



AXA Mansard Insurance Plc and Subsidiary Companies

**Annual Report
for the year ended 31 December 2017**

Introduction

AXA Mansard Insurance is a Nigerian financial service group with interest in insurance, asset and investment management, health insurance, property development and pension fund administration and management. AXA Mansard Group comprises AXA Mansard Insurance Plc. and four subsidiaries all operating in Nigeria.

AXA Mansard Insurance Plc's Financial Statements comply with the applicable legal requirements of the Companies and Allied Matters Act (CAMA) regarding financial statements and comprises Consolidated and Separate Financial Statements of the group for the year ended 31 December 2017. The consolidated and separate financial statements have been prepared in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board.

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AXA MANSARD

AXA Mansard Insurance Plc and Subsidiary Companies

Business Review

Corporate information

Chairman	Mr. Olusola Adeeyo	Chairman	
Directors	Mr. Kunle Ahmed Mrs. Yetunde Ilori Mr. Tosin Runsewe Mr. Yomi Onifade Mr. Frédéric Coppin Mr. Frederic Flejou Mrs. Karima Silvent Mr. Lesley Ndlovu Mr. Tom Wilkinson Mr. Jad Ariss Mr. Ohis Ohiwerei	Chief Executive Officer Chief Executive Officer Executive Director Executive Director Non Executive Director Non Executive Director Non Executive Director Non Executive Director Non Executive Director Non Executive Director Independent Director	Appointed Effective 19 May, 2017 Resigned Effective 19 May, 2017 Appointed Effective 26 July, 2017
Registered Office	Santa Clara Court Plot 1412, Ahmadu Bello Way Victoria Island Lagos www.axamansard.com		
Company Secretary	Mrs. Omowunmi Mabel Adewusi		
RC No.	133276		
FRC Registration No.	FRC/2012/0000000000228		
Auditors	KPMG Professional Services KPMG Tower Bishop Aboyade Cole Street, Victoria Island, Lagos Tel: (01) 2718955 www.kpmg.com/ng		
Bankers	GT Bank Plc Standard Chartered Bank Nigeria Limited First City Monument Bank Limited Stanbic IBTC Bank Plc		
Re-insurers	African Reinsurance Corporation Continental Reinsurance Plc. Swiss Re Munich Reinsurance Company Limited		
Actuaries	EY Nigeria QED Actuaries & Consultants (Pty) Limited		
Valuers	Osas & Oseji Estate Surveyors & Valuers		
Registrar	DataMax Registrars Limited		

Corporate Addresses

HEAD OFFICE

AXA Mansard Insurance Plc.

Santa Clara Court,
Plot 1412, Ahmadu Bello Way,
Victoria Island, Lagos.

REGIONAL OFFICES

ABUJA

Plot 1568 Muhammadu Buhari way
Area 11, Garki
Abuja.

IBADAN

11B, Jimoh Odotola Road,
Ibadan, Oyo State.

PORT HARCOURT

Plot 12 Ezimgbu Link Road,
Off Stadium Road, GRA Phase IV
Port Harcourt, Rivers State

ENUGU

Suite A5, Bethel Plaza,
Garden Avenue, Enugu, Enugu State

MINNA

Shamras Plaza, Along Bosso Road
Opposite Murtala Park,
Minna Central Business District,
Niger State

KADUNA

3B, Bungalow Close,
Along Ribadu Road, Doctors Quarters,
Angwar Rimi GRA, Kaduna North,
Kaduna State

AXA MANSARD WELCOME CENTERS

ABUJA

Plot 1568 Muhammadu Buhari Way
Area 11, Garki,
Abuja

ALAUZA

DN Meyer Building
Plot 34, Mobolaji Johnson Avenue
Behind 7Up Bottling Company
Alausa-Ikeja, Lagos.

YABA

176, Herbert Macaulay,
Adekunle, Yaba, Lagos.

FESTAC

Plot 248, Block B
Amuwo-Odofin, Festac Link Road,
Amuwo-Odofin, Lagos.

IKOTA – LEKKI

Suite K4-6 & K15-17
Road 5, Ikota Shopping Complex
Ikota, Ajah, Lagos.

IKORODU ROAD

177 Ikorodu Road Onipanu, Lagos.

APAPA

No. 12/14 Wharf Road, Apapa, Lagos.

OGBA

18 Ijaiye Road Ogba, Ikeja, Lagos.

ENUGU

Suite A5, Bethel Plaza,
Garden Avenue, Enugu, Enugu State

BENIN

No 15 Sapele Road
Opposite High Court, Benin City, Edo State

UYO

110, Abak Road, Uyo, Akwa Ibom State

ILORIN

30 Taiwo Ibrahim Road, Ilorin

MINNA

Shamras Plaza, Along Bosso Road
Opposite Murtala Park,
Minna Central Business District,
Niger State

ALABA

H40/51 Igbede Road,
Alaba International Market,
Ojo, Alaba.

AHMADU BELLO WAY-V/I

Plot 1412, Ahmadu Bello Way,
Victoria Island, Lagos.

OPEBI

15/17 Opebi Road
Opebi, Ikeja, Lagos.

ONIKAN

3/5, Boyle Street,
Onikan, Lagos.

PORT HARCOURT

Plot 12 Ezimgbu Link Road,
Off Stadium Road, GRA Phase IV
Port Harcourt, Rivers State.

IBADAN

Broking House, 1 Alhaji Jimoh Odotola Rd,
Dugbe, Ibadan, Oyo State.

SURULERE

82 Adeniran Ogunsanya Street, Surulere
Lagos

KADUNA

3B, Bungalow Close,
Along Ribadu Road, Doctors Quarters,
Angwar Rimi GRA, Kaduna North,
Kaduna State

EGBEDA

Yemosa Plaza
26-28 Akowonjo Road
Egbeda, Lagos

MARYLAND MALL

Kiosk 2, Ground Floor, Maryland Mall
Maryland, Lagos

Vision, Mission and Values

Our mission, vision and values outline who we are, what we want to achieve and how we want to achieve it. They provide direction for our Company and help ensure that we are all working towards the same goal.

Our Vision

To be the leading African Financial Services provider, delivering superior solutions to our customers while exceeding stakeholders' expectations.

Our Mission

We are driven to innovate and excel consistently creating exceptional value for our stakeholders.

Our corporate values

Our values are the foundation of our organization. They serve as our guide, inspiring our actions and our decisions. These values reflect our way of doing and thinking, for the benefit of our customers, shareholders, employees, business partners and in any community we operate in. The following core values drive everything we do at AXA Mansard Insurance Plc.

Customer first

Customer is our purpose. All our thinking starts with the customer. We consider the way they live today and tomorrow so that we continue to be relevant and impactful.

We are guided by strong moral principles, trusting our internal judgment to do the right thing for our customers, employees, stakeholders and partners.

Courage

We speak our mind and act to make things happen. We push the boundaries of what is possible and take bold actions to find new ways to be valuable.

One AXA

Being together and being different makes us better. We are stronger when collaborating and acting as one team.

2017 Corporate social responsibility report

Background

AXA Mansard's overall aim is to achieve positive impact on the society as a whole while maximizing the creation of shared value for members of staff, shareholders and stakeholders.

To achieve this objective, our attention is driven towards community projects, such as healthcare access, education and support to non-governmental organizations.

SUPPORT FOR NON-GOVERNMENTAL ORGANIZATIONS

PAN-AFRICAN UROLOGICAL SURGEONS ASSOCIATION'S INITIATIVE FOR UROLOGICAL TRAINING IN AFRICA (PIUTA)

In June 2017, AXA Mansard donated the sum of Two Million Five Hundred Thousand Naira (N2,500,000) to the Postgraduate Training Fellowships in general urology at the Pan-African Urological Surgeons Association's Initiative for Urological Training in Africa (PIUTA), Ibadan Centre, University of Ibadan and University College Hospital, Ibadan.

The sponsorship comes as a yearly medical outreach programme which is aimed at providing health education talks, screening for medical and surgical diseases and undertaking intermediate procedures in all surgical specialties. These cases include screening for general medical and surgical diseases, urological diseases, obstetrics and gynecology diseases, primary dental and ophthalmological care and provision of eye glasses amongst others.

ENACTUS

ENACTUS (FORMERLY KNOWN AS SIFE FOUNDATION GTE) is an international non-profit organization dedicated to inspiring students to improve the world through entrepreneurial action. The foundation provides a platform for teams of outstanding university students to participate in community development projects that put people's own ingenuity and talents at the center of improving their livelihoods, guided by educators and supported by business leaders.

In July 2017, AXA Mansard supported the foundation with a sum of N500,000 (Five Hundred Thousand Naira Only) in order to drive creativity and reward results of outstanding students who participated in the competition.

EDUCATION: SUPPORT FOR SCHOOLS

AXA Mansard supported various schools activities, ranging from sports events, family fun days, academic events and some tactical projects. The schools below were beneficiaries of AXA Mansard's support in 2017:

* **EMERALD HIGH SCHOOL** was established in 2005 as a progression from the highly academically successful Emerald Nursery and Primary School in Lagos, which was established in 1995. The establishment of Emerald High School was in response to the yearnings of parents of the primary school pupils and the need to bridge the gap in providing high quality Secondary School Education in the country.

A sum of N75,000 (Seventy Five Thousand Naira Only) was donated towards the School's 2017 Inter-house sports competition.

* **CORONA SCHOOLS** provide top of the range education akin to the type offered anywhere in the world with excellent modern facilities. A total sum of N450,000 (Four Hundred and Fifty Thousand Naira) was donated to the school in December 2017 to support their Inter-house sports competition.

* **GREENWOOD HOUSE SCHOOL** is an independent, friendly, Nursery and Primary School in Parkview Estate Ikoyi, Lagos with an impressive record of academic successes. Greenwood House School students are consistently top performers in entrance examinations gaining admissions and yearly scholarships without fail into competitive secondary schools within and outside Nigeria.

AXA Mansard donated a total sum of N450,000 (Four Hundred and Fifty Thousand Naira) to the school in support of their Fun-day and Inter-house sports competition.

* **CITY OF KNOWLEDGE ACADEMY (CKA)** is a co-educational secondary institution in Ogun State established to provide excellent academic and leadership training for young minds. The institution is an outstanding addition to the nation's quest for academic excellence, providing invaluable opportunities in a safe and secure environment for the holistic development of the child.

AXA Mansard sponsored City of Knowledge Academy Honours Day event with the sum of N100,000 (One Hundred Thousand Naira).

DONATION OF INSURANCE TEXTBOOKS TO OYO STATE SECONDARY SCHOOLS

In a bid to further improve insurance awareness & literacy in Nigeria, we partnered with the Chartered Insurance Institute of Nigeria (CIIN). Through this partnership, we contributed N1,200,000 (One Million Two Hundred Thousand Naira) towards the purchase of 1000 copies of Insurance textbooks and training of insurance school teachers in Oyo State.

BLOOD DONATION DRIVE

AXA Mansard organized a Blood Donation Drive for members of Staff at different locations in Lagos, with medical personnel from Lagos State University Teaching Hospital (LUTH) performing the blood tests and taking blood samples of staff.

The Blood Donation Drive demonstrates AXA Mansard's commitment to saving lives.

FOOD AND RELIEF ACTIVITIES IN LAGOS AND PORT HARCOURT

* **Oworoshoki** - On Saturday, 9 December 2017, AXA Mansard in partnership with Lagos Food Bank Initiative (LFBI), conducted a mini-outreach to the less privileged in the Oworoshoki Community. The venue of the outreach was a Sawmill slum in Oworoshoki, at the edge of the Lagoon. During the outreach, items such as school bags, food items, footwear, mosquito nets, etc. were distributed to children, nursing mothers, widows, etc.

* AXA Mansard visited and donated gift items to Bethesda Home for the Blind in Lagos and Compassion Centre for Physically Challenged Children in Port Harcourt

Complaints and feedback

Introduction

At AXA Mansard Insurance plc, customers are an integral part of our business. Our focus over the years has been to deliver excellent customer service across our touch points and remain a thought leader in the industry. With this in mind, we take customers' feedback as valuable insights to enable us make better decisions, improve our processes and overall customer experience.

Complaints channels

Our goal is to be accessible whenever and wherever our customers need us and also drive engagement to foster mutual relationships. In view of this, we were available via the following multi-channel platforms to engage customers and address their requests. These platforms include:

1. AXA Mansard CCare and Complaint email channels,
2. AXA Mansard hotline,
3. AXA Mansard Website,
4. Correspondence from customers,
5. AXA Mansard Twitter handle, Google+, Instagram, Facebook channel and Live Chat Platform on the website

Customers can also pay a visit to any of our Welcome Centres nationwide to interact with our staff and provide feedback. The addresses for these centres can be found on our website – <http://AXA-Mansardinsurance.com/index.php/contact-us/corporate-addresses>

Resolution structure

At AXA Mansard, our resolution structure charts a standard process flow on how complaints are resolved and steps taken to mitigate future occurrence. For this purpose, we have a dedicated Customer Interface team which comprises the Contact Centre and Branch Operations teams, who are responsible for prompt investigation and resolution of customer complaints within the approved period. They liaise with other units within the organization and ensures that complaints are satisfactorily resolved.

Customers' complaints were stream-lined based on the type of complaints to provide an enabling environment for proper monitoring, documentation and effective feedback process of received complaints.

The process flow of customer complaint and resolution is as follows:

- The officer at the receiving point of a customer's complaint acknowledges and records the complaint.
- The complaint is reviewed and it is determined if the complaint could be resolved at first-level.
- Where the complaint can be resolved at the first level, a resolution is immediately provided to the customer.
- Where such complaint cannot be resolved at the first level, the receiving point forwards such complaint to the appropriate unit in the organization to resolve, while also keeping the customer informed.
- Upon resolution, the customer is contacted and the resolution is explained to the customer.
- The complaint case is closed and marked as resolved.

In addition to our current process, is the utilization of the CRM application for documentation and review of the customer experience journey. The combination of these processes have adequately helped us measure customer request and complaint resolution, and have provided statistical summaries on customer relationship management.

Complaints and feedback

Customers' opinion on products

To enrich our customer experience, we paid attention to customer's opinion and included periodic keep in touch activities to evaluate their perspectives and

The evaluation was conducted through:

- One-on-one focus meetings with key customers.
- Interviews with select customers.
- Opinions received via our AXA Mansard CCare mailbox (insure@axamansard.com)
- Surveys / Questionnaires administered to customers.

These various evaluations were carried out to afford our organization the opportunity to evaluate customers' perception about us, in order to ensure that processes are continuously reviewed to improve service delivery and enhance our products.

Feedback on customers' complaints to AXA Mansard Insurance Plc

Feedback on customers' complaints is provided to Management, relevant Units and Groups within the organization for further review to ensure we close identified gaps and maintain best practice.

The feedback gathered ensures that:

- AXA Mansard retains her customers as customers feel appreciated and respected,
- The quality service delivery at AXA Mansard is maintained and uniform across board,
- A reliable source of identifying improvement opportunities is presented to management,
- A reliable source of data on customers' complaints and expectations is collated.

The feedbacks are circulated to management staff through the company's internal information channel for the general information of all staff.

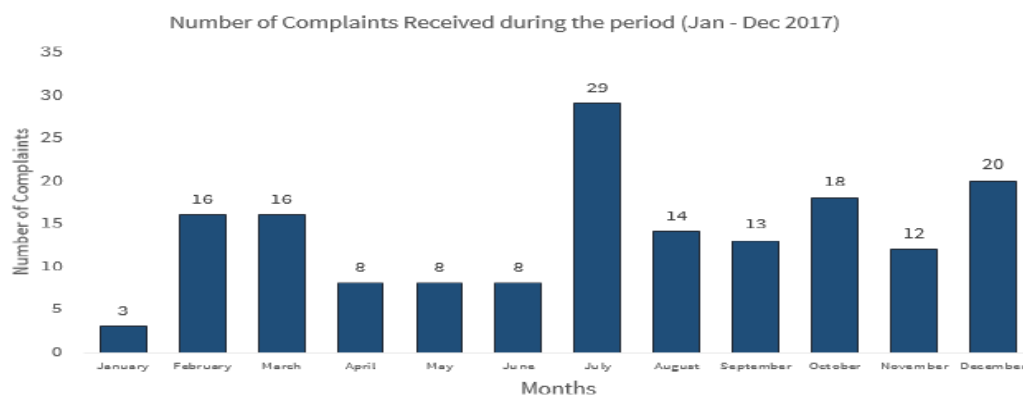
Incidences of complaints not resolved within stipulated turnaround times, were largely due to dependencies on third party assistance in resolving the issue, however all complaints are usually resolved within 24hrs. It is mandatory that all complaints are closed with each customers consent at an agreed upon time (If the issue exceeds our stated turnaround time).

We continually strive to ensure improvements in our service delivery with a view to reducing customer complaints. Major tools for achieving this is through:

- Our Keep in Touch (KIT) Process, which helps us continuously engage and interact with our customers. This has in turn helped the organization address customer concerns before they became complaints.
- An increase in number of our customer Touch points (Welcome Centers, Contact Centre, Live chat, Social media handles etc.). Our availability has made it easy for customers to walk in or engage us and have a delightful experience while their concerns are being addressed.

Report of Complaints received and resolved by the organization between January - December 2017

Month	Number of Complaints received during the period	Number of complaints resolved	Number of complaints unresolved	Number of complaints unresolved within target timelines
January	3	3	Nil	Nil
February	16	16	Nil	Nil
March	16	16	Nil	1
April	8	8	Nil	Nil
May	8	8	Nil	Nil
June	8	8	Nil	Nil
July	29	29	Nil	2
August	14	14	Nil	1
September	13	13	Nil	Nil
October	18	18	Nil	2
November	12	12	Nil	Nil
December	20	20	Nil	2
Total	165	165	Nil	8



The spikes noticed in the months of July, October and December are discussed in the summary below.

From the data above, we can identify three major spikes, in the months of July, October and December 2017. The spike in the number of complaints noticed in July and October 2017 were due to the launch of the MyAXA Application and Motor Policy online renewal respectively. We took proactive measures to address complaints that arose from these developments, which led to the decline of such complaints in the following months. All issues that resulted in complaints at the initial launch of both applications (MyAXA App and Online Policy Renewal) have been resolved.

The month of December was peculiar as the reasons for the spike were twofold. Most of the complaints were as a result of delayed updates on customer statement (for contributory savings policies), while others were related to online access. This is now being closely monitored to avoid a repeat of the incident.

The complaints received for this year (2017) have all been treated appropriately as customer satisfaction is paramount to our organization. Last year saw the launch of the 24hr Contact Centre, which enhance availability and our ability to provide real-time support to our customers. Going into 2018, we will be commencing initiatives geared towards revamping our existing customer engagement lifecycle. Here, we would be introducing additional touch points and Felicitation notifications. These engagements would allow us to be more interactive, also creating multiple opportunities to address enquiries and drive excellent service delivery.

SUSTAINABILITY REPORT

The Environmental and Social Management System- Our approach

As the foremost insurance company in Nigeria to pioneer and incorporate the environment and social facets of risk management, as an ancillary function to mainstream insurance risk underwriting, AXA Mansard remains passionate and dedicated to managing the potential Environmental & Social risks of our business and applying the appropriate standards in the review of our business operations and those of our clients, as well as in our relationship with the communities in which we operate.

Our Environmental and Social risk management framework constitutes an integral part of our robust corporate governance, social responsibility and enterprise risk management strategies. Our obligation to uphold environmental and social sustainability considers the occupational and community health, safety and security concerns of the businesses we underwrite and advocates social responsiveness amongst our clients in relation to these risks.

We are taking a more serious look at the environmental and social impacts and risks potentially associated with our business activities as we strive to retain our standards and the delicate balance between ensuring viable competitiveness and delivering on our corporate social responsibilities. This is evident in our constant improvement of the ESMS tools and processes we use to ensure that it continues to function efficiently and effectively, we put other identified E&S risk that emerge in the course of the year into consideration as well as ensure that changes in relevant environmental standards are reflected.

The management of E&S risks is governed by its Environmental & Social Management System (ESMS) framework- which consists of a policy, a set of procedures to identify, assess and manage environmental and social risks in our clients' operations and the assignment of administering such responsibility by the Enterprise Risk Management (ERM) unit.

In addition, through our Environmental & Social Management System processes, we evaluate our clients' current capabilities in managing identified environmental & social risks that could arise in the cause of their business operations and we offer advisory services and also assist in developing E&S framework as value-added service.

The management of E&S risks is governed by its Environmental & Social Management System (ESMS) framework-this is a policy, set of procedures to identify, assess and manage environmental and social risks in our clients' operations and the assignment of administering such responsibility to the Enterprise Risk Management (ERM) unit.

We are committed to assisting our clients develop environmental and social risk management frameworks as value-added service as this we believe is mutually beneficial to our clients and ourselves in relation to managing E&S risks as the success of our customers, clients and stakeholders guarantees future business, which strengthens our commercial sustainability.

Continuous awareness

A significant contribution we are making to socioeconomic development is in creating awareness by training and building the capacity of our employees in the subject of sustainability and enlightening our customers, clients and all other stakeholders.

We seek to increase our clients' understanding of how E&S issues can impact their business, thereby reducing resistance to environmental and social risk management requirements and developing strong partnership for sustainability.

Our commitment

We will remain focused and committed on Sustainable performance. This translates into taking measures to minimize harm in the communities we operate in, we would continually communicate our progress and create more awareness and promote such drives from other players in the industry.

It is our belief that for sustainability initiative to thrive within the Nigerian Insurance industry, a firm commitment by and robust collaboration with all industry stakeholders is necessary and we are committed to this.



AXA Mansard Insurance Plc and Subsidiary Companies

Corporate Governance

Corporate governance report

AXA Mansard Insurance Plc (“the Group”) has consistently developed corporate policies and standards to encourage good and transparent corporate governance framework to avoid potential conflicts of interest between all stakeholders whilst promoting ethical business practices. This is the foundation of our history, values and culture as a Company for building and sustaining an enduring institution that guarantees profitability and professionalism whilst enhancing shareholders’ value.

As a publicly quoted company, the Company strives to carry out its business operations on the principles of integrity and professionalism whilst enhancing shareholders value through transparent conduct at all times with the adoption and application of local regulatory standards as well as international best practices in corporate governance, service delivery and value creation for all. For the Company, good corporate governance goes beyond just adhering to rules and policies of the regulators; it is about consistently creating value through going the extra mile within a sustainable and enduring system.

In order to ensure consistency in its practice of good corporate governance, the Company continuously reviews its practice to align with the various applicable Codes of Corporate Governance such as the SEC Code and the NAICOM Code with particular reference to compliance, disclosures and structure. Furthermore, an annual board appraisal is conducted by an Independent Consultant appointed by the Company whose report is submitted to NAICOM and presented to shareholders at the Annual General Meeting of the Company in compliance with the recommendation of the NAICOM Code of Corporate Governance.

Governance structure

The Board

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

The Board also reviews corporate performance, monitors the implementation of corporate strategy and sets the Company’s performance objectives. 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. The Board has four (4) Committees to ensure the proper management and direction of the Company via interactive dialogue on a regular basis.

The Board membership comprises of eleven (11) members, including the Chairman, six (6) Non-Executive Directors, three (3) Executive Directors and one (1) Independent Director appointed based on the criteria laid down by NAICOM for the appointment of Independent Director(s). The Independent Director does not have any significant shareholding interest or any special business relationship with the Company. The effectiveness of the Board derives from the appropriate balance and mix of skills and experience of Directors, both Executive and Non-Executive. The Company’s Board is made up of seasoned professionals, who have excelled in their various professions and possess the requisite integrity, skills and experience to bring to bear independent judgment on the deliberations of the Board.

Responsibilities of the Board

The Board determines the strategic objectives of the Company in delivering long-term growth and short-term goals. In fulfilling its primary responsibility, the Board is aware of the importance of achieving a balance between conformance to governance principles and economic performance.

The powers reserved for the Board include the following:

- a) determination of Board structure, size and composition, including appointment and removal of Directors, succession planning for the Board and senior management and Board Committee membership;
- b) approval of mergers and acquisitions, branch expansion and establishment of subsidiaries; approval of remuneration policy and packages of the Board members
- c) approval of policy documents on significant issues including Enterprise-wide Risk Management, Human Resources, Corporate governance and Anti – money laundering,
- d) approval of resolutions and corresponding documentation for shareholders in general meeting(s), shareholders circulars, prospectus and principal regulatory filings with the regulators.
- e) approval of major changes to the Company’s corporate structure (excluding internal reorganizations) and changes relating to the Company capital structure or its status as a public limited company
- f) approval of quarterly, half-yearly and full year financial statements (whether audited or unaudited) and any significant change in accounting policies and/or practices
- g) the determination and approval of the strategic objectives and policies of the Company to deliver long-term value;
- h) approval of the Company’s strategy, medium and short term plan and its annual operating and capital expenditure budget;
- i) recommendation to shareholders of the appointment or removal of auditors and the remuneration of Auditors.

Roles of key members of the Board

The positions of the Chairman of the Board and the Chief Executive Officer are separate and held by different persons. The Chairman and the Chief Executive Officer are not members of the same extended family.

The Chairman

The Chairman's main responsibility is to lead and manage the Board to ensure that it operates effectively and fully discharges its legal and regulatory responsibilities. The Chairman is responsible for ensuring that Directors receive accurate, timely and clear information to enable the Board take informed decisions: monitor effectively and provide advice to promote the success of the Company.

The Chairman also facilitates the contribution of Non-executive Directors to promote effective relationships and open communications, both inside and outside the Boardroom, between Executive and Non-executive Directors. The Chairman strives to ensure that any disagreements on the Board are resolved amicably.

The Chief Executive Officer

The Board has delegated the responsibility for the day-to-day management of the Company to the Chief Executive Officer (CEO), who is responsible for leading management and for making and implementing operational decisions. The Chief Executive Officer is charged with supervisory role over the technical operations of the Company, which involves investment management, 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. The CEO ensures that optimization of the Company's resources is achieved at all times and has the overall responsibility for the Company's financial performance.

The Independent Director

In line with the NAICOM code of corporate governance, the Board has an independent Director who is responsible for the protection of shareholders' rights and interests in the Company. The independent director does not represent any particular shareholding interest, nor hold any business interest in the Company, to ensure his objective contributions to the Company's development.

Company's Secretary

The company secretary is a point of reference and support for all directors. It is the company secretary's responsibility to provide the directors with all requisite information promptly and regularly. The Board may, through the company secretary, obtain information from external sources, such as, consultants and other advisers, if there is a need for outside expertise, via the company secretary or directly.

The company secretary is responsible for assisting the Chairman and Chief Executive Officer in the formulation of an annual Board Plan, organization of Board meetings, and ensuring that the minutes of Board meetings clearly and properly capture the Board's discussions and decisions.

Director nomination process

The Board agrees upon the criteria for the desired experience and competencies of new Directors. The Board has power under the Articles of Association to appoint a Director to fill a casual vacancy or as an additional Director. The criteria for the desired experience and competencies of new Non-executive Directors are agreed upon by the Board.

The balance and mix of appropriate skills and experience of Non-executive Directors is taken into account when considering a proposed appointment. In reviewing the Board composition, the Board ensures a mix with representatives from different industry sectors.

The Shareholding of an individual in the Company is not considered a criterion for the nomination or appointment of a Director. The appointment of Directors is subject to the approval of NAICOM.

The following are considered critical in nominating a new director;

- (i) Sterling reputation, and demonstrable adherence to the highest personal moral and ethical standards
- (ii) Professionalism
- (iii) Independence, objectivity and dedication
- (iv) Impeccable corporate governance record
- (iv) Ability to add value to the Organization

Induction and continuous training of Board members

On appointment to the Board, all Directors receive a formal induction tailored to meet their individual requirements. The new Directors are oriented about the Company and its operations through the Company Secretary via the provision of the Company's Articles of Association, relevant statutory books and regulations and adequate information on the operations.

The Directors are also given a mandate and terms of reference to aid in performance of their functions. Management further strives to acquaint the new Directors with the operations of the Company via trainings/seminars to the extent desired by new Directors to enable them function in their position.

The training and education of Directors on issues pertaining to their oversight functions is a continuous process, in order to update their knowledge and skills and keep them informed of new developments in the insurance industry and operating environment.

Changes on the Board

There were changes in the composition of the Board in the course of the year due to the resignation of Mrs. Yetunde Ilori as the Chief Executive Officer of the Company and Mr. Kunle Ahmed an Executive Director was subsequently nominated to replace Mrs. Ilori. The nomination of Mr. Kunle Ahmed as the Chief Executive Officer of the Company created a vacancy in the position of Executive Director (Technical). The Board at its 71st Board meeting held in July, 2017 appointed Mr. Yomi Onifade as Executive Director (Technical) subject to regulatory approval.

Profile of the New Executive Director:

Mr. Yomi Onifade joined AXA Mansard Insurance Plc in 2004 as Team Lead, Manufacturing, Institutional Business Group, where he developed, implemented and managed various strategies for the Technical Division of the company, whilst overseeing claims resolution and improvement of the claims process. He designed, reviewed and launched several new policies that led to an increase in the company's market share.

As Head of Corporate Business Group, he developed and implemented various strategies for the company, coordinated product development, and customization and improvement initiatives, including the coordination of our annual Broker Development Programme. In his role as Divisional Head, Retail Business, and until his recent appointment as an Executive Director, he contributed to the development, implementation, monitoring and review of the company's business strategies by driving sales, technical performance, building motivated and high performing teams through effective leadership.

He holds a Bachelor of Science in Insurance from the University of Lagos and has attended various senior management Programmes, including the Senior Executive Programme at the London Business School and Senior Management Programme at the Pan-African University, Lagos

Non-Executive Directors (NEDs) Remuneration

The Company's policy on remuneration of Non-Executive Directors is guided by the provisions of the NAICOM and SEC Codes which stipulate that the remuneration for Non- Executive Directors' should be limited to Directors' fees and reimbursable travel and hotel expenses. Only director's fees and sitting allowance was paid to Non-executive directors as recommended by the Board Governance, Remuneration, and Establishment & General Purpose Committee.

Board Meetings

The Board meets quarterly and additional meetings are convened as at when required. Material decisions may be taken between meetings by way of written resolutions, as provided for in the Articles of Association of the Company. The Directors are provided with comprehensive group information at each of the quarterly Board meetings and are also briefed on business developments between Board meetings.

The Board met four (4) times during the period ended December 31, 2017.

Name of Director	Composition	Meetings attended	16-Feb-17	19-May-17	26-Jul-17	30-Nov-17
Mr. Olusola Adeeyo	Chairman	4	X	X	X	X
Mrs. Yetunde Ilori*	CEO	2	X	X	N/A	N/A
Mr. Kunle Ahmed**	Executive Director/CEO	4	X	X	X	X
Mr. Tosin Runsewe	Director	4	X	X	X	X
Mr. Jad Ariss	Director	3	X	X	X	-
Mrs. Karima Silvent	Director	4	X	X	X	X
Mr. Frédéric Fléjou	Director	4	X	X	X	X
Mr. Frédéric Coppin	Director	4	X	X	X	X
Mr. Tom Wilkinson	Director	4	X	X	X	X
Mr. Lesley Ndlovu	Director	4	X	X	X	X
Mr. Ohis Ohiwerei	Director	4	X	X	X	X
Mr. Yomi Onifade***	Director	1	N/A	N/A	N/A	X

* Mrs Yetunde Ilori resigned as the CEO on 19 May 2017

**Mr. Kunle Ahmed appointed Proposed CEO effective 19 May 2017

** *Mr. Yomi Onifade appointed to the Board on 26 July 2017 subject to regulatory approval

Board Committees

The Board carries out its responsibilities through its Committees, which have clearly defined terms of reference, setting out their roles, responsibilities, functions and scope of authority. The Board has four (4) Committees, namely;

- Statutory Audit Committee,
- Board Investment & Finance Committee,
- Board Risk Management and Technical Committee and
- Board Governance, Remuneration, Establishment & General Purpose Committee.

Through these Committees, the Board is able to more effectively deal with complex and specialized issues and to fully utilize its expertise to formulate strategies for the Company. The Committees make recommendations to the Board, which retains responsibility for final decision making.

All Committees in the exercise of their powers as delegated 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 roles, responsibilities, composition and frequency of meetings of each of the Committees are as stated hereunder:

(i) Statutory Audit Committee

Auditing is vital to ensuring that accounting norms for insurance businesses are effectively applied and maintained and to monitor the quality of internal control procedures; ensure compliance with all regulatory directives. The Committee shall be responsible for the review of the integrity of the data and information provided in the Audit and/or Financial Reports.

The Committee shall provide oversight functions with regard to both the company's financial statements and its internal control and risk management functions. The Committee shall ensure compliance with legal and other regulatory requirements, assessment of qualifications and independence of external auditor; and performance of the company's internal audit function as well as that of external auditors.

The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its functions and responsibilities. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

The Committee is made up of the following members:

1. Mr. Ohis Ohiwerei	Non-Executive (Independent) Director	– Chairman
2. Mr. Lesley Ndlovu	Non-Executive Director	– Member
3. Mr. Akingbola Akinola	Shareholder's Representative	– Member
4. Mr. Jaiyeola Laoye*	Shareholder's Representative	– Retired Member
5. Mrs. Ayodeji Oloye**	Shareholder's Representative	– Member

* Mr. Jaiyeola Laoye resigned at the Company's AGM on the 19 May 2017

**Mrs Ayodeji Oloye was duly elected as a shareholder representative at the Company's AGM on the 19 May 2017

The Committee met four (4) times during the year under review:

Name	Composition	Meetings attended	09-Feb-17	20-Apr-17	20-Jul-17	26-Oct-17
Mr. Ohis Ohiwerei	Chairman	4	X	X	X	X
Mr. Lesley Ndlovu	Member	4	X	X	X	X
Mr. Akingbola Akinola	Shareholder's shareholder	4	X	X	X	X
Mr. Jaiyeola Laoye	Shareholder's shareholder	2	X	X	N/A	N/A
Mrs. Ayodeji Oloye	Shareholder's shareholder	2	N/A	N/A	X	X

* Mr. Jaiyeola Laoye resigned at the Company's AGM on the 19 May 2017

(ii) Board Investment and Finance Committee

The Committee has supervisory functions over investment and other finance-related issues such as capital & funding requirements.

The responsibilities of the Committee include the consideration and approval of all investments above management limit, the review and approval of the investment manual on a periodic basis and, in particular the financial implications of new and major investment strategies/initiatives.

The Committee is made up of the following members:

1. Mr. Frédéric Fléjou	Non Executive Director	Chairman
2. Mr. Lesley Ndlovu	Non Executive Director	Member
3. Mr. Tosin Runsewe	Executive Director	Member

The Committee met four (4) times during the year under review:

Name	Composition	Meetings attended	16-Feb-17	17-May-17	25-Jul-17	29-Nov-17
Mr. Frédéric Fléjou	Chairman	4	X	X	X	X
Mr. Lesley Ndlovu	Member	4	X	X	X	X
Mr. Tosin Runsewe	Member	4	X	X	X	X

(iii) Board Risk Management and Technical Committee

The Board Risk Management and Technical Committee has supervisory functions over risk management, the risk profile, the enterprise-wide risk management framework, underwriting functions of the Company and the risk-reward strategy as determined by the Board.

The Committee is responsible for overseeing management's process for the identification of significant risks across the company, and the adequacy of prevention, detection and reporting mechanisms. The Committee is also charged with the review of large underwritten risks in order to verify the adequacy of the reinsurance cover.

The Committee is made up of the following members:

1. Mr. Frédéric Coppin	Non Executive Director	Chairman
2. Mrs. Yetunde Ilori*	Executive Director	Member
3. Mr. Tosin Runsewe	Executive Director	Member
4. Mr. Kunle Ahmed	Executive Director	Member

* Resigned effective from 19 May, 2017

The Committee met four (4) times during the year under review:

Name	Composition	Meetings attended	15-Feb-17	18-May-17	25-Jul-17	29-Nov-17
Mr. Frédéric Coppin	Chairman	4	X	X	X	X
Mrs. Yetunde Ilori*	Member	2	X	X	-	-
Mr. Kunle Ahmed	Member	4	X	X	X	X
Mr. Tosin Runsewe	Member	4	X	X	X	X

(iv) Board Governance, Remuneration, Establishment and General Purpose Committee

The Committee is responsible for establishing the criteria for board and board committee memberships, appointments to executive management and review of candidates' qualifications, and any potential conflicts of interest. In addition, the Committee is responsible for assessing the contribution of current directors in connection with their re-nomination and making recommendations to the Board.

The Committee ensures that a succession policy and plan exists for the positions of chairman, CEO/MD, the executive directors, and senior management.

The Committee is made up of the following members:

1. Mrs. Karima Silvent	Non Executive Director	Chairman
3. Mr. Ohis Ohiwerei	Non Executive (Independent) Director	Member
3. Mr. Frédéric Fléjou	Non Executive Director	Member
4. Mr. Tom Wilkinson	Non Executive Director	Member

The Committee met four (4) times during the year under review:

Name	Composition	Meetings attended	15-Feb-17	18-May-17	25-Jul-17	28-Nov-17
Mrs. Karima Silvent	Chairman	4	X	X	X	X
Mr. Frédéric Fléjou	Member	4	X	X	X	X
Mr. Ohis Ohiwerei	Member	4	X	X	X	X
Mr. Tom Wilkinson	Member	4	X	X	X	X

Annual Board Appraisal

The Code of Corporate Governance for insurance institutions recognizes that a good corporate governance framework must be anchored on an effective and accountable Board of Directors whose performance is assessed periodically. The annual appraisal would be conducted at the end of the financial year, as well as the Company's compliance status with the provisions of NAICOM.

Shareholders

The Company recognizes the rights of its shareholders and other stakeholders, and is driven to deliver desired value to these shareholders and stakeholders. The shareholders are provided with detailed information on the Company's activities and financial results via the annual accounts. They are also provided with the opportunity to make enquiries, obtain information, share ideas, and express their concerns and opinions on all issues. These are communicated to Management and the Board and, on a broader scale, at the Annual General Meeting of the Company.

Protection of Shareholders' Rights

The Board ensures the protection of the statutory and general rights of shareholders at all times, particularly their right to attend and vote at general meetings. All shareholders are treated equally, regardless of volume of shareholding or social status.

Communication policy

It is the responsibility of the executive management under the direction of the Board, to ensure that the Board receives adequate information on a timely basis, about the Company's businesses and operations at appropriate intervals and in an appropriate manner, to enable the Board to carry out its responsibilities. Furthermore, the Board and management of the Company ensures that communication and dissemination of information regarding the operations and management of the company to shareholders, stakeholders and the general public is timely, accurate and continuous, to give a balanced and fair view of the Company's financial and non-financial matters. Such information, which is in plain language, readable and understandable, is available on the Company's website, www.axamansard.com.

The website also has an Investors Relations portal where the company's annual reports and other relevant information about the company is published and made accessible to its shareholders, stakeholders and the general public.

In order to reach its overall goal on information dissemination, the Company is guided by the following Principles, legislation and codes of corporate governance of the jurisdictions within which it operates. These include the Insurance Act, the NAICOM Operational Guidelines, the Companies and Allied Matters Act (CAMA) and the codes of Corporate Governance issued by NAICOM and SEC.

The principles that guide the Company's information dissemination include the following;

- Efficiency: The Company uses modern communication technologies in a timely manner to convey its messages to its target groups. The Company responds without unnecessary delay to information requests by the media and the public
- Transparency: The Company strives in its communication to be as transparent and open as possible while taking into account the concept of confidentiality between the Company and its customers, and company secretary. This contributes to maintaining a high level of accountability
- Clarity: The Company aims at clarity, i.e. to send uniform and clear messages on key issues
- Cultural awareness: The Company operates in a multicultural environment and accordingly recognizes the need to be sensitive to the cultural peculiarities of its operating environment
- Feedback: The Company actively and regularly seeks feedback on its image and communication activities both from the media as well as from its key target groups. This feedback is used in future activities.

Independent advice

The Board of Directors are at their own discretion and at the Company's expense required to seek Independent professional advice when required to enable a Member of the Board effectively perform certain responsibilities.

Insider trading and price sensitive information

The Company is clear in its prohibition of insider trading by its Board, management, Officers and related persons who are privy to confidential price sensitive information. Such persons are further prohibited from trading in the Company's securities where such transactions would amount to insider trading.

Directors, insiders and related parties are prohibited from disposing, selling, buying or transferring their shares in the Company for a period commencing from the date of receipt of such insider information until such a period when the information is released to the public or any other period as defined by the Company from time to time.

Securities Trading Policy

The Company adopted and implemented a Securities Trading Policy which is applicable to all Directors and Employees. The policy has been circulated to all Directors and employees and can be found on the Company's Website, www.axamansard.com

Management committees

The Company has 2 Committees which comprises of management staff.

The Management Committee (MC) is the Committee set up to identify and make recommendations on strategies that will aid the long term objectives of the Company. Whilst the Management Underwriting and Investment Committee (MUIC) was initiated to analyze the risks the Company is underwriting at any given period.

The MUIC also ensures that risk investment limits as contained in the Board Investment and Finance manual are complied with at all times. They provide inputs from the Board Committee and also ensure that recommendations of the Board Committees are effectively and efficiently implemented. Both Committees meet frequently as necessary to immediately take action and decisions within the confines of their powers.

The Secretary to the Committees is the Company Secretary.

Monitoring compliance with corporate governance

i) Chief Compliance Officer

The Chief Compliance Officer monitors compliance with money laundering requirements and the implementation of the Corporate Governance Code of the Company. The Chief Compliance Officer together with the Chief Executive Officer certifies each year to NAICOM/SEC that they are not aware of any other violation of the Corporate Governance Code, other than as disclosed during the course of the year.

ii) Whistle blowing procedures

In line with the Group's commitment to instill the best corporate governance practices, a whistle blowing procedure was established that ensures anonymity on any reported incidence(s). The Group has a dedicated e-mail address for whistle-blowing procedures.

Code of professional conduct for employees

The Group has an internal Code of Professional Conduct, which all members of staff are expected to subscribe to upon assumption of duties. Staff is also required to reaffirm their commitment to the Code annually. All members of staff are expected to strive to maintain the highest standards of ethical conduct and integrity in all aspects of their professional life as contained in the Code of Professional Conduct which prescribes the common ethical standards, culture and policies of the Group relating to employee values.

Complaints Management Policy

In accordance with the rules and regulations of The Securities & Exchange Commission, the Company adopted and implemented a Complaints Management Policy which is a platform that addresses complaints arising out of issues that are covered under the Investments and Securities Act, 2007 (ISA) by the Company's shareholders.

The Complaints Management policy was designed to handle and resolve complaints from all shareholders of the Company. The policy was endorsed by the Company's senior management, who would also be responsible for its implementation and monitoring of compliance.

A copy of the Complaints Management Policy shall be made available for inspection to shareholders of the Company at the Annual General Meeting of the Company. The policy can found on the Company's Website, www.axamansard.com.

Internal management structure

The Group operates an internal management structure where all officers are accountable for duties and responsibilities attached to their respective offices and there are clearly defined and acceptable lines of authority and responsibility.

An annual appraisal of the duties assigned and dedicated to each person is done by the last quarter of the year.

Share capital history

As at 31 December 2017, the Company's Authorized capital was N5,250,000,000 divided into 10,500,000,000 Ordinary shares of 50k each, While the issued capital was N5,250,000,000 divided into 10,500,000,000 ordinary shares of 50 kobo each. The initial share capital upon incorporation and subsequent changes therein are as follows:

Date	Authorized increase	Cumulative	Issued (N) Increase	Cumulative (N)
1989	-	34,300,000	-	17,150,000
1998	6,346,000	40,646,000	3,173,000	20,323,000
1999	5,978,000	46,624,000	2,989,000	23,312,000
2000	706,000	47,330,000	353,000	23,665,000
2002	152,798,000	200,128,000	76,399,000	100,064,000
2004	799,872,000	1,000,000,000	399,936,000	500,000,000
2006	4,746,440,954	5,746,440,954	2,373,220,477	2,873,220,477
2006	3,938,744,509	9,685,185,463	1,969,372,254	4,842,592,731
2007	314,814,537	10,000,000,000	157,407,269	5,000,000,000
*2007	(5,000,000,000)	5,000,000,000	(2,500,000,000)	2,500,000,000
2008	3,750,000,000	8,750,000,000	1,875,000,000	4,375,000,000
2009	1,250,000,000	10,000,000,000	625,000,000	5,000,000,000
2010	-	10,000,000,000	-	5,000,000,000
2011	-	10,000,000,000	-	5,000,000,000
2012	-	10,000,000,000	-	5,000,000,000
2013	500,000,000	10,500,000,000	-	5,000,000,000
2014	-	10,500,000,000	250,000,000	5,250,000,000
2015	-	10,500,000,000	-	5,250,000,000
2016	-	10,500,000,000	-	5,250,000,000
2017	-	10,500,000,000	-	5,250,000,000

The Company's issued and fully paid share capital was reconstructed by a special resolution of the Board at its meeting on the 18th of October, 2007, to achieve a reduction of 50% with the result that the issued and fully paid share capital will stand at N2,500,000,000 divided into 5,000,000,000 Ordinary shares at 50k each with the surplus nominal value arising from the reconstruction being transferred to the Company's capital reserve account. The reconstruction was sanctioned by the Federal High Court of Nigeria, Lagos on 31st October 2007 and registered by the Corporate Affairs Commission on the 18th of December 2007.

Risk Management

Our Guiding Principles

We have incorporated an approach aimed at creating and maximizing sustainable /superior value to our stakeholders that strategically balances the risk and reward in our business.

AXA Mansard's Risk philosophy is guided by the following principles:

- The Company will not take any action that will compromise its integrity. It shall identify, measure, manage, control and report as practical as possible all risks.
- The Company will at all times comply with all government regulations and uphold corporate standards in accordance with international best practice.
- The Company will institute a sustainable risk culture enterprise-wide.
- The Company will only accept risks within its risk acceptance criteria and have commensurate returns and continually review its activities to determine inherent risks level and adopt appropriate risk response to residual risk levels at all times.
- The Company continually reviews its activities to determine inherent risks level and adopt appropriate risk response at all times.
- The Company will make decisions based on resilient analysis of the implications of such risk to its strategic goals and operating environment.

Our risk management context is entrenched in our mission statement that states that: We are a team of risk and investment managers that provides our customers and other stakeholders with effective solutions, assuring their financial security with our superior strength and capacity in the Nigerian market space.

Risk Management Framework

Our risk management framework was fashioned to uphold a resilient risk management culture and integrate risk considerations into management and decision-making processes, through a risk governance structure across the entire enterprise.

We operate and maintain the 'three lines of defense model' for the oversight and management of risk to create and promote a culture that emphasizes effective management and adherence to operating controls as illustrated below:

1st line – Risk Owners

The Board, management and line managers: It involves broad setting of strategy, risk appetite, performance measurement, establishment and maintenance of internal control and risk management in the business. In addition, business units have the primary responsibility for managing risks and required to take responsibility for the identification, assessment, management, monitoring and reporting of risks arising within their respective businesses, thereby ensuring an informed risk and reward balance.

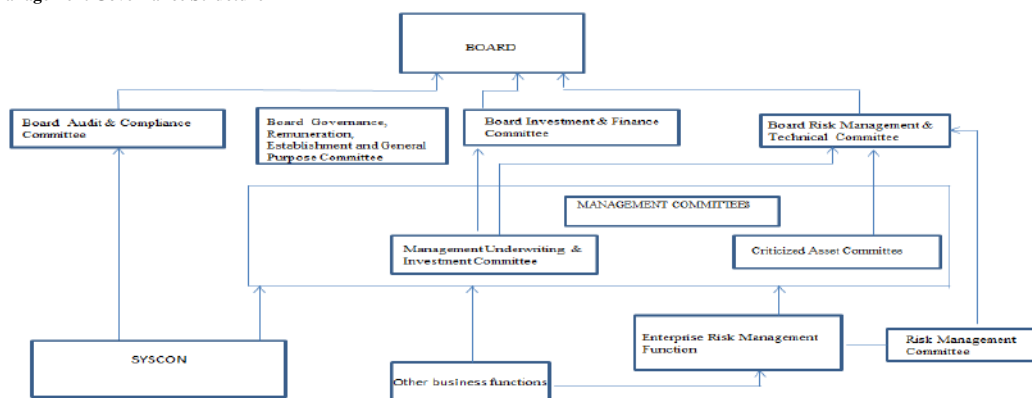
2nd line – Risk Control

The Company's risk management function provides oversight and independent reporting to executive management, implements the Group's risks management policy in the business units, approve risk specific mandates and provide an independent overview of the effectiveness of risk management by the first line of defense. Other internal stakeholders in the role include our legal services, Compliance and Quality Assurance and Internal Control.

3rd line – Risk assurance

The last line of defense comprise of the internal audit function that provides independent and objective assurance of the effectiveness of the Group's systems of internal control established by the first and second lines of defense in management of enterprise risks across the organization.

Risk Management Governance Structure



The remit of setting the organization's risk appetite and approving the strategy for managing risk and organization's system of internal control in the overall directly lies with the Board of Directors. The implementation of this principal function is carried out via its Board Committees as enumerated below:

COMMITTEES	FUNCTIONS
<i>Statutory Audit Committee</i>	<ul style="list-style-type: none"> - Oversight of financial reporting and accounting - Oversight of the external auditor - Oversight of regulatory compliance - Monitoring the internal control process - Oversight of risk management activities
<i>Board Risk Management and Technical Committee</i>	<ul style="list-style-type: none"> - Assist in the oversight of the review and approval of the companies risk management policies including risk appetite and risk strategy. - Review the adequacy and effectiveness of risk management and controls - Oversee management's process for the identification of significant risks across the company and the adequacy of prevention, detection and reporting mechanisms - Review of the company's compliance level with applicable laws and regulatory requirements that may impact the company's risk profile - Review changes in the economic and business environment, including emerging trends and other factors relevant to the company's risk profile - Review large underwritten risks for adequacy of reinsurance and other risk management techniques - Review and recommend for approval of the Board risk management procedures and controls for new products and services
<i>Board Investment and Finance Committee</i>	<ul style="list-style-type: none"> - Reviews and approves the company's investment policy - Approves investments over and above managements' approval limit - Ensures that optimum risk return is achieved through asset and liability matching
<i>Board Governance, Remuneration, Establishment and General Purpose Committee</i>	<ul style="list-style-type: none"> - Establish the criteria for board and board committee memberships - Appoint executive management and review of candidates' qualifications, and any potential conflicts of interest - Assess the contribution of current directors in connection with their re-nomination and make recommendations to the Board

Integration of Risk Management Functions: Our Approach

The Risk Management function of the company is primarily responsible for coordinating the company's cross functional response to risks. Other functions include:

- Drive an enterprise wide process to aggregate risk exposures, produce risk reports and institute mitigation strategies;
- Utilize risk control to ensure risk guidelines and policies approved by the board are adhered to;
- Champion the growth of risk culture and awareness ; and
- Lead an enterprise wide risk dialogue by instigating risk discussions in a variety of fora.

The Risk Management Committee (RMC) of the Company provides recommendation to the Board Risk Management and Technical Committee on risk issues for the latter to assess and possibly approve in accordance with the company's objectives of aligning risk appetite and strategy.

The Board Risk Management and Technical Committee approves the Company's risk appetite annually on the basis of robust assessment of risks that incorporates the prudent decision making of risk and reward trade-offs. The Board is also responsible for evaluating strategic alternatives, setting related objectives, and developing mechanisms to manage related risks establishing, documenting, and enforcing all policies that involve risk. The Chief Risk Officer (a member of this Committee) is responsible for implementing these strategies.

The role of the Chief Risk Officer (CRO) includes informing the Board as well as the Management Committee about the risk profile of the Company and also communicate the views of the Board and Senior Management to the entire Company.

Risk appetite

The Group recognizes that its continual sustainability initiative is largely contingent upon brand protection and enhancement of stakeholder value. Our ethos therefore mandates that the Group is averse to risks that essentially erode corporate value.

The Group's risk appetite is primarily characterized by a clear risk strategy, monitoring and reporting procedure that provides the foundation to identify potential deviations from our risk tolerances in a timely manner across the enterprise, which is underpinned by our top-down risk management approach.

The Risk Management policies and procedures instituted are strategically aimed at managing potential, inherent and residual risk categories inherent in our operations.

The Board recognizes 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 as inherent in all our activities, whilst reducing barriers to successful implementation.

Our structured approach to managing risks is evident in the integration of the risk management function; which is charged with the responsibility of undertaking risk-based audit on all business units using outputs of the annual company-wide risk assessment to guide its annual audit program. A quarterly assessment exercise is conducted by this unit and a rated score expressed in percentage is applied to measure the level of compliance.

Risk categorization

The Group is exposed to a myriad of risks in the conduct of its business some of which are Insurance Risks, Financial (Market, Credit, Liquidity) Risk, Operational Risk, Reputational Risk, Emerging Risks, Environmental & Social Risk amongst others including Business continuity and Crisis management.

Insurance Risk

This is the main risk occurring from our underwriting. The risk in any insurance contract is the possibility that the event insured against occurs, resulting in a claim. This risk is very random and unforeseeable. The fundamental risks the Group faces under its insurance contracts are:

- reserving risk: underestimation/overestimation of the provision (reserves) for insurance liabilities which would lead to:
 - Deviations in Budget (expected income)
 - Undervaluation of overall premium (too competitive and then making losses on policies)/Loss of competitiveness for good risks
 - Risk Appetite limits based on misleading KPI's
- pricing risk: This occurs if the frequency or severity of claims and benefits are greater than estimated. Insurance events are random hence; the actual number and amount of claims and benefits will vary from year to year from the level established using statistical techniques. and amount of claims and benefits will vary from year to year from the level established using statistical.
- Underwriting risks : this could happen if:
 - the launch of new products or the product re-pricing/restyling don't respect an appropriate governance and decision -making process weighing Risk, Profitability, Legal, Marketing, Compliance and Regulatory aspects.
 - businesses are underwritten without the validation of the necessary levels of authorizations and without sufficient technical appreciation of the risks (size, geolocation, etc.)

Insurance risks covers 2 main businesses namely: Non life business and Life business

Underwriting risk

Underwriting risks relates to risks that premiums charged are inadequate to cover the claims the company is legally obliged to pay. Furthermore, it is essential that those premiums match to the return on the company's capital. Underwriting risk may either arise from an inaccurate assessment of the risks entailed in writing an insurance policy, or from factors wholly out of the underwriter's control.

Underwriting risks form an integral part of our business. While we recognize that it is not practicable to eliminate all risks underwritten completely, we continually strive to leverage on managing this type of risks as a mitigation strategy because we believe that the continual profitability of our underwriting competencies, is a reflection of strategies employed in risk decision making which is in conformity with our risk appetite.

Underwriting risks may arise through the following ways:

- Inadequate premium pricing vis a vis the risk insured against;
- Inappropriate reinsurance arrangements;
- Inadequate claims reserves- the number of claims that occur may be higher than expected claims.
- Moral hazard of policyholders which may result in adverse claims experience.

Non life business

These include the non-life contracts namely; Aviation, Oil & Gas (Energy), Engineering, Fire, General Accident, Motor, Marine Cargo & Hull

a) 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 reimbursement for the damages suffered as a result of road accidents. The Group manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling and investigations. Underwriting limits are in place to enforce appropriate risk selection criteria. The reinsurance arrangements include treaty and excess of loss coverage, it helps to mitigate the Group's risk of total net insurance losses, increases our underwriting capacity, reduces our exposures to catastrophic risk and gives us an opportunity of benefit from the reinsurers' expertise.

b) Sources of uncertainty in the estimation of future claim payments

Claims on non-life insurance contracts are payable on a claims-occurrence basis. The Group is liable for all insured events that occurred during the term of the contract. There are several variables that affect the amount and timing of cash flows from these contracts. These mainly relate to the inherent risks of the business activities carried out by individual contract holders and the risk management procedures adopted. The reserves held for these contracts comprises a provision for Incurred but not Reported (IBNR), a provision for reported claims not yet paid and a provision for unearned premiums at the end of the reporting period.

c) Process used to decide on assumptions

Depending on the volume of data in the reserving classes, the appropriate methodologies were used. Two methods were used for the projection of claims. The Basic Chain Ladder Method (BCL) and a Loss ratio method, adjusted for assumed experience to date. In more recent years and where the claim development seems slower than in the past, the Bornheutter – Ferguson Method was used based on expected loss ratios. Claims data was grouped into triangles by accident year, half-year or quarter and payment year, half-year or quarter. The choice between quarters, half-years or years was based on the volume of data in each segment. Payment development patterns were used instead of the reporting year patterns to allow for the longer tail development that would be seen in payment/settlement delays as well as to allow for the movement of partial payments in the data.

Basic Chain Ladder method (BCL)

Development factors were calculated using the last 3 to 9 years' of data by accident period. Ultimate development factors are calculated for each of the permutations and judgment is applied in the selection of these factors. Ultimate development factors are applied to the paid data per accident period 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 period.

For cases where there were extreme large losses that had been reported but not paid, and therefore would not have influenced the development patterns, the total case reserves were excluded from the calculation for IBNR.

I.e. IBNR =

Ultimate claim amount (excl. extreme large losses)
minus paid claims to date (excl. extreme large losses)
minus claims outstanding (excl. extreme large losses)

Loss Ratio method

For two of the classes, namely, Aviation and Oil & Energy, there was limited data. A BCL method was therefore inappropriate. We allowed for expected experience to date and the average assumed ultimate loss ratio in carrying out the calculation.

The IBNR is then calculated as:

Expected average ultimate annual loss ratio
Multiplied by earned premium for the past 12 months
Minus experience to date over the past 12 accident months

An estimate of the average ultimate loss ratio needed to be assumed. We based the loss ratios off of experience that has been seen to date in previous accident years.

d) Sensitivity Analysis

Sensitivity analyses are performed to test the variability around the reserves that are calculated at a best estimate level. The estimated claim amounts can never be an exact forecast of future claim amounts and therefore looking at how these claim amounts can vary can provide valuable information for business planning and risk appetite considerations. A sensitivity analysis was done to determine how the IBNR reserve amount would change if we were to consider the 75th-90th percentile as opposed to the best estimate figures included in reserve reviews as at 31 December 2017.

Life & Savings

This includes the Group Life, Annuities, Credit Life and Individual Life policies

(a) Frequency and severity of claims

For contracts where death is the insured risk, the most significant factors that could increase the overall frequency of claims are terminal diseases or widespread changes in lifestyle, such as eating, smoking and exercise habits as well as adverse changes in the socio-political climate resulting in earlier or more claims than ideally expected. For contracts where survival is the insured risk, the most significant risk management factors are continued improvement in medical science, human behaviour and social conditions that would increase longevity.

(b) Sources of uncertainty in the estimation of future benefits payments and premium receipts

Uncertainty in the estimation of future benefit payments and premium receipts for life insurance contracts arises from the unpredictability of long-term changes in overall levels of mortality and the variability in contract-holder behavior. The Group uses appropriate and acceptable base tables of standard mortality according to the type of contract being written.

(c) *Valuation methods*

Our management team establishes structures, reporting lines and appropriate authorities and responsibilities in the pursuit of the company's strategic objectives. The internal audit function reports on development and performance of internal control to the Board Audit Committee on a quarterly basis which demonstrates Board oversight and independence of management.

Annuities will be reserved for using a discounted cash flow approach. Here reserves are set equal to the present value of future annuity payments plus expenses, with allowance being made for any guaranteed periods as required.

Reinsurance Agreements

Reinsurance is allowed for in the valuation by having gross and reinsurance ceded records in the policy files. For IFRS compliance purposes all reserves were reported gross of reinsurance, with the value of the reinsurance asset calculated and reported separately.

At AXA Mansard Insurance Plc, Risk Management is performed at all levels and at various stages within business processes, and over the technology environment. It forms an integral part of the Company's daily operations through established policies and procedures to help ensure that management's directives to mitigate risks to the achievement of strategic objectives are carried out. Our risk activities are structured to mitigate risk exposures from identified broad risk categories as illustrated below:

BROAD RISK CATEGORY	RISK CONTROLS MEASURES
Insurance risk <ul style="list-style-type: none"> Under reserving risk Pricing risk Underwriting risk Mortality/Longevity risks Catastrophe risk Reinsurers treaty agreement 	<ul style="list-style-type: none"> Follow up on Boni/Mali Segmented tariff Product Design & Underwriting governance (underwriting limits & guidelines) Improvement factors on mortality tables consistent with portfolio experience Follow up on catastrophe events Regular review of reinsurance treaty agreement
Market risk	<ul style="list-style-type: none"> Financial Risk Appetite limits Policy on volume and quality of investment assets Counter party placement limits etc.
Operational risk	<ul style="list-style-type: none"> Human Resources policy Business Continuity Policy Loss event reporting Information security policy etc.
Credit risk	<ul style="list-style-type: none"> Counter party financial analysis - Credit rating

In a bid to ensure that the company is not negatively impacted by inherent risks in its business activity, we continually identify, monitor and review our portfolios /business operations on a regular basis. Some of the internal reports of the Risk Management team are listed below:

INTERNAL REPORTS	OBJECTIVES
Quarterly Board Risk Management Report	Shows the major activities/risk assessments performed during the quarter to ensure solvency and profitability of the company are protected.
Weekly Investment Risk Report	Monitors and informs management on Company's asset allocation, exposure to sectors of the economy, market/investment, credit and liquidity risks, breaches in regulatory limits
Ad hoc Reports on products review for Executive Committee	To follow up on level of advancement and main challenges, risk issues including ongoing mitigation activities

Market Risk

This is the risk that the value of financial instrument in general will change due to movements in market factors. Such movements may be occasioned by market factors (volatilities) that are directly related to an individual investment and/or systemic risks.

The four (4) risk exposures to Market risks arise through the following:

- Interest rate risk: the potential risk that the value of fixed income assets will plummet owing to movements in market interest rates.
- Equity price risk: represents the potential risk of loss in our investment in stocks, occasioned by volatility in prices
- Foreign exchange risk: potential risk of loss of an asset value held in foreign currency due to adverse changes in currency exchange rates.
- Property price risk: The Company's portfolio is subject to property price risk arising from adverse changes in the valuation of properties.

Credit risk

This risk arises from the default of a counterparty to fulfill its contractual obligation.

Three (3) notable areas of exposure to credit risks include:

- 1) *Direct Default Risk*: is the risk of exposure a company may experience due to non-payment of investment receipts or cash flow on assets at an agreed time by an obligor following a contractual agreement to do so. This type of risk could also arise from failure of registered Insurance Broker's to remit premiums to the company after the permissible thirty days (30) grace period, as mandated by NAICOM.
- 2) *Downgrade Risk*: risk that changes in the possibility of a future default by an obligor will adversely affect the present value of the contract with the obligor today.
- 3) *Settlement Risk*: risk arising from the lag between the value and settlement dates of securities' transactions.

Liquidity risk

The characteristic nature of our business requires adequate cash flow to meet our contractual obligations in the event of claim settlement. This is the risk of loss arising due to insufficient liquid assets to meet cash flow requirements or to fulfill its financial obligation once claims crystallize. Our exposure to liquidity risk comprises of:

- 1) Funding (Cash-flow) Liquidity Risk: These risks arise from investment-linked products especially in circumstances where there are liquidity constraints to meet financial obligations to customers.
- 2) Market (Asset) Liquidity Risk: risk of loss which is occasioned by the incapacity to sell assets at or near their carrying value at the time needed.

Operational risk

This is risk of loss resulting from inadequate or failed processes, people (human factors) and systems or from external events.

Operational Risk Management

Operational risks represents risks loss arising from inadequate or failed internal processes, or from personnel and systems, or from external events. In line with best practices, a number of tools employed in managing these risks are enumerated as follows:

Risk Identification: The Risk Identification is a critical tool applied to identify, assess, quantify and mitigate operational risks across the enterprise. The exercise constitutes a fundamental element of the overall operational risk framework, to assess risks using a pre-defined measurement grid for the frequency assessment and severity assessment of each risk identified. The profile of risks across the organization is an integral input for the Group's internal audit whilst preparing for audit plans.

Risk Maps: Risk maps typically are graphs on which impact of each risk is plotted against probability of occurrence. Risk maps are designed either to show inherent or residual risk categories by line of business. High-frequency/high-severity risks need to be monitored closely to reduce the Group's exposure to losses.

Key Risk Indicators: Key Risk Indicators are defined to provide early warnings indicators, data is collected in an easy and meaningful way that allows preventive actions to be taken. It may also measure the accumulation of conditions that may favor emergence of potential risks thus the Key Risk Indicator (KRI) provides a veritable tool for early identification of increasing risk exposure and /or deviations concerning inherent risk of business units. The KRI dashboard represents a snap-shot of risk events essential for effective monitoring and control of risks, in conformity with the Enterprise's risk appetite.

Loss Data Collection: This tool represents a primary resource for risk reporting and data collection. We have leveraged on our technological infrastructure to develop an application for the collection of potential/actual risk events. Events (inclusive of near-misses) upto a predetermined threshold are analysed for cause, category, impact and correlation effect across the business.

Health and Safety Management

A Health and Safety Management system has been institutionalized to provide and maintain safe and healthy working environment and conditions for all staff. This responsibility also extends to visitors, contractors and others who may potentially be affected by our activities or present within our business premises. The Health and Safety Policy framework underpins the policy statements, roles and responsibilities of HSE officer, First Aid services, Safety Marshalls/Deputies and emergency procedures, etc.

Reputational risk

The risk that an event will negatively influence stakeholders' perception or threaten to violate public trust in our brand. We firmly appreciate that Stakeholders are crucial to the success of our business and we are committed to continually conduct our business in an affirmative manner that facilitates building sustainable relationships with our stakeholders.

Reputational Risk Management

The Group recognizes that in extreme cases, *black swan* events could result in significant reputational damage. It is to this end, that the Group maintains a top-down approach to managing its potential and actual corporate culture and values against untoward events that may erode its brand value. Our reputation management objectives are two-fold; to proactively manage and reactively protect and leverages on a strong internal stakeholders collaboration between Legal, Compliance and Quality Assurance, Risk Management and Brand Management & Corporate Communications.

Business Continuity & Crisis Management (CMBC):

The Business Continuity Framework has been designed to ensure continuous availability of processes and delivery of products and services at acceptable predefined levels in the event of a disaster or disruption to critical operations.

The Crisis Management Plan (CMP) ensures that AXA Mansard has the capacity to prepare for, anticipate, respond to and recover from crisis as a result of a serious incident that immediately prevents, or threatens the continuity of business operations and the delivery of our key products and services.

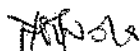
The CMBC policy reinforces the unequivocal commitment of all internal stakeholders of AXA Mansard towards CM & BC processes.

Legal risks include but not limited to exposure to fines, penalties or punitive damages resulting from supervisory actions, as well as private settlements.

**CERTIFICATION PURSUANT TO SECTION 60(2) OF INVESTMENT AND SECURITIES
ACT NO.29 OF 2007**

We the undersigned hereby certify the following with regards to our audited financial statements for the year ended 31 December 2017 that:

- (a) We have reviewed the financial statement;
- (b) To the best of our knowledge, the financial statement does not contain:
 - (i) *Any untrue statement of a material fact, or*
 - (ii) *Omit to state a material fact, which would make the statements, misleading in the light of circumstances under which such statements were made;*
- (c) To the best of our knowledge, the financial statements and other financial information included in the report fairly present in all material respects the financial condition and results of operation of the company as of, and for the year presented in the report.
- (d) We:
 - (i) *Are responsible for establishing and maintaining internal controls.*
 - (ii) *Have designed such internal controls to ensure that material information relating to the company and its consolidated subsidiaries is made known to such officers by others within those entries particularly during the year in which the periodic reports are being prepared;*
 - (iii) *Have evaluated the effectiveness of the company's internal controls as of date within 90 days prior to the report;*
 - (iv) *Have presented in the report our conclusions about the effectiveness of our internal controls based on our evaluation as of that date;*
- (e) We have disclosed to the auditors of the company and audit committee:
 - (i) *All significant deficiencies in the design or operation of internal controls which would adversely affect the company's ability to record, process, summarize and report financial data and have identified for the company's auditors any material weakness in internal controls, and*
 - (ii) *Any fraud, whether or not material, that involves management or other employees who have significant roles in the company's internal controls;*
- (f) We have identified in the report whether or not there were significant changes in internal controls or other factors that could significantly affect internal controls subsequent to the date of our evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.



Mrs. Ngozi Ola-Israel
FRC/2017/ANAN/00000017349
Chief Financial Officer



Mr. Adekunle Ahmed
FRC/2017/CIIN/00000017019
Chief Executive Officer

Management's Discussion and Analysis

This "Management discussion and analysis" (MD&A) has been prepared as at 31 December 2017 and should be read in conjunction with the consolidated financial statements of AXA Mansard Insurance Plc and subsidiary companies.

Forward looking statements

The MD&A contains forward looking statements related to AXA Mansard Insurance Plc financial and other projections, expected future plans, event, financial and operating results, objectives and performance as well as underlying assumptions all of which involve risk and uncertainties. When used in this MD&A the words "believe", "anticipate", "intended" "estimate" and similar expression are used to identify forward looking statements, although not all forward-looking statements contain such words. These statements reflect management's current belief and are based on information available to AXA Mansard Insurance Plc. and are subject to certain risk, uncertainties and assumptions. As a member of the AXA Group, consequent upon the acquisition of 100% stake in Assur Africa Holdings Limited in 2015, AXA Mansard Insurance Plc is poised to extending its corporate and retail coverage within the Nigerian insurance space and the wider Africa region.

Business strategy of the Company and overall performance

The Company is registered and incorporated in Nigeria and is engaged in providing insurance and investment solutions to both the corporate and retail sectors of Nigeria. It also aims to establish itself as the apex insurance company in Nigeria and the west african region.

The Company's strategy is to use technology and international best practice to provide its customers with tailor made solutions, superior services and specially designed programs to assist its patrons through a network of regional and agency offices spread over Nigeria.

Operating results

(in thousands of Nigerian Naira)

	Group			Parent		
	Dec-17	Dec-16	%Chg	Dec-17	Dec-16	%Chg
Gross written premium	26,824,830	20,713,129	30%	20,602,218	17,330,219	19%
Net premium income	13,788,244	10,949,138	26%	8,955,599	8,205,987	9%
Total underwriting profit	2,584,423	2,992,407	-14%	2,274,870	2,628,837	-13%
Total investment income	7,378,345	6,391,238	15%	4,376,364	3,424,501	28%
Profit before tax	3,232,099	3,125,627	3%	1,446,155	1,263,787	14%
Profit after tax	2,675,108	2,634,996	2%	1,367,821	1,040,379	31%
Earnings per share - basic (kobo)	19.16	20.00	-4%	13.25	10.08	31%

Directors' Report

The Directors have pleasure in presenting their report on the affairs of AXA Mansard Insurance plc ("the Company") and its subsidiaries ("the Group"), together with the Group audited financial statements and the auditor's report for the period ended December 31, 2017.

Legal form and principal activity

The Company was incorporated on 23 June 1989 as a private limited liability company called "Heritage Assurance Limited" and issued with a composite insurance license by the National Insurance Commission in March 2004. The Company's name was changed to Guaranty Trust Assurance Limited in September 2004 following the acquisition of a majority share holding by Guaranty Trust Bank plc, and changed again to Guaranty Trust Assurance plc in March 2006 following the increase in number of members beyond the maximum required for a private company. In November 2009, the Company became listed on the Nigerian Stock Exchange.

The beneficial ownership of the Company changed to Societe Beaujon S.A.S (AXA S.A) in December 2014 by the acquisition of 100% of Assur Africa Holding (AAH). The Company modified its name and corporate identity to AXA Mansard Insurance plc in July 2015.

The principal activity continues to be the provision of life and general business risk management solutions and financial services to corporate and retail customers in Nigeria.

The Company has two wholly owned and two partly owned subsidiaries: AXA Mansard Investments Limited (100%), AXA Mansard Health Limited (100%), AXA Mansard Pensions Limited (60%) and APD Limited (55.7%) is a special purpose company.

AXA Mansard Investments Limited was incorporated as a private limited liability company on 9 January 2008 and its principal activity involves provision of portfolio management services to both individual and corporate clients. AXA Mansard Health Limited was incorporated as a private limited liability company on 7 August 2003 and its principal activities is to manage the provision of health care services through health care providers and for that purpose accredited with the National Health Insurance Scheme. APD Limited was incorporated on 2 September 2010 for the purpose of leasing, holding and developing the Company's commercial property located at Plot 928A/B, Bishop Aboyade Cole Street, Victoria Island, Lagos to an ultra modern office structure. AXA Mansard Pensions Limited was incorporated on 1 February 2005 as a private limited liability company. The Company's name was changed to AXA Mansard Pensions Limited in June 2015 following the acquisition of the majority share holding of the Company by AXA Mansard Insurance plc. in January 2015. The Company's principal activity continues to be the administration and management of Pension Fund Assets in line with the provisions of the Pension Reform Act 2014 and the relevant National Pension Commission circulars.

Dividends

During the year under review, the directors are proposing to pay final dividend in the sum of 6 kobo per ordinary share on the issued capital of 10,500,000,000 Ordinary Share of 50 kobo each subject to the appropriate withholding tax deduction.

Operating results

The following is a summary of the Group and Company's operating results:

(in thousands of Nigerian Naira)

	Group 31-Dec-2017	Group 31-Dec-2016	Parent 31-Dec-2017	Parent 31-Dec-2016
Profit before tax	3,232,099	3,125,627	1,446,155	1,263,787
Taxation	(556,991)	(490,631)	(78,334)	(223,408)
Profit after tax	2,675,108	2,634,996	1,367,821	1,040,379
Non Controlling Interest	(697,231)	(570,382)	-	-
Transfer to contingency reserve	(441,551)	(451,887)	(441,551)	(451,887)
Dividend paid	522,024	206,809	522,024	206,809
Earnings per share – Basic (in kobo)	19.16	20.00	13.25	10.08
Dividend per share - (in kobo)	5k	2k	5k	2k

Directors' Report

Directors and their interests

The Directors who held office during the year, together with their direct and indirect interests in the issued share capital of the Company as recorded in the register of Directors shareholding and/or as notified by the Directors for the purposes of sections 275 and 276 of the Companies and Allied Matters Act and the listing requirements of the Nigerian Stock Exchange is noted below:

			31-Dec-2017	31-Dec-2016
Mr. Olusola Adeeyo	Chairman		Nil	Nil
Mrs. Yetunde Ilori	Chief Executive Officer	Resigned effective 17/7/2017	14,343,122	14,343,122
Mr. Kunle Ahmed	Chief Executive Officer	Appointed effective 17/7/2017	20,080,371	20,080,371
Mr. Tosin Runsewe	Executive Director		150,321,548	127,035,800
Mr. Frédéric Coppin	Non Executive Director		Nil	Nil
Mr Frédéric Fléjou	Non Executive Director		Nil	Nil
Mrs Karima Silvent	Non Executive Director		Nil	Nil
Mr Ohis Ohiwerei	Independent Director		Nil	Nil
Mr Lesley Ndlovu	Non Executive Director		Nil	Nil
Mr Jad Ariss	Non Executive Director		Nil	Nil
Mr Tom Wilkinson	Non Executive Director		Nil	Nil
Mr Yomi Onifade*	Executive Director	Appointed Effective 26/07/2017	3,824,833	Nil

* Mr. Yomi Onifade's appointment was approved by NAICOM on the 18 December 2017

Resignation of directors

Mrs. Yetunde Ilori resigned from the Board of the Company during the year.

Appointment of directors

Mr Yomi Onifade was appointed on the Company's Board of Directors during the year under review and his appointment was approved by NAICOM on 18 December 2017.

Directors' remuneration

The remuneration of the Company's Directors is disclosed pursuant to section 34(5) of the code of corporate governance for public companies as issued by Securities and Exchange Commission as follows:

Remuneration	Description	Timing
Basic salary	Part of gross salary package for Executive Directors only. Reflects the insurance industry competitive salary package and the extent to which the Company's objectives have been met for the financial year	Paid monthly during the financial year
13th month salary	Part of gross salary package for Executive Directors only	Paid last month of the financial year
Director fees	Allowances paid to Non-Executive Directors	Paid during the year
Travelling allowances	Allowances paid to Non-Executive Directors that reside outside Nigeria	Paid during the year
Sitting allowances	Allowances paid to Non-Executive Directors only for sitting at board meetings and other business meetings	Paid during the year

Directors' interests in contracts

For the purpose of Section 277 of the Companies and Allied Matters Act of Nigeria, none of the directors has notified the Company of any declarable interest in contracts deliberated by the Company during the year under review.

Directors' Report

Major shareholdings

According to the Register of Members, no shareholder other than the undermentioned held more than 5% of the issued share capital of the Company as at 31 December 2017:

	No. of shareholding	% shareholding
Assur Africa Holdings Limited	8,030,550,380	76.48%
**Stanbic Nominees Nigeria Limited	552,124,643	5.26%

** Stanbic Nominees held the cumulative total of 5.26% of the Company's shares largely in trading accounts on behalf of various investors.

Analysis of shareholding

The analysis of the distribution of the shares of the Company as at 31 December, 2017 is as follows:

<u>Share Range</u>	<u>No. of Shareholders</u>	<u>% Shareholders</u>	<u>No. of Holdings</u>	<u>% of Holdings</u>
1 - 1,000	1,152	29.05%	652,645	0.00%
1001 - 5,000	768	19.37%	2,322,868	0.02%
5,001 - 10,000	393	9.91%	3,346,789	0.03%
10,001 - 50,000	699	17.63%	18,504,209	0.18%
50,001 - 100,000	244	6.15%	20,110,296	0.19%
100,001 - 500,000	364	9.18%	91,457,121	0.87%
500,001 - 1,000,000	129	3.25%	105,020,469	1.00%
1,000,001 - 8,000,000,000	215	5.42%	2,228,035,223	21.22%
8,000,000,001 - 10,000,000,000	1	0.03%	8,030,550,380	76.48%
Total	3,965	100%	10,500,000,000	100%

Property and equipment

Information relating to changes in property and equipment during the year is given in Note 18 to the financial statements.

Donations and charitable gifts

In order to identify with the aspirations of the community and the environment within which the Group operates, a total sum of N5,275,000 (December 2016: N4,035,000) was given out as donations and charitable contributions during the year. Details of the donations and charitable contributions are as follows:

Organizations:	<u>31-Dec-2017</u>
PIUTA Centre (UCH Ibadan)	2,500,000
Enactus	500,000
Emerald Schools	75,000
Corona Schools	450,000
Greenwood House School	450,000
City of Knowledge Academy (CKA)	100,000
Oyo State Secondary Schools	1,200,000
	<u>5,275,000</u>

Directors' Report

Human resources

Employment of disabled persons

The Company operates a non-discriminatory policy in the consideration of applications for employment, including those received from disabled persons. The Company's policy is that the most qualified and experienced persons are recruited for appropriate job levels, irrespective of an applicant's state of origin, ethnicity, religion or physical condition. In the event of any employee becoming disabled in the course of employment, the Company is in a position to arrange appropriate training to ensure the continuous employment of such a person without subjecting him/her to any disadvantage in his/her career development.

Health, safety and welfare of employees

The Group maintains business premises designed with a view to guaranteeing the safety and healthy living conditions of its employees and customers alike. Employees are adequately insured against occupational and other hazards. In addition, the Group provides medical facilities to its employees and their immediate families at its expense. Fire prevention and fire-fighting equipment are installed in strategic locations within the Company's premises. It also operates a contributory pension plan in line with the Pension Reform Act.

Employee involvement and training

The Company encourages participation of employees in arriving at decisions in respect of matters affecting their well being. Towards this end, the Company provides opportunities for employees to deliberate on issues affecting the Company and employees' interests, with a view to making inputs to decisions thereon. The company places a high premium on the development of its manpower. Consequently, the Company sponsored its employees for various training courses both in Nigeria and abroad in the year under review. The Company also provides its employees with on-the-job training in the Company and at various AXA Mansard locations

Gender analysis

The number and percentage of women employed as at the end of the year under review vis-a-vis total workforce is as follows:

	Male Number	Female Number	Male %	Female %
Employees	171	137	56%	44%

Gender analysis of Board and top management is as follows:

Board	10	1	91%	9%
Top Management	8	4	67%	33%

Detailed analysis of the Board and top management is as follows:

	Male Number	Female Number	Male %	Female %
Non-Executive Director	7	1	88%	13%
Chief Executive Officer	1	-	100%	0%
Executive Director	2	-	100%	0%
Deputy General Manager	2	1	67%	33%
Assistant General Manager	6	3	67%	33%

Acquisition of own shares

The Company did not acquire any of its own shares during the period under review.

Auditors

Messrs. KPMG Professional Services, having satisfied the relevant corporate governance rules on their tenure in office have indicated their willingness to continue in office as auditors to the Company. In accordance with Section 357 (2) of the Companies and Allied Matters Act of Nigeria therefore, the auditors will be re-appointed at the next annual general meeting of the Company.

BY ORDER OF THE BOARD



Mrs. Omowunmi Mabel Adewusi
Company Secretary
FRC/2013/NBA/00000000967
Plot 1412, Ahmadu Bello Way,
Victoria Island, Lagos.

20 February 2018

Statement of Directors' Responsibilities in relation to the consolidated and separate financial statements for the year ended 31 December 2017

The directors accept responsibility for the preparation of the consolidated financial statements that give a true and fair view of the statement of financial position of the Group and Company at the reporting date and of its comprehensive income in the manner required by the Companies and Allied Matters Act of Nigeria and the Nigerian Insurance Act. The responsibilities include ensuring that the Group:

- i. 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;
- ii. establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and
- iii. prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates, that are consistently applied.

The directors accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in compliance with,

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

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.

The directors have made an assessment of the Group's ability to continue as a going concern and have no reason to believe that the Group will not remain a going concern in the year ahead.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:



Mr. Adekunle Ahmed
FRC/2017/CIIN/00000017019
20 February 2018



Mr. Olusola Adeeyo
FRC/2013/NIM/00000001919
20 February 2018

Report of the Statutory Audit Committee

To the members of AXA Mansard Insurance Plc:

In compliance with the provisions of Section 359(6) of the Companies and Allied Matters Act of Nigeria, the members of the Audit Committee of AXA Mansard Insurance Plc hereby report as follows:

We have exercised our statutory functions under Section 359(6) of the Companies and Allied Matters Act of Nigeria and acknowledge the co-operation of management and staff in the conduct of these responsibilities.

We are of the opinion that the accounting and reporting policies of the Group are in compliance with legal requirements and agreed ethical practices and that the scope and planning of both the external and internal audits for the year ended 31 December 2017 were satisfactory and reinforce the Group's internal control systems.

We have deliberated with the external auditors, who have confirmed that necessary cooperation was received from Management in the course of their statutory audit and we are satisfied with Management's responses to their recommendations for improvement and with the effectiveness of the Group's system of accounting and internal control.



Mr. Ohis Ohiwerei

FRC/2017/CIBN/00000016412

Chairman, Statutory Audit Committee

8 February 2018

Members of the Statutory Audit Committee are:

1	Mr. Ohis Ohiwerei	Chairman	Chairman
2	Mr. Lesley Ndlovu	Member	Member
3	Mr. Akingbola Akinola	Shareholder's shareholder	Member
4	Mr. Jaiyeola Laoye	Shareholder's shareholder	Resigned effective May 19, 2017
5	Mrs. Ayodeji Oloye	Shareholder's shareholder	Appointed effective May 19, 2017

In attendance:

Mr. Olusola Odumuyiwa Secretary

**KPMG Professional Services**

KPMG Tower
Bishop Aboyade Cole Street
Victoria Island
PMB 40014, Falomo
Lagos

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of AXA Mansard Insurance PLC

Report on the Audit of the Consolidated and Separate Financial Statements**Opinion**

We have audited the consolidated and separate financial statements of AXA Mansard Insurance PLC ("the Company") and its subsidiaries (together, "the Group"), which comprise the consolidated and separate statement of financial position as at 31 December, 2017, and the consolidated and separate statement of profit or loss and other comprehensive income, consolidated and separate statement of changes in equity and consolidated and separate statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 39 to 126.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of the Company and its subsidiaries as at 31 December, 2017, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004 and the Financial Reporting Council of Nigeria Act, the Insurance Act 2003 and relevant National Insurance Commission of Nigeria ("NAICOM") Guidelines and Circulars.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated and separate Financial Statements section of our report. We are independent of the Group and Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated and separate financial statements in Nigeria and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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 judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of insurance contract liabilities

The Company has significant life and non-life insurance contract liabilities. The valuation of insurance contract liabilities involves high estimation uncertainties and significant judgment over uncertain future outcomes.

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Registered in Nigeria No BN 986925

Partners:

Abiola F. Bada	Adebisi O. Lamikanra	Adekunle A. Elebute	Adetola P. Adeyemi
Adeleke K. Ajayi	Ajibola O. Olorola	Ayobami L. Salami	Ayodele H. Othihiwa
Ayodele A. Soyinka	Chibuzor N. Anyanachi	Ehile A. Aibangbee	Goodluck C. Obi
Ibitomi M. Adepoju	Ijeoma T. Emezie-Ezigo	Joseph O. Tegbe	Kabir O. Okunola
Lawrence C. Amadi	Mohammed M. Adama	Nneka C. Eluma	Oguntayo I. Ogungbenro
Oladapo R. Okubadejo	Oladimeji I. Saladeen	Olanika I. James	Olumide O. Olayinka
Olusegun A. Sowande	Oluwafemi O. Awotoye	Oluwatoyin A. Gbagi	Temitope A. Onitiri
Tolulope A. Odukale	Victor U. Onyenkpa		



Provisions for reported claims are based on historical experience. However, the eventual liabilities may differ from the estimated amounts. Furthermore, the estimated liability for claims that have occurred but are yet to be reported in respect of non-life insurance contracts involve economic assumptions about inputs such as inflation rate, ultimate loss ratio and discount rates; hence the eventual outcome is uncertain.

The actuarial assumptions used in the valuation of life insurance contract liabilities are judgmental, particularly with respect to mortality rates, expenses and discount rates. The level of complexity, the assumptions and judgment involved in estimating these amounts make insurance contract liabilities a matter of significance to our audit.

The Group's accounting policy on valuation of insurance contract liabilities and related disclosures are shown in notes 2.2(j) (accounting policy), note 2.3(b) (critical accounting estimates and judgments) and note 20 (insurance contract liabilities).

How the matter was addressed in our audit

Our audit procedures included the following:

- We evaluated the design, implementation and operating effectiveness of key controls instituted by the Company which includes management review of data used for the valuation of insurance contract liabilities.
- We tested the accuracy and completeness of the underlying data used in actuarial valuations by checking the claims paid, outstanding claims and underwriting data.
- We used our actuarial specialists to challenge the appropriateness of the methodology used by the Company's external actuary in calculating the insurance contract liabilities. This involved an assessment of the appropriateness the valuation methods, taking into account available industry data and specific product features of the Company.
- With the assistance of our actuarial specialist, we evaluated the reasonableness of the actuarial assumptions used by the Company's external actuary including assumptions on the projected cash flows, basic chain ladder runoff period, inflation rate, mortality and discount rate by comparing them to Company specific data and market experience.
- We considered the Company's valuation methodology and assumptions for consistency between reporting periods as well as indicators of possible management bias. We were also assisted by our actuarial specialists in this regard.

Goodwill impairment assessment

Management's assessment of impairment of the Group's goodwill through the value in use model relies on significant judgments. These judgments include the determination of cash generating units (CGUs), forecast of cash flows, discount rates applied and assumptions underlying the forecast growth and terminal growth rates.

The judgments made in the model and in the assumptions have a significant impact on the valuation.

The Group's accounting policy on goodwill and related disclosures are shown in notes 2.2(g) (ii) (accounting policy), note 2.3(d) (critical accounting estimates and judgments) and note 17(c) (goodwill).

How the matter was addressed in our audit

Our audit procedures included the following:

- We assessed the allocation of goodwill to the CGUs in relation to the requirements of the accounting standards, and consideration of how the business is monitored and managed.

- Using our valuation specialist, we challenged the underlying assumptions for the forecast cash flows, the discount rates applied to the cash flows and the terminal growth rates used in determining the terminal values in the context of the historical experience of the CGUs as well as our knowledge of the market and wider economic environment.
- We considered the adequacy of the Group's disclosures about the key assumptions, giving due consideration to the requirements of the relevant accounting standard.

Valuation of Investment Property

The valuation of the Group's investment property is a key audit matter due to the significance of the balance and judgment required in assessing the key valuation assumptions and methodology.

The investment property is valued annually using the income capitalization methodology. Key assumptions in the valuation methodology include capitalization rate, vacancy rate, estimated expenses and future rental income.

The Group's accounting policy on investment property and related disclosures are shown in notes 2.2(f) (accounting policy), note 2.3(e) (critical accounting estimates and judgments) and note 15 (investment property).

How the matter was addressed in our audit

Our audit procedures included the following:

- We assessed the appropriateness of the valuation methodology adopted by giving due consideration to the requirements of the relevant accounting standards and the Group accounting policies.
- We challenged key assumptions applied in the valuation of the property, including the capitalization rates, vacancy rate, estimated expenses and future rental income, by comparing the assumptions to publicly available sales information, historical data, market experience and property specific attributes such as location and asset condition. We were assisted by our valuation experts in performing this procedure.

Other Information

The Directors are responsible for the other information. The other information comprises the Directors' report, Corporate governance report, report on Internal Control and Risk Management System, Management Discussion and Analysis, Corporate Social Responsibility report and other National Disclosures (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the Chairman's statement and report from the Executives which is expected to be made available to us after that date.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, 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 of consolidated and separate financial statements that give a true and fair view in accordance with IFRSs and in the manner required by the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004 and the Financial Reporting Council of Nigeria Act, 2011, the Insurance Act 2003 and relevant National Insurance Commission of Nigeria ("NAICOM") Guidelines and Circulars, 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 consolidated and separate financial statements, the Directors are responsible for assessing the Group 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 Group and 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 and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and Company'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 directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and 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 to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and Company to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Other Matter

The financial statements of AXA Mansard Insurance PLC for the year ended 31 December 2016 were audited by another auditor who expressed an unmodified opinion on those financial statements on 27 March 2017.

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Schedule 6 of the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004 and Section 28(2) of the Insurance Act 2003.

In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books and the Company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.

Penalties

The Company did not pay penalties in respect of contravention of the requirements of the National Insurance Commission of Nigeria's Operational Guidelines during the year.

tchuboye

Oluwafemi O. Awotoye, FCA
FRC/2013/ICAN/00000001182
For: KPMG Professional Services
Chartered Accountants
05 March 2018
Lagos, Nigeria





AXA Mansard Insurance Plc and Subsidiary Companies

Consolidated and Separate Financial Statements

for the year ended 31 December 2017

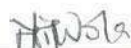
Consolidated Statement of Financial Position

As at 31 December 2017

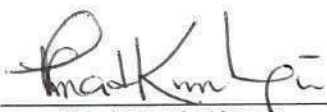
(All amounts in thousands of Naira unless otherwise stated)

	Notes	Group 31-Dec-17	Group 31-Dec-16	Parent 31-Dec-17	Parent 31-Dec-16
ASSETS					
Cash and cash equivalents	8	5,333,318	3,523,136	4,779,865	2,878,081
Available-for-sale assets	9.1	22,691,784	17,539,369	17,677,702	14,234,470
Financial assets designated at fair value	9.2	3,272,242	3,325,455	3,272,242	3,194,131
Trade receivables	10	1,961,018	854,923	251,383	315,806
Reinsurance assets	11	10,165,983	9,184,177	10,115,242	9,134,825
Deferred acquisition cost	12	494,584	593,862	481,077	574,413
Other receivables	13	909,097	840,036	649,146	555,287
Loans and receivables	14	3,843,254	3,177,293	7,562,215	5,098,392
Investment property	15	14,072,384	12,017,000	-	-
Investment in subsidiaries	16	-	-	3,919,573	3,919,573
Intangible assets	17	1,648,896	1,688,903	218,772	229,332
Property and equipment	18	1,672,516	1,714,019	1,437,960	1,442,216
Statutory deposit	19	500,000	500,000	500,000	500,000
TOTAL ASSETS		66,565,076	54,958,173	50,865,177	42,076,526
LIABILITIES					
Insurance liabilities	20	21,167,952	14,433,322	17,824,172	13,033,944
<i>Investment contract liabilities:</i>					
– At amortised cost	21.1	3,108,070	2,734,268	3,108,070	2,734,268
– Liabilities designated at fair value	21.2	3,272,242	2,916,273	3,272,242	2,916,719
Trade payables	22	8,524,336	7,423,560	8,511,603	7,406,965
Current income tax liabilities	24	444,688	256,067	234,959	202,157
Other liabilities	23	2,333,758	2,215,341	1,358,567	1,017,461
Borrowings	25	3,295,031	4,225,811	-	-
Deferred tax liability	26	656,407	567,529	-	183,220
TOTAL LIABILITIES		42,802,484	34,772,171	34,309,613	27,494,734
EQUITY					
Share capital	27.1	5,250,000	5,250,000	5,250,000	5,250,000
Share premium	27.2	4,443,453	4,443,453	4,443,453	4,443,453
Contingency reserve	27.3	3,615,451	3,173,900	3,615,451	3,173,900
Other reserves	27.4	2,625,479	2,612,567	2,595,103	2,593,900
Treasury shares	27.5	(304,924)	(304,924)	(304,924)	(304,924)
Fair value reserves	27.6	426,131	(986,947)	268,842	(857,930)
Retained earnings	27.7	4,229,226	3,221,949	687,639	283,393
SHAREHOLDERS' FUNDS		20,284,816	17,409,998	16,555,564	14,581,792
Total equity attributable to the owners of the parent		20,284,816	17,409,998	16,555,564	14,581,792
Non-controlling interest in equity	28	3,477,776	2,776,004	-	-
TOTAL EQUITY		23,762,592	20,186,002	16,555,564	14,581,792
TOTAL LIABILITIES AND EQUITY		66,565,076	54,958,173	50,865,177	42,076,526

Signed on behalf of the Board of Directors on 20 February 2018



Mrs. Ngozi Ola-Israel
FRC/2017/ANAN/00000017349
Chief Financial Officer



Mr. Adekunle Ahmed
FRC/2017/CIIN/00000017019
Chief Executive Officer



Mr. Olusola Adeeyo
FRC/2013/NIM/00000001919
Chairman

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2017

(All amounts in thousands of Naira unless otherwise stated)

	Notes	Group 31-Dec-17	Group 31-Dec-16	Parent 31-Dec-17	Parent 31-Dec-16
Continuing operations					
Gross written premium	30	26,824,830	20,713,129	20,602,218	17,330,219
Gross premium income	30	26,198,134	20,676,584	21,248,558	17,872,878
Re-insurance expenses	30	(12,409,890)	(9,727,446)	(12,292,959)	(9,666,891)
Net premium income	30	13,788,244	10,949,138	8,955,599	8,205,987
Fee and commission on insurance contracts	31	1,545,494	995,557	1,545,494	995,557
Net underwriting income		15,333,738	11,944,695	10,501,093	9,201,544
Claims expenses (gross)	32	(15,849,634)	(9,363,466)	(11,487,731)	(7,063,689)
Claims expenses recovered from reinsurers	32	6,311,560	2,547,565	6,295,447	2,539,536
Underwriting expenses	33	(2,936,829)	(2,071,647)	(2,759,527)	(1,983,814)
Changes in individual life reserves	20.3	(9,363)	(162,838)	(9,363)	(162,838)
Changes in annuity reserves	20.4	(265,049)	98,098	(265,049)	98,098
Net underwriting expenses		(12,749,315)	(8,952,288)	(8,226,223)	(6,572,707)
Total underwriting profit		2,584,423	2,992,407	2,274,870	2,628,837
Investment income	34	5,119,126	3,836,131	2,906,647	2,011,016
Net (losses)/gains on financial instruments	35	(219,784)	(576,170)	691,241	997,992
Net gains on investment property	15	2,055,384	2,811,650	-	-
Profit on investment contracts	36	249,899	198,950	249,899	198,950
Other income	37	173,720	120,677	528,577	216,543
Total investment income		7,378,345	6,391,238	4,376,364	3,424,501
Expenses for marketing and administration	38	(1,692,052)	(1,425,438)	(1,388,125)	(1,176,389)
Employee benefit expense	39	(2,399,937)	(2,054,675)	(1,819,330)	(1,617,904)
Other operating expenses	40	(2,274,173)	(2,287,396)	(2,018,202)	(1,958,064)
Writeback/(Impairment) of premium receivables	10.1	26,180	(46,285)	20,578	(37,194)
Results of operating activities		3,622,786	3,569,851	1,446,155	1,263,787
Finance cost	41	(390,687)	(444,224)	-	-
Profit before tax		3,232,099	3,125,627	1,446,155	1,263,787
Income tax expense	42	(556,991)	(490,631)	(78,334)	(223,408)
Profit for the year		2,675,108	2,634,996	1,367,821	1,040,379
Profit attributable to:					
Owners of the parent		1,977,877	2,064,614	1,367,821	1,040,379
Non-controlling interest	28	697,231	570,382	-	-
		2,675,108	2,634,996	1,367,821	1,040,379
<i>Other comprehensive income:</i>					
<i>Items that may be subsequently reclassified to the profit or loss account:</i>					
Changes in available-for-sale financial assets (net of taxes)	27.6	1,413,078	(1,922,001)	1,126,772	(1,709,859)
Other comprehensive income for the year		1,413,078	(1,922,001)	1,126,772	(1,709,859)
Total comprehensive income for the year		4,088,186	712,995	2,494,593	(669,480)
Attributable to:					
Owners of the parent		3,381,730	142,613	2,494,593	(669,480)
Non-controlling interests	28	706,456	570,382	-	-
Total comprehensive income for the year		4,088,186	712,995	2,494,593	(669,480)
Earnings per share:					
Basic (kobo)	43	19.16	20.00	13.25	10.08
Diluted (kobo)	43	18.86	19.69	13.04	9.92

Consolidated Statements of Changes in Equity

(All amounts in thousands of Naira unless otherwise stated)

Year ended 31 December 2017

Group

	Share Capital	Share premium	Contingency reserve	Capital and other statutory reserves	Share scheme reserves	Treasury shares	Fair value reserves	Retained earnings	Total	Non Controlling interest	Total equity
Balance at 1 January 2017	5,250,000	4,443,453	3,173,900	2,518,667	93,900	(304,924)	(986,947)	3,221,949	17,409,998	2,776,004	20,186,002
<i>Total comprehensive income for the year</i>											
Profit for the year	-	-	-	-	-	-	-	1,977,877	1,977,877	697,231	2,675,108
Transfer to contingency reserves	-	-	441,551	-	-	-	-	(441,551)	-	-	-
Transfer to statutory reserves	-	-	-	11,709	-	-	-	(7,025)	4,684	(4,684)	-
Other comprehensive income											
Changes in fair value of available-for-sale financial assets	-	-	-	-	-	-	1,413,078	-	1,413,078	9,225	1,422,303
Total comprehensive income for the year	-	-	441,551	11,709	-	-	1,413,078	1,529,301	3,395,639	701,772	4,097,411
Transactions with owners, recorded directly in equity											
Dividends to equity holders	-	-	-	-	-	-	-	(522,024)	(522,024)	-	(522,024)
Equity- settled share-based payments expense	-	-	-	-	1,203	-	-	-	1,203	-	1,203
Total transactions with owners of equity	-	-	-	-	1,203	-	-	(522,024)	(520,821)	-	(520,821)
Balance at 31 December 2017	5,250,000	4,443,453	3,615,451	2,530,376	95,103	(304,924)	426,131	4,229,226	20,284,816	3,477,776	23,762,592

Year ended 31 December 2016

Group

	Share Capital	Share premium	Contingency reserve	Capital and other statutory reserves	Share scheme reserves	Treasury shares	Fair value reserves	Retained earnings	Total	Non Controlling interest	Total equity
Balance at 1 January 2016	5,250,000	4,443,453	2,722,013	2,514,629	32,978	(304,924)	935,054	1,820,069	17,413,272	2,205,622	19,618,894
<i>Total comprehensive income for the year</i>											
Profit for the year	-	-	-	-	-	-	-	2,064,614	2,064,614	570,382	2,634,996
Transfer to contingency reserves	-	-	451,887	-	-	-	-	(451,887)	-	-	-
Transfer to statutory reserves	-	-	-	4,038	-	-	-	(4,038)	-	-	-
Other comprehensive income											
Changes in fair value of available-for-sale financial assets	-	-	-	-	-	-	(1,922,001)	-	(1,922,001)	-	(1,922,001)
Total comprehensive income for the year	-	-	451,887	4,038	-	-	(1,922,001)	1,608,689	142,613	570,382	712,995
Transactions with owners, recorded directly in equity											
Dividends to equity holders	-	-	-	-	-	-	-	(206,809)	(206,809)	-	(206,809)
Equity- settled share-based payments expense	-	-	-	-	60,922	-	-	-	60,922	-	60,922
Vested portion of equity settled share based payment	-	-	-	-	-	-	-	-	-	-	-
Total transactions with owners of equity	-	-	-	-	60,922	-	-	(206,809)	(145,887)	-	(145,887)
Changes in ownership interest											
Acquisition of subsidiary with NCI	-	-	-	-	-	-	-	-	-	-	-
Total changes in ownership interests	-	-	-	-	-	-	-	-	-	-	-
Balance at 31 December 2016	5,250,000	4,443,453	3,173,900	2,518,667	93,900	(304,924)	(986,947)	3,221,949	17,409,998	2,776,004	20,186,002

Statement of Changes in Equity

(All amounts in thousands of Naira unless otherwise stated)

Year ended 31 December 2017

Parent

	Share Capital	Share premium	Contingency reserve	Capital reserves	Share scheme reserve	Treasury shares	Fair value reserves	Retained earnings	Total
Balance at 1 January 2017	5,250,000	4,443,453	3,173,900	2,500,000	93,900	(304,924)	(857,930)	283,393	14,581,792
<i>Total comprehensive income for the year</i>									
Profit for the year	-	-	-	-	-	-	-	1,367,821	1,367,821
Transfer to contingency reserves	-	-	441,551	-	-	-	-	(441,551)	-
Other comprehensive income									
Changes in fair value of available-for-sale financial assets	-	-	-	-	-	-	1,126,772	-	1,126,772
Total comprehensive income for the year	-	-	441,551	-	-	-	1,126,772	926,270	2,494,593
Transactions with owners, recorded directly in equity									
Contributions by and distributions to owners									
Dividends to equity holders	-	-	-	-	-	-	-	(522,024)	(522,024)
Equity- settled share-based expense for the year	-	-	-	-	1,203	-	-	-	1,203
Total transactions with owners	-	-	-	-	1,203	-	-	(522,024)	(520,821)
Balance at 31 December 2017	5,250,000	4,443,453	3,615,451	2,500,000	95,103	(304,924)	268,842	687,639	16,555,564

Year ended 31 December 2016

Parent

	Share Capital	Share premium	Contingency reserve	Other reserves	Share scheme reserve	Treasury shares	Fair value reserves	Retained earnings	Total
Balance at 1 January 2016	5,250,000	4,443,453	2,722,013	2,500,000	32,978	(304,924)	851,929	(98,290)	15,397,159
<i>Total comprehensive income for the year</i>									
Profit for the year	-	-	-	-	-	-	-	1,040,379	1,040,379
Other comprehensive income									
Change in fair value of available-for-sale financial assets	-	-	-	-	-	-	(1,709,859)	-	(1,709,859)
Total comprehensive income for the year	-	-	-	-	-	-	(1,709,859)	1,040,379	(669,480)
Transactions with owners, recorded directly in equity									
Transfer to contingency reserves	-	-	451,887	-	-	-	-	(451,887)	-
Equity- settled share-based transactions	-	-	-	-	60,922	-	-	-	60,922
Dividends to equity holders	-	-	-	-	-	-	-	(206,809)	(206,809)
Transfer of vested portion of equity settled share based payment to retained earnings	-	-	-	-	-	-	-	-	-
Total transactions with owners	-	-	451,887	-	60,922	-	-	(658,696)	(145,887)
Balance at 31 December 2016	5,250,000	4,443,453	3,173,900	2,500,000	93,900	(304,924)	(857,930)	283,393	14,581,792

Cashflow Statement

for the year ended 31 December 2017

(All amounts in thousands of Naira unless otherwise stated)

	Notes	Group 31-Dec-2017	Group 31-Dec-2016	Parent 31-Dec-2017	Parent 31-Dec-2016
Cash flows from operating activities					
Cash premium received		25,680,844	20,622,015	20,628,750	17,407,418
Cash paid as reinsurance premium		(12,585,884)	(8,914,685)	(12,468,953)	(8,829,036)
Fee income received		1,545,495	1,036,353	1,545,495	1,036,353
Cash received on investment contract liabilities	21.1 & 21.2	2,139,664	6,349,144	2,139,218	3,457,934
Cash paid to investment contract holders	21.1 & 21.2	(1,641,481)	(6,828,471)	(1,641,481)	(4,528,440)
Claims paid	20.1	(10,016,114)	(8,282,150)	(6,325,575)	(6,179,612)
Cash received from reinsurers on recoveries for claims paid		295,258	811,094	277,419	805,031
Cash received from coinsurers on recoveries and claims paid		1,810,749	511,398	1,810,749	511,398
Underwriting expenses paid		(3,036,107)	(2,056,529)	(2,852,863)	(1,980,276)
Employee benefits paid		(2,236,950)	(1,792,480)	(1,683,408)	(1,373,825)
Rent received		1,247,540	1,247,540	-	-
Other operating expenses paid		(5,587,578)	(3,274,207)	(4,351,934)	(2,980,604)
Reinsurance premium paid in advance	11	-	(2,500,786)	-	(2,500,786)
Premium received in advance	22	4,424,590	4,412,769	4,424,590	4,412,769
Changes in working capital		2,040,025	1,341,005	1,502,006	(741,676)
Income tax paid	24	(276,827)	(150,734)	(228,752)	(107,599)
Net cash from operating activities		1,763,198	1,190,271	1,273,254	(849,274)
Cash flows from investing activities					
Purchases of property, plant and equipment	18	(358,902)	(202,959)	(298,496)	(188,713)
Dividend received		354,307	93,779	594,954	184,685
Investment income received	34	2,360,495	2,292,599	1,801,394	1,826,331
Purchase of intangible assets	17	(29,066)	(52,266)	(25,916)	(44,300)
Proceeds from the disposal of property and equipment	18	25,257	12,922	24,848	8,180
Sale/redemption of financial assets	9.1	25,252,237	33,168,865	20,758,811	31,909,732
Purchase of AFS assets	9.1	(25,319,511)	(34,200,741)	(20,451,510)	(31,884,085)
Increase in loans and receivables	14	(556,604)	(2,534,485)	(1,968,660)	(4,093,693)
Repayment of loans and receivables		63,358	118,967	240,491	1,075,447
Proceeds from disposal of loans and receivable -debt		460,384	(500,000)	309,752	(300,000)
Proceeds from disposal of financial assets designated at fair value- Convertible debt		401,194	(295,000)	164,887	(200,000)
Net cash used in investing activities		2,653,149	(2,098,318)	1,150,554	(1,706,415)
Cash flows from financing activities					
Dividend paid		(522,024)	(206,809)	(522,024)	(206,809)
Interest payment on borrowings		(287,765)	(313,328)	-	-
Principal repayment on borrowings		(1,805,310)	(1,283,205)	-	-
Proceeds from the disposal of treasury shares		-	-	-	-
Net cash used in financing activities		(2,615,099)	(1,803,342)	(522,024)	(206,809)
Net increase/decrease in cash and cash equivalents		1,801,248	(2,711,389)	1,901,784	(2,762,499)
Cash and cash equivalent at beginning of year	8	3,388,593	6,374,334	2,878,081	5,648,247
Effect of exchange rate changes on cash and cash equivalent		(15,558)	(274,352)	-	(7,668)
Cash and cash equivalent at end of year	8	5,174,283	3,388,593	4,779,865	2,878,081

1 General information

Reporting entity

AXA Mansard Insurance Plc. ('the Company' or 'the Parent') and its subsidiaries (together 'the Group') underwrite life and non-life insurance contracts. The Group also issues a diversified portfolio of investment contracts to provide its customers with asset management solutions for their savings and retirement needs as well as provide pension administration and management services to its customers. All these products are offered to both domestic and foreign markets. The Group does business in Nigeria and employs over 300 people.

The Company is a public limited company incorporated and domiciled in Nigeria. The address of its registered office is:
Santa Clara Court, Plot 1412, Ahmadu Bello Way Victoria Island, Lagos, Nigeria.

The Company is listed on the Nigerian Stock Exchange. The consolidated financial statements were authorised for issue by the board of directors on 20 February 2018.

2 Summary of significant accounting policies

2.1 Basis of presentation and compliance with IFRS

These financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRIC) Interpretations applicable to companies reporting under IFRS. These financial statements are also in compliance with Financial Reporting Council of Nigeria Act, Companies and Allied Matters Act of Nigeria, the Insurance Act of Nigeria and relevant National Insurance Commission (NAICOM) guidelines and circulars.

The consolidated financial statements comprises the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statements of changes in equity, the consolidated statement of cash flows and the notes.

(a) Basis of measurement

These consolidated and separate financial statements have been prepared on the historical cost basis except for the following:

- non-derivative financial instruments designated at fair value through profit or loss.
- available-for-sale financial assets are measured at fair value.
- investment property is measured at fair value.
- insurance liabilities measured at present value of future cashflows.
- share based payment at fair value or an approximation of fair value allowed by the relevant standards
- investment contract liabilities at fair value.

(b) Use of estimates and judgements

The preparation of the consolidated and separate financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Information about significant areas of estimation uncertainties and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated and separate financial statements are described in note 2.3.

2.1.1 Changes in accounting policy and disclosures

(a) New and amended standards and interpretations not yet adopted by the Group

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

New or amended standards	Summary of the requirements	Possible impact on Consolidated financial statements
IFRS 9: Financial instruments	IFRS 9, released in July 2014, replaces the existing guidance in IAS 39 Financial instruments: Recognition and measurement. IFRS 9 includes revised guidance on the reclassification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018 with early adoption permitted.	The Group will adopt IFRS 9 - Financial Instruments from 1 January 2021. The estimated impact of the adoption of the standard on the Group's equity as at 1 January 2021 is based on the assessments summarised below. The actual impact of adopting the standard at 1 January 2021 are subject to change until the Group presents its first financial statement that includes the date of initial application. <i>Classification and measurement</i> The Group currently categorizes the majority of its financial assets as available for sale with the fair value changes recognised in other comprehensive income. Under IFRS 9, the Group has designated these investments as measured at fair value through OCI. Consequently, all fair value gains and losses will be reported in OCI, no impairment losses will be recognised in profit or loss and no gains or losses will be reclassified to profit or loss on disposal. Based on its assessment, the Group does not believe that the new classification requirements will have a material impact on its accounting for Trade receivables, loans, investment in debt securities and investments in equity securities that are managed on a fair value basis. The above intended classification may change due to the continuous assessment of the requirement of the standard and review of business practices until the first set of financial statement under IFRS 9 is issued. <i>Impairment:</i> The Group believes that impairment losses are likely to increase for assets in the scope of IFRS 9 impairment model, although they are not expected to be highly volatile. The approach to impairment assessment under IFRS 9 will be determined by the final classification adopted in 2021.
Amendments to IFRS 4: Applying IFRS 9 financial instruments with IFRS 4 insurance contracts	On 12 September 2016, the IASB published 'Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' providing two options for entities that issue insurance contracts within the scope of IFRS 4. An entity choosing to apply the IFRS 9 deferral approach does so for annual periods beginning on or after 1 January 2018.	The Group have chosen to apply the IFRS 9 deferral approach.

IFRS 17: Insurance Contracts	IFRS 17: Insurance contracts 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. IFRS 17 is effective for annual reporting periods beginning on or after 1 January 2021.	The Group is assessing the potential impact of the new standard which will be effective for annual reporting periods beginning on or after 1 January 2021.
Amendments to IAS 40 Investment Property	On December 8, 2016, the IASB published Transfers of Investment Property (Amendments to IAS 40) to clarify transfers of property to, or from, investment property. An entity shall apply those amendments to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments (the date of initial application). At the date of initial application, an entity shall reassess the classification of property held at that date and, if applicable, reclassify property applying paragraphs 7–14 to reflect the conditions that exist at that date.	Having assessed the impact of the new standard, the adoption of the new standard will not have material impact on the Group's consolidated financial statements because currently, there is no intention to effect any transfer to/from investment property.
Amendment to IFRS 10 and IAS 24 Sale or contribution of Assets between an investor and its Associated JV	In September 2014 the IASB released amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures'. These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The IASB has decided to postpone the effective date of this amendment pending the outcome of the research project on the equity method of accounting.	The Group will continue to monitor developments regarding the new effective date for the amendment
Amendment to IFRS 2 Classification and measurement of Share-based Payment transactions	On 20 June 2016, the International Accounting Standards Board (IASB) published final amendments to IFRS 2 'Share-based Payment' that clarify the classification and measurement of share-based payment transactions. The amendments are effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.	Having assessed the impact of the new standard, the adoption of the new standard will not have material impact on the Group's consolidated financial statements.
IFRS 15 Revenue from contracts with customers	IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction contracts and IFRIC 13 Customers loyalty programmes. The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required. IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018 with early adoption permitted.	The Group expects to apply IFRS 15 using the modified retrospective application. Given insurance contracts are scoped out of IFRS 15, the Group expects the main impact of the new standard to be on the accounting for income from tenancy contracts on investment properties as well as investment management services. The Group does not expect the impact to be significant.
IFRS 16 Leases	This new standard requires lessees to recognise nearly all leases on the balance sheet that will reflect their right to use an asset for a period of time; and the associated liability for payments. This standard will improve a lessee's EBITDA (earnings before interest, taxes, depreciation and Amortization), but also involve significant judgement as to what a lease is and what should be classified as a lease. This also sheds more light to what represents contingent rental payments and separating out the rental element from various service components of the lease.	<p>The actual impact of applying IFRS 16 of the financial statements in the period of initial application will depend on future economic conditions, including the Group's borrowing rate at 1 January 2019, the composition of the Group's lease portfolio at that date, the Group's latest assessment of whether it will exercise any lease renewal options and the extent to which the Group chooses to use practical expedients and recognition exemptions. In addition, the nature of expenses related to operating leases will now change as IFRS 16 replaces the straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities.</p> <p>No significant impact is expected for the Group consolidated financial statements resulting from the application of IFRS 16.</p>

2.2 Significant accounting policies

The group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements.

(a) Consolidation

The Group defines the principle of control and establishes control as the basis for determining which entities are consolidated in the group financial statements.

The Group controls an investee entity when it is exposed, or has rights, to variable returns from its involvement with the investee entity and has the ability to affect those returns through its power over the investee entity. The Group applies the following three elements of control as set out by the principle of control in assessing

- (a) power over the investee entity;
- (b) exposure, or rights, to variable returns from involvement with the investee entity; and
- (c) the ability to use power over the investee to affect the amount of the investor's returns.

(b) Consolidated structured entities

(i) Subsidiaries

Subsidiaries are all entities over which the group exercises control.

The financial statements of subsidiaries are consolidated from the date the Group acquires control, up to the date that such effective control ceases.

(ii) Transactions eliminated on consolidation

Inter-company transactions, balances and unrealised gains on transactions between companies within the Group are eliminated on consolidation. Unrealised losses are also eliminated in the same manner as unrealised gains, but only to the extent that there is no evidence of impairment. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investment in subsidiaries in the separate financial statement of the parent entity is measured at cost less impairment.

(iii) Business combinations

The Group applies the acquisition method to account for Business Combinations and acquisition-related costs are expensed as incurred.

The consideration transferred in the acquisition is generally measured at fair value as are the identifiable net assets acquired.

If the business combination is achieved in stages, fair value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in compliance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

(iv) Non-controlling interests

Non-controlling Interest (NCI) are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date.

(v) Changes in ownership interests in subsidiaries without change in control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity between retained earnings and Non controlling interests. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(vi) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss. The Group derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, which is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Management Underwriting and Investment Committee (MUIIC) that makes strategic decisions.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The consolidated financial statements are presented in thousands of Naira (NGN) which is the Group's presentation currency.

(ii) Transactions and balances

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 profit or loss.

Monetary items denominated in foreign currency are translated using the closing rate as at the reporting date. Non-monetary items measured at historical cost denominated in a foreign currency are translated with the exchange rate as at the date of initial recognition; non-monetary items (investment property) in a foreign currency that are measured at fair value are translated using the closing rate as at the date when the fair value was determined.

Foreign exchange gains and losses are presented in the income statement within 'Net losses/gains on financial instruments'.

In the case of changes in the fair value of monetary assets denominated in foreign currency classified as available-for-sale, a distinction is made between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit and loss are recognised in the income statement as part of net gain/loss on financial assets. Translation differences on non-monetary financial assets such as equities classified as available for sale are included in other comprehensive income.

(iii) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate on the reporting date;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

(e) Financial assets

Recognition and measurement of financial assets

The Group initially recognises loans and receivables on the date on which they are originated.

Regular-way purchases and sales of financial assets are recognised on trade-date which is the date on which the Group becomes a party to the contractual provisions of the instrument.

Financial assets are initially recognised at fair value, plus transaction costs that are directly attributable to its acquisition or issue (for all financial assets not initially recognised at fair value through profit or loss). Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value.

Loans and receivables and held-to-maturity financial assets are carried at amortised cost using the effective interest method.

Initial recognition of pledged assets is at fair value, whilst subsequent measurement is based on the classification and measurement of the financial asset in

Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement in the period in which they arise.

Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the Group's right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in other comprehensive income are included in the income statement as net realised gains on financial assets.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement. Dividends on available-for-sale equity instruments are recognised in the income statement when the Group's right to receive payments is established. Both are included in the investment income line.

Financial assets are classified into the following categories: fair value through profit and loss, loans and receivables, held-to-maturity and available-for-sale. The classification by the Group is determined by management at initial recognition and depends on the purpose for which the investments were acquired.

Classification of financial assets

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

Held for trading

A financial asset is classified into the held for trading category if acquired principally for the purpose of selling in the short term, if it forms part of a portfolio of financial assets in which there is evidence of short-term profit-taking.

Financial assets designated at fair value through profit or loss upon initial recognition

Other financial assets designated as at fair value through profit or loss at initial recognition are those that are:

- Separate assets held to match insurance and investment contracts liabilities that are linked to the changes in fair value of these assets. The designation of these assets to be at fair value through profit or loss eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as 'an accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; and

- Managed and whose performance is evaluated on a fair value basis. Information about these financial assets is provided internally on a fair value basis to the Group's key management personnel. The Group's investment strategy is to invest in equity and debt securities and to evaluate them with reference to their fair values. Assets that are part of these portfolios are designated upon initial recognition at fair value through profit or loss.

(ii) Loans and receivables

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

- those that the Group intends to sell in the short term which are declassified as fair value through profit or loss and those that the group upon initial recognition designates as fair value through profit or loss.
- those that the Group upon initial recognition designates as Available for Sale
- those for which the holder may not recover substantially all of its initial loans and receivables other than because of credit risk. Loans and receivables include trade receivables, reinsurance assets and other receivables (financial assets).

Trade receivables

These are non-derivative financial assets with fixed determinable payments that are not quoted in an active market. After initial recognition, they are measured at amortised cost using the effective interest method less impairment. Discounting is omitted where the effect of discounting is immaterial. Trade receivables are made up of premium receivables and coinsurance receivables.

- Premium receivables relate to receivables from agents, brokers and insurance companies in respect of premium income.

- Coinsurance recoverables relate to only claims recoverables from reinsurers for claims settled to policy holders on behalf of reinsurers based on agreed terms.

Reinsurance assets

The Company cedes businesses to reinsurers in the normal course of business for the purpose of limiting its net loss potential through the transfer of risks. Reinsurance arrangements do not relieve the Company from its direct obligations to its policyholders. Reinsurance assets are measured at amortised costs. Reinsurance assets relate to prepaid reinsurance, reinsurers' share of IBNR claims and claims recoverables.

Other receivables

Other receivables are made up of other amounts due from parties which are not directly linked to insurance or investment contracts. These are measured at amortised costs. Discounting is omitted where the effect of discounting is immaterial.

(iii) Held-to-maturity financial assets

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

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

Interest income on held-to-maturity investments are included in the consolidated income statement and are reported as interest income. In the case of an impairment, it is reported as a deduction from the carrying value of the investment and recognised in the consolidated income statement as 'Net gains/(losses) on financial assets'. Held-to-maturity investments are largely bonds.

(iv) Available-for-sale financial assets

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

Determination of fair value of financial assets

For financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on the market approach (transaction price paid for an identical or a similar instrument). This includes listed equity securities and quoted debt instruments on major exchanges.

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

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

For more complex instruments the Group uses internally developed models which are usually based on valuation models and techniques generally recognised as standard within the industry. Valuation models are used primarily to value unlisted debt securities for which markets were or have become illiquid. Some of the inputs to these models may not be market observable and therefore estimated based on assumptions. The impact of financial instruments valuation reflecting non-market observable inputs (Level 3 valuations) is disclosed in the note to the financial statements.

Reclassification of financial assets

Financial assets other than loans and receivables are permitted to be reclassified out of the held-for-trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near-term. In addition, the Group may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories if the Group has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Financial assets classified as held to maturity can be reclassified as available for sale assets. In making this reclassification, the entire portfolio becomes tainted and the group cannot designate any instrument as held to maturity for the next two years after a sale or reclassification. Fair values changes upon tainting of the HTM portfolio are recognised in Other Comprehensive income prospectively.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

Impairment of financial assets

(a) Financial assets carried at amortised cost

The Group assesses at each end of the reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Group about the following events:

- Trade receivables are outstanding for more than 30 days
- Reinsurance recoverable outstanding more than 90 days
- Significant financial difficulty of the issuer or debtor;
- A breach of contract, such as a default or delinquency in payments;
- It becoming probable that the issuer or debtor will enter bankruptcy or other financial re-organisation;
- The disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the estimated future cash flow from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the Group.

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

If there is objective evidence that an impairment loss has been incurred on loans and receivables or held-to-maturity investments 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 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 the income statement. If a held-to-maturity investment or a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under contract. The Group may measure impairment on the basis of an instrument's fair value using an observable market price.

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 improved credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the income statement.

The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

When the financial asset at amortised cost is uncollectible, it is written off against the related allowance for 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 Investment securities are classified as net gains/loss of financial assets while those on receivables are classified as operating expenses.

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. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

(b) Assets classified as available for sale

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is an objective evidence of impairment resulting in the recognition of an impairment loss. In this respect, a period of 12 months or longer is considered to be prolonged. If any such quantitative evidence exists for available-for-sale financial assets, the asset is considered for impairment, taking qualitative evidence into account. The cumulative loss measured as: the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss is removed from equity and recognised in the consolidated income statement. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement.

If in a subsequent period the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the consolidated income statement.

Derecognition of financial assets

A financial asset is derecognised if either the entity has transferred contractual rights to receive cash flows from the asset or if the entity has retained the contractual rights to receive the cash flows from the asset but has assumed a contractual obligation to pass on the cash flows under an arrangement that meets the conditions stated below:

- the entity has no obligation to pay amounts to the eventual recipient unless it collects equivalent amounts on the original asset
- the entity is prohibited from selling or pledging the original asset other than as security to the eventual recipient
- the entity has an obligation to remit those cash flows without material delay

A financial liability shall be derecognised when the obligation specified in the contract is either discharged, cancelled or expired.

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.

(f) Investment property

Property held for rental yields and capital appreciation that is not occupied by the companies in the Group is classified as investment property.

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

Changes in fair values are recorded in the income statement. Property located on land that is held under an operating lease is classified as investment property as long as it is held for long-term rental yields and is not occupied by the companies in the consolidated Group. The initial cost of the property shall be the fair value (where available). When not available the initial cost shall be used. The property is carried at fair value after initial recognition.

Properties could have dual purposes whereby part of the property is used for own activities. The portion of a dual use property is classified as an investment property only if it could be sold or leased out separately under a finance lease or if the portion occupied by the owner is immaterial to the total lettable space. Currently, the group occupies less than 10% of the lettable space (264sqm out of 6,902sqm). The portion of the investment property occupied by the owner is considered immaterial to the total lettable space and to the value of the investment property.

(g) Intangible assets

Intangible assets represents cost associated with the acquisition of software and inherent goodwill on business combination.

(i) Computer software

Software acquired by the Group is measured at cost less accumulated amortization and any accumulated impairment losses.

Costs associated with maintaining computer software programmes are recognised as an expense when incurred.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and use or sell it;
- There is an ability to use or sell the software product;
- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- The expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs, capitalised borrowing costs and an appropriate portion of directly attributable overheads. Internally developed software is stated at capitalized cost less accumulated amortization and any accumulated impairment losses.

Other development expenditures that do not meet these criteria are recognised as an expense when incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific assets to which it relates.

Computer software development costs recognised as assets are amortised over their useful lives, which does not exceed five years. The residual values and useful lives are reviewed at the end of each reporting period and are adjusted as appropriate.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates. Amortization is calculated to write off the cost of intangible assets less their estimated residual values using the straight line method over their useful lives, and is generally recognised in profit or loss. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(ii) Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Group's interest in the fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGU's or groups of CGUs, that is expected to benefit from the synergies of the combination. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(iii) License fee

The Group applies the cost model in recognising intangible assets acquired in a business combination. Licenses acquired in a business combination are recognised at fair value at the acquisition date. Subsequently, they are carried at cost less accumulated amortisation and impairment losses. Licenses acquired in a business combination are amortised on a straight line basis over a period of 25 years.

(h) Property and equipment

Land and buildings comprise mainly outlets and offices occupied by the Group.

Land is carried at cost. All other property and equipment are stated at historical cost less accumulated depreciation and accumulated impairment charges. Historical cost includes borrowing cost and all other expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on property and equipment is calculated using the straight-line method to allocate the cost less the residual values over the estimated useful lives as follows.

-Building	50 years
-Vehicles	5 years
-Branding, furniture and fittings and equipment	2- 5 years
-Computer equipment	3 years

Leasehold improvements are depreciated over the lower of the useful life of the asset and the lease term.

The assets residual values and useful lives are reviewed at the end of each reporting period and adjusted if appropriate.

An asset's carrying amount is written down immediately to its recoverable amount, if the asset's carrying amount is greater than its estimated recoverable amount.

Property and equipment are derecognised at the disposal date or at the date when it is permanently withdrawn from use without the ability to be disposed of. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These are included within other income in the Statement of Comprehensive Income.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

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

(i) Statutory deposit

Statutory deposit represents 10% of the paid up capital of the Company deposited with the Central Bank of Nigeria (CBN) in pursuant to Section 10(3) of the Insurance Act, 2003. Statutory deposit is measured at cost.

(j) Insurance contracts

The Group issues contracts that transfer insurance risk or financial risk or both. Insurance contracts are those contracts where a party (the policy holder) transfers significant insurance risk to another party (insurer) and the latter agrees to compensate the policyholder or other beneficiary if a specified uncertain future event (the insured event) adversely affects the policyholder, or other beneficiary. Such contracts may also transfer financial risk when the insurer issues financial instruments with a discretionary participation feature.

(1) Types of Insurance Contracts

The group classifies insurance contract into life and non-life insurance contracts.

(i) Non-life insurance contracts

These contracts are accident and casualty and property insurance contracts.

Accident and casualty insurance contracts protect the Group's customers against the risk of causing harm to third parties as a result of their legitimate activities. Damages covered include both contractual and non-contractual events. The typical protection offered is designed for employers who become legally liable to pay compensation to injured employees (employers' liability) and for individual and business customers who become liable to pay compensation to a third party for bodily harm or property damage (public liability).

Property insurance contracts mainly compensate the Group's customers for damage suffered to their properties or for the value of property lost. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the insured properties in their business activities (business interruption cover).

Non-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. 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. There are no maturity or surrender benefits.

(ii) Life insurance contracts

These contracts insure events associated with human life (for example, death). These are divided into the individual life, group life and Annuity contracts.

-Individual life contracts are usually long term insurance contracts and span over one year while the group life insurance contracts usually cover a period of 12 months. A liability for contractual benefits that are expected to be incurred in the future 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 liability is based on assumptions as to mortality, persistency, maintenance expenses and investment income that are established at the time the contract is issued.

-Annuity contracts

These contracts insure customers from consequences of events that would affect the ability of the customers to maintain their current level of income. There are no maturity or surrender benefits. The annuity contracts are fixed annuity plans. Policy holders make a lump sum payment recognised as part of premium in the period when the payment was made. Constant and regular payments are made to annuitants based on terms and conditions agreed at the inception of the contract and throughout the life of the annuitants. The annuity funds are invested in long tailed government bonds and reasonable money markets instruments to meet up with the payment of monthly/quarterly annuity payments. The annuity funds liability is actuarially determined based on assumptions as to mortality, persistency, maintenance expenses and investment income that are established at the time the contract is issued.

(2) Recognition and measurement

(i) Non-life insurance contracts premium and claims

These contracts are accident, casualty and property insurance contracts. Accident and casualty insurance contracts protect the Group's customers against the risk of causing harm to third parties as a result of their legitimate activities. Damages covered include both contractual and non-contractual events. The typical protection offered is designed for employers who become legally liable to pay compensation to injured employees (employers' liability) and for individual and business customers who become liable to pay compensation to a third party for bodily harm or property damage (public liability). Property insurance contracts mainly compensate the Group's customers for damage suffered to their properties or for the value of property lost. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the insured properties in their business activities. 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. 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 insured. There are no maturity or surrender benefits.

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 relates to unexpired risks at the reporting date is reported as the unearned premium liability. Premiums are shown before deduction of commission.

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, and to estimate the expected ultimate cost of more complex claims that may be affected by external factors (such as court decisions).

(ii) Life insurance contracts premium and claims

Premiums are recognised as revenue when they become payable by the contract holders. Premium are shown before deduction of commission. Life insurance premium are recognised as premium in the statement of comprehensive income. Claims and other benefits are recorded as an expense when they are incurred.

(iii) Annuity premium and claims

Annuity premiums relate to single premium payments and recognised as earned premium income in the period in which payments are received. Claims are made to annuitants in the form of monthly/quarterly payments based on the terms of the annuity contract and charged to income statement as incurred. Premiums are recognised as revenue when they become payable by the contract holders. Premium are shown before deduction of commission.

(iv) Salvages

Some non-life insurance contracts permit the Group to sell (usually damaged) property acquired in the process of settling a claim. The Group may also have the right to pursue third parties for payment of some or all costs of damages to its clients property (i.e. subrogation right).

Salvage recoveries are used to reduce the claim expense when the claim is settled.

(v) Subrogation

Subrogation is the right for an insurer to pursue a third party that caused an insurance loss to the insured. This is done as a means of recovering the amount of the claim paid to the insured for the loss. A receivable for subrogation is recognised in other assets when the liability is settled and the Company has the right to receive future cash flow from the third party.

(vi) Deferred policy acquisition costs (DAC)

Acquisition costs comprise all direct and indirect costs arising from the writing of both life and non-life insurance contracts. Deferred acquisition costs represent a proportion of commission which are incurred during a financial period and are deferred to the extent that they are recoverable out of future revenue margins. For the non life business, it is calculated by applying to the acquisition expenses the ratio of unearned premium to written premium; while no assets are established in respect of deferred acquisition cost for the life business.

(vii) Deferred income

Deferred income represent a proportion of commission received on reinsurance contracts which are booked 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 reinsurance commission income the ratio of prepaid reinsurance to reinsurance cost.

(viii) 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 companies (as coinsurers) and reinsurance companies.

-Receivables and payables to agents, brokers and insurance companies (as coinsurers)

The company's receivables and payables to agents, brokers and insurance companies (as coinsurers) relate to premium and commission.

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. The Group gathers the objective evidence that an insurance receivable is impaired using the same methodology adopted for financial assets held at amortised cost. The impairment loss is calculated under the same method used for these financial assets.

- Reinsurance and coinsurance contracts held

Contracts entered into by the Group with reinsurers and that meet the classification requirements for insurance contracts are classified as reinsurance contracts held. Contracts that do not meet these classification requirements are classified as financial assets.

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. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due. The Group has the right to set-off re-insurance payables against amount due from re-insurance and brokers in line with the agreed arrangement between both parties.

The Group assesses its reinsurance assets for impairment on a quarterly basis. If there is objective evidence that the reinsurance asset is impaired, the Group reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the income statement. The Group gathers the objective evidence that a reinsurance asset is impaired using the same process adopted for financial assets held at amortised cost. The impairment loss is calculated using the number of days that the receivable has been outstanding.

(k) Investment contracts

Investment contracts are those contracts that transfer financial risk with no significant insurance risk. Investment contracts can be classified into interest linked and unitised fund. Interest linked investment contracts are measured at amortised cost while unitised funds are measured at fair value.

Investment contracts with guaranteed returns (interest linked) and other business of a savings nature are recognised as liabilities. Interest accruing to the life assured from investment of the savings is recognised in the profit and loss account in the year it is earned while interest paid and due to depositors is recognised as an expense. The net result of the deposit administration revenue account is transferred to the income statement of the group. Unitised funds contracts sell units under seven portfolios with the value of each unit determined by the value of the underlying assets for each portfolio.

(l) Technical reserves

These are computed in compliance with the provisions of Sections 20, 21, and 22 of the Insurance Act 2003 as follows:

(i) 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).

(ii) 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 or as at reporting period end.

Liability adequacy test

At each end of the reporting period, liability adequacy tests are performed by an Actuary to ensure the adequacy of the contract liabilities net of related DAC assets. In performing these tests, current best estimates of future contractual cash flows and claims handling and administration expenses, as well as investment income from the assets backing such liabilities, are used. Any deficiency is immediately charged to profit or loss initially by writing off DAC and by subsequently establishing a provision for losses arising from liability adequacy tests "the unexpired risk provision".

(m) Financial liabilities

(i) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction cost of the loan to the extent that it is probable that some or all of the facility will be drawn down. The fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liabilities for at least 12 months after the date of the statement of financial position.

Borrowing costs are interest and other costs incurred by the Group directly attributable to the acquisition and construction of qualifying assets which are assets that necessarily take a substantial period of time to get ready for its intended use or sale.

Borrowing costs are capitalized as part of the cost of a qualifying asset only when it is probable that they will result in future economic benefits to the Group and the costs can be measured reliably. Other borrowing costs are recognised as an expense in the period in which they are incurred.

When the carrying amount or the expected ultimate cost of the qualifying asset exceeds its recoverable amount or net realizable value, the carrying amount is written down or written off. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(ii) Trade and other payables

Trade and other payables 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.

(iii) Financial guarantee contracts

Financial guarantees are contracts that require the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in compliance with the original or modified terms of a debt instrument.

Financial guarantee liabilities are initially recognised at their fair value, which is the premium received, and then amortised over the life of the financial guarantee. Subsequent to initial recognition, the financial guarantee liability is measured at the higher of the present value of any expected payment and the unamortised premium when a payment under the guarantee has become probable. Financial guarantees are included within other liabilities.

(n) Provisions

Provisions 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 has been reliably estimated. 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.

(o) Current and deferred income tax

The tax expense for the period comprises current tax (company income tax, tertiary education tax) and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at 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.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred income tax 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, it is not accounted for. 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 to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

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

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 tax 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 remeasurement of available-for-sale investments, which are charged or credited directly in other comprehensive income, is also credited or charged directly to other comprehensive income and subsequently recognised in the consolidated income statement together with the deferred gain or loss.

(p) Equity

(i) Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax.

Where any member of the Group purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is reported as a separate component of equity attributable to the Company's equity holders. Where such shares are subsequently sold, reissued or otherwise disposed of, any consideration received is included in equity attributable to the Company's equity holders, net of any directly attributable incremental transaction costs and the related income tax effects.

(ii) Repurchase and re-issue of ordinary shares (treasury shares)

When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, net of tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the treasury shares reserve. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity and the resulting surplus or deficit on the transaction is presented within share premium.

(iii) Equity-linked compensation plans

The group operates an equity share-based compensation plans. The fair value of equity-settled share options is determined on the grant date and accounted for as staff costs over the vesting period of the share options, with a corresponding increase in equity. At the end of each reporting period, the group revisits its estimates of the number of options that are expected to vest based on the non market and service conditions. It recognises the impact of the revision to initial estimates, if any, in the income statement with a corresponding adjustment to equity. On vesting of share options, amounts previously credited to the share-based payment reserve are transferred to retained earnings through an equity transfer. On exercise of equity-settled share options, proceeds received are credited to share capital and premium.

(iv) Contingency reserves

(a) Non-life business

In compliance with Section 21 (2) of Insurance Act 2003, the contingency reserve is credited with the greater of 3% of total premiums, or 20% of the net profits. This shall accumulate until it reaches the amount of greater of minimum paid-up capital or 50% of net premium.

(b) Life business

In compliance with Section 22 (1) (b) of Insurance Act 2003, the contingency reserve is credited with the higher of 1% of gross premiums or 10% of net profit.

(v) Dividends

Dividend on the Company's ordinary shares are recognised in equity in the period in which they are approved by the Company's shareholders. Dividend distribution to the Company's shareholders is recognised as equity in the financial statements in the period in which the dividend is paid to the Company's shareholders.

(q) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period excluding treasury shares held by the Company.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares which comprise share options granted to staff.

(r) Revenue recognition

Revenue comprises premium, value for services rendered, net of value-added tax, after eliminating revenue within the Group. Revenue classes are recognised as follows:

(a) Premium income: for short duration life insurance contracts, premiums are 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 reporting 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. 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.

(b) Rendering of services: Revenue arising from asset management and other related services offered by the Group are recognised in the accounting period in which the services are rendered. Fees consist primarily of investment management fees arising from services rendered in conjunction with the issue and management of investment contracts where the Group actively manages the consideration received from its customers to fund a return that is based on the investment profile that the customer selected on origination of the instrument.

These services comprise the activity of trading financial assets and derivatives 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.

In all cases, these services comprise an indeterminate number of acts over the life of the individual contracts. For practical purposes, the Group recognises these fees on a straight-line basis over the estimated life of the contract. Certain upfront payments received for asset management services ('front-end fees') are deferred and amortised in proportion to the stage of completion of the service for which they were paid.

The Group charges its customers for asset management and other related services using the following different approaches:- Front-end fees are charged to the client on inception. This approach is used particularly for single premium contracts. The consideration received is deferred as a liability and recognised over the life of the contract on a straight-line basis; and Regular fees are charged to the customer periodically (monthly, quarterly or annually) either directly or by making a deduction from invested funds. Regular charges billed in advance are recognised on a straight-line basis over the billing period; fees charged at the end of the period are accrued as a receivable that is offset against the financial liability when charged to the customer.

(c) Dividend income: dividend income for available-for-sale equities is recognised when the right to receive payment is established, this is the ex-dividend date for equity securities. They are reported within other income.

(d) Net gains/(losses) on financial assets

Net realised gains/(losses) on financial assets comprises gains less losses related to trading and available-for-sale investment, and includes all realised and unrealised fair value changes and foreign exchange differences and realised gain or loss on available-for-sale investment.

(e) Net fair value gain on non financial assets

Net fair value gain on non financial assets at fair value represents fair value gains on the Group's non financial instruments such as investment property.

(s) Changes in life fund estimates

Actuarial valuation of the life fund is conducted annually to determine the net liabilities on the existing policies and the adequacy of the assets representing the insurance fund as at the date of valuation. All deficits arising therefrom are charged to the income statement.

(t) Investment income

Interest income and expenses for all interest-bearing financial instruments including financial instruments measured at fair value through profit or loss, are recognised within investment income and finance cost respectively 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.

(u) Operating expenditure

(i) Reinsurance expenses

Reinsurance cost represents outward premium paid to reinsurance companies less the unexpired portion as at the end of the accounting year.

(ii) 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, supervisory levy, superintending fees and other technical expenses. Other underwriting expenses are those incurred in servicing existing policies/contract. These expenses are charged in the accounting year in which they are incurred.

(iii) Other operating expenses

Other expenses are expenses other than claims expenses, employee benefit, expenses for marketing and administration and underwriting expenses. They include wages for contract staff, professional fee, depreciation expenses and other non-operating expenses. Other operating expenses are accounted for on accrual basis and recognised in the income statement upon utilization of the service.

(iv) Employee benefits

(a) Defined contribution plans

The Group operates a defined contributory pension scheme for eligible employees. Employees and the Group contribute 7.5% and 10.5% respectively of each qualifying staff's salary in line with the provisions of the Pension Reform Act 2014. The Group pays contributions to pension fund administrators 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. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) Short-term benefits

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

(c) Share based payment

(i) Equity-settled share based payment

The grant date fair value of equity-settled share-based payments awards granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related services and unobservable performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and unobservable performance conditions at the vesting date. For share-based payment awards with non vesting conditions, the grant date fair value of the share based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

(ii) *Cash-settled share based payment*

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognised as an expense, with a corresponding increase in liabilities, over the period in which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the share appreciation rights. Any changes in the fair value of the liability are recognised in profit or loss.

(d) *Termination benefits*

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring if benefits are not expected to be settled wholly within the 12 months of the reporting date, then they are discounted.

(v) **Leases**

(a) *Determining whether an arrangement contains a lease*

At inception of an arrangement, the Group determines whether the arrangement is or contains a lease. At inception or on reassessment of an arrangement that contains a lease, the Group separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Group's incremental borrowing rate.

(b) *Leased assets*

Leases of property, plant and equipment that transfer to the Group substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset. Assets held under other leases are classified as operating leases and are not recognised in the Group's statement of financial position.

(c) *Lease payments*

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The group leases some welcome centers and branches under the operating lease arrangement. The lease payments are recognised as an expense in the income statement over the lease term.

Notes to the financial statements

2.3 Critical accounting estimates and judgments

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the financial year. Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Fair value of financial assets

(i) Impairment of available-for-sale equity financial assets

The Group determines that available-for-sale equity financial assets 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 judgment. In making this judgment, the Group evaluates among other factors, the normal volatility in share price, the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flow. In this respect, a decline of 20% or more is regarded as significant, and a period longer than 12 months is considered to be prolonged. If any such quantitative evidence exists for available-for-sale financial assets, the asset is considered for impairment, taking qualitative evidence into account. For the year ended 31 December 2017, if the decline in the value of the AFS equity instruments were considered prolonged, an impairment of N67 million (2016: N60 million) would have been adjusted for in the Statement of Comprehensive Income.

(ii) Fair value of unquoted equity financial instruments

The fair value of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using the income approach. In these cases the fair values are estimated from observable data using valuation models. The models used to determine fair values are validated and periodically reviewed by qualified personnel independent of those that sourced them. All models are certified before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

(b) Liabilities arising from insurance contracts

(i) Claims arising from non-life insurance contracts

Claims on non-life insurance contracts are payable on a claims-occurrence basis. The Group is liable for all insured events that occur during the term of the contract. There are several variables that affect the amount and timing of cash flows from these contracts. These mainly relate to the inherent risks of the business activities carried out by individual contract holders and the risk management procedures adopted. The estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected subrogation value and other recoveries. The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. A sensitivity analysis was done to determine how the IBNR reserve amount would change if we were to consider the 75th percentile as opposed to the best estimate figures included in the reserve reviews as at 31 December 2017 and an additional gross provision of N72 million (2016: N229 million) would have been reported.

(ii) Liabilities arising from life insurance contracts

The liabilities for life insurance contracts are estimated using appropriate and acceptable base tables of standard mortality according to the type of contract being written. Management make various assumptions such as expenses inflation, valuation interest rate, mortality and further mortality improved in estimating the required reserves for life contracts. However if the group should change its basis for mortality by -5%, the group would have recognised an actuarial valuation surplus of N3.9 million (2016: N622,000) in the Statement of Comprehensive Income.

(c) Impairment for receivables

The Group tests periodically whether premium receivables have suffered any impairment. With this policy, all premium transactions are paid for immediately except in the case of brokered transactions. For brokered transactions, the period is extended for 30 days if credit notes have been received from the broker. If all insurance receivables within 30 days and reinsurance receivables within 90 days were deemed as impaired, a total impairment of N62 million (2016: N98 million) would have been recognised in the income statement See note 10.1 (a) for details.

(d) Intangibles (goodwill)

Goodwill represents the cost of acquisition less the aggregate of the fair value of the purchased entity's identifiable net assets and liabilities. Goodwill has been recognised by the group at the acquisition of AXA Mansard Pensions Limited (formerly Penman Pensions Limited) in 2015 and AXA Mansard Health Limited in 2013. Additional judgments and assumptions are as disclosed in note 17(b)ii. Based on the impairment assessment carried out as at 31 December 2017, no charge has been recognised. See note 17 for details of the sensitivity performed for goodwill.

(e) Investment property

The Group's Investment property -Mansard Place- is accounted for in the books of APD Limited. The property was valued using the income approach. The valuation was based on market data such as discount rates, rental risk and reversionary rates. Management estimated the market value of the leasehold interest based on the highest and best use of the property.

(f) Share based payments

The Group measures the cost of equity settled transactions using fair value of the equity instrument at the grant date. The estimation of the fair value requires the determination of the most appropriate model which is dependent on the terms of the grant. The estimate also requires making assumption on the most appropriate inputs for the valuation model on items such as expected life of the share option, volatility and dividend yield. The assumptions used in estimating the fair value of the share based payments have been disclosed in Note 46.

Notes to the financial statements

(g) Current income tax

General Business:

The current income tax charge is calculated on taxable income on the basis of the tax laws enacted or substantively enacted at the reporting date. The Company applies Section 16 of the Company Income Tax Act. It states that an Insurance business shall be taxed as:

- an insurance company, whether proprietary or mutual, other than a life insurance company; or
- a Nigerian company whose profit accrued in part outside Nigeria,

the profit on which tax may be imposed, shall be ascertained by taking the gross premium interest and other income receivable in Nigeria less reinsurance and deducting from the balance so arrived at, a reserve fund for unexpired risks at the percentage consistently adopted by the company in relation to its operation as a whole for such risks at the end of the period for which the profits are being ascertained, subject to the limitation below:

An insurance company, other than a life insurance company, shall be allowed as deductions from its premium the following reserves for tax purposes.

(a) for unexpired risks, 45 percent of the total premium in case of general insurance business other than marine insurance business and 25 percent of the total premium in the case of marine cargo insurance;

(b) for other reserves, claims and outgoings of the company an amount equal to 25 percent of the total premium.

Life:

The current income tax charge is calculated on taxable income on the basis of the tax laws enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividend.

Minimum tax

The Company is subject to the Companies Income Tax Act (CITA). Total amount of tax payable under CITA is determined based on the higher of two (2) components namely Company income tax (based on taxable income (or loss) for the year; and Minimum tax (determined based on the sum of the highest of 0.25% of revenue of N500,000, 0.5% of gross profit, 0.25% of paid up share capital and 0.5% of net assets and 0.125% of revenue in excess of N500,000). Taxes based on taxable profit for the year are treated as current income tax in line with IAS 12; whereas taxes which are based on gross amounts are outside the scope of IAS 12 and therefore are disclosed separately.

Where the minimum tax is higher than the Company Income Tax (CIT), a hybrid tax situation exists. In this situation, the CIT is recognized in the income tax expense line in the profit or loss and the excess amount is presented above income tax line as minimum tax.

Non life Business and Life Actuarial Valuation**Non life business Reserving**

AXA Mansard Insurance Plc ("AXA Mansard") commissioned QED Actuaries & Consultants to calculate non life business reserves as at 31 December 2017.

The eight (8) classes of business that were reviewed are Aviation, Oil and Energy, Engineering, Fire, General Accident, Marine Cargo, Marine Hull and Motor.

The reserves have been analysed gross of reinsurance. However, reserves net of reinsurance have been estimated based on historical risk retention.

Reserving methodology

Depending on the volume of data in the class of business, either the Basic Chain Ladder or Loss Ratio method was used in estimating the reserves. In more recent years, and where the claim development seemed slower than in the past, a Bornhuetter – Ferguson ("BF") method was used based on expected loss ratios.

For the Engineering, Oil and Energy, Fire and Marine Hull classes of business, claims paid data was sub-divided into large and attritional claims to allow for the appropriate calculation of the reserves. Large claims are expected to behave differently from the attritional claims in terms of reporting delays and development. The limits used for the classifications are given below:

Class	Large Claim Definition (N'000)
Engineering	100,000
Marine Hull	200,000
Fire	300,000

Claims of such a large nature are expected to have a very short reporting delay, and as such, no new large claims are expected to be reported. For this reason, it was assumed that a pure Incurred But Not Reported (IBNR) reserve would not be necessary for these large claims. However, Incurred But Not Enough Reported (IBNER) would be an important consideration for these claims. The methodology for reserving for the large losses is therefore solely based on estimating the IBNER.

The methodologies governing the attritional claim reserve calculations are described below:**Basic Chain Ladder Method (BCL)**

Development factors were calculated using the last 3 to 9 years' of data by accident period. Ultimate development factors were calculated for each of the permutations and judgment was applied in the selection of these factors.

Ultimate development factors were then applied to the paid data per accident period and an ultimate claim amount is calculated. The future claims (the ultimate claim amount less paid claims to date) were 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 period.

$$\begin{aligned}
 \text{IBNR} = & \text{ultimate claim amount (excl. extreme large losses)} \\
 & \text{minus paid claims to date} \\
 & \text{minus claims outstanding (excl. extreme large losses)}
 \end{aligned}$$

Assumptions underlying the BCL

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

An implicit assumption is that, for an immature accident year, the claims observed thus far tell 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

There was limited data for some of the classes. A BCL method was therefore inappropriate. We allowed for expected experience to date and the average assumed ultimate loss ratio in carrying out the calculation.

$$\begin{aligned}
 \text{IBNR} = & \text{expected average ultimate annual loss ratio} \\
 & \text{multiplied by earned premium} \\
 & \text{minus experience to date}
 \end{aligned}$$

Assumptions underlying the Loss Ratio Method

An estimate of the average ultimate loss ratio needed to be assumed. We based the loss ratios off of experience that has been seen to date in previous accident years.

Unearned Premium Reserve (UPR) and Deferred Acquisition Cost (DAC)

The unearned premium reserve and deferred acquisition cost were calculated using a time-apportionment basis, in particular, the 365ths method. In the calculations, it was assumed that both the start and end date were included in the coverage period.

Sensitivity Analysis

A sensitivity analysis was done to determine how the IBNR reserve amount would change if we were to consider the 75th percentile and 90th percentile as opposed to our best estimate figures (which would represent the 50th percentile) included in reserve reviews as at 31 December 2017. The 75th percentile is a generally accepted level of prudence. This analysis was only done on the attritional IBNR as there was not enough data to determine the percentiles for the large claims. For the classes that were modelled using triangulations, bootstrapping was applied to determine the 75th and 90th percentile reserves. For the other classes, namely Aviation and Energy, a more simplistic approach was applied.

The results of the P&C IBNR reserves as at 31 December 2017 at a 75th percentile indicated an increase of 4.3% from an actual reserve figure of ₦1,671,022,511 to ₦1,742,737,578. At the 90th percentile, the reserves are expected to increase by 10.9%.

In conclusion, there is only a 25% chance that the IBNR reserves required by AXA Mansard Insurance plc. will exceed ₦1,742,737,578 and only a 10% chance that IBNR will exceed ₦1,853,467,445 respectively as at 31 December 2017.

	Gross IBNR - Attritional Reserves		
	Best Estimate	75th Percentile	90th Percentile
Aviation	16,854,172	17,575,405	18,008,146
Energy	288,098,640	288,098,640	288,098,640
Engineering	202,777,887	220,288,926	251,961,361
Fire	570,994,185	582,964,787	602,914,343
General Accident	148,481,724	154,038,721	160,700,296
Marine Cargo	40,822,859	48,911,205	63,893,551
Marine Hull	47,996,209	57,505,831	75,120,860
Motor	354,996,835	373,354,063	392,770,248
	1,671,022,511	1,742,737,578	1,853,467,445

Life & Savings Reserving**Valuation methods****Individual Life**

Individual risk business comprises whole life assurances, credit life business, term assurances of various descriptions, including mortgage protection and annuity. For all individual risk business the gross premium method of valuation was adopted.

Reserves were calculated via a cashflow projection approach, taking into account future office premiums, expenses and benefit payments including an

allowance for rider benefits and surrenders where applicable. Future cashflows were discounted back to the valuation date at the valuation rate of interest.

The reserve for the individual deposit based policies has been taken as the amount standing to the credit of the policyholders at the valuation date. Where policies have active life cover this has been valued using a cashflow projection approach as described above for other risk business.

Mansard Yello is a daily (or weekly) renewable term assurance product that operates in partnership with a mobile network provider. The product operates on an automatic no-premium-no-cover, at a fixed premium and benefit level (unit rate). We will hold the half of active premium (the day or week premium in force at the valuation date) as a UPR provision. The IBNR reserve will be estimated using a loss ratio approach, where the expected loss is based on the UK mortality table at an assumed average portfolio age of 40 years. A delay period of 2 days will be assumed (the maximum claim notification period for the plan is 30 days).

Annuity

Annuities are reserved for using a discounted cash flow approach. Here, reserves were set equal to the present value of future annuity payments plus expenses, with allowance being made for any guaranteed periods as required.

As at 31 December 2016, the Company had underwritten 374 annuity policies with annual annuity payment of N266.8 million. For the year ended 31 December 2017, the Company underwrote 33 annuity policies with annual annuity payment of N32.7million.

The movement in the annuity portfolio is analysed below:

	Number of annuity policies	Annual Annuity (N'000)
At 31 December 2016	374	266,880
New entrants	33	32,663
Deaths	(3)	(1,143)
At 31 December 2017	404	298,400

Group Life

Reserves for Group Life comprise an Unexpired Premium Reserve (UPR) and 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 is then tested by comparing against an Additional Unexpired Risk Reserve (AURR), which is calculated using pooled industry claims data for the underlying assumptions. An AURR was held in cases where the UPR was deemed insufficient to meet claims in respect of the unexpired period.

An allowance was made for IBNR (Incurred But Not Reported) claims in Group Life to take care of the delay in reporting claims. This was based on an Ultimate Loss Ratio approach, which uses historical claims experience to estimate the pattern of future emerging claims, from which the IBNR portion is determined.

Assumptions used

The assumptions used for the insurance contracts disclosed in this note are as follows:

Valuation interest rate

The proposed valuation interest rate is based on current market risk-free yields with adjustments. This is in line with the requirements of IFRS 4 (Paragraph 24). The use of a risk-free rate also implies that future investment margins (in excess of the risk-free return) will not be capitalized 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.

We adopted net valuation interest rates of 13% pa for all long term business 13.5% pa for Annuity business. As at 29 December 2017, the average yield on 20 year FGN bonds was 14%. For the purpose of determining the valuation interest rate for individual risk business, we considered a prudence margin of 0.25% whilst for Annuity, an additional margin of 0.25% for reinvestment risks were deducted from the gross yield. These made some allowance for the volatility of the "risk free" yields as well as duration mismatch between available bonds and the liabilities. Future tax was taken into account by deducting 6% of the gross yield less the margins to arrive at net rates to adopt for valuation purposes.

Expense

Expenses for individual life (including annuity) and individual deposit-based business were reserved for explicitly at N5,000 per policy per annum. Credit Life expenses were reserved for at N750 per policy per annum. All expenses were assumed to increase with inflation at 11% pa.

Future maintenance expenses

The regulatory maintenance expenses are derived from the best estimate maintenance expenses plus a prudence margin for adverse deviations. Some expense lines were removed from the reported Individual Life operating expenses which were identified as being directly attributable to new business, e.g. advertising, sales promotion and merchandising. 35% of the remaining reported operating expenses was allocated to new business. We allowed for a notional expense per policy of N750 pa for Credit Life business. This is predominantly short term retail business from our financial institution partners which requires less policy administration compared to other Individual Life business. The remaining expenses were apportioned over the remaining Individual Life policies to estimate the 2017 maintenance expense incurred which was N5000 per policy per annum.

Expense inflation & other inflation measures

We adopted use of an inflation assumption of 11% pa. Consumer Price Inflation as at 30 November 2017 was around 15.9%. We anticipate a downward trend (a year ago, 30 November 2016, inflation stood at 18.5%) and consider the high levels witnessed over the last few months to be as a result of the harsh economy at the time and hence, not the true reflection of long-term future experience.

Commission

Commission rates are set as known, and understood to be 10% of each premium for all individual products (excluding annuity).

Mortality and Future Improvements

The Mortality Table used in the valuation is the UK's Mortality of Assured Lives A6770 (1967-70) table. The exception is the annuity business for which the UK's Pension Annuitants table, PA90 (rated -1) was used.

Withdrawals

Surrenders are permitted for the Whole Life Plan. An allowance has been made in the valuation for exits by surrender using the rates: Year 1 (lapse without value) - 10%, Year 2 (lapse without value) - 8%, Year 3 - 5%, Years 4 and above - 3%. The payment of the surrender value at the exit date has been allowed for within the cashflows.

The account balance has been held for investment and deposit linked policies that have lapsed by the valuation date but the funds have not been paid out. A provision has also been made for the reinstatement of life cover assuming a reinstatement rate of 20%. No allowance has been made in the valuation for the reinstatement of traditional policies that lapsed before the valuation date. An allowance has been made for future lapses at the following rates: Single premium policies: 0%, Year 1 - 10%, Year 2 - 7.5%, Year 3 - 5% whilst Year 4 and above - 0% .

Reinsurance Agreements

Reinsurance is allowed for in the valuation by having gross and reinsurance ceded records in the policy files. For IFRS compliance purposes all reserves were reported gross of reinsurance, with the value of the reinsurance asset calculated and reported separately.

Notes to the financial statements

Sensitivity analysis

The analysis which follows is performed for reasonably possible movements in key assumptions with all other assumptions held constant, and shows the impact on gross and net liabilities, profit before tax and equity. These variables are valuation interest rate, claims handling expenses, inflation, lapses and mortality rate. Movements in these assumptions are non-linear and sensitivity information vary according to the current economic assumptions, mainly due to the impact of changes to both the intrinsic cost and time value of options and guarantees. These variables have been tested by -/+1%, -/+2%, -/+5% and -/+10%

The results of the changes in the variables have been summarised below:

The sensitivity analysis of the life business indicates that a +1% change in Valuation Interest Rate (VIR) will result in a reduction of the Life fund liability by N126,008,000 whilst a -1% change in VIR will result in additional Life fund liability of N144,333,000.

The sensitivity analysis also indicates that an increase of mortality rates by 5% will decrease the Life fund liability to N10,363,346,000 whilst a reduction of mortality rate by 5% will increase the Life fund liability to N10,355,226,000.

A movement of expenses by +10% will result in an increase the Life fund liability to N 10,381,806,000 whilst a -10% change will reduce the Life fund liability to N 10,336,686,000. Expense inflation moving by +2% will increase the life fund to N 10,384,129,000 whilst a -2% will produce a reduced Life fund liability of N 10,341,277,000.

A 5% increase in the Lapse rate will also reduce the Life fund liability to N10,359,064,000 whilst a 5% decrease in the Lapse rate will increase the Liability to N 10,359,112,000.

SENSITIVITY OF LIABILITIES TO CHANGES IN LONG TERM VALUATION ASSUMPTIONS FOR THE 31 DECEMBER 2017 VALUATION

N'000	Base	VIR +1%	VIR -1%	Expenses +10%	Expenses -10%	Expense inflation +2%	Expense inflation -2%	Lapses +5%	Lapses -5%	Mortality +5%	Mortality -5%
Individual Traditional	540,632	516,295	571,909	560,234	521,346	558,731	528,020	540,608	540,655	555,950	525,347
PRA Regulated Annuities	2,031,619	1,929,947	2,144,675	2,034,735	2,028,503	2,038,561	2,026,420	2,031,619	2,031,619	2,020,559	2,043,042
Individual DA	6,457,491	6,457,491	6,457,491	6,457,491	6,457,491	6,457,491	6,457,491	6,457,491	6,457,491	6,457,491	6,457,491
Group Life - UPR	521,198	521,198	521,198	521,198	521,198	521,198	521,198	521,198	521,198	521,198	521,198
Group Life - AURR	32,682	32,682	32,682	32,682	32,682	32,682	32,682	32,682	32,682	32,682	32,682
Group Life - IBNR	1,614,767	1,614,767	1,614,767	1,614,767	1,614,767	1,614,767	1,614,767	1,614,767	1,614,767	1,614,767	1,614,767
Reinsurance	(839,302)	(839,302)	(839,302)	(839,302)	(839,302)	(839,302)	(839,302)	(839,302)	(839,302)	(839,302)	(839,302)
Net liability	10,359,088	10,233,079	10,503,421	10,381,806	10,336,686	10,384,129	10,341,277	10,359,064	10,359,112	10,363,346	10,355,226
% Change in net liability		-1.27%	0.93%	0.27%	-0.26%	0.20%	-0.16%	0.27%	-0.27%	-0.01%	0.01%

Summary	Base	VIR +1%	VIR -1%	Expenses +10%	Expenses -10%	Expense inflation +2%	Expense inflation -2%	Lapses +5%	Lapses -5%	Mortality +5%	Mortality -5%
Individual	9,029,741	8,903,733	9,174,075	9,052,459	9,007,340	9,054,783	9,011,930	9,029,717	9,029,765	9,034,000	9,025,880
Group	1,329,346	1,329,346	1,329,346	1,329,346	1,329,346	1,329,346	1,329,346	1,329,346	1,329,346	1,329,346	1,329,346
Net liability	10,359,088	10,233,079	10,503,421	10,381,806	10,336,686	10,384,129	10,341,277	10,359,064	10,359,112	10,363,346	10,355,226
% change in liability	-	-1.27%	0.93%	0.27%	-0.26%	0.20%	-0.16%	0.27%	-0.27%	-0.01%	0.01%

SENSITIVITY OF LIABILITIES TO CHANGES IN LONG TERM VALUATION ASSUMPTIONS FOR THE 31 DECEMBER 2016 VALUATION

N'000	Base	VIR +1%	VIR -1%	Expenses +10%	Expenses -10%	Expense inflation +2%	Expense inflation -2%	Lapses +5%	Lapses -5%	Mortality +5%	Mortality -5%
Individual Traditional	531,269	519,269	545,124	551,625	511,150	540,824	523,279	547,630	514,975	530,660	531,891
PRA Regulated Annuities	1,766,570	1,662,780	1,838,017	1,770,506	1,762,634	1,774,941	1,760,249	1,775,036	1,758,368	1,766,570	1,766,570
Individual DA	5,962,995	5,962,995	5,962,995	5,962,995	5,962,995	5,962,995	5,962,995	5,962,995	5,962,995	5,962,995	5,962,995
Group Life - UPR	493,694	493,694	493,694	493,694	493,694	493,694	493,694	493,694	493,694	493,694	493,694
Group Life - AURR	67,273	67,273	67,273	67,273	67,273	67,273	67,273	67,273	67,273	67,273	67,273
Group Life - IBNR	916,131	916,131	916,131	916,131	916,131	916,131	916,131	916,131	916,131	916,131	916,131
Reinsurance	(613,205)	(613,205)	(613,205)	(613,205)	(613,205)	(613,205)	(613,205)	(613,205)	(613,205)	(613,205)	(613,205)
Net liability	9,124,727	9,008,937	9,210,029	9,149,019	9,100,672	9,142,653	9,110,416	9,149,554	9,100,231	9,124,118	9,125,349
% Change in net liability		-1.27%	0.93%	0.27%	-0.26%	0.20%	-0.16%	0.27%	-0.27%	-0.01%	0.01%

Summary	Base	VIR +1%	VIR -1%	Expenses +10%	Expenses -10%	Expense inflation +2%	Expense inflation -2%	Lapses +5%	Lapses -5%	Mortality +5%	Mortality -5%
Individual	8,260,834	8,145,044	8,346,136	8,285,126	8,236,779	8,278,760	8,246,523	8,285,661	8,236,338	8,260,225	8,261,456
Group	863,893	863,893	863,893	863,893	863,893	863,893	863,893	863,893	863,893	863,893	863,893
Net liability	9,124,727	9,008,937	9,210,029	9,149,019	9,100,672	9,142,653	9,110,416	9,149,554	9,100,231	9,124,118	9,125,349
% change in liability	-	-1.27%	0.93%	0.27%	-0.26%	0.20%	-0.16%	0.27%	-0.27%	-0.01%	0.01%

4 Financial Risk Management**(a) Introduction and overview**

The Group is exposed to a range of financial risks through its financial instruments, insurance assets and insurance liabilities. The key financial risk is that in the long term its investments proceeds are not sufficient to fund the obligations arising from its insurance and investment contracts. The most important components of the financial risks are:

- Market risk
- Credit risk
- Liquidity risk

4.1 Market risk

The identification, management, control, measurement and reporting of market risk are aligned towards the sub-risk categories namely:

- Price risk
- Foreign exchange risk
- Interest-rate risk

4.1.1 Price risk

The Group's management of price risk is guided by the following limits:

- Investment quality and limit analysis
- Stop loss limit analysis
- Stock to total loss limit analysis

Investment quality and limit analysis

Management Underwriting & Investment Committee establishes and approves a list of eligible listed and unlisted stocks aligned with investment approval/dealer limits as approved by the Board through its Board Finance and Investment Committee.

The approved stop loss limit below shows the percentage of stock positions that can be sold given a position of events: a given percentage loss and absolute loss amounts. For example, a combination of 20% loss and N10 million loss would require the Company to sell down 25% of the position.

Stop loss limit analysis

Market capitalizations, liquidity and market volatiles are criteria used to classify certain eligible stocks. These are in categories A, B and C. Stop loss limits (which depict the volume of loss the Group is willing to accept) are ascribed to each stock category. Periodic reviews and reassessments are undertaken on the performance of the stocks. The stop loss limits on categories of stocks as approved by Management Underwriting & Investment Committee are depicted below:

CLASS	STOP LOSS	CHARACTERISTICS
A	25%	Very liquid, high market capitalisation, low market volatility
B	23%	Very liquid, moderate market capitalisation, low market volatility
C	20%	Liquid, moderate market capitalisation, low market volatility

Maximum losses permissible in Naira	Percentage losses		
	15%	20%	25%
N10,000,000	0.0%	25%	50%
N15,000,000	25%	50%	75%
N20,000,000	50%	75%	100%
>N25,000,000	100%	100%	100%

The Group's Enterprise Risk Management (ERM) function monitors compliance of the Investment arm to these limits and reports to Management on a weekly basis.

A summary of the Group's Stop Loss Limit position on trading equities is as follows:

December 2017

Amounts in thousands of Naira

STOP LOSS LIMIT ANALYSIS ON GROUP'S QUOTED SECURITY PORTFOLIO

SECTOR OF STOCK	COST PRICE	MARKET PRICE	STOCK CLASS	% GAIN/LOSS	BENCHMARK	EXCEPTION
Banking and other financial institutions	81,451	119,319	A	46%	25%	NO
Building materials	5,438	4,239	A	-22%	25%	NO
Consumer goods	34,614	54,196	C	57%	20%	NO
Insurance	27,691	27,691	A	0%	25%	NO
Oil and gas	18,784	24,052	C	28%	20%	NO
Real estate	8,800	8,800	C	0%	20%	NO
Total		238,297				

STOP LOSS LIMIT ANALYSIS ON COMPANY'S QUOTED SECURITY

SECTOR OF STOCK	COST PRICE	MARKET PRICE	STOCK CLASS	% GAIN/LOSS	BENCHMARK	EXCEPTION
Banking and other financial institutions	41,437	79,305	A	91%	25%	NO
Building materials	5,438	4,239	A	-22%	25%	NO
Consumer goods	34,614	54,196	C	57%	20%	NO
Insurance	27,691	27,691	A	0%	25%	NO
Oil and gas	18,784	24,052	C	28%	20%	NO
Real estate	8,800	8,800	C	0%	20%	NO
Total		198,283				

December 2016

Amounts in thousands of Naira

STOP LOSS LIMIT ANALYSIS ON COMPANY'S QUOTED SECURITY

SECTOR OF STOCK	COST PRICE	MARKET PRICE	STOCK CLASS	% GAIN/LOSS	BENCHMARK	EXCEPTION
Banking and other financial institutions	213,041	253,053	A	19%	25%	NO
Building materials	99,800	113,724	A	14%	25%	NO
Consumer goods	21,267	20,527	C	-3%	20%	NO
Insurance	20,345	18,325	A	-10%	25%	NO
Oil and gas	39,501	65,603	C	66%	20%	NO
Total		471,232				

STOP LOSS LIMIT ANALYSIS ON COMPANY'S QUOTED SECURITY

SECTOR OF STOCK	COST PRICE	MARKET PRICE	STOCK CLASS	% GAIN/LOSS	BENCHMARK	EXCEPTION
Banking and other financial institutions	152,169	184,976	A	22%	25%	NO
Building materials	54,538	62,827	A	15%	25%	NO
Consumer goods	21,267	20,527	C	-3%	20%	NO
Insurance	16,705	14,685	A	-12%	25%	NO
Oil and gas	39,501	65,603	C	66%	20%	NO
Total		348,618				

The Group manages its exposure to price risk through adherence to stop loss limits and investment in eligible stocks as approved by the Board. Potential losses and exception as seen in the schedule above were within the Group's stated risk appetite.

The Group further reduces its exposure to price risk with relatively low investment in quoted equities. The position held on quoted equities by the Company and Group is less than 2% of its investment portfolio mitigating the effect of price volatilities.

Stock to Total Limit Analysis

Considering the volatility of stocks (typically quoted stocks), the Group monitors the contribution of stocks within each sector to the total stocks holding in a portfolio. The objective of the analysis is to evaluate the Company's concentration on stocks within each sector and ultimately exposure to market volatility if the price of any of the stocks should drastically plummet.

A summary of the Group's stock to total limit position on equities is as follows:

STOCK TO TOTAL LIMIT ON GROUP'S INVESTMENT EQUITY SECURITY				
	DEC 2017	DEC 2017	DEC 2016	DEC 2016
	GROUP	GROUP	GROUP	GROUP
SECTOR OF STOCK	MARKET PRICE	% of Total	MARKET PRICE	% of Total
Banking and other financial institutions	119,319	50%	253,053	54%
Building materials	4,239	2%	104,924	22%
Consumer goods	54,196	23%	20,527	4%
Insurance	27,691	12%	18,325	4%
Oil and Gas	24,052	10%	65,603	14%
Real estate	8,800	4%	8,800	2%
Telecommunication	-	0%	-	0%
Total	238,297		471,232	

STOCK TO TOTAL LIMIT ON COMPANY'S INVESTMENT EQUITY SECURITY				
	DEC 2017	DEC 2017	DEC 2016	DEC 2016
	PARENT	PARENT	PARENT	PARENT
SECTOR OF STOCK	MARKET PRICE	%	MARKET PRICE	%
Banking and other financial institutions	79,305	40%	184,976	53%
Building materials	4,239	2%	54,027	15%
Consumer goods	54,196	27%	20,527	6%
Insurance	27,691	14%	14,685	4%
Oil and Gas	24,052	12%	65,603	19%
Real estate	8,800	4%	8,800	3%
Telecommunication	-	0%	-	0%
Total	198,283		348,618	

31 December 2017

PRICE RISK SENSITIVITY

Group			Increase by 13.5%	Increase by 20%	Decrease by 13.5%	Decrease by 20%
Investment securities	Gross amount					
Government & corporate bonds	15,314,518		2,067,460	3,062,904	(2,067,460)	(3,062,904)
Tenored deposits with maturity above 90 days	326,733		44,109	65,347	(44,109)	(65,347)
Treasury bills	4,298,543		580,303	859,709	(580,303)	(859,709)
Equity securities	333,186		44,980	66,637	(44,980)	(66,637)
Investment funds	2,418,804		326,539	483,761	(326,539)	(483,761)
Financial assets designated at fair value	3,272,242		441,753	654,448	(441,753)	(654,448)
Impact on profit before tax			3,505,144	5,192,805	(3,505,144)	(5,192,805)
Parent						
Investment securities	Gross amount					
Government & corporate bonds	13,347,980		1,801,977	2,669,596	(1,801,977)	(2,669,596)
Tenored deposits with maturity above 90 days	326,733		44,109	65,347	(44,109)	(65,347)
Treasury bills	2,303,661		310,994	460,732	(310,994)	(460,732)
Equity securities	293,172		39,578	58,634	(39,578)	(58,634)
Investment funds	1,406,156		189,831	281,231	(189,831)	(281,231)
Financial assets designated at fair value	3,272,242		441,753	654,448	(441,753)	(654,448)
Impact on profit before tax			2,828,242	4,189,989	(2,828,242)	(4,189,989)

31 December 2016

PRICE RISK SENSITIVITY

Group			Increase by 13.5%	Increase by 20%	Decrease by 13.5%	Decrease by 20%
Investment securities	Gross amount					
Government & corporate bonds	11,563,035		1,561,010	2,312,607	(1,561,010)	(2,312,607)
Tenored deposits with maturity above 90 days	623,463		84,168	124,693	(84,168)	(124,693)
Treasury bills	4,032,049		544,327	806,410	(544,327)	(806,410)
Equity securities	543,805		73,414	108,761	(73,414)	(108,761)
Investment funds	777,017		104,897	155,403	(104,897)	(155,403)
Financial assets designated at fair value	3,325,455		448,936	665,091	(448,936)	(665,091)
Impact on profit before tax			2,816,751	4,172,965	(2,816,751)	(4,172,965)
Parent						
Investment securities	Gross amount					
Government & corporate bonds	10,045,740		1,356,175	2,009,148	(1,356,175)	(2,009,148)
Tenored deposits with maturity above 90 days	623,463		84,168	124,693	(84,168)	(124,693)
Treasury bills	2,523,446		340,665	504,689	(340,665)	(504,689)
Equity securities	421,191		56,861	84,238	(56,861)	(84,238)
Investment funds	620,630		83,785	124,126	(83,785)	(124,126)
Financial assets designated at fair value	2,916,719		393,757	583,344	(393,757)	(583,344)
Impact on profit before tax			2,315,411	3,430,238	(2,315,411)	(3,430,238)

4.1.2 Foreign Exchange Risk

AXA Mansard Insurance Group is exposed to foreign exchange currency risk primarily through undertaking certain transactions denominated in foreign currency. The Group is exposed to foreign currency risk through its investment in bank balances, fixed deposits and bonds denominated in foreign currencies.

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

Group	31 December 2017			31 December 2016		
	USD	EUR	GBP	USD	EUR	GBP
Cash and cash equivalents	1,841,894	45,963	47,338	1,989,244	46,820	(1,292)
Investment securities -Available-for-sale	3,027,244	-	-	473,396	-	-
Borrowings	2,482,004	-	-	3,506,545	-	-
Parent						
	USD	EUR	GBP	USD	EUR	GBP
Cash and cash equivalents	1,752,802	31,806	19,070	1,854,148	46,820	-
Investment securities -Available-for-sale	3,026,757	-	-	473,396	-	-

The following table details the effect of foreign exchange risk on the profit as at 31 December 2017:

31 December 2017

FOREIGN EXCHANGE SENSITIVITY

Group	Increase by 55%	Increase by 60%	Decrease by 10%	Decrease by 15%
<i>Investment securities exposed to foreign exchange risk</i>	Gains/(losses)			
Cash and cash equivalents	1,064,357	1,161,116	(193,519)	(290,279)
<i>Investment securities</i>				
Available-for-sale	1,664,984	1,816,346	(302,724)	(454,087)
<i>Financial liabilities exposed to foreign exchange risk</i>				
Borrowings	(1,365,102)	(1,489,202)	(248,200)	(372,301)
Effect on profit before tax	(300,745)	(328,086)	(441,720)	(662,580)
Taxation @ 30%	(90,224)	(98,426)	(132,516)	(198,774)
Effect on profit after tax	(210,522)	(229,660)	(309,204)	(463,806)
Effect on other components of equity -OCI	499,495	544,904	(90,817)	(136,226)

Parent

	Increase by 55%	Increase by 60%	Decrease by 10%	Decrease by 15%
<i>Investment securities exposed to foreign exchange risk</i>	Gains/(losses)			
Cash and cash equivalents	992,022	1,082,206	(180,368)	(270,552)
<i>Investment securities</i>				
Available-for-sale	1,664,716	1,816,054	(302,676)	(454,014)
Effect on profit before tax	992,022	1,082,206	(180,368)	(270,552)
Taxation @ 30%	297,607	324,662	(54,110)	(81,165)
Effect on profit after tax	694,416	757,544	(126,257)	(189,386)
Effect on other components of equity -OCI	499,415	544,816	(90,803)	(136,204)

31 December 2016

FOREIGN EXCHANGE SENSITIVITY

Group

	Increase by 55%	Increase by 60%	Decrease by 10%	Decrease by 15%
<i>Investments securities exposed to foreign exchange risk</i>	Gains/(losses)			
Cash and cash equivalents	1,119,124	1,220,863	(203,477)	(305,216)
<i>Investment securities</i>				
Available-for-sale	260,368	284,037	(47,340)	(71,009)
<i>Financial liabilities exposed to foreign exchange risk</i>				
Borrowings	(1,928,600)	(2,103,927)	(350,655)	(525,982)
Effect on profit before tax	(809,475)	(883,064)	(554,132)	(831,197)
Taxation @ 30%	(242,843)	(264,919)	(166,239)	(249,359)
Effect on profit after tax	(566,633)	(618,145)	(387,892)	(581,838)
Effect on other components of equity -OCI	78,110	85,211	(14,202)	(21,303)

Company

	Increase by 55%	Increase by 60%	Decrease by 10%	Decrease by 15%
<i>Investments securities exposed to foreign exchange risk</i>	Gains/(losses)			
Cash and cash equivalents	1,045,532	1,140,580	(19,010)	(95,048)
<i>Investment securities</i>				
Available-for-sale	260,368	284,037	(4,734)	(23,670)
Effect on profit before tax	1,045,532	1,140,580	(19,010)	(95,048)
Taxation @ 30%	313,660	342,174	(5,703)	(28,514)
Effect on profit after tax	731,872	798,406	(13,307)	(66,534)
Effect on other components of equity -OCI	78,110	85,211	(1,420)	(7,101)

The method used to arrive at the possible risk of foreign exchange rate was based on statistical analysis. The statistical analysis has been based on main currencies movement for the last five years. This information is then revised and adjusted for reasonableness under the current economic circumstances.

4.1.3 Interest-rate risk

The Company is moderately exposed to interest-rate risk through its conservative investment approach with high investment in fixed income and money market instruments which have fixed interest rates rather than floating rates. Interest rate risk also exists in policies that carry investment guarantees on early surrender or at maturity, where claim values can become higher than the value of backing assets as a result of rises or falls in interest rates.

A significant portion of the Group's assets relate to its capital rather than liabilities, the value of its interest rate based assets exceeds its interest rate based liabilities. As a result, the Company's investment income will move with fixed interest rates over the medium to long-term with short-term interest rate fluctuations creating unrealized fair value gains or losses in other comprehensive income.

The Group's major exposure to interest-rate sensitive liabilities arises from investment-linked products which accounts for a small portion of its business which are linked to the CBN Monetary Policy Rates (MPR). The fluctuations in interest rates cannot significantly impact our statement of financial position as interest-rate sensitive liabilities are quite small compared with assets.

Interest rate risk is managed principally through monitoring interest rate gaps and sensitivity analysis across all investment portfolios.

The table below, however, details the maturity profile of the interest rate sensitivity analysis of AXA Mansard Insurance Plc. as at 31 December 2017, holding all other variables constant and assuming that all interest rates are floating and move in line with prevailing interest rates. Based on historical data, 100 and 500 basis points changes are deemed to be reasonably possible and are used when reporting interest rate risk.

31 December 2017

GROUP	Non interest bearing	1-3 months	3-6 months	> 6 months	Total
		Interest earning assets			
Cash and cash equivalents	2,882,628	2,450,690	-	-	5,333,318
Bonds	-	-	-	15,314,517	15,314,517
Tenored deposits with initial maturity of 90 days and above	-	-	326,733	-	326,733
Treasury bills	-	-	1,787,017	2,511,526	4,298,543
Equity securities	333,186	-	-	-	333,186
Investment funds	-	-	-	2,418,804	2,418,804
Financial assets designated at fair value	177,734	135,378	879,728	2,079,402	3,272,242
Loans and receivables	197,596.24	60,973	41,304	3,398,768	3,698,642
Statutory deposit	-	-	-	500,000	500,000
	3,591,145	2,647,041	3,034,782	26,223,018	35,495,985
Interest bearing liabilities					
Investment contract liabilities					
– At amortised cost	-	507,545	590,274	2,010,251	3,108,070
– Liabilities designated at fair value	177,734	135,378	879,728	2,079,402	3,272,242
Borrowings	-	68,168	1,005,435	2,221,429	3,295,031
	177,734	711,090	2,475,437	6,311,082	9,675,343
Gap		1,935,951	559,345	19,911,936	25,820,642
Cumulative gap		1,935,951	2,495,296	22,407,232	
Increase by 100bp		19,360	5,593	199,119	258,206
Increase by 500bp		96,798	27,967	995,597	1,291,032
Decrease by 100bp		(19,360)	(5,593)	(199,119)	(258,206)
Decrease by 500bp		(96,798)	(27,967)	(995,597)	(1,291,032)

PARENT	Non interest bearing	1-3 Months	3-6 months	> 6 months	Total
	Interest earning assets				
Cash and cash equivalents	2,534,048	2,245,817	-	-	4,779,865
Bonds	-	-	-	13,347,980	13,347,980
Tenored deposits with initial maturity of 90 days and above	-	-	326,733	-	326,733
Treasury bills	-	-	458,082	1,845,579	2,303,661
Equity securities	293,172	-	-	-	293,172
Investment funds	-	-	-	1,406,156	1,406,156
Financial assets designated at fair value	177,734	135,378	879,728	2,079,402	3,272,242
Loans and receivables	267,448	3,005,394	41,304	4,135,034	7,449,180
Statutory deposit	-	-	-	500,000	500,000
	3,272,402	5,386,589	1,705,847	23,314,151	33,678,989
Interest bearing liabilities					
Investment contract liabilities					
– At amortised cost	-	507,545	590,274	2,010,251	3,108,070
– liabilities designated at fair value	177,734	135,378	879,728	2,079,402	3,272,242
	177,734	642,922	1,470,002	4,089,653	6,380,312
Gap	3,094,668	4,743,666	235,845	19,224,498	27,298,677
Cumulative gap	-	4,743,666	4,979,511	24,204,009	
Increase by 100bp		47,437	2,358	192,245	272,987
Increase by 500bp		237,183	11,792	961,225	1,364,934
Decrease by 100bp		(47,437)	(2,358)	(192,245)	(272,987)
Decrease by 500bp		(237,183)	(11,792)	(961,225)	(1,364,934)

31 December 2016

GROUP	Non interest bearing	1-3 months	3-6 months	> 6 months	Total
	Interest earning assets				
Cash and cash equivalents	1,710,501	1,678,092	-	134,543	3,523,136
Bonds	-	662,551	1,026,737	9,873,747	11,563,035
Tenored deposits with initial maturity of 90 days and above	-	-	623,463	-	623,463
Treasury bills	-	1,794,307	2,000,817	246,441	4,041,565
Equity securities	543,805	-	-	-	543,805
Investment funds	-	-	-	777,017	777,017
Financial assets designated at fair value	55,227	212,969	1,165,659	1,891,610	3,325,465
Loans and receivables	-	34,714	61,721	3,080,858	3,177,293
Statutory deposit	-	-	-	500,000	500,000
Total interest earning assets	2,309,533	4,382,633	4,878,397	16,504,216	28,074,779
Interest bearing liabilities					
Investment contract liabilities					
– At amortised cost	-	446,503	519,283	1,768,482	2,734,268
– Liabilities designated at fair value	-	212,969	1,165,659	1,537,645	2,916,273
Borrowings	-	7,362	550,540	3,667,909	4,225,811
Total interest bearing liabilities	-	666,834	2,235,482	6,974,036	9,876,352
Gap		3,715,799	2,642,915	9,530,180	18,198,427
Cumulative gap		3,715,799	6,358,714	15,888,895	
Increase by 100bp		37,158	26,429	95,302	181,984
Increase by 500bp		185,790	132,146	476,509	909,921
Decrease by 100bp		(37,158)	(26,429)	(95,302)	(181,984)
Decrease by 500bp		(185,790)	(132,146)	(476,509)	(909,921)
PARENT	Non interest bearing	1-3 Months	3-6 months	> 6 months	Total
	Interest earning assets				
Cash and cash equivalents	1,261,280	1,616,801	-	-	2,878,081
Bonds	-	-	987,283	9,058,457	10,045,740
Tenored deposits with initial maturity of 90 days and above	-	-	623,463	-	623,463
Treasury bills	-	129,012	1,652,712	741,722	2,523,446
Equity securities	421,191	-	-	-	421,191
Investment funds	-	-	-	620,630	620,630
Financial assets designated at fair value	55,235	563,709	-	2,778,704	6,194,131
Loans and receivables	-	49,235	629,661	4,402,949	5,098,392
Statutory deposit	-	-	-	500,000	500,000
Total interest earning assets	1,737,706	2,358,757	3,893,119	18,102,462	28,905,074

Interest bearing liabilities					
Investment contract liabilities					
- At amortised cost	-	189,812	801,644	1,742,812	2,734,268
- Liabilities designated at fair value	-	212,969	1,165,659	1,538,091	2,916,719
Total interest bearing liabilities	-	402,781	1,967,303	3,280,903	5,650,987
Gap	1,737,706	1,955,976	1,925,816	14,821,559	23,254,087
Cumulative gap		1,955,976	3,881,792	18,703,351	
Increase by 100bp		19,560	19,258	148,216	232,541
Increase by 500bp		97,799	96,291	741,078	1,012,704
Decrease by 100bp		(19,560)	(19,258)	(148,216)	(202,541)
Decrease by 500bp		(97,799)	(96,291)	(741,078)	(1,012,704)

4.2 Non-financial asset exposed to price risk

The Group is exposed to property risk through its investment in property. Exposure to property risk accounted for 28% of the total investment portfolio. AXA Mansard Insurance Group manages such risk by monitoring the contribution of property to its portfolio.

GROUP'S EXPOSURE TO PROPERTY PRICE RISK			
Instrument		Amount	% Exposure
Property		14,072,384	28.39%
Interest generating assets		35,495,985	71.61%
		49,568,369	

COMPANY'S EXPOSURE TO PROPERTY PRICE RISK			
INSTRUMENT		AMOUNT	% Exposure
Property		-	0%
Interest Generating Assets		33,678,989	100%
		33,678,989	

4.3 Credit risk

AXA Mansard Insurance Group is exposed to risk relating to its investment securities (bonds, treasury bills, fixed deposits and loan receivables. Its receivables comprise trade receivables from customers, reinsurers and coinsurers recoverable and other receivables.

Collateral held and other credit enhancements, and their financial effect

The group does not hold collateral or any other enhancements against any of its receivables as at 31 December 2017.

Trade receivables

The Group has placed more responsiveness on effective management of credit risk exposure that relates to trade receivables. In general, the regulator has laid great emphasis on "No Premium, No Cover" and this has positively changed the phase of credit management within the industry. The Group defines credit risk as the risk of counterparty's failure to meet its contractual obligations. Credit risk arises from insurance cover granted to parties with payment instruments or payments plan issued by stating or implying the terms of contractual agreement.

The Company has placed stringent measures to guard against credit default. Credit risk exposure operates from the level of brokered transactions with little emphasis placed on direct business. The Company's credit risk exposure to brokered business is very low as the Company requires brokers to provide payment within 30 days after which impairment trigger is identified and the receivable is assessed for impairment.

Sources of credit risk:

- Direct default risk: risk that the Group will not receive the cash flows or assets to which it is entitled because a party with which the Group has a bilateral contract defaults on one or more obligations.
- Downgrade Risk: risk that changes in the possibility of a future default by an obligor will adversely affect the present value of the contract with the obligor today.
- Settlement Risk: risk arising from the lag between the value and settlement dates of securities transactions.

Management of credit risk due to trade receivables

The Company constantly reviews brokers' contribution to ensure that adequate attention is paid to high premium contributing brokers.

The Group credit risk is constantly reviewed and approved during the Management Underwriting & Investment Committee (MUIC) meeting. There is also a Criticized Assets Committee (CAC) which is responsible for the assessment and continued review of the Company's premium debt and direct appropriate actions in respect of delinquent ones. It also ensured that adequate provisions are taken in line with IAS 39. Other credit risk management includes:

- Formulating credit policies with strategic business units, underwriters, brokers, covering brokers grading, reporting, assessment, legal procedures and compliance with regulatory and statutory bodies.
- Identification of credit risk drivers within the Group in order to coordinate and monitor the probability of default that could have an unfortunate impact.
- Developing and monitoring credit limits. The Group is responsible for setting credit limits through grading in order to categorize risk exposures according to the degree of financial loss and the level of priority expected from management.
- Assessment of credit risk. All first-hand assessment and review of credit exposures in excess of credit limits, prior to granting insurance cover are subject to review process and approval given during MUIC meeting.
- Continuous reviewing of compliance and processes in order to maintain credit risk exposure within acceptable parameters.

Impairment model

Premium debtors are measured at amortized cost, less provision for impaired receivables. Under IFRS, an asset is impaired if the carrying amount is greater than the recoverable amount. The standard favours the use of the incurred loss model in estimating the impairment of its receivables.

By the provisions of IAS 39, the impairment of the premium debtors is to be assessed at two different levels, individually or collectively. However, 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. The Company uses the aging of receivables as the major parameter in calculating impairment.

Below is the analysis of the group's maximum exposure to credit risk at the year end.

		Group		Parent	
Maximum exposure to credit risk	Notes	Carrying amount	Carrying amount	Carrying amount	Carrying amount
<i>In thousands of Naira</i>		Dec 2017	Dec 2016	Dec 2017	Dec 2016
Cash and cash equivalents	8	5,333,318	3,523,136	4,779,865	2,878,081
Available-for-sale (less equity security)	9.1	22,358,598	16,995,564	17,384,530	13,813,279
Financial assets designated at fair value (less equity security)	9.2	3,252,548	3,311,297	3,252,548	3,179,971
Loans and receivable	14	3,843,254	3,177,293	7,562,215	5,098,392
Trade receivable	10	1,961,018	854,923	251,383	315,806
Reinsurance assets (less prepaid reinsurance, reserves and IBNR)	11	6,600,736	2,762,302	6,596,350	2,748,833
Other receivable (less prepayment)	13	398,797	195,585	323,803	132,021
Statutory deposit	19	500,000	500,000	500,000	500,000
		44,248,269	31,320,100	40,650,694	28,666,383

The Group's investment portfolio is exposed to credit risk through its fixed income and money market instruments.

The Group's exposure to credit risk is low as Government sector (government bonds and treasury bills) accounted for largest part 44% (2016: 52%) of the investment as at 31 December 2017.

Exposures to credit risks is managed through counterparty risks using instituted limits as approved the MUC. These limits are based on counter party credit ratings amongst other factors.

Disclosure of treasury bills of less than 90 days maturity

For the purpose of IFRS 7 disclosures, treasury bills classified as cash and cash equivalents in the statement of financial position has been disclosed as part of available for sale assets.

4.3.1 Credit quality

Except for staff loans included in loans and receivables, other receivables and trade receivables, all financial assets are neither past due nor impaired. The credit quality of the assets are as analysed below:

Group**31 December 2017**

<i>In thousands of Nigerian Naira</i>	Unrated	A/A-	AA	B+	BB-	BBB	TOTAL
Cash and cash equivalents	64,237	3,589,147	1,671,197	-	-	8,738	5,333,318
Available-for-sale assets	-	-	-	17,733,322	326,733	4,298,543	22,358,598
Financial assets designated at fair value	-	964,827	29,772	-	283,606	1,974,342	3,252,548
Loans and receivables	3,843,254	-	-	-	-	-	3,843,254
Trade receivable	1,961,018	-	-	-	-	-	1,961,018
Reinsurance assets (less prepaid reinsurance, reserves and IBNR)	6,600,736	-	-	-	-	-	6,600,736
Other receivable (less prepayment)	398,797	-	-	-	-	-	398,797
Statutory deposit	-	-	-	-	-	500,000	500,000
	12,868,041	4,553,974	1,700,969	17,733,322	610,339	6,781,623	44,248,269

31 December 2016

<i>In thousands of Nigerian Naira</i>	Unrated	A/A-	AA	B+	BB-	BBB	TOTAL
Cash and cash equivalents	-	277,684	-	58,532	1,964,103	1,100,481	3,400,800
Available-for-sale	-	-	-	12,340,052	623,463	4,032,049	16,995,564
Financial assets designated at fair value	409,182	888,931	29,772	-	118,568	1,870,449	3,316,902
Loans and receivables	3,177,293	-	-	-	-	-	3,177,293
Trade receivables	854,923	-	-	-	-	-	854,923
Reinsurance assets (less prepaid reinsurance, reserves and IBNR)	2,762,302	-	-	-	-	-	2,762,302
Other receivables (less prepayment)	195,585	-	-	-	-	-	195,585
Statutory deposit	-	-	-	-	-	500,000	500,000
	7,399,285	1,166,615	29,772	12,398,584	2,706,134	7,502,979	31,203,369

Parent**31 December 2017**

<i>In thousands of Nigeria Naira</i>	Unrated	A/A-	AA	B+	BB-	BBB	TOTAL
Cash and cash equivalents	64,237	3,036,762	1,670,128	-	-	8,738	4,779,864
Available-for-sale	-	-	-	13,347,980	326,733	3,709,817	17,384,530
Financial assets designated at fair value	-	964,827	29,772	-	283,606	1,974,342	3,252,548
Loans and receivables	7,562,215	-	-	-	-	-	7,562,215
Trade receivables	251,383	-	-	-	-	-	251,383
Reinsurance assets (less prepaid reinsurance and IBNR)	6,596,350	-	-	-	-	-	6,596,350
Other receivables (less prepayment)	323,803	-	-	-	-	-	323,803
Statutory deposit	-	-	-	-	-	500,000	500,000
	14,797,988	4,001,589	1,699,900	13,347,980	610,339	6,192,897	40,650,693

Parent**31 December 2016**

<i>In thousands of Nigeria Naira</i>	Unrated	A/A-	Aa	B+	BB-	BBB	TOTAL
Cash and cash equivalents	-	253,957	-	58,532	992,858	1,566,941	2,872,288
Available-for-sale	-	-	-	10,045,740	623,463	3,144,076	13,813,279
Financial assets designated at fair value	277,412	847,862	29,772	-	56,187	1,974,342	3,185,575
Loans and receivables	5,098,392	-	-	-	-	-	5,098,392
Trade receivables	315,806	-	-	-	-	-	315,806
Reinsurance and co-insurance recoverable	-	-	-	2,748,833	-	-	2,748,833
Other receivables (less prepayment)	132,021	-	-	-	-	-	132,021
Statutory deposit	-	-	-	-	-	500,000	500,000
	5,823,631	1,101,819	29,772	12,853,105	1,672,508	7,185,359	28,666,194

Global Corporate Rating (GCR)'s Rating Symbols and Definitions Summary

AAA	Extremely strong financial security characteristics and is the highest FSR assigned by GCR.
AA	Has very strong financial security characteristics, differing only slightly from those rated higher.
A	Has strong financial security characteristics, but is somewhat more likely to be affected by adverse business conditions than assurers with higher ratings.
BBB	Has good financial security characteristics, but is much more likely to be affected by adverse business conditions than assurers with higher ratings.
BB	Has vulnerable financial security characteristics, which might outweigh its strengths. The ability of these companies to discharge obligations is not well safeguarded in the future.
B	Possessing substantial risk that obligations will not be paid when due. Judged to be speculative to a high degree.

Trade receivable and reinsurance assets (claims receivable) subject to credit risk are further assessed below:

<i>Amounts in thousands of Naira</i>	Group		Company	
	Dec 2017	Dec 2016	Dec 2017	Dec 2016
Gross premium receivable	1,800,795	682,989	87,673	134,783
Co-insurance receivable	189,515	227,406	189,515	227,406
Reinsurers' share of outstanding claims	5,048,339	1,613,557	5,043,953	1,600,088
Recoverables from reinsurers on claims paid	1,552,397	1,148,745	1,552,397	1,148,745
Total	8,591,046	3,672,697	6,873,538	3,111,022
Neither due nor impaired	8,561,754	3,617,225	6,847,733	3,064,639
Individually impaired	29,292	55,472	25,805	46,383
Gross total	8,591,046	3,672,697	6,873,538	3,111,022
Impairment allowance	(29,292)	(55,472)	(25,805)	(46,383)
Carrying amount	8,561,754	3,617,225	6,847,733	3,064,639

Loans & receivables and other receivables subject to credit risk are further assessed below:*Neither due nor impaired*

	Group		Company	
<i>Amounts in thousands of Naira</i>	Dec 2017	Dec 2016	Dec 2017	Dec 2016
Other receivable (less prepayment)	398,797	195,585	323,803	132,021
Loans and receivable	3,843,254	3,177,293	7,562,215	5,098,392
<i>Total receivables neither due nor impaired</i>	<i>4,242,051</i>	<i>3,372,878</i>	<i>7,886,018</i>	<i>5,230,413</i>
Individually impaired	77,139	38,047	77,139	38,047
Gross total	4,319,190	3,410,925	7,963,157	5,268,460
Impairment allowance	(77,139)	(38,047)	(77,139)	(38,047)
Carrying amount	4,242,051	3,372,878	7,886,018	5,230,413
Individually impaired	77,139	38,047	77,139	38,047
Over 365 days	77,139	38,047	77,139	38,047

Credit quality

Credit Rating

Internally, the Company categorizes brokers and reinsurers into grade A, B, C, D and E on the basis of previous premium contribution, future prospect and recommendation. The rating determines the outstanding credit limit of the broker. The credit limit of brokers is as follows:

Grade A	No credit limit
Grade B	Outstanding credit limit not exceeding N50 million
Grade C	Outstanding credit limit not exceeding N25 million
Grade D	Outstanding credit limit not exceeding N0.5 million
Grade E	Zero Credit

The Group's categorization of Trade and Reinsurance receivable (less prepaid reinsurance and IBNR) as at 31 December 2017 is as follows:

	Group		Company	
	Dec 2017	Dec 2016	Dec 2017	Dec 2016
Trade receivable	1,961,018	854,923	251,383	315,806
Reinsurance receivable	6,600,736	2,762,302	6,596,350	2,748,833
Total	8,561,754	3,617,225	6,847,733	3,064,639

Group**31 December 2017**

Category	A	B	C	D	TOTAL
Insurance brokers	29,261	3,783	1,520	43,334	77,898
Insurance companies	9,775	-	-	-	9,775
Reinsurance companies	6,600,736	-	-	-	6,600,736
Policy holders	-	1,713,122	-	-	1,713,122
	6,639,772	1,716,905	1,520	43,334	8,401,531
Impairment	-	(3,487)	(190)	(25,615)	(29,292)
Net carrying amount	6,639,772	1,713,418	1,330	17,719	8,372,239

31 December 2016

Category	A	B	C	D	TOTAL
Insurance brokers	-	42,473	12,928	79,382	134,783
Insurance companies	227,406	-	-	-	227,406
Reinsurance companies	2,762,302	-	-	-	2,762,302
Policy holders	-	548,206	-	-	548,206
	2,989,708	590,679	12,928	79,382	3,672,697
Impairment	-	(9,621)	-	(45,852)	(55,473)
Net carrying amount	2,989,708	581,058	12,928	33,530	3,617,224

Parent**31 December 2017**

Category	A	B	C	D	TOTAL
Insurance brokers	29,261	3,783	1,520	43,334	77,898
Insurance companies	9,775	-	-	-	9,775
Reinsurance companies	6,596,350	-	-	-	6,596,350
	6,635,386	3,783	1,520	43,334	6,684,023
Impairment	-	-	(190)	(25,615)	(25,805)
Net carrying amount	6,635,386	3,783	1,330	17,719	6,658,218

31 December 2016

Category	A	B	C	D	TOTAL
Insurance brokers	-	42,473	12,928	79,382	134,783
Insurance companies	227,406	-	-	-	227,406
Reinsurance companies	2,748,832	-	-	-	2,748,832
	2,976,238	42,473	12,928	79,382	3,111,021
Impairment	-	(532)	(4,527)	(41,325)	(46,384)
Net carrying amount	2,976,238	41,941	8,401	38,057	3,064,637

4.3.2 Concentration of credit risk

The Group monitors concentration of credit risk by sector.

31 December 2017

GROUP

Concentration of credit risk	Financial institutions	Manu- facturing/ telecom	Real estate	Public sector	Whole-sale and retail trade	Individuals	Total
Cash and cash equivalents	5,333,318	-	-	-	-	-	5,333,318
Available-for-sale	2,745,537	-	-	19,613,061	-	-	22,358,598
Financial assets designated at fair value	293,418	-	-	2,959,130	-	-	3,252,548
Loans and receivables	-	-	-	-	3,698,715	144,539	3,843,254
Trade receivables	686,163	-	-	-	1,274,855	-	1,961,018
Reinsurance assets	4,887,614	-	-	-	1,713,122	-	6,600,736
Other receivables	-	-	-	173,935	224,862	-	398,797
Statutory deposit	-	-	-	500,000	-	-	500,000
Total	13,946,050	-	-	23,246,126	6,911,554	144,539	44,248,269

PARENT

Concentration of credit risk	Financial institutions	Manu- facturing/ telecom	Real estate	Public sector	Whole-sale and retail trade	Individual	Total
Cash and cash equivalents	4,779,865	-	-	-	-	-	4,779,865
Available-for-sale	1,732,889	-	-	15,651,641	-	-	17,384,530
Financial assets designated at fair value	293,418	-	-	2,959,130	-	-	3,252,548
Loans and receivables	3,698,715	-	3,750,465	-	-	113,035	7,562,215
Trade receivables	251,383	-	-	-	-	-	251,383
Reinsurance assets	4,883,228	-	-	-	1,713,122	-	6,596,350
Other receivables	-	-	-	-	323,803	-	323,803
Statutory deposit	-	-	-	500,000	-	-	500,000
Total	15,639,497	-	3,750,465	19,110,771	2,036,925	113,035	40,650,694

GROUP

31 December 2016

Concentration of credit risk	Financial institutions	Manu- facturing/ telecom	Real estate	Public sector	Whole-sale and retail trade	Individuals	Total
Cash and cash equivalents	3,343,680	-	-	44,913	-	-	3,388,593
Available-for-sale	1,400,480	-	-	15,595,084	-	-	16,995,564
Financial assets designated at fair value	268,196	-	409,182	2,648,087	-	-	3,325,465
Loans and receivables	-	-	441,739	-	2,601,507	134,047	3,177,293
Trade receivables	686,163	-	-	-	168,760	-	854,923
Reinsurance assets	2,214,096	-	-	-	548,206	-	2,762,302
Other receivables	-	-	-	153,773	41,812	-	195,585
Statutory deposit	-	-	-	500,000	-	-	500,000
Total	7,912,615	-	850,921	18,941,857	3,360,285	134,047	31,199,725

PARENT

Concentration of credit risk	Financial institutions	Manu- facturing/ telecom	Real estate	Public sector	Whole-sale and retail trade	Individuals	Total
Cash and cash equivalents	2,878,081	-	-	-	-	-	2,878,081
Available-for-sale	1,244,093	-	-	12,569,186	-	-	13,813,279
Financial assets designated at fair value	268,237	-	277,412	2,648,492	-	-	3,194,141
Loans and receivables	2,601,507	-	2,405,502	-	-	91,383	5,098,392
Trade receivables	315,806	-	-	-	-	-	315,806
Reinsurance assets	2,200,627	-	-	-	548,206	-	2,748,833
Other receivables	76,319	-	-	-	55,701	-	132,020
Statutory deposit	-	-	-	500,000	-	-	500,000
Total	9,584,670	-	2,682,914	15,717,678	603,907	91,383	28,680,552

4.3.3 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.

Similar financial assets and liabilities include trade receivables and payables.

None of these agreements 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 of recognised amounts that is enforceable only following predetermined events as stipulated within the treaty agreements. Also, under the 'IFRS 4 - Insurance contract' requirements, reinsurance assets and liabilities are disclosed gross. Receivables and payables from insurance companies and insurance brokers or agents allow for a net settlement by the counterparties when both elect to settle on a net basis. 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. At the point of payment, the offsetting agreement is used to settle on a net basis with the Counterparty.

Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements (not offset in the financial statements)**GROUP****31 December 2017**

	Related amounts not offset in the statement of financial position					
	Gross amount of recognised financial asset	Gross amount of financial liabilities offset in the statement of financial position	Net amounts of financial assets presented in the statement of financial position	Financial instruments not offset in the statement of financial position	Cash collateral received	Net amount
<i>In thousands of Nigerian Naira</i>						
Trade receivables	1,961,018	-	1,961,018	-	-	1,961,018
Reinsurance assets	6,600,736	-	6,600,736	-	-	6,600,736
Total	8,561,754	-	8,561,754	-	-	8,561,754

Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements

	Related amounts not offset in the statement of financial position					
	Gross amount of recognised financial liability	Gross amount of financial assets offset in the statement of financial position	Net amounts of financial liabilities presented in the statement of financial position	Financial instruments not offset in the statement of financial position	Cash collateral received	Net amount
<i>In thousands of Nigerian Naira</i>						
Trade payables	2,992,684	-	2,992,684	-	-	2,992,684
Reinsurance payables	745,802	-	745,802	-	-	745,802
Total	3,738,485	-	3,738,485	-	-	3,738,485

Parent**31 December 2017**

	Related amounts not offset in the statement of financial position					
	Gross amount of recognised financial asset	Gross amount of financial liabilities offset in the statement of financial position	Net amounts of financial assets presented in the statement of financial position	Financial instruments not offset in the statement of financial position	Cash collateral received	Net amount
<i>In thousands of Nigerian Naira</i>						
Trade receivables	251,383	-	251,383	-	-	251,383
Reinsurance assets	6,596,350	-	6,596,350	-	-	6,596,350
Total	6,847,733	-	6,847,733	-	-	6,847,733

Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements

				Related amounts not offset in the statement of financial position		
	Gross amount of recognised financial liability	Gross amount of financial assets offset in the statement of financial position	Net amounts of financial liabilities presented in the statement of financial position	Financial instruments not offset in the statement of financial position	Cash collateral received	Net amount
<i>In thousands of Nigerian Naira</i>						
Trade payables	2,979,951	-	2,979,951	-	-	2,979,951
Reinsurance and coinsurance payables	745,802	-	745,802	-	-	745,802
Total	3,725,753	-	3,725,753	-	-	3,725,753

Group**31 December 2016**

31 December 2016	Related amounts not offset in the statement of financial position					
	Gross amount of financial liabilities offset in the statement of recognised financial asset	Gross amount of financial position	Net amounts of financial assets presented in the statement of financial position	Financial instruments not offset in the statement of financial position	Cash collateral received	Net amount
<i>In thousands of Nigerian Naira</i>						
Trade receivables	854,923	-	854,923	-	-	854,923
Reinsurance assets	2,762,302	-	2,762,302	-	-	2,762,302
Total	3,617,225	-	3,617,225	-	-	3,617,225

Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements

					Related amounts not offset in the statement of financial position	
	Gross amount of recognised financial liability	Gross amount of financial assets offset in the statement of financial position	Net amounts of financial liabilities presented in the statement of financial position	Financial instruments not offset in the statement of financial position	Cash collateral received	Net amount
<i>In thousands of Nigerian Naira</i>						
Trade payables	1,494,968	-	1,494,968	-	-	1,494,968
Reinsurance payables	921,796	-	921,796	-	-	921,796
Total	2,416,764	-	2,416,764	-	-	2,416,764

Parent**31 December 2016**

31 December 2016	Related amounts not offset in the statement of financial position					
	Gross amount of recognised financial asset	of financial liabilities offset in the statement of financial position	of financial assets presented in the statement of financial position	Financial instruments not offset in the statement of financial position	Cash collateral received	Net amount
<i>In thousands of Nigerian Naira</i>						
Trade receivables	315,806	-	315,806	-	-	315,806
Reinsurance assets	2,762,302	-	2,762,302	-	-	2,762,302
Total	3,078,108	-	3,078,108	-	-	3,078,108

Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements

				Related amounts not offset in the statement of financial position		
	Gross amount of recognised financial liability	Gross amount of financial assets offset in the statement of financial position	Net amounts of financial liabilities presented in the statement of financial position	Financial instruments (including non cash collateral)	Cash collateral received	Net amount
<i>In thousands of Nigerian Naira</i>						
Trade payables	1,478,373	-	1,478,373	-	-	1,478,373
Reinsurance payables	921,796	-	921,796	-	-	921,796
Total	2,400,169	-	2,400,169	-	-	2,400,169

The gross amount of financial assets and financial liabilities and their net amounts disclosed in the above tables have been measured in the statement of financial position on the following bases:

Trade receivables and payables	Amortised cost
Reinsurance receivables and payables	Amortised cost

4.4 Liquidity risk

Liquidity risk is the risk that financial resources may not be available to meet maturing obligations at a reasonable cost. The Group mitigates this risk by monitoring liquidity and expected outflows. The Group's current liabilities arise as claims are made and/or clients request for termination of their investment-linked products. It also arises from other normal business activities across the subsidiaries within the group. The Group has no material commitments for capital expenditures and there is no need for such expenditures in the normal course of business. Claims payments are funded by current operating cash flow including investment income.

The Company's investment policy requires that a minimum of 35% of the Company's life and non-life portfolio be held in liquid money market instruments and highlighting the availability of liquid marketable securities sufficient to meet its liabilities as at when due. The money market instruments include cash, treasury bills and term deposits with an original maturity of less than 90 days.

The limits are monitored and reported on a weekly and monthly basis to ensure that exposure of the Group's investment portfolio to this risk is properly managed.

Below is a summary of undiscounted contractual cashflows of financial assets matched with financial liabilities.

31 December 2017							
GROUP	Carrying amount	Gross total	1-3 months	3-6 months	6-12 months	1-5 years	> 5years
Cash and cash equivalents	5,333,318	5,333,318	5,174,283	-	-	159,035	-
Available-for-sale (less equity investments)	22,358,598	22,358,598	454,657	2,761,155	652,892	11,693,606	6,796,288
Financial assets designated at fair value	3,252,548	3,272,242	3,272,242	-	-	-	-
Loans and receivables	3,843,254	9,932,096	3,135,680	73,767	6,617,761	-	104,888
Trade receivables	1,961,018	1,961,018	1,961,018	-	-	-	-
Reinsurance assets (less prepaid reinsurance, IBNR & Reserves)	6,600,736	6,600,736	6,600,736	-	-	-	-
Other receivables (less prepayment)	398,797	467,949	467,949	-	-	-	-
Total financial assets	43,748,269	49,925,957	21,066,565	2,834,922	7,270,653	11,852,641	6,901,176
	Carrying amount	Gross total	1-3 months	3-6 months	6-12 months	1-5 years	> 5years
<i>Investment contract liabilities:</i>							
- At amortised cost	3,108,070	3,108,070	1,345,459	-	1,762,611	-	-
- Liabilities designated at fair value	3,272,242	3,272,242	3,272,242	-	-	-	-
Borrowings	3,295,031	3,295,032	68,168	1,005,435	760,737	1,460,693	-
Trade payables	8,524,336	8,524,336	8,524,336	-	-	-	-
Other liabilities (less deferred income and premium received in advance)	1,325,385	1,325,385	1,325,385	-	-	-	-
Total financial liabilities	19,525,064	19,525,065	14,535,590	1,005,435	2,523,348	1,460,693	-
Net financial assets/ (liabilities)	24,223,205	30,400,892	6,530,975	1,829,488	4,747,305	10,391,949	6,901,176
Insurance contract liabilities	14,076,028	14,076,028	5,775,333	1,443,833	540,632	4,284,611	2,031,619
Net policyholders' assets/(liabilities)	10,147,177	16,324,864	755,642	385,654	4,206,673	6,107,338	4,869,557
The Group manages its cashflows in a way to ensure that net cash outflow positions through rental inflows and advance payments on service charge							
31 December 2017							
PARENT	Carrying amount	Gross total	1-3 months	3-6 months	6-12 months	1-5 years	> 5years
Cash and cash equivalents	4,779,865	4,779,865	4,779,865	-	-	-	-
Available-for-sale (less equity investments)	17,384,530	17,057,796	1,662,328	1,717,248	2,303,886	3,646,001	7,728,334
Financial assets designated at fair value	3,252,548	3,272,242	3,272,242	-	-	-	-
Loans and receivables	7,562,215	6,836,851	110,287	73,767	6,617,761	-	35,036
Trade receivables	251,383	251,383	251,383	-	-	-	-
Reinsurance assets (less prepaid reinsurance, IBNR and reserves)	6,596,350	6,596,350	6,596,350	-	-	-	-
Other receivables (less prepayment)	323,803	392,955	392,955	-	-	-	-
Total financial assets	40,150,694	39,187,442	17,065,410	1,791,015	8,921,646	3,646,001	7,763,370
<i>Investment contract liabilities:</i>							
- At amortised cost	3,108,070	3,108,070	3,108,070	-	-	-	-
- Liabilities designated at fair value	3,272,242	3,252,548	3,252,548	-	-	-	-
Trade payables	8,511,603	8,511,603	8,511,603	-	-	-	-
Other liabilities (less deferred income and premium received in advance)	1,074,560	1,074,560	1,074,560	-	-	-	-
Total financial liabilities	15,966,475	15,946,781	15,946,781	-	-	-	-
Net financial assets/ (liabilities)	24,184,219	23,240,662	1,118,629	1,791,015	8,921,646	3,646,001	7,763,370
Insurance contract liabilities	13,105,299	13,105,299	5,771,660	1,442,915	540,632	3,318,473	2,031,619
Net policyholders' assets/(liabilities)	11,078,920	10,135,363	(4,653,031)	348,100	8,381,015	327,528	5,731,751

31 December 2016

GROUP	Carrying amount	Gross total	1-3 months	3-6 months	6-12 months	1-5 years	above 5yrs
Cash and cash equivalents	3,523,136	3,523,136	3,388,593	-	-	134,543	-
<i>Investment securities</i>							
– Available-for-sale (less equity investments)	16,995,564	17,080,434	454,657	3,057,885	652,892	6,118,712	6,796,288
– Financial assets designated at fair value	3,311,297	3,325,455	2,916,273	-	-	409,182	-
Loans and receivables	3,177,293	3,209,813	65,271	80,510	2,371,765	692,267	-
Trade receivables	854,923	854,923	854,923	-	-	-	-
Reinsurance assets (less prepaid reinsurance, IBNR & reserves)	2,762,302	2,762,302	2,762,302	-	-	-	-
Other receivables (less prepayment)	195,585	219,715	219,715	-	-	-	-
Total financial assets	30,820,100	30,975,778	10,661,734	3,138,395	3,024,657	7,354,704	6,796,288
<i>Investment contract liabilities:</i>							
– At amortised cost	2,734,268	2,734,268	971,657	-	1,762,611	-	-
– Financial liabilities designated at fair value	2,916,273	2,916,273	2,916,273	-	-	-	-
Borrowings	4,225,811	4,225,811	84,333	2,011,452	170,719	1,959,307	-
Trade payables	7,423,560	7,423,560	7,423,560	-	-	-	-
Other liabilities (less deferred income and premium received in advance)	964,927	964,927	964,927	-	-	-	-
Total financial liabilities	18,264,839	18,264,839	12,360,750	2,011,452	1,933,330	1,959,307	-
Net financial assets/ liabilities	12,555,261	12,710,939	(1,699,016)	1,126,943	1,091,327	5,395,397	6,796,288
Insurance contract liabilities	7,968,095	7,968,095	2,453,305	613,009	531,269	2,603,942	1,766,570
Net policyholders' assets/(liabilities)	4,587,166	4,742,844	(4,152,321)	513,934	560,058	2,791,455	5,029,718

31 December 2016

PARENT	Carrying amount	Total	1-3 months	3-6 months	6-12 months	1-5 years	above 5yrs
Cash and cash equivalents	2,878,081	2,878,081	2,878,081	-	-	-	-
Available-for-sale (less equity investments)	13,813,279	13,899,580	3,678,877	1,154,174	1,557,711	1,893,297	5,615,521
Financial assets designated at fair value	3,179,971	3,194,131	2,916,719	-	-	277,412	-
Loans and receivables	5,098,392	5,134,320	296,191	80,510	3,587,050	1,170,569	-
Trade receivables	315,806	315,806	315,806	-	-	-	-
Reinsurance assets (less prepaid reinsurance)	2,748,833	2,748,833	2,748,833	-	-	-	-
Other receivables (less prepayment)	132,021	156,151	156,151	-	-	-	-
Total financial assets	28,166,383	28,326,903	12,990,658	1,234,684	5,144,761	3,341,279	5,615,521
<i>Investment contract liabilities:</i>							
– At amortised cost	2,734,268	2,734,268	2,734,268	-	-	-	-
– Financial liabilities designated at fair value	2,916,719	3,179,971	3,179,971	-	-	-	-
Trade payables	7,406,965	7,406,965	7,406,965	-	-	-	-
Other liabilities (less deferred income and premium received in advance)	604,561	604,561	604,561	-	-	-	-
Total financial liabilities	13,662,512	13,925,765	13,925,765	-	-	-	-
Net financial assets and liabilities	14,503,871	14,401,138	(935,107)	1,234,684	5,144,761	3,341,279	5,615,521
Insurance contract liabilities	6,385,969	6,385,969	1,169,272	613,009	531,269	2,305,849	1,766,570
Net policyholders' assets/(liabilities)	8,117,902	8,015,169	(2,104,379)	621,675	4,613,492	1,035,430	3,848,951

4.3 Capital Management

The National Insurance Commission (NAICOM), sets and monitors capital requirements for Insurance Companies. The individual subsidiaries are directly supervised by other regulators, i.e., AXA Mansard Investment Limited is regulated by the Nigerian Securities and Exchange Commission, AXA Mansard Pensions Limited by the National Pension Commission while AXA Mansard Health Limited is regulated by the National Health Insurance Scheme.

The Group's policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain the future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Group recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position. The Group and its individually regulated operations have complied with all externally imposed capital requirements.

Management uses regulatory capital ratios to monitor its capital base. The allocation of capital between specific operations and activities is, to a large extent, driven by optimisation of the return achieved on the capital allocated. The amount of capital allocated to each operation or activity is based primarily on the regulatory capital, but in some cases the regulatory requirements do not fully reflect the varying degree of risk associated with different activities. In such cases, the capital requirements may be flexed to reflect differing risk profiles, subject to the overall level of capital to support a particular operation or activity not falling below the minimum required for regulatory purposes. The process of allocating capital to specific operations and activities is undertaken independently of those responsible for the operation by Group Risk and Group Credit, and is subject to review by the Group Credit Committee or the Group Asset and Liability Management Committee (ALCO), as appropriate. The Group ensures it maintains the minimum required capital at all times throughout the year. The Regulatory capital for the non-life and businesses is determined as the solvency margin. The table below summarises the minimum required capital across the Group and the regulatory capital held against each of them.

In thousands

	Group		Company	
	Dec-2017	Dec-2016	Dec-2017	Dec-2016
Regulatory capital held	10,045,727	11,903,537	6,316,476	8,020,046
Minimum regulatory capital	6,550,000	6,550,000	5,000,000	5,000,000

The Group has different requirements depending on the specific operations which it engages in. The five main businesses are Insurance, Health Insurance, Pensions Fund management, Asset management (fund manager) and Property development.

The insurance business is divided into the life and non life business. The life business has a regulatory minimum capital of N2 billion while the Non life business has a regulatory minimum capital base of N3 billion. The asset management business has a minimum capital base of N500 million, as a fund manager. These three businesses met and exceeded these minimum requirements as at 31 December 2017 as indicated below:

	Health maintenance organisation	Life insurance business	Non life insurance business	Asset management business	Pension Funds management
<i>In thousands of Naira</i>	Dec-2017	Dec-2017	Dec-2017	Dec-2017	Dec-2017
Regulatory capital held	1,064,520	2,545,982	3,770,493	1,022,430	1,380,259
Minimum regulatory capital	400,000	2,000,000	3,000,000	150,000	1,000,000

Although maximisation of the return on risk-adjusted capital is the principal basis used in determining how capital is allocated within the Group to particular operations or activities, it is not the sole basis used for decision making. Account is also taken of synergies with other operations and activities, the availability of management and other resources, and the fit of the activity with the Group's longer-term strategic objectives. The Group's policies in respect of capital management and allocation are reviewed regularly by the board of directors.

Insurance industry regulator measures the financial strength of insurance companies using the capital adequacy requirements for composite companies. This test compares insurers' capital against the risk profile. The regulator indicated that insurers should produce a minimum solvency margin of 15% which is calculated as 15% of net premium or the minimum paid up share capital whichever is higher. The regulator has the authority to request more extensive reporting and can place restrictions on the Parent's operations if the Parent falls below this requirement if deemed necessary. Over the years, the Parent Company has consistently exceeded this minimum.

The Solvency Margin for the parent as at 31 December 2017 is as follows:

	Parent Dec-2017	Parent Dec-2016
Admissible assets		
Cash and cash equivalents	2,998,164	1,922,864
Investment securities - Available for sale	17,677,702	14,234,420
Financial assets designated at fair value	3,272,242	3,194,131
Investment in subsidiaries	3,919,573	3,919,573
Statutory deposit	500,000	500,000
Land and building	808,765	818,323
Furniture and fittings	141,743	221,282
Office equipment	87,838	98,305
Computer equipment	115,791	100,774
Motor vehicles	114,275	203,532
Intangible assets	218,772	229,332
Reinsurance asset	10,115,242	9,134,825
Deferred acquisition cost	481,077	574,415
Trade receivables	61,868	88,399
Staff loans and advances	113,035	91,383
Admissible assets	40,626,087	35,331,558
Unearned premium	4,718,873	5,365,212
Provision for outstanding claims	7,214,576	3,065,044
Provision for claims incurred but not reported (IBNR)	3,318,473	2,305,849
Individual life and annuity reserves	2,572,250	2,297,839
Funds to meet other liabilities	16,485,439	14,277,568
Admissible liabilities	34,309,611	27,311,512
Solvency Margin	6,316,476	8,020,046
The higher of 15% of net premium income and minimum capital requirement	5,000,000	5,000,000
Solvency ratio	126%	160%

Notes to the financial statements

5 Measurement of financial assets and liabilities

5.1.Accounting classification measurement basis and fair value

The table below set out the group's classification of each class of financial instruments and liabilities and their fair value

In thousands of Nigerian Naira

Group		Designated at fair value	Loan and receivables	Available for sale	Other financial instruments at amortised cost	Carrying amount	Fair value
Dec 2017	<i>Notes</i>						
Cash and cash equivalents	8	-	5,333,318	-	-	5,333,318	5,333,318
Available for sale	9.1	-	-	22,691,784	-	22,691,784	22,691,784
Financial assets designated at fair value	9.2	3,272,242	-	-	-	3,272,242	3,272,242
Trade receivables	10	-	1,961,018	-	-	1,961,018	1,961,018
Loans and receivables	14	-	3,843,254	-	-	3,843,254	3,843,254
Reinsurance receivables (excluding prepaid re-insurance, IBNR & Reserves)	11	-	6,600,736	-	-	6,600,736	6,600,736
Other receivables (excl. prepayment)	13	-	398,797	-	-	398,797	398,797
Statutory deposit	19	-	-	-	500,000	500,000	500,000
		3,272,242	18,137,123	22,691,784	500,000	44,601,149	44,601,149
Investment contracts:							
– Designated at fair value	21.2	3,272,242	-	-	-	3,272,242	3,272,242
– At amortised cost	21.1	-	-	-	3,108,070	3,108,070	3,108,070
Borrowing	25	-	-	-	3,295,031	3,295,031	3,295,031
Trade payables	22	-	-	-	8,524,336	8,524,336	8,524,336
Other liabilities (excluding deferred income)	23	-	-	-	1,325,385	1,325,385	1,325,385
		3,272,242	-	-	16,252,822	19,525,064	19,525,064
Parent		Designated at fair value	Loan and receivables	Available for sale	Other financial instruments at amortised cost	Carrying amount	Fair value
Dec 2017	<i>Notes</i>						
Cash and cash equivalents	8	-	4,779,865	-	-	4,779,865	4,779,865
Available for sale	9.1	-	-	17,677,702	-	17,677,702	17,677,702
Financial assets designated at fair value	9.2	3,272,242	-	-	-	3,272,242	3,272,242
Trade receivables	10	-	251,383	-	-	251,383	251,383
Loans and receivables	14	-	7,562,215	-	-	7,562,215	7,562,215
Reinsurance receivables (excluding prepaid re-insurance)	11	-	6,596,350	-	-	6,596,350	6,596,350
Other receivables (excl. prepayment)	13	-	323,803	-	-	323,803	323,803
Statutory deposit	19	-	-	-	500,000	500,000	500,000
		3,272,242	19,513,616	17,677,702	500,000	40,963,560	40,963,560
Investment contracts:							
– Designated at fair value	21.2	3,272,242	-	-	-	3,272,242	3,272,242
– At amortised cost	21.1	-	-	-	3,108,070	3,108,070	3,108,070
Trade payables	22	-	-	-	8,511,603	8,511,603	8,511,603
Other liabilities (excluding deferred income and advance premium)	23	-	-	-	1,074,560	1,074,560	1,074,560
		3,272,242	-	-	12,694,233	15,966,475	15,966,475

Notes to the financial statements

December 2016

Group		Designated at fair value	Loan and receivables	Available for sale securities	Amortised cost	Other financial instruments at amortised cost	Carrying amount	Fair value
	<i>Notes</i>							
Cash and cash equivalents	8	-	3,523,136	-	-	-	3,523,136	3,523,136
Available for sale	9.1	-	-	17,539,369	-	-	17,539,369	17,539,369
Financial assets designated at fair value	9.2	3,325,455	-	-	-	-	3,325,455	3,325,455
Trade receivables	10	-	854,923	-	-	-	854,923	854,923
Loans and receivables	14	-	3,177,293	-	-	-	3,177,293	3,177,293
Reinsurance receivables (excluding prepaid re-insurance)	11	-	2,762,302	-	-	-	2,762,302	2,762,302
Other receivables (excl prepayment)	12	-	195,585	-	-	-	195,585	195,585
Statutory deposit	19	-	-	-	-	500,000	500,000	500,000
		3,325,455	10,513,238	17,539,369	-	500,000	31,878,062	31,878,062
Investment contracts:								
– Designated at fair value	21.2	2,916,273	-	-	-	-	2,916,273	2,916,273
– At amortised cost	21.1	-	-	-	-	2,734,268	2,734,268	2,734,268
Borrowing	25	-	-	-	-	4,225,811	4,225,811	4,225,811
Trade payables	22	-	-	-	-	7,423,560	7,423,560	7,423,560
Other liabilities (excluding deferred income)	23	-	-	-	-	964,927	964,927	964,927
		2,916,273	-	-	-	15,348,566	18,264,839	18,264,839
Parent		Designated at fair value	Loan and receivables	Available for sale	Amortised cost	Other financial instruments at amortised cost	Carrying amount	Fair value
	<i>Notes</i>							
Cash and cash equivalents	8	-	2,878,081	-	-	-	2,878,081	2,878,081
Available for sale	9.2	-	-	14,234,470	-	-	14,234,470	14,234,470
Loans and receivables	14	-	5,098,392	-	-	-	5,098,392	5,098,392
Financial assets designated at fair value	9.3	3,194,131	-	-	-	-	3,194,131	3,194,131
Trade receivables	10	-	315,806	-	-	-	315,806	315,806
Reinsurance assets (excluding prepaid re-insurance)	11	-	2,748,833	-	-	-	2,748,833	2,748,833
Other receivables (excl. prepayment)	12	-	132,021	-	-	-	132,021	132,021
Statutory deposit	19	-	-	-	-	500,000	500,000	500,000
		3,194,131	11,173,133	14,234,470	-	500,000	29,101,734	29,101,734
Investment contracts:								
– Designated at fair value	21.2	2,916,719	-	-	-	-	2,916,719	2,916,719
– At amortised cost	21.1	-	-	-	-	2,734,268	2,734,268	2,734,268
Trade payables	22	-	-	-	-	7,406,965	7,406,965	7,406,965
Other liabilities (excluding deferred income and advance premium)	23	-	-	-	-	604,561	604,561	604,561
		2,916,719	-	-	-	10,745,794	13,662,513	13,662,513

5.2 Fair value hierarchy

The Group's accounting policy on fair value measurements is discussed under note 2.3.

The fair values of financial assets and liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the group determines fair values using other valuation techniques.

For financial instruments that trade infrequently, and had little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risk affecting the specific instrument.

Valuation models

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

(a) Financial instruments in level 1

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

(b) Financial instruments in 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.

(c) Financial instruments in 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.

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

Financial assets and liabilities measured at fair value

(All figures are in thousands of naira)

Group

31-Dec-17

	Level 1	Level 2	Level 3	Total
Available for sale	19,939,794	2,729,217	22,773	22,691,784
Other financial assets designated at fair value	3,136,864	135,378	-	3,272,242
Total	23,076,658	2,864,595	22,773	25,964,026
Liability type				-
Other financial liabilities designated at fair value	3,136,864	135,378	-	3,272,242

Group

31-Dec-16

	Level 1	Level 2	Level 3	Total
Available for sale	16,218,547	1,298,049	22,773	17,539,369
Other financial assets designated at fair value	2,703,314	212,969	409,182	3,325,465
Total	18,921,861	1,511,018	431,955	20,864,834
Liability type				
Other financial liabilities designated at fair value	2,703,314	212,969	-	2,916,283

Parent

31-Dec-17

	Level 1	Level 2	Level 3	Total
Available for sale	15,978,374	1,676,555	22,773	17,677,702
Other financial assets designated at fair value	3,136,864	135,378	-	3,272,242
Total	19,115,238	1,811,933	22,773	20,949,944
Other financial liabilities designated at fair value	3,136,864	135,378	-	3,272,242

Parent

31-Dec-16

	Level 1	Level 2	Level 3	Total
Available for sale	13,192,649	1,019,048	22,773	14,234,470
Other financial assets designated at fair value	2,703,727	212,992	277,412	3,194,131
Total	15,896,376	1,232,040	300,185	17,428,601
Other financial liabilities designated at fair value	2,703,727	212,992	-	2,916,719

Financial instruments in level 2

The fair values of financial instruments measured in level 2 are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). These are as shown in the table below:

Unquoted equity	Recent transaction price
Debt security	Similar securities with close maturity dates

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

Financial instruments in level 3**(i) Reconciliation**

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in level 3 of the fair value hierarchy.

In thousands of Nigerian Naira

Group	Dec-17	Dec-16
Balance at 1 January	431,955	19,816
Acquisitions	-	409,182
Changes in fair value recognised in other comprehensive income	(409,182)	2,957
Balance end of year	22,773	431,955

Impact of changes in fair value of available for sale assets

OCI	(409,182)	2,957
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Parent	Dec-17	Dec-16
Balance at 1 January	300,185	19,816
Acquisitions	-	277,412
Changes in fair value recognised in other comprehensive income	(409,182)	2,957
Balance end of year	(108,997)	300,185

Impact of changes in fair value of available for sale assets

	Dec-17	Dec-16
OCI	(409,182)	2,957

(ii) Information about fair value measurement using significant unobservable inputs (Level 3)

For the unquoted financial instrument measured at fair value, the group uses a valuation model. Some of the significant inputs may not be observable in the market and are derived from market prices or rates or are estimated based on assumptions. Management's judgement and estimation are usually required for selection of the appropriate valuation model to be used, determination of expected cashflows on the financial instruments being valued, determination of the probability of counterparty default and prepayments and selection of appropriate discount rates.

Fair value estimates obtained from models are adjusted for any other factors such as liquidity risk or model uncertainties, to the extent that the group believes that a third party market participant would take them into account in pricing a transaction. Model inputs and values are calibrated against historical data and published forecasts. This calibration process is inherently subjective and it yields ranges of possible inputs and estimates of fair value, and management judgement is required to select the most appropriate point in the range.

The group's valuation methodology for valuing certain unquoted financial instruments uses a free discounted cash flow methodology. It takes into account growth in net earnings or cash flow, fixed capital investments, working capital investments and net borrowings, beta, risk free rate, market risk premium and assumed annual growth rate. These features are used to estimate expected future cashflows and discounted at a risk-adjusted rate. However, this technique is subject to inherent limitations such as estimation of the appropriate risk-adjusted discount rate, and different assumptions and inputs would yield different results.

Unobservable market inputs used in measuring the fair value.

Significant unobservable inputs are developed as follows:

Risk-Free rate

The risk-free rate used in the valuation models is the yield of the most actively traded 10-yr FGN bond, as we believe this is the best reference for a risk-free instrument with a similar duration to the investment horizon of equities.

The risk-free rate used in the unquoted financial instruments valuation reports was the current yield, 16% on the most actively traded 10-yr FGN bond in the Nigerian bond market at the time.

Beta

The beta of a stock measures the sensitivity of the excess expected return on an individual share relative to that of a benchmark equities market or index. It is best derived by the regression analysis of a company's stock price returns to that of the benchmark market index. However, in cases where a company is not publicly listed, it can be derived by using a proxy from a similar company which is publicly listed, or by using the industry average. There are however cases where there are no comparable companies that are publicly listed to use as proxies. In such cases, betas are estimated or assumed based on the sensitivity of the industry to the stock market and/or the overall economy as a guide. The unquoted financial instruments valuation is peculiar in the sense that it is privately held and does not have ready and direct comparables publicly listed on the Nigerian Stock Exchange. We assumed a beta of 0.68 for the unquoted financial instrument based on our perceived sensitivity of its industry to the Nigerian economy.

Market risk premium

This is the premium estimated as required over the long term risk-free rate. In most cases, the unsystematic risk pertaining to countrywide factors such as socio-political risk, a country's sovereign rating etc. is usually priced into risk-free instruments such as government bonds. The unsystematic risk pertaining to the stock market or particular industry is addressed by the market risk premium, while the beta is responsible for company-specific risks. We have used a market risk premium of 6% for the valuation, as we believe most of the inherent risks in the Nigerian capital market have been largely priced in the bond yields.

Assumed terminal growth rate

This is the rate that the company is assumed to continue to grow after the forecasted years in the valuation. It is usually close to the GDP rate of the country where the company is situated. In certain cases, the assumed growth rate may exceed the current GDP as the industry may be in its growth phase.

We have reduced the terminal growth rate for the unquoted financial instruments to 5% in line with growth projections for the country. It is important to note that huge potentials remain largely untapped in the Nigerian housing industry, predicated on a large and growing population with unmet housing needs.

The effect of unobservable inputs in fair value measurement

Although the group believes that the estimates of its fair values are appropriate, the use of different methodologies or assumptions could lead to different measurement of fair value. The following table shows the sensitivity of level 3 measurements to reasonably possible favorable or unfavorable changes in the assumptions used to determine the fair value of the financial asset or liability. If discount rates were to change +/- 1% and terminal growth rate were to change by +/-0.5%, which management considers a reasonably possible change in assumptions for the fair value of available -for-sale financial assets.

Although the Group believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions used to reasonably possible alternative assumptions would have the following effects:

(iii) The effect of unobservable inputs of fair value measurement:

In thousands of Nigerian Naira

		31 December 2017	
		Favourable	Unfavourable
Equity securities- Available for sale		Cost of equity	
		1% decrease	1% increase
		29.10%	31.10%
Terminal growth rate	4.50%	6,662	216
	5.50%	22,892	10,625

In thousands of Nigerian Naira

		31 December 2016	
		Favourable	Unfavourable
Equity securities- Available for sale		Cost of equity	
		1% decrease	1% increase
		29.10%	31.10%
Terminal growth rate	4.50%	6,662	216
	5.50%	22,892	10,625

The favourable and unfavourable effects of using reasonably possible alternative assumptions for the valuation of unquoted financial assets have been calculated by recalibrating the model values using unobservable inputs. The Group's reporting systems and the nature of the instruments and the valuation models do not allow it to analyse accurately the total annual amounts of gains/losses reported above that are attributable to observable and unobservable inputs.

Key inputs and assumptions used in the models at 31 December 2017 included a cost of capital of 30.1% (with reasonably possible alternative assumptions of 29.10% and 31.10%) and a terminal growth rate of 5% (with reasonably possible alternative assumptions of 4.5% and 5.5%).

Financial instruments not measured at fair value

The following table sets out the carrying amount of financial instruments not measured at fair value and the analysis per level in the fair value hierarchy into which each fair value measurement is categorised.

Group**31-Dec-17**

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	-	5,333,318	-	5,333,318
Trade receivables	-	1,961,018	-	1,961,018
Loan and receivables	-	3,843,254	-	3,843,254
Reinsurance assets (less prepaid reinsurance & RI share of IBNR)	-	6,600,736	-	6,600,736
Other receivables (less prepayment)	-	398,797	-	398,797
Statutory deposit	-	500,000	-	500,000
Total	-	18,637,123	-	18,637,123
Investment contracts at amortised cost	-	3,108,070	-	3,108,070
Borrowings	-	3,295,031	-	3,295,031
Trade payables	-	8,524,336	-	8,524,336
Other liabilities (excluding deferred income)	-	1,325,385	-	1,325,385
Total	-	16,252,822	-	16,252,822

Parent**31-Dec-17**

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	-	4,779,865	-	4,779,865
Trade receivables	-	251,383	-	251,383
Loans and receivables	-	7,562,215	-	7,562,215
Reinsurance assets (less prepaid reinsurance & RI share of IBNR)	-	6,596,350	-	6,596,350
Other receivables (less prepayment)	-	323,803	-	323,803
Statutory deposit	-	500,000	-	500,000
Total	-	20,013,616	-	20,013,616
Investment contracts at amortised cost	-	3,108,070	-	3,108,070
Trade payables	-	8,511,603	-	8,511,603
Other liabilities	-	1,074,560	-	1,074,560
Total	-	12,694,233	-	12,694,233

Group**31-Dec-16**

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	-	3,523,136	-	3,523,136
Trade receivables	-	854,923	-	854,923
Loans and receivables	-	3,177,293	-	3,177,293
Reinsurance assets (less prepaid reinsurance & RI share of IBNR)	-	2,762,302	-	2,762,302
Other receivables (less prepayment)	-	195,585	-	195,585
Statutory deposit	-	500,000	-	500,000
Total	-	11,013,239	-	11,013,239
Liability type				
Investment contracts at amortised cost	-	2,734,268	-	2,734,268
Borrowings	-	4,225,811	-	4,225,811
Trade payables	-	7,423,560	-	7,423,560
Other liabilities (excluding deferred income)	-	964,927	-	964,927
Total	-	15,348,566	-	15,348,566

Parent**31-Dec-16**

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	-	2,878,081	-	2,878,081
Trade receivables	-	315,806	-	315,806
Loans and receivables	-	5,098,392	-	5,098,392
Reinsurance assets (less prepaid reinsurance & RI share of IBNR)	-	2,748,833	-	2,748,833
Other receivables (less prepayment)	-	132,021	-	132,021
Statutory deposit	-	500,000	-	500,000
Total	-	11,673,133	-	11,673,133
Liability type				
Investment contracts at amortised cost	-	2,734,268	-	2,734,268
Trade payables	-	7,406,965	-	7,406,965
Other liabilities	-	604,561	-	604,561
Total	-	10,745,794	-	10,745,794

Determination of fair value

The determination of fair value for each class of financial instruments was based on the particular characteristic of the instruments. The method and assumptions applied are enumerated below:

Cash and cash equivalent and borrowings

The estimated fair value of fixed interest placement with banks, bonds and borrowings is based on the discounted cash flow techniques using prevailing money market interest rates for debts and similar credit risk and remaining maturity.

Quoted securities

The fair value for treasury bills and bonds assets is based on market prices or brokers/dealers price quotations. Where this information is not available, fair valuation is estimated using quoted market prices for securities with similar credit, maturity and yield characteristics.

Unquoted equity securities available for sale

The fair value of available-for-sale securities is based on on the market approach which consider similar/ identical transactions.

Trade receivables and payables, reinsurance receivables and other liabilities

The estimated fair value of receivables and payables with no stated maturity which includes no interest payables and receivables is the amount repayable or to be received on demand.

The carrying amounts of other liabilities are reasonable approximation of their fair values which are payable on demand.

Non financial asset measured at fair value

Investment property is valued using the income approach. The rental income/prices of comparable buildings in close proximity are adjusted for differences in key attributes such as property size, beta, growth rates, discount rate, inflation rate, holding period and capitalisation rate. The adjusted rental income/prices forms the cashflows which is discounted using the relevant discount rate. A variation of $\pm 5\%$ will result in N415.7 million fair value losses/gain respectively.

Valuation technique	Fair value at 31 December 2017 (in thousands)	Unobservable inputs	Range of unobservable inputs (probability weighted average)
Discounted Income Capitalisation Cashflow approach	14,072,384	Price per square metre	\$600-\$700 (\$650)
		Capitalisation rate	6%

6. Asset and Liability Management (ALM)

The Group is exposed to a range of financial risks through its financial assets, financial liabilities (investment contracts and borrowings), reinsurance assets and insurance liabilities. In particular, the key financial risk is that in the long-term its investment proceeds are not sufficient to fund the obligations arising from its insurance and investment contracts. The most important components of this financial risk are interest rate risk, equity price risk, foreign currency risk and credit risk.

These risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The risks that the Group primarily faces due to the nature of its investments and liabilities are interest rate risk and equity price risk.

The Group manages these positions within an ALM framework that has been developed to achieve long-term investment returns in excess of its obligations under insurance and investment contracts. Within the ALM framework, the Group periodically produces reports at portfolio, legal entity and asset and liability class level that are circulated to the Group's key management personnel. The principal technique of the Group's ALM is to match assets to the liabilities arising from insurance and investment contracts by reference to the type of benefits payable to contract holders. For each distinct class of liabilities, a separate portfolio of assets is maintained. The Group has not changed the processes used to manage its risks from previous periods.

The Group's ALM is integrated with the management of the financial risks associated with the Group's other classes of financial assets and liabilities not directly associated with insurance and investment liabilities (in particular, borrowings and investments in foreign operations). The notes below explain how financial risks are managed using the categories utilized in the Group's ALM framework. In particular, the ALM Framework requires the management of interest rate risk, equity price risk and liquidity risk at the portfolio level. Foreign currency and credit risk are managed on a group-wide basis.

The table below hypothecates the total assets of the parent into assets that represents insurance funds, shareholders' funds and other funds such as investment contracts:

31 December 2017 <i>In thousands of Naira</i>	Non Life			Life				
	Share-holders' Fund	Policy-holders' Fund	Total Non Life	Share-holders' Fund	Policy-holders' Fund	Investment Contracts Funds	Annuity funds	Total Life
Total			N'000					N'000
INVESTMENTS								
FIXED ASSETS:								
Real estate	808,765	-	808,765	-	-	-	-	-
Equipment	207,894	-	207,894	193	-	-	-	193
Motor vehicles	107,433	-	107,433	6,841	-	-	-	6,841
Furniture	306,802	-	306,802	31	-	-	-	31
Others (a)	166,697	-	166,697	52,075	-	-	-	52,075
OTHER INVESTMENTS								
Statutory deposit	300,000	-	300,000	200,000	-	-	-	200,000
Government bonds	1,523,122	2,766,096	4,289,218	805,304	1,379,900	1,810,930	2,275,621	6,271,755
Quoted securities	79,702	-	79,702	42,722	-	-	75,860	118,582
Unquoted securities (AFS)	72,066	-	72,066	22,823	-	-	-	22,823
Bank placements	80,011	1,886,701	1,966,712	186,088	21,010	72,005	-	279,103
Bank and cash balances	117,035	2,177,617	2,294,652	32,133	93,731	111,103	2,428	239,395
Mortgage loan	59,368	-	59,368	-	-	-	-	-
Related companies' securities	3,519,573	-	3,519,573	400,000	-	-	-	400,000
Related companies' loans	7,399,656	-	7,399,656	162,560	-	-	-	162,560
Other investments	992,434	2,294,742	3,287,176	867,623	829,760	4,451,492	659,748	6,808,624
Other assets	526,567	9,720,521	10,247,088	63,210	1,127,181	-	-	1,190,391
Total assets	16,267,126	18,845,676	35,112,802	2,841,603	3,451,582	6,445,530	3,013,657	15,752,374

Group

31 December 2017 <i>In thousands of Naira</i>	Insurance fund		Investment Contracts	Shareholders funds		Annuity	Others	Total
	Non-life	Life		Non-life	Life			
ASSETS								
Cash and cash equivalents	4,064,318	114,741	183,108	197,046	218,221	2,428	553,454	5,333,316
Available-for-sale	5,060,837	2,209,660	2,990,180	2,667,324	1,738,472	3,011,229	5,014,083	22,691,786
Financial assets designated at fair value	-	-	3,272,242	-	-	-	-	3,272,242
Trade receivables	143,147	108,236	-	-	-	-	1,709,636	1,961,019
Reinsurance assets	9,096,297	1,018,945	-	-	-	-	50,740	10,165,982
Other receivables	-	-	-	585,935	63,210	-	259,951	909,096
Deferred acquisition cost	481,077	-	-	-	-	-	13,507	494,584
Loans and receivables	-	-	-	7,399,656	162,560	-	(3,718,961)	3,843,255
Investment properties	-	-	-	-	-	-	14,072,384	14,072,384
Intangible assets	-	-	-	166,697	52,075	-	1,430,123	1,648,895
Property and equipment	-	-	-	1,430,895	7,066	-	234,555	1,672,516
Statutory deposit	-	-	-	300,000	200,000	-	-	500,000
TOTAL ASSETS	18,845,675	3,451,582	6,445,530	12,747,552	2,441,604	3,013,658	19,619,472	66,565,075
LIABILITIES								
Insurance liabilities	12,544,878	3,247,675	-	-	-	2,031,619	3,343,779	21,167,951
<i>Investment contract liabilities:</i>								
- At amortised cost	-	-	3,108,070	-	-	-	-	3,108,070
- Financial liabilities designated at fair value	-	-	3,272,242	-	-	-	-	3,272,242
Trade payables	-	-	-	7,888,102	623,501	-	12,733	8,524,336
Other liabilities	-	-	-	793,149	565,418	-	975,193	2,333,760
Current income tax liabilities	-	-	-	136,258	98,701	-	209,728	444,687
Borrowings	-	-	-	-	-	-	3,295,031	3,295,031
Deferred tax liability	-	-	-	-	-	-	656,407	656,407
TOTAL LIABILITIES	12,544,878	3,247,675	6,380,312	8,817,509	1,287,620	2,031,619	8,492,871	42,802,484
SURPLUS	6,300,797	203,907	65,218	3,930,044	1,153,984	982,039	11,126,601	23,762,591

Parent

	Insurance fund		Investment Contracts	Shareholders funds		Annuity	Total
31 December 2017	Non-life	Life		Non-life	Life		
<i>In thousands of Naira</i>							
ASSETS							
Cash and cash equivalents	4,064,318	114,741	183,108	197,046	218,221	2,428	4,779,862
Available-for-sale	5,060,837	2,209,660	2,990,180	2,667,324	1,738,472	3,011,229	17,677,703
Financial assets designated at fair value	-	-	3,272,242	-	-	-	3,272,242
Trade receivables	143,147	108,236	-	-	-	-	251,383
Reinsurance assets	9,096,297	1,018,945	-	-	-	-	10,115,242
Other receivables	-	-	-	585,935	63,210	-	649,145
Deferred acquisition cost	481,077	-	-	-	-	-	481,077
Loans and receivables	-	-	-	7,399,656	162,560	-	7,562,216
Investment in subsidiaries	-	-	-	3,519,573	400,000	-	3,919,573
Intangible assets	-	-	-	166,697	52,075	-	218,772
Property and equipment	-	-	-	1,430,895	7,066	-	1,437,961
Statutory deposit	-	-	-	300,000	200,000	-	500,000
TOTAL ASSETS	18,845,676	3,451,582	6,445,530	16,267,126	2,841,604	3,013,658	50,865,176
LIABILITIES							
Insurance liabilities	12,544,878	3,247,675	-	-	-	2,031,619	17,824,172
<i>Investment contract liabilities:</i>							
– At amortised cost	-	-	3,108,070	-	-	-	3,108,070
– Financial liabilities designated at fair value	-	-	3,272,242	-	-	-	3,272,242
Trade payables	-	-	-	7,888,102	623,501	-	8,511,603
Other liabilities	-	-	-	793,149	565,418	-	1,358,567
Current income tax liabilities	-	-	-	136,258	98,701	-	234,959
Deferred income tax	-	-	-	-	-	-	-
TOTAL LIABILITIES	12,544,878	3,247,675	6,380,312	8,817,509	1,287,620	2,031,619	34,309,613
SURPLUS	6,300,798	203,907	65,218	7,449,617	1,553,984	982,039	16,555,563

The table below hypothecates the total assets of the parent into assets that represents insurance funds, shareholders' funds and other funds such as investment contracts:

	Non Life		Life					
31 December 2016	Share-holders' Fund	Policy-holders' Fund	Share-holders' Fund	Policy-holders' Fund	Investment Contract		Annuity funds	Total
<i>In thousands of Naira</i>					LS/LIP	AXA Mansard Fund		

INVESTMENTS**FIXED ASSETS:**

Real estate	818,323	-	-	-	-	-	-	818,323
Equipment	199,022	-	484	-	-	-	-	199,506
Motor vehicles	192,262	-	10,744	-	-	-	-	203,006
Furniture	221,340	-	42	-	-	-	-	221,382
Intangible assets	229,332	-	-	-	-	-	-	229,332
OTHER INVESTMENTS								
Statutory deposit	300,000	-	200,000	-	-	-	-	500,000
Government and corporate bonds	2,398,024	2,213,714	1,040,391	257,892	2,243,109	1,482,655	1,892,610	11,528,395
Quoted securities	231,283	-	-	117,335	-	14,160	-	362,778
Unquoted securities (AFS)	-	49,750	633,313	-	10,140	-	-	693,203
Bank placements	7	1,915,854	52,343	16,187	154,728	213,002	56,233	2,408,354
Bank and cash balances	63,113	1,259,114	2,244	112,685	(182,125)	41,075	6,299	1,302,405
Mortgage loan	63,431	-	23,598	-	-	-	-	87,029
Related companies' securities	3,519,573	-	400,000	-	-	-	-	3,919,573
Related companies' loans	1,985,422	-	126,977	-	-	-	-	2,112,399
Other investments	1,318,318	-	1,736,827	-	-	1,165,837	-	4,220,982
Other assets	6,343,321	5,336,322	1,590,218	-	-	-	-	13,269,860
Total assets	17,882,770	10,774,754	5,817,180	504,099	2,225,852	2,916,729	1,955,142	42,076,526

Group

	Insurance fund		Investment contract		Shareholders funds		Annuity		31-Dec-16
31 December 2016	Non-life	Life	AXA Mansard Fund	LS/LIP	Non-life	Life		Others	Total
ASSETS									
Cash and cash equivalents	2,549,486	107,509	-	25,904	65,791	66,859	62,532	645,055	3,523,136
Available-for-sale	2,796,331	1,621,145	-	2,742,528	3,743,471	1,439,191	1,891,805	3,304,899	17,539,369
Financial assets designated at fair value	-	-	2,916,719	-	-	138,706	138,706	131,324	3,325,455
Trade receivables	-	-	-	-	137,482	178,323	-	539,118	854,923
Reinsurance assets	8,402,629	732,196	-	-	-	-	-	49,352	9,184,177
Other receivables	-	-	-	-	535,438	19,849	-	63,918	619,205
Deferred acquisition cost	574,415	-	-	-	-	-	-	19,447	593,862
Loans and receivables	-	-	-	-	2,040,078	988,639	-	148,576	3,177,293
Investment properties	-	-	-	-	-	-	-	12,017,000	12,017,000
Intangible assets	-	-	-	-	229,332	-	-	1,459,570	1,688,902
Property and equipment	-	-	-	-	1,430,946	11,270	-	271,804	1,714,020
Statutory deposit	-	-	-	-	300,000	200,000	-	-	500,000
TOTAL ASSETS	14,322,861	2,460,850	2,916,719	2,768,432	8,482,538	3,042,837	2,093,043	18,650,063	54,737,342
LIABILITIES									
Insurance liabilities	8,858,588	2,408,786	-	-	-	-	1,766,570	1,399,379	14,433,323
<i>Investment contract liabilities:</i>									
– At amortised cost	-	-	-	2,734,268	-	-	-	-	2,734,268
– Financial liabilities designated at fair value	-	-	2,916,718	-	-	-	-	(446)	2,916,272
Trade payables	-	-	-	-	7,029,810	377,156	-	16,594	7,423,560
Other liabilities	-	-	-	-	782,461	375,940	-	1,056,940	2,215,341
Current income tax liabilities	-	-	-	-	98,556	103,601	-	53,910	256,067
Borrowings	-	-	-	-	-	-	-	4,225,811	4,225,811
Deferred tax liability	-	-	-	-	183,220	-	-	384,308	567,528
TOTAL LIABILITIES	8,858,588	2,408,786	2,916,718	2,734,268	8,094,047	856,697	1,766,570	7,136,496	34,772,170
SURPLUS	5,464,273	52,064	1	34,164	388,492	2,186,140	326,473	11,513,567	19,965,172

Parent

	Insurance fund		Investment contract		Shareholders funds		Annuity		31-Dec-16
31 December 2016	Non-life	Life	AXA Mansard fund	LS/LIP	Non-life	Life			Total
ASSETS									
Cash and cash equivalents	2,549,486	107,509	-	25,904	65,791	66,859	62,532	2,878,081	
Available-for-sale	2,796,331	1,621,145	-	2,742,528	3,743,471	1,439,191	1,891,805	14,234,470	
Financial assets designated at fair value	-	-	2,916,719	-	-	138,706	138,706	3,194,131	
Trade receivables	-	-	-	-	137,482	178,323	-	315,805	
Reinsurance assets	8,402,629	732,196	-	-	-	-	-	9,134,825	
Other receivables	-	-	-	-	535,438	19,849	-	555,287	
Deferred acquisition cost	574,415	-	-	-	-	-	-	574,415	
Loans and receivables	-	-	-	-	5,098,392	-	-	5,098,392	
Investment in subsidiaries	-	-	-	-	3,519,573	400,000	-	3,919,573	
Intangible assets	-	-	-	-	229,332	-	-	229,332	
Property and equipment	-	-	-	-	1,430,946	11,270	-	1,442,216	
Statutory deposit	-	-	-	-	300,000	200,000	-	500,000	
TOTAL ASSETS	14,322,861	2,460,850	2,916,719	2,768,432	15,060,425	2,454,198	2,093,043	42,076,527	
LIABILITIES									
Insurance liabilities	8,858,588	2,408,786	-	-	-	-	1,766,570	13,033,944	
<i>Investment contract liabilities:</i>									
– At amortised cost	-	-	-	2,734,268	-	-	-	2,734,268	
– Financial liabilities designated at fair value	-	-	2,916,718	-	-	-	-	2,916,718	
Trade payables	-	-	-	-	2,617,041	377,156	-	2,994,197	
Other liabilities	-	-	-	-	5,054,288	375,940	-	5,430,228	
Current income tax liabilities	-	-	-	-	98,556	103,601	-	202,157	
Deferred income tax	-	-	-	-	183,220	-	-	183,220	
TOTAL LIABILITIES	8,858,588	2,408,786	2,916,718	2,734,268	7,953,105	856,697	1,766,570	27,494,732	
SURPLUS	5,464,273	52,064	1	34,164	7,107,320	1,597,501	326,472	14,581,795	

Notes to the financial statements

7 Segment information

The Group is organized into six operating segments. These segments distribute their products through various forms of brokers, agencies and direct marketing programs. Management identifies its reportable operating segments by product line consistent with the reports used by the Management Investment and Underwriting Committee. These segments and their respective operations are as follows:

- 1 Non-Life business:** This segment covers the protection of customers' assets (particularly their properties, both for personal and commercial business) and indemnification of other parties that have suffered damage as a result of customers' accidents. All contracts in this segment are short-term in nature. Revenue in this segment is derived primarily from insurance premium, investment income and net realized gains on financial assets.
- 2 Life business:** This segment covers the protection of the Group's customers against the risk of premature death, disability, critical illness and other accidents. Revenue from this segment is derived primarily from insurance premium, investment income and net realized gains on financial assets.
- 3 Pension funds management:** AXA Mansard Pensions limited operates as a Pension Fund Administrator to both Private and Public sector employees, while also offering pension advisory, investment and consultancy services.
- 4 Asset management:** Offers a range of investment products domestically and abroad to suit customer's long- and short-term investment needs. Revenue from this segment is derived primarily from fee income, investment income and net realized gains on financial assets.
- 5 Property development:** The Group undertakes real estate development project with the aim of outright sale or lease of the properties to meet the needs of individual and corporate bodies. The Group offers various products in real estate to meet clients' needs while promoting value adding business relationships and utilizes a combination of debt and equity finance to provide funds for projects. Revenue from this segment is derived primarily from fee income, investment income and net realized gains on financial assets.
- 6 Health Maintenance Organisation (HMO):** This segment provides health maintenance services to a wide range of individuals both within the Group and outside the Group.

Expenses for corporate units that render services for all business segments are initially paid by the general business segment and transferred to other business units at cost price. The expenses are allocated based on service man hours rendered by the corporate units to the various business segments.

The corporate expenses for the following centrally shared services are being apportioned to all business segments in the Group:

- System and controls
- Financial control
- Human resources
- Information technology

AXA Mansard Investments Limited rendered asset management services for other business segments of the Group. Fee income earned on asset management services is eliminated on consolidation. AXA Mansard Health Limited provides health maintenance services for staff members with the Group.

7 (a) The segment information provided by the Management Underwriting & Investment Committee (MUIC) for the reporting segments for the year ended 31 December 2017 is as follows:

December 2017 <i>In thousands of Nigerian Naira</i>	Non life business	Life Business	Elimination between Life & non life	AXA Mansard Insurance	Investment Management	Property Development	Pension Management	Health Maintenance	Elimination adjustments	Total
Cash and cash equivalents	4,261,365	518,500	-	4,779,865	43,773	190,289	60,847	258,545	-	5,333,319
Available-for-sale assets	7,728,162	9,949,540	-	17,677,702	871,816	124,149	1,168,016	2,850,102	-	22,691,785
Financial assets designated at fair value	-	3,272,242	-	3,272,242	-	-	-	-	-	3,272,242
Trade receivables	143,147	108,236	-	251,383	-	-	-	1,709,636	-	1,961,019
Reinsurance assets	9,096,297	1,018,945	-	10,115,242	-	-	-	50,740	-	10,165,982
Deferred acquisition cost	481,077	-	-	481,077	-	-	-	13,507	-	494,584
Other receivables	585,935	63,211	-	649,146	139,446	41,504	141,450	116,535	(178,984)	909,097
Loans and receivables	7,669,969	299,397	(407,151)	7,562,215	24,256	-	2,465	36,192	(3,781,875)	3,843,253
Investment properties	-	-	-	-	-	14,072,384	-	-	-	14,072,384
Investment in subsidiaries	3,519,573	400,000	-	3,919,573	-	-	-	-	(3,919,573)	-
Intangible assets	166,697	52,075	-	218,772	40,059	-	6,879	4,654	1,378,531	1,648,895
Property, plant and equipment	1,430,895	7,065	-	1,437,960	31,497	63,323	99,601	40,134	-	1,672,515
Statutory deposit	300,000	200,000	-	500,000	-	-	-	-	-	500,000
TOTAL ASSETS	35,383,117	15,889,211	(407,151)	50,865,177	1,150,847	14,491,649	1,479,258	5,080,045	(6,501,901)	66,565,075
Insurance liabilities	12,544,878	5,279,293	-	17,824,171	-	-	-	3,343,779	-	21,167,950
<i>Investment contract liabilities:</i>										
– At amortised cost	-	3,108,070	-	3,108,070	-	-	-	-	-	3,108,070
– Financial liabilities designated at fair value	-	3,272,242	-	3,272,242	-	-	-	-	-	3,272,242
Borrowings	-	-	-	-	-	6,975,799	-	-	(3,680,768)	3,295,031
Trade payables	7,888,101	623,501	-	8,511,602	-	-	-	12,733	-	8,524,335
Other payables	1,031,685	734,033	(407,151)	1,358,567	126,302	538,707	70,639	519,637	(280,092)	2,333,760
Current income tax liabilities	136,258	98,701	-	234,959	23,405	51,955	15,594	118,774	-	444,687
Deferred income tax	-	-	-	-	(21,290)	644,328	12,766	20,602	-	656,406
TOTAL LIABILITIES	21,600,922	13,115,840	(407,151)	34,309,611	128,417	8,210,789	98,999	4,015,525	(3,960,860)	42,802,481
EQUITY										
Share capital	4,250,000	1,000,000	-	5,250,000	150,000	2,367	1,033,836	700,000	(1,886,203)	5,250,000
Share premium	3,643,453	800,000	-	4,443,453	790,000	379,958	-	-	(1,169,958)	4,443,453
Contingency reserve	3,228,712	386,739	-	3,615,451	-	-	-	-	-	3,615,451
Other reserves	1,595,103	1,000,000	-	2,595,103	-	-	30,376	-	-	2,625,479
Treasury shares	(304,924)	-	-	(304,924)	-	-	-	-	-	(304,924)
Retained earnings	1,524,574	(836,934)	-	687,640	123,768	3,116,113	(234,056)	179,731	356,030	4,229,226
Fair value reserves	(154,723)	423,566	-	268,843	(41,338)	-	13,837	184,789	-	426,131
	13,782,195	2,773,371	-	16,555,566	1,022,430	3,498,439	843,993	1,064,520	(2,700,131)	20,284,816
Non-controlling interests in equity	-	-	-	-	-	2,782,421	536,266	-	159,090	3,477,777
TOTAL EQUITY	13,782,195	2,773,371	-	16,555,566	1,022,430	6,280,860	1,380,259	1,064,520	(2,541,041)	23,762,593
TOTAL LIABILITIES AND EQUITY	35,383,117	15,889,211	(407,151)	50,865,177	1,150,847	14,491,649	1,479,258	5,080,045	(6,501,901)	66,565,074

December 2016 <i>In thousands of Nigerian Naira</i>	Non life business	Life Business	Elimination between Life & non life	AXA Mansard Insurance	Investment Management	Property Development	Pension Management	Health Maintenance	Elimination adjustments	Total
Cash and cash equivalents	2,659,571	218,510	-	2,878,081	70,529	225,723	34,691	314,112	-	3,523,136
Available-for-sale assets	7,018,431	7,215,989	-	14,234,420	523,380	-	1,115,862	1,665,658	-	17,539,320
Financial assets designated at fair value	-	3,194,131	-	3,194,131	131,324	-	-	-	-	3,325,455
Trade receivables	137,482	178,323	-	315,805	-	-	-	539,117	-	854,922
Reinsurance assets	8,402,629	732,196	-	9,134,825	-	-	-	49,353	-	9,184,178
Other receivables	535,438	19,849	-	555,287	97,945	28,133	194,604	54,068	(90,000)	840,037
Deferred acquisition cost	574,415	-	-	574,415	-	-	-	19,449	-	593,864
Loans and receivables	4,054,470	1,185,451	(141,529)	5,098,392	369,409	-	1,133	42,529	(2,334,169)	3,177,294
Investment properties	-	-	-	-	-	12,017,000	-	-	-	12,017,000
Investment in subsidiaries	3,519,573	400,000	-	3,919,573	-	-	-	-	(3,919,573)	-
Intangible assets	166,099	63,233	-	229,332	46,285	-	6,187	8,567	1,398,531	1,688,902
Property, plant and equipment	1,430,946	11,270	-	1,442,216	37,376	79,613	114,318	40,575	-	1,714,098
Statutory deposit	300,000	200,000	-	500,000	-	-	-	-	-	500,000
TOTAL ASSETS	28,799,054	13,418,952	(141,529)	42,076,477	1,276,248	12,350,469	1,466,795	2,733,428	(4,945,211)	54,958,206
Insurance liabilities	8,858,588	4,175,356	-	13,033,944	-	-	-	1,399,379	-	14,433,323
Investment contract liabilities:	-	-	-	-	-	-	-	-	-	-
– At amortised cost	-	2,734,268	-	2,734,268	-	-	-	-	-	2,734,268
– Financial liabilities designated at fair value	-	2,916,719	-	2,916,719	(446)	-	-	-	-	2,916,273
Borrowings	-	-	-	-	-	6,219,886	-	-	(1,994,075)	4,225,811
Trade payables	2,617,041	377,156	-	2,994,197	-	-	-	16,594	-	3,010,791
Other payables	5,195,819	375,937	(141,529)	5,430,227	320,588	845,471	199,499	267,334	(435,005)	6,628,114
Current income tax liabilities	98,556	103,601	-	202,157	4,774	-	14,875	32,262	-	254,068
Deferred income tax	183,220	-	-	183,220	(30,818)	379,724	15,578	19,824	-	567,528
TOTAL LIABILITIES	16,953,224	10,683,037	(141,529)	27,494,732	294,098	7,445,081	229,952	1,735,393	(2,429,080)	34,770,176
EQUITY										
Share capital	4,250,000	1,000,000	-	5,250,000	150,000	2,367	1,033,836	700,000	(1,886,203)	5,250,000
Share premium	3,643,453	800,000	-	4,443,453	790,000	379,958	-	-	(1,169,958)	4,443,453
Contingency reserve	2,822,895	351,005	-	3,173,900	-	-	-	-	-	3,173,900
Other reserves	1,593,900	1,000,000	-	2,593,900	-	-	18,667	-	-	2,612,567
Treasury shares	(304,924)	-	-	(304,924)	-	-	-	-	-	(304,924)
Retained earnings	426,102	(142,757)	-	283,345	122,106	2,349,975	(300,429)	335,119	431,848	3,221,966
Fair value reserves	(585,596)	(272,333)	-	(857,929)	(79,956)	-	(11,976)	(37,085)	-	(986,946)
	11,845,830	2,735,915	-	14,581,745	982,150	2,732,300	740,098	998,034	(2,624,313)	17,410,016
Non-controlling interests in equity	-	-	-	-	-	2,173,087	494,745	-	108,182	2,776,014
TOTAL EQUITY	11,845,830	2,735,915	-	14,581,745	982,150	4,905,387	1,234,843	998,034	(2,516,131)	20,186,030
TOTAL LIABILITIES AND EQUITY	28,799,054	13,418,952	(141,529)	42,076,477	1,276,248	12,350,468	1,464,795	2,733,427	(4,945,211)	54,956,206

Notes to the financial statements

(b) The consolidated financial data for the reporting segments for the year ended 31 December 2017 is as follows:

December 2017	Non life Business	Life business	Insurance	Investment management	Property development	Health Maintenance	Pension management	Elimination Adjustments	Total
Revenue:									
Derived from external customers:									
Gross written premium	17,025,071	3,577,147	20,602,218	-	-	6,389,836	-	(167,224)	26,824,830
Gross premium income	17,698,915	3,549,643	21,248,558	-	-	5,116,801	-	(167,224)	26,198,135
Reinsurance expenses	(11,242,850)	(1,050,109)	(12,292,959)	-	-	(116,931)	-	-	(12,409,890)
Net premium income	6,456,065	2,499,534	8,955,599	-	-	4,999,870	-	(167,224)	13,788,245
Fees and commission income	1,308,464	237,030	1,545,494	-	-	-	-	-	1,545,494
Profits on investment contracts	-	249,899	249,899	-	-	-	-	-	249,899
Investment income	2,074,278	832,369	2,906,647	438,061	9,496	362,774	546,323	(585,080)	3,678,221
Net fair value gains on financial assets	660,710	30,531	691,241	(6,798)	-	(27,672)	33,551	-	690,322
Other operating income	507,062	21,515	528,577	39,556	4,838	18,512	410	(418,173)	173,720
Gains on investment property	-	-	-	-	1,145,276	-	-	-	1,145,276
Rental income	-	-	-	-	1,439,345	-	-	-	1,439,345
Net income	11,006,579	3,870,878	14,877,457	470,819	2,598,955	5,353,484	580,284	(1,170,477)	22,710,521
Insurance benefits and claims	8,664,923	2,822,808	11,487,731	-	-	4,361,903	-	-	15,849,634
Insurance claims recovered from re-insurer	(5,503,044)	(792,402)	(6,295,446)	-	-	(16,115)	-	-	(6,311,561)
Net insurance benefits and claims	3,161,879	2,030,406	5,192,285	-	-	4,345,788	-	-	9,538,073
Commission expenses	2,215,258	331,669	2,546,927	-	-	-	-	-	2,546,927
Other acquisition expenses	190,120	22,479	212,599	-	-	177,302	-	-	389,901
Changes in individual life reserves	-	9,362	9,362	-	-	-	-	-	9,362
Increase/(decrease) in annuity reserves	-	265,049	265,049	-	-	-	-	-	265,049
Expenses for marketing and administration	877,992	510,133	1,388,125	76,569	31,035	62,371	133,952	-	1,692,052
Employee benefit expense	1,256,211	563,120	1,819,330	203,399	-	166,047	211,161	-	2,399,937
Depreciation and amortisation	324,183	15,363	339,546	22,844	29,349	20,356	42,277	-	454,372
Impairment loss/(writeback) on trade receivables	(22,627)	2,049	(20,578)	-	-	(5,603)	-	-	(26,181)
Other expenses	1,116,411	562,246	1,678,657	56,873	39,133	233,058	74,811	(262,841)	1,819,691
Net expenses	9,119,427	4,311,876	13,431,302	359,685	99,517	4,999,319	462,201	(262,841)	19,089,183
Reportable segment profit	1,887,152	(440,998)	1,446,155	111,134	2,499,438	354,165	118,083	(907,636)	3,621,339
Finance cost	-	-	-	-	(807,408)	-	-	418,173	(389,235)
Profit before income tax from reportable segments	1,887,152	(440,998)	1,446,155	111,134	1,692,030	354,165	118,083	(489,463)	3,232,104
Income tax expenses	15,017	(93,351)	(78,334)	(34,694)	(316,558)	(119,553)	(7,852)	-	(556,991)
Profit after income tax	1,902,169	(534,349)	1,367,814	76,440	1,375,472	234,612	110,231	(489,463)	2,675,101
Assets and liabilities									
Total assets	35,383,117	15,889,211	50,421,678	1,150,847	14,491,649	5,080,045	1,479,258	(6,909,052)	66,565,075
Total liabilities	21,600,922	13,115,840	34,638,134	128,417	8,210,789	4,015,525	98,999	(4,368,011)	42,802,481
Net assets/(liabilities)	13,782,195	2,773,371	15,783,544	1,022,430	6,280,860	1,064,520	1,380,259	(2,541,041)	23,762,594

Notes to the financial statements

31 December 2017	Non life	Life business	Insurance	Investment management	Property development	Health Maintenance	Pension management	Elimination Adjustments	Total
Segment reporting									-
<i>In thousands of Naira</i>									-
External revenue									-
Net premium earned	6,456,065	2,499,534	8,955,599	-	-	4,999,870	-	-	13,955,469
Net interest income	2,074,278	1,082,268	3,156,546	438,061	9,496	362,774	546,323	-	4,513,200
Net fees and commission	1,308,464	237,030	1,545,494	-	-	-	-	-	1,545,494
Net trading income	660,710	30,531	691,241	(6,798)	9,496	(27,672)	33,551	-	699,818
Other income	507,062	21,515	528,576	39,556	2,589,459	18,512	410	-	3,176,514
Inter segment revenue	-		(167,224)	234,080	418,173	518,224	-	(1,170,477)	-
Total segment revenue	11,006,579	3,870,878	14,710,233	704,899	3,026,624	5,871,708	580,284	(1,170,477)	23,890,495
									-
Reportable segment profit before tax	1,887,152	(440,998)	14,710,233	111,134	1,692,030	354,165	118,083	(489,463)	3,232,103
									-
Reportable segment assets	35,383,117	15,889,211	50,421,678	1,150,847	14,491,649	5,080,045	1,479,258	(6,909,052)	66,565,075
Reportable segment liabilities	21,600,922	13,115,840	34,638,134	128,417	8,210,789	4,015,525	98,999	(4,368,011)	42,802,481
									-

(All amounts in thousands of Naira unless otherwise stated)

8 Cash and cash equivalents

	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Cash at bank and in hand	2,882,628	1,710,501	2,534,048	1,261,280
Tenored deposits (see note (a) below)	2,291,655	1,633,179	2,245,817	1,571,888
Tenored deposit - Debt service reserve account (see note (b) below)	159,035	134,543	-	-
Treasury bills with original maturity < 90 days	-	44,913	-	44,913
	5,333,318	3,523,136	4,779,865	2,878,081

- (a) Tenored deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group. The carrying amounts disclosed above reasonably approximate fair value at the reporting date.
- (b) This represents the balance on the debt service reserve account held with Guaranty Trust Bank Plc as a pre-condition for the dollar denominated loan for APD Limited. The tenored deposit will be available for future operating activities when all obligations relating to the loan have been met. Due to the current restrictions, the balance is not available for use by the group. This balance has been excluded for cashflow purposes.
- (c) For the purpose of the cashflow statement, cash and cash equivalents comprise the following balances with less than 3 months maturity from the date of acquisition.

	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Cash at bank and hand	2,882,628	1,710,501	2,534,048	1,261,280
Tenored deposits	2,291,655	1,633,179	2,245,817	1,571,888
Treasury bills with original maturity < 90 days	-	44,913	-	44,913
Cash and cash equivalents	5,174,283	3,388,593	4,779,865	2,878,081

9 Investment securities

The Group's investment securities are summarized below by measurement category:

	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Available-for-sale (see note 9.1)	22,691,784	17,539,369	17,677,702	14,234,470
Financial assets designated at fair value (see note 9.2)	3,272,242	3,325,455	3,272,242	3,194,131
	25,964,026	20,864,824	20,949,944	17,428,601
Current	907,671	701,575	707,108	569,379
Non-current	25,056,355	20,163,249	20,242,836	16,859,222

9.1 Available-for-sale assets

Available for sale instruments represent interests in quoted securities, treasury bills, listed funds and unlisted entities as at year end.

	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Government & corporate bonds	15,314,518	11,563,035	13,347,980	10,045,740
Tenored deposits with maturity above 90 days	326,733	623,463	326,733	623,463
Treasury bills	4,298,543	4,032,049	2,303,661	2,523,446
Equity securities (see table (a) below)	333,186	543,805	293,172	421,191
Investment funds (see table (b) below)	2,418,804	777,017	1,406,156	620,630
	22,691,784	17,539,369	17,677,702	14,234,470

- (a) Analysis of equity securities is shown below:

	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Quoted securities	238,297	471,232	198,283	348,618
Unquoted securities				
Insurance Energy pool	72,066	49,750	72,066	49,750
Imperial Homes Limited	22,773	22,773	22,773	22,773
DML Nominees limited	50	50	50	50
	333,186	543,805	293,172	421,191

- (b) Analysis of investment funds is shown below:

	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
AXA Mansard Funds	149,889	140,670	149,889	140,670
Legacy Money Market Funds	14,008	10,140	14,008	10,140
Coral Growth Fund	2,973	2,200	2,973	2,200
AXA Mansard Money Market Fund & Income Growth Fund	1,883,685	321,768	871,037	165,381
IAML Money Market Investment	217,537	182,421	217,537	182,421
ARM Money Market Investment	150,712	119,818	150,712	119,818
	2,418,804	777,017	1,406,156	620,630

At the reporting date, there were no available for sale assets that were overdue but not impaired.

- (c) Movement in Available-for-sale assets

Group	at 1 January 2017	Additions	Disposal	Fair value	Interest receivable	As at 31 December 2017
Government & corporate bonds	11,563,035	2,440,355	(396,576)	58,414	1,649,290	15,314,518
Tenored deposits with maturity above 90 days	623,463	324,297	(623,508)	-	2,481	326,733
Treasury bills	4,032,049	19,583,264	(20,969,944)	1,064,609	588,566	4,298,543
Equity	543,805	199,868	(519,243)	13,444	95,312	333,186
Investment Funds	777,017	2,771,727	(1,427,843)	276,612	21,291	2,418,804
	17,539,369	25,319,511	(23,937,113)	1,413,078	2,356,940	22,691,784

Parent	at 1 January 2017	Additions	Disposal	Fair value	Interest receivable	As at 31 December 2017
Government & corporate bonds	10,045,740	3,027,879	(375,721)	41,295	608,787	13,347,980
Tenored deposits with maturity above 90 days	623,463	324,297	(623,508)	-	2,481	326,733
Treasury bills	2,523,446	15,185,765	(16,438,916)	915,751	117,615	2,303,661
Equity	421,191	177,044	(362,446)	57,384	-	293,172
Investment Funds	620,630	1,736,526	(1,065,565)	112,342	2,223	1,406,156
	14,234,470	20,451,510	(18,866,156)	1,126,772	731,106	17,677,702

(All amounts in thousands of Naira unless otherwise stated)

9.2 Financial assets designated at fair value

	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Investment contracts designated at fair value (see note (i))	3,272,242	2,916,273	3,272,242	2,916,719
Convertible debt designated at fair value -(see note (ii))	-	409,182	-	277,412
	3,272,242	3,325,455	3,272,242	3,194,131

(i) Investment contracts designated at fair value

Financial assets designated at fair value represent the assets of the investment contracts managed on behalf of customers and unavailable for day to day use by the Company. The assets match the financial liabilities carried at fair value as at year end.

The category of financial assets held can be analysed as follows:

	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Bank balances	158,040	41,069	158,040	41,075
Short term deposit	135,378	212,959	135,378	212,992
Government treasury bills	879,728	1,165,659	879,728	1,165,837
Government and corporate bonds	2,079,402	1,482,428	2,079,402	1,482,655
Quoted equity securities	19,694	14,158	19,694	14,160
	3,272,242	2,916,273	3,272,242	2,916,719

(ii) Convertible debt designated at fair value

This represents a convertible, non collateralised, debt extended to Maryland Mall Limited, a real estate company in 2016. The debt 2017: nil (2016: N200 million -parent and N350 million - group) has a tenor of 5 years effective 1 April 2016 at an annual interest rate of 12% with an option to convert to equity anytime before the expiration of the tenor of the debt. The group divested from this investment in the current year with proceeds of N165million - parent and N401million - group.

10 Trade receivables

	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Premium receivable (see 10.1 below)	1,771,503	627,517	61,868	88,400
Coinurance receivable (see 10.2 below)	189,515	227,406	189,515	227,406
	1,961,018	854,923	251,383	315,806

All trade receivables fall due within one year.

10.1 Premium receivables

	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
(a) Premium receivables	1,800,795	682,989	87,673	134,783
Less specific provision for impairment	(29,292)	(55,472)	(25,805)	(46,383)
	1,771,503	627,517	61,868	88,400

Analysis of premium receivables:

	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Life contracts insurance receivable	5,990	3,243	5,990	3,244
Non-life contracts insurance receivable	55,878	85,156	55,878	85,156
AXA Mansard Health (HMO) receivable	1,709,635	539,118	-	-
	1,771,503	627,517	61,868	88,400

Counter party categorization of insurance receivable:

	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Brokers and agents	87,673	134,783	87,673	134,783
Contract holders	1,713,122	548,206	-	-
Total insurance receivables	1,800,795	682,989	87,673	134,783
Less impairment of receivables:				
- Brokers and agents	(25,805)	(46,383)	(25,805)	(46,383)
- Contract holders	(3,487)	(9,089)	-	-
Total impairment	(29,292)	(55,472)	(25,805)	(46,383)
	1,771,503	627,517	61,868	88,400

There is no concentration of credit risk with respect to trade receivables, as the Group has a non-symmetrical portfolio dispersed across many industries in Nigeria.

The aging analysis of gross premium receivable as at the end of the year is as follows:

	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
0 – 30 days	1,559,277	331,581	58,815	97,762
31 – 90 days	213,478	293,082	4,304	19,361
91 – 180 days	3,705	47,519	312	8,158
Above 180 days	24,334	10,806	24,242	9,502
Total	1,800,795	682,988	87,673	134,783

The movement in impairment of insurance receivable is as follows:

	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
(b) Impairment of premium receivable				
Balance, beginning of the year	55,472	9,189	46,383	9,189
Additional impairment/(write back) during the year	(26,180)	46,283	(20,578)	37,194
Write off of premium receivables	-	-	-	-
Balance, end of year	29,292	55,472	25,805	46,383

10.2 Co-insurance receivable

	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Co-insurers' share of outstanding claims	189,515	227,406	189,515	227,406
	189,515	227,406	189,515	227,406

(All amounts in thousands of Naira unless otherwise stated)

11 Reinsurance assets

	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Total reinsurers' share of outstanding claims (see note (a) below)	5,048,339	1,600,088	5,043,953	1,600,088
Prepaid re-insurance- Non life & health (see note (b) below)	2,127,015	2,870,769	2,088,020	2,834,886
Reinsurance premium paid in advance for next year's policies	-	2,500,786	-	2,500,786
Reinsurance share of group life reserves (see note (c) below)	277,783	243,503	277,783	243,503
Reinsurance share of individual life reserves (see note (d) below)	37,936	18,131	37,936	18,131
Reinsurance share of Incurred But Not Reported (IBNR) claims (see note (e) below)	1,122,513	802,155	1,115,153	788,686
Recoverables from reinsurers on claims paid (see note (f) below)	1,552,397	1,148,745	1,552,397	1,148,745
	10,165,983	9,184,177	10,115,242	9,134,825
(a) The movement in reinsurers' share of outstanding claims is as follows:	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Balance, beginning of the year	1,600,088	778,901	1,600,088	767,397
Movement during the year	3,448,251	821,187	3,443,865	832,691
	5,048,339	1,600,088	5,043,953	1,600,088
Reinsurance share of outstanding claims can be analysed as follows:	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Non-life	4,930,011	1,481,097	4,930,011	1,481,097
Life	113,942	118,991	113,942	118,991
AXA Mansard Health (HMO)	4,386	-	-	-
Balance, end of year	5,048,339	1,600,088	5,043,953	1,600,088
(b) The movement in prepaid reinsurance -Non life & health is as follows:	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Balance, beginning of the year	2,870,769	3,088,979	2,834,886	3,078,190
Additions in the year	10,616,027	8,426,917	10,495,985	8,341,269
Released in the year	(11,359,781)	(8,645,127)	(11,242,851)	(8,584,573)
	2,127,015	2,870,769	2,088,020	2,834,886
(c) The movement in reinsurance share of group life reserves:	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Balance, beginning of the year	243,503	347,909	243,503	347,909
Movement during the year	34,280	(104,406)	34,280	(104,406)
	277,783	243,503	277,783	243,503
The total reinsurance cost for the life business is N1,104,192,000 (2016: N958,757,000) as disclosed in note 30				
(d) The movement in reinsurance share of individual life reserves:	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Balance, beginning of the year	18,131	37,287	18,131	37,287
Movement during the year	19,805	(19,156)	19,805	(19,156)
	37,936	18,131	37,936	18,131
(e) Reinsurance share of IBNR can be analysed as follows:	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Non-life	591,570	437,115	591,570	437,115
Life	523,583	351,571	523,583	351,571
Health	7,360	13,469	-	-
Balance, end of year	1,122,513	802,155	1,115,153	788,686
The movement in reinsurance IBNR:	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Balance, beginning of the year	802,155	625,724	788,686	625,724
Movement during the year	320,358	176,431	326,467	162,962
	1,122,513	802,155	1,115,153	788,686
(f) The movement in recoverables from reinsurers on claims paid	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Balance, beginning of the year	1,148,745	177,044	1,148,745	177,044
Additions in the year	2,476,154	1,782,796	2,453,930	1,776,733
Receipts during the year	(2,072,502)	(811,095)	(2,050,278)	(805,032)
	1,552,397	1,148,745	1,552,397	1,148,745
Current	9,379,011	8,397,205	9,328,270	8,347,853
Non current	786,972	786,972	786,972	786,972
Total	10,165,983	9,184,177	10,115,242	9,134,825

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(All amounts in thousands of Naira unless otherwise stated)

12 Deferred acquisition cost

This relates to the commission paid on the unexpired premium reserve

	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Deferred acquisition cost- Fire	147,140	97,384	147,140	97,384
Deferred acquisition cost- Gen. Accident	43,346	51,555	43,346	51,555
Deferred acquisition cost- Motor	83,009	83,293	83,009	83,293
Deferred acquisition cost- Marine	45,991	43,181	45,991	43,181
Deferred acquisition cost- Engineering	39,114	35,629	39,114	35,629
Deferred acquisition cost- Oil & Gas	117,645	251,511	117,645	251,511
Deferred acquisition cost- Aviation	4,832	11,860	4,832	11,860
Deferred acquisition cost- HMO	13,507	19,449	-	-
Total	494,584	593,862	481,077	574,413

The movement in deferred acquisition cost is as follows:

	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Balance, beginning of year	593,862	578,744	574,413	570,875
Movement in deferred acquisition cost	(99,278)	15,118	(93,336)	3,538
Balance, end of year	494,584	593,862	481,077	574,413
Current	207,530	311,295	207,530	311,295
Non-current	287,054	282,567	273,547	263,118
	494,584	593,862	481,077	574,413

13 Other receivables

	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Prepayment	510,300	644,451	325,343	423,266
Accrued income	173,935	153,773	220,504	111,203
Other account receivables	294,014	65,942	172,451	44,948
Gross (see (a) below)	978,249	864,166	718,298	579,417
Less: Specific impairment of other receivables (see (b) below)	(69,152)	(24,130)	(69,152)	(24,130)
Net receivables	909,097	840,036	649,146	555,287

(a) The movement in other receivables (gross):

	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Balance, beginning of the year	864,165	903,109	579,417	512,906
Movement during the year	114,084	(38,944)	138,881	66,511
Balance end of year	978,249	864,165	718,298	579,417

(b) The movement in provision for impairment of other receivables:

	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Balance, beginning of the year	24,130	19,727	24,130	19,727
Charge for the year	45,022	4,403	45,022	4,403
Balance end of year	69,152	24,130	69,152	24,130
Current	638,049	434,532	501,403	297,240
Non-current	340,200	429,634	216,895	282,177
	978,249	864,166	718,298	579,417

14 Loans and receivables

	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Loans and advances to related party (see note (a) below)	-	-	3,750,465	2,112,339
Investment in debt instrument (see note (b) below)	-	441,739	-	293,163
Other loans (see (c) below)	3,698,715	2,601,507	3,698,715	2,601,507
Staff loans and advances	152,526	147,964	121,022	105,300
Gross	3,851,241	3,191,210	7,570,202	5,112,309
Less: Specific impairment of staff loans and advances	(7,987)	(13,917)	(7,987)	(13,917)
Net loans and receivables	3,843,254	3,177,293	7,562,215	5,098,392

(a) Movement in loans and advances to related party:

	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Balance, beginning of the year	-	-	2,112,339	1,390,844
Additions during the year	-	-	1,412,756	1,568,262
Accrued Interest during the year	-	-	418,173	135,533
payments during the year	-	-	(192,802)	(982,300)
Balance end of year	-	-	3,750,465	2,112,339

Included in loans and advances to related parties is an unsecured facility of N736 million to a related party, APD Limited, with a tenor of 5 years commencing from October 2014. Interest is accrued at an effective interest rate of 12.85% and the loan, with the accrued interest, is payable at maturity. Also included are non collateralised short term loans granted to APD Limited with an average tenure of three (3) months. The make up of loans and advances to related parties both contractual loan (as indicated above) and intercompany balances based on day-to-day intercompany transactions in the normal course of business to APD Limited is N3.344 billion.

(b) Movement in investment in debt instrument:

	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Balance, beginning of the year	441,739	-	293,163	-
Additions during the year	-	410,614	-	258,505
Accrued Interest during the year	18,645	62,739	16,589	56,421
Payments during the year	(460,384)	(31,613)	(309,752)	(21,763)
Balance end of year	-	441,739	-	293,163

This represents a non collateralised debt instrument to Maryland Mall Limited, a real estate company. The debt had a tenor of 5 years effective 1 April 2016 with an annual interest rate of 18%. The group divested from this investment in the current year.

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(All amounts in thousands of Naira unless otherwise stated)

(c) Movement in Other loans:

	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Balance, beginning of the year	2,601,507	-	2,601,507	-
Additions during the year	504,900	2,479,759	504,900	2,479,759
Accrued Interest during the year	592,308	121,747	592,308	121,747
Balance end of year	3,698,715	2,601,507	3,698,715	2,601,507

Included in this balance is a N3.5 billion loan with a rolled-over tenor of 1 year at an average interest rate of 22.5% per annum granted towards a hospital project. The Company is partnering with the International Finance Corporation, Africa Capital Alliance and Healthshare Health Solutions to develop a world class 150-bed acute care hospital in Lagos, Nigeria to further support the development of its health insurance business. The loan relates to the funding made available to the consortium for the purchase of the hospital land and other pre-approval processes. The plan is to convert the loan into an investment as soon as the debt financing stage is closed in Q2 2018, hospital construction start date is planned to start immediately after also in Q2 2018.

(d) Movement in staff loans and advances:

	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Balance, beginning of the year	147,964	193,953	105,300	139,693
Additions during the year	51,704	54,726	51,004	45,672
Accrued Interest during the year	16,216	18,252	12,407	13,082
Payments during the year	(63,358)	(118,967)	(47,688)	(93,147)
Balance end of year	152,526	147,964	121,022	105,300

(e) The movement in provision for impairment of loans and receivables:

	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Balance, beginning of the year	13,917	10,469	13,917	10,469
Additions/(write back) during the year	(5,930)	3,448	(5,930)	3,448
Balance end of year	7,987	13,917	7,987	13,917
Current	3,774,978	2,675,489	5,082,226	3,977,157
Non-current	76,263	515,721	2,487,976	1,135,152

15 Investment property

	Group Dec-2017	Group Dec-2016
Office property	14,072,384	12,017,000
Balance, end of year	14,072,384	12,017,000

Investment property comprises a commercial property held for the purpose of capital appreciation and rental income. Investment property is carried at fair value which is determined by independent professional valuers; Osas & Oseji Estate Surveyors & Valuers (FRC/2012/0000000000522). The property was valued using the discounted income capitalisation cashflow approach. Rental income on investment property included in the statement of comprehensive income for the year was N1.44billion (2016: N1.07billion).

The movement in investment property is analysed as follows:

	Group Dec-2017	Group Dec-2016
Balance, beginning of year	12,017,000	9,205,350
Foreign exchange gain/(loss)	2,174,880	3,604,650
Change in fair value	(119,496)	(793,000)
Investment property at fair value	14,072,384	12,017,000

The fair value measurement for the investment property has been categorised as a level 3 fair value based on the inputs to the valuation technique used. The following table shows the valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

Valuation technique	Fair value at 31 December 2017 (in thousands)	Unobservable inputs	Range of unobservable inputs (probability weighted average)	Relationship of unobservable inputs to fair value
Discounted Income Capitalisation Cashflow approach	14,072,384	Forecast price per square metre	\$600-\$700 (\$650)	The higher the price per square metre, the higher the fair value
		Capitalisation rate	6%	The higher the capitalisation rate, the higher the fair value

16 Investment in subsidiaries

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

	Parent Dec-2017	Parent Dec-2016
AXA Mansard Investments Limited	940,000	940,000
APD Limited	382,326	382,326
AXA Mansard Health Limited	712,000	712,000
AXA Mansard Pensions Limited	1,885,247	1,885,247
	3,919,573	3,919,573

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(All amounts in thousands of Naira unless otherwise stated)

(b) Principal subsidiary undertakings:

The Group is controlled by AXA Mansard Insurance Plc "the parent" (incorporated in Nigeria). The controlling interest of AXA Mansard Insurance Plc in the Group entities is disclosed in the table below:

Company name	Nature of business	Country of origin	% of equity capital controlled
AXA Mansard Investments Limited	Asset management services	Nigeria	100
APD Limited	Property development	Nigeria	55.7
AXA Mansard Health Limited	Health Maintenance	Nigeria	100
AXA Mansard Pensions Limited	Pension Funds Administration	Nigeria	60

1 AXA Mansard Investments Limited was incorporated in January 2008 and its principal activity involves provision of portfolio management services to both individual and corporate clients.

2 AXA Mansard Health Limited was incorporated as a private limited liability company on the 7th of August 2003 and its principal activity is to manage the provision of health care services through health care providers and for that purpose was accredited with the National Health Insurance Scheme.

3 APD Limited was incorporated on 2 September 2010 for the purpose of holding and developing a commercial office property located at Plot 928A/B, Bishop Aboyade Cole Street, Victoria Island, Lagos to an ultra modern office structure.

4 AXA Mansard Pensions Limited was incorporated on 1 February 2005 as a private limited liability company. The principal activity of the Company is administration and management of pension fund assets in line with the provisions of the Pension Reform Act 2004. AXA Mansard Insurance Plc acquired 60% equity stake in AXA Mansard Pensions Limited in January 2015. As at date of acquisition, the fair value of the total consideration transferred was N1.885 billion.

There was no movement in investment in subsidiaries during the year as follows:

(c) The table below summarises the information relating to the Group's subsidiaries that have material Non-Controlling Interest (NCI) before any intra-group eliminations.

(i) APD Limited

	Group Dec-2017	Group Dec-2016
NCI percentage	44.3%	44.3%
Cash and cash equivalents	190,289	225,723
Other receivables	41,504	28,133
Available-for-sale assets	124,149	-
Investment properties	14,072,384	12,017,000
Property and equipment	63,323	79,614
Borrowings	(6,975,799)	(6,219,886)
Other liabilities	(1,234,990)	(1,225,195)
Net assets	6,280,860	4,905,389
Carrying amount of NCI	2,782,421	2,173,087
	Dec-2017	Dec-2016
Income	2,598,955	2,153,603
Expenses	906,925	696,965
Profit before tax	1,692,030	1,456,638
Profit after tax	1,375,472	1,258,377
Profit allocated to NCI (44.3%)	609,334	557,461
Cash flows from operating activities	1,032,014	1,207,040
Cash flows from investing activities	(13,059)	(180)
Cash flows from financing activities	(930,238)	(936,082)
Net increase/(decrease) in cash and cash equivalents	88,718	270,778

(ii) AXA Mansard Pensions Limited

	Group Dec-2017	Group Dec-2016
NCI percentage	40%	40%
Cash and cash equivalents	60,847	34,691
Other receivables	143,915	195,737
Available-for-sale assets	1,168,016	1,115,862
Property and equipment	99,601	114,318
Intangible assets	6,879	6,187
Other liabilities	(98,999)	(231,951)
Net asset	1,380,259	1,234,844
Carrying amount of NCI	695,356	493,938
	Dec-2017	Dec-2016
Income	580,284	461,371
Expenses	462,201	427,149
Profit before tax	118,083	34,222
Profit after tax	110,231	32,302
Profit allocated to NCI (40%)	87,897	12,921
Cash flows from operating activities	(192,768)	(148,652)
Cash flows from investing activities	195,962	(60,631)
Cash flows from financing activities	-	-
Net (decrease)/increase in cash and cash equivalents	3,195	(209,283)

(d) Significant restrictions and impairment

Other than the equitable mortgage on the Company's investment property (office building) which was used to secure the borrowing from GTBank (see note 25), the group does not have significant restrictions on its ability to access or use its assets and settle its liabilities besides those resulting from the regulatory frameworks within which the insurance business operates.

The regulatory frameworks require all insurance companies to maintain certain levels of regulatory capital and liquid assets and comply with other ratios such as the solvency margin.

The Company's investment in subsidiaries was tested for impairment as at 31 December 2017 with no element of impairment identified. Based on the result of this test, no impairment charge was recognised.

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17 Intangible assets

Analysis of intangible assets:

	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Computer software acquired (see note (a) below)	270,364	290,371	218,772	229,332
License fee (see note (b) below)	440,000	460,000	-	-
Goodwill (see note (c) below)	938,532	938,532	-	-
Total	1,648,896	1,688,903	218,772	229,332

(a) Group

	Computer software	License	Goodwill	Total
2017				
Cost:				
Balance, beginning of year	543,931	500,000	938,532	1,982,463
Additions	29,066	-	-	29,066
Intangible assets written off	-	-	-	-
Balance, end of year	572,997	500,000	938,532	2,011,529
Amortization:				
Balance, beginning of year	253,560	40,000	-	293,560
Amortisation charge	49,073	20,000	-	69,073
Accumulated amortization on intangible asset written off	-	-	-	-
Balance, end of year	302,633	60,000	-	362,633
Closing net book value	270,364	440,000	938,532	1,648,896

	Computer software	License	Goodwill	Total
2016				
Cost:				
Balance, beginning of year	537,978	500,000	938,532	1,976,510
Additions	52,266	-	-	52,266
Intangible assets written off	(46,313)	-	-	(46,313)
Balance, end of year	543,931	500,000	938,532	1,982,463
Amortization:				
Balance, beginning of year	227,995	20,000	-	247,995
Amortisation charge	71,877	20,000	-	91,877
Accumulated amortization on intangible asset written off	(46,312)	-	-	(46,312)
Balance, end of year	253,560	40,000	-	293,560
Closing net book value	290,371	460,000	938,532	1,688,903

	Parent Dec-2017	Parent Dec-2016
Parent		
Cost:		
Balance, beginning of year	439,224	441,237
Additions	25,916	44,300
Intangible assets written off	-	(46,313)
Balance, end of year	465,140	439,224
Amortization:		
Balance, beginning of year	209,892	201,743
Amortisation charge	36,476	54,461
Accumulated amortization on intangible asset written off	-	(46,312)
Balance, end of year	246,368	209,892
Closing net book value	218,772	229,332

(b) The licence fee represents the value of identifiable license at the acquisition of AXA Mansard Pensions Limited at the acquisition date in 2015 with a useful life of 25 years. The amount has been recognised at cost less accumulated amortisation. This has also been assessed for impairment and no impairment indicator was found.

**(c) Analysis of Goodwill allocation to CGUs
31 December 2017**

	Goodwill	Licence	Net assets	Total carrying amount	Discount rate	Terminal growth rate	Recoverable amount	Excess of recoverable amount over carrying amount
Entity/CGU								
AXA Mansard Pensions Limited	200,000	440,000	1,380,259	2,020,259	17.78%	12.40%	2,412,832	392,573
AXA Mansard Insurance Plc- Life business	726,532	-	2,773,371	3,499,903	19.42%	10.0%	4,819,536	1,319,633
AXA Mansard Health Limited	12,000	-	1,064,520	1,076,520	20.35%	10.04%	7,318,026	6,241,506
	938,532	440,000	5,218,150	6,596,682			14,550,394	7,953,712

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31 December 2016

Entity/CGU	Goodwill	Licence	Net assets	Total carrying amount	Discount rate	Terminal growth rate	Recoverable amount	Excess of recoverable amount over carrying amount
AXA Mansard Pensions Limited	200,000	460,000	1,234,843	1,894,843	20.30%	10.84%	2,073,504	178,661
AXA Mansard Insurance Plc- Life business	726,532	-	2,735,915	3,462,447	20.30%	6.4%	9,993,056	6,530,609
AXA Mansard Health Limited	12,000	-	998,034	1,010,034	23.26%	10.64%	13,299,283	12,289,249
	<u>938,532</u>	<u>460,000</u>	<u>4,968,792</u>	<u>6,367,324</u>			<u>25,365,843</u>	<u>18,998,519</u>

(i) AXA Mansard Health Limited

On 1 May 2013, AXA Mansard Insurance Plc acquired 99.9% of the share capital of AXA Mansard Health Limited for N12 million. The principal activity of AXA Mansard Health Limited is the provision of health care services through health care providers and for that purpose is accredited with the National Health Insurance Scheme.

As a result of this acquisition, the Group has access to the local health insurance market thereby growing the Group's insurance network. The goodwill of N12m arising represents the fair value of the consideration transferred as AXA Mansard Health Limited had a zero carrying value of its net assets at acquisition date. Cash was paid as consideration and there was no contingent consideration. None of the goodwill recognised is expected to be deductible for income tax purposes.

(ii) AXA Mansard Pensions Limited

On 1 January 2015, AXA Mansard Insurance Plc acquired 60% of the share capital of AXA Mansard Pensions Limited (formerly Penman Pensions Limited). The Company's principal activity is the administration and management of Pension Fund Assets in line with the provisions of the Pension Reform Act 2014 and the relevant National Pension Commission circulars. Cash was paid as consideration and there was no contingent consideration. None of the goodwill recognised is expected to be deductible for income tax purposes.

Management reviews the performance based on type of business. Goodwill is monitored by management at the operating segment level. The recoverable amount of all CGUs is to be determined based on the value-in-use calculation. These calculations use pre-tax cash flow projections based on the financial budgets approved by management covering a ten year period. Management is of the opinion that the subsidiary will operate profitably within 3 to 5 years from the date it commences operation based on the positive outlook of the market and the industry which is still in its growth phase.

Allocation of Goodwill to cash generating units

The identified goodwill has been allocated to the different Cash Generating Units (CGUs) within the group as follows:

Cash Generating Units	N'000
AXA Mansard Pensions Limited	200,000
AXA Mansard Insurance Plc- Life Business	<u>726,532</u>
Goodwill	<u>926,532</u>

The goodwill recognised represents the price paid above the 60% of the fair value of the identifiable net assets of AXA Mansard Pensions Limited at the acquisition date, 1 January 2015. The acquisition of AXA Mansard Pensions Limited is strategic to the AXA Mansard Group in terms of a number of synergies including customer-base synergies, cost synergies and contributing to the Group's goal of becoming Africa's number 1 One-stop financial service provider.

AXA Mansard Pensions Limited and AXA Mansard Insurance plc - Life business CGUs generate revenues through their life assurance and asset management businesses. The value-in-use calculations for the life assurance operations are determined using the discounted cash flow calculation. The cash flows attributable to the value of the CGUs are determined with reference to latest approved five-year cashflow forecasts. Projections beyond the plan period are extrapolated using an inflation based growth assumption.

The value-in-use calculations for the asset management operations are similarly determined based on discounted cash flow models derived from the latest approved five-year cashflow forecast. An additional two years of projections beyond the plan period are extrapolated using inflation based growth rates. The cash flows are discounted at economic profit rates applicable to each individual CGU.

Annual impairment testing of goodwill

In accordance with the requirements of IAS 36 'Impairment of Assets', goodwill is tested annually for impairment for each CGU, by comparing the carrying amount of each CGU to its recoverable amount, being the higher of that CGU's value-in-use or fair value less costs to sell. An impairment charge is recognised when the recoverable amount is less than the carrying value.

Goodwill was assessed for impairment at the reporting date and was deemed unimpaired.

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18 Property and equipment

(a) Group	Land	Building	Motor vehicle	Computer equipment	Office equipment	Furniture and fittings	Work in progress	Total
Cost								
Balance, 1 January 2017	389,664	477,875	728,048	578,512	440,515	913,365	13,693	3,541,672
Additions	-	-	31,057	99,036	34,899	38,055	155,855	358,902
Disposals	-	-	(36,564)	-	-	-	-	(36,564)
Balance, end of year	389,664	477,875	722,541	677,548	475,414	951,420	169,548	3,864,010
Accumulated depreciation								
Balance, 1 January 2017	-	49,218	468,446	452,082	256,375	601,342	-	1,827,463
Charge for the year	-	9,556	98,797	86,671	67,904	131,579	-	394,507
Disposals	-	-	(30,476)	-	-	-	-	(30,476)
Balance, end of year	-	58,774	536,768	538,753	324,279	732,921	-	2,191,494
Net book value								
Balance, 1 January 2017	389,664	428,657	259,602	126,430	184,140	312,023	13,693	1,714,209
At 31 December 2017	389,664	419,101	185,773	138,795	151,135	218,499	169,548	1,672,516
Parent								
	Land	Building	Motor vehicle	Computer equipment	Office equipment	Furniture and fittings	Work in progress	Total
Cost								
Balance, 1 January 2017	389,664	477,875	582,543	507,177	299,751	731,061	13,693	3,001,764
Additions	-	-	10,000	84,572	26,882	21,187	155,855	298,496
Disposals	-	-	(36,564)	-	-	-	-	(36,564)
Balance, end of year	389,664	477,875	555,979	591,749	326,633	752,248	169,548	3,263,696
Accumulated depreciation								
Balance, 1 January 2017	-	49,216	379,537	406,979	201,334	522,370	-	1,559,436
Charge for the year	-	9,558	92,643	68,979	37,461	88,135	-	296,776
Disposals	-	-	(30,476)	-	-	-	-	(30,476)
Balance, end of year	-	58,774	441,704	475,958	238,795	610,505	-	1,825,736
Net book value								
Balance, 1 January 2017	389,664	428,659	203,006	100,198	98,417	208,691	13,693	1,442,328
At 31 December 2017	389,664	419,101	114,275	115,791	87,838	141,743	169,548	1,437,960

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(All amounts in thousands of Naira unless otherwise stated)

18 Property and equipment

(a) Group	Land	Building	Motor vehicle	Computer equipment	Office equipment	Furniture and fittings	Work in progress	Total
Cost								
Balance, 1 January 2016	389,664	477,875	727,862	525,210	388,392	864,379	-	3,373,382
Additions	-	-	30,694	55,793	52,188	50,592	13,693	202,959
Disposals	-	-	(30,508)	(2,491)	(65)	(1,606)	-	(34,669)
Balance, end of year	389,664	477,875	728,048	578,512	440,515	913,365	13,693	3,541,672
Accumulated depreciation								
Balance, 1 January 2016	-	39,661	382,602	359,091	186,335	472,870	-	1,440,559
Charge for the year	-	9,558	109,672	92,150	70,105	129,857	-	411,342
Disposals	-	-	(23,083)	(38)	(65)	(1,062)	-	(24,248)
Balance, end of year	-	49,219	469,191	451,203	256,375	601,665	-	1,827,653
Net book value								
Balance, 1 January 2016	389,664	438,214	345,260	166,119	202,057	391,509	-	1,932,823
At 31 December 2016	389,664	428,656	258,857	127,309	184,140	311,700	13,693	1,714,019
Parent								
	Land	Building	Motor vehicle	Computer equipment	Office equipment	Furniture and fittings	Work in progress	Total
Cost								
Balance, 1 January 2016	389,664	477,875	582,037	462,481	253,019	677,683	-	2,842,759
Additions	-	-	26,514	47,128	46,798	54,581	13,693	188,713
Disposals	-	-	(26,008)	(2,432)	(65)	(1,126)	-	(29,630)
Balance, end of year	389,664	477,875	582,543	507,177	299,752	731,138	13,693	3,001,842
Accumulated depreciation								
Balance, 1 January 2016	-	39,659	315,422	334,493	158,995	418,721	-	1,267,290
Charge for the year	-	9,558	87,942	71,607	42,403	105,035	-	316,545
Disposals	-	-	(23,083)	-	(65)	(1,062)	-	(24,210)
Balance, end of year	-	49,217	380,282	406,100	201,334	522,693	-	1,559,625
Net book value								
Balance, 1 January 2016	389,664	438,216	266,615	127,988	94,024	258,962	-	1,575,469
At 31 December 2016	389,664	428,658	202,261	101,077	98,418	208,445	13,693	1,442,216

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19 Statutory deposit

This represents amounts deposited with the Central Bank of Nigeria (CBN) pursuant to Section 10(3) of the Insurance Act, 2003. This amount is not available for the day-to-day use in the working capital of the Company and so it is excluded from cash and cash equivalents. Interest earned on statutory deposits are included in interest income.

20 Insurance liabilities

	Group Dec-2017	Group Dec -2016	Parent Dec-2017	Parent Dec -2016
– Outstanding claims (see note 20.1a)	7,219,166	3,066,314	7,214,576	3,065,044
– Claims incurred but not reported (see note 20.1b)	4,284,611	2,603,942	3,318,473	2,305,849
– Unearned premium (see note 20.2)	7,091,924	6,465,227	4,718,873	5,365,212
– Individual life reserve (see note 20.3)	540,632	531,269	540,632	531,269
– Annuity reserves (see note 20.4)	2,031,619	1,766,570	2,031,619	1,766,570
Total insurance liabilities, gross	21,167,952	14,433,322	17,824,172	13,033,944
Reinsurance receivables				
Reinsurers' share of outstanding claims	5,048,339	1,600,088	5,043,953	1,600,088
Recoverables from reinsurers on claims paid	1,552,397	1,148,745	1,552,397	1,148,745
Reinsurance share of individual life reserves	37,936	18,131	37,936	18,131
Reinsurance share of Incurred But Not Reported (IBNR) claims	1,122,513	802,155	1,115,153	788,686
Total reinsurers' share of insurance liabilities (see note 11)	7,761,185	3,569,119	7,749,439	3,555,650
Net insurance liability	13,406,767	10,864,203	10,074,733	9,478,294
Current	16,191,149	9,730,931	12,847,370	8,331,553
Non-current	4,976,803	4,702,391	4,976,802	4,702,391

Notes to the financial statements

(All amounts in thousands of Naira unless otherwise stated)

20.1a – Outstanding claims

	Group Dec-2017	Group Dec -2016	Parent Dec-2017	Parent Dec -2016
Non-Life	6,676,181	2,664,626	6,676,181	2,664,626
Group life	538,395	400,418	538,395	400,418
Health	4,590	1,270	-	-
	7,219,166	3,066,314	7,214,576	3,065,044
	Group Dec-2017	Group Dec -2016	Parent Dec-2017	Parent Dec -2016
Balance, beginning of year	3,066,314	2,059,584	3,065,044	2,026,109
Additional claims expense during the year	13,811,844	8,954,937	10,117,985	6,884,603
Claims paid during year	(10,016,114)	(8,282,150)	(6,325,575)	(6,179,612)
Foreign exchange impact of dollar denominated claims	357,122	355,077	357,122	355,077
Claims reclassified to other creditors- Group life endowment fund	-	(21,133)	-	(21,133)
Balance, end of year	7,219,166	3,066,314	7,214,576	3,065,044

The aging analysis of the outstanding claims for the non life business is as follows:

Outstanding claims per claimant	0 - 90 days	91 - 180 days	181 - 360 days	360 days +	Total
1 - 250,000	27,656	3,798	10,443	118,768	160,666
250,001 - 500,000	27,274	4,528	11,015	39,477	82,296
500,001 - 1,500,000	65,728	11,723	16,951	146,459	240,862
1,500,001 - 2,500,000	86,203	25,957	39,296	135,057	286,513
2,500,001 - 5,000,000	116,808	6,800	34,437	102,267	260,312
5,000,001 - Above	578,869	106,906	782,314	4,177,443	5,645,532
Total	902,539	159,712	894,458	4,719,472	6,676,181

The aging analysis of the outstanding claims for the life business is as follows:

Outstanding claims per claimant	0 - 90 days	91 - 180 days	181 - 360 days	360 days +	Total
1 - 250,000	4,620	840	2,412	9,318	17,191
250,001 - 500,000	25,818	1,495	2,187	17,362	46,863
500,001 - 1,500,000	41,692	4,359	6,974	50,056	103,081
1,500,001 - 2,500,000	5,454	8,358	12,417	23,077	49,306
2,500,001 - 5,000,000	69,854	7,979	20,808	15,900	114,540
5,000,001 - Above	16,545	67,249	97,871	25,749	207,414
Total	163,982	90,280	142,670	141,462	538,395

The company opened the year 2017 with 2,919 outstanding claims from prior year, this figured drop to 2,724 by year end thus achieving a reduction rate of 7%. Of the outstanding claims, 89% are above 90 days holding period with 73% of those being related to pending substantiating documentations while 27% relate to Discharge Vouchers having been issued but yet to be returned for settlement by our customers or their beneficiaries.

20.1b – Claims incurred but not reported

	Group Dec-2017	Group Dec -2016	Parent Dec-2017	Parent Dec -2016
Non life business	1,671,023	1,322,443	1,671,023	1,322,443
Group life	1,647,450	983,405	1,647,450	983,405
Health	966,138	298,094	-	-
	4,284,611	2,603,942	3,318,473	2,305,848

20.2 Unearned premium

	Group Dec-2017	Group Dec -2016	Parent Dec-2017	Parent Dec -2016
Non life business	4,197,675	4,871,518	4,197,675	4,871,518
Group life	521,198	493,694	521,198	493,694
Health	2,373,051	1,100,015	-	-
	7,091,924	6,465,227	4,718,873	5,365,212
Current	4,687,372	4,060,675	2,314,321	2,960,660
Non-current	2,404,552	2,404,552	2,404,552	2,404,552
	Dec-2017	Dec -2016	Dec-2017	Dec -2016
Balance, beginning of year	6,465,227	6,428,680	5,365,212	5,907,871
Movement during the year	626,697	36,547	(646,339)	(542,659)
Balance, end of year	7,091,924	6,465,227	4,718,873	5,365,212

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20.3 Individual life reserves can be analysed as follows:

	Group Dec-2017	Group Dec -2016	Parent Dec-2017	Parent Dec -2016
Individual life	540,632	531,269	540,632	531,269
	540,632	531,269	540,632	531,269
Movement in individual life reserves:				
	Group Dec-2017	Group Dec -2016	Parent Dec-2017	Parent Dec -2016
Balance, beginning of year	531,269	368,431	531,269	368,431
Changes in individual life reserves	9,363	162,838	9,363	162,838
Balance, end of year	540,632	531,269	540,632	531,269

20.4 Annuity reserves can be analysed as follows:

	Group Dec-2017	Group Dec -2016	Parent Dec-2017	Parent Dec -2016
Annuity	2,031,619	1,766,570	2,031,619	1,766,570
	2,031,619	1,766,570	2,031,619	1,766,570
Movement in Annuity reserves:				
	Group Dec-2017	Group Dec -2016	Parent Dec-2017	Parent Dec -2016
Balance, beginning of year	1,766,570	1,864,668	1,766,570	1,864,668
Annuity premium written during the year	258,119	288,685	258,119	288,685
Annuity payout during the year	(288,411)	(263,264)	(288,411)	(263,264)
Accretion to/(release from) annuity fund	295,341	(123,519)	295,341	(123,519)
Balance, end of year	2,031,619	1,766,570	2,031,619	1,766,570

The accretion to/ (release from) annuity fund resulted from the changes in interest rates and reserves for new businesses.

21 Investment contract liabilities

The movement in deposit administration during the year can be divided into interest-linked and unitized fund. The analysis of investment contract liabilities during the year are as follows:

	Group Dec-2017	Group Dec -2016	Parent Dec-2017	Parent Dec -2016
Investment Contract Liabilities - At amortised cost:				
- Guaranteed investment (interest-linked)	2,683,896	2,734,268	2,683,896	2,734,268
- Bonus Life investible (interest-linked)	424,174	-	424,174	-
Investment Contract Liabilities - Liabilities designated at fair value:				
- Unitized funds	3,272,242	2,916,273	3,272,242	2,916,719
	6,380,312	5,650,541	6,380,312	5,650,987

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Movements in amounts payable under investment contracts liabilities during the year are as shown below. The liabilities are shown inclusive of interest accumulated to 31 December 2017. The movement in interest-linked funds during the year was as follows:

21.1 Movement in Investment Contract Liabilities - at amortised cost (interest-linked):

	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Balance, beginning of year	2,734,268	2,656,066	2,734,268	2,656,066
Contributions	1,040,533	1,931,263	1,040,533	1,931,263
Withdrawal	(898,319)	(1,991,157)	(898,319)	(1,991,157)
Interest accrued during the year	231,588	138,096	231,588	138,096
Balance, end of year	3,108,070	2,734,268	3,108,070	2,734,268
Current	655,762	138,096	655,762	138,096
Non-current	2,452,308	2,596,172	2,452,308	2,596,172
	3,108,070	2,734,268	3,108,070	2,734,268

The N3.108 billion (2016: N2.734 billion) for parent and group refer to the Guaranteed investment (interest-linked) and Bonus life investible (interest linked) contracts shown in note 21. These are the financial liabilities presented at amortised cost in the group financial statements (the fair value of the financial liabilities being equal to the amortised cost at the reporting date).

21.2 The movement in Investment Contract Liabilities - designated at fair value (unitized funds):

	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Balance, beginning of year	2,916,273	7,657,492	2,916,719	4,130,895
Contributions	1,099,131	4,417,881	1,098,685	1,526,671
Reclassification to registered funds (see note (a) below)	-	(4,321,787)	-	-
Withdrawals	(743,162)	(4,837,314)	(743,162)	(2,537,283)
Balance, end of year	3,272,242	2,916,273	3,272,242	2,916,719
Current	3,272,242	2,916,273	3,272,242	2,916,719
Total Investment Contract Liabilities	6,380,312	5,650,541	6,380,312	5,650,987

22 Trade payables

Trade payables represent liabilities to customers, agents, brokers, coinsurers and re-insurers on insurance contracts at year end.

	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Reinsurance payable	745,802	921,796	745,802	921,796
Co-insurance payable	361,260	594,027	361,260	594,027
Due to customers, agents and brokers	2,992,684	1,494,968	2,979,951	1,478,373
Premium received in advance	4,424,590	4,412,769	4,424,590	4,412,769
	8,524,336	7,423,560	8,511,603	7,406,965

The total trade payables are due within one year.

(a) Movement in Trade payables

	Dec-2017	Dec-2016	Dec-2017	Dec-2016
Balance, beginning of the year	7,423,560	2,200,234	7,406,965	2,198,437
Movement during the year	1,100,776	5,223,326	1,104,638	5,208,528
Balance end of year	8,524,336	7,423,560	8,511,603	7,406,965

23 Other liabilities

	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Deferred income	1,008,373	1,250,414	284,007	412,900
Due to investment brokers	195	70	-	-
Creditors and accruals	1,120,424	874,278	869,794	513,982
Unclaimed dividend	72,621	63,585	72,621	63,585
Cash settled share based payment liability (see note 45 (b) below)	132,145	26,994	132,145	26,994
	2,333,758	2,215,341	1,358,567	1,017,461
Current	1,456,548	1,291,083	964,463	651,615
Non-current	877,210	924,258	394,104	365,846

24 Current income tax liabilities

	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Balance, beginning of year	256,067	202,654	202,157	144,206
Current period charge				
- Property & Casualty	168,203	77,109	168,203	77,109
- Life & Savings	93,351	88,441	93,351	88,441
- AXA Mansard Investments Limited	22,500	6,470	-	-
- AXA Mansard Health Limited	118,775	32,262	-	-
- AXA Mansard Pensions Limited	10,664	6,772	-	-
- APD Limited	51,955	-	-	-
Payments during the year	(276,827)	(150,734)	(228,752)	(107,599)
WHT credit notes utilised during the year	-	(6,907)	-	-
Balance, end of year	444,688	256,067	234,959	202,157

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25 Borrowings

	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Bank borrowings (see note (a) below)	2,482,004	3,506,545	-	-
Loan note (see note (b) below)	813,027	719,266	-	-
Total borrowings	3,295,031	4,225,811	-	-
Current	1,269,301	1,269,301	-	-
Non-current	2,025,730	2,956,510	-	-

(a) Bank borrowings

Bank borrowings are made up of two dollar denominated loans.

- (i) Principal amount of USD 2,873,055 (2016: USD 5,800,044) represents facility granted to APD limited by GTBank Plc payable in 5 years commencing 30 June 2013. The principal and Interest is accrued and payable quarterly at an average rate of 90 days LIBOR less a spread of 200 basis point subject to a floor annual rate of 10%. An equitable mortgage on the Company's investment property (office building) was used to secure the borrowing.
- (ii) The second loan represents a USD 3,963,924 (2016: USD6,024,693) facility granted to APD limited by GTBank Plc payable in 5 years commencing from 23 September 2014. Interest is payable quarterly at an average rate of 90 days LIBOR less a spread of 200 basis point subject to a floor annual rate of 10%.

(b) Loan note

Loan note represents N736,428,820 (2016: N736,428,820) unsecured facility granted to APD by Karsang Limited payable in 7 years commencing October 2014. Interest is accrued at an effective interest rate of 10.41% and the loan is payable at maturity.

The movement in borrowing during the year is as follows:

	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Balance, beginning of the year	4,225,811	4,028,230	-	-
Impact of foreign exchange rate changes	275,066	1,349,890	-	-
Accrued interest	390,687	444,224	-	-
Payments during the year	(1,596,533)	(1,596,533)	-	-
	3,295,031	4,225,811	-	-

26 Deferred income tax

(a) Liabilities

	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Balance, beginning of year	567,529	286,941	183,220	125,362
Charge in income statement for the year	88,878	279,577	(183,220)	57,858
Tax charge /(reversals) relating to components of other comprehensive income	-	1,011	-	-
Balance, end of year	656,407	567,529	-	183,220
<i>Deferred income tax liability/(assets) is attributable to the following:</i>				
Property and equipment	15,558	130,473	-	131,293
Unrealised gain on foreign currency translation	(264,471)	(387,285)	-	51,927
Fair value gain on investment property	903,615	843,495	-	-
Unrelieved tax losses	1,705	(19,154)	-	-
Balance, end of year	656,407	567,529	-	183,220

2017

Group

	Opening Balance	Income statement	Other Comprehensive Income	Closing balance
Movement in deferred tax liability/ (assets):				
Property and equipment	130,473	(114,915)	-	15,558
Unrealised gain/(losses) on foreign currency translation	(387,285)	122,814	-	(264,471)
Fair value gains on Investment property	843,495	60,120	-	903,615
Unrelieved tax losses	(19,154)	20,859	-	1,705
	567,529	88,878	-	656,407

Parent

	Opening Balance	Income statement	Other Comprehensive Income	Closing balance
Movement in deferred tax liability:				
Property and equipment	131,293	(131,293)	-	-
Unrealised gain on foreign currency translation	51,927	(51,927)	-	-
Unrelieved tax losses	-	-	-	-
	183,220	(183,220)	-	-

Notes to the financial statements

(All amounts in thousands of Naira unless otherwise stated)

2016
Group

	Opening Balance	Income statement	Other Comprehensive Income	Closing balance
Movement in deferred tax liability/ (assets):				
Property and equipment	70,110	60,363	-	130,473
Unrealised gain/(losses) on foreign currency translation	16,922	(405,218)	1,011	(387,285)
Fair value gains on Investment property	219,782	623,713	-	843,495
Unrelieved tax losses	(19,873)	719	-	(19,154)
	286,941	279,577	1,011	567,529

Parent

	Opening Balance	Income statement	Other Comprehensive Income	Closing balance
Movement in deferred tax liability:				
Property and equipment	73,435	57,858	-	131,293
Unrealised gain on foreign currency translation	51,927	-	-	51,927
	125,362	57,858	-	183,220

(b) Unrecognised deferred tax assets

Deferred tax assets relating to the Company's life business have not been recognised in respect of the following items:

	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
<i>In thousands of Naira</i>				
Property and equipment	26,511	25,251	26,511	25,251
Tax losses	1,987,894	1,664,665	1,987,894	1,664,665
Balance, end of year	2,014,405	1,689,916	2,014,405	1,689,916

Deferred tax assets relating to the Company's Non-life business have not been recognised in respect of the following items:

	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
<i>In thousands of Naira</i>				
Property and equipment	105,816	29,554	105,816	29,554
Tax losses	2,056,773	1,168,844	2,056,773	1,168,844
Balance, end of year	2,162,589	1,198,398	2,162,589	1,198,398

27 Share capital:

27.1 Share capital comprises:

	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
(a) Authorized:				
10,500,000,000 Ordinary shares of 50k each (Dec 2016: 10,500,000,000 ordinary shares)	5,250,000	5,250,000	5,250,000	5,250,000
(b) Issued and fully paid				
10,500,000,000 Ordinary shares of 50k each	5,250,000	5,250,000	5,250,000	5,250,000
<i>Movement in issued and fully paid shares</i>				
	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Balance, beginning of period	5,250,000	5,250,000	5,250,000	5,250,000
Additional shares during the period	-	-	-	-
Balance, end of year	5,250,000	5,250,000	5,250,000	5,250,000
(i) Non-Life Business				
Share capital comprises:				
	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
8,500,000,000 Ordinary shares of 50k each	4,250,000	4,250,000	4,250,000	4,250,000
(ii) Life Business				
	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
2,000,000,000 Ordinary shares of 50k each	1,000,000	1,000,000	1,000,000	1,000,000

27.2 Share premium

	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Share Premium	4,443,453	4,443,453	4,443,453	4,443,453
Share premium comprises additional paid-in capital in excess of the par value. This reserve is not ordinarily available for distribution.				

Notes to the financial statements

(All amounts in thousands of Naira unless otherwise stated)

27.3 Contingency reserves

In compliance with Section 21 (1) of Insurance Act 2003, the contingency reserve for non-life insurance business is credited with the greater of 3% of total premiums, or 20% of the profits. This shall accumulate until it reaches an amount equal to the greater of minimum paid-up capital or 50 percent of net premium. While for life business, the contingency reserves is credited with an amount equal to 1% of gross premium or 10% of net profit (whichever is greater) and accumulated until it reaches the amount of minimum paid up capital.

In the current year, the contingency reserve for non-life business reached 50% of net premiums.

The movement in this account during the year is as follows:

	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Balance, beginning of the year	3,173,900	2,722,013	3,173,900	2,722,013
Transfer from retained earnings	441,551	451,887	441,551	451,887
Balance, end of year	3,615,451	3,173,900	3,615,451	3,173,900

Analysis per business segment

	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Non-life business	3,228,032	2,822,252	3,228,032	2,822,252
Life business	387,419	351,648	387,419	351,648
Balance, end of year	3,615,451	3,173,900	3,615,451	3,173,900

(i) Non-Life Business

	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Balance, beginning of year	2,822,252	2,405,692	2,822,252	2,405,692
Transfer from retained earnings	405,780	416,560	405,780	416,560
Balance, end of year	3,228,032	2,822,252	3,228,032	2,822,252

(ii) Life Business

	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Balance, beginning of year	351,648	316,321	351,648	316,321
Transfer from retained earnings	35,771	35,327	35,771	35,327
Balance, end of year	387,419	351,648	387,419	351,648

27.4 Other reserves

Other reserves comprise of the following:

	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Capital reserves (see note (a) below)	2,500,000	2,500,000	2,500,000	2,500,000
Statutory reserves (see note (b) below)	30,376	18,667	-	-
Share-based payment reserves (see note (c) below)	95,103	93,900	95,103	93,900
	2,625,479	2,612,567	2,595,103	2,593,900

(a) Capital reserve

The Company's issued and fully paid capital was reconstructed by a special resolution at its Board meeting on 18th October, 2007, to achieve a reduction of 50% with the result that the issued and fully paid capital will stand at N2,500,000,000 divided into 5,000,000,000 Ordinary shares at 50k each with the surplus nominal value arising from the reconstruction being transferred to the Company's capital reserve account. The reconstruction was sanctioned by the Federal High Court of Nigeria, Lagos on 31st October 2007 and registered by the Corporate Affairs Commission on 18th December 2007. The balance on the capital reserve was allocated between the non-life business and life business segments in the proportion of their share capital, as follows:

	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Life business segment	1,000,000	1,000,000	1,000,000	1,000,000
Non-life business segment	1,500,000	1,500,000	1,500,000	1,500,000
	2,500,000	2,500,000	2,500,000	2,500,000

(b) Statutory reserve

In compliance with the Pensions Act (2014), AXA Mansard Pensions Ltd is required to reserve 12.5% of its profit after tax. This represents the accumulation of the provision for all statutory reserves from 2011. See statement of changes in equity for movement in statutory reserve.

Notes to the financial statements

(All amounts in thousands of Naira unless otherwise stated)

(c) Share-based payment reserves

Share-based payment reserves represent the impact of the share option granted to the employees of the Company under the Mansard Share Option Plan (MSOP). The movement in the account is as stated below:

	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Balance, beginning of year	93,900	32,978	93,900	32,978
Additions, during the year-Tranche 3	1,203	60,922	1,203	60,922
Balance, end of year	95,103	93,900	95,103	93,900

27.5 Treasury shares

Treasury shares represent the 177,281,000 (2016: 177,281,000) 50 kobo ordinary shares held by the Company under the AXA Mansard Share Option Plan (MSOP). Details of the Share Option Plan are as disclosed in note 46.

Treasury shares' balances as at 31 December 2017 are as analysed below:

	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Balance, beginning of period	(304,924)	(304,924)	(304,924)	(304,924)
Value of vested portion of treasury shares	-	-	-	-
Balance, end of year	(304,924)	(304,924)	(304,924)	(304,924)

27.6 Fair value reserves

Fair value reserves includes the net accumulated change in the fair value of available for sale asset until the investment is derecognized or impaired.

Movements in the fair value reserve:

	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
At beginning of year	(986,947)	935,054	(857,930)	851,929
Changes in available-for-sale financial assets (net of taxes)	1,413,078	(1,922,001)	1,126,772	(1,709,859)
Balance, end of year	426,131	(986,947)	268,842	(857,930)

Changes in the valuation of AFS financial assets during the year are as analysed below:

	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
At beginning of year	(986,947)	935,054	(857,930)	851,929
Net unrealised changes in fair value of AFS assets (see (a) below)	1,432,412	(1,848,000)	1,045,224	(1,635,858)
Realised (losses)/gains transferred to income statement	(19,334)	(74,001)	81,548	(74,001)
Balance, end of year	426,131	(986,947)	268,842	(857,930)

27.7 Retained earnings

The retained earnings represents the amount available for dividend distribution to the equity shareholders of the Company. See statement of changes in equity for movement in retained earnings.

28 Non-controlling interests in equity

	Group Dec-2017	Group Dec-2016
Opening balance	2,776,004	2,205,622
Transfer from the profit or loss account	697,231	570,382
Transfer from Fair Value Reserves	(4,684)	-
Transfer from Statutory reserves	9,225	-
Balance as at year end	3,477,776	2,776,004

Non controlling interest represents 44.3% and 40% of the equity holding of the Company's subsidiaries, APD Limited and AXA Mansard Pensions Limited respectively. The Group did not pay any dividend to Non-Controlling Interest during the year (2016: nil).

The entities accounting for non-controlling interest are shown below:

29 Contingencies and commitments

(a) Litigations and claims

The Company is presently involved in eight (8) legal proceedings (2016: six (6)). These court cases arose in the normal course of business. In the directors' opinion, after taking appropriate legal advice, the outcome of these legal claims will not give rise to any significant loss beyond the amounts provided for in the outstanding claims balance at 31 December 2017.

(b) Operating leases

The Group leases a number of branches and welcome centres under operating leases. The leases typically run for a period of 2 to 5 years, with an option to renew the lease after that date. Lease payments are increased every two to three years to reflect market rentals.

As at 31 December 2017, the maturity profile of the operating leases are as follows:

<i>In thousands of Naira</i>	Dec-2017	Dec-2016
Less than one year	111,897	111,897
Between two and five years	82,321	82,321

Notes to the financial statements

(All amounts in thousands of Naira unless otherwise stated)

30 Net premium income

	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Gross written premium	26,824,830	20,713,129	20,602,218	17,330,219
Gross premium income				
Non-life	17,025,072	13,885,348	17,025,072	13,885,348
Life (Group life and individual life)	3,319,027	3,156,186	3,319,027	3,156,186
Annuity	258,119	288,685	258,119	288,685
AXA Mansard Health (HMO)	6,222,612	3,382,911	-	-
Provision for unearned premium				
Non life	673,844	408,371	673,844	408,371
Group life	(27,504)	134,288	(27,504)	134,288
AXA Mansard Health (HMO)	(1,273,036)	(579,205)	-	-
Gross premium income	26,198,134	20,676,584	21,248,558	17,872,878
Re-insurance cost				
-Non life	10,495,985	8,341,269	10,495,985	8,341,269
-Life	1,104,192	958,757	1,104,192	958,757
-AXA Mansard Health (HMO)	120,042	85,649	-	-
Changes in prepaid re-insurance				
-Non life	746,866	243,303	746,866	243,303
-Group life	(34,279)	123,562	(34,279)	123,562
-Individual life	(19,805)	-	(19,805)	-
-AXA Mansard Health (HMO)	(3,111)	(25,094)	-	-
Re-insurance expenses	12,409,890	9,727,446	12,292,959	9,666,891
Net premium income	13,788,244	10,949,138	8,955,599	8,205,987

31 Fee and commission income on insurance contracts

Fee income represents commission received on direct business and transactions ceded to re-insurance companies during the year under review.

	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Policy administration services	1,545,494	995,557	1,545,494	995,557

32 Claims:

Claims expenses

	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Claims paid during the year (see note (a) below)	10,016,114	8,282,150	6,325,575	6,179,612
Movement in outstanding claims	4,152,852	672,786	4,149,532	704,990
Claims incurred	14,168,966	8,954,936	10,475,107	6,884,602
Outstanding claims- IBNR	1,680,668	408,530	1,012,624	179,087
Total claims and loss adjustment expense	15,849,634	9,363,466	11,487,731	7,063,689
Recoverable on IBNR	(320,357)	(176,431)	(326,468)	(162,961)
Reinsurance share of insurance liabilities	(3,515,049)	(588,338)	(3,515,049)	(599,842)
Recovered from re-insurers	(2,476,154)	(1,782,796)	(2,453,930)	(1,776,733)
Total claims expenses recovered from reinsurers	(6,311,560)	(2,547,565)	(6,295,447)	(2,539,536)
Net claims and loss adjustment expense	9,538,074	6,815,901	5,192,284	4,524,153

(a) Claims paid during the year can be analysed as follows:

	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Non life	4,304,789	4,182,182	4,304,789	4,182,182
Group life	1,174,027	1,367,371	1,174,027	1,367,371
Individual life	558,348	366,796	558,348	366,796
Annuity	288,411	263,264	288,411	263,264
HMO	3,690,539	2,102,538	-	-
	10,016,114	8,282,151	6,325,575	6,179,613

Notes to the financial statements

(All amounts in thousands of Naira unless otherwise stated)

(b) Movement in outstanding claims during the year are as follows:

	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Non life	4,011,555	891,808	4,011,555	891,808
Group life	137,977	(186,818)	137,977	(186,818)
HMO	3,320	(32,204)	-	-
	4,152,852	672,786	4,149,532	704,990

33 Underwriting expenses:

	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Acquisition cost	2,739,202	1,855,580	2,561,900	1,767,747
Maintenance cost	197,627	216,067	197,627	216,067
	2,936,829	2,071,647	2,759,527	1,983,814

Analysis of acquisition cost is as shown below:

	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Acquisition cost paid during the year	2,838,480	1,840,462	2,655,236	1,764,209
Movement in deferred acquisition cost	(99,278)	15,118	(93,336)	3,538
	2,739,202	1,855,580	2,561,900	1,767,747

Acquisition cost is further analysed into the life and non life business as stated below

	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Non life	2,215,258	1,498,835	2,215,258	1,498,835
Life	346,642	268,912	346,642	268,912
Health	177,302	87,833	-	-
	2,739,202	1,855,580	2,561,900	1,767,747

34 Investment income

	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Dividend income	373,557	93,779	704,250	184,685
Interest income on investment securities	2,013,742	2,006,513	1,438,515	1,552,985
Interest income on cash and cash equivalents	774,663	286,086	763,882	273,346
Rental income	1,439,345	1,076,371	-	-
Asset management fees (see note (a) below)	517,819	373,382	-	-
	5,119,126	3,836,131	2,906,647	2,011,016

- (a)** The asset management fees represent the net of gross management fees earned by the group after eliminating the asset management fees expenses charged by AXA Mansard Investments Limited on other members of the AXA Mansard group.

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(All amounts in thousands of Naira unless otherwise stated)

35 Net (losses)/gains on financial instruments

	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Gains on financial assets	71,180	563,245	114,113	427,615
Foreign exchange (losses)/gain	(290,964)	(1,139,415)	577,128	570,377
	(219,784)	(576,170)	691,241	997,992

36 Profit on investment contracts

	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Interest income	490,334	360,255	490,334	360,255
Gains/(losses) from sale of investments	(23,564)	451	(23,564)	451
Total interest income	466,770	360,706	466,770	360,706
Expenses				
Guaranteed interest	(188,415)	(138,096)	(188,415)	(138,096)
Other expenses	(28,456)	(23,660)	(28,456)	(23,660)
Net profit	249,899	198,950	249,899	198,950

37 Other income

	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Profit from sale of property and equipment	19,169	2,501	18,760	2,760
Sundry income	154,551	118,176	91,644	78,250
Interest income on loan to subsidiary	-	-	418,173	135,533
Total	173,720	120,677	528,577	216,543

38 Expenses for marketing and administration

	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Marketing and administrative expenses	1,309,961	1,199,385	1,006,034	950,336
Direct selling cost	382,091	226,053	382,091	226,053
	1,692,052	1,425,438	1,388,125	1,176,389

39 Employee benefit expense

	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Wages and salaries	1,719,142	1,511,425	1,278,813	1,133,492
Other employee costs	211,013	139,496	160,893	115,012
Pension costs – defined contribution plans	52,188	52,321	38,908	38,686
Performance-based expenses	330,490	301,625	253,612	280,906
Equity-settled share-based payments (see note (45) for details)	43,055	38,197	43,055	38,197
Cash-settled shared based payment (see note (45) for details)	44,049	11,611	44,049	11,611
	2,399,937	2,054,675	1,819,330	1,617,904

In accordance with Pension Reform Act 2014, the Group contributes 10.0% each of the qualifying staff's salary (Basic, transport, and housing). The contributions are recognised as employee benefits expense when they are due.

40 Other operating expenses

	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Depreciation and amortisation charges	454,372	518,891	339,546	371,007
Professional fees	146,283	109,128	123,780	89,273
Directors' emolument and expenses	86,639	208,337	22,398	168,980
Contract services cost	821,924	741,531	714,818	656,918
Auditor's remuneration	30,000	35,943	24,550	29,000
Bank charges	49,178	76,967	31,185	49,748
Stamp duty charge on bank transactions	6,281	2,329	6,280	2,329
Insurance related expenses	-	114,073	150,745	111,739
Training expenses	143,527	93,773	121,124	80,441
Asset management fees expense	-	-	165,020	140,247
Information technology expenses	371,260	230,863	237,038	187,648
Provisions for other assets	39,093	-	39,093	-
Other expenses	125,616	155,561	42,625	70,734
	2,274,173	2,287,396	2,018,202	1,958,064

41 Finance cost

Interest expense represents finance cost recognized on APD Limited's loans during the year under review.

	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Interest expense	390,687	444,224	-	-
	390,687	444,224	-	-

Notes to the financial statements

42 Income tax expense

	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
<i>Company income tax</i>				
- Non life	168,203	77,109	168,203	77,109
- Life	93,351	88,441	93,351	88,441
- AXA Mansard Investments Limited	25,165	6,470	-	-
- APD Limited	51,955	-	-	-
- AXA Mansard Health Limited	117,000	30,000	-	-
- AXA Mansard Pensions Limited	10,664	6,772	-	-
<i>Education tax</i>				
- AXA Mansard Health Limited	1,775	2,262	-	-
- AXA Mansard Investments limited	-	-	-	-
- AXA Mansard Pensions Limited	-	-	-	-
	468,113	211,054	261,554	165,550
<i>Deferred tax</i>				
- Non life	(183,220)	57,858	(183,220)	57,858
- AXA Mansard Investments limited	9,529	-	-	-
- APD Limited	264,603	198,261	-	-
- AXA Mansard Health Limited	778	28,310	-	-
- AXA Mansard Pensions Limited	(2,812)	(4,852)	-	-
	88,878	279,577	(183,220)	57,858
Total tax charge for the year	556,991	490,631	78,334	223,408

Tax on the Group's profit before tax differ from the theoretical amount that would arise using the weighted average tax rate applicable to profit of the consolidated entities as follows:

	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
<i>Effective tax rate reconciliation analysis</i>				
Profit before income tax	3,232,099	3,125,627	1,446,155	1,263,787
Tax calculated at domestic rate applicable in Nigeria at 30% (2016:30%).	969,630	937,688	433,847	379,136
<i>Effect of:</i>				
Tax exempt income	(1,185,095)	(1,272,598)	(857,078)	(765,293)
Expenses not deducted for tax purposes	209,002	119,400	91,166	220,607
Effect of unrecognized tax losses	1,300,228	-	1,260,228	-
Prior year underprovision	-	6,718	-	-
Impact of minimum tax	180,382	178,792	172,371	165,550
Tax adjustment	(977,912)	-	(928,163)	-
NITDA Levy	34,052	-	18,758	-
Withholding tax	70,425	-	70,425	-
Previously recognized deferred tax liability	(183,220)	-	(183,220)	-
Dividend tax	139,500	30,000	-	-
	556,991	490,631	78,334	223,408

43 Earnings per share

(a) Earnings per share - Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Company and held as treasury shares.

	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Profit attributable to equity holders	1,977,877	2,064,614	1,367,821	1,040,379
Weighted average number of ordinary shares in issue (thousands) (see note (a) (i) below)	10,322,719	10,322,719	10,322,719	10,322,719
Basic earnings per share (kobo per share)	19.16	20.00	13.25	10.08

(i) Weighted average number of ordinary shares (basic)

	Parent Dec-2017	Parent Dec-2016
Issued ordinary shares at 1 January	10,322,719	10,322,719
Effect of ordinary shares issued during the year	-	-
Weighted-average number of ordinary shares at 31 December	10,322,719	10,322,719

(b) Earnings per share- Diluted

The calculation of diluted earnings per share has been based on the profit attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Profit attributable to equity holders	1,977,877	2,064,614	1,367,821	1,040,379
Weighted average number of ordinary shares in issue (thousands) (see note (a) (i) below)	10,486,501	10,486,501	10,486,501	10,486,501
Diluted earnings per share (kobo per share)	18.86	19.69	13.04	9.92

(i) Average number of ordinary shares (diluted)

	Group Dec-2017	Group Dec-2016
Issued ordinary shares at 1 January	10,486,501	10,407,334
Effect of treasury shares held	-	79,167
Weighted-average number of ordinary shares at 31 December	10,486,501	10,486,501

Notes to the financial statements

(All amounts in thousands of Naira unless otherwise stated)

44 Supplementary income statement information:

- (a) i. Employees, other than the executive directors, whose duties were wholly or mainly discharged in Nigeria, received emoluments (excluding pension contribution and other allowances) in the following ranges:

	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
	Number	Number	Number	Number
N720,001 – N1,400,000	14	1	-	-
N1,400,001 – N2,050,000	4	4	-	-
N2,050,001 – N2,330,000	-	-	-	-
N2,330,001 – N2,840,000	66	90	49	70
N2,840,001 – N3,000,000	2	-	-	-
N3,000,001 – N4,500,000	111	104	93	84
N4,500,001 – N5,950,000	25	26	19	20
N5,950,001 – N6,800,000	28	4	21	2
N6,800,001 – N7,800,000	5	20	3	17
N7,800,001 – N8,600,000	20	1	15	-
N8,600,001 – N11,800,000	11	26	9	17
Above N11,800,000	22	31	16	24
	308	307	225	234

- ii. The average number of full time persons employed by the Company during the period was as follow:

	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
	Number	Number	Number	Number
Executive directors	3	3	3	3
Management staff	30	32	21	23
Non management staff	278	275	204	211
	311	310	228	237

(b) **Directors' remuneration:**

- i. Remuneration expensed in respect of the directors was as follows:

	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Executive compensation	114,542	119,866	114,542	119,866
Directors' fees	1,650	1,450	1,650	1,450
Other directors expenses	84,989	71,638	20,748	32,281
Defined contribution	2,328	1,786	2,328	1,786
Equity-settled share-based scheme	(11,260)	15,646	(11,260)	15,646
Cash-settled share-based scheme	88,097	15,383	88,097	15,383
	280,345	225,769	216,105	186,412

- ii. The directors' remuneration shown above (excluding pension contributions) includes:

	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
Chairman	7,867	10,078	7,867	10,078
Highest paid director:				
Executive compensation and pension contribution	40,786	40,786	40,786	40,786
Equity-settled share-based scheme	-	9,549	-	9,549
Cash-settled share-based scheme	88,097	15,383	88,097	15,383
	128,883	65,718	128,883	65,718

- iii. The emoluments of all other directors fell within the following range:

	Group Dec-2017	Group Dec-2016	Parent Dec-2017	Parent Dec-2016
	Number	Number	Number	Number
N300,001 - N350,000	-	-	-	-
N500,001 - N1,000,000	-	-	-	-
N1,000,001 - N1,500,000	7	7	7	7
N1,500,001 and above	4	4	4	4
	11	11	11	11

Notes to the financial statements

(All amounts in thousands of Naira unless otherwise stated)

45 Share-based payment arrangements

(a) Equity-settled share based payment : Mansard Staff Share Option Plan (MSOP)

- (i) The group operates an equity settled share-based payment arrangement under which the entity receives services from employees as a consideration for equity instrument of the Company. The eventual value of the right is settled by receipt of value of shares equivalent to the full value of the options.

The Scheme is granted to senior management staff (employees from Managers to Executive Directors) and middle management staff (employees from Senior Executive Officers to Deputy Managers).

The scheme has a number of grant cycles as illustrated by the table below:

Grant cycle	Grant cycle	Expiry date	Vesting Period	Shares per grant ('000)
1	2013- 2015	2017	3 yrs	237,500
2	2014- 2017	2020	4 yrs	79,167
3	2015- 2018	2021	4 yrs	79,167
4	2017- 2020	2023	4 yrs	79,167

The price at which the options are granted to eligible employees, determined on the grant date, is the six-month average market price of AXA Mansard's shares prior to the grant Date.

All the cycles have a one year restriction period and 1.1/2 years exercise period

(ii) Measurement of fair values

The fair value of the Mansard Share Option Plan has been measured using the Black-Scholes model. The requirement that employees have to be in the Company's employment over the vesting period under the share option scheme has been incorporated into the fair value at grant date by applying a discount to the valuation obtained. The discount has been determined by estimating the staff attrition rate over the period.

The inputs used in the measurement of the fair values at grant dates for the third cycle and the fourth cycle of the equity-settled share option plan were as follows:

	4th Cycle	3rd Cycle
Fair value at grant date (Naira)	0.56	0.56
Share price at grant date (Naira)	1.63	1.63
Exercise price (Naira)	2.63	2.63
Expected volatility (weighted average)	50%	56%
Expected dividends	3.11%	3.17%
Average attrition rate	12%	11%
Risk-free interest rate (based on government treasury bills)	14.83%	13.35%

Expected volatility has been based on an evaluation of the historical volatility of the Company's share price, particularly over the historical period commensurate with expected term.

(iii) Reconciliation of outstanding share options

The number and weighted-average prices of share options under the share options plans were as follows:

	Dec 2017		Dec 2016	
	No of options	Weighted-average price (N)	No of options	Weighted-average price (N)
	Numbers (000)		Numbers (000)	
Beginning of year	177,281	-	177,281	-
Options exercised	-	-	-	-
Options outstanding at end of year	177,281	-	177,281	-

The weighted average share price for the AXA Mansard Insurance Plc's share as at 31 December 2017 was N1.93 (Dec 2016: N1.63)

(b) Cash settled share based payment- Share Appreciation Rights

- (i) During the year, the group granted Share Appreciation Rights to certain senior management staff members that entitle the employees to a cash payment. The amount of the cash payment is determined based on the increase in the share price of the Company between grant date and the time of exercise.

The rights are granted to senior management staff (employees from Deputy General Managers to Executive Directors).

The scheme has a number of grant cycles as illustrated by the table below:

Grant cycles	Grant cycle	Expiry date	Vesting Period
1	2015-2017	2018	3 yrs
2	2016-2019	2020	4 yrs
3	2017-2020	2021	4 yrs
4	2018-2021	2022	4 yrs

The price at which the rights are granted to eligible employees, determined on the grant date, is the six-month average market price of AXA Mansard's shares prior to the Grant Date.

All the cycles have a one year restriction period and a maximum of six years exercise period

Notes to the financial statements

(All amounts in thousands of Naira unless otherwise stated)

(ii) Measurement of fair values

The fair value of the Share Appreciation Rights has been measured using the Black-Scholes model. The requirement that employees have to be in the Company's employment over the vesting period under the share option scheme has been incorporated into the fair value at grant date by applying a discount to the valuation obtained. The discount has been determined by estimating the attrition rate of staff over the period.

The inputs used in the measurement of the fair values at grant dates for the first grant cycle of the Share Appreciation Rights were as follows:

	2017	2016
Fair value at grant date (Naira)	0.61	0.61
Share price at grant date (Naira)	1.63	1.63
Exercise price (Naira)	1.95	2.63
Expected volatility (weighted average)	49.73%	47.11%
Expected dividends	3.12%	3.17%
Average attrition rate	12%	11%
Risk-free interest rate (based on government treasury bills)	20.98%	15.68%

Expected volatility has been based on an evaluation of the historical volatility of the Company's share price, particularly over the historical period commensurate with expected term.

The weighted average share price for the AXA Mansard Insurance Plc's share as at 31 December 2017 was N1.93 (Dec 2016: N1.63)

(d) The total expenses recognised in respect of the share option scheme are as follows:

	Dec 2017	Dec 2016
Equity-settled share-based scheme- Staff	54,315	30,612
Equity-settled share-based scheme- Directors	(11,260)	7,584
Cash-settled share-based scheme -staff	(44,048)	3,795
Cash-settled share-based scheme- Directors	88,097	7,816

46 Dividend paid

During the year under review, the Directors declared and paid dividend in the sum of 5 Kobo (2016:2 kobo) per ordinary share on the issued capital of 10,500,000,000 Ordinary Share of 50 kobo each (net of dividend on treasury shares) subject to the appropriate withholding tax deduction.

	Dec 2017	Dec 2016
Gross dividend declared	525,000	210,000
Dividend on treasury shares	(2,976)	(3,161)
Net dividend paid	522,024	206,839

Notes to the financial statements

47 Related parties

Parent

The ultimate beneficial of the Company, which is also the ultimate parent company, is Societe Beaujon AXA which owns 75% (through Assur Africa Holdings) of the Company's shares. The ultimate parent company is Societe Beaujon AXA under the Latin America and Mediterranean operations. The remaining 25% of the shares are widely held.

Subsidiaries

Transactions between AXA Mansard Insurance Plc and the subsidiaries also meet the definition of related party transactions. Where these are eliminated on consolidation, they are not disclosed in the consolidated financial statements.

Transactions with key management personnel

The Group's key management personnel, and persons connected with them are considered to be related parties for disclosure purposes. The definition of key management includes close members of family of key personnel and any entity over which key management exercise control. The key management personnel have been identified as the executive and non-executive directors of the Group. Close members of family are those family members who may be expected to influence, or be influenced by that individual in their dealings with AXA Mansard Insurance Plc.

The volume of related party transactions, outstanding balances at the period end, and related expense and income for the period are as follows:

Statement of financial position

(a) Loans and advances

(i) Loans and advances to key management personnel

<i>In thousands of Nigerian Naira</i>	2017	2016
Loans outstandings as at 1 January	87,029	54,254
Loans issued during the period	-	39,600
Loans repayment during the period	(27,661)	(6,825)
Loan outstanding, end of period	59,368	87,029
Net interest income earned	6,998	2,392

No impairment has been recognised in respect of loans given to key management personnel (2016:Nil).

(ii) Loans and advances to subsidiaries

	2017	2016
Loans outstanding as at 1 January	2,112,339	1,390,844
Net loans and advances issued during the year	1,412,756	1,568,262
Capitalised interest	418,173	135,533
Loans repayment during the year	(192,802)	(982,300)
Balance, end of period	3,750,466	2,112,339

No impairment has been recognised in respect of loans and advances to related parties (2016:Nil).

(1) Income statement

Intercompany transactions

	2017	2016
Interest income earned on intercompany loans	418,173	135,533
Asset management fees	166,580	170,270

Key management personnel

Directors' remuneration (See note (44(b)) for details)	280,345	225,769
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Accident		Development																				
Period		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21
2007_H1	173,079,891	353,405,984	380,000,857	392,896,534	406,133,043	409,156,652	412,531,750	412,531,750	412,531,750	416,485,326	416,669,465	417,362,784	417,362,784	417,362,784	417,362,784	417,362,784	417,362,784	417,362,784	417,362,784	417,362,784	417,362,784	417,362,784
2007_H2	223,782,984	450,174,499	474,528,056	474,528,056	474,528,056	474,528,056	474,528,056	474,528,056	474,528,056	474,591,099	474,591,099	474,591,099	474,591,099	474,591,099	474,591,099	474,591,099	474,591,099	474,591,099	474,591,099	474,591,099	474,591,099	474,591,099
2008_H1	352,437,593	619,545,348	680,114,703	693,884,024	694,720,038	694,982,778	698,836,940	699,217,489	699,446,999	713,729,473	713,729,473	713,729,473	713,729,473	713,729,473	713,729,473	713,729,473	713,729,473	713,729,473	713,729,473	713,729,473	713,729,473	713,729,473
2008_H2	298,938,582	594,984,356	533,767,307	553,251,959	530,236,336	549,383,689	550,085,848	570,386,967	583,363,419	578,363,419	578,363,419	578,363,419	578,363,419	578,363,419	578,363,419	578,363,419	578,363,419	578,363,419	578,363,419	578,363,419	578,363,419	578,363,419
2009_H1	431,379,320	582,432,532	613,321,807	618,498,005	615,784,907	616,659,860	617,113,929	617,113,929	617,113,929	617,113,929	617,113,929	617,113,929	617,113,929	617,113,929	617,113,929	617,113,929	617,113,929	617,113,929	617,113,929	617,113,929	617,113,929	617,113,929
2009_H2	448,835,657	713,721,325	713,721,325	762,510,703	791,650,960	793,552,326	793,550,162	793,550,162	793,550,162	794,809,253	795,132,081	795,132,081	795,396,531	795,396,531	795,396,531	795,396,531	795,396,531	795,396,531	795,396,531	795,396,531	795,396,531	795,396,531
2010_H1	578,931,934	837,967,274	878,662,760	898,700,346	913,552,828	913,566,200	913,631,866	914,417,152	914,417,152	914,417,152	914,417,152	914,417,152	914,417,152	914,417,152	914,417,152	914,417,152	914,417,152	914,417,152	914,417,152	914,417,152	914,417,152	914,417,152
2010_H2	519,279,406	851,213,258	910,463,443	914,248,361	915,753,305	918,676,211	918,693,500	918,693,500	920,469,384	920,469,384	920,469,384	920,469,384	920,469,384	920,469,384	920,469,384	920,469,384	920,469,384	920,469,384	920,469,384	920,469,384	920,469,384	920,469,384
2011_H1	563,928,351	812,852,303	837,900,208	862,892,568	875,162,828	886,105,079	886,105,079	886,105,079	886,105,079	886,105,079	886,105,079	886,105,079	886,105,079	886,105,079	886,105,079	886,105,079	886,105,079	886,105,079	886,105,079	886,105,079	886,105,079	886,105,079
2011_H2	519,546,202	907,010,030	1,048,541,319	1,056,736,944	1,102,552,156	1,104,697,841	1,116,197,566	1,116,197,566	1,116,197,566	1,116,197,566	1,116,197,566	1,116,197,566	1,116,197,566	1,116,197,566	1,116,197,566	1,116,197,566	1,116,197,566	1,116,197,566	1,116,197,566	1,116,197,566	1,116,197,566	1,116,197,566
2012_H1	537,400,649	817,679,679	910,801,961	926,103,126	1,021,169,879	1,021,169,879	1,021,169,879	1,021,169,879	1,021,169,879	1,021,169,879	1,021,169,879	1,021,169,879	1,021,169,879	1,021,169,879	1,021,169,879	1,021,169,879	1,021,169,879	1,021,169,879	1,021,169,879	1,021,169,879	1,021,169,879	1,021,169,879
2012_H2	648,395,209	984,903,209	1,154,220,832	1,181,617,981	1,186,082,884	1,200,312,177	1,205,098,908	1,205,098,908	1,205,098,908	1,205,098,908	1,205,098,908	1,205,098,908	1,205,098,908	1,205,098,908	1,205,098,908	1,205,098,908	1,205,098,908	1,205,098,908	1,205,098,908	1,205,098,908	1,205,098,908	1,205,098,908
2013_H1	707,135,747	1,059,908,174	1,125,531,375	1,129,961,772	1,130,630,523	1,131,644,794	1,135,577,311	1,135,688,118	1,135,688,118	1,135,688,118	1,135,688,118	1,135,688,118	1,135,688,118	1,135,688,118	1,135,688,118	1,135,688,118	1,135,688,118	1,135,688,118	1,135,688,118	1,135,688,118	1,135,688,118	1,135,688,118
2013_H2	728,362,185	1,117,386,110	1,173,585,447	1,192,570,478	1,213,636,962	1,214,431,235	1,214,431,235	1,215,626,431	1,221,527,003	1,221,527,003	1,221,527,003	1,221,527,003	1,221,527,003	1,221,527,003	1,221,527,003	1,221,527,003	1,221,527,003	1,221,527,003	1,221,527,003	1,221,527,003	1,221,527,003	1,221,527,003
2014_H1	824,229,061	1,117,294,227	1,184,708,320	1,204,006,509	1,221,262,332	1,213,576,681	1,229,808,137	1,229,808,137	1,229,808,137	1,229,808,137	1,229,808,137	1,229,808,137	1,229,808,137	1,229,808,137	1,229,808,137	1,229,808,137	1,229,808,137	1,229,808,137	1,229,808,137	1,229,808,137	1,229,808,137	1,229,808,137
2014_H2	820,722,454	1,193,895,993	1,287,548,100	1,287,548,100	1,287,548,100	1,287,548,100	1,287,548,100	1,287,548,100	1,287,548,100	1,287,548,100	1,287,548,100	1,287,548,100	1,287,548,100	1,287,548,100	1,287,548,100	1,287,548,100	1,287,548,100	1,287,548,100	1,287,548,100	1,287,548,100	1,287,548,100	1,287,548,100
2015_H1	845,182,209	1,162,913,976	1,214,408,963	1,237,659,282	1,260,430,975	1,279,811,671	1,279,811,671	1,279,811,671	1,279,811,671	1,279,811,671	1,279,811,671	1,279,811,671	1,279,811,671	1,279,811,671	1,279,811,671	1,279,811,671	1,279,811,671	1,279,811,671	1,279,811,671	1,279,811,671	1,279,811,671	1,279,811,671
2015_H2	924,575,984	1,188,026,742	1,230,225,609	1,236,473,714	1,243,184,976	1,243,184,976	1,243,184,976	1,243,184,976	1,243,184,976	1,243,184,976	1,243,184,976	1,243,184,976	1,243,184,976	1,243,184,976	1,243,184,976	1,243,184,976	1,243,184,976	1,243,184,976	1,243,184,976	1,243,184,976	1,243,184,976	1,243,184,976
2016_H1	888,903,073	1,185,993,583	1,195,433,568	1,195,433,568	1,195,433,568	1,195,433,568	1,195,433,568	1,195,433,568	1,195,433,568	1,195,433,568	1,195,433,568	1,195,433,568	1,195,433,568	1,195,433,568	1,195,433,568	1,195,433,568	1,195,433,568	1,195,433,568	1,195,433,568	1,195,433,568	1,195,433,568	1,195,433,568
2016_H2	760,260,093	1,054,302,253	1,076,466,083	1,076,466,083	1,076,466,083	1,076,466,083	1,076,466,083	1,076,466,083	1,076,466,083	1,076,466,083	1,076,466,083	1,076,466,083	1,076,466,083	1,076,466,083	1,076,466,083	1,076,466,083	1,076,466,083	1,076,466,083	1,076,466,083	1,076,466,083	1,076,466,083	1,076,466,083
2017_H1	891,335,290	1,116,944,171	1,116,944,171	1,116,944,171	1,116,944,171	1,116,944,171	1,116,944,171	1,116,944,171	1,116,944,171	1,116,944,171	1,116,944,171	1,116,944,171	1,116,944,171	1,116,944,171	1,116,944,171	1,116,944,171	1,116,944,171	1,116,944,171	1,116,944,171	1,116,944,171	1,116,944,171	1,116,944,171
2017_H2	777,207,541																					

Accident Date	Development																				
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21
2007 H1	2,647,061	16,297,107	48,275,270	95,488,699	103,343,226	103,511,707	103,752,345	103,752,345	103,790,733	103,805,897	103,805,897	103,805,897	103,805,897	103,805,897	103,805,897	103,805,897	103,805,897	103,805,897	103,805,897	103,805,897	103,805,897
2007 H2	2,012,749	44,324,621	95,455,216	93,447,086	101,026,552	101,306,883	101,584,676	101,773,948	102,189,356	102,189,356	102,189,356	102,189,356	102,189,356	102,189,356	102,189,356	102,189,356	102,189,356	102,189,356	102,189,356	102,189,356	102,189,356
2008 H1	4,202,505	14,356,899	32,450,262	33,682,301	34,670,990	45,439,046	51,831,820	53,616,872	53,616,872	53,616,872	53,616,872	53,616,872	53,616,872	53,616,872	53,616,872	53,616,872	53,616,872	53,616,872	53,616,872	53,616,872	53,616,872
2008 H2	2,350,299	14,249,091	34,586,234	42,379,653	45,360,627	47,588,514	47,674,990	47,703,612	47,703,612	47,703,612	47,703,612	47,703,612	47,703,612	47,703,612	47,703,612	47,703,612	47,703,612	47,703,612	47,703,612	47,703,612	47,703,612
2009 H1	83,298,178	127,202,070	142,979,653	154,488,886	167,884,766	149,701,100	149,701,100	149,701,100	149,701,100	149,701,100	149,701,100	149,701,100	149,701,100	149,701,100	149,701,100	149,701,100	150,041,273	150,041,273	150,041,273	150,041,273	150,041,273
2009 H2	8,191,343	24,926,586	32,981,382	37,363,944	40,528,908	41,751,847	43,453,273	43,474,052	43,474,052	43,474,052	43,474,052	43,474,052	43,474,052	43,474,052	43,474,052	43,474,052	43,474,052	43,474,052	43,474,052	43,474,052	43,474,052
2010 H1	25,020,750	107,060,525	148,013,870	166,980,126	160,899,122	172,722,283	172,722,283	229,060,846	229,376,018	229,376,018	229,376,018	229,376,018	229,376,018	229,376,018	229,376,018	229,376,018	229,376,018	229,376,018	229,376,018	229,376,018	229,376,018
2010 H2	9,605,503	27,023,073	84,631,500	85,481,747	85,539,187	87,249,714	88,143,317	95,981,810	95,981,810	95,981,810	95,981,810	95,981,810	95,981,810	95,981,810	95,981,810	95,981,810	95,981,810	95,981,810	95,981,810	95,981,810	95,981,810
2011 H1	30,563,551	279,908,304	352,700,369	361,805,365	376,354,454	376,421,589	377,761,783	386,452,005	386,452,005	386,562,134	386,562,134	386,608,286	386,608,286	386,608,286	386,608,286	386,608,286	386,608,286	386,608,286	386,608,286	386,608,286	386,608,286
2011 H2	52,701,238	352,101,381	385,661,745	385,661,745	385,661,745	385,661,745	385,661,745	385,661,745	385,661,745	385,661,745	385,661,745	385,661,745	385,661,745	385,661,745	385,661,745	385,661,745	385,661,745	385,661,745	385,661,745	385,661,745	385,661,745
2012 H1	93,093,027	194,047,235	214,876,417	201,617,011	217,161,675	218,955,934	218,955,934	218,955,934	219,067,164	219,067,164	219,067,164	219,067,164	219,067,164	219,067,164	219,067,164	219,067,164	219,067,164	219,067,164	219,067,164	219,067,164	219,067,164
2012 H2	37,402,426	188,188,724	209,614,514	211,769,255	217,699,255	212,545,517	213,295,606	213,295,606	213,295,606	213,295,606	213,295,606	213,295,606	213,295,606	213,295,606	213,295,606	213,295,606	213,295,606	213,295,606	213,295,606	213,295,606	213,295,606
2013 H1	58,650,446	330,609,925	368,453,732	369,010,633	375,023,300	388,669,383	389,093,771	389,093,771	389,093,771	389,093,771	389,093,771	389,093,771	389,093,771	389,093,771	389,093,771	389,093,771	389,093,771	389,093,771	389,093,771	389,093,771	389,093,771
2013 H2	48,476,669	271,458,163	292,011,461	314,850,814	316,392,973	315,761,672	316,880,117	316,082,966	316,082,966	316,082,966	316,082,966	316,082,966	316,082,966	316,082,966	316,082,966	316,082,966	316,082,966	316,082,966	316,082,966	316,082,966	316,082,966
2014 H1	95,195,648	424,944,557	424,944,557	424,944,557	424,944,557	424,944,557	424,944,557	424,944,557	424,944,557	424,944,557	424,944,557	424,944,557	424,944,557	424,944,557	424,944,557	424,944,557	424,944,557	424,944,557	424,944,557	424,944,557	424,944,557
2014 H2	82,990,303	171,204,147	191,318,356	194,544,528	200,199,372	206,283,212	211,625,488	211,625,488	211,625,488	211,625,488	211,625,488	211,625,488	211,625,488	211,625,488	211,625,488	211,625,488	211,625,488	211,625,488	211,625,488	211,625,488	211,625,488
2015 H1	260,100,341	1,31,936,979	379,385,339	411,527,914	415,307,754	421,504,897	421,504,897	421,504,897	421,504,897	421,504,897	421,504,897	421,504,897	421,504,897	421,504,897	421,504,897	421,504,897	421,504,897	421,504,897	421,504,897	421,504,897	421,504,897
2015 H2	46,384,202	101,799,984	125,233,212	128,901,743	141,309,847	141,309,847	141,309,847	141,309,847	141,309,847	141,309,847	141,309,847	141,309,847	141,309,847	141,309,847	141,309,847	141,309,847	141,309,847	141,309,847	141,309,847	141,309,847	141,309,847
2016 H1	74,243,013	187,058,756	224,995,874	393,867,471	393,867,471	393,867,471	393,867,471	393,867,471	393,867,471	393,867,471	393,867,471	393,867,471	393,867,471	393,867,471	393,867,471	393,867,471	393,867,471	393,867,471	393,867,471	393,867,471	393,867,471
2016 H2	47,886,000	268,793,677	395,481,753	41,300,345	41,300,345	41,300,345	41,300,345	41,300,345	41,300,345	41,300,345	41,300,345	41,300,345	41,300,345	41,300,345	41,300,345	41,300,345	41,300,345	41,300,345	41,300,345	41,300,345	41,300,345
2017 H1	65,638,578	97,820,321	97,820,321	97,820,321	97,820,321	97,820,321	97,820,321	97,820,321	97,820,321	97,820,321	97,820,321	97,820,321	97,820,321	97,820,321	97,820,321	97,820,321	97,820,321	97,820,321	97,820,321	97,820,321	97,820,321
2017 H2	65,638,578	97,820,321	97,820,321	97,820,321	97,820,321	97,820,321	97,820,321	97,820,321	97,820,321	97,820,321	97,820,321	97,820,321	97,820,321	97,820,321	97,820,321	97,820,321	97,820,321	97,820,321	97,820,321	97,820,321	97,820,321

Accident	Development																					
	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21
2007 H1	8,077,935	70,951,520	115,209,043	118,973,320	126,406,852	128,025,243	128,618,661	129,349,165	130,247,343	130,247,343	130,253,860	130,496,180	130,496,180	130,496,180	130,496,180	130,496,180	130,496,180	130,507,113	130,507,113	130,507,113	130,507,113	130,507,113
2007 H2	10,896,368	40,034,926	68,661,075	97,702,876	97,702,876	97,702,876	103,080,543	103,168,670	106,459,681	108,189,565	108,189,565	108,189,565	108,189,565	108,189,565	108,189,565	108,189,565	108,189,565	108,189,565	117,767,041	117,767,041	117,767,041	117,767,041
2008 H1	37,361,014	149,625,223	277,918,969	292,643,083	308,084,944	312,387,166	322,509,920	322,670,439	323,556,048	323,556,048	323,556,048	328,397,703	330,884,251	330,983,819	330,983,819	330,983,819	330,983,819	330,983,819	330,983,819	330,983,819	330,983,819	330,983,819
2008 H2	84,529,800	112,206,293	160,380,195	164,533,324	167,769,326	167,769,326	168,333,324	168,080,334	168,114,362	167,774,359	167,774,359	167,774,359	167,774,359	167,983,568	167,983,568	167,983,568	167,983,568	167,983,568	167,983,568	167,983,568	167,983,568	167,983,568
2009 H1	29,629,083	73,851,231	73,851,231	145,461,721	179,617,411	190,201,877	194,044,532	194,430,298	195,508,168	195,507,870	195,895,421	195,895,421	197,315,374	198,739,816	198,739,816	198,739,816	198,739,816	198,739,816	198,739,816	198,739,816	198,739,816	198,739,816
2009 H2	19,322,447	110,281,871	126,403,156	143,082,020	157,673,747	159,758,082	163,371,763	164,298,884	190,395,626	196,102,051	196,735,299	198,637,933	198,864,355	198,877,187	198,877,187	198,877,187	198,877,187	198,877,187	198,877,187	198,877,187	198,877,187	198,877,187
2010 H1	47,385,070	176,647,059	166,604,521	202,762,343	204,778,780	215,983,172	217,188,428	217,455,324	220,983,172	221,245,756	226,775,627	226,880,082	226,880,082	226,880,082	226,880,082	226,880,082	226,880,082	226,880,082	226,880,082	226,880,082	226,880,082	226,880,082
2010 H2	25,707,460	103,994,364	148,210,861	168,450,550	190,379,553	191,083,143	198,037,734	201,508,786	202,203,254	202,224,569	202,747,999	203,156,271	203,156,271	203,763,624	203,763,624	203,763,624	203,763,624	203,763,624	203,763,624	203,763,624	203,763,624	203,763,624
2011 H1	29,170,890	111,586,376	133,972,035	141,356,540	150,172,596	158,118,662	166,516,364	167,884,687	168,219,354	168,219,354	168,219,354	174,736,291	184,056,229	185,037,742	185,037,742	185,037,742	185,037,742	185,037,742	185,037,742	185,037,742	185,037,742	185,037,742
2011 H2	21,715,125	81,803,548	140,191,861	164,102,819	182,108,461	194,102,819	202,421,298	202,421,298	202,421,298	202,421,298	202,421,298	202,421,298	202,421,298	202,421,298	202,421,298	202,421,298	202,421,298	202,421,298	202,421,298	202,421,298	202,421,298	202,421,298
2012 H1	79,558,306	132,601,475	243,198,800	257,254,788	277,529,183	278,939,229	278,924,130	290,753,367	293,607,733	294,668,259	294,668,259	294,668,259	294,668,259	294,720,208								
2012 H2	30,659,816	179,671,709	279,272,775	294,873,641	320,305,899	327,918,318	331,015,922	331,883,805	332,031,238	332,481,314	334,336,701											
2013 H1	108,280,095	188,700,877	207,298,706	218,432,317	219,164,498	222,020,554	226,373,918	226,479,836	226,604,091	210,951,902	240,040,542											
2013 H2	58,068,349	138,489,383	160,403,159	194,963,314	198,819,161	199,655,645	205,246,356	208,604,091														
2014 H1	32,445,245	105,392,994	124,026,348	149,120,680	160,333,482	143,462,433	149,867,441															
2014 H2	63,550,727	190,995,238	204,674,897	269,638,487	273,038,781	274,025,878	274,252,089	144,134,412														
2015 H1	86,224,025	148,412,997	309,357,861	311,734,149	315,896,001	318,209,493																
2015 H2	123,664,899	242,725,045	281,982,109	276,648,405	285,754,762																	
2016 H1	111,520,265	256,373,949	280,149,052	297,215,236																		
2016 H2	109,241,734	257,268,967	275,271,981																			
2017 H1	88,287,862	185,188,574																				
2017 H2	79,497,504																					

[illegible][illegible]

Claims Paid Triangulations as at 31 December 2017

Marine Hull

	Development										
Accident Period	0	1	2	3	4	5	6	7	8	9	10
2007	28,381,190	41,590,116	42,420,454	42,420,454	42,420,454	42,420,454	42,420,454	42,420,454	42,420,454	42,420,454	42,420,454
2008	294,901	294,901	294,901	294,901	294,901	294,901	294,901	294,901	294,901	294,901	
2009	25,301,309	61,870,324	61,870,324	61,870,324	61,870,324	61,870,324	61,870,324	61,870,324	61,870,324		
2010	31,111,458	33,790,408	33,790,408	33,790,408	33,790,408	33,790,408	33,790,408	33,790,408			
2011	-	65,249,113	65,249,113	65,249,113	65,249,113	65,249,113	65,249,113				
2012	103,759,077	136,737,176	136,996,698	136,996,698	136,996,698	136,996,698					
2013	4,428,130	4,723,252	20,872,483	20,872,483	20,872,483						
2014	23,277,006	47,094,920	52,090,036	52,090,036							
2015	93,476,438	249,064,321	249,064,321								
2016	8,667,669	31,167,231									
2017	190,340,371										

AXA MANSARD INSURANCE PLC

APPENDIX 2 (SUMMARISED REVENUE ACCOUNTS (NON LIFE BUSINESS))
FOR THE YEAR ENDED 31 DECEMBER 2017

	FIRE =N=000	GENERAL ACCIDENT =N=000	MOTOR =N=000	MARINE =N=000	ENGINEERING =N=000	OIL & ENERGY =N=000	AVIATION =N=000	AGRICULTURE =N=000	DEC 2017 =N=000	DEC 2016 =N=000
REVENUE										
Gross written premium	3,738,378	1,681,005	3,079,695	1,028,269	1,006,066	6,081,580	333,743	16,919	16,965,655	13,833,775
Add Reinsurance Inward Premium	24,737	22,522	2,746	5,718	3,568	126	-	-	59,417	51,573
	3,763,115	1,703,527	3,082,441	1,033,987	1,009,634	6,081,706	333,743	16,919	17,025,072	13,885,348
Less Unexpired Risks Provision	(190,199)	95,658	12,347	(95,070)	400,877	430,609	19,621	-	673,843	408,370
Gross Premium Earned	3,572,916	1,799,185	3,094,788	938,917	1,410,511	6,512,315	353,364	16,919	17,698,915	14,293,717
Less Reinsurance Cost										
Local Facultative Premium	(2,473,103)	(462,432)	(120,758)	(383,396)	(603,626)	(4,280,422)	(168,278)	-	(8,492,015)	(7,072,981)
Prepaid Reinsurance	155,615	(10,414)	(2,117)	33,963	(403,354)	(490,104)	(30,456)	-	(746,867)	(243,305)
Reinsurance Treaty Premium	(618,742)	(84,508)	(28,945)	(244,709)	(175,914)	(774,653)	(76,500)	-	(2,003,971)	(1,268,288)
Net Premium	(2,936,230)	(557,354)	(151,820)	(594,142)	(1,182,894)	(5,545,179)	(275,234)	-	(11,242,853)	(8,584,574)
Net Earned Premium	636,686	1,241,831	2,942,968	344,775	227,617	967,136	78,131	16,919	6,456,063	5,709,143
Add Commission Received										
Direct Business Commission	8,785	5,622	532	3,146	5,657	151,328	180	-	175,250	34,690
Local Facultative Comm	268,458	72,245	17,182	51,988	50,881	88,089	9,922	-	558,765	450,415
Reinsurance Treaty Comm	144,627	-	-	72,018	58,618	170,294	-	-	445,557	290,985
Deferred Comm. Income	(24,466)	588	1,365	5,932	9,127	136,908	(560)	-	128,894	40,795
Investment income	52,566	102,528	242,977	28,465	18,792	79,848	6,451	1,397	533,024	418,188
	449,970	180,983	262,056	161,549	143,075	626,467	15,993	1,397	1,841,490	1,235,072
Total Income	1,086,656	1,422,814	3,205,024	506,324	370,692	1,593,603	94,123	18,316	8,297,553	6,944,216
Expenses										
Claims Paid	708,954	496,456	2,096,975	275,960	130,202	550,957	45,286	-	4,304,789	4,182,182
Outstanding Claims	3,165,756	62,308	125,623	40,195	186,019	748,042	32,192	-	4,360,134	735,744
Gross Claims	3,874,710	558,764	2,222,598	316,155	316,220	1,298,999	77,478	-	8,664,923	4,917,926
Treaty Claims Recovered	249,018	65,780	20,116	147,373	40,342	114,454	-	-	637,083	854,562
Co-insurers Claims Recovered	801,578	43,134	74,505	4,922	14,576	240,694	11,999	-	1,191,409	439,041
Ri Claim Recoverable	2,949,225	31,157	26,497	3,074	173,036	501,624	(10,060)	-	3,674,553	698,318
Total Claims Recovered/Recoverable	3,999,821	140,071	121,118	155,369	227,954	856,772	1,939	-	5,503,045	1,991,921
Net claims Incurred	(125,111)	418,693	2,101,480	160,786	88,266	442,227	75,538	-	3,161,879	2,926,006
Underwriting Expenses (commission expenses)	667,022	243,870	225,732	142,238	139,883	391,735	48,741	2,775	1,861,996	1,296,036
Deferred Acquisition Cost (Comm)	(49,755)	8,209	285	(2,809)	(3,485)	133,866	7,027	-	93,338	(3,540)
Other acquisition Cost	92,114	747	86,803	37,040	-	43,199	20	-	259,923	206,336
Maintenance Costs	45,261	25,627	50,702	11,804	20,477	28,362	7,888	-	190,121	154,396
Total underwriting expenses	754,642	278,453	363,522	188,273	156,875	597,162	63,676	2,775	2,405,378	1,653,229
Underwriting Profit	457,125	725,668	740,022	157,265	125,551	554,215	(45,091)	15,541	2,730,296	2,364,982

**APPENDIX 3 (SUMMARISED REVENUE ACCOUNTS (LIFE))
FOR THE YEAR 31 DECEMBER 2017**

	GROUP LIFE	INDIVIDUAL LIFE	ANNUITY	DEC 2017 TOTAL	DEC 2016 TOTAL
	=N=000	=N=000	=N=000	=N=000	=N=000
REVENUE					
Gross written premium	2,535,929	783,098	258,119	3,577,146	3,444,871
Less Unexpired Risks Provision	(27,504)	-	-	(27,504)	134,288
	2,508,425	783,098	258,119	3,549,642	3,579,159
Less Reinsurance Premium					
Local Facultative Premium	(656,591)	(139,828)	-	(796,418)	(418,720)
Ri share of Insurance Liabilities	34,280	19,804	-	54,084	123,562
Reinsurance Treaty Premium	(282,542)	(25,231)	-	(307,773)	(540,037)
Net Premium	1,603,572	637,844	258,119	2,499,535	2,743,963
<i>Add commission received</i>					
Direct business commission	2,869	814	-	3,683	4,511
Local Facultative	118,263	20,952	-	139,215	54,135
Reinsurance treaty	85,255	8,877	-	94,132	120,024
Investment Income	224,019	89,107	357,950	671,076	564,474
	430,406	119,749	357,950	908,106	743,144
Total income	2,033,978	757,593	616,069	3,407,640	3,487,107
Expenses					
Claims paid	1,174,028	554,112	288,411	2,016,550	1,986,916
Surrenders	-	4,237	-	4,237	10,515
Increase/decrease outstanding claims	802,022	-	-	802,022	148,333
Gross claims incurred	1,976,050	558,348	288,411	2,822,808	2,145,763
Reinsurance claims recovered	43,988	-	-	43,988	271,423
Co insurance claims recovered	489,261	92,189	-	581,450	126,188
Ri Claim Recoverable	166,965	-	-	166,965	150,003
Net claims incurred	1,275,836	466,159	288,411	2,030,406	1,598,150
Acquisition expenses (commission expenses)	163,858	158,911	4,920	327,689	249,990
Other acquisition costs	16,129	2,824	-	18,953	18,923
Maintenance cost	5,257	2,249	-	7,506	61,671
Transfer to life fund	-	9,363	265,049	274,412	64,740
Total expenses	1,461,080	639,506	558,380	2,658,966	1,993,474
Underwriting profit	572,898	118,087	57,690	748,674	1,493,634

APPENDIX 4 (ANNUITY DISCLOSURES)
STATEMENT OF ASSETS AND LIABILITIES
FOR THE YEAR ENDED 31 DECEMBER 2017

ASSETS

Cash balances	Counterparty	Carrying amount		
	GTBank Plc	Bank balance		2,428,243
Treasury bills	Issuer		Amortised cost	Fair value
	CENTRAL BANK OF NIGERIA	26/07/2018	115,335,103	118,336,042
	CENTRAL BANK OF NIGERIA	10/05/2018	74,758,649	75,845,606
	CENTRAL BANK OF NIGERIA	05/07/2018	70,253,314	73,588,748
	CENTRAL BANK OF NIGERIA	05/07/2018	59,893,663	62,737,606
	CENTRAL BANK OF NIGERIA	09/08/2018	39,913,034	40,978,075
	CENTRAL BANK OF NIGERIA	26/07/2018	25,022,611	25,685,342
	CENTRAL BANK OF NIGERIA	03/05/2018	15,315,426	15,471,049
	CENTRAL BANK OF NIGERIA	10/05/2018	2,177,187	2,208,842
			402,668,987	414,851,310

Equity

Issuer	Purchase Cost	Market Value
ACCESS NL Equity	868,511	1,778,548
DANGCEM NL Equity	5,972,191	9,795,240
DANGSUGA NL Equity	2,846,666	8,896,200
GUARANTY NL Equity	11,176,105	19,925,242
STANBIC NL Equity	1,438,938	4,150,000
STANBICIBTC NL EQUITY	704,375	2,075,000
TOTAL NL Equity	3,602,375	4,599,000
UACN NL Equity	1,531,058	1,352,000
UBA NL Equity	1,687,239	4,587,764
ZENITHBA NL Equity	10,631,448	18,700,534
	40,458,906	75,859,529

Bonds

Description	Coupon rate	Maturity date	Amortised cost	Fair value
12.1493% NGN CENTRAL BANK OF NIGERIA FGN 18-07-2034	1215%	18/07/2034	785,564,420	698,965,763
16.249900% NGN FEDERAL GOVERNMENT OF NIGERIA FGN 18-04-2037	1625%	18/04/2037	315,379,063	357,373,501
16.28840% NGN FEDERAL GOVERNMENT OF NIGERIA FGN 17-03-2027	1629%	17/03/2027	107,463,440	115,595,704
14.20% NGN FEDERAL GOVERNMENT OF NIGERIA FGN 14-03-2024	1420%	14/03/2024	108,789,893	104,501,644
12.5000% NGN FEDERAL GOVERNMENT OF NIGERIA FGN 22-01-2026	1250%	22/01/2026	87,549,205	97,337,945
12.4000% NGN FEDERAL GOVERNMENT OF NIGERIA FGN 18-03-2036	1240%	18/03/2036	80,071,224	97,043,151
12.4000% NGN FEDERAL GOVERNMENT OF NIGERIA FGN 18-03-2036	1240%	18/03/2036	80,421,490	97,043,151
12.4000% NGN FEDERAL GOVERNMENT OF NIGERIA FGN 18-03-2036	1240%	18/03/2036	98,755,530	97,043,151
12.1493% NGN CENTRAL BANK OF NIGERIA FGN 18-07-2034	1215%	18/07/2034	92,067,681	93,195,435
12.1493% NGN CENTRAL BANK OF NIGERIA FGN 18-07-2034	1215%	18/07/2034	93,347,946	93,195,435
12.4000% NGN FEDERAL GOVERNMENT OF NIGERIA FGN 18-03-2036	1240%	18/03/2036	77,616,380	72,782,363
7.00% NGN FEDERAL GOVERNMENT OF NIGERIA FGN 23-10-2019	700%	23/10/2019	59,760,364	56,739,871
12.4000% NGN FEDERAL GOVERNMENT OF NIGERIA FGN 18-03-2036	1240%	18/03/2036	45,812,599	48,521,575
10.00% NGN FEDERAL GOVERNMENT OF NIGERIA FGN 23-07-2030	1000%	23/07/2030	49,814,368	44,154,527
14.20% NGN FEDERAL GOVERNMENT OF NIGERIA FGN 14-03-2024	1420%	14/03/2024	45,503,018	41,800,658
12.1493% NGN CENTRAL BANK OF NIGERIA FGN 18-07-2034	1215%	18/07/2034	36,718,116	32,618,402
15.54% NGN CENTRAL BANK OF NIGERIA FGN 13-02-2020	1554%	13/02/2020	34,138,976	31,995,862
12.4000% NGN FEDERAL GOVERNMENT OF NIGERIA FGN 18-03-2036	1240%	18/03/2036	27,345,086	29,112,945
14.20% NGN FEDERAL GOVERNMENT OF NIGERIA FGN 14-03-2024	1420%	14/03/2024	23,995,467	22,990,362
12.4000% NGN FEDERAL GOVERNMENT OF NIGERIA FGN 18-03-2036	1240%	18/03/2036	20,025,191	21,931,752
10.70% NGN FEDERAL GOVERNMENT OF NIGERIA FGN 30-05-2018	1070%	30/05/2018	12,865,247	12,943,940
12.4000% NGN FEDERAL GOVERNMENT OF NIGERIA FGN 18-03-2036	1240%	18/03/2036	8,786,475	8,733,884
13.50% NGN LAGOS STATE SG 27-11-2020	1350%	27/11/2020	20,244,841	19,387,507
14.50% NGN LAGOS STATE SG 22-11-2019	1450%	22/11/2019	10,150,730	9,879,932
14.50% NGN LAGOS STATE SG 22-11-2019	1450%	22/11/2019	3,045,219	2,963,979
14.75% NGN LAFARGE AFRICA BOND 09-06-2021	1475%	15/06/2021	100,626,100	99,846,575
13.25% NGN STANBIC IBTC BANK CORB 30-09-2024	1325%	30/09/2024	56,788,327	52,480,849
14.25% NGN FIRST CITY MONUMENT BANK PLC CORB 07-11-2021	1425%	20/11/2021	50,779,224	47,590,342
15.75% NGN THE LA CASERA COMPANY PLC CORB 18-10-2018	1575%	18/10/2018	9,436,883	12,747,817
			2,542,862,502	2,520,518,022

TOTAL ASSETS

LIABILITIES

Annuity Reserves

3,013,657,103

2,031,619,000



AXA Mansard Insurance Plc and Subsidiary Companies

Other National Disclosures

APPENDIX 5 A (FIVE YEAR FINANCIAL SUMMARY)

(All amounts in thousands of Naira unless otherwise stated)

Group

STATEMENT OF FINANCIAL POSITION					
	Dec-17 N' 000	Dec-16 N' 000	Dec-15 N' 000	Dec-14 N' 000	Dec-13 N' 000
ASSETS					
Cash and cash equivalents	5,333,318	3,523,136	6,461,385	8,193,422	6,169,398
<i>Investment securities</i>					
– At fair value through profit or loss	-	-	-	1,037,132	1,013,686
– Available-for-sale	22,691,784	17,539,369	16,333,844	5,472,938	3,424,026
– Held-to-maturity	-	-	-	7,958,271	6,450,413
Financial assets designated at fair value	3,272,242	3,325,455	7,657,492	4,799,920	3,738,761
Pledged assets	-	-	-	-	-
Trade receivables	1,961,018	854,923	686,163	317,637	229,548
Reinsurance assets	10,165,983	9,184,177	5,055,844	4,843,632	2,788,828
Other receivables	909,097	840,036	883,382	669,357	844,657
Deferred acquisition cost	494,584	593,862	578,744	664,944	361,786
Loans and receivables	3,843,254	3,177,293	183,484	96,666	78,149
Investment property	14,072,384	12,017,000	9,205,350	8,313,300	8,742,725
Intangible assets	1,648,896	1,688,903	1,728,515	142,737	110,878
Property and equipment	1,672,516	1,714,019	1,932,823	1,880,392	1,679,861
Statutory deposit	500,000	500,000	500,000	500,000	500,000
TOTAL ASSETS	66,565,076	54,958,173	51,207,026	44,890,348	36,132,716
LIABILITIES					
Insurance liabilities	21,167,952	14,433,322	12,916,775	11,292,998	7,692,694
<i>Investment contract liabilities:</i>					
– At amortised cost	3,108,070	2,734,268	2,656,066	2,383,562	2,189,940
Financial liabilities designated at fair value	3,272,242	2,916,273	7,657,492	4,799,920	3,738,761
Borrowing	3,295,031	4,225,811	4,028,230	4,578,268	3,484,128
Trade payables	8,524,336	7,423,560	2,200,234	1,287,959	1,143,012
Other payables	2,333,758	2,215,341	1,639,740	3,794,478	2,467,133
Current income tax liabilities	444,688	256,067	202,654	146,915	279,751
Deferred income tax	656,407	567,529	286,941	279,106	206,082
TOTAL LIABILITIES	42,802,484	34,772,171	31,588,132	28,563,206	21,201,501
EQUITY					
Paid up share capital	5,250,000	5,250,000	5,250,000	5,250,000	5,000,000
Share premium	4,443,453	4,443,453	4,443,453	4,443,453	3,843,243
Contingency reserve	3,615,451	3,173,900	2,722,013	2,344,505	1,912,579
Other reserves	2,625,479	2,612,567	2,547,607	2,657,907	2,500,000
Treasury shares	(304,924)	(304,924)	(304,924)	(840,220)	-
Retained earnings	4,229,226	3,221,949	1,820,069	982,218	733,172
Fair value reserves	426,131	(986,947)	935,054	365,733	282,088
SHAREHOLDERS' FUNDS	20,284,816	17,409,998	17,413,272	15,203,596	14,271,082
Total equity attributable to the owners of the parent	20,284,816	17,409,998	17,413,272	15,203,596	14,271,082
Non-controlling interests in equity	3,477,776	2,776,004	2,205,622	1,123,546	660,132
TOTAL EQUITY	23,762,592	20,186,002	19,618,894	16,327,142	14,931,214
TOTAL LIABILITIES AND EQUITY	66,565,076	54,958,173	51,207,026	44,890,348	36,132,716

STATEMENT OF COMPREHENSIVE INCOME

	Dec-17 N' 000	Dec-16 N' 000	Dec-15 N' 000	Dec-14 N' 000	Dec-13 N' 000
Gross premium written	26,824,830	20,713,129	16,574,614	17,400,168	13,594,216
Premium earned	13,788,244	10,949,138	9,904,934	9,054,321	7,534,754
Profit before taxation	3,232,099	3,125,627	2,023,653	2,015,409	1,991,266
Taxation	(556,991)	(490,631)	(361,472)	(397,276)	102,925
Profit after taxation	2,675,108	2,634,996	1,662,181	1,537,256	2,094,190
Transfer to contingency reserve	441,551	451,887	377,508	431,926	347,880
Earnings per share- Basic (kobo)	19.16	20.00	11.81	10.74	21.03
Earnings per share- Diluted (kobo)					

APPENDIX 5 B (FIVE YEAR FINANCIAL SUMMARY)

(All amounts in thousands of Naira unless otherwise stated)

Parent

	Dec-17 N' 000	Dec-16 N' 000	Dec-15 N' 000	Dec-14 N' 000	Dec-13 N' 000
ASSETS					
Cash and cash equivalents	4,779,865	2,878,081	5,648,247	6,924,485	5,456,942
<i>Financial assets</i>					
– Available-for-sale	17,677,702	14,234,470	13,973,364	4,706,891	2,994,663
– At fair value through profit or loss	-	-	-	992,790	767,073
– Financial assets designated at fair value	3,272,242	3,194,131	4,130,895	2,451,020	2,140,840
– Held-to-maturity	-	-	-	7,659,648	6,182,981
Loans and receivables	7,562,215	5,098,392	1,520,068	887,961	1,639,581
Pledged assets	-	-	-	-	-
Trade receivables	251,383	315,806	315,359	261,581	229,548
Reinsurance and coinsurance assets	10,115,242	9,134,825	5,033,551	4,838,653	2,788,828
Other receivables	649,146	555,287	493,179	604,793	876,728
Deferred acquisition cost	481,077	574,413	570,875	661,724	361,619
Investment in subsidiaries	3,919,573	3,919,573	3,919,573	2,034,326	3,199,661
Deferred tax asset	-	-	-	-	-
Intangible assets	218,772	229,332	239,493	80,048	82,085
Property and equipment	1,437,960	1,442,216	1,575,469	1,659,857	1,569,233
Statutory deposit	500,000	500,000	500,000	500,000	500,000
TOTAL ASSETS	50,865,177	42,076,526	37,920,073	34,263,778	28,789,782
LIABILITIES					
Insurance liabilities	17,824,172	13,033,944	12,293,840	11,034,635	7,680,663
<i>Investment contract liabilities:</i>					
– At amortised cost	3,108,070	2,734,268	2,656,066	2,383,562	2,189,940
Financial liabilities designated at fair value	3,272,242	2,916,719	4,130,895	2,451,020	2,140,840
Borrowing	-	-	-	-	-
Trade payables	8,511,603	7,406,965	2,198,437	1,286,688	1,143,012
Other liabilities	1,358,567	1,017,461	974,108	2,810,196	1,818,637
Current income tax liabilities	234,959	202,157	144,206	129,752	272,615
Deferred income tax	-	183,220	125,362	120,330	19,442
TOTAL LIABILITIES	34,309,613	27,494,734	22,522,914	20,216,183	15,265,149
EQUITY					
Paid up share capital	5,250,000	5,250,000	5,250,000	5,250,000	5,000,000
Share premium	4,443,453	4,443,453	4,443,453	4,443,453	3,843,243
Contingency reserve	3,615,451	3,173,900	2,722,013	2,344,505	1,912,579
Other reserves	2,595,103	2,593,900	2,532,978	2,657,907	2,500,000
Treasury shares	(304,924)	(304,924)	(304,924)	(840,220)	-
Retained earnings	687,639	283,393	(98,290)	389,567	(13,277)
Fair value reserves	268,842	(857,930)	851,929	(197,617)	282,088
SHAREHOLDERS' FUNDS	16,555,564	14,581,792	15,397,159	14,047,595	13,524,633
Total equity attributable to the owners of the parent	16,555,564	14,581,792	15,397,159	14,047,595	13,524,633
TOTAL EQUITY	16,555,564	14,581,792	15,397,159	14,047,595	13,524,633
TOTAL LIABILITIES AND EQUITY	50,865,177	42,076,526	37,920,073	34,263,778	28,789,782

STATEMENT OF COMPREHENSIVE INCOME

	Dec-17 N' 000	Dec-16 N' 000	Dec-15 N' 000	Dec-14 N' 000	Dec-13 N' 000
Gross premium written	20,602,218	17,330,219	15,009,324	16,943,161	13,579,752
Premium earned	8,955,599	8,205,987	8,664,101	8,842,563	7,534,754
Profit before taxation	1,446,155	1,263,787	689,232	1,623,677	867,337
Taxation	(78,334)	(223,408)	(223,134)	(386,880)	92,530
Profit after taxation	1,367,821	1,040,379	466,098	1,236,797	959,866
Transfer to contingency reserve	1,289,487	816,971	377,508	431,926	347,880
Earnings per share (kobo)	13.25	10.08	4.52	4.52	9.14

APPENDIX 6 (Statement of Value Added)

(All amounts in thousands of Naira)

	Group				Parent			
	Dec 2017	%	Dec 2016	%	Dec 2017	%	Dec 2016	%
Gross premium income	26,824,830		20,713,129		20,602,218		17,330,219	
Re-insurance, claims and commission & others	(28,472,096)		(21,491,306)		(21,895,575)		(17,708,831)	
	(1,647,266)		(778,177)		(1,293,357)		(378,612)	
Investment and other income	7,204,625		6,270,561		4,376,364		3,424,501	
Value added	5,557,359		5,492,384		3,083,007		3,045,889	
Applied to pay:								
Employee benefits	2,399,937	43%	2,054,675	37%	1,819,330	59%	1,617,904	53%
Government as tax	556,991	10%	490,631	9%	78,334	3%	223,408	7%
Shareholder as dividend	(522,024)	-9%	(206,809)	-4%	(522,024)	-17%	(206,809)	-7%
<i>Retained in the business</i>								
Contingency reserve	441,551	8%	451,887	8%	441,551	14%	451,887	15%
Depreciation and amortisation	454,372	8%	518,891	9%	339,546	11%	371,007	12%
Retained profit for the year	1,529,301	29%	1,612,727	30%	926,270	30%	588,492	19%
Non-controlling interest	697,231	13%	570,382	10%	-	0%	-	0%
Value added	5,557,359	100%	5,492,384	100%	3,083,007	100%	3,045,889	100%