Annual Report and Accounts

2012

CONTINENTAL REINSURANCE
...sustainable trust

Our Vision

To be the Premier Player in the African Reinsurance Market.

Mission

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

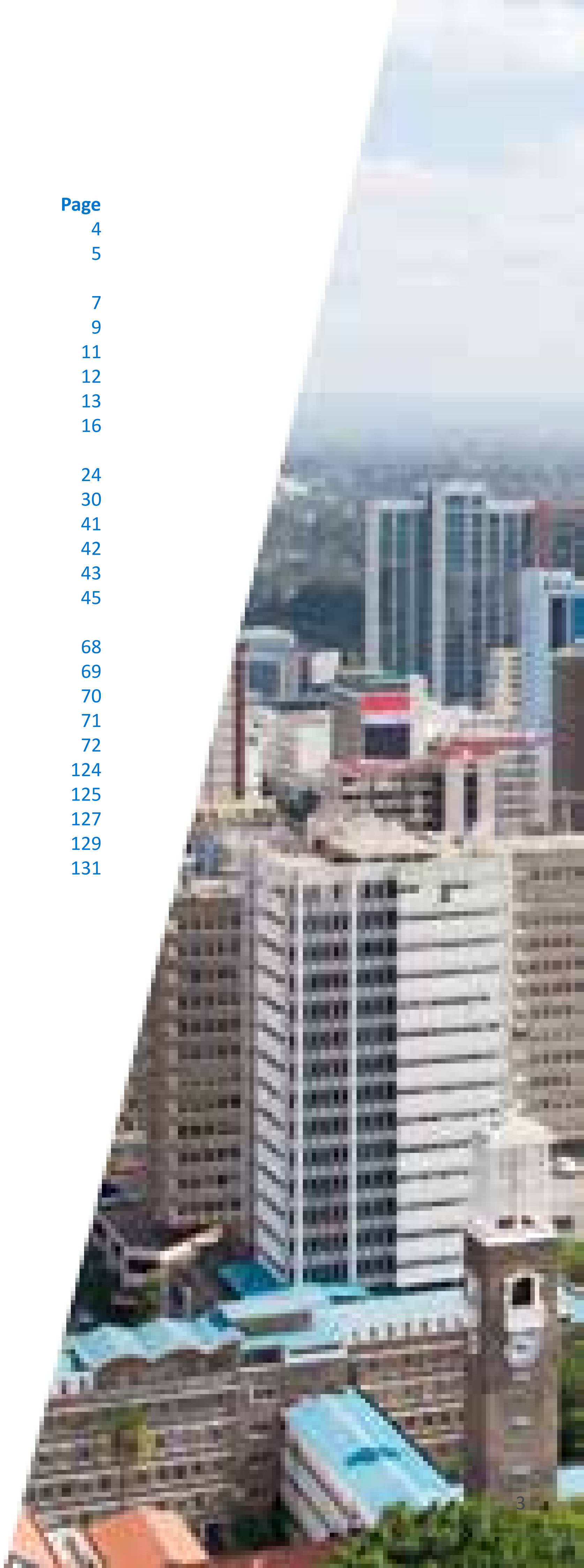
Our Values

✓Teamwork and Passion
✓Ability and Dependability
✓Sustainable Trust

Corporate Philosophy

...Sustainable Trust

Contents



Corporate Information

Board of Directors

Engr. S. Akin Laguda	- Chairman
Dr. Olufemi Oyetunji	- Managing Director/CEO
Mr. Rasak O. Falekulo	- Executive Director (Life)
Mr. Lawrence M. Nazare (Zimbabwean)	- Executive Director (Non-Life)
Mr. Vincent Le Guennou (French)	
Mr. Hurley Doddy (American)	
Mr. David S. Sobanjo	
Ms.Nana Appiah-Korang (Ghanaian)	
Mr. Bakary H. Kamara (Mauritanian)	

Company Secretary
Mrs. Abimbola A. Falana

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

Regional Offices
Douala Office
Rue Ngosso Din Derriere Pharmacie
De la Cote, Bali, Douala

Abidjan Office
Zone 4C, Rue Pierre et Marie Curie,
Immeuble SCI Kali

Nairobi Office
197 LENANA PLACE
Lenana Road
Nairobi, Kenya

Auditors
Ernst & Young
2A, Bayo Kuku Road
Off Alfred Rewane Road
Ikoyi, Lagos

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

Registrars
Sterling Registrars Limited
24, Campbell Street
Lagos

Bankers
Stanbic IBTC Bank Ltd
Zenith Bank Plc
Guaranty Trust Bank Plc
Ecobank, Douala
United Bank for Africa Plc, Douala
Union Bank of Cameroun, Douala
United Bank for Africa Plc, Abidjan
NIC Bank, Nairobi
HSBC Bank

Financial Highlights For The Period Ended 31 December, 2012

NGN millions, unless otherwise stated	2011	**2012**	change in %
Non-Life			
Premium earned	8,415	**8,271**	-2%
Combined ratio in % (Net of Retro)	84.31%	**88.81%**	5%
Life			
Premium earned	1,637	**2,121**	30%
Investment			
Investment income (Net of Provision)	660	**1,559**	136%
Return on investment in %	12%	**11%**	
Total			
Premium earned	10,052	**10,392**	3%
Net income	1,443	**1,627**	13%
Earnings per share in kobo	14	**16**	
Shareholders' equity	12,315	**13,235**	7%
Return on equity[1] in %	11.7%	**12.3%**	
Number of employees[2]	55	**57**	4%

Notes: [1]Return on equity is calculated by dividing annualised net income attributable to common shareholders by average common shareholder's equity.
[2]Permanent staff

Financial strength ratings

as at 31 December, 2012	A.M Best
Ratings	**B+**
Outlook	**Good**

Share Performance

Market Capitalization as at 4 June, 2013	
Share price in NGN	**1.25**
Number of Shares (Billion)	**10.37**
Market capitalisation in NGN Bn	**12.96**

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twenty Sixth Annual General Meeting of members of CONTINENTAL REINSURANCE PLC will be held at Victoria Crown Plaza (VCP) Hotel, 292b, Ajose Adeogun Street, Victoria Island, Lagos on Wednesday, September 18, 2013 at 11.00 a.m. to transact the following businesses:

Ordinary Business

1. To receive the Report of the Directors and the Audited Financial Statements for the year ended December 31, 2012 together with the reports of the Auditors and the Audit Committee thereon.

2. To declare a dividend.

3. To re-elect/approve appointment of Directors.

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

5. To elect members of the Audit Committee.

Special Business

6. To approve the remuneration of the Directors for the year ending December 31, 2013.

7. To consider and, if thought fit, pass the following resolution as Ordinary Resolutions:

   (i.) "That the Authorized Share Capital of the Company be and is hereby increased from NGN7.5 billion (Seven Billion, Five Hundred Million Naira) to NGN12.5 billion (Twelve Billion Five Hundred Million Naira) by the creation of additional 10,000,000,000 (Ten Billion) Ordinary Shares of 50 kobo each, such new shares to rank pari-passu in all respects with the existing Ordinary Shares of the Company".

   (ii) "That the Directors be and are hereby authorized to raise additional capital by way of Rights Issue, Private Placement and/or Public Offer or any other methods which the Directors deem appropriate, upon such terms and conditions to be determined by the Directors for the purpose of the Company's expansion strategies, opportunities or any other purpose which the Directors may resolve to be in the best interest of the Company, subject to the approval of the appropriate regulatory authorities".

   (iii) "That the Directors be and are hereby authorized to appoint such professional parties, enter into any agreement, execute any document and perform all such other acts and do all such other things as may be necessary for or incidental to giving effect to resolution (ii) above".

8. To consider and, if thought fit, pass the following as a Special Resolution:

   "That consequent upon the passing of the Ordinary Resolution for the increase in the Authorized Share Capital, the Company's Memorandum of Association be amended by deleting from Clause 6, the phrase "The Share Capital of the Company is NGN7,500,000,000.00 (Seven Billion, Five Hundred Million Naira) divided into 15,000,000,000 (Fifteen Billion) Ordinary Shares of NGN50 kobo each…" and substituting the following:

   "The Authorized Share Capital of the Company is NGN12.5 billion (Twelve Billion Five Hundred Million Naira) divided into 25,000,000,000 (Twenty Five Billion) Ordinary Shares of 50 kobo each…"

BY ORDER OF THE BOARD

Abimbola A. Falana (Mrs.)
Company Secretary
FRC/2013/NBA/00000000688

Registered Office:
6, Catholic Mission Street,
Lagos.

Dated: August 6, 2013

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. To be valid for the purpose of the meeting, the Proxy Form, which is in this Annual Report must be duly signed by the member and stamped at the Stamp Duties Office and deposited at the registered office of the Registrars, Sterling Registrars Limited, 24, Campbell Street, Lagos not less than 48 hours before the time fixed for the meeting.

2. Closure of Register

The register of members and transfer books will be closed from Monday, September 9, 2013 to Friday, September 13, 2013, (both days inclusive) to enable the Registrars update the Register of Members and prepare for the payment of dividend.

3. Payment of Dividend

If the dividend recommended by the Directors is declared at the Annual General Meeting, dividend warrants will be posted on Thursday, September 19, 2013 to shareholders whose names are registered in the Company's Register of Members at the close of business on Friday, September 6, 2013.

To facilitate the payment of dividend electronically, shareholders who have not completed the e-dividend Mandate Form are encouraged to do so. An e-dividend Mandate Form is in this Annual Report.

4. Unclaimed Dividend

A list of shareholders who are yet to claim their dividend(s) is being circulated with this Annual Report. Members who have still not claimed their dividend(s) are advised to write to or call at the office of the Registrars, Sterling Registrars Limited, 24, Campbell Street, Lagos.

5. Change of Address

Members are requested to notify the Registrars of changes, if any, in their registered addresses.

6. Nominations for Audit Committee

The 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 a 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.

Corporate Profile

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

The Company was converted to a public limited liability Company in 2000. It recapitalised from NGN 2 billion to NGN 10 billion in 2007 with ownership including international investors and is managed by seasoned professionals and complying with international standards in its business transactions. It was listed on the Nigerian Stock Exchange on May 30, 2007.

The Company has strong differentiators that make it a leader in the market, namely: solid range of international shareholders; consistent and strong track record; and a team of in-house actuaries, plus external support which have put in place a rigorous Enterprise Risk Management (ERM) framework that works across all of its offices.

Office Location

The corporate head office is in Lagos, Nigeria. The Head Office also serves as the Regional Office for Lagos and covers business activities in the Anglophone West African countries, Angola and South Africa. The Regional office in Douala, Cameroon covers Francophone Central African region while the new regional office in Abidjan, Côte D'Ivoire covers all Francophone West African and some Northern African denominated businesses. The Nairobi, Kenya office covers the Eastern and Southern Africa Countries. The Company has recently obtained a license for an office in Tunis, Tunisia that will cover businesses in North Africa/ Maghreb. In line with the Company's strategic positioning across Africa, a subsidiary company was incorporated in Kenya at the end of the year to replace the Nairobi regional office. The new subsidiary company, which is fully licensed, commenced operation in January 2013. Continental Reinsurance currently has significant business activities in 46 African countries.

Credit Rating

The Company is rated B+ (Good) for financial strength and credited for strong risk-adjusted capital by AM Best Europe - Rating Services Limited, the world's oldest and most authoritative insurance rating and information source.

Products and Services

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

The Company has a well-managed and solid investment portfolio, with diversified investment focus, in order to meet future claim obligations and limiting the Company's exposure to investment risk and preserve shareholders' capital and thereby maximize total return on investment.

The Company also provides top-class specialized training and development programmes to its esteemed clients in 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.

Our People

Continental Reinsurance is managed by highly talented, motivated and seasoned professionals. The Company has had stable management over the years and effective organisational renewal with employment of seasoned professionals who are supported with relevant training and development initiatives.

Corporate Performance

The average gross premium growth has been over 20% since 2008. The gross premium increased from NGN 11.6 billion in 2011 to NGN12.4 billion in 2012 while assets grew from NGN 21.6 billion in 2011 to NGN 24 billion in 2012. With the on-going strategic focus of the Company, the trend of growth is expected to be highly significant in the coming years.

Board of Directors

Engr. S. Akin Laguda
Chairman

Dr. Olufemi Oyetunji
Managing Director/CEO

Mr. Rasak O. Falekulo
Executive Director (Life)

Mr. Lawrence M. Nazare
Executive Director (Non-Life)

Mr. Hurley Doddy
Director

Ms. Nana Appiah-Korang
Director

Mr. Vincent Le Guennou
Director

Mr. David S. Sobanjo
Director

Mr. Bakary H. Kamara
Director

Key Management Staff

Mr. Olufemi Oyetunji
Managing Director/CEO

Mr. Rasak O. Falekulo
Executive Director (Life)

Mr. Lawrence M.Nazare
Executive Director (Non-Life)

Mr. Alexandre Aquereburu
Chief Risk Officer

Mr. Musa Kolo
GM (Finance)

Mr. Kanma Okafor
DGM (ICT)

Mrs. Abimbola Falana
Company Sec./Legal Adviser

Mr. Steve Odjugo
Regional Director (Lagos)

Mr. Calisto Ogaye
Managing Director
(Nairobi Subsidiary)

Mrs. Lety Endeley
Regional Director (Douala)

Mr. Olusegun Ajibewa
AGM (HR & Admin)

Mr. Hervé Allou
Regional Director
(Abidjan)

Chairman's Statement

Distinguished Shareholders, fellow Board members, representatives of Regulatory bodies present, distinguished ladies and gentlemen, I am delighted to welcome you all to the 26th Annual General Meeting of our Company and to present the Annual Report and Financial Statements for the year ended December 31, 2012.

Business and Operating Environment

The recovery of the global economy which was gradually gaining momentum at the end of 2011 suffered new setbacks in 2012. In major emerging market economies, growth that had been strong earlier has also weakened. Low growth and uncertainty in advanced economies affected emerging markets and developing economies. The lingering crisis in the euro zone also intensified during the year. According to the International Monetary Fund's *World Economic Outlook* – October 2012, 'Indicators of activity and unemployment show increasing and broad-based economic sluggishness in the first half of 2012 and no significant improvement in the third quarter.'

Following the challenges created for the global reinsurance market by losses arising from the exceptional series of natural catastrophes in the Asia Pacific region in 2011, coupled with a weak global economy, non-life insurers and reinsurers recovered most of their capital and the industry appeared to have rebounded in the course of the year 2012. The market did not harden and investment income showed signs of improvement. There was no need for more capital but there was an expectation for more Government involvement in the provision of Insurance and Re-insurance assistance particularly for catastrophes.

The African (re)insurance market continues to offer decent potential for growth, underpinned by rapid expansion of gross domestic product (GDP) across most of the Sub Saharan region.

Although there are different drivers for rising insurance demand, ranging from the commodities boom in economies dominated by the oil and gas and mining industries, to positive demographic pressures in large population centres and an expanding middle class, African (re)insurers are confronted by daunting challenges that include competitive environments, seemingly interminable global financial uncertainty, political risk and weak regulation in some parts of the continent.

Regulatory measures to address the chronic problem of having to make write-offs and provisions for bad and doubtful premium accounts through enforcement of 'no-payment no cover' provisions have been taken in the CIMA zone and in the Nigerian insurance market. It is early days to confirm their long term efficacy in resolving the problem but there is definitely a positive inclination towards making them work.

Financial Result

Within the context of the continuing tough business operating environment, our company recorded modest improvement in its overall financial results.

Profit before and after tax grew by 8.3% and 13% respectively from the International Financial Reporting Standard (IFRS) adjusted figure of NGN1.829 billion and NGN 1.443 billion in 2011 to NGN1.980 billion and NGN 1.627 billion respectively during the year under review. Total comprehensive income grew by 44% from NGN 1.219 billion in 2011 to NGN 1.750 billion in 2012. Gross Premium Income (GPI) recorded was NGN12.398 billion compared to NGN11.647 billion recorded in 2011. This shows a 6% combined growth with non-life and life businesses growing by 4% and 16% respectively.

Investment income increased substantially by 62% from NGN884 million in 2011 to NGN1.435 billion in 2012 due principally to improvement in investment climate and the impact of IFRS reporting. Management and administrative expenses increased by 42% from NGN1.253 billion in 2011 to NGN1.780 billion in 2012 due partly to the recognition of staff gratuity cost as required by IFRS reporting.

Total Assets and Shareholders' Funds increased by 12% and 7% respectively. While total assets increased from NGN21.558 billion in 2011 to NGN24.049 billion in 2012, Shareholders' Funds increased from NGN12.315 billion in 2011 to NGN13.235 billion in 2012.

Dividend

In line with the Company's dividend policy and subject to your approval at this meeting, the Board of Directors recommends a cash dividend payout of 10 kobo per share for the financial year under review. This represents an increase of about 25% over the 8 kobo per share paid in 2011.

Board Changes

As reported in my statement for the year 2011, Mr. Monin C. Adam resigned from the services of the Company during the year with effect from April 9, 2012. No other change occurred during the year under review. However, since the balance sheet date, Mr. Denis Chemillier-Gendreau, the Vice-Chairman resigned from the Board with effect from May 14, 2013. On May 24, 2013, the Board resolved to appoint Mr. Jonnie Wilcox a Non-Executive Director representing C-Re Holding Ltd to replace Mr. Denis Chemillier-Gendreau. The Board also resolved on the same day to accept my letter to step down as Chairman and vacate office as a Director with effect from the conclusion of business at this Annual General Meeting and appointed Mr. Foluso Laguda as a Non-Executive Director representing Salag Ltd also with effect from the conclusion of business at the Annual General Meeting.

Staff

Our Company is well managed by seasoned professionals. Being our most valuable resource, our people are of high talents, well trained and highly motivated. They will continue to add value, provide quality services and ensure good returns to all our Stakeholders.

Future Outlook

The future of the global reinsurance market is reasonably bright with opportunities for growth in the Emerging Markets. Mergers and Acquisitions will feature prominently. Africa will not be an exception.

Fellow shareholders, you would recall that at our last Annual General Meeting, I mentioned that we had commenced the implementation of our five years strategic plan spanning 2012 to 2016. This is being revised to span up to 2017. One of the key focuses of that plan is our geographical expansion drive.

I am happy to report that during the year under review, we accomplished a significant milestone in this drive as we officially commenced business in Abidjan, Côte d'Ivoire to service our Francophone West Africa clients. The regional office in Douala, Cameroon has been strengthened to service Central Africa.

Also during the year, our erstwhile regional office in Nairobi was fully capitalised into a subsidiary and incorporated as Continental Reinsurance Limited, Kenya. This would further strengthen our position within the East African market.

Our Tunis office for our clients in North Africa is now being opened as we have got our Operational Licence. Before the end of the year, our Southern African Subsidiary should be opening for business in Botswana. It is also pertinent to mention that the construction of our proposed Headquarters Building in Lagos is being actively pursued with recent acquisition of a good site in a strategic part of Victoria Island.

In the realization of our Strategic Plan, and in order to ensure that we are adequately capitalized for our expansion mentioned above and meet the demands of other opportunities, it has become obvious that there is need for additional capital. Continental Reinsurance Solvency Level must be met at all times. Your Board is considering various options and at the Annual General Meeting will be seeking your approval for the realization of same. We must keep focused on our vision of becoming the premier player in the African Reinsurance market space.

Conclusion

Distinguished Shareholders, let me seize this opportunity to express my appreciation once again to all of you for your unflinching support for and abiding faith in our Company. It is your company, and together we will make it become the enviable pride of Africa.

I would also like to thank members of the Board of Directors for their continued and tireless efforts in ensuring that the Company is well managed for the benefit of all of us. Furthermore, I thank the management and staff for their dedication to the course of the Company.

Finally, I give thanks to the Almighty God for His benevolence for all time.

Thank you.

Engr. Akin Laguda
Chairman

2012 Financial Year Business Review

Introduction

This section seeks to review and analyse the Company's operating results in 2012 compared to the performance in 2011. This is with the objective of fully explaining business operations to help for a better understanding of the Company's performance.

Review of Operations

As a composite reinsurance company, Continental Reinsurance Plc (C Re) continues to accept general reinsurance business (Non-Life) from Nigeria and other African countries with the Life reassurance business coming substantially from Nigeria and growing Premium Income from some other African Countries.

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

- ✓ Lagos Office covering Nigeria, other Anglophone West African countries, Angola and South Africa
- ✓ Douala Office covering Francophone Central and Francophone West African Countries
- ✓ Nairobi Office covering East and Southern African Countries excluding South Africa

For reporting purposes in 2012, the Company's business will be reported along the above regional offices.

However, in addition to the above offices, the Abidjan Office started operations in March 2012 to cover Francophone West Africa previously covered by Douala office, while approval was recently obtained for the Tunis Office to cover the Maghreb states. This is expected to come on stream in the last quarter of 2013.

Also, in 2012, the Nairobi Office which was incorporated as a full-fledged legal entity was issued with an operating license by the regulator and started operating as a subsidiary in 2013 in compliance with the local regulatory requirements.

For business lines, the business is arranged along the following lines:

- ✓ Fire which covers CAR/EAR, Bond and Engineering
- ✓ General Accident
- ✓ Marine which includes Aviation
- ✓ Liability
- ✓ Energy
- ✓ Life comprising Individual and Group Life

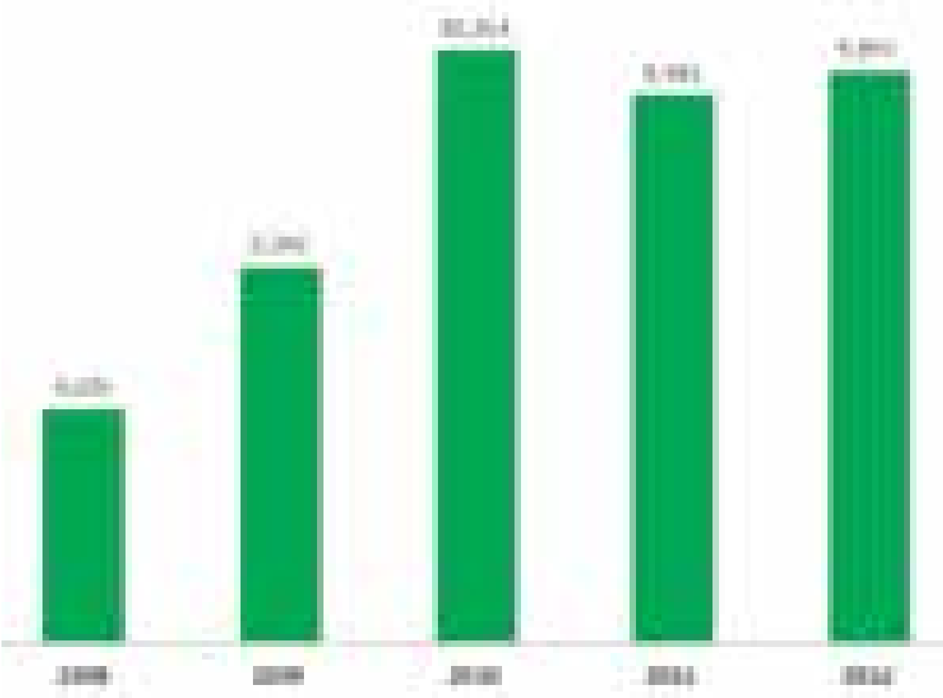
Non-Life Reinsurance Business

Premium Income:

The Company experienced a moderate growth of 4% in 2012 Non-Life Gross Written Premium over the performance in 2011 spurred by a management drive to consolidate the gains of our expansion strategy through regional growth. We are constrained by the need to maintain very high underwriting standards and the significant negative exchange rate movements against the Naira in certain key regional markets.

The Gross Premium Income was NGN9.89billion in 2012, inclusive of pipeline premiums compared to NGN9.49billion in 2011. The pie chart below shows Continental Reinsurance's steady Non-Life business growth in the last five years giving a 40% CAGR.

Non Life GPI Growth (N Millions)



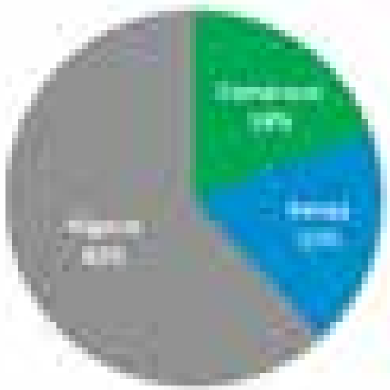
Geographical Distribution:

Though challenging, the year 2012 was a further confirmation of the success of Continental Re's geographical expansion strategy which is helping to deepen penetration in our markets and spread risk. In addition to the three regional offices in Lagos, Nigeria; Douala, Cameroun; and Nairobi, Kenya from which we operated in 2012, the Abidjan, Côte d'Ivoire office opened for business in March, 2012 to cover Francophone West Africa while regulatory approval was obtained recently for the Tunis office expected to commence operations in the last quarter of 2013.

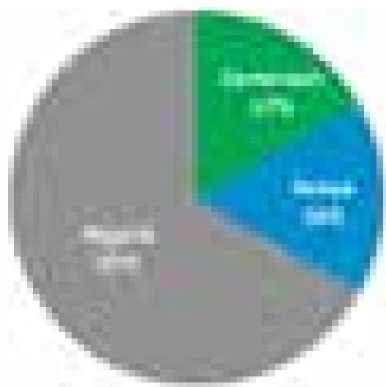
The Lagos office performance went up by 8% year-on-year and constitutes 67% of the total Non-Life reinsurance business compared with last year's decrease of 18% and constituting 62% respectively. On the other hand, the Douala office operations recorded a 10% lower premium, the same as in 2012 and constituting 17% of the business compared to last year's 19%. Just like the Douala office, the Nairobi office GPI also decreased by 8% year-on-year constituting 16% of total, down from 68% increase and 19% of total respectively in 2011. The decreases in premium income from both the Douala and Nairobi offices have been occasioned in part by the negative exchange rate movements against the Naira in certain key markets in those regions and the impact of negative movement in pipeline premiums.

The charts below show the regional performance.

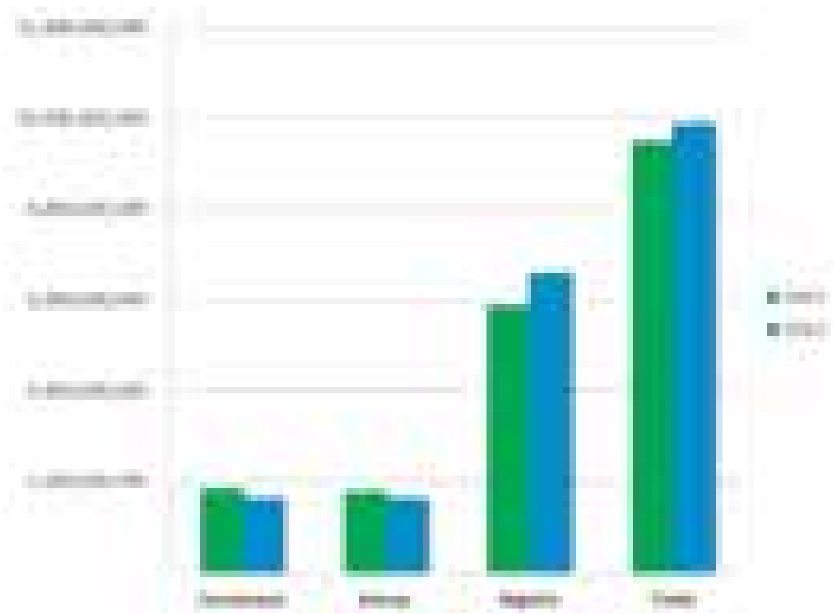
2011 Non-Life Regional Gross Premium Distribution



2012 Non-Life Regional Gross Premium Distribution



Non-Life Regional
Premium Income analysis



Lines of Business:

There was a mixed performance per lines of business in 2012. While on the one hand, the Accident, Energy and Liability classes appreciated year-on-year, Fire, even though still the dominant class, and Marine recorded lower figures. Accident had the highest growth of 30% compared to a drop of 19% in 2011. Energy grew by 28% compared to 36% increase in 2011 and Liability increased marginally by 3% compared to a 51% drop in 2011. On the other hand, Fire recorded a drop of 19% compared to an increase of 10% in 2011. Marine had a 36% drop compared to 21% in 2011.

The above performance further attests to the management's twin growth strategy of consolidation in existing markets and growth in new markets and segments. Also, the performance of the Energy class is a testimony to management's goal to be known as a major player in the Oil and Gas sector of the African economy.

With the stable outlook projected for the African economies in 2013, with average growth rates of above 5% especially Sub-Saharan Africa, management is optimistic of even better performances in all classes of business. In addition, the discovery of oil in more African countries and the passage of the long awaited Nigerian Petroleum Industry Bill (PIB) into law by the Nigerian Government will definitely attract investment and improve the investment climate in the sector and will be a boost to our Energy business as local participation is encouraged to take further root.

2011 Gross Premium Income per Business Line

2012 Gross Premium Income per Business Line

Combined Ratio:

Non-Life combined ratio which is as a percentage of Net Earned Premium and includes Claims incurred, Acquisition Costs and Charges and Management Expenses increased by 4% from 85% in 2011 to 89% in 2012 mainly due to the low premium growth, branch expansion resulting in higher set-up costs and increased business activity resulting in higher marketing costs recorded in 2012. This is however expected to moderate in the next couple of years as stability is achieved and the results of the current efforts begin to show.

Claims:

The Non-Life Gross Claims paid in 2012 was NGN3.52billion, a 16% increase from the NGN3.04billion recorded in 2011. However, as net of reserves for outstanding claims and retrocession recoveries, the Net Claims Incurred of NGN3.88billion in 2012 is 7% lower than NGN3.64billion recorded in 2011. The claims experience in 2012 can be regarded as “typical” based on the nature, frequency and magnitude with a few large claims.

The Net Incurred Claims (Loss) ratio worsened from 43% in 2011 to 47% in 2012 due to increased claims reserve provision and the less than same proportionate growth in premium. The Nigerian business incurred 68% of the total claims while Cameroun and Kenya recorded 12% and 20% respectively. Year-on-year, the Lagos and Nairobi offices experienced increased loss ratios while the Douala office experienced a substantially reduced ratio. The Nigerian business experienced a slight increase from 48% in 2011 to 50% in 2012 while Kenya’s increased from 34% in 2011 to 54% in 2012. Cameroun reduced substantially from 38% in 2011 to 24% in 2012. On a class by class basis, with the exception of the Liability class of business which experienced a lower loss ratio year-on-year from 31% in 2011 to 16% in 2012, all the classes experienced higher loss ratios. Energy went from 18% in 2011 to 69% in 2012, Fire went from 36% to 50%, Accident from 38% to 44% and Marine from 26% to 38% respectively. The higher increases for the Nairobi office and Energy class are an indicators of maturing businesses.

Acquisition Costs and Charges:

Acquisition Costs and Charges came to a total of NGN2.54billion in 2012 compared to a lower figure of NGN2.59billion in 2011 representing a marginal 2% decrease in nominal terms.

The 31% Acquisition Costs ratio achieved in both 2012 and 2011 compares favourably to the expectation.

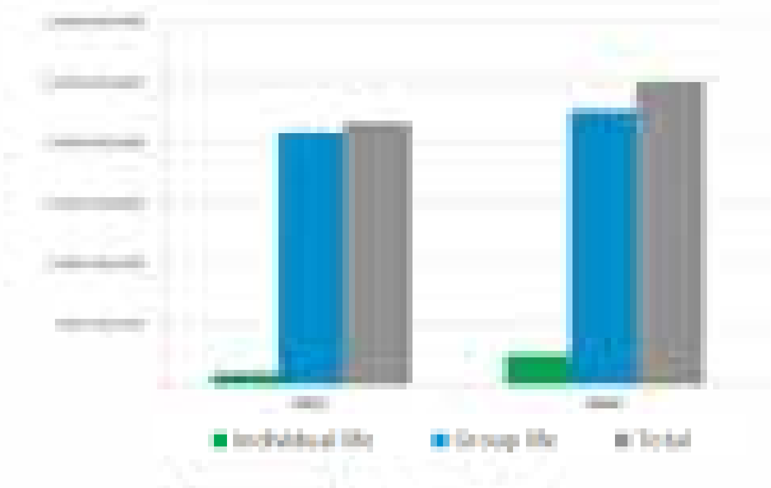
Life Reassurance Business

Premium Income:

The growth of Life reassurance business continues to be impressive albeit at a slower rate in 2012. Top line grew by 16% compared to an increase of 55% in 2011 mainly due to participation in more underwriting group life schemes, increased share of participation in existing schemes and growing contributions from the regional offices from 4% in 2011 to 8% in 2012.

Group Life contributed 90% of the total of NGN2.51billion gross premium generated in 2012 compared to 96% in 2011, which has been the trend over the years due to the impact of the Nigerian Pension Reform Act where the bulk of the premiums are generated. This however means that Individual Life business is also growing.

Analysis of Life Income



Life Reassurance Business Outgo:

At a claims ratio of 36%, the experience got slightly better in 2012 compared to 38% in 2011. In absolute terms, gross claims increased by 11% to NGN909billion in 2012 from NGN821million in 2011.

Acquisition Costs and Charges were NGN497million in 2012 compared to NGN402million in 2011 representing a 24% change.

Surplus/Deficit:

The Life Fund had a surplus of NGN518million at year-end compared to NGN399million in 2011 based on the valuation performed by our independent external actuaries, HR Nigeria Limited. The total surplus will be transferred to the Statement of Comprehensive Income, i.e. 100% of valuation surplus, which was made possible with the nod given by the National Insurance Commission of Nigeria because of the adoption of International Financial Reporting Standards (IFRS) reporting as compared to only a maximum of 40% previously. This change has made the Life business even more profitable and encouraging.

Investment Income

Investment Environment:

Money Market: The money market in Africa firmed up in the last quarter of 2012 compared to the first half of the year. The benchmark monetary policy rate in Nigeria where the bulk of the investible funds are invested was maintained at 12% in spite of the slight decline in inflation. Also, the Central of Bank Nigeria (CBN) continued its banking reforms to foster stability in the economy. The interest on bank placements averaged 12% in Nigeria, 2% in Cameroun and 14% in Kenya for local currencies and substantially lower for foreign currencies in all of these markets.

Fixed Income: The bond market was very active in 2012 with an inverted yield curve in bonds of three, five and seven years maturities against bullish trading activities in the continent's major capital markets especially in the second half of the year. Government instruments such as bonds and treasury bills continue to be very attractive as they commanded higher yields than bank placements of similar tenor. Investors' desire to trade returns for safety led to the increased subscription for government and corporate bonds as further encouraged by a decline in inflation.

Capital Market: The Nigerian Stock Exchange (NSE) All Share Index which is the gauge for measuring aggregate growth in the capital market increased from 20,725.30 points on January 6, 2012 to 28,078.51 points as at December 31, 2012, representing year-to-date growth of 35%. Although the Nigerian capital market in the first and second quarters of the year was in limbo, it started showing signs of recovery in the third and fourth quarters after the introduction of market making and the announcement of forbearance package to brokers.

Real Estate: The real estate market responded positively to improved general economic conditions characterised by stability with improved market demand. Property rentals also gained resillence at high ends of the market such as Ikoyi and Victoria Island in Nigeria due to increasing demand. Rentals in the middle end of the market such as Lekki Phase 1 was flat.

Investment Income Summary

Investment	Avg. Invest YTD1 4Q11	Total Inv. Inc. YTD 4Q11	Annualized Yield YTD 4Q11	Avg. Invest. YTD1 4Q12	Total Inv. Inc. YTD 4Q12	Annualized Yield YTD 4Q12
	NGN`m	NGN`m	%	NGN`m	NGN`m	%
Cash &Cash Eqv	5,469	**342**	6	6,634	534	8
Security—AFS3	1,736	**138**	8	1,872	201	11
Security—HTM4	5,055	**301**	6	4,332	338	8
Security---HFT5	109	**(66)**	(60)	133	32	24
Real Est./Other	1,569	**30**	2	1,661	278	16
Statutory Dep.	1,000	**34**	3	1,000	124	12
Total	**14,938**	**779**	**5**	**15,633**	**1,507**	**10**

Notes: [1]Average of the beginning and ending carrying values of investments and cash
[2]Annualised yield YTD includes unrealised capital gains or losses

The Table above shows investment income figure of NGN1,507 million which translates to an annualised yield of approximately 10%. During the year 2012, the unrealised gain of NGN124 million was written to Statement of Comprehensive Income compared to NGN66 million in unrealised gain in 2011.

The analysis per asset class is as follow:

Cash and Cash Equivalents: This comprises short term deposits in different currencies. The realised income of NGN534 million was recorded compared with NGN342 million in 2011. This translates to a yield of 8% and 6% respectively. The higher yield recorded in 2012 was as a result of favourable money market experience in the earlier part of the year. Yield was tepid in the fourth quarter of 2012 with a sign of declining.

Available for sale Securities (AFS): This comprises of dividend income and realised capital gains on quoted equities, mutual funds, some FGN bonds and unquoted shares. The assets are classified as available for sales under IFRS since the surplus can be realised for possible market opportunities. The yield of 11% in 2012 versus 8% in 2011 was due to improved returns in the capital market.

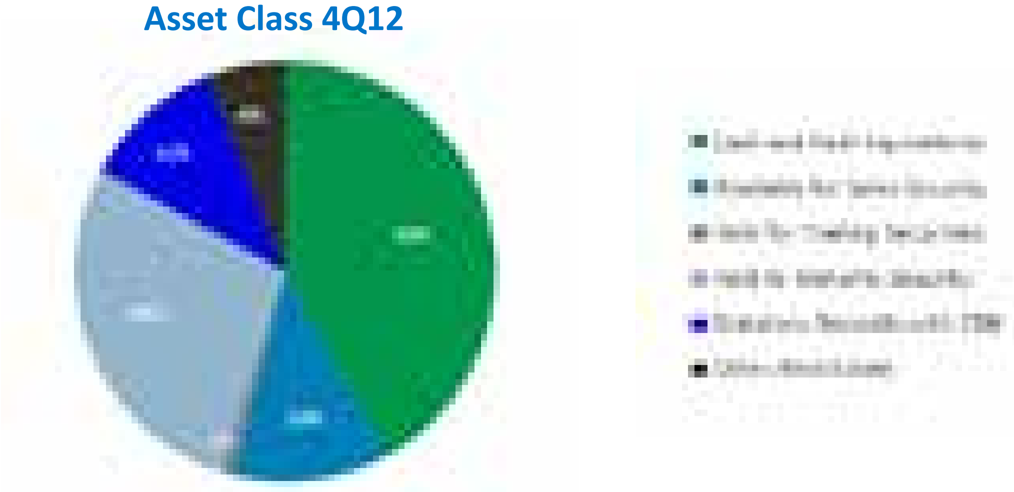
Held to Maturity Securities (HTM): These are incomes from FGN bonds, State bonds, Corporate bonds and Nigerian Treasury Bills (NTBs) which are held to maturity. The income of NGN338million was made in 2012 compared to NGN301million in 2011 with 8% and 6% yields respectively. The higher yield in 2012 was due to high yield on NTBs up to the third quarter of 2012.

Held for Trading Securities (HFT): These are quoted shares under third party management being actively traded. The portfolio had 24% appreciation in 2012 as against a loss of 60% in 2011.
Real Estate: The total income of NGN278 million comprises NGN80million rental on properties, NGN92 million valuation surplus and NGN105 million foreign exchange gain resulting in an annualised yield of 16%.

Statutory Deposit: This represents NGN1billion Statutory deposit with CBN which earned interest at effective interest rate of 12% compared with 3% in the previous year 2011.

Investment Portfolio Asset Allocation:

Asset Class 4Q12



Portfolio Composition	Dec 12.	Dec 11.
Cash and Cash Equivalents	42%	36%
Available for Sales Security	12%	12%
Held for Trading Securities	1%	1%
Held to Maturity Security	28%	34%
Statutory Deposits with CBN	11%	10%
Other/Real Estate	6%	7%
	100.0%	100.0%

The portfolio as at December 2012 was allocated as follows:

Cash and Cash Equivalents: The increase in cash by six basis point to 42% from 36% was due to increase in CFA cash assets and the cash transferred to Kenya still held as cash deposit for share capital.

Available for Sale Securities (AFS): The assets available for sale increased marginally in nominal terms but did not change in percentage terms between 2011 and 2012. It constitutes 12% of the total portfolio of assets.

Held for Trading Securities (HFT): The assets held with third party managers now constitute 1% of the portfolio. It is being wound down as the market improves because of the negative returns due to the collapse of the Nigerian capital market.

Held to Maturity Securities (HTM): The assets held-to-maturity decreased from 34% in 2011 to 28% in 2012 due to the redemption of matured FGN bonds and Nigerian treasury bills during the year.

Real Estate: The real estate asset allocation increased nominally by NGN92million from NGN1,569 million in 2011 to NGN1,661million in 2012 as a result of revaluation of the properties in 2012 by Fola Oyekan & Associates. The revaluation was in accordance with IFRS requirement.

Conclusion

The operating environment in 2012 continued to be challenging. Competition is on the increase, local regulations are getting tighter and are unfavourable to companies operating as foreign entities in a number markets. The costs of doing business has continued to go up. However, in spite of the challenges, 2012 performance can be said to be above average with positive changes in a number of indices.

In 2013, the operating environment is expected to improve with the projected stable or recovering world economy. The African economy especially Sub-Saharan Africa is expected to grow at more than 5% in 2013. Therefore, in view of the above and barring any unforeseen deterioration in claims experience, management is determined to maintain the drive for sustained growth and profitability reinforced by our regional expansion strategy and internal business process and structural renewals.

Directors' Report

The Directors present their annual report on the affairs of Continental Reinsurance Plc together with the Statement of Comprehensive Income and Statement of Financial Position for the year ended December 31, 2012.

1. 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. The Company has regional offices in Lagos (Nigeria), Nairobi (Kenya), Douala (Cameroon) and Abidjan (Côte D'Ivoire).

2. Legal Form

The Company was incorporated as a private limited liability Company on July 24, 1985. It commenced business as a general reinsurer in January 1987 and became a composite reinsurer in January 1990. It was converted to a public limited liability Company on March 27, 2000. The shares of the Company are currently listed on the Nigerian Stock Exchange.

3. Summary of Results

	NGN'000
Profit before taxation	1,980,400
Income Tax expense	(353,832)
	========
Profit after taxation	1,626,568

4. Property, Plant and Equipment

Movements in property, plant and equipment during the year are shown in Note 21 on page 80. In the opinion of the Directors, the market value of the Company's properties is not less than the value shown in the accounts.

5. Dividend

The Directors recommend for approval, a dividend of 10 kobo on each ordinary share of 50 kobo each, amounting to NGN1,037,274,431 for approval and payment to shareholders whose names appear in the register of members on Friday, September 6, 2013. The dividend is subject to deduction of withholding tax at the appropriate rate.

6. Post Balance Sheet Event

Subsequent upon the year end, the Company received clearance from the regulatory authorities in Kenya to operate its Nairobi office as a subsidiary after having met the necessary regulatory requirements. Other than as disclosed, 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, 2012 or on the profit for the year ended on that date that have not been adequately provided for or disclosed.

7. Directors

The Directors of the Company during the year and at the date of this report are:

Engr. S. Akin Laguda	- Chairman
Mr. D. Chemillier-Gendreau (French)	- Vice Chairman *(Resigned w.e.f May 14, 2013)*
Dr. Olufemi Oyetunji	- Managing Director/CEO
Mr. Rasak O. Falekulo	- Executive Director (Life)
Mr. Monin C. Adam (Ivorian)	- Executive Director (Finance)*(Resigned w.e.f April 9, 2012)*
Mr. Lawrence M. Nazare (Zimbabwean)	- Executive Director (Non-Life)
Mr. Vincent LeGuennou (French)	
Mr. Hurley Doddy (American)	

Mr. David S. Sobanjo
Ms. Nana Appiah-Korang (Ghanaian)
Mr. Bakary H. Kamara (Mauritanian)
Mr. Johnnie Wilcox - *(Appointed w.e.f May 24, 2013)*

- Mr. Johnnie Wilcox was appointed a Non-Executive Director with effect from May 24, 2013 following the casual vacancy created by the resignation of Mr Denis Chemillier-Gendreau from the Board. He retires in accordance with Article 110 of the Company's Articles of Association and his appointment will be approved at the Annual General Meeting.

- In accordance with Article 105 of the Company's Articles of Association, Mr. Hurley Doddy, Mr. David S. Sobanjo and Ms.Nana Appiah-Korang retire by rotation and being eligible offer themselves for re-election.

- On May 24, 2013, the Board resolved to accept the Chairman, Eng. S.A. Laguda's letter of stepdown as Chairman and vacate office as Director with effect from the conclusion of business at the Annual General Meeting and appointed Mr. Foluso Laguda a Non-Executive Director representing Salag Ltd, also with effect from the conclusion of business at the Annual General Meeting.

8. Directors' Interests

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

Number of 50 kobo Ordinary Shares held as at December 31

	2012		2011	
Directors	Direct	Indirect	Direct	Indirect
Engr. S. Akin Laguda	Nil	404,840,961	Nil	365,398,326
Mr. D. Chemillier-Gendreau	Nil	*	Nil	*
Dr. Olufemi Oyetunji	6,640,500	Nil	2,000,000	Nil
Mr. Rasak O. Falekulo	35,266,666	Nil	35,266,666	Nil
Mr. Lawrence M. Nazare	Nil	Nil	Nil	Nil
Mr. Vincent LeGuennou	Nil	*	Nil	*
Mr. Hurley Doddy	Nil	*	Nil	*
Mr. David S. Sobanjo	2,140,350	218,348,732	2,140,350	166,162,282
Ms.Nana Appiah-Korang	Nil	*	Nil	*
Mr. Bakary H. Kamara	Nil	*	Nil	*

* The indirect interest of Mr. D. Chemillier-Gendreau, Mr. Vincent LeGuennou, Mr. Hurley Doddy, Ms. N. Appiah-Korang and Mr. Bakary H. Kamara who represent C-Re Holding Ltd, the majority shareholder, is 5,251,041,322 shares.

Engr S. Akin Laguda and Mr. David S. Sobanjo represent Salag Ltd and AIICO Insurance Plc respectively.

10. Directors' Interests in Contracts

None of the Directors has notified the Company, for the purpose of Section 277 of the Companies and Allied Matters Act, CAP C20, LFN 2004, of any declarable interest in contracts with which the Company was involved as at December 31, 2012.

11. Substantial Shareholding

Shareholding of 5% and above of the issued share capital of the Company as at December 31, 2012:

Ordinary Shares of 50 kobo each

	2012		2011	
	Number	%	Number	%
C-Re Holding Ltd	5,251,041,322	50.62	5,251,041,322	50.62
STANBIC Nominees Nig. Ltd [Trading A/C]	598,130,840	5.76	751,760,924	7.25

12. Acquisition of Own Shares

The Company did not purchase any of its own shares during the year.

13. Ownership Structure

	December 31, 2012			December 31, 2011		
	No. of Holders	No. of Shares	%	No. of Holders	No. of Shares	%
Foreign	29	5,542,230,147	53.43	30	5,541,856,147	53.43
Nigeria	6,036	4,830,514,165	46.57	6,143	4,830,888,165	46.57

14. Retrocessionaires

Swiss Re
Canopius (Lloyds)
Advent Re
Q-Re
Trust Re
Santam Re
Milli Re
Sava Re
Lanssforsakkringar
GIC Re, India
China Re
Cathedral Syndicate, London
Hannover Re
Catlin Re, London
Everest Re
Chauser (Lloyds)
CCR Algeria
Ascot
Odyssey Re
Amlin
Antares Re
Labuan Re
Sirius Re
Kuwait Re
Transatlantic Re
Kiln
Ingosstrakh
IGI
XL Re
Hevetia Re
PTA/ZEP Re, Kenya
CICA Re
Kenya Re

15. Principal Brokers

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

Local

Glanvill Enthoven Reinsurance Brokers Limited
United African Insurance Brokers Limited
Ark Reinsurance Brokers
SCIB Insurance Brokers

Foreign

Afro Asia
Alsford Page
AON Benfield, London
Atlas Re
CK Re
Cooper Gay
JB Boda & Company Private Limited, Bombay
Reinsurance Solution
Guy Carpenter
Willis Re
KEK Reinsurance Ltd
First Reinsurance Ltd

16. Donations

During the year the Company made donations amounting to NGN 3,013,200.00. The recipients include the following:

	NGN
• Wesley Schools 1 & 2 for Hearing Impaired Children	200,000
• Pacelli School for the Blind & Partially Sighted Children	200,000
• Onikan Health Centre	100,000
• SOS Children's Villages	1,550,000
• National Handicap Carers Association of Nigeria (NAHCAN)	400,000
• Foyer De L'Efance SOS Village, Abidjan, Côte D'Ivoire	100,000
• Ann Cross Maternity Bakwango, Douala, Cameroon	100,000
• Kenya Red Cross Society	363,200

17. Analysis of Shareholding

The issued and fully paid up share capital of the Company as at December 31, 2012 was NGN5,186,372,156 divided into 10,372,744,312 ordinary shares of 50 kobo each. The range of shareholding is as follows:

Range Holdings			Number of Holders	Holdings	%
1	–	1,000	581	362,187	0.35
1,001	–	5,000	1,190	3,939,889	0.04
5,001	–	10,000	953	8,432,977	0.08
10,001	–	50,000	1,747	48,851,325	0.47
50,001	–	100,000	669	57,787,182	0.56
100,001	–	500,000	595	143,428,646	1.38
500,001	–	1,000,000	131	97,819,266	0.94
1,000,001	–	5,000,000	117	271,666,611	2.62
5,000,001	–	10,000,000	30	212,240,471	2.05
10,000,001	–	50,000,000	26	674,414,520	6.50
50,000,001	–	100,000,000	13	939,545,158	9.06
100,000,001	–	999,999,999,999	13	7,914,256,080	76.30
			6,065	10,372,744,312	100

18. Unclaimed Dividends

These are maintained in a fixed deposit account with Sterling Bank Plc. The account is jointly managed by both Continental Reinsurance and Sterling Registrars. The total amount in the account as at December 31, 2012 is NGN118,119,672.50.

19. Employment and Employees

1. Employment of Physically Challenged Persons

The Company operates a non-discriminatory policy on recruitment. The policy prohibits discrimination against disabled persons in the recruitment, training, career development and promotion of employees. Presently, there is no physically challenged person in the employment of the Company. However, in the event of an employee becoming disabled, it is the policy of the Company that every effort is made to ensure that his/her employment with the Company continues and that appropriate training is provided.

2. Employees' Involvement and Training

The Company's policy in this regard recognises human resources as the most important asset of the organization. The Company places great value on Employees' contribution to and involvement in decision making and encourages their participation in arriving at decisions on corporate issues as well as issues affecting their well-being. Formal and informal channels are also employed in communication with employees with an appropriate two-way feedback mechanism.

The Company believes that it is imperative to retain and motivate skilled employees through systematic trainings and development which forms part of their individual development towards achieving excellence in the performance of their day to day activities. Adequate training and development programmes have been put in place for employees and these are pursued through enhanced job scope and responsibilities as well as through relevant local and overseas functional and management courses, conferences, seminars and workshops. These are complemented by on-the-job training.

3. Talent Management

The Company has adopted a talent management system that ensures that the acquisition, development, retention and reward of employees is well planned and executed in line with the Company's current and future strategic objectives. This will enable the Company to build leadership strength in depth and create the flexibility to meet rapidly changing market conditions and competition.

4. Effective Communication/ Employee Relationship

The Company resolved to keep employees as informed as possible on the performance and progress of the organization through regular communication and a quarterly staff meeting to air their views whenever practicable, on matters which affect them as employees in particular. The Company is also committed to communicating information to employees in a fast and effective manner.

5. Health, Safety at Work and Welfare of Employees

Health and safety regulations are complied with in all the locations where the Company operates. Employees' are provided with necessary training on health and safety related issues and in compliance to its health and safety policy, medical treatment are provided through retainers agreement with standard clinics and hospitals, where staff and a number of their family members enjoy free but regulated health care services.

The Company provides Personal Accident Insurance Scheme for all staff and there is also Company's Retirement Benefit Scheme which is approved by the Joint Tax Board. In order to ensure a healthy workforce, employees' undergo comprehensive medical examination at regular intervals. In addition, the staff welfare package is continuously reviewed with fairness and in line with what is obtainable in the industry and best practices.

20. Auditors

The Auditors, Ernst & Young have indicated their willingness to continue in office as Auditors of the Company. 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.

Corporate Governance Report

Introduction

Continental Reinsurance's key strategic objective is to be the premier pan-African reinsurer and in pursuing this has in place an established governance structure which is effectively overseen by the Board. The Company's corporate governance principles have also been further strengthened with the adoption of the Securities & Exchange Commission (SEC) and the National Insurance Commission (NAICOM) Codes of Corporate Governance and the resolve by the Board to ensure that the Company is run as efficiently as possible in the interest of shareholders. The Board also continued to maintain its commitment to international best practices.

Board of Directors

Composition and Structure

Since the resignation of the Executive Director (Finance) with effect from April 9, 2012, a position that is yet to be filled, the Board has comprised of ten Directors. Seven of the Directors are Non-Executive Directors including the Chairman and the Vice-Chairman while three are Executive Directors.

The Non-Executive directors are qualified professionals with expert knowledge of the market place as it relates to the business of the Company and they bring to the Board skills, knowledge and experience necessary to enhance the efficient and effective running of the Company.

In line with best practice, the roles of the Chairman and the Managing Director/CEO continued to remain separate. The Chairman has a number of responsibilities which includes inter alia managing and ensuring the effectiveness of the Board. He provides leadership and creates conducive atmosphere at Board Meetings for the effective performance of the individual Directors. The Managing Director/CEO is responsible for the overall performance of the Company which includes responsibilities for effective day to day monitoring and management controls, developing and translating strategies; providing motivation and leadership to the Company and all the regional offices and functions, monitoring the achievement of corporate goals and ensuring the attainment of business targets; reviewing the effectiveness of Enterprise Risk Management systems in mitigating all risks the Company is exposed to in the conduct of its business; 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.

Responsibilities of the Board

The Board formulates policies and sets long term strategic objectives to ensure going concern success of the Company; reviews corporate performance, authorizes and effectively monitors strategic decisions and ensures compliance with policies and achievement against objectives through quarterly performance reporting and budget reviews. The Board is also responsible for the following:

- Reviewing and approving Strategic Plans
- Setting of performance and strategic objectives
- Selecting, compensating, monitoring key executives and overseeing succession planning
- 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
- Monitoring corporate expenditures and acquisitions
- Evaluating the implementation of strategies, policies and management performance criteria
- Overseeing major capital expenditures and acquisitions
- 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
- Communicating with shareholders

Matters exclusively reserved for the Board's decision include:
- Approval of financial statements
- Formulation of Dividend policy
- Formulation of Investment policy
- Approval of Business strategy
- Approval of Business Plan
- Approval of annual operating budget and capital expenditure budget
- Approval of material investments and disposals
- Risk management strategy/risk appetite
- Matters relating to share capital
- Approval of major capital projects
- Staff matters including remuneration, reward, recruitment and promotion of Senior Management

Induction and Training

On appointment to the Board, Non-Executive Directors are briefed on the Company and its operations in all the regional offices. This is supplemented by an induction pack containing the Company's profile, synopsis of the Company's business, ethics and philosophy; Memorandum and Articles of Association, Organisational Structure; Corporate information, Corporate Governance Principles; Duties of Directors; two year Training plan for Directors, Directors' Code of Conduct; Schedule of Meetings for the year; Anti-Money Laundering/Anti-Bribery & Corruption Policy and other approved policies; copies of the Company's Strategic Plan and minutes of most recent meetings. Executive Directors undergo induction in the various divisions of the Company. All the Directors are encouraged to attend externally run courses to enhance their performance.

Right of Directors to Seek Independent Professional Advice

Directors are aware that they are free to seek independent professional advice in furtherance of their duties. There was no indication from any of the directors as to whether they did or did not take advantage of the policy.

There is a well-structured Company Secretary department and all Directors have access to the services of the Company Secretary. The Company Secretary is responsible for ensuring that the Company complies with all rules and regulations applicable to its operations, ensures adherence to Board procedures and under the guidance of the Chairman, ensures compliance with all Corporate Governance matters.

Term of Office of Directors

The Non-Executive Directors have no fixed term of office. New Directors appointed by the Board either to fill casual vacancies or as additions to the Board are subject to election at the Annual General Meeting immediately following their appointments. One-third of the Directors, excluding the Executive Directors, are subject to retirement by rotation at each Annual General Meeting and are eligible for re-election in accordance with the Company's Articles of Association. Any Director who is 70 years and above and seeking re-election must disclose his/her age to shareholders before and at the meeting at which the re-election is to take place.

Profiles of Directors Seeking Re-Election/Approval of Appointment

Mr. Johnnie F. Wilcox (Non-Executive)

Mr. Johnnie F. Wilcox is the former Managing Director of United African Insurance Brokers Ltd (UAIB). Mr. Wilcox is a Fellow of the Chartered Insurance Institute of London with more than 35 years working experience in the Insurance Industry covering direct Insurance, reinsurance, risk management, reinsurance broking and insurance education. Mr. Wilcox led a team of professionals at UAIB providing risk solutions and consulting services to Insurance and reinsurance companies within the continent of Africa. He has extensive contacts within the continent and has served on the executive of numerous regional Associations including the African Insurance Association (AIO), West African Insurance Companies Association (WAICA), and the West African Insurance Institute, amongst others.

Mr. Hurley Doddy (Non-Executive)

Mr. Hurley Doddy is an economics graduate from Princeton University and holds a Chartered Financial Analyst designation from the CFA Institute. He is currently Co-CEO of Emerging Capital Partners (ECP). Prior to joining ECP, he was an Executive Director at Sumitomo Finance International in London, where he managed the operations of a $200mm equity risk arbitrage book, creating arbitrage and convergence strategies. He began his career at Salomon Brothers in 1984, lasting over 14 years, with assignments in New York, Tokyo and São Paulo. In Brazil, he was appointed Managing Director of Salomon Brothers for BancoPatrimônio, Salomon's joint venture in São Paulo. He has served on numerous boards including Financial Bank, Celtel International, Agromed S.A., All Africa Airways and Horizon Portfolio Limited.

Mr. David S. Sobanjo (Non-Executive)

Mr. David Sobanjo holds a BSc (Hons) in Actuarial Science (1981) and an MSc in Business Administration (1995) from the University of Lagos. He also received an MBA (Marketing, 1999) from Enugu State University of Science and Technology. He holds the following professional qualifications: ACII (General) London 1984, FCII (Life) London (1988) and FCII (Nigeria) 1992. He is currently the Group Managing Director and Chief Executive Officer of AIICO insurance Plc.

Ms. Nana Appiah-Korang (Non-Executive)

Ms. Nana Appiah-Korang is mathematics and economics graduate from Mount Holyoke College. She is a Director of Emerging Capital Partners (ECP). Prior to joining ECP, she worked for the Real Estate Principal Investment Group of Goldman, Sachs & Co. in New York where she executed real estate private equity transactions in the US and played an active role in the marketing of the Whitehall XII funds to potential investors in the US, Europe and Asia.

Profiles of other directors can be viewed at www.continental-re.com

Board Meetings

The Board held three regular meetings during the financial year. In addition to the regular meetings, decisions were also taken by written resolutions signed by all the Directors. Agenda for each meeting was circulated along with the notice in line with the notice period stipulated in the Company's Articles. Board papers were also sent to Directors ahead of meetings to enable them study and prepare in advance of the meetings. Directors who were unable to attend any of the meetings forwarded their comments/views to the Chairman or their appointed alternates.

Record of Directors' Attendance at Board Meetings

Directors	Meetings 06/03/2012	17/07/2012	24/10/2012	No. of Meetings Attended
Engr. S Akin Laguda	Attended	Attended	Attended	3
Mr. D. Chemillier-Gendreau	Attended	Absent[1]	Absent	1
Dr. Olufemi Oyetunji	Attended	Attended	Attended	3
Mr. Rasak O. Falekulo	Attended	Attended	Attended	3
Mr. Monin C. Adam[2]	Attended	n/a	n/a	
Mr. Lawrence M. Nazare	Attended	Attended	Attended	3
Mr. Vincent Le Guennou	Attended	Attended	Attended	3
Mr. Hurley Doddy	Attended	Attended	Absent [3]	2
Mr. David S. Sobanjo	Attended	Attended	Attended	3
Ms.Nana Appiah-Korang	Attended	Absent [4]	Attended	2
Mr. Bakary H. Kamara	Attended	Attended	Attended	3

Notes:
[1] Mr. Bakary Kamara was alternate Director to Mr. Chemillier-Gendreau at the meeting.
[2] Resigned w.e.f April 9, 2012.
[3] Ms. Nana Appiah-Korang was alternate Director to Mr. Hurley Doddy at the meeting.
[4] Mr. Bakary Kamara acted as alternate Director to Ms. Nana Appiah-Korang at the meeting.

Code of Business Conduct

The Company appreciates that honesty, integrity and accountability are crucial for the success of its business and therefore requires the highest standards of professional and ethical conduct from its directors and key executives. To assist and guide directors in the discharge of their duties, the Board has adopted a Code of Conduct for directors and key executives of the Company. The purpose of the code of conduct is to promote ethical and honest behaviour of directors and key executives and to assist them in recognizing and dealing with ethical issues.

Board Committees

The Company has three Board Committees namely (i.) Corporate Governance, Compliance and Establishment Committee, (ii) Underwriting Committee and (iii) Investment/Finance, General Purposes & Enterprise Risk Management Committee. Each Committee has terms of reference which are reviewed from time to time by the Board. The Committees functioned effectively during the year and operated within the powers delegated to them by the Board.

Each of the Committees also held three meetings during the financial year. Agenda for each meeting was circulated well in advance of the meetings to members. Papers for consideration at the meetings were prepared and were also sent well ahead of the meetings. The composition of each of the Committees and their terms of reference are as set out hereunder:

Corporate Governance, Compliance and Establishment Committee

The Committee comprises three members, all of whom are Non-Executive Directors namely: Mr. Bakary H. Kamara (Chairman), Mr. David S. Sobanjo and Ms. Nana Appiah-Korang

The Committee:

- Formulates Corporate Governance Policy for the Company
- Ensures effective implementation of the Policy
- Ensures compliance with relevant laws and regulations in the course of business.
- Formulates recruitment policy for the Company
- Agrees the conditions of service
- Reviews remuneration from time to time
- Recruits top Management staff
- Reviews organogram of the organization from time to time for effective performance.

Record of Attendance at the Committee's Meetings

Members of the Committee	Meetings 06/03/2012	17/07/2012	24/10/2012	No. of Meetings Attended
Mr. Bakary H. Kamara	Attended	Attended	Attended	3
Mr. David S. Sobanjo	Attended	Attended	Attended	3
Ms.Nana Appiah-Korang	Attended	Absent	Attended	2

Underwriting Committee

The Underwriting Committee comprises seven members made up of three Non-Executive Directors and the four executive Directors namely: Mr. Denis Chemillier-Gendreau (Chairman), Mr. David S. Sobanjo, Mr. Bakary H. Kamara, Dr. Olufemi Oyetunji, Mr. Gbenga Falekulo, Mr. Lawrence M. Nazare and Mr. Monin A. Adam *(resigned April 9, 2012)*.

The Committee:

- Reviews underwriting policy of the Company
- Formulates geographical expansion programmemee for the Company
- Reviews the retrocession cover of the Company
- Oversees Product development
- Considers adequacy of technical reserve
- Formulates Risk Management Policy
- Considers Actuarial Reports

Record of Attendance at the Committee's Meetings

Members of the Committee	Meetings 06/03/2012	17/07/2012	24/10/2012	No. of Meetings Attended
Mr. D. Chemillier-Gendreau	Attended	Absent[1]	Absent	1
Mr. Bakary H. Kamara	Attended	Attended	Attended	3
Mr. David S. Sobanjo	Attended	Attended	Attended	3
Dr. Olufemi Oyetunji	Attended	Attended	Attended	3
Mr. Rasak O. Falekulo	Attended	Attended	Attended	3
Mr. Lawrence M. Nazare	Attended	Attended	Attended	3
Mr. Monin A. Adam*	Attended	n/a	n/a	

Note: [1] Mr. Bakary Kamara acted as alternate to Mr. Denis Chemillier-Gendreau at the meeting.

Investment/Finance, General Purposes and Enterprise Risk Management Committee

The Committee comprises eight members, four of whom are Non-Executive Directors and the four executive Directors namely: Mr. Hurley Doddy (Chairman), Mr. Vincent Le Guennou, Mr. David S. Sobanjo, Mr. Bakary H. Kamara , Dr. Olufemi Oyetunji, Mr. Gbenga Falekulo, Mr. Monin A. Adam *(resigned April 9, 2012)* and Mr. Lawrence M. Nazare.

The Committee:

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

Record of Attendance at the Committee's Meetings

Members of the Committee	Meetings 06/03/2012	17/07/2012	24/10/2012	No. of Meetings Attended
Mr. Hurley Doddy	Attended	Attended	Absent [1]	2
Mr. Vincent LeGuennou	Attended	Attended	Attended	3
Mr. Bakary H. Kamara	Attended	Attended	Attended	3
Mr. David S. Sobanjo	Attended	Attended	Attended	3
Dr. Olufemi Oyetunji	Attended	Attended	Attended	3
Mr. Rasak O. Falekulo	Attended	Attended	Attended	3
Mr. Lawrence M. Nazare	Attended	Attended	Attended	3
Mr. Monin A. Adam*	Attended	n/a	n/a	

Note: [1] Ms. Nana Appiah-Korang was alternate to Mr. Hurley Doddy at the meeting.

The Chairman of each of the Committees reports the outcome of Committee meetings to the Board.

Statutory Audit Committee

The Audit Committee which was established in accordance with the provisions of the Companies and Allied Matters Act CAP C20, LFN 2004 consists of six members, three of whom are representatives of the Board while the remaining three are representatives of shareholders elected at the Annual General Meeting. Mr. Ajibade A. Peters, one of the shareholders' representatives for the 2011 financial year, was not re-nominated for the 2012 financial year and was replaced by I & I Investments Ltd (represented by Mr. Blakey Ijezie) at the last Annual General Meeting held on July 18, 2012. The representatives of the Board on the Committee are Non-Executive Directors. Members of the Committee are knowledgeable in the Company's business and in financial management and have the competency and experience required for their roles on the Committee. During the year the Committee was very effective in the discharge of its statutory duties and responsibilities.

The key responsibilities of the Committee are the following:
- 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 in regard to the appointment, removal and remuneration of the external auditors of the Company;
- Reviewing interim and audited financial statements and ensure that they are in line with regulatory requirements and are in accordance with acceptable accounting standards.

Attendance Record of Audit Committee Members

Members of the Committee	Meetings		No of Meetings Attended
	02/03/2012	16/10/2012	
Custodian & Allied Insurance Plc Represented by Mr. Wole Oshin (Chairman)	Attended	Attended	2
SONAR – Burkina Faso Represented by Mr. Andre Bayala	Attended	Attended	2
I & I Investment represented by Mr. Blakey O. Ijezie*	n/a	Attended	1
Mr. David S. Sobanjo**	Attended	Attended	2
Mr. Bakary H. Kamara**	Absent	Attended	1
Ms. Nana Appiah-Korang**	Attended	Attended	2

Note: Mr. Bakary Kamara appointed Ms. Nana Appiah-Korang as his alternate at the meeting of 02/03.
* Was elected in July 2012
** Non-Executive Directors

The Company Secretary is also Secretary to all the Board Committees and the Audit Committee.

Management Committees

Executive Committee

The Executive Committee comprises the Managing Director/CEO, other Executive Directors and General Managers. The Committee is responsible for the day to day activities of the Company and meets weekly to map out strategies for the week. The Committee is responsible to the Board and manages the strategic decisions of the Board, plans and defines corporate strategies, tracks and manages strategic business performance against formulated plans and expected results and outcome, makes recommendations on major policies to the Board for approvals as required through relevant Board Committees.

Other standing Committees - ERM Committee; Technical Committee and Credit Control Committee.

Ad Hoc Committees are set up from time to time and as the need arises to address specific issues.

Remuneration Policy

Executive Directors

The Managing Director/CEO and other Executive Directors are paid remuneration as agreed in their contracts of employment. The remuneration comprises salary, benefits, allowances and annual performance bonus. The Board also approves annual increments and benefits on the recommendation of the Corporate Governance, Compliance & Establishment Committee. Performance bonus is a percentage of the Company's profit and is subject to the approval of the Board at the end of the financial year. Distribution of the bonus to staff is based on laid down criteria.

Executive Directors do not receive Director's fees and sitting allowance paid to Non-Executive Directors.

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. The Directors are also paid sitting allowance and expenses incurred by them in attending and returning from meetings of the Company.

Conflict of Interest Matter

The actuarial valuation of the Company's Staff Gratuity scheme as at December 31, 2012 was carried out by Alexander Forbes Consulting Actuaries Nigeria Limited, a company in which the Managing Director, Dr. Femi Oyetunji, is a Non-Executive Director. In compliance with the disclosure requirement, the Managing Director promptly notified the Board of his relationship with the Company before the Company was engaged.

Human Resources Policy

The Company's Human Resources Policy and Procedure manual has been reviewed in line with best practices. The Human Resources manual provides information on all human resources policies, procedures and general employment conditions.

Sustainability Policies

Anti-Money Laundering Policy

The Government's anti-Money Laundering laws and regulations have been the foundation on which the Company's Anti-Money Laundering/Anti-Bribery & Corruption Policy is based.
The Company's Board of Directors and Senior Management are charged with the responsibility for ensuring that the Company complies with the Policy as well as with applicable anti-money laundering and anti-corruption laws in all the Countries in which the Company operates. Under the policy, a whistle blower who, in good faith, reports suspected violations or attempted violation of the Policy or applicable anti-money laundering, anti-bribery and an anti-corruption law, or who reports a request or offer of a corrupt payment is protected.

A separate Whistle Blower Policy was approved by the Board during the year. 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.

Corporate Social Responsibility

Over the years the major objective of the Company's corporate social responsibility initiatives has been to positively impact the lives of the needy by partnering with organizations working with children with special needs and other people groups such as hospitals and NGO affiliated organizations by making donations to such organizations. During the year, in furtherance of this corporate commitment the Company got involved in the House sponsorship programme of the SOS Children's Village at Owu Ijebu in Ogun state and consequently assumed the financial responsibility for ten children ranging in ages from three to fourteen years. The sponsorship takes care of the health, educational and physical needs, amongst others of the children and will be on an annual basis.

The Board and management realise that CSR activities are likely to be more effective both to the target beneficiaries and the Company when carried out either as high impact projects, timed or open ended programmes than when done as one off events and to this extent are working towards streamlining the Company's CSR activities throughout all the regional offices by developing a highly productive and sustainable relationship between the Company and the beneficiaries in the community.

The Company also continued with its sponsorship of the 15 minutes French language programme tagged "Ambiance Continental Re" on Ray Power 100.5 FM Radio which is aired every Thursday from 5.15 p.m. to 5.30 p.m. The programme enlightens, teaches and entertains and has a large listening audience.

Principles of Sustainable Insurance

During the year the Company became a signatory to the United Nations Environment Programme Finance Initiative (UNEP FI) Principles for Sustainable Insurance (PSI) as part of its commitment to sustainable business and corporate responsibility.

The principles, which were officially launched in Rio de Janeiro on June 19, 2012 at the UN Conference on Sustainable Development (RIO + 20), are a framework for the global Insurance Industry to address Environmental, Social and Governance (ESG) risks and opportunities. Signatories commit to integrating ESG issues into their core business strategies and operations and to implementing the Principles across their spheres of influence.

By becoming a signatory Continental Reinsurance has agreed to (i.) embed in its decision-making, ESG issues relevant to the insurance business; (ii) work together clients and business partners to raise awareness of ESG issues, manage risk and develop solutions; (iii) work together with governments, regulators and other key stakeholders to promote widespread action across society on ESG issues; and (iv) demonstrate accountability and transparency in regularly disclosing publicly, progress made in implementing the Principles.

Continental Reinsurance is the first insurer/reinsurer in Africa (outside South Africa) to be part of this initiative.

Risk Management

During the year 2012, the Company continued to improve and embed the Enterprise Risk Management ("ERM") framework designed in previous years to manage all risks faced by the Company in an adequate manner.

The risk management guidelines issued by NAICOM, came into effect on 1 July 2012. The Company's risk management practices fully satisfy the requirements of these guidelines.

Shareholders' Rights

The Board ensures that shareholders' rights are not infringed upon. All shareholders of the Company have equal rights and none is given preferential treatment or superior access to information or other matters. The Company complied with the statutory period of giving notice of Annual General Meeting to all shareholders. The Annual General Meeting is the main forum for communication between the shareholders and the Board and active participation of shareholders at the meeting is encouraged.

Compliance with Regulatory Requirements

The Company complied with the post-listing requirements of the Nigerian Stock Exchange (NSE) as well as the NAICOM and SEC Codes of Corporate Governance during the year and maintains its commitment to achieving 100% compliance with Statutory and other regulatory requirements. In monitoring compliance, the Board, through the Corporate Governance, Compliance & Establishment Committee, reviews compliance report prepared by the Chief Compliance Officer at each of its meetings. There were no sanctions imposed on the Company by the NSE and SEC. The following penalties were paid to NAICOM during the year:

- NGN65,000.00 for late filling of management accounts for the 1st quarter of 2012.
- NGN5,000 for being a day late in filing the management accounts for the 2nd quarter of 2012.

Internal Audit

The Company has an effective internal audit function which ensures that all controls, including financial, operational, compliance and risk management are functioning effectively. The Company also has in place an Internal Audit Charter approved by the Board on the recommendation of the Audit Committee. The Charter

clearly defines the purpose, authority and responsibility of the internal auditing activities. During the year, the

internal audit reviewed the effectiveness of the internal controls at the head office and the regional offices and submitted its quarterly findings to the audit Committee and the Board. There were no major breaches of internal controls and procedures during the year.

Communication

The Board recognises the importance of effective communication and ensures that information regarding the operations and management of the Company and other activities is disseminated to shareholders and other stakeholders timely, accurately and continuously. Information is disseminated through the Annual Report, quarterly reports published in newspapers, Press releases on events published in newspapers and magazines and the Company's website **www.continental-re.com**.

BY ORDER OF THE BOARD

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

Audit Committee's Report

To the members of CONTINENTAL REINSURANCE PLC

In accordance with the provisions of Section 359(6) of the Companies and Allied Matters Act, CAP C20, LFN 2004 members of the Audit Committee of Continental Reinsurance Plc hereby report on the financial statements of the Company for the year ended December 31, 2012 as follows:

- The scope and plan of the audit for the year ended December 31, 2012 were adequate;
- We have reviewed the financial statements and are satisfied with the explanations obtained;
- We have reviewed the external Auditors' management letter for the period and are satisfied with the management's responses and that management has taken appropriate steps to address the issues raised by the Auditors;
- We are of the opinion that the accounting and reporting policies of the Company are in accordance with legal requirements and ethical practices.

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

Mr. Wole Oshin

Chairman, Audit Committee

FRC/2013/CIIN/00000003054

March 2, 2013

Members of the Audit Committee

Custodian & Allied Insurance Plc represented by Mr. Wole Oshin	– Shareholder (Chairman)
SONAR - Burkina Faso represented by Mr. Andre Bayala	– Shareholder
I & I Investments Ltd represented by Mr. Blakey Ijezie	– Shareholder
Ms. Nana Appiah-Korang	– Director
Mr. David S. Sobanjo	– Director
Mr. Bakary H. Kamara	– Director

Statement of Directors' Responsibilities for the year Ended December 31, 2012

The Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the Company at the end of the year and of its profit or loss. The responsibilities include ensuring that the Company:

a) keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company and comply with the requirements of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004;

b) establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and

c) prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates, and are consistently applied.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with Statements of Accounting Standards issued by the Financial Reporting Council of Nigeria and the requirements of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004.

The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of its profit. 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 will not remain a going concern for at least twelve months from the date of this statement.

....
Engineer S. Akin Laguda
Chairman
FRC/2013/COREN/00000002507

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

March 6, 2012

Independent Auditors Report

Independent Auditors Report to the Members of Continental Reinsurance Plc

Report on the Financial Statements

We have audited the accompanying financial statements of Continental Reinsurance Plc, which comprise the Statement of financial position as at 31 December 2012, the statement of comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, the provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, the Insurance Act 2003, the Financial Reporting Council of Nigeria Act, No 6, 2011 and for such internal control as the Directors determines necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Continental Reinsurance Plc as at 31 December 2012 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, the Insurance Act 2003 and relevant policy guidelines issued by the National Insurance Commission (NAICOM) and the Financial Reporting Council of Nigeria Act, No 6, 2011.

Report on Other Legal and Regulatory Requirements

In accordance with the requirement of Schedule 6 of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, 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 purpose of our audit;

ii) in our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books;

iii) the Company's Statement of Financial Position and Statement of Comprehensive Income are in agreement with the books of account;

Lagos, Nigeria
FRC/2012/ICAN/0155

12 July 2013

Statement of Significant Accounting Policies

1. General information

(a.) Continental Reinsurance Plc was incorporated in 1985 as a professional reinsurance limited liability company under the Companies Act 1968 and obtained licence to transact non-life Reinsurance business on 10 December 1986. It commenced business operation in January, 1987. The Company subsequently obtained the licence 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, Cameroun, Nairobi office Kenya in year 2007 and Abidjan Côte D'Ivoire in March 2012. The registered office address of the Company is St Nicholas House (8th Floor), 6 Catholic Mission Street, Lagos.

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

(b.) *Principal activity*

The Company was licenced to carry out both life and non-life reinsurance business.

The Company 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 Company cuts across accident, energy, fire, marine, liability, individual and group life.

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

In addition, the Company 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 financial statements are the financial statements of Continental Reinsurance Plc ("the Company'').

The Company's financial statements for the year 2012 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 Allied Matters Act CAP C20 LFN 2004, the Insurance Act CAP II7 LFN 2004 and its interpretations issued by the National Insurance Commission in its Insurance Industry Policy Guidelines is included where appropriate. These are the first financial statements of Continental Reinsurance Plc prepared in accordance with IFRS, International Financial Reporting Standard 1 (IFRS 1): First-time Adoption of International Financial Reporting

Standards has been applied. An explanation of how the transition from Nigerian GAAP to IFRS has affected the Company's financial position is as detailed in Note 41 to the financial statements.

The financial statements comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the Notes to the financial statements.

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

The Company classifies its expenses by the nature of expense method.

The financial statements are presented in Naira, which is the Company's presentational currency. The figures shown in the financial statements are stated in thousands. The disclosures on risks from financial instruments are presented in the financial risk management report contained in Note 40.

The statement of cash flows shows the changes in cash and cash equivalents arising during the period from operating activities, investing activities and financing activities. Cash and cash equivalents include highly liquid investments.

The cash flows from operating activities are determined by using the direct method and the net income is therefore adjusted by non-cash items, such as measurement gains or losses, changes in provisions, as well as changes from receivables and liabilities in the corresponding note. Cash transactions from investing or financing activities are shown separately from operating activities. Fees and commission received or paid, income tax paid are classified as operating cash flows.

The cash flows from investing and financing activities are determined by using the direct method. The Company's assignment of the cash flows to operating, investing and financing category depends on the Company's business model (management approach).

Significant accounting judgements, estimates and assumptions

The preparation of 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 Company'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 Company's 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 financial statements, are disclosed below:

Judgements

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

Operating lease commitments — Company as lessor

The Company has entered into commercial property leases on its investment property portfolio. The Company 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 Company based its assumptions and estimates on parameters available when the 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 Company. Such changes are reflected in the assumptions when they occur.

Impairment of available-for-sale investments
The Company reviews its debt securities classified as available-for-sale investments at each reporting date to assess whether they are impaired.

The Company also records impairment charges on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is 'significant' or 'prolonged' requires judgement. In making this judgement, the Company evaluates, among other factors, historical share price movements and duration and extent to which the fair value of an investment is less than its cost.

Fair value of financial instruments
Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be verified from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but if this is not available, judgement is required to establish fair value. The judgements include considerations of liquidity and model inputs such as volatility for discount rates, prepayment rates and default rate assumptions for asset-backed securities.

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

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

The main assumptions used relates to mortality, morbidity, investment returns, expenses, lapse and surrender rates and discount rates. The Company bases mortality and morbidity on standard industry mortality tables which reflect historical experiences, adjusted when appropriate to reflect the Company'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 Company's historical experience of lapses and surrenders.

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

The carrying value at the reporting date of life insurance contract liabilities is NGN1,127,174,000 (2011:NGN1,064,531,000).

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

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

Additional qualitative judgement is required as significant uncertainties remain such as future changes in inflation, economic conditions, attitude to claiming, foreign exchange rates, judicial decisions and operational process.

Similar judgements, estimates and assumptions are employed in the assessment of losses attaching to unearned premium exposures. The methods used are based on time apportionment principles together with significant judgement to assess the adequacy of these liabilities and the attached uncertainty.

The carrying value at the reporting date of non-life contract liabilities is NGN8,110,277,000 (2011:NGN6,682,789,000)

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 change 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.

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 Company 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.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and the level of future taxable profits together with future tax planning strategies.

The carrying value at the reporting date of deferred tax liability is NGN3,660,000 (2011:NGN41,470,000). Further details on taxes are disclosed in Note 8 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 26 to the financial statements.

The carrying value at the reporting date of gratuity benefit obligation is NGN164,110,000 (2011:NGN3,893,000).

Valuation of investment properties

The Company carries its investment properties at fair value, with changes in fair value being recognised in the statement of comprehensive income. The Company engaged an independent valuation specialist to assess fair value as at 31 December 2012. 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 19 to the financial statements.

Standards and interpretations issued and effective for financial year beginning 1 January 2012

Deferred taxes: Recovery of underlying assets - amendment to IAS 12

The amendment introduces a rebuttable presumption that deferred tax on investment properties measured at fair value be recognised on a sale basis.

The presumption can be rebutted if the entity applies a business model that would indicate that substantially all of the investment property will be consumed in the business, in which case an own-use basis must be adopted. The amendment becomes effective for annual periods beginning on or after 1 January 2012.

Severe hyperinflation and removal of fixed dates for first-time adopters – amendment to IFRS 1

The amendment provides guidance on how an entity should resume presenting IFRS financial statements when its functional currency ceases to be subject to severe hyperinflation. The amendment becomes effective for annual periods beginning on or after 1 July 2011.

Transfers of financial assets – amendment to IFRS 7
The amendment requires additional quantitative and qualitative disclosures relating to transfers of financial assets under certain scenarios.

The above amendments have no impact on the accounting policies, financial position or performance of the Company. The amendment becomes effective for annual periods beginning on or after 1 July 2011.

Standards and interpretations issued but not yet effective
Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. This listing of standards and interpretations issued are those that the Company reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Company intends to adopt these standards when they become effective.

IAS 1 Financial Statement Presentation – Presentation of Items of Other Comprehensive Income
The amendments to IAS 1 change the grouping of items presented in OCI. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendment affects presentation only and has no impact on the Company's financial position or performance. The amendment becomes effective for annual periods beginning on or after 1 July 2012.

IAS 19 Employee Benefits (Amendment)
The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. Based on initial assessment, the Directors do not expect IAS 19 (revised) to have any material impact on the financial position and performance of the Company. IAS 19 (revised) becomes effective for annual periods beginning on or after 1 January 2013.

IAS 27 Separate Financial Statements (as revised in 2011)
As a consequence of the new IFRS 10 and IFRS 12, what remains of IAS 27 is limited to accounting for parents, jointly controlled entities, and associates in separate financial statements. The Directors do not expect IAS 27 as revised to have any material impact on the financial statements of the Company. The amendment becomes effective for annual periods beginning on or after 1 January 2013.

IAS 28 Investments in Associates and Joint Ventures (as revised in 2011)
As a consequence of the new IFRS 11 and IFRS 12, IAS 28 has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. IAS 28 (revised) is not expected to have any material impact on the Company as it does not hold any interest in associates or joint ventures. The amendment becomes effective for annual periods beginning on or after 1 January 2013.

IFRS 1 First-time Adoption of International Financial Reporting Standards
The amendments dealing with loans received from governments at a below market rate of interest, give first-time adopters of IFRSs relief from full retrospective application of IFRSs when accounting for these loans on transition. This standard is not expected to have any impact on the financial statement of the Company.

This is the same relief as was given to existing preparers of IFRS financial statements.

IFRS 7 Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities – Amendments to IFRS 7

These amendments require an entity to disclose information about rights of set-off and related arrangements (e.g., collateral agreements). The disclosures will provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or 'similar agreement', irrespective of whether that is set off in accordance with IAS 32. Based on initial assessment, the application of this standard is not expected to have material impact on the financial position and performance of the Company. However, the Directors anticipate that the application of these amendments may require additional disclosures about right of set-off. The amendment becomes effective for annual periods beginning on or after 1 January 2013.

IFRS 9 Financial Instruments: Classification and Measurement (2010 and 2009)

IFRS 9 as issued reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard is effective for annual periods beginning on or after 1 January 2015. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The completion of this project is expected over the course of 2011 or the first half of 2012. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Company's financial assets, but will potentially have no impact on classification and measurements of financial liabilities. The Company will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

IFRS 10 Consolidated Financial Statements

IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also includes the issues raised in SIC-12 Consolidation — Special Purpose Entities. SIC-12 Consolidation — Special Purpose Entities will be withdrawn upon the effective date of IFRS 10.

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgement to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in IAS 27.

This standard becomes effective for annual periods beginning on or after 1 January 2013.

IFRS 11 Joint Arrangements

IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities — Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method. The Directors do not expect IFRS 11 to have any material impact on the Company as it does not currently hold interests in any joint arrangement.

This standard becomes effective for annual periods beginning on or after 1 January 2013.

IFRS 12 Disclosure of Involvement with Other Entities

IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. IFRS 12 also requires a number of new disclosures. The Directors are currently assessing the impact IFRS 12 could have on the Company.

This standard becomes effective for annual periods beginning on or after 1 January 2013.

IFRS 10, 11, 12 Consolidated financial statements, Joint arrangements and Disclosure of interests in other entities: transition guidance.

The amendments change the transition guidance to provide further relief from full retrospective application.

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The Directors are currently reassessing its fair value methodology but anticipate that the application of IFRS 13 may require additional disclosures on fair value.

These standards becomes effective for annual periods beginning on or after 1 January 2013.

2.3 Insurance Contracts

Insurance contracts are those contracts when the Company (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 Company 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.

In accordance to IFRS 4, the Company has continued to apply the accounting polices it applied in accordance with pre-change over from Nigerian GAAP.

Recognition and measurement

The Company'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 against death on a Company basis. These contracts are short-term in nature and are typically renewed annually. For these contracts, gross premiums are recognised as revenue when due.

(c.) General insurance

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

2.3.1 Gross premium

Premium is recognised 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.

2.3.2 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 represents 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 the statement of comprehensive income.

2.3.3 Gross Claims

Gross claims represent estimates of claims and claims handling expenses accrued during the accounting year.

Gross claims incurred is made up of gross claims and changes in Reserve for outstanding claims (including IBNR) during the year.

2.3.4 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.

2.3.5 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 statement of financial position 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 date of the statement of financial position, 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 statement of financial position date. Similarly, provision is made for "unallocated claims expenses" being the estimated administrative expenses that will be incurred after the statement of financial position date in settling all claims outstanding as at the date, including IBNR. Differences between the provision for outstanding claims at a statement of financial position date and the subsequent settlement are included in the Revenue Account of the following year.

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

2.3.6 Liability Adequacy Test

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

2.3.7 Actuarial valuation of Life Fund

Actuarial valuation of life fund 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 there from are charged to the statement of comprehensive income.

2.3.8 Deferred Acquisition Costs

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

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

2.4 Underwriting expenses

Underwriting expenses comprises acquisition, maintenance and management expenses.

2.4.1 Acquisition expenses

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

2.4.2 Maintenance expenses

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

2.4.3 Management and administration expenses

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

Management expenses are those expenses that relate to underwriting business which are apportioned and charged thereto. These includes salaries and emoluments of underwriting staff and other non-operating expenses.

Administration expenses are those expenses that cannot be directly attributable to underwriting business and charged to the income statement in the accounting period in which they are incurred. These include professional fees, investment expense and depreciation and amortisation.

2.5 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.

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 the statement of comprehensive income using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Company 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.

Dividend Income

Dividends are recognised in the statement of comprehensive income in 'Other income' when the entity's right to receive payment is established.

2.6 Foreign currency translation

(a.) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

The financial statements are presented in thousands. Naira is the Company's presentation and 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 re-translated at the functional currency spot rate of exchange prevailing at the statement of financial position. Foreign exchange gains and losses resulting from the re-translation and settlement of these items are recognised in the statement of comprehensive income.

Non-monetary items measured at historical cost denominated in a foreign currency are translated with the exchange rate as at the date of initial recognition; non-monetary assets that are measured at fair value are translated using the exchange rate at the date that the fair value was determined. Translation differences on non-monetary financial instruments held at fair value through profit or loss are reported as part of the fair value gain or loss. Translation differences on non-monetary financial instruments measured at fair value through other comprehensive income are included in the fair value reserve in other comprehensive income.

2.7 Cash and cash equivalents

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

This includes cash-on-hand, deposit held at call with banks and other short-term highly liquid investments which originally matures in three months or less.

2.8 Financial assets and liabilities

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.

2.8.1 Financial assets

The Company 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. Management determines the classification of its financial instruments at initial recognition and the classification depends on the purpose for which the investments were acquired.

(a.) Recognition and measurement

The Company uses settlement date accounting for regular way contracts when recording financial asset transactions.

Financial assets are initially recognised at fair value plus, in the case of all financial assets not carried at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the statement of comprehensive income.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to- maturity financial assets are carried at amortised cost using the effective interest method. Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the statement of comprehensive income in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income as part of other income when the Company's right to receive payments is established. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

(b.) 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 Company as at fair value through profit or loss upon initial recognition.

A financial asset is classified as held-for-trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorised as held-for-trading, unless designated as effective hedging instruments. Financial assets held-for-trading consist of debt instruments, including money-market paper and equity instruments. They are recognised in the statement of financial position as 'Financial assets held-for-trading'.

Financial instruments included in this category are recognised initially at fair value; transaction costs are taken directly to the statement of comprehensive income. Gains and losses arising from changes in fair value are included directly in the statement of comprehensive income and are reported as 'Net gains/(losses) on financial instruments classified as held-for-trading'. Interest income and expense and dividend income and expenses on financial assets held-for-trading are included in 'Net interest income' or 'Dividend income', respectively.

The Company 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 derivatives that must be separated.

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

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

(c.) *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:

(1) those that the Company 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;

(2) those that the Company upon initial recognition designates as available-for-sale; or

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

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

(d.) *Held-to-maturity financial assets*

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

(1) those that the Company upon initial recognition designates as at fair value through profit or loss;
(2) those that the Company designates as available-for-sale; and
(3) those that meet the definition of loans and receivables.

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

Interest on held-to-maturity investments is included in the statement of comprehensive income and reported as 'Interest and similar income'. In the case of an impairment, the impairment loss is been reported as a deduction from the carrying value of the investment and recognised in the statement of comprehensive income as 'Net gains/(losses) on investment securities'. Held-to-maturity investments include sovereign, sub-national and corporate bonds.

(e.) *Available-for-sale financial assets*

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

Available-for-sale financial assets are initially recognised at fair value, which is the cash consideration including any transaction costs, and measured subsequently at fair value with gains and losses being recognised in other comprehensive income. If an available-for-sale financial asset is determined to be impaired, the cumulative gain or loss previously recognised in the other comprehensive income is recognised in the statement of comprehensive income. However, interest is calculated using the effective interest rate method, and foreign currency gains and losses on monetary assets classified as available-for-sale are recognised in the statement of comprehensive income. Dividends on available-for-sale equity instruments are recognised in the statement of comprehensive income in 'Dividend income' when the Company's right to receive payment is established. AFS financial assets includes debt and equity (quoted and unquoted) instruments. See Note 40.3(c.) for valuation methods and assumptions.

2.8.2 Financial liabilities

The Company's holding in financial liabilities does not include financial liabilities at fair value through profit or loss (including financial liabilities held-for-trading and those that designated at fair value). AFS financial liabilities are other liabilities that are subsequently measured at amortised cost. Financial liabilities are derecognised when extinguished.

Initial recognition and measurement

All financial liabilities are recognised initially at fair value minus directly attributable transaction costs.

The Company's financial liabilities include reinsurance creditors and other liabilities.

Subsequent measurement
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 Company as at fair value through profit or loss upon initial recognition.

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

Gains and losses arising from changes in fair value of financial liabilities classified held-for-trading are included in the statement of comprehensive income 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 Company did not have any financial liabilities that meet the classification criteria at fair value through profit or loss and did not designate any financial liabilities as at fair value through profit or loss.

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

2.8.3 Determination of fair value

For financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations. This includes listed equity securities and quoted debt instruments on major exchanges (for example, NSE) and broker quotes from Financial Markets Dealers Association (FMDA).

A financial instrument is regarded as quoted in an active market 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. If the above criteria are not met, the market is regarded as being inactive. For example a market is inactive when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.

For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs (for example, NIBOR yield curve, FX rates, volatilities and counterparty spreads) existing at the dates of the statement of financial position.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Company holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including model risks, liquidity risk and counterparty credit risk. Based on the established fair value model governance policies, and related controls and procedures applied, management believes that these valuation adjustments are necessary and appropriate to fairly state the values of financial instruments carried at fair value in the statement of financial position. Price data and parameters used in the measurement procedures applied are generally reviewed carefully and adjusted, if necessary – particularly in view of the current market developments.

In cases where fair value of unquoted equities cannot be determined reliably, net asset valuation technique or cost is applied.

The fair values of contingent liabilities and irrevocable loan commitments correspond to their carrying amounts.

2.8.4 Derecognition

Financial assets

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

- The rights to receive cash flows from the asset have expired;
- The Company 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 Company has transferred substantially all the risks and rewards of the asset, or

(b.) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company 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 Company could be required to repay.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

2.9 Offsetting financial instruments

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

2.10 Impairment of financial assets

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

Financial assets carried at amortised cost

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

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

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. 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 as part of investment income in the income statement. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to the 'finance cost' in the income statement.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of the Company'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 Company assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

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

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

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 as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the income statement, the impairment loss is reversed through the income statement.

2.11 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. Additionally, assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there have been separately identifiable cash inflows (cash-generating units). The impairment test also can be performed on a single asset when the fair value less cost to sell or the value in use can be determined reliably.

Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

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

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. An impairment loss in respect of goodwill is not reversed.

The following criteria are also applied in assessing impairment of specific assets:

Intangible assets
Intangible assets with indefinite useful lives are tested for impairment annually at 31 December, either individually or at the cash generating unit level, as appropriate and when circumstances indicate that the carrying value may be impaired.

2.12 Investment properties

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

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

Investment property is subsequently measured at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Company uses alternative valuation methods such as discounted cash flow projections or recent prices in less active markets. These valuations are reviewed annually by an independent valuation expert. Investment property that is being redeveloped for continuing use as investment property, or for which the market has become less active, continues to be measured at fair value.

Gains or losses arising from changes in the fair values of investment properties are included in the income statement 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 investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

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

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

2.13 Property, plant and equipment

All property plant and equipment is initially recorded at cost. They are subsequently stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

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

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 principal annual rates used for the purpose are:

		%
–Motor vehicles	–	25
–Furniture and equipment	–	20
–Computer equipment	–	$33^{1/3}$
–Partitioning	–	20

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 was impaired as at 31 December 2012 (2011: nil).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in other operating expenses in the statement of comprehensive income.

2.14 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 fulfilment 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.

Company as a lessee

Finance leases that transfer to the Company substantially all of the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance cost in the income statement.

Leased assets are depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term.

Company as lessor

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

2.15 Intangible assets

Intangible assets comprise computer software licenses, which are with finite lives, are amortised over the useful economic life and assessed for impairment whenever there is an

indication that the intangible asset may be impaired. The amortisation period and amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.
The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible asset.

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

Amortisation is calculated on a straight line basis over the useful lives as follows:

– Computer Software: five years

2.16 Income tax

(a.) Current income tax

Income tax payable/(receivable) is calculated on the basis of the applicable tax law in the respective jurisdiction and is recognised as an expense/(income) for the period except to the extent that current tax related to items that are charged or credited in other comprehensive income or directly to equity. In these circumstances, current tax is charged or credited to other comprehensive income or to equity.

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

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 Company 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 date of the statement of financial position and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

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

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

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

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

2.17 Employment benefits

Defined contributory scheme

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company 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 2004, the Company operates a defined contribution scheme; employees are entitled to join the scheme on confirmation of their employment. The employee and the Company contributes 7.5% of the employee's total emoluments (basic, housing and transport allowances). The Company's contribution each year is charged against income and is included in staff cost. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due.

Defined benefit staff gratuity scheme

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

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

The Company 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.

2.18 Provisions

Provisions are liabilities that are uncertain in amount and timing.

Provision are recognised when the Company 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 Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

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

2.19 Equity

Ordinary share capital

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

Dividends on ordinary share capital

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

Dividends for the year that are declared after the date of the statement of financial position 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.

2.20 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.

2.21 Comparatives

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

2.22 Segment reporting

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

Statement of Comprehensive Income

For the year ended 31 December 2012	Note	2012 NGN'000	2011 NGN'000
Insurance premium revenue	1.1	11,946,255	11,346,831
Insurance premium ceded to retrocessionaires	1.2	(1,554,221)	(1,295,097)
Net insurance premium revenue		**10,392,034**	**10,051,734**
Insurance benefits			
Insurance claims and loss adjustment expenses	2.1	5,574,604	4,464,215
Insurance claims and loss adjustment expenses recoverable from retrocessionaires	2.1	(781,893)	–
Net insurance benefits and claims		**4,792,711**	**4,464,215**
Underwriting expenses	2.2	4,404,297	4,074,235
Insurance benefits and underwriting expenses		**9,197,008**	**8,538,450**
Underwriting profit		**1,195,026**	**1,513,284**
Net Interest income	3	1,068,811	745,692
Net fair value gains on assets at fair value through profit or loss	4	40,014	18,617
Other income	5	326,559	119,772
Administration expenses	6.1	(287,113)	(239,120)
Impairment of financial assets	6.2	(362,897)	(328,516))
Profit before taxation		**1,980,400**	**1,829,729**
Income tax expense	8	(353,832)	(387,150)
Profit after taxation		**1,626,568**	**1,442,579**
Profit for the year		1,626,568	1,442,579
Other comprehensive income:			
Net gains on available-for-sale financial assets			
Net unrealised gains/(losses) arising during the year	7	123,343	(223,633)
Other comprehensive income for the year, net of tax		**123,343**	**(223,633)**
Total Comprehensive Income for the year		**1,749,911**	**1,218,946**
Earnings per share			
Basic (kobo)	10	16	14

Statement of Financial Position

As at 31 December 2012

	Note	31 December 2012 NGN'000	31 December 2011 NGN'000	1 January 2011 NGN'000
Assets				
Cash and cash equivalents	11	6,263,827	5,815,044	5,655,176
Financial assets				
–Financial asset designated as fair value	12	132,942	108,956	175,031
–Loans and other receivables	13	192,575	153,584	144,706
–Available-for-sale investments	14.1	1,910,396	1,736,086	1,876,705
–Held to maturity investments	14.2	4,359,087	5,076,223	4,056,865
Reinsurance receivables	15	5,427,732	4,602,289	3,988,642
Retrocession assets	16	779,147	146,974	101,470
Deferred acquisition costs	17	1,077,360	975,157	930,234
Other assets	18	1,113,603	181,718	34,638
Investment properties	19	1,661,000	1,653,500	1,557,834
Intangible assets	20	17,075	4,913	9,239
Property, plant and equipment	21	114,695	103,423	106,687
Statutory deposits	22	1,000,000	1,000,000	1,000,000
Total assets		**24,049,439**	**21,557,867**	**19,637,227**
Liabilities				
Insurance contract liabilities	23	9,237,451	7,747,320	6,686,979
Reinsurance creditors	24	754,969	722,385	275,970
Other liabilities	25	252,265	345,897	356,866
Retirement benefit obligations	26	164,110	3,893	75,690
Current income tax	8	401,617	381,624	336,074
Deferred taxation	9	3,660	41,470	31,448
Total liabilities		**10,814,072**	**9,242,589**	**7,763,027**
Equity				
Share capital	27	5,186,372	5,186,372	5,186,372
Share premium	28	3,915,451	3,915,451	3,915,451
Contingency reserve	29	1,873,319	1,435,136	1,094,207
Retained earnings	30	2,344,587	1,986,024	1,662,242
Available-for-sale reserve	31	(84,362)	(207,705)	15,928
Total equity		**13,235,367**	**12,315,278**	**11,874,200**
Total equity and liabilities		**24,049,439**	**21,557,867**	**19,637,227**

The financial statements were approved by the Board of Directors on 6 March 2013 and signed on its behalf by:

Engineer S.A. Laguda **(Chairman)**
FRC/2013/COREN/2507

Dr. Olufemi Oyetunji **(Managing Director/CEO)**
FRC/2013/NAS/0685

Musa Kolo **(Chief Financial Officer)**
FRC/2012/ICAN/0473

Statement of Changes in Equity

For the year ended 31 December 2012

	Notes	Share capital	Share premium	Retained earnings	Contingency reserve	Available for sale reserve	Total equity
		Attributable to equity holders					
		NGN'000	NGN'000	NGN'000	NGN'000	NGN'000	NGN'000
Balance at 1 January 2012		5,186,372	3,915,451	1,986,024	1,435,136	(207,705)	12,315,278
Profit or loss for the period		–	–	1,626,568	-	-	1,626,568
Transfer of contingency reserve		–	–	(438,183)	438,183	-	–
Other comprehensive income							
Fair value of equity financial assets	7	–	–	-	-	123,343	123,343
Total comprehensive income or loss		**–**	**–**	**1,188,385**	**438,183**	**123,343**	**1,749,911**
Transaction with owners							
Dividend	25.1	–	–	(829,822)	-	-	(829,822)
Total Transactions with owners		–	–	(829,822)	-	-	(829,822)
At 31 December 2012		**5,186,372**	**3,915,451**	**2,344,587**	**1,873,319**	**(84,362)**	**13,235,367**
Balance at 1 January 2011		5,186,372	3,915,451	1,662,242	1,094,207	15,928	11,874,200
Profit or loss for the period		–	–	1,442,579	-	-	1,442,579
Transfer of contingency reserve		–	–	(340,929)	340,929		-
Other comprehensive income							
Fair value of equity financial assets	7	–	–	-	–	(223,633)	(223,633)
Total comprehensive income or loss		**–**	**–**	**1,101,650**	**340,929**	**(223,633)**	**1,218,946**
Transaction with owners							
Dividend	25.1	–	–	(777,868)	–	–	(777,868)
Total transactions with owners		–	–	(777,868)	–	–	(777,868)
At 31 December 2011		**5,186,372**	**3,915,451**	**1,986,024**	**1,435,136**	**(207,705)**	**12,315,278**

Statement of Cash Flows

For the year ended 31 December 2012

	Note	2012 N' 000	2011 N' 000
Cash flows from operating activities			
Premium received from policy holders		10,826,431	10,518,771
Retrocession receipts in respect of claims		781,893	–
Acquisition costs paid		(2,571,233)	(2,799,779)
Retrocession premium paid		(1,554,221)	(1,295,097)
Cash paid to and on behalf of employees		(725,489)	(593,995)
Other operating cash receipts/payments		(979,771)	(762,170)
Claims paid		(5,638,819)	(3,105,561)
Income taxes paid	8	(371,649)	(331,578)
Net cashflows (outflow)/inflow from operating activities	32	(232,858)	1,630,591
Cash flows from investing activities			
Purchase of property, plant and equipment	21	(111,131)	(64,400)
Purchase of intangible assets	20	(23,301)	(4,620)
Proceeds from disposal of property, plant and equipment		5,539	4,246
Purchase of investment securities		(170,096)	(900,773)
Proceeds on redemption /sales of investments		297,524	73,457
Purchase of investment property		–	(164,225)
Proceeds from sale of investment property		–	150,000
Interest received		1,040,161	701,014
Dividend received		89,763	75,026
Net cash generated/(used) in investing activities		1,128,459	(130,275)
Cash flows from financing activities			
Dividend expense		(865,140)	(766,362)
Net cash used in financing activities		(865,140)	(766,362)
Net increase in cash and cash equivalents		30,461	733,954
Cash and cash equivalents at start of year		7,118,608	6,380,484
Effect of exchange rate changes on cash and cash equivalents		(1,291)	4,170
Cash and cash equivalents at end of year	33	**7,147,778**	**7,118,608**

Notes to the Financial Statements

		2012	2011
1	**Revenue**		
1.1	**Insurance premium revenue**	**NGN'000**	**NGN'000**
	Premium revenue arising from insurance contracts issued		
	Life insurance contracts		
	– Gross Premium	2,506,189	2,162,501
	– Change in life insurance contract liabilities	(9,422)	(200,919)
	Non-life insurance contracts		
	– Gross Premium	9,891,463	9,484,537
	– Change in unearned premium provision	(441,975)	(99,288)
	Total Premium revenue arising from insurance contracts issued	11,946,255	11,346,831
1.2	**Insurance premium ceded to retrocessionaire**		
	Premium revenue ceded to retrocessionaire on insurance contracts issued		
	Life insurance contracts	375,928	324,376
	Non-life insurance contracts	1,178,293	970,721
	Total Premium revenue ceded to retrocessionaire on insurance contracts issued	1,554,221	1,295,097
	Net insurance premium revenue	**10,392,034**	**10,051,734**
2	**Insurance benefits and underwriting expenses**		
2.1	**Insurance claims and loss adjustment expenses**		
	Life insurance contracts	1,069,229	820,598
	Non-life insurance contracts	4,505,375	3,643,617
	Total cost of policyholder benefits	5,574,604	4,464,215
	Insurance claims and loss adjustment expenses recoverable from retrocessionaire	(781,893)	–
	Net insurance benefits and claims	**4,792,711**	**4,464,215**
2.2	**Underwriting expenses**		
	Costs incurred for the acquisition of insurance contracts	2,673,436	2,844,702
	Costs incurred for the maintenance of insurance contracts	238,402	215,568
	Management expenses (See Note 6.1)	1,492,459	1,013,965
	Total underwriting expenses	4,404,297	4,074,235
	Total insurance benefits and underwriting expenses	**9,197,008**	**8,538,450**
3	**Net Interest income**		
	Cash and bank balances interest income	598,018	341,546
	Statutory deposits interest income	136,868	82,397
	Held-to-maturity and loans and receivables interest income	333,925	321,749
	Net Interest income	**1,068,811**	**745,692**

4 Net fair value gains on assets at fair value through profit or loss

	2012	2011
	NGN'000	NGN'000
Net fair value gains/ (losses) on financial assets designated at fair value through profit or loss	32,514	(66,075)
Fair value gains on investment property	7,500	84,692
Total	**40,014**	**18,617**

5 Other income

Available-for-sale		
– Dividends	89,763	75,026
– Gain on disposal of available-for-sale securities	52,403	-
Income on investment property	80,957	96,088
– Loss on disposal of investment properties	-	(3,251)
– (Loss)/gain on disposal of property, plant and equipment	(24,321)	3,491
Foreign Exchange gain/(loss)	127,757	(53,210)
Other income	–	1,628
	326,559	**119,772**

6 Operating expenses

6.1 Management and administration expenses

Management expenses	1,492,459	1,013,965
Administration expenses	287,113	239,120
	1,779,572	**1,253,085**

Management and administration expenses comprises the following:

Depreciation and amortisation	81,138	75,854
Auditor's remuneration	9,950	10,716
Employee benefits expenses (a.)	866,158	522,197
Other operating expenses	822,326	644,318
Total management and administrative expenses	**1,779,572**	**1,253,085**

(a.) Employee benefit expense

Wages and salaries (local)	457,366	438,859
Wages and salaries (other regions)	132,578	94,275
Pension		
Defined Benefit Staff Gratuity Plan	242,437	(45,279)
Defined Contributory Plan	33,777	34,342
	866,158	**522,197**

The amount of Employer's pension contribution included amount of NGN12,589,528.07 paid on group life scheme in compliance with the 2004 Pencom Act. Also included in pensions are amounts for the regional offices, Cameroun and Nairobi offices. The applicable law is different from that of Nigeria Pencom Act.

6.2 Impairment of financial assets

Reinsurance receivables	372,889	332,800
Retrocessionaire's share of receivables	(9,992)	(4,284)
	362,897	**328,516**

7 Net unrealised gain /(loss) on financial assets

Unrealised gain/(loss) on financial asset - Available-for-sale		
– Equity instruments	95,652	(223,633)
– Debt Instruments	27,691	–
Total	123,343	(223,633)
Income tax relating to component of other comprehensive income	–	–
Other comprehensive income for the year, net of tax	**123,343**	**(223,633)**

8 Taxation

	31 December 2012 NGN'000	31 December 2011 NGN'000	31 December 2010 NGN'000
Per statement of comprehensive income:			
Income tax based on profit for the year	367,116	352,267	
Education tax	24,526	24,839	
Over provision in prior years	–	22	
	391,642	377,128	
Deferred taxation (Note 9)	(37,810)	10,022	
	353,832	**387,150**	
Per statement of financial position:			
At 1 January	381,624	336,074	213,266
Based on profit for the year	391,642	377,128	360,526
Payments during the year	(371,649)	(331,578)	(237,718)
	401,617	**381,624**	**336,074**
Reconciliation of tax charge			
Profit before taxation	1,980,400	1,829,729	
Tax at Nigerian's statutory income tax rate	594,120	548,919	
Capital gains tax	–	22	
Non-deductible expenses	29,512	4,827	
Tax exempt income	(256,957)	(145,984)	
Tax effect of capital allowance	(35,869)	(21,934)	
Education tax levy	24,526	24,839	
Tax rate differential on fair value gains	(1,500)	(23,539)	
Total tax charge for the year	**353,832**	**387,150**	

9 Deferred taxation

Deferred income tax (assets)/liabilities are attributable to the following items:	31 December 2012 NGN'000	31 December 2011 NGN'000	31 December 2010 NGN'000
Deferred tax liabilities			
Property, plant and equipment	9,520	–	13,386
Investment property	43,388	42,638	40,769
	52,908	42,638	54,155
Deferred tax assets			
Employee benefit	(49,248)	(1,168)	(22,707)
	(49,248)	(1,168)	(22,707)
Net	**3,660**	**41,470**	**31,448**

Movements in temporary differences during the year:	As at 1 January 2012 NGN'000	Recognised in income statment NGN'000	As at 31 December 2012 NGN'000
Property, plant and equipment	–	9,520	9,520
Investment property	42,638	750	43,388
Employee benefit	(1,168)	(48,080)	(49,248)
	41,470	**(37,810)**	**3,660**

Movements in temporary differences during the year:	As at 1 January 2011 NGN'000	NGN'000	As at 31 December 2011 NGN'000
Property, plant and equipment	13,386	(13,386)	–
Investment property	40,769	1,869	42,638
Employee benefit	(22,707)	21,539	(1,168)
	31,448	**10,022**	**41,470**

10 Earnings per share

Basic earnings per share amounts is calculated by dividing the net profit for the year attributable to ordinary share holders by the weighted average number of ordinary shares outstanding at the reporting date.

The following reflects the income and share data used in the basic earnings per share computations:	31 December 2012	31 December 2011
Net profit attributable to ordinary shareholders (NGN'000)	**1,626,568**	**1,442,579**
Weighted average number of ordinary shares in issue as at year end ('000)	**10,372,744**	**10,372,744**
Basis earnings per ordinary share (kobo)	**16**	**14**

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

11 Cash and cash equivalents

	31 December 2012 NGN'000	31 December 2011 NGN'000	31 December 2010 NGN'000
Cash in hand	795	493	2,008
Balances held with local banks:			
– Current account	316,045	102,112	55,960
– Domiciliary account	44,753	47,262	33,040
Balances held with foreign banks	309,959	159,502	130,111
Placements with banks and other financial institutions	5,592,275	5,505,675	5,434,057
	6,263,827	**5,815,044**	**5,655,176**

Placements with banks and other financial institutions are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company. All placements are subject to an average variable interest rate of 11% (2011: 12.5% and 2010: 12.5%).

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

The cash and cash equivalents position for cash flow purposes is NGN7,147,778,000 for 2012 (2011:NGN7,118,608,000, 2010: NGN6,380,484,000)

12 Financial assets designated at fair value through profit or loss

	31 December 2012 NGN'000	31 December 2011 NGN'000	31 December 2010 NGN'000
Managed Funds			
External Portfolio Management	132,942	108,956	175,031
	132,942	**108,956**	**175,031**

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

13 Loans and other receivables

	31 December 2012 NGN'000	31 December 2011 NGN'000	31 December 2010 NGN'000
Staff Loans and advances	192,575	153,584	144,706
Other advances	48,217	48,752	48,842
Impairment on other advances	(48,217)	(48,752)	(48,842)
Total Loans and other receivables	**192,575**	**153,584**	**144,706**

14 Investment Securities

Analysis of investment securities	31 December 2012 NGN'000	31 December 2011 NGN'000	31 December 2010 NGN'000
Equity	1,656,499	1,736,086	1,876,705
Debt	4,612,984	5,076,223	4,056,865
	6,269,483	**6,812,309**	**5,933,570**

Analysis by class

14.1 Available-for-sale:

Equity instruments	1,656,499	1,736,086	1,876,705
Debt instruments	253,897	–	–
Total available-for-sale	1,910,396	1,736,086	1,876,705

14.2 Held-to-maturity

Debt instruments	4,359,087	5,076,223	4,056,865
Total Investment securities	**6,269,483**	**6,812,309**	**5,933,570**

Equity Instruments

Securities at Available-for-sale - Fair value			
Quoted	1,002,407	1,053,427	1,183,041
Unquoted	654,092	682,659	693,664
Total equity instruments	1,656,499	1,736,086	1,876,705

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

Debt Instruments *Securities at Available-for-sale -Fair value*	31 December 2012 NGN'000	31 December 2011 NGN'000	31 December 2010 NGN'000
Bonds	253,897	–	–
	253,897	–	–
Securities at held-to-maturity - amortised cost			
Listed	2,370,873	2,880,391	2,169,896
Unlisted	1,988,214	2,195,832	1,886,970
	4,359,087	5,076,223	4,056,865
Total debt instruments	**4,612,984**	**5,076,223**	**4,056,865**

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

15 Reinsurance receivables

	31 December 2012 NGN'000	31 December 2011 NGN'000	31 December 2010 NGN'000
Due from ceding companies (Local)	6,572,142	5,117,804	4,333,891
Due from ceding companies (Pipeline)	1,616,908	1,878,115	1,808,915
Premium reserves retained by ceding companies	57,311	52,210	34,266
	8,246,361	7,048,029	6,177,072
Impairment on reinsurance receivables (Note 15.1)	(2,818,629)	(2,445,740)	(2,188,430)
	5,427,732	**4,602,289**	**3,988,642**

15.1 Reconcilliation of impairment on reinsurance receivables

	2012	2011	2010
At 1 January	2,445,740	2,188,430	1,393,426
Write off during the year	–	(75,490)	–
Charge for the year : Reinsurance receivables	372,889	332,800	795,004
At 31 December	**2,818,629**	**2,445,740**	**2,188,430**

16 Retrocession Assets

	2012	2011	2010
Retrocessionaires' share of Reserve for Outstanding Claims	38,771	31,120	45,042
Retrocessionaires' share of Unearned Premium Reserve	571,301	–	56,428
Retrocessionaires' share of life insurance contract liabilities	169,075	115,854	–
Total retrocession assets (Note 23)	**779,147**	**146,974**	**101,470**

At 31 December 2012, the Company conducted an impairment review of the reinsurance assets but no impairment loss resulted from this exercise. The carrying amounts disclosed above approximate fair value at the reporting date.

17 Deferred acquisition costs

	31 December 2012 NGN'000	31 December 2011 NGN'000	31 December 2010 NGN'000
At 1 January	975,157	930,234	930,234
Net deferral during the year	102,203	44,923	–
At 31 December	**1,077,360**	**975,157**	**930,234**

18 Other Assets

	31 December 2012 NGN'000	31 December 2011 NGN'000	31 December 2010 NGN'000
Prepayments	53,797	46,952	29,133
Deposit for shares (Note 18 a)	1,042,037	–	–
Other	17,769	134,766	5,505
	1,113,603	**181,718**	**34,638**

a. This represents funds transferred for purpose of converting the Nairobi regional office in Kenya to a subsidiary. As at the end of the reporting date, the Company is still awaiting approval from the Kenyan regulatory authorities.

19 Investment Properties

	31 December 2012 NGN'000	31 December 2011 NGN'000	31 December 2010 NGN'000
Opening	1,653,500	1,557,834	827,629
Fair value adjustments	7,500	84,692	407,690
Additions	–	164,225	478,332
Disposal during the year	–	(153,251)	(155,817)
Closing	**1,661,000**	**1,653,500**	**1,557,834**

Investment properties are stated at fair value, which has been determined based on valuations performed by Fola Oyekan & Associates, a professional firm of Estate Surveyors and Valuers who are accredited independent valuers, as at 31 December 2012, 31 December 2011 and 31 December 2010. 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 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 statement of comprehensive income.

The Company enters into operating leases for all of its investment properties. The rental income arising during the year amounted to NGN80,957,148 (year ended 31 December 2011: NGN158,844,333) which is included in investment income. Direct operating expenses arising in respect of such properties during the period are included in within operating and administrative expenses.

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

20 Intangible assets

	Computer software NGN'000	Total NGN'000
Cost:		
At 1 January 2011	26,778	26,778
Cost capitalised	4,620	4,620
At 31 December 2011	31,398	31,398
Cost capitalised	23,301	23,301
At 31 December 2012	54,699	54,699

Accumulated amortisation and impairment:		
At 1 January 2011	17,539	17,539
Amortisation	8,946	8,946
At 31 December 2011	26,485	26,485
Amortisation	11,139	11,139
At 31 December 2012	37,624	37,624
Carrying amount:		
At 31 December 2012	**17,075**	**17,075**
At 31 December, 2011	**4,913**	**4,913**
At 1 January 2011	**9,239**	**9,239**

21 Property, plant and equipment

	Freehold property	Motor vehicles	Furniture and fittings	Office partitioning	Computer equipment	Total
	NGN'000	NGN'000	NGN'000	NGN'000	NGN'000	NGN'000
Cost/Valuation:						
At 1 January 2011	2,524	121,306	73,598	45,264	39,218	281,910
Additions	–	48,627	8,991		6,782	64,400
Disposals	–	(20,201)	(3,454)		(4,124)	(27,779)
At 31 December 2011	2,524	149,732	79,135	45,264	41,876	318,531
Additions	–	74,637	6,769	11,751	17,974	111,131
Disposals	–	(59,767)	(12,156)	–	(3,817)	(75,740)
At 31 December 2012	2,524	164,602	73,748	57,015	56,033	353,922
						–
Accumulated depreciation:						–
At 1 January 2011	–	84,492	39,920	25,126	25,685	175,223
Charge for the year	–	29,890	15,156	8,837	13,025	66,908
Disposal	–	(19,542)	(3,357)	–	(4,124)	(27,023)
At 31 December 2011	–	94,840	51,719	33,963	34,586	215,108
Charge for the year	–	34,311	13,383	11,403	10,902	69,999
Disposal	–	(33,719)	(8,542)	–	(3,619)	(45,880)
At 31 December 2012	–	95,432	56,560	45,366	41,869	239,227
Net book value:						
At 31 December 2012	**2,524**	**69,170**	**17,188**	**11,649**	**14,164**	**114,695**
At 31 December 2011	**2,524**	**54,892**	**27,416**	**11,301**	**7,290**	**103,423**
At 1 January 2011	**2,524**	**36,814**	**33,678**	**20,138**	**13,533**	**106,687**

22 Statutory deposits

	31 December 2012 NGN'000	31 December 2011 NGN'000	31 December 2010 NGN'000
At 31 December	**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. Statutory deposits are measured at cost.

23 Insurance contract liabilities

	31 December 2012 NGN'000	31 December 2011 NGN'000	31 December 2010 NGN'000
Insurance fund			
Reserve for Unearned Premium (Note 23.1)	4,301,953	3,859,978	3,715,768
Reserve for Outstanding Claims (Note 23.2)	3,808,324	2,822,811	2,223,453
	8,110,277	6,682,789	5,939,221
Life (Note 23.3)	1,127,174	1,064,531	747,758
Total insurance liabilities	9,237,451	7,747,320	6,686,979
Total retrocessionaire's share of insurance liabilities (Note 16)	(779,147)	(146,974)	(101,470)
Net insurance contracts	**8,458,304**	**7,600,346**	**6,585,509**

23.1 *Reserve for Unearned Premium*

	31 December 2012 NGN'000	31 December 2011 NGN'000	31 December 2010 NGN'000
At 1 January	3,859,978	3,715,768	–
Increase in the year	9,891,463	9,484,537	–
Release of unearned premium during the year	(9,449,488)	(9,340,327)	–
At 31 December	**4,301,953**	**3,859,978**	**3,715,768**

23.2 *Reserve for Outstanding Claims*

	31 December 2012 NGN'000	31 December 2011 NGN'000	31 December 2010 NGN'000
At 1 January	2,822,811	2,223,453	–
Claims incurred in the current accident year	4,505,375	3,643,617	–
Claims paid during the year	(3,519,862)	(3,044,259)	–
At 31 December	**3,808,324**	**2,822,811**	**2,223,453**

23.3 *Insurance liabilities on life policy holders*

At 1 January	1,064,531	747,758	–
Increase in retrocessionaire's share	53,221	115,854	–
Accretion during the year	9,422	200,919	–
At 31 December	**1,127,174**	**1,064,531**	**747,758**

24 Reinsurance creditors	31 December 2012 NGN'000	31 December 2011 NGN'000	31 December 2010 NGN'000
Due to retrocessionaires	148,773	176,758	237,823
Due to ceding companies	606,196	545,627	38,147
	754,969	**722,385**	**275,970**

This represents the amount payable to insurance and reinsurance companies

25 Other liabilities

Sundry creditors	146,495	144,173	131,251
Rent received in advance	53,791	103,118	128,353
Accrued expenses	8,648	25,899	39,291
Dividend payable (Note 25.1)	20,951	56,269	44,763
Information technology development levy	20,536	15,965	12,739
Others	1,844	473	469
	252,265	**345,897**	**356,866**

25.1 Dividends paid and proposed

At 1 January	56,269	44,763	36,345
Declared during the year	829,822	777,868	570,500
Paid during the year	(865,140)	(766,362)	(562,082)
	20,951	**56,269**	**44,763**
Proposed for approval at the annual general meeting (not recognised as a liability as at 31 December): at 10 kobo per share (2011: 8 kobo).	**1,037,274**	**829,822**	**777,868**

26 Retirement benefit obligations

Defined contribution scheme

In accordance with the provisions of the Pensions Act 2004, the Company and its staff commenced a contributory pension scheme in January 2005. The contribution by employees and the Company are 7.5% and 7.5% respectively of the employees' basic salary, housing and transport allowances. The contribution made and transferred to the pension fund administrator during the period are as follows;

	31 December 2012 NGN'000	31 December 2011 NGN'000	31 December 2010 NGN'000
Balance at start of period	–	–	–
Provisions during the period	53,325	34,342	18,490
Transfer to PFA	(53,325)	(34,342)	(18,490)
	–	–	–

Defined benefit staff gratuity scheme
The Company 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:	31 December 2012 NGN'000	31 December 2011 NGN'000	31 December 2010 NGN'000
The amounts recognised in the balance sheet are determined as follows:			
Present value of funded obligations	436,837	285,816	318,860
Fair value of plan assets	(272,727)	(281,923)	(243,170)
Deficit of funded plans	164,110	3,893	75,690
Unrecognised net (gain)/loss	–	–	–
Unrecognised past service cost	–	–	–
(Asset)/liability in the balance sheet	**164,110**	**3,893**	**75,690**
The movement in the defined benefit obligation over the year is as follows:			
At beginning of the year	285,816	318,860	
Service cost	39,888	33,186	
Member contribution	–	–	
Interest cost	40,277	44,640	
Actuarial (Gains)/Loss	146,873	(105,630)	
Benefit paid	(76,017)	(5,240)	
At end of the year	436,837	285,816	
The amounts recognised in the income statement are as follows:			
Current service cost	39,888	33,186	
Interest cost	40,277	44,640	
Expected return on plan assets	(36,622)	(34,040)	
Amortisation	152,023	(65,346)	
Total, included in staff costs	195,566	(21,560)	

The movement in the plan assets over the year is as follows:

Assets at fair value – opening	281,923	243,170
Expected return on plan assets	36,622	34,040
Employer contribution	35,349	50,243
Benefit paid	(76,017)	(5,240)
Actuarial loss	(5,150)	(40,290)
At end of the year	272,727	281,923

Composition of Plan assets

Cash	51.3%	51.3%
Equity	48.1%	48.1%
Bonds	0.0%	0.0%
Property	0.0%	0.0%
International	0.0%	0.0%
Other	0.63%	0.63%

The principal actuarial assumptions were as follows:

Average long term discount rate (p.a.)	12%	14%
Average long term rate of inflation (p.a.)	10%	11%
Average long term pay increase (p.a.)	12%	12%

27 Share capital

	31 December 2012 NGN'000	31 December 2011 NGN'000	31 December 2010 NGN'000
Authorised			
15,000,000,000 Ordinary shares of 50k each	**7,500,000**	**7,500,000**	**7,500,000**
Issued and fully paid			
10,372,744,000 Ordinary shares of 50k each	**5,186,372**	**5,186,372**	**5,186,372**

28 Share premium

At 31 December	**3,915,451**	**3,915,451**	**3,915,451**

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

29 Contingency reserve

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

	31 December 2012 NGN'000	31 December 2011 NGN'000	31 December 2010 NGN'000
Non-Life	1,734,745	1,321,624	1,002,320
Life	138,574	113,512	91,887
Total	**1,873,319**	**1,435,136**	**1,094,207**

30 Retained earnings:

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

31 *Available-for-sale reserve:*

The fair value reserve shows the effects from the fair value measurement of financial instruments of the category available-for-sale after deduction of deferred taxes. Any gains or losses are not recognised in the statement of comprehensive income until the asset has been sold or impaired.

32 Reconciliation of profit before taxation to net cashflows (outflow)/inflow from operating activities

	31 December 2012 NGN'000	31 December 2011 NGN'000
Profit before income taxation	1,980,400	1,829,729
Adjustments for:		
– Depreciation and amortisation	81,138	75,854
– Increase in provision for bad and doubtful balances	359,046	249,994
– (Profit)/ Loss on disposal of investments and investment property	(57,440)	3,251
– Loss/(profit) on disposal of fixed assets	24,321	(3,491)
– Interest received	(1,068,811)	(745,692)
– Dividend received	(89,763)	(75,026)
– Unrealised foreign exchange (gain)/loss	(126,466)	49,040
– Fair value loss on investment property and financial assets designated at fair value	(40,014)	(18,617)
Changes in operating assets/liabilities		
– Reinsurance debtors	(910,621)	(622,525)
– Prepayments and Other debit balances	(931,890)	(147,079)
– Retrocession assets	(632,173)	70,350
– Creditors and accruals	96,551	468,614
– Deferred Acquisition costs	(102,203)	(44,923)
– Provision for unexpired risks	451,397	345,129
– Provision for outstanding claims	945,102	599,358
– Provision for Retirement benefit obligations	160,217	(71,797)
Tax paid	(371,649)	(331,578)
Net cashflows (outflow)/inflow from operating activities	**(232,858)**	**1,630,591**

33 Cash and cash equivalents for purposes of the cash flow Statement

	31 December 2012 NGN'000	31 December 2011 NGN'000	31 December 2010 NGN'000
Cash in hand	795	493	2,008
Balances held with other banks:			
– Current account	316,045	102,112	55,960
– Domiciliary account	44,753	47,262	33,040
Balances held with foreign banks	309,959	159,502	130,111
– Placements with banks and other financial institutions	5,592,275	5,505,675	5,434,057
Treasury bills	883,951	1,303,564	725,308
	7,147,778	**7,118,608**	**6,380,484**

34 Related party transactions

Loans and advances to related parties

The following facilities were due from the Managing Director/Chief Executive Officer and the Executive Director – Life at the end of the year:

	MD NGN'000	ED Non - life NGN'000	ED Life NGN'000	2012 NGN'000	2011 NGN'000
Mortgage loan			3,889	3,889	3,634
Personal loan	–	–	11,728	11,728	15,002
Car loan	–	–	625	625	1,125
Car refurbishment loan	–	–	–	–	1,800
	–	**–**	**16,242**	**16,242**	**21,561**

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 from 2004. For other loans, 100% repayment is through deductions from salaries plus cash payment of balance upon cessation of employment.

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 (2011: Nil).

Compensation of key management personnel

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

	2012 NGN'000	2011 NGN'000
Short-term employee benefits:		
Salaries and allowances	191,475	195,137
Long-term employee benefits:		
Post employment pension benefits	10,485	8,675
	201,960	**203,812**

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

	Number	Number
NGN4,000,001 – NGN7,000,000	–	–
NGN7,000,001 and above	4	4

Employees

The average number of persons employed by the Company during the period was as follows:

Managerial and Senior Staff	57	54
Junior Staff	1	–
	58	54

Staff cost	**2012 NGN'000**	**2011 NGN'000**
Salaries and allowances	397,887	328,124
Staff pension	33,777	26,203
Staff gratuity	57,220	26,519
	488,884	380,846

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

	Number	Number
NGN500,000–1,000,000	13	16
NGN1,000,001–1,500,000	2	9
NGN1,500,001–2,000,000	8	7
NGN2,000,001–2,500,000	8	3
NGN2,500,001–3,000,000	4	4
NGN3,000,001–Above	23	15
	58	**54**

35 Contingent liabilities and capital commitments

There were no contingent liabilities and capital commitments at the end of the year (2011: Nil)

36 Compliance with regulatory bodies

	2012 N'000	2011 N'000
a The Company contravened certain sections of the Financial Reporting Council of Nigeria (FRCN) Act 2011 with respect to non-disclosure in the 2011 accounts.	1,750	–

b The Company contavened 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	70	15
Re-presentation of 2010 accounts	–	100
	1,820	**115**

37 Events after statement of financial position date

As part of the Company business expansion drive, the Company got regulatory approval from Kenyan authorities to operate its Nairobi, Kenya office as a subsidiary subsequent upon year end.

38 Admissible assets

The admissible assets representing insurance contract liabilities are included in the Statement of Financial Position as follows:

		Non-life		**Life**
	NGN'000	**NGN'000**	**NGN'000**	**NGN'000**
Cash and cash equivalents:				
Cash and bank balances	–		200,000	
Bank placements	5,243,217		114,578	
Total cash and cash equivalents		5,243,217		314,578
Investment properties		213,000		322,000
Investment securities:				
Quoted equities	–		253,897	
Unquoted equities	654,092		–	
Government bonds	2,070,973		300,000	
Total investment securities		2,725,065		553,897
Total Assets representing Insurance contract liabilities		8,181,282		1,190,475
Total Insurance contract liabilities		8,110,277		1,127,174
Balance due to shareholders' funds		**71,005**		**63,301**

39 Segment information

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

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

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

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

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

31 December 2012	**Life insurance NGN'000**	**Non-life insurance NGN'000**	**Total segments NGN'000**
Gross Premium	2,506,189	9,891,463	12,397,652
Change in Reserve for unearned premium	(9,422)	(441,975)	(451,397)
Earned premium income	2,496,767	9,449,488	11,946,255
Less: Retrocession costs	(375,928)	(1,178,293)	(1,554,221)
Net premium written	2,120,839	8,271,195	10,392,034
Expenses			
Gross claims paid	1,069,229	3,519,862	4,589,091
Change in Reserve for outstanding claims.	–	985,513	985,513
Ceded Outstanding Claims Reserve	–	(571,301)	(571,301)
Claims incurred	1,069,229	3,934,074	5,003,303
Retrocession recoveries	(160,384)	(50,208)	(210,592)
Net claims incurred	908,845	3,883,866	4,792,711
Underwriting expenses:			
Acquisition and maintenance cost	496,832	2,415,006	2,911,838
Depreciation and amortisation	16,402	64,736	81,138
Management and Admin expenses	402,185	1,659,146	2,061,331
	915,419	4,138,888	5,054,307
Underwriting profit carried forward	296,575	248,441	545,016
Underwriting profit brought forward	296,575	248,441	545,016
Investment Income	304,310	1,131,074	1,435,384
Results of operating activities	600,885	1,379,515	1,980,400
Income tax expenses	(71,527)	(282,305)	(353,832)
Profit for the year	**529,358**	**1,097,210**	**1,626,568**
Segment Assets	5,013,007	19,036,432	24,049,439
Segment liabilities	2,320,964	8,493,108	10,814,072

31 December 2011	Life insurance NGN'000	Non-life insurance NGN'000	Total segments NGN'000
Gross Premium	2,162,501	9,484,537	11,647,038
Change in Reserve for unearned premium	(200,919)	(99,288)	(300,207)
Earned premium income	1,961,582	9,385,249	11,346,831
Less: Retrocession costs	(324,376)	(970,721)	(1,295,097)
Net premium written	1,637,206	8,414,528	10,051,734
Expenses			
Gross claims paid	820,598	3,044,260	3,864,858
Change in Reserve for outstanding claims.	–	599,357	599,357
Ceded Outstanding Claims Reserve	–	–	–
Claims incurred	820,598	3,643,617	4,464,215
Retrocession recoveries	–	–	–
Net claims incurred	820,598	3,643,617	4,464,215
Underwriting expenses:			
Acquisition and maintenance cost	496,832	2,563,438	3,060,270
Depreciation and amortisation	14,084	61,770	75,854
Management and Admin expenses	292,902	1,212,845	1,505,747
	803,818	3,838,053	4,641,871
Underwriting profit	12,790	932,858	945,648
Investment Income	164,147	719,934	884,081
Results of operating activities	176,937	1,652,792	1,829,729
Income tax expenses	(71,882)	(315,268)	(387,150)
Profit for the year	**105,055**	**1,337,524**	**1,442,579**
Segment Assets	4,140,744	17,417,123	21,557,867
Segment liabilities	**2,057,667**	**7,184,922**	**9,242,589**

The segment information provided to the Company Executive Board for the reportable segments for the year ended 31 December 2012 is as follows:	Nigeria NGN'000	Cameroun NGN'000	Kenya NGN'000	2012 Total NGN'000
Gross Premium	9,110,711	1,643,439	1,643,501	12,397,651
Change in Reserve for unearned premium.	(398,638)	(6,427)	(46,331)	(451,396)
Earned premium income	8,712,073	1,637,012	1,597,170	11,946,255
Retrocession costs	(1,240,336)	(155,076)	(158,809)	(1,554,221)
Net premium written	7,471,737	1,481,936	1,438,361	10,392,034

Expenses				
Gross claims paid	3,723,420	263,706	601,964	4,589,090
Change in Reserve for outstanding claims.	626,535	187,084	171,895	985,514
Ceded Outstanding Claims Reserve	(571,301)	–	–	(571,301)
Claims incurred	3,778,654	450,790	773,859	5,003,303
Retrocession recoveries	(210,592)	–	–	(210,592)
Net claims incurred	3,568,062	450,790	773,859	4,792,711
Underwriting expenses:				
Acquisition and maintenance cost	2,041,289	404,666	465,881	2,911,836
Depreciation and amortisation	62,907	12,684	5,547	81,138
Management and Admin expenses	1,530,575	261,805	268,953	2,061,333
	3,634,771	679,155	740,381	5,054,307
Underwriting profit	268,904	351,991	(75,879)	545,016
Investment Income	1,276,796	101,041	57,547	1,435,384
Results of operating activities	1,545,700	453,032	(18,332)	1,980,400
Income tax expenses	(260,022)	(46,904)	(46,906)	(353,832)
Profit for the year	**1,285,678**	**406,128**	**(65,238)**	**1,626,568**
Segment Assets	18,207,605	3,802,809	2,039,025	24,049,439
Segment liabilities	7,880,464	1,692,745	1,240,863	10,814,072

The segment information provided to the Company Executive Board for the reportable segments for the year ended 31 December 2011 is as follows:				**2011**
	Nigeria	**Cameroun**	**Kenya**	**Total**
	NGN'000	**NGN'000**	**NGN'000**	**NGN'000**
Gross Premium	8,033,260	1,834,522	1,779,256	11,647,038
Change in Reserve for unearned premium.	(216,364)	33,219	(117,062)	(300,207)
Earned premium income	7,816,896	1,867,741	1,662,194	11,346,831
Retrocession costs	(991,046)	(157,299)	(146,752)	(1,295,097)
Net premium written	6,825,850	1,710,442	1,515,442	10,051,734
Expenses				
Gross claims paid	2,952,833	578,193	333,831	3,864,857
Change in Reserve for outstanding claims.	339,511	84,544	175,303	599,358
Claims incurred	3,292,344	662,737	509,134	4,464,215
Retrocession recoveries			–	–
Net claims incurred	3,292,344	662,737	509,134	4,464,215

Underwriting expenses:				
Acquisition and maintenance cost	2,009,114	500,170	550,986	3,060,270
Depreciation and amortisation	63,088	7,736	5,030	75,854
Management and Admin expenses	1,162,841	188,614	154,292	1,505,747
	3,235,043	696,520	710,308	4,641,871
Underwriting profit	298,463	351,185	296,000	945,648
Investment Income	841,335	28,820	13,926	884,081
Results of operating activities	1,139,798	380,005	309,926	1,829,729
Income tax expenses	(267,027)	(60,980)	(59,143)	(387,150)
Profit for the year	**872,771**	**319,025**	**250,783**	**1,442,579**
Segment Assets	17,646,678	2,745,074	1,166,115	21,557,867
Segment liabilities	7,112,675	1,326,783	803,131	9,242,589

40 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 Company manages them.

40.1 Mangement 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 world class covers in all classes of reinsurance basically, non-life and life treaty and facultative reinsurance.

The Company 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 Company’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 Company’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 Thomas Mack approach to the reserves indicates that at the 75th percentile, the reserves would be equivalent to NGN5.77bn, ie a deterioration of NGN0.83bn 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	Gross Written Premium (NGN'000)	Ceded to Retrocess-ionaire (NGN'000)	Net Written Premium (NGN'000)	Percentage (GWP)	Percentage (Retro)
2012					
Anglophone west	8,663,435	1,086,084	7,577,351	70%	70%
Eastern Africa	1,219,420	152,872	1,066,548	10%	10%
Southern Africa	625,904	78,466	547,438	5%	5%
Central Africa	690,722	86,591	604,131	6%	6%
Northern Africa	146,045	18,309	127,736	1%	1%
Francophone West	995,705	124,826	870,879	8%	8%
Others	56,421	7,073	49,348	0%	0%
Total	12,397,652	1,554,221	10,843,431	100%	100%
2011					
Anglophone west	7,988,089	888,239	7,099,850	69%	69%
Eastern Africa	917,998	102,077	815,921	8%	8%
Southern Africa	603,272	67,081	536,191	5%	5%
Central Africa	831,691	92,480	739,211	7%	7%
Northern Africa	51,583	5,736	45,847	0%	0%
Francophone West	1,074,595	119,490	955,105	9%	9%
Others	179,810	19,994	159,816	2%	2%
Total	11,647,038	1,295,097	10,351,941	100%	100%

Insurance Risk By Product

2012					
Accident	2,302,075	286,226	2,015,849	19%	18%
Energy	1,911,859	237,709	1,674,150	15%	15%
Fire	3,977,603	494,551	3,483,052	32%	32%
Group Life	2,264,411	293,083	1,971,328	18%	19%
Individual Life	241,777	31,293	210,484	2%	2%
Liability	822,910	102,316	720,594	7%	7%
Marine	877,017	109,043	767,974	7%	7%
Total	12,397,652	1,554,221	10,843,431	100%	100%
2011					
Accident	1,615,822	139,215	1,476,607	14%	11%
Energy	1,368,996	291,411	1,077,585	12%	23%
Fire	4,510,672	438,706	4,071,966	39%	34%
Group Life	2,077,964	311,695	1,766,269	18%	24%
Individual Life	84,537	12,681	71,856	1%	1%
Liability	797,036	-	797,036	7%	0%
Marine	1,192,011	101,389	1,090,622	10%	8%
Total	11,647,038	1,295,097	10,351,941	100%	100%

Non-life Claims development triangle

Months/ Years	12	24	36	48	60	72	84	96	108
	NGN'000	NGN'000	NGN'000	NGN'000	NGN'000	NGN'000	NGN'000	NGN'000	NGN'000
2004	258,067	471,758	517,329	538,220	545,123	546,278	546,653	582,353	582,774
2005	235,319	578,046	604,578	628,153	640,706	642,697	655,627	657,605	
2006	336,829	565,204	680,531	710,717	722,468	725,835	727,309		
2007	298,574	693,237	948,634	1,015,531	1,047,809	1,052,511			
2008	563,414	2,002,769	2,751,018	2,898,034	2,985,048				
2009	753,827	1,677,009	2,144,458	2,325,471					
2010	856,768	2,141,469	2,445,107						
2011	1,023,598	2,289,246							
2012	1,652,239								

Life Claims development triangle

Months/ Years	12	24	36	48	60	72	84	96	108
	NGN'000	NGN'000	NGN'000	NGN'000	NGN'000	NGN'000	NGN'000	NGN'000	NGN'000
2004	19,721	31,591	33,655	33,655	33,655	33,655	33,655	33,655	33,655
2005	16,769	30,906	32,362	32,362	32,362	32,362	32,362	32,362	
2006	35,411	73,553	79,076	82,370	82,370	82,370	82,370		
2007	84,625	105,183	107,327	118,235	118,235	118,235			
2008	420,246	698,428	732,630	734,794	734,794				
2009	298,942	505,330	579,707	583,368					
2010	361,644	683,355	720,256						
2011	566,853	1,197,389							
2012	398,131								

40.2 Financial risk management

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

The Company'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 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 and non–financial assets impacted by this risk:

At 31 December 2012	Carrying amount	No stated maturity	0 – 90 days	91 – 180 days	180 – 365 days	1 – 5 years	> 5 years
Financial assets	**NGN'000**	**NGN'000**	**NGN'000**	**NGN'000**	**NGN'000**	**NGN'000**	**NGN'000**
Cash and cash equivalents	6,263,827		6,263,827	–	–	–	–
Reinsurance receivables	5,427,732		3,104,469	733,829	1,076,763	512,672	–
Loans and other receivables	192,575		192,575	–	–	–	–
Retrocession assets	779,147		779,147	–	–	–	–
Other assets	1,113,603		1,113,603	–	–	–	–
Financial asset designated at fair value	132,942		132,942	–	–	–	–
Debt Securities							
Held to maturity							
Listed	2,370,874		–	–	–	2,370,874	–
Unlisted	1,988,212		–	–	–	1,988,212	–
Available for sale							
Listed	253,897		253,897	–	–	–	–
Equities							
Available for sale							
Listed	1,002,407		1,002,407	–	–	–	–
Unlisted	654,092		654,092	–	–	–	–
Statutory deposits	1,000,000		–	–	–	–	1,000,000
Non financial asset	–						
Investment properties	1,661,000		–	–	–	–	1,661,000
	22,840,309		13,496,959	733,829	1,076,763	4,871,758	2,661,000
Financial liabilities							
Other liabilities	176,094		176,094	–	–	–	–
Reinsurance creditors	754,969		754,969	–		–	–
	931,063		931,063	–	–	–	–

Note: Other liabilities exclude statutory deductions and rent received in advance

Please refer to the maturity profile table on Note 40.2.3 on Liquidity risks, for the maturity analysis of financial instruments only.

At 31 December 2011	Carrying amount	No stated maturity	0 – 90 days	91 – 180 days	180 – 365 days	1 – 5 years	> 5 years
Financial assets	NGN'000	NGN'000	NGN'000	NGN'000	NGN'000	NGN'000	NGN'000
Cash and cash equivalents	5,815,044		5,815,044	–	–	–	–
Reinsurance receivables	4,602,289		2,811,518	643,141	1,147,630	–	–
Loans and other receivables	153,584		153,584	–	–	–	–
Retrocession assets	146,974		146,974	–	–	–	–
Other assets	181,718		181,718	–	–	–	–
Financial asset designated at fair value	108,956		108,956	–	–	–	–
Debt Securities							
Held to maturity							
Listed	2,880,391		–	–	–	2,880,391	–
Unlisted	2,195,832		–	–	–	2,195,832	–
Available for sale							
Listed	–						
Equities							
Available for sale							
Listed	1,053,427		1,053,427	–	–	–	–
Unlisted	682,659		682,659	–	–	–	–
Statutory deposits	1,000,000		–	–	–	–	1,000,000
Non financial asset							
Investment properties	1,653,500		–	–	–	–	1,653,500
	20,474,374		10,953,880	643,141	1,147,630	5,076,223	2,653,500
Financial liabilities							
Other liabilities	226,341		226,341	–	–	–	–
Reinsurance creditors	722,385		722,385	–	–	–	–
	948,726		948,726	–	–	–	–

Note: Other liabilities exclude statutory deductions and rent received in advance

At 1 January 2011	Carrying amount	No stated maturity	0 – 90 days	91 – 180 days	180 – 365 days	1 – 5 years	> 5 years
Financial assets	NGN'000	NGN'000	NGN'000	NGN'000	NGN'000	NGN'000	NGN'000
Cash and cash equivalents	5,655,176		5,655,176	–	–	–	–
Reinsurance receivables	3,988,642		2,556,531	515,521	916,590	–	–
Loans and other receivables	144,706		144,706	–	–	–	–
Retrocession assets	101,470		101,470	–	–	–	–
Other assets	34,638		34,638	–	–	–	–
Financial asset designated at fair value	175,031		175,031	–	–	–	–
Debt Securities							
Held to maturity							
Listed	2,169,896		–	–	–	2,169,896	–
Unlisted	1,886,970		–	–	–	1,886,970	–
Available for sale							
Listed	–		–	–	–	–	–
Equities							
Available for sale							
Listed	1,183,041		1,183,041	–	–	–	–
Unlisted	693,664		693,664	–	–	–	–
Statutory deposits	1,000,000		–	–	–	–	1,000,000
Non financial asset							
Investment properties	1,557,834		–	–	–	–	1,557,834
	18,591,068		10,544,256	515,521	916,590	4,056,866	2,557,834
Financial liabilities							
Other liabilities	215,305		215,305	–	–	–	–
Reinsurance creditors	275,970		275,970	–	–	–	–
	491,275		491,275	–	–	–	–

Note: Other liabilities exclude statutory deductions and rent received in advance

Maturity analysis on expected maturity basis

The table below summarises the expected utilisation or settlement of assets and liabilities

At 31 December 2012	Current NGN'000	Non-current NGN'000	Total NGN'000
Cash and cash equivalents	6,263,827	–	6,263,827
Financial asset designated as fair value	132,942	–	132,942
Loans and other receivables	192,575	–	192,575
Available-for-sale investments	1,910,396	–	1,910,396
Held to maturity investments	–	4,359,087	4,359,087
Reinsurance receivables	4,915,060	512,672	5,427,732
Retrocession assets	610,072	169,075	779,147
Deferred acquisition costs	1,077,360	–	1,077,360
Other assets	1,113,603	–	1,113,603
Investment properties	–	1,661,000	1,661,000
Intangible assets	–	17,075	17,075
Property, plant and equipment	–	114,695	114,695
Statutory deposits	–	1,000,000	1,000,000
Total assets	16,215,835	7,833,604	24,049,439
Liabilities			
Insurance contract liabilities	8,110,277	1,127,174	9,237,451
Reinsurance creditors	754,969	–	754,969
Other liabilities	252,265	–	252,265
Retirement benefit obligations	164,110	–	164,110
Current income tax	401,617	–	401,617
Deferred taxation	–	3,660	3,660
Total liabilities	9,683,238	1,130,834	10,814,072

At 31 December 2011	Current NGN'000	Non-current NGN'000	Total NGN'000
Cash and cash equivalents	5,815,044	–	5,815,044
Financial asset designated as fair value	108,956	–	108,956
Loans and other receivables	153,584	–	153,584
Available-for-sale investments	1,736,086	–	1,736,086
Held to maturity investments	–	5,076,223	5,076,223
Reinsurance receivables	4,602,289	–	4,602,289
Retrocession assets	31,120	115,854	146,974
Deferred acquisition costs	975,157	–	975,157
Other assets	181,718	–	181,718
Investment properties	–	1,653,500	1,653,500
Intangible assets	–	4,913	4,913
Property, plant and equipment	–	103,423	103,423
Statutory deposits	–	1,000,000	1,000,000
Total assets	13,603,954	7,953,913	21,557,867

Liabilities			
Insurance contract liabilities	6,682,789	1,064,531	7,747,320
Reinsurance creditors	722,385	–	722,385
Other liabilities	345,897	–	345,897
Retirement benefit obligations	3,893	–	3,893
Current income tax	381,624	–	381,624
Deferred taxation	–	41,470	41,470
Total liabilities	8,136,588	1,106,001	9,242,589

At 1 Janaury 2011	Current NGN'000	Non-current NGN'000	Total NGN'000
Cash and cash equivalents	5,655,176	–	5,655,176
Financial asset designated as fair value	175,031	–	175,031
Loans and other receivables	144,706	–	144,706
Available-for-sale investments	1,876,705	–	1,876,705
Held to maturity investments	–	4,056,865	4,056,865
Reinsurance receivables	3,988,642	–	3,988,642
Retrocession assets	101,470	–	101,470
Deferred acquisition costs	930,234	–	930,234
Other assets	34,638	–	34,638
Investment properties	–	1,557,834	1,557,834
Intangible assets	–	9,239	9,239
Property, plant and equipment	–	106,687	106,687
Statutory deposits	–	1,000,000	1,000,000
Total assets	12,906,602	6,730,625	19,637,227
Liabilities			
Insurance contract liabilities	5,939,221	747,758	6,686,979
Reinsurance creditors	275,970	–	275,970
Other liabilities	356,866	–	356,866
Retirement benefit obligations	75,690	–	75,690
Current income tax	336,074	–	336,074
Deferred taxation	–	31,448	31,448
Total liabilities	6,983,821	779,206	7,763,027

40.2.1 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 Company 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 Company 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 interest income or less of NGN112.053 million (December 2011:NGN115.819 million and January 2011:NGN104.909 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 Company equity price risk exposure relates to financial assets whose value fluctuate as a result of changes in market prices.

The Company 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.

A 1% movement in market prices will result in an unrealised gain or loss of NGN13.892 million (December 2011:NGN11.624 million and January 2011:NGN13.581 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 10% increase or decrease in the Nigeria All share index with all other variables held constant and all the Company's equity instruments in that particular index moving proportionally.

(c.) *Sensitivity analysis – 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 Company 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 against the Naira will result in NGN72.014 million gain or loss (December 2011:NGN67.805 million and January 2011:NGN32.845 million).

In addition, the Company'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.

31 December 2012	Naira	USD	Euro	Other	Total
	NGN'000	NGN'000	NGN'000	NGN'000	NGN'000
Assets					
Cash and cash equivalents	3,032,324	587,659	–	2,643,845	6,263,827
Reinsurance receivables	2,039,468	1,607,092	119,674	1,661,498	5,427,732
Investment securities	5,687,893	421,790	–	159,800	6,269,483
Liabilities					
Other liabilities	176,094	–	–	–	–

31 December 2011	Naira	USD	Euro	Other	Total
	NGN'000	NGN'000	NGN'000	NGN'000	NGN'000
Assets					
Cash and cash equivalents	2,924,099	997,762	–	1,893,183	5,815,044
Reinsurance receivables	1,394,978	1,312,029	56,939	1,838,342	4,602,289
Investment securities	6,130,067	431,295	–	250,948	6,812,309
Liabilities					
Other liabilities	226,341	–	–	–	–
1 January 2011					
Assets					
Cash and cash equivalents	5,655,176	–	–	–	5,655,176
Reinsurance receivables	1,237,231	776,685	40,985	1,933,741	3,988,642
Investment securities	5,400,435	207,184	–	325,952	5,933,571
Liabilities					
Other liabilities	215,305	–	–	–	–

40.2.2 Credit Risk

Credit Risk is the risk that one party to a financial instrument will fail to honour its obligations and cause the Company to incur a financial loss. Credit risk arises mainly from 3 sources: retrocession, reinsurance receivables and cash and fixed income instruments.

On retrocession, the Company 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 Company 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
AA+	8%	0%	0%	0%
A+	13%	14%	0%	11%
A	22%	68%	65%	79%
A–	45%	11%	20%	10%
BBB–	2%	0%	0%	0%
B++	7%	7%	5%	0%
B+	4%	0%	10%	0%
Total	**100%**	**100%**	**100%**	**100%**

The overdue premiums are considered by the Company on case by case basis. If an overdue premium is recognised by the Company 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 Company has a credit control policy which is enforced by a credit control unit and which forms part of the underwriting process. In addition, the Company 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:	Maximum exposure 2012 NGN'000	2011 NGN'000	2010 NGN'000
Cash and cash equivalents	6,263,827	5,815,044	5,655,176
Reinsurance receivables	5,427,732	4,602,289	3,988,642
Loans and other receivables	192,575	153,584	144,706
Debt securities	4,612,984	5,076,223	4,056,865
Total assets bearing credit risk	**16,497,118**	**15,647,140**	**13,845,389**

Age analysis for past due and impaired	Cash and cash equivalents NGN'000	Reinsurance receivables NGN'000	Loans and other receivables NGN'000	Debt securities NGN'000	Total NGN'000
31 December 2012					
Neither past due nor impaired	6,263,827	3,186,144	192,575	4,612,984	14,255,530
Past due but not impaired	–	1,810,591	–	–	1,810,591
Impaired	–	3,249,626	48,217	–	3,297,843

Gross	6,263,827	8,246,361	240,792	4,612,984	19,363,964
Impairment allowance	–	–	–	–	–
Collective	–	(2,818,629)	(48,217)	–	(2,866,846)
Net	6,263,827	5,427,732	192,575	4,612,984	16,497,118
31 December 2011					
Neither past due nor impaired	5,815,044	3,047,209	153,584	5,076,223	14,092,060
Past due but not impaired	–	1,565,722	–	–	1,565,722
Impaired	–	2,435,098	48,752	–	2,483,850
Gross	5,815,044	7,048,029	202,336	5,076,223	18,141,632
Impairment allowance	–	–	–	–	–
Collective	–	(2,445,740)	(48,752)	–	(2,494,492)
Net	5,815,044	4,602,289	153,584	5,076,223	15,647,140
1 January 2011					
Neither past due nor impaired	5,655,176	2,805,084	144,706	4,056,865	12,661,831
Past due but not impaired	–	1,324,630	–	–	1,324,630
Impaired	–	2,047,358	48,842	–	2,096,200
Gross	5,655,176	6,177,072	193,548	4,056,865	16,082,661
Impairment allowance	–	–	–	–	–
Collective	–	(2,188,430)	(48,842)	–	(2,237,272)
Net	5,655,176	3,988,642	144,706	4,056,865	13,845,389

(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 Company 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)

31 December 2012	AA+	A+	A	BBB–	Below BBB	Not rated	Total
	NGN'000	NGN'000	NGN'000	NGN'000	NGN'000	NGN'000	NGN'000
Cash and cash equivalents	–	6,263,827	–	–	–	–	6,263,827
Reinsurance receivables	–	–	–	–	–	3,186,144	3,186,144
Loans and other receivables	–	–	–	–	–	192,575	192,575
Debt securities	–	2,624,770	1,988,214	–	–	–	4,612,984
31 December 2011							
Cash and cash equivalents	–	5,815,044					5,815,044
Reinsurance receivables	–	–	–	–	–	3,047,209	3,047,209
Loans and other receivables	–	–	–	–	–	153,584	153,584
Debt securities	–	2,880,391	2,195,832	–	–	–	5,076,223
1 January 2011							
Cash and cash equivalents	–	5,655,176	–	–	–	–	5,655,176
Reinsurance receivables	–	–	–	–	–	2,805,084	2,805,084
Loans and other receivables	–	–	–	–	–	144,706	144,706
Debt securities	–	2,169,896	1,886,970	–	–	–	4,056,865

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

	< 90 days	91–180 days	181–270 days	271–365 days	1–2 yr	2–3 yrs	Total
31 December 2012	NGN'000	NGN'000	NGN'000	NGN'000	NGN'000	NGN'000	NGN'000
Life	503,527	80,877	106,555	63,842	17,382	–	772,182
Non-Life	2,682,617	652,952	589,513	316,853	413,615	–	4,655,550
Total	**3,186,144**	**733,829**	**696,068**	**380,695**	**430,997**	**–**	**5,427,732**
Profile	**59%**	**14%**	**13%**	**7%**	**8%**	**0%**	**100%**

31 December 2011

Life	148,814	43,798	3,491	11,278	7,080	–	214,460
Non-Life	2,898,295	599,343	530,341	129,381	230,467	–	4,387,828
Total	**3,047,109**	**643,141**	**533,832**	**140,660**	**237,547**	**–**	**4,602,289**
Profile	**66%**	**14%**	**12%**	**3%**	**5%**	**0%**	**100%**
1 January 2011							
Life	36,204	25,153	18,801	63,660	10,121	–	153,938
Non-Life	2,768,880	490,368	475,447	30,415	69,593	–	3,834,704
Total	**2,805,084**	**515,521**	**494,248**	**94,076**	**79,714**	**–**	**3,988,642**
Profile	**70%**	**13%**	**12%**	**2%**	**2%**	**0%**	**100%**

Impaired financial assets

At 31 December 2012, impaired reinsurance receivables was NGN2,818,629,000 (2011: NGN2,445,740,000)(1 January 2011:NGN2,188,430,000), whilst there were no impaired loans and other receivables (2011: Nil) (1 January 2011: Nil).

For assets to be classified as 'past–due and impaired' contractual payments must be in arrears for more than 90 days. No collateral is held as security for any past due or impaired assets.

The Company records impairment allowances for loans and receivables in a separate impairment allowance account. See Note 13.1 for the reconciliation of allowance for reinsurance receivables account.

40.2.2.1 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 is consistent with the overall risk appetite as established by the Company.

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	**2012**	**2011**	**2010**
Reinsurance receivables	**NGN'000**	**NGN'000**	**NGN'000**
Nigeria	3,335,558	2,792,638	2,582,200
Cameroon	1,248,408	956,094	974,188
Kenya	843,767	853,657	432,003
Total	**5,427,732**	**4,602,389**	**3,988,392**

(b.) Business Class

At 31 December Reinsurance receivables	2012 NGN'000	2011 NGN'000	2010 NGN'000
Life operation	772,182	214,460	154,064
Non life Facultative	1,849,212	1,322,775	1,055,873
Non life Treaty	2,806,339	3,065,154	2,778,456
Total	**5,427,732**	**4,602,389**	**3,988,392**

40.2.3 Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its insurance liabilities as they fall due. The Company 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 Company will meet its liquidity requirements. Finally the Company'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 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.

31 December 2012	0 – 30 days NGN'000	31 – 90 days NGN'000	91 – 180 days NGN'000	181 – 365 days NGN'000	Over 1 year but less than 5 yrs NGN'000	Over 5 years NGN'000	Total NGN'000
Financial assets							–
Cash and cash equivalents	6,263,827	–	–	–	–	–	6,263,827
Reinsurance receivables	–	5,427,732	–	–	–	–	5,427,732
Loans and other receivables	192,575	–	–	–	–	–	192,575
Other assets	1,113,603	–	–	–	–	–	1,113,603
Retrocession assets	779,147	–	–	–	–	–	779,147
Debt Securities at amortised cost	4,359,087	–	–	–	–	–	4,359,087
Debt Securities at available-for-sale	1,910,396	–	–	–	–	–	1,910,396
Total relevant financial assets	**14,618,635**	**5,427,732**	**–**	**–**	**–**	**–**	**20,046,367**
Financial liabilities							
Other liabilities	176,094						176,094
Total financial liabilities	**176,094**	**–**	**–**	**–**	**–**	**–**	**176,094**
Insurance contract liabilities	–	9,237,451					9,237,451

31 December 2011	**0 – 30 days**	**31 – 90 days**	**91 – 180 days**	**181 – 365 days**	**Over 1 year but less than 5 yrs**	**Over 5 years**	**Total**
	NGN'000	**NGN'000**	**NGN'000**	**NGN'000**	**NGN'000**	**NGN'000**	**NGN'000**
Financial assets							
Cash and cash equivalents	5,815,044	–	–	–	–	–	5,815,044
Reinsurance receivables	–	4,602,289	–	–	–	–	4,602,289
Loans and other receivables	153,584	–	–	–	–	–	153,584
Other assets	181,718	–	–	–	–	–	181,718
Retrocession assets	146,974	–	–	–	–	–	146,974
Debt Securities at amortised cost	5,076,223	–	–	–	–	–	5,076,223
Debt Securities at available-for-sale	1,736,086	–	–	–	–	–	1,736,086
Total relevant financial assets	**13,109,630**	**4,602,289**	**–**	**–**	**–**	**–**	**17,711,919**
Financial liabilities							
Other liabilities	226,341	–	–	–	–	–	226,341
Total financial liabilities	**226,341**	**–**	**–**	**–**	**–**	**–**	**226,341**
Insurance contract liabilities	–	7,747,320					7,747,320

1 January 2011	**0 – 30 days**	**31 – 90 days**	**91 – 180 days**	**181 – 365 days**	**Over 1 year but less than 5 yrs**	**Over 5 years**	**Total**
	NGN'000	**NGN'000**	**NGN'000**	**NGN'000**	**NGN'000**	**NGN'000**	**NGN'000**
Financial assets							
Cash and cash equivalents	5,655,176	–	–	–	–	–	5,655,176
Reinsurance receivables	–	3,988,642	–	–	–	–	3,988,642
Loans and other receivables	144,706	–	–	–	–	–	144,706
Other assets	34,638	–	–	–	–	–	34,638
Retrocession assets	101,470	–	–	–	–	–	101,470
Debt Securities at amortised cost	4,056,865	–	–	–	–	–	4,056,865
Debt Securities at available-for-sale	1,876,705	–	–	–	–	–	1,876,705
Total relevant financial assets	**11,869,560**	**3,988,642**	**–**	**–**	**–**	**–**	**15,858,202**
Financial liabilities							
Other liabilities	215,305	–	–	–	–	–	215,305
Total financial liabilities	**215,305**	**–**	**–**	**–**	**–**	**–**	**215,305**
Insurance contract liabilities	–	6,686,979					6,686,979

40.3 Fair value of financial assets and liabilities

(a.) Financial instruments not measured at fair value

	At 31 December 2012		At 31 December 2011		At 1 January 2011	
	Carrying value NGN'000	Fair value NGN'000	Carrying value NGN'000	Fair value NGN'000	Carrying value NGN'000	Fair value NGN'000
Financial assets						
Cash and cash equivalents	6,263,827	6,263,827	5,815,044	5,815,044	5,655,176	5,655,176
Reinsurance receivables	5,427,732	5,427,732	4,602,289	4,602,289	3,988,642	3,988,642
Loans and other receivables	192,575	192,575	153,584	153,584	144,706	144,706
Other assets	1,113,603	1,113,603	181,718	181,718	34,638	34,638
Retrocession assets	779,147	779,147	146,974	146,974	101,470	101,470
Debt Securities at amortised cost						
Listed	2,370,874	2,456,189	2,880,391	2,636,336	2,169,896	2,029,668
Unlisted	1,988,212	1,849,742	2,195,832	1,974,513	1,886,970	1,820,798
Financial liabilities						
Other liabilities	176,094	176,094	226,341	226,341	215,305	215,305

Note: Financial liabilities carrying amounts approximates their fair value

(b.) Financial instruments measured at fair value

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

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

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

31 December 2012	Level 1	Level 2	Level 3	Total
Financial assets	**NGN'000**	**NGN'000**	**NGN'000**	**NGN'000**
Financial asset designated at fair value	132,942	–	–	132,942
Debt securities at available for sale				
Listed	253,897	–	–	253,897
Equity securities at available-for-sale				
Listed	1,002,407	–	–	1,002,407
Unlisted	–	386,573	267,519	654,092
31 December 2011				
Financial assets				
Financial asset designated at fair value	108,956	–	–	108,956
Debt securities at available for sale				
Listed	–	–	–	–
Equity securities at available-for-sale				
Listed	1,053,427	–	–	1,053,427
Unlisted	–	347,558	335,101	682,659
1 January 2011				
Financial assets				
Financial asset designated at fair value	175,031	–	–	175,031
Debt securities at available-for-sale				
Listed	–	–	–	–
Equity securities at available for sale				
Listed	1,183,041	–	–	1,183,041
Unlisted	–	333,580	360,084	693,664

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

(i.) *Cash and cash equivalents*

Cash and cash equivalents represent cash and placement held with banks for short–term. The carrying amount of these balances approximates their fair value.

(ii) *Other assets and other liabilities*

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

(iii) *Equity and Bond prices*

Listed equities were fair valued using quoted prices from the Nigeria Stock Exchange.

Available–for–sale bond portfolio were measured using prices from Financial Market Dealer Association (FMDA)

Unlisted equities were fair valued using recent market prices from Over–the–counter market and in some instances, net asset valuation technique. For unlisted bonds, valuation is done using market information of bonds with similar credit characteristics.

(iv) Other assets and liabilities including loans and receivables

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

40.4 Capital management and Solvency Margin

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

The Company's objectives when managing capital are as follows:

◊ To ensure that capital is, and will continue to be, adequate for the safety, soundness and stability of the Company;
◊ To generate sufficient capital to support the Company's overall business strategy;
◊ To ensure that the Company meets all regulatory capital ratios and the prudent buffer required by the Board.

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

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

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

41 Transition to IFRS
Explanation of transition to IFRS

As stated in Note 2.2 to the statement of significant accounting policies, these are the Company's first financial statements prepared in accordance with IFRS. The Company has applied IFRS 1 in preparing these financial statements and the accounting policies set out in Note 2 to the statement of significant accounting policies have been applied in preparing the financial statements for the year ended 31 December 2012, the comparative information presented in these financial statements for the year ended 31 December 2011, and in the preparation of an opening IFRS balance sheet at 1 January 2011 (the date of the Company's transition to IFRS).

In preparing its opening IFRS statement of financial position, the Company has adjusted amounts reported previously in financial statements prepared in accordance with Statements of Accounting Standards issued by the Nigerian Accounting Standards Board ("Nigerian GAAP"). An explanation of how the transition from Nigerian GAAP to IFRS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

The most significant IFRS impact for the Company resulted from the implementation of IAS 39 Financial Instruments: Recognition and Measurement which requires financial assets and liabilities to be classified and measured at fair value through profit and loss, fair value through equity and amortised cost. The fair value loss on managed funds which is a trading portfolio was written off against the fund. In preparing these financial statements in accordance with IFRS 1, the Company has applied the mandatory exceptions from full retrospective application of IFRS. The optional exemptions from full retrospective application selected by the Company are summarised below.

Exceptions from full retrospective application – followed by the Company

The Company applied the following mandatory exceptions from retrospective application:

Derecognition of financial assets and liabilities exception
Financial assets and liabilities derecognised before 1 January 2011 are not re–recognised under IFRS.

Hedge accounting exception
This exception requires the Company to apply hedge accounting only if the hedge relationship meets all the hedge accounting criteria under IAS 39. The Company has not applied hedge accounting under IFRS.

Non-controlling interests exception
From 1 January 2011 total comprehensive income is attributed to the owners of the parent and to the non–controlling interests even if it results in the non–controlling interests having a deficit balance.

Changes in a parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners) from 1 January 2011.

The Company has not prepared a consolidated account in the transition period and as such this does not apply this exception.

Classification and measurement of financial assets exception
The assessment of whether the Company's financial assets meet the requirements to be measured at amortised cost or at fair value, as set out in IFRS 9, was not performed at 1 January 2011 as the Company did not early adopt IFRS 9.

Estimates exception
Estimates under IFRS at 1 January 2011 are consistent with estimates made for the same date under Nigerian GAAP, unless there is evidence that those estimates were in error.

The Company applied the following optional exemptions from retrospective application:

Insurance Contracts
Continental Reinsurance Plc has elected to apply the exemption relating to insurance contract disclosure. As a result of this exemption Continental Reinsurance was allowed certain relaxations on disclosure of its claims development history.

IFRS 4 limits an insurer to changing its accounting policies for insurance contracts if, and only if, the changes make the financial statements more relevant to the economic decision–making needs of users and no less reliable and no less relevant to those needs. An insurer should judge relevance and reliability per the criteria of IAS 8.

Designation of previously recognised financial instruments
Continental Reinsurance Plc elects to designate a certain externally managed portfolio (financial asset) at fair value through profit or loss at the date of transition to IFRSs based on facts and circumstances existing at that date even where the funds was not initially held–for–trading on initial recognition. The performance of the externally managed portfolio is evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

		12 months ended 31 December 2011			
Reconciliation of profit for the period	**Note**	**N–GAAP**	**Reclassification**	**Remeasurements**	**IFRS**
		NGN'000	**NGN'000**	**NGN'000**	**NGN'000**
Insurance premium revenue	(p)	11,547,750	(200,919)	–	11,346,831
Insurance premium ceded to retrocessionaires		(1,295,097)	–	–	(1,295,097)
Net insurance premium revenue		10,252,653	(200,919)	–	10,051,734
Insurance benefits					
Insurance claims and loss adjustment expenses		4,464,215	–	–	4,464,215
Net insurance benefits and claims		4,464,215	–	–	4,464,215
Underwriting expenses		4,074,235	–	–	4,074,235
Insurance benefits and underwriting expenses		8,538,450	–	–	8,538,450
Underwriting profit		1,714,203	(200,919)	–	1,513,284
Net Interest income	(q)	760,278	–	(14,586)	745,692
Net gains(losses) on financial assets at fair value through profit or loss	(g.)	(66,075)	–	84,692	18,617
Other operating income	(r)	238,989	(119,217)	–	119,772
Administration expenses	(s)	(310,917)	–	71,797	(239,120)
Transfer to insurance fund	(p)	(200,919)	200,919	–	–
Impairment of asset	(t)	(539,042)	210,526	–	(328,516)
Profit before taxation		1,596,517	91,309	141,903	1,829,729
Income tax expense	(u)	(363,742)	–	(23,408)	(387,150)
Profit after taxation		1,232,775	91,309	118,495	1,442,579
Profit for the year		1,232,775	91,309	118,495	1,442,579

Other comprehensive income:					
Net gains on available–for–sale financial assets:					
Net gains/(losses) arising during the year	(o)	–	(223,633)	–	(223,633)
Total Comprehensive Income for the year		**1,232,775**	**(132,324)**	**118,495**	**1,218,946**

		1 January 2011			
		N–GAAP	**Reclassification**	**Remeasurements**	**IFRS**
ASSETS	**Note**	**NGN'000**	**NGN'000**	**NGN'000**	**NGN'000**
Cash and cash equivalents	(a.)	–	5,655,176	–	5,655,176
Cash and bank balances	(a.)	221,119	(221,119)	–	–
Short-term investments	(a.), (b.)	6,006,800	(6,006,800)	–	–
Financial asset held for trading	(b.)		175,031	–	175,031
Loans and other receivables	(f.)	–	144,706	–	144,706
Reinsurance debtors	(d.)	4,090,112	(4,090,112)	–	–
Reinsurance receivables	(d.)	–	3,988,642	–	3,988,642
Retrocession assets	(e.)	–	101,470	–	101,470
Deferred acquisition costs	(j.)		930,234	–	930,234
Other assets	(f.)		34,638	–	34,638
Prepayments and other debit balances	(a.),(f.),(i.)	483,107	(483,107)	–	–
Treasury bills	(c.)	725,308	(725,308)	–	–
Long-term investments	(c.)	4,590,898	(4,590,898)	–	–
Investment Securities	(c.)	–	5,918,453	15,117	5,933,570
Investment Properties	(g.)	1,557,834	–	–	1,557,834
Statutory deposits		1,000,000	–	–	1,000,000
Property, plant and equipment	(h.)	115,926	(9,239)	–	106,687
Intangible assets	(h.)	–	9,239	–	9,239
		18,791,104	**831,006**	**15,117**	**19,637,227**

LIABILITIES					
Creditors and accruals	(i.),(l.)	819,445	(819,445)	–	–
Other liabilities	(i.)	–	356,866	–	356,866
Reinsurance creditors	(i.)	–	275,970	–	275,970
Insurance contract liabilities	(j.)	–	6,686,979	–	6,686,979
Insurance Funds	(j.)	3,533,292	(3,533,292)	–	–
Outstanding claims	(j.)	2,223,453	(2,223,453)	–	–
Dividend Payable	(i.)	44,763	(44,763)	–	–
Taxation		336,074	–	–	336,074
Deferred Taxation	(k.)	13,386	–	18,062	31,448
Retirement Benefit obligation	(l.)	–	26,413	49,277	75,690
Revaluation Reserve	(m.)	201,235	(201,235)	–	–
Total liabilities		**7,171,648**	**524,040**	**67,339**	**7,763,027**

		1 January 2011			
		N-GAAP	Reclassification	Remeasurements	IFRS
EQUITY	Note	NGN'000	NGN'000	NGN'000	NGN'000
Share capital		5,186,372	–	–	5,186,372
Share premium		3,915,451	–	–	3,915,451
Retained earnings	(v)	973,954	740,510	(52,222)	1,662,242
Revaluation Reserve	(m.)	286,441	(286,441)	–	–
Contingency reserve		1,094,207	–	–	1,094,207
Exchange equalisation reserve	(n)	163,031	(163,031)	–	–
Available-for-sale reserve	(o)	–	15,928	–	15,928
Total equity		**11,619,456**	**306,966**	**(52,222)**	**11,874,200**
Total equity and liabilities		**18,791,104**	**831,006**	**15,117**	**19,637,227**

ASSETS		31 December 2011			
Cash and cash equivalents	(a.)		5,815,044	–	5,815,044
Cash and bank balances	(a.)	309,369	(309,369)	–	–
Short-term investments	(a.),(b.)	5,989,924	(5,989,924)	–	–
Financial asset held for trading	(b.)	–	108,956	–	108,956
Loans and other receivables	(f.)	–	153,584	–	153,584

Reinsurance debtors	(d.)	4,633,409	(4,633,409)	–	–
Reinsurance receivables	(d.)	–	4,602,289	–	4,602,289
Retrocession assets	(e.)	–	146,974	–	146,974
Deferred acquisition costs	(j.)	–	975,157	–	975,157
Other assets	(f.)	–	181,718	–	181,718
Prepayments and other debit balances	(a.),(f.),(i.)	686,218	(686,218)	–	–
Treasury bills	(c.)	1,286,327	(1,286,327)	–	–
Long-term investments	(c.)	4,913,199	(4,913,199)	–	–
Investment Securities	(c.)	–	6,811,778	531	6,812,309
Investment Properties	(g.)	1,568,808	–	84,692	1,653,500
Statutory deposits		1,000,000	–	–	1,000,000
Property, plant and equipment	(h.)	108,335	(4,912)	–	103,423
Intangible assets	(h.)	–	4,913	–	4,913
Total assets		**20,495,589**	**977,055**	**85,223**	**21,557,867**

		31 December 2011			
		N–GAAP	**Reclassification**	**Remeasurements**	**IFRS**
LIABILITIES		**NGN'000**	**NGN'000**	**NGN'000**	**NGN'000**
Creditors and accruals	(i.),(i.)	1,245,006	(1,245,006)	–	–
Other liabilities	(i.)	–	345,897	–	345,897
Reinsurance creditors	(i.)	–	722,385	–	722,385
Insurance contract liabilities	(j.)	–	7,747,320	–	7,747,320
Insurance Funds	(j.)	3,833,498	(3,833,498)	–	–
Outstanding claims	(j.)	2,822,811	(2,822,811)	–	–
Dividend Payable	(i.)	56,269	(56,269)	–	–
Taxation		381,624	–	–	381,624
Deferred Taxation	(k.)	–	–	41,470	41,470
Retirement Benefit obligation	(l.)	–	26,413	(22,520)	3,893
Revaluation Reserve	(m.)	201,235	(201,235)	–	–
Total liabilities		**8,540,443**	**683,196**	**18,950**	**9,242,589**

EQUITY					
Share capital		5,186,372	–	–	5,186,372
Share premium		3,915,451	–	–	3,915,451
Retained earnings	(v)	1,087,932	831,819	66,273	1,986,024
Revaluation Reserve	(m.)	220,434	(220,434)	–	–
Contingency reserve		1,435,136	–	–	1,435,136
Exchange equalisation reserve	(n)	109,821	(109,821)	–	–
Available-for-sale reserve	(o)	–	(207,705)	–	(207,705)
Total equity		**11,955,146**	**293,859**	**66,273**	**12,315,278**
Total equity and liabilities		**20,495,589**	**977,055**	**85,223**	**21,557,867**

Notes to the reconciliation

(a.) Cash and cash equivalents

	31 Dec 2011 NGN'000	01 Jan 2011 NGN'000
Cash and bank balances per NGAAP	309,369	221,119
Reclassification from short-term investments	5,414,691	5,361,488
Reclassification of interest receivables from other assets	90,984	72,569
Cash and cash equivalents per IFRS	**5,815,044**	**5,655,176**

(b.) Under IFRS, investments are not classified as short–term investments but as available–for–sale (AFS), held–for–trading (HFT) or held–to–maturity (HTM).The changes are as follows:

Short–term investments	31 Dec 2011 NGN'000	01 Jan 2011 NGN'000
Reclassified to cash and cash equivalents	(5,414,691)	(5,361,488)
Externally managed portfolio-designated at fair value through profit or loss (Note (b.)i)	(108,956)	(175,031)
Reclassified to AFS financial assets (Investment securities)	(470,297)	(474,031)
Provision no longer required transferred to retained earnings	3,750	3,750
Other reclassifications to prepayment and other debit balances	270	–
	(5,989,924)	**(6,006,800)**

i Management elected to designate the externally managed portfolio as financial asset designated at fair value through profit or loss as the performance of the portfolio was managed on a fair value basis.

Notes to the reconciliation

(c.) Under IFRS, investments are not classified as long–term investments but as available–for–sale (AFS), held–for–trading (HFT) or held–to–maturity (HTM).The changes to long–term investments now presented as AFS and HTM under investment securities are as follows:

Long–term investments	31 Dec 2011	01 Jan 2011
	NGN'000	NGN'000
Long-term investments per NGAAP	4,913,199	4,590,898
Reclassified from short-term investments (Equities Available-for-sale)	470,297	474,031
Treasury bills (Note (c.)i)	1,286,327	725,308
Fair value changes on unquoted equities reclassified to AFS reserve	40,938	54,045
Adjustments on Bonds – through retained earnings (Note (q)i)	15,117	15,117
Adjustments on Bonds – through profit and loss ((Note (q)i)	(31,823)	–
Adjustments on Treasury bills – through profit and loss ((Note (q)i)	17,237	–
Reclassification of interest receivables from other assets	101,017	74,171
Investment securities per IFRS	**6,812,309**	**5,933,570**

i Under Nigerian GAAP treasury bills were separately disclosed as a line item on the statement of financial position. Under IFRS, these have been reclassified according to IAS 39 classification. All were classified as held–to–maturity in investment securities.

		31 Dec 2011	01 Jan 2011
(d.)	Reinsurance receivables	NGN'000	NGN'000
	Reinsurance debtors per NGAAP	4,633,409	4,090,112
	Reclassified to retrocession assets (Note (e.)i)	(31,120)	(101,470)
	Reinsurance receivables per IFRS	**4,602,289**	**3,988,642**
(e.)	Retrocession assets		
	Reclassified from reinsurance receivables (Note (e.)i)	31,120	101,470
	Reclassified from life insurance contract liabilities (Note (e.)i)	115,854	–
		146,974	101,470

i IFRS 4 requires that the gross liability to policyholders be recorded on the balance sheet, with an offsetting reinsurance (and for reinsurer, retrocession) asset separately. This resulted in the separate disclosure of amount due on retrocession (premium debtors) as retrocession assets on the face of the statement of financial position.

Notes to the reconciliation

(f.)	Other assets	31 Dec 2011	01 Jan 2011
		NGN'000	NGN'000
	Prepayments and other debit balances per NGAAP	686,218	483,107
	Interest receivables on placements transferred to cash and cash equivalents (Note (f.)i)	(90,984)	(72,569)
	Interest receivables on bonds transferred to investment securities (Note (f.)i)	(101,017)	(74,171)
	Staff loans reclassified to Loans and other receivables (Note (f.)ii)	(153,584)	(144,706)
	Provision no longer required transferred to retained earnings	47,936	47,936
	Other reclassification from short-term investments	(270)	–
	Receivable from life business (Creditors and accruals)	(206,581)	(204,959)
	Other assets per IFRS	**181,718**	**34,638**

i IFRS requires financial assets and liabilities carried at amortised cost to be measured using the effective interest method. 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 where appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. Under Nigerian GAAP, interest receivable on bonds and placements and unearned discount on treasury bills, were recognised as separate assets and liabilities on the statement of financial position. Under IFRS these amounts are recognised as part of the net carrying amount of the financial instrument, resulting in the above reclassifications.

ii IFRS requires the entity to classify each of its financial assets as loans and receivables, held to maturity, fair value through profit or loss (held-for-trading or designated), or available-for-sale. Staff loans and other receivables have been reclassified to effect this and now shown on the face of the statement of financial position.

(g.)	**Investment properties**	31 Dec 2011	01 Jan 2011
		NGN'000	NGN'000
	Per NGAAP	1,568,808	1,557,834
	Fair value gains	84,692	–
	Per IFRS	**1,653,500**	**1,557,834**

Under Nigerian GAAP, the Company measured investment properties at revalued amount. Revaluation of investment properties is not on an annual basis. Previous increase in fair value of these investments has been recognised in investment property revaluation reserve. Under IFRS, the Company opted to use fair value model for subsequent measurement of all investment properties. As a result, all investment properties were valued at the date of transition to IFRS and changes in fair value of these investment properties were recognised in retained earnings. The previous investment properties revaluation reserves were equally reclassified to retained earnings. The effect of using fair value model on 2011 has been recognised both in profit or loss for the year ended 31 December 2011 and in investment properties.

(h.)	Property, plant and equipment	31 Dec 2011	01 Jan 2011
		NGN'000	NGN'000
	Per NGAAP	108,335	115,926
	Reclassification to intangible assets	(4,912)	(9,239)
	Per IFRS	**103,423**	**106,687**

The Company classifies computer software as part of computer equipment class in the Property, plant and equipment under Nigerian GAAP. Under IFRS, computer software would generally be separately recognised as an intangible asset unless it can be considered to be an integral part of computer equipment. As a result, the Company reclassified its computer software as a separate intangible asset under IFRS. The effect of this adjustment is as shown above. The reclassification neither impacted the profit and loss account nor equity.

(i.)	Other liabilities	31 Dec 2011	01 Jan 2011
		NGN'000	NGN'000
	Creditors and accruals per NGAAP	1,245,006	819,445
	Reclassified to reinsurance creditors	(722,385)	(275,970)
	Payable to non-life business (Note (f.) above)	(206,581)	(204,959)
	Reclassified to retirement benefit (Note (l.) below)	(26,413)	(26,413)
	Dividend payable	56,270	44,763
	Other liabilities per IFRS	**345,897**	**356,866**

		31 Dec 2011	01 Jan 2011
(j.)	Insurance contract liabilities	NGN'000	NGN'000
	Reclassified from insurance funds	3,833,498	3,533,292
	Deferred acquisition costs reclassified from insurance funds (Note (j.)i below)	975,157	930,234
	Reclassified to retrocession assets (Note (e.)i)	115,854	–
	Reclassified from outstanding claims reserve	2,822,811	2,223,453
	Per IFRS	**7,747,320**	**6,686,979**

i Deferred acquisition cost are expected to be held gross of the unearned premium reserve. This led to the grossing up of the insurance fund and a deferred acquisition cost being recognised on the statement of financial position.

		31 Dec 2011	01 Jan 2011
(k.)	**Deferred taxation**	**NGN'000**	**NGN'000**
	Per NGAAP	–	13,386
	Liability – Fair value on investment properties	42,638	40,769
	Asset – Retirement benefit obligations	(1,168)	(22,707)
	Per IFRS	**41,470**	**31,448**

The transition adjustments relating to Investment properties and retirement benefit obligations lead to different temporary differences. According to the accounting policies, the Company has to account for such differences. These deferred tax adjustments are recognised in correlation to the underlying transaction in retained earnings. The effect of the adjustments in 2011 has been recognised in the profit for 2011.

		31 Dec 2011	01 Jan 2011
(l.)	**Retirement benefit obligation**	**NGN'000**	**NGN'000**
	Reclassified from creditors and accruals	26,413	26,413
	Adjustment resulting from actuarial valuation – through retained earnings	49,277	49,277
	Adjustment resulting from actuarial valuation – through profit and loss	(71,797)	–
	Per IFRS	**3,893**	**75,690**

Under Nigeria GAAP, retirement benefits obligation arising from the Company's gratuity scheme were not valued using the projected credit unit method and recognised on the face of the statement of financial position. On transitioning to IFRS, certain retirement benefits amount included in creditors and accruals were reclassified and separately disclosed as retirement benefits. Also, per the actuarial valuation report, additional retirement benefit obligations were recognised.

(m.)	**Revaluation reserve**	**31 Dec 2011**	**01 Jan 2011**
		NGN'000	**NGN'000**
	Per NGAAP	421,669	487,676
	Reclassified to retained earnings	(487,676)	(487,676)
	Profit and loss	66,007	–
		–	**–**

Under Nigerian GAAP revaluation losses or surpluses on investment property were credited to a reserve called revaluation reserve. On transitioning to IFRS, the Company elected to use fair value method to subsequently account for its Investment property. Further more, fair value gains/losses on investment property are to be recognised in the profit or loss account in period in which it arises. Consequently, the revaluation gain were reclassified into profit or loss and retained earnings as shown above;

(n)	**Exhange equalisation reserve**	**31 Dec 2011**	**01 Jan 2011**
		NGN'000	**NGN'000**
	Per NGAAP	109,821	163,031
	Retained earnings	(163,031)	(163,031)
	Profit or loss	53,210	0
		–	**–**

Under Nigerian GAAP exchange differences arising from the conversion of monetary assets and liabilities are taken to exchange equalisation reserve. Under IFRS, foreign exchange gains and losses on monetary financial assets are recognised in profit or loss. As a result of this, the reclassification were passed as shown above;

(o)	Available-for-sale reserve	31 Dec 2011	01 Jan 2011
		NGN'000	NGN'000
	Per NGAAP	–	–
	Retained earnings	15,928	15,928
	Other comprehensive income	(223,633)	–
		(207,705)	**15,928**

Under Nigerian GAAP, the Company accounted for investments in quoted equity at fair value. Decrease in the fair value of these investments is usually recognised in Profit or loss net of any increase in fair value of other equity Investments during the same period. At the date of transition to IFRS, the Company has elected to designate these Investments including unquoted equity Investments and investments in bonds as available-for-sale. In accordance with the accounting policies selected for subsequent measurement of available–for–sale financial assets, the Company distinguished between those investments that have been impaired as a result of prolonged or significant decline in fair value at the date of transition to IFRS from those that merely have a change in fair value. The fair value changes of those Investments without objective evidence of impairment have been reclassified from retained earnings to available-for-sale reserve. The effect of this in 2011 is a reclassification from impairment of assets in profit or loss to other comprehensive income with subsequent accumulation in available–for–sale reserve in equity.

(p)	Insurance premium revenue	31 Dec 2011
		NGN'000
	Per NGAAP	11,547,750
	Reclassification of transfer to insurance fund	(200,919)
	Per IFRS	**11,346,831**

(q)	Net interest income	
	Per NGAAP	760,278
	Adjustments on Bonds – through profit and loss ((Note (q)i)	(31,823)
	Adjustments on Treasury bills – through profit and loss ((Note (q)i)	17,237
	Per IFRS	**745,692**

i IFRS requires the entity to classify each of its financial assets as loans and receivables, held to maturity, fair value through profit or loss (held for trading or designated) , or available for sale. The classification will determine the basis of subsequent measurement of the financial asset either at amortised cost or at fair value, as well as whether fair value movements are recognised in profit or loss, or other comprehensive income. The impact of remeasurement of financial assets at amortised cost (Held–to–maturity financial assest) under IFRS is as set out above:

		31 Dec 2011
(r)	**Other operating income**	**NGN'000**
	Per NGAAP	238,989
	Reclassification of foreign exchange loss through profit and loss	(53,210)
	Reclassification of fair value gains on investment property (revaluation surplus)	(66,007)
	Per IFRS	**119,772**
(s)	**Administration expenses**	
	Per NGAAP	(310,917)
	IFRS adjustment to reflect excess provision on retirement benefits	71,797
	Per IFRS	**(239,120)**
(t)	**Impairment of assets**	
	Per NGAAP	(539,042)
	Reclassification of fair value on equity investments securities – AFS financial assets	210,526
	Per IFRS	**(328,516)**
(u)	**Income tax expense**	
	Per NGAAP	(363,742)
	Arising from adjustments on fair value of investment properties	(1,869)
	Arising from adjustments on retirement benefit obligations	(21,539)
	Per IFRS	**(387,150)**

Reconciliation of equity for the period		31 Dec 2011	01 Jan 2011
		NGN'000	NGN'000
(v)	**Retained Earnings under NGAAP**	1,087,932	973,954
	IFRS Adjustments	688,288	–
	Fair valuation of financial instruments		
	i Being (reclassification) adjustment for fair value of equity investments securities – AFS financial assets	210,526	38,117
	ii Being adjustment for amortised cost of debt investments – HTM financial assets	(14,586)	15,117
	iii Being adjustment for fair value gains on investment properties	84,692	–
	Retirement Benefit Obligation		
	i IFRS adjustment to reflect change in provision for retirement benefits	71,797	(49,277)
	Foreign currency gain		
	i Reclassification of foreign exchange gain on monetary items	(53,210)	163,031
	Investment property		
	i Reclassification of fair value gain (revaluation surplus) from revaluation reserve to retained earnings (Profit and loss)	(66,007)	487,676
	Others		
	i Being reclassification of provision on other assets no longer required	–	51,686
	ii Being adjustment to book deferred tax liability on fair value gains on investment properties	(1,869)	(40,769)
	iii Being adjustment to book deferred tax asset on retirement benefit obligation	(21,539)	22,707
	Retained Earning under IFRS	**1,986,024**	**1,662,242**

Explanation of material adjustments to the cash flow statements

Under IFRS, only placements with banks and other short-term investments that are readily convertible to a known amount of cash and subject to insignificant risks of changes in value due to the short maturities thereof (three months or less from the date of acquisition) are classified as cash and cash equivalents. Under Nigerian GAAP, all treasury bills were not classified as cash and cash equivalents. Under IFRS, treasury bills with a maturity of three months or less are classified as cash and cash equivalents in the cash flow statements under IFRS.

Cash flows associated with equity securities at fair value through other comprehensive income are classified as investing activities.

Statement of Value Added

	2012		2011	
	NGN'000	%	NGN'000	%
Net premium income:				
– Local	7,471,737		6,825,850	
– Foreign	2,920,297		3,225,884	
– Other income	1,435,384		884,081	
	11,827,418		10,935,815	
Claims, commission, charges and management expenses:				
– local	(11,523,371)		(6,009,830)	
– imported	2,644,185		(2,482,240)	
	2,948,232	**100**	**2,443,745**	**100**
Applied as follows:				
To pay employees:				
– Salaries, pension and other allowances	866,158	29.3	522,197	21.4
To pay Government:				
– Income tax	391,642	13.3	377,128	15.4
– Information technology levy	20,536	0.7	15,965	0.7
Retained for growth and payment of dividend to shareholders:				
– Depreciation and amortistion	81,138	2.8	75,854	3.1
– Deferred taxation	(37,810)	(1.3)	10,022	0.4
– Profit for the year	1,626,568	55.2	1,442,579	59.0
	2,948,232	**100.0**	**2,443,745**	**100.0**

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

Five Year Financial Summary

	IFRS		NGAAP		
	31 DECEMBER				
	2012	2011	2010	2009	2008
ASSETS	NGN'000	NGN'000	NGN'000	NGN'000	NGN'000
Cash and cash equivalents	6,263,827	5,815,044	–	–	–
Cash and bank balances	–	–	221,119	338,216	189,932
Short-term investments	–	–	6,006,800	6,648,097	7,409,768
Financial asset held for trading	132,942	108,956	–	–	–
Loans and other receivables	192,575	153,584	–	–	–
Available-for-sale investments	1,910,396	1,736,086	–	–	–
Held to maturity investments	4,359,087	5,076,223	–	–	–
Reinsurance debtors	–	–	4,090,112	3,349,515	2,495,191
Reinsurance receivables	5,427,732	4,602,289	–	–	–
Retrocession assets	779,147	146,974	–	–	–
Deferred acquisition costs	1,077,360	975,157	–	–	–
Other assets	1,113,603	181,718	–	–	–
Treasury bills	–	–	725,308	–	–
Prepayments and other debit balances	–	–	483,107	698,109	772,671
Long-term investments	–	–	4,590,898	2,622,852	1,678,985
Investment Properties	1,661,000	1,653,500	1,557,834	827,629	687,344
Intangible assets	17,075	4,913	–	–	–
Property, plant and equipment	114,695	103,423	115,926	160,391	119,698
Statutory deposits	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Total assets	**24,049,439**	**21,557,867**	**18,791,104**	**15,644,809**	**14,353,590**
LIABILITIES					
Insurance contract liabilities	9,237,451	7,747,320	–	–	–
Insurance Funds	–	–	3,533,292	2,538,230	1,598,678
Outstanding claims	–	–	2,223,453	884,096	378,151
Creditors and accruals	–	–	819,445	784,109	705,038
Reinsurance creditors	754,969	722,385	–	–	–
Other liabilities	252,265	345,897	–	–	–
Retirement Benefit obligation	164,110	3,893	–	–	–
Dividend Payable	–	–	44,763	36,345	271,616
Taxation	401,617	381,624	336,074	213,266	265,779
Deferred Taxation	3,660	41,470	13,386	19,146	–
Total liabilities	**10,814,072**	**9,242,589**	**6,970,413**	**4,475,192**	**3,219,262**

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	3,896,559
Retained earnings	2,344,587	1,986,024	973,954	635,747	522,216
Investments revaluation reserve	–	–	–	–	1,987
General reserve fund	–	–	–	–	623,181
Revaluation reserve	–	–	487,676	90,401	102,421
Contingency reserve	1,873,319	1,435,136	1,094,207	772,680	568,595
Exchange equalisation reserve	–	–	163,031	568,966	232,997
Available–for–sale reserve	(84,362)	(207,705)	–	–	–
Total equity	13,235,367	12,315,278	11,820,691	11,169,617	11,134,328
Total equity and liabilities	**24,049,439**	**21,557,867**	**18,791,104**	**15,644,809**	**14,353,590**
INCOME STATEMENT					
Gross premium	12,397,652	11,647,038	11,644,720	7,403,914	5,275,296
Profit before taxation	1,980,400	1,829,729	1,585,000	979,814	557,486
Taxation	(353,832)	(387,150)	(354,766)	(74,597)	(84,161)
Profit after taxation	**1,626,568**	**1,442,579**	**1,230,234**	**905,217**	**473,325**
Appropriations:					
Transfer to contingency reserve	438,183	340,929	321,526	204,085	121,055
Transfer to retained earnings	**1,188,385**	**1,101,650**	**908,708**	**701,132**	**352,270**
Earnings per share (kobo)	15.7	13.9	11.9	8.7	4.6
Net assets per share (kobo)	**128**	**119**	**114**	**108**	**107**

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.

Share Capital History

Date	Authorised (N) Increase	Authorised (N) Cumulative	Issued & Fully Paid up (N) Increase	Issued & Fully Paid up (N) 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	–

Notes

Proxy Form

CONTINENTAL REINSURANCE PLC RC:73956

TWENTY SIXTH ANNUAL GENERAL MEETING TO BE HELD AT VICTORIA CROWN PLAZA (VCP) HOTEL, 292B, AJOSE ADEOGUN STREET, VICTORIA ISLAND, LAGOS ON WEDNESDAY, SEPTEMBER 18, 2013 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 September 18th, 2013 and at any and every adjournment thereof.

Dated this………..day of…………….2013

Shareholder's Signature…………………...

RESOLUTIONS	FOR	AGAINST
To receive the Audited Financial Statements and the Reports of the Directors, Auditors and Audit Committee		
To declare a dividend		
To approve the appointment of Mr. Johnnie Wilcox To re-elect Mr. Hurley Doddy To re-elect Mr. David Sobanjo To re-elect Ms.Nana Appiah-Korang		
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.		
To increase Authorize Share Capital		
To authorize Directors to raise additional capital		
To authorize Directors to appoint professional parties		
To amend Memorandum of Association		
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 vote by proxy. This Proxy Form has been prepared to enable you exercise your right to vote in case you cannot personally attend the meeting.

2. Provision has 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. The executed form must be deposited at the registered office of the Company or the office of the Registrars, Sterling Registrars Limited, 24, Campbell Street, Lagos not later than 48 hours before the time for holding the meeting.

5. If this Proxy Form is executed by a corporate shareholder, it must be sealed under the common seal of the corporate shareholder or under the hand of an officer or attorney duly authorized in that behalf.

6. It is the requirement of the law under the Stamp Duties Act Cap. S8 LFN 2004, that any instrument of Proxy to be used for the purpose of voting by any persons entitled to vote at any meeting of shareholders, must bear the appropriate stamp duty, and not adhesive postage stamps. TO BE VALID THIS FORM MUST ACCORDINGLY, BE STAMPED AT THE STAMP DUTIES OFFICE.

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

ADMISSION CARD *CONTINENTAL REINSURANCE PLC*

NUMBER OF SHARES HELD	

Please admit the shareholder named on this form or his duly appointed proxy to the 26th Annual General Meeting to be held at Victoria Crown Plaza (VCP) Hotel, 292b, Ajose Adeogun Street, Victoria Island, Lagos on Wednesday, September 18, 2013 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,
Sterling Registrars Limited,
8th Floor, Knight Frank Building,
24, Campbell Street,
Lagos

Mandate Form for E-Dividend Payment

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

CONTINENTAL REINSURANCE
...sustainable trust

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

Surname/Company's Name: ____

Other Names (for Individual Shareholders): ______________________________

Current Postal Address: ____

E-mail Address: ____

Mobile No(s): ____

Name of Bank: ____

Bank Branch: ____

Bank Branch Address: ____

Bank Account Number: ____

Bank Sort Code: ____

Shareholder's Signature or Thumbprint

Corporate Shareholder:

Authorized Signature(s)

Company Seal /Incorporation Number (Corporate Shareholder)

BANK AUTHORISED SIGNATURE AND BANK STAMP

PLEASE COMPLETE AND RETURN TO THE REGISTRARS

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

Notes

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CONTINENTAL REINSURANCE
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Head Office

St. Nicholas House (8th Floor)
6, Catholic Mission Street, Lagos Island
P. O. Box 2401 Lagos, NIGERIA

Tel: +234-0700 REINSURE (0700 73467873)
Tel: +234-1-8732624, 4622779
Email: info@continental-re.com

Kenya office

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

Cameroon Office

Rue Ngosso Din
Derriere Pharmacie de la Cote Bali
P.O. Box 4745 Douala Cameroon

Abidjan Office

1er étage (Mezzanine),
imm. SCI Kali, Rue Pierre Marie Curie,
Zone 4C / Marcory01 B.P 1073 Abidjan 01

www.continental-re.com