Pan-African commitment made local

TURNING AFRICA'S CHALLENGES INTO GROWTH OPPORTUNITIES

2015 Annual Report and Accounts

Our vision

To be the premier Pan-African reinsurer.

Our mission

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

Our values

Commitment

Collective passion and commitment to the industry.

Responsiveness

High responsiveness in service, dependability and building of capability.

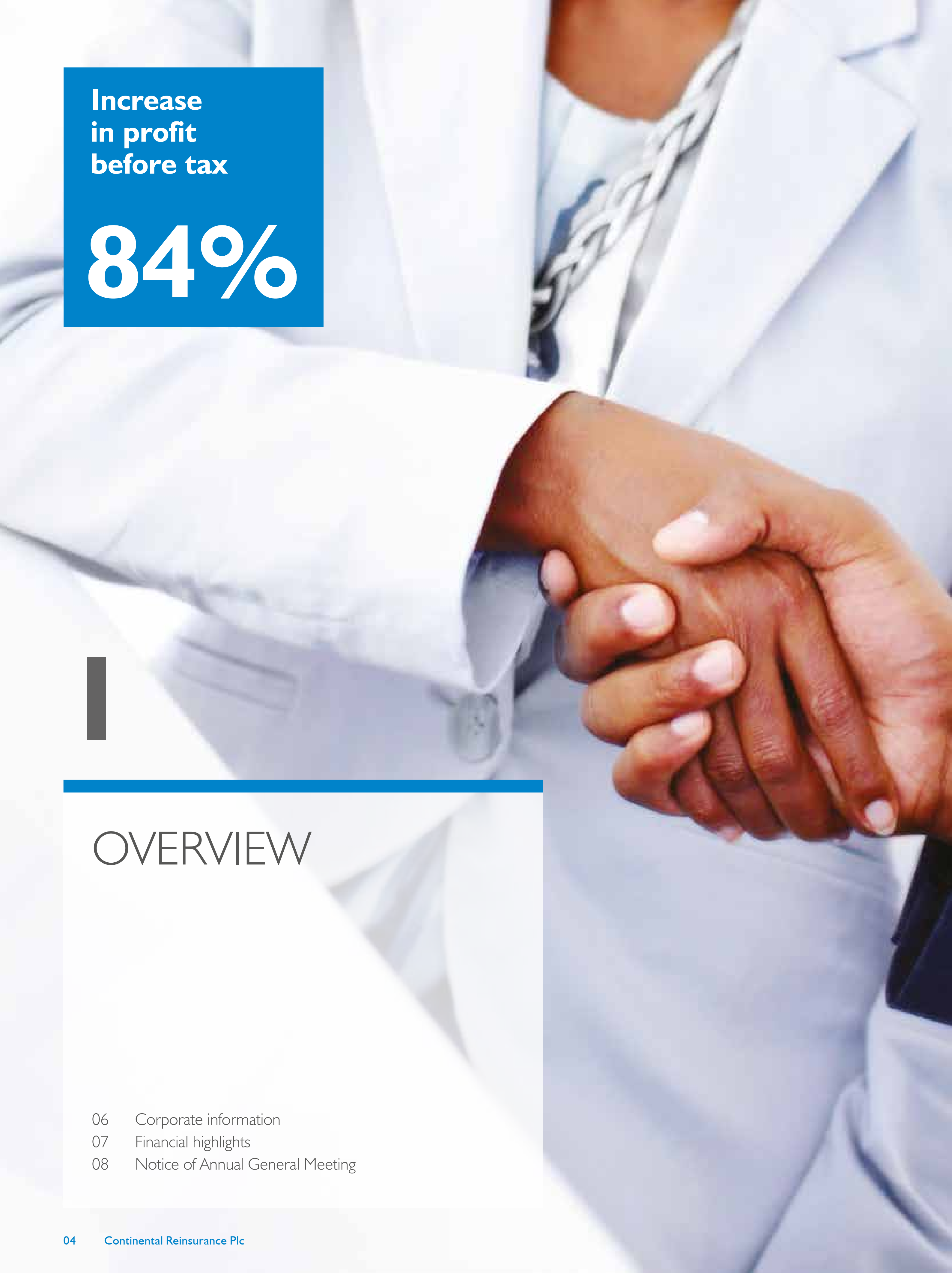
Sustainability

Realising ambitious, sustainable and relevant offerings.

Trust

Putting customers first by building relationships via localisation.

Contents



Increase in profit before tax

84%

OVERVIEW

COMMITMENT

Collective passion and commitment to the industry

2015 saw the continued conversion of our regional offices into subsidiaries and we invested in industry forums and initiatives to deepen capacity building; such as the 'Continental Re CEO Summit' attended by top decision-makers from 22 African countries. We also sponsored industry events such as AIO, FANAF, OESAI and WAICA.

Corporate information

Board of Directors

Mrs Nadia Alaoui Fettah (Moroccan), Chairman

Dr. Olufemi Oyetunji, Group Managing Director/CEO

Mr. Lawrence M. Nazare (Zimbabwean), Executive Director

Mr. David S. Sobanjo, Non-Executive Director

Mr. Foluso Laguda, Non-Executive Director

Mr. Raymond Farhat (French), Non-Executive Director

Mrs. Ahlam Bennani (Moroccan), Non-Executive Director

Mr. Merrick W. Oeschger (South African), Non-Executive Director

Mr. Paul Oje Kokoricha, Non-Executive Director

Mr. Steve Olisa Iwenjora, Non-Executive Director

Mr. Ian Alvan Tofield, (British), Independent Director

Company Secretary
Mrs. Abimbola A. Falana

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

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

Abidjan Office
2ème étage, Imm. Equinoxe, Angle de la Route du Lycée Technique et de la Rue de la Canebière (Carrefour Pisam)
Cocody Danga – BP 1073 Abidjan 01
Abidjan, Côte d'Ivoire

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

Tunis Office
Rue Lac Léman, Imm. Regency – Bloc "C"
2ème étage – Bur 2017
1053 Les Berges du Lac
Tunis, Tunisia

Subsidiaries
Kenya
197 Lenana Place, 4th Floor
Lenana Road
P.O. Box 76326–00508
Nairobi, Kenya

Botswana
Plot 67977, Fairgrounds, Gaborone, Botswana
Postal address: P.O. Box 698 ABG, Selebe
Gaborone, Botswana

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

Bankers
Stanbic IBTC Bank Ltd
Zenith Bank Plc
Guaranty Trust Bank Plc
Ecobank, Douala
NIC Bank, Nairobi
United Bank for Africa Plc, Douala
BGFI Bank, Douala
United Bank for Africa Plc, Abidjan
Société Ivoirienne de Banque, Abidjan

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

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

Financial highlights
for the year ended December 31st, 2015

₦ millions, unless otherwise stated	2014	2015	change in %
Non-Life			
Premium earned	12,572	15,944	27%
Life			
Premium earned	1,622	2,251	29%
Investment			
Investment income (Net of Provision)	1,185	1,386	17%
Return on investment in %	8%	9%	
Total premium earned	14,195	18,195	28%
Combined ratio in % (Net of Retro)	63%	67%	6%
Net income	856	2,143	150%
Earnings per share in kobo	8	21	
Shareholders' equity	14,776	15,537	5%
Return on equity[1] in %	6%	14%	
Number of employees[2]	69	74	7%

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

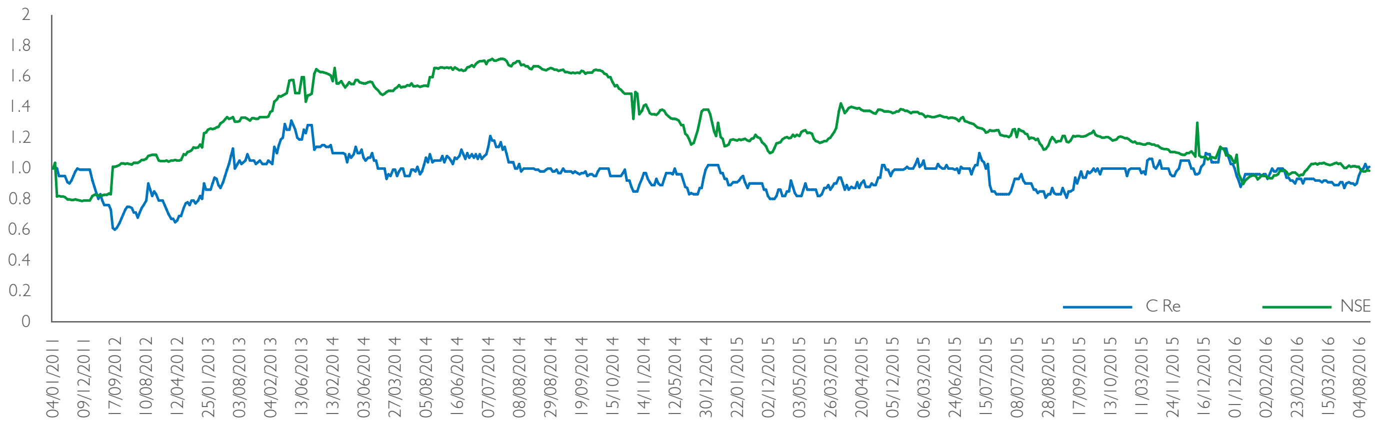
Financial strength ratings

as at 31st December,2015	A.M Best
Ratings	B+
Outlook	Good

Share Performance

Market Capitalization as at 15th April, 2016	
Share price in ₦	1.01
Number of Shares (Billion)	10.37
Market capitalisation in ₦ Bn	10,475

CRe Share Price vs NSE ASI



Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twenty Ninth 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, July 27th, 2016 at 11.00 a.m. to transact the following businesses:

Ordinary business

1. To receive the Audited Financial Statements for the year ended December 31st, 2015 together with the reports of the Directors, Auditors and Audit Committee thereon.
2. To declare a dividend.
3. To re-elect directors retiring by rotation.
4. (i) To approve the appointments of new Directors.

   (ii) Pursuant to Section 256 of the Companies and Allied Matters Act, CAP C20 LFN 2004, Notice is hereby given that Mr. Ian Alvan Tofield, whose appointment as an Independent Director will be presented for approval at the Annual General Meeting is 77 years old.
5. To appoint new Auditors and to authorize the Directors to fix their remuneration.
6. To elect members of the Audit Committee.

Special business

7. To approve the remuneration of the Directors for the year ending December 31st, 2016.
8. To consider and, if thought fit, pass the following as an Ordinary Resolution:
   "That in compliance with Article 5.07 (iv) of the National Insurance Commission Code of Good Corporate Governance for the Insurance Industry in Nigeria, the Directors be and are hereby authorized to appoint an external consultant to conduct the annual Board performance appraisal for the financial year ending December 31st, 2016."

Dated this 27th day of April, 2016

By order of the Board

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

Company Secretary/Legal Adviser
Continental Reinsurance Plc
Registered Office:
8th Floor, 6, Catholic Mission Street,
Lagos.

Notes:

1. Proxy

A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of him/her. A proxy need not be a member of the Company. 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, stamped at the Stamp Duties' Office and deposited at the registered office of the Registrars, Pace Registrars Ltd (Formally Sterling Registrars Ltd), 24, Campbell Street, Lagos not less than 48 hours before the time fixed for the meeting.

2. Closure of register of members

The register of members and transfer books of the Company will be closed from Monday, July, 18th, 2016 to Friday, July 22nd, 2016, (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 will be paid on Thursday, July 28th, 2016 to shareholders whose names are registered in the Company's Register of Members at the close of business on Friday, July 15th, 2016. The accounts of shareholders who have completed the e-dividend Mandate Form will be credited on July 28th, 2016 while dividend warrants for shareholders who are yet to complete the e-dividend Mandate Form will be posted on the same date.

Shareholders who have not completed the e-dividend Mandate Form are advised to do so. An e-dividend Mandate Form is in this Annual Report.

4. Unclaimed dividends

A list of shareholders who are yet to claim their dividends for the 2014 financial year will be circulated with the Annual Report while a full list of shareholders who are yet to claim their dividend(s) from 2007 to date can be found on the Company's website at www.continental-re.com. Members who have not claimed their dividend(s) are advised to write to or call at the office of the Registrars, Pace Registrars Limited, 24 Campbell Street, Lagos.

5. Nominations to the Audit Committee

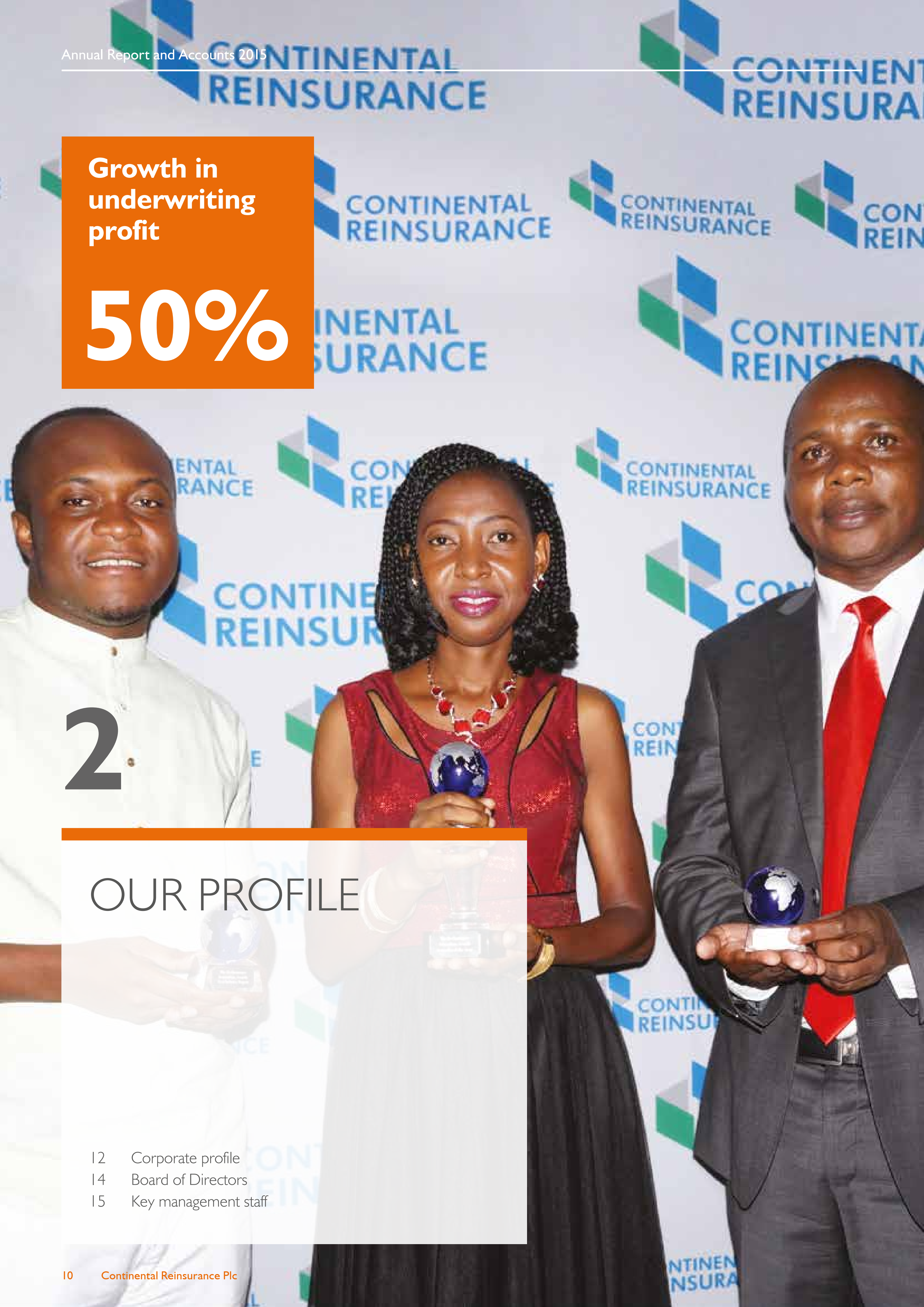
The Company's Audit Committee is comprised of three (3) Directors and three (3) Shareholders' representatives. In accordance with Section 359 (5) of the Companies and Allied Matters Act, Cap C20, LFN 2004, any shareholder may nominate another shareholder for election to the Audit Committee by giving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

6. Right of Shareholders to ask questions

Shareholders have a right to ask questions not only at the meeting but also in writing prior to the meeting, and such questions must be submitted to the Company Secretary on or before Monday, July 18, 2016.

7. 2015 Annual Report and Accounts

An electronic version of the 2015 Annual Report and Accounts have been uploaded to the Company's website.



Growth in underwriting profit

50%

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OUR PROFILE

RESPONSIVENESS

High responsiveness in service, dependability and building capability

In 2015, we intensified our delivery of 24 hour turnaround time, we increased our lobby for improvement in industry policies/practices and to raise greater awareness and understanding of the industry, we launched the inaugural 'Pan-African Re/Insurance Journalism Awards'.

Pan-Africa Re/Insurance Journalism Awards – 2015 Finalists

Corporate profile

Continental Reinsurance Plc ('Continental Re' or "the Company") as a private reinsurance Company in Nigeria was incorporated in 1985. It started business as a general reinsurer in 1987 and became a composite reinsurer in January 1990 which enables it to provide Non-Life and Life reinsurance on both treaty and facultative basis. It currently provides a well-diversified business mix of products and services and enjoys patronage in most African countries.

The Company became a public limited liability Company in 2000 and recapitalized from NGN 2 billion to NGN 10 billion in 2007 with diverse ownership including international investors, for it to achieve its business growth and gain market share. Continental Reinsurance was listed on the Nigerian Stock Exchange on 30th May, 2007.

Office locations

In line with its business philosophy for presence and visibility across the African continent, Continental Reinsurance offices are in strategic locations across Africa, with Lagos, Nigeria as the group Head office. The Company is composed of four regional offices and three subsidiaries. The Lagos, Nigeria regional office covers the Anglophone West African denominated businesses; the Douala, Cameroon regional office covers Francophone denominated businesses in the Central African countries; the regional office in Abidjan, Cote d'Ivoire serves the Francophone West African denominated businesses while the regional office in Tunis, Tunisia covers the Northern/Maghreb countries denominated businesses and also provides Takaful reinsurance offering to its clients and partners.

The Company's subsidiary in Nairobi, Kenya covers the Eastern Africa markets, while the subsidiary in Gaborone, Botswana covers businesses in Southern Africa region, excluding South Africa. As part of its strategic plans, the Company established another subsidiary, Continental Property and Engineering Risk Services (CPERS) Limited in South Africa in 2015 to provide engineering, risk analysis and training for insurance and reinsurance companies across Africa. Presently, Continental Reinsurance provides significant reinsurance services in 50 African countries.

Credit rating

The Company has a credit rating of B+ (Good) from AM Best, London, the world's oldest and most authoritative insurance rating company. The rating shows that Continental Reinsurance has the ability to meet its ongoing obligations.

Products and services

The Company as a composite reinsurer, provides quality Non-Life and Life treaty and facultative reinsurance products and services. First class and major retrocessionaires in the London and African reinsurance markets partner with the Company. Continental Reinsurance's business portfolio cuts across Fire, Energy, Marine, Liability, Accident and Life, both Individual and Group Life.

The Company also has a strong investment portfolio, with diversified investment focus in order to have a strong financial strength to meet claims payment and other financial obligations, and to limit investment risk.

In line with its commitment towards developing the insurance industry and enhancing the technical capacity of its clients, Continental Reinsurance provides to its clients and the insurance industry in general, top-class specialized training and development programmes on various classes of insurance and reinsurance portfolios, including fire, energy, business interruption, international reinsurance, life and pension, motor and general accident and engineering/bond insurance. The trainings are offered to its clients and partners to provide reinsurance skills required to fill the knowledge gaps in the local African markets.

Our people

Continental Reinsurance recognizes that building a world organization is only possible when you have the right people. It is for this reason that everything the Company does is defined by its people. The Company parades a pool of high talents, motivated and highly resourceful people with proving competencies who are continuously supported with relevant training and development programmes. The Company has also put in place a strong succession plan to ensure continuity and availability of the right people at all times. This has ensured stability in management over the years supporting the strategic vision of being a premier pan-African Reinsurer and employer of choice.

Corporate governance

Corporate Governance stands for responsible and transparent management and corporate control oriented towards a sustainable increase in value. The Board and Management are convinced that good corporate governance is an essential foundation for sustainable corporate success and enhances the confidence placed in the Company by its shareholders, business partners, employees and the financial markets in which it operates. The Company operates with strong compliance to international best practices in corporate governance.

Corporate social responsibility

Corporate Social Responsibility remained a key part of the Company's operating model. It continues to support initiatives with tangible benefit to the society. The Company has been making significant improvement in its social responsibility activities across all its business locations. It continues to provide significant support to a house for the less privileged persons at the SOS children's village in Ijebu-Oru, Ogun state and other less privileged institutions in Lagos, Douala, Abidjan and Nairobi.

Board of Directors

Mrs. Nadia Alaoui Fettah
Chairman, Non-Executive Director

Dr. Olufemi Oyetunji
Group Managing Director/CEO

Mr. Lawrence M. Nazare
Executive Director

Mr. David S. Sobanjo
Non-Executive Director

Mr. Foluso Laguda
Non-Executive Director

Mr. Raymond Farhat
Non-Executive Director

Mrs. Ahlam Bennani
Non-Executive Director

Mr. Merrick W. Oeschger
Non-Executive Director

Mr. Paul Oje Kokoricha
Non-Executive Director

Mr. Steve Olisa Iwenjora
Non-Executive Director

Mr. Ian Alvan Tofield
Independent Director

Key management staff

Mr. Shola Ajibade
General Manager (Anglophone West Africa)

Mr. Musa Kolo
General Manager (Finance)

Mrs. Abimbola Falana
Company Secretary/Legal Adviser

Mr. Kanma Okafor
Deputy General Manager (ICT)

Mr. Steve Odjugo
DGM (Technical Training & Quality Assurance)

Mr. Abayomi Oluremi-Judah
Chief Risk Officer

Mr. Calisto Ogaye
Managing Director (Nairobi Subsidiary)

Mr. Samuel Rimai
General Manager (Gaborone Subsidiary)

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

Mrs. Lety Endeley
Regional Director (Douala)

Mr. Ibrahima Ndoye
Regional Director (Abidjan)

Mrs. Dorsaf Sassi
Regional Director (Tunis)

Cassim Hansa
Managing Director (Continental Property and Engineering Risk Services (CPERS) Ltd

Growth in investment and other income

32%

3

BUSINESS REVIEW

SUSTAINABILITY

Realising ambitious, sustainable and relevant offerings

In 2015 our long-standing training programmes included 10 multi-regional events. We also opened a specialist subsidiary, Continental Property and Engineering Risk Services (CPERS), which offers technical support on risk and specialised training.

Property & Engineering training, Mozambique

Chairman's statement

Distinguished shareholders, fellow Board members, representatives of regulatory bodies present, invited guests, ladies and gentlemen, it is with much pleasure that I welcome you all to the 29th Annual General Meeting of our Company and to present to you the Annual Report and Financial Statements for the financial year ended December 31, 2015.

Business and operating environment

Global economy

The global economy recorded a 3.1% growth in 2015 with pick up more gradual than prior years especially in emerging markets and developing economies. In advanced economies, modest and uneven recovery was expected to continue with a gradual further narrowing of output gaps. Growth in emerging market and developing economies – while still accounting for over 70 percent of global growth – declined for the fifth consecutive year. Three key transitions continue to influence the global outlook: (1) the gradual slowdown and rebalancing of economic activity in China away from investment and manufacturing towards consumption and services, (2) lower prices for energy and other commodities, and (3) a gradual tightening in monetary policy in the United States in the context of a resilient U.S. recovery as several other major advanced economies central banks continue to ease monetary policy.

African economy

Africa is among the fastest growing regions, but it now faces significant headwinds as a result of global trends and region specific risks. Africa GDP growth has slowed, coming in at 3.4 percent in 2015, down from 4.6 percent in 2014, the weakest pace since 2009. Per capita income growth is low, weighed down by population growth. There is variation across countries, particularly between resource and non-resource rich countries, but overall, the region's growth trend remains below pre-financial crisis levels. Slower growth deepens the challenge of reducing poverty. The incidence of extreme poverty has fallen but remains high. Overall, growth is less poverty-reducing in Africa than elsewhere.

The global commodity super-cycle has come to an end, sharply lowering the price of oil, gas, metals and minerals. As a net commodities exporter, Africa is deeply affected by falling commodity prices, putting pressure on the current account and fiscal balances.

IMF World Economic Outlook points to a situation of 'Too slow for too long' with projected recovery to continue to strengthen in near term and beyond, driven primarily by emerging market and developing economies, as conditions in stressed economies start gradually to normalise, uncertainty increased and risks of weaker growth scenarios are becoming more tangible. The fragile conjuncture increases the urgency of a broad based policy response to raise growth and manage vulnerabilities.

Global reinsurance

Despite the many competitive pressures buffeting the reinsurance industry, capital adequacy is a key strength of the sector in 2015, though global natural catastrophe losses totalled USD31 billion in 2015, relatively flat from 2014. Alternative capital along with low catastrophe losses puts pressure on pricing, particularly in property catastrophe reinsurance. One of the main strength relates to ERM with reinsurers among the leading practitioners and the ongoing consolidation within the sector, mostly driven by the hunt for greater scale and diversification. Global outlook for 2016 - As a result of these pricing pressures, the industry combined ratio will be between 95 and 100 percent for 2016, which includes a 10 percentage point catastrophe load and a 6 percent benefit from reserve releases.

African Reinsurance market performed amidst tough competition and oversupply of capital. The questions are whether this is sustainable and whether it will hold for 2016. The increased focus is on regulation and local content requirements as well as the interest of international reinsurers in expanding to developing markets.

Nigerian insurance market

The Nigerian Insurance Market is tipped for strong growth, characterized by growing uptake, untapped potential, a seemingly open door for growth, however not without the prevailing navigating challenges.

With a growing population of 170m and penetration still low, Nigeria's insurance sector has considerable potential in demographic terms alone. At present, a large number of insurers compete for what business is available, creating a highly fragmented market. Acquisitions are an increasingly common mode of entry for foreign investors – a trend that is likely to continue. In the near term, attempts at better enforcement of laws and regulations are likely, as is the possible scaling-up of micro insurance. Despite shortcomings in enforcement and financial reporting, the insurance sector continues to post double-digit growth, with a bright future ahead given demographic trends. Like other sectors in the Nigerian economy, the insurance industry has been hit by falling oil prices and a decline in national revenue. An increasing number of businesses and state agencies have not renewed policies from last year.

Financial result

The Group's Gross Premium Income (GPI) grew by 22% from NGN16.44 billion in 2014 to NGN19.74 billion in 2015. The Company contributed NGN15.37 billion of the Group's premium representing 78%, while the subsidiaries contributed NGN4.3 billion representing 22%. The Company's Gross Written Premium grew by 16.6%, from NGN13.18 billion in 2014 to NGN15.37 billion in 2015. GPI contributed by the subsidiaries grew by 33% from NGN3.26 billion in 2014 to NGN4.37 billion in 2015. The Group generates business from the six regions of Africa. 58% of the business came from Anglophone West Africa, 15% from East Africa, 7% from Southern Africa while the remaining 20% is from other regions of Africa.

The breakdown of GPI shows that Non-life grew by 17.6% from NGN14.36 billion in 2014 to NGN16.89 billion in 2015; while Life GPI grew by 37.6% from NGN2.07 billion in 2014 to NGN2.85 billion in 2015.

Group underwriting profit grew by 50.4% from NGN1.37 billion in 2014 to NGN2.06 billion in 2015 depicting a marginal improvement in combined ratio (Life & Non-life) of 1% from 90% in 2014 to 89% in 2015. The huge growth in underwriting income is partly from write back in unexpired risk reserve.

Investment and other income jumped by 127% from NGN1.03 billion in 2014 to NGN2.35 billion in 2015 partly due to impact of exchange gain. Foreign exchange gain/(loss) represents 20% and -38% of investment and other income in 2015 and 2014 respectively.

Profit Before Tax (PBT) grew by 84% from NGN1.59 billion in 2014 to NGN2.91 billion in 2015; while Profit After Tax (PAT) grew by 150% to NGN2.14 billion in 2015 from NGN0.86 billion in 2014. The sharp difference in the growth between PBT and PAT is the current income tax effect. The tax increased by 6% in 2015 compared to total assets increase of 5% from NGN28.21 billion in 2014 to NGN29.67 billion in 2015. Shareholders' fund also grew by 5% from NGN14.78 billion in 2014 to NGN15.54 billion in 2015.

Dividend

In line with the Company's dividend policy and subject to your approval at this meeting, the Board of Directors recommends cash dividend of 12 kobo per share for the financial year under review. This represents an increase of 9% over the 11 kobo per share paid in 2014.

Board changes

Following the sale of C-Re Holding Ltd (C-Re Holding) by ECP African Fund II and its partners (the ECP Fund II Consortium) to Saham Finances (Saham) in September 2015, Mr. Hurley Doddy, Mr. Vincent Le Guennou, Ms. Nana Appiah-Korang, Mr. Bakary H. Kamara and Mr. Johnnie F. Wilcox, all representatives of C-Re Holding on the Board, resigned with effect from September 11, 2015. Mrs. Nadia A. Fettah, Mr. Raymond Farhat, Mrs. Ahlam Bennani, Mr. Merrick Oeschger, Mr. Joel A. Ackah and Mr. Raoul Diddier Moloko were appointed Directors representing C-Re Holding with effect from the same date.

However, after the year end, following the dilution by Saham of its investment in C-Re Holding, through transfer of 49% to Capital Alliance Private Equity IV Limited, a private equity fund sponsored by African Capital Alliance, Mr. Joel A. Ackah and Mr. Raoul Diddier Moloko resigned from the Board with effect from March 1, 2015 and were replaced by Mr. Paul Ojei Kokoricha and Mr. Steve Olisa Iwenjora with effect from the same date. Also after the year end, Mr. Ian Alvan Tofield was appointed Independent Non-Executive Director in compliance with NAICOM's Code of Good Corporate Governance.

Staff

The Company believes that people are its most important asset in achieving its business objectives. It conforms with all regulatory requirements in the employment of staff, whilst also ensuring that only fit and proper persons are approved for appointment to Board or top Management positions. The Company provides policies and best practices that will make employees deliver the best results by giving priority to their professional fulfilment and ensuring that they acquire the right competencies.

The Company treats all employees fairly and equally regardless of their gender, sexual orientation, family status, race, colour, nationality, ethnic or national origin, religious belief, age, physical or mental disability, or any such factor. Therefore, as an equal opportunity employer, the Company ensures diversity and inclusion in its people management activities.

Future outlook

Distinguished shareholders, we are very optimistic about the future prospects of our Company following the exit of ECP from C Re Holding, our core shareholder and the takeover by a consortium comprising Saham Finances and African Capital Alliance. While Saham Finances brings to us the benefits of their presence and experience across Africa, African Capital Alliance presents us with their deep understanding of the financial markets across the Continent and especially Nigeria, which remains our biggest market.

Their entry into our Company actually marks the opening of another phase in our growth history and should go a long way in realizing our aspiration of becoming Africa's premier reinsurance company.

We are committed to further embedding ourselves in the various markets we serve.

Conclusion

Fellow shareholders, the 2015 financial year marked another important milestone in the history of our Company, with the successful completion of the transition of majority shareholding and with our already strong positioning within the Continent. We are poised for continued growth and profitability.

I would like to use this opportunity to thank the Board of Directors, Management and Staff for their continued support for our vision of making our Company the Premier Pan-African reinsurer.

Thank you.

Mrs. Nadia A. Fettah
Chairman

Group Managing Director's overview

Distinguished shareholders, I am very delighted to welcome you to the 29th Annual General Meeting of Continental Reinsurance PLC ("the Company", "Continental Reinsurance" or "Continental Re") and also to present to you the business and strategic performance highlights of the Company for 2015.

Despite the global unfavorable economic and political environment, Continental Reinsurance showed resilience leading to maintenance of our track record of profitability in both our underwriting and investment activities. We were able to attain our performance targets. Strategically, our pan-African geographic diversity and broad product line mix that gives a diversified portfolio helped us to absorb the shocks emanating from the array of challenges that confronted us from the external environment such as 'tanking' commodity prices, currency volatility and mounting competition.

Our Strategy

As you know, our vision at Continental Re is to be the premier pan-African reinsurer. When we put the strategy in place in 2011, we were a Nigerian reinsurer based in Lagos with branches in Douala and Nairobi. Over the past five years, we have become a respected pan-African brand with subsidiaries in Kenya, Botswana and branches in Cameroun, Cote D'ivoire and Tunisia. We have moved from branch network to subsidiary network and should complete our Group Structure in the next twelve months.

Our mission at Continental Re to build an African institution of international standard that can compete globally on best practices is being pursued vigorously and it is reflected in our concentration on human capital development and continued process reengineering.

The geographical spread of Continental reinsurance makes it imperative to spread and diversify risks to improve performance and also preserve capital. We therefore embarked on a strategic move to pursue growth in new territories to reduce concentration in the Nigerian market. In 2015, the Lagos business constituted 54% of the total Non-Life business down from 60% in 2014 reflecting ongoing success in this direction.

One noteworthy event that happened in 2015 is the successful acquisition of 57% of Continental Reinsurance shares by two notable investors of high repute in the Continent; Capital Alliance Private Equity IV Limited, (a private equity fund sponsored by African Capital Alliance) and Saham Finances SA (the insurance arm of Saham Group). This is an extremely positive move for our company and we are very pleased to have shareholders who share our vision for Africa. It will position Continental Reinsurance favorably to bolster our strategic objectives and strengthen what we have achieved over the past few years in terms of our pan-African foothold, expansionary plans and market positioning.

Performance

Continental Reinsurance's performance for the period ended December 31, 2015 further confirms its consistency in delivering superior financial returns to stakeholders. There is an increase of 83.61% in profit before tax from NGN1.59 billion in 2014 to NGN2.92 billion in 2015 and Profit after tax grew by 150%, from NGN856 million in 2014 to NGN2.14 billion in 2015. Gross premium income at NGN19.7 billion is 22.19% higher than the NGN16.4 billion reported in 2014 and the group turned in a year of strong underwriting performance of 50.38% with an increase in underwriting profit of NGN2.05 billion compared with NGN1.37 billion in 2014. Investment and other income recorded an impressive increase of 31.70%, from NGN1.43 billion in 2014 to NGN1.88 billion in 2015.

Total assets grew by 5.18% year-on-year, from NGN28.21 billion in 2014 to NGN29.67 billion in 2015 while Shareholders' fund was NGN15.54 billion in 2015, up by 5.15% from NGN14.78 billion in 2014.

Investment portfolio grew by 7.54% to NGN17.54 billion in 2015 from NGN16.31 billion in 2014 while Reinsurance reserves were up by 2.76% from NGN10.78 billion in 2014 to NGN11.08 billion in 2015.

Looking Forward

Despite the difficulties economies on our continent are facing, the business spotlight has remained on our emerging market. The impact of insurance on the growing African economy is significant as it plays an important economic and social role. As we all know, the African insurance sector is still at a relatively early stage of development; this is observed in the low penetration rates in comparison to the rest of the world and a continued lack of trust in indigenous African insurance providers. But we are making progress and I am optimistic about the future.

The continent's GDP growth is expected to be a modest 3.4% in 2016 and insurance premium growth should continue to out-pace overall economic expansion. Our pan-African footprint, local market approach, strong financial position and multinational talent repository means that we are well positioned to ride this upside. We maintain our firm commitment to grow our Company sustainably through volume growth, improved operational efficiencies, and development of critical skills. This bolsters our confidence in our optimism that we will continue to deliver top line and bottom line growth on a sustained basis into the future for our shareholders and other stakeholders.

Distinguished ladies and gentlemen, we continue to crave your support as we roll out our next phase Strategy Project 2020 to consolidate our brand presence, enhancing our client services to guarantee sustainable growth and strengthening our already formidable multi-national talent pool to the benefit of our continent at large.

Conclusion

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

Thank you.

Dr. Olufemi Oyetunji
Group Managing Director

2015 Financial year business review

This section seeks to review and analyse the Group's 2015 operating results as compared to the performance in 2014. The objective is to fully explain business operations to help for a better understanding of the Group's performance.

Review of operations

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

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

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

For reporting purposes in 2015, the Group's business was reported along the above regional/subsidiary offices.

Note that from the 2013 financials, C Re started reporting as a group with the capitalization and take-off of the Nairobi office as a subsidiary company and the acquisition of a majority stake in the former Botswana Reinsurance Company Limited, now operating as Continental Reinsurance Company Limited, Gaborone.

The other offices in Douala (established in 2004), Abidjan (established in 2012) and Tunis (established in 2013) together with Lagos which doubles as both the regional office for Anglophone West Africa and Group Head Office operated as regional offices in 2015.

The Group business lines are arranged as follows:

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

Non-life business

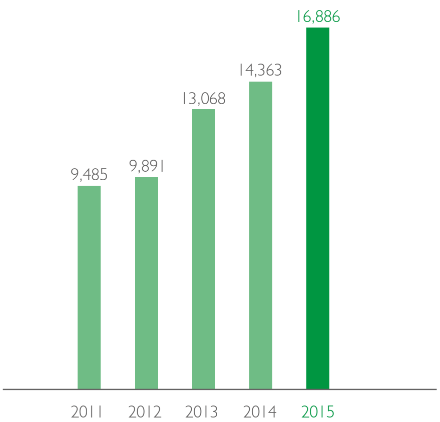
Premium Income

The Group's Non-Life Gross Written Premium grew by 18% in 2015 over the performance in 2014 from NGN14.36 billion to NGN16.89 billion. This performance is a further confirmation of the positive impact of the regional expansion strategy adopted by management.

2015 Financial year business review
continued

The chart below shows C Re's steady Non-Life business growth in the last five years growing at 16% Average Annual Growth Rate (AAGR).

Non-life premium development
Amounts in NGN millions

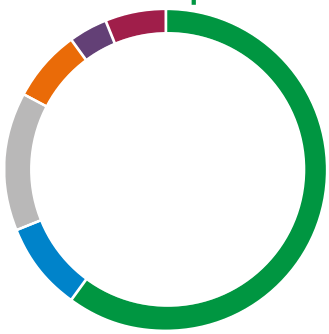


Geographical Distribution
The Company's performance in 2015 is a further confirmation of the success of C Re's geographical expansion strategy. This has helped to further deepen penetration in our markets and spreading of risks. For effective coverage of the African continent, C Re currently operates from six strategic locations across the continent through a combination of regional and subsidiary offices.

The Lagos office's performance has further dropped by 6% year-on-year due to the growth of Tunis regional office and Gaborone subsidiary which businesses were previously handled by the Lagos office. In 2015 the Lagos business constituted 54% of the total Non-Life business compared with prior year which constituted 60%. On the other hand, Tunis office operations recorded a jump of 72% in Non-Life premiums with the proportion to total increasing from 4% in 2014 to 5% in 2015 coming from a low base. Gaborone subsidiary also increased substantially year-on-year by 70% with a proportionate increase of 6% in 2014 to 9% in 2015. Nairobi subsidiary and Abidjan office both had a year-on-year growth of 34% with proportions to total standing at 16% and 8% in 2015 compared to 14% and 7% in 2014 respectively. The performance of Douala office year-on-year was an increase of 10% just as the proportion to total dropped marginally from 9% in 2014 to 8% in 2015.

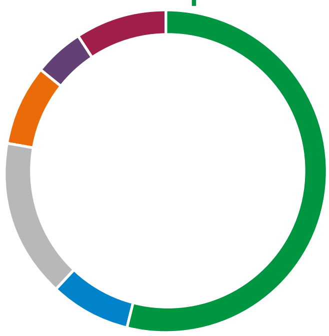
The following charts show the comparative regional performances.

2014 Non-life premium distribution



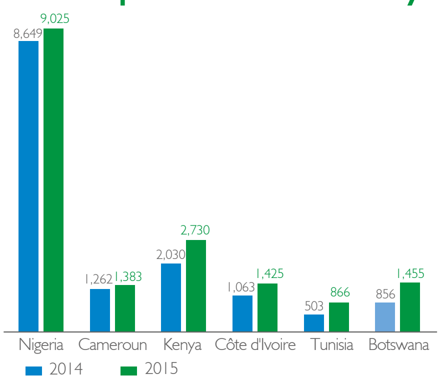
Nigeria	8,649	60%
Cameroun	1,262	9%
Kenya	2,030	14%
Côte d'Ivoire	1,063	7%
Tunisia	503	4%
Botswana	856	6%

2015 Non-life premium distribution



Nigeria	9,025	54%
Cameroun	1,383	8%
Kenya	2,730	16%
Côte d'Ivoire	1,425	8%
Tunisia	866	5%
Botswana	1,455	9%

Non-life premium income analysis

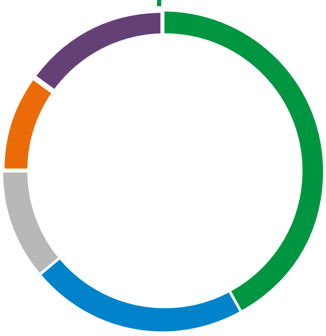


Class of business

The business performance by class in 2015 was mixed just like in 2014. Whereas Fire, Marine and Energy classes of business increased year-on-year in 2015 by 52%, 6% and 4% respectively, Liability and Accident classes decreased by 27% and 11% respectively. The biggest year-on-year change came from Fire class (which remains the dominant class of business) at 52% just as the proportion also increased from 42% in 2014 to 54% in 2015. Energy class recorded the least increase of only 4% in 2015 compared to a 12% decrease in 2014. On the other hand, Liability recorded the most year-on-year reduction of 27% in 2015 with a proportion of 6% in 2015 compared to 10% in 2014. Marine and Accident classes constituted 11% and 22% in 2014 compared to 10% and 17% in 2015 respectively.

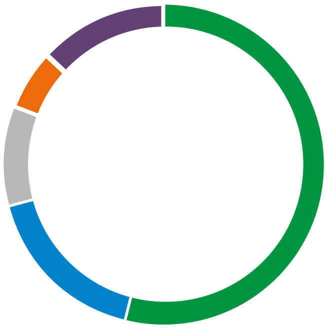
Management plans to consolidate on the 2015 gains by pursuing further the twin growth strategy of consolidation in existing and in new markets and segments.

2014 Gross premium income per business line



Fire	42%
Accident	22%
Marine	11%
Liability	10%
Energy	15%

2015 Gross premium income per business line



Fire	54%
Accident	17%
Marine	10%
Liability	6%
Energy	13%

Claims

The Non-Life Gross Claims paid in 2015 was NGN6.28 billion, 5% increase from the NGN5.95 billion recorded in 2014. This compares favourably to the growth in Gross Premium Income of 18%. Net Claims Incurred (net of reserves for outstanding claims and retrocession recoveries) of NGN7.27 billion in 2015 is 28% higher than NGN5.66 billion in 2014. Net Incurred Claims (Loss) ratio worsened marginally in 2015 at 46% compared to 45% in 2014.

The claims experience in 2015 can be regarded as benign and characterized mainly by frequency with relatively low magnitude. The mixed performances across both classes and regions are possible indications of maturing business.

Commissions and charges

Non-Life Commissions and Charges came to a total of NGN3.43 billion in 2015 compared to a higher figure of NGN3.80 billion in 2014 representing an increase of 10% in nominal terms.

Commission ratio improved substantially to 21% in 2015 compared to 30% achieved in 2014.

2015 Financial year business review
continued

Combined Ratio

Non-Life combined ratio is calculated as a percentage of Net Earned Premium and includes Claims Incurred, Commissions and charges and Management Expenses. The combined ratio for Non-Life operations reduced reasonably by 16% basis point from 93% in 2014 to 77% in 2015 due mainly to the relative reduction in claims experience and related claims reserves. Barring any unusual claims experience, this is expected to moderate further in the next couple of years as increased volume and stability is achieved.

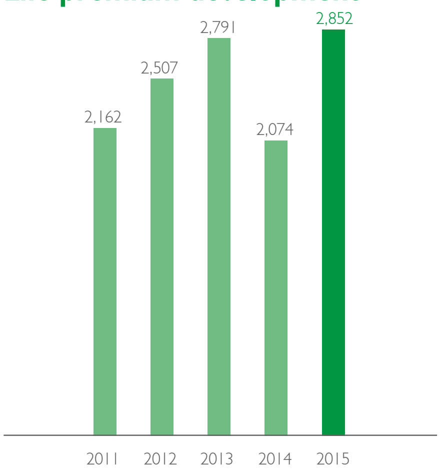
Life business

Premium Income

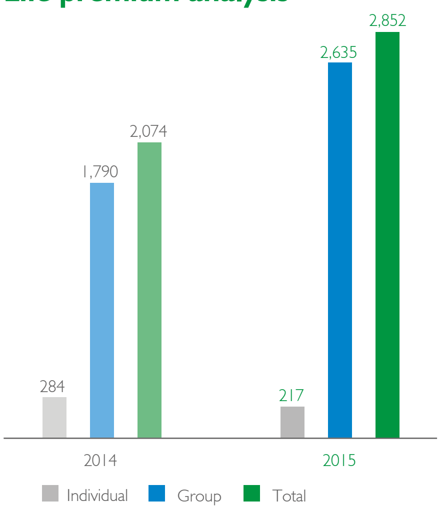
After the slowdown in 2014, Life business picked up in 2015 recording a year-on-year increase of 38% compared to a decrease of 26% in 2014. The increase is due mainly to the consolidation of the gains of previous years and the largely untapped high growth potential across the African continent. In this regard, contributions from the regional offices have remained strong at 14% in 2015, same as in 2014 and are expected to grow in the coming years. As shown in the Chart below, AAGR in the last five years is 10% and the trend is expected to continue.

Group Life contributed 92% of the total of NGN2.85 billion gross premium generated in 2015, up from 86% in 2014. This mix shows the continued dominance of Group Life business, a trend expected to continue over the years due mainly to the impact of the Nigerian Pension Reform Act where the bulk of the premiums are generated. This trend is however expected to taper as the individual life business gains more acceptance.

Life premium development



Life premium analysis



Life Business Outgo

Life Gross Claims Paid in 2015 was NGN1.52 billion compared to NGN1.46 billion in 2014, an increase of only 4%. At an Incurred Claims ratio of 67%, the claims experience got relatively better in 2015 compared to 75% in 2014.

Commission and Charges paid wasNGN635 million in 2015 compared to NGN546 million in 2014 representing a 16% increase, a favourable change compared with the change in premium income.

Investments

Investment objective

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

Accordingly, the principal goal of our asset management strategy is to meet the liability profiles of the Company and make funds available to support insurance obligations. Investments are managed in line with the Board approved policy and National Insurance Commission (NAICOM) guidelines. To achieve these objectives, we use multiple investment vehicles to maintain sufficient liquid resources needed to meet probable insurance claims cash outflows.

Investment portfolio

Group's asset under management as at 31st December 2015 was NGN17.87 billion ($90.93 million) as shown in the table below:

Asset Class	Investment Assets		YTD	Investment Weight	
	31-Dec-15	31-Dec-14	% Change	31-Dec-15	31-Dec-14
	NGN'000	NGN'000			
Cash & Cash Equivalent	6,882,231	3,963,090	73.66%	39%	24%
Available for sale	2,182,415	2,406,037	-9.29%	12%	15%
Held to maturity	3,894,554	4,878,074	-20.16%	22%	30%
Financial Assets Designated as fair value through P & L	1,224,249	1,227,538	-0.27%	7%	7%
Investment Property	2,685,646	2,926,956	-8.24%	15%	18%
Statutory Deposit	1,000,000	1,000,000	0.00%	6%	6%
Total	**17,869,095**	**16,401,695**	**8.95%**	**100%**	**100%**

The Group's assets grew by 8.96% from NGN16.40 billion ($83.47 million) as at 31st December 2014 to NGN17.87 billion ($90.93 million) as at 31st December 2015.

The Company's asset under management as at 31st December 2015 stood at NGN14.32 billion ($72.85 million) as shown in the table below:

Asset Class	Investment Assets		YTD	Investment Weight	
	31-Dec-15	31-Dec-14	% Change	31-Dec-15	31-Dec-14
Cash & Cash Equivalent	4,949,361	2,656,059	86.34%	35%	20%
Available for sale	2,138,627	2,344,614	-8.79%	15%	17%
Held to maturity	3,438,340	4,372,488	-21.36%	24%	32%
Financial Assets Designated as fair value through P & L	104,247	171,524	-39.22%	1%	1%
Investment Property	2,685,646	2,926,956	-8.24%	19%	22%
Statutory Deposit	1,000,000	1,000,000	0.00%	7%	7%
Total	**14,316,221**	**13,471,641**	**6.27%**	**100.00%**	**100.00%**

2015 Financial year business review continued

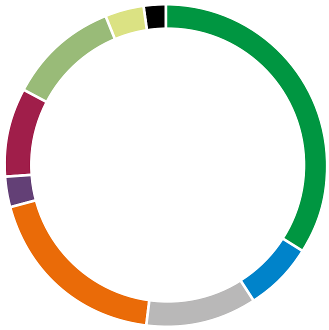
At the Company level, assets under management grew by 6.31% from NGN13.5 billion ($68.56 million) as at 31st December 2014 to NGN14.32 billion ($72.85 million) as at 31st December 2015.

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

Group asset allocation

Placement with banks	38%
Statutory Deposit	6%
Equity	9%
Investment Property	15%
Mutual Funds	9%
FGN Bonds	10%
Corporate Bonds	9%
State Bonds	3%
Treasury Bills	1%

Company asset allocation



Placement with banks	34%
Statutory Deposit	7%
Equity	11%
Investment Property	19%
Mutual Funds	3%
FGN Bonds	9%
Corporate Bonds	11%
State Bonds	4%
Treasury Bills	2%

Regulatory compliance in Nigeria

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

Table of investment allocation and cover for insurance funds

Investment classification	Investment (₦ million)	Insurance Fund (₦ million)	Investment Cover
Investment of Non-Life fund	9,124	7,788	117%
Investment of Life fund	1,492	1,366	109%
Investment of Shareholder's fund	3,700		
Total	**14,316**	**9,154**	

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

	Non Life			Life		
Investment assets	₦'million	% to Fund Total	% Statutory requirement to fund	₦'million	% to Fund Total	% Statutory requirement to fund
Placement with banks	3,783	41%	100%	1,055	71%	100%
Investment Property	1,280	14%	25%	195	13%	35%
Quoted Equities	478	5%	50%	104	7%	50%
Unquoted Equities	790	9%	10%	0	0%	10%
State bonds	535	6%	20%	0	0%	20%
FGN bonds	1,377	15%	100%	137	9%	100%
Corporate Bonds	882	10%	10%	0	0%	10%
Total	**9,124**	**100%**		**1,492**	**100%**	

Market outlook

The Nigeria Equity Market: The performance of the NSE ended poorly in 2015 as indicated by the market indicators – the Market Capitalization and the All-Shares Index. Data from the NSE as at December 31, 2015 showed that the equity market dipped by 17.36 per cent year-to-date compared with a decline of 16.14 per cent posted in 2014. The Market Capitalization, which opened the year at NGN11.478 trillion, lost NGN1.628 trillion to close at NGN9.850 trillion on December 31, 2015 due to huge price losses by some blue chips. The All-Shares Index lost 6,014.90 points or 17.36 per cent to close the year at 28,642.25 on December 31, 2015 from the 34,657.15 it opened at the beginning of the year. The market slumped below its three-year low due to dwindling crude oil price, foreign exchange problems and exodus of foreign portfolio investors. The market was also negatively affected by the instability of the naira exchange rate which discouraged foreign investors from the bourse.

As part of moves to stem the drift in the market and restore public confidence, the Securities and Exchange Commission (SEC) introduced some reforms in the market. These included the Capital Market Master plan, the National Investor Protection Fund and the Direct Market Access, among others. SEC also implemented the electronic dividend payment, de-materialization of share certificates and direct settlement payment, all geared towards boosting investor confidence in the market.

The Nigeria Money Market and Fixed Income Market: In 2015, the money market was very liquid and this has continued to influence market direction. The overnight rate and open buy back rates dipped to 1.25% and 0.88% respectively from 14% and 15% respectively as at end of September, 2015.

The Cash Reserve Ratio (CRR) of banks remained at 25% while the MPR also remained at 13%. As a result of the much liquidity in the market at year-end, the Treasury Bill rates moderated to close the year at 4%, 6.10% and 7.45% for 91 days, 182 days and 364 day tenors respectively.

On the bond market, there was rekindled interest during the year. This led to dips in yields at both the long and short end of the curve. This is also largely driven by the level of liquidity in the market. Yield on the benchmark FGN bond June 2019, January 2022 and March 2024 closed at 9.92%, 10.87% and 10.85% respectively. We expect CBN to continue with its current policies that promotes liquidity in the market and thus rates/yields will remain at current levels.

Investment portfolio performance

Group Return on Investment (ROI) as at 31st December 2015 was 9.08% compared to the target of 8.76%. In absolute terms, group return on investment was NGN1.662 billion ($8.259 million). Of the NGN1.662 billion ($8.25 million), the company contributed NGN1.414 billion ($7.195 million) while the subsidiaries contributed NGN0.209 billion ($1.064 million). Relative to asset under management, Company return on investment was 8.78% while for subsidiaries was 5.83% for Nairobi and 6.43% for Gaborone.

Table of group investment and return as at 31st December 2015

Investment Classification	Value 2015 Actual ₦'000	Return 2015 Actual ₦'000	Yield 2015 Actual %
Placement with banks	6,882,231	382,688	5.56%
Statutory Deposit	1,000,000	103,098	10.31%
Equity	1,586,357	168,438	10.62%
Investment Property	2,685,646	321,059	11.95%
Mutual Funds	1,569,734	24,306	1.55%
FGN Bonds	1,755,495	241,708	13.77%
Corporate Bonds	1,594,865	142,902	8.96%
State Bonds	535,108	60,584	11.32%
Treasury Bills	259,659	178,102	68.59%
Total	**17,869,095**	**1,622,886**	**9.08%**

2015 Financial year business review continued

Cash and cash equivalent – (placement with banks); these are purely money market instruments that comprise of Bankers' Acceptance, Commercial Papers and Term Deposits.

The asset class grew by 5.56% year to date, which is attributed to reclassification of proceeds from sale of quoted equities, part of proceeds from matured FGN bonds and collections. The yield of 5.56% on the asset class is the average of the rates on bank placements across the various currencies. The return on cash and cash equivalent is partly driven by the currency composition of the asset class and the total amount available for investment. Money market rates moderated in the period due to excess liquidity in the system in Nigeria at the end of the last quarter of the year.

The Treasury bill rates dipped to 4%, 6.10% and 7.45% for 91 days, 182 days and 364 day tenors respectively.

The low YTD return of 5.56% achieved was due to the acute decline in rates, resulting from excess liquidity in the system driven by monetary policy adopted by the Central Bank of Nigeria. With improved liquidity in the system, rates will likely remain at the current level in the period ahead.

Equity; the total (realized and unrealized) return on equity was 6.84% as at Dec 2015 while the realized return on equity was 10.62%.

The bulk of the income is dividend income representing 72%; capital gain from disposal of shares is 11% while 17% represents unrealized gain on assets managed by third party.

Previous years' outstanding dividend represents 13% of the total income on equity and 18% of dividend income.

As earlier stated, the market return for the period under review for quoted equities based on NSE All Share Index is -17.36% compared to 6.84% recorded on our equity investments.

YTD dividend return on our externally managed equities portfolio came to NGN7.05 million while the portfolio valuation recorded net appreciation after withdrawal of fund of 9%. The negative year to date change of 39.22% is as the result of withdrawal of fund from the asset class to cash and cash equivalent asset class.

Securities Held to Maturity (HTM): the average yield at the end of the year was 15.04%. The yield was driven by interest income in Treasury bills. There was however a switch of funds from Treasury bills when the discount rate became very low. The income from this class of asset is basically interest income that provides steady cash flow. Held to maturity asset class is made up of corporate bonds and government securities.

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

Total income for the period to 31st December 2015 was NGN321 million (including the capital gain from sale of property and unrealized gain on fair value measurement as at 31st December 2015). The table below shows the distribution of the income on investment property:

Distribution of income on investment property		Return on Property investment	% to total return
	₦'000	%	%
Rental income	125,830	4.69%	39%
Gain on disposal	53,600	2.00%	17%
Fair value gain	141,629	5.27%	44%
Total	**321,059**	**11.95%**	**100%**

Mutual Funds: these are investments in collective investment schemes. The asset class represents 9.00% of the group assets under management. The asset returned the lowest yield of -1.55%.

Future outlook

We anticipate that the Central Bank of Nigeria (CBN) will continue its current policies which promote liquidity in the market and thus rates/yields are likely to remain at current levels.

Inflation is not expected to significantly grow in a way that could adversely affect the Nigerian economy and money market dynamics while we expect exchange rate to remain stable as the CBN has reiterated its commitment not to devalue the Nigerian Naira.

In light of the foregoing outlook, management intends to continue to monitor the market very closely and realign the investment portfolio appropriately to ensure the realization of the Company's investment objectives.

Conclusion

Despite the difficult operating environment characterized by political uncertainties, dwindling economies of Africa's major economies further impacted by the global economic slowdown and the increasing cost of doing business, the Company's performance in 2015 was resilient. The 2015 performance was the result of strategic investments made in the past few years in the areas of geographical expansion, improvements in underwriting skills gained through experience and training and investment portfolio realignment.

The challenges of 2015 are expected to continue into 2016 albeit less intensely. Competition will remain high as foreign reinsurers try to make inroads back to the continent, cost of doing business to continue to go up and increased incidence of claims and regulation. The major challenge for Continental Reinsurance in 2016 will be coping with foreign exchange fluctuations across multiple currencies of Africa. On the flip side however, is the expectation of growth in GDP, middle class and disposable income and also growth in energy exploitation, infrastructure and external investments.

On the balance, the outlook for 2016 is positive and management will continue to pursue its ongoing internal business process and structural renewals. With this, management is determined to drive sustained growth and improved profitability and therefore optimistic of better performance in 2016.

Growth in gross premium income

22%

4

REPORTS

TRUST

Putting customers first by building relationships via localisation

In 2015 we paid claims amounting to NGN 7.8 billion and we received a financial strength rating of B+ (Good) from AM Best, London, the authoritative rating agency.

Directors' report

The Directors present their report together with the audited financial statements of the Group for the year ended December 31st, 2015.

1. Legal form

Continental Reinsurance Plc (or "the Company" or Continental Re") was incorporated as a private limited liability Company on July 24th, 1985. Following its recapitalization in 2007, it was registered by the National Insurance Commission (NAICOM) to continue in business as a reinsurer. It initially commenced business as a general reinsurer and became a composite reinsurer in January 1990. The Company was converted to a public limited liability Company on March 27th, 2000. Its shares were officially listed on the Nigerian Stock Exchange on May 30th, 2007.

2. Principal activity

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

The Company is a pan-African reinsurance Company operating in more than 50 African countries with four regional offices in Lagos (Nigeria), Douala (Cameroon), Abidjan (Cote d'ivoire), Tunis (Tunisia) and two subsidiaries in Nairobi (Kenya) and Gaborone (Botswana). The Company also has 5 percent shareholding each in Aveni Reinsurance and Uganda Reinsurance.

3. Results for the year

The results of the two subsidiaries have been consolidated in the financial statements on pages 81 to 84. Below is a summary of the results for the year under review:

	Group ₦'000	Company ₦'000
Profit before taxation	2,915,593	2,540,244
Income tax expense	(772,805)	(605,857)
Profit after taxation	2,147,788	1,934,387

4. Business review

A review of the 2015 operating results compared to the Group's performance in 2014 and outlook for the ensuing year are contained in the financial year business review.

5. Property, plant and equipment

Movements in property, plant and equipment during the year are shown in note 22 on page 95. In the opinion of the Directors, the market value of the Company's properties is not less than the value shown in the accounts.

6. Dividend

The Board recommends, for approval and payment to shareholders whose names appear in the register of members on Friday, July 15th, 2016, a dividend of 12 kobo (2014: 11 kobo) on each ordinary share of 50 kobo each, amounting to NGN 1,244,729,317.44 (2014: NGN 1,141,001,874.54) from the profit after tax and from retained earnings account. The dividend is subject to deduction of withholding tax at the appropriate rate.

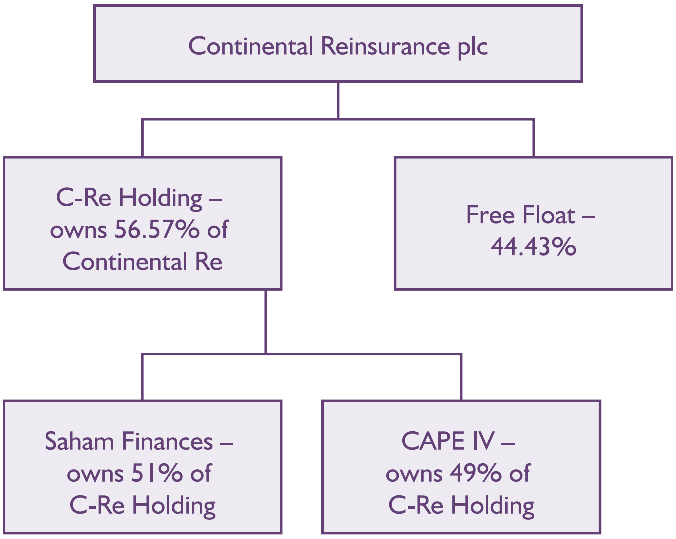
7. Event after reporting date

There are no post-Balance Sheet events which could have had a material effect on the state of affairs of the Company as at December 31st, 2015 or on the profit for the year ended on that date that have not been adequately provided for or disclosed.

8. Change in beneficial holding of C-Re Holding Ltd

C-Re Holding Limited ("C-Re Holding") is the Company's majority shareholder. In September 2015, ECP Africa Fund II and its partners (the "ECP Fund II Consortium"), the owners of C-Re Holding, sold their 100% holding in C-Re Holding to Saham Finances ("Saham"), the insurance arm of the Moroccan domiciled financial services group. After the year end, Saham diluted its investment in C-Re Holding from 100% to 51% and transferred 49% to Capital Alliance Private Equity IV Limited ("CAPE IV"), a private equity fund sponsored by African Capital Alliance ("ACA"), a leading independent investment firm focusing on the Sub-Saharan African region. C-Re Holding's current shareholding in Continental Re is 56.57% comprising the 53.64% held in 2015 before its acquisition by Saham and a further 2.93% from other stock acquisitions. All the transactions have been approved by the regulatory authorities.

Below is the new shareholding structure:



The new structure will position Continental Reinsurance favourably to bolster the Group's strategic objectives and strengthen what the Group had achieved over the past few years in terms of its pan-African foothold, expansionary plans and market positioning as the largest private pan-African reinsurer, outside of South Africa.

With the new shareholding structure, there will be continued focus on the Group's vision and strategy. There will also be no change to the Group's strong pan-African brand or underwriting philosophy, whilst the Board will remain independent.

9. Changes on the Board

9.1 During the year Mr. Hurley Doddy, Mr. Vincent Le Guennou, Ms. Nana Appiah-Korang, Mr. Bakary H. Kamara and Mr. Johnnie F. Wilcox all representatives of C-Re Holding Ltd on the Board resigned with effect from September 11th, 2015 and the following persons were appointed Directors representing C-Re Holding Ltd with effect from the same date.

a) Mrs. Nadia Alaoui Fettah
b) Mr. Raymond Farhat
c) Mrs. Ahlam Bennani
d) Mr. Merrick Wayne Oeschger
e) Mr. Joel A. Ackah
f) Mr. Raoul Didier Moloko

9.2 After the year end, and following the dilution by Saham of its investment in C-Re Holding through the transfer of 49% to CAPE IV, Mr. Joel A. Ackah and Mr. Raoul D. Moloko resigned from the Board with effect from March 1st 2016 and were replaced by Mr. Paul Ojei Kokoricha and Mr. Steve Olisa Iwenjora with effect from the same date.

In compliance with the requirement for an Independent Director, Mr. Ian Alvan Tofield was appointed an Independent Non-Executive Director with effect from April 27, 2016.

The appointments of the new Directors will be presented for approval of the shareholders at the Annual General Meeting.

10. Retirement by rotation

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

11. Directors' interests

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

Directors' report
continued

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

	2015		2014	
Directors	Direct	Indirect	Direct	Indirect
Mr. Hurley Doddy (Resigned 11/9/15)	Nil	•	Nil	•
Dr. Olufemi Oyetunji	11,140,500	Nil	11,140,500	Nil
Mr. Lawrence M. Nazare	Nil	Nil	Nil	Nil
Mr. Vincent Le Guennou (Resigned 11/9/15)	Nil	•	Nil	•
Mrs. Nana Appiah-Korang (Resigned 11/9/15)	Nil	•	Nil	•
Mr. Bakary H. Kamara (Resigned 11/9/15)	Nil	•	Nil	•
Mr. Johnnie Wilcox (Resigned 11/9/15)	Nil	•	Nil	•
Mr. David S. Sobanjo	2,140,350	218,714,265	2,140,350	218,714,265
Mr. Foluso Laguda	200,000	429,538,696	200,000	425,080,999
Mrs. Nadia A. Fettah	Nil	•	Nil	Nil
Mr. Raymond Farhat	Nil	•	Nil	Nil
Mrs. Ahlam Bennani	Nil	•	Nil	Nil
Mr. Merrick Oeschger	Nil	•	Nil	Nil

Note
* The indirect interest of Mrs. Nadia A. Fettah, Mr. Raymond Farhat, Ms. Ahlam Bennani and Mr. Merrick Oeschger who replaced Mr. Hurley Doddy, Mr. Vincent Le Guennou, Ms. Nana Appiah-Korang, Mr. Bakary H. Kamara, and Mr. Johnnie Wilcox as representatives of C-Re Holding Ltd, the majority shareholder, is 5,868,136,539 shares.
* Mr. David Sobanjo represents AIICO Insurance Plc
* Mr. Foluso Laguda represents Salag Ltd.

12. Directors' interests in contracts
For the purpose of Section 277 of the Companies and Allied Matters Act, CAP C20, LFN 2004, none of the Directors has notified the Company of any declarable interest in contracts with which the Company was involved as at December 31st, 2015.

13. Substantial shareholding
According to the register of members, the following shareholders held more than 5 percent of the issued share capital of the Company as at December 31st, 2015:

Ordinary Shares of 50 kobo each

	2015		2014	
	Number	%	Number	%
C-Re Holding Ltd	5,868,136,539	56.57	5,563,870,691	53.64
STANBIC Nominees Nig. Ltd [Trading A/C]	662,120,181	6.38	570,000,000	5.50

14. Acquisition of own shares
The Company did not purchase any of its own shares during the year (2014: Nil).

15. Ownership structure

	December 31st, 2015			December 31st, 2014		
	No. of holders	No. of shares	%	No. of holders	No. of shares	%
Foreign	31	6,083,628,507	58.65	30	5,757,753,438	55.51
Nigeria	5,889	4,289,115,807	41.35	5,867	4,614,990,874	44.49

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

17. Principal brokers

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

Local

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

Foreign

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

18. Donations

During the year under review, the Company made donations amounting to NGN5,771,300.00 to various charitable organizations within and outside Nigeria. The recipients are the following:

	NGN
SOS Children's Village, Nigeria	2,322,421.80
Wesley Schools 1 & 2 for Hearing Impaired Children, Lagos	350,000.00
Pacelli School for the Blind & Partially Sighted Children, Lagos	250,000.00
Onikan Health Centre, Lagos	200,000.00
National Handicap Carers Association of Nigeria (NAHCAN), Lagos	250,000.00
Little Saints Orphanage, Lagos	250,000.00
Hearts of Gold Children Hospice, Lagos	300,000.00
Lagos State Rehabilitation Centre, Ikorodu	148,950.00
Star Children Development Initiative, Ibadan	200,000.00
Special Persons Association of Nigeria	150,000.00
Street Project Foundation - Cancer Screening Project for Females	300,000.00
Ajofa Special Education Foundation for the deaf	150,000.00
Centre Des Handicapes Moteurs Don Orione, Abidjan, Cote D'ivoire	399,968.20
Njindom Health Centre in the Northwest Region of Cameroon	499,960.00

19. Analysis of shareholding

The issued and fully paid up share capital of the Company as at December 31st, 2015 was NGN 5,186,372,156.00 divided into 10,372,744,312 ordinary shares of 50 kobo each. The range of shareholding is as follows:

Range Holdings	Number of Holders	Holdings	%
1 – 1,000	735	434,598	0.00
1,001 – 5,000	1,221	4,009,661	0.04
5,001 – 10,000	924	8,121,930	0.08
10,001 – 50,000	1,631	45,258,228	0.44
50,001 – 100,000	601	51,621,696	0.50
100,001 – 500,000	533	129,098,762	1.24
500,001 – 1,000,000	115	84,920,827	0.82
1,000,001 – 5,000,000	98	224,807,518	2.17
5,000,001 – 10,000,000	27	193,430,792	1.86
10,000,001 – 50,000,000	25	659,750,597	6.36
50,000,001 – 100,000,000	7	509,351,920	4.91
100,000,001 – 999,999,999,999	11	8,461,937,785	81.58
	5,928	**10,372,744,312**	**100**

20. Unclaimed dividends

Total unclaimed dividends as at December 31st, 2015, was NGN 173,784,035.64. In line with the directive of the Securities and Exchange Commission, the balance of unclaimed dividends with the Registrars were transferred during the year to the fixed deposit account maintained with Sterling Bank Plc. The account is jointly managed by both the Company and Sterling Registrars. The total amount in the account as at December 31st, 2015 was NGN 324,575,548.43.

Directors' report
continued

21. Employment and Employees

Employment Policy

The Company believes that people are its most important asset in achieving its business objectives. It conforms with all regulatory requirements in the employment of staff, whilst also ensuring that only fit and proper persons are approved for appointment to board or top management positions. All prescribed pre-employment screening for prospective employees and other requirements for regulatory confirmation of senior management appointments are fully implemented. The Company provides policies and best practices that will make employees to deliver the best results by giving priority to their professional fulfilment and ensuring that they acquire the right competencies.

The Company treats all employees, prospective employees and clients fairly and equally regardless of their gender, sexual orientation, family status, race, colour, nationality, ethnic or national origin, religious belief, age, physical or mental disability, or any such factor. Therefore, as an equal opportunity employer, the Company ensures diversity and inclusion in its people management activities.

Employment of Disabled Persons

All employees are given equal opportunities to develop. In the event of an employee becoming disabled in the course of employment, where possible, the Company is in a position to arrange appropriate training to ensure continuous employment of such employee without subjecting him/her to any disadvantage in his/her career development and, in addition, ensures that they fit into the Company's working environment. Currently, the Company does not have any physically challenged person and in the period under review, the Company did not have any person on its staff list with physical disability.

Health, safety at work and welfare of employees

The Company maintains business premises designed with a view to guaranteeing the safety and healthy living conditions of its employees and clients alike. Health and safety regulations are ensured in all the Company's offices and employees are aware of the existing regulations while adequate information on health related issues are provided regularly. The Company provides free medical care to employees and a number of their immediate family members through retainer agreement with reputable medical care providers, as well as through health insurance schemes. Employees also undergo comprehensive medical examination regularly. In addition, employees are adequately insured against occupational and other hazards. Fire prevention and fire-fighting equipment are installed in strategic locations in all the offices.

Furthermore, the Company has in place, Personal Accident Insurance Scheme and Group Life insurance covers for all its employees. It contributes to Employees' Compensation in accordance with the Employees Compensation Act 2011. It also operates a contributory pension plan in line with the Amended Pension Reform Act, 2014 as well as Retirement Benefit Scheme approved by the Joint Tax Board.

Learning and development

The Company places high premium on the development of its workforce. Consequently, employees are sponsored to attend both locally and overseas organized training courses, workshops, seminars and conferences during the period under review for knowledge acquisition and professional networking. These are complemented by e-learning, on-the-job training and training attachments in reputable reinsurance companies and with retrocessionaires.

Employees involvement and engagement

The Company encourages participation of employees in arriving at decisions in respect of matters affecting their well-being and ensures this through various fora like general staff meetings, where employees are informed on matters concerning them. Management and team retreats, informal lunch sessions with the leadership were also used to promote employee engagement. Formal and informal channels are also utilized in communication with employees ensuring appropriate two-way feedback mechanism.

Employee remuneration and talent management

It is the policy of the Company to pay its employees competitive remuneration. In line with this, job evaluation and remuneration surveys are carried out regularly to guide in recruiting, motivating and retaining high talents to achieve the Company's business objectives.

Internal communication/employee relationship

The Company recognizes the importance of effective internal communication and employee relationship for the success of its diversification and growth strategy. It has put in place systems that ensure information flow and information sharing among its employees. The channels of communication adopted include face-to-face interaction, use of telecommunication devices, meetings, social media platforms, newsletters, notice boards, intranet, e-mails and other appropriate communication platforms. Internal communication promotes employee involvement and harnessing employees' contributions in decision making that enhance the achievement of the Company's strategic goals and initiatives.

22. Auditors

In compliance with clause 8.0 (iii) of the NAICOM Code of Good Corporate Governance which limits the tenure of office of Auditors to five (5) years, the Auditors, Messrs. Ernst & Young, having spent five (5) years as auditors of the Company, will not be seeking re-appointment.

A resolution will be proposed at the Annual General Meeting to appoint new Auditors and to authorise the Directors to fix their remuneration.

23. Audit Committee

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

BY ORDER OF THE BOARD

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

6, Catholic Mission Street (8th Floor),
Lagos

Dated: April 27, 2016

Corporate governance report

Effective corporate governance continued to be fundamental to the attainment of Continental Reinsurance group's strategic goals. The Board oversees the Group's governance structure and effectively ensured that the Company was managed in an effective and efficient manner, through commitment to the highest standards of governance and ethical practices in order to protect and enhance shareholder value as well as meet the Company's obligations to its employees and other stakeholders.

2. Responsibilities of the Board

The Board has responsibility for formulating policies and agreeing the long term strategic objectives of the Group and ensuring that the implementation of the policies and objectives by the Management are in accordance with the risk limits approved by it. The Board authorizes and effectively monitors strategic decisions, compliance with policies and achievement against objectives through quarterly performance reporting and budget reviews. During the year and in line with its responsibilities, the Board reviewed and approved final and quarterly interim results; reviewed updates on progress made in respect of the proposed Group structure and proposed Capital Requirement, reviewed progress reports by heads of the various divisions on Technical Operations, Information Technology, Enterprise Risk Management, Investments, Corporate Services and Statutory Compliance. The Board also reviewed the performance of Regional Offices and Subsidiaries; approved Policies, Retrocession Strategies for 2016, Risk Appetite, 2016 Operating and Capital Expenditure Budgets and considered other matters on the operations and strategies of the Company. Other responsibilities of the Board as contained in the Board Charter include the following:

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

The Board continued to operate under sound business ethics and has established a system that ensures the fulfillment of the long term strategic goals of the group whilst taking into account the expectations of the shareholders and key stakeholders including employees, clients and the community within which the Company operates. The Company is structured to allow for effective and efficient decision making.

The Board has a schedule of matters exclusively reserved for its consideration and decision making. These include approval of the Group's business strategy; annual operating budget and capital expenditure budget; financial statements; investment policy; dividend policy; material investments and disposals; risk management strategy/risk appetite; matters relating to share capital; major capital projects; selection of accounting reference period, staff matters including remuneration, reward, recruitment and promotion of Senior Management.

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

3. Board Committees

The Board continued to direct the affairs of the Company through the three standing Board Committees which assist it in the execution of its responsibilities. The Committees functioned effectively during the year and operated within the powers delegated to them by the Board. The Committees and the terms of reference of each are set out below:

Terms of reference of the Committees

Corporate Governance, Nomination and Remuneration Committee

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

Underwriting Committee

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

Investment/Finance, General Purposes Committee

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

Corporate governance report
continued

4. Management Committees

Executive Management Committee

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

Other Committees include Management Committee, Enterprise Risk Management Committee; Technical Committee, Credit Control Committee and Treaty Wording Committee while ad-hoc Committees are set up from time to time and as the need arises to address specific issues.

5. Board of Directors

5.1 Composition and structure

Following the divestment by the ECP Fund II Consortium and the consequent resignations of Directors representing C-Re Holding Ltd in the third quarter, the Board was strengthened by the appointments of new Directors who have extensive knowledge of the business of the Company.

The Board is currently comprised of eleven (11) Directors made up of eight (8) Non-Executive Directors including the Chairman, one (1) Independent Non-Executive Director and two (2) Executive Directors. To accommodate the Independent Director, the composition of the Board was restructured by the conversion of the executive position occupied by the former Executive Director (Finance) to a non-executive position. All the Directors are individuals with diverse mix of skills, experience and expertise appropriate for the Company's business needs. Individual directors are persons with upright personal characters and knowledge on Board matters, a sense of accountability, integrity and are fully committed to enhancing shareholder value.

Mrs. Nadia Alaoui Fettah was elected Chairman of the Board with effect from October 30th, 2015.

To avoid concentration of power in one individual, the roles of the Chairman and the Group Managing Director/CEO remained separate and are clearly defined in the Board Charter. The Chairman is primarily responsible for managing and ensuring the effectiveness of the Board. The Chairman's responsibilities also include, amongst others, providing and creating conducive atmosphere at Board Meetings for the effective performance of the individual Directors, ensuring that directors and shareholders receive accurate, timely and clear information, ensuring that the performance of the Board and of individual directors are evaluated at the end of each financial year and ensuring that issues raised by shareholders are appropriately considered by the Board and promoting the highest standard of Corporate Governance. The Managing Director heads the management team and reports to the Board. He has responsibility for effective day to day running of the Company and management controls and ensuring the achievement of corporate goals and the attainment of business targets.

5.2 Term of office of Directors

In line with the Company's Articles of Association one third of the Directors excluding the Executive Directors and those appointed by the Board during the year, retire by rotation at each Annual General Meeting. The Directors who retire by rotation in each year are those who have been longest in office since their last election/re-election. Appointments of Directors by the Board during the year to fill casual vacancies and as addition to the existing Directors are presented for approval at the Annual General Meeting immediately following their appointments. The names of Directors to retire by rotation at this Annual General meeting as well as those whose appointments will be presented for approval at the Annual General Meeting are stated in the Directors' report.

5.3 Profiles of directors seeking re-election/approval of appointment

5.3.1 Directors seeking re-election

Mr. David S. Sobanjo

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

Mr. Foluso Laguda
Mr. Foluso Laguda holds an MBA from Imperial College, London, UK with specialization in Entrepreneurship and Corporate Finance; a Bachelor of Engineering Honours Degree in Mechanical Engineering from UMIST, Manchester, UK. He is an experienced Strategy Consultant with over 15 years of leadership in advisory, information and research businesses. He has worked with several global corporations across Consumer Packaged Goods, Technology Media and Telecoms, and Financial Services sectors – on the development and implementation of business growth and innovation programmes. He is a member of the Institute of Directors (MIoD) in both Nigeria and the UK and currently serves on the board of several companies including SALAG Limited. He joined the Board of Continental Re as a Non-Executive Director on September 18th, 2013.

5.3.2 Directors seeking approval of their appointments
Mrs. Nadia Fettah
Mrs. Fettah was appointed to the Board of Continental Reinsurance on September 11th, 2015 representing C-Re Holding Ltd and is currently the Chairman of the Board. She is a graduate of Ecole des Haute Etudes Commerciales, Paris, France. She is currently Deputy CEO Finance/Mergers and Acquisitions of Saham Group and Deputy Managing Director in charge of operations and finances in Saham Finances SA, Morocco. She has led in various global acquisition transactions on behalf of Saham Finances. Prior to joining Saham she worked with a number of global corporations including Alfen Conseil as Managing Partner and Financial Advisor; CNIA SAADA Insurance as General Manager in charge of Finance and Support Services Division. In 2000 she founded Maroc Invest Finance Group, a Moroccan company that specialized in the management of investment funds and corporate finance. She is on the Board of Unitrust Insurance Co. Ltd.

Mrs. Fettah began her career in 1992 with Arthur Andersen as a manager after which she joined AXA Assurances where she rose to become Head of the Life Department. She is the founder and treasurer of the Club of the Women Board Members in Morocco and a member of the International network of women corporate directors.

Mr. Raymond Farhat
Mr. Farhat is currently the Managing Director of Saham Finances. He is a Chartered Accountant and he holds a Degree in Economics from the University of Social Sciences – Toulouse 1 (1979). His experience in Finance spanned over 30 years. He started his professional career in 1979 with Ernst & Young as a chartered accountant from where he joined Group Libano-Suisse d'Assurances, Ivory Coast, a Lebanese-Swiss Insurance Company, as Internal Auditor in 1981 and rose to become a Director in 1986. He joined the COLINA Group in 1989 and became General Manager of COLINA SA, Ivory Coast. He re-structured the company in 2005 by creating COLINA Participations SA, Ivory Coast and continued as its Managing Director. He was also a Director of COLINA Corporate SAS – Morocco.

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

Mrs. Ahlam Bennani
Mrs. Bennani graduated from the Graduate School of Management of Rouen, France. She began her career in 2000 with Arthur Andersen/Ernst & Young Casablanca where she rose to senior Manager Transaction Advisory and Business Advisory. She joined Saham Finances (Insurance Division) in 2011 and is currently Director, mergers and acquisitions. Her technical competencies include advisory on mergers and acquisitions for local, international firms and equity funds; advisory for major operators in risk management and performance improvement; project management and change management. She became a Non-Executive Director of Continental Reinsurance representing C-Re Holding on September 11th, 2015.

Mr. Merrick Oeschger
Mr. Merrick Oeschger is an Insurance specialist with experience spanning over 15 years. He began his career as an underwriting clerk in 1988 and progressed to hold senior executive positions in some of South Africa's largest insurance companies. He also worked in various capacities with some of Africa's largest Insurance companies including Mutual & Federal Insurance Group in South Africa, Namibia, Botswana and Zimbabwe; the Santam/Sanlam Group and has been a Director of more than 25 companies in the Insurance Industry in Africa and other emerging markets. He has since 2009 focused on the insurance industry in emerging economics in Africa, India and South East Asia. Mr. Oeschger started his own consulting business in 2012 to focus on emerging insurance markets and is currently an Insurance Industry Consultant. He joined Continental Reinsurance as a Non-Executive Director representing C-Re Holding Ltd on September 11th, 2015 and also serves on the Board of Unitrust Insurance Co. Ltd.

Mr. Paul Oje kokoricha
Mr. Kokoricha is a fellow of the Institute of Chartered Accountants of Nigeria and holds a Bachelor of Science Degree in Economics (2nd Class Upper Division) from the University of Nigeria, Nsukka. He is a senior investment professional with over 30 years of experience in the financial services industry. He is currently a partner in African

Corporate governance report
continued

Capital Alliance and the Fund Manager in charge of the firm's private equity funds. In his role as Fund Manager, Mr. Kokoricha has been actively involved in all aspects of private equity investment management leading the firm's activities on deal-sourcing, deal-making, value creation and overall management of the portfolio investments in a way that maximizes value for investors. Prior to joining African Capital Alliance, he was Group Head of Operations at Liberty Bank Plc with responsibility for trade finance products, financial controls and retail banking operations. He started his career with Arthur Andersen, providing accounting, consulting and audit services to various clients in financial services, oil & gas and manufacturing. He has extensive experience in private equity as well as business turnarounds, transformation and reorganization. Mr. Kokoricha was appointed to the Board as a Non-Executive Director representing C-Re Holding Ltd after the year end on March 1st, 2016. He also serves as a Director on the Boards of Cornerstone Insurance Plc, Bankers Warehouse Plc and Swift Networks.

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

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

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

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

5.4 Multiple Directorship
Majority of the Directors serve on other Boards and this has not interfered with their ability to discharge their responsibilities on the Board of the Company. They have demonstrated that they have sufficient time to devote to the business of the Company through regular attendance at all Board and Board Committee meetings and effectively discharged their duties during the year.

5.5 Directors' and officers' liability insurance
The Company maintains Directors' and Officers' Liability Insurance cover for all the Directors.

5.6 Directors' induction and training and development
There is a formal induction programme for newly appointed Directors to familiarise them with the Company's operations, strategy, senior management and business environment. On joining the Board, Directors receive an induction pack which contains information on the Company's business, products and services corporate profile; ethics and philosophy; duties of Directors; organization structure; Directors' Code of Conduct; rules on Insider Trading and Directors' dealing in the Company shares; terms of reference of each of the Board Committees, the Company's strategic plan, Memorandum and Articles of Association, statutory codes of Corporate Governance, approved policies, staff handbook, schedule of Meetings for the year; minutes of most recent meetings and other relevant information.

There is also an approved training plan for Directors but no training was organised during the year due to the changes on the Board. However, each Director receives quarterly reports and updates on the activities of the Company and the group including financial results.

For their continuing development and to enhance their performance, Directors are encouraged to attend external courses, conferences, seminars, workshops and other relevant training programs at the Company's expense.

5.7 Right of Directors to seek independent professional advice

The Directors are at liberty to seek independent professional advice in furtherance of their duties should the need arise and at the Company's expense. In addition, all the Directors have access to the advice and services of the Company Secretary as well as other professionals in areas where such advice will improve the quality of their contributions to the overall decision making process.

5.8 Board Evaluation

In view of the changes on the Board during the year, the Board evaluation planned for late 2015 could not be done. The Board will be seeking the authority of members at the Annual General Meeting to appoint an external consultant to conduct the evaluation for the year ending December 31st 2016.

5.9 Board Meetings

Eight (8) Board meetings were held during the year of which four (4) were regular Board meetings. Items considered included the review and approval of Annual and quarterly financial Statements, review of proposed group structure; review of proposed capital requirements; review of management reports on technical operations, information technology, enterprise risk management, investments, corporate services and statutory compliance; review of performance of regional offices and subsidiaries, Approval of Risk appetite; divestment by ECP Africa Fund II Consortium, review and approval 2016 operating and capital expenditure budgets, approval of retrocession strategy for 2016, review and approval of policies and other issues on the operations and strategies of the Company and the Group. Board papers were sent to all Directors in advance of meetings and Directors were also provided appropriate and relevant information to enable them make informed decision on any matter before them. Directors who were unable to attend any of the meetings gave apologies for absence and also appointed alternates to represent them at the meetings.

5.10 Directors' Attendance at Meetings

The dates of the meetings and details of Directors' attendance at the meetings are shown in the table below. As stated in the Directors' Report, Mr. Hurley Doddy, Mr. Vincent LeGuennou, Ms. Nana Appiah-Korang, Mr. Bakary Kamara and Mr. Johnnie Wilcox resigned with effect from September 11th 2015 while Mrs Nadia Fettah, Mr. Raymond Farhat, Mrs. Ahlam Bennani and Mr. Merrick W Oeschger were appointed Directors with effect from the same date:

Directors	25/02/15	24/04/15	03/06/15	15/06/15	29/07/15	11/09/15	30/10/15	30/11/15
Mr. Hurley Doddy	✗[1]	✓	✓	✓	✓	✓	n/a	n/a
Dr. Olufemi Oyetunji	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Lawrence M. Nazare	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Vincent Le Guennou	✗	✗	✓	✓	✗[2]	✗[3]	n/a	n/a
Mr. David S. Sobanjo	✓	✓	✓	✓	✓	✓	✓	✓
Ms. Nana Appiah-Korang	✓	✓	✓	✓	✓	✓	n/a	n/a
Mr. Bakary H. Kamara	✓	✓	✓	✓	✓	✓	n/a	n/a
Mr. Johnnie Wilcox	✓	✓	✓	✓	✓	✗[4]	n/a	n/a
Mr. Foluso Laguda	✓	✓	✓	✓	✓	✓	✓	✓
Mrs Nadia A. Fettah	n/a	n/a	n/a	n/a	n/a	n/a	✓	✓
Mr. Raymond Farhat	n/a	n/a	n/a	n/a	n/a	n/a	✓	✗
Mrs. Ahlam Bennani	n/a	n/a	n/a	n/a	n/a	n/a	✓	✓
Mr. Merrick W. Oeschger	n/a	n/a	n/a	n/a	n/a	n/a	✗	✓

[1] Mr. Johnnie Wilcox was alternate to Mr. Hurley Doddy
[2] Ms. Nana Appiah-Korang was alternate to Mr. Vincent Leguennou
[3] Mr. Hurley Doddy was alternate to Mr. Vincent Leguennou
[4] Ms Nana Appiah-Korang was alternate to Mr. Johnnie Wilcox
n/a-not yet appointed director or had resigned from the Board

Corporate governance report
continued

6. Meetings of Board Committees

Each of the Committees met three (3) times during the year. Agenda for each meeting and papers for consideration at the meetings were circulated well in advance of the meetings. The Chairmen of the Committees report verbally on the proceedings of the Committees at the Board meeting following meetings of the Committees while minutes of meetings of all the Committees are circulated to all the Directors

6.1 Records of attendance at Meetings of the Committees

Corporate Governance, Nomination and Remuneration Committee

Members	24/02/15	23/04/15	28/07/15	Total Attended
Mr. Bakary H. Kamara (Chairman)	✓	✓	✓	3
Mr. David S. Sobanjo	✓	✓	✓	3
Ms. Nana Appiah-Korang	✗	✓	✓	2
Mr. Foluso Laguda	✓	✓	✓	3

Underwriting Committee

Members	24/02/15	23/04/15	28/07/15	Total Attended
Mr. Bakary H. Kamara (Chairman)	✓	✓	✓	3
Mr. David S. Sobanjo	✓	✓	✓	3
Mr. Johnnie Wilcox	✓	✓	✓	3
Dr. Olufemi Oyetunji	✓	✓	✓	3
Mr. Lawrence Nazare	✓	✓	✓	3

Investment/Finance, General Purposes and ERM Committee

Members	24/02/15	24/04/15	29/07/15	Total Attended
Mr. Vincent LeGuennou (Chairman)	✗[1]	✗[1]	✓	1
Ms. Nana Appiah-Korang	✓	✓	✓	3
Mr. Johnnie Wilcox	✓	✓	✓	3
Mr. Foluso Laguda	✓	✓	✓	3
Dr. Olufemi Oyetunji	✓	✓	✓	3
Mr. Lawrence Nazare	✓	✓	✓	3

[1] Ms. Nana Appiah-Korang was also alternate to Mr. Vincent LeGuennou

The Ad-Hoc Building Committee charged with reviewing proposals in respect of the development of the Company's properties and making recommendations to the Board also met during the year.

In the last quarter of the year, the risk management function of the Investment/Finance, General Purposes and ERM Committee was transferred to the Underwriting Committee. The two Committees were then renamed as follows:

- Investment/Finance, General Purposes Committee
- Underwriting and Risk Management Committee

In view of the changes on the Board, the three standing Committees and the Ad-Hoc Building Committee were reconstituted after the year end on April 27, 2016 as follows:

Investment/Finance, General Purposes Committee

- Mr. Raymond Farhat – Chairman
- Ms. Ahlam Bennani
- Mr. Foluso Laguda
- Mr. Paul O. Kokoricha
- Mr. Steve Iwenjora
- Executive Directors

Underwriting & Risk Management Committee

- Mr. Merrick Oeschger - Chairman
- Mr. David S. Sobanjo
- Mr. Steve Iwenjora
- Executive Directors

Corporate Governance, Nomination and Remuneration Committee

- Mr. Paul Kokoricha - Chairman
- Mr. Raymond Farhat
- Mr. David Sobanjo
- Mr. Foluso Laguda
- Ms. Ahlam Bennani

Ad-Hoc Building Committee

- Mr. David S. Sobanjo – Chairman
- Mr. Merrick Oeschger
- Mr. Paul Kokoricha
- Executive Directors

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

7. Statutory Audit Committee

The Company has a six member Audit Committee consisting of equal number of Directors and representatives of the shareholders. The Committee was established in accordance with the provisions of Section 359, subsections 3 and 4 of the Companies and Allied Matters Act CAP C20, LFN 2004 which provides that the Committee shall consist of an equal number of Directors and representatives of shareholders of the Company subject to a maximum number of six members. The representatives of the Board on the Committee are Non-Executive Directors.

The Committee held four meetings during the year and, in line with its terms of reference, reviewed (i) audited and interim financial statements ensuring that they are in line with regulatory requirements and are in accordance with acceptable accounting standards; (ii) the Management Letter on the Audit of the audited Financial Statements; (iii) the scope and planning of audit requirements; (iv) the procedure put in place to encourage whistle blowing; and (v) quarterly internal audit reports. The Committee reviewed and made recommendations to the Board in regard to the remuneration of the external auditors of the Company. The group Managing Director, the Executive Director, the CRO, the Heads of Finance and Internal Audit attended meetings of the Committee.

Record of attendance of members at the meetings of the Committee is set out below:

	Meetings				
Members of the Committee	24/02/2015	23/04/2015	28/07/2015	26/10/2015	No. of Meetings Attended
Custodian & Allied Insurance Plc represented by Mr. Wole Oshin (Chairman)	✓	✗	✓	✓	3
SONAR – Burkina Faso represented by Mr. Denis Ouedraogo [1]	n/a	n/a	n/a	✓	1
I & I Investment represented by Mr. Blakey O. Ijezie	✓	✓	✓	✓	4
Mr. David S. Sobanjo	✓	✓	✓	✓	4
Mr. Bakary H. Kamara (Resigned w.e.f 11/09/15)	✓	✓	✓	n/a	3
Ms. Nana Appiah-Korang (Resigned w.e.f 11/09/15)	✗	✓	✓	n/a	2

[1] Mr. Ouedraogo was elected on 30/07/15 in place of Mr. Andre Bayala who died on 10/03/15
n/a - not a member of the Committee on the dates of the meetings or had resigned

8. Company Secretary

The Company Secretary has the primary duty of assisting the Board and the Management in entrenching good corporate governance practices. She is responsible for designing and implementing induction programme for new Directors and coordinates the training of all Directors. She ensures that Directors receive timely and appropriate information on all matters relating to the Board and the Company. During the year, the Company Secretary provided necessary assistance and information as were required by members of the Board and the Committees.

9. Remuneration

9.1 Non-Executive Directors

Non-Executive Directors are paid annual fee as approved from time to time by the shareholders in general meeting based on the recommendation of the Board. In addition and as may be determined from time to time by the Board, non-Executive Directors are also paid sitting allowance and are reimbursed expenses incurred by them in attending and returning from meetings of the Company. Each quarterly meetings of standing Board Committees and the related Board meeting are treated as one meeting and no separated sitting allowance is paid for meetings of the Committees. With respect to Ad-Hoc Committees, Non-Executive Directors on such Committees receive sitting allowance for attendance at the meetings.

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

9.2 Executives

The Company's policy with respect to the remuneration of the Executive Directors and other senior executives is formulated to attract, retain and compete for talents both locally and internationally. The policy is also formulated to motivate and enhance commitment of Executive Directors and Senior Executives and to ensure improvement in their productivity impacting positively on overall Company's performance.

The Group Managing Director, Executive Director and other key executives are paid remuneration as agreed in the contracts of employment. The remuneration is a mix of fixed pay and performance related element which is approved by the Board on the recommendation of the Corporate Governance, Nomination and Remuneration Committee. The performance related element consists of an annual performance bonus. The bonus is a percentage of the Company's profit before tax and is subject to the approval of the Board. Distribution of the bonus to staff is based on laid down criteria.

The Board also approves annual increments and benefits on the recommendation of the Committee.

Corporate governance report
continued

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

10. Directors' Code of Conduct

A revised code of conduct for Directors was approved during the year to assist and guide Directors in the discharge of their duties. The purpose of the code is to promote ethical and honest behavior of Directors and key executives of the Company and to assist them in recognizing and dealing with ethical issues.

11. Employee Code of Conduct

The Company expects from its employees, the highest level of conduct and ethical standards that will make the Company the best place of work and with high reputation in each community where it does business. To this end, a new code of conduct for all employees was also approved during the year. The code provides clear framework within which employees are expected to conduct themselves. All employees in the Group are required to acknowledge receipt of the Code and confirm that they have read and understood the contents. There is a disciplinary procedure for any confirmed violation of the code.

12. Insider trading and dealing in Company's shares

Insider trading is considered to be both illegal and unethical and is therefore prohibited by the Company. The Company's Securities Trading Policy sets out the guidelines on the purchase and sale of securities by Directors, employees and associates. The policy is to assist all Directors, and employees to understand the restrictions placed on them as insiders of the Company with respect to their securities transactions and to avoid the conduct known as "insider trading". The policy is available on the Company's website.

13. Conflict of interest

The Company has in place, a policy to guide the Board on conflict of interest situation. The policy which is in line with best practice, requires Directors to promptly disclose any real or potential conflict of interest that they may have regarding any matter that may come before the Board or any of the Committees; to abstain from discussions and voting on any matter in which the Director has or may have conflict of interest etc. No real or potential conflict of interest situation was disclosed during the year.

14. Human resources policy

The Company has a well detailed human resources policies and practices that are in line with international best practices. These polices are contained in the Employee Handbook and other medium of communications with employees. The policies are aimed at attracting, motivating and retaining best talents in the Company.

15. Organisation structure

There is an organisational structure that explains the Company's management roles and interrelationships among various job levels and departments. It defines the reporting lines at individual Company and at the Group level.

16. Succession planning

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

17. Anti-bribery and corruption policy

The Company is committed to comply with anti-corruption laws and as part of the commitment the Board has approved an Anti-Bribery and Corruption Policy. Internal controls and procedures are in place to verify every transaction entered into by the Company. The Board and individual Directors are committed to transparent dealings and as part of the Board's further commitment to zero tolerance to corruption and corrupt practices has approved the on-line implementation of the Company's whistle blowing policy. There was no incidence of corruption or corrupt practices during the year.

18. Whistle-blowing policy

In line with the Board's commitment to achieving the highest standards of honesty, integrity and accountability and to encourage employee to report genuine concerns without fear of reprisal or victimization, an on-line mechanism for reporting any illegal or unethical behavior has been uploaded on the Company's website.

19. Corporate Social Responsibility (CSR)

Continental Reinsurance Plc has a long tradition of donations towards various charities. In 2015, we continued to seek out collaboration for social responsibilities in line with our mission strategy throughout our various locations by devoting a total of NGN 5,771,300 to various programs and initiatives.

Also, in order to accommodate the surging interest in micro insurance products, in 2015 the Company expanded its social responsibility by partnering with industry stakeholders in rolling out a micro insurance campaign at the grass root level. The campaign to popularize insurance was launched following the training of 60 people within the nucleus of influence fraternity in Embu and Kirinyaga counties in Kenya. The training was aimed at equipping them with knowledge on micro insurance with the hope that they would in turn use this knowledge to influence their constituents to appreciate the value of insurance. The ultimate goal is to increase the penetration of micro insurance in rural areas and among low income earners, farmers and micro-entrepreneurs to guard against common risks that can condemn them to absolute poverty, such as loss of property, accidents and hospitalization.

The trainings were complemented by road shows and published illustrated educative material in regional newspapers. The subject matter of micro insurance focused on topics pertaining to agriculture insurance, public boda boda taxis (motor bikes), personal accident and dairy farming.

Recognizing Excellence:
Pan-African Reinsurance Journalism Awards

In addition to providing financial support through CSR, Continental Reinsurance also committed to honour journalists through 'The pan-African Re/Insurance Journalism Awards' initiative launched in April 2015. Our aim with the Journalism Awards is to improve and develop insurance and reinsurance reporting in Africa, encourage journalists to develop their knowledge and expertise, as well as recognize the outstanding work and contributions of journalists across Africa. These awards are an extension of our continued commitment to the industry through our Corporate Social Investment strategy.

We received almost one hundred article submissions, both in English and French, from journalists across the continent. The three categories judged at the Journalism Awards were:

1. Pan-African Re/Insurance Journalist of the Year
2. Best Re/Insurance Feature article
3. Best Re/Insurance industry analysis and commentary

Corporate Social Investment is not only about financial investments but a way of taking an active role in the advancement and development of others. Continental Reinsurance has provided training days in Botswana, where journalists gathered to learn about the insurance world, and how it affects every aspect of the lives of citizens. The educational element of the Corporate Social Investment strategy ties in with insurance becoming more popular in African countries and therefore the need for further developing technical capacity and understanding of the industry by the media. We aim to expand and develop these training days with more seminars and lectures in the future.

We shall continue to tailor our CSR to meet the needs of local communities in consonant with the Company's mission and values and also driven by stakeholder expectations.

20. Principles of sustainable insurance (PSI)

Continental Re's Management was far-sighted enough to proactively integrate environmental, social and governance concerns into its mission. Thus, Continental Re's 'signatory status' to the United Nations' Principles of Sustainable Insurance (PSI) is in keeping with the Company's value statements. There were multiple motives for the decision to become a signatory:

1. Value driven – caring about the cause;
2. Stakeholder driven – responding to interests and expectations;
3. Strategic – helping with business objectives.

Corporate governance report
continued

20.1 The Principles are:

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

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

20.2 Prioritizing PSI commitments

In 2015, the Company was invited to voluntarily make specific, measurable and time-bound commitments in order to showcase concrete actions based on sub-categories of the four Principles for Sustainable Insurance mentioned above. We set out to determine the fit of the PSI commitments within the Company by assessing the PSI initiative's consistency with the Company's strategic plan, the nature of the re/insurance industry, as well as the prospective costs and benefits of such an initiative. We also considered which PSI commitment(s) will allow the Company to have the greatest positive impact on stakeholders and the society at large.

With reference to a list of possible commitments the Company could consider, the Company has decided to prioritize commitment to the following sub-principle actions which have greater chance of success and which reflect the reality of the environment in which the Company operates:

Sub-Principle	Category of voluntary commitment
1.1	Conduct research on disaster risk reduction and climate change adaptation and mitigation
1.3	Develop risk management processes and insurance underwriting guidelines that promote disaster risk reduction and climate change adaptation and mitigation
1.6	Develop insurance products for low-income, vulnerable and underserved communities
2.1	Improve disaster awareness and preparedness in communities
2.2	Improve disaster response and recovery in communities
3.3	Create partnerships with academia and the scientific community to foster research and educational programmes on disaster risk reduction, climate change adaptation and mitigation, and insurance solutions
4.1	Assess, measure and monitor the company's management of climate and disaster risk in its insurance and investment portfolios and proactively and regularly disclose this information publicly
4.4	Dialogue with clients, regulators, rating agencies and other stakeholders to gain mutual understanding on the value of disclosing climate and disaster risk

21.1 Risk Management

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

21.2 Managing uncertainties and improving performance

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

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

The outputs of these processes are subject to various levels of review and validations by the Group Internal Audit and our external ERM partner (Conrad Clark Nig, Ltd). A consolidated risk update with potential likelihood, consequences and time velocity of these risks is reviewed by the Board of Directors on a quarterly basis.

We evaluate risk at the individual transaction level, and evaluate aggregated risk at the customer, industry, geographic and collateral-type levels, where appropriate.

21.3 Update on key types of risk

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

At Continental Re, Risk Management is not just a function, it is rooted in our culture to ensure consistency. Our significant risk categories encompasses the following:

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

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

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

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

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

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

  There are many risks that affect the company's capital management, therefore, Continental Re is in the process of fully implementing Guy Carpenter's Metarisk which is an integrated model that delivers comprehensive underwriting, reserve,

Corporate governance report
continued

catastrophe, credit and investment risk capabilities to meet the rigorous demands of Enterprise Risk Management.

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

22. Relations with shareholders

The Board is committed to maintaining good communications with shareholders. All shareholders of the Company have equal access to information about the Company regardless of the number of shares held and no shareholder is given preferential treatment. Information is disseminated through the Annual Report, publications in newspapers and magazines, press releases in respect of strategic announcements, corporate brochure, features, corporate write up and opinions on topical issues, advertisements, the Company's website etc. The Company and Group results - annual, quarterly and half yearly are promptly published and displayed on the Company's website and other media platforms.

The Board ensures that shareholders' statutory rights and general rights including the right to vote, right to demand a poll, right to notice of general meetings within the prescribed statutory periods and to attend the meetings, right to inspect minutes books of proceedings at general meetings etc are protected at all times. Annual General Meetings of the Company are conducted in an open manner and all shareholders are given sufficient time and opportunity to participate fully at the meetings. The Board also ensures that minority shareholders are treated fairly; that decisions taken are not detrimental to them and that change in control of the Company does not affect their rights as they continue to be treated according to good practice. Comments/suggestions of shareholders at the meetings are considered by the Board and immediate action taken where appropriate. Queries and requests for information or clarification by shareholders on the results or any issue are promptly dealt with.

23. External auditors

The external auditors Ernst & Young were appointed Auditors of the Company in July 2011, hence will be completing their five year tenure at the end of the Annual General Meeting. New Auditors will consequently be appointed at the Annual General Meeting.

The external Auditors are independent of the Company's officers, Board members and their families and did not render any other service to the Company outside of their statutory obligation during the year. The remuneration of the auditors is disclosed in note 6.1 to the consolidated financial statements.

24. Compliance with regulatory requirements

The Company complied with the post listing requirements of the Nigerian Stock Exchange and substantially with the codes of corporate governance of the National Insurance Commission (NAICOM) and the Securities & Exchange Commission (SEC) during the year and continued to maintain its commitment to achieving 100% compliance with all statutory and other regulatory requirements. In monitoring compliance, the Board, through the Corporate Governance, Nomination and Remuneration Committee and the Audit Committee reviewed quarterly compliance reports prepared by the Chief Compliance Officer. The quarterly internal audit report to the Audit Committee and the Board also contains a review of the level of compliance with statutory requirements.

No penalty was paid during the year.

25. Internal audit

The Group operates a risk based internal audit function. The internal audit unit is adequately staffed and is headed by a professionally qualified Accountant. The Company has an audit charter which clearly defines the authority and responsibilities of the internal auditing activities. The internal audit function develops annual risk based audit plan which is based on the result of the Company's risk assessment. The internal audit assists the Directors and management to maintain effective controls through reviews of processes and procedures and makes recommendations for enhancement and improvement. The evaluation of internal controls put in place encompasses the Group's information systems environment, the reliability of the financial and operational information, the effectiveness and efficiency of operations, safeguarding of assets, compliance with laws, statutory requirements and regulations. It also provides independent assurance on the robustness and effectiveness of the Company's risk management process. During the year, the internal audit carried out quarterly review of the effectiveness of the internal controls at the head office, the regional offices in Abidjan and Cameroon, the subsidiaries in Botswana and Kenya and submitted its findings to the audit Committee and the Board. Corrective actions were taken where control weaknesses were identified. There were no major breaches of internal controls and procedures during the year.

26. Complaints Management Policy

A complaints management policy was approved by the Board during the year. The purpose of the policy is to establish an effective and efficient complaints management system that is based on accountability, responsiveness, confidentiality, fairness and transparency. The policy provides details on (i) types of complaints; (ii) the process for lodging of complaints; and (iii) the system of handling complaints. The policy can be found on the Company's website.

27 Communication

27.1 External Communication

Continental Reinsurance is committed to effective dissemination and receipt of information and communication within the Company and with clients, shareholders and the broader community of stakeholders. A range of mechanisms and tools are used to distribute outgoing communication.

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

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

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

27.2 Internal Communication

Various communication tools and mechanisms are used to communicate with staff for the purpose of achieving the Company's objectives. The aim is to ensure clear, consistent and equitable communication within the Company for effective operations. All communications are presented in English language and/or French languages.

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

Audit Committee's report

To the members of Continental Reinsurance Plc

In accordance with the provisions of Section 359(6) of the Companies and Allied Matters Act, CAP C20, LFN 2004 members of the Audit Committee of Continental Reinsurance Plc hereby report on the financial statements of the Company for the year ended December 31st, 2015 as follows:

- The scope and plan of the audit for the year ended December 31st, 2015 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

February 29th, 2016

Members of the Audit Committee

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

SONAR – Burkina Faso represented by
Mr. Denis Ouedraogo
Shareholder

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

Mr. David S. Sobanjo
Director

Mr. Bakary H. Kamara
Director (Resigned w.e.f 11/09/2015)

Ms. Nana Appiah-Korang
Director (Resigned w.e.f 11/09/2015)

Growth in investment portfolio

8%

Growth in total assets

5%

5

FINANCIAL STATEMENTS


07.07
26.06.07
12.06.07
29.05.07
15.05.07
01.05.07

Statement of Directors' responsibilities

in relation to the preparation of the consolidated financial statements for the year ended 31 December 2015

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 present fairly, in all material respects, the state of financial affairs of the Company and its subsidiaries at the end of the year and of its profit or loss. The responsibilities include ensuring that the Company and its subsidiaries:

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 judgements and estimates, and are consistently applied.

The Directors accept responsibility for the preparation and fair presentation of the annual consolidated financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity 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 and the Financial Reporting Council of Nigeria Act, No. 6, 2011.

The Directors are of the opinion that the consolidated financial statements present fairly, in all material respects, the state of the financial affairs of the Company and its subsidiaries and of its profit. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of the consolidated financial statements, as well as adequate systems of internal financial control.

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

Mr. David S. Sobanjo
Director
FRC/2013/CIIN/00000002149

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

1 March 2016

Independent Auditors' report
to the members of Continental Reinsurance Plc

Report on the Consolidated Financial Statements
We have audited the accompanying consolidated financial statements of Continental Reinsurance Plc ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Consolidated Financial Statements
The Directors are responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2015 and of their 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 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 profit or loss and other comprehensive income are in agreement with the books of account;

iv) in our opinion, the consolidated financial statements have been properly prepared in accordance with the provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004 so as to present fairly the statement of financial position and statement of profit or loss and other comprehensive income of the Company and its subsidiaries.

Kayode Famutimi, FCA
FRC/2012/ICAN/00000000155
For: Ernst & Young
Lagos, Nigeria

15 March 2016

Summary of significant accounting policies

1. General information

The consolidated financial statements of Continental Reinsurance Plc and its subsidiaries (collectively, the Group) for the year ended 31 December 2015 were authorised for issue in accordance with a resolution of the Directors on 01 March 2016.

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

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

Principal activity

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

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

In addition, the Group also provides top-class specialized training and development programmes to its esteemed clients in various classes of insurance and reinsurance including fire, energy, business interruption, international reinsurance, life and pension, motor and general accident and engineering/bond insurance.

2. Summary of significant accounting policies

2.1 Introduction to summary of accounting policies

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

2.2 Basis of preparation

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

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

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

The consolidated financial statements have been prepared in accordance with the going concern principle under the historical cost convention, except where otherwise stated.

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

The consolidated financial statements are presented in Naira, which is the Group's presentation currency. The figures shown in the consolidated financial statements are stated in thousands. The disclosures on risks from financial instruments are presented in the financial risk management report contained in Note 42.

The consolidated statement of cash flows shows the changes in cash and cash equivalents arising during the year 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. Income tax paid is classified as operating cash flows.

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

2.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2015. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

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

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

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

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

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

2.4 New standards and improvements

The following new standards and amendments became effective as of 1 January 2015.

2010-2012 cycle (issued in December 2013)

Following is a summary of the amendments (other than those affecting only the standards' Basis for Conclusions) from the 2010 – 2012 annual improvements cycle. With the exception of the amendment relating to IFRS 2 Share-based Payment, the changes summarised below are effective for annual reporting periods beginning on or after 1 July 2014. Earlier application is permitted and must be disclosed.

IFRS 2 Share-based Payment Definitions of vesting conditions

The amendment defines 'performance condition' and 'service condition' to clarify various issues, including the following:

- A performance condition must contain a service condition
- A performance target must be met while the counterparty is rendering service
- A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group
- A performance condition may be a market or non-market condition
- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.
- The amendment is applicable for share-based payments for which the grant date is on or after 1 July 2014 and must be applied prospectively.

Summary of significant accounting policies continued

IFRS 3 Business Combinations Accounting for contingent consideration in a business combination

- The amendment clarifies that all contingent consideration arrangements classified as liabilities or assets arising from a business combination must be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9 (or IAS 39, as applicable).
- The amendment must be applied prospectively.

IFRS 8 Operating Segments Aggregation of operating segments

- The amendment clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in IFRS 8.12, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g. sales and gross mar margins) used to assess whether the segments are similar.
- The amendment must be applied retrospectively.

Reconciliation of the total of the reportable segments' assets to the entity's assets

- The amendment clarifies that the reconciliation of segment assets to total assets is required to be disclosed only if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.
- The amendment must be applied retrospectively.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

Revaluation method – proportionate restatement of accumulated depreciation/amortisation

- The amendments to IAS 16 and IAS 38 clarify that the revaluation can be performed, as follows:
  - Adjust the gross carrying amount of the asset to market value Or
  - Determine the market value of the carrying amount and adjust the gross carrying amount proportionately so that the resulting carrying amount equals the market value.
- The amendments also clarify that accumulated depreciation/amortisation is the difference between the gross and carrying amounts of the asset.
- The amendments must be applied retrospectively.

IAS 24 Related Party Disclosures

Key management personnel

- The amendment clarifies that a management entity – an entity that provides key management personnel services – is a related party subject to the related party disclosures.

  In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

- The amendment must be applied retrospectively.

2011-2013 cycle (issued in December 2013)

Following is a summary of the amendments (other than those affecting only the standards' Basis for Conclusions) from the 2011-2013 annual improvements cycle. The changes summarised below are effective for annual reporting periods beginning on or after 1 July 2014. Earlier application is permitted and must be disclosed.

IFRS 3 Business Combinations Scope exceptions for joint ventures

The amendment clarifies that:

- Joint arrangements, not just joint ventures, are outside the scope of IFRS 3.
- The scope exception applies only to the accounting in the financial statements of the joint arrangement itself.
- The amendment must be applied prospectively.

IFRS 13 Fair Value Measurement

Scope of paragraph 52 (portfolio exception)

- The amendment clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39, as applicable).
- The amendment must be applied prospectively.

IAS 40 Investment Property Interrelationship between IFRS 3 and IAS 40 (ancillary services)

- The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment clarifies that IFRS 3, not the description of ancillary services in IAS 40, is used to determine whether the transaction is the purchase of an asset or business combination.
- The amendment must be applied prospectively

2012-2014 cycle (issued in September 2014)

Following is a summary of the amendments (other than those affecting only the standards' Basis for Conclusions) from the 2012-2014 annual improvements cycle. The changes summarised below are effective for annual reporting periods beginning on or after 1 January 2016. Earlier application is permitted and must be disclosed.

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations

Changes in methods of disposal

- Assets (or disposal groups) are generally disposed of either through sale or distribution to owners. The amendment clarifies that changing from one of these disposal methods to the other would not be considered a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in IFRS 5.
- The amendment must be applied prospectively.

IFRS 7 Financial Instruments: Disclosures

Servicing contracts

- The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in IFRS 7.B30 and IFRS 7.42C in order to assess whether the disclosures are required.
- The assessment of which servicing contracts constitute continuing involvement must be done retrospectively. However, the required disclosures would not need to be provided for any period beginning before the annual period in which the entity first applies the amendment.

Applicability of the offsetting disclosures to condensed interim financial statements

- The amendment clarifies that the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report.
- The amendment must be applied retrospectively.

IAS 19 Employee Benefits Discount rate: regional market issue

- The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.
- The amendment must be applied prospectively.

IAS 34 Interim Financial Reporting

Disclosure of information 'elsewhere in the interim financial report'

- The amendment clarifies that the required interim disclosures must be either in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report (e.g., in the management commentary or risk report).
- The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time.
- The amendment must be applied retrospectively.

None of these standards and amendments impact the Group's consolidated financial statements.

The accounting policies adopted in the preparation of the 2015 consolidated financial statements are consistent with those followed in the preparation of the Group's 2014 financial statements, except for the adoption of new standards or interpretations effective as of 1 January 2015.

2.5 Significant accounting judgements, estimates and assumptions

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

Judgements

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

Operating lease commitments – Group as lessor

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

Summary of significant accounting policies continued

Estimates and assumptions

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

Impairment of available-for-sale investments

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

The Group 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 Group 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 consolidated 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 profit or loss over time. If the assumptions relating to future profitability of these policies are not realised, the amortisation of these costs could be accelerated and this may also require additional impairment write-offs to the profit or loss.

The main assumptions used relates to mortality, morbidity, investment returns, expenses, lapse and surrender rates and discount rates. The Group bases mortality and morbidity on standard industry mortality tables which reflect historical experiences, adjusted when appropriate to reflect the Group's unique risk exposure, product characteristics, target markets and own claims severity and frequency experiences.

Assumptions on future expense are based on current expense levels, adjusted for expected expense inflation, if appropriate.

Lapse and surrender rates are based on the Group's historical experience of lapses and surrenders.

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

The carrying value at the reporting date of life insurance contract liabilities for the Group is ₦1,522,370,000 (2014:N1,252,418,000) and Company ₦1,365,204,000 (2014:N1,124,687,000).

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 for the Group is ₦9,559,583,000 (2014:N9,532,275,000)and Company ₦7,788,359,000 (2014:N7,879,619,000)

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 Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities. The amount of such provisions is based on various factors such as experience of previous tax audits and differing interpretations by the taxable entity.

The carrying value at the reporting date of net deferred tax liability for the Group is ₦72,908,000 (2014: ₦64,113,000) and Company ₦68,777,000 (2014: ₦45,039,000). Further details on taxes are disclosed in Note 9 to the financial statements.

Valuation of pension benefit obligation

The cost of defined benefit pension plans and other post-employments benefits and the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rate of return on assets, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Details of the key assumptions used in the estimates are contained in Note 27 to the financial statements.

The carrying value at the reporting date of gratuity benefit obligation for the Group is ₦278,372,000 (2014:N184,379,000) and Company ₦278,372,000 (2014:₦184,379,000).

Valuation of investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in profit or loss. The Group engaged an independent valuation specialist to assess fair value as at 31 December 2015. A valuation methodology based on discounted cash flow model was used as there is a lack of comparable market data because of the nature of the properties.

The determined fair value of the investment properties is most sensitive to the estimated yield as well as the long-term vacancy rate. The key assumptions used to determine the fair value of the investment properties are further explained in Note 20 to the consolidated financial statements.

2.6 Standards and interpretations issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

IFRS 9 Financial Instruments

Effective for annual periods beginning on or after 1 January 2018.

Key requirements

Classification and measurement of financial assets

All financial assets are measured at fair value on initial recognition, adjusted for transaction costs, if the instrument is not accounted for at fair value through profit or loss (FVTPL). Debt instruments are subsequently measured at FVTPL, amortised cost, or fair value through other comprehensive income (FVOCI), on the basis of their

Summary of significant accounting policies
continued

contractual cash flows and the business model under which the debt instruments are held. There is a fair value option (FVO) that allows financial assets on initial recognition to be designated as FVTPL if that eliminates or significantly reduces an accounting mismatch. Equity instruments are generally measured at FVTPL. However, entities have an irrevocable option on an instrument-by instrument basis to present changes in the fair value of non trading instruments in other comprehensive income (OCI) without subsequent reclassification to profit or loss.

Classification and measurement of financial liabilities

For financial liabilities designated as FVTPL using the FVO, the amount of change in the fair value of such financial liabilities that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation in OCI of the fair value change in respect of the liability's credit risk would create or enlarge an accounting mismatch in profit or loss.

All other IAS 39 Financial Instruments: Recognition and Measurement classification and measurement requirements for financial liabilities have been carried forward into IFRS 9, including the embedded derivative separation rules and the criteria for using the FVO.

Impairment

The impairment requirements are based on an expected credit loss (ECL) model that replaces the IAS 39 incurred loss model. The ECL model applies to debt instruments accounted for at amortised cost or at FVOCI, most loan commitments, financial guarantee contracts, contract assets under IFRS 15 and lease receivables under IAS 17 Leases.

In determining the appropriate period to measure ELCs, entities are generally required to assess based on either 12-months or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition (or when the commitment or guarantee was entered into). For some trade receivables, a simplified approach may be applied whereby the lifetime expected credit losses are always recognised.

Hedge accounting

Hedge effectiveness testing is prospective, without the 80% to 125% bright line test in IAS 39, and, depending on the hedge complexity, will often be qualitative. A risk component of a financial or non-financial instrument may be designated as the hedged item if the risk component is separately identifiable and reliably measureable. The time value of an option, any forward element of a forward contract and any foreign currency basis spread can be excluded from the hedging instrument designation and can be accounted for as costs of hedging. More designations of groups of items as the hedged item are possible, including layer designations and some net positions.

Transition

Early application is permitted for reporting periods beginning after the issue of IFRS 9 on 24 July 2014 by applying all of the requirements in this standard at the same time. Alternatively, entities may elect to early apply only the requirements for the presentation of gains and losses on financial liabilities designated as FVTPL without applying the other requirements in the standard.

Impact

The application of IFRS 9 may change the measurement and presentation of many financial instruments, depending on their contractual cash flows and the business model under which they are held. The impairment requirements will generally result in earlier recognition of credit losses. The new hedging model may lead to more economic hedging strategies meeting the requirements for hedge accounting. It will be important for entities to monitor the discussions of the IFRS Transition Resource Group for Impairment of Financial Instruments (ITG).

IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception – Amendments to IFRS 10, IFRS 12 and IAS 28

Effective for annual periods beginning on or after 1 January 2016.

Key requirements

The amendments address three issues that have arisen in applying the investment entities exception under IFRS 10. The amendments to IFRS 10 clarify that the exemption in paragraph 4 of IFRS 10 from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures its subsidiaries at fair value.

Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. The amendments to IAS 28 allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries.

Transition

The amendments must be applied retrospectively. Early application is permitted and must be disclosed.

Impact

The amendments to IFRS 10 and IAS 28 provide helpful clarifications that will assist preparers in applying the standards more consistently. However, it may still be difficult to identify investment entities in practice when they are part of a multi-layered group structure.

IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28

In August 2015, the IASB issued Exposure Draft ED/2015/7 Effective Date of Amendments to IFRS 10 and IAS 28 proposing to defer the effective date of the amendments until such time as it has finalised any amendments that result from its research project on the equity method.

Key requirements

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in IFRS 3 Business Combinations. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture.

Transition

The amendments must be applied prospectively. Early application is permitted and must be disclosed.

Impact

The amendments are intended to eliminate diversity in practice and give preparers a consistent set of principles to apply for such transactions. However, the application of the definition of a business is judgemental and entities need to consider the definition carefully in such transactions.

IFRS 11 Accounting for Acquisitions of Interests inJoint Operations – Amendments to IFRS 11

Effective for annual periods beginning on or after 1 January 2016.

Key requirements

The amendments require an entity acquiring an interest in a joint operation, in which the activity of the joint operation constitutes a business, to apply, to the extent of its share, all of the principles in IFRS 3 and other IFRSs that do not conflict with the requirements of IFRS 11 Joint Arrangements. Furthermore, entities are required to disclose the information required by IFRS 3 and other IFRSs for business combinations. The amendments also apply to an entity on the formation of a joint operation if, and only if, an existing business is contributed by one of the parties to the joint operation on its formation. Furthermore, the amendments clarify that, for the acquisition of an additional interest in a joint operation in which the activity of the joint operation constitutes a business, previously held interests in the joint operation must not be remeasured if the joint operator retains joint control.

Transition

The amendments must be applied prospectively. Early application is permitted and must be disclosed.

Impact

The amendments to IFRS 11 increase the scope of transactions that would need to be assessed to determine whether they represent the acquisition of a business or of an asset, which would require judgement. Entities need to consider the definition of a business carefully and select the appropriate accounting method based on the specific facts and circumstances of the transaction.

IFRS 14 Regulatory Deferral Accounts

Effective for annual periods beginning on or after 1 January 2016.

Key requirements

IFRS 14 allows an entity, whose activities are subject to rate regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first time adoption of IFRS. The standard does not apply to existing IFRS preparers. Also, an entity whose current GAAP does not allow the recognition of rate-regulated assets and liabilities, or that has not adopted such policy under its current GAAP, would not be allowed to recognise them on first-time application of IFRS. Entities that adopt IFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosure of the nature of, and risks associated with, the entity's rate regulation and the effects of that rate regulation on its financial statements.

Transition

Early application is permitted and must be disclosed.

Impact

IFRS 14 provides first-time adopters of IFRS with relief from derecognising rate-regulated assets and liabilities until a comprehensive project on accounting for such assets and liabilities is completed by the IASB. The comprehensive rate regulated activities project is on the IASB's active agenda.

Summary of significant accounting policies continued

IFRS 15 Revenue from Contracts with Customers

Effective for annual periods beginning on or after 1 January 2018.

Key requirements

IFRS 15 replaces all existing revenue requirements in IFRS (IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue – Barter Transactions Involving Advertising Services) and applies to all revenue arising from contracts with customers, unless the contracts are in the scope of other standards, such as IAS 17. Its requirements also provide a model for the recognition and measurement of gains and losses on disposal of certain non-financial assets, including property, equipment and intangible assets. The standard outlines the principles an entity must apply to measure and recognise revenue. The core principle is that an entity will recognise revenue at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer.

The principles in IFRS 15 will be applied using a five-step model:

1. Identify the contract(s) with a customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when (or as) the entity satisfies a performance obligation

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies how to account for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. Application guidance is provided in IFRS 15 to assist entities in applying its requirements to certain common arrangements, including licences of intellectual property, warranties, rights of return, principal-versus-agent considerations, options for additional goods or services and breakage.

Transition

Entities can choose to apply the standard using either a full retrospective approach, with some limited relief provided, or a modified retrospective approach. Early application is permitted and must be disclosed.

Impact

IFRS 15 is more prescriptive than current IFRS requirements for revenue recognition and provides more application guidance. The disclosure requirements are also more extensive. The standard will affect entities across all industries. Adoption will be a significant undertaking for most entities with potential changes to their current accounting, systems and processes. Therefore, a successful implementation will require an assessment of and a plan for managing the change. In addition, as the IASB, the US Financial Accounting Standards Board (FASB) and the Joint Transition Resource Group for Revenue Recognition (TRG) continue to discuss implementation issues, it is important that entities monitor the discussions of those groups. See Section 3 Active IASB projects for more details.

IAS 1 Disclosure Initiative – Amendments to IAS 1

Effective for annual periods beginning on or after 1 January 2016.

Key requirements

The amendments to IAS 1 Presentation of Financial Statements clarify, rather than significantly change, existing IAS1 requirements. The amendments clarify:

- The materiality requirements in IAS 1
- That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated
- That entities have flexibility as to the order in which they present the notes to financial statements
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss. Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI.

Transition

Early application is permitted and entities do not need to disclose that fact because the Board considers these amendments to be clarifications that do not affect an entity's accounting policies or accounting estimates.

2.6 Standards and interpretations issued but not yet effective

IAS 1 Disclosure Initiative – Amendments to IAS 1 - Continued

Impact

These amendments are intended to assist entities in applying judgement when meeting the presentation and disclosure requirements in IFRS, and do not affect recognition and measurement. Although these amendments clarify existing requirements of IAS 1, the clarifications may facilitate enhanced disclosure effectiveness.

IAS 16 and IAS 38 Clarification of Acceptable
Methods of Depreciation and Amortisation – Amendments to IAS 16 and IAS 38 Effective for annual periods beginning on or after 1 January 2016.

Key requirements

The amendments clarify the principle in IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, the ratio of revenue generated to total revenue expected to be generated cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets.

Transition

The amendments are effective prospectively. Early application is permitted and must be disclosed.

Impact

Entities currently using revenue-based amortisation methods for property, plant and equipment will need to change their approach to an acceptable method, such as the diminishing balance method, which would recognise increased amortisation in the early part of the asset's useful life.

IAS 16 and IAS 41 Agriculture: Bearer Plants – Amendments to IAS 16 and IAS 41

Effective for annual periods beginning on or after 1 January 2016.

Key requirements

The amendments to IAS 16 and IAS 41 Agriculture change the scope of IAS 16 to include biological assets that meet the definition of bearer plants (e.g., fruit trees). Agricultural produce growing on bearer plants (e.g., fruit growing on a tree) will remain within the scope of IAS 41. As a result of the amendments, bearer plants will be subject to all the recognition and measurement requirements in IAS 16, including the choice between the cost model and revaluation model for subsequent measurement. In addition, government grants relating to bearer plants will be accounted for in accordance with IAS 20 Accounting for Government Grants and Disclosure of Government Assistance, instead of IAS 41.

Transition

Entities may apply the amendments on a fully retrospective basis. Alternatively, an entity may choose to measure a bearer plant at its fair value at the beginning of the earliest period presented. Earlier application is permitted and must be disclosed.

Impact

The requirements will not entirely eliminate the volatility in profit or loss as produce growing on bearer plants will still be measured at fair value. Furthermore, entities will need to determine appropriate methodologies to measure the fair value of these assets separately from the bearer plants on which they are growing, which may increase the complexity and subjectivity of the measurement.

IAS 19 Defined Benefit Plans: Employee Contributions — Amendments to IAS 19

Effective for annual periods beginning on or after 1 July 2014.

Key requirements

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. IAS 19 requires such contributions that are linked to service to be attributed to periods of service as a negative benefit. The amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service.

Examples of such contributions include those that are a fixed percentage of the employee's salary, a fixed amount of contributions throughout the service period, or contributions that depend on the employee's age.

Transition

The amendments must be applied retrospectively.

Impact

These changes provide a practical expedient for simplifying the accounting for contributions from employees or third parties in certain situations.

Summary of significant accounting policies continued

IAS 27 Equity Method in Separate Financial Statements – Amendments to IAS 27

Effective for annual periods beginning on or after 1 January 2016.

Key requirements

The amendments to IAS 27 Separate Financial Statements allow an entity to use the equity method as described in IAS 28 to account for its investments in subsidiaries, joint ventures and associates in its separate financial statements. Therefore, an entity must account for these investments either:

- At cost
- In accordance with IFRS 9 (or IAS 39)

Or

- Using the equity method

The entity must apply the same accounting for each category of investment. A consequential amendment was also made to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment to IFRS 1 allows a first-time adopter accounting for investments in the separate financial statements using the equity method, to apply the IFRS 1 exemption for past business combinations to the acquisition of the investment.

Transition

The amendments must be applied retrospectively. Early application is permitted and must be disclosed.

Impact

The amendments eliminate a GAAP difference for countries where regulations require entities to present separate financial statements using the equity method to account for investments in subsidiaries, associates and joint ventures.

2.7 Insurance contracts

Insurance contracts are those contracts when the Group (the insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. As a general guideline, the Group determines whether it has significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur. Insurance contracts defined in IFRS 4 may also transfer financial risk.

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

Recognition and measurement

The Group's Insurance contracts are classified into three broad categories, depending on the duration of the risk and the type of risk insured, namely Individual Life, Group Life and General insurance.

a. Individual life

These contracts insure mainly against death. The reserve is calculated by determining an Unexpired Premiums Reserve (UPR) and an Outstanding Claims Reserve (OCR). The UPR represents the unexpired portion of premiums received for cover within the year, assuming an allowance for expenses. The OCR represents the claims reserve for claims that were received, but not yet paid, or which may have emerged but have not been received due to delayed reporting.

b. Group life

These contracts insure 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.

2.7.1 Gross premium

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

All written premiums are recorded on underwriting year basis and a provision is made for unearned income as Reserve for Unexpired Risk for the portion of premium relating to the current underwriting year that have not expired by the end of the accounting year.

Earned Premium Income represents Gross Premium less change in reserve for unearned Premium during the year.

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

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

2.7.3 Gross Claims

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

2.7.4 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.

2.7.5 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 reporting date. This includes the cost of claims incurred but not reported (IBNR) using best available information.

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

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

2.7.6 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.

2.7.7 Actuarial valuation of Life insurance contract liabilities

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

2.7.8 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.

2.8 Underwriting expenses

Underwriting expenses comprises acquisition, maintenance and management expenses.

2.8.1 Acquisition expenses

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

2.8.2 Maintenance expenses

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

2.8.3 Management and administration expenses

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

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

Administration expenses are those expenses that cannot be directly attributable to underwriting business and charged to the profit or loss in the accounting period in which they are incurred. These include professional fees, investment expense, and other non-operating costs, and depreciation and amortisation.

Summary of significant accounting policies continued

2.9 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 profit or loss using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Dividend Income

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

2.10 Foreign currency translation

(a) Functional and presentation currency

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

The consolidated financial statements are presented in thousands. Naira is the Group's presentation and also the parent company's functional currency.

(b) Transactions and balances

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

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

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.

2.11 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.

2.12 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.

2.12.1 Financial assets

The Group classifies financial assets into the following IAS 39 categories: 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.

Recognition and measurement

The Group 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 profit or loss. 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 profit or loss in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in profit or loss as part of other income when the Group's right to receive payments is established. Changes in the fair value of securities classified as available-for-sale are recognised in other comprehensive income.

(a) Financial assets at fair value through profit or loss

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

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

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

- the application of the fair value option reduces or eliminates an accounting mismatch that would otherwise arise; or
- the financial assets are part of a portfolio of financial instruments which is risk managed and reported to senior management on a fair value basis; or
- the financial assets consists of debt host and an embedded derivatives that must be separated.

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

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

(b) Loans and receivables

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

1. those that the Group intends to sell immediately or in the short-term, which are classified as held-for-trading, and those that the entity upon initial recognition designates as at fair value through profit or loss;
2. those that the Group 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.

(c) Held-to-maturity financial assets

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

1. those that the Group upon initial recognition designates as at fair value through profit or loss;
2. those that the Group 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 profit or loss and reported as 'Interest and similar income'. In the case of an impairment, the impairment loss is being reported as a deduction from the carrying value of the investment and recognised in profit or loss as 'impairment of financial assets'. Held-to-maturity investments include sovereign, sub-national and corporate bonds.

Summary of significant accounting policies continued

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

Available-for-sale financial assets are initially recognised at fair value, which is the cash consideration including any transaction costs, and measured subsequently at fair value with gains and losses being recognised in other comprehensive income. If an available-for-sale financial asset is determined to be impaired, the cumulative gain or loss previously recognised in the other comprehensive income is recognised in profit or loss. However, interest is calculated using the effective interest rate method, and foreign currency gains and losses on monetary assets classified as available-for-sale are recognised in profit or loss. Dividends on available-for-sale equity instruments are recognised in profit or loss in 'Dividend income' when the Group's right to receive payment is established. AFS financial assets includes debt and equity (quoted and unquoted) instruments. See Note 41.3(c) for valuation methods and assumptions.

2.12.2 Financial liabilities
The Group'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). Other financial liabilities 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 Group'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 Group as at fair value through profit or loss upon initial recognition.

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

Gains and losses arising from changes in fair value of financial liabilities classified held-for-trading are included in profit or loss and are reported as 'Net gains/(losses) on financial instruments classified as held-for-trading'. Interest expenses on financial liabilities held-for-trading are included in 'Net interest income'.

The Group did not have any financial liabilities that meet the classification criteria at fair value through profit or loss and did not designate any financial liabilities as at fair value through profit or loss.

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

2.12.3 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 reporting dated.

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 Group 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.

2.12.4 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 Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
  a) the Group has transferred substantially all the risks and rewards of the asset, or
  b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities

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

2.13 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.

2.14 Impairment of financial assets

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

Financial assets carried at amortised cost

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

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

Summary of significant accounting policies continued

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded in profit or loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to the 'finance cost' in profit or loss.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of the Group's internal credit grading system, which considers credit risk characteristics such as asset type, industry, geographical location, collateral type, past-due status and other relevant factors.

Future cash flows on a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. Estimates of changes in future cash flows reflect, and are directionally consistent with, changes in related observable data from year to year (such as changes in unemployment rates, payment status, or other factors that are indicative of incurred losses in the group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Available-for-sale financial assets

For available-for-sale financial assets, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

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

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

Future interest income continues to be accrued based on the reduced carrying amount of the asset and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded in the profit or loss. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the profit or loss, the impairment loss is reversed through the profit or loss.

2.15 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 profit or loss 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.

2.16 Reinsurance receivables

Reinsurance receivables are recognised when due and measured on initial recognition at the fair value of the consideration received or receivable. Subsequent to initial recognition, reinsurance receivables are measured at amortised cost, using the effective interest rate method. The carrying value of reinsurance receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recorded in the statement of profit or loss.

Reinsurance receivables are derecognised when the derecognition criteria for financial assets, as described in Note 2.12.4, have been met.

2.17 Investment properties

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

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

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

Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss as "Net fair value gains on financial assets designated at fair value through profit or loss" 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 profit or loss. Upon the disposal of such investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through profit or loss.

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

2.18 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 with the exception of freehold land (included in as part of freehold property) which is not depreciated. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

An asset is recognised when it is probable that economic benefits associated with the item flow to the Group and the cost item can be reliably 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 fittings	20
Computer equipment	33⅓
Office partitioning	20

Summary of significant accounting policies continued

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. No property, plant and equipment were impaired as at 31 December 2015 (2014: nil).

Property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the assets) is recognised in other income in the profit or loss in the year the asset is derecognised.

2.19 Leases

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement at the inception date and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Group as lessor

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

2.20 Intangible assets

Intangible assets comprise computer software licenses, which are with finite lives, are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the profit or loss in the expense category consistent with the function of the intangible asset.

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

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

Computer Software:	5 years

2.21 Reinsurance creditors

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

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

2.22 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. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Where the Group has tax losses that can be relieved against a tax liability for a previous year, it recognises those losses as an asset, because the tax relief is recoverable by refund of tax previously paid. 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 Group does not offset income tax liabilities and current income tax assets.

(b) Deferred income tax

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

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

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

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

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

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

2.23 Employment benefits

Defined contributory scheme

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

In line with the Pension Reform Act 2004, the Group operates a defined contribution scheme; employees are entitled to join the scheme on confirmation of their employment. The employee contributes 8 percent while the employer contributes 10 percent of the employee's total emoluments (basic, housing and transport allowances). The Group's contribution each year is charged against income and is included in staff cost. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due.

Defined benefit staff gratuity scheme

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

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

Re-measurements arising from actuarial gains and losses, are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in periods in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

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

2.24 Provisions

Provisions are liabilities that are uncertain in amount and timing.

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

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

Summary of significant accounting policies continued

2.25 Equity

Ordinary share capital

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

Dividends on ordinary share capital

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

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

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

2.26 Contigency reserves

Contigency reserves are done in accordance with the provisions of the Insurance Act, CAP I17 LFN 2004:

a. For general business the contigency 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 contigency reserve is credited with the higher of an amount equal to 1% of the gross premium or 10% of the profits.

2.27 Comparatives

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

2.28 Group information

Information about subsidiary

The consolidated financial statements of the Group include:

Name	Principal activities	Country of incorporation	% equity interest 2015	% equity interest 2014
Continental Reinsurance Limited, Nairobi	Life and non-life reinsurance business	Kenya	65	70
Continental Reinsurance Limited, Gaborone	Life and non-life reinsurance business	Botswana	60	60

The parent company in 2015 disposed off 5% of her shareholding to staff of Continental Reinsurance Limited Kenya under a scheme known as Employee staff Ownership Plan (ESOP).

2.29 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 Group has determined the Group's executive committee as its chief operating decision maker.

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2015

	Notes	Group 2015 ₦'000	Group 2014 ₦'000	Company 2015 ₦'000	Company 2014 ₦'000
Gross premium written		**19,738,040**	**16,436,778**	**15,366,113**	**13,176,217**
Insurance premium revenue	1.1	20,679,772	16,153,740	16,092,925	13,069,529
Insurance premium ceded to retrocessionaires	1.2	(2,484,413)	(1,959,233)	(1,754,804)	(1,644,607)
Net insurance premium revenue		**18,195,359**	**14,194,507**	**14,338,121**	**11,424,922**
Insurance benefits					
Insurance claims and loss adjustment expenses	2.1	9,043,010	7,369,473	7,069,971	6,013,823
Insurance claims and loss adjustment expenses recoverable from retrocessionaires	2.1	(289,960)	(489,306)	(156,042)	(485,414)
Net insurance benefits and claims		**8,753,050**	**6,880,167**	**6,913,929**	**5,528,409**
Underwriting expenses	2.2	7,386,606	5,947,275	6,061,365	4,938,265
Insurance benefits and underwriting expenses		**16,139,656**	**12,827,442**	**12,975,294**	**10,466,674**
Underwriting profit		**2,055,703**	**1,367,065**	**1,362,827**	**958,248**
Interest income	3	1,120,218	940,442	902,941	838,546
Net fair value gains/(loss) on financial assets designated at fair value through profit or loss	4	11,651	48,437	8,691	(7,467)
Fair value gains on investment properties	4	147,107	83,559	147,107	83,559
Other income	5	598,891	353,462	521,232	351,913
Foreign exchange gain/(loss)		467,981	(391,497)	431,038	(460,617)
Administrative expenses	6.1	(993,903)	(572,385)	(437,198)	(280,864)
Impairment of financial assets	6.2	(492,055)	(241,114)	(396,394)	(203,324)
Profit before income tax expense		**2,915,593**	**1,587,969**	**2,540,244**	**1,279,994**
Income tax expense	8	(772,805)	(732,325)	(605,857)	(618,471)
Profit for the year		**2,142,788**	**855,644**	**1,934,387**	**661,523**
Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods:					
Remeasurement (loss)/gains on available for sale financial assets	7	(111,192)	75,972	(102,499)	74,498
Reclassification adjustments to gains on available for sale financial assets included in profit or loss	7	(7,372)	(54,841)	(7,372)	(54,841)
Exchange difference on translation of foreign operation		(15,033)	(69,329)	–	–
Other comprehensive (loss)/gain not to be reclassified to profit or loss in subsequent periods:					
Actuarial loss on defined benefit plans	27.2	(153,397)	(86,935)	(133,642)	(86,935)
Income tax relating to component of other comprehensive income	9.1	46,019	26,081	40,092	26,081
Other comprehensive loss for the year, net of tax		(240,975)	(109,052)	(203,421)	(41,197)
Total comprehensive income for the year		**1,901,813**	**746,592**	**1,730,966**	**620,326**
Profit attributable to:					
Equity holders of the parent		2,002,631	820,382	1,934,387	661,523
Non-controlling interests		140,157	35,262	–	–
		2,142,788	**855,644**	**1,934,387**	**661,523**
Total comprehensive income attributable to:					
Equity holders of the parent		1,764,699	711,109	1,730,966	620,326
Non-controlling interests		137,114	35,483	–	–
		1,901,813	**746,592**	**1,730,966**	**620,326**
Earnings per share:					
Basic (kobo)	10	19	8	19	6
Diluted (kobo)	10	19	8	19	6

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

Consolidated statement of financial position as at 31 December 2015

	Notes	Group 2015 ₦'000	Group 2014 ₦'000	Company 2015 ₦'000	Company 2014 ₦'000
Assets					
Cash and cash equivalents	11	7,702,575	4,844,323	5,792,358	3,303,155
Financial assets					
Financial asset designated as fair value through profit or loss	12	1,224,258	1,227,512	104,247	171,524
Loans and other receivables	13	364,041	234,910	302,083	207,802
-Available-for-sale investments	14.1	2,194,682	2,406,037	2,150,894	2,356,882
-Held to maturity investments	14.2	3,894,558	4,878,062	3,438,340	4,372,487
Reinsurance receivables	15	7,258,399	6,743,336	5,793,094	5,274,202
Retrocession assets	16	727,581	477,628	396,648	335,935
Deferred acquisition costs	17	1,458,436	1,759,685	1,107,837	1,383,416
Other assets	18	31,056	981,264	1,062,703	1,214,437
Investment in subsidiaries	19	–	–	1,649,571	1,722,633
Investment properties	20	2,685,646	2,926,956	2,685,646	2,926,956
Intangible assets	21	–	1,214	–	1,214
Property, plant and equipment	22	1,127,498	726,717	1,048,051	613,858
Statutory deposits	23	1,000,000	1,000,000	1,000,000	1,000,000
Total assets		**29,668,730**	**28,207,644**	**26,531,472**	**24,884,501**
Liabilities					
Insurance contract liabilities	24	11,081,953	10,784,693	9,153,563	9,004,306
Reinsurance creditors	25	884,117	1,404,170	847,009	1,175,735
Other liabilities	26	1,092,154	535,096	1,318,129	457,106
Retirement benefit obligations	27	278,372	184,379	278,372	184,379
Current income tax payable	8	722,035	458,813	648,999	391,277
Deferred tax liabilities	9	72,908	64,113	68,777	45,039
Total liabilities		**14,131,539**	**13,431,264**	**12,314,849**	**11,257,842**
Equity					
Share capital	28	5,186,372	5,186,372	5,186,372	5,186,372
Share premium	29	3,915,451	3,915,451	3,915,451	3,915,451
Contingency reserve	30	3,414,608	2,785,131	3,250,484	2,705,666
Retained earnings	31	1,820,765	1,714,433	1,681,345	1,526,328
Available-for-sale reserve	32.1	182,183	297,704	182,971	292,842
Foreign currency translation reserve	32.2	(116,756)	(101,723)	-	-
Equity attributable to holders of parent		**14,402,623**	**13,797,368**	**14,216,623**	**13,626,659**
Non-controlling interest	33	1,134,568	979,012	-	-
Total equity		**15,537,191**	**14,776,380**	**14,216,623**	**13,626,659**
Total liabilities and equity		**29,668,730**	**28,207,644**	**26,531,472**	**24,884,501**

Mr. David S. Sobanjo
Director
FRC/2013/CIIN/00000002149

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

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

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

Consolidated statement of changes in equity for the year ended 31 December 2015

Group	Notes	Share capital (Note 28) ₦'000	Share premium (Note 29) ₦'000	Contingency reserve (Note 30 ₦'000)	Retained earnings (Note 31) ₦'000	Available-for-sale reserve (Note 32.1) ₦'000	Foreign currency translation reserve (Note 32.2) ₦'000	Non controlling interest ₦'000	Total equity ₦'000
		Attributable to the equity holders of the parent							
As at 1 January 2015		**5,186,372**	**3,915,451**	**2,785,131**	**1,714,433**	**297,704**	**(101,723)**	**979,012**	**14,776,380**
Change in shareholding		–	–	–	(18,442)	–	–	18,442	–
Profit for the year		–	–	–	2,002,631	–	–	140,157	2,142,788
Other comprehensive loss		–	–	–	(107,378)	(115,521)	(15,033)	(3,043)	(240,975)
		5,186,372	**3,915,451**	**2,785,131**	**3,591,244**	**182,183**	**(116,756)**	**1,134,568**	**16,678,193**
Transfer of contingency reserve		–	–	629,477	(629,477)	–	–	–	–
Dividends declared	25.1	–	–	–	(1,141,002)	–	–	–	(1,141,002)
At 31 December 2015		**5,186,372**	**3,915,451**	**3,414,608**	**1,820,765**	**182,183**	**(116,756)**	**1,134,568**	**15,537,191**
As at 1 January 2014		**5,186,372**	**3,915,451**	**2,420,096**	**2,519,174**	**276,794**	**(32,394)**	**–**	**14,285,493**
At acquisition		–	–	–	–	–	–	885,297	885,297
Change in shareholding		–	–	–	(58,232)	–	–	58,232	–
Profit for the year		–	–	–	820,382	–	–	35,262	855,644
Other comprehensive (loss)/income		–	–	–	(60,854)	20,910	(69,329)	221	(109,052)
		5,186,372	**3,915,451**	**2,420,096**	**3,220,470**	**297,704**	**(101,723)**	**979,012**	**15,917,382**
Transfer of contingency reserve		–	–	365,035	(365,035)	–	–	–	–
Dividends declared	25.1	–	–	–	(1,141,002)	–	–	–	(1,141,002)
At 31 December 2014		**5,186,372**	**3,915,451**	**2,785,131**	**1,714,433**	**297,704**	**(101,723)**	**979,012**	**14,776,380**

Company	Notes	Share capital (Note 27) ₦'000	Share premium (Note 28) ₦'000	Contingency reserve (Note 29) ₦'000	Retained earnings (Note 30) ₦'000	Available-for-sale reserve (Note 31.1) ₦'000	Total equity ₦'000
		Attributable to the equity holders of the parent					
As at 1 January 2015		**5,186,372**	**3,915,451**	**2,705,666**	**1,526,328**	**292,842**	**13,626,659**
Profit for the year		–	–	–	1,934,387		1,934,387
Other comprehensive loss		–	–	–	(93,550)	(109,871)	(203,421)
		5,186,372	3,915,451	2,705,666	3,367,165	182,971	15,357,625
Transfer of contingency reserve		–	–	544,818	(544,818)	–	–
Dividends declared	25.1	–	–	–	(1,141,002)	–	(1,141,002)
At 31 December 2015		**5,186,372**	**3,915,451**	**3,250,484**	**1,681,345**	**182,971**	**14,216,623**
As at 1 January 2014		**5,186,372**	**3,915,451**	**2,349,131**	**2,423,196**	**273,185**	**14,147,335**
Profit for the year		–	–	–	661,523	–	661,523
Other comprehensive (loss)/income		–	–	–	(60,854)	19,657	(41,197)
		5,186,372	**3,915,451**	**2,349,131**	**3,023,865**	**292,842**	**14,767,661**
Transfer of contingency reserve		–	–	356,535	(356,535)	–	–
Dividends declared	25.1	–	–	–	(1,141,002)	–	(1,141,002)
At 31 December 2014		**5,186,372**	**3,915,451**	**2,705,666**	**1,526,328**	**292,842**	**13,626,659**

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

Consolidated statement of cash flows for the year ended 31 December 2015

	Notes	Group 2015 ₦'000	Group 2014 ₦'000	Company 2015 ₦'000	Company 2014 ₦'000
Cash flows from operating activities					
Premium received from policy holders		20,825,474	16,838,375	17,140,997	14,039,884
Retrocession receipts in respect of claims		289,960	507,181	156,042	485,414
Acquisition costs paid		(5,188,067)	(4,878,966)	(4,642,393)	(3,956,261)
Retrocession premium paid		(2,484,413)	(1,988,327)	(1,959,233)	(1,685,709)
Cash paid to and on behalf of employees		(1,063,312)	(1,231,477)	(861,001)	(1,021,258)
Other operating cash payment		(2,472,578)	(1,072,053)	(975,040)	(1,130,510)
Claims paid		(7,964,501)	(7,803,905)	(7,642,393)	(6,833,619)
Income taxes paid	8	(454,769)	(623,790)	(284,305)	(586,895)
Net cash generated by/(used in) operating activities	**34**	**1,487,794**	**(252,962)**	**932,674**	**(688,954)**
Cash flows from investing activities					
Purchase of property, plant and equipment	22	(519,414)	(201,341)	(516,148)	(131,687)
Purchase of investment properties		–	(1,096,597)	–	(1,096,597)
Proceeds from disposal of investment property		445,000	–	445,000	–
Proceeds from disposal of property, plant and equipment		7,000	4,012	7,000	3,779
Purchase of investment securities		(2,390,781)	(1,767,464)	(1,256,251)	(491,454)
Proceeds on redemption /sales of investments		2,295,084	2,717,508	1,523,571	1,107,354
Interest received		1,120,218	846,214	902,941	838,546
Dividend received		235,052	148,027	235,052	148,027
Investment in subsidary		–	–	–	(735,228)
Net cash generated by/(used in) investing activities		**1,192,159**	**650,359**	**1,341,165**	**(357,260)**
Cash flows from financing activities					
Dividends paid to equity holders parent	26.1	(588,600)	(1,141,002)	(588,600)	(1,141,002)
Net cash used in financing activities		**(588,600)**	**(1,141,002)**	**(588,600)**	**(1,141,002)**
Net increase/(decrease) in cash and cash equivalents		2,091,353	(743,605)	1,685,239	(2,187,216)
Cash and cash equivalents at beginning of year		5,878,360	6,630,640	4,337,192	6,526,753
Effect of exchange rate changes on cash and cash equivalents		(7,663)	(8,675)	(3,426)	(2,345)
Cash and cash equivalents at end of year	**35**	**7,962,050**	**5,878,360**	**6,019,005**	**4,337,192**

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

Notes to the consolidated financial statements

1. Revenue

1.1 Insurance premium revenue	Group 2015 ₦'000	Group 2014 ₦'000	Company 2015 ₦'000	Company 2014 ₦'000
Premium revenue arising from insurance contracts issued				
Life insurance contracts				
Gross Premium	2,852,203	2,073,934	2,666,078	1,937,588
Change in life insurance contract liabilities (Note 24.3)	(204,439)	(71,130)	(204,439)	(71,130)
Non life insurance contracts				
Gross Premium	16,885,837	14,362,844	12,700,035	11,238,629
Change in unearned premium provision	1,146,171	(211,908)	931,251	(35,558)
Total Premium revenue arising from insurance contracts issued	**20,679,772**	**16,153,740**	**16,092,925**	**13,069,529**

1.2 Insurance premium ceded to retrocessionaires	Group 2015 ₦'000	Group 2014 ₦'000	Company 2015 ₦'000	Company 2014 ₦'000
Premium revenue ceded to retrocessionaire on insurance contracts issued				
Life insurance contracts	396,546	380,354	368,627	359,902
Non life insurance contracts	2,087,867	1,578,879	1,386,177	1,284,705
Total Premium revenue ceded to retrocessionaire on insurance contracts issued	2,484,413	1,959,233	1,754,804	1,644,607
Net insurance premium revenue	**18,195,359**	**14,194,507**	**14,338,121**	**11,424,922**

2. Insurance benefits and underwriting expenses

2.1 Insurance claims and loss adjustment expenses	Group 2015 ₦'000	Group 2014 ₦'000	Company 2015 ₦'000	Company 2014 ₦'000
Life insurance contracts	1,499,808	1,461,997	1,413,135	1,350,957
Non life insurance contracts	7,543,202	5,907,476	5,656,836	4,662,866
Total cost of policyholder benefits	9,043,010	7,369,473	7,069,971	6,013,823
Insurance claims and loss adjustment expenses recoverable from retrocessionaire	(289,960)	(489,306)	(156,042)	(485,414)
Net insurance benefits and claims	**8,753,050**	**6,880,167**	**6,913,929**	**5,528,409**

2.2 Underwriting expenses	Group 2015 ₦'000	Group 2014 ₦'000	Company 2015 ₦'000	Company 2014 ₦'000
Amortisation of deferred expenses (Note 17)	4,010,093	3,897,913	3,964,784	3,009,305
Costs incurred for the maintenance of insurance contracts	1,495,854	271,430	356,541	271,431
Management expenses (See Note 6.1)	1,880,659	1,777,932	1,740,040	1,657,529
Total underwriting expenses	7,386,606	5,947,275	6,061,365	4,938,265
Total insurance benefits and underwriting expenses	**16,139,656**	**12,827,442**	**12,975,294**	**10,466,674**

3. Interest income

	Group 2015 ₦'000	Group 2014 ₦'000	Company 2015 ₦'000	Company 2014 ₦'000
Cash and bank balances interest income	589,068	480,757	421,050	412,323
Held-to-maturity and loans and receivables interest income	428,052	331,989	378,793	298,527
Statutory deposits interest income	103,098	127,696	103,098	127,696
Interest income	**1,120,218**	**940,442**	**902,941**	**838,546**

Notes to the consolidated financial statements continued

4. Net fair value gains/(loss) on assets at fair value through profit or loss

	Group 2015 ₦'000	Group 2014 ₦'000	Company 2015 ₦'000	Company 2014 ₦'000
Net fair value gains on financial assets designated at fair value through profit or loss	11,651	48,437	8,691	(7,467)
Fair value gains on investment properties	147,107	83,559	147,107	83,559
Total	**158,758**	**131,996**	**155,798**	**76,092**

5. Other income

	Group 2015 ₦'000	Group 2014 ₦'000	Company 2015 ₦'000	Company 2014 ₦'000
Available-for-sale:				
Dividends	235,631	148,529	235,052	148,027
Gain on disposal of available-for-sale securities	93,221	54,841	93,221	54,841
Rental income on investment properties (Note 20)	125,830	88,837	125,830	88,837
Other income	144,209	61,255	67,129	60,208
	598,891	**353,462**	**521,232**	**351,913**

6. Operating expenses

6.1 Management and administrative expenses	Group 2015 ₦'000	Group 2014 ₦'000	Company 2015 ₦'000	Company 2014 ₦'000
Management expenses (Note 2.2)	1,880,659	1,777,932	1,740,040	1,657,529
Administrative expenses	993,903	572,385	437,198	280,864
	2,874,562	**2,350,317**	**2,177,238**	**1,938,393**
Management and administrative expenses comprises the following:				
Depreciation and amortisation (Note 21 and 22)	109,974	89,969	70,320	73,831
Auditor's remuneration	28,537	23,936	17,400	14,000
Employee benefits expenses (Note 6.1.1)	1,063,312	942,589	861,001	836,879
Loss on disposal of property, plant and equipment	5,849	5,559	5,850	5,559
Productivity bonus	146,861	64,725	146,861	64,725
Professional fees	155,703	155,703	153,774	53,453
Overseas travelling expenses	117,563	117,428	110,574	117,845
Other operating expenses	1,246,763	950,409	811,458	772,101
Total management and administrative expenses	**2,874,562**	**2,350,317**	**2,177,238**	**1,938,393**

6.1.1 Employee benefit expense	Group 2015 ₦'000	Group 2014 ₦'000	Company 2015 ₦'000	Company 2014 ₦'000
Wages and salaries (local)	782,568	742,966	600,012	648,857
Wages and salaries (other regions)	147,905	108,198	147,905	108,198
Pension:				
Defined Benefit Staff Gratuity Plan	88,094	63,903	68,339	63,903
Defined Contributory Plan	44,745	27,521	44,745	15,921
	1,063,312	**942,589**	**861,001**	**836,879**

The amount of Employer's pension contribution included amount of ₦30,799,372 (2014: ₦15,921,609) 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

	Group 2015 ₦'000	Group 2014 ₦'000	Company 2015 ₦'000	Company 2014 ₦'000
Reinsurance receivables (reversals)/charge (Note 15.1)	492,055	(167,406)	396,394	(205,196)
Loans and other receivables (Note 13.1)	–	225,378	–	225,378
Available for sale financial assets	–	69,500	–	69,500
Other assets (Note 18)	–	113,642	–	113,642
	492,055	**241,114**	**396,394**	**203,324**

7. Net gain on available for sale financial assets

	Group 2015 ₦'000	Group 2014 ₦'000	Company 2015 ₦'000	Company 2014 ₦'000
Net (loss)/gain on available-for-sale financial assets				
Equity instruments	(111,485)	70,758	(102,792)	70,516
Debt Instruments	293	5,214	293	3,982
Remeasurement gains on available-for-sale financial assets	(111,192)	75,972	(102,499)	74,498
Reclassification adjustments to gains included in profit or loss	(7,372)	(54,841)	(7,372)	(54,841)
Total net remeasurement gains on available for sale financial assets	**(118,564)**	**21,131**	**(109,871)**	**19,657**

8. Taxation

	Group 2015 ₦'000	Group 2014 ₦'000	Company 2015 ₦'000	Company 2014 ₦'000
Per consolidated statement of profit or loss :				
Income tax based on profit for the year	676,893	467,592	500,929	365,667
Education tax	41,098	25,610	41,098	25,610
Back duty charge on prior years*	–	198,020	–	198,020
	717,991	691,222	542,027	589,297
Deferred tax expense (Note 9.1)	54,814	41,103	63,830	29,174
Income tax expense	**772,805**	**732,325**	**605,857**	**618,471**
Per consolidated statement of financial position:				
At 1 January	458,813	391,381	391,277	388,875
Charged to profit or loss	717,991	691,222	542,027	589,297
Payments during the year	(454,769)	(623,790)	(284,305)	(586,895)
	722,035	**458,813**	**648,999**	**391,277**
Reconciliation of tax charge				
Profit before income tax	**2,915,593**	**1,587,969**	**2,540,244**	**1,279,994**
Tax at Nigerian's statutory income tax rate of 30%	874,678	476,391	762,073	383,998
Non-deductible expenses	222,340	299,913	167,997	287,168
Tax exempt income	(301,453)	(250,897)	(301,453)	(259,613)
Back duty charge on prior years	–	198,020	–	198,020
Education tax levy	41,098	25,610	41,098	25,610
Tax rate differential on fair value gains	(61,590)	(16,712)	(61,590)	(16,712)
At effective income tax rate of Group 27% (2014:46%) and Company 24% (2014:48%)	**775,073**	**732,325**	**608,125**	**618,471**

* Back duty charge on prior years

This relates to additional tax liability which arose as a result of tax audit exercise carried out by the Federal Inland Revenue Services (FIRS) on previous years financials covering 2007 to 2011.

Notes to the consolidated financial statements continued

9. Deferred taxation

	Group 2015 ₦'000	Group 2014 ₦'000	Company 2015 ₦'000	Company 2014 ₦'000
Deferred income tax (assets)/liabilities are attributable to the following items:				
Deferred tax liabilities				
Property, plant and equipment	24,498	29,311	14,440	10,237
Investment properties	73,566	58,855	73,566	58,855
	98,064	**88,166**	**88,006**	**69,092**
Deferred tax assets				
Employee benefits	(25,156)	(24,053)	(19,229)	(24,053)
	(25,156)	**(24,053)**	**(19,229)**	**(24,053)**
Net	**72,908**	**64,113**	**68,777**	**45,039**

9.1 Movements in temporary differences during the year:	Group 2015 ₦'000	Group 2014 ₦'000	Company 2015 ₦'000	Company 2014 ₦'000
As at 1 January	**64,113**	**49,091**	**45,039**	**41,946**
Recognised in profit or loss on:				
Property, plant and equipment	(4,813)	17,671	4,203	5,742
Investment properties	14,711	8,356	14,711	8,356
Employee benefits	44,916	15,076	44,916	15,076
Total recognised in profit or loss	54,814	41,103	63,830	29,174
Total recognised in other comprehensive income on:				
Employee benefits	(46,019)	(26,081)	(40,092)	(26,081)
At 31 December	**72,908**	**64,113**	**68,777**	**45,039**

10. Earnings per share (EPS)

Basic EPS amounts are calculated by dividing the profit for the year attributable to ordinary share holders by the weighted average number of ordinary shares outstanding during the year. The following reflects the income and share data used in the basic earnings per share computations:

	Group 31 December 2015 ₦'000	Group 31 December 2014 ₦'000	Company 31 December 2015 ₦'000	Company 31 December 2014 ₦'000
Net profit attributable to ordinary shareholders (₦'000)	2,002,631	820,382	1,934,387	661,523
Weighted average number of shares for the year (₦'000)	10,372,744	10,372,744	10,372,744	10,372,744
Basis and diluted earnings per ordinary share (kobo)	19	8	19	6

11. Cash and cash equivalents

	Group 2015 ₦'000	Group 2014 ₦'000	Company 2015 ₦'000	Company 2014 ₦'000
Cash in hand	448	110	267	110
Balances held with local banks:				
Current account	488,333	353,597	179,700	119,463
Domiciliary account	114,401	9,841	114,401	9,839
Balances held with foreign banks	414,428	517,685	414,428	517,685
Placements with banks and other financial institutions	6,684,965	3,963,090	5,083,562	2,656,058
	7,702,575	**4,844,323**	**5,792,358**	**3,303,155**

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 average variable interest rate obtainable in the market.

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

The cash and cash equivalents position for cash flow purposes is as disclosed in Note 34.

12. Financial assets designated at fair value through profit or loss

	Group 2015 ₦'000	Group 2014 ₦'000	Company 2015 ₦'000	Company 2014 ₦'000
Managed Funds				
External Portfolio Management	1,224,258	1,227,512	104,247	171,524
	1,224,258	**1,227,512**	**104,247**	**171,524**

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

13. Loans and other receivables

	Group 2015 ₦'000	Group 2014 ₦'000	Company 2015 ₦'000	Company 2014 ₦'000
Staff loans and advances	364,041	234,910	302,083	207,802
Other advances	375,491	375,491	375,491	375,491
Impairment on other receivables (Note 13.1)	(375,491)	(375,491)	(375,491)	(375,491)
Total loans and other receivables	**364,041**	**234,910**	**302,083**	**207,802**

13.1 Reconciliation of impairment on loans and other receivables:	Group 2015 ₦'000	Group 2014 ₦'000	Company 2015 ₦'000	Company 2014 ₦'000
At 1 January	375,491	150,113	375,491	150,113
Charge for the year: other advances (Note 6.2)	–	225,378	–	225,378
At 31 December	375,491	375,491	375,491	375,491

Notes to the consolidated financial statements continued

14. Investment securities

	Group 2015 ₦'000	Group 2014 ₦'000	Company 2015 ₦'000	Company 2014 ₦'000
Analysis of investment securities				
Equity	1,944,109	2,133,706	1,925,253	2,110,689
Debt	4,145,131	5,150,393	3,663,981	4,618,680
	6,089,240	**7,284,099**	**5,589,234**	**6,729,369**

Analysis by class

14.1 Available-for-sale:	Group 2015 ₦'000	Group 2014 ₦'000	Company 2015 ₦'000	Company 2014 ₦'000
Equity instruments	1,944,109	2,133,706	1,925,253	2,110,689
Debt instruments	250,573	272,331	225,641	246,193
Total available-for-sale	**2,194,682**	**2,406,037**	**2,150,894**	**2,356,882**

14.2 Held-to-maturity	Group 2015 ₦'000	Group 2014 ₦'000	Company 2015 ₦'000	Company 2014 ₦'000
Debt instruments	3,894,558	4,878,062	3,438,340	4,372,487
Total Investment securities	**6,089,240**	**7,284,099**	**5,589,234**	**6,729,369**

Equity Instruments				
Securities at Available-for-sale - Fair value				
Quoted	838,636	1,027,724	819,780	1,004,707
Unquoted	1,105,472	1,105,982	1,105,472	1,105,982
Total equity instruments	**1,944,108**	**2,133,706**	**1,925,252**	**2,110,689**

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

	Group 31 December 2015 ₦'000	Group 31 December 2014 ₦'000	Company 31 December 2015 ₦'000	Company 31 December 2014 ₦'000
Debt Instruments				
Securities at Available-for-sale -Fair value				
Government bonds	250,573	272,331	225,641	246,193
	250,573	**272,331**	**225,641**	**246,193**
Securities at held-to-maturity - amortised cost				
Listed	2,006,411	2,753,697	1,550,193	2,461,055
Unlisted	1,888,147	2,124,365	1,888,147	1,911,432
	3,894,558	**4,878,062**	**3,438,340**	**4,372,487**
Total debt instruments	**4,145,131**	**5,150,393**	**3,663,981**	**4,618,680**

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

15. Reinsurance receivables

	Group 31 December 2015 ₦'000	Group 31 December 2014 ₦'000	Company 31 December 2015 ₦'000	Company 31 December 2014 ₦'000
Due from ceding companies	5,902,411	6,425,841	4,876,486	5,167,350
Due from ceding companies (Pipeline)	2,569,966	2,480,366	2,095,207	2,342,828
Premium reserves retained by ceding companies	44,365	105,182	–	(5,713)
	8,516,742	**9,011,389**	**6,971,693**	**7,504,465**
Impairment on reinsurance receivables (Note 15.1)	(1,258,343)	(2,268,053)	(1,178,599)	(2,230,263)
	7,258,399	**6,743,336**	**5,793,094**	**5,274,202**

15.1 Reconcilliation of impairment on reinsurance receivables

At 1 January	2,268,053	3,341,819	2,230,263	3,341,819
Written off during the year	(1,501,765)	(906,360)	(1,448,058)	(906,360)
Charge/(credit) for the year (Note 6.2)	492,055	(167,406)	396,394	(205,196)
At 31 December	**1,258,343**	**2,268,053**	**1,178,599**	**2,230,263**

16. Retrocession Assets

	Group 31 December 2015 ₦'000	Group 31 December 2014 ₦'000	Company 31 December 2015 ₦'000	Company 31 December 2014 ₦'000
Retrocessionaires' share of claims recoverable	374,745	131,006	112,088	87,453
Retrocessionaires' share of Reserve for Outstanding Claims	135,150	79,779	79,779	79,779
Retrocessionaires' share of life insurance contract liabilities	217,686	266,843	204,781	168,703
Total retrocession assets (Note 24)	**727,581**	**477,628**	**396,648**	**335,935**

At 31 December 2015, 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

	Group 31 December 2015 ₦'000	Group 31 December 2014 ₦'000	Company 31 December 2015 ₦'000	Company 31 December 2014 ₦'000
At 1 January	1,759,685	1,428,293	1,383,416	1,213,441
Expenses deferred	3,708,844	4,229,305	3,689,205	3,179,280
Amortisation (Note 2.2)	(4,010,093)	(3,897,913)	(3,964,784)	(3,009,305)
At 31 December	**1,458,436**	**1,759,685**	**1,107,837**	**1,383,416**

Notes to the consolidated financial statements continued

18. Other assets

	Group 31 December 2015 ₦'000	Group 31 December 2014 ₦'000	Company 31 December 2015 ₦'000	Company 31 December 2014 ₦'000
Prepayments	58,279	34,762	50,599	27,493
Deposit for property (Note 18.1)	–	332,382	–	332,382
Due from stockbrokers (Note 18.2)	–	50,639	–	50,639
Intercompany balances	–	–	1,077,242	728,064
Withholding tax receivable	4,168	14,353	4,168	14,353
Others (Note 18.3)	154,401	734,920	116,486	247,298
	216,848	**1,167,056**	**1,248,495**	**1,400,229**
Impairment on others	(185,792)	(185,792)	(185,792)	(185,792)
	31,056	**981,264**	**1,062,703**	**1,214,437**
Reconciliation of impairment on others				
At 1 January	185,792	72,150	185,792	72,150
Charge for the year (Note 6.2)	–	113,642	–	113,642
At 31 December	**185,792**	**185,792**	**185,792**	**185,792**

18.1
This relates to deposit made for property in Douala which is yet to be concluded upon at the reporting date.

18.2
This relates to amount due as proceeds on disposal/redemption of financial assets which remained outstanding at year end.

19. Investment in subsidiaries

	Group 31 December 2015 ₦'000	Group 31 December 2014 ₦'000	Company 31 December 2015 ₦'000	Company 31 December 2014 ₦'000
Continental Reinsurance Limited, Nairobi, Kenya			949,797	1,022,859
Continental Reinsurance Limited, Gaborone, Botswana			699,774	699,774
			1,649,571	**1,722,633**
Movement in this account is as shown below:				
Opening			1,722,633	987,405
Disposal of investment in Continental Reinsurance Limited, Kenya			(73,062)	35,454
Investment in Continental Reinsurance Limited, Botswana			–	699,774
Closing			**1,649,571**	**1,722,633**

20. Investment Properties

	Group 31 December 2015 ₦'000	Group 31 December 2014 ₦'000	Company 31 December 2015 ₦'000	Company 31 December 2014 ₦'000
At 1, January	2,926,956	1,746,800	2,926,956	1,746,800
(Disposal)/additions	(388,417)	1,096,597	(388,417)	1,096,597
Fair value adjustments	147,107	83,559	147,107	83,559
At 31, December	**2,685,646**	**2,926,956**	**2,685,646**	**2,926,956**

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 2015 and 31 December 2014. These valuers are specialists in valuing these types of investment properties. The fair value of the properties has not been determined on transactions observable in the market because of the nature of the property and the lack of comparable data. Instead, a valuation model, based on discounted cash flows, in accordance with that recommended by the International Valuation Standards Committee has been applied. Valuations are performed on an annual basis and the fair value gains and losses are recorded within the profit or loss.

The Company enters into operating leases for all of its investment properties. The rental income arising during the year amounted to ₦125,830,441.75 (year ended 31 December 2014: ₦88,836,943.97) which is included in other income. Direct operating expenses arising in respect of such properties during the year are included in administrative expenses.

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

	Group 31 December 2015 ₦'000	Group 31 December 2014 ₦'000	Company 31 December 2015 ₦'000	Company 31 December 2014 ₦'000
Rental Income derived from investment properties	125,830	88,837	125,830	88,837
Direct operating expenses (including repairs & Maintenance) generating income	(13,710)	(9,800)	(13,710)	(9,800)
Profit arising from investment properties carried at fair value	**112,120**	**79,037**	**112,120**	**79,037**

The fair value disclosure on investment properties is as follows:

	Fair value measurement using			
Date of valuation – 31 December 2015	Quoted prices in active market Level 1 ₦'000	Significant observable inputs Level 2 ₦'000	Significant unobservable inputs Level 3 ₦'000	Total ₦'000
Investment properties	–	–	**2,685,646**	**2,685,646**

	Fair value measurement using			
Date of valuation – 31 December 2014	Quoted prices in active market Level 1 ₦'000	Significant observable inputs Level 2 ₦'000	Significant unobservable inputs Level 3 ₦'000	Total ₦'000
Investment properties	–	–	**2,926,956**	**2,926,956**

During the reporting period ending 31 December 2015 and 31 December 2014, there were no transfers between level 1 and level 2 and in and out of level 3.

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20. Investment Properties (continued)

Description of valuation techniques used and key inputs to valuation on investment properties

Winged Duplexes

Valuation technique	Significant unobservable inputs	Range (weighted average)
Income capitalization using DCF Analysis	Estimated rental per wing per annum	₦10m to ₦12.5m (₦10.40m)
	Average annual growth	4%
	Average annual probable vacancy rate	1.4%
	Discount rate (equated yield)	8.88% - 8.96% (9.20%)

Three bedroom flats

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

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

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

21. Intangible assets - Group and Company

	Computer software ₦'000	Total ₦'000
Cost:		
At 1 January 2014	59,063	59,063
Cost capitalised	–	–
At 31 December 2014	59,063	59,063
Cost capitalised	–	–
At 31 December 2015	**59,063**	**59,063**
Accumulated amortisation and impairment:		
At 1 January 2014	49,396	49,396
Amortisation	8,453	8,453
At 31 December 2014	57,849	57,849
Amortisation	1,214	1,214
At 31 December 2015	**59,063**	**59,063**
Carrying amount:		
At 31 December 2015	–	–
At 31 December 2014	**1,214**	**1,214**

22. Property, plant and equipment

The Group	Freehold property ₦'000	Motor vehicle ₦'000s	Furniture and fittings ₦'000	Office partitioning ₦'000	Computer equipment ₦'000	Total ₦'000
Cost/Valuation:						
At 1 January 2014	430,158	199,888	133,512	57,015	70,757	891,329
Additions	29,397	85,258	48,162	22,859	15,665	201,341
Disposals	–	(43,883)	(4,603)	–	(4,318)	(52,804)
Exchange difference	501	326	249	132	139	1,347
At 31 December 2014	460,056	241,589	177,320	80,006	82,243	1,041,213
Additions	431,930	59,212	13,055	–	15,217	519,414
Disposals	–	(29,794)	(10,653)	–	(4,501)	(44,948)
Exchange difference		–	3	–	102	104
At 31 December 2015	**891,986**	**271,007**	**179,724**	**80,006**	**93,061**	**1,515,784**
Accumulated depreciation:						
At 1 January 2014	–	103,541	71,745	49,965	54,450	279,701
Charge for the year	–	42,936	19,581	4,599	14,400	81,516
Disposal	–	(38,651)	(4,599)	–	(3,684)	(46,934)
Exchange difference		63	56	45	49	213
At 31 December 2014	–	**107,889**	**86,783**	**54,609**	**65,215**	**314,496**
Charge for the year	–	59,676	26,378	5,067	12,234	103,355
Disposal	–	(22,295)	(4,489)	–	(4,228)	(31,012)
Exchange difference	–	740	530	–	176	1,447
At 31 December 2015	–	146,010	109,203	59,676	73,397	388,286
Net book value:						
At 31 December 2015	**891,986**	**124,997**	**70,522**	**20,330**	**19,663**	**1,127,498**
At 31 December 2014	460,056	133,700	90,536	25,397	17,028	726,717

Company	Freehold property ₦'000	Motor vehicle ₦'000s	Furniture and fittings ₦'000	Office partitioning ₦'000	Computer equipment ₦'000	Total ₦'000
Cost/Valuation:						
At 1 January 2014	430,158	172,966	94,502	57,015	64,237	818,878
Additions	29,397	45,129	36,403	13,586	7,172	131,687
Disposals	–	(43,883)	(4,603)	–	(3,995)	(52,481)
At 31 December 2014	459,555	174,212	126,302	70,601	67,414	898,084
Additions	431,930	59,212	12,153	–	12,853	516,148
Disposals	–	(29,794)	(10,653)	–	(4,501)	(44,948)
At 31 December 2015	**891,485**	**203,630**	**127,802**	**70,601**	**75,766**	**1,369,284**
Accumulated depreciation:						
At 1 January 2014	–	96,680	66,781	49,965	52,252	265,678
Charge for the year	–	37,380	13,995	2,803	11,200	65,378
Disposal	–	(38,651)	(4,599)	–	(3,580)	(46,830)
At 31 December 2014	–	95,409	76,177	52,768	59,872	284,226
Charge for the year		42,669	13,467	5,067	6,816	68,019
Disposal	–	(22,295)	(4,489)	–	(4,228)	(31,012)
At 31 December 2015	–	115,783	85,155	57,835	62,460	321,233
Net book value:						
At 31 December 2015	**891,485**	**87,847**	**42,647**	**12,766**	**13,306**	**1,048,051**
At 31 December 2014	459,555	78,803	50,125	17,833	7,542	613,858

Notes to the consolidated financial statements continued

23. Statutory deposits

	Group 31 December 2015 ₦'000	Group 31 December 2014 ₦'000	Company 31 December 2015 ₦'000	Company 31 December 2014 ₦'000
At 31 December	1,000,000	1,000,000	1,000,000	1,000,000

Statutory deposit represents the amount deposited with the Central Bank of Nigeria in accordance with section 9(1) and section 10(3) of Insurance Act 2003. This is restricted cash as management does not have access to the balances in its day to day activities. Statutory deposits are measured at cost.

24. Insurance contract liabilities

	Group 31 December 2015 ₦'000	Group 31 December 2014 ₦'000	Company 31 December 2015 ₦'000	Company 31 December 2014 ₦'000
Unearned Premium (Note 24.1)	4,912,295	5,979,095	3,684,628	4,615,879
Outstanding Claims (Note 24.2)	4,647,288	3,553,180	4,103,731	3,263,740
	9,559,583	9,532,275	7,788,359	7,879,619
Life (Note 24.3)	1,522,370	1,252,418	1,365,204	1,124,687
Total insurance liabilities	**11,081,953**	**10,784,693**	**9,153,563**	**9,004,306**
Total retrocessionaire's share of insurance liabilities (Note 16)	(727,582)	(477,628)	(396,648)	(335,935)
Net insurance contracts	**10,354,371**	**10,307,065**	**8,756,915**	**8,668,371**

24.1 Reserve for Unearned Premium

	Group 31 December 2015 ₦'000	Group 31 December 2014 ₦'000	Company 31 December 2015 ₦'000	Company 31 December 2014 ₦'000
At 1 January	5,979,095	5,338,434	4,615,879	4,580,322
Increase in the year (Note 1.1)	16,885,837	14,362,844	12,700,035	11,238,629
Released during the year	(17,952,637)	(13,722,183)	(13,631,286)	(11,203,072)
At 31 December	**4,912,295**	**5,979,095**	**3,684,628**	**4,615,879**

24.2 Reserve for Outstanding Claims

	Group 31 December 2015 ₦'000	Group 31 December 2014 ₦'000	Company 31 December 2015 ₦'000	Company 31 December 2014 ₦'000
At 1 January	3,553,180	3,426,438	3,263,740	3,339,833
Incurred in the current accident year	7,543,202	5,907,476	5,656,836	4,662,866
Paid during the year	(6,449,094)	(5,780,734)	(4,816,845)	(4,738,959)
At 31 December	**4,647,288**	**3,553,180**	**4,103,731**	**3,263,740**

24.3 Insurance liabilities on life policy holders

	Group 31 December 2015 ₦'000	Group 31 December 2014 ₦'000	Company 31 December 2015 ₦'000	Company 31 December 2014 ₦'000
At 1 January	1,252,418	1,108,507	1,124,687	1,041,004
Increase in retrocessionaire's share	65,513	72,781	36,078	12,553
Accretion (Note 1.1)	204,439	71,130	204,439	71,130
At 31 December	**1,522,370**	**1,252,418**	**1,365,204**	**1,124,687**

25. Reinsurance creditors

	Group 31 December 2015 ₦'000	Group 31 December 2014 ₦'000	Company 31 December 2015 ₦'000	Company 31 December 2014 ₦'000
Due to retrocessionaires	60,276	157,152	60,276	157,152
Due to ceding companies	823,840	1,247,018	786,733	1,018,583
	884,117	**1,404,170**	**847,009**	**1,175,735**

This represents the amount payable to insurance and reinsurance companies.

26. Other liabilities

	Group 31 December 2015 ₦'000	Group 31 December 2014 ₦'000	Company 31 December 2015 ₦'000	Company 31 December 2014 ₦'000
Sundry creditors	330,721	179,461	330,722	179,461
Rent received in advance	77,104	71,953	28,605	71,953
Accrued expenses	46,403	134,772	32,261	72,921
Dividend payable (Note 26.1)	588,786	36,384	588,786	36,384
Information technology development levy	41,225	12,800	41,225	12,800
Others	7,915	99,726	5,451	5,950
Intercompany balance	–	–	291,079	77,637
	1,092,154	**535,096**	**1,318,129**	**457,106**

26.1 Dividends paid and proposed

At 1 January	36,384	36,341	36,384	36,341
Declared during the year	1,141,002	1,141,045	1,141,002	1,141,045
Paid during the year	(588,600)	(1,141,002)	(588,600)	(1,141,002)
	588,786	**36,384**	**588,786**	**36,384**
Proposed for approval at the annual general meeting (not recognised as a liability as at 31 December): at 12 kobo per share (2014: 11 kobo).			—	—

27. Retirement benefit obligations

	Group 31 December 2015 ₦'000	Group 31 December 2014 ₦'000	Company 31 December 2015 ₦'000	Company 31 December 2014 ₦'000
Defined contribution scheme (Note 27.1)	67	–	67	–
Defined benefit gratutity scheme (Note 27.2)	278,305	184,379	278,305	184,379
	278,372	**184,379**	**278,372**	**184,379**

27.1 Defined contribution scheme

In accordance with the provisions of the Pensions Act 2004, the Group and its staff commenced a contributory pension scheme in January 2005. The contribution by employees and the Company are 8% and 10%, respectively, of the employees' basic salary, housing and transport allowances. The contribution made and transfered to the pension fund administrator during the year are as follows;

	Group 31 December 2015 ₦'000	Group 31 December 2014 ₦'000	Company 31 December 2015 ₦'000	Company 31 December 2014 ₦'000
Balance at beginning of year	–	2,407	–	2,407
Provisions during the year	40,670	23,995	40,670	23,995
Transfer to PFA	(40,603)	(26,402)	(40,603)	(26,402)
Balance at end of year	**67**	–	**67**	–

Notes to the consolidated financial statements continued

27. Retirement benefit obligations (continued)

27.2 Defined benefit staff gratuity scheme

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

	Group 31 December 2015 ₦'000	Group 31 December 2014 ₦'000	Company 31 December 2015 ₦'000	Company 31 December 2014 ₦'000
Statement of financial position obligation for:				
The amounts recognised in the statement of financial position are determined as follows:				
Present value of funded obligations	525,724	356,651	525,724	356,651
Fair value of plan assets	(247,419)	(172,272)	(247,419)	(172,272)
Deficit of funded plans	278,305	184,379	278,305	184,379
Unrecognised net (gain)/loss	–	–	–	–
Unrecognised past service costs	–	–	–	–
(Asset)/liability in the consolidated statement of financial position	**278,305**	**184,379**	**278,305**	**184,379**
The movement in the defined benefit obligation over the year is as follows:				
At beginning of the year	356,651	378,645	356,651	378,645
Service cost	57,592	52,120	57,592	52,120
Member contribution	–	–	–	–
Interest cost	58,506	49,226	58,506	49,226
Actuarial (Gains)/Loss	101,383	(19,137)	101,383	(19,137)
Benefit paid	(48,408)	(104,203)	(48,408)	(104,203)
At end of the year	**525,724**	**356,651**	**525,724**	**356,651**
The amounts recognised in the profit or loss are as follows:				
Current service cost	57,592	52,120	57,592	52,120
Net interest	25,596	11,783	25,596	11,783
Total, included in staff costs	**83,188**	**63,903**	**83,188**	**63,903**
The amounts recognised in other comprehensive income				
Re-measurement loss on net defined benefit plans	153,397	86,935	133,642	86,935
The movement in the plan assets over the year is as follows:				
Assets at fair value – opening	172,272	335,152	172,272	335,152
Interest return	32,910	37,443	32,910	37,443
Employer contribution	142,659	9,952	142,659	9,952
Benefit paid	(48,408)	(104,203)	(48,408)	(104,203)
Actuarial loss	(52,014)	(106,072)	(52,014)	(106,072)
At end of the year	**247,419**	**172,272**	**247,419**	**172,272**
Composition of Plan assets				
Cash	36.03%	36.00%	55.00%	36.00%
Equity	98.80%	99.00%	65.17%	98.80%
Bonds	37.30%	37.00%	35.38%	37.30%
The principal actuarial assumptions were as follows:				
Average long term discount rate (p.a.)	15.00%	15.00%	11.40%	15.00%
Average long term rate of inflation (p.a.)	10.00%	10.00%	10.00%	10.00%
Average long term pay increase (p.a.)	10.00%	10.00%	10.00%	10.00%

A quantitative sensitivity analysis for significant assumption as at 31 December 2014 is as shown below:

		Discount rate ₦'000	Salary increase ₦'000	Mortality rate ₦'000
Assumptions				
Sensitivity level	+1%	(34,109)	38,963	404
Impact on defined benefit obligation	-1%	38,810	(34,835)	(477)

28. Share capital

	Group 31 December 2015 ₦'000	Group 31 December 2014 ₦'000	Company 31 December 2015 ₦'000	Company 31 December 2014 ₦'000
Authorised				
25,000,000,000 Ordinary shares of 50k each	12,500,000	12,500,000	12,500,000	12,500,000
Issued and fully paid				
10,372,744,312 Ordinary shares of 50k each	5,186,372	5,186,372	5,186,372	5,186,372

29. Share premium

	Group 31 December 2015 ₦'000	Group 31 December 2014 ₦'000	Company 31 December 2015 ₦'000	Company 31 December 2014 ₦'000
At 31 December	3,915,451	3,915,451	3,915,451	3,915,451

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

30. Contingency reserve

The statutory contingency reserve has been computed in accordance with Section 21 (1) of the Insurance Act, Cap 117 LFN 2004. The composition on the account are as follows:

	Group 31 December 2015 ₦'000	Group 31 December 2014 ₦'000	Company 31 December 2015 ₦'000	Company 31 December 2014 ₦'000
Non-Life	3,168,859	2,601,160	3,039,852	2,521,695
Life	245,749	183,971	210,632	183,971
Total	**3,414,608**	**2,785,131**	**3,250,484**	**2,705,666**
Movement in this account is as shown below:				
At 1, January	2,785,131	2,420,096	2,705,666	2,349,131
Addition during the year	629,477	365,035	544,818	356,535
At 31, December	**3,414,608**	**2,785,131**	**3,250,484**	**2,705,666**

31. Retained earnings:

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

32. Other reserves

32.1 Available-for-sale reserve:

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

32.2 Foreign currency translation reserve:

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

Notes to the consolidated financial statements
continued

33. Non-Controlling interests

During 2014 financial year, British American Asset Management (BAAM) invested additional capital in Continental Reinsurance Limited, Kenya (CRe Limited, Kenya); subsidary of Continetal Reinsurance Plc (CRe Plc), the transaction was not a disposal but capital injection. Formerly, CRe Plc had 100% shareholding in CRe Limited, Kenya, with the accomodation of capital set out below, the shareholding of CRe Plc was watered down to 70%. The accomodation of BAAM was to fulfill regulatory requirement that there should be equity particpation from indigenious companies or citizen from Kenya when a foreign entity is investing in Kenya.

Also as set out below, CRe Plc and Botswana Insurance Company Limited co-founded Continental Reinsurance Limted, Botwana, this led to CRe Plc having shareholding of 60% and Botswana Insurance Company Limited 40% in Continental Reinsurance Limited, Botswana.

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

	Continental Reinsurance Limited, Kenya ₦'000	Continental Reinsurance Limited, Botswana ₦'000	Total ₦'000
At 1 January 2015	502,666	476,346	979,012
Change in shareholding	18,442	–	18,442
Profit for the year	95,871	44,286	140,157
Other comprehensive income	(3,043)	–	-3,043
At 31 December 2015	**613,936**	**520,632**	**1,134,568**

34. Reconciliation of profit before taxation to net cash generated by/(used in) operating activities

	Group 31 December 2015 ₦'000	Group 31 December 2014 ₦'000	Company 31 December 2015 ₦'000	Company 31 December 2014 ₦'000
Profit before income tax expense	**2,915,593**	**1,587,969**	**2,540,244**	**1,279,994**
Adjustments for:				
Depreciation and amortization (Note 6.1)	109,974	89,969	70,320	73,831
Increase/(decrease) in provision for bad and doubtful balances	492,055	241,130	396,394	203,324
Profit on disposal of investments	(93,221)	(54,841)	(93,221)	(54,841)
Loss on disposal of property, plant and equipment	5,849	5,545	5,850	5,570
Interest received	(1,120,218)	(846,244)	(902,941)	(838,546)
Dividend received	(235,631)	(148,027)	(235,052)	(148,027)
Unrealised foreign exchange loss/(gain)	(467,981)	393,119	(431,038)	460,617
Fair value loss on investment property and financial assets designated at fair value	(158,758)	(131,996)	(155,798)	(76,092)
Changes in operating assets/liabilities				
Reinsurance debtors	494,647	(124,750)	532,772	(662,496)
Prepayments and other assets	950,207	(903,587)	151,734	(494,300)
Retrocession assets	(249,953)	(116,333)	(60,713)	(56,688)
Reinsurance creditors and other liabilities	(520,053)	615,076	(328,726)	(62,323)
Deferred acquisition costs	(301,249)	14,217	(275,579)	169,975
Provision for unexpired risks	(1,066,800)	(159,341)	(931,251)	35,557
Outstanding claims	1,094,108	(266,452)	839,991	(76,093)
Retirement benefit obligations	93,993	138,479	93,993	138,479
Income tax paid (Note 8)	(454,769)	(586,895)	(284,305)	(586,895)
Net cash generated from/(used in) operating activities	**1,487,793**	**(252,962)**	**932,674**	**(688,954)**

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

	Group 31 December 2015 ₦'000	Group 31 December 2014 ₦'000	Company 31 December 2015 ₦'000	Company 31 December 2014 ₦'000
Cash in hand	448	110	267	110
Balances held with other banks:				
Current account	488,333	353,597	179,700	119,463
Domiciliary account	114,401	9,841	114,401	9,839
Balances held with foreign banks	414,428	517,685	414,428	517,685
Placements with banks and other financial institutions	6,684,965	3,963,090	5,083,562	2,656,058
Treasury bills	259,475	1,034,037	226,647	1,034,037
	7,962,050	**5,878,360**	**6,019,005**	**4,337,192**

36. Related party transactions

Transaction with related parties

The Group entered into transactions with related paries during the year in the normal course of business. The purchase from related parties are made at normal market prices.

Purchase of actuarial services	Group 2015 ₦'000	Group 2014 ₦'000	Company 2015 ₦'000	Company 2014 ₦'000
Alexander Forbes Consulting Actuaries Nigeria Ltd.	3,904	3,904	3,904	3,904

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

Loans and advances to related parties

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

	MD ₦'000	ED Non-life ₦'000	ED Life ₦'000	2015 ₦'000	2014 ₦'000
Mortgage loan	–	–	–	–	–
Personal loan	–	–	–	–	1,087
Car loan	–	3,607	–	3,607	4,329
	–	**3,607**	–	**3,607**	**5,416**

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 (2014: Nil).

Notes to the consolidated financial statements
continued

36. Related party transactions (continued)

Compensation of key management personnel

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

	Group 31 December 2015 ₦'000	Group 31 December 2014 ₦'000	Company 31 December 2015 ₦'000	Company 31 December 2014 ₦'000
Short-term employee benefits:				
Salaries and allowances	717,544	284,176	540,063	252,412
Long-term employee benefits:				
Post employment pension benefits	57,972	21,751	50,667	13,942
	775,516	**305,927**	**590,730**	**266,354**

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

	Number	Number	Number	Number
Below ₦1,000,000	–	–	–	–
₦1,000,001 – ₦4,000,000	–	–	–	–
₦4,000,001 – ₦7,000,000	–	–	–	–
₦7,000,001 and above	2	2	2	2
	2	**2**	**2**	**2**

Employees

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

	Group 31 December 2015 ₦'000	Group 31 December 2014 ₦'000	Company 31 December 2015 ₦'000	Company 31 December 2014 ₦'000
Managerial and Senior Staff	74	62	59	55
Junior Staff	–	7	–	1
	74	69	59	56

Staff cost	₦'000	₦'000	₦'000	₦'000
Salaries and allowances	737,211	590,389	559,730	464,224
Staff pension	38,310	29,920	31,001	18,323
Staff gratuity	96,740	1,213	68,340	–
	872,260	**621,522**	**659,070**	**482,547**

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

	Group 31 December 2015 ₦'000	Group 31 December 2014 ₦'000	Company 31 December 2015 ₦'000	Company 31 December 2014 ₦'000
N500,000 – N1,000,000	9	10	6	9
N1,000,001 – N1,500,000	10	14	8	11
N1,500,001 – N2,000,000	8	3	8	2
N2,000,001 – N2,500,000	2	4	1	1
N2,500,001 – N3,000,000	8	5	6	4
N3,000,001 – Above	37	33	30	29
	74	**69**	**59**	**56**

37. Contingencies and commitments

Contingent liabilities

There were no contingent liabilities at the end of the year (2014: Nil).

Capital commitment and operating leases

There were no capital commitments at the end of the year (2014: Nil).

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

	Group 31 December 2015 ₦'000	Group 31 December 2014 ₦'000	Company 31 December 2015 ₦'000	Company 31 December 2014 ₦'000
Within one year	22,595	60,038	22,595	60,038
After one year but not more than five years	5,833	11,915	5,833	11,915
	28,428	**71,953**	**28,428**	**71,953**

38. Compliance with regulatory bodies

Penalties:

	2015 ₦'000	2014 ₦'000
a) The Company contravened certain sections of the Financial Reporting Council of Nigeria (FRCN) Act 2011 with respect to late submission of the 2013 accounts.	–	2,000.00
b) The Company contravened certain sections of the Security Exchange Commission (SEC) Act with respect to late filling of 2013 accounts.	–	15,335
c) 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	–	2,750
Non compliance with NAICOM guideline on retrocession placement	–	63,308
	–	**83,393**

39. Events after reporting date

There were no events after reporting date which would have a material effect on the state of affairs of the Group as at 31 December 2014 or the profit for the year then ended that have not been adequately provided for or disclosed.

Notes to the consolidated financial statements
continued

40. Admissible assets

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

	Non-life		Life	
	₦'000	₦'000	₦'000	₦'000
Cash and cash equivalents:				
Cash and bank balances	–			
Bank placements	3,782,608		1,055,084	
Total cash and cash equivalents		3,782,608		1,055,084
Investment properties		1,279,500		195,000
Investment securities:				
Quoted equities	478,473		104,247	
Unquoted equities	790,433		–	
Corporate Bonds	881,730		–	
Government bonds	1,911,632		137,490	
Total investment securities		4,062,268		241,737
Total assets representing insurance contract liabilities		9,124,376		1,491,821
Total insurance contract liabilities		7,770,359		1,365,204
Balance due to shareholders' funds		**1,354,017**		**126,617**

41. Segment information

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

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

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

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

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

41. Segment information (continued)

	Life insurance ₦'000	Non-life insurance ₦'000	Eliminations ₦'000	Total segments ₦'000
31 December 2015				
Gross Premium	2,852,203	16,885,843	–	19,738,046
Change in Reserve for unearned premium	(204,439)	1,146,171	–	941,732
Earned premium income	2,647,764	18,032,014	–	20,679,778
Less: Retrocession costs	(396,546)	(2,087,867)	–	(2,484,413)
Net premium written	**2,251,218**	**15,944,147**	–	**18,195,365**
Expenses				
Gross claims paid	1,521,858	6,239,188	–	7,761,046
Change in Reserve for outstanding claims.		1,109,050	–	1,109,050
Ceded Outstanding Claims Reserve	–	150,204	–	150,204
Claims incured	**1,521,858**	**7,498,442**	–	**9,020,300**
Retrocession recoveries	(13,251)	(276,717)	–	(289,967)
Net claims incurred	**1,508,607**	**7,221,726**	–	**8,730,333**
Underwriting expenses:				
Acquisition and maintenance cost	653,094	4,852,150	(27,315)	5,477,929
Depreciation and amortisation	14,872	95,102	–	109,974
Management and Administration expenses	423,468	2,903,843	(195,984)	3,131,327
	1,091,435	**7,851,094**	**(223,299)**	**8,719,230**
Underwriting (loss)/profit	**(348,824)**	**871,327**	**223,299**	**745,803**
Investment Income	313,540	1,856,251	–	2,169,791
Results of operating activities	(35,283)	2,727,578	223,299	2,915,594
Income tax expense	(111,672)	(661,133)	–	(772,805)
Profit for the year	**(146,956)**	**2,066,445**	**223,299**	**2,142,789**
Segment assets	4,510,640	26,704,316	(1,546,226)	29,668,730
Segment liabilities	3,666,599	11,860,467	(1,395,527)	14,131,539
31 December 2014				
Gross Premium	2,073,934	14,362,844	–	16,436,778
Change in Reserve for unearned premium	(71,130)	(211,908)	–	(283,038)
Earned premium income	2,002,804	14,150,936	–	16,153,740
Less: Retrocession costs	(380,354)	(1,578,879)	–	(1,959,233)
Net premium written	1,622,450	12,572,057	–	14,194,507
Expenses				
Gross claims paid	1,461,997	5,946,363	–	7,408,360
Change in Reserve for outstanding claims.			–	–
Ceded Outstanding Claims Reserve	–	(38,887)	–	(38,887)
Claims incured	1,461,997	5,907,476	–	7,369,473
Retrocession recoveries	(246,372)	(242,934)	–	(489,306)
Net claims incurred	1,215,625	5,664,542	–	6,880,167
Underwriting expenses:				
Acquisition and maintenance cost	459,048	3,710,296	–	4,169,344
Depreciation and amortisation	13,817	76,152	–	89,969
Management and Admin expenses	265,961	2,235,501	–	2,501,462
	738,826	**6,021,949**	–	**6,760,775**
Underwriting profit	(332,001)	885,566	–	553,565
Investment Income	97,098	937,306	–	1,034,404
Results of operating activities	(234,903)	1,822,872	–	1,587,969
Income tax expenses	(8,258)	(724,067)	–	(732,325)
(Loss)/profit for the year	**(243,161)**	**1,098,805**	–	**855,644**
Segment Assets	4,731,027	25,751,370	(2,274,753)	28,207,644
Segment liabilities	2,232,204	11,860,467	(661,407)	13,431,264

Notes to the consolidated financial statements continued

41. Segment information (continued)

The segment information provided to the Company Executive Board for the reportable segments for the year ended 31 December 2015 is as follows:

	Nigeria ₦'000	Cameroon ₦'000	Kenya ₦'000	Abidjan ₦'000	Tunis ₦'000	Botswana ₦'000	Total ₦'000	Eliminations ₦'000	Consolidated ₦'000
Gross premium	11,467,910	1,527,639	2,916,520	1,438,836	931,729	1,455,412	19,738,046	–	19,738,046
Change in reserve for unearned premium	697,607	66,321	94,406	(12,349)	(24,760)	120,507	941,732	–	941,732
Earned premium income	**12,165,517**	**1,593,960**	**3,010,926**	**1,426,487**	**906,969**	**1,575,919**	**20,679,778**	**–**	**20,679,778**
Retrocession costs	(1,420,784)	(141,970)	(299,653)	(108,912)	(83,146)	(429,949)	(2,484,415)	–	(2,484,415)
Net premium written	**10,744,733**	**1,451,990**	**2,711,273**	**1,317,575**	**823,822**	**1,145,970**	**18,195,364**	**–**	**18,195,364**
Expenses									
Gross claims paid	5,526,401	365,563	1,422,091	293,900	21,398	131,693	7,761,047	–	7,761,047
Change in reserve for outstanding claims	190,907	204,955	123,517	271,964	172,165	145,541	1,109,049	–	1,109,049
Ceded outstanding claims reserve	–	–	(593)	–	–	150,797	150,204	–	150,204
Claims incured	**5,717,308**	**570,518**	**1,545,015**	**565,864**	**193,563**	**428,031**	**9,020,300**	**–**	**9,020,300**
Retrocession recoveries	(155,984)	(38)	(133,918)	–	(27)	–	(289,967)	–	(289,967)
Net claims incurred	**5,561,324**	**570,480**	**1,411,097**	**565,864**	**193,536**	**428,031**	**8,730,332**	**–**	**8,730,332**
Underwriting expenses:									
Acquisition and maintenance cost	3,376,674	407,693	785,514	353,147	203,565	378,650	5,505,244	(27,315)	5,477,929
Depreciation and amortisation	63,895	8,512	16,250	8,017	5,191	8,109	109,974	–	109,974
Management and Admin expenses	1,880,711	340,453	333,005	300,327	269,958	202,857	3,327,310	(195,984)	3,131,326
	5,321,280	**756,657**	**1,134,769**	**661,491**	**478,714**	**589,617**	**8,942,528**	**(223,299)**	**8,719,229**
Underwriting profit	(137,871)	124,853	165,407	90,220	151,572	128,323	522,503	223,299	745,802
Investment Income	1,363,041	184,934	215,151	174,184	112,794	119,688	2,169,791	–	2,169,791
Results of operating activities	**1,225,170**	**309,787**	**380,558**	**264,404**	**264,366**	**248,011**	**2,692,294**	**223,299**	**2,915,593**
Income tax expenses	(340,125)	(95,934)	(128,178)	(78,432)	(91,367)	(38,770)	(772,805)	–	(772,805)
Profit for the year	**885,045**	**213,853**	**252,380**	**185,972**	**172,999**	**209,241**	**1,919,489**	**223,299**	**2,142,788**
Segment Assets	18,454,280	2,458,294	3,986,222	2,315,391	1,499,348	2,501,422	31,214,956	(1,546,226)	29,668,730
Segment liabilities	9,087,844	1,209,802	2,112,535	1,139,475	737,875	1,239,535	15,527,066	(1,395,527)	14,131,539

41. Segment information (continued)

The segment information provided to the Company Executive Board for the reportable segments for the year ended 31 December 2014 is as follows:

	Nigeria ₦'000	Cameroon ₦'000	Kenya ₦'000	Abidjan ₦'000	Tunis ₦'000	Botswana ₦'000	Total ₦'000	Eliminations ₦'000	Consolidated ₦'000
Gross premium	10,433,612	1,360,224	2,387,632	1,098,943	505,629	650,738	16,436,778	–	16,436,778
Change in reserve for unearned premium	(64,766)	(185,055)	(118,087)	(44,012)	(123,677)	252,559	(283,038)	–	(283,038)
Earned premium income	**10,368,846**	**1,175,169**	**2,269,545**	**1,054,931**	**381,952**	**903,297**	**16,153,740**	**–**	**16,153,740**
Retrocession costs	(1,352,656)	(161,609)	(167,267)	(88,749)	(37,851)	(151,101)	(1,959,232)	–	(1,959,232)
Net premium written	**9,016,190**	**1,013,560**	**2,102,278**	**966,182**	**344,101**	**752,196**	**14,194,508**	**–**	**14,194,508**
Expenses									
Gross claims paid	4,861,246	410,932	1,047,851	500,658	272,489	239,091	7,332,266	–	7,332,266
Change in reserve for outstanding claims	97,226	(77,135)	161,313	(3,585)	(195,795)	94,070	76,094	–	76,094
Ceded outstanding claims reserve	(38,887)	-	-	-	-	-	(38,887)	–	(38,887)
Claims incured	**4,919,585**	**333,797**	**1,209,164**	**497,073**	**76,694**	**333,161**	**7,369,473**	**–**	**7,369,473**
Retrocession recoveries	(479,955)	(2,239)	(7,049)	(63)	-	-	(489,306)	–	(489,306)
Net claims incurred	**4,439,630**	**331,558**	**1,202,115**	**497,010**	**76,694**	**333,161**	**6,880,167**	**–**	**6,880,167**
Underwriting expenses:									
Acquisition and maintenance cost	2,533,594	345,297	698,341	294,460	81,870	215,782	4,169,344	–	4,169,344
Depreciation and amortisation	61,312	5,742	11,353	4,639	2,134	4,789	89,969	–	89,969
Management and Admin expenses	1,712,441	180,415	257,715	145,760	67,065	138,066	2,501,462	–	2,501,462
	4,307,347	**531,454**	**967,409**	**444,859**	**151,069**	**358,637**	**6,760,775**	**–**	**6,760,775**
Underwriting profit	269,214	150,548	(67,246)	24,313	116,339	60,398	553,566	–	553,566
Investment Income	710,379	61,177	152,523	49,426	22,741	38,156	1,034,403	–	1,034,403
Results of operating activities	**979,593**	**211,725**	**85,277**	**73,740**	**139,080**	**98,554**	**1,587,969**	**–**	**1,587,969**
Income tax expenses	(618,493)	(29,201)	(90,293)	(10,170)	(19,182)	(23,561)	(790,901)	–	(790,901)
Profit for the year	**361,100**	**182,524**	**(5,016)**	**63,569**	**119,898**	**74,993**	**797,068**	**–**	**797,068**
Segment Assets	19,413,638	2,521,376	3,430,093	2,037,053	937,258	2,142,979	30,482,397	(2,274,753)	28,207,644
Segment liabilities	8,964,523	1,086,783	1,710,201	878,026	403,984	990,578	14,034,095	(602,831)	13,431,264

Notes to the consolidated financial statements
continued

42. Management of financial and insurance risk

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

42.1 Management of Insurance risk

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

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

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

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

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

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

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

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

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

	Gross Written Premium ₦'000	Ceded to Retrocessionaire ₦'000	Net Written Premium ₦'000	Percentage (GWP)	Percentage (Retro)
Insurance Risk By Region					
Group					
2015					
Anglophone west	11,467,908	1,420,775	10,047,133	58%	57%
Eastern Africa	2,916,520	299,653	2,616,867	15%	12%
Southern Africa	1,455,412	429,949	1,025,463	7%	17%
Central Africa	1,527,639	141,970	1,385,669	8%	6%
Northern Africa	931,729	83,146	848,583	5%	3%
Francophone West	1,438,836	108,912	1,329,924	7%	4%
Total	**19,738,044**	**2,484,405**	**17,253,639**	**100%**	**100%**
2014					
Anglophone west	10,188,989	1,352,659	8,836,330	62%	69%
Eastern Africa	2,441,222	241,914	2,199,308	15%	12%
Southern Africa	841,772	76,342	765,430	5%	4%
Central Africa	1,360,223	161,609	1,198,614	8%	8%
Northern Africa	505,629	37,960	467,669	3%	2%
Francophone West	1,098,944	88,749	1,010,195	7%	5%
Total	**16,436,778**	**1,959,233**	**14,477,545**	**100%**	**100%**
Company					
2015					
Anglophone west	11,373,992	1,415,576	9,958,416	74%	81%
Eastern Africa	93,916	5,200	88,717	1%	0%
Southern Africa	–		–	0%	0%
Central Africa	1,527,639	141,970	1,385,669	10%	8%
Northern Africa	931,729	83,146	848,582	6%	5%
Francophone West	1,438,836	108,912	1,329,924	9%	6%
Total	**15,366,113**	**1,754,804**	**13,611,309**	**100%**	**100%**
2014					
Anglophone west	10,188,989	1,352,659	8,836,330	77%	82%
Eastern Africa	22,432	3,631	18,801	0%	0%
Southern Africa	–	–	–	0%	0%
Central Africa	1,360,223	161,609	1,198,614	10%	10%
Northern Africa	505,629	37,960	467,669	4%	2%
Francophone West	1,098,944	88,749	1,010,195	8%	5%
Total	**13,176,217**	**1,644,607**	**11,531,610**	**100%**	**100%**

Notes to the consolidated financial statements
continued

42. Management of financial and insurance risk (continued)

42.1 Management of Insurance risk (continued)

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

	Gross Written Premium ₦'000	Ceded to Retrocessionaire ₦'000	Net Written Premium ₦'000	Percentage (GWP)	Percentage (Retro)
Insurance Risk By Product					
Group					
2015					
Accident	2,828,649	284,518	2,544,131	14%	11%
Energy	2,199,322	475,760	1,723,562	11%	19%
Fire	9,097,426	1,182,912	7,914,514	46%	48%
Group Life	2,635,141	383,320	2,251,821	13%	15%
Individual Life	217,062	21,609	195,453	1%	1%
Liability	1,068,125	14,621	1,053,504	5%	1%
Marine	1,692,320	121,667	1,570,653	9%	5%
Total	**19,738,046**	**2,484,407**	**17,253,639**	**100%**	**100%**
2014					
Accident	3,182,209	216,469	2,965,740	19%	11%
Energy	2,114,961	552,116	1,562,845	13%	28%
Fire	5,991,247	652,714	5,338,533	36%	33%
Group Life	1,861,395	357,458	1,503,937	11%	18%
Individual Life	284,471	43,446	241,025	2%	2%
Liability	1,399,898	23,595	1,376,303	9%	1%
Marine	1,602,597	113,435	1,489,162	10%	6%
Total	**16,436,778**	**1,959,233**	**14,477,545**	**100%**	**100%**
Company					
2015					
Accident	1,484,189	149,904	1,334,284	10%	9%
Energy	2,199,322	475,760	1,723,563	14%	27%
Fire	6,716,207	666,451	6,049,756	44%	38%
Group Life	2,449,016	336,068	2,013,942	16%	19%
Individual Life	217,062	32,559	74,946	1%	2%
Liability	818,883	–	818,883	5%	0%
Marine	1,481,433	94,061	1,387,373	10%	5%
Total	**15,366,113**	**1,754,803**	**13,402,747**	**100%**	**100%**
Company					
2014					
Accident	1,846,015	114,912	1,731,103	14%	7%
Energy	2,114,961	531,171	1,583,789	16%	32%
Fire	4,670,287	546,725	4,123,563	35%	33%
Group Life	1,725,205	318,775	1,406,430	13%	19%
Individual Life	212,383	41,127	171,256	2%	3%
Liability	1,106,700	–	1,106,700	8%	0%
Marine	1,500,666	91,894	1,408,772	11%	6%
Total	**13,176,217**	**1,644,604**	**11,531,613**	**100%**	**100%**

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

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

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

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

Notes to the consolidated financial statements continued

42. Management of financial and insurance risk (continued)

42.2 Financial risk management

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

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

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

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

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

The Group	Carrying amount ₦'000	No stated maturity ₦'000	0-90 days ₦'000	91-180 days ₦'000	180-365 days ₦'000	1-5 years ₦'000	> 5 years ₦'000
At 31 December 2015							
Financial assets							
Cash and cash equivalents	7,702,127		7,702,127	–	–	–	–
Reinsurance receivables	7,258,399		1,753,346	679,799	1,509,285	3,139,912	–
Loans and other receivables	364,041		364,041	–	–	–	–
Retrocession assets	727,581		727,581	–	–	–	–
Other assets	31,056		31,056	–	–	–	–
Financial asset designated at fair value	1,224,258		1,224,258	–	–	–	–
Debt Securities – *held to maturity*							
Listed	1,550,193		–	–	–	1,550,193	–
Unlisted	1,888,147		–	–	–	1,888,147	–
Debt Securities – *available for sale*	–						
Listed	272,331		272,331	–	–	–	–
Equities – *available for sale*	–						
Listed	1,102,347		1,102,347	–	–	–	–
Unlisted	1,031,359		1,031,359	–	–	–	–
Statutory deposits	1,000,000		–	–	–	–	1,000,000
Non financial asset							
Investment properties	2,685,646		–	–	–	–	2,685,646
	26,837,485		**14,208,446**	**679,799**	**1,509,285**	**6,578,252**	**3,685,646**
Financial liabilities							
Other liabilities	965,910		965,910	–	–	–	–
Reinsurance creditors	884,117		884,117	–	–	–	–
	1,850,027		**1,850,027**	–	–	–	–

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

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

The Group	Carrying amount ₦'000	No stated maturity ₦'000	0-90 days ₦'000	91-180 days ₦'000	180-365 days ₦'000	1-5 years ₦'000	> 5 years ₦'000
At 31 December 2014							
Financial assets							
Cash and cash equivalents	4,844,213		4,844,213	–	–	–	–
Reinsurance receivables	6,743,336		3,724,327	588,679	715,156	1,138,580	576,594
Loans and other receivables	234,910		234,910	–	–	–	–
Retrocession assets	477,628		477,628	–	–	–	–
Other assets	946,502		946,502	–	–	–	–
Financial asset designated at fair value	1,227,512		1,227,512				
Debt Securities – *Held to maturity*							
Listed	2,628,657		–	–	–	2,628,657	–
Unlisted	2,249,405		–	–	–	2,249,405	–
Debt Securities – *available for sale*							
Listed	272,331		272,331	–	–	–	–
Equities – *available for sale*							
Listed	1,102,347		1,102,347	–	–	–	–
Unlisted	1,031,359		1,031,359	–	–	–	–
Statutory deposits	1,000,000		–	–	–	–	1,000,000
Non financial asset							
Investment properties	2,926,956		–	–	–	–	2,926,956
	25,685,156		**13,861,129**	**588,679**	**715,156**	**6,016,642**	**4,503,550**
Financial liabilities							
Other liabilities	350,617		350,617	–	–	–	–
Reinsurance creditors	1,404,170		1,404,170	–	–	–	–
	1,754,787		**1,754,787**	–	–	–	–

Notes to the consolidated financial statements
continued

42. Management of financial and insurance risk (continued)
42.2 Financial risk management (continued)

The Company	Carrying amount ₦'000	No stated maturity ₦'000	0-90 days ₦'000	91-180 days ₦'000	180-365 days ₦'000	1-5 years ₦'000	> 5 years ₦'000
At 31 December 2015							
Financial assets							
Cash and cash equivalents	5,792,091		5,792,091	–	–	–	–
Reinsurance receivables	5,793,094		1,288,588	493,181	1,084,892	2,750,376	–
Loans and other receivables	302,083		302,083	–	–	–	–
Retrocession assets	396,648		396,648	–	–	–	–
Other assets	1,012,104		1,012,104	–	–	–	–
Financial asset designated at fair value	104,247		104,247	–	–	–	–
Debt Securities – *Held to maturity*							
Listed	1,550,193		–	1,550,193	–		–
Unlisted	1,888,147		–	522,050	102,570	1,006,839	256,688
Debt Securities – *available for sale*							
Listed	225,641		–	–	–	225,641	–
Equities – *available for sale*							
Listed	819,780		819,780	–	–	–	–
Unlisted	1,105,472		1,105,472	–	–	–	–
Statutory deposits	1,000,000		–	–	–	–	1,000,000
Non financial asset							
Investment properties	2,685,646		–	–	–	–	2,685,646
	22,675,146		**10,821,013**	**2,565,424**	**1,187,462**	**3,982,856**	**3,942,334**
Financial liabilities							
Other liabilities	951,769		951,769	–	–	–	–
Reinsurance creditors	847,009		847,009	–		–	–
	1,798,778		**1,798,778**	–	–	–	–

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

The Company	Carrying amount ₦'000	No stated maturity ₦'000	0-90 days ₦'000	91-180 days ₦'000	180-365 days ₦'000	1-5 years ₦'000	> 5 years ₦'000
At 31 December 2014							
Financial assets							
Cash and cash equivalents	3,303,045		3,303,045	–	–	–	–
Reinsurance receivables	5,274,202		3,014,103	367,427	359,597	956,482	576,593
Loans and other receivables	207,802		207,802	–	–	–	–
Retrocession assets	335,935		335,935	–	–	–	–
Other assets	1,186,944		1,186,944	–	–	–	–
Financial asset designated at fair value	171,524		171,524	–	–	–	–
Debt Securities – *Held to maturity*							
Listed	2,336,040		–	2,336,040	–	–	–
Unlisted	2,036,447		–	–	122,166	1,914,281	–
Debt Securities – *available for sale*							
Listed	246,193		–	–	–	246,193	–
Equities – *available for sale*							
Listed	1,079,330		1,079,330	–	–	–	–
Unlisted	1,031,359		1,031,359	–	–	–	–
Statutory deposits	1,000,000		–	–	–	–	1,000,000
Non financial asset	–						
Investment properties	2,926,956		–	–	–	–	2,926,956
	21,135,777		**10,330,042**	**2,703,467**	**481,763**	**3,116,956**	**4,503,549**
Financial liabilities							
Other liabilities	288,766		288,766	–	–	–	–
Reinsurance creditors	1,175,735		1,175,735	–		–	–
	1,464,501		**1,464,501**	–	–	–	–

Note: Other assets excludes prepayments whilst other liabilities exclude statutory deductions and rent received in advance.
Please refer to the maturity profile table on Note 42.2.3 on Liquidity risks, for the maturity analysis of financial instruments only.

Notes to the consolidated financial statements continued

42. Management of financial and insurance risk (continued)

42.2 Financial risk management (continued)

Maturity analysis on expected maturity basis

The Group	Current ₦'000	Non-current ₦'000	Total ₦'000
At 31 December 2015			
Cash and cash equivalents	7,702,575	–	7,702,575
Financial asset designated as fair value	1,224,258	–	1,224,258
Loans and other receivables	364,041	–	364,041
Available-for-sale investments	2,194,682	–	2,194,682
Held to maturity investments	–	3,894,558	3,894,558
Reinsurance receivables	4,118,487	3,139,912	7,258,399
Retrocession assets	727,581	–	727,581
Deferred acquisition costs	1,458,436	–	1,458,436
Other assets	31,056	–	31,056
Investment properties	–	2,685,646	2,685,646
Intangible assets	–	–	–
Property, plant and equipment	–	1,127,498	1,127,498
Statutory deposits	–	1,000,000	1,000,000
Total assets	**17,821,116**	**11,847,614**	**29,668,730**
Liabilities			
Insurance contract liabilities	11,081,953		11,081,953
Reinsurance creditors	884,117	–	884,117
Other liabilities	1,092,154	–	1,092,154
Retirement benefit obligations	278,372	–	278,372
Current income tax	722,035	–	722,035
Deferred taxation	–	72,908	72,908
Total liabilities	**14,058,631**	**72,908**	**14,131,539**
Net maturity mismatch	3,762,485	11,774,706	15,537,191

The Group	Current ₦'000	Non-current ₦'000	Total ₦'000
At 31 December 2014			
Cash and cash equivalents	4,844,323	–	4,844,323
Financial asset designated as fair value	1,227,512	–	1,227,512
Loans and other receivables	234,910	–	234,910
Available-for-sale investments	2,406,037	–	2,406,037
Held to maturity investments	–	4,878,062	4,878,062
Reinsurance receivables	5,028,163	1,715,173	6,743,336
Retrocession assets	477,628	–	477,628
Deferred acquisition costs	1,759,685	–	1,759,685
Other assets	981,264	–	981,264
Investment properties	–	2,926,956	2,926,956
Intangible assets	–	1,214	1,214
Property, plant and equipment	–	726,717	726,717
Statutory deposits	–	1,000,000	1,000,000
Total assets	**16,959,522**	**11,248,122**	**28,207,644**
Liabilities			
Insurance contract liabilities	10,784,693	–	10,784,693
Reinsurance creditors	1,404,170	–	1,404,170
Other liabilities	535,096	–	535,096
Retirement benefit obligations	184,379	–	184,379
Current income tax	458,813	–	458,813
Deferred taxation	–	64,113	64,113
Total liabilities	**13,367,151**	**64,113**	**13,431,264**
Net maturity mismatch	3,592,371	11,184,009	14,776,380

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

Notes to the consolidated financial statements
continued

42. Management of financial and insurance risk (continued)
42.2 Financial risk management (continued)
Maturity analysis on expected maturity basis

The Company	Current ₦'000	Non-current ₦'000	Total ₦'000
At 31 December 2014			
Cash and cash equivalents	3,303,155	–	3,303,155
Financial asset designated as fair value	171,524	–	171,524
Loans and other receivables	207,802	–	207,802
Available-for-sale investments	2,356,882	–	2,356,882
Held to maturity investments	–	4,372,487	4,372,487
Reinsurance receivables	3,741,127	1,533,075	5,274,202
Retrocession assets	335,935	–	335,935
Deferred acquisition costs	1,383,416	–	1,383,416
Other assets	1,214,437	–	1,214,437
Investment properties	–	2,926,956	2,926,956
Intangible assets	–	1,214	1,214
Property, plant and equipment	–	613,858	613,858
Statutory deposits	–	1,000,000	1,000,000
Investment in subsidiary	–	1,722,633	1,722,633
Total assets	**12,714,278**	**12,170,223**	**24,884,501**
Liabilities			
Insurance contract liabilities	9,004,306	–	9,004,306
Reinsurance creditors	1,175,735	–	1,175,735
Other liabilities	457,106	–	457,106
Retirement benefit obligations	184,379	–	184,379
Current income tax	391,277	–	391,277
Deferred taxation	–	45,039	45,039
Total liabilities	**11,212,803**	**45,039**	**11,257,842**
Net maturity mismatch	1,501,475	12,125,184	13,626,659

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

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

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

A 100 basis point movement in interest rates will result in additional interest income or less for the Group of ₦128.214 million and Company ₦78.472 million (2014: Group ₦91.134 million and Company ₦72.747million).

(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 all the securities traded in a market.

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

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

A 1% movement in market prices will result in an unrealised gain or loss for the Group of ₦29.249 million and Company ₦25.956 million (2014: Group ₦0.273 million, Company ₦10.047 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 Group'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 Group carries out an asset liability matching exercise to ensure an adequate currency match between assets and liability so that any net movement in currency is minimal on the financial statements.

A 1% movement in foreign exchange rate in USD against the Naira will result in ₦40.244 million gain or loss for the Group and Company of ₦35.109 million (2014: Group ₦39.407 million and Company ₦36.356 million). In Euro, Group ₦2.499 million and Company ₦2.312 million (2014: Group ₦2.346 million and Company ₦2.086 million). And in other currencies, Group ₦10.185 million and Company ₦5.721 million (2014: Group ₦7.130 million and Company ₦3.896 million).

In addition, the Group's retrocession programme is denominated in US dollars and provides a stable hard currency platform to hedge against the fluctuations of the various African currencies.

The Group	Naira ₦'000	USD ₦'000	Euro ₦'000	CFA ₦'000	KSH ₦'000S	Other ₦'000	Total ₦'000
31 December 2015							
Assets							
Cash and cash equivalents	3,286,180	280,835	84,880	1,941,090	772,558	1,337,033	7,702,575
Reinsurance receivables	677,328	2,125,475	164,970	1,389,446	485,353	2,239,770	7,082,342
Investment securities	3,676,069	1,618,091	–	218,993	1,729,709	70,636	7,313,498
Liabilities							
Other liabilities	1,092,154	–	–	–	–	–	1,092,154
31 December 2014							
Assets							
Cash and cash equivalents	1,452,941	354,490	4,717	1,393,926	406,658	1,231,591	4,844,323
Reinsurance receivables	972,271	2,092,426	229,834	2,058,537	462,477	927,791	6,743,336
Investment securities	5,141,420	1,493,829	–	–	554,729	94,121	7,284,099
Liabilities							
Other liabilities	535,096	–	–	–	–	–	535,096

Notes to the consolidated financial statements continued

42. Management of financial and insurance risk (continued)

42.2 Financial risk management (continued)

42.2.1 Sensitivities (continued)

(c) Sensitivity analysis – currency risk (continued)

The Company	Naira ₦'000	USD ₦'000	Euro ₦'000	CFA ₦'000	KSH ₦'000S	Other ₦'000	Total ₦'000
31 December 2015							
Assets							
Cash and cash equivalents	3,286,180	280,835	84,880	1,941,090	141,307	58,067	5,792,358
Reinsurance receivables	677,328	1,611,951	146,339	1,389,446	22,549	1,769,424	5,617,037
Investment securities	3,676,069	1,618,091	–	218,993	109,692	70,636	5,693,481
Liabilities							
Other liabilities	1,318,129	–	–	–	–	–	1,318,129
31 December 2014							
Assets							
Cash and cash equivalents	1,452,941	343,007	4,717	1,393,926	14,521	94,043	3,303,155
Reinsurance receivables	972,271	1,798,762	203,920	2,058,537	–	240,712	5,274,202
Investment securities	5,141,420	1,493,829	–	–	75,890	18,230	6,729,369
Liabilities							
Other liabilities	457,106	–	–	–	–	–	457,106

42.2.2 Credit Risk

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

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

Credit Rating	Fire and Engineering	Marine and Aviation	Motor, Accident and Liability	Energy
AA+	0%	10%	40%	10%
A+	43%	10%	0%	10%
A	5%	55%	30%	55%
A-	39%	25%	15%	25%
BBB-	10%	0%	0%	0%
B++	0%	0%	15%	0%
B+	4%	0%	0%	0%
B	0%	0%	0%	0%
Total	**100%**	**100%**	**100%**	**100%**

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

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

	Maximum exposure			
	Group 2015 ₦'000	Group 2014 ₦'000	Company 2015 ₦'000	Company 2014 ₦'000
Maximum exposure to credit risk before collateral held or other credit enhancements:				
Cash and cash equivalents	7,702,575	4,844,323	5,792,358	3,303,155
Reinsurance receivables	7,258,399	6,743,336	5,793,094	5,274,202
Loans and other receivables	364,041	234,910	302,083	207,802
Debt securities	4,145,131	5,150,393	3,663,981	4,618,680
Total assets bearing credit risk	**19,470,146**	**16,972,962**	**15,551,516**	**13,403,839**

	Cash and cash equivalents ₦'000	Reinsurance receivables ₦'000	Loans and other receivables ₦'000	Debt securities ₦'000	Total ₦'000
Age analysis for past due and impaired – The Group					
31 December 2015					
Neither past due nor impaired	7,702,575	3,942,430	364,041	4,145,131	16,154,177
Past due but not impaired	–	3,139,912	–	–	3,139,912
Impaired	–	1,258,343	375,491	–	1,633,834
Gross	7,702,575	8,340,685	739,532	4,145,131	20,927,923
Impairment allowance - collective	–	(1,258,343)	(375,491)	–	(1,633,834)
Net	**7,702,575**	**7,082,342**	**364,041**	**4,145,131**	**19,294,089**
31 December 2014					
Neither past due nor impaired	4,844,323	5,028,162	234,910	5,150,393	15,257,788
Past due but not impaired	–	1,715,174	–	–	1,715,174
Impaired	–	2,268,053	375,491	–	2,643,544
Gross	4,844,323	9,011,389	610,401	5,150,393	19,616,506
Impairment allowance - collective	–	(2,268,053)	(375,491)	–	(2,643,544)
Net	**4,844,323**	**6,743,336**	**234,910**	**5,150,393**	**16,972,962**

	Cash and cash equivalents ₦'000	Reinsurance receivables ₦'000	Loans and other receivables ₦'000	Debt securities ₦'000	Total ₦'000
Age analysis for past due and impaired – The Company					
31 December 2015					
Neither past due nor impaired	5,792,358	2,866,661	302,083	3,663,981	12,625,083
Past due but not impaired	–	2,750,376	–	–	2,750,376
Impaired	–	1,178,599	375,491	–	1,554,090
Gross	5,792,358	6,795,636	677,574	3,663,981	16,929,549
Impairment allowance - collective	–	(1,178,599)	(375,491)	–	(1,554,090)
Net	**5,792,358**	**5,617,037**	**302,083**	**3,663,981**	**15,375,459**
31 December 2014					
Neither past due nor impaired	3,303,155	3,741,126	207,802	4,618,680	11,870,763
Past due but not impaired	–	1,533,076	–	–	1,533,076
Impaired	–	2,230,263	375,491	–	2,605,754
Gross	3,303,155	7,504,465	583,293	4,618,680	16,009,593
Impairment allowance - collective	–	(2,230,263)	(375,491)	–	(2,605,754)
Net	**3,303,155**	**5,274,202**	**207,802**	**4,618,680**	**13,403,839**

Notes to the consolidated financial statements continued

42. Management of financial and insurance risk (continued)

42.2 Financial risk management (continued)

42.2.2 Credit Risk (continued)

(a) Financial assets neither past due nor impaired (continued)

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 businsses. The Group does not rate any of its financial assets measured at amortised cost.

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

The Group	AA+	A+	A	BBB-	Below BBB	Not rated	Total
31 December 2015							
Cash and cash equivalents	–	7,702,575	–	–	–	–	7,702,575
Reinsurance receivables	–	–	–	–	–	7,258,399	7,258,399
Loans and other receivables	–	–	–	–	–	364,041	364,041
Debt securities	–	2,256,984	1,888,147	–	–	–	4,145,131
31 December 2014							
Cash and cash equivalents	–	4,844,323	–	–	–	–	4,844,323
Reinsurance receivables	–	–	–	–	–	6,743,336	6,743,336
Loans and other receivables	–	–	–	–	–	234,910	234,910
Debt securities	–	3,026,027	2,124,365	–	–	–	5,150,392

The Company	AA+	A+	A	BBB-	Below BBB	Not rated	Total
31 December 2015							
Cash and cash equivalents	–	5,792,358	–	–	–	–	5,792,358
Reinsurance receivables	–	–	–	–	–	5,793,094	5,793,094
Loans and other receivables	–	–	–	–	–	302,083	302,083
Debt securities	–	1,775,834	1,888,147	–	–	–	3,663,981
31 December 2014							
Cash and cash equivalents	–	3,303,155	–	–	–	–	3,303,155
Reinsurance receivables	–	–	–	–	–	5,274,202	5,274,202
Loans and other receivables	–	–	–	–	–	207,802	207,802
Debt securities	–	2,707,248	1,911,432	–	–	–	4,618,680

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

The Group	< 90 days ₦'000	91-180 days ₦'000s	181-270 days ₦'000	271-365 days ₦'000	1-2 yrs ₦'000	2-3 yrs ₦'000	Total ₦'000
31 December 2015							
Life	108,986	(1,904)	50,991	39,474	53,108	130,300	380,955
Non-Life	1,644,359	681,703	874,556	444,263	1,339,002	1,717,504	6,701,387
Total	**1,753,345**	**679,799**	**925,547**	**483,737**	**1,392,110**	**1,847,804**	**7,082,342**
Profile	**25%**	**10%**	**13%**	**7%**	**20%**	**26%**	**100%**

The Group	< 90 days ₦'000	91-180 days ₦'000s	181-270 days ₦'000	271-365 days ₦'000	1-2 yrs ₦'000	2-3 yrs ₦'000	Total ₦'000
31 December 2014							
Life	101,102	22,036	34,447	597	121,939	136,579	416,700
Non-Life	3,623,225	566,643	618,212	61,900	892,599	564,057	6,326,636
Total	**3,724,327**	**588,679**	**652,659**	**62,497**	**1,014,538**	**700,636**	**6,743,336**
Profile	**55%**	**9%**	**10%**	**1%**	**15%**	**10%**	**100%**

The Company	< 90 days ₦'000	91-180 dasy ₦'000s	181-270 days ₦'000	271-365 days ₦'000	1-2 yrs ₦'000	2-3 yrs ₦'000	Total ₦'000
31 December 2015							
Life	51,630	10,800	35,948	39,332	48,165	127,431	313,306
Non-Life	1,236,958	482,380	491,570	418,041	834,501	1,840,281	5,303,731
Total	**1,288,588**	**493,180**	**527,518**	**457,373**	**882,666**	**1,967,712**	**5,617,037**
Profile	**23%**	**9%**	**9%**	**8%**	**16%**	**35%**	**100%**

The Company	< 90 days ₦'000	91-180 days ₦'000s	181-270 days ₦'000	271-365 days ₦'000	1-2 yrs ₦'000	2-3 yrs ₦'000	Total ₦'000
31 December 2014							
Life	76,470	19,560	24,902	46,273	319,969	93,246	580,420
Non-Life	2,937,633	347,866	224,600	63,823	733,280	386,579	4,693,781
Total	**3,014,103**	**367,426**	**249,502**	**110,096**	**1,053,249**	**479,825**	**5,274,201**
Profile	**57%**	**7%**	**5%**	**2%**	**20%**	**9%**	**100%**

Impaired financial assets

At 31 December 2013, the Group impaired reinsurance receivables was ₦492,055,000 (2014: ₦167,406,000), Company ₦396,394,000 (2014: ₦205,196,000)).

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 Group records impairment allowances for loans and receivables in a separate impairment allowance account. See Note 15.1 for the reconciliation of allowance for reinsurance receivables account.

Notes to the consolidated financial statements
continued

42. Management of financial and insurance risk (continued)

42.2 Financial risk management (continued)

42.2.2 Credit Risk (continued)

42.2.2.1 Concentration of credit risk

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

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

(a) Geographical sectors

	Group 2015 ₦'000	Group 2014 ₦'000	Company 2015 ₦'000	Company 2014 ₦'000
At 31 December				
Nigeria	2,536,226	2,275,405	2,536,226	2,275,405
Cameroon	1,158,731	1,428,669	1,158,731	1,428,669
Kenya	1,639,211	1,765,770	690,242	537,744
Abidjan + Tunis	1,024,798	789,022	1,024,798	789,022
Garborone	723,376	484,470	207,040	243,362
Total	**7,082,342**	**6,743,336**	**5,617,037**	**5,274,202**

(b) Business Class

	Group 2015 ₦'000	Group 2014 ₦'000	Company 2015 ₦'000	Company 2014 ₦'000
At 31 December				
Life operation	381,359	464,653	426,157	426,157
Non life Facultative	3,508,966	4,117,958	3,372,549	3,372,549
Non life Treaty	3,192,017	2,160,725	1,818,331	1,475,496
Total	**7,082,342**	**6,743,336**	**5,617,037**	**5,274,202**

42.2.3 Liquidity Risk

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

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

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

The Group	0–30 days ₦'000	31–90 days ₦'000	91–180 days ₦'000	181–365 days ₦'000	Over 1 year but less than 5 yrs ₦'000	Over 5 years ₦'000	Total ₦'000
31 December 2015							
Financial assets							
Cash and cash equivalents	7,702,575	–	–	–	–	–	7,702,575
Reinsurance receivables	3,913,186	326,204	588,679	715,156	1,138,580	576,594	7,258,399
Loans and other receivables	125,680			81,377	156,984	–	364,041
Other assets	31,056					–	31,056
Retrocession assets	727,581					–	727,581
Debt Securities at amortised cost	–		522,050	312,766	2,803,054	256,687.58	3,894,558
Debt Securities at available for sale	–				225,641		225,641
Total relevant financial assets	**12,500,078**	**326,204**	**522,050**	**312,766**	**3,028,695**	**256,688**	**20,203,851**
Financial liabilities							
Other liabilities	965,910	–	–	–	–	–	965,910
Total financial liabilities	**965,910**	**–**	**–**	**–**	**–**	**–**	**965,910**
Insurance contract liabilities				11,081,953			11,081,953
31 December 2014							
Financial assets							
Cash and cash equivalents	4,844,323	–	–	–	–	–	4,844,323
Reinsurance receivables	3,398,123	326,204	588,679	715,156	1,138,580	576,594	6,743,336
Loans and other receivables	150,418	4,038	11,267	12,115	57,072	–	234,910
Other assets	946,502	–	–	–	–	–	946,502
Retrocession assets	477,628					–	477,628
Debt Securities at amortised cost	350,779	197,795	1,576,771	46,574	2,310,038	396,105	4,878,062
Debt Securities at available for sale	–	26,135			246,196	–	272,331
Total relevant financial assets	**10,167,773**	**554,172**	**1,576,771**	**46,574**	**2,556,234**	**396,105**	**18,397,092**
Financial liabilities							
Other liabilities	350,617	–	–	–	–	–	350,617
Total financial liabilities	**350,617**	**–**	**–**	**–**	**–**	**–**	**350,617**
Insurance contract liabilities	–	–	–	10,784,693	–	–	10,784,693

Notes to the consolidated financial statements continued

42. Management of financial and insurance risk (continued)

42.2 Financial risk management (continued)

42.2.3 Liquidity Risk (continued)

The Company	0–30 days ₦'000	31–90 days ₦'000	91–180 days ₦'000	181–365 days ₦'000	Over 1 year but less than 5 yrs ₦'000	Over 5 years ₦'000	Total ₦'000
31 December 2015							
Financial assets							
Cash and cash equivalents	5,792,358	–	–	–	–	–	5,792,358
Reinsurance receivables	1,464,645		493,181	1,084,892	2,750,376	–	5,793,094
Loans and other receivables	125,379			19,720	156,984	–	302,083
Other assets	1,012,104	–	–	–	–	–	1,012,104
Retrocession assets	396,648	–	–	–	–	–	396,648
Debt Securities at amortised cost	–		522,050	312,766	2,346,836	256,688	3,438,340
Debt Securities at available for sale	–				225,641		225,641
Total relevant financial assets	**8,791,134**	**–**	**522,050**	**312,766**	**2,572,477**	**256,688**	**16,960,268**
Financial liabilities							
Other liabilities	951,769	–	–	–	–	–	951,769
Total financial liabilities	**951,769**	**–**	**–**	**–**	**–**	**–**	**951,769**
Insurance contract liabilities				9,153,563			9,153,563
31 December 2014							
Financial assets							–
Cash and cash equivalents	3,303,155	–	–	–	–	–	3,303,155
Reinsurance receivables	2,718,173	295,930	367,427	359,597	956,482		4,697,609
Loans and other receivables	123,309	4,038	11,267	12,115	57,072	–	207,801
Other assets	1,186,944	–	–	–	–	–	1,186,944
Retrocession assets	335,935	–	–	–	–	–	335,935
Debt Securities at amortised cost	350,779	197,795	1,576,771	46,574	1,943,450	257,118	4,372,487
Debt Securities at available-for-sale					246,193		246,193
Total relevant financial assets	**8,018,295**	**497,763**	**1,955,465**	**418,286**	**3,203,197**	**257,118**	**14,350,124**
Financial liabilities							
Other liabilities	–	–	–	–	–	–	–
Total financial liabilities	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Insurance contract liabilities	–	–	–	9,004,306	–	–	9,004,306

42.3 Fair value of financial assets and liabilities

(a) Financial instruments not measured at fair value

	At 31 December 2015 Group		At 31 December 2014 Group	
	Carrying value ₦'000	Fair value ₦'000	Carrying value ₦'000	Fair value ₦'000
Financial assets				
Cash and cash equivalents	7,702,575	7,702,575	4,844,323	4,844,323
Reinsurance receivables	7,258,399	7,258,399	6,743,336	6,743,336
Loans and other receivables	364,041	364,041	234,910	234,910
Other assets	31,056	31,056	981,264	981,264
Retrocession assets	727,581	727,581	477,628	477,628
Debt securities at amortised cost				
Listed	2,006,411	2,006,411	2,753,697	2,753,697
Unlisted	1,888,147	1,888,147	2,124,465	2,124,465
Financial liabilities				
Other liabilities	1,092,154	1,092,154	535,096	535,096

	At 31 December 2015 Company		At 31 December 2014 Company	
	Carrying value ₦'000	Fair value ₦'000	Carrying value ₦'000	Fair value ₦'000
Financial assets				
Cash and cash equivalents	5,792,358	5,792,358	3,303,155	3,303,155
Reinsurance receivables	5,793,094	5,793,094	5,274,202	5,274,202
Loans and other receivables	302,083	302,083	207,802	207,802
Other assets	1,062,703	1,062,703	1,214,437	1,214,437
Retrocession assets	396,648	396,648	335,935	335,935
Debt securities at amortised cost				
Listed	2,753,697	2,753,697	3,279,934	3,279,934
Unlisted	2,124,365	2,124,365	2,550,336	2,550,336
Financial liabilities				
Other liabilities	1,318,129	1,318,129	457,106	457,106

Note: Financial liabilities carrying amounts approximates their fair value.

(b) Financial instruments measured at fair value

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

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

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

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

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

The Group	Level 1 ₦'000	Level 2 ₦'000	Level 3 ₦'000	Total ₦'000
31 December 2015				
Financial assets				
Financial asset designated at fair value	1,224,258	–	–	1,224,258
Debt securities at available for sale				
Listed	250,573	–	–	250,573
Equity securities at available for sale				
Listed	838,636	–	–	838,636
Unlisted	–			–
31 December 2014				
Financial assets				
Financial asset designated at fair value	1,227,512	–	–	1,227,512
Debt securities at available for sale				
Listed	272,331	–	–	272,331
Equity securities at available for sale				
Listed	1,027,724	–	–	1,027,724
Unlisted	–	1,105,982	–	1,105,982

Notes to the consolidated financial statements
continued

42. Management of financial and insurance risk (continued)
42.3 Fair value of financial assets and liabilities (continued)
(b) Financial instruments measured at fair value (continued)

The Company	Level 1 ₦'000	Level 2 ₦'000	Level 3 ₦'000	Total ₦'000
31 December 2015				
Financial assets				
Financial asset designated at fair value	104,247	–	–	104,247
Debt securities at available for sale				
Listed	225,641	–	–	225,641
Equity securities at available for sale				
Listed	819,780	–	–	819,780
Unlisted	–			–
31 December 2014				
Financial assets				
Financial asset designated at fair value	171,524	–	–	171,524
Debt securities at available for sale				
Listed	246,193	–	–	246,193
Equity securities at available for sale				
Listed	1,004,707	–	–	1,004,707
Unlisted	–	1,105,982		1,105,982

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

42.4 Capital management and Solvency Margin

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

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

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

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

The National Insurance Commission requires each registered reinsurance company to:

(a) hold the minimum level of the regulatory capital of ₦10 billion
and
(b) maintain a minimum ratio of solvency margin of 15%

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

Consolidated statement of value added for the year ended 31 December 2015

	Group 2015 ₦'000	%	Group 2014 ₦'000	%	Company 2015 ₦'000		Company 2014 ₦'000	%
Net premium income:								
Local	10,744,733		9,016,190		10,744,733		9,016,190	
Foreign	7,450,626		5,178,318		3,593,388		2,408,732	
Other income	1,730,760		1,342,341		1,432,864		1,182,992	
	19,926,119		**15,536,849**		**15,770,985**		**12,607,914**	
Claims, commission, charges and management expenses								
local	(7,157,836)		(6,430,005)		(7,157,836)		(6,430,005)	
imported	(8,638,178)		(6,473,517)		(5,100,359)		(3,974,405)	
Value Added	**4,130,105**	**100.0**	**2,633,327**	**100.0**	**3,512,790**	**100.0**	**2,203,504**	**100.0**
Applied as follows:								
To pay employees:								
Salaries, pension and other allowances	1,063,312	25.7	942,589	26.0	861,001	24.5	836,879	26.7
To pay Government:								
Income tax	717,991	17.3	691,222	13.7	542,027	15.3	589,297	13.2
Information technology levy	41,225	1.0	12,800	0.6	41,225	1.2	12,800	0.7
Retained for growth:								
Depreciation and amortistion	109,974	2.7	89,969	3.2	70,320	2.0	73,831	3.0
Deferred taxation	54,814	1.4	41,103	1.4	63,830	1.9	29,174	1.3
Profit for the year	2,142,788	51.9	855,644	55.1	1,934,387	55.1	661,523	55.1
	4,130,105	**100.0**	**2,633,327**	**100.0**	**3,512,790**	**100.0**	**2,203,504**	**100.0**

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

Group three-year financial summary

Statement of financial position as at 31 December

	31 December		
	2015 ₦'000	2014 ₦'000	2013 ₦'000
Assets			
Cash and cash equivalents	7,702,575	4,844,323	5,673,748
Financial asset held for trading	1,224,258	1,227,512	170,285
Loans and other receivables	364,041	234,910	379,174
Available-for-sale investments	2,194,682	2,406,037	2,259,534
Held to maturity investments	3,894,558	4,878,062	5,830,270
Reinsurance receivables	7,258,399	6,743,336	6,292,066
Retrocession assets	727,581	477,628	358,106
Deferred acquisition costs	1,458,436	1,759,685	1,428,293
Other assets	31,056	981,264	365,839
Investment properties	2,685,646	2,926,956	1,746,800
Intangible assets	–	1,214	9,667
Property, plant and equipment	1,127,498	726,717	611,628
Investments in subsidiary	–	–	–
Statutory deposits	1,000,000	1,000,000	1,000,000
Total assets	**29,668,730**	**28,207,644**	**26,125,410**
Liabilities			
Insurance contract liabilities	11,081,953	10,784,693	9,873,379
Reinsurance creditors	884,117	1,404,170	1,169,024
Other liabilities	1,092,154	535,096	311,142
Retirement benefit obligation	278,372	184,379	45,900
Current income tax payable	722,035	458,813	391,381
Deferred tax liabilities	72,908	64,113	49,091
Total liabilities	**14,131,539**	**13,431,264**	**11,839,917**
Equity			
Share capital	5,186,372	5,186,372	5,186,372
Share premium	3,915,451	3,915,451	3,915,451
Retained earnings	1,820,765	1,714,433	2,420,096
Contigency reserve	3,414,608	2,785,131	2,519,174
Available-for-sale reserve	182,183	297,704	276,794
Foreign currency translation reserve	(116,756)	(101,723)	(32,394)
Equity attributable to equity holders of the parent	14,402,623	13,797,368	14,285,493
Non-controlling interest	1,134,568	979,012	
Total equity	**15,537,191**	**14,776,380**	**14,285,493**
Total liabilities and equity	**29,668,730**	**28,207,644**	**26,125,410**

Group three-year financial summary (continued)

Income statement for year ended

	31 December		
	2015 ₦'000	2014 ₦'000	2013 ₦'000
Assets			
Gross premium	19,738,040	16,436,778	15,858,796
Profit before income tax expense	2,915,593	1,587,969	2,233,394
Income tax expense	(772,805)	(732,325)	(479,994)
Profit for the year	2,142,788	855,644	1,753,400
Appropriations:			
Transfer to contingency reserve	629,477	365,035	546,777
Transfer to retained earnings	1,513,311	490,609	1,206,623
Earnings per share (kobo)	19	8	8
Net assets per share (kobo)	139	133	138

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

Separate five-year financial summary

Statement of financial position as at 31 December

	31 December				
	2015	2014	2013	2012	2011
Assets					
Cash and cash equivalents	5,792,358	3,303,155	5,605,227	6,263,827	5,815,044
Financial asset held for trading	104,247	171,524	170,285	132,942	108,956
Loans and other receivables	302,083	207,802	370,833	192,575	153,584
Available-for-sale investments	2,150,894	2,356,882	2,213,919	1,910,396	1,736,086
Held to maturity investments	3,438,340	4,372,487	4,732,522	4,359,087	5,076,223
Reinsurance receivables	5,793,094	5,274,202	5,613,677	5,427,732	4,602,289
Retrocession assets	396,648	335,935	279,247	779,147	146,974
Deferred acquisition costs	1,107,837	1,383,416	1,213,441	1,077,360	975,157
Other assets	1,062,703	1,214,437	546,073	1,113,603	181,718
Investment properties	2,685,646	2,926,956	1,746,800	1,661,000	1,653,500
Intangible assets	–	1,214	9,667	17,075	4,913
Property, plant and equipment	1,048,051	613,858	553,200	114,695	103,423
Investments in subsidiary	1,649,571	1,722,633	987,405	–	–
Statutory deposits	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Total assets	**26,531,472**	**24,884,501**	**25,042,296**	**24,049,439**	**21,557,867**
Liabilities					
Insurance contract liabilities	9,153,563	9,004,306	8,961,159	9,237,451	7,747,320
Reinsurance creditors	847,009	1,175,735	1,169,024	754,969	722,385
Other liabilities	1,318,129	457,106	288,057	252,265	345,897
Retirement benefit obligation	278,372	184,379	45,900	164,110	3,893
Current income tax payable	648,999	391,277	388,875	401,617	381,624
Deferred tax liabilities	68,777	45,039	41,946	3,660	41,470
Total liabilities	**12,314,849**	**11,257,842**	**10,894,961**	**10,814,072**	**9,242,589**
Equity					
Share capital	5,186,372	5,186,372	5,186,372	5,186,372	5,186,372
Share premium	3,915,451	3,915,451	3,915,451	3,915,451	3,915,451
Retained earnings	1,681,345	1,526,328	2,423,196	2,344,587	1,986,024
Contigency reserve	3,250,484	2,705,666	2,349,131	1,873,319	1,435,136
Available-for-sale reserve	182,971	292,842	273,185	(84,362)	(207,705)
Total equity	**14,216,623**	**13,626,659**	**14,147,335**	**13,235,367**	**12,315,278**
Total liabilities and equity	**26,531,472**	**24,884,501**	**25,042,296**	**24,049,439**	**21,557,867**

Income statement for year ended

	31 December				
	2015	2014	2013	2012	2011
Gross premium	15,366,113	13,176,217	14,053,252	14,053,252	11,647,038
Profit before income tax	2,540,244	1,279,994	2,001,410	1,699,731	1,829,729
Income tax expense	(605,857)	(618,471)	(414,953)	(414,953)	(387,150)
Profit after taxation	1,934,387	661,523	1,586,457	1,284,778	1,442,579
Appropriations:					
Transfer to contingency reserve	544,818	356,585	475,812	438,183	340,929
Transfer to retained earnings	1,389,569	304,988	1,110,645	1,110,645	1,101,650
Earnings per share (kobo)	19	6	15	12	14
Net assets per share (kobo)	137	131	136	128	119

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

Growth in shareholders fund

5%

6

OTHER INFORMATION

Share capital history

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

Proxy form

Continental Reinsurance Plc RC: 73956

29th Annual General Meeting to be held at Victoria Crown Plaza (VCP) Hotel, 292b, Ajose Adeogun Street, Victoria Island, Lagos on Wednesday, July 27, 2016 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 ____ , 2016 and at any and every adjournment thereof.

Dated this______________________________ day of __________________________ 2016

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 re-elect Mr. David S. Sobanjo		
To re-elect Mr. Foluso Laguda		
To approve the appointment of Mrs Nadia A. Fettah		
To approve the appointment of Mr. Raymond Farhat		
To approve the appointment of Mrs.Ahlam Bennani		
To approve the appointment of Mr. Merrick Oeschger		
To approve the appointment of Mr. Paul O. Kokoricha		
To approve the appointment of Mr. Steve O. Iwenjora		
To approve the appointment of Mr. Ian Alvan Tofield		
To appoint new Auditors and to authorize the Directors to fix their remuneration		
To elect members of the Audit Committee		
To approve the remuneration of the Directors: ▸ Chairman: NGN 2,985,000.00 ▸ Other (Directors: NGN 1,990,000.00 each		
To appoint Consultant for Board Evaluation		

Please indicate with an "X" in the appropriate space how you wish your votes to be cast on the resolutions set out above. Unless otherwise indicated, the proxy will vote or abstain at his/her discretion

Notes
1. A member (shareholder) who is unable to attend the Annual General Meeting is entitled to appoint a proxy to attend the meeting and vote on his/her behalf. This Proxy Form has been prepared to enable you exercise your right to vote in case you cannot personally attend the meeting.
2. Provision has also been made on this form for the Chairman of the meeting to act as your proxy, but if you wish, you may insert, in the space marked **, the name of any person, whether a member of the Company or not, who will attend the meeting and vote on your behalf.
3. In the case of joint shareholders, the signature of any of them will suffice, but the names of all Joint Shareholders must be stated.
4. To appoint a proxy using this form, the form must be completed and signed and must be deposited at the registered office of the Company or the office of the Registrars, Pace Registrars Ltd (Formerly Sterling Registrars Ltd), 24, Campbell Street, Lagos not later than 48 hours before the time for holding the meeting.
5. If this Proxy form is executed by a corporate shareholder, it must be sealed under the common seal of the corporate shareholder or under the hand of an officer or attorney duly authorized in that behalf.
6. It is the requirement of the law under the Stamp Duties Act Cap. S8 LFN 2004, that any instrument of Proxy to be used for the purpose of voting by any persons entitled to vote at any meeting of shareholders, must bear the appropriate stamp duty, and not adhesive postage stamps. TO BE VALID THIS FORM MUST ACCORDINGLY, BE STAMPED AT THE STAMP DUTIES OFFICE.

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

Admission Card — Continental Reinsurance Plc RC: 73956

Number of shares held____

Please admit the shareholder named on this form or his duly appointed proxy to the 29th Annual General Meeting to be held at Victoria Crown Plaza (VCP) Hotel, 292b, Ajose Adeogun Street, Victoria Island, Lagos on Wednesday, July 27, 2016 at 11.00 a.m.

Name of shareholder ____

Name of person attending ______________________________________

Signature of person attending ____________________________________

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

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

Mandate form
for E-dividend payment

CONTINENTAL REINSURANCE
Pan-African commitment made local

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

Date: ______________________

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

Surname/Company's name: ______________________

Other Names (for individual shareholder): ______________________

Current postal address: ______________________

E-mail address: ______________________

Mobile phone numbers: ______________________

Name of Bank: ______________________

Bank branch: ______________________

Bank branch address: ______________________

Bank account number: ______________________

Bank sort code: ______________________

Shareholder's right thumbprint or signature: ______________________

Corporate Shareholder:

Authorised signature(s):

Company seal/Incorporation number (corporate shareholder):

Bank authorised signature and bank stamp:

Please complete and return to the registrars

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

Data update form

CONTINENTAL REINSURANCE

Pan-African commitment made local

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

Date: ______________________

Shareholder account number: ______________________

CSCS number: ______________________

Surname/Company's name: ______________________

Other name (individual shareholder): ______________________

E-mail address: ______________________

Mobile phone numbers: ______________________

Current postal address: ______________________

Signature(s)

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

Continental Reinsurance

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6 Catholic Mission Street
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et de la Rue de la Canebière (Carrefour Pisam)
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