FBNInsurance

WOVEN INTO THE FABRIC OF SOCIETY
125 YEARS
1894 - 2019
...proud to be a part of the FirstBank heritage

TIMELESS

FBN Insurance Limited

Annual Report and Accounts 2018

2018

Content Outline

The term 'FBN Holdings Plc.' or the 'Group' means FBNHoldings together with its subsidiaries. FBN Holdings Plc. is a financial holding company incorporated in Nigeria on 14 October 2010. The Company was listed on the Nigerian Stock Exchange under the 'Other financial services' sector on 26 November 2012 and has issued and fully paid-up share capital as 35,895,292,792 ordinary shares of 50 kobo each (₦17,947,646,396). In this report, the abbreviations ₦mn, ₦bn and ₦tn represent millions, billions and trillions of naira respectively.

FBN Holdings Plc is structured along the following business groups, namely: Commercial Banking, Merchant Banking and Asset Management, Insurance and Others.

- The Commercial Banking business comprises First Bank of Nigeria Ltd, FBNBank (UK) Ltd, FBNBank DRC Ltd, FBNBank Ghana Ltd, FBNBank The Gambia Ltd, FBNBank Guinea Ltd, FBNBank Sierra Leone Ltd, FBNBank Senegal Ltd and First Pension Custodian Nigeria Ltd. First Bank of Nigeria Ltd is the lead entity of the Commercial Banking business.

- The Merchant Banking and Asset Management business consists of FBNQuest Merchant Bank and FBNQuest Capital Ltd. The subsidiaries of FBNQuest Merchant Bank Ltd include: FBNQuest Asset Management Ltd and FBNQuest Securities Ltd while the subsidiaries of FBNQuest Capital Ltd include: FBNQuest Trustees Ltd, FBNQuest Funds Ltd and FBNQuest Capital Partners Ltd.

- The Insurance business comprises FBN Insurance Ltd, FBN General Insurance Ltd and FBN Insurance Brokers Ltd.

This report encompasses FBN Insurance Ltd and unless otherwise stated, the income statement compares the 12 months to December 2018 to the corresponding 12 months of 2017, and the statement of financial position comparison relates to the corresponding position at 31 December 2017. Unless otherwise stated, all disclosed figures relate to continuing operations. Relevant terms that are used in this document but are not defined under applicable regulatory guidance or the IFRS are explained in the glossary or abbreviation section of this report.

Shareholders will receive a compact disc (CD) containing the Annual Report and Accounts for FBN Holdings Plc as well as information on outstanding dividend claims and a list of all our business locations. There will be an option to view a navigable PDF copy of the FBNHoldings report as well as PDFs of certain subsidiary reports at the download centre of the Investor Relations section of the FBNHoldings website. A CD will be available on request by contacting FBN Holdings Plc Investor Relations department, Samuel Asabia House, 35 Marina Street, Lagos.

Due to rounding, numbers presented throughout the report may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

INTRODUCTION

With presence in strategic geographical locations across Nigeria and capitalising on our relationship with FBN Holdings Plc as well as leveraging on the technical experience of the Sanlam Group (SA), our products help our customers enjoy the peace of mind that comes from managing the risks of everyday life.

OVERVIEW

OUR PROFILE

FBNInsurance started operations as a Life Insurer in September 2010 with a vision to be Nigeria's first choice in wealth creation and financial security.

We operate out of our registered Head Office in Marina, Lagos, as well as three branches and over 40 retail outlets strategically located across the country. Our products and services are designed to give our customers the peace of mind that comes from managing the risks of everyday life and allows them enjoy a lifestyle without stress.

Our over-riding objective is to assist people, businesses and communities get back on their feet should the unexpected happen. As a specialist life insurance Company offering a range of investment and risk insurance products, our operations are anchored on the following core values:

- Quality of Service
- Respect for Individual
- Integrity
- Innovation
- Professionalism.

FBN HOLDINGS PLC STRUCTURE

COMMERCIAL BANKING

First Bank of Nigeria Limited

- FBNBank (UK) Limited
- FBNBank DRC Limited
- FBNBank Ghana Limited
- FBNBank The Gambia Limited
- FBNBank Guinea Limited
- FBNBank Sierra Leone Limited
- FBNBank Senegal Limited
- First Pension Custodian Nigeria Limited

MERCHANT BANKING AND ASSET MANAGEMENT

FBNQuest Merchant Bank Limited

- FBNQuest Asset Management Limited
- FBNQuest Securities Limited

FBNQuest Capital Limited

- FBNQuest Trustees Limited
- FBNQuest Funds Limited

INSURANCE

FBN Insurance Limited

- FBN General Insurance Limited

FBN Insurance Brokers Limited

OVERVIEW

To further increase our share of market and participation in the general insurance space, we acquired a 100% equity in the defunct Oasis Insurance Plc in 2014 and rebranded it to FBN General Insurance Limited, a subsidiary of FBNInsurance. FBN General Insurance is a non-life insurer that provides general insurance services such as; motor, marine, fire and general accident.

OUR STRUCTURE

We provide innovative insurance products and services across three distinct distribution channels: These products include but are not limited to the following:

Retail distribution

- Flexible Education Policy
- Flexible Savings Policy
- Flexible Cash Flow Policy
- Family Income Protection Plan (FIPP)
- Family Shield
- EasySave Policy
- Guaranteed Lifetime Retirement Income Plan
- Personal Retirement Plan

Alternative distribution

- First Family Shield
- Credit Life
- Mortgage Protection Plan
- Keyman Assurance
- Term Assurance
- Group Welfare Plan
- Tuition Protection Plan

Corporate distribution

- Group Life Assurance.

OUR NETWORK

We maintain a robust presence across three key branches (including our Corporate Head Office) in Marina, Lagos, Abuja and Port Harcourt. In addition to these branches, we operate over 40 retail outlets spread across the six geo-political zones of the country. This is in line with our strategic aspiration to explore the grossly under-tapped retail life insurance opportunities in Nigeria.

In addition, the pre-existence of strong FirstBank branches is a key parameter for selecting the locations where we operate. This provide the synergies and competitive advantages for us.

OUR HERITAGE

We are Nigeria's fastest-growing insurance company. Jointly owned by FBNHoldings (65%) and the Sanlam Group SA (35%), we have the unique competitive advantage to access a combined 226-year experience of both owner companies. We leverage on FirstBank's glowing heritage in the financial services industry, its extensive branch network in Nigeria and across Africa, as well as Sanlam Group's technical expertise worldwide. These have aided our quest to become the most profitable life insurance company in Nigeria in terms of Return on Equity (ROE).

The Sanlam Group is the second-largest non-banking financial services group in South Africa. In its 101-year history, Sanlam Group has grown from a small life insurance company into a diversified financial services group focusing mainly, but not exclusively, on wealth creation, investment management and protection, and offering solutions to clients across the broad financial services spectrum. The Group comprises a number of mutually interdependent and complementary business entities, and currently functions through three main clusters of business: Life Insurance, General Insurance and Asset Management.

VISION, MISSION AND VALUES

OUR VISION

To be Nigeria's first choice in wealth creation and financial security.

OUR MISSION

Providing the Nigerian insurance market with best-in-class, innovative and solution-driven products and services that create value for all stakeholders while consistently demonstrating integrity, professionalism and confidence.

OUR VALUES

Quality Service:
In product creation, need analysis and service delivery across every touchpoint, we always go for excellence. Only the best will do.

Respect for Individual:
We greatly esteem and value our customers. For us, they are more than facts and figures of our business; they are our lifeblood. For us, the Customer is still king.

Integrity:
Trust is the soul of every promise. As one of Nigeria's leading promise sellers, we cannot afford to take our words lightly. Indeed, we do what we say.

Innovation:
We know yesterday's ideas can become out-dated today. This is why we never stop breaking new grounds, creating new products and expanding the market in tune with trends and market projections. We are forward-thinking.

Professionalism:
In our day-to-day tasks, in the way we handle each client's policy, we exude the highest level of commitment and empathy, service and delivery. We take our work seriously.

FINANCIAL HIGHLIGHTS

GROSS PREMIUM WRITTEN

2018 ₦30.6bn | 32% | 2017 ₦23.1bn

Gross Premium Written was driven by continued penetration of the retail life insurance and annuity business.

INVESTMENT AND OTHER INCOME

2018 ₦8.1bn | 50% | 2017 ₦5.4bn

The growth in investment income is largely attributed to efficient asset utilisation, optimal investment strategy as well as increased investible fund.

UNDERWRITING EXPENSES

2018 ₦4.5bn | 18% | 2017 ₦3.8bn

Growth in underwriting expenses is a reflection of increased gross premium written but in efficient proportion.

CLAIMS

2018 ₦6.3bn | 17% | 2017 ₦5.4bn

Moderate growth in claims incurred in comparison to significant growth in business volume.

OPERATING EXPENSES

2018 ₦5.2bn | 16% | 2017 ₦4.5bn

Growth in operating expenses was moderate compared to increase in business volume due to operating efficiency.

PROFIT BEFORE TAX

2018 ₦6.8bn | 48% | 2017 ₦4.6bn

Sustained significant improvement in profit before tax to reflect the continued growth in business volume.

FINANCIAL HIGHLIGHTS

INSURANCE AND INVESTMENT CONTRACT LIABILITIES

2018 ₦54.0bn | 54% | 2017 ₦35.1bn

Increase in insurance and investment contract liabilities largely due on account of increase in business volume particularly retail and annuity business.

TOTAL ASSETS

2018 ₦76.0bn | 51% | 2017 ₦50.3bn

Improvement in asset size was driven by strong top line and bottom line growth in the insurance penetration.

EQUITY

2018 ₦13.1bn | 24% | 2017 ₦10.6bn

The improvement in equity follows an increase in profitability and growth-driven dividend policy of the company.

RETURN ON EQUITY

2018 45% | 36% | 2017 33%

Growth in return on equity was driven by increase in profitability over equity.

EARNINGS PER SHARE

2018 ₦1.11 | 61% | 2017 ₦0.69

The growth in earnings per share reflects improved profitability.

RETURN ON ASSETS

2018 7% | 2017 7%

Sustained constant return on asset despite significant growth in assets.

RECOGNITION AND AWARDS

INSURANCE COMPANY OF THE YEAR
AFRICA RE/AFRICAN INSURANCE ORGANISATION AWARDS

FBN Insurance won the prestigious Insurance Company of the Year Award at the 45th AfricaRe/African Insurance Organisation(AIO) conference in Accra, Ghana.

AN "A+" RATING TO FBNINSURANCE
AGUSTO & CO CREDIT RATINGS

This rating indicates that FBNInsurance possesses satisfactory financial condition and adequate capacity to meet obligations when due.

STRATEGIC REPORT

Drawing from the knowledge and experience of our owners, we intend to play a significant role in the development of the insurance industry in Nigeria, anchoring our operations on product innovation, efficient service delivery and prompt claims settlement.

CHAIRPERSON'S STATEMENT

"At FBNInsurance, we make concerted efforts to keep the critical components of our strategy within our control in order to minimise our exposure to sudden changes in the operating environment."

Adenrele Kehinde
Chairperson

Dear Esteemed Stakeholders,

The year 2018 was another year of steady progress on all fronts for FBNInsurance as our focus on, moving forward and creating sustainable value for our stakeholders was maintained. As in previous years, we stayed true to the simple but powerful belief that every Nigerian, irrespective of their financial status, deserves an insurance company they can trust. Eight years ago, the Company set out to become one of such insurers that customers could rely on especially, when unpleasant events occur in their lives. Eight years after, we are still driven by that belief and we continuously ensure that we are always there for every customer when they need us. It is this disposition to our business that has once again led to a most distinguished performance in 2018 amidst an environment of economic uncertainties.

OUR PERFORMANCE

With boundless opportunities in the retail life insurance market, we are committed to building on our successes in 2019. We are certainly proud and humbled that today, we have clearly emerged as one of the most profitable life insurance companies in Nigeria. Across various performance metrics, we are ranked among the top three companies in the life insurance industry particularly with regards to gross premium, profit before tax, return on equity, return on asset, claims ratio, among others. These achievements have been validated by local and international recognitions, the most recent being the award by African Reinsurance as the African Insurance Company of the year 2018.

Commendable as these achievements are, the Board and Management hold the joint view that we can, and indeed must become the most profitable life insurance company in Nigeria and the clear leader in key market segments. The implication of our aspiration is this: we must be better today than we were yesterday and be better tomorrow than we are today. This implies an unwavering commitment to excellence and active displeasure for mediocrity.

THE BOARD

Our achievements do not mean that the year was without its fair share of challenges. We realise that rapid growth in customer base is often accompanied by significant pressure on the operations of an organisation. This has been our firsthand experience, as our numerous customers; existing and new ones, have put our operations to the utmost test. We are thankful that in most cases, our customers' expectations have been satisfied. The Board keeps a close eye on pre and post sales service delivery to ensure first class services are provided at all times to meet the needs of all our customers. In 2019, operational excellence was considered a critical priority by the Board, hence this necessitated the need for strategic investments in digital technology to strengthen our positioning in the insurance industry.

Another priority for the Board in 2019 is to maintain strict adherence to the highest standards of corporate governance.

CHAIRPERSON'S STATEMENT

This demands integrity-based leadership at the Board level and sets the tone for how Management and all employees conduct themselves. We are conscious of the fact that we are building a Company that will not only be celebrated today but one that will be there for customers for several decades to come. It is for this reason that the interests of customers, shareholders, employees, regulators, our community and other stakeholders are proactively taken into consideration in managing the business.

CLOSING REMARKS

On behalf of the Board, I would like to express our deep appreciation to everyone at FBNInsurance for their individual, but more importantly, collective contributions to the results presented in this financial report. Furthermore, I would also like to express my gratitude to our shareholders whose support enables us to deliver on our promises. As we look ahead, FBNInsurance is well-positioned to take advantage of emerging opportunities in the market. While we expect economic headwinds in 2019, particularly due to electioneering activities, it is our view that the underlying demand for life insurance products and services will remain robust. As Management continues to execute a focused strategy, we are confident that we will not only continue to help thousands of Nigerians, but we would also deliver excellent value to our shareholders.

Thank you for believing in us.

Adenrele Kehinde
Chairperson

MANAGING DIRECTOR'S REVIEW

"For us at FBNInsurance, as we have done in previous years, we continue to take necessary steps to build a robust capital base to ensure the promise made to our customers is never in doubt."

Valentine Ojumah
Managing Director/CEO

To Our Esteemed Stakeholders,

Looking back at the last 12 months, it is evident that 2018 was undoubtedly another impressive year for FBNInsurance, as substantial progress was made particularly from a financial perspective, making it our best year so far. As you may be aware, our strategic aspiration is to become the most profitable life insurance company in Nigeria, and the 2018 results have not only moved us several steps towards this goal but have also raised the bar for our performance in 2019. Given our track record of strong and sustainable growth, we are confident that FBNInsurance will grow stronger in 2019 despite the anticipated lull in economic activities due to political and electioneering activities.

OPERATING ENVIRONMENT

At FBNInsurance, we make concerted efforts to keep the critical components of our strategy within our control in order to minimise our exposure to sudden changes in the operating environment. This is one of the many factors responsible for our continued success in an environment that is characterised by economic and policy uncertainties. This implies that our business is deliberately positioned to exploit market segments that are relatively less responsive to negative economic trends. Nevertheless, in the course of the year, we encountered a number of challenges as a result of regulatory and economic policy changes. For instance, the enforcement of policy rates for compulsory insurances by the National Insurance Commission (NAICOM) resulted in the loss of a few corporate group life insurance accounts in the earlier parts of the year. We are grateful that strong performance in other arms of our business more than compensated for the temporarily weak performance of group life insurance in quarter one of 2018. It is our view that as the regulator continues to enforce this policy and other progressive policies; we believe that this would be in the best interest of underwriters and consumers.

In addition to the enforcement of premium rates, NAICOM took bold steps aimed at strengthening the foundations and fundamentals of the insurance industry. In particular, it released the Tier Based Minimum Solvency Capital policy, which was aimed at sanitising the insurance industry and positioning it for long-term growth. While this policy has now been put on hold, examples from other countries are indicative that the eventual implementation of this policy is inevitable in the medium term.

Consequently, all insurance companies are expected to proactively prepare through financial prudence for the transformation of the insurance industry. For us at FBNInsurance, as we have done in previous years, we continue to take necessary steps to build a robust capital base to ensure the promise made to our customers is never in doubt.

MANAGING DIRECTOR'S REVIEW

PERFORMANCE HIGHLIGHTS

Our gross premium increased by 34% from ₦19.4bn in 2017 to ₦26bn in 2018, well above the average industry growth rate estimated at 10% to 12%. Similarly, profit before tax grew by 44% from ₦4.26bn in 2017 to ₦6.13bn in 2018. Other key performance metrics also recorded significant improvements – notable ones being the Return on Equity (RoE) which improved from 37% in 2017 to 45% in 2018 and total equity which grew by 20% from ₦9.9bn in 2017 to ₦11.9bn in 2018. This performance can be attributed to a combination of factors including the continued penetration of the retail life insurance segment, a strong cost optimisation culture, a disciplined risk management philosophy, improvements in service delivery across various customer touchpoints, and well-motivated staff. By this result, we were able to retain our positioning in the industry as one of the leading life insurers. (Please refer to the financial statements for more details on our financial performance).

In 2018, we also received the Insurance Company of the Year Award at the annual Africa Re Insurance Awards. The Award criteria were based on high-quality service delivery, supported with proven track records of profitability and growth, as well as successful expansion into new and existing markets. Likewise, in 2018, Agusto & Co assigned an "A+" rating to FBNInsurance, an indication that we possess a satisfactory financial condition and adequate capacity to meet obligations when due.

OUTLOOK

The Nigerian economy remains fragile due to its perennial dependence on crude oil production and price dynamics. The recent recovery from economic recession has been largely attributed to the appreciable improvements in crude oil prices between 2017 and the first half of 2018. Unfortunately, if the latest crude oil price decline in the second half of 2018 is anything to go by, Nigerians might have to brace up for a relatively challenging 2019. Furthermore, the fact that pre and post-election activities will dominate the first half of the year suggests that the economic climate could be dull, particularly in the first half of the year.

Despite the somewhat bleak environmental context, we remain cautiously optimistic about our prospects for success in 2019. Our optimism stems from the fact that our employees are our best source of ideas and innovations, which are the time-tested ingredients for success in volatile and challenging markets. Specifically, over the last 12 months, we focused on fostering a culture that encourages active innovation at all levels. Benefits have been reaped from this and are more convinced to sustain this practice going forward.

CONCLUSION

One of the cardinal steps to becoming the most profitable life insurer is to build a business that makes us the insurance company of choice for existing and new customers. Our commitment to achieving this objective is absolute, our strategy is sustainable, and we have a strong team to deliver. Therefore, I have every reason to look forward with confidence.

On behalf of the entire FBNInsurance team, let me use this opportunity to express our appreciation to our customers, shareholders, Board members and other stakeholders for the continued trust placed in us to serve you.

Sincerely,

Valentine Ojumah
Managing Director/CEO

LEADERSHIP AND GOVERNANCE

BOARD OF DIRECTORS

Aderenle Kehinde
Chairperson

Valentine Ojumah
Managing Director/CEO

Margaret Dawes
Non-Executive Director

Caleb Yaro
Independent Non-Executive Director

Aderemi Ogunmefun
Non-Executive Director

Oyewale Ariyibi
Non-Executive Director

Theuns Botha
Non-Executive Director

Festus Izevbizua
Executive Director, Finance and Administration

Moruf Apampa
Executive Director, Business Development

LEADERSHIP AND GOVERNANCE

MANAGEMENT COMMITTEE

Valentine Ojumah
Managing Director/CEO

Festus Izevbizua
Executive Director, Finance and Administration

Moruf Apampa
Executive Director, Business Development

Rivers Khumalo
Chief Technology Officer

Anne Edeogu
Company Secretary/Head, Legal Services

Odinakachi Umekwe
Head, Retail Distribution

Adekunle Adeola
Head, Actuarial Services and Annuity

Olabanjo Oladipo
Head, Operations

Blessing Ebizie
Head, Internal Audit

LEADERSHIP AND GOVERNANCE

Cathy Sanni
Head, Human Resources

Jubril Ajose
Head, Financial Control and Reporting

Elizabeth Agugoh
Head, Marketing and Corporate Communications

Jackson Ikiebe
Head, Information Technology

Juliet Ajiboye
Head, Technical and New Business

Raymond Akalonu
Head, Enterprise Risk Management and Compliance

OUR BUSINESS MODEL

Our business is structured to promote operational and service excellence across all touch points. We are organised into key customer segments and distribution channels. The diagram below illustrates our business model showing how we create value for our customers and key stakeholders:

Retail Distribution

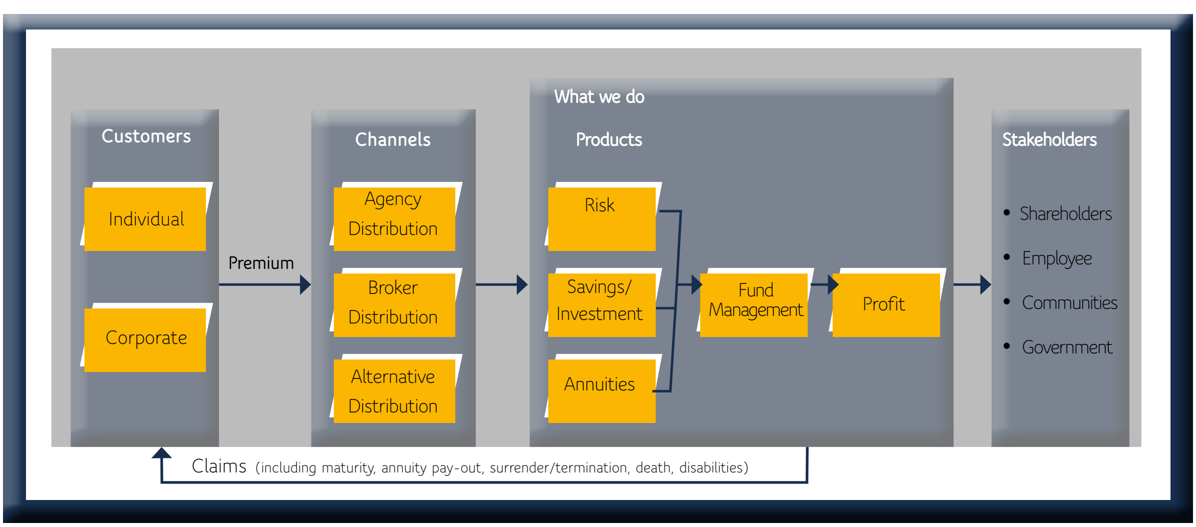
Responsible for the sales of products to different customer categories which include the mass market, mass affluent, affluent and HNIs (high net worth individuals). Our products are developed to address the specific insurance needs of these customer segments some of whom we engage via our robust agency network across the country.

Corporate Distribution

Drives the sale of group life scheme and other life products to corporate organisations, governments and other public sector parastatals. We continue to build and strengthen our relationships with key stakeholders such as insurance brokers in order to deepen our footprints in the corporate insurance segment.

Alternative Distribution

Consists of other channels through which we reach our target customers in the retail and corporate segments. This arm of business oversees our mobile insurance and bancassurance business lines.



OUR STRATEGY

In 2018, we continued the implementation of our three-year strategy for the 2017-2019 planning period continued with the goal of consolidating on the successes of prior years. The fundamental premise upon which our strategy is based on the fact that insurance penetration in Nigeria is still at approximately 1%. Hence, the opportunities for first-time buyers of life insurance are considered massive and open to as many insurers that possess the unique capabilities and 'stamina' for the retail life market. Therefore, we will be strengthening our capabilities in this regard to deepen our footprints in this segment.

Specifically, in 2019, our focus will revolve around the following strategic initiatives:

- Sustain agency expansion and enhance productivity.
- Expand annuity sales to new locations.
- Leverage digital technology to enhance operational efficiency and service delivery.

KEY PERFORMANCE INDICATORS (KPIs)

KPIs	2014	2015	2016	2017	2018
GPW (₦' billion)	7.2	10.3	9.9	19.6	25.98
PBT (₦' billion)	1.13	1.8	3.13	4.2	6.13
Net Claims Ratio	12%	34%	24%	12%	16%
Expense Ratio	22%	22%	27%	14%	15%
RoE (post-tax)	22%	18%	29%	33%	45%
RoA (post-tax)	6%	9%	11%	7%	7%

> "In 2018, the implementation of our three-year strategy for the 2017-2019 planning period continued with the goal of consolidating on the successes of prior years."

CORPORATE RESPONSIBILITY AND SUSTAINABILITY REPORT

Introduction

Fulfilling our vision to be Nigeria's first choice in wealth creation and financial security is a task that cannot be achieved without cultivating solid and enduring relationships. In our core values and in the way we go about our work, we place a high premium on building sustainable relationships. This is adequately reflected in our Corporate Responsibility and Sustainability (CR&S) strategies.

Our approach

The business of insurance thrives on trust. As a foremost insurance Company, it is imperative we project trust and inspire confidence in our products at every touch point. This helps in building great relationships, which is key for us as a business.
Our CR&S strategy, therefore, is aimed at building trust, brand and reputation through effective stakeholder engagement and thought leadership. This strategy rides on the FBNHoldings Group strategy and is expressed through the following strategic pillars:

Sustainable insurance

In designing our products and selling our services, we put sustainable insurance into consideration. Sustainable insurance is a strategic approach where all activities in the value chain, including interactions with stakeholders and customers, are done in a responsible and forward-looking way by identifying, assessing, managing and monitoring risks associated with environmental, social and governance issues.

People empowerment

Our workforce is our most cherished asset. We remain committed to nurturing efficient, ethical and responsible staff who are constantly motivated, trained and re-trained for personal and organisational growth. In association with our partners, Sanlam Group SA, we are able to keep our workforce up-to-date with global trends in the insurance industry.

Community support

We constantly draw ideas and opinions from our host communities and act on same by designing products and services that suit their needs. We appreciate their hospitality by investing time, effort and our funds in projects that will make life better for everyone in the community.

Environmental sustainability

In doing business, we take cognisance of potential environmental risks to nip them in the bud. This is done through constant interactions with our stakeholders, driving sustainable insurance and putting necessary frameworks in place towards ensuring that our actions as a corporate entity do not impact negatively on our environment.

> "The business of insurance thrives on trust. As a foremost insurance Company, it is imperative we project trust and inspire confidence in our products at every touch point. This helps in building great relationships, which is key for us as a business."

SUPPORTING OUR COMMUNITIES

Kids' Voice Reality Show

Kids Voice Reality Show is a 13-week musical talent hunt conceptualised and produced by Rwells Media, owners of JYB TV, as a way of showcasing prodigies to a diverse audience. We supported the Show as a way of reinforcing our place in the minds of parents and guardians and as an avenue to educate tomorrow's customers (the children) about insurance.

Guests at the JYB TV Kids Voice Reality Show

Donation of dialysis and ultrasound scan machine

The rising scourge of kidney diseases has necessitated concerted efforts towards arresting this epidemic. This is why FBNInsurance donated a second dialysis machine to one of Lagos' busiest dialysis clinic situated inside Gbagada General Hospital. The members of the Board also supported the Company by donating a state-of-the-art ultrasound scan machine to ameliorate the burden on the neo-natal unit of the hospital.

Left-Right: Adenrele Kehinde, Chairperson, FBNInsurance; Val Ojumah, MD/CEO, FBNInsurance and Caleb Yaro, Non-Executive Director, FBNInsurance at the commissioning of the second Dialysis Machine donated to Gbagada General Hospital, Lagos.

WFM Skills Acquisition Programme

As our contribution towards building employable graduates and job seekers, we supported a 2-day Job Entry and Skills Acquisition programmes organised by WFM 91.7 for job seekers. Apart from supporting with a substantial amount, we also availed them the use of our HR Manager as a resource person over the two days.

Renovation of classrooms and donation of boreholes

In line with our community support initiative, the Company renovated two blocks of classroom at a Primary School and also donated boreholes to both the Primary School and the neighbouring Secondary School located in a village near Abraka, Delta State.

Borehole donated to Aragba Primary and Secondary School.

Renovated blocks of classrooms at Aragba Primary and Secondary School.

SUPPORTING OUR COMMUNITIES

Commissioning of the renovated blocks of classrooms and the donation of a borehole at Aragba Primary and Secondary School

Left-Right: Ineh Francis and Mrs Ajemuaire (Teachers at the Aragaba Secondary School), Prince Otedo Chukudi (Representative of the traditional ruler), Chokor Patience (Principal, Aragaba Secondary School), Valentine Ojumah (MD/CEO, FBNInsurance), Chief Benson Ndakara (President General, Aragba Development Union).

Jakin NGO Dress-A-Child-for-School

Jakin NGO has been a veritable partner in aiding the access to education of over 750 needy students in Lagos. For the past four years, we have been supporting the NGO's Dress-A-Child-for-School initiative, a project that provides back-to-school kits for needy and vulnerable children in Lagos and environs.

Valentine Ojumah, MD/CEO, FBNInsurance at the Jakin NGO Dress-A-Child Initiative event.

Ikoyi Club's Children's Day Event

Children's Day celebrations are an avenue for parents to bond with their children in an atmosphere of fun and entertainment. In the outgone year, we supported Ikoyi Club's Children's Day activities and used the opportunity to preach the gospel of insurance to parents and guardians alike.

BIPORAL Fitness Walk

Banana Island Property Owners and Residents Association, Lagos, organises annual fitness walk for their members to boost their wellbeing and encourage better and active lifestyles. This year, in conjunction with FBNHoldings, we supported the event in line with the health/welfare leg of the Group Corporate Responsibility and Sustainability Community Support pillar.

2018 Mother and Child Expo

Mother and Child Expo is the biggest pregnancy and parenting expo that has seen over four thousand participants in its first two editions. As a viable means of cementing our place in the hearts of mothers and indeed parents, we sponsored the third edition of the programme.

Support for God Calling – The Movie

As a means of supporting credible and elevating entertainment, we co-sponsored the premiere of a cinema thriller, God Calling; a movie focused on helping individuals find their direction in life.

GOVERNANCE

Our strategic objectives can only be achieved by building a sound reputation founded on the highest standards of responsible behaviour. Over the years, FBNInsurance has delivered on its strong commitment to corporate values and governance.

LEADERSHIP

BOARD OF DIRECTORS

Adenrele Kehinde - *Chairperson*

Adenrele Kehinde is Chairman of the Board of FBN Insurance Ltd. A seasoned professional with over 35 years post-call experience at the Nigerian Bar, Adenrele started her career as State Counsel with the Lagos State Ministry of Justice between 1974 and 1978 before she moved to the Private Sector where she gained significant experience in Company Secretarial, Banking, Dispute Resolution and Property Management. A Certified Arbitrator, Adenrele has a first degree in Law from University of Lagos and is a member of the Nigerian Bar and the Negotiation and Conflict Management Group (NCMG). She now runs her own legal practice, which is retained by a number of reputable financial institutions for legal advisory services.

Adenrele Kehinde
Chairperson

Valentine Ojumah - *Managing Director/CEO*

Valentine Ojumah is the Managing Director/CEO of FBN Insurance Ltd. He is a resourceful management executive with more than 30 years' experience in Risk Management, Insurance Broking, Consultancy and Training within the Insurance Industry, Academics and Research. He has worked as a Lecturer at the University of Lagos as well as head of various departments within the broking firm of Insurance Brokers of Nigeria (IBN) Ltd. As the CEO of FBN Insurance Ltd, Val demonstrated multi-disciplinary experience in all classes of insurance, risk management and loss adjusting. He has a First Degree in Insurance from the University of Lagos, an MSc. (Business) from University of Wisconsin-Madison and is an Associate Member of the Chartered Insurance Institutes both in Nigeria and UK.

Valentine Ojumah
Managing Director/CEO

Margaret Dawes - *Non-Executive Director*

Margaret Dawes is the Chief Executive Officer of Sanlam Developing Markets (Rest of Africa). She worked with Fisher Hoffman Sithole, Johannesburg (1987-1999) as an Audit Manager and also at M. Cubed Holding Limited (1999-2005) as the Group Financial Director/COO. Margaret was appointed as Head, Sanlam, Rest of Africa Division, with the responsibility for the operations of Sanlam's Life companies in Africa in 2008.

Margaret Dawes
Non-Executive Director

BOARD OF DIRECTORS

Caleb Yaro - *Independent Non-Executive Director*

Caleb Yaro is the Managing Consultant of Cornerstone Consultants, Lagos. A seasoned executive with over 27 years in Accounting and Investment, Caleb worked with Citibank and NIDB from 1974-1976 before proceeding to Chase Merchant Bank (Later known as Continental Merchant Bank). He is currently a Director of the Design Trade & Company Ltd and was formerly on the Board of UBA Global Markets and Light House Asset Management.

Caleb Yaro
Independent Non-Executive Director

Aderemi Ogunmefun - *Non-Executive Director*

Aderemi Ogunmefun is the Managing Partner of Blackstone Partners, a specialist financial services law firm in Nigeria. He has over 32 years legal and banking practice experience spanning various organisations, both private and public. He was a former Company Secretary, Legal Adviser and Director in the Universal Trust Bank Group. Aderemi is a Fellow of the Institute of Strategic Management with bias in Corporate Governance and an Alumnus of Columbia Business School, Columbia University, New York.

Aderemi Ogunmefun
Non-Executive Director

Oyewale Ariyibi - *Non-Executive Director*

Oyewale Ariyibi is the Head of Finance at FBN Holdings Plc. Before this appointment, he was Chief Finance Officer at Transnational Corporation of Nigeria Plc (Transcorp) and Country Financial Controller at Standard Chartered Bank, Nigeria. He has a combined 23 years' experience in banking and allied financial services, business assurance, tax management, business process review and consulting across several institutions. Wale's core competencies include financial accounting and reporting, capital raising, tax planning and cost management, operational risk management, strategic and corporate planning, compliance and business assurance amongst others, which he brings to bear on his functions at FBN Holdings Plc. He is a Fellow of the Institute of Chartered Accountants of Nigeria (FCA), Associate of the Chartered Institute of Taxation (ACIT) and Certified Pension Institute of Nigeria (ACIP). Wale loves travelling, soccer, table tennis and is married with children.

Oyewale Ariyibi
Non-Executive Director

BOARD OF DIRECTORS

Theuns Botha - *Non-Executive Director*

Theuns Botha is the Head of Actuarial, Africa for Sanlam Emerging Markets. He is a qualified actuary and has 15 years' experience in the life insurance industry within Sanlam. He spent most of his career within a Sanlam subsidiary that focused on group business for the entry level market and held various positions including Chief Operations Officer, Chief Financial Officer and Chief Actuary.

Theuns Botha
Non-Executive Director

Festus Izevbizua - *Executive Director, Finance and Administration*

Festus Izevbizua is a skilled Financial Services Professional with over 24 years' experience in Banking, Operational Risk management, Oil and Gas, Accounting, Tax Matters and International Finance. A distinguished Fellow of the Institute of Chartered Accountants of Nigeria (ICAN) and Associate Member of the Nigerian Institute of Management, Festus holds a Bachelor's Degree in Economics and an MSc in Finance. He is also an Alumnus of Colombia Business School, New York and a Fellow of the Institute of Credit Administration (ICA). He joined FBNInsurance as the Chief Financial Officer in August 2014 having spent over six years as Financial Controller in Standard Chartered Bank Nigeria Limited.

Festus Izevbizua
Executive Director (appointed w.e.f 17 May 2018)

Moruf Apampa - *Executive Director, Business Development*

Moruf Apampa is an astute Insurance Practitioner with over 20 years experience. A Fellow of the Chartered Insurance Institute of Nigeria (CIIN), Moruf is also an Alumnus of the Howard University Business School and Lagos Business School respectively. He is a graduate of Insurance from the Lagos State Polytechnic and holds an MBA in General Management (with special emphasis on Marketing) from the University of Ado-Ekiti. Prior to joining FBNInsurance in August 2018 as Executive Director, Business Development, he was the Managing Director/ CEO of Sunu Assurances Nigeria Limited.

Moruf Apampa
Executive Director (appointed w.e.f 16 August 2018)

MANAGEMENT COMMITTEE

Valentine Ojumah - *Managing Director/CEO*

Valentine Ojumah is a Resourceful Management Executive with more than 30 years' experience in Risk Management, Insurance Broking, Consultancy and Training within the Insurance Industry, Academics and Research. He has worked as a Lecturer at the University of Lagos as well as head of various departments within the broking firm of Insurance Brokers of Nigeria (IBN) Ltd. As the CEO of FBN Insurance Ltd, Val demonstrated multi-disciplinary experience in all classes of insurance, risk management and loss adjusting. He has a First Degree in Insurance from the University of Lagos, an MSc (Business) from University of Wisconsin-Madison and is an Associate Member of the Chartered Insurance Institutes both in Nigeria and UK.

Festus Izevbizua - *Executive Director, Finance and Administration*

Festus Izevbizua is a skilled Financial Services Professional with over 24 years' experience in Banking, Operational Risk management, Oil and Gas, Accounting, Tax Matters and International Finance. A distinguished Fellow of the Institute of Chartered Accountants of Nigeria (ICAN) and Associate Member of the Nigerian Institute of Management. Festus holds a Bachelor's Degree in Economics and an MSc in Finance. He is also an Alumnus of Colombia Business School, New York and a Fellow of the Institute of Credit Administration (ICA). He joined FBNInsurance as the Chief Financial Officer in August 2014 having spent over six years as Financial Controller in Standard Chartered Bank Nigeria Ltd.

Moruf Apampa - *Executive Director, Business Development*

Moruf Apampa is an astute Insurance Practitioner with over 20 years of experience. A Fellow of the Chartered Insurance Institute of Nigeria (CIIN), Moruf is also an Alumnus of the Howard University Business School and Lagos Business School respectively. He is a graduate of Insurance from the Lagos State Polytechnic and holds an MBA in General Management (with special emphasis on Marketing) from the University of Ado-Ekiti. Prior to joining FBNInsurance in August 2018 as Executive Director, Business Development, he was the Managing Director/CEO of Sunu Assurances Nigeria Limited.

MANAGEMENT COMMITTEE

Rivers Khumalo - *Chief Technology Officer*

Rivers Khumalo is a seasoned Business Analyst and Business Process Management professional with over 20 years' experience. An ISEB certified Business Analyst from The Chartered Institute of IT, London, Rivers is a graduate of Social Sciences (Economics and Industrial Sociology) from the Rhodes University, South Africa. She also holds a Master of Business Administration in General Management from the Rotterdam School of Management, Erasmus University in The Netherlands, as well as a Master of Commerce (Information Systems) from the University of Cape Town, South Africa. She has worked in a Senior Management capacity with global organisations across multiple sectors: SAP, Standard Bank of South Africa (Pty) Limited, The Nedbank Group, The IQ Business Group amongst others; all based in South Africa. An Alumnus of the Gordon Institute of Business Science, University of Pretoria and Graduate School of Business, University of Cape Town, Rivers was the Application Portfolio Head at Sanlam Personal Finance prior to joining FBNInsurance in 2018 as the Chief Technology Officer.

Anne Edeogu - *Company Secretary and Head, Legal Services*

Anne Edeogu graduated from the University of Benin in 2000 with LL.B [Hons] and was called to the Nigerian Bar in 2003. She is a resourceful legal practitioner with considerable experience in company secretarial practice, legal advisory, compliance and corporate and commercial law practice and strategy. Anne was Legal Manager/Assistant Company Secretary in Cornerstone Insurance Plc for over seven years, where she was primarily responsible for subsidiary companies (under the Cornerstone Group) in the areas of secretariat and legal matters, which were in addition to her supporting role to the Group Company Secretary. She has practical experience in interfacing with regulatory and statutory authorities on behalf of start-up and existing companies. A member of the Nigerian Bar Association, Anne has undertaken various assignments for public-quoted entities, including organising general meetings, public offers and private placements. She has attended several courses and is versed in her chosen field of practice. She currently leads the Legal Services team of FBN Insurance Limited.

MANAGEMENT COMMITTEE

Odinakachi Umekwe - *Head, Retail Distribution*

Umekwe Odinakachi is a seasoned Marketing and Distribution Management Executive with over 22 years' experience in sales and marketing. His wealth of experience also covers business development, team leadership and general management. Having held managerial positions in Industrial & General Insurance Plc (IGI) and Oceanic Insurance Ltd, now known as Old Mutual Insurance Nigeria, he is presently a Deputy General Manager with FBN Insurance Ltd, a company he has been with since its launch. Umekwe holds a Higher National Diploma in Marketing from Federal Polytechnic Oko, Anambra State, a Postgraduate Diploma in Marketing Management from Obafemi Awolowo University, Ile Ife, and an MBA from the University of Calabar. He is also an associate member of the Nigerian Institute of Marketing; a Fellow and member of the Governing Council, Institute of Strategic Customer Service and Trade Management of Nigeria; a Fellow of the Institute of Administrators and Researchers of Nigeria; and a member of the Chartered Insurance Institute of Nigeria. Umekwe has also successfully completed the Advanced Senior Executive Management Programme from the University of Stellenbosch Business School, South Africa, and holds an honorary doctorate in Finance and Corporate Leadership from the European-American University, Commonwealth of Dominica. He has a proven ability to develop and lead a team to achieve high performance, which has earned him several awards both locally and internationally.

Adeola Adekunle - *Head, Actuarial Services and Annuity*

Adeola Adekunle is a Resourceful Actuary with about 13 years of experience covering Life Assurance and Retirement Benefit Consultancies, Embedded Value calculations and Pension Fund Administration. He was actively involved in the management of BATN, FBN and Promasidor Nigeria Provident Funds, various due diligence exercises in the Insurance sector as well as actuarial valuations of Insurance companies. A brilliant mind, Adeola graduated top of his class at Ahmadu Bello University, Zaria where he obtained a BSc. in Mathematics. He is a member of the Institute of Actuaries, England.

MANAGEMENT COMMITTEE

Olabanjo Oladipo - *Head, Operations*

Olabanjo Oladipo holds a Bachelor's degree in Mathematics from the Obafemi Awolowo University and a Master's Degree in Business Administration from The Federal University of Technology, Akure. Olabanjo started his career at Leadway Assurance Company Ltd as a member of the National Youth Service Corps and was retained for his excellent performances. He left Leadway Assurance as Head, Individual Life Unit before he joined Mutual Benefits Assurance in 2002 as the pioneer Head of Operations, Life Division. Prior to joining FBNInsurance, he was Head of Technical Operations at Cornerstone Insurance Plc. He is an Associate Member of Chartered Insurance Institute of Nigeria (ACIIN).

Olabanjo Oladipo
Head, Operations

Blessing Ebizie - *Head, Internal Audit*

Blessing Ebizie holds an MBA in Financial Management from the Lagos State University and has over 20 years' experience in Accounting, Auditing, Budgeting and Control, as well as Finance and Risk Management functions. His record of service cuts across the Manufacturing, Communications, Logistics and the Financial Services sectors. A Certified Information System Auditor (CISA), Blessing started his career as an Accounts Clerk in the Finance/Accounts Division of Golden Guinea Breweries Plc in 1984. He rose to the position of Cost and Management Accountant in 1997 and became the Head of the Company's Internal Audit Division in 2000. Prior to pitching his tent with FBNInsurance Ltd, Blessing was the Head of Logistics Division and later General Manager, Finance and Administration of TNT/IAS Int'l Express & Logistics from 2004 to 2005. He is an Associate Member of the Chartered Institute of Taxation of Nigeria and a Fellow of the Institute of Chartered Accountants of Nigeria.

Blessing Ebizie
Head, Internal Audit

Cathy Sanni - *Head, Human Resources*

Cathy Sanni is a seasoned Human Resources Professional with over 20 years' work experience in various organisations within and outside Nigeria. She is a graduate of Biological Sciences from the University of Abuja, FCT and holds two Masters Certificates in International HR Practices and Hospitality Management both from Cornell University, New York; she also holds an Executive Masters in Human Resources from the Metropolitan School of Business and Management, United Kingdom. She is an Associate Member of the Chartered Institute of Personnel Management, Nigeria. Cathy was the Managing Consultant of Rinesbay Limited (an HR Consulting firm) prior to joining FBNInsurance as the Head of Human Resources in 2019.

Cathy Sanni
Head, Human Resources

MANAGEMENT COMMITTEE

Jubril Ajose - *Head, Financial Control and Reporting*

Jubril Ajose is a Chartered Accountant with over 25 years as a Financial Analyst, Taxation Expert, Investment Management and Insurance Financial Reporting. A graduate of Accountancy and Economics from The Federal Polytechnic Ilaro and Olabisi Onabanjo University respectively, Jubril also holds two Master's degrees: Master's in Business Administration and Managerial Psychology from University of Uyo and University of Ibadan respectively. He is a Fellow of the Institute of Chartered Accountants of Nigeria (ICAN) and Associate Member of both the Chartered Institute of Taxation of Nigeria (CITN) and Nigeria Institute of Management (NIM). He joined FBNInsurance as the Financial Controller in 2018 having spent six years at Capital Express Assurance Limited as the Chief Financial Officer.

Jubril Ajose
Head, Financial Control and Reporting

Elizabeth Agugoh - *Head, Marketing and Corporate Communications*

Elizabeth Agugoh is a seasoned Brand Management, Research and Communications professional with over 15 years' experience within the Advertising, Media and Insurance industries. Prior to joining FBN Insurance Ltd in 2015, she was the Head of Brand and Corporate Communications at AIICO Insurance Plc. Elizabeth is a Mass Communications graduate and holds an MBA in Marketing from the Lagos State University. She also holds a Professional Certificate in Marketing from the prestigious Chartered Institute of Marketing (CIM) UK. She is an Associate member of Advertising Practitioners Council of Nigeria (APCON) and the Nigerian Institute of Management (NIM) respectively.

Elizabeth Agugoh
Head, Marketing and Corporate Communications

Jackson Ikiebe - *Head, Information Technology*

Jackson Ikiebe holds a Master's Degree in Information Technology and a Bachelor's Degree in Computer Science from the University of Lagos and University of Benin respectively. He is a versatile and technically proficient IT professional with a broad suite of skills garnered from over 19 years' work experience spanning Insurance, The Academia, Public Service Evaluating, Lecturing, Recommending and Implementing Information Technology Solutions. He has held Project Lead roles on several projects. He is a Microsoft Certified Professional (MCP), ITIL Certified, and Information Technology Business Manager Certified (ITBMC). Prior to joining FBNInsurance, Jackson was IT Manager at Cornerstone Insurance Plc. He is also an Associate Member of the Nigeria Institute of Management (NIM).

Jackson Ikiebe
Head, Information Technology

MANAGEMENT COMMITTEE

Juliet Ajiboye - *Head, Technical and New Business*

Juliet Ajiboye is a proficient Insurance Underwriter and Claims Manager with a vast skill set and experience spanning over two decades. She cut her insurance teeth at the defunct Nigerian French Insurance Company in 1996, where she learnt the basics of underwriting. Juliet then proceeded to Linkage Assurance via a brief stint in marketing and turned in outstanding successes as motor, non-motor and branch claims manager before joining AIICO Insurance in 2010. She thereafter joined FBNInsurance following the acquisition of the erstwhile Oasis Insurance and later became Head, Technical. She holds a Bachelor's Degree in Chemistry from Delta State University, Abraka and is a member of the Chartered Insurance Institute, London. She currently leads the Technical and New Business team of FBN Insurance Ltd.

Juliet Ajiboye
Head, Technical and New Business

Raymond Akalonu - *Head, Enterprise Risk Management and Compliance*

Raymond Akalonu is an experienced Risk Manager with detailed understanding of industry practices, extensive hands-on experience in Financial Risk Management, Contingent Liquidity Risks, Credit Risks, Risk Transfer (Insurance) and other applicable Operational Risks with special emphasis on Enterprise Risk Management training. He worked with the Dangote Group as General Manager, Group Insurance, where he was responsible for the global insurance administration of the Group. He was later assigned the role of the Financial Risk Management Team Lead, saddled with ensuring that the organisation’s financial risk management policies are in compliance with applicable regulations, rating agency standards and strategic imperatives of the organisation. He was Lead Partner/CEO at Insurance and Claims Consult Ltd before joining FBNInsurance in 2017 as Head, Enterprise Risk Management. Raymond holds a Master’s Degree in Risk Management from the University of Lagos and an MBA from Abia State University and a BSc Business Administration from Ahmadu Bello University, Zaria. He is faculty member, Centre for Risk Management Development, a Fellow of the Risk Managers Society of Nigeria, an Associate member of the Chartered Insurance Institute of Nigeria and the current Deputy President, Risk Managers Society of Nigeria (RIMSON). He has attended both local and international training programmes one of which is “Changing the Game – Negotiation and Competitive Decision Making” held at the Harvard Business School, Boston, Massachusetts, United States of America.

Raymond Akalonu
Head, Enterprise Risk Management and Compliance

CORPORATE GOVERNANCE

The Group is committed to high standards of Corporate Governance. Corporate Governance practice in the Group is drawn from various applicable codes of corporate governance issued by NAICOM and various governance codes in the country. This ensures compliance with regulatory requirements as well as the core values on which the Group was established.

FBNInsurnace has developed corporate policies and standards to encourage good and transparent corporate governance framework to avoid potential conflicts of interest between all stakeholders while promoting ethical business practices.

The activities of the Group are at all times conducted with high standards of professionalism, accountability and integrity with due regard to the genuine interests of all our stakeholders. This is the foundation of our history, values and culture as a Group for building and sustaining an endurable institution that guarantees profitability and professionalism while enhancing shareholders' value.

The partnership with Sanlam Emerging Markets, a leading South African Insurance company has further enhanced the improvement of our processes, procedures and operations particularly in the areas of Corporate Governance that are in line with global best practice thus ensuring the highest standards of accountability of its officers, continuous transparency of the Board and disclosure of information to all stakeholders.

FBNInsurance is committed to the continuous management of its business operations by identifying and implementing key governance indicators which aid sustainable development and guarantee shareholders excellent return on investment.

GOVERNANCE STRUCTURE

The governance of the Group resides with the Board of Directors who are accountable to the shareholders for creating and delivering sustainable value through the management of the Group's business. The Board of Directors is responsible for the efficient operation of the Group and to ensure the Group fully discharges its legal, financial and regulatory responsibilities.

The membership of the Board is a mix of Executive and Non-Executive Directors based on integrity, professionalism, career success, recognition and the ability to add value to the organisation. In reviewing Board composition, the Board ensures a mix with representatives from different industry sectors.

The Group's financial performance is reviewed at each Board meeting. The Board reviews all financial reports before they are released. The effectiveness of the process for assessing risks and the execution of control activities are monitored continuously at various levels. This involves reviews of results in comparison with budgets and plans. Responsibility for maintaining an effective control environment and operating the system for risk management and internal control over financial reporting is delegated to the Chief Executive Officer (CEO).

The Group has a compliance program. Standard requirements have been defined for internal control over financial reporting. The Management expects all employees to maintain high moral and ethical standards and those expectations are communicated to the employees through internal channels.

The Board monitors the effectiveness of its governance practices, manages potential conflict and provides general direction to Management. These oversight functions of the Board of Directors are exercised through its various Committees. During the year under review, the Board has three (3) Committees to ensure the proper management and direction of the Group through interactive dialogue on a regular basis.

The Board comprises nine (9) members led by a Chairperson who is a Non-Executive Director. Three (3) Executive Directors, the Managing Director and Chief Executive Officer, Executive Director for Technical Operations and Executive Director for Finance and Administration, two (2) Non-Nigerian Directors who represent Sanlam Emerging Markets, three (3) other Nigerian Non-Executive Directors.

The Board derives its effectiveness from the various skills and vast experiences of each Director.

The members of the Board bring broad and varied competencies to bear on all Board deliberations. Directors have attained the highest pinnacle of their various professions. The Board meets quarterly and other meetings are convened when necessary and are responsible for the effective control and monitoring of the Group's strategies.

CORPORATE GOVERNANCE

The Directors are provided with comprehensive information at each of the quarterly Board meetings and are also briefed on business developments periodically.

The primary responsibility of the Board of Directors is to build long-term shareholders value and ensure oversight of Management. The Board ensures that adequate systems, policies and procedures are in place to safeguard the assets of the Group. The Board is also responsible to shareholders for creating and delivering sustainable value through the management of the Group's business.

RESPONSIBILITIES OF THE BOARD

- The Board determines the Group's objectives and strategies and plans to achieve them.;
- The Board approves mergers and acquisitions, equity investments, branch expansion and establishment of subsidiaries; approval of remuneration policy and packages of the Board members;
- The Board considers and approves the annual budget, monitors performance and ensures that the Group remains a going concern;
- The Board approves resolutions and corresponding documentation for shareholders in general meeting(s), shareholders circulars, prospectus and principal regulatory filings with the regulators;
- The Board ensures that a risk culture and effective risk management process exists and is maintained;
- The Board approves changes to the Group's corporate structure and changes relating to the Group capital structure;
- The Board approves audited financial statements (both interim and annual);
- The Board monitors the statutory audit of the financial statements, evaluates the independence of the statutory auditor or audit firm, particularly the provision of related services to the Group and prepares the proposal for resolution on the election of the auditor. It performs this function through the Board Audit Committee;
- The Board determines the terms of reference and procedures of the Board committees, including reviewing and approving the reports of such committees where appropriate;
- The Board ensures that adequate budgetary and planning process exists such that performance is measured against budgets and plans; and
- The Board reviews the description of the main features of the internal control and risk management systems in relation to the financial reporting process annually.

COMPOSITION OF THE BOARD

Adenrele Kehinde	-	Chairperson
Valentine Ojumah	-	Managing Director/CEO
Ekpe Ukpabio*	-	Executive Director
Festus Izevbizua**	-	Executive Director
Moruf Apampa***	-	Executive Director
Caleb Yaro	-	Independent Non-Executive Director
Margaret Dawes	-	Non-Executive Director
Aderemi Ogunmefun	-	Non-Executive Director
Oyewale Ariyibi	-	Non-Executive Director
Theuns Botha	-	Non-Executive Director

* Resigned w.e.f. 30 November 2018.

** Appointed w.e.f. 17 May 2018, NAICOM approved w.e.f. 4 September 2018.

*** Appointed w.e.f. 16 August 2018, NAICOM approved w.e.f. 11 December 2018.

The Chairman of the Board

The Chairman has the responsibility to lead and manage the Board to ensure that it operates effectively and fully discharges all its legal and regulatory responsibilities while promoting effective relationship and open communication within the Boardroom.

The Chief Executive Officer

The Chief Executive Officer (CEO) is charged with the strategic and supervisory role over all core operations of the Company, which involves risk management, formulation of policies and the implementation of operational decisions. The CEO is the first line of reference for issues to be discussed at the Board and is charged with ensuring compliance with regulations and policies of both the Board and Regulatory Authorities.

Board Meetings

The Board of Directors, meetings are held every quarter or as the need arises to consider the Financial Statements of the Company and its subsidiary for the period, review of management accounts for the quarter, consider the reports and minutes of Board committees and any other reports pertaining to issues within the purview of the Board's responsibilities.

CORPORATE GOVERNANCE

Attendance of Board and Committee meetings 2018

Board Meetings	Composition	No of meetings attended	8 Mar	17 May	16 Aug	29 Nov
Adenrele Kehinde	Chairperson	4	√	√	√	√
Valentine Ojumah	Member	4	√	√	√	√
Ekpe Ukpabio*	Member	4	√	√	√	√
Festus Izevbizua**	Member	1	x	x	x	√
Moruf Apampa***	Member	1	x	x	x	√
Caleb Yaro	Member	4	√	√	√	√
Margaret Dawes	Member	4	√	√	√	√
Aderemi Ogunmefun	Member	4	√	√	√	√
Oyewale Ariyibi	Member	4	√	√	√	√
Theuns Botha	Member	4	√	√	√	√

* Resigned from the Company in November 2018.

** Appointed w.e.f. 17 May 2018, NAICOM approved w.e.f. 4 September 2018.

*** Appointed w.e.f. 16 August 2018, NAICOM approved w.e.f. 11 December 2018.

Board Committees

The Board discharges its responsibilities through the different committees and is regularly informed about the work of the committees by their respective chairpersons.

The Board has three standing Committees, namely:

- Board Audit and Compliance Committee;
- Board Finance, Investment and General Purpose Committee; and
- Board Enterprise Risk Management and Governance Committee

The Committees make recommendations to the Board, which retains responsibility for final decision-making.

All Committees report to the Board and as such must conform to the regulations laid down by the Board, with well-defined terms of reference contained in the charter of each Committee. The Committees render reports to the Board at the Board's quarterly meetings.

A summary of the functions of each committee is stated below:

BOARD AUDIT AND COMPLIANCE COMMITTEE

Caleb Yaro	-	Chairman
Margaret Dawes	-	Member
Oyewale Ariyibi	-	Member
Aderemi Ogunmefun	-	Member
Festus Izevbizua	-	Member

Caleb Yaro
Chairman

The Audit and Compliance Committee provides oversight responsibility for the audit, regulatory and compliance functions of the Company. The Committee also discusses the quarterly compliance reports and takes delivery of the audit reports and other reports and statements by the external auditors. The Committee monitors the effectiveness of the Company's internal control system, compliance system and internal audit system. The Committee recommends the appointment of external auditors and monitors its independence and quality and review external auditor's fee arrangements.

CORPORATE GOVERNANCE

Objectives of the Committee include:

- Monitoring the integrity of the financial statements and any formal announcements relating to the Company's financial performance;
- Monitoring the effectiveness of the Company's internal audit and control functions;
- Assessing the internal and external auditors' independence and objectivity in their respective audit processes;
- Making recommendations to the Board in relation to the appointment, remuneration and terms of engagement of the external auditor;
- Ensuring that the Company maintains strict compliance with legal and regulatory requirements; and
- Overseeing the development of internal control measures and when necessary, the periodic modifications of same in line with changes in business trends and business priorities.

Core responsibilities of the Committee include:

- Ascertain that the accounting and reporting policies of the Company are in accordance with relevant regulatory, statutory and ethical requirements;
- Recommend to the Board for approval, the terms of engagement and fees to be paid to the external auditor in respect of services provided;
- Review and report to the Board on the significant financial reporting issues and judgements made in connection with the preparation of the Company's financial statements reporting, risk management and internal control;
- Review related information presented with the financial statements, including the business review, and corporate governance statements relating to the audit;
- Review the annual audit plan and where the Committee is not satisfied as to its adequacy, it should make recommendations accordingly;
- Consider the Company's audited financial reports to ensure transparency and compliance with Section 359(6) of the Companies and Allied Matters Act; and
- Ensure that the engagement letter issued by the external auditor at the start of each audit has been updated to reflect changes in circumstances arising from the previous year.

Quorum

Two members will constitute a quorum, provided that one of the members is a Sanlam nominee.

Board Audit and Compliance Committee meetings 2018

Board Audit and Compliance Committee	Composition	No of meetings attended	7 Mar	16 May	15 Aug	28 Nov
Caleb Yaro	Chairman	4	√	√	√	√
Margaret Dawes	Member	4	√	√	√	√
Aderemi Ogunmefun	Member	4	√	√	√	√
Oyewale Ariyibi	Member	3	√	x	√	√
Festus Izevbizua	Member	1	x	x	x	√

CORPORATE GOVERNANCE

BOARD FINANCE, INVESTMENT AND GENERAL PURPOSE COMMITTEE

Margaret Dawes	-	Chairperson
Theuns Botha	-	Member
Valentine Ojumah	-	Member
Caleb Yaro	-	Member

Margaret Dawes
Chairperson

The Finance, Investment and General Purpose Committee monitors and reviews the Group's investment policies; it ensures at all times that the Group's investment policies reflect the objectives of safety and maintenance of fair returns on investments. The Committee equally establishes standards, rules and guidelines for the Group's investment management operations while also reviewing the Group's Investment strategy to sustain medium to long-term competitive edge. The value of the Group's marked-to-market portfolios is also evaluated by this Committee.

Objectives of the Committee include:

- Assist the Board to oversee the overall management of the Company's finances;
- Support the Board in overseeing the Company's investment strategy and portfolios to ensure consistency and compliance with set objectives;
- Advise the Board on its oversight responsibilities in relation to human capital issues in general, and in specific, the recruitment, compensation and benefits;
- Provide broad guidance to the Board on other generic but strategic matters including but not limited to customer satisfaction, corporate communications and others;
- Assess the Company's financial statements including the income statement, statement of financial position, statement of changes in equity and the statement of cash flow;
- Review the quality of the Company's investment portfolio to appraise performance and recommend necessary improvements; and
- Review the process for determining provision for investment losses and the adequacy of provisions made.

Core responsibilities of the Committee include:

- Reviews and recommends for the Board's approval the Company's annual operating budget;
- Reviews the capital adequacy requirements of the Company and makes recommendations;
- Ensure that the Company's investment portfolio is structured to meet the minimum requirement for investments as per Insurance Act 2003;
- Review and make recommendations to the Board regarding FBNInsurance's investment strategy, policy and guidelines, its implementation and compliance with those policies and guidelines;
- Ensure that the liability of insurance contracts are adequately matched against their maturity profiles;
- Periodically review the performance of the major securities and financial instruments relative to the investment portfolio of the Company;
- The committee annually reviews the Company' policies with respect to financial risk assessment and financial risk management; and
- Review the Company's impairment models and Asset and Liability Matching (ALM) process.

Quorum

Quorum of meetings shall be at least two (2) Directors provided one of the Directors is a Sanlam nominee.

CORPORATE GOVERNANCE

Board Finance, Investment and General Purpose Committee meetings 2018

Board Finance, Investment and General Purpose Committee	Composition	No of meetings attended	7 Mar	16 May	15 Aug	28 Nov
Margaret Dawes	Chairperson	4	√	√	√	√
Caleb Yaro	Member	4	√	√	√	√
Valentine Ojumah	Member	4	√	√	√	√
Theuns Botha	Member	4	√	√	√	√

BOARD ENTERPRISE RISK MANAGEMENT AND GOVERNANCE COMMITTEE

Aderemi Ogunmefun - Chairman
Theuns Botha - Member
Oyewale Ariyibi - Member
Ekpe Ukpabio - Member

Aderemi Ogunmefun
Chairman

The Enterprise Risk Management and Governance Committee assists the Board in the development and implementation of a comprehensive Enterprise Risk Management framework in line with NAICOM's risk management guidelines. It reviews and monitors the Enterprise Risk Management practices of the Company. The Committee also ensures the development and implementation of an appropriate corporate governance framework for the Company while it also reviews and monitors the corporate governance practices and the implementation of the corporate strategy in the context of prevailing trends in the business landscape.

Objectives of the Committee include:

- The development and implementation of a comprehensive enterprise risk management framework in line with NAICOM's risk management guidelines, and where possible, international best practices on risk management;
- Reviewing and monitoring of the enterprise risk management practices of the Company and providing improvement recommendations where necessary;
- Overseeing the development and implementation of a Business Continuity Plan for the Company relative to existing and emerging risks;
- Ensuring the development and implementation of an appropriate corporate governance framework for the Company in line with NAICOM's code of corporate governance and international best practices;
- Reviewing and monitoring the corporate governance practices and providing improvement recommendations where necessary;
- Monitoring the implementation of the corporate strategy in the context of prevailing trends in the business landscape; and
- Supervising the strategic activities and initiatives of key operational functions of the Company.

Core responsibilities of the Committee include:

- Oversee the development, and when necessary, the review of the enterprise risk management framework, policies and procedures;
- Review the adequacy of the risk control activities and provide additional control measures where necessary;
- Ensure that the enterprise risk management framework includes processes for the identification, assessment, control and mitigation of all categories of risks;
- Escalate high impact risks to the Board as deemed necessary for further consideration with a view to promptly intervene in the mitigation of such risks;
- Support the Board and Management in the process of defining short to medium-term strategic aspirations and objectives for the Company;
- Review the implementation status of key strategic initiatives as defined in the approved corporate strategy and make necessary recommendations;

CORPORATE GOVERNANCE

- Continuously monitor conflict of interests within Management and Board Members and advise the Board on addressing same; and

- Work in conjunction with the Management and other relevant Board committees in ensuring that the integrity of the Companies' accounting and reporting systems are maintained.

Quorum

At least two (2) Directors, provided one of the Directors is a Sanlam nominee.

The composition of the committees are as follows:

Board Enterprise Risk Management and Governance Committee meetings 2018

Board Enterprise Risk Management and Governance Committee	Composition	No of meetings attended	7 Mar	16 May	15 Aug	28 Nov
Aderemi Ogunmefun	Chairman	4	√	√	√	√
Ekpe Ukpabio	Member	4	√	√	√	√
Theuns Botha	Member	4	√	√	√	√
Oyewale Ariyibi	Member	3	√	x	√	√

SUPPORT COMMITTEES

Executive Management Committee (ExCo)

This Committee reports to the Board on activities of the Company.

The Committee is responsible for:

- ensuring alignment of Company's strategic and business plan as approved by the Board;

- reviewing strategic and business performance against approved plans and budget of the Company, and agreeing on recommendations and corrective actions;

- ensuring adequate monitoring of Revenue and Expenditure Budget; and

- providing leadership to the Management team.

Members of the Committee include the Managing Director/CEO, the Executive Director, Technical, the Chief Financial Officer (CFO), Chief Technical Officer (CTO), the Head, Legal, the Head, Actuary, the Head, Human Resources, and any other Divisional Head as appointed from time-to-time.

Management Investment Committee

This committee reports to the Board Investment Committee on investment activities of the Group. The Committee meets monthly to discuss and review the portfolio of the Group. The Committee members are:

Managing Director/CEO	-	Chairman
Executive Director/CFO	-	Member
Executive Director, Technical/Operations	-	Member
Head, Actuary	-	Member
Head, Risk Management	-	Member
Investment Officer	-	Secretary

Enterprise Risk Management Committee (ERMC)

FBNInsurance has an Enterprise Risk Management Committee designed to ensure a collaborative risk management environment through effective coordination, monitoring and aggregation of risk across the organisation. Below are the specific objectives of the ERMC:

- Ensure the realisation of FBNInsurance's Risk Strategies, Philosophy and Culture as articulated in the Enterprise Risk Management (ERM) Framework;

- Review the Risk Management's Report and provide suggestions on the potential risks, including specification on control measure or mitigation plan as well as development of risk management culture within the organisation in order to ensure efficient continuity;

- Provide recommendations, monitor, and evaluate risk management process to the Chief Risk Officer (CRO) for

CORPORATE GOVERNANCE

further implementation, support Chief Risk Officer (CRO) and to achieve the goals of the Company's Risk Management; and

- Promote ERM implementation, by facilitating discussions on best practices and lessons learned; and to regulate and support risk management process to be in line with strategy and business goal, including the changing circumstance.

Membership and Meetings

The membership of the committee comprises of all the Heads of Departments and Critical units and risk-type owners each of which may be represented by their risk Champions with the Executive officer responsible for Risk Management as the Chairman and in the absence of which any Executive Director acts with the Chief Risk Officer as the Co-chair. The committee meets monthly.

WHISTLEBLOWING PROCEDURES

The whistleblowing process involves steps that should be taken by the whistleblower in reporting misconduct, and steps required for the investigation of the reported misconduct. The Company has a procedure that encourages staff and other relevant stakeholders to report perceived unethical or illegal conduct of employees, Management, Directors and other stakeholders across the Group to appropriate authorities in a confidential manner without any fear of harassment, intimidation, victimisation or reprisal of anyone for raising concern(s) under this policy.

The Board of Directors and Management is committed to promoting a culture of openness, accountability and integrity, and will not tolerate any harassment, victimisation or discrimination of the whistleblower provided such disclosure is made in good faith with reasonable belief that what is being reported is fact. The Company has dedicated email address and telephone numbers through which staff are encouraged to raise any concern or unethical conduct.

DIRECTORS' REPORT

The Directors submit their report together with the audited consolidated and separate financial statements for the year ended 31 December 2018, which disclose the state of affairs of the Group.

(a) Incorporation and address

FBN Insurance Limited, (the Company) was incorporated in Nigeria in September 2007 under the Companies and Allied Matters Act as a private limited liability company, and is domiciled in Nigeria. The National Insurance Commission licensed the Company on 22 February 2010 to carry on the business of life insurance and investment contract. The Company commenced operations on 1 September 2010. The address of its registered office is 34 Marina, Lagos.

FBN Insurance Limited acquired 100% of the Equity of FBN General Insurance Limited (formerly known as Oasis Insurance Plc) in 2014, and the acquiree became a wholly-owned subsidiary of the Group in December 2014. FBN General Insurance Limited engages in non-life insurance business.

(b) Principal activities

The principal activity of the Group is the provision of life and non-life insurance business, risk management solutions and financial services to corporate and retail customers in Nigeria.

(c) Results

The Group's results for the year are set out on pages 92 and 93. The profit after tax for the year ended 31 December 2018 in the sum of ₦5.9bn for the Group and ₦5.4bn for the Company (₦3.7bn and ₦3.4bn in 2017 respectively) has been transferred to retained earnings.

	Group		Company	
	31-Dec-18 ₦'000	31-Dec-17 ₦'000	31-Dec-18 ₦'000	31-Dec-17 ₦'000
Gross premium written	**30,611,396**	23,097,420	**25,976,164**	19,580,871
Net underwriting income	**28,297,387**	20,306,418	**25,545,465**	18,009,558
Profit before tax	**6,750,197**	4,585,126	**6,134,599**	4,262,284
Taxation	**(807,382)**	(912,944)	**(684,770)**	(881,033)
Profit after tax	**5,942,815**	3,672,182	**5,449,829**	3,381,251

(d) Dividends

During the 2018 financial year, the Board approved an interim dividend of 55k per share at the meeting held on 22 November 2018. The Directors have recommended a 10k per share final dividend bringing the total dividend for the year to 65k per share. (36k per share in 2017).

DIRECTORS' REPORT

(e) Directors

The Directors who held office during the year and to the date of this report were:

Adenrele Kehinde	-	Chairperson
Valentine Ojumah	-	Managing Director
Ekpe Ukpabio	-	Executive Director (Resigned w.e.f. 30 Nov 2018)
Festus Izevbizua	-	Executive Director
Moruf Apampa	-	Executive Director
Caleb Yaro	-	Independent Non-Executive Director
Margaret Dawes	-	Non-Executive Director
Aderemi Ogunmefun	-	Non-Executive Director
Oyewale Ariyibi	-	Non-Executive Director
Theuns Botha	-	Non-Executive Director

Appointment of Directors

Festus Izevbizua was appointed as Executive Director by the Board effective 17 May 2018. NAICOM approved on 4 September 2018. Moruf Apampa was appointed on 16 August 2018 while NAICOM approved on 11 December 2018.

(f) Directors' shareholding

The Directors had no interest in, nor held any shares in the Company.

(g) Directors interests in contracts

None of the Directors has notified the Company for the purpose of Section 277 of the Companies and Allied Matters Act, of their direct or indirect interest in contracts or proposed contracts with the Company during the year.

(h) Shareholding

The shareholding structure of the Group is as follows:

	2018		2017	
	Number of shares ₦'000	Percentage held (%)	Number of shares ₦'000	Percentage held (%)
FBN Holdings Plc	**3,468,692**	**65**	3,468,692	65
Sanlam Emerging Markets (Pty) Ltd	**1,867,758**	**35**	1,867,758	35
	5,336,450	**100**	5,336,450	100

DIRECTORS' REPORT

(i) Donations and gifts

The Company made the following contributions to charity and non-government organisations during the year amounting to ₦35.2million (2017: ₦15.4million).

2018	Amount ₦'000
Genotype Foundation Medical outreach	250
R-wells Media-Kids Voice Reality Show	500
Dialysis Machine for Gbagada General Hospital	7,790
Hans & Rene Ltd-Launch of Hans & Rene	10,000
Ikoyi Club 1938	100
Renovation of Aragba Secondary School	7,851
Ibadan Golf Club	500
Chartered Insurance Institute of Nigeria	1,010
National Association of Insurance and Pension Correspondence	400
Nigerian Insurers Association	850
Jakin NGO	500
WFM Job Entry Acquisition Training	250
Benola-A Cerebral Palsy Initiative	500
Ikoyi Baptist Church	500
Almond Productions Ltd-Support of Customers' Forum Industry Night	250
Biporal-Support for Wellness Fair	1,000
Indian Cultural Association	200
2018 AIO Conference in Accra	100
FUC South East Principals Association-Annual General Meeting	500
Nemsia Solutions Ltd-Donations	2,000
Coronation Anniversary Brochure for Oba Olusegun Ogunye	150

(j) Events after period end

No material facts or circumstances arose between the dates of the statement of financial position and this report that will affect the financial position of FBN Insurance Limited as at 31 December 2018.

(k) Human resources

Employment of Disabled Persons

The Company continues to maintain a policy of giving fair consideration to the application for employment made by disabled persons with due regard to their abilities and aptitudes. The Group's policy prohibits 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 with the Group continues and appropriate training arranged to ensure that they fit into the Group's working environment. As at 31 December 2018, the Group had no disabled persons in its employment.

DIRECTORS' REPORT

Health, safety and welfare at work

The Group enforces strict health and safety rules and practices at the work environment, which are reviewed and tested regularly. The Group retains top-class private hospitals where medical facilities are provided for staff and their immediate families at the Group's expense. Fire prevention and fire-fighting equipment are installed in strategic locations within the Group's premises. The Group operates a Workmen's Compensation Insurance covers for the benefit of its employees. It also operates a contributory pension plan in line with the Pension Reform Act, 2014.

Employee involvement and training

The Group ensures, through various fora, that employees are informed on matters concerning them. Formal and informal channels are also employed in communication with employees with an appropriate two-way feedback mechanism. In addition, employees of the Group are nominated to attend both locally and internationally organised courses. These are complemented by on-the-job training. All officers of the Group attend meetings and retreats where members of staff critically discuss the Group's performance and recommend solutions to identified challenges.

Gender analysis

The number and percentage of women employed in the Company during the financial year vis-a-vis total workforce are as follows:

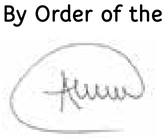
	Male Number	Female Number	Male Number	Female Number
Employees	101	69	59%	41%
Gender analysis of Board and Top Management is as follows:				
Board	7	2	78%	22%
Top Management	10	4	71%	29%
Detailed analysis of the Board and Top Management is as follows:				
Senior Manager	3	1	75%	25%
Principal Manager	3	2	60%	40%
Assistant General Manager	3	1	75%	25%
Deputy General Manager	1	-	100%	0%
Executive Director	2	-	100%	0%
Chief Executive Officer	1	-	100%	0%
Non-Executive Director	4	2	67%	33%

(l) Auditors

The Auditors, Messrs. Deloitte & Touche were re-appointed during the period as Auditors of the Company in line with Section 357 (1) of CAMA 1990. The Auditors, having satisfied the requirement of NAICOM and the Company, have indicated their willingness to continue in office during the year.

FBN Insurance Limited consolidated financial statements have been authorised for issue by the Board of Directors on 7 March 2019.

By Order of the Board



Anne Edeogu
Company Secretary
FRC/2017/NBA/00000016137
7 March 2019

RISK FACTORS

At FBN Insurance, we attach a great deal of importance to proper identification of inherent risks and continually seek ways to mitigate them.

ENTERPRISE RISK MANAGEMENT

The Group has a robust enterprise risk management framework which has been designed along the requirements of NAICOM and the Committee of Sponsoring Organisation of the Treadway Commission (COSO). Effective risk management remains fundamental to the business activities of the Group and there is a framework that supports a culture where risk management is everyone's responsibility from the levels of the Board and Executive Committees down to risk owners and respective risk units.

The Group's enterprise risk management framework clearly identifies, assesses, monitors, evaluates and manages the principal risks it assumes in conducting its activities. These risks include credit, market and operational risks, as well as legal, compliance, reputational information security risks and underwriting risk. The risk structure includes Management's approach to risk inherent in the business and its appetite for these risk exposures. Under this approach, the Group continuously assesses its top risks and monitors the risk profile against approved limits. The main strategies for managing and mitigating risk include policies and tools that target specific broad risk categories.

ENTERPRISE RISK MANAGEMENT PHILOSOPHY

The Group's risk management principles and strategy is hinged on maximising value creation and returns on investments. The risk management strategy is such that will assist the Group in achieving its vision and delivery of business objectives. As part of the risk strategy, the Group's enterprise risk management framework will ensure identification, quantification and treatment of all the foreseeable key risks. Our basis includes that the risk management process will;

> "The Chief Risk Officer (CRO) is responsible for setting policies and procedures necessary for the implementation of the risk framework."

- uphold the Group's integrity and value system;
- add sustainable value to all the activities of the organisation;
- aid the understanding of the potential upside and downside of key risks;
- support compliance with regulatory requirements;
- increase probability of success;
- reduce the uncertainty of achieving the organisation's overall objectives;
- support the culture that "managing risk is everybody's responsibilities" and pursue and reinforce this objective through risk awareness, clear Executive sponsorship, setting risk appetite and risk boundaries that are generally known, agreed and widely discussed; and
- provide clear lines of responsibilities.

Our risk management context is entrenched in our mission statement of wealth protection through a team of risk and investment managers that provides our customers and other stakeholders with effective, creative solutions, assuring their financial security with our superior strength and capacity in the Nigeria market space.

OUR RISK CULTURE

- The Board and Senior Management consciously promote a responsible approach to risk management and ensure that the sustainability and reputation of the Company are not jeopardised while expanding its market share.
- The responsibility for risk management in the Company is fully vested in the Board which is in turn delegated to Senior Management.
- The Company pays adequate attention to both quantifiable and unquantifiable risks.
- The Company management creates awareness of risk and risk management across board.
- The Company continually subjects its products, distribution channels and businesses to effective risk assessment process and it will not engage in any business until it has objectively assessed and managed the associated risk.

ENTERPRISE RISK MANAGEMENT

RISK MANAGEMENT FRAMEWORK

Our risk management framework was designed and embedded in our operating culture and processes. There are clear levels of responsibilities (from the Board of Directors to the Staff Unit) assigned for effective management of our business risk.

We operate and maintain three levels of risk governance structure for the oversight and management of risk. These are:

1st Line of Defence - Management

The Board includes the Board of Directors and the Board Risk and Governance Committee and is charged with the responsibility for oversight of the enterprise risk management process, Proposing and approving the risk appetite level for the business and delegating the responsibility of detailed oversight to Risk Management Committee.

2nd Line of Defence - Risk oversight

This consists of the Risk Management Committees and the Chief Risk Officer of the Group. The Management evaluates the risks inherent within the business and ensure that they are captured appropriately within the business risk profile. The Chief Risk Officer facilitates an improved understanding of Risk Management process throughout the organisation in order to embed and improve continuously a risk awareness culture and to work with business management to review and update the Risk and control log.

The Chief Risk Officer (CRO) is responsible for setting policies and procedures necessary for the implementation of the risk framework. The role of the Chief Risk officer includes communicating the Group's risk profile to the Board and Management Committee and also communicates the decisions of the Board and Risk Management Committee to the other members of the Group.

3rd Line of Defence - Independent assurance

This is the last line or level of defence within our risk management structure and comprises the internal audit and external auditors' function that provides independent and objective assurance of the effectiveness and adequacy of risk management control and governance process.

RISK APPETITE

The Company is committed to driving its business initiatives without loss of value or unmitigated exposures to related risks. In order to improve the value of shareholders' wealth and remain profitable, the Company designed its appetite for risk exposures at any given situation. The risk appetite represents the amount of risk exposure or potential adverse impact from an event that the Company is willing to accept or retain. The risk appetite of the Group is set by the Board of Directors annually, and it is aimed at minimising erosion of earnings or capital due to avoidable losses in the trading, investment and underwriting books, or from frauds or operational inefficiencies. The Company's Risk Appetite objectives include:

- Optimisation of capital employed through enhanced return on equity.
- Consistently strive to minimise overall cost of risk exposure and its management through effective risk mitigation practices.
- Losses due to frauds and operational lapses should be a maximum of a specified percentage of gross earnings and in any case be lower than the industry average.

RISK MANAGEMENT POLICIES AND PROCEDURES

The Enterprise-wide Risk Management policies and procedures which have been instituted strategically are aimed at managing potential, inherent and residual risk categories in the Company's operations.

The Board recognises that the practice of risk management is critical to the achievement of corporate objectives and has actively encouraged a risk culture that embraces innovation and opportunity, primed risk-taking and acceptance of risk which is inherent in all our activities, whilst reducing barriers to successful implementation.

RISK CLASSIFICATION

The Group is exposed to different kinds of risk while conducting its business. Some of these include:

ENTERPRISE RISK MANAGEMENT

Market risk/Investment risk

This is the risk to a Company's financial condition resulting from adverse movements in the level or volatility of market prices. FBNInsurance has a structured process and basis for measuring and calculating the probability of loss and possible impact on the Group's capital resources caused by adverse changes in the price of stock and shares, property, exchange rates and other market conditions that are relevant. The Company has established investment limits in its operational guidelines and policy of assets diversification in line with NAICOM regulations to prevent over concentration and over-exposure to any particular market.

Credit risk

This is the risk that counterparty will default on payment or fail to perform an obligation to the Company. FBNInsurance has a system for conducting due diligence on the credit worthiness of any party to which it has credit exposure. The Company does not ordinarily grant credit facilities to third parties in the course of its business but could have credit risk associated with Insurance Brokers consequent upon the "No Premium No Cover" enforcement by NAICOM.

Operational risk

This is the risk of loss from inadequate or failed internal processes, people and systems or from external events which arises from the potential that inadequate information systems, operational problems, breaches in internal controls, fraud, or unforeseen catastrophes will result in unexpected losses. The Group has policies that cover risk that may arise from people, systems and internal process failures. The policies include staff recruitment, training, retention plans, succession plans, remuneration and welfare benefits, designing standard operating procedure and policies, driving compliance culture, process automation, Information Technology support systems, data integrity, IT systems access, etc.

Liquidity risk

Liquidity risk exists when there is insufficient cash flow to meet the Company's operational and financial obligations and is usually associated with inability to liquidate assets or obtain funding from external sources to pay claims and other liabilities when due. The Company manages its liquidity risk through appropriate assets and liability management strategy through the Investment Management Committee. Monthly liquidity reports are prepared and reviewed as part of liquidity risk management processes. Necessary action steps, are then taken to ensure no liquidity gap exists in the operations.

> "In line with the Company risk management philosophy, FBNInsurance is committed to compliance with all regulations and legislations in Nigeria that is geared towards the fight against all forms of financial crime, which includes, money laundering and terrorist financing."

Reinsurance risk

This is the risk of inadequate reinsurance cover to mitigate underwriting risk. It usually occurs when there is insolvency of a reinsurer, discovery of exposures without current reinsurance coverage, or exhaustion of reinsurance covers through multiple losses. The Company has documented reinsurance policies for adequate reinsurance arrangements and treaties for all categories of insurance business transacted. The policies include the process for Reinsurer selection, monitoring, claims recovery, etc.

Underwriting risk

Underwriting is the process by which an insurer determines the conditions necessary and suitable to accept insurance risk. The risk crystallises when there is severe and frequent claims against the Group's projected capacity. The Group has embedded internal control processes to guide its insurance business and guide against the risk of unexpected losses and capital erosion. There is well documented underwriting policies and procedure and are enforced throughout the organisation.

Business risk

The Group's business risk is associated with gaining market share. This risk is considered through documented process for product development and launch, business segment profitability analysis, stakeholder's engagement as well as being embedded in our brand promise.

Reputational risk

This is the risk of events that could cause public distrust and damage to the Group's integrity, reputation and goodwill, especially in the eyes of customers, regulators, competitors, and the general public. We manage reputational risk through a structured approach to defining and implementing core values and acceptable standard of behaviour which staff are expected

ENTERPRISE RISK MANAGEMENT

to follow while conducting the day-to-day business of the Group. The Group risk assessment and monitoring process has embedded controls for testing reputational risk and the outcome of such exercise is communicated to the Board Risk Committee on a quarterly basis.

LEGAL/COMPLIANCE AND REGULATORY RISK MANAGEMENT

The Group has procedures to ensure that all statutory regulations are completely adhered to by the business unit at all time. These regulations include those set by NAICOM and other relevant agencies of government. There are internal control processes that identify potential breaches to the regulations and are promptly mitigated. Some of the control processes include:

- Know-Your-Customer (KYC) procedure;
- Anti-money laundering/combating the financing of terrorism (AML/CFT);
- Anti-bribery and corruption measures;
- Guidelines for adherence to Corporate Governance principles;
- Gift policies; and
- Whistleblowing policies.

Risk report and risk map

Issues arising from the risk assessment process are collated and presented in a report called the Risk Report which forms the basis for constructing the risk map. The risk map draws Senior Management's attention to the critical risk factors as well as the adequacy of existing controls to mitigate the risk. The risk map provides a snap short summary of the significant risk and the ratings and probability of occurrence within a specific period. This forms the basis for estimating the potential operational loss.

Risk Control Self-Assessment (RCSA)

The Group has a mechanism for risk assessment on a periodic basis and this is known as Risk Control Self-Assessment (RCSA) principle. It involves the tests and procedures or assessments that need to be performed periodically to assure that key controls are in place and are working effectively as designed. The control requirements are proactively assessed through process risk analysis and review of policy requirements, loss events, and audit findings. The Group then set controls required to comply with policy requirements and test these processes for adequacy and risk mitigation capability. Risk Champions are engaged in each business or risk unit to facilitate the process of risk control self-assessment in the Group.

Key risk indicators

The Key Risk Indicator (KRI) provides trend analysis of risk exposures or deviation from standard processes. This helps the risk officers and risk owners to promptly identify increasing threat to business activities and escalate to the appropriate senior levels for control and to probably review the risk appetite. The trend analysis is one of the sources of data for the risk report and risk map documented by the Company.

Loss events reporting

The Group has a Loss Event Register (LER) that captures all actual loss sustained during operational processes.

Health and safety management

The Health and Safety Management has been instituted to provide and maintain safe healthy working conditions, work equipment and systems for all staff. This responsibility also extends to visitors, contractors and others who may potentially be affected by our activities. The Health and Safety Policy framework underpins the policy statements, roles and responsibilities of HSE officer.

Business Continuity Plan (BCP)

The Business Continuity Plan (BCP) has been designed to promote resilience against operational threats especially with regards to continuity of critical operations, in the event of a disaster or disruption to critical operations. The BCP framework also addresses adherence to contingency planning procedures, in the event of emergencies. We aim to continually improve on inherent gaps identified during each simulation exercise.

Anti-Money laundering and combating the Financing of Terrorism (AML/CFT) framework

In line with the Company risk management philosophy, FBNInsurance is committed to compliance with all regulations and legislations in Nigeria that is geared towards the fight against all forms of financial crime, which includes, money laundering and terrorist financing.

ENTERPRISE RISK MANAGEMENT

> "The Key Risk Indicator (KRI) provides trend analysis of risk exposures or deviation from standard processes. This helps the Risk Officers and Risk owners to promptly identify increasing threat to business activities and escalate to the appropriate senior levels for control and to probably review the risk appetite."

The Company has robust framework for Anti-Money Laundering ("AML"), and Combating the Financing of Terrorism ("CFT"). The framework includes policies and procedures fully operational and consistently implemented. The governance structure of the framework highlights the Board's oversight responsibility to ensure that all members of staff of the Company adhere to the policies on AML/CFT. The Board, through the Management Committee (MANCO), delegated responsibility for implementation and management of money laundering related issues to the Chief Compliance Officer (CCO). Through this, Senior Management are regularly updated on new developments and trend in AML/CFT while all staff of the Company are regularly trained and made aware of the requirements to report any suspicious transactions to the Chief Compliance Officer. The Company submits reports to the Nigerian Financial Intelligence Unit (NFIU) in accordance with the provisions of Sections 2, 6 and 10 of the Money Laundering (Prohibition) Act of 2011 as amended ("the Act"). The AML/CFT Manual is compulsory reading for all members of staff for in-depth understanding of its content and actualisation of the Company's objective to comply with the provisions of the Act/guidelines.

Deloitte & Touche

INDEPENDENT AUDITOR'S REPORT

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated and separate financial statements of FBN Insurance Limited ("the Company") and its subsidiary (together referred to as "the Group") which comprise the consolidated and separate statement of financial position as at 31 December 2018, the consolidated and separate statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flow for the year then ended, and the notes to the consolidated and separate financial statements including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the consolidated financial position of FBN Insurance Limited as at 31 December 2018 and the financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards, the Companies and Allied Matters Act Cap C20 LFN 2004, Insurance Act I17 LFN 2004 and the Financial Reporting Council of Nigeria Act, 2011.

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 Financial Statements section of our report. We are independent of the Group and Company in accordance with the Institute of Chartered Accountants of Nigeria (ICAN) Professional Code of Conduct and Guide for Accountants and other independent requirements applicable to performing audits of financial statements in Nigeria. We have fulfilled our other ethical responsibilities in accordance with the ICAN Code and in accordance with other ethical requirements applicable to performing audits in Nigeria. The ICAN Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

INDEPENDENT AUDITOR'S REPORT

Key audit matter	How the matter was addressed in the audit
Valuation of Insurance and investment contracts	
Under IFRS 4, the Group is required to perform a liability adequacy test on its insurance contract liabilities and investment contract liabilities to ensure the carrying value of the liabilities are adequate. As disclosed in Notes 17a and 17b to the financial statements, the insurance contract liabilities and investment contract liabilities for the Company amounted to ₦50.5billion (2017:₦33.01billion). This represents about 86% of Company total liabilities as at 31 December 2018. Determination of the fair value of the contracts is an area that involves exercise of significant judgements and use of key inputs and assumptions. Some of these include operating assumptions in relation to uncertain future outcomes like mortality, morbidity, lapse and surrender, etc., and also economic assumptions relating to interest rates, inflation rates, expenses, return on investments, discount rates, future growth rates etc. are the key inputs used to estimate these long-term liabilities. The Company has an in-house actuary who assesses, on periodic basis, an estimate of the insurance liabilities for the various portfolio managed by the Company. At the end of each financial year, Management employs the services of an external actuary in the determination of its insurance liability after considering the accuracy and integrity of data used in the valuation. Necessary adjustments are made in the financial statements to reflect the liabilities determined by the actuary.	Our procedures included the following among others: • We reviewed the methodology and processes adopted by Management for making reserves in the books of the Company. • Tested entity's control around reserving process and maintenance of data for valuation of insurance contract liabilities. • We considered the validity of Management's liability adequacy testing which is a key test performed to check that the liabilities are adequate in the context of expected experience. Our work on the liability adequacy test includes assessing the reasonableness of the projected cash flows and challenging the assumptions adopted in the context of company and industry experience data and specific product features. • We validated the data used in the valuation of the insurance contract liabilities. • We involved Deloitte Actuary in the review of the assumptions and estimates used by Management and assessment of the adequacy of the insurance liabilities in line with Liability Adequacy Test ("LAT") based on requirement of IFRS 4. • We ensured the appropriateness of the journals posted, footed and agreed the figures disclosed in the financial statements to the figures stated in the actuarial valuation after thorough review of the basis and assumptions. We found that the assumptions used by Management were comparable with the market and were in accord with best practices while the key input data used in estimating the fair value of the insurance and investment contracts liabilities were appropriate in the circumstances. We consider the disclosure of the liabilities to be adequate, relevant and useful.

INDEPENDENT AUDITOR'S REPORT

Other information

The Directors are responsible for the other information. The other information comprises the Corporate Governance Report, Management Commentary, Enterprise Risk Management Report, Directors' Report, Chairman's Statement, Result at a glance and MD/CEO's review, which we obtained prior to the date of this auditor's report. The other information does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 for the consolidated and separate financial statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act CAP C20 LFN 2004, Insurance Act I17 2004 and Financial Reporting Council Act, 2011 and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and Company'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 Company or to cease operations, or have no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 financial statements.

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

- Identify and assess the risks of material misstatement of the Group's 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 relating to events or conditions that may cast significant doubt on the Company'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

INDEPENDENT AUDITOR'S REPORT

to the related disclosures in the 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 continue as a going concern. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the Company's 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 Company's audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the audit committee and/or the Directors, we determine those matters that were of most significance in the audit of the financial statements of the current year 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 benefits derivable by the public from such communication.

Report on other legal and regulatory requirements

- In accordance with the Sixth Schedule of the Companies and Allied Matters Act CAP C20 LFN 2004, Section 28(2) of the Insurance Act 117 LFN 2004, we expressly state that:

i) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.

ii) The Group has kept proper books of account, so far as appears from our examination of those books.

iii) The Group's and Company's statement of financial position and its statement of profit or loss and other comprehensive income are in agreement with the books of account.

iv) No evidence of non-compliance with laws and regulations (NOCLAR) was brought to our notice during the year.

Contraventions

The Group contravened certain sections of the Financial Reporting Council of Nigeria Act during the year. The particulars thereof and penalties paid are as disclosed in Note 37b to the consolidated financial statements.

For: Deloitte & Touche
Chartered Accountants
Lagos, Nigeria
March, 2019

Engagement partner: Joshua Ojo
FRC/2013/ICAN/00000000849

RISK DECLARATION

The Board Risk Management Committee of FBN Insurance Limited hereby declare as follows:

a) The Company has systems in place for the purpose of ensuring compliance with NAICOM guidelines;

b) The Board is satisfied with the efficacy of the processes and systems surrounding the production of financial information of the Company;

c) The Company has in place a Risk Management Strategy, developed in accordance with the requirements of NAICOM guidelines on Enterprise Risk Management (ERM), setting out its approach to risk management; and

d) The systems that are in place for managing and monitoring risks, and the risk management framework, are appropriate to the Company, having regard to such factors as the size, business mix and complexity of the Company's operations.

Aderemi Ogunmefun
FRC/2014/NBA/00000007374

Oyewale Ariyibi
FRC/2013/ICAN/00000001251

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management Discussion and Analysis (MD&A), which has been prepared as at 31 December 2018, should be read in conjunction with the financial statements of FBN Insurance limited and its subsidiary company.

FBNInsurance is a leading life insurance company registered and incorporated in Nigeria to provide insurance services which help our customers enjoy the peace of mind that comes from managing the risks of everyday life. Through FBN General Insurance, our subsidiary, we offer general insurance products and services to our growing customer base

Operating environment

On the global scene, economic and political uncertainty continued to shape the financial markets and the operating environment. There has been uneven expansion in the developed and emerging markets arising from sluggish output growth, trade tension, fluctuating oil price etc. For example, the political tension in the Korean peninsula, Iran, etc remain unabated while Brexit negotiation out of the European Union is uncertain. Some of the events impacted business environment in 2018. On a positive note, the successful cooperation among OPEC member countries on production quota contributed to improvement in the oil prices. The implications of all these included inflationary pressures, tight financial conditions, currency depreciation, and higher yield in advanced economies and pressure on growth forecast. Growth in the advanced economies was forecast at 2.4% for 2018, while Emerging Market is projected at 4.9% in 2018.

The Nigerian economy had a fair share of the global event, including recovery of oil and commodity prices, which accelerated government revenue, foreign exchange reserves and recovery from economic recession. 2018 also witnessed moderately declining inflation rate and stable foreign exchange market in Nigeria.

The Insurance industry experienced stable regulatory environment with focus on risk management, corporate governance and customer satisfaction. The risk based supervision introduced by the regulator last year has ushered into the industry a different outlook for capital requirements and measurement by Operators. Even though the insurance penetration rate continued to hover around 1% in 2018, there has been significant improvement on public confidence on account of improved turnaround in claims settlement as well as enlightenment campaign. The insurance industry is gearing towards digital marketing and evolvement of e-products to drive further penetration.

Operating result

The Group delivered another superlative performance in the 12 months period ended 31 December 2018. The gross premium written grew by 33% year-on-year from ₦23.1bn in 2017 to ₦30.6bn in 2018. The growth was driven by the strong performance of the retail life and annuity businesses. Similarly, the net premium income grew by 40% year-on-year from ₦20.0bn in 2017 to ₦27.9bn in 2018. The strong growth in net premium income is a reflection of our strategic focus in retail sales distribution.

The Group's underwriting profit closed at ₦7.34bn in December 2018, representing an increase of 169% year-on-year. The increase in underwriting profit from ₦2.73bn to ₦7.34bn in 2018 was largely due to enhanced investing yield and lower reinsurance ceded during the year which again speaks to high volume of retail sales during the period.

The Group witnessed some 9% rise in investment income from ₦7.5bn in 2017 to ₦8.2bn in 2018 due to improvement in yield in the fixed income market. The Group has clear cut strategy in place to ensure sound investment portfolio management including robust assets and liabilities matching.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Group recorded a profit before tax of ₦6.75bn compared to prior year profit before tax of ₦4.59bn representing a year-on-year growth of 47%.

Total asset of the group closed at ₦76.0bn in 2018 from ₦50.3bn in prior year representing a year-on-year growth of 51%. The improvement in asset size was driven by strong top line and bottom line growth in the insurance penetration. Provision for insurance contracts liabilities increase by 54% from ₦35.1bn in 2017 to ₦54.0bn in 2018 largely on account of Retail sales, group life and annuity businesses.

Outlook

Going into the new year, the Company remain focused to deliver on its strategies and promises to customers. With us, customers can save for a comfortable future and protect the people and assets that are most important to them. One of our principal objectives is to continue helping people, businesses, associations, communities and governments get back on their feet when the unexpected happens. It is, therefore, our responsibility to make sure we are there for our customers for now and the future.

FINANCIAL STATEMENTS

Our financial statements for the year ended 31 December 2018 have been prepared in accordance with the International Financial Reporting Standards (IFRS).

CORPORATE INFORMATION

COMPANY DETAILS

Registered address:	34 Marina Lagos Nigeria
RC Number:	707564
FRC Number:	FRC/2013/00000000001223
Telephone:	+234 01-9054810 +234 01-9054444 +234 01-9054382
Email:	FBNLifeassuranceenquiry@firstbanknigeria.com
Postal address:	P. O. Box 5216 Lagos Nigeria
Company secretary:	Anne Edeogu
Auditors:	Deloitte & Touche Civic Towers Plot GA 1, Ozumba Mbadiwe Avenue Victoria Island Lagos Nigeria www.deloitte.com.ng FRC/2013/ICAN/00000000849
Shareholders:	FBN Holdings Plc Sanlam Emerging Markets (Pty) Ltd.
Bankers:	First Bank of Nigeria Limited Guaranty Trust Bank Plc Zenith Bank Plc Stanbic IBTC Plc Access Bank Plc Ecobank Limited United Bank for Africa Plc Diamond Bank Plc Fidelity Bank Plc
Re-insurers:	African Reinsurance Corporation Continental Reinsurance Plc
Actuary:	Ernst & Young

STATEMENT OF DIRECTORS' RESPONSIBILITIES

For the preparation and approval of the Consolidated and Separate Financial Statements

The Directors of FBN Insurance Limited accept responsibility for the preparation of the Consolidated and Separate Financial Statements that gives a true and fair view of the financial position of the Group and Company as at 31 December 2018 and the result of its operation, cash flows and changes in equity for the year ended, in compliance with International Financial Reporting Standards ("IFRS") and in manner required by the Companies and Allied Matters Act of Nigeria, Insurance Act CAPI17 LFN 2004, relevant guidelines and circulars issued by the National Insurance Commission (NAICOM) and Financial Reporting Council Act 2011. The responsibilities include ensuring that the Group:

(a) keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Group and comply with the requirements of the Companies and Allied Matters Act and the Insurance Act;

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

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

The Directors accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with;

- International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB);
- the requirements of the Insurance Act;
- relevant guidelines and circulars issued by the National Insurance Commission (NAICOM);
- the requirements of the Companies and Allied Matters Act; and
- Financial Reporting Council Act of Nigeria

The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

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

By order of the Board

Adenrele Kehinde
Chairperson
FRC/2013/NBA/00000006842
7 March 2019

Valentine Ojumah
Managing Director/CEO
FRC/2012/CIIN/00000002422

CERTIFICATION BY COMPANY SECRETARY

In my capacity as Company Secretary, I hereby certify, in terms of the Companies and Allied Matters Act, that for the year ended 31 December 2018, the Company has lodged all such returns as are required of a company in terms of this Act, and that all such returns are, to the best of my knowledge and belief, true, correct and up-to-date.

Anne Edeogu
Company Secretary
FRC/2017/NBA/00000016137
Lagos, Nigeria
7 March 2019

CERTIFICATION BY ACTUARY

Form 7
(Under the Insurance Act 2003)

CERTIFICATE OF SOLVENCY OTHER THAN ACTUARY AND VALUATION REPORT OF AN INSURER IN RESPECT OF LIFE INSURANCE BUSINESS

FBN Insurance Limited

This certificate witnesseth that as respects the above mentioned Insurer, having its Head Office at 34 Marina, Lagos, Nigeria and carrying on Life Insurance Business, the liabilities under its life policies, in respect of business carried on in Nigeria did not exceed the amount of the Life Insurance and Deposit Administration Funds relating to the business at the end of the preceding financial year, that is to say as at 31 December 2018.

Dated: February 2019

Olurotimi Okpaise
Partner
Associate, Society of Actuaries, America
Fellow, Institute of Actuaries, England.
FRC/2012/NAS/00000000738

RESULTS AT A GLANCE

	Group		Company	
	31 December 2018 ₦'000	31 December 2017 ₦'000	31 December 2018 ₦'000	31 December 2017 ₦'000
COMPREHENSIVE INCOME STATEMENT				
Gross premium written	**30,611,396**	23,097,420	**25,976,164**	19,580,871
Gross premium income	**30,383,391**	22,747,028	**25,994,557**	19,386,560
Net premium income	**27,888,902**	20,007,695	**25,459,484**	17,927,198
Investment and other income	**8,078,200**	5,380,816	**7,221,151**	4,619,714
Net realised (loss)/gains on financial assets	**(2,503,152)**	1,080,351	**(2,438,808)**	1,039,777
Profit before tax	**6,750,197**	4,585,126	**6,134,599**	4,262,284
Profit after tax	**5,942,815**	3,672,182	**5,449,829**	3,381,251
STATEMENT OF FINANCIAL POSITION				
Total assets	**75,952,455**	50,349,560	**70,539,340**	46,945,428
Insurance and investment contract liabilities	**53,958,101**	35,132,790	**50,468,944**	33,013,515
Total liabilities	**62,854,710**	39,770,531	**58,567,585**	37,009,434
Total equity	**13,097,745**	10,579,029	**11,971,755**	9,935,994
Earnings per share (basic) - in kobo	**111**	69	**102**	63
Earnings per share (diluted) - in kobo	**111**	69	**102**	63

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

1 GENERAL INFORMATION

These are the consolidated financial statements of FBN Insurance Limited (the Company), and its subsidiary (together 'the Group'). FBN Insurance Limited (formerly known as FBN Life Assurance Limited) was incorporated in Nigeria under the Companies and Allied Matters Act (CAMA) as a private limited liability company on 6 September 2007. The National Insurance Commission (NAICOM) licensed the Company on 22 February 2010 to carry on the business of life insurance and investment contracts. The Company commenced operations on 1 September 2010. The Company is incorporated and domiciled in Lagos, Nigeria, providing life insurance services. The Company acquired FBN General Insurance (formerly Oasis Insurance Plc) in 2014, which was licensed to carry on non-life insurance business.

The Company has its registered office on 34 Marina, Lagos, Nigeria.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 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.

(a) Basis of measurement, preparation and compliance with IFRS

These consolidated financial statements are prepared in accordance with the International Financial Reporting and other relevant standards as issued by International Accounting Standards Board (IASB) and effective or available as at 31 December 2018; and other local regulations like Companies and Allied Matters Act (CAMA), FRC Act of 2011 and the Insurance Act 2003, to the extent that they are not in conflict with IFRS.

The consolidated financial statements have been prepared in accordance with the going concern principle under the historical cost convention as modified and except for the following; The interim consolidated financial statements have been prepared in accordance with the going concern principle under the historical cost convention as modified and except for the following;

i. Derivative financial instruments which are measured at fair value through profit or loss (FVTPL).

ii. Non-derivative financial instruments, carried at fair value through profit or loss, are measured at fair value.

iii. Fair value through other comprehensive income (FVOCI) financial assets are measured at fair value through equity.

iv. Assets and liabilities held-for-trading are measured at fair value through profit or loss.

v. Investment properties are fair valued through profit or loss and measured at the revaluation amount

vi. Equity instruments are fair valued through profit or loss

The financial statements are presented in Nigerian currency (Naira-which is the Group functional currency) and all values are rounded to the nearest thousand except when otherwise indicated.

The consolidated financial statements comprise the consolidated and separate statement of financial position, statement of comprehensive income, statement of changes in equity, statement of cash flow and the related notes.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(b) Significant accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires Management to exercise its judgement in the process of applying the Group's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions change. The Management believes that the underlying assumptions are appropriate and that the Group's financial statements, therefore, represent 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 in Note 2.

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

FBN Insurance Limited has adopted IFRS 9 as issued by the IASB in July 2014 with a date of transition of 1 January 2018, which resulted in changes in accounting policies and adjustments to the amounts previously recognised in the financial statements. FBN Insurance Limited did not early adopt any of IFRS 9 in previous periods.

Adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognised in the opening retained earnings and other reserves of the current year. FBN Insurance Limited does not currently apply hedge accounting.

The adoption of IFRS 9 has resulted in changes in the accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 'Financial Instruments: Disclosures'.

Set out below are disclosures relating to the impact of the adoption of IFRS 9 on FBN Insurance Limited. Further details of the specific IFRS 9 accounting policies applied in the current period are described in the accounting policies section.

(a) Basis of measurement, preparation and compliance with IFRS

Measurement Category	Group Balance as at 1 January 2018 ₦'000	Company Balance as at 1 January 2018 ₦'000
Financial assets:		
Fair value through profit or loss	38,672,691	35,391,185
Fair value through other comprehensive income	4,376,568	3,612,725
Amortised cost	158,933	-
Total	43,208,192	39,003,910
Financial liabilities:		
Fair value through profit or loss	21,734,247	19,614,971
Amortised cost	13,398,544	13,398,544
Total	35,132,791	33,013,515

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(b) Reconciliation of statement of financial position balances from IAS 39 to IFRS 9 at 1 January 2018-Group

Measurement category		(i) IAS 39 Carrying Amount 1/1/2018 ₦'000	(ii) Reclassifications ₦'000	(iii) Remeasurement ₦'000	Expected credit losses ₦'000	(iv) = (i) +(ii)+(iii) IFRS 9 Carrying amount 1/1/2018 ₦'000
Assets						
Cash and cash equivalents		1,566,512	-	-	-	1,566,512
Fair value through profit or loss		38,672,691	-	-	-	38,672,691
Available-for-sale	A	4,376,568	(4,376,568)	-	-	-
Fair value through OCI	B	-	4,535,501	-	-	4,535,501
Held-to-maturity	C	158,933	(158,933)	-	-	-
Trade receivables		42,620	-	-	-	42,620
Reinsurance assets		1,651,852	-	-	-	1,651,852
Other receivables and prepayments		601,108	-	-	-	601,108
Deferred acquisition costs		153,313	-	-	-	153,313
Investment properties		100,000	-	-	-	100,000
Intangible assets		418,375	-	-	-	418,375
Property, plant and equipment		2,107,590	-	-	-	2,107,590
Statutory deposits		500,000	-	-	-	500,000
Total assets		50,349,560	-	-	-	50,349,560
Liabilities						
Insurance contract liabilities		21,734,246	-	-	-	21,734,246
Investment contract liabilities		13,398,544	-	-	-	13,398,544
Trade payables		399,301	-	-	-	399,301
Other payables and accruals		1,892,201	-	-	-	1,892,201
Tax payable		1,308,824	-	-	-	1,308,824
Dividend payable		672,393	-	-	-	672,393
Deferred tax liability		365,022	-	-	-	365,022
Total liabilities		39,770,531	-	-	-	39,770,531
Equity						
Share capital		5,336,450	-	-	-	5,336,450
Share premium		1,930,708	-	-	-	1,930,708
Contingency reserves		1,257,245	-	-	-	1,257,245
Retained earnings	D	1,952,315	-	-	(1,623)	1,950,692
Fair value reserves	E	102,311	-	-	1,623	103,934
Total equity		10,579,029				10,579,029
Total equities and liabilities		50,349,560	-	-	-	50,349,560

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(b) Reconciliation of statement of financial position balances from IAS 39 to IFRS 9 at 1 January 2018-Company

Measurement category		(i) IAS 39 Carrying Amount 1/1/2018 ₦'000	(ii) Re-classifications ₦'000	(iii) Remeasurement ₦'000	Expected credit losses ₦'000	(iv) = (i)+(ii)+(iii) IFRS 9 Carrying amount 1/1/2018 ₦'000
Assets						
Cash and cash equivalents		1,153,509	-	-	-	1,153,509
Fair value through profit or loss		35,391,185	-	-	-	35,391,185
Available-for-sale	A	3,612,725	(3,612,725)	-	-	-
Fair value through OCI	B	-	3,771,658			
Held-to-maturity	C	158,933	(158,933)	-	-	-
Trade receivables		2,592	-	-	-	2,592
Reinsurance assets		735,169	-	-	-	735,169
Other receivables and prepayments		495,246				
Investment in subsidiary		4,100,873	-	-	-	4,100,873
Intangible assets		122,318	-	-	-	122,318
Property, plant and equipment		972,879	-	-	-	972,879
Statutory deposits		200,000	-	-	-	200,000
Total assets		46,945,428	-	-	-	46,945,428
Liabilities						
Insurance contract liabilities		19,614,971	-	-	-	19,614,971
Investment contract liabilities		13,398,544	-	-	-	13,398,544
Trade payables		304,096	-	-	-	304,096
Other payables and accruals		1,458,309	-	-	-	1,458,309
Tax payable		1,261,271	-	-	-	1,261,271
Dividend payable		672,393	-	-	-	672,393
Deferred tax liability		299,851	-	-	-	299,851
Total liabilities		37,009,435	-	-	-	37,009,435
Equity						
Share capital		5,336,450	-	-	-	5,336,450
Share premium		1,930,708	-	-	-	1,930,708
Contingency reserves		1,018,039	-	-	-	1,018,039
Retained earnings	D	1,558,294	-	-	(1,399)	1,556,895
Fair value reserves	E	92,503	-	-	1,399	93,902
Total equity		9,935,994				9,935,994
Total equities and liabilities		46,945,428	-	-		46,945,428

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

		Group		Company	
		IAS 39 as at 31 Dec 2017	IFRS 9 as at 1 Jan 2018	IAS 39 as at 31 Dec 2017	IFRS 9 as at 1 Jan 2018
A	**Available-for-sale (AFS)**				
	Balance as at December 2017 (IAS 39)	4,376,568	-	3,612,725	-
	Reclassified from AFS to FVOCI	(4,376,568)	**4,376,568**	(3,612,725)	**3,612,725**
	Balance as at 1 January 2018 (IFRS 9)	-	**4,376,568**	-	**3,612,725**
B	**Financial assets FVOCI**				
	Balance as at December 2017 (IAS 39)	-	-	3,612,725	-
	Reclassified from AFS		**4,376,568**	(3,612,725)	**3,612,725**
	Reclassified from HTM	-	**158,933**	-	**158,933**
	Balance as at 1 January 2018 (IFRS 9)	-	**4,535,501**	-	**3,771,658**
C	**Held-to-maturity (HTM)**				
	Balance as at December 2017 (IAS 39)	158,933	-	158,933	-
	Reclassified to FVOCI	(158,933)	**158,933**	(158,933)	**158,933**
	Balance as at 1 January 2018 (IFRS 9)	-	**158,933**	-	**158,933**
D	**Retained earnings**				
	Closing December 31/Opening balance January 1	-	**1,952,315**	-	**1,558,294**
	Impairment (ECL Model)	-	**(1,623)**	-	**(1,399)**
		-	**1,950,692**		**1,556,895**
E	**Retained earnings**				
	Closing December 31/Opening balance January 1	-	**1,952,315**	-	**1,558,294**
	Impairment (ECL Model)	-	**(1,623)**	-	**(1,399)**
		-	**1,950,692**		**1,556,895**

1. The Group has assessed the classification of its financial instruments and concludes that the business model has not changed significantly compared with the classification under IAS 39. The Group is not likely to be exposed to any significant volatility in assets and capital following the full adoption of IFRS 9 earlier than 2022 when IFRS 17 will be adopted. In line with the Group's business model, all financial assets and financial liabilities are matched through profit or loss.

2. As of 1 January 2018, the Group's analysis highlighted the components of its cash and cash equivalents as including short-term deposit (i.e. call and termed deposits), bank accounts balances held with banks and cash in hand. The balances meet the SPPI criterion and these were classified as financial assets carried at amortised cost.

3. The Group assessed its investment securities (treasury bills and federal government bonds) measured at fair value through profit or loss under IAS 39 and retained its classification as the financial liabilities are also measured through profit or loss

4. All AFS debt instruments previously carried at available-for-sale under IAS 39 are measured at fair value through other comprehensive income as the Group expects not only to hold the assets to collect contractual cash flow but also to sell some amount on a relatively basis. The balances were assessed for impairment and the ECL impairment recognised amounted to ₦1,374,000.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5. The Group also assessed its Trade and Other receivables balances and concluded that the payments meet the SPPI criterion and based on the Company's business model for holding the balances, concluded that they remain valued at amortised cost as was the case under IAS 39.

Impact on the statement of profit or loss (increase/(decrease)):

	1-Jan-18 Group ₦'000	1-Jan-18 Company ₦'000
Loss allowance on financial assets at FVOCI	(1,623)	(1,399)
Deferred tax	-	-
Profit for the year	(1,623)	(1,399)

The following table reconciles the aggregate opening loan loss provision allowances under IAS 39 to ECL allowances under IFRS 9. The Company had no loan commitments and financial guarantee contracts in accordance with IAS 37 Provisions Contingent Liabilities and Contingent Assets as at 31 December 2017 to assess for ECL allowances under IFRS 9.

Group	Impairment IAS 39 31-Dec-17 ₦'000	Remeasurement ₦'000	ECL IFRS 9 1-Jan-18 ₦'000
Debt instruments carried at FVOCI	-	1,623	1,623

Company	Impairment IAS 39 31-Dec-17 ₦'000	Remeasurement ₦'000	ECL IFRS 9 1-Jan-18 ₦'000
Debt instruments carried at FVOCI	-	1,399	1,399

The ECL impairment adjustment is based on individual assessment of the debt instruments. The table below shows the credit quality and the maximum exposure to credit risk based on the Company's internal assessment and year-end stage classification.

Group	Impairment charges	Gross impairment allowance			
	Stage 1	Stage 1	Stage 2	Stage 3	Total
	₦'000	₦'000	₦'000	₦'000	₦'000
Debt instruments carried at FVOCI	1,623	1,623	-	-	1,623

Company	Impairment charges	Gross impairment allowance			
	Stage 1	Stage 1	Stage 2	Stage 3	Total
	₦'000	₦'000	₦'000	₦'000	₦'000
Debt instruments carried at FVOCI	1,399	1,399	-	-	1,399

The Group had no Purchased or Originated Credit Impaired (POCI) financial assets as at 31 December 2017.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Impact of IFRS 9 Adoption on solvency Margin

The impact of IFRS 9 on the Company's solvency position is two-fold. As the standard covers classification and measurement of both financial assets and liabilities:

- Changes in the measurement of financial assets in scope for IFRS 9 and defined as admissible under the risk based capital as detailed in the prudential guidelines set by the NAICOM may result in a decline in the asset value.
- Changes in the impairment of financial instruments in scope for IFRS 9 and defined as admissible liabilities under the NAICOM prudential guidelines have resulted in an increase in allowance provisions and consequently admissible liabilities/decrease in admissible assets.
- The changes in measurement of financial instruments may also affect the amount of capital available to meet the regulator's minimum capital requirement. This will probably have an adverse effect on the insurers' solvency position.

Admissible assets	IAS 39 Admissible assets	IFRS 9 Impact	Adjusted IFRS 9 Admissible assets
Cash and cash equivalent	1,153,509		1,153,509
Financial assets:			-
- Fair value through profit or loss	35,391,185		35,391,185
- Fair value through other comprehensive income	-	3,771,657	3,771,657
- Available-for-sale	3,612,724	(3,612,724)	-
- Held-to-maturity	158,933	(158,933)	-
- Loans and receivables	-		-
Trade receivable	2,592		2,592
Reinsurance assets	735,168		735,168
Other receivable and prepayment	104,405		104,405
Deferred acquisition cost	-		-
Investment in subsidiary	4,100,873		4,100,873
Property plant and equipment (Land and building)	506,635		506,635
Property plant and equipment (Others)	466,244		466,244
Statutory deposit	200,000		200,000
Total admissible assets (a)	**46,432,268**	**-**	**46,432,268**
Insurance contract liabilities	19,614,971		19,614,971
Investment contract liabilities	13,398,544		13,398,544
Trade payable	304,096		304,096
Provision and other payables	1,458,309		1,458,309
Dividend payable	672,393		672,393
Provision for current tax	1,261,270		1,261,270
Total admissible liabilities (b)	**36,709,583**	**-**	**36,709,583**
Solvency margin (a-b)	**9,722,685**	**-**	**9,722,685**
Subject to higher of:			
15% of net premium income	2,689,080		2,689,080
Or			
Minimum capital requirement	2,000,000		2,000,000
Gross solvency ratio	362%		362%
Net solvency ratio	262%		262%

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.3 (A) NEW AND AMENDED STANDARDS AND INTERPRETATIONS NOT YET ADOPTED BY THE COMPANY

A number of new standards, interpretations and amendments are effective for annual period beginning after 1 January 2018 and earlier application is permitted. However, the Company has not adopted the following new or amended standards early, in preparing these financial statements:

IFRS 16 Leases

IFRS 16 replaces existing leases guidance, including IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a lease, SIC- 15 Operating leases- Incentives and SIC -27 Evaluating the substance of Transactions involving the legal form of a lease.

The standard is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted for entities that apply IFRS 15 at or before the date of initial application of IFRS 16.

IFRS 16 introduces a single, on balance sheet accounting model for leases. A leasee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low value items. Lessor accounting remains similar to the current standard, i.e. lessors continue to classify leases as finance or operating leases.

The Group has completed an initial assessment of the potential impact on its financial statements but has not yet completed its detailed assessment. The actual impact of applying IFRS 16 on the financial statements in the period of initial application will depend on future economic conditions.

No significant impact is expected on the Company's finance leases as the Company has a few offices under operating leases.

New or amended standards and effective date	Summary of the requirements	Possible impact on financial statements
Amendments to IFRS 10 and IAS 28 (Sept 2014) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	The IAS 28 was amended so that a. The current requirements regarding the partial gain or loss recognition for transactions between an investor and its associate or joint venture only apply to the gain or loss resulting from the sale or contribution of assets that do not constitute a business as defined in IFRS 3 Business Combinations	The entity does not have any subsidiary or associate and not also involved in any form of joint venture agreement. Hence, this amendment is not applicable to the entity.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

New or amended standards and effective date	Summary of the requirements	Possible impact on financial statements
IFRIC 23 Uncertainty over Income Tax Treatments	IFRIC 23 clarifies the accounting for uncertainties in income taxes. The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. IFRIC 23 is effective for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted. 'IFRIC 23 clarifies the accounting for uncertainties in income taxes. The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. IFRIC 23 is effective for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted.	
Amendments to IFRS 9 (Oct 2017) Prepayment Features with Negative Compensation	The amendments in Prepayment Features with Negative Compensation (Amendments to IFRS 9) are: 1. Changes regarding symmetric prepayment options Under the current IFRS 9 requirements, the SPPI condition is not met if the lender has to make a settlement payment in the event of termination by the borrower (also referred to as early repayment gain).	
	Prepayment Features with Negative Compensation amends the existing requirements in IFRS 9 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. 2. Clarification regarding the modification of financial liabilities The final amendments also contain (in the Basis for Conclusions) a clarification regarding the accounting for a modification or exchange of a financial liability measured at amortised cost that does not result in the de-recognition of the financial liability. The IASB clarifies that an entity recognises any adjustment to the amortised cost of the financial liability arising from a modification or exchange in profit or loss at the date of the modification or exchange. A retrospective change of the accounting treatment may therefore become necessary if in the past the effective interest rate was adjusted and not the amortised cost amount.	

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

New or amended standards and effective date	Summary of the requirements	Possible impact on financial statements
Amendments to IAS 28 (Oct 2017) Long-term interests in Associates and Joint Ventures	The amendments in Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28) are: • Paragraph 14A has been added to clarify that an entity applies IFRS 9 including its impairment requirements, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. • Paragraph 41 has been deleted because the Board felt that it merely reiterated requirements in IFRS 9 and had created confusion about the accounting for long-term interests. The amendments are accompanied by an illustrative example. The amendments are effective for periods beginning on or after 1 January 2019. Earlier application is permitted	The entity does not have any subsidiary or associate and not also involved in any form of joint venture agreement. Hence, this amendment is not applicable to the entity.
Annual Improvements to IFRS Standards 2015-2017 Cycle (December 2017) IFRS 3, IFRS 11, IAS 12 and IAS 23 Amendments	In December 2017, the IASB published Annual Improvements to IFRS Standards 2015-2017 Cycle, containing the following amendments to IFRSs: • IFRS 3 Business Combinations and IFRS 11 Joint Arrangements – The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it re-measures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not re-measure previously held interests in that business. • IAS 12 Income Taxes – The amendments clarify that the requirements in the former paragraph 52B (to recognise the income tax consequences of dividends where the transactions or events that generated distributable profits are recognised) apply to all income tax consequences of dividends by moving the paragraph away from paragraph 52A that only deals with situations where there are different tax rates for distributed and undistributed profits. • IAS 23 Borrowing Costs – The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.	

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

New or amended standards and effective date	Summary of the requirements	Possible impact on financial statements
Amendments to IAS 19) (February 2018) Plan Amendment, Curtailment or Settlement	On 7 February 2018, the IASB published Plan Amendment, Curtailment or Settlement (Amendments to IAS 19) to harmonise accounting practices and to provide more relevant information for decision-making. An entity applies the amendments to plan amendments, curtailments or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1 January 2019.	
Amendments to References to the Conceptual Framework in IFRS Standards	The Conceptual Framework for Financial Reporting (Conceptual Framework) describes the objective of and concepts for general purpose financial reporting. It is a practical tool that helps the IASB to develop requirements in IFRS® Standards based on consistent concepts. Consideration of these concepts, in turn, should result in the IASB developing IFRS Standards that require entities to provide financial information that is useful to investors, lenders and other creditors. The IASB decided to revise the Conceptual Framework because some important issues were not covered and some guidance was unclear or out of date. The revised Conceptual Framework, issued by the IASB in March 2018, includes: • A new chapter on measurement; • Guidance on reporting financial performance; • Improved definitions of an asset and a liability, and guidance supporting these definitions; and • Clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting. The IASB also updated references to the Conceptual Framework in IFRS Standards by issuing Amendments to References to the Conceptual Framework in IFRS Standards. This was done to support transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction.	
IFRS 17 Insurance Contracts	IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows. IFRS 17 was issued in May 2017 and applies to annual reporting periods beginning on or after 1 January 2021.	

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

New or amended standards and effective date	Summary of the requirements	Possible impact on financial statements
Amendments to IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - Amendments to IFRS 4	Effective for annual periods beginning on or after 1 January 2018	The amendments clarify the following: 1. The optional temporary exemption from IFRS 9 is available to entities whose activities are predominantly connected with insurance. The temporary exemption permits such entities to continue to apply IAS 39 while they defer the application of IFRS 9 until 1 January 2021 at the latest. 2. The overlay approach is an option for entities that adopt IFRS 9 and issue insurance contracts, to adjust profit or loss for eligible financial assets; effectively resulting in IAS 39 accounting for those designated financial assets. The adjustment eliminates accounting volatility that may arise from applying IFRS 9 without the new insurance contracts standard. Under this approach, an entity is permitted to reclassify amounts between profit or loss and other comprehensive income for designated financial assets. An entity must present a separate line item for the amount of the overlay adjustment in profit or loss, as well as a separate line item for the corresponding adjustment in other comprehensive income. The temporary exemption is first applied for reporting periods beginning on or after 1 January 2018.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.4 FOREIGN CURRENCIES

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'other income'.

All other foreign exchange gains and losses are presented in the income statement within 'Other income' or 'Other expenses'. Changes in the fair value of monetary securities denominated in foreign currency classified as fair value through Other Comprehensive Income are analysed between translation differences resulting from changes in the amortised cost of the security, and other changes in the carrying amount of the security.

Translation differences related to changes in amortised cost are recognised in profit or loss; other changes in carrying amount are recognised in equity. Translation differences on financial assets and liabilities held at fair value through profit and loss are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as fair value through other comprehensive income financial assets are included in the fair value reserve in equity.

2.5 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand and at bank, call deposits and short-term highly liquid financial assets with original maturities of three months or less from the acquisition date, which are subject to insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments. Cash and cash equivalents include cash on hand, cash balances and fixed deposits.

2.6 FINANCIAL ASSETS

The Group classifies its financial assets into the following categories: fair value through profit or loss, fair value through other comprehensive income and amortised cost. The classification is determined by Management at initial recognition and depends on the objective of the business model.

2.6.1 CLASSIFICATION AND MEASUREMENTS

Financial assets are classified and measured at initial recognition at fair value, including directly attributable transaction cost. Subsequent measurement is based on the business model objective of managing the assets as well as the cash flow characteristics of the asset.

Business Model Assessment

Business model assessment involves determining if financial assets are managed in order to generate cash flows from collection of contractual cash flows, selling financial assets or both. The Group assesses business model at a portfolio level which reflects how the assets are managed together to achieve a particular business objective.

Financial assets at fair value through profit or loss

Financial assets will be measured at fair value through the income statement if they do not meet the business model criteria of either "Hold to collect" or "Hold to collect and sell". All equity instruments and similar securities (unless designated at inception to fair value through other comprehensive income); and all derivatives are measured at fair value through profit or loss. An entity has the option to designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch. The Group has undertaken an assessment to determine the potential impact of changes in classification and measurement of financial assets. The assessment indicated that the adoption of IFRS 9 will not result in significant changes to existing asset measurement bases.

Financial assets at fair value through other comprehensive income

Financial assets will be measured at fair value through other comprehensive income if they are held within a business model where the objective is achieved by both collecting contractual cash flows and selling financial assets ("Hold to collect and sell"), and their contractual cash flows represent solely payments of principal and interest.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial assets measured at amortised cost

Financial assets are measured at amortised cost if they are held within a business model whose objective is to hold for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. After initial measurement, debt instruments in this category are carried at amortised cost using the effective interest rate method. Amortised cost is calculated taking into account any discount or premium on acquisition, transaction costs and fees that are an integral part of the effective interest rate. Amortisation is included in Interest income in the Consolidated Statement of Income. Impairment on financial assets measured at amortised cost is calculated using the expected credit loss approach.

2.6.2 RECOGNITION AND MEASUREMENT

Financial assets are initially recognised at fair value plus, in the case of all financial assets not carried at fair value through profit and loss, transaction costs that are directly attributable to their acquisition. Financial assets carried at fair value through profit and loss are initially recognised at fair value, and transaction costs are expensed in the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from them have expired or where they have been transferred and the Company has also transferred substantially all risks and rewards of ownership.

Financial assets at fair value through other comprehensive income and financial assets at fair value through profit and loss are subsequently carried at fair value. Other financial assets are carried at amortised cost using the effective interest method.

Gains and losses arising from changes in the fair value of the ‘financial assets at fair value through profit and loss’ category are included in the income statement in the period in which they arise. Dividend income from financial assets at fair value through profit and loss is recognised in the statement of comprehensive income as part of Investment income when the Company’s right to receive payments is established.

Interest on financial assets fair value through other comprehensive income calculated using the effective interest method is recognised in the income statement. Dividends on equity instruments fair value through other comprehensive income are recognised in the income statement when the Company’s right to receive payments is established. Both are included in the investment income line.

2.6.3 DETERMINATION OF FAIR VALUE

For financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations. This includes listed equity securities and quoted debt instruments on major exchanges. The quoted market price used for financial assets held by the Company is the current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry, company, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm’s length basis. If the above criteria are not met, the market is regarded as being inactive. Indications that a market is inactive are when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.

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

The Company uses widely recognised money market rates in determining fair values of non-standardised financial instruments of lower complexity like placements and treasury bills. These financial instruments models are generally market observable. The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments. In cases where the fair value of unlisted equity instruments cannot be determined reliably, the instruments are carried at cost less any impairments. The fair value for loans and receivables as well as liabilities to banks and customers are determined using a present value model on the basis of contractually agreed cash flows, taking into account credit quality, liquidity and costs. The fair values of contingent liabilities and irrevocable loan commitments correspond to their carrying amounts.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.6.4 DE-RECOGNITION OF FINANCIAL INSTRUMENTS

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

2.6.5 RECLASSIFICATION OF FINANCIAL ASSETS

Reclassification of financial assets is determined by The Entity's Senior Management, and is done as a result of external or internal changes which are significant to The Entity's operations and demonstrable to external parties.

Reclassification of financial assets occurs when The Entity changes its business model for managing financial assets.

Investments in equity instruments that are designated as at FVTOCI at initial recognition cannot be reclassified because the election to designate as at FVTOCI is irrevocable.

For financial assets, reclassification is required between FVTPL, FVTOCI and amortised cost; if and only if the entity’s business model objective for its financial assets changes so its previous business model assessment would no longer apply.

IFRS 9 does not allow reclassification:

- when the fair value option has been elected in any circumstance for a financial asset;
- or equity investments (measured at FVTPL or FVTOCI); or
- for financial liabilities.

If an entity reclassifies a financial asset, it is required to apply the reclassification prospectively from the reclassification date, defined as the first day of the first reporting period following the change in business model that results in the entity reclassifying financial assets. Previously recognised gains, losses (including impairment gains or losses) or interest are not restated.

All impairment losses are recognised through profit or loss. If any loss on the financial asset was previously recognised directly in equity as a reduction in fair value, the cumulative net loss that had been recognised in equity is transferred to the income statement and is recognised as part of the impairment loss. The amount of the loss recognised in the income statement is the difference between the acquisition cost and the current fair value, less any previously recognised impairment loss.

2.6.6 IMPAIRMENT OF FINANCIAL ASSETS

Financial assets carried at amortized cost and FVTOCI

The impairment model under IFRS 9 reflects expected credit losses, as opposed to incurred credit losses under IAS 39. Under the impairment approach in IFRS 9, it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, an entity always accounts for expected credit losses and changes in those expected credit losses. The amount of expected credit losses should be updated at each reporting date to reflect changes in credit risk since initial recognition.

The Entity recognises loss allowances for Expected Credit Losses (ECL) on the following financial instruments that are not measured at FVTPL:

Financial assets that are debt instruments, Lease receivables, Loan and advances to customers, Other Loans and receivables, financial guarantee contracts issued; and Loan commitments issued. The Entity measures expected credit losses and recognises interest income on risk assets based on the following stages:

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Stage 1: Assets that are performing. If credit risk is low as of the reporting date or the credit risk has not increased significantly since initial recognition, The Entity recognises a loss allowance at an amount equal to 12-month expected credit losses. This amount of credit losses is intended to represent lifetime expected credit losses that will result if a default occurs in the 12 months after the reporting date, weighted by the probability of that default occurring.

Stage 2: Assets that have significant increases in credit risk. In instances where credit risk has increased significantly since initial recognition, The Entity measures a loss allowance at an amount equal to full lifetime expected credit losses. That is, the expected credit losses that result from all possible default events over the life of the financial instrument. For these debt instruments, interest income recognition will be based on the EIR multiplied by the gross carrying amount.

Stage 3: Credit impaired. For debt instruments that have both a significant increase in credit risk plus observable evidence of impairment

The Entity's process to assess changes in credit risk is multi-factor and has three main elements;

I. Quantitative element, a quantitative comparison of PD at the reporting date and PD at initial recognition
II. Qualitative elements
III. Backstop indicators

For individually significant exposures such as corporate and commercial risk assets, the assessment is driven by the internal credit rating of the exposure and a combination of forward-looking information that is specific to the individual borrower and forward-looking information on the macro economy, commercial sector (to the extent such information has not been already reflected in the rating process).

For other exposures, significant increases in credit risk are made on a collective basis that incorporates all relevant credit information, including forward-looking macroeconomic information. For this purpose, The Entity groups its exposures on the basis of shared credit risk characteristics.

No impairment reserve is set on financial assets measured at fair value through profit and loss.

2.6.7 SIGNIFICANT INCREASE IN CREDIT RISK

The Entity decision on whether expected credit losses are based on 12-month expected credit losses or lifetime expected credit losses depends on whether there has been a significant increase in credit risk since initial recognition. An assessment of whether credit risk has increased significantly is made at each reporting date. When making the assessment, The Entity uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. The forms the basis of Stage 1, 2 and 3 classification and subsequent migration.

The Entity applies qualitative and quantitative criteria for stage classification and for its forward and backward migration

i) Assets carried at amortised cost

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in income statement. If a financial instrument has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from disposal less costs for obtaining and selling the collateral, whether or not disposal is probable.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (i.e. on the basis of The Entity's grading process that considers asset type, industry, geographical location, collateral type, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the group and 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 that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist.

Estimates of changes in future cash flows for groups of assets are reflected and directionally consistent with changes in related observable data from period to period (for example, changes in unemployment rates, property prices, payment status, or other factors indicative of changes in the probability of losses in the group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by The Entity to reduce any differences between loss estimates and actual loss experience.

When a loan is uncollectible, it is written off against the related allowance for loan impairment. Such loans are written-off after all the necessary procedures have been completed and the amount of the loss has been determined. Impairment charges relating to loans and advances to Insurance entities and loans and advances to customers are classified in 'impairment charge for credit losses' whilst impairment charges relating to investment securities (loans and receivables categories) are classified in 'Net gains/(losses) on investment securities'.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in profit or loss.

ii) Assets classified as fair value through other comprehensive income

The Entity can choose to make an irrevocable election at initial recognition for investments in equity instruments that do not meet the definition of held-for-trading, which would otherwise be measured at fair value through profit or loss, to present changes in fair value in other comprehensive income.

Reclassification of amounts recognised in other comprehensive income and accumulated in equity to profit or loss is not done. This applies throughout the life of the instrument and also at de-recognition; such investments will not be subject to the impairment requirements.

Dividends on investments in equity instruments with gains and losses irrevocably presented in other comprehensive income are recognised in profit or loss if the dividend is not a return on investment (like dividends on any other holdings of equity instrument) when:

a. the entity's right to receive payment of the dividend is established;
b. it is probable that the economic benefits associated with the dividend will flow to the entity; and
c. the amount of the dividend can be measured reliably.

For debt instruments measured at FVTOCI, changes in fair value is recognised in other comprehensive income, except for: interest calculated using the effective interest rate method, foreign exchange gains or losses and; impairment gains or losses until the financial asset is derecognised or reclassified.

When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Also, when a debt instrument asset is measured at fair value through other comprehensive income, the amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if the financial asset had been measured at amortised cost.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.6.8 FINANCIAL LIABILITIES

Classification and subsequent measurement

i. Fair value through profit or loss (FVTPL)
ii. Amortised cost

Financial liabilities at fair value through profit or loss

Fair value is 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. At initial recognition, the best evidence of the fair value of a financial instrument is the transaction price (i.e. the fair value of the consideration paid or received), unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument, without modification or repackaging, or based on valuation techniques such as discounted cash flow models and option pricing models whose variables include only data from observable markets.

Subsequent to initial recognition, for financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities are based on quoted market prices or dealer price quotations. This includes listed equity securities and quoted debt instruments on major exchanges (for example, Nigerian Stock Exchange (NSE) and Financial Markets Dealers Quotation (FMDQ)).

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. Indications that a market is inactive are when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.

For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs existing at the dates of the statement of financial position.

Forward-Looking Information

In the context of IFRS 9, is an enhanced information set that includes credit information pertaining to future developments (including for example macroeconomic developments). The inclusion of forward-looking information along with traditional past due (realised, historical) information is considered to produce comprehensive credit risk information.

The inclusion of forward-looking information is a distinctive feature of an IFRS 9 ECL model. Incorporating economically stressed states of the world and their potential impact on credit performance is critical for the timely recognition of credit losses.

Financial Liabilities at amortised cost

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

2.6.9 OFFSETTING FINANCIAL INSTRUMENTS

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.7 TRADE RECEIVABLES

Trade, reinsurance and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Trade receivables arising from insurance contracts are stated after deducting allowance made for specific debts considered doubtful of recovery. Impairment of trade receivables is presented within other operating expenses.

Trade and Other receivables amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value. Trade receivables are reviewed at every reporting period for impairment.

2.8 TRADE RECEIVABLES AND PAYABLES RELATED TO INSURANCE CONTRACTS

Receivables and payables are recognised when due. These include amounts due to and from agents, brokers and insurance contract holders.

If there is objective evidence that the insurance receivable is impaired, the Group reduces the carrying amount of the insurance receivable accordingly and recognises that impairment loss in the income statement.

2.9 REINSURANCE CONTRACTS

Contracts entered into with reinsurers under which the Group is compensated for losses on one or more long-term policy contracts issued by the Group and that meet the classification requirements for insurance contracts are classified as long-term reinsurance contracts. The expected claims and benefits to which the Group is entitled under these contracts are recognised as assets where material.

If there is objective evidence that the reinsurance asset is impaired, the carrying amount is reduced to a recoverable amount, and the impairment loss is recognised in the statement of comprehensive income.

2.10.1 REINSURANCE ASSET

Reinsurance assets consist of short-term balances due from reinsurers, as well as longer term receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and with the terms of each reinsurance contract.

The reinsurance asset is reviewed quarterly for impairment. Where there is objective evidence that the insurance asset is impaired, the Group reduces the carrying amount of the insurance asset to its recoverable amount and recognises that impairment loss in the statement of comprehensive income. Evidence that the reinsurance asset is impaired is gathered where the reinsurance Group has refused payment of any balance.

2.10.2 REINSURANCE LIABILITIES

Liabilities are valued gross before taking into account reinsurance. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.11 OTHER RECEIVABLES AND PREPAYMENT

Other receivables are stated after deductions of amounts considered bad or doubtful recovery. These are receivables other than investment securities, trade receivables and reinsurance assets. When a debt is deemed not collectible, it is written-off against the related provision or directly to profit or loss account to the extent not previously provided for. Any subsequent recovery of written-off debts is credited to profit or loss.

Prepayments represent prepaid expenses and are carried at cost less amortisation expensed in profit or loss.

2.12 DEFERRED ACQUISITION COSTS (DAC)

Acquisition costs comprise all direct and indirect costs arising from the writing of insurance contracts (life and non-life contracts). Deferred acquisition costs represent a proportion of commission which are incurred during a financial year and are deferred to the extent that they are recoverable out of future revenue margins. It is calculated by applying to the acquisition expenses the ratio of unearned premium to written premium.

Commissions and other acquisition costs that vary with and are related to securing new contracts and renewing existing contracts are capitalised as an intangible asset. All other costs are recognised as expenses when incurred. The DAC is subsequently amortised over the life of the contracts as follows:

For short-duration life insurance contracts, deferred acquisition cost is amortised over the terms of the policies as premium is earned.

For long-term insurance contracts with fixed and guaranteed terms, deferred acquisition cost is amortised in line with premium revenue using assumptions consistent with those used in calculating future policy benefit liabilities; and

For long-term insurance contracts without fixed terms and investment contracts, deferred acquisition cost is amortised over the expected total life of the contract as a constant percentage of estimated gross profit margins (including investment income) arising from these contracts. The resulting change to the carrying value of the DAC is charged to statement of comprehensive income.

2.13 INVESTMENT PROPERTIES

Investment property comprises investment in land or buildings held primarily to earn rentals or capital appreciation or both.

Investment property is initially recognised at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes cost of day-to-day servicing of an investment property.

An investment property is subsequently measured at fair value with any change therein recognised in profit or loss. Fair values are determined individually, on a basis appropriate to the purpose for which the property is intended and with regard to recent market transactions for similar properties in the same location.

Fair values are reviewed annually by an independent valuer, holding a recognised and relevant professional qualification and with relevant experience in the location and category of investment property being valued. Any gain or loss arising from a change in the fair value is recognised in the income statement.

Subsequent expenditure on investment property is capitalized only if future economic benefit will flow to the Company; otherwise they are expensed as incurred.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.14 INTANGIBLE ASSETS

The Group recognises intangible assets if and only if:
i. It is probable that the expected future economic benefits that are attributable to the asset will flow to the Group;
ii. It is feasible to complete the asset so that it will be available-for-use; and
iii. There is ability to use or sell the asset.

Goodwill is not recognised when an interest in an existing subsidiary is increased. The difference between the cost of the acquisition and the minority interest acquired is accounted for directly in equity. When an interest in an existing subsidiary is decreased without a loss of control, the difference between the proceeds received and the share of the net assets disposed of, including an appropriate portion of the related goodwill is accounted for directly in equity.

For impairment purposes, the carrying amount of goodwill is allocated to cash generating units (CGU), reviewed annually for impairment and written down where this is considered necessary. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense in the statement of comprehensive income and is not subsequently reversed.

Goodwill in respect of associates and joint ventures is included in the carrying amount of investments in associates and joint ventures. For impairment purposes, each investment is tested for impairment individually and goodwill is not tested separately from the investment in associates and joint ventures, nor is any impairment allocated to any underlying assets.

Asset class	Amortisation rate
Computer software	33.33%

2.14.1 COMPUTER SOFTWARE

The Group recognises computer software acquired as intangible asset.

Software acquired by the Group is stated at cost less accumulated amortisation and accumulated impairment losses. Acquired intangible assets are recognised at cost on acquisition date. Subsequent to initial recognition, these assets are carried at cost less accumulated amortisation and impairment losses in value, where appropriate.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation is recognised in the statement of comprehensive income on a straight line basis over the estimated useful life of the software, from the date that it is available-for-use since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The assets are amortised over their useful lives. Amortisation methods and useful lives are reviewed at each financial year-end and adjusted if appropriate.

Intangible assets are derecognised at disposal date or at the date when it is permanently withdrawn from use without the ability to be disposed of. The differences between the carrying amounts at the date of de-recognition and any disposal proceeds, as applicable, is recognised in the statement of comprehensive income.

Expenditure on internally developed software is recognised as an asset when the Group is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits and can reliably measure the costs to complete the development. The capitalised cost of internally developed software includes all cost directly attributable to developing the software and capitalised borrowing costs, and are amortised over its useful life. Internally developed software is stated at capitalised cost less accumulated amortisation and impairment.

There was no internally developed software at the date of reporting.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.15 PROPERTY, PLANT AND EQUIPMENT

Property and equipment are reflected at historical cost less accumulated depreciation and any accumulated impairment losses in value, where appropriate. Land is not depreciated. Depreciation is provided for on a straight-line basis, taking into account the residual value and estimated useful lives of the assets as follows:

Asset class	**Depreciation rate**
Freehold buildings	2%
Leasehold buildings	2% for leases of 50 years and above; over expected useful life for leases under 50 years
Motor vehicles	25%
Computer equipment	33.33%
Furniture and fittings	20%
Office equipment	20%
Plant and machinery	20%
Work in Progress	-

If the expected residual value is equal to or greater than the carrying value, no depreciation is provided for. The residual values, estimated useful lives of the assets and depreciation methods are reviewed at each statement of financial position date and adjusted as appropriate.

Cost prices include costs directly attributable to the acquisition of property and equipment, as well as any subsequent expenditure when it is probable that future economic benefits associated with the item will flow to the Group and the expenditure can be measured reliably. All other expenditure is recognised in the statement of comprehensive income when incurred.

Property and equipment are derecognised at disposal date or at the date when it is permanently withdrawn from use without the ability to be disposed of. The differences between the carrying amounts at the date of de-recognition and any disposal proceeds, as applicable, is recognised in 'other income' in the statement of comprehensive income.

2.16 IMPAIRMENT OF OTHER NON-FINANCIAL ASSETS

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Additionally, assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are stated at the lowest levels for which there are separately identifiable cash flows (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. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

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

2.17 STATUTORY DEPOSIT

The Group maintains a statutory deposit with the Central Bank of Nigeria, which represents 10% of the minimum capitalisation in compliance with the Insurance Act. This balance is not available for the day-to-day operations of the Group. Statutory deposit is measured at cost.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.18 INSURANCE CONTRACTS

The Group issues contracts that transfer insurance risk or financial risk or both. Insurance contracts are those contracts that transfer significant insurance risk. Such contracts may also transfer financial risk.

2.18.1 CLASSIFICATION OF CONTRACTS

A contract is classified as an insurance contract where the Group accepts significant insurance risk by agreeing with the policyholder to pay benefits if a specified uncertain future event (the insured event) adversely affects the policyholder or other beneficiary. Significant insurance risk exists where it is expected that for the duration of the policy or part thereof, policy benefits payable on the occurrence of the insured event will exceed the amount payable on early termination, before allowance for expense deductions at early termination. Once a contract has been classified as an insurance contract, the classification remains unchanged for the remainder of its lifetime, even if the insurance risk reduces significantly during this period.

2.18.2 RECOGNITION AND MEASUREMENT

(a) Short-term insurance contracts

Short-duration life insurance contracts protect the Group's customers from the consequences of events (such as death or disability) that would affect the ability of the customer or his/her dependents to maintain their current level of income. They are usually short-duration life insurance contracts ranging between 12 to 24 months period of coverage. Guaranteed benefits paid on occurrence of the specified insurance event are either fixed or linked to the extent of the economic loss suffered by the policyholder.

For all these contracts, premiums are recognised as revenue (earned premiums) proportionally over the period of coverage. The portion of premium received on in-force contracts that relate to unexpired risks at the balance sheet date is reported as the unearned premium liability. Premiums are shown before deduction of commission and are gross of any taxes or duties levied on premiums.

Claims and loss adjustment expenses are charged to income as incurred based on the estimated liability for compensation owed to contract holders or third parties damaged by the contract holders. They include direct and indirect claims settlement costs and arise from events that have occurred up to the end of the reporting period even if they have not yet been reported to the Group. The Group does not discount its liabilities for unpaid claims. Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to the Group and statistical analyses for the claims incurred but not reported (IBNR), and to estimate the expected ultimate cost of more complex claims that may be affected by external factors.

The liability reserve on short-term insurance contract is made up of an unexpired premium reserve (UPR) and reserve for 'Incurred but not reported' claims (IBNR). The UPR are calculated after adjusting for acquisition expenses. IBNR reserves are required to take account of the delay in reporting claims. These are determined by considering ultimate claims ratios for the life schemes on the Group's books. The ratios differ by industry and have been determined following historical analysis of portfolio claims experience. The IBNR reserves are calculated by adjusting the ultimate claims amounts to allow for claims already paid and those outstanding for payment, and again adjusted to allow for the holding of a separate UPR reserve. As the short term insurance contract experience of FBN builds up, we will be able to adjust for Group-specific claims settlement patterns.

(b) Long-term insurance contracts with fixed and guaranteed terms

These contracts insure events associated with human life (for example, death or survival) over a long duration. Premiums are recognised as revenue when they become payable by the contract holder. Premiums are shown before deduction of commission. Benefits are recorded as an expense when they are incurred.

A liability for contractual benefits that are expected to be incurred in the future is recorded when the premiums are recognised. The liability is determined as the sum of the expected discounted value of the benefit payments and the future administration expenses that are directly related to the contract, less the expected discounted value of the theoretical premiums that would be required to meet the benefits and administration expenses based on the valuation assumptions used (the valuation premiums). The liability is based on assumptions as to mortality, persistency, maintenance expenses and investment income that are established at the time the contract is issued. A margin for adverse deviations is included in the assumptions.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Where insurance contracts have a single premium or a limited number of premium payments due over a significantly shorter period than the period during which benefits are provided, the excess of the premiums payable over the valuation premiums is deferred and recognised as income in line with the decrease of unexpired insurance risk of the contracts in force or, for annuities in force, in line with the decrease of the amount of future benefits expected to be paid. The liabilities are recalculated at each end of the reporting period using the assumptions established at inception of the contracts.

The long-term insurance contracts insure events associated with human life. They include individual insurance contracts.

Individual insurance contracts

The reserve has been calculated using the gross premium valuation approach. This reserving methodology adopts a cash flow approach taking into account all expected future cash flows including premiums, expenses and benefit payments to satisfy the liability adequacy test. The test also considers current estimates of all contractual cash flows, and of related cash flows such as claims handling costs, as well as cash flows resulting from embedded options and guarantees (where applicable).

2.18.3 INSURANCE CONTRACT LIABILITIES

Life insurance policy claims received up to the last day of each financial period and claims incurred but not reported (IBNR) are provided for and included in the policy liabilities. Past claims experience is used as the basis for determining the extent of the IBNR claims.

Income from reinsurance policies is recognised concurrently with the recognition of the related policy benefit. Insurance liabilities are presented without offsetting them against related reinsurance assets.

Insurance liabilities are retained in the statement of financial position until they are discharged or cancelled and/or expire. The Group performs a liability adequacy test to determine the recognised insurance liabilities and an impairment test for reinsurance assets held at each reporting date.

2.19 TECHNICAL RESERVES

These are the reserves computed in compliance with the provision of Sections 20, 21, and 22 of the Insurance Act 2003. They are:

(a) General insurance contracts

Reserves for unearned premium
In compliance with Section 20 (1) (a) of Insurance Act 2003, the reserve for unearned premium is calculated on a time apportionment basis in respect of the risks accepted during the year.

Reserves for outstanding claims
The reserve for outstanding claims is maintained at the total amount of outstanding claims incurred and reported plus claims incurred but not reported ("IBNR") as at the reporting date. The IBNR is based on the liability adequacy test.

Reserves for unexpired risk
A provision for additional unexpired risk reserve (AURR) is recognised for an underwriting year where it is envisaged that the estimated cost of claims and expenses would exceed the unearned premium reserve (UPR).

(b) Life business

Life fund
This is made up of net liabilities on policies in force as computed by the actuaries at the time of the actuarial valuation.

Liability adequacy test
At the end of the reporting period, liability adequacy tests are performed by an Actuary to ensure the adequacy of the contract liabilities. In performing these tests, current best estimates of future contractual cash flows including office premiums, expenses and benefit payments satisfying the liability adequacy test, are used. Any deficiency is immediately charged to statement of comprehensive income.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.20 FINANCIAL LIABILITIES

The Group's holding in financial liabilities represents mainly other financial liabilities. Such financial liabilities are initially recognised at fair value and subsequently measured at amortised cost. Financial liabilities are derecognised when extinguished.

Financial liabilities are reported as trade payables, short-term bank overdraft and other liabilities in the financial statement. The carrying values of financial liabilities are considered to be a reasonable approximation of fair value.

2.21 TRADE PAYABLES

Trade and other payables are non-derivative financial liabilities with fixed or determinable payments that are not quoted in an active market. Trade payables represent liabilities to agents, brokers and re-insurer on insurance contracts as at year end.

2.22 OTHER PAYABLES AND ACCRUALS

Other payables and accruals are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. The fair value of a non-interest bearing liability is its discounted repayment amount. If the due date of the liability is less than one year discounting is omitted.

2.23 TAXATION

2.23.1 COMPANY INCOME TAX

Current income tax liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate.

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate.

Current income tax is assessed at 30% and is tax payable on the taxable profit for the period determined in accordance with the Company Income Tax Act (CITA). Education tax is assessed at 2% of the chargeable profit. Where tax on dividend paid exceeds the current income tax assessed on the preceding basis, tax payable will be computed as 30% of dividend paid.

2.23.2 DEFERRED INCOME TAX

Deferred income tax is provided for on all temporary differences between the tax bases of assets and liabilities and their carrying values for financial reporting purposes using the liability method.

The principal temporary differences arise from depreciation of property and equipment, provisions for trade receivables and tax losses carried forward (where deemed as recoverable). The rates enacted or substantively enacted at the balance sheet date are used to determine deferred income tax. However, 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.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realisable or the deferred income tax liability is payable. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes on assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

The tax effects of carry-forwards of unused losses or unused tax credits are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised. Deferred tax related to fair value re-measurement of investments, which are charged or credited directly in other comprehensive income or to equity, is also credited or charged directly to equity and subsequently recognised in the statement of comprehensive income together with the deferred gain or loss.

2.24 SHARE CAPITAL

Share capital is classified as equity where the Group has no obligation to deliver cash or other assets to shareholders. Incremental costs attributable to the issue or cancellation of equity instruments are recognised directly in equity, net of tax if applicable.

2.25 CONTINGENCY RESERVE

Non-life business

The Company maintains contingency reserves in accordance with the provisions of the Insurance Act 2003 (Section 21 (2)) to cover fluctuations in securities and variations in statistical estimates at the rate equal to the higher of 3% of total premium or 20% of the total profit after taxation until the reserve reaches the greater of minimum paid up capital or 50% of net premium for general business.

Life business

Contingency reserve is calculated at the higher of 1% of gross premium and 10% of net profits. This reserve is expected to be accumulated until it amounts to the minimum paid-up capital for a life insurance Group in accordance with Section 22(1)(b) of the Insurance Act.

2.26 PROVISIONS

Provisions for restructuring costs and legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; 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. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

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

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.27 CONTINGENT LIABILITIES AND ASSETS

Possible obligations of the Group, the existence of which will only be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Group and present obligations of the Group where it is not probable that an outflow of economic benefits will be required to settle the obligation or where the amount of the obligation cannot be measured reliably, are not recognised in the Group statement of financial position but are disclosed in the notes to the financial statements.

Possible assets of the Group, the existence of which will only be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Group, are not recognised in the Group statement of financial position and are only disclosed in the notes to the annual financial statements where an inflow of economic benefits is probable.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.28 EARNINGS PER SHARE

The Group presents basic earnings per share for its ordinary shares. Basic earnings per share (EPS) are calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year. The adjusted EPS is calculated using the number of shares in issue at the balance sheet date. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

2.29 REVENUE RECOGNITION

Revenue comprises the fair value for services, net of value-added tax. Revenue is recognised as follows:

2.29.1 PREMIUM INCOME

Short-term insurance contract

Premium income is recognised as revenue (earned premiums) proportionally over the period of coverage. The portion of premium received on in-force contracts that relates to unexpired risks at the balance sheet date is reported as the unearned premium liability. Premiums are shown before deduction of commission and are gross of any taxes or duties levied on premiums.

Long-term insurance contract

Premiums are recognised as revenue when they become payable by the contract holder. Premiums are shown before deduction of commission. Premium income from individual contracts is recognised as an increase in long-term policy liabilities when receivable. The unearned portion of accrued premium income is included within long-term policy liabilities. Group life insurance, mortgage insurance and credit life premiums are accounted for when receivable.

2.29.2 INTEREST INCOME AND EXPENSES

Interest income and expenses for all interest-bearing financial instruments, including financial instruments measured at fair value through profit and loss, are recognised within investment income in the income statement using the effective interest rate method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income is accounted for on a time proportionate basis that takes into account the effective interest rate on the asset.

These services comprise the activity of trading financial assets in order to reproduce the contractual returns that the Group's customers expect to receive from their investments. Such activities generate revenue that is recognised by reference to the stage of completion of the contractual services.

2.30 INSURANCE PREMIUM CEDED TO REINSURERS

Insurance premium ceded to reinsurers also described as reinsurance expenses represents outward premium paid to reinsurance companies less the unexpired portion as at the end of the accounting year.

2.31 CLAIMS

Claims and loss adjustment expenses are charged to income as incurred based on the estimated liability for compensation owed to policyholders and/or beneficiaries. They include direct and indirect claims settlement costs and arise from events that have occurred up to the end of the reporting period even if they have not yet been reported to the Group.

The Group does not discount its liabilities for unpaid claims. Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to the Group and statistical analyses for the claims incurred but not reported, and to estimate the expected ultimate cost of more complex claims that may be affected by external factors. No provisions have been made for possible claims under contracts that are not in existence at the end of the reporting period.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.32 UNDERWRITING EXPENSES

Underwriting expenses comprise acquisition costs and other underwriting expenses. Acquisition costs comprise all direct and indirect costs arising from the writing of insurance contracts. Examples of these costs include, but are not limited to, commission expense, and other technical expenses. Other underwriting expenses are those incurred in servicing existing policies/contract. These expenses are charged in the statement of comprehensive income.

2.33 EMPLOYEE BENEFIT EXPENSE

2.33.1 DEFINED CONTRIBUTION PLAN

The Group operates a defined contributory pension scheme for eligible employees. Employees and the Group contribute 8.5% and 16.5% respectively for each of the qualifying staff's salary in line with the provisions of the Pension Reform Act 2014 as amended in 2014. The Group pays contributions to the employee - nominated Pension Fund Administrator (PFA) on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefits expense when they are due.

2.33.2 EXIT BONUS

The group makes provision for exit bonuses to qualifying staff who have served the company and retired at the mandatory retirement age of 60 years. Only staff that remains in the employment of the Group at the age of 60 years and has consistently performed up to minimum criteria is entitled to the bonus which is awarded at the discretion of the Board and Management.

The award of the bonus is not contractual and is not enforceable. Employee that exited the Group before attaining the mandatory age of 60 years is automatically disqualified from being considered for the bonus. The bonus award is limited to one year gross cash emolument of qualifying employee. Provisions are made annually in the financial statement based on the gross emoluments of employees at year end.

2.33.3 SHORT-TERM BENEFIT

Wages, salaries, paid annual leave and bonuses are recognised as employee benefit expense and accrued when the associated services are rendered by the employees of the Group.

2.34 OTHER OPERATING AND ADMINISTRATIVE EXPENSES

Other operating and administrative expenses are expenses other than claims, investment expenses, employee’s benefit, expenses for marketing and administration and supervisory levies. They include professional fees, depreciation expenses and other non-technical expenses. Other operating and administrative expenses are accounted for on accrual basis and recognised in the income statement upon utilisation of the service or at the date of their origin.

CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

		Group		Company	
	Note	2018 ₦'000	2017 ₦'000	2018 ₦'000	2017 ₦'000
Assets					
Cash and cash equivalents	6	**1,123,931**	1,566,512	**806,983**	1,153,509
Financial assets:					
- Fair value through profit or loss	7.1	**46,596,877**	38,672,691	**41,869,525**	35,391,185
- Fair value through other comprehensive income	7.2	**21,301,192**	-	**21,007,499**	-
- Available-for-sale	7.3	**-**	4,376,568	**-**	3,612,725
- Held-to-maturity	7.4	**-**	158,933	**-**	158,933
Trade receivables	8	**18,816**	42,620	**4,621**	2,592
Reinsurance assets	9	**2,703,072**	1,651,852	**493,284**	735,169
Other receivables and prepayments	10	**583,653**	601,108	**545,555**	495,246
Deferred acquisition costs	11	**223,041**	153,312	**28,504**	-
Investment properties	12	**100,000**	100,000	**-**	-
Investment in subsidiary	13	**-**	-	**4,300,873**	4,100,873
Intangible assets	14	**333,598**	418,375	**71,158**	122,318
Property plant and equipment	15	**2,468,275**	2,107,590	**1,211,338**	972,879
Statutory deposit	16	**500,000**	500,000	**200,000**	200,000
Total assets		**75,952,455**	50,349,560	**70,539,340**	46,945,428
LIABILITIES					
Insurance contract liabilities	17	**34,191,649**	21,734,246	**30,702,492**	19,614,971
Investment contract liabilities	17b	**19,766,452**	13,398,544	**19,766,452**	13,398,544
Trade payable	18	**3,304,464**	399,301	**3,114.921**	304,096
Other payables and accruals	19	**2,404,698**	1,892,201	**1,983,765**	1,458,309
Tax payable	20	**2,024,296**	1,308,824	**1,945,626**	1,261,270
Dividend payable	21	**950,222**	672,393	**950,222**	672,393
Deferred tax liability	22	**212,929**	365,022	**104,107**	299,851
Total liabilities		**62,854,710**	39,770,531	**58,567,585**	37,009,434
EQUITY					
Share capital	23a	**5,336,450**	5,336,450	**5,336,450**	5,336,450
Share premium	23b	**1,930,708**	1,930,708	**1,930,708**	1,930,708
Contingency reserves	24	**2,021,870**	1,257,245	**1,631,499**	1,018,039
Retained earnings	25	**4,193,834**	1,952,315	**3,458,215**	1,558,294
Fair value reserves	26	**(385,117)**	102,311	**(385,117)**	92,503
Total equity		**13,097,745**	10,579,029	**11,971,755**	9,935,994
Total equities and liabilities		**75,952,455**	50,349,560	**70,539,340**	46,945,428

Signed on behalf of the Board of Directors on 7 March 2019 by:

Festus Izevbizua
Executive Director/CFO
FRC/2012/ICAN/00000001628

Valentine Ojumah
Managing Director/CEO
FRC/2012/CIIN/00000002422

Adenrele Kehinde
Chairperson
FRC/2013/NBA/00000006842

STATEMENT OF COMPREHENSIVE INCOME

	Note	Group 2018 ₦'000	Group 2017 ₦'000	Company 2018 ₦'000	Company 2017 ₦'000
Gross premium written	27	**30,611,396**	23,097,420	**25,976,164**	19,580,871
Unearned premium	27.1	**(228,005)**	(350,392)	**18,393**	(194,311)
Gross premium income		**30,383,391**	22,747,028	**25,994,557**	19,386,560
Insurance premium ceded to reinsurers	28	**(2,494,489)**	(2,739,333)	**(535,073)**	(1,459,362)
Net premium income		**27,888,902**	20,007,695	**25,459,484**	17,927,198
Fees and commission income	29	**408,485**	298,723	**85,981**	82,359
Net underwriting income		**28,297,387**	20,306,418	**25,545,465**	18,009,557
Insurance claims incurred and loss adjustments expenses	30	**(6,335,906)**	(5,422,809)	**(4,310,582)**	(4,212,475)
Insurance claims recovered from reinsurers	30	**1,619,140**	1,115,609	**112,122**	661,275
Underwriting expenses	31	**(4,543,438)**	(3,840,797)	**(3,618,780)**	(3,172,805)
Changes in long-term insurance contracts	32	**(11,694,345)**	(9,427,405)	**(11,694,345)**	(9,427,405)
Net underwriting expenses		**(20,954,547)**	(17,575,401)	**(19,511,585)**	(16,151,410)
Net underwriting profit		**7,342,838**	2,731,017	**6,033,880**	1,858,147
Other income	33	**140,043**	207,716	**3,765**	129,221
Net realised (losses)/gains on financial assets	34a	**(304,699)**	15,984	**(304,699)**	14,264
Net fair value (losses)/gains	34b	**(2,503,152)**	1,080,351	**(2,438,808)**	1,039,777
Investment income	35a	**5,998,636**	3,682,690	**5,277,865**	3,000,083
Profit from investment contracts	35b	**1,377,396**	1,490,409	**1,377,396**	1,490,409
Employee benefit expenses	36	**(2,762,815)**	(2,468,327)	**(2,158,976)**	(1,881,938)
Other operating and administrative expenses	37	**(2,420,706)**	(2,027,774)	**(1,641,713)**	(1,387,681)
Specific impairment loss on financial assets	38	**(103,302)**	(126,941)	**-**	-
ECL Impairment	39A	**(14,042)**	-	**(14,111)**	-
Profit before tax		**6,750,197**	4,585,126	**6,134,599**	4,262,284
Income tax expense	40	**(807,382)**	(912,944)	**(684,770)**	(881,033)
Profit for the year		**5,942,815**	3,672,182	**5,449,829**	3,381,251
Profit attributable to:					
- Owners of the parent		**5,942,815**	3,672,182	**5,449,829**	3,381,251
- Non-controlling interests		**-**	-	**-**	-
		5,942,815	3,672,182	**5,449,829**	3,381,251
Other comprehensive income:					
Items that may be subsequently reclassified to profit or loss:					
-Change in value of financial assets (net of taxes)	26A	**(502,296)**	1,029,812	**(492,488)**	943,936
Other comprehensive income for the year		**(502,296)**	1,029,812	**(492,488)**	943,936
Total comprehensive income for the year		**5,440,519**	4,701,994	**4,957,341**	4,325,187
Total comprehensive income attributable to:					
- Owners of the parent		**5,440,519**	4,701,994	**4,957,341**	4,325,187
- Non-controlling interests		**-**	-	**-**	-
		5,440,519	4,701,994	**4,957,341**	4,325,187

The Notes on pages 97 to 185 are an integral part of these consolidated financial statements.

STATEMENT OF CHANGES IN EQUITY - GROUP

	Share capital ₦'000	Share premium ₦'000	Contingency reserve ₦'000	Fair value reserve ₦'000	Retained earnings ₦'000	Total equity ₦'000
At 1 January 2018	5,336,450	1,930,708	1,257,245	102,311	1,952,315	10,579,029
Day 1 IFRS 9 adjustment (Note 2.2b)				1,623	(1,623)	-
Adjusted I January 2018	5,336,450	1,930,708	1,257,245	103,934	1,950,692	10,579,029
Profit for the year	-	-	-	-	5,942,815	5,942,815
Other comprehensive income for the year	-	-	-	(502,296)	-	(502,296)
Allowance for ECL adjustment on FVOCI securities				13,245	-	13,245
Total Comprehensive income for the year	-	-	-	(489,051)	5,942,815	5,453,764
Contributions by and distributions to owners:						
Dividend paid to equity holders	-	-	-	-	(2,935,048)	(2,935,048)
Transfer to contingency reserve	-	-	764,625	-	(764,625)	-
Total transactions with owners, recognised directly in equity	-	-	764,625	-	(3,699,673)	(2,935,048)
At 31 December 2018	5,336,450	1,930,708	2,021,870	(385,117)	4,193,834	13,097,745

	Share capital ₦'000	Share premium ₦'000	Contingency reserve ₦'000	Fair value reserve ₦'000	Retained earnings ₦'000	Total equity ₦'000
At 1 January 2017	5,336,450	1,930,708	726,934	(927,501)	983,218	8,049,809
Total comprehensive income for the year						
Profit for the year	-	-	-	-	3,672,184	3,672,184
Other comprehensive income for the year	-	-	-	1,029,812	-	1,029,812
Total Comprehensive income for the year	-	-	-	1,029,812	3,672,184	4,701,996
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners:						
Dividend paid to equity shareholders	-	-	-	-	(2,172,776)	(2,172,776)
Transfer to contingency reserve	-	-	530,311	-	(530,311)	-
Total transactions with owners, recognised directly in equity	-	-	530,311	-	(2,703,087)	(2,172,776)
At 31 December 2017	5,336,450	1,930,708	1,257,245	102,311	1,952,315	10,579,029

STATEMENT OF CHANGES IN EQUITY - COMPANY

	Share capital ₦'000	Share premium ₦'000	Contingency reserve ₦'000	Fair value reserve ₦'000	Retained earnings ₦'000	Total equity ₦'000
At 1 January 2018	5,336,450	1,930,708	1,018,039	92,503	1,558,294	9,935,994
Day 1 IFRS 9 Adjustment (Note 2.2b)				1,399	(1,399)	-
Adjusted 1 January 2018	5,336,450	1,930,708	1,018,039	93,902	1,556,895	9,935,994
Profit for the year	-	-	-		5,449,829	5,449,829
Other comprehensive income for the year	-	-	-	(492,488)	-	(492,488)
Allowance for ECL adjustment on FVOCI securities				13,469		13,469
Total Comprehensive income for the year	-	-	-	(479,019)	5,449,829	4,970,810
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners:						
Dividend paid to equity holders	-	-	-	-	(2,935,049)	(2,935,048)
Transfer to contingency reserve	-	-	613,460	-	(613,460)	-
Total transactions with owners, recognised directly in equity	-	-	613,460	-	(3,548,509)	(2,935,048)
At 31 December 2018	5,336,450	1,930,708	1,631,499	(385,117)	3,458,215	11,971,755

	Share capital ₦'000	Share premium ₦'000	Contingency reserve ₦'000	Fair value reserve ₦'000	Retained earnings ₦'000	Total equity ₦'000
At 1 January 2017	5,336,450	1,930,708	593,225	(851,433)	774,633	7,783,583
Total comprehensive income for the year						
Profit for the year	-	-	-	-	3,381,251	3,381,251
Other comprehensive income for the year	-	-	-	943,936	-	943,936
Total Comprehensive income for the year	-	-	-	943,936	3,381,251	4,325,187
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners:						
Dividend paid to equity shareholders	-	-	-	-	(2,172,776)	(2,172,776)
Transfer to contingency reserve		-	-	-	424,814	(424,814)
Total transactions with owners, recognised directly in equity	-	-	424,814	-	(2,597,590)	(2,172,776)
Balance at 31 December 2017	5,336,450	1,930,708	1,018,039	92,503	1,558,294	9,935,994

STATEMENT OF CASH FLOWS

	Note	Group 2018 ₦'000	Group 2017 ₦'000	Company 2018 ₦'000	Company 2017 ₦'000
Cash flows from operating activities					
Cash premium received	8	**30,635,200**	23,078,443	**25,974,135**	19,580,712
Deposit for premium	18	**2,980,934**	-	**2,884,550**	-
Cash received from deposit contract liabilities	17b	**13,780,925**	9,708,636	**13,780,925**	9,708,636
Cash withdrawals from deposit contract liabilities	17b	**(8,279,842)**	(6,532,650)	**(8,279,842)**	(6,532,650)
Cash claims recovered	9.1	**718,865**	589,820	**438,643**	131,089
Dividend received	35	**4,206**	14,893	**-**	14,758
Claims paid	17i	**(5,800,853)**	(3,800,977)	**(4,899,012)**	(2,891,974)
Cash paid to reinsurers/co-insurers	18.1	**(2,403,843)**	(2,930,352)	**(394,704)**	(1,591,526)
Commission received	29	**408,485**	298,724	**85,981**	82,360
Maintenance expenses paid	31	**(202,114)**	(129,850)	**(93,888)**	(77,489)
Acquisition costs	31.1	**(4,411,054)**	(3,710,947)	**(3,553,396)**	(3,095,316)
Employee benefits paid	36	**(2,762,815)**	(2,468,327)	**(2,158,976)**	(1,881,938)
Other operating expenses paid		**(686,374)**	(924,519)	**(1,242,294)**	(560,299)
Other income received		**143,251**	111,560	**59,316**	111,560
Interest received		**8,158,911**	8,212,041	**7,443,341**	6,912,608
Income tax paid	20	**(244,003)**	(322,706)	**(196,158)**	(293,372)
Net cash from operating activities		**32,039,879**	21,193,789	**29,848,620**	19,617,159
Cash flow from investing activities:					
Purchase of plant and equipment	15	**(754,089)**	(443,556)	**(529,333)**	(358,642)
Purchase of intangible assets	14	**-**	(98,399)	**-**	(98,399)
Proceeds from disposal of property and equipment	33a	**17,944**	7,651	**10,271**	4,615
Purchase of financial assets - FVTPL	7.1i	**(50,766,388)**	(42,374,731)	**(42,931,080)**	(38,800,544)
Proceed of disposal FVTPL	7.1i	**43,274,785**	7,354,349	**36,710,117**	6,722,252
Purchase of financial assets - FVOCI	7.2i	**(20,688,053)**	-	**(20,688,053)**	-
Proceed of disposal FVOCI	7.2i	**4,601,298**	-	**4,220,858**	-
Purchase of financial assets - AFS	7.3i	**-**	(2,375,590)	**-**	-
Proceed from disposal of financial assets - AFS	7.3ii	**-**	23,332,460	**-**	19,068,288
Principal repayment of financial assets- HTM	7.4	**-**	64,215	**-**	64,215
Proceed of disposal of financial assets - Loan and receivable	7.5	**-**	703,399	**-**	327,599
Proceeds from disposal of quoted equities	7.1ii	**-**	202,861	**-**	198,758
Staff loan granted	10.1	**(123,561)**	(136,600)	**(123,561)**	(136,600)
Staff loan repaid	10.1	**109,833**	96,652	**109,833**	96,652
Policy loan granted	10.2	**(12,496)**	(1,069)	**(12,496)**	(1,069)
Policy loan repaid	10.2	**7,684**	17,665	**7,684**	17,665
Investment in subsidiary	13	**-**	-	**(200,000)**	-
Net cash used in investing activities		**(24,333,043)**	(13,650,693)	**(23,425,760)**	(12,895,210)
Cash flow from financing activities:					
Dividend paid	21	**(2,657,219)**	(3,334,246)	**(2,657,219)**	(3,334,246)
Net cash used in financing activities		**(2,657,219)**	(3,334,246)	**(2,657,219)**	(3,334,246)
Net increase in cash and cash equivalents		**5,049,617**	4,208,850	**3,765,641**	3,387,703
Cash and cash equivalent at beginning of year		**7,562,536**	3,353,685	**5,853,112**	2,465,409
Net increase in cash and cash equivalents		**5,049,617**	4,208,850	**3,765,641**	3,387,703
Cash and cash equivalents at 31 December	6.2	**12,612,153**	7,562,535	**9,618,753**	5,853,112

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Management of insurance risk

The risk under any insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Group faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random, and the actual number and amount of claims and benefits will vary from year to year from the level established using statistical techniques.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected by a change in any subset of the portfolio. The Group has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome. Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk. The Group issues contracts that transfer insurance and/or financial risk. This section summarises the nature and management of these risks.

3.1 UNDERWRITING RISK

Underwriting risk relates mainly to the uncertainty that the insured event will occur. The nature of an insurance contract is that the timing and size of claims are uncertain and therefore unpredictable. The principal underwriting risk is the risk that the actual outcome of mortality, morbidity and medical claims will result in volatile profits from one year to the next. Such volatility may result from large concentrations of risk or from charging inadequate premiums relative to the severity or incidence of the risk accepted. Inadequate policy wording may fail to protect the insurer from claims that were not envisaged when the product was priced. Insurance events are random and the actual number and amount of underwriting benefits will vary from the best estimates established from statistical techniques and taking cognisance of past experience. The Group manages these risks through its underwriting strategy, reinsurance arrangements and claims handling processes.

The following policies and practices are used by the Group as part of its underwriting strategy to mitigate underwriting risk:

i. All long-term insurance product additions and alterations, both within and outside of agreed business definitions, are required to pass through the approvals framework that forms part of the governance process. The contracted actuary approves the financial soundness of new and revised products.

ii. The Group's underwriting strategy aims to ensure that the underwriting risks are well-diversified in terms of type (medical, occupational, financial) and amount of risk covered. Whilst this is difficult to measure at underwriting stage, the success or failure of the strategy may be measured by the historical stability of profits emerging from the book of business.

iii. Product pricing and reserving policies also include specific allowance for the risk of HIV/AIDS.

iv. The contracted actuary reports annually on the profitability of the business, taking into consideration the reasonable benefit expectation of policyholders. All new rate tables are approved and authorised by the statutory actuary prior to being issued.

v. The right to re-rate premiums is retained as far as possible, although this is limited by competitive pressure.

vi. Investigations into mortality and morbidity experience are conducted at least half yearly to ensure that corrective action is taken where necessary.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

The Group's core funeral product offering is characterised by low sums assured which negates the need for underwriting at policy inception. The policy conditions enable the Group to repudiate death claims arising from non-accidental causes during an initial waiting period after policy inception. The Group's reinsurance arrangements include risk premium treaties for a high life cover, hospital cover product and critical illness products. The decision on the proportion of risk to be ceded follows mainly from the Group's desire to maintain its relationship with the reinsurers and is based on the level of assistance received from the reinsurers. Exceptions to this are reinsurance cessions that are intended to limit the Group's exposure to large sums assured.

Claims risk is represented by the fact that the Group may incur unexpectedly high mortality and morbidity losses on any group of policies. Client service staffs are trained to identify and investigate fraudulent claims timeously. The legitimacy of claims is verified by internal, financial and operating controls that are designed to contain and monitor claims risks. The forensic investigation team also investigates and advises on improvements to internal control systems.

3.2 FREQUENCY AND SEVERITY OF CLAIMS

The frequency and severity of claims can be affected by several factors. The most significant are the increasing level of death, job loss and level of awards for the damages suffered as a result of road accidents. Estimated inflation is also a significant factor due to the long period typically required to settle cases where information is not readily available. The Group manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling.

The underwriting strategy attempts to ensure that the underwritten risks are well-diversified in terms of type and amount of risk. Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the Group has the right not to renew policies and it has the right to reject the payment of a fraudulent claim.

The reinsurance arrangements include surplus and quota - share. The effect of such reinsurance arrangements is that the Group should not suffer total net insurance losses of more than ₦20million on any policy. In addition to the overall Group reinsurance programme, individual business units are permitted to purchase additional reinsurance protection. The Group has specialised claims units dealing with the mitigation of risks surrounding claims. This unit investigates and adjusts all claims. The claims are reviewed individually on a quarterly basis and adjusted to reflect the latest information on the underlying facts, contractual terms and conditions, and other factors. The Group actively manages and pursues early settlements of claims to reduce its exposure to unpredictable developments.

The concentration of insurance risk before and after reinsurance by class of business in relation to the type of insurance risk accepted is summarised below, with reference to the carrying amount of the estimated insurance liabilities (gross and net of reinsurance) arising from all life and non-life insurance contracts:

Group	2018			2017		
	Gross liability ₦'000	Re-Insurance ₦'000	Net liability ₦'000	Gross liability ₦'000	Re-Insurance ₦'000	Net liability ₦'000
Life business						
Individual traditional	13,799,074	-	13,799,074	8,677,134	-	8,677,134
Investment linked contracts	19,766,452	-	19,766,452	13,398,544	-	13,398,544
Group Credit Life	585,480	-	585,480	219,170	-	219,170
Group Life - UPR	316,720	(61,579)	255,141	335,114	(146,424)	188,690
Group Life - AURR	138,463	(1,811)	136,653	21,305	-	21,305
Group Life - IBNR	1,138,289	(149,707)	988,583	1,669,897	(326,177)	1,343,720
Annuity	14,193,983		14,193,983	7,431,913	-	7,431,913
Additional reserves	212,116	-	212,116	221,682	-	221,682
Claims reserve- Life business	318,366	(29,692)	288,674	375,190	-	375,190
Total liability - life business	50,468,944	(242,788)	50,226,155	32,349,949	(472,601)	31,877,348
Non-life business						
Reserve - UPR						
Aviation	-	-	-	-	-	-
Bond	6,528	-	6,528	175,954	-	175,954
Engineering	54,157	-	54,157	51,745	-	51,745
Fire	223,368	-	223,368	7,209	-	7,209
General accident	100,988	-	100,988	71,331	-	71,331
Marine cargo	49,444	-	49,444	226,613	-	226,613
Marine hull	-	-	-	70,513	-	70,513
Motor	180,874	-	180,874	-	-	-
Oil and Gas	537,756	-	537,756	303,352	-	303,352
	1,153,115	-	1,153,115	906,717	-	906,717

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

Group	2018 Gross liability ₦'000	2018 Re-Insurance ₦'000	2018 Net liability ₦'000	2017 Gross liability ₦'000	2017 Re-Insurance ₦'000	2017 Net liability ₦'000
Claims reserve						
- Outgoing gross OCR						
Aviation	5,511	-	5,511	11,536	(6,025)	5,511
Bond	-	-	-	-	1,800	1,800
Engineering	16,236	(11,724)	4,512	10,852	(5,920)	4,932
Fire	285,045	(239,734)	45,311	76,103	121,157	197,260
General Accident	265,913	(148,405)	117,508	426,302	240,064	666,366
Marine	715,682	(684,796)	30,886	5,947	(3,761)	2,186
Motor	64,383	(25,708)	38,675	41,251	44,072	85,323
Oil and Gas	392,218	(172,241)	219,978	291,691	(42,512)	249,179
	1,744,989	(1,282,608)	462,381	863,682	348,875	1,212,557
Claims reserve						
- Outgoing gross IBNR						
Aviation	-	-	-	-	-	-
Bond	1,300	(781)	519	355	327	682
Engineering	15,387	(6,547)	8,840	9,404	6,012	15,416
Fire	34,290	(18,333)	15,957	2,723	1,478	4,201
General Accident	42,191	(16,769)	25,421	2,508	1,292	3,800
Marine	88,061	(55,189)	32,872	35,892	16,125	52,017
Motor	86,690	(3,365)	83,325	90,551	3,772	94,323
Oil and Gas	323,134	(155,323)	167,811	69,886	59,532	129,418
	591,052	(256,307)	334,745	211,319	88,538	299,857
Total liability - non life business	3,489,157	(1,538,915)	1,950,241	1,981,718	437,413	2,419,131
Total liability - life and non-life businesses	53,958,100	(1,781,704)	52,176,397	34,331,667	(35,188)	34,296,479
Claims incurred by class of business during the period under review are shown below:						
Group Life	951,834	(242,788)	709,045	748,384	(807,699)	(59,315)
Group Credit Life	180,338	-	180,338	229,740	-	229,740
Annuity	1,691,417		1,691,417	556,790	-	556,790
Individual Life	2,018,549	-	2,018,549	1,369,239	-	1,369,239
Bancassurance	50	-	50	458	-	458
Non-life business	1,734,131	(1,538,915)	195,215	1,210,334	(454,334)	756,000
	6,576,319	(1,781,704)	4,794,615	4,114,945	(1,262,033)	2,852,912

Company	2018 Gross liability ₦'000	2018 Re-Insurance ₦'000	2018 Net liability ₦'000	2017 Gross liability ₦'000	2017 Re-Insurance ₦'000	2017 Net liability ₦'000
Life business						
Individual Traditional	13,799,074	-	13,799,074	8,677,134	-	8,677,134
Investment linked contracts	19,766,452	-	19,766,452	13,398,544	-	13,398,544
Group Credit Life	585,480	-	585,480	219,170	-	219,170
Group Life - UPR	316,720	(61,579)	255,141	335,114	(146,424)	188,690
Group Life - AURR	138,463	(1,811)	136,653	21,305	-	21,305
Group Life - IBNR	1,138,289	(149,707)	988,583	1,669,897	(326,177)	1,343,720
Annuity	14,193,983		14,193,983	7,431,913	-	7,431,913
Additional reserves	212,116	-	212,116	221,682	-	221,682
Claims reserve- Life business	318,366	(29,692)	288,674	375,190	-	375,190
Total liability - life business	50,468,944	(242,788)	50,226,155	32,349,949	(472,601)	31,877,348
Claims incurred by class of business during the period under review are shown below:						
Group Life	951,834	(242,788)	709,045	748,384	(807,699)	(59,315)
Group Credit Life	180,338	-	180,338	229,740	-	229,740
Annuity	1,691,417		1,691,417	556,790	-	556,790
Individual Life	2,018,549	-	2,018,549	1,369,239	-	1,369,239
Bancassurance	50	-	50	458	-	458
	4,842,188	(242,788)	4,599,400	2,904,611	(807,699)	2,096,912

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3.3 SOURCES OF UNCERTAINTY IN THE ESTIMATION OF FUTURE CLAIM PAYMENTS

Claims on contracts are payable on a claims-occurrence basis. The Group is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term. As a result, liability claims are settled over a long period of time, and a larger element of the claims provision relates to incurred but not reported claims (IBNR).

Uncertainty in the estimation of future benefits payments and premium receipts for insurance contracts arises from the unpredictability of long-term changes in variables such as the overall levels of mortality, accident level and the variability in policyholder behaviour.

The insurance liabilities have been made on the following principles:-

Type of business	Valuation method
Individual Risk Business	Gross premium valuation approach
Individual Deposit Based business (Flexi save)	Deposit reserve: Account balance at valuation date Risk reserve: Gross premium
Group Life and Group School Fees	UPR + IBNR
Group Credit Life	UPR + IBNR + Expense reserve
Daily Term Assurance	Loss ratio estimation
Non-life business	Basic Chain Ladder + Loss ratio estimation + Bornheutter-Ferguson method

3.3.1 INDIVIDUAL BUSINESS

A gross premium method was used for individual risk business. This is a monthly cash flow projection approach taking into account the incidence of all expected future cash flows including office premiums, expenses and benefit payments satisfying the Liability Adequacy Test.

For the endowment plans the portfolio reserves were tested to ensure they were at least as high as the surrender values at the valuation date. The FlexiSave Plan offers an accidental death and funeral benefit, which are payable in addition to the sum insured on the occurrence of an accidental death. FlexiSave is an embedded product having components of insurance and financial risks. This reserve calculation also considers the expected future cash flows including expenses.

Interest is allocated to policyholder Flexisave accounts at a rate of 2% below the Monetary Policy Rate (MPR). In order to accurately consider the potential cost of the life cover to the Group from this product (and hence the reserves that should be held) the policyholder funds was projected; this enabled a comparison of the expected future income to the Group from the policy (the investment return not allocated to policyholder accounts and risk premiums) to the expected future outgo (death benefits and expenses). A reserve is then set up to meet any shortfalls.

Life cover is only available for "active" policies, being those that paid a premium in the year. The risk reserves will allow for future life cover on policies that are active at the valuation date. Policyholders are able to reinstate their life cover by paying any outstanding premiums. Allowance for reinstated policies are made within the additional reserves.

3.3.2 GROUP BUSINESS

Reserves for Group Life business comprise an unexpired premium reserve (UPR) and where necessary, a reserve for Incurred But Not Reported Claims (IBNR) to make an allowance for the delay in reporting of claims.

The UPR represents the unexpired portion of the premium for each scheme, net of an expense margin reflecting the acquisition cost loadings. The adequacy of the UPR has been tested by comparing against an Additional Unexpired Risk Reserve (AURR), which has been calculated using pooled industry claims data for the underlying assumptions. An AURR will be held in cases where the UPR is deemed insufficient to meet claims in respect of the unexpired period.

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A loss ratio approach (basic chain ladder in 2016) has been used for IBNR reserving, which considers the pattern of claims emerging.

No separate reserve is proposed for claims handling costs for Group Life business as these are typically insignificant in size. Costs incurred are absorbed as part of the general business management costs.

Due to the limited nature of data captured for credit life business, the cash flow projection approach could not be used for reserving. Instead reserves have been estimated via an unexpired premium reserve plus an allowance for IBNR where necessary, and unexpired future operating expenses.

3.3.3 NON-LIFE BUSINESS

Depending on the volume of data in the reserving classes, the appropriate methodologies were used. Three methods were used for the projection of claims. The Basic Chain Ladder Method (BCL), a Loss ratio method adjusted for assumed experience to date and, in more recent years, and where the claim development seems different than in the past, a Bornheutter – Ferguson Method was used, based on loss ratios that have been experienced in past accident years.

Claims data was grouped into triangles by accident year or quarter and payment year or quarter. The choice between quarters or years was based on the volume of data in each segment. Payment development patterns were used instead of the reporting years' patterns to allow for the longer tail development that would be seen in reporting and payment delays as well as to allow for the movement of partial payments in the data.

There was insufficient data to sub-divide claims between large and small claims. Sub-dividing the data would reduce the volume of the data in the triangles and compromise the credibility. Extreme large claims however were removed from the triangulations to avoid distorting development patterns.

Basic Chain Ladder Method (BCL)

Development factors were calculated using the last 3, 4 and 5 years of data by accident year or quarter. Ultimate development factors are calculated for each of the permutations. Developments patterns are selected taking into account stability of the loss ratios between accident periods for a development period as well as considering whether there seems to be a change in development; for example, a quickening in the rate that claims are paid, ultimate development factors are applied to the paid data per accident year or quarter and an ultimate claim amount is calculated. The future claims (the ultimate claim amount less paid claims to date) are allocated to future payment periods in line with the development patterns calculated above. The outstanding claims reported to date are then subtracted from the total future claims to give the resulting IBNR figure per accident year or quarter.

For cases where there were extremely large losses that had been reported but not paid, and therefore would not have influenced the development patterns, the total cash reserve was excluded from the calculation of the IBNR.

That is:

Ultimate Claim Amount (excluding extreme large losses)	XX
Less: Paid Claims to date	(XX)
Less: Claims Outstanding (excluding extreme large losses)	(XX)
IBNR	XX

The Basic Chain Ladder Method assumes that past experience is indicative of future experience i.e. that claims reported to date will continue to develop in a similar manner in the future.

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An implicit assumption is that, for an immature accident year, the claims observed thus far tell you something about the claims yet to be observed.

A further assumption is that it assumes consistent claim processing, a stable mix of types of claims, stable inflation and stable policy limits.

Loss ratio method

For four of the classes namely Oil and Gas, Marine Hull, Bond and Aviation, there was very limited data. A BCL method was therefore inappropriate. We allowed for expected experience to date and the assumed average Ultimate Loss ratios in carrying out the calculation.

Average delay durations were calculated from the data provided. In the absence of any data, various options were provided.

The IBNR is then calculated as:

Expected % of claims to still arise in future based on average delay	XX
Multiplied by: average ultimate loss ratio assumed	XX
Multiplied by: earned premium for the current year	XX
IBNR	XX

We assumed that the average delay in reporting of claims will continue into the future. If it is expected that these delay assumptions no longer hold, an adjustment needs to be made to allow for this change in reporting. If the delay period in reporting is expected to have increased from previous years, the results shown in this report will be understated.

Additionally, an estimate of the average ultimate loss ratio was assumed. We based our estimated average loss ratio on claims experience to date for accident years 2014, 2015 2016, 2017 and 2018.

3.4 PROCESS USED TO DECIDE ON ASSUMPTIONS

3.4.1 VALUATION INTEREST RATE

The use of a risk-free rate also implies that future investment margins (in excess of the risk-free return) will not be capitalised upon, which satisfies paragraph 27 of IFRS 4. Further, the result is a "fair value" liability calculation which aids the comparability of accounts between insurers.

Net valuation interest rate of 14.6% & 14.00% pa were adopted for annuity and other long-term businesses, which has been applied as a single long-term rate of return. As at 31 December 2018, FGN bond yields of duration between 5 and 20 years were around 15%. The 20-year FGN bond yield was 15.1%. By comparison, long-term bonds were yielding 14% at December 2018.

For the purpose of determining the valuation interest rate, we have considered a 0.25% prudent margin against the long-term yield to arrive at a gross valuation interest rate of 14.85%. This makes some allowance for the volatility and liquidity of the "risk free" yields.

	Rate	
Type of business	Risk	Annuity
Average yield based on long-term FGN bonds	15.37%	15.37%
Less prudent margin	(0.25)%	(0.25)%
Less reinvestment risk margin	0.00%	(0.25)%
Gross valuation interest rate	**15.12%**	**14.87%**
Less tax (6%)	(0.91%)	0.00%
Net valuation interest rate	14.21%	14.87%
Rates adopted	**14.21%**	**14.87%**

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The valuation interest rates for the individual risk products are as follows:

Type of business	Current valuation	Previous valuation
Risk products	14.21%	13.00%
Risk reserves for deposit-based policies	14.21%	13.00%
Pension Annuity	14.87%	13.50%

3.4.2 EXPENSES

The Group makes provisions for expenses in its mathematical reserves of an amount which is not less than the amount expected to be incurred in fulfilling its long-term insurance contracts. IFRS 4 explicitly requires the consideration of claims handling expenses.

Future maintenance expenses

The regulatory maintenance expenses are derived from the best estimate maintenance expenses plus a prudence margin for adverse deviations. The best estimate maintenance expenses are calculated using the sum of the following:

1. Per policy maintenance charges
2. Allocated operating expenses

The Group performed an expense analysis during the year, which suggests actual expense experience over the year of:

1. Individual life: ₦4,000 per policy
2. Credit life: ₦2,200 per policy
3. Family Shield: ₦525 per policy
4. Group life: 42% of premium

The Group adopted a valuation expense assumption of ₦4000 per policy on risk policies excluding family shield and ₦2,200 per policy for credit life while expense per policy for family shield is set at ₦525. The analysis is based on the number of active policies at the valuation date.

The valuation expense assumptions are as follows:

Type of business	Current valuation ₦'per policy	Previous valuation ₦'per policy
Individual life	4,000	5,000
Credit life	2,200	1,540
Family shield	525	620

3.4.3 EXPENSE INFLATION

The above expenses are subject to inflation at 11.0% pa. Consumer Price Inflation at 31 December 2018 was 11.28%. Both the expense inflation and expense assumption will be actively reviewed in subsequent valuations once more experience data and an expense analysis are made available.

3.4.4 MORTALITY

An appropriate base table of standard mortality is chosen depending on the type of contract. An investigation into Group's experience over the most recent three years is performed, and statistical methods are used to adjust the rates reflected in the table to the best estimate of mortality for that year.

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The A67/70 (Assured Lives 1967-70) mortality table without adjustment was adopted in the valuation. A mortality study was conducted in 2011 using industry mortality experience data which demonstrated a good fit to the A67/70 table.

For annuity, we have adopted the UK Pensioner table PA (90) with age rating of -1.

3.4.5 WITHDRAWALS

Withdrawals comprise both surrenders (voluntary) and lapses (involuntary). Surrenders are acceptable under the Cash flow and Flexisave Plans, after policies have been in force for a pre-defined length of time (at which policies become eligible to receive a surrender value payout). Where eligible the Flexisave surrender values are apportioned on the basis of sum insured.

3.4.6 LAPSES

We have made an allowance for future lapses (being an exit without payment, before a surrender value becomes payable) and surrenders under the endowment plans at the rates;

Education and Cash flow	Lapse Rate p.a	Surrender Rate p.a
Year 1	25.0%	0.0%
Year 2	0.0%	17.5%
Year 3	0.0%	3.5%
Year 4	0.0%	3.5%
Year 5	0.0%	3.5%

i. For individual policies, the valuation age has been taken as Age Last Birthday at the valuation date. The period to maturity has been taken as the full term of the policy less the expired term. Full credit has been taken for premiums due between the valuation date and the end of the premium paying term.

ii. The valuation of the liabilities was made on the assumption that premiums have been credited to the accounts as they fall due, according to the frequency of the particular payment.

iii. No specific adjustment has been made for immediate payment of claims.

iv. No specific adjustment has been made for expenses after premiums have ceased in the case of limited payment policies, i.e. they have been allocated at the same level of expenses as premium paying policies.

v. For all protection business any negative reserves were set to zero to prevent policies being treated as assets. Negatives reserves were permitted for endowment plans for policies with no surrender value at the valuation date.

vi. Any policies subject to substandard terms were valued using the same basis as standard policies.

3.4.7 BONUSES

We have made full allowance for the accrual of future bonuses at the guaranteed (simple) bonus rate of 2% p.a for the Cash flow plan.

3.4.8 GROUP AND CREDIT LIFE BUSINESSES

Unexpired premium reserves (UPR) are reduced by a margin representing acquisition expenses, as these have been loaded into rates yet they have already been incurred.

Acquisition expense ratio of 20% of gross premium was adopted. Group Life commission was paid at 9% of premium and a NAICOM (regulatory) fee is payable at 1% of premium, stamp duty of 0.15% and Management expenses.

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The following assumptions were adopted for the credit life valuation:

i. Where no effective (start) date has been provided, the credit dates were assumed.
ii. Where no end date or tenor has been provided a tenor of 30 months was assumed; this is in line with the average policy term where data has been provided.
iii. The UPR was based on the net premiums, where net premiums are reported after the deduction of commission. Commission is currently payable at 15% of premium.
iv. The IBNR was estimated based on an average claims notification delay period of 3 months, which was derived from the claims experience data.

No additional contingency reserves was made in addition to those provided for long-term business to be held. Other liabilities such as expense and data contingencies reserves have been estimated as necessary using the information available and reported in the main valuation. Assumptions used for these estimates are summarised in the table below:

All Business Group	2018	2017
Expense overrun	**0%**	0%
Worsening of mortality experience	**0%**	0%

3.4.9 REINSURANCE AGREEMENTS

Reinsurance is allowed for in the valuation by having gross and reinsurance ceded records in the policy files. All reserves have been reported gross of reinsurance, with the value of the reinsurance asset reported separately.

3.4.10 CHANGES IN ASSUMPTIONS

The Group did not change its assumptions for the insurance contracts.

3.5 INSURANCE AND MARKET RISK SENSITIVITIES

The sensitivity analysis of insurance and market risk is used as it provides a detailed understanding of the risks inherent in the business and to help develop a risk monitoring and management framework to ensure the risks remain within limits, taking into account the available capital and shareholder risk tolerance levels.

The "Assumption Changes" component of the analysis of change in the table below shows the impact on liabilities of the actual assumption changes made over the year.

The sensitivity analysis was performed using the under-listed variables:

a) Valuation interest (discount) rate +/-1%
b) Expenses +/- 10%
c) Expense inflation +/-2%
d) Mortality +/-5% (including Group Life)

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Group 2018 ₦'000	Base	VIR 1%	VIR -1%	Expenses 10%	Expenses -10%	Expense Inflation 2%	Expense Inflation -2%	Mortality 5%	Mortality -5%
Individual Risk Reserves	13,799,074	11,417,047	16,699,339	14,194,462	13,420,453	14,073,506	13,578,266	13,903,442	13,695,295
PRA regulated annuity	14,193,983	13,558,466	14,895,935	14,212,234	14,175,732	14,232,391	14,164,899	14,248,423	14,141,293
Investment linked contracts	19,766,452	19,766,452	19,766,452	19,766,452	19,766,452	19,766,452	19,766,452	19,766,452	19,766,452
General business – UPR incl AURR	1,744,168	1,744,168	1,744,168	1,744,168	1,744,168	1,744,168	1,744,168	1,744,168	1,744,168
Group Credit Life	585,480	585,480	585,480	585,480	585,480	585,480	585,480	585,480	585,480
Group Life – UPR	316,720	316,720	316,720	316,720	316,720	316,720	316,720	316,720	316,720
Group Life – AURR	138,463	138,463	138,463	138,463	138,463	138,463	138,463	138,463	138,463
Group Life – IBNR	1,138,289	1,138,289	1,138,289	1,138,289	1,138,289	1,138,289	1,138,289	1,138,289	1,138,289
Additional reserves:	212,116	212,116	212,116	212,116	212,116	212,116	212,116	212,116	212,116
Reinsurance	(213,096)	(213,096)	(213,096)	(213,096)	(213,096)	(213,096)	(213,096)	(213,096)	(213,096)
Net Liability	51,681,649	48,664,105	55,283,866	52,095,288	51,284,777	51,994,488	51,431,757	51,840,457	51,525,180
% change in Net Liability		-5.8%	7.0%	0.8%	-0.8%	0.6%	-0.5%	0.3%	-0.3%
Assets	66,634,661	66,634,661	66,634,661	66,634,661	66,634,661	66,634,661	66,634,661	66,634,661	66,634,661
Surplus/(deficit)	14,953,012	17,970,556	11,350,795	14,539,373	15,349,884	14,640,173	15,202,904	14,794,204	15,109,481

Company 2018 ₦'000	Base	VIR 1%	VIR -1%	Expenses 10%	Expenses -10%	Expense Inflation 2%	Expense Inflation -2%	Mortality 5%	Mortality -5%
Individual Risk Reserves	13,799,074	11,417,047	16,699,339	14,194,462	13,420,453	14,073,506	13,578,266	13,903,442	13,695,295
PRA regulated annuity	14,193,983	13,558,466	14,895,935	14,212,234	14,175,732	14,232,391	14,164,899	14,248,423	14,141,293
Investment linked contracts	19,766,452	19,766,452	19,766,452	19,766,452	19,766,452	19,766,452	19,766,452	19,766,452	19,766,452
Group Credit Life	585,480	585,480	585,480	585,480	585,480	585,480	585,480	585,480	585,480
Group Life – UPR	316,720	316,720	316,720	316,720	316,720	316,720	316,720	316,720	316,720
Group Life – AURR	138,463	138,463	138,463	138,463	138,463	138,463	138,463	138,463	138,463
Group Life – IBNR	1,138,289	1,138,289	1,138,289	1,138,289	1,138,289	1,138,289	1,138,289	1,138,289	1,138,289
Additional reserves:	212,116	212,116	212,116	212,116	212,116	212,116	212,116	212,116	212,116
Reinsurance	(213,096)	(213,096)	(213,096)	(213,096)	(213,096)	(213,096)	(213,096)	(213,096)	(213,096)
Net Liability	49,937,481	46,919,937	53,539,698	50,351,120	49,540,609	50,250,320	49,687,589	50,096,289	49,781,013
% change in Net Liability		-6.0%	7.2%	0.8%	-0.8%	0.6%	-0.5%	0.3%	-0.3%
Assets	60,219,037	60,219,037	60,219,037	60,219,037	60,219,037	60,219,037	60,219,037	60,219,037	60,219,037
Surplus/(deficit)	10,281,556	13,299,100	6,679,339	9,867,917	10,678,428	9,968,717	10,531,448	10,122,748	10,438,025

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3.6 SOLVENCY

The solvency level at the valuation date was 252% for Group and 308% for Company (247% and 362%: 2017). That is, assets representing life and non-life fund on the Group's balance sheet (₦76.0billion) were 140% of the valuation of the actuarially calculated liabilities (₦54.2billion), while assets representing life fund on the Company's balance sheet (₦70.54billion) were 139% of the value of the actuarial calculated liabilities (₦50.7billion).

The assets backing the life and non-life funds are as follows:

	Group		Company	
	31-Dec-18 ₦'000	31-Dec-17 ₦'000	31-Dec-18 ₦'000	31-Dec-17 ₦'000
Cash and bank balances	**797,889**	1,402,818	**682,699**	1,034,012
Treasury Bills	**19,798,008**	21,074,620	**15,901,898**	17,798,370
Government Bonds	**43,096,380**	21,364,473	**43,096,380**	21,364,473
Investment in quoted equity	**-**	5,257	**-**	-
Trade receivables	**18,816**	42,620	**4,621**	2,592
Due from policyholders	**16,270**	10,620	**16,270**	10,620
Reinsurance assets	**2,703,072**	1,651,851	**493,285**	735,168
Total	**66,430,436**	45,552,258	**60,195,153**	40,945,235

The assets adequately match the liabilities. In particular asset admissibility requirements and localisation rules in Section 25 of 2003 Insurance Act were met. The life fund shows a surplus of ₦9.2billion (₦5.7billion: 2017), while the non-life fund shows a surplus of ₦517.1million (₦807million: 2017).

4 MANAGEMENT OF FINANCIAL RISK

The Group is exposed to various financial risks in connection with its current operating activities, such as foreign currency risk, interest rate risk, credit risk, market risk and liquidity risk. These risks contribute to the key financial risk that the proceeds from the Group's financial assets are insufficient to fund the obligations arising from insurance policy contracts.

The Group manages these risks through the activities of the Audit Committee and the Investment Committee. Each committee meets at least four times per annum to discuss financial risk issues. Management is responsible for implementing recommendations that have been agreed and reporting back to the relevant committee.

The Audit Committee is a committee of the Board of FBN Insurance Limited and is responsible for the implementation and monitoring of overall risk management, internal financial controls and financial and actuarial reporting within the Group. The main responsibilities of this Committee are:

i. Setting and overseeing the overall standard for financial and actuarial reporting, risk management and internal controls within the Group;

ii. Monitoring the effectiveness of business risk management processes in the Group;

iii. Reviewing and assessing the quality of the work done by professionals responsible for financial and actuarial reporting, risk management and internal control; and

iv. Engaging in discussions with external and internal auditors on the quality and acceptability of the control environment and reporting structures.

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The Investment Committee is a management committee and is responsible for:

i. ensuring that insurance and investment contract liabilities are matched with appropriate supporting assets based on the type of benefits payable to the contract holders;

ii. ensuring that the long-term investment return on assets supporting policy liabilities are sufficient to fund policyholders' reasonable benefit expectations and the shareholders' profit entitlement;

iii. the implementation and monitoring of the asset management process to ensure that the risks arising from trading positions are effectively managed within the pre-determined risk parameters.

4.1 MARKET RISK

The business's operations are exposed to market risk. Market risk arises from the uncertain movement in fair value or net asset value of the investments that stems principally from potential changes in sentiment towards the investment, the variability of future earnings that is reflected in the current perceived value of the investment and the fluctuations in interest rates and foreign currency exchange rates.

The acquisition of policyholders' assets is based on the design of the product and marketing descriptions. Within these parameters, investments are managed with the aim of maximising policyholder returns while limiting risk to acceptable levels within the framework of statutory requirements. The focus of risk measurement and management is to ensure that the potential risks inherent in an investment are reasonable for the future potential reward, exposure to investment risk is limited to acceptable levels, premium rates are adequate to compensate for investment risk and an adequate reserving policy is applied for long-term policy liabilities. The diverse product range requires a variety of approaches to the management of risk; these range from portfolio management practices and techniques such as optimisation of expected risks and rewards based on investment objectives, to asset-liability matching in support of statement of financial position obligations.

The Investment Committee meets quarterly to set investment policy guidelines and to govern compliance to risk policies and limits. Comprehensive measures and limits are in place to control the exposure to market risk of the investments of the Group. The aim is to ensure that appropriate assets are held where the liabilities are dependent upon the performance of specific portfolios of assets and that a suitable match of assets exists for all non-linked liabilities. Limits are applied in respect of the exposure to asset classes and individual counters. Where applicable, advice is sought from the asset manager on suitable amendments to the mandates, Senior Management experience and judgement is applied to monitoring and controlling market risk.

4.1.1 FOREIGN EXCHANGE RISK

Foreign exchange risk is the risk associated with movement in the foreign exchange prices from foreign currency denominated transactions which the Group is exposed to.

The Group is exposed to foreign exchange currency risk primarily through certain transactions denominated in foreign currency. The Group is exposed to foreign currency denominated in dollars and Euros through bank balances in other foreign currencies.

The Group manages its exposure to foreign exchange risk using sensitivity analysis to assess potential changes in the value of foreign exchange positions and impact of such changes on the Group's income. There have been no major changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

The carrying amounts of the Group's foreign currency-denominated assets as at end of the year are as follows:

		Group		Company	
	Currency	31-Dec-18 ₦'000	31-Dec-17 ₦'000	31-Dec-18 ₦'000	31-Dec-17 ₦'000
Cash and bank balances	Dollars	**42,474**	12,314	**16,150**	1,935
	Euro	**11,377**	10,414	**-**	-

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The table below shows the effect on the profit as at 31 December 2018 from a ₦358.79/USD1 (2017 December: ₦305.5/USD) and ₦410.33015/EUR (2017 December: ₦366.34035/Eur) closing rate favourable/unfavourable change in USD/EUR against the naira with all other variables held constant.

	Impact on PBT			
	Group		Company	
	31-Dec-18 ₦'000	31-Dec-17 ₦'000	31-Dec-18 ₦'000	31-Dec-17 ₦'000
Changes in USD exchange rate				
Increase/(decrease) by 10% (+/-)	**4,247**	9,465	**1,615**	728
Increase/(decrease) by 15% (+/-)	**6,371**	14,197	**2,423**	1,092
Changes in EURO exchange rate				
Increase/(decrease) by 10% (+/-)	**1,138**	815	**-**	-
Increase/(decrease) by 15% (+/-)	**1,706**	1,222	**-**	-

	Carrying amount	Naira	USD	EUR
In thousands of Nigerian Naira **31 December 2018**				
Financial assets				
Amortised cost - Loans and advances	**-**	-	**-**	-
Amortised cost - Loans and advances to customers	**-**	-	**-**	-
FVTPL - Financial assets held-for-trading	**-**	-	**-**	-
Investment securities	**-**	-	**-**	-
Pledged assets	**-**	-	**-**	-
Other assets	**-**	-	**-**	-
	-	-	**-**	-
Financial liabilities				
Due to banks	**-**	-	**-**	-
Deposit from customers	**-**	-	**-**	-
Other liabilities	**-**	-	**-**	-
	-	-	**-**	-

4.1.2 INTEREST RATE RISK

Interest rate risk is the risk that the value of a fixed income security will fall as a result movement in market interest rates. Interest rate risk also arises from fluctuations in future cash flows of a financial instrument because of changes in market interest rates.

The Group is exposed to interest rate risk through its investment in fixed income and money market instruments. Interest rate risk also exists in policies that carry investment guarantees on early surrender or at maturity, where claim values may be higher than the value of assets backing the policy as a result of rises or falls in interest rates. The Group's investment income will change with interest rates over the medium to long-term with short-term interest rate fluctuations creating unrealised gains or losses in other comprehensive income. Interest rate risk is managed principally through monitoring interest rate gaps and sensitivity analysis across investment portfolio. The fluctuations in interest rates will not impact the financial position as interest-rate sensitive liabilities are quite small compared with the interest-rate sensitive assets.

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The table below shows the interest rate sensitivity analysis as at 31 December 2018 holding all other variables constant. A 100 and 500 basis points increase or decrease is used when reporting interest rate risk internally to key management personnel and represents Management's assessment of the reasonably possible change in interest rates.

Group 31 December 2018	Total ₦'000	1 - 3 months ₦'000	3 - 6 months ₦'000	6 - 12 months ₦'000	> 12months ₦'000
Interest bearing assets					
Cash and bank balances	1,123,931	1,110,389	-	-	13,542
Investment securities	67,898,069	5,557,736	8,035,727	5,550,017	48,754,589
Statutory deposit	500,000	-	-	-	500,000
Staff loans	285,804	509	4,233	67,767	213,295
Due from agents	9,814	-	2,112	5,176	2,526
Due from policyholders	16,270	526	667	367	14,709
	69,833,888	6,669,160	8,042,739	5,623,327	49,498,661
Interest bearing liabilities	53,958,101	4,083,585	4,572,837	4,571,964	40,729,716
	53,958,101	4,083,585	4,572,837	4,571,964	40,729,716
Gap	15,875,787	2,585,575	3,469,902	1,051,363	8,768,945
	Impact on profit before tax				
Changes in interest rate					
Increase/(decrease) by 100bp (+/-)	158,766	25,864	34,699	10,514	87,689
Increase/(decrease) by 500bp (+/-)	793,829	129,319	173,495	52,568	438,447

Group 31 December 2017	Total ₦'000	1 - 3 months ₦'000	3 - 6 months ₦'000	6 - 12 months ₦'000	> 12months ₦'000
Interest bearing assets					
Cash and bank balances	1,566,512	1,566,512	-	-	-
Investment securities	43,208,192	6,010,465	9,506,749	6,335,691	21,355,286
Statutory deposit	500,000	-	-	-	500,000
Staff loans	93,785	2,538	12,752	24,982	53,513
Due from agents	17,934	8,603	2,397	-	6,934
Due from policyholders	10,620	366	2,306	267	7,681
	45,397,043	7,588,485	9,524,204	6,360,940	21,923,414
Interest bearing liabilities	35,132,791	3,410,598	2,264,287	3,448,019	26,009,887
	35,132,791	3,410,598	2,264,287	3,448,019	26,009,887
Gap	10,264,252	4,177,887	7,259,917	2,912,921	(4,086,473)
	Impact on profit before tax				
Changes in interest rate					
Increase/(decrease) by 100bp (+/-)		41,779	72,599	29,129	(40,880)
Increase/(decrease) by 500bp (+/-)		208,894	362,996	145,646	(204,402)

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Company 31 December 2018	Total ₦'000	1 - 3 months ₦'000	3 - 6 months ₦'000	6 - 12 months ₦'000	> 12months ₦'000
Interest bearing assets					
Cash and bank balances	806,983	791,149	-	-	15,834
Investment securities	62,877,024	4,081,808	5,533,907	4,694,732	48,566,577
Statutory deposit	200,000	-	-	-	200,000
Staff loans	285,804	509	4,233	67,767	213,295
Due from agents	9,814	-	2,112	5,176	2,526
Due from policyholders	16,270	526	667	367	14,709
	64,195,896	4,873,993	5,540,919	4,768,041	49,012,942
Interest bearing liabilities	50,468,944	3,191,764	2,789,197	4,274,691	40,213,291
	50,468,944	3,191,764	2,789,197	4,274,691	40,213,291
Gap	13,726,952	1,682,229	2,751,722	493,351	8,799,650
			Impact on profit before tax		
Changes in interest rate					
Increase/(decrease) by 100bp (+/-)		16,829	27,517	4,934	87,997
Increase/(decrease) by 500bp (+/-)		84,144	137,586	24,668	439,983

Company 31 December 2017	Total ₦'000	1 - 3 months ₦'000	3 - 6 months ₦'000	6 - 12 months ₦'000	> 12months ₦'000
Interest bearing assets					
Cash and bank balances	1,153,509	1,153,509	-	-	-
Investment securities	39,162,842	4,699,603	8,374,060	4,724,707	21,364,471
Statutory deposit	200,000	-	-	-	200,000
Staff loans	93,785	2,538	12,752	24,982	53,512
Due from agents	17,933	8,603	2,397	-	6,934
Due from policyholders	10,620	366	2,306	267	7,681
	40,638,689	5,864,620	8,391,515	4,749,956	21,632,597
Interest earning liabilities	33,013,515	2,774,344	1,734,076	2,493,640	26,011,454
Gap	7,625,174	3,090,276	6,657,439	2,256,316	(4,378,856)
			Impact on profit before tax		
Changes in interest rate					
Increase/(decrease) by 100bp (+/-)		30,903	66,574	22,563	(43,789)
Increase/(decrease) by 500bp (+/-)		154,514	332,872	112,816	(218,943)

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The tables below summarise the entity's interest rate gap position on all portfolios:

31 December 2018	Carrying amount ₦'000	Variable interest-bearing ₦'000	Fixed interest-bearing ₦'000	Non-interest bearing ₦'000
Financial assets:				
Cash and balances with banks	806,983	-	559,691	247,292
Amortised cost - Loans and advances to Insurance entities	-	-	-	-
Amortised cost - Loans and advances to customers	16,270	-	16,270	-
FVTPL - Financial assets held-for-trading	41,869,525	-	41,869,525	-
Investment securities:				
- FVTOCI	21,007,499	-	21,007,499	-
- Amortised cost	-	-	-	-
Pledged assets	-	-	-	-
Statutory deposit with Central Bank of Nigeria	200,000	200,000	-	-
Other assets	6,639,063	-	-	6,639,063
	70,539,340	200,000	63,452,985	6,886,355
Financial liabilities:				
Due to Insurance entities	3,304,464	-	-	3,304,464
Deposit from customers	19,766,452	19,766,452	-	-
Other liabilities	35,496,669	-	-	35,496,669
	58,567,585	19,766,452	-	38,801,133

31 December 2017	Carrying amount ₦'000	Variable interest-bearing ₦'000	Fixed interest-bearing ₦'000	Non-interest bearing ₦'000
Financial assets:				
Cash and balances with banks	1,153,509	-	898,576	254,933
Amortised cost - Loans and advances to insurance entities	-	-	-	-
Amortised cost - Loans and advances to customers	10,620	-	10,620	-
FVTPL - Financial assets held-for-trading	35,391,185	-	35,391,185	-
Investment securities:				
- FVTOCI	3,771,657	-	3,771,657	-
- Amortised cost	-	-	-	-
Pledged assets	-	-	-	-
Statutory deposit with Central Bank of Nigeria	200,000	200,000	-	-
Other assets	6,418,457	-	-	6,418,457
	46,945,428	**200,000**	**40,072,038**	**6,673,390**
Financial liabilities:				
Due to insurance entities	304,096	-	-	304,096
Deposit from customers	13,398,544	13,398,544	-	-
Other liabilities	23,306,794	-	-	23,306,794
	37,009,434	**13,398,544**	**-**	**23,610,890**

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4.1.3 EQUITY PRICE RISK

The Group is exposed to equity price risks arising from equity investments. Based on the volatility of quoted stocks, the Group monitors the contribution of individual stock to the total stocks holding in a portfolio on a monthly basis. Should there be a drastic drop in the price of one equity the effect on the portfolio will not be significant. The Group is only exposed to equity price risk within the banking sector.

Equity price sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 5% higher/lower, the Group's other comprehensive income would increase/decrease by ₦12.45million (Company 2017: ₦5.6million) as a result of the changes in fair value of investments in equity instruments. If equity prices had been 1% higher/lower, the Group's other comprehensive income would increase/decrease by ₦2.4million (Company 2017: ₦1.1million) as a result of the changes in fair value of investments in equity instruments.

4.2 CREDIT RISK

Credit risk arises from the inability or unwillingness of a counterparty to a financial instrument to discharge its contractual obligations. The Group determines counterparty credit quality by reference to ratings from independent rating agencies or, where such ratings are not available, by internal analysis. The Group seeks to avoid unacceptable concentration of credit risk to groups of counterparties, to business sectors, product types, etc.

Key areas where the Group is exposed to credit risk are:

- Reinsurers' share of insurance liabilities;
- Amounts due from reinsurers in respect of claims already paid;
- Amounts due from insurance contract holders;
- Amounts due from insurance intermediaries;
- Amounts due from loans and receivables;
- Amounts due from money market and cash positions

The Group structures the levels of credit risk it accepts by placing limits on its exposure to a single counterparty, or groups of counterparties. Such risks are subject to an annual or more frequent review. Limits on the level of credit risk by category and territory are approved by the Management Committee.

Reinsurance is used to manage insurance risk. This does not, however, discharge the Group's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the Group remains liable for the payment to the policyholder. The creditworthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to finalisation of any contract.

The Group's financial instruments do not represent a concentration of credit risk because the business deals with a variety of reinsurers and its premiums receivable and loans are spread among a number of major industries, customers and geographic areas. Amounts receivable in terms of long-term insurance business are secured by the underlying value of the unpaid policy benefits in terms of the policy contract. An appropriate level of provisioning is maintained.

The Group manages its exposure to credit risk through counterparty risk using established limits as approved by the Board. These limits are determined based on credit ratings of the counterparty amongst other factors. The investments portfolio are monitored on a monthly basis.

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Exposure outside financial institutions concerning deposits and similar transactions are monitored against approved limits. In order to monitor the credit risk exposure, FBNQuest Capital was appointed as the Fund Manager of the Group. FBNQuest Capital manages the investment securities of the Group under an investment management service contract. The contract specifies that all statutory and regulatory guidelines are duly complied with. The Group has ensured that its portfolio is spread into different classes of risk to ensure maximum return and mitigate investment risk.

4.2.1 MAXIMUM EXPOSURE TO CREDIT RISK BEFORE COLLATERAL AND OTHER CREDIT ENHANCEMENTS.

	Group		Company	
	31-Dec-18 ₦'000	31-Dec-17 ₦'000	31-Dec-18 ₦'000	31-Dec-17 ₦'000
Cash and bank balances	1,123,931	1,566,512	806,983	1,153,509
Investment securities	67,898,070	43,208,192	62,877,024	39,162,842
Trade receivables	18,816	42,620	4,621	2,592
Reinsurance assets	2,703,072	1,651,852	493,285	735,168
Other receivables	281,578	468,787	243,481	390,842
Statutory deposit	500,000	500,000	200,000	200,000
Staff loans	285,804	96,598	285,804	93,785
Due from policyholders	16,270	10,620	16,270	10,620
	72,827,541	47,545,180	64,927,468	41,749,358

4.2.2 CREDIT QUALITY OF FINANCIAL ASSETS

All assets are classified as "Neither past due nor impaired". Credit quality of trade receivables is summarised as follows:

	31-Dec-18 ₦'000	31-Dec-17 ₦'000	31-Dec-18 ₦'000	31-Dec-17 ₦'000
Neither past due nor impaired	18,816	42,620	4,621	2,592
Individually impaired	-	-	-	-
Gross	18,816	42,620	4,621	2,592
Less: allowance for impairment	-	-	-	-
Net	18,816	42,620	4,621	2,592

No trade receivable balance was past due but not impaired. The risks associated with other receivables are low.

Aging analysis of Trade receivables	Group		Company	
	31-Dec-18 ₦'000	31-Dec-17 ₦'000	31-Dec-18 ₦'000	31-Dec-17 ₦'000
Neither past due nor impaired				
0 - 30 days	18,816	42,620	4,621	2,592
31 - 90 days	-	-	-	-
91 - 180 days	-	-	-	-
	18,816	42,620	4,621	2,592

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4.2.3 CREDIT QUALITY OF FINANCIAL ASSETS NEITHER PAST DUE NOR IMPAIRED

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to internal credit ratings or to historical information about counterparty default rates:

Internal credit rating system:

Rating bucket	Description		Range of scores	Probability of default
AAA	Extremely low risk	1.00 - 1.99	90 -100%	1%
AA	Very low risk	2.00 - 2.99	80 - 89%	1%
A	Low risk	3.00 - 3.99	70 -79%	1.5%
BBB	Low risk	4.00 - 4.99	60 - 69%	2%
BB	Acceptable - moderately high risk	5.00 - 5.99	50 - 59%	4%
B	High risk	6.00 - 6.99	40 - 49%	6%
CCC	Very high risk	7.00 -7.99	30 - 39%	9%
CC	Extremely high risk	8.00 - 8.99	10 - 29%	13%
C	High likelihood of default	9.00 - 9.99	0 - 9%	15%
D	Default risk			
D	Sub-standard			25%
D	Doubtful			50%
D	Lost			100%

4.2.4 MANAGEMENT OF CREDIT RISK

The Board of Directors is responsible for oversight of the Entity's credit risk, including:

- Formulating credit policies for The Entity, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.
- Establishing the authorisation structure for the approval and renewal of credit facilities. Authorisation limits are allocated to the Board of Directors as appropriate.
- Reviewing and assessing credit risk in all credit exposures prior to making commitment to customers. Renewals and reviews of facilities are subject to the same review process.
- Developing and maintaining The Entity's criteria for categorising exposures, and to focus Management on the attendant risks. The responsibility for approving and reviewing the Risk Assets Acceptance Criteria and Credit Risk Policy lies with the Board of Directors
- Reviewing compliance with exposure and concentration limits, and the promotion of best practices throughout The Entity in the management of credit risk.

Credit Risk Measurement

The Entity undertakes lending activities after careful analysis of the borrowers' general character, capacity to repay, cash flow, credit history, organisational/management quality, financial condition, market position, business operations, industry and other factors. The Entity acknowledges that there are diverse intrinsic risks inherent in the vagaries of its business segments and, as a result, applies different parameters to adequately dimension the risks in each business segments.

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The Entity's rating grades as defined by the Board of Directors, covering all The Entity's credit exposure to corporate, commercial, conglomerates and multinationals. Obligor rating in The Entity is handled by Relationship Managers with further review by Risk Management and Control before it goes through the approval process.

The relationship between The Entity's internal rating system and the external rating system (Agusto & Co.) is shown below:

External rating	Internal rating	Description	Characteristics
AAA	A	Highly Outstanding Investments	• Highest investment quality • Lowest expectation of default risk • Exceptionally strong capacity for timely payment of financial commitments • Capacity is highly unlikely to be adversely affected by unforeseeable events • Top multinationals/corporations • Strong equity and assets • Good track record • Strong cash flows
AA A	B	Above Average Investments	• Very high investment quality • Very low expectation of default risk • Very strong capacity for timely payment of financial commitments • Capacity is not significantly vulnerable to unforeseeable events. • Typically large corporates in stable industries and with significant market share • Very strong balance sheets with high liquid assets
BBB BB B	C	Average Investments	• Good investment quality • Low expectation of default risk. • Capacity for timely payment of financial commitments is considered adequate • Adverse changes in circumstances and in economic conditions is more likely to impair capacity for payment • Typically in stable industries • Strong debt repayment capacity and coverage • Good asset quality and liquidity position • Very good management

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External rating	Internal rating	Description	Characteristics
CCC CC	D	Acceptable Investments	• Average investment quality • Possibility of default risk developing, particularly as the result of adverse economic changes over time • Category is acceptable as business or financial alternatives may be available to allow financial commitments to be met • Good character of owner • Good management but depth may be an issue • Typically good companies in cyclical industries
C D	E	Unacceptable Investments	• High-risk investment quality • High probability of partial loss • Financial condition is weak but obligations are still being met as and when they fall due • Adverse changes in the environment will increase risk significantly • Very weak credit fundamentals which make full debt repayment in serious doubt • Bleak economic prospects • Lack of capacity to repay unsecured debt

The Entity's operational measurements for credit risk are in conformity with the impairment allowances required under the applicable reporting standard - IFRS 9, and are based on expected losses at the date of entering the contract.

The estimation of credit exposure is complex and requires the use of models, as the value of a product varies with changes in market variables, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties.

The Entity has developed models to support the quantification of the credit risk. These rating and scoring models are in use for all key credit portfolios and form the basis for measuring default risks. In measuring credit risk of loan and advances at a counterparty level, the Group considers three components: (i) the 'probability of default' (PD) by the client or counterparty on its contractual obligations; (ii) current exposures to the counterparty and its likely future development, from which the Group derive the 'Exposure At Default' (EAD); and (iii) the likely recovery ratio on the defaulted obligations (the 'Loss Given Default') (LGD). The models are reviewed regularly to monitor their robustness relative to actual performance and amended as necessary to optimise their effectiveness.

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For debt securities, external ratings such as GCR, Moody's Agusto & Co, Fitch, Standard & Poor's rating or their equivalents are used by Risk Management department for managing of the credit risk exposures as supplemented by The Entity's own assessment through the use of internal ratings tools.

Group 31 December 2018	AAA ₦'000	AA	A ₦'000	BB	CC ₦'000	Total ₦'000
Policyholder portfolio						
Cash and bank balances	797,889	-	-	-	-	797,889
Marketable investment securities	62,894,388		-	-	-	62,894,388
Total	63,692,277	-	-	-	-	63,692,277
Shareholder portfolio						
Cash and bank balances	326,042	-	-	-	-	326,042
Marketable investment securities	4,709,988		-	-	-	4,709,988
Reinsurance assets	-	-	2,703,072	-		2,703,072
Statutory deposit	500,000	-	-	-	-	500,000
Staff loans	285,804	-	-	-	-	285,804
Due from agents	-	-	-		-	-
Due from policyholders	16,270	-	-	-	-	16,270
Total	5,838,104	-	2,703,072	-	-	8,541,176

31 December 2017	AAA ₦'000	AA	A ₦'000	BB	CC ₦'000	Total ₦'000
Policyholder portfolio						
Cash and bank balances	1,566,512	-	-	-	-	1,566,512
Marketable investment securities	43,034,817	158,933	14,443	-	-	43,208,193
Total	44,601,329	158,933	14,443	-	-	44,774,705
Shareholder portfolio						
Cash and bank balances	163,695	-	-	-	-	163,695
Marketable investment securities	2,337,863		-	-	-	2,337,863
Reinsurance assets	-	-	1,651,852	-		1,651,852
Statutory deposit	500,000	-	-	-	-	500,000
Staff loans	96,598	-	-	-	-	96,598
Due from agents	-	-	-	-	-	-
Due from policyholders	10,620	-	-	-	-	10,620
Total	3,108,775	-	1,651,852	-	-	4,760,627

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Company 31 December 2018	AAA ₦'000	AA	A ₦'000	BB	CC ₦'000	Total ₦'000
Policyholder portfolio						
Cash and bank balances	682,699	-	-	-	-	682,699
Marketable investment securities	58,998,278	-	-	-	-	58,998,278
Total	59,680,977	-	-	-	-	59,680,977
Shareholder portfolio						
Cash and bank balances	124,284	-	-	-	-	124,284
Marketable investment securities	3,878,746	-	-	-	-	3,878,746
Reinsurance assets	-	-	493,285	-	-	493,285
Statutory deposit	200,000	-	-	-	-	200,000
Staff loans	285,804	-	-	-	-	285,804
Due from agents	9,814	-	-		-	9,814
Due from policyholders	16,270	-	-	-	-	16,270
Total	4,514,918	-	493,285	-	-	5,008,203

31 December 2017	AAA ₦'000	AA	A ₦'000	BB	CC ₦'000	Total ₦'000
Policyholder portfolio						
Cash and bank balances	1,034,012	-	-	-	-	1,034,012
Marketable investment securities	39,162,843	-	144,834	-	-	39,307,678
Total	40,196,855	-	144,834	-	-	40,341,690
Shareholder portfolio						
Cash and bank balances	119,497	-	-	-	-	119,497
Marketable investment securities	1,957,424	-	-	-	-	1,957,424
Reinsurance assets	-	-	735,168	-	-	735,168
Statutory deposit	200,000	-	-	-	-	200,000
Staff loans	93,785	-	-	-	-	93,785
Due from agents	-	-	-	-	-	-
Due from policyholders	10,620	-	-	-	-	10,620
Total	2,381,326	-	735,168	-	-	3,116,493

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4.2.4 CONCENTRATION OF CREDIT RISK EXPOSURE

a. Geographical sectors

The concentration of credit risk exposures are all in Nigeria.

b. Industry Sector

The following table breaks down the Group's credit exposure at carrying amounts, as categorised by the industry sectors of the Group's counterparties.

Group	31 December 2018				31 December 2017			
	Premium Receivable ₦'000	Investment securities ₦'000	Other receivable ₦'000	Total ₦'000	Premium Receivable ₦'000	Investment securities ₦'000	Other receivable ₦'000	Total ₦'000
Finance and insurance	18,816	67,898,070	-	67,916,886	42,620	43,208,192	-	43,250,811
General commerce	-	-	-	-	-	-	-	-
Manufacturing	-	-	-	-	-	-	-	-
Oil and gas	-	-	-	-	-	-	-	-
Public sector	-	-	500,000	500,000	-	-	500,000	500,000
Retail	-	-	583,653	583,653	-	-	576,004	576,004
	18,816	67,898,070	1,083,653	69,000,538	42,620	43,208,192	1,076,004	44,326,816

Company	31 December 2018				31 December 2017			
	Premium Receivable ₦'000	Investment securities ₦'000	Other receivable ₦'000	Total ₦'000	Premium Receivable ₦'000	Investment securities ₦'000	Other receivable ₦'000	Total ₦'000
Finance and insurance	4,621	62,877,024	-	62,881,645	2,592	39,162,842	-	39,165,435
General commerce	-	-	-	-	-	-	-	-
Manufacturing	-	-	-	-	-	-	-	-
Oil and gas	-	-	-	-	-	-	-	-
Public sector	-	-	200,000	200,000	-	-	200,000	200,000
Retail	-	-	545,555	545,555	-	-	495,246	495,246
	4,621	62,877,024	745,555	63,627,200	2,592	39,162,842	695,246	39,860,681

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4.2.5 OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The disclosures set out in the tables below include financial assets and financial liabilities that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments, irrespective of whether they are offset in the statement of financial position. As at year end, none of these agreement arrangements met the criteria for offsetting in the statement of financial position.

Reinsurance payable and receivables create for the parties to the agreement a right of set-off on recognised amounts that is enforceable only following predetermined events as stipulated within the treaty agreements. Under the requirements of 'IFRS 4 - Insurance contract', reinsurance assets and liabilities are disclosed gross. Each party to the agreement will have the option to settle all such amounts on a net basis in the event of default of the other party. An event of default includes a failure by a party to make payment when due.

Group 31 December 2018				Related amounts not offset in the statement of financial position		
Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements	Gross amount of recognised financial asset ₦'000	Gross amount of financial liabilities offset in the statement of financial position ₦'000	Net amounts of financial assets presented in the statement financial of position ₦'000	Financial instruments (including non-cash collateral) ₦'000	Cash collateral received ₦'000	Net amount ₦'000
Reinsurance receivables	2,703,072	-	2,703,072	(166,686)	-	2,536,386
Reinsurance payables	166,686	-	166,686	(166,686)	-	-

31 December 2017				Related amounts not offset in the statement of financial position		
Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements	Gross amount of recognised financial asset ₦'000	Gross amount of financial liabilities offset in the statement of financial position ₦'000	Net amounts of financial assets presented in the statement financial of position ₦'000	Financial instruments (including non-cash collateral) ₦'000	Cash collateral received ₦'000	Net amount ₦'000
Reinsurance receivables	1,651,852	-	1,651,852	(121,832)	-	1,530,020
Reinsurance payables	121,832	-	121,832	(121,832)	-	-

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31 December 2018		Related amounts not offset in the statement of financial position				
Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements	Gross amount of recognised financial asset ₦'000	Gross amount of financial liabilities offset in the statement of financial position ₦'000	Net amounts of financial assets presented in the statement financial of position ₦'000	Financial instruments (including non-cash collateral) ₦'000	Cash collateral received ₦'000	Net amount ₦'000
Reinsurance receivables	493,285	-	493,285	(73,527)	-	419,757
Reinsurance payables	73,527	-	73,527	(73,527)	-	-

31 December 2017		Related amounts not offset in the statement of financial position				
Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements	Gross amount of recognised financial asset ₦'000	Gross amount of financial liabilities offset in the statement of financial position ₦'000	Net amounts of financial assets presented in the statement financial of position ₦'000	Financial instruments (includ ing non-cash collateral) ₦'000	Cash collateral received ₦'000	Net amount ₦'000
Reinsurance receivables	735,168	-	735,168	(30,647)	-	704,521
Reinsurance payables	30,647	-	30,647	(30,647)	-	-

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4.2.6 IMPAIRMENT MODEL

Premium debtors are measured at amortised cost, less provision for impaired receivables. Under IFRS, an asset is impaired if the carrying amount is greater than the recoverable amount. IAS 39 favours the use of the incurred loss model in estimating the impairment of its receivables. However, with the inception of IFRS 9, which became effective for annual periods beginning on/after 1 January 2018, the Expected Credit Losses (ECL) method of impairment calculation will be in force.

Based on NAICOM's "No Premium No Cover" guidelines which state that "all insurance covers shall be provided on a strict 'no premium no cover' basis", only cover for which payment has been received shall be booked. However, brokers have a 30 day period to make payments from the date of the credit notes.

After analysing this financial instrument based on NAICOM "No Premium No Cover" guidelines, a nil impairment standpoint was taken.

The impairment requirements of IFRS 9 apply to all debt instruments that are measured at amortised cost or FVOCI, and to off-balance sheet lending commitments such as loan commitments and financial guarantees (hereafter collectively referred to as financial assets). This contrast to the IAS 39 impairment model which was not applicable to loan commitments and financial guarantee contracts, as there were instead covered by International Accounting standards 37: "Provisions, contingent liabilities and contingent assets (IAS 37)".

The determination of impairment loss and allowance moves from the incurred credit loss model whereby credit losses are recognised when a defined loss event occurs under IAS 39, to expected credit loss model under IFRS 9, where provisions are recognised upon initial recognition of the financial asset based on expectation of potential credit losses at the time of initial recognition. Under IFRS 9, the Company first evaluates - individually - whether objective evidence of impairment exists for loans that are individually significant, then collectively assesses the loan and other receivables that are not significant and those which are significant, but for which there is no objective evidence of impairment available under the individual assessment.

Staged Approach to the Determination of Expected Credit Losses

IFRS 9 outlines a three-stage model for impairment based on changes in credit quality since initial recognition. These stages are as outlined below:

Change in credit quality since initial recognition

Recognition of expected credit losses		
12 month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses
Interest revenue		
Effective interest on gross carrying amount	Effective interest on gross carrying amount	Effective interest on amortised cost carrying amount (i.e. net or credit allowance
Stage 1 Performing (Initial recognition*)	Stage 2 Underperforming (Assets with significant increase in credit risk since initial recognition*)	Non-performing (Credit impaired assets)

* Except for purchased or originated credit impaired assets.

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Stage 1: The Company recognises a credit loss allowance at an amount equal to the 12 month expected credit losses. This represents the portion of lifetime expected credit losses from default events that are expected within 12 months of the reporting date, assuming that credit risk has not increased significantly after the initial recognition.

Stage 2: The Company recognises a credit loss allowance at an amount equal to the lifetime expected credit losses (LTECL) for those financial assets that are considered to have experienced a significant increase in credit risk since initial recognition. This requires the computation of ECL based on Lifetime probabilities of default that represents the probability of a default occurring over the remaining lifetime of the financial assets. Allowance for credit losses is higher in this stage because of an increase in credit risk and the impact of a longer time horizon being considered compared to 12 months in Stage 1.

Stage 3: The Company recognises a loss allowance at an amount equal to lifetime expected credit losses, reflecting a probability of default (PD) of 100% via the recoverable cash flows for the asset. For those financial assets that are credit impaired. The Company's definition of default is aligned with the regulatory definition. The treatment of the loans and other receivables in stage 3 remains substantially the same as the treatment of impaired financial assets under IAS 39 except for the portfolios of assets purchased or originated as credit impaired.

The Company does not originate or purchase credit impaired loans or receivables

Impairment Methodology

Calculation of Expected Credit Losses

Calculation of the expected credit loss is based on the key risk parameters of PD, LGD and ED according to the formula set below:

ECL	=	PD	X	EAD	X	LGD
12 months/lifetime Expected Credit Loss ECL		Probability of default		Exposure at default		Loss Given Default (after consideration of collaterals and recoveries)

The calculation of ECL incorporates forward-looking information in all the ECL components. This forward-looking information will impact the various ECL components as follows:

- Probability of default – The PDs will vary during various stages of an economic cycle. It is based on the likelihood that a borrower will default within one year (PD), assessment of the creditworthiness of the counterparty and transformation of 1 Year horizon into lifetime of the asset.
- Loss Given Default – Collateral values will vary based on the stage of an economic cycle.
- Exposure at default – Change in interest rates may affect the EAD, e.g. higher interest rates may result in longer terms for loans causing a change in the EAD.

Loss Given Default

The Company applies historical experience to determine the expected loss given default ratios for each class of financial instruments. Where internal historical experience is not available, other sources, e.g. data available from rating companies as well as professional judgements are used to determine the LGD ratios that will apply. Collateral that is held against the financial assets is also considered in determining the LGD.

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The Company Management has resolved to use the recovery rates as published by Moodys credit analytics for all credit exposures to sovereign denominated in foreign currencies and all corporate exposures.

For sovereign exposures denominated in Naira which are assessed as low credit risk exposures, we have resolved to use LGDs within the rage of 5-10% based on the Central Banks of Nigeria's Revised Guidance Notes on Credit risk. Section 3.1 of the document addresses exposure to sovereigns and Central banks and states that financial institutions should assign a risk weight of 0% to the following:

- Exposures to Federal Government of Nigeria (FGN) and Central Bank of Nigeria (CBN);
- Instruments issued by other entities backed by express guarantee of the FGN;
- Inter-bank transactions guaranteed by the FGN or CBN; and
- Inter-bank transactions among supervised institutions collateralized by FGN Bonds, Treasury Bills or other similar sovereign bills.

4.3 LIQUIDITY RISK

Liquidity risk is the risk that the Group is unable to meet its obligations when they fall due as a result of policyholder benefit payments, cash requirements from contractual commitments, or other cash outflows, such as debt maturities. Such outflows would deplete available cash resources for operational, trading and investments activities. In extreme circumstances, lack of liquidity could result in reductions in the consolidated balance sheet and sales of assets, or potentially an inability to fulfil policyholder commitments. The risk that the Group will be unable to do so is inherent in all insurance operations and can be affected by a range of institution-specific and market-wide events including, but not limited to, credit events, merger and acquisition activity, systemic shocks and natural disasters.

Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month respectively, as these are key periods for liquidity management. The starting point for those projections is an analysis of the undiscounted contractual cash flow at maturity of the financial liabilities and the expected collection date of the financial assets.

All policyholder funds are invested in appropriate assets to meet the reasonable benefit expectations of policyholders, which include the expectation that funds will be available to pay out benefits as required by the policy contract. The disclosure in Note 6 demonstrates that the Group has significant liquid resources. The value for policyholders' liabilities and the assets backing them are as per the carrying amount in the statement of the financial position.

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The maturity profile of the total policyholders' liabilities and assets backing them is shown below:

Group 31 December 2018	Carrying amount ₦'000	0-3 months ₦'000	3 to 9 months ₦'000	9 months to 1 year ₦'000	1 to 5 years ₦'000	> 5 years ₦'000	Total ₦'000
Trade payables	3,304,464	3,304,464	-	-	-	-	3,304,464
Investment linked contract liabilities	19,766,452	2,420,099	1,608,570	2,693,825	11,929,501	1,114,457	19,766,452
Total financial liabilities	23,070,916	5,724,563	1,608,570	2,693,825	11,929,501	1,114,457	23,070,916
Cash and bank balances	797,889	797,889	-	-	-	-	797,889
Marketable investment securities	62,894,388	13,470,752	433,530	6,159,158	16,903,343	25,927,605	62,894,388
Trade receivables	18,816	18,816	-	-	-	-	18,816
Reinsurance assets	2,703,072	2,703,072	-	-	-	-	2,703,072
Due from policyholders	16,270	16,270	-	-	-	-	16,270
Total financial assets	66,430,436	17,006,800	433,530	6,159,158	16,903,343	25,927,605	66,430,436
Net financial assets and liabilities	43,359,520	11,282,237	(1,175,040)	3,465,333	4,973,843	24,813,148	43,359,520
Insurance contract liabilities - Life fund	34,191,649	4,019,187	1,455,750	2,258,437	13,138,318	13,319,957	34,191,649
Net policyholders assets and liabilities	9,167,871	7,263,050	(2,630,790)	1,206,896	(8,164,476)	11,493,191	9,167,871
31 December 2017							
Trade payables	399,300	399,300	-	-	-	-	399,300
Investment linked contract liabilities	13,398,544	1,482,687	962,710	1,637,721	8,469,534	845,893	13,398,545
Total financial liabilities	13,797,844	1,881,987	962,710	1,637,721	8,469,534	845,893	13,797,845
Cash and bank balances	1,402,818	1,402,818	-	-	-	-	1,402,818
Marketable investment securities	42,444,349	22,720,042	3,274,115	5,952,287	9,622,480	875,425	42,444,349
Trade receivables	42,620	42,620	-	-	-	-	42,620
Reinsurance assets	1,651,852	1,651,852	-	-	-	-	1,651,852
Due from policyholders	10,620	10,620	-	-	-	-	10,620
Total financial assets	45,552,258	25,827,951	3,274,115	5,952,287	9,622,480	875,425	45,552,258
Net financial assets and liabilities	31,754,414	23,945,964	2,311,405	4,314,566	1,152,946	29,532	31,754,413
Insurance contract liabilities - Life fund	21,734,247	13,247,902	1,509,629	1,991,332	4,985,384	-	21,734,247
Net policyholders assets and liabilities	10,020,168	10,698,062	801,776	2,323,234	(3,832,438)	29,532	10,020,166

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Company 31 December 2018	Carrying amount ₦'000	0-3 months ₦'000	3 to 9 months ₦'000	9 months to 1 year ₦'000	1 to 5 years ₦'000	> 5 years ₦'000	Total ₦'000
Trade payables	3,114,921	3,114,921	-	-	-	-	3,114,921
Investment linked contract liabilities	19,766,452	2,420,099	1,608,570	2,693,825	11,929,501	1,114,457	19,766,452
Total financial liabilities	22,881,373	5,535,020	1,608,570	2,693,825	11,929,501	1,114,457	22,881,373
Cash and bank balances	682,699	682,699	-	-	-	-	682,699
Marketable investment securities	58,998,278	11,147,350	433,530	4,586,450	16,903,343	25,927,605	58,998,278
Trade receivables	4,621	4,621	-	-	-	-	4,621
Reinsurance assets	493,285	493,285	-	-	-	-	493,285
Due from policyholders	16,270	16,270	-	-	-	-	16,270
Total financial assets	60,195,153	12,344,226	433,530	4,586,450	16,903,343	25,927,605	60,195,153
Net financial assets and liabilities	37,313,780	6,809,206	1,175,040	1,892,625	4,973,843	24,813,148	37,313,780
Insurance contract liabilities - Life fund	30,702,492	1,248,318	1,121,657	2,049,878	13,138,318	13,205,012	30,763,183
Net policyholders assets and liabilities	6,611,288	5,560,888	(2,296,697)	(157,253)	(8,164,475)	11,608,136	6,611,288
31 December 2017							
Trade payables	304,096	304,096	-	-	-	-	304,096
Investment linked contract liabilities	13,398,544	1,482,687	962,710	1,637,721	8,469,534	845,893	13,398,544
Total financial liabilities	13,702,640	1,786,783	962,710	1,637,721	8,469,534	845,893	13,702,640
Cash and bank balances	1,034,012	1,034,012	-	-	-	-	1,034,012
Marketable investment securities	39,162,843	4,699,604	8,374,061	4,724,707	11,720,042	9,644,430	39,162,843
Trade receivables	2,592	2,592	-	-	-	-	2,592
Reinsurance assets	735,168	735,168	-	-	-	-	735,168
Due from policyholders	10,620	10,620	-	-	-	-	10,620
Total financial assets	40,945,235	6,481,995	8,374,061	4,724,707	11,720,042	9,644,430	40,945,235
Net financial assets and liabilities	27,546,691	4,999,308	7,411,351	3,086,986	3,250,509	8,798,537	27,546,691
Insurance contract liabilities - Life fund	19,614,971	1,905,225	771,366	855,919	6,940,014	9,142,448	19,614,971
Net policyholders assets and liabilities	7,931,720	3,094,084	6,639,985	2,231,067	(3,689,505)	(343,911)	7,931,720

The maturity of non-derivative financial liabilities and financial assets have been compiled based on undiscounted cash flows, which include estimated interest payments.

4.4 CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of equity utilisation and to provide an adequate return to shareholders by pricing insurance and investment contracts commensurately with the level of risk. The Group's overall strategy remains unchanged from inception of business in 2010.

The table below summarises the minimum required capital and the regulatory capital held against each of them. These figures are an aggregate number, being the sum of the statutory capital and surplus. The capital structure of the Group consists of equity (comprising issued capital, reserves and retained earnings) as detailed in Notes 23 to 26.

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The Company is subjected to a minimum capital requirement of ₦2billion by the Insurance Act 2003 (Amended 2009).

The Group's risk management committee reviews the capital structure of the Group on an ongoing basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital

The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders and issue new shares.

During the period, the Group was compliant with all capital requirements.

The Group's authorised share capital as at 31 December 2018 is ₦7, 500,000,000 (2017: ₦7, 500,000,000). The Company is in compliance with the minimum capital requirement of ₦2billion as stipulated by the Insurance Act.

Paid up capital for the reporting periods under review is summarised as follows:

	Group		Company	
	31-Dec-18 ₦'000	31-Dec-17 ₦'000	31-Dec-18 ₦'000	31-Dec-17 ₦'000
Share capital	**5,336,450**	5,336,450	**5,336,450**	5,336,450
Share premium	**1,930,708**	1,930,708	**1,930,708**	1,930,708
Contingency reserves	**2,021,870**	1,257,245	**1,631,499**	1,018,039
Fair value reserves	**(385,117)**	102,311	**(385,117)**	92,503
Retained earnings	**4,193,834**	1,952,315	**3,458,215**	1,558,294
	13,097,745	10,579,029	**11,971,755**	9,935,994

Minimum capital requirement

The Group's authorised share capital as at 31 December 2018 is ₦7,500,000,000 (2017:₦7,500,000,000).

The Company is in compliance with the minimum capital requirement of ₦2billion as stipulated by the Insurance Act. During the year, the Company has consistently exceeded the minimum capital requirement.

The Solvency Margin for FBNInsurance as at 31 December 2018 is as follows:

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	2018		2017	
	₦'000	₦'000	₦'000	₦'000
Admissible assets				
Cash and cash equivalent	806,983		1,153,509	
Financial assets:				
- Fair value through profit or loss	41,869,525		35,391,185	
- Fair value through other comprehensive income	21,007,499		-	
- Available-for-sale	-		3,612,724	
- Held-to-maturity	-		158,933	
- Loans and receivables	-		-	
Trade receivable	4,621		2,592	
Reinsurance assets	493,284		735,168	
Other receivable and prepayment	302,075		104,405	
Deferred acquisition cost	28,504		-	
Investment in subsidiary	4,300,873		4,100,873	
Property plant and equipment (Land and building)	617,227		506,635	
Property plant and equipment (Others)	594,111		466,244	
Statutory deposit	200,000		200,000	
Total admissible assets (a)		70,224,702		46,432,268
Insurance contract liabilities	30,702,492		19,614,971	
Investment contract liabilities	19,766,452		13,398,544	
Trade payable	3,114,921		304,096	
Provision and other payables	1,983,765		1,458,309	
Dividend payable	950,222		672,393	
Provision for current tax	1,945,626		1,261,270	
Total admissible liabilities (b)		58,463,478		36,709,583
Solvency margin (a-b)		11,761,224		9,722,685
Subject to higher of:				
15% of net premium income	3,818,923		2,689,080	
or				
Minimum capital requirement	2,000,000	3,818,923	2,000,000	2,689,080
Gross solvency ratio		308%		362%
Net solvency ratio		208%		262%

During the year the solvency margin was 308% (2017: 362%).

Capital is actively managed with a focus on capital efficiency and effective risk management. The capital objectives are to ensure that the Company is properly capitalised and funded at all times, having regard to its regulatory needs, prudent management and the needs of all stakeholders.

Precisely, the Company has adopted the following capital management policies:

i. Maintenance, as a minimum, of capital sufficient to meet the statutory requirement.

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ii. An Economic Capital at Risk (ECaR) approach is also used by the Management and the Board to ensure that obligations to policyholders can be met in adverse circumstances.

iii. Maintenance of an appropriate level of liquidity at all times. The Company further ensures that it can meet its expected capital and financing needs at all times, having regard to business plans to guarantee its going concern status, forecast and any strategic initiatives.

Sensitivities

The Company has both qualitative and quantitative risk management procedures to monitor the key risks and sensitivities of the business. This is achieved through scenario analysis and risk assessments. From an understanding of the principal risks, appropriate risk limits and control are defined. The Enterprise Risk Management committee plays a major role here.

The risk types affecting the surplus capital of the Company are market risk, credit risk, liquidity risk, liability risk, business risk and operational risk.

4.5 MEASUREMENT BASIS OF FINANCIAL ASSETS AND LIABILITIES

Group	31 December 2018			31 December 2017		
	Fair value ₦'000	Amortised cost ₦'000	Total ₦'000	Fair value ₦'000	Amortised cost ₦'000	Total ₦'000
Cash and bank balances	-	1,123,931	1,123,931	-	1,566,512	1,566,512
Investment securities	67,898,069	-	67,898,069	43,049,259	158,933	43,208,192
Trade receivables	-	18,816	18,816	-	42,619	42,619
Reinsurance assets	-	2,703,072	2,703,072	-	1,651,852	1,651,852
Other asset	-	583,653	583,653	-	601,108	601,108
Statutory deposit	-	500,000	500,000	-	500,000	500,000
Total financial assets	67,898,069	4,929,472	72,827,541	43,049,259	4,521,024	47,570,283
Financial liabilities						
Trade payable	-	323,530	323,530	-	399,301	399,301
Other payables and accruals	-	5,401,297	5,401,297	-	1,892,201	1,892,201
Investment linked contract liabilities	-	19,766,452	19,766,452	-	13,398,544	13,398,544
Dividend payable	-	950,222	950,222	-	672,393	672,393
Total financial liabilities	-	26,441,501	26,441,501	-	16,362,439	16,362,439

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Company	31 December 2018			31 December 2017		
	Fair Value ₦'000	Amortised Cost ₦'000	Total ₦'000	Fair Value ₦'000	Amortised Cost ₦'000	Total ₦'000
Cash and bank balances	-	806,983	806,983	-	1,153,509	1,153,509
Investment securities	62,877,024	-	62,877,024	39,003,911	158,933	39,162,844
Trade receivables	-	4,621	4,621	-	2,592	2,592
Reinsurance assets	-	493,285	493,285	-	735,168	735,168
Other asset	-	545,555	545,555	-	495,246	495,246
Statutory deposit	-	200,000	200,000	-	200,000	200,000
Total financial assets	62,877,024	2,050,444	64,927,468	39,003,911	2,745,449	41,749,359
Financial liabilities						
Trade payable	-	230,371	230,371	-	304,096	304,096
Other payables and accruals	-	4,883,826	4,883,826	-	1,458,309	1,458,309
Investment linked contract liabilities	-	19,766,452	19,766,452	-	13,398,544	13,398,544
Dividend payable	-	950,222			672,393	672,393
Total financial liabilities	-	25,830,871	24,880,649	-	15,833,342	15,833,342

4.6 MEASUREMENT OF FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE

The Group measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements:

Level 1: inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2: inputs other than quoted prices included within level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data. All level 2 valuation were derived using either the net present value and discounted cash flow models or comparison with similar instruments for which market observable prices exist.

Level 3: inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

There were no transfers from level 1 to level 2 or between level 2 or level 3 of the fair value hierarchy during the year.

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4.6.1 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The table below summarises the carrying amounts and fair values of the financial assets and liabilities.

	Group				Company			
	31 December 2018		31 December 2017		31 December 2018		31 December 2017	
	Carrying value ₦'000	Fair value ₦'000	Carrying value ₦'000	Fair value ₦'000	Carrying value ₦'000	Fair value ₦'000	Carrying value ₦'000	Fair value ₦'000
Financial assets								
Statutory deposits	**500,000**	**500,000**	500,000	500,000	**200,000**	**200,000**	200,000	200,000
Cash and bank balances	**1,123,931**	**1,123,931**	1,566,512	1,566,512	**806,983**	**806,983**	1,153,509	1,153,509
Investment securities:								
Fair value through profit or loss	**46,596,877**	**46,596,877**	38,672,691	38,672,691	**41,869,525**	**41,869,525**	35,391,185	35,391,185
Fair value through other comprehensive income	**21,301,192**	**21,301,192**	-	-	**21,007,499**	**21,007,499**	-	-
Available-for-sale	**-**	**-**	4,376,568	4,376,568	**-**	**-**	3,612,724	3,612,724
Held-to-maturity	**-**	**-**	158,933	158,933	**-**	**-**	158,933	158,933
Loans and receivables	**-**	**-**	-	-	**-**	**-**	-	-
Trade receivables	**18,816**	**18,816**	42,619	42,619	**4,621**	**4,621**	2,592	2,592
Reinsurance assets	**2,703,072**	**2,703,072**	1,651,852	1,651,852	**493,285**	**493,285**	735,168	735,168
Other receivables	**583,653**	**583,653**	601,107	601,107	**545,555**	**545,555**	495,246	495,246
TOTAL	**72,827,541**	**72,827,541**	47,570,282	47,570,282	**64,927,468**	**64,927,468**	41,749,358	41,749,358
Financial liabilities								
Trade payables	**323,530**	**323,530**	399,300	399,300	**230,371**	**230,371**	304,096	304,096
Other liabilities	**5,401,297**	**5,401,297**	1,892,201	1,892,201	**4,883,826**	**4,883,826**	1,458,309	1,458,309
Dividend payable	**950,222**	**950,222**	672,393	672,393	**950,222**	**950,222**	672,393	672,393
Investment contract liabilities	**19,766,452**	**19,766,452**	13,398,544	13,398,544	**19,766,452**	**19,766,452**	13,398,544	13,398,544
TOTAL	**26,441,501**	**26,441,501**	16,362,437	16,362,437	**25,830,871**	**25,830,871**	15,833,342	15,833,342

4.6.2 FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE - FAIR VALUE HIERARCHY

The following table analyses financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the statement of financial position.

Group 31 December 2018	Level 1 ₦'000	Level 2 ₦'000	Level 3 ₦'000	Total fair value ₦'000
Financial assets				
Investment securities:				
Fair value through profit and loss	46,596,877	-	-	46,596,877
Fair value through other comprehensive income	21,007,499	-	293,693	21,301,192
	67,604,376	-	293,693	67,898,069

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Group 31 December 2017	Level 1 ₦'000	Level 2 ₦'000	Level 3 ₦'000	Total fair value ₦'000
Financial assets				
Investment securities:				
Fair value through profit and loss	40,346,666	-	-	40,346,666
Fair value through other comprehensive income	-			-
Available-for-sale	380,439		383,404	763,843
	40,727,105	-	383,404	41,110,509

Company 31 December 2018	Level 1 ₦'000	Level 2 ₦'000	Level 3 ₦'000	Total fair value ₦'000
Financial assets				
Investment securities:				
Fair value through profit and loss	41,869,525	-	-	41,869,525
Fair value through other comprehensive income	21,007,499	-	-	21,007,499
	62,877,024	-	-	62,877,024

31 December 2017	Level 1 ₦'000	Level 2 ₦'000	Level 3 ₦'000	Total fair value ₦'000
Financial assets				
Investment securities:				
Fair value through profit and loss	35,391,185	-	-	35,391,185
Fair value through other comprehensive income	-	-	-	-
Available-for-sale	3,612,724			3,612,724
	39,003,909	-	-	39,003,909

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4.6.3 FINANCIAL INSTRUMENTS NOT MEASURED AT FAIR VALUE

The following table sets out the fair values of financial instruments not measured at fair value and analyses them by the level in the fair value hierarchy into which each fair value measurement is categorised:

Group 31 December 2018	Level 1 ₦'000	Level 2 ₦'000	Level 3 ₦'000	Total fair value ₦'000	Total carrying amount ₦'000
Financial assets					
Cash and bank balances	313,876	810,055	-	1,123,931	1,123,931
Investment securities:					
Trade receivables	-	18,816	-	18,816	18,816
Reinsurance assets	-	2,703,072	-	2,703,072	2,703,072
Other receivables	-	583,653	-	583,653	583,653
Statutory deposit	-	500,000	-	500,000	500,000
	313,876	4,615,596	-	4,929,472	4,929,472
Financial liabilities					
Trade payables	-	323,530	-	323,530	323,530
Other liabilities	-	5,401,297	-	5,401,297	5,401,297
Investment contract liabilities	-	19,766,452	-	19,766,452	19,766,452
	-	25,491,280	-	25,491,280	25,491,280

31 December 2017	Level 1 ₦'000	Level 2 ₦'000	Level 3 ₦'000	Total fair value ₦'000	Total carrying amount ₦'000
Financial assets					
Cash and bank balances	314,275	1,252,237	-	1,566,512	1,566,512
Investment securities:					
Held-to-maturity	158,933	-	-	158,933	158,933
Trade receivables	-	42,620	-	42,620	42,620
Reinsurance assets	-	1,651,852	-	1,651,852	1,651,852
Other receivables	-	601,107	-	601,107	601,107
Statutory deposit	-	500,000	-	500,000	500,000
	473,208	4,047,816	-	4,521,024	4,521,024
Financial liabilities					
Trade payables	-	399,300	-	399,300	399,300
Other liabilities	-	1,892,201	-	1,892,201	1,892,201
Investment contract liabilities	-	13,398,544	-	13,398,544	13,398,544
	-	15,690,044	-	15,690,044	15,690,044

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Company 31 December 2018	Level 1 ₦'000	Level 2 ₦'000	Level 3 ₦'000	Total fair value ₦'000	Total carrying amount ₦'000
Financial assets					
Cash and bank balances	247,292	559,691	-	806,983	806,983
Investment securities:					-
Trade receivables	-	4,621	-	4,621	4,621
Reinsurance assets	-	493,285	-	493,285	493,285
Other receivables	-	545,555	-	545,555	545,555
Statutory deposit	-	200,000	-	200,000	200,000
	247,292	1,803,152	-	2,050,444	2,050,444
Financial liabilities					
Trade payables	-	230,371	-	230,371	230,371
Other liabilities	-	4,883,826	-	4,883,826	4,883,826
	-	24,880,649	-	24,880,649	24,880,649

31 December 2017	Level 1 ₦'000	Level 2 ₦'000	Level 3 ₦'000	Total fair value ₦'000	Total carrying amount ₦'000
Financial assets					
Cash and bank balances	254,933	898,576	-	1,153,509	1,153,509
Investment securities:					
Held-to-maturity	158,933	-	-	158,933	158,933
Loans and receivables	-	-	-	-	-
Trade receivables	-	2,592	-	2,592	2,592
Reinsurance assets	-	735,168	-	735,168	735,168
Other receivables	-	495,246	-	495,246	495,246
Statutory deposit	-	200,000	-	200,000	200,000
	413,866	2,331,582	-	2,745,448	2,745,448
Financial liabilities					
Trade payables	-	304,096	-	304,096	304,096
Other liabilities	-	1,458,309	-	1,458,309	1,458,309
Investment contract liabilities	-	13,398,544	-	13,398,544	13,398,544
	-	15,160,949	-	15,160,949	15,160,949

There was no transfer between levels during the year under review.

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Financial instruments in level 3

The financial instruments in level 3 above comprise unquoted equity instruments. The following table shows a reconciliation from the beginning balances to the ending balances for financial instruments in level 3 of the fair value hierarchy.

	Group		Company	
	31 December 2018 ₦'000	31 December 2017 ₦'000	31 December 2018 ₦'000	31 December 2017 ₦'000
Balance at 1 January	**383,404**	399,651	**-**	-
Bonus issue	**2,376**	-		
Impairment	**(92,086)**	(16,247)	**-**	-
Balance at 31 December	**293,693**	383,404	**-**	-

The unquoted equity instruments are carried at fair value (2017: carried at fair value) using market approach. The Company has engaged the services of an investment manager for the purpose of disposing of the investments.

4.6.4 FAIR VALUATION METHODS AND ASSUMPTIONS

i. Cash and cash equivalent

This represents cash held in various bank accounts at the end of the period. The fair value of this amount is the carrying amount.

ii. Other receivables

Other assets represent amount due from reinsurers which usually have a short recycle period and as such the fair values of these balances approximate their carrying amount.

iii. Statutory deposit

This represents the deposit held by Central bank of Nigeria. i.e. 10% of the minimum capitalisation in compliance with the Insurance Act. The fair value of this balance is approximately its carrying amount.

iv. Trade payables

These represent amount payable to reinsurers which have a short recycle period and as such the fair values of these balances approximate their carrying amount.

v. Other liabilities

These are amounts outstanding and are payable within a period of one year. Amount outstanding are assumed to approximate their respective fair values.

vi. Insurance contract liabilities

These are amounts payable to policyholders in the event of a claim. The carrying amount have been calculated by the actuary and the carrying amount represents the fair value as at 31 December 2018.

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5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

When preparing the financial statements, Management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results are likely to differ from the judgements, estimates and assumptions made by Management, and will seldom equal the estimated results. Information about the significant judgements, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are discussed below.

5.1 THE ULTIMATE LIABILITY ARISING FROM CLAIMS MADE UNDER INSURANCE CONTRACTS

The estimation of the ultimate liability arising from claims made under insurance contracts is the Group's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimate of the liability that the Group will ultimately pay for such claims.

5.2 ESTIMATE OF FUTURE BENEFIT PAYMENTS AND PREMIUMS ARISING FROM LONG-TERM INSURANCE CONTRACTS AND RELATED DEFERRED ACQUISITION COSTS AND OTHER INTANGIBLE ASSETS

Estimate of future benefit payments and premiums arising from long-term insurance contracts, and related deferred acquisition costs and other intangible assets.

The determination of the liabilities under long-term insurance contracts is dependent on estimates made by the Group. Estimates are made as to the expected number of deaths for each of the years in which the Group is exposed to risk.

The Group bases these estimates on standard industry and national mortality tables that reflect recent historical mortality experience, adjusted where appropriate to reflect the Group's own experience. For contracts that insure the risk of longevity, appropriate allowance is made for expected mortality improvements.

The estimated number of deaths determines the value of the benefit payments and the value of the valuation premiums. The main source of uncertainty is that epidemics such as AIDS, and wide-ranging lifestyle changes, such as in eating, smoking and exercise habits, could result in future mortality being significantly worse than in the past for the age groups in which the Group has significant exposure to mortality risk.

However, continuing improvements in medical care and social conditions could result in improvements in longevity in excess of those allowed for in the estimates used to determine the liability for contracts where the Group and Company are exposed to longevity risk. Were the numbers of deaths in future years to differ by +/- 5% from management's estimate, the liability would increase by ₦50.8million or decrease by ₦49.2million (2017: ₦32.1million and ₦31.9million respectively). For contracts without fixed terms, it is assumed that the Company will be able to increase mortality risk charges in future years in line with emerging mortality experience.

Estimates are also made as to future investment income arising from the assets backing long-term insurance contracts. These estimates are based on current market returns, as well as expectations about future economic and financial developments. The average estimated rate of investment return is 14%. If the average future investment returns differed by -/+ 1% from management's estimates, the contract liability would increase by ₦53.5million or decrease by ₦46.9million (2017: ₦34.7million and ₦29.8million respectively).

5.3 IMPAIRMENT OF GOODWILL

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.11.1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (Note 14). There was no impairment charge on goodwill during the year.

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If the forecast gross premium income used in the value-in-use calculation for the non-life business CGU had been 10% lower than Management's estimates at 31 December 2018 (for example, 10% instead of 20%), the goodwill would still not be impaired. Also, if the estimated cost of capital used in determining the pre-tax discount rate for the CGU had been 1% higher than Management's estimates (for example, 13%), the goodwill allocated to the CGU would still not be impaired.

5.4 EQUITY FINANCIAL ASSETS FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Group determines that equity financial assets fair value through other comprehensive income are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgement. In making this judgement, the Group evaluates among other factors, the normal volatility in share price, industry and sector performance, changes in technology, and operational and financing cash flow. Impairment may be appropriate when there is evidence of deterioration in the industry and sector performance, changes in technology, and financing and operational cash flows. There were no decline in fair value of investment securities during the year.

The Group classifies equities at fair value through Other comprehensive income (OCI). This classification requires significant judgement. In making this judgement, the Group evaluates its intention and its needs to hold, to collect and to sell such investment for short-term financial gains. If the Group were to reclassify the entire category as held-for-trading, the investments would be measured at fair value through profit and loss instead of being measured at fair value through OCI. If the basis of measurement and recognition changes, the Group and the Company will recognise fair value loss of ₦502million and ₦492million, respectively, in the income statement (2017: Gain of ₦1.03bn and ₦944million for Group and Company respectively).

6 CASH AND CASH EQUIVALENTS

	Group		Company	
	31 December 2018 ₦'000	31 December 2017 ₦'000	31 December 2018 ₦'000	31 December 2017 ₦'000
Cash in bank	**313,876**	314,275	**247,292**	254,933
Short-term bank deposits (Note 6.1)	**810,055**	1,252,237	**559,691**	898,576
	1,123,931	1,566,512	**806,983**	1,153,509

6.1 SHORT-TERM DEPOSITS

	Group		Company	
	31 December 2018 ₦'000	31 December 2017 ₦'000	31 December 2018 ₦'000	31 December 2017 ₦'000
Short-term deposits	**810,852**	1,252,237	**560,333**	898,576
ECL impairment	**(797)**	-	**(642)**	-
	810,055	1,252,237	**559,691**	898,576

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6.2 CASH AND CASH EQUIVALENT FOR THE PURPOSE OF CASH FLOW

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less. They include:

	Group		Company	
	31 December 2018 ₦'000	31 December 2017 ₦'000	31 December 2018 ₦'000	31 December 2017 ₦'000
Cash in bank	**313,876**	314,275	**247,292**	254,933
Short-term bank deposits	**810,852**	1,252,237	**560,333**	898,576
Treasury bills with original maturity <90 days (Note 7.1 and 7.2)	**11,487,425**	5,996,023	**8,811,128**	4,699,603
	12,612,153	7,562,535	**9,618,753**	5,853,112

7 FINANCIAL ASSETS

	Group		Company	
	31 December 2018 ₦'000	31 December 2017 ₦'000	31 December 2018 ₦'000	31 December 2017 ₦'000
Fair Value through Profit or Loss (Note 7.1)	**46,596,877**	38,672,691	**41,869,525**	35,391,185
Fair value through Other Comprehensive Income (Note 7.2)	**21,301,192**	-	**21,007,499**	-
Available-for-sale (Note 7.3)	**-**	4,376,568	**-**	3,612,725
Held-to-maturity (Note 7.4)	**-**	158,933	**-**	158,933
Loans and receivables (Note 7.5)	**-**	-	**-**	-
	67,898,069	43,208,192	**62,877,024**	39,162,842
Current	**21,787,521**	21,455,060	**17,244,254**	17,798,370
Non- current	**46,110,548**	21,753,132	**45,632,770**	21,364,472
	67,898,069	43,208,192	**62,877,024**	39,162,842

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7.1 FAIR VALUE THROUGH PROFIT OR LOSS

	Group		Company	
	31 December 2018 ₦'000	31 December 2017 ₦'000	31 December 2018 ₦'000	31 December 2017 ₦'000
Quoted equities	-	5,256	-	-
Treasury bills:				
Treasury bills with original maturity <90 days	**9,290,536**	5,862,122	**6,614,239**	4,699,603
Treasury bills with original maturity > 90 days	**5,550,600**	15,212,498	**3,683,629**	13,098,767
Government bond	**31,755,741**	17,592,815	**31,571,657**	17,592,815
	46,596,877	38,672,691	**41,869,525**	35,391,185

7.1i MOVEMENT IN FAIR VALUE THROUGH PROFIT OR LOSS

	Group		Company	
	31 December 2018 ₦'000	31 December 2017 ₦'000	31 December 2018 ₦'000	31 December 2017 ₦'000
At 1 January	**38,672,691**	161,942	**35,391,185**	144,835
Purchases	**50,766,388**	42,374,731	**42,931,080**	38,800,544
Redemption/disposal	**(43,274,785)**	(7,354,349)	**(36,710,117)**	(6,722,252)
Foreign exchange revaluation changes	-	(202,861)	-	(198,758)
Impairment (Note 38)	**(5,256)**	(9,186)	-	-
Interest receivables	**2,040,822**	2,600,033	**1,840,149**	2,312,774
Fair value changes	**(1,602,982)**	1,102,381	**(1,582,772)**	1,054,042
	46,596,877	38,672,691	**41,869,525**	35,391,185

7.1ii MOVEMENT IN QUOTED EQUITIES FAIR VALUE THROUGH PROFIT OR LOSS

	Group		Company	
	31 December 2018 ₦'000	31 December 2017 ₦'000	31 December 2018 ₦'000	31 December 2017 ₦'000
As at 1 January	**5,256**	161,942	-	144,835
Foreign exchange revaluation changes	-	(202,861)	-	(198,758)
Impairment	**(5,256)**	(9,186)	-	-
Fair value changes	-	55,361	-	53,923
	-	5,256	-	-

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7.1iii MOVEMENT IN TREASURY BILLS FAIR VALUE THROUGH PROFIT OR LOSS

	Group		Company	
	31 December 2018 ₦'000	31 December 2017 ₦'000	31 December 2018 ₦'000	31 December 2017 ₦'000
At 1 January	21,074,620	-	17,798,370	-
Purchases	36,640,902	26,425,472	28,984,768	22,897,637
Redemption	(43,274,785)	(7,307,997)	(36,710,117)	(6,722,252)
Interest receivable	434,349	1,633,269	244,839	1,346,010
Fair value changes	(33,949)	323,876	(19,992)	276,975
	14,841,136	21,074,620	10,297,868	17,798,370

7.1iv MOVEMENT IN GOVERNMENT BOND FAIR VALUE THROUGH PROFIT OR LOSS

	Group		Company	
	31 December 2018 ₦'000	31 December 2017 ₦'000	31 December 2018 ₦'000	31 December 2017 ₦'000
At 1 January	17,592,815	-	17,592,815	-
Purchases	14,125,486	15,949,259	13,946,312	15,902,907
Redemption	-	(46,352)		-
Interest receivable	1,606,473	966,764	1,595,310	966,764
Fair value changes	(1,569,033)	723,144	(1,562,780)	723,144
	31,755,741	17,592,815	31,571,657	17,592,815

7.2 FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Group		Company	
	31 December 2018 ₦'000	31 December 2017 ₦'000	31 December 2018 ₦'000	31 December 2017 ₦'000
Unquoted equity securities	293,693	-	-	-
Treasury bills				
Treasury bills with original maturity <90 days	2,196,889	-	2,196,889	-
Treasury bills with original maturity > 90 days	4,749,495	-	4,749,495	-
Government bonds	14,061,115	-	14,061,115	-
	21,301,192	-	21,007,499	-

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7.2i MOVEMENT IN FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Group		Company	
	31 December 2018 ₦'000	31 December 2017 ₦'000	31 December 2018 ₦'000	31 December 2017 ₦'000
At 1 January	-	-	-	-
Reclassification from HTM (Note 7.4)	158,933	-	158,933	-
Reclassification from AFS (Note 7.3i)	4,376,569	-	3,612,725	-
Purchases	20,688,054	-	20,688,054	-
Bonus shares	2,375	-	-	-
Redemption/disposal	(4,601,298)	-	(4,220,858)	-
Interest receivables	1,168,630	-	1,168,630	-
Foreign exchange revaluation changes	5,960		-	
Impairment	(98,046)	-		-
Fair value changes	(399,985)	-	(399,985)	-
	21,301,192	-	21,007,499	-

7.2ii MOVEMENT IN UNQUOTED EQUITIES FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Group		Company	
	31 December 2018 ₦'000	31 December 2017 ₦'000	31 December 2018 ₦'000	31 December 2017 ₦'000
At 1 January	-	-	-	-
Reclassification from AFS - Unquoted equities (Note 7.3ii)	383,404	-	-	-
Bonus shares	2,375	-	-	-
Disposal	-	-	-	-
Foreign exchange revaluation changes	5,960	-	-	-
Impairment (Note 38)	(98,046)	-	-	-
	293,693	-	-	-

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7.2iii MOVEMENT IN TREASURY BILLS FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Group		Company	
	31 December 2018 ₦'000	31 December 2017 ₦'000	31 December 2018 ₦'000	31 December 2017 ₦'000
At 1 January	-	-	-	-
Reclassification from AFS (Note 7.3iii)	380,440	-	-	-
Purchases	10,771,563	-	10,771,563	-
Redemption	(4,543,108)	-	(4,162,668)	-
Interest receivable	352,765	-	352,765	-
Fair value changes	(15,276)	-	(15,276)	-
	6,946,384	-	6,946,384	-

7.2iv MOVEMENT IN GOVERNMENT BOND FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Group		Company	
	31 December 2018 ₦'000	31 December 2017 ₦'000	31 December 2018 ₦'000	31 December 2017 ₦'000
At 1 January	-	-	-	-
Reclassification from HTM (Note 7.4)	158,933	-	158,933	-
Reclassification from AFS (Note 7.3iv)	3,612,725	-	3,612,725	
Purchases	9,916,490	-	9,916,490	-
Redemption	(58,190)	-	(58,190)	-
Interest receivable	815,866	-	815,866	-
Fair value changes	(384,709)	-	(384,709)	-
	14,061,115	-	14,061,115	-

The unquoted equity carried as fair value through Other Comprehensive Income financial assets were fair valued using the market approach in the current period.

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7.3 AVAILABLE-FOR-SALE

	Group		Company	
	31 December 2018 ₦'000	31 December 2017 ₦'000	31 December 2018 ₦'000	31 December 2017 ₦'000
Unquoted equity securities	-	383,404	-	-
Treasury bills				
Treasury bills with original maturity <90 days	-	133,902	-	-
Treasury bills with original maturity > 90 days	-	246,538	-	-
Government bonds	-	3,612,725	-	3,612,725
	-	4,376,568	-	3,612,725

7.3i MOVEMENT IN AVAILABLE-FOR-SALE

	Group		Company	
	31 December 2018 ₦'000	31 December 2017 ₦'000	31 December 2018 ₦'000	31 December 2017 ₦'000
At 1 January	**4,376,568**	24,940,461	**3,612,725**	22,457,436
Purchases	-	2,375,590	-	-
Redemption/disposal	-	(23,332,461)	-	(19,068,288)
Interest receivables	-	160,002	-	131,073
Fair value changes	-	232,976	-	92,504
Reclassification to FVOCI (Note 7.2i)	**(4,376,568)**	-	**(3,612,725)**	-
	-	4,376,568	-	3,612,725

7.3ii MOVEMENT IN AVAILABLE-FOR-SALE - UNQUOTED EQUITIES

	Group		Company	
	31 December 2018 ₦'000	31 December 2017 ₦'000	31 December 2018 ₦'000	31 December 2017 ₦'000
At 1 January	**383,404**	399,651	-	-
Disposal	-	-	-	-
Fair value changes	-	(16,247)	-	-
Reclassification to FVOCI (Note 7.2iii)	**(383,404)**	-	-	-
	-	383,404	-	-

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7.3iii MOVEMENT IN AVAILABLE-FOR-SALE - TREASURY BILLS

	Group		Company	
	31 December 2018 ₦'000	31 December 2017 ₦'000	31 December 2018 ₦'000	31 December 2017 ₦'000
At 1 January	**380,440**	16,795,563	**-**	14,712,189
Purchases	**-**	2,375,590	**-**	-
Redemption	**-**	(18,976,362)	**-**	(14,712,189)
Interest receivable	**-**	28,929	**-**	-
Fair value changes	**-**	156,720	**-**	-
Reclassification to FVOCI (Note 7.2iii)	**(380,440)**	-	**-**	-
	-	380,440	**-**	-

7.3iv MOVEMENT IN AVAILABLE-FOR-SALE - GOVERNMENT BOND

	Group		Company	
	31 December 2018 ₦'000	31 December 2017 ₦'000	31 December 2018 ₦'000	31 December 2017 ₦'000
At 1 January	**3,612,725**	7,745,247	**3,612,725**	7,745,247
Purchases	**-**	-	**-**	-
Redemption	**-**	(4,356,099)	**-**	(4,356,099)
Interest receivable	**-**	131,073	**-**	131,073
Fair value changes	**-**	92,504	**-**	92,504
Reclassification to FVOCI	**(3,612,725)**	-	**(3,612,725)**	-
	-	3,612,725	**-**	3,612,725

7.4 HELD-TO-MATURITY

	Group		Company	
	31 December 2018 ₦'000	31 December 2017 ₦'000	31 December 2018 ₦'000	31 December 2017 ₦'000
At 1 January	**158,933**	209,818	**158,933**	209,818
Principal repayment	**-**	(64,215)	**-**	(64,215)
Fair value changes	**-**	13,330	**-**	13,330
Reclassification to FVOCI	**(158,933)**	-	**(158,933)**	-
	-	158,933	**-**	158,933

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

7.5 LOANS AND RECEIVABLES

	Group		Company	
	31 December 2018 ₦'000	31 December 2017 ₦'000	31 December 2018 ₦'000	31 December 2017 ₦'000
At 1 January	-	661,024	-	302,187
Purchases	-	-	-	-
Maturities	-	(703,399)	-	(327,599)
Interest received	-	42,375	-	25,412
	-	-	-	-

8 TRADE RECEIVABLES

	Group		Company	
	31 December 2018 ₦'000	31 December 2017 ₦'000	31 December 2018 ₦'000	31 December 2017 ₦'000
At 1 January	**42,619**	23,643	**2,592**	2,433
Gross premium written	**30,611,396**	23,097,420	**25,976,164**	19,580,871
Cash premium received	**(30,635,200)**	(23,078,443)	**(25,974,135)**	(19,580,712)
At 31 December	**18,816**	42,619	**4,621**	2,592
Within 30 days	**18,816**	42,619	**4,621**	2,592

All insurance receivables are designated as trade receivables and their carrying values approximate fair value at the statement of financial position date. The premium outstanding as at statement of position date represents balance due from brokers that occurred within the 30days before the financial reporting date and are not impaired.

9 REINSURANCE ASSETS

	Group		Company	
	31 December 2018 ₦'000	31 December 2017 ₦'000	31 December 2018 ₦'000	31 December 2017 ₦'000
Claims recoverable (Note 9.1)	**274,546**	60,532	**80,558**	34,804
Reinsurance share of IBNR (Note 9.2)	**407,824**	642,025	**151,517**	553,485
Reinsurance share of UPR (Note 9.3)	**61,579**	146,879	**61,579**	146,879
Reinsurance share of outstanding claims (Note 9.4)	**1,312,300**	391,838	**29,692**	-
Prepaid reinsurance (Note 9.5)	**646,823**	410,578	**169,938**	-
	2,703,072	1,651,852	**493,284**	735,168

NOTES TO THE FINANCIAL STATEMENTS
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9.1 MOVEMENT IN CLAIMS RECOVERABLE

	Group		Company	
	31 December 2018 ₦'000	31 December 2017 ₦'000	31 December 2018 ₦'000	31 December 2017 ₦'000
At 1 January	60,532	62,343	34,804	36,616
Recoveries from claims paid during the year	932,879	588,009	484,397	129,277
Receipt from reinsurers during the year	(718,865)	(589,820)	(438,643)	(131,089)
At 31 December	274,546	60,532	80,558	34,804

9.2 MOVEMENT IN REINSURANCE SHARE OF CLAIMS INCURRED BUT NOT REPORTED (IBNR)

	Group		Company	
	31 December 2018 ₦'000	31 December 2017 ₦'000	31 December 2018 ₦'000	31 December 2017 ₦'000
At 1 January	146,879	13,211	146,879	13,211
Changes during the year	(85,300)	133,668	(85,300)	133,668
At 31 December	61,579	146,879	61,579	146,879

9.3 MOVEMENT IN REINSURANCE SHARE OF UNEARNED PREMIUM RESERVE (UPR)

	Group		Company	
	31 December 2018 ₦'000	31 December 2017 ₦'000	31 December 2018 ₦'000	31 December 2017 ₦'000
At 1 January	642,025	30,801	553,485	21,487
Changes during the year	(234,201)	611,224	(401,968)	531,998
At 31 December	407,824	642,025	151,517	553,485

9.4 REINSURANCE SHARE OF OUTSTANDING CLAIMS

	Group		Company	
	31 December 2018 ₦'000	31 December 2017 ₦'000	31 December 2018 ₦'000	31 December 2017 ₦'000
At 1 January	391,838	370,861	-	-
Changes during the year	920,462	20,977	29,692	-
At 31 December	1,312,300	391,838	29,692	-

NOTES TO THE FINANCIAL STATEMENTS
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9.5 PREPAID REINSURANCE

	Group		Company	
	31 December 2018 ₦'000	31 December 2017 ₦'000	31 December 2018 ₦'000	31 December 2017 ₦'000
As at 1 January	410,578	412,678	-	-
Reinsurance premium paid during the year	2,730,734	2,951,853	705,011	1,593,030
Amortised during the year	(2,494,489)	(2,953,953)	(535,073)	(1,593,030)
At 31 December	646,823	410,578	169,938	-

10 OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company	
	31 December 2018 ₦'000	31 December 2017 ₦'000	31 December 2018 ₦'000	31 December 2017 ₦'000
Prepayments	255,397	450,804	217,569	389,693
Staff loans (See Note 10.1)	285,804	93,785	285,804	93,785
Due from policyholders (See Note 10.2)	16,270	10,620	16,270	10,620
Deposit for building renovation	-	37,543	-	-
Other receivables (Note 10.3)	26,181	8,356	25,912	1,148
	583,653	601,108	545,555	495,246
Current	373,586	469,781	335,488	401,462
Non-current	210,067	131,327	210,067	93,784
	583,653	601,108	545,555	495,246

10.1 STAFF LOAN

	Group		Company	
	31 December 2018 ₦'000	31 December 2017 ₦'000	31 December 2018 ₦'000	31 December 2017 ₦'000
At 1 January	379,926	244,072	379,926	244,072
Loan granted	123,561	136,600	123,561	136,600
Interest earned	32,886	95,906	32,886	95,906
Repayments	(109,833)	(96,652)	(109,833)	(96,652)
	426,540	379,926	426,540	379,926
Fair value reclassification	(140,736)	(286,141)	(140,736)	(286,141)
At 31 December	285,804	93,785	285,804	93,785

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10.2 DUE FROM POLICYHOLDERS

	Group		Company	
	31 December 2018 ₦'000	31 December 2017 ₦'000	31 December 2018 ₦'000	31 December 2017 ₦'000
At 1 January	10,620	26,259	10,620	26,259
Loan granted	12,496	1,069	12,496	1,069
Interest earned	839	956	839	956
Repayments	(7,684)	(17,665)	(7,684)	(17,665)
At 31 December	16,270	10,620	16,270	10,620

10.3 OTHER RECEIVABLES

Other receivables include the sum of ₦21,023,000 receivables from disposal of property and equipment as per Note 33a.

11 DEFERRED ACQUISITION COSTS

	Group		Company	
	31 December 2018 ₦'000	31 December 2017 ₦'000	31 December 2018 ₦'000	31 December 2017 ₦'000
(i) Analysis by product class				
Group Life	28,505	-	28,504	-
Engineering	10,374	13,552	-	-
Aviation	-	-	-	-
Oil and gas	95,709	53,394	-	-
Motor	19,417	18,575	-	-
Fire	42,063	43,319	-	-
Accident	16,992	13,721	-	-
Marine	8,678	9,314	-	-
Bond	1,301	1,437	-	-
	223,041	153,312	28,504	-
Current	223,041	153,312	28,504	-

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FOR THE YEAR ENDED 31 DECEMBER 2018

11.1 MOVEMENT IN DEFERRED ACQUISITION COST

	Group		Company	
	31 December 2018 ₦'000	31 December 2017 ₦'000	31 December 2018 ₦'000	31 December 2017 ₦'000
At 1 January	**153,311**	132,009	**-**	-
Acquisition cost during the year	**3,311,054**	3,731,865	**2,453,396**	3,095,316
Amortised in the period-acquisition expenses (Note 31)	**(3,241,324)**	(3,710,562)	**(2,424,892)**	(3,095,316)
At 31 December	**223,041**	153,312	**28,504**	-

12 INVESTMENT PROPERTIES

	Group		Company	
	31 December 2018 ₦'000	31 December 2017 ₦'000	31 December 2018 ₦'000	31 December 2017 ₦'000
At 1 January	**100,000**	105,000	**-**	-
Fair value loss on revaluation	**-**	(5,000)	**-**	-
At 31 December	**100,000**	100,000	**-**	-
Of the investment properties, the following relates to insurance Funds:				
	-	-	**-**	-
Insurance funds	**100,000**	100,000	**-**	-
Shareholders' funds	**100,000**	100,000	**-**	-

The properties were valued by Akinnusoye Olawale Alex (FRCN no: FRC/2041/NIESV/00000011461) of Jide Taiwo & Co., Estate Surveyors & Valuers, a registered member of Financial Reporting Council of Nigeria (FRCN/2012/0000000000254), in December, 2018 on the basis of determining the open market value of the investment properties. The open market value of all the properties were determined using recent comparable market prices. The property is located in Abuja. The next valuation is scheduled for 31 December 2019.

The properties are held for long-term capital appreciation and rental income. There is no rental income arising from a property owned by the Group in 2018 (2017: nil). No administrative charge in 2018. (2017: nil). The property belongs to the subsidiary.

The property was among the assets acquired from the former company, Oasis Insurance Plc in 2014. As at the date of this report, the registered deed of assignment is in the name of Oasis Insurance Plc. The process of change of title to the property has commenced and would likely be completed with the next one year. We estimate that the remaining cost of perfecting the title documents and full registration of ownership is about ₦20million.

NOTES TO THE FINANCIAL STATEMENTS
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13 INVESTMENT IN SUBSIDIARY

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

	Company	
	31 December 2018 ₦'000	31 December 2017 ₦'000
Investment in FBN General Insurance limited	**4,300,873**	4,100,873

(b) Principal subsidiary undertakings:

The Group had the following subsidiary as at 31 December2018:

Company name	Nature of business	Country of origin	% of equity capital controlled
FBN General Insurance Limited	Non-life insurance business	Nigeria	100

FBN General Insurance Limited, (formerly Oasis Insurance Company Limited) was incorporated on 9 November 1992 to carry on insurance business. It changed its name to FBN General Insurance Limited on 26 November 2014.

The movement in investment in subsidiaries during the period is as follows:

	Company	
	31 December 2018 ₦'000	31 December 2017 ₦'000
At 1 January	**4,100,873**	4,100,873
Additions, during the period (capital injection)	**200,000**	-
At 31 December	**4,300,873**	4,100,873

FBN General Insurance Limited has been included in the consolidation.

FBN Insurance Limited acquired controlling interest of 71.2% in FBN General Insurance Limited in February 2014. With subsequent acquisitions of Oasis Insurance shares, the Company attained 100% controlling share of the acquiree at 31 December 2014. In 2018, additional capital of ₦200,000,000 was injected into the subsidiary Company to support its expansion drive.

NOTES TO THE FINANCIAL STATEMENTS
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14 INTANGIBLE ASSETS

31 December 2018	Group			Company	
	Goodwill ₦'000	Computer Software ₦'000	Total ₦'000	Computer Software ₦'000	Total ₦'000
Cost					
At 1 January 2018	262,440	347,917	610,357	224,860	224,860
Additions	-	-	-	-	-
At 31 December 2018	262,440	347,917	610,357	224,860	224,860
Amortisation					
At 1 January 2018	-	191,982	191,982	102,542	102,542
Charge for the period	-	84,777	84,777	51,160	51,160
At 31 December 2018	-	276,759	276,759	153,702	153,702
Net book amount					
At 31 December 2018	262,440	71,158	333,598	71,158	71,158

31 December 2017	Goodwill ₦'000	Computer Software ₦'000	Total ₦'000	Computer Software ₦'000	Total ₦'000
Cost					
At 1 January 2017	262,440	249,518	511,958	126,461	126,461
Additions	-	98,399	98,399	98,399	98,399
At 31 December 2017	262,440	347,917	610,357	224,860	224,860
Amortisation					
At 1 January 2017	-	129,916	129,916	74,094	74,094
Charge for the year	-	62,066	62,066	28,448	28,448
At 31 December 2017	-	191,982	191,982	102,542	102,542
Net book amount					
At 31 December 2017	262,440	155,935	418,375	122,318	122,318

Goodwill represents excess purchase consideration over the fair value of identifiable net assets of FBN General Insurance Limited at acquisition date (19 February 2014).

On 19 February 2014, FBN Insurance Limited acquired 71.2% of the ordinary share capital of FBN General Insurance Limited for ₦3.6 billion. The acquiree became a wholly owned subsidiary of FBN Insurance Group in December 2014. The principal activity of FBN General Insurance Limited is the provision of non-life insurance services.

NOTES TO THE FINANCIAL STATEMENTS

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Impairment tests for goodwill

The Group has goodwill arising from acquisitions done in the prior year. Management reviews the business performance based on type of business, which is non-life business. Goodwill is monitored by the Management at the operating segment level and has been completely allocated to the non-life business. There was no goodwill impairment identified during the year (2017: nil).

Goodwill	31 December 2018 ₦'000	31 December 2017 ₦'000
Non-life business	**262,440**	262,440
Impairment	**-**	-

Management has determined that the CGU to which goodwill is allocated for monitoring purposes is the non-life business operating segment. The recoverable amount of the CGU is determined based on value-in-use calculation. These calculations use pre-tax cash flow projections based on the financial budgets approved by Management covering a five-year period. Cash flows beyond the five-year period are extrapolated using an estimated growth rate which does not exceed the estimated growth rate of the Nigeria economy. Based on Management's assessment, there was no indication of impairment of goodwill. The last assessment was performed as at 31 December 2018.

The total amount of goodwill of ₦262million has been allocated to the non-life business. The key assumptions, long-term growth rate and discount rate used in the value-in-use calculations are as follows:

	31 December 2018	31 December 2017
Gross premium income (% annual growth rate)	**20%**	20%
Net claims incurred (% Gross Premium Written)	**30%**	25%
Underwriting expenses (% Gross Premium Written)	**20%**	18%
Operating expenses (% Gross Premium Written)	**25%**	30%
Long-term growth rate	**2%**	5%
Pre-tax discount rate	**15%**	15%
Recoverable amount of the CGU (₦'000)	**5,626,382**	6,102,888

Gross premium income is the average annual growth rate over the five-year forecast period. It is higher than past performance, but based on Management's expectations of the benefit that the Group's brand and large delivery channels will bring to the growth of the non-life business.

Net claims incurred is a percentage of Gross Premium Written over the five-year forecast period. It is higher than past result, but Management expects it to increase in line with the growth in gross premium income which is considered the main driver of the business.

Underwriting expenses is a percentage of the Gross Premium Written over the five-year forecast period. It is higher than past result, but Management expects it to increase during the forecast period as premium income is also expected to grow during the period. Management expects the non-life business to leverage on the experience of the Group in the achievement of the expected growth in underwriting expenses.

Operating expenses is a percentage of Gross Premium Written over the five-year forecast period. It is higher than past result, but Management expects it to increase during the forecast period as premium income is also expected to grow during the period. Management forecasts these costs based on the current structure of the business, and these do not reflect any future restructurings or cost-saving measures.

Management believes that any reasonably possible change in the key assumptions on which the non-life business' recoverable amount is based would not cause its carrying amount to exceed its recoverable amount.

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15 PROPERTY AND EQUIPMENT

Group 31 December 2018	Land ₦'000	Building ₦'000	Motor Vehicles ₦'000	Office Equipment ₦'000	Plant and Machinery ₦'000	Furniture and Fittings ₦'000	Computer Equipment ₦'000	Total ₦'000
Cost								
At 1 January 2018	941,230	659,708	760,104	108,188	54,187	110,355	155,019	2,788,789
Additions	-	180,516	442,185	42,441	35,268	35,231	18,447	754,089
Disposal	-	-	(158,815)	(5,464)	(12,050)	-	(389)	(176,718)
At 31 December 2018	941,230	840,224	1,043,473	145,165	77,405	145,585	173,078	3,366,160
Depreciation								
At 1 January 2018	-	112,648	314,598	61,913	24,288	71,891	95,861	681,199
Charge for the year	-	14,413	205,230	19,184	11,574	18,126	36,281	304,808
Disposal	-	-	(74,845)	(4,042)	(9,053)	-	(183)	(88,123)
At 31 December 2018	-	127,061	444,983	77,055	26,809	90,017	131,959	897,884
Net book amount								
At 31 December 2018	941,230	713,163	598,490	68,110	50,596	55,569	41,119	2,468,275

31 December 2017	Land ₦'000	Building ₦'000	Motor Vehicles ₦'000	Office Equipment ₦'000	Plant and Machinery ₦'000	Furniture and Fittings ₦'000	Computer Equipment ₦'000	Total ₦'000
Cost								
At 1 January 2017	927,244	660,017	467,342	100,701	54,187	101,416	105,554	2,416,460
Additions	13,985	410	332,940	36,451	-	19,256	40,515	443,556
Reclassification	-	(719)	-	(15,847)	-	(66)	16,632	-
Disposal	-	-	(40,177)	(13,117)	-	(10,252)	(7,682)	(71,228)
At 31 December 2017	941,229	659,708	760,105	108,188	54,187	110,354	155,019	2,788,788
Depreciation								
At 1 January 2017	-	99,484	207,744	68,335	14,296	68,140	72,389	530,387
Charge for the year	-	10,790	143,915	9,955	9,992	16,065	26,635	217,350
Reclassification	-	(25)	-	(4,391)	-	(61)	4,477	(0)
Disposal	-	-	(37,060)	(11,986)	-	(9,854)	(7,639)	(66,539)
At 31 December 2017	-	110,248	314,598	61,913	24,288	74,289	95,862	681,198
Net book amount								
At 31 December 2017	941,229	549,460	445,506	46,275	29,899	36,065	59,157	2,107,590

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Company

31 December 2018	Land ₦'000	Building ₦'000	Motor Vehicles ₦'000	Office Equipment ₦'000	Plant and Machinery ₦'000	Furniture and Fittings ₦'000	Computer Equipment ₦'000	Total ₦'000
Cost								
At 1 January 2018	506,635	-	572,047	58,249	33,937	80,084	103,676	1,354,627
Additions	-	111,148	327,754	35,384	20,122	20,162	14,763	529,333
Reclassification	-	-	-	-	-	-	-	-
Disposal	-	-	(140,942)	(5,464)	(5,239)	-	(389)	(152,033)
At 31 December 2018	506,635	111,148	758,859	88,169	48,820	100,245	118,051	1,731,927
Depreciation								
At 1 January 2018	-	-	214,343	35,645	11,583	54,581	65,596	381,748
Charge for the year	-	556	151,407	9,390	7,979	12,141	22,558	204,030
Reclassification	-	-	-	-	-	-	-	-
Disposal	-	-	(58,721)	(4,042)	(2,242)	-	(183)	(65,189)
At 31 December 2018	-	556	307,029	40,993	17,319	66,722	87,970	520,589
Net book amount								
At 31 December 2018	506,635	110,592	451,829	47,176	31,501	33,524	30,081	1,211,338

31 December 2017	Land ₦'000	Building ₦'000	Motor Vehicles ₦'000	Office Equipment ₦'000	Plant and Machinery ₦'000	Furniture and Fittings ₦'000	Computer Equipment ₦'000	Total ₦'000
Cost								
At 1 January 2017	492,650	-	339,815	33,084	33,937	65,046	70,461	1,034,993
Additions	13,985	-	266,160	30,037	-	15,038	33,423	358,642
Reclassification	-	-	-	-	-	-	-	-
Disposal	-	-	(33,928)	(4,872)	-	-	(208)	(39,008)
At 31 December 2017	506,635	-	572,047	58,249	33,937	80,084	103,676	1,354,627
Depreciation								
At 1 January 2017	-	-	136,765	36,273	4,665	42,821	48,522	269,045
Charge for the year	-	-	108,444	3,251	6,918	11,761	17,282	147,655
Reclassification	-	-	-	-	-	-	-	-
Disposal	-	-	(30,865)	(3,879)	-	-	(208)	(34,952)
At 31 December 2017	-	-	214,343	35,645	11,583	54,581	65,596	381,748
Net book amount								
At 31 December 2017	506,635	-	357,703	22,604	22,354	25,503	38,080	972,879

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16 STATUTORY DEPOSIT

The deposit represents 10% of the regulatory minimum share capital deposited with the Central Bank of Nigeria in accordance with the requirement of the Insurance Act. This balance is not available for the day-to-day operations of the Company.

	Group		Company	
	31 December 2018 ₦'000	31 December 2017 ₦'000	31 December 2018 ₦'000	31 December 2017 ₦'000
Statutory deposit	**500,000**	500,000	**200,000**	200,000
Non-current	**500,000**	500,000	**200,000**	200,000

17 INSURANCE CONTRACT LIABILITIES

	Group		Company	
	31 December 2018 ₦'000	31 December 2017 ₦'000	31 December 2018 ₦'000	31 December 2017 ₦'000
GROSS				
Outstanding claims (See Note i)	**2,063,355**	1,287,889	**318,366**	375,190
Unearned premiums (See Note iii)	**1,469,836**	1,241,831	**316,720**	335,114
Short term insurance contract - Claims incurred but not reported (IBNR) (See Note iv)	**1,729,342**	1,969,756	**1,138,289**	1,669,897
Liability on annuity fund (See Note v)	**13,486,022**	7,431,913	**13,486,022**	7,431,913
Liability on long-term insurance contract - Life fund (See Note vi)	**15,443,094**	9,802,857	**15,443,094**	9,802,857
Total Insurance liabilities (Gross)	**34,191,649**	21,734,247	**30,702,492**	19,614,971
Current	**5,262,533**	4,499,476	**1,773,376**	2,380,200
Non-current	**28,929,116**	17,234,771	**28,929,116**	17,234,771
	34,191,649	21,734,247	**30,702,492**	19,614,971
Recoverable from reinsurers				
Claims reported and loss adjustment expenses (See Note 9.4)	**1,312,300**	391,838	**29,692**	-
Unearned premiums (See Note 9.3)	**61,579**	146,879	**61,579**	146,879
IBNR on short-term insurance contract (See Note 9.2)	**407,824**	642,025	**151,517**	553,485
Total reinsurers' share of insurance liabilities	**1,781,704**	1,180,742	**242,788**	700,364
NET				
Claims reported and loss adjustment expenses	**751,055**	896,051	**288,674**	375,190
Unearned premiums	**1,408,257**	1,094,953	**255,141**	188,235
Claims incurred but not reported on short-term insurance contract	**1,321,518**	1,327,731	**986,772**	1,116,412
Liability on annuity fund	**13,486,022**	7,431,913	**13,486,022**	7,431,913
Liability on long-term insurance contract (Life fund)	**15,443,094**	9,802,857	**15,443,094**	9,802,857
Total Insurance liabilities (Net)	**32,409,945**	20,553,505	**30,459,704**	18,914,607

NOTES TO THE FINANCIAL STATEMENTS
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17 INSURANCE CONTRACT LIABILITIES

	Group		Company	
	31 December 2018 ₦'000	31 December 2017 ₦'000	31 December 2018 ₦'000	31 December 2017 ₦'000
(i) The movement in outstanding claims during the year was as follows:				
Balance at beginning of period	**1,287,889**	973,921	**375,190**	362,553
Additions claims incurred during the year (See Note 30)	**6,576,319**	4,114,945	**4,842,188**	2,904,611
Claims paid during the year	**(5,800,853)**	(3,800,977)	**(4,899,012)**	(2,891,974)
Balance at end of year	**2,063,355**	1,287,889	**318,366**	375,190
Changes in outstanding claims				
Additions claims incurred during the period (See Note 30)	**6,576,319**	4,114,945	**4,842,188**	2,904,611
Claims paid during the period	**(5,800,853)**	(3,800,977)	**(4,899,012)**	(2,891,974)
	775,466	313,968	**(56,823)**	12,637
(ii) Age analysis of Outstanding claims				
<=30 days	**44,614**	111,258	**34,689**	90,296
31- 90 days	**136,633**	181,959	**55,998**	73,026
91-180 days	**859,037**	218,792	**92,785**	61,917
181-365 days	**398,094**	304,889	**88,927**	39,918
Above 365 days	**624,977**	470,991	**45,967**	110,032
	2,063,355	1,287,889	**318,366**	375,190

All fully documented claims with executed discharge vouchers are paid immediately.

The outstanding claims relate to those claims with incomplete or lack of documentations, delay in adjusters' reports, awaiting executed discharge vouchers and awaiting conclusion from lead underwriters.

NOTES TO THE FINANCIAL STATEMENTS
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Claims paid triangulations as at 31 December 2018 - Including large losses

Engineering

	Development Year											
Accident Year	0	1	2	3	4	5	6	7	8	9	10	11
2005	-	1,101,504	1,101,504	1,159,827	1,159,827	1,159,827	1,159,827	1,159,827	1,159,827	1,159,827	1,159,827	1,159,827
2006	-	-	48,378	213,205	213,205	213,205	213,205	213,205	213,205	213,205	213,205	213,205
2007	-	-	-	-	-	-	-	-	-	-	-	-
2008	1,244,930	1,367,388	2,314,651	2,314,651	2,314,651	2,314,651	2,314,651	2,314,651	2,314,651	2,314,651	2,314,651	
2009	1,492,101	2,825,355	2,977,939	3,139,221	5,389,221	5,389,221	5,389,221	5,389,221	5,389,221	5,389,221		
2010	184,533	1,864,955	19,090,974	19,090,974	19,090,974	19,605,453	19,656,453	19,656,453	19,656,453			
2011	3,484,739	14,194,029	15,151,241	15,181,684	16,662,793	17,296,397	17,296,397	17,296,397				
2012	1,411,981	2,479,314	2,484,903	3,054,465	3,333,177	3,517,878	3,517,878					
2013	3,690,097	3,660,839	3,717,020	4,253,895	4,253,895	4,253,895						
2014	2,597,973	3,275,076	3,974,209	3,974,209	3,974,209							
2015	24,205,330	25,376,347	25,376,347	25,376,347								
2016	3,060,939	3,689,072	3,749,734									
2017	16,984,547	17,421,892										
2018	4,333,710											

Fire

	Development Year											
Accident Year	0	1	2	3	4	5	6	7	8	9	10	11
2005	-	11,697,059	11,697,059	11,781,729	12,012,323	12,012,323	12,012,323	12,012,323	12,012,323	12,012,323	12,012,323	12,012,323
2006	4,694,662	4,694,662	4,732,429	6,904,341	6,904,341	6,904,341	6,904,341	6,904,341	6,904,341	6,904,341	6,904,341	6,904,341
2007	-	160,763	299,611	299,611	299,611	299,611	299,611	299,611	299,611	299,611	299,611	299,611
2008	2,243,994	4,468,176	4,609,979	4,729,662	4,729,662	4,729,662	4,729,662	4,729,662	4,729,662	4,729,662	4,729,662	
2009	615,535	13,062,008	13,062,008	13,062,008	13,062,008	13,062,008	13,062,008	13,062,008	13,062,008	13,062,008		
2010	4,027,524	4,958,667	4,958,667	5,877,892	5,877,892	5,877,892	5,877,892	5,877,892	5,877,892			
2011	13,854,830	52,294,913	54,925,981	54,925,981	54,930,236	54,930,236	54,930,236	54,930,236				
2012	3,002,662	22,107,268	49,624,404	50,702,354	50,702,354	50,702,354	50,702,354					
2013	4,982,694	10,259,622	17,179,073	17,179,073	17,292,786	17,292,786						
2014	2,204,263	23,480,696	26,872,329	26,893,903	26,893,903							
2015	22,969,865	33,597,250	34,101,493	34,217,747								
2016	59,910,910	74,997,812	78,486,933									
2017	109,982,994	128,373,770										
2018	66,148,567											

NOTES TO THE FINANCIAL STATEMENTS
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General Accident

	Development Year											
Accident Year	0	1	2	3	4	5	6	7	8	9	10	11
2005	86,916	15,112,209	15,112,209	15,453,787	16,502,203	16,502,203	16,510,234	16,510,234	16,510,234	16,510,234	16,510,234	16,510,234
2006	12,220,024	12,220,024	14,676,014	16,404,165	17,960,868	17,960,868	17,960,868	18,041,558	18,248,684	18,248,684	18,248,684	18,248,684
2007	-	2,829,708	3,768,433	3,768,433	5,996,023	5,996,023	6,505,233	6,524,968	6,534,741	6,615,401	6,615,401	6,615,401
2008	10,879,759	40,731,595	43,296,984	47,181,657	49,981,061	50,070,393	50,159,714	50,265,585	50,308,594	50,308,594	50,308,594	
2009	9,456,179	52,301,352	57,183,040	60,632,662	61,612,051	61,918,689	62,401,233	62,401,233	62,401,233	62,401,233		
2010	68,851,633	140,793,913	149,157,164	161,440,067	168,142,302	168,420,399	168,789,122	168,789,122	168,789,122			
2011	29,970,159	120,135,842	137,569,016	138,821,262	139,807,767	140,788,549	140,901,454	140,901,454				
2012	49,357,058	105,310,439	154,299,836	162,504,461	163,421,970	163,421,970	163,421,970					
2013	38,282,209	70,590,652	103,713,566	104,873,907	105,890,785	105,890,785						
2014	43,075,595	84,699,865	87,750,079	87,750,079	87,750,079							
2015	35,281,007	152,447,572	158,866,067	158,869,067								
2016	39,553,617	50,602,859	62,807,855									
2017	46,797,456	56,346,402										
2018	11,207,860											

Motor

	Development Year											
Accident Year	0	1	2	3	4	5	6	7	8	9	10	11
2005	-	12,493,259	12,493,259	14,095,009	14,095,009	14,095,009	14,095,009	14,095,009	14,095,009	14,095,009	14,095,009	14,095,009
2006	7,183,547	7,183,547	8,091,816	8,162,179	8,162,179	8,162,179	8,162,179	8,162,179	8,162,179	8,162,179	8,162,179	8,162,179
2007	-	13,490,131	13,513,456	13,513,456	13,513,456	13,513,456	13,513,456	13,513,456	13,513,456	13,513,456	13,513,456	13,513,456
2008	28,697,353	53,971,325	54,682,249	54,682,249	54,712,249	55,331,832	55,331,832	55,331,832	55,331,832	55,331,832	55,331,832	
2009	46,818,708	87,336,233	88,028,286	88,350,910	88,421,660	89,177,660	89,177,660	89,177,660	89,177,660	89,177,660		
2010	74,692,635	110,251,301	111,944,711	119,123,375	119,144,513	119,144,513	119,166,933	119,166,933	119,166,933			
2011	63,119,744	121,145,189	128,786,628	130,366,614	130,904,793	131,358,017	131,490,358	131,490,358				
2012	48,825,250	89,302,481	96,864,771	99,006,135	100,506,497	100,554,197	100,554,197					
2013	71,227,426	108,973,778	112,018,279	112,434,303	112,434,303	112,434,303						
2014	66,632,382	112,652,283	121,966,231	121,966,231	121,966,231							
2015	117,394,839	153,136,434	153,136,434	153,224,863								
2016	148,591,616	158,663,552	158,869,977									
2017	227,364,418	250,211,031										
2018	95,886,299											

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

17 INSURANCE CONTRACT LIABILITIES

	Group		Company	
	31 December 2018 ₦'000	31 December 2017 ₦'000	31 December 2018 ₦'000	31 December 2017 ₦'000
(iii) The movement in unearned premium during the year was as follows:				
At 1 January	**1,241,831**	891,440	**335,114**	140,803
Change in the period	**228,005**	350,392	**(18,393)**	194,311
At 31 December	**1,469,836**	1,241,831	**316,720**	335,114
(iv) The movement in IBNR claims on short-term insurance during the year was as follows:				
At 1 January	**1,969,756**	614,347	**1,669,897**	362,033
Increase/(decrease) in IBNR	**(240,414)**	1,355,409	**(531,607)**	1,307,864
At 31 December	**1,729,342**	1,969,756	**1,138,289**	1,669,897
(v) The movement in annuity fund during the year was as follows:				
At 1 January	**7,431,913**	1,519,355	**7,431,913**	1,519,355
Additions during the period	**9,188,141**	6,764,067	**9,188,141**	6,764,067
Withdrawals during the period	**(3,134,033)**	(851,509)	**(3,134,033)**	(851,509)
At 31 December	**13,486,022**	7,431,913	**13,486,022**	7,431,913
(vi) The movement in life fund contract (excluding annuity) during the year was as follows:				
At 1 January	**9,802,857**	6,288,010	**9,802,857**	6,288,010
Increase/ (decrease) during the period	**5,640,236**	3,514,847	**5,640,236**	3,514,847
At 31 December	**15,443,094**	9,802,857	**15,443,094**	9,802,857

17B INVESTMENT CONTRACT LIABILITIES

The investment contract liabilities comprise interest-linked guaranteed investment funds. The movement in the investment contract liabilities is shown below:

	Group		Company	
	31 December 2018 ₦'000	31 December 2017 ₦'000	31 December 2018 ₦'000	31 December 2017 ₦'000
At 1 January	**13,398,544**	9,440,075	**13,398,544**	9,440,075
Additions during the period	**13,780,925**	9,708,636	**13,780,925**	9,708,636
Withdrawals during the period	**(8,279,842)**	(6,532,650)	**(8,279,842)**	(6,532,650)
Guaranteed interest	**866,825**	782,483	**866,825**	782,483
At 31 December	**19,766,452**	**13,398,544**	**19,766,452**	**13,398,544**
Non-current	**19,766,452**	**13,398,544**	**19,766,452**	**13,398,544**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

18 TRADE PAYABLE

	Group		Company	
	31 December 2018 ₦'000	31 December 2017 ₦'000	31 December 2018 ₦'000	31 December 2017 ₦'000
Premium on treaty payable to reinsurers (See Note 18.1)	166,686	121,832	73,527	30,647
Deposit for Premium	2,980,934	-	2,884,550	-
Claims escrow payable (See Note 18.2)	156,844	277,469	156,844	273,449
	3,304,464	399,301	3,114,921	304,096
Current	3,304,464	399,301	3,114,921	304,096

18.1 PREMIUM ON TREATY PAYABLE TO REINSURERS

	Group		Company	
	31 December 2018 ₦'000	31 December 2017 ₦'000	31 December 2018 ₦'000	31 December 2017 ₦'000
At 1 January	121,832	74,581	30,647	29,143
Insurance premium ceded to reinsurers	2,448,697	2,977,603	437,584	1,593,030
Cash paid to reinsurers/co-insurers	(2,403,843)	(2,930,352)	(394,704)	(1,591,526)
At 31 December	166,686	121,832	73,527	30,647

18.2 CLAIMS ESCROW PAYABLE

	Group		Company	
	31 December 2018 ₦'000	31 December 2017 ₦'000	31 December 2018 ₦'000	31 December 2017 ₦'000
At 1 January	277,469	-	273,449	-
Changes during the period	(120,625)	277,469	(116,605)	273,449
At 31 December	156,844	277,469	156,844	273,449

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

19 OTHER PAYABLES AND ACCRUALS

	Group		Company	
	31 December 2018 ₦'000	31 December 2017 ₦'000	31 December 2018 ₦'000	31 December 2017 ₦'000
Accruals	**2,049,481**	1,355,394	**1,637,254**	1,156,287
Insurance levy	**278,253**	243,465	**278,253**	209,794
Other creditors	**-**	183,683	**-**	-
Derivative financial liabilities (Note 19.1)	**14,403**	19,521	**5,697**	5,471
Due to related party	**1,116**	44,020	**1,116**	44,020
NITD Levy	**61,445**	46,118	**61,445**	42,737
Current (Payable within the period)	**2,404,698**	1,892,201	**1,983,765**	1,458,309

19.1 DERIVATIVE FINANCIAL LIABILITIES

	Group		Company	
	31 December 2018 ₦'000	31 December 2017 ₦'000	31 December 2018 ₦'000	31 December 2017 ₦'000
Currency swap - notional amount	**678,165**	662,652	**167,153**	172,972
Fair Value - Liability	**14,403**	19,521	**5,697**	5,471

The Group (FBN Insurance Limited and subsidiary FBN General Insurance Limited) entered into a currency swap contract with grade A rated Nigerian Banks for USD1,850,000 (USD450,000 for FBN Insurance Limited and FBN General Insurance USD1,400,000) and re-exchange the amounts at a future agreed date. In other words, the currency swap arrangement involves a sale agreement on US dollars with a binding agreement to repurchase at a predetermined date.

Consequently, the transaction on assessment qualifies as a financial derivative contract under IFRS 9, hence the Company has recognised the instrument initially at fair value through profit or loss and re-measured the instrument at the reporting date. On re-measurement, the Company recognised a derivative loss in the profit or loss and a derivative liability in the balance sheet as shown above.

The Company's foreign exchange derivatives do not qualify for hedge accounting; therefore, all gains and losses from changes in their fair values will continue to be recognised in the statement of profit or loss and as Net gains/(losses) on the financial statement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

20 TAX PAYABLE

	Group		Company	
	31 December 2018 ₦'000	31 December 2017 ₦'000	31 December 2018 ₦'000	31 December 2017 ₦'000
Company income tax payable:				
At 1 January	1,308,824	381,982	1,261,270	352,650
Charge to profit and loss (Note 40)	959,475	1,249,549	880,514	1,201,992
Tax paid in the year	(244,003)	(322,706)	(196,158)	(293,372)
At 31 December	2,024,296	1,308,824	1,945,626	1,261,270
Current	2,024,296	1,308,824	1,945,626	1,261,270

21 DIVIDEND PAYABLE

	Group		Company	
	31 December 2018 ₦'000	31 December 2017 ₦'000	31 December 2018 ₦'000	31 December 2017 ₦'000
At 1 January	672,393	1,833,863	672,393	1,833,863
Dividend declared during the year	2,935,048	2,172,776	2,935,048	2,172,776
Dividend paid during the year	(2,657,219)	(3,334,246)	(2,657,219)	(3,334,246)
At 31 December	950,222	672,393	950,222	672,393

Dividend declared consists of 2018 interim dividend of ₦2,935,048,715 (or 55k per share). The amount outstanding as payable at year end has been approved for distribution to shareholders awaiting remittance.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

22 DEFERRED TAX LIABILITY

	Group		Company	
	31 December 2018 ₦'000	31 December 2017 ₦'000	31 December 2018 ₦'000	31 December 2017 ₦'000
The analysis of deferred tax liabilities is as follows:				
Deferred tax liability to be recovered within 12 months	**365,022**	59,694	**299,851**	6,772
Deferred tax liability to be recovered after more than 12 months	**(152,093)**	305,328	**(195,744)**	293,079
	212,929	365,022	**104,107**	299,851
The movement on the deferred income tax account is as follows:				
At 1 January	**365,022**	673,732	**299,851**	620,810
Tax charge recognised in other comprehensive income	**-**	27,894		
Income statement charge (note 38)	**(152,093)**	(336,604)	**(195,744)**	(320,959)
At 31 December	**212,929**	365,022	**104,107**	299,851
Non-current	**212,929**	365,022	**104,107**	299,851

The deferred tax liability arose mainly from timing difference in the treatment of property and equipment for tax purposes and accounting principles.

23A SHARE CAPITAL

	Group		Company	
	31 December 2018 ₦'000	31 December 2017 ₦'000	31 December 2018 ₦'000	31 December 2017 ₦'000
Ordinary Shares				
Authorised share capital ('000)	**7,500,000**	7,500,000	**7,500,000**	7,500,000
Paid up share capital of 5.3 billion ordinary shares of ₦1 each	**5,336,450**	5,336,450	**5,336,450**	5,336,450
Number of shares				
At 31 December	**5,336,450**	5,336,450	**5,336,450**	5,336,450

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23B SHARE PREMIUM

	Group		Company	
	31 December 2018 ₦'000	31 December 2017 ₦'000	31 December 2018 ₦'000	31 December 2017 ₦'000
31 December	**1,930,708**	1,930,708	**1,930,708**	1,930,708

24 CONTINGENCY RESERVES

	Group		Company	
	31 December 2018 ₦'000	31 December 2017 ₦'000	31 December 2018 ₦'000	31 December 2017 ₦'000
At 1 January	**1,257,245**	726,935	**1,018,039**	593,225
Transfer from retained earnings	**764,625**	530,310	**613,460**	424,814
31 December	**2,021,870**	1,257,245	**1,631,499**	1,018,039

25 RETAINED EARNINGS

	Group		Company	
	31 December 2018 ₦'000	31 December 2017 ₦'000	31 December 2018 ₦'000	31 December 2017 ₦'000
At 1 January	**1,952,315**	983,217	**1,558,294**	774,634
Opening ECL Impairment	**(1,623)**	-	**(1,399)**	-
Dividend declared (Note 21)	**(2,935,048)**	(2,172,776)	**(2,935,048)**	(2,172,776)
Transfer to contingency reserves (Note 24)	**(764,625)**	(530,310)	**(613,460)**	(424,814)
Profit for the year	**5,942,815**	3,672,184	**5,449,829**	3,381,251
31 December	**4,193,834**	1,952,315	**3,458,215**	1,558,294

NOTES TO THE FINANCIAL STATEMENTS
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26 FAIR VALUE RESERVES

	Group		Company	
	31 December 2018 ₦'000	31 December 2017 ₦'000	31 December 2018 ₦'000	31 December 2017 ₦'000
At 1 January	**102,311**	(927,501)	**92,503**	(851,433)
Opening ECL Impairment	**1,623**	-	**1,399**	-
Change in value of financial assets FVOCI	**(502,296)**	1,459,558	**(492,488)**	1,313,043
Realised gains to income statement	**-**	(429,746)	**-**	(369,107)
ECL Impairment on FVOCI securities	**13,245**	-	**13,469**	-
Deferred tax	**-**	-	**-**	-
31 December	**(385,117)**	102,311	**(385,117)**	92,503

26A FAIR VALUE RESERVES - STATEMENT OF COMPREHENSIVE INCOME

	Group		Company	
	31 December 2018 ₦'000	31 December 2017 ₦'000	31 December 2018 ₦'000	31 December 2017 ₦'000
Change in value of financial assets fair value through OCI	**(502,296)**	1,459,558	**(492,488)**	1,313,043
Realised gains to income statement	**-**	(429,746)	**-**	(369,107)
Deferred tax (Note 22)	**-**	-	**-**	-
	(502,296)	1,029,812	**(492,488)**	943,936

27 GROSS PREMIUM INCOME

	Group		Company	
	31 December 2018 ₦'000	31 December 2017 ₦'000	31 December 2018 ₦'000	31 December 2017 ₦'000
Individual life	**14,295,578**	9,328,614	**14,295,578**	9,328,614
Group life	**2,492,445**	3,488,190	**2,492,445**	3,488,190
Annuity	**9,188,141**	6,764,067	**9,188,141**	6,764,067
General insurance	**4,635,233**	3,516,548	**-**	-
	30,611,396	23,097,420	**25,976,164**	19,580,871

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

27.1 UNEARNED PREMIUM

	Group		Company	
	31 December 2018 ₦'000	31 December 2017 ₦'000	31 December 2018 ₦'000	31 December 2017 ₦'000
Group life (Note 17iii)	18,393	(194,311)	18,393	(194,311)
General Insurance	(246,398)	(156,081)	-	-
	(228,005)	(350,392)	18,393	(194,311)

28 INSURANCE PREMIUM CEDED TO REINSURERS

	Group		Company	
	31 December 2018 ₦'000	31 December 2017 ₦'000	31 December 2018 ₦'000	31 December 2017 ₦'000
Gross reinsurance expenses	2,730,734	2,977,603	705,011	1,593,030
Changes in prepaid reinsurance	(236,245)	(238,270)	(169,938)	(133,668)
	2,494,489	2,739,333	535,073	1,459,362

29 FEES AND COMMISSION INCOME

	Group		Company	
	31 December 2018 ₦'000	31 December 2017 ₦'000	31 December 2018 ₦'000	31 December 2017 ₦'000
Individual life	5,217	6,098	5,217	6,098
Group life	80,764	76,261	80,764	76,261
Annuity	-	-	-	-
General insurance	322,504	216,364	-	-
	408,485	298,723	85,981	82,359

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

30 INSURANCE CLAIMS AND LOSS ADJUSTMENT EXPENSES

Group	31 December 2018		
	Gross	Reinsurance	Net
	₦'000	₦'000	₦'000
Current period claims and loss adjustment expenses	5,800,853	(932,880)	4,867,973
Increase in the expected cost of claims for unexpired risks	775,466	(920,462)	(144,996)
Claims incurred during the period	6,576,319	(1,853,342)	4,722,978
IBNR on short-term insurance contract	(240,413)	234,202	(6,213)
	6,335,906	(1,619,140)	4,716,765

	31 December 2017		
	Gross	Reinsurance	Net
	₦'000	₦'000	₦'000
Current period claims and loss adjustment expenses	3,800,977	(581,921)	3,219,056
Increase in the expected cost of claims for unexpired risks	313,968	(105,810)	208,158
Claims incurred during the period	4,114,945	(687,731)	3,427,214
IBNR on short-term insurance contract	1,307,864	(427,878)	879,986
	5,422,809	(1,115,609)	4,307,200

Company	31 December 2018		
	Gross	Reinsurance	Net
	₦'000	₦'000	₦'000
Current period claims and loss adjustment expenses	4,899,012	(484,398)	4,414,614
Increase in the expected cost of claims for unexpired risks	(56,823)	(29,692)	(86,516)
Claims incurred during the period	4,842,188	(514,090)	4,328,098
IBNR on short-term insurance contract	(531,606)	401,968	(129,639)
	4,310,582	(112,122)	4,198,459

	31 December 2017		
	Gross	Reinsurance	Net
	₦'000	₦'000	₦'000
Current period claims and loss adjustment expenses	2,891,974	(127,587)	2,764,387
Increase in the expected cost of claims for unexpired risks	12,637	(1,690)	10,947
Claims incurred during the period	2,904,611	(129,277)	2,775,334
IBNR on short-term insurance contract	1,307,864	(531,998)	
	4,212,475	(661,275)	3,551,200

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

31 UNDERWRITING EXPENSES

	Group		Company	
	31 December 2018 ₦'000	31 December 2017 ₦'000	31 December 2018 ₦'000	31 December 2017 ₦'000
Acquisition cost	4,341,324	3,710,947	3,524,492	3,095,316
Maintenance cost	202,114	129,850	93,888	77,489
	4,543,438	3,840,797	3,618,780	3,172,805

31.1 ACQUISITION COST

	Group		Company	
	31 December 2018 ₦'000	31 December 2017 ₦'000	31 December 2018 ₦'000	31 December 2017 ₦'000
At I January	153,312	132,009	-	-
Acquisition cost paid during the year	4,411,054	3,731,865	3,553,396	3,095,316
Amortisation during the period	(4,341,324)	(3,710,562)	(3,524,892)	(3,095,316)
At 31 December	223,042	153,312	28,504	-

32 CHANGES IN LONG-TERM INSURANCE CONTRACTS

	Group		Company	
	31 December 2018 ₦'000	31 December 2017 ₦'000	31 December 2018 ₦'000	31 December 2017 ₦'000
Changes in individual life fund excluding annuity	5,640,236	3,514,847	5,640,236	3,514,847
Changes in annuity fund	6,054,109	5,912,558	6,054,109	5,912,558
	11,694,345	9,427,405	11,694,345	9,427,405

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

33 OTHER INCOME

	Group		Company	
	31 December 2018 ₦'000	31 December 2017 ₦'000	31 December 2018 ₦'000	31 December 2017 ₦'000
Interest income staff loans	32,886	95,906	32,886	95,906
Foreign exchange gain	46,419	93,194	-	17,102
Interest on policy loans	839	956	839	956
(Loss)/gain on disposal of PPE	(49,627)	2,962	(55,551)	559
Sundry income	109,526	14,698	25,591	14,698
	140,043	207,716	3,765	129,221

33A (LOSS)/GAIN ON DISPOSAL OF PPE

	Group		Company	
	31 December 2018 ₦'000	31 December 2017 ₦'000	31 December 2018 ₦'000	31 December 2017 ₦'000
Proceeds from disposal of property and equipment	17,944	7,651	10,271	4,615
Receivables from disposal of property and equipment	21,023	-	21,023	-
Total sales value of property and equipment disposed	38,967	7,651	31,293	4,615
Cost of property and equipment disposed	176,718	71,228	152,033	39,008
Accumulated depreciation of property and equipment disposed	(88,123)	(66,539)	(65,189)	(34,952)
	88,594	4,689	86,844	4,056
(Loss)/gain on disposal of PPE	(49,627)	2,962	(55,551)	559

34A NET REALISED GAINS/(LOSS) ON FINANCIAL ASSETS

	Group		Company	
	31 December 2018 ₦'000	31 December 2017 ₦'000	31 December 2018 ₦'000	31 December 2017 ₦'000
Foreign exchange gain/(loss)	(25,965)	-	(25,965)	-
Gain on sale of quoted equity	-	14,260	-	14,264
Realised loss on treasury bills	(278,734)	-	(278,734)	-
Realised gain on bonds	-	1,724	-	-
	(304,699)	15,984	(304,699)	14,264

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

34B NET FAIR VALUE GAINS/(LOSS)

	Group		Company	
	31 December 2018 ₦'000	31 December 2017 ₦'000	31 December 2018 ₦'000	31 December 2017 ₦'000
Fair value (loss)/gain on treasury bills	**(84,336)**	325,635	**(19,992)**	278,734
Loss on valuation of investment property	**-**	(5,000)	**-**	-
Fair value loss on quoted equity	**-**	(96,321)	**-**	(94,994)
Fair value loss on Bonds	**(2,418,816)**	856,037	**(2,418,816)**	856,037
	(2,503,152)	1,080,351	**(2,438,808)**	1,039,777

35 INVESTMENT INCOME

	Group		Company	
	31 December 2018 ₦'000	31 December 2017 ₦'000	31 December 2018 ₦'000	31 December 2017 ₦'000
Interest income on cash and bank balances	**112,610**	98,379	**89,116**	77,047
Interest income on treasury bills	**3,304,764**	3,975,076	**2,669,536**	3,378,415
Interest income on bonds	**4,662,403**	1,760,025	**4,653,956**	1,760,025
Income - Amortisation of premium/discount paid on Bond	**79,739**	(12,851)	**78,745**	(12,851)
Interest income on commercial paper	**-**	42,376	**-**	25,413
Dividend income	**4,206**	14,893	**-**	14,758
Interest income on statutory deposit	**79,134**	77,685	**30,732**	30,169
	8,242,856	5,955,583	**7,522,085**	5,272,976
Investment income attributable to:				
Investment income attributable to policyholders	**4,922,039**	2,943,892	**4,516,431**	2,699,603
Investment income attributable to shareholders	**1,076,595**	738,798	**761,433**	300,480
Investment income from investment contract liabilities	**2,244,221**	2,272,893	**2,244,221**	2,272,893
	8,242,856	5,955,583	**7,522,085**	5,272,976

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

35A THE INVESTMENT INCOME CLASSIFIED UNDER POLICYHOLDERS AND SHAREHOLDERS FUND IS AS SHOWN BELOW:

	Group		Company	
	31 December 2018 ₦'000	31 December 2017 ₦'000	31 December 2018 ₦'000	31 December 2017 ₦'000
Investment income from annuity liabilities	1,312,318	998,187	1,312,318	998,187
investment Income from long-term insurance contract-life fund	3,609,721	1,945,705	3,204,113	1,701,416
Investment income attributable to policyholders	4,922,039	2,943,892	4,516,431	2,699,603
Investment income attributable to shareholders	1,076,595	738,798	761,433	300,480
	5,998,636	3,682,690	5,277,865	3,000,083

35B PROFIT FROM INVESTMENT CONTRACT:

	Group		Company	
	31 December 2018 ₦'000	31 December 2017 ₦'000	31 December 2018 ₦'000	31 December 2017 ₦'000
Investment income from investment contract liabilities	2,244,221	2,272,892	2,244,221	2,272,893
Guaranteed interest	(866,825)	(782,483)	(866,825)	(782,483)
	1,377,396	1,490,409	1,377,396	1,490,409

36 EMPLOYEE BENEFIT EXPENSES

The number of persons employed excluding Directors in the Group and in the Company during the year and at the end of the period ended 31 December 2018 were 235 and 170 respectively.

The staff cost for the above persons was:

	Group		Company	
	31 December 2018 ₦'000	31 December 2017 ₦'000	31 December 2018 ₦'000	31 December 2017 ₦'000
Wages and salaries	2,659,019	2,377,900	2,084,095	1,816,573
Pension costs	103,796	90,427	74,881	65,366
	2,762,815	2,468,327	2,158,976	1,881,938

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

37 OTHER OPERATING AND ADMINISTRATIVE EXPENSES

	Group		Company	
	31 December 2018 ₦'000	31 December 2017 ₦'000	31 December 2018 ₦'000	31 December 2017 ₦'000
Directors' emoluments	335,309	273,564	167,405	142,377
Auditors' remuneration	25,000	24,000	20,000	19,000
Depreciation	304,808	217,351	204,030	147,654
Amortisation	84,777	62,066	51,160	28,448
Consultancy expenses	207,935	225,188	119,693	126,161
Rent and rates	140,646	140,787	117,537	114,267
Electricity and energy	76,628	68,308	64,985	57,948
Repairs and Maintenance expenses	165,143	107,579	61,575	66,526
Vehicle running expenses	66,364	48,398	42,412	29,215
Advert and Publicity	71,254	76,352	52,361	50,577
Telecommunications	39,034	51,394	34,260	36,243
Dues and Subscription	40,870	31,688	17,310	14,097
Travels and accommodation	94,282	115,906	76,474	93,038
Recruitment and training	107,522	75,459	79,459	60,854
Insurance expenses	40,714	24,664	29,206	17,390
Printing and stationeries	80,556	46,881	59,568	25,558
Donation	38,001	16,761	35,201	15,411
Entertainment	15,160	15,482	8,952	9,419
Bank charges	50,019	35,843	29,712	27,116
Supervisory levies	283,746	263,014	251,527	230,920
Other administrative expenses	85,441	60,970	57,540	32,725
NITD Levy	67,498	46,118	61,346	42,737
	2,420,706	2,027,774	1,641,713	1,387,681

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

37A AUDITOR'S REMUNERATION

The audit remuneration represents audit fee for the statutory audit ended 31 December 2018. The external auditor did not provide any non-audit service to the Company

	Group		Company	
	31 December 2018 ₦'000	31 December 2017 ₦'000	31 December 2018 ₦'000	31 December 2017 ₦'000
Statutory Audit	**25,000**	24,000	**20,000**	19,000

37B PENALTIES PAID

Included in other administrative expenses are penalties paid for contraventions of certain sections of the Financial Reporting Council of Nigeria Act; Insurance Act; NAICOM circulars and guidelines during the prior year.

	Group		Company	
	31 December 2018 ₦'000	31 December 2017 ₦'000	31 December 2018 ₦'000	31 December 2017 ₦'000
a. Financial Reporting Council of Nigeria	**5,000**	-	**5,000**	-
b. Failure to submit financial strength rating of Foreign Reinsurers to National Insurance Commission	**-**	250	**-**	-
c. Late response on AML/CFT to National Insurance Commission	**-**	100	**-**	-
	5,000	350	**5,000**	-

38 SPECIFIC IMPAIRMENT

	Group		Company	
	31 December 2018 ₦'000	31 December 2017 ₦'000	31 December 2018 ₦'000	31 December 2017 ₦'000
Impairment on quoted stocks (Note 7.1i)	**5,256**	9,186	**-**	-
Impairment on unquoted stocks (Note 7.2)	**98,046**	117,755	**-**	-
Impairment on financial assets	**103,302**	126,941	**-**	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

39(A)ECL IMPAIRMENT ALLOWANCE

	Group		Company	
	31 December 2018 ₦'000	31 December 2017 ₦'000	31 December 2018 ₦'000	31 December 2017 ₦'000
ECL no longer required	(224)	-	-	-
ECL Impairment on cash and cash equivalents	797	-	642	-
ECL Impairment on FVOCI securities	13,469	1,623	13,469	1,399
	14,042	1,623	14,111	1,399

Impairment of financial assets are the Expected Credit Loss (ECL) on financial assets fair value through other comprehensive income and financial assets at amortised cost. A 12-month ECL has been assumed at initial recognition date.

39(B)MOVEMENT IN EXPECTED CREDIT LOSS

	Group		Company	
	31 December 2018 ₦'000	31 December 2017 ₦'000	31 December 2018 ₦'000	31 December 2017 ₦'000
As at 1 January	1,623	-	1,399	-
ECL no longer required	(224)	-	-	-
Additional ECL Impairment during the year	14,266	1,623	14,111	1,399
As at 31 December	15,665	1,623	15,510	1,399

The loss allowance was measured to 12-month expected credit losses. There has been no change in the credit risk of the assets from the initial recognition date. The credit risk remains low.

None of the financial assets was purchased originated credit-impaired.

The movement in loss allowance charge during the year was due to increase in volume of financial assets originated as FVOCI during the year. The credit risk rating of the instruments (which are mainly FGN Treasury bills and bonds) has not changed.

There was no modification of contractual cash flows on the financial assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

40 INCOME TAX EXPENSE

	Group		Company	
	31 December 2018 ₦'000	31 December 2017 ₦'000	31 December 2018 ₦'000	31 December 2017 ₦'000
Current tax on profits for the period (Note 20)	**959,475**	1,249,548	**880,514**	1,201,992
Deferred tax charge for the year (Note 22)	**(152,093)**	(336,604)	**(195,745)**	(320,959)
Income tax expense	**807,382**	912,944	**684,770**	881,033
Reconciliation of effective tax rate				
Profit before tax	**6,749,724**	4,585,126	**6,134,350**	4,262,284
Tax calculated using the domestic rate of Corporate tax rate of 30%	**2,024,573**	273,883	**1,839,960**	383,605
Effect of applying:				
Income not subject to tax	**(1,832,817)**	(1,270,695)	**(1,918,646)**	(1,253,073)
Non-deductible expenses	**(120,570)**	(53,165)	**(120,570)**	(53,165)
Education tax	**-**	-	**-**	-
Capital allowances	**-**	46,118	**-**	42,737
Minimum tax	**-**	-	**-**	-
Dividend tax	**880,514**	651,833	**880,514**	651,833
Tax charge	**951,700**	749,628	**681,258**	667,016
Tax calculated using the domestic rate of Corporate tax rate of 30%	**30%**	30%	**30%**	30%
Effect of applying:				
Income not subject to tax	**-27%**	-28%	**-31%**	-29%
Non-deductible expenses	**-2%**	-1%	**-2%**	-1%
Education tax	**0%**	0%	**0%**	0%
Capital allowances	**0%**	0%	**0%**	0%
Minimum tax	**0%**	0%	**0%**	0%
Dividend tax	**13%**	14%	**14%**	15%
Effective tax rate	**14%**	16%	**11%**	16%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

Effective interest rate

The tax (charge)/credit relating to components of other comprehensive income is as follows:

	Group			Company		
	31 December 2018			31 December 2018		
	Before tax ₦'000	Tax (charge) /credit ₦'000	After tax ₦'000	Before tax ₦'000	Tax (charge) /credit ₦'000	After tax ₦'000
Fair value loss:						
- Financial assets FVTOCI	(502,296)	-	(502,296)	(492,488)	-	(492,488)

The fair value loss was on treasury bills and bonds which are tax exempt on the Company's Income Tax Act Laws of the Federal Republic of Nigeria 2004, as amended in 2007. Hence the fair value loss had a nil tax impact for the Company.

	Group			Company		
	31 December 2017			31 December 2017		
	Before tax ₦'000	Tax (charge) /credit ₦'000	After tax ₦'000	Before tax ₦'000	Tax (charge) /credit ₦'000	After tax ₦'000
Fair value loss:						
- Financial assets FVTOCI	1,029,812	-	1,029,812	943,936	-	943,936
	1,029,812	-	1,029,812	943,936	-	943,936

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

41 HYPOTHECATION

Group	2018					2017				
	Policyholders fund ₦'000	Investment Fund ₦'000	Annuity Fund ₦'000	Shareholders fund ₦'000	Total ₦'000	Policy holders fund ₦'000	Investment Fund ₦'000	Annuity Fund ₦'000	Shareholders fund ₦'000	Total ₦'000
Assets										
Cash and placements	483,990	311,881	2,018	326,042	1,123,931	669,091	330,245	403,482	163,695	1,566,513
Treasury bills with original maturity <90 days	7,421,605	5,196,889	852,258	549,412	14,020,164	2,997,139	2,584,759	280,223	133,905	5,996,023
Treasury bills with original maturity > 90 days	2,918,298	1,749,495	1,659,464	953,772	7,281,029	10,361,593	3,720,473	1,130,432	246,537	15,459,036
Commercial papers	-	-	-	-	-	-	-	-	-	-
Government bonds	13,645,472	14,061,115	15,020,177	3,576,420	46,303,184	3,054,260	8,409,327	7,943,462	1,957,424	21,364,473
Investment in quoted equity	-	-	-	-	-	5,256	-	-	-	5,256
Investment in unquoted equity	-	-	-	293,693	293,693	-	-	-	383,404	383,404
Trade receivables	-	-	-	18,816	18,816	-	-	-	42,620	42,619
Reinsurance assets	2,703,072	-	-	-	2,703,072	1,651,852	-	-	-	1,651,852
Other receivables and prepayments	16,270	-	-	567,382	583,653	-	-	-	601,107	601,107
Deferred acquisition costs	-	-	-	223,041	223,041	-	-	-	153,313	153,313
Investment properties	-	-	-	100,000	100,000	-	-	-	100,000	100,000
Investment in subsidiary	-	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	333,598	333,598	-	-	-	418,375	418,375
Property and equipment	-	-	-	2,468,275	2,468,275	-	-	-	2,107,590	2,107,590
Statutory deposit	-	-	-	500,000	500,000	-	-	-	500,000	500,000
Total assets	27,188,707	21,319,380	17,533,916	9,910,451	75,952,455	18,739,191	15,044,804	9,757,599	6,807,965	50,349,560
Liabilities										
Insurance contracts liabilities	20,705,626	-	13,486,022	-	34,191,649	14,302,333	-	7,431,913	-	21,734,246
Investment Contracts Liabilities	-	19,766,452	-	-	19,766,452	-	13,398,544	-	-	13,398,544
Trade payable	-	-	-	323,530	323,530	-	-	-	399,300	399,301
Other payables and accruals	-	-	-	5,401,297	5,401,297	-	-	-	1,892,201	1,892,201
Dividend Payable	-	-	-	950,222	950,222	-	-	-	672,393	672,393
Tax payable	-	-	-	2,024,296	2,024,296	-	-	-	1,308,824	1,308,824
Deferred tax liability	-	-	-	212,929	212,929	-	-	-	365,022	365,022
Total liabilities	20,705,626	19,766,452	13,486,022	8,896,610	62,854,710	14,302,333	13,398,544	7,431,913	4,637,740	39,770,531
Surplus	7,483,081	1,552,929	4,047,894	420,936	13,097,745	4,436,858	1,646,260	2,325,686	2,169,979	10,579,029

NOTES TO THE FINANCIAL STATEMENTS
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Company	2018					2017				
	Policyholders fund ₦'000	Investment Fund ₦'000	Annuity Fund ₦'000	Shareholders fund ₦'000	Total ₦'000	Policy holders fund ₦'000	Investment Fund ₦'000	Annuity Fund ₦'000	Shareholders fund ₦'000	Total ₦'000
Assets										
Cash and placements	368,800	311,881	2,018	124,284	806,983	300,285	330,245	403,482	119,498	1,153,509
Treasury bills with original maturity <90 days	7,421,605	5,196,889	852,258	549,163	14,019,915	1,834,621	2,584,759	280,223	-	4,699,603
Treasury bills with original maturity > 90 days	2,918,298	1,749,495	1,659,464	660,328	6,987,584	8,247,862	3,720,473	1,130,432	-	13,098,767
Commercial papers	-	-	-	-	-	-	-	-	-	-
Government bonds	10,118,978	14,061,115	15,020,177	2,669,225	41,869,525	3,054,260	8,409,327	7,943,462	1,957,424	21,364,473
Investment in quoted equity	-	-	-	-	-	-	-	-	-	-
Investment in unquoted equity	-	-	-	-	-	-	-	-	-	-
Trade receivables	-	-	-	4,621	4,621	-	-	-	2,592	2,592
Reinsurance assets	493,285	-	-	-	493,284	735,168	-	-	-	735,168
Other receivables and prepayments	16,270	-	-	529,285	545,555	-	-	-	495,246	495,246
Deferred acquisition costs	-	-	-	28,504	28,504	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-	-
Investment in subsidiary	-	-	-	4,300,873	4,300,873	-	-	-	4,100,873	4,100,873
Intangible assets	-	-	-	71,158	71,158	-	-	-	122,318	122,318
Property and equipment	-	-	-	1,211,338	1,211,338	-	-	-	972,879	972,879
Statutory deposit	-	-	-	200,000	200,000	-	-	-	200,000	200,000
Total assets	21,337,236	21,319,380	17,533,916	10,349,057	70,539,340	14,172,196	15,044,804	9,757,599	7,970,830	46,945,428
Liabilities										
Insurance contracts liabilities	17,216,470	-	13,486,022	-	30,702,492	12,183,058	-	7,431,913	-	19,614,971
Investment Contracts Liabilities	-	19,766,452	-	-	19,766,452	-	13,398,544	-	-	13,398,544
Trade payable	-	-	-	230,371	230,371	-	-	-	304,096	304,096
Other payables and accruals	-	-	-	4,883,826	4,883,826	-	-	-	1,458,309	1,458,309
Dividend Payable	-	-	-	950,222	950,222	-	-	-	672,393	672,393
Tax payable	-	-	-	1,945,626	1,945,626	-	-	-	1,261,270	1,261,270
Deferred tax liability	-	-	-	104,107	104,107	-	-	-	299,851	299,851
Total liabilities	17,216,470	19,766,452	13,486,022	8,098,641	58,567,585	12,183,058	13,398,544	7,431,913	3,995,919	37,009,434
Surplus	4,120,766	1,552,928	4,047,895	2,250,166	11,971,755	1,989,138	1,646,260	2,325,686	3,974,663	9,935,994

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

42 OTHER INCOME STATEMENT INFORMATION: STAFF AND DIRECTORS' COST

Employee costs during the year amounted to:

	Group		Company	
	31 December 2018 ₦'000	31 December 2017 ₦'000	31 December 2018 ₦'000	31 December 2017 ₦'000
Wages and salaries	2,543,934	2,263,864	1,969,010	1,702,537
Pension cost	103,796	90,427	74,881	65,366
Exit bonus	115,085	114,036	115,085	114,036
	2,762,815	2,468,327	2,158,976	1,881,938

The number of employees of the Company, other than Directors, who received emoluments in the following ranges was:

	Group		Company	
	31 December 2018 ₦'000	31 December 2017 ₦'000	31 December 2018 ₦'000	31 December 2017 ₦'000
₦1,000,001 - ₦1,500,000	1	1	1	1
₦1,500,001 - ₦2,000,000	1	1	-	-
₦2,000,001 - ₦2,500,000	3	3	3	3
₦2,500,001 - ₦3,000,000	55	55	38	38
₦3,000,001 - ₦3,500,000	5	5	2	2
₦3,500,001 - ₦4,000,000	-	-	-	-
Above ₦4,000,000	170	129	126	88
	235	194	170	132
iii. The average number of full time persons employed by the Company during the year per level were as followed:				
Executive Director	5	4	3	2
Management staff	8	8	7	7
Non-management staff	222	182	160	123
	235	194	170	132
Directors' remuneration:				
i. Remuneration paid to the Directors of the Company were as follows:				
Short-term benefits:				
- Directors fees	45,400	28,900	32,500	16,000
- Directors sitting allowances	8,620	8,690	5,120	5,190
- Executive compensation	281,289	235,974	129,785	121,187
	335,309	273,564	167,405	142,377
Fees and other emoluments disclosed above include amounts paid to:				
The Chairman	3,100	3,100	3,100	3,100
The highest paid Director	80,762	62,605	80,762	62,605

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

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

	Group		Company	
	31 December 2018 ₦'000	31 December 2017 ₦'000	31 December 2018 ₦'000	31 December 2017 ₦'000
Below ₦5,000,000	-	-	-	-
₦5,000,000- ₦10,000,000	5	5	5	5
₦10,000,000 and above	4	4	2	2
	9	9	7	7

43 RELATED PARTIES

Transactions and agreements entered into between the Company and FBN Group include the provision of banking services, premises usage, asset management, and custodial services by the FBN Group. The Company provides Group Life cover for employees of the FBN Group and Credit Life insurance for clients of FirstBank.

Sanlam Developing Markets provides technical implementation assistance and ongoing support. They also provide key managerial staff to the Company.

Shareholders	31 December 2018	31 December 2017
FBN Holdings Plc	65%	65%
Sanlam Emerging Market	35%	35%

Nature of the transaction	Related party	2018 ₦'000	2017 ₦'000
Gross premium income	FBN Ltd	661,747	732,430
Claims incurred	FBN Ltd	307,473	266,387
Maintenance expenses	Sanlam	122,229	49,531
Professional fees paid	FBNQuest Capital Asset Management Ltd	41,751	53,980
Gross premium income	First Pension Custodian Ltd	5,085	8,450
Gross premium income	FBN Holdings Plc	57,631	45,250
Gross premium income	FBNQuest Capital Asset Management Ltd	3,459	53,490
Gross premium income	FBNQuest Trustees Ltd	3,602	10,210
Gross premium income	FBNQuest Securities Ltd	698	2,900
Gross premium income	FBNQuest Merchant Bank Ltd	29,317	32,990
Rental/premises lease	FBN Ltd	80,908	74,731
Fees paid	FBN Ltd	133,714	34,008
Commission paid	FBN Insurance Brokers	23,901	16,776
Transfer of equipment	FBN General Insurance Ltd	-	49,200

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

Nature of the balance	Related party	2018 ₦'000	2017 ₦'000
Intercompany receivable	FBN General Insurance Limited	-	-
Cash and bank balance	FBN Ltd	100,207	205,760
Short-term deposits	FBN Ltd	-	-
Investment securities (Asset in custody)	First Pension Custodian Ltd	18,180,962	38,970,942
Investment securities (Asset in custody)	First Nominees Limited	46,553,055	-
Custody fee	First Pension Custodian	-	6,070
Custody fee	First Nominees Limited	2,222	-
Premium receivable	FBN Ltd	-	-
Due to related party	Sanlam	1,116	44,020
Intercompany payable	FBNQuest Capital Asset Management Ltd	-	19,347

The ₦18.18bn and ₦46.55bn represent Investment Assets (Federal Government Treasury Bills and Bonds) held in custody for FBN Insurance Limited by Federal Pension Custodian and First Nominees Limited respectively as at 31 December 2018.

Transactions with Directors

Remuneration is paid to Directors in the form of fees to Non-Executive Directors and remuneration to Executive Directors of the Company. All Directors of the Company have notified that they did not have any interest in transactions recorded within the reporting period. Key management personnel transactions with the Group have been disclosed in Note 42.

Contingent liabilities and commitments

(a) Legal proceedings

There were no legal proceedings outstanding against the Company at 31 December 2018 (2017 Nil).

(b) Capital commitments

At 31 December 2018, the Group has no capital commitments in respect of buildings and equipment purchases.

Earnings per share

Both the basic and diluted earnings per share have been calculated using the profit attributable to shareholders of FBN Insurance as the numerator. The number of outstanding shares used for earnings per share amounted to 5,336,450,000 (2017:5,336,450,000) after considering the period in which the additional shares were in issue.

	Group		Company	
	31 December 2018 ₦'000	31 December 2017 ₦'000	31 December 2018 ₦'000	31 December 2017 ₦'000
Profit for the period	5,941,192	5,941,192	5,941,192	5,941,192
Number of shares at the beginning of the period	5,336,450	5,336,450	5,336,450	5,336,450
Number of shares at the end of the period	5,336,450	5,336,450	5,336,450	5,336,450
Weighted number of shares at the end of the period	5,336,450	5,336,450	5,336,450	5,336,450
Earnings per share (basic) - in kobo	111	69	102	63

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

44 DIVIDEND

Interim dividend of 55k per ordinary share was proposed, approved and paid during the year. A dividend of 10k per share is proposed at year end. Dividend payable to equity holders in the statement of changes in equity represents dividend of 55kobo per share paid to shareholders in 2018 while the final dividend of 10k per share is subject to ratification by the Board of Directors.

45 POST BALANCE SHEET EVENTS

There were no post balance sheet events which could have a material effect on the financial position of the Group as at 31 December 2018 or the profit for the twelve months ended 31 December 2018.

46 SEGMENT INFORMATION

By Business Segment

FBNInsurance business is organised along distribution channels for management and reporting purposes into four main business segments: Retail distribution (i.e. Individual), Annuity, Corporate distribution, and Alternative distribution. The business strategy and focus is on broadening and deepening the relationship with customers and promote operational and service excellence across all touch points. The Company is organised into key customer segments and distribution channels and evaluates segmental performance based on overall net insurance results. Distribution channels gross premium information is used as a way of assessing customer needs, penetration and trends in the marketplace. The business strategies of the Company in the four main segments are adapted to local market and regulatory requirements. The Company expenses that are directly attributable to each line are appropriately charged to the relevant segment while central expenses have been distributed between the business segments in proportion to their direct costs. The insurance contract liabilities are modelled along each line of business distribution and the estimates are based on actuarial valuation at period end. The benefit of the Company's capital has been distributed between segments in proportion to their average risk liabilities and assets allocation.

Retail Distribution - This arm of our business is primarily responsible for the sale of retail products to different customer segments which include the mass market, middle class and affluent customers. We engage these customers through our agency network by offering products that address customers' specific insurance needs. Through our retail distribution, we sell the following key products.

- Individual life products

- Annuity

Corporate Distribution - This segment of our business drives the sale of our Group Life products to corporate organisations and public sector parastatals. We continue to build and strengthen our relationships with key stakeholders such as insurance brokers in order to deepen our footprints in the corporate insurance segment.

Alternative Distribution - This segment consists of non-traditional channels through which we reach our target customers both retail and corporate. Credit related insurances such as credit life, mortgage protection plan, among others are sold through this distribution channel.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

The Company's business segment reporting information is as follows:

December 31 2018	Group Life ₦'000	Annuity ₦'000	Individual Life ₦'000	Total ₦'000
Gross premium written	2,492,445	9,188,141	14,295,578	25,976,164
Unearned premium	18,393	-	-	18,393
Gross premium income	2,510,838	9,188,141	14,295,578	25,994,557
Reinsurance expenses	(512,494)	-	(22,579)	(535,073)
Net premium income	1,998,344	9,188,141	14,272,999	25,459,484
Fees and commission income	80,764	-	5,217	85,981
Net underwriting income	2,079,108	9,188,141	14,278,216	25,545,465
Claims incurred	(599,274)	(1,691,417)	(2,019,891)	(4,310,582)
Reinsurance recoveries	112,122	-	-	112,122
Underwriting expenses	(390,699)	(311,625)	(2,916,456)	(3,618,780)
Changes in contract liabilities	(375,076)	(6,762,070)	(4,557,200)	(11,694,345)
Net underwriting expense	(1,252,926)	(8,765,112)	(9,493,546)	(19,511,585)
Net underwriting profit	826,181	423,030	4,784,669	6,033,880
Other Income	3,765	-	-	3,765
Net realise gains/(loss)	-	-	(304,699)	(304,699)
Net fair gains/(loss)	-	(679,386)	(1,759,422)	(2,438,808)
Investment income	333,893	1,330,466	3,613,505	5,277,865
Profit from investment contracts	-	-	1,377,396	1,377,396
Impairments	-	-	(14,111)	(14,111)
Employee benefit expenses	(453,385)	(259,077)	(1,446,514)	(2,158,976)
Other operating and administrative expenses	(344,760)	(197,006)	(1,099,948)	(1,641,713)
Results of operating activities	365,695	618,028	5,150,876	6,134,599
Income tax expense	(17,381)	(261,371)	(406,018)	(684,770)
Profit/loss for the year	348,314	356,656	4,744,858	5,449,829

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

December 31 2017	Group Life ₦'000	Annuity ₦'000	Individual Life ₦'000	Total ₦'000
Gross premium written	3,488,190	6,764,067	9,328,614	19,580,871
Unearned premium	(60,643)	-	-	(60,643)
Gross premium income	3,427,547	6,764,067	9,328,614	19,520,228
Reinsurance expenses	(1,566,589)	-	(26,441)	(1,593,030)
Net premium income	1,860,958	6,764,067	9,302,173	17,927,198
Fees and commission income	76,261	-	6,098	82,359
Net underwriting income	1,937,219	6,764,067	9,308,271	18,009,557
Claims incurred	(2,286,446)	(556,790)	(1,369,239)	(4,212,475)
Reinsurance recoveries	661,275	-	-	661,275
Underwriting expenses	(656,108)	(229,368)	(2,287,329)	(3,172,805)
Changes in contract liabilities	282,966	(5,912,558)	(3,797,813)	(9,427,405)
Net underwriting expense	(1,998,313)	(6,698,716)	(7,454,381)	(16,151,410)
Net underwriting profit	(61,094)	65,351	1,853,890	1,858,147
Other income	129,221	-	-	129,221
Net realise gains/(loss)	14,264	-	-	14,264
Net fair gains/(loss)	110,717	427,715	501,345	1,039,777
Investment income	1,088,841	560,004	1,351,238	3,000,083
Profit from investment contracts	-	-	1,490,409	1,490,409
Employee benefit expenses	(451,665)	(225,833)	(1,204,440)	(1,881,938)
Other operating and administrative expenses	(333,043)	(166,522)	(888,116)	(1,387,681)
Results of operating activities	497,242	660,715	3,104,325	4,262,284
Income tax expense	(82,739)	(336,091)	(462,203)	(881,033)
Profit/loss for the year	414,504	324,624	2,642,122	3,381,251

OTHER NATIONAL DISCLOSURES

FOR THE YEAR ENDED 31 DECEMBER 2018

(A) VALUE ADDED STATEMENT

	Group				Company			
	2018	%	2017	%	2018	%	2017	%
	₦'000		₦'000		₦'000		₦'000	
Net insurance premium income	**27,888,902**		20,007,695		**25,459,483**		17,927,198	
Fee and commission Income - Insurance contracts	**408,485**		298,723		**85,981**		82,359	
Underwriting cost	**(21,073,515)**		(17,575,402)		**(19,527,095)**		(16,151,410)	
Net investment income	**4,614,598**		6,269,435		**3,911,752**		5,544,534	
Other services bought	**(1,937,494)**		(1,667,580)		**(1,382,758)**		(1,082,358)	
Value added	**9,900,976**	**100**	7,332,870	100	**8,547,365**	**100**	6,320,324	100
Applied as follows:								
In payment of employees:								
- Salaries, wages and other benefits	**2,762,815**	**28**	2,468,325	34	**2,158,976**	**25**	1,881,938	30
In payment to providers of capital:								
- Interest on loan	**-**		-	-	**-**		-	-
In payment to government								
- Taxation	**959,475**	**10**	1,249,548	17	**880,514**	**10**	1,201,992	19
For future replacement of assets, expansion of business and payment of dividend to shareholders:								
- Deferred taxation	**(152,093)**	**(2)**	(336,604)	(5)	**(195,745)**	**(2)**	(320,959)	(5)
- Depreciation and amortisation	**389,586**	**4**	279,417	4	**255,190**	**3**	176,102	3
- Contingency reserve	**764,625**	**8**	530,310	7	**613,460**	**7**	424,814	7
- Retained earnings for the year	**5,176,569**	**52**	3,141,874	43	**4,834,969**	**57**	2,956,436	47
	9,900,976	**100**	7,332,870	100	**8,547,365**	**100**	6,320,324	100

OTHER NATIONAL DISCLOSURES

FOR THE YEAR ENDED 31 DECEMBER 2018

(B) FINANCIAL SUMMARY

(Bi) GROUP FIVE-YEAR FINANCIAL SUMMARY

	31 December 2018 ₦'000	31 December 2017 ₦'000	31 December 2016 ₦'000	31 December 2015 ₦'000	31 December 2014 ₦'000
ASSETS					
Cash and cash equivalent	**1,123,931**	1,566,512	1,090,528	1,970,829	720,605
Financial assets	**67,898,069**	43,208,192	25,973,245	16,294,877	11,951,631
Trade receivables	**18,816**	42,620	23,643	55,504	135,767
Reinsurance assets	**2,703,072**	1,651,852	889,894	662,590	557,835
Other receivables and prepayments	**583,653**	601,107	736,932	446,787	392,263
Deferred acquisition cost	**223,041**	153,313	132,297	150,604	111,370
Investment properties	**100,000**	100,000	105,000	320,225	322,000
Intangible assets	**333,598**	418,375	382,041	283,894	301,441
Property and equipment	**2,468,275**	2,107,590	1,886,075	1,740,751	1,686,800
Statutory deposit	**500,000**	500,000	500,000	500,000	500,000
Total assets	**75,952,455**	50,349,560	31,719,655	22,426,061	16,679,712
LIABILITIES					
Insurance contract liabilities	**34,191,649**	21,734,246	10,287,072	11,837,414	7,939,499
Investment contract liabilities	**19,766,452**	13,398,544	9,440,075		
Trade payables	**3,304,464**	399,301	74,581	42,852	28,118
Other provisions and accruals	**2,404,698**	1,892,201	934,534	592,767	4,125,423
Divided payable	**950,222**	672,393	1,833,863		
Tax payable	**2,024,296**	1,308,824	425,989	258,573	271,433
Deferred tax liabilities	**212,929**	365,022	673,732	86,036	67,945
Total liabilities	**62,854,710**	39,770,531	23,669,846	12,817,642	12,432,418
EQUITY					
Share capital	**5,336,450**	5,336,450	5,336,450	5,336,450	3,480,000
Share premium	**1,930,708**	1,930,708	1,930,708	1,930,708	
Contingency reserve	**2,021,870**	1,257,245	726,934	437,917	216,462
Retained earnings	**4,193,834**	1,952,315	983,218	1,739,780	623,440
Fair value reserve	**(385,117)**	102,311	(927,501)	163,564	(72,608)
Total equity	**13,097,745**	10,579,029	8,049,809	9,608,419	4,247,294
Total liabilities and equity	**75,952,455**	50,349,560	31,719,655	22,426,061	16,679,712

OTHER NATIONAL DISCLOSURES

FOR THE YEAR ENDED 31 DECEMBER 2018

	31 December 2018 ₦'000	31 December 2017 ₦'000	31 December 2016 ₦'000	31 December 2015 ₦'000	31 December 2014 ₦'000
INCOME STATEMENTS - GROUP					
Gross premium written	30,611,396	23,097,420	12,102,955	12,118,495	8,412,909
Gross premium income	30,383,392	22,747,028	10,929,147	11,580,591	8,288,820
Net premium Income	27,888,902	20,007,695	9,754,511	10,473,250	7,673,224
Insurance claims inccurred and loss adjustments expenses	(6,335,905)	(5,422,809)	(3,112,807)	(3,819,114)	(1,344,891)
Insurance claims inccurred recovered from reinsurance	1,619,141	1,115,609	776,479	472,332	361,007
Net underwriting expenses	(4,543,438)	(3,840,797)	(5,930,967)	(7,901,993)	(3,268,301)
Underwriting results	7,342,839	2,731,017	4,018,108	2,763,423	1,971,235
Investment income	6,000,258	3,682,690	2,044,015	1,979,801	1,064,273
Profit from investment contract		-	259,896	-	-
Other income	93,624	207,716	259,867	62,048	46,767
Employee benefit expense	(2,762,815)	(2,468,326)	(1,677,757)	(1,298,354)	(938,895)
Other operating expenses	(2,420,703)	(2,027,775)	(1,527,042)	(1,428,106)	(985,353)
Profit before tax	6,750,197	4,585,126	3,366,672	2,078,811	1,330,547
Income tax expense	(807,382)	(912,944)	(986,429)	(219,016)	(241,591)
Profit after tax	5,942,815	3,672,184	2,380,243	1,859,795	1,088,956
Other comprehensive income	(502,296)	1,029,812	(1,091,065)	236,172	(87,931)
Total comprehensiive income	5,440,519	4,701,996	1,289,178	2,095,967	1,001,025

OTHER NATIONAL DISCLOSURES

FOR THE YEAR ENDED 31 DECEMBER 2018

(Bii) COMPANY FIVE-YEAR FINANCIAL SUMMARY

	31 December 2018 ₦'000	31 December 2017 ₦'000	31 December 2016 ₦'000	31 December 2015 ₦'000	31 December 2014 ₦'000
ASSETS					
Cash and cash equivalent	**806,983**	1,153,509	746,260	1,678,073	407,094
Financial assets	**62,877,024**	39,162,844	23,114,276	13,801,686	9,970,841
Trade receivables	**4,621**	2,592	2,433	25,316	8,406
Reinsurance assets	**493,285**	735,168	71,314	38,331	45,546
Other receivables and prepayments	**545,555**	495,246	451,928	332,776	527,836
Deferred acquisition cost	**28,505**	-	-	64,806	1,913
Investment properties	**4,300,873**	4,100,873	4,100,873	4,100,873	3,600,873
Intangible assets	**71,158**	122,318	52,366	21,454	34,560
Property and equipment	**1,211,338**	972,879	765,949	663,233	657,760
Statutory deposit	**200,000**	200,000	200,000	200,000	200,000
Total assets	**70,539,340**	46,945,428	29,505,399	20,926,548	15,454,829
LIABILITIES					
Insurance contract liabilities	**30,702,492**	19,614,971	8,672,754	10,694,965	6,909,773
Investment contract liabilities	**19,766,452**	13,398,544	9,440,075		
Trade payables	**3,114,921**	304,096	29,143	26,859	28,118
Other provisions and accruals	**1,983,765**	1,458,309	730,460	443,281	4,070,381
Divided payable	**1,945,626**	1,261,270	394,711	233,901	167,459
Tax payable	**950,222**	672,393	1,833,863	-	-
Deferred tax liabilities	**104,107**	299,851	620,810	31,684	33,497
Total liabilities	**58,567,585**	37,009,434	21,721,816	11,430,690	11,209,228
EQUITY					
Share capital	**5,336,450**	5,336,450	5,336,450	5,336,450	3,480,000
Share premium	**1,930,708**	1,930,708	1,930,708	1,930,708	-
Contingency reserve	**1,631,499**	1,018,039	593,225	370,006	202,885
Retained earnings	**3,458,215**	1,558,294	774,633	1,613,451	631,361
Fair value reserve	**(385,117)**	92,503	(851,433)	245,243	(68,645)
Total equity	**11,971,755**	9,935,994	7,783,583	9,495,858	4,245,601
Total liabilities and equity	**70,539,340**	46,945,428	29,505,399	20,926,548	15,454,829

OTHER NATIONAL DISCLOSURES
FOR THE YEAR ENDED 31 DECEMBER 2018

	31 December 2018 ₦'000	31 December 2017 ₦'000	31 December 2016 ₦'000	31 December 2015 ₦'000	31 December 2014 ₦'000
INCOME STATEMENTS - COMPANY					
Gross premium written	**25,976,164**	19,580,871	9,909,681	10,307,383	7,129,474
Gross premium income	**25,994,557**	19,386,560	8,971,478	9,711,296	7,109,362
Net premium income	**8,698,166**	8,698,166	8,656,077	9,346,848	6,835,965
Insurance claims incurred and loss adjustments expenses	**(2,085,953)**	(2,085,953)	(2,195,962)	(3,249,976)	(878,916)
Insurance claims incurred recovered from reinsurance	**110,443**	110,443	129,601	108,467	71,293
Net underwriting expenses	**3,618,780**	3,172,805	(5,279,626)	(7,317,362)	(5,418,260)
Underwriting results	**6,033,880**	1,858,148	3,455,038	2,106,250	1,469,093
Investment income	**5,279,263**	3,000,083	1,671,034	1,695,224	1,120,458
Profit from investment contract			259,896	-	-
Other income	**3,765**	129,221	131,845	50,071	27,128
Employee benefit expense	**(2,158,976)**	(1,881,938)	(1,217,402)	(893,887)	(662,431)
Other operating expenses	**(1,641,713)**	(1,387,681)	(1,143,663)	(1,113,635)	(828,725)
Profit before tax	**6,134,599**	4,262,284	3,156,748	1,844,023	1,125,524
Income tax expense	**(684,770)**	(881,033)	(924,559)	(172,810)	(172,292)
Profit after tax	**5,449,829**	3,381,251	2,232,189	1,671,213	953,232
Other comprehensive income	**(492,488)**	943,936	(1,096,676)	313,889	(83,968)
Total comprehensive income	**4,957,341**	4,325,188	1,135,513	1,985,102	869,264

CONTACT INFORMATION

LOCATION	BUSINESS ADDRESS	DESIGNATION	PHONE NUMBER
Head Office			
Lagos	FBN Insurance Ltd, 34 Marina, Lagos.	Corporate Head Office	01-9054810 01-9054352 01-9054414
Branches/Sales Offices			
Benin	67 Akpakpava Road, Benin City, Edo State, Nigeria	Retail Outlet	07014970755
Port Harcourt	80 Aba Road, Opposite Government Craft Centre, PortHarcourt, Nigeria	Branch	08023454548
Warri	FirstBank Nigeria Ltd. Udu Road Branch, Ovwian, Warri, Delta State, Nigeria	Retail Outlet	09022530412
Enugu	FirstBank Nigeria Ltd. Main Branch, 21 Okpara Avenue, Enugu, Enugu State, Nigeria	Retail Outlet	09022426753
Ibadan	2nd Floor, FirstBank Nigeria Building, 48 Challenge/Molete Road, Ibadan, Oyo State, Nigeria	Retail Outlet	07014970753
Onitsha	13 City Biscuit Road, Ugwogba Obosi, Onitsha, Anambra State, Nigeria	Retail Outlet	09022265291
Aba	FirstBank Nigeria Branch, 99 Ikot Ekpene Road, Ogbor Hill, Aba, Abia State	Retail Outlet	09026031216
Calabar	Ipman House, NNPC Depot By Zone 6, Nigerian Police Station, Calabar, Cross River State	Retail Outlet	09022795224
Uyo	91 Oron Road, Uyo, Akwa Ibom State, Nigeria	Retail Outlet	09022798788
Abuja	1 Zambezi Crescent, Off Aguiyi Ironsi Street, Maitama, Abuja, Nigeria	Branch	07013990115
Akure	FirstBank Nigeria Main Branch, 1 Oba Adesida Road, Alagbaka Quarters, Akure Ondo State, Nigeria	Retail Outlet	08124260997
Ajah, Lagos	FirstBank Nigeria, Ikota Shopping Complex, Ajah	Retail Outlet	08035959453
ASPAMDA i.e Auto Spare Parts and Machinery Dealers Association, Lagos	FirstBank Nigeria, Tradefair Complex, ASPAMDA	Retail Outlet	01-9054810
Ikeja, Lagos	5 Ashabi Cole Street, Agidingdbi-Ikeja, Lagos	Retail Outlet	08028546006 08028546009
Kaduna	FirstBank Nigeria Branch,14 Bank Road Kaduna	Retail Outlet	09026061489
Kano	1 Sani Abacha Way, Kano	Retail Outlet	09023871372
Asaba	FirstBank Nigeria Branch, 232 Nnebisi Road, Asaba, Delta State	Retail Outlet	09027693362
Owerri	FirstBank Nigeria Branch, 164 Whetheral Road, Owerri, Imo State	Retail Outlet	09022668458
Ilorin	FirstBank Nigeria University of Ilorin, Permanent Site, Tanke Road, Ilorin, Kwara State	Retail Outlet	08123025425
Oshogbo	No. 1 Olorun Osebi Street, Sabo Junction, Oshogbo, Osun State	Retail Outlet	09027263385
Auchi	FirstBank Nigeria Building, 26 Otaro Road, Auchi, Edo State	Outlet	07039539978
Sapele	Sapele Main Branch, Ponpu, Sapele	Outlet	09026940617
Nnewi	FirstBank Nigeria Building Material Branch, Nnewi, Anambra State	Outlet	09028568335
Abakaliki	FirstBank Nigeria Afikpo Branch, Ebonyi State	Outlet	09023070975
Subsidiary			
FBN General Insurance Ltd	298 Ikorodu Road, Anthony, Lagos		01-9054810 01-9054832

ABBREVIATIONS

AFS	Available-For-Sale
AGM	Annual General Meeting
AURR	Additional Unexpired Risk Reserve
CAMA	Companies and Allied Matters Act
CBN	Central Bank of Nigeria
CCP	Central Counterparty
CEO	Chief Executive Officer
CGU	Cash Generating Unit
CIIN	Chartered Insurance Institute of Nigeria
CITA	Company Income Tax Act
CFO	Chief Financial Officer
COO	Chief Operating Officer
COSO	Committee of Sponsoring Organisations of the Treadway Commission
CRO	Chief Risk Officer
DAC	Deferred Acquisition Costs
ECL	Expected Credit Loss
EPS	Earnings Per Share
ExCo	Executive Management Committee
ERM	Enterprise Risk Management
FGN	Federal Government of Nigeria
FRC	Financial Reporting Council
FVOCI	Fair Value through Other Comprehensive Income
IASB	International Accounting Standards Board
IBNR	Incurred But Not Reported
ICAN	Institute of Chartered Accountants of Nigeria
ICB	International Commercial Banks
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
KPI	Key Performance Indicator
KRI	Key Risk Indicator
KYC	Know Your Customer
MD	Managing Director
MPR	Monetary Policy Rate
₦	Naira
NAICOM	National Insurance Commission
NBA	Nigerian Bar Association
NIBOR	Nigerian Inter-Bank Offered Rate
OCI	Other Comprehensive Income
PAT	Profit After Tax
PBT	Profit Before Tax
PFA	Pension Fund Administrator
SEC	Securities and Exchange Commission
SLA	Service Level Agreement
UPR	Unexpired Premium Reserve

NOTES

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Registered Address
34 Marina Lagos
Nigeria
☎ +234 01-9054810
☎ +234 01-9054444
☎ +234 01-9054382