CONTINENTAL REINSURANCE

Pan-African commitment made local

DEEPENING OUR COMPETITIVE PRESENCE

2016 Annual Report & Accounts

Continental Reinsurance Plc

RC73956

Our vision

To be the premier Pan-African reinsurer.

Our mission

Providing 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

Realising ambitious, sustainable and relevant offerings.

Trust

Putting customers first by building relationships via localisation.

Contents

Growth in gross premium income

14%

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OVERVIEW

COMMITMENT

Collective passion and commitment to the industry.

Corporate information

Board of Directors

Chief Ajibola Ogunshola	- Chairman, Non-Executive Director
Dr. Olufemi Oyetunji	- Managing Director/CEO
Mr. Lawrence M. Nazare (Zimbabwean)	- Executive Director
Mr. Foluso Laguda	- Non-Executive Director
Mr. Raymond Farhat (French)	- Non-Executive Director
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

Company Secretary/Legal Adviser
Mrs. Abimbola A. Falana

Registered Office
St. Nicholas House (8th Floor)
6, Catholic Mission Street
Lagos, Nigeria

Regional Offices
Lagos Office
St. Nicholas House (8th Floor)
6, Catholic Mission Street
Lagos, Nigeria

Abidjan Office
2eme stage, Imm. Equinoxe, Angle de la route du Lycee Technique et de la Rue de la Cannebiere (Carrefour Pisam)
Cocody Danga – BP 1073 Abidjan 01
Abidjan, Cote D'ivoire

Douala Office
Mairie, Douala 1er Bonanjo
P.O. Box 4745
Douala, Cameroon

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

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

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

Bankers
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,

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

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

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

Financial highlights

for the year ended 31st December, 2016

₦ millions, unless otherwise stated	2015	2016	change in %
Non -Life			
Premium earned	15,944	19,021	19%
Life			
Premium earned	2,251	2,823	25%
Investment			
Investment income (Net of Provision)	1,386	2,373	71%
Return on investment in %	9%	12%	
Total Premium earned	18,195	21,844	20%
Combined ratio in % (Net of Retro)	89%	98%	11%
Net income	2,143	3,135	46%
Earnings per share in kobo	19	28	
Shareholders' equity	15,537	19,728	27%
Return on equity[1] in %	14%	16%	
Number of employees[2]	74	84	14%

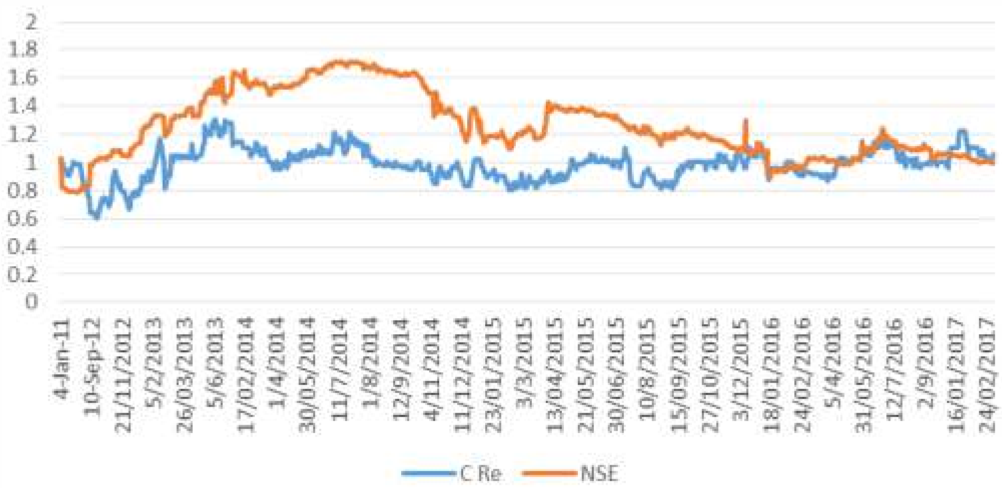
[1] Return on equity is calculated by dividing annualized net income attributable to common shareholders by average common shareholder`s equity.

[2] Permanent staff

Financial strength ratings		
as at 31st December,2016		A.M.Best
Ratings		B+
Outlook		Stable

Share Performance	
Market Capitalization as at 6th March, 2017	
Share price in =N=	1.06
Number of Shares (Billion)	10.37
Market capitalisation in =N= Bn	10,994

Cre Share Price Vs NSE ASI



Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Thirtieth Annual General Meeting of members of CONTINENTAL REINSURANCE PLC will be held at Victoria Crown Plaza (VCP) Hotel, 292b, Ajose Adeogun Street, Victoria Island, Lagos on Thursday, June 29th, 2017 at 11.00 a.m. to transact the following businesses:

Ordinary business

1. To receive the Audited Financial Statements for the year ended December 31st, 2016 together with the reports of the Directors, Auditors and Audit Committee thereon.

2. To declare a dividend.

3. (i) To approve the appointments of new Directors.
   (ii) Pursuant to Section 256 of the Companies and Allied Matters Act, CAP C20 LFN 2004, Notice is hereby given that Chief Ajibola Ogunshola, whose appointment as a Director will be presented for approval at the Annual General Meeting is 72 years old.

4. To authorize the Directors to fix the remuneration of the Auditors.

5. To elect members of the Audit Committee.

Special business

6. To approve the remuneration of the Directors for the year ending December 31st, 2017.

7. To consider and, if thought fit, pass the following as an Ordinary Resolution:

"That the directors of the Company be and are hereby authorised to capitalise the Company's subsidiary in Cameroon ("Subsidiary"), and for this purpose, to enter into any agreement or arrangement with C-Re Holding Limited on such terms and conditions as the directors may deem fit, subject to the fact that the Company shall continue to be the majority shareholder of the Subsidiary and hold not less than 51% of the shareholding in the Subsidiary."

Pursuant to the Nigerian Stock Exchange Rules Governing Transactions with Related Parties or Interested Persons, C-Re Holding Limited shall abstain from exercising any voting rights at the meeting in respect of this resolution.

Dated this 6th day of June, 2017

BY ORDER OF THE BOARD

Abimbola A. Falana (Mrs.)
FRC/2013/NBA/00000000688
Company Secretary/Legal Adviser
Continental Reinsurance Plc
Registered Office:
St. Nicholas House (8th Floor)
6, Catholic Mission Street,
Lagos.

Notes:

1. Proxy
A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of him/her. A proxy need not be a member of the Company. A Proxy Form is in the Annual Report. To be valid for the purpose of the meeting, all instruments of proxy must be duly stamped at the Stamp Duties' Office and deposited at the registered office of the Registrars, Pace Registrars Ltd, Campbell Street, Lagos not less than 48 hours before the time fixed for the meeting.

2. Closure of Register of Members
The register of members and transfer books of the Company will be closed from Monday, June, 19th, 2017 to Friday, June 23rd, 2017, (both days inclusive) to enable the Registrars update the Register of Members in preparation for the payment of dividend.

3. Payment of Dividend
If the dividend recommended by the Directors is declared at the Annual General Meeting, dividend will be paid on Friday, June 30th, 2017 to shareholders whose names are registered in the Company's Register of Members at the close of business on Friday, June 16th, 2017.
The accounts of shareholders who have completed the e-dividend Mandate Form will be credited on June 30th, 2017 while dividend warrants for shareholders who are yet to complete the e-dividend Mandate Form will be posted on the same date.

4. E-Dividend Mandate
Shareholders who have not completed the e-dividend Mandate Form are advised to do so. An e-dividend Mandate Form is in the Annual Report and can also be downloaded from the Company's website at www.continental-re.com

5. Unclaimed Dividends
Shareholders who are yet to claim their dividends are advised to write to or call at the office of the Registrars, Pace Registrars Limited, 24, Campbell Street, Lagos. A list of shareholders who are yet to claim their dividends for the 2015 financial year will be circulated with the Annual Report while a full list of shareholders who are yet to claim their dividend(s) from 2007 to date can be found on the Company's website.

6. Nominations to the Audit Committee
The Company's Audit Committee is comprised of three (3) Directors and three (3) Shareholders' representatives. In accordance with Section 359 (5) of the Companies and Allied Matters Act, Cap C20, LFN 2004, any shareholder may nominate another shareholder for election to the Audit Committee by giving notice of such nomination, in writing, to the Company Secretary at least 21 days before the Annual General meeting.

In line with Section 30.2 of the Securities and Exchange Commission's Code of Corporate Governance for Public Companies which requires that members of the Committee should have basic financial literacy and should be able to read financial statements, nominations to the Committee must be accompanied by a copy of the nominee's curriculum vitae.

7. Right of Shareholders to ask questions
Shareholders of the Company have a right to ask questions not only at the Annual General Meeting but also in writing prior to the meeting, and such questions must be submitted to the Company Secretary at St. Nicholas House (8th Floor) 6, Catholic Mission Street, Lagos at least 48 hours before the meeting.

8. 2016 Annual Report and Accounts
An electronic version of the 2016 Annual Report and Accounts have been uploaded to the Company's website.

Growth in net investment and other income

162%

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OUR PROFILE

Our Profile

RESPONSIVENESS

High responsiveness in service, dependability and building of capability.

Winners of the 2nd edition of the pan-African Reinsurance Journalism Awards

Corporate Profile

Continental reinsurance Plc. ('Continental Re' or 'the Company') was incorporated in Nigeria in July 1985 as a private limited liability Company. In 1987, it was registered by the National Insurance Commission (NAICOM) as a Reinsurer to write both Life and Non-Life business. It commenced business as a general reinsurer in January 1987 and became a composite reinsurer in January 1990, rendering Life and Non-Life reinsurance on both treaty and facultative basis and currently has a well-diversified business mix and customer base across Africa.

As part of its growth strategy, the Company was converted to a public limited liability Company in 2000. It recapitalized from NGN 2 billion to NGN 10 billion in 2000 and was listed on the Nigerian Stock Exchange on May 30, 2007.

Office Locations

The Company is strategically located across the African continent and conducts business in more than fifty (50) countries across the African continent providing support to over two hundred (200) insurance companies. The business is serviced from four (4) regional offices and two subsidiaries with Lagos, Nigeria as the Group's Head Office. The Office also serves as the regional office for the Anglophone West African region. The Douala, Cameroon regional office covers business activities in Francophone Central Africa while the regional office in Abidjan, Cote d'Ivoire serves the Francophone West African region. The regional office in Tunis, Tunisia covers the Northern/Maghreb/Middle East territories and also provides Takaful reinsurance offering to its clients and partners. The Company's subsidiary in Nairobi, Kenya covers the Eastern Africa markets while the subsidiary in Gaborone, Botswana covers businesses in Southern Africa excluding South Africa.

Credit Rating

Continental Re is rated B+ (Good) by AM Best, London, the world's oldest and most authoritative insurance rating company. The rating affirms the ability of Continental Re to meet its ongoing obligations.

Products and Services

As a composite reinsurer, the Company offers capacity and services across the full spectrum of Non-Life and Life treaty and facultative reinsurance business lines. First class and major retrocessionaires in the London and African reinsurance markets partner with the Company.

The Company also has a strong investment portfolio, with diversified investment strategies in order to have a strong financial strength to meet claims payment and other financial obligations, and to limit investment risk. Continental Reinsurance provides to its clients and insurance industry in general, top-class specialized training and development programmmes on various classes of insurance and reinsurance portfolios, including fire, energy, business interruption, international engineering/bond insurance. The trainings are offered to provide reinsurance skills required to fill the knowledge gaps in the local African markets.

Our people

The Company sees people as the most important asset to achieve its objectives and recognizes that building a world class organization is only possible when the right and talented people are in place. The Company has a pool of highly resourceful and competent people who are regularly supported with relevant training and development programmes.
The Company has also put in place a robust succession plan to ensure continuity and availability of the right people at all times. This has continuously ensured stability in management over the years.

Corporate governance

The Company ensures that good corporate governance is entrenched in all its business activities and decisions. The Board and Management believe that good corporate governance is an essential foundation for sustainable corporate success and enhances the confidence placed in the Company by its shareholders, business partners, employees and the financial markets in which it operates. The Company ensures adherence to international best practices in corporate governance.

Corporate social responsibility

The Company believes that Corporate Social Responsibility is a key part of its operating model. It provides support to tangible initiatives in the society and across all its business locations. Continental Reinsurance provides significant support to a house for the less privileged persons at the SOS children's village in Ijebu-Oru, Ogun State, Nigeria and other less privileged institutions in Lagos, Douala in Cameroun, Abidjan in Cote d'Ivoire and Nairobi in Kenya.

Board of Directors

Chief Ajibola Ogunshola
Chairman, Non-Executive Director

Dr. Olufemi Oyetunji
Group Managing Director/CEO

Mr. Lawrence M. Nazare
Executive Director

Mr. Foluso Laguda
Non-Executive Director

Mr. Raymond Farhat
Non-Executive Director

Mrs. Ahlam Bennani
Non-Executive Director

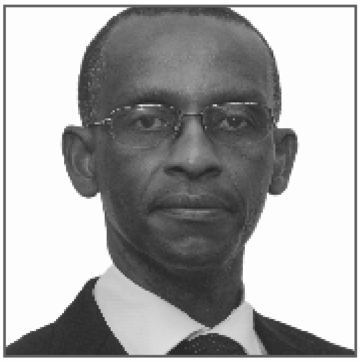
Mr. Paul Oje Kokoricha
Non-Executive Director

Mr. Steve Olisa Iwenjora
Non-Executive Director

Mr. Ian Alvan Tofield
Independent Non-Executive Director

Mr. Emmanuel Brule
Non-Executive Director

Key Management Staff



Mr. Nkem Odibeli
Chief Finance Officer

Mr. Shola Ajibade
General Manager (Anglophone West Africa)

Mrs. Abimbola Falana
Company Secretary/Legal Adviser

Mr. Abayomi Oluremi-Judah
Chief Risk Officer

Mr. Calisto Ogaye
Managing Director (Nairobi Subsidiary)

Cassim Hansa
Managing Director (Gaborone Subsidiary)

Dr. Olusegun Ajibewa
Deputy General Manager (HR & Admin.)

Mrs. Lety Endeley
Regional Director (Douala)

Mr. Ibrahima Ndoye
Regional Director (Abidjan)

Mrs. Dorsaf Sassi
Regional Director (Tunis)

Increase in profit before tax

60%

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BUSINESS REVIEW

SUSTAINABILITY

Realising ambitious, sustainable and relevant offerings.

Nairobi, Breakfast meeting for Life Managers

Chairman's Statement

Fellow shareholders and Board members, representatives of regulatory bodies present, invited guests, ladies and gentlemen.

I am pleased to welcome you all to the 30th Annual General Meeting of our Company and to present to you the Annual Report and Financial Statements for the financial year ended December 31, 2016.

Business and Operating Environment

Global Economy

The global economy recorded a 'subdued growth' in 2016 following the United Kingdom's vote in June in favour of leaving the European Union (Brexit), weaker than expected growth in the United States, ongoing realignments in China and among commodity exporters, slow moving trends in demographics and productivity growth, as well as non-economic factors such as geopolitical uncertainties. These developments have put further downward pressure on global interest rates, as monetary policy is now expected to remain accommodative for longer.

The outlook for 2017 is a slow-growing global economy. Geopolitical events, restrained demand, and weak investments will take a toll on the global growth trajectory and some investors will wait and watch for clarity in the direction of political developments, particularly in Western Europe.

African Economy

The growth of Africa's Gross Domestic Product (GDP) slowed in 2016, down from 3.4 percent in 2015, to the weakest levels of 1.6% in recent years. Sharp decline in growth reflects challenging economic conditions especially in the Continent's largest economies and commodity exporters as they continue to face headwinds from lower commodity prices, tighter financing conditions and domestic policy uncertainties. Economic activity has been notably weak across oil exporters. At the same time these economic conditions show signs of resilience faced with growing financing needs, hence commodity exporters have begun to adjust, but efforts have been uneven and remain insufficient. Against this backdrop, a modest recovery is expected with real GDP in Sub-Saharan Africa forecast to grow 2.9 percent in 2017, then rising moderately to 3.6 percent in 2018.

Africa's Pulse notes that the region's economic performance in 2017 will continue to be marked by variation across countries. While the larger economies and other commodity exporters are expected to see a modest increase in GDP growth as commodity prices continue to stabilize, economic activity is expected to keep expanding at a robust pace elsewhere in the region, supported in part by infrastructure investments.

Reinsurance

Business conditions in global reinsurance remain weak. Prices continue to decline across the board with overall price reduction of 0% - 5% for 2016 and wide variations amongst lines and regions, declines have slowed relative to recent years and this trend may continue into 2017. The drop in reinsurance demand seen recently appears to have plateaued in 2016. On interest rates, 'Lower for Longer' is a reality and reinvestment rates remain paltry which implies pain in investment returns for some time.

Gross Written Premium for the African Reinsurance market hit US$64 billion in the last quarter of 2016, still performing amidst tough competition and oversupply of capital. Profitability is coming under pressure as new capacity enter the market and international reinsurers deploy additional capacity to established markets or to new ones where they intend to expand. The fundamental strength of the African reinsurance markets remains intact despite recent economic slump. New, larger and more complex risks have arisen requiring insurance protection while the broader African middle class is eager to protect its asset and make provision for the future.

Abundant resources, a young and growing population and the need for infrastructure, energy, health and educational facilities drive the demand for protection and invariably reinsurance cessions. However, the dearth of access to local expertise, reliable data and statistics are still regarded as the weakness of the market and in addition frequent foreign exchange trading restrictions and vulnerability of fragmented and relatively small markets add to sudden swings in results.

Nigerian Insurance Market

The Federal Government has focused its attention on the insurance industry to reposition the sector for improved growth. The Nigerian insurance industry is set to reap the benefits of this alluring support, short and long term.

Going by predictions from notable international rating agencies and experts, the industry is set to grow in the years ahead utilizing expanding ICT deployment, population density and massive use of telecommunications facilities to sell insurance products. However, the continued challenge of infrastructure decay and liquidity squeeze occasioned by falling oil prices and the 'perceived' slow pace of approach to governance has had grave economic implications which have affected the insurance industry.

With the full implementation of corporate governance code, improved enforcement of 'no premium no cover', better adherence to National Insurance Commission (NAICOM) prudential guidelines and full compliance with IFRS requirements in addition to improved anti money laundering mechanisms, the Nigerian insurance industry continued to be a preferred investment destination from renowned players in the world insurance market.

Financial result

The Group's Gross Premium Income (GPI) grew by 14% from NGN19.7 billion in 2015 to NGN22.4 billion in 2016. The Company, which covers business from Lagos, Douala, Abidjan and Tunis contributed NGN17.4 billion of the Group's premium representing 73%, while the subsidiaries contributed NGN5.03 billion representing 27%.
The Company's Gross Written Premium (GWP) grew by 13%, from NGN15.4 billion in 2015 to NGN17.4 billion in 2016. GWP contributed by the subsidiaries grew by 14%, from NGN4.4 billion in 2015 to NGN5.03 billion in 2016.

The Group generates business from the six regions of Africa. 49% of the business came from Anglophone West Africa, 18% from East Africa, 9% from Southern Africa while the remaining 24% is from other regions of Africa. The breakdown of GWP shows that Non-life grew by 17%, from NGN16.9 billion in 2015 to NGN19.8 billion in 2016; while Life GWP declined by 0.04%, from NGN2.8 billion in 2015 to NGN2.7 billion in 2016.

Group underwriting profit declined by 79%, from NGN2.06 billion in 2015 to NGN0.42 billion in 2016. Investment income jumped by 36%, from NGN1.1 billion in 2015 to NGN1.5 billion in 2016. Currency Exchange gain grew from NGN 407 million to NGN4.1 billion mainly due to the devaluation of the Naira which is the group reporting currency. Profit Before Tax (PBT) grew by 60%, from NGN2.9 billion in 2015 to NGN4.7 billion in 2016; while Profit After Tax (PAT) grew by 46% to NGN3.1 billion in 2016 from NGN2.1 billion in 2015. The sharp difference in the growth between PBT and PAT is the current income tax effect resulting from the growth in unrealized foreign exchange gain which attracted deferred tax. The tax increased by 98% in 2016 compared to total assets increase of 36% from NGN29.7 billion in 2015 to NGN40.3 billion in 2016. Shareholders' fund also grew by 27% from NGN15.5 billion in 2015 to NGN19.7 billion in 2016.

Dividend

In line with the Company's dividend policy and subject to your approval at this meeting, the Board of Directors recommends a cash dividend of 14 kobo per share for the financial year under review.
This represents an increase of 17% over the 12 kobo per share paid in 2015.

Board changes

As reported in the Chairman's statement for the year 2015, Mr. Paul Ojei Kokoricha and Mr. Olisa Iwenjora were appointed Non-Executive Directors representing C-Re Holding Limited on the Board with effect from March 1, 2016 to replace Mr. Joel A. Ackah and Mr. Raoul D. Moloko who resigned with effect from the same date while Mr. Ian Tofield was appointed Independent Non-Executive Director with effect from April 27, 2016. Also during the year and after the last Annual General Meeting, Mr. Emmanuel Brule and myself were appointed Non-Executive Directors representing C-Re Holding Limited on the Board with effect from November 8, 2016 to replace Mrs. Nadia Alaoui Fettah and Mr. Merrick Wayne Oeschger who resigned from the Board with effect from the same date. Mr. David S. Sobanjo resigned with effect from December 20, 2016 having served three terms of three years stipulated in the NAICOM's Code of Good Corporate Governance.

Staff

People are considered as the greatest asset of the Company. This forms the basis of the Company's employment policy that stimulates achievement of its business objectives. It complies with all regulatory demands in the recruitment of employees and also ensures that the right talents are considered for appointment at the Board and top management positions. We ensure compliance with pre-employment screening of prospective employees and all regulatory confirmation requirements for senior management appointments.

The Company treats all employees, intending employees and customers fairly and equally without any form of bias on gender, sexual orientation, family status, race, colour, nationality, ethnic or national origin, religious belief, age, physical or mental disability, or any other factor. As such the Company believes and promotes equal opportunity for all employees. The Company ensures diversity and inclusion consideration in its people management agenda.

World class and best practices are entrenched in all human resource management policies that ensure the right work environment, professionalism and robust welfare initiatives. Opportunity to acquire the right competencies are provided for employees to deliver the best results.

Future outlook

Distinguished shareholders, our vision for “Continental Re” remains to be the premier Pan-African reinsurer. Ours is a permanent view on Africa, not a long, medium or short-term view. To achieve our objectives, we must continuously grow our balance sheet by raising capital from time to time so we can take advantage of the immense opportunities that abound across Africa.

Conclusion

Despite the many challenges presented by the business environment in 2016, your Company was able to weather the storm and turn in a good result. This feat would not have been possible without the contribution of all our stakeholders. The Board and management remain strongly committed to ensuring that our Company continues to improve on all its performance-measurement parameters.

I would like to appreciate every one of you who has made Continental Re the success story it is today.

Thank you.

Chief Ajibola Ogunshola
Chairman

Group Managing Director’s overview

Distinguished shareholders, I am very delighted to welcome you to this gathering, the Annual General meeting of Continental Reinsurance Plc (“the Company”, “Continental Reinsurance” or “Continental Re”) and to present to you the business and strategic performance highlights for the year 2016.

The year 2016 was another year of good operation and financial fundamentals for Continental Reinsurance despite the economic turmoil, political uncertainties and environmental challenges faced by the globe; dwindling commodity prices of major products in the world market that led to a drop in the reserves and devaluation of major African currencies; the world political uncertainties occasioned by many elections that changed the status quo in many countries and impact of global warming on the environment. We continue to press towards our goal of building a Company with very strong fundamentals by adapting to changes and embracing the range of opportunities offered by these challenges.

Our strategy

After the successful execution of our five-year strategic growth plan (2011 - 2015) focusing on geographical spread, brand strategy, extensive human capital development and continued process strengthening, we evaluated our performances to determine the success and the gaps. We combined our past experiences with present realities and future aspirations in line with the overall goals of the Company to roll out our next phase, Strategy Project 2020. The project is to consolidate our brand presence, enhance our client services to guarantee sustainable growth and strengthen our already formidable multi-national talent pool for the benefit of our continent at large.

Growth opportunities and challenges continue to vary widely across our markets, while short-term risks have introduced setbacks in certain countries - fundamentally altering the pace of growth.

Our continent is still vulnerable to external shocks. The slowdown of the global economy has dampened Africa's growth prospects. However, notwithstanding these upsets, the Company is poised to continue along a positive growth trajectory. Underpinning the Company's growth prospect is the diversification business model that offsets increased competition and the influx of international companies, particularly the big global players. We remain intensely focused on maintaining underwriting discipline and on profitability over growth to further strengthen the Company.

At Continental Re, we are passionately Pan-African. Our Pan-Africanism is not just about geographical location but more philosophical. We desire to see strong African institutions that will lead the world, Africa developed by Africans and, for our industry in particular, how we can keep African insurance premiums in Africa to develop our great continent.

Performance

Continental Reinsurance's performance for the year 2016 affirms the resilience and consistency in achieving its strategic objectives and delivering financial returns to stakeholders. Profit before tax grew by 60%, from NGN2.9 billion in 2015 to NGN4.7 billion in 2016, while Profit after tax grew by 46%, from NGN2.1 billion in 2015 to NGN3.1 billion in 2016. Gross premium income at NGN22.4 billion is 14% higher than the NGN19.7 billion reported in 2015. Net investment and other income recorded a growth of 162%, from NGN1.86 billion in 2015 to NGN4.87 billion in 2016.

Total assets grew by 36% year-on-year, from NGN29.67 billion in 2015 to NGN40.25 billion in 2016 while Shareholders' fund was NGN19.73 billion in 2016, up by 27% from NGN15.54 billion in 2015. The significant growth is partially attributed to other currency assets as a result of foreign exchange movement following a sharp devaluation of the naira.

Investment portfolio grew by 33% to NGN22.73 billion, from NGN17.05 billion in 2015 while Reinsurance reserves was up by 24%, from NGN11.08 billion in 2015 to NGN13.75 billion in 2016.

Looking Forward

Out of the negative trend of year 2016, growth in Sub-Sahara Africa will accelerate gradually over the course of 2017. From a tepid 2.3% in 2016, a forecast of average regional real GDP growth of 4.1% is expected. This is majorly associated with gradual recovery in commodity prices that will lead to stronger business confidence, reduce imported price pressure and build stronger market dynamics. Rising commodity prices will increase spending to support major infrastructure investment projects which will ultimately have impact on insurance activities. We are already positioned to take advantage through our diversified presence across the continent and our already formidable multi-national talent pool.

Our pursuit shall continue to be excellent customer service. We will focus on strengthening our relationship management in a bid to surpass the expectations of our partners.

Conclusion

In conclusion, I would like to appreciate our valued partners and shareholders for their continued patronage and loyalty, and thank the Board of Directors and our staff for their unalloyed commitment and support. I want to assure all our stakeholders of our total commitment to excellence in our performance and making a difference in the insurance industry to the benefit of all.

2016 Financial Year Business Review

Introduction

This section seeks to review and analyse the Group's 2016 operating results as compared to the performance in 2015. The objective is to fully explain business operations to help for a better understanding of the Group's performance.

Review of operations

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

In order to have a proper focus and better service delivery, the technical and underwriting operations continue to be structured along regional lines as follows;

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

For reporting purposes in 2016, the Group's business was reported along the above regional/subsidiary offices.
Note that from the 2013 financials, C Re started reporting as a Group with the capitalization and take-off of the Nairobi office as a subsidiary company and the acquisition of a majority stake in the former Botswana Reinsurance Company Limited, now operating as Continental Reinsurance Company Limited, Gaborone in 2014. The other offices in Douala (established in 2004), Abidjan (established in 2012) and Tunis (established in 2013) together with Lagos which doubles as both the regional office for Anglophone West Africa and Group Head Office operated as regional offices in 2015.

The Group business lines are arranged as follows;

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

Non-Life Business

Premium Income;

The Group's Non-Life Gross Written Premium grew by 18% in 2016 over the performance in 2015 from NGN16.89 billion to NGN19.8 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 2016 is a further confirmation of the success of C Re's geographical expansion strategy. This has helped to further deepen penetration in our markets and spreading of risks. For effective coverage of the

2016 Financial Year Business Review
continued

African continent, C Re currently operates from six strategic locations across the continent through a combination of regional and subsidiary offices.

The Lagos office's performance has further dropped by 4% year-on-year due to the growth of Tunis regional office and Gaborone subsidiary which businesses were previously handled by the Lagos office. In 2016 the Lagos business constituted 49% of the total Non-Life business compared with prior year which constituted 54%. On the other hand, Tunis office 7% to Non-life premium from 5% in 2015 coming from a low base.
Gaborone subsidiary also contributed 9% to total premium.
Nairobi subsidiary contributed 18%. Abidjan office contributed 7% while Douala office contributed 10% to the total premium.

Class of Business;
The business performance by class in 2016 grew across all classes. General accident recorded the best growth with 22% improvement over 2015. This was followed by fire which recorded 20% growth. Liability recorded 9% growth in 2016 while Energy and Marine recorded 3% and 1% growth respectively.

Management plans to consolidate on the 2016 gains by pursuing further the twin growth strategy of consolidation in existing and in new markets and segments.

Claims;
The Non-Life Gross Claims incurred in 2016 was NGN9.4billion, 31% increase from the NGN7.2billion recorded in 2015. This compares unfavourably to the growth in Gross Premium Income of 18%.

Commissions and Charges;
Non-Life Commissions and charges came to a total of NGN6.9billion in 2016 compared to a lower figure of NGN3.5billion in 2015 representing an increase of 98% in nominal terms.

Combined Ratio;
Non-Life combined ratio is calculated as a percentage of Net Earned Premium and includes Claims incurred, Commissions and charges and Management expenses. The combined ratio for Non-Life operations increased significantly by 19% basis point from 86% in 2015 to 105% in 2016 due mainly to the very high increase in claims experience and related claims reserves. Barring any unusual claims experience, this is expected to reduce in the next couple of years as increased volume and stability is achieved.

Life Business
Premium Income;
Life business slowed down in 2016 recording a year-on-year decrease of 7% (NGN2.7billion in 2016 and NGN2.9billion in 2015) compared to an increase of 38% in 2015. The decrease is due mainly to the non-renewal of some of the 2015 businesses.

Group Life contributed 94% of the total of NGN2.7billion gross premium generated in 2016, up from 92% in 2015. This mix shows the continued dominance of Group Life business, a trend expected to continue over the years due mainly to the impact of the Nigerian Pension Reform Act where the bulk of the premiums are generated. This trend is however expected to taper as the individual life business gains more acceptance.

Life Business Outgo;
Life Gross Claims incurred in 2016 was NGN1.53billion compared to NGN1.51billion in 2015, an increase of only 1%.

Commission and Charges paid was NGN664million in 2016 compared to NGN535million in 2015 representing a 19% increase, an unfavourable change as with the change in premium income.

Investments
1. Our Investment Objective
Our investment objectives in managing the Company's financial assets are to ensure that as a reinsurance company, we are able to meet current and future claim obligations while maximizing total return and reducing exposure to investment risks to preserve the company's capital.

Accordingly, the principal goal of our asset management strategy is to meet the liability profiles of the Company and make funds available to support insurance obligations, while at the same time ensuring that current operating cash in-flows are adequate to meet the current year operating obligations. Investments are managed in line with the Board approved policy and National Insurance Commission (NAICOM) guidelines. We use multiple investment vehicles to maintain sufficient liquid resources needed to meet probable insurance claims cash outflows. Therefore, in executing investment activities, we engage only in operations designed to achieve high quality and liquid investment portfolio.

2. Macro-Economic Environment
The Nigeria economic fundamentals remained weak in 2016 despite fiscal authority's pursuit of price stability. The economy slipped into recession, suffered devaluation of it currency, and inflation soared to 18.48% as at November, 2016.

The domestic financial market witnessed mixed reactions. The market expectation of economic rebound was short-lived given a myriad of unpleasant economic data which revealed further weakening of the domestic economy.

Yield on money market instruments were depressed for the most of the first half of the year. However, investors benefitted immensely from the high yield environment in the second half of the year. Average treasury bills and bonds yields closed the year at 19.24% and 16.36% respectively.

Equities market contracted further for the third consecutive year. In its usual cycle, the market rallied in the last month of 2016 gaining 6.47% to reduce the full year return to negative 6.17%.

3. Investment portfolio

The Group portfolio recorded year on year growth of 30.45% from NGN17.869 billion as at 31st December 2015 to NGN23.309 billion as at 31st December 2016. The Company's portfolio recorded a year on year growth of 24.68% from NGN14.316 billion as at 31st December 2015 to NGN17.85 billion as at 31st December, 2016.

The 24.68% growth in the company's investment portfolio is attributed to surplus on revaluation of investment property and equities, investment income and forex gain.

Group Portfolio

Asset Class	Investment Assets		YTD % Change	Investment Weight	
	31-Dec-16	31-Dec-15		31-Dec-16	31-Dec-15
Cash & Cash Equivalent	7,748,473	6,882,231	12.59%	33%	39%
Available for sale	2,532,857	2,182,415	16.06%	11%	12%
Held to maturity	7,113,079	3,894,554	82.64%	31%	22%
Financial Assets Designated as fair value through P & L	2,046,334	1,224,249	67.15%	9%	7%
Investment Property	2,868,728	2,685,646	6.82%	12%	15%
Statutory Deposit	1,000,000	1,000,000	0.00%	4%	6%
Total	23,309,470	17,869,095	30.45%	100%	100%

Table 1

Company Portfolio

Asset Class	Investment Assets		% Change	Investment Weight	
	31-Dec-16	31-Dec-15		31-Dec-16	31-Dec-15
Cash & Cash Equivalent	5,069,037	4,949,361	2.42%	28%	35%
Available for sale	2,470,713	2,138,627	15.53%	14%	15%
Held to maturity	6,345,275	3,438,340	84.54%	36%	24%
Financial Assets Designated as fair value through P & L	96,177	104,247	-7.74%	1%	1%
Investment Property	2,868,728	2,685,646	6.82%	16%	19%
Statutory Deposit	1,000,000	1,000,000	0.00%	6%	7%
Total	17,849,930	14,316,221	24.68%	100%	100%

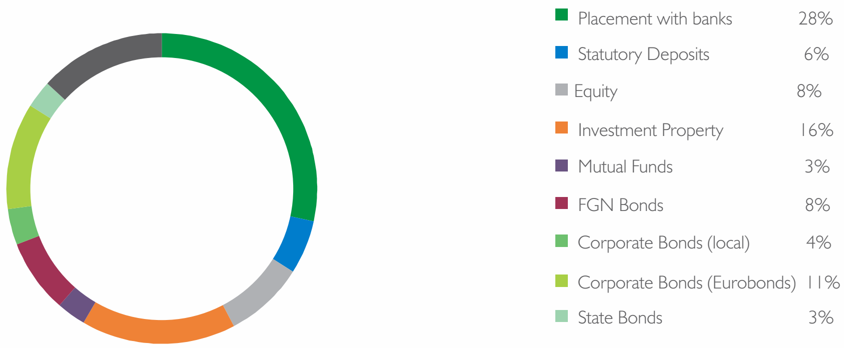
Table 2

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

Group Asset allocation

2016 Financial Year Business Review
continued

Company Asset allocation



The following chart shows the company asset growth:

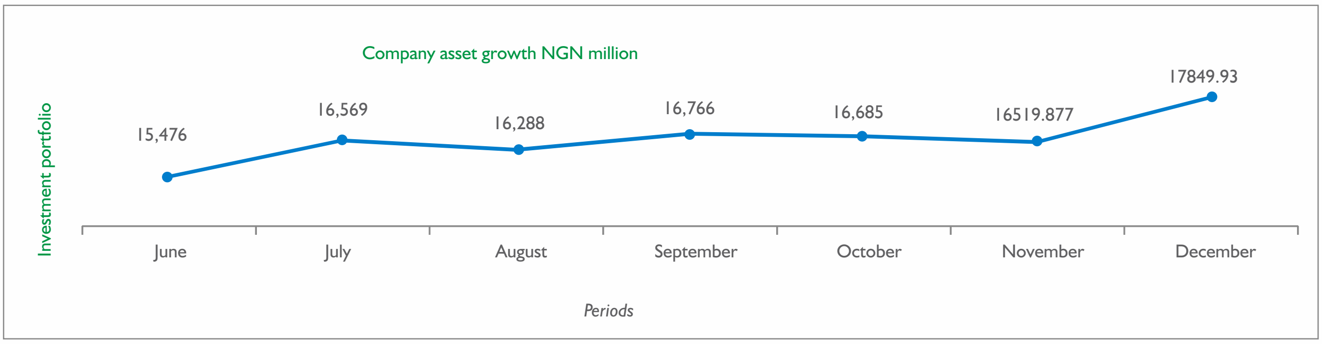


Figure 3

4. Regulatory compliance in Nigeria

4.1 Company asset cover for insurance funds

In line with the requirement of Insurance Act 2003 Section 19 to have adequate asset cover for the insurance funds, our assets under management are allocated to insurance funds and shareholders' fund as follows:

Table of investment allocation for funds

Investment classification	Mix (N 'million)
Investment of shareholder's fund	7,397
Investment of non-life fund	8,654
Investment of life fund	1,799
Total	**17,850**

Table 3

Table of investment cover for various funds

Funds	Investment (N' million)	Insurance Fund (N' million)	Investment cover (%)
Non-Life fund	8,654	8,548	101%
Life fund	1,799	1,589	113%
Shareholders fund	7,397	0	
Total	17,850	10,137	

Table 4

Table of compliance of asset allocation for insurance funds with statutory requirement

Admissible Assets for Reinsurance Fund

	Non life			Life			Shareholders' fund	
Investment Assets	- N -'million	% to fund total	% statutory requirement to fund	- N -'million	% to fund total	% statutory requirement to fund	- N -'million	% to fund total
Placement with banks	3,531	41%	100%	240	13%	100%	1,297	18%
Investment Property	582	7%	25%	425	24%	35%	1,862	25%
Quoted Equities	549	6%	50%	485	27%	50%	155	2%
Unquoted Equities	690	8%	10%	0	0%	10%	152	2%
States bonds	507	6%	20%	0	0%	20%	0	0%
FGN bonds	2,236	26%	100%	649	36%	100%	846	11%
Corporate bonds	560	6%	10%	0	0%	10%	2,086	28%
Statutory deposit	0	0%	0%	0	0%	0%	1,000	14%
Total	8,654	100%		1,799	100%		7,397	100%

Table 5

4.2 Financial institution exposure limit

In line with NAICOM prudential guideline on exposure limit with banks and other financial institutions capped at 20%, we have the following placements with the various banks for the Company:

S/NO	Counter party	Region	Amount - N -	(%)
1	Ecobank Nigeria	Lagos	132	2.61%
2	UBA DOUALA	Douala	888	17.52%
3	UBA IVORY COAST	Abidjan	855	16.87%
4	BGFI Douala	Douala	792	15.61%
5	Sterling Bank	Lagos	385	7.60%
6	NIC Bank Kenya	Nairobi	315	6.21%
7	FSDH	Lagos	183	3.61%
8	RMB	Lagos	17	0.34%
9	Access Bank	Lagos	0	0.00%
10	Ecobank Douala	Douala	261	5.16%
11	Imperial Homes	Lagos	847	16.70%
12	Atijare Bank	Tunis	393	7.76%
13	Fidelity Bank	Lagos	0	0.00%
	Total		5,069	100.00%

Table 6

We do not have any infraction with regards to the limit with banks for placement.

5. Market outlook for the year ended 31 December, 2016

5.1 The Nigeria Equity Market

The Nigeria Equity market maintained a bearish outlook in 2016 to close at a negative return of -6.17%. The market was largely dominated by cautious and speculative tendencies despite cheap valuations across board on the back of weak investors' confidence, which was driven mainly by a shrink in the economy. The uncertainty built around FX availability, monetary policies coupled with some tough fiscal policies in the year further weakened investors' confidence towards investment in equities in the year.

The All Share Index closed 2016 at 26,874.62 points when compared to 28,370.32 points in January, representing a depreciation of 6.17%. Market capitalization also followed similar trend with a depreciation in value of 6.86%.

5.2 The Nigeria Money Market and Fixed Income Market:

MPR remains at 14%, and CRR at 20.0% to close the year.

Yield on money market instruments were depressed for the most of the first half of the year. However, investors benefitted immensely from the high yield environment in the second half of the year. Average treasury bills and bonds yields closed the year at 19.24% and 16.36% respectively.

6. Investment portfolio performance

The Group return on investment asset is NGN2.46 billion representing 10.57% annualized return compared to the budget of NGN1.788 billion and 9.71% respectively. We were able to meet and surpass our investment budget by 37.77%.

2016 Financial Year Business Review
continued

The investment returns however comprise of unrealized gain of NGN627 million arising from the fair valuation of our investment property and quoted equity instruments designated as fair value through P & L. The realized return is NGN1.84 billion compared to the budget of NGN1.788 billion.

In absolute terms, the return on investment from the Company is NGN2.055 billion while the subsidiaries contributed NGN0.409 billion.

	Value		Return		Yield		Budget achieved till date
Investment Classification	2016	2016	2016	2016	2016	2016	
	Actual	Budget	Actual	Budget	Actual	Budget	
	- N -' 000	- N -' 000	- N -' 000	- N -' 000	(%)	(%)	(%)
Placement with banks	7,748,473	5,716,845	579,259	417,290	7.48%	7.30%	138.8%
Statutory Deposit	1,000,000	1,000,000	114,796	120,000	11.48%	12.00%	95.7%
Equity	1,508,389	1,672,571	142,947	134,179	9.48%	8.02%	106.5%
Investment Property	2,868,728	2,535,556	706,558	154,833	24.63%	6.11%	456.3%
Mutual Funds	2,493,759	1,611,507	178,650	154,812	7.16%	9.61%	115.4%
FGN bonds	2,054,371	2,149,744	280,912	267,943	13.67%	12.46%	104.8%
Corporate bonds (local)	736,911	697,023	105,936	93,488	14.38%	13.41%	113.3%
Corporate bonds (Eurobond)	1,978,136	875,098	129,451	52,197	6.54%	5.96%	248.0%
State bonds	506,783	512,239	45,449	196,702	8.97%	38.40%	23.1%
Treasury Bills	2,413,920	1,637,618	179,540	196,702	7.44%	12.01%	91.3%
Total	**23,309,470**	**18,408,202**	**2,463,498**	**1,788,146**	**10.57%**	**9.71%**	**137.77%**

Table 7

Comparison of actual income with budget

	Return		Budget achieved till date
Investment Classification	2016	2016	
	Actual	Budget	
	- N -' 00	- N -' 00	(%)
Placement with banks	579,259	417,290	138.8%
Statutory Deposit	114,796	120,000	95.7%
Equity	142,947	134,179	106.5%
Investment Property	706,558	154,833	456.3%
Mutual Funds	178,650	154,812	115.4%
FGN bonds	280,912	267,943	104.8%
Corporate bonds (local)	105,936	93,488	113.3%
Corporate bonds (Eurobond)	129,451	52,197	248.0%
State bonds	45,449	196,702	23.1%
Treasury Bills	179,540	196,702	91.3%
Total	**2,463,498**	**1,788,146**	**137.77%**

Table 8

6.1 Cash and cash equivalent – (Placement with banks):

These are purely money market instruments that comprise of Bankers' Acceptance, Commercial Papers and Term Deposits. The asset class grew by 12.59% year on year. The yield of 7.48% on the asset class is the average of the rates on bank placements across the various currencies. The return on cash and cash equivalent is partly driven by the currency composition of the asset class and the total amount available for investment.

The 91 days, 182 days and 364 days' tenors of Treasury bills closed at 14.00%, 17.5% and 18.86% discount rate respectively.

2016 return on the asset class is 7.48% compared with the budget of 7.30%.

Company bank placement distribution by currency and region are as follows:

Bank placement by currency

Cash and cash equivalent by currency

Currency	Amount - N -	(%)	Average rate
NGN	1,538	30%	14.72%
USD	342	7%	2.92%
KSH	0	0%	
TND	393	8%	3.50%
CFA	2,796	55%	3.20%
Total	5,069	100%	

Bank placement by region

Region	Amount - N -	% of total cash	Average nominal rate	Inflation rate	Average real rate
Lagos	1,565	30.87%	13.12%	18.55%	-5.43%
Nairobi	315	6.21%	2.63%	6.35%	-3.73%
Douala	1,687	33.27%	2.76%	0.55%	2.21%
Tunis	393	7.76%	3.50%	4.20%	-0.70%
Abidjan	1,110	21.89%	3.68%	-0.20%	3.88%
Total	5,069	100.00%			

The above tables show that 30% of our cash placements are held in Nigeria Naira at average rate of 14.72%; 55% is held in CFA at average of 3.2%, 7% is held in USD at an average rate of 7% and 8% in Tunisia Dina at 3.5%.

6.2 Equity

The return on equity comprises of dividend income and capital gain on equity trading. The equity market started the year on a very bearish note providing opportunity for capital appreciation. We cautiously took position in the market in order to realize capital gain and dividend, which we did in June 2016.

6.3 Securities Held to Maturity (HTM)

The average yield at the end of the period is 9.64% compared with the budget yield of 11.26%. The income from this class of asset is basically interest income that provides steady cash flow. Held to maturity asset class is made up of corporate bonds and government securities.

The chart below shows the composition of Held to Maturity Assets.

Held to maturity assets

6.4 Investment Property

This asset class provides benefit of diversification to the entire portfolio. It is uncorrelated with equity and fixed income yet provides two classes of income; rental income and fair value gain.

Total income for the period to 31 December 2016 is NGN73.48 million. The fair value gain recorded as at the year-end is NGN623 million.

6.5 Mutual Funds

These are investments in collective investment scheme. The asset class represents 3.00% of the Company assets under management. The asset return is 0.49%.

7.0 Future outlook for 2017 and conclusion

While there will still be headwinds, we expect the intensity to be mild as government promotes business friendly economic policies to stimulate investment and growth necessary to lead the country out of its current recession.

Growth in total assets

36%

4

REPORTS

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Directors' report

The Directors of Continental Reinsurance Plc (or "the Company" or Continental Re") present their annual report together with the audited financial statements of the Group for the year ended December 31st, 2016.

1. Results for the year

The results of the Company's two subsidiaries have been consolidated in the financial statements on pages 16 to 91. Below is a summary of the results for the year under review:

	Group =N='000	Company =N='000
Profit before taxation	4,651,687	3,835,712
Income Tax expense	(1,533,052)	(1,320,750)
Profit after taxation	3,118,635	2,514,962

2. Legal form

Continental Re was incorporated as a private limited liability Company on July 24th, 1985. It commenced business as a general reinsurer in January 1987 and became a composite reinsurer in January 1990. It was subsequently registered by the National Insurance Commission (NAICOM) as a reinsurer on November 14th, 2007. The Company was converted to a public limited liability Company on March 27th, 2000. Its shares were officially listed on the Nigerian Stock Exchange on May 30th, 2007.

3. Principal activity

The Company is principally engaged in the business of reinsuring 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 four regional offices in Lagos (Nigeria), Douala (Cameroon), Abidjan (Cote d'ivoire), Tunis (Tunisia) and two subsidiaries in Nairobi (Kenya) and Gaborone (Botswana).
The Company also has 5 percent shareholding each in Aveni Reinsurance and Uganda Reinsurance.

4. Business review

A review of the 2016 Group operating results compared to the Group's performance in 2015 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 52 and 53. In the opinion of the Directors, the market value of the Company's properties is not less than the value shown in the accounts.

6. Dividend

The Board recommends, for approval and payment to shareholders whose names appear in the register of members on Friday, July 16th, 2017 *see notice of AGM*, a dividend of 14 kobo (2015: 12 kobo) on each ordinary share of 50 kobo each, amounting to NGN 1,452,184,203.68 (2015: NGN 1,244,729,317.44) from the profit after tax. The dividend is subject to deduction of withholding tax at the appropriate rate.

7. Event after reporting date

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 31st, 2016 or on the profit for the year ended on that date that have not been adequately provided for or disclosed.

8. Changes on the Board

The following changes occurred on the Board during the year:

(a) Appointments of Mr. Paul Ojei Kokoricha and Mr. Olisa Iwenjora as Non-Executive Directors representing C-Re Holding Limited on the Board with effect from March 1, 2016 to replace Mr. Joel A. Ackah and Mr. Raoul D. Moloko who resigned with effect from the same date.

(b) Appointment of Mr. Ian Tofield as Independent Non-Executive Director with effect from April 27, 2016.

The above appointments were disclosed in the annual report for 2015 and were approved by shareholders at the last Annual General Meeting.

(c) Appointments, after the last Annual General Meeting, of Chief Ajibola Ogunshola and Mr. Emmanuel Brule as Non-Executive Directors representing C-Re Holding Limited on the Board with effect from November 8, 2016 to replace Mrs. Nadia Alaoui Fettah and Mr. Merrick Wayne Oeschger who resigned from the Board with effect from the same date.

(d) Appointment of Chief Ajibola Ogunshola as Chairman of the Board of Directors.

The appointments of Chief Ajibola Ogunshola and Mr. Emmanuel Brule will be presented for approval of the shareholders at the next Annual General Meeting.

(e) Resignation of Mr. David S. Sobanjo with effect from December 20, 2016.

9. 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 2016

Directors	2016		2015	
	Direct	Indirect	Direct	Indirect
Chief Ajibola Ogunshola (Appointed w.e.f 08/11/16)	Nil	*	Nil	*
Dr. Olufemi Oyetunji	12,140,500	Nil	11,140,500	Nil
Mr. Lawrence M. Nazare	Nil	Nil	Nil	Nil
Mr. David S. Sobanjo (Resigned w.e.f. 20/12/16)	2,140,350	218,714,265	2,140,350	218,714,265
Mr. Foluso Laguda	200,000	435,201,112	200,000	425,080,999
Mrs. Nadia A. Fettah (Resigned w.e.f. 08/11/16)	Nil	*	Nil	*
Mr. Raymond Farhat	Nil	*	Nil	*
Mrs. Ahlam Bennani	Nil	*	Nil	*
Mr. Merrick Oeschger (Resigned w.e.f 08/11/16)	Nil	*	Nil	*
Mr. Paul O. Kokoricha	Nil	*	Nil	*
Mr. Steve O. Iwenjora	Nil	*	Nil	*
Mr. Ian A. Tofield	Nil	*	Nil	*
Mr. Emmanuel Brule (Appointed w.e.f 08/11/16	Nil	*	Nil	*

Note

*The indirect interest of Chief Ajibola O. Ogunshola, Mr. Raymond Farhat, Mrs. Ahlam Bennani, Mr. Paul O. Kokoricha, Mr. Steve O. Iwenjora and Mr. Emmanuel Brule as representatives of C-Re Holding Ltd, the majority shareholder, is 6,063,136,539 shares.

*Mr. David Sobanjo represents AIICO Insurance Plc

*Mr. Foluso Laguda represents Salag Ltd.

10. 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 31st, 2016.

11. Substantial shareholding

According to the register of members, the following shareholders held more than 5 percent of the issued share capital of the Company as at December 31st, 2016:

Ordinary Shares of 50 kobo each

Shareholder	2016		2015	
	Number	%	Number	%
C-Re Holding Ltd	6,063,136,539	58.45	5,868,136,539	56.57
STANBIC Nominees Nig. Ltd [Trading A/C]	662,120,181	6.38	662,120,181	6.38

12. Acquisition of own shares

The Company did not purchase any of its own shares during the year (2015: Nil).

13. Ownership structure

	December 31st, 2016			December 31st, 2015		
	No. of Holders	No. of Shares	%	No. of Holders	No. of Shares	%
Foreign	30	6,258,874,508	60.34	31	6,083,628,507	58.65
Nigeria	6,026	4,113,869,806	39.66	5,889	4,289,115,807	41.35

14. Retrocessionaires

Antares Syndicate
ANV Syndicate 1861
Atrium Syndicate
Barbican Syndicate
Berkley Re
Canopius (Lloyds)
Cathedral Syndicate, London
Catlin Re, London
CCR Algeria
Chaucer (Lloyds)
China Re
Chubb Syndicate
CICA Re
Everest Re
Ghana Re
GIC Re, India
Hannover Re
Hiscox
Intern. Gen. Ins. (IGI)
Kenya Re
Milli Re
Novae Syndicate
Oman Re
One Re
PTA Re
QBE Re
Q-Re
Santam Re
Sava Re
SCOR
Sirius Syndicate
Swiss Re
Syndicate 1183
Talbot
Trust Re

15. Principal brokers

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

Local

Ark Reinsurance Brokers
FBN Insurance Brokers
Feybil Insurance Brokers
IBN Insurance Brokers
Jomola Insurance Brokers
Jordan Global Insurance
SCIB Insurance Brokers
United African Insurance Brokers Limited
YOA Insurance Brokers

Foreign

African Reinsurance Brokers
Afro Asian Reinsurance Brokers
Alsford Page
Alwen Hough Johnson
AON Benfield, South Africa
Arab African Insurance - Reinsurance Brokers
Atlas Re
CK Re
Fair Insurance & Reinsurance Brokers
First Reinsurance Ltd
Gras Savoye
Guy Carpenter
JB Boda & Company Private Ltd, Bombay
KEK Reinsurance Ltd
KM Dastur Brokers
Pioneer Insurance Brokers
Reinsurance Solution
United Insurance Brokers
Tysers & Company Ltd
Willis Re

16. Donations

During the year under review, the Group made donations amounting to NGN5,771,300.00 to various charitable organizations within and outside Nigeria.

The recipients are the following:

	NGN
• AJOFA Special Education Foundation for the deaf	150,000.00
• Centre Des Handicapes Moteurs Don Orione, Abidjan, Cote d'ivoire	400,000.00
• CSR Douala	500,000.00
• Hearts of Gold Children Hospice, Lagos	300,000.00
• Lagos State Rehabilitation Centre, Ikorodu	150,000.00
• Little Saints Ophanage, Lagos	300,000.00
• National Handicap Carers Association of Nigeria (NAHCAN)	250,000.00
• Onikan Health Centre, Lagos	200,000.00

Directors' report (continued)

• Pacelli School for the Blind and Partially Sighted	300,000.00
• Sickle Cell Foundation Nigeria	300,000.00
• SOS Children's Village, Nigeria	2,322,421.80
• Special Persons Association of Nigeria	150,000.00
• Star Children Development Initiative, Ibadan	200,000.00
• Wesley Schools 1 & 2 for the Hearing Impaired Children	350,000.00

17. Analysis of shareholding

The issued and fully paid up share capital of the Company as at December 31st, 2016 was NGN 5,186,372,156.00 divided into 10,372,744,312 ordinary shares of 50 kobo each. The range of shareholding is as follows:

Range Holdings			Number of Holders	Holdings	%
1	-	1,000	828	473,756	0.00
1,001	-	5,000	1,259	4,129,398	0.04
5,001	-	10,000	929	8,145,845	0.08
10,001	-	50,000	1,638	45,376,764	0.44
50,001	-	100,000	598	51,424,446	0.50
100,001	-	500,000	529	126,611,555	1.22
500,001	-	1,000,000	115	85,786,469	0.83
1,000,001	-	5,000,000	100	221,663,866	2.14
5,000,001	-	10,000,000	21	145,197,624	1.40
10,000,001	-	50,000,000	20	482,017,022	4.65
50,000,001	-	100,000,000	7	500,397,985	4.82
100,000,001	-	999,999,999,999	12	8,701,519,584	83.89
			6,056	10,372,744,314	100

18. Unclaimed dividends

Total unclaimed dividends as at December 31st, 2016, was NGN 334,032,096.12 (2015: NGN173,784,035.64). 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. The total amount in the account as at December 31st, 2016 was NGN 385,489,574.48 (Interest income from 2011 to date: NGN128,285,881.84)

19. Employment and Employees

- **Employment Policy**

  People are considered as the greatest asset of the Company. This forms the basis of the Company's employment policy that stimulates achievement of its business objectives. It complies with all regulatory demands in the employment of employees and also ensures that right talents are considered for appointment to executive and top management levels. Compliance with pre-employment screening of prospective employees and all regulatory confirmation of senior management appointments are ensured.

  The Company believes in and promotes equal opportunity for all employees. It ensures diversity and inclusion in its people management agenda. All employees, intending employees and customers are treated fairly and equally regardless of their gender, sexual orientation, family status, race, colour, nationality, ethnic or national origin, religious belief, age, physical or mental disability, or any other factor.

  Best practices are entrenched in all human resource management policies that ensures the right work environment, professionalism and robust welfare initiatives. Opportunity to acquire the right competencies are provided for employees to deliver the best results.

- **Employment of Physically Challenged Persons**

  The Company does not discriminate against physically challenged persons. All employees have equal opportunities to develop and aspire in their career. In the event that an employee becomes disabled in the course of his or her employment, the Company, where possible, will arrange suitable training that will ensure continuous employment of such employee without any form of discrimination. In the period under review, the Company did not have any person with physical disability on its staff list.

- **Health, safety at work and welfare of employees**

  The Company ensures strict health and safety rules and practices at the work environment which are reviewed and tested regularly. Employees and a number of their immediate family members are provided with robust free medical care through retainer agreement with reputable health care providers, as well as through health insurance schemes. In addition, employees undergo comprehensive medical examination regularly and are also insured against occupational and other hazards. Fire prevention and firefighting equipment are placed in strategic locations within the Company's premises.

  The Company has in place, Group Personal Accident Insurance Scheme and also contributes to Employees' Compensation in accordance with the Employees' Compensation Act 2011. It also operates a contributory pension plan for its employees in line with the Pension Reform Act 2004 (suspended by the Pension Reform Act 2014) as well as Retirement Benefit scheme approved by the Joint Tax Board. There is Group life cover for all employees.

- **Learning and development**

  Staff capacity building is of great importance to the Company. To sustain learning and development culture, whilst ensuring that staff (irrespective of their location) are adequately equipped to perform optimally on the job, the Company conducts training needs analyses and the outcomes are used in providing the right training and development programmes both locally and overseas to all staff.

  The Company ensures that staff attend relevant training courses, seminars, conferences, workshops to enhance their knowledge, skills and professional networking. These are also complemented by e-learning, on-the-job training, coaching, cross location work placements, and training attachments in reputable reinsurance companies and retrocessionaires.

- **Employees involvement and engagement**

  Employees are involved in arriving at decisions on matters affecting their well-being through various fora like general staff meetings, management meetings, informal lunch sessions with the leadership, management and team retreats. Formal and informal channels of communication are also adopted for employees' involvement and engagement and ensuring an effective two-way feedback.

- **Employee remuneration and talent management**
  The Company has a functional talent management framework which guides how we attract, develop, and retain people with the right skills and competencies to meet the strategic objectives of the business. It is the policy of the Company to pay its employees competitive remuneration, thus ensuring pay for performance in order to motivate employees for optimal performance.

- **Internal communication/employee relationship**
  The Company ensures free flow of communication among its employees. It adopted various channels of communication which include face-to-face interaction, use of telecommunication devices, regular meetings, notice boards, social media platforms, newsletters, intranets, emails and other relevant communication platforms.

  These internal communication initiatives enhance employees' involvement in decision making, promote employee engagement and motivate achievement of the Company's strategic objectives.

20. Auditors
The Auditors, Messrs. Pricewaterhouse Coopers, who were appointed at the last Annual General Meeting, have indicated their willingness to continue in office as Auditors of the Company. In accordance with Section 357 (2) of the Companies and Allied Matters Act, CAP C20, LFN 2004, a resolution will be proposed at the Annual General Meeting to authorize the Directors to fix their remuneration.

21. Audit Committee
The members of the Audit Committee elected at the last Annual General Meeting have met and will, in accordance with the provisions of the Companies and Allied Matters Act, CAP C20, LFN 2004, present their report at this Annual General Meeting.

BY ORDER OF THE BOARD

Abimbola A. Falana (Mrs.)
Company Secretary
FRC/2013/NBA/00000000688
6, Catholic Mission Street (8th Floor),
Lagos

Dated: January 31, 2017

Corporate Governance Report

1. Introduction

The Board of Directors oversees the Company's Corporate Governance framework and ensures that the framework reflects international best governance practices. This report outlines the policies and practices that are in place at Continental Re and shows the Company's continued commitment, through its Board and Board Committees, to the delivery of a higher standard of governance for the benefit of its stakeholders.

2. Board of Directors

2.1 Composition and structure

The Board is currently comprised of eleven (11) Directors made up of eight (8) Non-Executive Directors including the Chairman, one (1) Independent Non-Executive Director and two (2) Executive Directors. The composition of the Board reflects a reasonable mix of skills, expertise, independence, knowledge and experience necessary to enhance the efficient and effective running of the Company. The individual directors are persons with upright personal characters and knowledge on Board matters, a sense of accountability, integrity and are fully committed to enhancing shareholder value.

Chief Ajibola Ogunshola is the Chairman of the Board. He was appointed with effect from November 8, 2016 in place of Mrs. Fettah Alaoui Nadia who resigned from the Board with effect from the same date. Mrs. Fettah however, continues to serve as alternate Director to Mr. Raymond Farhat. The profiles of the Directors are set out on pages 37 to 39.

In line with best practice, the roles of the Chairman and the Group Managing Director/CEO remained separate and are clearly defined in the Board Charter. While the Chairman is primarily responsible for managing and ensuring the effectiveness of the Board and promoting the highest standard of Corporate Governance, the responsibilities of the Managing Director include, amongst others, responsibility for effective day to day running of the Company and management control; ensuring the achievement of corporate goals and the attainment of business targets and 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. He is assisted by the Executive Management Committee.

There is a Board Charter which sets out the principles for the operation of the Board of Directors and describes the composition, roles, functions and responsibilities and powers of the Board of Directors and the Board standing Committees. It is designed to guide the Board in the effective management of the Company and to promote high standards of Corporate Governance.

2.2 Responsibilities of the Board

The Board is primarily responsible for ensuring good and effective corporate governance; providing entrepreneurial direction for the Company and overseeing the implementation of the Company's strategic objectives within an agreed framework and in accordance with statutory and regulatory requirements. Other responsibilities of the Board include:

> Agreeing the long term strategic objectives of the Group and ensuring that the implementation of the policies and objectives by the Management are in accordance with the risk limits approved by it;

> Authorizing and effectively monitoring strategic decisions, compliance with policies and achievement against objectives through quarterly performance reporting and budget reviews;

> Giving direction to the Company and ensuring that the long term interests of shareholders are served;
> Reviewing and approving the Company's business plans and identifying the inherent risks in the plans;
> Formulating policies and strategies on marketing, business acquisition and claims administration;
> Effectively reviewing Management's performance;
> Evaluating the implementation of strategies, policies and Management performance criteria;
> Formulating risk policy, monitoring potential risks within the Company including recognizing and encouraging honest whistle blowing;
> Overseeing the effectiveness and adequacy of internal control systems;
> Overseeing major capital expenditures and acquisitions;
> Ensuring the integrity of the Company's financial reporting system;
> Monitoring corporate expenditures and acquisitions;
> Ensuring that the Company complies with relevant laws and statutory regulatory requirements;
> Setting the Company's values and standards and ensuring that the Company's obligation to its shareholders are met;
> Ensuring effective communication with shareholders.
> Selecting, compensating, monitoring key executives and overseeing succession planning;
> Ensuring that ethical standards are maintained;
> Monitoring and managing potential conflicts of interest of key executives, board members and shareholders including misuse of corporate assets.

The following matters are exclusively reserved for the Board's consideration and decision making:

- Approval of business strategy;
- Approval of annual operating budget and capital expenditure budget;
- Approval of financial statements;
- Formulation of dividend policy;
- Formulation of investment policy;
- Approval of material investments and disposals;
- Formulation of risk management strategy/risk appetite;
- Matters relating to share capital;
- Approval of major capital projects;
- Staff matters including remuneration, reward, recruitment and promotion of Senior Management.

The Board has put in place, a system that ensures the fulfillment of the long term strategic goals of the group whilst taking into account the expectations of the shareholders and key stakeholders including employees, clients and the community within which the Company operates. It continued to operate under sound business ethics.

2.3 Board appointments

There is a formal procedure for appointment to the Board.
The Corporate Governance, 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

In accordance with 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. Appointments of Directors by the Board during the year to fill casual vacancies and as addition to the existing Directors are presented for approval at the Annual General Meeting immediately following their appointments.
In view of the fact that majority of the non-executive Directors are new and had their appointments approved at the last Annual General Meeting, no Director will be retiring by rotation at the Annual General Meeting.
The names of Directors who were appointed during the year to fill casual vacancies and whose appointments will be presented for approval at the Annual General Meeting are stated in the Directors' report.

2.5 Profiles of Directors

Chief Ajibola Ogunshola
Chief Ogunshola holds a B.Sc. (Honours) degree in Mathematics from the University of Ibadan (1967) and became a Fellow of the Institute of Actuaries, United Kingdom in 1973, the first black African to become a Fellow of the Institute. He was the representative of the Institute of Actuaries of the United Kingdom in Nigeria from 1973 to 1996 and a member of the International Association of Actuaries.

Chief Ogunshola began his career as a trainee Actuary with Eaglestar Insurance Company, London in 1967. He joined the National Insurance Corporation of Nigeria in 1972 as the first head of Life Division from where he joined Niger Insurance Company Limited (now Niger Insurance Plc) as Chief Executive, later Managing Director from 1974 to 1985, the first Nigerian to hold the position. 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.

Over the years, Chief Ogunshola has contributed to the development of many organizations. He was foundation President of the Nigeria Actuarial Society, 1982; Chairman of the Committee of Actuaries that gave actuarial advice to the United Nations Staff Pension Fund from 1987 to 2006; Chairman of the Board of Directors, The Punch Nigeria Ltd, 1987 - 2011; President of the Association of Pension Fund and Investment Managers (now Association of Pension Fund Managers), 2001 - 2003, a fellow of the Association in 2009 and received a lifetime achievement award in the same year; member, National Political Reform Conference, 2005; President, Newspapers Proprietors' Association of Nigeria from 2007 to April 2011; member of the South-West delegation to the 2014 National Conference.

Chief Ogunshola also served on some Government Committees and in other Institutions in several capacities: he was Chairman of the Federal Government Technical Committee on the Review of the Nigerian Civil Service Pension Scheme (1988/1989), Chairman of the Presidential Committee on the

Corporate Governance Report (continued)

Harmonization of the Public and Private Sector Pension Schemes (Nigeria), 2000; member, relief Committee for victims of the Asian Tsunami Disaster, 2005; Non-Executive Director, News Agency of Nigeria, 2009 - 2011; member, Federal Government Panel on Election Violence and Civil Disturbances, 2011; member, Academic Board of the College of Medicine, University of Lagos, 2006 - 2008; member, Executive Committee of the West African Insurance Companies' Association, 1976 - 1982; member of the Governing Council of Nigerian Insurers' Association, 1977 - 1985 and first Chairman of its statistical Committee.

Chief Ogunshola has to his credits several honours, prices and awards which include, amongst several others, Doctor of Science in Management (Honoris Causa) from Olabisi Onabanjo University; special media award for Commendable Management of a Media Organization by the Trustees of the Nigerian Media Merit Award; award for excellence by the Central Council of Ibadan Indigenes, 2001; Ba'rohin Ibadan Chieftaincy title from the Olubadan-in-Council), 2009 and NUJ (Oyo State) award for contribution to the growth of Journalism, 1991. Chief Ogunshola is 72 years old. He resides principally in Nigeria.

Dr. Olufemi Oyetunji

Dr. Femi 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. He joined Continental Reinsurance as Managing Director/CEO on January 3, 2011. Dr. Oyetunji was the founding Managing Director/CEO of Alexander Forbes Consulting Actuaries Nigeria Limited and as the Chief Actuary, supervised many large insurance and pension schemes, a position he held before joining Continental Reinsurance. He continued to serve on the Board of the company as a non-executive director until his resignation early 2016. He is currently a non-executive director of Crusader Sterling Pensions Ltd. Dr. Oyetunji resides principally in Nigeria.

Mr. Lawrence Nazare

Mr. Lawrence Nazare is currently Executive Director and Group Head of operations. He holds a Bachelor of Law (Hons) Degree, (1988) and a post-graduate Bachelor of Laws Degree (1989) from the University of Zimbabwe and is an admitted Legal Practitioner. Mr. Nazare's experience in reinsurance spanned over twenty-one (21) 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. He was Chairman of Credit Insurance Zimbabwe Limited; Vice President of the Insurance Institute of Zimbabwe; a member of the regulatory Non-Life Advisory Committee and Chairman of the organization of Eastern and Southern Africa Insurers (OESAI). He served as Chairman of the Insurance Council of Zimbabwe for three consecutive terms, was co-Chairman of the Non-Life Advisory Committee and Chairman of the Zimbabwe Reinsurance Association. Mr. Nazare resides principally in Nigeria.

Mr. David S. Sobanjo

Mr David Sobanjo joined the Board of Continental Re as a Non-Executive Director on February 14th, 2006. He holds B.Sc. (Hons) in Actuarial Science (1981) and M.Sc. in Business Administration (1995) (General Management, 1995) both from the University of Lagos. He also holds an MBA (Marketing, 1999) from Enugu State University of Science and Technology. He has vast experience in insurance and management spanning over 35 years. He became an Associate of the Chartered Insurance Institute, London in 1984, a fellow of the Institute in 1988 and a fellow of the Chartered Insurance Institute of Nigeria in 1992. He also serves as a Non-Executive Director on the Board of AIICO Insurance Plc. He resides principally in Nigeria.

Mr. Foluso Laguda

Mr. Foluso 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. He is an experienced Strategy Consultant with over 15 years of 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. He is a member of the Institute of Directors (MIoD) in both Nigeria and the UK and currently serves on the board of several companies including SALAG Limited. He joined the Board of Continental Re as a Non-Executive Director on September 18th, 2013.

Mr. Raymond Farhat

Mr. Farhat is currently the Managing Director of Saham Finances. He is a Chartered Accountant and he holds a Degree in Economics from the University of Social Sciences – Toulouse I (1979). His experience in Finance spanned over 30 years. He started his professional career in 1979 with Ernst & Young as a chartered accountant from where he joined Group Libano-Suisse d'Assurances, Ivory Coast, a Lebanese-Swiss Insurance Company, as Internal Auditor in 1981 and rose to become a Director in 1986. He joined the COLINA Group in 1989 and became General Manager of COLINA SA, Ivory Coast. He re-structured the company in 2005 by creating COLINA Participations SA, Ivory Coast and continued as its Managing Director. He was also a Director of COLINA Corporate SAS - Morocco. Mr. Farhat resides principally in Morocco.

Mr. Farhat was appointed a non-executive Director of Continental Reinsurance representing C-Re Holding Ltd on September 11th, 2015. He is also on the board of Phoenix Capital Investment, Batim Africa and Saham Unitrust Insurance Co. Ltd.

Mrs Ahlam Bennani
Mrs. Bennani graduated from the Graduate School of Management of Rouen, France. She began her career in 2000 with Arthur Andersen/Ernst & Young Casablanca where she rose to senior Manager Transaction Advisory and Business Advisory. She joined Saham Finances (Insurance Division) in 2011 and is currently Director, mergers and acquisitions. 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 became a Non-Executive Director of Continental Reinsurance representing C-Re Holding on September 11th, 2015. She resides principally in Morocco.

Mr. Paul Oje Kokoricha
Mr. Kokoricha is a fellow of the Institute of Chartered Accountants of Nigeria and holds a Bachelor of Science Degree in Economics (2nd Class Upper Division) from the University of Nigeria, Nsukka. He is a senior investment professional with over 30 years of experience in the financial services industry. He is currently a partner in Capital Alliance and the Fund Manager in charge of the firm's private equity funds. In his role as Fund Manager, Mr. Kokoricha has been actively involved in all aspects of private equity investment management leading the firm's activities on deal-sourcing, deal-making, value creation and overall management of the portfolio investments in a way that maximizes value for investors. Prior to joining African Capital Alliance, he was Group Head of Operations at Liberty Bank Plc with responsibility for trade finance products, financial controls and retail banking operations. He started his career with Arthur Andersen, providing accounting, consulting and audit services to various clients in financial services, oil & gas and manufacturing. He has extensive experience in private equity as well as business turnarounds, transformation and reorganization. Mr. Kokoricha was appointed to the Board as a Non-Executive Director representing C-Re Holding Ltd on March 1st, 2016. He also serves as a Director on the Boards of Cornerstone Insurance Plc, Bankers Warehouse Plc and Swift Networks. Mr. Kokoricha resides principally in Nigeria.

Mr. Steve Olisa Iwenjora
Mr. Iwenjora has over 18 years' cognate experience in the financial services sector, spanning banking, private equity and investment management with local and international organizations. He is a fellow of the Institute of Chartered Accountants of Nigeria and holds a Bachelor's Degree in Accounting (2nd Class Upper Division) from the University of Lagos. Mr. Iwenjora is currently Vice President in African Capital Alliance focusing on the financial services sector including banking, insurance and pensions. He was Fund Manager for SIM Capital Limited; management staff in the private equity team in Renaissance Capital overseeing investment opportunities across West Africa. Mr. Iwenjora was appointed as a Non-Executive Director representing C-Re Holding Ltd on March 1st, 2016 and also serves on the Boards of Cornerstone Insurance Plc, UBN Insurance Brokers Limited and CAN Fund Manager Limited. He resides principally in Nigeria.

Mr. Ian Alvan Tofield
Mr. Ian Alvan Tofield 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. He began his insurance career in 1955 with Legal & General Assurance Society. In 1961, he was seconded to the Gresham Life and Gresham Fire & Accident Assurance Societies in Accra, Ghana and in 1970 to Guinea Insurance Company, Nigeria serving first in Kaduna as Northern Area Manager and then as deputy CEO in Lagos. He joined Munich Reinsurance Company (Munich Re) in 1977 and had the initial task of creating the West African bureau in Abidjan, Cote D'Ivoire which he managed for six years developing and managing accounts in 24 Countries in the region. He was recalled to the head office in Munich in 1983 and continued to administer the West African region and progressively widened his field of responsibility to include the Maghreb, East, Central and Southern Africa. In 1995, he transferred the entire management of sub-Saharan African portfolio to Munich Re's office in Johannesburg from where he retired in 2002.

Mr. Tofield has served on the Boards of several insurance companies including the Global Alliance Group (Mozambique, Angola and Sao Tome), Activa Group (Ghana, Liberia, Sierra Leone with connections in Cameroon and Guinea) and La Loyale in Ivory Coast. He was an associate of CK Reinsurance Brokers, London, from 2002 – 2010. He consults for various large multinational insurance companies and has been Africa Consultant for the Zurich Insurance Company from 2010 to date.

He has presented occasional papers and conducted educational seminars for AIO, FANAF, WAICA, OESAI and other organizations. He was appointed independent Non-Executive Director after the year end on April 27, 2016. Mr. Tofield is 77 years old. He resides principally in South Africa.

Mr. Emmanuel Brule
Mr. Brule is a graduate of Ecole Centrale de Paris. He has always operated in an international environment and held a number of senior executives' roles with SCOR, a global Tier 1 reinsurance company (1997 - 2001) and American International Group (AIG) (2002 - 2015) in diverse functions and in various territories. He is currently Deputy Chief Executive Officer of Saham Finances and a member of Saham Group Executive Committee.

Mr. Brule is an impactful C-Level Insurance Executive with significant and successful experience in growing profitable business and leading transformation of insurance operations across EMEA. He is recognized as a strategic leader and critical thinker, with a strong record of execution in multiple environments and cultures.

2.6 Multiple Directorship

There is no limit to the number of concurrent directorships that Directors of the Company hold. Most of the Directors serve on other Boards and this has not interfered with their ability to discharge their responsibilities on the Board of the Company. The Directors have rather, demonstrated that they have sufficient time to devote to the business of the Company through regular

Corporate Governance Report (continued)

attendance at all Board and Board Committees' meetings and effectively discharged their duties during the year. Directors promptly notify the Board of prospective appointments on other Boards.

2.7 Directors' and officers' liability insurance

The Company has taken out Directors' and Officers' Liability Insurance cover for all the Directors to protect them against the risk of personal liability. The cover is renewed annually.

2.8 Directors' induction and training and development

The Company has in place, a formal induction programme to acquaint newly appointed Directors with the Company's operations, strategy and business environment. Upon joining the Board, Directors receive an induction pack which contains 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; list and terms of reference of the Board Committees; the Company's strategic plan; 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.

In line with the approved training plan, a Board enhancement training was held during the year. The focus of the training was on Board and Strategy, Fiduciary duties of Directors, Board effectiveness, Ethics & Board top management interface. Each Director also receives quarterly reports and updates on the activities of the Company and the group including financial results. In addition, and for their continuing development and to enhance their performance, Directors are encouraged to attend external courses, conferences, seminars, workshops and other relevant training programs at the Company's expense.

A Board Strategy Session was also held during the year during which the Group's 2017 - 2020 was thoroughly reviewed.

2.9 Board Evaluation

A Board evaluation/assessment was carried out at the end of the year by the Society for Corporate Governance Nigeria, the external Consultant engaged for the purpose using Board valuation questionnaires, self and peer assessment questionnaires, Board committees' questionnaires, interviews and desk reviews. The report of the Consultant is in this Annual Report.

2.10 Right of Directors to seek independent professional advice

The Directors are aware that they have a right to seek independent professional advice in furtherance of their duties should the need arise and at the Company's expense. There was no indication that any of the Directors took such advice during the year.

3. Board Meetings

The Board held five regular meetings during the financial year. Notice and agenda for each meeting were sent in line with the notice period stipulated in the Company's Articles of Association. Board papers were sent to Directors in advance of meetings to enable them study and prepare ahead of the meetings. Directors were also provided appropriate and relevant information to enable them make informed decision on any matter before them. Directors who were unable to attend any of the meetings gave apologies for absence and also appointed alternates to represent them at the meetings. In addition to the regular meetings, decisions were also taken by written resolutions signed by all the Directors.

Matters considered included the review and approval of audited financial statements for the previous year; unaudited quarterly interim results; policies; retrocession strategy for 2017; Audit Charter for 2017; material investments and disposal and 2017 Operating and Capital Expenditure Budgets; review of updates on progress made in respect of the proposed Group structure and proposed additional capital requirement and review of management's reports on Technical Operations, including performance of regional offices and subsidiaries; Information Technology; Enterprise Risk Management; Internal Audit; Investments, Corporate Services and Statutory Compliance and considered other matters on the operations and strategies of the Company.

Directors' Attendance at Meetings

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

Directors	Meetings				
	01/03/2016	27/04/2016	27/07/2016	08/11/2016	16/12/2016
Mrs. Nadia A. Fettah	✓	✓	✓	n/a	n/a
Dr. Olufemi Oyetunji	✓	✓	✓	✓	✓
Mr. Lawrence M. Nazare	✓	✓	✓	✓	✓
Mr. David S. Sobanjo	✓	✓	✓	✓	✓
Mr. Foluso Laguda	✓	✓	✓	✓	✓
Mr. Raymond Farhat	x[1]	✓	x[2]	x[3]	x
Mrs. Ahlam Bennani	✓	✓	✓	✓	✓
Mr. Merrick W. Oeschger	✓	✓	✓	✓	n/a
Mr. Paul O. Kokoricha	✓	✓	✓	✓	✓
Mr. Steve O. Iwenjora	✓	✓	✓	✓	x4
Mr. Ian A. Tofield	n/a	n/a	✓	✓	✓
Chief Ajibola Ogunshola	n/a	n/a	n/a	✓	✓
Mr. Emmanuel Brule	n/a	n/a	n/a	✓	✓

Note
[1]Mrs. Ahlam Bennani was alternate to Mr.Raymond Farhat
[2] Mrs. Ahlam Bennani was alternate to Mr.Raymond Farhat
[3]Mrs. Ahlam Bennani was alternate to Mr.Raymond Farhat
Mr. Paul Kokoricha was alternate to Mr.Steve Iwenjora
n/a -not yet appointed director or had resigned from the Board

4. Board Committees

The Board has three standing Committees and two ad-hoc Committees that assisted it in the discharge of its duties and responsibilities during the year. The Committees functioned effectively and operated within the powers delegated to them by the Board. Each of the standing Committees has a charter that governs its operation. The Committees were reconstituted during the year in view of the Board changes and below are the composition of the Committees and their terms of reference:

4.1 Standing Committees

Corporate Governance, Nomination and Remuneration Committee
Members
- Mr. Paul O. Kokoricha - Chairman
- Mr. Raymond Farhat
- Mr. David S. Sobanjo
- Mr. Foluso Laguda
- Mrs Ahlam Bennani
- Mr. Ian Tofield

Terms of Reference
• Formulate Corporate Governance Policy for the Company.
• Ensure effective implementation of the Policy.
• Ensure compliance with relevant laws and regulations in the course of business.
• Formulate recruitment policy for the Company.
• Agree the conditions of service.
• Review remuneration from time to time.
• Recruitment of top Management staff.
• Review Organogram of the organization from time to time for effective
• performance.
• Agree the conditions of service of staff, management and Directors.
• Recommend Directors' nomination and remuneration to the Board.

Underwriting and Risk Management Committee
Members
- Mr. Merrick Oeschger (Chairman) (resigned w.e.f November 8, 2016)
- Mr. Emmanuel Brule (Chairman)
- Mr. David S. Sobanjo
- Mr. Steve Iwenjora
- Mr. Ian Tofield
- Executive Directors

Terms of Reference
• Review underwriting policy of the Company.
• Formulate geographical expansion of the Company.
• Review the retrocession cover of the Company.
• Product development.
• Consider adequacy of technical reserve.
• Formulate Risk Management Policy.
• Consider Actuarial Reports.

Investment/Finance, General Purposes Committee
Members
- Mr. Raymond Farhat - Chairman
- Mrs. Ahlam Bennani
- Mr. Foluso Laguda
- Mr. Paul O. Kokoricha
- Mr. Steve Iwenjora
- Executive Directors

Terms of Reference
• Review Investment Policy of the Company.
• Review and approve assets allocation and Managers.
• Consider quarterly and Annual Accounts.
• Approve investments within limits stipulated by the Board.
• Consider annual budgets.
• Consider capital raising exercise and/or financial restructuring of the Company.
• Consider internal audit reports. Consider investment quarterly Report.
• Together with the Company's legal adviser, review any legal matters that could have a significant impact on the Company's business.
• Review the Executive Committee's ("EXCO") reports detailing 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.
• Review the risk philosophy, strategy and policies recommended by EXCO and consider reports by EXCO, ensure compliance with such policies, and with the overall risk profile of the Company. Risk in the widest sense includes market risk, credit risk, liquidity risk, operation risk and commercial risk, which together cover detailed combined risks such as: interest rate risk; country risk; counterpart risk, including provisioning risk; currency and foreign exchange risks; technology risk; price risk; disaster recovery risk; operational risk; prudential risk; reputational risk; competitive risk; legal risk; compliance and control risks; sensitive risks, e.g. environmental, health and safety; concentration of risks across a number of portfolio dimensions; investment risk; asset valuation risk; and other risks appropriate to the business which may be identified from time to time.
• Review the adequacy of insurance coverage.
• Review risk identification and measurement methodologies.
• Monitor procedures to deal with and review the disclosure of information to clients.

Meetings of Board Committees
During the year, the Corporate Governance, Nomination and Remuneration Committee and Investment/Finance, General Purposes and ERM Committee met four (4) times, while the Underwriting and Risk Management Committee met five (5) times.

Records of attendance at Meetings of the Committees

Corporate Governance, Nomination and Remuneration Committee

Members	Meetings			
	29/02/ 2016	26/04/ 2016	26/07/ 2016	07/11/2016
Mr. Paul O. Kokoricha	n/a	✓	✓	✓
Mr. Raymond Farhat	x	x	x	x
Mr. David S. Sobanjo	✓	✓	✓	✓
Mrs. Ahlam Bennani	✓	✓	✓	✓
Mr. Foluso Laguda	✓	✓	✓	✓

Mrs Ahlam Bennani was also alternate to Mr. Raymond Farhat at the four meetings
n/a -not yet a member of the Committee

Corporate Governance Report (continued)

Underwriting and Risk Management Committee

Members	Meetings				
	29/02/2016	26/04/2016	26/07/2016	07/11/2016	15/12/2016
Mr. Merrick W. Oeschger	✓	✓	✓	✓	n/a
Dr. Olufemi Oyetunji	✓	✓	✓	✓	✓
Mr. Lawrence Nazare	✓	✓	✓	✓	✓
Mr. David S. Sobanjo	✓	✓	✓	✓	✓
Mr. Steve O. Iwenjora	n/a	✓	✓	✓	x
Mr. Ian A. Tofield	n/a	n/a	✓	✓	✓
Mr. Emmanuel Brule	n/a	n/a	n/a	✓	✓

n/a -not yet a member of the Committee or had resigned from the Board

Investment/Finance, General Purposes

Members	Meetings			
	01/03/ 2016	27/04/ 2016	26/07/ 2016	07/11/ 2016
Mr. Raymond Farhat (Chairman)	x[1]	✓	x[2]	x[3]
Ms. Ahlam Bennani	✓	✓	✓	✓
Mr. Foluso Laguda	✓	✓	✓	✓
Mr. Paul O. Kokoricha	n/a	✓	✓	✓
Mr. Steve Iwenjora	n/a	✓	✓	✓
Dr, Olufemi Oyetunji	✓	✓	✓	✓
Mr. Lawrence Nazare	✓	✓	✓	✓

[1]Mrs Ahlam Bennani was also alternate to Mr. Raymond Farhat
[2]Mrs Ahlam Bennani was also alternate to Mr. Raymond Farhat
[3]Mr. Merrick Oeschger was alternate to Mr. Raymond Farhat
n/a -not yet a member of the Committee

4.2 Ad-Hoc Committees

Ad-Hoc Building Committee

The Committee is charged with reviewing reports and proposals in respect of the development of the Company's properties and making recommendations to the Board. The Committee held several meetings during the year. Members of the Committee are; Mr. David S. Sobanjo (Chairman), Dr. Femi Oyetunji, Mr. Lawrence Nazare, Mr. Paul Kokoricha and Mr. Merrick Oeschger (resigned w.e.f November 8, 2016)

Project Alpha 2020 Steering Committee

Terms of reference

- Strategic Diagnostic and Review
- Market Attractiveness - Financial Assessment
- Strategic Opportunities & Recommendations
- Governance & Organization
- Capitalisation
- Investment Strategy
- Financial Modelling
- Group Structure

The Committee comprises Dr. Femi Oyetunji (Chairman), Mr. Lawrence Nazare, Mr. Steve Iwenjora, Mrs. Ahlam Bennani and Mr. Foluso Laguda.

The Chairman of each of the Committees reports to the Board on the deliberations of the Committees while minutes of meetings of all the Committees are circulated to all the Directors.

Other ad-hoc Committees are set up from time to time and as the need arises to address specific issues.

5. Audit Committee

The Committee comprises six members, made up of three representatives of the Board namely: Mr. David S. Sobanjo, Mrs Ahlam Bennani and Mr. Foluso Laguda, and three representatives of shareholders elected at the last Annual General Meeting namely: Mr. Wole Oshin (Chairman), SONAR-Burkina Faso represented by Mr. Justice K. Kambou and I & I Investment represented by Mr. Blakey O. Ijezie. The Committee is a statutory Committee established in accordance with the provisions of Section 359, subsections 3 and 4 of the Companies and Allied Matters Act CAP C20, Laws of the Federal Republic of Nigeria (LFN) 2004 which provides for an equal number of Directors and representatives of shareholders of the Company subject to a maximum number of six members.

The representatives of the Board on the Committee are Non-Executive Directors.

Terms of reference of the Committee

- Reviewing the scope and planning of audit requirements;
- Reviewing the accurateness of data and information provided in audited financial Reports;
- Reviewing the Management Letter on the Audit of the Financial Statements;
- Keeping under review the effectiveness of the Company's system of accounting and internal control;
- Reviewing the procedure put in place to encourage whistle blowing;
- Considering and reviewing major changes in accounting policies;
- Reviewing quarterly internal audit reports;
- Making recommendations to the Board regarding the appointment, removal and remuneration of the external auditors of the Company;
- Reviewing interim and audited financial statements and ensuring that they are in line with regulatory requirements and are in accordance with acceptable accounting standards.

Meetings of the Committee

The Committee held four meetings during the year and effectively discharged its statutory duties and responsibilities. In line with the above terms of reference, the Committee reviewed (i) audited and interim financial statements; (ii) the management letter on the audit of the financial statements; (iii) the scope and planning of audit requirements; (iv) quarterly internal audit reports and (v) made recommendations to the Board regarding the appointment and remuneration of the external auditors of the Company. The Committee reviewed and made recommendations to the Board regarding the remuneration of the external auditors of the Company. The Group Managing Director, the Executive Director, the CRO and Heads of Finance and Internal Audit were in attendance at all meetings of the Committee.

Record of attendance at the meetings

Members	Meetings			
	29/02/2016	26/04/ 2016	26/07/ 2016	24/10/2016
Custodian & Allied Insurance Plc represented by Mr. Wole Oshin (Chairman)	✓	✓	✓	✓
SONAR - Burkina Faso represented by Mr. Justice K. Kambou [1]	n/a	n/a	n/a	✓
I & I Investment represented by Mr. Blakey O. Ijezie	✓	✓	✓	✓
Mr. David S. Sobanjo	✓	✓	✓	✓
Mrs Ahlam Bennani	✓	✓	✓	✓
Mr. Foluso Laguda	✓	✓	✓	✓

[1]Mr. Denis Ouedraogo was the representative of SONAR-Burkina Faso on the Committee when the meetings of 29/02/16, 26/04/16 and 26/07/16 were held and in view of his non -attendance at meetings of the Committee was replaced was by Mr. Justice Kambou as the representative of SONAR on the Committee when the company was re-elected a member of the Committee at the Annual General meeting held on 27/07/16

6. Company Secretary

The Company has a well-structured Company Secretarial department and all the Directors have access to the advice and services of the Company Secretary. The company secretary assists the Board and management in implementing the codes of corporate governance and is responsible for ensuring adherence to Board procedures and that the Company complies with applicable rules and regulations. She is responsible for designing 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.

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 Company Secretary/ Head of Corporate Services, the Heads of ICT, Human Resources, Internal Audit, Technical Accounting/Credit Control, Technical Training & Quality Assurance, and the Managing Directors of the Company's subsidiaries. The Committee meets monthly to review the performance of each unit, regional offices and subsidiaries.

Executive Committee

The Committee comprises the Group Managing Director/CEO (Chairman), the Executive Director/Group Head of Operations, the CFO, the Chief Risk Officer and other key management staff. The Committee assists the Group Managing Director/CEO to manage the strategic decisions of the Board, chart and define corporate strategies, define business goals and objectives; make recommendations on major policies to the Board for approvals as required through the relevant Board Committees; 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 controls.

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

8. Remuneration

8.1 Non-Executive Directors

The remuneration of Non-Executive Directors is by way of Directors' fees as approved from time to time based on the recommendation of the Board. The Non-Executive Directors are also 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. Non-Executive Directors on Ad-Hoc Committees receive sitting allowance for attendance at meetings of the Committee.

The Board undertakes a peer review of compensation and remuneration of Directors every two years to ensure that the Company remains competitive.

8.2 Executives

The Group Managing Director, Executive Director and other key executives are paid remuneration as agreed and provided in their contracts of employments. The remuneration package comprises a mix of fixed pay and performance related element and is approved by the Board on the recommendation of the Corporate Governance, Nomination and Remuneration Committee. 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. The Board also approves annual increments and benefits on the recommendation of the Corporate Governance, Compliance & Establishment Committee. Executive Directors do not receive Director's fees and sitting allowance paid to Non-Executive Directors.

The Company's policy on remuneration of the Group Managing Director and other senior executives is formulated to attract, retain and compete for talents locally and internally. The policy is also formulated to motivate and enhance commitment of Directors and senior executives and improvement in their productivity impacting positively on overall company's performance.

9. Directors' Code of Conduct

The code has been formulated to promote ethical and honest behavior of Directors and Directors are required to adhere to the principles as laid down in the code and to maintain the highest standards of professional and ethical conduct in the discharge of their duties for the success of the business.

10. Employee Code of Conduct

The Company has a clearly defined Code of Conduct and ethical standards that guides employees' behaviours. The Code of Conduct and Ethics are documented, communicated, and signed by all employees as a confirmation that they have read and understood the contents. Compliance to the Code of Conduct and Ethics is monitored and non-compliance is not tolerated. There is a disciplinary procedure for any confirmed breach of the code.

Corporate Governance Report (continued)

11. Conflict of interest

The Company's Conflict of Interest Policy specifies a number of principles to be followed by the Board and 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 for a Director to abstain from discussions and voting on any in which the Director has or may have conflict of interest. No real or potential or perceived conflict of interest situation was disclosed during the year.

12. Insider trading and dealing in Company's shares

The Company's Securities Trading Policy prohibits insider trading or insider dealing and 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 sets out guidelines on the purchase and sale of securities of the Company in issue and that may be issued from time to time. It is to assist Directors, employees 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 policy

The Company's human resources policies are in line with international best practices. They are documented and are appropriately communicated to all employees. The policies are reviewed regularly to ensure continued compliance with international best practices and are aimed at attracting high talents to the Company as well as motivating and retaining best talents in the Company.

14. 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. Many of the operational decision making responsibilities were delegated to the Executive Management led by the Group Managing Director/CEO, with authority to sub-delegate and power to manage the Company's and the Group's business subject to the Articles and other regulations of the Company and the subsidiaries and with appropriate structures in place for the authorities delegated.

15. Succession Planning

The Company has a succession planning framework approved by the Board. The succession plan, which is subject to review annually, is designed to ensure availability of suitable talents for key positions at all times. The succession planning framework defines the process of identifying successors and specifies developmental initiatives to prepare successors for future higher responsibilities.

16. Staff Gender distribution

Staff distribution by gender for the group is as shown below:

Category of Staff	Total number of staff	Male	%	Female	%
Senior Staff	32	13	41	19	59
Management	36	26	72	10	28
Senior management	16	12	75	4	25
Total	84	51	61	33	39

17. Anti-bribery and corruption policy

The Company supports the United Nations Convention Against Corruption and has zero tolerance to corruption and corrupt practices. It is totally committed to complying with anti-corruption laws in all its various locations and as part of its commitment, has in place an Anti-Bribery and Corruption Policy with internal controls and procedures to verify every transaction undertaken by the Company and to report any incidence of corrupt practices or suspicious activities. The policy prohibits bribery and corrupt practices generally and prevents the making or offering of payments to a company, a government official or any other person in order to obtain or keep business or to obtain some other benefit for the Company or an employee of the Company. The Board and individual Directors are committed to transparent dealings. There was no incidence of corruption or corrupt practices during the year.

18. Whistle-blowing policy

As part of the Board's commitment to transparent dealings and the establishment of a culture of integrity, the Company has a Whistle Blowing Policy and Procedures that encourage honest whistleblowing. The Policy and an on-line mechanism for reporting any illegal or unethical behavior have been uploaded on the Company's website. Under the policy, a whistle blower who, in good faith, reports suspected violations or attempted violation of the Policy or who reports a request or offer of a corrupt payment is protected. The policy also provides for protection against harassment or victimization of employees who report genuine concerns, malpractice or illegal acts or omissions by Directors and employees.

19. Corporate Social Responsibility (CSR)

In keeping with its tradition of donations towards various charities, the Company, in 2016, continued to seek out collaborations for social responsibilities throughout its various locations devoting a total of NGN NGN5,771,300.00 to various programs and initiatives.
The donations were tailored to fit the needs of the local stakeholders in the various locations, the key ones outlined below:

- SOS Children's Village, Nigeria
- Centre Des Handicapes Moteurs Don Orione, Abidjan, Côte d'Ivoire

Social responsibilities by the Kenyan subsidiary:
- Rotary Club, Kenya
- Micro Insurance Campaign, Kenya
- Staff cancer screening program, Kenya

19. Corporate Social Investment

Recognizing Excellence: Pan-African Reinsurance Journalism Awards

Following the success of the inaugural 'pan-African Re-Insurance Journalism Awards' which were launched in 2015, Continental Reinsurance continued to invest in this group-wide initiative as part of its Corporate Social Investment (CSI). This is a demonstration of one of the ways in which the Company takes an active role in the advancement and development of others. The educational element of the CSI strategy ties in with insurance becoming more popular in African countries and therefore the need for the development of further technical capacity and understanding of the industry by the media.

The second edition of 'The pan-African Re-Insurance Journalism Awards' was announced in 2016. Our aim with the Journalism Awards is to improve and develop insurance and reinsurance reporting in Africa, encourage journalists to develop their knowledge and expertise, as well as recognize the outstanding work and contributions of journalists across Africa. The winners of the second edition will be announced during an event planned for April 2017.

20. Training and seminars

At Continental Re, we deploy resources into the development of our clients and partners through our various technical trainings in the form of seminars and workshops. These are clearly thought-out and carefully planned programs following a critical analysis of the knowledge gaps among our clients in the different markets we serve. Our guiding philosophy in doing this is premised on our belief that we have a social responsibility to assist our markets in deepening their technical knowledge of the business.

In 2016, we organized training programs which cut across different technical topics such as engineering and property insurance, life assurance, oil and gas insurance, liability insurance and reinsurance. These programs were all well-attended by practitioners in the different markets where they were held.

21. UN-Principles of Sustainable Insurance (UN-PSI)

Continental Re's 'signatory status' to the United Nations' Principles of Sustainable Insurance (UN-PSI) is in keeping with the Company's value statements.

We envision sustainability as one of the core purposes of our brand promise and thus continue to proactively integrate environmental, social and governance concerns into the Company's mission through various sustainability touch points among them:

- Commitment to the Company's core values;
- Continuously evaluating business practices;
- Creating long-term value;
- Advocacy on various platforms across the Continent for a greater appreciation by the African insurance sector of the role of risk management considerations.

The UN-Principles of Sustainable Insurance are:

1. **Principle 1:** "We will embed in our decision-making environmental, social and governance issues relevant to our insurance business."
2. **Principle 2:** "We will work together with our clients and business partners to raise awareness of environmental, social and governance issues."
3. **Principle 3:** "We will work together with governments, regulators and other key stakeholders to promote widespread action across society on environmental, social and governance issues."
4. **Principle 4:** "We will demonstrate accountability and transparency in regularly disclosing publicly our progress in implementing the Principles."
   Source: http://www.unepfi.org/psi/the-principles/

21.1 Risk Management

Risk Management is an intrinsic function of the Company. As required by National Insurance Commission (NAICOM), Continental Re has a Group Risk Management Function (RMF) that is headed by a Group Chief Risk Officer (GCRO). The RMF also includes actuarial services. Continental Re makes use of professional Actuaries to validate financial projections as well as reserving methodology, retrocession and capital adequacy in line with NAICOM's requirements. Although, the GCRO is responsible for the leadership and coordination of the group's RMF, Continental Re's risk management is built on the three lines of defense framework. Therefore, Continental Re's business units and functions are the first line of defense 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 being the second line of defense and internal audit, the third.

Managing uncertainties and improving performance

Continental Reinsurance has adopted a disciplined approach to risk. It is important that in a diversified organization like ours, we adhere to our strategic objectives and only accept risk for which we can be adequately compensated.

In the last few years, the Board and senior management have continued to invest significant time and resources in identifying, assessing and treating specific risks across the Group, and in developing a culture of balanced risk minimization with innovative product improvement. The Group has formal risk framework processes in place through which threats and opportunities are identified and associated treatment measures are proposed and implemented. These processes are driven by the Group Risk & Actuarial team led by the Group Chief Risk Officer based in Lagos with actual application led by Senior Managers, Regional Directors, Managing Directors of subsidiaries and Directors, who are best placed to identify the significant ongoing and emerging risks facing the business.

Corporate Governance Report (continued)

The outputs of these processes are subject to various levels of review and validations by the Group Internal Audit and our external ERM partner (Conrad Clark Nigeria Ltd). A consolidated risk update with potential likelihood, consequences and time velocity of these risks is reviewed by the Board of Directors on a quarterly basis.We evaluate risk at the individual transaction level, and evaluate aggregated risk at the customer, industry and geographic level, where appropriate.

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. Our significant risk categories encompass the following;

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 counterparty credit control limits and the risk limits and controls per authorized investments including the limitations on credit rating, interest, liquidity, and currency risk exposures.

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.

• 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 Continental Re is obliged to pay. This risk could arise from inadequate pricing, human error and/or provisioning assumptions. Continental Re has a well-documented underwriting guideline for all our classes of businesses. The guideline sets out the Company's underwriting procedures on how to manage and oversee technical operations in the core business.

• Reputational Risk;

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

There are many risks that affect the Company's capital management, therefore, Continental Re is in the process of fully implementing Guy Carpenter's Metarisk which is an integrated model that delivers comprehensive underwriting, reserve, catastrophe, credit and investment risk capabilities to meet the rigorous demands of Enterprise Risk Management.

Continental Re's strategic plan is derived from the Company's 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.

22. Relations with shareholders

The Company has consistently maintained good communications with shareholders. None of the shareholders is given preferential treatment or superior access to information or other matters. All shareholders of the Company have equal rights regardless of the number of shares held, are treated fairly and are provided with full and timely information about the Company's performance and strategies. This is achieved through the release of quarterly, half yearly and annual financial results in the local press, media releases for strategic announcements and distribution of annual report and corporate brochure, features, advertisements, press interviews, corporate opinion on topical issues etc. The quarterly, half yearly and annual financial results are promptly displayed on the Company's website. Other information is also available on the Company's website and its social media platforms. Annual General Meetings of the Company are conducted in an open manner and shareholders are given sufficient time and opportunity to participate fully at the meetings. Comments/suggestions of shareholders at the meetings are considered by the Board and immediate action taken where appropriate.

Queries and requests for information or clarification by shareholders are promptly dealt with and following the release of the Company's annual and quarterly results, meetings are held with a number of institutional shareholders to discuss the results. The Board and management also meet with shareholders upon request.

23. External auditors

Having completed their five-year tenure, Ernst & Young ceased to be the Company's auditors with effect from July 27, 2016 and PricewaterhouseCoopers were appointed external auditors of the Company with effect from the same date. The procedure for the engagement of the new of the new auditors was transparent.

During the year and before being appointed as auditors, the Firm was engaged by the Company to prepare transfer pricing document which forms the basis for allocation of shared costs between the Company and its subsidiaries. The assignment has since been concluded.

The external Auditors are independent of the Company's officers, Board members and their families and apart from the above did not render any other service to the Company outside of their statutory obligation.
The remuneration of the auditors is disclosed in *Note 6.2* of the consolidated financial statements.

24. Compliance with regulatory requirements

The Company complied with the Post-listing requirements of the Nigerian Stock Exchange (NSE) and regulatory requirements of the National Insurance Commission (NAICOM) and the Securities & Exchange Commission (SEC) as well as the Codes of Corporate Governance and maintains its commitment to achieving maximum compliance with Statutory and other regulatory requirements. In order to ensure the effectiveness of the Company's compliance system, the Company has put in place a compliance risk register as well as a compliance reporting template. 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 the quarterly internal audit reports and quarterly compliance reports detailing the Company's level of compliance and sanctions imposed, if any, prepared by the Chief Compliance Officer and the internal audit reports.

The following penalties were paid during the year:

SEC

The sum of NGN 5,750,000 for late filing of audited financial statements for the years 2013 and 2014 and unaudited results for quarter 1, 2015.

NAICOM

NGN 500,000 for omission to attach to the 2016 retrocession programme, details of the financial strength rating of foreign reinsurers and Board resolution on Approved Maximum Exposure on Aviation Risk.

25. Internal audit

The Group internal audit process is risk based. The internal audit unit has developed an annual risk based audit plan which is based on the result of the Group's risk assessment. The internal audit Charter was reviewed during the year. The Charter clearly defines the authority and responsibilities of the internal auditing activities in line with recent developments in the industry and the organization. The internal audit unit is headed by a professionally qualified accountant who reports directly to the Audit Committee and has a line of communication with the GMD/CEO. The unit assists the Directors and management to maintain effective controls through reviews of processes and procedures and makes recommendations for enhancement and improvement. The evaluation of internal controls put in place encompass 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. It also provides independent 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, the regional offices in Abidjan and Cameroon, the subsidiaries in Botswana and Kenya. 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. No major breaches of internal controls and procedures were identified during the year.

The internal audit unit enjoyed full co-operation of Management during the year and independence of the unit was unimpaired during the period.

26. Communication

26.1 External Communication

Communicating fundamental precepts of the Continental Reinsurance brand is a key objective of the Company. Based on audience needs and key messages, a range of mechanisms and tools are used to distribute outgoing communication while keeping a strategic focus on all communication. These include the following:

Website: The website is our primary tool for distributing outgoing information to a broad audience. Information about Continental Re's goals, governance, quarterly results and current news items are maintained and updated regularly on the website.

Company literature: The Company produces various literature that provide information about its plans, achievements, and activities. Documents such as annual reports, client brochures, fact sheets and newsletters are provided to clients, shareholders, and other stakeholders with current information about the Company's activities, performance and plans. Literature for outgoing communication is also distributed internally, to all staff and Board members.

Media communication: Media releases are developed and distributed appropriately to announce results, strategic information, activities or news items.

26.2 Internal Communication

As the Company continues to grow and its positioning is refined, various communication tools and mechanisms are used to communicate with staff for the purpose of achieving the Company's objectives. The aim is to ensure

Corporate Governance Report (continued)

clear, consistent and equitable communication to help center the Company on its mission. All communications are presented in English language and/or French languages.

The various channels / tools used are meetings (one-to-one, management, departmental, and general staff meetings), e-mail, newsletters, intranet, Skype for business, website, social media, telephone, printed literature, press material, and notice boards.

27. Complaints Management Policy

The policy was formulated to establish an effective and efficient complaints management system that is based on accountability, responsiveness, confidentiality, fairness and transparency and provides details on
(i) types of complaints;
(ii) the process for lodging of complaints; and
(iii) the system of handling complaints.
Only one complaint was received from a shareholder during the year and was promptly treated. The policy can be found on the Company's website.

LEADERSHIP & INTEGRITY

SOCIETY FOR CORPORATE GOVERNANCE NIGERIA

8 Ongeion Road, Palace Way, Oniru, P.O.Box 73002, Victoria Island, Lagos.
Phone: +234 8158390739, 8158390740
Website: www.corpgovnigeria.org

BOARD EVALUATION REPORT FOR THE BOARD OF CONTINENTAL RE-INSURANCE PLC

EXECUTIVE SUMMARY

The Society for Corporate Governance Nigeria was invited to conduct an independent evaluation/assessment of the Board of Continental Reinsurance for 2016, in April, 2016.

Below is a summary of our findings:

With a history of over 25 years, Continental Reinsurance Plc. prides itself on being the 'torch bearer' of the African Reinsurance sector, developing an extensive network of offices to reach clients across Africa. With a culture of accountability, and transparency in managing environmental, social and governance issues throughout its business, the company has grown a diversified portfolio in more than 44 countries, adding value, and developing enduring partnerships premised on 'Pan-African commitment made local'.

The company was incorporated in 1985 starting business as a private reinsurance company in Nigeria. From January 1987, the company began operating as a general reinsurer and later a composite reinsurer in January 1990, offering both treaty and facultative Life and Non-Life reinsurance, with a well-diversified business mix and customer base. The company continues to operate as an international company managed by seasoned professionals, complying with international standards and best practices.

The main responsibility of the Board of Continental Reinsurance Plc. is to oversee the company's business strategy and business plan and to ensure that the management of the Company is consistent with the shareholders' resolution and in compliance with the law.

The Board is made up of Directors who are competent and experienced with sound knowledge of business issues and experienced in the insurance sector.

The Chairman of the Board has fostered an environment that encourages and supports the active participation and contribution of Board members at meetings.

Peer assessment results showed that the Directors' main areas of strength are Finance, Reinsurance and Management both in the Board and Committees and the Director's knowledge and understanding spanning across their diversity, experience and resounding knowledge.

The company corporate has a comprehensive Corporate Governance policy, Board and Committee Charters, Board Guidelines, Code of Business Conduct for Directors and Employees, Crisis

Management Plan, Anti Money Laundering Policy, Anti-Bribery & Corruption Policy, Securities Trading Policy, Strategy Documents, Succession Plan, Evidence of attendance of Development Programmes and Whistle Blowing Policy. All the policies and other documents were sighted and assessed for content and relevance and were found to be way above average.

In view of this, we rate the board '**good**' in regulatory compliance, accountability and transparency.

In our opinion, The Board of Directors of Continental Reinsurance Plc has taken its oversight responsibility very seriously. This is demonstrated by the attendance at Board and Committee meetings of the Directors and the depth of discussions and resolutions arrived at during these meetings.

In the period under review, the Board met Five (5) times.

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 2016.

For: **SOCIETY FOR CORPORATE GOVERNANCE NIGERIA**

Hilda Nkor (Mrs.)
FRC/2016/NIM/00000015618
Chief Executive Officer

Audit Committee's report

To the members of Continental Reinsurance Plc

In accordance with the provisions of Section 359(6) of the Companies and Allied Matters Act, CAP C20, LFN 2004 members of the Audit Committee of Continental Reinsurance Plc hereby report on the financial statements of the Company for the year ended December 31st, 2016 as follows:

- The scope and plan of the audit for the year ended December 31st, 2016 were adequate.
- We have reviewed the financial statements and are satisfied with the explanations obtained.
- We have 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.
- We are of the opinion that the accounting and reporting policies of the Company are in accordance with legal requirements and ethical practices.

The external Auditors confirmed having received full co-operation from the Company's management in the course of their statutory audit and that the scope of their work was not restricted in any way.

Mr. OKWUDILI IJEZIE
FRC/2014/ICAN/00000007509
For: Chairman, Audit Committee

January 31, 2016

Members of the Audit Committee

Custodian & Allied Insurance Plc represented by
Mr. Wole Oshin
Shareholder (Chairman)

SONAR - Burkina Faso represented by
Mr. Justice K. KAMBOU
Shareholder

I & I Investments Ltd represented by
Mr. Okwudili Blakey Ijezie
Shareholder

Mr. David S. Sobanjo (resigned w.e.f December 20, 2016)
Director

Mrs. Ahlam Bennani
Director

Mr. Foluso Laguda
Director

Growth in shareholders fund

27%

5

FINANCIAL STATEMENTS


Income

Statement of Directors' Responsibilities

in relation to the consolidated and separate financial statements for the year ended 31 December 2016

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:

i. 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;

ii. establish adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and

iii. 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 No.6, 2011.

The Directors are of the opinion that the consolidated financial statements give a true and fair view of the state of the financial affairs of the Company and 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 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 Chairman	Dr. Olufemi Oyetunji Group Managing Director/CEO
31 January 2017	31 January 2017

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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 2016, 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 Nigerian 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 financial position as at 31 December 2016;
- the consolidated and separate statements of comprehensive income for the year then ended;
- 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 Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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.

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

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Key audit matter	How our audit addressed the key audit matter
Valuation of insurance contract liabilities – N13.7 billion The valuation of the group's insurance contract liabilities is dependent on a number of assumptions about future experience. Judgement arises over the estimation of payments for claims that have been incurred at the reporting date but have not been reported to the group. For the group's life insurance contract liabilities, some of the economic and non-economic actuarial assumptions used in valuing insurance contracts are judgemental. Such assumptions include persistency (the retention of policy over time), mortality and morbidity (the expectation of how long an annuity policyholder will live and how that may change over time), expenses (future expenses incurred to maintain existing policies to maturity) and discount rates. The estimation of non-life insurance contract liabilities involves a significant degree of judgement. The liabilities are based on the best-estimate ultimate cost of all claims incurred but not settled at a given date, whether reported or not. The cost of outstanding claims is determined by using a range of standard actuarial claims projection techniques. These techniques are based on a number of implicit and explicit assumptions relating to the expected settlement amount and pattern of claims settlement. See Notes 2.4 and 24 to the consolidated financial statements.	We tested the design, implementation and operating effectiveness of the key controls over the reserving process including a review of the valuation methodology to confirm compliance with IFRS. We tested controls and performed detailed substantive testing over claims settlement. This is because historical claims data is a key input to the actuarial estimates. We assessed the competence, independence and objectivity of management's external actuarial experts. We employed the services of our actuarial experts in reviewing the methodology used by the group in determining reasonableness of the group's valuation of its insurance contract liabilities. We tested the appropriateness of the underlying data used in the actuarial valuations through performing checks between the data recorded in the financial statements and actuarial data used by our specialists in performing their test. We evaluated the actuarial assumptions used in the valuations to determine whether these are appropriate and in line with actual experience. We challenged management's rationale for the judgements applied and any reliance placed on industry information. For example, for mortality, morbidity and expenses, we considered recent experiences and the appropriateness of the judgement applied by management on how future experience will evolve.
Valuation of reinsurance receivables – N10.6 billion The valuation of the group's reinsurance receivables, in respect of the ceded part of the insurance business as detailed in Note 15 to the financial statements requires significant judgement to reflect the credit risk exposure to long term receivables. The Prudential Guidelines for Insurance and Reinsurance Companies (2015) stipulate that impairment of reinsurance receivables should be in accordance with the requirements of the International Financial Reporting Standards.	We considered the valuation methodology used by management in accordance with IFRS principles. We adopted a substantive approach in order to assess the recoverability of the reinsurance receivables. We tested the relevance and reliability of data used by management in its impairment methodology by comparing the data against supporting documentation. We assessed the reasonableness and appropriateness of the impairment methodology and assumptions used in testing the recoverability of the reinsurance receivables.

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Key audit matter	How our audit addressed the key audit matter
Management's impairment model considers the ageing of its reinsurance receivables along with other aspects of the reinsurance business including collection history, payables to retrocessionaires as well as unprocessed claims with right of set off and the financial condition of the debtor. See Notes 2.15, 6.3 and 15.1 to the consolidated financial statements.	In particular, we evaluated the historical collection data relating to the ageing of the company's reinsurance receivables, existing relationships and reinsurance contract agreements and financial condition of the debtors.

Other information

The directors are responsible for the other information. The other information comprises the *Director's report, Audit committee's report, Statement of Directors' Responsibilities, 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 *Chairman's statement, Group managing director's overview, 2016 financial year business review, Corporate governance report and Share capital history*, 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 express 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 annual accounts, 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 (IFRS) and the requirements of the Companies and Allied Matters Act, the Nigerian Insurance Act and the Financial Reporting Council of Nigeria Act, and for such internal control as management determines 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, management is 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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

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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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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

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matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

The Companies and Allied Matters Act requires 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 statements of financial position and comprehensive income are in agreement with the books of account.

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
36/ICAN
0102667

Obioma Ubah

For: PricewaterhouseCoopers
Chartered Accountants
Lagos, Nigeria
Engagement Partner: Obioma Ubah
FRC/2013/ICAN/00000002002

21 February 2017

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 2016 were authorised for issue in accordance with a resolution of the Directors on 31 January 2017.

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 (this was converted to a subsidiary in January 2013) and Abidjan Cote d' Ivoire in March 2012. In 2014, the Company acquired a subsidiary in Gaborone, Botswana. 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 and Continental Reinsurance Limited, Botswana ("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.

2.2.2 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. The disclosures on risks from financial instruments are presented in the financial risk management report contained in Note 42.2

2.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2015. 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

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 equity securities at fair value available for sale financial instrument in line with the accounting policies as set out in the statement of significant accounting policies

See note 14.1 for sensitivity analysis on level 3 financial instruments

The carrying value of level 3 financial instruments for the Group and Company is N1,038,489 (2015: N1,105,472).

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.

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.

See note 42.1.1 for sensitivity analysis on valuation of life insurance contracts

The carrying value at the reporting date of life insurance contract liabilities for the Group is N1,938,205,000 (2015:N1,522,370,000) and Company N1,588,966,000 (2015: N1,365,204,000).

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")

Statement of significant accounting policies (continued)

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.
See note 42.1.1 for sensitivity analysis on valuation of non-life insurance contracts

The carrying value at the reporting date of non-life insurance contract liabilities for the Group is N11,807,109,000 (2015: N9,559,583,000) and Company N8,548,182,000 (2015: N7,788,359,000).

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.

See note 15.2 for sensitivity analysis pipeline premium

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 N3,169,706 (2015: N2,569,966,000) and Company N2,525,279,000 (2015: N2,095,207,000).

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 N309,797,000 (2015: N72,908,000) and Company N202,898,000 (2015: N68,777,000). 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 N383,857,000 (2015: N278,372,000) and Company N336,008,000 (2015: N278,372,000).
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 2016. A valuation methodology based on discounted cash flow model was used as there is a lack of comparable market data because of the nature of the properties.

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 N2,868,728,000 (2015: N2,685,646,000) and Company N2,868,728,000 (2015:N2,685,646,000).
See note 20.2 on sensitivity analysis on investment properties

2.5 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.

c. 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.

d. 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.

2.6 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

Amendments to the following standard(s) became effective in the reporting period from 1st January, 2016. They do not have any material impact on the accounting policies, financial position or performance of the Company.

Amendments to IFRS 11 - Accounting for Acquisitions of Interests in Joint Operations

Amendments to IFRS 11 Joint Arrangements require an acquirer of an interest in a joint operation in which the activity constitutes a business (as defined in IFRS 3 Business Combinations) to:
- apply all of the business combinations accounting principles in IFRS 3 and other IFRSs, except for those principles that conflict with the guidance in IFRS 11
- disclose the information required by IFRS 3 and other IFRSs for business combinations. The amendments apply both to the initial acquisition of an interest in joint operation, and the acquisition of an additional interest in a joint operation (in the latter case, previously held interests are not remeasured).

The Company does not have any interest in joint operations and does not plan to acquire interests in same.

Amendments to IAS 1 - Presentation of financial statements

Amendments to IAS 1 is to clarify guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.
These amendments are intended to assist entities in applying judgement when meeting the presentation and disclosure requirements in IFRS, and do not affect recognition and measurement. The amendment does not in any way affect the company nor its financial statements and accounting policies.

Amendments to IAS 27 - Separate financial statements

Amendments to IAS 27 is to restore the option to use the equity method to account for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements. The amendment does not affect the company nor its financial statements and accounting policies.

Amendments to IAS 16 – Property, plant and equipment

Amendments to IAS 16 is to clarify that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefit embodied in the asset. The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits in an intangible asset. The Company's property, plant and equipment are depreciated using the straight line method and is therefore not impacted by the amendment.

IAS 38 – Intangible assets

Amendment to IAS 38 introduced a rebuttable presumption that a revenue-based amortization method for intangible assets is inappropriate for the same reasons as stated in amendment to IAS 16 above. The amendment stated that there are limited circumstances where the rebuttable presumption can be overcome. This is when the intangible asset is expressed as a measure of income and when it can be demonstrated that revenue and consumption of economic benefits of the intangible asset are highly correlated although there are no clear details as to the admissible evidence that is required to overcome the presumption. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of Company's intangible asset, hence the amendment does not impact the Company.

IAS 41 – Agriculture and IAS 16 – Property, plant and equipment

The amendment seeks to move biological assets that meet the definition of a "Bearer Plant" (e.g. Fruit trees) away from the fair value measurement approach as prescribed by IAS 41, Agriculture and bring it within the scope of IAS16, Property, Plant and Equipment. This will enable entities to measure bearer plants at cost subsequent to initial recognition or at revaluation. The amendment also introduced an appropriate definition of a bearer plant. The Company does not have any operational business related to Agriculture and therefore is not in any way impacted by the standard or its amendments.

IFRS 14- Regulatory deferral accounts

IFRS 14 is designed as a limited scope Standard to provide an interim,

Statement of significant accounting policies (continued)

short-term solution for rate-regulated entities that have not yet adopted International Financial Reporting Standards (IFRS). Its purpose is to allow rate-regulated entities adopting IFRS for the first-time to avoid changes in accounting policies in respect of regulatory deferral accounts until such time as the International Accounting Standards Board (IASB) can complete its comprehensive project on rate regulated activities. This standard would not have an impact on the Company as it is not a first time preparer of IFRS financial statements. This is in addition to the fact that the regulators of the countries where we operate do not allow creation of any regulatory deferral account.

Amendments to IFRS 10 - Consolidated financial statements

The amendments address issues that have arisen in applying the investment entities exception under IFRS 10. The amendments to IFRS 10 clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value. Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. These amendments do not have any impact on the Company as no member of the Company is an investment entity.

Amendments to IFRS 7 - Financial instruments: Disclosures

Amendments to IFRS 7 is to remove the phrase 'and interim periods within those annual periods' from paragraph 44R, clarifying that offsetting disclosures is not required in the condensed interim financial report. However, if the IFRS 7 disclosures provide a significant update to the information reported in the most recent annual report, an entity is required to include the disclosures in the condensed interim financial report.

Amendments to IAS 19 - Defined Benefit Plans: Employee Contributions

Amendment to IAS 19 is to clarify that high quality corporate bonds used in estimating the discount rate for post employment benefits should be denominated in the same currency as the benefits to be paid (thus, the depth of the market for high quality corporate bonds should be assessed at currency level).

Amendments to IAS 34 – Interim Financial Reporting

IAS 34 to clarify that the required interim disclosures must either be in the interim financial statements or incorporated by cross reference between the financial statements and wherever they are included within the greater interim financial report (e.g. management commentary or risk report).

Amendments to IFRS 5 - Non Current Asset Held for Sale and Discontinued Operations

IFRS 5 with specific guidance on changes in disposal methods, for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases for which held for distribution accounting is discontinued. The amendment clarifies that changing from one of these disposal methods to the other should not be considered to be a new disposal plan, rather it is a continuation of the original plan.

2.7 Standards and interpretations issued/amended but not yet effective

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

Amendments to IAS 12 – Income taxes

Amends IFRS 12 to clarify accounting treatment for deferred tax assets for unrealised losses on debt instruments measured at fair value. The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explains in which circumstances taxable profit may include the recovery of some assets for more than their carrying amount.

IFRS 15 - Revenue from Contracts with Customers effective 1 January 2017

IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers.
The five steps in the model are Identification of the contract with the customer, Identification of the performance obligations in the contract, Determination of the transaction price, Allocation of the transaction price to the performance obligations in the contracts, and Recognition of revenue when (or as) the entity satisfies a performance obligation.

Amendments to IAS 7 - Statement of cash flows effective 1 January 2017

Amends IAS 7 to include disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment specifies that the following changes arising from financing activities are disclosed (to the extent necessary):
(i) changes from financing cash flows;
(ii) changes arising from obtaining or losing control of subsidiaries or other businesses;
(iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - deferred indefinitely

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture.
These amendments must be applied prospectively and are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Group.

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. The bank is yet to quantify the impact of this change although it is expected to lead to an increased impairment charge than recognized under IAS 39.

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 is yet to quantify the impact of these changes on its financial statements.

IFRS 16 – Leases

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).

IFRS 16 – Leases effective 1 January 2019 (continued)

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.

At this stage, the Group is not able to estimate the effect of the new rules on the group's financial statements. The group will make more detailed assessments of the effect over the next twelve months. The Group does not expect to adopt the new standard before 1 January 2019.

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.

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.

Statement of significant accounting policies (continued)

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 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.

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, depreciation and amortisation, professional fees, investment expenses and other non-operating costs.

Management expenses are those expenses that relate to underwriting business which are apportioned and charged thereto. These include salaries and emoluments of underwriting staff.

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, 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 Dividend Income
Dividends are recognised in profit or loss in 'Other income' when the entity's right to receive payment is established.

2.11.3 Realised 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.

This 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 Company classifies financial instruments, ot 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;

Statement of significant accounting policies (continued)

held-tomaturity 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. See Note 41.3(c) for valuation methods and assumptions.

The carrying value at the reporting date of available for sale financial instruments for the Group is N2,678,500,000 (2015:N2,194,682,000) and Company N2,617,332,000 (2015:N2,150,894,000).

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 individually for financial assets that are individually significant, 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 (continued)

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 the 'finance cost' in 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 '

Statement of significant accounting policies (continued)

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 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 (continued)

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. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as discounted cash flow projections or recent prices in less active markets. These valuations are reviewed annually by an independent valuation expert.

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 flow to the Group and the cost 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
Partitioning	5 years

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 2016 (2015: 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

Statement of significant accounting policies (continued)

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.

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

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.

Consolidated statement of profit or loss

and other comprehensive income

for the year ended 31 December 2016

	Notes	Group 2016 =N='000	Group 2015 =N='000	Company 2016 =N='000	Company 2015 =N='000
Gross premium written		**22,406,048**	**19,738,040**	**17,374,826**	**15,366,113**
Insurance premium revenue	1.1	25,312,994	20,679,772	18,886,156	16,092,925
Insurance premium ceded to retrocessionaires	1.2	(3,469,313)	(2,484,413)	(2,601,091)	(1,754,804)
Net insurance premium revenue		21,843,681	18,195,359	16,285,065	14,338,121
Insurance Benefits					
Insurance claims and loss adjustment expenses	2.1	11,700,591	9,043,010	9,121,698	7,069,971
Insurance claims and loss adjustment expenses recoverable from retrocessionaire	2.1	(769,465)	(289,960)	(681,132)	(156,042)
Net insurance benefits and claims		10,931,126	8,753,050	8,440,566	6,913,929
Underwriting expenses	2.2	10,498,006	7,386,606	8,217,415	6,061,365
Insurance benefits and underwriting expenses		21,429,132	16,139,656	16,657,981	12,975,294
Underwriting profit		414,549	2,055,703	(372,916)	1,362,827
Interest income	3	1,500,243	1,120,218	1,198,476	902,941
Net fair value gains on assets at fair value through profit or loss	4	15,782	11,651	3,992	8,691
Fair value gains on investment properties	4	623,082	147,107	623,082	147,107
Other income	5	451,290	604,740	440,804	527,082
Foreign exchange gain	5.1	4,067,307	467,981	4,318,190	431,038
Administrative expenses	6.2	(632,066)	(999,753)	(431,609)	(443,048)
Impairment of assets	6.3	(1,788,500)	(492,055)	(1,944,307)	(396,394)
Profit before income tax		4,651,687	2,915,592	3,835,712	2,540,244
Income tax expense	8	(1,533,052)	(772,805)	(1,320,750)	(605,857)
Profit for the year		**3,118,635**	**2,142,787**	**2,514,962**	**1,934,387**
Attributable to:					
Equity holders of the Parent		**2,924,022**	**2,002,631**	**2,514,962**	**1,934,387**
Non controlling interest		**194,613**	**140,156**	-	-
Other comprehensive income					
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:					
Remeasurement gains on available for sale financial assets	7	151,082	(111,192)	157,941	(102,499)
Reclassification adjustments to gains on available for sale financial assets included in profit or loss	7	-	(7,372)	-	(7,372)
Exchange difference on translation of foreign operation		2,205,418	(15,033)	-	-
Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods:					
Remeasurement of post employment benefits obligations	27.2	(55,760)	(153,397)	(55,283)	(133,642)
Income tax relating to component of other comprehensive income	9.1	16,585	46,019	16,585	40,092
Other comprehensive income for the year, net of tax		**2,317,325**	**(240,975)**	**119,243**	**(203,421)**
Total comprehensive income for the year		5,435,960	1,901,812	2,634,205	1,730,966
Attributable to:					
Equity holders of the Parent		5,243,748	1,764,699	2,634,205	1,730,966
Non controlling interest		192,212	137,113	-	-
Earnings per share Basic and Diluted (kobo)	10	28	19	24	19

See accompanying notes to the consolidated financial statements.

Consolidated statement of financial position

as at 31 December 2016

	Notes	Group 2016 =N='000	Group 2015 =N='000	Company 2016 =N='000	Company 2015 =N='000
Assets					
Cash and cash equivalents	11	9,346,513	7,702,575	6,538,769	5,792,358
Financial assets					
-Financial asset designated as fair value					
through profit or loss	12	2,046,334	1,224,258	96,177	104,247
-Loans and other receivables	13	391,505	364,041	296,441	302,083
-Available-for-sale investments	14.1	2,544,148	2,194,682	2,482,980	2,150,894
-Held to maturity investments	14.2	7,114,055	3,894,558	6,345,275	3,438,340
Reinsurance receivables	15	10,548,242	7,258,399	7,477,147	5,793,094
Retrocession assets	16	1,113,567	727,581	424,947	396,648
Deferred acquisition costs	17	1,532,809	1,458,436	782,628	1,107,837
Other assets	18	426,752	31,056	1,950,128	1,062,703
Investment in subsidiaries	19	-	-	1,649,571	1,649,571
Investment properties	20	2,868,728	2,685,646	2,868,728	2,685,646
Intangible assets	21	7,067	-	6,768	-
Property, plant and equipment	22	1,311,956	1,127,498	1,247,032	1,048,051
Statutory deposits	23	1,000,000	1,000,000	1,000,000	1,000,000
Total assets		40,251,676	29,668,730	33,166,591	26,531,472
Liabilities					
Insurance contract liabilities	24	13,745,315	11,081,953	10,137,148	9,153,563
Reinsurance creditors	25	2,930,857	884,117	2,568,608	847,009
Other liabilities	26	1,976,817	1,092,154	3,200,303	1,318,129
Retirement benefit obligations	27	383,857	278,372	336,008	278,372
Current income tax payable	8	692,602	722,035	631,518	648,999
Deferred tax liabilities	9	793,806	72,908	686,907	68,777
Total liabilities		20,523,254	14,131,539	17,560,492	12,314,849
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	4,003,471	3,414,608	3,754,688	3,250,484
Retained earnings	31	2,874,421	1,820,765	2,408,676	1,681,345
Available-for-sale reserve	32.1	333,265	182,183	340,912	182,971
Foreign currency translation reserve	32.2	2,088,662	(116,756)	-	-
Equity attributable equity holders of the parent		18,401,642	14,402,623	15,606,099	14,216,623
Non-controlling interest	33	1,326,780	1,134,568	-	-
Total equity		19,728,422	15,537,191	15,606,099	14,216,623
Total liabilities and equity		40,251,676	29,668,730	33,166,591	26,531,472

Chief Ajibola Ogunshola
Chairman
FRC:2017/IODN/00000016052

Dr. Olufemi Oyetunji
Managing Director/CEO
FRC/2013/NSA/00000000685

Mr. Musa Kolo
Chief Financial Officer
FRC:2012/ICAN/00000000473

See accompanying notes to the consolidated financial statements.

Consolidated statement of changes in equity
for the year ended 31 December 2016

		Attributable to the equity holders of the parent							
Group	Notes	Share capital =N='000	Share premium =N='000	Contingency reserve =N='000	Retained earnings =N='000	Available-for-sale reserve =N='000	Foreign currency translation reserve =N='000	Non controlling interest	Total equity =N='000
As at 1 January 2016		5,186,372	3,915,451	3,414,608	1,820,765	182,183	(116,756)	1,134,568	15,537,191
Profit for the year		-	-	-	2,924,022	-	-	194,613	3,118,635
Other comprehensive loss		-	-	-	(36,774)	151,082	2,205,418	(2,401)	2,317,325
		5,186,372	3,915,451	3,414,608	4,708,013	333,265	2,088,662	1,326,780	20,973,151
Transfer of contingency reserve		-	-	588,863	(588,863)	-	-	-	-
Dividends declared	26.1	-	-	-	(1,244,729)	-	-	-	(1,244,729)
At 31 December 2016		5,186,372	3,915,451	4,003,471	2,874,421	333,265	2,088,662	1,326,780	19,728,422
As at 1 January 2015		5,186,372	3,915,451	2,785,131	1,714,433	297,704	(101,723)	979,012	14,776,380
Profit for the year		-	-	-	2,002,631	-	-	140,157	2,142,788
Other comprehensive loss		-	-	-	(107,378)	(115,521)	(15,033)	(3,043)	(240,975)
		5,186,372	3,915,451	2,785,131	3,609,686	182,183	(116,756)	1,116,126	16,678,193
Transactions with owners									
Change in shareholding		-	-	-	(18,442)	-	-	18,442	-
Transfer of contingency reserve		-	-	629,477	(629,477)	-	-	-	-
Dividends declared	26.1	-	-	-	(1,141,002)	-	-	-	(1,141,002)
At 31 December 2015		5,186,372	3,915,451	3,414,608	1,820,765	182,183	(116,756)	1,134,568	15,537,191

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

Consolidated statement of changes in equity

for the year ended 31 December 2016 (continued)

		Attributable to the equity holders of the parent					
Company	Notes	Share capital =N='000	Share premium =N='000	Contingency reserve =N='000	Retained earnings =N='000	Available-for-sale reserve =N='000	Total equity =N='000
As at 1 January 2016		5,186,372	3,915,451	3,250,484	1,681,345	182,971	14,216,623
Profit for the year		-	-	-	2,514,962	-	2,514,962
Other comprehensive (loss)/income		-	-	-	-38,698	157,941	119,243
		5,186,372	3,915,451	3,250,484	4,157,609	340,912	16,850,828
Transfer of contingency reserve		-	-	504,204	-504,204	-	-
Dividends declared	26.1	-	-	-	(1,244,729)	-	(1,244,729)
At 31 December 2016		5,186,372	3,915,451	3,754,688	2,408,676	340,912	15,606,099
As at 1 January 2015		5,186,372	3,915,451	2,705,666	1,526,328	292,842	13,626,659
Profit for the year		-	-	-	1,934,387	-	1,934,387
Other comprehensive loss		-	-	-	(93,550)	(109,871)	(203,421)
		5,186,372	3,915,451	2,705,666	3,367,165	182,971	15,357,625
Transfer of contingency reserve		-	-	544,818	-544,818	-	-
Dividends declared	26.1	-	-	-	(1,141,002)	-	(1,141,002)
At 31 December 2015		5,186,372	3,915,451	3,250,484	1,681,345	182,971	14,216,623

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

Consolidated statement of cash flows
for the year ended 31 December 2016

Cash flows from operating activities	Notes	Group 2016 =N='000	Group 2015 =N='000	Company 2016 =N='000	Company 2015 =N='000
Premium received from policy holders		23,964,387	20,825,474	16,962,255	17,140,997
Retrocession receipts in respect of claims		769,465	289,960	412,653	156,042
Acquisition costs paid		(6,103,476)	(5,188,067)	(3,897,134)	(4,642,393)
Retrocession premium paid		(3,469,313)	(2,484,413)	(2,484,413)	(1,959,233)
Cash paid to and on behalf of employees		(1,667,969)	(1,063,312)	(1,299,515)	(861,001)
Other operating cash payment and receipts		(1,051,371)	(2,472,578)	(775,403)	(975,040)
Claims paid		(7,554,121)	(7,964,501)	(5,625,563)	(7,642,393)
Income taxes paid	8	(825,003)	(454,769)	(703,515)	(284,305)
Net cash generated by operating activities	34	4,062,599	1,487,794	2,589,364	932,674
Cash flows from investing activities					
Purchase of property, plant and equipment	22	(300,840)	(519,414)	(279,732)	(516,148)
Proceed from disposal of investment property		450,000	445,000	450,000	445,000
Proceeds from disposal of property, plant and equipment		8,335	7,000	7,373	7,000
Purchase of investment securities		(7,668,186)	(2,390,781)	(6,780,416)	(1,256,251)
Proceeds on redemption /sales of investments		1,383,952	2,295,084	1,383,952	1,523,571
Interest received		1,500,243	1,120,218	1,198,476	902,941
Dividend received		42,047	235,052	42,047	235,052
Net cash used in investing activities		(4,584,449)	1,192,159	(3,978,301)	1,341,165
Cash flows from financing activities					
Dividends paid to equity holders parent	26.1	(592,064)	(588,600)	(592,064)	(588,600)
Proceed from issue of shares			-	-	
Net cash used in financing activities		(592,064)	(588,600)	(592,064)	(588,600)
Net increase in cash and cash equivalents		(1,113,915)	2,091,353	(1,981,001)	1,685,239
Cash and cash equivalents at beginning of year		7,962,050	5,878,360	6,019,005	4,337,192
Effect of exchange rate changes on cash and cash equivalents		(25,744)	(7,663)	(23,355)	(3,426)
Cash and cash equivalents at end of year	35	6,822,391	7,962,050	4,014,649	6,019,005

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

Consolidated and seperate financial statements

for the year ended 31 December 2016
Notes to the consolidated financial statements

1 Revenue	Group 2016	Group 2015	Company 2016	Company 2015
1.1 Insurance premium revenue	=N='000	=N='000	=N='000	=N='000
Premium revenue arising from insurance contracts issued				
Life insurance contracts				
– Gross Premium	2,653,271	2,852,203	2,373,906	2,666,078
– Change in life unearned premium (Note 24.3)	599,554	(204,439)	599,554	(204,439)
Non life insurance contracts				
– Gross Premium	19,752,776	16,806,106	15,000,920	12,700,035
– Change in unearned premium provision	1,148,259	1,146,171	911,776	931,251
– Revenue arising from portfolio transfer during the year	1,159,134	79,731	-	-
Total Premium revenue arising from insurance contracts issued	25,312,994	20,679,772	18,886,156	16,092,925
1.2 Insurance premium ceded to retrocessionaires				
Premium revenue ceded to retrocessionaire on insurance contracts issued				
Life insurance contracts	429,860	396,546	387,955	368,627
Non life insurance contracts	3,039,453	2,087,867	2,213,136	1,386,177
Total Premium revenue ceded to retrocessionaire on insurance contracts issued	3,469,313	2,484,413	2,601,091	1,754,804
Net insurance premium revenue	21,843,681	18,195,359	16,285,065	14,338,121

2 Insurance benefits and underwriting expenses

2.1 Insurance claims and loss adjustment expenses	Group 2016	Group 2015	Company 2016	Company 2015
Life insurance contracts	1,909,819	1,499,808	1,824,536	1,413,135
Non life insurance contracts	9,790,772	7,543,202	7,297,162	5,656,836
Total cost of policyholder benefits	11,700,591	9,043,010	9,121,698	7,069,971
Insurance claims and loss adjustment expenses recoverable from retrocessionaire	(769,465)	(289,960)	(681,132)	(156,042)
Net insurance benefits and claims	10,931,126	8,753,050	8,440,566	6,913,929
2.2 Underwriting expenses				
Amortisation of deferred expenses (Note 17)	6,646,166	4,010,093	5,167,144	3,964,784
Costs incurred for the maintenance of insurance contracts	905,711	1,495,854	631,673	356,541
Management expenses (See Note 6.1)	2,946,129	1,880,659	2,418,598	1,740,040
Total underwriting expenses	10,498,006	7,386,606	8,217,415	6,061,365
Total insurance benefits and underwriting expenses	21,429,131	16,139,656	16,657,981	12,975,294

3 Interest income	Group 2016	Group 2015	Company 2016	Company 2015
Cash and bank balances interest income	806,372	589,068	640,014	421,050
Held-to-maturity and loans and receivables interest income	579,075	428,052	443,666	378,793
Statutory deposits interest income	114,796	103,098	114,796	103,098
Interest income	1,500,243	1,120,218	1,198,476	902,941

4 Net fair value gains on assets at fair value through profit or loss	Group 2016	Group 2015	Company 2016	Company 2015
Net fair value gains on financial assets designated at fair value through profit or loss	15,782	11,651	3,992	8,691
Fair value gains on investment properties	623,082	147,107	623,082	147,107
Total	638,864	158,758	627,074	155,798

5 Other income	Group 2016 =N='000	Group 2015 =N='000	Company 2016 =N='000	Company 2015 =N='000
Available-for-sale:				
– Dividends	42,886	235,631	42,047	235,052
– Gain on disposal of available-for-sale securities	115,839	93,221	115,839	93,221
Gain on disposal of property, plant and equipment	1,165	5,849	1,165	5,850
Rental income on investment properties (Note 20.1)	73,476	125,830	73,476	125,830
Others (Note 5b)	217,924	144,209	208,277	67,129
	451,290	604,740	440,804	527,082

Notes to the consolidated financial statements - Continued

		Group 2016 =N='000	Group 2015 =N='000	Company 2016 =N='000	Company 2015 =N='000
5b	Breakdown of others				
	Impairment no longer required	85,831	-	85,831	-
	Interest on staff loans	9,572	3,391	9,572	2,422
	Interest on premium/loss reserve	7,953	38,138	7,953	28,630
	Recoveries from prior year written-off sundry receivables	95,884	43,053	95,884	-
	Write back from prior year accruals	6,025	13,201	6,025	13,201
	Other sundry receipts	12,659	46,426	3,012	22,876
		217,924	144,209	208,277	67,129
5.1	Foreign exchange gain				
	Net forex gain on investment assets	1,536,588	209,784	1,520,099	203,153
	Net forex gain on foreign bank balances	296,449	35,913	294,196	34,255
	Net forex gain on reinsurances receivables/payables	2,173,249	222,284	2,223,111	193,630
	Net forex gain on retrocessionaires assets/payables	61,172	-	61,172	-
	Net forex gain on intercompany balances	-	-	219,763	-
	Forex loss arising from other transactions	(151)	-	(151)	-
		4,067,307	467,981	4,318,190	431,038
6	Operating expenses				
6.1	Management expenses				
	Employee benefits expenses	1,667,969	983,312	1,299,515	861,001
	Productivity bonus	246,221	146,861	246,221	146,861
	Overseas travelling expenses	94,195	115,563	87,206	110,574
	Other operating expenses	937,744	634,923	785,656	621,604
	Total management and administrative expenses	2,946,129	1,880,659	2,418,598	1,740,040
6.2	Administrative expenses comprises the following:				
	Depreciation and amortisation (Note 21 and 22)	125,240	109,974	82,007	70,320
	Auditor's remuneration	35,600	28,537	25,725	17,400
	Consultancy and professional fees	219,135	155,703	217,206	153,774
	Other administrative expenses	252,091	705,539	106,671	201,554
		632,066	999,753	431,609	443,048

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

	Group 2016	Group 2015	Company 2016	Company 2015
Employee benefit expense				
Wages and salaries (local)	1,111,736	722,323	790,655	600,012
Wages and salaries (other regions)	401,840	147,905	401,840	147,905
Pension:				
- Defined Benefit Staff Gratuity Plan	107,396	68,339	60,023	68,339
- Defined Contributory Plan	46,997	44,745	46,997	44,745
	1,667,969	983,312	1,299,515	861,001

The amount of Employer's pension contribution included amount of =N=46.9 million (2015:=N=44.8 million) paid on group life scheme in compliance with the 2014 Pencom Act. Also included in pensions are amounts for the regional offices, Cameroun and Nairobi offices. The applicable law is different from that of Nigeria Pencom Act.

	Group 2016 =N='000	Group 2015 =N='000	Company 2016 =N='000	Company 2015 =N='000
The average number of persons employed by the Company during the year was as follows:				
Managerial and Senior Staff	84	74	60	59
Junior Staff				
	84	74	60	59

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 2016 =N='000	Group 2015 =N='000	Company 2016 =N='000	Company 2015 =N='000
N500,000 - N1,000,000	4	9	1	6
N1,000,001 - N1,500,000	3	10	1	8
N1,500,001 - N2,000,000	-	8	-	8
N2,000,001 - N2,500,000	1	2	-	1
N2,500,001 - N3,000,000	4	8	4	6
N3,000,001 - Above	72	37	54	30
	84	74	60	59

6.3 Impairment of assets

	Group 2016 =N='000	Group 2015 =N='000	Company 2016 =N='000	Company 2015 =N='000
Reinsurance receivables (Note 15.1)	1,628,882	492,055	1,508,654	396,394
Loans and other receivables (Note 13.1)	31,450	-	31,450	-
Retro assets (Note 16.1)	114,410	-	114,410	-
Impairment on intercompany balances (note 18.1)	-	-	289,793	-
Other assets (Note 18.1)	13,758	-	-	-
	1,788,500	492,055	1,944,307	396,394

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

Net gain/(loss) on available-for-sale financial assets				
– Equity instruments	50,486	(111,485)	57,344	(102,792)
– Debt Instruments	100,596	293	100,597	293
Remeasurement gains on available-for-sale financial assets	151,082	(111,192)	157,941	(102,499)
Reclassification adjustments to gains included in profit or loss	-	(7,372)	-	(7,372)
Total net remeasurement gains on available for sale financial assets	151,082	(118,564)	157,941	(109,871)

Notes to the consolidated financial statements - Continued

		Group	Group	Company	Company
8	Taxation	2016	2015	2016	2015
	Per consolidated statement of profit or loss :	=N='000	=N='000	=N='000	=N='000
	Income tax based on profit for the year	751,411	676,893	641,875	500,929
	Education tax	44,159	41,098	44,159	41,098
		795,570	717,991	686,034	542,027
	Deferred tax expense (Note 9.1)	737,482	54,814	634,715	63,830
	Income tax expense	1,533,052	772,805	1,320,749	605,857
	Per consolidated statement of financial position:				
	At 1 January	722,035	458,813	648,999	391,277
	Charged to profit or loss	795,570	717,991	686,034	542,027
	Payments during the year	(825,003)	(454,769)	(703,515)	(284,305)
		692,602	722,035	631,518	648,999
	Reconciliation of tax charge				
	Profit before income tax	4,651,687	2,915,593	3,835,712	2,540,244
	Tax at Nigerian's statutory income tax rate of 30%	1,395,506	874,678	1,150,714	762,073
	Non-deductible expenses	663,691	222,340	588,235	167,997
	Tax exempt income	(504,377)	(301,453)	(396,431)	(301,453)
	Education tax levy	44,159	41,098	44,159	41,098
	Tax rate differential on fair value gains	(65,928)	(63,858)	(65,928)	(63,858)
	At effective income tax rate of Group 23% (2015:27%) and Company 22% (2015:24%)	1,533,051	772,805	1,320,749	605,857
9	Deferred taxation				
	Deferred income tax (assets)/liabilities are attributable to the following items:				
	Deferred tax liabilities				
	Property, plant and equipment	50,178	24,498	29,883	14,440
	Unrealized exchange gain	850,357	73,566	757,826	73,566
		900,535	98,064	787,709	88,006
	Deferred tax assets				
	Employee benefits	(106,729)	(25,156)	(100,802)	(19,229)
		(106,729)	(25,156)	(100,802)	(19,229)
	Net	793,806	72,908	686,907	68,777
9.1	Movements in temporary differences during the year:				
	As at 1 January	72,908	64,113	68,777	45,039
	Recognised in profit or loss on:				
	Property, plant and equipment	25,680	(4,813)	25,680	4,203
	Foreign exchange unrealized gain	739,696	14,711	693,252	14,711
	Employee benefits	(84,217)	44,916	(84,217)	44,916
	Total recognised in profit or loss	681,159	54,814	634,715	63,830
	Total recognised in other comprehensive income on:				
	Employee benefits	(16,585)	(46,019)	(16,585)	(40,092)
	At 31 December	737,482	72,908	686,907	68,777

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.

	Group	Group	Company	Company
The following reflects the income and share data used in the basic earnings per share computations:	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Net profit attributable to ordinary shareholders (=N='000)	2,924,022	2,002,631	2,514,962	1,934,387
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)	28	19	24	19

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.

11 Cash and cash equivalents

	Group 2016 =N='000	Group 2015 =N='000	Company 2016 =N='000	Company 2015 =N='000
Cash in hand	385	448	99	267
Balances held with local banks:				
- Current account	235,464	488,333	125,836	179,700
- Domiciliary account	389,221	114,401	389,221	114,401
Balances held with foreign banks	954,595	414,428	954,595	414,428
Placements with banks and other financial institutions	7,766,848	6,684,965	5,069,018	5,083,562
	9,346,513	7,702,575	6,538,769	5,792,358

Included in placements with banks and other financial institutions are tenored deposits of the group (N3.2 billion) with original maturities of more that three months.

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.

12 Financial assets designated at fair value through profit or loss

	Group 2016 =N='000	Group 2015 =N='000	Company 2016 =N='000	Company 2015 =N='000
Managed Funds				
External Portfolio Management	2,046,334	1,224,258	96,177	104,247
	2,046,334	1,224,258	96,177	104,247

The external portfolio management involves funds held and managed by fund and stock managers on behalf of the Group as a trading portfolio. The underlying instruments includes equities.

13 Loans and other receivables

	Group 2016 =N='000	Group 2015 =N='000	Company 2016 =N='000	Company 2015 =N='000
Staff loans and advances	361,810	364,041	266,746	302,083
Other advances	436,636	375,491	436,636	375,491
Impairment on other receivables (Note 13.1)	(406,941)	(375,491)	(406,941)	(375,491)
Total loans and other receivables	391,505	364,041	296,441	302,083

13.1 Reconciliation of impairment on loans and other receivables:

	Group 2016	Group 2015	Company 2016	Company 2015
At 1 January	375,491	375,491	375,491	375,491
Charge for the year : other advances (Note 6.3)	31,450	-	31,450	-
At 31 December	406,941	375,491	406,941	375,491

14 Investment securities

	Group 2016	Group 2015	Company 2016	Company 2015
Analysis of investment securities				
Available-for-sale (note 14.1)	2,544,148	2,194,682	2,482,980	2,150,894
Held-to-maturity (note 14.2)	7,114,055	3,894,558	6,345,275	3,438,340
	9,658,203	6,089,240	8,828,255	5,589,234

14.1 Available-for-sale:

	Group 2016	Group 2015	Company 2016	Company 2015
Equity instruments	1,968,082	1,944,109	1,945,952	1,925,253
Debt instruments	576,066	250,573	537,028	225,641
Total available-for-sale	2,544,148	2,194,682	2,482,980	2,150,894
Equity Instruments				
Quoted	929,593	838,636	907,463	819,780
Unquoted	1,038,489	1,105,472	1,038,489	1,105,472
Total equity instruments	1,968,082	1,944,108	1,945,952	1,925,252

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

Notes to the consolidated financial statements - Continued

14.1 Available-for-sale cont'd:	Group 31 December 2016 =N='000	Group 31 December 2015 =N='000	Company 31 December 2016 =N='000	Company 31 December 2015 =N='000
Debt Instruments				
Securities at Available-for-sale -Fair value				
Government bonds	576,066	250,574	537,028	225,642
	576,066	250,574	537,028	225,642
Total available for sale investments	2,544,148	2,194,682	2,482,980	2,150,894

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=128.89 million and Company =N=125.83 million

14.2 Held-to-maturity

Debt instruments	7,114,055	3,894,558	6,345,275	3,438,340
Securities at held-to-maturity - amortised cost				
Listed	4,269,860	2,006,411	3,501,080	1,550,193
Unlisted	2,844,195	1,888,147	2,844,195	1,888,147
	7,114,055	3,894,558	6,345,275	3,438,340
Total debt instruments	7,690,121	4,145,132	6,882,303	3,663,982

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

15 Reinsurance receivables

	Group 31 December 2016 =N='000	Group 31 December 2015 =N='000	Company 31 December 2016 =N='000	Company 31 December 2015 =N='000
Due from ceding companies	8,655,742	5,902,411	6,249,052	4,876,486
Due from ceding companies (Pipeline)	3,169,706	2,569,966	2,525,280	2,095,207
Premium reserves retained by ceding companies	259,271	44,365	-	-
	12,084,719	8,516,742	8,774,332	6,971,693
Impairment on reinsurance receivables (Note 15.1)	(1,536,477)	(1,258,343)	(1,297,185)	(1,178,599)
	10,548,242	7,258,399	7,477,147	5,793,094

15.1 Reconciliation of impairment on reinsurance receivables

At 1 January	1,258,343	2,268,053	1,178,599	2,230,263
Written off during the year	(1,350,748)	(1,501,765)	(1,390,068)	(1,448,058)
Charge for the year (Note 6.3)	1,628,882	492,055	1,508,654	396,394
At 31 December	1,536,477	1,258,343	1,297,185	1,178,599

15.2 Sensitivities analysis of pipeline premium receivables

The sensitivity analysis for available for pipeline premium receivables illustrates how changes in the estimate of future that will be received in respect of contracts written during the year will fluctuate because of changes in discount rates at the reporting date.

A 10% basis point increase in discount rates, the value of pipeline premium receivables will be; Group of =N=3.78 billion (2015: N2.83 billion) and Company =N=3.08 billion (2015: N2.31 billion)

16 Retrocession Assets

Retrocessionaires' share of claims recoverable	850,411	374,745	161,791	112,088
Retrocessionaires' share of Reserve for outstanding claims	139,222	135,150	139,221	79,779
Retrocessionaires' share of life insurance contract liabilities	238,344	217,686	238,345	204,781
Impairment on retro share of claims recoverable (note 16.1)	(114,410)	-	(114,410)	-
Total retrocession assets	1,113,567	727,581	424,947	396,648

At 31 December 2016, the Group conducted an impairment review of the reinsurance assets but no impairment loss resulted from this exercise. The carrying amounts disclosed above approximate fair value at the reporting date.

		Group 31 December 2016 =N='000	Group 31 December 2015 =N='000	Company 31 December 2016 =N='000	Company 31 December 2015 =N='000
16.1	**Reconciliation of impairment on retro share of claims recoverable**				
	At 1 January	-	-	-	-
	Charge for the year (Note 6.3)	114,410	-	114,410	-
	At 31 December	114,410	-	114,410	-
17	**Deferred acquisition costs**				
	At 1 January	1,458,436	1,759,685	1,107,837	1,383,416
	Acquisition cost paid in the year	6,720,539	3,708,844	4,841,935	3,689,205
	Amortisation (Note 2.2)	(6,646,166)	(4,010,093)	(5,167,144)	(3,964,784)
	At 31 December	1,532,809	1,458,436	782,628	1,107,837
18	**Other assets**				
	Prepayments	62,938	58,279	47,577	50,599
	Intercompany balances	-	-	2,023,307	1,077,242
	Withholding tax receivable	57,560	4,168	4,168	4,168
	Accrued income on statutory deposit	50,164		50,164	
	Others	385,883	154,401	230,740	116,486
		556,545	216,848	2,355,956	1,248,495
	Impairment on other assets (note 18.1)	(129,793)	(185,792)	(405,828)	(185,792)
		426,752	31,056	1,950,128	1,062,703
18.1	**Reconciliation of impairment on other assets**				
	At 1 January	185,792	185,792	185,792	185,792
	Charge for the year (Note 6.3)	13,758	-	289,793	-
	Impairment no longer required	(69,757)	-	(69,757)	-
	At 31 December	129,793	185,792	405,828	185,792

19 Investment in subsidiaries

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

	Company 31 December 2016 =N='000	Company 31 December 2015 =N='000
Continental Reinsurance Limited, Nairobi, Kenya	949,797	949,797
Continental Reinsurance Limited, Gaborone, Botswana	699,774	699,774
	1,649,571	1,649,571
Movement in this account is as shown below:		
Opening	1,649,571	1,722,633
Disposal of investment in Continental Reinsurance Limited, Kenya	-	(73,062)
Investment in Continental Reinsurance Limited, Botswana	-	-
Closing	1,649,571	1,649,571

b) Nature of investments in subsidiaries 2016 and 2015

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	Life and non Life reinsurance business	Kenya	65	35
Continental Reinsurance Limited, Botswana	Life and non Life reinsurance business	Botswana	60	40

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.

Notes to the consolidated financial statements - Continued

20 Investment properties

	Group 31 December 2016 =N='000	Group 31 December 2015 =N='000	Company 31 December 2016 =N='000	Company 31 December 2015 =N='000
At 1, January	2,685,646	2,926,956	2,685,646	2,926,956
Disposal	(440,000)	(388,417)	(440,000)	(388,417)
Fair value adjustments	623,082	147,107	623,082	147,107
At 31, December	2,868,728	2,685,646	2,868,728	2,685,646

20.1 List of Investment properties and carrying amount

Description	Address	=N='000
3 Bedroom apartment	FHA - Abuja Property, Abuja, Nigeria	9,200
4 Bedroom Terraced House	House 1 Plot 9, Block 8, Ikoyi Foreshore (Unit 1), Lagos, Nigeria	191,500
4 Bedroom Terraced House	Livingold Estate -Banana Island Ikoyi (Units 10 & 18), Lagos, Nigeria	425,300
6 units of 3 Bedroom apartments	Castle &Temple Drive Lekki Phase 1, Lagos, Nigeria	381,000
6 Floor mixed development property	Zone 4/C, Marcony, Abidjan, Cote d' Ivoire	1,861,728
		2,868,728

Investment properties are stated at fair value, which has been determined based on valuations performed by Fola Oyekan & Associates, Nigeria and Ahouti Expertises, Cote d' Ivoire, professional firms of Estate Surveyors and Valuers who are accredited independent valuers, as at 31 December 2016 and 31 December 2015. 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 within the profit or loss.

The Group enters into operating leases for all of its investment properties. The rental income arising during the year amounted to =N=73.5 million (year ended 31 December 2015: =N=125.8 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 31 December 2016 =N='000	Group 31 December 2015 =N='000	Company 31 December 2016 =N='000	Company 31 December 2015 =N='000
Rental Income derived from investment properties	73,476	125,830	73,476	125,830
Direct operating expenses (including repairs & Maintenance)				
	(13,710)	(13,710)	(13,710)	(13,710)
Profit arising from investment properties carried at fair value	59,766	112,120	59,766	112,120

	Fair value measurement using			
Date of valuation - 31 December 2016	Quoted prices in active market Level 1 =N='000	Significant observable inputs Level 2 =N='000	Significant unobservabl e inputs Level 3 =N='000	Total =N='000
Investment properties	-	-	2,868,728	2,868,728

The fair value disclosure on investment properties is as follows:

	Fair value measurement using			
Date of valuation - 31 December 2015	Quoted prices in active market Level 1 =N='000	Significant observable inputs Level 2 =N='000	Significant unobservabl e inputs Level 3 =N='000	Total =N='000
Investment properties	-	-	2,685,646	2,685,646

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

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=10m to =N=12.5m (=N=10.40m)
	Average annual growth	4%
	probable vacancy	1.4%
	Discount rate (equated yield)	8.88% - 8.96% (9.20%)

Three bedroom flats

Valuation technique	Significant unobservable inputs	Range (weighted average)
Income capitalization using DCF Analysis	Estimated rental per wing per annum	=N=0.5m to =N=3.5m (=N=3.06m)
	Average annual growth	4% - 4.5% (4.07%)
	probable vacancy	1.4%
	Discount rate (equated yield)	8.57% - 9.20% (8.46%)

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

Property	Valuation	Sensitivities in discount rate: Effect of 10% increase	Sensitivities in discount rate: Effect of 10% Decrease	Sensitivities in vacancy rate: Effect of 10% increase	Sensitivities in vacancy rate: Effect of 10% Decrease
	=N='000	=N='000	=N='000	=N='000	=N='000
FHA - Abuja Property, Abuja, Nigeria	9,200	8,600	9,900	9,200	9,300
House 1 Plot 9, Block 8, Ikoyi Foreshore (Unit 1), Lagos, Nigeria	191,500	177,300	207,400	191,300	191,900
Livingold Estate -Banana Island Ikoyi (Units 10 & 18), Lagos, Nigeria	425,300	399,300	454,000	424,700	426,000
Castle &Temple Drive Lekki Phase 1, Lagos, Nigeria	381,000	348,800	417,300	380,500	381,600
Zone 4/C, Marcony, Abidjan, Cote d' Ivoire	1,861,728	1,510,781	1,846,511	1,900,696	1,906,480
	2,868,728	2,444,781	2,935,111	2,906,396	2,915,280

21 Intangible assets

	Group 2016 =N='000	Group 2015 =N='000	Company 2016 =N='000	Company 2015 =N='000
Cost:				
At 1 January 2015	59,063	59,063	59,063	59,063
Additions	-	-	-	-
At 31 December 2015	59,063	59,063	59,063	59,063
Additions	8,422	8,123	8,123	8,123
At 31 December 2016	67,485	67,186	67,186	67,186
Accumulated amortisation:				
At 1 January 2015	57,849	57,849	57,849	57,849
Amortisation	1,214	1,214	1,214	1,214
At 31 December 2015	59,063	59,063	59,063	59,063
Amortisation	1,355	1,355	1,355	1,355
At 31 December 2016	60,418		60,418	
Carrying amount:				
At 31 December 2016	7,067	-	6,768	-
At 31 December 2015	-	-	-	-

Notes to the consolidated financial statements - Continued

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 2015	460,056	241,589	177,320	80,006	82,243	-	1,041,214
Additions	431,930	59,212	13,055	-	15,217	-	519,414
Disposals	-	(29,794)	(10,653)	-	(4,501)	-	(44,948)
Exchange difference	-	-	2	-	102	-	104
At 31 December 2015	891,986	271,007	179,724	80,006	93,061	-	1,515,784
Additions	51,434	98,420	17,320	-	17,203	116,463	300,840
Disposals	-	(9,893)	(615)	-	(5,504)	-	(16,012)
Reclassification	(74,027)	-	(115)	-	115	74,027	-
Exchange difference		(2,167)	(42)	-	(857)		(3,066)
At 31 December 2016	869,393	357,367	196,272	80,006	104,018	190,490	1,797,546
Accumulated depreciation:							
At 1 January 2015	-	107,889	86,783	54,609	65,215	-	314,496
Charge for the year	-	59,676	26,378	5,067	12,234	-	103,355
Disposal	-	(22,295)	(4,489)	-	(4,228)	-	(31,012)
Exchange difference	-	740	204	-	176	-	1,120
At 31 December 2015	-	146,010	108,876	59,676	73,397	-	387,959
Charge for the year	-	74,660	31,740	5,067	12,417	-	123,884
Reclassification	-	-	(12)	-	12	-	-
Disposal	-	(8,838)	(615)	-	(5,212)	-	(14,665)
Exchange difference	-	(4,883)	(4,942)	-	(1,763)	-	(11,588)
At 31 December 2016	-	206,949	135,047	64,743	78,851	-	485,590
Net book value:							
At 31 December 2016	869,393	150,418	61,225	15,263	25,167	190,490	1,311,956
At 31 December 2015	891,986	124,997	70,848	20,330	19,663	-	1,127,824

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 2015	459,555	174,212	126,302	70,601	67,414	-	898,084
Additions	431,930	59,212	12,153	-	12,853	-	516,148
Disposals	-	(29,794)	(10,653)	-	(4,501)	-	(44,948)
At 31 December 2015	891,485	203,630	127,802	70,601	75,766	-	1,369,284
Additions	51,434	84,976	14,870	-	11,989	116,463	279,732
Reclassification	(74,027)	-	(115)	-	115	74,027	-
Disposals	-	(3,350)	(615)	-	(4,572)	-	(8,537)
At 31 December 2016	868,892	285,256	141,942	70,601	83,298	190,490	1,640,479
Accumulated depreciation:							
At 1 January 2015	-	95,409	76,177	52,768	59,872	-	284,226
Charge for the year		42,669	13,467	5,067	6,816	-	68,019
Disposal	-	(22,295)	(4,489)	-	(4,228)	-	(31,012)
At 31 December 2015	-	115,783	85,155	57,835	62,460	-	321,233
Charge for the year	-	51,751	15,842	5,067	7,993	-	80,653
Reclassification	-	-	(12)	-	12	-	-
Disposal	-	(3,350)	(615)	-	(4,474)	-	(8,439)
At 31 December 2016	-	164,184	100,370	62,902	65,991	-	393,447
Net book value:							
At 31 December 2016	868,892	121,072	41,572	7,699	17,307	190,490	1,247,032
At 31 December 2015	891,485	87,847	42,647	12,766	13,306	-	1,048,051

Notes to the consolidated financial statements - Continued

23. Statutory deposits

	Group 31 December 2016 =N='000	Group 31 December 2015 =N='000	Company 31 December 2016 =N='000	Company 31 December 2015 =N='000
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.

24. Insurance contract liabilities

Unearned Premium (Note 24.1)	4,923,170	4,912,295	2,772,852	3,684,628
Outstanding Claims (Note 24.2)	6,883,940	4,647,288	5,775,330	4,103,731
Non-life contract liabilities	11,807,110	9,559,583	8,548,182	7,788,359
Life (Note 24.3)	1,938,205	1,522,370	1,588,966	1,365,204
Total insurance liabilities	13,745,315	11,081,953	10,137,148	9,153,563
Total retrocessionaire's share of insurance liabilities (Note 16)	(1,113,567)	(727,582)	(424,947)	(396,648)
Net insurance contracts	12,631,748	10,354,371	9,712,201	8,756,915

24.1. Reserve for unearned premium

At 1 January	4,912,295	5,979,095	3,684,628	4,615,879
Increase in the year (Note 1.1)	19,752,776	16,885,837	15,000,920	12,700,035
Released during the year	(20,901,035)	(17,952,637)	(15,912,696)	(13,631,286)
At 31 December	3,764,036	4,912,295	2,772,852	3,684,628

24.2. Reserve for outstanding claims

At 1 January	4,647,288	3,553,180	4,103,731	3,263,740
Incurred in the current accident year (including IBNR)	9,790,773	7,543,202	7,297,162	5,656,836
Paid during the year	(7,554,121)	(6,449,094)	(5,625,563)	(4,816,845)
At 31 December	6,883,940	4,647,288	5,775,330	4,103,731

24.3 Insurance liabilities on life policy holders

At 1 January	1,522,370	1,252,418	1,365,204	1,124,687
Increase in retrocessionaire's share	1,015,389	65,513	823,316	36,078
Change in the year (Note 1.1)	(599,554)	204,439	(599,554)	204,439
At 31 December	1,938,205	1,522,370	1,588,966	1,365,204

25. Reinsurance creditors

Due to retrocessionaires	777,047	60,276	518,918	60,276
Due to ceding companies	2,153,810	823,840	2,049,690	786,733
	2,930,857	884,117	2,568,608	847,009

This represents the amount payable to insurance and reinsurance companies.

26. Other liabilities

Sundry creditors	58,371	330,721	115,633	330,722
Accrued staff benefits	292,781		292,781	
Unclaimed dividend	257,204	-	257,204	-
Rent received in advance	11,058	77,104	11,057	28,605
Accrued expenses	70,256	46,403	60,156	32,261
Dividend payable (Note 26.1)	1,241,451	588,786	1,241,451	588,786
Information technology development levy	38,357	41,225	38,357	41,225
Others	7,339	7,915	2,991	5,451
Intercompany balance	-	-	1,180,673	291,079
	1,976,817	1,092,154	3,200,303	1,318,129

	Group 31 December 2016 =N='000	Group 31 December 2015 =N='000	Company 31 December 2016 =N='000	Company 31 December 2015 =N='000
26.1 Dividends paid and proposed				
At 1 January	588,786	36,384	588,786	36,384
Declared during the year	1,244,729	1,141,002	1,244,729	1,141,002
Paid during the year	(592,064)	(588,600)	(592,064)	(588,600)
	1,241,451	588,786	1,241,451	588,786

Proposed for approval at the annual general meeting (not recognised as a liability as at 31 December): at 14 kobo per share (2015: 12 kobo).

	Group 31 December 2016 =N='000	Group 31 December 2015 =N='000	Company 31 December 2016 =N='000	Company 31 December 2015 =N='000
27 Retirement benefit obligations				
Defined contribution scheme (Note 27.1)	-	67	-	67
Defined benefit gratuity scheme (Note 27.2)	383,857	278,305	336,008	278,305
	383,857	278,372	336,008	278,372

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 2016 =N='000	Group 31 December 2015 =N='000	Company 31 December 2016 =N='000	Company 31 December 2015 =N='000
Balance at beginning of year	67	2,407	67	2,407
Provisions during the year	46,997	23,995	46,997	23,995
Transfer to Pension Fund Administrator	(47,064)	(26,335)	(47,064)	(26,335)
Balance at end of year	-	67	-	67

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 2016 =N='000	Group 31 December 2015 =N='000	Company 31 December 2016 =N='000	Company 31 December 2015 =N='000
The amounts recognised in the statement of financial position are determined as follows:				
Present value of funded obligations	644,100	525,724	574,859	525,724
Fair value of plan assets	(260,243)	(247,419)	(238,851)	(247,419)
Deficit of funded plans	383,857	278,305	336,008	278,305
Liability in the consolidated statement of financial position	383,857	278,305	336,008	278,305

The movement in the defined benefit obligation over the year is as follows:

At beginning of the year	525,724	356,651	525,724	356,651
Service cost	70,873	57,592	49,751	57,592
Transfer to subsidiaries	-	-	(21,391)	-
Interest cost	64,729	58,506	33,601	58,506
Actuarial losses	40,378	101,383	44,778	101,383
Benefit paid	(57,604)	(48,408)	(57,604)	(48,408)
At end of the year	644,100	525,724	574,859	525,724

Notes to the consolidated financial statements - Continued

27.2. Retirement benefit obligations (continued)

Defined benefit staff gratuity scheme (cont'd)	Group 31 December 2016 =N='000	Group 31 December 2015 =N='000	Company 31 December 2016 =N='000	Company 31 December 2015 =N='000
The amounts recognised in the profit or loss are as follows:				
Current service cost	70,873	57,592	49,751	57,592
Net interest	36,523	25,596	10,272	25,596
Total, included in staff costs	107,396	83,188	60,023	83,188
The amounts recognised in other comprehensive income				
Re-measurement loss on net defined benefit plans	(55,760)	(153,397)	(55,283)	(133,642)
The movement in the plan assets over the year is as follows:				
Assets at fair value - opening	247,419	172,272	247,419	172,272
Interest return	28,206	32,910	23,329	32,910
Transfer to subsidiaries	-	-	(21,392)	-
Employer contribution	57,604	142,659	57,604	142,659
Benefit paid	(57,604)	(48,408)	(57,604)	(48,408)
Actuarial loss	(15,382)	(52,014)	(10,505)	(52,014)
At end of the year	260,243	247,419	238,851	247,419
Composition of Plan assets				
Cash	37%	35%	32%	35%
Equity	56%	65%	61%	65%
Others	7%	0%	7%	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 Level 1 =N='000	Level 2 =N='000	Level 3 =N='000	Total =N='000
Quoted equity	146,653	-	-	146,653
Cash	-	98,787	-	98,787
Others	-	-	14,803	14,803
Total	146,653	98,787	14,803	260,243

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

	Group		Company	
	31-Dec-16 =N='000	31-Dec-15 =N='000	31-Dec-16 =N='000	31-Dec-15 =N='000
Cash and cash equivalents	**97,479**	**86,230**	**76,087**	**86,230**
Equity instruments (categorised by industry type)				
Consumer goods	4,260	13,612	4,260	13,611
Conglomerates	2,667	3,365	2,667	3,365
Financial services	139,672	144,212	139,672	144,212
Subtotal	146,599	161,189	146,599	161,189
Loan and receivable	16,165	-	16,165	-
Total	**260,243**	**247,419**	**238,851**	**247,419**

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 NGN26.167 million (2015: NGN19.927 million)

27.2 Retirement benefit obligations (continued)

The principal actuarial assumptions were as follows:				
Average long term discount rate (p.a.)	15%	15%	11.4%	15%
Average long term rate of inflation (p.a.)	10%	10%	10%	10%
Average long term pay increase (p.a.)	10%	10%	10%	10%

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 as at 31 December 2016 is as shown below:

Assumptions Sensitivity level		Discount =N='000	Salary increase =N='000	Mortality =N='000
Impact on defined benefit obligation	+1%	(25,928)	33,096	129
Impact on defined benefit obligation	-1%	31,004	(29,554)	(129)

28. Share capital

	Group 31 December 2016 =N='000	Group 31 December 2015 =N='000	Company 31 December 2016 =N='000	Company 31 December 2015 =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 2016 =N='000	Group 31 December 2015 =N='000	Company 31 December 2016 =N='000	Company 31 December 2015 =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.

Notes to the consolidated financial statements - Continued

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 2016 =N='000	Group 31 December 2015 =N='000	Company 31 December 2016 =N='000	Company 31 December 2015 =N='000
Non - Life	3,733,983	3,168,859	3,520,317	3,039,852
Life	269,488	245,749	234,371	210,632
Total	4,003,471	3,414,608	3,754,688	3,250,484

Movement in this account is as shown below:

	Group 31 December 2016 =N='000	Group 31 December 2015 =N='000	Company 31 December 2016 =N='000	Company 31 December 2015 =N='000
At 1, January	3,414,608	2,785,131	3,250,484	2,705,666
Addition during the year	588,863	629,477	504,204	544,818
At 31, December	4,003,471	3,414,608	3,754,688	3,250,484

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

Also set out below, 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.

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

	Continental Reinsurance Limited, Kenya =N='000	Continental Reinsurance Limited, Botswana =N='000	Total =N='000
At 1 January 2016	613,936	520,632	1,134,568
Profit for the year	169,099	25,514	194,613
Other comprehensive income	(2,401)	-	(2,401)
At 31 December 2016	780,634	546,146	1,326,780

33a. Condensed results of consolidated entities

The condensed financial data of the consolidated entities as at 31 December 2016, are as follows:

	Continental Reinsurance Limited, Kenya	Continental Reinsurance Limited, Botswana
	=N='000	=N='000
Condensed statement of profit or loss and other comprehensive income		
Revenue	4,161,339	2,265,499
Profit before income tax	672,948	86,278
Income tax expense	(189,808)	(22,494)
Profit after tax	483,140	63,784
Condensed statement of financial position		
Cash and cash equivalents	725,072	2,082,672
Financial assets		
-Financial asset designated as fair value through profit or loss	1,950,157	-
-Loans and other receivables	92,161	2,903
-Available-for-sale investments	61,168	-
-Held to maturity investments	768,780	-
Reinsurance receivables	2,055,489	1,015,606
Retrocession assets	513,072	175,548
Deferred acquisition costs	607,156	143,025
Other assets	106,387	1,048,728
Intangible assets		299
Property, plant and equipment	47,399	50,096
Statutory deposits		
Total assets	**6,926,841**	**4,518,877**
Liabilities		
Insurance contract liabilities	2,517,299	1,090,867
Reinsurance creditors	211,364	150,885
Other liabilities	615,576	1,115,462
Retirement benefit obligations	36,075	12,811
Current income tax payable	41,085	19,999
Deferred tax liabilities	99,412	7,487
Equity	3,406,030	2,121,366
Total liabilities and equity	**6,926,841**	**4,518,877**
Cashflows from operating activities	(118,866)	10,158
Cashflows from investing activities	829,135	7,534,534
Net increase/(decrease) in cash and cash equivalents	710,269	7,544,692
Cash and cash equivalent, beginning of year	14,803	(5,462,020)
Cash and cash equivalent, end of year	725,072	2,082,672

Notes to the consolidated financial statements - Continued

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

	Group 31 December 2016 =N='000	Group 31 December 2015 =N='000	Company 31 December 2016 =N='000	Company 31 December 2015 =N='000
Profit before income tax expense	4,651,687	2,915,593	3,835,712	2,540,244
Adjustments for:				
- Depreciation and amortization (Note 6.1)	125,240	109,974	82,007	70,320
- Increase in provision for bad and doubtful balances	1,788,500	492,055	1,944,307	396,394
– Profit on disposal of investments	(115,839)	(93,221)	(115,839)	(93,221)
– Loss on disposal of property, plant and equipment	-	5,849	-	5,850
– Interest received	(1,500,243)	(1,120,218)	(1,198,476)	(902,941)
– Dividend received	(42,886)	(235,631)	(42,047)	(235,052)
–Unrealised foreign exchange gain	(3,284,546)	(467,981)	(3,462,713)	(431,038)
–Fair value loss on investment property and financial assets designated at fair value	(638,864)	(158,758)	(627,074)	(155,798)
Changes in operating assets/liabilities				
–Reinsurance debtors	3,688,959	494,647	1,802,639	532,772
–Prepayments and other assets	(1,895,727)	950,207	(887,425)	151,734
–Retrocession assets	(385,986)	(249,953)	(28,299)	(60,713)
–Reinsurance creditors and other liabilities	69,923	(520,053)	1,721,599	(328,726)
–Deferred acquisition costs	74,373	(301,249)	(325,209)	(275,579)
–Provision for unexpired risks	10,875	(1,066,800)	(1,135,538)	(931,251)
–Outstanding claims	2,236,652	1,094,108	1,671,599	839,991
–Retirement benefit obligations	105,485	93,993	57,636	93,993
Income tax paid (Note 8)	(825,003)	(454,769)	(703,515)	(284,305)
Net cash generated from operating activities	4,062,600	1,487,793	2,589,364	932,674

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

	Group 31 December 2016 =N='000	Group 31 December 2015 =N='000	Company 31 December 2016 =N='000	Company 31 December 2015 =N='000
Cash in hand	385	448	99	267
Balances held with other banks:				
- Current account	235,464	488,333	125,836	179,700
- Domiciliary account	389,221	114,401	389,221	114,401
Balances held with foreign banks	954,595	414,428	954,595	414,428
- Placements with banks and other financial institutions with original maturity <90 days	4,495,880	6,684,965	1,798,052	5,083,562
Treasury bills	746,846	259,475	746,846	226,647
	6,822,391	7,962,050	4,014,649	6,019,005

36. Related parties

The group is controlled by C-Re holdings Ltd (incorporated in Mauritius) who is also the parent company. 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)	
		2016 =N='000	2015 =N='000	2016 =N='000	2015 =N='000
Saham group (shareholders)	Premium received	-	-	969,138	-
		-			
Saham group (shareholders)	Commission paid	-	-	(283,477)	-
		-			
Saham group (shareholders)	Claims paid	-	-	(214,800)	-
		-	-	470,861	-

There were no outstanding balances due from/to this related parties at the reporting date.

Loans and advances to related parties

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

	GMD =N='000	ED =N='000	2016 =N='000	2015 =N='000
Mortgage loan	-	2,225	2,225	-
Personal loan	-	2,711	2,711	-
Car loan	-	2,623	2,623	3,607
	-	7,559	7,559	3,607

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 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 (2015: Nil).

Notes to the consolidated 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 2016 =N='000	Group 2015 =N='000	Company 2016 =N='000	Company 2015 =N='000
Short term employee benefits	267,102	173,616	267,102	173,616
Post employment benefits:				
Gratuity benefits paid	-	-	-	-
Pension contribution	3,664	3,664	3,664	3,664
	270,766	177,280	270,766	177,280

37. Contingencies and commitments

Contingent liabilities

There were no contingent liabilities at the end of the year (2015: Nil).

Capital commitment and operating leases

There were no capital commitments at the end of the year (2015: Nil).

The Company has entered into commercial property leases on its investment property portfolio. These cancellable leases have remaining terms of between one and two years. All leases include a clause to enable upward revision of the rental

	Group 2016 =N='000	Group 2015 =N='000	Company 2016 =N='000	Company 2015 =N='000
Within one year	11,057	22,595	11,057	22,595
After one year but not more than five years	-	5,833	-	5,833
	11,057	28,428	11,057	28,428

38. Compliance with regulatory bodies

Penalties:	2016 =N='000	2015 =N='000
a. The Company contravened certain sections of the Financial Reporting Council of Nigeria (FRCN) Act 2011 with respect to late submission of the 2013 accounts.	-	-
b. The Company contravened certain sections of the Security Exchange Commission (SEC) Act with respect to late filling of 2013 accounts.	5,750	-
c. The Company contravened certain sections of 2011 operational guidelines issued by the National Insurance Commission (NAICOM). Details of contravention and penalty paid are as shown below:		
Late rendition of quarterly returns	-	-
Non compliance with NAICOM guideline on retrocession placement	500	-
	6,250	-

39. Events after reporting date

There were no events after reporting date which would have a material effect on the state of affairs of the Group as at 31 December 2016 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	3,747,275		240,138	
Total cash and cash equivalents		3,747,275		240,138
Investment properties		581,700		425,300
Investment securities:				
Quoted equities	548,718		485,197	
Unquoted equities	782,120		-	
Corporate Bonds	559,764		-	
Government bonds	2,742,341		648,852	
Total investment securities		4,632,944		1,134,049
Total assets representing insurance contract liabilities		8,961,919		1,799,487
Total insurance contract liabilities		8,548,182		1,588,966
Balance due to shareholders' funds		413,737		210,521

Notes to the consolidated 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 Management Committee 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 2016	Life insurance =N='000	Non-life insurance =N='000	Total segments =N='000
Gross Premium	2,653,271	19,752,776	22,406,048
Change in Reserve for unearned premium	1,758,688	1,148,259	2,906,946
Earned premium income	4,411,959	20,901,035	25,312,994
Less: Retrocession costs	(429,860)	(3,039,453)	(3,469,313)
Net premium written	3,982,099	17,861,582	21,843,681
Expenses			
Gross claims paid	1,686,858	5,867,263	7,554,121
Change in Reserve for outstanding claims	-	2,236,652	2,236,652
Ceded Outstanding Claims Reserve	-	1,909,818	1,909,818
Claims incurred	1,686,858	10,013,733	11,700,591
Retrocession recoveries	(157,272)	(612,193)	(769,465)
Net claims incurred	1,529,586	9,401,540	10,931,126
Underwriting expenses:			
Acquisition and maintenance cost	663,094	6,888,783	7,551,877
Depreciation and amortisation	14,872	110,367	125,239
Management expenses	423,468	2,397,422	2,820,890
	1,101,434	9,396,572	10,498,006
Underwriting profit	1,351,079	(936,530)	414,549
Investment and other income	313,540	2,276,857	2,590,397
Foreign exchange gain	148,469	3,918,838	4,067,307
Administrative expenses	(70,699)	(561,367)	(632,066)
Impairment of assets	(13,361)	(1,775,139)	(1,788,500)
Results of operating activities	1,729,028	2,922,659	4,651,687
Income tax expense	-	(1,533,052)	(1,533,052)
Profit for the year	1,729,028	1,389,607	3,118,635
Segment assets	4,510,640	35,741,036	40,251,676
Segment liabilities	3,666,599	16,856,655	20,523,254

Group	Life insurance =N='000	Non-life insurance =N='000	Eliminations =N='000	Total segments =N='000
31 December 2015				
Gross Premium	2,852,203	16,885,837	-	19,738,040
Change in Reserve for unearned premium	(204,439)	1,146,171	-	941,732
Earned premium income	2,647,764	18,032,008	-	20,679,772
Less: Retrocession costs	(396,546)	(2,087,867)	-	(2,484,413)
Net premium written	2,251,218	15,944,141	-	18,195,359
Expenses				
Gross claims paid	1,521,858	6,261,898	-	7,783,756
Change in Reserve for outstanding claims	-	1,109,050	-	1,109,050
Ceded Outstanding Claims Reserve	-	150,204	-	150,204
Claims incurred	1,521,858	7,521,152	-	9,043,010
Retrocession recoveries	(13,251)	(276,709)	-	(289,960)
Net claims incurred	1,508,607	7,244,443	-	8,753,050
Underwriting expenses:				
Acquisition and maintenance cost	653,094	3,384,314	(27,315)	4,010,093
Depreciation and amortisation	14,872	95,102	-	109,974
Management and Admin expenses	423,467	3,039,056	(195,984)	3,266,539
	1,091,433	6,518,472	(223,299)	7,386,606
Underwriting profit	(348,822)	2,181,226	223,299	2,055,703
Investment and other income	313,540	1,570,176	-	1,883,716
Foreign exchange gain	77,894	390,087	-	467,981
Administrative expenses	(166,407)	(833,346)	-	(999,753)
Impairment of assets	(81,902)	(410,153)	-	(492,055)
Results of operating activities	(205,697)	2,897,990	223,299	2,915,592
Income tax expenses	(111,672)	(661,133)	-	(772,805)
Profit for the year	(146,956)	2,066,445	223,299	2,142,787
Segment Assets	4,510,640	26,704,316	(1,546,226)	29,668,730
Segment liabilities	3,666,599	11,860,467	(1,395,527)	14,131,539

Notes to the consolidated financial statements - Continued

The segment information provided to the Company Executive Board for the reportable segments for the year ended 31 December 2016 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	10,998,327	2,148,736	4,104,885	1,582,264	1,486,367	2,085,470	22,406,048	-	22,406,048
Change in reserve for unearned premium	2,447,642	110,168	56,454	79,308	33,346	180,029	2,906,946	-	2,906,946
Earned premium income	13,445,969	2,258,904	4,161,339	1,661,572	1,519,713	2,265,499	25,312,994	-	25,312,994
Retrocession costs	(1,962,645)	(258,707)	(503,916)	(190,566)	(189,172)	-364,306	(3,469,313)	-	(3,469,313)
Net premium written	11,483,324	2,000,197	3,657,423	1,471,006	1,330,541	1,901,193	21,843,681	-	21,843,681
Expenses									
Gross claims incurred	7,577,165	600,907	1,720,316	565,131	378,494	858,577	11,700,591	-	11,700,591
Retrocession recoveries	(583,744)	(8,665)	(88,333)	(390)	(88,333)	-	(769,465)	-	(769,465)
Net claims incurred	6,993,421	592,242	1,631,983	564,741	290,161	858,577	10,931,126	-	10,931,126
Underwriting expenses:									
Acquisition and maintenance cost	4,353,305	612,732	1,140,495	451,100	381,681	612,564	7,551,877	-	7,551,877
Depreciation and amortisation	71,460	3,203	19,324	3,143	2,908	25,201	125,239	-	125,239
Management expenses	1,700,805	262,130	256,811	193,178	181,774	226,194	2,820,890	-	2,820,890
	6,125,570	878,065	1,416,630	647,420	566,363	863,959	10,498,006	-	10,498,006
Underwriting profit	(1,635,667)	529,890	608,810	258,844	474,017	178,657	414,551	-	414,549
Investment Income & other income	2,113,117	73,619	310,609	53,290	26,328	12,957	2,589,920	477	2,590,397
Foreign exchange gain/(loss)	4,318,190	-	(51,249)	-	-	20,129	4,287,070	(219,763)	4,067,307
Administrative expenses	(312,419)	(49,088)	(138,232)	(36,147)	(33,956)	(62,224)	(632,066)	-	(632,066)
Impairment of financial assets	(1,447,069)	(204,784)	(56,993)	(150,797)	(141,657)	(63,235)	(2,064,535)	276,035	(1,788,500)
Results of operating activities	3,036,152	349,637	672,945	125,191	324,732	86,284	4,594,939	56,749	4,651,687
Income tax expenses	(1,320,750)	-	(189,808)	-	-	(22,494)	(1,533,052)	-	(1,533,052)
Profit for the year	1,715,402	349,637	483,137	125,191	324,732	63,790	3,061,887	56,749	3,118,635
Segment assets	33,166,591	-	6,926,841	-	-	4,518,877	44,612,309	(4,360,633)	40,251,676
Segment liabilities	17,560,492	-	3,520,812	-	-	2,397,512	23,478,816	(2,955,562)	20,523,254

The segment information provided to the Company Executive Board for the reportable segments for the year ended 31 December 2015 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	11,467,910	1,527,639	2,916,520	1,438,836	931,729	1,455,412	19,738,046	-	19,738,046
Change in reserve for unearned premium	697,607	66,321	94,406	(12,349)	(24,760)	120,507	941,732	-	941,732
Earned premium income	12,165,517	1,593,960	3,010,926	1,426,487	906,969	1,575,919	20,679,778	-	20,679,778
Retrocession costs	(1,420,784)	(141,970)	(299,653)	(108,912)	(83,146)	-429,949	(2,484,414)	-	(2,484,414)
Net premium written	10,744,733	1,451,990	2,711,273	1,317,575	823,823	1,145,970	18,195,364	-	18,195,364
Expenses									
Gross claims paid	5,526,401	365,563	1,422,091	293,900	21,398	131,693	7,761,047	-	7,761,047
Change in reserve for outstanding claims	190,907	204,955	123,517	271,964	172,165	145,541	1,109,049	-	1,109,049
Ceded outstanding claims reserve	-	-	(593)	-	-	150,797	150,204	-	150,204
Claims incurred	5,717,308	570,518	1,545,015	565,864	193,563	428,031	9,020,300	-	9,020,300
Retrocession recoveries	(155,984)	(38)	(133,918)	-	(27)	-	(289,967)	-	(289,967)
Net claims incurred	5,561,324	570,480	1,411,097	565,864	193,536	428,031	8,730,333	-	8,730,333
Underwriting expenses:									
Acquisition and maintenance cost	3,376,674	407,693	785,514	353,147	203,565	378,650	5,505,244	(27,315)	5,477,929
Depreciation and amortisation	63,895	8,512	16,250	8,017	5,191	8,109	109,974	-	109,974
Management and Admin expenses	1,880,711	340,453	333,005	300,327	269,958	202,857	3,327,310	(195,984)	3,131,326
	5,321,280	756,658	1,134,769	661,491	478,714	589,616	8,942,528	(223,299)	8,719,229
Underwriting profit	(137,871)	124,852	165,407	90,220	151,573	128,323	522,504	223,299	745,801
Investment Income	1,363,041	184,934	215,151	174,184	112,794	119,688	2,169,791	-	2,169,791
Results of operating activities	1,225,170	309,786	380,558	264,404	264,367	248,011	2,692,295	223,299	2,915,592
Income tax expenses	(605,857)	-	(128,178)	-	-	-38,770	(772,805)	-	(772,805)
Profit for the year	619,313	309,786	252,380	264,404	264,367	209,241	1,919,490	223,299	2,142,787
Segment Assets	18,454,280	2,458,294	3,986,222	2,315,391	1,499,348	2,501,422	31,214,956	(1,546,226)	29,668,730
Segment liabilities	9,087,844	1,209,802	2,112,535	1,139,475	737,875	1,239,535	15,527,066	(1,395,527)	14,131,539

Notes to the consolidated financial statements - Continued

42. 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.

42.1 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 the largest 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.

Applying the Normal Distribution approach to the non-life reserves indicates that at the 75th percentile, the reserves would be equivalent to NGN 4.12bn, i.e. a deterioration of NGN0.51bn over the best estimate.

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	Gross written Premium (=N='000)	Ceded to Retrocessionaire (=N='000)	Net written Premium (=N='000)	Percentage (GWP) %	Percentage (Retro) %
31 December 2016					
Anglophone west	10,971,113	2,097,910	8,873,203	49%	60%
Eastern Africa	4,072,710	368,652	3,704,058	18%	11%
Southern Africa	2,103,542	364,306	1,739,236	9%	11%
Central Africa	2,148,736	258,707	1,890,029	10%	7%
Northern Africa	1,527,683	189,172	1,338,511	7%	5%
Francophone West	1,582,264	190,566	1,391,698	7%	5%
Total	22,406,048	3,469,313	18,936,735	100%	100%
31 December 2015					
Anglophone west	11,467,904	1,420,783	10,047,121	58%	57%
Eastern Africa	2,916,520	299,653	2,616,867	15%	12%
Southern Africa	1,455,412	429,949	1,025,463	7%	17%
Central Africa	1,527,639	141,970	1,385,669	8%	6%
Northern Africa	931,729	83,146	848,583	5%	3%
Francophone West	1,438,836	108,912	1,329,924	7%	4%
Total	19,738,040	2,484,413	17,253,627	100%	100%

42.1. Management of Insurance risk (continued)

Company	Gross written Premium (=N='000)	Ceded to Retrocessionaire (=N='000)	Net written Premium (=N='000)	Percentage (GWP) %	Percentage (Retro) %
31 December 2016					
Anglophone west	12,116,144	1,962,646	10,153,498	70%	75%
Eastern Africa	-	-	-	0%	0%
Southern Africa	-	-	-	0%	0%
Central Africa	2,148,736	258,707	1,890,029	12%	10%
Northern Africa	1,527,682	189,172	1,338,510	9%	7%
Francophone West	1,582,264	190,566	1,391,697	9%	7%
Total	17,374,826	2,601,092	14,773,734	100%	100%
31 December 2015					
Anglophone west	11,373,993	1,415,576	9,958,417	74%	81%
Eastern Africa	93,916	5,200	88,717	1%	0%
Southern Africa	-	-	-	0%	0%
Central Africa	1,527,639	141,970	1,385,669	10%	8%
Northern Africa	931,729	83,146	848,582	6%	5%
Francophone West	1,438,836	108,912	1,329,924	9%	6%
Total	15,366,113	1,754,804	13,611,309	100%	100%

The Group's insurance risk by product is shown on the table below:

Insurance Risk By Region Group	Gross Written Premium (=N='000)	Ceded to Retrocessionaire (=N='000)	Net Written Premium (=N='000)	Percentage (GWP) %	Percentage (Retro) %
31 December 2016					
Accident	4,477,758	323,044	4,154,714	19%	10%
Energy	2,456,079	656,160	1,799,919	10%	20%
Fire	10,803,189	1,748,904	9,054,285	45%	53%
Group Life	2,579,173	399,644	2,179,529	11%	12%
Individual Life	234,156	22,127	212,029	1%	1%
Liability	1,604,974	25,259	1,579,715	7%	1%
Marine	1,779,134	107,568	1,671,566	7%	3%
Total	23,934,463	3,282,707	20,651,756	100%	100%
2015					
Accident	2,828,649	284,518	2,544,131	14%	11%
Energy	2,199,322	475,760	1,723,562	11%	19%
Fire	9,097,426	1,182,912	7,914,514	46%	48%
Group Life	2,635,141	383,320	2,251,821	13%	15%
Individual Life	217,062	21,609	195,453	1%	1%
Liability	1,068,125	14,621	1,053,504	5%	1%
Marine	1,692,320	121,667	1,570,653	9%	5%
Total	19,738,046	2,484,407	17,253,639	100%	100%

Notes to the consolidated financial statements - Continued

42.1. Management of Insurance risk (continued)

	Gross Written Premium (=N='000)	Ceded to Retrocessionaire (=N='000)	Net Written Premium (=N='000)	Percentage (GWP) %	Percentage (Retro) %
Company					
31 December 2016					
Accident	2,740,815	193,805	1,334,284	15%	8%
Energy	2,456,100	656,160	1,723,563	14%	26%
Fire	7,370,363	1,223,499	6,049,756	42%	48%
Group Life	2,331,053	364,420	2,013,942	13%	14%
Individual Life	230,632	19,262	74,946	1%	1%
Liability	1,075,787	-	818,883	6%	0%
Marine	1,548,726	92,603	1,387,373	9%	4%
Total	17,753,476	2,549,749	13,402,747	100%	100%

	Gross Written Premium (=N='000)	Ceded to Retrocessionaire (=N='000)	Net Written Premium (=N='000)	Percentage (GWP) %	Percentage (Retro) %
Company					
31 December 2015					
Accident	1,484,190	149,905	1,334,285	10%	9%
Energy	2,199,322	475,760	1,723,562	14%	27%
Fire	6,716,207	666,451	6,049,756	44%	38%
Group Life	2,449,016	336,068	2,112,948	16%	19%
Individual Life	217,062	32,559	184,503	1%	2%
Liability	818,883	-	818,883	5%	0%
Marine	1,481,433	94,061	1,387,372	10%	5%
Total	15,366,113	1,754,804	13,611,309	100%	100%

42.1. 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 2016 which formed the basis of the results of the actuarial valuation of the insurance contract claims liabilities carried out by Alexander Forbes Consulting Actuaries Nigeria Limited and HR Nigeria Limited for the Non-Life and Life businesses respectively.

Group
Non-life Claims development triangle

Months/ Years	12	24	36	48	60	72	84	96	108	120
	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000
2007	280,127	710,005	989,047	1,065,213	1,099,547	1,102,024	1,119,220	1,147,989	1,149,544	1,149,544
2008	579,645	1,989,474	2,785,593	2,948,806	3,034,361	3,183,999	3,190,017	3,185,208	3,185,208	
2009	801,754	1,683,942	2,355,306	2,556,346	2,861,009	2,900,807	3,036,720	3,036,720		
2010	862,423	2,186,276	2,554,287	2,809,789	3,124,543	3,256,491	3,256,491			
2011	979,336	2,369,388	3,347,404	4,482,197	4,512,476	4,512,476				
2012	1,580,878	3,569,602	4,297,947	4,706,042	4,925,401					
2013	1,587,757	3,732,917	4,285,940	4,636,159						
2014	1,800,191	4,627,898	5,467,253							
2015	2,155,934	3,888,728								
2016	2,796,771									

Life Claims development triangle

Months/ Years	12	24	36	48	60	72	84	96	108	120
	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000
2007	85,368	105,925	108,069	118,977	118,977	118,977	118,977	118,977	120,034	120,034
2008	420,348	698,530	732,733	734,904	734,904	734,904	734,904	734,904	734,904	
2009	312,682	519,070	595,878	599,539	599,539	601,117	601,639	601,639		
2010	371,227	693,405	730,306	731,265	752,391	770,895	770,895			
2011	585,530	1,229,132	1,277,341	1,300,449	1,302,668	1,302,668				
2012	398,334	797,236	983,372	996,864	998,409					
2013	728,616	1,361,555	1,457,431	29,335,772						
2014	546,391	1,216,277	47,277,356							
2015	640,131	594,780								
2016	402,051									

Notes to the consolidated financial statements - Continued

42.1. Management of Insurance risk (continued)

Company
Non-life Claims development triangle

Months/ Years	12	24	36	48	60	72	84	96	108	120
	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000
2007	280,127	710,005	989,047	1,065,213	1,099,547	1,102,024	1,119,220	1,147,989	1,149,544	1,149,544
2008	579,645	1,989,474	2,785,593	2,948,806	3,034,361	3,183,999	3,190,017	3,185,208	3,185,208	
2009	801,754	1,683,942	2,355,306	2,556,346	2,861,009	2,900,807	3,036,720	3,036,720		
2010	862,423	2,186,276	2,554,287	2,809,789	3,124,543	3,256,491	3,256,491			
2011	979,336	2,369,388	3,347,404	4,482,197	4,512,476	4,512,476				
2012	1,580,878	3,569,602	4,297,947	4,706,042	4,925,401					
2013	1,312,108	3,038,320	3,517,863	3,727,852						
2014	1,340,161	3,187,502	5,061,026							
2015	1,785,267	2,570,015								
2016	2,294,171									

Life Claims development triangle

Months/ Years	12	24	36	48	60	72	84	96	108	120
	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000
2007	85,368	105,925	108,069	118,977	118,977	118,977	118,977	118,977	120,034	120,034
2008	420,348	698,530	732,733	734,904	734,904	734,904	734,904	734,904	734,904	
2009	312,682	519,070	595,878	599,539	599,539	601,117	601,639	601,639		
2010	371,227	693,405	730,306	731,265	752,391	770,895	770,895			
2011	585,530	1,229,132	1,277,341	1,300,449	1,302,668	1,302,668				
2012	398,334	797,236	983,372	996,864	998,409					
2013	721,340	1,334,497	1,429,612	1,456,249						
2014	515,833	1,163,741	1,254,590							
2015	611,601	541,217								
2016	375,082									

42.1.1. 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 sensitivities.

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 N71.5 million whilst a reduction of Mortality by 5% will result in a reduction of Life fund liability by N71.5 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 as at 31 December 2016. The effects of these changes are as follows:

		Ultimate Premium		Ultimate Loss Ration	
	Best estimate	Effects of 5% decrease	Effects of 5% increase	Effects of 5% decrease	Effects of 5% increase
Class of business	=N='000	=N='000	=N='000	=N='000	=N='000
Accident	854,947	807,539	902,355	730,999	978,895
Energy	1,101,315	1,090,541	1,112,088	1,065,403	1,137,226
Fire	2,689,688	2,521,317	2,858,060	2,375,618	3,003,758
Liability	426,621	410,890	442,351	381,151	472,090
Marine	702,759	676,566	728,952	632,534	772,983
Total	5,775,330	5,506,853	6,043,806	5,185,705	6,364,952

Notes to the consolidated financial statements - Continued

42.2. 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 2016	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	9,346,513	7,878,520	956,133	511,860	-
Reinsurance receivables	10,548,242	10,548,242	-	-	-
Loans and other receivables	391,505	391,505	-	-	-
Retrocession assets	736,001	736,001	-	-	-
Other assets	363,814	363,814	-	-	-
Financial asset designated at fair value	2,046,334	2,046,334	-	-	-
Debt Securities - *held to maturity*					
Listed	6,345,275	783,522	466,011	1,950,854	3,144,888
Unlisted	768,780	-	-	-	768,780
Debt Securities - *available for sale*					
Listed	576,066	-	228,859	347,207	-
Equities - *available for sale*					
Listed	929,593	929,593	-	-	-
Unlisted	1,038,489	1,038,489	-	-	-
Statutory deposits	1,000,000	-	-	-	1,000,000
	34,090,612	24,716,020	1,651,003	2,809,921	4,913,668
Financial liabilities					
Other liabilities	1,965,759	1,965,759	-	-	-
Reinsurance creditors	2,930,857	2,930,857	-	-	-
	4,896,616	4,896,616	-	-	-

Note: Other assets excludes prepayments whilst other liabilities exclude statutory deductions and rent

The following tables indicate the contractual timing of cash flows arising from financial instruments and non-financial assets impacted by this risk:

Group At 31 December 2015	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	7,702,575	7,702,575	-	-	-
Reinsurance receivables	7,258,399	7,258,399	-	-	-
Loans and other receivables	364,041	364,041	-	-	-
Retrocession assets	727,581	727,581	-	-	-
Other assets	31,056	31,056	-	-	-
Financial asset designated at fair value	1,224,258	1,224,258	-	-	-
Debt Securities - *held to maturity*					
Listed	2,006,411	-	-	-	2,006,411
Unlisted	1,888,147	-	-	-	1,888,147
Debt Securities - *available for sale*					
Listed	250,574	250,574	-	-	-
Equities - *available for sale*					
Listed	838,636	1,102,347	-	-	-
Unlisted	1,105,472	1,031,359	-	-	-
Statutory deposits	1,000,000	-	-	-	1,000,000
	24,397,150	19,692,190	-	-	4,894,558
Financial liabilities					
Other liabilities	965,910	965,910	-	-	-
Reinsurance creditors	884,117	884,117	-	-	-
	1,850,027	1,850,027	-	-	-

Company At 31 December 2016	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	6,538,769	5,070,776	956,133	511,860	-
Reinsurance receivables	7,477,147	7,477,147	-	-	-
Loans and other receivables	296,441	-	-	242,898	53,543
Retrocession assets	47,381	47,381	-	-	-
Other assets	1,902,551	1,902,551	-	-	-
Financial asset designated at fair value	96,177	96,177	-	-	-
Debt Securities - *Held to maturity*					
Listed	6,345,275	783,522	466,011	1,950,854	3,144,888
Debt Securities - *available for sale*					
Listed	537,028	-	228,858	308,170	-
Equities - *available for sale*					
Listed	907,463	907,463	-	-	-
Unlisted	1,038,489	1,038,489	-	-	-
Statutory deposits	1,000,000	-	-	-	1,000,000
	26,186,721	17,323,506	1,651,002	3,013,782	4,198,431
Financial liabilities					
Other liabilities	3,200,303	3,200,303	-	-	-
Reinsurance creditors	2,568,608	2,568,608	-	-	-
	5,768,911	5,768,911	-	-	-

Note: Other assets excludes prepayments whilst other liabilities exclude statutory deductions and rent

Notes to the consolidated financial statements - Continued

Company At 31 December 2015	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	5,792,358	5,792,358	-	-	-
Reinsurance receivables	5,793,094	1,288,588	493,181	1,084,892	2,750,376
Loans and other receivables	302,083	302,083	-	-	-
Retrocession assets	396,648	396,648	-	-	-
Other assets	1,012,104	1,012,104	-	-	-
Financial asset designated at fair value	104,247	104,247	-	-	-
Debt Securities - Held to maturity					
Listed	1,550,193	-	1,550,193	-	
Unlisted	1,888,147	-	522,050	102,570	1,006,839
Debt Securities - available for sale					
Listed	225,641	-	-	-	225,641
Equities - available for sale					
Listed	819,780	819,780	-	-	-
Unlisted	1,105,472	1,105,472	-	-	-
Statutory deposits	1,000,000	-	-	-	1,000,000
	19,989,767	10,821,280	2,565,424	1,187,462	4,982,856
Financial liabilities					
Other liabilities	951,769	951,769	-	-	-
Reinsurance creditors	847,009	847,009	-	-	-
	1,798,778	1,798,778	-	-	-

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 2016	Current =N='000=	Non-current =N='000=	Total =N='000=
Cash and cash equivalents	9,346,513	-	9,346,513
Financial asset designated as fair value	2,046,334	-	2,046,334
Loans and other receivables	391,505	-	391,505
Available-for-sale investments	1,669,113	875,035	2,544,148
Held to maturity investments	3,200,387	3,913,668	7,114,055
Reinsurance receivables	7,408,330	3,139,912	10,548,242
Retrocession assets	1,113,567	-	1,113,567
Deferred acquisition costs	1,532,809	-	1,532,809
Other assets	426,752	-	426,752
Investment properties	-	2,868,728	2,868,728
Intangible assets	-	7,067	7,067
Property, plant and equipment	-	1,311,956	1,311,956
Statutory deposits	-	1,000,000	1,000,000
Total assets	27,135,310	13,116,366	40,251,676
Liabilities			
Insurance contract liabilities	13,745,315	-	13,745,315
Reinsurance creditors	2,930,857	-	2,930,857
Other liabilities	1,976,817	-	1,976,817
Retirement benefit obligations	-	383,857	383,857
Current income tax	692,602	-	692,602
Deferred taxation	-	793,806	793,806
Total liabilities	19,345,591	1,177,663	20,523,254
Net maturity mismatch	7,789,719	11,938,702	19,728,422

Maturity analysis on expected maturity basis (continued)

Group At 31 December 2015	Current =N='000=	Non-current N='000=	Total N='000
Cash and cash equivalents	7,702,575	-	7,702,575
Financial asset designated as fair value	1,224,258	-	1,224,258
Loans and other receivables	364,041	-	364,041
Available-for-sale investments	2,194,682	-	2,194,682
Held to maturity investments	-	3,894,558	3,894,558
Reinsurance receivables	4,118,487	3,139,912	7,258,399
Retrocession assets	727,581	-	727,581
Deferred acquisition costs	1,458,436	-	1,458,436
Other assets	31,056	-	31,056
Investment properties	-	2,685,646	2,685,646
Property, plant and equipment	-	1,127,498	1,127,498
Statutory deposits	-	1,000,000	1,000,000
Total assets	17,821,116	11,847,614	29,668,730
Liabilities			
Insurance contract liabilities	11,081,953	-	11,081,953
Reinsurance creditors	884,117	-	884,117
Other liabilities	1,092,154	-	1,092,154
Retirement benefit obligations	278,372	-	278,372
Current income tax	722,035	-	722,035
Deferred taxation	-	72,908	72,908
Total liabilities	14,058,631	72,908	14,131,539
Net maturity mismatch	3,762,485	11,774,706	15,537,191
Company			
At 31 December 2016			
Cash and cash equivalents	6,538,769	-	6,538,769
Financial asset designated as fair value	96,177	-	96,177
Loans and other receivables	242,898	53,543	296,441
Available-for-sale investments	2,174,810	308,170	2,482,980
Held to maturity investments	2,977,949	3,367,326	6,345,275
Reinsurance receivables	7,477,147	-	7,477,147
Retrocession assets	424,947	-	424,947
Deferred acquisition costs	782,628	-	782,628
Other assets	1,950,128	-	1,950,128
Investment properties	-	2,868,728	2,868,728
Intangible assets	-	6,768	6,768
Property, plant and equipment	-	1,247,032	1,247,032
Statutory deposits	-	1,000,000	1,000,000
Investment in subsidiary	-	1,649,571	1,649,571
Total assets	22,665,453	10,501,138	33,166,591
Liabilities			
Insurance contract liabilities	10,137,148	-	10,137,148
Reinsurance creditors	2,568,608	-	2,568,608
Other liabilities	3,200,303	-	3,200,303
Retirement benefit obligations	336,008	-	336,008
Current income tax	631,518	-	631,518
Deferred taxation	-	686,907	686,907
Total liabilities	16,873,585	686,907	17,560,492
Net maturity mismatch	5,791,868	9,814,231	15,606,099

Notes to the consolidated financial statements - Continued

Maturity analysis on expected maturity basis (continued)

Company At 31 December 2015	Current =N='000=	Non-current =N='000=	Total =N='000=
Cash and cash equivalents	5,792,358	-	5,792,358
Financial asset designated as fair value	104,247	-	104,247
Loans and other receivables	302,083	-	302,083
Available-for-sale investments	704,115	1,446,779	2,150,894
Held to maturity investments	910,385	2,527,955	3,438,340
Reinsurance receivables	3,042,718	2,750,376	5,793,094
Retrocession assets	396,648	-	396,648
Deferred acquisition costs	1,107,837	-	1,107,837
Other assets	1,062,703	-	1,062,703
Investment properties	-	2,685,646	2,685,646
Intangible assets	-	-	-
Property, plant and equipment	-	1,048,051	1,048,051
Statutory deposits	-	1,000,000	1,000,000
Investment in subsidiary	-	1,649,571	1,649,571
Total assets	13,423,094	13,108,378	26,531,472
Liabilities			
Insurance contract liabilities	9,153,563		9,153,563
Reinsurance creditors	847,009	-	847,009
Other liabilities	1,318,129	-	1,318,129
Retirement benefit obligations	278,372	-	278,372
Current income tax	648,999	-	648,999
Deferred taxation	-	68,777	68,777
Total liabilities	12,246,072	68,777	12,314,849
Net maturity mismatch	1,177,022	13,039,601	14,216,623

42.2.1. 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=91.006 million and Company =N=62.929 million (2015: Group =N=91.1million and Company =N=72.7million).

(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.

(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=31.998 million and Company =N=11.8856 million (December 2015: Group =N=10.3 million, Company =N=10.04 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.

© 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=64.263 million gain or loss for the Group and Company of =N=38.547 (2015: Group =N=39.4 million and Company =N=36.36). In Euro, Group =N=3.793 million and Company =N=3.793 million (2015: Group =N=2.34 million and Company =N=2.09 million). And in other currencies, Group =N=122.043 million and Company =N=80.670 million (2015: Group =N=83.57 million and Company =N= 40.69 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	Naira	USD	Euro	CFA	KSHS	Other
31 December 2016	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000
Assets						
Cash and cash equivalents	1,659,468	934,700	221,875	3,256,081	725,072	2,549,317
Reinsurance receivables	668,053	2,684,117	453,020	2,547,403	1,087,908	3,107,741
Investment securities	5,708,194	2,652,371	-	268,871	2,966,229	108,873
Loans and other receivables	296,441	-	-	-	92,161	2,903
Other assets	426,752	-	-	-	-	-
Retrocession assets	-	47,381	-	-	513,072	175,548
	8,758,908	6,318,569	674,895	6,072,355	5,384,442	5,944,382
Liabilities						
Other liabilities	1,329,178	-	-	-	-	-
	1,329,178	-	-	-	-	-
31 December 2015						
Assets						
Cash and cash equivalents	3,286,180	280,835	84,880	1,941,090	772,558	1,337,033
Reinsurance receivables	677,328	2,125,475	164,970	1,389,446	485,353	2,239,770
Investment securities	3,676,069	1,618,091	-	218,993	1,729,709	70,636
Loans and other receivables	302,083	-	-	-	-	-
Other assets	793,806	-	-	-	-	-
Retrocession assets	-	374,745	-	-	-	-
	8,735,466	4,399,146	249,850	3,549,528	2,987,620	3,647,439
Liabilities						
Other liabilities	,092,154	-	-	-	-	-
	1,092,154	-	-	-	-	-

Company	Naira	USD	Euro	CFA	KSHS	Other
31 December 2016	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000
Assets						
Cash and cash equivalents	1,659,468	927,403	221,875	3,256,081	7,296	466,645
Reinsurance receivables	494,856	1,615,029	235,348	2,374,118	7,483	2,750,313
Investment securities	5,708,194	2,610,776	-	98,681	186,124	320,658
Loans and other receivables	296,441	-	-	-	-	-
Other assets	1,902,551	-	-	-	-	-
Retrocession assets	-	47,381	-	-	-	-
	10,061,510	5,200,589	457,223	5,728,880	200,903	3,537,616
Liabilities						
Other liabilities	3,200,303	-	-	-	-	-
	3,200,303	-	-	-	-	-

Notes to the consolidated financial statements - Continued

Company 31 December 2015	Naira =N='000	USD =N='000	Euro =N='000	CFA =N='000	KSHS =N='000	Other =N='000
Assets						
Cash and cash equivalents	3,286,180	280,835	84,880	1,941,090	141,307	58,067
Reinsurance receivables	677,328	1,611,951	146,339	1,389,446	22,549	1,769,424
Investment securities	3,676,069	1,618,091	-	218,993	109,692	70,636
Loans and other receivables	302,083	-	-	-	-	-
Other assets	1,012,104	-	-	-	-	-
Retrocession assets	-	112,088	-	-	-	-
	7,639,577	3,510,877	231,219	3,549,528	273,548	1,898,127
Liabilities						
Other liabilities	1,318,129	-	-	-	-	-
	1,318,129	-	-	-	-	-

42.2.2. Credit Risk

Credit Risk is the risk that one 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 RatingFire and	Engineering	Marine and Aviation	Motor, Accident and Liability	Energy
A++	0%	10%	0%	10%
A+	43%	20%	40%	20%
A	25%	60%	0%	60%
A-	19%	10%	30%	10%
BBB+	10%	0%	15%	0%
B+	4%	0%	15%	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 statement of 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 2016 =N='000	Maximum Group 2015 =N='000	Company 2016 =N='000	Company 2015 =N='000
Cash and cash equivalents	9,346,513	7,702,575	6,538,769	5,792,358
Reinsurance receivables	10,548,242	7,258,399	7,477,147	5,793,094
Loans and other receivables	391,505	364,041	296,441	302,083
Debt securities	9,658,203	4,145,131	8,828,255	3,663,981
Total assets bearing credit risk	29,944,463	19,470,146	23,140,612	15,551,516

Age analysis for past due and impaired - The Group

31 December 2016	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	9,346,513	7,135,009	391,505	9,658,203
Past due but not impaired	-	3,413,233	-	-
Impaired	-	1,536,477	375,491	-
Gross	9,346,513	12,084,719	766,996	9,658,203
Impairment allowance - collective	-	(1,536,477)	(375,491)	-
Net	9,346,513	10,548,242	391,505	9,658,203
31 December 2015				
Neither past due nor impaired	7,702,575	3,942,430	364,041	4,145,131
Past due but not impaired	-	3,139,912	-	-
Impaired	-	1,258,343	375,491	-
Gross	7,702,575	8,340,685	739,532	4,145,131
Impairment allowance - collective	-	(1,258,343)	(375,491)	-
Net	7,702,575	7,082,342	364,041	4,145,131

42.2.2. Credit Risk

Age analysis for past due and impaired - Company

	Cash and cash equivalents	Reinsurance receivables	Loans and other receivables	Debt securities
31 December 2016	=N='000	=N='000	=N='000	=N='000
Neither past due nor impaired	6,538,769	4,934,090	296,441	8,828,255
Past due but not impaired	-	2,543,057	-	-
Impaired	-	1,297,185	375,491	-
Gross	6,538,769	8,774,332	671,932	8,828,255
Impairment allowance - collective	-	(1,297,185)	(375,491)	-
Net	6,538,769	7,477,147	296,441	8,828,255
31 December 2015				
Neither past due nor impaired	5,792,358	2,866,661	302,083	3,663,981
Past due but not impaired	-	2,750,376	-	-
Impaired	-	1,178,599	375,491	-
Gross	5,792,358	6,795,636	677,574	3,663,981
Impairment allowance - collective	-	(1,178,599)	(375,491)	-
Net	5,792,358	5,617,037	302,083	3,663,981

(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+	A	BBB-	Below BBB	Not rated
	=N='000=	=N='000=	=N='000=	=N='000=	=N='000=
31 December 2016					
Cash and cash equivalents	2,154,031	-	-	2,685,102	4,507,380
Reinsurance receivables	-	-	-	-	10,548,242
Loans and other receivables	-	-	-	-	391,505
Other assets	-	-	-	-	426,752
Retrocession assets	-	-	-	-	736,001
Debt securities	310,123	255,727	101,596	6,116,175	4,920,917
	2,464,154	255,727	101,596	8,801,277	21,530,797
31 December 2015					
Cash and cash equivalents	7,702,575	-	-	-	-
Reinsurance receivables	-	-	-	-	7,258,399
Loans and other receivables	-	-	-	-	364,041
Other assets	-	-	-	-	793,806
Retrocession assets	-	-	-	-	374,745
Debt securities	2,256,984	1,888,147	-	-	-
	9,959,559	1,888,147	-	-	8,790,991
Company					
31 December 2016					
Cash and cash equivalents	2,154,031	-	-	2,685,102	1,699,636
Reinsurance receivables	-	-	-	-	7,477,147
Loans and other receivables	-	-	-	-	296,441
Other assets	-	-	-	-	1,902,551
Retrocession assets	-	-	-	-	47,381
Debt securities	310,123	255,727	101,596	6,116,175	98,681
	2,464,154	255,727	101,596	8,801,277	11,521,837
31 December 2015					
Cash and cash equivalents	5,792,358	-	-	-	-
Reinsurance receivables	-	-	-	-	5,793,094
Loans and other receivables	-	-	-	-	302,083
Other assets	-	-	-	-	1,012,104
Retrocession assets	-	-	-	-	112,088
Debt securities	1,775,834	1,888,147	-	-	-
	7,568,192	1,888,147	-	-	7,219,369

Notes to the consolidated financial statements - Continued

(b) Age Analysis financial assets past due but not impaired

Group 31 December 2016	< 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
Life	304,556	34,065	12,034	9,715	68,568	14,617
Non-Life	922,781	1,146,520	1,288,821	992,937	2,355,013	975,035
Total	**1,227,337**	**1,180,585**	**1,300,855**	**1,002,652**	**2,423,581**	**989,652**
Profile	15%	15%	16%	12%	30%	12%

Group 31 December 2015	< 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
Life	108,986	(1,904)	50,991	39,474	53,108	130,300
Non-Life	1,644,359	681,703	874,556	444,263	1,339,002	1,717,504
Total	**1,753,345**	**679,799**	**925,547**	**483,737**	**1,392,110**	**1,847,804**
Profile	**25%**	**10%**	**13%**	**7%**	**20%**	**26%**

Company 31 December 2016	< 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
Life	150,226	23,216	8,242	520	54,435	13,772
Non-Life	67,319	529,316	914,813	697,381	1,656,833	818,018
Total	**217,545**	**552,532**	**923,055**	**697,901**	**1,711,268**	**831,790**
Profile	**4%**	**11%**	**19%**	**14%**	**35%**	**17%**
31 December 2015						
Life	51,630	10,800	35,948	39,332	48,165	127,431
Non-Life	1,236,958	482,380	491,570	418,041	834,501	1,840,281
Total	**1,288,588**	**493,180**	**527,518**	**457,373**	**882,666**	**1,967,712**
Profile	**23%**	**9%**	**9%**	**8%**	**16%**	**35%**

42.2.2.1. 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 2016 =N='000	Group 2015 =N='000	Company 2016 =N='000	Company 2015 =N='000
Nigeria	2,462,529	2,790,468	2,490,879	2,712,283
Cameroon	1,726,393	1,428,669	1,726,393	1,158,731
Kenya	2,193,367	1,765,770	169,446	690,242
Abidjan + Tunis	2,845,798	789,022	2,845,798	1,024,798
Gaborone	1,320,155	484,470	244,631	207,040
Total	**10,548,242**	**7,258,399**	**7,477,147**	**5,793,094**

(b) Business Class

At 31 December	Group 2016 =N='000	Group 2015 =N='000	Company 2016 =N='000	Company 2015 =N='000
Life operation	559,310	381,359	555,058	426,157
Non life Facultative	5,307,443	3,685,023	4,392,653	3,372,549
Non life Treaty	4,681,489	3,192,017	2,529,436	1,994,388
Total	**10,548,242**	**7,258,399**	**7,477,147**	**5,793,094**

42.2.2. 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 2016	0 - 30 days =N='000	31 - 90 days =N='000	91 - 180 days =N='000	181 - 365 days =N='000	Over 1 year but less than 5 yrs =N='000	Over 5 years =N='000
Financial assets						
Cash and cash equivalents	9,346,513	-	-	-	-	-
Reinsurance receivables	1,755,488	1,734,321	1,180,584	2,303,506	3,574,343	-
Loans and other receivables		54,643	165,471	95,342	76,049	-
Other assets	43,543	65,433	234,754	83,022	-	-
Retrocession assets	98,456	244,535	365,470	405,106	-	-
Debt Securities at amortised cost	247,858	535,664	466,011	1,950,854	3,758,563	155,105
Debt Securities at available for sale	-		228,859	308,170		
Total relevant financial assets	11,491,858	2,634,596	2,641,149	5,146,000	7,408,955	155,105
Financial liabilities						
Other liabilities	1,965,759	-	-	-	-	-
Total financial liabilities	1,965,759	-	-	-	-	-
Insurance contract liabilities				13,745,315		
31 December 2015						
Financial assets						
Cash and cash equivalents	7,702,575	-	-	-	-	-
Reinsurance receivables	3,913,186	326,204	588,679	715,156	1,138,580	576,594
Loans and other receivables	125,680			81,377	156,984	-
Other assets	31,056	-	-	-	-	-
Retrocession assets	727,581	-	-	-	-	-
Debt Securities at amortised cost	-		522,050	312,766	2,803,054	256,688
Debt Securities at available for sale	-	-	-	-	225,641	
Total relevant financial assets	**12,500,078**	**326,204**	**522,050**	**312,766**	**3,028,695**	**256,688**
Financial liabilities						
Other liabilities	965,910	-	-	-	-	-
Total financial liabilities	**965,910**	**-**	**-**	**-**	**-**	**-**
Insurance contract liabilities	-	-	-	11,081,953	-	-

Company 31 December 2016	0 - 30 days =N='000	31 - 90 days =N='000	91 - 180 days =N='000	181 - 365 days =N='000	Over 1 year but less than 5 yrs =N='000	Over 5 years =N='000
Financial assets						
Cash and cash equivalents	4,425,356	645,420	956,133	511,860	-	-
Reinsurance receivables	6,257,702	-	-	-	-	-
Loans and other receivables	-	-	-	242,898	53,543	-
Other assets	1,617,479	-	-	-	-	-
Retrocession assets	47,381	-	-	-	-	-
Debt Securities at amortised cost	356,619	574,604	1,020,186	2,228,674	3,673,536	209,625
Debt Securities at available for sale	-	-	251,722	9,734	340,707	-
Total relevant financial assets	**12,704,537**	**1,220,024**	**2,228,041**	**2,993,166**	**4,067,786**	**209,625**

Notes to the consolidated financial statements - Continued

	0 - 30 days =N='000	31 - 90 days =N='000	91 - 180 days =N='000	181 - 365 days =N='000	Over 1 year but less than =N='000	Over 5 years =N='000
Financial liabilities						
Other liabilities	3,200,303	-	-	-	-	-
Total financial liabilities	3,200,303	-	-	-	-	-
Insurance contract liabilities				10,137,148		
31 December 2015						
Financial assets						
Cash and cash equivalents	5,792,358	-	-	-	-	-
Reinsurance receivables	1,464,645	-	493,181	1,084,892	2,750,376	-
Loans and other receivables	125,379	-	-	19,720	156,984	-
Other assets	1,012,104	-	-	-	-	-
Retrocession assets	396,648	-	-	-	-	-
Debt Securities at amortised cost	-	-	522,050	312,766	2,346,836	256,687.58
Debt Securities at available for sale	-	-	-	-	225,641	
Total relevant financial assets	-	8,791,134	1,015,231	1,417,378	5,479,837	256,688
Financial liabilities						
Other liabilities	951,769	-	-	-	-	-
Total financial liabilities	**951,769**	**-**	**-**	**-**	**-**	**-**
Insurance contract liabilities	**-**	**-**	**-**	**9,153,563**	**-**	**-**

42.3. Fair value of financial assets and liabilities

(a) Financial instruments not measured at fair value

Group 31 December 2016	Carrying value =N='000	Fair value Level 1 =N='000	Level 2 =N='000	Level 3 =N='000	Fair value =N='000
Financial assets					
Cash and cash equivalents	9,346,513	-	9,346,513	-	9,346,513
Reinsurance receivables	10,548,242	-	10,548,242	-	10,548,242
Loans and other receivables	391,505	-	391,505	-	391,505
Retrocession assets	1,113,567	-	1,113,567	-	1,113,567
Other assets	363,814	-	363,814	-	363,814
Held to maturity					
Debt instruments	7,114,055	5,662,296	23,979	86,853	5,773,128
	28,877,696	5,662,296	21,787,620	86,853	27,536,769
Financial liabilities					
Reinsurance creditors	2 930 857	-	2,930,857	-	2,930,857
Other liabilities	1,976,817	-	1,976,817	-	1,976,817
	4,907,674	-	4,907,674	-	4,907,674

Group 31 December 2015	Carrying value =N='000	Fair value Level 1 =N='000	Level 2 =N='000	Level 3 =N='000	Fair value =N='000
Financial assets					
Cash and cash equivalents	7,702,575	-	7,702,575	-	7,702,575
Reinsurance receivables	7,258,399	-	7,258,399	-	7,258,399
Loans and other receivables	364,041	-	364,041	-	364,041
Retrocession assets	727,581	-	727,581	-	727,581
Other assets	31,056	-	31,056	-	31,056
Held to maturity					
Debt instruments	3,894,558	-	3,894,558	-	3,894,558
	19,978,210	-	19,978,210	-	19,978,210
Financial liabilities					
Reinsurance creditors	2,930,857	-	2,930,857	-	2,930,857
Other liabilities	1,976,817	-	1,976,817	-	1,976,817
	4,907,674	-	4,907,674	-	4,907,674

Company 31 December 2016	Carrying value =N='000	Level 1 =N='000	Fair value Level 2 =N='000	Level 3 =N='000	Fair value =N='000
Financial assets					
Cash and cash equivalents	6,538,769	-	6,538,769	-	6,538,769
Reinsurance receivables	7,477,147	-	7,477,147	-	7,477,147
Loans and other receivables	296,441	-	296,441	-	296,441
Retrocession assets	47,381	-	47,381	-	47,381
Other assets	1,902,551	-	1,902,551	-	1,902,551
Held to maturity					
Debt instruments	6,345,275	4,893,516	23,979	86,853	5,004,348
	22,607,564	4,893,516	16,286,268	86,853	21,266,637
Financial liabilities					
Reinsurance creditors	2,568,608	-	2,568,608	-	2,568,608
Other liabilities	3,200,303	-	3,200,303	-	3,200,303
	5,768,911	-	5,768,911	-	5,768,911

31 December 2015	Carrying value =N='000	Level 1 =N='000	Fair value Level 2 =N='000	Level 3 =N='000	Fair value =N='000
Financial assets					
Cash and cash equivalents	5,792,358	-	5,792,358	-	5,792,358
Reinsurance receivables	5,793,094	-	5,793,094	-	5,793,094
Loans and other receivables	302,083	-	302,083	-	302,083
Retrocession assets	396,648	-	396,648	-	396,648
Other assets	1,012,104	-	1,012,104	-	1,012,104
Held to maturity					
Debt instruments	3,438,340	-	3,438,340	-	3,438,340
	16,734,627	-	16,734,627	-	16,734,627
Financial liabilities					
Reinsurance creditors	847,009	-	847,009	-	847,009
Other liabilities	1,318,129	-	1,318,129	-	1,318,129
	2,165,138	-	2,165,138	-	2,165,138

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:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

Group 31 December 2016	Level 1 =N='000	Level 2 =N='000	Level 3 =N='000	Total =N='000
Financial assets				
Financial assets designated at fair value	2,046,334	-	-	2,046,334
Available for sale investments				
Debt investments	576,066	-	-	576,066
Quoted equity investments	929,593	-	-	929,593
Unquoted equity investments	-	-	1,038,489	1,038,489
	3,551,993	-	1,038,489	4,590,482
31 December 2015				
Financial assets				
Financial assets designated at fair value	1,224,258	-	-	1,224,258
Available for sale investments				
Debt investments	250,573	-	-	250,573
Quoted equity investments	838,636			
Unquoted equity investments	-	-	1,105,472	1,105,472
	2,313,467	-	1,105,472	2,580,303

Notes to the consolidated financial statements - Continued

Company 31 December 2016	Level 1 =N='000	Level 2 =N='000	Level 3 =N='000	Total =N='000
Financial assets				
Financial assets designated at fair value	96,177	-	-	96,177
Available for sale investments				
Debt investments	2,482,981	-	-	2,482,981
Quoted equity investments	548,718	-	-	548,718
Unquoted equity investments	-	1,397,234	-	1,397,234
	3,127,876	1,397,234	-	4,525,110
Company				
31 December 2015				
Financial assets				
Financial assets designated at fair value	104,247	-	-	104,247
Available for sale investments				
Debt investments	225,642	-	-	225,642
Quoted equity investments	819,780	-	-	819,780
Unquoted equity investments	-	-	1,105,472	1,105,472
	1,149,669	-	1,105,472	2,255,141

Reconciliation of Level 3 fair value measurements

	Investment properties =N='000	Unquoted equities =N='000	Total =N='000
At beginning of the year, 1 January	2,685,646	1,105,472	3,791,118
Total gains/(losses):			
Included in earnings	623,082	-	623,082
Included in other comprehensive income	-	10,608	-
Purchases, issuance, sales and settlements:			
Sales	(440,000)	(77,591)	(517,591)
At end of the year, 31 December	2,868,728	1,038,489	3,896,609

(c) Fair valuation methods and assumptions
Financial assets and liabilities

(i) Cash and cash equivalents
Cash and cash equivalents represent cash and placement held with banks for short-term. The carrying amount of these balances approximates

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

(iii) Equity and Bond prices
Listed equities were fair valued using quoted prices from the Nigeria Stock Exchange. Available-for-sale bond portfolio were measured using prices from Financial Market Dealer Association (FMDA)

Unlisted equities were fair valued using recent market prices from Over-the-counter market and in some instances, comparative method of valuation is adopted to measure the value of unquoted equities. For unlisted bonds, valuation is done using market information of bonds with

(iv) Other assets and liabilities including loans and receivables
Other assets and liabilities represent financial instruments which usually has a short recycle period and as such the carrying amount of these instruments represent their fair values.

42.4. Capital management and Solvency Margin

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.

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 and
(b) maintain a minimum ratio of solvency margin of 15%.

During the period under review, all businesses within the Group complied with the solvency margin regulation as stated by National Insurance Commission.

Other National Disclosures

Consolidated statement of value added

for the year ended 31 December 2016

	Group 2016 =N='000	%	Group 2015 =N='000	%	Company 2016 =N='000	%	Company 2015 =N='000	%
Net premium income:								
- Local	11,483,324		10,744,733		11,483,324		10,744,733	
- Foreign	10,360,358		7,450,626		4,801,741		3,593,388	
Other income	1,967,315		1,730,760		1,643,272		1,432,864	
	23,810,997		19,926,119		17,928,337		15,770,985	
Claims, commission, charges and management expenses								
- local	(6,941,666)		(7,157,836)		(6,941,666)		(7,157,836)	
- imported	(10,386,078)		(8,638,178)		(5,731,081)		(5,100,359)	
Value Added	6,483,253	100%	4,130,105	100%	5,255,590	100%	3,512,790	100%
Applied as follows:								
To pay employees:								
- Salaries, pension and other allowances	1,667,969	26%	1,063,312	26%	1,299,515	25%	861,001	25%
To pay Government:								
- Income tax	795,570	13%	717,991	17%	686,034	13%	542,027	15%
- Information technology levy	38,357	1%	41,225	1%	38,357	1%	41,225	1%
Retained for growth:								
- Depreciation and amortistion	125,240	1%	109,974	3%	82,007	1%	70,320	2%
- Deferred taxation	737,482	11%	54,814	1%	634,715	12%	63,830	2%
- Profit for the year	3,118,635	48%	2,142,788	52%	2,514,962	48%	1,934,387	55%
	6,483,253	100%	4,130,105	100%	5,255,590	100%	3,512,790	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.

Consolidated and seperate financial statements

for the year ended 31 December 2016

Group three-year financial summary

Statement of financial position	2016	<-------------------31 DECEMBER 2015	2014 -------------------->	2013
	=N='000	=N='000	=N='000	=N='000
Assets				
Cash and cash equivalents	9,346,513	7,702,575	4,844,323	5,673,748
Financial asset held for trading	2,046,334	1,224,258	1,227,512	170,285
Loans and other receivables	391,505	364,041	234,910	379,174
Available-for-sale investments	2,544,148	2,194,682	2,406,037	2,259,534
Held to maturity investments	7,114,055	3,894,558	4,878,062	5,830,270
Reinsurance receivables	10,548,242	7,258,399	6,743,336	6,292,066
Retrocession assets	1,113,567	727,581	477,628	358,106
Deferred acquisition costs	1,532,809	1,458,436	1,759,685	1,428,293
Other assets	426,752	31,056	981,264	365,839
Investment properties	2,868,728	2,685,646	2,926,956	1,746,800
Intangible assets	7,067	-	1,214	9,667
Property, plant and equipment	1,311,956	1,127,498	726,717	611,628
Investments in subsidiary	-	-	-	-
Statutory deposits	1,000,000	1,000,000	1,000,000	1,000,000
Total assets	**40,251,676**	**29,668,730**	**28,207,644**	**26,125,410**
Liabilities				
Insurance contract liabilities	13,745,315	11,081,953	10,784,693	9,873,379
Reinsurance creditors	2,930,857	884,117	1,404,170	1,169,024
Other liabilities	1,976,817	1,092,154	535,096	311,142
Retirement benefit obligation	383,857	278,372	184,379	45,900
Current income tax payable	692,602	722,035	458,813	391,381
Deferred tax liabilities	793,806	72,908	64,113	49,091
Total liabilities	**20,523,254**	**14,131,539**	**13,431,264**	**11,839,917**
Equity				
Share capital	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
Retained earnings	2,874,421	1,820,765	1,714,433	2,420,096
Contigency reserve	4,003,471	3,414,608	2,785,131	2,519,174
Available-for-sale reserve	333,265	182,183	297,704	276,794
Foreign currency translation reserve	2,088,662	(116,756)	[illegible]	-
Equity attributable equity holders of the parent	**18,401,642**	**14,402,623**	**13,797,368**	**14,285,493**
Non-controlling interest	1,326,780	1,134,568	979,012	
Total equity	**19,728,422**	**15,537,191**	**14,776,380**	**14,285,493**
Total liabilities and equity	**40,251,676**	**29,668,730**	**28,207,644**	**26,125,410**

Income statement For year ended	2016	<-------------------31 DECEMBER 2015	2014 -------------------->	2013
	=N='000	=N='000	=N='000	=N='000
Gross premium	22,406,048	19,738,040	16,436,778	15,858,796
Profit before income tax expense	4,651,687	2,915,593	1,587,969	2,233,394
Income tax expense	(1,533,052)	(772,805)	(732,325)	(479,994)
Profit for the year	3,118,635	2,142,788	855,644	1,753,400
Appropriations:				
Transfer to contingency reserve	588,863	629,477	365,035	546,777
Transfer to retained earnings	2,529,772	1,513,311	490,609	1,206,623
Earnings per share (kobo)	28	19	8	8
Net assets per share (kobo)	177	139	133	138

Note: Earnings and dividend per share were computed based on the profit for the year and on the number of issued and fully paid ordinary shares at the end of the year. Net assets per share were computed on the number of issued and fully paid ordinary shares at the end of the respective years.

Consolidated and seperate financial statements

for the year ended 31 December 2016

Separate five-year financial summary

Statement of financial position	<----31 DECEMBER---->				
	2016	2015	2014	2013	2012
	=N='000	=N='000	=N='000	=N='000	=N='000
Assets					
Cash and cash equivalents	6,538,769	5,792,358	3,303,155	5,605,227	6,263,827
Financial asset held for trading	96,177	104,247	171,524	170,285	132,942
Loans and other receivables	296,441	302,083	207,802	370,833	192,575
Available-for-sale investments	2,482,980	2,150,894	2,356,882	2,213,919	1,910,396
Held to maturity investments	6,345,275	3,438,340	4,372,487	4,732,522	4,359,087
Reinsurance receivables	7,477,147	5,793,094	5,274,202	5,613,677	5,427,732
Retrocession assets	424,947	396,648	335,935	279,247	779,147
Deferred acquisition costs	782,628	1,107,837	1,383,416	1,213,441	1,077,360
Other assets	1,950,128	1,062,703	1,214,437	546,073	1,113,603
Investment properties	2,868,728	2,685,646	2,926,956	1,746,800	1,661,000
Intangible assets	6,768	-	1,214	9,667	17,075
Property, plant and equipment	1,247,032	1,048,051	613,858	553,200	114,695
Investments in subsidiary	1,649,571	1,649,571	1,722,633	987,405	-
Statutory deposits	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Total assets	**33,166,591**	**26,531,472**	**24,884,501**	**25,042,296**	**24,049,439**
Liabilities					
Insurance contract liabilities	10,137,148	9,153,563	9,004,306	8,961,159	9,237,451
Reinsurance creditors	2,568,608	847,009	1,175,735	1,169,024	754,969
Other liabilities	3,200,303	1,318,129	457,106	288,057	252,265
Retirement benefit obligation	336,008	278,372	184,379	45,900	164,110
Current income tax payable	631,518	648,999	391,277	388,875	401,617
Deferred tax liabilities	686,907	68,777	45,039	41,946	3,660
Total liabilities	**17,560,492**	**12,314,849**	**11,257,842**	**10,894,961**	**10,814,072**
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	2,408,676	1,681,345	1,526,328	2,423,196	2,344,587
Contigency reserve	3,754,688	3,250,484	2,705,666	2,349,131	1,873,319
Available-for-sale reserve	340,912	182,971	292,842	273,185	(84,362)
Total equity	**15,606,099**	**14,216,623**	**13,626,659**	**14,147,335**	**13,235,367**
Total liabilities and equity	**33,166,591**	**26,531,472**	**24,884,501**	**25,042,296**	**24,049,439**

Income statement For year ended	<----31 DECEMBER---->				
	2016	2015	2014	2013	2012
	=N='000	=N='000	=N='000	=N='000	=N='000
Gross premium	17,374,826	15,366,113	13,176,217	14,053,252	14,053,252
Profit before income tax	3,835,712	2,540,244	1,279,994	2,001,410	1,699,731
Income tax expense	(1,320,750)	(605,857)	(618,471)	(414,953)	(414,953)
Profit after taxation	2,514,962	1,934,387	661,523	1,586,457	1,284,778
Appropriations:					
Transfer to contingency reserve	504,204	544,818	356,585	475,812	438,183
Transfer to retained earnings	2,010,758	1,389,569	304,988	1,110,645	1,110,645
Earnings per share (kobo)	24	19	6	15	12
Net assets per share (kobo)	151	137	131	136	128

Note: Earnings and dividend per share were computed based on the profit for the year and on the number of issued and fully paid ordinary shares at the end of the year. Net assets per share were computed on the number of issued and fully paid ordinary shares at the end of the respective years.

Growth in shareholders fund

5%

6

OTHER INFORMATION

Share Capital History

Date	Authorised (NGN)		Issued & Fully Paid up (NGN)		
	Increase	Cumulative	Increase	Cumulative	Consideration
1985	-	10,000,000	-	-	-
1986	-	10,000,000	-	5,070,000	Cash
1987	-	10,000,000	3,730,000	8,800,000	Cash
1988	5,000,000	15,000,000	1,200,000	10,000,000	Cash
1989	-	15,000,000	2,450,000	12,450,000	Cash
1990	-	15,000,000	1,490,000	13,940,000	Cash
1991	-	15,000,000	1,060,000	15,000,000	Cash
1992	85,000,000	100,000,000	4,918,000	19,918,000	Cash
1993	-	100,000,000	10,934,000	30,852,000	Cash and Bonus (1 for 15)
1994	-	100,000,000	24,148,000	55,000,000	Cash and Bonus (1 for 8)
1995	-	100,000,000	17,012,000	72,012,000	Cash and Bonus (1 for 15)
1996	-	100,000,000	6,197,237	78,209,237	Cash, Stock split (N1,000 to N1)
1997	100,000,000	200,000,000	36,317,763	114,527,000	Cash
1998	-	200,000,000	35,487,588	150,014,588	Cash and Bonus (1 for 10)
1999	300,000,000	500,000,000	29,985,414	180,000,002	Cash and Bonus (1 for 15)
2000	-	500,000,000	12,000,000	192,000,002	Cash
2001	-	500,000,000	63,598,223	255,598,225	Cash and Bonus (1 for 8)
2002	-	500,000,000	44,503,325	300,101,550	Cash and Bonus (1 for 6)
2003	500,000,000	1,000,000,000	103,565,104	403,666,654	Cash and Bonus (1 for 4)
2004	-	1,000,000,000	254,674,470	658,241,124	Cash and Bonus (1 for 9)
2005	1,000,000,000	2,000,000,000	198,566,308	856,907,432	Cash and Bonus (1 for 9)
2006	5,5000,000,000	7,500,000,000	383,683,372	1,240,590,804	Cash
2007	-	7,500,000,000	3,945,781,353	5,186,372,157	Cash, Stock split (N1 to N0.50)
2008	-	7,500,000,000	-	5,186,372,157	-
2009	-	7,500,000,000	-	5,186,372,157	-
2010	-	7,500,000,000	-	5,186,372,157	-
2011	-	7,500,000,000	-	5,186,372,157	-
2012	-	7,500,000,000	-	5,186,372,157	-
2013	5,000,000,000	12,500,000,000	-	5,186,372,157	-
2014	-	12,500,000,000	-	5,186,372,157	-
2015	-	12,500,000,000	-	5,186,372,157	-
2016	-	12,500,000,000	-	5,186,372,157	-

Proxy form

CONTINENTAL REINSURANCE PLC
RC: 73956

30th Annual General Meeting to be held at Victoria Crown Plaza (VCP) hotel, 292b, Ajose Adeogun Street, Victoria Island, Lagos on Thursday, June 29th, 2017 at 11.00 a.m.

I/We ____________________________________being a member /members of CONTINENTAL REINSURANCE PLC, hereby appoint **______________________________of ______________________________________ or failing him, the Chairman as my/our proxy to act and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on ____, 2017 and at any and every adjournment thereof.

Dated this…………day of…………….2017

Shareholder's Signature…………………...

RESOLUTIONS	FOR	AGAINST
To receive the Audited Financial Statements and the Reports of the Directors, Auditors and Audit Committee		
To declare a dividend		
To approve the appointment of Chief Ajibola Ogunshola		
To approve the appointment of Mr. Emmanuel Brule		
To authorize the Directors to fix the remuneration of the Auditors		
To elect members of the Audit Committee.		
To approve the remuneration of the Directors.		
- Chairman: NGN6,080, 000.00		
- Other Directors: NGN 3,040,000.00 each		
"That the directors of the Company be and are hereby authorised to capitalise the Company's subsidiary in Cameroon ("Subsidiary"), and for this purpose, to enter into any agreement or arrangement with C-Re Holding Limited on such terms and conditions as the directors may deem fit, subject to the fact that the Company shall continue to be the majority shareholder of the Subsidiary and hold not less than 51% of the shareholding in the Subsidiary."		
Please indicate with an "X" in the appropriate space how you wish your votes to be cast on the resolutions set out above. Unless otherwise indicated, the proxy will vote or abstain at his/her discretion		

Notes

1. A member (shareholder) who is unable to attend the Annual General Meeting is entitled to appoint a proxy to attend the meeting and vote on his/her behalf . This Proxy Form has been prepared to enable you exercise your right to vote in case you cannot personally attend the meeting.
2. Provision has also been made on this form for the Chairman of the meeting to act as your proxy, but if you wish, you may insert, in the space marked **, the name of any person, whether a member of the Company or not, who will attend the meeting and vote on your behalf.

. In the case of joint shareholders, the signature of any of them will suffice, but the names of all Joint Shareholders must be stated.

4. To appoint a proxy using this form, the form must be completed and signed and must be deposited at the registered office of the Company or the office of the Registrars, Pace Registrars Ltd (Formerly Sterling Registrars Ltd), 24, Campbell Street, Lagos not later than 48 hours before the time for holding the meeting.
5. If this Proxy form is executed by a corporate shareholder, it must be sealed under the common seal of the corporate shareholder or under the hand of an officer or attorney duly authorized in that behalf.
6. It is the requirement of the law under the Stamp Duties Act Cap. S8 LFN 2004, that any instrument of Proxy to be used for the purpose of voting by any persons entitled to vote at any meeting of shareholders, must bear the appropriate stamp duty, and not adhesive postage stamps. TO BE VALID THIS FORM MUST ACCORDINGLY, BE STAMPED AT THE STAMP DUTIES OFFICE.

Before posting or depositing the above form, please tear off this admission card and retain it for admission to the meeting.

Admission Card — Continental Reinsurance Plc RC: 73956

NUMBER OF SHARES HELD ………………………………………………………

Please admit the shareholder named on this form or his duly appointed proxy to the 30th Annual General Meeting to be held at Victoria Crown Plaza (VCP) Hotel, 292b, Ajose Adeogun Street, Victoria Island, Lagos on Thursday, June 29th, 2017 at 11.00 a.m.

Name of shareholder ………………………………………………………

Name of person attending ……………………………………………………

Signature of person attending ………………………………………………

NOTE: You are requested to sign this form at the entrance in the presence of the Registrar on the day of the Annual General Meeting.

The Registrar,
Pace Registrars Limited,
8th Floor, Knight Frank Building,
24, Campbell Street,
Lagos

Mandate form

for E-Dividend payment

CONTINENTAL REINSURANCE

Pan-African commitment made local

The Registrar,
Pace Registrars Limited
8th Floor, Knight Frank Building,
24, Campbell Street, Lagos.
Tel: 01-2806987, 7303445
Tel/Fax: 2806987

Date: ______________________

I/We hereby request that from now on, all dividends due or which may be due to me/us from my/our holding in Continental Reinsurance Plc, be paid directly to my/our Bank Account named below:

Surname/Company's Name: ______________________

Other Names (for Individual Shareholder): ______________________

Current Postal Address: ______________________

E-mail Address: ______________________

Mobile No(s): ______________________

Name of Bank: ______________________

Bank Branch: ______________________

Bank Branch Address: ______________________

Bank Account Number: ______________________

Bank Sort Code: ______________________

Shareholder's right thumbprint or signature ______________________

Corporate Shareholder:

Authorized Signature(s):

Company Seal /Incorporation Number (Corporate Shareholder)

BANK AUTHORISED SIGNATURE AND BANK STAMP

PLEASE COMPLETE AND RETURN TO THE REGISTRARS

The Registrar,
Pace Registrars Limited,
8th Floor, Knight Frank Building,
24, Campbell Street,
Lagos

Data update form

CONTINENTAL REINSURANCE

Pan-African commitment made local

The Registrar,
Pace Registrars Limited
8th Floor, Knight Frank Building,
24, Campbell Street, Lagos.
Tel: 01-2806987, 7303445
Tel/Fax: 2806987

Date: ______________________

Shareholder Account No: ____

CSCS Number: ____

Surname/Company's Name: ____

Other Name (Individual Shareholder): ____

E-mail Address: ____

Mobile Phone Numbers: ____

Current postal address: ____

Signature(s) :

The Registrar,
Pace Registrars Limited,
8th Floor, Knight Frank Building,
24, Campbell Street,
Lagos

Notes

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Continental Reinsurance Nigeria

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6 Catholic Mission Street
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Fax: +234 1 0700REINSURE, Ext. 138

Cameroon
Mairie Douala I Bonanjo
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Fax: +237 33 42 27 88

Cote d'ivoire
2eme etage, Imm. Equinoxe,
Angle de la Route du Lycee Technique
et de la Rue de la Canebiere (Carrefour Pisam)
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2eme etage - Bur 207
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