



AXA Mansard Insurance Plc and Subsidiary Companies

**Annual Report
31 December 2018**

Introduction

AXA Mansard Insurance is a Nigerian financial service group with interests 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 2018. 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 Mr. Tosin Runsewe Mr. Yomi Onifade Mr. Frédéric Coppin Mrs. Karima Silvent Mr. Lesley Ndlovu Mr. Tom Wilkinson Mr. Ohis Ohiwerei Mr. Jad Ariss* Mr. Frederic Flejou**	Chief Executive Officer Executive Director Executive Director Non Executive Director Non Executive Director Non Executive Director Non Executive Director Independent Director Independent Director Non Executive Director	* Resigned from the Board effective from 20 Feb., 2018 **Resigned from the Board effective from 29 Nov., 2018
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 Reg. No.	FRC/2012/000000000228		
Auditors	KPMG Professional Services KPMG Tower Bishop Aboyade Cole Street, Victoria Island, Lagos Tel: (01) 2718955 www.kpmg.com/ng		
Bankers	Guaranty Trust 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 & Cons. (Pty) Ltd AXA Mansard	Olurotimi O. Okapaise C Van Heerden Tejumade Scott	FRC No: FRC/2012/NAS/00000000738 FRC No: FRC/2018/NAS/00000018470 FRC No: FRC/2015/NAS/00000012463
Valuers	Osas & Oseji Est. Surv. & Valuers Int'l Real Estate Partners (IREP)	Osas & Oseji Arayela Olufemi Olalekan	FRC No: FRC/2012/000000000052 FRC No: FRC/2018/NIESV/00000017965
Registrar	DataMax Registrars Limited		

Corporate Addresses

HEAD OFFICE

AXA Mansard Insurance Plc.

Santa Clara Court,
Plot 1412 Ahmadu Bello Way
Victoria Island
Lagos State
Tel: 0700-626-7273, 01-4485482
Email: insure@axamansard.com

ABUJA

Plot 1568, Muhammadu Buhari Way,
Area 11 Garki, Abuja
Tel: (081) 50490161

PORT HARCOURT

Plot 12 Ezimgbu Link Road,
G.R.A. Phase IV
Port Harcourt
Rivers State, Nigeria.
Tel: (081) 13936051

MINNA

Suite 4A Shamras Plaza,
Along Bosso Road,
opposite Murtala Park,
Central Business District,
Minna, Niger State
Tel: (080) 73990861
Niger State

KADUNA

3B Ribadu Road,
Off Tafawa Balewa Way,
Doctor's Quarters - Ungwan Rimi,
Kaduna State

AXA MANSARD WELCOME CENTERS

ABUJA

Plot 1568 Muhammadu Buhari Way
Area 11, Garki, Abuja

ALAUSA

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, Festac Link Road
Amuwo-Odofin, Lagos State

IKOTA

Block K (Suites 4-6 & 15-17),
Road 5, Ikota Shopping Complex,
Ikota, Ajah, Lagos State.

IKORODU ROAD

177 Ikorodu Road, Onipanu
Lagos State

APAPA

12/14 wharf road Apapa
Lagos State

OGBA

18 Ijaiye Road Ogba, Ikeja
Lagos State

ENUGU

Bethel Plaza (Suite A5),
36, Garden Avenue, Opp. Diamond Bank, Enugu
Enugu State

BENIN

15 Sapele Road Benin City
Edo State

UYO

110 Abak Road Uyo
Akwa Ibom State

ILORIN

30 Ibrahim Taiwo Road Ilorin
Kwara State

LEKKI

Plot 3A Kayode Otitoju Street
Off Admiralty Road
Admiralty Way Lekki Phase 1, Lagos State

MINNA

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

ALABA

H40/51 Igbede Road
Alaba International Market Ojo
Lagos State

AHMADU BELLO WAY-V/I

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

OPEBI

15/17 Opebi Road
Opebi, Ikeja, Lagos.

ONIKAN

2 McCarthy Street, Onikan
Lagos State

PORT HARCOURT

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

IBADAN

Broking House,
1 Alh. Jimoh Odutola Road
Dugbe, Ibadan
Oyo State

SURULERE

82 Adeniran Ogunsanya Street, Surulere
Lagos State

KADUNA

3B Ribadu Road, Off Tafawa Balewa Way,
Doctor's Quarters - Ungwan Rimi GRA,
Kaduna State

EGBEDA

Yemosa Plaza,
26-28 Akowonjo Road Egbeda
Lagos State

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.

Integrity

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

2018 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 2018, AXA Mansard donated the sum of Two Million Naira (N2,000,000) 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.

Ask The Paediatricians Foundation (ATP) Children's Day Medical Outreach 2018

In April 2018, AXA Mansard donated the sum of Two Hundred and Fifty Thousand Naira to (N250,000) to **Ask The Paediatricians Foundation**. This is registered non-governmental organization, which consists of a volunteer group of paediatricians, healthcare and non-medical professionals devoted to health education to support children from indigent communities.

Blood Donation Drive

AXA Mansard organized a Blood Donation Drive for members of Staff at different locations in Lagos, who donated about 95 pints of blood. Medical personnel from Lagos State University Teaching Hospital (LUTH) were present to coordinate the activities.

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

ENACTUS (FORMERLY KNOWN AS SIFE FOUNDATION GTE) is an international non-profit organization dedicated to inspiring students to improve the world through entrepreneurial action. It provides a platform for teams of outstanding university students and create 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 2018, AXA Mansard supported the foundation with a sum of Five Hundred Thousand Naira (N500,000) in order to drive creativity and reward results of outstanding students who participated in the competition.

2018 SPECIAL OLYMPICS NATIONAL GAMES

In line with the plan to support/ make donations to NGOs, we identified the Special Olympics Nigeria, an affiliate of Special Olympics International a global non-profit organization created by the Joseph P. Kennedy foundation. It is the world's largest sports organization for children and adults with intellectual disabilities.

AXA Mansard was the official insurance company for team Nigeria at the 2018 Athletics competition. Group Personal Accident and Health Insurance was granted to the athletes as well as the entourage that represented Nigeria at the Special Olympics with a total premium of One Million, Six Hundred and Sixty Four Thousand, Five Hundred and Fifty Naira (N1,664,550).

EDUCATION: SUPPORT FOR SCHOOLS

AXA Mansard supported various schools activities, ranging from sports events, volunteer teaching programmes, family fun days, academic events and some tactical projects. The schools below were beneficiaries of AXA Mansard's support in 2018.

* **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 N100,000 (One Hundred Thousand Naira Only) was donated towards the School's 2018 Inter-house sport competition.

***AWOYAYA PRIMARY SCHOOL** ; In a bid to impact the lives of economically disadvantaged children, we donated 9 sets of eight-seater nursery chairs and recreational facilities were donated to the students of Awoyaya primary school. In the course of the year, we also organized a volunteer teaching programme for the students.

Complaints and feedback

Introduction

At AXA Mansard Insurance Plc., customers are a vital part of our business. Our focus has been to deliver excellent customer service across our touch points and remain a thought leader in the industry. Bearing this in mind, we consider customers' feedback as valuable insights to enable us make better decisions, improve our business and the 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 relationship. In view of this, we were available via the following multi-channel platforms to engage customers and address their requests:

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 Centers nationwide to interact with our staff and provide feedback. The addresses for these centres can be found on our website –<https://www.axamansardPlc.com/office-directory>

Resolution structure

Our resolution structure shows a standard process flow on how complaints are resolved within stipulated timelines and steps taken to mitigate future occurrence while also presenting opportunity for continuous innovation. For this purpose, we have a dedicated Customer Interface team which comprises the Contact Centre and Branch Operations teams. The Contact Centre is responsible for prompt investigation and resolution of customers' complaints within the approved period. The Contact Centre liaises with other units within the organization and ensures that customers' complaints are satisfactorily resolved.

Customers' complaints are stream-lined based on the type of complaints to provide an enabling environment for proper monitoring, proper documentation and effective feedback process for 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 Customer Relationship Management (CRM) application for documentation and review of the customer experience journey. The combination of these processes have adequately helped us measure customer 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 opinions about our products and services.

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.
- Keep in Touch activities with 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 product quality.

Feedback on customers' complaints to AXA Mansard Insurance Plc

Feedback on customers' complaints is provided to Management, relevant Units and Groups within the organization to ensure that complaints and issues raised by customers are brought to their knowledge, so as to bring about further review and inclusion of 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 standardized 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.

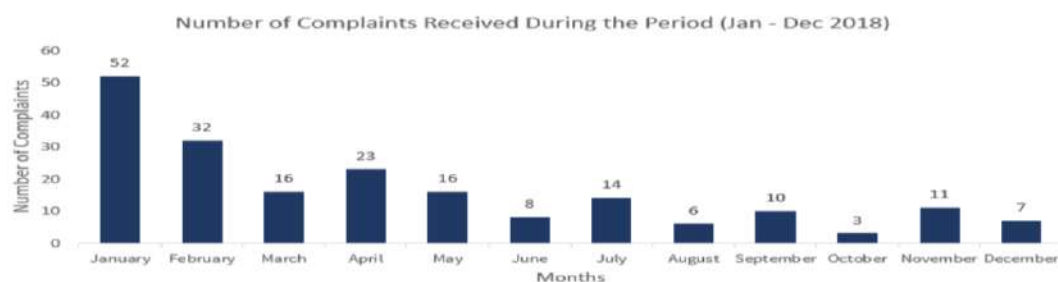
The feedbacks are circulated to management staff through the company's internal information channel for the general information of all staff. Incidence of complaint not resolved within stipulated turnaround time, was largely due to dependency on third party assistance in resolutions, however all complaints are usually resolved within 24hrs. If the issue exceeds our stated turnaround time, it is mandatory that complaints are closed with our customers consent at an agreed upon 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, Website Call Back, 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 2018

Month	Number of Complaints received during the year	Number of complaints resolved	Number of complaints unresolved	Number of complaints unresolved within target timelines
January	52	52	Nil	Nil
February	32	32	Nil	Nil
March	16	16	Nil	Nil
April	23	23	Nil	Nil
May	16	16	Nil	Nil
June	8	8	Nil	Nil
July	14	14	Nil	Nil
August	6	6	Nil	1
September	10	10	Nil	1
October	3	3	Nil	Nil
November	11	11	Nil	Nil
December	7	7	Nil	Nil
Total	198	198	Nil	2



The spikes noticed in the months of January, February, and April are discussed in the summary below.

From the data above, we identified three major spikes, in the months of January, February, and April 2018. In the month of January, we had an increase in the number of offline liquidation requests. The number of complaints from this were directly related to a technical issue which resulted in some customers not receiving email acknowledgments for their liquidation requests. This was corrected and customers were engaged and sensitized on the option to use our online self-service platform, where they can initiate their liquidation requests, track the status in real time and confirm completion of the settlement process.

We strengthened our digital drive last year, deploying marketing campaigns to push our online channels. As a result, we had an increase in the number of customers who explored our online self-service channels in February and April. These complaints resulted from the fact that some customers had obsolete data in our system and as a result were unable to enjoy seamless online set-up. We were able to revalidate details to allow them complete the sign-up process. As a way forward, our keep-in-touch activities were refocused on revalidating customer data to reduce these type of complaints.

The complaints received for this year (2018) have all been treated appropriately as customer satisfaction is paramount to our organization. This year, we introduced the customer focused initiative called the Claims First Responder initiative, which provided immediate support to customers at the point of the accident. The First responder officers provide on-the-spot assistance to eligible customers at the scene of an accident, assess damage to customers' vehicles and start the claims settlement process with a view to reduce the processing time.

We also continued to drive the customer based initiative geared towards revamping our existing customer engagement lifecycle. This prompted customers ahead of their contributions and also allowed them plan adequately beforehand.

All these initiatives allowed us to expand engagement with customers, 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 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 public 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.

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.

The Board membership comprises of eleven (11) members, including the Chairman, six (6) Non-Executive Directors, four (4) 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

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 has the responsibility to lead and manage the Board to ensure that it operates effectively and fully discharges all its statutory responsibilities, whilst promoting effective relations and open communication within the boardroom.

The Chairman discharges his duties with prudence, integrity and professional skills at all times.

The Chief Executive Officer

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 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. The Board at its 73rd and 76th meeting accepted the resignation of Mr. Jad Ariss and Mr Frederic Flejou, both Non-Executive Directors of the Company.

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 Executive Directors' should be limited to Directors' fees and reimbursable travel and hotel expenses. Director's fees and sitting allowance was paid to only Non-Executive Directors as recommended by the Board Governance, Remuneration, and Establishment & General Purpose Committee.

Board Meetings

The Board of Directors' meetings are held every quarter, or as the need arises, to consider the Company's financial statements for the period or to review management accounts for the quarter. At the meetings, the directors also consider the reports and minutes of Board committees, and any other reports pertaining to issues within the scope of the Board's responsibilities.

The Board met five (5) times during the period ended December 31, 2018.

Name of Director	Composition	Meetings attended	20-Feb-18	10-May-18	26-Jul-18	13-Sep-18	29-Nov-18
Mr. Olusola Adeeyo	Director	5	X	X	X	X	X
Mr. Kunle Ahmed	Director	5	X	X	X	X	X
Mr. Tosin Runsewe	Director	5	X	X	X	X	X
Mr. Yomi Onifade	Director	5	X	X	X	X	X
Mrs. Karima Silvent	Director	3	X	-	X	X	-
Mr. Lesley Ndlovu	Director	5	X	X	X	X	X
Mr. Ohis Ohiwerei	Director	5	X	X	X	X	X
Mr. Frédéric Coppin	Director	5	X	X	X	X	X
Mr. Tom Wilkinson	Director	4	-	X	X	X	X
Mr. Jad Ariss*	Director	N/A	N/A	N/A	N/A	N/A	N/A
Mr. Frédéric Fléjou**	Director	1	-	X	-	-	N/A

* Resigned from the Board effective from 20 February 2018.

**Resignation from the Board effective from 29 November 2018.

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. Mrs. Ayodeji Oloye | Shareholder's Representative | – Member |

The Committee met five (5) times during the year under review:

Name	Composition	Meetings attended	08-Feb-18	03-May-18	19-Jul-18	13-Sep-18	20-Oct-18
Mr. Ohis Ohiwerei	Chairman	5	X	X	X	X	X
Mr. Lesley Ndlovu	Member	5	X	X	X	X	X
Mr. Akingbola Akinola	Independent shareholder	5	X	X	X	X	X
Mrs. Ayodeji Oloye	Independent shareholder	5	X	X	X	X	X

(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 (Client Services) | Member |
| 4. Mr. Yomi Onifade | Executive Director (Technical) | Member |

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

Name	Composition	Meetings attended	19-Feb-18	08-May-18	25-Jul-18	28-Nov-18
Mr. Frédéric Fléjou*	Chairman	1	-	X	-	N/A
Mr. Lesley Ndlovu	Member	4	X	X	X	X
Mr. Tosin Runsewe	Member	4	X	X	X	X
Mr. Yomi Onifade	Member	4	X	X	X	X

* Resigned from the Board effective from 29 November 2018.

(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. Mr. Kunle Ahmed	Chief Executive Officer	Member
3. Mr. Tosin Runsewe	Executive Director (Client Services)	Member
4. Mr. Yomi Onifade	Executive Director (Technical)	Member

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

Name	Composition	Meetings attended	19-Feb-18	08-May-18	24-Jul-18	28-Nov-18
Mr. Frédéric Coppin	Chairman	4	X	X	X	X
Mr. Kunle Ahmed	Member	4	X	X	X	X
Mr. Tosin Runsewe	Member	4	X	X	X	X
Mr. Yomi Onifade	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
5. Mr. Lesley Ndlovu	Non Executive Director	Member

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

Name	Composition	Meetings attended	20-Feb-18	09-May-18	25-Jul-18	28-Nov-18
Mrs. Karima Silvent	Chairman	2	X	-	X	-
Mr. Ohis Ohiwerei	Member	4	X	X	X	X
Mr. Frédéric Fléjou*	Member	1	-	X	-	N/A
Mr. Tom Wilkinson	Member	3	-	X	X	X
Mr. Lesley Ndlovu**	Member	2	-	-	X	X

* Resigned from the Board effective from 29 November, 2018.

** Appointed to the Committee from 25 July, 2018.

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 first quarter of the preceding year.

Share capital history

as at 31 December 2018, 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
2018	-	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

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.

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.

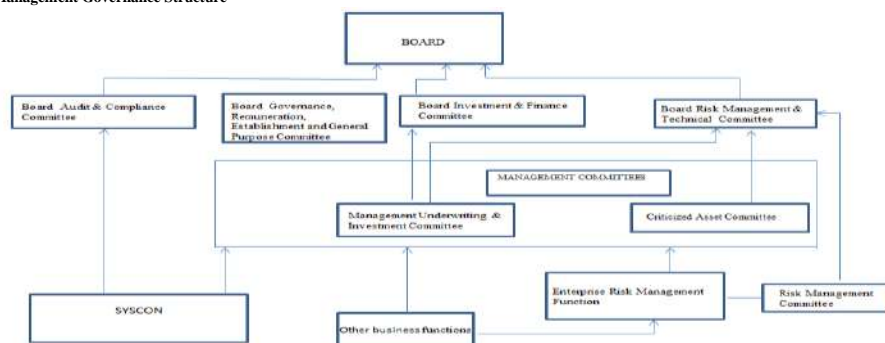
2nd line – Risk Control

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
Statutory Audit Committee	<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
Board Risk Management and Technical Committee	<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
Board Investment and Finance Committee	<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
Board Governance, Remuneration, Establishment and General Purpose Committee	<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:

- a) Drive an enterprise wide process to aggregate risk exposures, produce risk reports and institute mitigation strategies;
- b) Utilize risk control to ensure risk guidelines and policies approved by the board are adhered to;
- c) Champion the growth of risk culture and awareness ; and
- d) 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.

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.

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.

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.

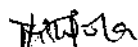
The CMBC policy reinforces the unequivocal commitment of all internal stakeholders of AXA Mansard towards CM & BC processes.

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

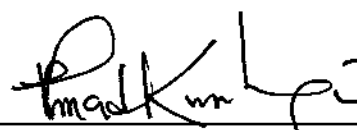
**CERTIFICATION PURSUANT TO SECTION 60(2) OF INVESTMENT AND SECURITIES
ACT NO.29 OF 2007**

We the undersigned hereby certify the following with regards to our audited financial statements for the year ended 31 December 2018 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 and its consolidated subsidiaries as of, and for the period 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 2018 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, investment and pension 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 it's customers with tailored 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		
	31-Dec-2018	31-Dec-2017	%Chg	31-Dec-2018	31-Dec-2017	%Chg
Gross written premium	33,923,949	26,824,830	26%	23,026,817	20,602,218	12%
Net premium income	19,700,281	13,788,244	43%	10,416,786	8,955,599	16%
Total underwriting profit	5,938,355	2,584,423	130%	4,673,395	2,274,870	105%
Total investment income	6,290,179	7,378,346	-15%	4,028,195	4,376,364	-8%
Profit before tax	3,380,073	3,232,100	5%	1,828,263	1,446,155	26%
Profit after tax	2,482,282	2,675,109	-7%	1,621,216	1,367,821	19%
Earnings per share - basic (kobo)	21.35	19.16	11%	15.71	13.25	19%

Directors' Report

The Directors have pleasure in presenting their Annual 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 year ended December 31, 2018.

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, AXA Mansard Health Limited, AXA Mansard Pensions Limited and APD Limited which 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 the 7th of 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.

Operating results

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

(in thousands of Nigerian Naira)

	Note	Group 31-Dec-2018	Group 31-Dec-2017	Parent 31-Dec-2018	Parent 31-Dec-2017
Profit before tax		3,380,073	3,232,100	1,828,263	1,446,155
Taxation	42	(897,791)	(556,991)	(207,047)	(78,334)
Profit after tax		2,482,282	2,675,109	1,621,216	1,367,821
Non Controlling Interest	28	(278,070)	(697,231)	-	-
Transfer to contingency reserve	27.3	(523,639)	(441,551)	(523,639)	(441,551)
Dividend paid		630,000	522,024	630,000	522,024
Earnings per share – Basic (in kobo)	43	21.35	19.16	15.71	13.25
Dividend per share - (in kobo)	43	6k	5k	6k	5k

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:

		Direct / Indirect Holdings 31-Dec-2018	Direct / Indirect Holdings 31-Dec-2017
Mr. Olusola Adeeyo	Chairman	Nil	Nil
Mr. Kunle Ahmed	Chief Executive Officer	20,080,371	20,080,371
Mr. Tosin Runsewe	Executive Director	113,056,410	150,321,548
Mr. Frédéric Coppin	Non Executive Director	Nil	Nil
Mr. Jad Ariss*	Non Executive Director	Nil	Nil
Mr Frédéric Fléjou**	Non Executive Director	Nil	Nil
Mrs Karima Silvent	Non Executive Director	Nil	Nil
Mr Ohi Ohiwerei	Independent Director	Nil	Nil
Mr Lesley Ndlovu	Non Executive Director	Nil	Nil
Mr Tom Wilkinson	Non Executive Director	Nil	Nil
Mr Yomi Onifade	Executive Director	324,833	3,824,833

*Resigned from the Board effective from 20 February 2018

**Resigned from the Board effective from 29 November 2018

Resignation of directors

Mr. Jad Ariss and Mr. Frédéric Fléjou resigned from the Board of the Company during the year under review.

Rotation of Directors

In accordance with the Company's Articles of Association, Mr. Thomas Wilkinson, Mr. Lesley Ndlovu and Mrs. Karima Silvent will retire by rotation, and being eligible offer themselves for re-election.

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
Share based payments	The amount of this remuneration to Executive directors is subject to achieving specific quantifiable targets, aligned directly with shareholders' interests.	Based on vesting conditions as stipulated in the scheme documents
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' Report

Directors' interests in contracts

In compliance with 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.

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 2018:

	No. of shareholding	% shareholding
Assur Africa Holdings Limited	8,030,550,380	76.48%
**Stanbic Nominees Nigeria Limited	825,344,697	7.86%

** Stanbic Nominees held the cumulative total of 7.86% 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, 2018 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	1,297	32.14%	697,681	0.00%
1001 - 5,000	781	19.35%	2,357,803	0.02%
5,001 - 10,000	389	9.64%	3,329,979	0.03%
10,001 - 50,000	691	17.12%	18,119,710	0.17%
50,001 - 100,000	220	5.45%	18,084,621	0.17%
100,001 - 500,000	323	8.00%	81,552,390	0.78%
500,001 - 1,000,000	127	3.15%	103,559,166	0.99%
1,000,001 - 8,000,000,000	207	5.13%	2,241,748,270	21.35%
8,000,000,001 - 10,000,000,000	1	0.02%	8,030,550,380	76.48%
Total	4,036	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 N4,514,550 (2017: N5,270,000) was given out as donations and charitable contributions during the year. Details of the donations and charitable contributions are as follows:

<u>Organizations:</u>	<u>31-Dec-2018</u>
PIUTA Centre (UCH Ibadan)	2,000,000
ATP Children's Day medical outreach	250,000
Enactus	500,000
2018 SPECIAL OLYMPICS NATIONAL GAMES	1,664,550
Emerald High School	100,000
	<u>4,514,550</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 during the financial period vis-a-vis total workforce is as follows:

	Male Number	Female Number	Male %	Female %
Employees	163	136	55%	45%
Gender analysis of Board and top management is as follows:				
Board	8	1	89%	11%
Top Management	10	6	62%	38%

Detailed analysis of the Board and top management is as follows

	Male Number	Female Number	Male %	Female %
Non-Executive Director	5	1	83%	17%
Chief Executive Officer	1	0	100%	0%
Executive Director	2	0	100%	0%
Deputy General Manager	4	1	80%	20%
Assistant General Manager	4	3	57%	43%
Senior Manager	2	2	50%	50%

Acquisition of own shares

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

Auditor

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 auditor to the Company. In accordance with Section 357 (2) of the Companies and Allied Matters Act of Nigeria therefore, the auditor 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.

13 February 2018

Statement of Directors' Responsibilities in relation to the consolidated and separate financial statements for the year ended 31 December 2018

The directors accept responsibility for the preparation of the consolidated and separate 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.

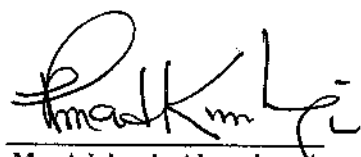
The directors accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in compliance with,

- 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

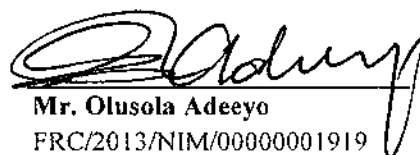
The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

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
13 February 2019



Mr. Olusola Adeeyo
FRC/2013/NIM/00000001919
13 February 2019

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 2018 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

13 February 2019

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 representative	Member
4	Mrs. Ayodeji Oloye	Shareholder's representative	Member

In attendance:

Mr. Olusola Odumuyiwa	Secretary
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**KPMG Professional Services**

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

Telephone 234 (1) 271 8955
234 (1) 271 8599
Internet www.kpmg.com/ng

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 statements of financial position as at 31 December 2018, the consolidated and separate statements of comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information, as set out on pages 37 to 119.

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 2018, 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, 2011 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.

Partners:

Adebisi O. Lamikanra	Adekunle A. Elebute	Adegoke A. Oyelami	Adetola P. Adeyemi
Adevalle K. Ajayi	Ajibola O. Olomola	Ayobami L. Salami	Ayodele H. Othihiwa
Ayodele A. Soyinka	Chibuzor N. Anyanachi	Ehile A. Albangbee	Goodluck C. Obi
Ititomi M. Adepoju	Ijeoma T. Emeze-Ezigo	Joseph O. Tagbe	Kabir O. Okunola
Lawrence C. Amadi	Mohammed M. Adama	Nneka C. Eluma	Ogunbayo I. Ogungbenro
Olabimpe S. Afolabi	Oladoso R. Okubadejo	Oladimeji I. Salaudeen	Olanike I. James
Olumide O. Olayinka	Olusegun A. Sowande	Olutoyin I. Ogunlowo	Oluwafemi O. Awotoye
Oluwatoyin A. Gbagi	Temitope A. Onitiri	Tolulope A. Odukale	Victor U. Onyenkpa

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.

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 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 of the cash generating units.

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 relevant accounting standards, and consideration of how the business is monitored and managed.
- 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.

Other Information

The Directors are responsible for the other information which comprises the Corporate Information, Corporate addresses, Vision, Mission and values, 2018 Corporate Social Responsibility initiatives, Complaints and feedback, Sustainability report, Corporate governance report, Enterprise Risk management, Management discussion and analysis, Report on Internal Control and Risk Management System, Directors' report, Statement of directors' responsibilities, Report of the audit and compliance committee, General business revenue account, Life business revenue account, Annuity disclosures, Five year financial highlights and Value added statement (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 identified above when it becomes available 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. When we read the report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the audit committee

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 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 the audit committee 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 the audit committee a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on Other Legal and Regulatory Requirements

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 comprehensive income are in agreement with the books of account.

Penalties

The Company paid penalties in respect of contravention of the requirements of the National Insurance Commission of Nigeria's Operational Guidelines during the year ended 31 December 2018. Details of penalties paid are disclosed in note 48 to the financial statements.

thuboyels

Oluwafemi O. Awotoye, FCA
FRC/2013/ICAN/00000001182
For: KPMG Professional Services
Chartered Accountants
26 March 2019
Lagos, Nigeria





AXA Mansard Insurance Plc and Subsidiary Companies

Consolidated and Separate Financial Statements

31 December 2018

Consolidated Statement of Financial Position


as at 31 December 2018


(All amounts in thousands of Naira)

	Notes	Group 31-Dec-18	Group 31-Dec-17	Parent 31-Dec-18	Parent 31-Dec-17
ASSETS					
Cash and cash equivalents	8	5,238,705	5,333,318	4,218,348	4,779,865
<i>Investment securities:</i>					
– Fair value through profit or loss	9.1	3,266,048	-	3,266,048	-
– Available-for-sale assets	9.2	22,313,670	22,691,784	17,888,088	17,677,702
Financial assets designated at fair value	9.3	3,073,457	3,272,242	3,073,457	3,272,242
Trade receivables	10	3,615,646	1,961,018	572,586	251,383
Reinsurance assets	11	12,549,017	10,165,983	12,504,524	10,115,242
Deferred acquisition cost	12	436,772	494,584	415,213	481,077
Other receivables	13	1,507,844	909,097	779,072	649,146
Loans and receivables	14	311,449	3,843,254	323,287	7,562,215
Investment properties	15	17,525,962	14,072,384	3,040,000	-
Investment in subsidiaries	16	-	-	4,997,374	3,919,573
Intangible assets	17	1,588,175	1,648,896	190,086	218,772
Property and equipment	18	1,843,362	1,672,516	1,667,654	1,437,960
Statutory deposit	19	500,000	500,000	500,000	500,000
TOTAL ASSETS		73,770,107	66,565,076	53,435,737	50,865,177
LIABILITIES					
Insurance liabilities	20	22,538,993	21,167,952	16,964,677	17,824,172
<i>Investment contract liabilities:</i>					
– At amortised cost	21.1	3,691,424	3,108,070	3,691,424	3,108,070
– Liabilities designated at fair value	21.2	3,073,457	3,272,242	3,073,457	3,272,242
Trade payables	22	11,180,754	8,524,336	11,108,223	8,511,603
Other liabilities	23	2,658,787	2,333,758	1,572,156	1,358,567
Current income tax liabilities	24	773,819	444,688	257,967	234,959
Borrowings	25	3,493,234	3,295,031	-	-
Deferred tax liability	26	837,061	656,407	-	-
TOTAL LIABILITIES		48,247,529	42,802,484	36,667,904	34,309,613
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	4,139,090	3,615,451	4,139,090	3,615,451
Other reserves	27.4	2,663,582	2,625,479	2,634,904	2,595,103
Treasury shares	27.5	(304,924)	(304,924)	(304,924)	(304,924)
Fair value reserves	27.6	(550,226)	426,131	(549,906)	268,842
Retained earnings	27.7	5,262,379	4,229,226	1,155,216	687,639
SHAREHOLDERS' FUNDS		20,903,354	20,284,816	16,767,833	16,555,564
Total equity attributable to the owners of the parent		20,903,354	20,284,816	16,767,833	16,555,564
Non-controlling interest in equity	28	4,619,224	3,477,776	-	-
TOTAL EQUITY		25,522,578	23,762,592	16,767,833	16,555,564
TOTAL LIABILITIES AND EQUITY		73,770,107	66,565,076	53,435,737	50,865,177

Signed on behalf of the Board of Directors on 26 March 2019


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 2018

(All amounts in thousands of Naira unless otherwise stated)

	Notes	Group 31-Dec-18	Group 31-Dec-17	Parent 31-Dec-18	Parent 31-Dec-17
Continuing operations					
Gross written premium	30	33,923,949	26,824,830	23,026,817	20,602,218
Gross premium income	30	32,701,781	26,198,134	23,296,043	21,248,558
Re-insurance expenses	30	(13,001,500)	(12,409,890)	(12,879,257)	(12,292,959)
Net premium income	30	19,700,281	13,788,244	10,416,786	8,955,599
Fee and commission on insurance contracts	31	1,781,955	1,545,494	1,781,955	1,545,494
Net underwriting income		21,482,236	15,333,738	12,198,741	10,501,093
<i>Claims:</i>					
Claims expenses (gross)	32	(16,468,206)	(15,849,634)	(8,748,745)	(11,487,731)
Claims expenses recovered from reinsurers	32	4,337,629	6,311,560	4,311,699	6,295,447
Underwriting expenses	33	(3,355,411)	(2,936,829)	(3,030,407)	(2,759,527)
Changes in individual life reserves	20.3	(234,893)	(9,363)	(234,893)	(9,363)
Changes in annuity reserves	20.4	177,000	(265,049)	177,000	(265,049)
Net underwriting expenses		(15,543,881)	(12,749,315)	(7,525,346)	(8,226,223)
Total underwriting profit		5,938,355	2,584,423	4,673,395	2,274,870
Investment income	34	5,089,463	5,119,126	3,226,956	2,906,647
Net gains/(losses) on financial instruments	35	202,913	(219,783)	57,278	691,241
Net gains on investment property	15	233,074	2,055,384	-	-
Profit on investment contracts	36	298,958	249,899	298,958	249,899
Other income	37	465,771	173,720	445,003	528,577
Total investment income		6,290,179	7,378,346	4,028,195	4,376,364
Expenses for marketing and administration	38	(1,835,353)	(1,692,052)	(1,533,836)	(1,388,125)
Employee benefit expense	39	(2,590,264)	(2,399,937)	(1,751,534)	(1,819,330)
Other operating expenses	40	(2,835,711)	(2,280,103)	(2,479,161)	(2,024,132)
(Impairment)/writeback of other assets	14	(1,098,632)	5,930	(1,098,632)	5,930
(Impairment)/writeback of premium receivables	10.1	(44,644)	26,180	(10,164)	20,578
Results of operating activities		3,823,930	3,622,787	1,828,263	1,446,155
Finance cost	41	(443,857)	(390,687)	-	-
Profit before tax		3,380,073	3,232,100	1,828,263	1,446,155
Income tax expense	42	(897,791)	(556,991)	(207,047)	(78,334)
Profit for the year		2,482,282	2,675,109	1,621,216	1,367,821
Profit attributable to:					
Owners of the parent		2,204,212	1,977,878	1,621,216	1,367,821
Non-controlling interest	28	278,070	697,231	-	-
		2,482,282	2,675,109	1,621,216	1,367,821
<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	(976,357)	1,413,078	(818,748)	1,126,772
<i>Items that will not be subsequently reclassified to profit or loss account</i>					
		-	-	-	-
Other comprehensive income for the year		(976,357)	1,413,078	(818,748)	1,126,772
Total comprehensive income for the year		1,505,925	4,088,187	802,468	2,494,593
Attributable to:					
Owners of the parent		1,227,855	3,381,730	802,468	2,494,593
Non-controlling interests	28	278,070	706,457	-	-
Total comprehensive income for the year		1,505,925	4,088,187	802,468	2,494,593
<i>Earnings per share:</i>					
Basic (kobo)	43	21.35	19.16	15.71	13.25
Diluted (kobo)	43	21.02	18.86	15.46	13.04

Consolidated Statements of Changes in Equity

(All amounts in thousands of Naira unless otherwise stated)

Year ended 31 December 2018

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 2018	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
<i>Total comprehensive income for the year</i>											
Profit for the year	-	-	-	-	-	-	-	2,204,212	2,204,212	278,070	2,482,282
Transfer to contingency reserves	-	-	523,639	-	-	-	-	(523,639)	-	-	-
Transfer to statutory reserves	-	-	-	(1,698)	-	-	-	(17,420)	(19,118)	19,118	-
Other comprehensive income											
Changes in fair value of available-for-sale financial assets	-	-	-	-	-	-	(976,357)	-	(976,357)	(12,950)	(989,307)
Total comprehensive income for the year	-	-	523,639	(1,698)	-	-	(976,357)	1,663,153	1,208,737	284,238	1,492,975
Transactions with owners, recorded directly in equity											
Dividends to equity holders	-	-	-	-	-	-	-	(630,000)	(630,000)	-	(630,000)
Equity-settled share-based payments expense	-	-	-	-	39,801	-	-	-	39,801	-	39,801
Additional subsidiary investment with NCI	-	-	-	-	-	-	-	-	-	857,210	857,210
Total transactions with owners of equity	-	-	-	-	39,801	-	-	(630,000)	(590,199)	857,210	267,011
Balance at 31 December 2018	5,250,000	4,443,453	4,139,090	2,528,678	134,904	(304,924)	(550,226)	5,262,379	20,903,354	4,619,224	25,522,578

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)
Changes in ownership interest											
Acquisition of subsidiary with NCI	-	-	-	-	-	-	-	-	-	-	-
Total changes in ownership interests	-	-	-	-	-	-	-	-	-	-	-
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

Statement of Changes in Equity

(All amounts in thousands of Naira unless otherwise stated)

Year ended 31 December 2018

Parent

	Share Capital	Share premium	Contingency reserve	Capital reserves	Share scheme reserve	Treasury shares	Fair value reserves	Retained earnings	Total
Balance at 1 January 2018	5,250,000	4,443,453	3,615,451	2,500,000	95,103	(304,924)	268,842	687,639	16,555,564
<i>Total comprehensive income for the year</i>									
Profit for the year	-	-	-	-	-	-	-	1,621,216	1,621,216
Transfer to contingency reserves	-	-	523,639	-	-	-	-	(523,639)	-
Other comprehensive income									
Changes in fair value of available-for-sale financial assets	-	-	-	-	-	-	(818,748)	-	(818,748)
Total comprehensive income for the year	-	-	523,639	-	-	-	(818,748)	1,097,577	802,468
Transactions with owners, recorded directly in equity									
Contributions by and distributions to owners									
Dividends to equity holders	-	-	-	-	-	-	-	(630,000)	(630,000)
Equity- settled share-based expense for the year	-	-	-	-	39,801	-	-	-	39,801
Total transactions with owners	-	-	-	-	39,801	-	-	(630,000)	(590,199)
Balance at 31 December 2018	5,250,000	4,443,453	4,139,090	2,500,000	134,904	(304,924)	(549,906)	1,155,216	16,767,833

Year ended 31 December 2017

Parent

	Share Capital	Share premium	Contingency reserve	Other 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									
Change 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									
Equity- settled share-based transactions	-	-	-	-	1,203	-	-	-	1,203
Dividends to equity holders	-	-	-	-	-	-	-	(522,024)	(522,024)
Transfer of vested portion of equity settled share based payment to retained earnings	-	-	-	-	-	-	-	-	-
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

Statement of Cashflows

for the year ended 31 December 2018

(All amounts in thousands of Naira unless otherwise stated)

	Notes	Group 31-Dec-2018	Group 31-Dec-2017	Parent 31-Dec-2018	Parent 31-Dec-2017
Cash flows from operating activities					
Cash premium received		27,964,659	25,680,844	18,400,952	20,628,750
Cash paid as reinsurance premium		(11,885,750)	(12,585,884)	(11,763,507)	(12,468,953)
Fee income received		1,804,619	1,545,495	1,804,619	1,545,495
Cash received on investment contract liabilities	21.1 & 21.2	1,481,715	2,139,664	1,481,715	2,139,218
Cash paid to investment contract holders	21.1 & 21.2	(1,564,391)	(1,641,481)	(1,564,391)	(1,641,481)
Claims paid	32	(16,412,022)	(10,016,114)	(9,396,907)	(6,325,575)
Cash received from reinsurers on recoveries for claims paid	11f	3,154,617	295,258	3,154,617	277,419
Cash received from coinsurers on recoveries and claims paid	10.2a	324,389	1,810,749	324,389	1,810,749
Underwriting expenses paid	33	(3,413,223)	(3,036,107)	(3,096,271)	(2,852,863)
Employee benefits paid		(2,395,418)	(2,236,950)	(1,595,529)	(1,683,408)
Rent received		937,800	1,247,540	-	-
Other operating expenses paid		(4,419,910)	(5,587,578)	(3,734,011)	(4,351,934)
Reinsurance premium paid in advance	11	(1,833,795)	-	(1,833,795)	-
Premium received in advance	22	5,694,996	4,424,590	5,694,996	4,424,590
Changes in working capital		(561,714)	2,040,025	(2,123,123)	1,502,007
Income tax paid	24	(383,027)	(276,827)	(184,039)	(228,752)
Net cash from operating activities		(944,741)	1,763,198	(2,307,162)	1,273,255
Cash flows from investing activities					
Purchases of property, plant and equipment	18	(615,113)	(358,902)	(556,130)	(298,496)
Dividend received		523,049	354,307	1,268,370	594,954
Investment income received	34	2,756,755	2,360,495	1,957,126	1,801,394
Purchase of intangible assets	17	(33,695)	(29,066)	(28,025)	(25,916)
Proceeds from the disposal of property and equipment	18	22,723	25,257	22,206	24,848
Purchase of fair value through profit or loss financial assets	9.1a	(3,251,303)	-	(3,251,303)	-
Sale of available-for-sale financial assets	9.2c	66,942,582	25,252,237	54,612,453	20,758,811
Purchase of available-for-sale financial assets	9.2c	(64,078,404)	(25,319,511)	(54,555,665)	(20,451,511)
Increase in loans and receivables	14d	(85,886)	(556,604)	(69,436)	(1,968,660)
Repayment of loans and receivables	14a & 14d	48,358	63,358	2,847,370	240,491
Proceeds from disposal of loans and receivables - debt		-	460,384	-	309,752
Proceeds from disposal of financial assets designated at fair value-Convertible debt		-	401,194	-	164,887
Net cash used in investing activities		2,229,066	2,653,149	2,246,965	1,150,553
Cash flows from financing activities					
Dividend paid		(630,000)	(522,024)	(630,000)	(522,024)
Interest and principal repayment on borrowings	25	(4,174,439)	(2,093,075)	-	-
Borrowed funds received	25	3,447,605	-	-	-
Net cash used in financing activities		(1,356,834)	(2,615,099)	(630,000)	(522,024)
Net increase/decrease in cash and cash equivalents		(72,509)	1,801,248	(690,197)	1,901,784
Cash and cash equivalent at beginning of year	8	5,174,283	3,388,593	4,779,865	2,878,081
Effect of exchange rate changes on cash and cash equivalent		136,931	(15,558)	128,680	-
Cash and cash equivalent at end of year	8	5,238,705	5,174,283	4,218,348	4,779,865

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 about 299 people.

The Company is a public limited company incorporated and domiciled in Nigeria. The address of its registered office is at '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 26 March 2019.

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) Standards and interpretations effective during the reporting year

Amendments to the following standard became effective in the annual period starting from 1st January, 2018. The new reporting requirements as a result of the amendments and/or clarifications have been evaluated and their impact or otherwise are noted below:

IFRS 15: Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers, effective for periods beginning on 1 January 2018 with early adoption permitted. This new standard will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts.

IFRS 15 defines principles for recognising revenue and will be applicable to all contracts with customers. However, insurance contracts, interest and fee income integral to financial instruments and rental income (leases) will continue to fall outside the scope of IFRS 15 and will be regulated by the other applicable standards (e.g. IFRS 4: Insurance contracts, IFRS 9: Financial Instruments and IFRS 16: Leases).

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.

Revenue under IFRS 15 will need to be recognised as goods and services are transferred, to the extent that the transferor anticipates entitlement to goods and services. The following five step model in IFRS 15 is applied in determining when to recognise revenue, and at what amount:

- a) Identify the contract(s) with a customer
- b) Identify the performance obligations in the contract
- c) Determine the transaction price
- d) Allocate the transaction price to the performance obligations in the contract
- e) Recognise revenue when (or as) the entity satisfies a performance obligation.

Key changes to current practice are:

- ☐ Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements.
- ☐ Revenue may be recognised earlier than under previous standards if the consideration varies for any reasons (such as for incentives, rebates, performance fees, royalties, success of an outcome etc) – minimum amounts must be recognised if they are not at significant risk of reversal.
- ☐ The point at which revenue is able to be recognised may shift: some revenue which is currently recognised at a point in time at the end of a contract may have to be recognised over the contract term and vice versa.
- ☐ There are new specific rules on licences, warranties, non-refundable upfront fees and, consignment arrangements, to name a few.
- ☐ The standard also specifies a comprehensive set of disclosure requirements regarding the nature, extent and timing as well as any uncertainty of revenue and the corresponding cash flows with customers.

This standard does not have any significant impact and have been adopted by the Group.

Amendments to IFRS 2 - Share Based Payment - Classification and measurement of share based payment transactions

The amendments made to IFRS 2 in June 2016 clarify the measurement basis for cash-settled share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. They also introduce an exception to the classification principles in IFRS 2. Where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority, the whole award will be treated as if it was equity-settled provided it would have been equity-settled without the net settlement feature.

These amendments do not have any material impact and have been adopted by the Group.

Interpretation 22 Foreign Currency Transactions and Advance Consideration

The interpretation clarifies how to determine the date of transaction for the exchange rate to be used on initial recognition of a related asset, expense or income where an entity pays or receives consideration in advance for foreign currency-denominated contracts.

For a single payment or receipt, the date of the transaction should be the date on which the entity initially recognises the non-monetary asset or liability arising from the advance consideration (the prepayment or deferred income/contract liability).

If there are multiple payments or receipts for one item, a date of transaction should be determined as above for each payment or receipt.

Entities can choose to apply the interpretation:

- ☐ retrospectively for each period presented
- ☐ prospectively to items in scope that are initially recognised on or after the beginning of the reporting period in which the interpretation is first applied, or
- ☐ prospectively from the beginning of a prior reporting period presented as comparative information.

The Group have chosen to apply this interpretation prospectively to items in scope that are initially recognised on or after the beginning of the reporting period in which the interpretation is first applied.

Amendments to IFRS 4: Applying IFRS 9 financial instruments with IFRS 4 insurance contracts

In September 2016, the IASB published an amendment to IFRS 4 which addresses the concerns of insurance companies about the different effective dates of IFRS 9 Financial Instruments and the forthcoming new insurance contracts standard; IFRS 17. The amendment provides two different solutions for insurance companies: a temporary exemption from IFRS 9 (i.e. the 'deferral approach') for entities that meet specific requirements (applied at the reporting entity level), and the 'overlay approach'. Both approaches are optional. Effective date is 1 January 2018 or when the entity first applies IFRS 9.

IFRS 4 (including the amendments) will be superseded by the forthcoming new insurance contracts standard. Accordingly, both the temporary exemption and the 'overlay approach' are expected to cease to be applicable when the new insurance standards becomes effective.

The Group is eligible to apply IFRS 9 deferral approach since IFRS 9 has not been previously applied by the Group and the activities of the Group are predominantly connected with insurance. To determine if the Group's activities are predominantly connected with insurance, we have assessed the ratio of the Group's liabilities connected with insurance - including investment contracts measured at fair value through profit or loss (FVTPL) - compared with its total liability. See assessment below:

LIABILITIES	AS REPORTED (A)	ADMISSIBLE FOR PREDOMINANCE TEST (B)	AS REPORTED (A)	ADMISSIBLE FOR PREDOMINANCE TEST (B)
	Group	Group	Parent	Parent
	31-Dec-15	31-Dec-15	31-Dec-15	31-Dec-15
Trade payables	1,641,069	1,641,069	1,639,272	1,639,272
Current income tax liab.	202,654	202,654	144,206	144,206
Insurance liabilities	12,916,775	12,916,775	12,293,840	12,293,840
Investment contract liabilities:				
- At amortised cost	2,656,066	2,656,066	2,656,066	2,656,066
- Financial liabilities designated at fair value	7,657,492	7,657,492	4,130,895	4,130,895
Other liabilities:				
- Deferred income	970,349	453,696	453,696	453,696
- Premium received in advance	559,165	559,165	559,165	559,165
- Due to investment brokers	11,479	-	11,409	-
- Creditors and accruals	570,138	-	421,229	-
- Unclaimed dividend	65,049	-	65,049	-
- Cash settled share based payment liability	22,725	-	22,725	-
Borrowings	4,028,230	-	-	-
Deferred tax liability	286,941	-	-	-
	31,588,132	26,086,917	22,397,552	21,877,140
	Score = (B/A)%	82.6%		97.7%

Given a score of 82.6% for the Group (Parent: 97.7%), we assessed whether the Group engages in a significant activity unconnected with insurance. Based on our assessment, we concluded that the Group does not engage in a significant activity unconnected with insurance since majority of the activities from which the Group earns income and incur expenses are insurance-related.

The Group has elected to apply the temporary exemption from IFRS 9 (deferral approach) and qualifies for the temporary exemption based on the following;

- Its activities are predominantly connected with insurance contracts;
- As at 31 December 2015, which is the reporting date that immediately precedes 1 April 2016, the carrying amount of its liabilities arising from insurance contracts was N26.09b (Parent: N21.88b) which was 82.6% (Parent: 97.7%) of the total carrying amount of all its liabilities as at that date.
- The company's activities have remained the same and are predominantly connected with insurance contracts. The majority of the activities from which the Group earns income and incur expenses are insurance-related

Fair value disclosures

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

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

Group	Loan and receivables	Other financial instruments at amortised cost	Carrying amount	Fair value
31 Dec 2018				
Cash and cash equivalent	5,238,705	-	5,238,705	5,238,705
Loans and receivables	311,449	-	311,449	311,449
Trade receivables	3,615,646	-	3,615,646	3,615,646
Reinsurance assets (less prepaid reinsurance, IBNR & Reserves)	6,943,206	-	6,943,206	6,943,206
Other receivables (less prepayment)	820,817	-	820,817	820,817
Statutory deposit	-	500,000	500,000	500,000
	16,929,823	500,000	17,429,823	17,429,823

Parent	Loan and receivables	Other financial instruments at amortised cost	Carrying amount	Fair value
31 Dec 2018				
Cash and cash equivalent	4,218,348	-	4,218,348	4,218,348
Loans and receivables	323,287	-	323,287	323,287
Trade receivables	572,586	-	572,586	572,586
Reinsurance assets (less prepaid reinsurance, IBNR & Reserves)	6,936,148	-	6,936,148	6,936,148
Other receivables (less prepayment)	274,078	-	274,078	274,078
Statutory deposit	-	500,000	500,000	500,000
	12,324,447	500,000	12,824,447	12,824,447

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

The credit risk rating grades of these financial assets have been disclosed in note 4.3.1 of this financial statements.

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

These are financial assets that meet the definition of financial assets designated at fair value through profit or loss in line with IFRS 9; or that are managed and whose performance is evaluated on a fair value basis. They are listed as follows:

Group	Available for sale	Carrying amount	Fair value
31 Dec 2018			
Quoted equity securities	144,385	144,385	144,385
Investment funds	4,873,442	4,873,442	4,873,442
	5,017,827	5,017,827	5,017,827

Parent	Available for sale	Carrying amount	Fair value
31 Dec 2018			
Quoted equity securities	110,923	110,923	110,923
Investment funds	3,336,899	3,336,899	3,336,899
	3,447,822	3,447,822	3,447,822

c) The table below provides an estimation of the expected impacts of IFRS 9 adoption on the classification and measurement of financial assets as at 31 December 2018 and 1 January 2018.

FINANCIAL ASSETS	IAS 39 classification	IFRS 9 classification & measurement	Group Carrying Amount 1 January 2018	Parent Carrying Amount 1 January 2018
31 December 2018				
Cash and cash equivalent	Loans and receivables	Amortised cost	5,238,705	4,218,348
Investment Securities:				
– Fair value through profit or loss	FVTPL	FVTPL	3,266,048	3,266,048
– Available-for-sale assets				
Government & corporate bonds	Available for sale	FVTOCI	10,879,158	9,809,282
Tenored deposits with maturity above 90 days	Available for sale	FVTOCI	515,184	459,119
Treasury bills	Available for sale	FVTOCI	5,787,634	4,057,998
Unquoted equity securities	Available for sale	FVTOCI	113,867	113,867
Quoted equity securities	Available for sale	FVTPL	144,385	110,923
Investment funds	Available for sale	FVTPL	4,873,442	3,336,899
Financial assets designated at fair value	FVTPL	FVTPL	3,073,457	3,073,457
Trade receivables	Loans and receivables	Amortised cost	3,615,646	572,586
Reinsurance assets (less prepaid reinsurance, IBNR & Reserves)	Loans and receivables	Amortised cost	6,943,206	6,936,148
Other receivables (less prepayment)	Loans and receivables	Amortised cost	820,817	274,078
Loans and receivables	Loans and receivables	Amortised cost	311,449	323,287
Statutory deposit	Loans and receivables	Amortised cost	500,000	500,000

FINANCIAL ASSETS	IAS 39 classification	IFRS 9 classification & measurement	Group Carrying Amount 1 January 2018	Parent Carrying Amount 1 January 2018
31 December 2018				
Cash and cash equivalent	Loans and receivables	Amortised cost	5,333,318	4,779,865
Investment Securities:				
– Fair value through profit or loss	FVTPL	FVTPL	-	-
– Available-for-sale assets				
Government & corporate bonds	Available for sale	FVTOCI	15,314,518	13,347,980
Tenored deposits with maturity above 90 days	Available for sale	FVTOCI	326,733	326,733
Treasury bills	Available for sale	FVTOCI	4,298,543	2,303,661
Unquoted equity securities	Available for sale	FVTOCI	94,889	94,889
Quoted equity securities	Available for sale	FVTPL	238,297	198,283
Investment funds	Available for sale	FVTPL	2,418,804	1,406,156
Financial assets designated at fair value	FVTPL	FVTPL	3,272,242	3,272,242
Trade receivables	Loans and receivables	Amortised cost	1,961,018	251,383
Reinsurance assets (less prepaid reinsurance, IBNR & Reserves)	Loans and receivables	Amortised cost	6,600,736	6,596,350
Other receivables (less prepayment)	Loans and receivables	Amortised cost	398,797	323,803
Loans and receivables	Loans and receivables	Amortised cost	3,843,254	7,562,215
Statutory deposit	Loans and receivables	Amortised cost	500,000	500,000

The measurement basis of all financial assets are expected to remain unchanged even after IFRS 9 adoption. Hence, there will be no change in the gross carrying amounts of the financial assets upon the adoption of IFRS 9.

d) The expected impacts of IFRS 9 adoption on shareholder's funds with the corresponding impact on net income:

i) The Fair value reserves on quoted equities and investment funds will be reclassified from other comprehensive income (OCI) to profit or loss as follows:

	Group 31 Dec 2018	Parent 31 Dec 2018	Group 1 Jan 2018	Parent 1 Jan 2018
Fair value on quoted equity securities	82,257	90,275	136,469	124,462
Fair value on Investment Funds	(18,222)	(8,177)	110,095	121,561
	64,035	82,098	246,564	246,023

We have not completed the Expected Credit Loss (ECL) model, hence we do not have estimates for the impairment charge to the statement of comprehensive income.

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.

These amendments do not have any material impact and have been adopted by the Group.

(b) 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 on or after 1 January 2019 and earlier application is permitted; however, the group has not early adopted the following new or amended standards in preparing these consolidated and separate financial statements as it plans to adopt these standards at their respective effective dates:

New or amended standards	Summary of the requirements	Possible impact on Consolidated financial statements
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. IFRS 16 is effective for annual reporting periods beginning on or after 1 January 2019	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. No significant impact is expected for the Group consolidated financial statements resulting from the application of IFRS 16.
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 2022. The estimated impact of the adoption of the standard on the Group's equity as at 1 January 2022 is based on the assessments summarised below. The actual impact of adopting the standard at 1 January 2022 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 2022.
Prepayment Features with Negative Compensation (Amendments to IFRS 9)	This amendment was published to address the concerns about how IFRS 9 'Financial Instruments' classifies particular prepayable financial assets. In addition, the IASB clarifies an aspect of the accounting for financial liabilities following a modification. The amendments are to be applied retrospectively for fiscal years beginning on or after 1 January 2019, i. e. one year after the first application of IFRS 9 in its current version. Early application is permitted so entities can apply the amendments together with IFRS 9 if they wish so.	The Group will adopt the amendment along with the effective date of IFRS 9 (2022) at the earliest. The impact of the adoption of this amendment on the Group is being assessed.

IFRS 17: Insurance Contracts	<p>IFRS 17 was issued in May 2017 as replacement for IFRS 4 Insurance Contracts. It requires a current measurement model where estimates are re-measured each reporting period.</p> <p>The standard allows a choice between recognising changes in discount rates either in the statement of profit or loss or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under IFRS 9.</p> <p>An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for short duration contracts, which are often written by non-life insurers.</p> <p>There is a modification of the general measurement model called the 'variable fee approach' for certain contracts written by life insurers where policyholders share in the returns from underlying items. The results of insurers using this model are therefore likely to be less volatile than under the general model.</p>	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 2022.
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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

IFRS 10 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 IFRS 10 when assessing control of an investee:

- (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.

In the separate financial statements, investments in subsidiaries are measured at cost.

(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 initially 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

An operating segment is a component of the Group that engages in business activities from which it can earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, whose operating results are reviewed regularly by the Executive Management Committee to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available.

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 (MUIC) 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 period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in 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 (e.g. 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 profit or loss within 'Net losses/gains on financial instruments'.

In the case of changes in the fair value of monetary assets denominated in foreign currency and 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 measured at fair value through profit and loss are recognised in profit or loss 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 profit or loss.

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

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

Initial recognition of pledged assets is at fair value, whilst subsequent measurement is based on the classification and measurement of the financial asset in accordance with IAS 39.

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

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

Changes in the fair value of 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 profit or loss as net realised gains on financial assets.

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

Classification of financial assets

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 intention for which the investments were acquired.

(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 profit or loss 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 profit or loss 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 profit or loss. 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 profit or loss.

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 profit or loss. Impairment losses recognised in the consolidated profit or loss on equity instruments are not reversed through the consolidated profit or loss.

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 profit or loss.

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.

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

Subsequently, 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 profit or loss. 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.

Investment properties are derecognised either when they have been disposed of, or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

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 Cash Generating Units (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 profit or loss 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 profit or loss. 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 profit or loss 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 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 profit or loss 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 in line with the requirements of IAS 39.

(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 profit or loss, 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 and Reserves

(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) Share premium

Share premium represents surplus on the par value price of shares issued. The share premium is classified as an equity instrument in the statement of financial position.

(iii) Fair value reserves

Fair value reserves represents the fair value gains or losses on valuation of financial assets measured at fair value through equity.

(iv) **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.

(v) **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.

(vi) **Statutory reserves**

In accordance with the provisions of Section 69 of the Pension Reform Act 2004, the statutory reserve is credited with an amount equivalent to 12.5% of net profit after tax or such other percentage of the net profit as the National Pension Commission may from time to time stipulate.

(vii) **Capital reserves**

This refers to reserves arising from business restructuring.

(viii) **Retained earnings**

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

(ix) **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 year 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 profit or loss.

(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 profit or loss 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 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 profit or loss 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.

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 profit or loss over the lease term.

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 2018, if the decline in the value of the AFS equity instruments were considered prolonged, an impairment of N21 million (2017: N67 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 2018 and an additional gross provision of N170 million (2017: N72 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 N7.7 million (2017: N3.9 million) in the Statement of Comprehensive Income.

(c) Impairment for receivables

The Group tests periodically whether premium receivables have suffered any impairment. With the no premium no cover 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 N704 million (2017: N251 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(c). Based on the impairment assessment carried out as at 31 December 2018, 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 45.

(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 The eight (8) classes of business that were reviewed are Aviation, Oil and Energy, Engineering, Fire, General Accident, Marine Cargo, The reserves have been analysed gross of reinsurance. However, net IBNR reserve is calculated by multiplying the gross IBNR reserve by a factor that is calculated as the ratio of the gross incurred claims to the net incurred claims over the past three years.

Reserving methodology

For the Engineering, Energy, Fire, Marine Hull and Aviation classes of business, claims paid data was sub-divided into large and attritional claims. This was to allow for separate reserves to be calculated for attritional and large claims as the large claims are expected to behave differently from the attritional claims in terms of reporting and settlement. The limits used are given in the table 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

The methodologies governing the attritional claim reserve calculations are described below:

Basic Chain Ladder Method (BCL)

Development factors were calculated using the last 1 to 10 years' data by accident period. Ultimate development factors were calculated 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 half-year period.

$$IBNR = \begin{aligned} &\text{Ultimate claim amount (excl. extreme large losses)} \\ &\text{minus paid claims to 31 December, 2018 (excl. extreme large losses)} \\ &\text{minus claims outstanding (excl. extreme large losses)} \end{aligned}$$

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

Due to the limited data in Energy and Aviation portfolios, using the Basic Chain Ladder method was therefore inappropriate. The Loss ratio method is often used when there is little experience (claims history) in the line of business.

We allowed for expected experience to date and the average assumed ultimate loss ratio in carrying out the calculation.

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

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

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 2018. The 75th percentile is a generally accepted level of prudence. Overall, there is 7.3% increase from the gross best estimate reserves to the gross reserves calculated at the 75th percentile and a 14.9% increase from the gross best estimate reserves to the gross reserves calculated on the 90th percentile. In conclusion, there is only a 25% chance that the IBNR reserves required will exceed NGN 2,492 million and only a 10% chance that the IBNR reserves required will exceed NGN 2,667 million as at 31 December 2018.

In thousands on naira	Gross IBNR - Attritional Reserves		
	Best Estimate	75th Percentile	90th Percentile
Aviation	22,405	23,535	24,214
Energy	1,033,744	1,129,674	1,187,231
Engineering	142,133	150,539	161,290
Fire	536,335	547,328	563,665
General Accident	250,099	266,613	286,477
Marine Cargo	44,648	58,648	90,559
Marine Hull	34,988	45,959	70,967
Motor	257,158	269,520	282,932
	2,321,511	2,491,816	2,667,335

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.

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 2017, the Company had underwritten 404 annuity policies with annual annuity payment of N295.4 million. for the year ended 31 December 2018, the Company did not underwrite any new annuity policies but received additional annuity premium from existing customers.

The movement in the annuity portfolio is analysed below:

	Number of annuity policies	Annual Annuity (N'000)
At 31 December 2017	404	288,411
New entrants	-	-
Additional Funds	4	1,187
Deaths	(2)	3,969
At 31 December 2018	406	293,567

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 14.21% pa for all long term business 14.78% pa for Annuity business. as at 31 December 2018, the average yield on 20 year FGN bonds was 15.37%. 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

Expense for Individual Life (including annuity) and individual deposit-based business were reserved explicitly at N5,000 per policy per annum excluding AIP, for which an expense of N750 was used. Credit Life Expenses were reserved for at N500 per policy 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 N500 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 2018 maintenance expense incurred which was N5,000 per policy per annum.

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: Single premium policies-0%, Year 1 (lapse without value) - 10%, Year 2 (lapse without value) - 7.5%, Year 3 - 5%, Years 4 and above - 2.5%. 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 - 2.5%.

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.

Health Reserving

The product offerings from the Health business includes products under the Corporate, Personal and International plans. IBNR (Incurred But Not Reported) was calculated for products under each plan.

Reserving Methodology and Assumptions

For the Corporate plans, ultimate claims were projected using Basic Chain Ladder ("BCL") and Bornhuetter Ferguson ("BF") methods. Paid claims and outstanding claims are then deducted from the ultimate claims to determine the IBNR. For the Personal plans and International Plans, the Loss Ratio ("LR") method is used to project the ultimate claims. Paid claims and Outstanding claims are then deducted from the ultimate claims to determine the IBNR.

Basic Chain Ladder Method

BCL method is appropriate where there is significant data as we see for the Corporate plans. The methodology assumes that past experience is indicative of future experience i.e. claims recorded to date will continue to develop in a similar manner in the future.

Bornhuetter-Ferguson Method

BF method is used to determine reserves for periods where there is high variability in loss development patterns. This is the methodology we have used to determine reserves for the most recent two (2) months of the Corporate plans. This method is based on the expected loss ratios.

Loss Ratio Method

LR method is appropriate where there is limited data available as we see in the Personal plans and International plans. An ultimate loss ratio is assumed from previous years' experience and the reserve is calculated as:

(Ultimate Loss Ratio x Earned Premiums) - Paid Claims - Outstanding Claims

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 31st December 2018. The 75th percentile is a generally accepted level of prudence.

	Gross IBNR (N'000)		
	Best Estimate	75th Percentile	90th Percentile
Corporate Platinum	493,292	507,978	568,019
Corporate Gold	609,512	648,014	657,539
Corporate Silver	306,005	321,462	393,016
Corporate Bronze	216,368	225,371	251,831
Personal Platinum	2,944	4,107	4,804
Personal Gold	5,864	9,306	10,718
Personal Silver	3,782	5,903	7,140
Personal Bronze	3,961	6,048	7,300
AXA Mansard International - AMIHP	8,298	13,409	16,476
IMED	3,998	6,031	7,250
Total	1,654,023	1,747,629	1,924,095

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 -

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 to N10,160,666 whilst a -1% change in VIR will result in additional Life fund liability to N10,388,788.

The sensitivity analysis also indicates that an increase of mortality rates by 5% will increase the Life fund liability to N10,275,133 whilst a reduction of mortality rate by 5% will decrease the Life fund liability to N10,259,503.

A movement of expenses by +10% will result in an increase the Life fund liability to N10,285,370 whilst a -10% change will reduce the Life fund liability to N10,249,215. Expense inflation moving by +2% will increase the life fund to N10,287,545 whilst a -2% will produce a reduced Life fund liability of N 10,252,491.

A 5% increase in the Lapse rate will also reduce the Life fund liability to N10,267,133 whilst a 5% decrease in the Lapse rate will increase the Liability to N10,267,191.

SENSITIVITY OF LIABILITIES TO CHANGES IN LONG TERM VALUATION ASSUMPTIONS FOR THE 31 DECEMBER 2018 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	725,525	704,526	752,771	741,048	710,264	740,562	714,950	725,497	725,554	743,599	707,457
PRA Regulated Annuities	1,854,619	1,769,123	1,949,000	1,857,305	1,851,934	1,859,966	1,850,523	1,854,619	1,854,619	1,844,517	1,865,028
Individual DA	6,898,383	6,898,383	6,898,383	6,898,383	6,898,383	6,898,383	6,898,383	6,898,383	6,898,383	6,898,383	6,898,383
Group Life - UPR	635,357	635,357	635,357	635,357	635,357	635,357	635,357	635,357	635,357	635,357	635,357
Group Life - AURR	2,026	2,026	2,026	2,026	2,026	2,026	2,026	2,026	2,026	2,026	2,026
Group Life - IBNR	793,350	793,350	793,350	793,350	793,350	793,350	793,350	793,350	793,350	793,350	793,350
Reinsurance	(692,099)	(692,099)	(692,099)	(692,099)	(692,099)	(692,099)	(692,099)	(692,099)	(692,099)	(692,099)	(692,099)
Net liability	10,267,162	10,160,666	10,388,788	10,285,370	10,249,215	10,287,545	10,252,491	10,267,133	10,267,191	10,275,133	10,259,503
% Change in net liability		-1.04%	1.18%	0.18%	-0.17%	0.20%	-0.14%	0.00%	0.00%	0.08%	-0.07%

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	9,528,528	9,422,032	9,650,154	9,546,736	9,510,581	9,548,911	9,513,857	9,528,499	9,528,557	9,536,499	9,520,869
Group	738,634	738,634	738,634	738,634	738,634	738,634	738,634	738,634	738,634	738,634	738,634
Net liability	10,267,162	10,160,666	10,388,788	10,285,370	10,249,215	10,287,545	10,252,491	10,267,133	10,267,191	10,275,133	10,259,503
% change in liability	-	-1.04%	1.18%	0.18%	-0.17%	0.20%	-0.14%	0.00%	0.00%	0.08%	-0.07%

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%

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

Market risk is the risk of loss in On-or Off-balance sheet positions, as a result of adverse movement in foreign exchange rate, interest rate, and equity or commodity prices. 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 2018

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	40,265	64,039	A	59%	25%	NO
Building materials	36,818	37,064	A	1%	25%	NO
Consumer goods	16,914	17,857	C	6%	20%	NO
Insurance	4,191	4,191	A	0%	25%	NO
Oil and gas	18,784	21,233	C	13%	20%	NO
Real estate	-	-	C	0%	20%	NO
Total		144,385				

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	24,021.32	30,577	A	27%	25%	NO
Building materials	36,817.66	37,064	A	1%	25%	NO
Consumer goods	16,913.53	17,857	C	6%	20%	NO
Insurance	4,191	4,191	A	0%	25%	NO
Oil and gas	18,784.11	21,233	C	13%	20%	NO
Real estate	-	-	C	0%	20%	NO
Total		110,923				

December 2017

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	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				

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 2018 GROUP	DEC 2018 GROUP	DEC 2017 GROUP	DEC 2017 GROUP
SECTOR OF STOCK	MARKET PRICE	% of Total	MARKET PRICE	% of Total
Banking and other financial institutions	87,589	52%	119,319	50%
Building materials	37,064	22%	4,239	2%
Consumer goods	17,857	11%	54,196	23%
Insurance	4,191	2%	27,691	12%
Oil and Gas	21,233	13%	24,052	10%
Real estate	-	0%	8,800	4%
Telecommunication	-	0%	-	0%
Total	167,935		238,297	

STOCK TO TOTAL LIMIT ON COMPANY'S INVESTMENT EQUITY SECURITY				
	DEC 2018 PARENT	DEC 2018 PARENT	DEC 2017 PARENT	DEC 2017 PARENT
SECTOR OF STOCK	MARKET PRICE	%	MARKET PRICE	%
Banking and other financial institutions	54,127	40%	79,305	40%
Building materials	37,064	28%	4,239	2%
Consumer goods	17,857	13%	54,196	27%
Insurance	4,191	3%	27,691	14%
Oil and Gas	21,233	16%	24,052	12%
Real estate	-	0%	8,800	4%
Telecommunication	-	0%	-	0%
Total	134,473		198,283	

31 December 2018

PRICE RISK SENSITIVITY

Group	Gross amount	Increase by 13.5%	Increase by 20%	Decrease by 13.5%	Decrease by 20%
Investment securities					
Financial assets fair valued through profit or loss	3,266,048	440,916	653,210	(440,916)	(653,210)
Government & corporate bonds	10,879,158	1,468,686	2,175,832	(1,468,686)	(2,175,832)
Tenored deposits with maturity above 90 days	515,184	69,550	103,037	(69,550)	(103,037)
Treasury bills	5,787,634	781,331	1,157,527	(781,331)	(1,157,527)
Equity securities	258,252	34,864	51,650	(34,864)	(51,650)
Investment funds	4,873,442	657,915	974,688	(657,915)	(974,688)
Financial assets designated at fair value	3,073,457	414,917	614,691	(414,917)	(614,691)
Impact on profit before tax		3,868,179	5,730,635	(3,868,179)	(5,730,635)

Parent	Gross amount	Increase by 13.5%	Increase by 20%	Decrease by 13.5%	Decrease by 20%
Investment securities					
Financial assets fair valued through profit or loss	3,266,048	440,916	653,210	(440,916)	(653,210)
Government & corporate bonds	9,809,282	1,324,253	1,961,856	(1,324,253)	(1,961,856)
Tenored deposits with maturity above 90 days	459,119	61,981	91,824	(61,981)	(91,824)
Treasury bills	4,057,998	547,830	811,600	(547,830)	(811,600)
Equity securities	224,790	30,347	44,958	(30,347)	(44,958)
Investment funds	3,336,899	450,481	667,380	(450,481)	(667,380)
Financial assets designated at fair value	3,073,457	414,917	614,691	(414,917)	(614,691)
Impact on profit before tax		2,829,809	4,192,309	(2,829,809)	(4,192,309)

31 December 2017

PRICE RISK SENSITIVITY

Group	Gross amount	Increase by 13.5%	Increase by 20%	Decrease by 13.5%	Decrease by 20%
Investment securities					
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	Gross amount	Increase by 13.5%	Increase by 20%	Decrease by 13.5%	Decrease by 20%
Investment securities					
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)

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 2018			31 December 2017		
	USD	EUR	GBP	USD	EUR	GBP
Cash and cash equivalents	989,586	63,078	48,306	1,841,894	45,963	47,338
Investment securities -Available-for-sale	1,888,360	-	-	3,027,244	-	-
Borrowings	3,479,693	-	-	2,482,004	-	-

Parent	31 December 2018			31 December 2017		
	USD	EUR	GBP	USD	EUR	GBP
Cash and cash equivalents	969,280	61,837	3,162	1,752,802	31,806	19,070
Investment securities -Available-for-sale	1,577,534	-	-	3,026,757	-	-

The following table details the effect of foreign exchange risk on the profit as at 31 December 2018:

31 December 2018

FOREIGN EXCHANGE SENSITIVITY

Group				
	Increase by 15%	Increase by 10%	Decrease by 10%	Decrease by 15%
Investment securities exposed to foreign exchange risk	Gains/(losses)			
Cash and cash equivalents	165,145	110,097	(110,097)	(165,145)
<i>Investment securities</i>				
Available-for-sale	283,254	188,836	(188,836)	(283,254)
Financial liabilities exposed to foreign exchange risk				
Borrowings	(521,954)	(347,969)	347,969	521,954
Effect on profit before tax	(356,809)	(237,872)	237,872	356,809
Taxation @ 30%	(107,043)	(71,362)	71,362	107,043
Effect on profit after tax	(249,766)	(166,511)	166,511	249,766
Effect on other components of equity -OCI	84,976	56,651	(56,651)	(84,976)

Parent

	Increase by 15%	Increase by 10%	Decrease by 10%	Decrease by 15%
Investment securities exposed to foreign exchange risk	Gains/(losses)			
Cash and cash equivalents	155,142	103,428	(103,428)	(155,142)
<i>Investment securities</i>				
Available-for-sale	236,630	157,753	(157,753)	(236,630)
Effect on profit before tax	155,142	103,428	(103,428)	(155,142)
Taxation @ 30%	46,543	31,028	(31,028)	(46,543)
Effect on profit after tax	108,599	72,400	(72,400)	(108,599)
Effect on other components of equity -OCI	70,989	47,326	(47,326)	(70,989)

31 December 2017

FOREIGN EXCHANGE SENSITIVITY

Group

	Increase by 15%	Increase by 10%	Decrease by 10%	Decrease by 15%
Investments securities exposed to foreign exchange risk	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)
Financial liabilities exposed to foreign exchange risk				
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 15%	Increase by 10%	Decrease by 10%	Decrease by 15%
Investments securities exposed to foreign exchange risk	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)

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 2018, 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 2018

GROUP	Non interest bearing	1-3 months	3-6 months	> 6 months	Total
	Interest earning assets				
Cash and cash equivalents	3,709,200	1,529,505	-	-	5,238,705
Financial assets fair valued through profit or loss	-	180,548	162,467	2,923,033	3,266,048
Bonds	-	-	164,755	10,714,403	10,879,158
Tenored deposits with initial maturity of 90 days and above	-	-	515,184	-	515,184
Treasury bills	-	69,710	509,809	5,208,115	5,787,634
Equity securities	258,252	-	-	-	258,252
Investment funds	-	-	-	4,873,442	4,873,442
Financial assets designated at fair value	17,193	130,273	465,244	2,460,747	3,073,457
Loans and receivables	101,479	-	-	209,970	311,449
Statutory deposit	-	-	-	500,000	500,000
	4,086,124	1,910,036	1,817,460	26,889,709	34,703,329
Interest bearing liabilities					
Investment contract liabilities					
– At amortised cost	-	602,806	701,063	2,387,555	3,691,424
– Liabilities designated at fair value	17,193	130,273	465,244	2,460,747	3,073,457
Borrowings	-	121,803	736,398	2,635,033	3,493,234
	17,193	854,882	1,902,705	7,483,335	10,258,115
Gap		1,055,154	(85,246)	19,406,374	24,445,214
Cumulative gap - Sensitivity analysis		1,055,154	969,908	20,376,283	
Increase by 100bp		10,552	(852)	194,064	244,452
Increase by 500bp		52,758	(4,262)	970,319	1,222,261
Decrease by 100bp		(10,552)	852	(194,064)	(244,452)
Decrease by 500bp		(52,758)	4,262	(970,319)	(1,222,261)

PARENT	Non interest bearing	1-3 Months	3-6 months	> 6 months	Total
	Interest earning assets				
Cash and cash equivalents	2,710,257	1,508,091	-	-	4,218,348
Financial assets fair valued through profit or loss	-	180,548	208,714	2,876,786	3,266,048
Bonds	-	-	159,524	9,649,758	9,809,282
Tenored deposits with initial maturity of 90 days and above	-	-	459,119	-	459,119
Treasury bills	-	46,506	416,544	3,594,948	4,057,998
Equity securities	224,790	-	-	-	224,790
Investment funds	-	-	-	3,336,899	3,336,899
Financial assets designated at fair value	17,193	130,273	465,244	2,460,747	3,073,457
Loans and receivables	147,310	-	-	175,977	323,287
Statutory deposit	-	-	-	500,000	500,000
	3,099,550	1,865,418	1,709,145	22,595,115	29,269,228
Interest bearing liabilities					
Investment contract liabilities					
– At amortised cost	-	602,806	701,063	2,387,555	3,691,424
– liabilities designated at fair value	17,193	130,273	465,244	2,460,747	3,073,457
	17,193	733,079	1,166,307	4,848,302	6,764,881
Gap		1,132,340	542,838	17,746,812	22,504,347
Cumulative gap - Sensitivity analysis		1,132,340	1,675,177	19,421,990	
Increase by 100bp		11,323	5,428	177,468	225,043
Increase by 500bp		56,617	27,142	887,341	1,125,217
Decrease by 100bp		(11,323)	(5,428)	(177,468)	(225,043)
Decrease by 500bp		(56,617)	(27,142)	(887,341)	(1,125,217)

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	60,973	41,304	3,398,768	3,501,045
Statutory deposit	-	-	-	500,000	500,000
Total interest earning assets	3,591,145	2,647,041	3,034,782	26,223,018	35,298,389
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
Total interest bearing liabilities	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 - Sensitivity analysis		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
Total interest earning assets	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
Total interest bearing liabilities	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 - Sensitivity analysis					
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)

4.2 Non-financial asset exposed to price risk

The Group is exposed to property risk through its investment in property. 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		17,525,962	36.40%
Interest Generating Assets		30,617,205	63.60%
		48,143,167	

COMPANY'S EXPOSURE TO PROPERTY PRICE RISK			
Instrument		Amount	% Exposure
Property		3,040,000	10%
Interest Generating Assets		26,169,678	90%
		29,209,678	

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 2018.

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 measures include:

- 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.

Maximum exposure to credit risk <i>In thousands of Naira</i>	Notes	Group		Parent	
		Carrying amount Dec 2018	Carrying amount Dec 2017	Carrying amount Dec 2018	Carrying amount Dec 2017
Cash and cash equivalents	8	5,238,705	5,333,318	4,218,348	4,779,865
Financial assets fair valued through profit or loss	9.1	3,266,048	-	3,266,048	-
Available-for-sale (less equity security)	9.2	22,055,418	22,358,598	17,663,298	17,384,530
Financial assets designated at fair value	9.3	3,056,264	3,252,548	3,056,264	3,252,548
Loans and receivable	14	311,449	3,843,254	323,287	7,562,215
Trade receivable	10	3,615,646	1,961,018	572,586	251,383
Reinsurance assets (less prepaid reinsurance, reserves and IBNR)	11	6,943,206	6,600,736	6,936,148	6,596,350
Other receivable (less prepayment)	13	820,817	398,797	274,078	323,803
Statutory deposit	19	500,000	500,000	500,000	500,000
		45,807,553	44,248,269	36,810,057	40,650,694

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 42% (2017: 41%) of the investment as at 31 December 2018.

Exposures to credit risks is managed through counterparty risks using instituted limits as approved the MUIC. 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 2018

<i>In thousands of Nigerian Naira</i>	Unrated	A/A-	AA	B/B+	BB-	BBB	TOTAL
Cash and cash equivalents	132,785	1,497,663	1,900,807	1,258,888	19,280	429,283	5,238,705
Financial assets fair valued through profit or loss	-	-	-	3,266,048	-	-	3,266,048
Available-for-sale assets	3,418,624	1,791,829	-	16,318,105	526,691	169	22,055,418
Financial assets designated at fair value	40,019	57,773	-	2,747,890	111,700	98,883	3,056,264
Loans and receivables	311,449	-	-	-	-	-	311,449
Trade receivable	3,615,646	-	-	-	-	-	3,615,646
Reinsurance assets (less prepaid reinsurance, reserves and IBNR)	6,943,206	-	-	-	-	-	6,943,206
Other receivable (less prepayment)	820,817	-	-	-	-	-	820,817
Statutory deposit	-	-	-	500,000	-	-	500,000
	15,282,545	3,347,266	1,900,807	24,090,930	657,670	528,335	45,807,554

31 December 2017

<i>In thousands of Nigerian Naira</i>	Unrated	A/A-	AA	B/B+	BB-	BBB	TOTAL
Cash and cash equivalents	64,237	3,589,147	1,671,197	-	-	8,738	5,333,318
Available-for-sale	-	-	-	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 receivables	1,961,018	-	-	-	-	-	1,961,018
Reinsurance assets (less prepaid reinsurance, reserves and IBNR)	6,600,736	-	-	-	-	-	6,600,736
Other receivables (less prepayment)	398,797	-	-	-	-	-	398,797
Statutory deposit	-	-	-	500,000	-	-	500,000
	12,868,041	4,553,974	1,700,969	18,233,322	610,339	6,281,623	44,248,269

Parent

31 December 2018

<i>In thousands of Nigeria Naira</i>	Unrated	A/A-	AA	B/B+	BB-	BBB	TOTAL
Cash and cash equivalents	132,785	1,364,275	1,195,037	769,803	591	755,858	4,218,348
Financial assets fair valued through profit or loss	-	-	-	3,266,048	-	-	3,266,048
Available-for-sale	2,694,024	3,366,878	-	11,307,141	295,255	-	17,663,298
Financial assets designated at fair value	40,019	57,773	-	2,747,890	111,700	98,883	3,056,264
Loans and receivables	323,287	-	-	-	-	-	323,287
Trade receivables	572,586	-	-	-	-	-	572,586
Reinsurance assets (less prepaid reinsurance and IBNR)	6,936,148	-	-	-	-	-	6,936,148
Other receivables (less prepayment)	274,078	-	-	-	-	-	274,078
Statutory deposit	-	-	-	500,000	-	-	500,000
	10,972,926	4,788,925	1,195,037	18,590,882	407,546	854,741	36,810,058

Parent

31 December 2017

<i>In thousands of Nigeria Naira</i>	Unrated	A/A-	Aa	B/B+	BB-	BBB	TOTAL
Cash and cash equivalents	64,237	3,036,762	1,670,128	-	-	8,738	4,779,865
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 and co-insurance recoverable	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	13,847,980	610,339	5,692,897	40,650,693

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		Parent	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
Gross premium receivable	3,380,138	1,800,795	299,112	87,673
Co-insurance receivable	309,443	189,515	309,443	189,515
Reinsurers' share of outstanding claims	5,111,932	5,048,339	5,104,874	5,043,953
Recoverables from reinsurers on claims paid	1,831,274	1,552,397	1,831,274	1,552,397
Total	10,632,787	8,591,046	7,544,703	6,873,538
Neither due nor impaired	10,558,852	8,561,754	7,508,734	6,847,733
Individually impaired	73,935	29,292	35,969	25,805
Gross total	10,632,787	8,591,046	7,544,703	6,873,538
Impairment allowance	(73,935)	(29,292)	(35,969)	(25,805)
Carrying amount	10,558,852	8,561,754	7,508,734	6,847,733

Loans & receivables and other receivables subject to credit risk are further assessed below:

Neither due nor impaired

Amounts in thousands of Naira

	Group		Parent	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
Other receivable (less prepayment)	820,817	398,797	274,078	323,803
Loans and receivable	311,449	3,843,254	323,287	7,562,215
Total	1,132,266	4,242,051	597,365	7,886,018
<i>Total receivables neither due nor impaired</i>	242,297	4,164,912	254,135	7,808,879
Individually impaired	1,175,771	77,139	1,175,771	77,139
Gross total	1,418,068	4,242,051	1,429,906	7,886,018
Impairment allowance	(1,175,771)	(77,139)	(1,175,771)	(77,139)
Carrying amount	242,297	4,164,912	254,135	7,808,879
Individually impaired	1,175,771	77,139	1,175,771	77,139
Over 365 days	1,175,771	77,139	1,175,771	77,139

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:

CATEGORIZATION	CREDIT	CREDIT PERIOD
Grade A	No credit limit	Exposure of 20 million for a max. of 60 days
Grade B	Outstanding credit limit not exceeding N50 million	Exposure of 5 million for a max. of 60 days
Grade C	Outstanding credit limit not exceeding N25 million	Exposure of 2.5 million for a max. of 60 days
Grade D	Outstanding credit limit not exceeding N0.5 million	Any exposure after 45 days
Grade E	Zero Credit	Cash only

The Group's categorization of Trade and Reinsurance receivable (less prepaid reinsurance and IBNR) as at 31 December 2018 is as follows:

	Group		Parent	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
Trade receivable	3,615,646	1,961,018	572,586	251,383
Reinsurance receivable	6,943,206	6,600,736	6,936,148	6,596,350
Total	10,558,852	8,561,754	7,508,734	6,847,733

Group

31 December 2018

Category	A	B	C	D	TOTAL
Insurance brokers	122,211	114,526	5,836	66,395	308,968
Insurance companies	309,443	-	-	-	309,443
Reinsurance companies	6,943,206	-	-	-	6,943,206
Policy holders	-	3,071,170	-	-	3,071,170
	7,374,860	3,185,696	5,836	66,395	10,632,787
Impairment	-	(37,966)	(1,892)	(34,077)	(73,935)
Net carrying amount	7,374,860	3,147,730	3,943	32,319	10,558,852

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

Parent

31 December 2018

Category	A	B	C	D	TOTAL
Insurance brokers	112,355	114,526	5,836	66,395	299,112
Insurance companies	309,443	-	-	-	309,443
Reinsurance companies	6,936,148	-	-	-	6,936,148
	7,357,946	114,526	5,836	66,395	7,544,703
Impairment	-	-	(1,892)	(34,077)	(35,969)
Net carrying amount	7,357,946	114,526	3,943	32,319	7,508,734

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

4.3.2 Concentration of credit risk

The Group monitors concentration of credit risk by sector.

31 December 2018

GROUP

Concentration of credit risk	Financial institutions	Real estate	Public sector	Whole-sale and retail trade	Individuals	Total
Cash and cash equivalents	5,238,705	-	-	-	-	5,238,705
Financial assets fair valued through profit or loss	-	-	3,266,048	-	-	3,266,048
Available-for-sale	2,197,192	-	19,858,226	-	-	22,055,418
Financial assets designated at fair value	293,418	-	2,762,847	-	-	3,056,265
Loans and receivables	311,449	-	-	-	-	311,449
Trade receivables	686,163	-	-	2,929,483	-	3,615,646
Reinsurance assets	3,872,036	-	-	3,071,170	-	6,943,206
Other receivables	-	-	-	820,817	-	820,817
Statutory deposit	-	-	500,000	-	-	500,000
Total	12,598,963	-	26,387,121	6,821,470	-	45,807,554

PARENT

Concentration of credit risk	Financial institutions	Real estate	Public sector	Whole-sale and retail trade	Individual	Total
Cash and cash equivalents	4,218,348	-	-	-	-	4,218,348
Financial assets fair valued through profit or loss	-	-	3,266,048	-	-	3,266,048
Available-for-sale	1,857,624	-	15,805,674	-	-	17,663,298
Financial assets designated at fair value	176,544	-	2,879,721	-	-	3,056,264
Loans and receivables	323,287	-	-	-	-	323,287
Trade receivables	572,586	-	-	-	-	572,586
Reinsurance assets	3,864,978	-	-	3,071,170	-	6,936,148
Other receivables	-	-	-	274,078	-	274,078
Statutory deposit	-	-	500,000	-	-	500,000
Total	11,013,367	-	22,451,443	3,345,248	-	36,810,058

GROUP

31 December 2017

Concentration of credit risk	Financial institutions	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	Real estate	Public sector	Whole-sale and retail trade	Individuals	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

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 2018

31 December 2018

				Related amounts not offset in the statement of financial position		
	Gross amount of financial liabilities offset in the statement of 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	3,615,646	-	3,615,646	-	-	3,615,646
Reinsurance assets	6,943,206	-	6,943,206	-	-	6,943,206
Total	10,558,852	-	10,558,852	-	-	10,558,852

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	7,240,575	-	7,240,575	-	-	7,240,575
Reinsurance payables	1,861,552	-	1,861,552	-	-	1,861,552
Total	9,102,127	-	9,102,127	-	-	9,102,127

Parent

31 December 2018

31 December 2018

				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	572,586	-	572,586	-	-	572,586
Reinsurance assets	6,936,148	-	6,936,148	-	-	6,936,148
Total	7,508,734	-	7,508,734	-	-	7,508,734

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	7,240,575	-	7,240,575	-	-	7,240,575
Reinsurance and coinsurance payables	1,861,552	-	1,861,552	-	-	1,861,552
Total	9,102,127	-	9,102,127	-	-	9,102,127

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 (including non cash collateral)	Cash collateral received	Net amount
<i>In thousands of Nigerian Naira</i>						
Trade payables	2,979,951	-	2,979,951	-	-	2,979,951
Reinsurance payables	745,802	-	745,802	-	-	745,802
Total	3,725,753	-	3,725,753	-	-	3,725,753

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 2018							
GROUP	Carrying amount	Gross total	1-3 months	3-6 months	6-12 months	1-5 years	> 5years
Cash and cash equivalents	5,238,705	5,238,705	5,238,705	-	-	-	-
Financial assets fair valued through profit or loss	3,266,048	3,266,047	1,336,307	626,210	-	-	1,303,531
Available-for-sale (less equity investments)	22,055,418	22,055,418	2,474,354	820,377	3,671,189	8,681,239	6,408,259
Financial assets designated at fair value	3,056,264	3,056,264	3,056,264	-	-	-	-
Loans and receivables	311,449	311,449	311,449	-	-	-	-
Trade receivables	3,615,646	3,615,646	3,615,646	-	-	-	-
Reinsurance assets (less prepaid reinsurance, IBNR & Reserves)	6,943,206	6,943,206	6,943,206	-	-	-	-
Other receivables (less prepayment)	820,817	820,817	820,817	-	-	-	-
Total financial assets	45,307,553	45,307,553	23,796,749	1,446,586	3,671,189	8,681,239	7,711,790
	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	3,691,424	3,691,424	3,128,813	-	562,611	-	-
– Liabilities designated at fair value	3,073,457	3,073,457	3,073,457	-	-	-	-
Borrowings	3,493,234	3,567,103	18,698	-	636,802	2,911,603	-
Trade payables (less premium received in advance)	5,485,758	5,485,758	5,485,758	-	-	-	-
Other liabilities (less deferred income)	1,530,244	1,530,244	1,530,244	-	-	-	-
Total financial liabilities	17,274,117	17,347,986	13,236,970	-	1,199,413	2,911,603	-
Net financial assets/ (liabilities)	28,033,436	27,959,566	10,559,778	1,446,586	2,471,777	5,769,635	7,711,790
Insurance contract liabilities	22,538,993	22,538,993	5,408,901	1,788,149	2,628,632	5,282,111	7,431,200
Net policyholders' assets/(liabilities)	5,494,443	5,420,573	5,150,877	(341,563)	(156,855)	487,525	280,590
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 2018							
PARENT	Carrying amount	Gross total	1-3 months	3-6 months	6-12 months	1-5 years	> 5years
Cash and cash equivalents	4,218,348	4,218,348	4,218,348	-	-	-	-
Financial assets fair valued through profit or loss	3,266,048	3,266,047	1,336,307	626,210	-	-	1,303,531
Available-for-sale (less equity investments)	17,663,298	17,627,083	1,747,512	713,159	3,351,688	5,633,776	6,180,947
Financial assets designated at fair value	3,056,264	3,056,264	3,056,264	-	-	-	-
Loans and receivables	323,287	350,238	350,238	-	-	-	-
Trade receivables	572,586	572,586	572,586	-	-	-	-
Reinsurance assets (less prepaid reinsurance, IBNR and reserves)	6,936,148	6,936,148	6,936,148	-	-	-	-
Other receivables (less prepayment)	274,078	392,955	392,955	-	-	-	-
Total financial assets	36,310,057	36,419,670	18,610,359	1,339,369	3,351,688	5,633,776	7,484,478
<i>Investment contract liabilities:</i>							
– At amortised cost	3,691,424	4,254,035	3,691,424	-	562,611	-	-
– Liabilities designated at fair value	3,073,457	3,073,457	3,073,457	-	-	-	-
Trade payables (less premium received in advance)	5,413,227	5,413,227	5,413,227	-	-	-	-
Other liabilities (less deferred income)	1,265,485	1,265,485	1,265,485	-	-	-	-
Total financial liabilities	13,443,593	14,006,204	13,443,593	-	562,611	-	-
Net financial assets/ (liabilities)	22,866,464	22,413,466	5,166,766	1,339,369	2,789,077	5,633,776	7,484,478
Insurance contract liabilities	16,964,677	16,964,677	408,901	1,213,833	2,628,632	5,282,111	7,431,200
Net policyholders' assets/(liabilities)	5,901,787	5,448,789	4,757,865	125,535	160,445	351,666	53,278

31 December 2017

GROUP	Carrying amount	Gross total	1-3 months	3-6 months	6-12 months	1-5 years	above 5yrs
Cash and cash equivalents	5,333,318	5,333,318	5,174,283	-	-	159,035	-
<i>Investment securities</i>							
– 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
<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

31 December 2017

PARENT	Carrying amount	Total	1-3 months	3-6 months	6-12 months	1-5 years	above 5yrs
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	3,272,242	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	40,170,388	39,187,443	17,065,410	1,791,015	8,921,646	3,646,002	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	15,966,474	15,946,781	15,946,781	-	-	-	-
Net financial assets and liabilities	24,203,914	23,240,663	1,118,629	1,791,015	8,921,646	3,646,002	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)	11,098,615	10,135,364	(4,653,031)	348,100	8,381,015	327,529	5,731,751

4 Capital Management

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	
	31 Dec-2018	31 Dec-2017	31 Dec-2018	31 Dec-2017
Regulatory capital held	16,120,900	10,045,727	12,821,807	6,316,474
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 2018 as indicated below:

	Health maintenance organisation	Life insurance business	Non life insurance business	Asset management business	Pension Funds management
	31 Dec-2018	31 Dec-2018	31 Dec-2018	31 Dec-2018	31 Dec-2018
Regulatory capital held	1,188,734	3,206,722	9,253,128	1,001,839	1,470,477
Minimum regulatory capital	400,000	2,000,000	3,000,000	150,000	1,000,000

In thousands of Naira

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 2018 is as follows:

	31-Dec-18			31 DECEMBER 2017		
	TOTAL	ADMISSIBLE	INADMISSIBLE	TOTAL	ADMISSIBLE	INADMISSIBLE
ASSETS						
Cash and cash equivalents	4,218,348	3,857,886	360,462	4,779,865	2,998,164	1,781,701
Investment securities:						
– Fair value through profit or loss	3,266,048	3,266,048	-	-	-	-
– Available-for-sale assets	17,888,088	17,888,088	-	17,677,702	17,677,702	-
Financial assets designated at fair value	3,073,457	3,073,457	-	3,272,242	3,272,242	-
Trade receivables	572,586	263,143	309,443	251,383	61,868	189,515
Reinsurance assets	12,504,524	12,504,524	-	10,115,242	10,115,242	-
Deferred acquisition cost	415,213	415,213	-	481,077	481,077	-
Other receivables	779,072	-	779,072	649,146	-	649,146
Loans and receivables	323,287	175,977	147,310	7,562,215	113,035	7,449,180
Investment properties	3,040,000	1,666,667	1,373,333	-	-	-
Investment in subsidiaries	4,997,374	4,997,374	-	3,919,573	3,919,573	-
Intangible assets	190,086	190,086	-	218,772	218,772	-
Property and equipment	1,667,654	691,248	976,406	1,437,960	1,268,412	169,548
Statutory deposit	500,000	500,000	-	500,000	500,000	-
TOTAL ASSETS	53,435,737	49,489,711	3,946,026	50,865,177	40,626,087	10,239,090
LIABILITIES						
Insurance liabilities	16,964,677	16,964,677	-	17,824,172	17,824,172	-
Investment contract liabilities:						
– At amortised cost	3,691,424	3,691,424	-	3,108,070	3,108,070	-
– Liabilities designated at fair value	3,073,457	3,073,457	-	3,272,242	3,272,242	-
Trade payables	11,108,223	11,108,223	-	8,511,603	8,511,603	-
Current income tax liabilities	257,967	257,967	-	234,959	234,959	-
Other liabilities	1,572,156	1,572,156	-	1,358,567	1,358,567	-
Borrowings	-	-	-	-	-	-
Deferred tax liability	-	-	-	-	-	-
TOTAL LIABILITIES	36,667,904	36,667,904	-	34,309,613	34,309,613	-

Excess of admissible assets over liabilities

12,821,807

6,316,474

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		Fair value through profit or loss	Designated at fair value	Loan and receivables	Available for sale	Other financial instruments at amortised cost	Carrying amount	Fair value
31 Dec 2018	<i>Notes</i>							
Cash and cash equivalents	8	-	-	5,238,705	-	-	5,238,705	5,238,705
Investment securities:								
- Fair value through profit or loss	9.1	3,266,048	-	-	-	-	3,266,048	3,266,048
- Available-for-sale assets	9.2	-	-	-	22,313,670	-	22,313,670	22,313,670
Financial assets designated at fair value	9.3	-	3,073,457	-	-	-	3,073,457	3,073,457
Trade receivables	10	-	-	3,615,646	-	-	3,615,646	3,615,646
Loans and receivables	14	-	-	311,449	-	-	311,449	311,449
Reinsurance receivables (excluding prepaid re-insurance, IBNR & Reserves)	11	-	-	6,943,206	-	-	6,943,206	6,943,206
Other receivables (excl. prepayment)	13	-	-	820,817	-	-	820,817	820,817
Statutory deposit	19	-	-	-	-	500,000	500,000	500,000
		3,266,048	3,073,457	16,929,823	22,313,670	500,000	46,082,998	46,082,998
Investment contracts:								
- Designated at fair value	21.2	-	3,073,457	-	-	-	3,073,457	3,073,457
- At amortised cost	21.1	-	-	-	-	3,691,424	3,691,424	3,691,424
Borrowing	25	-	-	-	-	3,493,234	3,493,234	3,493,234
Trade payables	22	-	-	-	-	11,180,754	11,180,754	11,180,754
Other liabilities (excluding deferred income)	23	-	-	-	-	1,530,244	1,530,244	1,530,244
		-	3,073,457	-	-	19,895,656	22,969,113	22,969,113
Parent								
31 Dec 2018	<i>Notes</i>							
Cash and cash equivalents	8	-	-	4,218,348	-	-	4,218,348	4,218,348
Investment securities:								
- Fair value through profit or loss	9.1	3,266,048	-	-	-	-	3,266,048	3,266,048
- Available for sale	9.2	-	-	-	17,663,298	-	17,663,298	17,663,298
Financial assets designated at fair value	9.3	-	3,056,264	-	-	-	3,056,264	3,056,264
Trade receivables	10	-	-	572,586	-	-	572,586	572,586
Loans and receivables	14	-	-	323,287	-	-	323,287	323,287
Reinsurance receivables (excluding prepaid re-insurance)	11	-	-	6,936,148	-	-	6,936,148	6,936,148
Other receivables (excl. prepayment)	13	-	-	274,078	-	-	274,078	274,078
Statutory deposit	19	-	-	-	-	500,000	500,000	500,000
		3,266,048	3,056,264	12,324,447	17,663,298	500,000	36,810,057	36,810,057
Investment contracts:								
- Designated at fair value	21.2	-	3,056,264	-	-	-	3,056,264	3,056,264
- At amortised cost	21.1	-	-	-	-	3,691,424	3,691,424	3,691,424
Trade payables	22	-	-	-	-	11,108,223	11,108,223	11,108,223
Other liabilities (excluding deferred income and advance premium)	23	-	-	-	-	1,265,485	1,265,485	1,265,485
		-	3,056,264	-	-	16,065,132	19,121,396	19,121,396

31 December 2017

Group		Fair value through profit or loss	Designated at fair value	Loan and receivables	Available for sale	Other financial instruments at amortised cost	Carrying amount	Fair value
	<i>Notes</i>							
Cash and cash equivalents	8	-	-	5,333,318	-	-	5,333,318	5,333,318
Available for sale	9.2	-	-	-	22,691,784	-	22,691,784	22,691,784
Financial assets designated at fair value	9.3	-	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)	11	-	-	6,600,736	-	-	6,600,736	6,600,736
Other receivables (excl. prepayment)	12	-	-	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

		Fair value through profit or loss	Designated at fair value	Loan and receivables	Available for sale	Other financial instruments at amortised cost	Carrying amount	Fair value
	<i>Notes</i>							
Cash and cash equivalents	8	-	-	4,779,865	-	-	4,779,865	4,779,865
Available for sale	9.2	-	-	-	17,677,702	-	17,677,702	17,677,702
Loans and receivables	14	-	-	7,562,215	-	-	7,562,215	7,562,215
Financial assets designated at fair value	9.3	-	3,272,242	-	-	-	3,272,242	3,272,242
Trade receivables	10	-	-	251,383	-	-	251,383	251,383
Reinsurance assets (excluding prepaid re-insurance)	11	-	-	6,596,350	-	-	6,596,350	6,596,350
Other receivables (excl. prepayment)	12	-	-	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
		-	-	-	-	12,694,233	15,966,475	15,966,475

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 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-18

	Level 1	Level 2	Level 3	Total
Available for sale	17,326,361	4,963,759	23,550	22,313,670
Other financial assets designated at fair value	2,929,270	144,187	-	3,073,457
Total	20,255,631	5,107,946	23,550	25,387,127

Liability type

Other financial liabilities designated at fair value	2,929,270	144,187	-	3,073,457
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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
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Parent

31-Dec-18

	Level 1	Level 2	Level 3	Total
Available for sale	14,437,322	3,427,216	23,550	17,888,088
Other financial assets designated at fair value	2,929,270	144,187	-	3,073,457
Total	17,366,592	3,571,403	23,550	20,961,545

Other financial liabilities designated at fair value	2,929,270	144,187	-	3,073,457
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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
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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-18	Dec-17
Balance at 1 January	22,773	431,955
Acquisitions	-	-
Changes in fair value recognised in other comprehensive income	777	(409,182)
Balance end of year	23,550	22,773

Impact of changes in fair value of available for sale assets

OCI	777	(409,182)
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Parent	Dec-18	Dec-17
Balance at 1 January	22,773	431,955
Acquisitions	-	-
Changes in fair value recognised in other comprehensive income	777	(409,182)
Balance end of year	23,550	22,773

Impact of changes in fair value of available for sale assets

	Dec-18	Dec-17
OCI	777	(409,182)

(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 1.28 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 4% 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.

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-18

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	-	5,238,705	-	5,238,705
Trade receivables	-	3,615,646	-	3,615,646
Loan and receivables	-	311,449	-	311,449
Reinsurance assets (less prepaid reinsurance & RI share of IBNR)	-	6,943,206	-	6,943,206
Other receivables (less prepayment)	-	820,817	-	820,817
Statutory deposit	-	500,000	-	500,000
Total	-	17,429,823	-	17,429,823
Investment contracts at amortised cost	-	3,691,424	-	3,691,424
Borrowings	-	3,493,234	-	3,493,234
Trade payables	-	11,180,754	-	11,180,754
Other liabilities (excluding deferred income)	-	1,530,244	-	1,530,244
Total	-	19,895,656	-	19,895,656

Parent

31-Dec-18

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	-	4,218,348	-	4,218,348
Trade receivables	-	572,586	-	572,586
Loans and receivables	-	323,287	-	323,287
Reinsurance assets (less prepaid reinsurance & RI share of IBNR)	-	6,936,148	-	6,936,148
Other receivables (less prepayment)	-	274,078	-	274,078
Statutory deposit	-	500,000	-	500,000
Total	-	12,824,447	-	12,824,447
Investment contracts at amortised cost	-	3,691,424	-	3,691,424
Trade payables	-	11,108,223	-	11,108,223
Other liabilities	-	1,265,485	-	1,265,485
Total	-	16,065,132	-	16,065,132

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
Loans 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
Liability type				
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
Liability type				
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

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 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 +/-5% will result in N722 million fair value losses/gain respectively.

Office property

Valuation technique	Fair value as at 31 December 2018	Unobservable inputs	Range of unobservable inputs (probability weighted average)
Discounted Income Capitalisation Cashflow approach	14,485,962	Price per square metre	\$600-\$700 (\$615)
		Capitalisation rate	6%

Landed property

Valuation technique	Fair value as at 31 December 2018 (in thousands)	Unobservable inputs	Range of unobservable inputs (probability weighted average)
Market Valuation approach	3,040,000	NA	NA

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 and annuity:

31 December 2018 In thousands of Naira	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	976,406	-	976,406	-	-	-	-	-
Equipment	281,741	-	281,741	-	-	-	-	-
Motor vehicles	194,616	-	194,616	1,936	-	-	-	1,936
Furniture	195,030	-	195,030	18	-	-	-	18
Others (a)	17,906	-	17,906	-	-	-	-	-
OTHER INVESTMENTS								
Statutory deposit	300,000	-	300,000	200,000	-	-	-	200,000
Government bonds	1,535,456	562,831	2,098,287	800,609	414,238	5,009,608	2,383,550	8,608,004
Corporate bond	204,665	1,709,690	1,914,354	42,048	-	149,314	196,109	387,470
Treasury bills	981,703	1,962,678	2,944,381	234,819	1,521,543	2,028,200	142,910	3,927,471
Quoted securities	40,945	-	40,945	25,295	-	17,193	68,202	110,690
Unquoted securities (AFS)	113,867	-	113,867	-	-	-	-	-
Bank placements	30,738	1,416,698	1,447,436	5,000	212,930	321,133	23,865	562,928
Bank and cash balances	89,265	2,162,868	2,252,133	126,840	2,268	24,680	92,645	246,433
Mortgage loan	138,641	-	138,641	-	-	-	-	-
Related companies' securities	4,597,374	-	4,597,374	400,000	-	-	-	400,000
Related companies' loans	282,373	-	282,373	40,914	-	-	-	40,914
Other investments	2,147,754	15,184	2,162,938	27,078	1,524,519	-	2,894	1,554,491
Other assets	3,950,154	12,614,629	16,564,784	356,476	494,681	21,010	1	872,168
Total assets	16,078,635	20,444,578	36,523,213	2,261,033	4,170,179	7,571,137	2,910,175	16,912,524

The following tables reconcile the consolidated statement of financial position to the classes and portfolios used in the Group's ALM framework.

Group		Insurance fund		Investment Contracts	Shareholders funds		Annuity	Others	Total
31 December 2018 In thousands of Naira		Non-life	Life		Non-life	Life			
ASSETS									
Cash and cash equivalents	3,579,566	215,198	55,232	120,003	131,840	116,509	1,020,357	5,238,705	
Fair value through profit or loss	-	2,500,725	-	-	-	765,323	-	3,266,048	
Available-for-sale	4,543,375	283,570	4,442,449	5,205,503	1,384,849	2,028,343	4,425,583	22,313,672	
Financial assets designated at fair value	-	-	3,073,457	-	-	-	-	3,073,457	
Trade receivables	332,118	240,468	-	-	-	-	3,043,060	3,615,646	
Reinsurance assets	11,574,307	930,217	-	-	-	-	44,493	12,549,017	
Other receivables	-	-	-	714,792	64,280	-	728,771	1,507,843	
Deferred acquisition cost	415,213	-	-	-	-	-	21,559	436,772	
Loans and receivables	-	-	-	282,373	40,914	-	(11,837)	311,450	
Investment properties	-	-	-	3,040,000	-	-	14,485,962	17,525,962	
Investment in subsidiaries	-	-	-	4,597,374	400,000	-	-	-	
Intangible assets	-	-	-	152,890	37,196	-	1,398,089	1,588,175	
Property and equipment	-	-	-	1,665,700	1,954	-	175,708	1,843,362	
Statutory deposit	-	-	-	300,000	200,000	-	-	500,000	
TOTAL ASSETS		20,444,578	4,170,179	7,571,137	16,078,635	2,261,033	2,910,175	25,331,745	73,770,109
LIABILITIES									
Insurance liabilities	12,258,773	2,851,285	-	-	-	1,854,619	5,574,316	22,538,993	
<i>Investment contract liabilities:</i>									
- At amortised cost	-	-	3,691,424	-	-	-	-	3,691,424	
- Financial liabilities designated at fair value	-	-	3,073,457	-	-	-	-	3,073,457	
Trade payables	-	-	-	9,869,318	1,238,905	-	72,531	11,180,754	
Other liabilities	-	-	-	883,684	688,472	-	1,086,634	2,658,790	
Current income tax liabilities	-	-	-	133,300	124,667	-	515,852	773,819	
Borrowings	-	-	-	-	-	-	3,493,234	3,493,234	
Deferred tax liability	-	-	-	-	-	-	837,061	837,061	
TOTAL LIABILITIES		12,258,773	2,851,285	6,764,881	10,886,302	2,052,044	11,579,628	48,247,532	
SURPLUS		8,185,805	1,318,894	806,256	5,192,333	208,989	1,055,556	13,752,117	25,522,577

Parent

31 December 2018 In thousands of Naira	Insurance fund		Investment Contracts	Shareholders funds		Annuity	Total
	Non-life	Life		Non-life	Life		
ASSETS							
Cash and cash equivalents	3,579,566	215,198	55,232	120,003	131,840	116,509	4,218,348
Fair value through profit or loss	-	2,500,725	-	-	-	765,323	3,266,048
Available-for-sale	4,543,375	283,570	4,442,449	5,205,503	1,384,849	2,028,343	17,888,088
Financial assets designated at fair value	-	-	3,073,457	-	-	-	3,073,457
Trade receivables	332,118	240,468	-	-	-	-	572,586
Reinsurance assets	11,574,307	930,217	-	-	-	-	12,504,524
Other receivables	-	-	-	714,792	64,280	-	779,072
Deferred acquisition cost	415,213	-	-	-	-	-	415,213
Loans and receivables	-	-	-	282,373	40,914	-	323,287
Investment properties	-	-	-	3,040,000	-	-	3,040,000
Investment in subsidiaries	-	-	-	4,597,374	400,000	-	4,997,374
Intangible assets	-	-	-	152,890	37,196	-	190,086
Property and equipment	-	-	-	1,665,700	1,954	-	1,667,654
Statutory deposit	-	-	-	300,000	200,000	-	500,000
TOTAL ASSETS	20,444,578	4,170,179	7,571,137	16,078,635	2,261,033	2,910,175	53,435,737
LIABILITIES							
Insurance liabilities	12,258,773	2,851,285	-	-	-	1,854,619	16,964,677
<i>Investment contract liabilities:</i>							
- At amortised cost	-	-	3,691,424	-	-	-	3,691,424
- Financial liabilities designated at fair value	-	-	3,073,457	-	-	-	3,073,457
Trade payables	-	-	-	9,869,318	1,238,905	-	11,108,223
Other liabilities	-	-	-	883,684	688,472	-	1,572,156
Current income tax liabilities	-	-	-	133,300	124,667	-	257,967
Deferred income tax	-	-	-	-	-	-	-
TOTAL LIABILITIES	12,258,773	2,851,285	6,764,881	10,886,302	2,052,044	1,854,619	36,667,904
SURPLUS	8,185,805	1,318,894	806,256	5,192,333	208,989	1,055,556	16,767,833

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				Annuity funds	Total
	Share-holders' Fund	Policy-holders' Fund	Share-holders' Fund	Policy-holders' Fund	Investment Contract			
Total	N'000							N'000
<i>INVESTMENTS</i>								
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
<i>OTHER INVESTMENTS</i>								
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	3,013,658	15,752,374

The following tables reconcile the consolidated statement of financial position to the classes and portfolios used in the Group's ALM framework.

Group	Insurance fund		Investment Contracts	Shareholders funds		Annuity	Others	Total
31 December 2017	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	5,333,31
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	18,845,676	3,451,582	6,445,530	12,747,553	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	6,300,798	203,907	65,218	3,930,044	1,153,984	982,039	11,126,601	23,762,591

Parent

Parent	Insurance fund		Investment Contracts	Shareholders funds		Annuity	Total
31 December 2017	Non-life	life		Non-life	life		
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

Notes to the financial statements

7 (a) The segment information provided by the Management Underwriting & Investment Committee (MUIC) for the reporting segments for the year ended 31 December 2018 is as follows:

December 2018	Non life business	Life Business	Elimination between Life & non	AXA Mansard Insurance	Investment Management	Property Development	Pension Management	Health Maintenance	Elimination adjustments	Total
<i>In thousands of Nigerian Naira</i>										
Cash and cash equivalents	3,699,568	518,780	-	4,218,348	71,320	70,971	95,196	782,871	-	5,238,705
Fair value through profit or loss	-	3,266,048	-	3,266,048	-	-	-	-	-	3,266,048
Available-for-sale assets	9,748,878	8,139,210	-	17,888,088	907,779	714	1,163,300	2,353,789	-	22,313,670
Financial assets designated at fair value	-	3,073,457	-	3,073,457	-	-	-	-	-	3,073,457
Trade receivables	332,118	240,468	-	572,586	-	-	-	3,043,060	-	3,615,646
Reinsurance assets	11,574,307	930,217	-	12,504,524	-	-	-	44,493	-	12,549,017
Deferred acquisition cost	415,213	-	-	415,213	-	-	-	21,559	-	436,772
Other receivables	714,792	64,280	-	779,072	173,032	252,594	185,693	117,453	-	1,507,844
Loans and receivables	644,330	40,914	(361,957)	323,287	21,766	-	1,339	1,335,260	(1,370,203)	311,449
Investment properties	3,040,000	-	-	3,040,000	-	14,485,962	-	-	-	17,525,962
Investment in subsidiaries	4,597,374	400,000	-	4,997,374	-	-	-	-	(4,997,374)	-
Intangible assets	152,890	37,196	-	190,086	29,803	-	5,867	3,887	1,358,532	1,588,175
Property, plant and equipment	1,665,700	1,954	-	1,667,654	14,186	32,268	80,179	49,075	-	1,843,362
Statutory deposit	300,000	200,000	-	500,000	-	-	-	-	-	500,000
TOTAL ASSETS	36,885,170	16,912,524	(361,957)	53,435,737	1,217,886	14,842,509	1,531,574	7,751,447	(5,009,045)	73,770,107
Insurance liabilities	12,258,774	4,705,903	-	16,964,677	-	-	-	5,574,316	-	22,538,993
<i>Investment contract liabilities:</i>										
- At amortised cost	-	3,691,424	-	3,691,424	-	-	-	-	-	3,691,424
- Financial liabilities designated at fair value	-	3,073,457	-	3,073,457	-	-	-	-	-	3,073,457
Trade payables	9,869,318	1,238,905	-	11,108,223	-	-	-	72,531	-	11,180,754
Other Liabilities	1,245,640	688,473	(361,957)	1,572,156	174,602	216,905	46,994	696,558	(48,428)	2,658,787
Current income tax liabilities	133,300	124,667	-	257,967	62,599	228,071	14,103	211,079	-	773,819
Borrowings	-	-	-	-	-	4,812,835	-	-	(1,319,601)	3,493,234
Deferred income tax	-	-	-	-	(21,154)	849,986	-	8,229	-	837,061
TOTAL LIABILITIES	23,507,032	13,522,829	(361,957)	36,667,904	216,047	6,107,797	61,097	6,562,713	(1,368,029)	48,247,529
EQUITY										
Share capital	4,250,000	1,000,000	-	5,250,000	150,000	5,152	1,033,836	700,000	(1,888,988)	5,250,000
Share premium	3,643,453	800,000	-	4,443,453	790,000	1,454,974	-	-	(2,244,974)	4,443,453
Contingency reserve	3,591,710	547,380	-	4,139,090	-	-	-	-	-	4,139,090
Other reserves	1,634,904	1,000,000	-	2,634,904	-	-	28,678	-	-	2,663,582
Treasury shares	(304,924)	-	-	(304,924)	-	-	-	-	-	(304,924)
Retained earnings	822,400	332,816	-	1,155,216	42,707	3,405,108	(172,422)	502,598	329,173	5,262,379
Fair value reserves	(259,405)	(290,501)	-	(549,906)	19,132	-	(5,588)	(13,864)	-	(550,226)
	13,378,138	3,389,695	-	16,767,833	1,001,839	4,865,234	884,504	1,188,734	(3,804,789)	20,903,354
Non-controlling interests in equity	-	-	-	-	-	3,869,478	585,973	-	163,773	4,619,224
TOTAL EQUITY	13,378,138	3,389,695	-	16,767,833	1,001,839	8,734,712	1,470,477	1,188,734	(3,641,016)	25,522,578
TOTAL LIABILITIES AND EQUITY	36,885,170	16,912,524	(361,957)	53,435,737	1,217,886	14,842,509	1,531,574	7,751,447	(5,009,045)	73,770,107

December 2017	Non life business	Life Business	Elimination between Life & non	AXA Mansard Insurance	Investment Management	Property Development	Pension Management	Health Maintenance	Elimination adjustments	Total
<i>In thousands of Nigerian Naira</i>										
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
Investment contract liabilities:										
– 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

(b) The consolidated financial data for the reporting segments for the year ended 31 December 2018 is as follows:

31 December 2018	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	18,289,852	4,736,965	23,026,817	-	-	11,105,913	-	(208,781)	33,923,949
Gross premium income	18,673,237	4,622,806	23,296,043	-	-	9,579,723	-	(173,985)	32,701,781
Reinsurance expenses	(11,491,174)	(1,388,083)	(12,879,257)	-	-	(122,243)	-	-	(13,001,500)
Net premium income	7,182,063	3,234,723	10,416,786	-	-	9,457,480	-	(173,985)	19,700,281
Fees and commission income	1,486,535	295,420	1,781,955	-	-	-	-	-	1,781,955
Net underwriting income	8,668,598	3,530,143	12,198,741	-	-	9,457,480	-	(173,985)	21,482,236
Claims:									
Claims expenses (gross)	7,160,626	1,588,119	8,748,745	-	-	7,719,461	-	-	16,468,206
Claims expenses recovered from reinsurers	(3,996,894)	(314,806)	(4,311,699)	-	-	(25,930)	-	-	(4,337,629)
Underwriting expenses	2,564,243	466,164	3,030,407	-	-	325,004	-	-	3,355,411
Changes in individual life reserves	-	234,893	234,893	-	-	-	-	-	234,893
Increase/(decrease) in annuity reserves	-	(177,000)	(177,000)	-	-	-	-	-	(177,000)
Net underwriting expenses	5,727,975	1,797,370	7,525,346	-	-	8,018,535	-	-	15,543,881
Total underwriting profit	2,940,623	1,732,773	4,673,395	-	-	1,438,945	-	(173,985)	5,938,355
Investment income	1,918,721	1,308,235	3,226,956	633,353	1,185,438	503,469	582,548	(1,042,301)	5,089,463
Net gains on financial instruments	141,480	(84,202)	57,278	(26,688)	113,627	41,148	17,548	-	202,913
Net gains on investment property	-	-	-	-	233,074	-	-	-	233,074
Profits on investment contracts	-	298,958	298,958	-	-	-	-	-	298,958
Other income	402,852	42,151	445,003	(7,901)	312,702	24,460	7,365	(315,858)	465,771
Rental income	-	-	-	-	-	-	-	-	-
Total investment income	2,463,053	1,565,142	4,028,195	598,764	1,844,841	569,077	607,461	(1,358,159)	6,290,179
Expenses for marketing and administration	1,038,969	494,867	1,533,836	90,665	-	71,923	138,929	-	1,835,353
Employee benefit expense	1,215,856	535,678	1,751,534	230,762	-	377,325	230,643	-	2,590,264
Other operating expenses	1,940,755	538,406	2,479,161	93,758	132,554	345,616	122,908	(338,286)	2,835,711
Impairment of other assets	1,098,769	(137)	1,098,632	-	-	-	-	-	1,098,632
Impairment of premium receivables	4,140	6,024	10,164	-	-	34,480	-	-	44,644
Results of operating activities	105,187	1,723,076	1,828,263	183,579	1,712,287	1,178,678	114,981	(1,193,858)	3,823,930
Finance cost	-	-	-	-	(759,714)	-	-	315,858	(443,857)
Profit before tax	105,187	1,723,076	1,828,263	183,579	952,573	1,178,678	114,981	(878,000)	3,380,073
Income tax expenses	(90,361)	(116,686)	(207,047)	(64,780)	(433,729)	(197,808)	5,573	-	(897,791)
Profit for the year	14,825	1,606,390	1,621,216	118,799	518,844	980,870	120,554	(878,000)	2,482,282
Assets and liabilities									
Total assets	36,885,170	16,912,524	52,847,238	1,217,886	14,842,509	7,751,447	1,531,574	(5,371,002)	73,770,108
Total liabilities	23,507,032	13,522,829	36,950,486	216,047	6,107,797	6,562,713	61,097	(1,729,986)	48,247,529
Net assets/(liabilities)	13,378,138	3,389,695	15,896,752	1,001,839	8,734,712	1,188,734	1,470,477	(3,641,016)	25,522,579

Notes to the financial statements

31 December 2018	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	7,182,063	3,234,723	10,416,786	-	-	9,457,480	-	(173,985)	19,700,281
Net interest income	1,918,721	1,607,193	3,525,914	633,353	1,185,438	503,469	582,548	(1,042,301)	5,388,421
Net fees and commission	1,486,535	295,420	1,781,955	-	-	-	-	-	1,781,955
Net trading income/(expense)	141,480	(84,202)	57,278	(26,688)	1,185,438	41,148	17,548	-	1,274,724
Other income	402,852	42,151	445,003	(7,901)	545,776	24,460	7,365	(315,858)	698,845
Inter segment revenue	-	-	(208,781)	240,320	315,858	535,781	-	(1,358,159)	(266,200)
Total segment revenue	11,131,651	5,095,285	16,018,156	839,084	3,232,510	10,562,338	607,461	(2,890,303)	28,578,026
Reportable segment profit before tax	105,187	1,723,076	1,828,263	183,579	952,573	1,178,678	114,981	(878,000)	3,380,073
Reportable segment assets	36,885,170	16,912,524	52,847,238	1,217,886	14,842,509	7,751,447	1,531,574	(5,371,002)	73,770,108
Reportable segment liabilities	23,507,032	13,522,829	36,950,486	216,047	6,107,797	6,562,713	61,097	(1,729,986)	48,247,529

(All amounts in thousands of Naira unless otherwise stated)

8 Cash and cash equivalents

	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Cash at bank and in hand	3,709,200	2,882,628	2,710,257	2,534,048
Tenored deposits (see note (a) below)	1,529,505	2,291,655	1,508,091	2,245,817
Tenored deposit - Debt service reserve account (see note (b) below)	-	159,035	-	-
	5,238,705	5,333,318	4,218,348	4,779,865

- (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. Due to the restrictions in the previous year, the balance was not available for use by the group. This balance was 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-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Cash at bank and in hand	3,709,200	2,882,628	2,710,257	2,534,048
Tenored deposits	1,529,505	2,291,655	1,508,091	2,245,817
Cash and cash equivalents	5,238,705	5,174,283	4,218,348	4,779,865

9 Investment securities

The Group's investment securities are summarized below by measurement category:

	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Fair value through profit or loss (see note 9.1)	3,266,048	-	3,266,048	-
Available-for-sale (see note 9.2)	22,313,670	22,691,784	17,888,088	17,677,702
Financial assets designated at fair value (see note 9.3)	3,073,457	3,272,242	3,073,457	3,272,242
	28,653,175	25,964,026	24,227,593	20,949,944

9.1 Fair value through profit or loss

Fair value through profit or loss instruments represent interests in treasury bills and bonds as at year end.

	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Government bonds	1,303,531	-	1,303,531	-
Treasury bills	1,962,517	-	1,962,517	-
	3,266,048	-	3,266,048	-

- (a) Movement in fair value through profit or loss assets

2018						
Group	at 1 January 2018	Additions	Disposal	Fair value	Interest receivable	as at 31 December 2018
Government bonds	-	1,360,277	-	(137,998)	81,252	1,303,531
Treasury bills	-	1,891,026	-	(2,706)	74,197	1,962,517
	-	3,251,303	-	(140,704)	155,449	3,266,048
Parent	at 1 January 2018	Additions	Disposal	Fair value	Interest receivable	as at 31 December 2018
Government bonds	-	1,360,277	-	(137,998)	81,252	1,303,531
Treasury bills	-	1,891,026	-	(2,706)	74,197	1,962,517
	-	3,251,303	-	(140,704)	155,449	3,266,048

9.2 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-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Government & corporate bonds	10,879,158	15,314,518	9,809,282	13,347,980
Tenored deposits with maturity above 90 days	515,184	326,733	459,119	326,733
Treasury bills	5,787,634	4,298,543	4,057,998	2,303,661
Equity securities (see table (a) below)	258,252	333,186	224,790	293,172
Investment funds (see table (b) below)	4,873,442	2,418,804	3,336,899	1,406,156
	22,313,670	22,691,784	17,888,088	17,677,702

- (a) Analysis of equity securities is shown below:

	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Quoted securities	144,385	238,297	110,923	198,283
Unquoted securities				
Insurance Energy pool	90,317	72,066	90,317	72,066
Imperial Homes Limited	23,500	22,773	23,500	22,773
DML Nominees limited	50	50	50	50
	258,252	333,186	224,790	293,172

(All amounts in thousands of Naira unless otherwise stated)

(b) Analysis of investment funds is shown below:

	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
AXA Mansard Funds	164,379	149,889	164,379	149,889
Legacy Money Market Funds	12,148	14,008	12,148	14,008
Coral Growth Fund	2,980	2,974	2,980	2,974
AXA Mansard Money Market Fund & Income Growth Fund	4,259,443	1,883,685	2,722,900	871,037
IAML Money Market Investment	250,866	217,537	250,866	217,537
ARM Money Market Investment	183,626	150,712	183,626	150,712
	4,873,442	2,418,805	3,336,899	1,406,157

At the reporting date, there were no available for sale assets that were overdue but not impaired.

(c) Movement in Available-for-sale assets

2018

Group	at 1 January 2018	Additions	Disposal	Fair value	Interest receivable	as at 31 December 2018
Government & corporate bonds	15,314,518	1,789,006	(6,347,407)	(841,048)	964,090	10,879,158
Tenored deposits with maturity above 90 days	326,733	12,860,178	(12,690,204)	-	18,477	515,184
Treasury bills	4,298,543	33,836,817	(32,438,421)	(97,585)	188,280	5,787,634
Equity	333,186	58,556	(56,068)	(53,872)	-	281,802
Investment Funds	2,418,804	15,533,847	(13,184,158)	16,149	65,250	4,849,892
	22,691,784	64,078,404	(64,716,258)	(976,357)	1,236,096	22,313,670

Parent	at 1 January 2018	Additions	Disposal	Fair value	Interest receivable	as at 31 December 2018
Government & corporate bonds	13,347,980	1,632,287	(5,212,427)	(733,326)	774,769	9,809,282
Tenored deposits with maturity above 90 days	326,733	12,860,178	(12,744,345)	-	16,554	459,119
Treasury bills	2,303,661	29,270,403	(27,603,131)	(61,658)	148,723	4,057,998
Equity	293,172	58,553	(69,198)	(34,187)	-	248,340
Investment Funds	1,406,156	10,734,244	(8,892,998)	10,424	55,523	3,313,349
	17,677,702	54,555,665	(54,522,100)	(818,748)	995,569	17,888,088

2017

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	(423,931)	13,444	-	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	(23,841,802)	1,413,079	2,261,628	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	20,451,511	(18,866,156)	1,126,772	731,106	17,677,702

9.3 Financial assets designated at fair value

	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Investment contracts designated at fair value (see note (i))	3,073,457	3,272,242	3,073,457	3,272,242
	3,073,457	3,272,242	3,073,457	3,272,242

(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-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Bank balances	144,187	158,040	144,187	158,040
Short term deposit	146,394	135,378	146,394	135,378
Government treasury bills	851,337	879,728	851,337	879,728
Government and corporate bonds	1,914,346	2,079,402	1,914,346	2,079,402
Quoted equity securities	17,193	19,694	17,193	19,694
	3,073,457	3,272,242	3,073,457	3,272,242

(All amounts in thousands of Naira unless otherwise stated)

10 Trade receivables

	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Premium receivable (see 10.1 below)	3,306,203	1,771,503	263,143	61,868
Coinurance receivable (see 10.2 below)	309,443	189,515	309,443	189,515
	3,615,646	1,961,018	572,586	251,383

All trade receivables fall due within one year.

10.1 Premium receivables

	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
(a) Premium receivables	3,380,138	1,800,795	299,112	87,673
Less specific provision for impairment	(73,935)	(29,292)	(35,969)	(25,805)
	3,306,203	1,771,503	263,143	61,868

Analysis of premium receivables:

	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Life contracts insurance receivable	162,525	5,990	162,525	5,990
Non-life contracts insurance receivable	100,617	55,878	100,617	55,878
AXA Mansard Health (HMO) receivable	3,043,060	1,709,635	-	-
	3,306,202	1,771,503	263,142	61,868

Counter party categorization of insurance receivable:

	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Brokers and agents	299,112	87,673	299,112	87,673
Contract holders	3,081,026	1,713,122	-	-
Total insurance receivables	3,380,138	1,800,795	299,112	87,673
Less impairment of receivables:				
- Brokers and agents	(35,969)	(25,805)	(35,969)	(25,805)
- Contract holders	(37,966)	(3,487)	-	-
Total impairment	(73,935)	(29,292)	(35,969)	(25,805)
	3,306,203	1,771,503	263,143	61,868

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

The aging analysis of gross premium receivable as at the end of the year is as follows:

	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
0 – 30 days	2,776,253	1,559,277	95,364	58,815
31 – 90 days	532,071	213,478	169,900	4,304
91 – 180 days	38,319	3,705	5,004	312
Above 180 days	33,496	24,334	28,844	24,242
Total	3,380,138	1,800,795	299,112	87,673

The movement in impairment of insurance receivable is as follows:

	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
(b) Impairment of premium receivable				
Balance, beginning of the year	29,292	55,472	25,805	46,383
Additional impairment/(write back) during the year	44,644	(26,180)	10,164	(20,578)
Write off of premium receivables	-	-	-	-
Balance, end of year	73,935	29,292	35,969	25,805

10.2 Co-insurance receivable

	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Co-insurers' share of outstanding claims	309,443	189,515	309,443	189,515
	309,443	189,515	309,443	189,515

(a) The movement in co-insurance recoverable on claims paid

	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Balance, beginning of the year	189,515	227,406	189,515	227,406
Additions in the year	444,317	1,772,858	444,317	1,772,858
Receipts during the year	(324,389)	(1,810,749)	(324,389)	(1,810,749)
	309,443	189,515	309,443	189,515

11 Reinsurance assets

	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Total reinsurers' share of outstanding claims (see note (a) below)	5,111,932	5,048,339	5,104,874	5,043,953
Reinsurance premium paid in advance for next year's policies	1,833,795	-	1,833,795	-
Prepaid re-insurance- Non life & health (see note (b) below)	1,926,409	2,127,015	1,892,293	2,088,020
Prepaid re-insurance- group life reserves (see note (c) below)	305,258	277,783	305,258	277,783
Reinsurance share of individual life reserves (see note (d) below)	48,908	37,936	48,908	37,936
Reinsurance share of Incurred But Not Reported (IBNR) claims (see note (e) below)	1,491,441	1,122,513	1,488,122	1,115,153
Recoverables from reinsurers on claims paid (see note (f) below)	1,831,274	1,552,397	1,831,274	1,552,397
	12,549,017	10,165,983	12,504,524	10,115,242

(All amounts in thousands of Naira unless otherwise stated)

(a) The movement in reinsurers' share of outstanding claims is as follows:				
	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Balance, beginning of the year	5,048,339	1,600,088	5,043,953	1,600,088
Movement during the year	63,593	3,448,251	60,921	3,443,865
	5,111,932	5,048,339	5,104,874	5,043,953
Reinsurance share of outstanding claims can be analysed as follows:				
	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Non-life	4,869,509	4,930,011	4,869,509	4,930,011
Life	235,365	113,942	235,365	113,942
AXA Mansard Health (HMO)	7,058	4,386	-	-
Balance, end of year	5,111,932	5,048,339	5,104,874	5,043,953
(b) The movement in prepaid reinsurance - Non life & health is as follows:				
	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Balance, beginning of the year	2,127,015	2,870,769	2,088,020	2,834,886
Movement during the year (see note 30)	(200,606)	(743,754)	(195,727)	(746,866)
	1,926,409	2,127,015	1,892,293	2,088,020
(c) The movement in prepaid re-insurance- group life reserves:				
	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Balance, beginning of the year	277,783	243,503	277,783	243,503
Movement during the year (see note 30)	27,475	34,280	27,475	34,280
	305,258	277,783	305,258	277,783
(d) The movement in reinsurance share of individual life reserves:				
	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Balance, beginning of the year	37,936	18,131	37,936	18,131
Movement during the year (see note 30)	10,972	19,805	10,972	19,805
	48,908	37,936	48,908	37,936
Reinsurance Expense for the year:				
	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Prepaid re-insurance at the beginning of the year (see note 11(a), (b) & (c) above)	2,442,735	3,132,405	2,403,740	3,096,521
Reinsurance cost (see note 30)	12,839,340	11,720,219	12,721,976	11,600,177
Total	15,282,075	14,852,624	15,125,716	14,696,698
Prepaid re-insurance at the end of the year (see note 11(a), (b) & (c) above)	(2,280,575)	(2,442,734)	(2,246,459)	(2,403,739)
Reinsurance expense for the year (see note 30)	13,001,500	12,409,890	12,879,257	12,292,959
(e) Reinsurance share of IBNR can be analysed as follows:				
	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Non-life	1,150,188	591,570	1,150,188	591,570
Life	337,934	523,583	337,934	523,583
Health	3,319	7,360	-	-
Balance, end of year	1,491,441	1,122,513	1,488,122	1,115,153
The movement in reinsurance IBNR:				
	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Balance, beginning of the year	1,122,513	802,155	1,115,153	788,686
Movement during the year	368,928	320,358	372,969	326,467
	1,491,441	1,122,513	1,488,122	1,115,153
(f) The movement in recoverables from reinsurers on claims paid				
	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Balance, beginning of the year	1,552,397	1,148,745	1,552,397	1,148,745
Additions in the year	3,907,780	2,476,154	3,433,494	2,453,930
Receipts during the year	(3,628,903)	(2,072,502)	(3,154,617)	(2,050,278)
	1,831,274	1,552,397	1,831,274	1,552,397

(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-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Deferred acquisition cost- Fire	148,237	147,140	148,237	147,140
Deferred acquisition cost- Gen. Accident	43,343	43,346	43,343	43,346
Deferred acquisition cost- Motor	73,413	83,009	73,413	83,009
Deferred acquisition cost- Marine	56,815	45,991	56,815	45,991
Deferred acquisition cost- Engineering	43,119	39,114	43,119	39,114
Deferred acquisition cost- Oil & Gas	42,459	117,645	42,459	117,645
Deferred acquisition cost- Aviation	7,827	4,832	7,827	4,832
Deferred acquisition cost- HMO	21,559	13,507	-	-
Total	436,772	494,584	415,213	481,077

The movement in deferred acquisition cost is as follows:

	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Balance, beginning of year	494,584	593,862	481,077	574,413
Movement in deferred acquisition cost	(57,812)	(99,278)	(65,864)	(93,336)
Balance, end of year	436,772	494,584	415,213	481,077

13 Other receivables

	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Prepayment (see note (i) below)	687,027	510,300	504,994	325,343
Accrued income (see note (ii) below)	308,192	173,935	105,435	220,504
Other account receivables (see note (iii) below)	581,777	294,014	237,795	172,451
Gross	1,576,996	978,249	848,224	718,298
Less: Specific impairment of other receivables (see (a) below)	(69,152)	(69,152)	(69,152)	(69,152)
Net receivables	1,507,844	909,097	779,072	649,146

(i) Prepayment includes prepaid rents and prepaid expenses such as maintenance agreements. The average amortization period for these expenses is 24 months.

(ii) Accrued income relates to dividend income earned but not yet received as at year end.

(iii) Other account receivables relate to amounts due from various third parties and also includes cash advanced to staff in respect of various operating expenses.

(a) The movement in provision for impairment of other receivables:

	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Balance, beginning of the year	69,152	24,130	69,152	24,130
Charge for the year	-	45,022	-	45,022
Balance end of year	69,152	69,152	69,152	69,152

As at year end, N69 million (2017: N69 million) were past due and have been fully impaired.

Current	1,118,978	638,049	511,561	501,403
Non-current	458,018	340,200	336,663	216,895
	1,576,996	978,249	848,224	718,298

14 Loans and receivables

	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Loans and advances to related party (see note (a) below)	101,479	-	147,310	3,750,465
Other loans (see (b) below)	1,106,619	3,698,715	1,106,619	3,698,715
Staff loans and advances (see note (d) below)	209,970	152,526	175,977	121,022
Gross	1,418,068	3,851,241	1,429,906	7,570,202
Less:				
Specific impairment of Other loans (see note (c) below)	(1,106,619)	-	(1,106,619)	-
Specific impairment of staff loans and advances (see note (e) below)	-	(7,987)	-	(7,987)
	(1,106,619)	(7,987)	(1,106,619)	(7,987)
Net loans and receivables	311,449	3,843,254	323,287	7,562,215

(a) Movement in loans and advances to related party:

	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Balance, beginning of the year	-	-	3,750,465	2,112,339
Additions during the year	101,479	-	-	1,412,756
Accrued Interest during the year	-	-	315,858	418,172
Converted to equity	-	-	(1,077,801)	-
Payments during the year	-	-	(2,814,681)	(192,802)
Balance end of year	101,479	-	147,310	3,750,465

Loans and advances to related parties comprises of intercompany balances based on day-to-day intercompany transactions in the normal course of business. In the previous year, this balance included an unsecured facility of N736 million (principal) to a related party, APD Limited, with a tenor of 5 years which commenced in October 2014 out of which N 1.08 billion was converted to equity. All the non collateralised short term loans granted to APD Limited by AXA Mansard Insurance Plc has been fully settled as at 31 December 2018.

(All amounts in thousands of Naira unless otherwise stated)

(b) Movement in Other loans:

	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Balance, beginning of the year	3,698,715	2,601,507	3,698,715	2,601,507
Additions during the year	-	504,900	-	504,900
Accrued Interest during the year	447,904	592,308	447,904	592,308
Payments/consideration during the year	(3,040,000)	-	(3,040,000)	-
Balance end of year	1,106,619	3,698,715	1,106,619	3,698,715

The Company was to partner with the International Finance Corporation, Africa Capital Alliance and Healthshare Health Solutions in setting up a Special Purpose Vehicle (SPV) - Santa Clara Medical Limited. The SPV was to develop a world class 150-bed acute care hospital in Lagos, Nigeria to further support the development of its health insurance business. However, the project has been put on hold due to unforeseen circumstances while management embarks on further studies in order to determine an appropriate structure of intervention within the Nigerian Healthcare delivery system.

The loan relates to the funding made available to Santa Clara Medical Limited for the purchase of the hospital land and expenses related to other pre-approval processes. The land valued at N3.04 billion initially purchased for the project was transferred to AXA Mansard Insurance Plc in settlement of the loan exposure. The land has been classified as an Investment property in the books of AXA Mansard Insurance Plc as at 31 December 2018 (see note 15).

(c) The movement in impairment of Other loans:

	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Balance, beginning of the year	-	-	-	-
Additions/(write back) during the year	1,106,619	-	1,106,619	-
Balance end of year	1,106,619	-	1,106,619	-

(d) Movement in staff loans and advances:

	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Balance, beginning of the year	152,526	147,964	121,022	105,300
Additions during the year	85,886	51,704	69,436	51,004
Accrued Interest during the year	19,916	16,216	18,207	12,407
Payments during the year	(48,358)	(63,358)	(32,688)	(47,688)
Balance end of year	209,970	152,526	175,977	121,022

(e) The movement in impairment of staff loans and advances:

	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Balance, beginning of the year	7,987	13,917	7,987	13,917
Additions/(write back) during the year	(7,987)	(5,930)	(7,987)	(5,930)
Balance end of year	-	7,987	-	7,987

Current	311,449	3,774,978	323,287	5,082,226
Non-current	1,106,619	76,263	1,106,619	2,487,976

As at year end, nil (2017: N8 million) was past due and have been fully impaired.

15 Investment properties

	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Landed property (Parcel of Land, Located at Bela Vista Estate, Lekki - Lagos) - see note 14(b)	3,040,000	-	3,040,000	-
Office property (Office building located at Bishop Aboyade Cole Street, VI - Lagos)	14,485,962	14,072,384	-	-
Balance, end of year	17,525,962	14,072,384	3,040,000	-
Non-current	17,525,962	14,072,384	3,040,000	-
	17,525,962	14,072,384	3,040,000	-

Investment properties comprise landed and office properties held for the purpose of capital appreciation and rental income. Investment property is carried at fair value which is determined by independent professional valuers; International Real Estate Partners Nigeria (IREP NG) Limited (FRC/2018/NIESV/00000017965) performed a valuation on the landed property (market valuation approach) while Osas & Oseji Estate Surveyors & Valuers (FRC/2012/0000000000522) revalued the office property using the discounted income capitalisation cashflow approach.

Rental income on investment property included in the statement of comprehensive income for the year was N1.17 billion (2017: N1.44 billion).

The movement in investment property is analysed as follows:

	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Balance, beginning of year	14,072,384	12,017,000	-	-
Additional during the year	3,040,000	-	3,040,000	-
Foreign exchange gain/(loss)	180,504	2,174,880	-	-
Change in fair value	233,074	(119,496)	-	-
Investment property at fair value	17,525,962	14,072,384	3,040,000	-

The fair value measurement for the landed property has been categorised as a level 2 fair value while the measurement of the office property has been based categorized as level 3 fair value based on the inputs to the valuation technique used (see below). The following table shows the valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

Investment Properties	Valuation technique	Fair value at 31 December 2018 (in thousands)	Unobservable inputs	Range of unobservable inputs (probability weighted average)	Relationship of unobservable inputs to fair value
Landed Property	Market Valuation approach	3,040,000	NA	NA	NA
Office Property	Income Capitalisation Cashflow approach	14,485,962	Forecast price per square metre	\$600-\$700 (\$615)	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

(All amounts in thousands of Naira unless otherwise stated)

16 Investment in subsidiaries

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

	Parent Dec-2018	Parent Dec-2017
AXA Mansard Investments Limited	940,000	940,000
APD Limited	1,460,127	382,326
AXA Mansard Health Limited	712,000	712,000
AXA Mansard Pensions Limited	1,885,247	1,885,247
	4,997,374	3,919,573

During the year, the equity investors of APD Limited converted their existing shareholder loans to equity in the same proportion as the existing shareholding percentage. A total of about N1.08 billion was converted to equity by AXA Mansard Insurance Plc and N857 million was converted to equity by Karsang Limited (the minority shareholder). Thus, there was no change in the existing shareholding structure of APD Limited.

(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 Organisation	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.

The movement in investment in subsidiaries during the year as follows:

	Parent Dec-2018	Parent Dec-2017
Balance, beginning of year	3,919,573	3,919,573
Additions, during the year	1,077,801	-
Disposal, during the year	-	-
Balance, end of year	4,997,374	3,919,573

(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-2018	Group Dec-2017
NCI percentage	44.3%	44.3%
Cash and cash equivalents	70,971	190,289
Other receivables	252,594	41,504
Available-for-sale assets	714	124,149
Investment properties	14,485,962	14,072,384
Property and equipment	32,268	63,323
Borrowings	(4,812,835)	(6,975,799)
Other liabilities	(1,294,962)	(1,234,990)
Net assets	8,734,712	6,280,860
Carrying amount of NCI	3,869,478	2,782,421
	Dec-2018	Dec-2017
Income	1,844,841	1,888,692
Expenses	2,472,001	574,634
Profit before tax	(627,160)	1,314,058
Profit after tax	518,844	1,298,668
Profit allocated to NCI (44.3%)	229,848	575,310

(All amounts in thousands of Naira unless otherwise stated)

(ii) AXA Mansard Pensions Limited

	Group Dec-2018	Group Dec-2017
NCI percentage	40%	40%
Cash and bank balances	95,196	60,847
Other receivables	187,032	143,915
Investment securities	1,163,300	1,168,016
Property and equipment	80,179	99,601
Intangible assets	5,867	6,879
Other liabilities	(46,994)	(98,999)
Net assets	1,484,580	1,380,259
Carrying amount of NCI	585,973	695,356
	Dec-2018	Dec-2017
Income	607,461	580,284
Expenses	114,981	462,201
Profit before tax	492,480	118,083
Profit after tax	120,554	110,231
Profit allocated to NCI (40%)	48,222	87,897

(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 RMB (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 assessed for impairment as at 31 December 2018 with no trigger of impairment identified. Based on the result of this test, no impairment charge was recognised.

17 Intangible assets

Analysis of intangible assets:

	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Computer software acquired (see note (a) below)	229,643	270,364	190,086	218,772
License fee (see note (a) below)	420,000	440,000	-	-
Goodwill	938,532	938,532	-	-
Total	1,588,175	1,648,896	190,086	218,772

(a) Group

2018	Computer software	License	Goodwill	Total
Cost:				
Balance, beginning of year	572,997	500,000	938,532	2,011,529
Additions	33,695	-	-	33,695
Intangible assets written off	-	-	-	-
Balance, end of year	606,692	500,000	938,532	2,045,224
Amortization:				
Balance, beginning of year	302,633	60,000	-	362,633
Amortisation charge	74,416	20,000	-	94,416
Accumulated amortization on intangible asset written off	-	-	-	-
Balance, end of year	377,049	80,000	-	457,049
Closing net book value	229,643	420,000	938,532	1,588,175
2017	Computer software	License	Goodwill	Total
Cost:				
Balance, beginning of year	543,931	500,000	938,532	1,982,463
Additions	29,066	-	-	29,066
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
Balance, end of year	302,633	60,000	-	362,633
Closing net book value	270,364	440,000	938,532	1,648,896

(All amounts in thousands of Naira unless otherwise stated)

Parent	Parent Dec-2018	Parent Dec-2017
Cost:		
Balance, beginning of year	465,140	439,224
Additions	28,025	25,916
Balance, end of year	493,165	465,140
Amortization:		
Balance, beginning of year	246,368	209,892
Amortisation charge	56,711	36,476
Balance, end of year	303,079	246,368
Closing net book value	190,086	218,772

(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 2018

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	420,000	1,470,477	2,090,477	19.27%	10.26%	2,489,067	398,590
AXA Mansard Insurance Plc- Life business	726,532	-	3,389,695	4,116,227	19.27%	10.0%	4,911,326	795,099
AXA Mansard Health Limited	12,000	-	1,188,734	1,200,734	25.63%	7.91%	4,635,819	3,435,085
	938,532	420,000	6,048,906	7,407,438			12,036,212	4,628,774

31 December 2017

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	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

(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	726,532
Goodwill	926,532

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.

**Notes to the financial statements
for the year ended 31 December 2018**

**AXA Mansard Insurance Plc and Subsidiary Companies
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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 2018	389,664	477,875	722,541	677,548	475,414	951,420	169,548	3,864,010
Additions	-	179,290	193,435	221,801	27,079	145,150	(151,642)	615,113
Disposals	-	-	(59,474)	(2,382)	-	-	-	(61,856)
Balance, end of year	389,664	657,165	856,502	896,967	502,493	1,096,570	17,906	4,417,267
Accumulated depreciation								
Balance, 1 January 2018	-	58,774	536,768	538,753	324,279	732,921	-	2,191,495
Charge for the year	-	11,649	109,089	119,680	66,032	122,985	-	429,435
Disposals	-	-	(46,098)	(927)	-	-	-	(47,025)
Balance, end of year	-	70,423	599,759	657,506	390,311	855,906	-	2,573,905
Net book value								
Balance, 1 January 2018	389,664	419,101	185,773	138,795	151,135	218,499	169,548	1,672,515
At 31 December 2018	389,664	586,742	256,743	239,461	112,182	240,664	17,906	1,843,362
Parent								
	Land	Building	Motor vehicle	Computer equipment	Office equipment	Furniture and fittings	Work in progress	Total
Cost								
Balance, 1 January 2018	389,664	477,875	555,979	591,749	326,633	752,248	169,548	3,263,696
Additions	-	179,290	175,184	193,171	21,855	138,272	(151,642)	556,130
Disposals	-	-	(59,474)	-	-	-	-	(59,474)
Balance, end of year	389,664	657,165	671,689	784,920	348,488	890,520	17,906	3,760,352
Accumulated depreciation								
Balance, 1 January 2018	-	58,774	441,704	475,958	238,795	610,505	-	1,825,736
Charge for the year	-	11,649	79,530	100,631	36,283	84,967	-	313,060
Disposals	-	-	(46,098)	-	-	-	-	(46,098)
Balance, end of year	-	70,423	475,136	576,589	275,078	695,472	-	2,092,698
Net book value								
Balance, 1 January 2018	389,664	419,101	114,275	115,791	87,838	141,743	169,548	1,437,960
At 31 December 2018	389,664	586,742	196,553	208,331	73,410	195,048	17,906	1,667,654

- (i) In the opinion of the directors, the market value of the Company's property and equipment is not less than the value shown in the financial statements
(ii) There were no capitalised borrowing cost related to the acquisition of property and equipment during the year (December 2017: nil)
(iii) All items of property and equipment are non-current
(iv) There was no leased asset included in property and equipment (December 2017: nil)
(v) The company had no capital commitment (December 2017: nil)
(vi) The company had no items pledged for borrowings included in property and equipment (December 2017: nil)
(vii) There were no impairment losses on any class of property and equipment

**Notes to the financial statements
for the year ended 31 December 2018**

(All amounts in thousands of Naira unless otherwise stated)

**AXA Mansard Insurance Plc and Subsidiary Companies
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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

- (i) In the opinion of the directors, the market value of the Company's property and equipment is not less than the value shown in the financial statements
- (ii) There were no capitalised borrowing cost related to the acquisition of property and equipment during the year (December 2017: nil)
- (iii) All items of property and equipment are non-current
- (iv) There was no leased asset included in property and equipment (December 2017: nil)
- (v) The company had no capital commitment (December 2017: nil)
- (vi) The company had no items pledged for borrowings included in property and equipment (December 2017: nil)
- (vii) There were no impairment losses on any class of property and equipment

(All amounts in thousands of Naira unless otherwise stated)

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-2018	Group Dec -2017	Parent Dec-2018	Parent Dec -2017
– Outstanding claims (see note 20.1a)	6,789,051	7,219,166	6,767,999	7,214,576
– Claims incurred but not reported (see note 20.1b)	4,770,910	4,284,611	3,116,887	3,318,473
– Unearned premium (see note 20.2)	8,348,888	7,091,924	4,449,647	4,718,873
– Individual life reserve (see note 20.3)	775,525	540,632	775,525	540,632
– Annuity reserves (see note 20.4)	1,854,619	2,031,619	1,854,619	2,031,619
Total insurance liabilities, gross	22,538,993	21,167,952	16,964,677	17,824,172
Reinsurance receivables:				
Reinsurers' share of outstanding claims	5,111,932	5,048,339	5,104,874	5,043,953
Prepaid re-insurance- Non life & health	1,926,409	2,127,015	1,892,293	2,088,020
Reinsurance share of group life reserves	305,258	277,783	305,258	277,783
Reinsurance share of individual life reserves	48,908	37,936	48,908	37,936
Reinsurance share of Incurred But Not Reported (IBNR) claims	1,491,441	1,122,513	1,488,122	1,115,153
Recoverables from reinsurers on claims paid	1,831,274	1,552,397	1,831,274	1,552,397
Total reinsurers' share of insurance liabilities	10,715,222	10,165,983	10,670,729	10,115,242
Net insurance liability	11,823,771	11,001,969	6,293,948	7,708,930
Current	17,504,297	16,191,149	11,929,981	12,847,370
Non-current	5,034,696	4,976,803	5,034,696	4,976,802

(All amounts in thousands of Naira unless otherwise stated)

20.1a – Outstanding claims

	Group Dec-2018	Group Dec -2017	Parent Dec-2018	Parent Dec -2017
Non-Life	6,122,972	6,676,181	6,122,972	6,676,181
Group life	645,027	538,395	645,027	538,395
Health	21,052	4,590	-	-
	6,789,051	7,219,166	6,767,999	7,214,576
	Group Dec-2018	Group Dec -2017	Parent Dec-2018	Parent Dec -2017
Balance, beginning of year	7,219,166	3,066,314	7,214,576	3,065,044
Additional claims expense during the year	15,832,164	13,811,844	8,800,587	10,117,985
Claims paid during year	(16,412,022)	(10,016,114)	(9,396,907)	(6,325,575)
Foreign exchange impact of dollar denominated claims	149,743	357,122	149,743	357,122
Claims reclassified to other creditors- Group life endowment fund	-	-	-	-
Balance, end of year	6,789,051	7,219,166	6,767,999	7,214,576

As at 31 December 2018

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	17,760	3,986	5,661	78,022	105,429
250,001- 500,000	42,679	7,842	22,009	35,231	107,761
500,001 - 1,500,000	90,295	38,976	39,557	82,619	251,447
1,500,001 - 2,500,000	20,991	600	6,825	26,392	54,808
2,500,001 - 5,000,000	204,439	45,107	256,264	4,968,801	5,474,611
5,000,001 - Above	45,973	13,249	19,031	50,662	128,915
Total	422,137	109,761	349,347	5,241,727	6,122,972

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	10,236	787	1,837	9,040	21,899
250,001- 500,000	17,102	4,316	3,452	23,660	48,531
500,001 - 1,500,000	3,137	3,436	2,740	16,707	26,020
1,500,001 - 2,500,000	22,656	3,910	2,080	11,412	40,058
2,500,001 - 5,000,000	163,409	17,560	135,057	51,645	367,670
5,000,001 - Above	82,875	3,748	3,747	50,479	140,849
Total	299,414	33,757	148,913	162,943	645,027

The Company opened the year 2018 with 2,724 outstanding claims from prior year, this figure dropped to 2,162 as at 31 December 2018 thus achieving a reduction rate of 21%. Of the outstanding claims, 27% are within 90 days holding days period whilst 73% are above 90 days holding period. Most of the claims in these bands are largely outstanding due to AXA Mansard participation as co-insurer and not the lead, thus making it difficult to get relevant claims documents from the insured/brokers without going through the Lead on the accounts.

As at 31 December 2017

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	902,538	159,712	894,456	4,719,471	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	46,862
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	114,541
5,000,001 - Above	16,545	67,249	97,871	25,749	207,414
Total	163,983	90,280	142,669	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.

(All amounts in thousands of Naira unless otherwise stated)

20.1b – Claims incurred but not reported

	Group Dec-2018	Group Dec -2017	Parent Dec-2018	Parent Dec -2017
Non life business	2,321,511	1,671,023	2,321,511	1,671,023
Group life	795,376	1,647,450	795,376	1,647,450
Health	1,654,023	966,138	-	-
	4,770,910	4,284,611	3,116,887	3,318,473

20.2 Unearned premium

	Group Dec-2018	Group Dec -2017	Parent Dec-2018	Parent Dec -2017
Non life business	3,814,290	4,197,675	3,814,290	4,197,675
Group life	635,357	521,198	635,357	521,198
Health	3,899,241	2,373,051	-	-
	8,348,888	7,091,924	4,449,647	4,718,873

Current	5,944,336	4,687,372	2,045,095	2,314,321
Non-current	2,404,552	2,404,552	2,404,552	2,404,552

The movement in unearned premium during the year is as follows:

	Group Dec-2018	Group Dec -2017	Parent Dec-2018	Parent Dec -2017
Balance, beginning of year	7,091,924	6,465,227	4,718,873	5,365,212
Movement during the year	1,256,964	626,697	(269,226)	(646,339)
Balance, end of year	8,348,888	7,091,924	4,449,647	4,718,873

20.3 Individual life reserves can be analysed as follows:

	Group Dec-2018	Group Dec -2017	Parent Dec-2018	Parent Dec -2017
Individual life	775,525	540,632	775,525	540,632
	775,525	540,632	775,525	540,632

Movement in individual life reserves:

	Group Dec-2018	Group Dec -2017	Parent Dec-2018	Parent Dec -2017
Balance, beginning of year	540,632	531,269	540,632	531,269
Changes in individual life reserves	234,893	9,363	234,893	9,363
Balance, end of year	775,525	540,632	775,525	540,632

20.4 Annuity reserves can be analysed as follows:

	Group Dec-2018	Group Dec -2017	Parent Dec-2018	Parent Dec -2017
Annuity	1,854,619	2,031,619	1,854,619	2,031,619
	1,854,619	2,031,619	1,854,619	2,031,619

Movement in Annuity reserves:

	Group Dec-2018	Group Dec -2017	Parent Dec-2018	Parent Dec -2017
Balance, beginning of year	2,031,619	1,766,570	2,031,619	1,766,570
Annuity premium written during the year	10,345	258,119	10,345	258,119
Annuity payout during the year	(293,567)	(288,411)	(293,567)	(288,411)
Accretion to/(release from) annuity fund	106,222	295,341	106,222	295,341
Balance, end of year	1,854,619	2,031,619	1,854,619	2,031,619

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-2018	Group Dec -2017	Parent Dec-2018	Parent Dec -2017
<i>Investment Contract Liabilities - At amortised cost:</i>				
- Guaranteed investment (interest-linked)	2,935,021	2,683,896	2,935,021	2,683,896
- Bonus Life investible (interest-linked)	756,403	424,174	756,403	424,174
	3,691,424	3,108,070	3,691,424	3,108,070
<i>Investment Contract Liabilities - Liabilities designated at fair value:</i>				
- Unitized funds	3,073,457	3,272,242	3,073,457	3,272,242
	6,764,881	6,380,312	6,764,881	6,380,312

(All amounts in thousands of Naira unless otherwise stated)

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 2018. The movement in interest-linked funds during the year was as follows:

21.1 Movement in interest linked products:

	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Balance, beginning of year	3,108,070	2,734,268	3,108,070	2,734,268
Contributions	756,403	1,040,533	756,403	1,040,533
Withdrawal	(640,294)	(898,319)	(640,294)	(898,319)
Interest accrued during the year	467,245	231,588	467,245	231,588
Balance, end of year	3,691,424	3,108,070	3,691,424	3,108,070

The N3.691 billion (2017: N3.108 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 unitised funds during the year was as follows:

	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Balance, beginning of year	3,272,242	2,916,273	3,272,242	2,916,719
Contributions	725,312	1,099,131	725,312	1,098,685
Withdrawals	(924,097)	(743,162)	(924,097)	(743,162)
Balance, end of year	3,073,457	3,272,242	3,073,457	3,272,242
Current	3,073,457	3,272,242	3,073,457	3,272,242
Total Investment Contract Liabilities	6,764,881	6,380,312	6,764,881	6,380,312

22 Trade payables

Trade payables represent liabilities to customers, agents, brokers, coinsurers and re-insurers on insurance contracts at year end.

	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Reinsurance payable	1,861,552	745,802	1,861,552	745,802
Co-insurance payable	405,596	361,260	405,596	361,260
Unallocated premium & refunds (see (a) below)	2,078,627	2,249,533	2,006,096	2,236,800
Due to agents & brokers	1,139,983	743,151	1,139,983	743,151
Premium received in advance	5,694,996	4,424,590	5,694,996	4,424,590
	11,180,754	8,524,336	11,108,223	8,511,603

(a) This relates to payments yet to be matched to policies and other credit balances such as unpaid refunds due to various policyholders.

The total trade payables are due within one year.

23 Other liabilities

	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Deferred income	1,128,543	1,008,373	306,671	284,007
Due to investment brokers	195	195	-	-
Creditors and accruals (see (i) below)	1,299,537	1,120,424	1,034,973	869,794
Unclaimed dividend	67,213	72,621	67,213	72,621
Cash settled share based payment liability (see note 45 (b) below)	163,299	132,145	163,299	132,145
	2,658,787	2,333,758	1,572,156	1,358,567
Current	1,675,718	1,456,548	1,137,197	964,463
Non-current	983,069	877,210	434,959	394,104

(i) Amounts classified as Creditors includes intercompany payables, transaction taxes and stale cheques while accruals represent provisions made for expenses incurred but yet to be paid for.

24 Current income tax liabilities

	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Balance, beginning of year	444,688	256,067	234,959	202,157
Current year charge				
- Property & Casualty	90,361	168,203	90,361	168,203
- Life & Savings	116,686	93,351	116,686	93,351
- AXA Mansard Investments Limited	60,000	22,500	-	-
- AXA Mansard Health Limited	210,181	118,775	-	-
- AXA Mansard Pensions Limited	6,859	10,664	-	-
- APD Limited	228,071	51,955	-	-
Payments during the year	(383,027)	(276,827)	(184,039)	(228,752)
Balance, end of year	773,819	444,688	257,967	234,959

(All amounts in thousands of Naira unless otherwise stated)

25 Borrowings

	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Bank borrowings (see note (a) below)	3,479,693	2,482,004	-	-
Loan note (see note (b) below)	13,541	813,027	-	-
Total borrowings	3,493,234	3,295,031	-	-
Current	967,472	1,269,301	-	-
Non-current	2,525,762	2,025,730	-	-

(a) Bank borrowings

Bank borrowings are as described below:

This represents a loan of USD 9,748,365 facility granted to APD limited by Rand Merchant Bank (RMB) limited payable in 3 years commencing 31 August 2018. Monthly interest rate is 1-month LIBOR + 775bps spread; the maximum interest rate will ever be is 10.45% (this has been applied on the loan amortization schedule to reflect current realities). Interest payments are to be made on the 1st business day of every calendar month while principal repayment will be due 1st of May of every year.

The equitable mortgage on the Company's investment property (office building) was used to secure the borrowing from RMB Limited.

(b) Loan note

Loan note represents an 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. In August 2018, N 857,209,868 was converted to equity leaving a residual balance of N13.5m as at 31 December 2018 which has been converted to a short term loan at an effective interest rate of 10.41%.

The movement in borrowing during the year is as follows:

	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Balance, beginning of the year	3,295,031	4,225,811	-	-
Additional loans	3,447,605	-	-	-
Impact of foreign exchange rate changes	481,180	275,066	-	-
Accrued interest	443,857	390,687	-	-
Payments during the year	(4,174,439)	(1,596,533)	-	-
	3,493,234	3,295,031	-	-

26 Deferred income tax

(a) Liabilities

	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Balance, beginning of year	656,407	567,529	-	183,220
Charge in income statement for the year	180,654	88,878	-	(183,220)
Balance, end of year	837,061	656,407	-	-
<i>Deferred income tax liability/(assets) is attributable to the following:</i>				
Property and equipment	13,212	15,558	-	-
Unrealised gain on foreign currency translation	(63,055)	(264,471)	-	-
Fair value gain on investment property	878,621	903,615	-	-
Unrelieved tax losses	-	1,705	-	-
Balance, end of year	837,061	656,407	-	-

2018

Group

<i>Movement in deferred tax liability/ (assets):</i>	Opening Balance	Income statement	Other Comprehensive Income	Closing balance
Property and equipment	15,558	(2,346)	-	13,212
Unrealised gain/(losses) on foreign currency translation	(264,471)	209,699	-	(54,772)
Fair value gains on Investment property	903,615	(24,994)	-	878,621
Unrelieved tax losses	1,705	(1,705)	-	-
	656,407	180,654	-	837,061

(All amounts in thousands of Naira unless otherwise stated)

2017

Group

<i>Movement in deferred tax liability/ (assets):</i>	Opening Balance	Income statement	Other Comprehensive Income	Closing balance
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

<i>Movement in deferred tax liability:</i>	Opening Balance	Income statement	Other Comprehensive Income	Closing balance
Property and equipment	131,293	(131,293)	-	-
Unrealised gain on foreign currency translation	51,927	(51,927)	-	-
	183,220	(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:

<i>In thousands of Naira</i>	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Property and equipment	28,045	26,511	28,045	26,511
Tax losses	1,852,419	1,987,894	1,852,419	1,987,894
Balance, end of year	1,880,464	2,014,405	1,880,464	2,014,405

Deferred tax assets relating to the Company's Non-life business have not been recognised in respect of the following items:

<i>In thousands of Naira</i>	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Property and equipment	207,892	105,816	207,892	105,816
Tax losses	2,505,933	2,056,773	2,505,933	2,056,773
Balance, end of year	2,713,825	2,162,589	2,713,825	2,162,589

In line with IAS 12 on recognition of deferred tax asset, a Company may recognise deferred tax asset to the extent that taxable profit will be available in future against which the assets will crystallise. AXA Mansard Insurance Plc is however of the opinion that the deferred tax assets carried by the Company may not crystallise anytime soon, given the assessable loss position of the Company.

27 Share capital:

27.1 Share capital comprises:

	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
(a) Authorized:				
10,500,000,000 Ordinary shares of 50k each (Dec 2017: 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-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Balance, beginning of year	5,250,000	5,250,000	5,250,000	5,250,000
Additional shares during the year	-	-	-	-
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-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
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-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
2,000,000,000 Ordinary shares of 50k each	1,000,000	1,000,000	1,000,000	1,000,000

(All amounts in thousands of Naira unless otherwise stated)

27.2 Share premium

	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
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.

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 2018, the contingency reserve for non-life business reached 50% of net premiums of 2018.

The movement in this account during the year is as follows:

	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Balance, beginning of the year	3,615,451	3,173,900	3,615,451	3,173,900
Transfer from retained earnings	523,639	441,551	523,639	441,551
Balance, end of year	4,139,090	3,615,451	4,139,090	3,615,451

Analysis per business segment

	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Non-life business	3,591,032	3,228,032	3,591,032	3,228,032
Life business	548,058	387,419	548,058	387,419
Balance, end of year	4,139,090	3,615,451	4,139,090	3,615,451

(i) Non-Life Business

	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Balance, beginning of year	3,228,032	2,822,252	3,228,032	2,822,252
Transfer from retained earnings	363,000	405,780	363,000	405,780
Balance, end of year	3,591,032	3,228,032	3,591,032	3,228,032

(ii) Life Business

	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Balance, beginning of year	387,419	351,648	387,419	351,648
Transfer from retained earnings	160,639	35,771	160,639	35,771
Balance, end of year	548,058	387,419	548,058	387,419

27.4 Other reserves

Other reserves comprise of the following:

	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Capital reserves (see note (a) below)	2,500,000	2,500,000	2,500,000	2,500,000
Statutory reserves (see note (b) below)	47,796	30,376	-	-
Share-based payment reserves (see note (c) below)	134,904	95,103	134,904	95,103
	2,682,700	2,625,479	2,634,904	2,595,103

(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-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
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 Limited 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.

(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-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Balance, beginning of year	95,103	93,900	95,103	93,900
Additions, during the year-Tranche 3	39,801	1,203	39,801	1,203
Balance, end of year	134,904	95,103	134,904	95,103

27.5 Treasury shares

Treasury shares represent the 177,281,000 (2017: 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 2018 are as analysed below:

	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Balance, beginning of year	(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-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
At beginning of year	426,131	(986,947)	268,842	(857,930)
Changes in available-for-sale financial assets (net of taxes)	(976,357)	1,413,078	(818,748)	1,126,772
Balance, end of year	(550,226)	426,131	(549,906)	268,842

Changes in the valuation of AFS financial assets during the year are as analysed below:

	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
At beginning of year	426,131	(986,947)	268,842	(857,930)
Net unrealised changes in fair value of AFS assets	(952,025)	1,432,412	(891,587)	1,045,224
Realised (losses)/gains transferred to income statement	(24,332)	(19,334)	72,839	81,548
Balance, end of year	(550,226)	426,131	(549,906)	268,842

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-2018	Group Dec-2017
Opening balance	3,477,776	2,776,004
Transfer from the profit or loss account	278,070	697,231
Transfer from Fair Value Reserves	(12,950)	9,225
Transfer from Statutory reserves	19,118	(4,684)
Additional subsidiary investment with NCI	857,210	-
Balance as at year end	4,619,224	3,477,776

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 (2017: nil).

APD Limited

Non controlling interest (44.3%)

	Group Dec-2018	Group Dec-2017
Opening balance	1,541,070	1,123,546
Transfer from the profit or loss account	229,848	417,524
Balance as at year end	1,770,918	1,541,070

(All amounts in thousands of Naira unless otherwise stated)

AXA Mansard Pensions Limited

Non controlling interest (40%)

	Group Dec-2018	Group Dec-2017
Opening balance	664,552	-
NCI interest at acquisition date	-	639,144
Transfer from profit or loss account	48,222	25,408
Balance as at year end	683,640	664,552

29 Contingencies and commitments

(a) Litigations and claims

The Group is presently involved in seven (7) legal proceedings (2017: eight (8)). 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 2018.

(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 periods, with an option to renew the lease after that date. Lease payments are increased every two to three periods to reflect market rentals.

As at 31 December 2018, the maturity profile of the operating leases are as follows:

<i>In thousands of Naira</i>	Dec-2018	Dec-2017
Less than one year	53,295	111,897
Between two and five year	169,059	82,321

30 Net premium income

	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Gross written premium	33,923,949	26,824,830	23,026,817	20,602,218
Gross premium income				
Non-life	18,324,648	17,025,072	18,289,852	17,025,072
Life (Group life and individual life)	4,726,620	3,319,027	4,726,620	3,319,027
Annuity	10,345	258,119	10,345	258,119
AXA Mansard Health (HMO)	10,897,132	6,222,612	-	-
Provision for unearned premium				
Non life	383,385	673,844	383,385	673,844
Group life	(114,159)	(27,504)	(114,159)	(27,504)
AXA Mansard Health (HMO)	(1,526,190)	(1,273,036)	-	-
Gross premium income	32,701,781	26,198,134	23,296,043	21,248,558
Re-insurance cost				
-Non life	11,295,446	10,495,985	11,295,446	10,495,985
-Life	1,426,530	1,104,192	1,426,530	1,104,192
-AXA Mansard Health (HMO)	117,364	120,042	-	-
Changes in prepaid re-insurance				
-Non life	195,727	746,866	195,727	746,866
-Group life	(27,474)	(34,279)	(27,474)	(34,279)
-Individual life	(10,972)	(19,805)	(10,972)	(19,805)
-AXA Mansard Health (HMO)	4,879	(3,111)	-	-
Re-insurance expenses	13,001,500	12,409,890	12,879,257	12,292,959
Net premium income	19,700,281	13,788,244	10,416,786	8,955,599

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-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Fees and commission income	1,781,955	1,545,494	1,781,955	1,545,494

(All amounts in thousands of Naira unless otherwise stated)

32 Claims:

Claims expenses

	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Claims paid during the year (see note (a) below)	16,412,022	10,016,114	9,396,907	6,325,575
Movement in outstanding claims	(430,116)	4,152,852	(446,577)	4,149,532
Claims incurred	15,981,906	14,168,966	8,950,330	10,475,107
Outstanding claims- IBNR	486,300	1,680,668	(201,585)	1,012,624
Total claims and loss adjustment expense	16,468,206	15,849,634	8,748,745	11,487,731
Recoverable on IBNR	(368,928)	(320,357)	(372,968)	(326,468)
Reinsurance share of outstanding claims	(60,921)	(3,515,049)	(60,921)	(3,515,049)
Recovered from re-insurers	(3,907,780)	(2,476,154)	(3,877,810)	(2,453,930)
Total claims expenses recovered from reinsurers	(4,337,629)	(6,311,560)	(4,311,699)	(6,295,447)
Net claims and loss adjustment expense	12,130,577	9,538,074	4,437,046	5,192,284

(a) Claims paid during the year can be analysed as follows:

	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Non life	7,063,346	4,304,789	7,063,346	4,304,789
Group life	1,547,820	1,174,027	1,547,820	1,174,027
Individual life	492,175	558,348	492,175	558,348
Annuity	293,567	288,411	293,567	288,411
HMO	7,015,115	3,690,539	-	-
	16,412,023	10,016,114	9,396,908	6,325,575

(b) Movement in outstanding claims during the year are as follows:

	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Non life	(553,209)	4,011,555	(553,209)	4,011,555
Group life	106,632	137,977	106,632	137,977
HMO	16,461	3,320	-	-
	(430,116)	4,152,852	(446,577)	4,149,532

33 Underwriting expenses:

	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Acquisition cost	3,086,981	2,739,202	2,761,977	2,561,900
Maintenance cost	268,430	197,627	268,430	197,627
	3,355,411	2,936,829	3,030,407	2,759,527

Analysis of acquisition cost is as shown below:

	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Acquisition cost paid during the year	3,144,793	2,838,480	2,827,841	2,655,236
Movement in deferred acquisition cost	(57,812)	(99,278)	(65,864)	(93,336)
	3,086,981	2,739,202	2,761,977	2,561,900

Acquisition cost is further analysed into the life and non life business as stated below

	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Non life	2,333,419	2,215,258	2,333,419	2,215,258
Life	428,558	346,642	428,558	346,642
Health	325,004	177,302	-	-
	3,086,981	2,739,202	2,761,977	2,561,900

34 Investment income

	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Dividend income	454,549	373,557	1,153,301	704,250
Interest income on investment securities	2,185,650	2,013,742	1,561,889	1,438,515
Interest income on cash and cash equivalents	555,845	774,663	511,766	763,882
Rental income	1,169,873	1,439,345	-	-
Asset management fees (see note (a) below)	723,546	517,819	-	-
	5,089,463	5,119,126	3,226,956	2,906,647

(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.

(All amounts in thousands of Naira unless otherwise stated)

35 Net (losses)/gains on financial instruments

	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Gains on financial assets	108,378	71,180	90,354	114,113
Gain on Investment Property	180,504	2,055,384	-	-
Foreign exchange gain	54,456	(290,964)	107,349	577,128
Fair value through Profit or Loss	(140,425)	-	(140,425)	-
	22,409	(219,783)	57,278	691,241

36 Profit on investment contracts

	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Interest income	530,219	490,334	530,219	490,334
Gains/(losses) from sale of investments	47,415	(23,564)	47,415	(23,564)
Total interest income	577,634	466,770	577,634	466,770
Expenses				
Guaranteed interest	(244,776)	(188,415)	(244,776)	(188,415)
Other expenses	(33,900)	(28,456)	(33,900)	(28,456)
Net profit	298,958	249,899	298,958	249,899

37 Other income

	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Profit from sale of property and equipment	7,892	19,169	8,830	18,760
Sundry income	457,879	154,551	120,315	91,644
Interest income on loan to subsidiary	-	-	315,858	418,173
Total	465,771	173,720	445,003	528,577

38 Expenses for marketing and administration

	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Marketing and administrative expenses	1,468,479	1,309,961	1,166,962	1,006,034
Direct selling cost	366,874	382,091	366,874	382,091
	1,835,353	1,692,052	1,533,836	1,388,125

39 Employee benefit expense

	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Wages and salaries	1,753,977	1,719,142	1,289,059	1,278,813
Other employee costs	284,682	211,013	17,220	160,893
Pension costs – defined contribution plans	56,260	52,188	41,691	38,908
Performance-based expenses	405,185	330,490	313,404	253,612
Equity and Cash settled share-based payments	90,160	43,055	90,160	43,055
	2,590,264	2,399,937	1,751,534	1,819,330

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-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Depreciation and amortisation charges	523,851	454,372	369,771	339,546
Professional fees	183,678	146,283	120,437	123,780
Directors' emolument and expenses	100,318	86,639	26,118	22,398
Contract services cost	925,469	821,924	791,976	714,818
Auditor's remuneration	49,930	30,000	44,550	24,550
Bank charges	106,703	49,178	68,207	31,185
Stamp duty charge on bank transactions	6,092	6,281	6,090	6,280
Insurance related expenses	26,683	-	183,799	150,745
Training expenses	129,355	143,527	119,587	121,124
Asset management fees expense	-	-	184,301	165,020
Information technology expenses	401,378	371,260	314,955	237,038
Bad debt expense	-	39,093	-	39,093
Other expenses	382,254	131,546	249,370	48,555
	2,835,711	2,280,103	2,479,161	2,024,132

41 Finance cost

Interest expense represents finance cost recognized on APD Limited's loans during the year under review.

	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Interest expense	443,857	390,687	-	-
	443,857	390,687	-	-

42 Income tax expense

	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
<i>Company income tax</i>				
- Non life	90,361	168,203	90,361	168,203
- Life	116,686	93,351	116,686	93,351
- AXA Mansard Investments Limited	60,000	25,165	-	-
- APD Limited	228,071	51,955	-	-
- AXA Mansard Health Limited	197,400	117,000	-	-
- AXA Mansard Pensions Limited	9,209	10,664	-	-
<i>Education tax</i>				
- AXA Mansard Health Limited	12,781	1,775	-	-
- AXA Mansard Investments limited	4,644	-	-	-
- AXA Mansard Pensions Limited	-	-	-	-
	719,152	468,113	207,047	261,554
<i>Deferred tax</i>				
- Non life	-	(183,220)	-	(183,220)
- Life	-	-	-	-
- AXA Mansard Investments limited	136	9,529	-	-
- APD Limited	205,658	264,603	-	-
- AXA Mansard Health Limited	(12,373)	778	-	-
- AXA Mansard Pensions Limited	(14,782)	(2,812)	-	-
	178,639	88,878	-	(183,220)
Total tax charge for the year	897,791	556,991	207,047	78,334

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-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
<i>Effective tax rate reconciliation analysis</i>				
Profit before income tax	3,380,073	3,125,627	1,828,263	1,263,787
<i>Tax calculated at domestic rate applicable in Nigeria at 30% (2017:30%)</i>	1,275,133	969,630	548,479	433,847
<i>Effect of:</i>				
Tax exempt income	(1,344,903)	(1,185,095)	(1,016,661)	(857,078)
Expenses not deducted for tax purposes	685,095	209,002	656,994	91,166
Effect of unrecognized tax losses	250,041	1,300,228	256,914	1,260,228
Impact of minimum tax	215,066	180,382	207,047	172,371
Impact of industry tax law	(556,827)	(977,912)	(531,525)	(928,163)
NITDA Levy	3,147	34,052	-	18,758
Withholding tax	85,800	70,425	85,800	70,425
Previously recognized deferred tax liability	-	(183,220)	-	(183,220)
Impact of Dividend tax	257,400	139,500	-	-
Tertiary education tax	27,839	-	-	-
	897,791	556,991	207,047	78,334

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-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Profit attributable to equity holders	2,204,212	1,977,877	1,621,216	1,367,821
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)	21.35	19.16	15.71	13.25

(i) Weighted average number of ordinary shares (basic)

	Parent Dec-2018	Parent Dec-2017
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-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Profit attributable to equity holders	2,204,212	1,977,877	1,621,216	1,367,821
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)	21.02	18.86	15.46	13.04

(i) Average number of ordinary shares (diluted)

	Group Dec-2018	Group Dec-2017
Issued ordinary shares at 1 January	10,486,501	10,486,501
Effect of ordinary shares granted under the employee share option	-	-
Weighted-average number of ordinary shares at 31 December	10,486,501	10,486,501

(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-2018	Group Dec 2017	Parent Dec-2018	Parent Dec 2017
	Number	Number	Number	Number
N720,001 – N1,400,000	-	14	-	-
N1,400,001 – N2,050,000	10	4	-	-
N2,050,001 – N2,330,000	1	-	-	-
N2,330,001 – N2,840,000	-	66	-	49
N2,840,001 – N3,000,000	-	2	-	-
N3,000,001 – N4,500,000	154	111	114	93
N4,500,001 – N5,950,000	51	25	39	19
N5,950,001 – N6,800,000	22	28	17	21
N6,800,001 – N7,800,000	10	5	6	3
N7,800,001 – N8,600,000	7	20	5	15
N8,600,001 – N11,800,000	17	11	12	9
Above N11,800,000	21	22	17	16
	293	308	210	225

- ii. The average number of full time persons employed by the Company during the year was as follow:

	Group Dec-2018	Group Dec 2017	Parent Dec-2018	Parent Dec 2017
	Number	Number	Number	Number
Executive directors	6	3	3	3
Management staff	16	30	13	21
Non management staff	277	278	197	204
	299	311	213	228

(b) Directors' remuneration:

- i. Remuneration expensed in respect of the directors was as follows:

	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Executive compensation	120,487	114,542	120,487	114,542
Directors' fees	1,650	1,650	1,650	1,650
Other directors expenses	24,468	20,748	24,468	20,748
Defined contribution	6,429	2,328	6,429	2,328
Equity-settled share-based scheme	7,226	(11,260)	7,226	(11,260)
Cash-settled share-based scheme	16,916	88,097	16,916	88,097
	177,177	216,105	177,177	216,105

- ii. The directors' remuneration shown above (excluding pension contributions) includes:

	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
Chairman	7,867	7,867	7,867	7,867
Highest paid director:				
Executive compensation and pension contribution	61,704	47,107	61,704	47,107
Equity-settled share-based scheme	1,089	4,380	1,089	4,380
Cash-settled share-based scheme	12,650	12,410	12,650	12,410
	75,443	63,897	75,443	63,897

- iii. The emoluments of all other directors fell within the following range:

	Group Dec-2018	Group Dec-2017	Parent Dec-2018	Parent Dec-2017
	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

(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)	0.24	0.41
Share price at grant date (Naira)	1.83	2.82
Exercise price (Naira)	1.89	3.11
Expected volatility (weighted average)	50%	56%
Expected dividends	3.11%	3.02%
Average attrition rate	12%	12%
Risk-free interest rate (based on government treasury bills)	14.83%	13.62%
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 2018		Dec 2017	
	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 2018 was N1.83 (Dec 2017: N1.93)

(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.

(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:

	Dec-2018	Dec-2017
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	1.95
Expected volatility (weighted average)	49.73%	49.73%
Expected dividends	3.12%	3.12%
Average attrition rate	12%	12%
Risk-free interest rate (based on government treasury bills)	20.98%	20.98%

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.

(d) The total expenses recognised in respect of the share option scheme are as follows:

	Dec-2018	Dec-2017
Equity-settled share-based scheme- Staff	37,939	54,315
Equity-settled share-based scheme- Directors	7,226	(11,260)
Cash-settled share-based scheme -staff	10,150	(44,048)
Cash-settled share-based scheme- Directors	16,916	88,097

46 Dividend paid

during the year under review, the Directors declared and paid dividend in the sum of 6 Kobo (2017:5 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-2018	Dec-2017
Gross dividend declared	630,000	525,000
Dividend on treasury shares	-	(2,976)
Net dividend paid	630,000	522,024

47 Related parties

Parent

The ultimate beneficial of the Company, which is also the ultimate parent company, is Societe Beaujon AXA which owns 76.48% (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 23.52% 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 year end, and related expense and income for the year 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>	Dec-2018	Dec 2017
Loans outstandings as at 1 January	59,368	87,029
Loans issued during the year	-	-
Loans repayment during the year	(33,510)	(27,661)
Loan outstanding, end of year	25,858	59,368

These are mortgage loans granted to two Directors of AXA Mansard Investments Limited. No impairment has been recognised in respect of loans given to key management personnel (2017: Nil).

(ii) Loans and advances to subsidiaries

<i>In thousands of Nigerian Naira</i>	Dec-2018	Dec 2017
Loans outstanding as at 1 January	3,576,625	2,112,339
Net loans and advances issued during the year	-	1,238,915
Capitalised interest	315,858	418,173
Converted to equity	(1,077,801)	-
Loans repayment during the year	(2,814,681)	(192,802)
Balance, end of year	-	3,576,625

In the previous year, this balance represent an unsecured facility of N736 million (principal) to a related party, APD Limited, with a tenor of 5 years which commenced in October 2014 out of which N 1.08 billion was converted to equity. All the loans granted to APD Limited by AXA Mansard Insurance Plc has been fully settled as at 31 December 2018.

No impairment has been recognised in respect of loans and advances to subsidiaries (2017: Nil).

(b) Intercompany balances

<i>In thousands of Nigerian Naira</i>	Dec-2018	Dec 2017
Intercompany (payables)/receivables	(237,353)	133,746

These balances arise from transactions between the parent Company and other subsidiaries within the Group and related entities in the normal course of business.

(c) Income statement

Intercompany transactions

<i>In thousands of Nigerian Naira</i>	Dec-2018	Dec 2017
Interest income earned on intercompany loans	315,858	418,173
Asset management fees	(184,301)	(165,020)

Key management personnel

Directors' remuneration (See note (44(b)) for details)	(177,177)	(216,105)
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Interest income earned on intercompany loans represents interest charged by the parent Company on loans advanced to its subsidiary; APD Limited. The asset management fees are earned by AXA Mansard Investments Limited in respect of funds managed on behalf of the Group.

48 Contraventions

<i>In thousands of Nigerian Naira</i>	Group Dec-2018	Group Dec 2017	Parent Dec-2018	Parent Dec 2017
Penalty to National Insurance Commission (NAICOM)	500	-	500	-

During the year, National Insurance Commission (NAICOM) imposed a fine of N500,000 (2017: nil) on the Company for engaging the services of a loss adjuster (between July 2012 and December 2016) who had no valid operational licence at the time.

Development

Accident	Period	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	
2010	2010	239,024,574	530,703,621	589,324,606	615,620,065	631,121,944	654,611,203	681,803,254	694,482,027	696,852,357	696,852,357	696,852,357	696,852,357	697,103,782	697,103,782	697,103,782	697,103,782	697,103,782	697,103,782	697,103,782	697,103,782	697,103,782	697,103,782	697,103,782	697,103,782	697,103,782	697,103,782	697,103,782	697,103,782	
2012	2012	291,323,001	612,486,860	705,890,287	734,043,689	741,127,264	755,369,860	771,519,724	776,138,403	776,138,403	776,678,067	776,678,067	776,678,067	782,024,351	782,024,351	782,232,132	782,232,132	783,647,568	783,647,568	783,647,568	786,872,945	786,872,945	786,872,945	786,872,945	786,872,945	786,872,945	786,872,945	786,872,945	786,872,945	
2013	2013	273,785,483	535,738,384	615,633,457	642,078,404	700,285,763	700,573,860	708,545,509	708,545,509	708,704,114	718,414,113	725,064,350	725,064,350	729,290,972	729,290,972	729,290,972	729,290,972	729,290,972	729,290,972	731,865,106	731,865,106	731,865,106	731,865,106	731,865,106	731,865,106	731,865,106	731,865,106	731,865,106	731,865,106	
2014	2014	187,137,619	545,053,332	522,899,029	571,682,968	586,283,216	603,178,589	608,856,639	608,856,639	615,883,857	615,883,857	617,082,652	617,082,652	618,517,313	618,517,313	618,517,313	618,517,313	628,922,076	628,922,076	631,999,847	641,452,863	644,238,858	645,223,950	645,223,950	645,223,950	645,223,950	645,223,950	645,223,950	645,223,950	
2012	2012	223,727,123	518,582,234	586,283,818	602,823,087	645,884,486	647,288,046	650,346,466	650,346,466	650,346,466	650,465,093	650,465,093	650,465,093	652,018,639	652,018,639	652,018,639	652,018,639	652,018,639	652,018,639	652,018,639	652,018,639	652,018,639	652,018,639	652,018,639	652,018,639	652,018,639	652,018,639	652,018,639	652,018,639	
2013	2013	269,813,321	520,595,981	578,883,392	603,745,923	607,582,658	609,463,750	609,463,750	610,090,723	610,262,247	611,221,548	611,221,548	611,221,548	614,052,421	614,175,961	614,175,961	614,175,961	614,175,961	614,175,961	614,175,961	614,175,961	614,175,961	614,175,961	614,175,961	614,175,961	614,175,961	614,175,961	614,175,961	614,175,961	
2013	2013	347,687,652	565,539,368	616,174,790	634,788,642	647,440,181	656,146,181	656,146,181	664,476,117	674,460,696	675,429,147	680,633,683	680,633,683	680,633,683	680,633,683	680,633,683	680,633,683	680,633,683	680,633,683	680,633,683	687,205,875	687,205,875	687,205,875	687,205,875	687,205,875	687,205,875	687,205,875	687,205,875	687,205,875	
2014	2014	246,521,901	588,187,012	611,000,794	630,747,348	652,281,943	654,488,062	654,488,062	664,852,844	668,188,638	672,467,168	673,362,722	673,362,722	673,362,722	673,362,722	673,362,722	673,362,722	673,362,722	673,362,722	673,362,722	673,362,722	673,362,722	673,362,722	673,362,722	673,362,722	673,362,722	673,362,722	673,362,722	673,362,722	
2014	2014	257,248,319	595,192,027	586,314,496	611,000,794	630,747,348	652,281,943	654,488,062	664,852,844	668,188,638	672,467,168	673,362,722	673,362,722	673,362,722	673,362,722	673,362,722	673,362,722	673,362,722	673,362,722	673,362,722	673,362,722	673,362,722	673,362,722	673,362,722	673,362,722	673,362,722	673,362,722	673,362,722	673,362,722	
2013	2013	686,752,506	997,331,001	666,209,031	666,159,770	669,290,374	669,290,374	669,290,374	669,290,374	669,290,374	669,290,374	669,290,374	669,290,374	669,290,374	669,290,374	669,290,374	669,290,374	669,290,374	669,290,374	669,290,374	669,290,374	669,290,374	669,290,374	669,290,374	669,290,374	669,290,374	669,290,374	669,290,374	669,290,374	
2014	2014	661,563,700	586,361,344	616,188,836	626,497,570	633,273,266	643,867,141	659,000,406	662,836,403	683,083,473	683,095,703	690,416,221	697,680,142	699,270,954	699,270,954	699,270,954	699,270,954	699,270,954	699,270,954	699,270,954	699,270,954	699,270,954	699,270,954	699,270,954	699,270,954	699,270,954	699,270,954	699,270,954	699,270,954	
2014	2014	328,673,023	643,487,185	704,593,805	718,352,690	737,360,291	743,957,149	752,669,140	786,272,492	786,732,725	789,094,336	800,347,321	813,419,344	814,155,783	820,256,506	821,790,650	824,439,512													
2015	2015	353,313,512	658,739,347	707,238,779	733,328,113	757,206,079	769,048,443	765,217,712	769,072,959	783,555,978	783,555,978	792,044,221	792,901,673	794,141,461	794,141,461	801,351,691	803,503,584													
2015	2015	328,566,143	517,449,403	563,220,978	576,831,326	593,912,158	597,746,537	610,950,761	621,704,351	631,791,341	632,941,159	632,941,159	632,941,159	632,941,159	632,941,159	632,941,159	632,941,159	632,941,159	632,941,159	632,941,159	632,941,159	632,941,159	632,941,159	632,941,159	632,941,159	632,941,159	632,941,159	632,941,159	632,941,159	
2015	2015	382,830,839	682,997,405	699,043,365	725,035,905	748,432,493	752,460,403	758,300,488	758,300,488	764,193,809	766,774,048	767,287,462	767,287,462	767,287,462	767,287,462	767,287,462	767,287,462	767,287,462	767,287,462	767,287,462	767,287,462	767,287,462	767,287,462	767,287,462	767,287,462	767,287,462	767,287,462	767,287,462	767,287,462	
2015	2015	347,625,272	585,010,035	599,511,761	609,188,801	619,155,170	619,565,768	620,258,459	620,258,459	620,258,459	620,258,459	620,258,459	620,258,459	620,258,459	620,258,459	620,258,459	620,258,459	620,258,459	620,258,459	620,258,459	620,258,459	620,258,459	620,258,459	620,258,459	620,258,459	620,258,459	620,258,459	620,258,459	620,258,459	
2016	2016	376,239,482	668,013,943	668,013,943	676,121,344	699,390,803	702,360,017	702,360,017	702,360,017	702,360,017	702,360,017	702,360,017	702,360,017	702,360,017	702,360,017	702,360,017	702,360,017	702,360,017	702,360,017	702,360,017	702,360,017	702,360,017	702,360,017	702,360,017	702,360,017	702,360,017	702,360,017	702,360,017	702,360,017	
2016	2016	425,059,731	679,695,361	722,889,964	727,335,612	729,841,699	735,044,793	735,151,850	735,177,891	735,177,891	735,177,891	735,177,891	735,177,891	735,177,891	735,177,891	735,177,891	735,177,891	735,177,891	735,177,891	735,177,891	735,177,891	735,177,891	735,177,891	735,177,891	735,177,891	735,177,891	735,177,891	735,177,891	735,177,891	
2016	2016	358,317,305	568,209,289	590,089,047	593,052,516	593,923,130	595,817,481	596,106,282	596,127,252	596,127,252	596,127,252	596,127,252	596,127,252	596,127,252	596,127,252	596,127,252	596,127,252	596,127,252	596,127,252	596,127,252	596,127,252	596,127,252	596,127,252	596,127,252	596,127,252	596,127,252	596,127,252	596,127,252	596,127,252	
2016	2016	279,415,333	565,546,824	582,342,662	583,018,889	604,254,737	604,293,944	604,762,907	604,762,907	604,762,907	604,762,907	604,762,907	604,762,907	604,762,907	604,762,907	604,762,907	604,762,907	604,762,907	604,762,907	604,762,907	604,762,907	604,762,907	604,762,907	604,762,907	604,762,907	604,762,907	604,762,907	604,762,907	604,762,907	
2017	2017	369,107,217	594,026,670	618,419,407	622,040,483	624,025,751	625,015,383	625,674,545	625,689,762																					
2017	2017	399,234,517	607,183,399	622,503,442	624,616,328	631,379,468	632,138,789	632,138,789	632,138,789																					
2017	2017	361,148,625	530,539,646	556,031,219	585,043,071	586,722,675	587,364,781																							
2018	2018	334,819,427	594,377,626	624,863,307	628,296,682	634,726,193																								
2018	2018	297,012,857	485,507,896	517,643,594	519,894,768																									
2018	2018	255,739,802	470,631,903	480,347,738																										
2018	2018	245,126,906	391,185,433																											
2018	2018	248,975,836																												

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[illegible]

[illegible]

APPENDIX 2 (SUMMARISED REVENUE ACCOUNTS (NON LIFE BUSINESS))

	FIRE =N=000	GENERAL ACCIDENT =N=000	MOTOR =N=000	MARINE =N=000	ENGINEERING =N=000	OIL & ENERGY =N=000	AVIATION =N=000	December 2018 =N=000	December 2017 =N=000
REVENUE									
Gross written premium	3,491,534	1,835,351	2,977,751	974,323	803,333	7,632,861	527,929	18,243,082	16,965,655
Add Reinsurance Inward Premium	26,396	9,264	9,710	-	1,400	-	-	46,770	59,417
	3,517,930	1,844,615	2,987,461	974,323	804,733	7,632,861	527,929	18,289,852	17,025,072
Less Unexpired Risks Provision	(18,685)	9,973	119,376	46,993	175,246	44,215	6,266	383,384	673,843
Gross Premium Earned	3,499,245	1,854,588	3,106,837	1,021,316	979,979	7,677,076	534,195	18,673,236	17,698,915
Less Reinsurance Cost									
Local Facultative Premium	(2,203,282)	(480,708)	(103,937)	(354,822)	(366,827)	(5,369,130)	(375,576)	(9,254,282)	(8,492,015)
Prepaid Reinsurance	1,205	2,242	(11,376)	5,410	(152,492)	(53,220)	12,505	(195,726)	(746,867)
Reinsurance Treaty Premium	(554,597)	(19,950)	(9,800)	(209,884)	(138,432)	(1,022,103)	(86,400)	(2,041,166)	(2,003,971)
Net Premium	(2,756,674)	(498,416)	(125,113)	(559,296)	(657,751)	(6,444,453)	(449,471)	(11,491,174)	(11,242,853)
Net Earned Premium	742,571	1,356,172	2,981,724	462,020	322,228	1,232,623	84,724	7,182,062	6,456,063
Add Commission Received									
Direct Business Commission	13,803	5,424	254	515	1,717	173,263	1,141	196,117	175,250
Local Facultative Comm	448,626	85,762	14,229	85,040	54,547	210,087	18,158	916,449	558,765
Reinsurance Treaty Comm	143,048	-	-	57,070	69,595	126,920	-	396,633	445,557
Deferred Comm. Income	(40,173)	(2,928)	1,717	(7,500)	(4,048)	32,938	(2,669)	(22,663)	128,894
Investment income	43,863	80,108	176,128	27,291	19,034	72,810	5,005	424,239	533,024
	609,167	168,366	192,328	162,416	140,845	616,018	21,634	1,910,774	1,841,490
Total Income	1,351,738	1,524,538	3,174,052	624,436	463,073	1,848,641	106,358	9,092,836	8,297,553
Expenses									
Claims Paid	907,479	459,885	1,895,085	115,617	189,044	3,297,758	198,477	7,063,346	4,304,789
Outstanding Claims	(129,629)	(143,853)	34,309	10,246	126,510	(423,038)	(27,754)	(553,209)	4,358,089
IBNR OS	(34,659)	111,618	(97,839)	37,996	(39,078)	693,682	(21,232)	650,489	-
Gross Claims	743,191	427,649	1,831,555	163,859	276,476	3,568,403	149,491	7,160,626	8,662,878
Treaty Claims Recovered	147,977	34,250	84,008	51,912	53,971	56,097	-	428,215	637,083
Facultative Claims Recovered	505,665	44,067	54,629	209	37,053	2,312,805	325	2,954,753	-
Co-insurers Claims Recovered	101,750	-	12,015	-	-	2,047	-	115,812	1,191,409
Ri Claim Recoverable	(159,929)	(53,170)	2,088	(4,523)	172,803	(18,854)	1,083	(60,502)	3,674,553
IBNR Recoverable	16,880	21,180	(721)	21,433	(18,955)	519,042	(242)	558,618	-
Total Claims Recovered/Recoverable	612,344	46,327	152,019	69,030	244,872	2,871,137	1,166	3,996,895	5,503,045
Net claims Incurred	130,848	381,322	1,679,536	94,829	31,604	697,266	148,326	3,163,730	3,159,834
Underwriting Expenses (commission expenses)	644,801	258,552	230,063	183,612	156,817	486,995	69,315	2,030,155	1,862,056
Deferred Acquisition Cost (Comm)	(1,097)	3	9,596	(10,824)	(4,005)	75,186	(2,994)	65,865	93,338
Other acquisition Cost	103,832	3,454	100,913	32,025	(5,210)	1,347	1,035	237,396	259,923
Maintenance Costs	64,512	24,980	39,364	11,028	13,855	66,928	10,156	230,823	190,121
Total underwriting expenses	812,048	286,989	379,936	215,841	161,457	630,456	77,512	2,564,239	2,405,438
Underwriting Profit	408,842	856,227	1,114,580	313,766	270,011	520,919	(119,480)	3,364,867	2,732,281

APPENDIX 3 (SUMMARISED REVENUE ACCOUNTS (LIFE))

				December 2018	December 2017
	GROUP LIFE	INDIVIDUAL LIFE	ANNUITY	TOTAL	TOTAL
	=N=000	=N=000	=N=000	=N=000	=N=000
REVENUE					
Gross written premium	3,450,414	1,276,206	10,345	4,736,965	3,577,146
Less Unexpired Risks Provision	(114,159)	-	-	(114,159)	(27,504)
	3,336,255	1,276,206	10,345	4,622,806	3,549,642
Less Reinsurance Premium					
Local Facultative Premium	(721,730)	(155,489)	-	(877,219)	(796,418)
Ri share of Insurance Liabilities	27,475	10,972	-	38,446	54,084
Reinsurance Treaty Premium	(518,811)	(29,143)	-	(547,954)	(307,773)
Net Premium	2,123,189	1,102,546	10,345	3,236,080	2,499,535
Add commission received					
Direct business commission	5,807	909	-	6,716	3,683
Local Facultative	103,409	22,206	-	125,615	139,215
Reinsurance treaty	154,978	8,538	-	163,516	94,132
Investment Income	333,746	173,310	370,058	877,114	671,076
	597,940	204,962	370,058	1,172,961	908,106
Total income	2,721,129	1,307,508	380,403	4,409,041	3,407,640
Expenses					
Claims paid	1,547,820	428,859	293,567	2,270,245	2,016,550
Surrenders	-	63,316	-	63,316	4,237
Outstanding Claims	106,632	-	-	106,632	137,977
IBNR OS	(852,074)	-	-	(852,074)	664,045
Gross claims incurred	802,378	492,175	293,567	1,588,119	2,822,808
Reinsurance claims recovered	(50,526)	-	-	(50,526)	(43,988)
Co insurance claims recovered	(256,378)	(72,127)	-	(328,506)	(581,450)
RI Claims Recoverable	(121,423)	-	-	(121,423)	5,048
RI Share of IBNR	185,649	-	-	185,649	(172,012)
Net claims incurred	559,699	420,047	293,567	1,273,313	2,030,406
Acquisition expenses (commission expenses)	210,879	182,474	80	393,433	327,689
Other acquisition costs	15,627	19,435	-	35,062	18,953
Maintenance cost	7,460	30,147	-	37,607	7,506
Transfer to life fund	-	234,894	(177,000)	57,894	274,412
Total expenses	793,665	886,997	116,647	1,797,310	2,658,966
Underwriting profit	1,927,464	420,511	263,756	2,611,731	748,674

APPENDIX 4 (ANNUITY DISCLOSURES)
STATEMENT OF ASSETS AND LIABILITIES

ASSETS		N'000		N'000		
Cash balances	Counterparty			Carrying amount		
	GTBank Plc	Bank balance		92,645		
Short term deposits	Counterparties	Interest rate	Maturity date	Carrying amount		
	FIDELITY BANK Plc: FD	12.25%	22/01/2019	23,865		
				23,865		
Treasury bills	Issuer	Maturity date	Amortised cost	Fair value		
	CENTRAL BANK OF NIGERIA	24/10/2019	58,174	59,822		
	CENTRAL BANK OF NIGERIA	21/02/2019	78,994	83,088		
				137,168142,910		
Equity	Issuer	Purchase Cost		Market Value		
	ZENITH BANK	7,582		6,915		
	UBA	12,983		11,130		
	UACN	1,531		780		
	TOTAL	3,602		4,060		
	STANBICBTC	704		2,398		
	STANBIC	1,439		4,795		
	GUARANTY TRUST BANK	3,429		5,168		
	FLOURMILL Plc	320		462		
	FLOURMILL Plc	11,149		8,085		
	DANGOTE SUGAR	2,847		6,783		
	DANGOTE CEMENT	17,318		17,627		
				62,90368,202		
	Bonds	Description	Coupon rate	Maturity date	Amortised cost	Fair value
		12.4000% NGN FEDERAL GOVERNMENT OF NIGERIA FGN 18-03-2036	12.40%	18/03/2036	91,773	86,337
16.249900% NGN FEDERAL GOVERNMENT OF NIGERIA FGN 18-04-2037		16.25%	18/04/2037	116,600	107,549	
12.1493% NGN CENTRAL BANK OF NIGERIA FGN 18-07-2034		12.15%	18/07/2034	93,539	86,099	
16.249900% NGN FEDERAL GOVERNMENT OF NIGERIA FGN 18-04-2037		16.25%	18/04/2037	116,600	107,549	
12.4000% NGN FEDERAL GOVERNMENT OF NIGERIA FGN 18-03-2036		12.40%	18/03/2036	18,905	17,785	
12.4000% NGN FEDERAL GOVERNMENT OF NIGERIA FGN 18-03-2036		12.40%	18/03/2036	47,722	44,895	
12.1493% NGN CENTRAL BANK OF NIGERIA FGN 18-07-2034		12.15%	18/07/2034	93,539	86,099	
12.1493% NGN CENTRAL BANK OF NIGERIA FGN 18-07-2034		12.15%	18/07/2034	93,539	86,099	
16.249900% NGN FEDERAL GOVERNMENT OF NIGERIA FGN 18-04-2037		16.25%	18/04/2037	349,397	322,647	
12.4000% NGN FEDERAL GOVERNMENT OF NIGERIA FGN 18-03-2036		12.40%	18/03/2036	91,972	86,337	
12.4000% NGN FEDERAL GOVERNMENT OF NIGERIA FGN 18-03-2036		12.40%	18/03/2036	91,972	86,337	
12.5000% NGN FEDERAL GOVERNMENT OF NIGERIA FGN 22-01-2026		12.50%	22/01/2026	99,339	92,042	
12.4000% NGN FEDERAL GOVERNMENT OF NIGERIA FGN 18-03-2036		12.40%	18/03/2036	18,958	17,785	
14.75% NGN LAFARGE AFRICA BOND 09-06-2021		14.75%	09/06/2021	101,078	98,279	
12.1493% NGN CENTRAL BANK OF NIGERIA FGN 18-07-2034		12.15%	18/07/2034	93,874	86,099	
12.4000% NGN FEDERAL GOVERNMENT OF NIGERIA FGN 18-03-2036		12.40%	18/03/2036	27,609	25,901	
12.1493% NGN CENTRAL BANK OF NIGERIA FGN 18-07-2034		12.15%	18/07/2034	93,874	86,099	
12.4000% NGN FEDERAL GOVERNMENT OF NIGERIA FGN 18-03-2036		12.40%	18/03/2036	8,283	7,770	
12.4000% NGN FEDERAL GOVERNMENT OF NIGERIA FGN 18-03-2036		12.40%	18/03/2036	92,029	86,337	
7.00% NGN FEDERAL GOVERNMENT OF NIGERIA FGN 23-10-2019		7.00%	23/10/2019	62,877	59,984	
14.20% NGN FEDERAL GOVERNMENT OF NIGERIA FGN 14-03-2024		14.20%	14/03/2024	42,067	41,148	
12.1493% NGN CENTRAL BANK OF NIGERIA FGN 18-07-2034		12.15%	18/07/2034	549,162	503,678	
10.00% NGN FEDERAL GOVERNMENT OF NIGERIA FGN 23-07-2030		10.00%	23/07/2030	45,613	41,442	
12.4000% NGN FEDERAL GOVERNMENT OF NIGERIA FGN 18-03-2036		12.40%	18/03/2036	50,064	46,967	
15.54% NGN CENTRAL BANK OF NIGERIA FGN 13-02-2020		15.54%	13/02/2020	31,510	31,327	
14.20% NGN FEDERAL GOVERNMENT OF NIGERIA FGN 14-03-2024		14.20%	14/03/2024	23,119	22,633	
14.25% NGN FIRST CITY MONUMENT BANK Plc CORB 07-11-2021		14.25%	07/11/2021	49,804	47,474	
14.20% NGN FEDERAL GOVERNMENT OF NIGERIA FGN 14-03-2024		14.20%	14/03/2024	105,088	102,871	
13.25% NGN STANBIC IBTC BANK CORB 30-09-2024		13.25%	30/09/2024	54,138	50,356	
13.50% NGN LAGOS STATE SG 27-11-2020		13.50%	27/11/2020	9,712	9,712	
14.50% NGN LAGOS STATE SG 22-11-2019		14.50%	22/11/2019	4,023	4,023	
			2,767,780	2,579,660		
				2,907,281		
TOTAL ASSETS						
LIABILITIES						
Annuity Reserves						
				1,854,619		



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-18 N' 000	Dec-17 N' 000	Dec-16 N' 000	Dec-15 N' 000	Dec-14 N' 000
ASSETS					
Cash and cash equivalents	5,238,705	5,333,318	3,523,136	6,461,385	8,193,422
<i>Investment securities</i>					
– At fair value through profit or loss	3,266,048	-	-	-	1,037,132
– Available-for-sale	22,313,670	22,691,784	17,539,369	16,333,844	5,472,938
– Held-to-maturity	-	-	-	-	7,958,271
Financial assets designated at fair value	3,073,457	3,272,242	3,325,455	7,657,492	4,799,920
Pledged assets	-	-	-	-	-
Trade receivables	3,615,646	1,961,018	854,923	686,163	317,637
Reinsurance assets	12,549,017	10,165,983	9,184,177	5,055,844	4,843,632
Other receivables	1,507,844	909,097	840,036	883,382	669,357
Deferred acquisition cost	436,772	494,584	593,862	578,744	664,944
Loans and receivables	311,449	3,843,254	3,177,293	183,484	96,666
Investment property	17,525,962	14,072,384	12,017,000	9,205,350	8,313,300
Intangible assets	1,588,175	1,648,896	1,688,903	1,728,515	142,737
Property and equipment	1,843,362	1,672,516	1,714,019	1,932,823	1,880,392
Statutory deposit	500,000	500,000	500,000	500,000	500,000
TOTAL ASSETS	73,770,107	66,565,076	54,958,173	51,207,026	44,890,348
LIABILITIES					
Insurance liabilities	22,538,993	21,167,952	14,433,322	12,916,775	11,292,998
<i>Investment contract liabilities:</i>					
– At amortised cost	3,691,424	3,108,070	2,734,268	2,656,066	2,383,562
Financial liabilities designated at fair value	3,073,457	3,272,242	2,916,273	7,657,492	4,799,920
Borrowing	3,493,234	3,295,031	4,225,811	4,028,230	4,578,268
Trade payables	11,180,754	8,524,336	7,423,560	2,200,234	1,287,959
Other payables	2,658,787	2,333,758	2,215,341	1,639,740	3,794,478
Current income tax liabilities	773,819	444,688	256,067	202,654	146,915
Deferred income tax	837,061	656,407	567,529	286,941	279,106
TOTAL LIABILITIES	48,247,529	42,802,484	34,772,171	31,588,132	28,563,206
EQUITY					
Paid up share capital	5,250,000	5,250,000	5,250,000	5,250,000	5,250,000
Share premium	4,443,453	4,443,453	4,443,453	4,443,453	4,443,453
Contingency reserve	4,139,090	3,615,451	3,173,900	2,722,013	2,344,505
Other reserves	2,663,582	2,625,479	2,612,567	2,547,607	2,657,907
Treasury shares	(304,924)	(304,924)	(304,924)	(304,924)	(840,220)
Retained earnings	5,262,379	4,229,226	3,221,949	1,820,069	982,218
Fair value reserves	(550,226)	426,131	(986,947)	935,054	365,733
SHAREHOLDERS' FUNDS	20,903,354	20,284,816	17,409,998	17,413,272	15,203,596
Total equity attributable to the owners of the parent	20,903,354	20,284,816	17,409,998	17,413,272	15,203,595
Non-controlling interests in equity	4,619,224	3,477,776	2,776,004	2,205,622	1,123,546
TOTAL EQUITY	25,522,578	23,762,592	20,186,002	19,618,894	16,327,141
TOTAL LIABILITIES AND EQUITY	73,770,107	66,565,076	54,958,173	51,207,026	44,890,348
STATEMENT OF COMPREHENSIVE INCOME					
	Dec-18 N' 000	Dec-17 N' 000	Dec-16	Dec-15 N' 000	Dec-14 N' 000
Gross premium written	33,923,949	26,824,830	20,713,129	16,574,614	17,400,168
Gross premium earned	32,701,781	26,198,134	20,676,584	16,891,241	14,989,113
Profit before taxation	3,380,073	3,232,099	3,125,627	2,023,653	2,015,409
Taxation	(897,791)	(556,991)	(490,631)	(361,472)	(397,276)
Profit after taxation	2,482,282	2,675,108	2,634,996	1,662,181	1,537,256
Transfer to contingency reserve	523,639	441,551	451,887	377,508	431,926
Earnings per share- Basic (kobo)	21.35	19.16	20.00	11.81	10.74
Earnings per share- Diluted (kobo)	21.02	18.86	19.69	11.72	10.65

APPENDIX 5 B (FIVE YEAR FINANCIAL SUMMARY)

(All amounts in thousands of Naira unless otherwise stated)

Parent

	Dec-18 N' 000	Dec-17 N' 000	Dec-16 N' 000	Dec-15 N' 000	Dec-14 N' 000
ASSETS					
Cash and cash equivalents	4,218,348	4,779,865	2,878,081	5,648,247	6,924,485
<i>Financial assets</i>					
– At fair value through profit or loss	3,266,048	-	-	-	992,790
– Available-for-sale	17,888,088	17,677,702	14,234,470	13,973,364	4,706,891
– Financial assets designated at fair value	3,073,457	3,272,242	3,194,131	4,130,895	2,451,020
– Held-to-maturity	-	-	-	-	7,659,648
Loans and receivables	323,287	7,562,215	5,098,392	1,520,068	887,961
Pledged assets	-	-	-	-	-
Trade receivables	572,586	251,383	315,806	315,359	261,581
Reinsurance assets	12,504,524	10,115,242	9,134,825	5,033,551	4,838,653
Other receivables	779,072	649,146	555,287	493,179	604,793
Deferred acquisition cost	415,213	481,077	574,413	570,875	661,724
Investment in subsidiaries	4,997,374	3,919,573	3,919,573	3,919,573	2,034,326
Deferred tax asset	-	-	-	-	-
Intangible assets	190,086	218,772	229,332	239,493	80,048
Property and equipment	1,667,654	1,437,960	1,442,216	1,575,469	1,659,857
Statutory deposit	500,000	500,000	500,000	500,000	500,000
TOTAL ASSETS	50,395,737	50,865,177	42,076,526	37,920,073	34,263,778
LIABILITIES					
Insurance liabilities	16,964,677	17,824,172	13,033,944	12,293,840	11,034,635
<i>Investment contract liabilities:</i>					
– At amortised cost	3,691,424	3,108,070	2,734,268	2,656,066	2,383,562
Financial liabilities designated at fair value	3,073,457	3,272,242	2,916,719	4,130,895	2,451,020
Borrowing	-	-	-	-	-
Trade payables	11,108,223	8,511,603	7,406,965	2,198,437	1,286,688
Other liabilities	1,572,156	1,358,567	1,017,461	974,108	2,810,196
Current income tax liabilities	257,967	234,959	202,157	144,206	129,752
Deferred income tax	-	-	183,220	125,362	120,330
TOTAL LIABILITIES	36,667,904	34,309,613	27,494,734	22,522,914	20,216,183
EQUITY					
Paid up share capital	5,250,000	5,250,000	5,250,000	5,250,000	5,250,000
Share premium	4,443,453	4,443,453	4,443,453	4,443,453	4,443,453
Contingency reserve	4,139,090	3,615,451	3,173,900	2,722,013	2,344,505
Other reserves	2,634,904	2,595,103	2,593,900	2,532,978	2,657,907
Treasury shares	(304,924)	(304,924)	(304,924)	(304,924)	(840,220)
Retained earnings	1,155,216	687,639	283,393	(98,290)	389,567
Fair value reserves	(549,906)	268,842	(857,930)	851,929	(197,617)
SHAREHOLDERS' FUNDS	16,767,833	16,555,564	14,581,792	15,397,159	14,047,595
Total equity attributable to the owners of the parent	16,767,833	16,555,564	14,581,792	15,397,159	14,047,595
TOTAL EQUITY	16,767,833	16,555,564	14,581,792	15,397,159	14,047,595
TOTAL LIABILITIES AND EQUITY	53,435,737	50,865,177	42,076,526	37,920,073	34,263,778
STATEMENT OF COMPREHENSIVE INCOME					
	Dec-18 N' 000	Dec-17 N' 000	Dec-16 N' 000	Dec-15 N' 000	Dec-14 N' 000
Gross premium written	23,026,817	20,602,218	17,330,219	15,009,324	16,943,161
Gross premium earned	23,296,043	21,248,558	17,872,878	15,616,615	14,751,399
Profit before taxation	1,828,263	1,446,155	1,263,787	689,232	1,623,677
Taxation	(207,047)	(78,334)	(223,408)	(223,134)	(386,880)
Profit after taxation	1,621,216	1,367,821	1,040,379	466,098	1,236,797
Transfer to contingency reserve	523,639	1,289,487	816,971	377,508	431,926
Earnings per share (kobo)	15.71	13.25	10.08	4.52	4.52

APPENDIX 6 (Statement of Value Added)

(All amounts in thousands of Naira)

	Group				Parent			
	Dec 2018	%	Dec 2017	%	Dec 2018	%	Dec 2017	%
Gross premium income	33,923,949		26,824,830		23,026,817		20,602,218	
Re-insurance, claims and commission & others	(32,641,589)		(27,428,048)		(22,475,444)		(20,851,527)	
	1,282,360		(603,218)		551,373		(249,309)	
Investment and other income	5,824,408		7,204,625		4,028,195		4,376,364	
Value added	7,106,768		6,601,407		4,579,568		4,127,055	
Applied to pay:								
Employee benefits	2,590,264	36%	2,399,937	36%	1,751,534	38%	1,819,330	44%
Government as tax	897,791	13%	556,991	8%	207,047	5%	78,334	2%
Shareholder as dividend	630,000	9%	522,024	8%	630,000	14%	522,024	13%
<i>Retained in the business</i>								
Contingency reserve	523,639	7%	441,551	7%	523,639	11%	441,551	11%
Depreciation and amortisation	523,851	7%	454,372	7%	369,771	8%	339,546	8%
Retained profit for the year	1,663,153	23%	1,529,301	23%	1,097,577	24%	926,270	22%
Non-controlling interest	278,070	4%	697,231	11%	-	0%	-	0%
Value added	7,106,768	100%	6,601,407	100%	4,579,568	100%	4,127,055	100%