lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate
- amounts expected to be payable by Continental Reinsurance Plc under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects Continental Reinsurance Plc exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment with similar terms, security and conditions. To determine the incremental borrowing rate, the Company used the yield on a four year government bond, the rate of 16.10%.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced by the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset where applicable.

Right of use assets

Right-of-use assets are initially measured at cost, comprising of the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date, less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straightline basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Short-term leases and leases of low-value assets

Short-term leases are those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Low-value assets are assets that have values less than $5,000 when new, e.g., small IT equipment and small items of office furniture, and depends on the nature of the asset. Lease payments on short-term leases and leases of low-value assets would be recognised as expenses in profit or loss on a straight-line basis over the lease term. The Group has no short term or low value leases as at the reporting date.

Extension and termination options

Extension and termination options are included in the Group's lease arrangements. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. Most of the extension options are subject to mutual agreement by the Group and some of the termination options held are exercisable only by the Group.

Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate).
- Otherwise, the Group considers other factors, including historical lease durations and the costs and business

disruption required to replace the leased asset.

The lease term is reassessed if an option is actually exercised (or not exercised) or Continental Reinsurance Plc becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and is within the control of the Company.

Impact of adoption of IFRS 16

This note explains the impact of the adoption of IFRS 16: Leases on the Group's financial statements.

The Group has adopted IFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance of equity on 1 January 2019. The new accounting policies are disclosed in note 2.18.

Practical expedients applied

In applying IFRS 16 for the first time, the Company has used the following practical expedients permitted by the standard:

- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.
- electing not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for
- contracts entered into before the transition date, the Company relied on its assessment made applying IAS 17 and
- IFRIC 4 Determining whether an Arrangement contains a Lease.
- applying a single discount rate to a portfolio of leases with reasonably similar characteristics

Impact on the financial statements

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17. These liabilities were measured at the present value of the remaining lease payments, discounted using the yield on a four government year bond, the rate applied to the lease liabilities on 1 January 2019 was 16.1%.

The Group had no leases previously classified as finance leases.

The following table summarises the impact of the transition to IFRS 16 on the statement of financial position as at 1 January 2019 for each affected individual line item for Group and Company. Line items that were not affected by the changes have not been included. The adoption of IFRS 16 had a nil impact on opening equity as at 1 January 2019.

Group

	As at 31 Dec. 2018		Impact of IFRS 16		As at 1 Jan.2019
		Reclassification		Reclassification	
	N,000	N,000		N,000	
Assets					
Right of use assets		450		160,396	160,846
Prepayment	450	(450)			
Liabilities					
Non-current					
Lease liabilities				160,396	160,396

Company

	As at 31 Dec. 2018	Impact of IFRS 16			As at 1 Jan.2019
		Reclassification		Reclassification	
	N,000	N,000		N,000	
Assets					
Right of use assets		450		14,809	15,259
Prepayment	450	(450)			
Liabilities					
Non-current					
Lease liabilities				14,809	14,809

l) Reconciliation of lease liabilities as at 1 January, 2019

	Group	Company
	1 Jan. 2019	1 Jan. 2019
	N,000	N,000
Operating lease commitments disclosed as at 31 December 2018	–	–
Adjustments as a result of a different treatment of extension and termination options	160,396	14,809
Lease liabilities recognised as at 1 January 2019	**160,396**	**14,809**

ii) Right of use assets as at 1 January 2019

The associated right-of-use assets for property leases were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid lease payments relating to that lease recognised in the statement of financial position as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-ofuse assets at the date of initial application.

The recognised right-of-use assets relate to leases for office space.

Amendments to IAS 28 - Long-term Interests in Associates and Joint Ventures

The amendments clarify the accounting for long-term interests in an associate or joint venture, which in substance form part of the net investment in the associate or joint venture, but to which equity accounting is not applied. Entities must account for such interests under IFRS 9 Financial Instruments before applying the loss allocation and impairment requirements in IAS 28 Investments in Associates and Joint Ventures.

2.6 Standards and interpretations issued/amended but not yet effected/effective

Other standards issued/amended by the IASB but yet to be effective are outlined below:

IFRS 9 - Financial instruments effective 1 January 2018

IFRS 9 is part of the IASB's project to replace IAS 39. It addresses classification, measurement and impairment of financial assets as well as hedge accounting.

IFRS 9 replaces the multiple classification and measurement models in IAS 39 with a single model that has only three classification categories: amortised cost, fair value through OCI and fair value through profit or loss. It includes the guidance on accounting for and presentation of financial liabilities and derecognition of financial instruments which was previously in IAS 39. Furthermore for non-derivative financial liabilities designated at fair value through profit or loss, it requires that the credit risk component of fair value gains and losses be separated and included in OCI rather than in the income statement.

IFRS 9 also requires that credit losses expected at the balance sheet date (rather than only losses incurred in the year) on loans, debt securities and loan commitments not held at fair value through profit or loss be reflected in impairment allowances.

Furthermore, the IASB has amended IFRS 9 to align hedge accounting more closely with an entity's risk management. The revised standard establishes a more principles-based approach to hedge accounting and addresses inconsistencies and weaknesses in the current model in IAS 39.

The company elected to apply the temporary exemption from IFRS 9 and qualifies for the temporary exemption based on the following;

a) its activities are predominantly connected with insurance contracts;

b) the carrying amount of its liabilities arising from insurance contracts and insurance connected liabilities for the group sum up to N35.4billion as at 31 Dec 2019 (31 Dec 2018 : N27.1billion), Company N18.1billion (31 Dec 2018:14.5billion) which is greater than 80 per cent of the total carrying amount of all its liabilities as at 31 Dec 2019 and 31 Dec 2018 respectively;

c) as at 31 December 2015, which is the reporting date that immediately precedes 1 January 2016, the carrying amount of the group and company liabilities arising from insurance connected contracts was 92% which is greater than 90 per cent of the total carrying amount of all its liabilities as at that date as presented below;

	Group		Company	
Liabilities	**Carrying Amount**	**Insurance Contracts**	**Carrying Amount**	**Insurance Contracts**
Trade payable	884,117	884,117	847,009	847,008
Income tax payable	722,035	722,035	648,999	648,999
Deferred tax payable	72,908	–	68,777	–
Unearned premium	4,912,295	4,912,295	3,684,628	3,684,628
Outstanding claims	6,169,658	6,169,658	5,468,935	5,468,935
Other liabilities	761,433	–	696,328	–
Other retro liabilities	330,721	330,721	621,801	621,801
Retirement benefits	278,372	–	278,372	–
Total	**14,131,539**	**13,018,826**	**12,314,849**	**11,271,372**
Predominance ratio		**92%**		**92%**

d) The impact assessment of IFRS 9 on the company's financial assets as December 31, 2017, the reporting date that immediately precede January 1, 2018, the effective implementation date of the standard is stated below;

Financial Assets	**IAS 39**	**IFRS 9**	**Impact**
Securities through profit or loss	–	345,067	345,067
Loans and other receivables (amortised cost)	439,081	439,081	–
Available-for-sale investments (FVOCI)	2,090,531	1,494,377	(596,154)
Held to maturity (FVOCI/amortised cost)	6,065,330	6,013,902	(51,428)
Reinsurance receivables	6,184,435	5,910,421	(274,014)
Total	14,779,377	14,202,848	(576,529)

e) The company's activities have remained the same and are predominantly connected with insurance contracts as reflected in (b) above.
f) The nature and carrying amounts of the liabilities connected with insurance contracts are disclosed in notes 8, 24 and 25 respectively.

Fair value disclosures

I) Financial assets with contractual terms that give rise to cash flows that are solely payments of principal and interest.

The group financial assets with contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding are as follows:
a) Loans
b) Other assets/receivables
c) Short term placements
d) Premium receivables

The assets listed above are short term in nature and are receivable within 12 months from the end of the reporting period and as such the carrying amount of these financial asset are deemed to be a reasonable approximation of its fair value. The group is yet to assess the impact of premium receivables.

	Fair Value 2019	Fair Value 2018
Bonds	6,575,564	5,831,354
Treasury Bills	3,421,583	1,403,886

Fair value changes during the year are disclosed in notes 4 and 7 respectively

ii) Financial assets with contractual terms that do not give rise to cash flows that are solely payments of principal and interest.

These are financial assets that meet the definition of held for trading in line with IFRS 9; or that is managed and whose performance is evaluated on a fair value basis. These assets are as follows:

	Fair Value 2019	Fair Value 2018
Quoted Equity Securities	1,027,083	552,431
Unquoted Equity Securities	700,414	1,252,583

Fair value changes during the year are disclosed in notes 4 and 7 respectively

	Fair Value 2019	Fair Value 2018
Quoted Equity Securities	552,431	574,281
Unquoted Equity Securities	1,252,583	1,169,767

Fair value changes during the year are disclosed in notes 4 and 7 respectively

IFRS 17 - Insurance contracts effective 1 January 2021

IFRS 17 replaces IFRS 4 effective January 1, 2021. It addresses changes in valuation and accounting for insurance contracts. IFRS 17 aims to set high quality and globally accepted financial reporting standards based on clearly outlined principles according to the International Accounting Standards Board (IASB). It will make global insurance reporting aligned and consistent. It also aims to apply uniform accounting standards for all types of insurance contracts.

IFRS 17 provides new basis for liability measurement and profit recognition. The measurement models are;

i) Building Block Approach (BBA) measures the net inflow between the risk-adjusted present value of expected inflows and outflows at inception. This method is applicable for measurement of long-term and whole life insurance and reinsurance contracts.

ii) Premium Allocation Approach (PAA) This method is applicable for measurement of short term life, group life and general insurance.

iii) Variable fee Approach (VFA) measures participating business where policy holder liabilitiy is linked to underlying items. This method is applicable for measurement of unit-linked contracts, deposit administration contracts.

Ammendement to IAS 1 and IAS 8 - Definition of material effective 1 January 2020

The IASB has made amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors which use a consistent definition of materiality throughout International Financial Reporting Standards and the Conceptual Framework for Financial Reporting, clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information. In particular, the amendments clarify:

i) that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole, and

ii) the meaning of 'primary users of general purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need. The group is yet to assess the impact of the standard.

Ammendement to IFRS 3 - Definition of a business effective 1 January 2020

The amended definition of a business requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs. The definition of the term 'outputs' is amended to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits. The amendments will likely result in more acquisitions being accounted for as asset acquisitions.

2.7 Foreign currency translation

a. Functional and presentation currency

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').
The consolidated financial statements are presented in thousands. Naira is the Group's presentation and also the parent company's functional currency.

b. Transactions and balances

Foreign currency transactions are transactions denominated, or that require settlement, in a foreign currency and these are translated into the functional currency spot rate prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange prevailing at the reporting date. Foreign exchange gains and losses resulting from the retranslation and settlement of these items are recognised in profit or loss.

c. Group companies

On consolidation, the assets and liabilities of foreign operations are translated into naira at the rate of exchange prevailing at the reporting date and their income statements are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2.8 Insurance contracts

Insurance contracts are those contracts when the Group (the insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. As a general guideline, the Group determines whether it has significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur. Insurance contracts defined in IFRS 4 may also transfer financial risk.

Recognition and measurement

The Group's Insurance contracts are classified into three broad categories, depending on the duration of the risk and the type of risk insured, namely Individual Life, Group Life and General insurance.

a. Individual life

These contracts insure mainly against death. The reserve is calculated by determining an Unexpired Premiums Reserve (UPR) and an Outstanding Claims Reserve (OCR). The UPR represents the unexpired portion of premiums received for cover within the year, assuming an allowance for expenses. The OCR represents the claims reserve for claims that were received, but not yet paid, or which may have emerged but have not been received due to delayed reporting.

b. Group life

These contracts insure companies against death of staff. These contracts are short-term in nature and are typically renewed annually. For these contracts, gross premiums are recognised as revenue when due.

c. General insurance

These contracts provide Fire, Accident, Marine, Liability and Energy insurance. For these contracts, gross premiums are recognised as revenue when due.

2.9.1 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

2.9.2 Gross premium

Premium is recognized as income when offers from ceding companies are confirmed via credit notes. This comprises premiums generated on contracts entered into during the year as well as premiums and adjustments on contracts entered into in earlier years but confirmed in the current accounting year. Also, premium for the year includes estimates for pipeline or premium not yet advised by the ceding companies for contracts in-force at the end of the year. Pipeline premiums are estimated on the basis of latest available information and historic premium development patterns.

All written premiums are recorded on underwriting year basis and a provision is made for unearned income as Reserve for Unexpired Risk for the portion of premium relating to the current underwriting year that have not expired by the end of the accounting year. Earned Premium Income represents Gross Premium less change in reserve for unearned Premium during the year.

2.9.3 Retrocession

Retrocession premium represents the cost of outward reinsurance for the year. The retrocession programme is on underwriting year basis with appropriate reserves calculated using the same basis as reserve for unexpired risks.

Retrocession recoveries represent that portion of claims paid/payable on risks ceded out in respect of which recoveries are received/ receivable from the retrocessionaire. Retrocession recoveries are disclosed separately as an asset and charged against gross claims incurred to arrive at net claims incurred.

Retrocession assets are assessed annually for impairment and the carrying amount reduced with impairment through profit or loss.

2.9.4 Gross Claims

Gross claims represent estimates of claims and claims handling expenses accrued during the accounting year. Gross claims incurred are made up of gross claims and changes in reserve for outstanding claims (including IBNR) during the year.

2.9.5 Reserve for unexpired risks

The portion of the Non-life gross written premium which has not yet been earned by the end of the accounting year is accounted for as Reserve for Unexpired Risks.

This is calculated using current underwriting year gross written premium for all classes of business assuming premium earning patterns based on historical pattern and business knowledge.

2.9.6 Reserve for outstanding claim

Reserve for outstanding claims represents provisions made to account for estimated cost of all claims and the related claims handling expenses incurred but not paid at the reporting date. This includes the cost of claims incurred but not reported (IBNR) using best available information.

A full provision is made for the estimated cost of all claims notified but not settled at the reporting date, using the best information available at that time. Provision is also made for the cost of claims incurred but not reported (IBNR) until after the reporting date. Similarly, provision is made for "unallocated claims expenses" being the estimated administrative expenses that will be incurred after the reporting date in settling all claims outstanding as at the date, including IBNR. Differences between the provision for outstanding claims at a reporting date and the subsequent settlement are included in profit or loss of the following year.

Based on the best available information, this reserve is calculated using standard actuarial methods and historical claims experience.

2.9.7 Liability adequacy test

Liabilities from insurance policies are tested by certified professional actuary at each reporting date for adequacy of the insurance liabilities recognised in the financial statements. During this process, up-to-date estimates of current valuation parameters are examined, taking into account all future cash flows associated with the insurance policies, to determine whether the recognised liabilities are adequate. If these tests determine that the carrying amount of the insurance liabilities is negative, taking into account capitalised acquisition costs and/or capitalised policy portfolio values, the entire shortfall is immediately recognised in profit or loss.

2.9.8 Actuarial valuation of life insurance contract liabilities

Actuarial valuation of life insurance contract liabilities is carried out annually by certified professional actuary for the purpose of determining the surplus or deficit at the end of the year. All surpluses or deficits arising therefrom are charged to profit or loss.

2.9.9 Deferred acquisition costs

Acquisition costs comprise all direct and indirect costs arising from the writing of reinsurance contracts. Deferred acquisition costs (DAC) comprise commissions and other variable costs directly connected with acquisition or renewal of reinsurance contracts.

Deferred acquisition costs represent a proportion of commission and other acquisition costs, which are incurred during a financial year and are deferred to the extent that they are recoverable out of future revenue margins. DAC is amortised over the premium payment period in proportion to the premium revenue recognised.

Commissions receivable on outwards retrocession contracts are deferred and amortised on a straight line basis over the term of the expected premiums payable.

2.10 Underwriting expenses

Underwriting expenses comprises acquisition, maintenance and management expenses. Acquisition and
maintenance expenses relate to cost incurred directly in acquisition of businesses.

2.10.1 Acquisition expenses

Acquisition expenses are those costs incurred in obtaining and renewing insurance contracts. These include commissions paid and policy expenses.

2.10.2 Maintenance expenses

Maintenance expenses are those costs incurred in servicing existing policies/contracts and these include brokerage fees and charges.

2.10.3 Management and administration expenses

Management and administration expenses are expenses other than claims, acquisition and maintenance expenses. These include salaries and emoluments, other staff costs, business running cost, depreciation and amortisation, professional fees, investment expenses and other non-operating costs.

Management expenses are those expenses that relate to operating business which are apportioned and charged thereto. These include salaries and emoluments of underwriting and business staff support. Administration expenses are those expenses that cannot be directly attributable to underwriting business and charged to the profit or loss in the accounting period in which they are incurred. These include professional fees, investment expenses, other non-operating costs, depreciation and amortisation.

2.11 Investment income

Investment income comprises interest earned on short-term deposits and fixed income securities, rental income, dividend and income earned on trading of securities. Investment income is accounted for on an accrual basis.

2.11.1 Interest income

Interest income and expense for all interest-bearing financial instruments are recognised within 'securities discount and similar income' and 'securities discount and similar expense' in profit or loss using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

2.11.2 Other income

Other income is recognised in profit or loss as the service is provided or when the entity's right to receive payment is established. Other income consist primarily of dividend income, gain on assets disposal, rental income, income from technical and management services, interest on staff loan and other miscellaneous income.

2.11.3 Foreign currency gains and losses

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

2.12 Cash and cash equivalents

Cash and cash equivalents are balances that are held for the primary purpose of meeting short-term cash commitments. Hence this includes cash in hand and cash equivalents that are readily convertible to known amount of cash are subject to insignificant risk of changes in value and whose original maturity is three months or less.

Cash and cash equivalents for the purpose of cash flow includes cash-on-hand, deposit held at call with banks and other short-term highly liquid investments which originally matures in three months or less.

2.13 Financial instruments

In accordance with IAS 39, all financial assets and liabilities – which include derivative financial instruments – have to be recognised in the statement of financial position and measured in accordance with their assigned category.

2.13.1 Initial recognition and measurement

Financial instruments are recognised initally when the company becomes a party to the contractual provisions of the instruments.

The Group classifies financial instruments, to their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement. Classification depends on the purpose for which the financial instruments were obtained/incurred and takes place at initial recognition. Classification is re-assessed on an annual basis.

Financial instruments are measured initially at fair value, except for equity instruments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument. Transaction costs on financial instruments at fair value through profit or loss are recognised in profit or loss.

2.13.2 Derecognition

Financial assets

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

- The rights to receive cash flows from the asset have expired;
- The Group has transferred its rights 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 Group has neither transferred nor retained substantially all the risks and rewards of the asset,

but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities

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 profit or loss.

2.13.3 Offsetting financial instruments

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

2.13.4 Financial Assets

Classification and subsequent measurement

For the purposes of measuring a financial asset after initial recognition, the Group classifies financial assets into the following IAS 39 categories: (a) financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired.

a. Financial assets at fair value through profit or loss

This category comprises two sub-categories: financial assets classified as held for trading, and financial assets designated by the Group as at fair value through profit or loss upon initial recognition.

The Group had no assets classified as held-for-trading at the end of the year.

The Group designates certain financial assets upon initial recognition at fair value through profit or loss (fair value option). This designation cannot subsequently be changed. According to IAS 39, the fair value option is only applied when any of the following conditions are met:

- the application of the fair value option reduces or eliminates an accounting mismatch that would otherwise arise; or
- the financial assets are part of a portfolio of financial instruments which is risk managed and reported to senior management on a fair value basis; or
- the financial assets consists of debt host and an embedded derivative that must be separated.

Financial assets at fair value through profit or loss

The fair value option is applied to the externally managed portfolios that are part of a portfolio. The performance of the managed fund is evaluated on a fair value basis in accordance with an investment strategy and information on this is provided to the key management personnel.

Financial assets for which the fair value option is applied are recognised in the statement of financial position as 'Financial assets designated at fair value'. Fair value changes relating to financial assets designated at fair value through profit or loss are recognised in 'Net gains on financial instruments designated at fair value through profit or loss'.

b. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

i) those that the Group intends to sell immediately or in the short-term, which are classified as held-for-trading, and those that the entity upon initial recognition designates as at fair value through profit or loss;

ii) those that the Group upon initial recognition designates as available-for-sale; or

iii) those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

Loans and receivables are initially recognised at fair value – which is the cash consideration to originate or purchase the loan including any transaction costs – and measured subsequently at amortised cost using the effective interest rate method. Loans and receivables are reported in the statement of financial position as loans and receivables. Receivables arising from insurance contracts are also classified in this category and are reviewed for impairment as part of the impairment review of loans and receivables.

c. Held-to-maturity financial assets

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity, other than:

- those that the Group upon initial recognition designates as at fair value through profit or loss;
- those that the Group designates as available-for-sale; and
- those that meet the definition of loans and receivables.

These are initially recognised at fair value including direct and incremental transaction costs and measured subsequently at amortised cost, using the effective interest method.

Interest on held-to-maturity investments is included in profit or loss and reported as 'Interest and similar income'. In the case of an impairment, the impairment loss is been reported as a deduction from the carrying value of the investment and recognised in profit or loss as 'impairment of financial assets'. Held-to-maturity investments include sovereign, sub-national and corporate bonds.

d. Available-for-sale financial assets

Available-for-sale (AFS) investments are financial assets that are intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices or that are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Available-for-sale financial assets are initially recognised at fair value, which is the cash consideration including any transaction costs, and measured subsequently at fair value with gains and losses being recognised in other comprehensive income. If an available-for-sale financial asset is determined to be impaired, the cumulative gain or loss previously recognised in the other comprehensive income is recognised in profit or loss. However, interest is calculated using the effective interest rate method, and foreign currency gains and losses on monetary assets classified as available-for-sale are recognised in profit or loss. Dividends on available-for-sale equity instruments are recognised in profit or loss in 'Dividend income' when the Group's right to receive payment is established. AFS financial assets includes debt and equity (quoted and unquoted) instruments.

The carrying value at the reporting date of available for sale financial instruments for the Group is N1,764,753,000 (2018:N2,229,365,000) and Company N1,727,496,000 (2018:N2,194,549,000).

e. Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists for financial assets that are significant individually, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

e. Impairment of financial assets

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded in profit or loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to profit or loss.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of the Group's internal credit grading system, which considers credit risk characteristics such as asset type, industry, geographical location, collateral type, past-due status and other relevant factors.

Future cash flows on a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. Estimates of changes in future cash flows reflect, and are directionally consistent with, changes in related observable data from year to year (such as changes in unemployment rates, payment status, or other factors that are indicative of incurred losses in the group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Available-for-sale financial assets

For available-for-sale financial assets, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include a 'significant or prolonged' decline in the fair value of the investment below its cost. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the profit or loss – is removed from other comprehensive income and recognised in the profit or loss. Impairment losses on equity investments are not reversed through the profit or loss; increases in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the profit or loss.

Future interest income continues to be accrued based on the reduced carrying amount of the asset and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded in the profit or loss. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the profit or loss, the impairment loss is reversed through the profit or loss.

2.13.5 Financial liabilities

Classification and subsequent measurement

After initial recognition, the subsequent measurement of financial liabilities depends on their classifications as follows:

a. Financial liabilities at fair value through profit or loss

This category comprises two sub-categories: financial liabilities classified as held-for-trading, and financial liabilities designated by the Group as at fair value through profit or loss upon initial recognition.

A financial liability is classified as held-for-trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorised as held-for-trading, unless designated as an effective hedging instrument.

Gains and losses arising from changes in fair value of financial liabilities classified held-for-trading are included in profit or loss and are reported as 'Net gains/(losses) on financial instruments classified as held-for-trading'. Interest expenses on financial liabilities held-for-trading are included in 'Net interest income'.
The Group did not have any financial liabilities that meet the classification criteria at fair value through profit or loss and did not designate any financial liabilities as at fair value through profit or loss.

b Other liabilities measured at amortised cost

Financial liabilities that are not classified at fair value through profit or loss fall into this category and are subsequently measured at amortised cost.

2.13.6 Determination of fair value

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 and liabilities 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 is 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.

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.

2.13.6 Determination of fair value

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.

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.

If the fair value cannot be measured reliably, these financial instruments are measured at cost, being the fair value of the consideration paid for the acquisition of the investment or the amount received on issuing the financial liability. All transaction costs directly attributable to the acquisition are also included in the cost of the investment.

2.14 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 recognised 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 to sell 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.

Impairment losses of continuing operations are recognised in the profit or loss in those expense categories consistent with the nature of the impaired asset.

Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairment losses recognised 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 recognised. An impairment loss in respect of goodwill is not reversed.

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.

2.15 Reinsurance receivables

Reinsurance receivables are recognised when due and measured on initial recognition at the fair value of the consideration received or receivable. Subsequent to initial recognition, reinsurance receivables are measured at amortised cost, using the effective interest rate method. The carrying value of reinsurance receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recorded in the statement of profit or loss. The amount of the allowance is set up in relation to the time a receivable has been due and financial condition of the debtor, and can be as high as the outstanding net balance.

Reinsurance receivables are derecognised when the derecognition criteria for financial assets, as described in Note 2.13.2, have been met.

2.16 Investment properties

Property held for long-term rental yields and/or capital appreciation that is not occupied by the Group is classified as investment property. Investment property comprises of land and buildings.

Investment property is measured initially at its cost, including transaction costs. The cost of a purchased investment property comprises its purchase price and any directly attributable expenditure. Directly attributable expenditure includes, for example, professional fees for legal services, property transfer taxes and other transaction costs.

Investment property is subsequently measured at fair value. The fair value is determined annually by independent valuation experts on the highest and best-use basis. The fair value of investment properties have been determined using the income approach as this reflects the best use of the assets.

Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss as "Fair value gains/loss on investment properties" in the year in which they arise.

Property located on land that is held under an operating lease is classified as investment property as long as it is held for long-term rental yields. The initial cost of the property is the lower of the fair value of the property and the present value of the minimum lease payments. The property is carried at fair value after initial recognition.

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

Investment properties are derecognised either when they have been disposed of, or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses together with exchange gain or losses on the retirement or disposal of an investment property are recognised in the profit or loss in the year of retirement or disposal.

2.17 Property, plant and equipment

An asset is recognised when it is probable that economic benefits associated with the item will flow to the Group and the cost of the item can be reliable measured.

All property, plant and equipment items are initially recorded at cost. They are subsequently stated at historical cost less accumulated depreciation and impairment losses with the exception of freehold land (included in as part of freehold property) which is not depreciated. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

All repairs and maintenance cost are charged to other operating expenses in the financial period in which they occur.

Depreciation is calculated on assets using the straight-line method to write down the cost of property, plant and equipment to their residual values over their estimated useful lives. The useful lives for the purpose are:

Motor vehicles	4 years
Furniture and Fittings	5 years
Computer Equipments	3 years
Office Partitioning	5 years

Freehold property and building work in progress are not depreciated.

An 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 recoverable amount is the higher of the asset's fair value less costs to sell and value in use. No property, plant and equipment were impaired as at 31 December 2019 (2018: nil).

Property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the assets) is recognized in other income in the profit or loss in the year the asset is derecognized.

2.18 Leases

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement at the inception date and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Group as lessor

Leases in which the Group does not transfer substantially all of the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.19 Intangible assets

Intangible assets comprise computer software licenses, which are with finite lives, are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the profit or loss in the expense category consistent with the function of the intangible asset.

The Group chooses to use the cost model for the measurement after recognition.
Amortisation is calculated on a straight line basis over the useful lives as follows:
Computer software: 3 years

2.20 Reinsurance creditors

Reinsurance payables are recognised when due and measured on initial recognition at the fair value of the consideration received given less directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest rate method.
Reinsurance payables are derecognised when the obligation under the liability is settled, cancelled or expired.

2.21 Income tax

a. Current income tax

Income tax payable/(receivable) is calculated on the basis of provision of the income tax act (CITA 1979 as amended) and is recognised as an expense/(income) for the period except to the extent that current tax related to items that are charged or credited in other comprehensive income or directly to equity. In these circumstances, current tax is charged or credited to other comprehensive income or to equity. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Where the Group has tax losses that can be relieved against a tax liability for a previous year, it recognises those losses as an asset, because the tax relief is recoverable by refund of tax previously paid.

Where tax losses can be relieved only by carry-forward against taxable profits of future periods, a deductible temporary difference arises. Those losses carried forward are set off against deferred tax liabilities carried in the statement of financial position.

The Group does not offset income tax liabilities and current income tax assets.

b. Deferred income tax

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

b. Deferred income tax

The principal temporary differences arise from depreciation of property, plant and equipment, revaluation of certain financial assets and liabilities, provisions for pensions and other post-retirement benefits and carry-forwards and, in relation to acquisitions, on the difference between the fair values of the net assets acquired and their tax base. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

The tax effects of carry-forwards of unused losses, unused tax credits and other deferred tax assets are recognised when it is probable that future taxable profit will be available against which these losses and other temporary differences can be utilised.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of the asset or liability and is not discounted. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred income tax is provided on temporary differences arising from investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the difference will not reverse in the foreseeable future.

Deferred tax assets for deductible temporary differences arising from investments in subsidiaries are only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and that taxable profit will be available against which the temporary difference will be utilized.

Liabilities arising from temporary differences associated with investments in subsidiaries, but only to the extent that the entity is able to control the timing of the reversal of the differences and it is probable that the reversal will not occur in the foreseeable future.

Deferred tax related to fair value re-measurement of equity instruments, which are recognised in other comprehensive income, is also recognised in other comprehensive income and subsequently in the consolidated statement of profit or loss and other comprehensive income together with the deferred gain or loss.

Deferred tax assets and deferred tax liabilities can only be offset in the statement of financial position if the entity has the legal right to settle current tax amounts on a net basis and the deferred tax amounts are levied by the same taxing authority on the same entity or different entities that intend to realise the asset and settle the liability at the same time.

Sales tax

Expenses and assets are recognised net of the amount of sales tax, except: When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable? When receivables and payables are stated with the amount of sales tax included The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.22 Employment benefits

Defined contributory scheme

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

In line with the Pension Reform Act 2014, the Group operates a defined contribution scheme; employees are entitled to join the scheme on confirmation of their employment. The employee and the Group contribute 8% and 10% of the employee's total emoluments (basic, housing and transport allowances) respectively. The Group's contribution each year is charged against income and is included in staff cost. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due.

Defined benefit staff gratuity scheme

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

Re-measurements arising from actuarial gains and losses, are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in periods in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

The Group has a Gratuity Scheme for its employees managed by Trustees. The scheme is non- contributory and employees qualify for benefits after five years service. Provision for gratuity is made when it is determined that there is a shortfall in the assets funding liabilities.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognises restructuring-related costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under 'cost of sales 'administration expenses' and 'selling and distribution expenses' in consolidated statement of profit or loss (by function):

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

2.23 Provisions

Provisions are liabilities that are uncertain in amount and timing. Provision are recognised when the Group has a present legal or constructive obligation as a result of past events and it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Where there is a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations

2.24 Equity

Ordinary share capital

The Company has issued ordinary shares that are classified as equity instruments. Incremental external costs that are directly attributable to the issue of these shares are recognised in equity, net of tax.

Dividends on ordinary share capital

Proposed dividends are recognised as a liability in the period in which they are declared and approved by the Company's shareholders at the Annual General Meeting.

Dividends for the year that are declared after the reporting date are dealt with as event after reporting date. Dividends proposed but not yet declared are disclosed in the financial statements in accordance with the requirements of the Company and Allied Matters Act.

2.25 Contingency reserves

Contingency reserves are done in accordance with the provisions of the Insurance Act, CAP II7 LFN
2004:

a. For general business the contingency reserve is credited with the higher of an amount not less than 3% of the total premium or 20% of the net profits until the reserves reaches the greater of the minimum paid up capital or 50% of net premium.
b. For life business the contingency reserve is credited with the higher of an amount equal to 1% of the gross premium or 10% of the profits.

2.26 Comparatives

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information.

2.27 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision -maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The Group has determined the Group's executive as its chief operating decision maker.

Continental Reinsurance Plc
Consolidated and separate statement of profit or loss and other comprehensive income
for the year ended December 31 2019

	Notes	Group Dec. 2019	Group Dec. 2018	Company Dec. 2019	Company Dec. 2018
		=N='000	=N='000	=N='000	=N='000
Gross premium written		*47,663,124*	*34,185,992*	*28,008,904*	*19,195,853*
Insurance premium revenue	1.1	45,781,927	30,367,769	26,264,977	16,457,342
Insurance premium ceded to retrocessionaires	1.2	(6,951,242)	(7,245,327)	(3,135,608)	(2,930,531)
Net insurance premium revenue		38,830,685	23,122,442	23,129,369	13,526,811
Insurance Benefits					
Insurance claims and loss adjustment expenses	2.1	24,682,684	13,574,772	16,129,649	7,590,018
Insurance claims and loss adjustment expenses recoverable from retrocessionaire	2.1	(5,699,168)	(2,859,244)	(4,201,497)	(1,810,266)
Net insurance benefits and claims		18,983,516	10,715,528	11,928,152	5,779,752
Underwriting expenses	2.2	18,429,568	11,223,349	11,196,239	7,127,768
Insurance benefits and underwriting expenses		37,413,084	21,938,876	23,124,391	12,907,520
Underwriting profit		1,417,601	1,183,565	4,978	619,291
Interest income	3	2,175,776	2,199,142	1,273,713	1,467,588
Net fair value loss on assets at fair value through profit or loss					
Fair value gain on investment properties	4	50,118	580,892	50,118	580,892
Other income	5	486,458	681,712	774,955	861,923
Foreign exchange gain	5.1	74,291	1,893,744	176,027	1,585,998
Administrative expenses	6.2	(1,011,007)	(970,201)	(598,844)	(500,715)
Impairment charge	6.3	(797,611)	(1,209,498)	(146,224)	(702,120)
Profit before income tax		2,395,626	4,359,355	1,534,723	3,912,856
Income tax	8	(499,569)	(1,037,242)	(40,338)	(770,479)
Profit for the year		**1,896,057**	**3,322,113**	**1,494,385**	**3,142,377**
Attributable to:					
Equity holders of the Parent		**1,848,563**	**3,495,676**	**1,494,385**	**3,142,377**
Non controlling interest		**47,494**	**(173,563)**	**-**	**-**
Other comprehensive income					
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:					
Remeasurement gains/(loss) on available for sale financial assets available for sale financial assets	7	(36,818)	111,096	(39,062)	111,002
Exchange difference on translation of foreign operation		(1,864,041)	3,359,162	-	-
Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods:					
Remeasurement of post employment benefits obligations	27.2	(535,069)	114,127	(452,911)	89,249
Income tax relating to component of other comprehensive income	9.1	138,453	(26,775)	135,873	(26,775)
Other comprehensive (loss)/income for the year, net of tax		**(2,297,475)**	**3,557,610**	**(356,100)**	**173,476**
Total comprehensive (loss)/ income for the year		(401,419)	6,879,724	1,138,285	3,315,853
Attributable to:					
Equity holders of the parent		**(448,913)**	**7,053,287**	**1,138,285**	**3,315,853**
Non controlling interest		47,494	(173,563)	-	-
		(401,419)	**6,879,724**	**1,138,285**	**3,315,853**
Earnings per share basic and diluted (kobo)	10	**18**	**34**	**14**	**30**

See accompanying notes to the consolidated financial statements.

Continental Reinsurance Plc

Consolidated and separate statement of financial position
as at 31 December 2019

	Notes	Group Dec. 2019 =N='000	Group Dec. 2018 =N='000	Company Dec. 2019 =N='000	Company Dec. 2018 =N='000
Assets					
Cash and cash equivalents	11	14,151,673	14,610,220	6,023,919	6,027,224
Financial assets					
-Financial asset designated as fair value through profit or loss	12	-	2,853,024	-	-
-Loans and other receivables	13	333,701	642,862	224,299	432,699
-Available-for-sale investments	14.1	1,769,668	2,229,365	1,732,411	2,194,549
-Held to maturity investments	14.2	9,998,905	6,820,073	3,951,711	4,294,419
Reinsurance receivables	15	17,143,071	11,950,635	7,934,560	6,098,605
Retrocession assets	16	8,698,039	6,494,584	4,191,959	2,880,398
Deferred acquisition costs	17	5,574,856	4,034,583	3,148,708	2,227,037
Other assets	18	405,855	151,556	2,086,215	1,968,320
Right of use Asset	18b	133,220	-	10,774	-
Investment in subsidiaries	19	-	-	5,216,931	5,216,931
Investment properties	20	3,123,121	3,073,003	3,123,121	3,073,003
Intangible assets	21	261,221	381,949	260,854	381,580
Property, plant and equipment	22	4,168,529	3,395,477	3,088,702	2,327,693
Statutory deposits	23	1,000,000	1,000,000	1,000,000	1,000,000
Total assets		**66,761,859**	**57,637,329**	**41,994,164**	**38,122,458**
Liabilities					
Insurance contract liabilities	24	30,554,284	23,256,656	16,592,902	12,077,902
Reinsurance creditors	25	3,778,222	2,191,916	750,051	1,103,195
Other liabilities	26	661,775	862,569	2,978,877	3,611,173
Lease liability	26b	150,749		16,831	-
Retirement benefit obligations	27	404,290	203,125	342,212	158,847
Current income tax payable	8	1,014,789	1,656,899	774,676	1,504,445
Deferred tax liabilities	9	8,880	517,949	133,743	400,311
Total liabilities		**36,572,989**	**28,689,114**	**21,589,292**	**18,855,872**
Equity					
Share capital	28	5,186,372	5,186,372	5,186,372	5,186,372
Share premium	29	3,915,451	3,915,451	3,915,451	3,915,451
Contingency reserve	30	6,264,958	5,265,633	5,796,453	5,054,404
Retained earnings	31	5,586,910	5,093,838	5,098,171	4,662,873
Available-for-sale reserve	32.1	403,438	441,041	408,424	447,486
Foreign currency translation reserve	32.2	1,832,347	4,291,530	-	-
Equity attributable equity holders of the parent		**23,189,476**	**24,193,864**	**20,404,872**	**19,266,586**
Non-controlling interest	33	6,999,394	4,754,351	-	-
Total equity		**30,188,870**	**28,948,215**	**20,404,872**	**19,266,586**
Total liabilities and equity		**66,761,859**	**57,637,329**	**41,994,164**	**38,122,458**

Chief Ajibola Ogunshola	**Dr. Olufemi Oyetunji**	**Godwin Eboigbe**
Chairman	Managing Director/CEO	AGM-Finance
FRC:2017/IODN/00000016052	FRC/2013/NSA/00000000685	FRC:2017/ICAN/00000016525

See accompanying notes to the consolidated financial statements.

The Financial Statements were approved by the Board on February 27, 2020

Continental Reinsurance Plc

Consolidated statement of changes in equity
for the year ended December 31 2019

		Attributable to the equity holders of the parent							
Group	**Notes**	**Share capital**	**Share premium**	**Contingency reserve**	**Retained earnings**	**Available-for-sale reserve**	**Foreign currency translation reserve**	**Non controlling interest**	**Total equity**
		=N='000	**=N='000**	**=N='000**	**=N='000**	**=N='000**	**=N='000**		**=N='000**
As at 1 January 2019		5,186,372	3,915,451	5,265,633	5,093,838	441,041	4,291,530	4,754,351	28,948,216
Profit/(loss) for the period		-	-	-	1,848,563	-	-	47,494	1,896,057
Exchange difference on foreign currency translation	32.2						(2,459,183)	595,142	(1,864,041)
Other comprehensive income		-	-	-	(356,166)	(37,603)	-	(39,665)	(433,435)
		-	-	-	1,492,397	(37,603)	(2,459,183)	602,971	(401,419)
Transfer of contingency reserve		-	-	999,325	(999,325)	-	-	-	-
Capital contribution								1,642,072	1,642,072
		-	-	999,325	(999,325)	-	-	1,642,072	1,642,072
At 31 December 2019		5,186,372	3,915,451	6,264,958	5,586,910	403,438	1,832,347	6,999,394	30,188,870
As at 1 January 2018		5,186,372	3,915,451	4,462,001	3,775,255	329,978	1,764,220	1,343,765	20,777,042
Profit for the year		-	-	-	3,495,676	-	-	(173,563)	3,322,113
Exchange difference on foreign currency translation							2,527,310	831,852	3,359,162
Other comprehensive income		-	-	-	78,723	111,063	-	8,662	198,448
		-	-	-	3,574,399	111,063	2,527,310	666,951	6,879,723
Transactions with owners									
Transfer of contingency reserve		-	-	803,632	(803,632)	-	-	-	-
Capital contribution								2,743,635	2,743,635
Dividends declared	26.1	-	-	-	(1,452,184)	-	-	-	(1,452,184)
		-	-	803,632	(2,255,816)	-	-	2,743,635	1,291,451
At 31 December 2018		5,186,372	3,915,451	5,265,633	5,093,838	441,041	4,291,530	4,754,351	28,948,216

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

Continental Reinsurance Plc
Separate statement of changes in equity
for the year ended December 31 2019

		Attributable to the equity holders of the parent					
Company	**Notes**	**Share capital**	**Share premium**	**Contingency reserve**	**Retained earnings**	**Available-for-sale reserve**	**Total equity**
		=N='000	=N='000	=N='000	=N='000	=N='000	=N='000
As at 1 January 2019		5,186,372	3,915,451	5,054,404	4,662,873	447,486	19,266,585
Profit for the period		-	-	-	1,494,385	-	1,494,385
Other comprehensive income		-	-	-	(317,038)	(39,062)	(356,099)
		-	-	-	1,177,347	(39,062)	1,138,286
Transfer of contingency reserve		-	-	742,049	(742,049)	-	-
		-	-	742,049	(742,049)	-	-
At 31 December 2019		5,186,372	3,915,451	5,796,453	5,098,171	408,424	20,404,872
As at 1 January 2018		5,186,372	3,915,451	4,413,032	3,551,578	336,484	17,402,917
Profit for the year		-	-	-	3,142,377	-	3,142,377
Other comprehensive income		-	-	-	62,474	111,002	173,476
		-	-	-	3,204,851	111,002	3,315,853
Transfer of contingency reserve		-	-	641,372	(641,372)	-	-
Dividends declared	26.1	-	-	-	(1,452,184)	-	(1,452,184)
		-	-	641,372	(2,093,556)	-	(1,452,184)
At 31 December 2018		5,186,372	3,915,451	5,054,404	4,662,873	447,486	19,266,585

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

Continental Reinsurance Plc

Consolidated and separate statement of cash flows for the year ended December 31 2019

	Notes	Group Dec. 2019 =N='000	Group Dec. 2018 =N='000	Company Dec. 2019 =N='000	Company Dec. 2018 =N='000
Cash flows from operating activities					
Premium received from policy holders		38,672,842	30,874,025	23,762,578	18,579,563
Retrocession receipts in respect of claims		5,957,723	1,808,802	4,007,440	1,584,105
Acquisition costs paid		(13,443,978)	(7,696,620)	(8,418,148)	(4,257,192)
Retrocession premium paid		(6,540,748)	(7,300,913)	(3,078,257)	(3,116,222)
Cash paid to and on behalf of employees		(2,633,600)	(2,251,626)	(1,303,051)	(1,449,949)
Other operating cash payment and receipts		(2,252,074)	488,753	(933,558)	(364,456)
Claims paid		(20,451,530)	(13,967,712)	(13,358,576)	(9,918,055)
Income taxes paid	8	(1,272,374)	(776,019)	(900,801)	(676,552)
Net cash generated by operating activities	**34**	(1,963,740)	1,178,687	(222,374)	381,242
Cash flows from investing activities					
Purchase of property, plant and equipment	22	(1,092,915)	(934,812)	(876,408)	(465,126)
Proceed from disposal of investment property		-	375,000	-	375,000
Purchase of intangible assets	22	(17,195)	(406,025)	(17,195)	(406,025)
Proceeds from disposal of property, plant and equipment		17,122	13,432	22,193	5,783
Purchase of investment securities		(7,958,353)	(3,427,191)	(6,091,636)	(648,338)
Proceeds on redemption /sales of investments		9,415,294	6,378,786	6,942,258	2,549,283
Interest received		2,024,107	1,815,630	1,182,985	1,360,834
Dividend received		48,558	120,294	48,558	22,281
Investment in subsidary		-	-	0	(1,609,584)
Net cash used in investing activities		2,436,618	3,935,114	1,210,756	1,184,109
Cash flows from financing activities					
Dividends paid to equity holders parent	26.1	-	(1,451,515)	-	(1,451,515)
Capital injection during the year		-	2,743,635	-	-
Net cash used in financing activities		-	1,292,120	-	(1,451,515)
Net increase in cash and cash equivalents		472,878	6,405,921	988,382	113,836
Cash and cash equivalents at beginning of year		13,975,667	7,363,001	5,392,672	4,964,023
Effect of exchange rate changes on cash and cash equivalents		(49,307)	206,745	(109,572)	314,814
Cash and cash equivalents at end of year	**35**	14,399,238	13,975,667	6,271,484	5,392,672

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

Continental Reinsurance Plc

Consolidated and separate financial statements for the year ended 31 December 2019
Notes to the consolidated and separate financial statements

		Group Dec. 2019 =N='000	Group Dec. 2018 =N='000	Company Dec. 2019 =N='000	Company Dec. 2018 =N='000
1	**Revenue**				
1.1	**Insurance premium revenue**				
	Premium revenue arising from insurance contracts issued				
	Life insurance contracts				
	– Gross Premium	6,789,321	4,156,997	4,910,895	3,289,630
	– Change in life unearned premium (Note 24.3a)	(842,173)	(439,047)	(767,751)	(392,965)
	Non life insurance contracts				
	– Gross Premium	40,873,804	30,028,995	23,098,009	15,906,223
	– Change in unearned premium provision (note 24.1)	(1,039,026)	(3,379,176)	(976,177)	(2,345,546)
	Total Premium revenue arising from insurance contracts issued	45,781,927	30,367,769	26,264,976	16,457,342
1.2	**Insurance premium ceded to retrocessionaires**				
	Premium revenue ceded to retrocessionaires on insurance contracts issued				
	Life insurance contracts	779,710	663,752	425,122	398,244
	Non life insurance contracts	7,018,378	8,020,280	3,554,279	3,835,588
	Gross premium ceded to retrocessionaires	7,798,088	8,684,031	3,979,400	4,233,832
	Change in retrocessionaire share of unearned premium reserve	(196,302)	(583,935)	(194,970)	(583,935)
	Commission received on premium ceded to retrocessionaires-Life	(172,914)	(135,403)	(172,801)	(135,403)
	Commission received on premium ceded to retrocessionaires-Non Life	(477,630)	(719,366)	(476,021)	(583,964)
	Cost of Premium revenue ceded to retrocessionaires on insurance contracts issued	6,951,242	7,245,327	3,135,608	2,930,531
	Net insurance premium revenue	**38,830,685**	**23,122,442**	**23,129,369**	**13,526,811**
2	**Insurance benefits and underwriting expenses**				
2.1	**Insurance claims and loss adjustment expenses**				
	Life insurance contracts (note 24.3b)	2,655,047	1,909,782	1,995,478	1,292,333
	Non life insurance contracts (note 24.2)	22,027,637	11,664,990	14,134,171	6,297,685
	Total cost of policyholder benefits	24,682,684	13,574,772	16,129,649	7,590,018
	Insurance claims and loss adjustment expenses recoverable from retrocessionaire	(5,699,168)	(2,859,244)	(4,201,497)	(1,810,266)
	Net insurance benefits and claims	**18,983,516**	**10,715,528**	**11,928,152**	**5,779,752**
2.2	**Underwriting expenses**				
	Amortized acquisition cost for the year (Note 17)	11,903,705	5,953,890	7,496,477	3,531,907
	Costs incurred for the maintenance of insurance contracts	1,339,017	954,196	726,985	526,462
	Management expenses (See Note 6.1)	5,186,847	4,315,262	2,972,777	3,069,399
	Total underwriting expenses	18,429,568	11,223,349	11,196,239	7,127,768
	Total insurance benefits and underwriting expenses	**37,413,083**	**21,938,876**	**23,124,391**	**12,907,520**
3	**Interest income**				
	Cash and bank balances interest income	1,274,671	1,002,551	881,922	522,130
	Held-to-maturity and loans and receivables interest income	777,395	1,046,713	268,080	795,580
	Statutory deposits interest income	123,711	149,878	123,711	149,878
	Interest income	**2,175,776**	**2,199,142**	**1,273,713**	**1,467,588**
4	**Net fair value gains on assets at fair value through profit or loss**				
	Net fair value gain/(loss) on financial assets designated at fair value through profit or loss	-	-	-	-
	Fair value gain on investment properties	50,118	580,892	50,118	580,892
	Total	**50,118**	**580,892**	**50,118**	**580,892**

		Group Dec. 2019 =N='000	Group Dec. 2018 =N='000	Company Dec. 2019 =N='000	Company Dec. 2018 =N='000
5	**Other income**				
	Available-for-sale:				
	– Dividends	48,558	22,416	48,558	22,281
	– Gain on disposal of available-for-sale securities	106,919	10,000	106,919	10,000
	Gain/(loss) on disposal of property, plant and equipment	41,578	11,877	22,193	5,783
	Income on investment properties (Note 20.1)	116,066	137,243	116,066	137,243
	Income from management and technical services	-	-	297,236	249,357
	Interest on staff loan	20,835	27,348	20,835	27,348
	Others (Note 5b)	152,502	472,829	163,148	409,911
		486,458	681,712	774,955	861,923

Income from management and technical services are quarterly income from services rendered to subsidiaries in Kenya, Botswana and Cameroon

Continental Reinsurance Plc

Consolidated and separate financial statements for the year ended 31 December 2019
Notes to the consolidated and separate financial statements-continued

		Group Dec. 2019 =N='000	Group Dec. 2018 =N='000	Company Dec. 2019 =N='000	Company Dec. 2018 =N='000
5a	**Breakdown of others**				
	Reversal of impairment (note 13.1)	32,950	-	32,950	286,617
	Interest on premium/loss reserve	17,880	34,276	6,578	34,276
	Recoveries from prior year written-off sundry receivables	47,835	22,686	43,038	22,686
	Other sundry receipts	53,837	415,867	80,583	66,332
		152,502	472,829	163,148	409,911
5b	**Foreign exchange gain**				
	Net forex gain on investment assets	(77,986)	613,698	(77,986)	613,698
	Net forex gain on foreign bank balances and sale of foreign currencies	134,589	527,606	134,589	527,606
	Net forex gain on reinsurances receivables/payables	18,874	918,053	66,455	955,944
	Net forex loss on retrocessionaires assets/payables	(1,186)	(165,613)	(1,186)	(165,613)
	Net forex loss on intercompany balances	-	-	54,155	(345,637)
		74,291	1,893,744	176,027	1,585,998
6	**Operating expenses**				
6.1	**Management expenses**				
	Employee benefits expenses	2,350,236	2,251,626	1,042,770	1,218,097
	Executive Directors emoluments	283,365	255,037	260,281	231,852
	Gratuity and redundancy expenses	591,338	-	232,801	-
	Productivity bonus	188,216	355,267	87,586	355,267
	Subscriptions	38,837	49,664	25,219	40,052
	Business travels	200,286	155,297	134,731	116,212
	Supervisory levy	191,959	151,586	191,959	151,586
	Training, conferences and seminars	291,457	238,360	168,676	158,686
	Rent and rates	106,718	117,272	64,347	64,280
	Bank charges	47,237	98,554	32,409	84,673
	Stationeries, Printing and telephone	63,573	71,735	40,752	44,498
	Electricity, fuel and diesel	50,172	52,273	36,891	39,245
	ICT expenses-Hardware and software maintenance	248,549	158,285	214,267	109,768
	Advert, publicity and client's development	141,844	92,904	106,650	80,225
	Entert. & Public Relations	43,815	37,514	29,605	31,524
	Stamp duty, registrars fees and charges	72,600	32,201	56,008	23,852
	Other operating expenses	276,645	197,687	247,825	319,582
	Total management expenses	5,186,847	4,315,262	2,972,777	3,069,399
6.2	**Administrative expenses comprises the following:**				
	Depreciation and amortisation (Note 21 and 22)	297,886	136,685	225,215	92,487
	Auditor's remuneration	77,502	57,928	40,000	35,000
	Consultancy and professional fees	237,069	358,764	147,347	235,453
	Non-executive directors expenses	139,575	95,264	139,575	95,264
	Other administrative expenses	259,470	321,560	46,707	42,511
	Total administrative expenses	1,011,502	970,201	598,844	500,715

During the year, the company's auditor, PricewaterhouseCoopers, did not render non-audit services to the company.

	Group Dec. 2019	Group Dec. 2018	Company Dec. 2019	Company Dec. 2018
Employee benefit expense				
Wages and salaries (local)	724,921	646,129	724,921	646,129
Wages and salaries (other regions)	1,446,803	1,475,894	177,188	712,068
Pension:			-	
- Defined Benefit Staff Gratuity Plan	79,309	10,775	41,458	(27,076)
- Defined Contributory Plan	99,202	118,828	99,202	118,828
	2,350,236	2,251,626	1,042,769	1,449,949

The amount of Employer's pension contribution included amount of =N=99 million (2018:=N=119 million) paid on group life scheme in compliance with the 2014 Pencom Act.

	Group Dec. 2019 =N='000	Group Dec. 2018 =N='000	Company Dec. 2019 =N='000	Company Dec. 2018 =N='000
The average number of persons employed by the Company during the year was as follows:				
Managerial Staff	38	39	18	16
Senior staff	54	53	39	40
	92	92	57	56

The number of employees of the Company, other than directors, who received emoluments in the following ranges (excluding pension contributions and certain benefits) were:

	Group Dec. 2019 =N='000	Group Dec. 2018 =N='000	Company Dec. 2019 =N='000	Company Dec. 2018 =N='000
N3,000,001 - N3,500,000	3	5	2	6
N3,500,001 - N4,000,000	8	2	6	1
N4,000,001 - N4,500,000	5	7	3	4
N4,500,001 - N5,000,000	3	3	2	-
N5,000,001 - N5,500,000	8	5	1	1
N5,500,001 and above	65	70	43	44
	92	**92**	**57**	**56**

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6.3 Impairment charge	**Group Dec. 2019 =N='000**	**Group Dec. 2018 =N='000**	**Company Dec. 2019 =N='000**	**Company Dec. 2018 =N='000**
Reinsurance receivables (Note 15.1)	757,557	1,209,498	106,170	702,120
Other assets (Note 18.1)	40,054	-	40,054	-
	797,611	1,209,499	146,224	702,120

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

Net gain/(loss) on available-for-sale financial assets				
– Equity instruments	2,244	94	-	-
– Debt Instruments	(39,062)	111,002	(39,062)	111,002
Remeasurement gains on available-for-sale financial assets	(36,818)	111,096	(39,062)	111,002

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8 Taxation

	Group Dec. 2019	Group Dec. 2018	Company Dec. 2019	Company Dec. 2018
Per consolidated statement of profit or loss :	=N='000	=N='000	=N='000	=N='000
Income tax based on profit for the year	630,264	849,946	171,033	583,183
Education tax	-	32,615	-	32,615
	630,264	882,561	171,033	615,798
Deferred tax expense (Note 9.1)	(130,695)	154,681	(130,695)	154,681
Income tax expense	499,570	1,037,242	40,338	770,479

	Group Dec. 2019	Group Dec. 2018	Company Dec. 2019	Company Dec. 2018
Per consolidated statement of financial position:				
At 1 January	1,656,899	1,550,357	1,504,445	1,565,199
Charged to profit or loss	630,264	882,561	171,033	615,798
Payments during the year	(1,272,374)	(776,019)	(900,801)	(676,552)
	1,014,789	1,656,899	774,676	1,504,445
Reconciliation of tax charge				
Profit before income tax	2,395,626	4,359,355	1,534,723	3,912,856
Tax at Nigerian's statutory income tax rate of 30%	718,688	1,307,806	460,417	1,173,857
Non-deductible expenses	920,068	719,104	479,868	714,172
Tax exempt income	(1,124,151)	(982,488)	(884,912)	(1,110,370)
Education tax levy	-	32,615	-	32,615
Tax rate differential on fair value gains	(15,035)	(39,795)	(15,035)	(39,795)
At effective income tax rate of Group 21% (2018:24%) and Company 3% (2018:20%)	499,570	1,037,242	40,338	770,479

9 Deferred taxation

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

	Group Dec. 2019	Group Dec. 2018	Company Dec. 2019	Company Dec. 2018
Deferred tax liabilities				
Property, plant and equipment	(48,945)	(9,983)	52,947	24,064
Investment properties	63,101	58,089	63,101	58,089
Unrealized exchange gain	17,024	486,162	29,311	365,812
	31,180	534,268	145,359	447,965
Deferred tax assets				
Employee benefits	(22,300)	(16,319)	(11,616)	(47,654)
	(22,300)	(16,319)	(11,616)	(47,654)
Net	8,880	517,949	133,743	400,311

9.1 Movements in temporary differences during the year:

	Group Dec. 2019	Group Dec. 2018	Company Dec. 2019	Company Dec. 2018
As at 1 January	517,949	318,212	400,311	218,855
Recognised in profit or loss on:				
Property, plant and equipment	(54,250)	(96,929)	28,883	(35,045)
Investment properties	5,012	58,089	5,012	58,089
Foreign exchange unrealized gain	(598,284)	265,352	(436,336)	185,187
Employee benefits	138,453	(26,775)	135,873	(26,775)
	(509,070)	199,738	(266,569)	181,457
At 31 December	8,879	517,949	133,743	400,311

10 Earnings per share (EPS)

Basic EPS amounts are calculated by dividing the profit for the year attributable to ordinary share holders by the weighted average number of ordinary shares outstanding during the year.

The following reflects the income and share data used in the basic earnings per share computations:	Group December 2019	Group December 2018	Company December 2019	Company December 2018
Net profit attributable to ordinary shareholders (=N='000)	1,848,563	1,896,057	1,494,385	3,142,377
Weighted average number of shares for the year ('000)	10,372,744	10,372,744	10,372,744	10,372,744
Basis and diluted earnings per ordinary share (kobo)	18	18	14	30

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

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11 Cash and cash equivalents	Group Dec. 2019 =N='000	Group Dec. 2018 =N='000	Company Dec. 2019 =N='000	Company Dec. 2018 =N='000
Cash in hand	786	1,860	196	188
Balances held with local banks:				
- Current account	409,081	437,675	174,410	183,976
- Domiciliary account	132,226	269,371	132,226	269,371
Balances held with foreign banks	983,299	710,967	982,907	710,967
Placements with banks and other financial institutions	12,626,281	13,190,347	4,734,180	4,862,722
	14,151,672	14,610,220	6,023,919	6,027,224

The carrying amounts disclosed above reasonably approximate fair value at the reporting date.

The cash and cash equivalents position for cash flow purposes is as disclosed in Note 35. The reconciliation of cash and cash equivalent for cash flow purpose and statement of financial position is disclosed in note 35.1

12 Financial assets designated at fair value through profit or loss	Group Dec. 2019 =N='000	Group Dec. 2018 =N='000	Company Dec. 2019 =N='000	Company Dec. 2018 =N='000
Managed Funds				
External portfolio management	-	2,853,024	-	-
	-	2,853,024	-	-

The external portfolio management involves funds held and managed by fund and stock managers on behalf of the Group as a trading portfolio. The instruments were realised in 2019 and reinvested in held to maturity investment instruments

13 Loans and other receivables	Group Dec. 2019 =N='000	Group Dec. 2018 =N='000	Company Dec. 2019 =N='000	Company Dec. 2018 =N='000
Staff loans and advances	272,556	614,166	163,154	404,003
Other advances	435,136	435,637	435,136	435,637
Impairment on other receivables (Note 13.1)	(373,991)	(406,941)	(373,991)	(406,941)
Total loans and other receivables	333,701	642,862	224,299	432,699

Of the other advances, N373,991,000 are deposit with a third party for investment purpose that is unrealisable. This was fully impaired in 2015.

13.1 Reconciliation of impairment on loans and other receivables:

	Group Dec. 2019	Group Dec. 2018	Company Dec. 2019	Company Dec. 2018
At 1 January	406,941	406,941	406,941	406,941
Reversal of impairment	(32,950)	-	(32,950)	-
At 31 December	373,991	406,941	373,991	406,941

14 Investment securities

Analysis of investment securities	Group Dec. 2019	Group Dec. 2018	Company Dec. 2019	Company Dec. 2018
Available-for-sale (note 14.1)	1,769,668	2,229,365	1,732,412	2,194,549
Held-to-maturity (note 14.2)	9,998,905	6,820,073	3,951,711	4,294,419
	11,768,573	9,049,438	5,684,123	6,488,968

14.1 Available-for-sale:	Group Dec. 2019	Group Dec. 2018	Company Dec. 2019	Company Dec. 2018
Equity instruments	1,732,412	1,805,014	1,732,412	1,805,014
Debt instruments	37,257	424,351	-	389,535
Total available-for-sale	1,769,668	2,229,365	1,732,412	2,194,549
Equity Instruments				
Quoted	1,027,083	552,431	1,027,083	552,431
Unquoted	705,329	1,252,583	705,329	1,252,583
Total equity instruments	1,732,411	1,805,014	1,732,411	1,805,014

These equities instruments are measured at fair value and classified as available-for-sale.

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		Group Dec. 2019 =N='000	Group Dec. 2018 =N='000	Company Dec. 2019 =N='000	Company Dec. 2018 =N='000
14.1	**Available-for-sale cont'd:**				
	Debt Instruments				
	Securities at Available-for-sale -Fair value				
	Government bonds	37,257	424,351	-	389,535
		37,257	424,351	-	389,535
	Total available for sale investments	1,769,667	2,229,365	1,732,411	2,194,549
14.1.1	***Movement in available for sale securities;***				
	At 1 January	2,229,365	2,121,225	2,194,549	2,090,531
	Additions during the year	1,066,275	1,473,692	165,975	259,335
	Disposal during the year	(1,489,154)	(1,476,648)	(589,050)	(266,319)
	Fair value movement in the year	(36,818)	111,096	(39,062)	111,002
	At 31 December	1,769,668	2,229,365	1,732,411	2,194,549

Sensitivities

The sensitivity analysis for available for sale financial instruments illustrates how changes in the fair value or future cash flows of a financial instrument will fluctuate because of changes in market rates at the reporting date.

A 5% basis point movement in market rates will result in addition/reduction in the value of the assets by; Group of =N=88.2 million and Company =N=86.4 million

		Group Dec. 2019	Group Dec. 2018	Company Dec. 2019	Company Dec. 2018
14.2	**Held-to-maturity**				
	Debt instruments	9,998,905	6,820,073	3,951,711	4,294,419
	Securities at held-to-maturity - amortised cost				
	Listed	3,992,481	3,304,652	3,154,512	2,466,683
	Unlisted	6,006,424	3,515,421	797,199	1,827,736
		9,998,905	6,820,073	3,951,711	4,294,419
	Total debt instruments (14.1 and 14.2)	10,036,162	7,244,424	3,951,711	4,683,954
14.2.1	***Movement in held-to-maturity securities;***				
	At 1 January	6,820,073	7,613,317	4,294,419	6,065,330
	Additions during the year	3,927,863	1,803,499	291,752	389,003
	Disposal during the year	(854,362)	(2,802,138)	(719,299)	(2,282,965)
	Amortization of premium/discount on bonds	64,201	51,990	52,196	76,079
	Accrued interest	41,130	153,405	32,643	46,972
	At 31 December	9,998,905	6,820,073	3,951,711	4,294,419

None of these investment securities have been pledged to third party as collateral.

15	**Reinsurance receivables**	Group Dec. 2019 =N='000	Group Dec. 2018 =N='000	Company Dec. 2019 =N='000	Company Dec. 2018 =N='000
	Due from ceding companies	12,396,126	10,126,712	6,023,470	5,723,827
	Due from ceding companies (Pipeline)	6,790,447	3,824,697	3,066,605	2,137,922
	Premium reserves retained by ceding companies	523,432	600,982	-	-
		19,710,005	14,552,391	9,090,075	7,861,749
	Impairment on reinsurance receivables (Note 15.1)	(2,566,932)	(2,601,756)	(1,155,515)	(1,763,145)
		17,143,072	11,950,635	7,934,560	6,098,605
15.1	**Reconciliation of impairment on reinsurance receivables**				
	At 1 January	2,601,756	1,281,715	1,763,145	1,061,025
	Written off during the year	(713,799)	-	(713,799)	-
	Charge for the year (Note 6.3)	757,557	1,209,498	106,170	702,120
	Exchange difference	(78,582)	110,543	-	-
	At 31 December	2,566,932	2,601,756	1,155,514	1,763,145
16	**Retrocession Assets**				
	Retrocessionaires' share of claims recoverable	5,401,793	3,735,111	1,435,477	1,241,420
	Retro share of unearned premium and outstanding claims	3,174,303	1,616,843	2,607,562	1,616,843
	Retrocessionaires' share of life insurance contract liabilities	283,734	1,304,421	310,711	183,927
	Impairment on retro share of claims recoverable (note 16.1)	(161,791)	(161,791)	(161,791)	(161,791)
	Total retrocession assets	8,698,039	6,494,584	4,191,958	2,880,398

At 31 December 2019, the Company conducted an impairment review of the retrocession assets and no additional impairment loss resulted from this exercise. The carrying amounts disclosed above approximate fair value at the reporting date.

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		Group Dec. 2019 =N='000	Group Dec. 2018 =N='000	Company Dec. 2019 =N='000	Company Dec. 2018 =N='000
16.1	**Reconciliation of impairment on retro share of claims recoverable**				
	At 1 January	161,791	161,791	161,791	161,791
	Charge for the year (Note 6.3)	-	-	-	-
	At 31 December	161,791	161,791	161,791	161,791
17	**Deferred acquisition costs**				
	At 1 January	4,034,583	2,291,853	2,227,037	1,501,752
	Acquisition cost paid during the year	13,443,978	7,696,620	8,418,148	4,257,192
	Amortized acquisition cost for the year (Note 2.2)	(11,903,705)	(5,953,890)	(7,496,477)	(3,531,907)
	At 31 December	5,574,856	4,034,583	3,148,708	2,227,037
18	**Other assets**				
	Prepayments	297,949	91,795	200,008	65,800
	Intercompany balances	-	-	1,833,283	1,805,649
	Withholding tax receivable	4,168	4,168	4,168	4,168
	Accrued income on statutory deposit	48,205	54,137	48,205	54,137
	Others	225,379	131,248	159,815	157,777
		575,702	281,348	2,245,480	2,087,531
	Impairment on other assets (note 18.1)	(169,846)	(129,793)	(159,265)	(119,211)
		405,855	151,556	2,086,215	1,968,320
	Below are the breakdown of intercompany balances;				
	Technical and management fee receivables	-	-	102,958	206,664
	Retrocessions arrangement receivables	-	-	966,642	979,162
	Disposal of assets	-	-	442,510	442,510
	Other intercompany balances	-	-	321,173	177,313
		-	-	1,833,283	1,805,649

The "others" are sundry receivables for which an amount of N159m have been fully impaired

		Group Dec. 2019 =N='000	Group Dec. 2018 =N='000	Company Dec. 2019 =N='000	Company Dec. 2018 =N='000
18.1	**Reconciliation of impairment on other assets**				
	At 1 January	129,793	129,793	119,211	405,828
	Charge for the year (Note 6.3)	40,054	-	40,054	-
	Impairment no longer required	-	-	-	(286,617)
	At 31 December	169,846	129,793	159,265	119,211
18b	**Right of use Asset (Building)**				
	Cost				
	As at 1 January 2019	160,396	-	15,259	
	Additions	-	-	-	-
	As at 31 December 2019	160,396	-	15,259	-
	Depreciation				
	As at 1 January 2019	-			
	Depreciation for the year	(27,176)	-	(4,485)	-
	As at 31 December 2019	(27,176)	-	(4,485)	-
	Carrying amount as at 31 December 2019	133,220	-	10,774	-

19 Investment in subsidiaries

a) The Company's investment in subsidiaries is as stated below:

	Company 31 December 2019 =N='000	Company 31 December 2018 =N='000
Continental Reinsurance Limited, Nairobi, Kenya	1,572,699	1,572,699
Continental Reinsurance Limited, Gaborone, Botswana	699,774	699,774
Continental Reinsurance Limited, Douala, Cameroon	2,944,458	2,944,458
	5,216,931	5,216,931
Movement in this account is as shown below:		
Opening	5,216,932	2,272,473
investment in Continental Reinsurance Limited, Kenya	-	-
Investment in Continental Reinsurance Limited, Botswana	-	-
Continental Reinsurance Limited, Douala, Cameroon	-	2,944,458
Closing	5,216,931	5,216,932

b) Nature of investments in subsidiaries 2019 and 2018

Name of entity	Nature of business	Country of incorporation	Proportion of ordinary shares directly held by parent (%)	Proportion of ordinary shares held by noncontrolling interests (%)
Continental Reinsurance Limited Kenya	Composite	Kenya	65	35
Continental Reinsurance Limited, Botswana	Composite	Botswana	60	40
Continental Reinsurance Limited, Douala, Cameroon	Composite	Cameroon	51	49

All subsidiaries undertakings are included in the consolidation. The proportion of the voting rights in the subsidiaries undertakings held directly by the parent company do not differ from the proportion of ordinary shares held.

Significant restrictions
There are no significant restrictions (contractual or otherwise) on the group's ability to access or use the assets and settle the liabilities of any member of the Group to the extent that regulation does not inhibit/prohibit the group from having access, and in liquidation scenario, this restriction is limited to its level of investment in the entity.

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20 Investment properties

	Group Dec. 2019	Group Dec. 2018	Company Dec. 2019	Company Dec. 2018
	=N='000	=N='000	=N='000	=N='000
At 1, January	3,073,003	2,857,111	3,073,003	2,857,111
Disposal	-	(365,000)	-	(365,000)
Fair value gain/(loss)	50,118	580,892	50,118	580,892
At 31 December	3,123,121	3,073,003	3,123,121	3,073,003

Below is a breakdown of investment properties showing movement during the year;

	01-Jan-19 =N='000	Disposal =N='000	Fair value gain =N='000	31-Dec-19 =N='000
3 Bedroom apartment, Kubwa, FCT	8,900	-	(400)	8,500
4 Bed-room Terrace house with 2 BQs in Banana Island, Lagos	254,000	-	6,500	260,500
Block 3 bed-room flats at Castle and Temple Drive, Lekki Phase	381,500	-	100	381,600
6 Floor mixed development property	2,428,603	-	43,918	2,472,521
Total	3,073,003	-	50,118	3,123,121

20.1 List of Investment properties and carrying amount

Description	Date of acquisition	Nature of title	Location	Carrying amount
3 Bedroom apartment	2001	FHA Letter of allocation	Kubuwa, Abuja	8,500
4 Bed-room Terrace house with 2 BQs in Banana Island, Lagos	2010	Deed of Assignment	Banana Island, Lagos	260,500
A block of luxury 3 bed-room flats at Castle and Temple Drive, Lekki Phase 1, Lagos	2010	C of O	Lekki Phase 1, Lagos	381,600
6 Floor mixed development property	2014	C of O	Abidjan	2,472,521
				3,123,121

All the title documents on the investment properties are in the name of the Company

Investment properties are stated at fair value, which has been determined based on valuations performed by Olalekan Aboderin Consulting (Estate Surveyor and Valuer) Nigeria, FRC/2013/NIESV/00000003136 and Ahouti Expertises, Cote d' Ivoire, professional firms of Estate Surveyors and Valuers who are accredited independent valuers, as at 31 December, 2019 and 2018: These valuers are specialists in valuing these types of investment properties. The fair value of the properties has not been determined on transactions observable in the market because of the nature of the property and the lack of comparable data. Instead, a valuation model, based on discounted cash flows, in accordance with that recommended by the International Valuation Standards Committee has been applied. Valuations are performed on an annual basis and the fair value gains and losses are recorded in profit or loss.

The Group enters into operating leases for all of its investment properties. The rental income arising during the period ended 31 December 2019 amounted to =N=116.066 million (year ended 31 December 2018: =N=88.706 million) which is included in other income. Direct operating expenses arising in respect of such properties during the year are included in administrative expenses.

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

	Group Dec. 2019	Group Dec. 2018	Company Dec. 2019	Company Dec. 2018
	=N='000	=N='000	=N='000	=N='000
Rental Income derived from investment properties	116,066	127,243	116,066	127,243
Gain on disposal of investment properties	-	10,000	-	10,000
Direct operating expenses (including repairs & maintenance)	(13,105)	(9,191)	(13,105)	(9,191)
Profit arising from investment properties carried at fair value	102,961	128,052	102,961	128,052

	Fair value measurement using			
	Quoted prices in active market Level 1	***Significant observable inputs Level 2***	***Significant unobservable inputs Level 3***	***Total***
Date of valuation - 31 December 2019	***=N='000***	***=N='000***	***=N='000***	***=N='000***
Investment properties	-	-	3,123,121	3,123,121

The fair value disclosure on investment properties is as follows:

	Fair value measurement using			
	Quoted prices in active market Level 1	***Significant observable inputs Level 2***	***Significant unobservable inputs Level 3***	***Total***
Date of valuation - 31 December 2019	***=N='000***	***=N='000***	***=N='000***	***=N='000***
Investment properties	-	-	3,123,121	2,833,631

During the year, there were no transfers between level 1 and level 2 and in and out of level 3.

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Investment properties-Continued

Description of valuation techniques used and key inputs to valuation on investment properties

Winged Duplexes

Valuation technique	*Significant unobservable inputs*	*Range (weighted average)*
Income capitalization using DCF Analysis	Estimated rental per wing per annum	=N=17 m
	Average annual growth	7.93%
	Average annual probable vacancy rate	2.1%
	Capitalisation rate (equated yield)	6.30%

Three bedroom flats

Valuation technique	*Significant unobservable inputs*	*Range (weighted average)*
Income capitalization using DCF Analysis	Estimated rental per wing per annum	=N=3.5m
	Average annual growth	0.00%
	Average annual probable vacancy rate	1.4%
	Capitalisation rate (equated yield)	5.38%

Under the DCF method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a real property interest. To this projected cash flow series, a market-derived discount rate is applied to establish the present value of the income stream associated with the asset. The exit yield is normally separately determined and differs from the discount rate.

The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related re-letting, redevelopment, or refurbishment. The appropriate duration is typically driven by market behaviour that is a characteristic of the class of real property. Periodic cash flow is typically estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance cost, agent and commission costs and other operating and management expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

20.2 Sensitivity analysis on Investment properties

	Sensitivities in capitalization rate		**Sensitivities in vacancy rate**	
Property	**Effect of 10% =N='000**	**Effect of 10% =N='000**	**Effect of 10% =N='000**	**Effect of 10% =N='000**
FHA - Abuja Property, Abuja, Nigeria	7,450	9,760	8,486	8,546
Livingold Estate -Banana Island Ikoyi (Units 10 & 18), Lagos, Nigeria	231,680	294,500	259,900	261,000
Castle &Temple Drive Lekki Phase 1, Lagos, Nigeria	363,900	400,410	381,000	382,100
Zone 4/C, Marcony, Abidjan, Cote d' Ivoire	2,247,637	2,747,111	-	-
	2,850,667	3,451,781	649,386	651,646

21 Intangible assets-Software

	Group	**Company**
	=N='000	**=N='000**
Cost:		
At 1 January 2018	59,063	59,063
Disposal	-	(1,833)
Additions	406,406	406,025
At 31 December 2018	465,469	463,255
Disposal	-	-
Additions	17,195	17,195
At 31 December 2019	482,664	480,450
Accumulated amortisation:		
At 1 January 2018	65,542	65,530
Disposal	-	(1,833)
Amortisation of software	17,978	17,978
At 31 December 2018	83,520	81,675
Disposal	-	-
Amortisation of software	137,921	137,921
At 31 December 2019	221,442	219,596
Carrying amount:		
At 31 December 2019	261,221	260,854
At 31 December 2018	381,949	381,580

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22 Property, plant and equipment Group	**Freehold property =N='000**	**Motor vehicles =N='000**	**Furniture and fittings =N='000**	**Office partitioning =N='000**	**Computer equipment =N='000**	**Building W.I.P =N='000**	**Total =N='000**
Cost:							
At 1 January 2018	868,892	365,690	193,755	82,273	125,850	1,378,792	3,015,252
Additions	414,363	160,880	7,516	-	25,905	326,147	934,812
Disposals	-	(195,548)	(24,353)	(596)	(11,399)	-	(231,896)
Reclassification/write-off	-	-	-	-	-	-	-
Exchange difference		61,526	41,515	6,247	29,671		138,959
At 31 December 2018	1,283,255	392,548	218,434	87,924	170,027	1,704,939	3,857,127
Additions	127,078	205,856	27,779	11,655	23,441	697,105	1,092,915
Disposals	-	(149,499)	(31,587)	(25,336)	(17,396)	-	(223,819)
Write-off	-	-	-	-	-	-	-
Exchange difference	(4,036)	(42,682)	(30,948)	(5,684)	(26,110)	-	(109,460)
At 31 December 2019	1,406,297	406,223	183,678	68,558	149,962	2,402,043	4,616,763
Accumulated depreciation:							
At 1 January 2018	-	233,534	129,668	73,065	90,371	-	526,638
Charge for the year	-	64,079	20,459	7,847	15,255	-	107,640
Reclassification	-	-	-	-	-	-	-
Disposal	-	(149,605)	(18,858)	-	(9,508)	-	(177,971)
Exchange difference	-	1,366	2,043	441	1,494	-	5,344
At 31 December 2018	-	149,373	133,312	81,352	97,611	-	461,649
Charge for the year	-	119,969	24,211	8,604	20,859	-	173,643
Reclassification	-	-	-	-	-	-	-
Disposal	-	(113,224)	(27,012)	(25,336)	(15,982)	-	(181,555)
Exchange difference	-	(2,078)	(1,859)	(366)	(1,202)	-	(5,505)
At 31 December 2019	-	154,041	128,652	64,254	101,287	-	448,234
Net book value:							
At 31 December 2019	1,406,297	252,182	55,026	4,304	48,675	2,402,043	4,168,529
At 31 December 2018	1,283,255	243,175	85,122	6,571	72,415	1,704,939	3,395,477

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Notes to the consolidated and separate financial statements-continued

22 Property, plant and equipment

Company	Freehold property =N='000	Motor vehicles =N='000	Furniture and fittings =N='000	Office partitioning =N='000	Computer equipment =N='000	Building W.I.P =N='000	Total =N='000
Cost:							
At 1 January 2018	868,892	253,335	114,969	71,197	87,780	1,378,792	2,774,965
Additions	-	118,991	2,903	-	17,085	326,147	465,127
Reclassification	-	-		-		-	-
Disposals	(434,734)	(39,437)	(24,353)	(596)	(8,352)	-	(507,472)
At 31 December 2018	434,158	332,889	93,519	70,601	96,514	1,704,939	2,732,619
Additions	-	136,948	22,567	8,866	10,922	697,105	876,408
Reclassification	-	-		-		-	-
Disposals	-	(105,506)	(14,345)	(25,336)	(13,055)	-	(158,243)
At 31 December 2019	434,158	364,331	101,741	54,131	94,380	2,402,043	3,450,785
Accumulated depreciation:							
At 1 January 2018	-	177,818	79,577	65,679	72,309	-	395,383
Charge for the year	-	51,608	10,808	2,717	9,376	-	74,509
Reclassification	-	-		-		-	-
Disposal	-	(39,437)	(18,858)	(60)	(6,608)	-	(64,963)
At 31 December 2018	-	189,989	71,527	68,336	75,077	-	404,929
Charge for the year	-	65,988	7,989	2,412	10,907	-	87,295
Reclassification	-	-		-		-	-
Disposal	-	(82,898)	(9,571)	(25,336)	(12,334)	-	(130,139)
At 31 December 2019	-	173,080	69,945	45,411	73,650	-	362,086
Net book value:							
At 31 December 2019	434,158	191,251	31,796	8,720	20,730	2,402,043	3,088,701
At 31 December 2018	434,158	142,900	21,992	2,265	21,438	1,704,940	2,327,693

Disposal of freehold property amounting to N434,734,283 in 2018 relates to the Land in Douala-Cameroon. This property was sold to our Cameroon subsidiary.

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Notes to the consolidated and separate financial statements-continued

		Group 31 December 2019 =N='000	Group 31 December 2018 =N='000	Company 31 December 2019 =N='000	Company 31 December 2018 =N='000
23	**Statutory deposits**				
	At 31 December	1,000,000	1,000,000	1,000,000	1,000,000

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. They are measured at cost and interest is paid semi-annually with 2019 average interest rate being 13.06% (2018: 15.44%).

		Group 31 December 2019 =N='000	Group 31 December 2018 =N='000	Company 31 December 2019 =N='000	Company 31 December 2018 =N='000
24	**Insurance contract liabilities**				
	Unearned premium (Note 24.1)	15,750,525	13,526,225	7,643,564	6,667,387
	Outstanding claims (Note 24.2)	11,559,459	7,594,146	6,784,942	3,916,834
	Non-life contract liabilities	27,309,984	21,120,371	14,428,506	10,584,221
	Life (Note 24.3)	3,244,299	2,136,285	2,164,396	1,493,681
	Total insurance liabilities	30,554,284	23,256,656	16,592,902	12,077,902
	Total retrocessionaire's share of insurance liabilities (Note 16)	(8,698,039)	(6,494,583)	(4,191,958)	(2,880,398)
	Net insurance contracts	21,856,245	16,762,073	12,400,944	9,197,504
24.1	***Reserve for unearned premium-Non life***				
	At 1 January	13,526,225	8,281,665	6,667,387	5,125,005
	Increase in the year (see note 1.1)	40,873,804	30,028,995	23,098,009	15,906,223
	Portfolio transfer and premium adjustments during the period	1,185,274	1,865,384	-	(803,163)
	Released during the period	(39,834,778)	(26,649,819)	(22,121,832)	(13,560,678)
	At 31 December	15,750,525	13,526,225	7,643,564	6,667,387
24.2	***Reserve for outstanding claims-Non life***				
	At 1 January	7,594,146	7,254,013	3,916,834	5,179,229
	Incurred in the current year including IBNR (note 2.1)	22,027,637	11,664,990	14,134,171	6,297,685
	Paid during the period	(18,062,324)	(11,324,857)	(11,266,063)	(7,560,080)
	At 31 December	11,559,459	7,594,146	6,784,942	3,916,834
24.3	***Insurance liabilities on life business;***				
a	***Group life reserve for unearned premium***				
	At 1 January	568,032	128,985	780,772	387,808
	Change in the period	842,173	439,047	767,751	392,965
	At 31 December	1,410,205	568,032	1,548,523	780,772
b	***Life reserve for outstanding claims***				
	At 1 January	1,568,253	2,301,327	712,908	1,778,550
	Claims Incurred in the year including IBNR (note 2.1)	2,655,047	1,909,782	1,995,478	1,292,333
	Claims paid during the period	(2,389,206)	(2,642,856)	(2,092,513)	(2,357,975)
	At 31 December	1,834,094	1,568,253	615,873	712,908
	Total Insurance liabilities on life business	3,244,299	2,136,285	2,164,396	1,493,679
25	**Reinsurance creditors**				
	Due to retrocessionaires	1,768,782	1,275,075	206,981	310,271
	Due to ceding companies	2,009,440	916,841	543,071	792,924
		3,778,222	2,191,916	750,051	1,103,195

This represents the amount payable to insurance and reinsurance companies.

		Group 31 December 2019 =N='000	Group 31 December 2018 =N='000	Company 31 December 2019 =N='000	Company 31 December 2018 =N='000
26	**Other liabilities**				
	Sundry creditors (note 26.1)	0	38,309	0	340,055
	Accrued staff benefits	188,216	355,267	188,216	355,267
	Unclaimed dividend	382,711	332,516	382,711	332,516
	Rent received in advance	1,458	4,375	1,458	4,375
	Accrued expenses	19,085	67,691	17,711	85,150
	Dividend payable (Note 26.3)	23,910	23,910	23,910	23,910
	Intercompany balance (note 26.2)	-	-	2,359,082	2,429,399
	Others	46,391	40,501	5,791	40,501
		661,771	862,569	2,978,878	3,611,173
26.1	**Sundry creditors**				
	Receipt onbehalf of 3rd party	-	-	-	118,729
	Adjustments on portfolio transfers	-	-	-	221,325
	Other sundry creditors	0	38,309	0	0
		0	38,309	0	340,055

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		Group 31 December 2019 =N='000	Group 31 December 2018 =N='000	Company 31 December 2019 =N='000	Company 31 December 2018 =N='000
26.2	**Intercompany balance**				
	Retrocessions arrangement payable	-	-	917,338	1,054,411
	Payable on Douala capitalization	-	-	1,334,874	1,334,874
	Other intercompany balances	-	-	106,870	40,113
		-	-	2,359,082	2,429,399
26.3	**Dividends paid and proposed**				
	At 1 January	23,910	23,241	23,910	23,241
	Declared during the period	-	1,452,184	-	1,452,184
	Paid during the year	-	(1,451,515)	-	(1,451,515)
		23,910	23,910	23,910	23,910

Nil dividend proposed (2018: Nil).

		Group 31 December 2019 =N='000	Group 31 December 2018 =N='000	Company 31 December 2019 =N='000	Company 31 December 2018 =N='000
26b	**Lease liability**				
	At 1 January	146,787	-	14,809	-
	Interest expense during the year	3,963	-	2,022	-
	At 31 December	150,749	-	16,831	-
27	**Retirement benefit obligations**				
	Defined contribution scheme (Note 27.1)	-	-	-	-
	Defined benefit gratuity scheme (Note 27.2)	404,290	203,125	342,212	158,847
	Exchange difference	-	-	-	-
		404,290	203,125	342,212	158,847

27.1 ***Defined contribution scheme***

In accordance with the provisions of the Pensions Act 2014, the Group and its staff commenced a contributory pension scheme in January 2005. The contribution by employees and the Company are 8% and 10%, respectively, of the employees' basic salary, housing and transport allowances. The contribution made and transferred to the pension fund administrator during the year are as follows:

	Group 31 December 2019 =N='000	Group 31 December 2018 =N='000	Company 31 December 2019 =N='000	Company 31 December 2018 =N='000
Balance at beginning of year	-	-	-	-
Provisions during the year	99,202	118,828	99,202	118,828
Transfer to Pension Fund Administrator	(99,202)	(118,828)	(99,202)	(118,828)
Balance at end of year	-	-	-	-

27.2 ***Defined benefit staff gratuity scheme***

The Group operates a defined benefit staff gratuity plan where qualifying employees receive a lump sum payment based on the number of years served after an initial qualifying period of five years and gross salary on date of retirement.

Statement of financial position obligation for:	Group 31 December 2019 =N='000	Group 31 December 2018 =N='000	Company 31 December 2019 =N='000	Company 31 December 2018 =N='000
The amounts recognised in the statement of financial position are determined as follows:				
Present value of funded obligations	920,926	655,223	779,520	512,393
Fair value of plan assets	(516,636)	(452,098)	(437,308)	(353,546)
Deficit of funded plans	404,290	203,125	342,212	158,847
Liability in the consolidated statement of financial position	404,290	203,125	342,212	158,847
The movement in the defined benefit obligation over the year is as follows:				
At beginning of the year	655,223	663,395	512,393	593,421
Service cost	69,411	73,085	58,999	57,006
Transfer to subsidiaries	-	-	-	(35,447)
Interest cost	83,349	99,518	13,598	60,909
Actuarial gains (losses)	526,819	(71,080)	400,288	(89,249)
Benefit paid	(413,876)	(109,695)	(205,759)	(74,248)
At end of the year	920,926	655,223	779,520	512,393

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27.2	**Retirement benefit obligations (continued)**	**Group 31 December 2019**	**Group 31 December 2018**	**Company 31 December 2019**	**Company 31 December 2018**
	The principal actuarial assumptions were as follows:				
	Average long term discount rate (p.a.)	11.9%	14.6%	11.9%	14.6%
	Average long term rate of inflation (p.a.)	10%	10%	10%	10%
	Average long term pay increase (p.a.)	5%	5%	5%	5%

It is important to treat the results of the valuation with a degree of caution, as they are extremely sensitive to the assumptions used.

The valuation results set out above are based on a number of assumptions. The value of the liability could turn out to be overstated or understated, depending on the extent to which actual experience differs from the assumptions adopted.

We recalculated the liability to show the effect of:

i) the discount rate assumption on the defined benefit obligation by adding and subtracting 1% to the discount rate;
ii) the salary increase rate assumption on the defined benefit obligation by adding and subtracting 1% to the salary increase rate; and
iii) the mortality assumption on the defined benefit obligation by adding and subtracting 1 year to the age rating.

A quantitative sensitivity analysis for significant assumption on the group's retirement benefit obligations as at 31 December 2019 is as sho

		Discount rate	**Salary**	**Mortality**
Assumptions				
Sensitivity level		**=N='000**	**=N='000**	**=N='000**
Impact on defined benefit obligation	+1%	880,004	974,365	922,491
Impact on defined benefit obligation	-1%	966,655	872,441	919,517

28	**Share capital**				
		=N='000	**=N='000**	**=N='000**	**=N='000**
	Authorised				
	25,000,000,000 ordinary shares of 50k each	12,500,000	12,500,000	12,500,000	12,500,000
	Issued and fully paid				
	10,372,744,312 ordinary shares of 50k each	5,186,372	5,186,372	5,186,372	5,186,372

29	**Share premium**	**Group 31 December 2019 =N='000**	**Group 31 December 2018 =N='000**	**Company 31 December 2019 =N='000**	**Company 31 December 2018 =N='000**
	At 31 December	3,915,451	3,915,451	3,915,451	3,915,451

Premiums from the issue of shares are reported in share premium.

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27.2 Retirement benefit obligations (continued)

Defined benefit staff gratuity scheme (cont'd)	Group 31 December 2019 =N='000	Group 31 December 2018 =N='000	Company 31 December 2019 =N='000	Company 31 December 2018 =N='000
The amounts recognised in the profit or loss are as follows:				
Current service cost	69,411	73,085	58,999	57,006
Net interest	10,561	47,405	(17,541)	(84,082)
Total, included in staff costs	79,972	120,490	41,458	-27,076
The amounts recognised in other comprehensive income				
Re-measurement loss on net defined benefit plans	(535,069)	114,127	(452,911)	89,249
The movement in the plan assets over the year is as follows:				
Assets at fair value - opening	452,098	356,938	353,547	318,271
Interest return	72,788	52,113	31,139	144,991
Received from subsidiaries	-	-	-	68,782
Employer contribution	413,876	109,695	205,759	74,248
Benefit paid	(413,876)	(109,695)	(205,759)	(74,248)
Actuarial gain/(loss)	(8,250)	43,047	52,623	(178,498)
At end of the year	516,636	452,098	437,308	353,547
Composition of Plan assets				
Cash	93%	41%	93%	46%
Equity	7%	53%	7%	46%
Others	0%	0%	0%	0%

Disaggregation of plan assets

The plan assets are invested in quoted equities and cash and cash equivalents. The following show the disaggregation of the plan assets.

Plan assets by	Fair value hierarchy 31 December 2019			
	Level 1 =N='000	**Level 2 =N='000**	**Level 3 =N='000**	**Total =N='000**
Quoted equity	37,404	-	-	37,404
Cash and cash equivalents	-	479,232	-	479,232
Receivables	-	-	-	-
Total	37,404	479,232	-	516,636
				-

Plan assets by	Fair value hierarchy 31 December 2018			
	Level 1 =N='000	**Level 2 =N='000**	**Level 3 =N='000**	**Total =N='000**
Quoted equity	234,413	-	-	234,413
Cash and cash equivalents	-	183,642	-	183,642
Receivables	-	-	34,043	34,043
Total	234,413	183,642	34,043	452,098

The fair value of plan assets at the end of the reporting period is analysed as follows:

	Group		**Company**	
	31-Dec-19 =N='000	**31-Dec-18 =N='000**	**31-Dec-19 =N='000**	**31-Dec-18 =N='000**
Cash and cash equivalents	479,232	183,642	408,401	163,442
Quoted equity				
Consumer goods	1,870	4,899	1,594	3,821
Conglomerates	1,496	3,013	1,275	2,350
Financial services	34,038	233,684	26,038	157,074
Subtotal	37,405	241,596	28,908	163,246
Loans and receivables	-	26,860	-	26,860
Total	**516,636**	**452,098**	**437,308**	**353,547**

The fair values of the above equity are determined based on quoted market prices in active markets .
The loan and receivable represents the dividend income paid into the bank of the company that will be refunded to the plan assets .

The actual return on plan assets was NGN8.1 million (2018: NGN95.2 million)

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30 Contingency reserve

The statutory contingency reserve has been computed in accordance with Section 21 (1) of the Insurance Act, Cap I17 LFN 2004. The composition on the account are as follows:

	Group 31 December 2019 =N='000	Group 31 December 2018 =N='000	Company 31 December 2019 =N='000	Company 31 December 2018 =N='000
Non - Life	5,912,583	4,962,367	5,449,194	4,756,253
Life	352,376	303,267	347,259	298,150
Total	6,264,959	5,265,633	5,796,452	5,054,404
Movement in this account is as shown below:				
At 1, January	5,265,633	4,462,001	5,054,403	4,413,032
Addition during the year	999,325	803,632	742,049	641,371
At 31 December	6,264,958	5,265,633	5,796,452	5,054,403

31 Retained earnings:

Retained earnings comprise the undistributed profits from previous years, which have not been reclassified to the other reserves noted below.

32 Other reserves

32.1 Available-for-sale reserve:

The fair value available-for-sale reserve shows the effects from the fair value measurement of financial instruments of the category available-for-sale. Any gains or losses are not recognised in the profit or loss until the asset has been sold or impaired.

32.2 Foreign currency translation reserve:

Foreign currency translation reserve comprise the exchange differences arising on translation of its subsidiary. Gains or losses arising therefrom is recognised in other comprehensive income.

33 Non-controlling interests

In 2013 financial year, Britam Asset Managers (BAM) invested in Continental Reinsurance Limited, Kenya (CRe Limited, Kenya); subsidiary of Continental Reinsurance Plc (CRe Plc), through capital injection. This was to fulfill regulatory requirement of minimum 30% local shareholding.

In 2014,Continental Reinsurance Plc and Botswana Insurance Company Limited co-founded Continental Reinsurance Limited, Botswana, this led to Continental Reinsurance Plc having shareholding of 60% and Botswana Insurance Company Limited 40% in Continental Reinsurance Limited, Botswana.

In 2018, Continental Reinsurance Plc and C.Re Holdings Limited, Mauritius co-founded Continental Reinsurance Limited, Cameroon, this led to Continental Reinsurance Plc having shareholding of 51% and C.Re Holdings Limited 49% in Continental Reinsurance Limited, Cameroon.

The Non-Controlling interest in the three subsidiaries is hereby presented below:

	Continental Reinsurance Limited, Douala =N='000	Continental Reinsurance Limited, Kenya =N='000	Continental Reinsurance Limited, Botswana =N='000	Total =N='000
At 1 January 2019	2,414,029	1,858,325	481,997	4,754,351
Capital injection-preference shares	-	-	1,642,072	1,642,072
Profit for the period	(479,866)	326,885	200,475	47,494
Difference on foreign currency translation	100,471	109,324	385,348	595,142
Other comprehensive income;				-
Available for sale remeasurement	-	785	-	785
Remeasurement of retirement benefits obligations	(10,487)	(14,982)	(14,982)	(40,450)
At 31 December	2,024,147	2,280,337	2,694,910	6,999,394

The Non-Controlling interest in the three subsidiaries is hereby presented below:

	Continental Reinsurance Limited, Douala =N='000	Continental Reinsurance Limited, Kenya =N='000	Continental Reinsurance Limited, Botswana =N='000	Total =N='000
At 1 January 2018	-	1,094,484	249,281	1,343,765
Capital contribution for the period	2,743,635	-	-	2,743,635
Profit for the period	(473,083)	142,168	157,352	(173,563)
Difference on foreign currency translation	736,395	89,149	6,309	831,852
Other comprehensive income;				-
Available for sale remeasurement	-	33	-	33
Remeasurement of retirement benefits obligations	2,237	3,196	3,196	8,629
At 31 December	3,009,184	1,329,030	416,137	4,754,351

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33a Condensed results of consolidated entities

The condensed financial data of the consolidated entities as at 31 December 2019, are as follows:

	Continental Reinsurance Limited, Douala =N='000	Continental Reinsurance Limited, Kenya =N='000	Continental Reinsurance Limited, Botswana =N='000
Condensed statement of profit or loss and other comprehensive income			
Revenue	**2,453,468**	**11,354,544**	**6,612,573**
Profit before income tax	-	-	-
Income tax	(47,961)	(313,692)	(97,578)
Profit after tax	**(47,961)**	**(313,692)**	**(97,578)**
Condensed statement of financial position			
Cash and cash equivalents	3,558,091	797,600	3,772,063
Financial assets			
-Financial asset designated as fair value through profit or loss	-	-	-
-Loans and other receivables	76,306	29,697	3,399
-Available-for-sale investments	-	37,257	-
-Held to maturity investments	-	5,874,310	172,884
Reinsurance receivables	860,200	5,366,056	2,982,255
Retrocession assets	680,164	1,611,360	2,214,556
Deferred acquisition costs	134,862	1,551,405	739,881
Other assets	1,703,030	50,527	259,059
Right of use of Asset	-	122,446	-
Intangible assets	-	-	360
Property, plant and equipment	1,015,441	48,287	16,099
Statutory deposits			
Total assets	**8,028,094**	**15,488,945**	**10,160,556**
Liabilities			
Insurance contract liabilities	1,307,757	8,411,834	4,241,790
Reinsurance creditors	1,623,933	322,729	1,081,509
Other liabilities	895,290	65,832	414,747
Lease liability	-	133,918	-
Retirement benefit obligations	24,459	30,501	7,118
Current income tax payable	45,748	-	194,365
Deferred tax liabilities	-	8,884	(133,747)
Equity	4,130,913	6,515,250	4,354,773
Total liabilities and equity	**8,028,100**	**15,488,948**	**10,160,555**
Cashflows from operating activities	(672,108)	(259,706)	675,601
Cashflows from investing activities	512,251	(349,859)	1,239,152
Cashflows from financing activities	-	-	-
Net increase/(decrease) in cash and cash equivalents	(159,857)	(609,565)	1,914,753
Cash and cash equivalent, beginning of year	1,440,533	1,639,966	1,561,332
Cash and cash equivalent, end of year	**1,280,676**	**1,030,401**	**3,476,085**

Continental Reinsurance Plc

Consolidated and separate financial statements for the year ended 31 December 2019
Notes to the consolidated and separate financial statements-continued

The condensed financial data of the consolidated entities as at 31 December 2018, are as follows:

	Continental Reinsurance Limited, Douala	Continental Reinsurance Limited, Kenya	Continental Reinsurance Limited, Botswana
	=N='000	=N='000	=N='000
Condensed statement of profit or loss and other comprehensive income			
Revenue	**2,414,492**	**7,400,483**	**4,095,452**
Profit before income tax	(906,906)	580,280	427,490
-	(58,569)	(174,084)	(34,110)
Profit after tax	**(965,475)**	**406,196**	**393,380**
Condensed statement of financial position			
Cash and cash equivalents	4,243,475	690,493	3,649,028
Financial assets			
-Financial asset designated as fair value through profit or loss	-	2,853,024	-
-Loans and other receivables	140,928	53,968	15,267
-Available-for-sale investments	-	34,816	-
-Held to maturity investments	-	2,146,289	379,365
Reinsurance receivables	76,039	3,399,200	2,376,793
Retrocession assets	842,498	1,719,115	1,052,572
Deferred acquisition costs	444,859	800,661	562,026
Other assets	1,967,770	399,564	277,391
Intangible assets	-	-	362
Property, plant and equipment	997,902	45,921	23,961
Statutory deposits			
Total assets	**8,713,471**	**12,143,051**	**8,336,765**
Liabilities			
Insurance contract liabilities	1,865,073	5,836,641	3,477,040
Reinsurance creditors	-	331,325	757,396
Other liabilities	1,103,777	302,122	306,986
Retirement benefit obligations	14,977	18,283	11,017
Current income tax payable	75,881	68,341	8,233
Deferred tax liabilities	-	109,670	7,968
Equity	5,653,771	5,476,673	3,768,125
Total liabilities and equity	**8,713,479**	**12,143,055**	**8,336,765**
Cashflows from operating activities	(2,311,670)	933,891	427,290
Cashflows from investing activities	387,778	669,928	499,023
Cashflows from financing activities	-	-	-
Net increase/(decrease) in cash and cash equivalents	(1,923,892)	1,603,819	926,313
Cash and cash equivalent, beginning of year	-	36,147	635,019
Cash and cash equivalent, end of year	**(1,923,892)**	**1,639,966**	**1,561,332**

Continental Reinsurance Plc

Consolidated and separate financial statements for the year ended 31 December 2019
Notes to the consolidated and separate financial statements-continued

34 Reconciliation of profit before taxation to net cash generated by operating activities

	Group 31 December 2019 =N='000	Group 31 December 2018 =N='000	Company 31 December 2019 =N='000	Company 31 December 2018 =N='000
Profit before income tax expense	2,395,626	4,359,355	1,534,723	3,912,856
Adjustments for:				
- Depreciation and amortization (Note 6.1)	297,886	136,685	225,215	92,487
-increase in provision for bad and doubtful balances (note 6.3)	797,611	1,209,498	146,224	702,120
– Profit on disposal of investments	(106,919)	(10,000)	(106,919)	(10,000)
–commission income on retro and unamortized retro cost	(846,846)	(1,438,704)	(843,792)	(1,438,704)
– Interest income	(2,175,776)	(2,199,142)	(1,273,713)	(1,467,588)
– Dividend received	(48,558)	(22,416)	(48,558)	(22,281)
–unrealised foreign exchange gain	7,357	(617,157)	(94,379)	(625,500)
–Fair value loss on investment property and financial assets designated at fair value	(50,118)	(580,892)	(50,118)	(580,892)
Changes in operating assets/liabilities				
–Reinsurance debtors	(5,157,614)	3,348,423	(1,228,326)	616,290
–Prepayments and other assets	(254,300)	(177,878)	(117,895)	1,212,194
–Retrocession assets	(2,203,455)	(3,734,917)	(1,311,561)	(1,002,722)
–Reinsurance creditors and other liabilities	1,880,495	835,706	(123,239)	(161,832)
–Deferred acquisition costs	(1,540,273)	(1,742,730)	(921,671)	(725,285)
–Provision for unexpired risks	1,881,200	3,085,149	1,743,928	869,707
–Outstanding claims	4,231,154	(392,941)	2,965,143	(196,753)
–Retirement benefit obligations	201,165	(103,333)	183,365	(116,303)
Income tax paid (Note 8)	(1,272,374)	(776,019)	(900,801)	(676,552)
Net cash generated from operating activities	(1,963,739)	1,178,687	(222,374)	381,242

35 Cash and cash equivalents for purposes of the consolidated statement of cashflows

	Group 31 December 2019 =N='000	Group 31 December 2018 =N='000	Company 31 December 2019 =N='000	Company 31 December 2018 =N='000
Cash in hand	786	1,860	196	188
Balances held with other banks:				
- Current account	409,081	437,675	174,410	183,976
- Domiciliary account	132,226	269,371	132,226	269,371
Balances held with foreign banks	983,299	710,967	982,907	710,967
- Placements with banks and other financial institutions with original maturity < 90 days	12,626,281	12,257,990	4,734,180	3,930,367
Treasury bills	247,564	297,803	247,564	297,803
	14,399,237	13,975,667	6,271,483	5,392,672

35.1 Reconciliation of Cash and cash equivalents for purposes of statement of cashflows and Statement of financial position

Cash and cash equivalent in cash flows (note 35)	14,399,237	13,975,666	6,271,483	5,392,672
Add items in Statement of financial position not in Cashflows; Placement with original maturity more than 90 days	-	932,355	-	932,355
Less items in Cashflows not in statement of financial position; Treasury bills with original maturity less than 90 days	(247,564)	(297,803)	(247,564)	(297,803)
Cash and cash equivalent in statement of financial position (note 11)	14,151,673	14,610,221	6,023,919	6,027,224

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Notes to the consolidated and separate financial statements-continued

36 Related parties

The group is controlled by C-Re holdings Ltd (incorporated in Mauritius). C-Re holdings is controlled by Saham finances.

a Related party transactions

Parties are considered to be related if one party has the ability to control the other party or to exercise influence over the other party in making financial and operational decisions, or one other party controls both. The definition includes subsidiaries, associates as well as key management personnel.

b Transactions with key management personnel

The group's key management personnel, and persons connected with them are also considered to be related parties. The definition of key management includes close members of family of key personnel and any entity over which they exercise control. The key management have been identified as executive and non executive directors of the group as well as their close family members.

c *Transaction with related parties*

Name of related party and relationship	Nature of transactions	Due from/ due to		Income (expense)	
		Dec. 2019 =N='000	Dec. 2018 =N='000	Dec. 2019 =N='000	Dec. 2018 =N='000
Saham group and related companies	Premium	1,755,061	994,452	1,381,667	2,602,223
		-	-		
Saham group and related companies	Acquistion	-	-	(380,704)	(818,465)
	cost	-	-		
Saham group and related companies	Claims	(256,172)	(31,071)	(932,550)	(745,029)
		1,498,890	963,380.25	68,413	1,038,729

Loans and advances to related parties

The following facilities were due from the Managing Director (MD)/Chief Executive Officer and Executive Director (ED) at the end of the year:

	MD =N='000	ED =N='000	2019 =N='000	2018 =N='000
Mortgage loan	999	-	999	857
Personal loan	-	9,250	9,250	18,500
Car loan	-	-	-	1,019
	999	9,250	10,249	20,376

These loans were given in line with the conditions of service of the Directors under the terms of the mortgage loan, repayment is to be made over the mortgage period. The car loan was given at an interest rate of 4%. The personal loan is salary advance

The carrying amounts of loans and advances to related parties as disclosed above approximate fair value at the reporting date. There was no allowance for impairment on them at the reporting date and no bad debt expense in the year (2017: Nil).

Continental Reinsurance Plc
Consolidated and separate financial statements for the year ended 31 December 2019
Notes to the consolidated and separate financial statements-continued

36 Related party transactions (continued)

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:

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

	Group Dec. 2019 =N='000	Group Dec. 2018 =N='000	Company Dec. 2019 =N='000	Company Dec. 2018 =N='000
Short term employee benefits	321,422	295,083	321,422	295,083
Post employment benefits:				
Gratuity benefits paid	-	-	-	-
Pension contribution	8,305	7,410	8,305	7,410
	329,727	302,493	329,727	302,493

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	-	-	-	-
=N=1,000,001 - =N=4,000,000	-	-	-	-
=N=4,000,001 - =N=7,000,000	7	7	7	7
=N=7,000,001 and above	3	3	3	3
	10	10	10	10

37 Contingencies and commitments

Contingent liabilities
There were no contingent liabilities at the end of the year (2018: Nil).

Capital commitment and operating leases
There were no capital commitments at the end of the year (2018: Nil).

Continental Reinsurance Plc
Consolidated and separate financial statements for the year ended 31 December 2019
Notes to the consolidated and separate financial statements-continued

		2019	2018
38	**Compliance with regulatory bodies**	**=N='000**	**=N='000**
	Penalties:		
	The Company contravened certain sections of the Financial Reporting Council of Nigeria (FRCN) Act 2011	10,000	-
		10,000	-

39 Events after reporting date

The finance bill was singed into law on 13th January 2020. This has been applied in determining the tax liability for the year ended December 31, 2019.

Continental Reinsuarance Plc entire 10,372,744,312 ordinary share capital listed on the Daily Official List of The Exchange have been delisted on 17 January 2020

There were no other events after reporting date which would have a material effect on the state of affairs of the Group as at 31 December 2019 or the profit for the year then ended that have not been adequately provided for or disclosed.

40 Admissible assets

The admissible assets representing insurance contract liabilities are included in the consolidated statement of financial position as follows:

	Non-life		Life	
	=N='000	=N='000	=N='000	=N='000
Cash and cash equivalents:				
Cash and bank balances	-			
Bank placements	4,301,324		433,986	
Total cash and cash equivalents		4,301,324		433,986
Investment properties		2,472,521		381,600
Investment securities:				
Quoted equities	872,608		153,208	
Reinsurance assets	3,619,684		572,275	
Corporate Bonds	723,654		73,545	
Government bonds and treasury bills	2,454,700		577,017	
Total investment securities		7,670,645		1,376,045
Total assets representing insurance contract liabilities		14,444,490		2,191,631
Total insurance contract liabilities		14,428,506		2,164,396
Excess of assets over liabilities		15,984		27,235
		100%		**101%**

Continental Reinsurance Plc
Consolidated and separate financial statements for the year ended 31 December 2019
Notes to the consolidated and separate financial statements-continued

41 Segment information

For management reporting purposes, the Company is organised into business units based on Life and Non-Life products and geography (regions).

Life assurance business can be either Individual or Group and covers the mortality aspect of the life contract which is annual. Revenue from this segment is derived mainly from reassurance premium and becomes fully earned after the year of cover.

The Non-Life reinsurance business covers general insurance to individuals and businesses. The general insurance products covered include motor, household, commercial and business interruption insurance, and indemnification of other parties that suffer damage resulting from the policyholders' accident, e.g., employees' liability claims.

Also, segment information is presented in respect of the company's geographic segments.

The Executive board monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance and reporting is based on operating profit or loss and is measured consistently with operating profit or loss in the financial statements. However, income taxes are not allocated to operating segments.

Group 31 December 2019	Notes	Life insurance =N='000	Non-life insurance =N='000	Total segments =N='000
Gross Premium	1.1	6,789,321	40,873,804	47,663,125
Change in Reserve for unearned premium	24.3	(842,173)	(1,039,024)	(1,881,197)
Earned premium income	1.1	5,947,148	39,834,780	45,781,928
Less: Retrocession costs		(779,710)	(6,171,532)	(6,951,242)
Net premium earned	1.2	5,167,438	33,663,248	38,830,686
Expenses				
Gross claims paid		2,389,206	15,673,119	18,062,324
Change in Reserve for outstanding claims		305,097	3,660,216	3,965,313
Ceded Outstanding Claims Reserve		(39,256)	2,694,303	2,655,046
Claims incurred	2.1	2,655,047	22,027,637	24,682,684
Retrocession recoveries	2.1	(297,317)	(5,401,851)	(5,699,168)
Net claims incurred	2.1	2,357,729	16,625,786	18,983,515
Underwriting expenses:				
Acquisition and maintenance cost		1,710,500	11,532,222	13,242,722
Depreciation and amortisation	6.2	51,673	246,212	297,886
Management expenses		590,183	4,298,778	4,888,961
		2,352,356	16,077,212	18,429,569
Underwriting profit		457,353	960,249	1,417,602
Investment and other income		212,934	2,499,418	2,712,352
Foreign exchange gain	5.1	16,951	57,340	74,291
Administrative expenses	6.2	(187,437)	(823,570)	(1,011,007)
Impairment of assets	6	(21,495)	(776,117)	(797,611)
Results of operating activities		478,304	1,917,322	2,395,626
Income tax expense	8	(803)	(498,766)	(499,569)
Profit for the year		477,501	1,418,556	1,896,057
Segment assets		2,191,631	64,570,228	66,761,859
Segment liabilities		2,164,396	34,408,593	36,572,989

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Consolidated and separate financial statements for the year ended 31 December 2019
Notes to the consolidated and separate financial statements-continued

Company	**Life insurance =N='000**	**Non-life insurance =N='000**	**Total segments =N='000**
31 December 2019			
Gross Premium	4,910,895	23,098,009	28,008,904
Change in Reserve for unearned premium	(767,751)	(976,177)	(1,743,928)
Earned premium income	4,143,144	22,121,832	26,264,976
Less: Retrocession costs	(425,122)	(2,710,486)	(3,135,608)
Net premium written	3,718,022	19,411,346	23,129,368
Expenses			
Gross claims paid	2,092,513	9,173,550	11,266,063
Change in Reserve for outstanding claims	(140,705)	5,595,054	5,454,349
Ceded Outstanding Claims Reserve	43,670	(634,433)	(590,763)
Claims incurred	1,995,478	14,134,171	16,129,649
Retrocession recoveries	(261,564)	(3,939,933)	(4,201,497)
Net claims incurred	1,733,914	10,194,238	11,928,152
Underwriting expenses:			
Acquisition and maintenance cost	1,183,452	7,040,010	8,223,462
Depreciation and amortisation	42,011	183,205	225,215
Management expenses	454,196	2,293,365	2,747,562
	1,679,659	9,516,580	11,196,239
Underwriting profit	304,450	(299,473)	4,977
Investment and other income	138,000	1,960,786	2,098,786
Foreign exchange gain	15,842	160,185	176,027
Administrative expenses	(122,508)	(476,336)	(598,844)
Impairment of assets	(16,534)	(129,690)	(146,224)
Results of operating activities	319,249	1,215,473	1,534,722
Income tax expenses	(803)	(39,535)	(40,338)
Profit for the year	318,445	1,175,939	1,494,384
Segment Assets	2,191,631	14,444,490	16,636,121
Segment liabilities	2,164,396	14,428,506	16,592,902

Continental Reinsurance Plc
Consolidated and separate financial statements for the year ended 31 December 2019
Notes to the consolidated and separate financial statements-continued

Group **31 December 2018**	**Life insurance =N='000**	**Non-life insurance =N='000**	**Total segments =N='000**
Gross Premium	4,156,997	30,028,995	34,185,992
Change in Reserve for unearned premium	(439,047)	(3,379,175)	(3,818,222)
Earned premium income	3,717,950	26,649,820	30,367,770
Less: Retrocession costs	(528,349)	(6,716,979)	(7,245,327)
Net premium earned	3,189,601	19,932,841	23,122,443
Expenses			
Gross claims paid	2,642,856	8,682,001	11,324,857
Change in Reserve for outstanding claims	(505,488)	845,621	340,133
Ceded Outstanding Claims Reserve	(227,586)	2,137,368	1,909,782
Claims incurred	1,909,782	11,664,990	13,574,772
Retrocession recoveries	(353,696)	(2,505,548)	(2,859,244)
Net claims incurred	1,556,086	9,159,442	10,715,528
Underwriting expenses:			
Acquisition and maintenance cost	901,137	6,006,949	6,908,087
Depreciation and amortisation	4,291	132,394	136,685
Management expenses	464,982	3,713,595	4,178,577
	1,370,411	9,852,938	11,223,349
Underwriting profit	263,104	920,462	1,183,565
Investment and other income	335,077	3,126,669	3,461,746
Foreign exchange gain	149,700	1,744,044	1,893,744
Administrative expenses	(108,601)	(861,600)	(970,201)
Impairment of assets	(22,046)	(1,187,453)	(1,209,498)
Results of operating activities	617,236	3,742,121	4,359,356
Income tax expense	(18,094)	(1,019,148)	(1,037,242)
Profit for the year	599,142	2,722,973	3,322,114
Segment assets	1,495,163	56,142,166	57,637,329
Segment liabilities	1,493,681	27,195,432	28,689,113

Continental Reinsurance Plc
Consolidated and separate financial statements for the year ended 31 December 2019
Notes to the consolidated and separate financial statements-continued

Company	**Life insurance =N='000**	**Non-life insurance =N='000**	**Total segments =N='000**
31 December 2018			
Gross Premium	3,289,630	15,906,223	19,195,853
Change in Reserve for unearned premium	(392,965)	(2,345,546)	(2,738,511)
Earned premium income	2,896,665	13,560,677	16,457,342
Less: Retrocession costs	(398,244)	(2,532,287)	(2,930,531)
Net premium written	2,498,421	11,028,390	13,526,811
Expenses			
Gross claims paid	2,357,975	5,202,105	7,560,080
Change in Reserve for outstanding claims	(838,056)	1,730,013	891,956
Ceded Outstanding Claims Reserve	(227,586)	(634,433)	(862,018)
Claims incurred	1,292,333	6,297,685	7,590,018
Retrocession recoveries	(353,696)	(1,456,570)	(1,810,266)
Net claims incurred	938,637	4,841,115	5,779,752
Underwriting expenses:			
Acquisition and maintenance cost	692,857	3,365,512	4,058,369
Depreciation and amortisation	3,819	88,668	92,487
Management expenses	400,197	2,576,715	2,976,912
	1,096,873	6,030,895	7,127,768
Underwriting profit	462,911	156,380	619,291
Investment and other income	301,570	2,608,832	2,910,402
Foreign exchange gain	134,730	1,451,268	1,585,998
Administrative expenses	(97,741)	(402,974)	(500,715)
Impairment of assets	(22,046)	(680,074)	(702,120)
Results of operating activities	779,424	3,133,432	3,912,856
Income tax expenses	(18,094)	(752,385)	(770,479)
Profit for the year	761,328	2,381,049	3,142,377
Segment Assets	1,495,163	10,584,980	12,080,143
Segment liabilities	1,493,681	10,584,221	12,077,902

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Consolidated and separate financial statements for the year ended 31 December 2019
Notes to the consolidated and separate financial statements-continued

The segment information provided to the Company Executive Board for the reportable segments for the year ended 31 December 2019 is as follows:

	Nigeria =N='000	Cameroon =N='000	Kenya =N='000	Abidjan =N='000	Tunis =N='000	Botswana =N='000	Total =N='000	Eliminations =N='000	Consolidated =N='000
Group									
Gross premium	21,840,299	1,992,275	12,094,412	2,088,784	4,079,821	6,471,169	48,566,760	(903,635)	47,663,125
Change in reserve for unearned premium	(1,253,841)	461,193	(739,868)	71,239	(561,325)	141,404	(1,881,198)	-	(1,881,198)
Earned premium income	20,586,458	2,453,468	11,354,544	2,160,024	3,518,496	6,612,573	46,685,562	(903,635)	45,781,927
Retrocession costs	(2,371,418)	(523,955)	(1,445,193)	(374,494)	(389,696)	-2,750,121	(7,854,877)	903,635	(6,951,242)
Net premium earned	18,215,040	1,929,513	9,909,351	1,785,530	3,128,800	3,862,452	38,830,685	-	38,830,685
Expenses									
Gross claims incurred	13,343,866	2,018,636	4,623,350	1,453,663	1,332,121	2,421,186	25,192,821	(510,137)	24,682,684
Retrocession recoveries	(3,828,984)	(623,173)	(270,898)	(136,624)	(235,889)	(1,113,737)	(6,209,305)	510,137	(5,699,168)
Net claims incurred	9,514,882	1,395,463	4,352,452	1,317,040	1,096,231	1,307,449	18,983,516	-	18,983,516
Underwriting expenses:									
Acquisition and maintenance cost	6,536,852	797,725	3,506,513	622,703	1,063,907	715,022	13,242,723	-	13,242,722
Depreciation and amortisation	214,047	28,595	30,225	5,592	5,576	13,850	297,886	-	297,885
Management expenses	2,081,772	570,108	709,732	224,582	441,210	861,559	4,888,961	-	4,888,961
	8,832,671	1,396,429	4,246,470	852,876	1,510,693	1,590,431	18,429,570	-	18,429,568
Underwriting profit	(132,513)	(862,379)	1,310,429	(384,385)	521,876	964,572	1,417,600	-	1,417,601
Investment Income & other income	1,790,978	183,770	528,211	161,972	145,836	198,819	3,009,586	(297,236)	2,712,351
Foreign exchange gain/(loss)	131,045	39,643	(566)	15,232	29,750	-86,658	128,446	(54,155)	74,291
Administrative expenses	(468,957)	(254,597)	(256,511)	(43,982)	(85,905)	(198,291)	(1,308,244)	297,236	(1,011,007)
Impairment of financial assets	49,704	(37,795)	(333,916)	(121,124)	(74,804)	(279,676)	(797,611)	-	(797,611)
Results of operating activities	1,370,257	(931,358)	1,247,647	(372,288)	536,754	598,766	2,449,776	(54,155)	2,395,624
Income tax expenses	(40,338)	(47,961)	(313,692)	-	-	(97,578)	(499,569)	-	(499,569)
Profit for the year	1,329,919	(979,319)	933,955	(372,288)	536,754	501,188	1,950,207	(54,155)	1,896,055
Segment assets	41,994,164	8,028,101	15,488,945	-	-	10,160,556	75,671,766	(8,909,907)	66,761,858
Segment liabilities	21,589,292	3,897,187	8,973,699	-	-	5,805,782	40,265,960	(3,692,975)	36,572,985

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The segment information provided to the Company Executive Board for the reportable segments for the year ended 31 December 2018 is as follows:

	Nigeria =N='000	Cameroon =N='000	Kenya =N='000	Abidjan =N='000	Tunis =N='000	Botswana =N='000	Total =N='000	Eliminations =N='000	Consolidated =N='000
Group									
Gross premium	14,655,776	2,652,888	7,630,891	2,294,757	2,245,320	4,706,360	34,185,992	-	34,185,992
Change in reserve for unearned premium	(2,859,109)	(238,396)	(230,408)	105,250	15,348	(610,908)	(3,818,223)	-	(3,818,223)
Earned premium income	11,796,667	2,414,492	7,400,483	2,400,008	2,260,668	4,095,452	30,367,769	-	30,367,769
Retrocession costs	(2,093,909)	(680,127)	(2,095,675)	(417,331)	(419,291)	(1,538,994)	(7,245,327)	-	(7,245,327)
Net premium earned	9,702,758	1,734,365	5,304,808	1,982,677	1,841,377	2,556,458	23,122,442	-	23,122,442
Expenses									
Gross claims incurred	4,955,129	2,221,062	2,818,281	1,647,041	987,848	945,411	13,574,772	-	13,574,772
Retrocession recoveries	(1,356,967)	(768,890)	(280,088)	(308,872)	(144,427)	-	(2,859,244)	-	(2,859,244)
Ceded outstanding claims reserve							-	-	-
Claims incurred	3,598,162	1,452,172	2,538,193	1,338,168	843,422	945,411	10,715,528	-	10,715,528
Retrocession recoveries							-	-	-
Net claims incurred	3,598,162	1,452,172	2,538,193	1,338,169	843,421	945,411	10,715,528	-	10,715,528
Underwriting expenses:									
Acquisition and maintenance cost	2,668,943	580,232	1,801,476	792,959	596,467	468,008	6,908,086	-	6,908,085
Depreciation and amortisation	87,732	11,067	25,399	2,431	2,323	7,732	136,685	-	136,684
Management expenses	**2,371,182**	**206,358**	**567,798**	**306,326**	**299,405**	**676,867**	**4,427,935**	**(249,357)**	**4,178,578**
	5,127,857	797,657	2,394,673	1,101,716	898,195	1,152,607	11,472,706	-	11,223,347
Underwriting profit	976,739	(515,464)	371,942	(457,209)	99,762	458,440	934,210	-	1,183,567
Investment Income & other income	2,630,779	162,085	526,714	132,314	147,309	111,900	3,711,101	(249,357)	3,461,745
Foreign exchange gain/(loss)	**1,346,051**	**-**	**(74,487)**	**122,369**	**117,578**	**36,596**	**1,548,107**	**345,637**	**1,893,744**
Administrative expenses	(386,945)	(171,711)	(211,502)	(57,504)	(56,265)	(86,273)	(970,202)	-	(970,201)
Impairment of financial assets	(107,525)	(381,816)	(32,389)	(249,285)	(345,310)	(93,173)	(1,209,498)	-	(1,209,498)
Results of operating activities	4,459,098	(906,906)	580,278	(509,315)	(36,926)	427,490	4,013,717	96,280	4,359,356
Income tax expenses	(770,479)	(58,569)	(174,084)	-	-	(34,110)	(1,037,242)	-	(1,037,242)
Profit for the year	**3,688,619**	**(965,475)**	**406,194**	**(509,315)**	**(36,926)**	**393,380**	**2,976,475**	**96,280**	3,322,114
Segment assets	38,122,458	8,713,478	12,143,051	-	-	8,336,765	67,315,752	(9,678,421)	57,637,330
Segment liabilities	18,855,872	3,059,708	6,666,383	-	-	4,568,640	33,150,603	(4,461,489)	28,689,114

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42 Capital Management

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

The Group's objectives when managing capital are as follows:
To ensure that capital is, and will continue to be, adequate for the safety, soundness and stability of the Company;
To generate sufficient capital to support the Company's overall business strategy;
To ensure that the Company meets all regulatory capital ratios and the prudent buffer required by the Board.

42.1 Solvency Margin

Solvency and the use of regulatory capital are monitored periodically by the company's management, employing techniques based on the guidelines developed by the NAICOM, for supervisory purposes. Regulatory capital requirements are designed to monitor capital adequacy and to protect policyholders.

The National Insurance Commission requires each registered insurance company to:

(a) hold the minimum level of the regulatory capital of N10billion and
(b) maintain a minimum ratio of solvency margin of 15%.

During the year under review, all businesses within the Group complied with the solvency margin regulation as stated by National Insurance Commission.

43 Management of financial and insurance risk

Continental Reinsurance Plc issues contracts that transfer insurance risk or financial risk or both. This section summarises these risks and the way the Group manages them.

43.1 Management of Insurance risk

Continental Reinsurance Plc defines Insurance risk as the risk of loss arising from inadequate pricing, from uncertainties relating to the occurrence, amount and timing of insurance liabilities or from adverse changes in claim reserves development.

Continental Reinsurance Plc provide covers in all classes of reinsurance basically, non-life and life treaty and facultative reinsurance.

The Group is exposed to underwriting risk through the reinsurance contracts that are underwritten. The risks within the underwriting risk arises from its products which include Accident, Energy, Marine, Liability and life, both individual and group life.

To manage this risk, the underwriting function is conducted in accordance with a set of guidelines, which are defined in line with the Group's risk appetite statement. This risk is further mitigated by increasing diversification by region and by class and also by a retrocession programme, which takes into account the Group's risk exposure profile by class of business.

Loss reserves are 47% of the liability on the statement of financial position and are inherently uncertain. Differences in actual losses and reserves can have a material impact on future profitability. The sensitivity of the reserves could be potentially significant given the nature of the assumptions and variables included in its estimation procedure.

The sensitivity analysis for insurance risk illustrates how reserves could fluctuate because of changes in assumptions included in its calculation at the reporting date.

The company has an in-house experienced actuarial team, which reviews reserves on a quarterly basis with the operations team. The company also carries out independent reserves reviews for both life and non-life Business.

The Company's insurance risk by region and by class is shown on the table below:

Insurance Risk By Region Group	**written Premium (=N='000)**	**Ceded to Retrocessionaire (=N='000)**	**Net written Premium (=N='000)**	**Percentage (GWP) %**	**Percentage (Retro) %**
31 December 2019					
Anglophone west	21,840,299	(2,371,418)	19,468,880	45%	30%
Eastern Africa	12,094,412	(1,445,193)	10,649,219	25%	18%
Southern Africa	6,471,168	(2,750,121)	3,721,047	13%	35%
Central Africa	1,992,275	(523,955)	1,468,320	4%	7%
Northern Africa	4,079,821	(389,696)	3,690,125	8%	5%
Francophone West	2,088,784	(374,494)	1,714,292	4%	5%
Total	48,566,759	(7,854,877)	40,711,882	100%	100%
31 December 2018					
Anglophone west	14,655,776	(2,093,909)	12,561,867	43%	29%
Eastern Africa	7,630,891	(2,095,675)	5,535,216	22%	29%
Southern Africa	4,706,359	(1,538,994)	3,167,365	14%	21%
Central Africa	2,652,888	(680,127)	1,972,762	8%	9%
Northern Africa	2,245,320	(419,291)	1,826,029	7%	6%
Francophone West	2,294,757	(417,331)	1,877,425	7%	6%
Total	34,185,992	(7,245,327)	26,940,665	100%	100%

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43.1 Management of Insurance risk (continued)

	written Premium (=N='000)	Ceded to Retrocessionaire (=N='000)	Net written Premium (=N='000)	Percentage (GWP) %	Percentage (Retro) %
Company					
31 December 2019					
Anglophone west	21,840,299	(2,371,418)	19,468,880	78%	76%
Eastern Africa	-	-	-	0%	0%
Southern Africa	-	-	-	0%	0%
Central Africa	-	-	-	0%	0%
Northern Africa	4,079,821	(389,696)	3,690,125	15%	12%
Francophone West	2,088,784	(374,494)	1,714,292	7%	12%
Total	28,008,904	(3,135,608)	24,873,296	100%	100%
31 December 2018					
Anglophone west	14,655,776	(2,093,909)	12,561,867	76%	71%
Eastern Africa	-	-	-	0%	0%
Southern Africa	-	-	-	0%	0%
Central Africa	-	-	-	0%	0%
Northern Africa	2,245,320	(419,291)	1,826,029	12%	14%
Francophone West	2,294,757	(417,331)	1,877,425	12%	14%
Total	19,195,853	(2,930,531)	16,265,322	100%	100%

The Group's insurance risk by product is shown on the table below:

Insurance Risk By Class Group	Gross Written Premium (=N='000)	Ceded to Retrocessionaire (=N='000)	Net Written Premium (=N='000)	Percentage (GWP) %	Percentage (Retro) %
31 December 2019					
Accident	7,489,652	(579,646)	6,910,006	16%	8%
Energy	3,153,279	(769,499)	2,383,779	7%	11%
Fire	24,324,679	(4,291,397)	20,033,282	51%	62%
Group Life	6,449,844	(807,740)	5,642,104	14%	12%
Individual Life	339,465	(42,513)	296,953	1%	1%
Liability	2,677,107	(188,835)	2,488,272	6%	3%
Marine	3,229,098	(271,612)	2,957,486	7%	4%
Total	47,663,124	(6,951,242)	40,711,882	100%	100%
31 December 2018					
Accident	5,316,603	(931,745)	4,384,858	16%	13%
Energy	1,896,148	(680,831)	1,215,318	6%	9%
Fire	18,531,529	(4,429,561)	14,101,968	54%	61%
Group Life	3,868,233	(558,486)	3,309,746	11%	8%
Individual Life	288,764	(43,315)	245,449	1%	1%
Liability	1,745,534	(125,496)	1,620,038	5%	2%
Marine	2,539,180	(475,894)	2,063,286	7%	7%
Total	34,185,991	(7,245,328)	26,940,663	100%	100%

	Gross Written Premium (=N='000)	Ceded to Retrocessionaire (=N='000)	Net Written Premium (=N='000)	Percentage (GWP) %	Percentage (Retro) %
Company					
31 December 2019					
Accident	3,085,558	(112,823)	2,972,735	11%	4%
Energy	3,139,245	(769,499)	2,369,745	11%	25%
Fire	13,644,754	(1,487,470)	12,157,284	49%	47%
Group Life	4,665,351	(504,872)	4,160,478	17%	16%
Individual Life	245,545	(26,572)	218,973	1%	1%
Liability	817,893	(39,093)	778,799	3%	1%
Marine	2,410,559	(195,278)	2,215,282	9%	6%
Total	28,008,904	(3,135,608)	24,873,296	100%	100%
Company					
31 December 2018					
Accident	2,318,164	(161,346)	2,156,818	12%	6%
Energy	1,896,148	(680,831)	1,215,318	10%	23%
Fire	9,511,046	(1,498,973)	8,012,073	50%	51%
Group Life	3,041,294	(456,194)	2,585,100	16%	16%
Individual Life	248,337	(37,251)	211,086	1%	1%
Liability	570,916	-	570,916	3%	0%
Marine	1,609,949	(95,937)	1,514,011	8%	3%
Total	19,195,853	(2,930,531)	16,265,322	100%	100%

43.1 Management of Insurance risk (continued)

The claims paid triangulations is presented below for the two businesses (i.e. Non-Life and Life) where triangulation methods were used. The triangulations is based on the Company's claims paid data as at 31 December 2019 which formed the basis of the results of the actuarial valuation of the insurance contract claims liabilities carried out by Zamara for the Non-Life and Life businesses respectively.

Group
Non-life Claims development triangle

Months/ Years	12	24	36	48	60	72	84
	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000
2013	1,846,770	4,525,131	5,513,067	6,157,937	6,219,734	6,667,765	7,259,168
2014	2,379,673	5,310,626	6,575,224	6,855,762	6,972,608	7,200,390	
2015	2,617,838	7,483,032	9,046,146	9,715,605	10,200,709		
2016	2,742,710	7,445,302	10,454,930	11,713,727			
2017	3,014,836	8,674,096	12,049,003				
2018	3,724,662	10,969,916					
2019	5,023,316						

Life Claims development triangle

Months/ Years	12	24	36	48	60	72	84
	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000
2013	766,488	1,374,228	1,463,494	1,489,302	1,461,055	1,465,569	1,466,285
2014	519,569	1,168,092	1,270,766	1,354,147	1,362,742	1,363,278	
2015	731,036	1,363,226	1,737,134	1,815,669	1,821,583		
2016	431,481	1,125,067	1,737,183	2,100,949			
2017	554,531	1,604,397	1,750,733				
2018	1,164,761	2,374,488					
2019	732,141						

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43.1 Management of Insurance risk (continued)

Company
Non-life Claims development triangle

Months/ Years	12	24	36	48	60	72	84
	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000
2013	1,346,729	3,055,189	3,573,541	3,907,798	3,968,343	4,373,670	4,851,624
2014	1,499,395	3,473,232	4,377,223	4,410,356	4,482,029	4,641,449	
2015	1,982,766	4,709,977	5,602,066	5,978,955	6,049,989		
2016	2,353,280	5,299,659	6,627,629	7,669,267			
2017	2,117,396	5,341,880	7,865,072				
2018	2,771,334	7,122,966					
2019	3,254,260						

Life Claims development triangle

Months/ Years	12	24	36	48	60	72	84
	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000
2013	705,543	1,284,496	1,372,317	1,398,125	1,399,211	1,403,725	1,404,441
2014	519,569	1,126,305	1,215,591	1,261,969	1,268,416	1,268,952	
2015	677,029	1,233,005	1,409,865	1,445,725	1,451,300		
2016	327,587	899,847	1,406,168	1,758,317			
2017	464,788	1,264,245	1,384,572				
2018	1,016,317	2,030,428					
2019	600,819						

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43.1.1 Sensitivity analysis of insurance contract liabilities

The analysis which follows is performed for reasonably possible movements in key assumptions with all other assumptions held constant, and shows the impact on gross and net liabilities, profit before tax and equity. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, the assumptions had to be changed on an individual basis.

It should be noted that movements in these assumptions are non–linear. Sensitivity information will also vary according to the current economic assumptions, mainly due to the impact of changes to both the intrinsic cost and time value of options and guarantees. When options and guarantees exist, they are the main reason for the asymmetry of sensitivitivities.

Life insurance contract liabilities

The sensitivity analysis also indicates that an increase of Mortality rates by 5% will lead to an additional Life fund liability of N108 million whilst a reduction of Mortality by 5% will result in a reduction of Life fund liability by N108 million.

Non-life insurance contract liabilities

Sensitivity analyses are performed to test the variability around the reserves that are calculated at a best estimate level. The estimated claim amounts can never be an exact forecast of future claim amounts and therefore looking at how these claim amounts vary provides valuable information for business planning and risk appetite considerations.

A sensitivity analysis was done to determine how the insurance contract liabilities balance would change if we were to consider the effects of changes to the ultimate premium and ultimate loss ratio as opposed to our best estimate figures included in reserve reviews of the Company as at 31 December 2019. The effects of these changes are as follows:

	Ultimate Premium			**Ultimate Loss Ratio (ULR)**		
	Best estimate	Effects of 5% decrease	Effects of 5% increase	**Best estimate**	Effects of 5% decrease	Effects of 5% increase
Class of business	**=N='000**	**=N='000**	**=N='000**	**=N='000**	**=N='000**	**=N='000**
Accident	947,368	840,888	1,139,287	432,502	328,382	536,622
Energy	649,056	606,933	908,426	777,258	508,740	1,045,776
Fire	5,082,925	4,550,125	5,943,258	4,445,674	3,849,773	5,041,574
Liability	89,109	80,548	99,478	266,499	204,243	328,756
Marine	875,105	780,657	1,033,256	863,009	699,401	1,026,616
Total	**7,643,564**	**6,859,152**	**9,123,705**	**6,784,942**	**5,590,540**	**7,979,345**

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43.2 Financial risk management

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

The Group's principal financial instruments are cash and cash equivalents, loans and receivables including reinsurance receivables, investment securities held to maturity, investment securities available-for-sale, financial asset designated at fair value through profit and loss and retrocession contracts.

In particular the key financial risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from its insurance contracts.

The main risks arising from these financial instruments are interest rate risk, foreign currency risk, credit risk, market price risk and liquidity risk. The Board reviews and approves an investment policy to manage these risks on an annual basis.

The following tables indicate the contractual timing of cash flows arising from financial instruments:

Group At 31 December 2019	Carrying amount =N='000	0 - 90 days =N='000	91 - 180 days =N='000	180 - 365 days =N='000	over one year =N='000
Financial assets					
Cash and cash equivalents	14,151,673	12,662,253	397,095	1,129,503	(37,178)
Reinsurance receivables	17,143,071	11,606,208	1,490,495	734,785	3,311,583
Loans and other receivables	333,701	92,564	12,000	129,456	99,681
Retrocession assets	8,698,039	8,698,039	-	-	-
Other assets	103,738	103,738	-	-	-
Financial asset designated at fair value	0	-	-	-	-
Debt Securities - *held to maturity*					-
Listed	3,992,481	1,596,166	863,513	1,171,806	360,997
Unlisted	6,006,424	-	-	-	6,006,424
Debt securities -*available for sale*					-
Listed	37,257	-			37,257
Statutory deposits	1,000,000	-	-	-	1,000,000
	51,466,384	34,758,968	2,763,103	3,165,549	10,778,764
Financial liabilities					
Other liabilities	615,384	301,318	314,067	-	-
Reinsurance creditors	3,778,222	3,778,222	-	-	-
	4,393,606	4,079,540	314,067	-	-

Note: Other assets excludes prepayments whilst other liabilities exclude statutory deductions and rent

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43.2 Financial risk management (continued)

The following tables indicate the contractual timing of cash flows arising from financial instruments risk:

Group **At 31 December 2018**	**Carrying amount** **=N='000**	**0 - 90 days** **=N='000**	**91 - 180 days** **=N='000**	**180 - 365 days** **=N='000**	**over one year** **=N='000**
Financial assets					
Cash and cash equivalents	14,610,220	13,677,863	306,650	511,438	114,268
Reinsurance receivables	11,950,636	2,893,807	1,300,750	2,547,394	5,208,685
Loans and other receivables	642,862	92,564	12,000	129,456	408,842
Retrocession assets	6,494,583	6,494,583	-	-	-
Other assets	55,592	55,592	-	-	-
Financial asset designated at fair value	2,853,024	284,925	222,828	153,164	2,192,107
Debt Securities - held to maturity					
Listed	3,304,652	297,803	1,233,994	1,644,106	128,750
Unlisted	3,515,421	-	830,505	9,123	2,675,794
Debt Securities - *available for sale*					
Listed	552,431	-			552,431
Statutory deposits	1,000,000	-	-	-	1,000,000
	44,979,421	23,797,137	3,906,727	4,994,682	12,280,877
Financial liabilities					
Other liabilities	783,759	301,318	482,440.95	-	-
Reinsurance creditors	2,191,916	2,191,916	-	-	-
	2,975,675	2,493,234	482,440.95	-	-

Company **At 31 December 2019**	**Carrying amount** **=N='000**	**0 - 90 days** **=N='000**	**91 - 180 days** **=N='000**	**180 - 365 days** **=N='000**	**over one year** **=N='000**
Financial assets					
Cash and cash equivalents	6,023,919	5,007,052	64,848	882,251	69,769
Reinsurance receivables	7,934,560	4,035,185	932,723	883,986	2,082,666
Loans and other receivables	224,299	92,564	12,000	129,456	(9,721)
Retrocession assets	4,191,959	4,191,959	-	-	-
Other assets	1,882,039	1,882,039	-	-	-
Debt Securities - *Held to maturity*					-
Listed	3,154,512	1,568,034	586,326	522,644	477,508
Unlisted	797,199	-	-	-	797,199
Debt Securities - *available for sale*					-
Listed	1,027,083	0			1,027,083
Statutory deposits	1,000,000	-	-	-	1,000,000
	26,235,570	16,776,833	1,595,896	2,418,337	5,444,504
Financial liabilities					
Other liabilities	2,973,086	301,318	2,671,768	-	-
Reinsurance creditors	750,051	750,051	-	-	-
	3,723,137	1,051,369	2,671,768.26	-	-

Note: Other assets excludes prepayments whilst other liabilities exclude statutory deductions and rent

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43.2 Financial risk management (continued)

Company **At 31 December 2018**	**Carrying amount** **=N='000**	**0 - 90 days** **=N='000**	**91 - 180 days** **=N='000**	**180 - 365 days** **=N='000**	**over one year** **=N='000**
Financial assets					
Cash and cash equivalents	6,027,224	5,094,869	124,790	693,297	114,269
Reinsurance receivables	6,098,604	1,747,209	735,810	1,638,151	1,977,434
Loans and other receivables	432,699	92,564	12,000	129,456	198,679
Retrocession assets	2,880,398	2,880,398	-	-	-
Other assets	1,898,352	1,898,352	-	-	-
Financial asset designated at fair value	0	-	-	-	-
Debt Securities - Held to maturity					0
Listed	2,466,683	297,803	1,233,994	234,469	700,417
Unlisted	1,827,736	-	830,505	9,123	988,108
Debt Securities - available for sale					
Listed	552,431	-			552,431
Statutory deposits	1,000,000	-	-	-	1,000,000
	23,184,127	12,011,194	2,937,099	2,704,496	5,531,339
Financial liabilities					
Other liabilities	3,230,617	301,318	2,929,300	-	-
Reinsurance creditors	1,103,195	1,103,195	-	-	-
	4,333,812	1,404,513	2,929,300	-	-

Note: Other assets excludes prepayments whilst other liabilities exclude statutory deductions and rent
Please refer to the maturity profile table on Note 42.2.2 on Liquidity risks, for the maturity analysis of financial instruments only.

Maturity analysis on expected maturity basis

Group **At 31 December 2019**	**Current** **=N='000**	**Non-current** **=N='000**	**Total** **=N='000**
Cash and cash equivalents	14,151,673	69,769	14,221,442
Financial asset designated as fair value	-	-	-
Loans and other receivables	135,023	198,678	333,701
Available-for-sale investments	1,150,004	619,664	1,769,668
Held to maturity investments	3,621,708	6,377,197	9,998,905
Reinsurance receivables	13,486,573	3,656,498	17,143,071
Retrocession assets	8,698,039	-	8,698,039
Deferred acquisition costs	5,574,856	-	5,574,856
Other assets	405,855	-	405,855
Investment properties	-	3,123,121	3,123,121
Intangible assets	-	261,221	261,221
Property, plant and equipment	-	4,168,529	4,168,529
Statutory deposits	-	1,000,000	1,000,000
Total assets	47,223,732	19,474,676	66,698,408
Liabilities			
Insurance contract liabilities	30,554,284	-	30,554,284
Reinsurance creditors	3,778,222	-	3,778,222
Other liabilities	661,775	-	661,775
Retirement benefit obligations	-	404,290	404,290
Current income tax	1,014,789	-	1,014,789
Deferred taxation	-	8,880	8,880
Total liabilities	36,009,070	413,170	36,422,240
Net maturity mismatch	*11,214,662*	*19,061,506*	*30,276,168*

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43.2 Financial risk management (continued)

Maturity analysis on expected maturity basis (continued)

Group **At 31 December 2018**	**Current** **=N='000**	**Non-current** **=N='000**	**Total** **=N='000**
Cash and cash equivalents	14,610,220	-	14,610,220
Financial asset designated as fair value	2,853,024	-	2,853,024
Loans and other receivables	444,184	198,678	642,862
Available-for-sale investments	1,006,548	1,222,817	2,229,365
Held to maturity investments	3,157,229	3,662,844	6,820,073
Reinsurance receivables	8,770,332	3,180,304	11,950,636
Retrocession assets	6,494,583	-	6,494,583
Deferred acquisition costs	4,034,583	-	4,034,583
Other assets	151,555	-	151,555
Investment properties	-	3,073,003	3,073,003
Intangible assets	-	381,949	381,949
Property, plant and equipment	-	3,395,476	3,395,476
Statutory deposits	-	1,000,000	1,000,000
Total assets	41,522,258	16,115,071	57,637,329
Liabilities			
Insurance contract liabilities	23,256,657	-	23,256,657
Reinsurance creditors	2,191,916	-	2,191,916
Other liabilities	862,568	-	862,568
Retirement benefit obligations	-	203,124	203,124
Current income tax	1,656,899	-	1,656,899
Deferred taxation	-	517,949	517,949
Total liabilities	27,968,040	721,073	28,689,113
Net maturity mismatch	*13,554,218*	*15,393,998*	*28,948,216*
Company			
At 31 December 2019			
Cash and cash equivalents	6,023,919	69,769	6,093,688
Financial asset designated as fair value	-	-	-
Loans and other receivables	177,855	46,444	224,299
Available-for-sale investments	1,150,004	582,407	1,732,411
Held to maturity investments	2,677,004	1,274,707	3,951,711
Reinsurance receivables	5,765,180	2,169,380	7,934,560
Retrocession assets	4,191,959	-	4,191,959
Deferred acquisition costs	3,148,708	-	3,148,708
Other assets	2,086,215	-	2,086,215
Investment properties	-	3,123,121	3,123,121
Intangible assets	-	260,854	260,854
Property, plant and equipment	-	3,088,702	3,088,702
Statutory deposits	-	1,000,000	1,000,000
Investment in subsidiary	-	5,216,931	5,216,931
Total assets	25,220,844	16,832,315	42,053,159
Liabilities			
Insurance contract liabilities	16,592,902	-	16,592,902
Reinsurance creditors	750,051	-	750,051
Other liabilities	2,978,877	-	2,978,877
Retirement benefit obligations	-	342,212	342,212
Current income tax	774,676	-	774,676
Deferred taxation	-	133,743	133,743
Total liabilities	21,096,506	475,955	21,572,461
Net maturity mismatch	*4,124,338*	*16,356,360*	*20,480,698*

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43.2 Financial risk management (continued)

Maturity analysis on expected maturity basis (continued)

Company	**Current =N='000**	**Non-current =N='000**	**Total =N='000**
At 31 December 2018			
Cash and cash equivalents	6,027,224	-	6,027,224
Financial asset designated as fair value	-	-	-
Loans and other receivables	234,021	198,678	432,699
Available-for-sale investments	1,024,946	1,169,603	2,194,549
Held to maturity investments	1,361,067	2,933,352	4,294,419
Reinsurance receivables	4,035,339	2,063,265	6,098,604
Retrocession assets	2,880,398	-	2,880,398
Deferred acquisition costs	2,227,037	-	2,227,037
Other assets	1,968,320	-	1,968,320
Investment properties	-	3,073,003	3,073,003
Intangible assets	-	381,580	381,580
Property, plant and equipment	-	2,327,693	2,327,693
Statutory deposits	-	1,000,000	1,000,000
Investment in subsidiary	-	5,216,931	5,216,931
Total assets	19,758,352	18,364,105	38,122,457
Liabilities			
Insurance contract liabilities	12,077,902	-	12,077,902
Reinsurance creditors	1,103,195	-	1,103,195
Other liabilities	3,611,173	-	3,611,173
Retirement benefit obligations	-	158,847	158,847
Current income tax	1,504,444	-	1,504,444
Deferred taxation	-	400,311	400,311
Total liabilities	18,296,714	559,158	18,855,872
Net maturity mismatch	*1,461,638*	*17,804,947*	*19,266,585*

43.2.1 Sensitivities

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

(a) Sensitivity analysis - interest rate risk
The Group defines interest rate risk as the risk of loss arising from changes in interest rates that will affect future profitability or fair values of financial instruments. The Group is exposed to this risk on some of its investments and mitigates this risk by actively monitoring changes in interest rate in all countries where it has cash and interest-bearing investments.

The sensitivity analysis for interest rate risk illustrates how changes in the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates at the reporting date.

A 100 basis point movement in interest rates will result in additional gross interest income or loss for the Group of =N=116.30 million and Company =N=45.25 million (2018: Group =N=131.9million and Company =N=4.6 million).

(b) Sensitivity analysis - Market price risk
Market risk is the risk that the value of a financial asset will fluctuate as a result of change in market prices (other than those arising from interest rate risk and currency risk) whether those changes are caused by factors specific to the individual security or its issuer or factors affecting the all securities traded in a market.

The Group equity price risk exposure relates to financial assets whose value fluctuate as a result of changes in market prices. The Group also has unquoted equities classified as available-for-sale whose fair value is determined using a valuation technique because of the lack of active market for these instruments.

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

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(b) Sensitivity analysis - Market price risk (continued)
A 1% movement in market prices will result in an unrealised gain or loss for the Group of =N=17.647 million and Company =N=17.274 million (December 2018: Group =N=22.294 million, Company =N=21.95 million

Management monitors movements of financial assets and equity price risk movements on a monthly basis by assessing the expected changes in the different portfolios due to parallel movements of a 1% increase or decrease in the Nigeria All share index with all other variables held constant and all the Group's equity instruments in that particular index moving proportionally.

(c) Sensitivity analysis - foreign currency risk

Foreign currency risk is the risk that the fair value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Group carries out an asset liability matching exercise to ensure an adequate currency match between assets and liability so that any net movement in currency is minimal on the financial statements.

A 1% movement in foreign exchange rate in USD against the Naira will result in =N=204,719 million gain or loss for the Group and Company of =N=95.47 million (2018: Group =N=132.73 million and Company =N=88.19). In Euro, Group =N=3.13 million and Company =N=2.79 million (2018: Group =N=3.4 million and Company =N=3.02 million). And in other currencies, Group =N=244,184.14 million and Company =N=73.818 million (2018: Group =N=131.73 million and Company =N= 67.99 million).

In addition, the Group's retrocession programme is denominated in US dollars and provides a stable hard currency platform to hedge against the fluctuations of the various African currencies. The following table analyses the group's exposure to foreign currency risk:

Group **31 December 2019**	**Naira** **=N='000**	**USD** **=N='000**	**Euro** **=N='000**	**CFA** **=N='000**	**Others** **=N='000**	**Total** **=N='000**
Assets						
Cash and cash equivalents	1,513,702	6,338,765	127,858	3,905,066	2,266,283	14,151,673
Reinsurance receivables	986,734	5,826,544	248,971	2,060,661	8,020,161	17,143,071
Investment securities	4,303,889	1,979,280	-	357,965	5,127,438	11,768,573
Loans and other receivables	422,888	-	-	- -	89,187	333,701
Other assets	173,950	-	-	-	(70,211)	103,738
Retrocession assets	-	8,698,039	-	-	-	8,698,039
	7,401,162	22,842,628	376,828	6,323,692	15,254,484	52,198,795
Liabilities						
Other liabilities	661,775	-	-	-	-	661,775
	661,775	-	-	-	-	661,775
Net foreign currency exposure	6,739,386	22,842,628	376,828	6,323,692	15,254,484	51,537,020

31 December 2018 **Assets**	**Naira** **=N='000**	**USD** **=N='000**	**Euro** **=N='000**	**CFA** **=N='000**	**Others** **=N='000**	**Total** **=N='000**
Cash and cash equivalents	2,910,031	4,077,414	56,668	4,743,493	2,822,614	14,610,220
Reinsurance receivables	889,829	3,372,896	185,554	2,331,761	5,170,596	11,950,636
Investment securities	3,243,617	4,245,514	-	341,293	4,072,038	11,902,462
Loans and other receivables	435,967	-	-	-	206,895	642,862
Other assets	179,329	-	-	- -	123,738	55,592
Retrocession assets	-	6,494,583	-	-	-	6,494,583
	7,658,774	18,190,407	242,222	7,416,547	12,148,405	45,656,355
Liabilities						
Other liabilities	862,568	-	-	-	-	862,568
	862,568	-	-	-	-	862,568
Net foreign currency exposure	6,796,206	18,190,407	242,222	7,416,547	12,148,405	44,793,787

Company **31 December 2019**	**Naira** **=N='000**	**USD** **=N='000**	**Euro** **=N='000**	**CFA** **=N='000**	**Others** **=N='000**	**Total** **=N='000**
Assets						
Cash and cash equivalents	1,513,702	2,743,267	127,858	901,089	738,003	6,023,919
Reinsurance receivables	1,055,555	3,006,118	151,203	1,159,644	2,562,040	7,934,560
Investment securities	4,303,889	851,878	-	357,965	170,389	5,684,122
Loans and other receivables	224,299	-	-	-	-	224,299
Other assets	1,882,039	-	-	-	-	1,882,039
Retrocession assets	-	4,191,959	-	-	-	4,191,959
	8,979,484	10,793,222	279,061	2,418,700	3,470,432	25,940,898
Liabilities						
Other liabilities	2,978,877	-	-	-	-	2,978,877
	2,978,877	-	-	-	-	2,978,877
Net foreign currency exposure	6,000,607	10,793,222	279,061	2,418,700	3,470,432	22,962,021

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Company **31 December 2018**	**Naira** =N='000	**USD** =N='000	**Euro** =N='000	**CFA** =N='000	**Others** =N='000	**Total** =N='000
Assets						
Cash and cash equivalents	2,910,031	1,475,325	56,668	900,010	685,190	6,027,224
Reinsurance receivables	889,829	1,760,793	151,375	2,331,630	964,977	6,098,604
Investment securities	3,243,617	2,756,986	-	341,293	147,072	6,488,968
Loans and other receivables	432,699	-	-	-	-	432,699
Other assets	1,898,352	-	-	-	-	1,898,352
Retrocession assets	-	2,880,398	-	-	-	2,880,398
	9,374,528	8,873,502	208,043	3,572,933	1,797,239	23,826,245
Liabilities						
Other liabilities	3,611,173	-	-	-	-	3,611,173
	3,611,173	-	-	-	-	3,611,173
Net foreign currency exposure	5,763,355	8,873,502	208,043	3,572,933	1,797,239	20,215,072

43.2.2 Credit Risk

Credit Risk is the risk that a party to a financial instrument will fail to honor its obligations and cause the Group to incur a financial loss. Credit risk arises mainly from 3 sources: retrocession, reinsurance receivables and cash and investment securities.

On retrocession, the Group mitigates credit risk by applying minimum security standards for all its retrocession programmes in terms of the credit rating of the retrocessionaires, and the proportion ceded to each retrocessionaire. The Group has a diverse panel of retrocessionaires to avoid concentration risk. The credit rating profile of our retrocessionaires by product is shown below:

Credit Rating	**Fire and Engineering**	**Marine and Aviation**	**Motor, Accident and Liability**	**Energy**
A++	0%	0%	0%	0%
A+	24%	26%	3%	26%
A	55%	58%	10%	58%
A-	9%	17%	50%	17%
BBB+	7%	0%	33%	0%
BBB-	3%	0%	0%	0%
B++	1%	0%	0%	0%
B+	2%	0%	5%	0%
Total	100%	100%	100%	100%

The overdue premiums are considered by the Group on case by case basis. If an overdue premium is recognised by the Group as uncollectible, a notification is sent to the cedants(ceding companies) and the reinsurance agreement is assigned for monitoring from the date of notification. The uncollectible portion of the premium receivable are considered as impaired and charged through the profit or loss and comprehensive income

On insurance receivables, the Group has a credit control policy which is enforced by a credit control unit and which forms part of the underwriting process. In addition, the Group re-assesses its insurance receivables on a regular basis and makes adequate provisions based on ageing and credit quality. The table below shows the ageing of receivables:

Maximum exposure to credit risk before collateral held or other credit enhancements:	**Group** **2019** =N='000	**Maximum** **Group** **2018** =N='000	**Company** **2019** =N='000	**Company** **2018** =N='000
Cash and cash equivalents	14,151,673	14,610,220	6,023,919	6,027,224
Reinsurance receivables	17,143,071	11,950,636	7,934,560	6,098,604
Loans and other receivables	333,701	642,862	224,299	432,699
Debt securities	10,080,411	10,080,411	4,673,911	4,673,911
Total assets bearing credit risk	**41,708,856**	**37,284,129**	**18,856,689**	**17,232,438**

Credit quality of financial assets per asset class-Group

	Cash and cash equivalents =N='000	**Reinsurance receivables** =N='000	**Loans and other receivables** =N='000	**Debt securities** =N='000
31 December 2019				
Neither past due nor impaired	14,151,673	14,610,220	333,701	642,862
Past due but not impaired	-	-	-	-
Impaired	-	2,566,932	373,991	406,941.00
Gross	14,151,673	17,177,152	707,692	1,049,803
Impairment allowance - collective	-	(2,566,932)	(373,991)	-
Net	14,151,673	14,610,220	333,701	1,049,803
31 December 2018				
Neither past due nor impaired	14,610,220	9,047,352	642,862	9,049,438
Past due but not impaired	-	2,862,274	-	-
Impaired	-	2,642,766	406,941	-
Gross	14,610,220	14,552,392	1,049,803	9,049,438
Impairment allowance - collective	-	(2,601,756)	(406,941)	-
Net	14,610,220	11,950,636	642,862	9,049,438

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43.2.2 Credit Risk

Credit quality of financial assets per asset class-Company

31 December 2019	**Cash and cash equivalents =N='000**	**Reinsurance receivables =N='000**	**Loans and other receivables =N='000**	**Debt securities =N='000**
Neither past due nor impaired	6,023,919	5,836,320	224,299	5,684,122
Past due but not impaired	-	2,169,380	-	-
Impaired	-	1,084,375	373,991	-
Gross	6,023,919	9,090,075	598,290	5,684,122
Impairment allowance - collective	-	(1,155,515)	(373,991)	-
Net	6,023,919	7,934,560	224,299	5,684,122
31 December 2018				
Neither past due nor impaired	6,027,224	4,344,830	432,699	6,488,968
Past due but not impaired	-	1,753,775	-	-
Impaired	-	1,763,144	406,941	-
Gross	6,027,224	7,861,749	839,640	6,488,968
Impairment allowance - collective	-	(1,763,145)	(406,941)	-
Net	6,027,224	6,098,605	432,699	6,488,968

(a) Financial assets neither past due nor impaired
The credit quality of the portfolio of insurance receivables and other loans and receivables, debt securities and other financial asset exposed to credit risk that were neither past due nor impaired can be assessed by reference to the capacity of the business to pay on written businesses. The Group does not rate any of its financial assets measured at amortised cost.

The assets above are analysed in the table below using Standard & Poors (S&P) rating (or equivalent when not available from S&P)

Group	**A+ =N='000**	**A =N='000**	**BBB- =N='000**	**Below BBB =N='000**	**Not rated =N='000**
31 December 2019					
Cash and cash equivalents	14,151,673	-	-	-	-
Reinsurance receivables	-	-	-	-	17,143,071
Loans and other receivables	-	-	-	-	333,701
Other assets	-	-	-	-	405,855
Retrocession assets	-	8,698,039	-	-	-
Debt securities	-	-	-	10,008,681	-
	14,151,673	8,698,039	-	10,008,681	17,882,627
31 December 2018					
Cash and cash equivalents	14,610,220	-	-	-	-
Reinsurance receivables	-	-	-	-	11,950,636
Loans and other receivables	-	-	-	-	642,862
Other assets	-	-	-	-	151,555
Retrocession assets	-	6,494,583	-	-	-
Debt securities	-	-	-	10,136,004	63,688
	14,610,220	6,494,583	-	10,136,004	12,808,741
Company					
31 December 2019					
Cash and cash equivalents	6,023,919	-	-	-	-
Reinsurance receivables	-	-	-	-	7,934,560
Loans and other receivables	-	-	-	-	224,299
Other assets	-	-	-	-	1,882,039
Retrocession assets	-	4,191,959	-	-	-
Debt securities	-	-	-	3,951,711	-
	6,023,919	4,191,959	-	3,951,711	10,040,898
31 December 2018					
Cash and cash equivalents	6,027,224	-	-	-	-
Reinsurance receivables	-	-	-	-	6,098,604
Loans and other receivables	-	-	-	-	432,699
Other assets	-	-	-	-	1,898,352
Retrocession assets	-	2,880,398	-	-	-
Debt securities	-	-	-	4,673,911	63,688
	6,027,224	2,880,398	-	4,673,911	8,493,343

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(b) Age Analysis financial assets past due but not impaired

Group 31 December 2019	< 90 days =N='000	91-180 days =N='000	181-270 days =N='000	271-365 days =N='000	1-2 yr =N='000	2 years & above =N='000
Reinsurance receivables-Life	1,194,564	68,263	94,189	47,272	40,112	15,213
Reinsurance receivables-Non Life	7,533,878	1,422,232	247,970	345,353	2,361,093	1,240,081
Total	**8,728,442**	**1,490,495**	**342,159**	**392,625**	**2,401,205**	**1,255,294**
Profile	**60%**	**10%**	**2%**	**3%**	**16%**	**9%**

Group 31 December 2018	< 90 days =N='000	91-180 days =N='000	181-270 days =N='000	271-365 days =N='000	1-2 yr =N='000	2 years & above =N='000
Reinsurance receivables-Life	269,968	1,528	31,558	35,067	39,646	9,146
Reinsurance receivables-Non Life	2,762,514	1,364,259	1,723,520	884,619	1,052,433	873,093
Total	**3,032,482**	**1,365,787**	**1,755,078**	**919,685**	**1,092,080**	**882,240**
Profile	**34%**	**15%**	**19%**	**10%**	**12%**	**10%**

Company 31 December 2019	< 90 days =N='000	91-180 days =N='000	181-270 days =N='000	271-365 days =N='000	1-2 yr =N='000	2 years & above =N='000
Reinsurance receivables-Life	185,284	32,371	38,231	19,005	19,595	14,559
Reinsurance receivables-Non Life	1,664,947	900,351	658,983	167,767	1,382,461	752,766
Total	**1,850,231**	**932,723**	**697,214**	**186,772**	**1,402,056**	**767,325**
Profile	**32%**	**16%**	**12%**	**3%**	**24%**	**13%**
31 December 2018						
Reinsurance receivables-Life	257,483	2,008	20,832	18,563	16,392	6,547
Reinsurance receivables-Non Life	392,400	763,235	922,886	429,396	675,256	839,833
Total	**649,883**	**765,243**	**943,718**	**447,959**	**691,647**	**846,380**
Profile	**15%**	**18%**	**22%**	**10%**	**16%**	**19%**

43.2.2.1 Concentration of credit risk

Concentration risk (including geographical risk) includes identification of the concentration of risks insured by Continental Reinsurance Plc utilize data analysis, software and market knowledge to determine the concentration of its risks by insurance class, geographic location, exposure to a client or business. The assessment of the concentration risk are consistent with the overall risk appetite as established by the Group.

Continental Reinsurance monitors concentration of credit risk by geographical and nature of business. An analysis of concentrations of credit risk for reinsurance receivables are set out below:

(a) Geographical sectors

At 31 December	Group 2019 =N='000	Group 2018 =N='000	Company 2019 =N='000	Company 2018 =N='000
Nigeria	3,009,834	1,649,918	3,009,834	1,649,918
Cameroon	860,200	76,039	0	0
Kenya	5,821,631	3,586,390	455,575	187,190
Abidjan + Tunis	4,048,185	4,048,185	4,048,185	4,048,185
Gaborone	3,403,221	2,590,104	420,966	213,311
Total	**17,143,071**	**11,950,636**	**7,934,560**	**6,098,604**

(b) Business Class

At 31 December	Group 2019 =N='000	Group 2018 =N='000	Company 2019 =N='000	Company 2018 =N='000
Life operation	1,459,613	216,833	309,045	103,254
Non life Facultative	7,319,576	5,172,522	4,273,087	3,161,316
Non life Treaty	8,363,882	6,561,280	3,352,427	2,834,034
Total	**17,143,071**	**11,950,636**	**7,934,560**	**6,098,604**

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43.2.2 Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its insurance liabilities as they fall due. The Group mitigates this risk by having an investment strategy which focuses on liquidity and capital preservation before investment returns.

In addition, the actuarial team carries out an asset liability matching exercise to ensure that the Group will meet its liquidity requirements. Finally the Group's asset allocation is defined to enable insurance liabilities to be paid from current assets.

The table below presents the cash flows receivable/payable by the Group and the Company. The amounts disclosed in the table are the contractual undiscounted cash flows. All liabilities are presented on a contractual cash flow basis except for the insurance liabilities, which are presented with their expected cash flows.

Group

31 December 2019	**0 - 30 days**	**31 - 90 days**	**91 - 180 days**	**181 - 365 days**	**Over 1 year**	**Total**
	=N='000	**=N='000**	**=N='000**	**=N='000**	**=N='000**	**=N='000**
Financial assets						
Cash and cash equivalents	3,452,523	3,645,623	5,463,442	974,543	615,542	14,151,673
Reinsurance receivables	8,124,345	3,481,862	1,490,495	734,785	3,311,583	17,143,071
Loans and other receivables		70,000	66,188	212,097	-14,584	333,701
Other assets	54,137	60,433	132,838	-	158,448	405,855
Retrocession assets	1,207,853	612,634	376,434	459,640	6,041,478	8,698,039
Debt Securities at amortised cost	779,201	816,965	863,513	1,171,806	8,137,089	11,768,573
Debt Securities at available for sale	-	0	0	0		-
Total relevant financial assets	**13,618,059**	**8,687,518**	**8,392,910**	**3,552,870**	**18,249,555**	**20,466,612**
Financial liabilities						
Outstanding claims	385,671	567,066	581,075	648,583	1,344,720	3,527,116
Other liabilities	345,362	-	-	-	316,413	661,775
Total financial liabilities	**731,033**	**567,066**	**581,075**	**648,583**	**1,661,134**	**4,188,891**
31 December 2018						
Financial assets						
Cash and cash equivalents	3,408,479	10,220,848.73	130,673.24	719,382.11	130,836.79	14,610,220
Reinsurance receivables	1,617,670	1,276,137	1,300,750	2,547,394	5,589,293	12,331,244
Loans and other receivables		70,000	66,188	212,097	294,590	642,875
Other assets	54,137	60,433.00	132,838	-	-	247,408
Retrocession assets	1,207,853	612,634.00	376,434.10	459,640.00	2,104,433.90	4,760,995
Debt Securities at amortised cost	267,903.00	103,938	2,107,445	350,996	3,989,791	6,820,073
Debt Securities at available for sale	-	349,692.96	-	-		349,693
Total relevant financial assets	**6,556,042**	**12,693,683**	**2,483,879**	**810,636**	**6,094,225**	**11,930,761**
Financial liabilities						
Outstanding claims	77,913	114,559	117,389	333,047	2,991,877	3,634,786
Other liabilities	606,629	-	-	-	-	606,629
Total financial liabilities	**684,542**	**114,559**	**117,389**	**333,047**	**2,991,877**	**4,241,414**

Company	**0 - 30 days**	**31 - 90 days**	**91 - 180 days**	**181 - 365 days**	**Over 1 year**	**Total**
31 December 2019	**=N='000**	**=N='000**	**=N='000**	**=N='000**	**=N='000**	**=N='000**
Financial assets						
Cash and cash equivalents	2,819,195	2,187,857	64,848	882,251	69,769	6,023,919
Reinsurance receivables	2,582,518	1,452,667	932,723	883,986	2,082,666	7,934,560
Loans and other receivables	-	70,349	9,120	98,387	46,444	224,299
Other assets	65,364	936,254	668,843	-	415,754	2,086,215
Retrocession assets	4,191,959	-	-	-	-	4,191,959
Debt Securities at amortised cost	779,201	788,833	586,326	522,644	1,274,707	3,951,711
Debt Securities at available for sale	-	-	-	-	-	-
Total relevant financial assets	**10,438,237**	**5,435,960**	**2,261,859**	**2,387,268**	**3,889,340**	**8,143,670**

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	0 - 30 days	31 - 90 days	91 - 180 days	181 - 365 days	Over 1 year	Total
	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000
Financial liabilities						
Outstanding claims	112,974	233,061	351,846	485,434	493,174	1,676,490
Other liabilities	782,254	635,463	429,367	759,693	372,101	2,978,877
Total financial liabilities	**895,229**	**868,524**	**781,213**	**1,245,127**	**865,275**	**4,655,367**

The unpaid claims as at end of the year is due to incomplete documentation by the insured and cedants. By practice, all claims with complete documentation are paid within 72 hours

	0 - 30 days	31 - 90 days	91 - 180 days	181 - 365 days	Over 1 year	Total
31 December 2018						
Financial assets						
Cash and cash equivalents	4,251,522	794,810	130,673	719,382	130,837	6,027,224
Reinsurance receivables	1,085,912	661,297	735,810	1,638,151	1,977,434	6,098,604
Loans and other receivables	-	92,564	12,000	129,456	198,678	432,698
Other assets	54,137	1,844,215	-	-	69,968	1,968,320
Retrocession assets	2,880,398	-	-	-	-	2,880,398
Debt Securities at amortised cost	267,903	103,938	2,107,445	350,996	1,205,300	4,035,582
Debt Securities at available for sale	-	-	407,290	-	-	407,290
Total relevant financial assets	8,539,872	3,496,823	3,393,219	2,837,985	3,582,217	21,850,116
Financial liabilities						
Outstanding claims	77,913	22,801	104,722	58,920	2,660,395	2,924,751
Other liabilities	362,444	546,354	232,422	546,542	1,923,411	3,611,173
Total financial liabilities	**440,357**	**569,155**	**337,144**	**605,462**	**4,583,806**	**6,535,924**

43.3 Fair value of financial assets and liabilities

(a) Financial instruments not measured at fair value

Group	Carrying value	Level 1	Fair value Level 2	Level 3	Fair value
31 December 2019	=N='000	=N='000	=N='000	=N='000	=N='000
Financial assets					
Cash and cash equivalents	14,258,620	-	14,258,620	-	14,258,620
Reinsurance receivables	17,143,071	-	-	17,143,071	17,143,071
Loans and other receivables	333,701	-	-	333,701	333,701
Retrocession assets	8,698,039	-	-	8,698,039	8,698,039
Other assets	103,737	-	-	103,737	103,737
Held to maturity Debt instruments	9,998,905	-	10,008,680	-	10,008,680
	50,536,073	-	24,267,300	26,278,548	50,545,848
Financial liabilities					
Reinsurance creditors	3,778,222	-	-	3,778,222	3,778,222
Other liabilities	661,775	-	-	661,775	661,775
	4,439,998	-	-	4,439,998	4,439,998

Group	Carrying value	Level 1	Fair value Level 2	Level 3	Fair value
31 December 2018	=N='000	=N='000	=N='000	=N='000	=N='000
Financial assets					
Cash and cash equivalents	14,610,220	-	14,610,220	-	9,079,093
Reinsurance receivables	11,950,636	-	0	11,950,636	9,922,255
Loans and other receivables	642,862	-	0	642,862	492,278
Retrocession assets	6,494,583	-	0	6,494,583	2,759,666
Other assets	55,592	-	0	55,592	227,732
Held to maturity Debt instruments	6,820,073	-	6,820,073	-	7,613,317
	40,573,965	-	21,430,293	-	30,094,342
Financial liabilities					
Reinsurance creditors	2,191,916	-	-	2,191,916	1,356,210
Other liabilities	862,568	-	-	862,568	860,222
	3,054,484	-	-	3,054,484	2,216,432

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Company	**Carrying value**	**Level 1**	**Fair value Level 2**	**Level 3**	**Fair value**
31 December 2019	**=N='000**	**=N='000**	**=N='000**	**=N='000**	**=N='000**
Financial assets					
Cash and cash equivalents	6,023,919	-	6,023,919	-	6,023,919
Reinsurance receivables	7,934,560	-	-	7,934,560	7,934,560
Loans and other receivables	224,299	-	-	224,299	224,299
Retrocession assets	4,191,959	-	-	4,191,959	4,191,959
Other assets	1,882,039	-	-	1,882,039	1,882,039
Held to maturity					
Debt instruments	3,951,711		3,951,711	-	3,951,711
	24,208,487	-	9,975,630	14,232,857	24,208,487
Financial liabilities					
Reinsurance creditors	750,051	-	-	750,051	750,051
Other liabilities	2,978,877	-	-	2,978,877	2,978,877
	3,728,928	-	-	3,728,928	3,728,928

	Carrying value	**Level 1**	**Fair value Level 2**	**Level 3**	**Fair value**
31 December 2018	**=N='000**	**=N='000**	**=N='000**	**=N='000**	**=N='000**
Financial assets					
Cash and cash equivalents	6,027,224	-	6,027,224	-	6,680,113
Reinsurance receivables	6,098,604	-	-	6,098,604	6,184,435
Loans and other receivables	432,699	-	-	432,699	439,081
Retrocession assets	2,880,398	-	-	2,880,398	1,877,676
Other assets	1,898,352	-	-	1,898,352	677,789
Held to maturity					
Debt instruments	4,294,419		4,294,419	-	6,065,330
	21,631,696	-	10,321,643	11,310,053	21,924,424
Financial liabilities					
Reinsurance creditors	1,103,195	-	-	1,103,195	941,363
Other liabilities	3,611,173	-	-	3,611,173	1,249,986
	4,714,368	-	-	4,714,368	2,191,349

Note: Financial liabilities carrying amounts approximates their fair value

(b) Financial instruments measured at fair value
IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable input reflect market data obtained from independent sources; unobservable inputs reflect the Company's market assumptions. These two types of inputs have created the following fair value hierarchy:

Financiual instrument in level 1:

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. 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 group is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily government bonds, corporate bonds, treasury bills and equity investments classified as trading securities,held to maturity or available for sale investment.

Financiual instrument in level 2:

The fair value of financial instruments that are not traded in an active market are determined by using valuation techniques. These valuation techniques maximise the use of observable market data where itis available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Financial instruments in level 3:

The Group uses widely recognised valuation models for determining the fair value of its financial assets. Valuation techniques include comparison with similar instruments for which market observable prices exist and other valuation models. The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date. Valuation models that employ significant unobservable inputs require a higher degree of management judgement and estimation in the deter- mination of fair value. Management judgement and estimation are usually required for selection of the appropriate valuation model to be used, determination of expected future cash flows onthe financial instrument being valued, determination of the probability of counterparty default and prepayments and selection of appropriate discount rates. Fair value estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties, to the extent that the Group believes that a third party market participant would take them into account in pricing a transaction.

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Determination of fair value of financial instruments.

Valuation techniques used to derive Level2 fair values

Level 2 fair values of investments have been generally derived using the Market approach.
Belowis a table showing sensitivity analysis of material unquoted investments categorised as Level 2 fair values.

Description	Fair value at 31 December 2018 N'000	Valuation Technique	Observable Inputs	Fair value if inputs increased by 5% N'000	Fair value if inputs decreased by 5% N'000	Relationship of unobservable inputs to
Investment in food concept	4,200	Fair value through quoted share price as at last trade date.	"Share price from last trade No of units owned by Continental Reinsurance"	4,410	3,990	The higher the share price as at the last traded date, the higher the fair value
Investment in ARM Life Assurance	124,188	Fair value through exit share price as at last trade date.	"Share price from Exit price No of units owned by Continental Reinsurance"	130,397	117,979	The higher the share price as at the last traded date, the higher the fair value
Investment in Mutual Fund	312,125	Fair value through quoted unit price as at last trade date.	"Unit price from last trade No of units owned by Continental Reinsurance"	327,731	296,519	The higher the unit price as at the last traded date, the higher the fair value

Valuation techniques used to derive Level 3 fair values

Level 3 fair values of investments have been generally derived using the adjusted fair value comparison approach. Price per book value ratios of comparable entities in a similar industry were obtained and adjusted for key factors to reflect estimated ratios of the investment being valued. Adjusting factors used are the llliquidity Discount which assumes a reduced earning on private entity in comparison to a publicly quoted entity and Non controlling Discount which assumes the equity is valued from the minority interest perspective.

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Description	Fair value at 31 December 2019 N'000	Valuation Technique	Observable Inputs	Fair value if inputs increased by 5% N'000	Fair value if inputs decreased by 5% N'000	Relationship of unobservable inputs to
Investment in Aveni Reinsurance	357,965	Adjusted fair value conparison approach	Median of P/B multiples of comprable companies	375,863	340,067	The higher the illiquidity ratio and the earnings per sharehaircut adjustment the higherthe fair value.
Investment in Uganda Reinsurance	102,920	Adjusted fair value conparison approach	Median of P/B multiples of comprable companies	108,066	97,774	The higher the illiquidity ratio and the earnings per sharehaircut adjustment the higherthe fair value.
Investment in Africa Reinsurance	494,410	Adjusted fair value conparison approach	Median of P/B multiples of comprable companies	519,131	469,690	The higher the illiquidity ratio and the earnings per sharehaircut adjustment the higherthe fair value.
Investment in Imperial homes	55,645	Adjusted fair value conparison approach	Median of P/B multiples of comprable companies	58,427	52,863	The higher the illiquidity ratio and the earnings per sharehaircut adjustment the higherthe fair value.
Other investment	12,268	This are fully impaired asset	This are fully impaired asset	12,881	11,654	This are fully impaired asset

Group	**Level 1**	**Level 2**	**Level 3**	**Total**
31 December 2019	**=N='000**	**=N='000**	**=N='000**	**=N='000**
Financial assets				
Financial assets designated at fair value	2,870,802	-	-	2,870,802
Available for sale investments				-
Debt investments	389,536	-	-	389,536
Quoted equity investments	713,690	312,125	-	1,025,816
Unquoted equity investments		123,473	615,464	738,938
	3,974,028	435,599	615,464	5,025,091
31 December 2018				
Financial assets				
Financial assets designated at fair value	2,870,802	-	-	2,159,476
Available for sale investments				-
Debt investments	389,536	-	-	377,177
Quoted equity investments	268,656	282,508	-	574,281
Unquoted equity investments		740,670	513,179	1,169,767
	3,528,994	1,023,178	513,179	4,280,701

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Company	**Level 1**	**Level 2**	**Level 3**	**Total**
31 December 2019	**=N='000**	**=N='000**	**=N='000**	**=N='000**
Financial assets				
Financial assets designated at fair value	-	-	-	-
Available for sale investments				
Debt investments	-	-	-	-
Quoted equity investments	713,690	312,125	-	1,025,816
Unquoted equity investments		123,473	578,207	701,681
	713,690	435,599	578,207	1,727,496
Company				
31 December 2018				
Financial assets				
Financial assets designated at fair value	-	-	-	-
Available for sale investments				
Debt investments	389,536	-	-	348,262
Quoted equity investments	268,656	282,508	-	572,502
Unquoted equity investments		740,670	513,179	1,169,767
	658,192	1,023,178	513,179	2,090,531

Reconciliation of Level 3 items

The following table presents the changes in level 3 instruments for the year ended 31st December 2019

Equity securities - Available for sale	**Group 2019 =N='000**	**Group 2018 =N='000**	**Company 2019 =N='000**	**Company 2018 =N='000**
At 1, January	513,179	571,818	513,179	571,818
Total unrealised gains or (losses) in OCI	102,285	(58,639)	102,285	(58,639)
Reclassification to profit and loss	-	-	-	-
Addition				
At 31 December	**615,464**	**513,179**	**615,464**	**513,179**

Investment properties	**Group 2019 =N='000**	**Group 2018 =N='000**	**Company 2019 =N='000**	**Company 2018 =N='000**
At 1, January	3,073,003	2,857,111	3,073,003	2,857,111
Total unrealised gains or (losses) in earnings	50,118	580,892	50,118	580,892
Disposal	-	(365,000)	-	(365,000)
Addition	-	-	-	-
At 31 December	**3,123,121**	**3,073,003**	**3,123,121**	**3,073,003**

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Disclosure Requirements for Level3 Financial Instruments

Valuation Technique Unquoted Equity:

In accordance with IFRS 13 Fair Value Measurement, which outlines three approaches for valuing unquoted equity instruments; market
The Adjusted fair value comparison approach of P/Bv ratios was adopted in valuing each of these equity investments taken into cognizance the

Description of Valuation Methodology and inputs:

The fair value of the unquoted equity securities were derived using the Adjusted fair value comparison technique. Adjusted fair value comparison
The steps involved in estimating thefair value of the Group's investment in each of the investees (i.e. unquoted equity securities) are as follows:

Step1: Identify quoted companies with similar line of business ,structure and size
Step 2: Obtain the EV/EBITDA or the P/B or P/E ratios of these quoted companies identified from S&P, Bloomberg or Reuters
Step 3: Derive the average or median of the P/B ratios of these identified quoted companies
Step 4: Apply the lower of average (mean) or median of the identified quoted companies ratios on the Book Value of the investment company to get the value of the investment company
Step 5: Discount the derived value of the investment company by lliquidity discount and Non controlling discount to obtian the Adjusted Equity Value
Step6: Multipy the Adjusted Equity value by the present exchange rate for foreign currency investment
Step 7: Compare theAdjusted Equity value with the carrying value of the investment company to arrive at a net gain or loss

Continental Reinsurance Plc

Statement of value added
for the year ended December 31 2019

	Group 2019 =N='000	%	Group 2018 =N='000	%	Company 2019 =N='000	%	Company 2018 =N='000	%
Net premium income:								
- Local	18,215,040		9,702,758		18,215,040		9,702,758	
- Foreign	20,615,645		13,419,683		4,914,329		3,824,053	
Other income	2,662,234		2,880,854		2,048,668		2,329,510	
	41,492,918		26,003,296		25,178,037		15,856,321	
Claims, commission, charges and management expenses								
- local	(8,814,599)		(743,209)		(8,814,599)		(743,209)	
- imported	(27,634,572)		(18,477,181)		(13,560,730)		(9,622,581)	
Value Added	5,043,747	100%	6,782,905	100%	2,802,708	100%	5,490,531	100%
Applied as follows:								
To pay employees:								
- Salaries, pension and other allowances	2,350,236	47%	2,251,626	26%	1,042,770	37%	1,449,949	26%
To pay Government:								
- Income tax	630,264	13%	882,561	13%	171,033	6%	615,798	11%
- Information technology levy	0	0%	35,239	1%	0	0%	35,239	1%
Retained for growth:								
- Depreciation and amortistion	297,886	1%	136,685	2%	225,215	1%	92,487	2%
- Deferred taxation	-130,695	-3%	154,681	2%	-130,695	-5%	154,681	3%
- Profit for the year	1,896,057	38%	3,322,113	49%	1,494,385	53%	3,142,377	57%
	5,043,747	100%	6,782,905	93%	2,802,708	100%	5,490,531	100%

Value added is the wealth created by the efforts of the Company and subsidiary and its employees and its allocation between employees, shareholders, government and re-investment for the future creation of further wealth.

Continental Reinsurance Plc

Five-year financial summary-Group

Statement of financial position	<----------31 DECEMBER			---------->
	2019	2018	2017	2016	2015
	=N='000	=N='000	=N='000	=N='000	=N='000
Assets					
Cash and cash equivalents	14,151,673	14,610,220	9,079,093	9,346,513	7,702,575
Financial asset held for trading	-	2,853,024	2,159,476	2,046,334	1,224,258
Loans and other receivables	333,701	642,862	492,278	391,505	364,041
Available-for-sale investments	1,769,668	2,229,365	2,121,225	2,544,148	2,194,682
Held to maturity investments	9,998,905	6,820,073	7,613,317	7,114,055	3,894,558
Reinsurance receivables	17,143,071	11,950,636	9,922,255	10,548,242	7,258,399
Retrocession assets	8,698,039	6,494,583	2,759,666	1,113,567	727,581
Deferred acquisition costs	5,574,856	4,034,583	2,291,853	1,532,809	1,458,436
Other assets	405,855	151,555	329,433	426,752	31,056
Investment properties	3,123,121	3,073,003	2,857,111	2,868,728	2,685,646
Intangible assets	261,221	381,949	20,168	7,067	-
Property, plant and equipment	4,168,529	3,395,476	2,488,615	1,311,956	1,127,498
Investments in subsidiary	-	-	-	-	-
Statutory deposits	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Total assets	**66,628,640**	**57,637,330**	**43,134,490**	**40,251,676**	**29,668,730**
Liabilities					
Insurance contract liabilities	30,554,284	23,256,657	17,965,990	13,745,315	11,081,953
Reinsurance creditors	3,778,222	2,191,916	1,356,210	2,930,857	884,117
Other liabilities	661,775	862,568	860,222	1,976,817	1,092,154
Retirement benefit obligation	404,290	203,124	306,457	383,857	278,372
Current income tax payable	1,014,789	1,656,899	1,550,357	692,602	722,035
Deferred tax liabilities	8,880	517,949	318,212	793,806	72,908
Total liabilities	**36,422,241**	**28,689,114**	**22,357,448**	**20,523,254**	**14,131,539**
Equity					
Share capital	5,186,372	5,186,372	5,186,372	5,186,372	5,186,372
Share premium	3,915,451	3,915,451	3,915,451	3,915,451	3,915,451
Retained earnings	5,586,910	5,093,838	3,775,255	2,874,421	1,820,765
Contigency reserve	6,264,958	5,265,633	4,462,001	4,003,471	3,414,608
Available-for-sale reserve	403,438	441,041	329,978	333,265	182,183
Foreign currency translation reserve	1,832,347	4,291,530	1,764,220	2,088,662	(116,756)
Equity attributable equity holders of the parent	**23,189,476**	**24,193,864**	**19,433,277**	**18,401,642**	**14,402,623**
Non-controlling interest	6,999,394	4,754,351	1,343,765	1,326,780	1,134,568
Total equity	**30,188,870**	**28,948,215**	**20,777,042**	**19,728,422**	**15,537,191**
Total liabilities and equity	**66,611,112**	**57,637,330**	**43,134,490**	**40,251,676**	**29,668,730**

Income statement	<----------31 DECEMBER		---------->		
For year ended	**2019**	**2018**	**2017**	**2016**	**2015**
	=N='000	=N='000	=N='000	=N='000	=N='000
Gross premium	47,663,124	34,185,991	29,673,215	22,406,048	19,738,040
Profit before income tax expense	2,395,626	4,359,355	3,570,285	4,651,687	2,915,593
Income tax expense	(499,569)	(1,037,242)	(1,099,994)	(1,533,052)	(772,805)
Profit for the year	1,896,057	3,322,113	2,470,291	3,118,635	2,142,788
Appropriations:					
Transfer to contingency reserve	999,325	803,632	458,530	588,863	629,477
Transfer to retained earnings	896,731	2,518,481	2,011,761	2,529,772	1,513,311
Earnings per share (kobo)	18	34	27	28	19
Net assets per share (kobo)	224	233	187	177	139

Note: Earnings and dividend per share were computed

Continental Reinsurance Plc

Five-year financial summary-Company

Statement of financial position	<-------------31 DECEMBER			------------->
	2019 =N='000	2018 =N='000	2017 =N='000	2016 =N='000	2015 =N='000
Assets					
Cash and cash equivalents	6,023,919	6,027,224	6,680,113	6,538,769	5,792,358
Financial asset held for trading	-	-	-	96,177	104,247
Loans and other receivables	224,299	432,699	439,081	296,441	302,083
Available-for-sale investments	1,732,411	2,194,549	2,090,531	2,482,980	2,150,894
Held to maturity investments	3,951,711	4,294,419	6,065,330	6,345,275	3,438,340
Reinsurance receivables	7,934,560	6,098,604	6,184,435	7,477,147	5,793,094
Retrocession assets	4,191,959	2,880,398	1,877,676	424,947	396,648
Deferred acquisition costs	3,148,708	2,227,037	1,501,752	782,628	1,107,837
Other assets	2,086,215	1,968,320	756,126	1,950,128	1,062,703
Investment properties	3,123,121	3,073,003	2,857,111	2,868,728	2,685,646
Intangible assets	260,854	381,580	19,849	6,768	-
Property, plant and equipment	3,088,702	2,327,693	2,379,583	1,247,032	1,048,051
Investments in subsidiary	5,216,931	5,216,931	2,272,473	1,649,571	1,649,571
Statutory deposits	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Total assets	**41,983,390**	**38,122,457**	**34,124,060**	**33,166,593**	**26,531,472**
Liabilities					
Insurance contract liabilities	16,592,902	12,077,902	12,470,590	10,137,148	9,153,563
Reinsurance creditors	750,051	1,103,195	941,363	2,568,608	847,009
Other liabilities	2,978,877	3,611,173	1,249,986	3,200,303	1,318,129
Retirement benefit obligation	342,212	158,847	275,150	336,008	278,372
Current income tax payable	774,676	1,504,444	1,565,199	631,518	648,999
Deferred tax liabilities	133,743	400,311	218,855	686,907	68,777
Total liabilities	**21,572,461**	**18,855,872**	**16,721,143**	**17,560,492**	**12,314,849**
Equity					
Share capital	5,186,372	5,186,372	5,186,372	5,186,372	5,186,372
Share premium	3,915,451	3,915,451	3,915,451	3,915,451	3,915,451
Retained earnings	5,098,171	4,662,873	3,551,578	2,408,676	1,681,345
Contigency reserve	5,796,453	5,054,404	4,413,032	3,754,688	3,250,484
Available-for-sale reserve	408,424	447,486	336,484	340,912	182,971
Total equity	**20,404,871**	**19,266,584**	**17,402,917**	**15,606,099**	**14,216,623**
Total liabilities and equity	**41,977,332**	**38,122,456**	**34,124,060**	**33,166,593**	**26,531,472**

Income statement For year ended	<---------	<-------------------31 DECEMBER			--------------
	2019 =N='000	2018 =N='000	2017 =N='000	2016 =N='000	2015 =N='000
Gross premium	28,008,904	19,195,853	20,384,093	17,374,826	15,366,113
Profit before income tax	1,534,723	3,912,856	4,427,541	3,835,712	2,540,244
Income tax expense	(40,338)	(770,479)	(1,170,231)	(1,320,750)	(605,857)
Profit after taxation	1,494,385	3,142,377	3,257,310	2,514,962	1,934,387
Appropriations:					
Transfer to contingency reserve	325,459	638,844	659,818	504,204	544,818
Transfer to retained earnings	1,168,926	2,503,533	2,597,492	2,010,758	1,389,569
Earnings per share (kobo)	14	30	31	24	19
Net assets per share (kobo)	197	186	168	151	137

Note: Earnings and dividend per share

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