2019 Annual Report & Accounts

# EMPOWERMENT
# VALUE CREATION
# PARTNERSHIP

Mutual Benefits Assurance Plc.

RC 269837

A MEMBER OF THE NIGERIAN INSURERS ASSOCIATION

# About this Report

## Reporting structure

This integrated report combines Mutual Benefits Assurance financial and sustainability reporting and is aimed at reader interested in both topics.
References to additional content and information on sustainability issue is made in the respective sections of the report.

> Introduction
> Overview
> Business Review
> Corporate Governance
> Financial Statement
> Appendix

## Topics

Information on Mutual Benefits' financial position, results of operations and cash flows complies with the requirements of the international Financial Reporting Standards (IFRS) and, where applicable, the provisions of Nigerian law. Internal control mechanisms ensure reliability of the information provided.

> e-mail: info@mutualng.com
> www.mutualng.com

Mutual Benefits Assurance Plc also provides a report for stakeholders on the economic, social and environment performance.

## External Auditing and Evaluation

Mutual Benefits Assurance report is audited by Ernst & Young; has audited and certified the consolidated financial statements, including the notes to the financial statements, is based on the audited financial statements of the Mutual Benefits Assurance Plc.

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# Contents

# Vision & Mission Statement



## VISION

A leading world class company providing superior financial services to the delight of all stakeholders

## MISSION STATEMENT

Transcending the expectations of our customers for the satisfaction of their wealth protection needs through the provision of qualitative insurance and risk management services thereby creating values for all stakeholders.

## GUIDING PRINCIPLES

To act with due care and diligence in the pursuit of excellence in an atmosphere of mutual respect and understanding.

## CORE VALUES

> Integrity
> Responsiveness
> Leadership
> Knowledge
> Continuous Improvement

## WHO WE ARE

Mutual Benefits Assurance Plc. (MUTUAL), has evolved into a conglomerate consisting of value-adding companies with interests in various sectors of the Nigerian economy through subsidiary relationships, investments, strategic alliances and partnerships. Today, MUTUAL is a leading brand in the Nigerian Insurance Industry with over 5000 staff and agents in its employment.

MUTUAL is strong, well capitalized with a team of highly trained professionals, a respectable Board and access to the International Insurance Market. We pride ourselves in delivering excellent services to all our stakeholders.

MUTUAL is the flagship of insurance in Liberia and also runs a full-fledged insurance operation in Republic of Niger, where we commenced business in January. 2014.

## BRIEF HISTORY

MUTUAL BENEFITS ASSURANCE PLC. (RC 269837)

Incorporated as a private limited liability company on **18th April 1995**

Granted Certificate of Registration as an Insurer by the National Insurance Commission on **4th September 1995.**

Commenced operation on **2nd October 1995**

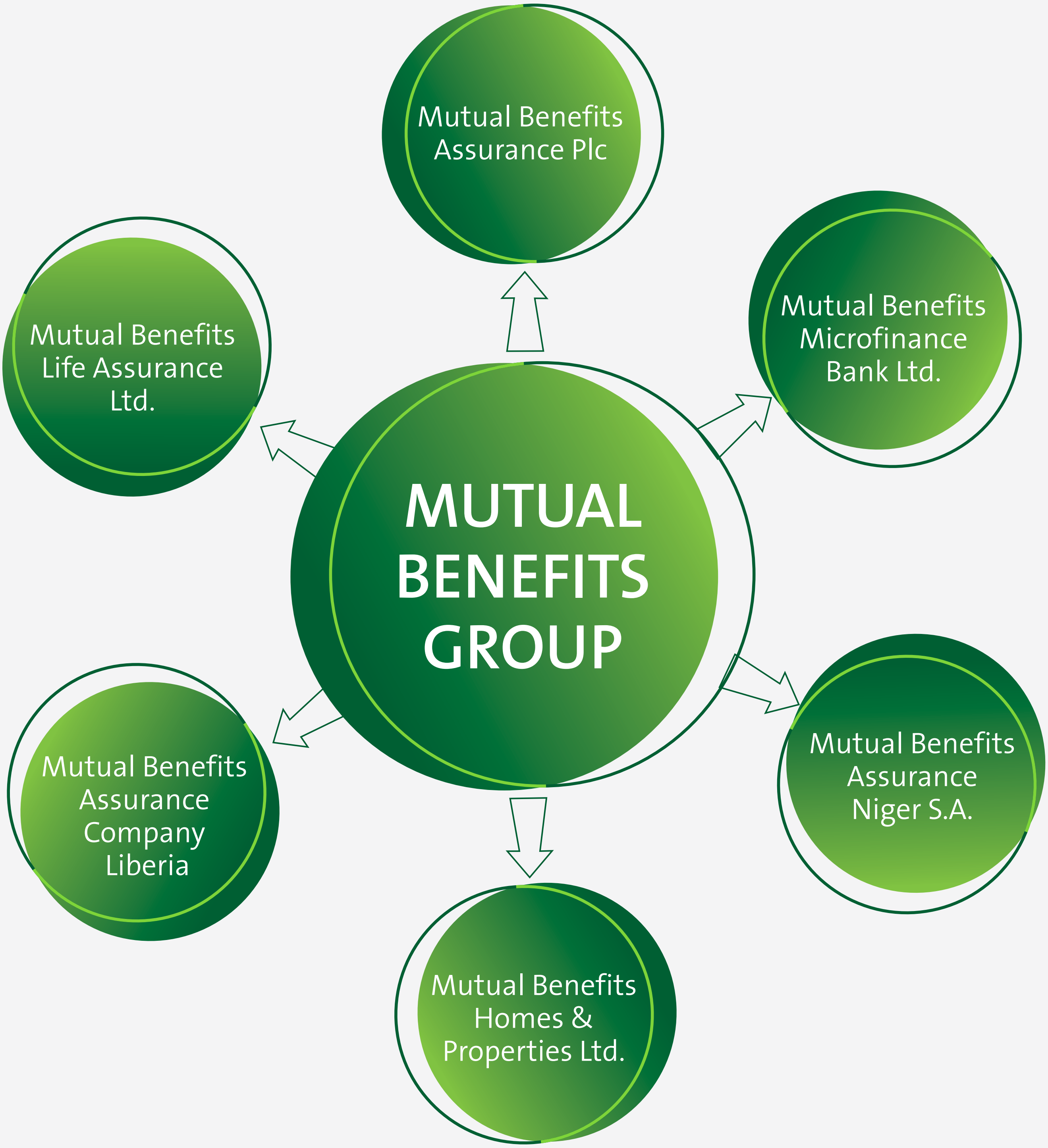
Became a public limited liability company on **24th May 2001**

Listed on the Nigerian Stock Exchange on **28th May, 2002.**

Transacts Life and General Insurance Businesses Authorised Share Capital **₦10,000, 000, 000.**

Paid-Up Share Capital **₦5, 586, 366, 754.** (After the approval of 2018 Rights Issue in January 2019)

# Subsidiaries & Associates



**DR. AKIN OGUNBIYI**
(B.SC, MBA, FCII, FIoD)
**CHAIRMAN**

An Economist, Consultant and Insurance Professional, Dr. Ogunbiyi is a graduate of Agricultural Economics from the University of Ife. He is also an alumnus of the famous International Graduate School of Management, University of Navarra (IESE) Barcelona, Spain where he took an Executive Masters in Business Administration. In addition, he is an alumnus of Lagos Business School and Said Business School of University of Oxford where he attended the Oxford Advanced Management & Leadership Programme.

A fellow of the Chartered Insurance Institute, London, he did not only complete his Associateship examination in record time, Dr. Ogunbiyi has the rare honour of securing the highest number of distinctions in the professional examination in two sittings. He had his insurance training in NICON from where he moved to start the Finance and Insurance Experts Limited - a multi-disciplinary consultancy firm, as pioneer Associate Director/Ag. Chief Executive.

Dr. Ogunbiyi serves on the board of The Infrastructure Bank Plc and other companies.

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**FEMI ASENUGA**
(B.SC, M.SC, ACII)
**MANAGING DIRECTOR/CEO**

*(Appointed W.E.F. 23rd Dec. 2019)

Olufemi Asenuga holds a Master of Science Degree in Business Administration and a bachelor's degree in Insurance from the University of Lagos. He is an Associate of the Chartered Insurance Institute, Nigeria. Femi was the best graduating student in the finals of the B.Sc. Honours Insurance Examination. He won the Femi Johnson & Co. prize as well as the Unity Life & Fire Insurance Company award for being the best overall graduating student in the department of Insurance for 1989/1990 session.

Mr. Asenuga started his insurance career with Metropolitan Trust Insurance Company in 1993. He joined Custodian and Allied Insurance in 1995 as a pioneer staff and Assistant Manager in the Technical Department. He joined Mutual Benefits Assurance Plc in 2007 as a Deputy Manager in the Technical Department. He rose through the ranks and was seconded to the Life subsidiary in 2007 as the pioneer Managing Director a position he held until his appointment.

He has attended various management and leadership courses at home and abroad including the Senior Management Programme at Lagos Business School, Advance Management course at University of Navarra Barcelona, Spain and the Said Business School, University of Oxford where he attended the Oxford Advanced Management & Leadership Programme.

# Board of Directors



**MR. BIYI ASHIRU-MOBOLAJI**
(HND INS. MBA, ACII)
**EXECUTIVE DIRECTOR, OPERATIONS**

Mr. Ashiru-Mobolaji oversees the Technical and Marketing & Distribution Channels of the Company. He is an Insurance graduate of Ibadan Polytechnic with an MBA from Lagos State University. He is an Associate Member of the Chartered Insurance Institute of Nigeria as well as an Alumnus of the Lagos Business School.
Mr. Ashiru-Mobolaji started his Insurance career with a stint at Femi Johnson Insurance Brokers at the Executive Support Service Department. Thereafter, he proceeded to Great Nigeria Insurance Company Ltd. He also worked at Databoard Nigeria Limited, a company that pioneered On-line Insurance Service in Nigeria.
An astute goal getter and a dynamic Insurance practitioner, Mr. Ashiru-Mobolaji joined Mutual Benefits Assurance Plc in 1998 and rose through the ranks.

In 2007, he became Senior Manager, Micro Insurance, after a comprehensive training with International Cooperative and Mutual Insurance Federation (ICMIF) in Manchester, UK. In 2009, he was seconded to Cameroun as GM/CEO of the former Cameroun subsidiary of MUTUAL; Assurances Generales du Cameroun.

On his return to Nigeria in 2012, Mr. Ashiru-Mobolaji became the Head, Technical Operations. In 2013 he became Deputy General Manager, Business Development. In 2016, Mr. Ashiru-Mobolaji was promoted General Manager; in charge of the Marketing and Distribution Directorate of the company.

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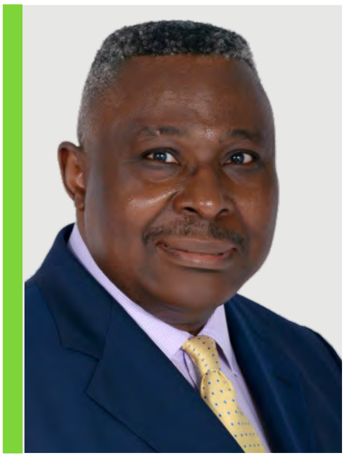
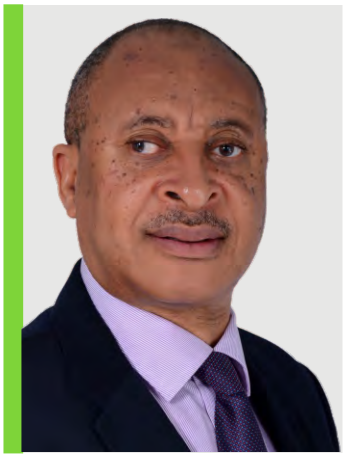
**ADESOYE OLATUNJI**
(B.ENG, MBA, FCA)
**DIRECTOR**

Mr. Soye Olatunji, a Chartered Accountant with a bachelor's degree in Chemical Engineering and an MBA from University of Lagos. He has over 30 years of cumulative experience in audit and tax consultancy, accounting and general management.

He was erstwhile General Manager - Best Oils Limited Ibadan, Oyo State and Finance Director - Vitamalt Plc, Agbara Industrial Estate, Ogun State. He joined Ventures & Trust Limited (V&T) as Managing Associate and Chief Financial Officer in 2003.

He joined Mutual Benefits Group in 2007 as Executive Director Corporate Planning and Investment from where he left as Group Finance Director, to establish Mutual Exploration and Production Limited, in 2013. He is an alumnus of Said Business School of University of Oxford where he attended the Oxford Advanced Management & Leadership Programme.





**DR. EZE C. EBUBE**
(B.A,) (AMERICAN) (OD, EJD)
**DIRECTOR**

Dr. Ebube graduated with a B.A. (Microbiology) from Indiana University, Bloomington, Indiana, USA in 1982. In 1986, he obtained a Doctorate degree in Optometry from Inter American University, San Juan, Puerto Rico, U.S.A. and in 2007 he graduated from Concord University School of Law, Los Angeles, California, U.S.A. with the Executive Juris Doctor degree.

Dr Ebube is an Optometrist and an active member of the Puerto Rico Optometry Association where he served as the Chairperson of its Political Action Committee. He is co-chair of FUTeLIV KONSULT, President and CEO of Eye Express 20-20, San Juan, Puerto Rico, USA.

Dr. Ebube works with the Augustus Group, an Insurance Partnership based in Troy, Michigan, U.S.A. as Vice-President and he is presently the Managing Partner for Africa in Legacy Group, an international consulting and business development group in Virginia, U.S.A.

**PROFESSOR PAT UTOMI**
(B.A, MA, PHD)
**DIRECTOR**

A fellow of the Institute of Management Consultants of Nigeria and founding Senior Faculty of the Lagos Business School- Pan African University, he was Director of the Centre for Applied Economics at the Lagos Business School. He has served in senior positions in government, as an adviser to the President of Nigeria, the private sector, as Chief Operating Officer for Volkswagen of Nigeria and in academia. He is the author of several Management and Public Policy books. His academic background covers a range from Policy Economics, Business, and Political Science to Mass communications. As an entrepreneur, he founded and co-founded companies that are active in fields including financial services, ICT, and media.

A Professor of the Social and Political Economic Environment of Business and Entrepreneurship. He has been a scholar-in-residence at the American University in Washington DC and the Havard Business School.
As leader of Civil Society, he is the founder of the Centre for Values in Leadership; and the Concerned Professionals, among other social sector enterprise initiatives.



**KADARIA AHMED**
(B.A, M.A,)
**DIRECTOR**

Ms. Ahmed holds a Bachelor's Degree in Communications from Bayero University, Kano and a Master's Degree in Television from Goldsmiths' College, University of London.

She is a seasoned professional media executive and strategic Communications consultant to NGOs, public and private sector boards.
Ms. Ahmed was a Senior Producer, Journalist and Acting Editor with the British Broadcasting Corporation.
She was Co-founder and Media consultant for Blue communications EMEA, from 2003 to 2006. Between 2006 and 2008, Ms. Ahmed worked with Shoreline Energy International as Head, Corporate Communications and Resort Group Limited, as Group Head, Corporate Communications.
Ms. Ahmed was Editor, Timbuktu Media; Publishers of Next Newspaper; Nigeria's leading investigative Newspaper, for which she won many awards.

Between 2011 and 2016, Ms. Ahmed worked with Africa Practice R & B and Reinvent Media Ltd. as Associate Director and Partner respectively.
Ms. Ahmed is an articulate panel discussion moderator, television host and opinion contributor with a strong grasp of current affairs including local and international politics, the economy, the arts and entertainment.
She is also an influential member of the Nigerian Guild of Editors and also a British Council Chevening Scholar.

Since February of 2016, Ms. Ahmed has been a Partner with DM Nigeria Ltd. in charge of Media Content Training and Business Development.

**LAMIS SHEHU DIKKO**
(B.SC)
**INDEPENDENT DIRECTOR**

Mr. Dikko holds a bachelor degree in Economics from Queen Mary College, University of London.

He started his career at the Kaduna State
Radio as Producer of News and Current Affairs, from where he moved to the Nigerian Standard Newspaper as Sub-Editor. He also lectured briefly at College of Advanced Studies, Zaria.

He started his finance career as a senior supervisor at Habib Bank Nigeria Limited, after which he joined Intercity Bank Plc in 1998 and later became the Managing Director in 2001, a position he held until 2005. He went on to serve as an Executive Director of Unity Bank Plc, a position he held from 2005 until 2010. He is presently the Chairman, Board of Directors of The Infrastructure Bank, Legacy Pension Managers Limited and Eterna Plc. He sits on the board of several public and private companies.

**AKINBOYE TAIWO OYEWUMI**
(B.SC, MBA)
**DIRECTOR**

Mr. Oyewumi holds a bachelor's degree in Business Administration from University of Maiduguri, Borno State, Nigeria and a Master's in Business Administration from the Middlesex University, London, United Kingdom.

Mr. Oyewumi has over 30 years' experience that covers strategy, business development, financial planning, mentoring and developing business leaders gained in both the private and public sectors in the United Kingdom and Nigeria.

He is a serial investor with business interests in United Kingdom, Ghana, and Nigeria. He is the Group Managing Director of Silverage Group which he founded in 1988. The company and her sister companies are involved in Finance & Investments, Health & Safety Solutions for the energy and manufacturing sectors, Oracle Gold Partner and HP Partner, Enterprise Planning and Business Intelligence Solutions.

# Management Team

**FEMI ASENUGA** (B.SC MSC, ACII)
MANAGING DIRECTOR/CEO

**BIYI ASHIRU-MOGAJI** (HND INS, MBA, ACII, MIOD)
EXECUTIVE DIRECTOR,OPERATIONS

**RANTIMI OGUNLEYE** (B.SC,MBA,ACIIN)
MANAGING DIRECTOR, MUTUAL LIFE

**HAKEEM OGUNTOLA** (MPHIL, ACA, CPA)
GROUP FINANCE DIRECTOR

**DEMOLA FAGBAYI** (B.Ed, ACII)
GENERAL MANAGER, RETAIL OPERATIONS

**JIDE IBITAYO** (BL LLM, ACIS, ACIT)
DEPUTY GENERAL MANAGER, LEGAL/COMPANY SECRETARY

**BAYO AKINMOLADUN** (MBA)
DEPUTY GENERAL MANAGER, BRANCH OPERATIONS

**SOLA ADEKUNLE** (BSC, ACII)
DEPUTY GENERAL MANAGER,
CORPORATE MARKETING (MUTUAL LIFE)

**ABAYOMI OGUNWO** (BSC, MBA, FCA, ACTI)
DEPUTY GENERAL MANAGER, FINANCE & ACCOUNTS

**JOSEPH OLADOKUN** (MBA, AIIN, ANIMN)
DEPUTY GENERAL MANAGER, TECHNICAL

**MUHAMMED IBRAHIM** (LLB, MPA, MNIM, ACAN)
ASSISTANT GENERAL MANAGER, NORTHERN REGION

**OLAYINKA OGUNDEJI** (MBA, FCA)
ASSISTANT GENERAL MANAGER, INTERNAL AUDIT

**TAIWO DAYO-ABATAN** (MBA, SPHPI, MCIPM)
ASSISTANT GENERAL MANAGER, HUMAN RESOURCES

**TITI AKINSIKU** (MBA, ACII)
ASSISTANT GENERAL MANAGER, TECHNICAL

**EMMANUEL ORMANE** (MSC, ACA)
ASSISTANT GENERAL MANAGER, ERM

**GABRIEL GBADEBO** (B.A ACII)
CONTROLLER, TECHNICAL (MUTUAL LIFE)

**FEMI FAPOHUNDA** (Msc)
CONTROLLER, ICT

**BOYE FASASI** (MSC, ACII)
CHIEF COMPLIANCE OFFICER, MUTUAL LIFE

**FOLASHADE OKE** (HND, ACII)
CONTROLLER, LAGOS BUSINESS DISTRICT

**OSEAFIANA JUDE** (HND, MCA, ACII)
CONTROLLER, CORPORATE MARKETING

**FUNKE SANNI** (BSC(ED), ANIMN)
CONTROLLER, RETAIL OPERATIONS

**KOLAPO OLLA** (M.A. ACIIN, ACIB)
CONTROLLER, SPECIAL RISKS

**TUNDE OGUNTADE** (HND, MBA, ACIPM)
CONTROLLER, PROJECT MANAGEMENT

**OLAJUMOKE AKINNAWO** (BSC, ACCA)
CONTROLLER, FINANCE & ACCOUNT (MUTUAL LIFE)

**ELLEN OFFO** (MBA, Dip. CIPR, rpa)
SENIOR MANAGER, CORPORATE COMMUNICATION

**EDWIN ALOHAN** (MBA, ACIPM, ANIM)
SENIOR MANAGER, ADMIN

**OLUYINKA AKINWALE** (MBA, ACII)
SENIOR MANAGER, TECHNICAL

**AJAYI IMOH** (HND)
SENIOR MANAGER, CORPORATE MARKETING (ABUJA)

**OLUBUNMI ADIO** (MBA, AMNIM)
SENIOR MANAGER, CORPORATE MARKETING

**MODUPE BELLO** (HND, PGD, ACA)
SENIOR MANAGER, FINANCE & ACCOUNT

**AKIN OLADEJI** (HND, MBA, ACIIN)
SENIOR MANAGER, WESTERN REGION

**OLUFEMI OLADIMEJI** (HND)
HEAD, RETAIL OPERATIONS (SOUTHWEST)

**SAHEED ONANUGA** (HND, ACIPM, ACIIN)
SENIOR MANAGER, MUTUAL CARE

**AFAM EMODI** (HND)
SENIOR MANAGER, CORPORATE MARKETING (MUTUAL LIFE)

**OLUFUNTO IPAYE** (BSC, ACIIN)
SENIOR MANAGER, CORPORATE MARKETING

**ABOSEDE ADEGOKE** (HND, MBA,ACIN)
SENIOR MANAGER, TECHNICAL

**BAMIDELE TIJANI** (BTECH, MBA, CIIN)
SENIOR MANAGER, CORPORATE MARKETING (MUTUAL LIFE)

**OLADIMEJI FASHOLA** (HND, MBA, ANIM)
SENIOR MANAGER, CORPORATE MARKETING (MUTUAL LIFE)

**TEMITOPE OMOTAYO** (BSC)
HEAD, RETAIL OPERATIONS (GENERAL BUSINESS)

# Notice is hereby given that the 24th Annual General Meeting of Mutual Benefits Assurance Plc will be held at Radisson Blu Hotel, Ikeja, Lagos on Wednesday 29th July 2020 at 11.00am to transact the following business:

**ORDINARY BUSINESS**

1. To lay before the Members, the Audited Financial Statements of the Company for the year ended 31st December 2019 together with the Reports of Directors, Auditors and Audit Committee thereon.

2. To approve the appointment of Mr Olufemi Asenuga as an Executive Director

3. To re-elect the following Directors retiring by rotation

i. Dr Akin Ogunbiyi
ii. Mr Soye Olatunji
iii. Dr Eze Ebube

4. To authorize the Directors to fix the remuneration of the Auditors.

5. To elect members of the Audit Committee.

**NOTES**

**1. Compliance with COVID-19 Related Directives and Guidelines**

In view of the ravaging COVID-19 pandemic, the curtailment measures and the guidelines put in place by the Federal Government, Lagos State Government, Health Authorities and Regulatory Agencies, particularly, the Lagos State Government prohibition of gathering of more than 20 people, and the Corporate Affairs Commission (CAC) issued Guidelines on Holding AGM of Public Companies by Proxy. The convening and conduct of the AGM shall be done in compliance with these directives and guidelines.

**2. Proxy**

A member entitled to attend and vote at the Annual General Meeting is also entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company. To be valid, a proxy form must be completed and duly stamped by the Commissioner of Stamp Duties and returned to the Registrar, Meristem Registrars & Probate Services Limited, 213, Herbert Macaulay Way, Adekunle, Yaba Lagos or by email to info@meristemregistrars.com, not less than 48 hours before the time of the meeting..

**3. Attendance by Proxy**

In line with CAC Guidelines, attendance of the AGM shall be by proxy only. Shareholders are required to appoint a proxy of their choice from the list of nominated proxies below:

1. Dr. Akin Ogunbiyi
2. Mr. Olufemi Asenuga
3. Mr Biyi Ashiru-Mobolaji

**4. Stamping of Proxy**

The Company has made arrangements, at its cost, for the stamping of the duly completed and signed proxy forms submitted to the Company's Registrars within the stipulated time.

**5. Broadcast of the AGM**

The AGM will be recorded and broadcast online. This will enable shareholders and other stakeholders who will not be attending physically to view the proceedings. The link for the AGM broadcast will be made available on the Company's website at www.mutualng.com.

### 7. Closure of Register of Members

The Register of Members will be closed from Monday, 13th July, 2020 to Friday, 17th July, 2020, to enable the Registrar prepare for the Annual General Meeting.

### 8. Biographical details of Directors for Election/Re-election

Biographical details of Directors seeking election/re-election are provided in the Annual Report.

### 9. Questions from Shareholders

Shareholders and other holders of the Company's securities reserve the right to ask questions not only at the meeting, but also in writing prior to and after the meeting on any item contained in the Annual Report and Accounts. Please send all questions to investorrelations@mutualng.com

### 10. Audit Committee

In accordance with Section 359(5) of the Companies and Allied Matters Act, Cap C20, Laws of the Federation of Nigeria, 2004, any shareholder may nominate another shareholder for election as a member of the Audit Committee by giving notice in writing of such nomination to the Company Secretary at least 21 days before the Annual General Meeting.

### 11. E-Dividend

Pursuant to the directive of the Securities and Exchange Commission, notice is hereby given to shareholders to provide account for the purpose of e-dividend/bonus. A form is included in this Annual Report & Accounts for completion by all shareholders to furnish the particulars of their accounts to the Registrars (Meristem Registrars & Probate Services Limited, 213, Herbert Macaulay Way, Adekunle, Yaba Lagos)

### 12. Website

A copy of this Notice and other information relating to the Annual General meeting can be found on our website www.mutualng.com

By Order of the Board

**JIDE IBITAYO**
Company Secretary
FRC/2013/NBA/000003123
Dated the 22nd Day of June, 2020

| | | |
|---|---|---|
| Directors | **Dr. Akin Ogunbiyi** | Chairman |
| | **Mr. Femi Asenuga** | Managing Director/CEO (Appointed WEF 23 December 2019) |
| | **Mr. Adebiyi Ashiru-Mobolaji** | Executive Director Operation |
| | **Mr. Adesoye Olatunji** | Non-Executive Director |
| | **Dr. Eze Ebube** | Non-Executive Director (American) |
| | **Prof. Patrick Utomi** | Non-Executive Director |
| | **Mr. Lamis Sheu Dikko** | Non-Executive Director (Independent) |
| | **Mr. Akinboye Oyewumi** | Non-Executive Director |
| | **Ms. Kadaria Ahmed** | Non-Executive Director (Independent) |
| Registered Office | Aret Adams House<br>233 Ikorodu Road, Ilupeju, Lagos | |
| Auditors | Ernst & Young<br>UBA House, 10th and 13th Floors<br>57 Marina, Lagos | |
| Company Secretary | Jide Ibitayo<br>FRC/2013/NBA/00000003123 | |
| Bankers | Access Bank Plc<br>Fidelity Bank Plc<br>First City Monument Bank Limited<br>First Bank of Nigeria Limited<br>Guaranty Trust Bank Plc<br>Keystone Bank Limited<br>Sterling Bank Plc<br>Zenith Bank Plc | Mutual Microfinance Bank Limited<br>Ecobank Nigeria Plc<br>Stanbic IBTC Bank Nigeria Plc<br>Unity Bank Plc<br>Wema Bank Plc<br>United Bank for Africa Plc<br>Heritage Bank Limited<br>Polaris Bank |
| Re-insurers | African Reinsurance Corporation<br>Aveni Reinsurance Ltd<br>Continental Reinsurance Plc<br>Nigerian Reinsurance Corporation | |
| Actuaries | Zamara Consulting Actuaries Nigeria Limited<br>FRC/2017/NAS/00000016912 | |
| Registrar | Meristem Registrar Limited<br>FRC/2013/00000001987 | |
| Estate Surveyor & Valuer | Alabi, Ojo & Makinde Consulting<br>FRC/2012/NIESV/000000314 | Arigbede & Co Estate Surveyors and Valuers<br>FRC/2014/NIESV/00000004634 |
| RC No | 269837 | |

## BUSINESS REVIEW



# Financial Highlights

For the year ended 31 December 2019



| | GROUP | | | COMPANY | | |
|---|---|---|---|---|---|---|
| | **2019** | **2018** | **%** | **2019** | **2018** | **%** |
| **STATEMENT OF PROFIT OR LOSS for the year 31 December 2019** | ₦'000 | ₦'000 | | ₦'000 | ₦'000 | |
| Gross premium written | 18,697,839 | 15,840,697 | 18 | 8,366,641 | 8,018,299 | 4 |
| Gross premium income | 18,121,911 | 15,634,846 | 16 | 8,538,415 | 7,677,706 | 11 |
| Net premium income | 15,289,115 | 13,479,245 | 13 | 6,579,594 | 6,230,006 | 6 |
| Net underwriting income | 15,771,881 | 13,961,552 | 13 | 6,927,802 | 6,609,220 | 5 |
| Underwriting profit | 5,398,988 | 3,058,531 | 77 | 2,583,373 | 2,472,495 | 4 |
| Profit before income tax | 3,754,054 | 1,380,983 | 172 | 1,291,971 | 636,547 | 103 |
| Profit for the year | 3,612,239 | 1,149,008 | 214 | 1,086,304 | 479,929 | 126 |
| Earnings per share: Basic and diluted | 36 | 14 | | - | - | |

| **STATEMENT OF FINANCIAL POSITION As at 31 December** | 2019 | 2018 | | 2019 | 2018 | % |
|---|---|---|---|---|---|---|
| | ₦'000 | ₦'000 | | ₦'000 | ₦'000 | |
| Total assets | 67,777,596 | 59,402,263 | 14 | 22,991,158 | 20,028,369 | 15 |
| Insurance contract liabilities | 14,100,805 | 13,050,555 | 8 | 5,028,508 | 5,132,636 | (2) |
| Investment contract liabilities | 26,266,129 | 25,276,261 | 4 | - | - | - |
| Shareholders' fund | 13,432,849 | 8,935,324 | 50 | 8,255,603 | 5,748,382 | 44 |

## Dear distinguished shareholders, it is with great pleasure that I welcome you all to the 24th Annual General Meeting of Mutual Benefits Assurance Plc. Despite the challenging economic environment coupled with regulatory and macroeconomic issues that were prevalent in 2019, our great company recorded positive strides on all performance metrics.

### OPERATING ENVIRONMENT

2019 was a year of tensions globally. In the UK, the inability of Theresa May to deliver Brexit led to the announcement of her resignation in May 2019. This led to another round of elections with Boris Johnson emerging as the Prime Minister. The US also had its own fair share of squabbles both locally and internationally. There were noticeable increased tensions with Iran and trade wars with China. Locally, impeachment proceedings were initiated against President Trump by the House of Representatives over his alleged soliciting of foreign interference for his re-election in 2020. In the Far East Asia a novel coronavirus, tagged COVID-19 was discovered in Wuhan, China. In the Middle East, tensions also grew due to the drone bombings of Saudi Aramco oil facilities in Saudi Arabia. This also led to a spike in price of crude oil which later stabilized. New Zealand was not left out, as racially motivated shootings in a mosque led to the deaths of 51 people. All these culminated in a global GDP growth of 2.9%, lower than 3.58% growth recorded in 2018.

In Nigeria, there was palpable tension in the air surrounding the general elections held in March 2019. The presidential election was keenly contested by the incumbent, Muhammadu Buhari of the All Progressives Congress (APC) and the main opposition candidate, Atiku Abubakar of the People's Democratic Party (PDP). The incumbent emerged victorious with 15.2 million votes compared with the 11.2million polled by the main opposition candidate. In the president's inaugural speech on June 12, he highlighted his intention to prioritize security, infrastructural development, poverty alleviation and anti-corruption during his second term.

The country witnessed a YoY real GDP growth rate of 2.27% (2.55% in Q4, 2019) in 2019, marginally higher than the 1.9% recorded in 2018. The finance and insurance sectors' contribution to GDP however witnessed a decline from 6.12% in 2018 to 3.59% in 2019. 2019 marked the third consecutive year of growth in the Nigerian economy following the 2016 recession. This growth was dampened by increased insecurity across the country, escalation of clashes between cattle herders and farmers and heightened capital outflows due to uncertainty around the 2019 general elections. These risk factors also resulted in a second consecutive year of loss to the tune of 14.6% in the Nigeria Stock Exchange All Share Index (NSE-ASI). There was a marginal decline in inflation rate from 12.09% in 2018 to 11.90% at the end of 2019. The decline in inflation rate could have been more but for the rising food prices emanating from the border closure towards the end of the year. Exchange rate however remained relatively stable during the year between N360-N365/US$1 at the NAFEX window. The Central Bank of Nigeria (CBN) sustained its intervention in the foreign exchange market to ensure stability of the rate. This however, also led to a 10.5% decline in foreign exchange reserves from $42.5 billion in 2018 to close at $38.1 billion in 2019. This was also exacerbated by the drop in price of Bonny Light Crude Oil from $69.89 in 2018 to $64.87 in 2019.

Following the cancellation of the Tier-based Minimum Solvency Capital regulation, NAICOM announced a new minimum paid-up capital for operators in the country with an initial recapitalization deadline of December 2020. Owing to the negative economic effects of the COVID-19 spread to Nigeria, the implementation of this new minimum paid-up capital has now been split into two (2) phases, with between 50% and 60% achievement of the new capital due by December 2020 and full compliance expected by September 2021. The new capital structures are as follows:

| Business Class | Existing Minimum Paid-Up Capital | Minimum Paid-Up Capital by 31 Dec 2020 (1st Phase) | Minimum Paid-Up Capital by 30 Sept 2021 (2nd Phase) |
|---|---|---|---|
| Life | ₦2billion | ₦4 billion | ₦8 billion |
| Non-Life | ₦3 billion | ₦5 billion | ₦10 billion |
| Composite | ₦5 billion | ₦9 billion | ₦18 billion |
| Reinsurance | ₦10 billion | ₦12 billion | ₦20 billion |

I am happy to inform you that our Life business subsidiary (Mutual Benefits Life Assurance Limited) has been fully recapitalized to the tune of ₦8 billion ahead of the September 2021 deadline. Your Company has also met the required minimum paid-up capital for the first segment of the recapitalization exercise with the intention to complete the second segment well ahead of the deadline.

## FINANCIAL PERFORMANCE

2019 marked the third year of our Company's 5-Year Strategic Plan; "Project One Reloaded" and the performance continues to grow as expected. The Group recorded an 18% growth in Gross Written Premium from ₦15.8 billion in 2018 to ₦18.7 billion in 2019. This performance was driven by a significant 41% growth in our life business, from ₦6.1 billion in 2018 to ₦8.5 billion in 2019. Our non-life business experienced a modest growth of 4% from ₦9.8 billion in 2018 to ₦10.2 billion in 2019. Gross Premium Income likewise increased by 16% to ₦18.1 billion from ₦15.6 billion in 2018. Conversely, a more robust underwriting process resulted in a 13% decline in net claims expense, from ₦7.0 billion in 2018 to ₦5.9 billion in 2019.

The decline in net claims benefits resulted in an increase in underwriting profits by 77% from ₦3.1 billion in 2018 to ₦5.4 billion in 2019. A growth in top line performance coupled with disciplined cost culture as well as highly rewarding investment activities ensured we improved our profitability in 2019. Profit Before Tax increased by 172% from ₦1.4 billion in 2018 to ₦3.8 billion in 2019. Profit After Tax increased by an even larger percentage of 214% from ₦1.1 billion in 2018 to ₦3.6 billion in 2019.

Total Assets grew by 14% from ₦59.4 billion in 2018 to ₦67.8 billion in 2019. Total Equity increased by a larger percentage of 60% from ₦9.1 billion in 2018 to ₦14.5 billion in 2019.

## BOARD DEVELOPMENTS

The Company bade farewell to Mr. Olusegun Omosehin our erstwhile MD/CEO who after almost 10 years of conscientious and meritorious service left us on 23rd December 2019. We are grateful to him for the sterling performances recorded by the Company under his leadership and wish him well in his future endeavours.

A new Managing Director/CEO in the person of Mr. Olufemi Asenuga took over the baton of leadership on 23rd December 2019. Mr. Asenuga is a seasoned chartered insurer with over 25 years cognate experience in the industry, the last 12 of which he spent as the pioneer MD/CEO of our Life subsidiary where he recorded phenomenal successes which catapulted Mutual Benefits Life Assurance Limited to the pinnacle of life insurance underwriting in Nigeria.

Also, during the year Mr. Babatunde Dabiri resigned as a non-executive director of the Company with effect from 1st September 2019. On behalf of the Board I commend Mr. Dabiri for his dedication, immense contributions, and commitment to the Company.

Messrs. Soye Olatunji, Eze Ebube and I are due to retire at this meeting. Being eligible for re-election we present ourselves to you for re-election.

## 2020 OUTLOOK

Global growth in 2020 was initially expected to be better in 2020 than 2019. IMF and OECD initial forecasts were 3.4% and 3.0% respectively in 2020. However, downside risks to the projection are now elevated with persistent trade wars, prominent geopolitical tensions and most importantly, the global COVID-19 pandemic. The latter has led to revised IMF projection of a 3% decline in global output. A realization of these pitfalls could lead to a negative move in risk sentiment and expose financial vulnerabilities developed over long periods of low interest rates. The US elections are also expected to hold in the latter part of the year and the eventual winner could either signal a shift in policies or continuation of same. These elections are expected to significantly affect global trade and partnerships.

The initial IMF and World Bank GDP growth projections for Nigeria were 2.5% and 2.1% respectively. These predictions have now become threatened by the rapid global spread of the novel coronavirus COVID-19. The pandemic has led to massive disruptions in global supply chain and business activities at an unprecedented scale. A revised projection of a 3.4% decline in GDP has been advised by IMF. As a Company, we are taking necessary steps to ensure safety of lives whilst assessing the impact of the pandemic on our business. Steps are currently being taken to mitigate the potentially damaging impact of the pandemic on our business.

On the regulatory front, after the successful recapitalization of our life subsidiary, we are taking active steps to complete the recapitalization of the parent Company before the stipulated deadline. We want to assure our shareholders that this is at the forefront of our plans and we are working towards achieving it before the end of the year.

We are in Year 4 of our 5-Year Strategic Plan. We continue to consolidate on the achievements of prior years. The spread of the coronavirus has led to the rapid adoption of technologically enabled solutions for business operators and our Company is not left out. Continued effective budgetary controls, improved ICT driven service delivery as well as increased market penetration via digital channels are expected to be critical to the full actualization of the 5-Year Plan.

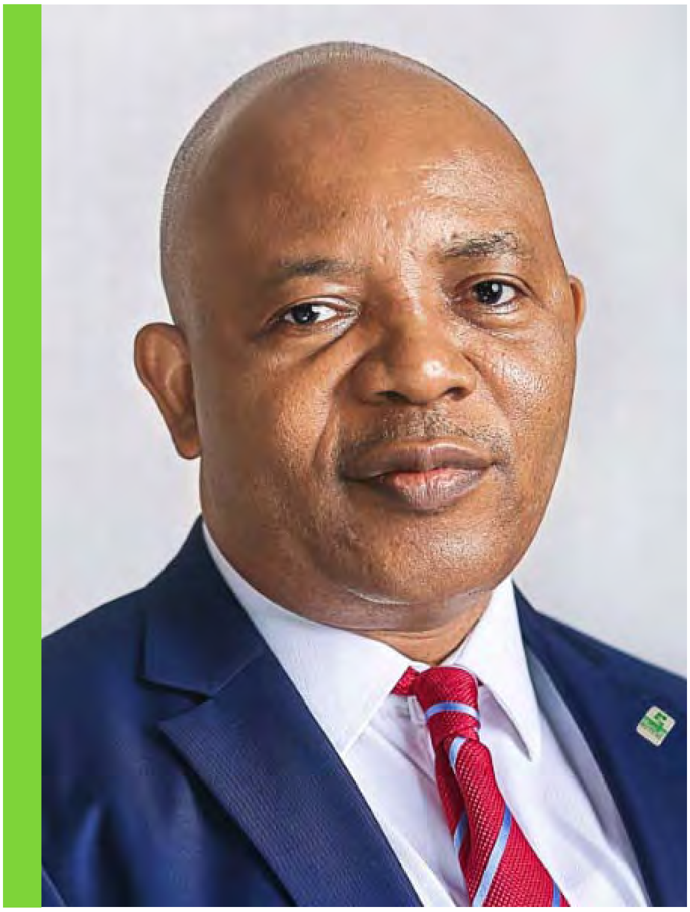
On behalf of the Board of Directors, the Management, and staff, I thank our esteemed customers for their continued patronage which has led to our successes. Together we will continue to take the Company higher.

Thank you.

**Dr. Akin Ogunbiyi**
**Chairman**

## Dear Esteemed Shareholders,

## 2019 marked the third consecutive year of expansion of the Nigerian economy at the growth rate of 2.27%. The year presented with it, opportunities to achieve the goals set out in our 5-Year Strategic Plan tagged "Project One Reloaded" by increasing our revenue and market share. It is with great pleasure that I present to you a summary of our 2019 financial performance.



### REGULATORY ENVIRONMENT

In the first half of the year, the Nigerian insurance regulator, NAICOM, issued an industry-wide recapitalization directive. This led to a ₦6b, ₦7b, ₦13b and ₦10b increase in minimum paid-up capital requirement for life, general, composite, and reinsurance businesses, respectively. This directive was on the backdrop of the cancellation of the Tier-Based Minimum Solvency Capital (TBMSC) Regulation. Due to the new minimum paid-up capital regime, an additional N2b was injected into the life subsidiary, Mutual Benefits Life Assurance Ltd in December 2019, thereby making it fully recapitalized with a qualifying capital of N9.9b at the end of December 2019.

The Company has a shortfall of ₦4.4b as at 31st December 2019 to meet the new minimum paid-up capital expected to come into effect by 30th September 2021. Notwithstanding this deficit, I would like to use this opportunity to reassure you of our readiness to meet the new minimum paid-up capital in 2020 ahead of the 2021 deadline.

Our microfinance bank subsidiary, Mutual Benefits Microfinance Bank Ltd, was also not left out of the recapitalization requirement. The Central Bank of Nigeria (CBN) also issued a revised recapitalization directive as detailed below:

| S/N | Type | Minimum Capital Requirement by April 2021 | Minimum Capital Requirement by April 2022 |
|---|---|---|---|
| 1 | Tier I Unit Microfinance Banks | ₦ 100m | ₦ 200m |
| 2 | Tier II Unit Microfinance Banks | ₦ 35m | ₦ 50m |
| 3 | State Microfinance Banks | ₦ 500m | ₦1.0b |
| 4 | National Microfinance Banks | ₦ 3.5b | ₦ 5.0b |

The Board and Management of the Bank are actively working towards injecting the needed capital to remain in business and continue offering bespoke services to its clients.

In Liberia, the Central Bank of Liberia has been enforcing the new minimum solvency capital levels set in 2018 (life - $750,000, general - $1.5m and composite - $2.25m). Five companies were taken over by the Central Bank due to acute shortfalls in their required solvency capital. Our Liberian subsidiary (Mutual Benefits Assurance Company Liberia) has continued to meet up with the new solvency requirement.

In Niger Republic, our subsidiary, Mutual Benefits Niger Republic SA, was also able to meet up with its local minimum capital requirement of CFA3.0b during the year.

### GENERAL BUSINESS

Gross Written Premium (GWP) from our general business line increased by 4% from ₦9.8b in 2018 to ₦10.2b in 2019. Motor, general accident and special risks (aviation and oil & gas) lines of business recorded the largest share of 34%, 21% and 19% respectively. In similar fashion, Net Premium Income (NPI) grew by 8% from ₦7.7b in 2018 to ₦8.3b in 2019.

Net claims expense increased marginally by 1% from ₦2.68b in 2018 to ₦2.72b in 2019. This is attributable to significant improvements in claims experience in fire, general accident, and motor classes of business. The increase in revenue and stability in net claims benefits resulted in a 9% improvement in underwriting performance from ₦3.3b in 2018 to ₦3.6b in 2019.

### LIFE BUSINESS

Our life business recorded a very impressive GWP growth of 41% from ₦6.1b in 2018 to ₦8.5b in 2019. This performance was largely driven by improved revenue generation and a new minimum rate for Group Life policies set by the National Insurance Commission (NAICOM) in 2018. 75% of our life business portfolio comprises of group life businesses while 25% was from individual life policies. Our group life portfolio recorded a 48% growth from ₦4.3b in 2018 to ₦6.4b in 2019.

Net premium income increased in similar fashion by 20% from ₦5.8b in 2018 to ₦7.0b in 2019.

Net claims expense declined substantially by 28% from ₦4.5b in 2018 to ₦3.2b in 2019. This was majorly due to a more robust risk selection process. This ultimately resulted in a 442% improvement in underwriting performance from an underwriting loss of ₦499m in 2018 to ₦1.7b underwriting profit in 2019.

## MICROFINANCE BANKING

The unfavorable economic climate and ongoing restructuring in the risk appetite of the Bank led to gross earnings declining by 29% from ₦407m in 2018 to ₦289m in 2019. In similar fashion, net interest income declined by 32% from ₦292m in 2018 to ₦199m in 2019. The operating income also declined in the year by 34% from ₦361m to ₦237m. The Bank wrote off bad debts to the tune of ₦145m during the year (2018: Nil). The resultant cost-to-income ratio deteriorated significantly from 70% in 2018 t0 99% in 2019.

The Bank is implementing initiatives to become profitable. The Bank intends to use digital technology to cover large number of customers efficiently and economically.

## OPERATING PERFORMANCE

A twin approach of increased revenue drive and more robust underwriting process in 2019 ensured an impressive 77% increase in underwriting profit from ₦3.1b in 2018 to ₦5.4b in 2019. This also translated to an underwriting margin of 35%, up from 23% in 2018.

Despite the crash in rates on fixed income investments from Q4 2019, the Group recorded a 14% growth in investment income from ₦2.2b in 2018 to ₦2.5b in 2019. We also recorded a profit on deposit administered products of ₦1.1b representing a decline of 31% from ₦1.5b in 2018.

Our operating expense ratio declined marginally from 42% in 2018 to 40% in 2019. This underscores our resolve to improve operational efficiency by the adoption of cost-effective business solutions. The impressive underwriting performance coupled with smart investment initiatives and a cost-efficient business model, ensured a remarkable 172% growth in profit before tax from ₦1.4b in 2018 to ₦3.8b in 2019. Profit after tax also improved in like manner from ₦1.1b in 2018 to N3.6b in 2019 (+214%).

The impressive operating performance by the Group in 2019 translated to a 14% growth in Total Assets from ₦59b in 2018 to ₦68b in 2019. Our policy holder liabilities also increased, albeit by a lower margin of 5% from ₦38b to ₦40b in 2019. Following the allocation of the proceeds of our 2018 Rights Issue of ₦1.6b and an impressive financial performance during the year, our total equity increased by an impressive 60% from ₦9.1b in 2018 to ₦14.5b in 2019.

## PROEJCT ONE-RELOADED INITIATIVES

As set out in our 5-year Strategy Plan tagged "Project One Reloaded", we have taken giant strides towards delivering more innovative and cutting-edge solutions to our teeming customers. The initiatives deployed during the year are highlighted below:

- The launch of an attractive user-friendly website with e-commerce capabilities that allows our customers to procure insurance cover online real-time and seamlessly at their convenience.
- In addition to this, the Company also launched a mobile and scalable sales application which serves as an effective end-to-end sales management tool. This investment has led to improvement in our customer engagement process and enhanced the capacity of our sales team whilst improving the overall customer experience.
- Also, in our quest to deepen market penetration, we have consistently strengthened and widened the reach of the Retail arm of our business to be able to deliver value to the unserved and underserved parts of the market.

## LOOKING FORWARD

The new year presents the opportunity to consolidate on the giant strides made towards becoming the foremost provider of financial service solutions in all the countries we operate in. There are opportunities inherent in the challenges faced in our operating and regulatory environments, it is our responsibility as a company to maximize these opportunities.

As the COVID-19 pandemic rages on we are taking proactive steps as a Company to safeguard our staff and customers whilst harnessing the opportunities it presents. Before the lockdown, the Company activated its Business Continuity Plan to mitigate the impact of the pandemic on business operations. On the humanitarian front, the Company through the Nigerian Insurers Association donated funds towards the COVID-19 response of the Federal Government. Steps towards protecting our employees and customers have also been put in place in accordance with but not limited to guidelines issued by the Nigeria Centre for Disease Control (NCDC) and various state governments. To make this strategy effective, we have encouraged the use of our recently launched online and web platforms for the sale of our insurance solutions. We have also actively publicized other means of reaching us including various social media platforms, emails, and our customer care hotlines.

The extent of impact of this scourge on business performance is uncertain. However, we are taking proactive measures to ensure the retention of shareholder value. Some of these activities include the reduction of travel, elimination of non-critical expenses and aggressive adoption of online means of communication to reduce printing and cost of physical interaction. To take advantage that this pandemic presents, we have deployed bespoke solutions that offer protection for our existing and potential clients against the effect of this scourge.

Above all, we will continue to focus on putting our customers first in all our actions because they are the bedrock of our successes. With the continued unflinching support of our dynamic Board, partners (including our Agents and Brokers) and other stakeholders, we will ensure that we continue to provide superior service experience to the delight of our stakeholders.

My sincere gratitude to our very professional members of staff, esteemed customers, and you the Shareholders. Thank you for the unwavering confidence you have placed in us and for your support all through these years.

Thank you.

**Olufemi Asenuga**
**MD/ CEO**

The Board has the pleasure of presenting their Report on the affairs of Mutual Benefits Assurance Plc ("the Company") and its subsidiaries (together "the Group") to the Shareholders along with the Group and the Company's Audited Financial Statements and the Auditors' Report for the year ended 31 December 2019.

## LEGAL STATUS AND PRINCIPAL ACTIVITY

Mutual Benefits Assurance Plc was incorporated on the 18th day of April 1995 under the name Mutual Benefits Assurance Company Limited. The Company was converted and re-registered as a Public Limited Liability Company on 24 May 2001 and became listed on the Nigerian Stock Exchange (NSE) on 28 May 2002.

The Group's Head Office is located at "Aret Adams House", 233, Ikorodu Road, Ilupeju, Lagos. It has branches and retail outlets spread across the nation in Abeokuta, Abuja, Ado - Ekiti, Akure, Port Harcourt, Warri, Lagos, Benin, Calabar, Ikorodu, Ilorin, Ibadan, Kaduna, Kano, Ojo, Oshogbo, Otta, Owerri and Yenogoa.

## BUSINESS REVIEW

The Group is mainly involved in General and Life insurance underwriting (under separate licenses held by the Company and its subsidiary respectively), Risk Management, Financial Services, Microfinance Banking and Real Estate.

The Company has progressed into a group with five subsidiary companies namely: Mutual Benefits Life Assurance Limited, Mutual Benefits Assurance Company Liberia, Mutual Benefits Assurance Niger SA, Mutual Benefits Homes and Properties Limited and Mutual Benefits Microfinance Bank Limited.

### MUTUAL Group's insurance products and services include:

| GENERAL BUSINESS PRODUCTS | LIFE INSURANCE PRODUCTS |
|---|---|
| Property Insurance | Individual Savings & Pension Plan |
| Fire and Special Perils | Mutual Education Guarantee Plan |
| Burglary/House Breaking | Keyman Assurance |
| Householder, House-owner | Mortgage Protection |
| Comprehensive | Group Life Assurance |
| Marine Cargo | Term Assurance |
| Marine Hull | Endowment Assurance |
| Motor | Micro Personal Investment Plan |
| Goods-in-Transit | |
| All Risk Insurance | |
| Engineering | |
| Industrial All Risks | |
| Liability/Bond Insurance | |
| Money | |
| Professional Indemnity | |
| Fidelity Guarantee | |
| Public Liability/Product Liability | |
| Insurvisa | |
| Director's Liability | |

## OPERATING RESULTS

Below is a summary of the Group's operating results: (in thousands of Naira)

| | Group | Group | | Company | Company |
|---|---|---|---|---|---|
| | 2019 | 2018 | | 2019 | 2018 |
| | ₦'000 | ₦'000 | | ₦'000 | ₦'000 |
| Gross Premium Written | 18,697,839 | 15,840,697 | | 8,366,641 | 8,018,299 |
| Profit before income tax | 3,754,054 | 1,380,983 | | 1,291,971 | 636,547 |
| Income tax expense | (141,815) | (231,975) | | (205,667) | (156,618) |
| Profit for the year | 3,612,239 | 1,149,008 | | 1,086,304 | 479,929 |

## DIVIDENDS

The Board of Directors have not recommended any dividend for the year (2018: Nil).

## DIRECTORS

The names of the Directors at the date of the report and of those who held offices during the year are as follows:

| | |
|---|---|
| Dr. Akin Ogunbiyi | Chairman (Non-Executive) |
| Mr. Femi Asenuga | Managing Director/CEO (Appointed WEF 23 December 2019) |
| Mr. Adebiyi Ashiru-Mobolaji | Executive Director Operations |
| Mr. Babatunde Dabiri | Vice Chairman (Resigned WEF 1 September 2019) |
| Mr. Olusegun Omosehin | Managing Director (Resigned WEF 23 December 2019) |
| Mr. Adesoye Olatunji | Non-Executive Director |
| Dr. Eze Ebube | Non-Executive Director (American) |
| Prof. Patrick Utomi | Non-Executive Director |
| Mr. Lamis Sheu Dikko | Non-Executive Director (Independent) |
| Mr. Akinboye Oyewumi | Non-Executive Director |
| Ms. Kadaria Ahmed | Non-Executive Director (Independent) |
| Admiral Festus Porbeni (mni) CFR | Non-Executive Director (Resigned WEF 1 January 2019) |

## DIRECTORS' INTEREST IN SHARE CAPITAL

The Directors who served during the year and 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 purpose of Section 275 of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 and the requirements of the listing requirements of the Nigerian Stock Exchange is noted:

| | 2019 | | 2018 | | |
|---|---|---|---|---|---|
| DIRECTORS: | DIRECT Unit | INDIRECT Unit | DIRECT Unit | INDIRECT Unit | PERSONS REPRESENTED |
| Dr. Akin Ogunbiyi | 1,100,000,000 | 1,555,825,609 | 124,292,614 | 704,550,609 | Charks Investment Ltd, Core Asset Mgt Ltd, Core Trust & Inv Ltd & Arubiewe Farms Ltd |
| Dr. Eze Ebube | 2,500,000 | 3,150,000,000 | 2,500,000 | 2,100,000,000 | Charles Enterprise LLC |
| Prof. Patrick Utomi | 34,439,974 | - | 34,439,974 | - | |
| Mr.Olusegun Omosehin | 21,000,000 | - | 1,000,000 | - | |
| Mr.Adesoye Olatunji | - | 933,858,376 | - | 933,858,376 | CIL Risk & Asset Management Limited |
| Mr. Babatunde Dabiri | - | - | - | - | |
| Mr. Lamis Sheu Dikko | - | - | - | - | |
| Mr. Akinboye Oyewumi | - | - | - | - | |
| Mr. Adebiyi Ashiru-Mobolaji | 8,012,654 | - | 12,654 | - | |
| Ms. Kadaria Ahmed | - | - | - | - | |
| Mr Femi Asenuga | 21,593,150 | - | 1,093,150 | - | |
| Admiral Festus Porbeni | - | - | - | - | |

## DIRECTORS' INTEREST IN CONTRACTS

In compliance with Section 277 of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004, none of the Directors has notified the Company of any declarable interest in contracts involving the Company during the year under review.

## ACQUISITION OF OWN SHARES

The Company did not purchase its own shares in the year 2019 (2018: Nil).

## SECURITY TRADING POLICY

The Group has a Board policy on personal investment, which applies to directors, staff and related parties. This policy prevents Directors, members of Staff and related Companies/individuals from insider dealing on the shares of Mutual Benefits Assurance Plc and related entities. The purpose of this policy is to prevent the abuse of confidential non-public information that may be gained in the course of being a director or working for the Company. The policy also ensures compliance by the Company with extant laws and regulatory requirements.

In the course of the financial year there was no case of violation of this policy.

## RETIREMENT BY ROTATION

In accordance with Article 85 of the Company's Articles of Association and Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004, the directors to retire by rotation are: Dr Akin Ogunbiyi, Mr. Soye Olatunji and Dr. Eze Ebube and being eligible offer themselves for re-election.

## CHANGES IN THE BOARD

Since the last Annual General Meeting, Mr Olufemi Asenuga was appointed as the Managing Director/CEO and in accordance with section 249(2) of the Companies & Allied Matters Act 2004 and Articles 85 of the Company's Articles of Association, he will retire at the Annual General Meeting and being eligble offers himself for re-election. In addition, Mr Babatunde Dabiri resigned from the Board with effect from 1 September 2019 and Mr Olusegun Omosehin resigned as the Managing Director/CEO with effect from 23 December 2019.

## PROPERTY, PLANT AND EQUIPMENT

Information relating to changes in property, plant and equipment is given in Note 33 to the consolidated and separate financial statements. In the Directors' opinion, the market value of the Group's property, plant and equipment is not less than the value shown in the financial statements.

## DIRECTORS REMUNERATION

| Remuneration | Description | Timing |
|---|---|---|
| Basic Salary | Part of gross salary package for Executive Directors only. The Company pays a competitive salary which is line with the insurance industry trend and reflects the extent to which the Company's objectives have been met. | Paid monthly during the financial year |
| Other Allowances | These are part of the gross salary package of the Executive Directors only | Paid periodically during the year |
| Director fees | Paid annually to Non-Executive Directors only | Paid during the year |
| Travelling allowances | Paid to Non-Executive Directors who reside outside Lagos/Nigeria | Paid during the year |
| Sitting allowances | Allowances paid to Non-Executive Directors only for sitting at Board and Committee meetings. | Paid after each meeting |

## DONATIONS AND CHARITABLE GIFTS

In identifying with the aspirations of the community and the environment within which the Company operates, a total sum of ₦13,370,550 (2018: ₦13,401,820) was given out as donations and charitable contributions during the year. Details of the donations and charitable gifts are as stated below:

Details of the tax allowable donations and charitable gifts are as stated below:

| Organisations: | 2019 (₦) | 2018 (₦) |
|---|---|---|
| Sponsorship of the Mutual Benefits' National Badminton Tournament. | 6,335,550 | 7,551,820 |
| College of Insurance and Financial Management's Hall of Residence | | 5,000,000 |
| Sponsorship of the Aret Adams' Foundation Annual Lecture. | 500,000 | 500,000 |
| Sponsorship of indigent students at College of Insurance and Financial Management | 3,535,000 | 350,000 |
| Centre for Values in Leadership | 1,000,000 | - |
| Chartered Insurance Institute of Nigeria's Compendium of Insurance Practice | 2,000,000 | - |
| **TOTAL** | **13,370,550** | **13,401,820** |

## BENEFICIAL OWNERSHIP

The following shareholders held 5% or more of the issued and paid up shares of the Company as at 31 December 2019:

| Name of Holder | HOLDING | % |
|---|---|---|
| Charles Enterprises LLC | 3,150,000,000 | 28.19% |
| Ogunbiyi Akinade Akanmu | 1,100,000,000 | 9.85% |
| Cil Risk & Asset Mgt. Limited | 933,858,376 | 8.36% |
| Arubiewe Farms Limited | 851,275,000 | 7.95% |
| Ogunbiyi Adedotun | 650,398,460 | 5.82% |

**ACTIVE SHAREHOLDERS – SUMMARY (RANGE ANALYSIS)** **Position As at: 31.12.2019**

| Range | No. of Holders | Holders % | Holders Cum | Units | Units % | Units Cum |
|---|---|---|---|---|---|---|
| 1 - 5,000 | 14,348 | 39.13 | 14,348 | 33,766,491 | 0.30 | 33,766,491 |
| 5,001 - 10,000 | 6,432 | 17.54 | 20,780 | 54,268,139 | 0.49 | 88,034,630 |
| 10,001 - 100,000 | 13,353 | 36.41 | 34,133 | 497,842,875 | 4.46 | 585,877,505 |
| 100,001 - 500,000 | 2,019 | 5.51 | 36,152 | 443,201,059 | 3.97 | 1,029,078,564 |
| 500,001 - 1,000,000 | 253 | 0.69 | 36,405 | 200,336,094 | 1.79 | 1,229,414,658 |
| 1,000,001 – 5,000,000 | 188 | 0.51 | 36,593 | 389,325,823 | 3.48 | 1,618,740,481 |
| 5,000,001 – 10,000,000 | 22 | 0.06 | 36,615 | 142,994,879 | 1.28 | 1,761,735,360 |
| 10,000,001–100,000,000 | 43 | 0.12 | 36,658 | 1,314,210,775 | 11.76 | 3,075,946,135 |
| 100,000,001 above | 14 | 0.04 | 36,544 | 8,096,787,373 | 72.47 | 11,172,733,508 |
| **Grand total** | **36,672** | **100.00** | | **11,172,733,508** | **100.00** | |

**EVENT AFTER THE REPORTING DATE**
As disclosed in Note 57 to the consolidated and separate financial statements, other than the impact of COVID 19, there are no significant events after the reporting date which could have had material effect on the state of affairs of the Company as at 31 December 2019, and its profit or loss and other comprehensive income for the year then ended.

**EMPLOYMENT AND HUMAN RESOURCES (HR) MATTERS**
**(i) Employee Involvement and Training**
The Company recognises that the acquisition of knowledge is continuous, and that to foster commitment, its employees need to hone their awareness of factors: economic, financial or otherwise, that affects its growth. To this end, the Company in the execution of its training programmes (both local and international) encourages and provides the opportunity for its staff to develop and enhance their skills, awareness and horizon.

**Gender Analysis**
The number and gender analysis of the total workforce of the Company is as follows:

| | | Male Number | Female Number | Male % | Female % |
|---|---|---|---|---|---|
| Employees | | 112 | 63 | 64 | 36 |
| | | | | | |
| **Gender analysis of Board and Top Management is as follows:** | | | | | |
| Board | | 8 | 1 | 1 | 11 |
| Top Management | | 8 | 2 | 2 | 20 |

**Gender Analysis**
Detailed analysis of the Board and Top Management is as follows:

| | Male Number | Female Number | Male % | Female % |
|---|---|---|---|---|
| Assistant General Manager | 3 | 2 | 60 | 40 |
| Deputy General Manager | 5 | - | 100 | - |
| Executive Director | 1 | - | 100 | - |
| Chief Executive Officer | 1 | - | 100 | - |
| Non-Executive Director | 6 | 1 | 86 | 14 |

**(ii). Employment of Physically Challenged Persons**
The Company adopts a non-discriminatory policy of giving fair consideration to applications for employment including those received from physically challenged persons having regard to their particular aptitudes and abilities.

**(iii). Employee Health Safety and Welfare**
The Company 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, free medical services are provided for the Company's employees through Health Management Organisations (HMO). Fire prevention and fire-fighting equipment are installed in strategic locations within the Company's premises. The Company also operates a contributory pension plan in line with the Pension Reform Act 2014.

Welfare facilities provided include: housing for employees (or payment of allowance in lieu), transport allowance; car loans or official cars. Incentive schemes designed to meet the circumstances of each individual are implemented wherever appropriate and some of these include promotions, salaries and wages review amongst others.

The Auditors, Messrs. Ernst & Young have indicated their willingness to continue in office in compliance with NAICOM's Code of Corporate Governance for Insurance Companies. Messrs. Ernst & Young were appointed as Auditor of the Company in compliance with Section 357(1) of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004.

## COMPLIANCE WITH NAICOM CODE OF CORPORATE GOVERNANCE

In view of its commitment to the implementation of effective corporate governance principles in its business operations, the Company filed its Half Yearly Return with the Securities and Exchange Commission (SEC) as at 30 June and 31 December, respectively, and also its periodic returns with National Insurance Commission (NAICOM) as required by regulations.

Also, in line with the principles of Corporate Governance the Company convened a Board Meeting every quarter. The Board Committees established are equally viable and are working in line with their Terms of Reference.

By order of the Board

**Jide Ibitayo**
FRC/2013/NBA/00000003123
Company Secrretary/ Legal Adviser

Date: 20 March 2020

## CORPORATE GOVERNANCE



Mutual Benefits Assurance Plc remains committed to the principles and practices that promote good Corporate Governance. We recognize that sound corporate governance practices are necessary for effective management and control of the Company. Prior to the introduction of the Nigerian Code of Corporate Governance for Companies , we had already adopted a responsible attitude towards Corporate Governance and issues of Corporate Social Responsibility . The Company conducts its business with integrity and pays due regard to the legitimate interest of all stakeholders.

The Company continues to comply with its Internal Governance Policies, the Code of Corporate Governance for Companies in Nigeria and the Implementation Guidelines for Corporate Governance by the National Insurance Commission. The national Corporate Governance Code covers a wide range of issues including Board structure, Quality of Board Members, duties of the Board, Conduct of the Board of Directors, Rights of Shareholders and Committees of the Board etc.

**THE BOARD OF DIRECTORS**

The Board of Directors has the ultimate responsibility for the overall functioning of the Company. The responsibilities of the Board include setting the Company's strategic objectives and policies, providing leadership to put them into effect, supervising the management of the business, ensuring implementation of decisions reached at the Annual General Meeting, ensuring value creation to shareholders and employees, determination of the terms of reference and procedures of all Board Committees, ensuring maintenance of ethical standard as well as compliance with the laws of Nigeria. The Board consists of nine (9) Directors, made up of the Managing Director, Executive Director and seven (7) Non-Executive Directors, one of whom is the Chairman. The Directors are experienced stakeholders with diverse professional backgrounds in Insurance, Accounting, Banking, Management, Media, Engineering etc. The Directors are people of impeccable character and high integrity.

The Company is indeed delighted to have a versatile Board with deep understanding of its responsibilities to Shareholders, Regulatory Authorities, Government and other Stakeholders. The Board always takes proactive steps to master and fully appreciate all cultural, legislative, ethical, institutional and all other factors, which impact our operations and operating environment. This has ensured that a culture of compliance with rules and regulation is entrenched at all levels of operations within the Company.

The meetings of the Board are scheduled well in advance and reports from Committees of the Board are circulated to all the Directors. The Board meets at least once quarterly and at other times as the need arises.

**(a) RECORD OF DIRECTOR'S ATTENDANCE**

In accordance with Section 258(2) of the Companies and Allied Matters Act CAP C20, Laws of the Federation of Nigeria, 2004, the record of Directors' attendance and meetings held during year 2019 is available for inspection at the Annual General Meeting. The Board met six (6) times during the year and the meetings of the Board were presided over by the Chairman. Written notices of the Board meetings, along with the agenda were circulated at least fourteen days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

**(a) Record of Director's attendance**

| DIRECTORS | 17.1.2019 | 27.3.2019 | 25.4.2019 | 30.5.2019 | 31.7.2019 | 30.10.2019 | TOTAL |
|---|---|---|---|---|---|---|---|
| Dr. Akin Ogunbiyi | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 6 |
| Mr Babatunde Dabiri (Resigned wef 1/9/19) | ✓ | ✓ | ✓ | ✓ | X | X | 4 |
| Mr Adesoye Olatunji | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 6 |
| Dr. Eze Ebube | ✓ | X | X | ✓ | ✓ | ✓ | 4 |
| Prof. Patrick Utomi | ✓ | ✓ | ✓ | ✓ | X | X | 4 |
| Alh Lamis Dikko | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 6 |
| Mr. Akinboye Oyewumi | ✓ | ✓ | ✓ | ✓ | X | X | 4 |
| Ms. Kadaria Ahmed | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 6 |
| Mr. Olusegun Omosehin (Resigned wef 23/12/19) | ✓ | ✓ | ✓ | X | ✓ | ✓ | 5 |
| Mr. Adebiyi Moruf Ashiru-Mobolaji | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 6 |

| ✓ | Attended | X | Absent |
|---|---|---|---|

The former managing director did not miss any meeting of the board in 2019.

**(b). Committees**

The Board also functioned though a total of four Standing Committees during the year under review.

**i. Statutory Audit Committee**

The Audit Committee is established in accordance with Section 359 of the Companies and Allied Matters Act (CAMA), CAP C20 Laws of the Federation of Nigeria 2004.

By virtue of Section 359 (6) of CAMA the Statutory Audit Committee ("The Committee") is to assist the Board of Directors to (i) ascertain whether the accounting and reporting policies of the company are in accordance with legal requirements and agreed ethical practice (ii) review the scope and planning of audit requirements (iii) review the findings on management matters in conjunction with the external auditor and departmental responses thereon (iv) keep under review the effectiveness of the

Company's system of accounting and internal control (v) make recommendations to the Board with regards to the appointment, removal and remuneration of the external auditors of the Company and (vi) authorise the internal auditor to carryout investigations into any activities of the company which may be of interest or concern to the Committee. The Committee is responsible for reviewing the adequacy of the internal audit plan, receive and deliberate on the report of the external auditors, review progress on recommendations made in both the internal and external audit reports, review the adequacy of internal control systems and the degree of business compliance with laid down internal policies, laws, code of business principles and other relevant regulatory frameworks.

The Committee consists of six (6) members, three (3) of whom are nominated by the Board and three (3) elected by shareholders and their tenure is renewed annually.

The Committee met three (3) times to review the adequacy of the internal audit plan, to receive and deliberate on the report of the external auditors, to review progress on recommendations made in both the internal and external audit reports, to review the adequacy of internal control systems and the degree of business compliance with laid down internal policies, laws, code of business principles and any other relevant regulatory framework. Mrs. Temi Durojaiye chaired the Committee during the year under review. The records of attendance at the meetings are as follows:

| MEMBERS | 16.1.2019 | 27.3.2019 | 12.11.2019 | TOTAL |
|---|---|---|---|---|
| Mrs. Temi Durojaiye | ✓ | ✓ | ✓ | 3 |
| Mr. Akin Odubiyi | ✓ | ✓ | ✓ | 3 |
| Mr. Osato Aideyan | ✓ | ✓ | ✓ | 3 |
| Mr Babatunde Dabiri (Resigned wef 1/9/19) | ✓ | ✓ | X | 2 |
| Mr. Akinboye Oyewumi | ✓ | ✓ | X | 2 |
| Mr. Adesoye Olatunji | ✓ | ✓ | ✓ | 3 |

### ii. Finance , Investment & Strategy Committee

The Finance, Investment and Strategy Committee ("FISC" or "the Committee") assists the Board in strategy formulation and monitoring the Group's strategy implementation process, financial performance as well as the investment management process. The Committee also assists to review the investment guidelines of the Company, ensure that investments embarked upon by the Management are in line with the guidelines as well as the appropriate statutory regulations.The Committee comprises five (5) members namely: Mr. Babatunde Dabiri, Alh. Lamis Dikko, Mr. Adesoye Olatunji, Akinboye Oyewumi, Mr. Olusegun Omosehin. Mr. Babatunde Dabiri Chaired the Committee during the year under review.The Committee met four (4) times during the period under review. The records of attendance at the meetings are as follows:

| MEMBERS | 16.1.2019 | 24.4.2019 | 26.7.2019 | 29.10.2019 | TOTAL |
|---|---|---|---|---|---|
| Mr.Babatunde Dabiri (Resigned wef 1/9/19) | ✓ | ✓ | X | X | 2 |
| Alh. Lamis Dikko | ✓ | ✓ | ✓ | ✓ | 4 |
| Mr. Adesoye Olatunji | ✓ | ✓ | ✓ | ✓ | 4 |
| Mr. Akinboye Oyewumi | ✓ | X | ✓ | ✓ | 3 |
| Mr. Olusegun Omosehin | ✓ | ✓ | ✓ | ✓ | 4 |

### iii. Governance & Personnel Committee

The Board Governance & Personnel Committee ("BGPC" or "the Committee"), is responsible for ensuring fulfilment of the Board's governance responsibilities as well as responsible for overseeing the management of human resources to ensure that recruitment and remuneration policies and practices are designed to attract, retain and reward the calibre of Directors and staff members required to achieve the corporate objectives of the Company. The Committee is also responsible for making recommendations on the governance of the Company, remuneration and general welfare of the Senior Management and Staff.

The Governance & Personnel Committee comprises four members: Alh Lamis Dikko, Mr. Akinboye Oyewumi, Dr Eze Ebube and Ms Kadaria Ahmed. The Committee is chaired by Alh Lamis Dikko.The Committee met six (6) times in the period under review. The records of attendance at the meetings are as follows:

| MEMBERS | 24.4.2019 | 14.6.2019 | 26.7.2019 | 26.8.2019 | 29.10.2019 | 16.12.2019 | TOTAL |
|---|---|---|---|---|---|---|---|
| Alh. Lamis Dikko | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 6 |
| Mr. Akinboye Oyewumi | X | X | ✓ | ✓ | ✓ | ✓ | 4 |
| Dr. Eze Ebube | X | X | ✓ | X | X | ✓ | 2 |
| Ms. Kadaria Ahmed | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 6 |

### iv. Audit & Risk Management Committee

The Audit and Risk Management Committee oversees and advise the Board on its oversight responsibilities in relation to internal control, internal audit, financial reporting, risk management and regulatory compliance. The Committee also ensures compliance with Enterprise Risk Management Policies and the Regulatory Risk Management Requirements. The Committee deliberates on and make recommendations to the Board on technical and special matters in connection with the core business of the Company as referred to it from time to time by the Board.

The Audit & Risk Management Committee comprises four (4) members: Prof Pat Utomi, Mr Babatunde Dabiri, Mr Adesoye Olatunji and Ms Kadaria Ahmed. The Committee is chaired by Prof Pat Utomi. The Audit & Risk Management Committee met three (3) times during the year under review. The records of attendance at the meeting are as follows:

| MEMBERS | 16.1.2019 | 23.4.2019 | 26.7.2019 | TOTAL |
|---|---|---|---|---|
| Prof Patrick Utomi | ✓ | ✓ | ✓ | 3 |
| Mr. Babatunde Dabiri | ✓ | ✓ | X | 2 |
| Mr. Adesoye Olatunji | ✓ | ✓ | ✓ | 3 |
| Ms. Kadaria Ahmed | ✓ | ✓ | ✓ | 3 |

## (c) Enterprise Risk Management

### i. Introduction and Overview
Mutual Benefits Assurance Plc has a clear and functional Enterprise Risk Management (ERM) framework that helps in identifying, assessing and managing the likely impact of risks faced by the Company.

### ii. Enterprise-wide Risk Management Principles
At Mutual Benefits Assurance Plc, we try as much as possible to balance our portfolio of risks while maximizing value to stakeholders through an approach that mitigates the inherent risks and reward our business.

To ensure effective and economic development of resources, we operate strictly by the following principles:

- The Company will not take any action that will compromise its integrity.
- The Company will at all times comply with all government regulations and uphold best international practice.
- The Company will build an enduring risk culture, which shall pervade the entire organisation.
- The Company will at all times hold a balanced portfolio and adhere to guidelines on investment issued by regulator and Finance, Investment & Strategy Committee of the Board.
- The Company will ensure that there is adequate reinsurance in place for its businesses and also ensure prompt payment of such premiums.

### iii. Approach to Risk Management
At Mutual Benefits Assurance Plc, there are levels of authority put in place for the oversight function and management of risk to create and promote a culture that mitigates the negative impact of risks facing the Company.

### iv. The Board
The Board sets the organisation's objectives, risk appetite and approves the strategy for managing risks. There is a Board Committee on Risk Management which ensures that various functions are geared towards minimizing the likelihood of the impacts of risks faced by the Company.

### v. The Statutory Audit Committee
This is a statutory Committee of the Board which is saddled with the following functions:

- Perform oversight function on accounting and financial reporting
- Liaise with the external auditor
- Ensure regulatory compliance
- Monitoring the effectiveness of internal control process within the Company

### vi. The Audit & Risk Management Committee
This Committee oversees the business process. Their functions include:

- Reviewing of Company's risk appetite.
- Oversee management's process for identification of significant risk across the Company and the adequacy of prevention detection and reporting mechanisms.
- Review underwriting risks especially risks above management's limit for adequacy of reinsurance and Company's participation.
- Review and recommend for approval of the Board, risk management procedures and controls for new products and services.

### vii. Finance, Investment & Strategy Committee
Sets the investment limit and the type of businesses the Company should invest in.

- Reviews and approves the Company's Investment Policy
- Approves investments over and above Management's approval limit.
- Ensures that there is optimal asset allocation in order to meet the targeted goals of the Company.

The second level is the management of the Company. This comprises the Managing Director and the Management Committee.

They are responsible for implementation of the Enterprise Risk Management policies and guidelines set by the Regulator, Government and the Board for risk mitigation. This is achieved through the business unit they supervise.

The third level is that of the independent assurance. This comprises the internal audit function that provides independent and objective assurance of the effectiveness of the Company's system of internal controls established by the first and second lines of defence in management of Enterprise Risk across the organisation.

The Company has a robust complaint management policy to resolve complaints from shareholders, customers and other stakeholders with speed. Below is the Company's complaints management procedure.

A complaint can be lodged either by forwarding a letter of complaint addressed to the MD/CEO at the Company's address 233, Ikorodu Road, Ilupeju, Lagos or electronically to complaints @ mutualng.com.

The complaint should include the following details:

a. Names
b. Address
c. Telephone number
d. E-mail address
e. Signature (this may be dispersed with where the complaint is lodged electronically)
f. Date
g. A description of the action or issue complained about and reason for the complaint.

The Managing Director/CEO or his nominees shall acknowledge receipt of the complaint within five working days either by email or by post.

The Company will use its best endeavor to resolve all complaints within ten working days of the receipt of the complaint. Where a complaint cannot be resolved by the company within ten working days, the complainant will be so informed and the appropriate regulator will be notified within two working days with reason(s) for our inability to resolve the complaints. Such complaints may be referred to the appropriate regulator in cases that require the regulator's intervention.

The Company maintains a complaint register which contains the following information:

a. Name of the complainant
b. Date of the complaint
c. Nature of the complaint
d. Summary of the complaint
e. Action taken
f. Remarks/comment

In addition, the Company maintains an ethics line/email managed independently and guarantees the anonymity of the complainant. The ethics line/email is managed by KPMG with details below:
Telephone (toll free numbers): 0703-000-0026, 0703-000-0027
0808-822-8888, 0708-060-1222, 0809-933-6366, 0705-889-0140
Email: kpmgethicsline@ng.kpmg.com
weblink: https://apps.ng.kpmg.com/ethics

A quarterly status report of complaints received by the Company shall be filed with the Securities and Exchange Commission (SEC) and the Nigerian Stock Exchange (NSE).

# Report of the Statutory Audit Committee

For the year ended 31 December 2019



**To the members of Mutual Benefits Assurance Plc**

In accordance with the relevant provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, the Insurance Act 2003, relevant policy guidelines issued by the National Insurance Commission (NAICOM) and the Financial Reporting Council of Nigeria Act No. 6, 2011, the members of the Statutory Audit Committee of Mutual Benefits Assurance Plc. hereby report as follows:

- We have exercised our statutory functions under Section 359(6) of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 and we acknowledge that the scope and planning of both the external and internal audits for the year ended 31 December 2019 were satisfactory and reinforce the Company's Internal Control Systems.
- We confirm that the accounting and reporting policies of the Group are in accordance with legal requirements and agreed ethical practices.
- We are satisfied with the Management's responses to the external auditors' recommendations on accounting and internal control matters and with the effectiveness of the Company's system of accounting and Internal Control.
- We acknowledge the co-operation of Management and staff in the conduct of statutory responsibilities.

**Mrs. Temi Durojaiye**
Chairperson, Statutory Audit Committee
FRC/2013/ICAN/00000003102

Date: 20th March, 2020

**Members of the Statutory Audit Committee are:**

| | |
|---|---|
| Mrs. Temi Durojaiye | Chairperson and shareholders' representative |
| Mr. Akin Odubiyi | Shareholders' Representative |
| Mr. Osato Aideyan | Shareholders' Representative |
| Mr Babatunde Dabiri | Board's Representative |
| Mr. Akinboye Oyewumi | Board's Representative |
| Mr. Adesoye Olatunji | Board's Representative |

# Statement of Directors' Responsibilities in Relation to the Preparation of the Consolidated & Separate Financial Statements



**FOR THE YEAR ENDED 31 DECEMBER 2019**

The Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, requires the Directors to prepare consolidated and separate financial statements for each financial year that present fairly, in all material respects, the state of financial affairs of the Group at the end of the year and of its profit or loss and other comprehensive income. The responsibilities include ensuring that the Group:

a) keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Group and comply with the requirements of International Financial Reporting Standards, provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, the Insurance Act 2003, relevant policy guidelines issued by the National Insurance Commission (NAICOM) and the Financial Reporting Council of Nigeria Act No. 6, 2011;

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

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

d) The Directors accept responsibility for the annual consolidated and separate financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with the International Financial Reporting Standards, provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, the Insurance Act 2003, relevant policy guidelines issued by the National Insurance Commission (NAICOM) and the Financial Reporting Council of Nigeria Act No 6, 2011.

The Directors are of the opinion that the consolidated and separate financial statements present fairly, in all material respects, the state of the financial affairs of the Group as at, and of its profit or loss and other comprehensive income for the year ended 31 December 2019. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of the consolidated and separate financial statements, as well as adequate systems of internal financial control.

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

| | |
|---|---|
| **Dr. Akin Ogunbiyi** | **Olufemi Asenuga** |
| Chairman | Managing Director/CEO |
| FRC/2013/CIIN/00000003114 | FRC/2013/CIIN/00000003104 |
| Date: 20th March, 2020 | Date: 20th March, 2020 |

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## INDEPENDENT AUDITOR'S REPORT
## TO THE MEMBERS OF MUTUAL BENEFITS ASSURANCE PLC

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

We have audited the consolidated and separate financial statements of Mutual Benefits Assurance Plc (" the Company" ) and its subsidiaries (together " the Group" ) which comprise the consolidated and separate statements of financial position as at 31 December 2019 , and the consolidated and separate statements of profit or loss and the consolidated and separate statements of other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of the Company and the Group as at 31 December 2019 and of their financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by International Accounting Standards Board (IASB) and the provisions of the Companies and Allied Matt ers Act, CAP C20 Laws of the Federation of Nigeria 2004 , the Insurance Act 2003 and relevant policy guidelines issued by the National Insurance Commission (NAICOM) and the Financial Reporting Council of Nigeria Act No. 6, 2011 .

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountant's Code of Ethics for Professional Accountants (IESBA Code) and other independence requirements applicable to performing the audit of the Company and its subsidiaries. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code, and in accordance with other ethical requirements applicable to performing the audit of Mutual Benefits Assurance Plc and its subsidiaries. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current year. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matt ers. For each matt er below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matt ers. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

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| Key Audit Matters | How the matter was addressed in the audit |
|---|---|
| **Adequacy of valuation of Insurance Contract Liabilities**<br><br>The Group has insurance contract liabilities of ₦14.1 billion (2018 : ₦13 .1 billion), which includes outstanding claims of ₦9.1 billion (2018 : ₦8.6 billion) as at 31 December 2019 representing 17 % (2018 :17 %) of the Group's total liabilities.<br><br>The valuation of these liabilities is highly judgmental as it requires a number of assumptions to be made with high estimation uncertainty such as future outcomes of claims, including primarily the timing and ultimate full settlement of long-term policy liabilities. It requires economic assumptions such as investment return and interest rates, future inflation rates and non-economic actuarial assumptions such as mortality, mobility, customer behavior and uniform risk occurrence.<br><br>Consistent with the insurance industry practice, the Group engaged an independent actuary to test the adequacy of the insurance contract liability valuation as at year end. Due to its significance and the complexity of the related estimation and judgements, this is considered to be a key audit matter.<br><br>Insurance contract liabilities are disclosed in Note 38 to the consolidated and separate financial statements. | We used our in-house actuarial specialist to assist us in performing the audit procedures in the area of reviewing the Company's Independent Actuary's reports on general and life business which included among others:<br><br>i. the appropriateness of assumptions used in the valuation of the insurance contract liabilities by reference to Company and industry data and expectations.<br>ii. the appropriateness of non-economic assumptions used in the valuation of the Insurance contracts in relation to lapse or extension assumptions by reference to company specific and industry data.<br><br>**Other Key audit procedures included:**<br><br>i. We reviewed and documented management's process for estimating insurance contracts<br>ii. Performed file review of specific underwriting contracts in order to maximize our understanding of the book of business and validate initial loss estimates.<br>iii. Reviewed subsequent year claim payments to confirm the reasonableness of initial loss estimates. |

## Other Information

The Directors are responsible for the other information. The other information comprises the Report of the Directors, Statement of Value Added, Five-Year Financial Summary and Corporate Governance Report as required by the Companies and Allied Matt ers Act, CAP C20 Laws of the Federation of Nigeria 2004 . The other information was obtained prior to the date of this report, and the Annual Report is expected to be made available to us after that date. The other information does not include the financial statements and our Auditor's report thereon.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, if we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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## Directors' Responsibility for the Consolidated and Separate Financial Statements

The Directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with International Financial Reporting Standards (IFRS) as issued by International Accounting Standards Board (IASB), and the provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 200 4, the Insurance Act 200 3, relevant policy guidelines issued by the National Insurance Commission (NAICOM), and the Financial Reporting Council of Nigeria Act No. 6, 2011 and for such internal control as the Directors determines necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatements, whether due to fraud or error.

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

## Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgement 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 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 the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 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.

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

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

From the matters communicated with the directors, 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 matt er or when, in extremely rare circumstances, we determine that a matt er 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**

In accordance with the requirements of Schedule 6 of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004 and Section 28(2) of the Insurance Act 2003, we confirm that:

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

ii) in our opinion, proper books of account have been kept by the Company, in so far as it appears from our examination of those books;

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

iv) in accordance with the provisions of Section 28 (2) of the Insurance Act 2003, the statement of financial position, statement of profit or loss and statement of other comprehensive income gives a true and fair view of financial position and financial performance of the Company.

Oluwasayo Elumaro, FCA
FRC/ 2012 / ICAN/ 00000000139

For Ernst & Young Lagos, Nigeria

Dat e: 15 May 2020

## 1. Corporate information

These financial statements are the consolidated and separate financial statements of Mutual Benefits Assurance Plc ("the Company") and its subsidiaries (hereafter referred to as 'the Group'). The address of the registered office is: Aret Adams House, 233 Ikorodu Road, Ilupeju - Lagos.

Mutual Benefits Assurance Plc ("the Company") (RC 269837) was Incorporated as a private limited company on 18 April 1995, granted the Certificate of Registration as an Insurer by the National Insurance Commission (NAICOM) in September 1995, commenced operations on 2 October 1995 and became a public liability company on 24 May 2001. Mutual Benefit Assurance Plc is a financial, wealth protection company in Nigeria. The Company is listed on the Nigerian Stock Exchange.

The Company invests policy holders funds and pays claims arising from insurance contract liabilities in line with the provisions of Insurance Act, CAP 17, Laws of the Federation of Nigeria 2004 and NAICOM guidelines.
The principal activities of the subsidiaries and information of the Group's structure are disclosed in **Note 33.** Information on other related party relationships of the Group is provided in **Note 57.**
The consolidated and separate financial statements of the Company and its subsidiaries were authorised for issue by the Board of Directors on **20 March 2020.**

## Going Concern

The consolidated and separate financial statements have been prepared on the going concern basis and there is no intention to curtail business operations. Capital adequacy and liquidity ratios are continuously reviewed, and appropriate action taken to ensure that there are no going concern threats to the operation of the Group.
The Directors have made assessment of the Group's and the Company's ability to continue as a going concern and have no reason to believe that the Group and the Company will not remain a going concern in the years ahead.

## 2. Summary of significant accounting policies

### 2.1 Introduction to summary of accounting policies

The principal accounting policies applied in the preparation of these consolidated and separate financial statements ("the financial statements") are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

### 2.2 Basis of presentation and statement of compliance with IFRS

These consolidated and separate financial statements of the Company and its subsidiaries have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Additional information required by national regulations has been included where appropriate.

The consolidated and separate financial statements comprise of the statements of profit or loss, statements of other comprehensive income, the statements of financial position, the statements of changes in equity, the statements of cash flows, summary of significant accounting policies and the notes.
The consolidated and separate financial statements values are presented in Nigerian Naira (₦) rounded to the nearest thousand (₦'000), unless otherwise indicated.

### 2.2 Basis of presentation and compliance with IFRS

The Group presents its statement of financial position broadly in order of liquidity. An analysis regarding recovery or settlement within twelve months after the reporting date (no more than 12 months) and more than 12 months after the reporting date (more than 12 months) is presented in the respective notes.

**(a) Basis of measurement**

These consolidated and separate financial statements have been prepared on the historical cost basis except for investment properties and financial assets are measured at FVPL and FVOCI.

***(b) Use of estimates and judgements***

The preparation of the 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 financial statements are described in **Note 2.3.37.**

### 2.3. Significant accounting policies

Except for the effect of the changes in accounting policies as disclosed in **Note 2.3.36.1**, if any, the group has consistently applied the following accounting policies to all periods presented in these financial statements

### 2.3.1 Basis of Consolidation

The consolidated and separate financial statements comprise the financial statements of the Group and its investees that are considered subsidiaries as at 31 December 2019. Subsidiaries are investees that the Group has control over. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

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

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) The contractual arrangement with the other vote holders of the investee
(b) Rights arising from other contractual arrangements
(c) The Group's voting rights and potential voting rights

### 2.3.1 Basis of Consolidation

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

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

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction (transactions with owners).

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, noncontrolling interest and other components of equity, while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

### 2.3.2 Product classification

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

Investment contracts are those contracts that transfer significant financial risk, but not significant insurance risk. Financial risk is the risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of price or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire. Investment contracts can, however, be reclassified as insurance contracts after inception if insurance risk becomes significant.

### 2.3.3 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

#### 2.3.4 Foreign currency translation

The Group's consolidated financial statements are presented in Naira which is also the parent company's functional currency. Each company in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

#### 2.3.4.1 Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their functional currency spot rate prevailing at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange at the reporting date.
All differences arising on settlement or translation of monetary items are taken to the statement of profit or loss with the exception of differences on foreign monetary items that form part of a net investment in a foreign operation. These are recognised in OCI until the disposal of the net investment, at which time they are reclassified to profit or loss. Tax charges and credits attributable to exchange differences on these monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction and are not subsequently restated. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of a gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

#### 2.3.4.2 Group companies

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

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the rate of exchange at the reporting date.

#### 2.3.5 Segment reporting

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments; assurance business, real estate and microfinance bank.

A segment is a distinguishable component of the Group that is engaged in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Group's primary format for segment reporting is based on business segments i.e life business, real estate and microfinance. Significant geographical regions have been identified as the secondary basis of reporting, which are Nigeria, Niger and Liberia as disclosed **Note 3.6.**

Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

#### 2.3.6 Revenue recognition

Revenue comprises premium, investment income, value for services rendered, net of value-added tax, after eliminating revenue within the Group.

#### 2.3.6.1 Gross premiums

Gross recurring premiums on life and investment contracts are recognised as revenue when payable by the policyholder. For single premium business, revenue is recognised on the date on which the policy is effective.

Gross general insurance written premiums comprise the total premiums receivable for the whole period of cover provided by contracts entered into during the accounting period. They are recognised on the date on which the policy commences. Gross premium income include any adjustments arising in the accounting period for premiums receivable in respect of business written in prior accounting periods. Premiums collected by intermediaries, but not yet received, are assessed based on estimates from underwriting or past experience and are included in premiums written.
Unearned premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. Unearned premiums are calculated on a daily pro rata basis. The proportion attributable to subsequent periods is deferred as a provision for unearned premiums.

#### 2.3.6.2 Reinsurance premiums

Gross outward reinsurance premiums on life and investment contracts are recognised as an expense on the earlier of the date when premiums are payable or when the policy becomes effective.

Gross general reinsurance premiums ceded comprise the total premiums payable for the whole cover provided by contracts entered into in the period and are recognised on the date on which the policy incepts. Premiums include any adjustments arising in the accounting period in respect of reinsurance contracts incepting in prior accounting periods.

Unearned reinsurance premiums are those proportions of premiums ceded in a year that relate to periods of risk after the reporting date. Unearned reinsurance premiums are deferred over the term of the underlying direct insurance policies for risks-attaching contracts and over the term of the reinsurance contract for losses-occurring contracts.

Reinsurance premiums and claims on the face of the statement of profit or loss have been presented as negative items within premiums and net benefits and claims, respectively, because this is consistent with how the business is managed.

**2.3.6.2 Reinsurance commission income**
Reinsurance commission income represents commission received on direct business and transactions ceded to re-insurance during the year. It is recognized over the cover provided by contracts entered into the period and are recognized on the date on which the policy incepts.

**2.3.6.3 Fees and commission income**
Fee income represents commission received on direct business and transactions ceded to re-insurance companies during the year under review.

**2.3.6.4 Investment income**
Interest income is recognised in the statement of profit or loss as it accrues and is calculated by using the EIR method. Fees and commissions that are an integral part of the effective yield of the financial asset are recognised as an adjustment to the EIR of the instrument.

Investment income also includes dividends when the right to receive payment is established and Rental income arising from operating leases on investment properties is accounted for on a straight line basis over the lease terms

**2.3.6.5 Rendering of services and sales of goods**
Revenue from sales of goods arising from property business engaged in by the Group. The revenue recognition is contingent on when control is transferred to buyer.

**2.3.6.6 Finance income**
Interest income arising from the micro finance banking services offered by the Group and is recognized in the profit or loss as it accrues and is calculated by using the effective interest rate method.

**2.3.7 Benefits, claims and expenses recognition**

**2.3.7.1 Gross benefits and claims**
Gross benefits and claims for life insurance contracts and for investment contracts with DPF include the cost of all claims arising during the year, including: internal and external claims handling costs that are directly related to the processing and settlement of claims. Death claims and surrenders are recorded on the basis of notifications received. Maturities payments are recorded when due.

General insurance claims include all claims occurring during the year, whether reported or not, related internal and external claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years.

**2.3.7.2 Reinsurance claims**
Reinsurance claims are recognized when the related gross insurance claim is recognized according to the terms of the relevant contract.

**2.3.7.3 Underwriting expenses**
Underwriting expenses comprise acquisitions costs and other underwriting expenses. Acquisition costs comprise all direct and indirect costs arising from the writing of insurance contracts. These costs also include fees and commission expense. Other underwriting expenses are those incurred in servicing existing policies and contracts. Acquisition costs are recognized in the statement of profit or loss over the tenor of the insurance cover.

**2.3.7.4 General administrative expenses**
These are expenses other than claims and underwriting expenses. They include employee benefits, professional fees, depreciation expenses and other non-operating expenses. Management expenses are accounted for on accrual basis and recognized in the statement of profit or loss upon utilization of the service or at the date of origination.

**2.3.7.5 Finance costs**
Interest expense arising from the micro finance banking services offered by the Group is recognized in the profit or loss as it accrues and is calculated by using the effective interest rate method. Accrued interest is included within the carrying value of the interest-bearing financial liability.

**2.3.8 Cash and short-term deposits**
Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less from origination, which are subject to an insignificant risk of changes in value and not subject to any encumbrances.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts, if any, as they are considered an integral part of the Group's cash management.

**2.3.9 Financial Instruments**
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**2.3.9.1 Financial assets**

***2.3.9.1.1 Initial recognition***
Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

***2.3.9.1.2 Financial assets subsequent measurement***

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses Upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

***Financial assets at amortised cost (debt instruments)***

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost includes short-terms deposits with banks, Loans and advances, and other Debt instruments at amortised cost if both of the following conditions are met

- The instruments are held within a business model with the objective of holding the instrument to collect the contractual cash flows
- The contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding

**2.3.9.1.2 Financial assets subsequent measurement**

***Financial assets designated at fair value through OCI (equity instruments)***

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its non-listed equity investments under this category.

***Financial assets at fair value through profit or loss***

Financial assets in this category are those that are managed in a fair value business model, or that have been designated by management upon initial recognition or are mandatorily required to be measured at fair value under IFRS 9. This category includes debt instruments whose cash flow characteristics fail the SPPI criterion or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognised as investment income in the statement of profit or loss when the right of payment has been established.

**2.3.9.1.3 Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

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

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

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

#### 2.3.9.1.4 Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies a regulatory no premium no covers impairment approach.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

#### *2.3.9.1.5 The calculation of ECLs*

The Group calculates ECLs based on scenarios to measure the expected cash shortfalls, discounted at an appropriate EIR. A cash shortfall is the difference between the cash flows that are due to the Group in accordance with the contract and the cash flows that the entity expects to receive.

When estimating the ECLs the Group considers three scenarios (a base case, an upside, and a downside). When relevant, the assessment of multiple scenarios also incorporates the probability that the defaulted loans will cure.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:
PD - The Probability of Default is an estimate of the likelihood of default over a given time horizon. It is estimated with consideration of economic scenarios and forward-looking information.

EAD - The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, and accrued interest from missed payments.

LGD - The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive. It is usually expressed as a percentage of the EAD.

The Group allocates its assets subject to ELC calculations into one of these categories, determined as follows:

Stage 1 (12mECL): The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting date. The Company calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an appropriate EIR. This calculation is made for each of the three scenarios, as explained above.

Stage 2 (LTECL): When an instrument has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected losses are discounted by an appropriate EIR.

Stage 3/Impairment (LTECL): For debt instruments considered credit-impaired, the Company recognises the lifetime expected credit losses for these instruments. The method is similar to that for Stage 2 assets, with the PD set at 100%.

#### *2.3.9.1.6 Write-offs*

Financial assets are written off either partially or in their entirety only when the Group has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense. There were no write-offs over the periods reported in these financial statements

### 2.3.9.2 Financial liabilities

#### *2.3.9.2.1 Initial recognition and measurement*

Financial liabilities are classified at initial recognition, as borrowing, payables and other payables as appropriate.

All financial liabilities are recognized initially at fair value. The Group's financial liabilities include trade payables, other accrual and payables.

#### *2.3.9.2.2 Subsequent measurement*

Subsequent measurement of financial liabilities depends on their classification.

#### *i. Payables and other payables*

Subsequent to initial recognition, they are measured at amortized cost using the effective interest rate method. If the due date of the liability is less than one-year discounting is omitted.

#### *ii. Interest bearing loans and borrowings*

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in finance cost in the statement of profit or loss.

***2.3.9.2.3 Derecognition of financial liabilities***

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

**2.3.9.3 Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

***2.3.10 Deposit liabilities***

Deposits liabilities include current, term and savings deposits with the Group by depositors. Deposits from customers are initially recognized in liabilities at fair value less transaction cost and subsequently measured at amortised cost.

Interest paid on the deposits is expensed as finance cost in profit or loss' during the period in which the Group has the obligation to pay the interest. Deposits are derecognised when repaid to customers on demand or used to offset amount(s) due from the customer as agreed in the contract.

***2.3.11 Fair value measurement***

The Group measures financial instruments and non-financial assets such as investment properties at fair value at each reporting date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 3.5.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

The principal or the most advantageous market must be accessible to by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each year.

The Group's management determines the policies and procedures for both recurring fair value measurement, such as investment properties and unquoted equity instruments, and for non-recurring measurement, such as assets held for distribution in discontinued operation.

External valuers are involved for valuation of significant assets, such as investment properties. Involvement of external valuers is decided upon annually by the management after discussion with and approval by the audit committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. The management, in conjunction with the Group's external valuers, also compares the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above. The fair value of financial instruments that are actively traded in organised financial markets is determined by reference to quoted market bid prices for assets and offer prices for liabilities, at the close of business on the reporting date, without any deduction for transaction costs.

For units in unit trusts and shares in open ended investment companies, fair value is determined by reference to published bid values in an active market.

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

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

For discounted cash flow techniques, estimated future cash flows are based on management's best estimates and the discount rate used is a market-related rate for a similar instrument. The use of different pricing models and assumptions could produce materially different estimates of fair values.

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

### 2.3.12 Pledged assets
Financial assets transferred to external parties that do not qualify for de-recognition are reclassified in the statement of financial position from financial assets to pledged assets, if the transferee has received the right to sell or re-pledge them in the event of default from agreed terms.

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 IFRS 9.

### 2.3.13 Trade receivables
Trade receivables (premium receivable) are initially recognized at fair value and subsequently measured at amortised cost less provision for impairment. Discounting is omitted where the effect of discounting is immaterial.

An allowance for impairment is made when there is objective evidence such as the probability of solvency or significant financial difficulties of the debtors that the Group will not be able to collect the amount due under the original terms of the invoice. Impaired debts are derecognized when they are assessed as uncollectible.

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 recognized, the previous recognized impairment loss is reversed to the extent that the carrying value of the asset does not exceed its amortised cost at the reversed date. Any subsequent reversal of an impairment loss is recognized in the profit or loss.

### 2.3.14 Reinsurance

#### *2.3.14.1 Reinsurance ceded to reinsurance counterparties*
The Group cedes insurance risk in the normal course of business for most of its businesses. Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contract.

Reinsurance assets are reviewed for impairment at each reporting date, or more frequently, when an indication of impairment arises during the reporting year. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the Group may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measurable impact on the amounts that the Group will receive from the reinsurer. The impairment loss is recorded in the statement of profit or loss.

Gains or losses on buying reinsurance are recognised in the statement of profit or loss immediately at the date of purchase and are not amortised. Ceded reinsurance arrangements do not relieve the Group from its obligations to policyholders.

#### *2.3.14.2 Prepaid reinsurance*
Prepaid reinsurance are those proportions of premiums written in a year that relate to periods of risk after the statement of financial position date and is reported under reinsurance assets in the statement of financial position. Prepaid reinsurance premiums are deferred over the term of the underlying direct insurance policies for risks-attaching contracts and over the term of the reinsurance contract for losses-occurring contracts.

### 2.3.15 Other receivables and prepayment
Other receivables are made up of prepayments and other amounts due from parties which are not directly linked to insurance or investment contracts. Except prepayment and other receivables that are not financial assets, these are measured at amortised costs. Discounting is omitted where the effect of discounting is immaterial.

### 2.3.16 Impairment of non-financial assets
The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Group of assets.

Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

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

For assets excluding goodwiill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of the asset's or CGU's recoverable amount.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the profit or loss unless the asset is carried at revalued amount, in which case, the reversal is treated as a revaluation increase.

The following criteria are also applied in assessing impairment of goodwill:

***Goodwill***
Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating units, to which the goodwill relates. Where the recoverable amount of the cash-generating units is less than their carrying amount an impairment loss is recognised. The Group performs its annual impairment test of goodwill as at 31 December.

The recoverable amount of the banking CGU have been determined based on a value in use calculation. The calculation requires the Group to make an estimate of the expected future cash flows from each of the CGUs and discount these amounts using a suitable rate which reflects the risk of those cash flows in order to calculate the present value of those cash flows.

Previously recorded impairment losses for goodwill are not reversed in future periods.

***Intangible assets***
Intangible assets with indefinite useful lives are tested for impairment annually at 31 December, either individually or at the cash generating unit level, as appropriate and when circumstances indicate that the carrying value may be impaired.

**2.3.17 Deferred expenses**

***Deferred acquisition costs (DAC)***
Those direct and indirect costs incurred during the financial period arising from the acquiring or renewing of insurance contracts are deferred to the extent that these costs are recoverable out of future premiums. All other acquisition costs are recognized as an expense when incurred.

Subsequent to initial recognition, DAC for general insurance are amortized over the period in which the related revenues are earned. The DAC asset for life insurance is amortised over the expected life of the contracts as a constant percentage of expected premiums. The deferred acquisition costs for reinsurers are amortised in the same manner as the underlying asset amortisation and is recorded in the statement of profit or loss.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period and are treated as a change in an accounting estimate.

An impairment review is performed at each reporting date or more frequently when an indication of impairment arises. When the recoverable amount is less than the carrying value, an impairment loss is recognized in the profit or loss. DAC are also considered in the liability adequacy test for each reporting period.

DAC are derecognized when the related contracts are either settled or disposed of.

**2.3.18 Inventories and work in progress**

The Group recognises property as inventory under the following circumstances:

- property purchased for the specific purpose of resale;
- property constructed for the specific purpose of resale (work in progress under the scope of IFRS 15, ''Revenue'); and
- property transferred from investment property to inventories. This is permitted when the Group commences the property's development with a view to sale.

They are valued at the lower of cost and net realisable value. Cost comprises direct materials and, where appropriate, labour and production overheads that have been incurred in bringing the inventories and work in progress to their present location and condition.

Cost is determined using weighted average cost. Net realisable value represents the estimated selling price less estimated costs to completion and costs to be incurred in marketing, selling and distribution.

**2.3.19.1 Leases (policy applicable beginning 1 January 2019)**
The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

***Group as a lessee***
The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

***i) Right-of-use assets***
The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.
The right-of-use assets are also subject to impairment.

***ii) Lease liabilities***
At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

If any, the Group's lease liabilities are included in Interest-bearing loans and borrowings.

***iii) Short-term leases and leases of low-value assets***
The Group applies the short-term lease recognition exemption to its short-term leases of buildings and space (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of buildings that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

***Group as a lessor***
Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

**2.3.19.2 Leases (policy applicable prior to 1 January 2019)**
The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that asset is not explicitly specified in an arrangement.

Leases that do not transfer to the Group substantially all the risks and benefits incidental to ownership of the leased items are operating leases. Operating lease payments are recognised as an expense in the statement of profit or loss on a straight-line basis over the lease term.

Contingent rental payable is recognised as an expense in the period in which they are incurred. All other leases are considered finance leases.

Leases where the Group does not transfer substantially all of the risk and benefits of ownership of the asset are classified as operating leases.

Rental income is recognised as revenue in the statement of profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging an operating leaseare added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned. All other leases are considered finance leases.

***Advances to customers under finance lease***
Advances to customers under finance lease are stated net of principal repayments. Finance lease income is recognised in a manner which provides a constant yield on the outstanding principal over the lease term.

**2.3.20 Asset held for sale**

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale. Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and: Represents a separate major line of business or geographical area of operations, Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations Or
Is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.

### 2.3.21 Investment properties

Investment properties held for rental income and capital appreciation 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. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss in the year in which they arise.

Fair values are evaluated annually by an accredited external, independent valuer, applying a valuation model.

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

Transfers are made to or from investment property only when there is a change in use evidenced by the end of owner-occupation, commencement of an operating lease to another party or completion of construction or development. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of the change in use.

### 2.3.22 Investments in subsidiaries

Investments in subsidiaries are carried in the separate statement of financial position at cost less allowance for impairment losses. Where, there has been impairment in the value of investments in subsidiaries, the loss is recognised as an expense in the period in which the impairment is identified. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of profit or loss account.

### 2.3.23 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite.

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

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss when the asset is derecognized.

### 2.3.24 Property, plant and equipment

Property and equipment (excluding building) is stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment losses. Replacement or major inspection costs are capitalized when incurred and if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.

Building is measured at revalued amount less accumulated depreciation and impairment losses recognised after the date of the revaluation. Valuations are performed at least once in every 5 years or when a major improvement is carried out to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Any revaluation surplus is recorded in other comprehensive income and hence, credited to the asset revaluation reserve in equity, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the profit or loss, in which case, the increase is recognised in the profit or loss. A revaluation deficit is recognized in the profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

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

| | |
|---|---|
| Leasehold building | over the remainder of the life of the lease |
| Building | 2% |
| Leasehold improvements | 20% |
| Plant and machinery | 20% |
| Motor vehicles | 25% |
| Furniture and fittings and equipment | 20% |

The assets' residual values, and useful lives and method of depreciation are reviewed and adjusted, if appropriate, at each financial year end and adjusted prospectively, if appropriate.

Impairment reviews are performed when there are indicators that the carrying value may not be recoverable. Impairment losses are recognised in the profit or loss as an expense.

An item of property and equipment is derecognized upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the year the asset is derecognized.

### 2.3.25 Statutory deposit

Statutory deposit represents fixed deposit with the Central Bank of Nigeria in accordance with section 10(3) of the Insurance Act, 2003. The deposit is recognised at cost in the statement of financial position being 10% of the statutory minimum capital requirement of N3 billion for General insurance business and of N2 billion for life business. Interest income on the deposit is recognised in the statement of profit or loss in the period the interest is earned.

### 2.3.26 Deposit for shares

Deposit for shares are amounts that the Company has placed with (asset) or received from subsidiary, associate or another company (liability) for the ultimate purpose of equity investment in the relevant company for which relevant regulatory formalities have not been completed at the reporting date. Deposits for shares are carried at cost less accumulated impairment losses, if any.

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

#### *2.3.27.1 General 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).

***(i) 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.

***(ii) 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.

***2.3.27.2 Life business***

These contracts insure events associated with human life (for example, death or survival). 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, persistence, maintenance expenses and investment income that are established at the time the contract is issued.

***2.3.27.3 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 term 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, persistence, maintenance expenses and investment income that are established at the time the contract is issued.

***(i). Life fund***

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

***Liability adequacy test***

At 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".

**2.3.28 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 recognized as liabilities. Interest accruing to the life assured from investment of the savings is recognized in the profit or loss account in the year it is earned while interest due to depositors is recognized as an expense. The net result of the deposit administration revenue account is transferred to the statement of profit or loss of the group.

The Group's investment contracts are classified into group and individual. Individual investment contract liabilities are derecognised when settled at maturity, surrendered or used to offset policy loans. Group investment contract liabilities are derecognised when paid, refunded or cancelled.

Actuarial differences arising on valuation of the liabilities at the reporting date is recognised in the statement of profit or loss.

**2.3.29 Deferred revenue**

***Rental income***

Rental income arising from operating leases on investment properties is accounted for on a straight line basis over the lease terms and is included in investment income.

***Reinsurance commission***

This relates to commissions receivable on outwards reinsurance contracts which are deferred and amortized on a straight-line basis over the term of the expected premiums payable.

**2.3.30 Taxes**

***2.3.30.1 Current income tax***

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current income tax assets and liabilities also include adjustments for tax expected to be payable or recoverable in respect of previous periods.

Current income tax relating to items recognised directly in equity or other comprehensive income is recognised in equity or other comprehensive income and not in the profit or loss.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions, where appropriate.Tax/back duty assessments are recognized when assessed and agreed to by the Group with the Tax authorities, or when appealed, upon receipt of the results of the appeal.

#### *2.3.30.2 Deferred tax*

Deferred tax is provided using the liability method in respect of temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.
Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

- Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
  In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

#### 2.3.31 Provisions

*General*
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability.
Contingent liabilities are possible obligations that arise from past events whose existence will be confirmed only by the occurrence, or non-occurrence, of one or more uncertain future events not wholly within Group's control. Contingent liabilities are not recognized in the financial statements but are disclosed.

*Onerous contracts*
A provision is recognized for onerous contracts in which the unavoidable costs of meeting the obligations under the contract exceed the expected economic benefits expected to be received under it. The unavoidable costs reflect the least net cost of exiting the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfill it.

#### 2.3.32 Trade payable
Trade payable (Insurance payables) are recognised when due and measured on initial recognition at fair value of the consideration received less directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the EIR method.

#### 2.3.33 Equity

#### *2.3.33.1 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 recognised in equity, net of tax as a deduction from the proceeds. Where any member of the Group purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs, 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.

#### *2.3.33.2 Treasury shares*
When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, 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.

**2.3.33.3 Foreign currency translation reserve**

The assets and liabilities of foreign operations are translated to Naira at closing functional currency rates at the reporting date. The income and expenses of foreign operations are translated to Naira at spot rates at the dates of the transactions. Foreign currency differences on the translation of foreign operations are recognized in other comprehensive income and accumulated in foreign currency translation reserves in the statement of financial position.

***2.3.33.4 Contingency reserve***

***(i). 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 premium, or 20% of the net profit. This shall accumulate until it reaches the amount of greater of minimum paid-up capital or 50 percent of net premium.

***(ii). 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 premium or 10% of net profit.

***2.3.33.5 Revaluation reserve***

Revaluation reserve represents the fair value differences on the revaluation of items of property, plant and equipment as at the statement of financial position date. If an asset's carrying amount is increased as a result of a revaluation, the increase is recognised in other comprehensive income and accumulated in revaluation reserve. The increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss. If an assets carrying amount is decreased as a result of a revaluation,the decrease is recognised in profit or loss, however, the decrease shall be recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The revaluation surplus in respect of an item of property, plant and equipment is transferred to retained earnings when the asset is derecognised. This involves transferring the whole of the surplus when the asset is retired or disposed. The amount of the surplus transfered is the difference between depreciation based on the revalued carrying amount of the asset and the depreciation based on the asset's original cost. Transfers from revaluation reserve to retained earnings are not made through profit or loss.

***2.3.33.6 Fair value reserve***

Fair value reserve represents increases or decreases in fair value of equity instruments measured at FVOCI reported directly in other comprehensive income. Gains and losses on these equity instruments are never recycled to profit or loss. The group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognized.

***2.3.34 Earnings per share***

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

Diluted earnings per share amounts are calculated by dividing the net profit by the weighted number of ordinary shares outstanding during the year plus the weighted number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

**2.3.35 Retirement obligations and Employee benefits**

The Group operates the following contribution and benefit schemes for its employees:

***2.3.35.1 Defined contribution pension scheme***

The Group operates a defined contributory pension scheme for eligible employees. Company contributes 10% of the employees' Basic, Housing and Transport allowances in line with the provisions of the Pension Reform Act 2014. The Company pays the contributions to a pension fund administrator. The Company 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.

**2.3.35.2 Short-term benefits**

Wages, salaries, annual leave, bonuses and non-monetary benefits are recognised as employee benefit expenses in the statement of profit or loss and paid in arrears when the associated services are rendered by the employees of the Company.

**2.3.36 Changes in accounting policy and disclosures**

***New and amended standards and interpretations***

In these financial statements, the Group has applied IFRS 16 effective for annual periods beginning on or after 1 January 2019, for the first time. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

**2.3.36.1 IFRS 16 Leases**

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the statement of financial position.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Group is the lessor.

**2.3.36.1 IFRS 16 Leases**

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 January 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application.

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. Refer to Note 2.3.19.1 for the accounting policy beginning 1 January 2019. The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

***Leases previously classified as finance leases***

The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under IAS 17). The requirements of IFRS 16 were applied to these leases from 1 January 2019.

***Leases previously accounted for as operating leases***

The Group applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application. The Group does not have leases with lease term that is more than 12 months.

Therefore, the Group will continue to recognise lease payments on short-term leases and leases of low value assets as expense on a straight-line basis over the lease term.

**2.3.37 Significant accounting judgements, estimates and assumptions**

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future reporting periods.

Other disclosures relating to the Group's exposure to risks and uncertainties includes:

1. Capital management Note 3.2
2. Financial risk management and policies Note 3.1.2

**Judgements**

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

***Property lease classification - Group as lessor***

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the asset, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

***Estimates and assumptions***

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

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

The Group based its assumption and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur. Estimates and judgements 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.

***Non-life insurance contract liabilities***

Non-life insurance contract liabilities include the outstanding claims provision, the provision for unearned premium and the provision for premium deficiency. The outstanding claims provision is based on the estimated ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, together with related claims handling costs and a reduction for the expected value of salvage and other recoveries. Delays can be experienced in the notification and settlement of certain types of claims. Therefore, the ultimate cost of these cannot be known with certainty at the reporting date. The liability is calculated at the reporting date using a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation. The liability is not discounted for the time value of money. No provision for equalisation or catastrophe reserves is recognised. The liabilities are derecognised when the obligation to pay a claim expires, is discharged or is cancelled.

The provision for unearned premiums represents that portion of premiums received or receivable that relates to risks that have not yet expired at the reporting date. The provision is recognised when contracts are entered into and premiums are charged and is brought to account as premium income over the term of the contract in accordance with the pattern of insurance service provided under the contract.

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder method.
The main assumption underlying these techniques is that a Group's past claims development experience can be used to project future claims development and hence ultimate claims costs. As such, these methods extrapolate the development of paid and incurred losses, average costs per

claim and claim numbers based on the observed development of earlier years and expected loss ratios.

***Non-life insurance contract liabilities***

Historical claims development is mainly analysed by accident years, but can also be further analysed by geographical area, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved.

***Life insurance contract liabilities***

Life insurance liabilities are recognised when contracts are entered into and premiums are charged. These liabilities are measured using the net premium method. The liability is determined as the sum of the discounted value of the expected future benefits, claims handling and policy administration expenses, policyholder options and guarantees and investment income from assets backing such liabilities, which are directly related to the contract, less the discounted value of the expected premiums that would be required to meet the future cash outflows based on the valuation assumptions used. The liability is either based on current assumptions or calculated using the assumptions established at the time the contract was issued, in which case, a margin for risk and adverse deviation is generally included. A separate reserve for longevity may be established and included in the measurement of the liability. Furthermore, the liability for life insurance contracts comprises the provision for unearned premiums and premium deficiency, as well as for claims outstanding, which includes an estimate of the incurred claims that have not yet been reported to the Group. Adjustments to the liabilities at each reporting date are recorded in the statement of profit or loss in 'Gross change in contract liabilities'. Profits originated from margins for adverse deviations on run-off contracts are recognised in the statement of profit or loss over the life of the contract, whereas losses are fully recognised in the statement of profit or loss during the first year of run-off. The liability is derecognised when the contract expires, is discharged or cancelled.

The estimation of the ultimate liability arising from claims made under insurance contracts is the Group's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimate of the liability that the company will ultimately pay for such claims. The uncertainty arises because all events affecting the ultimate settlement of the claims have not taken place and may not take place for some time.

Changes in the estimate of the provision may be caused by receipt of additional claim information, changes in judicial interpretation of contract, or significant changes in severity or frequency of claims from historical records. The estimates are based on the company's historical data and industry experience. The ultimate claims liability computation is subjected to a liability adequacy test by an actuarial consultant using actuarial models.

***Fair value investment property***

The valuation of investment properties is based on the price for which comparable land and properties are being exchanged hands or are being marketed for sale. Therefore, the market-approach Method of Valuation. By nature, detailed information on concluded transactions is difficult to come by. The past transactions and recent adverts are being relied upon in deriving the value of the subject properties. At least, eight properties will be analysed and compared with the subject property.

***Impairment losses on financial assets***

The measurement of impairment losses both under IFRS 9 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Group's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

The Group's internal credit grading model, which assigns PDs to the individual grades

- The Group's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis and the qualitative assessment
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL models, including the various formulas and the choice of inputs
- Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models

**Fair value of financial instruments using valuation techniques**

The Directors use their judgment in selecting an appropriate valuation technique. Where possible, financial instruments are marked at prices quoted in active markets. In the current market environment, such price information is typically not available for all instruments and the company uses valuation techniques to measure such instruments. These techniques use "market observable inputs" where available, derived from similar assets in similar and active markets, from recent transaction prices for comparable items or from other observable market data. For positions where observable reference data are not available for some or all parameters the company estimates the non-market observable inputs used in its valuation models.

Other financial instruments are valued using a discounted cash flow analysis based on assumptions supported, where possible, by observable market prices or rates although some assumptions are not supported by observable market prices or rates.

**2.3.38 Standards issued but not yet effective**

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

**IFRIC Interpretation 23 Uncertainty over Income Tax Treatment**

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

The Group determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Group applies significant judgement in identifying uncertainties over income tax treatments. Since the Group operates in a complex multinational environment, it assessed whether the Interpretation had an impact on its consolidated financial statements.

Upon adoption of the Interpretation, the Group considered whether it has any uncertain tax positions, particularly those relating to transfer pricing. The Company's and the subsidiaries' tax filings in different
jurisdictions include deductions related to transfer pricing and the taxation authorities may challenge those tax treatments. The Group determined, based on its tax compliance and transfer pricing study, that it is probable that its tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities. The Interpretation did not have an impact on the consolidated financial statements of the Group.

**Amendments to IFRS 9: *Prepayment Features with Negative Compensation***

Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of an event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. These amendments had no impact on the consolidated financial statements of the Group.

**Amendments to IAS 19: *Plan Amendment, Curtailment or Settlement***

The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to determine the current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event. An entity is also required to determine the net interest for the remainder of the period after the plan amendment, curtailment or settlement using the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event, and the discount rate used to remeasure that net defined benefit liability (asset). The amendments had no impact on the consolidated financial statements of the Group as it did not have any plan amendments, curtailments, or settlements during the period.

**2.3.38 Standards issued but not yet effective**

Amendments to IAS 28: Long-term interests in associates and joint ventures

The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests.

The amendments also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 Investments in Associates and Joint Ventures.

These amendments had no impact on the consolidated financial statements as the Group does not have long-term interests in its associate and joint venture.

**Annual Improvements 2015-2017 Cycle**

**IFRS 3 *Business Combinations***

The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted.

These amendments had no impact on the consolidated financial statements of the Group as there is no transaction where joint control is obtained.

**IFRS 11 *Joint Arrangements***

An entity that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in IFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.

An entity applies those amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted.

These amendments had no impact on the consolidated financial statements of the Group as there is no transaction where a joint control is obtained.

**IAS 12 *Income Taxes***

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where it originally recognised those past transactions or events.

An entity applies the amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted. When the entity first applies those amendments, it applies them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period.

Since the Group's current practice is in line with these amendments, they had no impact on the consolidated financial statements of the Group.

**2.3.38 Standards issued but not yet effective**

**IAS 23 *Borrowing Costs***

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

The entity applies the amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted.

Since the Group's doesn't have borrowing costs, they had no impact on the consolidated financial statements of the Group.

**IFRS 17 Insurance Contracts**

In May 2017, the IASB issued IFRS 17 Insurance Contracts, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure, which replaces IFRS 4 Insurance Contracts.

In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies for measurement purposes, IFRS 17 provides a comprehensive model (the general model) for insurance contracts, supplemented by the variable fee approach for contracts with direct participation features that are substantially investment-related service contracts, and the premium allocation approach mainly for short- duration which typically applies to certain non-life insurance contracts.

The main features of the new accounting model for insurance contracts are, as follows:

- The measurement of the present value of future cash flows, incorporating an explicit risk adjustment, remeasured every reporting period (the fulfilment cash flows);
- A Contractual Service Margin (CSM) that is equal and opposite to any day one gain in the fulfilment cashflows of a group of contracts. The CSM represents the unearned profitability of the insurance contracts and is recognised in profit or loss over the service period (i.e., coverage period);
- Certain changes in the expected present value of future cash flows are adjusted against the CSM and thereby recognised in profit or loss over the remaining contractual service period;
- The effect of changes in discount rates will be reported in either profit or loss or other comprehensive income, determined by an accounting policy choice;
- The recognition of insurance revenue and insurance service expenses in the statement of comprehensive income based on the concept of services provided during the period;
- Amounts that the policyholder will always receive, regardless of whether an insured event happens (non-distinct investment components) are not presented in the income statement, but are recognised directly on the balance sheet;
- Insurance services results (earned revenue less incurred claims) are presented separately from the insurance finance income or expense;
- Extensive disclosures to provide information on the recognised amounts from insurance contracts and the nature and extent of risks arising from these contracts.

IFRS 17 is effective for annual reporting periods beginning on or after 1 January 2022, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. Retrospective application is required. However, if full retrospective application for a group of insurance contracts is impracticable, then the entity is required to choose either a modified retrospective approach or a fair value approach.

**IFRS 17 Insurance Contracts**

The Group started a project to implement IFRS 17 and has been performing a high-level impact assessment of IFRS 17. The Group expects that the new standard will result in an important change to the accounting policies for insurance contract liabilities of the Group and is likely to have a significant impact on profit and total equity together with presentation and disclosure.

# Consolidated & Separate Statements of Profit or Loss

For the year ended 31 December 2019



| | | GROUP | | COMPANY | |
|---|---|---|---|---|---|
| | Notes | 2019 ₦'000 | 2018 ₦'000 | 2019 ₦'000 | 2018 ₦'000 |
| **Gross premium written** | 4.1 | 18,697,839 | 15,840,697 | 8,366,641 | 8,018,299 |
| Gross premium income | 4.1 | 18,121,911 | 15,634,846 | 8,538,415 | 7,677,706 |
| Premiums ceded to reinsurers | 4.2 | (2,832,796) | (2,155,601) | (1,958,821) | (1,447,700) |
| **Net premium income** | 4.3 | **15,289,115** | **13,479,245** | **6,579,594** | **6,230,006** |
| Fees and commission income | 5 | 482,766 | 482,307 | 348,208 | 379,214 |
| **Net underwriting income** | | **15,771,881** | **13,961,552** | **6,927,802** | **6,609,220** |
| Net benefits and claims | 6 | 5,926,745 | 6,976,613 | 2,227,111 | 2,297,776 |
| Change in life fund | 36.1.2 | 354,439 | 455,428 | - | - |
| Change in annuity reserve | 36.1.2 | (94,408) | 21,990 | - | - |
| Underwriting expenses | 7 | 4,186,117 | 3,448,990 | 2,117,318 | 1,838,949 |
| **Net underwriting expenses** | | 10,372,893 | 10,903,021 | 4,344,429 | 4,136,725 |
| **Underwriting profit** | | **5,398,988** | **3,058,531** | **2,583,373** | **2,472,495** |
| Profit on investment contracts | 8 | 1,068,928 | 1,548,910 | - | - |
| Investment income | 9 | 2,487,931 | 2,186,282 | 1,282,142 | 1,078,816 |
| Net fair value gains/(losses) on assets at FVTPL | 10 | 974,962 | (157,584) | 445,511 | (126,056) |
| Other income | 11 | 77,009 | 321,134 | 21,697 | 204,846 |
| Impairment (charge)/write-back on financial assets | 12 | (313,734) | (102,880) | 2,087 | 6,765 |
| Employee benefit expenses | 13 | (2,245,924) | (1,842,628) | (1,060,858) | (814,160) |
| Management expenses | 14 | (3,839,361) | (3,861,923) | (1,907,871) | (2,135,639) |
| Net foreign exchange (losses)/gains | 15 | (74,110) | (50,520) | (74,110) | (50,520) |
| **Results of operating activities** | | **3,534,689** | **1,099,322** | **1,291,971** | **636,547** |
| Finance costs | 16 | (50,964) | (46,199) | - | - |
| Finance income | 17 | 270,329 | 327,860 | - | - |
| **Profit before income tax** | | **3,754,054** | **1,380,983** | **1,291,971** | **636,547** |
| Income tax expense | 18 | (141,815) | (231,975) | (205,667) | (156,618) |
| **Profit for the year** | | **3,612,239** | **1,149,008** | **1,086,304** | **479,929** |
| **Profit attributable to:** | | | | | |
| Owners of the parent | | 3,642,753 | 1,128,129 | 1,086,304 | 479,929 |
| Non-controlling interests | 51 | (30,514) | 20,879 | - | - |
| | | **3,612,239** | **1,149,008** | **1,086,304** | **479,929** |
| **Earnings per share:** | | | | | |
| Basic and diluted (kobo) | 19 | 36 | 14 | | |

The accompanying summary of significant accounting policies and notes to the consolidated and separate financial statements are an integral part of these consolidated and separate financial statements.

# Consolidated & Separate Statements of Other Comprehensive Income

For the year ended 31 December 2019



| | Notes | GROUP 2019 ₦'OOO | GROUP 2018 ₦'OOO | COMPANY 2019 ₦'OOO | COMPANY 2018 ₦'OOO |
|---|---|---|---|---|---|
| Profit for the year | | 3,612,239 | 1,149,008 | 1,086,304 | 479,929 |
| **Other comprehensive income (net of tax):** | | | | | |
| **Items that may be reclassified to the profit or loss account in subsequent periods:** | | | | | |
| Foreign currency translation (loss)/gain (net of tax) | | (185,811) | 218,277 | - | - |
| | | (185,811) | 218,277 | - | - |
| **Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax)** | | | | | |
| Net revaluation (losses)/gains on equity instrument at FVOCI | 21.1 | (385,051) | 53,974 | 3,631 | 12,363 |
| Revaluation gain on land and building (net of tax) | | - | 55,504 | - | - |
| | | (385,051) | 109,478 | 3,631 | 12,363 |
| Total other comprehensive income for the year, net of tax | | (570,862) | 327,755 | 3,631 | 12,363 |
| Total comprehensive income for the year, net of tax | | **3,041,377** | **1,476,763** | **1,089,935** | **492,292** |
| **Total comprehensive income attributable to:** | | | | | |
| Owners of the parent | | 3,080,239 | 1,442,352 | 1,089,935 | 492,292 |
| Non-controlling interests | 51 | (38,862) | 34,411 | - | - |
| | | 3,041,377 | 1,476,763 | 1,089,935 | 492,292 |

The accompanying summary of significant accounting policies and notes to the consolidated and separate financial statements are an integral part of these consolidated and separate financial statements.

# Consolidated and Separate Statements of Financial Position

As at 31 December 2019



| | Notes | GROUP 2019 ₦'OOO | GROUP 2018 ₦'OOO | COMPANY 2019 ₦'OOO | COMPANY 2018 ₦'OOO |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| Cash and cash equivalents | 20 | 6,821,006 | 5,483,347 | 2,146,927 | 2,452,961 |
| Equity instruments at fair value through OCI | 21.1 | 345,967 | 731,018 | 57,842 | 54,211 |
| Financial assets at fair value at through profit or loss | 21.2 | 7,669,217 | 3,239,416 | 3,377,844 | 2,752,187 |
| Loans and receivables | 21.3 | 11,181,262 | 11,877,818 | 277,110 | 325,076 |
| Debt Instruments at amortised cost | 21.4 | 23,377,552 | 19,346,552 | 5,257,169 | 4,461,246 |
| Financial assets held for trading pledged as collateral | 22 | 123,742 | 142,100 | 123,742 | 142,100 |
| Trade receivables | 23 | 563,813 | 912,116 | 316,582 | 386,040 |
| Reinsurance assets | 24 | 4,313,967 | 3,574,723 | 1,823,103 | 1,507,512 |
| Other receivables and prepayments | 25 | 1,119,275 | 1,343,309 | 200,825 | 348,255 |
| Deferred acquisition costs | 26 | 526,618 | 457,248 | 355,388 | 352,860 |
| Finance lease receivables | 27 | 83,552 | 116,154 | 83,552 | 116,154 |
| Inventories | 28 | 436,156 | 518,236 | - | - |
| Assets held for sale | 29 | - | 5,550,000 | - | - |
| Investment properties | 30 | 6,931,000 | 1,476,000 | 56,000 | 56,000 |
| Intangible assets | 32 | 50,090 | 49,550 | 23,957 | 10,924 |
| Property, plant and equipments | 33 | 3,426,326 | 3,930,517 | 2,398,161 | 2,689,261 |
| Investments in subsidiaries | 31 | - | - | 6,000,000 | 4,000,000 |
| Statutory deposit | 34 | 500,000 | 500,000 | 300,000 | 300,000 |
| Deposit for investment in equity | 35 | 7,238 | 7,238 | 127,238 | 7,238 |
| Deferred tax assets | 43.1 | 300,815 | 145,378 | 65,718 | 66,344 |
| Goodwill | | - | 1,543 | - | - |
| **Total assets** | | **67,777,596** | **59,402,263** | **22,991,158** | **20,028,369** |
| **LIABILITIES** | | | | | |
| Insurance contract liabilities | 36 | 14,100,805 | 13,050,555 | 5,028,508 | 5,132,636 |
| Investment contract liabilities | 37 | 26,266,129 | 25,276,261 | - | - |
| Trade payables | 38 | 2,415,121 | 1,784,782 | 1,227,507 | 871,652 |
| Other liabilities | 39 | 1,380,767 | 939,507 | 375,331 | 270,177 |
| Deposit liabilities | 40 | 389,640 | 512,153 | - | - |
| Current income tax liabilities | 42 | 893,369 | 793,528 | 642,173 | 479,914 |
| Borrowings | 41 | 6,752,845 | 6,671,845 | 6,752,845 | 6,671,845 |
| Deferred tax liabilities | 43.2 | 1,045,224 | 1,263,609 | 709,191 | 853,763 |
| **Total liabilities** | | 53,243,900 | 50,292,240 | 14,735,555 | 14,279,987 |
| **EQUITY** | | | | | |
| Share capital | 44.2 | 5,586,367 | 4,000,000 | 5,586,367 | 4,000,000 |
| Treasury shares | 45 | (250) | (250) | (250) | (250) |
| Foreign currency translation reserve | 46 | 938,821 | 1,116,284 | - | - |
| Contingency reserve | 47 | 3,462,493 | 2,960,268 | 2,745,470 | 2,494,470 |
| Fair value reserve | 48 | (673,611) | (288,560) | (136,066) | (139,697) |
| Revaluation reserve | 49 | 1,520,131 | 1,520,131 | 1,339,395 | 1,339,395 |
| Retained Earnings/ (accumulated losses) | 50 | 2,598,898 | (372,549) | (1,279,313) | (1,945,536) |
| **Total shareholders' fund** | | 13,432,849 | 8,935,324 | 8,255,603 | 5,748,382 |

The accompanying summary of significant accounting policies and notes to the consolidated and separate financial statements are an integral part of these consolidated and separate financial statements.

# Consolidated and Separate Statements of Financial Position

As at 31 December 2019



| | Notes | GROUP 2019 ₦'000 | GROUP 2018 ₦'000 | COMPANY 2019 ₦'000 | COMPANY 2018 ₦'000 |
|---|---|---|---|---|---|
| Total equity attributable to the: | | | | | |
| Owners of the parent | | 13,432,849 | 8,935,324 | 8,255,603 | 5,748,382 |
| Non-controlling interests in equity | 51 | 1,100,847 | 174,699 | | |
| Total equity | | 14,533,696 | 9,110,023 | 8,255,603 | 5,748,382 |
| Total liabilities and equity | | **67,777,596** | **59,402,263** | **22,991,158** | **20,028,369** |

The consolidated and separate financial statements and accompanying summary of significant accounting policies and notes to the consolidated and separate financial statements were approved and authorised for issue by the Board of Directors on 20 March 2020 and were signed on its behalf by:

Dr. Akin Ogunbiyi
FRC/2013/CIIN/00000003114
Chairman

Olufemi Asenuga
FRC/2013/CIIN/00000003104
Managing Director/CEO

Mr. Abayomi Ogunwo
FRC/2015/ICAN/00000011225
Chief Finance Officer

The accompanying summary of significant accounting policies and notes to the consolidated and separate financial statements are an integral part of these consolidated and separate financial statements.

# Consolidated Statements of Changes in Equity

As at 31 December 2019



**Group**

For the year 31 December 2019

| | Notes | Share capital ₦'OOO | Treasury shares ₦'OOO | Foreign currency translation reserve ₦'OOO | Contingency reserve ₦'OOO | Fair value reserve ₦'OOO | Revaluation reserve ₦'OOO | Accumulated losses ₦'OOO | Total ₦'OOO | Non - controlling interests ₦'OOO | Total equity ₦'OOO |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Attributable to equity holders of the Company | | | | | | | | | |
| *As at 1 January 2018* | | 4,000,000 | (250) | 911,064 | 2,801,764 | (344,835) | 1,467,403 | (1,182,174) | 7,652,972 | 189,347 | 7,842,319 |
| Total comprehensive income for the year: | | | | | | | | | | | |
| Profit for the year | | - | - | - | - | - | - | 1,128,129 | 1,128,129 | 20,879 | 1,149,008 |
| Other comprehensive income | | - | - | 205,220 | - | 56,275 | 52,728 | - | 314,223 | 13,532 | 327,755 |
| **Total comprehensive income for the year, net of tax** | | - | - | 205,220 | | 56,275 | 52,728 | 1,128,129 | 1,442,352 | 34,411 | 1,476,763 |
| ***Transactions with owners of equity*** | | | | | | | | | | | |
| Dividend paid | | - | - | - | - | - | - | (160,000) | (160,000) | (49,059) | (209,059) |
| Transfer to contingency reserve | 47 | - | - | - | 158,504 | - | - | (158,504) | - | - | - |
| **Total transactions with owners of equity** | | - | - | - | 158,504 | - | - | (318,504) | (160,000) | (49,059) | (209,059) |
| ***As at 31 December 2018*** | | **4,000,000** | **(250)** | **1,116,284** | **2,960,268** | **(288,560)** | 1,520,131 | **(372,549)** | **8,935,324** | **174,699** | **9,110,023** |
| ***As at 1 January 2019*** | | **4,000,000** | **(250)** | **1,116,284** | **2,960,268** | **(288,560)** | 1,520,131 | **(372,549)** | **8,935,324** | **174,699** | **9,110,023** |
| Total comprehensive income for the year: | | | | | | | | - | | | |
| Profit for the year | | - | - | - | - | - | - | 3,642,753 | 3,642,753 | (30,514) | 3,612,239 |
| Other comprehensive income | | - | - | (177,463) | - | (385,051) | - | - | (562,514) | (8,348) | (169,081) |
| **Total comprehensive income for the year, net of tax** | | - | - | (177,463) | - | (385,081) | - | 3,642,753 | 2,911,158 | (38,862) | (570,862) |
| ***Transactions with owners of equity*** | | | | | | | | | | | |
| Rights Issue | 44.2 | 1,586,367 | - | - | - | - | - | - | 1,586,367 | - | 1,586,367 |
| Right issue share expenses | | - | - | - | - | - | - | (169,081) | (169,081) | - | (169,081) |
| Inflow from NCI for acquisition of subsidiary shares | 51.1 | - | - | - | - | - | - | | - | 965,010 | 965,010 |
| Transfer to contingency reserve | 47 | - | - | - | 502,225 | - | - | (502,225) | - | - | - |
| **Total transactions with owners of equity** | | 1,586,367 | - | - | 502,225 | - | - | (671,306) | 1,417,286 | 965,010 | 2,382,296 |
| ***As at 31 December 2019*** | | **5,586,367** | **(250)** | **938,821** | **3,462,493** | **(673,611)** | 1,520,131 | **2,598,898** | **13,432,849** | **1,100,847** | **14,533,696** |

The accompanying summary of significant accounting policies and notes to the consolidated and separate financial statements are an integral part of these consolidated and separate financial statements.

# Separate Statement of Changes in Equity

For the year ended 31 December 2019



**Company**

| *For the year ended 31 December 2019* | Notes | Share capital ₦'OOO | Treasury shares ₦'OOO | Contingency reserve ₦'OOO | Fair value reserve ₦'OOO | Revaluation reserve ₦'OOO | Accumulated losses ₦'OOO | Total ₦'OOO |
|---|---|---|---|---|---|---|---|---|
| **Restated opening balance** | | **4,000,000** | **(250)** | **2,398,485** | **(152,060)** | **1,339,395** | **(2,169,480)** | **5,416,091** |
| Total comprehensive income for the year: | | | | | | | | |
| Profit for the year | | - | - | - | - | - | 479,929 | 479,929 |
| Other comprehensive income | | - | - | | 12,363 | - | | 12,363 |
| **Total comprehensive income for the year, net of tax** | | - | - | - | 12,363 | - | 479,929 | 492,292 |
| ***Transactions with owners of equity*** | | | | | | | | |
| Dividend paid | | - | - | - | - | - | (160,000) | (160,000) |
| Transfer to contingency reserve | | - | - | 95,985 | - | - | (95,985) | - |
| **Total transactions with owners of equity** | | - | - | 95,985 | - | - | (255,985) | (160,000) |
| ***As at 31 December 2018*** | | **4,000,000** | **(250)** | **2,494,470** | **(139,697)** | **1,339,395** | **(1,945,536)** | **5,748,382** |
| ***As at 1 January 2019*** | | **4,000,000** | **(250)** | **2,494,470** | **(139,697)** | **1,339,395** | **(1,945,536)** | **5,748,382** |
| Total comprehensive income for the year: | | | | | | | | |
| Profit for the year | | - | - | - | - | - | 1,086,304 | 1,086,304 |
| Other comprehensive income | | - | - | - | 3,631 | - | - | 3,631 |
| **Total comprehensive income for the year, net of tax** | | - | - | - | 3,631 | - | 1,086,304 | 1,089,935 |
| ***Transactions with owners of equity*** | | | | | | | | |
| Rights Issue | | 1,586,367 | - | - | - | - | - | 1,586,367 |
| Right issue share expenses | | - | - | - | - | - | (169,081) | (169,081) |
| Transfer to contingency reserve | | - | - | 251,000 | - | - | (251,000) | - |
| **Total transactions with owners of equity** | | 1,586,367 | - | 251,000 | - | - | (420,081) | 1,417,286 |
| ***As at 31 December 2019*** | | **5,586,367** | **(250)** | **2,745,470** | **(136,066)** | **1,339,395** | **(1,279,313)** | **8,255,603** |

**The accompanying summary of significant accounting policies and notes to the consolidated and separate financial statements are an integral part of these consolidated and separate financial statements.**

# Consolidated and Separate Statements of Cash Flows

For the year ended 31 December 2019



| | | GROUP | | COMPANY | |
|---|---|---|---|---|---|
| *in thousands of Nigerian Naira* | Notes | 2019 ₦'OOO | 2018 ₦'OOO | 2019 ₦'OOO | 2018 ₦'OOO |
| **Cash flows from operating activities** | | | | | |
| Cash received from insurance contract policy holders | | 18,720,778 | 15,268,487 | 8,110,735 | 7,621,044 |
| Cash received from investment contract policy holders | | 12,508,839 | 12,054,121 | - | - |
| Cash withdrawal by investment contract policy holders | 37 | (13,553,409) | (15,577,726) | - | - |
| Additions to deposit for premium | 38.1 | 930,794 | 748,332 | 547,377 | 258,919 |
| Commission received | | 521,326 | 541,354 | 376,855 | 432,917 |
| Reinsurance paid | 24.2 | (2,887,438) | (2,180,459) | (2,039,079) | (1,502,595) |
| Claims paid | 6 | (7,984,675) | (8,277,607) | (3,191,280) | (3,010,695) |
| Claims recovered from reinsurers | 6 | 2,574,901 | 2,674,640 | 1,050,390 | 835,577 |
| Commission paid | | (3,115,031) | (2,739,360) | (1,123,207) | (1,057,566) |
| Payments to employees | 13 | (2,245,924) | (1,842,628) | (1,060,858) | (814,160) |
| Investment income | 9 | 2,487,931 | 2,186,282 | 1,282,142 | 1,078,816 |
| Other cash received | | 347,338 | 493,596 | 21,697 | 49,448 |
| Cash paid to brokers, suppliers and other providers of services | | (6,796,509) | (5,103,141) | (3,261,927) | (2,601,485) |
| Income tax paid | 42 | (376,253) | (138,408) | (187,354) | (60,528) |
| **Net cash flows from/(used in) operating activities** | 52 | **1,132,667** | **(1,892,517)** | **525,49** | **1,229,691** |
| **Investing activities:** | | | | | |
| Purchase of intangible assets | 32 | (28,494) | (3,974) | (25,205) | (3,974) |
| Purchase of property, plants and equipments | 33 | 124,140 | (521,838) | 73,600 | (202,367) |
| Proceeds from sale of properties, plant and equipment | | 2,789 | 1,244 | 965 | 258 |
| Receipts on finance lease recievables | 27.1 | 79,282 | 22,392 | 79,283 | 22,392 |
| Receipts on loans and advances | | 2,310,000 | 2,250,000 | - | - |
| Purchase of financial instruments at fair value through profit or loss | 21.2.1.1 | (6,581,215) | (3,127,851) | (3,045,514) | (2,606,547) |
| Proceed from sale of financial instruments at fair value through profit or loss | 21.2.1.1 | 3,461,225 | 961,328 | 2,961,225 | 360,567 |
| Purchase of debt instruments at amortised cost | 21.4.1 | (22,609,706) | (26,682,638) | (5,038,900) | (4,229,378) |
| Redemption of debt instruments at amortised cost | 21.4.1 | 21,061,982 | 24,133,116 | 4,836,963 | 4,186,035 |
| Proceeds from sale of investment properties | | 75,000 | 1,530,500 | - | - |
| Investment in subsidiary | 31 | - | - | (2,000,000) | - |
| Payment for deposit for shares | 35 | - | - | (120,000) | - |
| Refunds from deposit for shares | 35 | - | 473,350 | - | 403,350 |
| **Net cash flows used in investing activities** | | (2,353,277) | (964,370) | (2,424,782) | (2,069,664) |
| **Financing activities** | | | | | |
| Dividend paid | | - | (160,000) | - | (160,000) |
| Dividend paid to non-controlling interest | | - | (49,059) | - | - |
| Increase in non-controlling interest | 51.1 | 965,010 | - | - | - |
| Issue of shares | | 1,586,367 | - | 1,586,367 | |
| **Net cash flows (used in)/from financing activities** | | 2,551,377 | (209,059) | 1,586,367 | (160,000) |
| Net increase/(decrease) in cash and cash equivalents | | 1,330,769 | (3,065,946) | (312,924) | (999,972) |
| Effects of exchange rate changes on cash and cash equivalents | | 6,890 | 112,155 | 6,890 | 112,155 |
| Cash and cash equivalents as at 1 January | | 5,483,347 | 8,437,138 | 2,452,961 | 3,340,778 |
| **Cash and cash equivalents as at 31 December** | 20 | **6,821,006** | **5,483,347** | **2,146,927** | **2,452,961** |

The accompanying summary of significant accounting policies and notes to the consolidated and separate financial statements are an integral part of these consolidated and separate financial statements.

## 3.1 *Management of Insurance and financial risks*

### 3.1.1 *Insurance risks management*

The principal risk the Group faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long–term claims. Therefore, the objective of the Group is to ensure that sufficient reserves are available to cover these liabilities.

The risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements.

The Group purchases reinsurance as part of its risks mitigation programme. Reinsurance ceded is placed on both a proportional and non–proportional basis. The majority of proportional reinsurance is quota–share reinsurance which is taken out to reduce the overall exposure of the Group to certain classes of business. Non–proportional reinsurance is primarily excess–of–loss reinsurance designed to mitigate the Group's net exposure to catastrophe losses. Retention limits for the excess–of–loss reinsurance vary by product line and territory.

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. Although the Group has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements. The Group's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Group substantially dependent upon any single reinsurance contract.

**(a)** ***Life insurance contracts***

Life insurance contracts offered by the Group include: whole life, term assurance, annuities plan, anticipated endowment insurance, mortgage protection, Individual Savings and Protection, Child Education, Mutual Education Guarantee Assurance and Keyman assurance policy.

Term Assurance is a form of Life insurance policy that pays out a lump sum (Sum Assured) in the event of the death of the policy holder. The insurance can be extended to cover permanent disability and medical expenses insurred as a result of an accident.

Mortgage Protection policy is a reducing term assurance scheme which guarantees the payment of balance outstanding in respect of the loan given by a financial institution (Mortgage) to a Life Assured (Mortgagor) should he die before the loan is fully repaid.

Endowment assurance policy pays to the beneficiaries of a deceased assured compensation which is equal to the Sum Assured selected by him/her from the commencement of the policy. It also guarantees that the capital sum (Sum Assured) all the accrued reversionaty bonuses over the years be paid in the event that he/she survives till the end of the insurance year.

Individual Savings and Protection Plan is an anti-inflationary and income protection plan designed to assist all categories of individual cultivate a consistent savings culture and provide for their beneficiairies at death. A plan holder starts making a compulsory and regular savings for a number of years, which shall not be less than five years. Flexibility in the frequency of the premium payment is allowed.

Annuity Plan is a contract to pay a set amount (the annuity) every month or quarter while the annuitant (the person on whose life the contract depends) is still alive. Annuities are usually expressed in terms of the annual amount payable although in practive they can be payable monthly, quarterly, half-yearly or yearly. There are Immediate Annuity Plan, Deferred Annuity Plan, Guaranteed Annuity Plan, Annuity Certain and Increasing Annuity.

The main risks that the Group is exposed to are as follows:

- Mortality risk – risk of loss arising due to policyholder death/health experience being different than expected
- Longevity risk – risk of loss arising due to the annuitant living longer than expected
- Investment return risk – risk of loss arising from actual returns being different than expected
- Expense risk – risk of loss arising from expense experience being different than expected
- Policyholder decision risk – risk of loss arising due to policyholder experiences (lapses and surrenders) being different than expected

(a) ***Life insurance contracts***

These risks do not vary significantly in relation to the location of the risk insured by the Group, type of risk insured or by industry.

The Group's underwriting strategy is designed to ensure that risks are well diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors and geography, the use of medical screening in order to ensure that pricing takes account of current health conditions and family medical history, regular review of actual claims experience and product pricing, as well as detailed claims' handling procedures. Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the Group has the right not to renew individual policies, it can impose deductibles and it has the right to reject the payment of fraudulent claims. Insurance contracts also entitle the Group to pursue third parties for payment of some or all costs. The Group further enforces a policy of actively managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the Group.

For contracts for which death or disability is the insured risk, the significant factors that could increase the overall frequency of claims are epidemics, widespread changes in lifestyle and natural disasters, resulting in earlier or more claims than expected. Group life reinsurance retention limits of ₦15,000,000 on any single life insured and ₦10,000,000 on all high risk individuals insured are in place.

The insurance risk described above is also affected by the contract holder's right to pay reduced premiums or no future premiums, to terminate the contract completely or to exercise guaranteed annuity options. As a result, the amount of insurance risk is also subject to contract holder behaviour.

The following tables show the concentration of life insurance contract liabilities.

| | GROUP | | | COMPANY | | |
|---|---|---|---|---|---|---|
| | 31 Dec-2019 | | | 31 Dec-2019 | | |
| | Gross ₦'OOO | Reinsurance ₦'OOO | Net ₦'OOO | Gross ₦'OOO | Reinsurance ₦'OOO | Net ₦'OOO |
| Whole life and term assurance | 8,373,844 | 2,127,927 | 6,245,917 | - | - | - |
| Credit Life Assurance Scheme | 58,590 | - | 58,590 | - | - | - |
| **Total** | **8,432,434** | **2,127,927** | **6,304,507** | - | - | - |

| | GROUP | | | COMPANY | | |
|---|---|---|---|---|---|---|
| | 31 Dec-2018 | | | 31 Dec-2018 | | |
| | Gross ₦'OOO | Reinsurance ₦'OOO | Net ₦'OOO | Gross ₦'OOO | Reinsurance ₦'OOO | Net ₦'OOO |
| Whole life and term assurance | 7,052,670 | 1,635,300 | 5,417,370 | - | - | - |
| Credit Life Assurance Scheme | 21,176 | - | 21,176 | - | - | - |
| **Total** | **7,073,846** | **1,635,300** | **5,438,546** | - | - | - |

The geographical concentration of the Group's life insurance contract liabilities is shown below. The disclosure is based on the countries where the business is written. The analysis would not be materially different if based on the countries in which the counterparties are situated.

| | GROUP | | | COMPANY | | |
|---|---|---|---|---|---|---|
| | 31 Dec-2019 | | | 31 Dec-2018 | | |
| | Gross ₦'OOO | Reinsurance ₦'OOO | Net ₦'OOO | Gross ₦'OOO | Reinsurance ₦'OOO | Net ₦'OOO |
| Nigeria | 8,121,750 | 2,127,927 | 5,993,823 | | | |
| Liberia | 310,684 | - | 310,684 | - | - | - |
| Niger Republic | - | - | - | - | - | - |
| **Total** | **8,432,434** | **2,127,927** | **6,304,507** | - | - | - |

| | GROUP | | | COMPANY | | |
|---|---|---|---|---|---|---|
| | 31 Dec-2018 | | | 31 Dec-2018 | | |
| | Gross ₦'OOO | Reinsurance ₦'OOO | Net ₦'OOO | Gross ₦'OOO | Reinsurance ₦'OOO | Net ₦'OOO |
| Nigeria | 6,707,243 | 1,635,300 | 5,071,943 | | | |
| Liberia | 366,603 | - | 366,603 | - | - | - |
| Niger Republic | - | - | - | - | - | - |
| **Total** | **7,073,846** | **1,635,300** | **5,438,546** | - | - | - |

(a) *Life insurance contracts*

**Key assumptions**

Material judgement is required in determining the liabilities and in the choice of assumptions. Assumptions in use are based on past experience, current internal data, external market indices and benchmarks which reflect current observable market prices and other published information. Assumptions and prudent estimates are determined at the date of valuation and no credit is taken for possible beneficial effects of voluntary withdrawals. Assumptions are further evaluated on a continuous basis in order to ensure realistic and reasonable valuations.

The key assumptions to which the estimation of liabilities is particularly sensitive are, as follows:

- **Mortality and morbidity rates**
  Assumptions are based on standard industry and national tables, according to the type of contract written and the territory in which the insured person resides. They reflect recent historical experience and are adjusted when appropriate to reflect the Group's own experiences. An appropriate, but not excessive, prudent allowance is made for expected future improvements. Assumptions are differentiated by sex, underwriting class and contract type.
  An increase in rates will lead to a larger number of claims (and claims could occur sooner than anticipated), which will increase the expenditure and reduce profits for the shareholders.

- **Longevity**
  Assumptions are based on standard industry and national tables, adjusted when appropriate to reflect the Group's own risk experience. An appropriate, but not excessive, prudent allowance is made for expected future improvements. Assumptions are differentiated by sex, underwriting class and contract type. An increase in longevity rates will lead to an increase in the number of annuity payments to be made, which will increase the expenditure and reduce profits for the shareholders.

- **Lapse and surrender rates**
  Lapses relate to the termination of policies due to non–payment of premiums. Surrenders relate to the voluntary termination of policies by policyholders. Policy termination assumptions are determined using statistical measures based on the Group's experience and vary by product type, policy duration and sales trends.
  An increase in lapse rates early in the life of the policy would tend to reduce profits for shareholders, but later increases are broadly neutral in effect.

- **Discount rate**
  Life insurance liabilities are determined as the sum of the discounted value of the expected benefits and future administration expenses directly related to the contract, less the discounted value of the expected theoretical premiums that would be required to meet these future cash outflows. Discount rates are based on current industry risk rates, adjusted for the Group's own risk exposure.

  A decrease in the discount rate will increase the value of the insurance liability and therefore reduce profits for the shareholders.

(a) *Life insurance contracts*

**Sensitivities**

The following analysis is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on gross and net liabilities, profit before tax and equity. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non–linear. Sensitivity information will also vary according to the current economic assumptions, mainly due to the impact of changes to both the intrinsic cost and time value of options and guarantees. When options and guarantees exist, they are the main reason for the asymmetry of sensitivities. The method used for deriving sensitivity information and significant assumptions made did not change from the previous period.

**Life insurance contracts**

| 31 Dec-2019 | | GROUP | | | | COMPANY | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Change in assumptions | Increase/ (decrease) on gross liabilities ₦'000 | Increase/ (decrease) on net liabilities ₦'000 | Increase/ (decrease) on profit before tax ₦'000 | Increase/ (decrease) on equity ₦'000 | Increase/ (decrease) on gross liabilities ₦'000 | Increase/ (decrease) on net liabilities ₦'000 | Increase/ (decrease) on profit before tax ₦'000 | Increase/ (decrease) on equity ₦'000 |
| Mortality/morbidity rate | +10% | 35,039 | 35,039 | 35,039 | 24,527 | 35,039 | 35,039 | 35,039 | 24,527 |
| Longevity | +10% | (2,192) | (2,192) | (2,192) | (1,534) | (2,192) | (2,192) | (2,192) | (1,534) |
| Lapse and surrenders rate | +10% | (99) | (99) | (99) | (69) | (99) | (99) | (99) | (69) |
| Discount rate | +1% | (25,170) | (25,170) | (25,170) | (17,619) | (25,170) | (25,170) | (25,170) | (17,619) |
| Mortality/morbidity rate | -10% | (30,272) | (30,272) | (30,272) | (21,190) | (30,272) | (30,272) | (30,272) | (21,190) |
| Longevity | -10% | 2,259 | 2,259 | 2,259 | 1,581 | 2,259 | 2,259 | 2,259 | 1,581 |
| Lapse and surrenders rate | -10% | 136 | 136 | 136 | 95 | 136 | 136 | 136 | 95 |
| Discount rate | -1% | 9,668 | 9,668 | 9,668 | 6,768 | 9,668 | 9,668 | 9,668 | 6,768 |

| 31 Dec-2018 | | GROUP | | | | COMPANY | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Change in assumptions ₦'000 | Increase/ (decrease) on gross liabilities ₦'000 | Increase/ (decrease) on net liabilities ₦'000 | Increase/ (decrease) on profit before tax ₦'000 | Increase/ (decrease) on equity ₦'000 | Increase/ (decrease) on gross liabilities ₦'000 | Increase/ (decrease) on net liabilities ₦'000 | Increase/ (decrease) on profit before tax ₦'000 | Increase/ (decrease) on equity ₦'000 |
| Mortality/morbidity rate | +10% | 30,381 | 30,381 | 30,381 | 21,267 | 30,381 | 30,381 | 30,381 | 21,267 |
| Longevity | +10% | (3,861) | (3,861) | (3,861) | (2,702) | (3,861) | (3,861) | (3,861) | (2,702) |
| Lapse and surrenders rate | +10% | (9,794) | (9,794) | (9,794) | (6,856) | (9,794) | (9,794) | (9,794) | (6,856) |
| Discount rate | +1% | (35,804) | (35,804) | (35,804) | (25,063) | (35,804) | (35,804) | (35,804) | (25,063) |
| Mortality/morbidity rate | -10% | (26,237) | (26,237) | (26,237) | (18,366) | (26,237) | (26,237) | (26,237) | (18,366) |
| Longevity | -10% | 4,012 | 4,012 | 4,012 | 2,808 | 4,012 | 4,012 | 4,012 | 2,808 |
| Lapse and surrenders rate | -10% | 10,416 | 10,416 | 10,416 | 7,291 | 10,416 | 10,416 | 10,416 | 7,291 |
| Discount rate | -1% | 40,844 | 40,844 | 40,844 | 28,591 | 40,844 | 40,844 | 40,844 | 28,591 |

(b) Non–life insurance contracts
The Group principally issues the following types of general insurance contracts: motor, general accident, Bond, Marine, Fire, Aviation and Oil and Gas. Risks under non–life insurance policies usually cover twelve months duration.

For general insurance contracts, the most significant risks arise from climate changes, natural disasters and terrorist activities. For longer tail claims that take some years to settle, there is also inflation risk.

These risks do not vary significantly in relation to the location of the risk insured by the Group, type of risk insured and by industry.

The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is improved by careful selection and implementation of underwriting strategies, which are designed to ensure that risks are diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors and geography. Furthermore, strict claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are established to reduce the risk exposure of the Group. The Group further enforces a policy of actively managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the business. Inflation risk is mitigated by taking expected inflation into account when estimating insurance contract liabilities.

The Group has also limited its exposure by imposing maximum claim amounts on certain contracts as well as the use of reinsurance arrangements in order to limit exposure material events.

The table below sets out the concentration of non–life insurance contract liabilities by type of contract:

| 31 Dec-2019 | GROUP | | | COMPANY | | |
|---|---|---|---|---|---|---|
| | Gross liabilities ₦'000 | Reinsurance of liabilities ₦'000 | Net liabilities ₦'000 | Gross liabilities ₦'000 | Reinsurance of liabilities ₦'000 | Net liabilities ₦'000 |
| Motor | 1,858,474 | 52,206 | 1,806,268 | - | 52,206 | (52,206) |
| Fire | 834,149 | 322,819 | 511,330 | - | 322,819 | (322,819) |
| General Accident | 1,681,236 | 1,074,773 | 606,463 | - | 1,074,773 | (1,074,773) |
| Marine | 648,260 | 170,012 | 478,248 | - | 170,012 | (170,012) |
| Aviation & Oil and Gas | 646,251 | 203,293 | 442,958 | 5,028,508 | 203,293 | 4,825,215 |
| | **5,668,370** | **1,823,103** | **3,845,267** | **5,028,508** | **1,823,103** | **3,205,405** |

| 31 Dec-2018 | GROUP | | | COMPANY | | |
|---|---|---|---|---|---|---|
| | Gross liabilities ₦'000 | Reinsurance of liabilities ₦'000 | Net liabilities ₦'000 | Gross liabilities ₦'000 | Reinsurance of liabilities ₦'000 | Net liabilities ₦'000 |
| Motor | 2,095,720 | 671,391 | 1,424,329 | 1,412,169 | 239,479 | 1,275,436 |
| Fire | 775,765 | 421,380 | 354,385 | 775,765 | 421,380 | 535,174 |
| General Accident | 1,675,609 | 605,906 | 1,069,703 | 1,675,609 | 605,906 | 1,329,661 |
| Marine | 609,168 | 230,803 | 378,365 | 609,168 | 230,803 | 477,389 |
| Aviation & Oil and Gas | 659,925 | 9,944 | 649,981 | 659,925 | 9,944 | 654,318 |
| | **5,816,187** | **1,939,424** | **3,876,763** | **5,132,636** | **1,507,512** | **4,271,978** |

(b) ***Non–life insurance contracts***

***Key assumptions***

The principal assumption underlying the liability estimates is that the Group's future claims development will follow a similar pattern to past claims development experience. This includes assumptions in respect of average claim costs, claim handling costs, claim inflation factors and claim numbers for each accident year. Additional qualitative judgements are used to assess the extent to which past trends may not apply in the future, for example: one–off occurrence; changes in market factors such as public attitude to claiming: economic conditions: as well as internal factors such as portfolio mix, policy conditions and claims handling procedures.

***Change in assumptions and sensitivity analysis***

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

A sensitivity analysis was done to determine how the IBNR reserve amount would change if we were to consider the 75th percentile as opposed to our best estimate figures included in reserve reviews as at 31 December 2019. The 75th percentile is a generally accepted level of prudency.

***Results based on the Normal Distribution***

We use the Normal distribution as a proxy for the distribution of the IBNR claims reserve with a mean equal to the best estimate reserve calculated for each class of business.

In order to determine the standard deviation of the distributions we equated the 0.5th percentile of the distributions to be equal to 0 thereby assuming that the IBNR reserve % cannot be negative.

Through the use of the mean and the 0.5th percentile we were able to calculate the implied standard deviations for each class.

***Change in assumptions and sensitivity analysis***

The results based on fitting a Normal distribution to the best estimate IBNR reserves as at 31 December 2019 are as follows:

| Class of Business | Best estimate | | 75th percentile using Normal distribution | |
|---|---|---|---|---|
| | Gross IBNR | Net IBNR | Gross IBNR | Net IBNR |
| | ₦'OOO | ₦'OOO | ₦'OOO | ₦'OOO |
| Fire | 124,945 | 79,588 | 157,662 | 100,429 |
| General Accident | 196,138 | 155,827 | 247,497 | 196,630 |
| Marine & Aviation | 140,893 | 91,104 | 177,786 | 114,960 |
| Motor | 133,672 | 123,665 | 168,675 | 156,047 |
| Oil & Gas | 225,052 | 225,052 | 250,186 | 250,186 |
| **Total** | **820,700** | **675,236** | **1,001,806** | **818,252** |

Overall there is a 22% increase from the best estimate calculated and that at the 75th percentile.

The 75th percentile is generally regarded as a prudent level for IBNR reserves. More importantly, the difference between the best estimate and the 75th percentile provides management with an indication of the variability inherent in the IBNR reserves.

Based on the assumption that reserves follow a Normal distribution, there is only a 25% chance that the gross IBNR reserves required by Mutual Benefits will exceed ₦1.022 billion as at 31 December 2019.

(b) *Non–life insurance contracts*

Claims development table
The following tables show the estimates of cumulative incurred claims, including both claims notified and IBNR for each successive accident year at each reporting date, together with cumulative payments to date.

***Basic Chain Ladder method (BCL)***

Development factors were calculated using the last 3, 4, 5, 6 and 7 years of data by accident year or quarter. Ultimate development factors are calculated for each of the permutations and the most appropriate pattern is selected.

Ultimate development factors are applied to the paid data per accident year or quarter and an ultimate claim amount is calculated. The future claims (the ultimate claim amount less paid claims to date) are allocated to future payment periods in line with the development patterns calculated. The outstanding claims reported to date are then subtracted from the total future claims to give the resulting IBNR figure per accident year or quarter.

For cases where there were large losses that had been reported but not paid, and therefore would not have influenced the development patterns, the total case reserve were excluded from the calculation of the IBNR.
i.e. IBNR = Ultimate claim amount (excl. extreme large losses) minus paid claims to date minus claims outstanding (excl. extreme large losses)

***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 you something about the claims yet to be observed.

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

If any of these assumptions are invalidated, the results of the reserving exercise may prove to be inaccurate.

Loss Ratio method

For two (2) of the classes namely Energy and Aviation, there were very limited data. A BCL method was therefore inappropriate. Expected experience to date was considered as well as the average assumed Ultimate Loss ratio in carrying out the calculation.

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

The IBNR is then calculated as: Expected % of claims to still arise in future based on average delay X average ultimate loss ratio assumed X earned premium for the current year

(b) ***Non–life insurance contracts***

***Assumptions underlying the Loss Ratio Method***

It was assumed that the average delay in reporting of claims will continue into the future. If it is expected that these delay assumptions no longer hold, an adjustment needs to be made to allow for this change in reporting. If the delay period in reporting is expected to have increased from previous years, the results shown in the report will be understated. Additionally, an estimate of the average ultimate loss ratio will need to be assumed. Loss ratios provided were used to obtain the average loss ratio as well as experience that has been seen to date in previous accident years. Although a reasonability check was not conducted on the loss ratios by comparing the loss ratios to industry figures, if the loss ratios average is not indicative of future experience, the IBNR calculated could be under/over estimated.

Unearned premium provision was calculated using a time – apportionment basis, in particular, the 365ths method. The same approach was taken for deferred acquisition cost. Combined ratio for financial year 31 December 2019 was calculated per class of business, taking into account the additional movement in claims reserves as at 31 December 2019 as a result of the IBNR figures calculated during the reserving exercise. This combined ratio was then applied to the UPR per class of business to determine the expected future underwriting experience for the unexpired risk period, and to ascertain whether the UPR held as at 31 December 2019 was deemed sufficient. The Additional Unexpired Risk Reserve (AURR) is limited to a minimum of 0, i.e. there is no allowance for reduction in the UPR due to expected future profits arising from premiums written which will be earned in future.

| | | | | DEVELOPMENT YEARS | | | |
|---|---|---|---|---|---|---|---|
| | ₦'000 | ₦'000 | ₦'000 | ₦'000 | ₦'000 | ₦'000 | ₦'000 |
| **Fire** | **0** | **1** | **2** | **3** | **4** | **5** | **6** |
| Accident Year | | | | | | | |
| **2013** | 65,907 | 129,803 | 154,957 | 161,546 | 161,780 | 162,341 | 163,164 |
| **2014** | 113,696 | 223,324 | 232,513 | 236,086 | 237,419 | 237,419 | |
| **2015** | 80,266 | 153,252 | 156,871 | 158,264 | 158,452 | | |
| **2016** | 55,790 | 198,793 | 217,144 | 218,489 | | | |
| **2017** | 84,886 | 294,979 | 297,526 | | | | |
| **2018** | 76,000 | 276,833 | | | | | |
| **2019** | 236,794 | | | | | | |
| **Total** | **713,337** | **1,276,984** | **1,059,011** | **774,386** | **557,650** | **399,760** | **163,164** |

| | | | | DEVELOPMENT YEARS | | | |
|---|---|---|---|---|---|---|---|
| | ₦'000 | ₦'000 | ₦'000 | ₦'000 | ₦'000 | ₦'000 | ₦'000 |
| **General accident** | **0** | **1** | **2** | **3** | **4** | **5** | **6** |
| Accident Year | | | | | | | |
| 2013 | 100,719 | 232,932 | 276,502 | 298,189 | 323,764 | 325,342 | 327,727 |
| 2014 | 143,805 | 247,812 | 274,905 | 284,866 | 289,223 | 291,444 | |
| 2015 | 123,635 | 243,841 | 263,705 | 284,778 | 285,779 | | |
| 2016 | 99,258 | 225,092 | 260,852 | 298,154 | | | |
| 2017 | 147,474 | 313,971 | 385,171 | | | | |
| 2018 | 260,491 | 465,201 | | | | | |
| 2019 | 130,276 | | | | | | |
| **Total** | **1,005,657** | **1,728,848** | **1,461,135** | **1,165,987** | **898,767** | **616,786** | **327,727** |

(b) ***Non–life insurance contracts***

***Development claim tables***

| | | | | DEVELOPMENT YEARS | | | |
|---|---|---|---|---|---|---|---|
| | ₦'000 | ₦'000 | ₦'000 | ₦'000 | ₦'000 | ₦'000 | ₦'000 |
| **Marine and Aviation** | **0** | **1** | **2** | **3** | **4** | **5** | **6** |
| Accident Year | | | | | | | |
| 2013 | 16,618 | 30,488 | 32,750 | 32,887 | 32,887 | 32,887 | 32,887 |
| 2014 | 37,397 | 114,189 | 118,499 | 118,499 | 120,201 | 120,201 | |
| 2015 | 66,774 | 167,852 | 169,546 | 176,629 | 176,914 | | |
| 2016 | 68,699 | 111,224 | 134,525 | 169,340 | | | |
| 2017 | 87,343 | 206,990 | 208,347 | | | | |
| 2018 | 123,683 | 236,700 | | | | | |
| 2019 | 73,218 | | | | | | |
| **Total** | **473,731** | **867,442** | **663,667** | **497,355** | **330,002** | **153,088** | **32,887** |

DEVELOPMENT YEARS

| | ₦'000 | ₦'000 | ₦'000 | ₦'000 | ₦'000 | ₦'000 | ₦'000 |
|---|---|---|---|---|---|---|---|
| **Motor** | 0 | 1 | 2 | 3 | 4 | 5 | 6 |
| **Accident Year** | | | | | | | |
| 2013 | 469,160 | 715,356 | 729,823 | 731,234 | 731,234 | 742,165 | 742,205 |
| 2014 | 557,713 | 747,192 | 761,284 | 761,558 | 761,558 | 761,558 | |
| 2015 | 473,318 | 698,490 | 709,093 | 709,346 | 711,078 | | |
| 2016 | 563,864 | 741,647 | 745,413 | 745,865 | | | |
| 2017 | 630,155 | 913,705 | 914,901 | | | | |
| 2018 | 757,673 | 994,541 | | | | | |
| 2019 | 979,440 | | | | | | |
| Total | 4,431,324 | 4,810,932 | 3,860,513 | 2,948,004 | 2,203,870 | 1,503,723 | 742,205 |

DEVELOPMENT YEARS

| | ₦'000 | ₦'000 | ₦'000 | ₦'000 | ₦'000 | ₦'000 | ₦'000 |
|---|---|---|---|---|---|---|---|
| **Oil & Gas** | 0 | 1 | 2 | 3 | 4 | 5 | 6 |
| **Accident Year** | | | | | | | |
| 2013 | 73,620 | 85,390 | 97,481 | 97,481 | 97,481 | 102,449 | 102,449 |
| 2014 | 25 | 35,571 | 35,571 | 36,190 | 36,249 | 36,249 | |
| 2015 | - | 1,948 | 1,948 | 36,728 | 36,728 | | |
| 2016 | 14 | 1,713 | 9,095 | 24,810 | | | |
| 2017 | 27,566 | 78,299 | 130,103 | | | | |
| 2018 | 1,106 | 1,151 | | | | | |
| 2019 | - | | | | | | |
| Total | **102,331** | **204,072** | **274,198** | **195,209** | **170,458** | **138,699** | **102,449** |

### 3.1.2 *Financial risks management*

***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:

(a) Credit risk
(b) Liquidity risk
(c) Market risk

(a) ***Credit risk***

Credit risk is the risk that one party to a financial instrument or reinsurance contract will cause a financial loss for the other party by failing to discharge an obligation.

Mutual Benefits Assurance Group is exposed to risk relating to its loan and receivables, finance lease receivable, statutory deposits, bank balances, debt instruments at amortised cost, financial assets at FVPL, reinsurance receivables and trade receivables. Its receivables comprise trade receivables from customers, reinsurers and coinsurers recoverables and other receivables. There are no financial assets that are classified as past due and impaired whose terms have been negotiated.

**The following policies and procedures are in place to mitigate the Group's exposure to credit risk:**

The Group's credit risk policy sets out the assessment and determination of what constitutes credit risk for the Group. Compliance with the policy is monitored and exposures and breaches are reported to the Group's risk committee. The policy is regularly reviewed for pertinence and for changes in the risk environment.

Credit risk relating to financial instruments is monitored by the investments team of the Group. It is their responsibility to review and manage credit risk, including environmental risk for all of counterparties. The Group manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for industry concentrations, and by monitoring exposures in relation to such limits. It is the Group's policy to invest in high quality financial instruments with a low risk of default. If there is a significant increase in credit risk, the policy dictates that the instrument should be sold and amounts recovered reinvested in high quality instruments.

Reinsurance is placed with counterparties that have a good credit rating and concentration of risk is avoided by following policy guidelines in respect of counterparties' limits that are set each year by the board of directors and are subject to regular reviews. At each reporting date, management performs an assessment of creditworthiness of reinsurers and updates the reinsurance purchase strategy.

The credit risk in respect of customer balances incurred on non–payment of premiums or contributions (trade receivables) will only persist during the grace period specified in the policy document or trust deed until expiry, when the policy is either paid up or terminated. The contractual credit agreement is strictly in line with the regulator's "No Premium, No Cover" policy. Stringent measures have been placed by the regulator to guide against credit default. Credit risk exposure operates from the level of brokered transactions with little emphasis placed on direct business. The Group's credit risk exposure to brokered business is very low as the Group requires brokers to provide credit note which is due 30 days from receipt before incepting insurance cover on behalf of their clients. In addition, commission paid to intermediaries is netted off against amounts receivable from them to reduce the risk of default.

The nature of the Group's exposure to credit risks and its objectives, policies and processes used to manage and measure the risks have not changed from the previous period.

3.1.2 **Financial risks management**

(i) ***The Group's internal rating process***

The Group's investment team prepares internal ratings for instruments held in which its counterparties are rated using internal grades (investment grade, non-investment grade (satisfactory), non-investment grade (unsatisfactory), past due but not impaired, and individually impaired). The ratings are determined incorporating both qualitative and quantitative information that builds on information from risk rating agencies, supplemented with information specific to the counterparty and other external information that could affect the counterparty's behaviour. These information sources are first used to determine whether an instrument has had a significant increase in credit risk. The Group's internal credit rating grades:

| Internal rating grade | Internal rating description | Agusto & Co. rating (when a pplicable) | Basis for ECL Provision | Basis for Interest Income Calculation |
|---|---|---|---|---|
| 1-2 | Investment grade | Aaa | 12 month ECL | Gross carrying amount |
| 3 | Investment grade | Aa | 12 month ECL | Gross carrying amount |
| 4 | Investment grade | A | 12 month ECL | Gross carrying amount |
| 5 | Non-investment grade (satisfactory) | Bbb | Lifetime ECL | Gross carrying amount |
| 6-7 | Non-investment grade (unsatisfactory) | Bb | Lifetime ECL | Amortized cost |
| 8-9 | Non-investment grade (unsatisfactory) | B | Lifetime ECL | Amortized cost |
| 10 | Past due but not impaired | C | Lifetime ECL | Amortized cost |
| 11-12 | Individually impaired | D | Lifetime ECL, credit impaired | None |

(ii) ***Maximum exposure to credit risk***

The maximum exposure is shown gross, before the effect of mitigation. The maximum risk exposure presented below does not include the exposure that arises in the future as a result of the changes in values. The credit risk analysis below is presented in line with how the Group manages the risk. The Group manages its credit exposure based on the carrying value of the financial instruments and insurance and reinsurance assets.

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

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | ₦'OOO | ₦'OOO | ₦'OOO | ₦'OOO |
| | 31-Dec-19 | 31-Dec-18 | 31-Dec-19 | 31-Dec-18 |
| Cash and cash equivalents | 6,818,827 | 5,488,917 | 2,137,642 | 2,452,192 |
| Loans and receivables | 11,649,855 | 12,293,065 | 279,023 | 328,957 |
| Debt instruments at amortised cost | 23,382,962 | 19,352,837 | 5,258,379 | 4,462,696 |
| Financial assets at FVPL | 7,645,303 | 3,163,227 | 3,353,930 | 2,675,998 |
| Trade receivables | 587,686 | 912,116 | 316,582 | 386,040 |
| Reinsurance assets | 3,155,625 | 2,590,585 | 830,287 | 646,783 |
| Finance lease receivables | 292,428 | 320,062 | 213,598 | 241,232 |
| Other receivables | 771,599 | 985,779 | 133,278 | 244,245 |
| Statutory deposit | 500,000 | 500,000 | 300,000 | 300,000 |
| Deposit for investment in equity shares | 7,238 | 7,238 | 127,238 | 7,238 |
| | **54,811,524** | **45,632,643** | **12,949,957** | **11,745,381** |

**(ii) Industry concentration analysis**

All credit risks are concentrated across many industries in Nigeria. The Company monitors concentration of credit risk by sector.

| *31 December 2019* | Group | | | | | Company | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Financial services | Real estate | Oil & Gas sector | Other | Total | Financial services | Real estate | Oil & Gas sector | Other | Total |
| | ₦'OOO | ₦'OOO | ₦'OOO | ₦'OOO | ₦'OOO | ₦'OOO | ₦'OOO | ₦'OOO | ₦'OOO | ₦'OOO |
| Cash and cash equivalents | 6,818,827 | - | - | - | 6,818,827 | 2,137,642 | - | - | - | 2,137,642 |
| Loans and advances | - | - | 10,070,981 | 1,578,874 | 11,649,855 | - | - | | 279,023 | 279,023 |
| Debt instruments at amortised cost | 23,382,962 | - | - | - | 23,382,962 | 5,258,379 | - | - | - | 5,258,379 |
| Financial assets at FVPL | 7,645,303 | - | - | - | 7,645,303 | 3,353,930 | - | - | - | 3,353,930 |
| Trade receivables | 587,686 | - | - | - | 587,686 | 316,582 | - | - | - | 316,582 |
| Reinsurance assets | 3,155,625 | - | - | - | 3,155,625 | 830,287 | - | - | - | 830,287 |
| Other receivables | - | - | - | 771,600 | 771,600 | - | - | - | 133,278 | 133,278 |
| Finance lease receivables | - | - | - | 292,428 | 292,428 | - | - | - | 213,598 | 213,598 |
| Statutory deposit | 500,000 | - | - | - | 500,000 | 300,000 | - | - | - | 300,000 |
| Deposit for shares | - | - | 7,238 | - | 7,238 | 120,000 | - | 7,238 | - | 127,238 |
| | 42,090,403 | - | 10,078,219 | 2,642,902 | 54,811,824 | 12,316,820 | - | 7,238 | 625,899 | 12,949,957 |

| *31 December 2018* | Group | | | | | Company | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Financial services | Real estate | Oil & Gas sector | Other | Total | Financial services | Real estate | Oil & Gas sector | Other | Total |
| Cash and cash equivalents | 5,488,917 | - | - | - | 5,488,917 | 2,452,192 | - | - | - | 2,452,192 |
| Loans and advances | - | - | 10,148,345 | 2,144,720 | 12,293,065 | - | - | | 328,957 | 328,957 |
| Debt instruments at amortised cost | 19,352,837 | - | - | - | 19,352,837 | 4,462,696 | - | - | - | 4,462,696 |
| Financial assets at FVPL | 3,163,227 | - | - | - | 3,163,227 | 2,675,998 | - | - | - | 2,675,998 |
| Trade receivables | 912,116 | - | - | - | 912,116 | 386,040 | - | - | - | 386,040 |
| Reinsurance assets | 2,590,585 | - | - | - | 2,590,585 | 646,783 | - | - | - | 646,783 |
| Other receivables | - | - | - | 985,779 | 985,779 | - | - | - | 244,245 | 244,245 |
| Finance lease receivables | - | - | - | 320,082 | 320,062 | - | - | - | 241,232 | 241,232 |
| Statutory deposit | 500,000 | - | - | - | 500,000 | 300,000 | - | - | - | 300,000 |
| Deposit for shares | - | - | 7,238 | - | 7,238 | - | - | 7,238 | - | 7,238 |
| | 32,007,682 | - | 10,155,583 | 3,450,561 | 45,613,826 | 10,923,709 | - | 7,238 | 814,434 | 11,745,381 |

**(iii) Credit exposure by credit rating**

The table below provides information regarding the credit risk exposure of the Group by classifying assets according to the Group's credit ratings of counterparties.

| 31 December 2019 | Group | | | | | Company | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Investment grade | Non investment grade satisfactory | Non investment grade un-satisfactory | Individually impaired | Total | Investment grade | Non investment grade satisfactory | Non investment grade un-satisfactory | Individually impaired | Total |
| | ₦'OOO | ₦'OOO | ₦'OOO | ₦'OOO | ₦'OOO | ₦'OOO | ₦'OOO | ₦'OOO | ₦'OOO | ₦'OOO |
| Cash and cash equivalents | 6,818,827 | - | - | - | 6,818,827 | 2,137,642 | - | - | - | 2,137,642 |
| Loans and advances | 11,649,855 | - | | | 11,649,855 | 279,023 | | - | | 279,023 |
| Debt instruments at amortised cost | 23,382,962 | - | - | - | 23,382,962 | 5,258,379 | - | - | - | 5,258,379 |
| Financial assets at FVPL | 7,645,303 | - | - | - | 7,645,303 | 3,353,930 | - | - | - | 3,353,930 |
| Trade receivables | 587,686 | - | - | - | 587,686 | 316,582 | - | - | - | 316,582 |
| Reinsurance assets | 3,155,625 | - | - | - | 3,155,625 | 830,287 | - | - | - | 830,287 |
| Other receivables | 586,822 | - | 132,501 | 52,272 | 771,599 | 133,278 | - | | | 133,278 |
| Finance lease receivables | - | 292,428 | - | - | 292,428 | - | 213,598 | - | - | 213,598 |
| Statutory deposit | 500,000 | - | - | - | 500,000 | 300,000 | - | - | - | 300,000 |
| Deposit for shares | 7,238 | - | - | - | 7,238 | 127,238 | - | - | - | 127,238 |
| | 54,334,323 | 292,428 | 132,501 | 52,272 | 54,811,524 | 12,736,359 | 213,598 | - | - | 12,949,957 |

| 31 December 2018 | Group | | | | | Company | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Investment grade | Non investment grade satisfactory | Non investment grade un-satisfactory | Individually impaired | Total | Investment grade | Non investment grade satisfactory | Non investment grade un-satisfactory | Individually impaired | Total |
| Cash and cash equivalents | 5,488,917 | - | - | - | 5,488,917 | 2,452,192 | - | - | - | 2,452,192 |
| Loans and advances | 11,906,667 | 175,029 | 59,234 | 152,135 | 12,293,065 | 328,957 | - | - | - | 328,957 |
| Debt instruments at amortised cost | - | | | | | - | | | | |
| Financial assets at FVPL | 19,352,837 | - | - | - | 19,352,837 | 4,462,696 | - | - | - | 4,462,696 |
| Trade receivables | 3,163,227 | - | - | - | 3,163,227 | 2,675,998 | - | - | - | 2,675,998 |
| Reinsurance assets | 912,116 | - | - | - | 912,116 | 386,040 | - | - | - | 386,040 |
| Other receivables | 2,590,585 | - | - | - | 2,590,585 | 646,783 | - | - | - | 646,783 |
| Finance lease receivables | 733,330 | - | 200,177 | 52,272 | 985,779 | 244,245 | - | - | - | 244,245 |
| Statutory deposit | 320,062 | - | - | - | 320,062 | 241,232 | - | - | - | 241,232 |
| Deposit for shares | 500,000 | - | - | - | 500,000 | 300,000 | - | - | - | 300,000 |
| | 7,238 | - | - | - | 7,238 | 7,238 | - | - | - | 7,238 |
| | 44,974,979 | 175,029 | 259,411 | 204,407 | 45,613,826 | 11,745,381 | - | - | - | 11,745,381 |

### (iii) Credit collateral

The Group holds collateral and other credit enhancements against certain of its credit exposures. The following table sets out the principal types of collateral held against different types of financial assets.

| Financial assets | Percentage of exposure that is subject to collateral: Group 2019 | Group 2018 | Company 2019 | Company 2018 | Principal type of collateral held |
|---|---|---|---|---|---|
| Loans to oil & gas sector | 100% | 100% | 100% | 100% | Oil & gas assets. |
| Loans to construction sector | 100% | 100% | 100% | 100% | Real estate properties, inventory. |
| Loans to policyholders | 100% | 100% | 100% | 100% | Cash deposits. |
| Staff loans | 100% | 100% | 100% | 100% | Real estate properties, vehicles, securities. |
| Finance lease | 100% | 100% | 100% | 100% | Underlying assets. |

The loan-to-value (LTV) ratio of the financial assets above is not more than 70%. LTV is calculated as the ratio of the gross amount of the loan to the value of the collateral. The valuation of the collateral excludes any adjustments for obtaining and selling the collateral. The value of the collateral for residential mortgage loans is based on the collateral value at origination updated based on changes in house price indices. For credit-impaired loans the value of collateral is based on the most recent appraisals.

**(iv) Impairment assessment**

A summary of the assumptions underpinning the Group's expected credit loss (ECL) model is as stated in Note 2.3.37.

**(iv) a) Significant increase in credit risk, default and cure**

The Group continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12mECL or LTECL, the Group assesses whether there has been a significant increase in credit risk since initial recognition.

The Group considers that there has been a significant increase in credit risk when any contractual payments are more than 30 days past due. In addition, the Group also considers a variety of instances that may indicate unlikeliness to pay by assessing whether there has been a significant increase in credit risk. Such events include:

- Internal rating of the counterparty indicating default or near-default
- The counterparty having past due liabilities to public creditors or employees
- The counterparty (or any legal entity within the debtor's group) filing for bankruptcy application/protection
- Counterparty's listed debt or equity suspended at the primary exchange because of rumours or facts about financial difficulties

The Group considers a financial instrument defaulted and, therefore, credit-impaired for ECL calculations in all cases when the counterparty becomes 90 days past due on its contractual payments. The Group may also consider an instrument to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full. In such cases, the Group recognizes a lifetime ECL.

In rare cases when an instrument identified as defaulted, it is the Group's policy to consider a financial instrument as 'cured' and therefore re-classified out of credit-impaired when none of the default criteria have been present for at least twelve consecutive months.

There has been no significant increase in credit risk or default for financial assets during the year.

**(iv) b) Expected credit loss**

The Group assesses the possible default events within 12 months for the calculation of the 12mECL. Given the investment policy, the probability of default for new instruments acquired is generally determined to be minimal.

In rare cases where a lifetime ECL is required to be calculated, the probability of default is estimated based on economic scenarios.

**(v) Impairment losses on financial investments subject to impairment assessment**

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Group's internal grading system are explained in Note 3.1.2 (a) (i).

3.1.2 **Financial risks management**

**(a) Credit risk**

(v) a) **Cash & short-term deposits in banks**

| Group | 31-Dec-19 | | | | 31-Dec-19 | | | |
|---|---|---|---|---|---|---|---|---|
| | ₦'000 Stage 1 | ₦'000 Stage 2 | ₦'000 Stage 3 | ₦'000 Total | ₦'000 Stage 1 | ₦'000 Stage 2 | ₦'000 Stage 3 | ₦'000 Total |
| Internal rating grade | | | | | | | | |
| Investment grade | 6,694,904 | - | - | 6,694,904 | 5,322,138 | - | - | 5,322,138 |
| Non-investment grade (satisfactory) | - | 123,923 | - | 123,923 | - | 166,779 | - | 166,779 |
| Total Gross Amount | **6,694,904** | **123,923** | - | **6,818,827** | **5,322,138** | **166,779** | - | **5,488,917** |
| ECL | (14,158) | (1,243) | - | (15,401) | (19,863) | (2,195) | - | (22,058) |
| Total Net Amount | **6,680,746** | **122,680** | - | **6,803,426** | **5,302,275** | **164,584** | - | **5,466,859** |

(v) **Cash & short-term deposits in banks**
An analysis of changes in the gross amount and the corresponding ECLs is, as follows:

| | 31-Dec-19 | | | | 31-Dec-19 | | | |
|---|---|---|---|---|---|---|---|---|
| | ₦'000 Stage 1 | ₦'000 Stage 2 | ₦'000 Stage 3 | ₦'000 Total | ₦'000 Stage 1 | ₦'000 Stage 2 | ₦'000 Stage 3 | ₦'000 Total |
| Gross carrying amount as at 1 January | 5,322,138 | 166,779 | - | 5,488,917 | 8,108,585 | 279,482 | - | 8,388,067 |
| New assets originated or purchased | 6,694,904 | 123,923 | - | 6,818,827 | 5,322,138 | 166,779 | - | 5,488,917 |
| Assets derecognised or repaid (excluding write offs) | (5,322,138) | (166,779) | - | (5,488,917) | (8,108,585) | (279,482) | - | (8,388,067) |
| | 1,372,766 | (42,856) | - | 1,329,910 | (2,786,447) | (112,703) | - | (2,899,150) |
| At 31 December | **6,694,904** | **123,923** | - | **6,818,827** | **5,322,138** | **166,779** | - | **5,488,917** |

| | ₦'000 Stage 1 | ₦'000 Stage 2 | ₦'000 Stage 3 | ₦'000 Total | ₦'000 Stage 1 | ₦'000 Stage 2 | ₦'000 Stage 3 | ₦'000 Total |
|---|---|---|---|---|---|---|---|---|
| ECL allowance as at 1 January | 19,863 | 2,195 | - | 22,058 | 46,026 | 4,081 | - | 50,107 |
| New assets originated or purchased | 16,413 | 2,753 | - | 19,166 | 49,972 | 2,791 | - | 52,763 |
| Assets derecognised or repaid (excluding write offs) | (22,118) | (3,705) | - | (25,823) | (76,135) | (4,677) | - | (80,811) |
| | (5,705) | (952) | - | (6,657) | (26,163) | (1,886) | - | (28,049) |
| **At 31 December** | **14,158** | **1,243** | - | **15,401** | **19,863** | **2,195** | - | **22,058** |

(v)a)**Cash & short-term deposits in banks**

**Company**

| | 31-Dec-19 | | | | 31-Dec-19 | | | |
|---|---|---|---|---|---|---|---|---|
| | ₦'000 Stage 1 | ₦'000 Stage 2 | ₦'000 Stage 3 | ₦'000 Total | ₦'000 Stage 1 | ₦'000 Stage 2 | ₦'000 Stage 3 | ₦'000 Total |
| Internal rating grade | | | | | | | | |
| Investment grade | 2,013,719 | - | - | 2,013,719 | 2,285,413 | - | - | 2,285,413 |
| Non-investment grade (satisfactory) | - | 123,923 | - | 123,923 | - | 166,779 | - | 166,779 |
| Total Gross Amount | **2,013,719** | **123,923** | - | **2,137,642** | 2,285,413 | 166,779 | - | 2,452,192 |
| ECL | (4,128) | (1,243) | - | (5,371) | (6,428) | (2,195) | - | (8,623) |
| **Total Net Amount** | **2,009,591** | **122,680** | - | **2,132,271** | 2,278,985 | 164,584 | - | 2,443,569 |

An analysis of changes in the gross amount and the corresponding ECLs is, as follows:

| | 31-Dec-19 | | | | 31-Dec-19 | | | |
|---|---|---|---|---|---|---|---|---|
| | ₦'000 Stage 1 | ₦'000 Stage 2 | ₦'000 Stage 3 | ₦'000 Total | ₦'000 Stage 1 | ₦'000 Stage 2 | ₦'000 Stage 3 | ₦'000 Total |
| Gross carrying amount as at 1 January | 2,285,413 | 166,779 | - | 2,452,192 | 3,059,678 | 275,782 | - | 3,335,460 |
| New assets originated or purchased | 2,013,719 | 123,923 | - | 2,137,642 | 2,285,413 | 166,779 | - | 2,452,192 |
| Assets derecognised or repaid (excluding write offs) | (2,285,413) | (166,779) | - | (2,452,192) | (3,059,678) | (275,782) | - | (3,335,460) |
| | (271,694) | (42,856) | - | (314,550) | (774,265) | (109,003) | - | (883,268) |
| **At 31 December 2019** | **2,013,719** | **123,923** | - | **2,137,642** | 2,285,413 | 166,779 | - | 2,452,192 |

| | ₦'000 Stage 1 | ₦'000 Stage 2 | ₦'000 Stage 3 | ₦'000 Total | ₦'000 Stage 1 | ₦'000 Stage 2 | ₦'000 Stage 3 | ₦'000 Total |
|---|---|---|---|---|---|---|---|---|
| ECL allowance as at 1 January | 6,428 | 2,195 | - | 8,623 | 9,844 | 4,081 | - | 13,925 |
| New assets originated or purchased | 17,048 | 1,049 | - | | 19,348 | 1,412 | - | |
| Assets derecognised or repaid (excluding write offs) | (19,348) | (1,412) | - | (3,252) | (25,903) | (2,335) | - | (28,238) |
| | (2,300) | (952) | - | (3,252) | (3,416) | (1,886) | - | (5,302) |
| **At 31 December** | **4,128** | **1,243** | - | **5,371** | **6,428** | **2,195** | - | **8,623** |

(v)b) **Loans and receivables**
**Group**

| | 31-Dec-19 | | | | 31-Dec-19 | | | |
|---|---|---|---|---|---|---|---|---|
| | ₦'000 | ₦'000 | ₦'000 | ₦'000 | ₦'000 | ₦'000 | ₦'000 | ₦'000 |
| Internal rating grade | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total |
| Investment grade | 11,649,855 | - | - | 11,649,855 | 11,906,668 | - | - | 11,906,668 |
| Non-investment grade (satisfactory) | - | - | - | - | 59,411 | 115,616.00 | - | 175,027 |
| Non-investment grade (unsatisfactory) | - | - | - | - | - | 59,235.00 | - | 59,235 |
| Past due but not impaired | - | - | - | - | - | - | - | - |
| Individually impaired | - | - | - | - | - | - | 152,135 | 152,135 |
| Total Gross Amount | **11,649,855** | - | - | **11,649,855** | 11,966,079 | 174,851 | 152,135 | 12,293,065 |
| ECL | (468,593) | - | - | (468,593) | (222,649) | (58,584) | (134,014) | (415,247) |
| Total Net Amount | **11,181,262** | - | - | 11,181,262 | 11,743,430 | 116,267 | 18,121 | 11,877,818 |

An analysis of changes in the gross amount and the corresponding ECLs is, as follows:

| | ₦'000 | ₦'000 | ₦'000 | ₦'000 | ₦'000 | ₦'000 | ₦'000 | ₦'000 |
|---|---|---|---|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total |
| Gross carrying amount as at 1 January | 11,966,079 | 174,851 | 152,135 | 12,293,065 | 12,094,698 | 168,271 | 102,158 | 12,365,127 |
| New assets originated or purchased | 2,839,651 | - | - | 2,839,651 | 929,131 | 74,221 | 49,977 | 1,053,329 |
| Assets derecognised or repaid (excluding write offs) | (3,069,474) | - | - | (3,069,474) | (1,025,441) | (37,928) | (60,023) | (1,123,392) |
| Transfers to Stage 1 | - | - | - | - | 21,003 | (19,684) | (1,319) | - |
| Transfers to Stage 2 | (59,411) | 59,411 | - | - | (47,525) | 67,641 | (20,115) | 1 |
| Transfers to Stage 3 | - | - | - | - | (5,787) | (77,670) | 83,457 | - |
| Amounts written off | (26,990) | (234,262) | (152,135) | (413,387) | - | - | (2,000) | (2,000) |
| | (316,224) | (174,851) | (152,135) | (643,210) | (128,619) | 6,580 | 49,977 | (72,062) |
| At 31 December | **11,649,855** | - | - | **11,649,855** | 11,966,079 | 174,851 | 152,135 | 12,293,065 |

| | ₦'000 | ₦'000 | ₦'000 | ₦'000 | ₦'000 | ₦'000 | ₦'000 | ₦'000 |
|---|---|---|---|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total |
| ECL allowance as at 1 January | 222,649 | 58,584 | 134,014 | 415,247 | 168,141 | 56,374 | 93,958 | 318,473 |
| New assets originated or purchased | 565,822 | 32,929 | - | 598,751 | 55,520 | 44,498 | 75,116 | 175,134 |
| Assets derecognised or repaid (excluding write offs) | (253,859) | (41,716) | - | (295,575) | (8,071) | (28,840) | (39,449) | (76,360) |
| Transfers to Stage 1 | - | - | - | - | 7,808 | (6,595) | (1,213) | - |
| Transfers to Stage 2 | - | - | - | - | (668) | 19,168 | (18,500) | - |
| Transfers to Stage 3 | - | - | - | - | (81) | (26,021) | 26,102 | - |
| Amounts written off | (66,019) | (49,796) | (134,014) | (249,829) | - | - | (2,000) | (2,000) |
| | 245,944 | (58,584) | (134,014) | 53,346 | 54,508 | 2,210 | 40,056 | 96,774 |
| At 31 December | **468,593** | - | - | **468,593** | 222,649 | 58,584 | 134,014 | 415,247 |

(v)b) **Loans and receivables**

**Company**

| | 31-Dec-19 | | | | 31-Dec-19 | | | |
|---|---|---|---|---|---|---|---|---|
| | ₦'000 Stage 1 | ₦'000 Stage 2 | ₦'000 Stage 3 | ₦'000 Total | ₦'000 Stage 1 | ₦'000 Stage 2 | ₦'000 Stage 3 | ₦'000 Total |
| Internal rating grade | | | | | | | | |
| Investment grade | 279,023 | - | - | 279,023 | 328,957 | - | - | 328,957 |
| Non-investment grade (satisfactory) | - | - | - | - | - | - | - | - |
| Non-investment grade (unsatisfactory) | - | - | - | - | - | - | - | - |
| Past due but not impaired | - | - | - | - | - | - | - | - |
| Individually impaired | - | - | - | - | - | - | - | - |
| Total Gross Amount | **279,023** | - | - | **279,023** | **328,957** | - | - | **328,957** |
| ECL | (1,913) | - | - | (1,913) | (3,881) | - | - | (3,881) |
| Total Net Amount | **277,110** | - | - | **277,110** | **325,076** | - | - | **325,076** |

An analysis of changes in the gross amount and the corresponding ECLs is, as follows:

| | 31-Dec-19 | | | | 31-Dec-19 | | | |
|---|---|---|---|---|---|---|---|---|
| | ₦'000 Stage 1 | ₦'000 Stage 2 | ₦'000 Stage 3 | ₦'000 Total | ₦'000 Stage 1 | ₦'000 Stage 2 | ₦'000 Stage 3 | ₦'000 Total |
| Gross carrying amount as at 1 January | 328,957 | - | - | 328,957 | 633,143 | - | - | 633,143 |
| New assets originated or purchased | 20,640 | - | - | 20,640 | 48,000 | - | - | 48,000 |
| Assets derecognised or repaid (excluding write offs) | (70,574) | - | - | (70,574) | (352,186) | - | - | (352,186) |
| At 31 December | (49,933) | - | - | (49,933) | (304,186) | - | - | (304,186) |
| | **279,023** | - | - | **279,023** | **328,957** | - | - | **328,957** |

| | ₦'000 Stage 1 | ₦'000 Stage 2 | ₦'000 Stage 3 | ₦'000 Total | ₦'000 Stage 1 | ₦'000 Stage 2 | ₦'000 Stage 3 | Stage 1 |
|---|---|---|---|---|---|---|---|---|
| ECL allowance as at 1 January | 3,881 | - | - | 3,881 | 7,140 | - | - | 7,140 |
| New assets originated or purchased | - | - | - | - | 695 | - | - | 695 |
| Assets derecognised or repaid (excluding write offs) | (1,968) | - | - | (1,968) | (3,954) | - | - | (3,954) |
| | (1,968) | - | - | (1,968) | (3,259) | - | - | (3,259) |
| **At 31 December** | **1,913** | - | - | **1,913** | **3,881** | - | - | **3,881** |

(v)c) **Debt instruments at amortised cost**

Group

| | 31-Dec-19 | | | | 31-Dec-19 | | | |
|---|---|---|---|---|---|---|---|---|
| | ₦'000 Stage 1 | ₦'000 Stage 2 | ₦'000 Stage 3 | ₦'000 Total | ₦'000 Stage 1 | ₦'000 Stage 2 | ₦'000 Stage 3 | ₦'000 Total |
| Internal rating grade | | | | | | | | |
| Investment grade | 23,382,962 | - | - | 23,382,962 | 19,352,837 | - | - | 19,352,837 |
| Non-investment grade (satisfactory) | - | - | - | - | - | - | - | - |
| Non-investment grade (unsatisfactory) | - | - | - | - | - | - | - | - |
| Past due but not impaired | - | - | - | - | - | - | - | - |
| Individually impaired | - | - | - | - | - | - | - | - |
| Total Gross Amount | **23,382,962** | - | - | **23,382,962** | **19,352,837** | - | - | **19,352,837** |
| ECL | (5,410) | - | - | (5,410) | (6,285) | - | - | (6,285) |
| Total Net Amount | **23,377,552** | - | - | **23,377,552** | **19,346,552** | - | - | **19,346,552** |

An analysis of changes in the gross amount and the corresponding ECLs is, as follows:

| | 31-Dec-19 | | | | 31-Dec-19 | | | |
|---|---|---|---|---|---|---|---|---|
| | ₦'000 Stage 1 | ₦'000 Stage 2 | ₦'000 Stage3 | ₦'000 Total | ₦'000 Stage 1 | ₦'000 Stage 2 | ₦'000 Stage3 | ₦'000 Total |
| Gross carrying amount as at 1 January | 19,352,837 | - | - | 19,352,837 | 15,788,109 | - | - | 15,788,109 |
| New assets originated or purchased | 23,382,962 | - | - | 23,382,962 | 19,352,837 | - | - | 19,352,837 |
| Assets derecognised or matured (excluding write offs) | (19,352,837) | - | - | (19,352,837) | (15,788,109) | - | - | (15,788,109) |
| | 4,030,125 | - | - | 4,030,125 | 3,564,728 | - | - | 3,564,728 |
| At 31 December | **23,382,962** | - | - | **23,382,962** | **19,352,837** | - | - | **19,352,837** |

| | ₦'000 Stage 1 | ₦'000 Stage 2 | ₦'000 Stage 3 | ₦'000 Total | ₦'000 Stage 1 | ₦'000 Stage 2 | ₦'000 Stage 3 | ₦'000 Total |
|---|---|---|---|---|---|---|---|---|
| ECL allowance as at 1 January | 6,285 | - | - | 6,285 | 5,303 | - | - | 5,303 |
| New assets originated or purchased | 5,410 | - | - | 5,410 | 6,285 | - | - | 6,285 |
| Assets derecognised or matured (excluding write offs) | (6,285) | - | - | (6,285) | (5,303) | - | - | (5,303) |
| | (875) | - | - | (875) | 982 | - | - | 982 |
| At 31 December | **5,410** | - | - | **5,410** | **6,285** | - | - | **6,285** |

## (vi)C) Debt instruments at amortised cost

| Company | 31-Dec-19 | | | | 31-Dec-19 | | | |
|---|---|---|---|---|---|---|---|---|
| | ₦'OOO | ₦'OOO | ₦'OOO | ₦'OOO | ₦'OOO | ₦'OOO | ₦'OOO | ₦'OOO |
| Investment grade | 5,258,379 | - | - | 5,258,379 | 4,462,696 | - | - | 4,462,696 |
| Non-investment grade (satisfactory) | - | - | - | - | - | - | - | - |
| Non-investment grade (unsatisfactory) | - | - | - | - | - | - | - | - |
| Past due but not impaired | - | - | - | - | - | - | - | - |
| Individually impaired | - | - | - | - | - | - | - | - |
| Total Gross Amount | **5,258,379** | - | - | **5,258,379** | 4,462,696 | - | - | 4,462,696 |
| ECL | (1,210) | - | - | (1,210) | (1,450) | - | - | (1,450) |
| Total Net Amount | **5,257,169** | - | - | **5,257,169** | 4,461,246 | - | - | 4,461,246 |

An analysis of changes in the gross amount and the corresponding ECLs is, as follows:

| | 31-Dec-19 | | | | 31-Dec-19 | | | |
|---|---|---|---|---|---|---|---|---|
| | ₦'OOO | ₦'OOO | ₦'OOO | ₦'OOO | ₦'OOO | ₦'OOO | ₦'OOO | ₦'OOO |
| | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total |
| Gross carrying amount as at 1 January | 4,462,696 | - | - | 4,462,696 | 4,006,507 | - | - | 4,006,507 |
| New assets originated or purchased | 5,258,379 | - | - | 5,258,379 | 4,462,696 | - | - | 4,462,696 |
| Assets derecognised or matured (excluding write offs) | (4,462,696) | - | - | (4,462,696) | (4,006,507) | - | - | (4,006,507) |
| | 795,683 | - | - | 795,683 | 456,189 | - | - | 456,189 |
| At 31 December | **5,258,379** | - | - | **5,258,379** | **4,462,696** | - | - | **4,462,696** |

| in thousands of Nigerian Naira | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total |
|---|---|---|---|---|---|---|---|---|
| ECL allowance as at 1 January | 1,450 | - | - | 1,450 | 1,334 | - | - | 1,334 |
| New assets originated or purchased | 1,210 | - | - | 1,210 | 1,450 | - | - | 1,450 |
| Assets derecognised or matured (excluding write offs) | (1,450) | - | - | (1,450) | (1,335) | - | - | (1,335) |
| | (240) | - | - | (240) | 115 | - | - | 115 |
| At 31 December | **1,210** | - | - | **1,210** | **1,450** | - | - | **1,450** |

(vi)(d) **Finance Lease receivables**

**Group**

| Internal rating grade | 31-Dec-19 ₦'000 Stage 1 | 31-Dec-19 ₦'000 Stage 2 | 31-Dec-19 ₦'000 Stage 3 | 31-Dec-19 ₦'000 Total | 31-Dec-19 ₦'000 Stage 1 | 31-Dec-19 ₦'000 Stage 2 | 31-Dec-19 ₦'000 Stage 3 | 31-Dec-19 ₦'000 Total |
|---|---|---|---|---|---|---|---|---|
| Investment grade | 176,148 | - | - | 176,148 | 124,952 | - | - | 124,952 |
| Non-investment grade (satisfactory) | - | - | - | - | - | - | - | - |
| Non-investment grade (unsatisfactory) | - | - | - | - | - | - | - | - |
| Past due but not impaired | - | - | - | - | - | - | - | - |
| Individually impaired | - | - | 116,280 | 116,280 | - | - | 195,110 | 195,110 |
| Total Gross Amount | **176,148** | - | **116,280** | **292,428** | **124,952** | - | **195,110** | **320,062** |
| ECL | (13,766) | - | (195,110) | (208,876) | (8,798) | - | (195,110) | (203,908) |
| Total Net Amount | **162,382** | - | **(78,830)** | **83,552** | **116,154** | - | - | **116,154** |

An analysis of changes in the gross amount and the corresponding ECLs is, as follows:

| | 31-Dec-19 ₦'000 Stage 1 | 31-Dec-19 ₦'000 Stage 2 | 31-Dec-19 ₦'000 Stage 3 | 31-Dec-19 ₦'000 Total | 31-Dec-19 ₦'000 Stage 1 | 31-Dec-19 ₦'000 Stage 2 | 31-Dec-19 ₦'000 Stage 3 | 31-Dec-19 ₦'000 Total |
|---|---|---|---|---|---|---|---|---|
| Gross carrying amount as at 1 January | 124,952 | - | 195,110 | 320,062 | 128,209 | 5,819 | 209,160 | 343,188 |
| New assets originated or purchased | - | - | - | - | - | - | - | - |
| Assets derecognised or matured (excluding write offs) | (27,634) | - | - | (27,634) | (3,255) | (2,182) | (6,676) | (12,113) |
| Transfers to Stage 3 | - | - | - | - | - | (3,637) | 3,637 | - |
| Amounts written off | - | - | - | - | - | - | (11,011) | (11,011) |
| | 51,196 | - | (78,830) | (27,634) | (3,256) | (5,819) | (195,110) | (23,125) |
| **At 31 December** | **176,148** | - | **116,280** | **292,428** | **124,952** | - | (14,050) | **(320,062)** |

| | ₦'000 Stage 1 | ₦'000 Stage 2 | ₦'000 Stage 3 | ₦'000 Total | ₦'000 Stage 1 | ₦'000 Stage 2 | ₦'000 Stage 3 | ₦'000 Total |
|---|---|---|---|---|---|---|---|---|
| ECL allowance as at 1 January | 8,798 | - | 195,110 | 203,908 | 2,198 | 3,637 | 198,149 | 203,984 |
| New assets originated or purchased | - | - | - | - | - | - | - | - |
| Assets derecognised or matured (excluding write offs) | - | - | - | - | - | - | (6,676) | (6,676) |
| Transfers to Stage 1 | - | - | - | - | - | - | - | - |
| Transfers to Stage 3 | - | - | - | - | - | (3,637) | 3,637 | - |
| Changes to models and inputs used for ECL calculations | 4,968 | - | - | 4,968 | 6,600 | - | - | 6,600 |
| Amounts written off | - | - | - | - | - | - | (3,039) | (76) |
| | 4,968 | - | - | 4,968 | 6,600 | (3,637) | (3,039) | (76) |
| **At 31 December** | **13,766** | **-** | **195,110** | **208,876** | 8,798 | - | 195,110 | 203,908 |

(vi) (d) **Finance Lease receivables**

**Company**

| | 31-Dec-19 | | | | 31-Dec-19 | | | |
|---|---|---|---|---|---|---|---|---|
| | ₦'000 Stage 1 | ₦'000 Stage 2 | ₦'000 Stage 3 | ₦'000 Total | ₦'000 Stage 1 | ₦'000 Stage 2 | ₦'000 Stage 3 | ₦'000 Total |
| Internal rating grade | | | | | | | | |
| Investment grade | 97,318 | - | - | 97,318 | 124,952 | - | - | 124,952 |
| Non-investment grade (unsatisfactory) | - | - | - | - | - | - | - | - |
| Past due but not impaired | - | - | - | - | - | - | - | - |
| Individually impaired | - | - | 116,280 | 116,280 | - | - | 116,280 | 116,280 |
| Total Gross Amount | **97,318** | **-** | **116,280** | **213,598** | 124,952 | - | 116,280 | 241,232 |
| ECL | (13,766) | - | (116,280) | (130,046) | (8,798) | - | (116,280) | (125,078) |
| Total Net Amount | **83,552** | **-** | **-** | **83,552** | 116,154 | - | - | 116,154 |

# Notes to the Consolidated and Separate Financial Statements

For the year ended 31 December 2019



| | 31-Dec-19 | | | | 31-Dec-19 | | | |
|---|---|---|---|---|---|---|---|---|
| | ₦'000 | ₦'000 | ₦'000 | ₦'000 | ₦'000 | ₦'000 | ₦'000 | ₦'000 |
| | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total |
| Gross carrying amount as at 1 January | 124,952 | - | 116,280 | 241,232 | 128,209 | 5,819 | 119,319 | 253,347 |
| New assets originated or purchased | - | - | - | - | | | | - |
| Assets derecognised or matured (excluding write offs) | (27,634) | - | - | (27,634) | (3,257) | (2,182) | (6,676) | (12,115) |
| Transfers to Stage 3 | - | - | - | - | - | (3,637) | 3,637 | - |
| | (27,634) | - | - | (27,634) | (3,257) | (5,819) | (3,039) | (12,115) |
| **At 31 December** | **97,318** | **-** | **116,280** | **213,598** | 124,952 | - | 116,280 | 241,232 |

| | ₦'000 | ₦'000 | ₦'000 | ₦'000 | ₦'000 | ₦'000 | ₦'000 | ₦'000 |
|---|---|---|---|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total |
| ECL allowance as at 1 January | 8,798 | - | 116,280 | 125,078 | 2,198 | 3,637 | 119,319 | 125,154 |
| New assets originated or purchased | | | | | | | | |
| Assets derecognised or matured (excluding write offs) | - | - | - | - | - | - | (6,676) | (6,676) |
| Transfers to Stage 3 | 4,968 | - | - | 4,968 | - | - | - | - |
| Changes to models and inputs used for | - | - | - | - | - | (3,637) | 3,637 | - |
| ECL calculations | - | - | - | - | 6,600 | - | - | 6,600 |
| Foreign exchange adjustments | - | - | - | - | | | | - |
| | 4,968 | - | - | 4,968 | 6,600 | (3,637) | (3,039) | (76) |
| **At 31 December** | **13,766** | **-** | **116,280** | **130,046** | 8,798 | - | 116,280 | 125,078 |

## (b) Liquidity risk

Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. The Group mitigates this risk by monitoring cash activities and expected outflows. The Group's current liabilities arise as claims are made and clients request for termination of their investment-linked products. 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 Group's investment policy requires that a reasonable percentage of the non-life portfolio be held in cash and cash equivalent; this highlights availability of liquid marketable securities sufficient to meet its liabilities as at when due. Cash and cash equivalents include cash in hand, cash at banks and short-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.

## (b) Liquidity risk

| Group<br>31 December 2019<br>in thousands of Nigerian Naira | ₦'OOO<br>Carrying amount | ₦'OOO<br>1-6 months | ₦'OOO<br>6-12 months | ₦'OOO<br>1-5 years | ₦'OOO<br>Above 5 years | ₦'OOO<br>No maturity date | ₦'OOO<br>Gross total |
|---|---|---|---|---|---|---|---|
| Cash and cash equivalents | 6,821,006 | 6,866,245 | - | - | - | - | 6,866,245 |
| Loans and advances | 11,181,262 | 1,434,355 | 11,277,245 | 156,598 | 97,591 | - | 12,965,789 |
| Financial assets held for trading pledged as collateral | 123,742 | - | - | 123,742 | - | - | 123,742 |
| Financial assets fair value through profit or loss | 7,669,217 | 387,063 | 434,891 | 4,253,257 | 15,217,513 | - | 20,292,724 |
| Debt Instruments at amortised cost | 23,377,552 | 530,307 | 24,610,500 | - | | | 25,140,807 |
| Trade receivables | 563,813 | 563,813 | - | - | - | - | 563,813 |
| Reinsurance assets | 3,155,625 | 3,155,625 | - | - | - | - | 3,155,625 |
| Other receivables | 771,600 | 771,600 | - | - | - | - | 771,600 |
| Finance lease receivables | 83,552 | 11,624 | 86,534 | - | - | - | 98,158 |
| **Total financial assets** | **53,747,369** | **13,720,632** | **36,409,171** | **4,533,596** | **15,315,104** | **-** | **69,978,503** |
| | | | | | | | |
| Investment contract liabilities | 26,266,129 | 6,925,948 | 6,925,948 | 13,779,265 | 530,404 | - | 28,161,564 |
| Insurance contract liabilities* | 9,098,145 | 7,371,036 | 1,217,080 | - | - | 1,727,109 | 10,315,225 |
| Trade payables* | 823,277 | 823,277 | - | - | - | - | 823,277 |
| Other liabilities* | 1,222,562 | 1,222,562 | - | - | - | - | 1,222,562 |
| Deposit liabilities | 389,640 | 389,640 | - | - | - | - | 389,640 |
| Borrowings | 6,752,845 | - | 4,935,000 | - | 1,817,845 | - | 6,752,845 |
| **Total financial liabilities** | **44,552,598** | **16,732,463** | **13,078,027** | **13,779,265** | **2,348,249** | **1,727,109** | **47,665,113** |
| | | | | | | | |
| **Total liquidity gap** | **9,194,779** | **(3,011,831)** | **23,331,143** | **(9,245,669)** | **12,966,855** | **(1,727,109)** | **22,313,390** |

*These balances are adjusted for non-financial items such as unearned premium, deferred commission, WHT and VAT payable etc.

**(b) Liquidity risk**

**Company**

| 31 December 2019 | ₦'000 Carrying amount | ₦'000 1-6 months | ₦'000 6-12 months | ₦'000 1-5 years | ₦'000 Above 5 years | ₦'000 No maturity date | ₦'000 Gross total |
|---|---|---|---|---|---|---|---|
| Cash and cash equivalents | 2,146,927 | 2,161,166 | - | - | - | - | 2,161,166 |
| Loans and advances | 277,110 | 67,019 | 60,512 | 108,482 | 97,591 | - | 333,604 |
| Financial assets held for trading pledged as collateral | 123,742 | | | 123,742 | | | 123,742 |
| Financial assets fair value through profit or loss | 3,377,844 | 167,674 | 191,588 | 1,820,219 | 6,833,045 | | 9,012,525 |
| Debt Instruments at amortised cost | 5,257,169 | 430,307 | 5,240,000 | - | - | - | 5,670,307 |
| Trade receivables | 316,582 | 316,582 | - | - | - | - | 316,582 |
| Reinsurance assets | 830,287 | 830,287 | - | - | - | - | 830,287 |
| Other receivables | 133,278 | 133,278 | - | - | - | - | 133,278 |
| Finance lease receivables | 83,552 | 11,624 | 86,534 | - | - | - | 98,158 |
| **Total financial assets** | **12,546,491** | **4,117,937** | **5,578,633** | **2,052,443** | **6,930,636** | **-** | **18,679,649** |
| | | | | | | | |
| Insurance contract liabilities* | 2,433,441 | 1,612,741 | - | - | - | 820,700 | 2,433,441 |
| Trade payables* | 477,223 | 477,223 | - | - | - | - | 477,223 |
| Other liabilities* | 284,988 | 284,988 | - | - | - | - | 284,988 |
| Borrowings | 6,752,845 | - | 4,935,000 | - | 1,817,845 | - | 6,752,845 |
| **Total financial liabilities** | **9,948,497** | **2,374,952** | **4,935,000** | **-** | **1,817,845** | **820,700** | **9,948,497** |
| | | | | | | | |
| **Total liquidity gap** | **2,597,994** | **1,742,985** | **643,633** | **2,052,443** | **5,112,791** | **(820,700)** | **8,731,152** |

*These balances are adjusted for non-financial items such as unearned premium, deferred commission, WHT and VAT payable etc.

(b) Liquidity risk

| Group<br>*31 December 2018* | ₦'000<br>Carrying<br>amount | ₦'000<br>1-6<br>months | ₦'000<br>6-12<br>months | ₦'000<br>1-5<br>years | ₦'000<br>Above<br>5 years | ₦'000<br>No maturity<br>date | ₦'000<br>Gross<br>total |
|---|---|---|---|---|---|---|---|
| Cash and cash equivalents | 5,483,347 | 5,553,710 | - | - | - | - | 5,553,710 |
| Loans and advances | 11,877,818 | 120,745 | 13,098,747 | 751,929 | - | - | 13,971,421 |
| Financial assets held for trading pledged as collateral | 142,100 | - | - | 142,100 | - | - | 142,100 |
| Financial assets fair value through profit or loss | 3,377,844 | 1,173,054 | 150,524 | 2,775,196 | | | 4,098,774 |
| Debt Instruments at amortised cost | 19,346,552 | 5,566,410 | 15,495,300 | - | - | - | 21,061,710 |
| Trade receivables | 912,116 | 912,116 | - | - | - | - | 912,116 |
| Reinsurance assets | 2,590,585 | 2,590,585 | - | - | - | - | 2,590,585 |
| Other receivables | 985,779 | 985,779 | - | - | - | - | 985,779 |
| Finance lease receivables | 116,154 | 17,420 | 129,681 | - | - | - | 147,101 |
| **Total financial assets** | **44,832,295** | **16,919,819** | **28,874,252** | **3,669,225** | **-** | **-** | **49,463,297** |
| | | | | | | | |
| Investment contract liabilities | 25,276,261 | 6,664,936 | 6,664,936 | 13,259,978 | 510,415 | - | 27,100,264 |
| Insurance contract liabilities* | 8,623,824 | 6,762,731 | - | - | - | 1,861,093 | 8,623,824 |
| Trade payables* | 701,632 | 701,632 | - | - | - | - | 701,632 |
| Other liabilities* | 819,621 | 819,621 | - | - | - | - | 819,621 |
| Deposit liabilities | 512,153 | 550,564 | - | - | - | - | 550,564 |
| Borrowings | 6,671,845 | - | - | 4,182,740 | 2,489,105 | - | 6,671,845 |
| **Total financial liabilities** | **42,605,336** | **15,499,484** | **6,664,936** | **17,442,718** | **2,999,519** | **1,861,093** | **44,467,751** |
| | | - | - | - | - | - | |
| **Total liquidity gap** | **2,226,959** | **1,420,335** | **22,209,317** | **(13,773,493)** | **(2,999,519)** | **(1,861,093)** | **4,995,546** |

*These balances are adjusted for non-financial items such as unearned premium, deferred commission, WHT and VAT payable etc.

(b) **Liquidity risk**

| **Company**<br>31 December 2018 | **₦'OOO Carrying amount** | **₦'OOO 1-6 months** | **₦'OOO 6-12 months** | **₦'OOO 1-5 years** | **₦'OOO Above 5 years** | **₦'OOO No maturity date** | **₦'OOO Gross total** |
|---|---|---|---|---|---|---|---|
| Cash and cash equivalents | 2,452,961 | 2,484,438 | - | - | - | - | 2,484,438 |
| Loans and advances | 325,076 | 86,995 | 86,995 | 184,429 | - | - | 358,419 |
| Financial assets held for trading pledged as collateral | 142,100 | | | 142,100 | | | 142,100 |
| Financial assets fair value through profit or loss | 2,752,187 | 646,978 | 150,524 | 2,775,196 | | | 3,572,698 |
| Debt Instruments at amortised cost | 4,461,246 | 2,416,410 | 2,420,300 | - | - | - | 4,836,710 |
| Trade receivables | 386,040 | 386,040 | - | - | - | - | 386,040 |
| Reinsurance assets | 646,783 | 646,783 | - | - | - | - | 646,783 |
| Other receivables | 244,245 | 244,245 | - | - | - | - | 244,245 |
| Finance lease receivables | 116,154 | 17,420 | 129,681 | - | - | - | 147,101 |
| Total financial assets | **11,526,792** | **6,929,309** | **2,787,500** | **3,101,725** | **-** | **-** | **12,818,534** |
| | - | | | | | | |
| Insurance contract liabilities* | 2,365,795 | 1,583,283 | - | - | - | 782,512 | 2,365,795 |
| Trade payables* | 372,028 | 372,028 | - | - | - | - | 372,028 |
| Other liabilities* | 179,241 | 179,241 | - | - | - | - | 179,241 |
| Borrowings | 6,671,845 | - | - | 4,182,740 | 2,489,105 | - | 6,671,845 |
| **Total financial liabilities** | **9,588,909** | **2,134,552** | **-** | **4,182,740** | **2,489,105** | **782,512** | **9,588,909** |
| **Total liquidity gap** | **1,937,883** | **4,794,757** | **2,787,500** | **(1,081,015)** | **(2,489,105)** | **(782,512)** | **3,229,625** |

*These balances are adjusted for non-financial items such as unearned premium, deferred commission, WHT and VAT payable etc.

**(c) Market risk**

Currency risk
Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group's principal transactions are carried out in Naira and its exposure to foreign exchange risk arise primarily with respect to the US dollar and Yen.

The Group's financial assets are primarily denominated in the same currencies as its insurance and investment contract liabilities. Thus, the main foreign exchange risk arises from recognised assets and liabilities denominated in currencies other than those in which insurance and investment contract liabilities are expected to be settled.

Mutual Benefits Assurance Plc is exposed to foreign exchange currency risk primarily through undertaking certain transactions denominated in foreign currency. The Group exposure to foreign currency risk through its investment in short term placements, foreign domiciliary bank balance and foreign borrowing.

| Group | 31 December 2019 | | | | 31 December 2018 | | | |
|---|---|---|---|---|---|---|---|---|
| | POUND | USD | EURO | Yen | POUND | USD | EURO | Yen |
| | ₦'000 | ₦'000 | ₦'000 | ₦'000 | | ₦'000 | ₦'000 | ₦'000 |
| Cash and cash equivalents | 94,439 | 937,144 | - | - | | 855,971 | 5,556 | - |
| Borrowings | | - | - | 6,351,975 | | - | - | 6,270,975 |
| Outstanding claims | | 434,202 | - | - | | 367,405 | - | - |

| Company | 31 December 2019 | | | | 31 December 2018 | | | |
|---|---|---|---|---|---|---|---|---|
| | POUND | USD | EURO | Yen | POUND | USD | EURO | Yen |
| | ₦'000 | ₦'000 | ₦'000 | ₦'000 | | ₦'000 | ₦'000 | ₦'000 |
| Cash and cash equivalents | 2,286 | 496,502 | - | - | | 855,971 | 5,556 | - |
| Borrowings | | - | - | 6,351,975 | | - | - | 6,270,975 |
| Outstanding claims | | 434,202 | - | - | | 367,405 | - | - |

The following analysis is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit before tax and equity due to changes in the fair value of currency sensitive monetary assets and liabilities including insurance contract claim liabilities. The correlation of variables will have a significant effect in determining the ultimateimpact of currency risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. It should be noted that movements in these variables are non–linear. The method used for deriving sensitivity information and significant variables did not change from the previous period.

| | | GROUP | | | | COMPANY | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | 31 DECEMBER 2019 | | 31 DECEMBER 2018 | | 31 DECEMBER 2019 | | 31 DECEMBER 2018 | |
| | Change in variables | Impact on profit before tax | Impact on equity | Impact on profit before tax | Impact on equity | Impact on profit before tax | Impact on equity | Impact on profit before tax | Impact on equity |
| USD | +10% | 204,391 | 143,074 | (4,347) | (3,043) | 6,230 | 4,361 | 85,597 | 59,918 |
| EURO | +10% | - | - | 556 | 389 | - | - | 556 | 389 |
| YEN | +10% | (635,198) | (444,638) | (616,758) | (431,730) | (635,198) | (444,638) | (616,758) | (431,730) |
| POUND | +10% | 9,444 | 6,611 | | | 229 | 160 | - | - |
| USD | -10% | (204,391) | (143,074) | 4,347 | 3,043 | (6,230) | (4,361) | (85,597) | (59,918) |
| EURO | -10% | - | - | (556) | (389) | - | - | (556) | (389) |
| YEN | -10% | 635,198 | 444,638 | 616,758 | 431,730 | 635,198 | 444,638 | 616,758 | 431,730 |
| POUND | -10% | (9,444) | (6,611) | - | - | (229) | (160) | - | |

**(c) Market risk**

ii ***Interest-rate risk***

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Fixed interest rate instruments expose the Group to fair value interest risk. Group does no expose to cash flow interest risk.

The Group has no significant concentration of interest rate risk.

iii **Equity price risk**

Equity price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk). The investments of the Group are subject to normal market fluctuations and the risks inherent in investment in financial markets. The Group expoure to equity price risk is insignificant.

3.2 **Capital Management**

The National Insurance Commission (NAICOM), sets and monitors capital requirements for Insurance Companies. The individual subsidiaries are directly supervised by other regulators, i.e, Mutual Benefits Microfinance Bank Limited is regulated by the Central Bank of Nigeria, Mutual Benefits Niger Limited by Conference Interafricaine Des Marches D's assurance (CIMA) and Mutual Benefits Liberia Limited are being regulated by Central Bank of Liberia respectively.

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 table below summarises the minimum required capital across the Group and the regulatory capital held against each of them.

**Capital management objectives, policies and approach**

The Group has established the following capital management objectives, policies and approach to managing the risks that affect its capital position:

1 To maintain the required level of stability of the Company thereby providing a degree of security to policyholders;
2 To allocate capital efficiently and support the development of business by ensuring that returns on capital employed meet the requirements of its capital providers and of its shareholders;
3 To retain financial flexibility by maintaining strong liquidity and access to a range of capital markets;
4 To align the profile of assets and liabilities taking account of risks inherent in the business;
5 To maintain financial strength to support new business growth and to satisfy the requirements of the policyholders, regulators and stakeholders;
6 To maintain strong credit ratings and healthy capital ratios in order to support its business objectives and maximise shareholders value.

In reporting financial strength, capital and solvency are measured using the rules prescribed by the National Insurance Commission. These regulatory capital tests are based upon required levels of solvency, capital and a series of prudent assumptions in respect of the type of business written.

The Company's capital management policy for its insurance business is to hold sufficient capital to cover the statutory requirements based on the NAICOM directives, including any additional amounts required by the regulator.

The Company seeks to optimise the structure and sources of capital to ensure that it consistently maximises returns to the shareholders and policyholders.

The Company has had no significant changes in its policies and processes to its capital structure during the past year from previous years.

## 3.2 Capital Management

Company

| | 2019 | 2018 |
|---|---|---|
| | ₦'000 | ₦'000 |
| Available capital resources as at 31 December | | |
| Total shareholders' funds per financial statements | 8,255,603 | 5,748,382 |
| Regulatory adjustments | (840,950) | (708,681) |
| **Available capital resources** | 7,414,653 | 5,039,701 |
| Minumum capital based required by regulator | 3,000,000 | 3,000,000 |
| **Excess in solvency margin** | **4,414,653** | **2,039,701** |

**The Solvency Margin for the parent as at 31 December 2019 is as follows:**

| | 2019 | 2018 |
|---|---|---|
| | ₦'000 | ₦'000 |
| **Admissible assets** | | |
| Cash and cash equivalents | 2,146,927 | 2,452,961 |
| Equity instruments at fair value through OCI | 57,842 | 54,211 |
| Financial assets fair value through profit or loss | 3,377,844 | 2,752,187 |
| Loans and receivables | 277,110 | 325,076 |
| Debt Instruments at amortised cost | 5,257,169 | 4,461,246 |
| Financial assets held for trading pledged as collateral | 123,742 | 142,100 |
| Trade receivables | 316,582 | 386,040 |
| Reinsurance assets | 1,823,103 | 1,507,512 |
| Deferred acquisition cost | 355,388 | 352,860 |
| Finance lease receivables | 83,552 | 116,154 |
| Investment properties & Land/Building | 1,000,000 | 1,000,000 |
| Investment in subsidiaries | 6,000,000 | 4,000,000 |
| Property, plant and equipment (less Land & Building) | 297,801 | 604,654 |
| Intangible assets | 23,957 | 10,924 |
| Statutory deposit | 300,000 | 300,000 |
| **Total** | **21,441,017** | **18,465,925** |
| **Admissible liabilities** | | |
| Insurance contract liabilities | 5,028,508 | 5,132,636 |
| Borrowings | 6,752,845 | 6,671,845 |
| Trade payables | 1,227,507 | 871,652 |
| Other liabilities | 375,331 | 270,177 |
| Current income tax liabilities | 642,173 | 479,914 |
| **Total** | **14,026,364** | **13,426,224** |
| **Solvency margin** | 7,414,653 | 5,039,701 |
| The higher of 15% of Net premium income and minimum share capital requirement | 3,000,000 | 3,000,000 |
| Solvency ratio | 2.47 | 1.68 |

### 3.3 Asset and Liability Management

The Company is exposed to a 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 liquidity risk and credit risk.

The Company manages these positions within an ALM framework that has been developed to achieve longterm 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 Company'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 Company has not changed the processes used to manage its risks from previous periods.

The Company's ALM is integrated with the management of the financial risks associated with the Company'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 Company's ALM framework.

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

3.3 Asset and Liability Management
The table below hypothecates the total assets of the Company into assets that represents insurance funds and shareholders' funds:

| *in thousands of Nigerian Naira* | DEC 2019 Carrying amount | DEC 2019 Insurance contract | DEC 2019 Shareholders fund | DEC 2018 Carrying amount | DEC 2018 Insurance contract | DEC 2018 Shareholders fund |
|---|---|---|---|---|---|---|
| | ₦'000 | ₦'000 | ₦'000 | ₦'000 | ₦'000 | ₦'000 |
| **ASSETS** | | | | | | |
| Cash and cash equivalents | 2,146,927 | 1,824,888 | 322,039 | 2,452,961 | 2,035,958 | 417,003 |
| Equity instruments at fair value through OCI | 57,842 | - | 57,842 | 54,211 | - | 54,211 |
| Financial assets fair value through profit or loss | 3,377,844 | 23,914 | 3,353,930 | 2,752,187 | 76,189 | 2,675,998 |
| Loans and receivables | 277,110 | - | 277,110 | 325,076 | - | 325,076 |
| Held-to-maturity financial assets | - | - | - | - | - | - |
| Debt Instruments at amortised cost | 5,257,169 | 4,702,985 | 554,184 | 4,461,246 | 3,792,059 | 669,187 |
| Financial assets held for trading pledged as collateral | 123,742 | - | 123,742 | 142,100 | - | 142,100 |
| Trade receivables | 316,582 | 316,582 | - | 386,040 | 386,040 | - |
| Reinsurance assets | 1,823,103 | 1,823,103 | - | 1,507,512 | 1,507,512 | - |
| Other receivables and prepayments | 200,825 | - | 200,825 | 348,255 | - | 348,255 |
| Deferred acquisition cost | 355,388 | - | 355,388 | 352,860 | - | 352,860 |
| Finance lease receivables | 83,552 | 83,552 | - | 116,154 | 116,154 | - |
| Investment property | 56,000 | - | 56,000 | 56,000 | - | 56,000 |
| Investment in subsidiaries | 6,000,000 | - | 6,000,000 | 4,000,000 | - | 4,000,000 |
| Intangible assets | 23,957 | - | 23,957 | 10,924 | - | 10,924 |
| Property, plants and equipment | 2,398,161 | - | 2,398,161 | 2,689,261 | - | 2,689,261 |
| Statutory deposit | 300,000 | - | 300,000 | 300,000 | - | 300,000 |
| Deposit for shares | 127,238 | - | 127,238 | 7,238 | - | 7,238 |
| Deferred tax assets | 65,718 | - | 65,718 | 66,344 | - | 66,344 |
| Total assets | 22,991,158 | 8,775,024 | 14,216,135 | 20,028,369 | 7,913,912 | 12,114,457 |
| | | | | | | |
| Liabilities | | | | | | |
| Insurance contract liabilities | 5,028,508 | 5,028,508 | - | 5,132,636 | 5,132,636 | - |
| Trade payables | 1,227,507 | 1,227,507 | - | 871,652 | 871,652 | - |
| Other liabilities | 375,331 | - | 375,331 | 270,177 | - | 270,177 |
| Borrowings | 6,752,845 | - | 6,752,845 | 6,671,845 | - | 6,671,845 |
| Current income tax liabilities | 642,173 | - | 642,173 | 479,914 | - | 479,914 |
| Deferred tax liability | 709,191 | - | 709,191 | 853,763 | - | 853,763 |
| **Total liabilities** | 14,735,555 | 6,256,015 | 8,479,540 | 14,279,987 | 6,004,288 | 8,275,699 |
| | | | | | | |
| **GAP** | 8,255,603 | 2,519,009 | 5,736,594 | 5,748,382 | 1,909,624 | 3,838,758 |

**3.4** Measurement of financial assets and liabilities

Accounting classification measurement basis and fair value

Set out below is a comparison, by class, of the carrying amounts and fair values of the financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

| 31 December 2019 | Note | Group ₦'000 Carrying amount | | Group ₦'000 Fair value | Company ₦'000 Carrying amount | | Company ₦'000 Fair value |
|---|---|---|---|---|---|---|---|
| Loans and advances | 21.3 | 11,181,262 | | 11,181,262 | 277,110 | | 277,110 |
| Debt Instruments at amortised cost | 21.4 | 23,377,552 | | 23,237,620 | 5,257,169 | | 5,246,250 |
| Finance lease receivables | 27 | 83,552 | | 83,552 | 83,552 | | 83,552 |
| | | 34,642,366 | - | 34,502,434 | 5,617,831 | - | 5,606,912 |

| 31 December 2018 | Note | Group ₦'000 Carrying amount | | Group ₦'000 Fair value | Group ₦'000 Fair value hierachy | Company ₦'000 Carrying amount | | Company ₦'000 Fair value | Company ₦'000 Fair value hierachy |
|---|---|---|---|---|---|---|---|---|---|
| | 21.3 | | | | | | | | |
| Loans and advances | 21.4 | 11,877,818 | | 11,877,818 | Level 2 | 325,076 | | 325,076 | Level 2 |
| Debt Instruments at amortised cost | 27 | 19,346,552 | | 19,172,017 | Level 2 | 4,461,246 | | 4,445,598 | Level 2 |
| Finance lease receivables | | 116,154 | | 116,154 | Level 2 | 116,154 | | 116,154 | Level 2 |
| | | 31,340,524 | - | 31,165,989 | | 4,902,476 | - | 4,886,828 | |

**3.5 Fair value hierarchy**

The Group's accounting policy on fair value measurements is discussed under note 2.3.11.

The fair values of financial assets and liabilities that are traded inactive 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.

## 3.5 Fair value hierarchy

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

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.

Financial instruments in level 3
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 instruments measured at fair value

The following table 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 categorised:

| 31 December 2019 | Group | | | | Company | | | |
|---|---|---|---|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total |
| | ₦'000 | ₦'000 | ₦'000 | ₦'000 | ₦'000 | ₦'000 | ₦'000 | ₦'000 |
| Financial assets held for trading pledged as collateral | 123,742 | - | - | 123,742 | 123,742 | - | - | 123,742 |
| Equity instruments at fair value through OCI | - | - | 345,967 | 345,967 | - | - | 57,842 | 57,842 |
| Financial assets at FVPL | - | 7,669,217 | - | 7,669,217 | - | 3,377,844 | - | 3,377,844 |
| | 123,742 | 7,669,217 | 345,967 | 8,138,926 | 123,742 | 3,377,844 | 57,842 | 3,559,428 |

| 31 December 2018 | Group | | | | Company | | | |
|---|---|---|---|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total |
| | ₦'000 | ₦'000 | ₦'000 | ₦'000 | ₦'000 | ₦'000 | ₦'000 | ₦'000 |
| Financial assets held for trading pledged as collateral | 142,100 | - | - | 142,100 | 142,100 | - | - | 142,100 |
| Equity instruments at fair value through OCI | - | - | 731,018 | 731,018 | - | - | 54,211 | 54,211 |
| Financial assets at FVPL | - | 3,239,416 | - | 3,239,416 | - | 2,752,187 | - | 2,752,187 |
| | 142,100 | 3,239,416 | 731,018 | 4,112,534 | 142,100 | 2,752,187 | 54,211 | 2,948,498 |

R

**Reconciliation of Level 3 item (equity instruments at FVOCI)**

| | Group | | Company | |
|---|---|---|---|---|
| | 31 Dec-2019 | 31 Dec-2018 | 31 Dec-2019 | 31 Dec-2018 |
| | ₦'000 | ₦'000 | ₦'000 | ₦'000 |
| At 1 January | 731,018 | 677,044 | 54,211 | 41,848 |
| Unrealised gains/(losses) in OCI | (385,051) | 53,974 | 3,631 | 12,363 |
| | 345,967 | 731,018 | 57,842 | 54,211 |

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.

| 31 December 2019 | Group | | | | Company | | | |
|---|---|---|---|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total |
| | ₦'000 | ₦'000 | ₦'000 | ₦'000 | ₦'000 | ₦'000 | ₦'000 | ₦'000 |
| Loans and advances | - | - | 11,181,262 | 11,181,262 | - | - | 277,110 | 277,110 |
| Debt Instruments at amortised cost | - | 23,237,620 | | 23,237,620 | - | 5,246,250 | | 5,246,250 |
| Finance lease receivables | - | - | 83,552 | 83,552 | - | - | 83,552 | 83,552 |
| | - | 23,237,620 | 11,264,814 | 34,502,434 | - | 5,246,250 | 360,662 | 5,606,912 |

| 31 December 2018 | Group | | | | Company | | | |
|---|---|---|---|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total |
| | ₦'000 | ₦'000 | ₦'000 | ₦'000 | ₦'000 | ₦'000 | ₦'000 | ₦'000 |
| Loans and advances | - | - | 11,877,818 | 11,877,818 | - | - | 325,076 | 325,076 |
| Debt Instruments at amortised cost | - | 19,172,017 | | 19,172,017 | - | 4,445,598 | | 4,445,598 |
| Finance lease receivables | - | - | 116,154 | 116,154 | - | - | 116,154 | 116,154 |
| | - | 19,172,017 | 11,993,972 | 31,165,989 | - | 4,445,598 | 441,230 | 4,886,828 |

**3.5** Fair value hierarchy

**Fair value of financial assets and liabilities**
Below are the methodologies and assumptions used to determine fair values for those financial instruments in the financial statements:

Assets and liabilities for which fair value approximates carrying value
The management assessed that cash and cash equivalents, trade receivables, reinsurance receivable, other receivables, trade payables, other liabilities and deposit liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

Loans and advances and finance lease receivables
The fair values of loans and advances are based on cash flows discounted using a rate based on the market interest rate of borrowings. The discount rate equals the prime lending rate as set by the Central Bank of Nigeria at the reporting dates. The fair values are within Level 3 of the fair value hierarchy.

**Non financial asset measured at fair value**
Investment property is a recurring fair value measurement valued using the market approach method of valuation. The valuation of the properties is based on the price for which comparable land and properties are being exchanged and/or are being marketed for sale. Therefore, the market-approach Method of Valuation was used. See Note 31 for the details of the description of valuation techniques used and key inputs to valuation on investment properties.

| | | Group | | | | Company | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total |
| | | ₦'000 | ₦'000 | ₦'000 | ₦'000 | ₦'000 | ₦'000 | ₦'000 | ₦'000 |
| Investment property | 31 Dec 2019 | - | - | 6,931,000 | 6,931,000 | - | - | 56,000 | 56,000 |
| Investment property - assets held for sale | 31 Dec 2018 | - | - | 5,550,000 | 5,550,000 | - | - | - | - |
| Investment property | 31 Dec 2018 | - | - | 1,476,000 | 1,476,000 | - | - | 56,000 | 56,000 |
| Land and building | 31 Dec 2018 | - | - | 2,636,712 | 2,636,712 | - | - | - | - |

During the reporting year ended 31 December 2019, there were no transfers between level 1 and level 2 and in and out of level 3.

3.6 **Segment information**

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

i **Assurance business:** This segment covers the protection of customers' assets (Particularly their properties, both for personal and commercial business) and indemnification of other parties that have suffered damage as a result of customers accident. All contracts in this segment are short term in nature. Revenue in this segment is derived primarily from insurance premium, investment income, net realised gains on financial assets , and net fair value gains on financial assets at fair value through profit or loss and covers the protection of the Group's customers against the risk of premature death, disability, critical illness and other accidents. Revenue from this segment is derived primarily from insurance premium, investment income, net realized gains on financial assets and net fair value gains on financial assets held for trading.

iii **Real Estate:** The Group undertakes real estate development project with the aim of outright sale or lease of the properties to meet the needs of individual and corporate bodies. The Group offers various products in real estate to meet client needs while promoting value adding business relationships and utilizes a combination of debt and equity finance to provide funds for projects. Revenue from this segment is derived primarily from property sale, fee income and investment income.

iv **Microfinance Banking:** The Group undertakes provision of retails and microfinance banking services at the community level. Revenue from this segment is derived primarily interest on micro loans and advances, SME loans, overdraft, fees and commission and investment income.

The segment information provided by the Management Underwriting Investment Committee (MUIC) for the reporting segments for the year ended 31 December 2019 is as follows:

| | Assurance business | | | | Real estate | Microfinance | | |
|---|---|---|---|---|---|---|---|---|
| Group | Mutual Plc Nigeria ₦'000 | Mutual Ltd Nigeria ₦'000 | Mutual Niger ₦'000 | Mutual Liberia ₦'000 | Mutual Homes ₦'000 | Mutual Microfinance ₦'000 | Elimination adjustment ₦'000 | Total ₦'000 |
| Cash and cash equivalents | 2,146,927 | 2,081,656 | 1,826,979 | 355,240 | 657 | 412,546 | (3,000) | 6,821,006 |
| Equity instruments at fair value through OCI | 57,842 | 216,059 | - | 111,500 | - | - | (39,430) | 345,967 |
| Financial assets at fair value at through profit or loss | 3,377,844 | 4,291,374 | - | - | - | - | - | 7,669,217 |
| Loans and receivables | 277,110 | 10,042,114 | - | 888,117 | - | 195,261 | (221,340) | 11,181,262 |
| Debt Instruments at amortised cost | 5,257,169 | 18,120,383 | - | - | - | - | - | 23,377,552 |
| Financial assets held for trading pledged as collateral | 123,742 | - | - | - | - | - | - | 123,742 |
| Trade receivables | 316,582 | - | 156,671 | 90,560 | - | - | - | 563,813 |
| Reinsurance assets | 1,823,103 | 2,127,927 | 363,714 | (776) | - | - | - | 4,313,967 |
| Other receivables and prepayments | 200,825 | 751,979 | 46,105 | 151,583 | 46,977 | 11,793 | (89,990) | 1,119,275 |
| Deferred acquisition costs | 355,388 | 171,230 | - | - | - | - | - | 526,618 |
| Finance lease receivables | 83,552 | - | - | - | - | - | - | 83,552 |
| Inventories | - | - | - | - | 436,156 | - | - | 436,156 |
| Assets held for sale | - | - | - | - | - | - | - | - |
| Investment properties | 56,000 | 6,875,000 | - | - | - | - | - | 6,931,000 |
| Intangible assets | 23,957 | 22 | 22,208 | - | - | 3,902 | - | 50,090 |
| Property, plant and equipment | 2,398,161 | 127,465 | 485,420 | 392,557 | - | 22,722 | - | 3,426,326 |
| Investments in subsidiaries | 6,000,000 | 896,981 | - | - | - | - | (6,896,980) | - |
| Investment in associates | - | - | - | - | - | - | - | - |
| Statutory deposit | 300,000 | 200,000 | - | - | - | - | - | 500,000 |
| Deposit for investment in equity | 127,238 | 120,000 | - | - | - | - | (240,000) | 7,238 |
| Deferred tax assets | 65,718 | 184,441 | - | - | - | - | 50,660 | 300,815 |
| Total assets | 22,991,158 | 46,206,631 | 2,901,097 | 1,988,781 | 483,790 | 646,225 | (7,440,080) | 67,777,596 |

### 3.6 Segment information

The segment information provided by the Management Underwriting Investment Committee (MUIC) for the reporting segments as at 31 December 2019 is as follows:

| Group | Assurance business | | | | Real estate | Microfinance | | |
|---|---|---|---|---|---|---|---|---|
| | Mutual Plc Nigeria | Mutual Ltd Nigeria | Mutual Niger | Mutual Liberia | Mutual Homes | Mutual Microfinance | Elimination adjustment | Total |
| | ₦'000 | ₦'000 | ₦'000 | ₦'000 | ₦'000 | ₦'000 | ₦'000 | ₦'000 |
| **LIABILITIES** | | | | | | | | |
| Insurance contract liabilities | 5,028,508 | 8,121,751 | 633,150 | 317,395 | - | - | - | 14,100,805 |
| Investment contract liabilities | - | 26,263,838 | - | 2,291 | - | - | - | 26,266,129 |
| Trade payables | 1,227,507 | 925,363 | 260,315 | 1,936 | - | - | - | 2,415,121 |
| Other liabilities | 375,331 | 655,070 | 135,780 | 109,746 | 373,326 | 286,868 | (555,350) | 1,380,767 |
| Deposit liabilities | - | - | - | - | - | 389,640 | - | 389,640 |
| Borrowings | 6,752,845 | - | - | - | - | - | - | 6,752,845 |
| Current income tax liabilities | 642,173 | 153,930 | - | 16,439 | 49,769 | 16,097 | 14,960 | 893,369 |
| Deferred tax liabilities | 709,191 | - | - | - | 30,543 | 3,424 | 302,070 | 1,045,224 |
| **Total liabilities** | 14,735,555 | 36,119,952 | 1,029,245 | 447,808 | 453,638 | 696,029 | (238,320) | 53,243,900 |
| **EQUITY** | | | | | | | | |
| Share capital | 5,586,367 | 330,000 | 1,295,010 | 488,421 | 20,000 | 264,867 | (2,398,298) | 5,586,367 |
| Treasury shares | (250) | - | - | - | - | - | - | (250) |
| Share premium | - | 5,670,000 | - | - | - | - | (5,670,000) | - |
| Foreign currency translation reserve | - | - | 179,007 | 874,068 | - | - | (114,254) | 938,821 |
| Contingency reserve | 2,745,470 | 717,023 | - | - | - | - | - | 3,462,493 |
| Fair value reserves | (136,066) | (500,412) | - | - | - | - | (37,133) | (673,611) |
| Revaluation reserve | 1,339,395 | - | 139,140 | 74,003 | - | - | (32,407) | 1,520,131 |
| Retained earnings/ (accumulated losses) | (1,279,313) | 3,869,257 | 248,874 | 102,080 | 10,153 | (329,231) | (22,921) | 2,598,898 |
| **Shareholders fund** | 8,255,603 | 10,085,867 | 1,862,031 | 1,538,572 | 30,153 | (64,364) | 8,275,013 | 13,432,849 |
| Owners of the parent | 8,255,603 | 10,085,867 | 1,862,031 | 1,538,572 | 30,153 | (64,364) | (8,275,013) | 13,432849 |
| Non-controlling interests in equity | - | - | 9,821 | 2,401 | - | 14,560 | 1,074,066 | 1,100,847 |
| **Total equity** | 8,255,603 | 10,085,867 | 1,871,852 | 1,540,973 | 30,153 | (49,804) | (7,200,947) | 14,533,696 |
| **Total liabilities and equity** | **22,991,158** | **46,205,819** | **2,901,097** | **1,988,781** | **483,790** | **646,225** | **(7,439,267)** | **67,777,596** |

3.6 Segment information

The segment information provided by the Management Underwriting Investment Committee (MUIC) for the reporting segments for the year ended 31 December 2019 is as follows:

| Group | Assurance business | | | | Real estate | Microfinance | | |
|---|---|---|---|---|---|---|---|---|
| | Mutual Plc Nigeria ₦'000 | Mutual Ltd Nigeria ₦'000 | Mutual Niger ₦'000 | Mutual Liberia ₦'000 | Mutual Homes ₦'000 | Mutual Microfinance ₦'000 | Elimination adjustment ₦'000 | Total ₦'000 |
| **Gross premium written** | 8,366,641 | 8,488,202 | 1,259,059 | 583,937 | - | - | - | 18,697,839 |
| Gross premium income | 8,538,415 | 7,797,948 | 1,322,481 | 463,067 | - | - | - | 18,121,911 |
| Premiums ceded to reinsurers | (1,958,821) | (753,189) | (98,701) | (22,085) | - | - | - | (2,832,796) |
| **Net premiums income** | 6,579,594 | 7,044,759 | 1,223,780 | 440,982 | - | - | - | 15,289,115 |
| Fee and commission income | 348,208 | 131,570 | 2,987 | - | - | - | - | 482,766 |
| **Net underwriting income** | 6,927,802 | 7,176,329 | 1,226,767 | 440,982 | - | - | - | 15,771,881 |
| | | | | | | | | |
| Net benefits and claims | 2,227,111 | 3,176,645 | 469,755 | 53,235 | - | - | - | 5,926,745 |
| Increase in individual life fund | - | 354,439 | - | - | - | - | - | 354,439 |
| Increase in annuity reserve | - | (94,408) | - | - | - | - | - | (94,408) |
| Underwriting expenses | 2,117,318 | 1,871,828 | 156,651 | 40,320 | - | - | - | 4,186,117 |
| **Net underwriting expenses** | 4,344,429 | 5,308,504 | 626,406 | 93,556 | - | - | - | 10,372,893 |
| | | | | | | | | |
| **Underwriting profit** | 2,583,373 | 1,867,825 | 600,361 | 347,426 | - | - | - | 5,398,988 |
| Profit on investment contracts | - | 1,244,321 | - | - | - | - | (175,393) | 1,068,928 |
| Investment income | 1,282,142 | 930,663 | 53,036 | 46,697 | - | - | 175,393 | 2,487,931 |
| Net fair value gain/(loss) on assets at FVTPL | 445,511 | 529,450 | - | - | - | - | 1 | 974,962 |
| Other income | 21,697 | 11,015 | 19,767 | - | 6,008 | 18,506 | 17 | 77,009 |
| Impairment charge no longer required | - | - | - | - | - | - | - | - |
| Impairment charges | 2,087 | (258,780) | - | (23,873) | - | (45,490) | 12,321 | (313,734) |
| Employees benefit expenses | (1,060,858) | (792,606) | (131,644) | (118,341) | (1,250) | (141,225) | (1) | (2,245,924) |
| Other management expenses & FX gain | (1,981,981) | (1,152,210) | (354,355) | (192,070) | (607) | (230,705) | (1,544) | (3,913,471) |
| **Result of operating activities** | 1,291,971 | 2,379,678 | 187,165 | 59,840 | 4,151 | (398,914) | 10,794 | 3,534,689 |
| Finance costs | - | - | - | - | - | (50,964) | - | (50,964) |
| Finance incomes | - | - | - | - | - | 270,329 | - | 270,329 |
| **Profit before income tax** | 1,291,971 | 2,379,678 | 187,165 | 59,840 | 4,151 | (179,549) | 10,794 | 3,754,054 |
| Income tax (expenses)/benefit | (205,667) | 117,616 | (64,401) | (11,829) | 28,727 | (6,260) | (2) | (141,815) |
| **Profit for the year** | 1,086,304 | 2,497,294 | 122,764 | 48,011 | 32,878 | (185,809) | 10,792 | 3,612,239 |
| | | | | | | | | |
| **Profit attributable to:** | | | | | | | | |
| Owners of the parent | 1,086,304 | 2,497,294 | 112,943 | 45,611 | 32,878 | (143,073) | 10,792 | 3,642,753 |
| Non-controlling interests | - | - | 9,821 | 2,401 | - | (42,736) | - | (30,514) |
| | 1,086,304 | 2,497,294 | 122,764 | 48,011 | 32,878 | (185,809) | 10,792 | 3,612,239 |

**3.6 Segment information**

The segment information provided by the Management Underwriting Investment Committee (MUIC) for the reporting segments as at 31 December 2018 is as follows:

| Group | Assurance business | | | | Real estate | Microfinance | | |
|---|---|---|---|---|---|---|---|---|
| | Mutual Plc Nigeria ₦'000 | Mutual Ltd Nigeria ₦'000 | Mutual Niger ₦'000 | Mutual Liberia ₦'000 | Mutual Homes ₦'000 | Mutual Microfinance ₦'000 | Elimination adjustment ₦'000 | Total ₦'000 |
| Cash and cash equivalents | 2,146,927 | 1,926,187 | 800,532 | 253,256 | 1,514 | 51,897 | 303,034 | 5,483,347 |
| Equity instruments at fair value through OCI | 57,842 | 604,740 | - | 111,500 | - | - | (43,064) | 731,018 |
| Financial assets fair value through profit or loss | 3,377,844 | 487,230 | - | - | - | - | (625,658) | 3,239,416 |
| Loans and receivables | 277,110 | 10,378,981 | - | 889,558 | - | 603,629 | (271,460) | 11,877,818 |
| Debt Instruments at amortised cost | 5,257,169 | 14,885,306 | - | - | - | - | (795,923) | 19,346,552 |
| Financial assets held for trading pledged as collateral | 123,742 | - | - | - | - | - | 18,358 | 142,100 |
| Trade receivables | 316,582 | 248,097 | 255,548 | 22,432 | - | - | 69,458 | 912,116 |
| Reinsurance assets | 1,823,103 | 1,635,300 | 431,911 | - | - | - | (315,591) | 3,574,723 |
| Other receivables and prepayments | 200,825 | 672,714 | 1,050,233 | 151,077 | 58,455 | 40,236 | (830,232) | 1,343,309 |
| Deferred acquisition costs | 355,388 | 104,388 | - | - | - | - | (2,528) | 457,248 |
| Finance lease receivables | 83,552 | - | - | - | - | - | 32,603 | 116,154 |
| Inventories | - | - | - | - | 518,236 | - | - | 518,236 |
| Assets held for sale | - | 5,550,000 | - | - | - | - | - | 5,550,000 |
| Investment properties | 56,000 | 1,420,000 | - | - | - | - | - | 1,476,000 |
| Intangible assets | 23,957 | 787 | 34,766 | - | - | 3,073 | (13,033) | 49,550 |
| Property, plant and equipment | 2,398,161 | 218,059 | 570,981 | 418,333 | - | 33,883 | 291,101 | 3,930,517 |
| Investments in subsidiaries | 6,000,000 | 896,981 | - | - | - | - | (6,896,981) | - |
| Statutory deposit | 300,000 | 200,000 | - | - | - | - | - | 500,000 |
| Deposit for investment in equity | 127,238 | - | - | - | - | - | (120,000) | 7,238 |
| Deferred tax assets | 65,718 | 26,869 | - | - | - | - | 52,791 | 145,378 |
| Goodwill | - | - | - | - | - | - | 1,543 | 1,543 |
| **Total assets** | **22,991,158** | **39,255,639** | **3,143,972** | **1,846,156** | **578,205** | **732,717** | **(9,145,582)** | **59,402,263** |

## 3.6 Segment information

| Group | Assurance Business | | | | Real Estate | Microfinance | | |
|---|---|---|---|---|---|---|---|---|
| | Mutual Plc Nigeria ₦'000 | Mutual Ltd Nigeria ₦'000 | Mutual Niger ₦'000 | Mutual Liberia ₦'000 | Mutual Homes ₦'000 | Mutual Microfinance ₦'000 | Elimination adjustment ₦'000 | Total ₦'000 |
| **LIABILITIES** | | | | | | | | |
| Insurance contract liabilities | 5,028,508 | 6,707,243 | 837,250 | 209,049 | - | - | 268,505 | 13,050,555 |
| Investment contract liabilities | - | 25,261,335 | - | 14,927 | - | - | - | 25,276,261 |
| Trade payables | 1,227,507 | 691,521 | 219,674 | 1,936 | - | - | (355,855) | 1,784,782 |
| Other liabilities | 375,331 | 384,272 | 67,434 | 100,258 | 152,464 | 61,423 | (201,675) | 939,507 |
| Deposit liabilities | - | - | - | - | - | 512,153 | 1 | 512,153 |
| Borrowings | 6,752,845 | - | - | - | 319,427 | - | (400,427) | 6,671,845 |
| Current income tax liabilities | 642,173 | 248,167 | - | - | 47,953 | 17,493 | (162,259) | 793,528 |
| Deferred tax liabilities | 709,191 | | | | 61,085 | 5,643 | 487,691 | 1,263,609 |
| **Total liabilities** | 14,735,555 | 33,292,538 | 1,124,357 | 326,170 | 580,930 | 596,712 | (364,019) | 50,292,240 |
| **EQUITY** | | | | | | | | |
| Share capital | 5,586,367 | 250,000 | 1,367,210 | 488,421 | 20,000 | 264,867 | (3,976,865) | 4,000,000 |
| Treasury shares | (250) | - | - | - | - | - | - | (250) |
| Share premium | - | 3,750,000 | - | - | - | - | (3,750,000) | - |
| Foreign currency translation reserve | - | - | 377,335 | 901,093 | - | - | (162,144) | 1,116,284 |
| Contingency reserve | 2,745,470 | 465,797 | - | - | - | - | (250,999) | 2,960,268 |
| Fair value reserves | (139,697) | (111,732) | - | - | - | - | (37,131) | (288,560) |
| Revaluation reserve | 1,339,395 | - | 139,140 | 74,003 | - | - | (32,407) | 1,520,131 |
| Retained losses | (1,945,536) | 1,609,036 | 72,838 | (25,058) | (22,725) | (186,157) | 125,053 | (372,549) |
| **Shareholders fund** | 7,585,749 | 5,963,101 | 1,956,522 | 1,438,460 | (2,725) | 78,710 | (8,084,493) | 8,935,324 |
| Owners of the parent | 7,585,749 | 5,963,101 | 1,956,522 | 1,438,460 | (2,725) | 78,710 | (8,084,493) | 8,935,324 |
| Non-controlling interests in equity | - | - | 63,093 | 81,527 | - | 57,296 | (27,217) | 174,699 |
| **Total equity** | 7,585,749 | 5,963,101 | 2,019,615 | 1,519,986 | (2,725) | 136,006 | (8,111,710) | 9,110,023 |
| **Total liabilities and equity** | 22,321,304 | 39,255,639 | 3,143,972 | 1,846,157 | 578,205 | 732,717 | (8,475,729) | 59,402,263 |

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:

| | Assurance Business | | | | Real Estate | Microfinance | | |
|---|---|---|---|---|---|---|---|---|
| Group | Mutual Plc Nigeria ₦'000 | Mutual Ltd Nigeria ₦'000 | Mutual Niger ₦'000 | Mutual Liberia ₦'000 | Mutual Homes ₦'000 | Mutual Microfinance ₦'000 | Elimination adjustment ₦'000 | Total ₦'000 |
| **Gross premium written** | 8,018,299 | 5,914,190 | 1,363,358 | 544,484 | - | - | 366 | 15,840,697 |
| Gross premium income | 7,677,706 | 6,192,652 | 1,219,638 | 544,484 | - | - | 366 | 15,634,846 |
| Premiums ceded to reinsurers | (1,447,700) | (537,713) | (170,187) | - | - | - | - | (2,155,601) |
| **Net premiums income** | 6,230,006 | 5,654,939 | 1,049,452 | 544,484 | - | - | 366 | 13,479,245 |
| Fee and commission income | 379,214 | 96,536 | 6,555 | - | - | - | - | 482,307 |
| **Net underwriting income** | 6,609,220 | 5,751,475 | 1,056,007 | 544,484 | - | - | 366 | 13,961,552 |
| Net benefits and claims | 2,297,776 | 4,088,467 | 321,435 | 268,935 | - | - | - | 6,976,613 |
| Increase in individual life fund | - | 458,171 | - | - | - | - | (2,743) | 455,428 |
| Increase in annuity reserve | - | 21,990 | - | - | - | - | - | 21,990 |
| Underwriting expenses | 1,838,949 | 1,399,936 | 164,767 | 42,228 | - | - | 3,109 | 3,448,990 |
| **Net underwriting expenses** | 4,136,725 | 5,968,564 | 486,202 | 311,163 | - | - | 366 | 10,903,021 |
| **Underwriting profit** | 2,472,495 | (217,089) | 569,805 | 233,321 | - | - | - | 3,058,531 |
| Profit on investment contracts | - | 1,548,910 | - | - | - | - | - | 1,548,910 |
| Investment income | 1,078,816 | 1,161,210 | 29,636 | 51,151 | - | - | (134,529) | 2,186,282 |
| Net fair value gain/(loss) on assets at FVTPL | (126,056) | (24,528) | - | - | - | - | (7,000) | (157,584) |
| Other income | 204,846 | 19,778 | 21,051 | - | 6,050 | 69,408 | - | 321,134 |
| Impairment charge no longer required | - | - | - | - | - | - | - | - |
| Impairment charges | 6,765 | (9,282) | - | - | - | (81,914) | (18,449) | (102,880) |
| Employees benefit expenses | (814,160) | (621,595) | (154,886) | (106,233) | (2,773) | (142,980) | - | (1,842,628) |
| Other management expenses & FX gain | (2,186,159) | (1,151,311) | (342,261) | (131,911) | (8,382) | (99,418) | 7,000 | (3,912,443) |
| **Result of operating activities** | 636,547 | 706,093 | 123,346 | 46,328 | (5,106) | (254,902) | (152,978) | 1,099,322 |
| Finance costs | - | - | - | - | - | (46,199) | - | (46,199) |
| Finance incomes | - | - | - | - | - | 327,860 | - | 327,860 |
| **Profit before income tax** | 636,547 | 706,093 | 123,346 | 46,328 | (5,106) | 26,759 | (152,978) | 1,380,983 |
| Income tax (expenses)/benefit | (156,618) | (80,917) | (47,350) | (1,706) | 28,149 | (3,643) | 30,109 | (231,975) |
| **Profit for the year** | 479,929 | 625,176 | 75,996 | 44,622 | 23,043 | 23,116 | (122,869) | 1,149,008 |
| **Profit attributable to:** | | | | | | | | |
| Owners of the parent | 479,929 | 625,176 | 75,996 | 44,622 | 23,043 | 23,116 | (143,753) | 1,128,129 |
| Non-controlling interests | - | - | - | - | - | - | 20,879 | 20,879 |
| | 479,929 | 625,176 | 75,996 | 44,622 | 23,043 | 23,116 | (122,874) | 1,149,008 |

| | | | GROUP | | COMPANY | |
|---|---|---|---|---|---|---|
| **4** | **Gross premium income** | **Notes** | **2019** | **2018** | **2019** | **2018** |
| | | | ₦'000 | ₦'000 | ₦'000 | ₦'000 |
| **4.1** | **Gross premium written** | | | | | |
| | Non-life | | 10,165,216 | 9,789,781 | 8,366,641 | 8,018,299 |
| | Life (Group life and individual life) | | 8,532,623 | 6,050,916 | - | - |
| | | | 18,697,839 | 15,840,697 | 8,366,641 | 8,018,299 |
| | | | - | | - | |
| | **Changes in unearned premium** | | | | | |
| | Non-life | | 235,196 | (484,313) | 171,774 | (340,593) |
| | Life (Group life and individual life) | | (811,124) | 278,462 | - | - |
| | | | (575,928) | (205,851) | 171,774 | (340,593) |
| | **Gross premium income** | | **18,121,911** | **15,634,846** | 8,538,415 | **7,677,706** |
| **4.2** | **Premiums ceded to reinsurers** | | | | | |
| | Outward premium - Non life | | 2,230,267 | 1,639,821 | 2,109,481 | 1,469,632 |
| | Outward premium - life | | 753,189 | 537,713 | - | - |
| | Changes in prepaid re-insurance | | (150,660) | (21,933) | (150,660) | (21,932) |
| | | | **2,832,796** | **2,155,601** | 1,958,821 | **1,447,700** |
| | | | | | - | |
| **4.3** | **Net premium income** | | **15,289,115** | **13,479,245** | 6,579,594 | **6,230,006** |
| **5** | **Fees and commission income** | | | | | |
| | Commission received from reinsurance | | 417,270 | 481,512 | 282,712 | 378,419 |
| | Commission received from co-insurance | | 65,496 | 795 | 65,496 | 795 |
| | | | **482,766** | **482,307** | 348,208 | **379,214** |
| **6** | **Net benefits and claims** | | | | | |
| | Claims paid | | 7,984,675 | 8,277,607 | 3,191,280 | 3,010,695 |
| | Change in outstanding claims | | 519,160 | 1,726,622 | 67,647 | 439,438 |
| | Claims recoveries | | (2,574,901) | (2,674,640) | (1,050,390) | (835,577) |
| | Change in outstanding claims - Reinsurers | 24.1 | (2,189) | (352,976) | 18,574 | (316,780) |
| | | | **5,926,745** | **6,976,613** | **2,227,111** | **2,297,776** |
| **7** | **Underwriting expenses** | | | | | |
| | Amortisation of deferred acquisition costs | 26.1 | 1,993,619 | 1,685,424 | 1,155,472 | 1,025,380 |
| | Maintenance costs | 7.1 | 2,192,498 | 1,763,566 | 961,846 | 813,569 |
| | | | **4,186,117** | **3,448,990** | **2,117,318** | **1,838,949** |

### 7.1 Maintenance costs

| | Notes | GROUP 2019 ₦'OOO | GROUP 2018 ₦'OOO | COMPANY 2019 ₦'OOO | COMPANY 2018 ₦'OOO |
|---|---|---|---|---|---|
| Agency expenses on vehicle insurance business | | 222,090 | 182,184 | 222,090 | 182,185 |
| Tracking expenses on insured vehicles | | 52,935 | 132,738 | 52,935 | 132,738 |
| Agency expenses on travel insurance business | | 190,105 | 143,968 | 190,105 | 143,968 |
| Administrative charges-Group Life | | 11,854 | 23,414 | - | - |
| Agency allowance | | 271,191 | 167,700 | 30,444 | 32,087 |
| Agency training | | 6,734 | 5,910 | - | - |
| Transport & Travelling-Corporate | | 32,601 | 48,571 | - | - |
| Superintending and surveyors fees | | 178,653 | 217,530 | 178,653 | 217,530 |
| Actuary valuation report fee | | 6,100 | 4,900 | 2,100 | 2,100 |
| Stamp duty expenses | | 9,877 | 6,362 | - | - |
| Training and Forum for marketers | | 283,559 | 153,453 | - | - |
| Agency unit manager allowance | | 227,022 | 188,968 | - | - |
| Underwriting medical expenses | | 2,487 | 2,174 | - | - |
| Marketing expenses | | 697,289 | 485,694 | 285,518 | 102,961 |
| | | **2,192,498** | **1,763,566** | 961,846 | **813,569** |

### 8 Profit on investment contracts

| | | GROUP 2019 ₦'OOO | GROUP 2018 ₦'OOO | COMPANY 2019 ₦'OOO | COMPANY 2018 ₦'OOO |
|---|---|---|---|---|---|
| Interest income calculated using effective interest rate method | | 3,556,496 | 3,606,857 | - | - |
| Rental income on Alpha Court | | 86,664 | 192,280 | - | - |
| Investment related expenses | | (37,917) | (90,907) | - | - |
| Surrender fee | | 428,299 | 536,508 | - | - |
| Guaranteed interest | | (1,899,142) | (1,803,613) | - | - |
| Acquisition cost on investment policies | | (1,065,472) | (892,215) | - | - |
| | | **1,068,928** | **1,548,910** | - | **-** |

### 9 Investment income

### 9.1 Investment income Insurance contracts:

| | | GROUP 2019 ₦'OOO | GROUP 2018 ₦'OOO | COMPANY 2019 ₦'OOO | COMPANY 2018 ₦'OOO |
|---|---|---|---|---|---|
| Interest income on loans and advances | | 15,686 | 19,583 | 9,921 | 13,171 |
| Dividend income | | 1,904 | 244 | 1,904 | 244 |
| Interest income on fixed term deposits | | 382,660 | 519,222 | 176,223 | 213,538 |
| Interest income on lease | | 51,650 | 10,277 | 51,650 | 10,277 |
| Interest from current accounts with banks | | 21,522 | 3,309 | 409 | 77 |
| Interest income from treasury bills | | 1,357,582 | 1,248,042 | 664,371 | 600,364 |
| Rental income | | 8,188 | 10,289 | 8,188 | 10,289 |
| | | **1,839,193** | **1,810,966** | **912,665** | **847,960** |

### 9.2 Investment income from Shareholders funds:

| | | GROUP 2019 ₦'OOO | GROUP 2018 ₦'OOO | COMPANY 2019 ₦'OOO | COMPANY 2018 ₦'OOO |
|---|---|---|---|---|---|
| Interest income on fixed term deposits | | 122,928 | 135,060 | 77,643 | 94,085 |
| Interest income on bonds | | 252,766 | 90,641 | 252,766 | 90,641 |
| Interest income on statutory deposit | | 64,821 | 76,830 | 38,893 | 46,098 |
| Interest from current accounts with banks | | 9,135 | 621 | 174 | 32 |
| Interest income from treasury bills | | 199,088 | 72,164 | - | - |
| | | **648,738** | **375,315** | **369,477** | **230,856** |
| | | **2,487,931** | **2,186,281** | **1,282,142** | **1,078,816** |

* All the interest incomes are calculated using effective interest rate method.

| | | | GROUP | | COMPANY | |
|---|---|---|---|---|---|---|
| **10** | **Net fair value gains/(losses) on assets at FVTPL** | **Notes** | **2019** | **2018** | **2019** | **2018** |
| | | | ₦'OOO | ₦'OOO | ₦'OOO | ₦'OOO |
| | Fair value losses on quoted equity shares | 21.2.2 | (5,766) | (34,763) | (5,766) | (34,763) |
| | Fair value losses on financial assets held for trading pledged as collateral | 22 | (18,358) | (25,964) | (18,358) 469,635 | (25,964) |
| | Fair value gains/(losses) on Quoted Bonds | 21.2.1.1 | 1,019,086 | (89,857) | - | (65,329) |
| | Fair value loss on assets held for sale | 29 | - | (7,000) | - | - |
| | Fair value loss in investment property | 30 | (20,000) | - | - | - |
| | | | 974,962 | (157,584) | 445,511 | (126,056) |
| **11** | **Other income** | | | | | |
| | Profit on sale of property, plant and equipment | | 2,789 | 1,245 | 965 | 258 |
| | Net income from sale of properties | | 9,570 | 5,063 | - | - |
| | Micro finance fees and commission income | | 16,267 | 66,608 | - | - |
| | Commissions on turnover | | 2,239 | 2,800 | - | - |
| | Management fee on licensing business | | 20,159 | 48,394 | 20,159 | 48,394 |
| | Others | | 822 | 1,248 | 573 | 796 |
| | Release of expired deposit premiums | 38.1 | - | 155,398 | - | 155,398 |
| | Net foreign exchange gain | | 25,163 | 40,379 | - | - |
| | | | 77,009 | 321,135 | 21,697 | 204,846 |
| **12** | **Impairment charge/(write-back) on financial assets** | | | | | |
| | Cash & cash equivalents | | (6,657) | (28,049) | (3,252) | (5,302) |
| | Loans and receivables | | 303,175 | 96,774 | (1,968) | (3,259) |
| | Debt instruments at amortized cost | | (875) | 982 | (240) | 115 |
| | Trade receivables | | 23,873 | - | - | - |
| | Other receivables | | (10,749) | 33,250 | (1,594) | 1,757 |
| | Finance lease receivables | | 4,968 | (76) | 4,968 | (76) |
| | | | 313,734 | 102,880 | (2,087) | (6,765) |

| | | | GROUP | | COMPANY | |
|---|---|---|---|---|---|---|
| **13** | **Employee benefit expenses** | **Notes** | | **2018** | **2019** | **2018** |
| | | | | ₦'OOO | ₦'OOO | ₦'OOO |
| | Wages and salaries | | 2,071,002 | 1,705,262 | 922,158 | 712,429 |
| | Defined contribution pension costs | | 174,922 | 137,366 | 138,700 | 101,731 |
| | | | 2,245,924 | 1,842,628 | 1,060,858 | 814,160 |

In accordance with the Pension Reform Act 2014, the Group contributes 10% each of the qualifying staff's salary (Basic, transport, and housing), whilst the employees contribute 8%. The contributions are recognised as employee benefits expense as and when due.

## 14 Management expenses

| | Notes | GROUP 2019 ₦'000 | GROUP 2018 ₦'000 | COMPANY 2019 ₦'000 | COMPANY 2018 ₦'000 |
|---|---|---|---|---|---|
| Depreciation of property, plant and equipment | 33 | 514,970 | 697,789 | 364,700 | 438,706 |
| Repairs and maintainance | | 344,733 | 512,628 | 141,415 | 125,073 |
| Directors fee and allowances | | 399,004 | 401,135 | 303,200 | 278,483 |
| Legal and consultancy fees | | 320,191 | 305,268 | 184,621 | 176,595 |
| Training and recruitment | | 375,689 | 366,619 | 308,877 | 337,777 |
| Rents and Rates | | 122,752 | 136,440 | 44,301 | 51,163 |
| Transport and travelling | | 64,805 | 149,826 | 38,756 | 128,296 |
| Insurance supervisory fee | | 392,526 | 152,262 | 57,791 | 53,197 |
| Bank charges | | 106,758 | 95,501 | 34,368 | 24,947 |
| Public relations and advertising | | 149,191 | 239,709 | 78,012 | 105,508 |
| Medical expenses | | 61,996 | 96,921 | 27,707 | 66,519 |
| Motor vehicle running expenses | | 162,234 | 74,793 | 33,406 | 27,070 |
| Telecommunication expenses | | 100,048 | 76,234 | 40,216 | 26,775 |
| Other expenses | | 180,765 | 98,191 | 28,146 | 29,236 |
| Amortisation of intangible assets | 32 | 16,309 | 12,244 | 12,172 | 8,437 |
| Business enternainments | | 42,067 | 39,596 | 29,616 | 32,574 |
| Utilities | | 44,252 | 56,039 | 38,131 | 50,954 |
| Printing and stationery | | 79,552 | 70,312 | 20,000 | 13,890 |
| Donations | | 38,695 | 62,530 | 13,371 | 13,402 |
| Auditors' remunerations | | 45,981 | 39,754 | 18,000 | 18,900 |
| Insurance | | 36,756 | 32,445 | 26,645 | 23,062 |
| Security expenses | | 29,260 | 54,835 | 17,530 | 41,634 |
| Subscriptions | | 33,417 | 39,682 | 16,485 | 14,992 |
| Conference and seminar expenses | | 8,868 | 30,307 | 8,868 | 30,307 |
| Office general expenses | | 21,454 | 17,944 | 21,454 | 17,944 |
| Newspapers and periodicals | | 855 | 419 | 83 | 198 |
| Bad debt written off | | 144,690 | - | - | - |
| Loss on disposal of investment properties | | - | 2,500 | - | - |
| Goodwill written off | | 1,543 | - | - | - |
| | | 3,839,361 | 3,861,923 | 1,907,871 | 2,135,639 |

## 15 Net foreign exchange (loss)/gain

| | Notes | GROUP 2019 ₦'000 | GROUP 2018 ₦'000 | COMPANY 2019 ₦'000 | COMPANY 2018 ₦'000 |
|---|---|---|---|---|---|
| Net foreign exchange gain on foreign bank balances | | 6,890 | 112,155 | 6,890 | 112,155 |
| Net foreign exchange loss on foreign loan | 41.1 | (81,000) | (162,675) | (81,000) | (162,675) |
| | | (74,110) | (50,520) | (74,110) | (50,520) |

The exchange loss on foreign loan represents the impact of translation of 2,250,000,000 Japanese Yen (JPY) due to Daewoo Securities (Europe) Limited as at 31 December 2019 to the Company's functional currency (NGN) at the reporting date. To hedge against future exchange losses that may arise on conversion of foreign currency denominated loan balances, the Group has invested a proportion of its financial assets in foreign currency.

## 16 Finance costs

| | Notes | GROUP 2019 ₦'000 | GROUP 2018 ₦'000 | COMPANY 2019 ₦'000 | COMPANY 2018 ₦'000 |
|---|---|---|---|---|---|
| Interest charge on deposits | | 43,416 | 33,661 | - | - |
| Other charges | | 7,548 | 12,538 | - | - |
| | | 50,964 | 46,199 | - | - |

*All the interest expenses are calculated using effective interest rate method.

| | | Notes | GROUP 2019 ₦'000 | GROUP 2018 ₦'000 | COMPANY 2019 ₦'000 | COMPANY 2018 ₦'000 |
|---|---|---|---|---|---|---|
| **17** | **Finance income** | | | | | |
| | Interest income on Micro loans | | 265,795 | 325,273 | - | - |
| | Interest income on overdraft | | 3,591 | - | - | - |
| | Interest income on treasury bills | | 943 | 2,587 | - | - |
| | | | **270,329** | **327,860** | **-** | **-** |

*All the interest incomes are calculated using effective interest rate method.

**18 Income tax expense**

| | | Notes | GROUP 2019 ₦'000 | GROUP 2018 ₦'000 | COMPANY 2019 ₦'000 | COMPANY 2018 ₦'000 |
|---|---|---|---|---|---|---|
| **18.1** | **Current income tax charge** | | | | | |
| | Company income tax | | 398,771 | 151,562 | 312,296 | 98,210 |
| | Education tax | | 24,464 | 14,023 | 24,414 | 13,188 |
| | Information technology tax | | 36,699 | 14,368 | 12,903 | 7,039 |
| | Minimum tax | | 16,160 | 64,811 | - | - |
| | Total current income tax expense | | **476,095** | **244,763** | **349,613** | **118,437** |
| **18.2** | **Deferred tax** | | | | | |
| | *Relating to origination and reversal of temporary differences* | | | | | |
| | Deferred tax liability | 43.2 | (178,843) | 20,106 | (144,572) | 36,151 |
| | Deferred tax asset | 43.1 | (155,437) | (32,894) | 626 | 2,030 |
| | Total current income tax expense | | (334,280) | (12,788) | (143,946) | 38,181 |
| | Total income tax expenses | | **141,815** | **231,975** | **205,667** | **156,618** |

| **18.3** | **Reconciliation of income tax charge** | Notes | GROUP 2019 ₦'000 | GROUP 2018 ₦'000 | COMPANY 2019 ₦'000 | COMPANY 2018 ₦'000 |
|---|---|---|---|---|---|---|
| | Profit before income tax | | 3,754,054 | 1,380,983 | 1,291,971 | 636,547 |
| | Tax at Nigerian's statutory income tax rate of 30% (2018: 30%) | | 1,126,216 | 414,295 | 387,591 | 190,964 |
| | **Effect of:** | | | | | |
| | Tax exempt income | | (1,320,784) | (534,581) | (219,241) | (232,409) |
| | Expenses not deductible for tax purposes | | 259,059 | 259,059 | - | 177,836 |
| | Information technology tax | | 36,699 | 14,368 | 12,903 | 7,039 |
| | Education tax | | 24,464 | 14,023 | 24,414 | 13,188 |
| | Mininum tax | | 16,160 | 64,811 | - | - |
| | | | **141,815** | **231,975** | **205,667** | **156,618** |

**19 Earnings per share**

***19.1 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.

| | Notes | GROUP 2019 ₦'OOO | GROUP 2018 ₦'OOO | COMPANY 2019 ₦'OOO | COMPANY 2018 ₦'OOO |
|---|---|---|---|---|---|
| Profit attributable to equity holders from continuing operation | | 3,642,753 | 1,128,129 | 1,086,304 | 479,929 |
| Weighted average number of ordinary shares for basic earnings per share | 19.2 | 10,103,066 | 7,999,500 | 10,103,066 | 7,999,500 |
| Basic earnings per ordinary share (kobo) | | 36 | 14 | 11 | 6 |

**19.2** ***Weighted average number of ordinary shares - basic***

| | GROUP 2019 | GROUP 2018 | COMPANY 2019 | COMPANY 2018 |
|---|---|---|---|---|
| Issued ordinary shares at 1 January | 8,000,000 | 8,000,000 | 8,000,000 | 8,000,000 |
| Effect of treasury shares held at 1 January | (500) | (500) | (500) | (500) |
| Issued during the year on 3 May | 2,103,566 | - | 2,103,566 | - |
| As at 31 December | 10,103,066 | 7,999,500 | 10,103,066 | 7,999,500 |

On 3 May 2019, the Company concluded its Right Issue of 4billion Ordinary shares of 50k each at 50kobo per share. At the end of the exercise, 3,172,733,508 ordinary shares valued at ₦1,586,366,754 were subscribed to and alloted, thereby increasing the issued and fully paid ordinary shares of the Company to 11,172,733,508 with par value of ₦5,586,366,754.

***19.3 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.

The Company has no potential dilutive ordinary shares during the year (2018: Nil). Hence, the weighted average number of ordinary shares for basic and dilutive is the same so also the Dilutive and Basic earnings per share.

**20 Cash and cash equivalents**

| | Notes | GROUP 2019 ₦'OOO | GROUP 2018 ₦'OOO | COMPANY 2019 ₦'OOO | COMPANY 2018 ₦'OOO |
|---|---|---|---|---|---|
| Cash on hand | | 17,580 | 16,488 | 14,656 | 9,392 |
| Cash in banks | | 3,106,935 | 2,073,673 | 605,256 | 554,381 |
| Short-term deposits | 20.1 | 3,711,892 | 3,415,244 | 1,532,386 | 1,897,811 |
| | | 6,836,407 | 5,505,405 | 2,152,298 | 2,461,584 |
| Expected credit loss | 3.1.2 (v)(a) | (15,401) | (22,058) | (5,371) | (8,623) |
| | | 6,821,006 | 5,483,347 | 2,146,927 | 2,452,961 |

**20.1** ***Short-term deposits***

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group. All short-term deposits are subject to an average variable interest rate of 8.9% per annum (2018:10%).

For the purpose of the statement of cash flows, the cash and cash equivalents comprise balances with maturity of three months or less.

**21 Financial assets**

The Group's financial assets are summarized below by measurement category:

| | Notes | GROUP 2019 ₦'OOO | GROUP 2018 ₦'OOO | COMPANY 2019 ₦'OOO | COMPANY 2018 ₦'OOO |
|---|---|---|---|---|---|
| Equity instruments at fair value through OCI | 21.1 | 345,967 | 731,018 | 57,842 | 54,211 |
| Financial assets at fair value through profit or loss | 21.2 | 7,669,217 | 3,239,416 | 3,377,844 | 2,752,187 |
| Loans and receivables | 21.3 | 11,181,262 | 11,877,818 | 277,110 | 325,076 |
| Debt Instruments at amortised cost | 21.4 | 23,377,552 | 19,346,552 | 5,257,169 | 4,461,246 |
| | | 42,573,998 | 35,194,804 | 8,969,965 | 7,592,720 |
| Current | | 34,293,722 | 17,844,636 | 5,317,303 | 2,959,330 |
| Non-current | | 8,280,276 | 17,350,168 | 3,652,662 | 4,633,390 |
| | | 42,573,998 | 35,194,804 | 8,969,965 | 7,592,720 |

## 21.1 Equity Instruments at fair value through OCI

| Group | Balance as at 1 January 2019 ₦'000 | Additions during the year ₦'000 | Disposals during the year ₦'000 | Fair value Movement ₦'000 | Balance as at 31 December 2019 ₦'000 |
|---|---|---|---|---|---|
| ICHL Limited | 287,539 | - | - | (97,912) | 189,627 |
| Leasing Company of Liberia | 72,066 | - | - | - | 72,066 |
| Motorways Asset Management Limited | 161,290 | - | - | (161,290) | - |
| Avanage | 155,912 | - | - | (129,480) | 26,432 |
| WAICA Reinsurance Corporation Plc | 54,211 | - | - | 3,631 | 57,842 |
| | 731,018 | - | - | (385,051) | 345,967 |

| | Balance as at 1 January 2018 ₦'000 | Additions during the year ₦'000 | Disposals during the year ₦'000 | Fair value Movement ₦'000 | Balance as at 31 December 2018 ₦'000 |
|---|---|---|---|---|---|
| ICHL Limited | 199,529 | - | - | 88,010 | 287,539 |
| Leasing Company of Liberia | 65,500 | - | - | 6,566 | 72,066 |
| Motorways Asset Management Limited | 130,073 | - | - | 31,217 | 161,290 |
| Avanage | 240,094 | - | - | (84,182) | 155,912 |
| WAICA Reinsurance Corporation Plc | 41,848 | - | - | 12,363 | 54,211 |
| | 677,044 | - | - | 53,974 | 731,018 |

| Company | Balance as at 1 January 2019 ₦'000 | Additions during the year ₦'000 | Disposals during the year ₦'000 | Fair value Movement ₦'000 | Balance as at 31 December 2019 ₦'000 |
|---|---|---|---|---|---|
| WAICA Reinsurance Corporation Plc | 54,211 | - | - | 3,631 | 57,842 |
| | **54,211** | - | - | 3,631 | **57,842** |

| | Balance as at 1 January 2018 ₦'000 | Additions during the year ₦'000 | Disposals during the year ₦'000 | Fair value Movement ₦'000 | Balance as at 31 December 2018 ₦'000 |
|---|---|---|---|---|---|
| WAICA Reinsurance Corporation Plc | 41,848 | - | - | 12,363 | 54,211 |
| | 41,848 | - | - | 12,363 | 54,211 |

The Group has designated its unlisted equity investments as equity investments at FVOCI on the basis that these are not held for trading. In 2019, the Group received no dividends from its unlisted equity investments (2018: Nil).

**Valuation Techniques**
When the fair values of items recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. The estimates include considerations of liquidity and model inputs related to items such as credit risks (both own and counterparty), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of items in the statement of financial position and the level where the items are disclosed in the fair value hierarchy. The models are tested for validity by calibrating to prices from any observable current market transactions in the same item (without modification or repackaging) when available. To assess the significance of a particular input to the entire measurement, the Group performs sensitivity analysis or stress testing techniques.

**Unlisted equity investments**
The Group invests in private equity companies that are not quoted in an active market. Transactions in such investments do not occur on a regular basis. The Group uses market-based valuation techniques and/or adjusted net assets discounted cash flow (DCF) technique for these positions. The Group classifies the fair value of these investments as Level 3 (see Note 3.5)

## 21.2 Financial assets fair value through profit or loss

| | Notes | GROUP 2019 ₦'OOO | GROUP 2018 ₦'OOO | COMPANY 2019 ₦'OOO | COMPANY 2018 ₦'OOO |
|---|---|---|---|---|---|
| Quoted Bonds | 21.2.1 | 7,645,303 | 3,163,227 | 3,353,930 | 2,675,998 |
| Ouoted Shares | 21.2.2 | 23,914 | 76,189 | 23,914 | 76,189 |
| | | 7,669,217 | 3,239,416 | 3,377,844 | 2,752,187 |

## 21.2.1 Quoted Bonds

| | Notes | GROUP 2019 ₦'OOO | GROUP 2018 ₦'OOO | COMPANY 2019 ₦'OOO | COMPANY 2018 ₦'OOO |
|---|---|---|---|---|---|
| LASG BOND NOV 2020 | | - | 1,028,452 | - | 516,695 |
| DIAMOND EURO BOND 2019 | | - | 556,137 | - | 556,137 |
| FGN BOND 2021 | | - | 1,086,142 | - | 1,086,142 |
| FIBN EURO BOND 2021 | | - | 81,678 | - | 81,678 |
| LASG BOND 2023 | | - | 500,676 | - | 500,676 |
| FGN BOND 2034 | | 5,380,395 | - | 1,638,473 | - |
| FGN BOND 2036 | | 1,245,822 | - | 1,245,822 | - |
| | | **6,626,217** | **3,253,085** | **2,884,295** | **2,741,328** |
| Fair value adjustment | | 1,019,086 | (89,857) | 469,635 | (65,329) |
| | | **7,645,303** | **3,163,227** | **3,353,930** | **2,675,998** |
| Current | | - | 556,137 | - | 556,137 |
| Non-current | | 7,645,303 | 2,607,090 | 3,353,930 | 2,119,861 |
| | | **7,645,303** | **3,163,227** | **3,353,930** | **2,675,998** |

### 21.2.1.1 *The movement in Quoted Bonds*

| | Notes | GROUP 2019 ₦'OOO | GROUP 2018 ₦'OOO | COMPANY 2019 ₦'OOO | COMPANY 2018 ₦'OOO |
|---|---|---|---|---|---|
| At 1 January | | 3,163,227 | 956,390 | 2,675,998 | 360,567 |
| Additions during the year | | 6,581,215 | 3,127,851 | 3,045,514 | 2,606,547 |
| Accrued interest income | | 330,356 | 152,070 | 122,297 | 145,730 |
| Amortization of bond premium | | 12,643 | (21,898) | 1,711 | (10,949) |
| Redemption at maturity or disposal | | (3,461,225) | (961,328) | (2,961,225) | (360,567) |
| Fair value adjustments through profit or loss | 10 | 1,019,086 | (89,857) | 469,635 | (65,329) |
| **At 31 December** | | **7,645,303** | 3,163,227 | 3,353,930 | 2,675,998 |

For all listed bonds with tenor over 365 days from origination. These instruments were assessed to fall within a business model where objective is achieved neither by collecting contractual cash flows nor selling the financial assets. These instruments are still presented in the statement of financial position as Financial Assets and classified as financial assets at FVPL in the notes.

## 21.2.2 Quoted Equity Shares

| | Notes | GROUP 2019 ₦'OOO | GROUP 2018 ₦'OOO | COMPANY 2019 ₦'OOO | COMPANY 2018 ₦'OOO |
|---|---|---|---|---|---|
| Quoted shares | | 23,914 | 76,189 | 23,914 | 76,189 |
| ***Movement in listed entities*** | | | | | |
| At 1 January | | 76,189 | 110,952 | 76,189 | 110,952 |
| Disposal | | (46,509) | - | (46,509) | - |
| Fair value losses | 10 | (5,766) | (34,763) | (5,766) | (34,763) |
| At 31 December | | **23,914** | **76,189** | **23,914** | **76,189** |

### 21.2.2.1 *Analysis of investments in listed entities*

| | Notes | GROUP 2019 ₦'OOO | GROUP 2018 ₦'OOO | COMPANY 2019 ₦'OOO | COMPANY 2018 ₦'OOO |
|---|---|---|---|---|---|
| Africa Prudential Registrars Plc | | 344 | 333 | 344 | 333 |
| Access Bank of Nigeria Plc | | 189 | 612 | 189 | 612 |
| Cadbury Plc | | 6 | 1,381 | 6 | 1,381 |
| Diamond Bank Plc (now Access Bank plc) | | 2,703 | 2,703 | 2,703 | 2,703 |
| Ecobank Transnational Inc | | 112 | 241 | 112 | 241 |
| First Bank Holdings Plc | | 3,619 | 16,616 | 3,619 | 16,616 |
| First City Monument Bank Plc | | 235 | 261 | 235 | 261 |
| Guaranty Trust Bank Plc | | - | 7,971 | - | 7,971 |
| Sterling Bank Plc | | 9,784 | 14,341 | 9,784 | 14,341 |
| United Bank for Africa Plc | | 408 | 21,842 | 408 | 21,842 |
| UBA Capital Plc | | 825 | 970 | 825 | 970 |
| Unity Bank Plc | | 34 | 57 | 34 | 57 |
| Universal Insurance Company Plc | | 1,000 | 1,000 | 1,000 | 1,000 |
| Wema Bank Plc | | - | 63 | - | 63 |
| Lafarge WAPCO Plc | | - | 2,027 | - | 2,027 |
| West African Provincial Insurance Plc | | 7 | 9 | 7 | |
| Zenith International Bank Plc | | 4,650 | 5,762 | 4,650 | 5,762 |
| | | **23,914** | **76,189** | **23,914** | **76,189** |

### 21.3 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 or that it has designated as at fair value through profit or loss or available for sale. Details of balances of loans and receivables at the year end are as presented below:

| | Notes | GROUP 2019 ₦'OOO | GROUP 2018 ₦'OOO | COMPANY 2019 ₦'OOO | COMPANY 2018 ₦'OOO |
|---|---|---|---|---|---|
| Term loans | 21.3.1 | 11,352,483 | 12,063,046 | 177,815 | 198,306 |
| Staff loans | | 297,372 | 230,019 | 101,208 | 130,651 |
| Gross loans and advances | | 11,649,855 | 12,293,065 | 279,023 | 328,957 |
| Expected credit losses | 21.3.2 | (468,593) | (415,247) | (1,913) | (3,881) |
| | | **11,181,262** | **11,877,818** | **277,110** | **325,076** |
| Current | | 10,892,256 | 11,735,134 | 36,220 | 290,867 |
| Non-current | | 289,006 | 142,684 | 240,890 | 34,209 |
| | | **11,181,262** | **11,877,818** | **277,110** | **325,076** |

### 21.3.1 Term loans

The Company granted loans to staff, related companies and third parties for income generation, the break down of loans receivables granted are as stated below:

| | Notes | GROUP 2019 ₦'OOO | GROUP 2018 ₦'OOO | COMPANY 2019 ₦'OOO | COMPANY 2018 ₦'OOO |
|---|---|---|---|---|---|
| Prime Exploration and Production Limited | | 10,070,981 | 10,148,345 | - | - |
| Staff mortgage loan | | 177,815 | 198,306 | 177,815 | 198,306 |
| Others | | 1,103,687 | 1,716,395 | - | - |
| Gross term loans | | **11,352,483** | **12,063,046** | **177,815** | **198,306** |

### 21.3.2 Impairment on loans and receivables

| | Notes | GROUP 2019 ₦'OOO | GROUP 2018 ₦'OOO | COMPANY 2019 ₦'OOO | COMPANY 2018 ₦'OOO |
|---|---|---|---|---|---|
| Balance as at 1 January | | 415,247 | 318,473 | 3,881 | 7,140 |
| Write-offs | | (249,829) | - | - | |
| Expected credit loss charge/(reversal) | 12 | 303,175 | 96,774 | (1,968) | (3,259) |
| Gross loans and advances | | **468,593** | **415,247** | **1,913** | **3,881** |

### 21.3.3 Loans concentration

The Group monitors concentration of credit risk by borrowers; individual or corporate.

| | GROUP Individuals ₦'OOO | GROUP Loans to corporate ₦'OOO | COMPANY Individuals ₦'OOO | COMPANY Loans to corporate ₦'OOO |
|---|---|---|---|---|
| **31 December 2019** | | | | |
| Gross | 591,388 | 11,058,467 | 204,023 | 75,000 |
| Expected credit loss | (34,680) | (433,913) | (1,605) | (308) |
| **Net Balance** | 556,708 | 10,624,554 | 202,418 | 74,692 |
| **31 December 2018** | | | | |
| Gross | 654,072 | 11,638,993 | 243,957 | 85,000 |
| Expected credit loss | (31,174) | (384,073) | (3,192) | (689) |
| **Net Balance** | 622,898 | 11,254,920 | 240,765 | 84,311 |

### 21.4 Debt Instruments at amortised cost

| *Treasury bills and bonds* | Notes | GROUP 2019 ₦'OOO | GROUP 2018 ₦'OOO | COMPANY 2019 ₦'OOO | COMPANY 2018 ₦'OOO |
|---|---|---|---|---|---|
| NIGTB 02 Jan 2020 | | 99,944 | - | - | - |
| NIGTB 30 Apr 2020 | | 13,467 | - | 13,467 | - |
| NIGTB 15 May 2020 | | 59,320 | - | 59,320 | - |
| NIGTB 16 Jul 2020 | | 6,215,591 | - | 1,047,960 | - |
| NIGTB 03 Sep 2020 | | 1,368,821 | - | 1,368,821 | - |
| NIGTB 10 Sep 2020 | | 9,552,311 | - | 2,286,203 | - |
| NIGTB 17 Sep 2020 | | 2,270,753 | - | - | - |
| NIGTB 24 Sep 2020 | | 1,404,984 | - | - | - |
| NIGTB 15 Oct 2020 | | 121,637 | - | 121,637 | - |
| NIGTB 10 Dec 2020 | | 1,915,163 | - | | - |
| NIGTB 30 Dec 2020 | | 34,790 | - | 34,790 | - |
| NIGTB 30 Dec 2020 | | 326,179 | - | 326,179 | - |
| NIGTB 21 Feb 2019 | | - | 123,874 | - | 123,874 |
| NIGTB 07 Mar 2019 | | - | 267,680 | - | 267,680 |
| NIGTB 14 Mar 2019 | | - | 203,895 | - | 203,895 |
| NIGTB 21 Mar 2019 | | - | 14,643 | - | 14,643 |
| NIGTB 28 Mar 2019 | | - | 30,967 | - | 30,967 |
| NIGTB 04 April 2019 | | - | 1,695,065 | - | 1,695,065 |
| NIGTB 08 April 2019 | | - | 13,248 | - | 13,248 |
| NIGTB 24 Oct 2019 | | - | 287,264 | - | 287,264 |
| NIGTB 14 Nov 2019 | | - | 1,826,060 | - | 1,826,060 |
| NTB 20 Jun 2019 | | - | 2,838,370 | - | - |
| NTD21 Feb 2019 | | - | 147,649 | - | - |
| NTB 18 Jul 2019 | | - | 5,904,608 | - | - |
| NTB 18 Jul 2019 | | - | 1,031,091 | - | - |
| NTB 03 Oct 2019 | | - | 1,374,526 | - | - |
| NTB 14 Dec 2019 | | - | 3,593,897 | - | - |
| | 21.4.1 | 23,382,962 | 19,352,837 | 5,258,379 | 4,462,696 |
| Expected credit loss (ECL) | 3.1.2 (v)(c) | (5,410) | (6,285) | (1,210) | (1,450) |
| | | 23,377,552 | 19,346,552 | 5,257,169 | 4,461,246 |
| Current | | 23,377,552 | 19,346,552 | 5,257,169 | 4,461,246 |
| Non-current | | - | - | - | - |
| | | **23,377,552** | **19,346,552** | **5,257,169** | **4,461,246** |

**21.4.1** The movement in debt instruments at amortised cost

| | Notes | GROUP 2019 ₦'OOO | GROUP 2018 ₦'OOO | COMPANY 2019 ₦'OOO | COMPANY 2018 ₦'OOO |
|---|---|---|---|---|---|
| Balance as at 1 January | | 19,352,837 | 15,788,109 | 4,462,696 | 4,006,507 |
| Additions during the year | | 22,609,706 | 26,682,638 | 5,038,900 | 4,229,378 |
| Accrued interest income | | 2,482,401 | 1,015,206 | 593,746 | 412,846 |
| Redemption at maturity | | (21,061,982) | (24,133,116) | (4,836,963) | (4,186,035) |
| **Balance as at 31 December** | | 23,382,962 | 19,352,837 | 5,258,379 | 4,462,696 |

**22 Financial assets held for trading pledged as collateral**

| | Notes | GROUP 2019 ₦'OOO | GROUP 2018 ₦'OOO | COMPANY 2019 ₦'OOO | COMPANY 2018 ₦'OOO |
|---|---|---|---|---|---|
| Listed equity instrument balance at 1 January | | 142,100 | 168,064 | 142,100 | 168,064 |
| Fair value losses | 10 | (18,358) | (25,964) | (18,358) | (25,964) |
| **Balance at 31 December** | | 123,742 | 142,100 | 123,742 | 142,100 |

These are quoted financial instruments held on lien by providers of short term borrowings for the purpose of securing the debt. The debt providers maintain posession of the Quoted instruments but do not have ownership unless default. Pledged assets are measured at fair value as at year end.

Mutual Benefits Assurance Plc purchased quoted shares of ₦400 million with a Margin facility from Guaranty Trust Bank Plc (see Note 41).There is an on-going litigation on this investment arising from the additional investment cover requested for by the Bank due to the fall in the value of the shares purchased which was rejected by the Company.

The directors, having sought the advice of professional counsel, are of the opinion that no significant liability will crystalise from this litigation therefore, fair value gain/(loss) has been recognized in the consolidated and separate financial statements.

The movement in the carrying amount is the fair value change in respect of the marker price as at year end.

**23 Trade receivables**

| | Notes | GROUP 2019 ₦'OOO | GROUP 2018 ₦'OOO | COMPANY 2019 ₦'OOO | COMPANY 2018 ₦'OOO |
|---|---|---|---|---|---|
| Trade receivables | 23.1 | 563,813 | 912,116 | 316,582 | 386,040 |
| Current | | 563,813 | 912,116 | 316,582 | 386,040 |
| Non-current | | - | - | - | - |
| | | **563,813** | **912,116** | **316,582** | **386,040** |

Trade receivables are not interest bearing and are generally on terms of 30 to 90 days.

**23.1** *Analysis of insurance receivables by counter party*

| | GROUP 2019 ₦'OOO | GROUP 2018 ₦'OOO | COMPANY 2019 ₦'OOO | COMPANY 2018 ₦'OOO |
|---|---|---|---|---|
| **Gross** | | | | |
| Due from insurance brokers | 587,686 | 912,116 | 316,582 | 386,040 |
| | 587,686 | 912,116 | 316,582 | 386,040 |
| *Allowance for impairment* | | | | |
| Due from insurance brokers | (23,873) | - | - | - |
| | **(23,873)** | - | - | - |
| | 563,813 | **912,116** | **316,582** | **386,040** |

**23.1** *The age analysis of gross insurance receivables as at the end of the year are as follows:*

| | GROUP 2019 ₦'OOO | GROUP 2018 ₦'OOO | COMPANY 2019 ₦'OOO | COMPANY 2018 ₦'OOO |
|---|---|---|---|---|
| 0 – 90 days | 563,813 | 912,116 | 316,582 | 386,040 |
| 91 – 180 days | 23,873 | - | - | - |
| Above 180 days | - | - | - | - |
| | 587,686 | **912,116** | **316,582** | **386,040** |

## 24 Reinsurance assets

| | Notes | GROUP 2019 ₦'000 | GROUP 2018 ₦'000 | COMPANY 2019 ₦'000 | COMPANY 2018 ₦'000 |
|---|---|---|---|---|---|
| Reinsurance share of outstanding claims | 24.1 | 570,582 | 568,394 | 476,984 | 495,557 |
| Reinsurance receivable | | 908,350 | 1,002,279 | 544,636 | 570,368 |
| Co-assurance claims receivable | | 2,247,275 | 1,588,306 | 285,651 | 76,415 |
| Prepaid reinsurance | 24.2 | 587,760 | 415,744 | 515,832 | 365,172 |
| | | **4,313,967** | **3,574,723** | **1,823,103** | **1,507,512** |
| Current | | 4,313,967 | 3,574,723 | 1,823,103 | 1,507,512 |
| Non-current | | - | - | - | - |
| | | **4,313,967** | **3,574,723** | **1,823,103** | **1,507,512** |

Reinsurance receivables are to be settled on demand and the carrying amount is not significantly different from their fair value.

**24.1** The movement in reinsurers' share of claims reported and loss adjustment expenses is as follows:

| | Notes | GROUP 2019 ₦'000 | GROUP 2018 ₦'000 | COMPANY 2019 ₦'000 | COMPANY 2018 ₦'000 |
|---|---|---|---|---|---|
| At 1 January | | 568,394 | 215,417 | 495,557 | 178,777 |
| Changes in reinsurer's share of outstanding claims | 6 | 2,189 | 352,976 | (18,574) | 316,780 |
| **At 31 December** | | **570,582** | **568,394** | **476,984** | **495,557** |

**24.2** *The movement in prepaid reinsurance*

| | Notes | GROUP 2019 ₦'000 | GROUP 2018 ₦'000 | COMPANY 2019 ₦'000 | COMPANY 2018 ₦'000 |
|---|---|---|---|---|---|
| At 1 January | | 415,744 | 365,296 | 365,172 | 343,239 |
| Additions during the year | | 3,004,812 | 2,206,049 | 2,109,481 | 1,469,633 |
| Recognised in profit or loss | 4.2 | (2,832,796) | (2,155,601) | (1,958,821) | (1,447,700) |
| **At 31 December** | | **587,760** | **415,744** | **515,832** | **365,172** |

## 25 Other receivables and prepayments

| | Notes | GROUP 2019 ₦'000 | GROUP 2018 ₦'000 | COMPANY 2019 ₦'000 | COMPANY 2018 ₦'000 |
|---|---|---|---|---|---|
| Prepayments* | | 180,528 | 105,494 | 106,731 | 35,339 |
| WHT recoverable | | 143,649 | 103,357 | 41,337 | 18,606 |
| Advance commission | | 17,622 | 18,293 | - | - |
| ATM Receivables | | 698 | 957 | - | - |
| Other bank debtors | | 4,386 | 4,814 | - | - |
| Due from related companies | | - | - | - | 69,310 |
| Share issue expenses | | - | 132,180 | - | 132,180 |
| Directors current account | | 36,582 | 35,338 | 36,582 | 35,338 |
| VAT input recoverable on investment property | | 176,500 | 180,250 | - | - |
| Other receivables | 25.1 | 712,311 | 926,377 | 96,696 | 139,597 |
| | | 1,272,276 | **1,507,060** | **281,346** | **430,370** |
| *Allowance for impairment charges on other receivables* | 25.5 | (153,001) | (163,751) | (80,521) | (82,115) |
| | | **1,119,275** | **1,343,309** | **200,825** | **348,255** |
| Current | | **1,119,275** | 1,343,309 | 200,825 | 348,255 |
| Non-current | | | - | - | - |
| | | **1,119,275** | **1,343,309** | **200,825** | **348,255** |

*Prepayment is made up of prepaid rent, prepaid staff benefits and advance payments.

**25.1 *Other receivables***

| | Notes | GROUP 2019 ₦'000 | GROUP 2018 ₦'000 | COMPANY 2019 ₦'000 | COMPANY 2018 ₦'000 |
|---|---|---|---|---|---|
| Other bank balances | 25.2 | 63,601 | 63,601 | 63,601 | 63,601 |
| Investment receivables | 25.3 | 16,757 | 16,757 | 16,757 | 16,757 |
| Sundry receivables | 25.4 | 631,953 | 846,018 | 16,338 | 59,239 |
| | | **712,311** | **926,376** | **96,696** | **139,597** |

**25.2 *Other bank balances***

| | Notes | GROUP 2019 ₦'000 | GROUP 2018 ₦'000 | COMPANY 2019 ₦'000 | COMPANY 2018 ₦'000 |
|---|---|---|---|---|---|
| Balance held in Polaris Bank Plc | | 2,533 | 2,533 | 2,533 | 2,533 |
| Balance held in Guaranty Trust Bank Plc | | 61,067 | 61,067 | 61,067 | 61,067 |
| Balance held in Unity Bank Plc | | 1 | 1 | 1 | 1 |
| | | **63,601** | **63,601** | **63,601** | **63,601** |

**25.3 *Investment receivables***

| | Notes | GROUP 2019 ₦'000 | GROUP 2018 ₦'000 | COMPANY 2019 ₦'000 | COMPANY 2018 ₦'000 |
|---|---|---|---|---|---|
| Placement with Profound Securities | | 16,757 | 16,757 | 16,757 | 16,757 |
| | | **16,757** | **16,757** | **16,757** | **16,757** |

**25.4 *Sundry receivables***

| | GROUP 2019 ₦'000 | GROUP 2018 ₦'000 | COMPANY 2019 ₦'000 | COMPANY 2018 ₦'000 |
|---|---|---|---|---|
| Excess interest charges | 6,390 | 6,390 | - | - |
| Receivables from property buyers | 124,327 | 170,337 | - | - |
| Property development debtors | 92,819 | 98,736 | - | - |
| Other trade receivables | 123,293 | 287,669 | - | - |
| Rent receivables | 132,501 | 137,954 | - | 5,050 |
| Investment placement with Flourish Securities Investments and Trust Limited | 7,129 | 7,129 | - | - |
| Investment placement with BGL Seceurities Limited | 38,753 | 38,753 | - | - |
| Others | 106,741 | 99,050 | 16,338 | 54,190 |
| | **631,953** | **846,018** | **16,338** | **59,240** |

**25.5 *Allowance for impairment charges on other receivables***

| | GROUP 2019 ₦'000 | GROUP 2018 ₦'000 | COMPANY 2019 ₦'000 | COMPANY 2018 ₦'000 |
|---|---|---|---|---|
| Other bank balances | 63,601 | 63,601 | 63,601 | 63,601 |
| Investment receivable | 16,757 | 16,757 | 16,757 | 16,757 |
| Excess interest charges | 6,390 | 6,390 | - | - |
| Other receivables | 66,253 | 77,003 | 163 | 1,757 |
| | **153,001** | **163,751** | **80,521** | **82,115** |

**25.6** Set out below is the information about the credit exposure on the Group's other receivables items using a provision matrix. The loss allowance provision as at 31 December 2019 has also incorporated forward looking information.

**2019**

| | Expected ratio | GROUP Carrying amount at default ₦'000 | GROUP Expected credit loss ₦'000 | COMPANY Carrying amount at default ₦'000 | COMPANY Expected credit loss ₦'000 |
|---|---|---|---|---|---|
| Current | 1% | 447,180 | 4,471 | 16,338 | 163 |
| More than 30 days past due | 4% | - | - | - | - |
| More than 60 days past due | 7% | - | - | - | - |
| More than 90 days past due | 12% | 132,501 | 15,900 | - | - |
| *Individual impairment:* | | | | | |
| Excess interest charges | 100% | 6,390 | 6,390 | - | - |
| Florish Securities Investments and Trust Limited | 100% | 7,129 | 7,129 | - | - |
| BGL Securities Limited | 100% | 38,753 | 38,753 | - | - |
| Other bank balances | 100% | 63,601 | 63,601 | 63,601 | 63,601 |
| Investment recievables | 100% | 16,757 | 16,757 | 16,757 | 16,757 |
| **Total** | | 712,311 | 153,001 | 96,696 | 80,521 |

**2018**

| | Expected ratio | GROUP Carrying amount at default ₦'000 | GROUP Expected credit loss ₦'000 | COMPANY Carrying amount at default ₦'000 | COMPANY Expected credit loss ₦'000 |
|---|---|---|---|---|---|
| Current | 1% | 593,569 | 7,100 | 59,239 | 1,757 |
| More than 30 days past due | 4% | | | | - |
| More than 60 days past due | 7% | | | | - |
| More than 90 days past due | 12% | 200,177 | 24,020 | - | - |
| Individual impairment: | | | | | |
| Excess interest charges | 100% | 6,390 | 6,390 | - | - |
| Florish Securities Investments and Trust Limited | 100% | 7,129 | 7,129 | - | - |
| BGL Securities Limited | 100% | 38,753 | 38,753 | - | - |
| Other bank balances | 100% | 63,601 | 63,601 | 63,601 | 63,601 |
| Investment recievables | 100% | 16,757 | 16,757 | 16,757 | 16,757 |
| **Total** | | 926,376 | 163,751 | 139,597 | 82,115 |

## 25.7 The movement in expected credit loss on other receivables

**(a) Group**

| | Lifetime ECL not credit impaired ₦'000 | Lifetime ECL credit impaired ₦'000 | 31-Dec-19 Total Impairment provision ₦'000 | 31-Dec-18 Total Impairment provision ₦'000 |
|---|---|---|---|---|
| As as at 1 January | 7,100 | 156,651 | 163,751 | 130,501 |
| Expected credit loss (reversal)/charge | (2,629) | (8,120) | (10,749) | 33,250 |
| **Balance at 31 December** | **4,471** | **148,531** | **153,002** | **163,751** |

**(b) Company**

| | Lifetime ECL not credit impaired ₦'000 | Lifetime ECL credit impaired ₦'000 | 31-Dec-19 Total Impairment provision ₦'000 | 31-Dec-18 Total Impairment provision ₦'000 |
|---|---|---|---|---|
| As as at 1 January | 1,757 | 80,358 | 82,115 | 80,358 |
| Expected credit loss (reversal)/charge | (1,594) | - | (1,594) | 1,757 |
| **Balance at 31 December** | **163** | **80,358** | **80,522** | **82,115** |

## 26 Deferred acquisition costs

| | Notes | GROUP 2019 ₦'000 | GROUP 2018 ₦'000 | COMPANY 2019 ₦'000 | COMPANY 2018 ₦'000 |
|---|---|---|---|---|---|
| Deferred acquisition cost - Fire | | 53,397 | 51,930 | 53,397 | 51,930 |
| Deferred acquisition cost - Gen Accident | | 100,067 | 133,632 | 100,067 | 133,632 |
| Deferred acquisition cost - Motor | | 117,944 | 96,796 | 117,944 | 96,796 |
| Deferred acquisition cost - Marine | | 72,228 | 67,843 | 72,228 | 67,843 |
| Deferred acquisition cost - Oil & Gas & aviation | | 11,753 | 2,659 | 11,753 | 2,659 |
| Life Business | | 171,229 | 104,388 | - | - |
| | | **526,618** | **457,248** | **355,388** | **352,860** |

**26.1** The movement in deferred acquisition costs is as follows:

| | Notes | GROUP 2019 ₦'000 | GROUP 2018 ₦'000 | COMPANY 2019 ₦'000 | COMPANY 2018 ₦'000 |
|---|---|---|---|---|---|
| Balance, beginning of the year | | 457,248 | 485,283 | 352,860 | 312,182 |
| Additions during the year | | 2,062,989 | 1,657,389 | 1,158,000 | 1,066,058 |
| Amortisation in the year | 7 | (1,993,619) | (1,685,424) | (1,155,472) | (1,025,380) |
| Balance, end of year | | **526,618** | **457,248** | **355,388** | 352,860 |
| Current | | 526,618 | 457,248 | 355,388 | 352,860 |
| Non-current | | - | - | - | - |
| | | **526,618** | **457,248** | **355,388** | 352,860 |

## 27 Finance lease receivables

| | Notes | GROUP 2019 ₦'000 | GROUP 2018 ₦'000 | COMPANY 2019 ₦'000 | COMPANY 2018 ₦'000 |
|---|---|---|---|---|---|
| Gross amount | | 304,607 | 338,879 | 225,777 | 260,049 |
| Unearned interest | | (12,179) | (18,817) | (12,179) | (18,817) |
| Net investment in finance lease | 27.1 | 292,428 | 320,062 | 213,598 | 241,232 |
| *Less:* | | | | | |
| Expected credit loss | 27.2 | (208,876) | (203,908) | (130,046) | (125,078) |
| | | **83,552** | **116,154** | **83,552** | **116,154** |
| Current | | 83,552 | 116,154 | 83,552 | 116,154 |
| Non-current | | - | - | - | - |
| | | **83,552** | **116,154** | **83,552** | **116,154** |

**27.1** ***Movement in finance lease***

| | GROUP 2019 ₦'000 | GROUP 2018 ₦'000 | COMPANY 2019 ₦'000 | COMPANY 2018 ₦'000 |
|---|---|---|---|---|
| Balance at the beginning of the year | 320,062 | 343,188 | 241,232 | 253,347 |
| Interest on finance leases | 51,650 | 10,277 | 51,650 | 10,277 |
| Payments | (79,282) | (22,392) | (79,283) | (22,392) |
| Amounts written off | (2) | (11,011) | - | - |
| | 292,482 | 320,062 | **213,598** | 241,232 |

**27.2 Movement in allowance for expected credit loss**

| | GROUP 2019 ₦'000 | GROUP 2018 ₦'000 | COMPANY 2019 ₦'000 | COMPANY 2018 ₦'000 |
|---|---|---|---|---|
| Adjusted balance 1 January | 203,908 | 203,984 | 125,078 | 125,154 |
| Addition during the year | 4,968 | - | 4,968 | - |
| Recovery during the year | - | (76) | - | (76) |
| | **208,876** | **203,908** | **130,046** | **125,078** |

## 28 Inventories

| | GROUP 2019 ₦'000 | GROUP 2018 ₦'000 | COMPANY 2019 ₦'000 | COMPANY 2018 ₦'000 |
|---|---|---|---|---|
| Construction in progress | 436,156 | 518,236 | - | - |
| | **436,156** | **518,236** | - | **-** |
| Current | 436,156 | 518,236 | - | - |
| Non-current | - | - | - | - |
| | **436,156** | **518,236** | - | **-** |

Included in Inventories are plots of Land purchased for the construction of buildings for resale. The Landed properties also encompass cost of construction of the buildings meant for resale, cost of conversion and other such direct costs incurred in bringing the properties to their present location and condition in line with International Accounting Standard (IAS) 2. The Company's inventories are reported at the lower of cost and net realisable value.

## 29 Assets held for sale

| | Notes | GROUP 2019 ₦'000 | GROUP 2018 ₦'000 | COMPANY 2019 ₦'000 | COMPANY 2018 ₦'000 |
|---|---|---|---|---|---|
| Balance as at 1 January | | 5,550,000 | - | - | - |
| Transferred from Investment Properties | 30 | - | 5,557,000 | - | - |
| Transferred to Investment Properties | 30 | (5,550,000) | | | |
| Fair value loss on assets held for sale | 10 | - | (7,000) | - | - |
| | | - | **5,550,000** | - | - |

During the year as approved by the Board of Directors on 16 December,2019, assets previously classified as Held for sale were reclassified back to Investment properties as they no longer meet the criteria for reclassification.

| *Details of Assets held for sale are as shown below:* | Notes | GROUP 2019 ₦'000 | GROUP 2018 ₦'000 | COMPANY 2019 ₦'000 | COMPANY 2018 ₦'000 |
|---|---|---|---|---|---|
| Mutual Tulip Estate | | - | 500,000 | - | - |
| Property at Ikeja Alausa | | - | 300,000 | - | - |
| Property at Sango/Idiroko - Mogga | | - | 80,000 | - | - |
| Property at Sango/Idiroko - Caxtonjoe | | - | 50,000 | - | - |
| Property at Akure Plots (5,320 Square Meters) | | - | 200,000 | - | - |
| Property at Ado Ekiti Land | | - | 720,000 | - | - |
| Mutual Alpha Court duplex, Costain, Lagos | | - | 3,700,000 | - | - |
| **Balance at the end of the year** | | - | **5,550,000** | - | - |

**Movement in Assets held for sale is shown below:**

| | Bal as at 1.1.2019 | Reclassified to Investment Properties | Disposal | Fair value gain/(loss) | Bal as at 31.12.2019 |
|---|---|---|---|---|---|
| Mutual Tulip Estate | 500,000 | (500,000) | - | - | - |
| Property at Ikeja Alausa | 300,000 | (300,000) | - | - | - |
| Property at Sango/Idiroko - Mogga | 80,000 | (80,000) | - | - | - |
| Property at Sango/Idiroko - Caxtonjoe | 50,000 | (50,000) | - | - | - |
| Property at Akure Plots (5,302 Square Meters) | 200,000 | (200,000) | - | - | - |
| Property at Ado Ekiti Land | 720,000 | (720,000) | - | - | - |
| Mutual Alpha Court duplex, Costain, Lagos | 3,700,000 | (3,700,000) | - | - | - |
| **Balance at the end of the year** | **5,550,000** | **(5,550,000)** | - | - | - |

## 30 Investment properties

| | Notes | GROUP 2019 ₦'000 | GROUP 2018 ₦'000 | COMPANY 2019 ₦'000 | COMPANY 2018 ₦'000 |
|---|---|---|---|---|---|
| At the beginning of the year | | 1,476,000 | 8,566,000 | 56,000 | 56,000 |
| Reclassified to Assets held for sale | 29 | - | (5,557,000) | - | - |
| Reclassified from Assets held for sale | 29 | 5,550,000 | - | - | - |
| Disposal | | (75,000) | (1,533,000) | - | - |
| Fair value loss | 10 | (20,000) | - | - | - |
| | | **6,931,000** | **1,476,000** | **56,000** | **56,000** |

**The items of investment properties are as shown below:**

| | Notes | GROUP 2019 ₦'000 | GROUP 2018 ₦'000 | COMPANY 2019 ₦'000 | COMPANY 2018 ₦'000 |
|---|---|---|---|---|---|
| Mutual Tulip Estate | i | 500,000 | - | - | - |
| Property at Ikeja Alausa | ii | 350,000 | - | - | - |
| Property at Ikota | iii | 56,000 | 56,000 | 56,000 | 56,000 |
| Property at Sango/Idiroko - Mogga | iv | 80,000 | - | - | - |
| Property at Sango/Idiroko - Caxtonjoe | v | 50,000 | - | - | - |
| Property at Onireke,Ibadan | vi | 550,000 | 550,000 | - | - |
| Mutual Alpha Court duplex, Costain, Lagos | vii | 3,625,000 | - | - | - |
| Property at Asokoro, Abuja | viii | 650,000 | 700,000 | - | - |
| Property at Akure Plots (5,302 Square Meters) | ix | 200,000 | - | - | - |
| Property at Ado Ekiti Land | x | 700,000 | - | - | - |
| Property at Oyingbo, Lagos | xi | 170,000 | 170,000 | - | - |
| | | **6,931,000** | **1,476,000** | **56,000** | **56,000** |

***Movement in Investment properties is shown below:***

| | Bal as at 1/1/2019 | Reclassified from Assets held for sale | Disposal | Fair value gain/loss | Bal as at 12/31/2019 |
|---|---|---|---|---|---|
| Mutual Tulip Estate | - | 500,000 | - | - | 500,000 |
| Property at Ikeja Alausa | - | 300,000 | - | 50,000 | 350,000 |
| Property at Ikota | 56,000 | - | - | - | 56,000 |
| Property at Sango/Idiroko - Mogga | - | 80,000 | - | - | 80,000 |
| Property at Sango/Idiroko - Caxtonjoe | - | 50,000 | - | | 50,000 |
| Property at Onireke,Ibadan | 550,000 | - | - | - | 550,000 |
| Mutual Alpha Court duplex, Costain, Lagos | - | 3,700,000 | (75,000) | - | 3,625,000 |
| Property at Asokoro, Abuja | 700,000 | - | - | (50,000) | 650,000 |
| Property at Akure Plots (5,302 Square Meters) | - | 200,000 | - | - | 200,000 |
| Property at Ado Ekiti Land | - | 720,000 | - | (20,000) | 700,000 |
| Property at Oyingbo, Lagos | 170,000 | - | - | - | 170,000 |
| **Balance at the end of the year** | **1,476,000** | **5,550,000** | **(75,000)** | **(20,000)** | **6,931,000** |

Investment properties are stated at fair value, which has been determined based on valuations performed by Messr Alabi, Ojo & Makinde Consulting (FRC/2015/NIESV/00000010800) and Messr Arigbede & Co Estate Surveyors and Valuers (FRC/2014/00000004634). The valuers are specialists in valuing these types of investment properties. The determination of fair value of the investment property was supported by market evidence. The modalities and process of valuation utilized extensive analysis of market data and other sectors specific pecularities corroborated with available data derived from previous experiences.

Valuations are performed on an annual basis and the fair value gains and losses were recorded within the profit or loss.

The Group enters into operating lease arrangements for all of its investment properties. The rental income arising during the year amounted to ₦94,852,000 (2018: ₦202,569,000) which is included in investment income. Direct operating expenses arising in respect of such properties during the year are included in within operating and administrative expenses.

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

| | Notes | GROUP 2019 ₦'000 | GROUP 2018 ₦'000 | COMPANY 2019 ₦'000 | COMPANY 2018 ₦'000 |
|---|---|---|---|---|---|
| Rental income derived from investment properties | | 94,852 | 202,569 | 8,188 | 10,289 |
| Fair value loss on investment properties | | (20,000) | - | - | - |
| Investment properties related expenses | | (37,917) | (90,907) | - | - |
| **Profit arising from investment properties carried at fair value** | | **36,935** | **111,662** | **8,188** | **10,289** |

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

The valuation of the properties is based on the price for which comparable land and properties are being exchanged hands or are being marketed for sale. Therefore, the market-approach Method of Valuation.

By nature, detailed information on concluded transactions is difficult to come by. They have therefore relied on past transactions and recent adverts in deriving the value of the subject properties.

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

*i* ***Mutual Tulip Estate***
Landed property of 11.40 Hectares with industrial development potential lying, situates and being at Isheri Oke Village, off Lagos/Ibadan Expressway, Ifo Local Government Area, Ogun State in Nigeria was purchased at a cost of ₦747million. Forty percent or 4.56 hectares of this land was sold as part of the disposal of investment properties in 2018. The remaining portion (6.84 hectares) was revalued to ₦500 million by Messrs Alabi, Ojo & Makinde Consulting Estate Surveyors and Valuers as at 31 December 2019. The subsisting Title to the subject is vested in the Company through a Deed of Assignment.

*ii* ***Property at Ikeja Alausa***
Landed property of 1,515.601 square metres of land located at Alausa central business district Lagos state in Nigeria was purchased at a cost of ₦177million. The landed property was revalued to ₦350 million by Messrs Alabi, Ojo & Makinde Consulting Estate Surveyors and Valuers as at 31 December 2019. The subsisting title to the subject is vested in Deed of Assignment in favour of the Company.

*iii* ***Property at Ikota***
The property is situated at Olori Bolaji Akinloye Street, Ikota Villa Estate, Off Lekki-Epe express way, Lagos State. The property has a registered title and there is an executed Deed of Assignment in favour of the Company. The property is 5-bedroom detached house. It measures a gross floor area of approximately 148.84 square meters. It is a building on two floors. The ground foor is provided with a sitting room, kitchen, store, a guest bedroom en-suite with toilet and bathroom. It was revalued by Messr Alabi, Ojo & Makinde Consulting Estate Surveyors and Valuers As at 31 December 2019. Perfection of title is on-going.

*iv* ***Property at Sango/Idiroko - Mogga***
Landed property of 4040 square metres of land located at Sango/Idiroko road, opposite Mogga Petroleum, Onibukun village, Ota Atan, Ogun state in Nigeria was purchased at a cost of 90million. The landed property was valued to ₦80 million by Messrs Alabi, Ojo & Makinde Consulting Estate Surveyors and Valuers as at 31 December 2019. The subsisting title to the subject is vested in the Deed of Assignment in favour of Mutual Benefits Life Assurance Limited.

*v* ***Property at Sango/Idiroko - Caxtonjoe***
Landed property of 3665.6 square metres of land located at Sango/Idiroko road, opposite Caxtonjoe Oil Onibukun village, Ota Atan, Ogun state in Nigeria was purchased at a cost of ₦60million. The landed property was valued to ₦50 million by Messrs Alabi, Ojo & Makinde Consulting Estate Surveyors and Valuers as at 31 December 2019. The subsisting title to the subject is vested in the Deed of Assignment in favour of Mutual Benefits Life Assurance Limited.

*vi* ***Property at Onireke,Ibadan***
The property occupy 6808.179 square meters of land located at kudeti Avenue, Commercial Reservation Onireke, Ibadan, Oyo State in Nigeria was transferred from Mutual Benefits Assurance Plc to Mutual Benefits Life Assurance Limited in 2014. The property was transferred at a cost of ₦543,791,845 and revalued to ₦550million by Messrs Alabi, Ojo and Makinde Consulting as at 31 December 2019. The subsisting title to the subject is a certificate of Occupancy in favour of the Company.

*vii* ***Mutual Alpha Court duplex, Costain, Lagos***
This represents 47 unsold units of the 60 units Terrace Triplex housing scheme located at Costain Iporin, Lagos. The property was constructed by Mutual Benefits Homes and Properties Limited and was transferred to the Mutual Benefits Life Assurance Limited in 2014 as part settlement of loan. As at 31 December 2019, 47 units were revalued at ₦3,625,000,000 by Messr Alabi, Ojo & Makinde Consulting Estate Surveyors and Valuers. The subsisting title is vested in Deed of Assignment between Mutual Benefits Homes and Properties Limited and Mutual Benefits Life Assurance Limited.

*viii* ***Property At Abuja (Asokoro District, Abuja)***
This is a six bedroom detached house (207.12 square meters) on a rectagular shaped site covering and approximately land area of 800 square meters, situated at 78 Yakubu Gowon Crescent, Asokoro, Abuja, The property was purchased at a cost of ₦666.25million. The property was valued at ₦650million by Messr Alabi, Ojo & Makinde Consulting Estate Surveyors and Valuers as at 31 December 2019. The subsisting title to the subject land is a deed of assignment in favour of the Company.

*ix* ***Property at Akure ,Ondo State***
Landed property of 5,302 square meters of land located at Akure, Ondo State, Nigeria was transferred to the Company from Mutual Homes and Properties Limited at a fair value of ₦350million. The valuation was done by Messrs Arigbede & Co. Estate Surveyors and Valuers. The subsisting title to the subject is vested in the Deed of Assignment between Mutual Benefits Home and Properties Limited and Mutual Benefits Life Assurance Limited. The property was valued at ₦200million by Messrs Arigbede & Co. Estate Surveyors and Valuers as at 31 December 2019.

x ***Property at Ado Ekiti Land***
Landed property consisting of 27,658 Hectares of land located at Ado-Ekiti, Ekiti State Nigeria was transferred to the Company from Mutual Homes and Properties Limited at a fair value of ₦700million. The property was valued at ₦700million by Messrs Arigbede & Co. Estate Surveyors and Valuers as at 31 December 2019. The subsisting title to the subject a deed of assignment in favour of the Company.

xi ***Property at Oyingbo, Lagos***
Property of 461 square meters of land located at Apapa Road, Ebute-Metta, Lagos State, Nigeria was transferred at a value of ₦180million. The title is held in perpetuity and Deed of Assignment in favour of the Company is ongoing. The property was valued at ₦170million by Messr Alabi, Ojo and Makinde Consulting, Estate Surveyors and Valuers as at 31 December 2019. The subsisting title to the subject is vested in the Land Certificate and registered at the Land Registry Office in Lagos State.

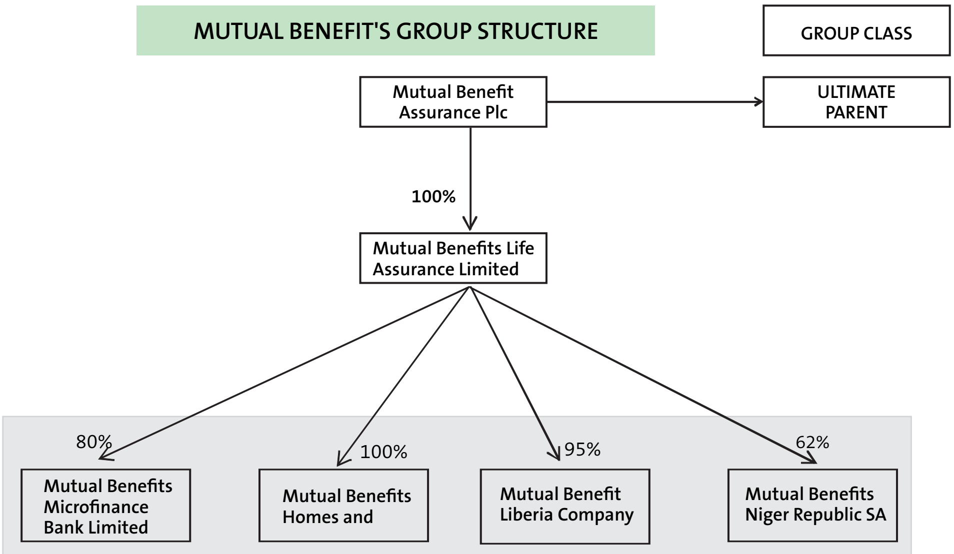
## 31 Investments in subsidiaries

The Company's investment in Mutual Benefits Life Assurance Limited is as stated below:

| | Notes | COMPANY 2019 ₦'OOO | COMPANY 2018 ₦'OOO |
|---|---|---|---|
| At 1 January | | 4,000,000 | 4,000,000 |
| Additional equity investment | | 2,000,000 | - |
| **At 31 December** | | **6,000,000** | **4,000,000** |

The additional investment is in respect of ₦2 billion capital injected into the Mutual Benefits Life Assurance Limited (a wholly owned subsidiary of Mutual Benefits Assurance plc) for 80,000,000 units of ordinary shares at ₦25 each with par value of ₦1.

## 31 Investments in subsidiaries




| | Company name | Nature of business | Country of origin | Relationship | % of equity controlled | NCI | Status | Year of control |
|---|---|---|---|---|---|---|---|---|
| 1 | Mutual Benefits Life Assurance Ltd | Insurance | Nigeria | Direct - Subsidiary | 100% | 0% | Set up | Dec 2007 |
| 2 | Mutual Benefits Microfinance Bank Ltd | Banking | Nigeria | Indirect - Subsidiary | 80% | 20% | Acquired | Jan 2009 |
| 3 | Mutual Benefits Homes and Properties Ltd | Property development | Nigeria | Indirect - Subsidiary | 100% | 0% | Set up | Jan 2008 |
| 4 | Mutual Benefits Liberia | Insurance | Liberia | Indirect - Subsidiary | 95% | 5% | Set up | Jan 2008 |
| 5 | Mutual Benefits Niger Republic | Insurance | Niger Republic | Indirect - Subsidiary | 62% | 38% | Set up | Jan 2014 |

## 31 Investments in subsidiaries

Mutual Benefits Life Assurance Limited
Mutual Life Assurance Limited is a wholly owned subsidiary of Mutual Benefits Assurance Plc.The principal activity of the Company is the underwriting of life insurance policies.

**Mutual Benefits Microfinance Bank**
Mutual Benefits Microfinance Bank was incorporated in Nigeria in January 2008 and its principal activity involves the provision of retail banking services to both individual and corporate customers. Mutual Benefits Life Assurance Limited obtained control of the company with acquisition of 80% of the voting rights of the Company in January 2009.

**Mutual Benefits Homes and Properties Ltd**
Mutual Benefits Homes and Properties Limited was incorporated in December 2007 to provide property development services to corporate and individual customers. The Company was established as a wholly owned subsidiary of Mutual Benefits Life Assurance Limited.

**Mutual Benefits Liberia**
Mutual Benefit Assurance Company Liberia was incorporated on 29 August 2007 and commenced operations on 2 January 2008. It is into underwriting of all classes of non-Life and life businesses. It is 95% owned by Mutual Benefits Life Assurance Limited.

**Mutual Benefits Niger Republic**
Mutual Benefits Niger S.A commenced operations on 2 January 2014. It is into underwriting of all classes of non-life businesses. It was 96% owned by Mutual Benefits Life Assurance Limited until 31 December 2019 when the Company issued additional 59,484 unit of shares at a price of 31942CFA totalling 1,900,000,000CFA (NGN965,010,000). The shares were taken up by other shareholders (Non controlling interest), thereby dilutung the shareholding of Mutual Benefits Life Assurance Limited in the Company to 62.47%.

## 32 Intangible assets: Software

| | | GROUP | | COMPANY | |
|---|---|---|---|---|---|
| | Notes | 2019 | 2018 | 2019 | 2018 |
| **Cost:** | | ₦'OOO | ₦'OOO | ₦'OOO | ₦'OOO |
| Balance at the beginning of the year | | 356,807 | 326,840 | 181,211 | 177,237 |
| Additions | | 28,494 | 3,974 | 25,205 | 3,974 |
| Foreign exchange difference | | (8,687) | 25,994 | - | - |
| | | 376,614 | 356,807 | 206,416 | 181,211 |
| **Amortization:** | | | | | |
| Balance at the beginning of the year | | 307,258 | 282,846 | 170,287 | 161,850 |
| Amortisation charge | 14 | 16,309 | 12,244 | 12,172 | 8,437 |
| Foreign exchange difference | | 2,957 | 12,168 | - | - |
| | | 326,524 | 307,258 | 182,459 | 170,287 |
| Carrying amount at the end of the year | | **50,090** | **49,550** | **23,957** | **10,924** |

## 33 Property, plant and equipment (Group)

| | Note | Land ₦'000 | Building ₦'000 | Leasehold Improvement ₦'000 | Plant and machinery ₦'000 | Motor vehicles ₦'000 | Furniture, fittings and equipment ₦'000 | Trading booth ₦'000 | Organisa - tional cost ₦'000 | Total ₦'000 |
|---|---|---|---|---|---|---|---|---|---|---|
| ***Cost/revaluation:*** | | | | | | | | | | |
| **1 January 2018** | | **339,282** | **2,315,687** | **1,762,603** | **259,864** | **1,165,271** | **1,593,180** | **3,799** | **114,751** | **7,554,437** |
| Additions | | 28,568 | 162,846 | 725 | 35,805 | 239,452 | 54,442 | - | - | **521,838** |
| Disposal | | - | - | - | - | (4,950) | (1,627) | - | - | **(6,577)** |
| Revaluation adjustment | 49 | - | 74,003 | - | - | - | - | - | - | **74,003** |
| Foreign exchange difference | | 2,248 | 112,389 | - | 23,173 | 1,779 | 18,958 | - | - | **158,548** |
| **1 January 2019** | | **370,098** | **2,664,926** | **1,763,328** | **318,843** | **1,401,552** | **1,664,953** | **3,799** | **114,751** | **8,302,250** |
| Additions | | - | - | 26,773 | 12,895 | 47,807 | 36,665 | - | - | **124,140** |
| Disposal | | - | - | - | (1,080) | - | (4,300) | - | - | **(5,380)** |
| Foreign exchange difference | | (77,496) | - | (30,780) | - | - | (24,838) | - | - | **(133,114)** |
| **31 December 2019** | | **292,602** | **2,664,926** | **1,759,321** | **330,658** | **1,449,359** | **1,672,481** | **3,799** | **114,751** | **8,133,775** |
| **1 January 2018** | | **-** | **222,855** | **1,134,091** | **227,555** | **755,172** | **1,173,284** | **3,799** | **114,751** | **3,631,506** |
| | | - | - | - | - | - | - | - | - | |
| Charge for the year | | - | 47,892 | 209,951 | 14,654 | 206,680 | 218,612 | - | - | **697,789** |
| Disposal | | - | - | - | - | (4,949) | (1,627) | - | - | **(6,576)** |
| Foreign exchange difference | | 2,179 | - | 10,815 | 20,484 | 3,064 | 12,471 | - | - | **49,013** |
| **1 January 2019** | | **2,179** | **270,747** | **1,354,857** | **262,693** | **959,968** | **1,402,740** | **3,799** | 114,751 | **4,371,733** |
| Charge for the year | | - | 47,890 | 146,384 | 11,907 | 195,823 | 112,965 | - | - | **514,969** |
| Disposal | | - | - | - | (1,080) | - | (4,300) | - | - | **(5,380)** |
| Foreign exchange difference | | - | | (8,414) | - | - | (11,340) | - | - | **(19,753)** |
| **31 December 2019** | | **2,179** | **318,637** | **1,492,827** | **273,520** | **1,155,791** | **1,500,065** | **3,799** | 114,751 | **4,861,569** |
| ***Carrying amounts at:*** | | | | | | | | | | |
| **31 December 2019** | | **290,423** | **2,346,289** | **266,494** | **57,137** | **293,568** | **172,415** | **-** | - | **3,426,326** |
| **31 December 2018** | | **367,919** | **2,394,179** | **408,471** | **56,150** | **441,584** | **262,214** | **-** | - | **3,930,517** |

No leased assets are included in the above property, plant and equipment and the Group had no capital commitments as at 31 December 2019. The capital work-in progress is a control account for the acquisition of property, plant and equipment for which advance payments have been made but assets yet to be completed, delivered and put to use. None of the assets have been pledged as collateral.

## 33 Property, plant and equipment (Company)

| | Buildings | Leasehold Improvements | Plant and machinery | Motor vehicles | Furniture, fittings and equipment | Total |
|---|---|---|---|---|---|---|
| | ₦'000 | ₦'000 | ₦'000 | ₦'000 | ₦'000 | ₦'000 |
| Cost/revaluation: | | | | | | |
| **1 January 2018** | **2,394,587** | **712,750** | **70,427** | **757,738** | **1,009,867** | **4,945,369** |
| Additions | - | 725 | 1,805 | 188,873 | 10,964 | 202,367 |
| Disposal | - | - | - | (4,950) | (1,627) | (6,577) |
| **31 December 2018** | **2,394,587** | **713,475** | **72,232** | **941,661** | **1,019,204** | **5,141,159** |
| Additions | - | 800 | 9,030 | 47,460 | 16,310 | 73,600 |
| **31 December 2019** | 2,394,587 | 714,275 | 81,262 | 989,121 | 1,035,514 | 5,214,759 |
| ***Accumulated depreciation:*** | | | | | | |
| **1 January 2018** | **262,088** | **476,978** | **59,003** | **467,521** | **754,178** | **2,019,768** |
| Charge for the year | 47,892 | 87,014 | 4,641 | 153,207 | 145,952 | 438,706 |
| Disposal | - | - | - | (4,949) | (1,627) | (6,576) |
| **31 December 2018** | **309,980** | **563,992** | **63,644** | **615,778** | **898,503** | **2,451,898** |
| Charge for the year | 47,890 | 86,840 | 4,030 | 143,400 | 82,740 | 364,700 |
| **31 December 2019** | **357,870** | **650,632** | **67,674** | **759,179** | **981,243** | **2,816,598** |
| **Carrying amounts at:** | | | | | | |
| **31 December 2019** | **2,036,717** | **63,643** | **13,588** | **229,942** | **54,271** | **2,398,160** |
| **31 December 2018** | **2,084,607** | **149,483** | **8,588** | **325,882** | **120,701** | **2,689,261** |

leased assets are included in the above property, plant and equipment and the company had no capital commitments As at 31 December 2019. None of the assets have been pledged as collateral.

## 33 Property, plant and equipments (Company)

i The Company's land and building at Aret Adams House were professionally valued on 19 January 2018 by Alabi, Ojo & Makinde Estate Surveyors and Valuers (FRC/2015/NIESV/00000010800). The valuation which was based on open market value between a willing buyer and a willing seller produced a surplus amount of ₦72,617,000 which has been credited to the property, plant and equipment revaluation account. As a result of the valuation, the revised value of the properties as at 31 December 2017 was ₦1,450,000,000.

The cost to date at the date of the initial revaluation in 2012 was ₦130,161,000. The property was valued in an open market by reference to the cost approach to value and the Income Approach to value was adopted to cross check the market value.

ii If land and buildings were measured using the cost model, the carrying amounts would be as follows:

| | Notes | GROUP | | COMPANY | |
|---|---|---|---|---|---|
| | | 31 Dec-2019 | 31 Dec-2018 | 31 Dec-2019 | 31 Dec-2018 |
| | | ₦'000 | ₦'000 | ₦'000 | ₦'000 |
| Cost | | 498,010 | 312,729 | 130,161 | 130,161 |
| Accumulated depreciation | | (18,222) | (15,619) | (18,222) | (15,619) |
| | | 479,789 | 297,110 | 111,939 | 114,542 |

**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 the cash and cash equivalents. Interest earned at annual average rate of 13% per annum (2018: 12%) on statutory deposits are included in investment income (Note 9).

The deposit has been tested for adequacy as at 31 December 2019 and found to be adequate.

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 31 Dec-2019 ₦'OOO | 31 Dec-2018 ₦'OOO | 31 Dec-2019 ₦'OOO | 31 Dec-2018 ₦'OOO |
| Statutory deposit | 500,000 | 500,000 | 300,000 | 300,000 |
| | 500,000 | 500,000 | 300,000 | 300,000 |
| | **500,000** | **500,000** | **300,000** | **300,000** |

**35** Deposit for investment in equity

| | | GROUP | | COMPANY | |
|---|---|---|---|---|---|
| | | 31 Dec-2019 ₦'OOO | 31 Dec-2018 ₦'OOO | 31 Dec-2018 ₦'OOO | 31 Dec-2018 ₦'OOO |
| Deposit in shares in Mutual Exploration and Production Limited as at 1 January 2019 | | 7,238 | 480,588 | 7,238 | 410,588 |
| Deposit for shares in Mutual Benefits MFB Limited | 37.1 | - | - | 120,000 | - |
| Refund of deposit for shares during the year | 35.2 | - | (473,350) | - | (403,350) |
| | | 7,238 | 7,238 | 127,238 | 7,238 |

**35.1** This represents additional equity investment in Mutual Beneifts MFB Limited during the year

**35.2** This represents the refund of amount deposited for shares in Mutual Exploration and Production Limited.

**36 Insurance contract liabilities**

| | Notes | GROUP 31 Dec-2019 ₦'OOO | GROUP 31 Dec-2018 ₦'OOO | COMPANY 31 Dec-2019 ₦'OOO | COMPANY 31 Dec-2018 ₦'OOO |
|---|---|---|---|---|---|
| Outstanding claims | 36.1 | 9,098,145 | 8,623,824 | 2,433,441 | 2,365,795 |
| Unearned premiums | 36.2 | 5,002,659 | 4,426,731 | 2,595,067 | 2,766,841 |
| | | 14,100,804 | 13,050,555 | 5,028,508 | 5,132,636 |
| Current | | 14,100,804 | 13,050,555 | 5,028,508 | 5,132,636 |
| Non-current | | - | - | - | - |
| | | 14,100,804 | 13,050,555 | 5,028,508 | 5,132,636 |

The Group engaged Zamara Consulting Actuaries Nigeria Limited to perform an insurance liability valuation as at 31 December 2019 for its Insurance and Investment contract businesses. The independent actuarial valuation was conducted by Seth Chengo (FRC/2017/NAS/00000016912).

### 36.1 Outstanding claims

| | | GROUP | | COMPANY | |
|---|---|---|---|---|---|
| | | 31 Dec-2019 ₦'000 | 31 Dec-2018 ₦'000 | 31 Dec-2019 ₦'000 | 31 Dec-2018 ₦'000 |
| Non-Life business | 36.1.1 | 2,811,829 | 3,049,347 | 2,433,441 | 2,365,795 |
| Life business | 36.1.2 | 6,286,316 | 5,574,477 | - | - |
| | | 9,098,145 | 8,623,824 | 2,433,441 | 2,365,795 |

### 36 Insurance contract liabilities - Continued

### 36.1.1 Non-Life business:

| | | | | |
|---|---|---|---|---|
| Non-Life outstanding claims | | | | |
| Claims reported by policyholders | 1,991,129 | 2,266,835 | 1,612,741 | 1,583,283 |
| Claims incurred but not reported (IBNR) | 820,700 | 782,512 | 820,700 | 782,512 |
| | **2,811,829** | **3,049,347** | **2,433,441** | **2,365,795** |
| **Movement in Non-life outstanding claims** | | | | |
| At 1 January | 3,049,347 | 2,394,078 | 2,365,795 | 1,926,358 |
| Claims incurred in the current year | 3,454,192 | 3,665,964 | 3,258,926 | 3,450,132 |
| Claims paid during the year | (3,691,710) | (3,010,695) | (3,191,280) | (3,010,695) |
| | **2,811,829** | **3,049,347** | **2,433,441** | **2,365,795** |
| **Analyis of Non-life outstanding claims per class of insurance** | | | | |
| Motor | 810,890 | 1,123,807 | 432,504 | 440,256 |
| Marine | 188,694 | 195,237 | 188,694 | 195,237 |
| Fire | 510,321 | 495,330 | 510,321 | 495,330 |
| General accident | 867,722 | 866,128 | 867,722 | 866,128 |
| Oil & Gas and Aviation | 434,202 | 368,845 | 434,202 | 368,845 |
| | **2,811,829** | **3,049,347** | **2433441** | **2,365,795** |
| **The aging analysis of Non-life outstanding claims** | | | | |
| 0 - 90 | 1,991,129 | 2,266,835 | 1,612,741 | 1,583,283 |
| 91 - 180 | - | - | - | - |
| 181 - 270 | - | - | - | - |
| 271 - 360 | - | - | - | - |
| 361 and above | - | - | - | - |
| No aging - IBNR | 820,700 | 782,512 | 820,700 | 782,512 |
| | **2,811,829** | **3,049,347** | **2,433,441** | **2,365,795** |
| No. of claimants for each age range of Non-life outstanding claims | 5,922 | 6,354 | 4,788 | 4,304 |

The ageing of the outstanding claims is measured from the date of the issuance of discharge vouchers to the reporting dates.

## 36 Insurance contract liabilities - Continued

### 36.1.2 Life business:

| | Notes | GROUP 31 Dec-2019 ₦'OOO | GROUP 31 Dec-2018 ₦'OOO | COMPANY 31 Dec-2019 ₦'OOO | COMPANY 31 Dec-2017 ₦'OOO |
|---|---|---|---|---|---|
| Life outstanding claims | | | | | |
| Outstanding claims | | 5,379,907 | 4,495,896 | - | - |
| Claims incurred but not reported (IBNR) | | 906,409 | 1,078,581 | - | - |
| | | 6,286,316 | 5,574,477 | - | - |
| **Analyis of life outstanding claims per class of insurance** | | | | | |
| Group life | i | 5,071,640 | 4,620,016 | - | - |
| Individual life | ii | 889,976 | 535,353 | - | - |
| Annuity | iii | 324,700 | 419,108 | - | - |
| | | 6,286,316 | 5,574,477 | - | - |
| **i Movement in group life outstanding claims** | | | | | |
| At 1 January | | 4,620,016 | 3,207,089 | - | - |
| Claims incurred in the current year | | 4,593,829 | 6,159,393 | - | - |
| Claims paid during the year | | (4,142,205) | (4,746,466) | - | - |
| | | 5,071,640 | 4,620,016 | - | - |
| **ii Movement in individual life outstanding claims** | | | | | |
| At 1 January | | 535,353 | 79,925 | - | - |
| Premiums written in the year | | 2,158,016 | 1,733,446 | - | - |
| Premiums earned during the year | | (2,157,832) | (1,733,446) | - | - |
| Claims incurred in the current year | | 105,132 | 88,848 | | |
| Claims paid during the year | | (105,132) | (88,848) | | |
| Changes in actuarial valuation | | 354,439 | 455,428 | | |
| **At 31 December** | | **889,976** | **535,353** | - | - |
| **iii Movement in annuity** | | | | | |
| At 1 January | | 419,108 | 397,118 | - | - |
| Claims incurred in the current year | | 45,628 | 45,704 | | |
| Claims paid during the year | | (45,628) | (45,704) | - | - |
| Changes in actuarial valuation | | (94,408) | 21,990 | - | - |
| | | 324,700 | 419,108 | - | - |
| **The aging analysis of life outstanding claims** | | | | | |
| 0 - 90 | | 5,055,207 | 4,076,788 | - | - |
| 91 - 180 | | - | - | - | - |
| 181 - 270 | | - | - | - | - |
| 271 - 360 | | - | - | - | - |
| 361 and above | | - | - | - | - |
| No aging - Annuity | | 324,700 | 419,108 | - | - |
| No aging - IBNR | | 906,409 | 1,078,581 | - | - |
| | | 6,286,316 | 5,574,477 | - | - |

The ageing of the outstanding claims is measured from the date of the issuance of discharge vouchers to the reporting dates.

## 36.2 Unearned premiums

| | Notes | GROUP 31 Dec-2019 ₦'000 | GROUP 31 Dec-2018 ₦'000 | COMPANY 31 Dec-2019 ₦'000 | COMPANY 31 Dec-2018 ₦'000 |
|---|---|---|---|---|---|
| Non-Life business | ii | 2,856,541 | 2,766,841 | 2,595,067 | 2,766,841 |
| Life business | iv | 2,146,118 | 1,659,890 | - | - |
| | | **5,002,659** | **4,426,731** | **2,595,067** | **2,766,841** |

### i The movement in unearned premium

| | Notes | GROUP 31 Dec-2019 ₦'000 | GROUP 31 Dec-2018 ₦'000 | COMPANY 31 Dec-2019 ₦'000 | COMPANY 31 Dec-2018 ₦'000 |
|---|---|---|---|---|---|
| At 1 January | | 4,426,731 | 4,220,880 | 2,766,841 | 2,426,248 |
| Premiums written in the year | 4.1 | 18,697,839 | 15,840,697 | 8,366,641 | 8,018,299 |
| Premiums earned during the year | 4.1 | (18,121,911) | (15,634,846) | (8,538,415) | (7,677,706) |
| **At 31 December** | | **5,002,659** | **4426731** | **2,595,067** | **2,766,841** |

### ii The movement in non-life unearned premium

| | GROUP 31 Dec-2019 ₦'000 | GROUP 31 Dec-2018 ₦'000 | COMPANY 31 Dec-2019 ₦'000 | COMPANY 31 Dec-2018 ₦'000 |
|---|---|---|---|---|
| At 1 January | 2,766,841 | 2,490,377 | 2,766,841 | 2,426,248 |
| Premiums written in the year | 10,165,216 | 9,789,781 | 8,366,641 | 8,018,299 |
| Premiums earned during the year | (10,075,516) | (9,513,317) | (8,538,415) | (7,677,706) |
| | **2,856,541** | **2,766,841** | **2,595,067** | **2,766,841** |

### iii Analysis of Non-life unearned premium

| | GROUP 31 Dec-2019 ₦'000 | GROUP 31 Dec-2018 ₦'000 | COMPANY 31 Dec-2019 ₦'000 | COMPANY 31 Dec-2018 ₦'000 |
|---|---|---|---|---|
| Motor | 1,047,584 | 971,913 | 1,047,584 | 971,913 |
| Marine | 459,566 | 413,931 | 459,566 | 413,931 |
| Fire | 323,828 | 280,435 | 323,828 | 280,435 |
| Oil & Gas and Aviation | 212,049 | 291,081 | 212,049 | 291,081 |
| General accident | 813,514 | 809,481 | 552,039 | 809,481 |
| | 2,856,541 | 2,766,841 | 2,595,067 | 2,766,841 |
| | **2,856,541** | **2,766,841** | **2,595,067** | **2,766,841** |

### iv Analysis of life unearned premium

| | GROUP 31 Dec-2019 ₦'000 | GROUP 31 Dec-2018 ₦'000 | COMPANY 31 Dec-2019 ₦'000 | COMPANY 31 Dec-2018 ₦'000 |
|---|---|---|---|---|
| Group Life | 2,146,118 | 1,659,890 | - | - |
| | **2,146,118** | **1,659,890** | **-** | **-** |

### The movement in life unearned premium

| | GROUP 31 Dec-2019 ₦'000 | GROUP 31 Dec-2018 ₦'000 | COMPANY 31 Dec-2019 ₦'000 | COMPANY 31 Dec-2018 ₦'000 |
|---|---|---|---|---|
| At 1 January | 1,659,890 | 1,730,503 | - | - |
| Premiums written in the year | 8,532,623 | 6,050,916 | - | - |
| Premiums earned during the year | (8,046,395) | (6,121,529) | - | - |
| | **2,146,118** | **1,659,890** | **-** | **-** |

## 37 Investment contract liabilities

| | Notes | GROUP 31 Dec-2019 ₦'000 | GROUP 31 Dec-2018 ₦'000 | COMPANY 31 Dec-2019 ₦'000 | COMPANY 31 Dec-2018 ₦'000 |
|---|---|---|---|---|---|
| Group deposit administration | | 341,991 | 278,431 | - | - |
| Individual deposit administration | | 25,924,138 | 24,997,830 | - | - |
| | | 26,266,129 | 25,276,261 | - | - |
| Current | | 25,276,261 | 9,597,137 | - | - |
| Non-current | | 989,868 | 15,679,124 | - | - |
| | | **26,266,129** | **25,276,261** | - | - |
| **The movement in deposit administration funds** | | | | | |
| Balance at the beginning of the year | | 25,276,261 | 26,564,221 | - | - |
| Deposits received during the year | | 12,644,135 | 12,486,153 | - | - |
| Guaranteed interest | | 1,899,142 | 1,803,613 | - | - |
| Withdrawals during the year | | (13,553,409) | (15,577,726) | - | - |
| Balance at the end of the year | | 26,266,129 | 25,276,261 | - | - |
| | | **25,276,261** | **26,564,221** | - | - |

## 38 Trade payables

| | Notes | GROUP 31 Dec-2019 ₦'000 | GROUP 31 Dec-2018 ₦'000 | COMPANY 31 Dec-2019 ₦'000 | COMPANY 31 Dec-2018 ₦'000 |
|---|---|---|---|---|---|
| Reinsurance payables | | 408,207 | 290,833 | 152,792 | 82,390 |
| Co-Insurance payables | | 19,906 | 29,065 | - | - |
| Deferred commission | | 180,828 | 142,268 | 159,640 | 130,993 |
| Commission payable | | 395,164 | 381,734 | 324,431 | 289,638 |
| Deposits for premium | 38.1 | 1,411,016 | 940,882 | 590,644 | 368,631 |
| | | 2,415,121 | 1,784,782 | 1,227,507 | 871,652 |
| Current | | 2,415,121 | 1,784,782 | 1,227,507 | 871,652 |
| Non-current | | - | - | - | - |
| | | **2,415,121** | **1,784,782** | **1,227,507** | **871,652** |

### 38.1 The movement in deposit for premium during the year is as follows:

| | GROUP 31 Dec-2019 ₦'000 | GROUP 31 Dec-2018 ₦'000 | COMPANY 31 Dec-2019 ₦'000 | COMPANY 31 Dec-2018 ₦'000 |
|---|---|---|---|---|
| Balance at the beginning of the year | 940,882 | 1,053,145 | 368,631 | 554,484 |
| Addition during the year | 930,794 | 748,332 | 547,377 | 258,919 |
| Reclassified to premium income | (325,364) | (289,374) | (325,364) | (289,374) |
| Reclassified as investment contract liabilities | (135,296) | (432,032) | - | - |
| Reclassified as other income (Note 11) | - | (155,398) | - | (155,398) |
| **Balance at the end of the year** | **1,411,016** | **940,882** | **590,644** | **368,631** |

Deposit for premium represents premium received on general business,life insurance contracts and investment contracts for which the policy holders are yet to be identified at the reporting date. However, the Company employs all resources at its disposal to ensure prompt identification of the policy holders and subsequent reclassification to appropriate financial statement area as neccessary.

## 39 Other liabilities

| | Notes | GROUP 31 Dec-2019 ₦'OOO | GROUP 31 Dec-2018 ₦'OOO | COMPANY 31 Dec-2019 ₦'OOO | COMPANY 31 Dec-2018 ₦'OOO |
|---|---|---|---|---|---|
| Accruals | | 217,025 | 161,604 | 101,653 | 76,640 |
| Rent received in advance | | 69,008 | 30,689 | 1,146 | 1,739 |
| Dividend Payable | | 89,197 | 89,197 | 89,197 | 89,197 |
| Due to related companies | 54 | - | - | 66,809 | - |
| PAYE | | 7,950 | 4,224 | 5,099 | 502 |
| VAT payable | | 376,482 | 294,081 | 120 | 198 |
| WHT payable | | 17,733 | 19,799 | 8,865 | 2,422 |
| Staff pension | | 5,958 | 15,696 | 2,384 | 7,678 |
| Salary control account | | 23,339 | 26,384 | - | - |
| Deferred income | 40.2 | - | 52 | - | 52 |
| Amount due to Directors | | 949 | 1,851 | - | - |
| National Housing Fund | | 1,916 | 1,992 | 1,449 | 1,988 |
| Cooperative | | 3,957 | - | - | - |
| Provision for NAICOM levy | | 272,597 | 144,710 | 41,961 | 54,710 |
| Deposit for facility management | | 42,279 | 41,346 | - | - |
| Professional fee | | - | 71,469 | - | - |
| Other Creditors | | 252,060 | 36,096 | 56,648 | 35,051 |
| Deposit for properties by customers | | 317 | 317 | - | - |
| | | **1,380,767** | **939,507** | **375,331** | **270,177** |
| Current | | 1,380,767 | 939,507 | 375,331 | 270,177 |
| Non-current | | - | - | - | - |
| | | **1,380,767** | **939,507** | **375,331** | **270,177** |

## 40 Deposit liabilities

| | | | | |
|---|---|---|---|---|
| Current | 87,251 | 237,188 | - | - |
| Time | 214,574 | 268,919 | - | - |
| Savings | 87,815 | 6,046 | - | - |
| | 389,640 | 512,153 | - | - |
| Current | 389,640 | 512,153 | - | - |
| Non-current | - | - | - | - |
| | **389,640** | **512,153** | - | - |

## 41 Borrowings

| | Notes | GROUP 31 Dec-2019 ₦'OOO | GROUP 31 Dec-2018 ₦'OOO | COMPANY 31 Dec-2019 ₦'OOO | COMPANY 31 Dec-2018 ₦'OOO |
|---|---|---|---|---|---|
| GTBank margin facility | 43.2 | 400,870 | 400,870 | 400,870 | 400,870 |
| Loan from Daewoo Securities Limited | 43.3 | 6,351,975 | 6,270,975 | 6,351,975 | 6,270,975 |
| | | 6,752,845 | 6,509,170 | 6,671,845 | 6,671,845 |
| Current | | - | - | - | - |
| Non-current | | 6,752,845 | 6,671,845 | 6,752,845 | 6,671,845 |
| | | **6,752,845** | **6,671,845** | **6,752,845** | **6,671,845** |

### 41.1 The movement in borrowings during the year is as follows:

| | Notes | GROUP 31 Dec-2019 ₦'OOO | GROUP 31 Dec-2018 ₦'OOO | COMPANY 31 Dec-2019 ₦'OOO | COMPANY 31 Dec-2018 ₦'OOO |
|---|---|---|---|---|---|
| Balance, beginning of the year | | 6,671,845 | 6,509,170 | 6671845 | 6,509,170 |
| Impact of foreign exchange rate changes | 15 | 81,000 | 162,675 | 81000 | 162,675 |
| Balance at the end of the year | | **6,752,845** | **6,671,845** | **6752845** | **6,671,845** |

### 41.2 GTBank margin facility

The Company obtained a margin loan facility of ₦600 million from Guaranty Trust Bank Plc to finance working capital requirements for Margin trading at 16% per annum on the 19 June 2007 out of which ₦450 million was utilised. The facility was secured by lien on shares financed and an upfront 50% margin contribution (representing a 150% cover). The Bank was to dispose of the warehoused shares to liquidate the facility whenever the cover falls to 130%. Repayment of the facility was to be from proceeds of sale of shares financed.

There is however an on-going litigation on this facility arising from the rejection by the Company of the additional investment cover requested for by the Bank due to the fall in the value of the shares purchased against which the facility was initially secured. In the ensuing litigation, judgement was given in favour of the Company at the Lagos High Court in the sum of ₦120,148,773.70 plus interest at 10% p.a at the Lagos High Court. The total figure stood at ₦236,084,110.95 as at 31 December 2019.

The bank has appealed the judgement of the Lagos High Court.

The directors, having sought the advice of professional counsel, are of the opinion that no significant liability other than the amount already recognised will crystalise from this litigation.

### 41.3 Loan from Daewoo Securities Limited

| | Notes | GROUP 31 Dec-2019 ₦'OOO | GROUP 31 Dec-2018 ₦'OOO | COMPANY 31 Dec-2019 ₦'OOO | COMPANY 31 Dec-2018 ₦'OOO |
|---|---|---|---|---|---|
| Balance at 1 January | | 6,270,975 | 6,108,300 | 6,270,975 | 6,108,300 |
| Impact of foreign exchange rate changes | | 81,000 | 162,675 | 81,000 | 162,675 |
| | | **6,351,975** | **6,270,975** | **6,351,975** | **6,270,975** |

The Company issued two zero coupon, long term Japanese Yen (JPY) denominated Eurobonds with options in the aggregate sum of 2,500,000,000 JPY. Daewoo Securities (Europe) Limited acted as the lead manager, financial advisor and paying agent to the issues.

The first tranche in the sum of 1,750,000,000 Japanese Yen (JPY) with redemption date in year 2020 while the second tranche in the sum of 750,000,000 Japanese Yen (JPY) was due in year 2027. The Bonds were issued with the options to subscribe for the ordinary shares of the Company. However, the options are unenforceable as the arrangement was contrary to the extant capital market regulations.

In 2009, Daewoo Securities (Europe) Limited called for the early repayment of the bonds contrary to the fundamentals of the arrangement. The parties resorted to litigation to resolve their disputes. The sum of N421,455,030 (equivalent to JPY250,000,000) has so far been redeemed on the Bonds.

In the suit instituted by the party with economic interests in the Bonds at the High Court in London, all the claims on the Bonds against the Company were withdrawn when it became obvious to the claimant that the claim would fail. The Company was awarded cost in sum of £159,455.09 (equivalent to N75,899,051.74) with interest at 8% p.a.

In the opinion of our professional advisers, the probability of success in any litigation on the Bonds by any party against the Company is considered low. The Company considers its current provision as adequate to cover any alleged obligations in respect of the Bonds.

## 42 Current income tax liabilities

| | Notes | GROUP 31 Dec-2019 ₦'000 | GROUP 31 Dec-2018 ₦'000 | COMPANY 31 Dec-2019 ₦'000 | COMPANY 31 Dec-2018 ₦'000 |
|---|---|---|---|---|---|
| Balance at 1 January | | 793,528 | 687,173 | 479,914 | 422,005 |
| Current income tax charge | | | | | |
| Company income tax | | 398,771 | 151,562 | 312,296 | 98,210 |
| Education tax | | 24,464 | 14,023 | 24,414 | 13,188 |
| Information technology tax | | 36,699 | 14,368 | 12,903 | 7,039 |
| Minimum tax | | 16,160 | 64,811 | - | - |
| | 18.1 | **476,094** | **244,763** | **349,613** | **118,437** |
| Payments during the year | | (376,253) | (138,408) | (187,354) | (60,528) |
| Balance at the end of the year | | **893,369** | **793,528** | **642,173** | **479,914** |

## 43 Deferred tax net liabilities

| | Notes | GROUP 31 Dec-2019 ₦'000 | GROUP 31 Dec-2018 ₦'000 | COMPANY 31 Dec-2019 ₦'000 | COMPANY 31 Dec-2018 ₦'000 |
|---|---|---|---|---|---|
| Deferred tax asset | 43.1 | 300,815 | 145,378 | 65,718 | 66,344 |
| Deferred tax liabilities | 43.2 | (1,045,224) | (1,263,609) | (709,191) | (853,763) |
| | | **(744,409)** | **(1,118,231)** | **(577,129)** | **(787,419)** |

## 43.1 Movement in Deferred tax assets

| | Notes | GROUP 31 Dec-2019 ₦'000 | GROUP 31 Dec-2018 ₦'000 | COMPANY 31 Dec-2019 ₦'000 | COMPANY 31 Dec-2018 ₦'000 |
|---|---|---|---|---|---|
| Balance at the beginning of the year | | 145,378 | 112,484 | 66,344 | 68,374 |
| Credit in profit or loss for the year | 18.2 | 155,437 | 32,894 | (627) | (2,030) |
| Balance at the end of the year | | **300,815** | **145,378** | **65,718** | **66,344** |

**Deferred tax assets is attributable to the following:**

| | Notes | GROUP 31 Dec-2019 ₦'000 | GROUP 31 Dec-2018 ₦'000 | COMPANY 31 Dec-2019 ₦'000 | COMPANY 31 Dec-2018 ₦'000 |
|---|---|---|---|---|---|
| Property, plant and equipment | | 30,271 | - | - | - |
| Expected credit losses | | 270,544 | 145,378 | 65,718 | 66,344 |
| Balance, end of year | | 300,815 | 145,378 | 65,718 | 66,344 |

## 43.2 Movement in Deferred tax liabilities

| | Notes | GROUP 31 Dec-2019 ₦'000 | GROUP 31 Dec-2018 ₦'000 | COMPANY 31 Dec-2019 ₦'000 | COMPANY 31 Dec-2018 ₦'000 |
|---|---|---|---|---|---|
| Balance, beginning of year | | 1,263,609 | 1,131,458 | 853,763 | 817,612 |
| Charge in profit or loss for the year | 18.2 | (178,843) | 20,106 | (144,572) | 36,151 |
| Charge in other comprehensive income | | (39,542) | 112,046 | - | - |
| Balance at the end of the year | | 1,045,224 | 1,263,609 | 709,191 | 853,763 |
| **Deferred income tax liability is attributable to the following:** | | | | | |
| Property, plant and equipment | | 717,861 | 896,704 | 709,191 | 853,763 |
| Foreign currency translation reserve | | 54,005 | 93,547 | - | - |
| Revaluation reserves | | 18,501 | 18,501 | - | - |
| Investment property | | 254,857 | 254,857 | - | - |
| | | **1,045,224** | **1,263,609** | **709,191** | **853,763** |
| **Net Deferred tax liability** | | **774,680** | **1,118,231** | **643,473** | **787,419** |

**43 Deferred tax liabilities - continued**

**43.3 Unrecognised deferred tax assets**

Deferred tax assets relating to the Group's life business have not been recognised in respect of the following items because it is not probable that future taxable profit will be available against which the life business can use the benefits therefrom.

| | Notes | GROUP 31 Dec-2019 ₦'OOO | GROUP 31 Dec-2018 ₦'OOO | COMPANY 31 Dec-2019 ₦'OOO | COMPANY 31 Dec-2018 ₦'OOO |
|---|---|---|---|---|---|
| Property, plant and equipment | | 328,064 | 313,060 | - | - |
| Tax losses | | 2,699,462 | 4,480,160 | - | - |
| Balance, end of year | | **3,027,526** | **4,793,219** | - | - |

**44 Share capital**

| | GROUP 31 Dec-2019 ₦'OOO | GROUP 31 Dec-2018 ₦'OOO | COMPANY 31 Dec-2019 ₦'OOO | COMPANY 31 Dec-2018 ₦'OOO |
|---|---|---|---|---|
| Share capital comprises: | | | | |
| **44.1 Authorized:** | | | | |
| 20,000,000,000 (2018: 20,000,000,000) Ordinary shares of 50k each | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 |
| **44.2 Issued and fully paid:** | | | | |
| 11,172,733,508 (2018:8,000,000,000) Ordinary shares of 50k each | 5,586,367 | 4,000,000 | 5,586,367 | 4,000,000 |

On 3 May 2019, the Company concluded its Right Issue of 4billion Ordinary shares of 50k each at 50kobo per share. At the end of the exercise, 3,172,733,508 ordinary shares valued at ₦1,586,366,754 were subscribed to and alloted, thereby increasing the issued and fully paid ordinary shares of the Company to 11,172,733,508 with par value of ₦5,586,366,754.

**45 Treasury shares**

| | | | | |
|---|---|---|---|---|
| Company's shares held (500,000 shares at 0.50 per share) | 250 | 250 | 250 | 250 |

Treasury share: this represents the market value of shares of the Company held by the Company through its investment in quoted securities of the Nigerian Stock Exchange.

**46 Foreign currency translation reserve**

This comprises exchange differences resulting from the translation to Naira of the results and financial position of Group companies that have a functional currency other than Naira. Mutual Benefits Assurance Company Liberia and Mutual Benefits Niger Republic SA have functional currencies other than Naira.

## 47 Contingency reserve

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 the amount of 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 reached the amount of minimum paid up capital.

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 31 Dec-2019 ₦'OOO | 31 Dec-2018 ₦'OOO | 31 Dec-2019 ₦'OOO | 31 Dec-2018 ₦'OOO |
| Balance, beginning of the year | 2,960,268 | 2,801,764 | 2,494,470 | 2,398,485 |
| Transfer from retained earnings | 502,225 | 158,504 | 251,000 | 95,985 |
| Balance, end of year | **3,462,493** | **2,960,268** | **2,745,470** | **2,494,470** |
| | | | | |
| Analysis per business segment | | | | |
| Non-life business | 2,745,470 | 2,494,470 | 2,745,470 | 2,494,470 |
| Life business | 717,023 | 465,798 | - | - |
| | **3,462,493** | **2,960,268** | **2,745,470** | **2,494,470** |
| | | | | |
| Non-life business | | | | |
| Balance, beginning of the year | 2,494,470 | 2,398,485 | 2,494,470 | 2,398,485 |
| Transfer from retained earnings | 251,000 | 95,985 | 251,000 | 95,985 |
| Balance, end of year | **2,745,470** | **2,494,470** | **2,745,470** | **2,494,470** |
| | | | | |
| Life business | | | | |
| Balance, beginning of the year | 465,798 | 403,279 | - | - |
| Transfer from retained earnings | 251,225 | 62,519 | - | - |
| Balance, end of year | **717,023** | **465,798** | **-** | **-** |

## 48 Fair value reserve

The fair value reserve includes the net cumulative change in the fair value of fair value through other comprehensive income investments until the investment is derecognised or impaired. See statement of changes in equity for movement in fair value reserve.

## 49 Revaluation reserve

| | Notes | GROUP | | COMPANY | |
|---|---|---|---|---|---|
| | | 31 Dec-2019 ₦'OOO | 31 Dec-2018 ₦'OOO | 31 Dec-2019 ₦'OOO | 31 Dec-2018 ₦'OOO |
| Balance, beginning of the year | | 1,520,130 | 1,467,403 | 1,339,395 | 1,339,395 |
| Revaluation surplus on Land and building | | - | 74,003 | - | - |
| Tax on revaluation surplus | | - | (18,500) | - | - |
| NCI Portion of revaluation surplus | | - | (2,775) | - | - |
| | | **1,520,131** | **1,520,131** | **1,339,395** | **1,339,395** |

This is revaluation surplus in respect of building in line with the Company's accounting policies.

## 50 Retained Earnings/(accumulated losses)

Retained earnings represents the ampunt available for dividend distribution to the equity shareholders of the Company, while accumulated losses represents the loss retained in the business over the periods. See statement of changes in equity for movement in retained earnings/(accumulated losses).

## 51 Non-controlling interests in equity

| | Notes | GROUP 31 Dec-2019 ₦'OOO | GROUP 31 Dec-2018 ₦'OOO |
|---|---|---|---|
| Opening balance | | 174,699 | 189,346 |
| Inflow from NCI for acquisition of subsidiary shares | 51.1 | 965,010 | - |
| Dividend | | - | (49,059) |
| Share from total comprehensive income | | (38,862) | 34,412 |
| Balance as at year end | | 1,100,847 | 174,699 |

**51.1** During the year, the Company's subsidiary, Mutual Benefits Assurance Niger SA issued additional 59,484 unit of shares at a price of 31942 CFA totalling 1,900,000,000CFA (NGN965,010,000). The shares were taken up by other shareholders (Non controlling interest), thereby dilutung the shareholding of Mutual Benefits Life Assurance Limited in the Company to 62.47%.

The table below summarises the information relating to the Group's subsidiaries that have material Non-Controlling Interests (NCI) before any intra-group eliminations.

| | Notes | Mutual Benefits Microfinance Bank Ltd 31 Dec-2019 ₦'OOO | Mutual Benefits Microfinance Bank Ltd 31 Dec-2018 ₦'OOO | Mutual Benefits Niger SA 31 Dec-2019 ₦'OOO | Mutual Benefits Niger SA 31 Dec-2018 ₦'OOO |
|---|---|---|---|---|---|
| NCI percentage | | 20% | 20% | 38% | 4% |
| Cash and cash equivalents | | 412,546 | 51,897 | 1,826,979 | 800,532 |
| Loans and receivables | | 195,261 | 603,629 | - | - |
| Other receivables | | 11,793 | 40,236 | 46,105 | 1,050,233 |
| Intangible assets | | 3,902 | 3,073 | 22,208 | 34,766 |
| Reinsurance assets | | - | - | 363,714 | 431,911 |
| Trade receivables | | - | - | 156,671 | 255,548 |
| Property, plants and equipment | | 22,722 | 33,883 | 485,420 | 570,981 |
| Insurance contract liabilities | | - | - | (633,150) | (837,250) |
| Trade payables | | - | - | (260,315) | (219,674) |
| Other liabilities | | (286,868) | (61,423) | (135,780) | (67,434) |
| Deposit liabilities | | (389,640) | (512,153) | - | - |
| Current income tax liabilities | | (16,097) | (17,493) | - | - |
| Deferred tax liabilities | | (3,424) | (5,643) | - | - |
| **Net (liabilities)/assets** | | **(49,804)** | **136,006** | **1,871,852** | **2,019,615** |
| **Carrying amount of NCI** | | **(9,961)** | **27,201** | **702,506** | **80,785** |
| Underwriting profit | | - | - | 600,361 | 569,805 |
| Income | | 288,835 | 397,269 | 72,803 | 50,687 |
| Expenses | | (468,383) | (370,510) | (485,999) | (497,147) |
| Profit before tax | | (179,549) | 26,759 | 187,165 | 123,346 |
| Profit after tax | | (185,809) | 23,116 | 122,764 | 75,996 |
| **Profit allocated to NCI** | | (42,736) | 5,317 | 9,821 | 17,479 |
| Cash flows from operating activities | | 125,268 | (62,371) | 1,048,979 | 115,230 |
| Cash flows from investing activities | | 2,415 | (17,505) | (22,533) | (148,512) |
| Cash flows from financing activities | | 240,000 | - | - | - |
| **Net increase in cash and cash equivalents** | | 367,683 | (79,875) | 1,026,446 | (33,282) |

**52 Reconciliation of profit before income tax to cash flows provided by operating activities:**

| | | GROUP | | COMPANY | |
|---|---|---|---|---|---|
| | | 31 Dec-2019 ₦'000 | 31 Dec-2018 ₦'000 | 31 Dec-2019 ₦'000 | 31 Dec-2018 ₦'000 |
| Profit before income tax | | 3,754,054 | 1,380,983 | 1,291,971 | 636,547 |
| Adjustments for non-cash items: | | | | | |
| Fair value gain/(loss) on financial assets through profit and loss | 10 | (974,962) | 157,584 | (445,511) | 126,056 |
| Amortisation of deferred acquisition costs | 26.1 | 1,993,619 | 1,685,424 | 1,155,472 | 1,025,380 |
| Interest income on finance leases | 27.1 | (51,650) | (10,277) | (51,650) | (10,277) |
| Impairment charge/(write-back) on financial assets | 12 | 313,734 | 102,880 | (2,087) | (6,765) |
| Amortisation of intangible assets | 32 | 16,309 | 12,244 | 12,172 | 8,437 |
| Depreciation of property and equipments | 33 | 514,969 | 697,789 | 210,580 | 438,706 |
| Gain on disposal of property and equipment | 11 | (2,789) | (1,245) | (965) | (258) |
| Foreign exchange gain on cash and cash equivalents | 15 | (6,890) | (112,155) | (6,890) | (112,155) |
| Foreign exchange loss foreign domiciliary borrowings | 41.1 | 81,000 | 162,675 | 81,000 | 162,675 |
| Loss on disposal of investment property | | - | 2,500 | - | - |
| Fair value loss on investment property | | 20,000 | - | - | - |
| Impairment of goodwill | | 1,543 | - | - | - |
| Amortisation of bond premium | | (12,643) | 21,898 | (1,711) | 10,949 |
| Cash flow from operating profit before changes in operating assets and liabilities | | 5,626,294 | 4,100,301 | 2,396,650 | 2,279,295 |
| Trade receivables | | 348,303 | (282,836) | 69,458 | (107,881) |
| Reinsurance assets | | (739,244) | (1,118,992) | (315,591) | (420,686) |
| Other receivables and prepayment | | (2,807,548) | (1,626,716) | (691,424) | (372,949) |
| Deferred acquisition cost | | (2,062,989) | (1,657,389) | (1,158,000) | (1,066,059) |
| Inventories | | 82,080 | 389,586 | - | - |
| Insurance contract liabilities - Claims | | 474,321 | 2,545,614 | 67,646 | 439,437 |
| Insurance contract liabilities - Unearned premium | | 575,928 | 205,851 | (171,774) | 340,593 |
| Trade payables | | 630,339 | (1,073,514) | 355,855 | (156,620) |
| Other liabilities | | 441,260 | (221,717) | 105,154 | 34,482 |
| Loans and receivables | | (1,927,178) | (1,979,221) | 55,020 | 320,607 |
| Investment contract liabilities | | 989,868 | (1,287,960) | - | - |
| Deposit liabilities | 42 | (122,513) | 252,885 | - | - |
| Income tax paid | | (376,253) | (138,408) | (187,354) | (60,528) |
| Net cash flows from/(used in) operating activities | | 1,132,669 | (1,892,517) | 525,491 | 1,229,691 |

## 53 Supplementary statement of profit or loss information

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 | | COMPANY | |
|---|---|---|---|---|
| | 31 Dec-2019 ₦'OOO | 31 Dec-2018 ₦'OOO | 31 Dec-2019 ₦'OOO | 31 Dec-2018 ₦'OOO |
| 220,001 – 720,000 | 50 | 135 | 5 | 0 |
| 720,001 – 1,400,000 | 93 | 138 | 36 | 56 |
| 1,400,001 – 2,050,000 | 81 | 67 | 33 | 34 |
| 2,050,001 – 2,330,000 | 14 | 31 | 13 | 13 |
| 2,330,001 – 2,840,000 | 35 | 18 | 14 | 7 |
| 2,840,001 – 3,000,000 | 9 | 3 | 4 | 2 |
| 3,000,001 – 4,500,000 | 47 | 52 | 33 | 33 |
| 4,500,001 – 5,950,000 | 24 | 23 | 15 | 14 |
| 5,950,001 – 6,800,000 | 7 | 11 | 6 | 10 |
| 6,800,001 – 7,800,000 | 3 | 4 | 0 | 0 |
| 7,800,001 – 8,600,000 | 8 | 8 | 3 | 2 |
| 8,600,001 – 11,800,000 | 17 | 10 | 8 | 3 |
| Above 11,800,000 | 11 | 17 | 4 | 8 |
| **Balance, end of year** | **399** | **517** | **174** | **182** |

The average number of full time persons employed by the Company during the year was as followed:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 31 Dec-2019 | 31 Dec-2018 | 31 Dec-2019 | 31 Dec-2018 |
| Executive Directors | 9 | 7 | 2 | 2 |
| Management staff | 137 | 127 | 79 | 72 |
| Non management staff | 262 | 390 | 95 | 110 |
| | **408** | **524** | **176** | **184** |

**ii Directors' remuneration:**

Remuneration paid to the Directors of the Company was as follows:

| | Notes | GROUP | | COMPANY | |
|---|---|---|---|---|---|
| | | 31 Dec-2019 ₦'OOO | 31 Dec-2018 ₦'OOO | 31 Dec-2019 ₦'OOO | 31 Dec-2018 ₦'OOO |
| Executive compensation | | 294,092 | 266,968 | 135,000 | 178,970 |
| Directors fees | | 18,125 | 7,500 | 18,125 | 7,500 |
| Other directors expenses | | 176,681 | 113,688 | 150,075 | 92,013 |
| | | **488,898** | **388,156** | **303,200** | **278,483** |

## 53 Supplementary statement of profit or loss information - Continued

The directors' remuneration shown above (excluding pension contributions and other allowances):

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 31 Dec-2019 ₦'000 | 31 Dec-2018 ₦'000 | 31 Dec-2019 ₦'000 | 31 Dec-2018 ₦'000 |
| Chairman | 8,200 | 8,200 | 5,200 | 5,200 |
| Highest paid director | **112,427** | **108,823** | **45,125** | **45,125** |

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

| | Notes | GROUP | | COMPANY | |
|---|---|---|---|---|---|
| | | 31 Dec-2019 ₦'000 | 31 Dec-2018 ₦'000 | 31 Dec-2019 ₦'000 | 31 Dec-2018 ₦'000 |
| N500,000- N1,000,000 | | 8 | 8 | - | - |
| Above N2,000,000 | | 9 | 9 | 9 | 9 |
| | | 17 | 17 | 9 | 9 |

## 54 Related parties

Parent
Mutual Benefits Assurance Plc (incorporated in Nigeria) is the ultimate parent of the group.

Transactions between Mutual Benefits Assurance 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 Mutual Benefits Assurance Plc.

The volume of related party transactions, outstanding balances at the period end, and related expense and income for the period are as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 31 Dec-2019 ₦'000 | 31 Dec-2018 ₦'000 | 31 Dec-2019 ₦'000 | 31 Dec-2018 ₦'000 |
| Key management compensation | | | | |
| Salaries and other short-term benefits | 294,092 | 222,998 | 135,000 | 135,000 |
| Defined contribution pension | 11,648 | 11,346 | 9,248 | 8,946 |
| | **305,740** | **234,344** | **144,248** | **143,946** |

Transactions with key management personnel

| | Notes | GROUP | | COMPANY | |
|---|---|---|---|---|---|
| | | 31 Dec-2019 | 31 Dec-2018 | 31 Dec-2019 | 31 Dec-2018 |
| Loans and advances to directors | | | | | |
| Opening balance | | 5,126 | 22,050 | - | - |
| Repayment | | (3,671) | (16,924) | - | - |
| Balance as at 31 December | | 1,455 | 5,126 | - | - |
| Interest earned | | **3,679** | **3,783** | - | - |

## 54 Related parties - Continued

Loans to key management personnel include mortgage loans and other personal loans which are given under terms that are no more favourable than those given to other staff. Mortgage loans are secured by the underlying assets. All other loans are unsecured.

No provision has been recognised in respect of loans given to key management personnel (2018:Nil).

During the year, the Company carried out transactions with some entities related to it. Details of these transactions and outstanding balances are stated below:

| Name of related party | Nature of relationship | Type of Transaction | COMPANY 31 Dec-2019 ₦'000 | COMPANY 31 Dec-2018 ₦'000 |
|---|---|---|---|---|
| Receivables/ (Payables) | | | | |
| Mutual Homes & Properties Ltd | Subsidiary | Loan | 221,340 | 319,427 |
| Mutual Benefits Microfinance Bank Ltd | Subsidiary | Current account | 5,733 | 7,551 |
| Mutual Benefits Microfinance Bank Ltd | Subsidiary | Fixed deposit | - | 111,144 |
| Prime Exploration and Production Limited | Directors | Loan | 10,070,981 | 10,148,345 |
| Mutual Benefits Life Assurance Limited | Subsidiary | Intercompany | (66,809) | 69,310 |
| Mutual Benefits Assurance Company Liberia | Subsidiary | Intercompany | 20,936 | 20,936 |

## 55 Contingent liabilities

Litigation and claims

The Company is presently involved in Seventeen (17) litigations as defendants with estimated claims of ₦535,000,000 (2018, 17: ₦694,034,177). In the directors' opinion, after taking appropriate legal advice, the outcome of these legal claims will not give rise to any significant loss at 31 December 2019.

**Capital commitments**

The Directors are of the opinion that all known liabilities and commitments which are relevant in assessing the Group's and the Company's state of financial affairs have been taken into account in the preparation of these consolidated and separate financial statements.

## 56 Contravention

| | ₦ |
|---|---|
| Penalty for late filing of the basis for rights issue allotment | 28,511,139 |

## 57 Event after the reporting date

The Emergence of Covid-19 in Nigeria has occurred since the reporting date. This is a non-adjusting event occuring after the reporting date that does not provide evidence of conditions that existed at the end of the reporting period. Covid-19 is a global pandemic as declared by the World Health Organization. The Company at the onset of the pandemic activated its Business Continuity Plan and instituted a Covid-19 Incident Team whose responsibilty is to address all the Company's needs, concerns and updates on a daily basis with the utmost aim of minimising of Covid-19 on key stakeholders. On the business operations, adequate continuity plans have been put in place to address all business needs as much as feasible in line with various government regulations, restrictions and customer requirements and essential employees for meeting up with the operational needs have been adequately equipped,instructed and provided with relevant protective needs. There have been generally low activities which will invariably affect business generation drive, but adequate measures are in place to mitigate the impacts as much as feasibly possible in the current circumstance.

Due to the high level of uncertanities on the unpredictable outcome of the pandemic, it may be difficult to estimate the financial outbreak at the reporting date. The Group has performed a line-by-line analysis of its balance sheet and has done an assessment of whether the current uncertainty may impact any of the amounts presented at 31 December 2019. Management has concluded however that the amounts recognised in the financial statement do not require further adjustment but will continue to monitor the situation as new information becomes available and any necessary adjustments as a result will be reflected in the appropriate reporting period.

# Appendix 1
# Summarised Revenue Account (Non-Life)

For the year ended 31 December 2019



**For the year ended 31 December 2019**

| | General accident ₦'000 | Aviation & oil and gas ₦'000 | Bond ₦'000 | Marine ₦'000 | Motor ₦'000 | Fire ₦'000 | Dec 2019 Total ₦'000 | Dec 2018 Total ₦'000 |
|---|---|---|---|---|---|---|---|---|
| Gross premium written | 1,407,440 | 1,954,961 | 65,890 | 1,002,810 | 2,748,541 | 1,186,999 | 8,366,641 | 8,018,299 |
| Changes in unexpired premium | 153,923 | (42,740) | (14,917) | 73,682 | 46,018 | (44,191) | 171,774 | (340,593) |
| Gross premium earned | 1,561,363 | 1,912,221 | 50,973 | 1,076,492 | 2,794,559 | 1,142,807 | 8,538,415 | 7,677,706 |
| Premiums ceded to reinsurers | (225,417) | (753,036) | (6,135) | (316,552) | (193,686) | (463,996) | (1,958,821) | (1,447,700) |
| **Net premium earned** | 1,335,946 | 1,159,185 | 44,838 | 759,940 | 2,600,873 | 678,812 | 6,579,594 | 6,230,006 |
| Commission received | 99,890 | 32,079 | 3,930 | 118,636 | 6,671 | 87,004 | 348,208 | 142,249 |
| **Total underwriting income** | 1,435,836 | 1,191,264 | 48,768 | 878,576 | 2,607,544 | 765,815 | 6,927,802 | 6,372,255 |
| Gross claims paid | 459,142 | 472,112 | 304 | 180,144 | 1,221,059 | 858,520 | 3,191,281 | 3,010,695 |
| Change in outstanding claims | 3,509 | 19,878 | (1,916) | 38,936 | (7,752) | 14,991 | 67,646 | 439,438 |
| **Gross claim incurred** | 462,651 | 491,990 | (1,612) | 219,080 | 1,213,307 | 873,511 | 3,258,927 | 3,450,134 |
| Reinsurance recoveries | 359,773 | 312,290 | - | 54,870 | 47,842 | 275,614 | 1,050,390 | 835,576 |
| Due from re-insurers | (4,792) | (2,967) | (1,831) | (1,787) | (3,301) | (3,895) | (18,574) | 316,780 |
| **Gross recoveries** | 354,982 | 309,323 | (1,831) | 53,083 | 44,541 | 271,719 | 1,031,816 | 1,152,356 |
| **Net benefits and claims** | 107,670 | 182,667 | 219 | 165,997 | 1,168,766 | 601,792 | 2,227,111 | 2,297,778 |
| **Net income** | **1,328,166** | **1,008,597** | **48,549** | **712,579** | **1,438,778** | **164,023** | 4,700,692 | 4,074,478 |
| **UNDERWRITING EXPENSES** | | | | | | | | |
| Amortised deferred acquisition costs | (229,830) | (270,577) | (9,120) | (138,794) | (342,864) | (164,287) | (1,155,472) | (1,025,380) |
| Other underwriting expenses | (195,002) | (224,159) | (7,555) | (114,983) | (284,044) | (136,103) | (961,847) | (813,569) |
| **Underwriting profit** | **903,334** | **513,861** | **31,874** | **458,802** | **811,869** | **(136,367)** | 2,583,373 | 2,235,529 |

# Appendix 2
# (Statement of Value Added)

| | GROUP | | | | COMPANY | | | |
|---|---|---|---|---|---|---|---|---|
| | 2019 ₦'OOO | | 2018 ₦'OOO | | 2019 ₦'OOO | | 2018 ₦'OOO | |
| Gross premium written | 18,697,839 | | 15,840,697 | | 8,366,641 | | 8,018,299 | |
| Net benefits and claims | (5,926,745) | | (6,976,613) | | (2,227,111) | | (2,297,776) | |
| Premiums ceded to reinsurers | (2,832,796) | | (2,155,601) | | (1,958,821) | | (1,447,700) | |
| Other charges and expenses | (6,406,792) | | (5,994,956) | | (3,207,230) | | (4,184,161) | |
| Fees and commission income | 482,766 | | 482,307 | | 348,208 | | 379,214 | |
| | 4,014,272 | | 1,195,834 | | 1,321,687 | | 467,876 | |
| Investment income | 2,487,931 | | 2,186,281 | | 1,282,142 | | 1,078,816 | |
| **Value added** | **6,502,203** | **100** | **3,382,115** | **100** | **2,603,829** | **100** | **1,546,692** | **100** |
| **Applied to pay:** | | | | | | | | |
| Employee benefits | 2,245,924 | 35 | 1,842,628 | 54 | 1,060,858 | 41 | 814,160 | 53 |
| Government as tax | 476,095 | 7 | 244,763 | 7 | 349,613 | 13 | 118,437 | 8 |
| **Retained in the business:** | | | | | | | | |
| Contingency reserve | 502,225 | 8 | 158,504 | 5 | 251,000 | 10 | 95,985 | 6 |
| Deferred income tax | (334,280) | (5) | (12,788) | - | (143,946) | (6) | 38,181 | 2 |
| Profit for the year | 3,642,753 | 56 | 1,128,129 | 33 | 1,086,304 | 42 | 479,929 | 31 |
| Non-controlling interest | (30,514) | - | 20,879 | 1 | - | - | - | - |
| **Value added** | **6,502,203** | **100** | **3,382,115** | **100** | **2,603,829** | **100** | **1,546,692** | **100** |

Value added statement represents the wealth created by the efforts of the Group and its employees' efforts based on ordinary activities and the allocation of that wealth being created between employees, shareholders, government and that retained for the future creation of more wealth.

# Appendix 3
# Five Year Financial Summary



## Group - Statement of financial position

| | 31 Dec-2019 | 31 Dec-2018 | 31 Dec-2017 | 31 Dec-2016 | 31 Dec-2015 |
|---|---|---|---|---|---|
| | ₦'OOO | ₦'OOO | ₦'OOO | ₦'OOO | ₦'OOO |
| **ASSETS** | | | | | |
| Cash and cash equivalents | 6,821,006 | 5,483,347 | 8,345,638 | 10,734,374 | 14,016,106 |
| Financial assets: | | | | | |
| Available-for-sale investment securities | - | - | 849,524 | 849,374 | 694,036 |
| Fair value through profit or loss | 7,669,217 | 3,239,416 | 110,952 | 64,097 | 93,463 |
| Equity instruments at fair value through OCI | 345,967 | 731,018 | - | - | - |
| Loans and receivables | 11,181,262 | 11,877,818 | 12,245,702 | 12,410,169 | 11,799,273 |
| Held-to-maturity | - | - | 16,840,317 | 8,214,636 | - |
| Financial assets at amortised cost | 23,377,552 | 19,346,552 | - | - | - |
| Assets pledged as collateral | - | - | - | 91,188 | 115,297 |
| Financial assets held for trading pledged as collateral | 123,742 | 142,100 | 168,064 | - | - |
| Trade receivables | 563,813 | 912,116 | 629,280 | 462,616 | 208,703 |
| Reinsurance assets | 4,313,967 | 3,574,723 | 2,455,731 | 1,871,739 | 1,414,600 |
| Other receivables | 1,119,275 | 1,343,309 | 993,182 | 888,020 | 1,454,498 |
| Deferred acquisition costs | 526,618 | 457,248 | 485,283 | 340,338 | 322,609 |
| Finance lease receivables | 83,552 | 116,154 | 145,055 | 420,049 | 1,044,864 |
| Inventories | 436,156 | 518,236 | 907,822 | 1,332,864 | 1,533,164 |
| Assets held for sale | - | 5,550,000 | - | - | - |
| Investment properties | 6,931,000 | 1,476,000 | 8,566,000 | 8,726,390 | 8,731,665 |
| Investments in associates | - | - | - | - | 6,116 |
| Intangible assets | 50,090 | 49,550 | 43,994 | 73,531 | 89,646 |
| Property, plant and equipment | 3,426,326 | 3,930,517 | 3,922,931 | 4,024,297 | 3,850,522 |
| Statutory deposit | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 |
| Deposit for shares | 7,238 | 7,238 | 480,588 | 460,588 | 417,587 |
| Deferred tax assets | 300,815 | 145,378 | - | - | - |
| Goodwill | - | 1,543 | 1,543 | 1,543 | 1,543 |
| **Total assets** | **67,777,596** | **59,402,263** | **57,691,606** | **51,465,813** | **46,293,692** |
| **LIABILITIES** | | | | | |
| Insurance contract liabilities | 14,100,805 | 13,050,555 | 10,299,090 | 7,401,872 | 6,087,972 |
| Investment contract liabilities | 26,266,129 | 25,276,261 | 26,564,221 | 25,956,771 | 24,217,581 |
| Trade payables | 2,415,121 | 1,784,782 | 2,858,296 | 1,270,219 | 816,655 |
| Other liabilities | 1,380,767 | 939,507 | 1,161,224 | 1,710,996 | 1,285,889 |
| Deposit liabilities | 389,640 | 512,153 | 259,268 | 203,845 | 509,867 |
| Borrowings | 6,752,845 | 6,671,845 | 6,509,170 | 6,258,070 | 4,073,095 |
| Current income tax liabilities | 893,369 | 793,528 | 687,173 | 503,843 | 521,385 |
| Deferred tax liabilities | 1,045,224 | 1,263,609 | 1,063,084 | 1,147,429 | 1,136,079 |
| **Total liabilities** | 53,243,900 | 50,292,240 | 49,401,526 | 44,453,045 | 38,648,523 |
| **EQUITY** | | | | | |
| Share capital | 5,586,367 | 4,000,000 | 4,000,000 | 4,000,000 | 4,000,000 |
| Treasury shares | (250) | (250) | (250) | (250) | (250) |
| Foreign currency transalation reserve | 938,821 | 1,116,284 | 911,064 | 906,502 | 184,491 |
| Contingency reserve | 3,462,493 | 2,960,268 | 2,801,764 | 2,533,160 | 2,292,040 |
| Fair value reserve | (673,611) | (288,560) | - | - | - |
| Revaluation reserve | 1,520,131 | 1,520,131 | 1,467,403 | 1,288,563 | 1,288,563 |
| Retained earnings/(accumulated losses) | 2,598,898 | (372,549) | (1,079,247) | (1,838,814) | (246,829) |
| **Shareholders's fund** | 13,432,849 | 8,935,324 | 8,100,734 | 6,889,161 | 7,518,015 |
| Owners of the parent | 13,432,849 | 8,935,324 | 8,100,734 | 6,889,161 | 7,518,015 |
| Non-controlling interests in equity | 1,100,847 | 174,699 | 189,346 | 123,607 | 127,154 |
| **Total equity** | 14,533676 | 9,110,023 | 8,290,080 | 7,012,768 | 7,645,169 |
| **Total liabilities and equity** | **67,777,596** | **59,402,263** | **57,691,606** | **51,465,813** | **46,293,692** |

# Appendix 3
# Five Year Financial Summary

**Group- Statement of profit or loss**

| | 2019 ₦'OOO | 2018 ₦'OOO | 2017 ₦'OOO | 2016 ₦'OOO | 2015 ₦'OOO |
|---|---|---|---|---|---|
| Gross premium written | 18,697,839 | 15,840,697 | 14,037,879 | 12,143,610 | 14,598,070 |
| Gross premium income | 18,121,911 | 15,634,846 | 13,352,960 | 11,982,537 | 13,801,208 |
| Profit/(loss) before income tax | 3,754,054 | 1,380,983 | 1,335,093 | (1,068,666) | 1,195,271 |
| Income tax expense | (141,815) | (231,975) | (312,585) | (277,620) | (303,500) |
| Profit/(loss) after income tax | 3,612,239 | 1,149,008 | 1,022,508 | (1,346,286) | 891,771 |
| Transfer to contingency reserve | (502,225) | (158,504) | (268,604) | (241,120) | (349,622) |
| Earnings per share- Basic (kobo) | 36 | 14 | 13 | (17) | 10 |
| Earnings per share- Diluted (kobo) | 36 | 14 | 13 | (17) | 10 |

# Appendix 3
# Five Year Financial Summary

## Company - Statement of financial position

| | 31 Dec-2018 ₦'000 | 31 Dec-2018 ₦'000 | 31 Dec-2017 ₦'000 | 31 Dec-2016 ₦'000 | 31 Dec-2015 ₦'000 |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| Cash and cash equivalents | 2,146,927 | 2,452,961 | 3,249,277 | 3,804,953 | 4,111,237 |
| **Financial assets:** | | | | | |
| Available-for-sale investment securities | - | - | 21,553 | 21,553 | 1,000 |
| Equity Instruments at fair value through OCI | 57,842 | 54,211 | - | - | - |
| Financial assets at fair value through profit or loss | 3,377,844 | 2,752,187 | 110,952 | 64,097 | 93,463 |
| Loans and receivables | 277,110 | 325,076 | 633,143 | 770,941 | 759,843 |
| Held to maturity | - | - | 4,457,954 | 2,030,905 | - |
| Debt Instruments at amortised costs | 5,257,169 | 4,461,246 | - | - | - |
| Financial assets held for trading pledged as collateral | 123,742 | 142,100 | 168,064 | 91,188 | 115,297 |
| Trade receivables | 316,582 | 386,040 | 278,159 | 102,994 | 64,769 |
| Reinsurance assets | 1,823,103 | 1,507,512 | 1,086,826 | 1,057,693 | 1,224,190 |
| Other receivables | 200,825 | 348,255 | 560,682 | 319,213 | 770,158 |
| Deferred acquisition costs | 355,388 | 352,860 | 312,182 | 235,053 | 261,798 |
| Finance lease receivables | 83,552 | 116,154 | 134,044 | 147,965 | 668,727 |
| Investment properties | 56,000 | 56,000 | 56,000 | 56,000 | 56,000 |
| Investment in subsidiaries | 6,000,000 | 4,000,000 | 4,000,000 | 4,000,000 | 2,000,000 |
| Intangible assets | 23,957 | 10,924 | 15,387 | 33,305 | 57,303 |
| Property, plant and equipment | 2,398,161 | 2,689,261 | 2,925,601 | 3,152,644 | 3,037,357 |
| Statutory deposit | 300,000 | 300,000 | 300,000 | 300,000 | 300,000 |
| Deposit for shares | 127,238 | 7,238 | 410,588 | 390,588 | 2,277,587 |
| Deferred tax | 65,718 | 66,344 | - | - | - |
| **Total assets** | **22,991,158** | **20,028,369** | **18,720,412** | **16,579,092** | **15,798,729** |
| **LIABILITIES** | | | | | |
| Insurance contract liabilities | 5,028,508 | 5,132,636 | 4,352,606 | 3,822,730 | 3,971,168 |
| Trade payables | 1,227,507 | 871,652 | 1,028,272 | 452,495 | 277,749 |
| Other liabilities | 375,331 | 270,177 | 235,695 | 287,412 | 236,580 |
| Borrowings | 6,752,845 | 6,671,845 | 6,509,170 | 6,258,070 | 4,073,095 |
| Current income tax liabilities | 642,173 | 479,914 | 422,005 | 217,733 | 317,932 |
| Deferred tax liabilities | 709,191 | 853,763 | 705,821 | 729,917 | 720,943 |
| **Total liabilities** | 14,735,555 | 14,279,987 | 13,253,569 | 11,768,357 | 9,597,467 |
| **EQUITY** | | | | | |
| Share capital | 5,586,367 | 4,000,000 | 4,000,000 | 4,000,000 | 4,000,000 |
| Treasury shares | (250) | (250) | (250) | (250) | (250) |
| Contingency reserve | 2,745,470 | 2,494,470 | 2,398,485 | 2,179,515 | 1,981,910 |
| Fair value losses | (136,066) | (139,697) | - | - | - |
| Revaluation reserve | 1,339,395 | 1,339,395 | 1,339,395 | 1,288,563 | 1,288,563 |
| Accumulated losses | (1,279,313) | (1,945,536) | (2,270,787) | (2,657,093) | (1,068,961) |
| **Shareholders's fund** | 8,255,603 | 5,748,382 | 5,466,843 | 4,810,735 | 6,201,262 |
| **Total liabilities and equity** | 22,991,158 | 20,028,369 | 18,720,412 | 16,579,092 | 15,798,729 |

**Company - Statement of profit or loss**

| | 2019<br>₦'OOO | 2018<br>₦'OOO | 2017<br>₦'OOO | 2016<br>₦'OOO | 2015<br>₦'OOO |
|---|---|---|---|---|---|
| Gross premium written | 8,366,641 | 8,018,299 | 7,298,974 | 6,586,846 | 10,541,503 |
| Premium earned | 8,538,415 | 7,677,706 | 6,986,273 | 6,660,747 | 10,230,490 |
| Profit/(loss) before income tax | 1,291,971 | 636,547 | 849,091 | (1,248,946) | 901,266 |
| Income tax expense | (205,667) | (156,618) | (243,815) | (141,581) | (248,653) |
| Profit/(loss) after income tax | 1,086,304 | 479,929 | 605,276 | (1,390,527) | 652,613 |
| Transfer to contingency reserve | (251,000) | (95,985) | (218,970) | (197,605) | (316,245) |
| Earnings/(loss) per share- Basic (kobo) | 11 | 6 | 8 | (17) | 8 |
| Earnings/(loss) per share- Diluted (kobo) | 11 | 6 | 8 | (17) | 8 |

# Share Capital History

For the year ended 31 December 2019

| | AUTHORISED (N) | | ISSUED & FULLY PAID-UP (N) | | |
|---|---|---|---|---|---|
| DATE | INCREASE | CUMULATIVE | INCREASE | CUMULATIVE | CONSIDERATION |
| 1995 | - | 5,000,000 | - | 5,000,000 | CASH |
| 1995 | 15,000,000 | 20,000,000 | 15,000,000 | 20,000,000 | CASH |
| 1996 | 10,000,000 | 30,000,000 | 10,000,000 | 30,000,000 | CASH |
| 1999 | 40,000,000 | 70,000,000 | 40,000,000 | 70,000,000 | CASH |
| 2001 | 150,000,000 | 220,000,000 | - | 70,000,000 | CASH |
| 2002 | 280,000,000 | 500,000,000 | 150,000,000 | 220,000,000 | CASH (IPO) |
| 2003 | - | 500,000,000 | 73,483,333 | 293,483,333 | BONUS(1:3) |
| 2004 | - | 500,000,000 | 206,516,667 | 500,000,000 | CASH (RIGHTS) |
| 2006 | 2,500,000,000 | 3,000,000,000 | 450,000,000 | 950,000,000 | BONUS(9:10) |
| 2007 | 2,000,000,000 | 5,000,000,000 | 2,394,370,000 | 2,844,370,000 | CASH(PUBLIC OFFER) |
| 2009 | - | 5,000,000 | 1,155,639,000 | 4,000,000,000 | CASH (Capitalisation of deposit for shares) |

## ADMISSION FORM

Please tear here

## ADMISSION FORM

**Mutual Benefits Assurance Plc.** RC 269837

The 24th Annual General Meeting of Mutual Benefits Assurance Plc will be held at Radisson Blu Hotel, Ikeja, Lagos on Wednesday 29th July 2020 at 11.00am

Name of Shareholder* ______________________________

## IF YOU ARE UNABLE TO ATTEND THE MEETING

A member (shareholder) who is unable to attend an Annual General meeting is allowed by law to vote by proxy and the above Proxy Form has been prepared to enable you to exercise your right to vote in case you can not personally attend the meeting.

A. This admission form must be produced by his proxy in order to obtain entrance to the Annual General Meeting.

______________________________

B. Shareholder or their proxies are requested to sign the admission form before attending the meeting: ______________________________

Name of Person attending: ______________________________

Signature of Person attending: ______________________________

# Mandate Form Dividend Payment to Banks

For the year ended 31 December 2019

## Get Your Dividend the Instant You Need It with e-DIVIDEND PAYMENT

MERISTEM REGISTRARS LIMITED
RC No: 489092

213, Herbert Macaulay Way,
Adekunle-Yaba,
P.O. Box 51585,
Falomo-Ikoyi, Lagos.
Phone: +234 (1) 280 92 50 4
e-Mail: info@meristemregistrars.com
Website: www.meristemregistrars.com

To:
The Registrar,
Meristem Registrars Limited,
21 3, Herbert Macaulay Way,
Adekunle-Yaba,
Lagos.

I/We hereby request that from now on, all my/our dividend warrant(s) due to me/us from my/our holding(s) in all the companies ticked at the right hand column be paid to my/our Bank named below.

Bank Name:____________________

Bank Address:____________________

____________________

NUBAN Account Number: ____________________

Shareholder's Full Name:____________________
(Surname First)

____________________

Shareholder's Address:____________________

____________________

E-mail:____________________

Mobile:____________________

CSCS CHN ____________ CSCS A/C No____________

Stockbroker: ____________________

Single Shareholder's Signature:____________________

Joint Shareholder's Signature 1)____________________

2)____________________

If company,
Authorized Signatories 1)____________________

2)____________________

Company Seal:____________________

Authorized Signature & Stamp Of Bankers:____________________

Sort Code: | | | | | | | | | | |

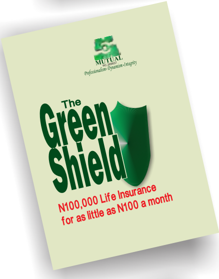
**Please tick as applicable**

| | |
|---|---|
| AFRINVEST EQUITY FUND | |
| AIRLINE SERVICE & LOGISTICS PLC | |
| BERGER PAINTS NIG PLC | |
| CAVERTON OFFSHORE LIMITED | |
| CHELLARAMS BOND | |
| CONSOLIDATED HALLMARK INSURANCE PLC | |
| CUSTODIAN & ALLIED INSURANCE PLC | |
| ENCON NIGERIA LIMITED | |
| eTRANZACT | |
| FIDSON HEALTHCARE LIMITED | |
| FOOD CONCEPTS & ENTERTAINMENT PLC | |
| FTN COCOA PROCESSORS PLC | |
| GEO-FLUIDS PLC | |
| JUBILEE LIFE SAVINGS & LOANS LTD | |
| MAMA CASS RESTAURANTS LIMITED | |
| MUTUAL BENEFITS ASSURANCE PLC | |
| NASCON PLC | |
| NEIMETH INT'L PHARMS PLC | |
| NIGER STATE BOND | |
| PAINTS & COATINGS MANUFACTURERS NIG PLC | |
| R.T. BRISCOE NIGERIA PLC | |
| REGENCY ALLIANCE INSURANCE PLC | |
| SMART PRODUCTS NIGERIA LIMITED | |
| SOVEREIGN TRUST INSURANCE PLC | |
| TANTALIZERS PLC | |
| THE BGL NUBIAN FUND | |
| THE BGL SAPPHIRE FUND | |
| THOMAS WYATT PLC | |
| ZENITH ETHICAL FUND | |
| ZENITH EQUITY FUND | |
| ZENITH INCOME FUND | |

**e-DIVIDEND PAYMENT – One Stop Solution to Unclaimed Dividend – Take Advantage of It!**

# Mutual's Product
For the year ended 31 December 2019







## GENERAL BUSINESS PRODUCTS

Property Insurance
- Fire and Special Perils
- Burglary/ House Breaking
- Householders, House-owners Comprehensive
- Marine Cargo
- Marine Hull
- Motor
- Goods- in-Transit
- All Risks
- Engineering
- Industrial All Risks

Liability/Bond Insurance
- Money
- Professional Indemnity
- Fidelity Guarantee
- Public Liability/Product Liability
- Employers' Liability
- Director's Liability
- Bond and Suretyship
- Workmen's Compensation

Special Risks
- Aviation &Related Risks
- Oil & Gas

## LIFE PRODUCTS

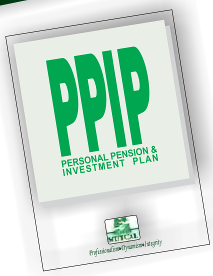
Insurances of the Person
- Personal Accident
- Group Personal Accident
- Individual Savings & Pension Plan
- Personal Pension & Investment Plan
- Mutual Education Guarantee Plan
- Keyman Assurance
- Mortgage Protection
- Group Life Assurance
- Term Assurance
- Endowment Assurance

## RETAIL MARKETING PRODUCTS

- Insurvisa -Travel Insurance
- Greenshield - 24 hr. Accident Cover
- Greenshield - Life
- Mutual Group Investment Protection Plan
- Micro Personal Investment Plan

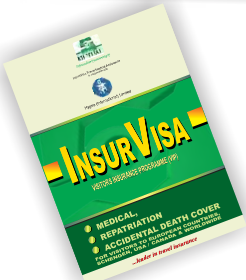
## SPECIAL PRODUCTS

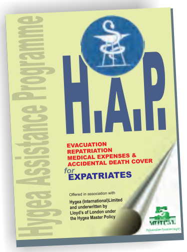
- Automedics Car Insurance
- Micro Insurance
- Hygea Assistance - Overseas Health Insurance for Expatriates and Nigerians.
  - Expatriates
  - Nigerians

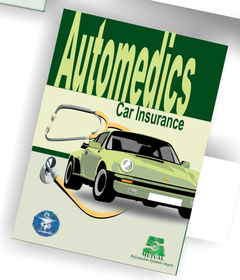








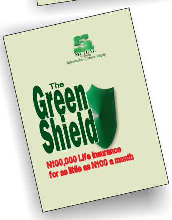



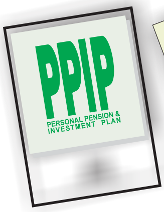



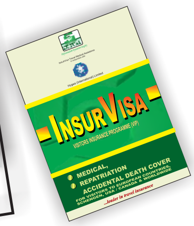
- Event Centre Insurance
- Advertising Agency Insurance
- Corporate Office Insurance
- Sales Office Insurance
- Hair Salon Insurance
- Law Firm Insurance
- Accounting Firm Insurance
- Hotel Insurance
- School Insurance
- Hospital Insurance
- Fast Food Restaurant Insurance
- Nollywood Insurance
- Church Insurance
- Mosque Insurance
- Estate Managers Insurance
- Landlord and Tenant Insurance
- Travel and Tour Agency Insurance
- Market and Shopping
- Complex Insurance
- Saleshop and Supermarket Insurance

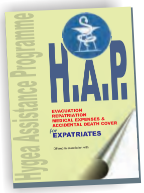
- Laundry And Cleaning
- Services Insurance
- Microfinance Bank Insurance
- SME Comprehensive Insurance
- Mega Comprehensive
- Motor Insurance
- Motor Dealers Complimentary
- Motor Insurance
- Politician And Political
- Risk Insurance

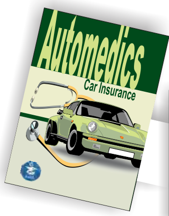
- Juvenile Life Assurance
- Lady Life Assurance
- Senior Life Assurance
- Mortgage Endowment Assurance
- Pilgrims Welfare Insurance
- Celebrity Life Assurance

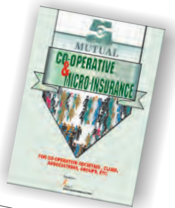












ANNUAL GENERAL MEETING of **Mutual Benefits Assurance Plc** will be held at **Radisson Blu Hotel, Ikeja, Lagos on Wednesday 29th July 2020 at 11.00am**

I/We........................................................................................................................ of ........................................................................................................................

........................................................................................................................ being a member of MUTUAL BENEFITS ASSURANCE PLC,

hereby appoint ** Mr./Mrs........................................................................................................of ........................................................................................

........................................................................................................................or failing him, the Chairman of the meeting

as my/our proxy to vote for me/us or on my/our behalf at the Annual General Meeting of the company to be held on Wednesday, 29th July, 2020 and at any adjournment thereof.

Dated this........................................................................................ day of ........................................................................................2020

Shareholder's signature ........................................................................................

PROXY FORM

| RESOLUTION | FOR | AGAINST |
|---|---|---|
| 1. To lay before the Members, the Audited Financial Statements of the Company for the year ended 31st December 2019 together with the Reports of Directors, Auditors and Audit Committee thereon. | | |
| 2. To approve the appointment of Mr Olufemi Asenuga as an Executive Director | | |
| 3. To re-elect the following Directors retiring by rotation | | |
| a. Dr Akin Ogunbiyi | | |
| b. Mr Soye Olatunji | | |
| c. Dr Eze Ebube | | |
| 4. To authorize the Directors to fix the remuneration of the Auditors. | | |
| 5. To elect members of the Audit Committee. | | |
| "That the Company Secretary be and is hereby authorized to take such steps and to do such things as may be required to give effect to the above resolutions. | | |
| Please indicate with "X" in the appropriate square how you wish your vote to be cast on the resolution referred to above. Unless otherwise instructed, the proxy will vote or abstain from voting at his discretion . | | |

## Compliance with COVID-19 Related Directives and Guidelines

In view of the ravaging COVID-19 pandemic, the curtailment measures and the guidelines put in place by the Federal Government, Lagos State Government, Health Authorities and Regulatory Agencies, particularly, the Lagos State Government prohibition of gathering of more than 20 people, and the Corporate Affairs Commission (CAC) issued Guidelines on Holding AGM of Public Companies by Proxy. The convening and conduct of the AGM shall be done in compliance with these directives and guidelines.

**Proxy**
A member entitled to attend and vote at the Annual General Meeting is also entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company. To be valid, a proxy form must be completed and duly stamped by the Commissioner of Stamp Duties and returned to the Registrar, Meristem Registrars & Probate Services Limited, 213, Herbert Macaulay Way, Adekunle, Yaba Lagos or by email to info@meristemregistrars.com, not less than 48 hours before the time of the meeting..

**Attendance by Proxy**
In line with CAC Guidelines, attendance of the AGM shall be by proxy only. Shareholders are required to appoint a proxy of their choice from the list of nominated proxies below:
1. Dr. Akin Ogunbiyi
2. Mr. Olufemi Asenuga
3. Mr Biyi Ashiru-Mobolaji

**Stamping of Proxy**
The Company has made arrangements, at its cost, for the stamping of the duly completed and signed proxy forms submitted to the Company's Registrars within the stipulated time.

**Broadcast of the AGM**
The AGM will be recorded and broadcast online. This will enable shareholders and other stakeholders who will not be attending physically to view the proceedings. The link for the AGM broadcast will be made available on the Company's website at www.mutualng.com.

MUTUAL

**Mutual Benefits Assurance Plc.** RC 269837
Aret Adams House,
233, Ikorodu Road, Ilupeju, Lagos. P. O. Box 70986, Victoria Island, Lagos.
Tel: +234 (0) 9054744444; MUTUAL CARE: +234 (0) 9054644444
E-mail: info@mutualng.com; Website: www.mutualng.com

**Mutual Benefits Life Assurance Ltd.** RC 681998
Aret Adams House,
233, Ikorodu Road, Ilupeju, Lagos. P. O. Box 3187, Mushin, Lagos.
Tel: +234 (0) 9054744444; MUTUAL CARE: +234 (0) 9054644444
E-mail: info@mutualng.com; Website: www.mutualng.com

*...creating and protecting wealth*

## REGIONAL OFFICES

**Abuja**
Plot 78,
Yakubu Gowon Cres.,
Asokoro District,
FCT, Abuja.
Tel: 08150836973

**Ikoyi**
101, Awolowo Road,
Ikoyi, Lagos.
Tel: 08150836967

**Ibadan**
Plot 47/49, Kudeti Ave.,
Onireke, G.R.A,
Ibadan.
Tel: 08150836965

**Port Harcourt**
Wordway Plaza,
129, Aba Road,
Waterlines,
Port Harcourt,
Tel: 08150836969

## AGENCY OFFICES NATIONWIDE

**Retail Plaza**
324, Agege Motor Road,
Challenge Bus Stop,
Mushin.
Tel: 08150837051

**Ojo**
Christ In Me Plaza,
446, Old Ojo Road,
Lagos.

**Surulere**
148, Bode Thomas Street,
Surulere
Tel: 08033961056

**Gbagada**
38, Diya Street,
Gbagada, Lagos
Tel: 08150837019

**Ikeja**
ASSBIFI House,
4 Assibifi Rd.
Alausa Ikeja
Tel: 08067952147

**ASPAMDA**
Favour Plaza,
Beside GTB
By Main Gate,
ASPAMDA, Ojo,
Lagos.
Tel: 08060580703

**Ikorodu Town**
44, Lagos Road, Ikorodu, Lagos.
Tel: 08150837002

**Ikorodu**
75, Lagos Road,
By Aruna Bus-Stop,
Ikorodu, Lagos.
Tel: 08052849074

**Lekki**
Oando Service Station,
Ikota Second Gate,
Lekki-Epe Expressway,
Ajah, Lagos.

**Ogudu**
41A, LSDPC Housing Estate,
Ogudu Road, G.R.A Lagos
Tel: 08150837000

**Festac**
32 Road, DSTV Office 2,
Festac, Lagos
Tel: 08150837011

**Ota**
Rainbow Tower,
KM 127, Idiroko Rd.
Near NNPC Filling Station
Tel: 08150836986

**Ijebu-Ode**
No. 100, Ibadan Road,
Near Amao Tyres,
Ijebu- Ode.

**Shagamu**
137A, Akarigbo Street,
Ijoku, Shagamu,
Ogun State.
Tel: 08150837012

**Abeokuta**
Ikija House
1, Quarry Road
Panseke, Abeokuta
Tel: 08150836985

**Abeokuta**
Old Savanah Building,
Quarry Road,
Abeokuta.
Tel: 08150837016

**Ibadan**
2nd Floor, Sukazeem House,
74, MKO Abiola Way,
Opp. Total Petrol Station.
Oluwanya Area,
Ring Road,
Ibadan.
Tel: 08150836983

**Ibadan**
No. 1A, Akinyemi Street,
By GTBank,
Ring Road, Ibadan,
Tel: 08150837012

**Gbagi**
Mobus Shopping Complex,
Opp.Gbagi 2nd Gate,
Ibadan
Tel: 08150837008

**Oyo Town**
No 50, Ogbomosho Road,
Oyo State.
Tel: 08150837001

**Ogbomosho**
LAUTECH Teaching Hospital,
Ilorin Road,
Ogbomosho.
Tel: 08150836999

**Osogbo**
1, Omokehinde Street,
Last Floor, Mortgage/Jaiz
Bank Building,
Adjacent to Justrite,
Fakunle, Oshogbo,
Osun State.
Tel: 08150836989

**Osogbo**
Opposite Government Annex
Oke Fia,
Oshogbo.
Tel: 08150837018

**Ile-Ife**
Slot Shopping Complex,
Mayfair,
35, Fajuyi Road.
Tel: 08150837003

**Ilesha**
Ita Akogun Area,
Ilesha.
Tel: 08150837017

**Iwo**
Km 4, Iwo-Ibadan Road,
Ileko Oba.
Tel: 08150837007

**Ilorin**
163, Ajase Ipo Rd,
Gaa Akanbi Junction,
Ilorin, Kwara State.
Tel: 08150836976

**Ilorin**
199, Ibrahim Taiwo Road,
Ilorin. Kwara State.
Tel: 08150837014

**Ado-Ekiti**
76, Chukwuemeka Plaza
Opposite GTBank
Along New Iyin Road,
Ado-Ekiti,
Ekiti State.
Tel: 08150836978

**Akure**
12, Ado-Owo Road,
Beside Access Bank,
Alagbaka, Akure.
Tel: 08150836987

**Asaba**
308, Nnebisi Road,
Asaba, Delta State
Tel: 08150836977

**Benin**
22, Akpakpava Road,
Benin City, Edo State.
Tel: 08150837015

**Benin**
34, Akpakpaya, Rd,
Benin City, Edo State.
Tel: 08150836980

**Enugu**
2nd Floor,
No. 58, Ogui Road,
Enugu State.

**Warri**
Cedar House,
41, Airport Road,
By Edjeba Junction,
Warri
Tel: 08150836971

**Bayelsa**
2nd Floor, Abraka Ere House,
Melford Okilo Road,
Yenezue-Gene,
Yenegoa, Bayelsa.
Tel: 08150836979

**Owerri**
46 Wetheral Road, Owerri
Tel: 08150836982

**Calabar**
67, Ndidem, Usang Iso Road.,
(Marian Road), Calabar.
Tel: 08150836990

**Kaduna**
Nm 20, Constitution Road,
Kaduna.
Tel: 08150836972

**Kano**
43, Ibrahim Taiwo Road, Kano.
Tel: 08150836974

## INTERNATIONAL OPERATIONS

**Mutual Benefits Assurance Niger SA (MBA Niger)**
2765, Boulevard del'Independance, Yantala YN-2
Rond Point Gadafawa, BP: 11.924, Niamey, Niger Republic
Tel: +227-20752033, Fax: +227-20350332
Website: www.mbaniger.com

**MUTUAL Liberia**
Mutual Benefits Assurance Company, MBA HOUSE,
17th Street, Sinkor, Tubman Boulevard, Monrovia, Republic of Liberia.
Tel: + (231) 777812257, + (231) 0886769420
E-mail: mbaliberia@yahoo.com; Website: www.mutual-lr.com
mbaliberia@mutual-lr.com