Continental Reinsurance Plc
Consolidated and separate financial statements for the year ended 31 December 2020

Contents **Page**

Corporate information

Directors and advisors

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

Company Secretary/Legal Adviser
Patricia Ifewulu

Registered Office
17 Olosa Street
Victoria Island
Lagos, Nigeria

Regional Offices

Lagos Office
17 Olosa Street
Victoria Island
Lagos, Nigeria

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

Tunis Office
Rue Lac Leman, Imm Regency-Bloc "C"
2eme etage - 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
1st floor, Plot 67977, Fairgrounds, Gaborone
P.O. Box 698 ABG,
Selebe
Gaborone, Botswana

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

Bankers
Stanbic IBTC Bank Limited
Zenith Bank Plc
Guaranty Trust Bank Plc
Citi Bank, Nigeria
Ecobank, Douala
NIC Bank, Nairobi
United Bank for Africa Plc, Douala
BGFI Bank, Douala
United Bank for Africa Plc, Abidjan
Societe Ivorienne De Banque, Abidjan

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

Registrars
Pace Registrars Limited
24, Campbell Street
Lagos, Nigeria

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

Directors' report

The Directors of Continental Reinsurance Plc (or "the Company" or Continental Re") present their annual report together with the audited financial statements of the Group for the year ended December 31st, 2020.

1 Legal form

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

2 Principal activity

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

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

3 Results for the year

The results of the Company's three subsidiaries have been consolidated in the financial statements on pages 38 to 92. Below is a summary of the results for the year under review:

	Group	Company
	=N='000	=N='000
Profit before taxation	4,827,015	1,552,079
Income tax expense	(1,399,756)	(380,213)
Profit after taxation	3,427,259	1,171,866

4 Property, plant and equipment

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

5 Dividend

The Board recommends no dividend payment from the profit after tax for the year ended 31, December 2020 (2019: Nil).

6 Post balance sheet event

There are no post- balance Sheet events which could have had a material effect on the state of affairs of the Company as at December 31, 2020 or on the profit for the year ended on that date that have not been adequately provided for or disclosed.

7 IMPACT OF COVID 19

Area of focus	Impact
Going concern assessment	The real and potential impacts of the COVID-19 pandemic have been specifically considered in business planning and the going concern assessment. These impacts include: • Lower revenue in the Engineering and life segments of the business due to lockdowns and loss of jobs • reduced investment income resulting from extended receivables turnover • Increased claims paid on group life business • lower liquidity resulting from slow collections and increase in claims paid. These factors reduced operational cash flows and depleted available liquid assets. The board considered the group's approach to mitigating the economic impacts of the pandemic as far as possible. This includes: • Reducing planned capital expenditure in the year and suspension of expansion into other African countries. • Reducing group operating expenses by centralizing some functions.

Area of focus	Impact/Response
Impairment considerations	IAS 36 specifies when an entity needs to perform an impairment assessment, how to perform it, the recognition of any impairment losses and the related disclosures. The board considered the group’s impairment assessments at every reporting period based on the requirements of IAS 36 and noted that; • Due to the impact of the COVID-19 pandemic, there was extension in receivables turnover, thereby reviewing the impairment model to take into account the potential impact of the pandemic on debtors turnover. • Appropriate sensitivity assessments have been performed to ensure that the carrying value of all assets are lower than their recoverable value.

The directors performed an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. This conclusion has been arrived at after taking into account the following:

i. The board of directors is not aware of any material uncertainties that may cast significant doubt on the Group’s ability to continue as a going concern. Therefore, the financial statements continued to be prepared on the going concern basis.

ii. The Group is in compliance with the capital adequacy and minimum capital requirements in line with the Financial Institutions Act 2004.

8 Changes on the Board
There were no changes in the composition of the board during the year

9 Directors' interests

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

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

	2020		**2019**	
Directors	**Direct**	**Indirect**	**Direct**	**Indirect**
Chief Ajibola Ogunshola	Nil	Nil	Nil	Nil
Dr. Olufemi Oyetunji	Nil	Nil	Nil	Nil
Mr. Lawrence M. Nazare	Nil	Nil	Nil	Nil
Mr. Foluso Laguda	Nil	Nil	200,000	435,201,112
Mrs. Ahlam Bennani	Nil	*	Nil	*
Mr. Paul O. Kokoricha	1	*	Nil	*
Mr. Steve O. Iwenjora	Nil	*	Nil	*
Mr. Ian A. Tofield	Nil	*	Nil	*
Mr. Emmanuel Brule	Nil	*	Nil	*
Mr. Stephen Murphy	Nil	*	Nil	*

Note

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

Directors' interests in contracts

For the purpose of Section 303 of the Companies and Allied Matters Act 2020 none of the directors has notified the Company of any declarable interest in contracts with which the Company was involved as at December 31st, 2020

10 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, 2020:

	Ordinary Shares of 50 kobo each		**Ordinary Shares of 50 kobo each**	
	2020		**2019**	
Shareholder	**Number**	**%**	**Number**	**%**
C-Re Holding Ltd	Nil	0%	6,763,953,589	65.20
Cre African Investment ltd	12,517,204,330	99.99%	2,246,978,715	21.66

11 Acquisition of own shares
The Company did not purchase any of its own shares during the year (2019: Nil).

12 Ownership structure

	December 31st, 2020			December 31st, 2019		
	No. of Holders	No. of Shares	%	No. of Holders	No. of Shares	%
Foreign	1	12,517,204,330	99.99%	2	9,010,932,304	86.87%
Nigeria	1	1	0.01%		1,361,812,010	13.13%
		12,517,204,331			10,372,744,314	

13 Retrocessionaires

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

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

Local

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

Foreign

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

15 Donations
During the year under review, the Company made donations amounting to NGN32,850,000 to various charitable organizations within Nigeria. The recipients are the following:

	NGN
CA-COVID Support	30,000,000
Hearts of Gold Children Hospice, Lagos	300,000
Pacelli School for the Blind and Partially Sighted	350,000
Little Saints Ophanage, Lagos	300,000
National Handicap Carers Association of Nigeria (NAHCAN)	200,000
Sickle Cell Foundation Nigeria	400,000
Star Children Development Initiative, Ibadan	150,000
Onikan Health Centre, Lagos	150,000
SOS Children's Village, Nigeria	500,000
Special Persons Association of Nigeria	200,000
Wesley Schools 1 & 2 for the Hearing-Impaired Children	300,000

16 Unclaimed dividends

Total unclaimed dividends as at December 31st, 2020 was NGN340,051,438.7 (2019: NGN382,710,650.71). The unclaimed dividends are maintained in a fixed deposit account maintained with Sterling Bank Plc. The account is jointly managed by both the Company and Pace Registrars Ltd. The total amount in the account as at December 31st, 2019 was NGN382,710,650.71 (Interest income from 2011 to date: NGN201,321,021.41)

17 Employment and Employees

Employment Policy

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

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

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

Employment of physically challenged persons

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

Health, safety at work and welfare of employees

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

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

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

Learning and development

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

Employees involvement and engagement

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

Employee remuneration and talent management

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

Internal communication/employee relationship

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

18 Auditors

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

19 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

Ifewulu Patricia
Company Secretary
FRC/2014/NBA/00000007697
6, Catholic Mission Street (8th Floor)
Lagos

Dated: February 4, 2021

Statement of Directors' Responsibilities in relation to the consolidated and separate financial statements for the year ended 31 December 2020

The Companies and Allied Matters Act and Nigerian Insurance Act require the Directors to prepare financial statements for each financial year that present fairly, in all material respects, the state of financial affairs of the Company and its subsidiaries at the end of the year and of its profit or loss. The responsibilities include ensuring that the Company and its subsidiaries:

i. keep proper accounting records that disclose, with reasonable accuracy, the financial position of the Company and Group and comply with the requirements of the Companies and Allied Matters Act and the Nigerian Insurance Act;
ii. establish adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and
iii. prepare financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates that are consistently applied.

The Directors accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with the International Financial Reporting Standard (IFRS) and the requirements of the Companies and Allied Matters Act, Nigerian Insurance Act, relevant guidelines and circulars issued by the National Insurance Commission (NAICOM) and the Financial Reporting Council of Nigeria.

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

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

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

Chief Ajibola Ogunshola	**Dr. Olufemi Oyetunji**
Chairman	**Managing Director/CEO**
FRC:2017/IODN/00000016052	**FRC/2013/NSA/00000000685**
4 February 2021	**4 February 2021**

Independent auditor's report

To the Members of Continental Reinsurance Plc

Report on the audit of the consolidated and separate financial statements

Our opinion

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Continental Reinsurance Plc ("the company") and its subsidiaries (together "the group") as at 31 December 2020, and of their consolidated and separate financial performance and their consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies and Allied Matters Act, the Insurance Act and the Financial Reporting Council of Nigeria Act.

What we have audited

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

- the consolidated and separate statements of profit or loss and other comprehensive income for the year ended 31 December 2020;
- the consolidated and separate statements of financial position as at 31 December 2020;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the consolidated and separate financial statements and statement of significant accounting policies.

Basis for opinion

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

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

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), i.e. the IESBA Code issued by the International Ethics Standards Board for Accountants. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Valuation of insurance contract liabilities (N38.8 billion) – See notes 2.4; 2.8; and 24 The estimation of insurance contract liabilities involves a significant degree of judgement. The liabilities are based on the best-estimate of the ultimate cost of all Incurred Claims Liabilities (ICL) but not settled at a given date, whether reported or not and Unexpired Risk Reserve (URR). The Incurred Claims Liabilities (ICL) consist of Outstanding Claims Reserve (OCR), Incurred But Not Reported (IBNR) and Incurred But Not Enough Reported (IBNER). In valuing ICL, the directors employ the service of an external actuarial expert. The valuation methodology applies a combination of the chain ladder (CL) method and Bornhuetter-Ferguson (BF) methods. The chain ladder uses historical data to project future expected claims. The BF method uses a combination of claim values and incurred loss ratios to make projections. A critical assumption underlying the BF method is the choice of Initial Expected Loss Ratio (IELR). The Unexpired Risk Reserve (URR) consist of the Unearned Premium Reserve (UPR), Deferred Acquisition Cost (DAC) and the Additional Unexpired Risk Reserve(AURR). In determining the Unearned Premium Reserve (UPR) and Deferred Acquisition Cost (DAC), the directors made use of models which are based on the assumption that the risk profile of the insurance contracts are spread over the year and premiums are received evenly. The Additional Unexpired Risk Reserve (AURR) is the excess of the URR for any class of business where the UPR is not expected to be sufficient to cover costs and expenses relating to the unexpired risk. This is considered a key audit matter in both the consolidated and separate financial statements.	We obtained the actuarial valuation report for insurance contract liabilities from directors and: • assessed the competence, independence and objectivity of external actuarial experts; • understood, evaluated and tested controls over claims process and performed detailed substantive testing over claims paid, and • tested the accuracy, completeness and appropriateness of the underlying data used in the actuarial valuations by performing checks between the data recorded in the financial statements and actuarial data used by director's expert. Using our internal actuarial experts, we assessed the consistency and reasonableness of the group's methodologies used. We assessed the actuarial assumptions used in the valuation methodologies to determine whether these are appropriate and in line with actual experience. We assessed the reasonableness of the disclosures in the consolidated and separate financial statement.

Key audit matter	How our audit addressed the key audit matter
Valuation of reinsurance receivables (N24.5 billion) – See notes 2.4, 2.15 and 15 The valuation of the group's reinsurance receivables requires significant judgement in determining the amount to reflect the credit risk exposure to reinsurance receivables. The directors' impairment model considers the ageing of its reinsurance receivables, collection history over a three-year cycle and payables to cedants with a right of set off. The directors perform quarterly reconciliations with the existing cedants and considers the result in the impairment assessment. This is considered key audit matter in both the consolidated and separate financial statements.	We adopted a substantive approach in order to assess the recoverability of the reinsurance receivables. We assessed the reasonableness and appropriateness of the impairment methodology and assumption used in testing the recoverability of the reinsurance receivables. Specifically, we: • tested the director ageing analysis of the net receivable by selecting samples and checking to supporting documentation; • reviewed the historical and current collection data used in determining the collection ratio and impairment factor applied in the valuation of the group's reinsurance receivables; and • evaluated the existing relationship between the company and selected cedants, checked quarterly reconciliations of cedants on a sample basis and assessed the financial condition of the cedants. We assessed the financial statement disclosures for reasonableness.

Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report are Corporate Information, Directors Report, Statement of Directors' Responsibilities, Audit committee's report, Statement of Value Added and Five-Year Financial Summary, but does not include the consolidated and separate financial statements and our auditor's report thereon.

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

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

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

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

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

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

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

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

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

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

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

We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

Report on other legal and regulatory requirements

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

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

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

iii) the company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account and returns.

For: **PricewaterhouseCoopers**

Chartered Accountants
Lagos, Nigeria

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

11 February 2021

1 General information

a. The consolidated financial statements of Continental Reinsurance Plc and its subsidiaries (collectively, the Group) for the year ended 31 December 2020 were authorised for issue in accordance with a resolution of the Directors on 4 February 2021.

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 and had it's shares listed on the Nigerian Stock Exchange same year. The company was delisted from the Nigerian stock exchange in January 2020. In January 2005, the Company opened a business office in Douala Cameroon, Nairobi, Kenya in year 2007 and Abidjan Cote d' Ivoire in March 2012. The Nairobi office was converted to a subsidiary in 2013. In 2014, the Company acquired a subsidiary in Gaborone, Botswana. The Douala Cameroon office was converted to a subsidiary in 2018. The registered office address of the Company is 17 Olosa street, Victoria Island, Lagos, Nigeria.

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

b. Principal activity

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

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

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

2 Summary of significant accounting policies

2.1 Introduction to summary of accounting policies

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

2.2 Basis of preparation

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

2.2.1 Statement of compliance

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

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

2.2.1 Basis of measurements

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

Functional and presentation currency

The consolidated financial statements are presented in Naira, which is the Group’s functional currency. The figures shown in the consolidated financial statements are stated in thousands.

2.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2020. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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

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

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

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

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

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

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

2.4 Significant accounting judgements, estimates and assumptions

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

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

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

Fair value of level 3 financial instruments
Investments in unquoted equity securities that are classified as available for sale financial instrument and measured at fair value in line with the accounting policies as set out in the statement of significant accounting policies

See note 43.3 for sensitivity analysis on level 3 financial instruments

Valuation of Insurance contract liabilities

Life insurance contract liabilities:

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

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

2.4 Significant accounting judgements, estimates and assumptions

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 N3,141,575,000 (2019: N3,244,299,000) and Company N2,002,398,000 (2019: N2,164,396,000).

Non-life insurance contract liabilities:

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

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

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

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

The carrying value at the reporting date of non-life insurance contract liabilities for the Group is N35,658,126,000 (2019: N27,309,984,000) and Company N15,436,428,000 (2019: N14,428,506,000).

Pipeline reinsurance premium

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

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

2.4 Significant accounting judgements, estimates and assumptions (continued)

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

The carrying value at the reporting date of pipeline receivables for the Group is N9,804,257,000 (2019: N6,790,447,000) and Company N4,042,735,000 (2019: N3,066,605,000).

Deferred tax assets and liabilities
Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities. The amount of such provisions is based on various factors such as experience of previous tax audits and differing interpretations by the taxable entity.

The carrying value at the reporting date of net deferred tax liability for the Group is N343,329,000 (2019: N8,880,000) and Company N313,458,000 (2019: 133,743,000). 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 N670,301,000 (2019: N404,290,000) and Company N507,614,000 (2019: N342,212,000).
See note 27.2 on sensitivity analysis on retirement benefit obligation.

Valuation of investment properties
The Group carries its investment properties at fair value, with changes in fair value being recognised in profit or loss. The Group engaged an independent valuation specialist to assess fair value as at 31 December 2020. A valuation methodology based on discounted cash flow income capitalization model was used.

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

The carrying value at the reporting date of investment properties for the Group is N4,998,800,000 (2019: N3,123,121,000) and Company N2,146,000,000 (2019:N3,123,121,000).
See note 20.2 on sensitivity analysis on investment properties

2.5 New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial period.

Standards and interpretations effective during the reporting period

There are a number of amendments to accounting standards that become applicable for annual reporting periods commencing on or after 1 January 2020:

a Definition of Materiality - Amendment to IAS 1 and IAS 8

In October 2018, the IASB issued the definition of "material". The amendments which became effective in the annual reporting periods starting from 1 January 2020 are the definition of material' is consistent across all IFRS. In IAS 1 (Presentation of Financial Statements) and intended to clarify, modify and ensure that IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors), the revised definition of material' is quoted below:

An information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make based on those financial statements, which provide financial information about a specific reporting entity

The amendments laid emphasis on five (5) ways material information can be obscured. These include:

• If the language regarding material item, transaction or other event is vaque or unclear;
• If information regarding a material item, transaction or other event is scattered in different places in the financial statements;
• If dissimilar items, transactions or other events are inappropriately aggregated;
• If similar items, transactions or other events are inappropriately disaggregated; and
• If material information is hidden by immaterial information to the extent that it becomes unclear what information is material.

The Entity has taken into consideration the new definition in the preparation of its financial statement

b Business combination – amendments to IFRS 3

IFRS 3 (Business Combinations) outlines the accounting when an acquirer obtains control of a business (e.g. An acquisition or merger). In October 2018, after the post implementation review of IFRS 3, the IASB issued The amendment centers on the definition of a Business. They include:

• That to be considered a business, an acquired set of activities and assets must include, at minimum, an input and a substantive process that together significantly contribute to the ability to create outputs:
• Narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs.
• Add guidance and illustrative examples to help entities assess whether a substantive process has been acquired.
• Remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs: and
• Add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

This amendment does not have any impact on the entity

c Revised Conceptual Framework for Financial Reporting

The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. Key changes include:

• increasing the prominence of stewardship in the objective of financial reporting
• reinstating prudence as a component of neutrality
• defining a reporting entity, which may be a legal entity, or a portion of an entity
• revising the definitions of an asset and a liability
• removing the probability threshold for recognition and adding guidance on derecognition
• adding guidance on different measurement basis, and
• stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

No changes will be made to any of the current accounting standards. However, entities that rely on the Framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised Framework from 1 January 2020. These entities will need to consider whether their accounting policies are still appropriate under the revised Framework.

d Interest Rate Benchmark Reform – amendments to IFRS 9, IAS 39 and IFRS 7.

The amendments made to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures provide certain reliefs in relation to interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that the reforms should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving interbank offered rates (IBOR)-based contracts, the reliefs will affect companies in all industries.

2.6 Standards and interpretations issued/amended but not yet effected/effective

Other standards issued/amended by the IASB but yet to be effective are outlined below:

IFRS 9 - Financial instruments effective 1 January 2018

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

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

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

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

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

a) its activities are predominantly connected with insurance contracts;

b) the carrying amount of its liabilities arising from insurance contracts and insurance connected liabilities for the group sum up to N43.9billion as at 31 Dec 2020 (31 Dec 2019 : N35.4billion), Company N20.5billion (31 Dec 2019: 18.1billion) which is greater than 80 per cent of the total carrying amount of all its liabilities as at 31 Dec 2020 and 31 Dec 2019 respectively;

c) as at 31 December 2015, which is the reporting date that immediately precedes 1 January 2016, the carrying amount of the group and company liabilities arising from insurance connected contracts was 92% which is greater than 90 per cent of the total carrying amount of all its liabilities as at that date as presented below;

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

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

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

e) The company's activities have remained the same and are predominantly connected with insurance contracts as reflected in (b) above

f) The nature and carrying amounts of the liabilities connected with insurance contracts are disclosed in notes 8, 24 and 25 respectively

Fair value disclosures

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

The group financial assets with contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding are as follows:

a) Loans
b) Other assets/receivables
c) Short term placements
d) Premium receivables

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

e) Investment securities

	Fair Value	
	2020	2019
Bonds	6,575,564	6,575,564
Treasury Bills	3,421,583	3,421,583

Fair value changes during the year are disclosed in notes 4 and 7 respectively

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

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

	Fair Value	
	2020	2019
Quoted Equity Securities	583,652	1,027,083
Unquoted Equity Securities	607,946	700,414

Fair value changes during the year are disclosed in notes 4 and 7 respectively

	Fair Value	
	2019	2018
Quoted Equity Securities	1,027,083	552,431
Unquoted Equity Securities	700,414	1,252,583

Fair value changes during the year are disclosed in notes 4 and 7 respectively

IFRS 17 - Insurance contracts effective 1 January 2021
IFRS 17 replaces IFRS 4 effective January 1, 2023. It addresses changes in valuation and accounting for insurance contracts.

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

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

Ammendement to IAS 1 and IAS 8 - Definition of material effective 1 January 2020
The IASB has made amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors which use a consistent definition of materiality throughout International Financial Reporting Standards and the Conceptual Framework for Financial Reporting, clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information. In particular, the amendments clarify:

i) that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole, and

ii) the meaning of ‘primary users of general purpose financial statements’ to whom those financial statements are directed, by defining them as ‘existing and potential investors, lenders and other creditors’ that must rely on general purpose financial statements for much of the financial information they need.

The group is yet to assess the impact of the standard.

Amendments to IFRS 10 and IAS 28 - Sale or contribution of assets between an investor and its asociate or joint venture

The IASB has made limited scope amendments to IFRS 10 Consolidated financial statements and IAS 28 Investments in associates and joint ventures.

The amendments clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. They confirm that the accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a 'business' (as defined in IFRS 3 Business Combinations). Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor's interests in the associate or joint venture. The amendments apply prospectively.

2.7 Foreign currency translation

a Functional and presentation currency

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

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

b Transactions and balances

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

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

c Group companies

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

2.8 Insurance contracts

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

Recognition and measurement

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

a. Individual life

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

b. Group life

These contracts insure companies against death of staff. These contracts are short-term in nature and are typically renewed annually. For these contracts, gross premiums are recognised as revenue when due.

General insurance

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

2.9.1 Revenue recognition

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

2.9.2 Gross premium

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

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

2.9.3 Retrocession

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

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

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

2.9.4 Gross Claims

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

2.9.5 Reserve for unexpired risks

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

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

2.9.6 Reserve for outstanding claim

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

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

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

2.9.7 Liability adequacy test

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

2.9.8 Actuarial valuation of life insurance contract liabilities

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

2.9.9 Deferred acquisition costs

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

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

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

2.10 Underwriting expenses

Underwriting expenses comprises acquisition, maintenance and management expenses. Acquisition and maintenance expenses relate to cost incurred directly in acquisition of businesses.

2.10.1 Acquisition expenses

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

2.10.2 Maintenance expenses

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

2.10.3 Management and administration expenses

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

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

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

2.11 Investment income

Investment income comprises interest earned on short-term deposits, rental income, dividend and income earned on trading of securities. Investment income is accounted for on an accrual basis.

2.11.1 Interest income

Interest income and expense for all interest-bearing financial instruments are recognised within ‘securities discount and similar income’ and ‘securities discount and similar expense’ in profit or loss using the effective interest method.

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

2.11.2 Other income

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

2.11.3 Foreign currency gains and losses

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

2.12 Cash and cash equivalents

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

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

2.13 Financial instruments

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

2.13.1 Initial recognition and measurement

Financial instruments are recognised initally when the company becomes a party to the contractual provisions of the instruments.

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

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

Transaction costs on financial instruments at fair value through profit or loss are recognised in profit or loss.

2.13.2 Derecognition

Financial assets

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

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

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

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

Financial liabilities

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

2.13.3 Offsetting financial instruments

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

2.13.4 Financial Assets

Classification and subsequent measurement

For the purposes of measuring a financial asset after initial recognition, the Group classifies financial assets into the following IAS 39 categories: (a) financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired.

a Financial assets at fair value through profit or loss

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

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

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

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

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

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

Financial assets at fair value through profit or loss

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

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

b Loans and receivables

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

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

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

c Held-to-maturity financial assets

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

- those that the Group upon initial recognition designates as at fair value through profit or loss;
- those that the Group designates as available-for-sale; and
- those that meet the definition of loans and receivables.

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

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

d Available-for-sale financial assets

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

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

The carrying value at the reporting date of available for sale financial instruments for the Group is N1,227,381,000 (2019:N1,764,753,000) and Company N1,191,598,000 (2019:N1,727,496,000).

e Impairment of financial assets

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

Financial assets carried at amortised cost

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

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

e Impairment of financial assets (continued)

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

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

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

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

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

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

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

2.13.5 Financial liabilities

Classification and subsequent measurement

After initial recognition, the subsequent measurement of financial liabilities depends on their classifications as follows:

a Financial liabilities at fair value through profit or loss

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

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

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

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

b Other liabilities measured at amortised cost

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

2.13.6 Determination of fair value

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

• In the principal market for the asset or liability or
• In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the group.

The fair value of an asset or a liability is measured using the assumption that market participant would use when pricing the asset or liability, assuming that market participant's act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest input that is significant to the fair value measurement as a whole:

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

• Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

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

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

2.13.6 Determination of fair value (continued)

For other financial instruments other than investment in equity instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include the discounted cash flow method, comparison to similar instruments for which market observable prices exist and other relevant valuation models.

Their fair value is determined using a valuation model that has been tested against prices or inputs to actual market transactions and using the Group's best estimate of the most appropriate model assumptions.

The fair value of floating rate and overnight deposits with credit institutions is their carrying value. The carrying value is the cost of the deposit and accrued interest. The fair value of fixed interest bearing deposits is estimated using discounted cash flow techniques. Expected cash flows are discounted at current market rates for similar instruments at the reporting date.

If the fair value cannot be measured reliably, these financial instruments are measured at cost, being the fair value of the consideration paid for the acquisition of the investment or the amount received on issuing the financial liability. All transaction costs directly attributable to the acquisition are also included in the cost of the investment.

2.14 Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there have separately identifiable cash inflows (cash-generating units). The impairment test also can be performed on a single asset when the fair value less cost to sell or the value in use can be determined reliably.

Impairment losses of continuing operations are recognised in the profit or loss in those expense categories consistent with the nature of the impaired asset.

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

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

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

2.15 Reinsurance receivables

Reinsurance receivables are recognised when due and measured on initial recognition at the fair value of the consideration received or receivable. Subsequent to initial recognition, reinsurance receivables are measured at amortised cost, using the effective interest rate method. The carrying value of reinsurance receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recorded in the statement of profit or loss. The amount of the allowance is set up in relation to the time a receivable has been due and financial condition of the debtor, and can be as high as the outstanding net balance.

Reinsurance receivables are derecognised when the derecognition criteria for financial assets, as described in Note 2.13.2, have been met.

2.16 Investment properties

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

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

Investment property is subsequently measured at fair value. The fair value is determined annually by independent valuation experts on the highest and best-use basis. The fair value of investment properties have been determined using the income approach as this reflects the best use of the assets.

Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss as "Fair value gains/loss on investment properties" in the year in which they arise.

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

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

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

2.17 Property, plant and equipment

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

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

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

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

Motor vehicles	4 years
Furniture and Fittings	8 years
Computer Equipments	3 years
Office Partitioning	8 years
Building	50 years

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. No property, plant and equipment were impaired as at 31 December 2020 (2019: nil).

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

2.18 Leases

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

Group as lessor

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

2.19 Intangible assets

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

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

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

2.20 Reinsurance creditors

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

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

2.21 Income tax

a Current income tax

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

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

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

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

b Deferred income tax

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

b Deferred income tax (continued)

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

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

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of the asset or liability and is not discounted. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.
Deferred income tax is provided on temporary differences arising from investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the difference will not reverse in the foreseeable future.
Deferred tax assets for deductible temporary differences arising from investments in subsidiaries are only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and that taxable profit will be available against which the temporary difference will be utilized.

Liabilities arising from temporary differences associated with investments in subsidiaries, but only to the extent that the entity is able to control the timing of the reversal of the differences and it is probable that the reversal will not occur in the foreseeable future.

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

Deferred tax assets and deferred tax liabilities can only be offset in the statement of financial position if the entity has the legal right to settle current tax amounts on a net basis and the deferred tax amounts are levied by the same taxing authority on the same entity or different entities that intend to realise the asset and settle the liability at the same time.

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

2.22 Employment benefits

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

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

Defined benefit staff gratuity scheme
A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors, such as age, years of service and compensation.
The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

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

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

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

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

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

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

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

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

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

2.25 Contingency reserves

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

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

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

2.26 Comparatives

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

2.27 Operating segments

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

Continental Reinsurance Plc
Consolidated and separate statement of profit or loss and other comprehensive income
For the year ended 31 December 2020

	Notes	Group Dec. 2020	Group Dec. 2019	Company Dec. 2020	Company Dec. 2019
		=N='000	=N='000	=N='000	=N='000
Gross premium written		*53,636,916*	*47,663,125*	*27,725,559*	*25,920,120*
Insurance premium revenue	1.1	52,281,087	45,781,926	27,410,615	24,104,953
Insurance premium ceded to retrocessionaires	1.2	(13,289,201)	(7,601,786)	(5,658,841)	(3,364,593)
Net insurance premium revenue		38,991,886	38,180,140	21,751,774	20,740,360
Commission earned under retrocession arrangements	1.3	3,286,710	650,544	1,106,070	603,479
Underwriting income		42,278,596	38,830,684	22,857,844	21,343,839
Insurance Benefits					
Insurance claims and loss adjustment expenses	2.1	26,431,540	24,682,684	15,289,330	14,675,986
Insurance claims and loss adjustment expenses recoverable from retrocessionaire	2.1	(5,979,893)	(5,699,168)	(2,612,944)	(4,064,873)
Net insurance benefits and claims		20,451,647	18,983,516	12,676,386	10,611,113
Underwriting expenses	2.2	19,087,893	18,429,568	10,174,355	10,343,363
Insurance benefits and underwriting expenses		39,539,540	37,413,084	22,850,741	20,954,476
Underwriting profit		2,739,056	1,417,601	7,103	389,362
Interest income	3	1,980,858	2,175,776	900,594	1,111,741
Net fair value loss on assets at fair value through profit or loss	4	-	-	-	-
Fair value gain on investment properties	4	394,146	50,118	27,200	50,118
Other income	5	701,133	486,458	1,599,693	774,955
Foreign exchange gain	5.1	789,280	74,291	417,327	160,795
Administrative expenses	6.2	(1,211,079)	(1,011,007)	(974,306)	(554,860)
Impairment charge (release) during the year	6.3	(566,379)	(797,611)	(425,532)	(25,100)
Profit from continued operations		4,827,015	2,395,626	1,552,079	1,907,011
Profit from discontinued operations	7a	-	-	-	(372,288)
Profit before income tax		4,827,015	2,395,626	1,552,079	1,534,723
Income tax	8	(1,399,756)	(499,569)	(380,213)	(40,338)
Profit for the year		**3,427,259**	**1,896,057**	**1,171,866**	**1,494,385**
Attributable to:					
Equity holders of the Parent		**2,202,480**	**1,848,563**	**1,171,866**	**1,494,385**
Non controlling interest		**1,224,779**	**47,494**	**-**	**-**
Other comprehensive income					
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:					
Remeasurement gains/(loss) on available for sale financial assets available for sale financial assets	7	(119,163)	(36,818)	(118,596)	(39,062)
Exchange difference on translation of foreign operation		784,944	(1,864,041)	-	-
Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods:					
Remeasurement of post employment benefits obligations	27.2	(502,022)	(535,069)	(380,178)	(452,911)
Income tax relating to component of other comprehensive income	9.1	(12,061)	138,453	114,053	135,873
Other comprehensive (loss)/income for the year, net of tax		**151,698**	**(2,297,475)**	**(384,721)**	**(356,100)**
Total comprehensive (loss)/ income for the year		3,578,957	(401,418)	787,145	1,138,285
Attributable to:					
Equity holders of the parent		**2,354,178**	**(448,913)**	**787,145**	**1,138,285**
Non controlling interest		1,224,779	47,494	-	-
		3,578,957	**(401,419)**	**787,145**	**1,138,285**
Earnings per share basic and diluted (kobo)	10	**18**	**18**	**9**	**14**

See accompanying notes to the consolidated financial statements.

Continental Reinsurance Plc

Consolidated and separate statement of financial position
as at 31 December 2020

	Notes	Group Dec. 2020 =N='000	Group Dec. 2019 =N='000	Company Dec. 2020 =N='000	Company Dec. 2019 =N='000
Assets					
Cash and cash equivalents	11	19,015,116	14,151,673	11,474,010	6,023,919
Financial assets					
-Financial asset designated as fair value through profit or loss	12	-	-	-	-
-Loans and other receivables	13	315,892	333,701	178,573	224,299
-Available-for-sale investments	14.1	1,227,381	1,769,668	1,191,598	1,732,411
-Held to maturity investments	14.2	13,744,039	9,998,905	5,564,847	3,951,711
Reinsurance receivables	15	24,499,743	17,143,072	9,996,802	7,934,560
Retrocession assets	16	9,513,117	8,698,038	4,123,793	4,191,959
Deferred acquisition costs	17	5,393,915	5,574,856	2,388,974	3,148,708
Other assets	18	758,749	405,855	3,232,081	2,086,215
Right of use Asset	18b	134,645	133,220	5,820	10,774
Investment in subsidiaries	19	-	-	6,123,109	5,216,931
Investment properties	20	4,998,800	3,123,121	2,146,000	3,123,121
Intangible assets	21	131,899	261,221	131,891	260,854
Property, plant and equipment	22	3,022,526	4,168,529	1,792,256	3,088,702
Statutory deposits	23	1,000,000	1,000,000	1,000,000	1,000,000
Total assets		**83,755,822**	**66,761,859**	**49,349,754**	**41,994,164**
Liabilities					
Insurance contract liabilities	24	38,842,258	30,554,284	17,438,827	16,592,902
Reinsurance creditors	25	4,218,493	3,778,222	2,406,354	750,051
Other liabilities	26	1,232,860	661,775	1,515,782	2,978,877
Lease liability	26b	160,899	150,749	13,367	16,831
Retirement benefit obligations	27	670,301	404,290	507,614	342,212
Current income tax payable	8	800,776	1,014,789	601,185	774,676
Deferred tax liabilities	9	343,329	8,880	313,458	133,743
Total liabilities		**46,268,916**	**36,572,989**	**22,796,587**	**21,589,292**
Equity					
Share capital	28	6,258,602	5,186,372	6,258,602	5,186,372
Share premium	29	8,204,371	3,915,451	8,204,371	3,915,451
Contingency reserve	30	7,274,065	6,264,958	6,551,407	5,796,453
Retained earnings	31	6,304,153	5,586,910	5,248,959	5,098,171
Available-for-sale reserve	32.1	284,473	403,438	289,828	408,424
Foreign currency translation reserve	32.2	2,245,274	1,832,347	-	-
Equity attributable equity holders of the parent		**30,570,938**	**23,189,476**	**26,553,167**	**20,404,872**
Non-controlling interest	33	6,915,968	6,999,394	-	-
Total equity		**37,486,906**	**30,188,870**	**26,553,167**	**20,404,872**
Total liabilities and equity		**83,755,822**	**66,761,859**	**49,349,754**	**41,994,164**

Chief Ajibola Ogunshola
Chairman
FRC:2017/IODN/00000016052

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

Jane Mberia
Chief Finance Officer
FRC:2020/001/00000021536

See accompanying notes to the consolidated financial statements.

The Financial Statements were approved by the Board on February 4, 2021

Continental Reinsurance Plc

Consolidated statement of changes in equity
For the year ended 31 December 2020

		Attributable to the equity holders of the parent							
Group	**Notes**	**Share capital**	**Share premium**	**Contingency reserve**	**Retained earnings**	**Available-for-sale reserve**	**Foreign currency translation reserve**	**Non controlling interest**	**Total equity**
		=N='000	=N='000	=N='000	=N='000	=N='000	=N='000		=N='000
As at 1 January 2020		5,186,372	3,915,451	6,264,958	5,586,910	403,437	1,832,347	6,999,394	30,188,870
Profit/(loss) for the period		-	-	-	2,202,480	-	-	1,224,779	3,427,259
Exchange difference on foreign currency translation	32.2						412,927	372,017	784,944
Other comprehensive income		-	-	-	(476,131)	(118,965)	-	(38,150)	(633,247)
		-	-	-	1,726,349	(118,965)	412,927	1,558,645	3,578,956
Transfer of contingency reserve		-	-	1,009,106	(1,009,106)	-	-	-	-
Capital contribution/refund		1,072,230	4,288,920					(1,642,072)	3,719,079
		1,072,230	4,288,920	1,009,106	(1,009,106)	-	-	(1,642,072)	3,719,079
At 31 December 2020		6,258,602	8,204,371	7,274,065	6,304,153	284,473	2,245,274	6,915,968	37,486,906
As at 1 January 2019		5,186,372	3,915,451	5,265,633	5,093,838	441,041	4,291,530	4,754,351	28,948,216
Profit for the year		-	-	-	1,848,563	-	-	47,494	1,896,057
Exchange difference on foreign currency translation							(2,459,183)	595,142	(1,864,041)
Other comprehensive income		-	-	-	(356,166)	(37,603)	-	(39,665)	(433,434)
		-	-	-	1,492,397	(37,603)	(2,459,183)	602,971	(401,418)
Transactions with owners									
Transfer of contingency reserve		-	-	999,325	(999,325)	-	-	-	-
Capital contribution								1,642,072	1,642,072
Dividends declared	26.1	-	-	-	-	-	-	-	-
		-	-	999,325	(999,325)	-	-	1,642,072	1,642,072
At 31 December 2019		5,186,372	3,915,451	6,264,958	5,586,910	403,437	1,832,347	6,999,394	30,188,870

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

Continental Reinsurance Plc

Separate statement of changes in equity
For the year ended 31 December 2020

Company	Notes	Share capital	Share premium	Contingency reserve	Retained earnings	Available-for-sale reserve	Total equity
		Attributable to the equity holders of the parent					
		=N='000	=N='000	=N='000	=N='000	=N='000	=N='000
As at 1 January 2020		5,186,372	3,915,451	5,796,453	5,098,171	408,423	20,404,872
Capital injection during the year		1,072,230	4,288,920				5,361,150
Profit for the period		-	-	-	1,171,866	-	1,171,866
Other comprehensive income		-	-	-	(266,125)	(118,596)	(384,720)
		1,072,230	4,288,920	-	905,741	(118,596)	6,148,297
Transfer of contingency reserve		-	-	754,954	(754,954)	-	-
		-	-	754,954	(754,954)	-	-
At 31 December 2020		6,258,602	8,204,371	6,551,407	5,248,959	289,828	26,553,167
As at 1 January 2019		5,186,372	3,915,451	5,054,404	4,662,873	447,486	19,266,585
Profit for the year		-	-	-	1,494,385	-	1,494,385
Other comprehensive income		-	-	-	(317,038)	(39,062)	(356,100)
		-	-	-	1,177,347	(39,062)	1,138,285
Transfer of contingency reserve		-	-	742,049	(742,049)	-	-
		-	-	742,049	(742,049)	-	-
At 31 December 2019		5,186,372	3,915,451	5,796,453	5,098,171	408,423	20,404,872

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

Continental Reinsurance Plc

Consolidated and separate statement of cash flows
For the year ended 31 December 2020

	Notes	Group Dec. 2020 =N='000	Group Dec. 2019 =N='000	Company Dec. 2020 =N='000	Company Dec. 2019 =N='000
Cash flows from operating activities					
Premium received from policy holders		45,427,399	38,672,842	24,254,141	23,762,578
Retrocession receipts in respect of claims and commission		7,607,340	5,957,723	3,792,004	4,007,440
Acquisition costs paid		(12,594,038)	(13,443,978)	(5,985,430)	(8,418,148)
Retrocession premium paid		(13,519,443)	(6,540,748)	(5,903,077)	(3,078,257)
Cash paid to and on behalf of employees		(2,395,731)	(2,633,600)	(1,179,578)	(1,303,051)
Other operating cash payment and receipts		(1,632,593)	(2,252,074)	(632,657)	(933,558)
Claims paid		(20,604,130)	(20,451,530)	(12,357,294)	(13,358,576)
Cash on intercompany portfolio transfer				(649,897)	
Income taxes paid	8	(1,320,000)	(1,272,374)	(259,936)	(900,801)
Net cash generated by operating activities	**34**	968,803	(1,963,741)	1,078,276	(222,373)
Cash flows from investing activities					
Purchase of property, plant and equipment	22	(1,160,717)	(1,092,915)	(1,057,700)	(876,408)
Proceed from disposal of investment property		260,500	-	260,500	-
Purchase of intangible assets	22	(7,324)	(17,195)	(7,324)	(17,195)
Proceeds from disposal of property, plant and equipment		3,492	17,122	3,492	22,193
Purchase of investment securities		(6,950,250)	(7,958,353)	(4,612,813)	(6,091,636)
Proceeds on redemption /sales of investments		5,932,755	9,415,294	3,556,802	6,942,258
Interest received		2,095,390	2,024,107	787,286	1,182,985
Dividend received		102,543	48,558	1,008,721	48,558
Investment in subsidary		0	-	(906,178)	0
Net cash used in investing activities		276,390	2,436,618	(967,212)	1,210,756
Cash flows from financing activities					
Dividends paid to equity holders parent	26.1	-	-	-	-
Capital injection/(refund) during the year		3,572,283	-	5,361,150	-
Net cash used in financing activities		3,572,283	-	5,361,150	-
Net increase in cash and cash equivalents		4,817,477	472,877	5,472,214	988,383
Cash and cash equivalents at beginning of year		14,399,238	13,975,667	6,271,484	5,392,672
Effect of exchange rate changes on cash and cash equivalents		(201,597)	(49,307)	(269,688)	(109,572)
Cash and cash equivalents at end of year	**35**	19,015,116	14,399,238	11,474,010	6,271,484

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

		Group Dec. 2020 =N='000	Group Dec. 2019 =N='000	Company Dec. 2020 =N='000	Company Dec. 2019 =N='000
1	**Revenue**				
1.1	**Insurance premium revenue**				
	Premium revenue arising from insurance contracts issued				
	Life insurance contracts				
	– Gross Premium	4,690,027	6,789,321	3,840,651	4,676,661
	– Change in life unearned premium (Note 24.3a)	69,282	(842,173)	51,465	(417,498)
	Non life insurance contracts				
	– Gross Premium	48,946,889	40,873,804	23,884,908	21,243,459
	– Change in unearned premium provision (note 24.1)	(1,425,112)	(1,039,026)	(366,410)	(1,397,669)
	Total Premium revenue arising from insurance contracts issued	52,281,088	45,781,926	27,410,614	24,104,953
1.2	**Insurance premium ceded to retrocessionaires**				
	Premium revenue ceded to retrocessionaires on insurance contracts issued				
	Life insurance contracts	892,285	779,710	499,719	404,061
	Non life insurance contracts	12,627,156	7,018,378	5,403,358	3,189,736
	Gross premium ceded to retrocessionaires	13,519,443	7,798,088	5,903,077	3,593,796
	Change in retrocessionaire share of unearned premium reserve	(230,243)	(196,302)	(244,236)	(229,203)
	Cost of Premium revenue ceded to retrocessionaires on insurance contracts issued	13,289,201	7,601,786	5,658,841	3,364,593
	Net insurance premium revenue	**38,991,887**	**38,180,140**	**21,751,773**	**20,740,360**
1.3	**Commission earned under retrocession arrangements**				
	Commission received on premium ceded to retrocessionaires-Life	330,746	172,914	158,299	149,679
	Commission received on premium ceded to retrocessionaires-Non Life	2,955,964	477,630	947,771	453,800
		3,286,710	**650,544**	**1,106,070**	**603,479**
2	**Insurance benefits and underwriting expenses**				
2.1	**Insurance claims and loss adjustment expenses**				
	Life insurance contracts (note 24.3b)	2,345,890	2,655,047	2,025,585	1,756,021
	Non life insurance contracts (note 24.2)	24,085,649	22,027,637	13,263,745	12,919,966
	Total cost of policyholder benefits	26,431,539	24,682,684	15,289,330	14,675,986
	Insurance claims and loss adjustment expenses recoverable from retrocessionaire	(5,979,893)	(5,699,168)	(2,612,944)	(4,064,873)
	Net insurance benefits and claims	**20,451,647**	**18,983,516**	**12,676,386**	**10,611,113**
2.2	**Underwriting expenses**				
	Amortized acquisition cost for the year (Note 17)	12,774,979	11,903,705	6,745,164	6,873,774
	Costs incurred for the maintenance of insurance contracts	1,620,198	1,339,017	718,600	615,664
	Management expenses (See Note 6.1)	4,692,717	5,186,847	2,710,591	2,853,925
	Total underwriting expenses	19,087,893	18,429,569	10,174,355	10,343,363
	Total insurance benefits and underwriting expenses	**39,539,539**	**37,413,084**	**22,850,741**	**20,954,476**
3	**Interest income**				
	Cash and bank balances interest income	779,038	1,274,671	488,564	719,950
	Held-to-maturity and loans and receivables interest income	1,086,112	777,395	296,322	268,080
	Statutory deposits interest income	115,708	123,711	115,708	123,711
	Interest income	**1,980,858**	**2,175,776**	**900,594**	**1,111,741**
4	**Net fair value gains on assets at fair value through profit or loss**				
	Net fair value gain/(loss) on financial assets designated at fair value through profit or loss	-	-	-	-
	Fair value gain on investment properties	394,146	50,118	27,200	50,118
	Total	**394,146**	**50,118**	**27,200**	**50,118**

5	**Other income**	Group Dec. 2020 =N='000	Group Dec. 2019 =N='000	Company Dec. 2020 =N='000	Company Dec. 2019 =N='000
	Available-for-sale:				
	– Dividends	102,543	48,558	1,008,721	48,558
	– Gain on disposal of available-for-sale securities	269,381	106,919	269,381	106,919
	Gain/(loss) on disposal of property, plant and equipment	3,712	41,578	3,492	22,193
	Gain/(loss) on disposal of investment property	-	-	(215,870)	-
	Income on investment properties (Note 20.1)	105,772	116,066	13,125	62,835
	Income from management and technical services	-	-	363,292	297,236
	Interest on staff loan	1,305	20,835	1,305	20,835
	Others (Note 5b)	218,419	152,502	156,247	216,379
		701,133	486,458	1,599,693	774,955

Income from management and technical services are quarterly income from services rendered to subsidiaries in Kenya, Botswana and Cameroon. During the year Kenya subsidiary paid dividend of N906,178,000 to the parent entity in Nigeria

		Group Dec. 2020 =N='000	Group Dec. 2019 =N='000	Company Dec. 2020 =N='000	Company Dec. 2019 =N='000
5a	**Breakdown of others**				
	Reversal of impairment (note 13.1)	-	32,950	-	32,950
	Interest on premium/loss reserve	18,935	17,880	190	6,578
	Recoveries from prior year written-off from receivables	112,495	47,835	78,166	43,038
	Write back from prior year accruals	60,197	-	60,197	-
	Other sundry receipts	26,791	53,837	17,693	133,813
		218,419	152,502	156,247	216,379
5b	**Foreign exchange gain**				
	Net forex gain (loss) on investment assets	613,596	(77,986)	269,114	(67,848)
	Net forex gain (loss) on foreign banks and sale of foreign currencies	574	134,589	574	134,589
	Net forex gain (loss) on reinsurances receivables/payables	165,923	18,874	(33,011)	44,525
	Net forex gain (loss) on retrocessionaires assets/payables	9,187	(1,186)	9,187	(4,625)
	Net forex gain on intercompany balances	-	-	171,462	54,155
		789,280	74,291	417,327	160,795
6	**Operating expenses**				
6.1	**Management expenses**				
	Employee benefits expenses	2,005,376	2,350,236	900,372	982,770
	Executive Directors emoluments	390,356	283,365	279,206	260,281
	Gratuity and redundancy expenses	-	591,338	-	202,801
	Productivity bonus	391,380	188,216	391,380	77,586
	Subscriptions	65,060	38,837	26,164	24,219
	Business travels	95,812	200,286	58,713	124,731
	Supervisory and regulatory levy	335,299	191,959	280,089	191,959
	Training, conferences and seminars	67,388	291,457	31,684	188,676
	Rent and rates	125,601	106,718	45,480	64,347
	Bank charges	79,879	47,237	43,649	27,409
	Stationeries, Printing and telephone	75,259	63,573	19,110	46,752
	Electricity, fuel and diesel	69,079	50,172	40,562	32,891
	ICT expenses-Hardware and software maintenance	181,500	248,549	170,479	224,267
	Advert and publicity	110,606	141,844	60,789	102,650
	Entert. & Public Relations	27,427	43,815	5,083	24,605
	Stamp duty, registrars fees and charges	186,504	72,600	142,681	53,008
	Clients development	24,967	47,544	7,669	31,074
	Other operating expenses	461,225	229,101	207,481	193,898
	Total management expenses	4,692,717	5,186,847	2,710,591	2,853,925
6.2	**Administrative expenses comprises the following:**				
	Depreciation and amortisation (Note 21 and 22)	326,153	297,886	221,254	225,215
	Auditor's remuneration	104,684	77,502	44,125	40,000
	Consultancy and professional fees	550,612	237,069	585,083	127,115
	Non-executive directors expenses	95,803	139,575	95,803	121,430
	Other administrative expenses	133,827	258,975	28,041	41,100
	Total administrative expenses	1,211,079	1,011,007	974,306	554,860

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

	Group Dec. 2020	Group Dec. 2019	Company Dec. 2020	Company Dec. 2019
Employee benefit expense				
Wages and salaries (local)	732,339	724,921	732,339	724,921
Wages and salaries (other regions)	1,236,942	1,446,803	156,404	117,188
Pension:			-	-
- Defined Benefit Staff Gratuity Plan	(79,618)	79,309	(104,083)	41,458
- Defined Contributory Plan	115,712	99,202	115,712	99,202
	2,005,376	2,350,236	900,372	982,770

The amount of Employer's pension contribution included amount of =N=116 million (2018:=N=99 million) paid on group life scheme in compliance with the 2014 Pencom Act.

	Group Dec. 2020 =N='000	Group Dec. 2019 =N='000	Company Dec. 2020 =N='000	Company Dec. 2019 =N='000
The average number of persons employed by the Company during the year was as follows:				
Managerial Staff	38	38	18	16
Senior staff	50	54	35	33
	88	92	53	49

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

	Group Dec. 2020 =N='000	Group Dec. 2019 =N='000	Company Dec. 2020 =N='000	Company Dec. 2019 =N='000
N3,000,001 - N3,500,000	3	3	2	6
N3,500,001 - N4,000,000	6	8	4	1
N4,000,001 - N4,500,000	5	5	3	4
N4,500,001 - N5,000,000	3	3	2	-
N5,000,001 - N5,500,000	8	8	1	1
N5,500,001 and above	63	65	41	37
	88	**92**	**53**	**49**

6.3 Impairment charge/releases

	Group Dec. 2020 =N='000	Group Dec. 2019 =N='000	Company Dec. 2020 =N='000	Company Dec. 2019 =N='000
Reinsurance receivables (Note 15.1)	38,947	757,557	(101,900)	(14,954)
Retro assets (Note 16.1)	527,935	-	527,935	-
Other assets (Note 18.1)	(503)	40,054	(503)	40,054
	566,379	797,612	425,532	25,100

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

	Group Dec. 2020 =N='000	Group Dec. 2019 =N='000	Company Dec. 2020 =N='000	Company Dec. 2019 =N='000
Net gain/(loss) on available-for-sale financial assets				
– Equity instruments	(567)	2,244	-	-
– Debt Instruments	(118,596)	(39,062)	(118,596)	69,155
Remeasurement gains on available-for-sale financial assets	(119,163)	(36,818)	(118,596)	69,155
Reclassification adjustments to gains included in profit or loss	-	-	-	-
Total net remeasurement gains on available for sale financial assets	(119,163)	(36,818)	(118,596)	69,155

7a Discontinued operations-Abidjan Branch office

The company operated a branch in Abidjan. This was converted to a full subsidiary in January 2020

	Group Dec. 2020 =N='000	Group Dec. 2019 =N='000	Company Dec. 2020 =N='000	Company Dec. 2019 =N='000
Gross premium written	-	-	-	***2,088,784***
Insurance premium revenue	-	-	-	2,160,024
Insurance premium ceded to retrocessionaires	-	-	-	(374,494)
Net insurance premium revenue	-	-	-	1,785,530
Insurance Benefits				
Insurance claims and loss adjustment expenses	-	-	-	1,453,663
Insurance claims and loss adjustment expenses recoverable from retrocessionaire	-	-	-	(136,624)
Net insurance benefits and claims	-	-	-	1,317,039
Underwriting expenses	-	-	-	852,876
Insurance benefits and underwriting expenses	-	-	-	2,169,915
Underwriting profit	-	-	-	(384,384)
Interest income	-	-	-	161,972
Net fair value gain/(loss) on assets at fair value through profit or loss	-	-	-	-
Fair value gain/(loss) on investment properties	-	-	-	-
Other income	-			-
Foreign exchange gain	-	-	-	15,232
Administrative expenses	-	-	-	(43,982)
Impairment of assets	-	-	-	(121,124)
Profit from discontinued operations		-	-	(372,288)

8 Taxation

	Group Dec. 2020	Group Dec. 2019	Company Dec. 2020	Company Dec. 2019
Per consolidated statement of profit or loss :	**=N='000**	**=N='000**	**=N='000**	**=N='000**
Income tax based on profit for the year	1,105,910	630,264	86,367	171,033
Education tax	77	-	77	-
	1,105,987	630,264	86,444	171,033
Deferred tax expense (Note 9.1)	293,769	(130,695)	293,769	(130,695)
Income tax expense	1,399,756	499,569	380,213	40,338

	Group Dec. 2020	Group Dec. 2019	Company Dec. 2020	Company Dec. 2019
Per consolidated statement of financial position:				
At 1 January	1,014,789	1,656,899	774,676	1,504,445
Charged to profit or loss	1,105,987	630,264	86,444	171,033
Payments during the year	(1,320,000)	(1,272,374)	(259,936)	(900,801)
	800,776	1,014,789	601,185	774,676
Reconciliation of tax charge				
Profit before income tax	4,827,015	2,395,626	1,552,079	1,534,723
Tax at Nigerian's statutory income tax rate of 30%	1,448,105	718,688	465,624	460,417
Non-deductible expenses	393,865	920,068	313,989	479,868
Tax exempt income	(537,721)	(1,124,151)	(400,208)	(884,912)
Education tax levy	77	-	77	-
Tax rate differential on fair value gains	(11,427)	(15,035)	(11,427)	(15,035)
At effective income tax rate of Group 27% (2019:21%) and Company 24% (2019:3%)	1,292,900	499,569	368,055	40,338

9 Deferred taxation

Deferred income tax (assets)/liabilities are attributable to the following items:

	Group Dec. 2020	Group Dec. 2019	Company Dec. 2020	Company Dec. 2019
Deferred tax liabilities				
Property, plant and equipment	49,385	(48,945)	96,407	52,947
Investment properties	172,796	63,101	118,269	63,101
Unrealized exchange gain	155,509	17,024	115,823	29,311
	377,690	31,180	330,499	145,359
Deferred tax assets				
Employee benefits	(34,361)	(22,300)	(17,041)	(11,616)
	(34,361)	(22,300)	(17,041)	(11,616)
Net	343,329	8,880	313,458	133,743

9.1 *Movements in temporary differences during the year:*

	Group Dec. 2020	Group Dec. 2019	Company Dec. 2020	Company Dec. 2019
As at 1 January	8,880	517,949	133,743	400,311
Recognised in profit or loss on:				
Property, plant and equipment	98,330	(54,250)	43,460	28,883
Investment properties	109,695	5,012	55,168	5,012
Foreign exchange unrealized gain	138,485	(598,284)	(32,968)	(436,336)
Employee benefits	(12,061)	138,453	114,053	135,873
	334,449	(509,070)	179,713	(266,569)
At 31 December	343,329	8,880	313,457	133,743

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 December 2020	Group December 2019	Company December 2020	Company December 2019
Net profit attributable to ordinary shareholders (=N='000)	2,202,480	1,896,057	1,171,866	1,494,385
Weighted average number of shares for the year ('000)	12,517,204	10,372,744	12,517,204	10,372,744
Basis and diluted earnings per ordinary share (kobo)	18	18	9	14

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

11 **Cash and cash equivalents**	**Group Dec. 2020 =N='000**	**Group Dec. 2019 =N='000**	**Company Dec. 2020 =N='000**	**Company Dec. 2019 =N='000**
Cash in hand	1,664	786	383	196
Balances held with local banks:				
- Current account	1,691,236	409,081	432,689	174,410
- Domiciliary account	595,847	132,226	595,847	132,226
Balances held with foreign banks	1,157,782	983,299	1,157,782	982,907
Placements with banks and other financial institutions	15,568,586	12,626,281	9,287,309	4,734,180
	19,015,116	14,151,673	11,474,010	6,023,919

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

The cash and cash equivalents position for cash flow purposes is as disclosed in Note 35. The reconciliation of cash and cash equivalent for cash flow purpose and statement of financial position is disclosed in note 35.1

12 **Financial assets designated at fair value through profit or loss**	**Group Dec. 2020 =N='000**	**Group Dec. 2019 =N='000**	**Company Dec. 2020 =N='000**	**Company Dec. 2019 =N='000**
Managed Funds				
External portfolio management	-	-	-	-
	-	-	-	-

The external portfolio management involves funds held and managed by fund and stock managers on behalf of the Group as a trading portfolio. The instruments were realised in 2019 and reinvested in held to maturity investment instruments

13 **Loans and other receivables**	**Group Dec. 2020 =N='000**	**Group Dec. 2019 =N='000**	**Company Dec. 2020 =N='000**	**Company Dec. 2019 =N='000**
Staff loans and advances	254,748	272,556	117,429	163,154
Other advances	435,136	435,136	435,136	435,136
Impairment on other receivables (Note 13.1)	(373,991)	(373,991)	(373,991)	(373,991)
Total loans and other receivables	315,892	333,701	178,573	224,299

Of the other advances, N373,991,000 are deposit with a third party for investment purpose that is unrealisable. This was fully impaired in 2015.

13.1 Reconciliation of impairment on loans and other receivables:

At 1 January	373,991	406,941	373,991	406,941
Reversal of impairment	-	(32,950)	-	(32,950)
At 31 December	373,991	373,991	373,991	373,991

14 Investment securities

Analysis of investment securities				
Available-for-sale (note 14.1)	1,227,380	1,769,668	1,191,597	1,732,412
Held-to-maturity (note 14.2)	13,744,039	9,998,905	5,564,847	3,951,711
	14,971,419	11,768,573	6,756,444	5,684,123

14.1 **Available-for-sale:**				
Equity instruments	1,191,598	1,732,412	1,191,598	1,732,411
Debt instruments	35,783	37,256	-	-
Total available-for-sale	1,227,380	1,769,668	1,191,597	1,732,411
Equity Instruments				
Quoted	583,652	1,027,083	583,652	1,027,083
Unquoted	607,946	705,329	607,946	705,329
Total equity instruments	1,191,597	1,732,412	1,191,597	1,732,412

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

		Group Dec. 2020	Group Dec. 2019	Company Dec. 2020	Company Dec. 2019
14.1	**Available-for-sale cont'd:**	**=N='000**	**=N='000**	**=N='000**	**=N='000**
	Debt Instruments				
	Securities at Available-for-sale -Fair value				
	Government bonds	35,783	37,257	-	-
		35,783	37,257	-	-
	Total available for sale investments	1,227,379	1,769,669	1,191,597	1,732,412
14.1.1	***Movement in available for sale securities;***				
	At 1 January	1,769,668	2,229,365	1,732,411	2,194,549
	Additions during the year	519,203	1,066,275	201,661	165,975
	Disposal during the year	(978,111)	(1,489,154)	(623,879)	(589,050)
	Fair value movement in the year	(119,163)	(36,818)	(118,596)	(39,062)
	At 31 December	1,191,597	1,769,668	1,191,597	1,732,411

Sensitivities

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

A 5% basis point movement in market rates will result in addition/reduction in the value of the assets by; Group of =N=88.2 million and Company =N=86.4 million

14.2 Held-to-maturity

		Group Dec. 2020	Group Dec. 2019	Company Dec. 2020	Company Dec. 2019
	Debt instruments	13,744,039	9,998,905	5,564,847	3,951,711
	Securities at held-to-maturity - amortised cost				
	Listed	13,744,039	3,992,481	5,564,847	3,154,512
	Unlisted	-	6,006,424	-	797,199
		13,744,039	9,998,904	5,564,847	3,951,711
	Total debt instruments (14.1 and 14.2)	13,779,822	10,036,161	5,564,847	3,951,711
14.2.1	***Movement in held-to-maturity securities;***				
	At 1 January	9,998,905	6,820,073	3,951,711	4,294,419
	Additions during the year	6,733,395	3,927,863	4,411,152	291,752
	Disposal during the year	(3,168,355)	(854,362)	(2,932,923)	(719,299)
	Amortization of premium/discount on bonds	86,800	64,201	74,147	52,196
	Accrued interest	93,294	41,130	60,760	32,643
	At 31 December	13,744,039	9,998,905	5,564,847	3,951,711

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

		Group	Group	Company	Company
15	**Reinsurance receivables**	**Dec. 2020**	**Dec. 2019**	**Dec. 2020**	**Dec. 2019**
		=N='000	**=N='000**	**=N='000**	**=N='000**
	Due from ceding companies	11,848,338	9,793,546	3,360,648	3,420,890
	Due from ceding companies (Pipeline)	9,804,257	6,790,447	4,042,735	3,066,605
	Premium reserves retained by ceding companies	3,902,051	3,126,012	2,847,807	2,602,580
		25,554,647	19,710,005	10,251,190	9,090,075
	Impairment on reinsurance receivables (Note 15.1)	(1,054,904)	(2,566,932)	(254,388)	(1,155,515)
		24,499,743	17,143,072	9,996,802	7,934,559
15.1	**Reconciliation of impairment on reinsurance receivables**				
	At 1 January	2,566,932	2,601,756	1,155,515	1,763,145
	Written off during the year	(1,378,616)	(713,799)	(799,227)	(713,799)
	Charge for the year (Note 6.3)	38,947	757,557	(101,900)	106,170
	Exchange difference	(172,359)	(78,582)	-	-
	At 31 December	1,054,904	2,566,932	254,388	1,155,515
16	**Retrocession Assets**				
	Retrocessionaires' share of claims recoverable	3,440,170	5,401,793	1,362,487	1,435,477
	Retro share of unearned premium and outstanding claims	6,566,297	3,174,303	3,250,260	2,607,562
	Retrocessionaires' share of life insurance contract liabilities	196,377	283,734	200,772	310,711
	Impairment on retro share of claims recoverable (note 16.1)	(689,726)	(161,791)	(689,726)	(161,791)
	Total retrocession assets	9,513,117	8,698,038	4,123,793	4,191,958

At 31 December 2020, the Company conducted an impairment review of the retrocession assets and additional N83.6m impairment loss resulted from this exercise. The carrying amounts disclosed above approximate fair value at the reporting date.

		Group Dec. 2020 =N='000	Group Dec. 2019 =N='000	Company Dec. 2020 =N='000	Company Dec. 2019 =N='000
16.1	**Reconciliation of impairment on retro share of claims recoverable**				
	At 1 January	161,791	161,791	161,791	161,791
	Charge for the year (Note 6.3)	527,935	-	527,935	-
	At 31 December	689,726	161,791	689,726	161,791
17	**Deferred acquisition costs**				
	At 1 January	5,574,856	4,034,583	3,148,708	2,227,037
	Acquisition cost paid during the year	12,594,038	13,443,978	5,985,430	8,418,148
	Amortized acquisition cost for the year (Note 2.2)	(12,774,979)	(11,903,705)	(6,745,164)	(6,873,774)
	Portfolio transfer during the year				(622,703)
	At 31 December	5,393,915	5,574,856	2,388,974	3,148,708
18	**Other assets**				
	Prepayments	138,353	297,949	91,135	200,008
	Intercompany balances	-	-	3,106,789	1,833,283
	Withholding tax receivable	4,168	4,168	4,168	4,168
	Accrued income on statutory deposit	33,443	48,205	33,443	48,205
	Others	741,548	225,379	155,308	159,815
		917,512	575,702	3,390,843	2,245,480
	Impairment on other assets (note 18.1)	(158,762)	(169,846)	(158,762)	(159,265)
		758,749	405,855	3,232,081	2,086,215
	Below are the breakdown of intercompany balances;				
	Technical and management fee receivables	-	-	58,151	102,958
	Retrocessions arrangement receivables	-	-	436,543	966,642
	Disposal of assets	-	-	1,857,997	442,510
	Other intercompany balances	-	-	754,098	321,173
		-	-	3,106,789	1,833,283

The "others" are sundry receivables for which an amount of N159m have been fully impaired

		Group Dec. 2020 =N='000	Group Dec. 2019 =N='000	Company Dec. 2020 =N='000	Company Dec. 2019 =N='000
18.1	**Reconciliation of impairment on other assets**				
	At 1 January	169,845	129,793	159,265	119,211
	Charge (release) for the year (Note 6.3)	(503)	40,054	(503)	40,054
	Impairment no longer required	-	-	-	-
	At 31 December	169,342	169,846	158,762	159,265
18b	**Right of use Asset (Building)**				
	Cost				
	As at 1 January 2020	160,396	160,396	15,259	15,259
	Additions	40,214	-	-	-
	As at 31 December 2020	200,610	160,396	15,259	15,259
	Depreciation				
	As at 1 January 2020	(27,176)	-	(4,485)	
	Depreciation for the year	(38,789)	(27,176)	(4,954)	(4,485)
	As at 31 December 2020	(65,965)	(27,176)	(9,439)	(4,485)
	Carrying amount as at 30 June 2020	134,645	133,220	5,820	10,774

19 Investment in subsidiaries

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

	Company 31 December 2020 =N='000	Company 31 December 2019 =N='000
Continental Reinsurance Limited, Nairobi, Kenya	2,478,877	1,572,699
Continental Reinsurance Limited, Gaborone, Botswana	699,774	699,774
Continental Reinsurance Limited, Douala, Cameroon	2,944,458	2,944,458
	6,123,109	5,216,931
Movement in this account is as shown below:		
Opening	5,216,932	5,216,932
investment in Continental Reinsurance Limited, Kenya	906,178	-
Closing	6,123,109	5,216,932

b) Nature of investments in subsidiaries 2020 and 2019

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

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

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

20 Investment properties

	Group	Group	Company	Company
	Dec. 2020	Dec. 2019	Dec. 2020	Dec. 2019
	=N='000	=N='000	=N='000	=N='000
At 1, January	3,123,121	3,073,003	3,123,121	3,073,003
Addition	13,333			
Disposal	(260,500)	-	(2,733,021)	-
Fair value gain/(loss)	394,146	50,118	27,200	50,118
Transfer (to)/from owner-occupied property	1,728,700		1,728,700	
At 31 December	4,998,800	3,123,121	2,146,000	3,123,121

Income generating floors of the owner-occupied property are classified as investment property since management has demonstrated legally that the portion of the building which generates rental income can be sold separately or leased out separately under a finance lease. Investment properties are measured at fair value and the value is determined by Olalekan Aboderin Consulting an independent professional valuer. There is no restriction on the realisability of the property or the remittance of income and proceeds of disposal and no contractual obligation to purchase, construct or develop the property or for repairs, maintenance or enhancements.

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

	01-Jan-20 =N='000	Addition/disposal =N='000	Fair value gain =N='000	31-Dec-20 =N='000
3 Bedroom apartment, Kubwa, FCT	8,500	-	-	8,500
4 Bed-room Terrace house with 2 BQs in Banana Island, Lagos	260,500	(260,500)	-	-
17 Olosa street, Victoria Island, Lagos	-	1,728,700	77,400	1,806,100
Block 3 bed-room flats at Castle and Temple Drive, Lekki Phase	381,600	-	(50,200)	331,400
Mixed development property, Abidjan.	2,472,521	13,333	366,946	2,852,800
Total	3,123,121	1,481,533	394,146	4,998,800

20.1 List of Investment properties and carrying amount

Description	Date of acquisition	Nature of title	Location	Carrying amount
3 Bedroom apartment	2001	FHA Letter of allocation	Kubuwa, Abuja	8,500
17 Olosa street, Victoria Island, Lagos	2020	Deed of Assignment	Victoria Island, Lagos	1,806,100
A block of luxury 3 bed-room flats at Castle and Temple Drive, Lekki Phase 1, Lagos	2010	C of O	Lekki Phase 1, Lagos	331,400
Mixed development property, Abidjan.	2014	C of O	Abidjan	2,852,800
				4,998,800

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

The Group enters into operating leases for all of its investment properties. The rental income arising during the period ended 31 December 2020 amounted to =N=105.022 million (year ended 31 December 2019: =N=116.066 million) which is included in other income. Direct operating expenses arising in respect of such properties during the year are included in administrative expenses.

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

	Group	Group	Company	Company
	Dec. 2020	Dec. 2019	Dec. 2020	Dec. 2019
	=N='000	=N='000	=N='000	=N='000
Rental Income derived from investment properties	105,022	116,066	12,375	116,066
Gain on disposal of investment properties	750	-	750	-
Direct operating expenses (including repairs & maintenance)	(16,426)	(13,105)	(13,105)	(13,105)
Profit arising from investment properties carried at fair value	89,346	102,961	20	102,961

	Fair value measurement using			
	Quoted prices in active market Level 1	*Significant observable inputs Level 2*	*Significant unobservabl e inputs Level 3*	*Total*
Date of valuation - 31 December 2020	*=N='000*	*=N='000*	*=N='000*	*=N='000*
Investment properties	-	-	2,146,000	2,146,000

The fair value disclosure on investment properties is as follows:

	Fair value measurement using			
	Quoted prices in active market Level 1	*Significant observable inputs Level 2*	*Significant unobservabl e inputs Level 3*	*Total*
Date of valuation - 31 December 2020	*=N='000*	*=N='000*	*=N='000*	*=N='000*
Investment properties	-	-	2,146,000	2,833,631

During the year, there were no transfers between level 1 and level 2 and in and out of level 3.

Investment properties-Continued

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

Olosa Property

Valuation technique	*Significant unobservable inputs*	*Range (weighted average)*
Income capitalization using DCF Analysis	Estimated rental per Square meters per annum	N100,000/sqm
	Total Square meters	1386 sqm
	Average annual growth	7.80%
	Average annual probable vacancy rate	8.2%
	Capitalisation rate (equated yield)	15.62%

Three bedroom flats

Valuation technique	*Significant unobservable inputs*	*Range (weighted average)*
Income capitalization using DCF Analysis	Estimated rental per wing per annum	=N=3.5m
	Average annual growth	0.00%
	Average annual probable vacancy rate	1.4%
	Capitalisation rate (equated yield)	5.64%

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

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

20.2 Sensitivity analysis on Investment properties

	Sensitivities in capitalization rate		**Sensitivities in vacancy rate**	
Property	**Effect of 10% =N='000**	**Effect of 10% =N='000**	**Effect of 10% =N='000**	**Effect of 10% =N='000**
FHA - Abuja Property, Abuja, Nigeria	7,300	10,000	8,500	8,600
17 Olosa street, Victoria Island, Lagos Property	1,590,567	2,065,784	1,789,963	1,822,142
Castle &Temple Drive Lekki Phase 1, Lagos, Nigeria	314,600	349,700	331,100	332,000
Zone 4/C, Marcony, Abidjan, Cote d' Ivoire	2,593,455	3,169,778	-	-
	4,505,922	5,595,261	2,129,563	2,162,742

21 Intangible assets-Software

			Group	**Company**
			=N='000	**=N='000**
Cost:				
At 1 January 2019			465,469	463,255
Disposal			-	-
Additions			17,195	17,195
At 31 December 2019			482,664	480,450
Disposal			-	-
Additions			7,324	7,324
At 31 December 2020			489,988	487,774
Accumulated amortisation:				
At 1 January 2019			83,520	81,675
Disposal			-	-
Amortisation of software			137,921	137,921
At 31 December 2019			221,442	219,596
Disposal			-	-
Amortisation of software			136,645	136,286
At 31 December 2020			358,088	355,882
Carrying amount:				
At 31 December 2020	-	-	131,899	131,891
At 31 December 2019			261,221	260,854

22 Property, plant and equipment
Group

	Freehold property =N='000	Building =N='000	Motor vehicles =N='000	Furniture and fittings =N='000	Office partitioning =N='000	Computer equipment =N='000	Building W.I.P =N='000	Total =N='000
Cost:								
At 1 January 2019	1,283,255	-	392,548	218,434	87,924	170,027	1,704,939	3,857,127
Additions	127,078	-	205,856	27,779	11,655	23,441	697,105	1,092,914
Disposals	-	-	(149,499)	(31,587)	(25,336)	(17,396)	-	(223,819)
Reclassification/write-off	-	-	-	-	-	-	-	-
Exchange difference	(4,036)	-	(42,682)	(30,948)	(5,684)	(26,110)	-	(109,461)
At 31 December 2019	1,406,297	-	406,223	183,679	68,558	149,962	2,402,043	4,616,762
Additions	-	-	90,288	188,669	159,642	47,985	674,133	1,160,717
Reclassification	(434,158)	1,279,687					(3,076,176)	(2,230,647)
Disposals	-		(65,848)	(74,566)	(54,130)	(16,106)	-	(210,650)
Write-off	-		-	-	-	-	-	-
Exchange difference	38,796		21,492	27,312	10,206	20,857	-	118,663
At 31 December 2020	1,010,935	1,279,687	452,155	325,094	184,275	202,698	-	3,454,845
Accumulated depreciation:								
At 1 January 2019	-	-	149,373	133,312	81,352	97,611	-	461,649
Charge for the year	-	-	119,969	24,211	8,604	20,859	-	173,643
Reclassification	-	-	-	-	-	-	-	-
Disposal	-	-	(113,224)	(27,012)	(25,336)	(15,982)	-	(181,555)
Exchange difference	-	-	(2,078)	(1,859)	(366)	(1,202)	-	(5,505)
At 31 December 2019	-	-	154,041	128,652	64,254	101,286	-	448,233
Charge for the year	-	-	124,345	25,729	10,390	29,045	-	189,508
Reclassification	-	-	-	-	-	-	-	-
Disposal	-	-	(57,755)	(57,196)	(45,412)	(11,837)	-	(172,200)
Exchange difference	-		(11,332)	(8,138)	(4,188)	(9,566)	-	(33,224)
At 31 December 2020	-	-	209,299	89,047	25,044	108,929	-	432,318
Net book value:								
At 31 December 2020	1,010,935	1,279,687	242,856	236,046	159,231	93,770	-	3,022,526
At 31 December 2019	1,406,297	-	252,182	55,027	4,304	48,675	2,402,043	4,168,529

There was a contractual commitment of N73 million made to Eko Pearl and N5.5m Mitsui Lift Nigeria Limited during the construction of the building and no restriction was placed on the property as security for liabilities. The fair value of the building (N1,279,687,000) are not materially different from the carrying amount disclosed above and no impairment charge was made during the year.

22 Property, plant and equipment

Company	Freehold property =N='000	Building =N='000	Motor vehicles =N='000	Furniture and fittings =N='000	Office partitioning =N='000	Computer equipment =N='000	Building W.I.P =N='000	Total =N='000
Cost:								
At 1 January 2019	434,158	-	332,889	93,519	70,601	96,514	1,704,939	2,732,619
Additions	-	-	136,948	22,567	8,866	10,922	697,105	876,408
Reclassification	-	-	-		-		-	-
Disposals	-	-	(105,506)	(14,345)	(25,336)	(13,055)	-	(158,243)
At 31 December 2019	434,158	-	364,331	101,742	54,131	94,381	2,402,043	3,450,785
Additions	-		38,042	170,963	150,061	24,502	674,133	1,057,700
Reclassification	(434,158)	1,279,687	-		-		(3,076,176)	(2,230,647)
Disposals	-		(65,848)	(74,566)	(54,130)	(13,325)	-	(207,869)
At 31 December 2020	-	1,279,687	336,524	198,138	150,061	105,557	-	2,069,970
Accumulated depreciation:								
At 1 January 2019	-		189,989	71,527	68,336	75,077	-	404,929
Charge for the year	-		65,988	7,989	2,412	10,907	-	87,295
Reclassification	-		-		-		-	-
Disposal	-		(82,898)	(9,571)	(25,336)	(12,334)	-	(130,139)
At 31 December 2019	-	-	173,080	69,945	45,411	73,650	-	362,085
Charge for the year	-		60,756	12,319	2,925	8,967	-	84,968
Reclassification	-		-		-		-	-
Disposal	-		(57,755)	(57,196)	(45,412)	(8,975)	-	(169,338)
At 31 December 2020	-	-	176,081	25,067	2,925	73,642	-	277,716
Net book value:								
At 31 December 2020	-	1,279,687	160,443	173,071	147,136	31,915	-	1,792,256
At 31 December 2019	434,158	-	191,251	31,797	8,720	20,732	2,402,044	3,088,702

23 Statutory deposits

	Group 31 December 2020 =N='000	Group 31 December 2019 =N='000	Company 31 December 2020 =N='000	Company 31 December 2019 =N='000
At 31 December	1,000,000	1,000,000	1,000,000	1,000,000

Statutory deposit represents the amount deposited with the Central Bank of Nigeria in accordance with section 9(1) and section 10(3) of Insurance Act 2003. This is restricted cash as management does not have access to the balances in its day to day activities. They are measured at cost and interest is paid semi-annually with 2020 average interest rate being 5% (2019: 13.06%).

24 Insurance contract liabilities

	Group 2020	Group 2019	Company 2020	Company 2019
Unearned premium (Note 24.1)	18,230,128	15,750,525	7,003,669	7,643,564
Outstanding claims (Note 24.2)	17,427,998	11,559,459	8,432,759	6,784,942
Non-life contract liabilities	35,658,126	27,309,984	15,436,428	14,428,506
Life (Note 24.3)	3,184,131	3,244,299	2,002,398	2,164,396
Total insurance liabilities	38,842,258	30,554,284	17,438,827	16,592,902
Total retrocessionaire's share of insurance liabilities (Note 16)	(9,513,118)	(8,698,039)	(4,123,794)	(4,191,958)
Net insurance contracts	29,329,140	21,856,245	13,315,033	12,400,944

24.1 *Reserve for unearned premium-Non life*

	Group 2020	Group 2019	Company 2020	Company 2019
At 1 January	15,750,525	13,526,225	7,643,564	6,667,387
Increase in the year (see note 1.1)	48,946,889	40,873,804	23,884,908	23,098,009
Portfolio transfer and premium adjustments during the period	1,008,450	1,145,606	(1,006,305)	(421,492)
Released during the period	(47,521,777)	(39,834,778)	(23,518,498)	(21,700,340)
Exchange difference	46,041	39,667		
At 31 December	18,230,128	15,750,525	7,003,669	7,643,564

24.2 *Reserve for outstanding claims-Non life*

	Group 2020	Group 2019	Company 2020	Company 2019
At 1 January	11,559,459	7,594,146	6,784,942	3,916,834
Portfolio transfer and claims adjustments during the period	-	-	(1,162,734)	-
Incurred in the current year including IBNR (note 2.1)	24,085,649	22,027,637	13,263,745	14,134,171
Paid during the period	(18,259,183)	(18,092,128)	(10,453,194)	(11,266,063)
Exchange difference	42,073	29,804		
At 31 December	17,427,998	11,559,459	8,432,759	6,784,942

24.3 *Insurance liabilities on life business;*

a *Group life reserve for unearned premium*

	Group 2020	Group 2019	Company 2020	Company 2019
At 1 January	1,410,205	562,197	1,548,523	780,772
Change in the period	(69,282)	842,173	(51,465)	417,498
Portfolio transfer and premium adjustments during the period			(189,247)	350,253
Exchange difference	4,103	5,835		
At 31 December	1,345,026	1,410,205	1,307,811	1,548,523

b *Life reserve for outstanding claims*

	Group 2020	Group 2019	Company 2020	Company 2019
At 1 January	1,834,094	1,568,253	615,873	712,908
Claims Incurred in the year including IBNR (note 2.1)	2,345,890	2,655,047	2,025,585	1,995,478
Portfolio transfer and claims adjustments during the period			(42,770)	
Claims paid during the period	(2,344,946)	(2,397,264)	(1,904,100)	(2,092,513)
Exchange difference	4,067	8,058		
At 31 December	1,839,105	1,834,094	694,587	615,873
Total Insurance liabilities on life business	3,184,131	3,244,299	2,002,398	2,164,396

25 Reinsurance creditors

	Group 2020	Group 2019	Company 2020	Company 2019
Due to retrocessionaires	1,159,624	1,768,782	63,119	206,981
Due to ceding companies	3,058,870	2,009,440	2,343,236	543,071
	4,218,493	3,778,222	2,406,354	750,051

This represents the amount payable to insurance and reinsurance companies.

26 Other liabilities

	Group 2020	Group 2019	Company 2020	Company 2019
Sundry creditors (note 26.1)	255,743	-	179,368	-
Accrued staff benefits	391,380	188,216	391,380	188,216
Unclaimed dividend	340,051	382,712	340,051	382,711
Rent received in advance	36,833	1,458	36,833	1,458
Accrued expenses	148,390	19,085	51,304	17,711
Dividend payable (Note 26.3)	23,910	23,910	23,910	23,910
Intercompany balance (note 26.2)	-	-	443,026	2,359,082
Others	36,553	46,393	49,911	5,790
	1,232,859	661,775	1,515,783	2,978,877

26.1 Sundry creditors

	Group 2020	Group 2019	Company 2020	Company 2019
Receipt onbehalf of 3rd party	-	-	-	-
Adjustments on portfolio transfers	-	-	-	-
Other sundry creditors	255,743	0	179,368	0
	255,743	0	179,368	0

		Group 31 December 2020 =N='000	Group 31 December 2019 =N='000	Company 31 December 2020 =N='000	Company 31 December 2019 =N='000
26.2	**Intercompany balance**				
	Retrocessions arrangement payable	-	-	388,523	917,338
	Payable on Douala capitalization	-	-	-	1,334,874
	Other intercompany balances	-	-	54,503	106,870
		-	-	443,026	2,359,082
26.3	**Dividends paid and proposed**				
	At 1 January	23,910	23,910	23,910	23,910
	Declared during the period	-	-	-	-
	Paid during the year	-	-	-	-
		23,910	23,910	23,910	23,910

Nil dividend proposed (2019: Nil).

		Group 31 December 2020 =N='000	Group 31 December 2019 =N='000	Company 31 December 2020 =N='000	Company 31 December 2019 =N='000
26b	**Lease liability**				
	At 1 January	150,749	146,787	16,831	14,809
	Interest expense during the year	10,150	3,963	(3,465)	2,022
	At 31 December	160,899	150,749	13,367	16,831
27	**Retirement benefit obligations**				
	Defined contribution scheme (Note 27.1)	-	-	-	-
	Defined benefit gratuity scheme (Note 27.2)	670,301	404,290	507,614	342,212
		670,301	404,290	507,614	342,212

27.1 Defined contribution scheme

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

	Group 31 December 2020 =N='000	Group 31 December 2019 =N='000	Company 31 December 2020 =N='000	Company 31 December 2019 =N='000
Balance at beginning of year	-	-	-	-
Provisions during the year	115,712	99,202	115,712	99,202
Transfer to Pension Fund Administrator	(115,712)	(99,202)	(115,712)	(99,202)
Balance at end of year	-	-	-	-

27.2 Defined benefit staff gratuity scheme

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

Statement of financial position obligation for:	Group 31 December 2020 =N='000	Group 31 December 2019 =N='000	Company 31 December 2020 =N='000	Company 31 December 2019 =N='000
The amounts recognised in the statement of financial position are determined as follows:				
Present value of funded obligations	1,222,975	920,926	926,151	779,520
Fair value of plan assets	(552,674)	(516,636)	(418,537)	(437,308)
Deficit of funded plans	670,301	404,290	507,614	342,212
Liability in the consolidated statement of financial position	670,301	404,290	507,614	342,212
The movement in the defined benefit obligation over the year is as follows:				
At beginning of the year	920,926	655,223	779,520	512,393
Service cost	(46,511)	69,411	(50,604)	58,999
Transfer to subsidiaries	-	-	(8,931)	-
Interest cost	106,907	83,349	(32,984)	13,598
Actuarial gains (losses)	476,580	526,819	419,445	400,288
Benefit paid	(234,927)	(413,876)	(180,295)	(205,759)
At end of the year	1,222,975	920,926	926,151	779,520

27.2 Retirement benefit obligations (continued)

Defined benefit staff gratuity scheme (cont'd)	**Group 31 December 2020 =N='000**	**Group 31 December 2019 =N='000**	**Company 31 December 2020 =N='000**	**Company 31 December 2019 =N='000**
The amounts recognised in the profit or loss are as follows:				
Current service cost	(46,511)	69,411	(50,604)	58,999
Net interest	45,427	10,561	(53,479)	(17,541)
Total, included in staff costs	(1,084)	79,972	(104,083)	41,458
The amounts recognised in other comprehensive income				
Re-measurement loss on net defined benefit plans	(502,022)	(535,069)	(380,178)	(347,665)
The movement in the plan assets over the year is as follows:				
Assets at fair value - opening	516,636	452,098	437,308	353,547
Interest return	61,480	72,788	20,495	31,139
Employer contribution	234,927	413,876	180,295	205,759
Benefit paid	(234,927)	(413,876)	(180,295)	(205,759)
Actuarial gain/(loss)	(25,442)	(8,250)	(39,267)	52,623
At end of the year	552,674	516,636	418,536	437,308
Composition of Plan assets				
Cash	93%	93%	104%	93%
Equity	7%	7%	-4%	7%
Others	0%	0%	0%	0%

Disaggregation of plan assets

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

Plan assets by	Fair value hierarchy 30 June 2020			
	Level 1 =N='000	**Level 2 =N='000**	**Level 3 =N='000**	**Total =N='000**
Quoted equity	40,014	-	-	40,014
Cash and cash equivalents	-	512,660	-	512,660
Total	40,014	512,660	-	552,674
				-

Plan assets by	Fair value hierarchy 31 December 2019			
	Level 1 =N='000	**Level 2 =N='000**	**Level 3 =N='000**	**Total =N='000**
Quoted equity	42,077	-	-	42,077
Cash and cash equivalents	-	539,097	-	539,097
Total	42,077	539,097	-	581,174

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

	Group		**Company**	
	31-Dec-20 =N='000	**31-Dec-19 =N='000**	**31-Dec-20 =N='000**	**31-Dec-19 =N='000**
Cash and cash equivalents	512,660	479,232	436,889	408,401
Quoted equity				
Consumer goods	2,001	1,870	1,705	1,594
Conglomerates	1,601	1,496	1,364	1,275
Financial services	36,412	34,038	-21,422	26,038
Subtotal	40,014	37,404	-18,353	28,907
Loans and receivables	-	-	-	-
Total	**552,673**	**516,636**	**418,535**	**437,308**

The fair values of the above equity are determined based on quoted market prices in active markets .
The loan and receivable represents the dividend income paid into the bank of the company that will be refunded to the plan assets .

The actual return on plan assets was NGN8.1 million (2018: NGN95.2 million)

27.2	**Retirement benefit obligations (continued)**	**Group 31 December 2020**	**Group 31 December 2019**	**Company 31 December 2020**	**Company 31 December 2019**
	The principal actuarial assumptions were as follows:				
	Average long term discount rate (p.a.)	11.9%	11.9%	11.9%	11.9%
	Average long term rate of inflation (p.a.)	10%	10%	10%	10%
	Average long term pay increase (p.a.)	5%	5%	5%	5%

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

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

We recalculated the liability to show the effect of:

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

A quantitative sensitivity analysis for significant assumption on the group's retirement benefit obligations as at 31 December 2019 is as sho

		Discount rate	**Salary**	**Mortality**
Assumptions				
Sensitivity level		**=N='000**	**=N='000**	**=N='000**
Impact on defined benefit obligation	+1%	880,004	974,365	922,491
Impact on defined benefit obligation	-1%	966,655	872,441	919,517

28 Share capital

	=N='000	**=N='000**	**=N='000**	**=N='000**
Authorised				
25,000,000,000 ordinary shares of 50k each	12,500,000	12,500,000	12,500,000	12,500,000
Issued and fully paid				
12,517,204,331 ordinary shares of 50k each	6,258,602	5,186,372	6,258,602	5,186,372

The company raised additional capital from its existing shareholders during the year

29 Share premium

	Group 31 December 2020 =N='000	**Group 31 December 2019 =N='000**	**Company 31 December 2020 =N='000**	**Company 31 December 2019 =N='000**
At 31 December	8,204,371	3,915,451	8,204,371	3,915,451

Premiums from the issue of shares are reported in share premium. Additional capital injection of N5.4b in the year gave rise to share premium of N4.28b

30 Contingency reserve

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

	Group 31 December 2020 =N='000	**Group 31 December 2019 =N='000**	**Company 31 December 2020 =N='000**	**Company 31 December 2019 =N='000**
Non - Life	6,883,282	5,912,583	6,165,741	5,449,194
Life	390,783	352,376	385,666	347,259
Total	7,274,065	6,264,958	6,551,407	5,796,452
Movement in this account is as shown below:				
At 1, January	6,264,958	5,265,633	5,796,452	5,054,403
Addition during the year	1,009,106	999,325	754,955	742,049
At 31 December	7,274,065	6,264,958	6,551,407	5,796,452

31 Retained earnings:

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

32 Other reserves

32.1 *Available-for-sale reserve:*

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

32.2 *Foreign currency translation reserve:*

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

33 Non-controlling interests

In 2013 financial year, Britam Asset Managers (BAM) invested in Continental Reinsurance Limited, Kenya (CRe Limited, Kenya); subsidiary of Continental Reinsurance Plc (CRe Plc), through capital injection. This was to fulfill regulatory requirement of minimum 30% local shareholding.

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

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

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

	Continental Reinsurance Limited, Douala	Continental Reinsurance Limited, Kenya	Continental Reinsurance Limited, Botswana	Total
	=N='000	=N='000	=N='000	=N='000
At 1 January 2020	2,024,147	2,280,337	2,694,910	6,999,394
Capital refund-preference shares	-	-	(1,642,072)	(1,642,072)
Profit for the period	254,935	482,373	487,471	1,224,779
Difference on foreign currency translation	338,116	(48,699)	82,599	372,017
Other comprehensive income;				
Available for sale remeasurement	-	(198)	-	(198)
Remeasurement of retirement benefits obligations	(9,840)	(14,057)	(14,057)	(37,952)
At 31 December	2,607,358	2,699,756	1,608,852	6,915,967

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

	Continental Reinsurance Limited, Douala	Continental Reinsurance Limited, Kenya	Continental Reinsurance Limited, Botswana	Total
	=N='000	=N='000	=N='000	=N='000
At 1 January 2020	2,414,029	1,858,325	481,997	4,754,351
Capital injection-preference shares	-	-	1,642,072	1,642,072
Profit for the period	(479,866)	326,885	200,475	47,494
Difference on foreign currency translation	100,471	109,324	385,348	595,142
Other comprehensive income;				-
Available for sale remeasurement	-	785	-	785
Remeasurement of retirement benefits obligations	(10,487)	(14,982)	(14,982)	(40,451)
At end of year	2,024,147	2,280,337	2,694,909	6,999,393

33a Condensed results of consolidated entities

The condensed financial data of the consolidated entities as at 31 December 2020, are as follows:

	Continental Reinsurance Limited, Douala	Continental Reinsurance Limited, Kenya	Continental Reinsurance Limited, Botswana
	=N='000	=N='000	=N='000
Condensed statement of profit or loss and other comprehensive income			
Revenue	**5,708,184**	**12,710,501**	**7,004,710**
Profit before income tax	640,304	1,932,147	1,564,255
Income tax	(120,028)	(553,937)	(345,578)
Profit after tax	**520,276**	**1,378,210**	**1,218,677**
Condensed statement of financial position			
Cash and cash equivalents	4,266,306	1,310,115	1,964,685
Financial assets			
-Financial asset designated as fair value through profit or loss	-	-	-
-Loans and other receivables	100,483	23,054	13,782
-Available-for-sale investments	-	35,783	-
-Held to maturity investments	262,968	6,873,848	1,042,376
Reinsurance receivables	3,122,151	6,630,361	4,750,430
Retrocession assets	1,285,223	2,025,897	2,078,204
Deferred acquisition costs	534,330	1,232,308	1,238,303
Other assets	588,597	10,599	637,403
Right of use of Asset	-	95,923	32,902
Intangible assets	-	-	-
Property, plant and equipment	1,185,720	23,227	21,323
Statutory deposits			
Total assets	**11,345,778**	**18,261,115**	**11,779,408**
Liabilities			
Insurance contract liabilities	5,389,336	10,000,877	6,013,217
Reinsurance creditors	345,852	205,731	1,260,556
Other liabilities	2,924,507	79,895	422,605
Lease liability	-	114,518	33,013
Retirement benefit obligations	77,826	73,799	11,061
Current income tax payable	127,958	7,812	63,821
Deferred tax liabilities	11,967	64,899	(46,995)
Equity	5,321,140	7,713,588	4,022,129
Total liabilities and equity	**14,198,586**	**18,261,119**	**11,779,407**
Cashflows from operating activities	(2,255,399)	1,482,433	(124,858)
Cashflows from investing activities	1,698,549	(129,985)	(324,959)
Cashflows from financing activities	-	-	(1,788,867)
Net increase/(decrease) in cash and cash equivalents	(556,850)	1,352,448	(2,238,685)
Cash and cash equivalent, beginning of year	1,280,676	1,030,401	3,476,085
Cash and cash equivalent, end of year	**723,826**	**2,382,849**	**1,237,401**

The condensed financial data of the consolidated entities as at 31 December 2019, are as follows:

	Continental Reinsurance Limited, Douala	**Continental Reinsurance Limited, Kenya**	**Continental Reinsurance Limited, Botswana**
	=N='000	**=N='000**	**=N='000**
Condensed statement of profit or loss and other comprehensive income			
Revenue	**2,453,468**	**11,354,544**	**6,612,573**
Profit before income tax	-	-	-
Income tax	(47,961)	(313,692)	(97,578)
Profit after tax	**(47,961)**	**(313,692)**	**(97,578)**
Condensed statement of financial position			
Cash and cash equivalents	3,558,091	797,600	3,772,063
Financial assets			
-Financial asset designated as fair value through profit or loss	-	-	-
-Loans and other receivables	76,306	29,697	3,399
-Available-for-sale investments	-	37,257	-
-Held to maturity investments	-	5,874,310	172,884
Reinsurance receivables	860,200	5,366,056	2,982,255
Retrocession assets	680,164	1,611,360	2,214,556
Deferred acquisition costs	134,862	1,551,405	739,881
Other assets	1,703,030	50,527	259,059
Right of use of Asset	-	122,446	-
Investment properties			-
Intangible assets	-	-	360
Property, plant and equipment	1,015,441	48,287	16,099
Statutory deposits			
Total assets	**8,028,094**	**15,488,945**	**10,160,556**
Liabilities			
Insurance contract liabilities	1,307,757	8,411,834	4,241,790
Reinsurance creditors	1,623,933	322,729	1,081,509
Other liabilities	895,290	65,832	414,747
Lease liability	-	133,918	-
Retirement benefit obligations	24,459	30,501	7,118
Current income tax payable	45,748	-	194,365
Deferred tax liabilities	-	8,884	(133,747)
Equity	4,130,913	6,515,250	4,354,773
Total liabilities and equity	**8,028,100**	**15,488,948**	**10,160,555**
Cashflows from operating activities	(672,108)	(259,706)	675,601
Cashflows from investing activities	512,251	(349,859)	1,239,152
Cashflows from financing activities	-	-	-
Net increase/(decrease) in cash and cash equivalents	(159,857)	(609,565)	1,914,753
Cash and cash equivalent, beginning of year	1,440,533	1,639,966	1,561,332
Cash and cash equivalent, end of year	**1,280,676**	**1,030,401**	**3,476,085**

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

	Group 31 December 2020 =N='000	Group 31 December 2019 =N='000	Company 31 December 2020 =N='000	Company 31 December 2019 =N='000
Profit before income tax expense	4,827,015	2,395,626	1,552,079	1,534,723
Adjustments for:				
- Depreciation and amortization (Note 6.1)	326,153	297,886	221,254	225,215
-increase in provision for bad and doubtful balances (note 6.3)	566,379	797,611	425,532	146,224
– Profit on disposal of investments	(269,381)	(106,919)	(269,381)	(106,919)
–commission income on retro and unamortized retro cost	(230,243)	(846,846)	(244,236)	(843,792)
– Interest income	(1,980,858)	(2,175,776)	(900,594)	(1,273,713)
– Dividend received	(102,543)	(48,558)	(1,008,721)	(48,558)
–unrealised foreign exchange gain	(722,202)	7,357	(363,760)	(94,379)
–Fair value loss on investment property and financial assets designated at fair value	(394,146)	(50,118)	(27,200)	(50,118)
Changes in operating assets/liabilities				
–Reinsurance debtors	(5,844,642)	(5,157,614)	(1,161,115)	(1,228,326)
–Prepayments and other assets	(352,895)	(254,300)	(1,145,866)	(117,895)
–Retrocession assets	(815,079)	(2,203,455)	68,166	(1,311,561)
–Reinsurance creditors and other liabilities	831,650	1,880,495	2,420,994	(123,239)
–Deferred acquisition costs	180,941	(1,540,273)	759,734	(921,671)
–Provision for unexpired risks	1,405,974	1,881,200	(880,607)	1,743,928
–Outstanding claims	4,596,667	4,231,154	1,726,531	2,965,143
–Retirement benefit obligations	266,011	201,165	165,402	183,365
Income tax paid (Note 8)	(1,320,000)	(1,272,374)	(259,936)	(900,801)
Net cash generated from operating activities	968,803	(1,963,739)	1,078,276	(222,373)

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

	Group 31 December 2020 =N='000	Group 31 December 2019 =N='000	Company 31 December 2020 =N='000	Company 31 December 2019 =N='000
Cash in hand	1,664	786	383	196
Balances held with other banks:				
- Current account	1,691,236	409,081	432,689	174,410
- Domiciliary account	595,847	132,226	595,847	132,226
Balances held with foreign banks	1,157,782	983,299	1,157,782	982,907
- Placements with banks and other financial institutions with original maturity < 90 days	15,568,586	12,626,281	9,287,309	4,734,180
Treasury bills	-	247,564	-	247,564
	19,015,116	14,399,237	11,474,010	6,271,483

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

Cash and cash equivalent in cash flows (note 35)	19,015,116	14,399,237	11,474,010	6,271,483
Add items in Statement of financial position not in Cashflows;				
Placement with original maturity more than 90 days	-	-	-	-
Less items in Cashflows not in statement of financial position;				
Treasury bills with original maturity less than 90 days	-	(247,564)	-	(247,564)
Cash and cash equivalent in statement of financial position (note 11)	19,015,116	14,151,673	11,474,010	6,023,919

36 Related parties

The group is controlled by C-Re holdings Ltd (incorporated in Mauritius), the major shareholder of the group parent company, C-Re Africa Investment Limited (incorporated in Mauritius)

a Related party transactions

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

b Transactions with key management personnel

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

c *Transaction with related parties*

Name of related party and relationship	**Nature of transactions**	**Due from/ due to**		**Income (expense)**	
		Dec. 2020 =N='000	**Dec. 2019 =N='000**	**Dec. 2020 =N='000**	**Dec. 2019 =N='000**
Salam/Saham group and related companies	Premium	547,085	1,755,061	444,024	1,381,667
		-	-		
Salam/Saham group and related companies	Acquistion	-	-	(97,685)	(380,704)
	cost	-	-		
Salam/Saham group and related companies	Claims	(1,576)	(256,172)	(342,167)	(932,550)
		545,510	1,498,889.09	4,172	68,413

Loans and advances to related parties

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

	MD =N='000	**ED =N='000**	**2020 =N='000**	**2019 =N='000**
Mortgage loan	-	-	-	999
Personal loan	-	2,250	2,250	9,250
	-	2,250	2,250	10,249

These loans were given in line with the conditions of service of the Directors under the terms of the mortgage loan, repayment is to be made over the mortgage period. The personal loan is salary advance

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 (2019: Nil).

36 Related party transactions (continued)

Compensation of key management personnel

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

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

	Group Dec. 2020 =N='000	Group Dec. 2019 =N='000	Company Dec. 2020 =N='000	Company Dec. 2019 =N='000
Short term employee benefits	353,357	321,422	353,357	321,422
Post employment benefits:				
Gratuity benefits paid	-	-	-	-
Pension contribution	8,660	8,305	8,660	8,305
	362,016	329,727	362,016	329,727

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

	Number	Number	Number	Number
Below =N=1,000,000	-	-	-	-
=N=1,000,001 - =N=4,000,000	-	-	-	-
=N=4,000,001 - =N=7,000,000	5	12	-	7
=N=7,000,001 - =N=10,000,000	7	-	7	-
=N=10,000,001 and above	3	3	3	3
	15	15	10	10

37 Contingencies and commitments

Contingent liabilities
There were no contingent liabilities at the end of the year (2019: Nil).

Capital commitment and operating leases
There were no capital commitments at the end of the year (2019: Nil).

38 Compliance with regulatory bodies

Penalties:	2020 =N='000	2019 =N='000
The Company contravened certain sections of the Financial Reporting Council of Nigeria (FRCN) Act 2011	-	10,000
	-	10,000

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 2020 or the profit for the year then ended that have not been adequately provided for or disclosed.

40 Admissible assets

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

	Non-life		Life	
	=N='000	=N='000	=N='000	=N='000
Cash and cash equivalents:				
Cash and bank balances	-			
Bank placements	8,169,627		640,223	
Total cash and cash equivalents		8,169,627		640,223
Investment properties		1,806,100		339,900
Retrocession assets	-	3,923,021	-	200,772
Investment securities:				
Quoted equities	427,599		154,786	
Corporate Bonds	1,142,185		178,973	
Government bonds and treasury bills	3,490,484		753,204	
Total investment securities		5,060,268		1,086,964
Total assets representing insurance contract liabilities		18,959,016		2,267,858
Total insurance contract liabilities		15,436,429		2,002,398
Excess of assets over liabilities		3,522,587		265,460
		123%		**113%**

41 Segment information

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

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

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

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

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

Group **31 December 2020**	**Notes**	**Life insurance** **=N='000**	**Non-life insurance** **=N='000**	**Total segments** **=N='000**
Gross Premium	1.1	4,690,027	48,946,889	53,636,916
Change in Reserve for unearned premium	24.3	69,282	(1,425,111)	(1,355,829)
Earned premium income	1.1	4,759,309	47,521,778	52,281,087
Less: Retrocession costs		(892,285)	(12,396,916)	(13,289,201)
Net insurance premium revenue	1.2	3,867,024	35,124,862	38,991,886
Commission earned under retrocession arrangements		330,746	2,955,964	3,286,710
Underwriting income		4,197,770	38,080,826	42,278,596
Expenses				
Gross claims paid		2,344,946	15,914,237	18,259,183
Change in Reserve for outstanding claims		55,363	5,813,176	5,868,539
Ceded Outstanding Claims Reserve		(54,419)	2,358,237	2,303,818
Claims incurred	2.1	2,345,890	24,085,650	26,431,540
Retrocession recoveries	2.1	(251,717)	(5,728,176)	(5,979,893)
Net claims incurred	2.1	2,094,174	18,357,474	20,451,647
Underwriting expenses:				
Acquisition and maintenance cost		1,543,380	12,851,797	14,395,177
Depreciation and amortisation	6.2	43,461	282,692	326,153
Management expenses		459,642	3,906,922	4,366,564
		2,046,482	17,041,412	19,087,894
Underwriting profit		57,114	2,681,941	2,739,055
Investment and other income		205,268	2,870,869	3,076,137
Foreign exchange gain	5.1	16,341	772,938	789,280
Administrative expenses	6.2	(180,689)	(1,030,390)	(1,211,079)
Impairment of assets	6	(20,721)	(545,658)	(566,379)
Results of operating activities		77,311	4,749,701	4,827,013
Income tax expense	8	(293)	(1,399,463)	(1,399,756)
Profit for the year		77,018	3,350,238	3,427,257
Segment assets		2,267,858	81,487,964	83,755,822
Segment liabilities		2,002,398	44,266,518	46,268,916

Group **31 December 2019**		**Life insurance** **=N='000**	**Non-life insurance** **=N='000**	**Total segments** **=N='000**
Gross Premium	1.1	6,789,321	40,873,804	47,663,125
Change in Reserve for unearned premium	24.3	(842,173)	(1,039,024)	(1,881,197)
Earned premium income	1.1	5,947,148	39,834,780	45,781,928
Less: Retrocession costs		(779,710)	(6,171,532)	(6,951,242)
Net premium earned	1.2	5,167,438	33,663,248	38,830,686
Expenses				
Gross claims paid		2,389,206	15,673,119	18,062,324
Change in Reserve for outstanding claims		305,097	3,660,216	3,965,313
Ceded Outstanding Claims Reserve		(39,256)	2,694,303	2,655,046
Claims incurred	2.1	2,655,047	22,027,637	24,682,684
Retrocession recoveries	2.1	(297,317)	(5,401,851)	(5,699,168)
Net claims incurred	2.1	2,357,729	16,625,786	18,983,515
Underwriting expenses:				
Acquisition and maintenance cost		1,710,500	11,532,222	13,242,722
Depreciation and amortisation	6.2	51,673	246,212	297,886
Management expenses		590,183	4,298,778	4,888,961
		2,352,356	16,077,212	18,429,569
Underwriting profit		457,353	960,249	1,417,602
Underwriting profit/(loss) brought forward		457,353	960,249	1,417,602
Investment and other income		212,934	2,499,418	2,712,352
Foreign exchange gain	5.1	16,951	57,340	74,291
Administrative expenses	6.2	(187,437)	(823,570)	(1,011,007)
Impairment of assets	6.3	(21,495)	(776,117)	(797,611)
Results of operating activities		478,304	1,917,322	2,395,626
Income tax expense	8	(803)	(498,766)	(499,569)
Profit for the year		477,501	1,418,556	1,896,057
Segment assets		2,191,631	64,570,228	66,761,859
Segment liabilities		2,164,396	34,408,593	36,572,989

Company	**Life insurance =N='000**	**Non-life insurance =N='000**	**Total segments =N='000**
31 December 2020			
Gross Premium	3,840,651	23,884,908	27,725,559
Change in Reserve for unearned premium	51,465	(366,410)	(314,945)
Earned premium income	3,892,116	23,518,498	27,410,614
Less: Retrocession costs	(499,719)	(5,159,122)	(5,658,841)
Net insurance premium revenue	3,392,397	18,359,376	21,751,773
Commission earned under retrocession arrangements	158,299	947,771	1,106,070
Underwriting income	3,550,696	19,307,147	22,857,843
Expenses			
Gross claims paid	1,904,100	8,549,093	10,453,194
Change in Reserve for outstanding claims	121,485	5,293,379	5,414,864
Ceded Outstanding Claims Reserve	55,705	(634,433)	(578,728)
Claims incurred	2,081,290	13,208,040	15,289,330
Retrocession recoveries	(228,492)	(2,384,452)	(2,612,944)
Net claims incurred	1,852,798	10,823,588	12,676,386
Underwriting expenses:			
Acquisition and maintenance cost	1,290,745	6,173,019	7,463,764
Depreciation and amortisation	37,390	183,864	221,254
Management expenses	334,985	2,154,352	2,489,337
	1,663,119	8,511,236	10,174,354
Underwriting profit	34,780	(27,676)	7,104
Investment and other income	123,593	2,403,894	2,527,487
Foreign exchange gain	14,188	403,139	417,327
Administrative expenses	(109,718)	(864,588)	(974,306)
Impairment of assets	(14,808)	(410,724)	(425,532)
Results of operating activities	48,035	1,504,046	1,552,080
Income tax expenses	(293)	(379,920)	(380,213)
Profit for the year	47,742	1,124,127	1,171,867
Segment Assets	2,267,858	18,959,016	21,226,875
Segment liabilities	2,002,398	15,436,429	17,438,827

Company	**Life insurance =N='000**	**Non-life insurance =N='000**	**Total segments =N='000**
31 December 2019			
Gross Premium	4,910,895	23,098,009	28,008,904
Change in Reserve for unearned premium	(767,751)	(976,177)	(1,743,928)
Earned premium income	4,143,144	22,121,832	26,264,976
Less: Retrocession costs	(425,122)	(2,710,486)	(3,135,608)
Net premium written	3,718,022	19,411,346	23,129,368
Expenses			
Gross claims paid	2,092,513	9,173,550	11,266,063
Change in Reserve for outstanding claims	(140,705)	5,595,054	5,454,349
Ceded Outstanding Claims Reserve	43,670	(634,433)	(590,763)
Claims incurred	1,995,478	14,134,171	16,129,649
Retrocession recoveries	(261,564)	(3,939,933)	(4,201,497)
Net claims incurred	1,733,914	10,194,238	11,928,152
Underwriting expenses:			
Acquisition and maintenance cost	1,183,452	7,040,010	8,223,462
Depreciation and amortisation	42,011	183,205	225,215
Management expenses	454,196	2,293,365	2,747,562
	1,679,659	9,516,580	11,196,239
Underwriting profit	304,450	(299,473)	4,977
Investment and other income	138,000	1,960,786	2,098,786
Foreign exchange gain	15,842	160,185	176,027
Administrative expenses	(122,508)	(476,336)	(598,844)
Impairment of assets	(16,534)	(129,690)	(146,224)
Results of operating activities	319,249	1,215,473	1,534,722
Income tax expenses	(803)	(39,535)	(40,338)
Profit for the year	318,445	1,175,939	1,494,384
Segment Assets	2,191,631	14,444,490	16,636,121
Segment liabilities	2,164,396	14,428,506	16,592,902

The segment information provided to the Company Executive Board for the reportable segments for the year ended 31 December 2020 is as follows:

	Nigeria =N='000	Cameroon =N='000	Kenya =N='000	Abidjan =N='000	Tunis =N='000	Botswana =N='000	Total =N='000	Eliminations =N='000	Consolidated =N='000
Group									
Gross premium	22,451,503	2,511,204	13,078,903	2,889,330	5,274,056	7,984,842	54,189,838	(552,923)	53,636,916
Change in reserve for unearned premium	(319,324)	(228,887)	(368,402)	536,537	4,380	-980,132	(1,355,828)	-	(1,355,829)
Earned premium income	22,132,179	2,282,317	12,710,501	3,425,867	5,278,436	7,004,710	52,834,010	(552,923)	52,281,087
Retrocession costs	(4,759,379)	(1,019,777)	(2,774,167)	(1,421,837)	(899,462)	-2,967,502	(13,842,124)	552,923	(13,289,201)
Net insurance premium revenue	17,372,800	1,262,540	9,936,334	2,004,030	4,378,974	4,037,208	38,991,886	-	38,991,887
Commission earned under retrocession arrangements	1,024,671	174,990	987,642	306,751	81,399	711,257	3,286,710		3,286,710
Underwriting income	18,397,470	1,437,530	10,923,976	2,310,782	4,460,373	4,748,465	42,278,596	-	42,278,597
Expenses									
Gross claims incurred	12,045,166	853,948	6,105,778	2,746,451	3,244,164	1,483,380	26,478,887	(47,347)	26,431,540
Retrocession recoveries	(1,961,310)	(419,522)	(962,912)	(1,640,987)	(651,634)	(390,875)	(6,027,240)	47,347	(5,979,893)
Net claims incurred	10,083,856	434,426	5,142,866	1,105,463	2,592,529	1,092,505	20,451,647	-	20,451,647
Underwriting expenses:									
Acquisition and maintenance cost	6,069,532	590,425	3,663,271	693,691	1,394,233	1,984,027	14,395,179	-	14,395,178
Depreciation and amortisation	214,562	50,848	30,329	24,466	6,692	-745	326,153	-	326,153
Management expenses	1,980,410	270,135	811,315	281,889	508,927	513,886	4,366,562	-	4,366,563
	8,264,505	911,409	4,504,915	1,000,046	1,909,850	2,497,168	19,087,894	-	19,087,893
Underwriting profit	49,110	91,695	1,276,195	205,272	(42,006)	1,158,792	2,739,055	-	2,739,057
Investment Income & other income	2,484,398	549,676	813,296	144,458	43,089	94,818	4,129,735	(1,053,600)	3,076,136
Foreign exchange gain/(loss)	417,327	4,915	196,542	5,655	-	336,303	960,742	(171,462)	789,280
Administrative expenses	(788,970)	(107,698)	(296,332)	(99,413)	(185,336)	(96,622)	(1,574,372)	363,292	(1,211,079)
Impairment of financial assets	(522,337)	(71,728)	(57,556)	(82,527)	96,805	70,964	(566,379)	-	(566,379)
Results of operating activities	1,639,528	466,860	1,932,145	173,444	(87,448)	1,564,255	5,688,780	(861,770)	4,827,015
Income tax expenses	(307,888)	(118,021)	(553,937)	(2,007)	(72,325)	(345,578)	(1,399,756)	-	(1,399,756)
Profit for the year	1,331,640	348,839	1,378,208	171,437	(159,774)	1,218,677	4,289,024	(861,770)	3,427,259
Segment assets	49,349,754	14,198,586	18,261,115	-	-	11,779,408	93,588,863	(9,833,040)	83,755,822
Segment liabilities	22,796,587	8,877,446	10,547,532	-	-	7,757,278	49,978,843	(3,709,930)	46,268,913

The segment information provided to the Company Executive Board for the reportable segments for the year ended 31 December 2019 is as follows:

	Nigeria =N='000	Cameroon =N='000	Kenya =N='000	Abidjan =N='000	Tunis =N='000	Botswana =N='000	Total =N='000	Eliminations =N='000	Consolidated =N='000
Group									
Gross premium	21,840,299	1,992,275	12,094,412	2,088,784	4,079,821	6,471,169	48,566,760	(903,635)	47,663,125
Change in reserve for unearned premium	(1,253,841)	461,193	(739,868)	71,239	(561,325)	141,404	(1,881,198)	-	(1,881,198)
Earned premium income	20,586,458	2,453,468	11,354,544	2,160,024	3,518,496	6,612,573	46,685,562	(903,635)	45,781,927
Retrocession costs	(2,371,418)	(523,955)	(1,445,193)	(374,494)	(389,696)	-2,750,121	(7,854,877)	903,635	(6,951,242)
Net premium earned	18,215,040	1,929,513	9,909,351	1,785,530	3,128,800	3,862,452	38,830,685	-	38,830,685
Expenses									
Gross claims incurred	13,343,866	2,018,636	4,623,350	1,453,663	1,332,121	2,421,186	25,192,821	(510,137)	24,682,684
Retrocession recoveries	(3,828,984)	(623,173)	(270,898)	(136,624)	(235,889)	(1,113,737)	(6,209,305)	510,137	(5,699,168)
Ceded outstanding claims reserve							-	-	-
Claims incurred	9,514,882	1,395,463	4,352,452	1,317,039	1,096,232	1,307,449	18,983,516	-	18,983,516
Retrocession recoveries							-	-	-
Net claims incurred	9,514,882	1,395,463	4,352,452	1,317,040	1,096,231	1,307,449	18,983,516	-	18,983,516
Underwriting expenses:									
Acquisition and maintenance cost	6,536,852	797,725	3,506,513	622,703	1,063,907	715,022	13,242,723	-	13,242,722
Depreciation and amortisation	214,047	28,595	30,225	5,592	5,576	13,850	297,886	-	297,885
Management expenses	2,081,772	570,108	709,732	224,582	441,210	861,559	4,888,961	-	4,888,961
	8,832,671	1,396,429	4,246,470	852,876	1,510,693	1,590,431	18,429,570	-	18,429,568
Underwriting profit	(132,513)	(862,379)	1,310,429	(384,385)	521,876	964,572	1,417,600	-	1,417,601
Investment Income & other income	1,790,978	183,770	528,211	161,972	145,836	198,819	3,009,586	(297,236)	2,712,351
Foreign exchange gain/(loss)	131,045	39,643	(566)	15,232	29,750	-86,658	128,446	(54,155)	74,291
Administrative expenses	(468,957)	(254,597)	(256,511)	(43,982)	(85,905)	(198,291)	(1,308,244)	297,236	(1,011,007)
Impairment of financial assets	49,704	(37,795)	(333,916)	(121,124)	(74,804)	(279,676)	(797,611)	-	(797,611)
Results of operating activities	1,370,257	(931,358)	1,247,647	(372,288)	536,754	598,766	2,449,776	(54,155)	2,395,624
Income tax expenses	(40,338)	(47,961)	(313,692)	-	-	(97,578)	(499,569)	-	(499,569)
Profit for the year	1,329,919	(979,319)	933,955	(372,288)	536,754	501,188	1,950,207	(54,155)	1,896,055
Segment assets	41,994,164	8,028,101	15,488,945	-	-	10,160,556	75,671,766	(8,909,907)	66,761,858
Segment liabilities	21,589,292	3,897,187	8,973,699	-	-	5,805,782	40,265,960	(3,692,975)	36,572,985

42 Capital Management

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

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

42.1 Solvency Margin

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

The National Insurance Commission requires each registered insurance company to:

(a) hold the minimum level of the regulatory capital of N10billion and
(b) maintain a minimum ratio of either 15% of net premium or the amount of minimium capital requirement whichever is higher.

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

43 Management of financial and insurance risk

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

43.1 Management of Insurance risk

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

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

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

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

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

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

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

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

Insurance Risk By Region Group	**Gross written Premium (=N='000)**	**Ceded to Retrocessionaire (=N='000)**	**Net written Premium (=N='000)**	**Percentage (GWP) %**	**Percentage (Retro) %**
31 December 2020					
Anglophone west	22,451,503	- 4,998,909	17,452,593	42%	37%
Eastern Africa	13,078,903	- 2,774,167	10,304,737	24%	21%
Southern Africa	7,431,919	- 2,414,580	5,017,339	14%	18%
Central Africa	2,511,205	- 1,019,777	1,491,428	5%	8%
Northern Africa	5,274,056	- 899,462	4,374,594	10%	7%
Francophone West	2,889,330	- 1,421,837	1,467,494	5%	11%
Total	**53,636,916**	**- 13,528,732**	**40,108,185**	**100**	**100**
31 December 2019					
Anglophone west	21,962,830	(3,208,376)	18,754,455	46%	41%
Eastern Africa	12,094,331	(1,442,419)	10,651,913	25%	19%
Southern Africa	5,567,528	(1,846,484)	3,721,045	12%	24%
Central Africa	1,992,276	(523,955)	1,468,321	4%	7%
Northern Africa	4,079,821	(389,696)	3,690,125	9%	5%
Francophone West	2,088,784	(374,494)	1,714,291	4%	5%
Total	**47,785,572**	**(7,785,423)**	**40,000,149**	**100%**	**100%**

43.1 Management of Insurance risk (continued)

	Gross written Premium (=N='000)	Ceded to Retrocessionaire (=N='000)	Net written Premium (=N='000)	Percentage (GWP) %	Percentage (Retro) %
Company					
31 December 2020					
Anglophone west	22,451,503	(4,998,909)	17,452,593	81%	85%
Eastern Africa	-	-	-	0%	0%
Southern Africa	-	-	-	0%	0%
Central Africa	-	-	-	0%	0%
Northern Africa	5,274,056	(899,462)	4,374,594	19%	15%
Francophone West	-	-	-	0%	0%
Total	**27,725,559**	**(5,898,372)**	**21,827,187**	**100%**	**100%**
31 December 2019					
Anglophone west	21,962,830	(3,208,376)	18,754,455	78%	81%
Eastern Africa	-	-	-	0%	0%
Southern Africa	-	-	-	0%	0%
Central Africa	-	-	-	0%	0%
Northern Africa	4,079,821	(389,696)	3,690,125	15%	10%
Francophone West	2,088,784	(374,494)	1,714,291	7%	9%
Total	**28,131,436**	**(3,972,566)**	**24,158,870**	**100%**	**100%**

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

Insurance Risk By Class Group	Gross Written Premium (=N='000)	Ceded to Retrocessionaire (=N='000)	Net Written Premium (=N='000)	Percentage (GWP) %	Percentage (Retro) %
31 December 2020					
Accident	9,019,966	(2,869,282)	6,150,684	17%	21%
Energy	3,048,344	(1,233,868)	1,814,475	6%	9%
Fire	30,009,616	(6,966,796)	23,042,821	56%	51%
Group Life	4,455,525	(824,068)	3,631,457	8%	6%
Individual Life	234,501	(43,372)	191,129	0%	0%
Liability	2,764,863	(627,766)	2,137,097	5%	5%
Marine	4,104,100	(963,580)	3,140,521	8%	7%
Total	**53,636,916**	**(13,528,732)**	**40,108,184**	**100%**	**100%**
31 December 2019					
Accident	7,489,652	(579,646)	6,910,006	16%	7%
Energy	3,153,279	(769,499)	2,383,779	7%	10%
Fire	24,324,680	(5,125,578)	19,199,102	51%	66%
Group Life	6,449,844	(807,740)	5,642,104	14%	10%
Individual Life	339,465	(42,513)	296,953	1%	1%
Liability	2,677,107	(188,835)	2,488,272	6%	2%
Marine	3,229,098	(271,612)	2,957,486	7%	3%
Total	**47,663,125**	**(7,785,423)**	**39,877,703**	**100%**	**100%**

	Gross Written Premium (=N='000)	Ceded to Retrocessionaire (=N='000)	Net Written Premium (=N='000)	Percentage (GWP) %	Percentage (Retro) %
Company					
31 December 2020					
Accident	2,667,196	(1,134,764)	1,532,432	10%	19%
Energy	2,984,574	(1,209,339)	1,775,235	11%	21%
Fire	14,678,463	(2,418,154)	12,260,309	53%	41%
Group Life	3,648,619	(437,834)	3,210,784	13%	7%
Individual Life	192,033	(23,044)	168,989	1%	0%
Liability	528,699	(253)	528,446	2%	0%
Marine	3,025,976	(674,984)	2,350,993	11%	11%
Total	**27,725,559**	**(5,898,372)**	**21,827,188**	**100%**	**100%**
Company					
31 December 2019					
Accident	3,085,558	(112,823)	2,972,735	11%	3%
Energy	3,139,245	(769,499)	2,369,745	11%	19%
Fire	13,644,755	(2,324,428)	11,320,327	49%	59%
Group Life	4,665,351	(504,872)	4,160,478	17%	13%
Individual Life	245,545	(26,572)	218,973	1%	1%
Liability	817,893	(39,093)	778,799	3%	1%
Marine	2,410,559	(195,278)	2,215,282	9%	5%
Total	**28,008,904**	**(3,972,566)**	**24,036,339**	**100%**	**100%**

43.1 Management of Insurance risk (continued)

The claims paid triangulations is presented below for the two businesses (i.e. Non-Life and Life) where triangulation methods were used. The triangulations is based on the Company's claims paid data as at 31 December 2020 which formed the basis of the results of the actuarial valuation of the insurance contract claims liabilities carried out by Zamara for the Non-Life and Life businesses respectively.

Group

Non-life Claims development triangle

Months/ Years	12	24	36	48	60	72	84
	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000
2014	2,381,161	5,398,424	6,747,906	7,029,678	7,148,671	7,402,116	8,504,805
2015	2,645,849	7,625,470	9,284,570	9,985,360	10,524,532	10,819,764	
2016	2,714,775	7,420,347	10,768,810	12,127,735	13,912,639		
2017	2,948,661	8,705,268	12,165,723	13,806,927			
2018	3,837,792	11,194,376	13,531,105				
2019	4,973,603	13,086,755					
2020	4,079,140						

Life Claims development triangle

Months/ Years	12	24	36	48	60	72	84
	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000
2014	0	647,418	751,030	848,046	856,584	857,121	868,156
2015	729,607	1,360,492	1,756,439	1,835,975	1,841,880	1,851,789	
2016	441,616	1,141,024	1,793,367	2,213,630	2,228,410		
2017	552,158	1,627,365	1,778,674	1,853,607			
2018	1,160,898	2,375,534	2,789,158				
2019	735,972	1,579,565					
2020	976,936						

43.1 Management of Insurance risk (continued)
Company
Non-life Claims development triangle

Months/ Years	12	24	36	48	60	72	84
	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000
2014	1,363,500	3,036,606	3,658,289	3,692,736	3,749,112	3,754,659	3,849,745
2015	1,910,711	4,468,684	5,410,445	5,720,576	5,756,254	5,831,649	
2016	2,362,523	5,352,997	5,915,963	6,764,266	7,104,040		
2017	2,104,280	5,310,057	7,757,642	9,013,315			
2018	2,838,370	7,067,783	7,799,584				
2019	3,322,917	7,864,455					
2020	2,905,816						

Life Claims development triangle

Months/ Years	12	24	36	48	60	72	84
	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000
2014	0	606,736	696,022	698,810	705,258	705,786	706,705
2015	677,029	1,228,804	1,402,876	1,440,748	1,446,323	1,448,384	
2016	327,020	896,744	1,200,733	1,217,118	1,230,280		
2017	464,786	1,263,289	1,387,521	1,448,255			
2018	1,015,936	2,029,062	2,235,982				
2019	600,819	1,323,524					
2020	908,685						

43.1.1 Sensitivity analysis of insurance contract liabilities

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

It should be noted that movements in these assumptions are non–linear. Sensitivity information will also vary according to the current economic assumptions, mainly due to the impact of changes to both the intrinsic cost and time value of options and guarantees. When options and guarantees exist, they are the main reason for the asymmetry of sensitivities.

Life insurance contract liabilities

The sensitivity analysis also indicates that an increase of Ultimate loss ratio by 5% will lead to an additional Life fund liability of N223.9 million whilst a reduction by 5% will result in a reduction of Life fund liability by N221.8 million.

Non-life insurance contract liabilities

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

A sensitivity analysis was done to determine how the insurance contract liabilities balance would change if we were to consider the effects of changes to the ultimate premium and ultimate loss ratio as opposed to our best estimate figures included in reserve reviews of the Company as at 31 December 2020. The effects of these changes are as follows:

	Ultimate Premium			**Ultimate Loss Ratio (ULR)**		
	Best estimate	Effects of 5% decrease	Effects of 5% increase	**Best estimate**	Effects of 5% decrease	Effects of 5% increase
Class of business	**=N='000**	**=N='000**	**=N='000**	**=N='000**	**=N='000**	**=N='000**
Accident	3,908,733	3,400,233	5,219,822	2,160,939	1,859,064	2,462,813
Agriculture	217,040	199,342	242,075	195,762	164,904	226,620
Energy	702,502	662,693	799,058	706,596	449,838	963,354
Engineering	3,010,745	2,724,097	3,578,877	1,957,537	1,424,529	2,495,417
Fire	7,693,962	6,911,756	9,568,161	9,383,847	7,838,001	10,929,694
Liability	1,030,143	944,873	1,141,722	1,334,659	1,048,380	1,620,939
Marine	1,667,004	1,467,360	2,196,567	832,818	674,537	996,607
Total	**18,230,129**	**16,310,355**	**22,746,281**	**16,572,158**	**13,459,255**	**19,695,443**

43.2 Financial risk management

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

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

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

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

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

Group **At 31 December 2020**	**Carrying amount** **=N='000**	**0 - 90 days** **=N='000**	**91 - 180 days** **=N='000**	**180 - 365 days** **=N='000**	**over one year** **=N='000**
Financial assets					
Cash and cash equivalents	19,015,116	17,183,866	792,547	1,038,703	0
Reinsurance receivables	24,499,743	5,606,208	7,258,712	4,578,402	7,056,422
Loans and other receivables	315,892	74,051	9,600	103,565	128,676
Retrocession assets	9,513,117	3,715,874	1,238,625	2,441,342	2,117,276
Other assets	616,228	616,228	-	-	-
Financial asset designated at fair value	0	-	-	-	-
Debt Securities - *held to maturity*					-
Listed	13,744,039	837,454		533,049	12,373,536
Unlisted	0	-	-	-	-
Debt Securities - *available for sale*					-
Listed	-	-			-
Equities - *available for sale*					-
Listed	583,652				583,652
Unlisted	607,946				607,946
Statutory deposits	1,000,000	-	-	-	1,000,000
	69,895,733	28,033,680	9,299,484	8,695,060	23,867,508
Financial liabilities					
Other liabilities	940,564	507,904	432,660	-	-
Reinsurance creditors	4,218,493	4,218,493	-	-	-
	5,159,057	4,726,397	432,660	-	-

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

43.2 Financial risk management (continued)

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

Group **At 31 December 2019**	**Carrying amount** **=N='000**	**0 - 90 days** **=N='000**	**91 - 180 days** **=N='000**	**180 - 365 days** **=N='000**	**over one year** **=N='000**
Financial assets					
Cash and cash equivalents	14,151,673	12,662,253	397,095	1,129,503	(37,178)
Reinsurance receivables	17,143,071	11,606,208	1,490,495	734,785	3,311,583
Loans and other receivables	333,701	92,564	12,000	129,456	99,681
Retrocession assets	8,698,039	8,698,039	-	-	-
Other assets	103,738	103,738	-	-	-
Financial asset designated at fair value	0	-	-	-	-
Debt Securities - held to maturity					-
Listed	3,992,481	1,596,166	863,513	1,171,806	360,997
Unlisted	6,006,424	-	-	-	6,006,424
Debt securities -available for sale					-
Listed	37,257	-			37,257
Equities - available for sale					-
Listed					-
Unlisted					-
Statutory deposits	1,000,000	-	-	-	1,000,000
Non financial assets					
Investment properties		-	-	-	-
	51,466,384	34,758,968	2,763,103	3,165,549	10,778,764
Financial liabilities					
Other liabilities	615,384	301,318	314,067	-	-
Reinsurance creditors	3,778,222	3,778,222	-	-	-
	4,393,606	4,079,540	314,067	-	-

Company **At 31 December 2020**	**Carrying amount** **=N='000**	**0 - 90 days** **=N='000**	**91 - 180 days** **=N='000**	**180 - 365 days** **=N='000**	**over one year** **=N='000**
Financial assets					
Cash and cash equivalents	11,474,010	11,361,448	76,415	36,147	0
Reinsurance receivables	9,996,802	4,093,129	2,839,450	1,795,588	1,268,635
Loans and other receivables	178,573	46,282	6,000	64,728	61,563
Retrocession assets	4,123,793	1,072,421	-	1,525,839	1,525,533
Other assets	3,136,778	3,136,778	-	-	-
Debt Securities - *Held to maturity*					-
Listed	5,564,847	195,352	-	270,081	5,099,414
Unlisted	0	-	-	-	-
Debt Securities - *available for sale*					-
Listed	0	0			-
Equities - *available for sale*					-
Listed	583,652				583,652
Unlisted	607,946				607,946
Statutory deposits	1,000,000	-	-	-	1,000,000
	36,666,401	19,905,411	2,921,865	3,692,382	10,146,743
Financial liabilities					
Other liabilities	1,286,503	1,182,224	104,279	-	-
Reinsurance creditors	2,406,354	2,406,354	-	-	-
	3,692,857	3,588,578	104,279.41	-	-

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

43.2 Financial risk management (continued)

Company **At 31 December 2019**	**Carrying amount** **=N='000**	**0 - 90 days** **=N='000**	**91 - 180 days** **=N='000**	**180 - 365 days** **=N='000**	**over one year** **=N='000**
Financial assets					
Cash and cash equivalents	6,023,919	5,007,052	64,848	882,251	69,769
Reinsurance receivables	7,934,560	4,035,185	932,723	883,986	2,082,666
Loans and other receivables	224,299	92,564	12,000	129,456 -	9,721
Retrocession assets	4,191,959	4,191,959	-	-	-
Other assets	1,882,039	1,882,039	-	-	-
Financial asset designated at fair value	0	-	-	-	-
Debt Securities - Held to maturity					0
Listed	3,154,512	1,568,034	586,326	522,644	477,508
Unlisted	797,199	-	-	-	797,199
Debt Securities - available for sale					0
Listed	1,027,083	-			1,027,083
Statutory deposits	1,000,000	-	-	-	1,000,000
	26,235,570	16,776,833	1,595,896	2,418,337	5,444,504
Financial liabilities					
Other liabilities	2,973,086	301,318	2,671,768	-	-
Reinsurance creditors	750,051	750,051	-	-	-
	3,723,137	1,051,369	2,671,768	-	-

Note: Other assets excludes prepayments whilst other liabilities exclude statutory deductions and rent
Please refer to the maturity profile table on Note 42.2.2 on Liquidity risks, for the maturity analysis of financial instruments only.

Maturity analysis on expected maturity basis

Group **At 31 December 2020**	**Current** **=N='000**	**Non-current** **=N='000**	**Total** **=N='000**
Cash and cash equivalents	19,015,116	-	19,015,116
Financial asset designated as fair value	-	-	-
Loans and other receivables	206,392	109,500	315,892
Available-for-sale investments	607,717	619,664	1,227,381
Held to maturity investments	1,370,503	12,373,536	13,744,039
Reinsurance receivables	22,089,337	2,410,406	24,499,743
Retrocession assets	9,513,117	-	9,513,117
Deferred acquisition costs	5,393,915	-	5,393,915
Other assets	758,749	-	758,749
Investment properties	-	4,998,800	4,998,800
Intangible assets	-	131,899	131,899
Property, plant and equipment	-	3,022,526	3,022,526
Statutory deposits	-	1,000,000	1,000,000
Total assets	58,954,847	24,666,331	83,621,177
Liabilities			
Insurance contract liabilities	38,842,258	-	38,842,258
Reinsurance creditors	4,218,493	-	4,218,493
Other liabilities	1,232,860	-	1,232,860
Retirement benefit obligations	-	670,301	670,301
Current income tax	800,776	-	800,776
Deferred taxation	-	343,329	343,329
Total liabilities	45,094,387	1,013,630	46,108,017
Net maturity mismatch	*13,860,460*	*23,652,701*	*37,513,160*

43.2 Financial risk management (continued)

Maturity analysis on expected maturity basis (continued)

Group **At 31 December 2019**	**Current** **=N='000**	**Non-current** **=N='000**	**Total** **=N='000**
Cash and cash equivalents	14,151,673	69,769	14,221,442
Financial asset designated as fair value	-	-	-
Loans and other receivables	135,023	198,678	333,701
Available-for-sale investments	1,150,004	619,664	1,769,668
Held to maturity investments	3,621,708	6,377,197	9,998,905
Reinsurance receivables	13,486,573	3,656,498	17,143,071
Retrocession assets	8,698,039	-	8,698,039
Deferred acquisition costs	5,574,856	-	5,574,856
Other assets	405,855	-	405,855
Investment properties	-	3,123,121	3,123,121
Intangible assets	-	261,221	261,221
Property, plant and equipment	-	4,168,529	4,168,529
Statutory deposits	-	1,000,000	1,000,000
Total assets	47,223,732	19,474,676	66,698,408
Liabilities			
Insurance contract liabilities	30,554,284	-	30,554,284
Reinsurance creditors	3,778,222	-	3,778,222
Other liabilities	661,775	-	661,775
Retirement benefit obligations	-	404,290	404,290
Current income tax	1,014,789	-	1,014,789
Deferred taxation	-	8,880	8,880
Total liabilities	36,009,070	413,170	36,422,240
Net maturity mismatch	*11,214,662*	*19,061,506*	*30,276,168*

Company **At 31 December 2020**			
Cash and cash equivalents	11,474,010	-	11,474,010
Financial asset designated as fair value	-	-	-
Loans and other receivables	120,942	57,631	178,573
Available-for-sale investments	582,407	609,191	1,191,598
Held to maturity investments	465,433	5,099,414	5,564,847
Reinsurance receivables	8,728,167	1,268,635	9,996,802
Retrocession assets	4,123,793	-	4,123,793
Deferred acquisition costs	2,388,974	-	2,388,974
Other assets	3,232,081	-	3,232,081
Investment properties	-	2,146,000	2,146,000
Intangible assets	-	131,891	131,891
Property, plant and equipment	-	1,792,256	1,792,256
Statutory deposits	-	1,000,000	1,000,000
Investment in subsidiary	-	6,123,109	6,123,109
Total assets	31,115,807	18,228,127	49,343,934
Liabilities			
Insurance contract liabilities	17,438,827	-	17,438,827
Reinsurance creditors	2,406,354	-	2,406,354
Other liabilities	1,515,782	-	1,515,782
Retirement benefit obligations	-	507,614	507,614
Current income tax	601,185	-	601,185
Deferred taxation	-	313,458	313,458
Total liabilities	21,962,148	821,072	22,783,220
Net maturity mismatch	*9,153,659*	*17,407,055*	*26,560,714*

43.2 Financial risk management (continued)

Maturity analysis on expected maturity basis (continued)

Company	Current =N='000	Non-current =N='000	Total =N='000
At 31 December 2019			
Cash and cash equivalents	6,023,919	69,769	6,093,688
Financial asset designated as fair value	-	-	-
Loans and other receivables	177,855	46,444	224,299
Available-for-sale investments	1,150,004	582,407	1,732,411
Held to maturity investments	2,677,004	1,274,707	3,951,711
Reinsurance receivables	5,765,180	2,169,380	7,934,560
Retrocession assets	4,191,959	-	4,191,959
Deferred acquisition costs	3,148,708	-	3,148,708
Other assets	2,086,215	-	2,086,215
Investment properties	-	3,123,121	3,123,121
Intangible assets	-	260,854	260,854
Property, plant and equipment	-	3,088,702	3,088,702
Statutory deposits	-	1,000,000	1,000,000
Investment in subsidiary	-	5,216,931	5,216,931
Total assets	25,220,844	16,832,315	42,053,159
Liabilities			
Insurance contract liabilities	16,592,902	-	16,592,902
Reinsurance creditors	750,051	-	750,051
Other liabilities	2,978,877	-	2,978,877
Retirement benefit obligations	-	342,212	342,212
Current income tax	774,676	-	774,676
Deferred taxation	-	133,743	133,743
Total liabilities	21,096,506	475,955	21,572,461
Net maturity mismatch	*4,124,338*	*16,356,360*	*20,480,698*

43.2.1 Sensitivities

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

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

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

A 100 basis point movement in interest rates will result in additional gross interest income or loss for the Group of =N=155.685 million and Company =N=92. 87 million (2019: Group =N=126.26 million and Company =N=47.34 million).

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

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

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

(b) Sensitivity analysis - Market price risk (continued)
A 1% movement in market prices will result in an unrealised gain or loss for the Group of =N=12.274 million and Company =N=11.915 million (December 2019: Group =N=17.647 million, Company =N=17.274 million

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

(c) Sensitivity analysis - foreign currency risk

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

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

A 1% movement in foreign exchange rate in USD against the Naira will result in =N=305.025 million gain or loss for the Group and Company of =N=172.142 million (2019: Group =N=204.719 million and Company =N=95.47). In Euro, Group =N=3.33 million and Company =N=1.02 million (2019: Group =N=3.13 million and Company =N=2.79 million). And in other currencies, Group =N=262.411 million and Company =N=35.096 million (2019: Group =N=244.184 million and Company =N= 73.818 million).

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

Group **31 December 2020**	**Naira** **=N='000**	**USD** **=N='000**	**Euro** **=N='000**	**CFA** **=N='000**	**Others** **=N='000**	**Total** **=N='000**
Assets						
Cash and cash equivalents	3,874,928	8,052,637	26,901	4,257,871	2,802,779	19,015,116
Reinsurance receivables	6,497,921	5,166,650	306,234	2,534,613	9,994,326	24,499,743
Investment securities	1,203,809	7,770,125	-	650,215	5,347,271	14,971,420
Loans and other receivables	126,787	-	-	64,564	124,541	315,892
Other assets	151,336	-	-	176,454	288,438	616,228
Retrocession assets	-	9,513,117	-	-	-	9,513,117
	11,854,780	30,502,528	333,135	7,683,717	18,557,355	68,931,516
Liabilities						
Other liabilities	1,232,860	-	-	-	-	1,232,860
	1,232,860	-	-	-	-	1,232,860
Net foreign currency exposure	10,621,919	30,502,528	333,135	7,683,717	18,557,355	67,698,656

31 December 2019	**Naira**	**USD**	**Euro**	**CFA**	**Others**	**Total**
Assets	**=N='000**	**=N='000**	**=N='000**	**=N='000**	**=N='000**	**=N='000**
Cash and cash equivalents	1,513,702	6,338,765	127,858	3,905,066	2,266,283	14,151,673
Reinsurance receivables	986,734	5,826,544	248,971	2,060,661	8,020,161	17,143,071
Investment securities	4,303,889	1,979,280	-	357,965	5,127,438	11,768,573
Loans and other receivables	422,888	-	-	- -	89,187	333,701
Other assets	173,950	-	-	-	(70,211)	103,738
Retrocession assets	-	8,698,039	-	-	-	8,698,039
	7,401,162	22,842,628	376,828	6,323,692	15,254,484	52,198,795
Liabilities						
Other liabilities	661,775	-	-	-	-	661,775
	661,775	-	-	-	-	661,775
Net foreign currency exposure	6,739,386	22,842,628	376,828	6,323,692	15,254,484	51,537,020

Company **31 December 2020**	**Naira** **=N='000**	**USD** **=N='000**	**Euro** **=N='000**	**CFA** **=N='000**	**Others** **=N='000**	**Total** **=N='000**
Assets						
Cash and cash equivalents	3,874,928	6,636,885	26,901	-	935,297	11,474,010
Reinsurance receivables	6,497,921	1,442,937	75,463	1,159,644	820,837	9,996,802
Investment securities	1,203,809	5,010,603	-	-	542,034	6,756,445
Loans and other receivables	126,787	-	-	-	51,786	178,573
Other assets	3,136,778	-	-	-	-	3,136,778
Retrocession assets	-	4,123,793	-	-	-	4,123,793
	14,840,222	17,214,217	102,364	1,159,645	2,349,953	35,666,401
Liabilities						
Other liabilities	1,515,782	-	-	-	-	1,515,782
	1,515,782	-	-	-	-	1,515,782
Net foreign currency exposure	13,324,440	17,214,217	102,364	1,159,645	2,349,953	34,150,619

Company 31 December 2019	Naira =N='000	USD =N='000	Euro =N='000	CFA =N='000	Others =N='000	Total =N='000
Assets						
Cash and cash equivalents	1,513,702	2,743,267	127,858	901,089	738,003	6,023,919
Reinsurance receivables	1,055,555	3,006,118	151,203	1,159,644	2,562,040	7,934,560
Investment securities	4,303,889	851,878	-	357,965	170,389	5,684,122
Loans and other receivables	224,299	-	-	-	-	224,299
Other assets	1,882,039	-	-	-	-	1,882,039
Retrocession assets	-	4,191,959	-	-	-	4,191,959
	8,979,484	10,793,222	279,061	2,418,700	3,470,432	25,940,898
Liabilities						
Other liabilities	2,978,877	-	-	-	-	2,978,877
	2,978,877	-	-	-	-	2,978,877
Net foreign currency exposure	6,000,607	10,793,222	279,061	2,418,700	3,470,432	22,962,021

43.2.2 Credit Risk

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

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

Credit Rating	Fire and Engineering	Marine and Aviation	Motor, Accident and Liability	Energy
A++	0%	0%	0%	0%
A+	24%	26%	3%	26%
A	55%	58%	10%	58%
A-	9%	17%	50%	17%
BBB+	7%	0%	33%	0%
BBB-	3%	0%	0%	0%
B++	1%	0%	0%	0%
B+	2%	0%	5%	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 profit or loss and comprehensive income

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

Maximum exposure to credit risk before collateral held or other credit enhancements:	Group 2020 =N='000	Maximum Group 2019 =N='000	Company 2020 =N='000	Company 2019 =N='000
Cash and cash equivalents	19,015,116	14,151,673	11,474,010	6,023,919
Reinsurance receivables	24,499,743	17,143,071	9,996,802	7,934,560
Loans and other receivables	315,892	333,701	178,573	224,299
Debt securities	13,779,822	10,080,411	5,564,847	4,673,911
Total assets bearing credit risk	**57,610,573**	**41,708,856**	**27,214,232**	**18,856,689**

Credit quality of financial assets per asset class-Group

	Cash and cash equivalents =N='000	Reinsurance receivables =N='000	Loans and other receivables =N='000	Debt securities =N='000
31 December 2020				
Neither past due nor impaired	19,015,116	14,695,486	315,892	13,779,822
Past due but not impaired	-	-	-	-
Impaired	-	1,054,904	373,991	373,991
Gross	19,015,116	15,750,389	689,883	14,153,813
Impairment allowance - collective	-	(1,054,904)	(373,991)	-
Net	19,015,116	14,695,486	315,892	14,153,813
31 December 2019				
Neither past due nor impaired	14,151,673	14,610,220	333,701	642,862
Past due but not impaired	-	-	-	-
Impaired	-	2,566,932	373,991	406,941.00
Gross	14,151,673	17,177,152	707,692	1,049,803
Impairment allowance - collective	-	(2,566,932)	(373,991)	-
Net	14,151,673	14,610,220	333,701	1,049,803

43.2.2 Credit Risk

Credit quality of financial assets per asset class-Company

31 December 2020	Cash and cash equivalents =N='000	Reinsurance receivables =N='000	Loans and other receivables =N='000	Debt securities =N='000
Neither past due nor impaired	11,474,010	6,997,435	178,573	6,756,445
Past due but not impaired	-	2,169,380	-	-
Impaired	-	1,084,375	373,991	-
Gross	11,474,010	10,251,190	552,564	6,756,445
Impairment allowance - collective	-	(254,388)	(373,991)	-
Net	11,474,010	9,996,802	178,573	6,756,445
31 December 2019				
Neither past due nor impaired	6,023,919	5,836,320	224,299	5,684,122
Past due but not impaired	-	2,169,380	-	-
Impaired	-	1,084,375	373,991	-
Gross	6,023,919	9,090,075	598,290	5,684,122
Impairment allowance - collective	-	(1,155,515)	(373,991)	-
Net	6,023,919	7,934,560	224,299	5,684,122

(a) Financial assets neither past due nor impaired

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

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

Group	A+ =N='000	A =N='000	BBB- =N='000	Below BBB =N='000	Not rated =N='000
31 December 2020					
Cash and cash equivalents	19,015,116	-	-	-	-
Reinsurance receivables	-	-	-	-	24,499,743
Loans and other receivables	-	-	-	-	315,892
Other assets	-	-	-	-	758,749
Retrocession assets	-	9,513,117	-	-	-
Debt securities	-	-	-	13,779,822	-
	19,015,116	9,513,117	-	13,779,822	25,574,384
31 December 2019					
Cash and cash equivalents	14,151,673	-	-	-	-
Reinsurance receivables	-	-	-	-	17,143,071
Loans and other receivables	-	-	-	-	333,701
Other assets	-	-	-	-	405,855
Retrocession assets	-	8,698,039	-	-	-
Debt securities	-	-	-	10,008,681	-
	14,151,673	8,698,039	-	10,008,681	17,882,627
Company					
31 December 2020					
Cash and cash equivalents	11,474,010	-	-	-	-
Reinsurance receivables	-	-	-	-	9,996,802
Loans and other receivables	-	-	-	-	178,573
Other assets	-	-	-	-	3,136,778
Retrocession assets	-	4,123,793	-	-	-
Debt securities	-	-	-	3,951,711	-
	11,474,010	4,123,793	-	3,951,711	13,312,153
31 December 2019					
Cash and cash equivalents	6,023,919	-	-	-	-
Reinsurance receivables	-	-	-	-	7,934,560
Loans and other receivables	-	-	-	-	224,299
Other assets	-	-	-	-	1,882,039
Retrocession assets	-	4,191,959	-	-	-
Debt securities	-	-	-	3,951,711	-
	6,023,919	4,191,959	-	3,951,711	10,040,898

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

Group 31 December 2020	**< 90 days =N='000**	**91-180 days =N='000**	**181-270 days =N='000**	**271-365 days =N='000**	**1-2 yr =N='000**	**2 years & above =N='000**
Reinsurance receivables-Life	395,937	439,769	54,873	27,540	23,368	-
Reinsurance receivables-Non Life	5,000,701	2,844,464	495,940	690,706	4,722,186	-
Total	**5,396,639**	**3,284,233**	**550,814**	**718,246**	**4,745,554**	**-**
Profile	**37%**	**22%**	**4%**	**5%**	**32%**	**0%**

Group 31 December 2019	**< 90 days =N='000**	**91-180 days =N='000**	**181-270 days =N='000**	**271-365 days =N='000**	**1-2 yr =N='000**	**2 years & above =N='000**
Reinsurance receivables-Life	1,194,564	68,263	94,189	47,272	40,112	15,213
Reinsurance receivables-Non Life	7,533,878	1,422,232	247,970	345,353	2,361,093	1,240,081
Total	**8,728,442**	**1,490,495**	**342,159**	**392,625**	**2,401,205**	**1,255,294**
Profile	**60%**	**10%**	**2%**	**3%**	**16%**	**9%**

Company 31 December 2020	**< 90 days =N='000**	**91-180 days =N='000**	**181-270 days =N='000**	**271-365 days =N='000**	**1-2 yr =N='000**	**2 years & above =N='000**
Reinsurance receivables-Life	388,018	367,011	53,776	26,989	22,901	-
Reinsurance receivables-Non Life	586,549	1,620,632	1,186,169	301,981	1,488,429	954,978
Total	**974,568**	**1,987,643**	**1,239,945**	**328,971**	**1,511,330**	**954,978**
Profile	**14%**	**28%**	**18%**	**5%**	**22%**	**14%**
31 December 2019						
Reinsurance receivables-Life	185,284	32,371	38,231	19,005	19,595	14,559
Reinsurance receivables-Non Life	1,664,947	900,351	658,983	167,767	1,382,461	752,766
Total	**1,850,230**	**932,723**	**697,214**	**186,772**	**1,402,056**	**767,325**
Profile	**32%**	**16%**	**12%**	**3%**	**24%**	**13%**

43.2.2.1 Concentration of credit risk

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

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

(a) Geographical sectors

At 31 December	**Group 2020 =N='000**	**Group 2019 =N='000**	**Company 2020 =N='000**	**Company 2019 =N='000**
Nigeria	7,122,590	3,009,834	7,122,590	3,009,834
Cameroon+Abidjan	3,122,151	2,722,365	0	1,862,165
Kenya	6,630,361	5,821,631	0	455,575
Tunis	2,874,212	2,186,020	2,874,212	2,186,020
Gaborone	4,750,430	3,403,221	0	420,966
Total	**24,499,744**	**17,143,071**	**9,996,802**	**7,934,560**

(b) Business Class

At 31 December	**Group 2020 =N='000**	**Group 2019 =N='000**	**Company 2020 =N='000**	**Company 2019 =N='000**
Life operation	941,488	1,459,613	858,696	309,045
Non life Facultative	3,147,418	7,319,576	1,837,428	4,273,087
Non life Treaty	20,410,838	8,363,882	7,300,679	3,352,427
Total	**24,499,744**	**17,143,071**	**9,996,802**	**7,934,560**

43.2.2 Liquidity Risk

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

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

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

Group

31 December 2020	**0 - 30 days**	**31 - 90 days**	**91 - 180 days**	**181 - 365 days**	**Over 1 year**	**Total**
	=N='000	**=N='000**	**=N='000**	**=N='000**	**=N='000**	**=N='000**
Financial assets						
Cash and cash equivalents	7,228,246	9,955,620	792,547	1,038,702	0	19,015,115
Reinsurance receivables	1,817,124	5,839,641	6,107,907	6,559,250	4,175,820	24,499,743
Loans and other receivables	0	80,845	10,481	113,066	111,501	315,892
Other assets	92,033	102,736	225,824	144,531	193,625	758,749
Retrocession assets	993,221	1,619,081	1,371,260	2,181,949	3,347,605	9,513,117
Debt Securities at amortised cost	837,454	0	0	533,049	13,600,917	14,971,420
Debt Securities at available for sale	-	0	0	0		-
Total relevant financial assets	**10,968,078**	**17,597,923**	**8,508,019**	**10,570,547**	**21,429,469**	**24,484,537**
Financial liabilities						
Outstanding claims	654,777	389,795	667,841	523,226	1,615,036	3,850,675
Other liabilities	166,735	178,501	120,609	213,398	553,617	1,232,860
Total financial liabilities	**821,512**	**568,296**	**788,450**	**736,624**	**2,168,653**	**5,083,536**
31 December 2019						
Financial assets						
Cash and cash equivalents	3,452,523	3,645,623.00	5,463,442.00	974,543.00	615,542.00	14,151,673
Reinsurance receivables	8,124,345	3,481,862	1,490,495	734,785	3,311,583	17,143,071
Loans and other receivables		70,000	66,188	212,097	-14,584	333,701
Other assets	54,137	60,433.00	132,838	-	158,447.62	405,855
Retrocession assets	1,207,853	612,634.00	376,434.10	459,640.00	6,041,477.90	8,698,039
Debt Securities at amortised cost	779,201.04	816,965	863,513	1,171,806	8,137,089	11,768,573
Debt Securities at available for sale	-	-	-	-		-
Total relevant financial assets	**13,618,059**	**8,687,518**	**1,239,947**	**1,631,446**	**14,178,566**	**20,466,612**
Financial liabilities						
Outstanding claims	385,671	567,066	581,075	648,583	1,344,720	3,527,116
Other liabilities	345,362	-	-	-	**316,413**	661,775
Total financial liabilities	**731,033**	**567,066**	**581,075**	**648,583**	**1,661,134**	**4,188,891**

Company	**0 - 30 days**	**31 - 90 days**	**91 - 180 days**	**181 - 365 days**	**Over 1 year**	**Total**
31 December 2020	**=N='000**	**=N='000**	**=N='000**	**=N='000**	**=N='000**	**=N='000**
Financial assets						
Cash and cash equivalents	4,561,101	6,800,348	76,415	36,147	-	11,474,010
Reinsurance receivables	480,661	493,907	1,239,945	328,971	7,453,318	9,996,802
Loans and other receivables	-	47,837	6,202	66,903	57,631	178,573
Other assets	44,448	636,653	454,813	1,802,704	293,463	3,232,081
Retrocession assets	30,224	432,924	609,273	1,525,839	1,525,533	4,123,793
Debt Securities at amortised cost	195,352	-	-	270,081	5,099,414	5,564,847
Debt Securities at available for sale	-	-	-	-	-	-
Total relevant financial assets	**5,311,786**	**8,411,668**	**2,386,648**	**4,030,644**	**14,429,360**	**34,570,106**

	0 - 30 days	31 - 90 days	91 - 180 days	181 - 365 days	Over 1 year	Total
	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000
Financial liabilities						
Outstanding claims	398,525	237,246	406,477	318,458	982,980	2,343,686
Other liabilities	314,595	336,795	227,564	402,637	234,191	1,515,782
Total financial liabilities	**713,120**	**574,041**	**634,041**	**721,095**	**1,217,171**	**3,859,468**

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

	0 - 30 days	31 - 90 days	91 - 180 days	181 - 365 days	Over 1 year	Total
31 December 2019						
Financial assets						
Cash and cash equivalents	2,819,195	2,187,857	64,848	882,251	69,769	6,023,919
Reinsurance receivables	2,582,518	1,452,667	932,723	883,986	2,082,666	7,934,560
Loans and other receivables	-	70,349	9,120	98,387	46,444	224,299
Other assets	65,364	936,254	668,843	-	415,754	2,086,215
Retrocession assets	4,191,959	-	-	-	-	4,191,959
Debt Securities at amortised cost	779,201	788,833	586,326	522,644	1,274,707	3,951,711
Debt Securities at available for sale	-	-	-	-	-	-
Total relevant financial assets	10,438,237	5,435,960	2,261,859	2,387,268	3,889,340	24,412,663
Financial liabilities						
Outstanding claims	112,974	233,061	351,846	485,434	493,174	1,676,490
Other liabilities	782,254	635,463	429,367	759,693	372,101	2,978,877
Total financial liabilities	**895,229**	**868,524**	**781,213**	**1,245,127**	**865,275**	**4,655,367**

43.3 Fair value of financial assets and liabilities

(a) Financial instruments not measured at fair value

	Carrying		Fair value		
Group	**value**	**Level 1**	**Level 2**	**Level 3**	**Fair value**
31 December 2020	**=N='000**	**=N='000**	**=N='000**	**=N='000**	**=N='000**
Financial assets					
Cash and cash equivalents	19,015,116	-	19,015,116	-	19,015,116
Reinsurance receivables	24,499,743	-	-	24,499,743	24,499,743
Loans and other receivables	315,892	-	-	315,892	315,892
Retrocession assets	9,513,117	-	-	9,513,117	9,513,117
Other assets	616,228	-	-	616,228	616,228
Held to maturity					
Debt instruments	13,744,039	-	13,744,039	-	13,744,039
	67,704,134	-	32,759,155	34,944,980	67,704,134
Financial liabilities					
Reinsurance creditors	4,218,493	-	-	4,218,493	4,218,493
Other liabilities	1,232,860	-	-	1,232,860	1,232,860
	5,451,353	-	-	5,451,353	5,451,353

	Carrying		Fair value		
Group	**value**	**Level 1**	**Level 2**	**Level 3**	**Fair value**
31 December 2019	**=N='000**	**=N='000**	**=N='000**	**=N='000**	**=N='000**
Financial assets					
Cash and cash equivalents	14,258,620	-	14,258,620	-	14,258,620
Reinsurance receivables	17,143,071	-	0	17,143,071	17,143,071
Loans and other receivables	333,701	-	0	333,701	333,701
Retrocession assets	8,698,039	-	0	8,698,039	8,698,039
Other assets	103,737	-	0	103,737	103,737
Held to maturity					-
Debt instruments	9,998,905	-	10,008,680	-	10,008,680
	50,536,073	-	24,267,300	-	50,545,848
Financial liabilities					
Reinsurance creditors	3,778,222	-	-	3,778,222	3,778,222
Other liabilities	661,775	-	-	661,775	661,775
	4,439,998	-	-	4,439,998	4,439,998

	Carrying value	Fair value			
Company		**Level 1**	**Level 2**	**Level 3**	**Fair value**
31 December 2020	**=N='000**	**=N='000**	**=N='000**	**=N='000**	**=N='000**
Financial assets					
Cash and cash equivalents	11,474,010	-	11,474,010	-	11,474,010
Reinsurance receivables	9,996,802	-	-	9,996,802	9,996,802
Loans and other receivables	178,573	-	-	178,573	178,573
Retrocession assets	4,123,793	-	-	4,123,793	4,123,793
Other assets	3,136,778	-	-	3,136,778	3,136,778
Held to maturity					
Debt instruments	5,564,847		5,564,847	-	5,564,847
	34,474,803	-	17,038,857	17,435,946	34,474,803
Financial liabilities					
Reinsurance creditors	2,406,354	-	-	2,406,354	2,406,354
Other liabilities	1,515,782	-	-	1,515,782	1,515,782
	3,922,136	-	-	3,922,136	3,922,136

	Carrying value	Fair value			
		Level 1	**Level 2**	**Level 3**	**Fair value**
31 December 2019	**=N='000**	**=N='000**	**=N='000**	**=N='000**	**=N='000**
Financial assets					
Cash and cash equivalents	6,023,919	-	6,023,919	-	6,023,919
Reinsurance receivables	7,934,560	-	-	7,934,560	7,934,560
Loans and other receivables	224,299	-	-	224,299	224,299
Retrocession assets	4,191,959	-	-	4,191,959	4,191,959
Other assets	1,882,039	-	-	1,882,039	1,882,039
Held to maturity					-
Debt instruments	3,951,711		3,951,711	-	3,951,711
	24,208,487	-	9,975,630	14,232,857	24,208,487
Financial liabilities					
Reinsurance creditors	750,051	-	-	750,051	750,051
Other liabilities	2,978,877	-	-	2,978,877	2,978,877
	3,728,928	-	-	3,728,928	3,728,928

Note: Financial liabilities carrying amounts approximates their fair value

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

Financiual instrument in level 1:

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

Financiual instrument in level 2:

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

Financial instruments in level 3:

The Group uses widely recognised valuation models for determining the fair value of its financial assets. Valuation techniques include comparison with similar instruments for which market observable prices exist and other valuation models. The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date. Valuation models that employ significant unobservable inputs require a higher degree of management judgement and estimation in the deter- mination of fair value. Management judgement and estimation are usually required for selection of the appropriate valuation model to be used, determination of expected future cash flows onthe financial instrument being valued, determination of the probability of counterparty default and prepayments and selection of appropriate discount rates. Fair value estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties, to the extent that the Group believes that a third party market participant would take them into account in pricing a transaction.

Determination of fair value of financial instruments.

Valuation techniques used to derive Level2 fair values

Level 2 fair values of investments have been generally derived using the Market approach.

Belowis a table showing sensitivity analysis of material unquoted investments categorised as Level 2 fair values.

Description	**Fair value at 31 December 2019 N'000**	**Valuation Technique**	**Observable Inputs**	**Fair value if inputs increased by 5% N'000**	**Fair value if inputs decreased by 5% N'000**	**Relationship of unobservable inputs to**
Investment in Aveni Reinsurance	357,965	Adjusted fair value conparison approach	Median of P/B multiples of comprable companies	375,863	340,067	The higher the illiquidity ratio and the earnings per sharehaircut adjustment the higherthe fair value
Investment in Uganda Reinsurance	102,920	Adjusted fair value conparison approach	Median of P/B multiples of comprable companies	108,066	97,774	The higher the illiquidity ratio and the earnings per sharehaircut adjustment the higherthe fair value.
Investment in Africa Reinsurance	494,410	Adjusted fair value conparison approach	Median of P/B multiples of comprable companies	519,131	469,690	The higher the illiquidity ratio and the earnings per sharehaircut adjustment the higherthe fair value.
Investment in Imperial homes	55,645	Adjusted fair value conparison approach	Median of P/B multiples of comprable companies	58,427	52,863	The higher the illiquidity ratio and the earnings per sharehaircut adjustment the higherthe fair value.
Other investment	12,268	This are fully impaired asset	This are fully impaired asset	12,881	11,654	This are fully impaired asset

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

Description	**Fair value at 31 December 2020 N'000**	**Valuation Technique**	**Observable Inputs**	**Fair value if inputs increased by 5% N'000**	**Fair value if inputs decreased by 5% N'000**	**Relationship of unobservable inputs to**
Investment in Aveni Reinsurance	387,247	Adjusted fair value conparison approach	Median of P/B multiples of comprable companies	406,610	367,885	The higher the illiquidity ratio and the earnings per sharehaircut adjustment the higherthe fair value.
Investment in Uganda Reinsurance	115,529	Adjusted fair value conparison approach	Median of P/B multiples of comprable companies	121,306	109,753	The higher the illiquidity ratio and the earnings per sharehaircut adjustment the higherthe fair value.
Investment in Africa Reinsurance	49,841	Adjusted fair value conparison approach	Median of P/B multiples of comprable companies	52,333	47,349	The higher the illiquidity ratio and the earnings per sharehaircut adjustment the higherthe fair value.
Investment in Imperial homes	39,528	Adjusted fair value conparison approach	Median of P/B multiples of comprable companies	41,505	37,552	The higher the illiquidity ratio and the earnings per sharehaircut adjustment the higherthe fair value.
Other investment	12,268	This are fully impaired asset	This are fully impaired asset	12,881	11,654	This are fully impaired asset

Group	**Level 1**	**Level 2**	**Level 3**	**Total**
31 December 2020	**=N='000**	**=N='000**	**=N='000**	**=N='000**
Financial assets				
Financial assets designated at fair value	-	-	-	-
Available for sale investments				-
Debt investments	35,783	-	-	35,783
Quoted equity investments	242,902	339,483	-	582,385
Unquoted equity investments		-	609,213	609,213
	278,685	339,483	609,213	1,227,381
31 December 2019				
Financial assets				
Financial assets designated at fair value	2,870,802	-	-	2,870,802
Available for sale investments				-
Debt investments	389,536	-	-	389,536
Quoted equity investments	713,690	312,125	-	1,025,816
Unquoted equity investments		123,473	615,464	738,938
	3,974,028	435,599	615,464	5,025,091

Company	**Level 1**	**Level 2**	**Level 3**	**Total**
31 December 2020	**=N='000**	**=N='000**	**=N='000**	**=N='000**
Financial assets				
Financial assets designated at fair value	-	-	-	-
Available for sale investments				
Debt investments	-	-	-	-
Quoted equity investments	242,902	339,483	-	582,385
Unquoted equity investments		-	609,213	609,213
	242,902	339,483	609,213	1,191,598
Company				
31 December 2019				
Financial assets				
Financial assets designated at fair value	-	-	-	-
Available for sale investments				-
Debt investments	-	-	-	-
Quoted equity investments	713,690	312,125	-	1,025,816
Unquoted equity investments		123,473	578,207	701,681
	713,690	435,599	578,207	1,727,496

Reconciliation of Level 3 items

The following table presents the changes in level 3 instruments for the year ended 31st December 2020

Equity securities - Available for sale	**Group 2020 =N='000**	**Group 2019 =N='000**	**Company 2020 =N='000**	**Company 2019 =N='000**
At 1, January	615,464	513,179	615,464	513,179
Total unrealised gains or (losses) in OCI	(6,251)	102,285	(6,251)	102,285
Reclassification to profit and loss	-	-	-	-
Addition				
At 31 December	**609,213**	**615,464**	**609,213**	**615,464**

Investment properties	**Group 2020 =N='000**	**Group 2019 =N='000**	**Company 2020 =N='000**	**Company 2019 =N='000**
At 1, January	3,123,121	3,073,003	3,123,121	3,073,003
Fair value gain/(loss)	394,146	50,118	27,200	50,118
Disposal	(260,500)	-	(2,733,021)	-
Addition	13,333	-	-	-
Transfer (to)/from owner-occupied property	1,728,700		1,728,700	
At 31 December	**4,998,799**	**3,123,121**	**2,146,000**	**3,123,121**

Disclosure Requirements for Level3 Financial Instruments
Valuation Technique Unquoted Equity:
In accordance with IFRS 13 Fair Value Measurement, which outlines three approaches for valuing unquoted equity instruments; market
The Adjusted fair value comparison approach of P/Bv ratios was adopted in valuing each of these equity investments taken into cognizance the

Description of Valuation Methodology and inputs:
The fair value of the unquoted equity securities were derived using the Adjusted fair value comparison technique. Adjusted fair value comparison
The steps involved in estimating thefair value of the Group's investment in each of the investees (i.e. unquoted equity securities) are as follows:

Step1: Identify quoted companies with similar line of business ,structure and size
Step 2: Obtain the EV/EBITDA or the P/B or P/E ratios of these quoted companies identified from S&P, Bloomberg or Reuters
Step 3: Derive the average or median of the P/B ratios of these identified quoted companies
Step 4: Apply the lower of average (mean) or median of the identified quoted companies ratios on the Book Value of the investment company to get the value of the investment company
Step 5: Discount the derived value of the investment company by lliquidity discount and Non controlling discount to obtian the Adjusted Equity Value
Step6: Multipy the Adjusted Equity value by the present exchange rate for foreign currency investment
Step 7: Compare theAdjusted Equity value with the carrying value of the investment company to arrive at a net gain or loss

Other National Disclosures

Continental Reinsurance Plc

Statement of value added
For the year ended 31 December 2020

	Group 2020 =N='000	%	Group 2019 =N='000	%	Company 2020 =N='000	%	Company 2019 =N='000	%
Net premium income:								
- Local	17,372,800		18,215,040		17,372,800		18,215,040	
- Foreign	21,619,086		20,615,645		4,378,973		4,914,329	
Other income	2,681,991		2,662,234		2,500,287		2,048,668	
	41,673,878		41,492,918		24,252,060		25,178,037	
Claims, commission, charges and management expenses								
- local	(17,075,975)		(8,814,599)		(17,075,975)		(8,814,599)	
- imported	(17,439,359)		(27,634,572)		(4,502,379)		(13,560,730)	
Value Added	7,158,544	100%	5,043,747	100%	2,673,705	100%	2,802,708	100%
Applied as follows:								
To pay employees:								
- Salaries, pension and other allowances	2,005,376	28%	2,350,236	47%	900,372	34%	1,042,770	37%
To pay Government:								
- Income tax	1,091,096	13%	626,375	13%	71,553	3%	167,144	6%
- Information technology levy	14,891	0%	3,889	0%	14,891	1%	3,889	0%
Retained for growth:								
- Depreciation and amortistion	326,153	1%	297,886	1%	221,254	1%	225,215	1%
- Deferred taxation	293,769	4%	(130,695)	-3%	293,769	11%	(130,695)	-5%
- Profit for the year	3,427,259	48%	1,896,057	38%	1,171,866	44%	1,494,385	53%
	7,158,544	100%	5,043,747	100%	2,673,705	100%	2,802,708	100%

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

Continental Reinsurance Plc
Five-year financial summary-Group

Statement of financial position	<-----31 DECEMBER			----->
	2020	2019	2018	2017	2016
	=N='000	=N='000	=N='000	=N='000	=N='000
Assets					
Cash and cash equivalents	19,015,116	14,151,673	14,610,220	9,079,093	9,346,513
Financial asset held for trading	-	-	2,853,024	2,159,476	2,046,334
Loans and other receivables	315,892	333,701	642,862	492,278	391,505
Available-for-sale investments	1,227,381	1,769,668	2,229,365	2,121,225	2,544,148
Held to maturity investments	13,744,039	9,998,905	6,820,073	7,613,317	7,114,055
Reinsurance receivables	24,499,743	17,143,071	11,950,636	9,922,255	10,548,242
Retrocession assets	9,513,117	8,698,039	6,494,583	2,759,666	1,113,567
Deferred acquisition costs	5,393,915	5,574,856	4,034,583	2,291,853	1,532,809
Other assets	758,749	405,855	151,555	329,433	426,752
Investment properties	4,998,800	3,123,121	3,073,003	2,857,111	2,868,728
Intangible assets	131,899	261,221	381,949	20,168	7,067
Property, plant and equipment	3,022,526	4,168,529	3,395,476	2,488,615	1,311,956
Investments in subsidiary	-	-	-	-	-
Statutory deposits	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Total assets	**83,621,178**	**66,628,640**	**57,637,330**	**43,134,490**	**40,251,676**
Liabilities					
Insurance contract liabilities	38,842,258	30,554,284	23,256,657	17,965,990	13,745,315
Reinsurance creditors	4,218,493	3,778,222	2,191,916	1,356,210	2,930,857
Other liabilities	1,232,860	661,775	862,568	860,222	1,976,817
Retirement benefit obligation	670,301	404,290	203,124	306,457	383,857
Current income tax payable	800,776	1,014,789	1,656,899	1,550,357	692,602
Deferred tax liabilities	343,329	8,880	517,949	318,212	793,806
Total liabilities	**46,108,018**	**36,422,241**	**28,689,114**	**22,357,448**	**20,523,254**
Equity					
Share capital	6,258,602	5,186,372	5,186,372	5,186,372	5,186,372
Share premium	8,204,371	3,915,451	3,915,451	3,915,451	3,915,451
Retained earnings	6,304,153	5,586,910	5,093,838	3,775,255	2,874,421
Contigency reserve	7,274,065	6,264,958	5,265,633	4,462,001	4,003,471
Available-for-sale reserve	284,473	403,438	441,041	329,978	333,265
Foreign currency translation reserve	2,245,274	1,832,347	4,291,530	1,764,220	2,088,662
Equity attributable equity holders of the parent	**30,570,938**	**23,189,476**	**24,193,864**	**19,433,277**	**18,401,642**
Non-controlling interest	6,915,968	6,999,394	4,754,351	1,343,765	1,326,780
Total equity	**37,486,906**	**30,188,870**	**28,948,215**	**20,777,042**	**19,728,422**
Total liabilities and equity	**83,594,925**	**66,611,112**	**57,637,330**	**43,134,490**	**40,251,676**

Income statement	<-----	<-----31 DECEMBER		----->	
For year ended	2020	2019	2018	2017	2016
	=N='000	=N='000	=N='000	=N='000	=N='000
Gross premium	53,636,916	47,663,124	34,185,991	29,673,215	22,406,048
Profit before income tax expense	4,827,015	2,395,626	4,359,355	3,570,285	4,651,687
Income tax expense	(1,399,756)	(499,569)	(1,037,242)	(1,099,994)	(1,533,052)
Profit for the year	3,427,259	1,896,057	3,322,113	2,470,291	3,118,635
Appropriations:					
Transfer to contingency reserve	1,009,106	999,325	803,632	458,530	588,863
Transfer to retained earnings	2,418,153	896,731	2,518,481	2,011,761	2,529,772
Earnings per share (kobo)	18	18	34	27	28
Net assets per share (kobo)	244	224	233	187	177

Note: Earnings and dividend per share were computed

Continental Reinsurance Plc

Five-year financial summary-Company

Statement of financial position	<----31 DECEMBER			---->
	2020	2019	2018	2017	2016
	=N='000	=N='000	=N='000	=N='000	=N='000
Assets					
Cash and cash equivalents	11,474,010	6,023,919	6,027,224	6,680,113	6,538,769
Financial asset held for trading	-	-	-	-	96,177
Loans and other receivables	178,573	224,299	432,699	439,081	296,441
Available-for-sale investments	1,191,598	1,732,411	2,194,549	2,090,531	2,482,980
Held to maturity investments	5,564,847	3,951,711	4,294,419	6,065,330	6,345,275
Reinsurance receivables	9,996,802	7,934,560	6,098,604	6,184,435	7,477,147
Retrocession assets	4,123,793	4,191,959	2,880,398	1,877,676	424,947
Deferred acquisition costs	2,388,974	3,148,708	2,227,037	1,501,752	782,628
Other assets	3,232,081	2,086,215	1,968,320	756,126	1,950,128
Investment properties	2,146,000	3,123,121	3,073,003	2,857,111	2,868,728
Intangible assets	131,891	260,854	381,580	19,849	6,768
Property, plant and equipment	1,792,256	3,088,702	2,327,693	2,379,583	1,247,032
Investments in subsidiary	6,123,109	5,216,931	5,216,931	2,272,473	1,649,571
Statutory deposits	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Total assets	**49,343,934**	**41,983,390**	**38,122,457**	**34,124,060**	**33,166,593**
Liabilities					
Insurance contract liabilities	17,438,827	16,592,902	12,077,902	12,470,590	10,137,148
Reinsurance creditors	2,406,354	750,051	1,103,195	941,363	2,568,608
Other liabilities	1,515,782	2,978,877	3,611,173	1,249,986	3,200,303
Retirement benefit obligation	507,614	342,212	158,847	275,150	336,008
Current income tax payable	601,185	774,676	1,504,444	1,565,199	631,518
Deferred tax liabilities	313,458	133,743	400,311	218,855	686,907
Total liabilities	**22,783,220**	**21,572,461**	**18,855,872**	**16,721,143**	**17,560,492**
Equity					
Share capital	6,258,602	5,186,372	5,186,372	5,186,372	5,186,372
Share premium	8,204,371	3,915,451	3,915,451	3,915,451	3,915,451
Retained earnings	5,248,959	5,098,171	4,662,873	3,551,578	2,408,676
Contigency reserve	6,551,407	5,796,453	5,054,404	4,413,032	3,754,688
Available-for-sale reserve	289,828	408,424	447,486	336,484	340,912
Total equity	**26,553,166**	**20,404,871**	**19,266,584**	**17,402,917**	**15,606,099**
Total liabilities and equity	**49,336,386**	**41,977,332**	**38,122,456**	**34,124,060**	**33,166,593**

Income statement	<----	<----	<----	----31 DECEMBER	----
For year ended	2020	2019	2018	2017	2016
	=N='000	=N='000	=N='000	=N='000	=N='000
Gross premium	27,725,559	28,008,904	19,195,853	20,384,093	17,374,826
Profit before income tax	1,552,079	1,534,723	3,912,856	4,427,541	3,835,712
Income tax expense	(380,213)	(40,338)	(770,479)	(1,170,231)	(1,320,750)
Profit after taxation	1,171,866	1,494,385	3,142,377	3,257,310	2,514,962
Appropriations:					
Transfer to contingency reserve	250,252	325,459	638,844	659,818	504,204
Transfer to retained earnings	921,614	1,168,926	2,503,533	2,597,492	2,010,758
Earnings per share (kobo)	9	14	30	31	24
Net assets per share (kobo)	212	197	186	168	151

Note: Earnings and dividend per share