CONTINENTAL REINSURANCE

Pan-African commitment made local

NAVIGATING HEADWINDS & FORGING AHEAD.

2017 ANNUAL REPORT & ACCOUNTS

Our vision

To be the premier Pan-African reinsurer.

Our mission

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

Our values

Commitment

Collective passion and commitment to the industry.

Responsiveness

High responsiveness in service, dependability and building of capability.

Sustainability

Realising ambitious, sustainable and relevant offerings.

Trust

Putting customers first by building relationships via localisation.

Contents

Growth in gross premium income

32%

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OVERVIEW

COMMITMENT

Collective passion and commitment to the industry.

Past and present leadership members preside over 30 years celebration milestone.

Corporate information

Board of Directors

Chief Ajibola Ogunshola	- Chairman, Non-Executive Director
Dr. Olufemi Oyetunji	- Managing Director/CEO
Mr. Lawrence M. Nazare (Zimbabwean)	- Executive Director
Mr. Foluso Laguda	- Non-Executive Director
Mrs. Ahlam Bennani (Moroccan)	- Non-Executive Director
Mr. Paul Oje Kokoricha	- Non-Executive Director
Mr. Steve Olisa Iwenjora	- Non-Executive Director
Mr. Ian Alvan Tofield, (British)	- Independent Non-Executive Director
Mr. Emmanuel Brule (French)	- Non-Executive Director

Company Secretary/Legal Adviser
Mrs. Abimbola A. Falana

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

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

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

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

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

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

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

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

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

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

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

Financial highlights

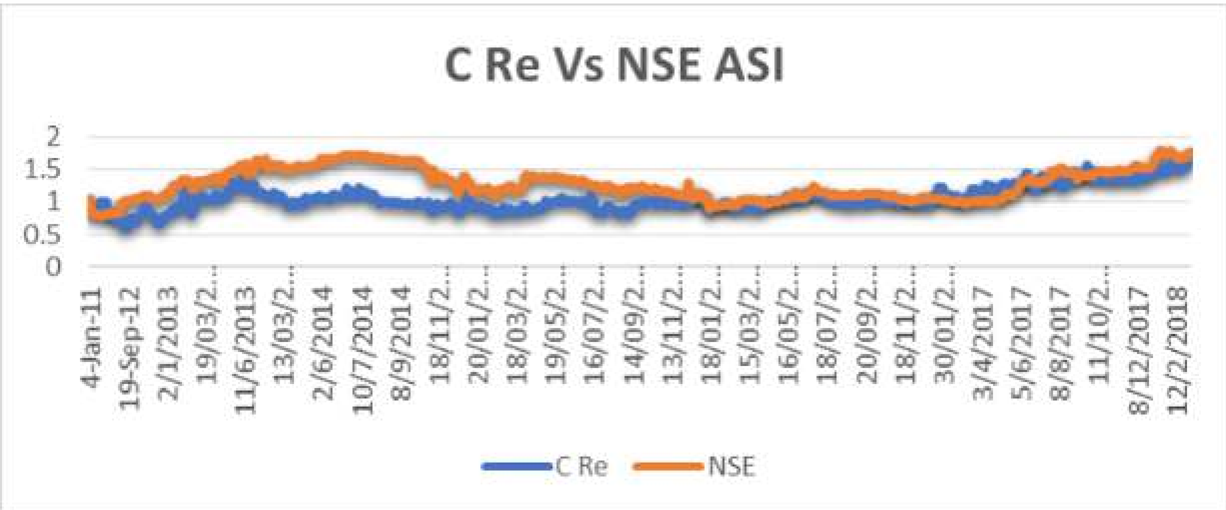
for the year ended 31st December, 2017

₦ millions, unless otherwise stated	2016	2017	change in %
Non - Life			
Premium earned	17,862	19,875	11%
Life			
Premium earned	3,982	3,256	-18%
Investment			
Investment income (Net of Provision)	2,373	2,568	8%
Return on investment in %	12%	12%	
Total Premium earned	21,844	23,131	6%
Combined ratio in % (Net of Retro)	98%	94%	-4%
Net income	3,119	2,470	-21%
Earnings per share in kobo	28	27	
Shareholders' equity	19,728	20,777	5%
Return on equity[1] in %	16%	12%	
Number of employees[2]	84	87	4%

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

Financial strength ratings	
as at 31st December,2017	A.M.Best
Ratings	B+
Outlook	Good

Share Performance	
Market Capitalization as at 6th March, 2018	
Share price in =N=	1.75
Number of Shares (Billion)	10.37
Market capitalisation in =N= Bn	18,152



Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Thirty First Annual General Meeting of members of CONTINENTAL REINSURANCE PLC will be held at Victoria Crown Plaza (VCP) Hotel, 292b, Ajose Adeogun Street, Victoria Island, Lagos on Wednesday, April 25th, 2018 at 11.00 a.m. to transact the following businesses:

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the year ended December 31st, 2017 together with the reports of the Directors, Auditors and Audit Committee thereon.

2. To declare a dividend.

3. To re-elect directors retiring by rotation.

4. To approve the appointment of a new director.

5. To authorize the directors to fix the remuneration of the Auditors.

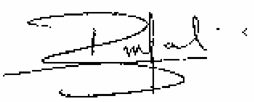
6. To elect members of the Audit Committee.

SPECIAL BUSINESS

7. To approve the remuneration of the directors for the year ending December 31st, 2018.

Dated this 19th day of March, 2018

BY ORDER OF THE BOARD



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

Notes:

1. Proxy

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

2. Closure of Register of Members

The register of members and transfer books of the Company will be closed from Monday, April 16th, 2018 to Friday, April 20th, 2018, (both days inclusive) to enable the Registrars to update the Register of Members in preparation for the payment of dividend.

3. Payment of Dividend

If the dividend recommended by the directors is declared at the Annual General Meeting, dividend will be paid on Thursday, April 26th, 2018 to shareholders whose names are registered in the Company's Register of Members at the close of business on Friday, April 13th, 2018. The accounts of shareholders who have completed the e-dividend Mandate Form will be credited on April 26th, 2018.

4. E-Dividend Mandate

Shareholders are requested to update their records and advise Pace Registrars of their updated records and relevant bank accounts for the payment of their dividends. A detachable e-dividend Mandate Form is in this Annual Report and can also be downloaded from the Company's website at www.continental-re.com or from Pace Registrars Limited's website at www.paceregistrars.com. Completed Forms should be returned to Pace Registrars.

5. Nominations to the Audit Committee

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

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

6. Right of Shareholders to ask questions

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

Growth in underwriting profit

213%

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OUR PROFILE

Our Profile

RESPONSIVENESS

High responsiveness in service dependability and building of capability.

Construction of head office building underway after a ground breaking ceremony.

Corporate Profile

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

The company became a public limited Company in 2000 and recapitalized from NGN2 billion to NGN10 billion in 2007, and was listed on the Nigerian Stock Exchange on May 30th, 2007. The group has four regional offices in Lagos, Nigeria; Abidjan, Cote d'Ivoire; Douala, Cameroon and Tunis, Tunisia and two subsidiaries in Nairobi, Kenya and Gaborone, Botswana.

Office Locations

The Company provides reinsurance services in 50 African countries and it is strategically located across the African continent. The group corporate head office is in Lagos, Nigeria. The office also serves as the Lagos regional office and covers business activities in the Anglophone West African Countries; the Douala, Cameroon regional office covers business activities in Francophone Central Africa; the Abidjan, Cote d' Ivoire regional office is responsible for the Francophone West Africa region; while the Tunis, Tunisia regional office covers the Northern/Maghreb/Middle East territories and also provides Takaful reinsurance offering to the Company's clients and partners in those regions.

The two subsidiaries in Nairobi, Kenya and Gaborone, Botswana respectively cover businesses in the Eastern Africa markets and the Southern Africa market excluding South Africa.

Credit rating

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

Product and Services

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

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

In line with its continued commitment towards developing the insurance industry, to provide reinsurance skills required to fill the knowledge gaps in the African markets and to enhance the technical capacity of its clients, the Company provides top class specialized training and development programmes to its esteemed clients and the insurance industry in general on various classes of insurance and reinsurance portfolios including fire, energy, business interruption, international reinsurance, life and pension, motor and general accident insurance and engineering/bond insurance etc.

Our People

The Company is managed by top class, highly talented, motivated and seasoned professionals. People are considered as the most valued asset to achieve its strategic objectives. The Company has a pool of highly talented people with proven competencies and they are regularly supported with relevant training and development programmes. A well-structured succession plan to ensure continuity and availability of the right people at all times is adopted by the Company as well as an effective organizational renewal with employment of seasoned professionals in order to continually deliver its business priorities.

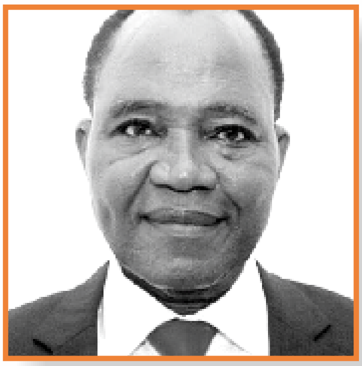
Corporate Governance

The Company ensures adherence to international best practices in corporate governance and also ensures compliance with the approved Codes of Corporate Governance. In addition to the Codes, the Company aggressively promotes its core values to employees with a Code of Conduct and Ethics Policy, Whistle Blowing Policy and Communication Policy which regulate employee relations with internal and external parties. This is a strong indicator of the Company's determination to ensure that its employees remain professional at all times in their business practices.

Corporate Social Responsibility

Corporate Social Responsibility remained a key part of the Company's operating model during the year, as the Company continued to support high impact initiatives with tangible benefits to the society. The Company provides significant support to a house for the less privileged persons at the SOS children's village in Ijebu-Oru; Ogun State, Nigeria and other less privileged institutions in Lagos; Douala, Abidjan, and Tunis.

Board of Directors


Chief Ajibola Ogunshola
Chairman, Non-Executive Director


Dr. Olufemi Oyetunji
Group Managing Director/CEO


Mr. Lawrence M. Nazare
Executive Director


Mr. Foluso Laguda
Non-Executive Director


Mrs. Ahlam Bennani
Non-Executive Director


Mr. Paul Oje Kokoricha
Non-Executive Director


Mr. Steve Olisa Iwenjora
Non-Executive Director


Mr. Ian Alvan Tofield
Independent Non-Executive Director


Mr. Emmanuel Brule
Non-Executive Director

Key Management Staff


Mr. Nkem Odibeli
Chief Finance Officer


Mr. Shola Ajibade
General Manager (Anglophone West Africa)


Mrs. Abimbola Falana
Company Secretary/Legal Adviser


Mr. Abayomi Oluremi-Judah
Chief Risk Officer


Mr. Souvik Banerjea
Managing Director (Nairobi Subsidiary)


Mr. Cassim Hansa
Managing Director (Gaborone Subsidiary)


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


Mrs. Lety Endeley
Regional Director (Douala)


Mr. Ibrahima Ndoye
Regional Director (Abidjan)


Mrs. Dorsaf Sassi
Regional Director (Tunis)

Growth in net investment and other income

37%

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BUSINESS REVIEW

SUSTAINABILITY

Realising ambitious, sustainable and relevant offerings.

Stakeholders engage at the 4th Chief Executive Officer's Summit in Dakar, Senegal.

Chairman's Statement

Distinguished shareholders, fellow Board members, representatives of regulatory bodies present, invited guests, ladies and gentlemen, I am pleased to welcome you all to the 31st Annual General Meeting of Continental Reinsurance Plc ("the Company" or "Continental Re"). In the course of this meeting, I shall be presenting to you the Annual Report and Financial Statements for the financial year ended December 31st, 2017.

Business and Operating Environment

Global Economy

The global economy performed above consensus expectations in 2017. Real GDP grew by 3.7%, significantly above the forecast of 3.3% as at the end of 2016. The consensus forecast for 2017 was for a slow-growing global economy resulting from uncertain geopolitical events, restrained demand, and weak investments. This was expected to take a toll on the global growth trajectory as some investors would wait and watch for clarity in the direction of political developments, particularly in Western Europe. The performance is not unconnected with easy financial conditions and lots of support from fiscal policies. This strength is broad-based across both advanced economies and emerging markets.

Having exceeded expectations in 2017, the global economy is projected to carry forward its current momentum to generate above 3% growth rate in 2018. While the growth path of mature markets will remain solid in the short term, potential for much faster growth is limited and a slowdown is likely to set in later in the decade. As some major emerging markets are maturing themselves, they are unlikely to return to growth trends of the past. The good news is that qualitative growth factors – an improvement in labor force skills, digitization, and especially stronger productivity growth – may help sustain growth and provide better conditions for businesses to thrive over the next decade. Growth in emerging markets and developing economies as a whole is projected to strengthen to 4.5% in 2018 as activity in commodity export continues to recover amid firming prices.

African Economy

Africa's Gross Domestic Product (GDP) grew by 2.4% in 2017 as against 1.6% in 2016. As expected, the larger economies and other commodity exporters like Nigeria, saw a modest increase in GDP growth as commodity prices continue to stabilize with economic activity expanding at a robust pace elsewhere in the region, supported in part by infrastructure investments. The current account deficits of oil and metals exporters narrowed, but remained elevated in the non-resource-intensive countries due to strong import growth. Fiscal deficits narrowed slightly in 2017, reflecting large expenditure cuts in some oil exporting countries.

On the face of it, 2018 will be a good year for sub-Sahara Africa's economies. The World Bank forcast a growth of 3.2% for the year, up from 2.4% in 2017. Much of that growth will still rely on improving commodity prices, gradual strengthening of domestic demand, slowing inflation and executing economic reforms that target diversification of the economy.

Reinsurance

Global demand for reinsurance protection increased modestly during 2017. The principal drivers were improved economies, the growing prevalence of risk-based capital regimes and emerging areas of risk transfer. The last two, at least, will continue to apply in 2018, alongside heightened risk awareness following recent major catastrophe losses.

Fitch is of the view that global demand for reinsurance will increase as a result of the catastrophe events that occurred in the recent past. Insurers may seek to purchase more aggregate reinsurance cover, given the nature of the losses in 2017, or manage specific exposures through per-risk or facultative cover. This increase in demand combined with a potential constraint in supply is likely to contribute towards an improvement in rates across catastrophe-exposed lines of businesses.

The operating environment in Sub-Sahara Africa remains challenging, with significant headwinds of currency volatility and inflationary strains amid global softening market conditions. The continent's reinsurers have been affected by slower growth, reflecting challenging economic conditions and subsequently suppressed demand for commodity goods. Despite this backdrop, the reinsurance market in Sub-Sahara Africa continues to offer growth potential, drawing in overseas reinsurers. It is projected that more global reinsurance companies will be coming into the African market. This will enhance competition, and the fact that major economies on the continent are turning around means established local reinsurance companies will be better placed to take advantage of the rebound.

Nigerian Insurance Market

The Nigerian Insurance industry is set to reap the benefits of opportunities and potentials in the economic recovery occasioned by improving crude oil prices and output level stability, improving foreign reserve and declining inflation in the coming years.

In line with the Federal Government's decision to focus more attention on the insurance industry and to reposition it for improved growth, the National Insurance Commission (NAICOM) came up with a number of market development initiatives. Some of the initiatives are NAICOM's new pricing regime on “Compulsory Insurances”, Revised Guidelines on Micro Insurance, while there are on-going discussions on RBS – Risk Based Supervision.

Full implementation, better adherence by market players and enforcement of initiatives and regulations will enable the industry to achieve increased penetration which will invariably lead to growth in top-line sales, bottom-line profitability, addressing challenges, and heathy competition among the industry players.

Financial results

The group's Gross Premium Income (GPI) grew by 32%, from NGN22.4 billion in 2016 to NGN29.6 billion in 2017. The Company, which covers business from Lagos, Douala, Abidjan and Tunis contributed NGN20.3 billion of the group's premium, representing 68%, while the subsidiaries contributed NGN9.2 billion representing 32%. The Company's Gross Written Premium (GWP) grew by 17%, from NGN17.3 billion in 2016 to NGN20.3 billion in 2017. GWP contributed by the subsidiaries grew by 82%, from NGN5.1 billion in 2016 to NGN9.3 billion in 2017.

The group generated business from the six regions of Africa. 47% of the business came from Anglophone West Africa, 21% from East Africa, 11% from Southern Africa while the remaining 21% is shared between the other 3 regions of Africa. The breakdown of GWP shows that Non-life grew by 31%, from NGN19.8 billion in 2016 to NGN26 billion in 2017; while Life GWP grew by 40%, from NGN2.7 billion in 2016 to NGN3.7 billion in 2017.

Group underwriting profit increased by 213%, from NGN414 million in 2016 to NGN1.30 billion in 2017. Investment income rose by 31%, from NGN1.5 billion in 2016 to NGN1.97 billion in 2017. Currency Exchange gain dropped from NGN 4.1 billion in 2016 to NGN1.1 billion in 2017, mainly due to relative stability of the Naira which is the group's reporting currency. Profit Before Tax (PBT) reduced by 23% from NGN4.65 billion in 2016 to NGN3.57 billion in 2017, mainly due to stability in the Naira as against the sharp devaluation that occurred in the year 2016; while Profit After Tax (PAT) dropped by 21%, from NGN3.12 billion in 2016 to NGN2.47 billion in 2017. Total assets increased by 7%, from NGN40.3 billion in 2016 to NGN43.1 billion in 2017. Shareholders' fund also grew by 6%, from NGN19.7 billion in 2016 to NGN20.8 billion in 2017.

30th Anniversary

Continental Re celebrated her 30th anniversary during the year 2017, as a demonstration of the milestones achieved over the years as we collectively continue to see Africa more in terms of the opportunities it presents than the short-term risks we encounter. To mark the event, the Nigerian Stock Exchange invited Continental Reinsurance to the closing gong ceremony in commemoration of her achievements. At the ceremony, the Company was commended as one of the best companies in the insurance industry for its consistency in paying dividends to its shareholders. This was indeed a great honour for Continental Re.

Head office building

The much-anticipated construction of our headquarters in Lagos got underway after a ground-breaking ceremony during the year. The new headquarters will be a state of the art landmark building with ultra-modern and eco-friendly features. Located in Victoria Island, the new headquarters will provide Continental Re with a physical footprint. The project is expected to be completed and commissioned for use in the year 2018 or early 2019.

Dividend

In line with the Company's dividend policy and the Company's commitment to ensuring returns to shareholders, the Board has resolved to maintain the same level of dividend as in the previous year. The Board of Directors, therefore, recommends a cash dividend of 14 kobo per share for the financial year under review subject to your approval.

Board changes

As part of good corporate governance and commitment to continuing injection of new blood with wide experience to the board of directors, Mr. Stephen Murphy was appointed a non-executive director, representing C-Re Holding Limited with effect from October 24, 2017 to replace Mr. Raymond Farhat who resigned with effect from the same date.

Staff

Our people are considered our greatest assets to stimulate achievement of business objectives and goals for the Company. This forms the basis of the Company's employment policies. Our policies comply with all regulatory demands in the recruitment of employees and also ensure that the right talents are considered for

Chairman's Statement
(continued)

appointment.

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

Our human resources management policies are entrenched with world class best practices to guarantee right work environment, professionalism, robust welfare packages and provide opportunities for employees to acquire the right competencies that will enable them to deliver the best results.

Future outlook
Distinguished shareholders, our vision for "Continental Re" to be the premier Pan-African reinsurer is undaunted and we will continue to pursue this with strength and vigour. Our view on Africa is permanent, our objective is an Africa that grows from within and our strategy is always towards taking advantage of the immense opportunities that abound across Africa for the benefit of all stakeholders.

Conclusion
Despite the many challenges presented by the business environment in 2017, your Company was able to turn in a good result. This achievement would not have been possible without the support of all our partners and stakeholders. The board and management remain strongly committed to ensuring that our Company continues to improve on all its performance-measurement parameters.

I thank the directors for their continued commitment to ensuring that the Company is well run for the benefit of all of us. I also thank the management and staff for their dedication.

Thank you.

Chief Ajibola Ogunshola
Chairman

Group Managing Director’s overview

Distinguished shareholders, it gives me great pleasure to welcome you to this gathering of the 31st Annual General meeting of Continental Reinsurance Plc and to present the business and strategic performance highlights for the year 2017.

Despite unfavorable economic and political environment, coupled with increased competition and softening conditions in the reinsurance industry, Continental Reinsurance is proud to maintain its position in the market and report a profitable performance in year 2017. Our firm commitment to grow our company sustainably through volume growth, improved operational efficiencies and development of critical skills helped us in this feat.

Year 2017 marked Continental Reinsurance Plc's 30th anniversary of doing business in Africa. In line with its core values, the Company continues to consolidate its role as a trusted partner in the African insurance industry through responsive service delivery, diverse product offerings, and capacity building across local markets underpinned by the security and strength of its pan-African operations. The celebration was not without recognition of our valued past and present shareholders, directors and employees who through their foresight, courage and selflessness steer the company to ensure its sustainability. We have become a respected and well recognised brand in Africa due to the solid foundation laid by them.

Our Strategy

As Competition continues to grow stiffer with the entrance of new players in a number of our markets, our footprint and our permanent view on Africa propelled us to continue waxing stronger. In 2017, we enabled our Tunis office to write retakaful business through its retakaful window to consolidate our presence in the region and also sought accreditation as a local reinsurer in line with local content requirement in the Tanzanian market which was granted in year 2018. These moves are to significantly improve our revenue and assist toward realizing our Project Alpha 2020 strategy of consolidating our brand presence and enhance our client services to guarantee sustainable growth and strengthen our already formidable multi-national talent pool to the benefit of our continent at large.

The realization of the likelihood of shocks in our principal market, and vulnerability to portfolio concentration, made us commit to diversification as a core element of our strategy. We continue to see stability and strong traction in specific locations across our network and our pan-African footprint allows us ample room to counterbalance local volatility and hedge downside risks in our investments portfolio.

Knowledge sharing and thought leadership are key aspects where we develop the market and add value to our partners. In line with this, we rolled out a series of training programmes that focused on

Group Managing Director's overview

(continued)

imparting re/insurance skills to our clients and partners; we are happy that the programmes contribute to delivery of sustainable business practices and impacting positively on human capital requirement within the industry and the continent at large.

Engaging stakeholders has always been one of the pillars of our strategy. Our 4th CEO Summit was held in Dakar, Senegal. The theme of the summit was 'Prepare for the future: building our insurance legacy'. The participants considered that growth prospects presented itself in the playing field and addressed the ongoing changes and challenges in the pursuit of achieving sustainable growth. The challenges identified at the summit include under insurance, inappropriate pricing, moral hazard, volatility of portfolios and currency devaluation across Africa. The participants agreed to call for collaboration within countries and across borders, so as to have insurance and reinsurance companies that have strong balance sheets and are better placed to compete in the global arena.

Performance

Continental Reinsurance Plc's performance for the year 2017 reflects the outcome of targeted underwriting actions and increased underwriting discipline. Gross Premium Income grew by 32%, from NGN22.4 billion in 2016 to NGN29.6 billion in 2017 and the underwriting profit grew by 213%, from NGN414 million in 2016 to NGN1.30 billion in 2017. The company's Claims expense grew by 22%, from NGN11.7 billion in 2016 to NGN14.4 billion in 2017.

Despite the excellent underwriting performance recorded, there is a decline of 23% in profit before tax from NGN4.65 billion in 2016 to NGN3.57 billion in 2017 and a decline in profit after tax by 21% from NGN3.12 billion in 2016 to NGN2.47 billion in 2017. This is attributed to a drop in Currency Exchange gain from NGN 4.1 billion in 2016 to NGN1.1 billion in 2017 as a result of the relative stability of the Naira which is the group reporting currency. Investment and other income recorded a growth of 37% year-on-year.

Total assets grew by 7% year-on-year from NGN40.25 billion in 2016 to NGN43.09 billion in 2017 while Shareholders' fund was NGN21.53 billion in 2017, up by 9% from NGN19.73 billion in 2016.

Investment portfolio grew by 40% to NGN24 billion in 2017 from NGN 23.3 billion in 2016 while Reinsurance reserves increased by 31% from NGN13.7 billion in 2016 to NGN18 billion in 2017.

Looking Forward

A well-balanced pan-African footprint has been sustaining our growth momentum, this reinforces our confidence in our ability to continue to record and achieve a year on year growth in premium income and profit.

The growth prospects of 3.2% in 2018 for sub Saharan Africa's economy envisaged by the world bank will propel upward spending on major infrastructure investment projects and this will have positive impact on insurance activities. Our positioning across the continent has given us the opportunity to take the advantage available in the market place.

We shall continue to make use of advanced risk management tools, prudent underwriting practices and the development of critical skills to ensure sustainability and profitability over the longer term.

Conclusion

We could not have done it last year without the support of our business partners who trusted us with their business. I say a big thank you and I assure you that, as you have trusted us with your business, we will not let you down. We are definitely counting on you to help us to deliver a superior performance for year 2018. I also appreciate our shareholders for their loyalty and thank the Board of Directors and our staff for their commitment and support.

2017 Financial Year Business Review

Review of operations

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

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

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

The group lines of business are classified as follows:

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

Non-Life Business

Premium Income

The group's non-life gross written premium grew by 31% in 2017 over the performance in 2016 from NGN19.75 billion to NGN25.96 billion. This performance is a further confirmation of the positive impact of the regional expansion strategy adopted by management.

Geographical Distribution

The group's performance in 2017 is further confirmation of the continued viability of Continental Re's geographical expansion strategy. This has helped to further achieve penetration into and deepening of our markets and resulted in spreading and diversification of risk. As earlier stated, for effective coverage of the African continent, Continental Re currently operates in six strategic locations across the continent through a combination of regional and subsidiary offices.

The Lagos office's percentage contribution to total premium has further dropped by 5% from 49% in 2016 to 44% in year 2017.This was due to growth of Nairobi and Gaborone subsidiaries.
In 2017, the Lagos business constituted 44% of the total non-life business compared to the previous year's contribution of 49%. On the other hand, Gaborone subsidiary contributed 11% coming from a lower contribution of 9% in 2016. Nairobi subsidiary contributed 21%. Abidjan, Tunis and Douala offices contributed 7% each to the total premium.

Classes of Business

The business performance by class in 2017 was moderate across all classes with fire taking the lead as usual. The percentage contributions to total premium by business lines were 58% for Fire, 19% for General accident, 9% for Marine, 8% for Energy and 6% for Liability.

Management plans to consolidate on the 2017 gains by further pursuing the twin growth strategy of consolidation in existing and new markets segments.

Claims Incurred

The non-life gross claims incurred in 2017 was NGN12.20 billion representing 24.6% increase from the NGN9.79 billion recorded in 2016. This shows a positive trend with claims growing at a slower rate of 23% in comparison with premium growth of 31% from previous years' results.

Acquisition Costs and Charges

Non-life acquisition costs and charges marginally increased to a total of NGN6.91 billion in 2017 compared to NGN6.88 billion in 2016.

Combined ratio

Non-life combined ratio is calculated as a percentage of 'Net Earned Premium' and includes Claims incurred, Acquisition costs and Charges and Management Expenses. The combined ratio for non-life operations decreased significantly by 10% from 105% in 2016 to 95% in 2017 mainly due to the high increase in claims recoveries during the period. Barring any unusual claims experience, the combined ratio is expected to be maintained at this level in the next couple of years as increase in volume and stability is achieved.

2017 Financial Year Business Review (continued)

Life Business
Premium Income

Life business grew significantly in 2017 by 40% to NGN3.7 billion in 2017 from NGN2.7 billion in 2016.
Group life contributed 96% of the total premium of NGN3.7billion generated in 2017, up from 94% in 2016. This mix shows the continued dominance of the Group life business, a trend expected to continue over the years mainly due to the impact of the Nigerian pension reform act where the bulk of the premiums are generated. This trend is however expected to taper out as the individual life business gains more acceptance.

Life Business Outgo

Life Gross Claims Incurred in 2017 were NGN1.99 billion compared to NGN1.69 billion in 2016; an increase of 18%. Acquisition costs and charges paid were NGN764 million in 2017 compared to NGN664 million in 2016 representing a 15% increase, a favourable change compared with the change in premium income.

Investments

1. Our Investment Objectives:

   Our investment objectives in managing the company's financial assets are to ensure we can meet current and future claims as well as other operating obligations while maximizing total return and reducing exposure to investment risks, in order to preserve the Company's capital.

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

2. **2017 Macro-Economic Review**

   The Nigerian economy emerged from recession in the second quarter of 2017 as economic activity expanded by 1.4 percent year-on-year in the third quarter of 2017—the second consecutive quarter of growth after five quarters of recession—driven by recovering oil production and agriculture. However, growth in the non-oil-non-agricultural sector (representing about 65 percent of the economy), contracted in the first three quarters of 2017 relative to the same period last year. Some key stabilizing factors include the following:

- Improvement in FX liquidity driven by the introduction of the Investors' and exporters FX Window. This brought in significant capital inflows into the country, reducing the gap between the official and parallel market rate.
- Convergence of FX rates between the interbank foreign exchange and parallel markets rates
- Recovery of global oil price, which has helped to increase the external reserve thereby further improving the FX liquidity
- Increase in the confidence of foreign portfolio investors that provided impetus for portfolio inflows.
- Headline inflation rate moderated at 15.37% as at December 2017 from a peak of 18.72% in January 2017.

2017 Financial Year Business Review (continued)

3.1 Company's portfolio

Investment Asset	Investment Value			Return			Annusalised Yield		Budget Achieved YTD	Asset allocation
	2017	2016	2017	2017	2016	2017	2017	2017		
	Actual	Actual	Annual Budget	Actual	Actual	Annual Budget	Actual	Budget		
	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	%	%	%	%
Cash & Cash Equivalent	5,818,178	5,069,037	6,495,444	364,649	450,998	346,028	6.27%	5.33%	105.4%	33%
Statutory Deposit	1,000,000	1,000,000	1,000,000	158,598	114,796	120,000	15.86%	12.00%	132.2%	6%
Equity	1,441,837	1,486,259	1,569,846	192,145	149,678	47,246	13.33%	3.01%	406.7%	8%
Investment Property	2,857,111	2,868,728	2,746,230	99,397	706,558	146,865	3.48%	5.35%	67.7%	16%
Mutual Funds	273,104	543,602	449,732	0	2,200	4,497	0.00%	1.00%	0.0%	2%
FGN Bonds	1,489,664	1,373,363	1,102,582	179,052	192,403	158,335	12.02%	14.36%	113.1%	8%
Corporate Bonds - Local	356,888	667,447	357,553	62,217	97,189	87,375	17.43%	24.44%	71.2%	2%
Corporate Bonds - Eurobond	2,104,408	1,978,136	1,653,254	360,343	129,451	185,841	17.12%	11.24%	193.9%	12%
State Bonds	32,523	506,783	45,303	6,207	45,449	11,020	19.08%	24.33%	56.3%	0%
Treasury Bills	2,478,242	2,356,574	1,345,405	490,966	166,208	218,277	19.81%	16.22%	224.9%	14%
Total	**17,851,955**	**17,849,929**	**16,765,348**	**1,913,573**	**2,054,930**	**1,325,484**	**11.74%**	**7.91%**	**144.37%**	**100%**

Table 1

3.2 Group Portfolio

Investment Classification	Value		Return		Yield		Budget Achieved to date
	2017 Actual	2017 Budget	2017 Actual	2017 Budget	2017 Actual	2017 Budget	
	=N='000	=N='000	=N='000	=N='000	%	%	%
Placement with banks	8,005,620	8,798,919	471,390	514,230	5.89%	5.84%	91.7%
Statutory Deposit	1,000,000	1,000,000	158,598	120,000	15.86%	12.00%	132.2%
Equity	1,443,618	1,588,655	192,145	51,008	13.31%	3.21%	376.7%
Investment Property	2,857,111	2,746,230	99,397	146,865	3.48%	5.35%	67.7%
Mutual Funds	2,432,581	1,766,377	225,001	117,353	9.25%	6.64%	191.7%
FGN Bonds	2,527,778	2,043,043	275,983	262,726	10.92%	12.86%	105.0%
Corporate Bonds - Local	425,795	404,576	70,842	93,488	16.64%	23.11%	75.8%
Corporate Bonds - Eurobond	2,411,452	1,653,254	383,788	185,841	15.92%	11.24%	206.5%
State Bonds	32,523	45,303	6,207	11,020	19.08%	24.33%	56.3%
Treasury Bills	2,836,789	1,533,497	504,044	234,829	17.77%	15.31%	214.6%
Total	23,973,268	21,579,856	2,387,395	1,737,359	9.96%	8.05%	137.42%

Table 2

2017 Financial Year Business Review (continued)

3.3 Commentary

3.3.1 Portfolio Size

At company level, the Investment portfolio remained unchanged year on year at the level of NGN17.85 billion as at December 31st 2017. During the year, the following major cash outflows occurred:

Item	=N= million
Head office construction	1,150
Dividend payment	2,613
Company Tax	703
Capital injection to C Re Ltd, Nairobi	623
Total	**5,089**

The Group's Investment Portfolio grew by 2.85% from NGN23.309 billion as at December 31st, 2016 to NGN23.97 billion as at December 31st, 2017.

Figure 1

3.3.2 Portfolio performance

In the year ended December 31st, 2017, Group Investment return is 2.38 billion compared with the budget for the year of =N=1.73 billion, 37% above budget. The return was contributed by company (80%) and subsidiaries (20%).

The table below shows the comparative figures for returns for the year:

Companies	Actual 2017	Actual 2016	2017 Budget	YOY Growth	% Contribution to 2017 return
	=N=000	=N=000	=N=000	%	%
C Re Plc	1,913,573	2,054,930	1,325,484	-7%	80%
C Re Ltd, Nairobi	422,617	354,367	288,816	19%	18%
C Re Ltd, Gaborone	51,205	54,201	128,076	-6%	2%
Total	**2,387,395**	**2,463,498**	**1,742,375**		**100%**

2017 Financial Year Business Review (continued)

Analysis of return on investment

The table below shows the analysis of the contribution of the various asset classes to investment performance for the year. Fixed income instruments (comprising of Treasury Bills, Sovereign bonds, corporate bonds) contributed the highest at 52% of the group investment return followed by placement with banks that contributed 19%. The proportion of assets allocated to the duo is 67% split into 34% for fixed income instruments and 33% for placement with banks.

Asset categories	Investment return		Return on assets		% of return to total return		Asset Allocation	
	Group	Company	Group	Company	Group	Company	Group	Company
	N'000	N'000	%	%	%	%	%	%
Placement with banks	471,390	364,649	5.89%	6.27%	19.74%	19.06%	33.39%	32.59%
Statutory Deposit	158,598	158,598	15.86%	15.86%	6.64%	8.29%	4.17%	5.60%
Equity	192,145	192,145	13.31%	13.33%	8.05%	10.04%	6.02%	8.08%
Investment Property	99,397	99,397	3.48%	3.48%	4.16%	5.19%	11.92%	16.00%
Mutual Funds (BAM Fund)	225,001	0	9.25%	0.00%	9.42%	0.00%	10.15%	1.53%
FGN Bonds	275,983	179,052	10.92%	12.02%	11.56%	9.36%	10.54%	8.34%
Corporate Bonds - Local	70,842	62,217	16.64%	17.43%	2.97%	3.25%	1.78%	2.00%
Corporate Bonds - Eurobond	383,788	360,343	15.92%	17.12%	16.08%	18.83%	10.06%	11.79%
State Bonds	6,207	6,207	19.08%	19.08%	0.26%	0.32%	0.14%	0.18%
Treasury Bills	504,044	490,966	17.77%	19.81%	21.11%	25.66%	11.83%	13.88%
Total	2,387,395	1,913,573	9.96%	10.72%	100.00%	100.00%	100.00%	100.00%

Table 3

Factors that positively impacted on the return include:

a. The realised gains from the disposal of Kenya Re shares and Zenith Eurobond;

b. Sustained gains on asset reallocation exercise from slow performing/risky asset (equities, mutual funds, bank balances) into Eurobonds, treasury bills and other government securities.

c. High interest rate in the period

Portfolio Performance Constraint

a. Regulatory restriction on free movement of funds across regions for investment.
b. Liquidity requirement – the need to maintain certain level of liquidity.
c. Large claims, other operating and investments (Head Office Project) pay-outs during the year

3.3.3 Continental Re Ltd Botswana - Investment portfolio and performance

The investment portfolio of the company declined by 17% as at the year end from BWP 73.8 million as at December 2016 to BWP 61.3 million as at December 2017. The decline was as the result of large claims pay-out during the year. However, the return on the investment improved significantly, attributed to the diversification of the portfolio to include bonds and treasury bills, that earn higher return compared with cash and bank deposits. The total portfolio return for the year stood at BWP1.73 million, which forms part of Group returns.

3.3.4 Continental Re Ltd Nairobi – Investment portfolio and performance

The investable funds of the company grew by 23% mainly due to increase in bank deposits from capital injection amount of Kshs. 300 million put in Q1 2017. In terms of real investible fund growth, i.e. excluding the capital injection, the fund value declined by 3%. The decline was due to various obligations met relating to retrocession premiums, claims, corporate taxes and other related party transactions that amounted to Kshs. 590 million (USD 5.7m). A fund value of Kshs. 550 million managed by Britam Asset Managers (BAM) in June 2014 constituted 50% (2016: 55%) of our total investible funds and increased by 12% to close at Kshs. 729 million.

The 2017 total gross investment income increased by 25% to Kshs. 141.8 million from Kshs. 113.5 million in 2016 mainly due to increase in income from the BAM outsourced fund, followed by increase in income from the term deposits and government securities. The average return on term deposits for the in-house fund was 9.2% (2016: 8.3%) p.a for the KES and 3.8% (2016: 2.0%) for the USD deposits; while that of the outsourced fund was 8.5% p.a for the KES and 3.5% for USD. The average return on the portfolio is 10.97%.

2017 Financial Year Business Review (continued)

4.0 Asset Allocation – Company's portfolio

The charts below show the actual assets allocation and the target allocation. The Target allocation is the long-term allocation and is in line with the Investment policy statement and the National Insurance Commission Guidelines.

Actual Asset Allocation

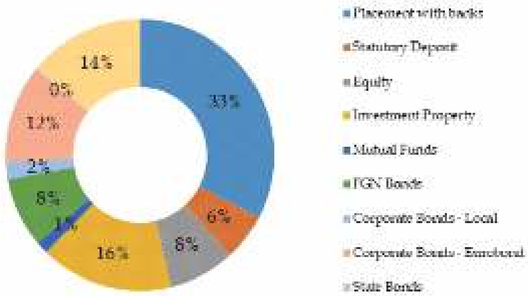


Figure 2

Target Asset Allocation

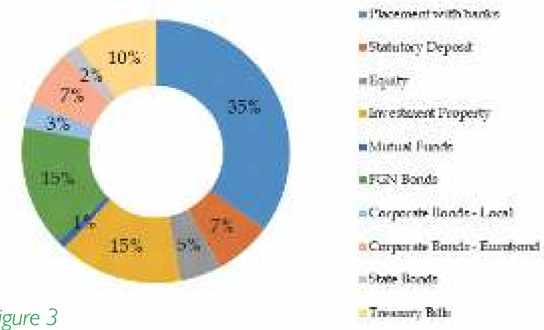


Figure 3

In the asset allocation, Treasury bill is overweighed by 4% compared with the policy asset allocation of 10% because of attractive yield and lower risk. FGN bonds are also underweighted. The corporate Eurobond is overweighed because of attractive yields above expectation. We are currently taking measures to rebalance other assets to align with the target allocation. However, we will continue to proactively and tactically reallocate assets in accordance with of our economy and market expectations to drive return on the portfolio.

Overall, the investment portfolio comprises 69% liquid assets. The liquid assets comprise of cash, government and corporate bonds. Our target is to significantly reduce the illiquid assets in the investment portfolio, which is 31%, comprising of unquoted equities, direct real estate investments, mutual funds and statutory deposit. We got approval to sell some properties in Lagos and Abidjan, which are being offered for sale in the market. About 60% of the sales proceeds would be reinvested in Property and the balance in more liquid assets. Significant additional investment in unquoted equity and the depletion of the portfolio will however pose challenge of achieving this objective and this is being guarded against.

5.0 Major investment initiatives and actions in 2017

The investment performance in 2017 was driven by the following strategic decisions:

- We realised mutual funds and invested the proceeds in Treasury bill at average yield of 22% very early in the year. We also sold some equities and the proceeds invested in FGN Bond.
- Enhanced return on our CFA currency cash assets by converting to USD and investing same in Term deposits at 7% compared to 3.99% on CFA cash deposits in the region.
- Managed investment funds from operation funds as separately as possible.
- Switched assets from placement in banks at low yield to Treasury bills at higher yields thereby significantly enhancing risk-adjusted returns.
- Continued to move funds from volatile currencies to the more stable convertible USD and investing same in stable fixed income assets to mitigate the impact of foreign exchange loss on the assets and return.
- Botswana investment portfolio was diversified from cash to include Fixed Income assets at enhanced yields.
- Portfolio re-balancing in Nairobi, within regulatory and other portfolio constraints.

2017 Financial Year Business Review
(continued)

6.0 ALM and currency matching/congruence framework

The Liabilities of the company are more of short and medium term in nature than long term. As such, the company's focus is on liquidity management and currency matching to mitigate exchange rate fluctuations.

6.1 Liquidity management

The focus of liquidity is both funding of liability and the ability to realize assets in the market without taking significant cut in the prices of the assets. To achieve these; the company holds at least 30% of the investment assets in cash and cash equivalent that will enable it meet obligations at the shortest notice.

In addition, the company matches its assets by maturities of the liabilities to ensure adequate cash is held in the portfolio always. The 30% is considered adequate, considering the liabilities maturity profile as shown in the table below per month and quarter:

Monthly Liability Maturity

Liability Profile of Paid Claims												
Month	1	2	3	4	5	6	7	8	9	10	11	12
Lagos	5.7%	9.1%	7.4%	5.5%	10.6%	8.2%	8.3%	11.4%	8.0%	7.6%	11.2%	6.8%
Nairobi	7.4%	11.8%	6.1%	11.9%	6.4%	7.1%	15.2%	6.2%	4.9%	14.3%	7.5%	1.3%
Gaborone	2.5%	0.1%	14.3%	0.4%	9.4%	13.2%	2.7%	10.1%	13.1%	5.2%	21.1%	8.0%
Abidjan	1.2%	9.0%	3.0%	6.9%	6.5%	5.0%	3.4%	5.2%	20.3%	11.3%	7.7%	20.5%
Doula	4.3%	3.4%	8.2%	5.7%	4.7%	3.5%	12.6%	12.0%	25.1%	9.3%	4.1%	7.0%
Tunis	0.1%	4.2%	16.5%	22.9%	12.7%	3.7%	1.1%	3.1%	4.1%	17.2%	10.9%	3.4%

Source of liability profile: Continental Reinsurance Risk Unit

Quarterly Liability Maturity

	Liability Profile			
Quarterly'	Q1	Q2	Q3	Q4
Lagos	22.2%	24.3%	27.8%	25.6%
Nairobi	25.3%	25.4%	26.3%	23.1%
Gaborone	16.9%	22.9%	25.9%	34.2%
Abidjan	13.3%	18.4%	28.9%	39.4%
Doula	15.9%	13.9%	49.7%	20.5%
Tunis	20.9%	39.4%	8.2%	31.4%

Source of liability profile: Continental Reinsurance Risk Unit

6.2 Currency matching

The company matches its liabilities by currency by holding assets in the currencies of liabilities in the various regions. The purpose is to mitigate the impact of exchange losses that may arise from buying currencies in the market to settle liabilities on due dates. The company however remain exposed to general foreign exchange rate movements in the currencies of the countries that the company does her business.

The following table shows the assets and liabilities matching by currency as at December 31st, 2017.

2017 Financial Year Business Review (continued)

Currencies	Current Liability 31 Dec 17 =N= (thousands)	Total assets 31 Dec 17 =N= (thousands)	Liquid/Assets 31 Dec 17 =N= (thousands)	Percentage of currency to total assets	Percentage of currency to liquid assets	Variance (Liquid Assets - Lib)
NGN	6,255,035	8,070,911	5,244,622	42.81%	41.00%	-1,010,413
CFA	2,111,278	4,737,770	2,424,829	25.13%	18.96%	313,550
USD	3,482,194	5,180,184	4,420,889	27.48%	34.56%	938,694
TND	536,577	546,127	546,127	2.90%	4.27%	9,550
EUR	85,505	150,394	150,394	0.80%	1.18%	64,889
GBP	0	124,952	0	0.66%	0.00%	0
GHS	0	23,732	0	0.13%	0.00%	0
MWK	0	15,690	0	0.08%	0.00%	0
KES	0	3,353	3,353	0.02%	0.03%	3,353
Total	**12,470,590**	**18,853,112**	**12,790,213**	**100%**	**100%**	**319,623**

From the above table, we hold less liquid assets in NGN compared with the liabilities and cover the gap with more stable USD and other currencies. We therefore hold more assets in USD, CFA TND and EUR compared to the liabilities. We continue to monitor our positions and will ensure parity of assets and liabilities for the NGN going forward. However, holding less NGN assets does not warrant any major risk because we collect most of our Nigeria income in NGN and it is easy moving from USD position to NGN position, if need be.

Currencies	=N=	USD	KES	CFA	GBP	BWP	TND	EUR	GHS	MWK	Total
Asset Class	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000
Cash and cash equivalent	1,340,404	2,315,051	3,353	2,424,829	0	0	546,127	150,394	23,732	15,690	6,819,580
Quoted Equity	298,131	0	0	0	0	0	0				298,131
Unquoted Equity	149,546	611,143	-	381,342	0	0	0				1,142,031
FGN Bond	1,425,976	0	0	63,688	0	0	0				1,489,664
Corporate Bond	356,888	2,105,838	0	0	0	0	0				2,462,726
State Bond	32,523	0	0	0	0	0	0				32,523
Treasury Bill	2,478,242	0	0	0	0	0	0				2,478,242
Mutual Fund	0	148,152	0	0	124,952	0	0				273,104
Statutory Deposit	1,000,000	0	0	0	0	0	0				1,000,000
Investment Property	989,200	0	0	1,867,911	0	0	0				2,857,111
Total	8,070,911	5,180,184	3,353	4,737,770	124,952	0	546,127	150,394	23,732	15,690	18,853,112

7.0 Regulatory Compliance

7.1 Admissible Assets for Reinsurance Fund - Hypothecation

Admissible Assets for Reinsurance Fund

	Non Life			Life			Shareholders' Fund	
Investment assets	**=N='million**	**% to Fund Total**	**% Statutory requirement to fund**	**=N='million**	**% to Fund Total**	**% Statutory requirement to fund**	**=N='million**	**% to Fund Total**
Placement with banks	4,672	42%	100%	897	39%	100%	249	6%
Investment Property	2,248	20%	25%	470	20%	35%	139	3%
Quoted Equities	298	3%	50%	125	5%	50%	148	3%
Unquoted Equities	0	0%	10%	0	0%	10%	1,144	27%
State bonds	33	0%	20%	0	0%	20%	0	0%
FGN Bonds	1,426	13%	100%	0	0%	100%	64	1%
FGN Treasury Bills	1,514	13%	100%	650			314	7%
Corporate Bonds	1,067	9%	10%	155	7%	10%	1,240	29%
Statotory deposit	0	0%	0%	0	0%	0%	1,000	23%
Total	11,258	100%		2,297	72%		4,297	100%
Insurance Fund	10,304			2,166				
Asset cover	109%			106.019%				

2017 Financial Year Business Review (continued)

7.2 Cash exposure limits with the banks

Placement with banks and bank balances

S/No	counter party		Regions	Amount =N='000	%
1	Ecobank Douala		Douala	237,260.44	3.51%
2	UBA Douala		Douala	884,054.14	13.08%
3	UBA Abidjan		Abidjan	1,057,195.21	15.64%
4	BGFI Douala		Douala	240,660.42	3.56%
5	Imperial Homes		Lagos	1,145,612.04	16.95%
6	Diamond Bank		Lagos	404,718.63	5.99%
7	Fidelity Bank		Lagos	475,405.57	7.03%
8	NIC Kenya		Kenya	89,425.46	1.32%
9	Ecobank Nigeria		Lagos	827,551.52	12.24%
10	Attijare Bank		Tunis	678,967.56	10.04%
11	Zitouna investment		Tunis	61,722.57	0.91%
12	Istithmar investment		Tunis	61,426.07	0.91%
13	Stanbic IBTC		Lagos	8,124.98	0.12%
14	Zenith Bank		Lagos	34,996.64	0.52%
15	GTB		Lagos	250,457.01	3.70%
16	Citi Bank		Lagos	51,935.00	0.77%
17	GTB Ghana		Lagos	223,007.84	3.30%
18	FMB Malawi		Lagos	15,690.05	0.23%
19	BGFI		Douala	166.66	0.00%
20	FSDH Merchant Bak		Lagos	3.25	0.00%
21	SIB Bank Abidjan		Abidjan	2,184.20	0.03%
22	RMB		Lagos	381.29	0.01%
23	Ecobank Abidjan		Abidjan	2,489.83	0.04%
24	BIAT Bank Tunis		Tunis	7,306.37	0.11%
	Total			6,760,742.75	100.00%

8. Money Market and Fixed Income Market

The fixed income market recorded mixed performance. New bond issuances increased over the previous year; bond yields gradually moderated from 2016 levels amidst easing inflation and greater FX stability. Yields across various tenors declined between 0.4% – 1.5% and market turnover declined by 26% in 2017, as investors sought higher returns in alternative product classes. The Monetary Policy committee maintained the MPR at 14% throughout the year. The yield on government Treasury Bills also declined and hovers around 12.54%, 13.93% and 14.3% for the 90 days, 180 days and 360 days tenor respectively at the end of the year from 13.90%, 17.25% and 18.6% for similar tenors at the beginning of the year.

9. Nigeria Equity Market

The Nigeria Stock Exchange ranked among the world best performers in 2017 as the All Share Index returned 42.3% for the year to closed at 38,243 from 26,874 as at January 1st, 2017. This represents the first positive performance after three straight years of losses (-16.14% in 2014, -17.36% in 2015 and -6.17% in 2016). The performance was driven by factors such as the recovery in macroeconomic conditions, improved crude oil revenues and more accommodative foreign exchange ("FX") policies by the introduction of the Investor and Exporter ("I & E") Window in April 2017. These factors had a positive impact on investors' confidence in Nigeria, and resulted in increased participation from local and international investors alike.

The equity portion of the Company's portfolio benefited from the gains achieved during the year and return 41% on the asset class. The return on the Nigeria Stock Exchange quoted equity comprise of dividend, realised capital gain and unrealised capital gain.

2017 Financial Year Business Review (continued)

10. 2018 Macro Economic Outlook

Our expectation for 2018 are:

- Inflation rate to moderate between 15% and 16%
- GDP to grow year on year at 2.75%
- Yield on Treasury bills and long-term bonds to be at 16% and 14.5% respectively
- Monetary policy to be loosen as economy become more stable and inflation rate moderates.
- 100 to 150 basis point decline in MPR to 13% - 12.5% from the current 14%
- Official Exchange rate of NGN/USD to remain at CBN rate of NGN305/US$
- Improved FX liquidity in the first half of the year partly due to continuous foreign investors' confidence and CBN intervention to defend the Naira. FX liquidity squeeze in the second half of the year as Foreign portfolio investors exit the market because of 2019 General Elections
- Depressed equity market arising from the exit of foreign portfolio investors, thereby providing investment opportunities as yield on stocks with strong fundamentals improve

11. Investment Strategy for 2018

a. Our ultimate strategy is to increase investable assets pool and invest across regions to earn optimal risk adjusted return through prudent liquidity management and separation of investing funds from operating funds. The average investment portfolio size is estimated as N26.5 billion for the year, including the capital injection into Douala. It is assumed that investment income will be reinvested

b. Operating income should fully fund the operating expenses (management and claim expenses) and contribute minimally to cash investment assets (5% - 10% of total cash collections).

c. Approved Abidjan and Ikoyi properties will be sold in the first half of the year and proceeds reinvested substantially in liquid assets.

d. The following estimated major cash outflows are expected in the year

Items	=N=' million
Head office construction	1,050
Dividend payment	1,100
Company Tax	1,000
Total	**3,150**

b. Reallocate funds from illiquid assets to more liquid assets. This will allow us to tactically take advantage of investment opportunities to enhance the investment performance.

c. Actively manage investment assets to seek risk adjusted return. This is different from Return on Equity (ROE), which is a percentage of profit to shareholders' fund. Risk adjusted return is calculated to measure the excess return (Excess return = Actual portfolio return – Risk free rate) per unit of risk undertaken – Excess Return/Risk (Standard Deviation). Risk in this case is measured by standard deviation.

d. Optimize asset allocations across regions

Cyber Security Training organized by Continental Re in conjunction with Afro-Asian Insurance Services Limited held in Lagos

AM Best rating

B+
(Good)

4

REPORTS

TRUST

Putting customers first by building relationships via localisation.

Directors' report

The Directors of Continental Reinsurance Plc ("the Company" or Continental Re") present their annual report together with the audited financial statements of the group for the year ended December 31st, 2017.

1. Legal form

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

2. Principal activity

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

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

The process of capitalization of the Douala office as a subsidiary in line with the CIMA regulations is in progress.

3. Results for the year

The results of the Company's two subsidiaries have been consolidated in the financial statements on pages 80 to 84. Below is a summary of the results for the year under review:

	Group =N='000	Company =N='000
Profit before taxation	3,861,624	4,718,377
Income Tax expense	(589,775)	(660,012)
	---------------	-------------
Profit after taxation	3,271,849	4,058,365
	======	======

4. Business review

A review of the 2017 group operating results compared to the group's performance in 2016 and outlook for the ensuing year are contained in the financial year business review.

5. Property, plant and equipment

Movements in property, plant and equipment during the year are shown in note 22 on pages 94 to 95. In the opinion of the directors, the market value of the Company's properties is not less than the value shown in the account

6. Dividend

The board of directors ("the Board") recommends, for approval and payment to shareholders whose names appear in the register of members on Friday, April 13th, 2018, a dividend of 14 kobo (2016: 14 kobo) on each ordinary share of 50 kobo each, amounting to NGN 1,452,184,203.68 (2016: NGN 1,452,184,203.68) from the profit after tax. The dividend is subject to deduction of withholding tax at the appropriate rate.

7. Post Balance Sheet Event

There are no post- Balance Sheet events which could have had a material effect on the state of affairs of the Company as at December 31st, 2017 or on the profit for the year ended on that date that have not been adequately provided for or disclosed.

8. Capitalization of the Douala Subsidiary

In line with the shareholders' approval at the last meeting, the process of capitalizing the Douala subsidiary has commenced and is ongoing.

9. Changes on the Board

During the year Mr. Stephen Murphy was appointed as a non-executive director representing C-Re Holding Limited on the Board with effect from October 24th, 2017 to replace Mr. Raymond Farhat who resigned from the Board with effect from the same date.

Mr. Stephen Murphy's appointment will be presented for approval of the shareholders at the next Annual General Meeting.

10. Retirement by rotation

In accordance with Article 105 of the Company's Articles of Association, Mr. Foluso Laguda and Mrs. Ahlam Bennani retire by rotation and being eligible offer themselves for re-election.

11. Directors' interests

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

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

	2017		2016	
Directors	**Direct**	**Indirect**	**Direct**	**Indirect**
Chief Ajibola Ogunshola	Nil	Nil	Nil	*
Dr. Olufemi Oyetunji	12,140,500	Nil	12,140,500	Nil
Mr. Lawrence M. Nazare	Nil	Nil	Nil	Nil
Mr. Fo luso Laguda	200,000	435,201,112	200,000	435,201,112
Mr. Raymond Farhat (Resigned w.e.f 24/10/17)	Nil	*	Nil	*
Mrs. Ah lam Bennani	Nil	*	Nil	*
Mr. Paul O. Kokoricha	Nil	*	Nil	*
Mr. Steve O. Iwenjora	Nil	*	Nil	*
Mr. Ian A. Tofield	Nil	*	Nil	*
Mr. Emmanuel Brule	Nil	*	Nil	*
Mr. Stephen Murphy (Appointed w.e.f 24/10/17)	Nil	*	Nil	*

Note

*The indirect interest of Chief Ajibola O. Ogunshola, Mrs. Ahlam Bennani, Mr. Paul O. Kokoricha, Mr. Steve O. Iwenjora, Mr. Emmanuel Brule and Mr. Stephen Murphy as representatives of C-Re Holding Ltd, the majority shareholder, was 6,763,953,589 shares.

*Mr. Foluso Laguda represents Salag Ltd.

12. **Directors' interests in contracts**

For the purpose of Section 277 of the Companies and Allied Matters Act, CAP C20, LFN 2004, none of the directors has notified the Company of any declarable interest in contracts with which the Company was involved as at December 31st, 2017.

13. **Substantial shareholding**

According to the register of members, the following shareholders held more than 5 percent of the issued share capital of the Company as at December 31st, 2017:

Ordinary Shares of 50 kobo each

Shareholder	2017		2016	
	Number	%	Number	%
C-Re Holding Ltd	6,763,953,589	65.20	6,063,136,539	58.45
STANBIC Nominees Nig. Ltd [Trading A/C]	662,120,181	6.38	662,120,181	6.38

14. **Acquisition of own shares**

The Company did not purchase any of its own shares during the year (2016: Nil).

15. **Ownership structure**

	December 31st, 2017			December 31st, 2016		
	No. of Holders	No. of Shares	%	No. of Holders	No. of Shares	%
Foreign	29	6,788,708,594	65.45	30	6,258,874,508	60.34
Nigeria	6,029	3,584,035,720	34.55	6,026	4,113,869,806	39.66

16. *Retrocessionaires*

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

17. **Principal brokers**

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

Local

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

Foreign

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

18. **Donations**

During the year under review, the Company made donations amounting to NGN 7,390,840.00 to various charitable organizations within and outside Nigeria. The recipients are the following:

	NGN
• AJOFA Special Education Foundation for the deaf	200,000.00
• Ecole Ivorian, Abidjan	379,490.00
• Hearts of Gold Children Hospice, Lagos	400,000.00
• Lagos State Rehabilitation Centre, Ikorodu	200,000.00
• Little Saints Ophanage, Lagos	350,000.00
• National Handicap Carers Asso. of Nig. (NAHCAN)	300,000.00
• Onikan Health Centre, Lagos	200,000.00
• Pacelli School for the Blind and Partially Sighted	350,000.00
• Sickle Cell Foundation Nigeria	350,000.00
• SOS Children's Village, Nigeria	3,811,350.00
• Special Persons Association of Nigeria	200,000.00
• Star Children Development Initiative, Ibadan	250,000.00
• Wesley Schools 1 & 2 for the Hearing-Impaired Children	400,000.00

Directors' report (continued)

19. Analysis of shareholding

The issued and fully paid up share capital of the Company as at December 31st, 2017 was NGN 5,186,372,156.00 divided into 10,372,744,312 ordinary shares of 50 kobo each. The range of shareholding is as follows:

Range Holdings			Number of Holders	Holdings	%
1	-	1,000	919	518,661	0.01
1,001	-	5,000	1,266	4,122,267	0.04
5,001	-	10,000	918	8,025,907	0.08
10,001	-	50,000	1,619	44,935,899	0.43
50,001	-	100,000	589	50,423,350	0.49
100,001	-	500,000	496	115,885154	1.12
500,001	-	1,000,000	103	75,678,418	0.73
1,000,001	-	5,000,000	96	221,429,334	2.13
5,000,001	-	10,000,000	20	134,349,039	1.30
10,000,001	-	50,000,000	15	360,311,982	3.47
50,000,001	-	100,000,000	8	605,147,066	5.83
100,000,001	-	999,999,999,999	9	8,751,917,237	84.37
			6,058	10,372,744,314	100

20. Unclaimed dividends

Total unclaimed dividends as at December 31st, 2017 was NGN 375,422,605.74 (2016: NGN 334,032,096.12). The unclaimed dividends are maintained in a fixed deposit account maintained with Sterling Bank Plc. The account is jointly managed by both the Company and Pace Registrars Ltd. The total amount in the account as at December 31st, 2017 was NGN 313,634,100.00 (Interest income from 2011 to date: NGN 135,120,909.84)

21. Employment and Employees

- **Employment Policy**

At Continental Reinsurance, we strongly believe that we must win with people and through people in order to win in the market place. This philosophy continues to guide us in the way we work and is reflected in our policies and practices at every stage of our employment cycle. World class best practices are entrenched in our human resource management policies that ensure that the right work environment, professionalism, robust welfare initiatives and opportunity to acquire the right competencies are provided for employees to deliver the best results.

In the light of the above, we strive to remain an equal opportunity employer that is passionate about diversity, inclusivity, mutual respect, encouraging vibrant communication and consultation between employees and the leadership team.

Our core values and Code of Business Principles define what we stand for and the framework in which we do business. The group complies with all regulatory demands in the employment of employees' and ensure that right talents are considered for appointment to executive and top management positions.

- **Employment of physically challenged persons**

The Company gives fair consideration to the application for employment made by physically challenged persons with due regard to their abilities and aptitude. The Company's policy does not allow discrimination against disabled persons in the recruitment, training and career development of its employees. In the event of members of staff becoming disabled, efforts will be made to ensure that their employment continues and appropriate training arranged to ensure that they fit into the Company's working environment. The Company did not have any physically challenged persons in its employment during the period under review.

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

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

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

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

- **Learning and development**

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

- **Employees involvement and engagement**

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

- **Employee remuneration and talent management**

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

- **Internal communication/employee relationship**

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

22. Auditors

The Auditors, Messrs. PricewaterhouseCoopers, have indicated their willingness to continue in office as Auditors of the Company and in accordance with Section 357 (2) of the Company's and Allied Matters Act, CAP C20, LFN 2004, a resolution will be proposed at the Annual General Meeting to authorize the directors to fix their remuneration.

23. Audit Committee

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

BY ORDER OF THE BOARD

FRC/2013/NBA/00000000688
6, Catholic Mission Street (8th Floor)
Lagos

Dated: January 31, 2018

Corporate Governance Report

1. Introduction

In its continued resolve to achieve international best practices in the governance of the Company, the Board further strengthened the Company's corporate governance framework to ensure that ERM forms an integral part of the framework; that structures, practices and procedures put in place allow for effective and efficient decision making and that risk and compliance are fully embedded group wide. This report explains the Company's governance practices and how the governance framework is implemented.

2. Board of Directors

2.1 Composition and structure

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

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

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

2.2 Board appointments

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

2.3 Term of office of Directors

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

2.4 Responsibilities of the Board

The responsibilities of the Board as contained in the Board Charter include the following:

> Reviewing and approving long term performance and Strategic Plans of the Company;
> Reviewing and approving the Company's business plans and identifying the inherent risks in the plans;
> Reviewing management's performance;
> Evaluating the implementation of strategies, policies and management performance criteria;
> Monitoring corporate expenditures and acquisitions;
> Giving direction to the Company and ensuring that the long-term interests of shareholders are served;
> Setting the Company's values and standards and ensuring that the Company's obligation to its shareholders are met;
> Ensuring the integrity of the Company's financial reporting system;
> Ensuring that ethical standards are maintained;
> Ensuring that the Company complies with relevant laws and statutory regulatory requirements;
> Overseeing the effectiveness and adequacy of internal control systems;
> Monitoring and managing potential conflicts of interest of key executives, board members and shareholders including misuse of corporate assets;
> Formulating risk policy, monitoring potential risks within the Company including recognizing and encouraging honest whistle blowing;

The Board authorizes and effectively monitors strategic decisions and ensures compliance with policies and achievement against objectives through quarterly performance reporting and budget reviews; ensures that the Company's business is carried out in accordance with the Memorandum and Articles of Association and in conformity with and regulations guiding the Company's operations both locally and internationally whilst observing the highest ethical standards.

During the year, the Board reviewed and approved audited and quarterly unaudited interim financial statements; reviewed updates on the Group 2017 - 2020 strategy, reviewed progress reports by heads of the various divisions on Technical Operations, Information Technology, Enterprise Risk Management, Investments, Corporate Services and Statutory Compliance. The Board also reviewed the performance of Regional Offices and Subsidiaries; approved Policies, reviewed and approved the Retrocession Strategies for 2018, Capital Injection, Risk Appetite, 2018 Operating and Capital Expenditure Budgets and considered other matters on the operations and strategies of the Company.

The Board directs the affairs of the Company through Board Committees and delegates many of its operational decision-making responsibilities to the Executive Management led by the Group Managing Director/CEO, with appropriate structures in place for the authorities delegated. The Board however, exclusively reserves for its consideration and decision making, the following matters:

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

2.5 Multiple Directorship

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

2.6 Board Evaluation

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

2.7 Directors' and officers' liability insurance

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

2.8 Profiles of Directors

2.8.1 Directors seeking re-election

Mrs Ahlam Bennani - Non-Executive Director

Mrs. Bennani is currently Director, mergers and acquisitions at Saham Finances (Insurance Division). Her technical competencies include advisory on mergers and acquisitions for local, international firms and equity funds; advisory for major operators in risk management and performance improvement; project management and change management. She graduated from the Graduate School of Management of Rouen, France and began her career in 2000 with Arthur Andersen/Ernst & Young Casablanca where she rose to senior Manager Transaction Advisory and Business Advisory. She was appointed Non-Executive Director of Continental Re on September 11th, 2015. She is 42 years old.

Mr. Foluso Laguda - Non-Executive Director

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

Corporate Governance Report (continued)

programmes. He joined the Board of Continental Re as a Non-Executive Director representing Salag Ltd on September 18th, 2013.

Mr. Laguda holds an MBA from Imperial College, London, UK with specialization in Entrepreneurship and Corporate Finance; a Bachelor of Engineering Honours Degree in Mechanical Engineering from UMIST, Manchester, UK. He is a member of the Institute of Directors (MIoD) in both Nigeria and the UK and currently serves on the boards of several companies including SALAG Limited. He is 49 years old.

2.8.2 Director seeking approval of appointment

Mr. Stephen Murphy - Non-Executive Director

Mr. Murphy holds a degree in Social Sciences from the University of South Africa. He has extensive experience in the insurance and reinsurance business which spanned 40 years, most of which was in the reinsurance sector.

He joined Munich Reinsurance Company South Africa in 1973 and was involved in the marketing and development and assessment of risks offered for acceptance. He was the Chief Executive Officer of Hanover Reinsurance Group, the world's 4th largest reinsurance group, from 1983 to 2002. As the Chief Executive Officer of Hanover Reinsurance, Africa, he led the company from being the second smallest in South Africa to become one of the largest reinsurance companies on the continent.

He has been involved in entrepreneurial initiatives in a variety of businesses including healthcare management, IT Industry, insurance Premium financing and Underwriting Agencies and has served as a Director in a number of local businesses.

For the past fourteen years Mr. Murphy has also been involved in Consulting and training and has also acted as consultant for Santam, South Africa's largest insurer in seeking to develop reinsurance business out of South East Asia. His training activities centered on the soft and hard skills of leadership, strategic thinking and negotiation.

Mr. Murphy has served on several Boards including being a nominee director for the international Finance Corporation in the Corporation's investment in Green Delta Insurance-Bangladesh; Chairman of Chemunique, Johannesburg, and Chairman of Direct Line Assurance Company Limited, Kenya. He also serves on the Boards of Chemunique International Pty Ltd, South Africa and Green Delta Insurance Company Ltd.

Mr. Murphy was appointed to the Board of Continental Re as a Non-Executive Director on October 24th, 2017. He is 66 years old.

2.8.3 Other Directors

Chief Ajibola Ogunshola - Non-Executive Director (Chairman)

Chief Ogunshola was appointed to the Board as a Non-Executive Director on November 8th, 2016 and as Chairman of the Board on the same date. He holds a B.Sc. (Honours) degree in Mathematics from the University of Ibadan (1967) and became a Fellow of the Institute of Actuaries, United Kingdom in 1973, the first black African to become a Fellow of the Institute. He was the representative of the Institute of Actuaries of the United Kingdom in Nigeria from 1973 to 1996 and a member of the International Association of Actuaries.

Chief Ogunshola began his career as a trainee Actuary with Eaglestar Insurance Company, London in 1967. He joined the National Insurance Corporation of Nigeria in 1972 as the first head of Life Division from where he joined Niger Insurance Company Limited (now Niger Insurance Plc) as Chief Executive, later Managing Director from 1974 to 1985, the first Nigerian to hold the position. He was Chairman and Managing Consultant of Ajibola Ogunshola & Company (Actuaries & Employee Benefit Consultants) from 1986 to 2004 and Chairman of Alexander Forbes Consulting Actuaries (Nigeria) Limited from 2005 to March 2015.

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

Chief Ogunshola also served on some Government Committees and in other Institutions in several capacities: he was Chairman of the Federal Government Technical Committee on the Review of the Nigerian Civil Service Pension Scheme (1988/1989), Chairman of the Presidential Committee on the Harmonization of the Public and Private Sector Pension Schemes (Nigeria), 2000; member, relief Committee for victims of the Asian Tsunami Disaster, 2005; Non-Executive Director, News Agency of Nigeria, 2009 - 2011; member, Federal Government Panel on Election Violence and Civil Disturbances, 2011; member, Academic Board of the College of Medicine, University of Lagos, 2006 - 2008; member, Executive Committee of the West African Insurance Companies' Association, 1976 - 1982; member of the Governing Council of Nigerian Insurers' Association, 1977 - 1985 and first Chairman of its statistical Committee.

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

Dr. Olufemi Oyetunji - Managing Director/CEO

Dr. Femi Oyetunji was appointed Managing Director/CEO with effect from January 3rd, 2011. He was, prior to his appointment, supervising many large insurance and pension schemes. Dr. Oyetunji holds a PhD in Statistics from the University of Manchester, Institute of Science and Technology, England (1980); a Master of Science (M.Sc.) degree in Statistics from Imperial College, London (1977) and a Bachelor of Science (B.Sc.) First Class Honours degree in Statistics and Operational Research from the University of Manchester, Institute of Science and Technology, England (1976). He is a Fellow of the Institute of Actuaries, United Kingdom and has attended several management development programmes locally and overseas. He joined Continental Reinsurance as Managing Director/CEO on January 3rd, 2011. Dr. Oyetunji was the founding Managing Director/CEO of Alexander Forbes Consulting

Actuaries Nigeria Limited and as the Chief Actuary, supervised many large insurance and pension schemes, a position he held before joining Continental Reinsurance. He serves on the boards of Crusader Sterling Pensions Ltd and ARM Life Insurance Plc.

Mr. Lawrence Nazare - Executive Director

Mr. Lawrence Nazare is the Executive Director and Group Head of operations. He has vast experience in reinsurance spanning over 25 years. Prior to joining Continental Reinsurance in May 2010, he was the Managing Director of ZB Reinsurance Ltd, formerly Inter-Market Reinsurance Limited, Zimbabwe, a Hannover Re Joint Venture Company. He was Chairman of Credit Insurance Zimbabwe Limited; Vice President of the Insurance Institute of Zimbabwe; a member of the regulatory Non-Life Advisory Committee and Chairman of the organization of Eastern and Southern Africa Insurers (OESAI). He served as Chairman of the Insurance Council of Zimbabwe for three consecutive terms, was co-Chairman of the Non-Life Advisory Committee and Chairman of the Zimbabwe Reinsurance Association.

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

Mr. Paul Oje Kokoricha - Non-Executive Director

Mr. Kokoricha is an investment professional with over 30 years of experience in the financial services industry. He has extensive experience in private equity as well as business turnarounds, transformation and reorganization. He is currently a partner in African Capital Alliance and is the Fund Manager in charge of the firm's private equity funds. In his role as Fund Manager, Mr. Kokoricha has been actively involved in all aspects of private equity investment management leading the firm's activities on deal-sourcing, deal-making, value creation and overall management of the portfolio investments in a way that maximizes value for investors. Prior to joining African Capital Alliance, he was Group Head of Operations at Liberty Bank Plc with responsibility for trade finance products, financial controls and retail banking operations. He holds a Bachelor of Science Degree in Economics from the University of Nigeria, Nsukka and is a fellow of the Institute of Chartered Accountants of Nigeria and started his career with Arthur Andersen, providing accounting, consulting and audit services to various clients in financial services, oil & gas and manufacturing.

Mr. Kokoricha was appointed to the Board of Continental Re as a Non-Executive Director Ltd on March 1st, 2016 and also serves on the Boards of Cornerstone Insurance Plc, Bankers Warehouse Plc and Swift Networks.

Mr. Steve Olisa Iwenjora - Non-Executive Director

Steve Olisa Iwenjora ("Steve") has close to two decades of experience in the financial services sector including private equity, investment management and banking in leading local and international institutions. Steve is a Senior Vice President at African Capital Alliance ("ACA") and is the Lead for Non-Bank Financial Institutions sector of ACA managed private equity funds. Steve is entrepreneurial and has been responsible for leading several initiatives throughout his career. Steve has deployed significant capital into several investment opportunities across West Africa, primarily in Nigeria and Ghana.

Prior to his current role, Steve was the CEO of SIM Capital Alliance Limited, a company jointly owned then, by Sanlam Investment Management of South Africa and ACA. At his time here, he led the launch of a listed equity fund subscribed to largely by pension fund administrators. He was at a time, a Senior Investment Professional at Renaissance Capital private equity team and was the investment officer for investment in GZ Industries Limited in 2008.

Steve has a first degree in Accounting from the University of Lagos. He is a Fellow of the Institute of Chartered Accountants of Nigeria and has an MBA from Columbia Business School. Steve serves on the boards of some of the portfolio companies, including Continental Re, Cornerstone Insurance Plc, Petra Trust Limited (Ghana), amongst others.

Mr. Ian Alvan Tofield - Independent Non-Executive Director

Mr. Ian Alvan Tofield joined the Board of Continental Re as an Independent Non-Executive Director on April 27th, 2016. He is an Associate of the Chartered Insurance Institute and has over 60 years' practical experience in all aspects of insurance and reinsurance business, administrative, technical, and marketing predominantly in and for the African continent. He began his insurance career in 1955 with Legal & General Assurance Society. In 1961, he was seconded to the Gresham Life and Gresham Fire & Accident Assurance Societies in Accra, Ghana and in 1970 to Guinea Insurance Company, Nigeria serving first in Kaduna as Northern Area Manager and then as deputy CEO in Lagos. He joined Munich Reinsurance Company (Munich Re) in 1977 and had the initial task of creating the West African bureau in Abidjan, Cote D'Ivoire which he managed for six years developing and managing accounts in 24 Countries in the region. He was recalled to the head office in Munich in 1983 and continued to administer the West African region and progressively widened his field of responsibility to include the Maghreb, East, Central and Southern Africa. In 1995, he transferred the entire management of sub-Saharan African portfolio to Munich Re's office in Johannesburg from where he retired in 2002.

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

Mr. Emmanuel Brule - Non-Executive Director

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

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

Corporate Governance Report (continued)

2.9 Directors' induction and training and development

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

In compliance with NAICOM's requirement, a training on Corporate Governance & Compliance was held during the year. In line with the approved training plan for Directors, an in-house training on Enterprise Risk Management & Reserving was also held during the year.

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

2.10 Right of Directors to seek independent professional advice

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

3. Organization Structure

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

4. Board Meetings

The Board met six (6) times during the financial year. Agenda for each meeting was circulated along with the notice in line with the notice period stipulated in the Company's Articles of Association. In line with best practice, Board papers were sent to Directors in advance of meetings to enable them study and prepare ahead of the meetings. Appropriate and relevant information Directors were also provided to enable Directors to make informed decision on any matter before them. Matters considered during the year included the review and approval of audited financial statements for the previous year; unaudited quarterly interim results; review of management reports on Technical Operations, including performance of regional offices and subsidiaries, Information Technology, Enterprise Risk Management, Internal Audit, Investments, Corporate Services and Statutory Compliance, policies; retrocession strategy for 2018; material investments and disposal and 2018 Operating and Capital Expenditure Budgets; review of updates on 2017 - 2020 Strategy Implementation and other matters on the operations and strategies of the Company.

Directors who were unable to attend any of the meetings appointed alternates to represent them at the meetings.

Directors' Attendance at Meetings

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

Directors	Meetings					
	31/01/2017	28/04/2017	28/06/2017	24/07/2017	24/10/2017	03/11/2017
Chief Ajibola Ogunshola (Chairman)	✓	✓	✓	✓	✓	✓
Dr. Olufemi Oyetunji	✓	✓	✓	✓	✓	✓
Mr. Lawrence M. Nazare	✓	✓	✓	✓	✓	✓
Mr. Foluso Lagud a	✓	✓	✓	✓	✓	✓
Mr. Raymond Farhat	x^1	x^2	x^3	x^4	x	x
Mrs. Ahlam Bennani	✓	✓	✓	✓	✓	✓
Mr. Paul O. Kokoricha	✓	✓	x^5	x^6	✓	✓
Mr. Steve O. Iwenjora	✓	✓	✓	✓	. .	✓
Mr. Ian A. Tofield	✓	✓	✓	✓	✓	. .
Mr. Emmanuel Brule	✓	✓	✓	✓	✓	✓

Note :

x^1 & x^2 - Mr. Emmanuel Brule was alternate to Mr. Raymond Farhat
x^3 & x^4 - Mrs. Ahlam Bennani was alternate to Mr. Raymond Farhat
x^5 - Mr. Steve Iwenjora was alternate to Mr. Paul Kokoricha
x^6 - Mr. Tony Egbuna was alternate to Mr. Paul Kokoricha
x^7 - Mr. Paul Kokoricha was alternate to Mr. Steve Iwenjora
x^8- Mr. Foluso Laguda was alternate to Mr. Ian Tofield

5. Board Committees

At the Board meeting held on January 31st, 2017, the three standing Board Committees namely - the Corporate Governance, Nomination and Remuneration Committee; the Underwriting and Risk Management Committee and the Investment/Finance, General Purposes Committee were modified in line with a directive by NAICOM specifying the type and number of Committees a reinsurance or an insurance company should have, and the following were approved as the new Standing Board Committees:

- Audit and Compliance Committee
- Enterprise Risk Management, Governance and Underwriting Committee
- Finance, Investment and General Purposes Committee

In addition, to the above Committees, a Board Nomination and Remuneration Committee was also approved by the Board, and only met on need basis. The Committees functioned effectively and operated within the powers delegated to them by the Board. Each of the Committees has a charter that governs its operation. The revised composition of the Committees and their terms of reference are the following:

5.1 Composition & Terms of Reference of the Committees

Audit and Compliance Committee

Members

- Mr. Ian Tofield - (Chairman)
- Mrs. Ahlam Bennani
- Mr. Paul Kokoricha
- Mr. Emmanuel Brule
- Executive Directors

Terms of Reference

- Consider internal audit report.
- Evaluate the performance of the external auditors.
- Monitor and supervise the effective function of internal audit.
- Evaluate the performance of internal audit;
- Review the effectiveness of the Company's systems of internal control;
- Review internal audit charter and internal audit plans;
- Review the adequacy of corrective action taken in response to significant internal audit findings;
- Review significant matters reported by the internal audit function;
- Consider and make recommendations on the appointment of external auditors and on their resignation or dismissal.
- Evaluate the independence and effectiveness of the external auditors and review non-audit services to be rendered by such auditors as to whether provision of such services substantially impairs their independence.
- Make recommendations to the Board, which firm(s) of external auditors should be appointed as auditors of the Company.
- Examine and review the annual, interim financial statements, reports to shareholders and preliminary announcements of results and any other announcement regarding the Company's results prior to submission and approval by the Board, focusing on:
    - any changes in accounting policies and practices;
    - tax and litigation matters;
    - Significant adjustments resulting from the audit;
    - capital adequacy;
    - internal control
    - compliance with accounting standards, stock exchange and legal requirements;
- Review the external auditors' management letter and management response
- Monitor compliance with the Company's Articles of Association.
- Monitor and ensure compliance with laws and regulations.
- Review the Company's policies for preventing and detecting fraud.

Enterprise Risk Management, Governance and Underwriting Committee

Members

- Mr. Emmanuel Brule - (Chairman)
- Mr. Raymond Farhat
- Mr. Steve Iwenjora
- Mr. Foluso Laguda
- Mr. Ian Tofield
- Executive Directors

Terms of Reference

- Review underwriting policy of the Company
- Formulate geographical expansion of the Company
- Consider technical operation reports and related reports.
- Review the retrocession cover of the Company
- Product development
- Consider adequacy of technical reserve
- Formulate Risk Management Policy
- Consider Actuarial Reports
- The Committee together with the Company's legal adviser, will review any legal matters that could have a significant impact on the Company's business.
- The Committee will review the Executive Committee's (“EXCO”) reports detailing the adequacy and overall effectiveness of the Company's risk management function and its implementation by management, and reports on internal control and any recommendation, and confirm that appropriate action has been taken.
- The Committee will review the risk philosophy, strategy and policies recommended by EXCO and consider reports by EXCO.
- The Committee will ensure compliance with such policies, and with the overall risk profile of the Company. Risk in the widest sense includes market risk, credit risk, liquidity risk, operation risk and commercial risk, which together cover detailed combined risks such as:
    > interest rate risk;
    > country risk;
    > counterpart risk, including provisioning risk;
    > currency and foreign exchange risks;
    > technology risk;
    > price risk;
    > disaster recovery risk;
    > operational risk;
    > prudential risk;
    > reputational risk;
    > competitive risk;
    > legal risk;

Corporate Governance Report (continued)

> compliance and control risks;
> sensitive risks, e.g. environmental, health and safety;
> concentration of risks across a number of portfolio dimensions;
> investment risk;
> asset valuation risk; and
> other risks appropriate to the business which may be identified from time to time.

- The Committee will review the adequacy of insurance coverage.
- The Committee will review risk identification and measurement methodologies.
- The Committee will monitor procedures to deal with and review the disclosure of information to clients.
- The Committee will have due regard for the principles of governance and codes of best practice.
- Formulate Corporate Governance Policy for the Company and ensure effective implementation of the Policy.
- Ensure implementation of and compliance with the Codes of Corporate Governance that are in force or may be issued from time to time.

Finance, Investment and General Purposes Committee

Members

- Mr. Paul Kokoricha - (Chairman)
- Mr. Raymond Farhat
- Mrs. Ahlam Bennani
- Mr. Foluso Laguda
- Mr. Steve Iwenjora
- Executive Directors

Terms of Reference

- Review Investment Policy of the Company.
- Review assets allocation and Managers
- Approve Investment within limits stipulated by the Board.
- Consider annual budgets.
- Consider capital raising exercise and/or financial restructuring of the Company.
- Consider investment quarterly reports.
- Consider ICT reports
- Consider Credit Control reports
- Review and monitor the Company's Building projects.

Nomination and Remuneration Committee

Members

- Mr. Paul Kokoricha - (Chairman)
- Mr. Raymond Farhat
- Mrs. Ahlam Bennani
- Mr. Foluso Laguda
- Mr. Steve Iwenjora

Terms of Reference

- Formulate recruitment policy for the Company.
- Agree conditions of service.
- Develop the Company's policy on executive and senior management remuneration.
- Recommend review of remuneration from time to time.
- Make recommendations to the Board on the appointment of new executive and non-executive directors and on Board structure and composition
- Identify and nominate candidates for the approval of the Board to fill Board vacancies as and when they arise.
- Make recommendation to the Board on recruitment of top Management staff and promotion to top management positions.
- Review Organogram of the organization from time to time for effective performance.
- Review the terms and conditions of executive directors' service contracts.
- Determine criteria necessary to measure the performance of executive directors in discharging their functions and responsibilities.
- Recommend Directors' nomination and remuneration to the Board

5.2 Meetings of Board Committees

The previous Committees viz. the Corporate Governance, Nomination and Remuneration Committee; the Underwriting and Risk Management Committee and the Investment/Finance, General Purposes Committee met once in January 2017 before their modifications into new Committees. The new Committees - Audit and Compliance Committee; Enterprise Risk Management, Governance and Underwriting Committee; and Finance, Investment and General Purposes Committee met three (3) times while the Nomination and Remuneration Committee met two (2) times.
Records of attendance at the meetings of the previous and new Committees are set out in the tables below:

5.2.1 Previous Committees

Corporate Governance, Nomination and Remuneration Committee

Members	Meeting 30/01/2017
Mr. Paul O. Kokoricha	✓
Mr. Raymond Farhat	x[1]
Mrs. Ahlam Bennani	x[2]
Mr. Foluso Laguda	✓
Mr. Ian A. Tofield	✓
Mr. Emmanuel Brule	✓

x[1] & x[2] - Mr. Emmanuel Brule was alternate to Mr. Raymond Farhat and Mrs. Ahlam Bennani

Underwriting and Risk Management Committee

Members	Meeting 30/01/2017
Mr. Emmanuel Brule	✓
Dr. Femi Oyetunji	✓
Mr. Lawrence M. Nazare	✓
Mr. Steve Iwenjora	✓
Mr. Ian A. Tofield	✓
Mr. Emmanuel Brule	✓

Investment/Finance, General Purposes Committee

Members	Meeting 30/01/2017
Mr. Paul Kok oricha	✓
Dr. Femi Oyetunji	✓
Mr. Lawrence M. Nazare	✓
Mrs. Ahlam Bennani	✓
Mr. Foluso Laguda	✓
Mr. Raymond Farhat	x^1
Mr. Steve Iwenjora	✓

x^1 - Mrs. Ahlam Bennani was alternate to Mr. Raymond Farhat

5.2.2 New Committees

Audit and Compliance Committee

Members	Meetings		
	27/04/2017	28/06/2017	23/10/2017
Mr. Ian Tofield (Chairman)	✓	✓	✓
Dr. Femi Oyetunji	✓	✓	✓
Mr. Lawrence M. Nazare	✓	✓	✓
Mrs. Ahlam Bennani	✓	✓	✓
Mr. Emmanuel Brule	✓	✓	✓
Mr. Paul Kokoricha	x^1	x^2	✓
Mr. Steve Iwenjora	✓	✓	✓

x^1 - Mr. Steve Iwenjora was alternate to Mr. Paul Kokoricha
x^2 - Mr. Tony Egbuna was alternate to Mr. Paul Kokoricha

Enterprise Risk Management, Governance and Underwriting Committee

Members	Meetings		
	27/04/2017	28/06/2017	23/10/2017
Mr. Emmanuel Brule (Chairman)	✓	✓	✓
Dr. Femi Oyetunji	✓	✓	✓
Mr. Lawrence M. Nazare	✓	✓	✓
Mrs. Ahlam Bennani	✓	✓	✓
Mr. Foluso Laguda	✓	✓	✓
Mr. Raymond Farhat	x^1	x^2	x
Mr. Steve Iwenjora	✓	✓	x
Mr. Ian A. Tofield	✓	✓	✓

x^1 & x^2- Mrs Ahlam Bennani was alternate to Mr. Raymond Farhat at the two meetings

Finance, Investment and General Purposes Committee

Members	Meetings		
	28/04/2017	28/06/2017	23/10/2017
Mr. Paul Kokoricha (Chairman)	✓	x^2	✓
Dr, Olufemi Oyetunji	✓	✓	✓
Mr. Lawrence Nazare	✓	✓	✓
Ms. Ahlam Bennani	✓	✓	✓
Mr. Foluso Laguda	✓	✓	✓
Mr. Raymond Farhat	x^1	x^3	x^4
Mr. Steve Iwenjora	✓	✓	x

x^1, x^3 & x^4- Mrs Ahlam Bennani was alternate to Mr. Raymond Farhat
x^2 - Mr. Steve Iwenjora was alternate to Mr. Paul Kokoricha

Nomination and Remuneration Committee

Members	Meetings	
	27/04/2017	23/10/2016
Mr. Paul O. Kokoricha (Chairman)	✓	✓
Mr. Raymond Farhat	x^1	x^2
Mrs. Ahlam Bennani	✓	✓
Mr. Foluso Laguda	✓	✓
Mr. Steve Iwenjora	✓	x

x^1 & x^2- Mrs Ahlam Bennani was alternate to Mr. Raymond Farhat at the two meetings

5.3 Ad-Hoc Committees

Project Alpha 2020 Steering Committee

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

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

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

The Chairman of each of the standing Committees and ad-hoc Committees reports to the Board on the deliberations of the Committees while minutes of meetings of all the Committees are circulated to all the Directors.

Corporate Governance Report (continued)

6. Statutory Audit Committee

The Committee was established in accordance with Section 359, subsections 3 and 4 of the Companies and Allied Matters Act CAP C20, LFN 2004 which provides that the Committee shall consist of an equal number of Directors and Representatives of shareholders of the Company, subject to a maximum number of six members. The Company has a six-member Audit Committee three of whom are representatives of the Board namely: Mrs. Ahlam Bennani, Mr. Foluso Laguda and Mr. Steve Iwenjora while the remaining three namely: Custodian & Allied Insurance Plc represented by Mr. Wole Oshin , SONAR-Burkina Faso represented by Mr. Justice K. Kambou and I & I Investment represented by Mr. Blakey O. Ijezie represent the shareholders. The representatives of the Board on the Committee are Non-Executive Directors.

Terms of reference of the Committee

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

Meetings of the Committee

The Committee met four times during the year and in line with its terms of reference, reviewed (i) the audited financial statements for the previous year (ii) the interim financial statements; (iii) the management letter on the audit of the financial statements; (iv) the scope and planning of audit requirements; iv) quarterly internal audit reports and made recommendations to the Board regarding the appointment and remuneration of the external auditors of the Company. The Committee effectively discharged its statutory duties and responsibilities. The Committee has authority to investigate any matter within its terms of reference but no such investigation was carried out during the year.

Record of attendance at the meetings

Members	Meetings			
	30/01/2017	26/04/ 2017	24/07/ 2017	23/10/2017
Custodian & Allied Insurance Plc represented by Mr. Wole Oshin (Chairman)	✓	✓	✓	✓
SONAR Burkina Faso represented by Mr. Justice K. Kambou	✓	x	✓	✓
I & I Investment represented by Mr. Blakey O. Ijezie	✓	✓	✓	✓
Mrs Ahlam Bennani	x[1]	✓	✓	✓
Mr. Foluso Laguda	✓	✓	✓	✓
Mr. Steve Iwenjora	n/a	n/a	✓	x

x[1] - Mr. Emmanuel Brule represented Mrs. Ahlam Bennani at the meeting

7. Company Secretary

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

8. Management Committees

Group Management Committee

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

Executive Committee

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

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

9. Remuneration

9.1 Non-Executive Directors

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

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

9.2 Executives

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

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

10. Directors' Code of Conduct

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

11. Employee Code of Conduct

The Company expects from its employees, the highest level of conduct and ethical standards and has in place, a clearly defined Code of Conduct and ethics that guides employees' behaviours. All employees in the Group have acknowledged receipt of the Code and confirmed that they have read and understood the contents. Compliance with the Code is monitored and there is a disciplinary procedure for any confirmed violation. There was no reported violation of the Code during the year.

12. Conflict of interest

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

No real or potential or perceived conflict of interest situation was disclosed during the year.

13. Insider trading and dealing in Company's shares

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

14. Human resources strategy

To achieve the Company's strategic objectives, the HR strategy is currently being developed to align with the Corporate strategy. The HR strategy ensures formulation of sound policies, processes and systems that are in line with world best practices to attract, motivate and retain top talents.

15. Succession Planning

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

Corporate Governance Report (continued)

16. Staff Gender Analysis

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

	Male	Female	Male %	Female %
Total Employees	51	33	60.7	39.3
Detailed analysis of top management:	Male	Female	Male %	Female %
Assistant General Managers	4	3	57.1	42.9
Deputy General Managers	1	1	50	50
General Managers	5	1	83.3	16.7
Executive Directors	2	0	100	0
Non-Executive Directors	7	1	87.5	12.5

17. Anti-bribery and corruption policy

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

18. Whistle-blowing policy

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

19. Corporate Social Responsibility (CSR)

The Company continues to recognize its role as a corporate citizen and has long supported local community and charitable projects. The Company's approach to Corporate Social Responsibility (CSR) is to regard it as a means of maintaining good relations with local communities, rather than as a means of promotion. Guidance on selecting, managing and evaluating CSR activities is provided to all regional offices. However, it is recognized that local community needs are diverse. As a result, within the parameters of this guidance and guidelines on focus of spend, CSR is managed locally to ensure the most appropriate projects are supported.

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

20. Corporate Social Investment

In 2017, the Company enhanced its Corporate Social Investment which connects directly to its business strategy with respect to the following focus areas:

1. Internship and Mentorship

Continental Re's industrial attachment programme is aimed at creating opportunities for industrial attachment to continuing students from recognized institutions of higher learning. Also, there exists an internship programme for fresh graduates.

The programme is tailored in such a way so as to improve labour market relevance and exposures. In addition, the programme provides a platform for on-the-job training, which provides the trainee with the opportunity to have an insight into the practical application of their skills and interpersonal skills in the work environment.

In 2017, we provided learning opportunities for students and fresh graduates who were in search of exposure to the insurance sector. Upon successful completion of the internship program, some of the interns were on-boarded on contract employment with the Company.

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

2. Advocacy / Popularizing Insurance

After the successful inaugural edition of the Pan-African Re/Insurance Journalism Awards in 2016, we were delighted to once again honour journalists who made outstanding contributions on the topic of re/insurance in the African media.

We use the awards platform to advocate the insurance agenda by creating awareness in this era of a revolution to access to information. We believe that these awards inspire media to cover issues related to re/insurance and improve the overall quality of the reporting. The Awards are open to both French and English submissions from across Africa. Journalists were required to demonstrate how their articles raised awareness and understanding of the reinsurance sector in Africa and display integrity in their work.

We received submissions from journalists across Africa for the second edition of the Pan-African Re/Insurance Journalism Awards. 21 journalists were shortlisted after the first round, while seven finalists were selected in the second round. An independent panel of six jury members assessed and evaluated the entries. The judges identified the three winners of the 2017 edition during a final round table discussion.

In 2017, we were pleased to notice a remarkable improvement in the number and quality of contributions overall and especially from francophone Africa. As a result, the jury selected a francophone finalist for the first time.

As one of Africa's leading industry players, Continental Reinsurance will continue to build capacity of journalists so that they can contribute to the development of the re/insurance industry in Africa.

3. **Client development programmes**

We continue to deploy resources into the development of our clients through our various technical trainings in the form of seminars and workshops. These carefully planned training programmes are put together following critical analyses of knowledge gaps among our clients.

In 2017, we organized training programmes which cut across different technical topics such as engineering and property insurance, life assurance, oil and gas insurance, liability insurance and reinsurance. These programmes were well attended by practitioners in the different markets where they were held (Nigeria, Cameroun, Namibia, Senegal, Morocco, Tunisia, Cote d'Ivoire, Mauritius and Ghana).

4. **UN-Principle of Sustainable Insurance (UN-PSI)**

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

In 2017, Cassim Hansa, Managing Director, Gaborone Subsidiary, was appointed to the PSI Board following an election process among delegates from PSI signatory companies. By being involved at this level, on behalf of the Company as a signatory, we are being empowered to build and influence towards a shared goal.

The UN-Principles of Sustainable insurance are:

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

Source: http://www.unepfi.org/psi/the-principles/

We envision sustainability as one of the core purpose of our brand promise.

21. Risk Management

21.1 Risk Management organization structure

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

21.2 Managing uncertainties and improving performance

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

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

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

21.3 Continental Reinsurance Risk Appetite Framework

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

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

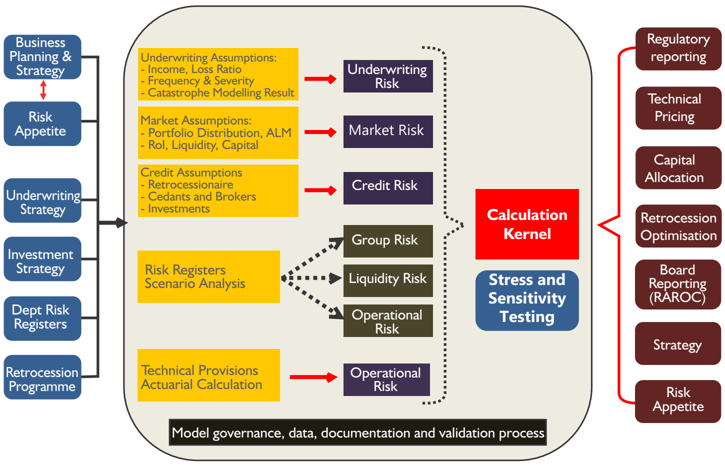
21.4 Update on key types of risk

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

At Continental Re, Risk Management is not just a function, it is rooted in our culture to ensure consistency. Core risk in Continental Re's internal model.

Corporate Governance Report (continued)

Internal Model



Continental Re is exposed to this broad range of risk.

- **Market/Investment Risk**
  Market risk is the risk of loss, or of adverse change in the financial situation, resulting directly or indirectly from fluctuations in the level and in the volatility of market prices of assets, liabilities and financial instruments. Continental Re's Investment policy states the risk limits and controls per authorized investments including the limitations on rating, interest, liquidity, and currency risk exposures.

  In monitoring and managing this risk, regular reports on risk and risk aggregations are presented. It tracks exposure limits and provides the key risk that could affect the portfolio.

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

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

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

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

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

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

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

There are many risks that affect the company's capital management, therefore, Continental Re has now developed a capital management and dividend policy. Our internal capital model which is an integrated model that delivers comprehensive underwriting, reserve, catastrophe, credit and investment risk capabilities to meet the rigorous demands of Enterprise Risk Management is now implemented.

In accordance with the prescribed processes, our Board committees explicitly defined the risk appetite for significant risk categories in the year under review and quantified it with key figures. We determined and documented the risk appetite across the Group hierarchy and communicated it throughout the Group. During the whole of 2017, risk exposures were regularly quantified and compared with the risk appetite. Our risk is currently managed and under control.

22. Relations with shareholders

The Company is committed to maintaining good relations with shareholders and other stakeholders. All shareholders are treated equally and have equal access to information and other materials of the Company regardless of the number of shares held by them. Information is disseminated through the Annual Report, publications in newspapers and magazines, press releases in respect of strategic announcements, corporate brochure, features, corporate write up and opinions on topical issues, advertisements, the Company's website etc. The Company and Group results - annual, quarterly and half yearly are promptly published and displayed on the Company's website and other media platforms.

The Board ensures that shareholders' statutory and general rights including the right to vote, right to demand a poll, right to notice of general meetings within the prescribed statutory periods and to attend the meetings, right to inspect minutes books of proceedings at general meetings etc are protected at all times. The Board also ensures that minority shareholders are treated fairly and that decisions taken are not detrimental to them.

Annual General Meetings of the Company are the primary avenue for meeting and interaction with the shareholders. The meetings are conducted in an open manner and all shareholders are given sufficient time and opportunity to participate fully at the meetings. Comments/suggestions of shareholders at the meetings are considered by the Board and immediate action taken where appropriate. Shareholders are also encouraged to visit the Company's offices to seek clarification on the Company's performance and familiarize themselves with the Company's operations. Queries and requests for information or clarification by shareholders on the results or any issue are promptly dealt with.

23. External auditors

The Company's external Auditors, PricewaterhouseCoopers, are independent of the Company's officers, Board members and their families and did not render any other service to the Company during the year outside their statutory obligations. The audit partner was changed for the audit of the 2017 accounts and the partner and manager were present at meetings of the Statutory Audit Committees and Board Committee and ensured full communication of all issues relating to the audit. The remuneration of the auditors is disclosed in note 6.2 to the consolidated financial statements.

24. Compliance with regulatory requirements

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

During the year, the Company complied substantially with the Codes of Corporate Governance of the National Insurance Commission (NAICOM) and the Securities & Exchange Commission (SEC). It also complied with the Post-listing requirements of the Nigerian Stock Exchange (NSE) and regulatory requirements of the National Insurance Commission (NAICOM) and the Securities & Exchange Commission (SEC).

No penalty was paid during the year.

25. Internal audit

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

The evaluation of internal controls put in place encompasses the Group's information systems environment; the reliability of the financial and operational information; the effectiveness and efficiency of operations; safeguarding of assets; compliance with laws, statutory requirements and regulations and assurance on the robustness and effectiveness of the Company's risk management process. During the year, the unit carried out quarterly reviews of the effectiveness of the internal controls at the head office, the regional offices in Abidjan and Cameroon, the subsidiaries in Botswana and Kenya. Findings and recommendations were shared and discussed with Management, the Audit Committee and the Board and corrective actions were taken where control weaknesses were identified. There were no reported major breaches of internal controls and procedures during the year.

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

26. Communication

26.1 Internal Communication

The Company continued to exploit opportunities to strengthen effective internal communication systems in order to ensure alignment to business strategy. To this end, varied communication tools and channels are used to provide effective opportunities for employees to engage leadership members and each other thus reinforcing business objectives.

Corporate Governance Report (continued)

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

26.2 External Communication

Our external communication channels provide a three-pronged strategy which meets the Company's need for content management, internal and external enhancement and dissemination of business objectives and information.

The Company provides a regular flow of information to clients, shareholders and the broader community of stakeholders via the following:

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

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

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

27. Complaints Management Policy

The Company has an approved Complaints Management Policy which sets out the direction and procedures for the handling and resolution of complaints in order to ensure that complains of clients/shareholders/investors are heard and are addressed promptly, fairly and objectively. The policy provides details on (i) types of complaints; (ii) the process for lodging of complaints; and (iii) the system of handling complaints. Complaints received during the year were effectively addressed in accordance with the policy and were promptly resolved.

The policy can be found on the Company's website.

LEADERSHIP & INTEGRITY

SOCIETY FOR CORPORATE GOVERNANCE NIGERIA

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

EXECUTIVE SUMMARY

The Society for Corporate Governance Nigeria was invited to conduct an independent evaluation/assessment of the Board of Continental Reinsurance for 2017, in October, 2017.

Below is a summary of our findings:

Brief about the Company

Continental Reinsurance Plc. was incorporated in 1985 starting business as a private reinsurance company in Nigeria. From January 1987, the company began operating as a general reinsurer and later a composite reinsurer in January 1990, offering both treaty and facultative Life and Non-Life reinsurance, with a well-diversified business mix and customer base.

With a culture of accountability, and transparency in managing environmental, social and governance issues throughout its business, the company has grown a diversified portfolio in several countries, adding value, and developing enduring partnerships premised on 'Pan-African commitment made local'.

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

The Board is made up of 9 distinguished professionals who are competent and experienced with sound knowledge of business issues and experienced in the insurance sector.

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

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

The company corporate has a comprehensive Anti-Money Laundering/Countering the Financing of Terrorism (AML/CFT) Policy, Anti-Bribery & Corruption Policy, Credit Control Policy, Whistle Blowing Policy, Fixed Assets Policy and Procedure, ICT-Security Policy, Board & Board

Committees' Charters, Board Committees' Charters, Statutory Audit Committee Charter, Securities Trading Policy, Corporate Governance Principles, Complaints Management Policy, Internal Audit Charter Capital Management Policy
All the policies and other documents were sighted and assessed for content and relevance and were found to be way above average.

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

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

In the period under review, the Board met six (6) times.

In as much as there is still room for improvement and continuous Director development, we are pleased to state that the Board of Continental Reinsurance Plc. conducted its affairs in an acceptable and satisfactory manner in 2017.

For: **SOCIETY FOR CORPORATE GOVERNANCE NIGERIA**

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

Audit Committee’s report

To the members of Continental Reinsurance Plc

In accordance with the provisions of Section 359(6) of the Companies and Allied Matters Act, CAP C20, LFN 2004 members of the Audit Committee of Continental Reinsurance Plc hereby report on the financial statements of the Company for the year ended December 31st, 2017 as follows:

- The scope and plan of the audit for the year ended December 31st, 2017 were adequate.
- We have reviewed the financial statements and are satisfied with the explanations obtained.
- We have reviewed the external Auditors' management letter for the period and are satisfied with the management's responses and that management has taken appropriate steps to address the issues raised by the Auditors.
- We are of the opinion that the accounting and reporting policies of the Company are in accordance with legal requirements and ethical practices.

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

Mr. Wole Oshin
Chairman, Audit Committee
FRC/2013/CIIN/00000003054

January 30, 2018

Members of the Audit Committee
Custodian & Allied Insurance Plc represented by Mr. Wole Oshin
Shareholder (Chairman)

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

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

Mrs. Ahlam Bennani
Director

Mr. Foluso Laguda
Director

Mr. Steve Iwenjora
Director

Growth in shareholders fund

27%

5

FINANCIAL STATEMENTS

Statement of Directors' Responsibilities

in relation to the consolidated and separate financial statements for the year ended 31 December 2017

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 attention of the directors to indicate that the Company and Group will not remain a going concern for at least twelve months from the date of this statement.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

Chief Ajibola Ogunshola Chairman	Dr. Olufemi Oyetunji Group Managing Director/CEO
31 January 2018	31 January 2018

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 2017, 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 2017;
- the consolidated and separate statements of profit or loss and other 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 – N18.0 billion (See Notes 2.4 and 24)	
The estimation of 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 and a reserve for unexpired premium. The cost of outstanding claims is determined by using a range of standard actuarial claims projection techniques in order to estimate the gross ultimate claims experience. The methodology for calculating premium provisions depends on the basis of the reinsurance contract – risk attaching or losses occurring. This matter is considered a key audit matter in both the consolidated and separate financial statements.	We obtained the actuarial valuation report for insurance contract liabilities from management. We assessed the competence, independence and objectivity of management's external actuarial experts. We understood, evaluated and tested controls and performed detailed substantive testing over claims process. We tested the accuracy, completeness and appropriateness of the underlying data used in the actuarial valuations by performing checks between the data recorded in the financial statements and actuarial data used by management experts. With the support of our actuarial experts, we assessed the reasonableness of the group's methodology used in determining its insurance contract liabilities. We assessed 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.
Valuation of reinsurance receivables – N9.9 billion (See Notes 2.15, 6.3 and 15.1)	
The valuation of the group's reinsurance receivables requires significant judgement in determining the amount to reflect the credit risk exposure to its reinsurance receivables. Management's impairment model considers the ageing of its reinsurance receivables, collection history over a three year cycle and payables to cedants with a right of set off. This matter is considered a key audit matter in both the consolidated and separate financial statements.	We adopted a substantive approach in order to assess the recoverability of the reinsurance receivables. We tested the aging analysis of the net receivable performed by management by agreeing to supporting documentation. We assessed the reasonableness and appropriateness of the impairment methodology and assumptions used in testing the recoverability of the reinsurance receivables. In particular, we reviewed the historical and current collection data relating to the company's reinsurance receivables. We evaluated the existing relationship between the company and selected cedants and assessed the financial condition of the debtors.

Key audit matter	How our audit addressed the key audit matter
Investment properties – N2.9 billion (See Notes 2.16 and 20) The valuation of the group's investment properties is a key focus area due to significance of the judgements and estimates made by management. Management adopted the income approach in determining the fair value of the properties considering the current use of the property. The approach considered the estimated future rental income and occupancy rate. This matter is considered a key audit matter in both the consolidated and separate financial statements.	We updated our understanding of the entity's policies, processes, methods used for the determination of fair values of investment properties and assessed compliance with the relevant accounting standard. We assessed the competence, independence and objectivity of management's property valuation expert. We evaluated the assumptions and inputs used in the property valuations to determine whether these are appropriate and reasonable.

Other information

The directors are responsible for the other information. The other information comprises the *Director's report, Statement of Directors' Responsibilities, Audit Committee report, Statement of value added and Five year financial summary,* (but does not include the consolidated and separate financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report and *Chairman's statement, Group managing director's overview, 2017 financial year business review and Corporate governance report,* which are expected to be made available to us after that date.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other information not yet received, 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 the International Financial Reporting Standards (IFRS) and the requirements of the Companies and Allied Matters Act, the Financial Reporting Council of Nigeria Act and the Nigerian Insurance Act, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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

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

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

Report on other legal and regulatory requirements

The Companies and Allied Matters Act and Nigerian Insurance 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's statement of financial position and statement of profit and loss and other comprehensive income are in agreement with the books of account.

Chidi Ojechi

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

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

12 March 2018

Statement of significant accounting policies

Consolidated and seperate financial statements for the year ended 31 December 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 2017 were authorised for issue in accordance with a resolution of the Directors on 31 January 2018.

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 Companies and Allied Matters Act CAP C20 LFN 2004, the Financial Reporting Council of Nigeria Act No. 6, 2011, Insurance Act 2003 and its interpretations issued by the National Insurance Commission in its Insurance Industry Policy Guidelines is included where appropriate.

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

2.2.2 Basis of measurements

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

Functional and presentation currency

The consolidated financial statements are presented in Naira, which is the Group's functional currency. The figures shown in the consolidated financial statements are stated in thousands. The disclosures on risks from financial instruments are presented in the financial risk management report contained in Note 42.2

2.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2017. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:
- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

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

Profit or loss on each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

2.4 Significant accounting judgements, estimates and assumptions

Judgements

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

Operating lease commitments — Group as lessor

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

Estimates and assumptions

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

Fair value of level 3 financial instruments

Investments in unquoted equity securities that are classified as available for sale financial instrument and measured at fair value in line with the accounting policies as set out in the statement of significant accounting policies. See note 14.1 for sensitivity analysis on level 3 financial instrumentsThe carrying value of level 3 financial instruments for the Group and Company is N1,169,767,000 (2016: N1,038,489,000).

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.

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 N2,430,312,000 (2016: N1,938,205,000) and Company N2,166,356,000 (2016: N1,588,966,000).

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

Statement of significant accounting policies (continued)

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 N15,535,678,000 (2016: N11,807,110,000)and Company N10,304,234,000 (2016: N8,548,182,000).

Pipeline reinsurance premium

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

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

See note 15.2 for sensitivity analysis pipeline premium

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

The carrying value at the reporting date of pipeline receivables for the Group is N3,645,142,000 (2016: N3,169,706,000) and Company N2,554,071,000 (2016: N2,525,279,000).

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 N318,212,000 (2016: N793,806,000) and Company N218,855,000 (2016: N686,907,000). 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 N306,457,000 (2016: N383,857,000) and Company N275,150,000 (2016: N336,008,000).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 N2,857,111,000 (2016: N2,868,728,000) and Company N2,857,111,000 (2016:N2,868,728,000).

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 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. This amendments has no impact on our debts instruments

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.

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:

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 and has deferred adoption to 2021.

IFRS 15 - Revenue from Contracts with Customers effective 1 January 2018

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. The standard permits a modified retrospective approach for the adoption. Under this approach, entities will recognise transitional adjustments in retained earnings on the date of initial application without restating comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application. Management has assessed the impact of the new rules and identified that the standard will not have significant impact on the Company's 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

Statement of significant accounting policies (continued)

date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset).

Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

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.

2.7 Standards and interpretations issued/amended but not yet effective

IFRS 17 - Insurance contracts effective 1 January 2021

IFRS 17 replaces IFRS 4 effective January 1, 2021. It addresses changes in valuation and accounting for insurance contracts.

IFRS 17 provides new basis for liability measurement and profit recognition.The measurement models are;
I) Building Block Approach (BBA) measures the net inflow between the risk-adjusted present value of expected inflows and outflows at inception. This method is applicable for measurement of long-term and whole life insurance and reinsurance contracts.
ii) Premium Allocation Approach (PAA) This method is applicable for measurement of short term life, group life and general insurance.
iii) Variable fee Approach (VFA) measures participating business where policy holder libilitiy is linked to underlying items. This method is applicable for measurement of unit-linked contracts, deposit administration contracts

Amendments to IAS 40 Transfers of Investment Property

The amendments clarify that a transfer to, or from, investment property necessitates an assessment of whether a property meets, or has ceased to meet, the definition of investment property, supported by observable evidence that a change in use has occurred. The amendments further clarify that the situations listed in IAS 40 are not exhaustive and that a change in use is possible for properties under construction (i.e. a change in use is not limited to completed properties).

The amendments are effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. Entities can apply the amendments either retrospectively (if this is possible without the use of hindsight) or prospectively. Specific transition provisions apply.

IFRIC 22 Foreign Currency Transactions and Advance Consideration

IFRIC 22 addresses how to determine the 'date of transaction' for the purpose of determining the exchange rate to use on initial recognition of an asset, expense or income, when consideration for that item has been paid or received in advance in a foreign currency which resulted in the recognition of a non-monetary asset or non-monetary liability (for example, a non-refundable deposit or deferred revenue).

The Interpretation specifies that the date of transaction is the date on which the entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the Interpretation requires an entity to determine the date of transaction for each payment or receipt of advance consideration.

The Interpretation is effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. Entities can apply the Interpretation either retrospectively or prospectively. Specific transition provisions apply to prospective application.

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.

2.9.1Revenue 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

2.9.6 Reserve for outstanding claims
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.

Statement of significant accounting policies (continued)

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

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

2.12 Cash and cash equivalents
Cash and cash equivalents are balances that are held for the primary purpose of meeting short-term cash commitments. Hence this includes cash in hand and cash equivalents that are readily convertible to known amount of cash are subject to insignificant risk of changes in value and whose original maturity is three months or less.
Cash and cash equivalents for the purpose of cash flow includes cash-on-hand, deposit held at call with banks and other short-term highly liquid investments which originally matures in three months or less.

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

2.13.1Initial recognition and measurement
Financial instruments are recognised initially when the company becomes a party to the contractual provisions of the instruments.

The Company classifies financial instruments, on 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 he 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 and recognised in the statement of financial position as 'Financial asset 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.

Statement of significant accounting policies (continued)

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

The carrying value at the reporting date of available for sale financial instruments for the Group is N2,121,225,000 (2016:N2,544,148,000) and Company N2,090,531,000 (2016:N2,482,980,000).

e. Impairment of financial assets

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

Financial assets carried at amortised cost

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

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

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 is significant to the fair value measurement is directly or indirectly observable.
• Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

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

Statement of significant accounting policies (continued)

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 will flow to the Group and the cost of the item can be reliable measured.

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

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

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

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

Freehold property and building work in progress are not depreciated.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. No property, plant and equipment were impaired as at 31 December 2017 (2016: 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.

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.

Statement of significant accounting policies (continued)

Sales tax

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

2.22 Employment benefits

Defined contributory scheme

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

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

Defined benefit staff gratuity scheme

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors, such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

Re-measurements arising from actuarial gains and losses, are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in periods in which they occur. 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 Companies 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

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

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

Consolidated statement of profit or loss

and other comprehensive income

for the year ended 31 December 2017

	Notes	Group 2017 =N='000	Group 2016 =N='000	Company 2017 =N='000	Company 2016 =N='000
Gross premium written		29,673,215	22,406,048	20,384,093	17,374,826
Insurance premium revenue	1.1	26,411,922	25,312,994	17870320	18886156
Insurance premium ceded to retrocessionaires	**1.2**	**(3,281,025)**	**(3,469,313)**	**(1,943,735)**	**(2,601,091)**
Net insurance premium revenue		23,130,897	21,843,681	15,926,585	16,285,065
Insurance Benefits					
Insurance claims and loss adjustment expenses	2.1	14,302,709	11,700,591	9,775,577	9,121,698
Insurance claims and loss adjustment expenses recoverable from retrocessionaire	2.1	(3,650,568)	(769,465)	(3,307,640)	(681,132)
Net insurance benefits and claims		10,652,141	10,931,126	6,467,937	8,440,566
Underwriting expenses	**2.2**	**11,182,890**	**10,498,006**	**8,016,655**	**8217415**
Insurance benefits and underwriting expenses		21,835,031	21,429,132	14,484,592	16,657,981
Underwriting profit/(loss)		1,295,866	414,549	1,441,993	(372,916)
Interest income	3	1,977,888	1,500,243	1,509,088	1,198,476
Net fair value gains on assets at fair value through profit or loss	4	(5,872)	15,782	(5,872)	3,992
Fair value gains on investment properties	4	(11,617)	623,082	(11,617)	623,082
Other income	5	608,021	451,290	1,157,815	440,804
Foreign exchange gain	5.1	1,140,418	4,067,307	1,376,978	4,318,190
Administrative expenses	6.2	(830,820)	(632,066)	(559,871)	(431,609)
Impairment of assets	6.3	(603,599)	(1,788,500)	(480,973)	(1,944,307)
Profit before income tax		3,570,285	4,651,687	4,427,541	3,835,712
Income tax expense	8	(1,099,994)	(1,533,052)	(1,170,231)	(1,320,750)
Profit for the year		**2,470,291**	**3,118,635**	**3,257,310**	**2,514,962**
Attributable to:					
Equity holders of the Parent		**2,813,713**	**2,924,022**	**3,257,310**	**2,514,962**
Non controlling interest		**(343,422)**	**194,613**	-	-
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	(2,673)	151,082	(4,427)	157,941
Exchange difference on translation of foreign operation		(324,196)	2,205,418	-	-
Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods:					
Remeasurement of post employment benefits obligations	27.2	(4,093)	(55,760)	(5,541)	(55,283)
Income tax relating to component of other comprehensive income	9.1	1,662	16,585	1,662	16,585
Other comprehensive income for the year, net of tax		**(329,300)**	**2,317,325**	**(8,306)**	**119,243**
Total comprehensive income for the year		2,140,991	5,435,960	3,249,004	2,634,205
Attributable to:					
Equity holders of the Parent		2,484,413	5,243,748	3,249,004	2,634,205
Non controlling interest		(343,422)	192,212	-	-
		2,140,991	**5,435,960**	**3,249,004**	**2,634,205**
Earnings per share Basic and Diluted (kobo)	10	**27**	**28**	**31**	**24**

See accompanying notes to the consolidated financial statements.

Consolidated statement of financial position

as at 31 December 2017

	Notes	Group 2017 =N='000	Group 2016 =N='000	Company 2017 =N='000	Company 2016 =N='000
Assets					
Cash and cash equivalents	11	9,079,093	9,346,513	6,680,113	6,538,769
Financial assets					
-Financial asset designated as fair value through profit or loss	12	2,159,476	2,046,334	-	96,177
-Loans and other receivables	13	492,278	391,505	439,081	296,441
-Available-for-sale investments	14.1	2,121,225	2,544,148	2,090,531	2,482,980
-Held to maturity investments	14.2	7,613,317	7,114,055	6,065,330	6,345,275
Reinsurance receivables	15	9,922,255	10,548,242	6,184,435	7,477,147
Retrocession assets	16	2,759,666	1,113,567	1,877,676	424,947
Deferred acquisition costs	17	2,291,853	1,532,809	1,501,752	782,628
Other assets	18	329,433	426,752	756,126	1,950,128
Investment in subsidiaries	19	-	-	2,272,473	1,649,571
Investment properties	20	2,857,111	2,868,728	2,857,111	2,868,728
Intangible assets	21	20,168	7,067	19,849	6,768
Property, plant and equipment	22	2,488,615	1,311,956	2,379,583	1,247,032
Statutory deposits	23	1,000,000	1,000,000	1,000,000	1,000,000
Total assets		43,134,490	40,251,676	34,124,060	33,166,591
Liabilities					
Insurance contract liabilities	24	17,965,990	13,745,315	12,470,590	10,137,148
Reinsurance creditors	25	1,356,210	2,930,857	941,363	2,568,608
Other liabilities	26	860,222	1,976,817	1,249,986	3,200,303
Retirement benefit obligations	27	306,457	383,857	275,150	336,008
Current income tax payable	8	1,550,357	692,602	1,565,199	631,518
Deferred tax liabilities	9	318,212	793,806	218,855	686,907
Total liabilities		**22,357,448**	**20,523,254**	**16,721,143**	**17,560,492**
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	4,462,001	4,003,471	4,413,032	3,754,688
Retained earnings	31	3,775,255	2,874,421	3,551,578	2,408,676
Available-for-sale reserve	32.1	329,978	333,265	336,484	340,912
Foreign currency translation reserve	**32.2**	**1,764,220**	**2,088,662**	**-**	**-**
Equity attributable equity holders of the parent		19,433,277	18,401,642	17,402,917	15,606,099
Non-controlling interest	33	1,343,765	1,326,780	-	-
Total equity		**20,777,042**	**19,728,422**	**17,402,917**	**15,606,099**
Total liabilities and equity		**43,134,490**	**40,251,676**	**34,124,060**	**33,166,591**

Chief Ajibola Ogunshola
Chairman
FRC:2017/IODN/00000016052

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

Nkem Odibeli
Chief Financial Officer

The financial Reporting Council (FRC) of Nigeria has granted a waiver which allows the Chief Financial Officer to sign the 2017 annual reports and Financial Statements without indicating any FRC registration number.
See accompanying notes to the consolidated financial statements.

Consolidated statement of changes in equity
for the year ended 31 December 2017

		Attributable to the equity holders of the parent							
Group	Notes	Share capital =N='000	Share premium =N='000	Contingency reserve =N='000	Retained earnings =N='000	Available-for-sale reserve =N='000	Foreign currency translation reserve =N='000	Non controlling interest	Total equity =N='000
As at 1 January 2017		5,186,372	3,915,451	4,003,471	2,874,421	333,265	2,088,662	1,326,780	19,728,422
Profit for the year		-	-	-	2,813,713	-	-	(343,422)	2,470,291
Difference on foreign currency translation		-	-	-	-	-	(324,442)	246	(324,196)
Other comprehensive loss		-	-	-	(2,165)	(3,287)	-	348	(5,105)
		-	-	-	2,811,548	(3,287)	(324,442)	(342,828)	2,140,990
Transfer of contingency reserve		-	-	458,530	(458,530)	-	-	-	-
Capital contribution								359,813	359,813
Dividends declared	26.1	-	-	-	(1,452,184)	-	-	-	(1,452,184)
		-	-	458,530	(1,910,714)	-	-	359,813	(1,092,371)
At 31 December 2017		5,186,372	3,915,451	4,462,001	3,775,255	329,978	1,764,220	1,343,765	20,777,041
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
		-	-	-	2,887,248	151,082	2,205,418	192,212	5,435,960
Transactions with owners									
Transfer of contingency reserve		-	-	588,863	(588,863)	-	-	-	-
Dividends declared	26.1	-	-	-	(1,244,729)	-	-	-	(1,244,729)
		-	-	588,863	(1,833,592)	-	-	-	(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

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

Consolidated statement of changes in equity

for the year ended 31 December 2017 (continued)

		Attributable to the equity holders of the parent					
Company	Notes	Share capital =N='000	Share premium =N='000	Contingency reserve =N='000	Retained earnings =N='000	Available-for-sale reserve =N='000	Total equity =N='000
As at 1 January 2017		5,186,372	3,915,451	3,754,688	2,408,676	340,912	15,606,099
Profit for the year		-	-	-	3,257,310	-	3,257,310
Other comprehensive (loss)/income		-	-	-	(3,879)	(4,427)	(8,306)
		-	-	-	3,253,431	(4,427)	3,249,004
Transfer of contingency reserve		-	-	658,345	(658,345)	-	-
Dividends declared	26.1	-	-	-	(1,452,184)	-	(1,452,184)
		-	-	658,345	(2,110,529)	-	(1,452,184)
At 31 December 2017		5,186,372	3,915,451	4,413,032	3,551,578	336,484	17,402,919
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		-	-	-	(38,698)	157,941	119,243
		-	-	-	2,476,264	157,941	2,634,205
Transfer of contingency reserve		-	-	504,204	(504,204)	-	-
Dividends declared	26.1	-	-	-	(1,244,729)	-	(1,244,729)
		-	-	504,204	(1,748,933)	-	(1,244,729)
At 31 December 2016		5,186,372	3,915,451	3,754,688	2,408,676	340,912	15,606,099

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

Consolidated statement of cash flows
for the year ended 31 December 2017

	Notes	Group 2017 =N='000	Group 2016 =N='000	Company 2017 =N='000	Company 2016 =N='000
Cash flows from operating activities					
Premium received from policy holders		29,437,559	23,964,387	21,243,213	16,962,255
Retrocession receipts in respect of claims		2,361,575	769,465	2,013,225	412,653
Acquisition costs paid		(7,349,199)	(6,103,476)	(5,198,468)	(3,897,134)
Retrocession premium paid		(3,325,008)	(3,469,313)	(2,071,542)	(2,484,413)
Cash paid to and on behalf of employees		(2,031,218)	(1,667,969)	(1,590,549)	(1,299,515)
Other operating cash payment and receipts		194,938	(1,051,371)	1,127,015	(775,403)
Claims paid		(13,343,325)	(7,554,121)	(9,955,908)	(5,625,563)
Income taxes paid	8	(708,629)	(825,003)	(702,940)	(703,515)
Net cash generated by operating activities	**34**	**5,236,691**	**4,062,600**	**4,864,047**	**2,589,364**
Cash flows from investing activities					
Purchase of property, plant and equipment	22	(1,246,494)	(300,840)	(1,208,468)	(279,732)
property, plant and equipment written off	22	501	-	-	-
Proceed from disposal of investment property		-	450,000	-	450,000
Proceeds from disposal of property, plant and equipment		3,300	8,335	2,053	7,373
Purchase of investment securities		(3,867,335)	(7,668,186)	(1,609,845)	(6,780,416)
Proceeds on redemption /sales of investments		1,580,367	1,383,952	1,151,400	1,383,952
Interest received		1,485,574	1,500,243	1,017,275	1,198,476
Dividend received		40,193	42,047	39,055	42,047
Investment in subsidiary		-	-	(622,902)	-
Net cash used in investing activities		**(2,003,894)**	**(4,584,449)**	**(1,231,432)**	**(3,978,301)**
Cash flows from financing activities					
Dividends paid to equity holders parent	**26.1**	**(2,670,394)**	**(592,064)**	**(2,670,394)**	**(592,064)**
Proceed from issue of shares		-	-		
Net cash used in financing activities		(2,670,394)	(592,064)	(2,670,394)	(592,064)
Net increase in cash and cash equivalents		562,403	(1,113,914)	962,220	(1,981,001)
Cash and cash equivalents at beginning of year		6,822,392	7,962,050	4,014,648	6,019,005
Effect of exchange rate changes on cash and cash equivalents		(21,794)	(25,744)	(12,846)	(23,356)
Cash and cash equivalents at end of year	35	**,363,001**	**6,822,392**	**4,964,023**	**4,014,648**

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

Notes to the consolidated financial statements

		Group 2017 =N='000	Group 2016 =N='000	Company 2017 =N='000	Company 2016 =N='000
1	**Revenue**				
1.1	Insurance premium revenue				
	Premium revenue arising from insurance contracts issued				
	Life insurance contracts				
	– Gross Premium	3,709,663	2,653,271	3,088,308	2,373,906
	– Change in life unearned premium (Note 24.3)	97,204	599,554	(161,620)	599,554
	Non life insurance contracts				
	– Gross Premium	25,963,552	19,752,776	17,295,785	15,000,920
	– Change in unearned premium provision	(3,358,496)	1,148,259	(2,352,153)	911,776
	– Revenue arising from portfolio transfer during the year	-	1,159,134	-	2,601,091
	Total Premium revenue arising from insurance contracts issued	26,411,922	25,312,994	17,870,320	18,886,156
1.2	Insurance premium ceded to retrocessionaires				
	Premium revenue ceded to retrocessionaire on insurance contracts issued				
	Life insurance contracts	551,251	429,860	467,428	387,955
	Non life insurance contracts	3,630,508	3,305,029	2,377,043	2,478,712
	Gross premium ceded to retricessionaire	4,181,759	3,734,889	2,844,471	2,866,667
	Retrocessionaire share of unearned premium	(595,235)	-	(595,235)	-
	Commission received on premium ceded to retrocessionaires	(305,501)	(265,576)	(305,501)	(265,576)
	Cost of Premium revenue ceded to retrocessionaire on insurance contracts issued	3,281,025	3,469,313	1,943,735	2,601,091
	Net insurance premium revenue	23,130,897	21,843,681	15,926,585	16,285,065
2	**Insurance benefits and underwriting expenses**				
2.1	Insurance claims and loss adjustment expenses				
	Life insurance contracts	2,105,057	1,909,819	1,822,294	1,824,536
	Non life insurance contracts	12,197,652	9,790,772	7,953,283	7,297,162
	Total cost of policyholder benefits	14,302,709	11,700,591	9,775,577	9,121,698
	Insurance claims and loss adjustment expenses recoverable from retrocessionaire	(3,650,568)	(769,465)	(3,307,640)	(681,132)
	Net insurance benefits and claims	10,652,141	10,931,126	6,467,937	8,440,566
2.2	Underwriting expenses				
	Amortized acquisition for the year (Note 17)	6,590,155	6,646,166	4,479,344	5,167,144
	Costs incurred for the maintenance of insurance contracts	982,389	905,711	663,678	631,673
	Management expenses (See Note 6.1)	3,610,346	2,946,128	2,873,633	2,418,598
	Total underwriting expenses	11,182,890	10,498,006	8,016,655	8,217,415
	Total insurance benefits and underwriting expenses	21,835,031	21,429,131	14,484,592	16,657,981
3	**Interest income**				
	Cash and bank balances interest income	833,385	806,372	546,528	640,014
	Held-to-maturity and loans and receivables interest income	985,905	579,075	803,962	443,666
	Statutory deposits interest income	158,598	114,796	158,598	114,796
	Interest income	1,977,888	1,500,243	1,509,088	1,198,476
4	**Net fair value gains on assets at fair value through profit or loss**				
	Net fair value gain/(loss) on financial assets designated at fair value through profit or loss	(5,872)	15,782	(5,872)	3,992
	Fair value gain/(loss) on investment properties	(11,617)	623,082	(11,617)	623,082
	Total	(17,489)	638,864	(17,489)	627,074

		Group 2017 =N='000	Group 2016 =N='000	Company 2017 =N='000	Company 2016 =N='000
5	**Other income**				
	Available-for-sale:				
	– Dividends	40,188	42,886	39,055	42,047
	– Gain on disposal of available-for-sale securities	275,245	115,839	275,245	115,839
	Gain/(loss) on disposal of property, plant and equipment	(1,927)	1,165	(1,927)	1,165
	Rental income on investment properties (Note 20.1)	111,014	73,476	111,014	73,476
	Income from management and technical services	-	-	575,325	-
	Interest on staff loan	25,647	9,572	25,647	9,572
	Others (Note 5b)	157,854	208,352	133,456	198,705
		608,021	451,290	1,157,815	440,804

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

Notes to the consolidated financial statements Continued

		Group 2017 =N='000	Group 2016 =N='000	Company 2017 =N='000	Company 2016 =N='000
5b	Breakdown of others				
	Impairment no longer required	-	85,831	-	85,831
	Interest on premium/loss reserve	15,155	17,461	15,155	7,953
	Recoveries from prior year written-off sundry receivables	50,780	43,053	50,780	86,312
	Write back from prior year accruals	-	6,025	-	6,025
	Excess stamp duties recovered from FIRS	53,906	53,906	-	
	Other sundry receipts	**38,013**	**55,982**	**13,615**	**12,584**
		157,854	208,352	133,456	198,705
5.1	Foreign exchange gain				
	Net forex gain on investment assets	114,417	1,536,588	114,417	1,520,099
	Net forex gain on foreign bank balances and sale of foreign currencies	640,746	296,449	640,746	294,196
	Net forex gain/(loss) on reinsurances receivables/payables	385,255	2,173,249	710,024	2,223,111
	Net forex gain on retrocessionaires assets/payables	-	61,172	-	61,172
	Net forex gain/(loss) on intercompany balances	-	-	(88,209)	219,763
	Forex loss arising from other transactions	**-**	**(151)**	**-**	**(151)**
		1,140,418	4,067,307	1,376,978	4,318,190
6	**Operating expenses**				
6.1	Management expenses				
	Employee benefits expenses	2,031,218	1,667,969	1,590,549	1,299,515
	Productivity bonus	289,622	246,221	289,622	246,221
	Overseas travelling expenses	78,903	94,195	63,683	87,206
	Other operating expenses	**1,210,603**	**937,744**	**929,779**	**785,656**
	Total management expenses	3,610,346	2,946,130	2,873,633	2,418,599
6.2	Administrative expenses comprises the following:				
	Depreciation and amortisation (Note 21 and 22)	128,151	125,240	77,245	82,007
	Auditor's remuneration	40,863	35,600	23,000	25,725
	Consultancy and professional fees	306,004	219,135	304,075	217,206
	Other administrative expenses	**355,802**	**252,091**	**155,551**	**106,671**
		830,820	632,066	559,871	431,609

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

	Group 2017	Group 2016	Company 2017	Company 2016
Employee benefit expense				
Wages and salaries (local)	1,111,005	1,111,736	716,150	790,654
Wages and salaries (other regions)	706,201	401,840	706,201	401,840
Pension:				
- Defined Benefit Staff Gratuity Plan	141,400	107,396	95,586	60,024
- Defined Contributory Plan	**72,612**	**46,997**	**72,612**	**46,997**
	2,031,218	1,667,969	1,590,549	1,299,515

The amount of Employer's pension contribution included amount of =N=32.1 million (2016:=N=46.9 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 2017 =N='000	Group 2016 =N='000	Company 2017 =N='000	Company 2016 =N='000
The average number of persons employed by the Company during the year was as follows:				
Managerial and Senior Staff	87	84	60	60
Junior Staff				
	87	**84**	**60**	**60**

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 2017 =N='000	Group 2016 =N='000	Company 2017 =N='000	Company 2016 =N='000
N3,000,001 - N3,500,000	2	5	2	4
N3,500,001 - N4,000,000	6	7	4	5
N4,000,001 - N4,500,000	8	9	5	6
N4,500,001 - N5,000,000	10	8	6	7
N5,000,001 - N5,500,000	9	7	4	4
N5,500,001 and above	**52**	**48**	**39**	**34**
	87	84	60	60

Notes to the consolidated financial statements
Continued

6.3	Impairment of assets	Group 2017 =N='000	Group 2016 =N='000	Company 2017 =N='000	Company 2016 =N='000
	Reinsurance receivables (Note 15.1)	556,217	1,628,882	433,592	1,508,654
	Loans and other receivables (Note 13.1)	-	31,450	-	31,450
	Retro assets (Note 16.1)	47,381	114,410	47,381	114,410
	Impairment on intercompany balances (note 18.1)	-	-	-	289,793
	Other assets (Note 18.1)	-	13,758	-	-
		603,598	**1,788,500**	**480,973**	**1,944,307**

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

Net gain/(loss) on available-for-sale financial assets				
– Equity instruments	(155,507)	50,486	(157,261)	57,344
– Debt Instruments	152,834	100,596	152,834	100,597
Remeasurement gains on available-for-sale financial assets	(2,673)	151,082	(4,427)	157,941
Reclassification adjustments to gains included in profit or loss	-	-	-	-
Total net remeasurement gains on available for sale financial assets	**(2,673)**	**151,082**	**(4,427)**	**157,941**

Notes to the consolidated financial statements Continued

8	Taxation	Group 2017	Group 2016	Company 2017	Company 2016
	Per consolidated statement of profit or loss :	=N='000	=N='000	=N='000	=N='000
	Income tax based on profit for the year	1,474,156	751,411	1,536,851	641,875
	Education tax	99,770	44,159	99,770	44,159
		1,573,926	795,570	1,636,621	686,034
	Deferred tax expense (Note 9.1)	(473,932)	737,482	(466,390)	634,716
	Income tax expense	**1,099,994**	**1,533,052**	**1,170,231**	**1,320,750**
	Per consolidated statement of financial position:	1,099,994			
	At 1 January	692,602	722,035	631,518	648,999
	Charged to profit or loss	1,573,926	795,570	1,636,621	686,034
	Payments during the year	**(708,629)**	**(825,003)**	**(702,940)**	**(703,515)**
		1,557,899	692,602	1,565,199	631,518
	Reconciliation of tax charge				
	Profit before income tax	**3,570,285**	**4,651,687**	**4,427,541**	**3,835,712**
	Tax at Nigerian's statutory income tax rate of 30%	1,071,085	1,395,506	1,328,262	1,150,714
	Non-deductible expenses	908,866	663,691	904,757	588,235
	Tax exempt income	(953,886)	(504,377)	(1,136,717)	(396,431)
	Education tax levy	99,770	44,159	99,770	44,159
	Tax rate differential on fair value gains	(25,841)	(65,928)	(25,841)	(65,928)
	At effective income tax rate of Group 31% (2016:33%) and Company 26% (2016:34%)	**1,099,994**	**1,533,052**	**1,170,231**	**1,320,750**

9	**Deferred taxation**				
	Deferred income tax (assets)/liabilities are attributable to the following items:				
	Deferred tax liabilities				
	Property, plant and equipment	86,946	50,178	59,109	29,883
	Unrealized exchange gain	**416,963**	**850,357**	**339,515**	**757,826**
		503,909	900,535	398,624	787,709
	Deferred tax assets				
	Employee benefits	**(185,697)**	**(106,729)**	**(179,769)**	**(100,802)**
		(185,697)	**(106,729)**	**(179,769)**	**(100,802)**
	Net	318,212	793,806	218,855	686,907
9.1	Movements in temporary differences during the year:				
	As at 1 January	793,805	72,908	686,908	68,777
	Recognised in profit or loss on:				
	Property, plant and equipment	36,768	25,680	29,226	25,680
	Foreign exchange unrealized gain	(433,394)	796,020	(418,311)	693,252
	Employee benefits	**(77,306)**	**(84,217)**	**(77,305)**	**(84,217)**
	Total recognised in profit or loss	(473,932)	737,482	(466,390)	634,716
	Total recognised in other comprehensive income on:				
	Employee benefits	(1,662)	(16,585)	(1,662)	(16,585)
	At 31 December	318,211	793,805	218,856	686,908

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 2017	Group 31 December 2016	Company 31 December 2017	Company 31 December 2016
Net profit attributable to ordinary shareholders (=N='000)	2,813,713	2,924,022	3,257,310	2,514,962
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)	27	28	31	24

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.

Notes to the consolidated financial statements Continued

11 Cash and cash equivalents

	Group 2017 =N='000	Group 2016 =N='000	Company 2017 =N='000	Company 2016 =N='000
Cash in hand	996	385	839	99
Balances held with local banks:				
- Current account	211,938	235,464	145,736	125,836
- Domiciliary account	207,170	389,221	207,170	389,221
Balances held with foreign banks	590,326	954,595	590,326	954,595
Placements with banks and other financial institutions	8,068,663	7,766,848	5,736,042	5,069,018
	9,079,093	**9,346,513**	**6,680,113**	**6,538,769**

Included in placements with banks and other financial institutions are tenored deposits of the group and company of N1.7 billion (2016:3.2billion) with original maturities of more than 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 2017 =N='000	Group 2016 =N='000	Company 2017 =N='000	Company 2016 =N='000
Managed Funds				
External portfolio management	2,159,476	2,046,334	-	96,177
	2,159,476	**2,046,334**	**-**	**96,177**

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 and debt.

13 Loans and other receivables

	Group 2017 =N='000	Group 2016 =N='000	Company 2017 =N='000	Company 2016 =N='000
Staff loans and advances	462,584	361,810	409,387	266,746
Other advances	436,635	436,636	436,635	436,636
Impairment on other receivables (Note 13.1)	(406,941)	(406,941)	(406,941)	(406,941)
Total loans and other receivables	**492,278**	**391,505**	**439,081**	**296,441**

Of the other advances, N406,941,000 are deposit with a third party for investment purpose that is unrealisable. This was fully impaired in 2015.

13.1 Reconciliation of impairment on loans and other receivables:

	Group 2017	Group 2016	Company 2017	Company 2016
At 1 January	406,941	375,491	406,941	375,491
Charge for the year : other advances (Note 6.3)	-	31,450	-	31,450
At 31 December	**406,941**	**406,941**	**406,941**	**406,941**

Impairment of N406,941,000 for group and company relates to other advances

14 Investment securities

Analysis of investment securities	Group 2017	Group 2016	Company 2017	Company 2016
Available-for-sale (note 14.1)	2,121,225	2,544,148	2,090,531	2,482,980
Held-to-maturity (note 14.2)	7,613,317	7,114,055	6,065,330	6,345,275
	9,734,542	**9,658,203**	**8,155,861**	**8,828,255**

14.1 Available-for-sale:

	Group 2017	Group 2016	Company 2017	Company 2016
Equity instruments	1,744,048	1,968,082	1,742,269	1,945,952
Debt instruments	**377,177**	**576,066**	**348,262**	**537,028**
Total available-for-sale	**2,121,225**	**2,544,148**	**2,090,531**	**2,482,980**
Equity Instruments				
Quoted	574,281	929,593	572,502	907,463
Unquoted	1,169,767	1,038,489	1,169,767	1,038,489
Total equity instruments	**1,744,048**	**1,968,082**	**1,742,269**	**1,945,952**

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

Notes to the consolidated financial statements Continued

		Group 31 December 2017 =N='000	Group 31 December 2016 =N='000	Company 31 December 2017 =N='000	Company 31 December 2016 =N='000
14.1	Available-for-sale cont'd:				
	Debt Instruments				
	Securities at Available-for-sale -Fair value				
	Equity	-	-	-	-
	Government bonds	377,177	576,066	348,262	537,028
		377,177	576,066	348,262	537,028
	Total available for sale investments	**2,121,225**	**2,544,148**	**2,090,531**	**2,482,980**

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=106.1 million and Company =N=104.5 million

14.2 Held-to-maturity

		Group 31 December 2017 =N='000	Group 31 December 2016 =N='000	Company 31 December 2017 =N='000	Company 31 December 2016 =N='000
	Debt instruments	7,613,317	7,114,055	6,065,330	6,345,275
	Securities at held-to-maturity - amortised cost				
	Listed	4,757,743	4,269,860	3,919,774	3,501,080
	Unlisted	2,855,574	2,844,195	2,145,556	2,844,195
		7,613,317	**7,114,055**	**6,065,330**	**6,345,275**
	Total debt instruments	**7,990,494**	**7,690,121**	**6,413,592**	**6,882,303**

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

		Group 31 December 2017 =N='000	Group 31 December 2016 =N='000	Company 31 December 2017 =N='000	Company 31 December 2016 =N='000
15	**Reinsurance receivables**				
	Due from ceding companies	7,218,432	8,655,742	4,691,388	6,249,052
	Due from ceding companies (Pipeline)	3,645,142	3,169,706	2,554,071	2,525,280
	Premium reserves retained by ceding companies				
		340,396	259,271	-	-
		11,203,970	12,084,719	7,245,459	8,774,332
	Impairment on reinsurance receivables (Note 15.1)	(1,281,715)	(1,536,477)	(1,061,024)	(1,297,185)
		9,922,255	**10,548,242**	**6,184,435**	**7,477,147**
15.1	Reconciliation of impairment on reinsurance receivables				
	At 1 January	1,536,477	1,258,343	1,297,185	1,178,599
	Written off during the year	(810,980)	(1,350,748)	(669,753)	(1,390,068)
	Charge for the year (Note 6.3)	556,218	1,628,882	433,592	1,508,654
	At 31 December	**1,281,715**	**1,536,477**	**1,061,024**	**1,297,185**

15.2 Sensitivities analysis of pipeline premium receivables

"The sensitivity analysis 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=4.01 billion (2016: N3.49 billion) and Company =N=2.81 billion (2016: N2.78 billion)

16 Retrocession Assets

Retrocessionaires' share of claims recoverable	1,853,942	850,411	1,015,259	161,791
Retrocessionaires' share of reserve for unearned premium and outstanding claims	717,466	139,222	717,465	139,221
Retrocessionaires' share of life insurance contract liabilities	350,049	238,344	306,743	238,345
Impairment on retro share of claims recoverable (note 16.1)	(161,791)	(114,410)	(161,791)	(114,410)
Total retrocession assets	**2,759,666**	**1,113,567**	**1,877,676**	**424,947**

At 31 December 2017, the Company conducted an impairment review of the retrocession assets and additional impairment loss of N47,381,000 resulted from this exercise. The retrocession assets impaired are due from retrocessionaires that the company no longer have business relationship with. The carrying amounts disclosed above approximate fair value at the reporting date.

		Group 31 December 2017 =N='000	Group 31 December 2016 =N='000	Company 31 December 2017 =N='000	Company 31 December 2016 =N='000
16.1	**Reconciliation of impairment on retro share of claims recoverable**				
	At 1 January	114,410	-	114,410	-
	Charge for the year (Note 6.3)	47,381	114,410	47,381	114,410
	At 31 December	**161,791**	**114,410**	**161,791**	**114,410**
17	**Deferred acquisition costs**				
	At 1 January	1,532,809	1,458,436	782,628	1,107,837
	Acquisition cost paid in the year	7,349,199	6,720,539	5,198,468	4,841,935
	Amortisation (Note 2.2)	(6,590,155)	(6,646,166)	(4,479,344)	(5,167,144)
	At 31 December	**2,291,853**	**1,532,809**	**1,501,752**	**782,628**
18	**Other assets**				
	Prepayments	97,533	62,938	74,169	47,577
	Intercompany balances	-	-	849,073	2,023,307
	Withholding tax receivable	4,168	57,560	4,168	4,168
	Accrued income on statutory deposit	57,918	50,164	57,560	50,164
	Others	299,607	385,883	176,626	230,740
		459,226	556,545	1,161,954	2,355,956
	Impairment on other assets (note 18.1)	(129,793)	(129,793)	(405,828)	(405,828)
		329,433	**426,752**	**756,126**	**1,950,128**
18.1	**Reconciliation of impairment on other assets**				
	At 1 January	129,793	185,792	405,828	185,792
	Charge for the year (Note 6.3)	(0)	13,758	(0)	289,793
	Impairment no longer required	-	(69,757)	-	(69,757)
	At 31 December	**129,793**	**129,793**	**405,828**	**405,828**

19 Investment in subsidiaries

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

	Company 31 December 2017 =N='000	Company 31 December 2016 =N='000
Continental Reinsurance Limited, Nairobi, Kenya	1,572,699	949,797
Continental Reinsurance Limited, Gaborone, Botswana	699,774	699,774
	2,272,473	**1,649,571**
Movement in this account is as shown below:		
Opening	1,649,571	1,649,571
Disposal of investment in Continental Reinsurance Limited, Kenya	622,902	-
Investment in Continental Reinsurance Limited, Botswana	-	-
Closing	**2,272,473**	**1,649,571**

b) Nature of investments in subsidiaries 2017 and 2016

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.

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Notes to the consolidated financial statements - Continued

20 Investment properties

	Group 31 December 2017 =N='000	Group 31 December 2016 =N='000	Company 31 December 2017 =N='000	Company 31 December 2016 =N='000
At 1, January	2,868,728	2,685,646	2,868,728	2,685,646
Disposal	-	(440,000)	-	(440,000)
Fair value adjustments	(11,617)	623,082	(11,617)	623,082
At 31, December	**2,857,111**	**2,868,728**	**2,857,111**	**2,868,728**

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	130,000
4 Bedroom Terraced House	Livingold Estate -Banana Island Ikoyi (Units 10 & 18), Lagos, Nigeria	470,000
6 units of 3 Bedroom apartments	Castle &Temple Drive Lekki Phase 1, Lagos, Nigeria	380,000
6 Floor mixed development property	Zone 4/C, Marcony, Abidjan, Cote d' Ivoire	1,867,911
		2,857,111

Investment properties are stated at fair value, which has been determined based on valuations performed by Bayo Modeyin Consulting, Nigeria and Ahouti Expertises, Cote d' Ivoire, professional firms of Estate Surveyors and Valuers who are accredited independent valuers, as at 31 December 2017: The valuer as at 31 December 2016 are Fola Oyekan & Associates, Nigeria and Ahouti Expertise, Cote d' Ivoire. 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=111.01 million (year ended 31 December 2016: =N=73.5 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 2017 =N='000	Group 31 December 2016 =N='000	Company 31 December 2017 =N='000	Company 31 December 2016 =N='000
Rental Income derived from investment properties	111,014	73,476	111,014	73,476
Direct operating expenses (including repairs & Maintenance)				
	(1,344)	(13,710)	(1,344)	(13,710)
Profit arising from investment properties carried at fair value	**109,670**	**59,766**	**109,670**	**59,766**

	Fair value measurement using			
Date of valuation - 31 December 2017	Quoted prices in active market Level 1 =N='000	Significant observable inputs Level 2 =N='000	Significant unobservabl e inputs Level 3 =N='000	Total =N='000
Investment properties	-	-	2,857,111	2,857,111

The fair value disclosure on investment properties is as follows:

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

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=13.056m
	Average annual growth	0%
	Average annual probable vacancy rate	4.2%
	Capitalisation rate (equated yield)	5%

Three bedroom flats

Valuation technique	Significant unobservable inputs	Range (weighted average)
Income capitalization using DCF Analysis	Estimated rental per wing per annum	=N=3.55m
	Average annual growth	1.43%
	Average annual probable vacancy rate	1.4%
	Capitalisation rate (equated yield)	5%

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

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

20.2 Sensitivity analysis on Investment properties

Property	Valuation	Sensitivities in discount rate: Effect of 10% increase	Sensitivities in discount rate: Effect of 10% Decrease	Sensitivities in vacancy rate: Effect of 10% increase	Sensitivities in vacancy rate: Effect of 10% Decrease
	=N='000	=N='000	=N='000	=N='000	=N='000
FHA - Abuja Property, Abuja, Nigeria	9,200	8,364	10,227	9,159	9,245
House 1 Plot 9, Block 8, Ikoyi Foreshore (Unit 1), Lagos, Nigeria	130,000	118,227	144,500	129,447	130,653
Livingold Estate -Banana Island Ikoyi (Units 10 & 18), Lagos, Nigeria	470,000	427,287	522,240	467,838	472,194
Castle &Temple Drive Lekki Phase 1, Lagos, Nigeria	380,000	348,545	426,000	382,808	383,992
Zone 4/C, Marcony, Abidjan, Cote d' Ivoire	1,867,911	1,698,101	2,075,457	1,805,661	1,906,480
	2,857,111	**2,600,524**	**3,178,424**	**2,794,913**	**2,902,564**

21 Intangible assets

	Group 2017 =N='000	Group 2016 =N='000	Company 2017 =N='000	Company 2016 =N='000
Cost:				
At 1 January 2016	59,063	59,063	59,063	59,063
Additions	-	-	-	-
At 31 December 2016	59,063	59,063	59,063	59,063
Additions	26,634	8,422	26,315	8,123
At 31 December 2017	**85,697**	**67,485**	**85,378**	**67,186**
Accumulated amortisation:				
At 1 January 2016	59,063	57,849	59,063	57,849
Amortisation	1,213	1,214	1,213	1,214
At 31 December 2016	60,276	59,063	60,276	59,063
Amortisation	5,253	1,355	5,253	1,355
At 31 December 2017	**65,529**	**60,418**	**65,529**	**60,418**
Carrying amount:				
At 31 December 2017	20,168	-	19,849	-
At 31 December 2016	-	7,067	-	6,768

Notes to the consolidated financial statements - Continued

22. Property, plant and equipment Group	Freehold property =N='000	Motor vehicles =N='000	Furniture and fittings =N='000	Office partitioning =N='000	Computer equipment =N='000	Building W.I.P =N='000	Total =N='000
Cost:							
At 1 January 2016	891,986	271,007	179,724	80,006	93,061	-	1,515,784
Additions	51,434	98,420	17,320	-	17,203	116,463	300,839
Disposals	-	(9,893)	(615)	-	(5,504)	-	(16,012)
Reclassification	(74,027)	-	(115)	-	115	74,027	-
Exchange difference	-	(2,167)	(42)	-	(857)	-	(3,066)
At 31 December 2016	**869,393**	**357,367**	**196,272**	**80,006**	**104,018**	**190,490**	**1,797,546**
Additions	-	32,209	10,685	596	14,701	1,188,303	1,246,494
Disposals	-	(52,939)	(37,501)	-	(7,232)	-	(97,672)
Write-off	(501)	-	-	-	-	-	(501)
Exchange difference		29,053	24,299	1,671	14,363		69,386
At 31 December 2017	**868,892**	**365,690**	**193,754**	**82,273**	**125,850**	**1,378,792**	**3,015,252**
Accumulated depreciation:							
At 1 January 2016	-	146,010	108,876	59,676	73,397	-	387,959
Charge for the year	-	74,660	31,740	5,067	12,417	-	123,885
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**	**78,852**	-	**485,590**
Charge for the year	-	74,503	22,733	7,645	14,320	-	119,200
Reclassification	-	-	-	-	-	-	-
Disposal	-	(52,859)	(31,871)	-	(4,811)	-	(89,540)
Exchange difference	-	4,940	3,758	678	2,010	-	11,387
At 31 December 2017	-	**233,534**	**129,668**	**73,065**	**90,370**	**-**	**526,636**
						-	
Net book value:							
At 31 December 2017	868,892	132,156	64,086	9,208	35,480	1,378,792	2,488,615
At 31 December 2016	869,393	150,418	61,225	15,263	25,166	190,490	1,311,956

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 2016	891,485	203,630	127,802	70,601	75,766	-	1,369,284
Additions	51,434	84,976	14,870	-	11,989	116,463	279,731
Reclassification	(74,027)	-	(115)	-	115	74,027	-
Disposals	-	(3,350)	(615)	-	(4,572)	-	(8,537)
At 31 December 2016	**868,892**	**285,256**	**141,941**	**70,601**	**83,298**	**190,490**	**1,640,478**
Additions	-	-	10,529	596	9,040	1,188,303	1,208,468
Reclassification	-	-		-	-	-	-
Disposals	-	(31,921)	(37,501)	-	(4,558)	-	(73,980)
At 31 December 2017	**868,892**	**253,335**	**114,969**	**71,197**	**87,780**	**1,378,792**	**2,774,966**
Accumulated depreciation:							
At 1 January 2016	-	115,783	85,155	57,835	62,460	-	321,233
Charge for the year	-	51,751	15,842	5,067	7,993	-	80,654
Reclassification	-	-	(12)	-	12	-	-
Disposal	-	(3,350)	(615)	-	(4,474)	-	(8,439)
At 31 December 2016	-	**164,184**	**100,370**	**62,902**	**65,991**	-	**393,448**
Charge for the year	-	45,555	11,077	2,777	8,886	-	68,294
Reclassification	-	-	-	-		-	-
Disposal	-	(31,921)	(31,871)	-	(2,568)	-	(66,360)
At 31 December 2017	-	**177,818**	**79,577**	**65,679**	**72,309**	-	**395,382**
Net book value:							
At 31 December 2017	868,892	75,517	35,392	5,518	15,471	1,378,792	2,379,583
At 31 December 2016	868,892	121,072	41,572	7,699	17,307	190,490	1,247,032

Notes to the consolidated financial statements - Continued

23. Statutory deposits	Group 31 December 2017 =N='000	Group 31 December 2016 =N='000	Company 31 December 2017 =N='000	Company 31 December 2016 =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)	8,281,665	4,923,170	5,125,005	2,772,852
Outstanding Claims (Note 24.2)	7,254,013	6,883,940	5,179,229	5,775,330
Non-life contract liabilities	15,535,678	11,807,110	10,304,234	8,548,182
Life (Note 24.3)	2,430,312	1,938,205	2,166,356	1,588,966
Total insurance liabilities	17,965,990	13,745,315	12,470,590	10,137,148
Total retrocessionaire's share of insurance liabilities (Note 16)	(2,759,666)	(1,113,567)	(1,877,676)	(424,947)
Net insurance contracts	15,206,324	12,631,748	10,592,914	9,712,201

24.1. Reserve for unearned premium

At 1 January	4,923,170	4,912,295	2,772,852	3,684,628
Increase in the year (Note 1.1)	25,963,552	19,752,776	17,295,785	15,000,920
Portfolio transfer during the year (note 1.1)	-	1,159,134	-	-
Released during the year	(22,605,058)	(20,901,035)	(14,943,632)	(15,912,696)
At 31 December	**8,281,665**	**4,923,170**	**5,125,005**	**2,772,852**

24.2. Reserve for outstanding claims

At 1 January	6,883,940	4,647,288	5,775,330	4,103,731
Incurred in the current accident year (including IBNR)	12,197,652	9,790,773	7,953,283	7,297,162
Paid during the year	(11,827,579)	(7,554,121)	(8,549,384)	(5,625,563)
At 31 December	**7,254,013**	**6,883,940**	**5,179,229**	**5,775,330**

24.3 Insurance liabilities on life policy holders

a. Group life reserve for unearned premium

At 1 January	226,189	825,743	226,189	825,743
Change in the year (Note 1.1)	(97,204)	(599,554)	161,620	(599,554)
At 31 December	128,985	226,189	387,809	226,189

b. Life reserve for outstanding claims

At 1 January	1,712,016	696,627	1,362,777	539,460
Claims Incurred in the year including IBNR (note 2.1)	2,105,057	1,909,819	1,822,294	1,824,536
Claims paid during the year	(1,515,746)	(894,430)	(1,406,524)	(1,001,219)
At 31 December	**2,301,327**	**1,712,016**	**1,778,548**	**1,362,777**
Total nsurance liabilities on life policy holders	**2,430,312**	**1,938,205**	**2,166,356**	**1,588,966**

25. Reinsurance creditors

Due to retrocessionaires	589,921	777,047	278,310	518,918
Due to ceding companies	766,289	2,153,810	663,053	2,049,690
	1,356,210	2,930,857	941,363	2,568,608

This represents the amount payable to insurance and reinsurance companies.

26. Other liabilities

Sundry creditors	87,072	58,371	156,087	115,633
Accrued staff benefits	359,782	292,781	400,689	292,781
Unclaimed dividend	270,241	257,204	270,241	257,204
Rent received in advance	2,917	11,058	2,917	11,057
Accrued expenses	60,743	70,256	52,892	60,156
Dividend payable (Note 26.1)	23,241	1,241,451	23,241	1,241,451
Information technology development levy	45,987	38,357	45,987	38,357
Intercompany balance	-	-	287,693	1,180,674
Others	10,239	7,339	10,239	2,991
	860,222	**1,976,817**	**1,249,986**	**3,200,303**

	Group 31 December 2017 =N='000	Group 31 December 2016 =N='000	Company 31 December 2017 =N='000	Company 31 December 2016 =N='000
26.1 Dividends paid and proposed				
At 1 January	1,241,451	588,786	1,241,451	588,786
Declared during the year	1,452,184	1,244,729	1,452,184	1,244,729
Paid during the year	(2,670,394)	(592,064)	(2,670,394)	(592,064)
	23,241	**1,241,451**	**23,241**	**1,241,451**

Proposed for approval at the annual general meeting (not recognised as a liability as at 31 December): at 14 kobo per share (2016: 14 kobo).

	Group 31 December 2017 =N='000	Group 31 December 2016 =N='000	Company 31 December 2017 =N='000	Company 31 December 2016 =N='000
27 Retirement benefit obligations				
Defined contribution scheme (Note 27.1)	-	-	-	-
Defined benefit gratuity scheme (Note 27.2)	306,457	383,857	275,150	336,008
	306,457	**383,857**	**275,150**	**336,008**

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 administra -tor during the year are as follows:

	Group 31 December 2017 =N='000	Group 31 December 2016 =N='000	Company 31 December 2017 =N='000	Company 31 December 2016 =N='000
Balance at beginning of year	-	67	-	67
Provisions during the year	72,612	46,997	72,612	46,997
Transfer to Pension Fund Administrator	(72,612)	(47,064)	(72,612)	(47,064)
Balance at end of year	-	-	-	-

27.2 Defined benefit staff gratuity scheme

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

Statement of financial position obligation for:	Group 31 December 2017 =N='000	Group 31 December 2016 =N='000	Company 31 December 2017 =N='000	Company 31 December 2016 =N='000
The amounts recognised in the statement of financial position are determined as follows:				
Present value of funded obligations	663,395	644,100	593,421	574,859
Fair value of plan assets	(356,938)	(260,243)	(318,271)	(238,851)
Deficit of funded plans	**306,457**	**383,857**	**275,150**	**336,008**
Liability in the consolidated statement of financial position	306,457	383,857	275,150	336,008

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

At beginning of the year	644,100	525,724	574,859	525,724
Service cost	82,487	70,873	73,413	49,751
Transfer to subsidiaries	-	-	-	(21,391)
Interest cost	102,113	64,729	90,881	33,601
Actuarial losses	57,588	40,378	5,170	44,778
Benefit paid	(222,894)	(57,604)	(150,902)	(57,604)
At end of the year	**663,394**	**644,100**	**593,421**	**574,859**

Notes to the consolidated financial statements - Continued

27.2. Retirement benefit obligations (continued)

Defined benefit staff gratuity scheme (cont'd)	Group 31 December 2017 =N='000	Group 31 December 2016 =N='000	Company 31 December 2017 =N='000	Company 31 December 2016 =N='000
The amounts recognised in the profit or loss are as follows:				
Current service cost	82,487	70,873	73,413	49,751
Net interest	58,913	36,523	22,173	10,272
Total, included in staff costs	**141,400**	**107,396**	**95,586**	**60,023**
The amounts recognised in other comprehensive income				
Re-measurement loss on net defined benefit plans	(4,093)	(55,760)	(5,541)	(55,283)
The movement in the plan assets over the year is as follows:				
Assets at fair value - opening	260,243	247,419	238,851	247,419
Interest return	43,200	28,206	68,708	23,329
Transfer to subsidiaries	-	-	-	(21,392)
Employer contribution	222,893	57,604	150,902	57,604
Benefit paid	(222,893)	(57,604)	(150,902)	(57,604)
Actuarial gain/(loss)	53,495	(15,382)	10,711	(10,505)
At end of the year	**356,938**	**260,243**	**318,271**	**238,851**
Composition of Plan assets				
Cash	41%	37%	41%	32%
Equity	51%	56%	51%	61%
Others	9%	0%	8%	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	183,812	-	-	183,812
Cash and cash equivalents	-	146,266	-	146,266
Receivables	-	-	26,860	26,860
Total	**183,812**	**146,266**	**26,860**	**356,938**

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

	Group		Company	
	31-Dec-17 =N='000	31-Dec-16 =N='000	31-Dec-17 =N='000	31-Dec-16 =N='000
Cash and cash equivalents	146,266	97,479	130,177	76,087
Quoted equity				
Consumer goods	4,899	4,260	4,360	4,260
Conglomerates	3,013	2,667	2,682	2,667
Financial services	175,900	139,671	156,551	139,671
Subtotal	**183,812**	**146,598**	**163,593**	**146,598**
Loan and receivable	26,860	16,166	26,860	16,166
Total	**356,938**	**260,243**	**320,630**	**238,851**

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 NGN96.7 million (2016: NGN26.2 million)

27.2 Retirement benefit obligations (continued)

The principal actuarial assumptions were as follows:

Average long term discount rate (p.a.)	14.6%	15%	14.6%	15%
Average long term rate of inflation (p.a.)	10%	10%	10%	10%
Average long term pay increase (p.a.)	5%	10%	5%	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 2017 is as shown below:

Assumptions Sensitivity level		Discount =N='000	Salary increase =N='000	Mortality =N='000
Impact on defined benefit obligation	+1%	(23,636)	31,189	133
Impact on defined benefit obligation	-1%	28,318	(26,092)	(199)

28. Share capital

	Group 31 December 2017 =N='000	Group 31 December 2016 =N='000	Company 31 December 2017 =N='000	Company 31 December 2016 =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 2017 =N='000	Group 31 December 2016 =N='000	Company 31 December 2017 =N='000	Company 31 December 2016 =N='000
At 31 December	3,915,451	3,915,451	3,915,451	3,915,451

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

Notes to the consolidated financial statements - Continued

30. Contingency reserve

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

	Group 31 December 2017 =N='000	Group 31 December 2016 =N='000	Company 31 December 2017 =N='000	Company 31 December 2016 =N='000
Non - Life	4,191,630	3,733,983	4,147,778	3,520,317
Life	270,371	269,488	265,254	234,371
Total	**4,462,001**	**4,003,471**	**4,413,032**	**3,754,688**

Movement in this account is as shown below:

At 1, January	4,003,471	3,414,608	3,754,688	3,250,484
Addition during the year	458,530	588,863	658,344	504,204
At 31, December	**4,462,001**	**4,003,471**	**4,413,032**	**3,754,688**

31. Retained earnings:

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

32. Other reserves

32.1. Available-for-sale reserve:

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

32.2. Foreign currency translation reserve:

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

33. Non-Controlling interests

In 2013 financial year, British American Asset Management (BAAM) invested in Continental Reinsurance Limited, Kenya (Cre Limited, Kenya); subsidiary of Continental Reinsurance Plc (Cre Plc), the transaction was not a disposal but capital injection. Formerly, Cre Plc had 100% shareholding in Cre Limited, Kenya, with the accommodation of capital set out below, the shareholding of Cre Plc was watered down to 65%. The accommodation of BAAM was to fulfill regulatory requirement that there should be equity particpation from indigenious companies or citizen from Kenya when a foreign entity is investing in Kenya.

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

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 2017	780,634	546,146	1,326,780
Capital contribution in the year	359,813	-	359,813
Profit for the year	(45,278)	(298,144)	(343,422)
Difference on foreign currency translation	(1,098)	1,344	246
Other comprehensive income;			
Available for sale remeasurement	614	-	614
Remeasurement of retirement benefits obligations	(201)	(65)	(266)
At 31 December 2017	**1,094,484**	**249,281**	**1,343,765**

33a. Condensed results of consolidated entities

The condensed financial data of the consolidated entities as at 31 December 2017, are as follows:

	Continental Reinsurance Limited, Kenya =N='000	Continental Reinsurance Limited, Botswana =N='000
Condensed statement of profit or loss and other comprehensive income		
Revenue	**5,684,426**	**2,857,177**
Profit before income tax	(199,604)	(745,359)
Income tax expense	70,237	-
Profit after tax	**(129,367)**	**(745,359)**
Condensed statement of financial position		
Cash and cash equivalents	1,024,232	1,374,748
Financial assets		
-Financial asset designated as fair value through profit or loss	2,159,476	-
-Loans and other receivables	50,083	3,114
-Available-for-sale investments	30,694	-
-Held to maturity investments	1,078,105	469,882
Reinsurance receivables	2,472,542	1,265,278
Retrocession assets	375,923	506,067
Deferred acquisition costs	561,633	228,468
Other assets	402,127	75,052
Intangible assets		319
Property, plant and equipment	60,349	49,185
Statutory deposits		
Total assets	**8,215,164**	**3,972,113**
Liabilities		
Insurance contract liabilities	3,576,259	1,919,140
Reinsurance creditors	173,020	241,827
Other liabilities	212,262	301,845
Retirement benefit obligations	20,077	11,230
Current income tax payable	-	(14,843)
Deferred tax liabilities	91,367	7,990
Equity	4,142,179	1,504,923
Total liabilities and equity	**8,215,164**	**3,972,113**
Cashflows from operating activities	(167,179)	(327,761)
Cashflows from investing activities	(521,746)	(1,119,892)
Net increase/(decrease) in cash and cash equivalents	(688,925)	(1,447,653)
Cash and cash equivalent, beginning of year	725,072	2,082,672
Cash and cash equivalent, end of year	**36,147**	**635,019**

Notes to the consolidated financial statements - Continued

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

	Group 31 December 2017 =N='000	Group 31 December 2016 =N='000	Company 31 December 2017 =N='000	Company 31 December 2016 =N='000
Profit before income tax expense	3,570,285	4,651,687	4,427,541	3,835,712
Adjustments for:				
- Depreciation and amortization (Note 6.1)	128,151	125,240	77,245	82,007
- Increase in provision for bad and doubtful balances	603,599	1,788,500	480,973	1,944,307
– Profit on disposal of investments	(275,245)	(115,839)	(275,245)	(115,839)
–commission income on retro and unamortized retro cost	(900,736)	(265,576)	(900,736)	(265,576)
– Interest income	(1,977,888)	(1,500,243)	(1,509,088)	(1,198,476)
– Dividend received	(40,188)	(42,886)	(39,055)	(42,047)
–Unrealised foreign exchange gain	(903,242)	(3,018,969)	(1,162,988)	(3,197,137)
–Fair value loss on investment property and financial assets designated at fair value	17,489	(638,864)	17,489	(627,074)
Changes in operating assets/liabilities				
–Reinsurance debtors	880,749	3,688,959	1,528,873	1,802,639
–Prepayments and other assets	97,319	(1,895,727)	1,194,002	(887,425)
–Retrocession assets	(1,646,099)	(385,986)	(1,452,729)	(28,299)
–Reinsurance creditors and other liabilities	1,574,647	69,923	1,627,245	1,721,599
–Deferred acquisition costs	(759,044)	74,373	(719,124)	(325,209)
–Provision for unexpired risks	5,282,850	10,875	2,929,543	(1,135,538)
–Outstanding claims	370,073	2,236,652	(596,101)	1,671,599
–Retirement benefit obligations	(77,400)	105,485	(60,858)	57,636
Income tax paid (Note 8)	(708,629)	(825,003)	(702,940)	(703,515)
Net cash generated from operating activities	**5,236,691**	**4,062,600**	**4,864,047**	**2,589,364**

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

	Group 31 December 2017 =N='000	Group 31 December 2016 =N='000	Company 31 December 2017 =N='000	Company 31 December 2016 =N='000
Cash in hand	996	385	839	99
Balances held with other banks:				
- Current account	211,938	235,464	145,736	125,836
- Domiciliary account	207,170	389,221	207,170	389,221
Balances held with foreign banks	590,326	954,595	590,326	954,595
- Placements with banks and other financial institutions with original maturity <90 days	6,352,571	4,495,880	4,019,952	1,798,052
Treasury bills	-	746,846	-	746,845
	7,363,001	**6,822,392**	**4,964,023**	**4,014,648**

36. Related parties

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

a. Related party transactions

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

b. Transactions with key management personnel

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

c. Transaction with related parties

Name of related party and relationship	Nature of transactions	Due from/ due to		Income (expense)	
		2017 =N='000	2016 =N='000	2017 =N='000	2016 =N='000
Saham group (shareholders)	Premium	-	-	1,563,897	969,138
	received	-			
Saham group (shareholders)	Commission paid	- -	-	(408,125)	(283,478)
Saham group (shareholders)	Claims paid	-	-	(267,057)	(214,800)
		-	-	**888,715**	**470,860**

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 Managing Director (MD)/Chief Executive Officer and Executive Director (ED) at the end of the year:

	GMD =N='000	ED =N='000	2017 =N='000	2016 =N='000
Mortgage loan	-	-	-	2,225
Personal loan	-	-	-	2,711
Car loan	-	1,019	1,019	2,623
	-	**1,019**	**1,019**	**7,559**

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 (2016: Nil).

Notes to the consolidated financial statements - Continued

36. Related party transactions (continued)

Compensation of key management personnel

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

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

	Group 2017 =N='000	Group 2016 =N='000	Company 2017 =N='000	Company 2016 =N='000
Short term employee benefits	274,482	267,102	274,482	267,102
Post employment benefits:				
Gratuity benefits paid	-	-	-	-
Pension contribution	5,554	3,664	5,554	3,664
	280,036	**270,766**	**280,036**	**270,766**

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

	Number	Number	Number	Number
Below =N=1,000,000	-	-	-	-
=N=1,000,001 - =N=4,000,000	-	-	-	-
=N=4,000,001 - =N=7,000,000	7	7	7	7
=N=7,000,001 and above	3	2	3	2
	10	9	10	9

37. Contingencies and commitments

Contingent liabilities

There were no contingent liabilities at the end of the year (2016: Nil).

Capital commitment and operating leases

There were no capital commitments at the end of the year (2016: 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 2017 =N='000	Group 2016 =N='000	Company 2017 =N='000	Company 2017 =N='000
Within one year	2,917	11,057	2,917	11,057
After one year but not more than five years	-	-	-	-
	2,917	**11,057**	**2,917**	**11,057**

38. Compliance with regulatory bodies

Penalties:	2017 =N='000	2016 =N='000
a. The Company contravened certain sections of the Financial Reporting Council of Nigeria (FRCN) Act 2011 with respect to late submission of the 2013 accounts.	-	-
b. The Company contravened certain sections of the Security Exchange Commission (SEC) Act with respect to late filling of 2013 accounts.	-	5,750
c. The Company contravened certain sections of 2011 operational guidelines issued by the National Insurance Commission (NAICOM). Details of contravention and penalty paid are as shown below:		
Late rendition of quarterly returns	-	-
Non compliance with NAICOM guideline on retrocession placement	-	500
	-	6,250

39. Events after reporting date

In January 2018, the company commenced the process of converting its branch office in Douala-Cameroun to becoming a subsidiary named Continental Reinsurance Ltd, Douala. This is being done in partnership with C.re holdings Ltd. Continental Reinsurance Plc will hold 51% while C.re holdings to hold 49% of the shares of the new company. C.re holdings brought $10m (ten million dollars) for her shares in the new company. This will significantly increase the group assets by more than $10m.

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 2017 or the profit for the year then ended that have not been adequately provided for or disclosed.

40. Admissible assets

The admissible assets representing insurance contract liabilities are included in the consolidated statement of financial position as follows:

	Non-life		Life	
	=N='000	=N='000	=N='000	=N='000
Cash and cash equivalents:				
Cash and bank balances	-			
Bank placements	4,558,105		896,848	
Total cash and cash equivalents		4,558,105		896,848
Investment properties		2,247,911		470,000
Investment securities:				
Quoted equities	298,131		124,952	
Unquoted equities	-		-	
Corporate Bonds	1,066,823		154,942	
Government bonds and treasury bills	2,972,940		650,000	
Total investment securities		4,337,894		929,894
Total assets representing insurance contract liabilities		11,143,910		2,296,742
Total insurance contract liabilities		10,304,234		2,166,356
Excess of assets over liabilities		839,676		130,386
		108%		106%

Notes to the consolidated financial statements - Continued

41. Segment information

For management reporting purposes, the Company is organised into business units based on Life and Non-Life products and geography (regions).

Life assurance business can be either Individual or Group and covers the mortality aspect of the life contract which is annual. Revenue from this segment is derived mainly from reassurance premium and becomes fully earned after the year of cover.

The Non-Life reinsurance business covers general insurance to individuals and businesses. The general insurance products covered include motor, household, commercial and business interruption insurance, and indemnification of other parties that suffer damage resulting from the policyholders' accident, e.g., employees' liability claims.

Also, segment information is presented in respect of the company's geographic segments.

The Executive board monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance and reporting is based on operating profit or loss and is measured consistently with operating profit or loss in the financial statements. However, income taxes are not allocated to operating segments.

Group 31 December 2017	Life insurance =N='000	Non-life insurance =N='000	Total segments =N='000
Gross Premium	3,709,663	25,963,552	29,673,215
Change in Reserve for unearned premium	97,204	(3,358,496)	(3,261,293)
Earned premium income	3,806,867	22,605,056	26,411,922
Less: Retrocession costs	(551,251)	(2,729,773)	(3,281,025)
Net premium written	**3,255,616**	**19,875,283**	**23,130,897**
Expenses			
Gross claims paid	1,593,977	10,233,602	11,827,579
Change in Reserve for outstanding claims	485,066	(114,993)	370,073
Ceded Outstanding Claims Reserve	(86,608)	2,191,665	2,105,057
Claims incurred	1,992,434	12,310,275	14,302,709
Retrocession recoveries	(210,979)	(3,439,589)	(3,650,568)
Net claims incurred	**1,781,456**	**8,870,685**	**10,652,141**
Underwriting expenses:			
Acquisition and maintenance cost	763,742	6,808,802	7,572,544
Depreciation and amortisation	2,384	125,766	128,150
Management expenses	419,491	3,062,706	3,482,196
	1,185,616	**9,997,273**	**11,182,890**
Underwriting profit	288,544	1,007,325	1,295,866
Investment and other income	319,121	2,249,298	2,568,420
Foreign exchange gain	142,572	997,846	1,140,418
Administrative expenses	(103,429)	(727,391)	(830,820)
Impairment of assets	(75,460)	(528,138)	(603,599)
Results of operating activities	571,348	2,998,940	3,570,284
Income tax expense	(53,099)	(1,046,895)	(1,099,994)
Profit for the year	**518,249**	**1,952,045**	**2,470,290**
Segment assets	2,296,742	40,837,748	43,134,490
Segment liabilities	2,166,356	20,191,092	22,357,448

Company 31 December 2017	Life insurance =N='000	Non-life insurance =N='000	Total segments =N='000
Gross Premium	3,088,308	17,295,785	20,384,093
Change in Reserve for unearned premium	(161,620)	(2,352,153)	(2,513,773)
Earned premium income	2,926,688	14,943,632	17,870,320
Less: Retrocession costs	(467,428)	(1,476,307)	(1,943,735)
Net premium written	**2,459,260**	**13,467,325**	**15,926,585**
Expenses			
Gross claims paid	1,737,794	8,037,783	9,775,577
Retrocession recoveries	(210,978)	(3,096,662)	(3,307,640)
Net claims incurred	**1,526,816**	**4,941,121**	**6,467,937**
Underwriting expenses	958,001	7,058,654	8,016,655
Underwriting profit	(25,556)	1,467,549	1,441,993
Interest income	228,636	1,280,452	1,509,088
Net fair value gains on assets at fair value through profit or loss	-	(5,872)	(5,872)
Fair value gains on investment properties	-	(11,617)	(11,617)
Other income	-	1,157,815	1,157,815
Foreign exchange gain	228,267	1,148,711	1,376,978
Administrative expenses	(84,369)	(475,502)	(559,871)
Impairment of assets	(65,692)	(415,281)	(480,973)
Profit before income tax	281,286	4,146,254	4,427,541
Income tax expense	(53,100)	(1,117,132)	(1,170,232)
Profit for the year	**228,186**	**3,029,124**	**3,257,310**
Segment Assets	2,296,742	31,827,318	34,124,060
Segment liabilities	2,166,356	14,554,787	16,721,143

Notes to the consolidated financial statements - Continued

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	1,351,080	(936,530)	414,550
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	1,729,029	2,922,659	4,651,687
Income tax expense	-	(1,533,052)	(1,533,052)
Profit for the year	**1,729,029**	**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

Company 31 December 2016	Life insurance =N='000	Non-life insurance =N='000	Total segments =N='000
Gross Premium	2,373,906	15,000,920	17,374,826
Change in Reserve for unearned premium	599,554	911,776	1,511,330
Earned premium income	2,973,460	15,912,696	18,886,156
Less: Retrocession costs	(387,955)	(2,213,136)	(2,601,091)
Net premium written	**2,585,505**	**13,699,560**	**16,285,065**
Expenses			
Gross claims paid	1,824,536	7,297,162	9,121,698
Retrocession recoveries	(264,586)	(416,546)	(681,132)
Net claims incurred	**1,559,950**	**6,880,616**	**8,440,566**
Underwriting expenses	926,448	7,290,967	8,217,415
	926,448	**7,290,967**	**8,217,415**
Underwriting profit	99,107	(472,023)	(372,916)
Interest income	212,841	985,635	1,198,476
Net fair value gains on assets at fair value through profit or loss	-	3,992	3,992
Fair value gains on investment properties	27,950	595,132	623,082
Other income	114,901	325,903	440,804
Foreign exchange gain	88,916	4,229,274	4,318,190
Administrative expenses	(189,953)	(241,656)	(431,609)
Impairment of assets	(93,490)	(1,850,817)	(1,944,307)
Profit before income tax	260,272	3,575,440	3,835,712
Income tax expense	(16,543)	(1,304,207)	(1,320,750)
Profit for the year	**243,729**	**2,271,233**	**2,514,962**
Segment Assets	1,799,487	31,367,104	33,166,591
Segment liabilities	1,588,966	15,971,526	17,560,492

Notes to the consolidated financial statements - Continued

The segment information provided to the Company Executive Board for the reportable segments for the year ended 31 December 2017 is as follows:

	Nigeria =N='000	Cameroon =N='000	Kenya =N='000	Abidjan =N='000	Tunis =N='000	Botswana =N='000	Total =N='000	Eliminations =N='000	Consolidated =N='000
Group									
Gross premium	14,076,487	2,142,116	6,109,959	2,042,198	2,123,293	3,179,163	29,673,215	-	29,673,215
Change in reserve for unearned premium	(1,992,221)	(261,316)	(425,533)	(267,578)	7,342	(321,986)	(3,261,292)	-	(3,261,292)
Earned premium income	12,084,266	1,880,800	5,684,426	1,774,620	2,130,635	2,857,177	26,411,923	-	26,411,923
Retrocession costs	(1,330,687)	(194,864)	(588,016)	(203,065)	(215,119)	(749,274)	(3,281,025)	-	(3,281,025)
Net premium written	10,753,579	1,685,936	5,096,410	1,571,555	1,915,515	2,107,903	23,130,898	-	23,130,898
Expenses									
Gross claims incurred	7,493,479	698,318	2,799,264	388,061	1,195,718	1,727,868	14,302,709	-	14,302,709
Retrocession recoveries	(3,111,025)	(22,904)	(58,657)	(5,983)	(167,729)	(284,271)	(3,650,568)	-	(3,650,568)
Net claims incurred	**4,382,454**	**675,414**	**2,740,607**	**382,079**	**1,027,989**	**1,443,597**	**10,652,141**	**-**	**10,652,141**
Underwriting expenses:									
Acquisition and maintenance cost	3,541,278	598,607	1,677,456	523,055	480,082	752,064	7,572,542	-	7,572,543
Depreciation and amortisation	69,379	2,723	22,559	2,672	2,472	28,346	128,150	-	128,151
Management expenses	1,957,804	282,864	850,002	272,393	283,330	411,131	4,057,522	(575,325)	3,482,196
	5,568,461	**884,193**	**2,550,017**	**798,119**	**765,884**	**1,191,540**	**11,758,214**	**-**	**11,182,890**
Underwriting profit	802,664	126,329	(194,214)	391,358	121,642	(527,234)	720,544	-	1,295,866
Investment Income & other income	2,217,380	162,510	442,499	145,199	124,325	51,832	3,143,745	(575,325)	2,568,420
Foreign exchange gain/(loss)	882,581	167,901	(173,722)	160,070	166,426	(151,047)	1,052,209	88,209	1,140,418
Administrative expenses	(386,354)	(58,928)	(190,156)	(56,179)	(58,410)	(80,291)	(830,319)	(501)	(830,820)
Impairment of financial assets	(346,372)	(45,712)	(84,012)	(43,579)	(45,310)	(38,614)	(603,599)	-	(603,599)
Results of operating activities	3,169,899	352,101	(199,605)	596,867	308,673	(745,354)	3,482,581	(487,617)	3,570,285
Income tax expenses	(1,170,231)		70,237	-	-	-	(1,099,994)	-	(1,099,994)
Profit for the year	**1,999,668**	352,101	**(129,368)**	596,867	308,673	**(745,354)**	**2,382,587**	**(487,617)**	**2,470,291**
Segment assets	34,124,060	-	8,215,164	-	-	3,972,113	46,311,337	(3,176,847)	43,134,490
Segment liabilities	16,721,143	-	4,072,986	-	-	2,467,189	23,261,318	(903,871)	22,357,448

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 paid	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	592,243	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 and Admin 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	566,362	863,960	10,498,006	-	10,498,006
Underwriting profit	**(1,635,667)**	**529,889**	**608,810**	**258,844**	**474,017**	**178,657**	**414,549**	-	**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**	**4,594,938**	**56,749**	**4,651,686**
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	3,061,886	56,749	3,118,634
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

Notes to the consolidated financial statements - Continued

42. Management of financial and insurance risk

Continental Reinsurance Plc issues contracts that transfer insurance risk or financial risk or both. This section summarises these risks and the way the Group manages them.

42.1 Management of Insurance risk

Continental Reinsurance Plc defines Insurance risk as the risk of loss arising from inadequate pricing, from uncertainties relating to the occurrence, amount and timing of insurance liabilities or from adverse changes in claim reserves development.

Continental Reinsurance Plc provide covers in all classes of reinsurance basically, non-life and life treaty and facultative reinsurance.

The Group is exposed to underwriting risk through the reinsurance contracts that are underwritten. The risks within the underwriting risk arises from its products which include Accident, Energy, Marine, Liability and life, both individual and group life.

To manage this risk, the underwriting function is conducted in accordance with a set of guidelines, which are defined in line with the Group's risk appetite statement. This risk is further mitigated by increasing diversification by region and by class and also by a retrocession programme, which takes into account the Group's risk exposure profile by class of business.

Loss reserves are the largest liability on the statement of financial position and are inherently uncertain. Differences in actual losses and reserves can have a material impact on future profitability. The sensitivity of the reserves could be potentially significant given the nature of the assumptions and variables included in its estimation procedure.

The sensitivity analysis for insurance risk illustrates how reserves could fluctuate because of changes in assumptions included in its calculation at the reporting date.

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

The company has an in-house experienced actuarial team, which reviews reserves on a quarterly basis with the operations team. The company also carries out independent reserves reviews for both life and non-life Business.

The Company's insurance risk by region and by class is shown on the table below:

Insurance Risk By Region Group	Gross written Premium (=N='000)	Ceded to Retrocessionaire (=N='000)	Net written Premium (=N='000)	Percentage (GWP) %	Percentage (Retro) %
31 December 2017					
Anglophone west	14,076,487	(1,330,687)	12,745,800	47%	41%
Eastern Africa	6,109,959	(588,016)	5,521,943	21%	18%
Southern Africa	3,179,162	(749,274)	2,429,888	11%	23%
Central Africa	2,142,116	(194,864)	1,947,251	7%	6%
Northern Africa	2,123,293	(215,119)	1,908,174	7%	7%
Francophone West	2,042,198	(203,065)	1,839,133	7%	6%
Total	**29,673,215**	**(3,281,025)**	**26,392,188**	**100%**	**100%**
31 December 2016					
Anglophone west	10,971,113	(2,097,910)	13,069,023	49%	60%
Eastern Africa	4,072,710	(368,652)	4,441,362	18%	11%
Southern Africa	2,103,542	(364,306)	2,467,848	9%	11%
Central Africa	2,148,736	(258,707)	2,407,443	10%	7%
Northern Africa	1,527,683	(189,172)	1,716,856	7%	5%
Francophone West	1,582,264	(190,566)	1,772,830	7%	5%
Total	**22,406,048**	**(3,469,314)**	**25,875,362**	**100%**	**100%**

42.1. Management of Insurance risk (continued)

Company	Gross written Premium (=N='000)	Ceded to Retrocessionaire (=N='000)	Net written Premium (=N='000)	Percentage (GWP) %	Percentage (Retro) %
31 December 2017					
Anglophone west	14,076,487	(1,330,687)	12,745,800	69%	68%
Eastern Africa	-	-	-	0%	0%
Southern Africa	-	-	-	0%	0%
Central Africa	2,142,116	(194,864)	1,947,251	11%	10%
Northern Africa	2,123,293	(215,119)	1,908,174	10%	11%
Francophone West	2,042,198	(203,065)	1,839,133	10%	10%
Total	20,384,093	(1,943,735)	18,440,358	100%	100%
31 December 2016					
Anglophone west	12,116,144	(1,962,646)	10,153,498	70%	75%
Eastern Africa	-	-	-	0%	0%
Southern Africa	-	-	-	0%	0%
Central Africa	2,148,736	(258,707)	1,890,029	12%	10%
Northern Africa	1,527,682	(189,172)	1,338,510	9%	7%
Francophone West	1,582,264	(190,566)	1,391,697	9%	7%
Total	17,374,826	(2,601,092)	14,773,734	100%	100%

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 2017					
Accident	5,071,639	(461,971)	4,609,669	17%	14%
Energy	2,146,525	(631,216)	1,515,309	7%	19%
Fire	14,976,647	(1,457,763)	13,518,885	50%	44%
Group Life	3,444,732	(516,710)	2,928,022	12%	16%
Individual Life	264,921	(39,738)	225,183	1%	1%
Liability	1,575,002	(37,143)	1,537,858	5%	1%
Marine	2,193,747	(136,484)	2,057,263	7%	4%
Total	**29,673,214**	**(3,281,025)**	**26,392,189**	**100%**	**100%**
31 December 2016					
Accident	4,477,758	(323,044)	4,154,714	19%	9%
Energy	2,456,079	(656,160)	1,799,919	10%	19%
Fire	10,803,189	(1,935,511)	8,867,678	45%	56%
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**	**(3,469,314)**	**20,465,149**	**100%**	**100%**

Notes to the consolidated financial statements - Continued

42.1. Management of Insurance risk (continued)

	Gross Written Premium (=N='000)	Ceded to Retrocessionaire (=N='000)	Net Written Premium (=N='000)	Percentage (GWP) %	Percentage (Retro) %
Company					
31 December 2017					
Accident	2,317,636	(154,294)	2,163,342	11%	8%
Energy	2,146,525	(431,216)	1,715,309	11%	22%
Fire	10,104,307	(791,618)	9,312,690	50%	41%
Group Life	2,879,020	(436,035)	2,442,986	14%	22%
Individual Life	209,288	(31,393)	177,894	1%	2%
Liability	995,698	-	995,698	5%	0%
Marine	1,731,617	(99,179)	1,632,438	8%	5%
Total	20,384,092	(1,943,735)	18,440,357	100%	100%
31 December 2016					
Accident	2,740,815	(193,805)	2,547,010	15%	7%
Energy	2,456,100	(656,160)	1,799,940	14%	25%
Fire	7,370,363	(1,274,841)	6,095,522	42%	49%
Group Life	2,331,053	(364,420)	1,966,633	13%	14%
Individual Life	230,632	(19,262)	211,370	1%	1%
Liability	1,075,787	-	1,075,787	6%	0%
Marine	1,548,726	(92,603)	1,456,123	9%	4%
Total	17,753,476	(2,601,092)	15,152,384	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 2017 which formed the basis of the results of the actuarial valuation ofthe insurance contract claims liabilities carried out by Miliman and EY 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
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	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	3,036,720	
2010	862,423	2,186,276	2,554,287	2,809,789	3,124,543	3,256,491	3,256,491	3,256,491		
2011	979,336	2,369,388	3,347,404	4,482,197	4,512,476	4,512,476	4,512,476			
2012	1,717,873	4,153,822	4,954,181	5,417,500	5,795,676	5,813,533				
2013	1,716,720	4,652,427	5,372,445	5,849,610	6,028,419					
2014	2,079,912	5,710,475	6,870,869	7,161,424						
2015	2,374,934	6,575,833	7,836,473							
2016	2,945,714	9,358,830								
2017	3,156,670									

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
2008	420,348	698,530	732,733	734,904	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	601,639	
2010	-	-	36,901	37,669	58,795	77,299	77,820			
2011	-	630,536	678,452	701,560	703,779	703,779				
2012	398,131	782,180	966,912	980,404	981,858	983,840				
2013	717,302	1,327,760	1,423,656	1,449,806	1,428,182					
2014	515,833	1,186,117	1,295,441	1,330,695						
2015	640,881	1,235,661	1,604,359							
2016	402,051	1,070,137								
2017	538,415									

Notes to the consolidated financial statements - Continued

42.1. Management of Insurance risk (continued)

Company
Non-life Claims development triangle

Months/ Years	12	24	36	48	60	72	84	96	108	120
	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000
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	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	3,036,720	
2010	862,423	2,186,276	2,554,287	2,809,789	3,124,543	3,256,491	3,256,491	3,256,491		
2011	979,336	2,369,388	3,347,404	4,482,197	4,512,476	4,512,476	4,512,476			
2012	1,551,409	3,472,098	4,152,393	4,574,965	4,927,078	4,942,808				
2013	1,314,162	3,007,644	3,488,031	3,717,847	3,883,054					
2014	1,320,458	3,169,026	3,915,731	4,048,050						
2015	1,773,550	4,324,361	5,297,864							
2016	2,292,992	6,926,036								
2017	2,566,766									

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
2008	420,348	698,530	732,733	734,904	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	601,639	
2010	-	-	36,901	37,669	58,795	77,299	77,299	77,299		
2011	-	630,536	678,452	701,560	703,779	703,779	703,779			
2012	398,131	782,180	966,912	980,404	981,858	983,840				
2013	717,302	1,327,760	1,422,875	1,449,025	1,427,401					
2014	515,833	1,163,561	1,268,139	1,303,394						
2015	611,601	1,152,818	1,471,914							
2016	375,082	979,379								
2017	464,507									

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 N121.5 million whilst a reduction of Mortality by 5% will result in a reduction of Life fund liability by N121.5 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 2017. The effects of these changes are as follows:

		Ultimate Premium		Ultimate Loss Ratio (ULR)	
	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	423,475	462,303	579,091	365,691	481,258
Energy	588,998	589,464	645,302	362,144	815,852
Fire	3,072,270	2,829,627	3,345,748	2,717,840	3,426,700
Liability	355,772	363,762	376,822	299,960	411,584
Marine	738,714	472,345	585,546	671,609	805,819
Total	**5,179,229**	**4,717,501**	**5,532,509**	**4,417,244**	**5,941,213**

Notes to the consolidated financial statements - Continued

42.2. Financial risk management

The Group is exposed to a range of financial risks through its financial assets and liabilities.

The Group's principal financial instruments are cash and cash equivalents, loans and receivables including reinsurance receivables, investment securities held to maturity, investment securities available-for-sale, financial asset designated at fair value through profit and loss and retrocession contracts.

In particular the key financial risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from its insurance contracts.

The main risks arising from these financial instruments are interest rate risk, foreign currency risk, credit risk, market price risk and liquidity risk. The Board reviews and approves an investment policy to manage these risks on an annual basis.

The following tables indicate the contractual timing of cash flows arising from financial instruments:

Group At 31 December 2016	Carrying amount =N='000=	0 - 90 days =N='000=	91 - 180 days =N='000=	180 - 365 days =N='000=	over one year =N='000=
Financial assets					
Cash and cash equivalents	9,079,093	7,095,642	1,089,043	894,408	-
Reinsurance receivables	9,922,255	2,893,807	1,300,750	2,547,394	3,180,304
Loans and other receivables	492,278	92,564	12,000	129,456	258,258
Retrocession assets	2,759,666	2,759,666	-	-	-
Other assets	227,732	227,732	-	-	-
Financial asset designated at fair value	2,159,476	284,925	222,828	153,164	1,498,559
Debt Securities - *held to maturity*					
Listed	4,805,875	1,597,346	1,466,564	315,990	1,425,976
Unlisted	2,855,574	-	22,031	596,677	2,236,867
Debt Securities - *available for sale*					
Listed	378,608	378,608	-	-	-
Statutory deposits	1,000,000	-			1,000,000
	33,680,557	**15,330,290**	**4,113,216**	**4,637,088**	**9,599,964**
Financial liabilities					
Other liabilities	716,924	301,318	415,607	-	-
Reinsurance creditors	1,356,210	1,356,210	-	-	-
	2,073,134	**1,657,528**	**415,606.75**	**-**	**-**

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 risk:

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	-
Statutory deposits	1,000,000	-	-	-	1,000,000
	32,122,530	**22,747,938**	**1,651,003**	**2,809,921**	**4,913,668**
Financial liabilities					
Other liabilities	1,872,750	1,872,750	-	-	-
Reinsurance creditors	2,930,857	2,930,857	-	-	-
	4,803,607	**4,803,607**	**-**	**-**	**-**

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

Company At 31 December 2017	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	6,680,113	5,103,490	682,693	893,929.92	-
Reinsurance receivables	6,184,435	1,747,209	735,810	1,638,151	2,063,265
Loans and other receivables	439,081	92,564	12,000	129,456	205,061
Retrocession assets	1,877,676	1,877,676	-	-	-
Other assets	677,789	677,789	-	-	-
Debt Securities - *held to maturity*					
Listed	3,967,905	1,105,546	1,208,476	227,907	1,425,976
Unlisted	2,145,557		7,000	596,677	1,541,880
Debt Securities - *available for sale*					
Listed	349,693	349,693		-	-
Statutory deposits	1,000,000	-	-		1,000,000
	23,322,249	**10,953,968**	**2,645,979**	**3,486,121**	**6,236,181**
Financial liabilities					
Other liabilities	1,037,673	301,318	736,356	-	-
Reinsurance creditors	941,363	941,363	-	-	-
	1,979,036	**1,242,681**	**736,355.62**	**-**	**-**

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

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	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*	537,028	-	228,858	308,170	0
Statutory deposits	1,000,000	-	-	-	1,000,000
	24,240,768	15,377,553	1,651,002	3,013,782	4,918,431
Financial liabilities					
Other liabilities	3,043,322	3,043,322	-	-	-
Reinsurance creditors	2,568,608	2,568,608	-		-
	5,611,930	5,611,930	-	-	-

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 2017	Current =N='000=	Non-current N='000=	Total N='000
Cash and cash equivalents	9,079,093	-	9,079,093
Financial asset designated as fair value	2,159,476	-	2,159,476
Loans and other receivables	197,688	294,590	492,278
Available-for-sale investments	898,408	1,222,817	2,121,225
Held to maturity investments	3,950,473	3,662,844	7,613,317
Reinsurance receivables	6,741,951	3,180,304	9,922,255
Retrocession assets	2,759,666	-	2,759,666
Deferred acquisition costs	2,291,853	-	2,291,853
Other assets	329,433	-	329,433
Investment properties	-	2,857,111	2,857,111
Intangible assets	-	20,168	20,168
Property, plant and equipment	-	2,488,615	2,488,615
Statutory deposits	-	1,000,000	1,000,000
Total assets	**28,408,041**	**14,726,449**	**43,134,490**
Liabilities			
Insurance contract liabilities	17,906,271	59,719	17,965,990
Reinsurance creditors	1,356,210	-	1,356,210
Other liabilities	860,222	-	860,222
Retirement benefit obligations	-	306,457	306,457
Current income tax	1,550,357	-	1,550,357
Deferred taxation	-	318,212	318,212
Total liabilities	**21,673,060**	**684,388**	**22,357,448**
Net maturity mismatch	6,734,981	14,042,061	20,777,042

Maturity analysis on expected maturity basis (continued)

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
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**	**40,251,676**
Liabilities			
Insurance contract liabilities	13,745,315	-	13,745,315
Reinsurance creditors	2,930,857	-	2,930,857
Other liabilities	1,976,817	-	1,976,817
Retirement benefit obligations	-	383,857	383,857
Current income tax	692,602	-	692,602
Deferred taxation	-	793,806	793,806
Total liabilities	**19,345,591**	**1,177,663**	**20,523,254**
Net maturity mismatch	7,789,720	11,938,702	19,728,422
Company			
At 31 December 2017			
Cash and cash equivalents	6,680,113	-	6,680,113
Financial asset designated as fair value	-	-	-
Loans and other receivables	144,491	294,590	439,081
Available-for-sale investments	920,928	1,169,603	2,090,531
Held to maturity investments	3,131,978	2,933,352	6,065,330
Reinsurance receivables	4,121,170	2,063,265	6,184,435
Retrocession assets	1,877,676	-	1,877,676
Deferred acquisition costs	1,501,752	-	1,501,752
Other assets	756,126	-	756,126
Investment properties	-	2,857,111	2,857,111
Intangible assets	-	19,849	19,849
Property, plant and equipment	-	2,379,583	2,379,583
Statutory deposits	-	1,000,000	1,000,000
Investment in subsidiary	-	2,272,473	2,272,473
Total assets	**19,134,235**	**14,989,825**	**34,124,060**
Liabilities			
Insurance contract liabilities	12,410,871	59,719	12,470,590
Reinsurance creditors	941,363	-	941,363
Other liabilities	1,249,986	-	1,249,986
Retirement benefit obligations	-	275,150	275,150
Current income tax	1,565,199	-	1,565,199
Deferred taxation	-	218,855	218,855
Total liabilities	**16,167,419**	**553,724**	**16,721,143**
Net maturity mismatch	2,966,816	14,436,101	17,402,917

Notes to the consolidated financial statements - Continued

Maturity analysis on expected maturity basis (continued)

Company At 31 December 2016	Current =N='000=	Non-current =N='000=	Total =N='000=
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	**16,537,577**	**1,022,915**	**17,560,492**
Net maturity mismatch	6,127,876	9,478,223	15,606,099

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=82.09 million and Company =N=58.76 million (2016: Group =N=91.006million and Company =N=62.929 million).

(b) Sensitivity analysis - Market price risk

Market risk is the risk that the value of a financial asset will fluctuate as a result of change in market prices (other than those arising from interest rate risk and currency risk) whether those changes are caused by factors specific to the individual security or its issuer or factors affecting the all securities traded in a market.

The Group equity price risk exposure relates to financial assets whose value fluctuate as a result of changes in market prices. The Group also has unquoted equities classified as available-for-sale whose fair value is determined using a valuation technique because of the lack of active market for these instruments.

The sensitivity analysis for equity price risk illustrates how changes in the fair value of equity securities will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual equity issuer, or factors affecting all similar equity securities traded in the market.

(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=27.337 million and Company =N=11.514 million (December 2016: Group =N=31.998 million, Company =N=11.8856 million

Management monitors movements of financial assets and equity price risk movements on a monthly basis by assessing the expected changes in the different portfolios due to parallel movements of a 1% increase or decrease in the Nigeria All share index with all other variables held constant and all the Group's equity instruments in that particular index moving proportionally.

© Sensitivity analysis - foreign currency risk

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

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

A 1% movement in foreign exchange rate in USD against the Naira will result in =N=132.73 million gain or loss for the Group and Company of =N=88.19 million (2016: Group =N=64.263 million and Company =N=8.547). In Euro, Group =N=3.4 million and Company =N=3.02 million (2016: Group =N=3.793 million and Company =N=3.793 million).
And in other currencies, Group =N=132.73 million and Company =N=67.99 million (2015: Group =N=122.043 million and Company =N= 80.670

In addition, the Group's retrocession programme is denominated in US dollars and provides a stable hard currency platform to hedge against the fluctuations of the various African currencies.
The following table analyses the group's exposure to foreign currency risk:

Group 31 December 2017	Naira =N='000	USD =N='000	Euro =N='000	CFA =N='000	KSHS =N='000	Other =N='000
Assets						
Cash and cash equivalents	1,394,791	3,662,134	150,884	2,287,744	1,583,540	9,079,093
Reinsurance receivables	889,829	3,372,896	185,554	2,331,761	3,142,215	9,922,255
Investment securities	4,748,651	3,414,389	-	445,030	3,285,948	11,894,018
Loans and other receivables	435,967	-	-	-	56,311	492,278
Other assets	179,329	-	-	-	48,403	227,732
Retrocession assets	-	2,759,666	-	-	-	2,759,666
	7,648,568	**13,209,085**	**336,438**	**5,064,535**	**8,116,417**	**34,375,042**
Liabilities						
Other liabilities	860,222	-	-	-	-	860,222
	860,222	-	-	-	-	860,222
Net foreign currency exposure	6,788,345	13,209,085	336,438	5,064,535	8,116,417	33,514,820
31 December 2016						
Assets						
Cash and cash equivalents	1,659,468	934,700	221,875	3,256,081	3,274,389	9,346,513
Reinsurance receivables	668,053	2,684,117	453,020	2,547,403	4,195,649	10,548,242
Investment securities	5,708,194	2,652,371	-	268,871	3,075,101	11,704,537
Loans and other receivables	296,441	-	-	-	95,064	391,505
Other assets	426,752	-	-	-	-	426,752
Retrocession assets	-	47,381	-	-	1,066,186	1,113,567
	8,758,908	**6,318,569**	**674,895**	**6,072,355**	**11,706,388**	**33,531,116**
Liabilities						
Other liabilities	1,976,817	-	-	-	-	1,976,817
	1,976,817	-	-	-	-	1,976,817
Net foreign currency exposure	6,782,091	6,318,569	674,895	6,072,355	11,706,388	31,554,299

Company 31 December 2016	Naira =N='000	USD =N='000	Euro =N='000	CFA =N='000	KSHS =N='000	Other =N='000
Assets						
Cash and cash equivalents	1,394,791	2,250,845	150,884	2,287,744	595,849	6,680,113
Reinsurance receivables	889,829	1,760,793	151,375	2,331,630	1,050,808	6,184,435
Investment securities	4,748,651	2,865,133	-	445,030	97,047	8,155,861
Loans and other receivables	439,081	-	-	-	-	439,081
Other assets	677,789	-	-	-	-	677,789
Retrocession assets	-	1,877,676	-	-	-	1,877,676
	8,150,141	**8,754,447**	**302,259**	**5,064,403**	**1,743,704**	**24,014,955**
Liabilities						
Other liabilities	1,249,986	-	-	-	-	1,249,986
	1,249,986	-	-	-	-	1,249,986
Net foreign currency exposure	6,900,155	8,754,447	302,259	5,064,403	1,743,704	22,764,969

Notes to the consolidated financial statements - Continued

Company 31 December 2016	Naira =N='000	USD =N='000	Euro =N='000	CFA =N='000	KSHS =N='000	Other =N='000
Assets						
Cash and cash equivalents	1,659,468	927,403	221,875	3,256,081	473,942	6,538,769
Reinsurance receivables	494,856	1,615,029	235,348	2,374,118	2,757,796	7,477,147
Investment securities	5,708,194	2,610,776	-	98,681	506,781	8,924,432
Loans and other receivables	296,441	-	-	-	-	296,441
Other assets	1,950,128	-	-	-	-	1,950,128
Retrocession assets	-	424,947	-	-	-	424,947
	10,109,087	5,578,155	457,223	5,728,880	3,738,519	25,611,864
Liabilities						
Other liabilities	3,200,303	-	-	-	-	3,200,303
	3,200,303	-	-	-	-	3,200,303
Net foreign currency exposure	**6,908,784**	**5,578,155**	**457,223**	**5,728,880**	**3,738,519**	**22,411,560**

42.2.2. Credit Risk

Credit Risk is the risk that a party to a financial instrument will fail to honor its obligations and cause the Group to incur a financial loss. Credit risk arises mainly from 3 sources: retrocession, reinsurance receivables and cash and investment securities.

On retrocession, the Group mitigates credit risk by applying minimum security standards for all its retrocession programmes in terms of the credit rating of the retrocessionaires, and the proportion ceded to each retrocessionaire. The Group has a diverse panel of retrocessionaires to avoid concentration risk. The credit rating profile of our retrocessionaires by product is shown below:

Credit Rating	Fire and Engineering	Marine and Aviation	Motor, Accident and Liability	Energy
A++	0%	10%	0%	10%
A+	43%	20%	40%	20%
A	25%	60%	0%	60%
A-	19%	10%	30%	10%
BBB+	10%	0%	15%	0%
B+	4%	0%	15%	0%
Total	100%	100%	100%	100%

The overdue premiums are considered by the Group on case by case basis. If an overdue premium is recognised by the Group as uncollectible, a notification is sent to the cedants(ceding companies) and the reinsurance agreement is assigned for monitoring from the date of notification. The uncollectible portion of the premium receivable are considered as impaired and charged through the statement of comprehensive income.

On insurance receivables, the Group has a credit control policy which is enforced by a credit control unit and which forms part of the underwriting process. In addition, the Group re-assesses its insurance receivables on a regular basis and makes adequate provisions based on ageing and credit quality. The table below shows the ageing of receivables:

Maximum exposure to credit risk before collateral held or other credit enhancements:	Group 2017 =N='000	Maximum Group 2016 =N='000	Company 2017 =N='000	Company 2016 =N='000
Cash and cash equivalents	9,218,560	9,346,513	6,819,580	6,538,769
Reinsurance receivables	9,922,255	10,548,242	6,184,435	7,477,147
Loans and other receivables	542,288	391,505	489,091	296,441
Debt securities	9,747,757	9,658,203	8,169,076	8,828,255
Total assets bearing credit risk	**29,430,860**	**29,944,463**	**21,662,182**	**23,140,612**

Credit quality of financial assets per asset class-Group	Cash and cash equivalents =N='000	Reinsurance receivables =N='000	Loans and other receivables =N='000	Debt securities =N='000
31 December 2017				
Neither past due nor impaired	9,079,093	6,741,951	492,278	9,734,542
Past due but not impaired	-	3,180,304	-	-
Impaired	-	1,281,715	375,491	-
Gross	9,079,093	11,203,970	867,769	9,734,542
Impairment allowance - collective	-	(1,281,715)	(375,491)	-
Net	**9,079,093**	**9,922,255**	**492,278**	**9,734,542**
31 December 2016				
Neither past due nor impaired	9,346,513	7,135,009	391,505	9,658,203
Past due but not impaired	-	3,413,233	-	-
Impaired	-	1,536,477	375,491	-
Gross	9,346,513	12,084,719	766,996	9,658,203
Impairment allowance - collective	-	(1,536,477)	(375,491)	-
Net	**9,346,513**	**10,548,242**	**391,505**	**9,658,203**

42.2.2. Credit Risk

Credit quality of financial assets per asset class-Company

	Cash and cash equivalents	Reinsurance receivables	Loans and other receivables	Debt securities
31 December 2017	=N='000	=N='000	=N='000	=N='000
Neither past due nor impaired	6,680,113	4,121,170	439,081	8,155,861
Past due but not impaired	-	2,063,265	-	-
Impaired	-	1,061,024	375,491	-
Gross	6,680,113	7,245,459	814,572	8,155,861
Impairment allowance - collective	-	(1,061,024)	(375,491)	-
Net	**6,680,113**	**6,184,435**	**439,081**	**8,155,861**
31 December 2016				
Neither past due nor impaired	6,538,769	4,934,090	296,441	8,828,255
Past due but not impaired	-	2,543,057	-	-
Impaired	-	1,297,185	375,491	-
Gross	6,538,769	8,774,332	671,932	8,828,255
Impairment allowance - collective	-	(1,297,185)	(375,491)	-
Net	**6,538,769**	**7,477,147**	**296,441**	**8,828,255**

(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 2017					
Cash and cash equivalents	9,079,093	-	-	-	-
Reinsurance receivables	-	-	-	-	9,922,255
Loans and other receivables	-	-	-	-	492,278
Other assets	-	-	-	-	329,433
Retrocession assets	-	2,759,666	-	-	-
Debt securities	100,506	154,942	101,441	11,456,540	63,688
	9,179,599	**2,914,608**	**101,441**	**11,456,540**	**10,807,654**
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**
Company					
31 December 2017					
Cash and cash equivalents	6,819,580	-	-	-	-
Reinsurance receivables	-	-	-	-	6,184,435
Loans and other receivables	-	-	-	-	439,081
Other assets	-	-	-	-	677,789
Retrocession assets	-	1,877,676	-	-	-
Debt securities	100,506	154,942	101,441	5,994,447	63,688
	6,920,086	**2,032,618**	**101,441**	**5,994,447**	**7,364,993**
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**

Notes to the consolidated financial statements - Continued

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

Group 31 December 2017	< 90 days =N='000	91-180 days =N='000	181-270 days =N='000	271-365 days =N='000	1-2 yr =N='000	2 years & above =N='000
Reinsurance receivables-Life	257,112	1,456	30,055	33,397	37,758	8,711
Reinsurance receivables-Non Life	756,391	1,299,294	1,641,448	842,494	1,002,318	831,517
Total	1,013,503	1,300,750	1,671,503	875,891	1,040,076	840,228
Profile	15%	19%	25%	13%	15%	12%

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
Reinsurance receivables-Life	304,556	34,065	12,034	9,715	68,568	14,617
Reinsurance receivables-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%

Company 31 December 2017	< 90 days =N='000	91-180 days =N='000	181-270 days =N='000	271-365 days =N='000	1-2 yr =N='000	2 years & above =N='000
Reinsurance receivables-Life	247,579	1,931	20,031	17,849	15,761	6,296
Reinsurance receivables-Non Life	636,365	733,880	887,391	412,881	649,284	491,924
Total	883,945	735,810	907,421	430,730	665,045	498,219
Profile	21%	18%	22%	10%	16%	12%
31 December 2016						
Reinsurance receivables-Life	150,226	23,216	8,242	520	54,435	13,772
Reinsurance receivables-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%

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 2017 =N='000	Group 2016 =N='000	Company 2017 =N='000	Company 2016 =N='000
Nigeria	1,916,003	2,462,529	1,916,003	2,490,879
Cameroon	1,124,961	1,726,393	1,124,961	1,726,393
Kenya	2,548,585	2,193,367	102,923	169,446
Abidjan + Tunis	2,823,942	2,845,798	2,823,942	2,845,798
Gaborone	1,508,763	1,320,155	216,605	244,631
Total	9,922,255	10,548,242	6,184,435	7,477,146

(b) Business Class

At 31 December	Group 2016 =N='000	Group 2015 =N='000	Company 2016 =N='000	Company 2015 =N='000
Life operation	356,354	559,310	275,536	555,058
Non life Facultative	4,879,738	5,307,443	2,982,373	4,392,653
Non life Treaty	4,686,163	4,681,489	2,926,525	2,529,436
Total	9,922,255	10,548,243	6,184,435	7,477,147

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 2017	0 - 30 days =N='000	31 - 90 days =N='000	91 - 180 days =N='000	181 - 365 days =N='000	Over 1 year but less than 5 yrs =N='000	Over 5 years =N='000
Financial assets						
Cash and cash equivalents	9,079,093	-	-	-	-	9,079,093
Reinsurance receivables	1,617,670	1,276,137	1,300,750	2,547,394	3,180,304	9,922,255
Loans and other receivables		70,000	66,188	61,500	294,590	492,278
Other assets	57,918	60,433	109,382	-	-	227,732
Retrocession assets	1,207,853	612,634	376,434	459,640	103,105	2,759,666
Debt Securities at amortised cost	260,251	567,804	403,292	2,126,431	4,255,540	7,613,317
Debt Securities at available for sale	-	349,693	-	1,771,532	-	2,121,225
Total relevant financial assets	**12,222,785**	**2,936,700**	**2,256,047**	**6,966,496**	**7,833,538**	**12,494,208**
Financial liabilities						
Outstanding claims	87,543	128,718	131,898	374,210	3,361,660	4,084,029
Other liabilities	716,924	-	-	-	-	716,924
Total financial liabilities	**804,467**	**128,718**	**131,898**	**374,210**	**3,361,660**	**4,800,953**
31 December 2016						
Financial assets						
Cash and cash equivalents	9,346,513	-	-	-	-	9,346,513
Reinsurance receivables	1,755,488	1,734,321	1,180,584	2,303,506	3,574,343	10,548,242
Loans and other receivables	-	54,643	165,471	95,342	76,049	391,505
Other assets	43,543	65,433.00	234,754	83,022.31	-	426,752
Retrocession assets	98,456	244,535.00	365,470.00	405,106.00	-	1,113,567
Debt Securities at amortised cost	247,857.99	535,664	466,011	1,950,854	3,758,563	6,958,950
Debt Securities at available for sale	-	-	228,859	308,170	-	537,029
Total relevant financial assets	**11,491,858**	**2,634,596**	**1,060,340**	**2,664,130**	**3,758,563**	**8,609,546**
Financial liabilities						
Outstanding claims	213,269	431,084	320,723	429,630	2,153,285	3,547,991
Other liabilities	1,965,759	-	-	-	-	1,965,759
Total financial liabilities	**2,179,028**	**431,084**	**320,723**	**429,630**	**2,153,285**	**5,513,750**

Company 31 December 2017	0 - 30 days =N='000	31 - 90 days =N='000	91 - 180 days =N='000	181 - 365 days =N='000	Over 1 year but less than 5 yrs =N='000	Over 5 years =N='000
Financial assets						
Cash and cash equivalents	3,543,903	1,559,588	682,693	893,930	-	6,680,113
Reinsurance receivables	1,085,912	661,297	735,810	1,638,151	2,063,265	6,184,435
Loans and other receivables	-	-	-	144,491	294,590	439,081
Other assets	57,918	619,871	-	-	-	677,789
Retrocession assets	853,468	-	-	-	-	853,468
Debt Securities at amortised cost	370,209	467,362	2,362,274	470,517	3,356,761	7,027,123
Debt Securities at available for sale	-	-	15,090	15,090	401,725	431,905
Total relevant financial assets	**5,911,410**	**3,308,117**	**3,795,867**	**3,162,179**	**6,116,340**	**8,312,496**

Notes to the consolidated financial statements - Continued

	0 - 30 days =N='000	31 - 90 days =N='000	91 - 180 days =N='000	181 - 365 days =N='000	Over 1 year but less than 5 years =N='000	Over 5 years =N='000
Financial liabilities						
Outstanding claims	-	25,641	117,766	66,259	3,001,482	3,211,148
Other liabilities	1,037,673	-	-	-	-	1,037,673
Total financial liabilities	1,037,673	25,641	117,766	66,259	3,001,482	4,248,821
31 December 2016						
Financial assets						
Cash and cash equivalents	4,425,356	645,420	956,133	511,860	-	-
Reinsurance receivables	6,257,702	-	-	-	-	-
Loans and other receivables	-	-	-	242,898	53,543	-
Other assets	1,617,479	-	-	-	-	-
Retrocession assets	47,381	-	-	-	-	-
Debt Securities at amortised cost	356,619	574,604	1,020,186	2,228,674	3,673,536	209,625
Debt Securities at available for sale	-	-	251,722	9,734	340,707	-
Total relevant financial assets	12,704,537	1,220,024	2,228,041	2,993,166	4,067,786	209,625
Financial liabilities						
Outstanding claims	106,857	312,343	208,229	310,972	1,937,062	2,875,463
Other liabilities	3,200,303	-	-	-	-	3,200,303
Total financial liabilities	3,307,160	312,343	208,229	310,972	1,937,062	6,075,766

42.3. Fair value of financial assets and liabilities

(a) Financial instruments not measured at fair value

Group 31 December 2017	Carrying value =N='000	Fair value Level 1 =N='000	Level 2 =N='000	Level 3 =N='000	Fair value =N='000
Financial assets					
Cash and cash equivalents	9,079,093	-	9,079,093	-	9,079,093
Reinsurance receivables	9,922,255	-	-	9,922,255	9,922,255
Loans and other receivables	492,278	-	-	492,278	492,278
Retrocession assets	2,759,666	-	-	2,759,666	2,759,666
Other assets	227,732	-	-	227,732	227,732
Held to maturity					
Debt instruments	7,613,317	2,828,479	3,091,980	1,692,858	7,613,317
	30,094,342	2,828,479	12,171,073	15,094,790	30,094,342
Financial liabilities					
Reinsurance creditors	1,356,210	-	-	1,356,210	1,356,210
Other liabilities	860,222	-	-	860,222	860,222
	2,216,432	-	-	2,216,432	2,216,432

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

Company 31 December 2017	Carrying value =N='000	Level 1 =N='000	Fair value Level 2 =N='000	Level 3 =N='000	Fair value =N='000
Financial assets					
Cash and cash equivalents	6,680,113	-	6,680,113		6,680,113
Reinsurance receivables	6,184,435	-	-	6,184,435	6,184,435
Loans and other receivables	439,081	-	-	439,081	439,081
Retrocession assets	1,877,676	-	-	1,877,676	1,877,676
Other assets	677,789	-	-	677,789	677,789
Held to maturity			-		
Debt instruments	**6,065,330**	**2,828,479**	**3,091,980**	**144,871**	**6,065,330**
	21,924,424	2,828,479	9,772,093	9,323,852	21,924,424
Financial liabilities					
Reinsurance creditors	941,363	-	-	941,363	941,363
Other liabilities	1,249,986	-	-	1,249,986	1,249,986
	2,191,349	-	-	**2,191,349**	**2,191,349**

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

Note: Financial liabilities carrying amounts approximates their fair value

(b) Financial instruments measured at fair value

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable Observable input reflect market data obtained from independent sources; unobservable inputs reflect the Company's market assumptions. .

These two types of inputs have created the following fair value hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

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

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

Group 31 December 2017	Level 1 =N='000	Level 2 =N='000	Level 3 =N='000	Total =N='000
Financial assets				
Financial assets designated at fair value	2,159,476	-	-	2,159,476
Available for sale investments				
Debt investments	377,177	-	-	377,177
Quoted equity investments	574,281	-	-	574,281
Unquoted equity investments	-	599,138	570,629	1,169,767
	3,110,934	**599,138**	**570,629**	**4,280,701**

31 December 2016				
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**

Notes to the consolidated financial statements - Continued

Company 31 December 2017 Financial assets	Level 1 =N='000	Level 2 =N='000	Level 3 =N='000	Total =N='000
Financial assets designated at fair value				
Available for sale investments				
Debt investments	348,262			348,262
Quoted equity investments	298,161	274,341		572,502
Unquoted equity investments		1,083,196	86,571	1,169,767
	646,423	**1,357,537**	**86,571**	**2,090,531**

Company 31 December 2016 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**

Reconciliation of Level 3 fair value measurements

	Investment properties =N='000	Unquoted equities =N='000	Total =N='000
At beginning of the year, 1 January	2,868,728	1,038,489	3,907,217
Total gains/(losses):			
Included in earnings	(11,617)		(11,617)
Included in other comprehensive income	-	(2,673)	(2,673)
Purchases, issuance, sales and settlements:			
Sales		(964,467)	(964,467)
Purchases		15,222	15,222
At end of the year, 31 December	**2,857,111**	**86,571**	**2,943,682**

(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 their fair value.

(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 similar credit characteristics.

(iv) Other assets and liabilities including loans and receivables

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

42.4. Capital management and Solvency Margin

Continental Reinsurance Plc capital management strategy focus on the creation of shareholders' value whilst meeting the crucial and equally important objective of providing an appropriate level of capital to protect stakeholders' interests and satisfy regulators.

The Group's objectives when managing capital are as follows:
- To ensure that capital is, and will continue to be, adequate for the safety, soundness and stability of the Company;
- To generate sufficient capital to support the Company's overall business strategy;
- To ensure that the Company meets all regulatory capital ratios and the prudent buffer required by the Board.

Solvency and the use of regulatory capital are monitored periodically by the company's management, employing techniques based on the guidelines developed by the NAICOM, for supervisory purposes. Regulatory capital requirements are designed to monitor capital adequacy and to protect policyholders.

The National Insurance Commission requires each registered insurance company to:
(a) hold the minimum level of the regulatory capital of and
(b) maintain a minimum ratio of solvency margin of 15%.

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

Other National Disclosures

Consolidated statement of value added

for the year ended 31 December 2017

	Group 2017 =N='000	%	Group 2016 =N='000	%	Company 2017 =N='000	%	Company 2016 =N='000	%
Net premium income:								
- Local	10,753,579		11,483,324		10,753,579		11,483,324	
- Foreign	12,377,318		10,360,358		5,173,006		4,801,741	
Other income	2,580,037		1,967,315		2,661,031		1,643,272	
	25,710,934		23,810,997		18,587,616		17,928,337	
Claims, commission, charges and management expenses								
- local	(4,415,865)		(6,941,665)		(4,415,865)		(6,941,665)	
- imported	(15,519,428)		(10,386,079)		(8,030,429)		(5,731,082)	
Value Added	**5,775,641**	100%	**6,483,253**	100%	**6,141,322**	100%	**5,255,590**	100%
Applied as follows:								
To pay employees:								
- Salaries, pension and other allowances	2,031,218	35%	1,667,969	26%	1,590,549	26%	1,299,515	25%
To pay Government:								
- Income tax	1,573,926	13%	795,570	12%	1,636,621	27%	686,034	13%
- Information technology levy	45,987	1%	38,357	1%	45,987	1%	38,357	1%
Retained for growth:								
- Depreciation and amortistion	128,151	1%	125,240	2%	77,245	1%	82,007	2%
- Deferred taxation	-473,932	-8%	737,482	11%	-466,390	-8%	634,715	12%
- Profit for the year	2,470,291	43%	3,118,635	48%	3,257,310	53%	2,514,962	48%
	5,775,641	100%	6,483,253	100%	6,141,322	100%	5,255,590	100%

Value added is the wealth created by the efforts of the Company and subsidiary and its employees and its allocation between employees, shareholders, government and re-investment for the future creation of further wealth.

Consolidated and seperate financial statements

for the year ended 31 December 2017
Group five-year financial summary

Statement of financial position	2017	2016	2015	2014	2013
			<--------------------31 DECEMBER	-------------------->	
	=N='000	=N='000	=N='000	=N='000	=N='000
Assets					
Cash and cash equivalents	9,079,093	9,346,513	7,702,575	4,844,323	5,673,748
Financial asset held for trading	2,159,476	2,046,334	1,224,258	1,227,512	170,285
Loans and other receivables	492,278	391,505	364,041	234,910	379,174
Available-for-sale investments	2,121,225	2,544,148	2,194,682	2,406,037	2,259,534
Held to maturity investments	7,613,317	7,114,055	3,894,558	4,878,062	5,830,270
Reinsurance receivables	9,922,255	10,548,242	7,258,399	6,743,336	6,292,066
Retrocession assets	2,759,666	1,113,567	727,581	477,628	358,106
Deferred acquisition costs	2,291,853	1,532,809	1,458,436	1,759,685	1,428,293
Other assets	329,433	426,752	31,056	981,264	365,839
Investment properties	2,857,111	2,868,728	2,685,646	2,926,956	1,746,800
Intangible assets	20,168	7,067	-	1,214	9,667
Property, plant and equipment	2,488,615	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	1,000,000
Total assets	**43,134,491**	**40,251,676**	**29,668,730**	**28,207,644**	**26,125,410**
Liabilities					
Insurance contract liabilities	17,965,990	13,745,315	11,081,953	10,784,693	9,873,379
Reinsurance creditors	1,356,210	2,930,857	884,117	1,404,170	1,169,024
Other liabilities	860,222	1,976,817	1,092,154	535,096	311,142
Retirement benefit obligation	306,457	383,857	278,372	184,379	45,900
Current income tax payable	1,550,357	692,602	722,035	458,813	391,381
Deferred tax liabilities	318,212	793,806	72,908	64,113	49,091
Total liabilities	**22,357,449**	**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	5,186,372
Share premium	3,915,451	3,915,451	3,915,451	3,915,451	3,915,451
Retained earnings	3,775,255	2,874,421	1,820,765	1,714,433	2,420,096
Contigency reserve	4,462,001	4,003,471	3,414,608	2,785,131	2,519,174
Available-for-sale reserve	329,978	333,265	182,183	297,704	276,794
Foreign currency translation reserve	1,764,220	2,088,662	(116,756)	(101,723)	32,394
Equity attributable equity holders of the parent	**19,433,276**	**18,401,642**	**14,402,623**	**13,797,368**	**14,285,493**
Non-controlling interest	1,343,765	1,326,780	1,134,568	979,012	
Total equity	**20,777,041**	**19,728,422**	**15,537,191**	**14,776,380**	**14,285,493**
Total liabilities and equity	**43,134,491**	**40,251,676**	**29,668,730**	**28,207,644**	**26,125,410**

Income statement For year ended	2017	2016	2015	2014	2013
			<--------------------31 DECEMBER	-------------------->	
	=N='000	=N='000	=N='000	=N='000	=N='000
Gross premium	29,673,215	22,406,048	19,738,040	16,436,778	15,858,796
Profit before income tax expense	3,570,285	4,651,687	2,915,593	1,587,969	2,233,394
Income tax expense	(1,099,994)	(1,533,052)	(772,805)	(732,325)	(479,994)
Profit for the year	2,470,291	3,118,635	2,142,788	855,644	1,753,400
Appropriations:					
Transfer to contingency reserve	458,530	588,863	629,477	365,035	546,777
Transfer to retained earnings	2,011,761	2,529,772	1,513,311	490,609	1,206,623
Earnings per share (kobo)	27	28	19	8	8
Net assets per share (kobo)	187	177	139	133	138

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

Consolidated and seperate financial statements

for the year ended 31 December 2017

Separate five-year financial summary

Statement of financial position	2017 =N='000	2016 =N='000	2015 =N='000	2014 =N='000	2013 =N='000
	<------------------	------------------	31 DECEMBER	------------------	------------------>
Assets					
Cash and cash equivalents	6,680,113	6,538,769	5,792,358	3,303,155	5,605,227
Financial asset held for trading		96,177	104,247	171,524	170,285
Loans and other receivables	439,081	296,441	302,083	207,802	370,833
Available-for-sale investments	2,090,531	2,482,980	2,150,894	2,356,882	2,213,919
Held to maturity investments	6,065,330	6,345,275	3,438,340	4,372,487	4,732,522
Reinsurance receivables	6,184,435	7,477,147	5,793,094	5,274,202	5,613,677
Retrocession assets	1,877,676	424,947	396,648	335,935	279,247
Deferred acquisition costs	1,501,752	782,628	1,107,837	1,383,416	1,213,441
Other assets	756,126	1,950,128	1,062,703	1,214,437	546,073
Investment properties	2,857,111	2,868,728	2,685,646	2,926,956	1,746,800
Intangible assets	19,849	6,768	-	1,214	9,667
Property, plant and equipment	2,379,583	1,247,032	1,048,051	613,858	553,200
Investments in subsidiary	2,272,473	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	**34,124,060**	33,166,591	26,531,472	24,884,501	25,042,296
Liabilities					
Insurance contract liabilities	12,470,590	10,137,148	9,153,563	9,004,306	8,961,159
Reinsurance creditors	941,363	2,568,608	847,009	1,175,735	1,169,024
Other liabilities	1,249,986	3,200,303	1,318,129	457,106	288,057
Retirement benefit obligation	275,150	336,008	278,372	184,379	45,900
Current income tax payable	1,565,199	631,518	648,999	391,277	388,875
Deferred tax liabilities	218,855	686,907	68,777	45,039	41,946
Total liabilities	**16,721,143**	17,560,492	12,314,849	11,257,842	10,894,961
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	3,551,578	2,408,676	1,681,345	1,526,328	2,423,196
Contigency reserve	4,413,032	3,754,688	3,250,484	2,705,666	2,349,131
Available-for-sale reserve	336,484	340,912	182,971	292,842	273,185
Total equity	17,402,916	**15,606,099**	**14,216,623**	**13,626,659**	**14,147,335**
Total liabilities and equity	**34,124,059**	33,166,591	26,531,472	24,884,501	25,042,296

Income statement For year ended	2017 =N='000	2016 =N='000	2015 =N='000	2014 =N='000	2013 =N='000
		<------------------	------------------	31 DECEMBER	------------------
Gross premium	20,384,093	17,374,826	15,366,113	13,176,217	14,053,252
Profit before income tax	4,427,541	3,835,712	2,540,244	1,279,994	2,001,410
Income tax expense	(1,170,231)	(1,320,750)	(605,857)	(618,471)	(414,953)
Profit after taxation	3,257,310	2,514,962	1,934,387	661,523	1,586,457
Appropriations:					
Transfer to contingency reserve	659,818	504,204	544,818	356,585	475,812
Transfer to retained earnings	2,597,492	2,010,758	1,389,569	304,988	1,110,645
Earnings per share (kobo)	31	24	19	6	15
Net assets per share (kobo)	168	151	137	131	136

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.

6

OTHER INFORMATION

Share Capital History

Date	Authorised (NGN)		Issued & Fully Paid up (NGN)		
	Increase	Cumulative	Increase	Cumulative	Consideration
1985	-	10,000,000	-	-	-
1986	-	10,000,000	-	5,070,000	Cash
1987	-	10,000,000	3,730,000	8,800,000	Cash
1988	5,000,000	15,000,000	1,200,000	10,000,000	Cash
1989	-	15,000,000	2,450,000	12,450,000	Cash
1990	-	15,000,000	1,490,000	13,940,000	Cash
1991	-	15,000,000	1,060,000	15,000,000	Cash
1992	85,000,000	100,000,000	4,918,000	19,918,000	Cash
1993	-	100,000,000	10,934,000	30,852,000	Cash and Bonus (1 for 15)
1994	-	100,000,000	24,148,000	55,000,000	Cash and Bonus (1 for 8)
1995	-	100,000,000	17,012,000	72,012,000	Cash and Bonus (1 for 15)
1996	-	100,000,000	6,197,237	78,209,237	Cash, Stock split (N1,000 to N1)
1997	100,000,000	200,000,000	36,317,763	114,527,000	Cash
1998	-	200,000,000	35,487,588	150,014,588	Cash and Bonus (1 for 10)
1999	300,000,000	500,000,000	29,985,414	180,000,002	Cash and Bonus (1 for 15)
2000	-	500,000,000	12,000,000	192,000,002	Cash
2001	-	500,000,000	63,598,223	255,598,225	Cash and Bonus (1 for 8)
2002	-	500,000,000	44,503,325	300,101,550	Cash and Bonus (1 for 6)
2003	500,000,000	1,000,000,000	103,565,104	403,666,654	Cash and Bonus (1 for 4)
2004	-	1,000,000,000	254,674,470	658,241,124	Cash and Bonus (1 for 9)
2005	1,000,000,000	2,000,000,000	198,566,308	856,907,432	Cash and Bonus (1 for 9)
2006	5,5000,000,000	7,500,000,000	383,683,372	1,240,590,804	Cash
2007	-	7,500,000,000	3,945,781,353	5,186,372,157	Cash, Stock split (N1 to N0.50)
2008	-	7,500,000,000	-	5,186,372,157	-
2009	-	7,500,000,000	-	5,186,372,157	-
2010	-	7,500,000,000	-	5,186,372,157	-
2011	-	7,500,000,000	-	5,186,372,157	-
2012	-	7,500,000,000	-	5,186,372,157	-
2013	5,000,000,000	12,500,000,000	-	5,186,372,157	-
2014	-	12,500,000,000	-	5,186,372,157	-
2015	-	12,500,000,000	-	5,186,372,157	-
2016	-	12,500,000,000	-	5,186,372,157	-
2017	-	12,500,000,000	-	5,186,372,157	-

Proxy form

CONTINENTAL REINSURANCE PLC
RC: 73956

31st Annual General Meeting to be held at Victoria Crown Plaza (VCP) hotel, 292b, Ajose Adeogun Street, Victoria Island, Lagos on Wednesday, April 25th, 2018 at 11.00 a.m.

I/We ____being a member /members of CONTINENTAL REINSURANCE PLC, hereby appoint **____of ____ or failing him, the Chairman as my/our proxy to act and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on ____, 2018 and at any and every adjournment thereof.

Dated this…………day of…………….2018

Shareholder's Signature…………………....

RESOLUTIONS	FOR	AGAINST
To receive the Audited Financial Statements for the year ended December 31st, 2017 and the Reports of the Directors, Auditors and Audit Committee		
To declare a dividend		
To re-elect Directors retiring by rotation: -Mr. Foluso Laguda -Mrs. Ahlam Bennani		
To approve the appointment of Mr. Stephen Murphy		
To authorize the Directors to fix the remuneration of the Auditors		
To elect members of the Audit Committee.		
To approve the remuneration of the Directors for the year ending December 31st, 2018.		
- Chairman: NGN6,080, 000.00		
- Other Directors: NGN 3,040,000.00 each		
Please indicate with an "X" in the appropriate space how you wish your votes to be cast on the resolutions set out above. Unless otherwise indicated, the proxy will vote or abstain at his/her discretion		

Notes

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

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

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

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

Admission Card — Continental Reinsurance Plc RC: 73956

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

Please admit the shareholder named on this form or his duly appointed proxy to the 31st Annual General Meeting to be held at Victoria Crown Plaza (VCP) Hotel, 292b, Ajose Adeogun Street, Victoria Island, Lagos on Wednesday, April 25th, 2018 at 11.00 a.m.

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

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

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

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

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

Affix Current Passport

Write your name at the back of your passport photograph

E-DIVIDEND MANDATE ACTIVATION FORM

Pace Registrars
Formerly
Sterling Registrars

Instruction

Only Clearing Banks are acceptable

Please complete all section of this form to make it eligible for processing and return to the address below

The Registrar,
Pace Registrars Limited RC: 248500
Head Office: 24, Campbell Street,
(8th Floor) knight Frank Building, P. M. B 12735 Lagos.
Tel: 01-2806987, 01-2806988, 01-2805538
Branch Office: 110, Muritala Muhammed way, kano.
Webmail: info@paceregistrar.com www. paceregisrars.com

I\We hereby request that henceforth, all my/our Dividend Payment(s) due to me/us from my/our holdings in all the companies ticked at the right hand column be credited directly to my / our bank detailed below:

Bank Verification Number

Bank Name

Bank Account Number

Account Opening Date

Shareholder Account Information

Surname / Company's Name First Name Other Names

Address :

City State Country

Previous Address (If any)

CHN (If any)

Mobile Telephone 1

Email Address

Signature(s)

Company Seal (If applicable)

Joint/Company's Signaturies

PLEASE TICK AS APPLICABLE

TICK X	NAME OF COMPANY	SHARE HOLDER'S ACCOUNT NO.
	ACADEMY PRESS PLC	
	BIG TREAT PLC	
	CAPITAL TRUST BROKERS LTD.	
	CONTINENTAL REINSURANCE PLC	
	GOLDLINK INSURANCE PLC	
	JAPAUL OIL AND MARITIME SERVICE PLC	
	NIGERIA ENERGY SECTOR FUND	
	OPR-REFINING & PETROCHEMICAL CHEMICAL PLC	
	ORIENT PETROLEUM RESOURCES LIMITED	
	SKY SHELTER FUND	
	STERLING BANK PLC	
	STUDIO PRESS (NIGERIA) PLC	
	TETRAZZINI PLC	
	THE FRONTIER FUND	
	UNION TRUSTEES	

Help Desk Telephone No/Contact Centre Information
for Issue resolution or clarification: 01-2806987, 01-2806988, 01-2805538

Pace Registrars Limited
Webmail: info@paceregistrar.com www. paceregisrars.com

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

Pace Registrars
Formerly
Sterling Registrars

The Registrar,
Pace Registrars Limited RC: 248500
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Webmail: info@paceregistrars.com www. paceregistrars.com

Date (DD/MM/YYYY) ___ / ___ / ____

SHAREHOLDER'S DATA UPDATE FORM

NAME OF COMPANY IN WHICH SHARES ARE HELD

Shareholder Account Number:

CSCS CHN Number: C

DETAILS OF INVESTORS/SIGNATORY

***Surname/Company's Name:**

*Other Names (Individual Shareholders) :

*** E-mail Address :**

*** Mobile (GSM) Phone Numbers :**

***Present Postal Address :**

*City :

*State :

*Signature

Company Seal/Incorporation Number (corporation Shareholders)

Note: Asterixed boxes must be completed by Shareholders

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

Notes

Notes

Continental Reinsurance Nigeria

Nigeria
St. Nicholas House, 8th Floor
6 Catholic Mission Street
P.O. Box 2401, Lagos, Nigeria
Tel: +234 1 4622779, 8732624
Fax: +234 1 0700REINSURE, Ext. 138

Cameroon
Mairie Douala 1 Bonanjo
P.O. Box 4745, Douala, Cameroon
Tel: +237 233 422 494
Fax: +237 33 42 27 88

Cote d'ivoire
2eme etage, 1mm. Equinoxe,
Angle de la Route du Lycee Technique
et de la Rue de la Canebiere (Carrefour Pisam)
Tel: +225 22 44 51 80
Fax: +225 22 44 14 38

Tunisia
Rue Lac Leman, 1mm. Regency - Bloc "C"
2eme etage - Bur 207
1053 Les Berges du Lac, Tunis, Tunisia
Tel: +216 71 964 997 / 988
Fax: +216 71 964 991

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197 Lenana Place, 4th Floor
Lenana Road, Nairobi, Kenya
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Botswana
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