Continental Reinsurance Plc
Audited Financial Statements for the year ended 31 December 2016

Contents **Page**

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
31 January 2017

Dr. Olufemi Oyetunji
Group Managing Director/CEO
31 January 2017

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.

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.

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.

pwc

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 pwc

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
3G/ICAN
0102667

Obioma Ubah

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

21 February 2017

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 Basis of preparation (cont'd)

2.2.1 Basis of measurements

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

Functional and presentation currency

The consolidated financial statements are presented in Naira, which is the Group's functional currency. The figures shown in the consolidated financial statements are stated in thousands. 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 write-offs to the profit or loss.

2.4 Significant accounting judgements, estimates and assumptions (continued)

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") 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

2.4 Significant accounting judgements, estimates and assumptions (continued)

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

The carrying value at the reporting date of pipeline receivables for the Group is 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.

b Transactions and balances

Foreign currency transactions are transactions denominated, or that require settlement, in a foreign currency and these are translated into the functional currency spot rate prevailing at the dates of the transactions.

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

c Group companies

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

2.6 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).

[illegible]

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.

2.6 New and amended standards and interpretations - continued

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 IAS 16, 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, 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.

2.7 Standards and interpretations issued/amended but not yet effective - continued

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).

2.7 Standards and interpretations issued/amended but not yet effective - continued

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.

2.9.2 Gross premium

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

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

2.9.3 Retrocession

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

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

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

2.9.4 Gross Claims

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

2.9.5 Reserve for unexpired risks

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

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

2.9.6 Reserve for outstanding claim

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

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

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

2.9.7 Liability adequacy test

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

2.9.8 Actuarial valuation of life insurance contract liabilities

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

2.9.9 Deferred acquisition costs

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

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

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

2.10 Underwriting expenses
Underwriting expenses comprises acquisition, maintenance and management expenses.

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; held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired.

a Financial assets at fair value through profit or loss

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

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

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

• the application of the fair value option reduces or eliminates an accounting mismatch that would otherwise arise; or

• the financial assets are part of a portfolio of financial instruments which is risk managed and reported to senior management on a fair value basis; or

• the financial assets consists of debt host and an embedded derivative that must be separated.

Financial assets at fair value through profit or loss

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

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

b Loans and receivables

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

i) those that the Group intends to sell immediately or in the short-term, which are classified as held-for-trading, and those that the entity upon initial recognition designates as at fair value through profit or loss;
ii) those that the Group upon initial recognition designates as available-for-sale; or
iii) those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

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

c Held-to-maturity financial assets

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity, other than:
- those that the Group upon initial recognition designates as at fair value through profit or loss;
- those that the Group designates as available-for-sale; and
- those that meet the definition of loans and receivables.

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

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

d Available-for-sale financial assets

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

Available-for-sale financial assets are initially recognised at fair value, which is the cash consideration including any transaction costs, and measured subsequently at fair value with gains and losses being recognised in other comprehensive income. If an available-for-sale financial asset is determined to be impaired, the cumulative gain or loss previously recognised in the other comprehensive income is recognised in profit or loss. However, interest is calculated using the effective interest rate method, and foreign currency gains and losses on monetary assets classified as available-for-sale are recognised in profit or loss. Dividends on available-for-sale equity instruments are recognised in profit or loss in 'Dividend income' when the Group's right to receive payment is established. AFS financial assets includes debt and equity (quoted and unquoted) instruments. 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 '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 pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the profit or loss in the expense category consistent with the function of the intangible asset.

The Group chooses to use the cost model for the measurement after recognition.

Amortisation is calculated on a straight line basis over the useful lives as follows:
Computer software: 3 years

2.20 Reinsurance creditors

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

Reinsurance payables are derecognised when the obligation under the liability is settled, cancelled or expired.

2.21 Income tax

a Current income tax

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

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

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

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

b Deferred income tax

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

b Deferred income tax (continued)

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. Re-measurements are not reclassified to profit or loss in subsequent periods.

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

Past service costs are recognised in profit or loss on the earlier of:
• The date of the plan amendment or curtailment, and
• The date that the Group recognises restructuring-related costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under 'cost of sales 'administration expenses' and 'selling and distribution expenses' in consolidated statement of profit or loss (by function):
• Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
• Net interest expense or income.

2.23 Provisions

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

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

2.24 Equity

Ordinary share capital

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

Dividends on ordinary share capital

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

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

2.25 Contingency reserves

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

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

b. For life business the contingency reserve is credited with the higher of an amount equal to 1% of the gross premium or 10% of the profits.

2.26 Comparatives

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

2.27 Operating segments

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

Continental Reinsurance Plc
Consolidated 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	6.1	(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		5,435,959	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.

Continental Reinsurance Plc

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
Group Managing Director/CEO
FRC/2013/NSA/00000000685

Nkem Odibeli
Chief Financial Officer
FRC:2017/CIBN/00000016051

See accompanying notes to the consolidated financial statements.

Continental Reinsurance Plc

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**	**Share premium**	**Contingency reserve**	**Retained earnings**	**Available-for-sale reserve**	**Foreign currency translation reserve**	**Non controlling interest**	**Total equity**
		=N='000	=N='000	=N='000	=N='000	=N='000	=N='000		=N='000
As at 1 January 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.

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

		Attributable to the equity holders of the parent					
Company	**Notes**	**Share capital**	**Share premium**	**Contingency reserve**	**Retained earnings**	**Available-for-sale reserve**	**Total equity**
		=N='000	**=N='000**	**=N='000**	**=N='000**	**=N='000**	**=N='000**
As at 1 January 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.

Continental Reinsurance Plc

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

	Notes	Group 2016 =N='000	Group 2015 =N='000	Company 2016 =N='000	Company 2015 =N='000
Cash flows from operating activities					
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	(825,002)	(454,769)	(703,515)	(284,305)
Net cash generated by operating activities	**34**	4,062,600	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		(4,584,450)	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)
Net cash used in financing activities		(592,064)	(588,600)	(592,064)	(588,600)
Net increase in cash and cash equivalents		(1,113,914)	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**	6,822,392	7,962,050	4,014,648	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.

		Group 2016 =N='000	Group 2015 =N='000	Company 2016 =N='000	Company 2015 =N='000
1	**Revenue**				
1.1	**Insurance premium revenue**				
	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**				
	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**				
	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**				
	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**

		Group 2016 =N='000	Group 2015 =N='000	Company 2016 =N='000	Company 2015 =N='000
5	**Other income**				
	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

		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	790,654	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

	Group 2016 =N='000	Group 2015 =N='000	Company 2016 =N='000	Company 2015 =N='000
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)

8 Taxation

	Group 2016 =N='000	Group 2015 =N='000	Company 2016 =N='000	Company 2015 =N='000
Per consolidated statement of profit or loss :				
Income tax based on profit for the year	751,410	676,893	641,875	500,929
Education tax	44,159	41,098	44,159	41,098
	795,569	717,991	686,034	542,027
Deferred tax expense (Note 9.1)	737,482	54,814	634,715	63,830
Income tax expense	1,533,051	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	795,569	717,991	686,034	542,027
Payments during the year	(825,002)	(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:

	Group 2016	Group 2015	Company 2016	Company 2015
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:*

	Group 2016	Group 2015	Company 2016	Company 2015
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.

The following reflects the income and share data used in the basic earnings per share computations:	Group 31 December 2016	Group 31 December 2015	Company 31 December 2016	Company 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.

		Group 31 December 2016	Group 31 December 2015	Company 31 December 2016	Company 31 December 2015
14.1	**Available-for-sale cont'd:**	=N='000	=N='000	=N='000	=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

	Group 31 December 2016	Group 31 December 2015	Company 31 December 2016	Company 31 December 2015
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.

		Group 31 December 2016	Group 31 December 2015	Company 31 December 2016	Company 31 December 2015
15	**Reinsurance receivables**	=N='000	=N='000	=N='000	=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

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

20 Investment properties

	Group 31 December 2016	Group 31 December 2015	Company 31 December 2016	Company 31 December 2015
	=N='000	=N='000	=N='000	=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	Group 31 December 2015	Company 31 December 2016	Company 31 December 2015
	=N='000	=N='000	=N='000	=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			
	Quoted prices in active market Level 1	*Significant observable inputs Level 2*	*Significant unobservabl e inputs Level 3*	*Total*
Date of valuation - 31 December 2016	*=N='000*	*=N='000*	*=N='000*	*=N='000*
Investment properties	-	-	2,868,728	2,868,728

The fair value disclosure on investment properties is as follows:

	Fair value measurement using			
	Quoted prices in active market Level 1	*Significant observable inputs Level 2*	*Significant unobservabl e inputs Level 3*	*Total*
Date of valuation - 31 December 2015	*=N='000*	*=N='000*	*=N='000*	*=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**		**Sensitivities in vacancy rate**	
		Effect of 10% increase	**Effect of 10% Decrease**	**Effect of 10% increase**	**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:

Computer software	**Group 2016**	**Group 2015**	**Company 2016**	**Company 2015**
	=N='000	**=N='000**	**=N='000**	**=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	-
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	-	-	-	-

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	-	1,041,213
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	17,321	-	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	196,273	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	14,871	-	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	121,071	41,572	7,699	17,308	190,490	1,247,032
At 31 December 2015	891,485	87,847	42,647	12,766	13,306	-	1,048,051

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

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	146,598	161,189	146,598	161,189
Loan and receivable	16,166	-	16,166	-
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		**Discount**	**Salary increase**	**Mortality**
Sensitivity level		**=N='000**	**=N='000**	**=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.

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:

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	1,115,463
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**

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)	(825,002)	(454,769)	(703,515)	(284,305)
Net cash generated from operating activities	4,062,601	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	4,495,882	6,684,965	1,798,052	5,083,562
Treasury bills	746,846	259,475	746,846	226,647
	6,822,392	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)	-
		-	-	470,862	-

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).

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

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

	Number	Number	Number	Number
Below =N=1,000,000	-	-	-	-
=N=1,000,001 - =N=4,000,000	-	-	-	-
=N=4,000,001 - =N=7,000,000	-	-	-	-
=N=7,000,001 and above	2	2	2	2
	2	2	2	2

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 charge on an annual basis according to prevailing market conditions.

	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

		2016	2015
38	**Compliance with regulatory bodies**		
	Penalties:	**=N='000**	**=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	-
b	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

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

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	8,730,332	-	8,730,332
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	756,657	1,134,769	661,491	478,714	589,617	8,942,528	(223,299)	8,719,229
Underwriting profit	(137,871)	124,853	165,407	90,220	151,573	128,323	522,504	223,299	745,802
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	309,787	380,558	264,404	264,367	248,011	2,692,295	223,299	2,915,593
Income tax expenses	(605,857)	-	(128,178)	-	-	-38,770	(772,805)	-	(772,805)
Profit for the year	619,313	309,787	252,380	264,404	264,367	209,241	1,919,490	223,299	2,142,788
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

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	2,097,909	8,873,204	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	11,467,908	1,420,775	10,047,133	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	19,738,044	2,484,405	17,253,639	100%	100%

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					
Anglophone west	12,116,144	1,962,645	10,153,499	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	2,601,091	14,773,735	100%	100%
31 December 2015					
Anglophone west	11,373,992	1,415,576	9,958,416	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%

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%
Company					
31 December 2015					
Accident	1,484,189	149,904	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	1,754,803	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									

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**

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
	26,186,720	17,323,505	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

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	27,135,311	13,116,366	40,251,677
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	*7,789,720*	*11,938,703*	*19,728,423*

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*

Maturity analysis on expected maturity basis (continued)

Company	**Current =N='000**	**Non-current =N='000**	**Total =N='000**
At 31 December 2015			
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.

(c) Sensitivity analysis - foreign currency risk

Foreign currency risk is the risk that the fair value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Group carries out an asset liability matching exercise to ensure an adequate currency match between assets and liability so that any net movement in currency is minimal on the financial statements.

A 1% movement in foreign exchange rate in USD against the Naira will result in =N=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	1,092,154	-	-	-	-	-
	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	-	-	-	-	-

Company	**Naira**	**USD**	**Euro**	**CFA**	**KSHS**	**Other**
31 December 2015	**=N='000**	**=N='000**	**=N='000**	**=N='000**	**=N='000**	**=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 Rating	**Fire 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 e	**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

	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	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	10,548,243	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

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	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	7,477,148	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

(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**	**1,180,584**	**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	**217,544**	**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	244,632	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	4,681,488	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**	**31 - 90 days**	**91 - 180 days**	**181 - 365 days**	**Over 1 year but less than 5 yrs**	**Over 5 years**
	=N='000	**=N='000**	**=N='000**	**=N='000**	**=N='000**	**=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**	**1,060,340**	**2,664,130**	**3,758,563**	**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	**0 - 30 days**	**31 - 90 days**	**91 - 180 days**	**181 - 365 days**	**Over 1 year but less than 5 yrs**	**Over 5 years**
31 December 2016	**=N='000**	**=N='000**	**=N='000**	**=N='000**	**=N='000**	**=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**	**1,271,908**	**2,238,408**	**4,014,243**	**209,625**

	0 - 30 days	31 - 90 days	91 - 180 days	181 - 365 days	Over 1 year but less than	Over 5 years
	=N='000	=N='000	=N='000	=N='000	=N='000	=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	**Carrying value**	**Fair value** Level 1	Level 2	Level 3	Fair value
31 December 2016	=N='000	=N='000	=N='000	=N='000	=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	**Carrying value**	**Fair value** Level 1	Level 2	Level 3	Fair value
31 December 2015	=N='000	=N='000	=N='000	=N='000	=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	**Carrying value**	**Fair value**			
		Level 1	**Level 2**	**Level 3**	**Fair value**
31 December 2016	**=N='000**	**=N='000**	**=N='000**	**=N='000**	**=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

	Carrying value	**Fair value**			
		Level 1	**Level 2**	**Level 3**	**Fair value**
31 December 2015	**=N='000**	**=N='000**	**=N='000**	**=N='000**	**=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	**Level 1**	**Level 2**	**Level 3**	**Total**
31 December 2016	**=N='000**	**=N='000**	**=N='000**	**=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

Company	**Level 1**	**Level 2**	**Level 3**	**Total**
31 December 2016	**=N='000**	**=N='000**	**=N='000**	**=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	**Unquoted equities**	**Total**
	=N='000	**=N='000**	**=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

Continental Reinsurance Plc

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	
	23,810,996		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	(10,386,079)		(8,638,178)		(5,731,081)		(5,100,359)	
Value Added	6,483,252	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	795,569	12%	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	2%	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%
	6,483,252	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.

Continental Reinsurance Plc

Consolidated and seperate financial statements for the year ended 31 December 2016
Group three-year financial summary

Statement of financial position	<-------------------31 DECEMBER ------------------->			
	2016	**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	**40,251,677**	**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)	(101,723)	- 32,394
Equity attributable equity holders of the parent	**18,401,643**	**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	<-------------------31 DECEMBER ------------------->			
For year ended	**2016**	**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.

Continental Reinsurance Plc

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	<------31 DECEMBER------>				
For year ended	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.