MUTUAL BENEFITS LIFE ASSURANCE LIMITED
Lagos, Nigeria

REPORT OF THE DIRECTORS
AND
CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

MUTUAL BENEFITS LIFE ASSURANCE LIMITED

REPORT OF THE DIRECTORS

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MUTUAL BENEFITS LIFE ASSURANCE LIMITED

CORPORATE INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2018

Chairman	Mr. Babatunde Dabiri	Non-Executive Director
Directors	Mr. Femi Asenuga	Managing Director
	Mr. Rantimi Ogunleye	Executive Director, Operations (Appointed W.E.F 1 April 2018)
	Mr. Olusegun Omosehin	Non-Executive Director
	Ms. Kadaria Ahmed	Non-Executive Director (Resigned WEF 25 July 2018)
	Mr. Soye Olatunji	Non-Executive Director
	Mr. Hakeem Oguntola	Non-Executive Director
Registered Office	Aret Adams House 233 Ikorodu Road, Ilupeju Lagos	
Auditors	Ernst & Young UBA House, 10th and 13th Floors 57 Marina, Lagos	
Company Secretary	Babajide Ibitayo (Esq) FRC/2013/NBA/0000003123	
Bankers	Access Bank Plc Heritage Bank Limited Fidelity Bank Plc First City Monument Bank Plc First Bank of Nigeria Limited Sterling Bank Plc Zenith Bank Plc Mutual Microfinance Bank Limited Ecobank Nigeria Plc Unity Bank Plc Safetrust Mortgage Bank Limited United Bank for Africa	
Actuaries	Zamara Consulting Actuaries Nigeria Limited FRC/2017/NAS/00000016912	
RC No.	681998	

MUTUAL BENEFITS LIFE ASSURANCE LIMITED

FINANCIAL HIGHLIGHTS

FOR THE YEAR ENDED 31 DECEMBER 2018

STATEMENT OF PROFIT OR LOSS
For the year ended 31 December

in thousands of Nigerian Naira	GROUP 2018	GROUP 2017	%	COMPANY 2018	COMPANY 2017	%
Gross premium written	7,822,397	6,738,905	16	5,914,556	4,963,517	19
Gross premium income	7,957,140	6,366,687	25	6,193,018	4,637,470	34
Net premium income	7,249,238	5,527,320	31	5,655,305	3,876,107	46
Net underwriting income	7,352,330	5,694,716	29	5,751,841	4,042,216	42
Underwriting profit/(loss)	586,033	1,158,442	(49)	(217,089)	340,238	(164)
Profit before income tax	744,429	486,006	53	706,093	346,807	104
Profit after income tax	669,072	417,237	60	625,176	314,857	99
Basic and diluted earnings per share (kobo)	259	172		250	126	

STATEMENT OF FINANCIAL POSITION
As at 31 December

in thousands of Nigerian Naira	GROUP 2018	GROUP 2017	%	COMPANY 2018	COMPANY 2017	%
Total assets	43,364,170	43,126,702	1	39,255,639	39,852,204	(1)
Insurance contract liabilities	7,917,919	5,946,484	33	6,707,244	5,156,574	30
Investment contract liabilities	25,276,261	26,564,221	(5)	25,261,335	26,551,455	(5)
Shareholders' funds	7,137,871	6,633,888	8	5,963,101	5,605,947	6

MUTUAL BENEFITS LIFE ASSURANCE LIMITED

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 2018

The Board has the pleasure of presenting their report on the affairs of the Mutual Benefits Life Assurance Limited ("the Company ") and its subsidiaries to the Shareholders together with 'the Group' and the Company's Audited Financial Statements and the auditors report for the year ended 31 December 2018.

LEGAL STATUS AND PRINCIPAL ACTIVITY

The Company was incorporated on 20 February 2007 as a Private Limited Liability Company and issued with a license to carry on Life Insurance Business by the National Insurance Commission in November 2007.

The Company's Registered Office address is at "Aret Adams House", 233, Ikorodu Road, Ilupeju, Lagos and has branches 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 Company's principal activity continues to be the provision of life insurance business and risk management solutions to corporate and retail customers. The activities of the Company through its subsidiaries includes General Assurance and Microfinance Banking and Real Estate.

The Company's subsidiaries include Mutual Benefits Assurance Niger SA, Mutual Benefits Assurance Liberia, Mutual Benefits Microfinance Bank Limited and Mutual Homes Properties Limited.

MUTUAL Group's products and services are as follows:

LIFE INSURANCE PRODUCTS

Insurance of Person
Personal Insurance
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
Greenshield-24Hr. Accident Cover
Greenshield-Life
Retail Marketing Products
Mutual Group Investment Protection Plan
Endowment Assurance
Micro Personal Investment Plan

OPERATING RESULTS

Below is a summary of the Group's operating results:

	Group	Group		Company	Company
in thousands of Nigerian Naira	**2018**	**2017**		**2018**	**2017**
Gross Premium Written	7,822,397	6,738,905		5,914,556	4,963,517
Profit before income tax	744,429	486,006		706,093	346,807
Income tax expense	(75,357)	(68,769)		(80,917)	(31,950)
Profit after income tax	669,072	417,237		625,176	314,857
Shareholders' funds	7,137,871	6,633,888		5,963,101	5,605,947

DIVIDENDS

The Board of Directors have not recommended any dividend for the year 2018.

DIRECTORS

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

Mr. Babatunde Dabiri	Chairman
Mr. Femi Asenuga	Managing Director
Mr. Olusegun Omosehin	Non-Executive Director
Ms. Kadaria Ahmed	Non-Executive Director (resigned with effect from 25 July 2018)
Mr. Soye Olatunji	Non-Executive Director
Mr. Hakeem Oguntola	Non-Executive Director
Mr. Rantimi Ogunleye	Executive Director (Operations) wef 1 April,2018

DIRECTORS AND THEIR INTERESTS

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.

	DIRECT	INDIRECT		DIRECT	INDIRECT
	2017	2017		2016	2016
Dr. Akin Ogunbiyi	1,000,000	-		1,000,000	-

None of the Directors has direct or indirect interests in the issued share capital of the Company.

ACQUISITION OF OWN SHARES

The Company did not purchase its own share in the 2018 (2017: 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 (parent company) 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 requirement.

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

APPOINTMENT OF DIRECTORS

Mr. Rantimi Ogunleye was appointed to the Board of the Company as Executive Director Operations with effect from 1 April 2018.

DIRECTORS' INTEREST IN CONTRACTS

In compliance with Section 277 of the Companies and Allied Matters Act of Nigeria CAP C20 laws of the Federation of Nigeria, none of the directors has notified the Company of any dExpected credit lossarable interest in contracts involving the Company during the year under review.

PROPERTY, PLANT AND EQUIPMENT

Information relating to changes in property and equipment is given in Note 32 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

*Applicable to Non-Executive Directors

DONATIONS AND CHARITABLE GIFTS

In identifying with the aspirations of the community and the environment within which the Company operates, a total sum of ₦2,520,390 (December 2017: ₦652,000) was given out as donations and charitable contributions during the year.

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

Organisations:		2018	2017
		₦	₦
Nigerian Insurance Association- Rebranding project		2,270,390	-
Baptist Mission School		100,000	100,000
Catholic Men Organisation Archdioces of Lagos convention		150,000	-
Nigerian Baptist Convention Seminary		-	200,000
Chartered Insurance Institute of Nigeria		-	252,000
		-	100,000
TOTAL		2,520,390	652,000

MUTUAL BENEFITS LIFE ASSURANCE LIMITED

REPORT OF THE DIRECTORS - Continued

FOR THE YEAR ENDED 31 DECEMBER 2018

BENEFICIAL OWNERSHIP

The following shareholders held 5% or more of the issued and paid up shares of the Company as at 31 December 2018:

Name of Holder	No. of Shares		Percentage of ₦1.00 Each Shareholding.
Mutual Benefits Assurance Plc	249,000,000		99.60

EVENT AFTER THE REPORTING DATE

As disclosed in Note 56 to the consolidated and separate financial statements, 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 2018, 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 is as follows:

		Male Number	Female Number	Male %	Female %
Employees		88	49	64	36
Gender analysis of Board and Top Management is as follows:					
Board		6	-	100	-
Top Management		4	2	67	33

Gender Analysis

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

		Male Number	Female Number	Male %	Female %
Controller		3	2	60	40
Deputy General Manager		2		100	-
Executive Director		1	-	100	-
Chief Executive Officer		1	-	100	-
Non-Executive Director		3	-	100	-

(ii). Employment of disabled persons

The Company adopts a non-discriminatory policy of giving fair consideration to applications for employment including those received from disabled persons having regard to their particular aptitudes and abilities.

EMPLOYMENT AND HUMAN RESOURCES (HR) MATTERS - Continued

(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..

AUDITORS

The Auditors, Messrs. Ernst & Young indicated their willingness to continue in office as auditors in accordance with section 357(2) of the Companies and Allied Matters Act of Nigeria, 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 periodic returns with the National Insurance Commission (NAICOM) as required by regulation.

Also, in line with the principles of Corporate Governance the Company made efforts to satisfy the requirement of convening 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
Company Secretary

FRC/2013/NBA/00000003123
Aret Adams House
233 Ikorodu Road
Ilupeju
Lagos

Date: 27 March 2019

MUTUAL BENEFITS LIFE ASSURANCE LIMITED

CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

Mutual Benefits Life Assurance Limited 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's business. The Company adopts 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 its stakeholders.

The Company continues to comply with its Internal Governance Policies and the Code of Good Corporate Governance for the Insurance Industry in Nigeria, issued by the National Insurance Commission in February 2009. The NAICOM's Code of Corporate Governance 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.

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 six (6) Directors, made up of two (2) Executive Directors and four (4) Non-Executive Directors, one of whom is the Chairman. The Directors are experienced stakeholders with diverse professional backgrounds in Insurance, Accounting, Commerce, Management, Engineering, Government 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 quarterly.

(a) RECORD OF DIRECTORS' ATTENDANCE
In accordance with Section 258(2) of the Companies and Allied Matters Acts CAP 20, Laws of the Federation of Nigeria 2004, the record of Director's attendance and meetings held during year 2018 is available for inspection at the Annual General Meeting. The meetings of the Board were presided over by the Chairman and the Board met four times during the year as detailed in the table below. Written notices of the Board meetings, along with the agenda circulated at least fourteen days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

(a) RECORD OF DIRECTORS' ATTENDANCE

DIRECTORS	18.1.2018	23.05.2018	2.08.2018	23.10.2018	TOTAL
Mr. Babatunde Dabiri	√	√	√	√	4
Mr. Soye Olatunji	√	√	√	√	4
Mr. Femi Asenuga	√	√	√	√	4
Mr. Olusegun Omosehin	√	√	√	√	4
Ms. Kadaria Ahmed	√	√	N/A	N/A	2
Mr. Hakeem Oguntola	√	√	√	√	4
Mr Rantimi Ogunleye	N/A	√	√	√	3

(b) COMMITTEES

The Board performed its functions through a total of three Standing Committees during the year under review.

The Committees have clearly defined responsibilities, scope of authority and procedures for reporting to the Board. Membership of these Committees is structured in such a manner as to take optimum advantage of the skills and experience of the Non-Executive Directors. The following are the standing Committees of the Board.

(i) Finance, Investment & Strategy Committee

The Finance & Investment Committee comprises four members namely: Mr Olusegun Omosehin, Mr Soye Olatunji, Mr. Hakeem Oguntola, and Mr Femi Asenuga.

The Committee met four (4) times 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, and also considers other miscellaneous issues. Mr Olusegun Omosehin Chaired the Committee during the year under review. The records of attendance at the meetings are as follows:

MEMBERS	17.01.2018	7.05.2018	30.07.2018	23.10.2018	TOTAL
Mr. Olusegun Omosehin	√	√	√	√	4
Mr Soye Olatunji	√	√	√	√	4
Mr. Hakeem Oguntola	√	√	√	√	4
Mr. Femi Asenuga	√	√	√	√	4

(ii). The Governance/Personnel Committee

The Governance / Personnel Committee comprises three members: Mr Soye Olatunji, Mr Segun Omosehin and Mr. Hakeem Oguntola. The Committee is chaired by Mr Soye Oltunji.

The Committee met three (3) times to make recommendation on the governance of the Company, remuneration and general welfare of the Senior Management and Staff of the Company. The records of attendance at the meetings are as follows:

MEMBERS		21.02.2018	08.05.2018	30.07.2018	TOTAL
Mr Soye Olatunji		√	√	√	3
Mr. Olusegun Omosehin		√	√	√	3
Mr. Femi Asenuga		√	√	√	3

(iii) Audit & Risk Management Committee

The Committee is made up of three (3) members namely,Mr Hakeem Oguntola, Mr Soye Olatunji and Mr Rantimi Ogunleye. The Audit & Risk Management Committee met three (3) times during the year under review to ensure compliance with Enterprise Risk Management Policies and the Regulatory Risk Management Requirements. The Committee tasked with the oversight functions of scrutinizing the Company's Accounts. The Committee also 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 records of attendance at the meetings are as follows:

MEMBERS		22.05.2018	30.07.2018	24.10.2018	TOTAL
Mr. Hakeem Oguntola		√	√	√	3
Mr Soye Olatunji		√	√	√	3
Mr Rantimi Ogunleye		√	√	√	3

(C) Enterprise Risk Management

i. Introduction and Overview

Mutual Benefits Life Assurance Limited has a clear and functional Enterprise Risk Management (ERM) framework that is responsible for identifying, assessing and managing the likely impact of risk faced by the Company.

ii. Enterprise-wide Risk Management Principles

At Mutual Benefits Life Assurance Limited, 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 and General Purpose Committee of the Company.
- 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 Life Assurance Limited, 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 risk. There is a Board Committee on Audit & Risk Management which ensures that various functions are geared towards minimizing the likelihood of the impacts of risks faced by the Company.

v. Audit/Risk Management Committee

This Committee oversees the business process. Their functions include;

- Reviewing the 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 above 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.

(C) Enterprise Risk Management

vi. 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 strategic 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 line of defence 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 control established by the first and second lines of defence in management of Enterprise Risk across the organisation.

MUTUAL BENEFITS LIFE ASSURANCE LIMITED

REPORT OF THE AUDIT & RISK MANAGEMENT COMMITTEE

FOR THE YEAR ENDED 31 DECEMBER 2018

To the members of Mutual Benefits Life Assurance Limited

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 Life Assurance Limited 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 2018 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 auditor's 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.

SOYE OLATUNJI
Chairman, Audit & Risk Management Committee
FRC/2013/ICAN/00000004720

Members of the Audit & Risk Management Committee are:

1 Soye Olatunji
2 Rantimi Ogunleye
3 Hakeem Oguntola

Secretary to the Committee

Babajide Ibitayo

MUTUAL BENEFITS LIFE ASSURANCE LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE PREPARATION OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

The Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, requires the Directors to prepare financial statements for each financial year that present fairly, in all material respects, 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, 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;

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

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

d) The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with the International Financial Reporting Standards, 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 Directors are of the opinion that the financial statements present fairly, in all material respects, the state of the financial affairs of the Group and of its profit or loss and other comprehensive income. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

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

Mr. Olusegun Omosehin
Director
FRC/2013/CIIN/00000003103

Date: 27 March 2019

Femi Asenuga
Managing Director/CEO
FRC/2013/CIIN/000000003104

Date: 27 March 2019

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working world

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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF MUTUAL BENEFITS LIFE ASSURANCE LIMITED

Report on the audit of Consolidated and Separate Financial Statements

Opinion
We have audited the accompanying consolidated and separate financial statements of Mutual Benefits Life Assurance Limited ("the Company") and its subsidiaries (together "the Group") which comprise the consolidated and separate statements of financial position as at 31 December 2018, and the consolidated and separate statements of profit or loss and consolidated and separate statements other comprehensive income, 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 Group and the Company as at 31 December 2018 and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and the relevant provisions of the Companies and Allied Matters 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 Auditors' Responsibilities for the Audit of the Consolidated and Separate 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 Life Assurance Limited 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 financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and separate 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 consolidated and separate financial statements.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF MUTUAL BENEFITS LIFE ASSURANCE LIMITED - Continued

Key Audit Matters- continued

Key Audit Matters	How the matter was addressed in the audit
Impairment losses on financial assets carried at amortised costs The Group's investments in this class of financial assets include cash and short-term deposits, debt instruments as well as loan and receivables carried at amortised costs. This totaled ₦29.5 billion as at 31 December 2018 (2017: ₦29.1billion) representing 68% (2017: 67%) of the Group's total assets and the associated expected credit loss (ECL) is significant to the consolidated and separate financial statements. This was considered a Key Audit Matter as IFRS 9 is a new and complex accounting standard which requires significant judgement to determine the impairment loss reserve. The general approach to ECL was adopted. This approach involves identification of significant changes in credit risks using a multi factor model, for the purpose of determining whether financial assets will be classified as stage 1, stage 2 or stage 3. While twelve months ECLs are computed for financial assets in stage 1, lifetime ECLs are computed for financial assets in stage 2 and 3. Calculating ECL for these class of financials assets also involves determination of risk parameters such as probability of default (PD), loss given default (LGD) and exposure at default (EAD). The approach also involves considerable level of judgements and estimation in determining inputs for ECL calculation such as: ▸Determination of PD and LGD ▸Adjusting the PD for forward looking information ▸Selecting macroeconomics variables ▸Incorporating multiple scenarios ▸Considered cash flow estimation including timing and amount as well as ▸collateral valuation Adopting IFRS 9 for the first time also requires some judgements in taking certain key decisions which will impact the transitional disclosures as at 1 January 2018 (Refer to Note 2.11.1.6 to the summary of significant accounting policies). See Note 13 for the disclosure on ***Impairment losses on financial assets carried at amortised costs***	We reviewed the IFRS 9 ECL models and documentation prepared by the management for the computation of impairment losses on financial assets carried at amortised costs in line with the requirements of IFRS 9 We gained an understanding of how the client derived the risk parameters (i.e. PDs and LGDs) by performing a walkthrough exercise. We also challenged all the assumptions considered in the estimation of recovery cash flows, the discount factor, collateral valuation and timing of realization, the forecast, and assigned probability weight to the scenarios. We re-computed the cash flows to determine the recoverable amounts and other parameters used. We performed detailed procedures on the completeness and accuracy of the information used. Lastly, we reviewed the qualitative and quantitative disclosures for reasonableness to ensure conformity with the IFRS 7- Financial Instruments: Disclosures.

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Key Audit Matters- continued

Key Audit Matters	How the matter was addressed in the audit
Adequacy of valuation of Insurance Contract Liabilities The Group has insurance contract liabilities of ₦7.9 billion (2017: ₦5.9 billion), out of which included outstanding claims of ₦6.3 billion (2017: ₦4.2 billion) as at 31 December 2018 representing 18% (2017:12%) of the Group's total liabilities. This is an area that involves significant judgement over uncertain future outcomes and therefore we considered it a key audit matter for our audit. Consistent with the insurance industry practice, the Company engaged an independent actuary to test the adequacy of the insurance contract valuation as at year end. The complexity of the valuation models may give rise to errors as a result of inadequate/incomplete data or the design or application of the models. Economic assumptions such as interest rates and future inflation rates and actuarial assumptions such as customer behavior and uniform risk occurrence throughout the period are key inputs used to determine these liabilities. Significant judgement is applied in setting these assumptions. Insurance contract liabilities are disclosed in Note 36 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 Client's Independent Actuary's reports on general business which included among others: i. the appropriateness of assumptions used in the valuation of the insurance contracts by reference to Company and industry data and expectations. 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. **Other Key audit procedures included:** i. We reviewed and documented management's process for estimating insurance contracts ii. Performed file review of specific underwriting contracts in order to maximize our understanding of the book business and validate initial loss estimates. iii. Performed 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 and Five-Year Financial Summary as required by the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, Corporate Governance Report as required by Section 359(6) of the Companies and Allied Matters 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 auditors' 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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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF MUTUAL BENEFITS LIFE ASSURANCE LIMITED - Continued

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), and the 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 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.

Auditors' 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 auditors' 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 auditors' 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 auditors' 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.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF MUTUAL BENEFITS LIFE ASSURANCE LIMITED - Continued

Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements - Continued
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.

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.

Contraventions
The Company incurred penalties in respect of contraventions of the requirement of certain sections of the National Insurance Commission's Operational Guideline 2015 and the Financial Reporting Council Act No. 6, 2011 during the financial year. The details of the contraventions and penalties are disclosed in Note 55 of the consolidated and separate financial statements.

Sayo Elumaro, FCA
FRC/2012/ICAN/00000000139

For Ernst & Young
Lagos, Nigeria

Date: 10 May 2019

MUTUAL BENEFITS LIFE ASSURANCE LIMITED

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Corporate information

Mutual Benefits Life Assurance Limited ("the Company") (R681998) was incorporated as a private limited liability company on 20 February 2007, granted the Certificate of Registration as an insurer by the National Insurance Commission (NAICOM) on 14 November 2007 and commenced operation immediately.

The Company is a financial and wealth protection company in Nigeria. The principal objective of the Company is to render qualitative life related insurance & risks management services. It is a premium provider of life insurance, annuity and investment products and services. The address of the registered office is: Aret Adams House, 233 Ikorodu Road, Ilupeju, Lagos.

The Company pays claims arising from insurance contract liabilities and investments policy holders' funds in line with the provision of Insurance Act, CAP 117, Law of the Federal Republic of Nigeria 2014 and NAICOM prudential guidelines.

The principal activities of the subsidiaries and information of the Group's structure are disclosed in Note 30. Information on other related party relationships of the Group is provided in Note 53.

The consolidated and separate financial statements of the Company and its subsidiaries were authorised for issue by the Board of Directors on 27 March 2019.

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 compliance with IFRS

These consolidated and separate financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) 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 statement of profit or loss, statement of other comprehensive income, the statement 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 statement values are presented in Nigeria Naira (₦) rounded to the nearest thousand (₦000), unless otherwise indicated.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

2.2 Basis of presentation and compliance with IFRS - Continued

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 (current) and more than 12 months after the reporting date (non-current) 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 instruments measured at FVTPL 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 2.41.

2.3. Significant accounting policies

Except for the effect of the changes in accounting policies as disclosed in Note 2.39.1.2, 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 financial statements comprise the financial statements of the Group and its investees that are considered subsidiaries as at 31 December 2018. 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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

2.3.1 Basis of Consolidation - Continued

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 Other Comprehensive Income (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, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2.4 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.

2.5 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, measured at acquisition date fair value and the amount of any non-controlling interest (NCI) in the acquiree. For each business combination, the Group has an option to measure any NCIs in the acquiree at fair value or at the NCI's proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses. The Group has measured the NCIs at its proportionate share of the net assets acquired.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

2.5 Business combinations and goodwill - Continued

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. No reclassification of insurance contracts is required as part of the accounting for the business combination. Thus, insurance contracts are classified on the basis of the contractual terms and other factors at the inception of the contract or modification date.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration will be recognised at fair value at the acquisition date. Subsequent measurement takes place at fair value 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 this consideration is lower than the fair value of the net assets of the subsidiary acquired, 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 purposes of impairment testing, goodwill acquired in a business combination is allocated to an appropriate cash-generating unit (CGU) that is 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 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 of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

2.6 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

2.6.1 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 qualify 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.

2.6.2 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.

2.7 Segment information

For management purposes, the Group is organised into business units based on their products and services and has four reportable operating segments, as follows:

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 assurance business, real estate and microfinance banking. 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

2.8 Revenue recognition

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

2.8.1 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 reporting period. They are recognised on the date on which the policy commences. Premiums include any adjustments arising in the reporting period for premiums receivable in respect of business written in prior accounting periods. Rebates that form part of the premium rate, such as noclaim rebates, are deducted from the gross premium; others are recognised as an expense. 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.

2.8.2 Annuity premium and claims

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

2.8.3 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.

2.8.4 Fees and commission income

Insurance and investment contract policyholders are charged for policy administration services, surrenders and other contract fees. These fees are recognised as revenue over the period in which the related services are performed. If the fees are for services provided in future periods, then they are deferred and recognised over those future periods.

2.8.5 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

2.8.6 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.

2.8.7 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 the significant risks and rewards of ownership are transferred to buyer.

2.9 Benefits, claims and expenses recognition

2.9.1 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 and annuity payments are recorded when due.

General insurance and health 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.

2.9.2 Reinsurance claims

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

2.9.3 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. They are recognized in the statement of profit or loss over the tenor of the insurance cover.

2.9.4 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.

2.9.5 Finance costs

Interest paid is recognised in the statement of profit or loss as it accrues and is calculated by using the EIR method. Accrued interest is included within the carrying value of the interest bearing loans and borrowings.

2.10 Cash and cash equivalents

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.

2.11 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.

2.11.1 Financial assets (policy applicable from 1 January 2018)

2.11.1.1 Initial recognition

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments, as described in Notes 2.11.1.2.1.1 and 2.11.1.2.1.2

Financial instruments are initially recognised on the trade date measured at their fair value. Except for financial assets and financial liabilities recorded at FVPL, transaction costs are added to this amount.

2.11.1.2 Measurement categories

From 1 January 2018, the Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms. The categories include the following:

- Amortised cost, as explained in Note 2.11.1.2.1
- FVOCI, as explained in Notes 2.11.1.2.2 and 2.11.1.2.3
- FVPL, as explained in Note 2.11.1.2.5

2.11.1.2.1 **Financial assets at amortised cost**

The Company only measures Short-term 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

The details of these conditions are outlined below.

2.11.1.2.1.1 **Business model assessment**

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Company holds financial assets to generate returns and provide a capital base to provide for settlement of claims as they arise. The Company considers the timing, amount and volatility of cash flow requirements to support insurance liability portfolios in determining the business model for the assets as well as the potential to maximise return for shareholders and future business development.

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios that is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Company's key management personnel
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)
- The expected frequency, value and timing of asset sales are also important aspects of the Company's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

2.11.1.2.1.2 The SPPI test

As a second step of its classification process the Company assesses the contractual terms to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a debt arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

2.11.1.2.2 Equity instruments measured at fair value through other comprehensive income

Upon initial recognition, the Company occasionally elects to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of Equity under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

These instruments largely comprise unquoted equity investments that had previously been classified as available-for-sale under IAS 39.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

2.11.1.2.3 Debt instruments measured at fair value through other comprehensive income

The Company applies the new category under IFRS 9 for debt instruments measured at FVOCI when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is both collecting contractual cash flows and selling financial assets
- The contractual terms of the financial asset meet the SPPI test

These instruments largely comprise debt instruments that had previously been classified as available-for-sale under IAS 39. Debt instruments in this category are those that are intended to be held to collect contractual cash flows and which may be sold in response to needs for liquidity or in response to changes in market conditions.

2.11.1.2.4 Financial assets held for trading

The Company classifies financial assets as held for trading when they have been purchased primarily for short-term profit making through trading activities or form part of a portfolio of financial instruments that are managed together, for which their evidence of a recent pattern of short-term profit is taking.

Included in this classification are equities that have been acquired principally for the purpose of selling in the near term.

2.11.1.2.5 Financial assets measured 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.

2.11.1.3 Subsequent measurement

2.11.1.3.1 Financial assets at amortised

After initial measurement, these instruments are measured at amortised cost, using the effective interest rate (EIR) method, less allowance for impairment. 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. ECLs are recognised in the statement of profit or loss when the investments are impaired.

2.11.1.3.2 Equity instruments measured at fair value through other comprehensive income

FVOCI equity instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Gains and losses on these equity instruments are never recycled to profit. Dividends are recognized in profit or loss as investment income when the right of the payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.

2.11.1.3.3 Debt instruments at fair value through other comprehensive income

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income and foreign exchange gains and losses are recognised in profit or loss in the same manner as for financial assets measured at amortised cost as explained in Note 2.11.1.7 The ECL calculation for Debt instruments at FVOCI is explained in Note 2.11.1.6.2. Where the Company holds more than one investment in the same security, they are deemed to be disposed of on a first-in first-out basis. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss.

2.11.1.3.4 Financial assets held for trading

Held-for-trading assets are recorded and measured in the statement of financial position at fair value. Changes in fair value are recognised in profit or loss as net fair value gains/losses on assets at FVPL. Dividend income is recorded in investment income when the right to payment has been established.

2.11.1.3.5 Financial assets at fair value through profit or loss

Financial assets at FVPL are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit or loss. Interest earned or incurred on instruments designated at FVPL is accrued in interest income using the EIR, taking into account any discount/premium and qualifying transaction costs being an integral part of instrument. Interest earned on assets mandatorily required to be measured at FVPL is recorded using contractual interest rate, as explained in Note 2.11.1.8 Dividend income from equity instruments measured at FVPL is recorded in profit or loss as other investment income when the right to the payment has been established.

2.11.1.4 Reclassification of financial assets and liabilities

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line.

2.11.1.5 Derecognition

2.11.1.5.1 Derecognition other than for substantial modification

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

- The rights to receive cash flows from the asset have expired Or

- The Company has transferred its right 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 Company has transferred substantially all the risks and rewards of the asset; or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company's continuing involvement, in which case, the Company 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 Company has retained.

2.11.1.5.1 Derecognition other than for substantial modification

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 the Company could be required to pay.

2.11.1.5.2 Derecognition due to substantial modification of terms and conditions

The Company derecognises a financial asset when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new instrument, with the difference recognised as a derecognition gain or loss. In the case of debt instruments at amortised cost, the newly recognised loans are classified as Stage 1 for ECL measurement purposes.

When assessing whether or not to derecognise an instrument, amongst others, the Company considers the following factors:

- Change in currency of the debt instrument
- Introduction of an equity feature
- Change in counterparty
- If the modification is such that the instrument would no longer meet the SPPI criterion

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Company records a modification gain or loss.

2.11.1.6 Impairment of financial assets

As described in Note 2.39.1.3, the adoption of IFRS 9 has fundamentally changed the Company's impairment method by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. From 1 January 2018, the Company has been recording the allowance for ECL for all loans and other debt instruments not held at fair value through profit or loss (FVPL). Equity instruments are not subject to impairment under IFRS 9.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the appropriate effective interest rate.

Further disclosures relating to impairment of financial assets are also provided in the following note:

- Impairment losses on financial instruments Note 13.

ECLs are recognised in two levels. 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 (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 LTECL).

The Company's debt instruments comprise solely of loans, quoted bonds and treasury bills that are graded in the top investment category by the risk rating agencies and, therefore, are considered to be low credit risk investments. It is the Company's policy to measure ECLs on such instruments on a 12-month basis when they are first recognised. Where the credit risk of any bond or bill deteriorates, the Company will sell the bond or bill and purchase bonds or bills meeting the required investment grade.

2.11.1.6 Impairment of financial assets

The Company considers a financial asset to be in default (credit impaired) when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.11.1.6.1 The calculation of ECLs

The Company 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 Company in accordance with the contract and the cash flows that the entity expects to receive.

When estimating the ECLs the Company considers three scenarios (a base case, an upside, a 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 Company 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%.

2.11.1.6.2 Debt instruments measured at fair value through other comprehensive income

The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI with a corresponding charge to profit or loss. The accumulated gain recognised in OCI is recycled to the profit or loss upon derecognition of the assets.

2.11.1.6.3 Forward looking information

In its ECL models, the Company relies on a broad range of forward looking information as economic inputs, such as:

- GDP growth
- Unemployment rates
- Foreign currency rates
- Price inflation rates

2.11.1.7 Write-offs

Financial assets are written off either partially or in their entirety only when the Company 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.

Recognition of interest income

2.11.1.7 The effective interest rate method

Under IFRS 9, interest income is recorded using the effective interest rate (EIR) method for all financial assets measured at amortised cost. Similar to interest bearing financial assets previously classified as available-for-sale or held to maturity under IAS 39, interest income on interest bearing financial assets measured at FVOCI under IFRS 9 is also recorded using the EIR method. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or, when appropriate, a shorter period, to the gross carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the financial asset) is calculated by taking into account transaction costs and any discount or premium on acquisition of the financial asset as well as fees and costs that are an integral part of the EIR. The Company recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the debt instrument.

If expectations of fixed rate financial asset's cash flows are revised for reasons other than credit risk, and the changes to future contractual cash flows are discounted at the original EIR with a consequential adjustment to the carrying amount. The difference to the previous carrying amount is booked as a positive or negative adjustment to the carrying amount of the financial asset in the balance sheet with a corresponding increase or decrease in interest income.

For floating-rate financial instruments, periodic re-estimation of cash flows to reflect the movements in the market rates of interest also alters the effective interest rate but when instruments were initially recognised at an amount equal to the principal, re-estimating the future interest payments does not significantly affect the carrying amount of the asset or the liability.

2.11.1.8 Interest and similar income

Interest income comprises amounts calculated using both the effective interest method and other methods. These are disclosed separately in Notes 8 and 9 (Profit on investment contracts and Investment income, respectively).

In its Interest income calculated using the effective interest method the Company only includes interest on financial instruments at amortised cost, FVPL option or FVOCI.

Other interest income includes interest on all financial assets mandatorily required to be measured at FVPL, using the contractual interest rate.

The Company calculates interest income on financial assets, other than those considered credit-impaired, by applying the EIR to the gross carrying amount of the financial asset.

2.12.2 Financial assets (policy applicable prior to 1 January 2018)

2.12.2.1 Initial recognition and measurement

Financial assets are classified, at initial recognition, as loans and receivables, available-for-sale (AFS) and held-to-maturity financial assets.

The classification depends on the purpose for which the investments were acquired or originated. The AFS category is used when the relevant liability (including shareholders' funds) is passively managed and/or carried at amortised cost.

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

The Group's financial assets include cash and short-term deposits, trade and other receivables, loan and other receivables, quoted and unquoted financial instruments.

2.12.2.2 Subsequent measurement

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

- AFS financial assets
- Loans and receivables
- Held-to-maturity

i. Available-for-sale financial assets

AFS financial assets include equity securities. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at FVPL.

After initial measurement, AFS financial assets are subsequently measured at fair value, with unrealised gains or losses recognised in OCI in the AFS reserve (equity). Where the insurer holds more than one investment in the same security they are deemed to be disposed of on a first-in first-out basis. Dividends earned whilst holding AFS investments are recognised in the statement of profit or loss as 'Investment income' when the right of the payment has been established. When the asset is derecognised or determined to be impaired, the cumulative gain or loss is reclassified from AFS reserve to the statement of profit or loss and removed from the AFS reserve.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

2.12.2.2 Subsequent measurement

The Group evaluates whether the ability and intention to sell its AFS financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if the management has the ability and intention to hold the assets for the foreseeable future or until maturity. Reclassification to loans and receivables is permitted when the financial asset meets the definition of loans and receivables and management has the intention and ability to hold these assets for the foreseeable future or until maturity. The reclassification to HTM is permitted only when the entity has the ability and intention to hold the financial asset until maturity.

For a financial asset reclassified out of the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss.

ii. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, loans and receivables are measured at amortised cost, using the EIR method, less allowance for impairment. 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 'investment income' in the statement of profit or loss. Gains and losses are recognised in the statement of profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

iii. Held to maturity financial assets

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Group has the positive intention and ability to hold until maturity. After initial measurement, held to maturity financial assets are measured at amortised cost, using the EIR, less impairment. The EIR amortization is included in "investment income" in the statement of profit or loss. Gains and losses are recognized in the statement of profit or loss when the investments are derecognized or impaired, as well as through the amortization process.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

2.12.2.3 Derecognition of financial assets

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

▶ The rights to receive cash flows from the asset have expired

Or

▶ The Group has transferred its right 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 passthrough 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.

2.12.2.4 Impairment of financial assets

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

i. Financial assets carried at amortised cost

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

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

2.12.2.4 Impairment of financial assets

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

ii. Available-for-sale financial investments

For AFS financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

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

The determination of what is 'significant' or 'prolonged' requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

2.12.3 Financial liabilities

2.12.3.1 Initial recognition and measurement

Financial liabilities are classified at initial recognition, as 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.

2.12.3.2 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.

2.12.3.3 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.

2.13 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.

2.14 Fair value measurement

The Group measures financial instruments, non-financial assets and investment property 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

2.14 Fair value measurement

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 reporting year.

The Group's management determines the policies and procedures for recurring fair value measurement, such as investment properties.

External valuers are involved for valuation of significant assets, such as investment properties and significant liabilities, such as insurance contract liabilities. 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.

For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The management, in conjunction with the Group's external valuers, also compares 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 disclosed in Note 3.5.

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.

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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

2.15 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 CGU's fair value less costs of disposal 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 groups 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 of disposal, recent market transactions are taken into account. 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 companies or other available fair value indicators.

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

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.

2.16 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 an 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

2.17 Reinsurance assets

2.17.1 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 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.

2.17.2 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.

2.18 Other receivables and prepayments

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.

2.19 Deferred expenses and revenue

Deferred acquisition costs (DAC)

Those direct and indirect costs incurred during the financial period arising from the writing 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 life insurance are amortized over the period in which the related revenues are earned. The reinsurers' share of deferred acquisition costs is amortized in the same manner as the underlying asset amortization is recorded in the 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

2.20 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 (contract assets 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.

2.21 Leases

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.

Group as a lessee

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.

Group as a lessor

Leases where the Group does not transfer substantially all of the risk and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating operating leases 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. 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.

2.22 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

2.22 Asset held for sale

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.

2.23 Investment properties

Investment properties are measured initially at cost, including transaction costs. 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 statement of profit or loss in the year in which they arise, including the corresponding tax effect. 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 statement of 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. 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 change in use.

2.24 Investments in subsidiaries

Investments in subsidiaries are carried in the separate's statement of financial position at cost less allowance for impairment losses. Where, there has been impairment in the value of an investment 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

2.25 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 intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in statement of 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 and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify 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 statement of profit or loss (other operating and administrative expenses).

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the CGU 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.

Gains or losses arising from de-recognition 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 statement of profit or loss when the asset is derecognised.

2.26 Property, plant and equipment

Property and equipment, including owner-occupied property, 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 capitalised when incurred, 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 fair value less accumulated depreciation and impairment losses recognised after the date of the revaluation. Land is not depreciated but being measured at fair value. Valuations are performed frequently 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.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate the cost to the residual values over the estimated useful lives. 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.

2.26 Property, plant and equipment - Continued

Depreciation is provided on a straight-line basis over the estimated useful lives of the following classes of assets.

Land	Nil
Building	2%
Leasehold building	over the remainder of the life of the lease
Leasehold improvement	20%
Furniture and fittings	20%
Plant and machinery	20%
Motor vehicles	25%
Computer and office equipment	20%
Work-in-progress	Nil

An item of property and equipment is derecognised 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 statement of profit or loss in the year the asset is derecognized.

2.27 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 amortised cost in the statement of financial position being 10% of the statutory minimum capital requirement of ₦2 billion for life insurance business. Interest income on the deposit is recognised in the statement of profit or loss in the period the interest is earned.

2.28 Deposit for shares

Deposit for shares are amounts that the Group 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.

2.29 Goodwill

Goodwill arises on the acquistion of subsidiaries and represents the excess of the consideration transferred over the Group's interest in the fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating unit (CGUs) or groups of CGUs that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

2.30 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:

2.30.1 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. It is 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.

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".

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

2.30 Insurance contracts

(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.

(iii) Reserves for unexpired risk

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

2.31 Investment contracts

Investment contracts are those contracts that transfer financial risk with no significant insurance risk. Financial risk is the risk of a possible future change in one or more of a specified interest rate, security price, commodity price, foreign exchange rate, index of prices 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. Investment contracts with guaranteed returns (interest linked) and other business of a savings nature are recognised as liabilities. Interest accruing to the life assured from investment of the savings is recognised in the statement of profit or loss account in the year it is earned while interest due to depositors is recognised as an expense. The net result of the deposit administration revenue account is transferred to the statement of profit or loss.

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.

2.32 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.

2.33 Taxes

2.33.1 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.

2.33.2 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.

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.

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.

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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

2.34 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.

2.35 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.

2.36 Equity

2.36.1 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 shown in equity 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.

2.36.2 Foreign currency translation reserve

The assets and liabilities of foreign operations are translated to Naira at closing 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.

2.36.3 Contingency reserves

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

2.36.4 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 recognized 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.

2.36.3.5 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.

2.37 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.

2.38 Retirement obligations and Employee benefits

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

2.38.1 Defined contribution pension scheme

The Group operates a defined contributory pension scheme for eligible employees. Group contributes 10% of the employees' Basic Housing and Transport allowances in line with the provisions of the Pension Reform Act 2014 as amended. The Group pays the contributions to a pension fund administrator. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefits expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

2.38.2 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 Group.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

2.39 Changes in accounting policies and disclosures

2.39.1 New and amended standards and interpretations

In these financial statements, the Group has applied IFRS 9, IFRS 7 and IFRS 15, effective for annual periods beginning on or after 1 January 2018, 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.

2.39.1.1 IFRS 9 Financial Instruments

IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018.

The Company has not restated comparative information for 2017 for financial instruments in the scope of IFRS 9. Therefore, the comparative information for 2017 is reported under IAS 39 and is not comparable to the information presented for 2018. Differences arising from the adoption of IFRS 9 have been recognized directly in retained earnings as of 1 January 2018 and are disclosed in Note 2.40.

The nature of the changes in accounting policies can be summarised as follows:

2.39.1.2 Changes to classification and measurement

To determine their classification and measurement category, IFRS 9 requires all financial assets to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics.

The IAS 39 measurement categories for financial assets (fair value through profit or loss (FVPL), available for sale (AFS), held-to-maturity (HTM) and loans and receivables (L&R) at amortised cost) have been replaced by:

- Financial assets at fair value through profit or loss including equity instruments and derivatives
- Debt instruments at fair value through other comprehensive income, with gains or losses recycled to profit or loss on derecognition;
- Equity instruments at fair value through other comprehensive income, with no recycling of gains or losses to profit or loss on derecognition;
- Debt instruments at amortised cost

The accounting for financial liabilities remain largely the same as it was under IAS 39.

The Company's classification of its financial assets is explained in Note 2.11.1. The quantitative impact of applying IFRS 9 as at 1 January 2018 is disclosed in Note 2.40.

2.39.1.3 Changes to the impairment calculation

The adoption of IFRS 9 has fundamentally changed the Company's accounting for impairment losses for financial assets held at FVOCI or amortised cost by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach.

IFRS 9 requires the Company to record an allowance for ECLs for all debt instruments not held at FVPL.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

2.39.1.3 Changes to the impairment calculation

For debt instruments, the ECL is based on the portion of lifetime ECLs (LTECL) that would result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination or purchase of the assets, the allowance is based on the full lifetime ECL.

The Group's debt instruments at FVOCI and amortised cost comprise solely of loans, quoted bonds and treasury bills that are graded in the top investment category by the risk rating agencies and, therefore, are considered to be low credit risk investments. It is the Group's policy to measure such instruments on a 12-month ECL (12mECL) basis when they are first recognised. The Group does, however, consider that there has been a significant increase in credit risk for a previously assessed low credit risk investment when any contractual payments on these instruments are more than 90 days past due. Where the credit risk of any bond or bill deteriorates, the Company will sell the bond or bill and purchase bonds or bills meeting the required investment grade.

The Group considers an instrument to be in default when contractual payments are 90 days past due. However, in certain cases, 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.

The adoption of the ECL requirements of IFRS 9 resulted in increases in impairment allowances related to the Group's debt instruments. The increase in allowance was adjusted to Retained earnings.

Details of the Group's impairment methodology are disclosed in Note 2.11.1.6. The quantitative impact of applying IFRS 9 as at 1 January 2018 is disclosed in Note 2.40.2.

2.39.1.4 Changes in disclosure - IFRS 7

To reflect the differences between IFRS 9 and IAS 39, IFRS 7 Financial Instruments: Disclosures was also amended. The Group applied the amended disclosure requirements, together with IFRS 9, for the year beginning 1 January 2018. Changes include transition disclosures as shown in Note 2.40. Detailed qualitative and quantitative information about the ECL calculations such as the assumptions and inputs used are set out in Note 2.11.1.6.3.

Reconciliations from opening to closing ECL allowances are presented in Note 2.40.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

2.39.2 IFRS 15 Revenue from contracts with customers

The Group adopted IFRS 15 Revenue from contracts with customers on its effective date of 1 January 2018. IFRS 15 replaces IAS 18 Revenue and establishes a five-step model to account for revenue arising from contracts with customers. It applies to all contracts with customers except leases, financial instruments and insurance contracts.

The standard establishes a more systematic approach for revenue measurement and recognition by introducing a five-step model governing revenue recognition. The five-step model requires the Company to (i) identify the contract with the customer, (ii) identify each of the performance obligations included in the contract, (iii) determine the amount of consideration in the contract, (iv) allocate the consideration to each of the identified performance obligations and (v) recognise revenue as each performance obligation is satisfied.

There are no significant impacts from the adoption of IFRS 15 in relation to the timing of when the Group recognises revenues or when revenue should be recognised gross as a principal or net as an agent. Therefore, the group will continue to recognise fee and commission income charged for services provided by the Company as the services are provided (for example on completion of the underlying transaction). Revenue recognition for trading income and net investment income are recognised based on requirements of IFRS 9. In addition, guidance on interest and dividend income have been moved from IAS 18 to IFRS 9 without significant changes to the requirements.

2.40 Transition disclosures - IFRS 9

The following section sets out the impact of adopting IFRS 9 on the statement of financial position, including the effect of replacing IAS 39's incurred credit loss calculations with IFRS 9's ECLs.

(a) A reconciliation between the carrying amounts under IAS 39 to the balances reported under IFRS 9 as of 1 January 2018 is, as follows:

2.40 Transition disclosures - IFRS 9 - Continued

The following set out the impact of adopting IFRS 9 on the statement of financial position and retained earnings including the effect of replacing IAS 39's incurred credit loss calculations with IFRS 9's expected credit losses (ECLs).

A reconciliation between the carrying amounts under IAS 39 to the balances reported under IFRS 9 as of January 1, 2018 is as follows:

In thousands of Nigerian Naira		GROUP						
		IAS 39 Measurement		Reclassification	Re-measurement		IFRS 9	
Financial Assets:	Ref	Category	Amount	Amount	ECL	Fair Valuation	Amount	Category
Cash on hand		AC	3,542	-	-	-	3,542	AC
Cash & short-term deposits in banks	1	AC	5,092,819	(43,754)	(36,182)	-	5,012,883	AC
AFS investment securities	2	AFS	827,972	(827,972)	-	-	-	
Equity instruments at fair value through OCI	2		-	827,972	-	(192,775)	635,197	FVOCI
Financial assets at fair value through profit or loss	3.1	FVPL	-	600,761	-	(4,938)	595,823	FVPL
Loans & receivables	4	AC	11,612,559	-	(191,908)	-	11,420,651	AC
Financial assets held to maturity	3	AC	12,382,363	(12,382,363)		-	-	
Debt instruments at amortised cost	3.2		-	11,781,602	(3,967)	-	11,777,635	AC
Trade receivables		AC	351,121	-	-	-	351,121	AC
Reinsurance assets		AC	1,368,904	-	-	-	1,368,904	AC
Other receivables & prepayments	1 and 5	AC	588,007	43,754	(43,754)	-	588,007	AC
Finance Lease receivables	6	AC	11,011	-	(11,011)	-	-	AC
Deferred acquisition costs		AC	173,101	-	-	-	173,101	AC
Deferred acquisition costs			907,822	-	-	-	907,822	
Investment properties			8,510,000	-	-	-	8,510,000	
Statutory deposits		AC	200,000	-	-	-	200,000	AC
Intangible assets			28,608	-	-	-	28,608	
Property, plant and equipment			997,330	-	-	-	997,330	
Deposit for investment in equity shares			70,000	-	-	-	70,000	
Goodwill			1,543	-	-	-	1,543	
			43,126,702	(0)	(286,822)	(197,712)	42,642,168	

In thousands of Nigerian Naira		GROUP						
		IAS 39 Measurement		Reclassification	Re-measurement		IFRS 9	
	Ref	Category	Amount	Amount	ECL	Fair Valuation	Amount	Category
Financial liabilities:								
Insurance contract liabilities			5,946,484	-	-	-	5,946,484	
Investment contract liabilities			26,564,221	-	-	-	26,564,221	
Trade payables			1,830,023	-	-	-	1,830,023	
Other liabilities			1,081,038	-	-	-	1,081,038	
Deposit liabilities			259,268	-	-	-	259,268	
Current income tax payable			265,169	-	-	-	265,169	
Deferred tax liabilities	7.1		357,264	-	(86,047)	(1,481)	269,736	
			36,303,467	-	(86,047)	(1,481)	36,215,939	
Equity								
Share capital			250,000	-	-	-	250,000	
Share premium			3,750,000	-	-	-	3,750,000	
Foreign currency translation reserve			911,064				911,064	
Contingency reserve			403,280	-	-	-	403,280	
Revaluation reserve			128,008				128,008	
Fair value reserves	8.1		-	-		(192,775)	(192,775)	
Retained earnings	8.2		1,191,536	-	(200,775)	(3,456)	987,304	
			6,633,888	-	(200,775)	(196,231)	6,236,881	
Owners of the parent			6,633,888	-	(200,775)	(196,231)	6,236,881	
Non-controlling interests in equity			189,347				189,347	
Total equity			6,823,235	-	(200,775)	(196,231)	6,426,229	
Total liabilities and equity			43,126,702	-	(286,822)	(197,712)	42,642,168	

2.40 Transition disclosures - IFRS 9 - Continued

		COMPANY						
In thousands of Nigerian Naira		IAS 39 Measurement		Reclassification	Re-measurement		IFRS 9	
Financial Assets:	Ref	Category	Amount	Amount	ECL	Fair Valuation	Amount	Category
Cash on hand		AC	65	-	-	-	65	AC
Cash & short-term deposits in banks	1	AC	4,151,519	(43,754)	(36,182)	-	4,071,583	AC
AFS investment securities	2	AFS	716,472	(716,472)		-	-	
Equity instruments at fair value through OCI	2		-	716,472	-	(146,775)	569,697	FVOCI
Financial assets at fair value through profit or loss	3.1	FVPL	-	600,761	-	(4,938)	595,823	FVPL
Loans & receivables	4	AC	10,854,661	-	(123,418)	-	10,731,243	AC
Financial assets held to maturity	3	AC	12,382,363	(12,382,363)	-	-	-	
Debt instruments at amortised cost	3.2		-	11,781,602	(3,967)	-	11,777,635	AC
Reinsurance assets		AC	1,070,169		-	-	1,070,169	AC
Other receivables & prepayments	1 and 5	AC	449,538	43,754	(43,754)	-	449,538	AC
Finance Lease receivables	6	AC	11,011	-	(11,011)	-	-	AC
Deferred acquisition costs		AC	173,101	-	-	-	173,101	AC
Investment properties			8,510,000				8,510,000	
Investments in subsidiaries			896,981				896,981	
Intangible assets			1,751				1,751	
Property, plant and equipment			364,573				364,573	
Deposit for investment in equity shares			70,000				70,000	
Statutory deposits		AC	200,000	-	-	-	200,000	AC
			39,852,204	(0)	(218,332)	(151,712)	39,482,160	

		COMPANY						
In thousands of Nigerian Naira		IAS 39 Measurement		Reclassification	Re-measurement		IFRS 9	
	Ref	Category	Amount	Amount	ECL	Fair Valuation	Amount	Category
Financial liabilities:								
Insurance contract liabilities			5,156,574	-	-	-	5,156,574	
Investment contract liabilities			26,551,455	-	-	-	26,551,455	
Trade payables			1,661,962	-	-	-	1,661,962	
Other liabilities			643,659	-	-	-	643,659	
Current income tax payable			201,538	-	-	-	201,538	
Deferred tax liabilities	7.1		31,069	-	(65,500)	(1,481)	(35,912)	
			34,246,257	-	(65,500)	(1,481)	34,179,276	
Equity								
Share capital			250,000	-	-	-	250,000	
Share premium			3,750,000	-	-	-	3,750,000	
Contingency reserve			403,280	-	-	-	403,280	
Fair value reserves	8.1		-	-	-	(146,775)	(146,775)	
Retained earnings	8.2		1,202,667	-	(152,832)	(3,456)	1,046,378	
			5,605,947	-	(152,832)	(150,231)	5,302,884	
Total liabilities and equity			39,852,204	-	(218,332)	(151,712)	39,482,160	

2.40 Transition disclosures - IFRS 9 - Continued

Ref:

1 Cash & short-term deposits in banks:

Reclassification from Cash & short-term deposits of investment placements that no longer meet the definition of short-term deposits with a maturity of three months or less that are subject to an insignificant risk of changes in value. At transition to IFRS 9 on 1 January 2018, short term deposits of ₦43,754,000 in BGL Securities Limited and Flourish Investments and Trust Limited were reclassified to other receivables and prepayments.

Under IAS 39, the Group recognised cash and short-term deposits at amortised cost using the incurred loss model for impairment, however on transition to IFRS 9 at 1 January 2018, these were remeasured using the expected credit loss model resulting in an impairment loss of ₦36,182,000 (Company: ₦36,182,000).

in thousands of Nigerian Naira	GROUP	COMPANY
As 1 January 2018 (under IAS 39)	5,092,819	4,151,519
Reclassification to Other receivables and prepayments	(43,754)	(43,754)
Expected credit loss impact of IFRS 9	(36,182)	(36,182)
Opening balance under IFRS 9 (Jan 1, 2018)	5,012,883	4,071,583

2 Available for sale financial assets

Under IAS 39, the Group classified unlisted equity instruments which are not held for trading as available-for-sale financial assets. At the date of transition to IFRS on 1 January 2018, the Group has elected to apply the FVOCI option. Accordingly, the assets will remain accounted for at FVOCI with no subsequent recycling of realised gains or losses permitted. These investments are presented in the statement of financial position as "equity instruments measured at FVOCI. Therefore, the Group reclassified its unquoted equities amounting to ₦827,972,000 (Company: ₦716,472,000) from available-for-sale financial instruments measured at cost to Equity Instruments at Fair Value through OCI on transition to IFRS 9 as shown in 2.1 below:

2.40 Transition disclosures – IFRS 9 - Continued

2.1	Available for sale financial assets	Note	GROUP	COMPANY
	in thousands of Nigerian Naira			
	As 1 January 2018 (under IAS 39)		827,972	716,472
	Reclassification to Equity instruments at fair value through OCI	2.2	(827,972)	(716,472)
	Opening balance under IFRS 9 (Jan 1, 2018)		-	-

2.2 Equity instruments at Fair value through OCI

At transition, the Group remeasured its unquoted equities at Fair value through OCI and recognised fair value loss of ₦192,775,000 (Company: ₦146,775,000) the fair value was determined using market-based valuation techniques and discounted cash flow (DCF) technique for these positions.

Equity instruments at fair value through OCI	Note	GROUP	COMPANY
in thousands of Nigerian Naira			
As at 31 December 2017 (under IAS 39)		-	-
Reclassification from Available for sale financial assets	2.1	827,972	716,472
Fair value impact of the reclassification of unquoted equity from AFS to FVOCI		(192,775)	(146,775)
Opening balance under IFRS 9 (1 January 2018)		635,197	569,697

3 Held to Maturity financial assets

Under IAS 39, the Group classified its debt instruments such as treasury bills and bonds as held to maturity financial assets. Under IFRS 9, the Group has re-classified part of these debts instruments as debt instruments measured at amortised cost as these assets were assessed to fall within a business model whose objectives is to hold assets to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; The other part of these debt instruments has been re-classified as measured at FVTPL as these assets were assessed to fall within a business model whose objective is achieved neither by collecting contractual cash flows nor selling the financial assets.

The Group classified its Treasury bills with maturities over 90 days totalling ₦11,781,602,000 and investments in Bonds of ₦600,761,000 as Held to maturity financial assets under IAS 39. On transition to IFRS 9, the Treasury bills were reclassified as Debt instruments at amortised cost and the Investment in Bonds as Financial assets at fair value through Profit or loss.

2.40 Transition disclosures - IFRS 9 - Continued

Held to Maturity financial assets	Note	GROUP	COMPANY
in thousands of Nigerian Naira			
As at 31 December 2017 (under IAS 39)		12,382,363	12,382,363
Reclassification to debt instruments at amortised costs	3.2	(11,781,602)	(11,781,602)
Reclassification to financial assets at FVTPL	3.1	(600,761)	(600,761)
Opening balance under IFRS 9 (1 January 2018)		-	-

3.1 Financial Assets at Fair value through profit or loss

On transition to IFRS 9, the Group's investments in Bonds were remeasured at fair value through profit or loss using the quoted market rates and the Group recognised a fair value gain of ₦4,938,000 (Company: ₦4,938,000).

Financial Assets at Fair value through profit or loss	Note	GROUP	COMPANY
in thousands of Nigerian Naira			
As at 31 December 2017 (under IAS 39)		-	-
Reclassification from financial assets held to maturity	3	600,761	600,761
Fair value impact of the reclassification of HTM financial assets to FVTPL		(4,938)	(4,938)
Opening balance under IFRS 9 (1 January 2018)		595,823	595,823

2.40 Transition disclosures - IFRS 9 - Continued

3.2 Debt instruments at amortized cost

On transition to IFRS 9, the debt instruments at amortised cost were assessed for impairment using the General approach under the expected credit loss model and an impairment loss of ₦3,967,000 (Company: ₦3,967,000) was recognized.

Debt instruments at amortised cost	Note	GROUP	COMPANY
in thousands of Nigerian Naira			
As at 31 December 2017 (under IAS 39)		-	-
Reclassification from HTM financial assets	3	11,781,602	11,781,602
Re-measurement impact of the reclassification of HTM financial assets to Debt instruments at amortised costs		(3,967)	(3,967)
Opening balance under IFRS 9 (1 January 2018)		11,777,635	11,777,635

4 Loans and receivables

Under IAS 39, the Group measured its Loans and receivables at amortised cost, these financial instruments are still measured at amortised costs under IFRS 9. The Group's loans and receivables were assessed for impairment using the general approach under the expected loss model, and an impairment loss of ₦191,908,000 (Company: ₦123,418,000) was recognised on transition.

Loans and receivables	GROUP	COMPANY
in thousands of Nigerian Naira		
As at 31 December 2017 (under IAS 39)	11,612,559	10,854,661
Expected credit loss on loans and receivables	(191,908)	(123,418)
Opening balance under IFRS 9 (1 January 2018)	11,420,651	10,731,243

2.40 Transition disclosures - IFRS 9 - Continued

5 Other receivables and prepayments

At transition to IFRS 9 on 1 January 2018, short term deposits of ₦43,754,000 in BGL Securities Limited and Flourish Investments and Trust Limited were reclassified from cash and cash equivalents to other receivables and prepayments. The Group's other receivables and prepayments were also assessed for impairment using the simplified approach under the expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provisions for trade and other receivables. An impairment loss of ₦43,754,000 (Company: ₦43,754,000) was recognised on transition.

Other receivables and prepayments		GROUP	COMPANY
in thousands of Nigerian Naira			
As at 31 December 2017 (under IAS 39)		588,007	449,538
Reclassification from cash and cash equivalents	1	43,754	43,754
Expected credit loss on finance lease receivables		(43,754)	(43,754)
Opening balance under IFRS 9 (1 January 2018)		588,007	449,538

6 Finance lease receivables:

Under IAS 39, the Group measured its finance lease receivables at amortised cost, these financial instruments are still measured at amortised costs under IFRS 9. The Group's finance lease receivables were assessed for impairment using the general approach under the expected loss model, and an impairment loss of ₦11,011,000 (Company: ₦11,011,000) was recognised on transition.

Finance lease receivables	GROUP	COMPANY
in thousands of Nigerian Naira		
As at 31 December 2017 (under IAS 39)	11,011	11,011
Expected credit loss on finance lease receivables	(11,011)	(11,011)
Opening balance under IFRS 9 (1 January 2018)	-	-

2.40 Transition disclosures - IFRS 9 - Continued

7 Financial liabilities:

The accounting for financial liabilities remain largely the same as it was under IAS 39. However, the deferred tax impact of re-measurement of financial assets under IFRS 9 is analysed below:

7.1	**Deferred tax assets/(liabilities)**			
	in thousands of Nigerian Naira		GROUP	COMPANY
	As 1 January 2018 (under IAS 39)		(357,264)	(31,069)
	Deferred tax impact of re-measurement under IFRS 9 on retained earning	8.2	87,528	66,981
	Opening balance under IFRS 9 (Jan 1, 2018)		(269,736)	35,912

8 Equity:

8.1 Fair value reserves

At transition to IFRS 9, the Group classified its unlisted equity instruments which are not held for trading as "equity instruments measured at FVOCI in the notes. Re-measurement impact of the reclassification of unquoted equity from AFS to FVOCI is as shown below:

	GROUP	COMPANY
in thousands of Nigerian Naira	Fair value reserve	Fair value reserve
As at 31 December 2017 (under IAS 39)	-	-
Re-measurement impact of the reclassification of unquoted equity from AFS to FVOCI	(192,775)	(146,775)
Opening balance under IFRS 9 (1 January 2018)	(192,775)	(146,775)

2.40 Transition disclosures - IFRS 9 - Continued

8.2 Retained earnings

(B) The impact of transition to IFRS 9 on reserves and retained earnings is as follows:

Re-measurement impact of IFRS 9 on retained earnings is as shown below:	GROUP	COMPANY
in thousands of Nigerian Naira	Retained earnings	Retained earnings
Retained earnings		
As at 31 December 2017 (under IAS 39)	1,191,536	1,202,667
Re-measurement impact of reclassifying financial assets held at amortized cost to FVPL	(4,938)	(4,938)
Recognition of IFRS 9 ECLs	(286,822)	(218,332)
Deferred tax in relation to the above	87,528	66,981
Opening balance under IFRS 9 (1 January 2018)	987,304	1,046,378
Total change in equity due to adopting IFRS 9	(397,006)	(303,063)

9 Reconciliation of the aggregate opening Impairment provisions under IAS 39 to the ECL allowances under IFRS 9:

	GROUP			COMPANY		
in thousands of Nigerian Naira	Impairment provision under IAS 39 at 31 December 2017	Re-measurement	ECLs under IFRS 9 at 1 January 2018	Impairment provision under IAS 39 at 31 December 2017	Re-measurement	ECLs under IFRS 9 at 1 January 2018
Impairment allowance for bank deposits, loans, receivables and HTM per IAS 39/financial assets at amortised cost under IFRS 9						
Cash & short-term deposits in banks	-	36,182	36,182	-	36,182	36,182
Loans & receivables	119,425	191,908	311,333	-	123,418	123,418
Debt instruments at amortised cost	-	3,967	3,967	-	3,967	3,967
Other receivables & prepayments	6,390	43,754	50,144	6,390	43,754	50,144
Finance Lease receivables	78,830	11,011	89,841	78,830	11,011	89,841
	204,645	286,822	491,467	85,220	218,332	303,552

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

2.41 Significant accounting judgments, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities 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:

Operating lease commitments – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, 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

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

a. Impairment losses on financial assets

The measurement of impairment losses both under IFRS 9 and IAS 39 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:

2.41 Significant accounting judgments, estimates and assumptions - Continued

Estimates and assumptions – Continued

a. Impairment losses on financial assets – Continued

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

b. Valuation of insurance contract liabilities

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

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

The main assumptions used relate to mortality, morbidity, longevity, investment returns, expenses, lapse and surrender rates and discount rates.

The Group bases mortality and morbidity on mortality of assured lives SA 1956-62, ultimate tables published on behalf of the Actuarial Society of South Africa (ASSA) mortality tables which reflect historical experiences, adjusted when appropriate to reflect the Group's unique risk exposure, product characteristics, target markets and own claims severity and frequency experiences. For those contracts that insure risk related to longevity, prudent allowance is made for expected future mortality improvements, as well as wide ranging changes to life style, these could result in significant changes to the expected future mortality exposure.

Estimates are also made as to future investment income arising from the assets backing life insurance contracts. These estimates are based on current market returns, as well as expectations about future economic and financial developments.

Assumptions on future expenses are based on current expense levels, adjusted for expected expense inflation, if appropriate. Lapse and surrender rates are based on the Group's historical experience of lapses and surrenders. Discount rates are based on current market risk rates, adjusted for the Group's own risk exposure.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

2.41 Significant accounting judgments, estimates and assumptions - Continued

Estimates and assumptions – Continued

c. 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.

2.42 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.

IFRS 16 Leases

IFRS 16 was issued in January 2016 and it replaces 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. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17. IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs. In 2018, the Group will continue to assess the potential effect of IFRS 16 on its financial statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

2.42 Standards issued but not yet effective - Continued

IFRS 2 Classification and Measurement of Share-based Payment Transactions – Amendments to IFRS 2

The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. The amendments are effective for annual periods beginning on or after 1 January 2018, with early application permitted. The standard is not relevant to 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

2.42 Standards issued but not yet effective - Continued

IFRS 17 Insurance Contracts - Continued
IFRS 17 is effective for annual reporting periods beginning on or after 1 January 2021, 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.

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.

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 and 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

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available. The Group does not expect the application of this interpretation to affect its financial statements as from its effective date since the Company does not operate in a complex multinational tax environment.

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 the 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.

The amendments should be applied retrospectively and are effective from 1 January 2019, with earlier application permitted. These amendments have no impact on the financial statements of the Group.

2.42 Standards issued but not yet effective - Continued

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively. The Company will apply these amendments when they become effective.

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 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

- Determine 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 also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognised in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognised in other comprehensive income.

The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1 January 2019, with early application permitted. These amendments will not apply to the Company as it does not have any employee benefit that include future plan amendments, curtailments, or settlements.

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.

The amendments should be applied retrospectively and are effective from 1 January 2019, with early application permitted. Since the Group does not have such long-term interests in its associate and joint venture, the amendments will not have an impact on its financial statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

2.42 Standards issued but not yet effective - Continued

Annual Improvements 2015-2017 Cycle (issued in December 2017)

These improvements include:

▸ 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 will not have impact on the Group's financial statements, since they don't have interest in joint operation.

▸ IFRS 11 Joint Arrangements
A party 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 are currently not applicable to the Group but may apply to future transactions.

▸ 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 the entity originally recognised those past transactions or events.

An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application is permitted. When an 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, the Group does not expect any effect on its financial statements.

▸ 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.

An entity applies those 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 does not have borrowing costs, the Group does not expect any effect on its financial statements.

MUTUAL BENEFITS LIFE ASSURANCE LIMITED

CONSOLIDATED AND SEPARATE STATEMENTS OF PROFIT OR LOSS

For the year ended 31 December 2018		GROUP		COMPANY	
in thousands of Nigerian Naira	Notes	2018	2017	2018	2017
Gross premium written	4	7,822,397	6,738,905	5,914,556	4,963,517
Gross premium income	4	7,957,140	6,366,687	6,193,018	4,637,470
Premiums ceded to reinsurers	4.2	(707,902)	(839,367)	(537,713)	(761,363)
Net premium income	4.3	7,249,238	5,527,320	5,655,305	3,876,107
Fee and commission income	5	103,092	167,396	96,536	166,109
Net underwriting income		7,352,330	5,694,716	5,751,841	4,042,216
Net benefits and claims	6	4,678,837	3,240,134	4,088,467	2,592,489
Changes in individual life fund	36.1.2	455,428	(4,270)	455,428	(4,270)
Changes in annuity reserve	36.1.3	21,990	(22,252)	21,990	(22,252)
Underwriting expenses	7	1,610,042	1,322,662	1,403,045	1,136,011
Net underwriting expenses		6,766,297	4,536,274	5,968,930	3,701,978
Underwriting profit/(loss)		586,033	1,158,442	(217,089)	340,238
Profit on investment contracts	8	1,548,910	891,899	1,548,910	891,899
Investment income	9	1,107,465	701,097	1,161,210	646,222
Net fair value loss on assets at FVTPL	10	(31,528)	(85,390)	(31,528)	(85,390)
Other income	11	116,287	439,282	19,778	303,148
Impairment charge no longer required	12	-	2,011	-	2,011
Impairment loss on financial assets	13	(109,646)	(169,137)	(9,282)	(78,830)
Employee benefit expenses	14	(1,028,469)	(1,093,525)	(621,595)	(747,233)
Management expenses	15	(1,726,284)	(1,519,811)	(1,144,311)	(925,258)
Operating profit		462,768	324,868	706,093	346,807
Finance costs	16	(46,199)	(39,432)	-	-
Finance income	17	327,860	200,570	-	-
Profit before income tax		744,429	486,006	706,093	346,807
Income tax expenses	18	(75,357)	(68,769)	(80,917)	(31,950)
Profit for the year		669,072	417,237	625,176	314,857
Profit attributable to:					
Owners of the parent		648,193	431,210	625,176	314,857
Non-controlling interests		20,879	(13,973)	-	-
		669,072	417,237	625,176	314,857
Earnings per share:					
Earnings per share for profit attributable to equity holders of parent					
Basic and diluted (kobo)	19.1	259	172		

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.

MUTUAL BENEFITS LIFE ASSURANCE LIMITED

CONSOLIDATED AND SEPARATE STATEMENTS OF OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2018		GROUP		COMPANY	
in thousands of Nigerian Naira	Notes	2018	2017	2018	2017
Profit for the year		669,072	417,237	625,176	314,857
Other comprehensive income (net of tax):					
Items that may be reclassified to the profit or loss in subsequent period:					
Exchange differences on translation of foreign operations		218,277	49,966	-	-
		218,277	49,966	-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax)					
Net revaluation gains on equity Instrument at FVOCI	21.2	41,608	-	35,043	-
Revaluation gain on land		55,503	139,139	-	-
		97,111	139,139	35,043	-
Total other comprehensive income for the year, net of tax		315,388	189,105	35,043	-
Total comprehensive income for the year, net of tax		**984,460**	**606,342**	**660,219**	**314,857**
Total comprehensive income attributable to:					
Owners of the parent		950,048	563,780	660,219	314,857
Non-controlling interests	50	34,412	42,562	-	-
		984,460	606,342	660,219	314,857

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.

MUTUAL BENEFITS LIFE ASSURANCE LIMITED

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION

As at 31 December 2018 *in thousands of Nigerian Naira*	Notes	GROUP 2018	GROUP 2017	COMPANY 2018	COMPANY 2017
ASSETS					
Cash and cash equivalents	20	3,030,386	5,096,361	1,926,187	4,151,584
Financial assets:					
Available-for-sale investment securities	21.1	-	827,972	-	716,472
Equity instruments at fair value through OCI	21.2	676,806	-	604,740	-
Loans and receivables	21.3	11,552,741	11,612,559	10,378,981	10,854,661
Held-to-maturity	21.4	-	12,382,363	-	12,382,363
Debt Instruments at amortised cost	21.5	14,885,306	-	14,885,306	-
Financial assets at fair value through P/L	21.6	487,230	-	487,230	-
Trade receivables	22	526,076	351,121	248,097	-
Reinsurance assets	23	2,067,212	1,368,904	1,635,300	1,070,169
Other receivables and prepayments	24	1,064,364	588,007	672,714	449,538
Finance lease receivables	26	-	11,011	-	11,011
Deferred acquisition costs	25	104,388	173,101	104,388	173,101
Inventories	27	518,236	907,822	-	-
Assets held for sale	28	5,550,000	-	5,550,000	-
Investment properties	29	1,420,000	8,510,000	1,420,000	8,510,000
Investments in subsidiaries	30	-	-	896,981	896,981
Intangible assets	31	38,626	28,608	787	1,751
Property, plant and equipment	32	1,241,256	997,330	218,059	364,573
Deposit for investment in equity shares	34	-	70,000	-	70,000
Deferred tax assets	42	-	-	26,869	-
Goodwill	35	1,543	1,543	-	-
Statutory deposit	33	200,000	200,000	200,000	200,000
Total assets		43,364,170	43,126,702	39,255,639	39,852,204
LIABILITIES					
Insurance contract liabilities	36	7,917,919	5,946,484	6,707,244	5,156,574
Investment contract liabilities	37	25,276,261	26,564,221	25,261,335	26,551,455
Trade payables	38	913,130	1,830,023	691,521	1,661,962
Other liabilities	39	738,653	1,081,038	384,271	643,659
Deposit liabilities	40	512,153	259,268	-	-
Current income tax payable	41	313,614	265,169	248,167	201,538
Deferred tax liabilities	42	330,811	357,264	-	31,069
Total liabilities		36,002,541	36,303,467	33,292,538	34,246,257
EQUITY					
Share capital	43.2	250,000	250,000	250,000	250,000
Share premium	44	3,750,000	3,750,000	3,750,000	3,750,000
Foreign currency translation reserve	45	1,116,284	911,064	-	-
Contingency reserve	46	465,798	403,280	465,798	403,280
Revaluation reserve	47	180,736	128,008	-	-
Fair value losses	48	(148,867)	-	(111,732)	-
Retained earnings	49	1,523,920	1,191,536	1,609,035	1,202,667
Total ordinary shareholders' equity		7,137,871	6,633,888	5,963,101	5,605,947

MUTUAL BENEFITS LIFE ASSURANCE LIMITED

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION - Continued

As at 31 December 2018		GROUP		COMPANY	
in thousands of Nigerian Naira	Notes	2018	2017	2018	2017
Owners of the parent		7,137,871	6,633,888	5,963,101	5,605,947
Non-controlling interests in equity	50	223,758	189,347	-	-
Total equity		7,361,629	6,823,235	5,963,101	5,605,947
Total liabilities and equity		43,364,170	43,126,702	39,255,639	39,852,204
		-	-	-	-

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 27 March 2019 and were signed on its behalf by:

Mr. Babatunde Dabiri
FRC/2013/CIIN/00000003114
Director

Mr. Femi Asenuga
FRC/2013/CIIN/00000003104
Managing Director

Mrs Olajumoke Akinnawo-Ajikobi
FRC/2014/ICAN/00000006772
Chief Financial 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.

MUTUAL BENEFITS LIFE ASSURANCE LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Group
For the year 31 December 2018

in thousands of Nigerian Naira	Note	Share capital	Share premium	Foreign translation reserve	Revaluation reserve	Fair value losses	Contingency reserve	Retained earnings	Total	Non - controlling interests	Total equity
		Attributable to equityholders of the Company									
As at 1 January 2017		250,000	3,750,000	906,502	-	-	353,645	818,272	6,078,419	123,607	6,202,026
Profit for the year		-	-	-	-	-	-	431,210	431,210	(13,973)	417,237
Other comprehensive income		-	-	4,562	128,008	-	-	-	132,570	56,535	189,105
Total comprehensive income for the year, net of tax		-	-	4,562	128,008	-	-	431,210	563,780	42,562	606,342
Transactions with owners of equity											
Transfer to contingency reserve		-	-	-	-	-	49,635	(49,635)	-	-	-
Change in equity		-	-	-	-	-	-	(8,311)	(8,311)	8,311	-
Additions during the year	50	-	-	-	-	-	-	-	-	14,867	14,867
Total transactions with owners of equity		-	-	-	-	-	49,635	(57,946)	(8,311)	23,178	14,867
As at 1 January 2018		250,000	3,750,000	911,064	128,008	-	403,280	1,191,536	6,633,888	189,347	6,823,235
Impact of adopting IFRS 9	2.40	-	-	-	-	(192,775)	-	(204,232)	(397,007)	-	(397,007)
Restated opening balance under IFRS		250,000	3,750,000	911,064	128,008	(192,775)	403,280	987,304	6,236,881	189,347	6,426,228
Profit for the year		-	-	-	-	-	-	648,193	648,193	20,879	669,072
Other comprehensive income		-	-	205,220	52,728	43,908	-	-	301,856	13,532	315,388
Total comprehensive income for the year, net of tax		-	-	205,220	52,728	43,908	-	648,193	950,049	34,411	984,460
Transactions with owners of equity											
Transfer to contingency reserve		-	-	-	-	-	62,518	(62,518)	-	-	-
Dividend paid		-	-	-	-	-	-	(49,059)	(49,059)	-	(49,059)
Total transactions with owners of equity		-	-	-	-	-	62,518	(111,577)	(49,059)	-	(49,059)
As at 31 December 2018		250,000	3,750,000	1,116,284	180,736	(148,867)	465,798	1,523,920	7,137,871	223,758	7,361,629

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.

MUTUAL BENEFITS LIFE ASSURANCE LIMITED

SEPARATE STATEMENT OF CHANGES IN EQUITY

Company

For the year 31 December 2018 *in thousands of Nigerian Naira*	*Note*	Share capital	Share premium	Fair value losses	Contingency reserve	Retained earnings	Total
As at 1 January 2017		250,000	3,750,000	-	353,645	937,445	5,291,090
Profit for the year		-	-	-	-	314,857	314,857
Other comprehensive income net of tax		-	-	-	-	-	-
Total comprehensive income for the year, net of tax		-	-	-	-	314,857	314,857
Transactions with owners of equity							
Transfer to contingency reserve		-	-	-	49,635	(49,635)	-
Total transactions with owners of equity		-	-	-	49,635	(49,635)	-
As at 1 January 2018		250,000	3,750,000	-	403,280	1,202,667	5,605,947
Impact of adopting IFRS 9	2.40	-	-	(146,775)	-	(156,290)	(303,065)
Restated opening balance under IFRS 9		250,000	3,750,000	(146,775)	403,280	1,046,377	5,302,882
Profit for the year		-	-	-	-	625,176	625,176
Other comprehensive income net of tax		-	-	35,043	-	-	35,043
Total comprehensive income for the year, net of tax		-	-	35,043	-	625,176	660,219
Transactions with owners of equity							
Transfer to contingency reserve		-	-	-	62,518	(62,518)	-
Total transactions with owners of equity		-	-	-	62,518	(62,518)	-
As at 31 December 2018		250,000	3,750,000	(111,732)	465,798	1,609,035	5,963,101

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 2018		GROUP		COMPANY	
in thousands of Nigerian Naira	Notes	2018	2017	2018	2017
Cash flows from operating activities					
Cash received from insurance contract policy holders		7,493,143	6,368,807	5,512,159	4,584,918
Cash received from investment contract policy holders		12,208,421	11,945,338	12,206,261	11,945,338
Cash withdrawal by investment contract policy holders	37	(15,577,726)	(13,419,003)	(15,577,726)	(13,419,125)
Additions to deposit for premium	38.3	505,623	338,031	505,623	338,031
Fees and commission received		108,438	89,576	101,882	88,289
Reinsurance paid		(677,866)	(302,257)	(555,311)	(334,538)
Claims paid	6	(5,266,913)	(2,831,217)	(4,676,542)	(2,183,572)
Claims recovered from co-insurance	23.2	1,338,645	485,220	1,338,645	485,220
Commission paid		(789,581)	(377,968)	(588,498)	(188,045)
Payments to employees	14	(1,028,469)	(1,093,525)	(621,595)	(747,233)
Other cash received		403,768	610,776	-	438,264
Investment income	9	1,107,465	701,097	1,161,210	646,222
Net cash paid to brokers, suppliers and other providers of services		(2,911,169)	(1,233,338)	(2,732,060)	(1,066,982)
Income tax paid	41	(77,881)	(149,959)	(25,243)	(73,180)
Net cash flows from operating activities	51	(3,164,102)	1,131,578	(3,951,195)	513,607
Investing activities:					
Purchase of property, plant and equipment	32	(319,471)	(215,220)	(40,257)	(64,041)
Proceeds from sale of property, plant and equipment		-	7,008	-	940
Proceeds from sale of investment properties	29	1,533,000	75,000	1,533,000	75,000
Receipts on finance lease recievables	27.1	-	199,238	-	108,964
Receipts on loans and advances	21.3.2	2,250,000	2,050,000	2,570,000	2,461,070
Purchase of held-to-maturity financial assets	21.4	-	(11,994,296)	-	(11,994,296)
Redemption of matured investments	21.4	-	6,877,761	-	6,877,761
Purchase of financial assets at amortised cost	21.5	(22,453,260)	-	(22,453,260)	-
Redemption of financial assets at amortised cost	21.5	19,947,081	-	19,947,081	-
Purchase of Financial assets recognised at fair value through profit or loss	21.6.1	(521,305)	-	(521,305)	-
Redemption of Financial assets recognised at Fair value through profit or loss	21.6.1	600,761	-	600,761	-
Recovery of deposit for shares	34	70,000	-	70,000	-
Purchase of intangible assets	31	-	(8,071)	-	-
Net cash flows used in investing activities		1,106,806	(3,008,580)	1,706,020	(2,534,601)
Financing activities					
Dividend Paid	34	(49,059)	-	-	-
Increase in non-controlling interests	50	-	14,867	-	-
Net cash flows from financing activities		(49,059)	14,867	-	-
Net decrease in cash and cash equivalents		(2,106,354)	(1,862,135)	(2,245,175)	(2,020,994)
Effects of exchange rate changes on cash and cash equivalents		40,379	29,076	19,778	14,883
Cash and cash equivalents as 1 January		5,096,361	6,929,420	4,151,584	6,157,695
Cash and cash equivalents at 31 December	20.1	3,030,386	5,096,361	1,926,187	4,151,584

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 practice 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 - Continued*

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-2018			31 Dec-2018		
in thousands of Nigerian Naira	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Whole life and term assurance	7,052,671	1,635,300	5,417,371	6,686,068	1,635,300	5,050,768
Credit Life Assurance Scheme	21,176	-	21,176	21,176	-	21,176
Total	7,073,847	1,635,300	5,438,547	6,707,244	1,635,300	5,071,944

	GROUP			COMPANY		
	31 Dec-2017			31 Dec-2017		
in thousands of Nigerian Naira	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Whole life and term assurance	5,392,973	1,070,169	4,322,804	5,134,912	1,070,169	4,064,743
Credit Life Assurance Scheme	21,662	-	21,662	21,662	-	21,662
Total	5,414,635	1,070,169	4,344,466	5,156,574	1,070,169	4,086,405

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-2018			31 Dec-2018		
in thousands of Nigerian Naira	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Nigeria	6,707,244	1,635,300	5,071,944	6,707,244	1,635,300	5,071,944
Liberia	366,603	-	366,603	-	-	-
Niger Republic	-	-	-	-	-	-
Total	7,073,847	1,635,300	5,438,547	6,707,244	1,635,300	5,071,944

(a) *Life insurance contracts - Continued*

	GROUP			COMPANY		
	31 Dec-2017			31 Dec-2017		
in thousands of Nigerian Naira	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Nigeria	5,156,574	1,070,169	4,086,405	5,156,574	1,070,169	4,086,405
Liberia	258,061	-	258,061	-	-	-
Niger Republic	-	-	-	-	-	-
Total	5,414,635	1,070,169	4,344,466	5,156,574	1,070,169	4,086,405

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 - Continued*

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-2018		**GROUP**				**COMPANY**			
in thousands of Nigerian Naira	Change in assumptions	Increase/ (decrease) on gross liabilities	Increase/ (decrease) on net liabilities	Increase/ (decrease) on profit before tax	Increase/ (decrease) on equity	Increase/ (decrease) on gross liabilities	Increase/ (decrease) on net liabilities	Increase/ (decrease) on profit before tax	Increase/ (decrease) on equity
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

31 Dec-2017		**GROUP**				**COMPANY**			
in thousands of Nigerian Naira	Change in assumptions	Increase/ (decrease) on gross liabilities	Increase/ (decrease) on net liabilities	Increase/ (decrease) on profit before tax	Increase/ (decrease) on equity	Increase/ (decrease) on gross liabilities	Increase/ (decrease) on net liabilities	Increase/ (decrease) on profit before tax	Increase/ (decrease) on equity
Mortality/morbidity rate	+10%	28,478	28,478	28,478	19,935	28,478	28,478	28,478	19,935
Longevity	+10%	3,211	3,211	3,211	2,248	3,211	3,211	3,211	2,248
Lapse and surrenders rate	+10%	-	-	-	-	-	-	-	-
Discount rate	+1%	(28,197)	(28,197)	(28,197)	(19,738)	(28,197)	(28,197)	(28,197)	(19,738)
Mortality/morbidity rate	-10%	(24,693)	(24,693)	(24,693)	(17,285)	(24,693)	(24,693)	(24,693)	(17,285)
Longevity	-10%	(3,099)	(3,099)	(3,099)	(2,169)	(3,099)	(3,099)	(3,099)	(2,169)
Lapse and surrenders rate	-10%	-	-	-	-	-	-	-	-
Discount rate	-1%	32,484	32,484	32,484	22,739	32,484	32,484	32,484	22,739

3.1.2 *Financial risk 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 Life Assurance Group is exposed to risk relating to its loan 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 Company's credit risk policy sets out the assessment and determination of what constitutes credit risk for the Company. Compliance with the policy is monitored and exposures and breaches are reported to the Company'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 Company. It is their responsibility to review and manage credit risk, including environmental risk for all of counterparties. The Company 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 Company'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 Company's credit risk exposure to brokered business is very low as the Company 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 Company'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 risk management**

(i) ***The Company'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 applicable)	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.

In thousands of Nigerian Naira	Group		Company	
	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
Cash and cash equivalents	3,033,582	5,092,819	1,936,605	4,151,519
Loans and receivables	11,964,107	11,612,559	10,520,518	10,854,661
Held-to-maturity	-	12,382,363	-	12,382,363
Debt instruments at amortised cost	14,890,141	-	14,890,141	-
Financial assets at FVPL	487,230	-	487,230	-
Trade receivables	526,076	351,121	248,097	-
Reinsurance assets	1,943,804	1,310,209	1,511,892	1,011,474
Finance lease receivables	-	11,011	-	11,011
Other receivables	809,889	248,026	440,045	138,091
Statutory deposit	200,000	200,000	200,000	200,000
Deposit for investment in equity shares	-	70,000	-	70,000
	33,854,829	31,278,108	30,234,528	28,819,119

(ii) *Industry concentration analysis*

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

in thousands of Nigerian Naira

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	3,033,582	-	-	-	3,033,582	1,936,605	-	-	-	1,936,605
Loans and advances	-	-	10,148,345	1,815,762	11,964,107	-	319,427	10,148,345	52,746	10,520,518
Debt instruments at amortised cost	14,890,141	-	-	-	14,890,141	14,890,141	-	-	-	14,890,141
Financial assets at FVPL	487,230	-	-	-	487,230	487,230	-	-	-	487,230
Trade receivables	526,076	-	-	-	526,076	248,097	-	-	-	248,097
Reinsurance assets	1,943,804	-	-	-	1,943,804	1,511,892	-	-	-	1,511,892
Other receivables	-	-	-	809,889	809,889	-	-	-	440,045	440,045
Finance lease receivables	-	-	-	-	-	-	-	-	-	-
Statutory deposit	200,000	-	-	-	200,000	200,000	-	-	-	200,000
Deposit for shares	-	-	-	-	-	-	-	-	-	-
	21,080,833	-	10,148,345	2,625,651	33,854,829	19,273,965	319,427	10,148,345	492,791	30,234,528

in thousands of Nigerian Naira

31 December 2017	Group					Company				
	Financial services	Real estate	Oil & Gas sector	Other	Total	Financial services	Real estate	Oil & Gas sector	Other	Total
Cash and cash equivalents	5,092,819	-	-	-	5,092,819	4,151,519	-	-	-	4,151,519
Loans and advances	-	-	10,162,578	1,449,981	11,612,559	-	639,427	10,162,578	52,656	10,854,661
Held-to-maturity	12,382,363	-	-	-	12,382,363	12,382,363	-	-	-	12,382,363
Trade receivables	351,121	-	-	-	351,121	-	-	-	-	-
Reinsurance assets	1,310,209	-	-	-	1,310,209	1,011,474	-	-	-	1,011,474
Other receivables	-	-	-	248,026	248,026	-	-	-	138,091	138,091
Finance lease receivables	-	-	-	11,011	11,011	-	-	-	11,011	11,011
Statutory deposit	200,000	-	-	-	200,000	200,000	-	-	-	200,000
Deposit for shares	-	-	70,000	-	70,000	-	-	70,000	-	70,000
	19,336,512	-	10,232,578	1,709,018	31,278,108	17,745,356	639,427	10,232,578	201,758	28,819,119

(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.

In thousands of Nigerian Naira

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	3,033,582	-	-	-	3,033,582	1,936,605	-	-	-	1,936,605
Loans and advances	11,577,711	175,027	59,234	152,135	11,964,107	10,520,518	-	-	-	10,520,518
Debt instruments at amortised cost	14,890,141	-	-	-	14,890,141	14,890,141	-	-	-	14,890,141
Financial assets at FVPL	487,230	-	-	-	487,230	487,230	-	-	-	487,230
Trade receivables	526,076	-	-	-	526,076	248,097	-	-	-	248,097
Reinsurance assets	1,943,804	-	-	-	1,943,804	1,511,892	-	-	-	1,511,892
Other receivables	557,440	-	200,177	52,272	809,889	286,332	-	101,441	52,272	440,045
Finance lease receivables	-	-	-	-	-	-	-	-	-	-
Statutory deposit	200,000	-	-	-	200,000	200,000	-	-	-	200,000
Deposit for shares	-	-	-	-	-	-	-	-	-	-
	33,215,984	175,027	259,411	204,407	33,854,829	30,080,815	-	101,441	52,272	30,234,528

In thousands of Nigerian Naira

31 December 2017	*Group*					*Company*				
	Investment grade	*Non Investment grade satisfactory*	*Non Investment grade un-satisfactory*	*Past due but not impaired*	*Total*	*Investment grade*	*Non Investment grade satisfactory*	*Non Investment grade un-satisfactory*	*Past due but not impaired*	*Total*
Cash and cash equivalents	5,092,819	-	-	-	5,092,819	4,151,519	-	-	-	4,151,519
Loans and advances	11,612,559	-	-	-	11,612,559	10,215,234	639,427	-	-	10,854,661
Held-to-maturity	12,382,363	-	-	-	12,382,363	12,382,363	-	-	-	12,382,363
Trade receivables	351,121	-	-	-	351,121	-	-	-	-	-
Reinsurance assets	1,310,209	-	-	-	1,310,209	1,011,474	-	-	-	1,011,474
Other receivables	248,026	-	-	-	248,026	138,091	-	-	-	138,091
Finance lease receivables	11,011	-	-	-	11,011	11,011	-	-	-	11,011
Statutory deposit	200,000	-	-	-	200,000	200,000	-	-	-	200,000
Deposit for shares	-	70,000	-	-	70,000	-	70,000	-	-	70,000
	31,208,108	70,000	-	-	31,278,108	28,109,692	709,427	-	-	28,819,119

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

Age analysis of financial assets past due but not impaired

31 December 2018	*Group*				*Company*			
	< 30 days	*31 to 60 days*	*61 to 90 days*	*Total past-due but not impaired*	*< 30 days*	*31 to 60 days*	*61 to 90 days*	*Total past-due but not impaired*
Loans and receivables	-	-	-	-	-	-	-	-
Trade receivables	-	-	-	-	-	-	-	-
Reinsurance assets	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-

in thousands of Nigerian Naira

31 December 2017	*Group*				*Company*			
	< 30 days	*31 to 60 days*	*61 to 90 days*	*Total past-due but not impaired*	*< 30 days*	*31 to 60 days*	*61 to 90 days*	*Total past-due but not impaired*
Loans and receivables	-	-	-	-	-	-	-	-
Trade receivables	-	-	-	-	-	-	-	-
Reinsurance assets	-	66,145	-	66,145	-	66,145	-	66,145
	-	66,145	-	66,145	-	66,145	-	66,145

(iv) *Credit collateral*

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

	Percentage of exposure that is subject to collateral				
	Group		Company		Principal type of collateral held
Financial assets	2018	2017	2018	2017	
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 resident ial 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.

(v) *Impairment assessment (policy applicable from 1 January 2018)*

A summary of the assumptions underpinning the Group's expected credit loss (ECL) model is as stated in Note 2.12.1.6.

(v) (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 Company may also consider an instrument to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full. In such cases, the Company 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.

(v) (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.

(vi) *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 Company's internal grading system are explained in Note 3.1.2 (a) (i).

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

Group

in thousands of Nigerian Naira	31-Dec-18				1-Jan-18			
Internal rating grade	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Investment grade	3,043,821	-	-	3,043,821	-	-	-	5,045,365
Non-investment grade (satisfactory)	-	-	-	-	-	-	-	3,700
Non-investment grade (unsatisfactory)	-	-	-	-	-	-	-	-
Past due but not impaired	-	-	-	-	-	-	-	-
Individually impaired	-	-	-	-	-	-	-	-
Total Gross Amount	3,043,821	-	-	3,043,821	-	-	-	5,049,065
Expected credit loss	(13,435)	-	-	(13,435)	-	-	-	(36,182)
Total Net Amount	3,030,386	-	-	3,030,386	-	-	-	5,012,883

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

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

in thousands of Nigerian Naira	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2018	5,049,065	-	-	5,049,065
New assets originated or purchased	19,580	-	-	19,580
Assets derecognised or repaid (excluding write offs)	(2,024,824)	-	-	(2,024,824)
Accrued interest capitalised	-	-	-	-
	(2,005,244)	-	-	(2,005,244)
At 31 December 2018	3,043,821	-	-	3,043,821

in thousands of Nigerian Naira	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2018	36,182	-	-	36,182
New assets originated or purchased	13,435	-	-	13,435
Assets derecognised or repaid (excluding write offs)	(36,182)	-	-	(36,182)
	(22,747)	-	-	(22,747)
At 31 December 2018	13,435	-	-	13,435

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

Company

in thousands of Nigerian Naira	31 Dec-2018				1-Jan-18			
Internal rating grade	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Investment grade	1,936,622	-	-	1,936,622	4,104,065	-	-	4,104,065
Non-investment grade (satisfactory)	-	-	-	-	3,700	-	-	3,700
Non-investment grade (unsatisfactory)	-	-	-	-	-	-	-	-
Past due but not impaired	-	-	-	-	-	-	-	-
Individually impaired	-	-	-	-	-	-	-	-
Total Gross Amount	1,936,622	-	-	1,936,622	4,107,765	-	-	4,107,765
Expected credit loss	(10,435)	-	-	(10,435)	(36,182)			(36,182)
Total Net Amount	1,926,187	-	-	1,926,187	4,071,583	-	-	4,071,583

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

in thousands of Nigerian Naira	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2018	4,107,765	-	-	4,107,765
New assets originated or purchased	1,945,622	-	-	1,945,622
Assets derecognised or repaid (excluding write offs)	(4,116,765)	-	-	(4,116,765)
Accrued interest capitalised	-	-	-	-
	(2,171,143)	-	-	(2,171,143)
At 31 December 2018	1,936,622	-	-	1,936,622

in thousands of Nigerian Naira	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2018	36,182	-	-	36,182
New assets originated or purchased	10,435	-	-	10,435
Assets derecognised or repaid (excluding write offs)	(36,182)	-	-	(36,182)
	(25,747)	-	-	(25,747)
At 31 December 2018	10,435	-	-	10,435

(vi) (b) **Loans and receivables**

Group	31 Dec-2018				1-Jan-18			
in thousands of Nigerian Naira								
Internal rating grade	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Investment grade	11,577,711	-	-	11,577,711	11,391,455	-	-	11,391,455
Non-investment grade (satisfactory)	59,411.00	115,616	-	175,027	70,100	100,165	-	170,265
Non-investment grade (unsatisfactory)	-	59,234	-	59,234	-	68,106	-	68,106
Past due but not impaired	-	-	-	-	-	-	-	-
Individually impaired	-	-	152,135	152,135	-	-	102,158	102,158
Total Gross Amount	11,637,122	174,850	152,135	11,964,107	11,461,555	168,271	102,158	11,731,984
Expected credit loss	(218,768)	(58,584)	(134,014)	(411,366)	(161,001)	(56,374)	(93,958)	(311,333)
Total Net Amount	11,418,354	116,266	18,121	11,552,741	11,300,554	111,897	8,200	11,420,651

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

in thousands of Nigerian Naira	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2018	11,461,555	168,271	102,158	11,731,984
New assets originated or purchased	782,463	122,377	32,846	937,686
Assets derecognised or repaid (excluding write offs)	(574,587)	(86,085)	(42,892)	(703,564)
Transfers to Stage 1	21,003	(19,684)	(1,319)	-
Transfers to Stage 2	(47,525)	67,640	(20,115)	-
Transfers to Stage 3	(5,787)	(77,670)	83,457	-
Amounts written off	-	-	(2,000)	(2,000)
Foreign exchange adjustments	-	-	-	-
	175,567	6,578	49,977	232,122
At 31 December 2018	11,637,122	174,849	152,135	11,964,106

in thousands of Nigerian Naira	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2018	161,001	56,374	93,958	311,333
New assets originated or purchased	35,058	41,003	27,704	103,765
Assets derecognised or repaid (excluding write offs)	(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	-
Impact on year end ECL of exposures transferred between stages during the year	(7,410)	3,495	47,412	43,497
Unwind of discounts (recognised in investment income)	-	-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	31,131	-	-	31,131
Amounts written off	-	-	(2,000)	(2,000)
	57,767	2,210	40,056	100,033
At 31 December 2018	218,768	58,584	134,014	411,366

(vi) (b) **Loans and receivables**

Company

in thousands of Nigerian Naira	31 Dec-2018				1-Jan-18			
Internal rating grade	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Investment grade	10,520,518	-	-	10,520,518	10,854,661	-	-	10,854,661
Non-investment grade (satisfactory)	-	-	-	-	-	-	-	-
Non-investment grade (unsatisfactory)	-	-	-	-	-	-	-	-
Past due but not impaired	-	-	-	-	-	-	-	-
Individually impaired	-	-	-	-	-	-	-	-
Total Gross Amount	10,520,518	-	-	10,520,518	10,854,661	-	-	10,854,661
Expected credit loss	(141,537)	-	-	(141,537)	(123,418)	-	-	(123,418)
Total Net Amount	10,378,981	-	-	10,378,981	10,731,243	-	-	10,731,243

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

in thousands of Nigerian Naira	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2018	10,854,661	-	-	10,854,661
New assets originated or purchased	33,000	-	-	33,000
Assets derecognised or repaid (excluding write offs)	(367,143)	-	-	(367,143)
	(334,143)	-	-	(334,143)
At 31 December 2018	10,520,518	-	-	10,520,518

in thousands of Nigerian Naira	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2018	123,418	-	-	123,418
New assets originated or purchased	81	-	-	81
Assets derecognised or repaid (excluding write offs)	(13,093)	-	-	(13,093)
Changes to models and inputs used for ECL calculations	31,131	-	-	31,131
	18,119	-	-	18,119
At 31 December 2018	**141,537**	-	-	**141,537**

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

Group

in thousands of Nigerian Naira	31 Dec-2018				1-Jan-18			
Internal rating grade	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Investment grade	14,890,141			14,890,141	11,781,602			11,781,602
Non-investment grade (satisfactory)	-	-	-	-	-	-	-	-
Non-investment grade (unsatisfactory)	-	-	-	-	-	-	-	-
Past due but not impaired	-	-	-	-	-	-	-	-
Individually impaired	-	-	-	-	-	-	-	-
Total Gross Amount	14,890,141	-	-	14,890,141	11,781,602	-	-	11,781,602
Expected credit loss	(4,835)			(4,835)	(3,967)			(3,967)
Total Net Amount	14,885,306	-	-	14,885,306	11,777,635	-	-	11,777,635

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

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

in thousands of Nigerian Naira	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2018	11,781,602	-	-	11,781,602
New assets originated or purchased	14,288,516	-	-	14,288,516
Assets derecognised or matured (excluding write offs)	(11,781,602)	-	-	(11,781,602)
Accrued interest capitalised	601,625	-	-	601,625
	3,108,539	-	-	3,108,539
At 31 December 2018	14,890,141	-	-	14,890,141

in thousands of Nigerian Naira	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2018	3,967	-	-	3,967
New assets originated or purchased	4,835	-	-	4,835
Assets derecognised or matured (excluding write offs)	(3,967)	-	-	(3,967)
	868	-	-	868
At 31 December 2018	4,835	-	-	4,835

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

Company

in thousands of Nigerian Naira	31 Dec-2018				1-Jan-18			
Internal rating grade	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Investment grade	14,890,141	-	-	14,890,141	11,781,602	-	-	11,781,602
Non-investment grade (satisfactory)	-	-	-	-	-	-	-	-
Non-investment grade (unsatisfactory)	-	-	-	-	-	-	-	-
Past due but not impaired	-	-	-	-	-	-	-	-
Individually impaired	-	-	-	-	-	-	-	-
Total Gross Amount	14,890,141	-	-	14,890,141	11,781,602	-	-	11,781,602
Expected credit loss	(4,835)	-	-	(4,835)	(3,967)	-	-	(3,967)
Total Net Amount	14,885,306	-	-	14,885,306	11,777,635	-	-	11,777,635

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

in thousands of Nigerian Naira	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2018	11,781,602	-	-	11,781,602
New assets originated or purchased	14,288,516	-	-	14,288,516
Assets derecognised or matured (excluding write offs)	(11,781,602)	-	-	(11,781,602)
Accrued interest capitalised	601,625	-	-	601,625
	3,108,539	-	-	3,108,539
At 31 December 2018	14,890,141	-	-	14,890,141

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

in thousands of Nigerian Naira	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2018	3,967	-	-	3,967
New assets originated or purchased	4,835	-	-	4,835
Assets derecognised or matured (excluding write offs)	(3,967)	-	-	(3,967)
	868	-	-	868
At 31 December 2018	4,835	-	-	4,835

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

Group

in thousands of Nigerian Naira	31 Dec-2018				1-Jan-18			
Internal rating grade	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Investment grade	-	-	-	-	-	-	-	-
Non-investment grade (satisfactory)	-	-	-	-	-	-	-	-
Non-investment grade (unsatisfactory)	-	-	-	-	-	-	-	-
Past due but not impaired	-	-	-	-	-	-	-	-
Individually impaired	-	-	78,830	78,830	-	-	89,841	89,841
Total Gross Amount	-	-	78,830	78,830	-	-	89,841	89,841
Expected credit loss	-	-	(78,830)	(78,830)	-	-	(89,841)	(89,841)
Total Net Amount	-	-	-	-		-	-	-

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

in thousands of Nigerian Naira	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2018	-	-	89,841	89,841
New assets originated or purchased	-	-	-	-
Assets derecognised or matured (excluding write offs)	-	-	-	-
Amounts written off	-	-	(11,011)	(11,011)
At 31 December 2018	-	-	78,830	78,830

in thousands of Nigerian Naira	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2018	-	-	89,841	89,841
New assets originated or purchased	-	-	-	-
Assets derecognised or matured (excluding write offs)	-	-	-	-
Amounts written off	-	-	(11,011)	(11,011)
	-	-	(11,011)	(11,011)
At 31 December 2018	-	-	78,830	78,830

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

Company

in thousands of Nigerian Naira	31 Dec-2018				1-Jan-18			
Internal rating grade	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Investment grade	-	-	-	-	-	-	-	-
Non-investment grade (satisfactory)	-	-	-	-	-	-	-	-
Non-investment grade (unsatisfactory)	-	-	-	-	-	-	-	-
Past due but not impaired	-	-	-	-	-	-	-	-
Individually impaired	-	-	78,830	78,830	-	-	89,841	89,841
Total Gross Amount	-	-	78,830	78,830	-	-	89,841	89,841
Expected credit loss	-	-	(78,830)	(78,830)	-	-	(89,841)	(89,841)
Total Net Amount	-	-	-	-	-	-	-	-

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

in thousands of Nigerian Naira	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2018	-	-	89,841	89,841
New assets originated or purchased	-	-	-	-
Assets derecognised or matured (excluding write offs)	-	-	-	-
Amounts written off	-	-	(11,011)	(11,011)
	-	-	(11,011)	(11,011)
At 31 December 2018	-	-	78,830	78,830

in thousands of Nigerian Naira	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2018	-	-	89,841	89,841
New assets originated or purchased	-	-	-	-
Assets derecognised or matured (excluding write offs)	-	-	(11,011)	(11,011)
	-	-	(11,011)	(11,011)
At 31 December 2018	-	-	78,830	78,830

(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 a reasonable percentage of the Group's life portfolio be held in cash and cash equivalents; this highlights availability of liquid marketable securities sufficient to meet its liabilities as at when due. Cash and cash equivalents include treasury bills and term deposits with an original maturity of less than 90 days.

For insurance contracts liabilities and reinsurance assets, maturity profiles are determined based on estimated timing of net cash outflows from the recognised insurance liabilities. Unearned premiums have been excluded from the analysis as they are not contractual obligations.

The Group maintains a portfolio of highly marketable and diverse assets that can be easily liquidated in the event of an unforeseeable interruption of cash flow.

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

Group

31 December 2018 *in thousands of Nigerian Naira*	Carrying amount	1-6 months	6-12 months	1-5 years	Above 5 years	No maturity date	Gross total
Cash and cash equivalents	3,030,386	3,081,533	-	-	-	-	3,081,533
Loans and advances	11,552,741	717,766	13,098,747	53,801	-	-	13,870,314
Debt instruments at amortised cost	14,885,306	3,150,000	13,075,000	-	-	-	16,225,000
Financial assets at FVPL	487,230	33,750	33,750	567,500	-	-	635,000
Trade receivables	526,076	526,076					526,076
Reinsurance assets	2,016,640	1,943,804				72,836	2,016,640
Other receivables	707,539	707,539					707,539
Total financial assets	33,205,918	10,160,468	26,207,497	621,301	-	72,836	37,062,103
Investment contract liabilities	25,276,261	6,664,936	6,664,936	13,259,978	510,415	-	27,100,264
Insurance contract liabilities	6,258,029	3,884,586	1,294,862	-	-	1,078,581	6,258,029
Trade payables	901,854	901,854	-	-	-	-	901,854
Other liabilities	168,181	168,181	-	-	-	-	168,181
Deposit liabilities	512,153	550,564	-	-	-	-	550,564
Total financial liabilities	33,116,478	12,170,121	7,959,798	13,259,978	510,415	1,078,581	34,978,893
Total liquidity gap	89,440	(2,009,653)	18,247,700	(12,638,677)	(510,415)	(1,005,745)	2,083,210

(b) Liquidity risk - continued

Company 31 December 2018 *In thousands of Nigerian Naira*	Carrying amount	1-6 months	6-12 months	1-5 years	Above 5 years	No maturity date	Gross total
Cash and cash equivalents	1,926,187	1,958,697	-	-	-	-	1,958,697
Loans and advances	10,378,981	14,279	12,714,688	28,559	-	-	12,757,526
Debt instruments at amortised cost	14,885,306	3,150,000	13,075,000	-	-	-	16,225,000
Financial assets at FVPL	487,230	33,750	33,750	567,500	-	-	635,000
Trade receivables	248,097	248,097	-	-	-	-	248,097
Reinsurance assets	1,584,728	1,511,892	-	-	-	72,836	1,584,728
Other receivables	269,806	269,806					269,806
Total financial assets	29,780,335	7,186,522	25,823,438	596,059	-	72,836	33,678,854
Investment contract liabilities	25,261,335	6,661,000	6,661,000	13,252,148	510,113	-	27,084,261
Insurance contract liabilities	5,475,528	3,297,710	1,099,237	-	-	1,078,582	5,475,528
Trade payables	680,245	691,521	-	-	-	-	691,521
Other liabilities	153,218	153,218	-	-	-	-	153,218
Deposit liabilities	-	-	-	-	-	-	-
Total financial liabilities	31,570,326	10,803,448	7,760,236	13,252,148	510,113	1,078,582	33,404,528
Total liquidity gap	(1,789,991)	(3,616,927)	18,063,201	(12,656,089)	(510,113)	(1,005,746)	274,326

(b) Liquidity risk - continued

Group

31 December 2017 *in thousands of Nigerian Naira*	Carrying amount	1-6 months	6-12 months	1-5 years	Above 5 years	No maturity date	Gross total
Cash and cash equivalents	5,096,361	5,478,588	-	-	-	-	5,478,588
Loans and advances	11,612,559	1,146,434	1,896,434	12,096,049	914,250	-	16,053,167
Held-to-maturity financial assets	12,382,363	3,173,359	9,950,750	727,063	-	-	13,851,172
Trade receivables	351,121	351,121	-	-	-	-	351,121
Reinsurance assets	1,346,848	1,346,848	-	-	-	-	1,346,848
Other receivables	78,145	78,145	-	-	-	-	78,145
Finance lease receivables	11,011	6,717	6,717	-	-	-	13,433
Statutory deposit	200,000	-	-	-	-	200,000	200,000
Total financial assets	31,078,408	11,581,212	11,853,901	12,823,111	914,250	200,000	37,372,474
Investment contract liabilities	26,564,221	7,001,183	7,001,183	13,941,714	536,165	-	28,480,246
Insurance contract liabilities	4,151,852	3,429,784	-	-	-	722,068	4,151,852
Trade payables	1,041,018	1,041,018	-	-	-	-	1,041,018
Other liabilities	926,252	926,252	-	-	-	-	926,252
Deposit liabilities	259,268	278,713	-	-	-	-	278,713
Total financial liabilities	32,942,611	12,676,950	7,001,183	13,941,714	536,165	722,068	34,878,081
Total liquidity gap	(1,864,203)	(1,095,738)	4,852,717	(1,118,602)	378,085	(522,068)	2,494,393

(b) Liquidity risk - continued

Company

31 December 2017 *in thousands of Nigerian Naira*	Carrying amount	1-6 months	6-12 months	1-5 years	Above 5 years	No maturity date	Gross total
Cash and cash equivalents	4,151,584	4,462,953	-	-	-	-	4,462,953
Loans and advances	10,854,661	1,111,652	1,861,652	12,097,183	-	-	15,070,486
Held-to-maturity financial assets	12,382,363	3,173,359	9,950,750	727,063	-	-	13,851,172
Trade receivables	-	-	-	-	-	-	-
Reinsurance assets	1,048,113	1,048,113	-	-	-	-	1,048,113
Other receivables	99,281	99,281	-	-	-	-	99,281
Finance lease receivables	11,011	6,717	6,717	-	-	-	13,433
Total financial assets	28,547,013	9,902,074	11,819,118	12,824,246	-	-	34,545,438
Investment contract liabilities	26,551,455	7,001,183	7,001,183	13,928,948	536,165	-	28,467,480
Insurance contract liabilities	3,646,396	2,982,457	-	-	-	663,939	3,646,396
Trade payables	910,621	910,621	-	-	-	-	910,621
Other liabilities	140,182	140,182	-	-	-	-	140,182
Deposit liabilities	-	-	-	-	-	-	-
Total financial liabilities	31,248,654	11,034,444	7,001,183	13,928,948	536,165	663,939	33,164,679
Total liquidity gap	(2,701,641)	(1,132,369)	4,817,935	(1,104,702)	(536,165)	(663,939)	1,380,759

(c) **Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign exchange rates (currency risk), market interest rates (interest rate risk) and market prices (price risk).

i **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.

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 Life Assurance Limited 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 its net investment in foreign subsidiaries.

Group	31 December 2018			31 December 2017		
in thousands of Nigerian Naira	*USD*	*Pound Sterling*	*CFA Franc*	*USD*	*Pound Sterling*	*CFA Franc*
Cash and cash equivalents	386,603	7,527	-	142,005	5,216	-
Net investment in foreign subsidiaries	1,519,986	-	2,019,615	1,191,575	-	987,971

Company	31 December 2018			31 December 2017		
in thousands of Nigerian Naira	*USD*	*Pound Sterling*	*CFA Franc*	*USD*	*Pound Sterling*	*CFA Franc*
Cash and cash equivalents	386,603	7,527	-	142,005	5,216	-

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 ultimate impact 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.

in thousands of Nigerian Naira		GROUP				COMPANY			
		31 DECEMBER 2018		31 DECEMBER 2017		31 DECEMBER 2018		31 DECEMBER 2017	
	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%	190,659	133,461	133,358	93,351	38,660	27,062	14,201	9,940
Pound Sterling	+10%	753	527	522	365	753	527	522	365
CFA Franc	+10%	201,962	141,373	98,797	69,158	-	-	-	-
USD	-10%	(190,659)	(133,461)	(133,358)	(93,351)	(38,660)	(27,062)	(14,201)	(9,940)
Pound Sterling	-10%	(753)	(527)	(522)	(365)	(753)	(527)	(522)	(365)
CFA Franc	-10%	(201,962)	(141,373)	(98,797)	(69,158)	-	-	-	-

(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 not expose to cash flow interest risk and the group do not have floating interest bearing financial instruments.

The Group has no significant concentration of interest rate risk.

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

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 Group 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.

3.2 Capital Management - Continued

Capital management objectives, policies and approach

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.

In thousands of Nigerian Naira	2018	2017
Available capital resources as at 31 December		
Total shareholders' funds per financial statements	5,963,101	5,605,947
Regulatory adjustments	(1,740,953)	(3,145,782)
Regulatory available capital resources	4,222,148	2,460,165
Minumum capital based required by regulator	2,000,000	2,000,000
Excess in solvency margin	2,222,148	460,165

3.2 Capital Management - Continued

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

in thousands of Nigerian Naira	2018	2017
Admissible assets		
Cash and cash equivalents	1,926,187	2,783,468
Loans and receivables	10,059,554	10,215,234
Available-for-sale investment securities	-	716,472
Equity instruments at fair value through OCI	604,740	-
Held-to-maturity financial assets	-	12,382,363
Assets held for sale	5,550,000	-
Trade receivables	248,097	-
Debt instruments at amortised cost	14,885,306	-
Financial assets at FVPL	487,230	-
Reinsurance assets	1,635,300	1,070,169
Other receivables and prepayments	-	2,173
Deferred acquisition costs	104,388	173,101
Finance lease receivables	-	11,011
Investment properties	1,420,000	8,510,000
Investments in subsidiaries	175,038	175,038
Deposit for shares	-	70,000
Intangible assets	787	1,751
Property, plant and equipment	218,059	364,573
Statutory deposit	200,000	200,000
Total	37,514,686	36,675,353
Admissible liabilities		
Insurance contract liabilities	6,707,244	5,156,574
Investment contract liabilities	25,261,335	26,551,455
Trade payables	691,521	1,661,962
Other liabilities	384,271	643,659
Current income tax liabilities	248,167	201,538
Total	33,292,538	34,215,188
Solvency margin	4,222,148	2,460,165
The higher of 15% of Net premium income and the Minimum Share capital required	2,000,000	2,000,000
Solvency ratio (%)	*2.11*	*1.23*

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

in thousands of Nigerian Naira	Carrying amount	Insurance Contract Group & Life	Contract Annuity	Investment Contract	Assets cover	Shareholders fund	31 Dec 2018 Total
ASSETS							
Cash and cash equivalents	1,926,187	630,468	350,017	715,080	1,695,565	230,622	1,926,187
Available-for-sale investment securities	-	-	-	-	-	-	-
Equity instruments at fair value through OCI	604,740	-	-	-	-	604,740	604,740
Loans and receivables	10,378,981	-	-	10,059,554	10,059,554	319,427	10,378,981
Held-to-maturity financial assets	-	-	-	-	-	-	-
Debt instruments at amortised cost	14,885,306	5,243,986	147,649	9,159,254	14,550,889	334,417	14,885,306
Financial assets at FVPL	487,230			487,230	487,230	-	487,230
Assets held for sale	5,550,000	-	-	5,550,000	5,550,000	-	5,550,000
Trade receivables	248,097	248,097	-	-	248,097	-	248,097
Reinsurance assets	1,635,300	1,635,300	-	-	1,635,300	-	1,635,300
Other receivables	672,714	-	-	-	-	672,714	672,714
Deferred acquisition costs	104,388	-	-	-	-	104,388	104,388
Finance lease receivables	-	-	-	-	-	-	-
Investment properties	1,420,000	-	-	1,420,000	1,420,000	-	1,420,000
Investments in subsidiaries	896,981	-	-	-	-	896,981	896,981
Intangible assets	787	-	-	-	-	787	787
Property, plant and equipment	218,059	-	-	-	-	218,059	218,059
Statutory deposit	200,000	-	-	-	-	200,000	200,000
Total assets	39,228,770	7,757,851	497,666	27,391,118	35,646,635	3,582,135	39,228,770
LIABILITIES							
Insurance contract liabilities	6,707,244	6,288,136	419,108	-	6,707,244	-	6,707,244
Investment contract liabilities	25,261,335	-	-	25,261,335	25,261,335	-	25,261,335
Trade payables	691,521	-	-	-	-	691,521	691,521
Other liabilities	384,271	-	-	-	-	384,271	384,271
Current income tax liabilities	248,167	-	-	-	-	248,167	248,167
Total liabilities	33,292,538	6,288,136	419,108	25,261,335	31,968,579	1,323,959	33,292,538
GAP	5,936,232	1,469,715	78,558	2,129,783	3,678,056	2,258,176	5,936,232

3.3 Asset and Liability Management

In thousands of Nigerian Naira	Carrying amount	Insurance Contract Group & Life	Contract Annuity	Investment Contract	Assets cover	Shareholders fund	31 Dec 2017 Total
ASSETS							
Cash and cash equivalents	4,151,584	1,483,735	318,164	512,462	2,314,361	1,837,223	4,151,584
Available-for-sale investment securities	716,472	-	-	-	-	716,472	716,472
Loans and receivables	10,854,661	-	-	10,215,234	10,215,234	639,427	10,854,661
Held-to-maturity financial assets	12,382,363	3,724,226	158,378	8,499,759	12,382,363	-	12,382,363
Trade receivables	-	-	-	-	-	-	-
Reinsurance assets	1,070,169	1,070,169	-	-	1,070,169	-	1,070,169
Other receivables	449,538	-	-	-	-	449,538	449,538
Deferred acquisition costs	173,101	-	-	-	-	173,101	173,101
Finance lease receivables	11,011	11,011	-	-	11,011	-	11,011
Investment properties	8,510,000	-	-	8,510,000	8,510,000	-	8,510,000
Investments in subsidiaries	896,981	-	-	-	-	896,981	896,981
Intangible assets	1,751	-	-	-	-	1,751	1,751
Property, plant and equipment	364,573	-	-	-	-	364,573	364,573
Statutory deposit	200,000	-	-	-	-	200,000	200,000
Deposit for shares	70,000	-	-	-	-	70,000	70,000
Total assets	39,852,204	6,289,141	476,542	27,737,455	34,503,138	5,349,066	39,852,204
LIABILITIES							
Insurance contract liabilities	5,156,574	4,759,456	397,118	-	5,156,574	-	5,156,574
Investment contract liabilities	26,551,455	-	-	26,551,455	26,551,455	-	26,551,455
Trade payables	1,661,962	-	-	-	-	1,661,962	1,661,962
Other liabilities	643,659	-	-	-	-	643,659	643,659
Current income tax liabilities	201,538	-	-	-	-	201,538	201,538
Deferred tax liabilities	31,069	-	-	-	-	31,069	31,069
Total liabilities	34,246,257	4,759,456	397,118	26,551,455	31,708,029	2,538,228	34,246,257
GAP	5,605,947	1,529,685	79,424	1,186,000	2,795,109	2,810,838	5,605,947

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 2018 *in thousands of Nigerian Naira*	Note	Group Carrying amount	Group Fair value	Company Carrying amount	Company Fair value
Loans and advances	21.3	11,552,741	11,552,741	10,378,981	10,378,981
Debt Instruments at amortised cost	21.1	14,885,306	14,726,419	14,885,306	14,726,419
		26,438,047	26,279,160	25,264,287	25,105,400

31 December 2017 *in thousands of Nigerian Naira*	Note	Group Carrying amount	Group Fair value	Company Carrying amount	Company Fair value
Loans and advances	21.3	11,612,559	11,612,559	10,854,661	10,854,661
Finance lease receivables	26	11,011	11,011	11,011	11,011
		11,623,570	11,623,570	10,865,672	10,865,672

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.

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.

3.5 **Fair value hierarchy - Continued**

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 2018	Group				Company			
in thousands of Nigerian Naira	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Equity instruments at fair value through OCI	-	-	676,806	676,806	-	-	604,740	604,740
Financial assets at FVPL	487,230			487,230	487,230			487,230
	487,230	-	676,806	1,164,036	487,230	-	604,740	1,091,970
1 December 2018								
Equity instruments at fair value through OCI	-	-	635,197	635,197	-	-	569,697	569,697
Financial assets at FVPL	595,823	-	-	595,823	595,823	-	-	595,823
	595,823	-	635,197	1,231,021	595,823	-	569,697	1,165,521

Reconciliation of Level 3 item (equity instruments at FVOCI)

	GROUP		COMPANY	
in thousands of Nigerian Naira	**31 Dec-2018**	**31 Dec-2017**	**31 Dec-2018**	**31 Dec-2017**
At 1 January (under IAS 39)	-	-	-	-
IFRS 9 reclassification from AFS on 1 January	827,972	-	716,472	-
IFRS 9 remeasurement on 1 January	(192,775)	-	(146,775)	-
Unrealised gains/(losses) in OCI	41,608	-	35,043	-
	676,805	-	604,740	-

3.5 **Fair value hierarchy - Continued**

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 2018	Group				Company			
In thousands of Nigerian Naira	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Loans and advances	-	-	11,552,741	11,552,741	-	-	10,378,981	10,378,981
Debt Instruments at amortised cost	14,726,419	-	-	14,726,419	14,726,419	-	-	14,726,419
	14,726,419	-	11,552,741	26,279,160	14,726,419	-	10,378,981	25,105,400
31 December 2017								
Loans and advances	-	-	11,612,559	11,612,559	-	-	10,854,661	10,854,661
Finance lease receivables	-	-	11,011	11,011	-	-	11,011	11,011
	-	-	11,623,570	11,623,570	-	-	10,865,672	10,865,672

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 advancesand 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.

Debt instruments at amortised cost

The fair values of debt instruments at amortised cost are based on cash flows discounted using a rate based on the market yield of the instruments. The fair values are within Level 1 of the fair value hierarchy.

3.5 **Fair value hierarchy - Continued**

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 28 for the details of the description of valuation techniques used and key inputs to valuation on investment properties.

		Group				Company			
In thousands of Nigerian Naira		Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Investment properties	31 Dec 2018	-	-	1,420,000	1,420,000	-	-	1,420,000	1,420,000
Investment properties	31 Dec 2017	-	-	8,510,000	8,510,000	-	-	8,510,000	8,510,000
Land		-	-	339,282	339,282	-	-	-	-

During the reporting year ended 31 December 2018, 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:

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 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.

General 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.

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.

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.

3.6 Segment information - Continued

The segment information provided by the Management Underwriting Investment Committee (MUIC) for the reporting segments as at 31 December 2018 is as follows:

Group *in thousands of Nigerian Naira*	Mutual Nigeria	Mutual Niger	Mutual Liberia	Mutual Homes	Mutual Microfinance	Elimination adjustment	Total
Cash and cash equivalents	1,926,187	800,532	253,256	1,514	51,897	(3,000)	3,030,386
Investment securities:							
Available-for-sale investment securities	-	-	-	-	-	-	-
Equity instruments at fair value through OCI	604,740	-	111,500	-	-	(39,434)	676,806
Loans and receivables	10,378,981	-	889,558	-	603,629	(319,427)	11,552,741
Held-to-maturity	-	-	-	-	-	-	-
Financial assets at amortised cost	14,885,306	-	-	-	-	-	14,885,306
Financial assets at Fair value through profit or loss	487,230	-	-	-	-	-	487,230
Assets held for sale	5,550,000	-	-	-	-	-	5,550,000
Trade receivables	248,097	255,548	22,432	-	-	(1)	526,076
Reinsurance assets	1,635,300	431,911	-	-	-	-	2,067,212
Other receivables	672,714	1,050,233	151,077	58,455	40,236	(908,352)	1,064,364
Deferred acquisition costs	104,388	-	-	-	-	-	104,388
Finance lease receivables	-	-	-	-	-	-	-
Inventories	-	-	-	518,236	-	-	518,236
Investment properties	1,420,000	-	-	-	-	-	1,420,000
Investments in subsidiaries	896,981	-	-	-	-	(896,981)	-
Intangible assets	787	34,766	-	-	3,073	-	38,626
Property, plant and equipments	218,059	570,981	418,333	0	33,883	-	1,241,256
Statutory deposit	200,000	-	-	-	-	-	200,000
Deposit for shares	-	-	-	-	-	-	-
Deferred tax assets	26,869	-	-	-	-	(25,326)	1,543
Goodwill	-	-	-	-	-	-	-
Total assets	39,255,639	3,143,972	1,846,156	578,205	732,717	(2,192,521)	43,364,170

3.6 **Segment information - Continued**

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		
in thousands of Nigerian Naira	Mutual Nigeria	Mutual Niger	Mutual Liberia	Mutual Homes	Mutual Microfinance	Elimination adjustment	Total
LIABILITIES							
Insurance contract liabilities	6,707,244	837,250	209,049	-	-	164,376	7,917,919
Investment contract liabilities	25,261,335	-	14,926	-	-	-	25,276,261
Trade payables	691,521	219,674	1,936	-	-	(1)	913,130
Other liabilities	384,271	67,434	100,258	152,464	61,423	(27,197)	738,653
Borrowings	-	-	-	319,427	-	(319,427)	-
Deposit liabilities	-	-	-	-	512,153	-	512,153
Current income tax liabilities	248,167	-	-	47,953	17,493	-	313,614
Deferred tax liabilities	-	-	-	61,085	5,643	264,083	330,811
Total liabilities	33,292,538	1,124,357	326,169	580,930	596,712	81,834	36,002,541
EQUITY							
Share capital	250,000	1,367,210	488,421	20,000	264,867	(2,140,498)	250,000
Share premium	3,750,000	-	-	-	-	-	3,750,000
Foreign currency transalation reserve	-	377,335	901,093	-	-	(162,144)	1,116,284
Revaluation reserve	-	139,140	74,003	-	-	(32,407)	180,736
Fair value reserves	(111,732)	-	-	-	-	(37,135)	(148,867)
Contingency reserve	465,798	-	-	-	-	-	465,798
Retained earnings/ (accumulated losses)	1,609,035	72,838 -	25,058	(22,725)	(186,157)	75,987	1,523,920
Shareholders' fund	5,963,101	1,956,522	1,438,460	(2,725)	78,710	(2,296,197)	7,137,871
Owners of the parent	5,963,101	1,956,522	1,438,460	(2,725)	78,710	(2,296,197)	7,137,871
Non-controlling interests in equity	-	63,093	81,527	-	57,296	21,842	223,758
Total equity	5,963,101	2,019,615	1,519,986	(2,725)	136,006	(2,274,355)	7,361,629
Total liabilities and equity	39,255,639	3,143,972	1,846,156	578,205	732,717	(2,192,521)	43,364,170

3.6 Segment information - Continued

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 *in thousands of Nigerian Naira*	Mutual Nigeria	Mutual Niger	Mutual Liberia	Mutual Homes	Mutual Microfinance	Elimination adjustment	Total
Gross premium written	5,914,556	1,363,358	544,484	-	-	(1)	7,822,397
Gross premiums income	6,193,018	1,219,638	544,484	-	-	-	7,957,140
Premiums ceded to reinsurers	(537,713)	(170,189)	-	-	-	-	(707,902)
Net premiums income	5,655,305	1,049,450	544,484	-	-	-	7,249,238
Fee and commission income	96,536	6,556	-	-	-	-	103,092
Net underwriting income	5,751,841	1,056,006	544,484	-	-	-	7,352,330
Net benefits and claims	4,088,467	321,435	268,935	-	-	-	4,678,837
Increase in individual life fund	455,428	-	-	-	-	-	455,428
Increase in annuity reserve	21,990	-	-	-	-	-	21,990
Underwriting expenses	1,403,045	164,769	42,228	-	-	-	1,610,042
Net underwriting expenses	5,968,930	486,204	311,163	-	-	-	6,766,297
Underwriting profit	(217,089)	569,802	233,321	-	-	-	586,033
Profit on investment contracts	1,548,910	-	-	-	-	-	1,548,910
Investment income	1,161,210	29,636	51,151	-	-	(134,532)	1,107,465
Fair value loss on investment properties	(31,528)	-	-	-	-	-	(31,528)
Other income	19,778	21,051	-	6,050	69,408	(1)	116,287
Impairment charge no longer required	-	-	-	-	-	-	-
Impairment charges	(9,282)	-	-	-	(81,914)	(18,450)	(109,646)
Employees benefit expenses	(621,595)	(154,888)	(106,233)	(2,773)	(142,980)	1	(1,028,469)
Impairment charges	-	-	-	-	-	(1)	-
Net realised losses	-	-	-	-	-	-	-
Operating expenses	(1,144,311)	(342,263)	(131,911)	(8,382)	(99,418)	3	(1,726,284)
Result of operating activities	706,093	123,339	46,328	(5,106)	(254,902)	(152,980)	462,768
Finance costs	-	-	-	-	(46,199)	-	(46,199)
Finance income	-	-	-	-	327,860	-	327,860
Profit before income tax	706,093	123,339	46,328	(5,106)	26,759	(152,980)	744,429
Income tax expenses	(80,917)	(47,350)	(1,706)	28,149	(3,643)	30,108	(75,357)
Net profit for the year	625,176	75,989	44,622	23,043	23,116	(122,872)	669,072
Profit attributable to:							
Owners of the parent	625,176	69,910	42,062	23,043	10,874	(122,873)	648,193
Non-controlling interests	-	6,079	2,559	-	12,242	(1)	20,879
	625,176	75,989	44,622	23,043	23,116	(122,872)	669,072

3.6 **Segment information - Continued**

The segment information provided by the Management Underwriting Investment Committee (MUIC) for the reporting segments as at 31 December 2017 is as follows:

Group	Assurance business			Real estate	Microfinance		
in thousands of Nigerian Naira	Mutual Nigeria	Mutual Niger	Mutual Liberia	Mutual Homes	Mutual Microfinance	Elimination adjustment	Total
Cash and cash equivalents	4,151,584	833,814	187,844	3,774	132,772	(213,427)	5,096,361
Investment securities:							
Available-for-sale investment securities	716,472	-	111,500	-	-	-	827,972
Loans and receivables	10,854,661	-	805,883	-	591,442	(639,427)	11,612,559
Held-to-maturity	12,382,363	-	-	-	-	-	12,382,363
Trade receivables	-	208,046	143,075	-	-	-	351,121
Reinsurance assets	1,070,169	298,735	-	-	-	-	1,368,904
Other receivables	449,538	17,145	123,055	59,079	19,161	(79,972)	588,007
Deferred acquisition costs	173,101	-	-	-	-	-	173,101
Finance lease receivables	11,011	-	-	-	-	-	11,011
Inventories	-	-	-	907,822	-	-	907,822
Investment properties	8,510,000	-	-	-	-	-	8,510,000
Investments in subsidiaries	896,981	-	-	-	-	(896,981)	-
Intangible assets	1,751	20,940	-	-	5,916	-	28,608
Property, plant and equipments	364,573	398,215	207,937	118	26,488	-	997,330
Statutory deposit	200,000	-	-	-	-	-	200,000
Deposit for shares	70,000	-	-	-	-	-	70,000
Deferred tax assets	-	-	-	-	-	-	-
Goodwill	-	-	-	-	-	1,543	1,543
Total assets	39,852,204	1,776,895	1,579,294	970,793	775,779	(1,828,264)	43,126,702

3.6 **Segment information - Continued**

The segment information provided by the Management Underwriting Investment Committee (MUIC) for the reporting segments as at 31 December 2017 is as follows:

	Assurance business			Real estate	Microfinance		
Group *in thousands of Nigerian Naira*	Mutual Nigeria	Mutual Niger	Mutual Liberia	Mutual Homes	Mutual Microfinance	Elimination adjustment	Total
LIABILITIES							
Insurance contract liabilities	5,156,574	526,342	249,070	-	-	14,498	5,946,484
Investment contract liabilities	26,551,455	-	12,767	-	-	-	26,564,221
Trade payables	1,661,962	149,634	18,427	-	-	-	1,830,023
Other liabilities	643,659	112,947	106,221	219,946	99,863	(101,599)	1,081,038
Borrowings	-	-	-	639,427	-	(639,427)	-
Deposit liabilities	-	-	-	-	472,695	(213,427)	259,268
Current income tax liabilities	201,538	-	1,235	45,560	16,837	-	265,169
Deferred tax liabilities	31,069	-	-	91,628	5,005	229,562	357,264
Total liabilities	34,246,257	788,924	387,719	996,561	594,399	(710,393)	36,303,467
EQUITY							
Share capital	250,000	330,000	488,421	20,000	250,000	(1,088,421)	250,000
Share premium	3,750,000	-	-	-	-	-	3,750,000
Foreign currency transalation reserve	-	275,298	691,306	-	-	(55,540)	911,064
Revaluation reserve	-	139,140	-	-	-	(11,132)	128,008
Contingency reserve	403,280	-	-	-	-	-	403,280
Retained earnings/ (accumulated losses)	1,202,667	186,520	(67,120)	(45,768)	(113,674)	28,911	1,191,536
Shareholders' fund	5,605,947	930,957	1,112,607	(25,768)	136,326	(1,126,182)	6,633,888
Owners of the parent	5,605,947	930,957	1,112,607	(25,768)	136,326	(1,126,182)	6,633,888
Non-controlling interests in equity	-	57,014	78,968	-	45,054	8,311	189,347
Total equity	5,605,947	987,971	1,191,575	(25,768)	181,380	(1,117,871)	6,823,235
Total liabilities and equity	39,852,204	1,776,895	1,579,294	970,793	775,779	(1,828,264)	43,126,702

3.6 **Segment information - Continued**

The segment information provided by the Management Underwriting Investment Committee (MUIC) for the reporting segments for the year ended 31 December 2017 is as follows:

Group	Assurance business			Real estate	Microfinance		
in thousands of Nigerian Naira	Mutual Nigeria	Mutual Niger	Mutual Liberia	Mutual Homes	Mutual Microfinance	Elimination adjustment	Total
Gross premium written	4,963,517	1,104,126	671,262	-	-	-	6,738,905
Gross premiums income	4,637,470	1,057,955	671,262	-	-	-	6,366,687
Premiums ceded to reinsurers	(761,363)	(78,004)	-	-	-	-	(839,367)
Net premiums income	3,876,107	979,951	671,262	-	-	-	5,527,320
Fee and commission income	166,109	1,287	-	-	-	-	167,396
Net underwriting income	4,042,216	981,238	671,262	-	-	-	5,694,716
Net benefits and claims	2,592,489	346,707	300,938	-	-	-	3,240,134
Increase in individual life fund	(4,270)	-	-	-	-	-	(4,270)
Increase in annuity reserve	(22,252)	-	-	-	-	-	(22,252)
Underwriting expenses	1,136,011	134,488	52,163	-	-	-	1,322,662
Net underwriting expenses	3,701,978	481,196	353,101	-	-	-	4,536,274
Underwriting profit	340,238	500,042	318,162	-	-	-	1,158,442
Profit on investment contracts	891,899	-	-	-	-	-	891,899
Investment income	646,222	27,998	26,877	-	-	-	701,097
Net fair value loss on assets at FVTPL	(85,390)	-	-	-	-	-	(85,390)
Other income	303,148	33,332	-	46,189	56,612	-	439,282
Impairment charge no longer required	2,011	-	-	-	-	-	2,011
Impairment charges	(78,830)	-	-	-	(90,307)	-	(169,137)
Employees benefit expenses	(747,233)	(98,181)	(113,592)	(3,300)	(131,219)	-	(1,093,525)
Amortization of intangible assets	(1,852)	(19,781)			(1,709)	-	(23,341)
Depreciation of property, plant and equipment	(203,522)	(11,675)	(16,095)	(278)	(16,726)	-	(248,296)
Management expenses	(719,884)	(227,575)	(210,427)	(2,644.72)	(87,641.85)	-	(1,248,174)
Result of operating activities	346,807	204,160	4,925	39,966	(270,990)	-	324,868
Finance costs	-	-	-	-	(27,681)	(11,751)	(39,432)
Finance income	-	-	-	-	154,985	45,585	200,570
Profit before income tax	346,807	204,160	4,925	39,966	(143,686)	33,834	486,006
Income tax expenses	(31,950)	(63,447)	(1,233)	(3,662)	358	31,164	(68,769)
Net profit for the year	314,857	140,713	3,692	36,304	(143,328)	64,998	417,237
Profit attributable to:							
Owners of the parent	314,857	129,456	3,507	36,304	(117,914)	64,999	431,210
Non-controlling interests	-	11,257	185	-	(25,415)	-	(13,973)
	314,857	140,713	3,692	36,304	(143,328)	64,998	417,237

4 **Gross premium income**

in thousands of Nigerian Naira	Notes	GROUP 2018	GROUP 2017	COMPANY 2018	COMPANY 2017
4.1 Gross premium written					
Group life		4,317,470	3,907,528	4,181,110	3,674,023
Individual life		1,733,446	1,289,494	1,733,446	1,289,494
Non-life		1,771,482	1,541,883	-	-
		7,822,398	6,738,905	5,914,556	4,963,517
Changes in unearned premium					
Group life		278,462	(326,046)	278,462	(326,047)
Non-life		(143,720)	(46,172)	-	-
		134,742	(372,218)	278,462	(326,047)
Gross premium income	36.2	7,957,140	6,366,687	6,193,018	4,637,470
4.2 Premiums ceded to reinsurers					
Group life		529,044	749,829	529,044	749,829
Individual life		8,669	11,534	8,669	11,534
Non-life		170,189	78,004	-	-
	23.3	707,902	839,367	537,713	761,363
4.3 Net premium income		7,249,238	5,527,320	5,655,305	3,876,107

5 **Fees and commission income**

Commission income from reinsurance		103,092	167,396	96,536	166,109
		103,092	167,396	96,536	166,109

6 **Net benefits and claims**

Claims paid		5,266,913	2,831,217	4,676,542	2,183,572
Change in outstanding claims		1,287,184	1,647,035	1,287,184	1,647,035
Claims recoveries		(1,839,063)	(1,432,530)	(1,839,063)	(1,432,530)
Change in outstanding claims - Reinsurer:	23.1	(36,197)	194,412	(36,196)	194,412
		4,678,837	3,240,134	4,088,467	2,592,489

7 **Underwriting expenses**

Amortisation of deferred acquisition cost	25	660,044	517,963	453,047	334,670
Maintenance costs	7.1	949,998	804,699	949,998	801,342
		1,610,042	1,322,662	1,403,045	1,136,012

Underwriting expenses can be sub-divided into commission expenses and other acquisition expenses. Commission expenses are those incurred in obtaining and renewing insurance contracts. They include commissions or brokerage paid to agents or brokers and any other indirect expenses. Other acquisition expenses are those incurred in servicing existing policies/contracts. These include processing costs, preparation of statistics and reports, and other incidental costs attributable to maintenance.

7.1 Maintenance costs

in thousands of Nigerian Naira	Notes	GROUP 2018	GROUP 2017	COMPANY 2018	COMPANY 2017
Marketing expenses		382,733	204,586	382,733	203,586
Agency unit manager allowance		188,968	194,183	188,968	190,826
Training and Forum for marketers		153,453	194,153	153,453	194,153
Agency allowance		135,613	130,258	135,613	130,258
Transport & Travelling - Corporate		48,571	62,648	48,571	62,648
Agency training		5.910	6.319	5.910	6.319
Administrative charges - Group Life		23,414	5,858	23,414	5,858
Group life actuary valuation report fee		2,800	1,600	2,800	1,600
Postage stamp duty expenses		6,362	2,336	6,362	2,336
Underwriting medical expenses		2,174	2,758	2,174	2,758
		952,798	804,699	949,998	800,342

8 Profit on investment contracts

Interest income		3,606,857	3,280,959	3,606,857	3,280,959
Rental income on Alpha Court		192,280	80,011	192,280	80,011
Investment related expenses	8.1	(90,907)	(63,573)	(90,907)	(63,573)
Surrender fee		536,509	514,648	536,509	514,648
Guaranteed interest		(1,803,613)	(2,041,115)	(1,803,613)	(2,041,115)
Acquisition cost on investment policies		(892,216)	(879,031)	(892,216)	(879,031)
		1,548,910	891,899	1,548,910	891,899

8.1 Investment related expenses

Property repairs and maintenance cost	50,449	24,453	50,449	24,453
Facility management	5,458	-	5,458	-
Treasury bills handling charges	-	39,120	-	39,120
Regularisation of title	35,000	-	35,000	-
	90,907	63,573	90,907	63,573

9 Investment income

Interest income on loans and advances	6,412	10,800	6,412	10,800
Interest income on fixed term deposit	346,659	207,271	265,872	160,936
Interest income on statutory deposits	30,732	30,169	30,732	30,169
Interest income on lease	-	16,995	-	16,995
Interest from current accounts with banks	3,821	4,511	3,821	4,510
Interest income from treasury bills	719.841	431.351	719.841	422.812
Dividend income from MB Niger	-	-	134,532	-
	1,107,465	701,097	1,161,210	646,222

10 Net fair value loss on assets at FVTPL

Net fair value loss on financial assets	21.6.1	(24,528)	-	(24,528)	-
Fair value loss on Assets held for sale	28	(7,000)	-	(7,000)	-
Fair value loss on investment properties	29	-	(85,390)	-	(85,390)
		(31,528)	(85,390)	(31,528)	(85,390)

11 Other income

in thousands of Nigerian Naira	Notes	GROUP 2018	GROUP 2017	COMPANY 2018	COMPANY 2017
Net foreign exchange - gain		40,379	29,076	19,778	14,884
Net income from sale of properties		5,061	39,958	-	-
Gain on disposal of property, plant and equipment		987	6,050	-	-
Micro finance fees and commission		66,609	47,473	-	-
SMS, closed account and default charges		-	5,373	-	-
Commission on turnover		2,800	3,822	-	-
Recognition of expired deposit premium	11.1	-	286,734	-	286,734
Others		451	20,796	-	1,530
		116,287	439,282	19,778	303,148

11.1 The expired deposit premium of ₦287million represents life insurance premium received in previous years which was reported as deposit for premium liability (premium from policies that the assured could not be identified) in the financial statements. However, cover for the premium had expired as at 31 December 2017, the amount was therefore released to the income statement .

12 Impairment charge no longer required

in thousands of Nigerian Naira	Notes	GROUP 2018	GROUP 2017	COMPANY 2018	COMPANY 2017
Other assets and receivables		-	2,011	-	2,011
		-	2,011	-	2,011

13 **Impairment loss on financial assets**

Group		Stage 1	Stage 1	Stage 2	Stage 2	Stage 3	Stage 3	GROUP 2018	GROUP 2017
In thousands of Nigerian Naira	Note	Individual	Collective	Individual	Collective	Individual	Collective	(Impairment charges-IFRS 9)	(Impairment charges -IAS39)
Cash & cash equivalents	20.2.6	(22,747)	-	-	-	-	-	(22,747)	
Loans & receivables	21.3.9	57,767	-	2,210	-	40,056	-	100,033	90,307
Debt instruments at amortised cost	21.5.7	868	-	-	-	-	-	868	-
Other receivables & prepayments	24.4	-	5,343	-	24,020	2,129	-	31,493	-
Finance lease receivables	26.1.6	-	-	-	-	-	-	-	78,830
		35,888	5,343	2,210	24,020	42,185	-	109,646	169,137

Company		Stage 1	Stage 1	Stage 2	Stage 2	Stage 3	Stage 3	COMPANY 2018	COMPANY 2017
		Individual	Collective	Individual	Collective	Individual	Collective	(Impairment charges-IFRS 9)	(Impairment charges -IAS39)
Cash & cash equivalents	20.2.8	(25,747)	-	-	-	-	-	(25,747)	
Loans & receivables	21.3.11	18,119	-	-	-	-	-	18,119	-
Debt instruments at amortised cost	21.5.9	868	-	-	-	-	-	868	-
Other receivables & prepayments	24.4	-	1,739	-	12,174	2,129	-	16,042	-
Finance lease receivables	26.1.8	-	-	-	-	-	-	-	78,830
		(6,760)	1,739	-	12,174	2,129	-	9,282	78,830

14 Employee benefit expenses

		GROUP		COMPANY	
in thousands of Nigerian Naira	Notes	2018	2017	2018	2017
Wages and salaries		992,833	1,060,227	591,896	718,508
Defined contribution pension costs		35,636	33,298	29,699	28,725
		1,028,469	1,093,525	621,595	747,233

In line with the provisions of the Pension Reform Act 2014, the Company instituted a contributory pension scheme for all its employees. Its employees each contributes 8% of employees' annual insurable earnings (basic pay, transport and housing), while the employer contributes 10% to the scheme. Staff contributions to the scheme are funded through payroll deductions while the entity's contribution is charged each year to the statement of profit or loss as staff cost.

15 Management expenses

		GROUP		COMPANY	
in thousands of Nigerian Naira	Notes	2018	2017	2018	2017
Amortization of intangible assets	31	3,807	23,341	964	1,852
Auditors' remuneration		20,854	20,403	15,725	16,450
Bad debt written off		-	23,819	-	-
Bank Charges		70,553	77,240	61,354	73,286
Business entertainments		7,021	16,096	4,181	9,741
Computer repairs and maintenence		24,264	29,735	15,071	22,977
Depreciation of property, plant & equipment	32	259,083	248,296	186,771	203,523
Directors fee and allowance and expenses		122,652	81,503	28,175	20,700
Donations		49,128	23,614	42,207	22,760
Fines and penalties		-	602	-	602
Insurance		9,382	9,908	5,219	6,441
NAICOM supervisory fee		99,065	76,806	99,065	76,806
Legal and consultancy fees		128,673	139,268	112,335	114,983
Loss on disposal of property, plant and equipment		-	386	-	386
Loss on disposal of Investment properties		2,500	-	2,500	-
Medical expenses		30,402	30,122	19,982	27,328
Motor vehicle running expenses		97,724	49,486	89,500	40,880
Newspapers and periodicals		221	217	169	181
Printing and stationery		56,423	24,111	14,041	13,937
Public relations and advertising		42,637	39,168	27,629	9,535
Rents and Rates		85,278	114,849	68,868	92,962
Repairs and maintenance		254,855	307,509	98,767	50,460
Security expenses		13,198	9,393	5,445	5,020
Subscriptions		24,690	10,504	10,610	9,586
Telecommunication expenses		99,459	43,764	88,371	39,093
Other expenses		68,956	50,526	5,188	10,155
Training and recruitment		78,842	18,834	75,293	16,555
Transport and travelling		71,530	43,879	61,794	32,627
Utilities		5,087	6,432	5,087	6,432
		1,726,284	1,519,811	1,144,311	925,258

16 Finance costs

in thousands of Nigerian Naira		GROUP 2018	GROUP 2017	COMPANY 2018	COMPANY 2017
Interest on loans and overdraft					
Interest charge on deposits		33,661	38,225	-	-
Interest on savings account		12,538	1,207	-	-
		46,199	39,432	-	-

17 Finance income

		GROUP 2018	GROUP 2017	COMPANY 2018	COMPANY 2017
Interest income on micro loans		325,273	198,111	-	-
Interest income on overdraft		-	2,459	-	-
Interest income on treasury bills		2,587	-	-	-
		327,860	200,570	-	-

18 Income tax expense

18.1 Current income tax charge

		GROUP 2018	GROUP 2017	COMPANY 2018	COMPANY 2017
Company income tax		53,352	69,386	-	-
Education tax		836	705	-	-
Minimum tax		64,811	55,243	64,811	55,243
Information technology tax		7,330	3,684	7,061	3,684
Total current income tax expense	41	126,329	129,018	71,872	58,927

18.2 Deferred tax

		GROUP 2018	GROUP 2017	COMPANY 2018	COMPANY 2017
Relating to origination and reversal of temporary differences		(50,972)	(60,249)	9,045	(26,977)
Total deferred tax		(50,972)	(60,249)	9,045	(26,977)
Total income tax expenses		75,357	68,769	80,917	31,950

18.3 Reconciliation of tax charge

	GROUP 2018	GROUP 2017	COMPANY 2018	COMPANY 2017
Profit before income tax	744,429	486,006	706,093	346,807
Tax at Nigerian's statutory income tax rate of 30% (2017: 30%)	223,329	145,802	211,828	104,042
Effect of:				
Tax exempt income	(667,639)	(234,966)	(658,897)	(224,816)
Expenses not deductible for tax purposes	440,385	81,223	449,808	76,719
Tax rate differential on fair value loss	6,306	17,078	6,306	17,078
Information Technology tax	7,330	3,684	7,061	3,684
Mininum tax	64,811	55,243	64,811	55,243
Education tax	836	705	-	-
	75,357	68,769	80,917	31,950

The Company was assessed based on minimum tax: In line with Section 16, of Companies Income Tax Act 2004 of Federation of Republic of Nigeria, where in any year of assessment the ascertainment of total assessable profits from all sources of a company results in a loss or where a company's ascertained total profits results in no tax payable or tax payable which is less than the minimum tax there shall be levied and paid by the company the minimum tax as prescribed in subsection (2) of this sections.

19 Earnings per share

19.1 *Earnings per share - Basic*

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

The following table reflects the income and share data used in the basic EPS computations:

		GROUP		COMPANY	
in thousands of Nigerian Naira	Notes	2018	2017	2018	2017
Profit attributable to equity holders		648,193	431,210	625,176	314,857
Weighted average number of ordinary shares for basic earnings per share	19.2	250,000	250,000	250,000	250,000
Basic earnings per ordinary share (kobo)		259	172	250	126

19.2 *Weighted average number of ordinary shares - basic*

Issued ordinary shares at 1 January		250,000	250,000	250,000	250,000
Issued during the year		-	-	-	-
As at 31 December		250,000	250,000	250,000	250,000

19.3 *Earnings per share- Diluted*

Weighted average number of ordinary shares for diluted earnings per share	19.2	250,000	250,000	250,000	250,000
As at 31 December		250,000	250,000	250,000	250,000
Diluted earnings per ordinary share (kobo)		259	172	250	126

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

20 Cash and cash equivalents

in thousands of Nigerian Naira	Notes	GROUP 31 Dec-2018	GROUP 31 Dec-2017	COMPANY 31 Dec-2018	COMPANY 31 Dec-2017
Cash on hand		10,239	3,542	17	65
Cash in banks	20.1	1,516,149	1,485,284	802,517	702,662
Short-term deposits	20.1	1,517,433	3,607,535	1,134,088	3,448,857
Total Gross Amount		3,043,821	5,096,361	1,936,622	4,151,584
Expected credit loss (ECL)	20.2	(13,435)	-	(10,435)	-
		3,030,386	5,096,361	1,926,187	4,151,584

20.1 *Cash and cash equivalents*

Cash at banks earns interest at floating rates based on daily bank deposit rates. 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 11.8% per annum (2017: 12%).

For the purpose of the statement of cash flows, the cash and cash equivalents consist of cash and short-term deposits, as defined above and are subject to insignificant change in fair value, and used by the Group to manage its short term cash commitments.

20.2 *Cash & short-term deposits in banks*

The table below shows 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 allowance. Details of the internal credit rating system are explained under Note 3.1.2 (i).

Group

20.2.1 *in thousands of Nigerian Naira*

Internal rating grade		31 Dec-2018 Stage 1 (Individual)	Stage 2 (Individual)	Stage 3 (Individual)	Total
Investment grade		3,043,821	-	-	3,043,821
Non-investment grade (satisfactory)		-	-	-	-
Non-investment grade (unsatisfactory)		-	-	-	-
Past due but not impaired		-	-	-	-
Individually impaired		-	-	-	-
Total Gross Amount	20.2.5	3,043,821	-	-	3,043,821
Expected credit loss (ECL)	20.2.6	(13,435)			(13,435)
Total Net Amount		3,030,386	-	-	3,030,386

20.2.2 *in thousands of Nigerian Naira*

Internal rating grade		1 Jan-2018 Stage 1 (Individual)	Stage 2 (Individual)	Stage 3 (Individual)	Total
Investment grade		5,045,365	-	-	5,045,365
Non-investment grade (satisfactory)		3,700	-	-	3,700
Non-investment grade (unsatisfactory)		-	-	-	-
Past due but not impaired		-	-	-	-
Individually impaired		-	-	-	-
Total Gross Amount		5,049,065	-	-	5,049,065
Expected credit loss (ECL)		(36,182)			(36,182)
Total Net Amount	2.40	5,012,883	-	-	5,012,883

20 Cash and cash equivalents

Company

20.2.3

in thousands of Nigerian Naira		31 Dec-2018			
Internal rating grade		Stage 1 (Individual)	Stage 2 (Individual)	Stage 3 (Individual)	Total
Investment grade		1,936,622	-	-	1,936,622
Non-investment grade (satisfactory)		-	-	-	-
Non-investment grade (unsatisfactory)		-	-	-	-
Past due but not impaired		-	-	-	-
Individually impaired		-	-	-	-
Total Gross Amount	20.2.7	1,936,622	-	-	1,936,622
Expected credit loss (ECL)	20.2.8	(10,435)			(10,435)
Total Net Amount		1,926,187	-	-	1,926,187

20.2.4

in thousands of Nigerian Naira		1 Jan-2018			
Internal rating grade		Stage 1 (Individual)	Stage 2 (Individual)	Stage 3 (Individual)	Total
Investment grade		4,104,065	-	-	4,104,065
Non-investment grade (satisfactory)		3,700	-	-	3,700
Non-investment grade (unsatisfactory)		-	-	-	-
Past due but not impaired		-	-	-	-
Individually impaired		-	-	-	-
Total Gross Amount		4,107,765	-	-	4,107,765
Expected credit loss (ECL)		(36,182)			(36,182)
Total Net Amount	2.40	4,071,583	-	-	4,071,583

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

Group

20.2.5

in thousands of Nigerian Naira		31 Dec-2018			
		Stage 1 (Individual)	Stage 2 (Individual)	Stage 3 (Individual)	Total
Gross carrying amount as at 1 January 2018	20.2.2	5,049,065	-	-	5,049,065
New assets originated or purchased		19,580	-	-	19,580
Assets derecognised or repaid (excluding write offs)		(2,024,824)	-	-	(2,024,824)
		(2,005,244)	-	-	(2,005,244)
At 31 December 2018	20.2.1	3,043,821	-	-	3,043,821

20.2.6

in thousands of Nigerian Naira		31 Dec-2018			
		Stage 1 (Individual)	Stage 2 (Individual)	Stage 3 (Individual)	Total
ECL allowance as at 1 January 2018	20.2.2	36,182	-	-	36,182
New assets originated or purchased		13,435	-	-	13,435
Assets derecognised or repaid (excluding write offs)		(36,182)	-	-	(36,182)
	13	(22,747)	-	-	(22,747)
At 31 December 2018	20.2.1	13,435	-	-	13,435

20 **Cash and cash equivalents - continued**

Company

20.2.7

in thousands of Nigerian Naira		31 Dec-2018			
		Stage 1 (Individual)	Stage 2 (Individual)	Stage 3 (Individual)	Total
Gross carrying amount as at 1 January 2·	20.2.4	4,107,765	-	-	4,107,765
New assets originated or purchased		1,945,622	-	-	1,945,622
Assets derecognised or repaid (excluding write offs)		(4,116,765)	-	-	(4,116,765)
		(2,171,143)	-	-	(2,171,143)
At 31 December 2018	20.2.3	1,936,622	-	-	1,936,622

20.2.8

in thousands of Nigerian Naira		31 Dec-2018			
		Stage 1 (Individual)	Stage 2 (Individual)	Stage 3 (Individual)	Total
ECL allowance as at 1 January 2018	20.2.4	36,182	-	-	36,182
New assets originated or purchased		10,435	-	-	10,435
Assets derecognised or repaid (excluding write offs)		(36,182)	-	-	(36,182)
		(25,747)	-	-	(25,747)
At 31 December 2018	20.2.3	**10,435**	-	-	**10,435**

21 **Financial assets**

The Group's financial assets are summarized below by measurement category in the table below:

		GROUP		COMPANY	
in thousands of Nigerian Naira	Notes	31 Dec-2018	31 Dec-2017	31 Dec-2018	31 Dec-2017
Available-for-sale investment securities	21.1	-	827,972	-	716,472
Equity instruments at fair value through OCI	21.2	676,806	-	604,740	-
Loans and receivables	21.3	11,552,741	11,612,559	10,378,981	10,854,661
Held-to-maturity	21.4	-	12,382,363	-	12,382,363
Debt Instruments at amortised cost	21.5	14,885,306	-	14,885,306	-
Financial assets at FVPL	21.6	487,230	-	487,230	-
		27,602,083	24,822,894	26,356,257	23,953,496
Current		26,438,047	15,186,206	25,264,287	15,067,735
Non-current		1,164,036	9,636,688	1,091,970	8,885,761
		27,602,083	24,822,894	26,356,257	23,953,496

21.1 **Available-for-sale investment securities**

in thousands of Nigerian Naira	Notes	GROUP 31 Dec-2018	GROUP 31 Dec-2017	COMPANY 31 Dec-2018	COMPANY 31 Dec-2017
Unquoted investments	21.1.1	-	827,972	-	716,472
Allowance for impairment		-	-	-	-
		-	827,972	-	716,472
Current		-	827,972	-	716,472
Non-current		-	-	-	-
		-	827,972	-	716,472

Under IAS 39, the Group classified unlisted equity instruments which are not held for trading as available-for-sale financial assets. At the date of transition to IFRS on 1 January 2018, the Group has elected to apply the FVOCI option. Accordingly, the assets will remain accounted for at FVOCI with no subsequent recycling of realised gains or losses permitted. These investments are still presented in the statement of financial position as Financial Assets and classified as "equity instruments measured at FVOCI in the notes 21.2.

21.1.1 *Analysis of investments in unlisted entities*

in thousands of Nigerian Naira	Notes	GROUP 31 Dec-2018	GROUP 31 Dec-2017	COMPANY 31 Dec-2018	COMPANY 31 Dec-2017
ICHL Limited		-	316,472	-	316,472
Leasing Company of Liberia		-	61,100	-	-
Motor Way Assets Limited		-	330,000	-	330,000
Avanage Nigeria Limied		-	70,000	-	70,000
Other investments		-	50,400	-	-
		-	827,972	-	716,472

21.1.2 **Movement in Available for sale investments**

	Notes	GROUP 31 Dec-2018	GROUP 31 Dec-2017	COMPANY 31 Dec-2018	COMPANY 31 Dec-2017
At 1 January (under IAS 39)		827,972	827,822	716,472	716,472
Reclassification to Equity instrument at fair value through OCI (under IFRS 9) on 1 January	21.2	(827,972)	-	(716,472)	-
Adjusted opening balance		-	827,822	-	716,472
Foreign exchange revaluation (under IAS 39)		-	150	-	-
At 31 December 2018		-	827,972	-	716,472

21.2 **Equity Instruments at fair value through OCI**

Group

In thousands of Nigerian Naira	Balance reclassified from available for sale as at 1 January 2018	Fair value reinstatement under IFRS 9 as at 1 January 2018	Restated balance under IFRS 9 as at 1 January 2018	Additions during the year	Disposals during the year	Fair value reinstatement under IFRS 9 as at 31 December 2018	Balance as at 31 December 2018
ICHL Limited	316,472	(116,941)	199,531	-	-	88,007	287,538
Leasing Company of Liberia	61,100	4,400	65,500	-	-	6,566	72,066
Motorways Asset Management Limited	330,000	(199,927)	130,073	-	-	31,217	161,290
Avanage	70,000	170,093	240,093	-	-	(84,182)	155,911
Other Investments	50,400	(50,400)	-	-	-	-	-
	827,972	(192,775)	635,197	-	-	41,608	676,806

Company

In thousands of Nigerian Naira	Balance reclassified from available for sale as at 1 January 2018	Fair value reinstatement under IFRS 9 as at 1 January 2018	Restated balance under IFRS 9 as at 1 January 2018	Additions during the year	Disposals during the year	Fair value reinstatement under IFRS 9 as at 31 December 2018	Balance as at 31 December 2018
ICHL Limited	316,472	(116,941)	199,531	-	-	88,007	287,538
Motorways Asset Management Limited	330,000	(199,927)	130,073	-	-	31,217	161,290
Avanage	70,000	170,093	240,093	-	-	(84,181)	155,912
	716,472	(146,775)	569,697	-	-	35,043	604,740

The Group has designated its unlisted equity investments previously classified as available-for-sale as equity investments at FVOCI on the basis that these are not held for trading. In 2018, the Group received dividends of ₦2.8 Million (2017 : NIL) from Avanage Nigeria Limited which was recorded in the Income statement as Investment income.

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, adjusted net assets and/or discounted cash flow (DCF) technique for these positions. The Group classifies the fair value of these investments as Level 3 (see Note 3.5).

21.3 Loans and receivables

in thousands of Nigerian Naira	Notes	GROUP 31 Dec-2018	GROUP 31 Dec-2017	COMPANY 31 Dec-2018	COMPANY 31 Dec-2017
Term loans	21.3.1	11,864,740	11,265,177	10,467,772	10,802,005
Overdrafts		-	370,304	-	-
Staff loans		99,367	96,503	52,746	52,656
Gross loans and advances		11,964,107	11,731,984	10,520,518	10,854,661
Allowance for individual impairment		-	(119,425)	-	-
Expected credit loss	21.3.4	(411,366)	-	(141,537)	-
		11,552,741	11,612,559	10,378,981	10,854,661
Current		11,525,101	2,803,843	10,351,341	2,685,372
Non-current		27,640	8,808,716	27,640	8,169,289
		11,552,741	11,612,559	10,378,981	10,854,661

21.3.1 Term loans

	Notes	GROUP 31 Dec-2018	GROUP 31 Dec-2017	COMPANY 31 Dec-2018	COMPANY 31 Dec-2017
Prime Exploration and Production Limited	21.3.2	10,148,345	10,162,578	10,148,345	10,162,578
Mutual Homes and Properties Limited	21.3.3	-	-	319,427	639,427
Other		1,716,395	1,102,599	-	-
Gross term loans		11,864,740	11,265,177	10,467,772	10,802,005

21.3.2 Loan to Prime Exploration and Production Limited

Included in loans and advances for the Group is the loan balance of ₦10,148,345,000 (2017: ₦10,162,578,000) granted to Prime Exploration and Production Limited. The details is as follow:

in thousands of Nigerian Naira	GROUP 31 Dec-2018	GROUP 31 Dec-2017	COMPANY 31 Dec-2018	COMPANY 31 Dec-2017
Balance as 1 January	10,162,578	10,010,310	10,162,578	10,010,310
Interest on loan	2,235,767	2,202,268	2,235,767	2,202,268
Payments received	(2,250,000)	(2,050,000)	(2,250,000)	(2,050,000)
	10,148,345	10,162,578	10,148,345	10,162,578

Mutual Benefits Assurance Plc and Mutual Benefits Life Assurance Limited together 'Mutual Group' entered into an agreement on 13 February 2008 to grant a loan facility of ₦10 billion to Prime Exploration and Production Limited (PEPL) for the development and production of hydrocarbons in Asaramatoru Marginal Oil Field. Disbursement of money commenced on 16 February 2011 for Mutual Benefits Assurance Plc and 4 March 2011 for Mutual Benefits Life Assurance Limited.

The loan was granted for a period of 60 months after moratorium at 22 percent interest rate and 2 percent all in and a moratorium period of 36 months. There are no defaults in the loan terms during the year.

Security for the loan include the following:
- First charge over oil asset of Asaramatoru Marginal Field
- First charge on all receivables under oil contract throughout the tenor of the facility
- No distribution of profit of PEPL until the funds (principal and interest) advanced by Mutual Group is fully repaid.

PEPL and Suffolk Petroleum Services Limited were awarded Asaramatoru Marginal Field in Oil Mining Lease (OML) in 2003 with PEPL holding 51 percent participating interest and Suffolk Petroleum Limited holding 49 percent interest.

21.3 **Financial assets - Loans and receivables - Continued**

21.3.3 **Loan to Mutual Homes and Properties Limited**

Included in loans and advances for the Company is the loan balance of ₦319,427,000 (2016: ₦639,427,000) granted to Mutual Homes and Properties Limited. The details is as follow:

in thousands of Nigerian Naira	Notes	GROUP 31 Dec-2018	GROUP 31 Dec-2017	COMPANY 31 Dec-2018	COMPANY 31 Dec-2017
Balance as 1 January		-	-	639,427	1,050,496
Payments		-	-	(320,000)	(411,069)
		-	-	319,427	639,427

Mutual Benefits Life Assurance Limited entered into an agreement with Mutual Benefits Homes and Properties Limited to grant a credit facility of ₦5 billion at an average interest rate of 15% per annum for a period of 10 years from the date of disbursement of the facility. It was agreed that Mutual Benefits Homes and Properties Limited will be granted a moratorium for a period of 5 years to allow for the completion of real estate development. The Loan is secured by first charge on the receivables of Mutual Benefits Homes and Properties Limited from the projects for which the facility is used and other capital and liquid assets.

21.3.4 **Loans and receivables**

The tables below show the credit quaility 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. etails of the internal credit rating system are explained under Note 3.1.2 (i).

Group

in thousands of Nigerian Naira		31 Dec-2018			
Internal rating grade		Stage 1 (Individual)	Stage 2 (Individual)	Stage 3 (Individual)	Total
Investment grade		11,577,711	-	-	11,577,711
Non-investment grade (satisfactory)		59,411	115,616	-	175,027
Non-investment grade (unsatisfactory)		-	59,234	-	59,234
Past due but not impaired		-	-	-	-
Individually impaired		-	-	152,135	152,135
Total Gross Amount	21.3.8	11,637,122	174,850	152,135	11,964,107
Expected credit loss	21.3.9	(218,768)	(58,584)	(134,014)	(411,366)
Total Net Amount		11,418,354	116,266	18,121	11,552,741

21.3.5

in thousands of Nigerian Naira		1 Jan-2018			
Internal rating grade		Stage 1 (Individual)	Stage 2 (Individual)	Stage 3 (Individual)	Total
Investment grade		11,391,455		-	11,391,455
Non-investment grade (satisfactory)		70,100	100,165	-	170,265
Non-investment grade (unsatisfactory)		-	68,106	-	68,106
Past due but not impaired		-	-	-	-
Individually impaired		-	-	102,158	102,158
Total Gross Amount		11,461,555	168,271	102,158	11,731,984
Expected credit loss		(161,001)	(56,374)	(93,958)	(311,333)
Total Net Amount	2.40	11,300,554	111,897	8,200	11,420,651

21.3 Financial assets - Loans and receivables - Continued

Company

21.3.6 *in thousands of Nigerian Naira*

Internal rating grade		31 Dec-2018 Stage 1 (Individual)	Stage 2 (Individual)	Stage 3 (Individual)	Total
Investment grade		10,520,518	-	-	10,520,518
Non-investment grade (satisfactory)		-	-	-	-
Non-investment grade (unsatisfactory)		-	-	-	-
Past due but not impaired		-	-	-	-
Individually impaired		-	-	-	-
Total Gross Amount	21.3.10	10,520,518	-	-	10,520,518
Expected credit loss	21.3.11	(141,537)			(141,537)
Total Net Amount		10,378,981	-	-	10,378,981

21.3.7 *in thousands of Nigerian Naira*

Internal rating grade		1 Jan-2018 Stage 1 (Individual)	Stage 2 (Individual)	Stage 3 (Individual)	Total
Investment grade		10,854,661	-	-	10,854,661
Non-investment grade (satisfactory)		-	-	-	-
Non-investment grade (unsatisfactory)		-	-	-	-
Past due but not impaired		-	-	-	-
Individually impaired		-	-	-	-
Total Gross Amount		10,854,661	-	-	10,854,661
Expected credit loss		(123,418)	-		(123,418)
Total Net Amount	2.40	10,731,243	-	-	10,731,243

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

Group

21.3.8 *in thousands of Nigerian Naira*

Internal rating grade		31 Dec-2018 Stage 1 (Individual)	Stage 2 (Individual)	Stage 3 (Individual)	Total
Gross carrying amount as at 1 January	21.3.5	11,461,555	168,271	102,158	11,731,984
New assets originated or purchased		782,463	122,378	32,846	937,687
Assets derecognised or repaid (excluding write offs)		(574,587)	(86,085)	(42,892)	(703,564)
Accrued interest capitalised			-	-	-
Transfers to Stage 1 (Individual)		21,003	(19,684)	(1,319)	-
Transfers to Stage 2 (Individual)		(47,525)	67,640	(20,115)	-
Transfers to Stage 3 (Individual)		(5,787)	(77,670)	83,457	-
Amounts written off		-	-	(2,000)	(2,000)
		175,567	6,579	49,977	232,123
		-	-	-	-
At 31 December 2018	21.3.4	11,637,122	174,850	152,135	11,964,107

21.3 Financial assets - Loans and receivables - Continued

21.3.9 *in thousands of Nigerian Naira*

		31 Dec-2018			
		Stage 1 (Individual)	Stage 2 (Individual)	Stage 3 (Individual)	Total
ECL allowance as at 1 January 2018	21.3.5	161,001	56,374	93,958	311,333
New assets originated or purchased		35,058	41,003	27,704	103,765
Assets derecognised or repaid (excluding write offs)		(8,071)	(28,840)	(39,449)	(76,360)
Transfers to Stage 1 (Individual)		7,808	(6,595)	(1,213)	-
Transfers to Stage 2 (Individual)		(668)	19,168	(18,500)	-
Transfers to Stage 3 (Individual)		(81)	(26,021)	26,102	-
Impact on year end ECL of exposures transferred between stages during the year		(7,410)	3,495	47,412	43,497
Changes to contractual cash flows due to modifications not resulting in derecognition		31,131	-	-	31,131
Amounts written off		-	-	(2,000)	(2,000)
	13	57,767	2,210	40,056	100,033
At 31 December 2018	21.3.4	218,768	58,584	134,014	411,366

Company

21.3.10 *in thousands of Nigerian Naira*

		31 Dec-2018			
		Stage 1 (Individual)	Stage 2 (Individual)	Stage 3 (Individual)	Total
Gross carrying amount as at 1 January 2018	21.3.7	10,854,661	-	-	10,854,661
New assets originated or purchased		33,000	-	-	33,000
Assets derecognised or repaid (excluding write offs)		(367,143)	-	-	(367,143)
		(334,143)	-	-	(334,143)
At 31 December 2018	21.3.6	10,520,518	-	-	10,520,518

21.3.11 *in thousands of Nigerian Naira*

		31 Dec-2018			
		Stage 1 (Individual)	Stage 2 (Individual)	Stage 3 (Individual)	Total
ECL allowance as at 1 January 2018	21.3.7	123,418	-	-	123,418
New assets originated or purchased		81	-	-	81
Assets derecognised or repaid (excluding write offs)		(13,093)	-	-	(13,093)
Changes to models and inputs used for ECL calculations		31,131	-	-	31,131
	13	18,119	-	-	18,119
At 31 December 2018	21.3.6	141,537	-	-	141,537

21.3.12 **Loans concentrations**

The Group monitors concentrations of credit risk by borrowers; individual or corporate.

	GROUP		COMPANY	
in thousands of Nigerian Naira	**Individuals**	**Loans to corporate**	**Individuals**	**Loans to corporate**
31 December 2018				
Gross	410,115	11,553,992	52,746	10,467,772
Expected credit loss	(27,982)	(383,384)	(637)	(140,900)
Net Balance	382,133	11,170,608	52,109	10,326,872
31 December 2017				
Gross	302,155	11,429,829	52,656	10,802,005
Allowance for impairment	-	(119,425)	-	-
Net Balance	302,155	11,310,404	52,656	10,802,005

21.4 *Held-to-Maturity*

	GROUP		COMPANY	
in thousands of Nigerian Naira	**31 Dec-2018**	**31 Dec-2017**	**31 Dec-2018**	**31 Dec-2017**
Treasury bills	-	11,781,602	-	11,781,602
State bonds	-	600,761	-	600,761
At 31 December	-	12,382,363	-	12,382,363
Current	-	11,781,602	-	11,781,602
Non-current	-	600,761	-	600,761
	-	12,382,363	-	12,382,363

Under IAS 39, the Group classified its debt instruments such as Treasury Bills and bonds with tenure of more than 90 days from origination as Held-to-maturity.

Under IFRS 9, the Group has classified their financial instruments as follows:

(a) **Debt Instruments at amortised cost:**

For treasury bills and bonds with tenor between 91days and 365 days from origination. These instruments were assessed to fall within a business model whose objective is to hold to collect contractual cash flows and the contractual terms of the assets give rise on specified date to cash flows that are solely payment of principal and interest(SPPI) on the principal amount outstanding. These instruments are still presented in the statement of financial position as Debt instruments measured at amortised cost in the notes.

(b) **Financial assets at fair value through profit or loss (FVPL):**

For all listed bonds with tenor between 91 days and 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 i.e held for sale. These instruments are still presented in the statement of financial position as Finacial Assets and classified as finacial assets at FVPL in the notes.

21.4 *The movement in held-to-maturity financial assets*

in thousands of Nigerian Naira		GROUP 31 Dec-2018	GROUP 31 Dec-2017	COMPANY 31 Dec-2018	COMPANY 31 Dec-2017
At 1 January (under IAS 39)		12,382,363	6,183,731	12,382,363	6,183,731
Reclassification to debt instruments at amortised costs on 1 January (under IFRS 9)	21.5	(11,781,602)	-	(11,781,602)	-
Reclassification to financial assets at FVPL on 1 January (under IFRS 9)	21.6.1	(600,761)	-	(600,761)	-
Additions during the year		-	11,994,296	-	11,994,296
Accrued interest income		-	1,082,097	-	1,082,097
Redemption at maturity		-	(6,877,761)	-	(6,877,761)
At 31 December		-	12,382,363	-	12,382,363

21.5 **Debt instruments at amortised cost**

Treasury bills and bonds

in thousands of Nigerian Naira		GROUP 31 Dec-2018	GROUP 31 Dec-2017	COMPANY 31 Dec-2018	COMPANY 31 Dec-2017
NTB - 20/6/2019		2,838,370	-	2,838,370	-
NTB -21/2/2019		147,649	-	147,649	-
NTB 18/07/2019		5,904,608	-	5,904,608	-
NTB 18/07/2019		1,031,091	-	1,031,091	-
NTB-03/10/2019		1,374,525	-	1,374,525	-
NTB 14/12/2019		3,593,898	-	3,593,898	-
Total Gross Amount		**14,890,141**	-	**14,890,141**	-
Expected credit loss (ECL)	21.5.1	(4,835)	-	(4,835)	-
		14,885,306	-	14,885,306	-
Current		14,885,306	-	14,885,306	-
Non-current		-	-	-	-
		14,885,306	-	14,885,306	-

The treasury bills are made for varying periods above three months and are subject to an average interest rate of 12% per annum (2017: 14%).

21.5 *The movement in Debt instruments at amortised cost*

in thousands of Nigerian Naira	GROUP 31 Dec-2018	GROUP 31 Dec-2017	COMPANY 31 Dec-2018	COMPANY 31 Dec-2017
Balance reclassified from Financial Assets held to maturity as at 1 January 2018	11,781,602	-	11,781,602	-
Additions during the year	22,453,260	-	22,453,260	-
Accrued interest income	602,360	-	602,360	-
Redemption at maturity	(19,947,081)	-	(19,947,081)	-
At 31 December	14,890,141	-	14,890,141	-

Financial assets at amortised cost

The tables below show the credit quaility 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 expained under Note 2.3.2.

Group

21.5.1 *in thousands of Nigerian Naira*

Internal rating grade		31 Dec-2018 Stage 1 (Individual)	Stage 2 (Individual)	Stage 3 (Individual)	Total
Investment grade		14,890,141	-	-	14,890,141
Non-investment grade (satisfactory)		-	-	-	-
Non-investment grade (unsatisfactory)		-	-	-	-
Past due but not impaired		-	-	-	-
Individually impaired		-	-	-	-
Total Gross Amount	21.5.6	14,890,141	-	-	14,890,141
Expected credit loss (ECL)	21.5.7	(4,835)			(4,835)
Total Net Amount		14,885,306	-	-	14,885,306

21.5.2 *in thousands of Nigerian Naira*

Internal rating grade		1 Jan-2018 Stage 1 (Individual)	Stage 2 (Individual)	Stage 3 (Individual)	Total
Investment grade		11,781,602	-	-	11,781,602
Non-investment grade (satisfactory)		-	-	-	-
Non-investment grade (unsatisfactory)		-	-	-	-
Past due but not impaired		-	-	-	-
Individually impaired		-	-	-	-
Total Gross Amount		11,781,602	-	-	11,781,602
Expected credit loss (ECL)		(3,967)			(3,967)
Total Net Amount	2.40	11,777,635	-	-	11,777,635

21.5 The movement in Debt instruments at amortised cost

21.5.3 Company

in thousands of Nigerian Naira		31 Dec-2018			
Internal rating grade		Stage 1 (Individual)	Stage 2 (Individual)	Stage 3 (Individual)	Total
Investment grade		14,890,141	-	-	14,890,141
Non-investment grade (satisfactory)		-	-	-	-
Non-investment grade (unsatisfactory)		-	-	-	-
Past due but not impaired		-	-	-	-
Individually impaired		-	-	-	-
Total Gross Amount	21.5.8	14,890,141	-	-	14,890,141
Expected credit loss (ECL)	21.5.9	(4,835)			(4,835)
Total Net Amount		14,885,306	-	-	14,885,306

21.5.4

in thousands of Nigerian Naira		1 Jan-2018			
Internal rating grade		Stage 1 (Individual)	Stage 2 (Individual)	Stage 3 (Individual)	Total
Investment grade		11,781,602	-	-	11,781,602
Non-investment grade (satisfactory)		-	-	-	-
Non-investment grade (unsatisfactory)		-	-	-	-
Past due but not impaired		-	-	-	-
Individually impaired		-	-	-	-
Total Gross Amount	21.5.8	11,781,602	-	-	11,781,602
Expected credit loss (ECL)	21.5.9	(3,967)	-		(3,967)
Total Net Amount		11,777,635	-	-	11,777,635

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

Group

in thousands of Nigerian Naira		31 Dec-2018			
Internal rating grade		Stage 1 (Individual)	Stage 2 (Individual)	Stage 3 (Individual)	Total
Gross carrying amount as at 1 January 2018	21.5.2	11,781,602	-	-	11,781,602
New assets originated or purchased		14,288,516	-	-	14,288,516
Assets derecognised or repaid (excluding write offs)		(11,781,602)	-	-	(11,781,602)
Accrued interest capitalised		601,625	-	-	601,625
		3,108,539	-	-	3,108,539
At 31 December 2018	21.5.1	14,890,141	-	-	14,890,141

21.5.7

in thousands of Nigerian Naira		31 Dec-2018			
Internal rating grade		Stage 1 (Individual)	Stage 2 (Individual)	Stage 3 (Individual)	Total
ECL allowance as at 1 January 2018	21.5.2	3,967	-	-	3,967
New assets originated or purchased		4,835	-	-	4,835
Assets derecognised or repaid (excluding write offs)		(3,967)	-	-	(3,967)
	13	868	-	-	868
At 31 December 2018	21.5.1	4,835	-	-	4,835

21.5 The movement in Debt instruments at amortised cost

21.5.8 Company

in thousands of Nigerian Naira		31 Dec-2018			
Internal rating grade		Stage 1 (Individual)	Stage 2 (Individual)	Stage 3 (Individual)	Total
Gross carrying amount as at 1 January 2018	21.5.4	11,781,602	-	-	11,781,602
New assets originated or purchased		14,288,516	-	-	14,288,516
Assets derecognised or repaid (excluding write offs)		(11,781,602)	-	-	(11,781,602)
Accrued interest capitalised		601,625	-	-	601,625
		3,108,539	-	-	3,108,539
At 31 December 2018	21.5.3	14,890,141	-	-	14,890,141

21.5.9

in thousands of Nigerian Naira		31 Dec-2018			
Internal rating grade		Stage 1 (Individual)	Stage 2 (Individual)	Stage 3 (Individual)	Total
ECL allowance as at 1 January 2018	21.5.4	3,967	-	-	3,967
New assets originated or purchased		4,835	-	-	4,835
Assets derecognised or repaid (excluding write offs)		(3,967)	-	-	(3,967)
	13	868	-	-	868
At 31 December 2018	21.5.3	4,835	-	-	4,835

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

	GROUP		COMPANY	
in thousands of Nigerian Naira	31 Dec-2018	31 Dec-2017	31 Dec-2018	31 Dec-2017
LASG BOND NOV 2020 at amortised cost	516,696	-	516,696	-
Fair value adjustment	(29,466)		(29,466)	
	487,230	-	**487,230**	-
Current	487,230	-	487,230	-
Non-current	-	-	-	-
	487,230	-	487,230	-

21.6.1 *The movement in Financial assets at FVPL*

		GROUP		COMPANY	
		31 Dec-2018	31 Dec-2017	31 Dec-2018	31 Dec-2017
Balance reclassified from Financial Assets held to maturity as at 1 January 2018	21.4	600,761	-	600,761	-
Remeasurement under IFRS 9 as at 1 January 2018		(4,938)		(4,938)	
Adjusted opening balance under IFRS 9		595,823	-	595,823	-
Additions during the year		521,305	-	521,305	-
Accrued interest income		6,340	-	6,340	-
Amortization of bond premium		(10,949)	-	(10,949)	-
Redemption at maturity or disposal		(600,761)	-	(600,761)	-
Fair value adjustments through profit or loss	10	(24,528)	-	(24,528)	-
At 31 December		487,230	-	487,230	-

22 Trade receivables

in thousands of Nigerian Naira	Notes	GROUP 31 Dec-2018	GROUP 31 Dec-2017	COMPANY 31 Dec-2018	COMPANY 31 Dec-2017
Trade receivables	22.1	526,076	351,121	248,097	-
		526,076	351,121	248,097	-
Current		526,076	351,121	248,097	-
Non-current		-	-	-	-
		526,076	351,121	248,097	-

Trade receivables are not interest bearing and are generally on terms of 30 to 90 days

22.1 *Analysis of insurance receivables by counter party*

	GROUP 31 Dec-2018	GROUP 31 Dec-2017	COMPANY 31 Dec-2018	COMPANY 31 Dec-2017
Gross				
Due from insurance brokers	526,076	351,121	248,097	-
	526,076	351,121	248,097	-
Allowance for impairment				
Due from insurance brokers	-	-		
	-	-	-	-
	526,076	351,121	248,097	-

22.2 *The age analysis of gross insurance receivables as at the end of the year are as follows:*

0 - 90 days	526,076	351,121	248,097	-
91 - 180 days	-	-	-	-
Above 180 days	-	-	-	-
	526,076	351,121	248,097	-

23 Reinsurance assets

	Notes	GROUP 31 Dec-2018	GROUP 31 Dec-2017	COMPANY 31 Dec-2018	COMPANY 31 Dec-2017
Reinsurance share of outstanding claim	23.1	72,836	36,639	72,836	36,639
Co-assurance claims receivable	23.2	1,511,892	1,011,474	1,511,892	1,011,474
Reinsurance debtors		431,912	298,735	-	-
Prepaid reinsurance	23.3	50,572	22,056	50,572	22,056
		2,067,212	1,368,904	1,635,300	1,070,169
Current		2,067,212	1,368,904	1,635,300	1,070,169
Non-current		-	-	-	-
		2,067,212	1,368,904	1,635,300	1,070,169

Reinsurance receivables are to be settled on demand and the carrying amount is not significantly different from their fair

23 **Reinsurance assets - Continued**

23.1 **The movement in reinsurers' share of claims reported and loss adjustment expenses is as follows:**

		GROUP		COMPANY	
in thousands of Nigerian Naira	Notes	31 Dec-2018	31 Dec-2017	31 Dec-2018	31 Dec-2017
Balance at the beginning of the year		36,639	231,051	36,639	231,051
Changes in reinsurance share of outstanding claims	6	36,197	(194,412)	36,197	(194,412)
Balance at the end of the year		72,836	36,639	72,836	36,639

23.2 **The movement in co-assurance claim receivables**

Balance at the beginning of the year		1,011,474	64,165	1,011,474	64,165
Addition during the year		1,839,063	1,432,529	1,839,063	1,432,529
Receipts during the year		(1,338,645)	(485,220)	(1,338,645)	(485,220)
Balance at the end of the year		1,511,892	1,011,474	1,511,892	1,011,474

23.3 **The movement in prepaid reinsurance**

Balance at the beginning of the year		22,056	475,852	22,056	475,852
Additions during the year		736,418	385,571	566,229	307,567
Recognised in profit or loss	4.2	(707,902)	(839,367)	(537,713)	(761,363)
Balance at the end of the year		50,572	22,056	50,572	22,056

24 **Other receivables and prepayments**

Rent prepayment		70,153	70,698	33,853	45,295
WHT recoverable		84,751	67,402	84,751	67,402
Other bank balances	24.1	4,814	10,648	4,814	10,648
Advance commission to retail agents		18,296	5,969	18,296	5,969
Stock of Cheques		-	2,175	-	-
Dividends receivable		-	-	89,302	89,302
VAT input on Alpha Court property		180,250	198,750	180,250	198,750
ATM cards with staff		957	957	-	-
Other receivables	24.2	786,779	237,798	327,633	38,562
		1,146,000	594,397	738,899	455,928
Allowance for impairment		-	(6,390)	-	(6,390)
Expected credit loss	24.3	(81,636)	-	(66,185)	-
		1,064,364	588,007	672,714	449,538
Current		1,064,364	588,007	672,714	449,538
Non-current		-	-	-	-
		1,064,364	588,007	672,714	449,538

Other receivables and prepayments are non-interest bearing

24.1 This is made up of reversals in the bank statement of the Company by the Bank but with inadequate information to determine the reason for the reversal. The entry is corrected once the detailed information is obtained from the bank.

24 Other receivables and prepayments

24.2 Analysis of other receivables is as shown below:

		GROUP		COMPANY	
in thousands of Nigerian Naira	Notes	31 Dec-2018	31 Dec-2017	31 Dec-2018	31 Dec-2017
Director's current account		-	7,651	-	-
Excess interest charges		6,390	6,390	6,390	6,390
Rent receivables		132,501	-	**132,501**	-
Receivables from property buyers		170,337	50,254	119,009	9,979
Property development debtors		98,736	21,922	-	-
Other trade receivables		287,669	90,496	-	-
Investment placement with Flourish Securities Investments and Trust Limited		7,129	-	7,129	-
Investment placement with BGL Seceurities Limited		38,753	-	38,753	-
Sundry receivables		45,264	61,085	23,851	22,193
		786,779	237,798	327,633	38,562

24.3 Set out below is the information about the credit exposure on the Group's other receivables items in Note 24.2 using a provision matrix. The loss allowance provision as at 31 December, 2018 has also incorporated forward looking information.

		GROUP		COMPANY	
in thousands of Nigerian Naira	Expected ratio	Carrying amount at default	Expected credit loss	Carrying amount at default	Expected credit loss
Current	1%	534,330	5,343	173,920	1,739
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	101,441	12,174
Specific impairment provision on Excess Interest Charges	100%	6,390	6,390	6,390	6,390
Specific impairment provision on Investment placement with Florish Securities Investments and Trust Limited	100%	7,129	7,129	7,129	7,129
Specific impairment provision on Investment placement with BGL Securities Limited	100%	38,753	38,753	38,753	38,753
Total		786,779	81,636	327,633	66,185

24.4 **The movement in expected credit loss on other receivables**

(a) Group

in thousands of Nigerian Naira	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	31 Dec-2018 Total Impairment provision under IFRS 9	31 Dec-2017 Total Impairment provision under IAS 39
Balance at 1 January (IAS 39)	-	6,390	6,390	10,574
Remeasurement under IFRS 9	-	43,753	43,753	-
ECL under IFRS 9 as at 1 January	-	50,143	50,143	10,574
Additions during the year	5,343	26,149	31,493	-
Amount written off	-	-	-	(2,174)
Recoveries	-	-	-	(2,010)
Balance at 31 December	5,343	81,636	81,636	6,390

24.4 Company

in thousands of Nigerian Naira	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	31 Dec-2018 Impairment provision under IFRS 9	31-Dec-17 Impairment provision under IAS 39
Balance at 1 January (IAS 39)	-	6,390	6,390	10,574
Remeasurement under IFRS 9	-	43,753	43,753	-
ECL under IFRS 9 as at 1 January	-	50,143	50,143	10,574
Amount written off	1,739	14,303	16,042	(2,174)
Recoveries	-	-	-	(2,010)
Balance at 31 December	1,739	66,185	66,185	6,390

25 **Deferred acquisition costs**

		GROUP		COMPANY	
in thousands of Nigerian Naira	Notes	31 Dec-2018	31 Dec-2017	31 Dec-2018	31 Dec-2017
Balance at the beginning of the year		173,101	105,285	173,101	105,285
Additions during the year		591,331	585,779	384,334	402,486
Amortisation of DAC	7	(660,044)	(517,963)	(453,047)	(334,670)
Balance at the end of the year		104,388	173,101	104,388	173,101
Current		104,388	173,101	104,388	173,101
Non-current		-	-	-	-
		104,388	173,101	104,388	173,101

26 **Finance lease receivables**

Gross amount		78,830	109,606	78,830	91,818
Unearned interest		-	(19,765)	-	(1,977)
Net investment in finance lease	26.1	78,830	89,841	78,830	89,841
Allowance for individual impairment	26.2	(78,830)	(78,830)	(78,830)	(78,830)
Expected credit loss		-	-	-	-
		-	11,011	-	11,011
Current		-	11,011	-	11,011
Non-current		-	-	-	-
		-	11,011	-	11,011

26.1 **Movement in finance lease receivables**

in thousands of Nigerian Naira	Notes	GROUP 31 Dec-2018	GROUP 31 Dec-2017	COMPANY 31 Dec-2018	COMPANY 31 Dec-2017
Balance as 1 January		89,841	272,084	89,841	181,810
Interest on finance lease		-	16,995	-	16,995
Receipts during the year		-	(199,238)	-	(108,964)
Write off during the year against impairment provisions		(11,011)	-	(11,011)	-
		78,830	89,841	78,830	89,841
Current		78,830	89,841	78,830	89,841
Non-current		-	-	-	-
		78,830	89,841	78,830	89,841

26.2 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 under Note 3.1.2 (a) (i).

Group

26.1.1 *in thousands of Nigerian Naira*

Internal rating grade		31 Dec-2018 Stage 1 (Individual)	Stage 2 (Individual)	Stage 3 (Individual)	Total
Investment grade		-	-	-	-
Non-investment grade (satisfactory)		-	-	-	-
Non-investment grade (unsatisfactory)		-	-	-	-
Past due but not impaired		-	-	-	-
Individually impaired		-	-	78,830	78,830
Total Gross Amount	26.1.5	-	-	78,830	78,830
Expected credit loss	26.1.6	-		(78,830)	(78,830)
Total Net Amount		-	-	-	-

26.1.2 *in thousands of Nigerian Naira*

Internal rating grade		1 Jan-2018 Stage 1 (Individual)	Stage 2 (Individual)	Stage 3 (Individual)	Total
Investment grade		-	-	-	-
Non-investment grade (satisfactory)		-	-	-	-
Non-investment grade (unsatisfactory)		-	-	-	-
Past due but not impaired		-	-	-	-
Individually impaired		-	-	89,841	89,841
Total Gross Amount		-	-	89,841	89,841
Expected credit loss		-	-	(89,841)	(89,841)
Total Net Amount	2.40	-	-	-	-

26.1 **Finance lease receivables**

26.1.3 Company

in thousands of Nigerian Naira		31 Dec-2018			
Internal rating grade		**Stage 1 (Individual)**	**Stage 2 (Individual)**	**Stage 3 (Individual)**	**Total**
Investment grade		-	-	-	-
Non-investment grade (satisfactory)		-	-	-	-
Non-investment grade (unsatisfactory)		-	-	-	-
Past due but not impaired		-	-	-	-
Individually impaired		-	-	78,830	78,830
Total Gross Amount	26.1.7	-	-	78,830	78,830
Expected credit loss	26.1.8	-		(78,830)	(78,830)
Total Net Amount		-	-	-	-

26.1.4

in thousands of Nigerian Naira		1 Jan-2018			
Internal rating grade		**Stage 1 (Individual)**	**Stage 2 (Individual)**	**Stage 3 (Individual)**	**Total**
Investment grade		-	-	-	-
Non-investment grade (satisfactory)		-	-	-	-
Non-investment grade (unsatisfactory)		-	-	-	-
Past due but not impaired		-	-	-	-
Individually impaired		-	-	89,841	89,841
Total Gross Amount		-	-	89,841	89,841
Expected credit loss		-	-	(89,841)	(89,841)
Total Net Amount	2.40	-	-	-	-

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

26.1.5 Group

in thousands of Nigerian Naira		31 Dec-2018			
Internal rating grade		**Stage 1 (Individual)**	**Stage 2 (Individual)**	**Stage 3 (Individual)**	**Total**
Gross carrying amount as at 1 January 2018	26.1.2	-	-	89,841	89,841
New assets originated or purchased		-	-	-	-
Assets derecognised or repaid (excluding write offs)		-	-	-	-
Amounts written off		-	-	(11,011)	(11,011)
		-	-	(11,011)	(11,011)
At 31 December 2018	26.1.1	-	-	78,830	78,830

26.1 **Finance lease receivables- continued**

26.1.6

in thousands of Nigerian Naira		31 Dec-2018			
		Stage 1 (Individual)	Stage 2 (Individual)	Stage 3 (Individual)	Total
ECL allowance as at 1 January 2018	26.1.2	-	-	89,841	89,841
New assets originated or purchased		-	-		-
Assets derecognised or repaid (excluding write offs)		-	-	-	-
Amounts written off		-	-	(11,011)	(11,011)
		-	-	(11,011)	(11,011)
At 31 December 2018	26.1.1	-	-	78,830	78,830

Company

26.1.7

in thousands of Nigerian Naira		31 Dec-2018			
		Stage 1 (Individual)	Stage 2 (Individual)	Stage 3 (Individual)	Total
Gross carrying amount as at 1 January 2018	26.1.4	-	-	89,841	89,841
Assets derecognised or repaid (excluding write offs)		-	-	-	-
Amounts written off		-	-	(11,011)	(11,011)
		-	-	(11,011)	(11,011)
At 31 December 2018	26.1.3	-	-	78,830	78,830

26.1.8

in thousands of Nigerian Naira		31 Dec-2018			
		Stage 1 (Individual)	Stage 2 (Individual)	Stage 3 (Individual)	Total
ECL allowance as at 1 January 2018	26.1.4	-	-	89,841	89,841
Amounts written off		-	-	(11,011)	(11,011)
		-	-	(11,011)	(11,011)
At 31 December 2018	26.1.3	-	-	78,830	78,830

27 **Inventories**

		GROUP		COMPANY	
in thousands of Nigerian Naira	Notes	**31 Dec-2018**	**31 Dec-2017**	**31 Dec-2018**	**31 Dec-2017**
Construction in progress		518,236	906,502	-	-
Building raw materials		-	1,320	-	-
		518,236	907,822	-	-
Current		518,236	907,822	-	-
Non-current		-	-	-	-
		518,236	907,822	-	-

28 Assets held for sale

in thousands of Nigerian Naira	Notes	GROUP 31 Dec-2018	GROUP 31 Dec-2017	COMPANY 31 Dec-2018	COMPANY 31 Dec-2017
Transferred from Investment Properties	29	5,557,000	-	5,557,000	-
Remeasurement loss on assets held for sale		(7,000)	-	(7,000)	-
		5,550,000	-	5,550,000	-

On 23 May 2018, the Board of Directors and Shareholders of Mutual Benefits Life Assurance Limited approved the plan of the Company to sell some of the Investment properties of the Company which were originally acquired for capital appreciation and for generation of rental income. There are several interested parties and the sale is expected to be completed before the end of December 2019.

At 31 December 2018, the properties approved for sale were classified as assets held for sale. Land classified as held for sale during the reporting period was measured at its fair value at the time of the reclassification, resulting in the recognition of a fair value loss of ₦7,000,000 in the statement of profit or loss. The fair value of the land was determined using the open market value approach.

Details of Assets held for sale are as shown below:		GROUP 31 Dec-2018	GROUP 31 Dec-2017	COMPANY 31 Dec-2018	COMPANY 31 Dec-2017
Mutual Tulip Estate	i	500,000	-	500,000	-
Property at Ikeja Alausa	ii	300,000	-	300,000	-
Property at Sango/Idiroko - Mogga	iii	80,000	-	80,000	-
Property at Sango/Idiroko - Caxtonjo	iv	50,000	-	50,000	-
Property at Akure Plots (5,320 Square Meters)	v	200,000	-	200,000	-
Property at Ado Ekiti Land	vi	720,000	-	720,000	-
Mutual Alpha Court duplex, Costain, Lagos	vii	3,700,000	-	3,700,000	-
Balance at the end of the year		5,550,000	-	5,550,000	-

28.1 *Movement in Assets held for sale is shown below:*

	Bal as at 1.1.2018	Reclassified from Investment Properties	Disposal	Fair value gain/(loss)	Bal as at 31.12.2018
Mutual Tulip Estate	-	462,000	-	38,000	500,000
Property at Ikeja Alausa	-	300,000	-	-	300,000
Property at Sango/Idiroko - Mogga	-	80,000	-	-	80,000
Property at Sango/Idiroko - Caxtonjo	-	50,000	-	-	50,000
Property at Akure Plots (5,320 Square Meters)	-	200,000	-	-	200,000
Property at Ado Ekiti Land	-	700,000	-	20,000	720,000
Mutual Alpha Court duplex, Costain, Lagos	-	3,765,000	-	(65,000)	3,700,000
Balance at the end of the year	-	5,557,000	-	(7,000)	5,550,000

28 **Assets held for sale - Continued**

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

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 2018. 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 ₦300 million by Messrs Alabi, Ojo & Makinde Consulting Estate Surveyors and Valuers as at 31 December 2018. The subsisting title to the subject is vested in Deed of Assignment in favour of the Company.

iii *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 2018. The subsisting title to the subject is vested in the Deed of Assignment in favour of Mutual Benefits Life Assurance Limited.

iv *Property at Sango/Idiroko - Caxtonjo*

Landed property of 3665.6 square metres of land located at Sango/Idiroko road, opposite Caxtonjo Oil Onibukun village, Ota Atan, Ogun state in Nigeria was purchased at a cost of ₦60million. The landed property was valued to N50 million by Messrs Alabi, Ojo & Makinde Consulting Estate Surveyors and Valuers as at 31 December 2018. The subsisting title to the subject is vested in the Deed of Assignment in favour of Mutual Benefits Life Assurance Limited.

v *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 2018.

vi *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 ₦720million by Messrs Arigbede & Co. Estate Surveyors and Valuers as at 31 December 2018. The subsisting title to the subject a deed of assignment in favour of the Company.

vii *Mutual Alpha Court duplex, Costain, Lagos*

This represents 48 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 2018, 48 units were revalued at ₦3.7 billion 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.

29 Investment properties

in thousands of Nigerian Naira	Notes	GROUP 31 Dec-2018	GROUP 31 Dec-2017	COMPANY 31 Dec-2018	COMPANY 31 Dec-2017
Balance at the beginning of the year		8,510,000	8,670,390	8,510,000	8,670,390
Reclassified to Assets held for sale		(5,557,000)	-	(5,557,000)	-
Disposal		(1,533,000)	(75,000)	(1,533,000)	(75,000)
Fair value loss on investment properties	10	-	(85,390)	-	(85,390)
		1,420,000	8,510,000	1,420,000	8,510,000

The items of investment properties are as shown below:

	Notes	GROUP 31 Dec-2018	GROUP 31 Dec-2017	COMPANY 31 Dec-2018	COMPANY 31 Dec-2017
Mutual Tulip Estate		-	770,000	-	770,000
Property at Ikeja GRA- Sasegbon		-	650,000	-	650,000
Property at Ikeja Alausa		-	300,000	-	300,000
Property at Sango/Idiroko - Mogga		-	80,000	-	80,000
Property at Sango/Idiroko - Caxtonjo		-	50,000	-	50,000
Property at Onireke,Ibadan	i	550,000	550,000	550,000	550,000
Mutual Alpha Court duplex, Costain, La	ii	-	4,140,000	-	4,140,000
Property at Asokoro, Abuja	iii	700,000	700,000	700,000	700,000
Property at Akure Plots (5,320 Square Meters)		-	200,000	-	200,000
Property at Paradise Estate, Anthony Estate		-	200,000	-	200,000
Property at Ado Ekiti Land		-	700,000	-	700,000
Property at Oyingbo, Lagos	iv	170,000	170,000	170,000	170,000
Balance at the end of the year		1,420,000	8,510,000	1,420,000	8,510,000

29.1 *Movement in Investment properties is shown below:*

	Bal as at 1.1.2018	Reclassified to Assets held for sale	Disposal	Fair value gain/loss	Bal as at 31.12.2018
Mutual Tulip Estate	770,000	(462,000)	(308,000)	-	-
Property at Ikeja GRA- Sasegbon	650,000	-	(650,000)	-	-
Property at Ikeja Alausa	300,000	(300,000)	-	-	-
Property at Sango/Idiroko - Mogga	80,000	(80,000)	-	-	-
Property at Sango/Idiroko - Caxtonjo	50,000	(50,000)	-		-
Property at Onireke,Ibadan	550,000	-	-	-	550,000
Mutual Alpha Court duplex, Costain, La	4,140,000	(3,765,000)	(375,000)	-	-
Property at Asokoro, Abuja	700,000	-		-	700,000
Property at Akure Plots (5,320 Square Meters)	200,000	(200,000)	-	-	-
Property at Paradise Estate, Anthony Estate	200,000	-	(200,000)	-	-
Property at Ado Ekiti Land	700,000	(700,000)	-	-	-
Property at Oyingbo, Lagos	170,000	-	-	-	170,000
Balance at the end of the year	8,510,000	(5,557,000)	(1,533,000)	-	1,420,000

29 Investment property - Continued

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), accredited independent valuers as at 31 December 2018. 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 percularities 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 ₦192,280,000 (2017: ₦80,011,000) which is included in profit on investment contract. 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.

		GROUP		COMPANY	
in thousands of Nigerian Naira	Notes	31 Dec-2018	31 Dec-2017	31 Dec-2018	31 Dec-2017
Rental income derived from investment properties	8	192,280	80,011	192,280	80,011
Fair value loss on investment properties		-	(85,390)	-	(85,390)
Direct operating expenses, including repairs and maintenance, included in investment related expenses in profit on investment contracts	8.1	(90,907)	(24,453)	(90,907)	(24,453)
Profit/(loss) arising from investment properties carried at fair value		101,373	(29,832)	101,373	(29,832)

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.

29 Investment property - Continued

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

i *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 ₦550 million by Messrs Alabi, Ojo and Makinde Consulting as at 31 December 2018. The subsisting title to the subject is a certificate of Occupancy in favour of the Company.

ii *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 Yahubu Gowon Crescent, Asokoro, Abuja, The property was purchased at a cost of ₦666.25million. The property was valued at ₦700million by Messr Alabi, Ojo & Makinde Consulting Estate Surveyors and Valuers as at 31 December 2018. The subsisting title to the subject land is a deed of assignment in favour of the Company.

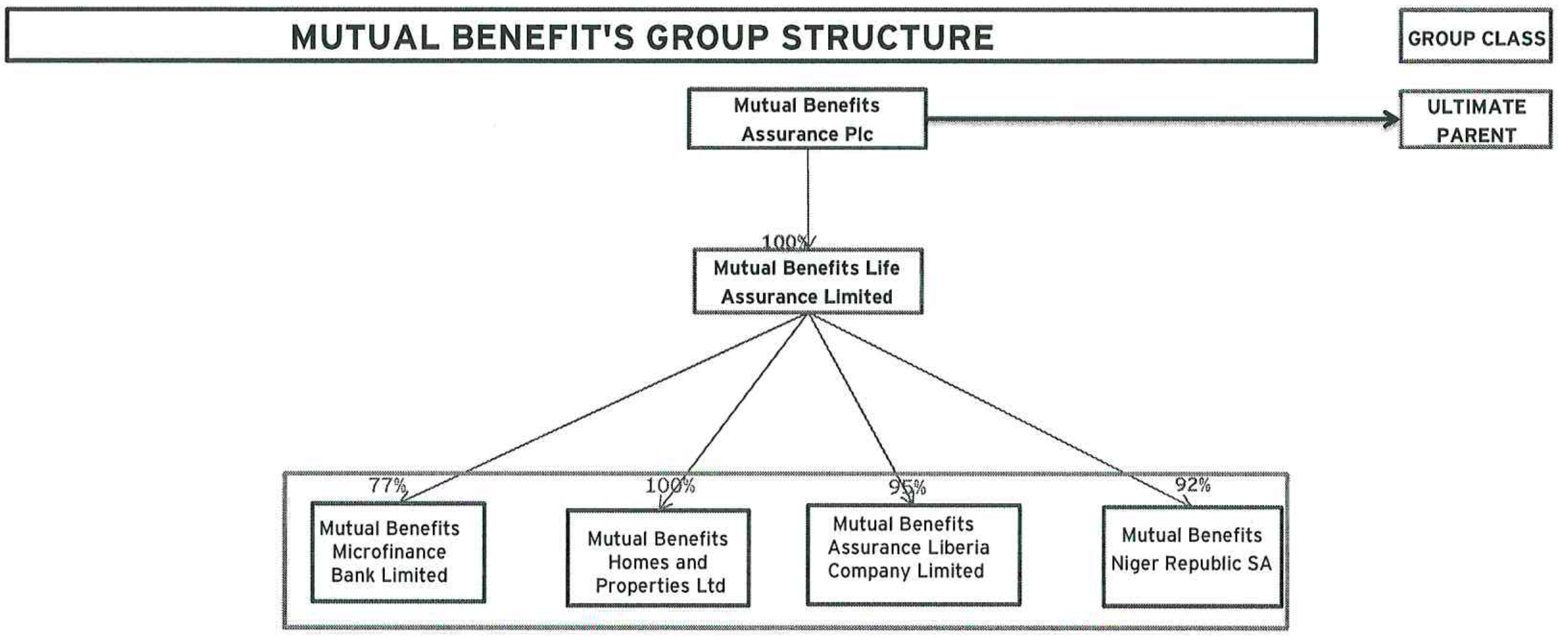
iii *Property at Oyingbo, Lagos*
Property of 461 square meters of land located at Apapa Road, Ebute-Metta, Lagos State, Nigeria was transferred at a value of ₦180million. The title is held in perpetuity and Deed of Assignment in favour of the Company is ongoing. The property was valued at ₦170million by Messr Alabi, Ojo and Makinde Consulting, Estate Surveyors and Valuers as at 31 December 2018. The subsisting title to the subject is vested in the Land Certificate and registered at the Land Registry Office in Lagos State.

30 Investments in subsidiaries

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

	COMPANY	
in thousands of Nigerian Naira	31 Dec-2018	31 Dec-2017
Mutual Benefits-Homes and Properties Ltd	20,000	20,000
Mutual Benefits-Micro Finance Bank Ltd	200,000	200,000
Mutual Benefits-Liberia Limited	464,000	464,000
Mutual Benefits-Niger Republic	301,400	301,400
	985,400	985,400
Allowance for impairment:		
Mutual Benefits-Homes and Properties Ltd	(20,000)	(20,000)
Mutual Benefits-Micro Finance Bank Ltd	(24,962)	(24,962)
Mutual Benefits-Niger Republic	(43,457)	(43,457)
	(88,419)	(88,419)
	896,981	896,981

30 Investments in subsidiaries



	Company name	Nature of business	Country of origin	Relationship	% of equity controlled	NCI	Note	Status	Year of control
1	Mutual Benefits Microfinance Bank	Banking	Nigeria	Direct	77%	23%	48	Acquired	Jan 2009
2	Mutual Benefits Homes and Properties Ltd	Property development	Nigeria	Direct	100%	-		Set up	Jan 2008
3	Mutual Benefits Liberia	Insurance	Liberia	Direct	95%	5%		Set up	Jan 2008
4	Mutual Benefits Niger Republic	Insurance	Niger Republic	Direct	92%	8%		Set up	Jan 2014

Significant restrictions

The Group does not have significant restrictions on its ability to access or use its assets and settle its liabilities other than those resulting from the supervisory framework within which subsidiaries operate.

30 Investments in subsidiaries

1 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. The shareholding of Mutual Benefits Life Assurance Ltd in the Company was reduced to 77% with the additional shares issues in 2017.

2 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.

3 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 and the interest was transferred in 2014 from Mutual Assurance Plc.

4 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 is 92% owned by Mutual Benefits Life Assurance Limited.

31 **Intangible assets**

		GROUP		COMPANY	
in thousands of Nigerian Naira		31 Dec-2018	31 Dec-2017	31 Dec-2018	31 Dec-2017
Computer software acquired					
Cost:					
Balance at the beginning of the year		147,504	127,431	30,539	30,539
Additions		-	8,071	-	-
Foreign exchange difference		25,994	12,002	-	-
		173,498	147,504	30,539	30,539
Accumulated Amortization:					
Balance at the beginning of the year		118,896	87,207	28,788	26,936
Amortisation charge	15	3,807	23,341	964	1,852
Foreign exchange difference		12,168	8,348	-	-
		134,871	118,896	29,752	28,788
Carrying value		38,626	28,608	787	1,751

32 Property, plant and equipment (Group)

in thousands of Nigerian Naira	Note	Leasehold building	Land	Plant and machinery	Motor vehicles	Office equipment	Computer equipment	Furniture and fittings	Total
1 January 2017		803,703	118,900	252,995	363,999	39,940	36,061	419,705	2,035,303
Additions		41,920	63,668	1,162	52,644	3,314	17,792	34,721	215,220
Disposal		-		(64,750)	(9,400)	(85)	-	(3,208)	(77,443)
Revaluation adjustment		-	139,139	-	-	-	-	-	139,139
Foreign exchange difference		466	17,575	31	289	23	-	9,335	27,719
As at 1 January 2018		846,089	339,282	189,438	407,532	43,192	53,853	460,552	2,339,939
Additions		162,846	28,568	34,000	50,579	16,314	27,164	-	319,471
Revaluation adjustment		74,003	-	-	-	-	-	-	74,003
Foreign exchange difference		112,389	2,248	23,173	1,779	-	18,958	-	158,548
31 December 2018		1,195,327	370,098	246,611	459,891	59,507	99,975	460,552	2,891,961
Accumulated depreciation:									
1 January 2017		396,349	-	221,450	244,860	28,804	29,113	243,073	1,163,649
Charge for the year		110,247	-	11,843	51,951	6,413	4,528	63,314	248,296
Disposal		-	-	(64,729)	(9,400)	(68)	-	(1,902)	(76,099)
Foreign exchange difference		79	-	26	240	21	-	6,397	6,763
As at 1 January 2018		506,675	-	168,590	287,651	35,170	33,641	310,882	1,342,609
Charge for the year		122,937	-	10,013	53,473	11,650	14,003	47,007	259,083
Foreign exchange difference		10,815	2,179	20,484	3,064	-	12,471	-	49,013
31 December 2018		640,427	2,179	199,087	344,189	46,820	60,115	357,889	1,650,705
Carrying amounts at:									
31 December 2018		554,900	367,919	47,525	115,702	12,687	39,860	102,663	1,241,256
31 December 2017		339,413	339,282	20,848	119,881	8,022	20,212	149,670	997,330

No leased assets are included in the above property, plant and equipment and the Group had no capital commitments as at 31 December 2018. 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 availalable for use. None of the assets have been pledged as collateral.

32 Property, plant and equipment (Company)

in thousands of Nigerian Naira	Leasehold building	Plant and machinery	Motor vehicles	Furniture, fittings and equipment	Total
Cost:					
As at 1 January 2017	610,621	45,072	221,304	334,682	1,211,679
Additions	-	115	41,100	22,826	64,041
Disposal	-	(100)	(9,400)	(3,208)	(12,708)
31 December 2017	610,621	45,087	253,004	354,300	1,263,012
Additions	-	-	34,000	6,257	40,257
31 December 2018	610,621	45,087	287,004	360,557	1,303,269
Accumulated depreciation:					
As at 1 January 2017	367,735	21,581	131,907	185,075	706,298
Charge for the year	106,126	7,986	38,311	51,100	203,523
Disposal	-	(80)	(9,400)	(1,902)	(11,382)
31 December 2017	473,861	29,487	160,818	234,273	898,439
Charge for the year	95,275	6,727	39,095	45,674	186,771
31 December 2018	569,136	36,214	199,913	279,947	1,085,210
Carrying amounts at:					
31 December 2018	41,485	8,873	87,091	80,610	218,059
31 December 2017	136,760	15,600	92,186	120,027	364,573

No leased assets are included in the above property, plant and equipment, the Company had no capital commitments as at 31 December 2018. None of the assets have been pledged as collateral.

33 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 15.37% per annum (2017: 15.08%) on statutory deposits are included in investment incomes (Note 9).

The deposit has been tested for adequacy as at 31 December 2018 and found to be adequate.

		GROUP		COMPANY	
in thousands of Nigerian Naira	Notes	31 Dec-2018	31 Dec-2017	31 Dec-2018	31 Dec-2017
Statutory deposit		200,000	200,000	200,000	200,000
		200,000	200,000	200,000	200,000

34 Deposit for investment in equity shares

Deposit for shares by Mutual Exploration and Production Limited as at 1 January 2018	70,000	70,000	70,000	70,000
Refund of deposit for shares during the year	(70,000)		(70,000)	
	-	70,000	-	70,000

35 Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the Group's share of the net identifiable assets of the acquired entities at the dates of acquisition (provided that the acquisitions fulfil the definition of business combination in accordance with IFRS 3).

		GROUP	
in thousands of Nigerian Naira	Notes	31 Dec-2018	31 Dec-2017
Mutual Microfinance Bank Limited		1,543	1,543
		1,543	1,543

Acquisitions of subsidiaries are accounted for using the acquisition method. The consideration for each acquisition is measured as the aggregate of the fair value of assets given, liabilities incurred or assumed and where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Considerations were not made by way of share exchange but in cash exchange as at the dates of the acquisitions.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversible.

The goodwill recognized represents the price paid above the 80% of the fair value of the identifiable net assets of CGU (Mutual Benefits Microfinance Bank Limited) at the acquisition date, 1 January 2009.

35 Impairment test on goodwill

Annual impairment testing of goodwill in accordance with the requirements of IAS 36 'Impairment of Assets' is carried out by comparing the carrying amount of the CGU to its recoverable amount, being the higher of the CGU's value-in-use or fair value less costs to sell. An impairment charge is recognized when the recoverable amount is less than the carrying value. Value-in-use is calculated as the net present value of the projected risk-adjusted cash flows of the CGU. The cash flows attributable to the value of the CGU are based on past experience of operating results. These cash flows are based on the expected free cash flow growth for the entity over a 5 year period.

Impairment assessment has been performed for the year, and no losses on goodwill was recognized as the recoverable amount of the CGU as at 31 December 2018 was greater than its carrying amount and is thus not impaired.

The recoverable amount of ₦264million (2017: ₦296 million) was determined using a value-in-use computation.

Assumptions Approach used to determining value-in-use

- Discount rate: the discount rates have been calculated based on the Group's weighted average cost of capital and risks specific to the CGU being tested. Pre-tax rates of 23% was determined as at 31 December 2018.

- Long term growth rates: This is the weighted average growth rate used to extrapolate cash flows beyond the budget period and it is based on the estimated growth rate for Nigeria.

The assumptions used in the impairment testing of the CGU are as follows:

	2018	2017
Carrying amount of the CGU (in thousands of Nigerian Naira)	136,006	181,379
Discount rate	23%	23%
Period covered by management projections	5 years	5 years
Long-term growth rate	2.0%	2.0%

Sensitivity analysis

	Change required to trigger impairment	Change required to trigger impairment
Forecast free cash flow	48% reduction	39% reduction
Discount rate	72% higher	50% higher
Long-term growth rate	6920% lower	2480% lower

Management believes that any reasonably possible change in the key assumptions on which the CGU recoverable amount is based would not cause its carrying amount to exceed its recoverable amount.

36 Insurance contract liabilities

in thousands of Nigerian Naira	Notes	GROUP 31 Dec-2018	GROUP 31 Dec-2017	COMPANY 31 Dec-2018	COMPANY 31 Dec-2017
Outstanding claims	36.1	6,258,029	4,151,852	5,475,528	3,646,396
Unearned premiums	36.2	1,659,890	1,794,632	1,231,716	1,510,178
		7,917,919	5,946,484	6,707,244	5,156,574
Current		7,917,919	5,946,484	6,707,244	5,156,574
Non-current		-	-	-	-
		7,917,919	5,946,484	6,707,244	5,156,574

The Group engaged Zamara Consulting Actuaries Nigeria Limited (FRC/2017/NAS/00000016912) to perform an Insurance liability valuation as at 31 December 2018 for its Insurance and Investment contract businesses.

36.1 Outstanding claims

in thousands of Nigerian Naira	Notes	GROUP 31 Dec-2018	GROUP 31 Dec-2017	COMPANY 31 Dec-2018	COMPANY 31 Dec-2017
Group life	36.1.1	4,620,016	3,207,089	4,521,067	3,169,353
Individual life	36.1.2	535,353	79,925	535,353	79,925
Annuity	36.1.3	419,108	397,118	419,108	397,118
Non-life	36.1.4	683,552	467,720	-	-
		6,258,029	4,151,852	5,475,528	3,646,396

36.1.1 *Group life*

Outstanding claims					
Claims reported by policyholders		4,076,788	2,623,075	3,977,838	2,585,339
Claims incurred but not reported (IBNR)		543,228	584,014	543,229	584,014
		4,620,016	3,207,089	4,521,067	3,169,353
Movement in Group life outstanding claims					
At 1 January		3,207,089	1,533,575	3,169,353	1,522,318
Claims incurred in the current year		6,159,393	3,992,120	5,893,704	3,725,323
Claims paid during the year		(4,746,466)	(2,318,606)	(4,541,990)	(2,078,288)
At 31 December		4,620,016	3,207,089	4,521,067	3,169,353
The aging analysis of Group life outstanding claims					
0 - 90		4,076,788	2,623,075	3,977,838	2,585,339
91 - 180		-	-	-	-
181 - 270		-	-	-	-
271 - 360		-	-	-	-
361 and above		-	-	-	-
No aging - IBNR		543,228	584,014	543,229	584,014
		4,620,016	3,207,089	4,521,067	3,169,353

The ageing of the outstanding claims is measured from the date of the issuance of discharge vouchers to the reporting date for 2018 and 2017.

No. of claimants for each age range of Group life outstanding claims

Number	Notes	GROUP 31 Dec-2018	GROUP 31 Dec-2017	COMPANY 31 Dec-2018	COMPANY 31 Dec-2017
0 - 90		2,050	637	2,050	637
91 - 180		-	-	-	-
181 - 270		-	-	-	-
271 - 360		-	-	-	-
361 and above		-	-	-	-
No aging - IBNR		-	-	-	-
		2,050	637	2,050	637

36.1 **Outstanding claims - Continued**

36.1.2 **Individual life**

	in thousands of Nigerian Naira	Notes	GROUP 31 Dec-2018	GROUP 31 Dec-2017	COMPANY 31 Dec-2018	COMPANY 31 Dec-2017
i	*Outstanding claims*					
	Claims incurred but not reported (IBNR)		535,353	79,925	535,353	79,925
			535,353	79,925	535,353	79,925
ii	*Movement in individual life outstanding claims*					
	At 1 January		79,925	84,195	79,925	84,195
	Premiums written in the year		1,733,446	1,289,494	1,733,446	1,289,494
	Premiums earned during the year		(1,733,446)	(1,289,494)	(1,733,446)	(1,289,494)
	Claims provision in the current year		88,848	59,591	88,848	59,591
	Claims paid during the year		(88,848)	(59,591)	(88,848)	(59,591)
	Changes in actuarial valuation		455,428	(4,270)	455,428	(4,270)
	At 31 December		535,353	79,925	535,353	79,925
iii	*The aging analysis of individual life outstanding claims*					
	0 - 90		-	-	-	-
	91 - 180		-	-	-	-
	181 - 270		-	-	-	-
	271 - 360		-	-	-	-
	361 and above		-	-	-	-
	No aging - IBNR		535,353	79,925	535,353	79,925
			535,353	79,925	535,353	79,925

36.1.3 **Annuity**

			GROUP 31 Dec-2018	GROUP 31 Dec-2017	COMPANY 31 Dec-2018	COMPANY 31 Dec-2017
i	*Movement in annuity*					
	At 1 January		397,118	419,370	397,118	419,370
	Claims incurred in the current year		45,704	45,692	45,704	45,692
	Claims paid during the year		(45,704)	(45,692)	(45,704)	(45,692)
	Changes in actuarial valuation		21,990	(22,252)	21,990	(22,252)
	At 31 December		419,108	397,118	419,108	397,118
ii	*The aging analysis of annuity*					
	0 - 90		-	-	-	-
	91 - 180		-	-	-	-
	181 - 270		-	-	-	-
	271 - 360		-	-	-	-
	361 and above		-	-	-	-
	No aging		419,108	397,118	419,108	397,118
			419,108	397,118	419,108	397,118

36.1 **Outstanding claims - Continued**

36.1.4 **Non-life**

Movement in Non-life outstanding claims

in thousands of Nigerian Naira	Notes	GROUP 31 Dec-2018	GROUP 31 Dec-2017	COMPANY 31 Dec-2018	COMPANY 31 Dec-2017
At 1 January		467,720	119,587	-	-
Claims incurred in the current year		601,727	755,460	-	-
Claims paid during the year		(385,895)	(407,327)	-	-
At 31 December		683,552	467,720	-	-

ii *The aging analysis of Non-life outstanding claims*

0 - 90		683,552	467,720	-	-
91 - 180		-	-	-	-
181 - 270		-	-	-	-
271 - 360		-	-	-	-
361 and above		-	-	-	-
		683,552	467,720	-	-

36.2 **Unearned premiums**

Group life		1,499,370	1,730,503	1,231,716	1,510,178
Non-life		160,520	64,129	-	-
		1,659,890	1,794,632	1,231,716	1,510,178

i *The movement in unearned premium*

At 1 January		1,794,632	1,422,414	1,510,178	1,184,131
Premiums written in the year	4.1	7,822,397	6,738,905	5,914,556	4,963,517
Premiums earned during the year	4.1	(7,957,139)	(6,366,687)	(6,193,018)	(4,637,470)
At 31 December		1,659,890	1,794,632	1,231,716	1,510,178

37 **Investment contract liabilities**

Group deposit administration		278,431	261,650	263,505	248,884
Individual deposit administration		24,997,830	26,302,571	24,997,830	26,302,571
		25,276,261	26,564,221	25,261,335	26,551,455
Current		9,597,137	13,415,903	9,582,211	13,403,137
Non-current		15,679,124	13,148,318	15,679,124	13,148,318
		25,276,261	26,564,221	25,261,335	26,551,455

The movement in deposit administration funds

Balance at the beginning of the year		26,564,221	25,956,771	26,551,455	25,944,127
Deposits received during the year		12,486,153	11,985,338	12,483,993	11,985,338
Guaranteed interest		1,803,613	2,041,115	1,803,613	2,041,115
Withdrawals during the year		(15,577,726)	(13,419,003)	(15,577,726)	(13,419,125)
Balance at the end of the year		25,276,261	26,564,221	25,261,335	26,551,455

38 Trade payables

		GROUP		COMPANY	
in thousands of Nigerian Naira	Notes	31 Dec-2018	31 Dec-2017	31 Dec-2018	31 Dec-2017
Reinsurance payables	38.1	208,443	149,891	30,412	19,494
Co-Insurance payables	38.2	29,065	885,197	29,065	885,197
Deferred commission		11,276	5,930	11,276	5,930
Commission payable		92,095	290,345	48,517	252,681
Deposits for premium	38.3	572,251	498,660	572,251	498,660
		913,130	1,830,023	691,521	1,661,962
Current		913,130	1,830,023	691,521	1,661,962
Non-current		-	-	-	-
		913,130	1,830,023	691,521	1,661,962

38.1 The movement in reinsurance payables

	GROUP 31 Dec-2018	GROUP 31 Dec-2017	COMPANY 31 Dec-2018	COMPANY 31 Dec-2017
Balance at the beginning of the year	149,891	66,576	19,494	46,465
Addition during the year	113,695	275,933	94,651	110,504
Payments during the year	(55,143)	(192,618)	(83,733)	(137,475)
Balance at the end of the year	208,443	149,891	30,412	19,494

38.2 The movement in co-insurance payables

	GROUP 31 Dec-2018	GROUP 31 Dec-2017	COMPANY 31 Dec-2018	COMPANY 31 Dec-2017
Balance, beginning of the year	885,197	5,635	885,197	5,635
Addition during the year	296,890	914,306	296,890	914,306
Payments during the year	(1,153,022)	(34,744)	(1,153,022)	(34,744)
	29,065	885,197	29,065	885,197

38.3 The movement in deposit for premium

	GROUP 31 Dec-2018	GROUP 31 Dec-2017	COMPANY 31 Dec-2018	COMPANY 31 Dec-2017
Balance at the beginning of the year	498,660	579,228	498,660	579,228
Addition during the year	505,623	338,031	505,623	338,031
Reclassified to premium income during the year	(154,300)	(91,865)	(154,300)	(91,865)
Reclassified as investment contract liabilities during the year	(277,732)	(40,000)	(277,732)	(40,000)
Reclassified as other income during the year	-	(286,734)	-	(286,734)
Balance at the end of the year	572,251	498,660	572,251	498,660

Deposit for premium represents premium received on life policies 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 appropraite financial statement area as neccessary.

39 Other liabilities

		GROUP		COMPANY	
in thousands of Nigerian Naira	Notes	31 Dec-2018	31 Dec-2017	31 Dec-2018	31 Dec-2017
Accruals		66,436	54,236	55,991	54,363
Rent received in advance		28,950	26,239	28,950	26,239
Land deduction		-	9	-	9
National Insurance Commission levy		90,000	77,000	90,000	77,000
PAYE		3,722	3,452	2,557	2,251
VAT payable		293,884	401,280	48,236	128,888
WHT payable		17,377	27,276	8,030	6,605
Staff pension		8,023	6,976	4,670	4,268
ATM working capital		26,384	34,962	-	-
Amount due to related party	39.1	69,310	176,444	90,247	176,444
Amount due to Directors		1,851	4,019	1,851	529
National Housing Fund		4	430	4	430
Cooperative deductions		-	3,132	-	3,132
Sundry creditors		91,047	171,998	12,070	69,916
Deposit for facility management		41,346	43,268	41,346	43,268
Deposit for properties by customers		319	50,317	319	50,317
		738,653	1,081,038	384,271	643,659
Current		738,653	1,081,038	384,271	643,659
Non-current		-	-	-	-
		738,653	1,081,038	384,271	643,659

39.1 Amount due to related party represents the balance payable for operational transactions between the Company, its parent company and some of its subsidiaries. The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are interest free and settlement occurs in cash.

40 Deposit liabilities

Current	237,188	129,649	-	-
Time	268,919	-	-	-
Savings	6,046	129,619	-	-
	512,153	259,268	-	-
Current	512,153	259,268		
Non-current	-	-		
	512,153	259,268	-	-

41 Current income tax payable

		GROUP		COMPANY	
in thousands of Nigerian Naira	Notes	31 Dec-2018	31 Dec-2017	31 Dec-2018	31 Dec-2017
Balance, beginning of year		265,169	286,110	201,538	215,791
Current year charge:					
Company income tax		53,351	69,386	-	-
Education tax		835	705	-	-
Information technology tax		7,329	3,684	7,061	3,684
Minimum tax		64,811	55,243	64,811	55,243
	18.1	126,326	129,018	71,872	58,927
Payments during the year		(77,881)	(149,959)	(25,243)	(73,180)
Balance at the end of the year		313,614	265,169	248,167	201,538

42 Deferred tax

	Notes	GROUP 31 Dec-2018	GROUP 31 Dec-2017	COMPANY 31 Dec-2018	COMPANY 31 Dec-2017
Deferred income tax asset	42.1	120,422	-	69,765	-
Deferred tax liabilities	42.2	(451,233)	(357,264)	(42,896)	(31,069)
Net deferred tax (liabilities)/assets		(330,811)	(357,264)	26,869	(31,069)

42.1 *Movement in Deferred tax assets*

	GROUP 31 Dec-2018	GROUP 31 Dec-2017	COMPANY 31 Dec-2018	COMPANY 31 Dec-2017
Balance at the beginning of the year	-	-	-	-
Tax impact on IFRS 9 transition	87,528	-	66,981	-
Adjusted opening balance	87,528	-	66,981	-
Credit in profit or loss for the year	32,894	-	2,785	-
Balance at the end of the year	120,422	-	69,765	-

Deferred tax assets is attributable to the following:

		GROUP		COMPANY	
in thousands of Nigerian Naira	Notes	31 Dec-2018	31 Dec-2017	31 Dec-2018	31 Dec-2017
Expected credit losses - impairment		120,422	-	69,765	-
Balance, end of year		120,422	-	69,765	-

42.2 *Movement in Deferred tax liabilities*

	GROUP 31 Dec-2018	GROUP 31 Dec-2017	COMPANY 31 Dec-2018	COMPANY 31 Dec-2017
Balance at the beginning of the year	357,264	417,513	31,069	58,046
(Credit)/charge in profit or loss for the year	(18,079)	(60,249)	11,827	(26,977)
Tax charge /(reversals) relating to components of other comprehensive income	112,048	-	-	-
Balance at the end of the year	451,233	357,264	42,896	31,069
Deferred tax liability is attributable to the following:				
Property, plant and equipment	102,829	102,407	42,896	5,773
Foreign currency translation reserve	93,547	-	-	-
Investment properties	254,857	254,857	-	25,296
	451,233	357,264	42,896	31,069

42 **Deferred tax**

Unrecognised deferred tax assets

Deferred tax assets relating to the Company'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.

		GROUP		COMPANY	
in thousands of Nigerian Naira	Notes	31 Dec-2018	31 Dec-2017	31 Dec-2018	31 Dec-2017
Property and equipment		313,060	260,655	313,060	260,655
Tax losses		4,480,160	3,291,313	4,480,160	3,291,313
Balance, end of year		4,793,219	3,551,967	4,793,219	3,551,967

43 **Share capital**

		GROUP		COMPANY	
in thousands of Nigerian Naira	Notes	31 Dec-2018	31 Dec-2017	31 Dec-2018	31 Dec-2017
Share capital comprises:					
43.1 *Authorized:*					
300,000,000 (2017: 300,000,000) Ordinary shares of ₦1.00 each		300,000	300,000	300,000	300,000
43.2 *Issued and fully paid:*					
250,000,000 (2017:250,000,000) Ordinary shares of ₦1.00 each					
Balance at the beginning of the year		250,000	250,000	250,000	250,000
Issued during the year		-	-	-	-
Balance at the end of the year		250,000	250,000	250,000	250,000

44 **Share premium**

Balance at the beginning of the year		3,750,000	3,750,000	3,750,000	3,750,000
Increase during the year		-	-	-	-
Balance at the end of the year		3,750,000	3,750,000	3,750,000	3,750,000

45 **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 Liberia Company Limited and Mutual Benefits Niger Republic SA have functional currencies other than Naira.

46 **Contingency reserve**

In compliance with Section 22(1) (b) of Insurance Act 2003, the contingency reserve for life insurance business 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	
in thousands of Nigerian Naira	31 Dec-2018	31 Dec-2017	31 Dec-2018	31 Dec-2017
Balance, beginning of the year	403,280	353,645	403,280	353,645
Transfer from retained earnings	62,518	49,635	62,518	49,635
Balance, end of year	465,798	403,280	465,798	403,280

47 **Revaluation reserve**

This is revaluation surplus in respect of building in line with the Group's accounting policies.

48 **Fair value reserve**

On transition to IFRS 9, the Group applied the fair value at OCI approach to all its unquoted equity instruments, refer to Note 21.2 for details. The movement in the fair value reserve for the equity instruments at FVOCI in the Statement of equity

49 **Retained earnings**

The retained earnings represents the amount available for dividend distribution to the equity shareholders of the Company. See statement of changes in equity for movement in retained earnings.

50 **Non-controlling interest in equity**

		GROUP	
in thousands of Nigerian Naira	Notes	**31 Dec-2018**	**31 Dec-2017**
Opening balance		189,347	123,607
Changes in equity		-	8,311
Addition during the year	50.1	-	14,867
Share from total comphenrensive income		34,412	42,562
Balance as at year end		223,759	189,347

50.1 This relates to additional ordinary shares of 14,867,000 issued by the subsidiary which was fully taken by the Non-controlling interest.

The table below summarises the information relating to the Group's subsidiaries that have material Non-Controlling Interest (NCI) before any intra-group eliminations.

50.1 Non-controlling interest in equity

Mutual Benefits Microfinance Bank Ltd

in thousands of Nigerian Naira	Notes	GROUP 31 Dec-2018	 31 Dec-2017
NCI percentage		23%	23%
Cash and cash equivalents		51,897	132,772
Loans and receivables		603,629	522,952
Other receivables		40,236	22,446
Intangible assets		3,073	5,916
Property, plants and equipment		33,883	26,488
Other liabilities		(61,423)	(101,418)
Deposit liabilities		(512,153)	(474,425)
Current income tax liabilities		(17,493)	(16,837)
Deferred tax liabilities		(5,643)	(5,005)
Net assets		136,006	112,889
Carrying amount of NCI		91,021	78,779
Income		397,269	257,237
Expenses		(370,510)	(277,786)
Profit/(loss) before tax		26,759	(110,856)
Profit/(loss) after tax		23,116	(110,498)
Profit/(loss) allocated to NCI		5,317	(25,415)
Cash flows from operating activities		(62,371)	109,916
Cash flows from investing activities		(17,505)	(5,659)
Cash flows from financing activities		-	(2,490)
Net increase in cash and cash equivalents		(79,875)	101,767

51 **Reconciliation of profit before income tax to cash flows provided by operating activities:**

		GROUP		COMPANY	
in thousands of Nigerian Naira	Notes	31 Dec-2018	31 Dec-2017	31 Dec-2018	31 Dec-2017
Profit before income tax		744,429	486,006	706,093	346,807
Adjustments for non-cash items:					
Reversal of impairment charge on loans and other receivables	12	-	(2,011)	-	(2,011)
Interest income on financial assets at FVTPL		4,609	-	4,609	
Impairment charge on loans and receivables	13	109,646	169,137	9,282	78,830
Amortisation of deferred acquisition costs		660,044	517,963	453,047	334,670
Depreciation of property, plant and equipment (PPE)	32	259,083	248,296	186,771	203,522
Amortisation of intangible assets	31	3,807	23,341	964	1,852
Interest income		(327,860)	(200,570)	-	-
Interest on finance lease receivables	27.1	-	(16,995)	-	(16,995)
Interest expenses		46,199	39,432	-	-
(Gain)/loss on disposal of PPE	11/15	(987)	(5,664)	-	386
Fair value loss on Financial assets at FVTPL	10	24,528	-	24,528	-
Foreign exchange gain on cash and cash equivalents		(40,379)	(29,076)	(19,778)	(14,884)
Fair value loss on assets held for sale	28	7,000	-	7,000	-
Fair value loss on investment properties	29	-	85,390	-	85,390
Cash flows from operating activities before changes in operating assets and liabilities		**1,490,120**	**1,315,249**	**1,372,516**	**1,017,567**
Changes in operating assets and liabilities					
Trade receivables		(174,955)	8,501	(248,097)	-
Reinsurance assets		(698,308)	(554,858)	(565,131)	(299,101)
Other receivables and prepayments		(953,045)	(786,828)	(1,048,318)	(1,008,536)
Deferred acquisition costs		(591,330)	(585,779)	(384,334)	(402,486)
Finance lease receivables		11,011	-	11,011	-
Loans and receivables		(2,190,182)	(2,113,638)	(2,094,320)	(2,122,470)
Available for sale instruments		-	-	-	-
Provision for unearned premium		(134,742)	372,218	(278,462)	326,047
Inventories		389,586	425,042	-	-
Provision for outstanding claims		2,106,177	1,995,125	1,829,132	1,620,513
Investment contract liabilities		(1,287,960)	607,450	(1,290,120)	607,328
Trade payables		(916,893)	1,012,300	(970,441)	908,644
Other payables		(388,584)	(468,668)	(259,388)	(60,719)
Deposit liabilities		252,885	55,423	-	-
Income tax paid	41	(77,881)	(149,959)	(25,243)	(73,180)
Net cash flows from operating activities		(3,164,102)	1,131,578	(3,951,195)	513,607

52 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	
in thousands of Nigerian Naira	Notes	31 Dec-2018	31 Dec-2017	31 Dec-2018	31 Dec-2017
₦220,001 - ₦720,000		135	99	12	11
₦720,001 - ₦1,400,000		82	122	49	61
₦1,400,001 - ₦2,050,000		33	50	16	24
₦2,050,001 - ₦2,330,000		18	14	12	8
₦2,330,001 - ₦2,840,000		11	13	10	3
₦2,840,001 - ₦3,000,000		1	4	1	2
₦3,000,001 - ₦4,500,000		19	21	10	14
₦4,500,001 - ₦5,950,000		9	3	9	-
₦5,950,001 - ₦6,800,000		1	3	-	-
₦6,800,001 - ₦7,800,000		4	10	4	9
₦7,800,001 - ₦8,600,000		6	4	6	3
₦8,600,001 - ₦11,800,000		7	5	5	4
Above ₦11,800,000		9	6	7	5
Balance, end of year		335	354	141	144

The average number of full time persons employed by the Group during the year was as follows:

		GROUP		COMPANY	
	Notes	31 Dec-2018	31 Dec-2017	31 Dec-2018	31 Dec-2017
Executive Directors		5	4	2	1
Management staff		55	57	41	38
Non management staff		280	297	100	106
		340	358	143	145

ii **Directors' remuneration:**

Remuneration paid to the directors of the Company was as follows:

		GROUP		COMPANY	
in thousands of Nigerian Naira	Notes	31 Dec-2018	31 Dec-2017	31 Dec-2018	31 Dec-2017
Executive compensation		87,998	111,100	55,757	55,757
Other directors expenses		21,675	30,000	21,675	30,000
		109,673	141,100	77,432	85,757

52 **Supplementary statement of profit or loss information - Continued**

The directors' remuneration shown above (excluding pension contributions and other allowances):

		GROUP		COMPANY	
in thousands of Nigerian Naira	Notes	31 Dec-2018	31 Dec-2017	31 Dec-2018	31 Dec-2017
Chairman		3,000	2,000	2,000	2,000
Highest paid director		63,698	55,757	55,757	55,757

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

		GROUP		COMPANY	
in thousands of Nigerian Naira	Notes	31 Dec-2018	31 Dec-2017	31 Dec-2018	31 Dec-2017
N500,000- N1,500,000		8	3	1	3
Above N2,000,000		-	3	-	-
		8	6	1	3

53 **Related parties**

Parent
Mutual Benefits Assurance Plc (incorporated in Nigeria) is the ultimate parent of the group.

Subsidiaries
Transactions between Mutual Benefits Life Assurance Limited and the subsidiaries also meet the definition of related party transactions. Where such transactions 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 Life Assurance Limited.

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	
in thousands of Nigerian Naira	Notes	31 Dec-2018	31 Dec-2017	31 Dec-2018	31 Dec-2017
Key management compensation					
Salaries and other short-term benefits		87,998	111,100	55,757	55,757
Directors fees and allowance		8,050	69,578	8,050	8,775
Defined contribution pension		2,400	2,400	2,400	2,400
Other directors expenses		30,000	30,000	30,000	30,000
		128,448	213,078	96,207	96,932

53 **Related parties - Continued**

Transactions with key management personnel

		GROUP		COMPANY	
in thousands of Nigerian Naira	Notes	31 Dec-2018	31 Dec-2017	31 Dec-2018	31 Dec-2017
Loans and advances to Directors					
Balance at 1 January		22,050	76,054	22,050	76,054
Repayments		(16,924)	(54,004)	(16,924)	(54,004)
At 31 December		5,126	22,050	5,126	22,050
Interest earned		3,783	6,464	3,783	6,464

Loans to key management personnel include mortgage 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.

No impairment allowance has been recognised in respect of loans given to key management personnel (2017:Nil).

	2018	2017
Loans and advances to subsidiary	₦'000	₦'000
Mutual Homes and Properties Limited	319,427	639,427

	COMPANY	
in thousands of Nigerian Naira	31 Dec-2018	31 Dec-2017
Granted during the year	-	-
Repayment	(320,000)	(411,069)
Interest earned	-	-

During the year, the Group carried out transactions with some entities related to it. Details of these transactions and outstanding balances are stated below:

Name of related party

in thousands of Nigerian Naira	Nature of relationship	Type of transactions	COMPANY 31 Dec-2018	COMPANY 31 Dec-2017
Receivables				
Mutual Homes & Properties Ltd	Subsidiary	Loans	319,427	639,427
Mutual Benefits Microfinance Bank Ltd	Subsidiary	Current account	7,551	3,937
Mutual Benefits Microfinance Bank Ltd	Subsidiary	Fixed deposit	111,144	209,489
Prime Exploration and Production Limited	Directors	Loans	10,148,345	10,162,578
Payable				
Mutual Benefits Assurance Plc	Parent	Intercompany	69,310	155,508
Mutual Benefits Liberia	Subsidiary	Intercompany	20,936	20,936

54 **Contingent liabilities**

Litigation and claims

The Company is presently involved in three litigations with estimated claims of ₦1,021,856 (2017: ₦14,334,856). In the Directors' opinion, after taking appropriate legal advice, the outcome of these legal claims will not give rise to any significant loss beyond the amounts provided at 31 December 2018.

ii *Capital commitments*

The Directors are of the opinion that all known liabilities and commitments which are relevant in assessing the Company's state of financial affairs have been taken into account in the preparation of these consolidated and separate financial statements.

55 Contravention of laws and regulations

The Company contravened certain law and regulation during the year. Details of the contravention and the related penalty is as follows:

in Nigerian Naira	Penalty
	₦
Refiling of 2017 annual returns to NAICOM	500,000

56 Event after the reporting date

There were no events after the reporting date that requires disclosure or adjustment in the consolidated and separate financial statements that has not been disclosed or adjusted.

APPENDIX 1 (STATEMENT OF VALUE ADDED)

For the year ended 31 December	GROUP				COMPANY			
in thousands of Nigerian Naira	**2018**	%	**2017**	%	**2018**	%	**2017**	%
Gross premium written	7,822,397		6,738,905		5,914,556		4,963,517	
Net benefits and claims	(4,678,837)		(3,240,134)		(4,088,467)		(2,592,489)	
Premiums ceded to reinsurers	(707,902)		(839,367)		(537,713)		(761,363)	
Other local charges	(1,759,830)		(1,838,482)		(1,164,961)		(1,251,344)	
Fees and commission income	103,092		167,396		96,536		166,109	
	778,920		988,318		219,951		524,430	
Investment income	1,107,465		701,097		1,161,210		646,222	
Value added	1,886,385		1,689,415		1,381,161		1,170,652	
Applied to pay:								
Employee benefits	1,028,469	55	1,093,525	65	621,595	45	747,233	64
Government as tax	126,326	7	129,018	8	71,872	5	58,927	5
Retained in the business:								
Contingency reserve	62,518	3	49,635	3	62,518	5	49,635	4
Retained profit for the year	648,193	34	431,210	26	625,176	45	314,857	27
Non-controlling interests	20,879	1	(13,973)	(1)				
Value added	1,886,385	100	1,689,415	100	1,381,161	100	1,170,652	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 2 - FIVE-YEAR FINANCIAL SUMMARY

Group - Statement of financial position
As at

in thousands of Nigerian Naira	31 Dec-2018	31 Dec-2017	31 Dec-2016	31 Dec-2015	31 Dec-2014
ASSETS					
Cash and cash equivalents	3,030,386	5,096,361	6,929,420	9,904,869	8,000,844
Financial assets:					
Available-for-sale investment securities	-	827,972	827,822	693,036	505,400
Equity instruments at fair value through OCI	676,806	-	-	-	-
Loans and receivables	11,552,741	11,612,559	11,639,228	11,039,430	8,545,925
Held-to-maturity	-	12,382,363	6,183,731	-	-
Debt Instruments at amortised cost	14,885,306	-	-	-	-
Financial assets at Fair value through P/L	487,230	-	-	-	-
Trade receivables	526,076	351,121	359,622	143,934	43,072
Reinsurance assets	2,067,212	1,368,904	814,046	190,411	327,508
Other receivables and prepayments	1,064,364	588,007	655,490	848,728	742,408
Finance lease receivables	-	11,011	272,084	376,138	407,179
Deferred acquisition costs	104,388	173,101	105,285	60,811	51,309
Inventories	518,236	907,822	1,332,864	1,533,164	3,004,468
Assets held for sale	5,550,000	-	-	-	-
Investment properties	1,420,000	8,510,000	8,670,390	8,675,665	6,937,764
Intangible assets	38,626	28,608	40,224	32,342	11,577
Property, plant and equipment	1,241,256	997,330	871,654	813,166	849,375
Deposit for investment in equity shares	-	70,000	70,000	140,000	460,000
Deferred tax assets	-	-	-	-	16,074
Goodwill	1,543	1,543	1,543	1,543	17,980
Statutory deposit	200,000	200,000	200,000	200,000	200,000
Total assets	43,364,170	43,126,702	38,973,403	34,653,237	30,120,883
LIABILITIES					
Insurance contract liabilities	7,917,919	5,946,484	3,579,141	2,116,805	1,830,274
Investment contract liabilities	25,276,261	26,564,221	25,956,771	24,217,581	20,857,971
Trade payables	913,130	1,830,023	817,723	538,906	81,322
Other liabilities	738,653	1,081,038	1,510,274	1,213,694	2,923,717
Deposit for shares	-	-	-	2,000,000	-
Deposit liabilities	512,153	259,268	203,845	509,867	485,281
Current income tax liabilities	313,614	265,169	286,110	203,452	234,431
Deferred tax liabilities	330,811	357,264	417,513	415,136	425,120
Total liabilities	36,002,541	36,303,467	32,771,377	31,215,441	26,838,116

MUTUAL BENEFITS LIFE ASSURANCE LIMITED

APPENDIX 2 - FIVE-YEAR FINANCIAL SUMMARY

Group - Statement of financial position
As at

in thousands of Nigerian Naira	31 Dec-2018	31 Dec-2017	31 Dec-2016	31 Dec-2015	31 Dec-2014
EQUITY					
Share capital	250,000	250,000	250,000	150,000	150,000
Share premium	3,750,000	3,750,000	3,750,000	1,850,000	1,850,000
Foreign currency translation reserve	1,116,284	911,064	906,502	184,491	127,775
Contingency reserve	465,798	403,280	353,645	310,130	276,753
Revaluation reserve	180,736	128,008	-	-	-
Fair value losses	(148,867)	-	-	-	-
Retained earnings	1,523,920	1,191,536	818,272	816,021	786,545
Shareholders' funds	7,137,871	6,633,888	6,078,419	3,310,642	3,191,073
Owners of the parent	7,137,871	6,633,888	6,078,419	3,310,642	3,191,073
Non-controlling interests in equity	223,758	189,347	123,607	127,154	91,694
Total equity	7,361,629	6,823,235	6,202,026	3,437,796	3,282,767
Total liabilities and equity	43,364,170	43,126,702	38,973,403	34,653,237	30,120,883

Group- Statement of profit or loss
For the year ended

Gross premium written	7,822,397	6,738,905	5,556,764	4,056,566	4,096,522
Premium earned	7,957,140	6,366,687	5,321,790	3,570,717	4,188,470
Profit before income tax	744,429	486,006	186,386	149,745	2,887,279
Income tax expense	(75,357)	(68,769)	(136,040)	(54,848)	(250,236)
Profit after income tax	669,072	417,237	50,346	94,897	2,637,043
Transfer to contingency reserve	(62,518)	(49,635)	(43,515)	(33,377)	(56,908)
Earnings per share- Basic (kobo)	259	172	18	50	1,752

MUTUAL BENEFITS LIFE ASSURANCE LIMITED

APPENDIX 2 - FIVE-YEAR FINANCIAL SUMMARY

Company - Statement of financial position
As at

in thousands of Nigerian Naira	31 Dec-2018	31 Dec-2017	31 Dec-2016	31 Dec-2015	31 Dec-2014
ASSETS					
Cash and cash equivalents	1,926,187	4,151,584	6,157,695	9,410,464	7,573,638
Financial assets:					
Available-for-sale investment securities	-	716,472	716,472	609,036	-
Equity instruments at fair value through OCI	604,740	-	-	-	-
Loans and receivables	10,378,981	10,854,661	11,193,259	11,034,276	10,585,049
Held-to-maturity	-	12,382,363	6,183,731	-	-
Debt instruments at amortised cost	14,885,306	-	-	-	-
Financial assets at Fair value through P/L	487,230	-	-	-	-
Trade receivables	248,097	-	-	-	-
Reinsurance assets	1,635,300	1,070,169	771,068	185,776	327,508
Other receivables and prepayments	672,714	449,538	521,088	534,055	314,349
Deferred acquisition costs	104,388	173,101	105,285	60,811	51,309
Finance lease receivables	-	11,011	181,810	317,930	407,143
Assets held for sale	5,550,000	-	-	-	-
Investment properties	1,420,000	8,510,000	8,670,390	8,675,665	6,937,764
Investments in subsidiaries	896,981	896,981	896,981	896,981	896,981
Intangible assets	787	1,751	3,603	5,870	8,809
Property, plant and equipment	218,059	364,573	505,381	533,493	498,910
Deposit for shares	-	70,000	70,000	140,000	460,000
Deferred tax assets	26,869	-	-	-	16,074
Statutory deposit	200,000	200,000	200,000	200,000	200,000
Total assets	39,255,639	39,852,204	36,176,763	32,604,357	28,277,534
LIABILITIES					
Insurance contract liabilities	6,707,244	5,156,574	3,210,013	1,844,111	1,648,289
Investment contract liabilities	25,261,335	26,551,455	25,944,127	24,208,510	20,847,272
Trade payables	691,521	1,661,962	753,318	514,866	71,958
Other liabilities	384,271	643,659	704,377	626,431	2,373,795
Deposit for shares	-	-	-	2,000,000	-
Current income tax liabilities	248,167	201,538	215,791	135,183	179,552
Deferred tax liabilities	-	31,069	58,046	54,260	42,918
Total liabilities	33,292,538	34,246,257	30,885,672	29,383,361	25,163,784
EQUITY					
Share capital	250,000	250,000	250,000	150,000	150,000
Treasury shares	3,750,000	3,750,000	3,750,000	1,850,000	1,850,000
Contingency reserve	465,798	403,280	353,645	310,130	276,753
Fair value losses	(111,732)	-	-	-	-
Retained earnings	1,609,035	1,202,667	937,446	910,866	836,997
Total equity	5,963,101	5,605,947	5,291,091	3,220,996	3,113,750
Total liabilities and equity	39,255,639	39,852,204	36,176,763	32,604,357	28,277,534

APPENDIX 2 - FIVE-YEAR FINANCIAL SUMMARY

Company - Statement of profit or loss
For the year ended

in thousands of Nigerian Naira	31 Dec-2018	31 Dec-2017	31 Dec-2016	31 Dec-2015	31 Dec-2014
Gross premium written	5,914,556	4,963,517	4,351,455	3,337,711	3,543,233
Premium earned	6,193,018	4,637,470	4,123,068	2,906,011	3,812,728
Profit before income tax	706,093	346,807	156,862	151,832	505,658
Income tax expense	(80,917)	(31,950)	(86,767)	(44,586)	40,735
Profit after income tax	625,176	314,857	70,095	107,246	546,393
Transfer to contingency reserve	(62,518)	(49,635)	(43,515)	(33,377)	(56,908)
Earnings per share- Basic (kobo)	250	126	28	71	364