MUTUAL

Professionalism • Dynamism • Integrity

Mutual Benefits Assurance Plc.

RC 269837

Strategic Report

Governance

Financial Statements

Appendices

Vision

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

Mission Statement

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

Guiding Principles

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

Core Values

- INTEGRITY
- RESPONSIVENESS
- LEADERSHIP
- KNOWLEDGE
- CONTINUOUS IMPROVEMENT

Who We Are

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

MUTUAL is strong, well capitalized with a team of highly trained professionals, a respectable Board and access to the International Insurance Market.

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

At MUTUAL, we pride ourselves in delivering excellent services to all our stakeholders.

Brief History

MUTUAL BENEFITS ASSURANCE PLC. (RC 269837)

- Incorporated as a private limited liability company on 18th April 1995
- Granted Certificate of Registration as an Insurer by the National Insurance Commission in 4th September 1995.
- Commenced operation on 2nd October 1995
- Became a public liability company on 24th May 2001
- Listed on the Nigerian Stock Exchange on 28th May, 2002.
- Transacts Life and General Insurance Businesses
- Authorised Share Capital - N10,000, 000, 000.
- Paid-Up Share Capital N4, 000, 000, 000.


Mutual Benefits Assurance Plc
Mutual Benefits Life Assurance Ltd.
Mutual Benefits Microfinance Bank Ltd.
Mutual Benefits Group
Mutual Benefits Assurance Company, Liberia
Mutual Benefits Assurance Niger S.A.
Mutual Benefits Homes & Properties Ltd.

DR. AKIN OGUNBIYI (B.SC, MBA, ACII, MIoD) CHAIRMAN

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

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

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

BABATUNDE DABIRI (B.SC, MBA) VICE CHAIRMAN

Mr. Babatunde Dabiri graduated from University of Ibadan with Honours degree in Economics and obtained his MBA at the Columbia University, New York, USA.

He started his career at the Nigerian Industrial Development Bank, Lagos. From there he proceeded to the School of Business, Columbia University, New York, USA and he graduated with an MBA in 1977. On his return to Nigeria, he joined Chase Merchant Bank (later Continental), then moved on to Prime Merchant Bank Ltd as Deputy Managing Director. As an astute banker, he set up Fountain Trust Merchant Bank Ltd and served as its GMD/CEO. He was also the GMD/CEO of Magnum Trust Bank Plc, in compliance with CBN regulation for consolidation, he led the effort to merge the bank and four others to form Sterling Bank Plc. He served as its GMD/CEO for a period of two years, from where he retired from banking.
Mr. Dabiri is a member of different bodies such as the University of Ibadan Advancement Board, Corona Trust Council, Lagos State University (LASU) Governing Council, Nigerian Indian Chamber of Commerce and Industry (NICCI), Lagos, e.t.c.

He sits on the board of several companies including Associated Discount House limited/Coronation Merchant Bank Limited, Academy Press Plc and was the founding Chairman of Lagos State Pension Commission for 6 years until 2015.

Between 2003 and 2005, Mr Dabiri was the Alumni President of the Lagos Business School and National President of the Igbobi College Old Boys Association (ICOBA) from 2004 to 2007. He served for 8 years on the Governing Council of the Lagos State University . Mr Dabiri is presently serving on the board of the University of Lagos Holding Company Ltd and on the Advancement Board of the University of Ibadan. Finally, he is a board member of LEAP Africa, an organisation committed to developing dynamic innovative and principled youth leaders.

SEGUN OMOSEHIN (B.SC, MSC, ACII, MIoD) MANAGING DIRECTOR/CEO

Mr. Segun Omosehin is one of the very few multi-disciplinary professionals in the insurance industry. He holds a Bachelor of Science (Honours) degree in Political Science; a Master's degree in International Law and Diplomacy (MILD); and an M.Sc in Economics. An Associate of the Chartered Insurance Institute of Nigeria, Member of the Nigerian Institute of Management; the Nigerian Society of International Law, as well as the Institute of Directors (IoD). He is an alumnus of Said Business School of University of Oxford where he attended the Oxford Advanced Management & Leadership Programme.

Before joining the Mutual Benefits team, Mr. Omosehin was the Managing Director/CEO of AIICO General Insurance Company Limited. He was also the MD/CEO of Admiral Insurance Company Limited between 2003 and 2007.

He also worked for about 9 years in different capacities at Custodian and Allied Insurance Plc; where he resigned in 2003 as the Divisional Head Operation.

Mr. Omosehin is presently the Managing Director/Chief Executive Officer of Mutual Benefits Assurance Plc, a position he has held since 2010.

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

Mr. Ashiru-Mobolaji oversees the Technical and Marketing & Distribution Channels of the Company. He is an Insurance graduate of Ibadan Polytechnic with an MBA from Lagos State University. He is an Associate Member of the Chartered Insurance Institute of Nigeria as well as an Alumnus of the Lagos Business School.
Mr. Ashiru-Mobolaji started his Insurance career with a stint at Femi Johnson Insurance Brokers at the Executive Support Service Department. Thereafter, he proceeded to Great Nigeria Insurance Company Ltd. He also worked at Databoard Nigeria Limited, a company that pioneered On-line Insurance Service in Nigeria.
An astute goal getter and a dynamic Insurance practitioner, Mr. Ashiru-Mobolaji joined Mutual Benefits Assurance Plc in 1998 and rose through the ranks.
In 2007, he became Senior Manager, Micro Insurance, after a comprehensive training with International Cooperative and Mutual Insurance Federation (ICMIF) in Manchester, UK. In 2009, he was seconded to Cameroun as GM/CEO of the Cameroun subsidiary of MUTUAL; Assurances Generales du Cameroun.
On his return to Nigeria in 2012, Mr. Ashiru-Mobolaji became the Head, Technical Operations. In 2013 he became Deputy General Manager, Business Development. In 2016, Mr. Ashiru-Mobolaji was promoted General Manager; in charge of the Marketing and Distribution Directorate of the company.

FEMI ASENUGA (B.SC, M.SC, ACII) DIRECTOR

An Associate of the Chartered Insurance Institute, Nigeria. Femi Asenuga holds a Master's of Science Degree in Business Administration and a Bachelor's Degree in Insurance from the University of Lagos. Femi was the best graduating student in the department of Insurance for 1989/1990 session. He won the Femi Johnson & Co. prize as well as the Unity Life & Fire Insurance Company award.

Mr. Asenuga started his Insurance career with Metropolitan Trust Insurance Company in 1993. He moved to Custodian and Allied Insurance as a pioneer Manager in the Underwriting Department. Femi is an Alumnus of Lagos Business School and the Said Business School of University of Oxford where he attended the Oxford Advanced Management & Leadership Programme. He has also attended several courses both locally and abroad. He was General Manager, life operations before he was seconded to MUTUAL Life as pioneer MD/CEO of the company

ADMIRAL F.B.I PORBENI (RTD) MNI,CFR) DIRECTOR

Admiral Festus B. I. Porbeni, a Professional Navigator and Underwater Diver, graduated from the Nigerian Defence Academy, Kaduna in 1967. At graduation, Admiral Porbeni was the best Cadet in service subject in the 3rd Regular Course. He was commissioned a Sub-Lieutenant in 1969. He served the Nation in various capacities including being the Pioneer Defence Adviser and later the Resident Ambassador to Equatorial Guinea from 1982-1988 with accreditation to Cameroun, Gabon and Sao Tome & Principe. As Ambassador, he worked assiduously to promote and sustain the relationship between Nigeria and Equatorial Guinea.

Admiral Porbeni was Commandant of the Nigerian Naval College, Onura, Director of Research & Analytical Studies (DARAS), Nigerian War College. He served in the provisional Ruling Council as the Flag Officer Command in Eastern Naval Command. He was the Commanding Officer NNS Argungu which he sailed from Bremen Germany to Lagos Nigeria, Commanding Officer NNS Aradu the Nigerian Navy Flagship, He was the Minister of Transport between 1998 and 1999. Admiral Porbeni is vast in many languages and has received many military honours both locally and internationally. He is a Commander of the Federal Republic (CFR) and the current Romanian Consul General in the Niger Delta Region. Admiral Porbeni also serves on the board of many other companies.

MICHAEL GOVAN (AMERICAN) (B.SC) DIRECTOR

Mr. Govan serves as the President of the Augustus Group, an International Insurance Consulting & Brokerage Company. The Augustus Group is the exclusive Agent of Mutual Benefits Assurance Company (MBA) in USA. The Augustus Groups USA works with multi-national reinsurance companies and advises MBA on a host of insurance products including but not exclusively of Life, Property & Casualty, Travel & Repatriation and Mortgage Insurance.

Mr. Govan is also the President of The Legacy Group, providing government relations and strategic communication support to select group of clients. Mr. Govan has over 25 years of government and business experience. He worked in the White House for Reagan/Bush. His understanding of the governmental process and extensive relationships with key leaders around the world enables Legacy to offer effective strategies for Corporate and Governmental solutions.

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

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

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

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

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

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

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

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

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

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

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

AKINBOYE TAIWO OYEWUMI (B.SC, MBA) DIRECTOR

Mr. Oyewumi is presently the Group Managing Director of Silverage Group. The Company is made up of a network of diverse businesses including Information Technology and Finance.

Mr. Oyewumi holds a BA in Business Administration from University of Maiduguri, Borno State, Nigeria, as well as an MBA in Business Administration from the Middlesex University, London, United Kingdom.

He was appointed a Non-Executive Director of Mutual Benefits Assurance Plc in January 2016

LAMIS SHEHU DIKKO (B.SC) DIRECTOR

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

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

He was appointed a Non-Executive Director of Mutual Benefits Assurance Plc in January 2016.

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

Ms. Ahmed holds a Bachelor's Degree in Communications from Bayero University, Kano and a Master's Degree in Television from Goldsmiths' College, University of London.
She is a seasoned professional media executive and strategic Communications consultant to NGOs, public and private sector boards.
Ms. Ahmed was a Senior Producer, Journalist and Acting Editor with the British Broadcasting Corporation.
She was Co-founder and Media consultant for Blue Communications EMEA, from 2003 to 2006. Between 2006 and 2008, Ms. Ahmed worked with Shoreline Energy International as Head, Corporate Communications and Resort Group Limited, as Group Head, Corporate Communications.
Ms. Ahmed was Editor, Timbuktu Media; Publishers of Next Newspaper; Nigeria's leading investigative Newspaper, for which she won many awards.
Between 2011 and 2016, Ms. Ahmed worked with Africa Practice R & B and Reinvent Media Ltd. as Associate Director and Partner respectively.
Ms. Ahmed is an articulate panel discussion moderator, television host and opinion contributor with a strong grasp of current affairs including local and international politics, the economy, the arts and entertainment.
She is also an influential member of the Nigerian Guild of Editors and also a British Council Chevening Scholar.
Since February of 2016, Ms. Ahmed has been a Partner with DM Nigeria Ltd. in charge of Media Content Training and Business Development.
She was appointed a Non-Executive Director of Mutual Benefits Assurance Plc. in October, 2016.

SEGUN OMOSEHIN (B.SC, MSC, ACII, MIoD) MANAGING DIRECTOR/CEO	**TITI AKINSIKU (MBA, ACII)** CONTROLLER, TECHNICAL (PLC)
BIYI ASHIRU-MOBOLAJI (HND INS. MBA, ACII) EXECUTIVE DIRECTOR, OPERATIONS	**FEMI FAPOHUNDA (Msc)** CONTROLLER, ICT
FEMI ASENUGA (B.SC, M.SC, ACII) DIRECTOR	**BOYE FASASI (Msc ACII)** CHIEF COMPLIANCE OFFICER, MUTUAL LIFE
DEMOLA FAGBAYI (B.Ed, ACI)) GENERAL MANAGER, MUTUAL RETAIL	**FOLASADE OKE (HND, ACII)** CONTROLLER, LAGOS BUSINESS DISTRICT
OPAYELE OYEWOLE AKANBI (B.Ed MNIM ACII) GENERAL MANAGER, TECHNICAL (MUTUAL, LIBERIA)	**OSEAFIANA JUDE UDOKA (HND, MCA, ACII)** CONTROLLER, CORPORATE MARKETING
BAYO AKINMOLADUN (MBA) DEPUTY GENERAL MANAGER, BRANCH OPERATIONS	**ADETUTU ARUSIUKA (FIIN, MBA)** CONTROLLER, RETAIL/CHANNELS
NOMWEN EMEGHALU (MBA ACIIN) DEPUTY GENERAL MANAGER, CORPORATE MARKETING	**ELLEN OFFO (MBA, Dip. CIPR, rpa)** SENIOR MANAGER, CORPORATE COMMUNICATION
JIDE IBITAYO (BL LLM, ACIS, ACIT) DEPUTY GENERAL MANAGER, LEGAL/CORPORATE SERVICES	**KOLAPO LAWRENCE OLLA (M.A. ACIIN, ACIB)** SENIOR MANAGER, SPECIAL RISKS
SOLA ADEKUNLE (BSC, ACII) DEPUTY GENERAL MANAGER, CORPORATE MARKETING (MUTUAL LIFE)	**OLUYINKA AKINWALE (MBA, ACII)** SENIOR MANAGER, TECHNICAL
OGUNWO ABAYOMI AYODEJI (MBA, ACA) DEPUTY GENERAL MANAGER, FINANCE & ACCOUNTS	**AJAYI IMOH (HND)** SENIOR MANAGER, CORPORATE MARKETING (ABUJA)
JOSEPH OLADOKUN (MBA, AIIN, ANIMN) DEPUTY GENERAL MANAGER, TECHNICAL	**OLUFEMI AYODELE (MBA)** SENIOR MANAGER CORPORATE MARKETING
MUHAMMED B. T. IBRAHIM (LLB, MPA, MNIM, ACAN) ASSISTANT GENERAL MANAGER, NORTHERN REGION	**OLUBUNMI ADIO (MBA, AMNIM)** SENIOR MANAGER CORPORATE MARKETING
AMUSA LATEEF (AAT, HND, ACA) ASSISTANT GENERAL MANAGER, FINCON, (MUTUAL LIFE)	**BELLO MODUPE BOLANLE (HND, PGD, ACA)** SENIOR MANAGER, FINANCE & ACCOUNT
SHEMAYE ABODERIN (MBA ACIPM) CONTROLLER, HR & ADMIN	**OLAJUMOKE AKINNAWO (BSC ACCA)** SENIOR MANAGER, FINANCE & ACCOUNT
GABRIEL GBADEBO (B.A, ACII) CONTROLLER TECHNICAL, (MUTUAL LIFE)	**AKIN OLADEJI (HND, MBA, ACIIN)** SENIOR MANAGER, WESTERN REGION
	TUNDE OGUNTADE (HND, MBA, ACIPM) SENIOR MANAGER, PROJECT MANAGEMENT OFFICE.

NOTICE IS HEREBY GIVEN that the 21st Annual General Meeting of Mutual Benefits Assurance PLC will be held at Premier Hotel, Ibadan, Oyo State on Friday, 28th of July, 2017 at 12.00 noon to transact the following business:

ORDINARY BUSINESS:

1. To lay before the Members, the Audited Financial Statements of the Company for the year ended 31st December 2016 together with the Reports of Directors, Auditors and Audit Committee thereon.
2. To elect/re-elect Directors.
3. To authorize the Directors to fix the remuneration of the External Auditors.
4. To elect members of the Audit Committee.

NOTES

1. **Proxy**
   A member of the company entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the company. A Proxy Form is attached to the Annual Reports and Accounts.
   Executed proxy forms should be returned to the Registrar, Meristem Registrars Limited, 213, Herbert Macaulay Way, Adekunle, Yaba, Lagos State, not less than 48 hours before the time of the meeting.
2. **Dividend Warrants**
   The Directors will not recommend any dividend for the year ended December 31, 2016.
3. **Audit Committee**
   In accordance with Section 359(5) of the Companies and Allied Matters Act, Cap C20, Laws of the Federation of Nigeria, 2004, any shareholder may nominate another shareholder for election as a member of the Audit Committee by giving notice in writing of such nomination to the Company Secretary at least 21 days before the Annual General Meeting.
4. **Closure of Register of Members**
   In accordance with section 89 of CAMA, please note that the Register of Members and Transfer Books of the Company will be closed from 17th of July, 2017 to 21st of July, 2017 to enable the Registrar update its records in preparation for the meeting.
5. **E-Dividend**
   Pursuant to the directive of the Securities and Exchange Commission, notice is hereby given to shareholders to provide account for the purpose of e-dividend /bonus. A form is inserted into this

   Annual Report & Accounts 2016 for completion by all shareholders to furnish the particulars of their accounts to the registrars (Meristem Registrars Limited, 213, Herbert Macaulay Way, Adekunle, Yaba, Lagos State).
6. **Right of Shareholders to ask Questions**
   Shareholders have a right to ask questions not only at the meeting but also in writing prior to the meeting and such questions must be submitted to the Company Secretary on or before the 26th of July, 2017.

7. Biographical Details of Directors

Biographical details of Directors standing election/re-election are contained in the Annual Reports and Accounts, and also on the Company's website www.mbaplc.com

8. Website

A copy of this Notice and other information relating to the meeting can be found at www.mbaplc.com

By order of the Board.

Abdulai, Taiwo & Co.
Company Secretaries

Subomi Adebero
ABDULAI, TAIWO & CO
COMPANY SECRETARIES
FRC/2013/00000004756

Dated the 22nd Day of June, 2017

Mutual Benefits Assurance Plc financial statements complies with the applicable legal requirements of the Companies and Allied Matters Act CAP C20 LFN 2004, regarding financial statements and comprise Consolidated and Separate Financial Statements for the year ended 31st December 2016. The consolidated financial statements of the Company and its subsidiaries have been prepared in compliance with IAS 1, 'Presentation of financial statements' issued by the International Accounting Standards Board.

Chairman

Dr. Akin Ogunbiyi	Chairman

Directors

Mr. Olusegun Omosehin	Managing Director/CEO
Mr. Biyi Mobolaji Ashiru	Executive Director, Operations (appointed w.e.f 01.04.2017)
Mr. Femi Asenuga	Director
Adm. Festus Porbeni (rtd) mni, CFR)	Non-Executive Director
Mr. Michael Govan	Non-Executive Director (American)
Mr. Adesoye Olatunji	Non-Executive Director
Dr. Eze Ebube	Non-Executive Director (American)
Prof. Patrick Utomi	Non-Executive Director
Mr. Babatunde Dabiri	Non-Executive Director (Independent)
Mr. Lamis Sheu Dikko	Non-Executive Director
Mr. Akinboye Oyewumi	Non-Executive Director
Ms. Kadaria Ahmed	Non-Executive Director (appointed w.e.d 4.10.2016)

Registered Office

Aret Adams House
233 Ikorodu Road, Ilupeju, Lagos

Auditors

Ernst & Young
UBA House, 10th and 13th Floors
57 Marina, Lagos

Company Secretary

Abdulai Taiwo & Co
FRC/2013/NBA/0000004757
Goodwill House, 278 Ikorodu Road, Lagos

Bankers

Access Bank Plc
Fidelity Bank Plc
First City Monument Bank (Group) Limited
First Bank of Nigeria Limited
Guaranty Trust Bank Plc
Keystone Bank Limited
Sterling Bank Plc
Zenith Bank Plc
Mutual Microfinance Bank Limited
Ecobank Nigeria Plc
Stanbic IBTC Bank Nigeria Plc
Unity Bank Plc
Wema Bank Plc
United Bank for Africa Plc
Heritage Bank Limited
Skye Bank Plc

Re-insurers

African Reinsurance Corporation
Aveni Reinsurance Ltd.
Continental Reinsurance Plc.
Nigerian Reinsurance Corporation

Actuaries

Alexander Forbes Nigeria Limited
FRC/2012/0000000504

Registrar

Meristem Registrar Limited
FRC/2012/0000000504

Estate Surveyor & Valuer

Alabi, Ojo & Makinde Consulting
FRC/2012/NIESV/000000314

Arigbede & Co Estate Surveyors and Valuers
FRC/2014/NIESV/00000004634

RC No

269837

DR. AKIN OGUNBIYI

CHAIRMAN

Distinguished Shareholders, ladies and gentlemen, It is a privilege to welcome you all to the 21st Annual General Meeting and to present to you the Annual reports of Mutual Benefits Assurance Plc for the year ended 31st December 2016. This is the first time our meeting is taking place in the historic city of Ibadan. A city that boasts of many first accomplishments in the history of Nigeria and indeed Africa as whole.

MACRO-ECONOMIC ENVIRONMENT

The year 2016 was a turbulent year for Nigeria and many other African countries especially countries with heavy dependence on oil as source of revenue. The economy contracted with negative GDP growth of -1.51% in 2016 making this the first time in over 25 years. All major sectors of the economy (both oil and non-oil) fell into recession in 2016 with the Financial Institutions and Insurance Services sector that accounted for 2.88% of the GDP declining by -4.56%. The economy was dominated by a range of structural problems, specifically volatile oil production, pipeline vandalism, lack of optimal Forex liquidity, weak fiscal policy and weaker currency.

Other key economic indices such as inflation, prime lending and unemployment rates consistently rose throughout the year. The rates were at record high of 18.6%, 17% and 14.2% respectively at the end of the year.

Global fall in oil prices and the inability to get commitment of some OPEC countries to reduce the supply of crude oil to shore up the prices in the early part of the year created more challenges for the mono - economic structure of Nigeria. An economy solely dependent on crude oil exportation as the means of meeting about 75% of its foreign exchange requirements. This, coupled with the lack of proper policy direction in time to curb the structural issues led to low investor and market confidence from both domestic and foreign investors and impacted negatively on the foreign exchange inflows.

In June 2016, the Naira was devalued to create room for flexible exchange-rate policy to help alleviate a dollar shortage that was crippling the economy. The aim was to bring foreign investors back into country, paving the way for an economic rebound. However, by the end of the year, the naira weakened massively in the official interbank and the parallel markets by 36% and 60% to N304.5 and N490 per US$ respectively due to scarcity of the dollars to meet the supply requirements.

INSURANCE AND REGULATORY ENVIRONMENT

For the insurance sector, market penetration and expansion became even more challenging in 2016. Growth in the year was further hampered by the challenges of the economic recession with the associated low patronage arising from decline in disposable incomes and the increased premature termination of investment policies for life insurance businesses.

Year 2016 saw the commencement of implementation of guidelines on Code of Good Corporate Governance for insurance industry which led to the retirement of a number of directors of insurance companies during the year.

Also, in order to further assure the insuring public of the regulator's commitment to the credibility of players in the insurance sector, NAICOM introduced its Roadmap for Risk Based Supervision (RBS). This risk-based capital adequacy framework is expected to ensure protection of policy holders and beneficiaries of insurance contracts against unexpected losses by companies.

In response to the RBS regime, Mutual Benefits Assurance Plc is set to recapitalize. As a first step to recapitalization, the Company's authorized Share Capital was increased from 10,000,000,000 ordinary shares of 50 kobo each to 20,000,000,000 ordinary shares of 50 kobo each to accommodate the proposed issue of shares which is planned for the third and fourth quarters of 2017.

FINANCIAL SCORECARD

Given the very challenging economic environment during the year, the recorded 17% decrease in Gross Premium Written (GPW) was not unexpected. However, the decrease in GPW did not cascade to the underwriting profit. Underwriting profit increased by 16% from N3.6 billion in 2015 to N4.2billion in 2016, this is because your management employed better strategies of risk profiling of businesses within its portfolio thereby reducing its reinsurance costs.

The Group reported a loss before tax of N1.1billion in the year from N1.2 billion profit reported in 2015. The major contributing factor was the depreciation in the value of naira against major currencies. This resulted in a foreign exchange loss of N1.9billion on the foreign currency denominated borrowings held by your Company.

As a result of the diminution in the value of the naira, coupled with the difficult business operating environment in 2016, your Company was unable to achieve the desired returns for dividend declaration.

Management is however not resting on its oars and has in place hedging instruments which reduced and will further mitigate our exposure to future foreign exchange losses. We assure you of our commitment to the growth and success of our great Company.

Total assets of the Group grew by 12% from N46billion in 2015 to N51billion in 2016, while shareholders' funds decreased by 8% as a result of the impact of the foreign exchange loss.

BOARD FOCUS IN 2017 AND BEYOND

The Board and Management have set the wheels in motion for repositioning the Company as part of our goal to lead the industry in growth, profitability, innovation, operational efficiencies, and dividend returns with the implementation of our new 5-Year Strategic Roadmap (PROJECT ONE RELOADED) starting from Q1 2017.

To achieve the goals of the Project, we will focus on the following key priorities:

- Deepen market penetration/customer acquisition by aggressively growing our customer base across all segments;
- Embed customer and service delivery excellence by establishing our Company as the most customer focused in the industry;
- Transform people and culture by creating the right environment to attract, develop and retain knowledgeable and motivated staff; and
- Drive operational effectiveness by leveraging on disruptive technology and embedding analytics.

These strategic initiatives require huge capital outlay which will be sourced from our internally generated funds as well as from additional equity capital we will be raising very soon.

BOARD CHANGES

Since the last Annual General Meeting, Ms Kadaria Ahmed was appointed as a non-executive director of the Company in October 2016. She brings with her to the Board a wealth of experience in Media and best corporate practices.

In addition, Mr Biyi Mobolaji-Ashiru was appointed as Executive Director Operations with effect from 1st April 2017. He is an astute insurer and business manager who joined the Company 19 years ago as a Management Trainee. He previously worked as the CEO of our former Cameroonian subsidiary, Assurances Generale Du Cameroon (AGC). Prior to his appointment, he was the General Manager, Marketing & Distribution.

Their appointments are presented to you for ratification. Please join me in welcoming them to the Board.

Messrs. Babatunde Dabiri and Eze Ebube are due to retire by rotation and being due for re-election offer themselves for re-election.

Michael Govan will also be retiring at this meeting. He is not offering himself for re-election having served the maximum allowable period of nine years on the Board. We will miss him dearly on the Board for his erudite contributions to discussions and invaluable service to the Company in the past ten years. We wish him all the best in his future endeavours.

CORPORATE SOCIAL RESPONSIBILITY

As part of our corporate social responsibility, Mutual Benefits Assurance Plc encourages the development of the Nigerian Youth through various programmes and channels. In recognition of our commitment to sports development amongst the youth, we were presented with an award by the Federal Ministry of Youth Sports Development in appreciation of our consistent support and involvement in Youth development and empowerment during the 2nd National Youth Games held in Ilorin during the year.

CONCLUSION

With our refreshed strategy, we have set our roadmap for the future. Our goal is customer focused, improved operational effectiveness, people and culture transformation and market penetration. I encourage you to join us on this mutually benefitting journey of Transformation and Success, because we see the end from the beginning.

My appreciation goes to my fellow Board members, Management and our employees for the determination, hard work and commitment to the continued growth of our Company. To our esteemed customers, we appreciate your continued patronage loyalty and support.

Distinguished shareholders, ladies and gentlemen, we appreciate you all for the support and thank you for your attention.

Dr. AKIN OGUNBIYI
Chairman

in thousands of Nigerian Naira	2016	2015	%	2016	2015	%
STATEMENT OF PROFIT OR LOSS for the year 31 December 2016						
Gross premium written	**12,143,610**	14,598,070	-17%	**6,586,846**	10,541,503	-38%
Gross premium income	**11,982,537**	13,801,208	-13%	**6,660,747**	10,230,490	-35%
Net premium income	**10,271,427**	7,734,582	33%	**5,145,271**	4,270,643	20%
Net underwriting income	**10,701,949**	8,394,946	27%	**5,457,752**	4,907,954	11%
Underwriting profit	**4,188,027**	3,619,015	16%	**2,872,083**	2,563,595	12%
(Loss)/profit before income tax	**(1,068,666)**	1,195,272	-189%	**(1,248,946)**	901,266	-239%
(Loss)/profit after income tax	**(1,346,286)**	812,048	-266%	**(1,390,527)**	652,613	-313%
(Loss)/earnings per share: Basic - Continuing operation	**(17)**	10	-270%	**(17)**	8	
STATEMENT OF FINANCIAL POSITION	**2016**	2015		**2016**	2015	%
Total assets	**51,465,813**	46,094,942	12%	**16,579,092**	15,798,729	5%
Insurance contract liabilities	**7,401,872**	6,087,972	22%	**3,822,730**	3,971,168	-4%
Investment contract liabilities	**25,956,771**	24,217,581	7%	**-**	-	-
Shareholders' fund	**6,889,161**	7,518,016	-8%	**4,810,735**	6,201,262	-22%

The Board has the pleasure of presenting their Report on the affairs of Mutual Benefits Assurance Plc ("the Company") and its subsidiaries (together "the Group") to the Shareholders along with the Group and the Company's Audited Financial Statements and the auditors report for the year ended 31st December 2016.

LEGAL STATUS AND PRINCIPAL ACTIVITY

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

The Group's Head Office is located 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, Lafia, Ojo, Oshogbo, Otta, Owerri and Yenogoa.

BUSINESS REVIEW

The Group is mainly involved in general and life insurance underwriting (under separate licenses held by the Company and its subsidiary respectively), risk management and provision of financial services.

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

MUTUAL Group's products and services are as follows:

GENERAL BUSINESS PRODUCTS

Property Insurance
Fire and Special Perils
Burglary/House Breaking
Householder, House-owner
Comprehensive
Marine Cargo
Marine Hull
Motor
Goods-in-Transit
All Risk Insurance
Engineering
Industrial All Risks
Liability/Bond Insurance
Money
Professional Indemnity
Fidelity Guarantee
Public Liability/Product Liability

LIFE INSURANCE PRODUCTS

Insurance of Person
Personal Insurance
Group Personal Accident
Individual Savings & Pension Plan
Mutual Education Guarantee Plan
Keyman Assurance
Mortgage Protection
Group Life Assurance
Term Assurance
Endowment Assurance
Retail Marketing Products
Insurvisa
Greenshield-24Hr. Accident Cover
Greenshield-Life
Director's Liability
Mutual Group Investment Protection Plan
Micro Personal Investment Plan

OPERATING RESULTS

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

	Group 2016 N'000	Group 2015 N'000	Company 2016 N'000	Company 2015 N'000
Gross Premium Written	12,143,610	14,598,070	6,586,846	10,541,503
(Loss)/profit before income tax	(1,068,666)	1,195,272	(1,248,946)	901,266
Income tax expense	(277,620)	(303,500)	(141,581)	(248,653)
(Loss)/profit after income tax	(1,346,286)	891,772	(1,390,527)	652,613
Loss from discontinued operation	-	(79,724)	-	-
(Loss)/profit for the year	(1,346,286)	812,048	(1,390,527)	652,613
Shareholders' funds	6,889,161	7,518,016	4,810,735	6,201,262

DIVIDENDS

The Board of Directors have not declared any dividend for the year (2015: Nil).

DIRECTORS

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

Dr. Akin Ogunbiyi	Chairman (w.e.f 1.7.2016)
Mr. Akin Opeodu	Chairman (1.4.2014 to 30.6.2016)
Mr. Olusegun Omosehin	Managing Director/CEO
Mr. Biyi Mobolaji Ashiru	Executive Director, Operations (appointed w.e.f 01.04.2017)
Mr. Femi Asenuga	Director
Mr. Gbenga Ogunko	Executive Director (resigned w.e.f 31.12.2016)
Mr. Adesoye Olatunji	Non-Executive Director
Adm. Festus Porbeni (rtd) (mni,CFR)	Non-Executive Director
Mr. Michael Govan	Non-Executive Director (American)
Dr. Eze Ebube	Non-Executive Director (American)
Prof. Patrick Utomi	Non-Executive Director
Mr. Babatunde Dabiri	Non-Executive Director (Independent)
Mr. Lamis Sheu Dikko	Non-Executive Director (appointed w.e.f 1.1.2016)
Mr. Akinboye Oyewumi	Non-Executive Director (appointed w.e.d 1.1.2016)
Ms. Kadaria Ahmed	Non-Executive Director (appointed w.e.d 4.10.2016)

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 and the requirements of the Listing requirements of the Nigerian Stock Exchange is noted:

DIRECTORS:

	2016		2015		
DIRECTORS:	DIRECT	INDIRECT	DIRECT	INDIRECT	PERSONS REPRESENTED
Dr. Akin Ogunbiyi	124,292,614	704,545,609	124,292,614	704,545,609	Charks Investment Ltd/Core Trust & Investment Limited
Mr. Akin Opeodu (1.4.2014 to 30.6.2016)	11,000,000	74,213,287	11,000,000	74,213,287	Kemson Schools Nigeria Limited
Mr.Olusegun Omosehin	1,000,000		1,000,000	-	Charles Enterprise LLC
Mr. Femi Asenuga	1,093,150		1,093,150	-	
Dr. Eze Ebube	2,500,000	-	2,500,000	-	
Prof. Pat Utomi	36,460,000	-	36,460,000	-	
Admiral F. Porbeni (rtd)	-	-	-	-	
Mr. Babatunde Dabiri	-	-	-	-	
Mr.Adesoye Olatunji	-	933,858,376	-	933,858,376	CIL Risk & Asset Management Limited
Mr. Michael Govan	3,100,000	2,100,000,000	3,100,000	2,100,000,000	
Mr. Lamis Sheu Dikko	-	-			
Mr. Akinboye Oyewumi	-	-			
Ms. Kadaria Ahmed	-	-			
Mr. Gbenga Ogunko (resigned w.e.f 31.12.2016)	4,200,000	-	4,200,000	-	

ACQUISITION OF OWN SHARES

The Company did not purchase its own share in year 2016 (2015: Nil).

SECURITY TRADING POLICY

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

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

RETIREMENT BY ROTATION

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

RESIGNATION OF DIRECTORS

Since the last Annual General Meeting, Mr. Gbenga Ogunko resigned from the Board of the Company Executive Director, Public Accounts and Business Development with effect from 31st December 2016.

APPOINTMENT OF DIRECTORS

Since the last Annual General Meeting, Ms. Kadaria Ahmed was appointed to the Board as Non-Executive Director with effect from 4 October 2016 and Mr Biyi Mobolaji Ashiru as Executive Director Operations with effect from 1st April 2017. Their profiles are on pages 10 and 11 respectively.

DIRECTORS' INTEREST IN CONTRACTS

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

PROPERTY, PLANT AND EQUIPMENT

Information relating to changes in property and equipment is given in Note 33 to the consolidated and separate financial statements. In the Directors' opinion, the market value of the Group's properties 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	Paid monthly during the financial year
	A competitive salary package that reflects the desires of the Company to remain at the apex of the industry.	
13th month salary	Part of the salary package of Executive Directors	Paid at the last month of the year
*Director fees	Allowances paid to Non-Executive Directors	Paid during the year
*Travelling allowances	Allowances paid to Non-Executive Directors who reside outside Nigeria.	Paid during the year
*Sitting allowances	Allowances paid to Non-Executive Directors only for sitting at board meetings and other business meetings.	Paid during the year

*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 N6,264,500 (2015: N3,374,500) was given out as donations and charitable contributions during the year. Details of the donations and charitable gifts are as stated below:

Organisations:	2016 (N)	2015 (N)
Sponsorship of five students of Diploma in College of Insurance	4,250,000	-
Sponsorship of CPI's 2015 Petroleum Policy Roundtable (PPR XV)	200,000	-
Sponsorship of 2016 Christ Apostolic Church Academic Summit	200,000	-
Sponsorship of Christ Apostolic Church's Decade Celebration of the Feast of Worship	1,000,000	-
Donation to University of Benin	50,000	-
Financial Support to Orochiri Community, Port Harcourt	20,000	-
Sponsorship of the 12 Aret Adams Foundation Lecture	544,500	544,500
Support for the projects of Rotary Club of Gbagada South	-	1,000,000
Donation for Fiyinfoluwa Twins' Eye Surgery	-	230,000
Donation to Junior Chamber International (JCI) Eko Chapter	-	100,000
Sponsorship of IOD's 2015 Annual Directors' Conference	-	1,000,000
Support to Chioma Ajunwa Foundation for the development of Future Olympic	-	250,000
Donation to Staddon School's 1st Inter-House Sports Competition	-	50,000
Sponsorship of Ikeja Golf Club's 2015 Corporate Challenge Tournament	-	200,000
TOTAL	**6,264,500**	**3,374,500**

BENEFICIAL OWNERSHIP

The following shareholders held 5% or more of the issued and paid up shares of the Company as at 31 December 2016:

NAME OF HOLDER	ADDRESS	HOLDING	%
CORE TRUST & INVESTMENT LTD	P.O Box 73492 V/I Lagos State, Lagos	450,323,331	5.63
CIL RISK & ASSET MANAGEMENT LTD	26 Adeola Hopewell, Victoria Island, Lagos	933,858,376	11.67
CHARLES ENTERPRISES LLC	LLC SUITE 750, 17th Street, NW 1000 Washington Dc, USA	2,100,000,000	26.25

ACTIVE SHAREHOLDERS – SUMMARY (RANGE ANALYSIS) Position As at: 31.12.2016

Range	No. of Holders	Holders %	Holders Cum	Units	Units %	Units Cum
1 - 5,000	13,947	37.97	13,947	33,697,882	0.42	33,697,882
5,001 - 10,000	6,524	17.76	20,471	55,117,612	0.69	88,815,494
10,001 - 100,000	13,727	37.37	34,198	514,334,972	6.43	603,150,466
100,001 - 500,000	2,058	5.60	36,256	451,191,259	5.64	1,054,341,725
500,001 - 1,000,000	245	0.67	36,501	193,075,215	2.41	1,247,416,940
1,000,001 - 5,000,000	160	0.44	36,661	331,772,312	4.15	1,579,189,252
5,000,001 - 10,000,000	20	0.05	36,681	133,512,132	1.67	1,712,701,384
10,000,001 - 100,000,000	38	0.10	36,719	1,196,593,173	14.96	2,909,294,557
100,000,001 above	11	0.03	36,730	5,090,705,443	63.63	8,000,000,000
Grand total	**36,730**	**100.00**		**8,000,000,000**	**100.00**	

EVENT AFTER THE REPORTING DATE

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 2016.

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 percentage of women employed during the financial year vis-à-vis total workforce is as follows:

		Male Number	Female Number	Male %	Female %
Employees		127	77	62.25	37.75
Gender analysis of Board and Top Management is as follows:					
Board		12	1	92.31	7.69
Top Management		10	2	83.33	16.67

Gender Analysis

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

	Male Number	Female Number	Male %	Female %
Assistant General Manager	1	1	50.00	50.00
Deputy General Manager	4	1	80.00	20.00
General Manager	1	-	100.00	-
Executive Director	2	-	100.00	-
Chief Executive Officer	1	-	100.00	-
Non-Executive Director	9	1	90.00	10.00

(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.

(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 clinics on retainership with the company. The clinics, which are manned by professionals who are specialists in different medical lines, offer first class medical services to the employees. Fire prevention and fire-fighting equipment are installed in strategic locations within the Company's premises. It also operates a contributory pension plan in line with the Pension Reform Act 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, wages review amongst others.

AUDITORS
In accordance with section357(2) of the Companies and Allied Matters Act the Auditors, Messrs. Ernst & Young have indicated their willingness to continue in office as External Auditors . A resolution will be proposed to authorize the Directors to fix their remuneration.

COMPLIANCE WITH NAICOM CODE OF CORPORATE GOVERNANCE
In view of its commitment to the implementation of effective corporate governance principles in its business operations, the Company filed its Half Yearly Return with the Securities and Exchange Commission (SEC) as at 30 June and 31 December 2016 respectively and also its periodic returns with 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

Abdulai, Taiwo & Co.
Company Secretaries

Subomi Adebero (Mrs)
FRC/2013/ICSAN/00000004756
ABDULAI, TAIWO & CO.
Company Secretaries

Date 29th March, 2017

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

The Company continues to comply with its Internal Governance Policies, the Code of Corporate Governance for Companies in Nigeria and the 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 twelve (12) Directors, made up of two (2) Executive Directors and ten (10) Non-Executive Directors, one of whom is the Chairman. The Directors are experienced stakeholders with diverse professional backgrounds in Insurance, Accounting, Banking, Commerce, Management, Diplomacy, Engineering, Government etc. The Directors are men 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 DIRECTOR'S ATTENDANCE

In accordance with Section 258(2) of the Companies and Allied Matters Act Cap C20, Laws of the Federation of Nigeria, 2004, the record of Director's attendance and meetings held during year 2016 is available for inspection at the Annual General Meeting. The Board met five (5) times during the year and the meetings of the Board were presided over by the Chairman. Written notices of the Board meetings, along with the agenda circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

DIRECTORS	14.01.2016	26.02.2016	18.04.2016	30.06.2016	4.10.2016	TOTAL
DR. AKIN OGUNBIYI	✓	✓	✓	✓	✓	5
MR. BABATUNDE DABIRI	X	✓	✓	✓	✓	4
MR. OLUSEGUN OMOSEHIN	✓	✓	✓	✓	✓	5
MR. FEMI ASENUGA	✓	✓	✓	✓	✓	5
DR. EZE EBUBE	✓	✓	X	X	✓	3
PROF. PATRICK UTOMI	X	✓	✓	✓	X	3
MR. SOYE OLATUNJI	✓	✓	✓	✓	✓	5
ALH LAMIS DIKKO	✓	✓	X	✓	✓	4
MR AKINBOYE OYEWUMI	✓	✓	✓	X	✓	4
MS KADARIA AHMED (appointed w.e.f 4/10/16)	N/A	N/A	N/A	N/A	✓	1
ADM. FESTUS PORBENI (RTD)	✓	X	✓	X	✓	3
MR. MICHAEL GOVAN	✓	X	✓	X	✓	3
MR. AKIN OPEODU (resigned w.e.f 30/06/16)	✓	✓	✓	✓	N/A	4
MR. GBENGA OGUNKO (resigned w.e.f 31/12/16)	✓	✓	✓	✓	✓	5

(b). COMMITTEES

The Board performed its functions through a total of five 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 Company."

i. Audit Committee

The Audit Committee is established in accordance with Section 359(6) of the Companies and Allied Matters Act, Cap C20 Laws of the Federation of Nigeria, 2004. The Committee has the oversight functions for the Company's Accounts. The Committee, however, is not answerable to the Board. The Committee consists of six (6) members, three (3) of whom are nominated by the Board and three (3) nominated and elected by shareholders whose tenure is renewed annually.

The Committee met five (5) times to review the adequacy of the internal audit plan, to receive and deliberate on the report of the external auditors, to review progress on recommendations made in both the internal and external audit reports, to review the adequacy of internal control systems and the degree of business compliance with laid down internal policies, laws, code of business principles and any other relevant regulatory framework. Mrs. Temi Durojaiye chaired the Committee during the year under review. The records of attendance at the meetings are as follows:

MEMBERS	1.02.2016	26.02.2016	18.04.2016	3.5.2016	3.11.2016	TOTAL
MRS. TEMI DUROJAIYE	✓	✓	✓	✓	✓	5
MR. AKIN ODUBIYI	✓	✓	✓	✓	✓	5
MR. OSATO AIDEYAN	✓	X	✓	✓	✓	4
MR. BABATUNDE DABIRI	✓	✓	✓	✓	✓	5
MR.SOYE OLATUNJI	✓	✓	✓	✓	✓	5
MR. AKINBOYE OYEWUMI	✓	✓	✓	✓	✓	5

ii Finance And General Purposes Committee

The Finance and General Purposes comprises five members namely: Mr. Babatunde Dabiri, Alh Lamis Dikko, Mr. Soye Olatunji, Mr. Segun Omosehin and Mr. Femi Asenuga

The Committee met five 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. Babatunde Dabiri Chaired the Committee during the year under review. The records of attendance at the meetings are as follows:

MEMBERS	13.01.2016	26.02.2016	4.5.2016	28.09.2016	18.11.2016	TOTAL
MR. BABATUNDE DABIRI	✓	✓	✓	✓	✓	5
ALH LAMIS DIKKO	X	✓	✓	✓	✓	4
MR. OLUSEGUN OMOSEHIN	✓	✓	✓	✓	✓	5
MR FEMI ASENUGA	✓	✓	✓	✓	✓	5
MR. SOYE OLATUNJI	✓		✓		✓	5
MR. AKINBOYE OYEWUMI	X	✓	✓	✓	✓	4

iii. Establishment/Governance Committee

The Establishment/Governance Committee comprises four members: Alh Lamis Dikko, Adm Festus Porbeni (Rtd), Ms Kadaria Ahmed, Dr Eze Ebube.

The Committee met five (5) times to consider and 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	9.03.2016	27.05.2016	28.09.2016	18.11.2016	13.12.2016	TOTAL
ALH LAMIS DIKKO	✓	✓	✓	✓	✓	5
ADM FESTUS PORBENI (RTD)	X	✓	✓	X	X	3
MS KADARIA AHMED	N/A	N/A	X	✓	✓	2
DR EZE EBUBE	X	✓	✓	✓	X	3

iv. Technical/Risk Management Committee

The Technical/Risk Management Committee met four (4) times during the year under review to ensure compliance with Enterprise Risk Management Policies and the Regulatory Risk Management Requirements. 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	22.01.2016	7.4.2016	7.7.2016	10.11.2016	TOTAL
DR. AKIN OGUNBIYI	✓	✓	N/A	N/A	2
MR. OLUSEGUN OMOSEHIN	✓	✓	✓	✓	4
MR. FEMI ASENUGA	✓	✓	✓	✓	4
DR EZE EBUBE	✓	✓	✓	✓	4
MR MICHAEL GOVAN	✓	X	✓	✓	3
MR. GBENGA OGUNKO	✓	✓	✓	✓	4

v. Public Accounts & Business Develoment Committee

The Public Accounts & Business Development Committee comprises eight members namely: Admiral Festus Porbeni (Rtd), Prof. Patrick Utomi, Alh Lamis Dikko, Mr Akinboye Oyewunmi, Ms Kadaria Ahmed, Mr. Segun Omosehin, Mr. Gbenga Ogunko and Mr. Femi Asenuga.

The Committee met three (3) times to facilitate the access of the Company to potential clients. They are also available for consultation by the Management in areas where their collective experience garnered over the years from different fields of endeavours are required. The records of attendance at the meetings are as follows:

MEMBERS	13.01.2016	17.04.2016	13.10.2016	TOTAL
MR. OLUSEGUN OMOSEHIN	✓	✓	✓	3
MR. FEMI ASENUGA	✓	✓	✓	3
ALH LAMIS DIKKO	✓	✓	✓	3
MR. AKINBOYE OYEWUMI	✓	✓	✓	3
MS KADARIA AHMED	N/A	N/A	✓	1
ADM. FESTUS PORBENI (RTD	✓	✓	✓	3
MR. GBENGA OGUNKO	✓	✓	✓	3
PROF. PATRICK UTOMI	✓	✓	✓	3

(c) ENTERPRISE RISK MANAGEMENT

i. Introduction and Overview
Mutual Benefits Assurance Plc 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 Assurance Plc, we try as much as possible to balance our portfolio of risks while maximizing value to stakeholders through an approach that mitigates the inherent risks and reward our business.

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

- The Company will not take any action that will compromise its integrity
- The Company will at 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 Assurance Plc, there are levels of authority put in place for the oversight function and management of risk to create and promote a culture that mitigates the negative impact of risks facing the Company.

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

(b) ENTERPRISE RISK MANAGEMENT

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

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

vi. Technical/Risk Management Committee
This Committee oversees the business process. Their functions include:

- Reviewing of Company's risk appetite
- Oversee management's process for identification of significant risk across the Company and the adequacy of prevention detection and reporting mechanisms
- Review underwriting risks especially 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.

vii. Finance & General Purpose 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 last level is that of the independent assurance. This comprises the internal audit function that provides independent and objective assurance of the effectiveness of the Company's system of internal control established by the first and second lines of defence in management of Enterprise Risk across the organisation.

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

A complaint can be lodged either by forwarding a letter of complaint or electronically to the Managing Director/CEO of the Company at 233, Ikorodu Road, Ilupeju, Lagos or to info@mbaplc.com.

The complaint must and should include the following details:

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

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

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

The Company shall also maintain a complaint register which shall contain the following information:

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

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

Abdulai, Taiwo & Co.
Company Secretaries

Subomi Adebero
ABDULAI, TAIWO & CO
COMPANY SECRETARIES
FRC/2013/00000004756

Dated the 22nd Day of June, 2017

To the members of Mutual Benefits Assurance Plc

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

- We have exercised our statutory functions under section 359(6) of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 and we acknowledge that the scope and planning of both the external and internal audits for the year ended 31 December 2016 were satisfactory and reinforce the Company's Internal Control Systems.

- We confirm that the accounting and reporting policies of the Group are in accordance with legal requirements and agreed ethical practices.

- We are satisfied with the Management's responses to the external auditors' recommendations on accounting and internal control matters and with the effectiveness of the Company's system of accounting and Internal Control.

- We acknowledge the co-operation of Management and staff in the conduct of statutory responsibilities.

MRS. TEMI DUROJAIYE
Chairperson, Audit Committee
FRC/2013/ICAN/00000003102

Date: 31st Day of May, 2017

Members of the Audit Committee are:

1	Mrs. Temi Durojaiye	Chairperson
2	Mr. Osato Aideyan	Shareholders' Representative
3	Chief Akin Odubiyi	Shareholders' Representative
4	Prof Pat Utomi	Board's Representative
5	Mr. Babatunde Dabiri	Board's Representative
6	Mr. Akinboye Oyewumi	Board's Representative

Secretary to the Committee

Babajide Ibitayo

Statement Of Directors' Responsibilities In Relation To The Preparation Of Financial Statements

For the year ended 31 December 2016

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. The responsibilities include ensuring that the Group:

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

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

c) prepares its 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, 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. 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.

Dr. AKIN OGUNBIYI	OLUSEGUN OMOSEHIN
Chairman	Managing Director/CEO
FRC/2013/CIIN/00000003114	FRC/2013/CIIN/000000003103

Date: 31st Day of May, 2017

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Report on the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Mutual Benefits Assurance Plc and its subsidiaries (the Group) set out on pages 36 to 141, which comprise the consolidated and separate statements of financial position as at 31 December 2016, and the consolidated and separate statements of profit or loss and Consolidated and separate other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements of Mutual Benefits Assurance Plc and its subsidiaries present fairly, in all material respects, the financial position of the Company and the Group as at 31 December 2016 and of the financial performance and cash flows of the Company and the Group for year then ended and have been prepared in accordance with International Financial Reporting Standards as issued by International Accounting Stardard Board (IASB), 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.

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 Accountants' Code of Ethics for Professional Accountants (IESBA Code) and other independence requirements applicable to performing the audit of Mutual Benefits Assurance Plc and its subsidiaries. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code, and in accordance with other ethical requirements applicable to performing the audit of Mutual Benefits Assurance Plc and its subsidiaries. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key Audit Matter	How the matter was addressed in the audit
The Group has insurance contract liabilities (outstanding claims) stated at N3.9 billion at 31 December 2016 representing 8.7% of the Group's total liabilities. This is an area that involves significant judgement over uncertain future outcomes, including primarily the timing and ultimate full settlement of long term policyholder liabilities, and therefore we considered it a key audit matter for our audit. Insurance contract liabilities are disclosed in Note 37.1 to the Consolidated and Separate financial statements. Consistent with the insurance industry practice, the Group engages the actuary to test the adequacy of this 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 investment return and interest rates and actuarial assumptions such as mortality, morbidity and customer behavior are key inputs used to estimate these long-term liabilities. Significant judgement is applied in setting these assumptions.	We used our own actuarial specialists to assist us in performing the audit procedures in the area of reviewing the Client's Actuarial reports on life and non-life business which included among others. i. Consideration of the appropriateness of assumptions used in the valuation of the Insurance Contracts by reference to company and industry data and expectations of investment returns, future longevity and expense developments. ii. Consideration of the appropriateness of the 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 life policy benefits. ii. Assessing the design and tested the operating effectiveness of internal controls over the integrity of underwriting and claims data in the system as well as over the reserving and claims processes. iii. Performed file reviews of specific underwriting contracts in order to maximize our understanding of the book of business and validate initial loss estimates. iv. Performed subsequent year claim payments to confirm the reasonableness of the initial loss estimates.

Other Information

The Directors are responsible for the other information. The other information comprises the Directors' Report as required by Section 342 of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, Corporate Governance Report as required by Code of Corporate Governance issued by Securities and Exchange Commision (SEC) and National Insurance Commission (NAICOM) and Audit Committee 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 were 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 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, the Insurance Act 2003, relevant policy guidelines issued by the National Insurance Commission (NAICOM) and the Financial Reporting Council of Nigeria Act No. 6, 2011 and for such internal control as the Directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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 Financial Statements

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

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

- Identify and assess the risks of material misstatement of the 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- 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 requirement of Schedule 6 of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, 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 appears from our examination of those books;

iii the Company's consolidated and separate statements of financial position, profit or loss and other comprehensive income are in agreement with the books of account;

iv in our opinion, the consolidated and separate financial statements have been prepared in accordance with the provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004 so as to give a true and fair view of the state of affairs and financial performance.

Penalties

The Company incurred penalties in respect of contraventions of the requirement of certain sections of the National insurance Commission's Operational Guideline 2011 during the financial year. The details of the contraventions and penalties are disclosed in note 56 of the financial statements.

Kayode Famutimi, FCA,
FRC/2012/ICAN/00000000155

For: Ernst & Young
Lagos, Nigeria

Date: 31st May, 2017

1. Corporate information

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

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

The Company invests policy holders funds and pays claims arising from insurance contract liabilities in line with the provisions of Insurance Act, CAP I17, Laws of the Federation of Nigeria 2004 and NAICOM guidelines.

The principal activities of the subsidiaries and information of the Group's structure are disclosed in Note 31. Information on other related party relationships of the Group is provided in Note 54.

The consolidated and separate financial statements of the Company and its subsidiaries were authorised for issue by the Board of Directors on 18 April 2016.

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 Company.

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

2.2 Basis of presentation and compliance with IFRS

The Group presents its statement of financial position broadly in order of liquidity. An analysis regarding recovery or settlement within twelve months after the reporting date (no more than 12 months) and more than 12 months after the reporting date (more than 12 months) is presented in the respective notes.
Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a current legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settled the liability simultaneously.

(a) Basis of measurement
These consolidated and separate financial statements have been prepared on the historical cost basis except for investment properties and financial assets are measured at fair value.

(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 2.38.

2.3. Significant accounting policies

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

2.3.1 Basis of Consolidation

The consolidated and separate financial statements comprise the financial statements of the Group and its investees that are considered subsidiaries as at 31 December 2016. 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.

2.3.1 Basis of Consolidation

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

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

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

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

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

2.3.2 Product classification

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

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

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

2.3.3 Business combinations and goodwill

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

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

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 Financial Instruments: Recognition and Measurement, is measured at fair value with the changes in fair value recognised in the statement of profit or loss.

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

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the 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.

2.3.4 Foreign currency translation

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

2.3.4.1 Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their functional currency spot rate prevailing at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange at the reporting date.

All differences arising on settlement or translation of monetary items are taken to the statement of profit or loss with the exception of differences on foreign monetary items that form part of a net investment in a foreign operation. These are recognised in OCI until the disposal of the net investment, at which time they are reclassified to profit or loss. Tax charges and credits attributable to exchange differences on these monetary items are also recorded in OCI.

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

2.3.4.2 Group companies

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

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

2.3.5 Investment in an associates

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but it is not control or joint control over those policies.

The Group's investment in its associate is accounted for using the equity method.

Under the equity method, the investment in an associate is carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The statement of profit or loss reflects the share of the results of operations of the associate. Any change in OCI of the investee is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring its accounting policies in line with the Group's.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associates. The Group determines at each reporting date, whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the 'share of profit of an associate' in the statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any remaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the remaining investment and proceeds from disposal is recognised in profit or loss.

2.3.6 Segment reporting

For management purposes, the Group is organised into business units based on their products and services and has three 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 life business, real estate and microfinance. Significant geographical regions have been identified as the secondary basis of reporting, which are Nigeria, Niger and Liberia as disclosed Note 3.6.

Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements. No inter-segment transactions occurred in 2016 and 2015.

2.3.7 Revenue recognition

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

2.3.7.1 Gross premiums

Gross recurring premiums on life and investment contracts are recognised as revenue when payable by the policyholder. For single premium business, revenue is recognised on the date on which the policy is effective.
Gross general insurance written premiums comprise the total premiums receivable for the whole period of cover provided by contracts entered into during the accounting period. They are recognised on the date on which the policy commences. Premiums include any adjustments arising in the accounting period for premiums receivable in respect of business written in prior accounting periods. Premiums collected by intermediaries, but not yet received, are assessed based on estimates from underwriting or past experience and are included in premiums written.

Unearned premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. Unearned premiums are calculated on a daily pro rata basis. The proportion attributable to subsequent periods is deferred as a provision for unearned premiums.

2.3.7.2 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 statement of profit or loss as incurred. Premiums are recognised as revenue when they become payable by the contract holders. Premium are shown before deduction of commission.

2.3.7.3 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.

Reinsurance commission income

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

2.3.7.4 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.

2.3.7.5 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

2.3.7.6 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.

2.3.7.7 Finance income

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

2.3.8 Benefits, claims and expenses recognition

2.3.8.1 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.

2.3.8.2 Reinsurance claims

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

2.3.8.3 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.

2.3.8.4 General administrative expenses

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

2.3.8.5 Finance costs

Interest expense is recognized in the profit or loss as it accrues and is calculated by using the effective interest rate method. Accrued interest is included within the carrying value of the interest bearing financial liability.

2.3.9 Cash and short-term deposits

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

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

2.3.10 Financial Instruments

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

2.3.10.1 Financial assets

2.3.10.1.1 Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at FVPL, loans and receivables and Available-for-sale (AFS) financial assets. All financial assets are recognised initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset.

The classification depends on the purpose for which the investments were acquired or originated. Financial assets are classified as at FVPL where the Group's documented investment strategy is to manage financial investments on a fair value basis, because the related liabilities are also managed on this basis. 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 market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

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

2.3.10.1.2 Subsequent measurement

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

- Fair value through profit or loss
- Loans and receivables
- AFS financial assets

I. Fair value through profit or loss

Financial assets at FVPL include financial assets held for trading and those designated upon initial recognition as at FVPL. Investments typically bought with the intention to sell in the near future are classified as held for trading. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by IAS 39. For investments to be designated as at FVPL, the following criteria must be met:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on a different basis; Or,
- The assets and liabilities are part of a group of financial assets, financial liabilities, or both, which are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

Subsequent to initial recognition, they are remeasured at fair value. Changes in fair value are recorded in 'Fair value gains and losses'. Interest is accrued and presented in 'Investment income', using the effective interest rate (EIR). Dividend income is recorded in 'investment income' when the right to the payment has been established.

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. Available -for-sale financial assets

AFS financial assets include equity and debt securities. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at FVPL. Debt securities in this category are those that are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

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. Interest earned whilst holding AFS investments is reported as interest income using the EIR. 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.

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.

2.3.10.1.3 Derecognition of financial assets

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

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a 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.

2.3.10.1.4 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.

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.

2.3.10.2 Financial liabilities

2.3.10.2.1 Initial recognition and measurement

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

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

2.3.10.2.2 Subsequent measurement

Subsequent measurement of financial liabilities depends on their classification.

i. Payables and other payables

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

ii. Interest bearing loans and borrowings

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

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

2.3.10.2.3 Derecognition of financial liabilities

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

2.3.11 Deposit liabilities

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

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

2.3.12 Fair value measurement

The Group measures financial instruments and non-financial assets such as investment properties at fair value at each reporting date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 3.7.

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

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

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

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

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

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

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

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

The Group's management determines the policies and procedures for both recurring fair value measurement, such as investment properties and unquoted Available-for-sale (AFS) financial assets, and for non-recurring measurement, such as assets held for distribution in discontinued operation.

External valuers are involved for valuation of significant assets, such as investment properties and significant liabilities, such as contingent consideration. 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 valuation committee 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 valuation committee 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 the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

The fair value of financial instruments that are actively traded in organised financial markets is determined by reference to quoted market bid prices for assets and offer prices for liabilities, at the close of business on the reporting date, without any deduction for transaction costs.

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

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

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

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

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

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.

2.3.13 Impairment of non-financial assets

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

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

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

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

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

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

Goodwill

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

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

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

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

Intangible assets

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

2.3.14 Pledged assets

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

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

2.3.15 Trade receivables

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

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

If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previous recognized impairment loss is reversed to the extent that the carrying value of the asset does not exceed its amortised cost at the reversed date. Any subsequent reversal of an impairment loss is recognized in the profit or loss.

2.3.16 Reinsurance

2.3.16.1 Reinsurance ceded to reinsurance counterparties

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

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

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

2.3.16.2 Prepaid reinsurance

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

2.3.17 Other receivables and prepayment

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

2.3.18 Deferred expenses

Deferred acquisition costs (DAC)

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

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

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

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

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

2.3.19 Inventories and work in progress

The Group recognises property as inventory under the following circumstances:

- property purchased for the specific purpose of resale;
- property constructed for the specific purpose of resale (work in progress under the scope of IAS 18, ''Revenue'); and
- property transferred from investment property to inventories. This is permitted when the Group commences the property's development with a view to sale.

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

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

2.3.20 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, even if that asset is not explicitly specified in an arrangement.

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.

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

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

2.3.21 Investment properties

Investment properties held for rental income and capital appreciation are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss in the year in which they arise.

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

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

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

2.3.22 Investments in subsidiaries

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

2.3.23 Intangible assets

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

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

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

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

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss when the asset is derecognized.

2.3.24 Property, plant and equipment

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

Building is measured at fair value less accumulated depreciation and impairment losses recognised after the date of the revaluation. 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.

Land is not depreciated. 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 as follows;

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

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

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

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

2.3.25 Statutory deposit

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

2.3.26 Deposit for shares

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

2.3.27 Insurance contracts

The Group issues contracts that transfer insurance risk or ?nancial risk or both. Insurance contracts are those contracts where a party (the policy holder) transfers significant insurance risk to another party (insurer) and the latter agrees to compensate the policyholder or other beneficiary if a specified uncertain future event (the insured event) adversely affects the policyholder, or other beneficiary. Such contracts may also transfer financial risk when the insurer issues financial instruments with a discretionary participation feature. These are computed in compliance with the provisions of Sections 20, 21, and 22 of the Insurance Act 2003 as follows:

2.3.27.1 General insurance contracts

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

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

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

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

2.3.27.2 Life business

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

Individual life contracts are usually long term insurance contracts and span over one year while the group life insurance contracts usually cover a period of 12 months. A liability for contractual benefits that are expected to be incurred in the future when the premiums are recognised. The liability is determined as the sum of the expected discounted value of the benefit payments and the future administration expenses that are directly related to the contract, less the expected discounted value of the theoretical premiums that would be required to meet the benefits and administration expenses based on the valuation assumptions used. The liability is based on assumptions as to mortality, persistence, maintenance expenses and investment income that are established at the time the contract is issued.

2.3.27.3 Annuity contracts

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

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

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

2.3.28 Investment contracts

Investment contracts are those contracts that transfer financial risk with no significant insurance risk. Investment contracts can be classified into interest linked and unitised fund. Interest linked investment contracts are measured at amortised cost while unitised funds are measured at fair value. Investment contracts with guaranteed returns (interest linked) and other business of a savings nature are recognized as liabilities. Interest accruing to the life assured from investment of the savings is recognized in the profit or loss account in the year it is earned while interest due to depositors is recognized as an expense. The net result of the deposit administration revenue account is transferred to the statement of profit or loss of the group.

The Group's investment contracts are classified into group and individual. Individual investment contract liabilities are derecognised when settled at maturity, surrendered or used to offset policy loans. Group investment contract liabilities are derecognised when paid, refunded or cancelled. Actuarial differences arising on valuation of the liabilities at the reporting date is recognised in the statement of profit or loss.

2.3.29 Deferred revenue

Rental income

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

Reinsurance commission

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

2.3.30 Taxes

2.3.30.1 Current income tax

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

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

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

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

2.3.30.2 Deferred tax

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

Deferred tax liabilities are recognized for all taxable temporary differences, except:

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

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

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

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

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized

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

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

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

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

2.3.31 Provisions

General
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability.

Contingent liabilities are possible obligations that arise from past events whose existence will be confirmed only by the occurrence, or non-occurrence, of one or more uncertain future events not wholly within Group's control. Contingent liabilities are not recognized in the financial statements but are disclosed.

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

2.3.32 Trade payable

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

2.3.33 Equity

2.3.33.1 Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are recognised in equity, net of tax as a deduction from the proceeds. Where any member of the Group purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs, is reported as a separate component of equity attributable to the Company's equity holders. Where such shares are subsequently sold, reissued or otherwise disposed of, any consideration received is included in equity attributable to the Company's equity holders, net of any directly attributable incremental transaction costs and the related income tax effects.

2.3.33.2 Treasury shares

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

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

2.3.33.4 Contingency reserve

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

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

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

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

2.3.34 Earnings per share

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

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

2.3.35 Retirement obligations and Employee benefits

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

2.3.35.1 Defined contribution pension scheme

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

2.3.35.2 Short-term benefits

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

2.3.36 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 9 financial instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. The adoption of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts

In September 2016, the IASB issued amendments to IFRS 4 to address issues arising from the different effective dates of IFRS 9 and the upcoming new insurance contracts standard (IFRS 17).
The amendments introduce two alternative options for entities issuing contracts within the scope of IFRS 4, notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9 for annual periods beginning before 1 January 2021 at the latest. An entity may apply the temporary exemption from IFRS 9 if: (i) it has not previously applied any version of IFRS 9 before and (ii) its activities are predominantly connected with insurance on its annual reporting date that immediately precedes 1 April 2016. The overlay approach allows an entity applying IFRS 9 to reclassify between profit or loss and other comprehensive income an amount that results in the profit or loss at the end of the reporting period for the designated financial assets being the same as if an entity had applied IAS 39 to these designated financial assets.

An entity can apply the temporary exemption from IFRS 9 for annual periods beginning on or after 1 January 2018. An entity may start applying the overlay approach when it applies IFRS 9 for the first time.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue.

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

2.3.36 Standards issued but not yet 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.

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 classificationfrom 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.

2.3.37 Changes in accounting policy and disclosures

New and amended standards and interpretations

IFRS 14 - Regulatory Deferral Accounts

IFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of IFRS. Entities that adopt IFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and OCI. The standard requires disclosure of the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements.

Since the Group is an existing IFRS preparer and is not involved in any rate-regulated activities, this standard does not apply.

Effective date is 1 January 2016. This standard will not have impact on the Company since is an existing IFRS preparer.

Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests

The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business, must apply the relevant IFRS 3 Business Combinations principles for business combination accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation if joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are applied prospectively. These amendments do not have any impact on the Group as there has been no interest acquired in a joint operation during the period.

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify the principle in IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is a part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are applied prospectively and do not have any impact on the Group, given that it has not used a revenue-based method to depreciate its non-current assets.

IAS 16 and IAS 41 - Accounting for bearer plants

The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of IAS 41 Agriculture. Instead, IAS 16 will apply. After initial recognition, bearer plants will be measured under IAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of IAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, IAS 20 Accounting for Government Grants and Disclosure of Government Assistance will apply. The amendments are applied retrospectively and do not have any impact on the Group as it does not have any bearer plants.

2.3.37 Changes in accounting policy and disclosures

Amendments to IAS 27: Equity Method in Separate Financial Statements

The amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in their separate financial statements must apply that change retrospectively.

These amendments do not have any impact on the Group's consolidated financial statements.

Annual Improvements 2012-2014 Cycle

These improvements include:

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations

Assets (or disposal groups) are generally disposed of either through sale or distribution to owners. The amendment clarifies that changing from one of these disposal methods to the other would not be considered a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in IFRS 5. This amendment must be applied prospectively.

IFRS 7 Financial Instruments: Disclosures

(i) Servicing contracts
The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in IFRS 7 in order to assess whether the disclosures are required. The assessment of which servicing contracts constitute continuing involvement must be done retrospectively. However, the required disclosures need not be provided for any period beginning before the annual period in which the entity first applies the amendments.

(ii) Applicability of the amendments to IFRS 7 to condensed interim financial statements.
The amendment clarifies that the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report. This amendment must be applied retrospectively.

IAS 19 Employee Benefits

The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. This amendment must be applied prospectively.

IAS 34 Interim Financial Reporting

The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. This amendment must be applied retrospectively.

2.3.37 Changes in accounting policy and disclosures

IAS 1 Disclosure Initiative - Amendments to IAS 1

The amendments to IAS 1 Presentation of Financial Statements clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify

- The materiality requirements in IAS 1
- That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated
- That entities have flexibility as to the order in which they present the notes to financial statements
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI. These amendments do not have any impact on the Group.

IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception - Amendments to IFRS 10, IFRS 12 and IAS 28

The amendments address issues that have arisen in applying the investment entities exception under IFRS 10 Consolidated Financial Statements. The amendments to IFRS 10 clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value. Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value.

The amendments to IAS 28 Investments in Associates and Joint Ventures allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries.

These amendments are applied retrospectively and do not have any impact on the Group as the Group does not apply the consolidation exception.

2.3.38 Significant accounting judgments, estimates and assumptions

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

Estimates and assumptions

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

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

The Group based its assumption and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Non-life insurance contract liabilities

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

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

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder method.

The main assumption underlying these techniques is that a Company's past claims development experience can be used to project future claims development and hence ultimate claims costs. As such, these methods extrapolate the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier years and expected loss ratios.

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

Life insurance contract liabilities

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

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

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

Fair value investment property

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

Impairment on loans and receivables

In accordance with the accounting policy, the Group tests annually whether premium receivables and loans and receivable have suffered any impairment. The recoverable amounts of the premium receivables have been determined based on the incurred loss model. These calculations required the use of estimates based on passage of time and probability of recovery.

Consolidated & Separate Statements of Profit or Loss

For the year ended 31 December 2016

		Group		Company	
in thousands of Nigerian Naira	Notes	2016	2015	2016	2015
Gross premium written	4.1	12,143,610	14,598,070	6,586,846	10,541,503
Gross premium income	4.1	11,982,537	13,801,208	6,660,747	10,230,490
Premiums ceded to reinsurers	4.2	(1,711,110)	(6,066,626)	(1,515,476)	(5,959,847)
Net premium income	4.3	**10,271,427**	**7,734,582**	**5,145,271**	**4,270,643**
Fee and commission income	5	430,522	660,364	312,481	637,311
Net underwriting income		**10,701,949**	**8,394,946**	**5,457,752**	**4,907,954**
Net benefits and claims	6	3,348,883	2,337,384	1,004,168	1,087,324
Change in life fund	37.1.2	(161,532)	(3,273)	-	-
Change in annuity reserve	37.1.2	354,038	30,633	-	-
Underwriting expenses	7	2,972,533	2,411,187	1,581,501	1,257,035
Net underwriting expenses		6,513,922	4,775,931	2,585,669	2,344,359
Underwriting profit		**4,188,027**	**3,619,015**	**2,872,083**	**2,563,595**
Profit on investment contracts	8	819,092	782,150	-	-
Investment income	9	966,173	854,296	560,027	729,417
Net fair value (loss)/gain on assets at FVTPL	10	(58,750)	111,743	(53,475)	(39,908)
Share of profit of the associate		-	3,616	-	-
Other income	11	257,485	767,997	93,715	345,201
Impairment charge no longer required	12	61,682	8,473	28,247	8,473
Impairment charges	13	(10,574)	(54,656)	-	(28,761)
Employee benefit expenses	14	(1,914,606)	(1,863,591)	(931,921)	(879,347)
Other management expenses	15	(3,614,379)	(2,765,504)	(1,893,745)	(1,300,990)
Net foreign exchange loss	16	(1,890,120)	(488,310)	(1,923,877)	(496,414)
Result of operating activities		(1,195,970)	975,229	(1,248,946)	901,266
Finance costs	17	(27,681)	(29,848)	-	-
Finance income	18	154,985	249,891	-	-
(Loss)/profit before income tax		**(1,068,666)**	**1,195,272**	**(1,248,946)**	**901,266**
Income tax expense	19	(277,620)	(303,500)	(141,581)	(248,653)
(Loss)/profit from continuing operations		**(1,346,286)**	**891,772**	**(1,390,527)**	**652,613**
Discountinued operations					
Loss after tax from discountined operations		-	(79,724)	-	-
(Loss)/profit for the year		**(1,346,286)**	**812,048**	**(1,390,527)**	**652,613**
(Loss)/profit attributable to:					
Owners of the parent		(1,350,866)	792,742	(1,390,527)	652,613
Non-controlling interests		4,580	19,306	-	-
		(1,346,286)	**812,048**	**(1,390,527)**	**652,613**
(Loss)/earnings per share: - Continuing operation					
Basic and diluted (kobo)	20	(17)	10	(17)	8

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.

		Group		Company	
in thousands of Nigerian Naira	Notes	2016	2015	2016	2015
(Loss)/profit for the year		(1,346,286)	812,048	(1,390,527)	652,613
Other comprehensive income:					
Items that may be reclassified to the profit or loss account in subsequent periods:					
Foreign currency translation gain		722,011	60,132	-	-
		722,011	60,132	-	-
Total comprehensive (loss)/income for the year		**(624,275)**	**872,180**	**(1,390,527)**	**652,613**
Total comprehensive (loss)/income attributable to:					
Owners of the parent		(628,855)	849,458	(1,390,527)	652,613
Non-controlling interests		4,580	22,722	-	-
		(624,275)	872,180	(1,390,527)	652,613

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

Consolidated & Separate Statements of Financial Position

For the year ended 31 December 2016

		Group		Company	
in thousands of Nigerian Naira	Notes	**2016**	**2015**	2016	**2015**
ASSETS					
Cash and cash equivalents					
Financial assets	21	10,734,374	14,016,106	3,804,953	4,111,237
Fair value through profit or loss	22	64,097	93,463	64,097	93,463
Available-for-sale investment securities	22	849,374	694,036	21,553	1,000
Loans and receivables	22	12,410,169	11,799,273	770,941	759,843
Held-to-maturity	22	8,214,636	-	2,030,905	-
Assets pledged as collateral	23	91,188	115,297	91,188	115,297
Trade receivables	24	462,616	208,703	102,994	64,769
Reinsurance assets	25	1,871,739	1,414,600	1,057,693	1,224,190
Other receivables and prepayments	26	888,020	1,255,748	319,213	770,158
Finance lease receivables	28	420,049	1,044,864	147,965	668,727
Deferred acquisition costs	27	340,338	322,609	235,053	261,798
Inventories	29	1,332,864	1,533,164	-	-
Investment properties	30	8,726,390	8,731,665	56,000	56,000
Intangible assets	32	73,531	89,646	33,305	57,303
Property, plant and equipment	33	4,024,297	3,850,522	3,152,644	3,037,357
Investments in subsidiaries	31	-	-	4,000,000	2,000,000
Investment in associates	32	-	6,116	-	-
Statutory deposits	34	500,000	500,000	300,000	300,000
Deposit for investment in equity	35	460,588	417,587	390,588	2,277,587
Deferred tax assets	45.1	-	-	-	-
Goodwill	36	1,543	1,543	-	-
Total assets		**51,465,813**	**46,094,942**	**16,579,092**	**15,798,729**
LIABILITIES					
Insurance contract liabilities	37	7,401,872	6,087,972	3,822,730	3,971,168
Investment contract liabilities	38	25,956,771	24,217,581	-	-
Trade payables	39	1,270,219	816,655	452,495	277,749
Other liabilities	40	1,710,996	1,087,138	287,412	236,580
Deposit liabilities	41	203,845	509,867	-	-
Current income tax liabilities	43	503,843	521,385	217,733	317,932
Borrowings	42	6,258,070	4,073,095	6,258,070	4,073,095
Deferred tax liabilities	44.1	1,147,429	1,136,079	729,917	720,943
Total liabilities		44,453,045	38,449,772	11,768,357	9,597,467
EQUITY					
Share capital	45.2	4,000,000	4,000,000	4,000,000	4,000,000
Treasury shares	46	(250)	(250)	(250)	(250)
Foreign currency translation reserve	47	906,502	184,491	-	-
Contingency reserve	48	2,533,160	2,292,040	2,179,515	1,981,910
Revaluation reserve	49	1,288,563	1,288,563	1,288,563	1,288,563
Accumulated losses	50	(1,838,814)	(246,828)	(2,657,093)	(1,068,961)
Total shareholders' fund		6,889,161	7,518,016	4,810,735	6,201,262

		Group		Company	
in thousands of Nigerian Naira	Notes	2016	2015	2016	2015
Total equity attributable to the:					
Owners of the parent		6,889,161	7,518,016	4,810,735	6,201,262
Non-controlling interests in equity	51	123,607	127,154	-	-
Total equity		7,012,768	7,645,170	4,810,735	6,201,262
Total liabilities and equity		**51,465,813**	**46,094,942**	**16,579,092**	**15,798,729**
		-	-	-	-

The consolidated and separate financial statements and accompanying summary of significant accounting policies and notes to the financial statements were approved and authorised for issue by the Board of Directors on 20 March 2017 and were signed on its behalf by:

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

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

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

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

Consolidated & Separate Statements of Changes in Equity

For the year ended 31 December 2016

Group

in thousands of Nigerian Naira	Note	Share capital	Treasury shares	Foreign currency translation reserve	Contingency reserve	Revaluation reserve	Accumulated losses	Total	Non - controlling interests	Total equity
		Attributable to equityholders of the Company								
As at 1 January 2015		4,000,000	(250)	127,775	1,942,418	1,288,563	(893,909)	6,464,597	23,139	6,487,736
Total comprehensive income for the year:										
Profit for the year		-	-	-	-	-	792,742	792,742	19,306	812,048
Other comprehensive income		-	-	56,716	-	-	-	56,716	3,416	60,132
Total comprehensive income for the year		-	-	56,716	-	-	792,742	849,458	22,722	872,180
Transactions with owners of equity										
Loss of control		-	-	-	-	-	216,699	216,699	68,555	285,254
Changes in equity*		-	-	-	-	-	(12,738)	(12,738)	12,738	-
Transfer to contingency reserve		-	-	-	349,622	-	(349,622)	-	-	-
Total transactions with owners of equity		-	-	-	349,622	-	(145,661)	203,961	81,293	285,254
As at 31 December 2015		**4,000,000**	**(250)**	**184,491**	**2,292,040**	**1,288,563**	**(246,828)**	**7,518,016**	**127,154**	**7,645,170**
Total comprehensive income for the year:										
Loss for the year		-	-	-	-	-	(1,350,866)	(1,350,866)	4,580	(1,346,286)
Other comprehensive income		-	-	722,011	-	-	-	722,011	-	722,011
Total comprehensive income for the year		-	-	722,011	-	-	(1,350,866)	(628,855)	4,580	(624,275)
Transactions with owners of equity										
Dividend		-	-	-	-	-	-	-	(8,127)	(8,127)
Transfer to contingency reserve		-	-	-	241,120	-	(241,120)	-	-	-
Total transactions with owners of equity		-	-	-	241,120	-	(241,120)	-	(8,127)	(8,127)
As at 31 December 2016		**4,000,000**	**(250)**	**906,502**	**2,533,160**	**1,288,563**	**(1,838,814)**	**6,889,161**	**123,607**	**7,012,768**

Change in equity is in respect of increase in group's interest in Mutual Benefit Assurance Company Liberia from 92% to 95%. The reduction in retained earning of the group is due to the loss making performance Company at the date of the changes in interest.

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.

Company

in thousands of Nigerian Naira	Share capital	Treasury shares	Contingency reserve	Revaluation reserve	Accumulated losses	Total
As at 1 January 2015	4,000,000	(250)	1,665,665	1,288,563	(1,405,329)	5,548,649
Total comprehensive income for the year:						
Profit for the year	-	-	-	-	652,613	652,613
Total comprehensive income for the year	-	-	-	-	652,613	652,613
Transactions with owners of equity						
Transfer to contingency reserve	-	-	316,245	-	(316,245)	-
Total transactions with owners of equity	-	-	316,245	-	(316,245)	-
As at 31 December 2015	**4,000,000**	**(250)**	**1,981,910**	**1,288,563**	**(1,068,961)**	**6,201,262**
Total comprehensive income for the year:						
Loss for the year	-	-	-	-	(1,390,527)	(1,390,527)
Total comprehensive loss for the year	-	-	-	-	(1,390,527)	(1,390,527)
Transactions with owners of equity						
Transfer to contingency reserve	-	-	197,605	-	(197,605)	-
Total transactions with owners of equity	-	-	197,605	-	(197,605)	-
As at 31 December 2016	**4,000,000**	**(250)**	**2,179,515**	**1,288,563**	**(2,657,093)**	**4,810,735**

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

Consolidated & Separate Statements of Cash Flows

For the year ended 31 December 2016

in thousands of Nigerian Naira	Notes	Group 2016	Group 2015	Company 2016	Company 2015
Cash flows from operating activities					
Cash received from insurance contract policy holders		12,092,836	14,389,357	6,610,209	10,390,331
Cash received from investment contract policy holders	38	12,338,438	12,862,465	-	-
Cash withdrawal by investment contract policy holders	38	(12,227,691)	(10,625,331)	-	-
Commission received	5	430,522	660,364	312,481	637,311
Reinsurance paid	25.2	(1,798,578)	(5,767,076)	(1,192,863)	(5,660,247)
Claims paid	6	(3,220,168)	(3,036,515)	(1,487,493)	(1,467,272)
Claims recovered from reinsurers	6	406,640	624,074	253,039	375,482
Commission paid	27.1	(2,323,825)	(1,963,638)	(991,304)	(785,034)
Payments to employees	14	(1,914,606)	(1,863,591)	(931,921)	(879,347)
Investment income	9	966,173	854,296	560,027	729,417
Other cash received		412,470	1,017,888	93,715	345,201
Cash paid to brokers, suppliers and other providers of services		(1,819,147)	(5,448,383)	(1,464,385)	(2,503,759)
Income tax paid	43	(283,812)	(211,598)	(232,806)	(131,862)
Net cash flows from operating activities	52	**3,059,252**	**1,492,312**	**1,528,700**	**1,050,221**
Investing activities:					
Purchase of investment properties		-	(666,250)	-	-
Purchase of intangible assets	32	(18,759)	(48,759)	(9,631)	-
Purchase of property, plants and equipments	33	(716,340)	(412,416)	(514,185)	(175,861)
Reciepts on loans and advances		-	-	-	-
Proceeds from disposal of subsidiaries		-	14,500	-	14,500
Proceeds from sale of properties, plant and equipment		21,986	107,731	13,600	23,168
Reciepts on finance lease recievables	28.1	742,500	479,517	587,119	229,619
Additions to finance lease receivables	28.1	(8,527)	(192,481)	(8,525)	(89,481)
Receipts on loans and advances		1,691,491	-	-	-
Purchase of Held-to-maturity financial assets		(8,214,636)	-	(2,030,905)	-
Proceeds from sale of investment properties		-	525,000	-	-
Additions to deposit for shares		(113,001)	(222,108)	(113,001)	(2,222,108)
Purchase of available-for-sale investments		(20,553)	(284,582)	(20,553)	-
Net cash flows used in investing activities		(6,635,839)	(699,848)	(2,096,082)	(2,220,163)
Net (decrease)/increase in cash and cash equivalents		(3,576,587)	792,464	(567,382)	(1,169,941)
Effects of exchange rate changes on cash and cash equivalents		294,855	22,270	261,098	14,166
Cash and cash equivalents as at 1 January		14,016,106	13,201,372	4,111,237	5,267,012
Cash and cash equivalents as at 31 December	21	**10,734,374**	**14,016,106**	**3,804,953**	**4,111,237**

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 insured 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 reversionary 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-2016			31 Dec-2016	
in thousands of Nigerian Naira	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Whole life and term assurance	3,329,739	771,068	2,558,671	-	-	-
Credit Life Assurance Scheme	20,085	-	20,085	-	-	-
Total	**3,349,824**	**771,068**	**2,578,756**	**-**	**-**	**-**
		31 Dec-2015			31 Dec-2015	
Whole life and term assurance	2,012,141	189,220	1,822,921	-	-	-
Credit Life Assurance Scheme	4,220	-	4,220	-	-	-
Total	**2,016,361**	**189,220**	**1,827,141**	**-**	**-**	**-**

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-2016			31 Dec-2016	
in thousands of Nigerian Naira	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Nigeria	3,210,013	771,068	2,438,945			
Liberia	139,811	-	139,811	-	-	-
Total	**3,349,824**	**771,068**	**2,578,756**	**-**	**-**	**-**
		31 Dec-2015			31 Dec-2015	
Nigeria	1,844,111	185,776	1,658,335	-	-	-
Liberia	172,250	3,444	168,806	-	-	-
Total	**2,016,361**	**189,220**	**1,827,141**	**-**	**-**	**-**

(a) Life insurance contracts - Continued

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-2016		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%	20,396	19,676	19,676	13,773	20,396	19,676	19,676	13,773
Longevity	+10%	19,636	19,636	19,636	13,746	19,636	19,636	19,636	13,746
Lapse and surrenders rate	+10%	-	-	-	-	-	-	-	-
Discount rate	+1%	(29,290)	(29,290)	(29,290)	(20,503)	(29,290)	(29,290)	(29,290)	(20,503)
Mortality/morbidity rate	-10%	(20,396)	(19,676)	(19,676)	(13,773)	(20,396)	(19,676)	(19,676)	(13,773)
Longevity	-10%	(19,636)	(19,636)	(19,636)	(13,746)	(19,636)	(19,636)	(19,636)	(13,746)
Lapse and surrenders rate	-10%	-	-	-	-	-	-	-	-
Discount rate	-1%	31,932	31,932	31,932	22,353	31,932	31,932	31,932	22,353

31 Dec-2015		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%	30,425	30,342	30,342	21,239	30,425	30,342	30,342	21,239
Longevity	+10%	2,652	2,652	2,652	1,856	2,652	2,652	2,652	1,856
Lapse and surrenders rate	+10%	-	-	-	-	-	-	-	-
Discount rate	+1%	(11,130)	(11,130)	(11,130)	(7,791)	(11,130)	(11,130)	(11,130)	(7,791)
Mortality/morbidity rate	-10%	(30,425)	(30,342)	(30,342)	(21,239)	(30,425)	(30,342)	(30,342)	(21,239)
Longevity	-10%	(2,652)	(2,652)	(2,652)	(1,856)	(2,652)	(2,652)	(2,652)	(1,856)
Lapse and surrenders rate	-10%	-	-	-	-	-	-	-	-
Discount rate	-1%	12,163	12,163	12,163	8,514	12,163	12,163	12,163	8,514

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

The Group principally issues the following types of general insurance contracts: Motor, General Accident, Bond, Marine, Fire, Aviation and Oil and Gas. Risks under non-life insurance policies usually cover twelve months duration.

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

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

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

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

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

31 Dec-2016	Group			Company		
in thousands of Nigerian Naira	Gross liabilities	Reinsurance of liabilities	Net liabilities	Gross liabilities	Reinsurance of liabilities	Net liabilities
Motor	1,394,413	78,995	1,315,418	1,188,028	40,315	1,147,713
Fire	434,744	241,838	192,906	411,812	237,540	174,272
General Accident	1,108,042	214,568	893,474	1,108,042	214,568	893,474
Marine	359,582	90,636	268,946	359,582	90,636	268,946
Aviation & Oil and Gas	755,266	474,635	280,631	755,266	474,635	280,631
	4,052,047	**1,100,672**	**2,951,375**	**3,822,730**	**1,057,694**	**2,765,036**

31 Dec-2015	Group			Company		
in thousands of Nigerian Naira	Gross liabilities	Reinsurance of liabilities	Net liabilities	Gross liabilities	Reinsurance of liabilities	Net liabilities
Motor	1,200,213	65,830	1,134,383	1,109,813	64,758	1,045,055
Fire	300,491	213,562	86,930	290,447	213,443	77,004
General Accident	1,073,288	284,466	788,822	1,073,288	284,466	788,822
Marine	238,179	40,656	197,523	238,179	40,656	197,523
Aviation & Oil and Gas	1,259,441	620,868	638,573	1,259,441	620,868	638,573
	4,071,612	**1,225,380**	**2,846,232**	**3,971,168**	**1,224,190**	**2,746,978**

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

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

Change in assumptions and sensitivity analysis

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

A sensitivity analysis was done to determine how the IBNR reserve amount would change if we were to consider the 75th percentile as opposed to our best estimate figures included in reserve reviews as at 31 December 2016. The 75th percentile is a generally accepted level of prudency.

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

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

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

Change in assumptions and sensitivity analysis
The results based on fitting a Normal distribution to the best estimate IBNR reserves as at 31 December 2016 are as follows:

Class of Business	**Best estimate**		***75th percentile using Normal distribution***	
in thousands of Nigerian Naira	**Gross IBNR**	**Net IBNR**	**Gross IBNR**	**Net IBNR**
Fire	33,290	31,673	43,413	41,304
General Accident	165,024	153,015	214,321	198,725
Marine & Aviation	77,299	72,707	98,349	92,506
Motor	122,003	101,412	136,269	113,271
Oil & Gas	158,996	147,426	210,421	195,109
Total	**556,612**	**506,233**	**702,773**	**640,915**

Overall there is a 26.3% increase from the best estimate calculated and that at the 75th percentile.

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

Based on the assumption that reserves follow a Normal distribution, there is only a 25% chance that the gross IBNR reserves required by Mutual Benefits will exceed N703 million as at 31 December 2016.

(b) ***Non-life insurance contracts - Continued***

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

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

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

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

Assumptions underlying the BCL

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

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

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

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

Loss Ratio method

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

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

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

(b) ***Non-life insurance contracts - Continued***

Assumptions underlying the Loss Ratio Method

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

Unearned premium provision was calculated using a time – apportionment basis, in particular, the 365ths method. The same approach was taken for deferred acquisition cost. Combined ratio for financial year 31 December 2016 was calculated per class of business, taking into account the additional movement in claims reserves as at 31 December 2016 as a result of the IBNR figures calculated during the reserving exercise. This combined ratio was then applied to the UPR per class of business to determine the expected future underwriting experience for the unexpired risk period, and to ascertain whether the UPR held as at 31 December 2015 was deemed sufficient. The Additional Unexpired Risk Reserve (AURR) is limited to a minimum of 0, i.e. there is no allowance for reduction in the UPR due to expected future profits arising from premiums written which will be earned in future."

in thousands of Nigerian Naira						DEVELOPMENT YEARS				
Fire	0	1	2	3	4	5	6	7	8	9
Accident Year										
2007		1,123	1,201	1,201	1,201	1,201	1,201	1,201	1,201	1,201
2008	7,082	15,488	17,923	18,754	18,754	19,186	19,186	19,186	19,186	
2009	23,251	43,919	61,740	61,740	62,004	62,004	62,004	62,004		
2010	17,577	206,337	206,901	210,274	214,681	214,681	214,681			
2011	65,800	76,138	80,072	80,354	80,722	80,722				
2012	23,432	251,110	325,021	360,875	361,042					
2013	65,907	237,386	262,539	269,129						
2014	113,696	223,324	232,513							
2015	80,266	154,492								
2016	59,549									
Total	**456,560**	**1,209,316**	**1,187,910**	**1,002,326**	**738,404**	**377,794**	**297,071**	**82,390**	**20,387**	**1,201**

(b)Non-life insurance contracts - Continued

Development claim tables

in thousands of Nigerian Naira						DEVELOPMENT YEARS				
General accident	0	1	2	3	4	5	6	7	8	9
Accident Year										
2007	-	42,000	53,148	54,402	54,402	54,402	54,402	54,402	54,402	54,658
2008	44,309	73,778	93,792	96,840	97,883	98,735	98,735	98,939	98,939	
2009	36,884	152,793	168,107	183,085	183,806	183,837	184,033	184,033		
2010	46,784	99,248	175,093	177,680	182,198	183,763	184,022			
2011	117,547	491,542	504,365	511,032	513,025	515,574				
2012	142,271	255,370	294,010	306,718	316,476					
2013	100,719	240,398	286,147	307,834						
2014	156,946	315,820	344,656							
2015	124,966	247,683								
2016	111,273									
Total	**881,697**	**1,918,632**	**1,919,318**	**1,637,591**	**1,347,791**	**1,036,312**	**521,193**	**337,374**	**153,341**	**54,658**

in thousands of Nigerian Naira	DEVELOPMENT YEARS									
Marine and Aviation	0	1	2	3	4	5	6	7	8	9
Accident Year										
2007	-	3,869	21,863	21,863	21,863	21,863	21,863	21,863	21,863	21,863
2008	15,889	29,542	29,545	29,603	29,603	29,603	29,603	29,603	29,603	
2009	13,919	20,738	26,927	26,927	26,927	26,927	26,927	26,927		
2010	11,395	14,945	15,038	15,038	15,038	15,038	15,038			
2011	22,490	28,530	29,159	31,830	31,830	49,765				
2012	19,414	59,885	59,885	59,885	59,885					
2013	16,618	27,109	27,193	27,330						
2014	20,277	42,201	45,230							
2015	65,443	166,236								
2016	65,286									
Total	**250,731**	**393,056**	**254,839**	**212,476**	**185,147**	**143,196**	**93,431**	**78,393**	**51,466**	**21,863**

(b) ***Non-life insurance contracts - Continued***

Development claim tables

in thousands of Nigerian Naira	DEVELOPMENT YEARS									
Motor	0	1	2	3	4	5	6	7	8	9
Accident Year										
2007	-	54,086	55,174	55,174	55,174	55,174	55,174	55,174	55,174	55,174
2008	166,441	272,139	277,986	279,769	279,769	280,886	280,886	280,886	280,886	
2009	320,528	422,238	425,429	434,185	434,645	434,645	434,645	434,645		
2010	297,922	391,691	401,961	402,473	402,975	403,531	403,531			
2011	422,243	610,436	623,173	624,923	627,293	631,525				
2012	492,282	658,462	667,983	670,021	670,711					
2013	469,160	718,714	733,180	734,592						
2014	570,316	759,796	773,887							
2015	473,318	698,538								
2016	588,863									
Total	**3,801,073**	**4,586,099**	**3,958,774**	**3,201,136**	**2,470,566**	**1,805,761**	**1,174,237**	**770,705**	**336,060**	**55,174**

3.1.2 ***Financial risks management***

(a) ***Introduction and overview***

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

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

(a) ***Credit risk***

Mutual Benefits Assurance Group is exposed to risk relating to its loan receivables, finance lease receivable, statutory deposits, bank balances, 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.

Trade receivables

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

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.

The Group credit risk originates from reinsurance recoverable transactions, brokers and agents.

(a) Credit risk

Impairment model
Premium debtors, which technically falls under receivables is recognized at a fair value and subsequently measured at amortized cost, less provision for impaired receivables.

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

1 The impairment of the premium debtors is to be assessed at two different levels, individually or collectively. However, based on NAICOM's "No Premium No Cover" guidelines which state that "all insurance covers shall now be provided on a strict 'no premium no cover' basis", only cover for which payment has been received shall be booked. Hence, there should be no outstanding direct transactions. For brokered businesses, on the other hand, payment has to be made not later than 30 days after a credit note has been issued. In line with this guidelines, the Company uses the aging of receivables as the major parameter in calculating impairment.

2 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 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, ascertaining suitable allowance for impairment.

3 The Group sets the maximum amounts and limits that may be advances to corporate counterparties by reference to their long-term credit worthness.

4 The credit risk in respect of customer balances incurred on non-payment of premiums or contributions will only persist during the grace period specified in the policy document until expiry, when the policy is either paid or fully provided for and Commission paid to intermediaries is netted off against amounts receivable from them to reduce the risk of doubtful debts.

5 Net exposure limits are set for each counterparty i.e limits are set for investments and cash deposits, foreign exchange trade exposures and minimum credit ratings for investments that may be held.

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 risk exposure based on the carrying value of the financial instruments.

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

Maximum exposure to credit risk
in thousands of Nigerian Naira

	Group		Company	
	Dec-16	**Dec-15**	**Dec-16**	**Dec-15**
Cash and cash equivalents	10,734,374	13,299,374	3,800,277	4,108,782
Loans and receivables	12,410,169	11,379,273	770,941	759,843
Held-to-maturity	8,214,636	-	2,030,905	-
Trade receivables	462,616	208,703	102,994	64,769
Reinsurance assets	274,994	264,067	98,580	149,310
Other receivables	106,617	610,391	-	481,938
Finance lease receivables	420,049	1,044,864	147,965	668,727
Statutory deposit	500,000	500,000	300,000	300,000
Deposit for investment in equity	460,588	417,587	390,588	2,277,587
	33,584,043	**27,724,259**	**7,642,250**	**8,810,956**

(a) ***Credit risk - Continued***

Concentration of credit risk

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

in thousands of Nigerian Naira

31 December 2016	Group					Company				
	Financial	Manufac turing	Oil & Gas sector	Public sector & Other	Total	Financial	Manufac turing	Oil & Gas sector	Public sector & Other	Total
Cash and cash equivalents	10,734,374	-	-	-	10,734,374	3,800,277	-	-	-	3,800,277
Loans and advances	926,768	-	10,010,310	1,473,091	12,410,169	770,941	-	-	-	770,941
Held-to-maturity	8,214,636	-	-	-	8,214,636	2,030,905	-	-	-	2,030,905
Trade receivables	462,616	-	-	-	462,616	102,994	-	-	-	102,994
Reinsurance assets	274,994	-	-	-	274,994	98,580	-	-	-	98,580
Other receivables	-	-	-	106,617	106,617	-	-	-	-	-
Finance lease receivables	-	-	-	420,049	420,049	147,965	-	-	-	147,965
Statutory deposit	500,000	-	-	-	500,000	300,000	-	-	-	300,000
Deposit for invest. in equity	-	-	390,588	70,000	460,588	-	-	390,588	-	390,588
	21,113,388	**-**	**10,400,898**	**2,069,757**	**33,584,043**	**7,251,662**	**-**	**390,588**	**-**	**7,642,250**

in thousands of Nigerian Naira

31 December 2015	Group					Company				
	Financial	Manufac turing	Oil & Gas sector	Public sector & Other	Total	Financial	Manufac turing	Oil & Gas sector	Public sector & Other	Total
Cash and cash equivalents	13,299,374	-	-	-	13,299,374	4,108,782	-	-	-	4,108,782
Loans and advances	1,787,633	-	9,591,640	-	11,379,273	759,843	-	-	-	759,843
Trade receivables	208,703	-	-	-	208,703	64,769	-	-	-	64,769
Reinsurance assets	264,067	-	-	-	264,067	149,310	-	-	-	149,310
Other receivables	-	-	-	610,391	610,391	-	-	-	481,938	481,938
Finance lease receivables	-	-	-	1,044,864	1,044,864	-	-	-	668,727	668,727
Statutory deposit	500,000	-	-	-	500,000	300,000	-	-	-	300,000
Deposit for invest. in equity	-	-	347,587	70,000	417,587	2,000,000	-	277,587	-	2,277,587
	16,059,777	**-**	**9,939,227**	**1,725,255**	**27,724,259**	**7,382,704**	**-**	**277,587**	**1,150,665**	**8,810,956**

(a) Credit risk - Continued

Credit quality

The table below provides information regarding the credit risk exposure of the Company by classifying assets according to the Company's credit ratings of counter parties:

in thousands of Nigerian Naira

31 December 2016	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	10,734,374	-	-	-	10,734,374	3,800,277	-	-	-	3,800,277
Loans and advances	12,410,169	-	-	-	12,410,169	770,941	-	-	-	770,941
Held-to-maturity	8,214,636	-	-	-	8,214,636	2,030,905	-	-	-	2,030,905
Trade receivables	462,616	-	-	-	462,616	102,994	-	-	-	102,994
Reinsurance assets	206,246	-	-	68,749	274,994	83,793	-	-	14,787	98,580
Other receivables	106,617	-	-	-	106,617	-	-	-	-	-
Finance lease receivables	420,049	-	-	-	420,049	147,965	-	-	-	147,965
Statutory deposit	500,000	-	-	-	500,000	300,000	-	-	-	300,000
Deposit for invest. in equity	460,588	-	-	-	460,588	390,588	-	-	-	390,588
	33,515,295	**-**	**-**	**68,749**	**33,584,043**	**7,627,463**	**-**	**-**	**14,787**	**7,642,250**

31 December 2015	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	13,299,374	-	-	-	13,299,374	4,108,782	-	-	-	4,108,782
Loans and advances	11,379,273	-	-	-	11,379,273	759,843	-	-	-	759,843
Trade receivables	198,044	-	-	10,659	208,703	64,769	-	-	-	64,769
Reinsurance assets	187,488	-	-	76,579	264,067	123,181	-	-	26,129	149,310
Other receivables	610,391	-	-	-	610,391	481,938	-	-	-	481,938
Finance lease receivables	1,044,864	-	-	-	1,044,864	668,727	-	-	-	668,727
Statutory deposit	500,000	-	-	-	500,000	300,000	-	-	-	300,000
Deposit for invest. in equity	417,587	-	-	-	417,587	2,277,587	-	-	-	2,277,587
	27,637,021	**-**	**-**	**87,238**	**27,724,259**	**8,784,827**	**-**	**-**	**26,129**	**8,810,956**

(a) Credit risk - Continued

Age analysis of financial assets past due but not impaired

in thousands of Nigerian Naira

31 December 2016	Group < 30 days	Group 31 to 60 days	Group > 61 days	Group Total past-due but not impaired	Company < 30 days	Company 31 to 60 days	Company > 61 days	Company Total past-due but not impaired
Trade receivables	-	-	-	-	-	-	-	-
Reinsurance assets	51,561	17,188	-	68,749	11,830	2,957	-	14,787
	51,561	**17,188**	**-**	**68,749**	**11,830**	**2,957**	**-**	**14,787**
31 December 2015								
Trade receivables	10,659	-	-	10,659	-	-	-	-
Reinsurance assets	61,264	15,315	-	76,579	22,210	3,919	-	26,129
	71,923	**15,315**	**-**	**87,238**	**22,210**	**3,919**	**-**	**26,129**

Impaired financial assets
At 31 December 2016, there are impaired loans and receivables of ₦29,118,000 (2015: ₦62,553,000) and no impaired trade receivables (2015: ₦330,221,000).

For assets to be classified as "past-due and impaired", contractual payments must be in arrears for more than 90 days. No collateral is held as security for any past due or impaired assets.

The Group records impairment allowances for loans and receivables in a separate impairment allowance account. A reconciliation of the allowance for impairment losses for loans and receivables is, as follows:

in thousands of Nigerian Naira

	Group		Company	
	Dec-16	Dec-15	Dec-16	Dec-15
At 1 January	62,553	36,658	-	-
Charge for the year	-	25,895	-	-
Amounts written off	(33,435)	-	-	-
	29,118	**62,553**	**-**	**-**

Collateral
The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Collateral is mainly obtained for securities lending and for cash purposes. Management monitors the market value of the collateral, requests additional collateral when needed and performs an impairment valuation when applicable.

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

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

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

Group 31 December 2016 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	10,734,374	12,344,530	-	-	-	-	12,344,530
Loans and advances	12,410,169	1,258,714	2,009,152	12,550,659	1,143,174	-	16,961,699
Fair value through profit or loss	64,097	64,097	-	-	-	-	64,097
Held-to-maturity financial assets	8,214,636	-	9,446,832	-	-	-	9,446,832
Trade receivables	462,616	462,616	-	-	-	-	462,616
Reinsurance assets	1,180,774	274,994	-	-	-	905,780	1,180,774
Other receivables	293,775	293,775	-	-	-	-	293,775
Finance lease receivables	420,049	213,900	200,590	111,696	-	-	526,186
Statutory deposit	500,000	27,500	27,500	275,000	-	500,000	830,000
Total financial assets	**34,280,490**	**14,940,126**	**11,684,074**	**12,937,354**	**1,143,174**	**1,405,780**	**42,110,508**
Investment contract liabilities	25,956,771	5,835,432	5,835,432	16,908,674	411,649	-	28,991,186
Insurance contract liabilities	3,865,911	2,587,230	-	-	-	1,278,681	3,865,911
Trade payables	477,342	477,342	-	-	-	-	477,342
Other liabilities	1,314,453	1,314,453	-	-	-	-	1,314,453
Deposit liabilities	203,845	234,422	-	-	-	-	234,422
Borrowings	6,258,070	-	-	3,904,800	2,353,270	-	6,258,070
Total financial liabilities	38,076,392	10,448,878	5,835,432	20,813,474	2,764,919	1,278,681	41,141,383
Total liquidity gap	**(3,795,902)**	**4,491,248**	**5,848,642**	**(7,876,119)**	**(1,621,745)**	**127,099**	**969,125**

The need to match the medium to long term tenure of the Group's investment contract liabilities necessitated the high investment in the landed (investment) properties of ₦8.7 billion. Included in the investment properties are assets worth ₦6.1 billion that may be liquidated in the short to medium term to meet the financial obligations of the Group.

(b) **Liquidity risk - Continued**

Company

31 December 2016 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	3,804,953	4,375,696	-	-	-	-	4,375,696
Loans and advances	770,941	132,167	132,604	395,286	228,924	-	888,980
Fair value through profit or loss	64,097	64,097	-	-	-	-	64,097
Held-to-maturity financial assets	2,030,905	-	2,335,541	-	-	-	2,335,541
Trade receivables	102,994	102,994	-	-	-	-	102,994
Reinsurance assets	842,580	167,851	-	-	-	674,729	842,580
Other receivables	121,880	121,880	-	-	-	-	121,880
Finance lease receivables	147,965	47,929	34,619	111,696	19,496	-	213,739
Statutory deposit	300,000	16,500	16,500	165,000	-	300,000	498,000
Total financial assets	**8,186,315**	**5,029,113**	**2,519,264**	**671,981**	**248,420**	**974,729**	**9,443,507**
Insurance contract liabilities	1,709,183	1,152,571	-	-	-	556,612	1,709,183
Trade payables	358,995	358,995	-	-	-	-	358,995
Other liabilities	283,423	283,423	-	-	-	-	283,423
Borrowings	6,258,070	-	-	3,904,800	2,353,270	-	6,258,070
Total financial liabilities	**8,609,671**	**1,794,989**	**-**	**3,904,800**	**2,353,270**	**556,612**	**8,609,671**
Total liquidity gap	**(423,356)**	**3,234,124**	**2,519,264**	**(3,232,819)**	**(2,104,850)**	**418,117**	**833,836**

The need to match the medium to long term tenure of the Company's investment contract liabilities necessitated the high investment in the landed (investment) properties of ₦8.7 billion. Included in the investment properties are assets worth ₦6.1 billion that may be liquidated in the short to medium term to meet the financial obligations of the Company.

(b) **Liquidity risk - Continued**

Group

31 December 2015 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	14,016,106	14,221,853	-	-	-	-	14,221,853
Loans and advances	11,799,273	2,728,072	2,728,503	12,041,326	645,628	-	18,143,530
Fair value through profit or loss	93,463	93,463	-	-	-	-	93,463
Trade receivables	208,703	208,703	-	-	-	-	208,703
Reinsurance assets	834,728	264,067	-	-	-	570,661	834,728
Other receivables	610,391	610,391	-	-	-	-	610,391
Finance lease receivables	1,044,864	67,807	405,718	664,299	119,944	-	1,257,768
Statutory deposit	500,000	30,000	30,000	300,000		500,000	860,000
Total financial assets	**29,107,528**	**18,224,356**	**3,164,221**	**13,005,625**	**765,572**	**1,070,661**	**36,230,436**
Investment contract liabilities	24,217,581	5,120,702	5,120,702	15,704,581	777,673	-	26,723,658
Insurance contract liabilities	2,713,084	1,521,039	-	-	-	1,192,045	2,713,084
Trade payables	367,801	367,801	-	-	-	-	367,801
Other liabilities	626,327	626,327	-	-	-	-	626,327
Deposit liabilities	509,867	517,352	-	-	-	-	517,352
Borrowings	4,073,095	-	-	-	4,073,095	-	4,073,095
Total financial liabilities	**32,507,755**	**8,153,221**	**5,120,702**	**15,704,581**	**4,850,768**	**1,192,045**	**35,021,317**
Total liquidity gap	**(3,400,227)**	**10,071,135**	**(1,956,481)**	**(2,698,956)**	**(4,085,195)**	**(121,384)**	**1,209,120**

The need to match the medium to long term tenure of the Group's investment contract liabilities necessitated the high investment in the landed (investment) properties of ₦8.7 billion. Included in the investment properties are assets worth ₦6.1 billion that may be liquidated in the short to medium term to meet the financial obligations of the Group.

(b) Liquidity risk - Continued

Group 31 December 2015 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	4,111,237	4,170,144	-	-	-	-	4,170,144
Loans and advances	759,843	130,264	130,695	389,595	225,628	-	876,183
Fair value through profit or loss	93,463	93,463					93,463
Trade receivables	64,769	64,769	-	-	-	-	64,769
Reinsurance assets	668,289	149,310	-	-	-	518,979	668,289
Other receivables	481,938	481,938	-	-	-	-	481,938
Finance lease receivables	668,727	30,000	90,000	600,000	119,944	-	839,944
Statutory deposit	300,000	18,000	18,000	180,000	-	300,000	516,000
Total financial assets	**7,148,266**	**5,137,888**	**238,695**	**1,169,595**	**345,572**	**818,979**	**7,710,730**
Insurance contract liabilities	1,783,719	1,139,758	-	-	-	643,961	1,783,719
Trade payables	245,837	245,837	-	-	-	-	245,837
Other liabilities	107,454	107,454	-	-	-	-	107,454
Borrowings	4,073,095	-	-	-	4,073,095	-	4,073,095
Total financial liabilities	**6,210,105**	**1,493,049**	**-**	**-**	**4,073,095**	**643,961**	**6,210,105**
Total liquidity gap	**938,161**	**3,644,839**	**238,695**	**1,169,595**	**(3,727,523)**	**175,018**	**1,500,625**

The need to match the medium to long term tenure of the Company's investment contract liabilities necessitated the high investment in the landed (investment) properties of ₦8.7 billion. Included in the investment properties are assets worth ₦6.1 billion that may be liquidated in the short to medium term to meet the financial obligations of the Company.

(c) Market 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 and Yen.

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

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

Group in thousands of Nigerian Naira	31 December 2016 USD	 EURO	 Yen	31 December 2015 USD	 EURO	 Yen
Cash and cash equivalents	1,717,408	37,172	-	195,532	20,352	-
Borrowings	-	-	5,857,200	-	-	3,672,225
Outstanding claims	263,698	-	-	182,605	-	-

Company in thousands of Nigerian Naira	**31 December 2016** USD	 EURO	 Yen	**31 December 2015** USD	 EURO	 Yen
Cash and cash equivalents	1,623,683	37,172		139,372	20,352	-
Borrowings	-	-	5,857,200	-	-	3,672,225
Outstanding claims	263,698	-	-	182,605	-	-

"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 2016		31 DECEMBER 2015		31 DECEMBER 2016		31 DECEMBER 2015	
	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%	145,371	101,760	1,293	905	135,998	95,199	(4,323)	(3,026)
EURO	+10%	3,717	2,602	2,035	1,425	3,717	2,602	2,035	1,425
YEN	+10%	(585,720)	(410,004)	(367,223)	(257,056)	(585,720)	(410,004)	(367,223)	(257,056)
USD	-10%	(145,371)	(101,760)	(1,293)	(905)	(135,998)	(95,199)	4,323	3,026
EURO	-10%	(3,717)	(2,602)	(2,035)	(1,425)	(3,717)	(2,602)	(2,035)	(1,425)
YEN	-10%	585,720	410,004	367,223	257,056	585,720	410,004	367,223	257,056

(c) Market risk - Continued

ii Interest-rate risk

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

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

The Group has no significant concentration of interest rate risk.

3.2 Capital Management

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

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

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

Capital management objectives, policies and approach

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

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

In reporting financial strength, capital and solvency are measured using the rules prescribed by the National Insurance Commission. These regulatory capital tests are based upon required levels of solvency, capital and a series of prudent assumptions in respect of the type of business written.

The Company's capital management policy for its insurance business is to hold sufficient capital to cover the statutory requirements based on the NAICOM directives, including any additional amounts required by the regulator.

The Company seeks to optimise the structure and sources of capital to ensure that it consistently maximises returns to the shareholders and policyholders.

The Company has had no significant changes in its policies and processes to its capital structure during the past year from previous years.

3.2 **Capital Management**

Company in thousands of Nigerian Naira	**2016**	**2015**
Available capital resources as at 31 December		
Total shareholders' funds per financial statements	4,810,735	6,201,262
Regulatory adjustments	95,044	(551,404)
Available capital resources	4,905,779	5,649,858
Minumum capital based required by regulator	3,000,000	3,000,000
Excess in solvency margin	1,905,779	2,649,858

The Solvency Margin for the parent as at 31 December 2016 is as follows:

in thousands of Nigerian Naira	**2016**	**2015**
Admissible assets		
Cash and cash equivalents	3,804,953	4,111,237
Available-for-sale investment securities	21,553	1,000
Fair value through profit or loss	64,097	93,463
Loans and receivables	455,281	372,951
Held-to-maturity financial assets	2,030,905	-
Assets pledged as collateral	91,188	-
Trade receivables	102,994	64,769
Reinsurance assets	1,057,693	1,224,190
Deferred acquisition cost	235,053	261,798
Finance lease receivables	147,965	668,727
Investment properties	56,000	56,000
Investment in subsidiaries	4,000,000	2,000,000
Deposit for shares	390,588	2,277,587
Property, plant and equipment	3,152,644	3,037,357
Intangible assets	33,305	57,303
Statutory deposit	300,000	300,000
Total	**15,944,219**	**14,526,382**
Admissible liabilities		
Insurance contract liabilities	3,822,730	3,971,168
Borrowings	6,258,070	4,073,095
Trade payables	452,495	277,749
Other liabilities	287,412	236,580
Current income tax liabilities	217,733	317,932
Total	**11,038,440**	**8,876,524**
Solvency margin	4,905,779	5,649,858
The higher of 15% of Net premium income and minimum Share capital requirement	3,000,000	3,000,000

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 - Continued

The table below hypothecates the total assets of the Company into assets that represents insurance funds and shareholders' funds:

	DEC 2016			DEC 2015		
in thousands of Nigerian Naira	Carrying amount	Insurance contract	Shareholders fund	Carrying amount	Insurance contract	Shareholders fund
ASSETS						
Cash and cash equivalents	3,804,953	2,897,096	907,857	4,111,237	3,631,541	479,696
Available-for-sale investment securities	21,553	-	21,553	1,000	-	1,000
Fair value through profit or loss	64,097	64,097	-	93,463	93,463	-
Loans and receivables	770,941	-	770,941	759,843	-	759,843
Held-to-maturity financial assets	2,030,905	1,050,090	980,815	-	-	-
Assets pledged as collateral	91,188	-	91,188	115,297	-	115,297
Trade receivables	102,994	102,994	-	64,769	64,769	-
Reinsurance assets	1,057,693	1,057,693	-	1,224,190	1,224,190	-
Other receivables and prepayments	319,213	-	319,213	770,158	-	770,158
Deferred acquisition cost	235,053	-	235,053	261,798	-	261,798
Finance lease receivables	147,965	147,965	-	668,727	198,558	470,169
Investment property	56,000	-	56,000	56,000	-	56,000
Investment in subsidiaries	4,000,000	-	4,000,000	2,000,000	-	2,000,000
Intangible assets	33,305	-	33,305	57,303	-	57,303
Property, plants and equipment	3,152,644	-	3,152,644	3,037,357	-	3,037,357
Statutory deposit	300,000	-	300,000	300,000	-	300,000
Deposit for shares	390,588	-	390,588	2,277,587	-	2,277,587
Total assets	**16,579,092**	**5,319,935**	**11,259,157**	**15,798,729**	**5,212,521**	**10,586,208**
Liabilities						
Insurance contract liabilities	3,822,730	3,822,730	-	3,971,168	3,971,168	-
Trade payables	452,495	452,495	-	277,749	-	277,749
Other liabilities	287,412	-	287,412	236,580	-	236,580
Borrowings	6,258,070	-	6,258,070	4,073,095	-	4,073,095
Current income tax liabilities	217,733	-	217,733	317,932	-	317,932
Deferred tax liability	729,917	-	729,917	720,943	-	720,943
Total liabilities	**11,768,357**	**4,275,225**	**7,493,132**	**9,597,467**	**3,971,168**	**5,626,299**
GAP	**4,810,735**	**1,044,710**	**3,766,025**	**6,201,262**	**1,241,353**	**4,959,909**

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 2016 *in thousands of Nigerian Naira*	Note	Group Loans & receivables	Group Fair value TPL	Group Fair value	Company Loans & receivables	Company Fair value TPL	Company Fair value
Quoted equities	22.2	-	64,097	64,097		64,097	64,097
Loans and advances	22.3	12,410,169	-	12,876,291	770,941	-	778,650
Finance lease receivables	28	420,049	-	434,418	147,965	-	150,924
		12,830,218	64,097	13,374,805	918,906	64,097	993,672

31 December 2015 *in thousands of Nigerian Naira*	Note	Group Loans & receivables	Group Fair value TPL	Group Fair value	Company Loans & receivables	Company Fair value TPL	Company Fair value
Quoted equities	22.2	-	93,463	93,463	-	93,463	93,463
Loans and advances	22.3	11,799,273	-	12,709,615	759,843	-	820,630
Finance lease receivables	28	1,044,864	-	1,128,453	668,727	-	722,225
		12,844,137	93,463	13,931,531	1,428,570	93,463	1,636,318

3.5 Fair value hierarchy

The Group's accounting policy on fair value measurements is discussed under note 2.3.12.

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. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily Nigerian Stock Exchange equity investments classified as trading securities or available for sale. If the fair value cannot be measured reliably, these financial instruments are measured at cost, being the fair value of the consideration paid for the acquisition of the investment or the amount received on issuing the financial liability. All transaction costs directly attributable to the acquisition are also included in the cost of the investment. The group measure its available-sale instrument at costs.

Financial instruments in level 2

Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Financial instruments in level 3

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

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

Financial instruments not measured at fair value

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

	Group				Company			
31 December 2016 *in thousands of Nigerian Naira*	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Loans and advances	-	-	12,876,291	12,876,291	-	-	778,650	778,650
Finance lease receivables	-	-	434,418	434,418	-	-	150,924	150,924
	-	-	13,310,708	13,310,708	-	-	929,575	929,575
31 December 2015								
Loans and advances	-	-	12,709,615	12,709,615	-	-	820,630	820,630
Finance lease receivables	-	-	1,128,453	1,128,453	-	-	722,225	722,225
	-	-	13,838,068	13,838,068	-	-	1,542,855	1,542,855

3.5 Fair value hierarchy - Coutinued

Fair value of financial assets and liabilities

Below are the methodologies and assumptions used to determine fair values for those financial instruments in the financial statements:

Assets and liabilities for which fair value approximates carrying value

The management assessed that cash and cash equivalents, trade receivables, reinsurance receivable, other receivables, trade payables, other liabilities and deposit liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

Loans and advances and finance lease receivables

The fair values of loans and advances are based on cash flows discounted using a rate based on the market interest rate of borrowings. The discount rate equals the prime lending rate as set by the Central Bank of Nigeria at the reporting dates. The fair values are within Level 3 of the fair value hierarchy.

Non financial asset measured at fair value

Investment property is a recurring fair value measurement valued using the market approach method of valuation. The valuation of the properties is based on the price for which comparable land and properties are being exchanged and/or are being marketed for sale. Therefore, the market-approach Method of Valuation was used. See Note 30 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 property 31 Dec 2016	-	-	8,726,390	8,726,390	-	-	56,000	56,000
Investment property 31 Dec 2015	-	-	8,731,665	8,731,665	-	-	56,000	56,000

During the reporting year ended 31 December 2016, there were no transfers between level 1 and level 2 and in and out of level 3.

The Company's land and building at Aret Adams House were professionally valued on 18 December 2012 by Jide Alabi & Co Estate Surveyors and Valuers (FRC/2013/NIESV/00000000314). The valuation which was based on open market value between a willing buyer and a willing seller produced a surplus amount of N1,431,736,925 which has been credited to the property, plant and equipment revaluation account. As a result of the valuation, the revised value of the properties as at 31 December 2013 was N1,556,691,485. The fair value of the land and building approximate the carrying value of N2,106,321,000 (N2,152,760,000).

3.6 Segment information

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

i **Assurance business:** This segment covers the protection of customers' assets (Particularly their properties, both for personal and commercial business) and indemnification of other parties that have suffered damage as a result of customers accident. All contracts in this segment are short term in nature. Revenue in this segment is derived primarily from insurance premium, investment income, net realised gains on financial assets , and net fair value gains on financial assets at fair value through profit or loss and covers the protection of the Group's customers against the risk of premature death, disability, critical illness and other accidents. Revenue from this segment is derived primarily from insurance premium, investment income, net realized gains on financial assets and net fair value gains on financial assets held for trading.

iii **Real Estate:** The Group undertakes real estate development project with the aim of outright sale or lease of the properties to meet the needs of individual and corporate bodies. The Group offers various products in real estate to meet client needs while promoting value adding business relationships and utilizes a combination of debt and equity finance to provide funds for projects. Revenue from this segment is derived primarily from property sale, fee income and investment income.

iv **Microfinance Bank:** The Group undertakes provision of retails and microfinance banking services at the community level. Revenue from this segment is derived primarily interest on micro loans and advances, SME loans, overdraft, fees and commission and investment income.

The segment information provided by the Management Underwriting Investment Committee (MUIC) for the reporting segments as at 31 December 2016 is as follows:

	Assurance business				Real Estate	Microfinance		
in thousands of Nigerian Naira	**Mutual Plc Nigeria**	**Mutual Ltd Nigeria**	**Mutual Niger**	**Mutual Liberia**	**Mutual Homes**	**Mutual Microfinance**	**Elimination adjustment**	**Total**
Cash and cash equivalents	3,804,953	6,157,695	691,230	36,933	7,557	36,005	-	10,734,374
Available-for-sale investment securities	21,553	716,472	-	111,350	-	-	-	849,374
Fair value through profit or loss	64,097	-	-	-	-	-	-	64,097
Loans and receivables	770,941	11,193,259	-	1,057,047	-	460,353	(1,071,432)	12,410,169
Held to maturity	2,030,905	6,183,731	-	-	-	-	-	8,214,636
Assets pledged as collateral	91,188	-	-	-	-	-	-	91,188
Trade receivables	102,994	-	168,633	190,989	-	-	-	462,616
Reinsurance assets	1,057,693	771,068	42,978	-	-	-	-	1,871,739
Other receivables	319,213	521,088	79,935	10,676	97,564	26,199	(166,655)	888,020
Deferred acquisition cost	235,053	105,285	-	-	-	-	-	340,338
Finance lease receivables	147,965	181,810	-	90,274	-	-	-	420,049
Inventories	-	-	-	-	1,332,864	-	-	1,332,864
Investment properties	56,000	8,670,390	-	-	-	-	-	8,726,390
Investment in subsidiaries	4,000,000	896,981	-	-	-	-	(4,896,981)	-
Investment in associates	-	-	-	-	-	-	-	-
Intangible assets	33,305	3,603	32,702	-	-	3,920	-	73,531
Property, plants and equipment	3,152,644	505,381	143,431	194,119	492	28,233	-	4,024,297
Statutory deposit	300,000	200,000	-	-	-	-	-	500,000
Deposit for investment in equity	390,588	70,000	-	-	-	-	-	460,588
Goodwill	-	-	-	-	-	-	1,543	1,543
Total assets	**16,579,092**	**36,176,763**	**1,158,908**	**1,691,388**	**1,438,476**	**554,711**	**(6,133,525)**	**51,465,813**

The segment information provided by the Management Underwriting Investment Committee (MUIC) for the reporting segments as at 31 December 2016 is as follows:

	Assurance business				Real Estate	Microfinance		
in thousands of Nigerian Naira	**Mutual Plc Nigeria**	**Mutual Ltd Nigeria**	**Mutual Niger**	**Mutual Liberia**	**Mutual Homes**	**Mutual Microfinance**	**Elimination adjustment**	**Total**
LIABILITIES								
Insurance contract liabilities	3,822,730	3,210,013	227,786	333,677	-	-	(192,335)	7,401,872
Investment contract liabilities	-	25,944,127	-	12,644	-	-	-	25,956,771
Trade payables	452,495	174,090	1,730	18,381	-	-	623,522	1,270,219
Other liabilities	287,412	1,283,606	277,125	141,773	317,531	51,102	(647,553)	1,710,996
Deposit liabilities	-	-	-	-	-	203,845	-	203,845
Borrowings	6,258,070	-	-	-	1,050,496	-	(1,050,496)	6,258,070
Current income tax liabilities	217,733	215,791	12,779	-	41,328	16,212	-	503,843
Deferred tax liabilities	729,917	58,046	-	-	92,197	6,542	260,726	1,147,429
Total liabilities	11,768,357	30,885,673	519,420	506,476	1,501,553	277,701	(1,006,136)	44,453,045
EQUITY								
Share capital	4,000,000	250,000	330,000	488,421	20,000	250,000	(1,338,421)	4,000,000
Treasury shares	(250)	-	-	-	-	-	-	(250)
Share premium	-	3,750,000	-	-	-	-	(3,750,000)	-
Foreign currency transalation reserve	-	-	206,667	709,976	-	-	(10,141)	906,502
Contingency reserve	2,179,515	353,645	-	-	-	-	-	2,533,160
Revaluation reserve	1,288,563	-	-	-	-	-	-	1,288,563
Accumulated losses	(2,657,093)	937,445	68,195	(46,865)	(83,077)	(28,591)	(28,828)	(1,838,814)
Shareholders fund	4,810,735	5,291,090	604,862	1,151,532	(63,077)	221,409	(5,127,390)	6,889,161
Owners of the parent	4,810,735	5,291,090	604,862	1,151,532	(63,077)	221,409	(5,127,390)	6,889,161
Non-controlling interests in equity	-	-	34,626	33,380	-	55,602	-	123,607
Total equity	4,810,735	5,291,090	639,488	1,184,912	(63,077)	277,011	(5,127,390)	7,012,768
Total liabilities and equity	16,579,092	36,176,763	1,158,908	1,691,388	1,438,476	554,711	(6,133,526)	51,465,813

The segment information provided by the Management Underwriting Investment Committee (MUIC) for the reporting segments for the year ended 31 December 2016 is as follows:

	Assurance business				Real Estate	Microfinance		
in thousands of Nigerian Naira	**Mutual Plc Nigeria**	**Mutual Ltd Nigeria**	**Mutual Niger**	**Mutual Liberia**	**Mutual Homes**	**Mutual Microfinance**	**Elimination adjustment**	**Total**
Gross premium written	6,586,846	4,351,455	661,835	543,473	-	-	-	12,143,610
Gross premiums income	6,660,747	4,123,068	655,247	543,473	-	-	-	11,982,537
Premiums ceded to reinsurers	(1,515,476)	(173,181)	(22,452)	-	-	-	-	(1,711,110)
Net premiums income	5,145,271	3,949,887	632,795	543,473	-	-	-	10,271,427
Fee and commission income	312,481	116,754	1,287	-	-	-	-	430,522
Net underwriting income	5,457,752	4,066,641	634,082	543,473	-	-	-	10,701,949
Net benefits and claims	1,004,168	1,850,262	176,073	318,381	-	-	-	3,348,883
Increase in individual life fund	-	(161,532)	-	-	-	-	-	(161,532)
Increase in annuity reserve	-	354,038	-	-	-	-	-	354,038
Underwriting expenses	1,581,501	1,244,671	97,686	56,565	-	-	(7,891)	2,972,533
Net underwriting expenses	2,585,669	3,287,439	273,760	374,946	-	-	(7,891)	6,513,922
Underwriting profit	2,872,083	779,202	360,323	168,527	-	-	7,891	4,188,027
Profit on investment contracts	-	819,092	-	-	-	-	-	819,092
Investment income	560,027	492,251	11,134	25,373	-	-	(122,612)	966,173
Net fair value gain on assets at FVTPL	(53,475)	(5,275)	-	-	-	-	-	(58,750)
Other income	93,715	45,516	1,122	81,285	30,411	39,194	(33,758)	257,485
Impairment charge no longer required	28,247	-	-	-	-	33,435	-	61,682
Impairment charges	-	(10,574)	-	-	-	-	-	(10,574)
Employees benefit expenses	(931,921)	(727,912)	(72,831)	(70,964)	(2,794)	(108,184)	-	(1,914,606)
Other management expenses & FX Loss	(3,817,622)	(1,235,439)	(162,385)	(180,837)	(15,031)	(111,942)	18,757	(5,504,499)
Result of operating activities	(1,248,946)	156,861	137,362	23,385	12,586	(147,497)	(129,722)	(1,195,970)
Finance costs	-	-	-	-	-	(27,681)	-	(27,681)
Finance incomes	-	-	-	-	-	154,985	-	154,985
Profit before income tax	(1,248,946)	156,861	137,362	23,385	12,586	(20,192)	(129,722)	(1,068,666)
Income tax (expenses)/benefit	(141,581)	(86,767)	(44,697)	(913)	(4,073)	411	-	(277,620)
Profit for the year	(1,390,527)	70,094	92,664	22,473	8,513	(19,781)	(129,722)	(1,346,286)
Profit attributable to:								
Owners of the parent	(1,390,527)	70,094	85,252	21,349	8,513	(15,825)	(129,722)	(1,350,866)
Non-controlling interests	-	-	7,413	1,124	-	(3,956)	-	4,580
	(1,390,527)	70,094	92,664	22,473	8,513	(19,781)	(129,722)	(1,346,286)

The segment information provided by the Management Underwriting Investment Committee (MUIC) for the reporting segments for the year ended 31 December 2015 is as follows:

	Assurance business				Real Estate	Microfinance		
in thousands of Nigerian Naira	Mutual Plc Nigeria	Mutual Ltd Nigeria	Mutual Niger	Mutual Liberia	Mutual Homes	Mutual Microfinance	Elimination adjustment	Total
Cash and cash equivalents	4,111,237	9,410,464	298,663	36,560	20,707	138,475	-	14,016,106
Available-for-sale investment securities	1,000	609,036	504,000	-	-	-	-	1,114,036
Fair value through profit or loss	93,463	-	-	-	-	-	-	93,463
Loans and receivables	759,843	11,034,276	-	193,207	-	695,926	(1,303,980)	11,379,273
Assets pledged as collateral	115,297	-	-	-	-	-	-	115,297
Trade receivables	64,769	-	60,659	83,275	-	-	-	208,703
Reinsurance assets	1,224,190	182,765	1,171	3,464	-	-	3,011	1,414,600
Other receivables	770,158	534,055	7,952	10,068	228,489	32,697	(327,671)	1,255,748
Deferred acquisition cost	261,798	60,811	-	-	-	-	-	322,609
Finance lease receivables	668,727	317,930	-	58,208	-	-	-	1,044,864
Inventories	-	-	-	-	1,533,164		-	1,533,164
Investment properties	56,000	8,675,665	-	-	-	-	-	8,731,665
Investment in subsidiaries	2,000,000	896,981	-	-	-	-	(2,896,981)	-
Investment in associates	-	-	-	-	-	-	6,116	6,116
Intangible assets	57,303	5,870	26,472	-	-	-	-	89,646
Property, plants and equipment	3,037,357	533,493	99,093	127,095	13,440	40,045	-	3,850,522
Statutory deposit	300,000	200,000	-	-	-	-	-	500,000
Deposit for shares	2,277,587	140,000	-	-	-	-	(2,000,000)	417,587
Deferred tax assets	-						-	-
Goodwill	-	-	-	-	-	-	1,543	1,543
Total assets	**15,798,729**	**32,601,346**	**998,010**	**511,877**	**1,795,800**	**907,143**	**(6,517,962)**	**46,094,942**

The segment information provided by the Management Underwriting Investment Committee (MUIC) for the reporting segments as at 31 December 2015 is as follows:

	Assurance business				Real Estate	Microfinance		
in thousands of Nigerian Naira	**Mutual Plc Nigeria**	**Mutual Ltd Nigeria**	**Mutual Niger**	**Mutual Liberia**	**Mutual Homes**	**Mutual Microfinance**	**Elimination adjustment**	**Total**
LIABILITIES								
Insurance contract liabilities	3,971,168	1,836,524	99,456	173,239	-	-	7,586	6,087,972
Investment contract liabilities	-	24,208,510	-	9,071	-	-	-	24,217,581
Trade payables	277,749	17,980	6,797	-	-	-	(210,063)	92,463
Other liabilities	236,580	1,123,318	33,945	41,634	433,959	66,632	(124,738)	1,811,330
Deposit liabilities	-	-	-	-	-	509,867	-	509,867
Book overdraft	-	-	-	-	-		-	-
Borrowings	4,073,095	-	-	-	-	-	-	4,073,095
Related party loan	-	-	-	-	1,303,978	-	(1,303,978)	-
Deposit for shares	-	2,000,000	-	-	-	-	(2,000,000)	-
Current income tax liabilities	317,932	135,183	-	6,114	37,860	24,295	-	521,385
Deferred tax liabilities	720,943	19,898	-	-	91,592	8,557	295,090	1,136,079
Total liabilities	9,597,467	29,341,413	140,198	230,058	1,867,390	609,351	(3,336,103)	38,449,772
EQUITY								
Share capital	4,000,000	150,000	330,000	488,421	20,000	250,000	(1,238,421)	4,000,000
Treasury shares	(250)	-	-	-	-	-	-	(250)
Share premium		1,850,000	-	-	-	-	(1,850,000)	-
Foreign currency transalation reserve	-	-	(1,092)	(9,049)	-	-	194,632	184,491
Contingency reserve	1,981,910	310,130	-	-	-	-	-	2,292,040
Revaluation reserve	1,288,563	-	-	-	-	-	-	1,288,563
Retained losses	(1,068,961)	949,803	500,599	(236,844)	(91,590)	(11,766)	(288,070)	(246,828)
Shareholders fund	6,201,262	3,259,933	829,507	242,528	(71,590)	238,234	(3,181,859)	7,518,016
Owners of the parent	6,201,262	3,259,933	829,507	242,528	(71,590)	238,234	(3,181,859)	7,518,016
Non-controlling interests in equity	-	-	28,305	39,291	-	59,558	-	127,154
Total equity	6,201,262	3,259,933	857,812	281,819	(71,590)	297,792	(3,181,859)	7,645,170
Total liabilities and equity	15,798,729	32,601,346	998,010	511,877	1,795,800	907,143	(6,517,962)	46,094,942

The segment information provided by the Management Underwriting Investment Committee (MUIC) for the reporting segments for the year ended 31 December 2015 is as follows:

	Assurance business				Real Estate	Microfinance		
in thousands of Nigerian Naira	**Mutual Plc Nigeria**	**Mutual Ltd Nigeria**	**Mutual Niger**	**Mutual Liberia**	**Mutual Homes**	**Mutual Microfinance**	**Elimination adjustment**	**Total**
Gross premium written	10,541,503	3,337,710	351,213	367,644	-	-	-	14,598,070
Gross premiums income	10,230,490	2,906,011	297,062	367,644	-	-	-	13,801,208
Premiums ceded to reinsurers	(5,959,847)	(95,286)	(11,492)	-			-	(6,066,626)
Net premiums income	4,270,643	2,810,725	285,570	367,644	-	-	-	7,734,582
Fee and commission income	637,311	21,767	1,286	-			-	660,364
Net underwriting income	4,907,954	2,832,492	286,856	367,644	-	-	-	8,394,946
Net benefits and claims	1,087,324	1,047,410	40,223	157,852	-	-	-	2,337,384
Increase in individual life fund	-	(3,273)	-	-	-	-	-	(3,273)
Increase in annuity reserve	-	30,633	-	-	-	-	-	30,633
Underwriting expenses	1,257,035	790,035	50,456	46,365	-	-	-	2,143,891
Net underwriting expenses	2,344,359	1,864,805	90,679	204,217	-	-	-	4,508,635
Underwriting profit	2,563,595	967,687	196,177	163,428	-	-	-	3,886,311
Profit on investment contracts	-	782,150	-	-	-	-	-	782,150
Investment income	729,417	234,633	3,730	19,416	35,129	-	(168,029)	854,296
Net fair value gain on assets at FVTPL	(39,908)	116,651	-	-	-	-	35,000	111,743
Other income	359,367	8,756	-	436	185,810	79,146	160,368	793,883
Impairment charge no longer required	8,473	160,702	-	-	-	-	(160,702)	8,473
Impairment charges	(28,761)	-	-	-	-	(9,791)	(16,104)	(54,656)
Employees benefit expenses	(879,347)	(595,011)	(37,846)	(48,389)	(30,056)	(122,942)	(150,000)	(1,863,591)
Other management expenses & FX Loss	(1,811,570)	(1,519,162)	(82,961)	(110,726)	(21,580)	(97,083)	99,702	(3,543,380)
Result of operating activities	901,266	156,406	79,099	24,164	169,304	(150,670)	(199,765)	975,229
Finance costs	-	-	-	-	(142,360)	(29,848)	142,360	(29,848)
Finance incomes	-	-	-	-	-	249,891	-	249,891
Profit before income tax	901,266	156,406	79,099	24,164	26,943	69,374	(57,405)	1,195,272
Income tax (expenses)/benefit	(248,653)	(44,586)	(4,925)	(6,041)	(10,850)	(7,046)	18,600	(303,500)
Profit from continuing operation	652,613	111,820	74,175	18,124	16,094	62,327	(38,805)	891,772
Discountinued operations								
Profit from discountined operation	(79,724)	-	-	-	-	-	-	(79,724)
Profit for the year	572,889	111,820	74,175	18,124	16,094	62,327	(38,805)	812,048
Profit attributable to:								
Owners of the parent	572,889	111,820	68,240	17,218	16,094	49,861	(43,380)	792,742
Non-controlling interests	-	-	5,934	906	-	12,466	-	19,306
	572,889	111,820	74,175	18,124	16,094	62,327	(43,380)	812,048

			Group		Company	
4	**Gross premium income**					
	in thousands of Nigerian Naira	Notes	**2016**	2015	**2016**	2015
4.1	**Gross premium written**					
	Non-life		7,615,657	11,161,000	6,586,846	10,541,503
	Life (Group life and individual life)		4,217,078	3,410,716	-	-
	Annuity		310,875	26,354	-	-
			12,143,610	14,598,070	6,586,846	10,541,503
	Changes in unearned premium					
	Non-life		67,314	(390,622)	73,901	(311,013)
	Life (Group life and individual life)		(228,387)	(406,240)	-	-
			(161,073)	(796,862)	73,901	(311,013)
	Gross premium income		**11,982,537**	**13,801,208**	**6,660,747**	**10,230,490**
4.2	**Premiums ceded to reinsurers**					
	Outward premium - Non life		1,197,141	5,739,140	1,174,688	5,727,648
	Outward premium - life		173,181	100,118	-	-
	Changes in prepaid re-insurance		340,788	227,368	340,788	232,199
			1,711,110	**6,066,626**	**1,515,476**	**5,959,847**
4.3	**Net premium income**		**10,271,427**	**7,734,582**	**5,145,271**	**4,270,643**
5	**Fee and commission income**					
	Commission received from reinsurance		223,499	454,255	105,458	431,202
	Commission received from co insurance		207,023	206,109	207,023	206,109
			430,522	**660,364**	**312,481**	**637,311**
6	**Net benefits and claims**					
	Claims paid		3,220,168	3,036,515	1,487,493	1,467,272
	Change in outstanding claims		870,474	69,205	(74,536)	295,901
	Claims recoveries		(406,640)	(624,074)	(253,039)	(375,482)
	Change in outstanding claims - Reinsurers		(335,119)	(144,262)	(155,750)	(300,367)
			3,348,883	**2,337,384**	**1,004,168**	**1,087,324**
7	**Underwriting expenses**					
	Amortisation of deferred acquisition costs	27.1	1,530,788	1,069,202	1,101,947	748,845
	Maintenance costs	7.1	1,441,745	1,341,985	479,554	508,190
			2,972,533	**2,411,187**	**1,581,501**	**1,257,035**

7.1 **Maintenance costs**

in thousands of Nigerian Naira	Notes	Group 2016	Group 2015	Company 2016	Company 2015
Agency expenses on vehicle insurance expenses		51,419	14,978	51,419	14,978
Tracking expenses on insured vehicles		143,936	139,827	143,936	139,827
Agency expenses on travel insurance business		157,151	88,638	157,151	88,638
Administrative charges-Group Life		6,435	7,364	-	-
Agency allowance		151,641	115,212	21,144	14,144
Agency training		21,855	38,870	-	-
Transport & Travelling-Corporate		76,202	100,898	-	-
Superintending and surveyors fees		74,456	231,787	74,456	231,787
Group life actuary valuation report fee		5,288	4,600	2,188	2,100
Stamp duty expenses		2,415	4,696	-	-
Training and Forum for marketers		167,013	166,398	-	-
Agency unit manager allowance		217,797	174,174	-	-
Business promotion expenses		26,269	3,004	-	-
Underwriting medical expenses		5,094	5,851	-	-
Marketing expenses		334,774	245,688	29,260	16,716
		1,441,745	**1,341,985**	**479,554**	**508,190**

8 **Profit on investment contracts**

	Group 2016	Group 2015	Company 2016	Company 2015
Interest income	2,998,037	2,431,185	-	-
Surrender fee	314,786	312,485	-	-
Guaranteed interest	(1,628,443)	(1,122,476)	-	-
Acquisition cost on investment policies	(865,288)	(839,044)	-	-
	819,092	**782,150**	-	-

9 **Investment income**

	Group 2016	Group 2015	Company 2016	Company 2015
Interest income on loans and advances	21,065	457	21,065	456
Dividend income	35,948	541	35,948	541
Interest income on fixed term deposit	428,028	484,848	216,162	384,047
Interest income on statutory deposit	56,641	37,044	30,634	34,677
Interest income on lease	77,092	66,648	57,833	66,648
Interest from current accounts with banks	3,306	1,323	1,356	609
Interest income from treasury bills	332,303	244,865	185,239	223,869
Rental income	11,790	18,570	11,790	18,570
	966,173	**854,296**	**560,027**	**729,417**

10 Net fair value (loss)/gain on assets at FVTPL

		Group		Company	
in thousands of Nigerian Naira	Notes	2016	2015	2016	2015
Fair value loss on financial assets through profit or loss	22.2	(29,366)	(34,738)	(29,366)	(34,738)
Fair value loss on pledged assets	23	(24,109)	(14,170)	(24,109)	(14,170)
Fair value (loss)/gain in investment property	30	(5,275)	160,651	-	9,000
		(58,750)	**111,743**	**(53,475)**	**(39,908)**

11 **Other income**

		2016	2015	2016	2015
Profit on sale of property and equipment		16,643	91,127	13,600	10,803
Profit from disposal of subsidiaries		-	143,649	-	5,500
Bank charges income		598	818	-	-
Net income from sale of properties		90	92,079	-	-
Micro finance fees and commission		13,115	34,830	-	-
Default charges		19,763	33,333	-	-
Commission on turnover		5,718	10,165	-	-
Others		119,469	-	-	-
Insurance claim received		1,251	122	1,251	122
Remeasurement gain on interest in associate		-	2,500	-	-
Release of expired deposit premiums		-	119,663	17,321	119,663
Release of excess provision		-	132,677	-	132,677
Sundry income		78,865	97,460	61,543	76,436
Income from logistics activities		-	9,574	-	-
Foreign exchange gain		1,973	-	-	-
		257,485	**767,997**	**93,715**	**345,201**

12 **Impairment charge no longer required**

		Group		Company	
in thousands of Nigerian Naira	Notes	2016	2015	2016	2015
Trade receivables	12.1	28,247	-	28,247	-
Finance lease receivables	28	-	2,339	-	2,339
Other receivables	26.5	-	6,134	-	6,134
Loans and advances		33,435	-	-	-
		61,682	8,473	28,247	8,473

12.1 This represents amount received on premium receivable that had been impaired in the previous year.

13 **Impairment charges**

		2016	2015	2016	2015
Loans and advances	22.3.1	-	25,895	-	-
Trade receivables		-	28,761	-	28,761
Finance lease receivables	28	-	-	-	-
Other assets and receivables	26	10,574	-	-	-
		10,574	54,656	-	28,761

14 **Employee benefit expenses**

		2016	2015	2016	2015
Wages and salaries		1,788,157	1,750,690	841,173	800,692
Defined contribution pension costs		126,449	112,901	90,748	78,655
		1,914,606	1,863,591	931,921	879,347

In accordance with Pension Reform Act 2014, the Group contributes 10% each of the qualifying staff's salary (Basic, transport, and housing), whilst the employees contribute 8%. The contributions are recognised as employee benefits expense as and when due.

15 **Other management expenses**

		Group		Company	
in thousands of Nigerian Naira	Notes	2016	2015	2016	2015
Depreciation of property, plant and equipment	33	648,442	601,001	398,898	331,059
Amortisation of intangible assets	32	46,705	61,906	33,629	31,919
Auditors' remunerations		34,002	32,161	13,650	13,000
Legal and consultancy fees		462,585	158,742	261,324	125,614
Directors fee and allowance		391,090	365,840	286,993	210,230
Medical expenses		29,635	55,841	8,743	24,324
Donations		24,420	16,306	4,188	6,366
Subscriptions		22,526	12,555	11,655	6,657
Rents and Rates		171,822	169,768	16,286	19,090
Repairs and maintainance		308,947	250,513	71,075	62,379
Utilities		30,463	29,895	23,928	20,799
Transport and travelling		122,380	68,095	89,780	15,494
Public relations and advertising		114,704	117,343	68,520	63,902
Motor vehicle running expenses		63,165	46,398	29,871	13,033
Business enternainments		40,010	31,309	27,999	19,211
Training and recruitment		304,981	88,602	293,970	48,697
Insurance		44,139	39,630	32,113	20,904
Bank charges		122,700	243,789	45,055	140,552
Insurance supervisory fee		127,072	111,004	45,651	37,863
Conference and seminar expenses		31,150	10,864	31,150	10,864
Fines and penalties		-	8,320	-	7,350
Newspapers and periodicals		880	2,506	356	1,632
Printing and stationery		42,050	49,947	19,597	18,493
Telecommunication expenses		86,306	49,741	49,596	14,364
Security expenses		18,644	17,122	10,180	7,819
Other expenses		58,257	43,950	19,538	29,375
Bad debt written off		38,681	-	-	-
Loss on disposal of property, plant & equipment		213	595	-	-
Investment related expenses		228,410	81,761	-	-
		3,614,379	**2,765,504**	**1,893,745**	**1,300,990**

16 **Net foreign exchange loss**

Exchange gain on foreign bank balances		(294,855)	(22,270)	(261,098)	(14,166)
Exchange loss on foreign loan	42.1	2,184,975	510,580	2,184,975	510,580
		1,890,120	**488,310**	**1,923,877**	**496,414**

The exchange loss on foreign loan represents the impact of translation of 2,250,000,000 Japanese Yen (JPY) due to Daewoo Securities (Europe) Limited as at 31 December 2016 to the Company's funtional currency (NGN) at the reporting date.To hedge against future exchange losses that may arise on conversion of foreign currency denominated loan balances, the Group has started investing a proportion of its financial assets in foreign currency. Included in cash and cash equivalents is an amount of USD5,800,000 purchased and invested as at 31 December 2016.

17 **Finance costs**

in thousands of Nigerian Naira	Notes	Group 2016	Group 2015	Company 2016	Company 2015
Interest charge on deposits		26,066	27,944	-	-
Other charges		1,615	1,904	-	-
		27,681	**29,848**	-	-

18 **Finance income**

	Group 2016	Group 2015	Company 2016	Company 2015
Interest income on Micro loans	131,295	229,201	-	-
Interest on Eazy cash product	7	244	-	-
Interest income on overdraft	16,300	11,520	-	-
Interest income on treasury bills	3,359	1,772	-	-
Income from funds placement	4,024	7,154	-	-
	154,985	**249,891**	-	-

19 **Income tax expense**

19.1 **Current income tax charge**

	Notes	Group 2016	Group 2015	Company 2016	Company 2015
Company income tax		165,764	30,453	117,263	-
Education tax		15,921	14,969	15,343	14,528
Information technology tax		1,569	12,692	-	8,906
Minimum tax		83,015	191,700	-	177,622
Total current income tax expense	43	266,270	249,814	132,607	201,056

19.2 **Deferred tax**

	Group 2016	Group 2015	Company 2016	Company 2015
Relating to origination and reversal of temporary differences	11,350	53,686	8,974	47,597
Total current income tax expense	11,350	53,686	8,974	47,597
Total income tax expenses	**277,620**	**303,500**	**141,581**	**248,653**

19.3 Reconciliation of tax charge

	Group 2016	Group 2015	Company 2016	Company 2015
Profit before income tax	(1,068,666)	1,195,272	(1,248,946)	901,266
Tax at Nigerian's statutory income tax rate of 30% (2014: 30%)	(320,600)	358,582	(374,684)	270,380
Effect of:				
Tax exempt income	(645,912)	(791,847)	(185,454)	(556,117)
Expenses not deductible for tax purposes	1,142,571	517,404	686,375	333,334
Different tax rate on overseas operations	1,055	-	-	-
Information technology tax	1,569	12,692	-	8,906
Education tax	15,921	14,969	15,343	14,528
Mininum tax	83,015	191,700	-	177,622
	277,620	**303,500**	**141,581**	**248,653**

20 **Earnings per share**

20.1 **(Loss)/earnings per share - Basic**
Basic (loss)/earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Company and held as treasury shares.

		Group		Company	
in thousands of Nigerian Naira	Notes	2016	2015	2016	2015
(Loss)/profit attributable to equity holders from continuing operation		(1,350,866)	792,742	(1,390,527)	652,613
Weighted average number of ordinary shares for basic earnings per share	20.2	7,999,500	7,999,500	7,999,500	7,999,500
Basic earnings per ordinary share (kobo)		(17)	10	(17)	8

20.2 ***Weighted average number of ordinary shares - basic***

Issued ordinary shares at 1 January	8,000,000	8,000,000	8,000,000	8,000,000
Effect of treasury shares held	(500)	(500)	(500)	(500)
As at 31 December	7,999,500	7,999,500	7,999,500	7,999,500

20.3 ***Earnings per share- Diluted***

The calculation of diluted earnings per share has been based on the profit attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

The company has no potential dilutive ordinary shares during the year (2015: Nil). Hence, the weighted average number of ordinary shares for basic and dilutive is the same so also the Dilutive and Basic earnings per share.

21 **Cash and cash equivalents**

		Group		Company	
in thousands of Nigerian Naira	Notes	31 Dec-2016	31 Dec-2015	31 Dec-2016	31 Dec-2015
Cash in banks and on hand		3,066,772	1,671,479	451,442	576,801
Short-term deposits	21.1	6,700,461	10,275,067	2,965,877	3,294,436
Treasury bills with original maturity of less than 90days		967,141	2,069,560	387,634	240,000
		10,734,374	**14,016,106**	**3,804,953**	**4,111,237**

21.1 ***Short-term deposits***

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group. All short-term deposits are subject to an average variable interest rate of 11% per annum (2015: 11%).

For the purpose of the statement of cash flows, the cash and cash equivalents comprise balances with maturity of three months or less.

22 Financial assets

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

in thousands of Nigerian Naira	Notes	Group 31 Dec-2016	Group 31 Dec-2015	Company 31 Dec-2016	Company 31 Dec-2015
Available-for-sale investment securities	22.1	849,374	694,036	21,553	1,000
Fair value through profit or loss	22.2	64,097	93,463	64,097	93,463
Loans and receivables	22.3	12,410,169	11,799,273	770,941	759,843
Held-to-maturity	22.4	8,214,636	-	2,030,905	-
		21,538,276	12,586,772	2,887,496	854,306
Current		9,398,657	3,298,923	282,284	280,444
Non-current		12,139,620	9,287,849	2,605,212	573,862
		21,538,276	12,586,772	2,887,496	854,306

The Group's available-for-sale financial assets are carried at cost less allowance for impairment (if any) as there were no reliable observable data to determine their fair values at the reporting date.

22.1 ***Available-for-sale investment securities***

in thousands of Nigerian Naira	Notes	Group 31 Dec-2016	Group 31 Dec-2015	Company 31 Dec-2016	Company 31 Dec-2015
Unquoted investments	22.1.1	1,121,729	966,391	193,908	173,355
Allowance for impairment	22.1.3	(272,355)	(272,355)	(172,355)	(172,355)
		849,374	**694,036**	**21,553**	**1,000**

22.1.1 ***Analysis of investments in unlisted entities***

	Group 31 Dec-2016	Group 31 Dec-2015	Company 31 Dec-2016	Company 31 Dec-2015
Empire Aviation Limited	122,355	122,355	122,355	122,355
Global Haulage Limited	150,000	150,000	50,000	50,000
Mutual Model Transport Limited (MMTL)	1,000	1,000	1,000	1,000
ICHL Limited	316,471	279,036	-	-
Motor Way Assets Limited	330,000	330,000	-	-
Avanage Nigeria Limited	70,000	-	-	
Leasing Company of Liberia	60,950	33,600	-	-
WAICA Reinsurance Corporation Plc	20,553	-	20,553	-
Other investments	50,400	50,400	-	-
	1,121,729	**966,391**	**193,908**	**173,355**

22.1.2 ***Movement in unlisted entities***

	Group 31 Dec-2016	Group 31 Dec-2015	Company 31 Dec-2016	Company 31 Dec-2015
At 1 January	966,391	871,582	173,355	172,355
Additions during the year	20,553	284,582	20,553	-
Disposal of subsidiaries	-	(465,418)	-	-
Write-off/(back)	-	(49,809)	-	-
Remaining interest in MMTL	-	1,000	-	1,000
Transfer from deposit for shares	70,000	279,036	-	-
Foreign exchange translation reserves	64,785	45,418	-	-
At 31 December	**1,121,729**	**966,391**	**193,908**	**173,355**

22.1.3 ***Analysis of impaired unlisted investments***

	Group 31 Dec-2016	Group 31 Dec-2015	Company 31 Dec-2016	Company 31 Dec-2015
Empire Aviation Limited	122,355	122,355	122,355	122,355
Global Haulage Limited	150,000	150,000	50,000	50,000
	272,355	**272,355**	**172,355**	**172,355**

22.1.4 ***The movement in impairment***

	Group 31 Dec-2016	Group 31 Dec-2015	Company 31 Dec-2016	Company 31 Dec-2015
At 1 January	272,355	322,164	172,355	172,355
Write-off	-	(49,809)	-	-
At 31 December	**272,355**	**272,355**	**172,355**	**172,355**

22.2 Investment securities - fair value through profit or loss

in thousands of Nigerian Naira	Notes	Group 31 Dec-2016	Group 31 Dec-2015	Company 31 Dec-2016	Company 31 Dec-2015
Quoted shares		64,097	93,463	64,097	93,463
Movement in listed entities					
At 1 January		93,463	128,201	93,463	128,201
Fair value loss		(29,366)	(34,738)	(29,366)	(34,738)
At 31 December		**64,097**	**93,463**	**64,097**	**93,463**

22.2.1 ***Analysis of investments in listed entities***

	Group 31 Dec-2016	Group 31 Dec-2015	Company 31 Dec-2016	Company 31 Dec-2015
Africa Prudential Registrars Plc	262	207	262	207
Access Bank of Nigeria Plc	529	426	529	426
Cadbury Plc	3,762	6,600	3,762	6,600
Costain West Africa Plc	-	100	-	100
Diamond Bank Plc	1,091	2,852	1,091	2,852
Ecobank Transnational Inc	3,604	5,592	3,604	5,592
First Bank Holdings Plc	7,002	10,638	7,002	10,638
First City Monument Bank Plc	5,652	8,478	5,652	8,478
Guaranty Trust Bank Plc	5,715	4,188	5,715	4,188
Sterling Bank Plc	9,536	23,920	9,536	23,920
United Bank for Africa Plc	12,765	9,560	12,765	9,560
United Capital Plc	939	454	939	454
Unity Bank Plc	321	637	321	637
Universal Insurance Company Plc	2,500	2,500	2,500	2,500
Wema Bank Plc	54	96	54	96
Lafarge WAPCO Plc	6,668	13,693	6,668	13,693
WAPIC Insurance Plc	9	9	9	9
Zenith International Bank Plc	3,688	3,513	3,688	3,513
	64,097	**93,463**	**64,097**	**93,463**

22.3 **Loans and advances**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the Group intends to sell in the short term or that it has designated as at fair value through profit or loss or available for sale. Details of balances of loans and receivables at the year end are as presented below:

in thousands of Nigerian Naira	Notes	Group 31 Dec-2016	Group 31 Dec-2015	Company 31 Dec-2016	Company 31 Dec-2015
Term loans		11,809,226	11,278,142	315,660	386,892
Overdrafts		18,953	31,997		-
Staff loans		611,108	551,687	455,281	372,951
Gross loans and advances		12,439,287	11,861,826	770,941	759,843
Allowance for individual impairment	22.3.1	(29,118)	(62,553)	-	-
Allowance for collective impairment	22.3.1	-	-	-	-
		12,410,169	**11,799,273**	**770,941**	**759,843**

22.3.1 **Impairment on loans and advances**

allowance for specific impairment

Balance, begining of the year		62,553	36,658	-	-
Impairment charged for the year	13	-	25,895	-	-
Write-offs		(33,435)	-	-	-
Balance, end of the year		29,118	62,553	-	-

22.3.2 ***Credit quality of loans and advances is summarised as follows:***

Neither past due nor impaired	12,410,169	11,736,720	770,941	759,843
Past due but not impaired	-	-	-	-
Individually impaired	29,118	62,553	-	-
Gross	12,439,287	11,861,826	770,941	759,843
Less: allowance for impairment	(29,118)	(62,553)		-
Net balance	12,410,169	11,799,273	770,941	759,843

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

	Group		Company	
in thousands of Nigerian Naira	Loans to individuals	Loans to corporate	Loans to individuals	Loans to corporate
31 December 2016				
Gross	1,169,946	11,113,514	455,281	315,660
Allowance for impairment	-	(29,118)	-	-
Net Balance	1,169,946	11,084,396	455,281	315,660
31 December 2015				
Gross	829,687	11,032,139	372,951	386,892
Allowance for impairment	-	(62,553)	-	-
Net Balance	829,687	10,969,586	372,951	386,892

22.4 **Held-to-maturity**

Quoted debt securities - Treasury bills:

	Group		Company	
	31 Dec-2016	31 Dec-2015	31 Dec-2016	31 Dec-2015
NIGTB 20 July 2017	1,000,000	-	-	-
NIGTB 27 July 2017	760,000	-	-	-
NIGTB 01 June 2017	6,304,636	-	2,030,905	-
NIGTB 13 July 2017	150,000	-	-	-
	8,214,636	-	2,030,905	-

23 **Assets pledged as collateral**

Opening balance	115,297	129,467	115,297	129,467
Fair value loss	(24,109)	(14,170)	(24,109)	(14,170)
Closing balance	91,188	115,297	91,188	115,297

These are quoted financial instruments held on lien by providers of short term borrowings for the purpose of securing the debt. The debt providers maintain posession of the Quoted instruments but do not have ownership unless default. Pledged assets are measured at fair value as at year end.

Mutual Benefits Assurance Plc purchased quoted shares of ₦400 million with a Margin facility from Guaranty Trust Bank Plc (see Note 42).There is an on-going litigation on this investment arising from the additional investment cover requested for by the Bank due to the fall in the value of the shares purchased which was rejected by the Company.

The directors, having sought the advice of professional counsel, are of the opinion that no significant liability will crystalise from this litigation therefore, fair value loss/(gain) has been recognized in the consolidated and separate financial statements.

The movement in the carrying amount is the fair value change in respect of the marker price as at year end.

24 Trade receivables

			Group		Company	
	in thousands of Nigerian Naira	Notes	31 Dec-2016	31 Dec-2015	31 Dec-2016	31 Dec-2015
	Premium receivable		462,616	208,703	102,994	64,769
	Current		462,616	208,703	102,994	64,769
	Non-current		-	-	-	-
			462,616	**208,703**	**102,994**	**64,769**
24.1	*The age analysis of gross insurance receivables as at the end of the year are as follows:*					
	0 – 90 days		462,616	198,044	102,994	64,769
	91 – 180 days		-	28,761	-	28,761
	Above 180 days		-	312,119	-	-
			462,616	**538,924**	**102,994**	**93,530**
24.2	Movement in impairment of insurance receivables					
	Balance, beginning of the year		330,221	317,358	28,761	-
	Additions during the year		-	28,761	-	28,761
	Reversal during the year		(28,247)	-	(28,247)	-
	Write off		(301,974)	(15,898)	(514)	-
			-	**330,221**	-	**28,761**
	Net		**462,616**	**208,703**	**102,994**	**64,769**
25	Reinsurance assets					
	Reinsurance share of outstanding claims	25.1	905,780	570,661	674,729	518,979
	Reinsurance receivable		112,248	1,170	69,271	-
	Co-assurance claims receivable		162,746	262,897	98,580	149,310
	Prepaid reinsurance	25.2	690,965	579,872	215,113	555,901
			1,871,739	**1,414,600**	**1,057,693**	**1,224,190**
	Current		1,871,739	1,414,600	1,057,693	1,224,190
	Non-current		-	-	-	-
			1,871,739	**1,414,600**	**1,057,693**	**1,224,190**

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

25.1 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-2016	31 Dec-2015	31 Dec-2016	31 Dec-2015
At 1 January		570,661	426,399	518,979	218,613
Changes in reinsurance share of outstanding claims	6	335,119	144,262	155,750	300,367
At 31 December		**905,780**	**570,661**	**674,729**	**518,979**

25.2 The movement in prepaid reinsurance

At 1 January		579,872	807,240	555,901	788,100
Additions during the year		1,822,203	5,839,258	1,174,688	5,727,648
Recognised in profit or loss	4.2	(1,711,110)	(6,066,626)	(1,515,476)	(5,959,847)
At 31 December		**690,965**	**579,872**	**215,113**	**555,901**

26 **Other receivables and prepayments**

Prepayments		292,350	425,000	197,333	288,220
Loan to policy holders		4,184	4,906	-	-
Other bank balances	26.1	74,332	72,781	63,601	65,141
Investment receivables	26.2	16,757	70,292	16,757	16,757
Other assets	26.3	99,395	65,067	-	-
Due from Related Companies		-	-	86,686	162,828
Sundries receivables		100,554	88,623	8,170	249,798
Directors current account		57,918	100,207	27,025	69,314
Property development		28,686	147,575	-	-
VAT input recoverable on investment property		202,500	198,750	-	-
Trade receivables of non-insurance subsidiaries		102,277	164,447	-	-
		978,953	**1,337,648**	**399,572**	**852,058**
Allowance for impairment on other receivables	26.4	(90,933)	(81,900)	(80,359)	(81,900)
		888,020	**1,255,748**	**319,213**	**770,158**
Current		888,020	1,255,748	319,213	770,158
Non-current		-	-	-	-
		888,020	**1,255,748**	**319,213**	**770,158**

26.1 ***Other bank balances***

Balance held in Skye Bank Jericho		2,533	2,533	2,533	2,533
Balance held in GTB (Premium call)		18,068	18,068	18,068	18,068
Balance held in Unity Bank Plc		1	1,541	1	1,541
Balance held in Guaranty Trust		42,988	42,988	42,988	42,988
Balance held in GTB(current account)		11	11	11	11
Other bank balances		10,731	7,640		
		74,332	**72,781**	**63,601**	**65,141**

26.2 ***Investment receivables***

in thousands of Nigerian Naira	Notes	Group 31 Dec-2016	Group 31 Dec-2015	Company 31 Dec-2016	Company 31 Dec-2015
Placement with Profound Securities		16,757	16,757	16,757	16,757
ICHL Limited		-	37,436	-	-
Upfront treasury bill		-	16,099	-	-
		16,757	**70,292**	**16,757**	**16,757**

26.3 ***Other assets***

	Notes	Group 31 Dec-2016	Group 31 Dec-2015	Company 31 Dec-2016	Company 31 Dec-2015
WHT recoverable - OPL		83,610	48,718	-	-
Uniform stock		-	48	-	-
Private placement		5,500	5,500	-	-
Stock of cheque		2,640	2,839	-	-
Telephone		20	21	-	-
Excess interest charges		6,390	6,390	-	-
ATM Receivables		1,232	1,551	-	-
Staff loan and advances		2	-		
		99,394	**65,067**	-	-

26.4 *Allowance for impairment charges on other receivables*

	Notes	Group 31 Dec-2016	Group 31 Dec-2015	Company 31 Dec-2016	Company 31 Dec-2015
Other bank balances	26.1	63,602	65,142	63,602	65,142
Investment receivable	26.2	16,757	16,758	16,757	16,758
Excess interest charges		6,390	-	-	-
Property buyers		4,184	-	-	-
		90,933	**81,900**	**80,359**	**81,900**

26.5 ***The movement in impairment***

	Notes	Group 31 Dec-2016	Group 31 Dec-2015	Company 31 Dec-2016	Company 31 Dec-2015
Balance, beginning of the year		81,900	192,440	81,900	88,034
Additions during the year	13	10,574	-	-	-
Write-offs during the year		(1,541)	(104,406)	(1,541)	-
Write back during the year		-	(6,134)	-	(6,134)
		90,933	**81,900**	**80,359**	**81,900**

27 **Deferred acquisition costs**

	Notes	Group 31 Dec-2016	Group 31 Dec-2015	Company 31 Dec-2016	Company 31 Dec-2015
Deferred acquisition cost - Fire		36,849	27,845	36,849	27,845
Deferred acquisition cost - Gen Accident		57,268	108,532	57,268	108,532
Deferred acquisition cost - Motor		65,764	56,955	65,764	56,955
Deferred acquisition cost - Marine		41,315	34,286	41,315	34,286
Deferred acquisition cost - Oil & Gas & aviation		33,857	34,179	33,857	34,179
Life Business		105,285	60,811	-	-
		340,338	**322,609**	**235,053**	**261,798**

27.1 The movement in deferred acquisition costs is as follows:

in thousands of Nigerian Naira	Notes	Group 31 Dec-2016	Group 31 Dec-2015	Company 31 Dec-2016	Company 31 Dec-2015
Balance, beginning of the year		322,609	260,153	261,798	208,844
Additions during the year		1,548,517	1,131,658	1,075,202	801,799
Amortisation in the year	7	(1,530,788)	(1,069,202)	(1,101,947)	(748,845)
Balance, end of year		**340,338**	**322,609**	**235,053**	**261,798**
Current		340,338	322,609	235,053	261,798
Non-current		-	-	-	-
		340,338	**322,609**	**235,053**	**261,798**

28 **Finance lease receivables**

	Notes	Group 31 Dec-2016	Group 31 Dec-2015	Company 31 Dec-2016	Company 31 Dec-2015
Net investment in finance lease	28.1	539,352	1,164,167	267,268	788,030
Less:					
Allowance for individual impairment		(119,303)	(119,303)	(119,303)	(119,303)
Allowance for collective impairment		-	-	-	-
		420,049	**1,044,864**	**147,965**	**668,727**
Current		318,530	522,260	46,446	198,826
Non-current		101,519	522,604	101,519	469,901
		420,049	**1,044,864**	**147,965**	**668,727**
Allowance for individual impairment					
Balance, begining of the year		119,303	866,101	119,303	121,642
Reversal		-	(2,339)	-	(2,339)
Write-offs		-	(744,459)	-	-
Balance, end of the year		**119,303**	**119,303**	**119,303**	**119,303**

28.1 ***Movement in finance lease***

	Group 31 Dec-2016	Group 31 Dec-2015	Company 31 Dec-2016	Company 31 Dec-2015
Balance at the beginning of the year	1,164,168	1,384,556	788,030	861,519
Additions	8,527	192,481	8,525	89,481
Interest on finance leases	77,092	66,648	57,833	66,648
Payment	(742,500)	(479,517)	(587,119)	(229,619)
Foreign exchange difference	32,066	-	-	-
	539,352	1,164,169	267,268	788,030

28.2 ***Credit quality of finance lease receivable is summarised as follows:***

	Group 31 Dec-2016	Group 31 Dec-2015	Company 31 Dec-2016	Company 31 Dec-2015
Neither past due nor impaired	420,049	1,044,864	147,965	668,727
Past due but not impaired	-	-	-	-
Individually impaired	119,303	119,303	119,303	119,303
Gross	539,352	1,164,167	267,268	788,030
Less: allowance for impairment	(119,303)	(119,303)	(119,303)	(119,303)
Net balance	420,049	1,044,864	147,965	668,727

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

	Group		Company	
in thousands of Nigerian Naira	Loans to individuals	Loans to corporate	Loans to individuals	Loans to corporate
31 December 2016				
Gross	-	539,352	-	267,268
Allowance for impairment	-	(119,303)	-	(119,303)
Net Balance	-	420,049	-	147,965
31 December 2015				
Gross	-	1,164,167	-	788,030
Allowance for impairment	-	(119,303)	-	(119,303)
Net Balance	-	1,044,864	-	668,727

29 **Inventories**

Construction in progress	1,331,502	1,515,172	-	-
Building raw materials	1,362	17,992	-	-
	1,332,864	**1,533,164**	-	-
Current	1,362	201,662	-	-
Non-current	1,331,502	1,331,502	-	-
	1,332,864	**1,533,164**	-	-

Included in Inventories are plots of Land purchased for the construction of buildings for resale. The Landed properties also encompass cost of construction of the buildings meant for resale, cost of conversion and other such direct costs incurred in bringing the properties to their present location and condition in line with International Accounting Standard (IAS) 2. The Company's inventories are reported at the lower of cost and net realisable value. Highlighted below are details of Buildings under construction and Landed properties.

30 Investment properties

in thousands of Nigerian Naira	Notes	Group 31 Dec-2016	Group 31 Dec-2015	Company 31 Dec-2016	Company 31 Dec-2015
At the beginning of the year		8,731,665	6,984,764	56,000	47,000
Additions		-	666,250	-	-
Transfer from Mutual Benefits Homes & Properties Limited		-	1,445,000	-	-
Disposal		-	(525,000)	-	-
Fair value (loss)/gain		(5,275)	160,651	-	9,000
		8,726,390	**8,731,665**	**56,000**	**56,000**

The items of investment properties are as shown below:

in thousands of Nigerian Naira	Notes	Group 31 Dec-2016	Group 31 Dec-2015	Company 31 Dec-2016	Company 31 Dec-2015
Mutual Tulip Estate	i	798,140	798,140	-	-
Property at Ikeja GRA- Sasegbon	ii	625,000	625,000	-	-
Property at Ikeja Alausa	iii	285,000	275,000	-	-
Property at Ikota	iv	56,000	56,000	56,000	56,000
Property at Sango/Idiroko - Mogga	v	84,250	90,315	-	-
Property at Sango/Idiroko - Caxtonjo	vi	50,000	60,210	-	-
Property at Onireke,Ibadan	vii	538,000	545,000	-	-
Mutual Alpha Court duplex, Costain, Lagos	viii	4,218,000	4,100,000	-	-
Property at Asokoro, Abuja	ix	702,000	702,000	-	-
Property at Akure Plots (5,500 Square Meters)	x	220,000	350,000	-	-
Property at Paradise Estate, Anthony Estate	xi	230,000	250,000	-	-
Property at Ado Ekiti Land, (100 Hectares)	xii	750,000	700,000	-	-
Property at Oyingbo, Lagos	xiii	170,000	180,000	-	-
		8,726,390	**8,731,665**	**56,000**	**56,000**

Investment properties are stated at fair value, which has been determined based on valuations performed by Messr Alabi, Ojo & Makinde Consulting (FRC/2015/NIESV/00000010800) and Messr Arigbede & Co Estate Surveyors and Valuers (FRC/2014/00000004634), accredited independent valuers as at 31 December 2016. The valuers are specialists in valuing these types of investment properties. The determination of fair value of the investment property was supported by market evidence. The modalities and process of valuation utilized extensive analysis of market data and other sectors specific pecularities corroborated with available data derived from previous experiences.

Valuations are performed on an annual basis and the fair value gains and losses were recorded within the profit or loss.

The Group enters into operating lease arrangements for all of its investment properties. The rental income arising during the year amounted to N105,829,000 (2015: N37,320,000) which is included in investment income. Direct operating expenses arising in respect of such properties during the year are included in within operating and administrative expenses.

There are no restrictions on the realisability of investment property or remittance of income and proceeds of disposal. The Company has no contractual obligations to purchase, construct or develop investment property or for repairs or enhancement.

in thousands of Nigerian Naira	Notes	Group 31 Dec-2016	Group 31 Dec-2015	Company 31 Dec-2016	Company 31 Dec-2015
Rental income derived from investment properties	9	105,829	18,570	11,790	18,570
Investment properties related expenses		(100,000)	(64,000)	-	-
Profit/(loss) arising from investment properties carried at fair value		**5,829**	**(45,430)**	**11,790**	**18,570**

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.

i ***Mutual Tulip Estate***
Land property of 117,000 square metres of land located at Berger within Ogun section of the boundary between Ogun state and Lagos state in Nigeria was purchased at a cost of ₦747million. The title of the property is a Certificate of Occupancy and there is a Deed of Assignment executed in favour of the Company. The landed property was revalued to ₦798 million by Messr Alabi, Ojo & Makinde Consulting Estate Surveyors and Valuers as at 31 December 2016.

ii ***Property at Ikeja GRA- Sasegbon***
Land property of 6,500 square metres of land located at Sasegbon Street, GRA Ikeja, Lagos state in Nigeria was purchased at a cost of ₦593million. The title of the Property is a Certificate of Occupancy and there is a Deed of Assignment in favour of the Company. The land property was revalued for ₦625 million by Messr Alabi, Ojo & Makinde Consulting Estate Surveyors and Valuers as at 31 December 2016.

iii ***Property at Ikeja Alausa***
Land property of 1,548 square metres of land located at Alausa central business district. Lagos state in Nigeria was purchased at a cost of ₦177million. The title of the property is a Certificate of Occupancy and there is a Deed of Assignment in favour of the Company. The land property was revalued for ₦285 million by Messr Alabi, Ojo & Makinde Consulting Estate Surveyors and Valuers as at 31 December 2016.

iv ***Property at Ikota***
The property is situated at Olori Bolaji Akinloye Street, Ikota Villa Estate, Off Lekki-Epe express way, Lagos State. The property has a registered title and there is an executed Deed of Assignment in favour of the Company. The property is 5-bedroom detached house. It measures a gross floor area of approximately 148.84 square meters. It is a building on two floors. The ground foor is provided with a sitting room, kitchen, store, a guest bedroom en-suite with toilet and bathroom. It was revalued by Messr Alabi, Ojo & Makinde Consulting Estate Surveyors and Valuers as at 31 December 2016. Perfection of title is on-going.

v ***Property at Sango/Idiroko - Mogga***
Land 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. There is a Deed of Assignment in favour of the Company. The land property was valued for ₦84 million by Messr Alabi, Ojo & Makinde Consulting Estate Surveyors and Valuers as at 31 December 2016.

vi ***Property at Sango/Idiroko - Caxtonjo***
Land 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. There is a Deed of Assignment executed in favour of the Company. The land property was valued to ₦50 million by Messr Alabi, Ojo & Makinde Consulting Estate Surveyors and Valuers as at 31 December 2016.

vii ***Property at Onireke,Ibadan***
Land property of 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 AssuranceLimited in 2014. There is a Certificate of Occupancy issued in favour of Mutual Benefits Life Assurance Limited by the Oyo State Government. The property was revalued for N538 million by Messrs Jide Alabi & Co Estate Surveyors and Valuers as at 31 December 2016.

viii ***Mutual Alpha Court duplex, Costain, Lagos***
This represents 53 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. The title of the property is registered and there is a Deed of Assignment in favour of Mutual Benefits Life Assurance Limited. As at 31 December 2016, 53 units were revalued at ₦4.2 billion by Messr Alabi, Ojo & Makinde Consulting Estate Surveyors and Valuers.

ix ***Property at Abuja***
Land property sitting on 3287.02 square meters of land located at Asokoro, Abuja, Nigeria was purchased at a cost of N666.25million.The title of the property is a Certificate of Occupancy and there is a Deed of Assignment executed in favour of the Company. The property was valued at N702million by Messr Alabi, Ojo & Makinde Consulting Estate Surveyors and Valuers as at 31 December 2016.

x ***Property at Akure (5,500 Square Meters)***
Land property of 5,500 square meters of land located at Akure, Ondo State, Nigeria was transferred to the Group from Mutual Homes and Properties Limited at a fair value of N350million. The valuation was done by Messrs Arigbede & Co. Estate Surveyors and Valuers. The title to the property is a Certificate of Occupancy and there is a deed of assignment in favour of the Company. The property was valued at N220million by Messrs Arigbede & Co. Estate Surveyors and Valuers as at 31 December 2016.

xi ***Property at Paradise Estate, Anthony Estate***
Land property of 9 plots of land located at Paradise Estate, Anthony Estate, Lagos, Nigeria was transferred to the Company from Mutual Homes and Properties Limited at a fair value of N250million. The Company has allocation letters from Lagos State Government in its name. The property was valued at N230million by Messr Alabi, Ojo & Makinde Consulting, Estate Surveyors and Valuers as at 5 January 2017.

xii ***Property at Ado Ekiti Land, (100 Hectares)***
Land property consisting of 100 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 N700million. The title of the property is a Certificate of Occupancy. The property was valued at N750million by Messrs Arigbede & Co. Estate Surveyors and Valuers as at 4 January 2017.

xiii ***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 N180million. The title of the property is registered and there is Deed of Assignment executed in favour of the Company. The property was valued at N170million by Messr Alabi, Ojo and Makinde Consulting, Estate Surveyors and Valuers as at 31 December 2016.

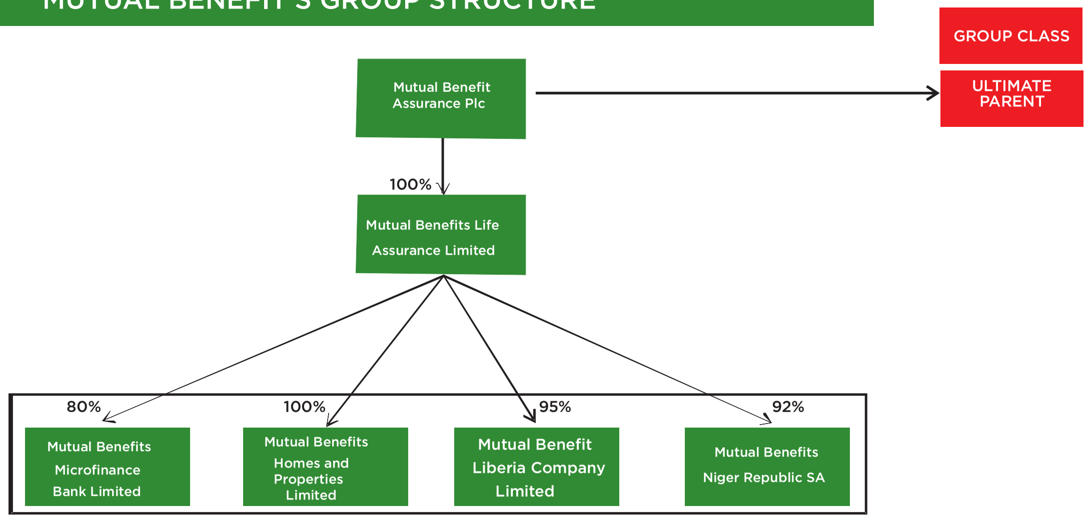
31 Investments in subsidiaries

The Company's investment in Mutual Benefits Life assurance Limited is as stated below:

		Company	
in thousands of Nigerian Naira	Notes	**31 Dec-2016**	31 Dec-2015
Opening balance		2,000,000	2,000,000
Additional investment		2,000,000	-
		4,000,000	**2,000,000**

31 Investments in subsidiaries

MUTUAL BENEFIT'S GROUP STRUCTURE



	Company name	Nature of business	Country of origin	Relationship	% of equity controlled	NCI	Status	Year of control
1	Mutual Benefits Life Assurance	Insurance	Nigeria	Direct - Subsidiary	100%	-	Set up	Dec 2007
2	Mutual Benefits Microfinance Bank Ltd	Banking	Nigeria	Indirect - Subsidiary	80%	20%	Acquired	Jan 2009
3	Mutual Benefits Homes and Properties Ltd	Property development	Nigeria	Indirect - Subsidiary	100%	-	Set up	Jan 2008
4	Mutual Benefits Liberia	Insurance	Liberia	Indirect - Subsidiary	95%	5%	Set up	Jan 2008
5	Mutual Benefits Niger Republic	Insurance	Niger Republic	Indirect - Subsidiary	92%	8%	Set up	Jan 2014

31 **Investments in subsidiaries**

Mutual Benefits Life Assurance Limited

Mutual Life Assurance Limited is a wholly owned subsidiary of Mutual Benefits Assurance Plc.The principal activity of the Company is the underwriting of life insurance policies.

Mutual Benefits Microfinance Bank

Mutual Benefits Microfinance Bank was incorporated in Nigeria in January 2008 and its principal activity involves the provision of retail banking services to both individual and corporate customers. Mutual Benefits Life Assurance Limited obtained control of the company with acquisition of 80% of the voting rights of the Company in January 2009.

Mutual Benefits Homes and Properties Ltd

Mutual Benefits Homes and Properties Limited was incorporated in December 2007 to provide property development services to corporate and individual customers. The Company was established as a wholly owned subsidiary of Mutual Benefits Life Assurance Limited.

Mutual Benefits Liberia

Mutual Benefit Assurance Company Liberia was incorporated on 29 August 2007 and commenced operations on 2 January 2008. It is into underwriting of all classes of non-Life and life businesses. It is 95% owned by Mutual Benefits Life Assurance Limited.

Mutual Benefits Niger Republic

Mutual Benefits Niger S.A commenced operations on 2 January 2014. It is into underwriting of all classes of non-life businesses. It is 92% owned by Mutual Benefits Life Assurance Limited.

32 Intangible assets: Software

in thousands of Nigerian Naira

		Group		Company	
	Note	31 Dec-2016	31 Dec-2015	31 Dec-2016	31 Dec-2015
Cost:					
Balance at the beginning of the year		248,720	195,745	153,881	153,881
Additions		18,759	48,759	9,631	-
Foreign exchange difference		25,563	4,216	-	-
		293,042	248,720	163,512	153,881
Amortization:					
Balance at the beginning of the year		159,073	96,612	96,578	64,659
Amortisation charge	15	46,705	61,906	33,629	31,919
Foreign exchange difference		13,733	555	-	-
		219,511	159,073	130,207	96,578
Carrying amount at the end of the year		**73,531**	**89,646**	**33,305**	**57,303**

33 Property, plant and equipments (Group)

in thousands of Nigerian Naira	Note	Leasehold properties	Land & Building	Leasehold Improvement	Plant and machinery	Motor vehicles	Furniture fittings and equipment	Trading booth	Organisa - tional cost	Capital work-in progress	Total
Cost:											
As at 1 January 2015		470,242	2,513,345	637,757	367,629	3,548,481	1,254,256	3,799	114,751	45,000	**8,955,260**
Additions		-	-	98,656	34,569	152,661	119,643	-	-	6,887	**412,416**
Transfer		(316,116)	-	361,116	-	-	-	-	-	(45,000)	**-**
Disposal of subsidiaries		-	(191,375)	-	(30,713)	(2,667,502)	(57,404)	-	-	-	**(2,946,994)**
Foreign exchange difference		-	-	14,735	1,168	9,088	1,983	-	-	-	**26,974**
Disposal		-	-	-	(31,040)	(277,371)	(1,351)	-	-	-	**(309,761)**
31 December 2015		**154,126**	**2,321,970**	**1,112,264**	**341,613**	**765,357**	**1,317,128**	**3,799**	**114,751**	**6,887**	**6,137,895**
Additions		-	-	217,053	11,800	325,202	162,284			-	**716,340**
Reclassification		-	-	-	-	-	6,887			(6,887)	**-**
Foreign exchange difference		-	-	107,227	4,438	31,909	16,990	-	-	-	**160,564**
Disposal		-	-	-	(33,293)	(67,150)	(14,564)				**(115,007)**
31 December 2016		**154,126**	**2,321,970**	**1,436,544**	**324,558**	**1,055,318**	**1,488,725**	**3,799**	**114,751**	**-**	**6,899,792**
Accumulated depreciation:											
As at 1 January 2015		297,802	146,067	109,974	278,856	1,560,377	538,881	3,043	114,751	-	**3,049,751**
Charge for the year		-	7,118	142,075	47,934	152,877	238,997	756	-	-	**589,757**
Disposal		-	-	-	(24,035)	(267,566)	(961)	-	-	-	**(292,562)**
Reclassification		(143,676)	-	143,676	-	-	-	-	-	-	**-**
Disposal of subsidiaries		-	(23,208)	-	(23,586)	(977,882)	(45,514)	-	-	-	**(1,070,190)**
Foreign exchange difference		-	-	1,378	714	7,094	1,430	-	-	-	**10,617**
31 December 2015		**154,126**	**129,977**	**397,103**	**279,883**	**474,900**	**732,833**	**3,799**	**114,751**	-	**2,287,373**
Charge for the year		-	46,439	200,467	27,979	159,570	213,987	-	-	-	**648,442**
Disposal		-	-	-	(33,087)	(67,150)	(9,214)	-	-	-	**(109,451)**
Foreign exchange difference		-	-	7,200	2,240	26,489	13,202	-	-	-	**49,131**
		154,126	**176,416**	**604,770**	**277,015**	**593,809**	**950,809**	**3,799**	**114,751**	-	**2,875,495**
Carrying amounts at:											
31 December 2016		-	**2,145,554**	**831,774**	**47,544**	**461,508**	**537,916**	-	-	-	**4,024,297**
31 December 2015		-	**2,191,993**	**715,161**	**61,730**	**290,456**	**584,295**	-	-	**6,887**	**3,850,522**

"No leased assets are included in the above property, plant and equipment and the Group had no capital commitments as at 31 December 2016. The capital work-in progress is a control account for the acquisition of property, plant and equipment for which advance payments have been made but assets yet to be completed, delivered and put to use. None of the assets have been pledged as collateral."

33 Property, plant and equipment (Company)

in thousands of Nigerian Naira	Leasehold properties	Building	Leasehold Improvement	Plant and machinery	Motor vehicles	Furnitures fittings and equipment	Total
Cost/revaluation:							
As at 1 January 2015	154,126	2,321,970	337,757	56,129	393,863	864,776	**4,128,621**
Additions	-	-	970	4,255	115,770	54,866	**175,861**
Disposal	-	-	-	-	(16,000)	(1,031)	**(17,031)**
31 December 2015	**154,126**	**2,321,970**	**338,727**	**60,384**	**493,633**	**918,611**	**4,287,451**
Additions	-	-	178,901	11,180	249,835	74,269	**514,185**
Disposal	-	-	-	-	(52,150)	-	**(52,150)**
31 December 2016	**154,126**	**2,321,970**	**517,628**	**71,564**	**691,318**	**992,880**	**4,749,486**
Accumulated depreciation:							
As at 1 January 2015	154,126	122,859	49,976	47,336	222,976	326,428	**923,701**
Charge for the year	-	46,351	67,551	4,437	75,461	137,259	**331,059**
Disposal	-	-	-	-	(3,635)	(1,031)	**(4,666)**
31 December 2015	**154,126**	**169,210**	**117,527**	**51,773**	**294,802**	**462,656**	**1,250,094**
Charge for the year	-	46,439	94,581	3,830	106,297	147,751	**398,898**
Disposal	-	-	-	-	(52,150)	-	**(52,150)**
31 December 2016	**154,126**	**215,649**	**212,108**	**55,603**	**348,949**	**610,407**	**1,596,842**
Carrying amounts at:							
31 December 2016	-	**2,106,321**	**305,520**	**15,961**	**342,369**	**382,473**	**3,152,644**
31 December 2015	-	**2,152,760**	**221,200**	**8,611**	**198,831**	**455,955**	**3,037,357**

"No leased assets are included in the above property, plant and equipment and the company had no capital commitments as at 31 December 2016. None of the assets have been pledged as collateral."

33 Property, plant and equipments (Company)

The Company's land and building at Aret Adams House were professionally valued on 18 December 2012 by Jide Alabi & Co Estate Surveyors and Valuers (FRC/2013/NIESV/00000000314). The valuation which was based on open market value between a willing buyer and a willing seller produced a surplus amount of ₦1,431,736,925 which has been credited to the property, plant and equipment revaluation account. As a result of the valuation, the revised value of the properties as at 31 December 2013 was ₦1,556,691,485.

The cost to date at the date of the revaluation was ₦130,161,000. The property was valued in an open market by reference to the cost approach to value and the Income Approach to value was adopted to cross check the market value.

If land and buildings were measured using the cost model, the carrying amounts would be as follows:

	Company	
in thousands of Nigerian Naira	**31 Dec-2016**	**31 Dec-2015**
Cost	130,161	130,161
Accummulated depreciation	(10,413)	(7,810)
	119,748	122,351

34 **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 11.04% per annum (2015: 11.94%) on statutory deposits are included in investment incomes (Note 9).

The deposit has been tested for adequacy as at 31 December 2016 and found to be adequate.

		Group		Company	
in thousands of Nigerian Naira		31 Dec-2016	31 Dec-2015	31 Dec-2016	31 Dec-2015
Statutory deposit		500,000	500,000	300,000	300,000
		500,000	**500,000**	**300,000**	**300,000**
35 Deposit for investment in equity					
Mutual Exploration	35.2	460,588	347,587	390,588	277,587
Mutual Benefits Life Assurance Limited	35.1	-	-	-	2,000,000
Avanage Nigeria Limited	35.3	-	70,000	-	-
		460,588	417,587	390,588	2,277,587

35.1 The deposit in 2015 was in repect of 100,000,000 units of ordinary shares of Mutual Benefits Life Assurance Limited at ₦20 each. During the current year, the Company obtained Certificate of Registration of Increase in Share Capital from Corporate Affairs Commission to accommodate the additional shares of 150,000,000 units of ordinary shares at ₦1 each and also registered the 100,000,000 shares allotted to the parent company.

35.2 This represents the deposit for shares in Mutual Exploration and Production Limited.

35.3 The shares for the Avanage Nigeria Limited was alloted during the year ended 31 December 2016 and subsequently reclassified to available-for-sale investments.

36 **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-2016	31 Dec-2015
Mutual Microfinance Bank Limited	38.1	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.

36 Goodwill - Continued

Impairment test on goodwill

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.

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 2016 was greater than its carrying amount and is thus not impaired.
The recoverable amount of N334million (2015: N344 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 2016.
– 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:

	2016	2015
Carrying amount of the CGU (in thousands of Nigerian Naira)	277,011	297,792
Discount rate	23%	22%
Period covered by management projections	5 years	5 years
Long-term growth rate	2.5%	5%

Sensitivity analysis
Sensitivity analysis performed around the base case assumptions has indicated that for the CGU, the following changes in assumptions (in isolation), would cause the value-in-use to fall below the carrying value:

	Change required to trigger impairment	Change required to trigger impairment
Forecast free cash flow	50% reduction	37% reduction
Discount rate	16% higher	11% higher
Long-term growth rate	359% lower	97% 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.

37 **Insurance contract liabilities**

		Group		Company	
in thousands of Nigerian Naira	Notes	31 Dec-2016	31 Dec-2015	31 Dec-2016	31 Dec-2015
Outstanding claims	37.1	3,865,911	2,713,084	1,709,183	1,783,719
Unearned premiums	37.2	3,535,961	3,374,888	2,113,547	2,187,449
		7,401,872	6,087,972	3,822,730	3,971,168
Current		7,401,872	6,087,972	3,822,730	3,971,168
Non-current		-	-	-	-
		7,401,872	**6,087,972**	**3,822,730**	**3,971,168**
37.1 Outstanding claims					
Non-Life business	37.1.1	1,828,770	1,804,553	1,709,183	1,783,719
Life business	37.1.2	2,037,141	908,531	-	-
		3,865,911	**2,713,084**	**1,709,183**	**1,783,719**
37.1.1 Non-Life business:					
Non-Life outstanding claims					
Claims reported by policyholders		1,272,158	1,160,592	1,152,471	1,139,758
Claims incurred but not reported (IBNR)		556,612	643,961	556,612	643,961
		1,828,770	**1,804,553**	**1,709,083**	**1,783,719**
Movement in Non-life outstanding claims					
At 1 January		1,804,553	1,492,255	1,783,719	1,487,818
Claims incurred in the current year		1,746,813	1,819,791	1,412,857	1,763,173
Claims paid during the year		(1,722,596)	(1,507,493)	(1,487,493)	(1,467,272)
		1,828,770	**1,804,553**	**1,709,083**	**1,783,719**
Analyis of Non-life outstanding claims per class of insurance					
Motor		287,967	322,727	268,119	302,879
Marine		101,172	37,172	101,172	37,172
Fire		211,472	140,987	211,472	140,987
General accident		711,797	687,165	711,797	687,165
Oil & Gas and Aviation		516,362	616,502	416,523	615,516
		1,828,770	**1,804,553**	**1,709,083**	**1,783,719**
The aging analysis of Non-life outstanding claims					
0 - 90		765,821	684,966	682,040	664,132
91 - 180		219,216	188,180	195,278	188,180
181 - 270		70,667	58,051	58,699	58,051
271 - 360		77,194	76,342	77,194	76,342
361 and above		139,260	153,053	139,261	153,053
No aging - IBNR		556,612	643,961	556,612	643,961
		1,828,770	**1,804,553**	**1,709,083**	**1,783,719**

37 **Insurance contract liabilities**
37.1.2 **Life business:**

in thousands of Nigerian Naira	Notes	Group 31 Dec-2016	Group 31 Dec-2015	Company 31 Dec-2016	Company 31 Dec-2015
Life outstanding claims					
Outstanding claims		1,315,072	360,447	-	-
Claims incurred but not reported (IBNR)		722,069	548,084	-	-
		2,037,141	**908,531**	-	-
Analyis of life outstanding claims per class of insurance					
Group life	I	1,533,575	597,472	-	-
Individual life	ii	84,195	245,727	-	-
Annuity	iii	419,370	65,332	-	-
		2,037,140	**908,531**	-	-
i **Movement in group life outstanding claims**					
At 1 January		597,472	840,566	-	-
Claims incurred in the current year		2,324,917	1,203,786	-	-
Claims paid during the year		(1,388,814)	(1,446,880)	-	-
		1,533,575	**597,472**	-	-
ii **Movement in individual life outstanding claims**					
At 1 January		245,727	249,000	-	-
Claims incurred in the current year		(83,557)	73,344	-	-
Claims paid during the year		(77,975)	(76,617)	-	-
At 31 December		**84,195**	**245,727**	-	-
iii **Movement in annuity**					
At 1 January		65,332	34,699	-	-
Claims incurred in the current year		384,821	36,155	-	-
Claims paid during the year		(30,783)	(5,522)	-	-
		419,370	**65,332**	-	-
The aging analysis of group life outstanding claims					
0 - 90		622,595	183,582		
91 - 180		177,071	67,009		
181 - 270		75,706	55,142		
271 - 360		18,425	18,624		
361 and above		1,905	1,391		
No aging - IBNR		637,873	271,724		
		1,533,575	**597,472**	-	-

37.2 **Unearned premiums**

in thousands of Nigerian Naira	Notes	Group 31 Dec-2016	Group 31 Dec-2015	Company 31 Dec-2016	Company 31 Dec-2015
Non-Life business		2,223,277	2,267,057	2,113,547	2,187,449
Life business		1,312,684	1,107,831	-	-
		3,535,961	**3,374,888**	**2,113,547**	**2,187,449**
i The movement in unearned premium					
At 1 January		3,374,888	2,578,027	2,187,449	1,876,436
Premiums written in the year		12,143,610	14,598,070	6,586,846	10,541,503
Premiums earned during the year		(11,982,537)	(13,801,209)	(6,660,748)	(10,230,491)
At 31 December		**3,535,961**	**3,374,888**	**2,113,547**	**2,187,449**
ii The movement in non-life unearned premium					
At 1 January		2,267,057	1,876,436	2,187,449	1,876,436
Premiums written in the year		7,615,657	11,161,000	6,586,846	10,541,503
Premiums earned during the year		(7,659,437)	(10,770,379)	(6,660,748)	(10,230,491)
		2,223,277	**2,267,057**	**2,113,547**	**2,187,449**
iii Analysis of Non-life unearned premium					
Motor		919,909	876,317	919,909	806,934
Marine		258,411	201,007	258,411	201,007
Fire		200,341	149,460	200,341	149,460
Bonds		-	10,225	-	-
Aviation, oil and gas		338,743	643,925	338,743	643,925
General accidents		505,873	386,123	396,144	386,123
		2,223,277	**2,267,057**	**2,113,547**	**2,187,449**
iv Analysis of life unearned premium					
Group Life		1,312,684	1,107,831	-	-
Individual Life		-	-	-	-
		1,312,684	**1,107,831**	-	-
		-			
The movement in life unearned premium					
At 1 January		1,107,831	793,539	-	-
Premiums written in the year		4,527,953	3,437,070		
Premiums earned during the year		(4,323,100)	(3,122,778)		
		1,312,684	**1,107,831**	-	-

38 Investment contract liabilities

		Group		Company	
in thousands of Nigerian Naira	Notes	31 Dec-2016	31 Dec-2015	31 Dec-2016	31 Dec-2015
Group deposit administration		233,274	218,672	-	-
Individual deposit administration		25,723,497	23,998,909	-	-
		25,956,771	24,217,581	-	-
Current		11,061,718	9,742,373	-	-
Non-current		14,895,053	14,475,208	-	-
		25,956,771	**24,217,581**	-	-
The movement in deposit administration funds					
Balance at the beginning of the year		24,217,581	20,857,971	-	-
Deposits received during the year		12,338,438	12,862,465	-	-
Guaranteed interest		1,628,443	1,122,476	-	-
Withdrawals during the year		(12,227,691)	(10,625,331)	-	-
Balance at the end of the year		**25,956,771**	**24,217,581**	-	-

39 Trade payables

Reinsurance payables		115,803	92,178	49,226	67,401
Co-Insurance payables		6,239	285	604	285
Deferred commission		130,866	-	47,116	-
Commission payable		224,434	134,454	141,900	58,002
Deposit for premium		792,877	589,738	213,649	152,061
		1,270,219	816,655	452,495	277,749
Current		1,270,219	816,655	452,495	277,749
Non-current		-	-	-	-
		1,270,219	**816,655**	**452,495**	**277,749**

40 Other liabilities

		Group		Company	
in thousands of Nigerian Naira	*Notes*	31 Dec-2016	31 Dec-2015	31 Dec-2016	31 Dec-2015
Accruals		508,633	264,850	17,487	12,100
Creditors control-Management		91,989	52,714	91,989	52,714
Rent received in advance		29,070	58,875	3,987	7,625
Dividend Payable		89,141	89,141	89,141	89,141
PAYE		4,472	5,074	1,015	779
VAT payable		413,497	169,106	-	54
WHT payable		31,669	66,516	5,536	10,752
Staff pension		3,503	9,363	-	1,152
Deferred income40.2		964	2,495	964	2,495
Amount due to Directors		18,051	3,219	-	-
National Housing Fund		6,647	4,441	6,184	3,997
Cooperative		3,185	3,671	-	-
Provision for NAICOM levy		131,994	111,004	51,994	37,863
Sundry creditors		266,637	222,860	19,113	17,908
Deposit for facility management		37,418	-	-	-
Deposit for properties by customers		74,126	23,809	-	-
		1,710,996	1,087,138	287,410	236,580
Current		1,710,996	1,087,138	287,410	236,580
Non-current		-	-	-	-
		1,710,996	**1,087,138**	**287,410**	**236,580**

41 Deposit liabilities

Current	78,858	206,115	-	-
Time	37,522	187,782	-	-
Savings	87,465	115,970	-	-
	203,845	509,867	-	-
Current	203,845	509,867	-	-
Non-current	-	-	-	-
	203,845	**509,867**	-	-

42 **Borrowings**

		Group		Company	
in thousands of Nigerian Naira	Notes	31 Dec-2016	31 Dec-2015	31 Dec-2016	31 Dec-2015
GTBank margin facility	42.2	400,870	400,870	400,870	400,870
Loan from Daewoo Securities Limited	42.3	5,857,200	3,672,225	5,857,200	3,672,225
		6,258,070	4,073,095	6,258,070	4,073,095
Current		-	-	-	-
Non-current		6,258,070	4,073,095	6,258,070	4,073,095
		6,258,070	4,073,095	6,258,070	4,073,095

42.1 ***The movement in borrowings during the year is as follows:***

Balance, beginning of the year	4,073,095	3,619,988	4,073,095	3,562,515
Impact of foreign exchange rate changes	2,184,975	510,580	2,184,975	510,580
Disposal of subsidiaries	-	(57,473)	-	-
Balance at the end of the year	**6,258,070**	**4,073,095**	**6,258,070**	**4,073,095**

42.2 ***GTBank margin facility***

The Company obtained a margin loan facility of N600 million from Guaranty Trust Bank Plc to finance working capital requirements for Margin trading at 16% per annum on the 19 June 2007 out of which N450 million was utilised. The facility was secured by lien on shares financed and an upfront 50% margin contribution (representing a 150% cover). The Bank was to dispose of the warehoused shares to liquidate the facility whenever the cover falls to 130%. Repayment of the facility was to be from proceeds of sale of shares financed.

There is however an on-going litigation on this facility arising from the rejection by the Company of the additional investment cover requested for by the Bank due to the fall in the value of the shares purchased against which the facility was initially secured. The directors, having sought the advice of professional counsel, are of the opinion that no significant liability other than the amount already recognised will crystalise from this litigation.

42.3 **Loan from Daewoo Securities Limited**

	Group		Company	
in thousands of Nigerian Naira	31 Dec-2016	31 Dec-2015	31 Dec-2016	31 Dec-2015
Balance at 1 January	3,672,225	3,161,645	3,672,225	3,161,645
Impact of foreign exchange rate changes	2,184,975	510,580	2,184,975	510,580
	5,857,200	**3,672,225**	**5,857,200**	**3,672,225**

The Company issued a zero coupon global bond/option valued at 2,500,000,000 Japanese Yen (JPY) to Daewoo Securities (Europe) Limited (the Company) in two tranches.

1,750,000,000 Japanese Yen (JPY) due to be repaid in year 2020 was issued to Daewoo Securities Limited who acted as subscribers to the bond and 750,000,000 Japanese Yen (JPY) due to be repaid in year 2027 was subsequently issued to Daewoo Securities (Europe) Limited who acted as paying agent. The Bonds were issued with the options to subscribe for the ordinary shares of the Company.

Subsequently, in 2009 , the subscriber called for the repayment of the bond and an amount of ₦421,455,030 (equivalent to JPY250,000,000) has since been repaid to date.

As at 31 December 2014, confirmation received from Daewoo Securities Limited indicated an outstanding balance of JPY4,710,900,101 (₦6,612,690,000) in respect of the bond .

However, there is a litigation in respect of this loan.In view of the Litigation, the terms and conditions of the bonds are no longer being complied with by both the issuer and the subscriber. The implication for noncompliance with the terms and conditions by the Company are that in the event that the outcome of litigation is unfavourable penalties may be awarded.

During the year, the professional opinion obtained from the counsel of the Company, Bayo Osipitan & Co specified that it is high unlikely that the coupon rate and penal interest will be payable by Mutual Benefits Assurance Plc as a high chance of success is anticipated in the on going court case.

43 Current income tax liabilities

		Group		Company	
in thousands of Nigerian Naira	Notes	31 Dec-2016	31 Dec-2015	31 Dec-2016	31 Dec-2015
At the beginning of the year:		521,385	505,961	317,932	248,738
Current income tax charge					
Company income tax		165,764	30,453	117,263	-
Education tax		15,921	14,969	15,343	14,528
Information technology tax		1,569	12,692	-	8,906
Minimum tax		83,015	191,700	-	177,622
	19.1	**266,270**	**249,814**	**132,607**	**201,056**
Disposal of subsidiaries		-	(22,792)	-	-
Payments during the year		(283,812)	(211,598)	(232,806)	(131,862)
Balance at the end of the year		503,843	521,385	217,733	317,932

44 Deferred tax liabilities

Deferred tax liabilities	44.1	(1,147,429)	(1,136,079)	(729,917)	(720,943)
		(1,147,429)	(1,136,079)	(729,917)	(720,943)

44.1 *Movement in Deferred income tax liabilities*

Balance, beginning of year	1,136,079	1,237,469	720,943	673,346
Charge in income statement for the year	11,350	53,686	8,974	47,597
Disposal of subsidiaries	-	(155,076)	-	-
Balance at the end of the year	**1,147,429**	**1,136,079**	**729,917**	**720,943**

Deferred income tax liability is attributable to the following:

Property, plant and equipment	852,340	840,490	729,917	720,943
Investment property	295,089	295,589	-	-
	1,147,429	**1,136,079**	**729,917**	**720,943**

44.2 *Unrecognised deferred tax assets*
Deferred tax assets relating to the Group's life business have not been recognised in respect of the following items because it is not probable that future taxable profit will be available against which the life business can use the benefits therefrom.

		Group		Company	
in thousands of Nigerian Naira	Notes	31 Dec-2016	31 Dec-2015	31 Dec-2016	31 Dec-2015
Property, plant and equipment		219,379	175,250	-	-
Tax losses		2,309,080	1,624,100	-	-
Balance, end of year		**2,528,459**	**1,799,349**	-	-

45 Share capital

	Group		Company	
in thousands of Nigerian Naira	31 Dec-2016	31 Dec-2015	31 Dec-2016	31 Dec-2015
Share capital comprises:				
45.1 **Authorized:**				
10,000,000,000 (2015: 10,000,000,000) Ordinary shares of 50k each	5,000,000	5,000,000	5,000,000	5,000,000
45.2 **Issued and fully paid:**				
8,000,000, 000 (2015:8,000,000,000) Ordinary shares of 50k each	4,000,000	4,000,000	4,000,000	4,000,000

There was no movement in share capital account during the year.

46 Treasury shares

Company's shares held	250	250	250	250

Treasury share: this represents the market value of shares of the Company held by the Company through its investment in quoted securities of the Nigerian Stock Exchange.

47 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 Limited and Mutual Benefits Niger Republic Limited have functional currencies other than Naira.

48 Contingency reserve

In compliance with Section 21 (1) of Insurance Act 2003, the contingency reserve for non-life insurance business is credited with the greater of 3% of total premiums, or 20% of the profits. This shall accumulate until it reaches the amount of greater of minimum paid-up capital or 50 percent of net premium. While for life business, the contingency reserves is credited with an amount equal to 1% of gross premium or 10% of net profit (whichever is greater) and accumulated until it reached the amount of minimum paid up capital.

	Group		Company	
in thousands of Nigerian Naira	31 Dec-2016	31 Dec-2015	31 Dec-2016	31 Dec-2015
Balance, beginning of the year	2,292,040	1,942,418	1,981,910	1,665,665
Transfer from retained earnings	241,120	349,622	197,605	316,245
Balance, end of year	**2,533,160**	**2,292,040**	**2,179,515**	**1,981,910**
Analysis per business segment				
Non-life business	2,179,515	1,981,910	2,179,515	1,981,910
Life business	353,645	310,130	-	-
	2,533,160	**2,292,040**	**2,179,515**	**1,981,910**
Non-life business				
Balance, beginning of the year	1,981,910	1,665,665	1,981,910	1,665,665
Transfer from retained earnings	197,605	316,245	197,605	316,245
Balance, end of year	**2,179,515**	**1,981,910**	**2,179,515**	**1,981,910**
Life business				
Balance, beginning of the year	310,130	276,753	-	-
Transfer from retained earnings	43,515	33,377	-	-
Balance, end of year	**353,645**	**310,130**	-	-

49 **Revaluation reserve**

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

Accumulated losses

The accumulated losses represents the loss retained in the business over the periods. See statement of changes in equity for movement in retained losses.

51 **Non-controlling interests in equity**

		Group	
in thousands of Nigerian Naira	Notes	31 Dec-2016	31 Dec-2015
Opening balance		127,154	23,139
Loss of control		-	68,555
Changes in equity		-	12,738
Dividend		(8,127)	-
Transfer from total comprehensive income		4,580	22,722
Balance as at year end		123,607	127,154

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

Mutual Benefits Microfinance Bank Ltd

	Group	
in thousands of Nigerian NairaNotes	31 Dec-2016	31 Dec-2015
NCI percentage	20%	20%
Cash and cash equivalents	36,005	138,475
Loans and receivables	460,353	695,926
Other receivables	26,199	32,697
Intangible assets	3,920	-
Property, plants and equipment	28,233	40,045
Other liabilities	(51,102)	(66,632)
Deposit liabilities	(203,845)	(509,867)
Current income tax liabilities	(16,212)	(24,295)
Deferred tax liabilities	(6,542)	(8,557)
Net assets	277,011	297,792
Carrying amount of NCI	**55,602**	**59,558**
Income	227,614	329,037
Expenses	(247,806)	(259,664)
Profit before tax	(20,192)	69,374
Profit after tax	(19,781)	62,327
Profit allocated to NCI (20%)	(3,956)	12,466
Cash flows from operating activities	(100,654)	32,575
Cash flows from investing activities	14,184	(3,584)
Cash flows from financing activities	(1,000)	-
Net increase in cash and cash equivalents	(87,470)	28,990

52 **Reconciliation of (loss)/profit before income tax to cash flows provided by operating activities:**

		Group		Company	
in thousands of Nigerian Naira		**31 Dec-2016**	**31 Dec-2015**	**31 Dec-2016**	**31 Dec-2015**
(Loss)/profit before income tax from continuing operation		(1,068,666)	1,195,272	(1,248,946)	901,266
Loss from discountined operation		-	(79,724)	-	-
Adjustments for non-cash items:					
Fair value loss on pledged assets	10	24,109	14,170	24,109	14,170
Amortisation of deferred acquisition costs	27.1	(1,530,788)	(1,069,202)	(1,101,947)	(748,845)
Fair value loss on financial assets through profit or loss	10	29,366	34,738	29,366	34,738
Impairment (charges)/reversal on trade receivables	13	(10,574)	28,761	-	28,761
Remeasurement gain of investment in associate	11	-	(2,500)	-	-
Share of profit of associate	11	-	(3,616)	-	-
Impairment reversal on finance lease receivables	12	-	(2,339)	-	(2,339)
Finance lease written off		-	(744,459)	-	-
Interest income on finance leases	28.1	(77,092)	(66,648)	(57,833)	(66,648)
Bad debt written off		38,681	-	-	-
Profit from disposal of subsidiaries	11	-	(143,649)	-	(5,500)
Impairment reversal on other receivables	12	-	(6,134)	-	(6,134)
Fair value loss/(gain) on investment property	10	5,275	(160,651)	-	(9,000)
Amortisation of intangible assets	32	46,705	61,906	33,629	31,919
Depreciation of property and equipments	33	648,442	601,001	398,898	331,059
Gain on disposal of property and equipment	11	(16,643)	(91,127)	(13,600)	(10,803)
Loss on disposal of property & equipment	15	213	595	-	-
Foreign exchange gain on finance lease	28.1	(32,066)	-	-	-
Foreign exchange gain on cash and cash equivalents	16	(294,855)	(22,270)	(261,098)	(14,166)
Foreign exchange loss/(gain) foreign domiciliary borrowings	42.1	2,184,975	510,580	2,184,975	510,580
Cash flow from operating profit before changes in operating assets and liabilities		(52,917)	54,704	(12,447)	989,058
Trade receivables		(243,339)	(170,949)	(38,225)	(70,087)
Reinsurance assets		(457,139)	148,203	166,497	11,104
Other receivables and prepayment		854,881	2,375,096	450,946	(240,118)
Deferred acquisition cost		1,513,059	1,006,746	1,128,692	695,891
Inventories		200,300	1,487,108	-	-
Insurance contract liabilities - Claims		1,152,827	96,564	(74,536)	295,901
Insurance contract liabilities - Unearned premium		161,073	796,861	(73,902)	311,013
Trade payables		453,564	735,333	174,746	(105,466)
Other liabilities		623,858	(4,482,685)	50,832	(464,698)
Loans and receivables		(2,296,271)	(3,727,289)	(11,098)	(240,515)
Investment contract liabilities		1,739,190	3,359,630	-	-
Deposit liabilities		(306,022)	24,586	-	-
Income tax paid	43	(283,812)	(211,598)	(232,806)	(131,862)
Net cash flow from operating activities		3,059,252	1,492,312	1,528,700	1,050,221

53 Supplementary statement of profit or loss information

i Employees, other than the executive directors, whose duties were wholly or mainly discharged in Nigeria, received emoluments (excluding pension contribution and other allowances) in the following ranges:

	Group		Company	
in thousands of Nigerian Naira	31 Dec-2016	31 Dec-2015	31 Dec-2016	31 Dec-2015
₦220,001 – ₦720,000	107	62	31	32
₦720,001 – ₦1,400,000	163	119	49	41
₦1,400,001 – ₦2,050,000	62	110	28	64
₦2,050,001 – ₦2,330,000	46	45	30	17
₦2,330,001 – ₦2,840,000	10	17	4	5
₦2,840,001 – ₦3,000,000	11	9	8	8
₦3,000,001 – ₦4,500,000	46	29	26	5
₦4,500,001 – ₦5,950,000	8	31	-	20
₦5,950,001 – ₦6,800,000	12	19	10	10
₦6,800,001 – ₦7,800,000	21	23	11	7
₦7,800,001 – ₦8,600,000	6	6	4	3
₦8,600,001 – ₦11,800,000	14	15	8	10
Above ₦11,800,000	13	11	7	6
Balance, end of year	**519**	**496**	**216**	**228**

The average number of full time persons employed by the Company during the year was as followed:

		Group		Company	
	Notes	31 Dec-2016	31 Dec-2015	31 Dec-2016	31 Dec-2015
Executive Directors		7	5	3	2
Management staff		123	136	81	71
Non management staff		396	360	135	157
		526	**501**	**219**	**230**

ii **Directors' remuneration:**

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

		Group		Company	
in thousands of Nigerian NairaNotes	Notes	31 Dec-2016	31 Dec-2015	31 Dec-2016	31 Dec-2015
Executive compensation		317,435	188,735	213,319	157,080
Directors fees		53,857	22,350	53,857	12,250
Other directors expenses		67,417	51,200	43,417	27,200
		438,709	**262,285**	**310,593**	**196,530**

53 Supplementary statement of profit or loss information

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

	Group		Company	
in thousands of Nigerian Naira	31 Dec-2016	31 Dec-2015	31 Dec-2016	31 Dec-2015
Chairman	35,200	4,300	5,200	5,200
Highest paid director	130,757	75,000	75,000	75,000

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

		Group		Company	
in thousands of Nigerian Naira	Notes	31 Dec-2016	31 Dec-2015	31 Dec-2016	31 Dec-2015
N500,000- N1,000,000		11	12	-	-
Above N2,000,000		12	9	9	9
		23	**21**	**9**	**9**

54 **Related parties**

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

"Transactions between Mutual Benefits Assurance and the subsidiaries also meet the definition of related party transactions. Where these are eliminated on consolidation, they are not disclosed in the consolidatedfinancial statements."

Transactions with key management personnel
The Group's key management personnel, and persons connected with them are considered to be related parties for disclosure purposes. The definition of key management includes close members of family of key personnel and any entity over which key management exercise control. The key management personnel have been identified as the executive and non-executive directors of the Group. Close members of family are those family members who may be expected to influence, or be influenced by that individual in their dealings with Mutual Benefits Assurance Plc.

The volume of related party transactions, outstanding balances at the period end, and related expense and income for the period are as follows:

	Group		Company	
in thousands of Nigerian Naira	31 Dec-2016	31 Dec-2015	31 Dec-2016	31 Dec-2015
Key management compensation				
Salaries and other short-term benefits	380,993	242,440	276,877	200,177
Directors fees and allowance	107,754	81,816	10,116	10,053
Defined contribution pension	2,400	1,805	-	-
Other directors expenses	24,000	65,333	-	-
	488,747	**324,256**	**286,993**	**210,230**

54 **Related parties**

Transactions with key management personnel

in thousands of Nigerian Naira	Notes	Group 31 Dec-2016	Group 31 Dec-2015	Company 31 Dec-2016	Company 31 Dec-2015
Loans and advances to directors					
Opening balance		98,418	-	10,000	-
Granted during the year		11,000	115,000	-	20,000
Repayment		(33,364)	(16,582)	(10,000)	(10,000)
Balance as at 31 December		76,054	98,418	-	10,000
Interest earned		18,643	6,617	500	500

Loans to key management personnel include mortgage loans and other personal loans which are given under terms that are no more favourable than those given to other staff. Mortgage loans amounting to ₦95 million (2015: Nil) are secured by the underlying assets. All other loans are unsecured.

No provision has been recognised in respect of loans given to key management personnel (2015:Nil).

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

Name of related party

in thousands of Nigerian Naira	**Nature of relationship**	**Types of transaction**	Company 31 Dec-2016	Company 31 Dec-2015
Mutual Homes & Properties Ltd	Subsidiary	Loans	1,050,496	1,303,978
Mutual Benefits Microfinance Bank Ltd	Subsidiary	Current account	11,900	29,662
Mutual Benefits Microfinance Bank Ltd	Subsidiary	Fixed deposit	176,483	288,088
Mutual Benefits Life Assurance Limited	Subsidiary	Intercompany payable	86,686	162,829
Mutual Benefits Liberia	Subsidiary	Intercompany payable	20,936	-

55 **Contingent liabilities**

Litigation and claims

The Company has a contingent liability of 2.46 billion Japanese Yen (JPY) equivalent to N6.4billion in 2016 (2015:N4.0 billion) in respect of the convertible bond issued in 2007 in which Daewoo Securities (Europe) acted as paying agent and subscriber to the bond. This liability arose as a result of disagreement between amount confirmed by Daewoo Securities as at 31 December 2014 and the balance in the books of the Company as analysed below:

	JPY 000	NGN 000
Balance confirmed by Daewoo Securities as at 31 December 2014	4,710,900	12,263,415
Balance admitted by Mutual Benefits Assurance Plc	2,250,000	5,857,200
Disputed Balance	2,460,900	6,406,215

The ongoing litigation between Daewoo Securities and Mutual Benefits Assurance Plc remained unresolved, therefore the contingent liabilities continued to be carried in the books as 2.46 billion Japanese Yen (JPY) (2016:N6.4billion)

	Company	
in thousands of Nigerian Naira	**31 Dec-2016**	**31 Dec-2015**
(Loss)/profit before income tax	(1,248,946)	901,266
Disputed balance	(6,406,215)	(4,016,435)
Revised position - loss	**(7,655,161)**	**(3,115,169)**
Net assets	4,810,735	6,201,262
Disputed balance	(6,406,215)	(4,016,435)
Revised net asset	**(1,595,480)**	**2,184,827**

The Company is presently involved in five litigations as defendants with estimated claims of ₦12,060,000 (2015: ₦45,000,000). 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 2016.

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.

56 **Contravention of laws and regulations**

The Company contravened certain laws and regulations during the year. Details of the contraventions and the appropriate penalties are as follows:

	Number of infractions	Penalty
Restatement of Asset Cover declaration	1	50,000
Refiling fee	1	500,000

57 **Event after the reporting date**

There were no events that occurred subsequent to the reporting date that require adjustments or disclosure in the consolidated and separate financial statements.

APPENDIX 1 (SUMMARISES REVENUE ACCOUNT-(NON-LIFE))

For the year ended 31 December 2016

in thousands of Nigerian Naira	General accident	Aviation & oil and gas	Bond	Marine	Motor	Fire	Dec 2016 Total	Dec 2015
Gross premium written	1,344,165	1,440,545	25,437	804,177	2,179,343	793,178	6,586,846	**10,541,503**
Changes in unexpired premium	(63,619)	74,946	648	47,025	24,097	(9,197)	73,901	**(311,013)**
Gross premium earned	1,280,546	1,515,491	26,085	851,203	2,203,440	**783,981**	**6,660,747**	**10,230,490**
Premiums ceded to reinsurers	(194,453)	(986,651)	(8,606)	(211,179)	131,947	(246,534)	(1,515,476)	**(5,959,847)**
Net premium earned	1,086,093	528,841	17,479	640,023	2,335,387	537,447	5,145,271	**4,270,643**
Commission received	210,288	4,021	8,642	42,390	4,018	43,123	312,481	**637,311**
Total underwriting income	1,296,381	532,862	26,122	682,414	2,339,405	580,569	**5,457,752**	**4,907,954**
Gross claims paid	285,950	21,280	-	187,180	848,362	144,722	1,487,494	**1,467,272**
Change in outstanding claims	(14,328)	(1,066)	-	(9,379)	(42,510)	(7,252)	(74,536)	**295,901**
Gross claim incurred	271,622	20,214	-	177,801	805,852	137,470	**1,412,958**	**1,763,173**
Reinsurance recoveries	84,018	49,714	-	45,115	52,514	21,678	253,039	**375,482**
Due from re-insurers	51,715	30,600	-	27,769	32,323	13,343	155,750	**300,367**
Gross recoveries	135,733	80,314	-	72,884	84,837	35,021	**408,789**	**675,849**
Net benefits and claims	135,888	(60,100)	-	104,916	721,015	102,450	**1,004,169**	**1,087,324**
Net income	**1,160,493**	**592,962**	**26,122**	**577,497**	**1,618,390**	**478,120**	**4,453,584**	**3,820,630**
UNDERWRITING EXPENSES								
Amortised deferred acquisition costs	(212,430)	(125,236)	(6,245)	(135,839)	(455,011)	(167,187)	(1,101,947)	**(748,845)**
Other underwriting expenses	(187,705)	-	-	-	(291,849)	-	(479,554)	**(508,190)**
Underwriting profit	**760,358**	**467,726**	**19,877**	**441,659**	**871,531**	**310,932**	**2,872,083**	**2,563,595**

Group - Statement of financial position in thousands of Nigerian Naira	31 Dec-2016	31 Dec-2015	31 Dec-2014	31 Dec-2013	31 Dec-2012
ASSETS					
Cash and cash equivalents	10,734,374	14,016,106	13,207,978	3,702,341	1,539,730
Financial assets:					
Available-for-sale investment securities	849,374	694,036	549,418	825,933	823,149
Fair value through profit or loss	64,097	93,463	128,201	219,113	194,214
Loans and receivables	12,410,169	11,799,273	9,096,984	11,834,606	9,345,120
Held-to-maturity	8,214,636	-	-	-	-
Assets pledged as collateral	91,188	115,297	129,467	121,712	427,427
Trade receivables	462,616	208,703	66,515	316,894	538,758
Reinsurance assets	1,871,739	1,414,600	1,562,803	862,608	2,286,296
Other receivables	888,020	1,255,748	1,386,475	1,177,989	819,534
Deferred acquisition costs	340,338	322,609	260,153	361,815	304,464
Finance lease receivables	420,049	1,044,864	518,455	786,978	932,960
Inventories	1,332,864	1,533,164	3,020,272	3,574,848	4,566,628
Investment properties	8,726,390	8,731,665	6,984,764	1,846,398	-
Investments in associates	-	6,116	-	-	-
Intangible assets	73,531	89,646	99,133	26,393	42,172
Property, plant and equipment	4,024,297	3,850,522	5,905,509	5,436,785	5,725,163
Statutory deposit	500,000	500,000	500,000	500,000	500,000
Deposit for shares	460,588	417,587	515,479	371,255	-
Deferred tax assets	-	-	97,097	89,696	58,495
Goodwill	1,543	1,543	17,980	190,108	190,108
Total assets	**51,465,813**	**46,094,942**	**44,046,683**	**32,245,472**	**28,294,218**
LIABILITIES					
Insurance contract liabilities	7,401,872	6,087,972	5,194,547	5,558,453	6,599,145
Investment contract liabilities	25,956,771	24,217,581	20,857,951	14,936,770	10,677,556
Trade payables	1,270,219	816,655	81,322	178,284	111,626
Other liabilities	1,710,996	1,087,138	5,569,823	3,713,282	3,029,474
Deposit liabilities	203,845	509,867	485,281	277,369	197,688
Book overdraft	-	-	6,605	248,038	31,384
Borrowings	6,258,070	4,073,095	3,619,988	3,791,739	2,857,618
Current income tax liabilities	503,843	521,385	505,961	455,980	476,408
Deferred tax liabilities	1,147,429	1,136,079	1,237,469	701,262	484,318
Total liabilities	44,453,045	38,449,772	37,558,947	29,861,177	24,465,217
EQUITY					
Share capital	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Treasury shares	(250)	(250)	(250)	(250)	-
Foreign currency translation reserve	906,502	184,491	127,775	14,606	12,791
Contingency reserve	2,533,160	2,292,040	1,942,418	1,436,756	1,502,043
Revaluation reserve	1,288,563	1,288,563	1,288,563	1,288,563	1,327,593
Accumulated losses	(1,838,814)	(246,828)	(893,909)	(4,597,996)	(3,267,366)
Shareholders's fund	6,889,161	7,518,016	6,464,597	2,141,679	3,575,061
Owners of the parent	6,889,161	7,518,016	6,464,597	2,141,679	3,575,061
Non-controlling interests in equity	123,607	127,154	23,139	242,616	253,940
Total equity	7,012,768	7,645,170	6,487,736	2,384,295	3,829,001
Total liabilities and equity	**51,465,813**	**46,094,942**	**44,046,683**	**32,245,472**	**28,294,218**

APPENDIX 2 (FIVE YEAR FINANCIAL SUMMARY)

For the year ended 31 December 2016

Group- Statement of profit or loss *in thousands of Nigerian Naira*	**2016**	**2015**	**2014**	**2013**	**2012**
Gross premium written	12,143,610	14,598,070	15,451,048	8,125,494	7,944,453
Premium earned	11,982,537	13,801,208	15,535,631	7,680,854	7,980,860
(Loss)/profit before income tax	(1,068,666)	1,195,272	4,980,892	911,075	(290,607)
Income tax expense	(277,620)	(303,500)	(758,954)	(355,325)	(318,654)
(Loss)/profit after income tax	(1,346,286)	891,772	4,221,938	555,750	(609,261)
Transfer to contingency reserve	(241,120)	(349,622)	(505,662)	(184,147)	(426,695)
Earnings per share- Basic (kobo)	(17)	10	53	6.95	(7.5)
Earnings per share- Diluted (kobo)	(17)	10	53	6.95	(7.5)

Company - Statement of financial position *in thousands of Nigerian Naira*	**31 Dec-2016**	**31 Dec-2015**	**31 Dec-2014**	**31 Dec-2013**	**31 Dec-2012**
ASSETS					
Cash and cash equivalents	3,804,953	4,111,237	5,273,617	1,127,905	741,277
Financial assets:					
Available-for-sale investment securities	21,553	1,000	10,000	-	-
Fair value through profit or loss	64,097	93,463	128,201	125,739	71,880
Loans and receivables	770,941	759,843	519,328	4,658,929	3,911,579
Held to maturity	2,030,905	-	-	-	-
Assets pledged as collateral	91,188	115,297	129,467	121,712	400,000
Trade receivables	102,994	64,769	23,443	247,225	453,591
Reinsurance assets	1,057,693	1,224,190	1,235,294	700,876	403,460
Other receivables	319,213	770,158	523,908	174,749	240,272
Deferred acquisition costs	235,053	261,798	208,844	295,460	266,338
Finance lease receivables	147,965	668,727	739,877	165,925	336,600
Investment properties	56,000	56,000	47,000	-	-
Investment in subsidiaries	4,000,000	2,000,000	2,000,000	2,655,138	2,886,001
Intangible assets	33,305	57,303	89,222	9,746	18,731
Property, plant and equipment	3,152,644	3,037,357	3,204,920	2,910,553	2,881,080
Statutory deposit	300,000	300,000	300,000	300,000	300,000
Deposit for shares	390,588	2,277,587	55,479	954,255	983,000
Total assets	**16,579,092**	**15,798,729**	**14,488,600**	**14,448,212**	**13,893,809**
LIABILITIES					
Insurance contract liabilities	3,822,730	3,971,168	3,364,254	3,768,829	3,089,313
Trade payables	452,495	277,749	383,215	44,074	-
Other liabilities	287,412	236,580	701,278	2,954,576	2,429,110
Book overdraft	-	-	6,605	7,670	27,345
Borrowings	6,258,070	4,073,095	3,562,515	3,731,443	2,671,764
Current income tax liabilities	217,733	317,932	248,738	202,778	291,762
Deferred tax liabilities	729,917	720,943	673,346	433,962	400,180
Total liabilities	11,768,357	9,597,467	8,939,951	11,143,332	8,909,474
EQUITY					
Share capital	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Treasury shares	(250)	(250)	(250)	(250)	-
Foreign currency translation reserve	-	-	-	-	-
Contingency reserve	2,179,515	1,981,910	1,665,665	1,216,911	1,057,105
Revaluation reserve	1,288,563	1,288,563	1,288,563	1,288,563	1,288,563
Accumulated losses	(2,657,093)	(1,068,961)	(1,405,329)	(3,200,344)	(1,361,333)
Shareholders's fund	4,810,735	6,201,262	5,548,649	3,304,880	4,984,335
Total liabilities and equity	16,579,092	15,798,729	14,488,600	14,448,212	13,893,809

APPENDIX 2 (FIVE YEAR FINANCIAL SUMMARY)
For the year ended 31 December 2016

Company - Statement of profit or loss *in thousands of Nigerian Naira*	2016	2015	2014	2013	2012
Gross premium written	6,586,846	10,541,503	11,354,526	5,326,871	4,975,074
Premium earned	6,660,747	10,230,490	11,347,162	5,246,029	5,026,347
(Loss)/profit before income tax	(1,248,946)	901,266	2,742,315	691,577	(224,161)
Income tax expense	(141,581)	(248,653)	(498,547)	(116,707)	(251,131)
(Loss)/profit after income tax	(1,390,527)	652,613	2,243,768	574,870	(475,292)
Transfer to contingency reserve	(197,605)	(316,245)	(448,754)	(159,806)	(149,252)
(Loss)/earnings per share- Basic (kobo)	(17)	8	28	7.19	(5.94)
(Loss)/earnings per share- Diluted (kobo)	(17)	8	28	7.19	(5.94)

APPENDIX 3 (STATEMENT OF VALUE ADDED)

For the year ended 31 December 2016

	Group				Company			
in thousands of Nigerian Naira	**2016**		**2015**	%	**2016**		**2015**	%
Gross premium written	12,143,610		14,598,070		6,586,846		10,541,503	
Net benefits and claims	(3,348,883)		(2,337,384)		(1,004,168)		(1,087,324)	
Premiums ceded to reinsurers	(1,711,110)		(6,066,626)		(1,515,476)		(5,959,847)	
Other charges and expenses	(7,393,252)		(4,379,959)		(5,059,130)		(2,764,202)	
Fees and commission	430,522		660,364		312,481		637,311	
	120,887		2,474,465		(679,447)		1,367,441	
Investment income	966,173		854,296		560,027		729,417	
Value added	**1,087,060**	**100**	**3,328,761**	**100**	**(119,420)**	100	**2,096,858**	**100**
Applied to pay:								
Employee benefits	1,914,606	176%	1,863,591	56%	931,921	-780%	879,347	42%
Government as tax	277,620	26%	303,500	9%	141,581	-119%	248,653	12%
Retained in the business:								
Contingency reserve	241,120	22%	349,622	11%	197,605	-165%	316,245	15%
Loss for the year	(1,350,866)	-124%	792,742	24%	(1,390,527)	1164%	652,613	31%
Non-controlling interest	4,580	0%	19,306	1%	-		-	
Value added/(consumed)	**1,087,060**	100%	**3,328,761**	100%	**(119,420)**	100%	**2,096,858**	100%

Value added statement represents the wealth created/(consumed) 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.

	AUTHORISED (N)		ISSUED & FULLY PAID-UP (N)		
DATE	INCREASE	CUMULATIVE	INCREASE	CUMULATIVE	CONSIDERATION
1995	-	5,000,000	-	5,000,000	CASH
1995	15,000,000	20,000,000	15,000,000	20,000,000	CASH
1996	10,000,000	30,000,000	10,000,000	30,000,000	CASH
1999	40,000,000	70,000,000	40,000,000	70,000,000	CASH
2001	150,000,000	220,000,000	-	70,000,000	CASH
2002	280,000,000	500,000,000	150,000,000	220,000,000	CASH (IPO)
2003	-	500,000,000	73,483,333	293,483,333	BONUS(1:3)
2004	-	500,000,000	206,516,667	500,000,000	CASH (RIGHTS)
2006	2,500,000,000	3,000,000,000	450,000,000	950,000,000	BONUS(9:10)
2007	2,000,000,000	5,000,000,000	2,394,370,000	2,844,370,000	CASH(PUBLIC OFFER)
2009	-	5,000,000	1,155,639,000	4,000,000,000	CASH (Capitalisation of deposit for shares)

ADMISSION FORM

Please tear here

ADMISSION FORM
Mutual Benefits Assurance Plc. RC 269837

The 21st Annual General Meeting of Mutual Benefits Assurance Plc will be held at PREMIER HOTEL, IBADAN on Friday, 28th July, 2017 at 12:00 noon

Name of Shareholder* ________________________________

IF YOU ARE UNABLE TO ATTEND THE MEETING

A member (shareholder) who is unable to attend an Annual General meeting is allowed by law to vote by proxy and the above Proxy Form has been prepared to enable you to exercise your right to vote in case you can not personally attend the meeting.

A. This admission form must be produced by his proxy in order to obtain entrance to the Annual General Meeting.

B. Shareholder or their proxies are requested to sign the admission form before attending the meeting: ________________________________

Name of Person attending: ________________________________

Signature of Person attending: ________________________________

Get Your Dividend the Instant You Need It with e-DIVIDEND PAYMENT

MERISTEM REGISTRARS LIMITED RC No: 489092

213, Herbert Macaulay Way,
Adekunle -Yaba,
P.O. Box 51585,
Falomo-Ikoyi, Lagos.
Phone: 01-8920492, 8920492
Fax: 01 -2702361
e-Mail: info@meristemregistrars.com
Website: www.meristemregistrars.com

To:
The Registrar,
Meristem Registrars Limited,
21 3, Herbert Macaulay Way,
Adekunle -Yaba,
Lagos.

I/We hereby request that from now on, all my/our dividend warrant(s)due to me/us from my/our holding(s) in all the companies ticked at the right hand column be paid to my/our Bank named below.

Bank Name: ____________________

Bank Address: ____________________

NUBAN Account Number: ____________________

Shareholder's Full Name: ____________________
(Surname First)

Shareholder's Address: ____________________

____

E-mail: ____________________

Mobile Phone: ____________________

CSCS CHN: ____________________ CSCS A/C No: ____________________

Stockbroker: ____________________

Single Shareholder's Signature: ____________________

Joint Shareholder's Signature 1) ____________________

2) ____________________

If company,
Authorized Signatories 1) ____________________

2) ____________________

Company Seal: ____________________

Authorized Signature & Stamp Of Bankers:

Sort Code: | | | | | | | | | | |

e-DIVIDEND PAYMENT: One Stop Solution to Unclaimed Dividend – Take Advantage of It!

Please tear here

NIA
A MEMBER OF THE NIGERIAN INSURERS ASSOCIATION

MUTUAL Mutual Benefits Assurance Plc.
RC 269837

Get Your Dividend the Instant You Need It with e-DIVIDEND PAYMENT

MERISTEM REGISTRARS LIMITED
RC No: 489092

213, Herbert Macaulay Way,
Adekunle-Yaba,
P.O. Box 51585,
Falomo-Ikoyi, Lagos.
Phone: 01-8920492, 8920492
Fax: 01-2702361
e-Mail: info@meristemregistrars.com
Website: www.meristemregistrars.com

To:
The Registrar,
Meristem Registrars Limited,
21 3, Herbert Macaulay Way,
Adekunle-Yaba,
Lagos.

I/We hereby request that from now on, all my/our dividend warrant(s) due to me/us from my/our holding(s) in all the companies ticked at the right hand column be paid to my/our Bank named below.

Bank Name:_______________________________

Bank Address:_______________________________

____

NUBAN Account Number: _______________________________

Shareholder's Full Name:_______________________________
(Surname First)

____

Shareholder's Address:_______________________________

____

E-mail:_______________________________

Mobile:_______________________________

CSCS CHN ______________ CSCS A/C No______________

Stockbroker: _______________________________

Single Shareholder's Signature:_______________________________

Joint Shareholder's Signature 1)_______________________________

2)_______________________________

If company,
Authorized Signatories 1)_______________________________

2)_______________________________

Company Seal:_______________________________

Authorized Signature & Stamp Of Bankers:_______________________________

Sort Code: | | | | | | | | | | |

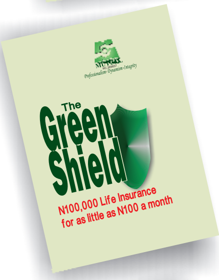
Please tick as applicable

AFRINVEST EQUITY FUND	
AIRLINE SERVICE & LOGISTICS PLC	
BERGER PAINTS NIG PLC	
CAVERTON OFFSHORE LIMITED	
CHELLARAMS BOND	
CONSOLIDATED HALLMARK INSURANCE PLC	
CUSTODIAN & ALLIED INSURANCE PLC	
ENCON NIGERIA LIMITED	
eTRANZACT	
FIDSON HEALTHCARE LIMITED	
FOOD CONCEPTS & ENTERTAINMENT PLC	
FTN COCOA PROCESSORS PLC	
GEO-FLUIDS PLC	
JUBILEE LIFE SAVINGS & LOANS LTD	
MAMA CASS RESTAURANTS LIMITED	
MUTUAL BENEFITS ASSURANCE PLC	
NASCON PLC	
NEIMETH INT'L PHARMS PLC	
NIGER STATE BOND	
PAINTS & COATINGS MANUFACTURERS NIG PLC	
R.T. BRISCOE NIGERIA PLC	
REGENCY ALLIANCE INSURANCE PLC	
SMART PRODUCTS NIGERIA LIMITED	
SOVEREIGN TRUST INSURANCE PLC	
TANTALIZERS PLC	
THE BGL NUBIAN FUND	
THE BGL SAPPHIRE FUND	
THOMAS WYATT PLC	
ZENITH ETHICAL FUND	
ZENITH EQUITY FUND	
ZENITH INCOME FUND	

e-DIVIDEND PAYMENT – One Stop Solution to Unclaimed Dividend – Take Advantage of It!

NIA
A MEMBER OF THE NIGERIAN INSURERS ASSOCIATION

MUTUAL Mutual Benefits Assurance Plc.
RC 269837



GENERAL BUSINESS PRODUCTS

Property Insurance

- Fire and Special Perils
- Burglary/ House Breaking
- Householders, House-owners Comprehensive
- Marine Cargo
- Marine Hull
- Motor
- Goods- in-Transit
- All Risks
- Engineering
- Industrial All Risks

Liability/Bond Insurance

- Money
- Professional Indemnity
- Fidelity Guarantee
- Public Liability/Product Liability
- Employers' Liability
- Director's Liability
- Bond and Suretyship
- Workmen's Compensation

Special Risks

- Aviation &Related Risks
- Oil & Gas

LIFE PRODUCTS

Insurances of the Person

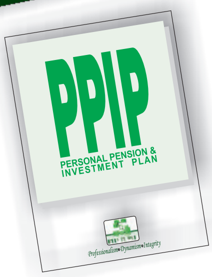
- Personal Accident
- Group Personal Accident
- Individual Savings & Pension Plan
- Personal Pension & Investment Plan
- Mutual Education Guarantee Plan
- Keyman Assurance
- Mortgage Protection
- Group Life Assurance
- Term Assurance
- Endowment Assurance

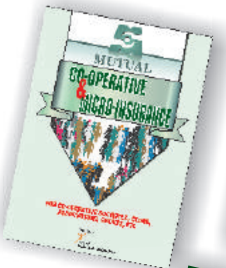
RETAIL MARKETING PRODUCTS

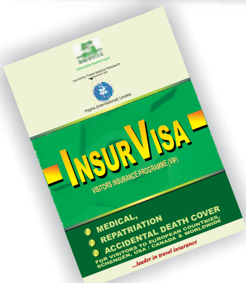
- Insurvisa -Travel Insurance
- Greenshield - 24 hr. Accident Cover
- Greenshield - Life
- Mutual Group Investment Protection Plan
- Micro Personal Investment Plan

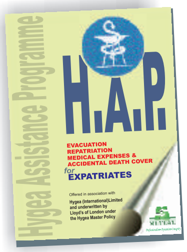
SPECIAL PRODUCTS

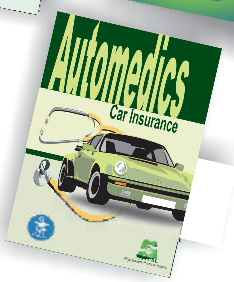
- Automedics Car Insurance
- Micro Insurance
- Hygea Assistance - Overseas Health Insurance for Expatriates and Nigerians.
  - Expatriates
  - Nigerians







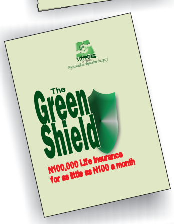


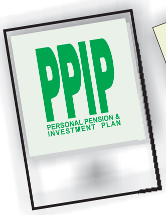


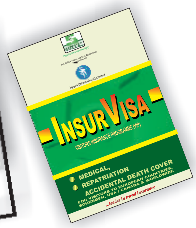
- Event Centre Insurance
- Advertising Agency Insurance
- Corporate Office Insurance
- Sales Office Insurance
- Hair Salon Insurance
- Law Firm Insurance
- Accounting Firm Insurance
- Hotel Insurance
- School Insurance
- Hospital Insurance
- Fast Food Restaurant Insurance
- Nollywood Insurance
- Church Insurance
- Mosque Insurance
- Estate Managers Insurance
- Landlord and Tenant Insurance
- Travel and Tour Agency Insurance
- Market and Shopping
- Complex Insurance
- Saleshop and Supermarket Insurance

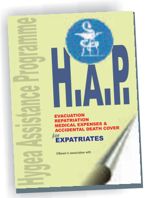
- Laundry And Cleaning
- Services Insurance
- Microfinance Bank Insurance
- SME Comprehensive Insurance
- Mega Comprehensive
- Motor Insurance
- Motor Dealers Complimentary
- Motor Insurance
- Politician And Political
- Risk Insurance

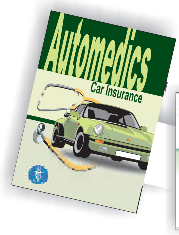
- Juvenile Life Assurance
- Lady Life Assurance
- Senior Life Assurance
- Mortgage Endowment Assurance
- Pilgrims Welfare Insurance
- Celebrity Life Assurance











ANNUAL GENERAL MEETING of **Mutual Benefits Assurance Plc.** to be held on **Friday, 28th of July, 2017** at **PREMIER HOTEL, IBADAN** at 12:00 noon.

I/We.. of ....

.... being a member of MUTUAL BENEFITS ASSURANCE PLC,

hereby appoint ** Mr./Mrs..of ....

....or failing him, the Chairman of the meeting

as my/our proxy to vote for me/us or on my/our behalf at the Annual General Meeting of the company to be held on Friday, 28th of July, 2017 and at any adjournment thereof.

Dated this.. day of 2017

Shareholder's signature...

PROXY FORM

RESOLUTION	FOR	AGAINST
1. To lay before the members, the Audited Financial Statements of MUTUAL BENEFIT ASSURANCE PLC for the year ended 31st December 2016 together with the Reports of Directors, Auditors and Audit committee thereon.		
2. To elect/re-elect Directors.		
3. To authorize the Directors to fix the remuneration of the External Auditors.		
4. To elect members of the Audit Committee.		

IF YOU ARE UNABLE TO ATTEND THE MEETING **

A member of the company entitled to attend and vote at the Annual General meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the company. A proxy form is enclosed. Executed proxy forms should be returned to the office of the Registrar not less than 48 hours before the time of the meeting.

Following the normal practice, the names of two Directors of the company have been entered on the form to ensure that someone will be at the meeting to act as your proxy, but if you wish you may insert in the blank space on the form (marked) **the name of any person, whether of the company or not, who will attend the meeting and vote on your behalf instead of one of the Directors.

Please sign the proxy form and send it so as to reach: MERISTEM REGISTRARS LIMITED 213, HERBERT MACAULAY WAY, ADEKUNLE YABA LAGOS not less than 24 hours before the time for holding the meeting. If executed by a corporation, the proxy form should be sealed with the common seal.

The proxy must produce the Admission Card sent with the Report and Accounts to obtain entrance to the meeting.

For company's use only	No of shares

MUTUAL
Professionalism•Dynamism•Integrity

Mutual Benefits Assurance Plc. RC 269837
Aret Adams House, 233, Ikorodu Road, Ilupeju, Lagos.
P. O. Box 70986, Victoria Island, Lagos.
Tel: +234 (0)1-3429018, +234 (0)1-3429019
E-mail: info@mbaplc.com
Website: www.mbaplc.com

Mutual Benefits Life Assurance Ltd. RC 681998
19/21, Town Planning Way, Ilupeju, Lagos
01-2700837, 07098767080, 07098767003
E-mail: info@mutuallifeng.com
Website: www.mutuallifeng.com

Lagos Mainland Office
25, Olusoji Idowu Street
Behind Aret Adams House,
Ilupeju, Lagos
08023775717

Abeokuta Office
Ikija House
1, Quarry Road
Panseke, Abeokuta
08035692773

Akure Office
74A, Continental Junction,
Hospital Road, Akure, Ondo State
08079668663, 07018401846, 08039517268

Ikoyi Office
6 Norman Willams Street
S/W Ikoyi, Lagos
07025251505, 08055197451

Owerri Office
46 Wetheral Road, Owerri
08037149006

Surulere Office
148, Bode Thomas Street Surulere
08033961056

Lekki Office
Gold Crest Plaza
3rd Floor
Km14, Lekki Epe Expreeway
Near Mega Chicken Lekki, Lagos
08034101413

Northern Regional Office:

Plot 78, Yakubu Gowon Crescent,
Asokoro, Abuja.
Tel: 08038166222, 07034619661
08033893768, 08036091447

Osogbo Office:
Aina Adeosun Building,
4th Floor,
Beside Access Bank (Left Side)
Gbongon Road, Osogbo,
Osun State
Tel: 08033283058

Kaduna Office:
Nm 20, Constitution Road,
Kaduna.
Tel: 08053270709

Ibadan Office
Plot 47/49 Onireke GRA
08058007020
07033687947, 08180987493

Ibadan Regional Office
KFC Outlet, Olori Ibipo
House, Plot 6, Block 1,
MKO Abiola Way,
Ring Road, Ibadan
08035032022, 08127879900

Port Harcourt Office
Wordway Plaza, 129, Aba
Road Waterlines, Port Harcourt,
08032703220, 08032358275,
08032700725

Warri Office
80, Airport Road
Opp. Old Airport Road
Effurun, Warri
08033474557, 08052220201
08052046585

Ikeja Office
ASSBIFI House, 4 Assibifi Road.
Alausa Ikeja
08033534231

Ota Office 1
Rainbow Tower, Kilometer 127, Idiroko Rd.
Near NNPC Filling Station
08034318658, 08023126577

Ota Office 2
Tantolorun Building, Km 1, Idi-iroko Road
Iyana-ota Roundabout, Sango Ota, Ogun State.
Tel: 08023126577
morenikesodipe@yahoo.com

Osogbo Office
Opp Customary Court,
Court Of Appeal,
Oke Ifa
08061256173, 0808717492
08033283058

Jericho Office:
3rd Floor, ANCE Building,
Magazine/Jericho Road,
Ibadan.
Tel: 08058010001
timmyoladeji@yahoo.com

Ojo Office
Christ In Me Plaza,
446, Old Ojo Rd, Lagos
08034381617

Yenagoa Office
420, Melford Okilo Expressway
Opposite Globacom Office
By Zenith Bank, Yenagoa, Bayelsa
08022344364

Ilorin Office
163, Ajase Ipo Rd,
Gaa Junction, Ilorin, Kwara State
08033518582, 0808552667

Ikorodu Office
108 Lagos Road, Ikorodu, Lagos
07063760468, 08052849074, 08038708535

Asaba Office
308, Nnebisi Road, Asaba, Delta State
08060482264

Uyo Office
2nd Floor 1, Udobio Street
Uyo Akwa-ibom State
08188553018

Aspamda Office
Favour Plaza Beside GTB
By Main Gate, ASPAMDA
08060580703

Ado Ekiti Office:
MUTUAL HOUSE,
Fajuyi Road,Ado-Ekiti.
Tel: 08058007040 08037283445

Benin Office
84, Akpakpava Rd,
Benin City, Edo State
07060691806

Kano Office:
43, Ibrahim Taiwo Road, Kano.
Tel: 08032079537

Calabar Office:
67, Ndidem, Usang Iso Road,
(Marian Road), Calabar.
Tel: 087-822870, 08033573864
08038172295

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