CONTINENTAL REINSURANCE

Pan-African commitment made local

DELIVERING SUSTAINABLE **GROWTH**

2018 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

15%

OVERVIEW

COMMITMENT

Collective passion and commitment to the industry.

2018 CEOs' Summit in Namibia

Corporate information

Board of Directors

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

Company Secretary/Legal Adviser
Ms. Patricia N. Ifewulu

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

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

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

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

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

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

Bankers
Citibank Ltd
Stanbic IBTC Bank Ltd
Zenith Bank Plc
Guaranty Trust Bank Plc
Ecobank, Doual a
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, 2018

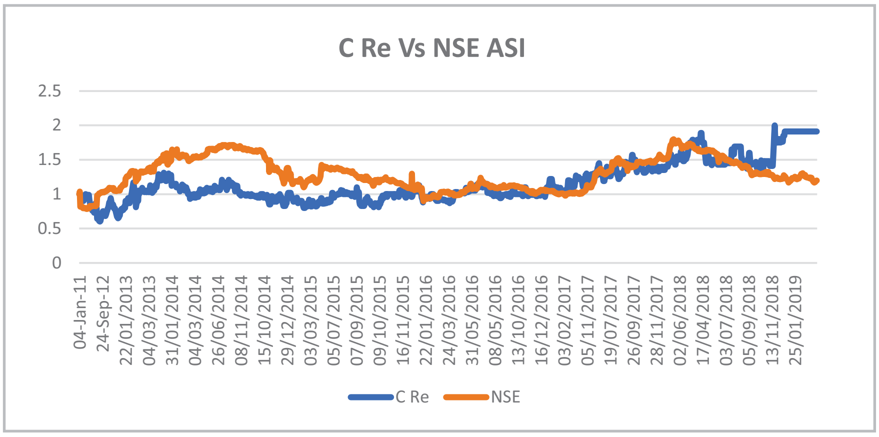
=N= millions, unless otherwise stated	2017	2018	change in %
Non -Life			
Premium earned	19,875	19,932	0.29 %
Life			
Premium earned	3,256	3,189	2.03 %
Investment			
Investment income (Net of Provision)	2,568	3,462	35 %
Return on investment in %	12 %	11%	
Total			
Premium earned	23,131	23,122	-0.04 %
Combined ratio in % (Net of Retro)	94%	95%	0.51%
Net income	2,470	3,322	34 %
Earnings per share in kobo	32	34	
Shareholders' equity	20,777	28,948	39 %
Return on equity[1] in %	12 %	11 %	
Number of employees[2]	87	86	-1%

[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,2018	A.M Best
Ratings	B+
Outlook	Good

Share Performance	
Market Capitalization as at 18th April, 2019	
Share price in =N=	1.91
Number of Shares (Billion)	10.37
Market capitalization in =N= Bn	19,811



Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Thirty Second Annual General Meeting of the members of CONTINENTAL REINSURANCE PLC will be held at Victoria Crown Plaza (VCP) hotel, 292b, Ajose Adeogun Street, Victoria Island, Lagos on Wednesday, October 30, 2019 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, 2018 together with the reports of the Directors, Auditors and Audit Committee thereon.

2. To re-elect directors retiring by rotation.
   (i) Pursuant to Section 256 of the Companies and Allied Matters Act, Cap C20 LFN 2004, Notice is hereby given that Mr. Ian Tofield, whose re-election as director will be presented for approval of the Annual General Meeting is 80 years old.

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

4. To elect members of the Audit Committee.

SPECIAL BUSINESS

5. To approve the remuneration of the directors for the year ending December 31st, 2019

Dated this 16th of September 2019

BY ORDER OF THE BOARD

Patricia N. Ifewulu (Ms.)
FRC/2014/NBA/00000007697
Company Secretary/Legal Adviser
Continental Reinsurance Plc
Registered Office:
St. Nicholas House (8th Floor)
6, Catholic Mission Street,
Lagos.

Notes:

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

2. Closure of Register of Members
The register of members and transfer books of the Company will be closed from Monday October 21,2019 to Friday, October 25, 2019 (both days inclusive)

3. Payment of Dividend
The Board will not recommend any dividend for the year ended December 31, 2018.

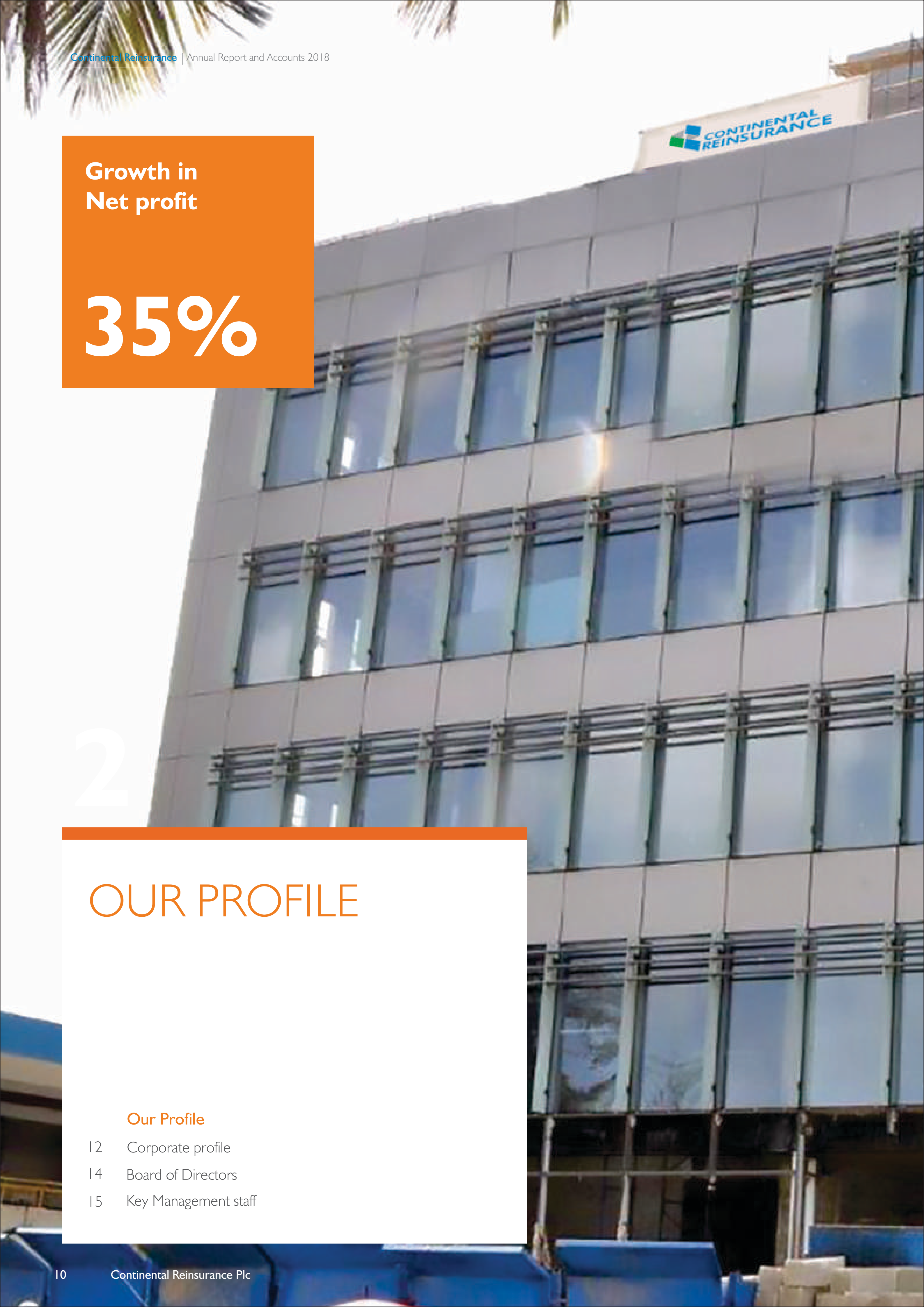
4. E-Dividend Mandate
Shareholders who have not completed the e-dividend Mandate Form are advised to do so. An e-dividend Mandate Form is in the Annual Report and can also be downloaded from the Company's website at www.continental-re.com

5. 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.

7. 2018 Annual Report and Accounts
An electronic version of the 2018 Annual Report and Accounts have been uploaded to the Company's website.



Growth in Net profit

35%

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.

It became a public limited Company in 2000 and recapitalized from NGN 2 billion to NGN 10 billion in 2007 and was listed on the Nigerian Stock Exchange on 30th May 2007. The group has four regional offices in Lagos, Nigeria; Abidjan, Cote d'Ivoire; and Tunis, Tunisia and three subsidiaries in Nairobi, Kenya; Gaborone, Botswana and Douala, Cameroon.

Office Locations

The Company provides reinsurance services in over 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 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 three subsidiaries in Nairobi, Kenya; Gaborone, Botswana; and Douala, Cameroon cover businesses in the Eastern Africa markets, Southern Africa market excluding South Africa and Francophone Central Africa respectively.

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 employee remain professional at all times in their business practices. the Company also complies with the stipulated laws and regulations in all the regions of operations.

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, Kenya 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

Mr. Stephen Murphy
Non-Executive Director

Key Management Staff


Mr. Nkem Odibeli
Chief Finance Officer


Mr. Shola Ajibade
General Manager (Anglophone West Africa)


Ms. Patricia N. Ifewulu
Company Secretary/Legal Adviser


Mr. Abayomi Oluremi-Judah
Chief Risk Officer


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


Mr. Souvik Banerjea
Managing Director (Nairobi Subsidiary)


Mr. Cassim Hansa
Managing Director (Gaborone Subsidiary)


Mr. Oumar Ba
CEO, Continental Reinsurance SA. Cameroon


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

44%

3

BUSINESS REVIEW

SUSTAINABILITY

Realising ambitious, sustainable and relevant offerings.

Continental Re hosted the 2nd UN-PSI African Market Event in Lagos

Chairman's Statement

Distinguished shareholders, fellow Board members, representatives of regulatory bodies present, invited guests, gentlemen of the press, ladies and gentlemen; I welcome you all to the 32nd Annual General Meeting of Continental Reinsurance Plc ("the Company" or "Continental Re") as I present to you the Annual Report and Financial Statements for the financial year ended December 31, 2018.

Business and Operating Environment

Global Economy

The global economy grew by 3% in 2018 as against 3.7% in 2017. Global financing conditions have tightened, industrial production has moderated, trade tensions remain elevated, and some large emerging market and developing economies have experienced significant financial market stress. Faced with these headwinds, the recovery in emerging markets and developing economies has lost momentum. Downside risks have become more acute and include the possibility of disorderly financial market movements and an escalation of trade disputes. Debt vulnerabilities in emerging market and developing economies, particularly low-income countries, have increased. More frequent severe weather events would raise the possibility of large swings in international food prices, which could deepen poverty. In a nutshell, growth has weakened, trade tensions remain high, and several developing economies have experienced financial stress.

In this difficult environment, it is of paramount importance for emerging markets and developing economies to rebuild policy buffers while laying a stronger foundation for future growth by boosting human capital, promoting trade integration, and addressing the challenges associated with informality.

The global economy is projected to moderate downwardly from 3% in 2018 to 2.9% in 2019. Projected moderation of investment growth in major advanced economies is expected to lead to slower trade growth, the potential for much faster growth is limited and a slowdown is setting in. While 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 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 4.2% in 2019 as activity in commodity export continues to recover amid firming prices.

African Economy

The recovery in Sub-Saharan Africa continues at a softer pace. Gross Domestic Product (GDP) grew by 2.7% in 2018 as against 2.4% in 2017, significantly slower than expected, partly due to weaknesses in the region's three largest economies: Angola, Nigeria, and South Africa. The World Bank hinted that the growth will remain well below its long-term average in many countries as growth among main trading partners moderates, global financial conditions tighten, and trade policy uncertainty persist.

Year 2019 is expected to be another year of modest growth for sub-Sahara Africa's economies. The World Bank forecasts a growth of 3.4% for the year. This is predicated on diminished policy uncertainty and improved investment targeted at diversification in large economies, together with continued robust growth in non-resource intensive countries. However, slower-than projected growth in China and the Euro Area, which have strong trade and investment links with Sub-Saharan Africa, would adversely affect the region through lower export demand and investment. Furthermore, the IMF opined that a faster-than-expected normalization of advanced-economy monetary policy could result in sharp reductions in capital inflows, higher financing costs, and disorderly exchange rate depreciations in Sub-Sahara African countries with weaker fundamentals or higher political risks. Sharp currency declines would make the servicing of foreign currency-denominated debt, already a rising concern in the region, more challenging.

Reinsurance

For the past several years, the global reinsurance sector has weathered unfavorable and continuously changing business conditions. The challenges have included a prolonged soft reinsurance pricing cycle, heightened competition, limited organic growth opportunities, a record influx of alternative capital, low interest rates, mergers and acquisitions, and large catastrophe losses. Against this backdrop, reinsurers are trying to pull whatever levers they cannot, only to remain relevant but also to sustain profitability.

After years of declining property/ casualty rates, renewals in 2018 brought modest increases and a temporary breather for the sector. This moderate reinsurance rate increases however, does not really transform into reinsurers' profitability as the sector continues to face other weak business conditions. The returns barely exceed its cost of capital in 2018.

While the global property/casualty reinsurance sector suffered heavy losses in recent years, the global life reinsurance sector remained solid, with stable returns and growth rates. High barriers to entry, advanced risk management and underwriting capabilities are ensuring sound business conditions for the global life reinsurance industry that culminate to strong fundamentals that will help to fuel future growth.
The operating environment in Sub-Sahara Africa remains challenging, with significant headwinds of currency volatility and inflationary strains. 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. It is projected that more global reinsurance companies will be coming into the African market to drive the growth and enhance competition.

Nigerian Insurance Market

The Nigerian insurance industry's experienced significant growth in the past few years, though still inundated by untapped opportunities. The Industry had a favorable year in 2018 with growth in its Gross Premium Income (GPI) rising by over 12% to an estimated NGN448.6 billion due to favorable macroeconomic indices and the commencement of major projects across the country. Other major contributors to the growth are increased regulatory support through the implementation of bancassurance and micro-insurance initiatives.

However, despite the growth the sector has seen in the last year, there are enormous opportunities that abound, and challenges such as the Industry's ROE being significantly lower than the average yield on 365-days treasury bills of about 14% in the same year. Investment returns remain insufficient due to limited investment channels which are predominantly money market securities.

To achieve increased penetration; implementation of market development initiatives of NAICOM on new pricing regime on “Compulsory Insurances”; Revised Guidelines on Micro Insurance and RBS – Risk Based Supervision; better adherence by market players and enforcement of regulations and guidelines must be at the forefront. The outcome will invariably lead to growth in top-line sales, bottom-line profitability, increased contribution to GDP and healthy competition among the industry players.

Financial results

The group's Gross Premium Income (GPI) grew by 15%, from NGN29.67 billion in 2017 to NGN34.19 billion in 2018. The Company, which covers business from Lagos, Abidjan and Tunis contributed NGN19.19 billion of the group's premium, representing 56%, while the subsidiaries contributed NGN15 billion representing 43%. The Company's Gross Written Premium (GWP) grew by 6%, from NGN18.2 billion in 2017 to NGN19.2 billion in 2018. GWP contributed by the subsidiaries grew by 32%, from NGN11.4 billion in 2017 to NGN15 billion in 2018.

The group generated business from the six regions of Africa. 43% of the business came from Anglophone Western Africa, 22% from Eastern Africa, 14% from Southern Africa while the remaining 22% is shared between the other 3 regions of Africa. The breakdown of GWP shows that Non-life grew by 16%, from NGN26 billion in 2017 to NGN30 billion in 2018; while Life GWP grew by 13%, from NGN3.7 billion in 2017 to NGN4.2 billion in 2018.

Group underwriting profit declined by 9%, from NGN1.30 billion in 2017 to NGN1.18 billion in 2018. Despite the recorded reduction in underwriting performance compared to year 2017, Profit Before Tax (PBT) increased by 22% from NGN3.57 billion in 2017 to NGN4.36 billion in 2018 and an increase in Profit After Tax (PAT) by 34% from NGN2.47 billion in 2017 to NGN3.32 billion in 2018. Investment income rose by 11%, from NGN1.97 billion in 2017 to NGN2.20 billion in 2018. Currency Exchange gain increased by 66% from NGN 1.1 billion in 2017 to NGN1.9 billion in 2018. Total assets increased by 34%, from NGN43.13 billion in 2017 to NGN57.64 billion in 2018. Shareholders' fund also grew by 39%, from NGN20.78 billion in 2017 to NGN28.95 billion in 2018.

Head office building

The construction of our state-of-the-art head office building commenced in 2018 in Lagos and is nearing completion. The new building which is designed with the intention of continuing to promote environmental sustainability will provide our staff with a functional, spacious and stylish space to work in and run our operations; in turn, increasing productivity and enhancing our strong brand image.. As envisaged, the project is expected to be completed before the end of the year 2019 while commissioning will follow immediately.

Dividend

The Board of Directors do not recommend the payment of dividend for the year 2019 ended December 31, 2018.

Chairman's Statement

(continued)

Staff

Our employees are our greatest assets to stimulate achievement of the 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 recruitment and treatment of employees. The company ensure that the right talents are considered for appointment, diversity and inclusion in its people management agenda and also promotes equal opportunity for all employees to acquire the right competencies that will enable them to deliver the best results and greater employee satisfaction.

Our employees are dedicated and always strive to make significant contribution toward stabilizing our growth and business. Their responses to the challenging and dynamic business environment are making "Continental Re" the preferred company in the market.

Future outlook

Distinguished shareholders, we remain strongly committed to ensuring that our Company continues to improve on all its performance-measurement parameters. Our vision for "Continental Re" to be the premier Pan-African reinsurer is undaunted and we continue to pursue this with strength and vigor. Our objective is an Africa that grows from within and our strategy is focused on 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 2018, your Company was able to turn in a good result. This achievement would not have been possible without the support, understanding and cooperation of all our partners.

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.

Chief Ajibola Ogunshola
Chairman

Group Managing Director’s overview

Distinguished shareholders, I am very delighted to welcome you to this gathering of the 32nd Annual General Meeting of Continental Reinsurance PLC and also present to you the business and strategic performance highlights for year 2018.

Despite heightened political environment caused by uncertainties from pre and post elections era in our major markets, instability and decline in prices of major soft commodity prices, continued development of 2017 claims and pressure from global catastrophe losses in the second half of 2018, Continental Reinsurance PLC turned out another good operation and financial fundamentals in year 2018.

The composition and structure of earnings reflect the benefits of the Group's geographically diversified operations that give it flexibility in generation of top-line, enabling it to offset the impact of localized adverse claims experience with better quality premiums from other regions, and broad asset mix and investment management prowess, that smoothens the volatility of underwriting earnings.

Market and business-cycle insights are key. It's about deploying the right strategy and having the right operational balance. We have resources with deep local knowledge of the diverse environmental dynamics across Africa who marry their insights with strong technical capabilities to achieve sustainable positive outcomes in both our underwriting and asset management activities. I must say that our Group has once again shown resilience with our teams optimizing production and maximizing return on investments.

Our Strategy

We are pleased to note that initiatives we took to reposition our Company since 2011 are bearing fruit. We strive to reflect our permanent commitment to Africa through continuous delivery of international best practice standards. The work of orchestrating the strengthening of our regional operations persists with a focus on continuous renewal of our talent base, our solutions offering, our operating model, our core processes and the technology we deploy, in order to embed the assimilation of our brand and our distinctive value proposition into the evolving, and increasingly sophisticated African market. Our goal to remain responsive to our stakeholders needs by putting in the culture and the systems to become more productive – not because we are working harder but because we are working smarter, and in alignment to our clients' needs.

We successfully completed the incorporation and resourcing of the CIMA region subsidiary. This opens up an avenue of enormous growth; hence. with the assistance of our core shareholders, we will be giving more focus to this region. We similarly have areas of substantial growth potentials in the Eastern and Southern regions, that will make our growth aspirations achievable.

As evidenced by our financial and operations reports, we continue to show strong performance with strong fundamentals in underwriting and investment. With positive changes in key metrics and better motivation for our employees, we are very much on track to meeting our Alpha 2020 budget for both the top line and the bottom line.

Knowledge sharing and thought leadership are key aspects where we develop the market and add value to our partners. In line with this, we had series of training programmes that focused on imparting re/insurance skills to our clients and partners; we are happy we received positive feedback from across the regions 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.

Group Managing Director's overview

(continued)

Our 5th CEO Summit was held in Swakopmund, Namibia on 9th and 10th April 2018. The programme is one of the pillars of our strategy to always engage stakeholders in the industry. This event brought together industry leaders who engaged in discourse on various aspects of the industry under the theme 'Insurance and Adaptation in the face of technological change in Africa. The topics of discussions centered around digital transformation, Insure Tech for sustainability and staying ahead of change. The participants bare their mind on the concerns of threats to African Insurance market growth prospects as a result of speed of technological change, changing customer behavior, competition from new market entrants and over regulation. The participants agreed that leveraging on technology allows market to understand customers and their needs better, it enables creation of products and services that will serve them better and as such realize the desired growth. Collaboration within countries and across borders will also help address competition and overregulation.

Another event was the Annual Pan-African Re/Insurance Journalism Awards, organized jointly with the CEO summit to promote professional journalism that is creating influencers who will be able to distribute credible news, which in turn boosts re/insurance, making audiences understand and trust the industry better and ultimately increasing insurance penetration in Sub-Saharan Africa. This is also an extension of our continued commitment to advance excellence in the sector.

Once again, in 2018, our Company was in the spotlight in some industry events among them, Fédération des Sociétés d'Assurances de Droit National Africaines (FANAF), African Insurance Organization (AIO), West African Insurance Companies Association (WAICA) and Organization of Eastern and Southern Africa Insurers (OESAI) as well as offered support for localized insurance activities. Sponsoring such events helps us build awareness for our brand and boost Continental Re's image to existing and prospective clients.

Performance

Continental Reinsurance Plc's performance for the year 2018 reflects the outcome of targeted underwriting actions and increased underwriting discipline. Gross Premium Income grew by 15%, from NGN29.67 billion in 2017 to NGN34.19 billion in 2018 and the underwriting profit declined by 9% from NGN1.30 billion in 2017 to NGN1.18 billion in 2018. The company's Claims expense grew by 0.6%, from NGN10.65 billion in 2017 to NGN10.72 billion in 2018.

Despite the recorded reduction in underwriting performance compared to year 2017, profit before tax increased by 22% from NGN3.57 billion in 2017 to NGN4.36 billion in 2018 and an increase in profit after tax by 34% from NGN2.47 billion in 2017 to NGN3.32 billion in 2018. Investment and other income recorded a growth of 44% year-on-year from NGN3.71 billion in 2017 to NGN5.35 billion in 2018.

Total assets grew by 34% year-on-year from NGN43.13 billion in 2017 to NGN57.64 billion in 2018 while Shareholders' fund increased to NGN28.95 billion in 2018 from NGN20.78 billion in 2017, representing a 39% growth.

Investment portfolio grew by 23% to NGN29.81 billion in 2018 from NGN 24.31 billion in 2017 while Reinsurance reserves increased by 29% from NGN17.97 billion in 2017 to NGN23.26 billion in 2018.

Looking Forward

Our coverage and well-balanced pan-African footprint has been sustaining our growth momentum. It strengthens our assurance in our ability to continue to record and achieve growth in market share of premium income and profitability.

The growth prospects of 3.4% in 2019 for sub Saharan Africa's economy envisaged by the world bank presents another great opportunity for us as a company. Our positioning across the continent has given us the lead to take the advantage available in the market place. The projection will propel upward spending on major infrastructure investment projects and this will have positive impact on insurance activities where we are an active player.

One area of focus for us is the sustainability of good underwriting performance. We have seen a turnaround in our underwriting performance right across the group, and our emphasis on embedding and monitoring adherence to our underwriting guideline will continue. This, with advanced risk management techniques and critical skills development will ensure sustained growth and profitability in both short and long term.

Conclusion

Finally, I wish to thank the shareholders, the Board of Directors, the management team and indeed all staff for their commitment, support and loyalty all the while. I cannot forget all our business partners who with their supports and trust, we are able to achieve good result in year 2018. We are counting on you all for a better performance in year 2019 and beyond.

Dr. Olufemi Oyetunji
Group Managing Director/ CEO

2018 Financial Year Business Review

Review of operations

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

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

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

The group lines of business are classified as follows:

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

Non-Life Business

Premium Income:

The group's non-life gross written premium grew by 16% in 2018 over the performance in 2017 from NGN25.96 billion to NGN30.03 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 2018 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 the diversification of risk. As earlier stated, for effective coverage of the African continent, Continental Re currently operates in six strategic locations across the continent through a combination of regional and subsidiary offices.

The Lagos office's percentage contribution to total premium has further dropped by 1% from 44% in 2017 to 43% in year 2018. This was due to growth of Nairobi and Gaborone subsidiaries. On the other hand, Gaborone subsidiary contributed 14% coming from a lower contribution of 11% in 2017. Nairobi subsidiary contributed 22%. Douala subsidiary contributed 8% while Abidjan and Tunis offices contributed 7% each to the total premium.

Classes of Business

The business performance by class in 2018 was moderate across all classes with fire taking the lead as usual. The percentage contributions to total non-life premium by business lines were 61% for Fire, 16% for General accident, 8% for Marine, 9% for Energy and 6% for Liability.

Management plans to consolidate on the 2018 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 2018 was NGN11.66billion, representing 4% decrease from the sum of NGN12.20 billion recorded in 2017. This shows a positive trend with decline in claims in comparison with premium growth of 16% from previous years' results.

Acquisition costs and Charges

Non-life acquisition costs and charges decreased by 13% in 2018, from a total of NGN6.91 billion in 2017 to NGN6.01 billion in 2018.

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 remained at 95% in 2018 as recorded in 2017. 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.

Life Business

Premium Income;

Life business grew significantly in 2018. It increased by 12% to NGN4.16billion in 2018 from NGN7.7billion in 2017. Group life contributed 97% of the total premium of NGN4.16billion generated in 2018, up from 96% in 2017. 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 as the individual life business gains more acceptance.

Life Business Outgo;

Life Gross Claims Incurred in 2018 was NGN1.90 billion compared to

2018 Financial Year Business Review (continued)

NGN2.11 billion in 2017; a marginal decrease of 9%.
Acquisition costs and charges paid were NGN901 million in 2018 compared to NGN764 million in 2017 representing 18% increase.

Investments

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

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

2. **2018 Macro-Economic Review**
   In the third quarter of 2018, Nigeria's Gross Domestic Product (GDP) grew by 1.81% (year-on-year), from 1.5% in second quarter showing a rise of 0.31%. Growth in the third quarter of 2018 was 0.64% points higher when compared to the third quarter of 2017 which recorded a growth of 1.17%, but 0.15% points slower than 1.95% recorded in the first quarter of 2018. On a quarter by quarter basis, real GDP growth was 9.05%. The pick-up in growth was due to the non-oil sector, which strengthened for a second consecutive quarter to 2.3% vs - 0.8% a year earlier. Meanwhile, energy sector continued to contract in the third quarter, although at a weaker pace than in the previous period. Activity in the oil sector fell 3.96% over the same quarter of 2017. Higher oil production drove the sector's slight improvement with output rising from 1.84 million barrels per day in the second quarter to 1.94 million barrels per day in the third quarter. In addition, firm energy prices helped boost the sector in the third quarter.

The consumer price index, (CPI) which measures inflation increased by 11.28% (year-on-year) in November 2018. This is 0.02 percent points higher than the rate recorded in October 2018 (11.26 percent). We expect inflation to trend upwards in 2019 to be driven by election spending, higher wages that will increase the demand for goods, increased government spending and food inflation. We however expect the tightening of monetary policy as a response to control inflation.

Money Market and Fixed Income Market

The Monetary Policy Committee of the CBN left all monetary parameters unchanged for the thirteenth consecutive time. The MPR was retained at 14% per annum; the asymmetric corridor of +200bps/-500bps around the MPR; CRR at 22.50% and liquidity ratio at 30%. The CBN initially reduced issuance of Treasury Bills via Open Market Operations ("OMO") which led to a decline in rates because of more liquidity chasing fewer instruments. However, the CBN subsequently increased volumes of OMO Bills at higher rates to maintain the interest from Foreign Portfolio Investors and prevent a run on the FX reserves. Consequently, OMO rates closed relatively higher at 15.0% per annum for the longer tenors and 11.90% per annum for shorter tenors. Also, the Treasury Bills issued at the periodic auctions closed for the 91, 182 and 365-day Treasury bills at 10.89% per annum 13.10% per annum and 14.5%p.a. respectively.

Nigeria Equity Market

The Nigerian Stock Exchange All Share index ("NSEASI") closed the year in the negative to return -17.81% for year, the Index closed the year at 31,430.50 from 38,243.192 as at 1st January 2018. The year started out on a very bullish note hitting 17% return in January, but this was short-lived as trend reversed before the end first quarter. The market experienced a lot of volatility and eventually close the year in the negative. The rise in the US Federal Rate, the prevailing economic uncertainties in the country, as well as the potential risks posed by Nigeria's fourth coming general election are all factors that combined to determine the overall (negative) performance of Nigerian equities in 2018. The market valuation at year-end however provide opportunities for new entrants as most stocks are trading at discount of their multiples relative to the values at the beginning of the year

2018 Financial Year Business Review (continued)

3.1 Company's portfolio

Investment Asset	Investment Value			Return			Annualised Yield		Budget Achieved YTD	Asset allocation
	2018	31-Dec-17	2018	2018	31-Dec-17	2018	2018	2018		
	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	4,862,722	5,818,178	5,432,495	658,043	364,649	371,130	13.53%	6.83%	177.3%	32%
Statutory Deposit	1,000,000	1,000,000	1,000,000	149,878	158,598	120,000	14.99%	12.00%	124.9%	6%
Equity	1,510,239	1,441,837	1,407,439	22,281	192,145	38,068	1.48%	2.70%	58.5%	10%
Investment Property	3,073,003	2,857,111	593,650	728,134	99,397	36,000	23.69%	6.06%	2022.6%	20%
Mutual Funds	282,508	273,104	267,749	0	0	4,497	0.00%	1.68%	0.0%	2%
FGN Bonds	1,699,572	1,489,664	1,310,735	199,639	179,052	193,612	11.75%	14.77%	103.1%	11%
FGN Eurobond	0	0	0	0	0	0	0.00%	0.00%	0.0%	0%
Corporate Bonds - Local	357,153	356,888	350,000	48,639	62,217	48,375	13.62%	13.82%	100.5%	2%
Corporate Bonds - Eurobond	1,850,997	2,104,408	1,409,083	275,713	360,343	249,803	14.90%	17.73%	110.4%	12%
State Bonds	9,123	32,523	0	6,220	6,207	0	16.50%	0.00%	0.0%	0%
Treasury Bills	757,067	2,478,242	2,726,196	124,002	490,966	410,117	16.38%	15.04%	30.2%	5%
Total	15,402,382	17,851,955	14,497,347	2,212,549	1,913,574	1,471,602	14.33%	10.15%	1.50	100%

Table 1

3.2 Group Portfolio

Investment Asset	Investment Value			Return			Annualised Yield			
	31-Dec-18	31-Dec-17	2018	31-Dec-18	31-Dec-17	2018	2018	2018	Budget	Asset
	Actual	Actual	Annual 'Budget	Actual	Actual	Annual 'Budget	Actual	Budget	Achieved YTD	allocation
	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	%	%	%	%
Cash & Cash Equivalent a	12,916,821.33	8,005,620.00	8,809,709.18	929,987.92	471,390.00	539,960.00	7.20%	6.41%	164.6%	44.71%
Statutory Deposit	1,000,000.00	1,000,000.00	1,000,000.00	149,877.79	158,598.00	120,000.00	14.99%	12.00%	124.9%	3.46%
Equity	1,510,238.59	1,443,618.00	1,441,087.60	22,416.63	192,145.00	41,096.16	1.48%	2.85%	54.5%	5.23%
Investment Property b	3,073,002.88	2,857,111.00	593,650.00	728,134.35	99,397.00	36,000.00	23.69%	6.06%	2022.6%	10.64%
Mutual Funds	3,153,309.60	2,432,581.00	2,692,439.47	243,768.58	225,001.00	222,719.46	7.73%	8.27%	109.5%	10.92%
FGN Bonds	2,605,040.07	2,527,778.00	4,310,769.33	324,244.61	275,983.00	510,814.57	12.45%	11.85%	63.5%	9.02%
FGN Eurobond	-00	-00	1,065,661.09	-00		50,166.65	0.00%	4.71%		
Corporate Bonds - Local	408,990.70	425,795.00	352,242.09	57,287.19	70,842.00	48,576.79	14.01%	13.79%	117.9%	1.42%
Corporate Bonds - Eurobond	2,807,344.70	2,411,452.00	1,707,946.40	324,461.89	383,788.00	283,870.14	11.56%	16.62%	114.3%	9.72%
State Bonds	9,122.84	32,523.00	-00	6,220.49	6,207.00	-00	16.50%	0.00%	0.0%	0.03%
Treasury Bills	1,403,883.91	2,836,789.00	4,534,879.88	156,035.24	504,044.00	799,902.38	11.11%	17.64%	19.5%	4.86%
Total	28,887,754.62	23,973,267.00	26,508,385.03	2,942,434.70	2,387,395.00	2,653,106.14	10.17%	10.01%	110.91%	00.00%

Table 2

2018 Financial Year Business Review (continued)

3.3 Commentary

3.3.1 Portfolio Size

The group's portfolio grew by 19.80% (NGN4.745 billion) from NGN23.973 billion as at 31st December 2017 to NGN28.89 billion as at 31st December 2018.

The portfolio summary by company were as follows:
(figures in thousands of Naira)

	2018	2017	% Change
C Re Plc, Lagos	15,402,382	17,851,955	-13.72%
C Re Ltd, Gaborone	703,521	1,844,630	100.77%
C Re Ltd, Nairobi	5,702,905	4,276,682	33.35%
C Re Plc, Douala	4,078,947	0	0.00%
Group	28,887,755	**23,973,268**	**20.50%**

3.3.2 Portfolio performance

In the year ended 31st December 2018, Group Investment return was NGN2.942 billion and represents 111% achievement of the annual budget. When compared with the performance in the same period of year 2017, the 2018 performance grew by 23.25%. The return was contributed by company (75%) and subsidiaries (25%).

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

Companies	Actual				YOY Growth	Yield on Investment	2018 Budget	% Contribution to 2018 Budget	% Contribution to 2018 return
	31-Dec-18		31-Dec-17						
	Income	Assets	Income	Assets	%	%	N'000		
	N'000			N'000				%	%
Lagos	2,212,549.32	15,402,381.95	1,913,574.00	17,851,955.00	15.62%	14.33%	1,446,500.10	55%	75%
Gaborone	105,806.35	3,703,521.05	51,205.00	1,844,630.00	106.63%	2.86%	102,767.30	4%	4%
Nairobi	485,602.75	5,702,904.65	422,617.00	4,276,682.17	14.90%	8.51%	557,399.27	21%	17%
Douala	138,476.27	4,078,946.97	-	-	0.00%	3.39%	546,439.00	21%	5%
Group	2,942,434.70	28,887,754.62	2,387,396.00	23,973,267.18	23.25%	10.17%	2,653,105.67	100%	100%

2018 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 period. Fixed income instruments (comprising of Treasury Bills, Sovereign bonds, corporate bonds) contributed 37.8% of the group investment return followed by placement with banks that contributed 31.61%. The proportion of assets allocated to the duo is 80.67% split into 35.96% for fixed income instruments and 44.71% for placement with banks.

Asset Class	Lagos			Gaborone			Nairobi			Douala			Group		
	Weight	Return	% Contribution to income	Weight	Return	% Contribution to income	Weight	Return	% Contribution to income	Weight	Return	% Contribution to income	Weight	Return	% Contribution to income
Cash & Cash Equivalent a	31.57%	13.53%	29.74%	89.76%	2.14%	67.37%	11.42%	9.55%	12.81%	100.00%	3.39%	100.00%	44.71%	7.20%	31.61%
Statutory Deposit	6.49%	14.99%	6.77%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	3.46%	14.99%	5.09%
Equity	9.81%	1.48%	1.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.03%	0.00%	0.00%	0.00%	5.23%	1.48%	0.76%
Investment Property b	19.95%	23.69%	32.91%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	10.64%	23.69%	24.75%
Mutual Funds	1.83%	0.00%	0.00%	0.00%	0.00%	0.00%	50.34%	8.49%	50.20%	0.00%	0.00%	0.00%	10.92%	7.73%	8.28%
FGN Bonds	11.03%	11.75%	9.02%	0.00%	0.00%	0.00%	15.88%	13.76%	25.66%	0.00%	0.00%	0.00%	9.02%	12.45%	11.02%
FGN Eurobond	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Corporate Bonds - Local	2.32%	13.62%	2.20%	0.00%	0.00%	0.00%	0.91%	16.68%	1.78%	0.00%	0.00%	0.00%	1.42%	14.01%	1.95%
Corporate Bonds - Eurobond	12.02%	14.90%	12.46%	10.24%	9.10%	32.63%	10.12%	2.47%	2.93%	0.00%	0.00%	0.00%	9.72%	11.56%	11.03%
State Bonds	0.06%	16.50%	0.28%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.03%	16.50%	0.21%
Treasury Bills	4.92%	16.38%	5.60%	0.00%	0.00%	0.00%	11.34%	4.95%	6.60%	0.00%	0.00%	0.00%	4.86%	11.11%	5.30%
Total	100.00%	14.33%	100.0%	100.00%	2.86%	100.00%	100.01%	8.51%	100.0%	100.00%	3.39%	100.00%	100.0%	10.17%	100.00%

Table 3

4.0 Asset Allocation

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

Group Asset Allocation

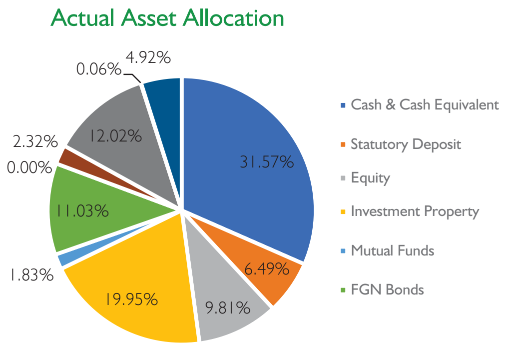


Figure 2

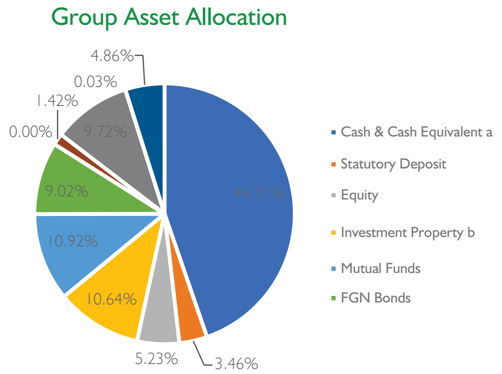


Figure 3

2018 Financial Year Business Review (continued)

Placement with banks: These are purely money market instruments in Term Deposits. The asset class grew by 61.3% year on year and relative to the budget, the asset class is more than the budget allocation by NGN4.107 billion (11% above budget allocation). The yield on the asset class is 7.2% and it represents the average of the rates on bank placements across the various currencies compared with the budget yield of 6.13%. The return was partly driven by the currency composition of the asset class and the total amount available for investment.

Equity: This class of assets is made up of quoted and unquoted equities and it represents 5.23% of the group portfolio. The return on equity comprises of dividend income and capital gain on equity trading. The income reported is dividend earned and unrealized loss arising from valuation on the asset class. On total return basis, the quoted equity portfolio return is -5.29% at end of the fourth quarter, showing significant out performance relative to return on Nigeria Stock Exchange as measured by All Share Index that returned -17.81% to close the year 2018.

Securities Held to Maturity (HTM)/ Fixed Income Securities: The average annual yield at the end of the period is 15.26% compared with the budget yield of 14.01%. The income from this class of asset is basically interest/coupon income that provides steady cash flow. It represents 35.96% (N10.387 billion) of the group's portfolio and it comprises of corporate bonds and government securities denominated in local currencies and United States Dollars.

Investment Property: This alternative asset class provides benefit of diversification to the entire portfolio. It provides two classes of income; rental income and fair value gain; however, the assets have reached their optimal benefit in the portfolio; hence, the Board has approved the sale of the assets. During the year, two properties located in Ikoyi (Banana Island and its environs) with book value of NGN265 million were sold and a gain of NGN10 million was realized. The assets currently represent 10.64% of the group's portfolio and provided a yield of 24% as at 31st December 2018. The company's objective remains to realize investment property that have reached the maturity stage and deploy proceeds to more liquid and tradeable assets.

5.0 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.

5.1 Liquidity management

The focus of liquidity is both funding of liability and the ability to realize assets in the market without taking significant cut in the prices of the assets. To achieve these; the company holds at least 44.71% 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:

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

2018 Financial Year Business Review (continued)

5.2 Currency matching

The company matches its liabilities by currency by holding assets in the currencies of liabilities in the various regions. The purpose is to mitigate the impact of exchange losses that may arise from buying currencies 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 31st December 2018. The liabilities in consideration is the Claim reserve and the outstanding claims. Unexpired risk reserve is excluded in the liabilities'

Currencies	Current Liability 31 December 18 NGN (thousands)	Total assets 31 December 18 NGN (thousand)	Liquid/Assets 31 December 18 NGN (thousands)	per centage to Total Liabilities	Percentage of currency to total assets	percentage of currency to liquid assets	Variance (Liquid Assets - Lib)
NGN	2,713,821.43	7,601,768.99	5,182,657.61	50.16%	49.35%	56.52%	2,468,836
CFA	916,003.32	3,463,192.20	693,296.67	16.93%	22.48%	7.56%	-222,707
USD	1,510,791.54	3,702,030.81	2,796,041.28	27.92%	24.04%	30.49%	1,285,250
TND	232,800.40	498,392.32	498,392.32	4.30%	3.24%	5.43%	265,592
EUR	37,097.31	-00	-00	0.69%	0.00%	0.00%	-37,097
GBP	-00	137,028.06	-00	0.00%	0.89%	0.00%	0
KES	-00	-00	-00		0.00%	0.00%	0
Total	**5,410,514**	**15,402,412**	**9,170,388**	**100%**	**100%**	**100%**	**3,759,874**

From the above table, the company hold liquid assets in the currencies to match the liabilities; however, it holds fewer liquid assets in CFA and EUR compared to the liabilities. The company will ensure parity of assets and liabilities for these currencies going forward.

Company's Assets by currency

Currencies	=N=	USD	KES	CFA	GBP	BWP	TND	EUR	GHS	MWK	Total
Asset Class	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000
Cash and cash equivalent	2,726,019	945,045	0	693,297			498,392				4,862,753
Quoted Equity	268,656	0		0	0	0	0				268,656
Unquoted Equity	139,780	760,510	-00	341,293	0	0	0				1,241,582
FGN Bond	1,699,572	0	0		0	0	0				1,699,572
Corporate Bond	357,153	1,850,997	0	0	0	0	0				2,208,149
State Bond	9,123	0	0	0	0	0	0				9,123
Treasury Bill	757,067	0	0	0	0	0	0				757,067
Mutual Fund	0	145,480	0	0	137,028	0	0				282,508
Statutory Deposit	1,000,000	0	0	0	0	0	0				1,000,000
Investment Property	644,400	0	0	2,428,603	0	0	0				3,073,003
Total	7,601,769	3,702,031	0	3,463,192	137,028	0	498,392	0	0	0	15,402,412
% to total asset	49.35%	24.04%	0.00%	22.48%	0.89%	0.00%	3.24%	0.00%	0.00%	0.00%	100.00%

2018 Financial Year Business Review (continued)

6.0 Regulatory Compliance

6.1 Admissible Assets for Reinsurance Fund - Hypothecation

Admissible Assets for Reinsurance Fund

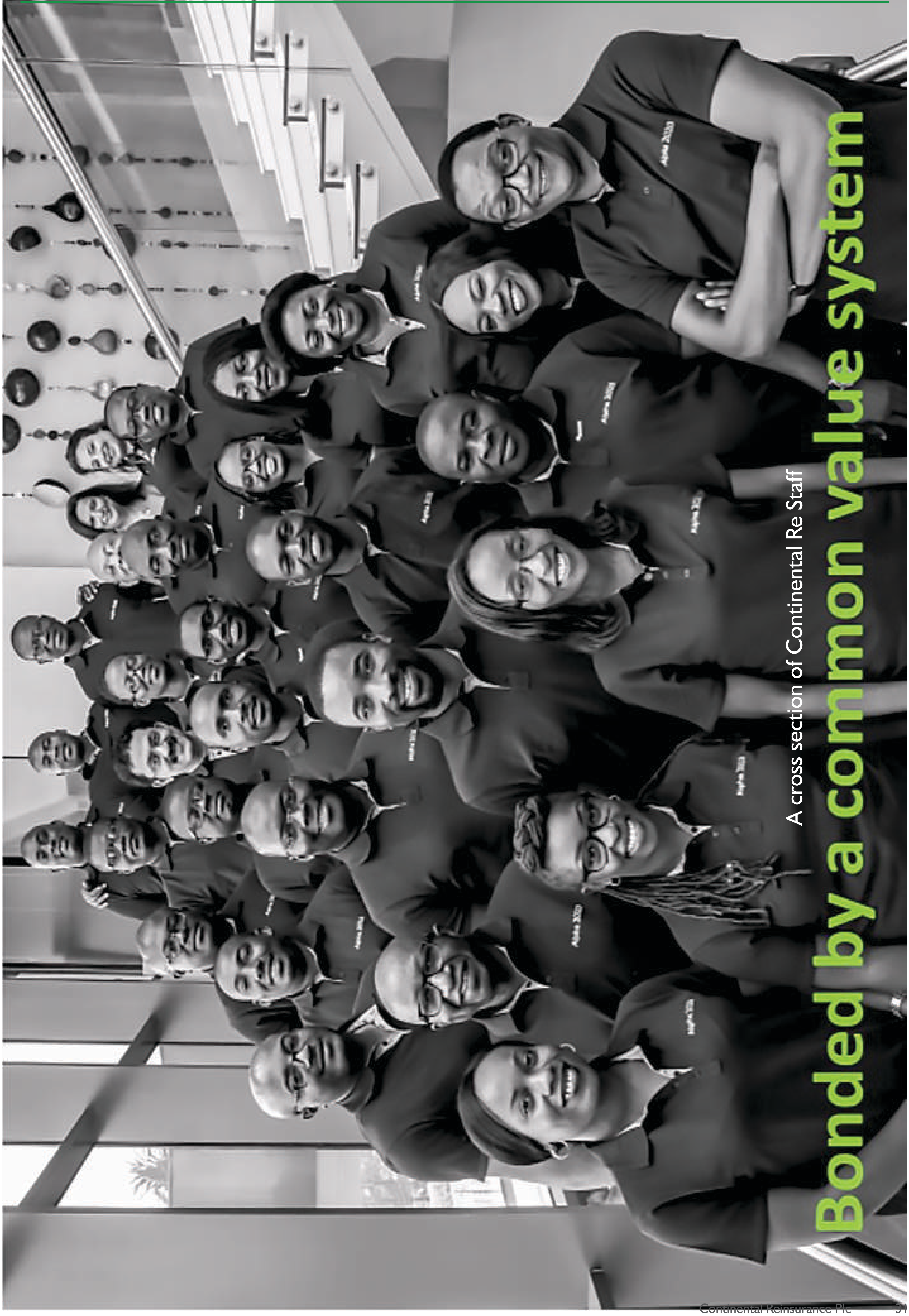
	Non Life			Life			Shareholders' Fund	
Investment assets	=N='million	% to Fund Total	% Statutory requirement to fund	=N=' million	% to Fund Total	% Statutory requirement to fund	=N=' million	% to Fund Total
Placement with banks	4,247	40%	100%	281	19%	100%	0	0%
Investment Property	2,438	23%	25%	382	26%	35%	254	9%
Quoted Equities	269	3%	50%	137	9%	50%	145	5%
Unquoted Equities	642	6%	10%	-00	0%	10%	600	20%
State bonds	9	0%	20%	-00	0%	20%	-00	0%
FGN Bonds	1,478	14%	100%	222	15%	100%	-00	0%
FGN Treasury Bills	438	4%	100%	319	21%	100%	-00	0%
Corporate Bonds	1,075	10%	10%	155	10%	10%	978	33%
Statotory deposit	-00	0%	0%	-00	0%	0%	1,000	34%
Total	10,594	100%		1,495	100%		2,978	100%
Insurance Fund	10,584.22			1,494				
Asset cover	100%			100%				

7. Investment Strategy

Our investment strategy is crafted to enable us to achieve our objectives for the year. The strategy focus is on asset allocations based on our expectation of asset return performance across the regions. Consequently, we allocate funds to the classes that give the superior risk adjusted return across our operating regions to optimize our investment return. The allocations were done taking into consideration the various constraints, which include liquidity, liabilities durations, regulatory requirement and capital charge impact on the asset classes. We allocated substantial amount of our portfolio to liquid fixed income instruments of various maturities ranging from 90 days to 3 years while taking account of market volatility.

The following drove our strategy for the year

- Continuous monitoring of the monetary and fiscal policies of the regions we invest in to take advantage of investment opportunities.
- Allocation of funds to asset classes that provide superior risk adjusted return.
- Invest in high quality assets to reduce the impact of capital charge on the assets
- Increase asset allocation to benchmark liquid sovereign financial instruments (bonds and Treasury bills)
- Continuous monitoring and rebalancing of portfolio
- Sale of remaining approved investment properties and reallocate fund to sovereign financial instruments
- Allocation of funds across regions to take advantage of investment opportunities in the region that provide superior investment return.



Bonded by a common value system

A cross section of Continental Re Staff

AM Best rating

B+
(Good)

4

REPORTS

TRUST

Putting customers first by building relationships via localisation.

Winners of 2019 Insurance Journalism award

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, 2018.

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 three regional offices in Lagos (Nigeria), Abidjan (Cote D'Ivoire), Tunis (Tunisia) and three subsidiaries in Nairobi (Kenya), Gaborone (Botswana) and Douala (Cameroon).

3. Results for the year

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

	Group =N='000	Company =N='000
Profit before taxation	4,359,355	3,912,856
Income Tax expense	(1,037,242)	(770,479)
	---------------	-------------
Profit after taxation	3,322,113	3,142,377
	======	======

4. Business review

A review of the 2018 group operating results compared to the group's performance in 2017 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 and 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 will not recommend any dividend for the year December ended 31, 2018

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 31, 2018 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 was completed during the year.

9. Retirement by rotation

In accordance with Article 103 and 105 of the Company's Articles of Association, Mr. Paul Kokoricha, Mr. Steve Iwenjora and Mr. Ian Alvan Tofield are the directors retiring by rotation and being eligible, offer themselves for re-election.

10. 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:

	2018		2017	
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. Foluso Laguda	200,000	435,201,112	200,000	435,201,112
Mrs. Ahlam Bennani	Nil	Nil	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 Iwenjora, Mr. Emmanuel Brule and Mr. Stephen Murphy as representatives of C-Re Holding Ltd, the majority shareholder with 6,763,953,589 shares.
*Mr. Foluso Laguda represents Salag Ltd.

11. Directors' interests in contracts

For the purpose of Section 277 of the Companies and Allied Matters Act, CAP C20, LFN 2004, none of the directors has notified the Company of any declarable interest in contracts with which the Company was involved as at December 31, 2018.

12. 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, 2018:

Ordinary Shares of 50 kobo each

Shareholder	2018		2017	
	Number	**%**	**Number**	**%**
C-Re Holding Ltd	6,763,953,589	65.20	6,763,953,589	65.20
STANBIC Nonimees Nig. Ltd [Trading A/C]	662,120,181	6.38	662,120,181	6.38

13. Acquisition of own shares
The Company did not purchase any of its own shares during the year (2017: Nil).

14. Ownership structure

	December 31st, 2018			December 31st, 2017		
	No. of Holders	No. of Shares	%	No. of Holders	No. of Shares	%
Foreign	29	6,788,708,594	65.45%	29	6,788,708,594	65.45
Nigeria	6,029	3,584,035,720	34.55%	6,029	3,584,035,720	34.55
		10,372,744,314			10,372,744,314	

15. 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

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

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

Foreign
Atlas Re
Afro Asian Reinsurance Brokers
AON Re Africa (Pty) Limited
Bharat Reinsurance Brokers PVT
Capsicum Re
Chedid Re
Fair Insurance & Reinsurance Brokers
First Reinsurance Ltd
Gras Savoye, France
Guy Carpenter
J.B. Boda & Company Private Ltd, Bombay
KEK Reinsurance Ltd
Minerva Risk Advisors
Nairobi Reinsurance Brokers Ltd
Oak Tree Intermediaries (Pty) Ltd
Platinum Reinsurance Brokers Sal
Reinsurance Solutions, Mauritius
Saham Re, Togo
Trust Reinsurance Brokers
Willis Towers Watson Re

17. Donations
During the year under review, the Company made donations amounting to NGN 7,390,350 to various charitable organizations within and outside Nigeria. The recipients are the following:

	NGN
· AJOFA Special Education Foundation for the deaf	200,000
· Ecole Ivorian, Abidjan	379,490
· Hearts of Gold Children Hospice, Lagos	400,000
· Little Saints Ophanage, Lagos	400,000
· National Handicap Carers Association of Nigeria (NAHCAN)	300,000
· Onikan Health Centre, Lagos	200,000
· Pacelli School for the Blind and Partially Sighted	450,000
· Sickle Cell Foundation Nigeria	400,000
· SOS Children's Village, Nigeria	3,811,350
· Special Persons Association of Nigeria	200,000
· Star Children Development Initiative, Ibadan	250,000
· Wesley Schools 1 & 2 for the Hearing-Impaired Children	400,000

18. Analysis of shareholding
The issued and fully paid up share capital of the Company as at December 31, 2018 was NGN 5,186,372,157.00 divided into 10,372,744,314 ordinary shares of 50 kobo each. The range of shareholding is as follows:

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

19. Unclaimed dividends
The total amount of unclaimed dividends outstanding as at December 31st, 2018 is NGN 398,257,310.87 (2017: NGN375,422,605.74). In line with the rules of the Securities and Exchange Commission, unclaimed dividend 15 months and above in the sum of NGN335,598,994.93, is in the custody of the company and is invested in a money market instrument. (Interest income from 2011 to date: NGN 135,120,909.84)

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

Equality and Diversity Policy: Continental Reinsurance is proud to be a multi-cultural community operating in an increasingly competitive and diverse business world. We value equality and diversity and are committed

Directors' report (continued)

to creating a working environment where we, treat all individuals fairly, with dignity and respect; provide open opportunities to all and a safe, supportive and welcoming environment for all employees and visitors.

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

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

- **Employment of physically challenged persons**

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

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

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

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

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

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

- **Learning and development**

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

- **Employees involvement and engagement**

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

- **Employee remuneration and talent management**

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

· **Internal communication/employee relationship**

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

22. Auditors

The Auditors, Messrs. Pricewaterhouse Coopers, 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

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

Dated: January 31, 2019

Corporate Governance Report

1. Introduction

Our brand heritage dictates that we continually demonstrate our commitment as a responsible corporate entity by obeying rules and regulations, operating with the highest standards of corporate governance and living our core values with a view to delivering greater shareholder value enhancing confidence business partners, employees and the financial markets.

We recognize that there is a strong link between good corporate governance and creation of long-term stakeholder value and that maintaining good corporate governance practices and keeping public trust and confidence is key to our continued long-term success.

2. Governance Structure

2.1 Board of Directors

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

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

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

2.2 Composition and structure

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

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

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

2.3 Board appointments

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

2.4 Term of office of Directors

As provided in the Company's Articles of Association, one third of the directors, excluding the executive directors and those appointed by the Board during the year, retire by rotation at each Annual General Meeting such that each director submits himself/herself for re-election every three years. Directors appointed by the Board during the year to fill casual vacancies or as addition to the existing directors are presented for approval of their appointments at the Annual General Meeting immediately following their appointments. The names of directors to retire by rotation at this 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.

2.5 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 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 2019, Risk Appetite, 2019 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.

2.6 Multiple Directorship

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

2.7 Board Evaluation

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

2.8 Directors' and officers' liability insurance

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

Corporate Governance Report (continued)

2.9 Profiles of Directors

2.9.1 Directors seeking re-election

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. He was appointed to the Board of Continental Re as a Non-Executive Director Ltd on March 1st, 2016.

Mr. Ian Alvan Tofield - Independent Non-Executive Director

Mr. Ian Alvan Tofield joined the Board of Continental Re as an Independent Non-Executive Director on April 27, 2016. He is an Associate of the Chartered Insurance Institute and has over 60 years' practical experience in all aspects of insurance and reinsurance business, administrative, technical, and marketing predominantly in and for the African continent. 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.

2.9.1 Other Directors

Chief Ajibola Ogunshola - Non-Executive Director (Chairman)

Chief Ogunshola was appointed to the Board as a Non-Executive Director on November 8, 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. He resides principally in Nigeria.

Dr. Olufemi Oyetunji - Managing Director/CEO

Dr. Femi Oyetunji was appointed Managing Director/CEO with effect from January 3, 2011. He was, prior to his appointment, the founding Managing Director/CEO of Alexander Forbes Consulting Actuaries Nigeria Limited and was the Chief Actuary supervising many large insurance and pension schemes. 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 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. 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 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.

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.

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. He was appointed to the Board of Continental Re as a Non-Executive Director on November 16, 2016

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, development and assessment of risks offered for

Corporate Governance Report (continued)

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 24, 2017.

2.10 Directors' induction and training and development

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

In line with the approved training plan for Directors, an in-house training on Strategy Review and Implementation and Retrocession Optimization were held during the year.
To update their skills and knowledge and thus enhance their performance, Directors are also encouraged to attend external courses, conferences, seminars, workshops and other relevant training programs at the Company's expense.

2.11 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 seven (7) times during the financial year. Agenda for each meeting was circulated along with the notice in line with the notice period stipulated in the Company's Articles of Association. In line with best practice, Board papers were sent to Directors in advance of meetings to enable them study and prepare ahead of the meetings. Appropriate and relevant information were also provided to enable Directors to make informed decision on any matter before them. 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 2019; material investments and disposal and 2019 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						
	31/01/2018	24/04/2018	25/04/2018	24/07/2018	24/08/2018	23/10/2018	26/10/2018
Chief Ajibola Ogunshola (Chairman)	✓	✓	✓	✓	✓	✓	x
Dr. Olufemi Oyetunji	✓	✓	✓	✓	✓	✓	✓
Mr. Lawrence M. Nazare	✓	✓	x	✓	✓	✓	✓
Mr. Foluso Laguda	✓	✓	✓	✓	✓	✓	✓
Mrs. Ahlam Bennani	✓	✓	✓	✓	✓	✓	x^7
Mr. Paul O. Kokoricha	✓	✓	✓	✓	✓	✓	✓
Mr. Steve O. Iwenjora	✓	✓	✓	✓	✓	✓	✓
Mr. Ian A. Tofield	✓	x^1	x^2	✓	✓	✓	✓
Mr. Emmanuel Brule	✓	✓	✓	x^3	✓	✓	✓
Mr. Stephen Murphy	✓	x	x	x^4	x^5	x^6	x^8

Notes:

X^1 & X^2 :Mr Folusho Laguda was alternate to Mr Ian Tofield
X^3 : Mrs Ahlam Bennani was alternate to Mr. Emmanuel Brule
X^4 & X^5 :Dr Olufemi Oyetunji was alternate to Mr Stephen Murphy
X^6 & X^8 :Mr. Ian Tofield was alternate to Mr. Stephen Murphy
X^7 :Mr. Emmanuel Brule was alternate to Mrs. Ahlam Bennani
X: Absent

5. Board Committees

In order to increase the efficiency of its work and enable a more detailed analysis of certain issues, the Board appointed committees for specific areas from among its members and established terms of reference and rules with respect to delegated authority and reporting to the Board. The primary objective of the Committees is to provide preparatory and administrative support to the Board. the issues considered at Committee meetings are recorded in minutes with extract of the major issues raised reported at the subsequent full Board meetings for final consideration and resolution of action points/directives.

To enable the Committees, meet their oversight responsibilities, each Committee has a defined Charter which embodies its guiding principles and sets out its composition, functions, responsibilities and scope of authority.

The Board has the following Committees, Audit and Compliance; Enterprise Risk Management, Governance and Underwriting Committee; Finance, Investment and General Purposes Committee; Nomination and Remuneration Committee.

5.1 Composition, Record of Attendance at Meetings & Terms of Reference of the Committees

Audit and Compliance Committee

Directors	Meetings			
	30/01/2018	23/04/2018	23/07/2018	22/10/2018
Mr. Ian Tofield (Chairman)	✓	x^1	✓	✓
Dr. Olufemi Oyetunji	✓	✓	✓	✓
Mr. Lawrence M. Nazare	✓	✓	✓	✓
Mrs. Ahlam Bennani	✓	✓	✓	✓
Mr. Paul O. Kokoricha	✓	✓	✓	✓
Mr. Emmanuel Brule	✓	✓	✓	✓

Notes:

X^1 - Mr Emmanuel Brule was alternate to Mr Ian Tofield

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

Directors	Meetings			
	30/01/2018	23/04/2018	23/07/2018	23/10/2018
Emmanuel Brule - (Chairman)	✓	✓	✓	✓
Dr. Olufemi Oyetunji	✓	✓	✓	✓
Mr. Lawrence M. Nazare	✓	✓	✓	✓
Mr. Steve O. Iwenjora	✓	✓	✓	✓
Mr. Foluso Laguda	✓	✓	✓	✓
Mr. Ian A. Tofield	✓	x^1	✓	✓
Mr. Stephen Murphy	✓	x	x^2	x^3

Notes:

X^1 - Mr Folusho Laguda was alternate to Mr Ian Tofield
X^2 & X^3 - Dr Olufemi Oyetunji was alternate to Mr Stephen Murphy at the two meetings
X – Absent

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,

Corporate Governance Report (continued)

liquidity risk, operation risk and commercial risk, which together cover detailed combined

risks such as:

> interest rate risk;
> country risk;
> counterpart risk, including provisioning risk;
> currency and foreign exchange risks;
> technology risk;
> price risk;
> disaster recovery risk;
> operational risk;
> prudential risk;
> reputational risk;
> competitive risk;
> legal risk;
> compliance and control risks;
> sensitive risks, e.g. environmental, health and safety;
> concentration of risks across a number of portfolio dimensions;
> investment risk;
> asset valuation risk; and
> other risks appropriate to the business which may be identified from time to time.

- 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.

Finance, Investment and General Purposes Committee

Directors	Meetings			
	31/01/2018	24/04/2018	24/07/2018	22/10/2018
Mr. Paul Kokoricha - (Chairman)	✓	✓	✓	✓
Dr. Olufemi Oyetunji	✓	✓	✓	✓
Mr. Lawrence M. Nazare	✓	✓	✓	✓
Mrs. Ahlam Bennani	✓	✓	✓	✓
Mr. Foluso Laguda	✓	✓	✓	✓
Mr. Steve O. Iwenjora	✓	✓	✓	✓
Mr. Stephen Murphy	✓	x	x[1]	x[2]

Notes:
X[1] & X[2] - Dr Olufemi Oyetunji was alternate to Mr. Stephen murphy at the two meetings
X – Absent

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

Directors	Meetings			
	30/01/2018	23/04/2018	23/07/2018	22/10/2018
Mr. Paul Kokoricha - (Chairman)	✓	✓	x[1]	✓
Mrs. Ahlam Bennani	✓	✓	✓	✓
Mr. Foluso Laguda	✓	✓	✓	✓
Mr. Steve O. Iwenjora	✓	✓	✓	✓
Mr. Stephen Murphy	✓	x	x[2]	x[3]

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 Board structure & 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 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.

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			
	30/01/2018	23/04/ 2018	23/07/ 2018	22/10/2018
Custodian & Allied Insurance Plc represented by Mr. Wole Oshin (Chairman)	✓	✓	✓	✓
SONAR Burkina Faso represented by Mr. Justice K. Kambou	✓	✓	✓	✓
I & I Investment represented by Mr. Blakey O. Ijezie	✓	✓	✓	✓
Mrs Ahlam Bennani	✓	✓	✓	✓
Mr. Foluso Laguda	✓	✓	✓	✓
Mr. Steve Iwenjora	✓	✓	✓	✓

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, Legal & Compliance, and the Heads of ICT, Human Resources, Internal Audit, Technical Accounting/Credit Control. The Committee meets monthly to review the performance of each unit, regional offices and subsidiaries.

Executive Committee

The Group Managing Director/CEO (Chairman), the Executive Director/Group Head of Operations, the Chief Finance Officer, the Chief Risk Officer and other key management staff constitute the Executive Committee. The Committee meets weekly to discuss matters relating to the day to day operations of the business. The Committee assists the Group Managing Director/CEO to define business goals and objectives; chart and define corporate strategies; track and manage strategic business performance against formulated plans and expected results and outcomes; make decisions on operating plans and budgets as well as review financial results and control and

Corporate Governance Report (continued)

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

11. Employee Code of Conduct

Employees of the Company are expected to demonstrate the highest level of conduct and ethical standards. The Company has a clearly defined Code of Conduct and Ethics that guides employees' behaviors. All employees in the Group have acknowledged receipt of the Code and confirmed that they have read and understood the contents. Procedures are put in place to ensure compliance and there are disciplinary measures for any confirmed violation.

There was no reported violation of the Code during the year under review.

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, potential or perceived conflict of interest situation that 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

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

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. The developmental programmes are specific to individual successor and the impact on performance is measured regularly.

16. Staff Gender Analysis

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

	Male	Female	Male %	Female %
Total Employees	56	36	60.9	39.1
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)

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

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

20. Corporate Social Investment

In 2018, 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

The Company internship and mentorship programme is aimed at creating opportunities for industrial attachment to continuing students from recognized institutions of higher learning. Also, there exists an internship programme for fresh graduates. Both the permanent staff and interns are mentored by the senior members of staff across our office locations.

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

In 2018, 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.

1. Advocacy / Popularizing Insurance

In 2018, we continued with our aims of advocating / popularizing insurance through our journalism awards programme as part of our corporate social investment. The Pan-African Re/Insurance Journalism Awards are an extension of our continued commitment to advance excellence in the sector. The 2018 entries not only improved in quality, but they also came from a wider range of countries, and with more diverse insurance topics being featured by journalists.

Continental Reinsurance initiated the journalism awards in 2015 to recognise and acknowledge the good work of media on the continent. Journalists are required to demonstrate how their articles raised awareness and understanding of the insurance sector in Africa. The third edition of the journalism awards received 61 entrants from 15 English and French speaking countries including: Kenya, Uganda, South Africa, Zimbabwe, Nigeria, Ghana, Namibia, Mauritius and Zambia for Anglophones; Ivory Coast, Cameroon, Senegal, Chad, Democratic Republic of Congo and Togo for Francophones.

The entries were assessed and evaluated by an independent panel of judges, which comprised of 5 insurance and business media experts: Nadia Mensah Acogny, Journalist, Forbes Afrique; Tony van Niekerk, Editor, Cover Publications; Afif Ben Yedder, Founder, IC Publications; Michael Wilson, Business & Finance Journalist and Kenneth Igbomor, Market News Editor (West Africa), CNBC Africa. The winners were announced at a gala dinner held during Continental Reinsurance's CEO Summit held on 9th April 2018 in Swakopmund, Namibia.

The winners won a combination of financial and practical training prizes including: a fully paid trip to attend the awards ceremony and Continental Re's CEO summit in Swakopmund, Namibia in April; a cash prize of USD 2000 for the overall winner and USD 1000 for the other two categories and a two-day training on insurance reporting during the awards event and mentorship by Commercial Risk Africa Magazine, UK.

2. Client development programmes

As part of the Company's customer relationship management, we continue to deploy resources into the development of our clients through our various technical training 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 2018, the Company organized training programmes which cut across different technical topics such as agriculture insurance, engineering and property insurance, life assurance, oil and gas insurance, liability insurance and reinsurance. These programmes were well attended by practitioners in the

Corporate Governance Report (continued)

different markets where they were held (Nigeria, Cameroun, Namibia, Senegal, Morocco, Tunisia, Cote d'Ivoire, Mauritius, Guinea, Angola and Ghana).

3. 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.

Mr. Cassim Hansa, Managing Director, Gaborone Subsidiary, was appointed to the PSI Board following an election process among delegates from PSI signatory companies and his Board appointment will extend to year 2021. 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.

In 2018 Continental Reinsurance Plc committed to host the 2019 2nd PSI African Market Event, in Lagos, Nigeria. The purpose of what has now become an annual PSI African Market Event is to bring together leading practitioners and thinkers within the African insurance 'ecosystem', the UN and key stakeholders to share experiences and ideas to support the growth, profitability, responsibility, resilience and sustainability of the African insurance industry, and to drive sustainable development on the continent. Under the auspices of the United Nations Environment's Principles for Sustainable Insurance (PSI)—the largest collaborative initiative between the UN and the insurance industry— international experts would meet leading Nigerian insurance practitioners to focus on three key themes:

- o Closing the Risk Protection Gap
- o Resilient Cities
- o Sustainable Food Systems and Agriculture

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.

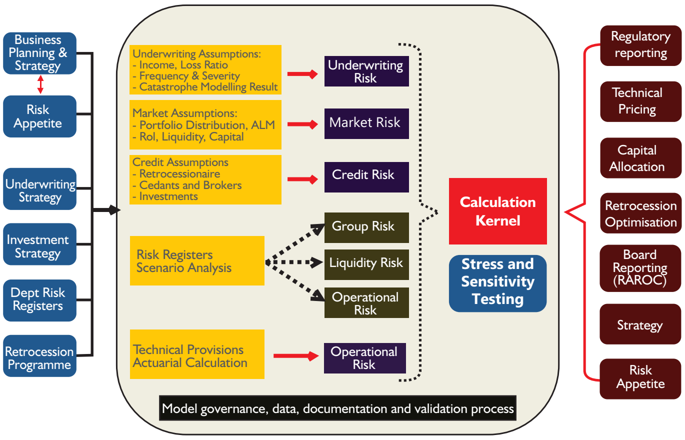
The risk management function reviews and challenges plan assumptions and assesses the risk and feasibility related to implementing the proposed plan. The risk function also proposes risk capacity limits to ensure compliance with overall risk appetite and risk tolerance criteria

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.

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 of its 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 possess. Reputational risk relates to the trustworthiness and standing of the firm with its stakeholders, in its market and its wider environment. Reputational 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 2018, 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, and 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

Corporate Governance Report (continued)

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 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 through reviews of processes and procedures and makes recommendations for enhancement and improvement. There is an approved audit charter developed by the unit which clearly defines the purpose, authority and responsibility of the internal audit function. The unit also develops annual risk-based audit plan which is based on the result of the Group's risk assessment. The Company's ERM framework identifies the broad range of risks facing the Company and the annual audit plan addresses the identified risks and identifies audit priority areas and areas of greatest threat to the Company.

The evaluation of internal controls put in place encompasses the Group's information systems environment; the reliability of the financial and operational information; the effectiveness and efficiency of operations; safeguarding of assets; compliance with laws, statutory requirements and regulations and assurance on the robustness and effectiveness of the Company's risk management process. During the year, the unit carried out quarterly reviews of the effectiveness of the internal controls at the head office and the subsidiaries in Botswana, Kenya and Douala. Findings and recommendations were shared and discussed with Management, the Audit Committee and the Board and corrective actions were taken where control weaknesses were identified. 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 the business strategy. To this end, varied communication tools and channels were used to provide effective opportunities for employees to engage leadership members and each other, thus reinforcing business objectives.

Notably, we conducted senior leadership and regional team alignment sessions through a process of workshops and discussions. This was aimed at affirming our brand values and addressing harmonization of the non-material aspects of culture alignment including key areas of communication, conflict handling and decision making. These were then enshrined in a team charter to which individual adherence commitments were made. The team charter is a continuous guide to our behaviours in line with the culture we expect to build across the Group.

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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Phone: +234 8158390739, 8158390740
Website: www.corpgovnigeria.org

BOARD EVALUATION REPORT FOR THE BOARD OF CONTINENTAL REINSURANCE PLC

EXECUTIVE SUMMARY

The Society for Corporate Governance Nigeria was invited to conduct an independent evaluation/assessment of the Board of the Continental Reinsurance Plc for 2018.

Below is a summary of our findings:

Incorporated in Nigeria in 1985, Continental Reinsurance started business initially as a private reinsurance company. From January 1987, it began operating as a general reinsurer and in January 1990, it became a composite reinsurer, offering both treaty and facultative life and non-life reinsurance, with a well-diversified business mix and customer base.

As part of its overall goal to become the recognised leading reinsurance company in Africa, it converted to a public limited liability company in 2000. With a history spanning more than 30 years, it has developed an extensive network across Africa in order to serve our clients. Everything it has done is underpinned by the translation of its pan-African track record and commitment into local value. Its vision is to be the premier pan-African reinsurer.

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 Communication both in the Board and Committees. Also, Directors' knowledge and understanding span across their diversity, experience, resounding knowledge of the business, financial and economic environment. Interviews held with the Directors also revealed the level of thoroughness that goes into every decision taken and every policy generated.

All the policies 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' (89.7%)** in regulatory compliance and transparency.

In our opinion, the Board takes its oversight functions very seriously and is committed to the business of the company. This is demonstrated by the attendance at Board and Committee meetings of the Directors and the depth of discussions and resolutions arrived at during these meetings.

In the period under review, the Board met five (05) times. The Audit and Compliance committee met four (04) times, the Finance, Investment & General Purposes committee met four (04) times, the Nomination & Remuneration committee met four (04) times and the Risk Management, Governance & Underwriting committee met four (04) times each during the year.

In as much as there is still room for improvement and continuous Director development, we are happy to state that the Board of Continental Reinsurance Plc conducted its affairs in an acceptable and satisfactory manner in 2018.

For: **SOCIETY FOR CORPORATE GOVERNANCE NIGERIA**

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

Audit Committee's report

To the members of Continental Reinsurance Plc

In accodance 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, 2018 as follows:

The scope and plan of the audit for the year ended December 31st, 2018 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 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 21, 2019

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. Blakey Ijezie
Shareholder

Mrs. Ahlam Bennani
Director

Mr. Foluso Laguda
Director

Mr. Steve Iwenjora
Director

Growth in shareholders' fund

24.5%

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FINANCIAL STATEMENTS

Statement of Directors' Responsibilities

in relation to the consolidated and separate financial statements for the year ended 31 December 2018

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.

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

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

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

Chief Ajibola Ogunshola
Chairman
FRC:2017/IODN/00000016052
31 January 2019

Dr. Olufemi Oyetunji
Group Managing Director/CEO
FRC/2013/NSA/00000000685
31 January 2019

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Independent auditor's report

To the Members of Continental Reinsurance Plc

Report on the audit of the consolidated and separate financial statements

Our opinion

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Continental Reinsurance Plc ("the company") and its subsidiaries (together "the group") as at 31 December 2018, and of their consolidated and separate financial performance and their consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies and Allied Matters Act, the Insurance Act and the Financial Reporting Council of Nigeria Act.

What we have audited

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

- the consolidated and separate statements of profit or loss and other comprehensive income for the year ended 31 December 2018;
- the consolidated and separate statements of financial position as at 31 December 2018;
- 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 and the statement of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report.

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

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

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Key audit matter	How our audit addressed the key audit matter
Valuation of insurance contract liabilities (N23.3 billion)	
The estimation of insurance contract liabilities involves a significant degree of judgement. The liabilities are based on the best-estimate of the ultimate cost of all Incurred Claims Liabilities (ICL) but not settled at a given date, whether reported or not and Unexpired Risk Reserve (URR). The Incurred Claims Liabilities (ICL) consist of Outstanding Claims Reserve (OCR), Incurred But Not Reported (IBNR) and Incurred But Not Enough Reported (IBNER). In valuing claims liabilities, management applied a combination of the chain ladder (CL) method and Bornhuetter-Ferguson (BF) methods. The chain ladder uses historical data to project future expected claims. Similarly, the BF method uses a combination of claim values and incurred loss ratios to make projections. A critical assumption underlying the BF method is the choice of Initial Expected Loss Ratio (IELR). The Unexpired Risk Reserve (URR) consist of the Unearned Premium Reserve (UPR), Deferred Acquisition Cost (DAC) and the Additional Unexpired Risk Reserve (AURR). The Additional Unexpired Risk Reserve (AURR) is assessed based on the profitability of the businesses written. In determining the Unearned Premium Reserve (UPR) and Deferred Acquisition Cost (DAC), management made use of models which are based on the assumption that that the risk profile of the insurance contracts are spread over the year and premiums are received evenly. Management makes use of external valuation experts for the valuation of insurance contract liabilities. See notes 2.4 and 2.8 of the statement of significant accounting policies and note 24 of the consolidated and separate financial statements. This matter is considered a key audit matter in both the consolidated and separate financial statements.	• We obtained the actuarial valuation report for insurance contact liabilities from management. • We assessed the competence, independence and objectivity of management's external actuarial experts • We understood, evaluated and tested controls over claims process and performed detailed substantive testing over claims paid. • 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 consistency and reasonableness of the group's methodology used. We assessed the actuarial assumptions used in the valuation to determine whether these are appropriate and in line with actual experience and challenged management's rationale for the judgements applied.

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Key audit matter	How our audit addressed the key audit matter
Valuation of reinsurance receivables (N12.0 billion)	
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. Management performs quarterly reconciliations with the existing cedants and considers the result in the impairment assessment. See notes 2.4 and 2.15 of the statement of significant accounting policies and note 25 of the consolidated and separate financial statements. 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. In particular, we: • tested the aging analysis of the net receivable performed by management by selecting samples and checking to supporting documentation; • assessed the reasonableness and appropriateness of the impairment methodology and assumptions used in testing the recoverability of the reinsurance receivables. This was done by reviewing the historical and current collection data used in determining the collection ratio and impairment factor applied in the valuation of the company's reinsurance receivables; • evaluated the existing relationship between the company and selected cedants and assessed the financial condition of the cedants.
Valuation of Investment properties (N3.1 billion)	
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. Management makes use of external valuation experts for the valuation of investment properties. See notes 2.4 and 2.16 of the statement of significant accounting policies and note 20 of the consolidated and separate financial statements. 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. The assumptions and inputs are capitalisation rate, discount rate, rental income and average annual probable vacancy rate. • We performed an independent assessment of the value of the investment properties by way of re-computation using verifiable data and challenged management position where the recomputed fair value differed from theirs.

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Other information

The directors are responsible for the other information. The other information comprises Corporate Information, Directors Report, Statement of Directors' Responsibilities, Audit Committee's Report, Consolidated statement of Value Added and Five Year Financial Summary, (but does not include the consolidated and separate financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report and the other sections of the Continental Reinsurance Plc 2018 Annual Report, which are expected to be made available to us after that date.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

When we read the other sections of the Continental Reinsurance Plc 2018 Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the directors and those charged with governance for the consolidated and separate financial statements

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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- 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.

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

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

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

iii) the company's statement of financial position and statement of profit or 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

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
36/ICAN
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31 January 2019

Statement of significant accounting policies

Consolidated and seperate financial statements for the year ended 31 December 2018

1. General information

a. The consolidated financial statements of Continental Reinsurance PLC and its subsidiaries (collectively, the Group) for the year ended 31 December 2018 were authorised for issue in accordance with a resolution of the Directors on 31 January 2019.

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

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

b. Principal activity

The Group is licensed to carry out both life and non - life reinsurance business. The Group provides cover in all classes of reinsurance, basically non-life and life treaty and facultative reinsurance, backed by retrocessionaires in the London and African reinsurance markets. The products and services by the Group cuts across accident, energy, fire, marine, liability, individual and group life.

The Group also has an investment portfolio with diversified investment focus aimed at improving its profitability, meet future claim obligations, and limit the Group's exposure to investment risk, preserve shareholders' capital in order to maximize total return on investment.In addition, the Group also provides top-class specialized training and development programmes to its esteemed clients in various classes of insurance and reinsurance including fire, energy, business interruption, international reinsurance, life and pension, motor and general accident and engineering/bond insurance.

2. Summary of significant accounting policies

2.1 Introduction to summary of accounting policies

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

2.2. Basis of preparation

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

2.2.1 Statement of compliance

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

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

2.2.2 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.

2.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2018. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
• The contractual arrangement with the other vote holders of the investee,
• Rights arising from other contractual arrangements, and
• The Group's voting rights and potential voting rights.

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

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

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

2.4 Significant accounting judgements, estimates and assumptions

Judgements

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

Operating lease commitments — Group as lessor

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

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared.

Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Fair value of level 3 financial instruments

Investments in unquoted equity securities that are classified as available for sale financial instrument and measured at fair value in line with the accounting policies as set out in the statement of significant accounting policies

See note 14.1 for sensitivity analysis on level 3 financial instruments

Valuation of Insurance contract liabilities Life insurance contract liabilities:

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

Certain acquisition costs related to the sale of new policies are recorded as deferred acquisition costs (DAC) and are amortized to the profit or loss over time. If the assumptions relating to future profitability of these policies are not realized, the amortization 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.

The carrying value at the reporting date of life insurance contract liabilities for the Group is N2,136,285,000 (2017: N2,430,312,000) and Company N1,493,681,000 (2017: N2,166,356,000).

Non-life insurance contract liabilities:

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

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder and Bornheutter-Ferguson methods. These methods primarily use historical claim settlement trends as a base for assessing future claims settlement

Statement of significant accounting policies (continued)

amounts. Historical claims developments are mainly analyzed by underwriting year, by type and line of business and by geographical territory. Large claims are separately addressed using loss adjusters' reports and historical large claims development patterns.

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

The carrying value at the reporting date of non-life insurance contract liabilities for the Group is N21,266,353,000 (2017: N15,535,678,000) and Company N10,584,221,000 (2017: N10,304,234,000).

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.

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 N3,824,698,000 (2017: N3,645,142,000) and Company N2,137,922,000 (2017: N2,554,071,000).

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 N517,949,000 (2017: N318,212,000) and Company N400,310,000 (2017: N218,855,000). 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 N203,124,000 (2017: N306,457,000) and Company N158,847,000 (2017: N275,150,000).
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 recognized in profit or loss. The Group engaged an independent valuation specialist to assess fair value as at 31 December 2018. 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 N3,073,003,000 (2017: N2,857,111,000) and Company N3,073,003,000 (2017:N2,857,111,000).
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 recognized 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 recognized in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognized 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
IFRS 9 - Financial instruments effective 1 January 2018

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

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

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

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

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

a) its activities are predominantly connected with insurance contracts;

b) the carrying amount of its liabilities arising from insurance contracts and insurance connected liabilities for the group sum up to N27.1billion as at 31 Dec 2018 (31 Dec 2017 : N20.8billion), Company N14.5billion (31 Dec 2017: 14.9billion) which is greater than 80 per cent of the total carrying amount of all its liabilities as at 31 Dec 2018 and 31 Dec 2017 respectively ;

c) as at 31 December 2017, which is the reporting date that immediately precedes 1 January 2018, the carrying amount of the group and company liabilities arising from insurance connected contracts was 92% which is greater than 90 per cent of the total carrying amount of all its liabilities as at that date as presented below;

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

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

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

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

Fair value disclosures

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

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

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

e) Investment securities

	Fair Value	
	2018	2017
Bonds	5,831,354	5,365,083
Treasury Bills	1,403,886	2,627,190

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

Statement of significant accounting policies (continued)

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

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

	Fair Value	
	2018	2017
Quoted Equity Securities	552,431	574,281
Unquoted Equity Securities	1,252,583	1,169,767

Fair value changes during the year are disclosed in 7 respectively

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 recognize 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 does not have significant impact on the Company's financial statements.

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. Management has assessed the impact of the amendment and identified that the amendment does not have a significant impact on the company's financial statement.

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 16 – Leases

This is a new standard introduced by IASB to replace existing standard IAS 17 - Leases.

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

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.

IFRS 17 - Insurance contracts effective 1 January 2021

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

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

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

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

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

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

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.

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 recognized as revenue when due.

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

2.9.1Revenue recognition
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

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

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

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

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

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

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

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

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

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

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

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

2.9.7 Liability adequacy test
Liabilities from insurance policies are tested by certified professional actuary at each reporting date for adequacy of the insurance liabilities recognized 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 recognized liabilities are adequate. If these tests determine that the carrying amount of the insurance liabilities is negative, taking into account capitalized acquisition costs and/or capitalized policy portfolio values, the entire shortfall is immediately recognized in profit or loss.

Statement of significant accounting policies (continued)

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 amortized over the premium payment period in proportion to the premium revenue recognized.
Commissions receivable on outwards retrocession contracts are deferred and amortized on a straight line basis over the term of the expected premiums payable.

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

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

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

2.10.3 Management and administration expenses
Management and administration expenses are expenses other than claims, acquisition and maintenance expenses. These include salaries and emoluments, other staff costs, depreciation and amortization, 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 amortization.

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 amortized 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 recognized 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
Realized 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 amortized cost and are recorded on occurrence of the sale transaction.

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

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

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

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

The Company classifies financial instruments, ot their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement. Classification depends on the purpose for which the financial instruments were obtained/incurred and takes place at initial recognition. Classification is re-assessed on an annual basis.
Financial instruments are measured initially at fair value, except for equity instruments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

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

Transaction costs on financial instruments at fair value through profit or loss are recognized 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 derecognized 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 recognized to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognizes 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 derecognized 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 recognized in the profit or loss.

2.13.3 Offsetting financial instruments

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

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

Financial assets for which the fair value option is applied are recognized in the statement of financial position as 'Financial assets designated at fair value'. Fair value changes relating to financial assets designated at fair value through profit or loss are recognized 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 recognized at fair value – which is the cash consideration to originate or purchase the loan including any transaction costs – and measured subsequently at amortized 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 recognized at fair value including direct and incremental

Statement of significant accounting policies (continued)

transaction costs and measured subsequently at amortized 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 recognized in profit or loss as 'impairment of financial assets'. Held-to-maturity investments include sovereign, sub-national and corporate bonds.

d. Available-for-sale financial assets

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

Available-for-sale financial assets are initially recognized at fair value, which is the cash consideration including any transaction costs, and measured subsequently at fair value with gains and losses being recognized in other comprehensive income. If an available-for-sale financial asset is determined to be impaired, the cumulative gain or loss previously recognized in the other comprehensive income is recognized 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 recognized in profit or loss. Dividends on available-for-sale equity instruments are recognized 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 N2,229,365,000 (2017:N2,121,225,000) and Company N2,194,549,000 (2017:N2,090,531,000).

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 reorganization 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 amortized cost

For financial assets carried at amortized 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, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on assets carried at amortized 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 recognized 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 realized 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 recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to profit or loss.For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of the Group's internal credit grading system, which considers credit risk characteristics such as asset type, industry, geographical location, collateral type, past-due status and other relevant factors.Future cash flows on a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. Estimates of changes in future cash flows reflect, and are directionally consistent with, changes in related observable data from year to year (such as changes in unemployment rates, payment status, or other factors that are indicative of incurred losses in the group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Available-for-sale financial assets

For available-for-sale financial assets, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.
In the case of equity investments classified as available-for-sale, objective evidence would include a 'significant or prolonged' decline in the fair value of the investment below its cost. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in the profit or loss – is removed from other comprehensive income and recognized 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 recognized 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 amortized cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognized 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 recognized 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 categorized 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 amortized cost

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

Statement of significant accounting policies (continued)

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. 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 recognized 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 amortized 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 derecognized when the derecognition criteria for financial assets, as described in Note 2.13.2, have been met.

2.16 Investment properties

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

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

Investment property is subsequently measured at fair value. The fair value is determined annually by independent valuation experts on the highest and best-use basis. The fair value of investment properties have been determined using the income approach as this reflects the best use of the assets.
Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss as "Fair value gains/loss on investment properties" in the year in which they arise.

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

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference arising between the carrying amount and the fair value of this item at the date of transfer is recognized 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 recognized 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 derecognized 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 recognized in the profit or loss in the year of retirement or disposal.

2.17 Property, plant and equipment

An asset is recognized 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 2018 (2017: 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 recognized over the lease term on the same bases as rental income. Contingent rents are recognized 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 amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and amortization 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 amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized 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.

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

2.20 Reinsurance creditors
Reinsurance payables are recognized 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 amortized cost using the effective interest rate method.

Reinsurance payables are derecognized 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 recognized 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 recognizes 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 realized 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 recognized when it is probable that future taxable profit will be available against which these losses and other temporary differences can be utilized.

The amount of deferred tax provided is based on the expected manner of realization 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 realized.
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 recognized 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 recognized in other comprehensive income, is also recognized 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 realize the asset and settle the liability at the same time.

Statement of significant accounting policies (continued)

Sales tax

Expenses and assets are recognized 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 recognized 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 recognized 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 recognized 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 unrecognized 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 recognized in profit or loss on the earlier of:
- The date of the plan amendment or curtailment, and
- The date that the Group recognizes restructuring-related costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognizes 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 recognized 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 recognized 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 recognized 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 recognized 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 recognized in equity, net of tax.

Dividends on ordinary share capital

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

Dividends for the year that are declared after the reporting date are dealt with as event after reporting date.

Dividends proposed but not yet declared are disclosed in the financial statements in accordance with the requirements of the Company and Allied Matters Act.

2.25 Contingency reserves

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

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

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

2.26 Comparatives

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

Consolidated statement of profit or loss
and other comprehensive income
for the year ended 31 December 2018

	Notes	Group Dec. 2018	Group Dec. 2017	Company Dec. 2018	Company Dec. 2017
		=N='000	=N='000	=N='000	=N='000
Gross premium written	1.1	**34,185,991**	**29,673,214**	**19,195,853**	**18,241,977**
Insurance premium revenue	1.1	30,367,769	26,411,922	16,457,342	15,989,520
Insurance premium ceded to retrocessionaires	1.2	(7,245,328)	(3,281,025)	(2,930,531)	(1,748,871)
Net insurance premium revenue		**23,122,441**	**23,130,897**	**13,526,811**	**14,240,649**
Insurance Benefits					
Insurance claims and loss adjustment expenses	2.1	13,574,772	14,302,709	7,590,018	9,077,259
Insurance claims and loss adjustment expenses recoverable from retrocessionaire	2.1	(2,859,244)	(3,650,568)	(1,810,266)	(3,284,736)
Net insurance benefits and claims		10,715,528	10,652,141	5,779,752	5,792,523
Underwriting expenses	2.2	11,223,348	11,182,890	7,127,768	7,132,461
Insurance benefits and underwriting expenses		21,938,876	21,835,031	12,907,520	12,924,984
Underwriting profit		1,183,565	1,295,866	619,291	1,315,665
Interest income	3	2,199,142	1,977,888	1,467,588	1,368,205
Net fair value loss on assets at fair value through profit or loss	4	-	(5,872)	-	(5,872)
Fair value gain/(loss) on investment properties	4	580,892	(11,617)	580,892	(11,617)
Other income	5	681,712	608,021	861,922	1,136,188
Foreign exchange gain	5.1	1,893,744	1,140,418	1,585,998	1,209,077
Administrative expenses	6.2	(970,201)	(830,820)	(500,715)	(500,943)
Impairment of assets	6.3	(1,209,498)	(603,599)	(702,120)	(435,261)
Profit from continued operations		4,359,355	3,570,285	3,912,856	4,075,442
Profit from discontinued operations	7a	-	-	-	352,100
Profit before income tax		4,359,355	3,570,285	3,912,856	4,427,542
Income tax expense	8	(1,037,242)	(1,099,994)	(770,479)	(1,170,231)
Profit for the year		3,322,113	2,470,291	3,142,377	3,257,311
Attributable to:					
Equity holders of the Parent		3,495,676	2,058,189	3,142,377	3,257,311
Non controlling interest		(173,563)	412,102	-	-
Other comprehensive income					
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:					
Remeasurement gains/(loss) on available for sale financial assets available for sale financial assets	7	111,096	(2,673)	111,002	(4,427)
Exchange difference on translation of foreign operation		3,359,162	(324,196)	-	-
Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods:					
Remeasurement of post employment benefits obligations	27.2	114,127	(4,093)	89,249	(5,541)
Income tax relating to component of other comprehensive income	9.1	(26,775)	1,662	(26,775)	1,662
Other comprehensive income/(loss) for the year, net of tax		3,557,610	(329,300)	173,476	(8,306)
Total comprehensive income for the year		**6,879,724**	**2,140,991**	**3,315,853**	**3,249,004**
Attributable to:					
Equity holders of the parent		7,053,287	1,826,506	3,315,853	3,249,004
Non controlling interest		(173,563)	314,485	-	-
		6,879,724	2,140,991	3,315,853	3,249,004
Earnings per share basic and diluted (kobo)	10	**34**	**32**	**30**	**31**

See accompanying notes to the consolidated financial statements.

Consolidated statement of financial position

as at 31 December 2018

	Notes	Group Dec. 2018 =N='000	Group Dec. 2017 =N='000	Company Dec. 2018 =N='000	Company Dec. 2017 =N='000
Assets					
Cash and cash equivalents	11	14,610,220	9,079,093	6,027,224	6,680,113
Financial assets					
-Financial asset designated as fair value through profit or loss	12	2,853,024	2,159,477	-	-
-Loans and other receivables	13	642,862	492,278	432,699	439,081
-Available-for-sale investments	14.1	2,229,365	2,121,225	2,194,549	2,090,531
-Held to maturity investments	14.2	6,820,073	7,613,317	4,294,419	6,065,330
Reinsurance receivables	15	11,950,636	9,922,254	6,098,604	6,184,435
Retrocession assets	16	6,494,583	2,759,666	2,880,398	1,877,676
Deferred acquisition costs	17	4,034,583	2,291,853	2,227,037	1,501,752
Other assets	18	151,555	329,433	1,968,320	756,126
Investment in subsidiaries	19	-	-	5,216,931	2,272,473
Investment properties	20	3,073,003	2,857,111	3,073,003	2,857,111
Intangible assets	21	381,949	20,168	381,580	19,849
Property, plant and equipment	22	3,395,476	2,488,614	2,327,693	2,379,582
Statutory deposits	23	1,000,000	1,000,000	1,000,000	1,000,000
Total assets		**57,637,329**	**43,134,490**	**38,122,458**	**34,124,059**
Liabilities					
Insurance contract liabilities	24	23,256,657	17,965,990	12,077,902	12,470,590
Reinsurance creditors	25	2,191,916	1,356,210	1,103,195	941,363
Other liabilities	26	862,568	860,222	3,611,173	1,249,986
Retirement benefit obligations	27	203,124	306,457	158,847	275,150
Current income tax payable	8	1,656,899	1,550,357	1,504,444	1,565,199
Deferred tax liabilities	9	517,949	318,212	400,311	218,855
Total liabilities		**28,689,113**	**22,357,448**	**18,855,872**	**16,721,143**
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	5,265,633	4,462,001	5,054,404	4,413,032
Retained earnings	31	5,093,838	3,775,255	4,662,873	3,551,578
Available-for-sale reserve	32.1	441,041	329,978	447,486	336,484
Foreign currency translation reserve	32.2	4,291,530	1,764,220	-	-
Equity attributable equity holders of the parent		**24,193,865**	**19,433,277**	**19,266,586**	**17,402,917**
Non-controlling interest	33	4,754,351	1,343,765	-	-
Total equity		**28,948,216**	**20,777,042**	**19,266,586**	**17,402,917**
Total liabilities and equity		**57,637,329**	**43,134,490**	**38,122,458**	**34,124,060**

Chief Ajibola Ogunshola
Chairman
FRC:2017/IODN/00000016052

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

Nkem Odibeli
Chief Financial Officer
FRC:2017/ICAN/00000018942

See accompanying notes to the consolidated financial statements.
The Financial Statements were approved by the Board on January 31, 2019

Consolidated statement of changes in equity
for the year ended 31 December 2018

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-salereserve =N='000	Foreign currency translation reserve =N='000	Non controlling interest	Total equity =N='000
As at 1 January 2018		5,186,372	3,915,451	4,462,001	3,775,255	329,978	1,764,220	1,343,765	20,777,042
Profit/(loss) for the period		-	-	-	3,495,676	-	-	(173,563)	3,322,113
Exchange difference on foreign currency translation							2,527,310	831,852	3,359,162
Other comprehensive income		-	-	-	78,723	111,063	-	8,662	198,446
		-	-	-	3,574,399	111,063	2,527,310	666,951	6,879,721
Transfer of contingency reserve		-	-	803,632	(803,632)	-	-	-	-
Capital contribution								2,743,635	2,743,635
Dividends declared	26.1	-	-	-	(1,452,184)	-	-	-	(1,452,184)
		-	-	803,632	(2,255,816)	-	-	2,743,635	1,291,451
At 31 December 2018		**5,186,372**	**3,915,451**	**5,265,633**	**5,093,838**	**441,041**	**4,291,530**	**4,754,351**	**28,948,214**
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
Exchange difference on foreign currency translation							(324,442)	246	(324,196)
Other comprehensive income		-	-	-	(2,165)	(3,287)	-	348	(5,104)
		-	-	-	2,811,548	(3,287)	(324,442)	(342,828)	2,140,991
Transactions with owners									
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**	**20,777,042**

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 2018 (continued)

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
		Attributable to the equity holders of the parent					
As at 1 January 2018		5,186,372	3,915,451	4,413,032	3,551,578	336,484	17,402,917
Profit for the period		-	-	-	3,142,377	-	3,142,377
Other comprehensive income		-	-	-	62,474	111,002	173,476
		-	-	-	3,204,851	111,002	3,315,853
Transfer of contingency reserve		-	-	641,372	(641,372)	-	-
Dividends declared	26.1	-	-	-	(1,452,184)	-	(1,452,184)
		-	-	641,372	(2,093,556)	-	(1,452,184)
At 31 December 2018		**5,186,372**	**3,915,451**	**5,054,404**	**4,662,873**	**447,486**	**19,266,585**
As at 1 January 2017		**5,186,372**	**3,915,451**	**3,754,687**	**2,408,676**	**340,911**	**15,606,097**
Profit for the year		-	-	-	3,257,311	(4,427)	3,252,884
Other comprehensive income		-	-	-	(3,879)	-	(3,879)
		-	-	-	3,253,432	(4,427)	3,249,005
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**	**3,551,579**	**336,484**	**17,402,918**

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 2018

	Notes	Group Dec. 2018 =N='000	Group Dec. 2017 =N='000	Company Dec. 2018 =N='000	Company Dec. 2017 =N='000
Cash flows from operating activities					
Premium received from policy holders		30,874,025	29,437,559	18,579,563	21,243,213
Retrocession receipts in respect of claims		1,808,802	2,361,575	1,584,105	2,013,225
Acquisition costs paid		(7,696,620)	(7,349,199)	(4,257,192)	(5,198,468)
Retrocession premium paid		(7,300,913)	(3,325,008)	(3,116,222)	(2,071,542)
Cash paid to and on behalf of employees		(2,251,626)	(2,031,218)	(1,449,949)	(1,590,549)
Other operating cash payment and receipts		488,753	194,938	(364,456)	1,127,015
Claims paid		(13,967,712)	(13,343,325)	(9,918,055)	(9,955,908)
Income taxes paid	8	(776,019)	(708,629)	(676,552)	(702,940)
Net cash generated by operating activities	**34**	**1,178,687**	**5,236,691**	**381,241**	**4,864,048**
Cash flows from investing activities					
Purchase of property, plant and equipment	22	(934,812)	(1,246,494)	(465,126)	(1,208,468)
property, plant and equipment written off	22	-	501	-	-
Proceed from disposal of investment property		375,000	-	375,000	-
Purchase of intangible assets	22	(406,025)	-	(406,025)	-
Proceeds from disposal of property, plant and equipment		13,432	3,300	5,783	2,053
Purchase of investment securities		(3,427,191)	(3,867,335)	(648,338)	(1,609,845)
Proceeds on redemption /sales of investments		6,378,786	1,580,367	2,549,283	1,151,400
Interest received		1,815,630	1,485,574	1,360,834	1,017,275
Dividend received		120,294	40,193	22,281	39,055
Investment in subsidary		-	-	**(1,609,584)**	**(622,902)**
Net cash used in investing activities		**3,935,114**	**(2,003,894)**	**1,184,109**	**(1,231,432)**
Cash flows from financing activities					
Dividends paid to equity holders parent	26.1	(1,451,515)	(2,670,394)	(1,451,515)	(2,670,394)
Capital injection during the year		**2,743,635**	-	-	-
Net cash used in financing activities		**1,292,120**	**(2,670,394)**	**(1,451,515)**	**(2,670,394)**
Net increase in cash and cash equivalents		6,405,921	562,403	113,835	962,221
Cash and cash equivalents at beginning of year		7,363,001	6,822,392	4,964,023	4,014,648
Effect of exchange rate changes on cash and cash equivalents		**206,745**	**(21,794)**	**314,814**	**(12,846)**
Cash and cash equivalents at end of year	**35**	**13,975,666**	**7,363,001**	**5,392,672**	**4,964,023**

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

1 Revenue 1.1 Insurance premium revenue	Group Dec. 2018 =N='000	Group Dec. 2017 =N='000	Company Dec. 2018 =N='000	Company Dec. 2017 =N='000
Premium revenue arising from insurance contracts issued				
Life insurance contracts				
– Gross Premium	4,156,997	3,709,663	3,289,630	2,897,178
– Change in life unearned premium (Note 24.3)	(439,047)	97,204	(392,965)	(151,748)
Non life insurance contracts				
– Gross Premium	30,028,995	25,963,551	15,906,223	15,344,799
– Change in unearned premium provision	(3,379,176)	(3,358,496)	(2,345,546)	(2,100,709)
Total Premium revenue arising from insurance contracts issued	30,367,769	26,411,922	16,457,342	15,989,520

1.2 Insurance premium ceded to retrocessionaires

Premium revenue ceded to retrocessionaire on insurance contracts issued				
Life insurance contracts	528,349	551,251	398,244	438,759
Non life insurance contracts	8,020,280	3,630,508	3,835,588	2,210,848
Gross premium ceded to retricessionaire	8,548,629	4,181,759	4,233,832	2,649,607
Change in retrocessionaire share of unearned premium	(583,935)	(595,233)	(583,935)	(595,235)
Commission received on premium ceded to retrocessionaires	(719,366)	(305,501)	(719,366)	(305,501)
Cost of Premium revenue ceded to retrocessionaire on insurance contracts issued	7,245,328	3,281,025	2,930,531	1,748,871
Net insurance premium revenue	23,122,442	23,130,897	13,526,811	14,240,649

2 Insurance benefits and underwriting expenses

2.1 Insurance claims and loss adjustment expenses

Life insurance contracts	1,909,782	2,105,057	1,292,333	1,656,544
Non life insurance contracts	11,664,990	12,197,652	6,297,685	7,420,715
Total cost of policyholder benefits	13,574,772	14,302,709	7,590,018	9,077,259
Insurance claims and loss adjustment expenses recoverable from retrocessionaire	(2,859,244)	(3,650,568)	(1,810,266)	(3,284,736)
Net insurance benefits and claims	10,715,528	10,652,141	5,779,752	5,792,523

2.2 Underwriting expenses

Amortized acquisition for the year (Note 17)	5,953,890	6,590,155	3,531,907	3,973,168
Costs incurred for the maintenance of insurance contracts	954,196	982,389	526,462	571,247
Management expenses (See Note 6.1)	4,315,262	3,610,346	3,069,399	2,588,046
Total underwriting expenses	11,223,348	11,182,890	7,127,768	7,132,461
Total insurance benefits and underwriting expenses	21,938,876	21,835,031	12,907,520	12,924,984

3 Interest income

Cash and bank balances interest income	1,002,551	833,385	522,130	506,528
Held-to-maturity and loans and receivables interest income	1,046,713	985,905	795,580	703,079
Statutory deposits interest income	149,878	158,598	149,878	158,598
Interest income	2,199,142	1,977,888	1,467,588	1,368,205

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)	-	(5,872)
Fair value gain/(loss) on investment properties	580,892	(11,617)	580,892	(11,617)
Total	**580,892**	**(17,489)**	**580,892**	**(17,489)**

5 Other income	Group Dec. 2018 =N='000	Group Dec. 2017 =N='000	Company Dec. 2018 =N='000	Company Dec. 2017 =N='000
Available-for-sale:				
– Dividends	22,416	40,188	22,281	39,055
– Gain on disposal of available-for-sale securities	10,000	275,245	10,000	275,245
Gain/(loss) on disposal of property, plant and equipment	11,877	(1,927)	5,783	(1,927)
Income on investment properties (Note 20.1)	137,243	111,014	137,243	111,014
Income from management and technical services	-	-	249,357	575,325
Interest on staff loan	27,348	25,647	27,348	25,647
Others (Note 5b)	472,829	157,854	409,911	111,829
	681,712	608,021	861,922	1,136,188

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

Notes to the consolidated financial statements Continued

	Group Dec. 2018 =N='000	Group Dec. 2017 =N='000	Company Dec. 2018 =N='000	Company Dec. 2017 =N='000
5b Breakdown of others				
Impairment no longer required (note 18.1)	-	-	286,617	-
Interest on premium/loss reserve	34,276	15,155	34,276	15,155
Recoveries from prior year written-off sundry receivables	22,686	50,780	22,686	50,780
Other sundry receipts	415,867	91,919	66,332	45,894
	472,829	157,854	409,911	111,829
5.1 Foreign exchange gain				
Net forex gain on investment assets	613,698	114,417	613,698	87,417
Net forex gain on foreign bank balances and sale of foreign currencies	527,606	640,746	527,606	640,746
Net forex gain on reinsurances receivables/payables	918,053	385,255	955,944	569,123
Net forex loss on retrocessionaires assets/payables	(165,613)	-	(165,613)	-
Net forex loss on intercompany balances	-	-	(345,637)	(88,209)
	1,893,744	1,140,418	1,585,998	1,209,077
6 Operating expenses				
6.1 Management expenses				
Employee benefits expenses	2,251,626	2,031,218	1,449,949	1,432,545
Productivity bonus	355,267	289,622	355,267	259,622
Subscriptions	49,664	26,174	40,052	22,181
Business travels	155,297	105,719	116,212	47,093
Supervisory levy	151,586	124,060	146,686	124,060
Training and seminars	226,360	197,663	158,686	105,449
Rent and rates	117,272	109,557	64,280	46,814
Bank charges	98,554	37,606	84,673	27,267
Stationeries, Printing and telephone	71,735	57,658	44,498	37,523
Electricity, fuel and diesel	52,273	33,592	39,245	38,164
ICT expenses-Hardware & software maintenance	158,285	104,313	109,768	85,789
Advert, publicity and client's devt.	92,904	68,143	80,225	64,852
Other operating expenses	534,439	425,021	386,958	296,687
Total management expenses	4,315,262	3,610,346	3,069,399	2,588,046

6.2 Administrative expenses comprises the following:

	Group Dec. 2018 =N='000	Group Dec. 2017 =N='000	Company Dec. 2018 =N='000	Company Dec. 2017 =N='000
Depreciation and amortisation (Note 21 and 22)	136,685	128,151	92,487	77,245
Auditor's remuneration	57,928	40,863	35,000	23,000
Consultancy and professional fees	358,764	306,004	235,453	256,343
Other administrative expenses	416,824	355,802	137,775	144,355
	970,201	830,820	500,715	500,943

During the period, the company's auditor, PricewaterhouseCoopers, rendered non-audit services on impact assessment of IFRS 9 and 17 to the company.

Employee benefit expense	Group Dec. 2018 =N='000	Group Dec. 2017 =N='000	Company Dec. 2018 =N='000	Company Dec. 2017 =N='000
Wages and salaries (local)	646,129	716,150	646,129	716,150
Wages and salaries (other regions)	1,475,894	1,101,056	712,068	548,197
Pension:		-		-
- Defined Benefit Staff Gratuity Plan	10,775	141,400	(27,076)	95,586
- Defined Contributory Plan	118,828	72,612	118,828	72,612
	2,251,626	2,031,218	1,449,949	1,432,545

The amount of Employer's pension contribution included amount of =N=119 million (2017:=N=72.6 million) paid on group life scheme in compliance with the 2014 Pencom Act.

	Group Dec. 2018 =N='000	Group Dec. 2017 =N='000	Company Dec. 2018 =N='000	Company Dec. 2017 =N='000
The average number of persons employed by the Company during the year was as follows:				
Managerial and Senior Staff	92	87	56	60
Junior Staff				
	92	87	56	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 Dec. 2018 =N='000	Group Dec. 2017 =N='000	Company Dec. 2018 =N='000	Company Dec. 2017 =N='000
N3,000,001 - N3,500,000	5	2	6	2
N3,500,001 - N4,000,000	2	6	1	4
N4,000,001 - N4,500,000	7	8	4	5
N4,500,001 - N5,000,000	3	10	-	6
N5,000,001 - N5,500,000	5	9	1	4
N5,500,001 and above	70	52	44	39
	92	**87**	**56**	**60**

Notes to the consolidated financial statements
Continued

6.3 Impairment of assets

	Group Dec. 2018 =N='000	Group Dec. 2017 =N='000	Company Dec. 2018 =N='000	Company Dec. 2017 =N='000
Reinsurance receivables (Note 15.1)	1,209,498	556,217	702,120	387,880
Loans and other receivables (Note 13.1)	-	-	-	-
Retro assets (Note 16.1)	-	47,381	-	47,381
Impairment on intercompany balances (note 18.1)	-	-	-	-
Other assets (Note 18.1)	-	-	-	-
	1,209,498	**603,599**	**702,120**	**435,261**

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

Net gain/(loss) on available-for-sale financial assets				
– Equity instruments	94	(155,507)	-	(157,261)
– Debt Instruments	111,002	152,834	111,002	152,834
Remeasurement gains on available-for-sale financial assets	111,096	(2,673)	111,002	(4,427)
Reclassification adjustments to gains included in profit or loss	-	-	-	-
Total net remeasurement gains on available for sale financial assets	**111,096**	**(2,673)**	**111,002**	**(4,427)**

7a Discontinued operations-Cameroon Branch office

The company operated a branch in Douala. This was converted to a full subsidiary in January 2018

	Group Dec. 2018 =N='000	Group Dec. 2017 =N='000	Company Dec. 2018 =N='000	Company Dec. 2017 =N='000
Gross premium written	-	-	-	2,142,116
Insurance premium revenue	-	-	-	1,880,800
Insurance premium ceded to retrocessionaires	-	-	-	(194,864)
Net insurance premium revenue	-	-	-	1,685,936
Insurance Benefits				
Insurance claims and loss adjustment expenses	-	-	-	698,318
Insurance claims and loss adjustment expenses recoverable from retrocessionaire	-	-	-	(22,904)
Net insurance benefits and claims	-	-	-	675,414
Underwriting expenses	-	-	-	884,194
Insurance benefits and underwriting expenses	-	-	-	1,559,608
Underwriting profit	-	-	-	126,328
Interest income	-	-	-	140,883
Net fair value gain/(loss) on assets at fair value through profit or loss	-	-	-	-
Fair value gain/(loss) on investment properties	-	-	-	-
Other income	-	-	-	21,627
Foreign exchange gain	-	-	-	167,901
Administrative expenses	-	-	-	(58,928)
Impairment of assets	-	-	-	(45,712)
Profit from discontinued operations				352,100

Notes to the consolidated financial statements Continued

8 Taxation

Per consolidated statement of profit or loss :	Group Dec. 2018 =N='000	Group Dec. 2017 =N='000	Company Dec. 2018 =N='000	Company Dec. 2017 =N='000
Income tax based on profit for the year	849,946	1,474,156	583,183	1,536,851
Education tax	32,615	99,770	32,615	99,770
	882,561	1,573,926	615,798	1,636,621
Deferred tax expense (Note 9.1)	154,681	(473,932)	154,681	(466,390)
Income tax expense	1,037,242	1,099,994	770,479	1,170,231

	Group Dec. 2018	Group Dec. 2017	Company Dec. 2018	Company Dec. 2017
Per consolidated statement of financial position:				
At 1 January	1,550,357	692,602	1,565,199	631,518
Charged to profit or loss	882,561	1,573,926	615,798	1,636,621
Payments during the year	(776,019)	(716,171)	(676,552)	(702,940)
	1,656,899	1,550,357	1,504,445	1,565,199
Reconciliation of tax charge				
Profit before income tax	4,359,355	3,570,285	3,912,856	4,427,541
Tax at Nigerian's statutory income tax rate of 30%	1,307,806	1,071,085	1,173,857	1,328,262
Non-deductible expenses	719,104	908,866	714,172	904,757
Tax exempt income	(982,488)	(953,886)	(1,110,370)	(1,136,717)
Education tax levy	32,615	99,770	32,615	99,770
Tax rate differential on fair value gains	(39,795)	(25,841)	(39,795)	(25,841)
At effective income tax rate of Group 24% (2017:31%) and Company 20% (2017:26%)	1,037,242	1,099,994	770,479	1,170,231

9 Deferred taxation

Deferred income tax (assets)/liabilities are attributable to the following items:	Group Dec. 2018	Group Dec. 2017	Company Dec. 2018	Company Dec. 2017
Deferred tax liabilities				
Property, plant and equipment	(9,983)	86,946	24,064	59,109
Investment properties	58,089	-	58,089	
Unrealized exchange gain	486,162	416,963	365,812	339,515
	534,268	503,909	447,965	398,624
Deferred tax assets				
Employee benefits	(16,319)	(185,697)	(47,654)	(179,769)
	(16,319)	(185,697)	(47,654)	(179,769)
Net	517,949	318,212	400,311	218,855

9.1 Movements in temporary differences during the year:

	Group Dec. 2018	Group Dec. 2017	Company Dec. 2018	Company Dec. 2017
As at 1 January	318,212	793,805	218,855	686,908
Recognised in profit or loss on:				
Property, plant and equipment	(96,929)	36,768	(35,045)	29,226
Investment properties	58,089	-	58,089	-
Foreign exchange unrealized gain	69,199	(433,394)	26,297	(418,311)
Employee benefits	142,604	(77,306)	105,340	(77,305)
Total recognised in profit or loss	172,963	(473,932)	154,681	(466,390)
Total recognised in other comprehensive income on:				
Employee benefits	26,775	(1,662)	26,775	(1,662)
At 31 December	517,949	318,212	400,311	218,855

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 2018	Group December 2017	Company 31 December 2018	Company December 2017
Net profit attributable to ordinary shareholders (=N='000)	3,495,676	3,322,113	3,142,377	3,257,311
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)	34	32	30	31

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 Dec. 2018	Group Dec. 2017	Company Dec. 2018	Company Dec. 2017
	=N='000	=N='000	=N='000	=N='000
Cash in hand	1,860	996	188	839
Balances held with local banks:				
- Current account	437,675	211,938	183,976	145,736
- Domiciliary account	269,371	207,170	269,371	207,170
Balances held with foreign banks	710,967	590,326	710,967	590,326
Placements with banks and other financial institutions	13,190,347	8,068,663	4,862,722	5,736,042
	14,610,220	9,079,093	6,027,224	6,680,113

Included in placements with banks and other financial institutions are tenored deposits of the group and company of N932 million (2017:1.7billion) 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. The reconciliation of cash and cash equivalent for cash flow purpose and statement of financial position is disclosed in note 35.1

12 Financial assets designated at fair value through profit or loss

	Group Dec. 2018	Group Dec. 2017	Company Dec. 2018	Company Dec. 2017
	=N='000	=N='000	=N='000	=N='000
Managed Funds				
External portfolio management	2,853,024	2,159,476	-	-
	2,853,024	2,159,476		

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 Dec. 2018	Group Dec. 2017	Company Dec. 2018	Company Dec. 2017
	=N='000	=N='000	=N='000	=N='000
Staff loans and advances	614,166	462,584	404,003	409,387
Other advances	435,637	436,635	435,637	436,635
Impairment on other receivables (Note 13.1)	(406,941)	(406,941)	(406,941)	(406,941)
Total loans and other receivables	642,862	492,278	432,699	439,081

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:

At 1 January	406,941	406,941	406,941	406,941
Charge for the year : other advances (Note 6.3)	-	-	-	-
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				
Available-for-sale (note 14.1)	2,229,365	2,121,225	2,194,549	2,090,531
Held-to-maturity (note 14.2)	6,820,073	7,613,317	4,294,419	6,065,330
	9,049,438	9,734,542	6,488,968	8,155,861

14.1 Available-for-sale:

Equity instruments	1,805,014	1,744,048	1,805,014	1,742,269
Debt instruments	424,351	377,177	389,535	348,262
Total available-for-sale	2,229,365	2,121,225	2,194,549	2,090,531

Equity Instruments				
Quoted	552,431	574,281	552,431	572,502
Unquoted	1,252,583	1,169,767	1,252,583	1,169,767
Total equity instruments	1,805,014	1,744,048	1,805,014	1,742,269

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

Notes to the consolidated financial statements Continued

14.1 Available-for-sale cont'd:	Group Dec. 2018 =N='000	Group Dec. 2017 =N='000	Company Dec. 2018 =N='000	Company Dec. 2017 =N='000
Debt Instruments				
Securities at Available-for-sale -Fair value				
Government bonds	424,351	377,177	389,535	348,262
	424,351	377,177	389,535	348,262
Total available for sale investments	2,229,365	2,121,225	2,194,549	2,090,531

14.1.1 Movement in available for sale securities;				
At 1 January	2,121,225	2,544,148	2,090,531	2,482,980
Additions during the year	1,473,692	1,856,321	259,335	724,430
Disposal during the year	(1,476,648)	(2,276,571)	(266,319)	(1,112,452)
Fair value movement in the year	111,096	(2,673)	111,002	(4,427)
At 31 December	2,229,365	2,121,225	2,194,549	2,090,531

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=111.47 million and Company =N=109.73 million

14.2 Held-to-maturity				
Debt instruments	6,820,073	7,613,317	4,294,419	6,065,330
Securities at held-to-maturity - amortised cost				
Listed	3,304,652	4,757,743	2,466,683	3,919,774
Unlisted	3,515,421	2,855,574	1,827,736	2,145,556
	6,820,073	7,613,317	4,294,419	6,065,330
Total debt instruments	7,244,424	7,990,494	4,683,954	6,413,592

14.2.1 Movement in held-to-maturity securities;				
At 1 January	7,613,317	7,114,055	6,065,330	6,345,275
Additions during the year	1,803,499	1,781,014	389,003	285,415
Disposal during the year	(2,802,138)	(1,435,005)	(2,282,965)	(538,948)
Amortization of premium/discount on bonds	51,990	(87,981)	76,079	(68,523)
Accrued interest	153,405	241,234	46,972	42,112
At 31 December	6,820,073	7,613,317	4,294,419	6,065,330

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

15 Reinsurance receivables	Group Dec. 2018 =N='000	Group Dec. 2017 =N='000	Company Dec. 2018 =N='000	Company Dec. 2017 =N='000
Due from ceding companies	10,126,712	7,218,432	5,723,827	4,691,388
Due from ceding companies (Pipeline)	**3,824,697**	**3,645,142**	**2,137,922**	**2,554,071**
Premium reserves retained by ceding companies	600,982	340,396	-	-
	14,552,392	11,203,969	7,861,749	7,245,459
Impairment on reinsurance receivables (Note 15.1)	(2,601,756)	(1,281,715)	(1,763,145)	(1,061,024)
	11,950,636	9,922,254	6,098,604	6,184,435

15.1 Reconciliation of impairment on reinsurance receivables				
At 1 January	1,281,715	1,536,477	1,061,025	1,297,185
Written off during the year	-	(810,980)	-	(669,752)
Charge for the year (Note 6.3)	1,209,498	556,218	702,120	433,592
Exchange difference	110,543			
At 31 December	2,601,756	1,281,715	1,763,145	1,061,025

16 Retrocession Assets				
Retrocessionaires' share of claims recoverable	3,735,111	1,853,942	1,241,420	1,015,259
Retro share of unearned premium and outstanding claims	1,616,843	717,466	1,616,843	717,465
Retrocessionaires' share of life insurance contract liabilities	1,304,421	350,049	183,927	306,743
Impairment on retro share of claims recoverable (note 16.1)	(161,791)	(161,791)	(161,791)	(161,791)
Total retrocession assets	6,494,584	2,759,666	2,880,398	1,877,676

At 31 December 2018, the Company conducted an impairment review of the retrocession assets and no impairment loss of resulted from this exercise. The carrying amounts disclosed above approximate fair value at the reporting date.

	Group Dec. 2018 =N='000	Group Dec. 2017 =N='000	Company Dec. 2018 =N='000	Company Dec. 2017 =N='000
16.1 Reconciliation of impairment on retro share of claims recoverable				
At 1 January	161,791	114,410	161,791	114,410
Charge for the year (Note 6.3)	-	47,381	-	47,381
At 31 December	161,791	161,791	161,791	161,791
17 Deferred acquisition costs				
At 1 January	2,291,853	1,532,809	1,501,752	782,628
Acquisition cost paid during the year	7,696,620	7,349,199	4,257,192	5,198,468
Amortized acquisition cost for the year (Note 2.2)	(5,953,890)	(6,590,155)	(3,531,907)	(4,479,344)
At 31 December	4,034,583	2,291,853	2,227,037	1,501,752
18 Other assets				
Prepayments	91,795	97,533	65,800	74,169
Intercompany balances	-	-	1,805,649	849,073
Withholding tax receivable	4,168	4,168	4,168	4,168
Accrued income on statutory deposit	54,137	57,918	54,137	57,918
Others	131,248	299,607	157,777	176,626
	281,348	459,226	2,087,531	1,161,954
Impairment on other assets (note 18.1)	(129,793)	(129,793)	(119,211)	(405,828)
	151,555	329,433	1,968,320	756,126
Below are the breakdown of intercompany balances;				
Technical and management fee receivables	-	-	206,664	371,994
Retrocessions arrangement receivables	-	-	979,162	411,248
Disposal of assets	-	-	442,510	-
Other intercompany balances	-	-	177,313	65,830
	-	-	1,805,649	849,073

The "others" are sundry receivables for which an amount of N119m (which are yet to be reconciled) have been fully impaired

	Group Dec. 2018 =N='000	Group Dec. 2017 =N='000	Company Dec. 2018 =N='000	Company Dec. 2017 =N='000
18.1 Reconciliation of impairment on other assets				
At 1 January	129,793	129,793	405,828	405,828
Charge for the year (Note 6.3)	-	-	-	(0)
Impairment no longer required	-	-	(286,617)	-
At 31 December	129,793	129,793	119,211	405,828

19 Investment in subsidiaries

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

	Company 31 December 2018 =N='000	Company 31 December 2017 =N='000
Continental Reinsurance Limited, Nairobi, Kenya	1,572,699	1,572,699
Continental Reinsurance Limited, Gaborone, Botswana	699,774	699,774
Continental Reinsurance Limited, Douala, Cameroon	2,944,458	
	5,216,931	2,272,473
Movement in this account is as shown below:		
Opening	2,272,473	1,649,571
investment in Continental Reinsurance Limited, Kenya	-	622,902
Investment in Continental Reinsurance Limited, Botswana	-	-
Continental Reinsurance Limited, Douala, Cameroon	2,944,458	
Closing	**5,216,931**	**2,272,473**

b) Nature of investments in subsidiaries 2018 and 2017

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

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

Significant restrictions

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

20 Investment properties

	Group Dec. 2018 =N='000	Group Dec. 2017 =N='000	Company Dec. 2018 =N='000	Company Dec. 2017 =N='000
At 1, January	2,857,111	2,868,728	2,857,111	2,868,728
Disposal	(365,000)	-	(365,000)	-
Fair value gain/(loss)	580,892	(11,617)	580,892	(11,617)
At 31 December	3,073,003	2,857,111	3,073,003	2,857,111

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

	1-Jan-18 =N='000	Disposal =N='000	Fair value gain =N='000	31-Dec-18 =N='000
House 1 Plot 9, Block 8, Ikoyi Foreshore, Lagos	130,000	(130,000)	-	-
3 Bedroom apartment	9,200	-	(300)	8,900
4 Bed-room Terrace house with 2 BQs in Banana Island, Lagos	470,000	(235,000)	19,000	254,000
Block 3 bed-room flats at Castle and Temple Drive, Lekki Phase 1, Lagos	380,000	-	1,500	381,500
6 Floor mixed development property	1,867,911	-	560,692	2,428,603
	2,857,111	(365,000)	580,892	3,073,003

20.1 List of Investment properties and carrying amount

Description	Date of acquisition	Nature of title	Location	Carrying amount
3 Bedroom apartment	2001	FHA Letter of allocation	Kubuwa, Abuja	8,900
4 Bed-room Terrace house with 2 BQs in Banana Island, Lagos	2010	Deed of Assignment	Banana Island, Lagos	254,000
A block of luxury 3 bed-room flats at Castle and Temple Drive, Lekki Phase 1, Lagos	2010	C of O	Lekki Phase 1, Lagos	381,500
6 Floor mixed development property	2014	C of O	Abidjan	2,428,603
				3,073,003

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

Investment properties are stated at fair value, which has been determined based on valuations performed by Olalekan Aboderin Consulting (Estate Surveyor and Valuer) Nigeria, FRC/2013/NIESV/00000003136 and Ahouti Expertises, Cote d' Ivoire, professional firms of Estate Surveyors and Valuers who are accredited independent valuers, as at 31 December, 2018: The valuer as at 31 December 2017 are Bayo Modeyin Consulting, 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 period ended 31 December 2018 amounted to =N=88.706 million (year ended 31 December 2017: =N=111.014 million) which is included in other income. Direct operating expenses arising in respect of such properties during the year are included in administrative expenses.

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

	Group Dec. 2018 =N='000	Group Dec. 2017 =N='000	Company Dec. 2018 =N='000	Company Dec. 2017 =N='000
Rental Income derived from investment properties	127,243	111,014	127,243	111,014
Gain on disposal of investment properties	10,000		10,000	
Direct operating expenses (including repairs & maintenance)	(9,191)	(1,344)	(9,191)	(1,344)
Profit arising from investment properties carried at fair value	128,052	109,670	128,052	109,670

	Fair value measurement using			
Date of valuation - 31 December 2018	Quoted prices in active market Level 1 =N='000	Significant observable inputs Level 2 =N='000	Significant unobservable inputs Level 3 =N='000	Total =N='000
Investment properties	-	-	3,073,003	3,073,003

The fair value disclosure on investment properties is as follows:

	Fair value measurement using			
Date of valuation - 31 December 2018	Quoted prices in active market Level 1 =N='000	Significant observable inputs Level 2 =N='000	*Significant* unobservable inputs Level 3 =N='000	Total =N='000
Investment properties	-	-	3,073,003	2,833,631

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)
		=N=16 m
Income capitalization using DCF Analysis	Estimated rental per wing per annum	
	Average annual growth	8.53%
	Average annual probable vacancy rate	1.4%
	Capitalisation rate (equated yield)	6%

Three bedroom flats

Valuation technique	Significant unobservable inputs	Range (weighted average)
		=N=3.5m
Income capitalization using DCF Analysis	Estimated rental per wing per annum	
	Average annual growth	0.00%
	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-deriveddiscount rate is applied to establish the present value of the income stream associated with the asset. The exit yield is normally separately determined and differs from the discount rate.

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

20.2 Sensitivity analysis on Investment properties

	Sensitivities in capitalization rate		Sensitivities in vacancy rate	
Property	Effect of 10% increase =N='000	Effect of 10% Decrease =N='000	Effect of 10% increase =N='000	Effect of 10% Decrease =N='000
FHA - Abuja Property, Abuja, Nigeria	8,100	9,800	8,800	8,864
Livingold Estate -Banana Island Ikoyi (Units 10 & 18), Lagos, Nigeria	232,800	280,000	253,684	254,405
Castle &Temple Drive Lekki Phase 1, Lagos, Nigeria	348,000	422,600	381,000	382,100
Zone 4/C, Marcony, Abidjan, Cote d' Ivoire	2,207,821	2,698,448	2,422,851	2,447,137
	2,796,721	3,410,848	3,066,335	3,092,506

21 Intangible assets

	Group Dec. 2018 =N='000	Group Dec. 2017 =N='000	Company Dec. 2018 =N='000	Company Dec. 2017 =N='000
Cost:				
At 1 January 2017	59,063	59,063	59,063	59,063
Additions	-			-
At 31 December 2017	59,063	59,063	59,063	59,063
Disposal	-	-	(1,833)	-
Additions	406,406	26,634	406,025	26,315
At 31 December 2018	465,469	85,697	463,255	85,378
Accumulated amortisation:				
At 1 January 2017	60,276	59,063	60,276	59,063
Amortisation	5,266	1,213	5,254	1,213
At 31 December 2017	65,542	60,276	65,530	60,276
Disposal	-	-	(1,833)	-
Amortisation	17,978	5,253	17,978	5,253
At 31 December 2018	83,520	65,529	81,675	65,529
Carrying amount:				
At 31 December 2018	381,948	20,168	381,580	19,849
At 31 December 2017		20,168		19,849

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 2017	869,393	357,367	196,272	80,006	104,018	190,490	1,797,546
Additions	-	32,209	10,685	596	14,701	1,188,302	1,246,493
Disposals	-	(52,939)	(37,501)	-	(7,232)	-	(97,672)
Reclassification/write-off	(501)	-	-	-	-	-	(501)
Exchange difference		29,053	24,299	1,671	14,363		69,386
At 31 December 2017	868,892	365,690	193,755	82,273	125,850	1,378,792	3,015,252
Additions	414,363	160,880	7,516	-	25,905	326,147	934,812
Disposals	-	(195,548)	(24,353)	(596)	(11,399)	-	(231,896)
Write-off	-	-	-	-	-	-	-
Exchange difference		61,526	41,515	6,247	29,671		138,958
At 31 December 2018	1,283,255	392,548	218,433	87,924	170,027	1,704,939	3,857,126
Accumulated depreciation:							
At 1 January 2017	-	206,949	135,047	64,743	78,852	-	485,591
Charge for the year	-	74,503	22,733	7,644	14,320	-	119,200
Reclassification	-	-	-	-	-	-	-
Disposal	-	(52,858)	(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	90,371	-	526,638
Charge for the year	-	64,079	20,459	7,847	15,255	-	107,639
Reclassification	-	-	-	-	-	-	-
Disposal	-	(149,605)	(18,858)	-	(9,508)	-	(177,971)
Exchange difference	-	1,366	2,043	441	1,494	-	5,344
At 31 December 2018	-	149,373	133,312	81,352	97,612		461,650
Net book value:							
At 31 December 2018	1,283,255	243,175	85,120	6,571	72,415	1,704,939	3,395,476
At 31 December 2017	868,892	132,156	64,087	9,208	35,479	1,378,792	2,488,614

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 2017	868,892	285,256	141,941	70,601	83,298	190,490	1,640,478
Additions	-	-	10,529	596	9,040	1,188,302	1,208,467
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	2,774,965
Additions	-	118,991	2,903	-	17,085	326,147	465,126
Reclassification	-	-		-		-	-
Disposals	(434,734)	(39,437)	(24,353)	(596)	(8,352)	-	(507,472)
At 31 December 2018	**434,158**	**332,889**	**93,519**	**70,601**	**96,513**	**1,704,939**	**2,732,619**
Accumulated depreciation:							
At 1 January 2017	-	164,184	100,370	62,902	65,991	-	393,447
Charge for the year	-	45,555	11,077	2,777	8,886	-	68,295
Reclassification	-	-		-		-	-
Disposal	-	(31,921)	(31,870)	-	(2,568)	-	(66,359)
At 31 December 2017	**-**	**177,818**	**79,577**	**65,679**	**72,309**	**-**	**395,383**
Charge for the year	-	51,608	10,808	2,717	9,376	-	74,509
Reclassification	-	-		-		-	-
Disposal	-	(39,437)	(18,858)	(60)	(6,608)	-	(64,963)
At 31 December 2018	**-**	**189,989**	**71,527**	**68,336**	**75,077**	-	**404,929**
Net book value:							
At 31 December 2018	**434,158**	**142,900**	**21,992**	**2,265**	**21,436**	**1,704,939**	**2,327,693**
At 31 December 2017	**868,892**	**75,517**	**35,392**	**5,518**	**15,471**	**1,378,792**	**2,379,582**

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

Notes to the consolidated financial statements - Continued

23. Statutory deposits

	Group 31 December 2018 =N='000	Group 31 December 2017 =N='000	Company 31 December 2018 =N='000	Company 31 December 2017 =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

	Group 31 December 2018 =N='000	Group 31 December 2017 =N='000	Company 31 December 2018 =N='000	Company 31 December 2017 =N='000
Unearned premium (Note 24.1)	13,526,225	8,281,665	6,667,387	5,125,005
Outstanding claims (Note 24.2)	7,594,146	7,254,013	3,916,834	5,179,229
Non-life contract liabilities	21,120,371	15,535,678	10,584,221	10,304,234
Life (Note 24.3)	2,136,285	2,430,312	1,493,681	2,166,356
Total insurance liabilities	23,256,656	17,965,990	12,077,902	12,470,590
Total retrocessionaire's share of insurance liabilities (Note 16)	(6,494,583)	(2,759,666)	(2,880,398)	(1,877,676)
Net insurance contracts	**16,762,073**	**15,206,324**	**9,197,504**	**10,592,914**

24.1 Reserve for unearned premium

	Group 2018	Group 2017	Company 2018	Company 2017
At 1 January	8,281,665	4,923,170	5,125,005	2,772,852
Increase in the year	30,028,995	25,963,552	15,906,223	17,295,785
Portfolio transfer and premium adjustments during the period	1,865,384	-	(803,163)	-
Released during the period	(26,649,819)	(22,605,058)	(13,560,678)	(14,943,632)
At 31 December	13,526,225	8,281,665	6,667,387	5,125,005

24.2 Reserve for outstanding claims

	Group 2018	Group 2017	Company 2018	Company 2017
At 1 January	7,254,013	6,883,940	5,179,229	5,775,330
Incurred in the current accident year (including IBNR)	11,664,990	12,197,652	6,297,685	7,953,283
Paid during the period	(11,324,857)	(11,827,579)	(7,560,080)	(8,549,384)
At 31 December	7,594,146	7,254,013	3,916,834	5,179,229

24.3 Insurance liabilities on life policy holders;

a Group life reserve for unearned premium

	Group 2018	Group 2017	Company 2018	Company 2017
At 1 January	128,985	226,189	387,808	226,189
Change in the period	439,047	(97,204)	392,965	161,620
At 31 December	**568,032**	**128,985**	**780,773**	**387,808**

b Life reserve for outstanding claims

	Group 2018	Group 2017	Company 2018	Company 2017
At 1 January	2,301,327	1,712,016	1,778,550	1,362,777
Claims Incurred in the year including IBNR	1,909,782	2,105,057	1,292,333	1,822,297
Claims paid during the period	(2,642,856)	(1,515,746)	(2,357,975)	(1,406,524)
At 31 December	1,568,253	2,301,327	712,908	1,778,550
Total nsurance liabilities on life policy holders	**2,136,285**	**2,430,312**	**1,493,681**	**2,166,357**

25 Reinsurance creditors

	Group 2018	Group 2017	Company 2018	Company 2017
Due to retrocessionaires	1,275,075	589,921	310,271	278,310
Due to ceding companies	916,841	766,289	792,924	663,053
	2,191,916	1,356,210	1,103,195	941,363

This represents the amount payable to insurance and reinsurance companies.

26 Other liabilities

	Group 2018	Group 2017	Company 2018	Company 2017
Sundry creditors (note 26.1)	38,309	87,072	340,055	156,087
Accrued staff benefits	355,267	359,782	355,267	400,689
Unclaimed dividend	332,516	270,241	332,516	270,241
Rent received in advance	4,375	2,917	4,375	2,917
Accrued expenses	67,691	60,743	85,150	52,892
Dividend payable (Note 26.3)	23,910	23,241	23,910	23,241
Information technology development levy	35,239	45,987	35,239	45,987
Intercompany balance (note 26.2)	-	-	2,429,399	287,693
Others	5,261	10,239	5,262	10,239
	862,568	**860,222**	**3,611,173**	**1,249,986**

26.1 Sundry creditors

	Group 2018	Group 2017	Company 2018	Company 2017
Receipt onbehalf of 3rd party	-	-	118,729	156,087
Adjustments on portfolio transfers	-	-	221,325	-
Other sundry creditors	38,309	87,072	-	-
	38,309	**87,072**	**340,055**	**156,087**

	Group 31 December 2018 =N='000	Group 31 December 2017 =N='000	Company 31 December 2018 =N='000	Company 31 December 2017 =N='000
26.2 Intercompany balance				
Retrocessions arrangement payable	-	-	1,054,411	265,908
Payable on Douala capitalization	-	-	1,334,874	-
Other intercompany balances	-	-	40,113	21,785
	-		**2,429,399**	**287,693**
26.3 Dividends paid and proposed				
At 1 January	23,241	23,241	23,241	1,241,451
Declared during the period	1,452,184	1,452,184	1,452,184	1,452,184
Paid during the year	(1,451,515)	(1,452,184)	(1,451,515)	(2,670,394)
	23,910	**23,241**	**23,910**	**23,241**

Proposed for approval at the Annual General Meeting (not recognized as a liability as at 30 December): at 6 kobo per share (2017: 14 kobo).

27 Retirement benefit obligations	Group 31 December 2018 =N='000	Group 31 December 2017 =N='000	Company 31 December 2018 =N='000	Company 31 December 2017 =N='000
Defined contribution scheme (Note 27.1)	-	-	-	-
Defined benefit gratuity scheme (Note 27.2)	203,125	306,457	158,847	275,150
Exchange difference	-	-	-	-
	203,124	**306,457**	**158,847**	**275,150**

27.1 Defined contribution scheme

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

	Group 31 December 2018 =N='000	Group 31 December 2017 =N='000	Company 31 December 2018 =N='000	Company 31 December 2017 =N='000
Balance at beginning of year	-	-	-	-
Provisions during the year	118,828	72,612	118,828	72,612
Transfer to Pension Fund Administrator	(118,828)	(72,612)	(118,828)	(72,612)
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 2018 =N='000	Group 31 December 2017 =N='000	Company 31 December 2018 =N='000	Company 31 December 2017 =N='000
The amounts recognised in the statement of financial position are determined as follows:				
Present value of funded obligations	655,223	663,395	512,393	593,421
Fair value of plan assets	(452,098)	(356,938)	(353,546)	(318,271)
Deficit of funded plans	203,125	306,457	158,847	275,150
Liability in the consolidated statement of financial position	203,125	306,457	158,847	275,150

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

At beginning of the year	663,395	644,100	593,421	574,859
Service cost	73,085	82,487	57,006	73,413
Transfer to subsidiaries	-	-	(35,447)	-
Interest cost	99,518	102,113	60,909	90,881
Actuarial losses (gains)	(71,080)	57,588	(89,249)	5,170
Benefit paid	(109,695)	(222,894)	(74,248)	(150,902)
At end of the year	**655,223**	**663,394**	**512,394**	**593,421**

Notes to the consolidated financial statements - Continued

27.2 Retirement benefit obligations (continued)

Defined benefit staff gratuity scheme (cont'd)	Group 31 December 2018 =N='000	Group 31 December 2017 =N='000	Company 31 December 2018 =N='000	Company 31 December 2017 =N='000
The amounts recognised in the profit or loss are as follows:				
Current service cost	73,085	82,487	57,006	73,413
Net interest	47,405	58,913	(84,082)	22,173
Total, included in staff costs	**120,490**	**141,400**	**(27,076)**	**95,586**
The amounts recognised in other comprehensive income				
Re-measurement loss on net defined benefit plans	114,127	(4,093)	89,249	(5,541)
The movement in the plan assets over the year is as follows:				
Assets at fair value - opening	356,938	260,243	318,271	238,851
Interest return	52,113	43,200	144,991	68,708
Received from subsidiaries	-	-	68,782	-
Employer contribution	109,695	222,893	74,248	150,902
Benefit paid	(109,695)	(222,893)	(74,248)	(150,902)
Actuarial gain/(loss)	43,047	53,495	(178,498)	10,711
At end of the year	**452,098**	**356,938**	**353,547**	**318,271**
Composition of Plan assets				
Cash	41%	41%	44%	41%
Equity	53%	51%	49%	51%
Others	7%	0%	7%	0%

Disaggregation of plan assets

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

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

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

	Group		Company	
	31-Dec-18 =N='000	31-Dec-17 =N='000	31-Dec-18 =N='000	31-Dec-17 =N='000
Cash and cash equivalents	183,642	146,266	163,442	130,177
Quoted equity				
Consumer goods	4,899	4,899	3,821	4,360
Conglomerates	3,013	3,013	2,350	2,682
Financial services	226,501	175,900	176,670	156,551
Subtotal	**234,413**	**183,812**	**182,843**	**163,593**
Loans and receivables	26,860	26,860	26,860	26,860
Total	**444,915**	**356,938**	**373,145**	**320,629**

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 NGN95.2 million (2017: NGN96.7million).

27.2 Retirement benefit obligations (continued)

The principal actuarial assumptions were as follows:	Group 31 December 2018	Group 31 December 2017	Company 31 December 2018	Company 31 December 2017
Average long term discount rate (p.a.)	16.1%	14.6%	16.1%	14.6%
Average long term rate of inflation (p.a.)	10%	10%	10%	10%
Average long term pay increase (p.a.)	5%	5%	5%	5%

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

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

We recalculated the liability to show the effect of:

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

A quantitative sensitivity analysis for significant assumption as at 31 December 2018 is as shown below:

			Salary increase	Salary increase
Assumptions				
Sensitivity level			=N='000	=N='000
Impact on defined benefit obligation	+1%	+1%	31,189	31,189
Impact on defined benefit obligation	-1%	-1%	(26,092)	(26,092)

28 Share capital

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

29 Share premium

	Group 31 December 2018 =N='000	Group 31 December 2017 =N='000	Company 31 December 2018 =N='000	Company 31 December 2017 =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 2018 =N='000	Group 31 December 2017 =N='000	Company 31 December 2018 =N='000	Company 31 December 2017 =N='000
Non - Life	4,962,367	4,160,747	4,756,253	4,147,778
Life	303,267	301,254	298,150	265,254
Total	5,265,634	4,462,001	5,054,403	4,413,032

Movement in this account is as shown below:

At 1, January	4,462,001	4,003,471	4,413,032	3,754,688
Addition during the year	803,632	458,530	641,371	658,344
At 31 December	5,265,633	4,462,001	5,054,403	4,413,032

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 recognized 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.

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

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

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

33a Condensed results of consolidated entities

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

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

Notes to the consolidated financial statements - Continued

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

	Group 31 December 2018 =N='000	Group 31 December 2017 =N='000	Company 31 December 2018 =N='000	Company 31 December 2017 =N='000
Profit before income tax expense	4,359,355	3,570,285	3,912,856	4,427,541
Adjustments for:				
- Depreciation and amortization (Note 6.1)	136,685	128,151	92,487	77,245
-increase in provision for bad and doubtful balances	1,209,498	603,599	702,120	480,973
– Profit on disposal of investments	(10,000)	(275,245)	(10,000)	(275,245)
–commission income on retro and unamortized retro cost	(1,303,301)	(900,736)	(1,303,301)	(900,736)
– Interest income	(2,199,142)	(1,977,888)	(1,467,588)	(1,509,088)
– Dividend received	(22,416)	(40,188)	(22,281)	(39,055)
–unrealised foreign exchange gain	(752,560)	(903,242)	(760,903)	(1,162,988)
–Fair value loss on investment property and financial assets designated at fair value	(580,892)	17,489	(580,892)	17,489
Changes in operating assets/liabilities				
–Reinsurance debtors	3,348,423	880,749	616,290	1,528,873
–Prepayments and other assets	(177,878)	97,319	1,212,194	1,194,002
–Retrocession assets	(3,734,917)	(1,646,099)	(1,002,722)	(1,452,729)
–Reinsurance creditors and other liabilities	835,706	1,574,647	(161,832)	1,627,245
–Deferred acquisition costs	(1,742,730)	(759,044)	(725,285)	(719,124)
–Provision for unexpired risks	3,085,149	5,282,850	869,707	2,929,543
–Outstanding claims	(392,941)	370,073	(196,753)	(596,101)
–Retirement benefit obligations	(103,333)	(77,400)	(116,303)	(60,858)
Income tax paid (Note 8)	(776,019)	(708,629)	(676,552)	(702,940)
Net cash generated from operating activities	**1,178,687**	**5,236,691**	**381,241**	**4,864,047**

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

	Group 31 December 2018 =N='000	Group 31 December 2017 =N='000	Company 31 December 2018 =N='000	Company 31 December 2017 =N='000
Cash in hand	1,860	996	188	839
Balances held with other banks:				
- Current account	437,675	211,938	183,976	145,736
- Domiciliary account	269,371	207,170	269,371	207,170
Balances held with foreign banks	710,967	590,326	710,967	590,326
- Placements with banks and other financial institutions with original maturity < 90 days	12,257,990	6,352,571	3,930,367	4,019,952
Treasury bills	297,803	-	297,803	-
	13,975,666	7,363,001	5,392,672	4,964,023

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

Cash and cash equivalent in cash flows (note 35)	13,975,666	7,363,001	5,392,672	4,964,023
Add items in Statement of financial position not in Cashflows;				
Placement with original maturity more than 90 days	932,355	1,716,090	932,355	1,716,090
Less items in Cashflows not in statement of financial position;				
Treasury bills with original maturity less than 90 days	(297,803)	-	(297,803)	-
Cash and cash equivalent in statement of financial position (note 11)	14,610,220	9,079,092	6,027,224	6,680,113

36 Related parties

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

a Related party transactions

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

b Transactions with key management personnel

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

c Transaction with related parties

Name of related party and relationship	Nature of transactions	Due from/ due to		Income (expense)	
		Dec. 2018 =N='000	Dec. 2017 =N='000	Dec. 2018 =N='000	Dec. 2017 =N='000
Saham group and related companies	Premium	994,452	-	2,602,223	1,563,897
		-			
Saham group and related companies		-	-	(818,465)	(408,125)
	Acquistion cost	-			
Saham group and related companies	Claims	(31,071)	-	(745,029)	(267,057)
		963,381	**-**	**1,038,729**	**888,715**

Loans and advances to related parties

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

	MD =N='000	ED =N='000	2018 =N='000	2017 =N='000
Mortgage loan	857	-	857	-
Personal loan	-	17,000	17,000	-
Car loan	-	-	-	1,019
	857	17,000	17,857	1,019

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

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

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 Dec. 2018 =N='000	Group Dec. 2017 =N='000	Company Dec. 2018 =N='000	Company Dec. 2017 =N='000
Short term employee benefits	295,083	274,482	295,083	274,482
Post employment benefits:				
Gratuity benefits paid	-	-	-	-
Pension contribution	7,410	5,554	7,410	5,554
	302,493	**280,036**	**302,493**	**280,036**

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

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

37 Contingencies and commitments

Contingent liabilities

There were no contingent liabilities at the end of the year (2017: Nil).

Capital commitment and operating leases
There were no capital commitments at the end of the year (2017: 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 2018 =N='000	Group 2017 =N='000	Company 2018 =N='000	Company 2017 =N='000
Within one year	4,375	2,917	4,375	2,917
After one year but not more than five years				
	4,375	**2,917**	**4,375**	**2,917**

38 Compliance with regulatory bodies

Penalties:

	2018 =N='000	2017 =N='000
a The Company contravened certain sections of the Financial Reporting Council of Nigeria (FRCN) Act 2011		
	-	-
b The Company contravened certain sections of the Security Exchange Commission (SEC) Act with respect to late filling of accounts.	-	-
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	-	-
	-	-

39 Events after reporting date

There were no events after reporting date which would have a material effect on the state of affairs of the Group as at 31 December 2018 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	4,246,519		280,628	
Total cash and cash equivalents		**4,246,519**		**280,628**
Investment properties		2,437,503		381,500
Investment securities:				
Quoted equities	268,656		137,028	
Unquoted equities	641,835		-	
Corporate Bonds	1,074,776		155,050	
Government bonds and treasury bills	1,915,691		540,957	
Total investment securities		**3,900,958**		**833,035**
Total assets representing insurance contract liabilities		**10,584,980**		**1,495,163**
Total insurance contract liabilities		**10,584,221**		**1,493,681**
Excess of assets over liabilities		**759**		**1,482**
		100%		100%

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 2018	Life insurance =N='000	Non-life insurance =N='000	Total segments =N='000
Gross Premium	4,156,997	30,028,995	34,185,992
Change in Reserve for unearned premium	(439,047)	(3,379,175)	(3,818,222)
Earned premium income	3,717,950	26,649,820	30,367,770
Less: Retrocession costs	(528,349)	(6,716,979)	(7,245,328)
Net premium earned	**3,189,601**	**19,932,841**	**23,122,442**
Expenses			
Gross claims paid	2,642,856	8,682,001	11,324,857
Change in Reserve for outstanding claims	(505,488)	845,621	340,133
Ceded Outstanding Claims Reserve	(227,586)	2,137,368	1,909,782
Claims incurred	1,909,782	11,664,990	13,574,772
Retrocession recoveries	(353,696)	(2,505,548)	(2,859,244)
Net claims incurred	**1,556,086**	**9,159,442**	**10,715,528**
Underwriting expenses:			
Acquisition and maintenance cost	901,137	6,006,949	6,908,086
Depreciation and amortisation	4,291	132,394	136,685
Management expenses	464,982	3,713,595	4,178,577
	1,370,410	**9,852,938**	**11,223,348**
Underwriting profit	263,105	920,461	1,183,566
Investment and other income	335,077	3,126,669	3,461,746
Foreign exchange gain	149,700	1,744,044	1,893,744
Administrative expenses	(108,601)	(861,600)	(970,201)
Impairment of assets	(22,046)	(1,187,453)	(1,209,499)
Results of operating activities	617,235	3,742,121	4,359,356
Income tax expense	(18,094)	(1,019,148)	(1,037,242)
Profit for the year	599,141	2,722,973	3,322,114
Segment assets	1,495,163	56,142,166	57,637,329
Segment liabilities	**1,493,681**	**27,195,432**	**28,689,113**

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)	(3,261,292)
Earned premium income	3,806,867	22,605,056	26,411,923
Less: Retrocession costs	(551,251)	(2,729,773)	(3,281,024)
Net premium earned	**3,255,616**	**19,875,283**	**23,130,899**
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	1,992,435	12,310,274	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	3,482,197
	1,185,617	9,997,274	11,182,891
Underwriting profit	288,543	1,007,324	1,295,866
Investment and other income	319,121	2,249,298	2,568,419
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)	(603,598)
Results of operating activities	571,347	2,998,939	3,570,285
Income tax expense	(53,099)	(1,046,895)	(1,099,994)
Profit for the year	**518,248**	**1,952,044**	**2,470,291**
Segment assets	2,296,742	40,837,748	43,134,490
Segment liabilities	2,166,356	20,191,092	22,357,448

Notes to the consolidated financial statements - Continued

Company 31 December 2018	Life insurance =N='000	Non-life insurance =N='000	Total segments =N='000
Gross Premium	3,289,630	15,906,223	19,195,853
Change in Reserve for unearned premium	(392,965)	(2,345,546)	(2,738,511)
Earned premium income	2,896,665	13,560,677	16,457,342
Less: Retrocession costs	(398,244)	(2,532,287)	(2,930,531)
Net premium written	2,498,421	11,028,390	13,526,811
Expenses			
Gross claims paid	2,357,975	5,202,105	7,560,080
Change in Reserve for outstanding claims	(838,056)	1,730,013	891,956
Ceded Outstanding Claims Reserve	(227,586)	(634,433)	(862,018)
Claims incurred	1,292,333	6,297,685	7,590,018
Retrocession recoveries	(353,696)	(1,456,570)	(1,810,266)
Net claims incurred	938,637	4,841,115	5,779,752
Underwriting expenses:			
Acquisition and maintenance cost	692,857	3,365,512	4,058,369
Depreciation and amortisation	3,819	88,668	92,487
Management expenses	400,197	2,576,715	2,976,912
	1,096,873	6,030,895	7,127,768
Underwriting profit	462,911	156,380	619,291
Investment and other income	301,570	2,608,832	2,910,402
Foreign exchange gain	134,730	1,451,268	1,585,998
Administrative expenses	(97,741)	(402,974)	(500,715)
Impairment of assets	(22,046)	(680,074)	(702,120)
Results of operating activities	779,424	3,133,432	3,912,856
Income tax expenses	(18,094)	(752,385)	(770,479)
Profit for the year	**761,328**	**2,381,049**	**3,142,377**
Segment Assets	1,495,163	10,584,980	12,080,143
Segment liabilities	1,493,681	10,584,221	12,077,902

Company 31 December 2017	Life insurance =N='000	Non-life insurance =N='000	Total segments =N='000
Gross Premium	2,911,242	15,330,735	18,241,977
Change in Reserve for unearned premium	(145,690)	(2,106,767)	(2,252,457)
Earned premium income	2,765,552	13,223,968	15,989,520
Less: Retrocession costs	(431,034)	(1,317,837)	(1,748,871)
Net premium written	**2,334,518**	**11,906,130**	**14,240,649**
Expenses			
Gross claims expense	1,593,770	7,483,489	9,077,259
Retrocession recoveries	(239,066)	(3,045,670)	(3,284,736)
Net claims incurred	**1,354,704**	**4,437,818**	**5,792,523**
Underwriting expenses	881,361	6,251,100	7,132,461
Underwriting profit	98,453	1,217,212	1,315,665
Interest income	114,345	1,253,860	1,368,205
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		1,136,188	1,136,188
Foreign exchange gain	138,894	1,070,183	1,209,077
Administrative expenses	(75,619)	(425,324)	(500,943)
Impairment of assets	(58,436)	(376,825)	(435,261)
Profit from continued operations	217,637	3,857,805	4,075,442
Profit from discontinued operations	63,648	288,452	352,100
Profit before income tax	281,286	4,146,257	4,427,542
Income tax expense	(53,100)	(1,117,132)	(1,170,232)
Profit for the year	**228,186**	**3,029,125**	**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

The segment information provided to the Company Executive Board for the reportable segments for the year ended 31 December 2018 is as follows:

Group	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
Gross premium	14,655,776	2,652,888	7,630,891	2,294,757	2,245,320	4,706,360	34,185,992	-	34,185,992
Change in reserve for unearned premium	(2,859,109)	(238,396)	(230,408)	105,250	15,348	(610,908)	(3,818,223)	-	(3,818,223)
Earned premium income	11,796,667	2,414,492	7,400,483	2,400,008	2,260,668	4,095,452	30,367,769	-	30,367,769
Retrocession costs	(2,093,909)	(680,127)	(2,095,675)	(417,331)	(419,291)	(1,538,994)	(7,245,327)	-	(7,245,327)
Net premium earned	**9,702,758**	**1,734,365**	**5,304,808**	**1,982,677**	**1,841,377**	**2,556,458**	**23,122,442**	**-**	**23,122,442**
Expenses									
Gross claims incurred	4,955,129	2,221,062	2,818,281	1,647,041	987,848	945,411	13,574,772	-	13,574,772
Retrocession recoveries	(1,356,967)	(768,890)	**(280,088)**	(308,872)	(144,427)	-	(2,859,244)	-	(2,859,244)
Net claims incurred	**3,598,162**	**1,452,172**	**2,538,193**	**1,338,169**	**843,421**	**945,411**	**10,715,528**	**-**	**10,715,528**
Underwriting expenses:									
Acquisition and maintenance cost	2,668,943	580,232	1,801,476	792,959	596,467	468,008	6,908,086	-	6,908,085
Depreciation and amortisation	87,732	11,067	25,399	2,431	2,323	7,732	136,685	-	136,684
Management expenses	2,371,182	206,358	567,798	306,326	299,405	676,867	4,427,935	(249,357)	4,178,578
	5,127,857	**797,657**	**2,394,673**	**1,101,716**	**898,195**	**1,152,607**	**11,472,706**	**-**	**11,223,347**
Underwriting profit	976,739	(515,464)	371,942	(457,209)	99,762	458,440	934,210	-	1,183,567
Investment Income & other income	2,630,779	162,085	526,714	132,314	147,309	111,900	3,711,101	(249,357)	3,461,745
Foreign exchange gain/(loss)	1,346,051	-	(74,487)	122,369	117,578	36,596	1,548,107	345,637	1,893,744
Administrative expenses	(386,945)	(171,711)	(211,502)	(57,504)	(56,265)	(86,273)	(970,202)	-	(970,201)
Impairment of financial assets	(107,525)	(381,816)	(32,389)	(249,285)	(345,310)	(93,173)	(1,209,498)		(1,209,498)
Results of operating activities	**4,459,098**	**(906,906)**	**580,278**	**(509,315)**	**(36,926)**	**427,490**	**4,013,717**	**96,280**	**4,359,356**
Income tax expenses	(770,479)	(58,569)	(174,084)			(34,110)	(1,037,242)		(1,037,242)
Profit for the year	**3,688,619**	**(965,475)**	**406,194**	**(509,315)**	**(36,926)**	**393,380**	**2,976,475**	**96,280**	**3,322,114**
Segment assets	38,122,458	8,713,478	12,143,051		-	8,336,765	67,315,752	(9,678,421)	57,637,330
Segment liabilities	18,855,872	3,059,708	6,666,383			4,568,640	33,150,603	(4,461,489)	28,689,114

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

Group	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
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	1,915,516	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	382,078	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	-	7,572,542
Depreciation and amortisation	69,379	2,723	22,559	2,672	2,472	28,346	128,150	-	128,150
Management expenses	1,957,804	282,864	850,002	272,393	283,330	411,131	4,057,523	(575,325)	3,482,197
	5,568,461	884,194	2,550,017	798,120	765,884	1,191,541	11,758,215	(575,325)	11,182,890
Underwriting profit	**802,664**	**126,328**	**(194,214)**	**391,357**	**121,643**	**(527,235)**	**720,542**	**575,325**	**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)	(830,318)	(501)	(830,819)
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**	**352,100**	**(199,605)**	**596,868**	**308,674**	**(745,355)**	**3,482,579**	**87,708**	**3,570,286**
Income tax expenses	(1,170,231)	-	70,237	-	-	-	(1,099,994)	-	(1,099,994)
Profit for the year	1,999,668	352,100	(129,368)	596,868	308,674	(745,355)	2,382,585	87,708	2,470,292
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)	22,357,447

Notes to the consolidated financial statements - Continued

42 Capital Management

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

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

42.1 Solvency Margin

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

The National Insurance Commission requires each registered insurance company to:

(a) hold the minimum level of the regulatory capital of N10billion and
(b) maintain a minimum ratio of solvency margin of 15%.

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

43 Management of financial and insurance risk

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

43.1 Management of Insurance risk

Continental Reinsurance Plc defines Insurance risk as the risk of loss arising from inadequate pricing, from uncertainties relating to the occurrence, amount and timing of insurance liabilities or from adverse changes in claim reserves development.
Continental Reinsurance Plc provide covers in all classes of reinsurance basically, non-life and life treaty and facultative reinsurance.

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

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

Loss reserves are 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 2018					
Anglophone west	14,655,776	(2,093,909)	12,561,867	43%	29%
Eastern Africa	7,630,891	(2,095,675)	5,535,216	22%	29%
Southern Africa	4,706,359	(1,538,994)	3,167,365	14%	21%
Central Africa	2,652,888	(680,127)	1,972,761	8%	9%
Northern Africa	2,245,320	(419,291)	1,826,029	7%	6%
Francophone West	2,294,757	(417,331)	1,877,426	7%	6%
Total	**34,185,991**	**(7,245,327)**	**26,940,664**	**100%**	**100%**
31 December 2017					
Anglophone west	14,076,486	(1,330,687)	12,745,799	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)	1,947,252	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	29,673,214	(3,281,025)	26,392,189	100%	100%

43.1 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 2018					
Anglophone west	14,655,776	(2,093,909)	12,561,867	76%	71%
Eastern Africa	-	-	-	0%	0%
Southern Africa	-	-	-	0%	0%
Central Africa	-	-	-	0%	0%
Northern Africa	2,245,320	(419,291)	1,826,029	12%	14%
Francophone West	2,294,757	(417,331)	1,877,426	12%	14%
Total	19,195,853	(2,930,531)	16,265,322	100%	100%
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)	1,947,252	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	20,384,094	(1,943,735)	18,440,359	100%	100%

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

Insurance Risk By Class Group	Gross Written Premium (=N='000)	Ceded to Retrocessionaire (=N='000)	Net Written Premium (=N='000)	Percentage (GWP) %	Percentage (Retro) %
31 December 2018					
Accident	5,316,603	(931,745)	4,384,858	16%	13%
Energy	1,896,148	(680,831)	1,215,318	6%	9%
Fire	18,531,529	(4,429,561)	14,101,968	54%	61%
Group Life	3,868,233	(558,486)	3,309,746	11%	8%
Individual Life	288,764	(43,315)	245,449	1%	1%
Liability	1,745,534	(125,496)	1,620,038	5%	2%
Marine	2,539,180	(475,894)	2,063,286	7%	7%
Total	34,185,991	(7,245,328)	26,940,663	100%	100%
31 December 2017					
Accident	5,071,639	(461,971)	4,609,668	17%	14%
Energy	2,146,525	(631,216)	1,515,309	7%	19%
Fire	14,976,647	(1,457,763)	13,518,884	50%	44%
Group Life	3,444,732	(516,710)	2,928,022	12%	16%
Individual Life	264,920	(39,738)	225,182	1%	1%
Liability	1,575,003	(37,143)	1,537,860	5%	1%
Marine	2,193,748	(136,484)	2,057,264	7%	4%
Total	29,673,214	(3,281,025)	26,392,189	100%	100%

Notes to the consolidated financial statements - Continued

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 2018					
Accident	2,318,164	(161,346)	2,156,818	12%	6%
Energy	1,896,148	(680,831)	1,215,318	10%	23%
Fire	9,511,046	(1,498,973)	8,012,073	50%	51%
Group Life	3,041,294	(456,194)	2,585,100	16%	16%
Individual Life	248,337	(37,251)	211,086	1%	1%
Liability	570,916	-	570,916	3%	0%
Marine	1,609,949	(95,937)	1,514,011	8%	3%
Total	19,195,853	(2,930,531)	16,265,322	100%	100%

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%

43.1 Management of Insurance risk (continued)

The claims paid triangulations is presented below for the two businesses (i.e. Non-Life and Life) where triangulation methods were used. The triangulations is based on the Company's claims paid data as at 31 December 2018 which formed the basis of the results of the actuarial valuation of the insurance contract claims liabilities carried out by Zamara for the Non-Life and Life businesses respectively.

Group

Non-life Claims development triangle

Months/ Years	12	24	36	48	60	72	84	96	108	120
	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000
2009	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
2010	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	
2011	862,423	2,186,276	2,554,287	2,809,789	3,124,543	3,256,491	3,256,491	3,256,491		
2012	1,563,234	6,765,430	16,234,076	30,418,007	49,543,385	73,617,998	102,715,345			
2013	1,264,946	5,965,485	14,395,203	27,548,903	45,526,797	70,517,393				
2014	1,442,528	5,799,377	14,271,400	26,884,245	44,362,944					
2015	2,148,621	8,910,106	21,348,355	40,034,965						
2016	2,370,545	11,372,773	28,129,984							
2017	2,295,592	10,835,241								
2018	3,265,390									

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
2009	420,348	698,530	732,733	734,904	734,904	734,904	734,904	734,904	734,904	734,904
2010	312,682	519,070	595,878	599,539	599,539	601,117	601,639	601,639	601,639	
2011	0	0	36,901	37,669	58,795	77,299	77,820			
2012	408,969	804,461	1,050,070	1,063,563	1,065,016	1,066,998	1,067,553			
2013	729,533	1,344,290	1,432,893	1,458,692	1,436,072	1,440,587				
2014	569,819	1,187,680	1,285,259	1,352,836	1,361,149					
2015	700,597	1,301,433	1,638,098	1,709,716						
2016	408,092	1,079,458	1,715,870							
2017	538,477	1,597,607								
2018	1,145,275									

Notes to the consolidated financial statements - Continued

43.1 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
2009	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
2010	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	
2011	862,423	2,186,276	2,554,287	2,809,789	3,124,543	3,256,491	3,256,491	3,256,491		
2012	1,610,886	6,765,430	16,234,076	30,409,500	49,526,387	73,592,502	29,162,440			
2013	1,267,168	5,388,141	12,837,495	24,372,700	40,119,172	61,529,240				
2014	1,349,525	5,639,101	13,758,410	25,888,905	42,740,116					
2015	1,838,976	7,901,755	19,049,761	35,820,299						
2016	2,280,394	9,698,946	23,689,198							
2017	2,170,552	9,506,708								
2018	2,729,462									

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
2009	420,348	698,530	732,733	734,904	734,904	734,904	734,904	734,904	734,904	734,904
2010	312,682	519,070	595,878	599,539	599,539	601,117	601,639	601,639	601,639	
2011	0	0	36,901	37,669	58,795	77,299	77,299	77,299		
2012	404,706	788,755	997,431	1,010,669	1,012,123	1,014,105	1,014,660			
2013	686,214	1,254,550	1,342,371	1,368,170	1,369,256	1,373,770				
2014	519,569	1,114,875	1,204,130	1,241,688	1,248,135					
2015	671,317	1,218,591	1,394,918	1,429,470						
2016	326,937	898,787	1,431,587							
2017	464,507	1,263,614								
2018	1,016,341									

43.1.1 Sensitivity analysis of insurance contract liabilities

The analysis which follows is performed for reasonably possible movements in key assumptions with all other assumptions held constant, and shows the impact on gross and net liabilities, profit before tax and equity. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, the assumptions had to be changed on an individual basis.

It should be noted that movements in these assumptions are non–linear. Sensitivity information will also vary according to the current economic assumptions, mainly due to the impact of changes to both the intrinsic cost and time value of options and guarantees. When options and guarantees exist, they are the main reason for the asymmetry of 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 N106.8 million whilst a reduction of Mortality by 5% will result in a reduction of Life fund liability by N106.8 million.

Non-life insurance contract liabilities

Sensitivity analyses are performed to test the variability around the reserves that are calculated at a best estimate level. The estimated claim amounts can never be an exact forecast of future claim amounts and therefore looking at how these claim amounts vary provides valuable information for business planning and risk appetite considerations.

A sensitivity analysis was done to determine how the insurance contract liabilities balance would change if we were to consider the effects of changes to the ultimate premium and ultimate loss ratio as opposed to our best estimate figures included in reserve reviews of the Company as at 31 December 2018. The effects of these changes are as follows:

		Ultimate Premium		Ultimate Loss Ratio (ULR)		
	Best estimate	Effects of 5% decrease	Effects of 5% increase	Best estimate	Effects of 5% decrease	Effects of 5% increase
Class of business	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000
Accident	1,168,271	327,931	367,639	349,707	288,568	407,002
Energy	591,672	338,410	368,603	353,506	278,023	428,990
Fire	3,946,596	2,762,781	3,036,303	2,929,113	2,621,046	3,178,038
Liability	233,805	147,256	163,816	156,552	134,836	176,237
Marine	727,043	113,136	141,744	127,955	98,807	156,073
Total	**6,667,387**	**3,689,514**	**4,078,105**	**3,916,834**	**3,421,280**	**4,346,340**

Notes to the consolidated financial statements - Continued

43.2 Financial risk management

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

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

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

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

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

Group At 31 December 2018	Carrying amount =N='000	0 - 90 days =N='000	91 - 180 days =N='000	180 - 365 days =N='000	over one year =N='000
Financial assets					
Cash and cash equivalents	14,610,220	13,677,863	306,650	511,438	114,268
Reinsurance receivables	11,950,636	2,893,807	1,300,750	2,547,394	5,208,685
Loans and other receivables	642,862	92,564	12,000	129,456	408,842
Retrocession assets	6,494,583	6,494,583	-	-	-
Other assets	55,592	55,592	-	-	-
Financial asset designated at fair value	2,853,024	284,925	222,828	153,164	2,192,107
Debt Securities -*held to maturity*					
Listed	3,304,652	297,803	1,233,994	1,644,106	128,750
Unlisted	3,515,421	-	830,505	9,123	2,675,794
Debt Securities -*available for sale*					
Listed	389,536	389,536			
Statutory deposits	1,000,000	-	-	-	1,000,000
	44,816,526	**24,186,673**	**3,906,727**	**4,994,681**	**11,728,446**
Financial liabilities					
Other liabilities	783,759	301,318	482,441	-	-
Reinsurance creditors	2,191,916	2,191,916	-	-	-
	2,975,675	**2,493,234**	**482,441**	**-**	**-**

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

43.2 Financial risk management (continued)

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

Group At 31 December 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	9,079,093	7,363,001	1,089,043	627,049	-
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	2,807,442	-	22,031	596,677	2,188,735
Debt Securities -*available for sale*					
Listed	378,608	378,608			-
Statutory deposits	1,000,000	-	-	-	1,000,000
	33,632,426	**15,597,649**	**4,113,216**	**4,369,730**	**9,551,832**
Financial liabilities					
Other liabilities	716,924	301,318	415,606.75	-	-
Reinsurance creditors	1,356,210	1,356,210	-	-	-
	2,073,134	**1,657,528**	**415,606.75**	**-**	**-**

Company At 31 December 2018	Carrying amount =N='000	0 - 90 days =N='000	91 - 180 days =N='000	180 - 365 days =N='000	over one year =N='000
Financial assets					
Cash and cash equivalents	6,027,224	5,094,869	124,790	693,296.67	114,269
Reinsurance receivables	6,098,604	1,747,209	735,810	1,638,151	1,977,434
Loans and other receivables	432,699	92,564	12,000	129,456	198,679
Retrocession assets	2,880,398	2,880,398	-	-	-
Other assets	1,898,352	1,898,352	-	-	-
Debt Securities - *Held to maturity*					-
Listed	2,466,683	297,803	1,233,994	234,469	700,417
Unlisted	1,827,736	-	830,505	9,123	988,108
Debt Securities -*available for sale*					
Listed	389,536	389,536			-
Statutory deposits	1,000,000	-	-	-	1,000,000
	23,021,232	**12,400,731**	**2,937,099**	**2,704,496**	**4,978,907**
Financial liabilities					
Other liabilities	3,230,617	301,318	2,929,300	-	-
Reinsurance creditors	1,103,195	1,103,195	-	-	-
	4,333,812	**1,404,513**	**2,929,299.50**	**-**	**-**

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

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	4,964,023	682,693	1,033,397	-
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	-	-	-
Financial asset designated at fair value	0	-	-	-	-
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	10,814,500	2,645,979	3,625,588	6,236,182
Financial liabilities					
Other liabilities	1,037,673	301,318	736,356	-	-
Reinsurance creditors	941,363	941,363	-	-	-
	1,979,036	1,242,681	736,356	-	-

Note: Other assets excludes prepayments whilst other liabilities exclude statutory deductions and rent received in advance
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 2018	Current =N='000	Non-current =N='000	Total =N='000
Cash and cash equivalents	14,610,220	-	14,610,220
Financial asset designated as fair value	2,853,024	-	2,853,024
Loans and other receivables	444,184	198,678	642,862
Available-for-sale investments	1,006,548	1,222,817	2,229,365
Held to maturity investments	3,157,229	3,662,844	6,820,073
Reinsurance receivables	8,770,332	3,180,304	11,950,636
Retrocession assets	6,494,583	-	6,494,583
Deferred acquisition costs	4,034,583	-	4,034,583
Other assets	151,555	-	151,555
Investment properties	-	3,073,003	3,073,003
Intangible assets	-	381,949	381,949
Property, plant and equipment	-	3,395,476	3,395,476
Statutory deposits	-	1,000,000	1,000,000
Total assets	**41,522,258**	**16,115,071**	**57,637,329**
Liabilities			
Insurance contract liabilities	23,256,657	-	23,256,657
Reinsurance creditors	2,191,916	-	2,191,916
Other liabilities	862,568	-	862,568
Retirement benefit obligations	-	203,124	203,124
Current income tax	1,656,899	-	1,656,899
Deferred taxation	-	517,949	517,949
Total liabilities	**27,968,040**	**721,073**	**28,689,113**
Net maturity mismatch	**13,554,218**	**15,393,998**	**28,948,216**

Maturity analysis on expected maturity basis (continued)

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*

Company

At 31 December 2018			
Cash and cash equivalents	6,027,224	-	6,027,224
Financial asset designated as fair value	-	-	-
Loans and other receivables	234,021	198,678	432,699
Available-for-sale investments	1,024,946	1,169,603	2,194,549
Held to maturity investments	1,361,067	2,933,352	4,294,419
Reinsurance receivables	4,035,339	2,063,265	6,098,604
Retrocession assets	2,880,398	-	2,880,398
Deferred acquisition costs	2,227,037	-	2,227,037
Other assets	1,968,320	-	1,968,320
Investment properties	-	3,073,003	3,073,003
Intangible assets	-	381,580	381,580
Property, plant and equipment	-	2,327,693	2,327,693
Statutory deposits	-	1,000,000	1,000,000
Investment in subsidiary	-	5,216,931	5,216,931
Total assets	19,758,352	18,364,105	38,122,457
Liabilities			
Insurance contract liabilities	12,077,902	-	12,077,902
Reinsurance creditors	1,103,195	-	1,103,195
Other liabilities	3,611,173	-	3,611,173
Retirement benefit obligations	-	158,847	158,847
Current income tax	1,504,444	-	1,504,444
Deferred taxation	-	400,311	400,311
Total liabilities	**18,296,714**	**559,158**	**18,855,872**
Net maturity mismatch	1,461,638	17,804,947	19,266,585

(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=22.294 million and Company =N=21.95 million (December 2017: Group =N=27.34 million, Company =N=11.14 million

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

(c) Sensitivity analysis - foreign currency risk

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

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

A 1% movement in foreign exchange rate in USD against the Naira will result in =N=164.57 million gain or loss for the Group and Company of =N=88.60 million (2017: Group =N=132.73 million and Company =N=88.19). In Euro, Group =N=2.4 million and Company =N=2.08 million (2017: Group =N=3.4 million and Company =N=3.02 million). And in other currencies, Group =N=120.97 million and Company =N=17.87 million (2017: Group =N=131.73 million and Company =N= 67.99 million).

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

Group 31 December 2018	Naira =N='000	USD =N='000	Euro =N='000	CFA =N='000	Others =N='000	Total =N='000
Assets						
Cash and cash equivalents	2,910,031	4,077,414	56,668	4,743,493	2,822,614	14,610,220
Reinsurance receivables	889,829	3,372,896	185,554	2,331,761	5,170,596	11,950,636
Investment securities	3,243,617	4,245,514	-	341,293	4,072,038	11,902,462
Loans and other receivables	435,967	-	-	-	206,895	642,862
Other assets	179,329	-	-	-	(123,738)	55,592
Retrocession assets	-	6,494,583	-	-	-	6,494,583
	7,658,773	**18,190,407**	**242,222**	**7,416,547**	**12,148,405**	**45,656,355**
Liabilities						
Other liabilities	862,568	-	-	-	-	862,568
	862,568	-	-	-	-	862,568
Net foreign currency exposure	6,796,205	18,190,407	242,222	7,416,547	12,148,405	44,793,787

31 December 2017	Naira	USD	Euro	CFA	Others	Total
Assets	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000
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	6,788,346	13,209,085	336,438	5,064,535	**8,116,417**	33,514,820

Company 31 December 2018	Naira =N='000	USD =N='000	Euro =N='000	CFA =N='000	Others =N='000	Total =N='000
Assets						
Cash and cash equivalents	2,910,031	1,475,325	56,668	900,010	685,190	6,027,224
Reinsurance receivables	889,829	1,760,793	151,375	2,331,630	964,977	6,098,604
Investment securities	3,243,617	2,756,986	-	341,293	147,072	6,488,968
Loans and other receivables	432,699	-	-	-	-	432,699
Other assets	1,898,352	-	-	-	-	1,898,352
Retrocession assets	-	2,880,398	-	-	-	2,880,398
	9,374,528	**8,873,502**	**208,043**	**3,572,933**	**1,797,239**	**23,826,245**
Liabilities						
Other liabilities	3,611,173	-	-	-	-	3,611,173
	3,611,173	-	-	-	-	3,611,173
Net foreign currency exposure	5,763,355	8,873,502	208,043	3,572,933	1,797,239	20,215,072

Notes to the consolidated financial statements - Continued

43.2 Financial risk management (continued)

Maturity analysis on expected maturity basis (continued)

Company At 31 December 2017	Current =N='000	Non-current =N='000	Total =N='000
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	**19,134,234**	**14,989,826**	**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	2,966,815	14,436,102	17,402,917

43.2.1 Sensitivities

The sensitivity analysis below are based on a change in one assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated - for example, change in interest rate and change in market values.

(a) Sensitivity analysis - interest rate risk

The Group defines interest rate risk as the risk of loss arising from changes in interest rates that will affect future profitability or fair values of financial instruments. The Group is exposed to this risk on some of its investments and mitigates this risk by actively monitoring changes in interest rate in all countries where it has cash and interest-bearing investments.

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

A 100 basis point movement in interest rates will result in additional gross interest income or loss for the Group of =N=131.90 million and Company =N=48.63 million (2017: Group =N=82.09million and Company =N=58.76 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.

Notes to the consolidated financial statements - Continued

Company 31 December 2017	Naira =N='000	USD =N='000	Euro =N='000	CFA =N='000	Others =N='000	Total =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	5,064,404	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	5,064,404	1,743,704	22,764,969

43.2.2 Credit Risk

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

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

Credit Rating	Fire and Engineering	Marine and Aviation	Motor, Accident and Liability	Energy
A++	0%	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 2018 =N='000	Maximum Group 2017 =N='000	Company 2018 =N='000	Company 2017 =N='000
Cash and cash equivalents	14,610,220	9,218,560	6,027,224	6,819,580
Reinsurance receivables	11,950,636	9,922,255	6,098,604	6,184,435
Loans and other receivables	642,862	542,288	432,699	489,091
Debt securities	10,080,411	9,747,757	4,673,911	8,169,076
Total assets bearing credit risk	37,284,129	29,430,860	17,232,438	21,662,182

Credit quality of financial assets per asset class-Group

31 December 2018	Cash and cash equivalents =N='000	Reinsurance receivables =N='000	Loans and other receivables =N='000	Debt securities =N='000
Neither past due nor impaired	14,610,220	9,047,352	642,862	9,049,438
Past due but not impaired	-	2,862,274	-	-
Impaired	-	2,642,766	406,941	-
Gross	14,610,220	14,552,392	1,049,803	9,049,438
Impairment allowance - collective	-	(2,601,756)	(406,941)	-
Net	14,610,220	11,950,636	642,862	9,049,438
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

43.2.2 Credit Risk

Credit quality of financial assets per asset class-Company

31 December 2018	Cash and cash equivalents =N='000	Reinsurance receivables =N='000	Loans and other receivables =N='000	Debt securities =N='000
Neither past due nor impaired	6,027,224	4,344,830	432,699	6,488,968
Past due but not impaired	-	1,753,775	-	-
Impaired	-	1,763,144	406,941	-
Gross	6,027,224	7,861,749	839,640	6,488,968
Impairment allowance - collective	-	(1,763,145)	(406,941)	-
Net	**6,027,224**	**6,098,605**	**432,699**	**6,488,968**
31 December 2017				
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**

(a) Financial assets neither past due nor impaired

The credit quality of the portfolio of insurance receivables and other loans and receivables, debt securities and other financial asset exposed to credit risk that were neither past due nor impaired can be assessed by reference to the capacity of the business to pay on written businesses. The Group does not rate any of its financial assets measured at amortised cost.

The assets above are analysed in the table below using Standard & Poors (S&P) rating (or equivalent when not available from S&P)

Group	A+ =N='000	A =N='000	BBB- =N='000	Below BBB =N='000	Not rated =N='000
31 December 2018					
Cash and cash equivalents	14,610,220	-	-	-	-
Reinsurance receivables	-	-	-	-	11,950,636
Loans and other receivables	-	-	-	-	642,862
Other assets	-	-	-	-	151,555
Retrocession assets	-	6,494,583	-	-	-
Debt securities	-	-	-	10,136,004	63,688
	14,610,220	6,494,583	-	10,136,004	12,808,741
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**
Company					
31 December 2018					
Cash and cash equivalents	6,027,224	-	-	-	-
Reinsurance receivables	-	-	-	-	6,098,604
Loans and other receivables	-	-	-	-	432,699
Other assets	-	-	-	-	1,898,352
Retrocession assets	-	2,880,398	-	-	-
Debt securities	-	-	-	4,673,911	63,688
	6,027,224	**2,880,398**	**-**	**4,673,911**	**8,493,343**
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**

Notes to the consolidated financial statements - Continued

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

Group 31 December 2018	< 90 days =N='000	91-180 days =N='000	181-270 days =N='000	271-365 days =N='000	1-2 yr =N='000	2 years & above =N='000
Reinsurance receivables-Life	269,968	1,528	31,558	35,067	39,646	9,146
Reinsurance receivables-Non Life	2,762,514	1,364,259	1,723,520	884,619	1,052,433	873,093
Total	**3,032,482**	**1,365,788**	**1,755,078**	**919,685**	**1,092,080**	**882,240**
Profile	34%	15%	19%	10%	12%	10%

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%

Company 31 December 2018	< 90 days =N='000	91-180 days =N='000	181-270 days =N='000	271-365 days =N='000	1-2 yr =N='000	2 years & above =N='000
Reinsurance receivables-Life	257,483	2,008	20,832	18,563	16,392	6,547
Reinsurance receivables-Non Life	392,400	763,235	922,886	429,396	675,256	839,833
Total	**649,883**	**765,243**	**943,718**	**447,959**	**691,647**	**846,380**
Profile	15%	18%	22%	10%	16%	19%
31 December 2017						
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	**883,944**	**735,810**	**907,421**	**430,730**	**665,045**	**498,219**
Profile	21%	18%	22%	10%	16%	12%

43.2.2.1 Concentration of credit risk

Concentration risk (including geographical risk) includes identification of the concentration of risks insured by Continental Reinsurance Plc utilize data analysis, software and market knowledge to determine the concentration of its risks by insurance class, geographic location, exposure to a client or business. The assessment of the concentration risk are consistent with the overall risk appetite as established by the Group.

Continental Reinsurance monitors concentration of credit risk by geographical and nature of business. An analysis of concentrations of credit risk for reinsurance receivables are set out below:

(a) Geographical sectors

At 31 December	Group 2018 =N='000	Group 2017 =N='000	Company 2018 =N='000	Company 2017 =N='000
Nigeria	1,649,918	1,916,003	1,649,918	1,916,003
Cameroon	76,039	1,124,961	0	1,124,961
Kenya	3,586,390	2,548,585	187,190	102,923
Abidjan + Tunis	4,048,185	2,823,942	4,048,185	2,823,942
Gaborone	2,590,104	1,508,763	213,311	216,605
Total	**11,950,636**	**9,922,255**	**6,098,604**	**6,184,434**

(b) Business Class

At 31 December	Group 2018 =N='000	Group 2017 =N='000	Company 2018 =N='000	Company 2017 =N='000
Life operation	216,833	356,354	103,254	275,536
Non life Facultative	5,172,522	4,879,738	3,161,316	2,982,373
Non life Treaty	6,561,280	4,686,163	2,834,034	2,926,525
Total	**11,950,636**	**9,922,255**	**6,098,604**	**6,184,435**

43.2.2 Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its insurance liabilities as they fall due. The Group mitigates this risk by having an investment strategy which focuses on liquidity and capital preservation before investment returns.

In addition, the actuarial team carries out an asset liability matching exercise to ensure that the Group will meet its liquidity requirements. Finally the Group's asset allocation is defined to enable insurance liabilities to be paid from current assets.

The table below presents the cash flows receivable/payable by the Group and the Company. The amounts disclosed in the table are the contractual undiscounted cash flows. All liabilities are presented on a contractual cash flow basis except for the insurance liabilities, which are presented with their expected cash flows.

Group 31 December 2018	0 - 30 days =N='000	31 - 90 days =N='000	91 - 180 days =N='000	181 - 365 days =N='000	Over 1 year =N='000	Total =N='000
Financial assets						
Cash and cash equivalents	3,408,479	10,220,849	130,673	719,382	130,837	14,610,220
Reinsurance receivables	1,617,670	1,276,137	1,300,750	2,547,394	5,589,293	12,331,244
Loans and other receivables		70,000	66,188	212,097	294,590	642,875
Other assets	54,137	60,433	132,838	-	-	247,408
Retrocession assets	1,207,853	612,634	376,434	459,640	2,104,434	4,760,995
Debt Securities at amortised cost	267,903	103,938	2,107,445	350,996	3,989,791	6,820,073
Debt Securities at available for sale	-	349,693	0	0		349,693
Total relevant financial assets	6,556,042	12,693,683	4,114,329	4,289,509	12,108,945	11,930,761
Financial liabilities						
Outstanding claims	77,913	114,559	117,389	333,047	2,991,877	3,634,786
Other liabilities	606,629	-	-	-	-	606,629
Total financial liabilities	**684,542**	**114,559**	**117,389**	**333,047**	**2,991,877**	**4,241,414**
31 December 2017						
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	60,433.00	109,382	-	-	227,732
Retrocession assets	1,207,853	612,634.00	376,434.10	459,640.00	103,104.90	2,759,666
Debt Securities at amortised cost	260,250.88	567,804	403,292	2,126,431	4,255,540	7,613,317
Debt Securities at available for sale	-	349,692.96	-	1,771,532		2,121,225
Total relevant financial assets	**12,222,785**	**2,936,700**	**779,726**	**4,357,603**	**4,358,644**	**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**

Company 31 December 2018	0 - 30 days =N='000	31 - 90 days =N='000	91 - 180 days =N='000	181 - 365 days =N='000	Over 1 year =N='000	Total =N='000
Financial assets						
Cash and cash equivalents	4,251,522	794,810	130,673	719,382	130,837	6,027,224
Reinsurance receivables	1,085,912	661,297	735,810	1,638,151	1,977,434	6,098,604
Loans and other receivables	-	92,564	12,000	129,456	198,678	432,698
Other assets	54,137	1,844,215	-	-	69,968	1,968,320
Retrocession assets	2,880,398	-	-	-	-	2,880,398
Debt Securities at amortised cost	267,903	103,938	2,107,445	350,996	1,205,300	4,035,582
Debt Securities at available for sale	-	-	407,290	-	-	407,290
Total relevant financial assets	**8,539,872**	**3,496,823**	**3,393,219**	**2,837,985**	**3,582,217**	**7,323,270**

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 =N='000	Total =N='000
Financial liabilities						
Outstanding claims	77,913	22,801	104,722	58,920	2,660,395	2,924,751
Other liabilities	2,862,444	-	-	-	-	2,862,444
Total financial liabilities	2,940,357	22,801	104,722	58,920	2,660,395	5,787,195

The unpaid claims as at end of the year is due to incomplete documentation by the insured and cedants. By practice, all claims with complete documentation are paid within 72 hours

31 December 2017						
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	22,293,913
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

43.3 Fair value of financial assets and liabilities

(a) Financial instruments not measured at fair value

Group 31 December 2018	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	14,610,220	14,610,220		-	14,610,220
Reinsurance receivables	11,950,636	-	-	11,950,636	11,950,636
Loans and other receivables	642,862	-	-	642,862	642,862
Retrocession assets	6,494,583	-	-	6,494,583	6,494,583
Other assets	55,592	-	-	55,592	55,592
Held to maturity					
Debt instruments	6,820,073	-	6,820,073	-	6,820,073
	40,573,965	14,610,220	6,820,073	19,143,673	40,573,966
Financial liabilities					
Reinsurance creditors	2,191,916	-	-	2,191,916	2,191,916
Other liabilities	862,568	-	-	862,568	862,568
	3,054,484	-	-	3,054,484	3,054,484

Group 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	9,079,093	-	9,079,093	-	9,079,093
Reinsurance receivables	9,922,255	-	0	9,922,255	9,922,255
Loans and other receivables	492,278	-	0	492,278	492,278
Retrocession assets	2,759,666	-	0	2,759,666	2,759,666
Other assets	227,732	-	0	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	1,692,858	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

Company 31 December 2018	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	6,027,224	6,027,224	-	-	6,027,224
Reinsurance receivables	6,098,604	-	-	6,098,604	6,098,604
Loans and other receivables	432,699	-	-	432,699	432,699
Retrocession assets	2,880,398	-	-	2,880,398	2,880,398
Other assets	1,898,352	-	-	1,898,352	1,898,352
Held to maturity					
Debt instruments	**4,294,419**		**4,294,419**	**-**	**4,294,419**
	21,631,696	6,027,224	4,294,419	11,310,053	21,631,696
Financial liabilities					
Reinsurance creditors	1,103,195	-	-	1,103,195	1,103,195
Other liabilities	3,611,173	-	-	3,611,173	3,611,173
	4,714,368	-	-	4,714,368	4,714,368

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	-	0	6,184,435	6,184,435
Loans and other receivables	439,081	-	0	439,081	439,081
Retrocession assets	1,877,676	-	0	1,877,676	1,877,676
Other assets	677,789	-	0	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**

Note: Financial liabilities carrying amounts approximates their fair value

(b) Financial instruments measured at fair value

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable input reflect market data obtained from independent sources; unobservable inputs reflect the Company's market assumptions. These two types of inputs have created the following fair value hierarchy:

Financiual instrument in level 1:

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily government bonds, corporate bonds, treasury bills and equity investments classified as trading securities, held to maturity or available for sale investment.

Financial instrument in level 2:

The fair value of financial instruments that are not traded in an active market are determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Financial instruments in level 3:

The Group uses widely recognized valuation models for determining the fair value of its financial assets. Valuation techniques include comparison with similar instruments for which market observable prices exist and other valuation models. The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

Valuation models that employ significant unobservable inputs require a higher degree of management judgement and estimation in the determination of fair value. Management judgement and estimation are usually required for selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued, determination of the probability of counterpart default and prepayments and selection of appropriate discount rates. Fair value estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties, to the extent that the Group believes that a third party market participant would take them into account in pricing a transaction.

Notes to the consolidated financial statements - Continued

Determination of fair value of financial instruments.
Valuation techniques used to derive Level2 fair values
Level 2 fair values of investments have been generally derived using the Market approach.
Belowis a table showing sensitivity analysis of material unquoted investments categorised as Level 2 fair values.

Description	Fair value at 31 December 2018 N'000	Valuation Technique	Observable Inputs	Fair value if inputs increased by 5% N'000	Fair value if inputs decreased by 5% N'000	Relationship of unobservable inputs to
Investment in MTN	637,875	Fair value through quoted share price as at last trade date.	"Share price from last trade No of units owned by Continental Reinsurance"	669,769	605,981	The higher the share price as at the last traded date, the higher the fair value
Investment in food concept	3,960	Fair value through quoted share price as at last trade date.	"Share price from last trade No of units owned by Continental Reinsurance"	4,158	3,762	The higher the share price as at the last traded date, the higher the fair value
Investment in ARM Life Assurance	98,835	Fair value through quoted share price as at last trade date.	"Share price from last trade No of units owned by Continental Reinsurance"	103,777	93,893	The higher the share price as at the last traded date, the higher the fair value
Investment in Mutual Fund	282,508	Fair value through quoted unit price as at last trade date.	"Unit price from last trade No of units owned by Continental Reinsurance"	296,633	268,382	The higher the unit price as at the last traded date, the higher the fair value

Valuation techniques used to derive Level 3 fair values
Level 3 fair values of investments have been generally derived using the adjusted fair value comparison approach. Price per book value ratios of comparable entities in a similar industry were obtained and adjusted for key factors to reflect estimated ratios of the investment being valued. Adjusting factors used are the Illiquidity Discount which assumes a reduced earning on private entity in comparison to a publicly quoted entity and Non controlling Discount which assumes the equity is valued from the minority interest perspective.

Description	Fair value at 31 December 2018 N'000	Valuation Technique	Observable Inputs	Fair value if inputs increased by 5% N'000	Fair value if inputs decreased by 5% N'000	Relationship of unobservable inputs to
Investment in Aveni Reinsurance	341,293	Adjusted fair value conparison approach	Median of P/B multiples of comprable companies	358,357	324,228	The higher the illiquidity ratio and the earnings per sharehaircut adjustment the higherthe fair value.
Investment in Uganda Reinsurance	78,115	Adjusted fair value conparison approach	Median of P/B multiples of comprable companies	82,020	74,209	The higher the illiquidity ratio and the earnings per sharehaircut adjustment the higherthe fair value.
Investment in Africa Reinsurance	44,521	Adjusted fair value conparison approach	Median of P/B multiples of comprable companies	46,747	42,295	The higher the illiquidity ratio and the earnings per sharehaircut adjustment the higherthe fair value.
Investment in Imperial homes	36,985	Adjusted fair value conparison approach	Median of P/B multiples of comprable companies	38,834	35,135	The higher the illiquidity ratio and the earnings per sharehaircut adjustment the higherthe fair value.
Other investment	12,268	This are fully impaired asset	This are fully impaired asset	12,881	11,654	This are fully impaired asset

Group 31 December 2018	Level 1 =N='000	Level 2 =N='000	Level 3 =N='000	Total =N='000
Financial assets				
Financial assets designated at fair value	2,870,802	-	-	2,870,802
Available for sale investments				-
Debt investments	389,536	-	-	389,536
Quoted equity investments	268,656	282,508	-	551,164
Unquoted equity investments		740,670	513,179	1,253,849
	3,528,994	1,023,178	513,179	5,065,351
31 December 2017				
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	571,818	1,169,767
	3,110,934	599,138	571,818	4,280,701

Notes to the consolidated financial statements - Continued

Company 31 December 2018	Level 1 =N='000	Level 2 =N='000	Level 3 =N='000	Total =N='000
Financial assets				
Financial assets designated at fair value	-	-	-	-
Available for sale investments				
Debt investments	389,536	-	-	389,536
Quoted equity investments	268,656	282,508	-	551,164
Unquoted equity investments		740,670	513,179	1,253,849
	658,192	1,023,178	513,179	2,194,549
Company				
31 December 2017				
Financial assets				
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	571,818	1,169,767
	646,423	1,357,537	571,818	2,090,531

Reconciliation of Level 3 items

The following table presents the changes in level 3 instruments for the year ended 31st December 2018

Equity securities - Available for sale	Group 2018 =N='000	Group 2017 =N='000	Company 2018 =N='000	Company 2017 =N='000
At 1, January	571,818	292,290	571,818	292,290
Total unrealised gains or (losses) in OCI	(58,639)	80,248	(58,639)	80,248
Reclassification to profit and loss	-	199,280	-	199,280
Addition				
At 31 December	513,179	571,818	513,179	571,818

Investment properties	Group 2018 =N='000	Group 2017 =N='000	Company 2018 =N='000	Company 2017 =N='000
At 1, January	2,857,111	2,868,728	2,857,111	2,868,728
Total unrealised gains or (losses) in earnings	580,892	(11,617)	580,892	(11,617)
Disposal	(365,000)	-	(365,000)	-
Addition	-	-	-	-
At 31 December	3,073,003	2,857,111	3,073,003	2,857,111

Disclosure Requirements for Level3 Financial Instruments

Valuation Technique Unquoted Equity:

In accordance with IFRS 13 Fair Value Measurement, which outlines three approaches for valuing unquoted equity instruments; market approach, the income approach
The Adjusted fair value comparison approach of P/Bv ratios was adopted in valuing each of these equity investments taken into cognizance the suitability of the model

Description of Valuation Methodology and inputs:

The fair value of the unquoted equity securities were derived using the Adjusted fair value comparison technique. Adjusted fair value comparison approach of P/B
The steps involved in estimating thefair value of the Group's investment in each of the investees (i.e. unquoted equity securities) are as follows:

Step1: Identify quoted companies with similar line of business ,structure and size

Step 2: Obtain the EV/EBITDA or the P/B or P/E ratios of these quoted companies identified from S&P, Bloomberg or Reuters

Step 3: Derive the average or median of the P/B ratios of these identified quoted companies

Step 4: Apply the lower of average (mean) or median of the identified quoted companies ratios on the Book Value of the investment company to get the value of the investment company

Step 5: Discount the derived value of the investment company by lliquidity discount and Non controlling discoun t to obtian the Adjusted Equity Value

Step6: Multipy the Adjusted Equity value by the present exchange rate for foreign currency investment

Step 7: Compare theAdjusted Equity value with the carrying value of the investment company to arrive at a net gain or loss

Other National Disclosures

Consolidated statement of value added

for the year ended 31 December 2018

	Group 2018 =N='000	%	Group 2017 =N='000	%	Company 2018 =N='000	%	Company 2017 =N='000	%
Net premium income:								
- Local	9,702,758		10,753,579		9,702,758		10,753,579	
- Foreign	13,419,683		12,377,318		3,824,053		5,173,006	
Other income	2,880,854		2,580,037		2,329,510		2,661,031	
	26,003,295		25,710,934		15,856,321		18,587,616	
Claims, commission, charges								
and management expenses								
- local	(743,209)		(4,415,865)		(743,209)		(4,415,865)	
- imported	(18,477,181)		(15,519,428)		(9,622,581)		(8,030,429)	
Value Added	**6,782,905**	**100%**	**5,775,641**	**100%**	**5,490,531**	**100%**	**6,141,322**	**100%**
Applied as follows:								
To pay employees:								
- Salaries, pension and other								
allowances	2,251,626	33%	2,031,218	26%	1,449,949	26%	1,590,549	26%
To pay Government:								
- Income tax	882,561	13%	1,573,926	27%	615,798	11%	1,636,621	27%
- Information technology levy	35,239	1%	45,987	1%	35,239	1%	45,987	1%
Retained for growth:								
- Depreciation and amortistion	136,685	1%	128,151	2%	92,487	1%	77,245	1%
- Deferred taxation	154,681	2%	(473,932)	-8%	154,681	3%	(466,390)	-8%
- Profit for the year	3,322,113	49%	2,470,291	43%	3,142,377	57%	3,257,310	53%
	6,782,905	**100%**	**5,775,641**	**91%**	**5,490,531**	**100%**	**6,141,322**	**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 separate financial statements

for the year ended 31 December 2018

Group five-year financial summary

Statement of financial position	2018 =N='000	2017 =N='000	2016 =N='000	2015 =N='000	2014 =N='000
	<--------	31 DECEMBER		-------->	
Assets					
Cash and cash equivalents	14,610,220	9,079,093	9,346,513	7,702,575	4,844,323
Financial asset held for trading	2,853,024	2,159,476	2,046,334	1,224,258	1,227,512
Loans and other receivables	642,862	492,278	391,505	364,041	234,910
Available-for-sale investments	2,229,365	2,121,225	2,544,148	2,194,682	2,406,037
Held to maturity investments	6,820,073	7,613,317	7,114,055	3,894,558	4,878,062
Reinsurance receivables	11,950,636	9,922,255	10,548,242	7,258,399	6,743,336
Retrocession assets	6,494,583	2,759,666	1,113,567	727,581	477,628
Deferred acquisition costs	4,034,583	2,291,853	1,532,809	1,458,436	1,759,685
Other assets	151,555	329,433	426,752	31,056	981,264
Investment properties	3,073,003	2,857,111	2,868,728	2,685,646	2,926,956
Intangible assets	381,949	20,168	7,067	-	1,214
Property, plant and equipment	3,395,476	2,488,615	1,311,956	1,127,498	726,717
Investments in subsidiary	-	-	-	-	-
Statutory deposits	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Total assets	57,637,330	43,134,490	40,251,676	29,668,730	28,207,644
Liabilities					
Insurance contract liabilities	23,256,657	17,965,990	13,745,315	11,081,953	10,784,693
Reinsurance creditors	2,191,916	1,356,210	2,930,857	884,117	1,404,170
Other liabilities	862,568	860,222	1,976,817	1,092,154	535,096
Retirement benefit obligation	203,124	306,457	383,857	278,372	184,379
Current income tax payable	1,656,899	1,550,357	692,602	722,035	458,813
Deferred tax liabilities	517,949	318,212	793,806	72,908	64,113
Total liabilities	28,689,114	22,357,448	20,523,254	14,131,539	13,431,264
Equity					
Share capital	5,186,372	5,186,372	5,186,372	5,186,372	5,186,372
Share premium	3,915,451	3,915,451	3,915,451	3,915,451	3,915,451
Retained earnings	5,093,838	3,775,255	2,874,421	1,820,765	1,714,433
Contigency reserve	5,265,633	4,462,001	4,003,471	3,414,608	2,785,131
Available-for-sale reserve	441,041	329,978	333,265	182,183	297,704
Foreign currency translation reserve	4,291,530	1,764,220	2,088,662	(116,756)	(101,723)
Equity attributable equity holders of the parent	24,193,864	19,433,277	18,401,642	14,402,623	13,797,368
Non-controlling interest	4,754,351	1,343,765	1,326,780	1,134,568	979,012
Total equity	28,948,215	20,777,042	19,728,422	15,537,191	14,776,380
Total liabilities and equity	57,637,330	43,134,490	40,251,676	29,668,730	28,207,644

Income statement For year ended	2018 =N='000	2017 =N='000	2016 =N='000	2015 =N='000	2014 =N='000
	<--------	31 DECEMBER		-------->	
Gross premium	34,185,991	29,673,215	22,406,048	19,738,040	16,436,778
Profit before income tax expense	4,359,355	3,570,285	4,651,687	2,915,593	1,587,969
Income tax expense	(1,037,242)	(1,099,994)	(1,533,052)	(772,805)	(732,325)
Profit for the year	3,322,113	2,470,291	3,118,635	2,142,788	855,644
Appropriations:					
Transfer to contingency reserve	803,632	458,530	588,863	629,477	365,035
Transfer to retained earnings	2,518,481	2,011,761	2,529,772	1,513,311	490,609
Earnings per share (kobo)	34	27	28	19	8
Net assets per share (kobo)	233	187	177	139	133

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 separate financial statements

for the year ended 31 December 2018

Separate five-year financial summary

Statement of financial position	2018	2017	2016	2015	2014
	<------	------	31 DECEMBER	------	------>
	=N='000	=N='000	=N='000	=N='000	=N='000
Assets					
Cash and cash equivalents	6,027,224	6,680,113	6,538,769	5,792,358	3,303,155
Financial asset held for trading	-	-	96,177	104,247	171,524
Loans and other receivables	432,699	439,081	296,441	302,083	207,802
Available-for-sale investments	2,194,549	2,090,531	2,482,980	2,150,894	2,356,882
Held to maturity investments	4,294,419	6,065,330	6,345,275	3,438,340	4,372,487
Reinsurance receivables	6,098,604	6,184,435	7,477,147	5,793,094	5,274,202
Retrocession assets	2,880,398	1,877,676	424,947	396,648	335,935
Deferred acquisition costs	2,227,037	1,501,752	782,628	1,107,837	1,383,416
Other assets	1,968,320	756,126	1,950,128	1,062,703	1,214,437
Investment properties	3,073,003	2,857,111	2,868,728	2,685,646	2,926,956
Intangible assets	381,580	19,849	6,768	-	1,214
Property, plant and equipment	2,327,693	2,379,583	1,247,032	1,048,051	613,858
Investments in subsidiary	5,216,931	2,272,473	1,649,571	1,649,571	1,722,633
Statutory deposits	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Total assets	38,122,457	34,124,060	33,166,593	26,531,472	24,884,503
Liabilities					
Insurance contract liabilities	12,077,902	12,470,590	10,137,148	9,153,563	9,004,306
Reinsurance creditors	1,103,195	941,363	2,568,608	847,009	1,175,735
Other liabilities	3,611,173	1,249,986	3,200,303	1,318,129	457,106
Retirement benefit obligation	158,847	275,150	336,008	278,372	184,379
Current income tax payable	1,504,444	1,565,199	631,518	648,999	391,277
Deferred tax liabilities	400,311	218,855	686,907	68,777	45,039
Total liabilities	18,855,872	16,721,143	17,560,492	12,314,849	11,257,842
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	4,662,873	3,551,578	2,408,676	1,681,345	1,526,328
Contigency reserve	5,054,404	4,413,032	3,754,688	3,250,484	2,705,666
Available-for-sale reserve	447,486	336,484	340,912	182,971	292,842
Total equity	19,266,584	17,402,917	15,606,099	14,216,623	13,626,659
Total liabilities and equity	38,122,456	34,124,060	33,166,593	26,531,472	24,884,503

Income statement For year ended	2018	2017	2016	2015	2014
	<------	------	31 DECEMBER	------	------>
	=N='000	=N='000	=N='000	=N='000	=N='000
Gross premium	19,195,853	20,384,093	17,374,826	15,366,113	13,176,217
Profit before income tax	3,912,856	4,427,541	3,835,712	2,540,244	1,279,994
Income tax expense	(770,479)	(1,170,231)	(1,320,750)	(605,857)	(618,471)
Profit after taxation	3,142,377	3,257,310	2,514,962	1,934,387	661,523
Appropriations:					
Transfer to contingency reserve	638,844	659,818	504,204	544,818	356,585
Transfer to retained earnings	2,503,533	2,597,492	2,010,758	1,389,569	304,938

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

32nd Annual General Meeting to be held at Victoria Crown Plaza (VCP) hotel, 292b, Ajose Adeogun Street, Victoria Island, Lagos on Wednesday, October 30, 2019 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 ____, 2019 and at any and every adjournment thereof.

Dated this…………day of…………….2019

Shareholder's Signature…………………...

RESOLUTIONS	FOR	AGAINST
To receive the Audited Financial Statements for the year ended December 31st, 2018 and the Reports of the Directors, Auditors and Audit Committee		
To re-elect Directors retiring by rotation: -Mr. Paul Kokoricha -Mr. Steve Iwenjora -Mr. Ian Tofield		
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, 2019. - Chairman: NGN 6,080,000.00 - 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 to 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.
3. 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.

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 32nd Annual General Meeting to be held at Victoria Crown Plaza (VCP) Hotel, 292b, Ajose Adeogun Street, Victoria Island, Lagos on Wednesday, October 30, 2019 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

Only Clearing Banks are acceptable

Instruction
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

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@paceregistrars.com www. paceregistrars.com

Pace Registrars
Formerly
Sterling Registrars

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

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
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Tel: +237 233 422 494
Fax: +237 33 42 27 88

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

Tunisia
Rue Lac Leman, Imm. 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
P.O Box 76326-00508
Tel: +254 202 429 391
Fax: +254 202 610 806

Botswana
Plot 67977, Fairgrounds, Gaborone, Botswana
Postal address: P.O. Box 698 ABG,Selebe
Gaborone, Botswana
Tel: +267 2974384
Fax: +267 3974371

www.continental-re.com