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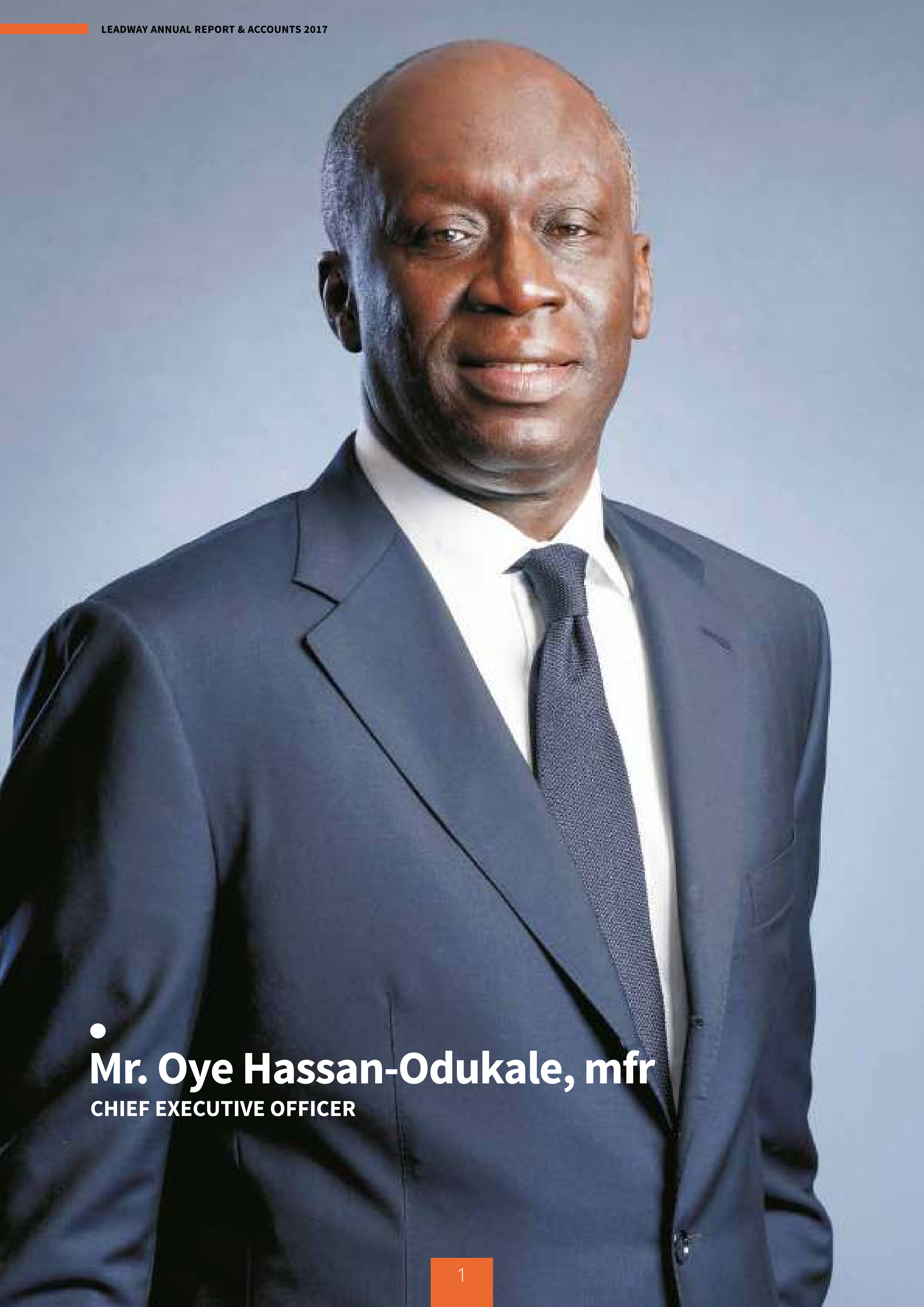
LEADWAY ASSURANCE COMPANY LIMITED
ANNUAL REPORT
2017

LEADWAY
ASSURANCE COMPANY LIMITED

CONTENTS



Mr. Oye Hassan-Odukale, mfr

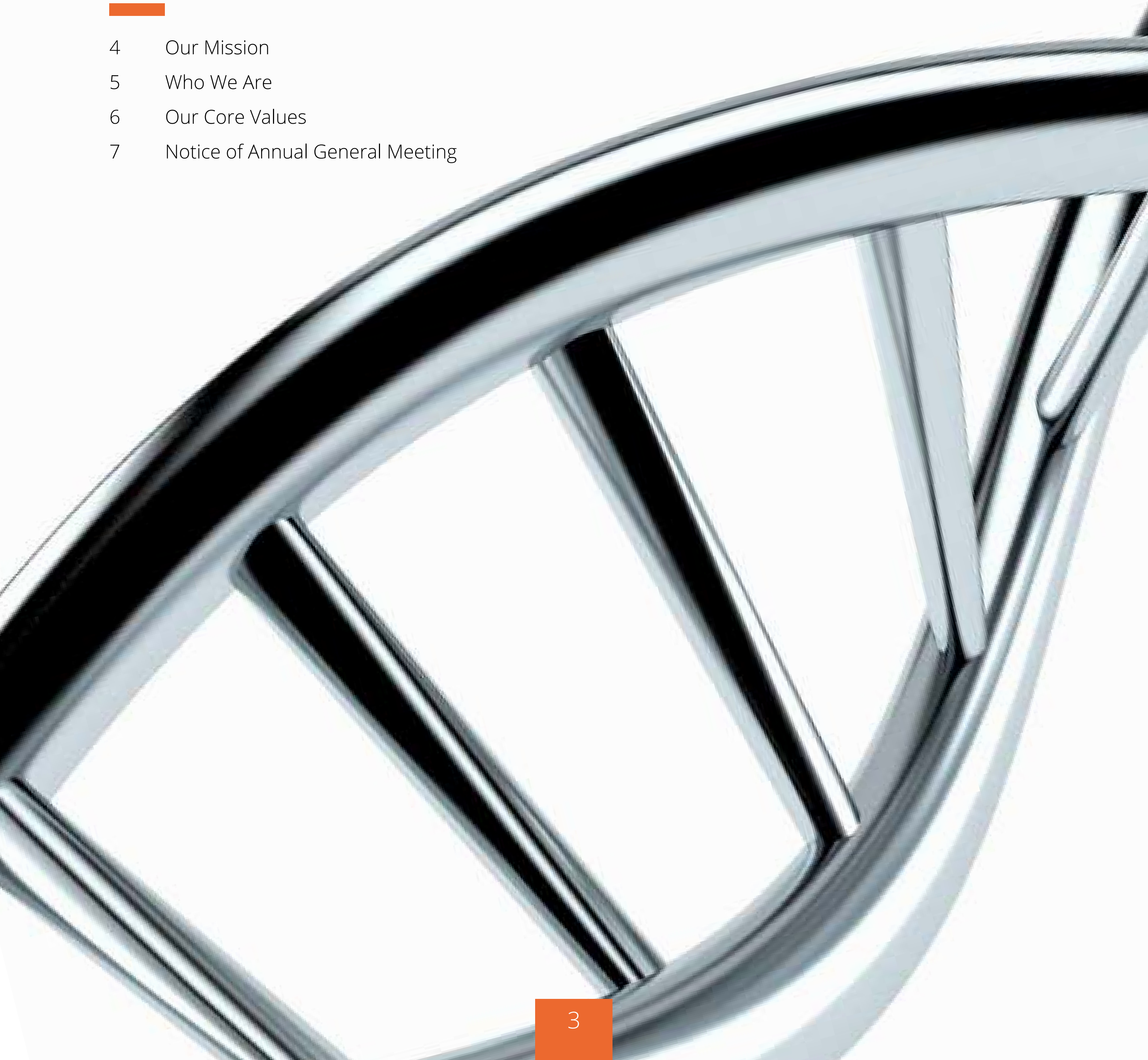
CHIEF EXECUTIVE OFFICER

It is gladdening that our company has continued to deepen activities in the insurance market by opening up new distribution channels and consolidating on existing businesses, thereby sustaining market leadership. We closed the year surpassing our GWP target of N67.3 billion, with the bulk of our income now coming from Pension Annuities.

This comes with a huge pecuniary responsibility to those who have entrusted their financial future to us and requires us to be ever more conservative in our financial standing. Indeed, as we have pushed the limit! This is obviously evidence of your unflinching commitment and support, even as we strive to get better than our best, **THANK YOU.**

Digitalization is becoming ubiquitous. We are committed to adapting our business to fit into the new ways of delivery preferred by the customers and embracing the opportunities that come as a result.

1 Overview



Our Vision

To be a leading insurance company and non-banking financial solutions provider in Nigeria, leveraging on our strategic capabilities in other selected markets.

Our Mission

To be a service provider of choice, bringing insurance as a risk management tool to the consciousness of all; adding value to our clients and other stakeholders in an efficient and reliable manner.

Who We Are

WHAT WE DO

Leadway offers insurance services in life and general businesses (property & casualty). Leadway also offers allied financial services like bond, secured credit, miscellaneous financial losses and fund/portfolio management.

Leadway enjoys the patronage of clients spanning all the major industries including Construction & Engineering, Manufacturing, Oil and Gas, Shipping, Government Establishments, Ministries and Parastatals.

Leadway increasingly attracts patronage from retail clients from a wide variety of backgrounds.

OUR RESPONSIBILITIES

In discharging our responsibilities, we pledge that come what may -rain or shine, dull or bright- the Company must always meet its financial obligations to all its customers, primary of which is claims. Without claims there will be no insurance business.

The conceptual basis of our Camel logo is rested on the slogan of the company being an Efficient and Reliable carrier of financial burden/ obligations which in turn ensures the happiness of its customers.

OUR CULTURE

Leadway Assurance has come a long way since its establishment in 1970 to carry on business as a composite insurer.

Its Board of Directors comprises of men and women of integrity with several decades of experience in financial services and other diverse fields in-between them. The Board is collectively responsible for the success of the company and works with management to achieve company objectives.

Our Core Values

Integrity

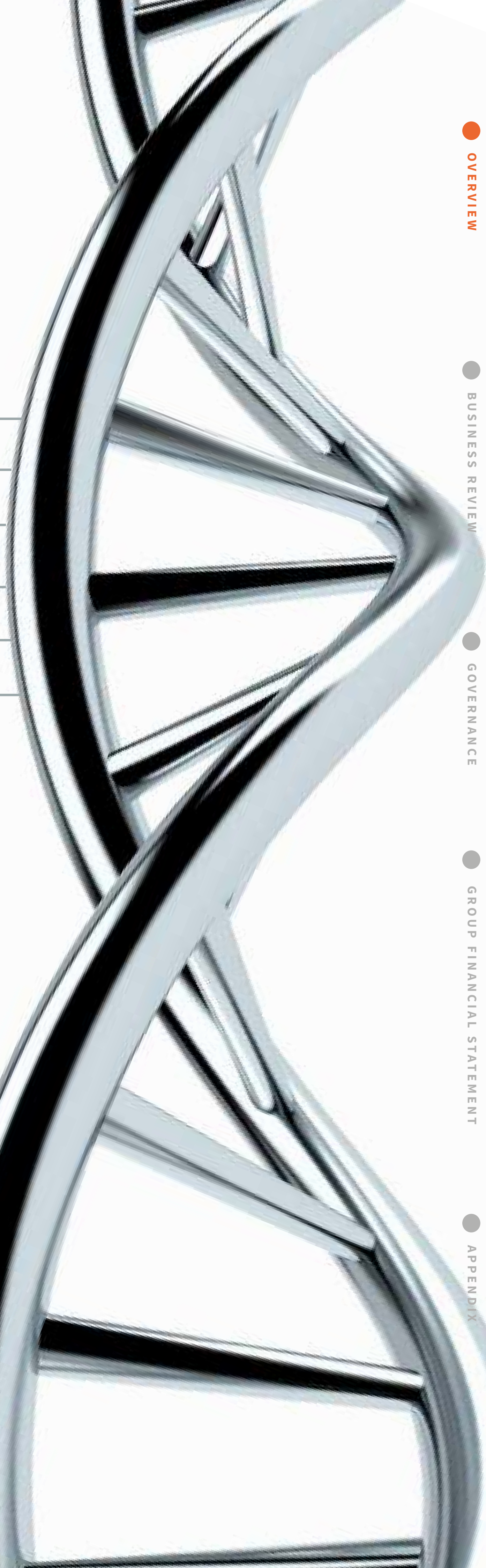
Service

Customer Focus

Openness

Respect For The Individual

Excellence



iSCORE

...our core values for success

Notice of Annual General Meeting

27th April, 2018

Dear Shareholder,

NOTICE OF 46TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 46th Annual General Meeting of **LEADWAY ASSURANCE COMPANY LIMITED** will convene at the Antonello Meeting Room, The George Lagos, 30, Lugard Avenue, Ikoyi, Lagos on Friday 18th May, 2018 at 11am to transact the following businesses:

ORDINARY BUSINESS

1. To adopt the reports of the Directors and Auditors, including the statement of accounts for the year ended 31st December 2017.

2. To declare a dividend.

3. To consider and, if thought fit, pass the following Ordinary Resolution of which special notice has been given, without amendment: *"That Messrs. PricewaterhouseCoopers, the retiring auditors of the Company shall not be and are hereby not re-appointed at the said Annual General Meeting and in their stead Messrs. KPMG Professional Services, be and are hereby appointed auditors of the Company subject to regulatory approval."*

4. To authorize the Directors to fix the Auditor's remuneration.

5. To re-elect the following Directors who in accordance with Section 259 (1) of the Companies and Allied Matters Act (CAMA) CAP C20, Laws of the Federal Republic of Nigeria, retire by rotation, but are eligible and offer themselves for re-election:

   - Mr. Jeremy Rowse
   - Mrs. Mowunmi Sotubo
   - Mr. Eugene Curley

SPECIAL BUSINESS

To consider and if thought fit pass the following resolutions:

6. That the Share Capital of the Company be increased from N5, 000,000,000 (Five Billion Naira) to N10, 000,000,000 (Ten Billion Naira) by the creation of additional 10,000,000,000 (Ten Billion) ordinary shares of 50K (Fifty Kobo) each to rank equally in all respects with existing shares of the company.

7. That the Directors of the Company be and are hereby authorized following the increase in Share Capital to capitalize the sum of N5,317,550,202.00 (Five Billion, Three Hundred and Seventeen Million, Five Hundred and Fifty Thousand, Two Hundred and Two Naira) from the Share premium account and the Retained Profit in the proportion of N3,817,550,202 and N1,500,000,000 respectively and to apply the sum in paying in full 10,000,000,000 (Ten Billion) ordinary shares of 50K each which shall be distributed to the shareholders as fully paid up shares in the proportion of 9 (Nine) shares for every 8 (Eight) shares held by shareholders as at 8th March, 2018, all shares to rank equally in all respects with existing shares of the Company except that they shall not rank for the dividend recommended by the Directors in respect of the year ended 31st December 2017".

8. To declare a special dividend of N3,637,000,000 on the ordinary shares of 50K (Fifty Kobo) each in respect of the year ended 31st December 2017, to be satisfied by the transfer of the entire shares held by the Company in its non-insurance subsidiaries to Leadway Holdings Limited.

9. To transact any other business that may be transacted at the meeting.

By Order of the Board

Sunday Oroleke
Company Secretary

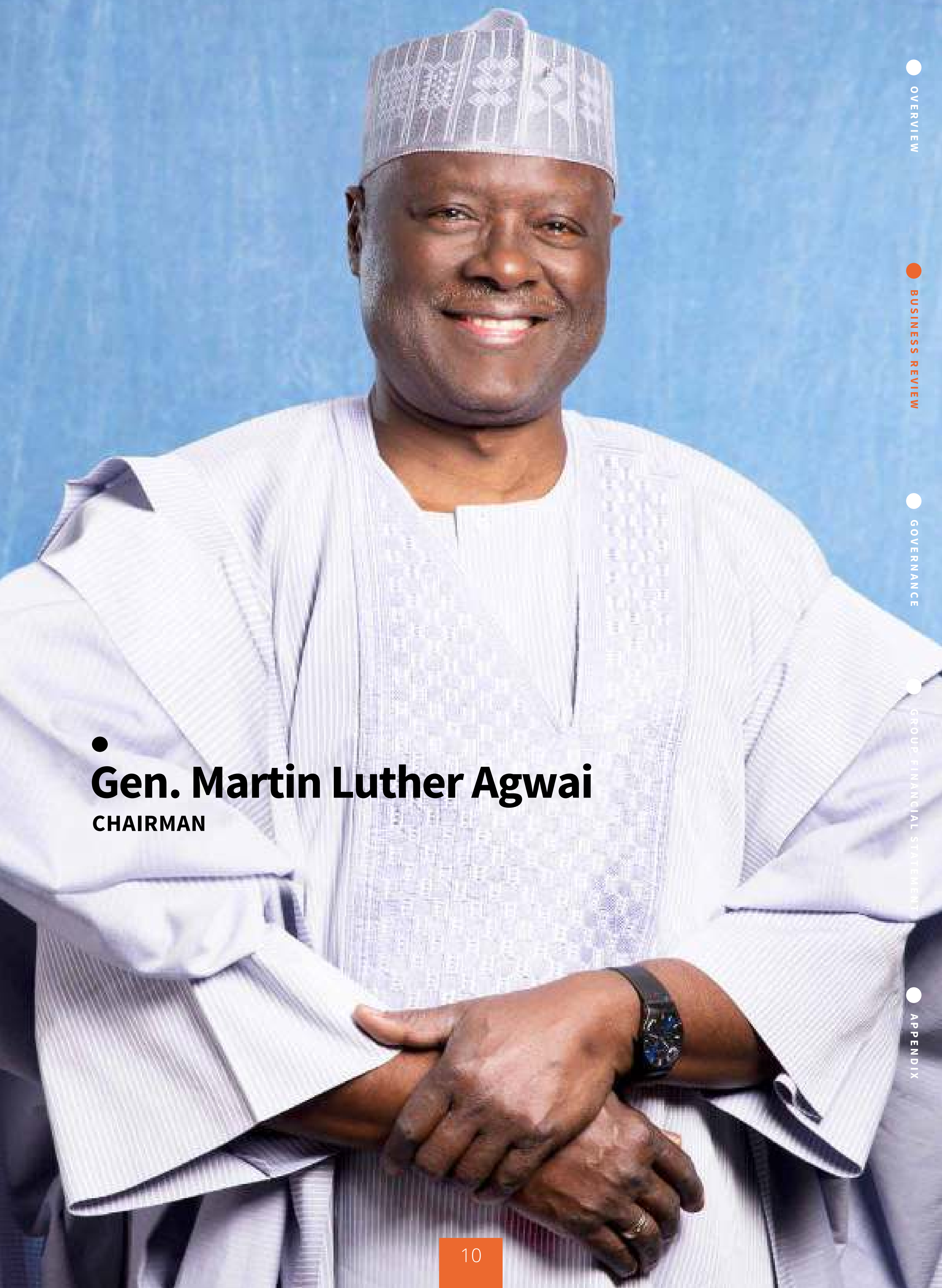
NOTES

1. Any member entitled to attend and vote at the meeting may appoint a proxy (who need not be a member) to attend and vote in his place. A form of proxy is enclosed. In order to be valid, an instrument appointing a proxy must be deposited at the Office of the Company Secretary, Leadway House, 121/123 Funsho Williams Avenue, Surulere, Lagos, not later than 24 hours before the time appointed for the meeting.

2. The Register of Members and their shareholding is available for inspection, at the office of the Company Secretary during normal business hours, from the date of this notice until the close of business on Friday May 11, 2018.

2

Business Reveiw



Gen. Martin Luther Agwai

CHAIRMAN

Chairman's Statement

Distinguished Shareholders, Members of the Board of Directors, Ladies and Gentlemen. It is with warm pleasure that I welcome you to the 46th Annual General Meeting of our company, and to present to you, our financial statements and reports for the year ended 31st December 2017.

OPERATING ENVIRONMENT

The recessionary economy that impacted the operating environment in 2016 gradually abated in early 2017 with timely economic recovery in the second quarter of the year. The volatility of the exchange rate significantly reduced with the stability of the Naira against the Dollar and the Nation's external reserve increased significantly to a high level. The improvement in oil production and the concomitant increase in oil prices contributed to the gradual growth of the economy.

With the emergence from the economic recession, the data released by the National Bureau of Statistics (NBS) shows that the Real Gross Domestic Product (GDP) maintained a positive growth. The major driver of the economy was the oil sector which recorded a 4.79% growth in real terms, compared with the negative 14.45% recorded in 2016.

The data obtained from the NBS indicated that Nigeria's inflation rate reduced from 18.55% in the year 2016 to 15.37% in the year under review. The decision of the CBN's monetary policy committee to maintain the Monetary Policy Rate (MPR) at 14% in order to control monetary supply achieved much in suppressing the inflationary pressure on the economy.

The Nigerian All Share Index closed the year with an impressive gain of 42.3% at 38,243 points, compared with the negative 6.2% at 26,874 points recorded in 2016 with all sectors and indices closing positive.

In addition to the economic recovery, the country recorded some positive developments which included the implementation of the Whistle Blowing Policy, increased investors occasioned by the stability in the Naira due to the introduction of the Investors and Exporters Foreign Exchange Window by the CBN, increased revenue generation from government agencies. The introduction of a new forex window for exporters also increased the investment portfolio and the significant boom in Agriculture.

INSURANCE INDUSTRY

The drive and commitment of the insurance operators to increase market share amidst the recovery of the economy had a minute impact on the insurance industry as the depth of the recession had stagnated the purchasing power of the populace and eroded the optimism of the growth of premium income anticipated by insurance penetration as most individual and commercial sub-sectors prioritized the survival and sustenance of their business above insurance coverage of potential risks.

The industry is still expecting the release of the much-lauded roadmap for transition to a Risk Based Insurance Solvency Regime in Nigeria by the National Insurance Commission. The Road Map is expected to enable the Regulator take forward looking perspective so that it is able to spot potential problem before they materialize and take remedial actions proactively and also result in more efficient and effective oversight of insurance institutions.

In a bid to ensure regulatory compliance and sanitize the industry, the regulator released various guidelines and circulars: Regulatory Priorities for 2017, Guidelines on Micro-Insurance Operations and Impact Analysis of Bancassurance Guidelines. Worthy of note is the release of the guideline on the operation of Fire Service Maintenance Fund, which requires among other things, insurance operators to pay 0.25% of their net premium for Public Building policies into the fund. It is hoped that the enforcement of the law would provide an increase of premium income via an anticipated enforcement of compulsory insurance of Public Buildings.

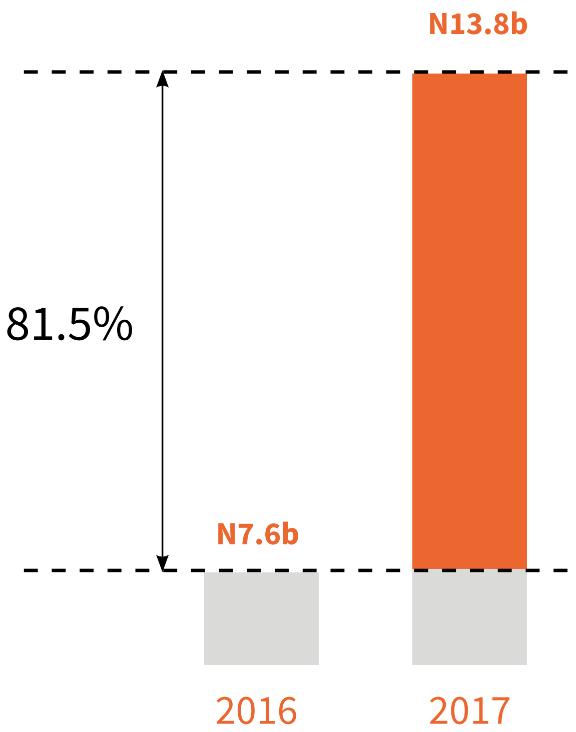
We are confident that with the repositioning of the regulatory and compliance landscape, coupled with the committed partnership of the regulator and the insurance operators through the "Insurers Committee" towards rebranding the insurance industry, there would be increased conviction of the populace to view insurance as a necessity for risk management thereby deepening insurance penetration and propel the growth of premium income and insurance contribution to the GDP.

FINANCIAL RESULTS

The macroeconomic challenges which spanned the first half of the year had a mixed effect on our business with aspects of our investment activities benefitting from the interest rate and equity market returns and some part of the underwriting business reeling from the effect of demand contraction.

The Group recorded a 60% increase in Gross Premium Written (GPW) from N52.7billion in 2016 to N84.2billion in 2017. This increase in GPW is largely attributable to the significant growth of

Despite the challenging business environment, investment income increased by 60% from N10.8billion in 2016 to N17.3billion in 2017 which translates to a significant increase in profit after tax for the year by 91% from N6.7billion in 2016 to N12.8billion in 2017 for the parent company and an increase of 81.5% from N7.6billion to N13.8billion for the group.



our annuity business and positive impact of the decrease in average yields of treasury securities which resulted in significant fair value gains and investment income in our portfolio of treasury assets. The Net underwriting income significantly increased by 68.1% from N43.1billion in 2016 to N72.5billion in 2017, mainly due to increase in annuity premium and the prior year's premium earned in the current year for General business specialty line.

Claims expense increased by 19% from N23billion in 2016 to N27billion in 2017 with annuity pay out of N14.7billion accounting for the largest proportion of this amount, followed by over N9billion claims paid in General Insurance. The appreciable increase in claims expense was compensated by benefits from our reinsurance arrangements and recoveries from salvage and subrogation. Despite the challenging business environment, investment income increased by 60% from N10.8billion in 2016 to N17.3billion in 2017 which translates to a significant increase in profit after tax for the year by 91% from N6.7billion in 2016 to N12.8billion in 2017 for the parent company and an increase of 81.5% from N7.6billion to N13.8billion for the group.

The Company's assets recorded a 63.9% growth from N166billion in 2016 to N272billion in 2017 while the Group's assets increased by 61.4% from N176billion in 2016 to N284billion in 2017 due to additional investments in Government debt securities, growth in reinsurance assets and investment properties.

CAPITAL AND BONUS ISSUE

Due to business exigencies, particularly for our company to be able to competitively engage in business expansion, without the anxiety of inadequate paid up capital required for measuring the capability and capacity of our company to underwrite businesses and in order to strategically position ourselves at a vantage and leadership point among other operators, it has become imperative for us to increase the Authorized and Paid Up Capital. This, among other things, would also put us in the state of readiness for the implementation of transition to the Risk Based Capital model proposed by the regulator. As such, you will be voting for us to increase our authorized share capital from N5billion to N10billion. Pursuant to this, the Board recommends that we capitalize a sum of N 5,317,550,202.00 (Five Billion, Three Hundred and Seventeen Million, Five Hundred and Fifty Thousand and Two Hundred and Two Naira) out of a combination of the Share Premium Account and the Retained Profit for 2017 and to distribute to shareholders by creating additional 9 (Nine) shares for every 8 (Eight) shares held by shareholders at the close of business on 8th March, 2018.by shareholders at the close of business on 8th March, 2018.

DIVIDEND

In order to meet up with our commitment to manage the company profitably for our distinguished shareholders, the board recommends a cash dividend of N1.75billion which translates to 18.67 kobo per share subject to withholding tax at the prevailing rate.
The Board further recommends a non-cash dividend of N3.637billion, i.e. dividend in specie, to be distributed to the shareholders of the Company for the capitalization of a proposed vehicle to accommodate the non-insurance businesses of the Group.

FUTURE OUTLOOK

While the impact of the recovery of the economy remains mixed for most, we are optimistic that the gains of the exiting of the economy from the throes of recession will continue apace as we navigate the issues and challenges that 2018 may bring.
On our part, we are enthusiastically encouraged to leverage on our brand and strategic initiatives to increase insurance awareness, create risk products tailored to every segment of consumer needs with the connotation of hope and happiness, rather than negativity, towards rejuvenating insurance as a need and necessity.
We are motivated by the implementation of the strategy of our company to remain the vanguard in market share and profitability through digitization, diversification of our business portfolio and domination of the market.
We are reengineered and more committed to dominating the retail market through continuous and consistent awareness using a motivated retail workforce improved digital and friendly technology-driven applications easily adaptable by the young and the old, with a dedicated and unrivaled investment in advertisement.
We are improving our value proposition to our customers and committed to progressively eliminate 50% time spent on processes and alternatively focus on anticipated and appreciated value add to our customers to deliver unbeatable service delivery.
We are steadily and strategically diversifying beyond the Nigerian terrain, building trust and confidence of people driven by passion and business potentials to sell insurance in other jurisdictions in order to inscribe Leadway as an international insurance company and position your company as the premier of the insurance industry.

CONCLUSION

The measurable success achieved hitherto stands to the credit of our loyal and treasured customers, brokers, agents and other stakeholders who have stood by us and sailed with our brand, affirming their belief in our ability to pay genuine claims no matter how large. We are grateful for your confidence and will keep our word to continually insure happiness.
I sincerely appreciate the discipline, probity, ingenuity, sagacity and cohesion demonstrated by our management and staff in elevating our company to this enviable height. Be assured that our company will successfully remain at the prime of the insurance industry in Nigeria and its immediate region.
I also commend our directors that I am privileged to chair for their wealth of experience and commitment at entrenching good corporate governance.
Finally, I must thank our retiring Auditors, Messrs. PricewaterhouseCoopers Chartered Accountants, for their diligence and professionalism throughout their tenure as External Auditors.

Thank you.

Gen. Martin Luther Agwai
CHAIRMAN


Live
Love
Retire
Enjoy Life Like You Never Retired. Get Our Annuity Plan Today.
Call us on: 01 2800700
Connect with us on
Visit: www.Leadway.com for more information.
LEADWAY
ASSURANCE COMPANY LIMITED

Corporate Profile

Certificate of Incorporation Number
RC 7588

Date Of Incorporation
22 September 1970

NAICOM License Number
RIC-025

Directors

GENERAL MARTIN LURTHER AGWAI (RTD.)
Chairman

MR. OYE HASSAN-ODUKALE, mfr
Managing Director/CEO

MR. JEREMY ROWSE
Director

MRS. MOWUNMI SOTUBO
Director

MR. EUGENE CURLEY
Director

MR. SEYI BICKERSTETH
Director

MR. ODEIN AJUMOGOBIA
Director

MR. TUNDE HASSAN-ODUKALE
Executive Director, Financial Services & IT Systems

MS. ADETOLA ADEGBAYI
Executive Director, General Business

MR. SUNDAY OROLEKE
Company Secretary

Management Staff

MR. OYE HASSAN - ODUKALE, mfr
Managing Director / CEO

MR. TUNDE HASSAN - ODUKALE
Executive Director, Financial Services & IT Systems

MS. ADETOLA ADEGBAYI
Executive Director, General Insurance

MR. TINASHE MUYAMBO
Head, Life Business

MR. DAVID ABITOYE
Chief Finance Officer

MR. GBOYEGA LESI
Commercial Director

MR. ALLAN OLUFADE SURADJ
Regional Director

MRS. KUNBI ADEOTI
Human Resources Director

MR. NNAMDI ODOZI
Enterprise Risk Management Director

MR. ODALO AIMUFIA
Chief Information Officer

MR. ERNEST AZIAGBA
General Insurance Actuary

MR. TUNDE ALAO-OLAIFA
Strategy & Special Projects Director

Bankers and other professional advisors

Company Secretary:
Sunday Oroleke
FRC/2014/NBA/00000007297

Registered Office:
NN 28/29 Constitution Road, Kaduna State, Nigeria

Auditors:
PricewaterhouseCoopers Chartered Accountants*
Landmark Towers
5B, Water Corporation Road, Oniru
Victoria Island, Lagos
Tel: (01) 2711700
www.pwc.com/ng

**Messers PricewaterhouseCoopers has completed their maximum term of 5 years as allowed by NAICOM regulation and will be replaced by another firm of Auditors subject to approval of shareholders at the next Annual General Meeting.*

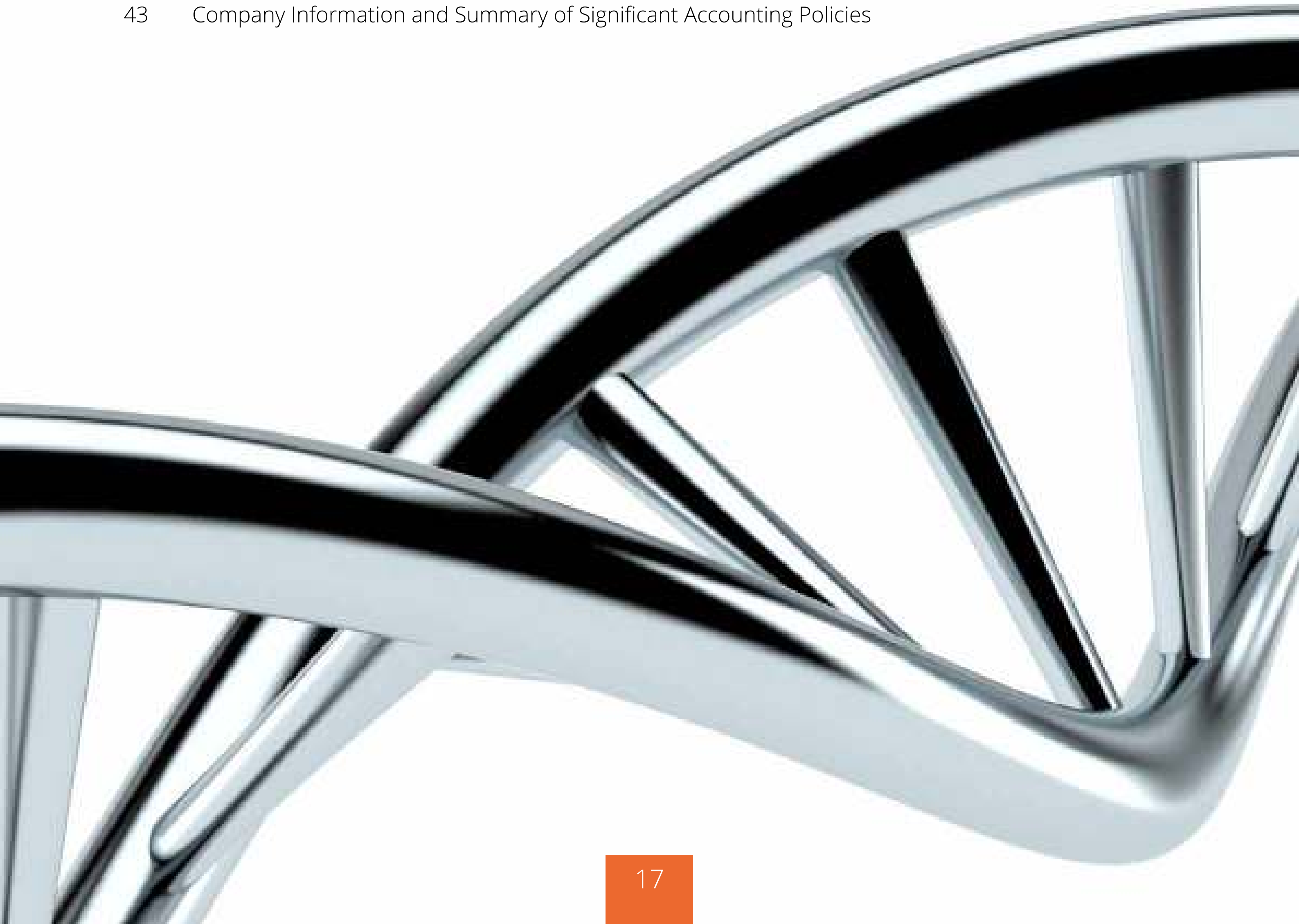
Bankers:
Access Bank Plc
Citibank Nigeria Limited
Diamond Bank Plc
FBN Bank (Uk) Limited
Fidelity Bank Plc
First Bank of Nigeria Limited
First City Monument Bank Limited
FSDH Merchant Bank Nigeria Limited
Guaranty Trust Bank Plc
Keystone Bank Nigeria Limited
Mainstreet Bank Limited
Stanbic IBTC Bank Plc
Standard Chartered Bank Nigeria Limited
Sterling Bank Plc
Union Bank Plc
United Bank of Africa Plc
Wema Bank Plc
Zenith bank Plc

Reinsurers
African Reinsurance Corporation
Continental Reinsurance Plc
Waica Reinsurance
Hannover Reinsurance Company Limited
General Insurance Company, Indian
Swiss Reinsurance Africa Limited
AIG Europe
Kiln Syndicate
Chubb Limited

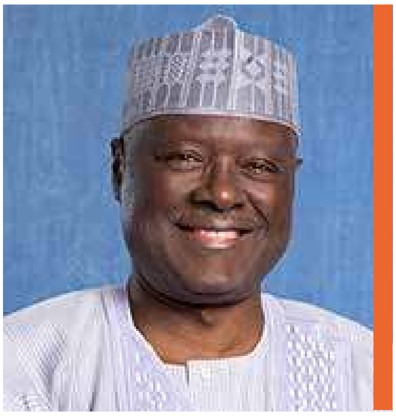
Actuaries
Ernst & Young Nigeria
FRC/2012/NAS/00000000738

Estate Surveyor and Valuer
Diya Fatimilehin & Co.
FRC/2013/NIESV/00000002773

3
Governance



Board of Directors



Gen. Martin Luther Agwai

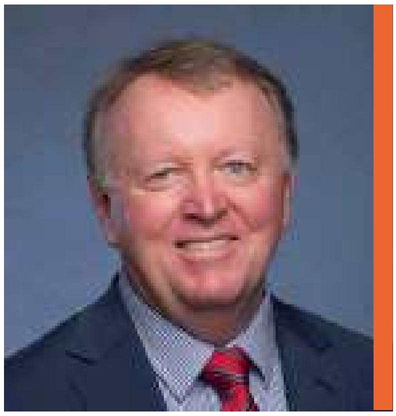
CHAIRMAN

- Visiting Professor, African Leadership Center, London
- Former Chief of Army Staff, Nigerian Army
- Former Chief of Defense Staff, Nigerian Army
- Former Chairman, Subsidy Reinvestment Programme.
- Alumnus, National Defense University, Washington DC, USA
- Alumnus, Administrative Staff College of Nigeria

Mr. Oye Hassan-Odukale, mfr

MANAGING DIRECTOR/CEO

- Member, Executive Committee of the African Insurance Organization
- Past Chairman, Nigerian Insurers Association
- Former Member, Federal Government of Nigeria's Committee for the review of Insurance Laws.
- Munich Re Fellow, Georgia State University
- Alumnus, University of Houston, Texas USA
- Alumnus, Harvard Business School, USA



Mr. Jeremy Rowse

DIRECTOR

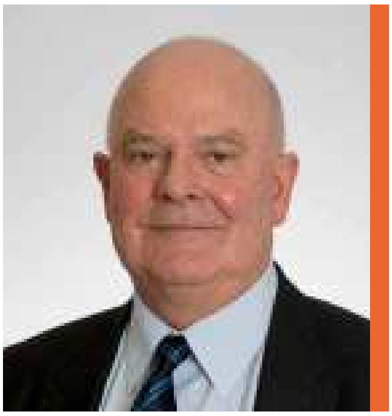
- Director, Santam South Africa
- Former Chief Executive, African Life Assurance, Johannesburg, South Africa
- Former Member, Board of the Life Offices Association of South Africa
- Former Member, Ghana Investment Advisory Council
- Alumnus, Rhodes University South Africa
- Alumnus, University of Cape Town, South Africa

Board of Directors

Mrs Mowunmi Sotubo

DIRECTOR

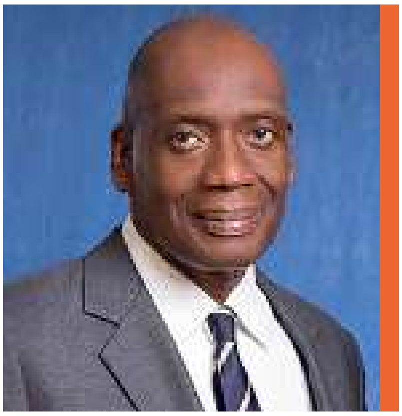
- Director, Leadway Properties and Investment Limited
- Managing Director, Sables Nigeria Limited
- Alumnus Ahmadu Bello University, Zaria



Mr. Eugene Curley

DIRECTOR

- Managing Director, CTF Solutions Ltd., UK.
- Director, C5 Capital Ltd
- Former CEO, G3 Good Governance Group
- Alumnus, University of Nottingham
- Alumnus, City Business School
- Alumnus, INSEAD



Mr. Oluseyi Bickersteth

DIRECTOR

- Director, Nigeria-South Africa Chamber of Commerce.
- Director, Nigerian Economic Summit Group
- Former National Senior Partner, KPMG Nigeria
- Former Chairman KPMG Africa
- Alumnus, York University, Canada.
- Fellow, Institute of Chartered Accountants of Nigeria (FCA).

Board of Directors

Mr. Odein Ajumogobia

DIRECTOR

- Former Attorney General and Commissioner of Justice, Rivers State.
- Former Minister of State for Petroleum Resources.
- Former Minister of Foreign Affairs
- Member of the Nigerian Bar Association
- Alumnus, Harvard Law School Massachusetts.
- Fellow, Chartered Institute of Arbitrators (FCI) Arb London

Mr. Tunde Hassan-Odukale

EXECUTIVE DIRECTOR / FINANCIAL SERVICES & IT SYSTEMS

- Director, First Bank of Nigeria Plc.
- Director, Digital Jewels Ltd.
- Member, Royal Society of Mathematics and the Institute of Actuaries
- Alumnus, University of London
- Alumnus, City University, London
- Alumnus, Harvard Business School, USA
- Former Director, Stanbic IBTC Bank Plc.
- Former Director, Union Assurance

Ms. Adetola Adegbayi

EXECUTIVE DIRECTOR / GENERAL BUSINESS

- Director, Leadway Hotels Limited
- Alumnus, University of Bristol, UK
- Alumnus , University of Glamorgan, UK
- Alumnus , Harvard Business School, USA
- Associate, Chartered Insurance Institute, London
- Associate, Chartered Institute of Arbitrators, UK

Directors Report

For the year ended 31 December 2017

All amounts are in thousands of Naira unless otherwise stated

The directors have pleasure in presenting their annual report on the affairs of Leadway Assurance Company Limited ("the Company") and subsidiary companies ("the Group") together with the audited financial statements and the auditor's report for the year ended 31 December 2017.

LEGAL FORM AND PRINCIPAL ACTIVITY

The Company was incorporated as a private limited liability company in September 1970. It obtained a license to operate as an insurance company in January 1971 and commenced business in January 1971.

The Company is principally engaged in the business of providing risk underwriting and related financial services to its customers. Such services include provision of life and non-life business insurance services to both corporate and individual customers.

SUBSIDIARY COMPANIES

The Company holds 53% shareholding in Leadway Capital and Trust Limited, 51.2% in Leadway Hotels Limited, 100% in Leadway Properties and Investments Limited and 69.53% shareholding in Leadway Pensure PFA Limited.

OPERATING RESULTS

The highlights of the Group and Company's operating results for the year ended 31 December 2017 are as follows:

	Group 31-Dec-17 N'000	Group 31-Dec-16 N'000	Company 31-Dec-17 N'000	Company 31-Dec-16 N'000
Gross premium written	**84,176,908**	**52,700,272**	**84,189,079**	**52,718,567**
Profit before tax	15,098,496	8,791,606	13,448,965	7,361,449
Income tax expense	(1,262,063)	(1,206,754)	(652,304)	(699,492)
Profit for the year	**13,836,433**	**7,584,852**	**12,796,661**	**6,661,957**
Other comprehensive income	4,082,060	1,371,798	4,033,157	1,425,012
Total comprehensive income	**17,918,493**	**8,956,650**	**16,829,818**	**8,086,969**
Earnings per share (kobo) - Basic/diluted	**157**	**84**	**139**	**72**
Profit attributable to:				
- Owners of the Company	13,341,926	7,143,178	12,796,661	6,661,957
- Non-controlling interest	494,507	441,674	-	-
	13,836,433	**7,584,852**	**12,796,661**	**6,661,957**
Appropriation of profit attributable to owners of the company				
Transfer to:				
- Contingency reserve	2,233,868	1,448,231	2,038,206	1,357,793
- Retained earnings	11,108,058	5,694,947	10,758,455	5,304,164
	13,341,926	**7,143,178**	**12,796,661**	**6,661,957**

Directors Report (Cont'd)

For the year ended 31 December 2017

All amounts are in thousands of Naira unless otherwise stated

DIVIDENDS

The dividends paid in 2017 and 2016 were N1.5bn (16.02kobo per share) and N1 bn (11.39kobo per share) respectively.

A cash dividend of 18.67kobo per share, amounting to a total dividend of N1.75bn; a bonus issue of 9 shares for every 8 shares in issue; and a special non cash dividend amounting to N3.637bn are to be proposed at the annual general meeting in respect of the year ended 31 December 2017. These financial statements do not reflect this dividend payable.

DIRECTORS AND THEIR INTEREST

The directors who held office, together with their direct and indirect interests in the shares of the company, were as follows:

		(Number of 50k ordinary shares held in thousands)			
		Direct 31-Dec-17	**Indirect 31-Dec-17**	**Direct 31-Dec-16**	**Indirect 31-Dec-16**
Gen. Martin Luther Agwai	Chairman	-	-	-	-
Mr. Oye Hassan-Odukale	Managing Director	37,306	1,161,958	20,682	1,205,856
Mr. Tunde Hassan-Odukale	Executive Director	-	500,719	-	452,197
Ms. Adetola Adegbayi	Executive Director	12,203	-	12,203	-
Mr. Jeremy Rowse	Non-Executive Director	-	-	-	-
Mrs. Mowunmi Sotubo	Non-Executive Director	291,673		291,673	
Mr. Eugene Curley	Non-Executive Director	-	-	-	-
Mr. Seyi Bickersteth*	Non-Executive Director	-	-	-	-
Mr. Odein Ajumogobia*	Non-Executive Director	-	-	-	-

APPOINTMENT OF DIRECTORS

Mr. Seyi Bickersteth and Mr. Odein Ajumogobia were appointed as Independent Non-Executive Directors effective 1st January 2017.

Directors Report (Cont'd)

For the year ended 31 December 2017

All amounts are in thousands of Naira unless otherwise stated

ANALYSIS OF SHAREHOLDING

The analysis of the distribution of the shares of the Company is as follows:

31 DECEMBER 2017

	No of shareholders	Percentage of shareholders	No of holdings ('000)	Percentage of holdings
Share range				
Above 400,000,000	5	12%	6,529,708	70%
200,000,001 - 400,000,000	6	15%	1,921,978	20%
100,000,001 - 200,000,000	2	5%	278,728	3%
50,000,001 - 100,000,000	6	15%	444,693	5%
Below 50,000,000	20	52%	189,793	2%
Total	**39**	**100%**	**9,364,900**	**100%**

31 DECEMBER 2016

	No of shareholders	Percentage of shareholders	No of holdings ('000)	Percentage of holdings
Share range				
Above 400,000,000	5	11%	6,546,333	70%
200,000,001 - 400,000,000	6	15%	1,914,578	20%
100,000,001 - 200,000,000	2	5%	278,728	3%
50,000,001 - 100,000,000	6	15%	441,843	5%
Below 50,000,000	22	54%	183,418	2%
Total	**41**	**100%**	**9,364,900**	**100%**

PROPERTY AND EQUIPMENT

Information relating to changes in property and equipment is given in Note 13 to these financial statements.

Directors Report (Cont'd)

For the year ended 31 December 2017

All amounts are in thousands of Naira unless otherwise stated

DONATIONS AND CHARITABLE GIFTS

A total sum of N64,882,789 (2016 : N32,780,000) was donated to non-political and charitable organizations, in order to identify with the aspirations of the community and the environment within which the Group operates. Details of such donations and charitable contributions are as follows:

BENEFICIARIES

(All amounts in absolute)

	31-Dec-17	31-Dec-16
American University of Nigeria	-	1,500,000
Apapa Boat Club	-	300,000
Chartered Insurance Institute of Nigeria	2,421,500	2,350,000
Committee Encouraging Corporate Philanthrophy (CECP- Nigeria)	-	1,000,000
Down Syndrome Foundation	-	200,000
Edo State Government	1,000,000	-
Federal Road Safety Commission Iponri Unit	-	200,000
Franco-Nigerian Chamber Of Com. & Ind.	700,000	1,500,000
Genotype Foundation	-	200,000
Harvard Business School Ass of Nigeria	-	500,000
Kaduna Chambers of Commerce	-	300,000
Kaduna Polo Club	440,000	1,000,000
Lagos Motor Boat Club	600,000	1,000,000
Lagos State Security Trust Fund	7,500,000	5,000,000
Little Saints Orphanage	895,000	300,000
Lydia Women Foundation	-	1,100,000
National Association Nigeria Travel (NANTA)	-	500,000
National Insurance Commission (NAICOM)	12,000,000	
Nigeria Bar Association	6,000,000	5,300,000
Nigeria Employers' Consultative Association (NECA)	400,000	-
Nigeria Insurance Accociation	24,456,556	1,000,000
Nigerian American Chamber of Commerce	-	250,000
Nigerian Gas Association	300,000	-
Nigerian Police Force	-	500,000
OAU Faculty of Technology Conference	600,000	-
Ondo State Education Summit	300,000	-
Professional Insurance Ladies Association	200,000	250,000
Risk Managers Society of Nigeria	-	250,000
Sebeccly Cancer Care & Support Centre	500,000	500,000
Sickle Cell Foundation of Nigeria	-	300,000
Society for Corporate Governance Nigeria	-	300,000
ST Paul's Anglican Church Ojoku	200,000	-
St. Saviours School	200,000	-
The Bridge Foundation for Youth Leadership	500,000	500,000
The Nigerian Council of Registered Insurance Brokers	3,131,000	-
The Nigerian Stock Exchange	527,417	500,000
Umaru Musa Yar'adua University	300,000	-
Women in Business (WINBIZ)	-	1,500,000
Others	1,711,316	4,680,000
	64,882,789	**32,780,000**

Directors Report (Cont'd)

For the year ended 31 December 2017

All amounts are in thousands of Naira unless otherwise stated

EMPLOYMENT OF DISABLED PERSONS

The Group operates a non-discriminatory policy in the consideration of applications for employment, including those received from disabled persons.

The Group's policy is that the most qualified and experienced persons are recruited for appropriate job levels irrespective of an applicant's state of origin, ethnicity, religion or physical condition. In the event of any employee becoming disabled in the course of employment, the Group is in a position to arrange appropriate training to ensure the continuous employment of such a person without subjecting him/her to any disadvantage in his/her career development. Currently, the group has 2 person in its employment with physical disability.

HEALTH, SAFETY AND WELFARE OF EMPLOYEES

The Group maintains business premises designed with a view to guaranteeing the safety and healthy living conditions of its employees and customers alike. Employees are adequately insured against occupational and other hazards.

EMPLOYEE INVOLVEMENT AND TRAINING

The Group encourages participation of employees in arriving at decisions in respect of matters affecting their well-being. Thus, the Group provides opportunities for employees to deliberate on issues affecting them, with a view to making inputs to decisions thereon. The Group places a high premium on the development of its manpower. Consequently, employees are sponsored for various training courses both locally and internationally.

DIRECTORS' INTERESTS IN CONTRACTS

In accordance with section 277 of the Companies and Allied Matters Act of Nigeria, none of the directors has notified the Company of any declarable interest in contracts deliberated by the Company during the year (2016: Nil).

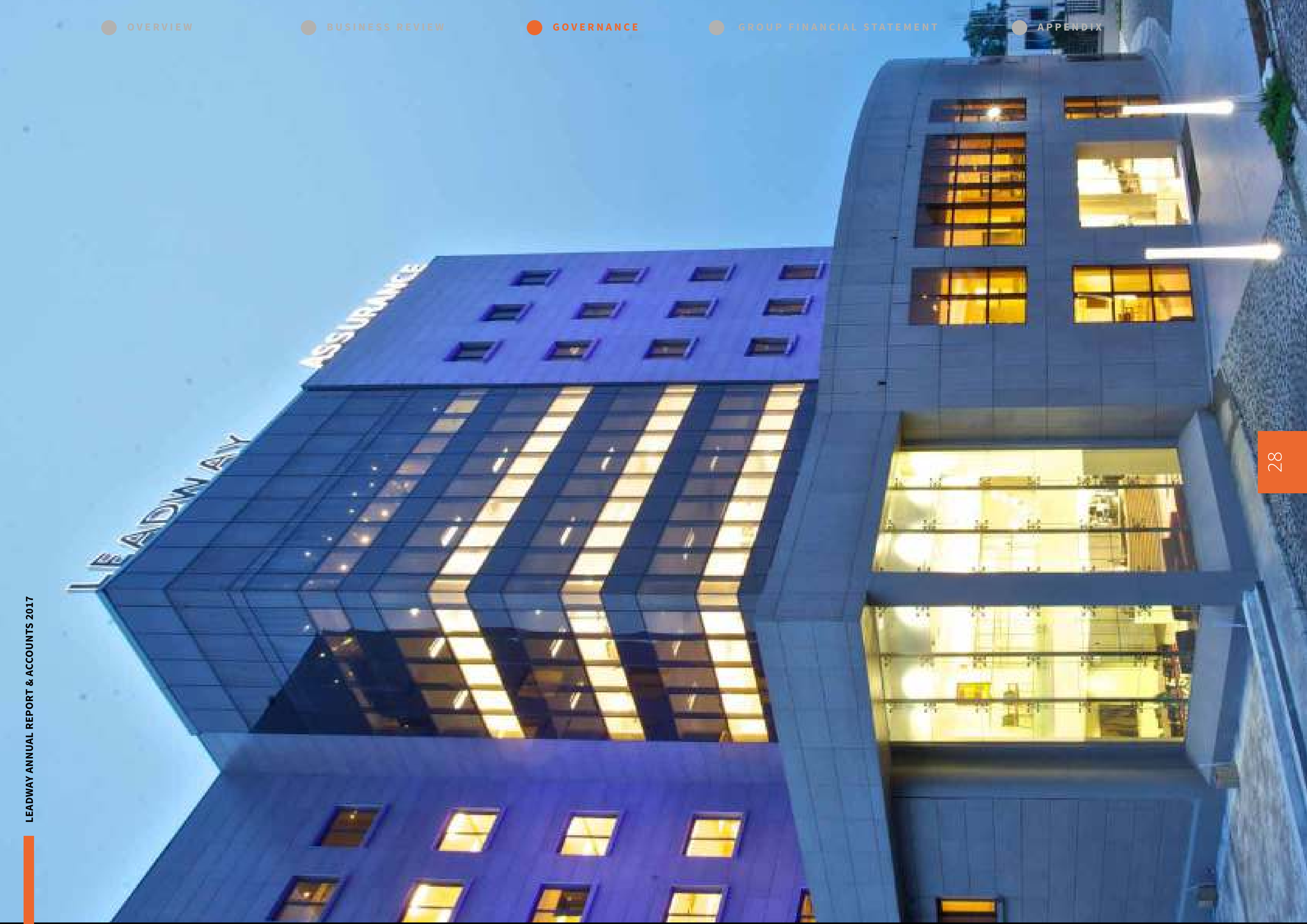
AUDITORS

Messrs PriceWaterhouseCoopers having completed their maximum term of 5 years as allowed by NAICOM regulation will be replaced by another firm of Auditors subject to approval of shareholders at the next Annual General Meeting.

BY ORDER OF THE BOARD

Sunday Oroleke
FRC/2014/NBA/00000007297
Company Secretary
121/123 Funso Williams Avenue
Iponri
Lagos

8 March 2018


LEADWAY
ASSURANCE

Statement of Directors' Responsibilities

For the year ended 31 December 2017

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

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

- Keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Group and comply with the requirements of the Companies and Allied Matters Act and the Insurance Act;
- Establishes adequate internal controls to safe-guard its assets and to prevent and detect fraud and other irregularities; and
- Prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates, that are consistently applied.
- The directors accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in compliance with,
- International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB);
- The requirements of the Insurance Act; relevant guidelines and circulars issued by the National Insurance Commission (NAICOM); and
- The requirements of the Companies and Allied Matters Act; and
- Financial Reporting Council of Nigeria Act.

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

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

SIGNED ON BEHALF OF THE DIRECTORS BY:

Mr. Oye Hassan Odukale
Managing Director
FRC/2013/IODN/00000001963
8 March 2018

Mr. Seyi Bickersteth
Non Executive Director
FRC/2014/ICAN/00000010151
8 March 2018

Corporate Governance Report

For the year ended 31 December 2017

INTRODUCTION

Leadway Assurance Company Limited Group is committed to adhering with high standards of good corporate governance at all levels of its operations. The Board of Directors has continued to ensure the implementation of corporate governance principles that guarantee fairness, accountability and transparency in all its dealing within and outside the Company and its subsidiaries. Leadway complies with all laws, regulations, rules and guidelines, applicable to insurance business, including the Code of Business Ethics and Principles on Good Corporate Governance issued by the National Insurance Commission (NAICOM).

BOARD STRUCTURE

The Board of Leadway comprises of a total of nine directors as at 31 December 2017. This includes the Chairman, (who is a Non- Executive Director), the Managing Director, two Executive Directors and five Non-Executive Directors. The members of the Board are reliable, skilled and experienced. Their level of expertise has manifested in the high quality of management policies formulated over the years.

BOARD RESPONSIBILITY

The Board is saddled with the responsibility of making policies for the company, reviewing corporate performance, monitoring strategic decisions while ensuring regulatory compliance, safeguarding shareholders' interest and fulfilling the expectations of stakeholders. The Board met four times in the last financial year and through their leadership, the company was able to achieve its set objectives. The record of the attendance is provided below:

MEETINGS HELD	1	2	3	4
NAMES	**10th March, 2017**	**4th May, 2017**	**18th July, 2017**	**9th Nov, 2017**
Gen. (rtd) Martin Luther Agwai	√	√	√	√
Mr. Oye Hassan-Odukale	√	√	√	√
Mr. Tunde Hassan-Odukale	√	√	√	√
Ms. Adetola Adegbayi	√	√	√	√
Mr. Jeremy Rowse	√	√	√	√
Mr. Eugene Curley	√	√	√	√
Mrs. Mowunmi Sotubo	√	√	√	√
Mr. Odein Ajumogobia	√	√	√	√
Mr. Seyi Bickersteth	√	√	√	√

KEY: √ Present

Corporate Governance Report (Cont'd)

For the year ended 31 December 2017

SEPARATION OF ROLE OF CHAIRMAN FROM THE MANAGING DIRECTOR

The way and manner the company structured the roles of the Chairman and the Managing Director has assisted in averting overlaps of roles. The Chairman who is first among equals is responsible for the overall leadership of the Board and for creating enabling environment for the effectiveness of individual directors, while the Managing Director is responsible for the day-to-day running of the company to achieve overall efficiency of management controls. This is done in accordance with the NAICOM's guidelines on Code of Good Corporate Governance for Insurance Industry.

TENURE OF DIRECTORS

The tenure of each of the company's non-executive director is for a defined period. A non-executive director can be re-elected for additional terms subject to satisfactory performance and approval by the shareholders. Over the years, the board has observed well-defined appointment process for the appointment of new directors.

CONFLICT OF INTEREST

To maintain high ethical standards for the conduct of its business, the company ensures that each director and employee discloses to the board his/her interest in any other company within the insurance industry and in position where their self- interests conflict with their duty to act in the best interest of the company,

COMMITTEES OF THE BOARD

The Board committees have been engineered to ensure proper coordination and effectiveness and these committees are saddled with responsibilities which are aimed at enhancing the operations of the company. Over the years, the committees have rendered immense assistance to the board through regular reporting. Below are the committees and their roles:

(a) Enterprise Risk Management and Technical Committee:

This committee monitors risk, risk responses and activities. It also oversees the group risk management and effectiveness of technical controls and reports. In recent times, the committee has assisted the board in the monitoring of the quality, integrity and reliability of the risk management process. It comprises five directors with three as Non-Executive Directors. The committee is chaired by a Non-Executive Director and held three meetings in 2017 :

- 8 March 2017
- 2 May 2017
- 7 November 2017

(b) Finance, Investment and General Purpose Committee:

This committee is saddled with the responsibility of assisting the Board in its financial oversight functions. It assists in the periodic review of management accounts, corporate finance, investment portfolio performance assessment, budgeting and budgetary control, capital investment appraisal and compliance with relevant accounting standards. It consists of 4 directors with two as non-executives directors. One of the non-executives is the chairman. The Committee had three meetings in 2017:

- 9 March 2017
- 3 May 2017
- 8 November 2017

(c) Audit and Compliance Committee:

The membership of this committee includes two non-executive directors, one of which is the chairman. Over the years, the committee has made significant impact in the review of financial statements and internal audit work plan. It serves as a bridge between the board and external auditors as it takes delivery of audit reports and other statements from the external auditors. It consists of 4 directors with three as non-executives directors. One of the non-executives is the chairman. The Committee had three meetings in 2017:

- 9 March 2017
- 3 May 2017
- 8 November 2017

(d) Nomination and Remuneration Comittee:

The membership of this committee includes two non-executive directors, one of which is the chairman. It responsibility includes identifying and nominating for approval candidates to fill board vacancies, constitution of board committees or change of its terms of reference, review of the structure, size and composition of the Board, consideration of succession planning, board performance evaluation and the remuneration of the board.

RELATIONSHIP WITH SHAREHOLDERS

The company has adopted an efficient accounting reporting system which is aimed at achieving transparency. This has helped in keeping the shareholders in the know of the effectiveness of the enterprise and the future prospects. This singular act has over time reinvigorated the confidence the shareholders have in the company.

SOCIAL RESPONSIBILITY

The company has impacted tremendously on the lives of the less privileged in the society through its corporate social responsibility. It has provided support in education, health and community welfare, to mention but a few.

Complaints and feedback

Leadway Assurance Company Limited considers clients and customers as important stakeholders in its business. One of our main selling points at Leadway Assurance Company Limited over the years has been our excellent customer service. We therefore consider customers' feedback as a necessary and important factor in our drive to always treat customers fairly.

Our recently instituted three year planning horizon (2017 - 2020) envisage an important role for customer handling and engagements. It provides for significant investment in technology and reforms to make customer engagement more seamless and hassle-free. Our data management efforts are getting increased focus as we intend to get a better view of our customer activities towards using the information to serve them better. We have also improved our feedback gathering mechanisms. This is explained in greater details below.

Leadway seeks to deepen customer loyalty through constant engagement across all platforms. This gives us a holistic view and profound understanding of the customer. Customer engagement plans are developed based on insights from analysis and direct feedback from our customers. This has proven to be very effective in understanding customer pain points and developing effective customer engagement plans.

It is a fact that customers are now more informed and sophisticated. The customer base is becoming diverse, fragmented and there is a greater demand for customizable or personalized products. We are constantly incorporating customer feedback into product design/ redesign, this has resulted in product acceptance and reduced cases of product failures which could lead to damaged reputation and loss of customer goodwill.

INTRODUCTION

Leadway Assurance Company Limited considers clients and customers as important stakeholders in its business. One of our main selling points at Leadway Assurance Comapny Limited over the years has been our excellent customer service. We therefore consider customers' feedback as a necessary and important factor in our drive to always treat customers fairly.

COMPLAINTS CHANNELS

We have provided various channels for customers to provide feedback on our products and services. These platforms include:

1. Our Leadway Assurance Company Limited Customer Service front desks, corporate office and designated branches for walk in customers
2. Complaint e-mail channel; insure@leadway.com
3. Our Leadway Assurance Company Limited hotline; 01-2700700, 01-2800700
4. Our website platform; www.leadway.com
5. Social media

- **Facebook - www.facebook.com/LeadwayAssurance/**
- **Twitter - @LeadwayInsure**
- **Google Plus - Plus.google.com/+LeadwayAssurance**
- **Linkedin - www.linkedin.com/company/leadway-assurance-co--ltd**

Customers can also pay a visit to any of our Leadway Assurance Comapny Limited Welcome Centers located across the country for business enquiries and resolution.

Complaints and feedback

RESOLUTION MECHANISM

At Leadway Assurance Company Limited, we have put in place a standard system to ensure that customers' feedback are received and promptly resolved. For this purpose we have a dedicated Customer Service Department (CSD) which is responsible for the prompt investigation and resolution of customers' complaints within the approved period. The Customer Service Department liaises with other units within the organization and ensures that customers' complaints are satisfactorily resolved.

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

THE PROCESS FLOW OF CUSTOMER COMPLAINT AND RESOLUTION IS AS FOLLOWS:

- The customer care officer acknowledges and attends to the various customers' complaints.
- The complaint is reviewed and it is determined if the complaint could be resolved at first-level.
- Where the complaint can be resolved at the first level, a resolution is immediately provided to the customer.
- If such complaint cannot be resolved at the first level, the customer care officer creates a case on our Dynamics CRM (Customer Relationship Management) application. This will in turn generate a Case ID number for escalation and tracking of case to resolution.
- Customer Care officer forwards and follow-up on the complaint with the appropriate unit in the organization to handle.
- Upon resolution, the customer is contacted and the resolution is explained to the customer.
- The case is closed and marked as resolved.

In addition to our present process, we are currently building a more robust CRM to adequately manage all complaints and to give the best response time in this area of our services.

CUSTOMERS' LOYALTY AND OPINION ON PRODUCTS

To enrich our customers experience we also periodically evaluate public/customer opinion about our services, products and policies. The evaluation is conducted in various ways including:

- One-on-one focus meetings with key customers
- Interviews with selected customers
- Online Customer Feedback Survey and Questionnaires administered to customers

This is to afford our organization the opportunity of receiving customers' perception about the company, in order to ensure that efforts can be put in place to close such gap(s) in our service delivery or improve upon the process, service or product.

Complaints and feedback (Cont'd)

FEEDBACK ON CUSTOMERS' COMPLAINTS TO LEADWAY ASSURANCE

Feedback on customers' complaints is provided to Management and other relevant Units in the organization

The feedback gathered ensures that:

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

The feedbacks are circulated to management staff through the company's internal information channel for the general information of all staff. Report of complaints received and resolved by the organization between January-December 2017.

Month	Complaints received during the year	Number of complaints resolved	Number complaints unresolved	Number of unresolved complaints with SLA
January	19	19	-	-
February	9	9	-	-
March	9	9	-	-
April	117	117	-	-
May	83	83	-	-
June	13	13	-	-
July	47	47	-	-
August	146	146	-	-
September	139	139	-	-
October	89	89	-	-
November	32	32	-	-
December	15	15	-	-
	718	**718**	-	-

Complaints not resolved within the turnaround time can be attributed mainly to the unavailability of these customers either via mail or phone call after resolution of their complaint but all complaints are usually treated within 24hrs (depending on the source of the error).

Management Discussion and Analysis

Leadway Group is made up of Leadway Assurance Company Limited, (parent company) and 4 subsidiaries. The group is registered and incorporated in Nigeria and its major business activities are: Insurance risk underwriting provisions of liesure and trusteeship services, and asset, pension and fund management services to corporate, retail sector and individuals in Nigeria. The Group is also established and run in such a way that it will become the biggest insurance company in Nigeria with future outlook to expand to other part of African countries.

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

This 'Management Discussion and Analysis'" (MD&A) has been prepared as at 31 December 2017 and should be read in conjunction with the consolidated financial statement account of Leadway Assurance Company Limited and subsidiary companies.

FORWARD LOOKING STATEMENTS

The MD&A contains factual statements relating to Leadway Assurance Company Limited Group's financial and other projections, expected future plans, event, financial and operating results, objectives and performance as well as underlying assumptions all of which involve risk and uncertainties.

These statement reflect management's current belief and are based on information available to Leadway Assurance Company Limited and are subject to certain risk, uncertainties and assumptions.

BUSINESS STRATEGY OF THE COMPANY AND OVERALL PERFORMANCE

This is the third cycle since we started in 3-yearly planning cycles in 2007 which resulted in the 2007 – 2010 plan. This was followed by another planning cycle of 2013 – 2016 cycle. 2017 marked the beginning of another 3+ Year planning Cycle that will see us through to 2020. The Period covered by the 2nd 3-Year Plan (2013 - 2016) took place within the context of challenging local and external environment. We recorded mixed results in our implementation of the 2nd 3-Year Plan. Some of the positive highlights include increased investment in technology that drives sales, increase in retail presence via branches and online, increased spending on advertisment and brand awareness. We missed our ambitious revenue target for 2016 (the last year of the Cycle) by 38% recording N52bn Gross Premium compared to N77bn targeted. We lost market share in Motor to 3rd position from 2nd position in the earlier cycle. While we are in top 3 market position in Marine and Aviation, we fell short of attaining top 3 in General Accident. We maintained our leadership of Oil & Gas business as well as Fire.

In this current cycle, our overall strategic aspiration is to Maintain our Number 1 Position in the Insurance Industry by Profit and Market Share. We will strive to achieve by tapping into Megatrends in global business and social environments such as Digitization, Platform business models, changing consumer behaviour, increasing regulation and leveraging of data analytics. Specifically, we shall seek to maintain profitable volumes across business lines, leverage digital tools to deepen market penetration and customer engagements, strenghten our relationships with our brokers as well as developing and expanding on cross industry partnerships and strategic alliances and investments to drive brand penetration.

FINANCIAL PERFORMANCE

	GROUP			COMPANY		
	31-Dec-17	31-Dec-16	% change	31-Dec-17	31-Dec-16	% change
Gross Premium	84,176,908	52,700,272	60%	84,189,079	52,718,567	60%
Net Premium	69,811,623	41,256,760	69%	69,823,794	41,275,055	69%
Total Underwriting Income	72,497,482	43,110,613	68%	72,509,653	43,128,908	68%
Investment Income	17,332,624	10,762,301	61%	16,817,799	10,490,455	60%
Claims expenses	13,439,112	13,464,887	0%	13,439,169	13,465,180	0%
Annuity Claim	13,992,401	9,597,747	-46%	13,992,401	9,597,747	-46%
Underwriting expenses	6,064,607	5,041,651	-20%	6,064,607	5,041,651	-20%
Underwriting Profit	(10,413,085)	10,534,358	-199%	(10,400,971)	10,552,360	-199%
Operating expenses	9,993,168	8,959,817	-12%	6,816,612	6,275,763	-9%
Profit before tax	15,098,496	8,791,606	72%	13,448,965	7,361,449	83%
Earnings per share in kobo	157kobo	83kobo		139kobo	66kobo	

PERFORMANCE RATIOS (BASED ON GROSS WRITTEN PREMIUM)

	GROUP		COMPANY	
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
	%	%	%	%
Underwriting expenses ratio	7	10	7	10
Claims ratio	33	44	33	44
Operating expenses ratio	12	17	8	12
Combined ratio	52	70	48	65
Underwriting profit ratio	-12	20	-12	20
Profitability ratio	18	17	16	14

PERFORMANCE RATIOS (BASED ON NET WRITTEN PREMIUM)

	GROUP		COMPANY	
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
	%	%	%	%
Underwriting expenses ratio	9	7	9	7
Claims ratio	39	33	39	33
Operating expenses ratio	14	22	10	15
Combined ratio	62	62	58	55
Underwriting profit ratio	-15	26	-15	26
Profitability ratio	22	21	19	18

The Group experienced a growth of 60% in Gross written premium 69% in net premium when compared to prior year result. The major growth recorded came from annuity business.

Management Discussion and Analysis (Cont'd)

REVENUE AND UNDERWRITING RESULT

The increase recorded in the Group's earned income for the year positively impacted the net premium performance with the line posting 69% growth when compared with prior year performance. The Group paid out N27billion in claims and insurance benefits, an increase of 17% over previous year's payout. The claims ratio seems to be within tolerable limit at 33% of Gross premium compared with 44% in prior year.

The underwriting result at the end of the year amounted to a N10.4billion loss,compared with N10.5billion profit recorded in the prior year ended December 2016. The increase in Annuity funds of about N49bn is the major reason for the Underwriting loss.

INVESTMENT INCOME

Investment income for the year amounted to N17.3 billion, while prior year stood at N10.8 billion which translates to an increase of 60.2% when compared with prior year. Investment Income from bonds continues to play an important part in our income strategy.

OPERATING EXPENSES

The Group total Operating expenses for the year stood at N9.9billion as against N8.9 billion in prior year. This represents an increase of 11%.

FOREIGN EXCHANGE REVLAUATION GAIN

The marginal impact of exchange rate was due to the Company's adoption of NIFEX rate as against interbank rate which was relatively stable throughout the year. This resulted in exchange gains moving up slightly as stated in the financial statements, at the same time, liabilities denominated in foreign currencies were translated at the closing rate of NIFEX to reflect a conservative position of these liabilities thus reducing the impact of exchange gains on the bottom line in the financial statements. The foreign currencies liabilities are well- matched as the assets supporting them were also held in foreign currencies as at 31 December 2017.

Yield on FGN Bonds dipped during the year closing with an average yield of 14.05% on all Federal Government maturities versus 16.12% (average) that it opened the year with. The main driver of the market yield contractions were improving macro-economic environment as Nigeria's economy emerged from 5 consecutive quarters of negative GDP growth in addition to stated fiscal policy of reducing cost of funds of the federal government through issuance of more Eurobonds than local papers to fund government activities. $3bn worth of Eurobond Notes were issued in November 2017 comprising 10 and 30 year papers thereby successfully extending Nigeria's debt profile in the international market to 30 years.

The downward move in yield has an inverse effect on the value of our bond holdings. Therefore, we recorded significant fair value gain in our debt financial instruments designated at fair value through profit or loss. The fair value gain of N10.4bn was recorded for the year 2017 compared to a fair value loss of N17.5bn in 2016.

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Independent auditor's report

TO THE MEMBERS OF LEADWAY ASSURANCE COMPANY LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated and separate financial position of Leadway Assurance Company Limited ("the company") and its subsidiaries (together "the group") as at 31 December 2017, and of their consolidated and separate financial performance and their consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act, the Nigerian Insurance Act and the Financial Reporting Council of Nigeria Act.

What we have audited

Leadway Assurance Company Limited's consolidated and separate financial statements comprise:

- the consolidated and separate statements of financial position as at 31 December 2017;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the consolidated and separate financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENCE

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

pwc

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of the 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.

KEY AUDIT MATTERS	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTERS
Valuation of Insurance contract liabilities - (refer to note 2.13b, 4a and 23) We focused on this balance because of the complexity involved in the estimation process and the significant judgements the directors make in determining the balance. Note 23 to the consolidated and separate financial statements describes the elements of the balance. We comment on the most judgemental aspect of these elements, which we consider to be key audit matters below: ***Claims incurred but not reported (IBNR) - N11.8 billion*** IBNR has been estimated using the Inflation Adjusted Discount Chain Ladder method. This approach includes assumptions on inflation rate, discount rate and loss ratio. ***Valuation of LIfe fund - N120.3 billion*** The life fund is estimated using a gross premium approach. This approach includes assumptions such as inflation rate, valuation rate of interest and mortality rate. This matter is considered a key audit matter in the consolidated and separate financial statements.	We understood and evaluated controls within the claims handling process. On a sample basis, we checked the amounts reported as claims paid and provisions for claims reported and loss adjustment expenses to support documents. We obtained management's external independent actuarial valuation reports and with the assistance of our actuarial experts, we: • assessed the actuary's valuation methodology for consistency with the requirements of IFRS 4; • assessed the reasonableness of the inflation rate, discount rate and loss ratio used in the IBNR valuation against external data, historical data and industry standard; and • assessed the reasonableness of the inflation rate, valuation rate of interest, mortality rate, used in the valuation of the life fund against external data and industry standard. We assessed the competence, independence and objectivity of management's external experts. We reviewed the reconciliation of the key data used in the independent actuarial valuation report to the financial statements. We assessed the reasonableness of the disclosures included in the financial statements.

Other information

The directors are responsible for the other information. The other information comprises corporate profile, directors' report, statement of director's responsibilities, corporate governance report, complaint channels, management discussions and analysis, value added statement, five year financial summary, non-life business statement of financial position, non-life business statement of comprehensive income, non-life business revenue account, life business statement of financial position, life business statement of comprehensive income, life business revenue account, deposit administration revenue account, life business annuity statement (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and chairman's statement, Leadway at a glance, Leadway subsidiaries, branch directory report and corporate information which are expected to be made available to us after that date.

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

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

When we read the Chairman's Statement, Leadway at a Glance, Leadway Subsidiaries, Branch Directory report and corporate information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the directors and those charged with governance for the consolidated and separate financial statements

The directors are responsible for the preparation of the consolidated and separate financial statements that give a true and fair view in accordance with the International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act, the Financial Reporting Council of Nigeria Act and the Nigerian Insurance Act, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

Report on other legal and regulatory requirements

The Companies and Allied Matters Act and Nigerian Insurance Act 2003 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

1. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

2. the company has kept proper books of account, so far as appears from our examination of those books and returns adequate for our audit have been received from branches not visited by us;

3. the company statement of financial position and comprehensive income are in agreement with the books of account.

For: PricewaterhouseCoopers
Chartered Accountants
Lagos, Nigeria

Engagement Partner: Anthony Oputa
FRC/2013/ICAN/00000000980

9 April 2018

Company Information and Summary of Significant Accounting Policies

1. GENERAL INFORMATION

Leadway Assurance Company Limited is a company incorporated and domiciled in Nigeria. The address of its registered office is NN 28/29 Constitution Road, Kaduna State, Nigeria. The Company was incorporated as a private limited liability company on 22 September 1970. It obtained a license to operate as an insurance company in January 1971 and commenced business in January 1971.

The Company is principally engaged in the business of providing risk underwriting and related financial services to its customers. Such services include provision of life and non-life underwriting insurance risks to both corporate and individual customers
The Company holds 53% shareholding in Leadway Capital and Trust Limited (formerly, Leadway Trustees Limited), 51.2% in Leadway Hotels Limited, 100% in Leadway Properties and Investments Limited and 69.53% shareholding in Leadway Pensure PFA Limited.

The consolidated financial statements of the Group for the year ended 31 December 2017 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as" Group entities"). These financial statements were authorised for issue by the directors on the 8th March 2018.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the group consisting of Leadway Assurance Company Limited and its subsidiaries.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRIC) applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention, as modified by:

i. Financial instruments at fair value through profit or loss
ii. Available for sale financial assets
iii. Investment properties
iv. Revaluation of land and buildings
v. Valuation of insurance liabilities

2.2 CHANGES IN ACCOUNTING POLICY, AMENDMENTS AND DISCLOSURES

2.2.1 NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP

The following new or revised standards and amendments which have a potential impact on the Group are effective for the year ended 31 December 2017 and have been applied in preparing these consolidated financial statements.

Amendments to IAS 7 Statement of Cash Flows	1 January 2017	IAS 7 was amended to include disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment specifies that the following changes arising from financing activities are disclosed (to the extent necessary): (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes. This standard has no impact on these financial statements.
Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017	IAS 12 was amended to clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. Specifically, the amendments confirm that: (i) a temporary difference exists whenever the carrying amount of an asset is less than its tax base at the end of the reporting period; (ii) an entity can assume that it will recover an amount higher than the carrying amount of an asset to estimate its future taxable profit; (iii) where the tax law restricts the source of taxable profits against which particular types of deferred tax assets can be recovered; (iv) the recoverability of the deferred tax assets can only be assessed in combination with other deferred tax assets of the same type. Tax deductions resulting from the reversal of deferred tax assets are excluded from the estimated future taxable profit that is used to evaluate the recoverability of those assets. This standard has no impact on these financial statements.

2.2.2 NEW STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE

The following new or revised standards and amendments which have a potential impact on the Group are not yet effective for the year ended 31 December 2017 and have not been applied in preparing these consolidated financial statements. The Group also plans to apply all the standards and amendments disclosed below once they are applicable. However, the Group's assessments of the new standards and amendments are that they are not expected to have significant impact on the Group operations and financial position.

Company Information and Summary of Significant Accounting Policies (Cont'd)

IFRS 16, 'Leases'	1 January 2019	IFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change.
IFRS 15, 'Revenue from contracts with customers'	1 January 2018	The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer.The standard permits either a full retrospective or a modified retrospective approach for the adoption. IFRS 15 requires that the total consideration received must be allocated to the points and goods based on relative standalone selling prices rather than based on the residual value method. This will result in higher amounts being allocated to the goods sold and result in an earlier recognition of a portion of the revenue. The group will use modified retropective approach.
IAS 40, 'Transfers of investment property'	1 January 2018	IAS 40 applies to the accounting for property (land and/or buildings) held to earn rentals or for capital appreciation (or both). Investment properties are initially measured at cost and, with some exceptions may be subsequently measured using a cost model or fair value model with changes in the fair value under the fair value model being recognised in profit or loss. The entity is yet to assess the impact of the ammendments of this standard on the group.
IFRS 17, 'Insurance contract'	1 January 2021	IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows.
IFRS 17, 'Insurance contract'	1 January 2021	IAS 28 Investments in Associates and Joint Ventures outlines how to apply, with certain limited exceptions, the equity method to investments in associates and joint ventures. The standard also defines an associate by reference to the concept of "significant influence", which requires power to participate in financial and operating policy decisions of an investee (but not joint control or control of those polices).
IFRIC 22, 'Foreign Currency Transactions and Advance Consideration'	1 January 2018	IFRIC 22 Foreign Currency Transactions and Advance Consideration was issued on 8 December 2016. The standard is effective for annual reporting periods beginning on or after 1 January 2018. Earlier application is permitted
IFRS 9 Financial Instruments	1 January 2018	The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under IAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI,. Based on the assessments undertaken to date, the group expects a small increase in the loss allowance for trade creditors by no more than 15% and in relation to debt investments held at amortised cost

Company Information and Summary of Significant Accounting Policies (Cont'd)

2.3 BASIS OF CONSOLIDATION

(a) Subsidiaries

Subsidiaries are entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances. Investments in subsidiary companies are carried at cost less any accumulated impairment losses in the Company's separate financial statements.

The group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages (Step acquisition), the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in statement of comprehensive income.

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in statement of comprehensive income or as a change to other comprehensive income. If the contingent consideration is outside the scope of IAS 39, it is accounted for in accordance with IAS 37 or the appropriate IFRS. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income .

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary amounts reported by subsidiaries have been adjusted to conform with the group's accounting policies.

(b) Changes in ownership interests in subsidiaries without change of control

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

(c) Disposal of subsidiaries

When the group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in statement of comprehensive income. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amount previously recognised in other comprehensive income in respect of that entity is accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to statement of comprehensive income.

Company Information and Summary of Significant Accounting Policies (Cont'd)

2.4 SEGMENT REPORTING

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.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of directors.

2.5 FOREIGN CURRENCY TRANSLATION

(a) Functional and presentation currency

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

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'finance income or cost'. All other foreign exchange gains and losses are presented in the statement of comprehensive income within 'Other operating income' or 'Other operating expenses'. Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the fair value of the security, and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in statement of comprehensive income; other changes in carrying amount are recognised in 'other comprehensive income'.

Translation differences on non-monetary financial assets and liabilities held at fair value through statement of comprehensive income are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale financial assets are included in 'other comprehensive income'.

2.6 FINANCIAL ASSETS AND LIABILITIES

In accordance with IAS 39, all financial assets and liabilities (including derivative financial instruments) have to be recognised in the consolidated financial statements and measured in accordance with their assigned categories.

Company Information and Summary of Significant Accounting Policies (Cont'd)

<table>
<tr><th colspan="2">Category</th><th colspan="2">Classes as determined by the Group</th><th>Sub-classes</th></tr>
<tr><td rowspan="11">Financial assets</td><td rowspan="2">Financial assets at fair value through profit or loss</td><td rowspan="2">Financial assets at fair value through profit or loss</td><td>Listed Debt Securities</td><td>Federal Government of Nigeria bonds</td></tr>
<tr><td>Listed Equity securities</td><td rowspan="2">Shares</td></tr>
<tr><td></td><td>Held-for-trading</td><td>Listed Equity securities</td></tr>
<tr><td rowspan="5">Loans and receivables</td><td colspan="2">Cash and cash equivalents</td><td>Cash in hand and bank
Placements
Treasury bills with original maturity not more than 90 days.</td></tr>
<tr><td colspan="2">Loans and advances</td><td>Commercial loans
Loans to policyholders
Agency loans
Advances under finance lease</td></tr>
<tr><td>Trade receivables</td><td>Insurance receivables</td><td>Due from contract, brokers, agents and insurance companies</td></tr>
<tr><td colspan="2">Reinsurance assets</td><td>Due from contract, brokers, agents and insurance companies</td></tr>
<tr><td colspan="2">Other receivables</td><td>Other receivables</td></tr>
<tr><td rowspan="2">Available for sale</td><td rowspan="2">Investment securities</td><td>Listed equity</td><td>Shares</td></tr>
<tr><td>Unlisted equity</td><td>Shares</td></tr>
<tr><td>Held to maturity</td><td>Held-to-maturity financial assets</td><td>Listed debt securities</td><td>State Government bonds
FGN Treasury bills
Corporate bonds
Eurobonds
FGN bonds</td></tr>
<tr><td rowspan="5">Financial liabilities</td><td>Financial liabilities at fair value through P&L</td><td>Nil</td><td>Nil</td><td>Nil</td></tr>
<tr><td rowspan="4">Financial liabilities at amortised cost</td><td colspan="2">Trade payables</td><td rowspan="4">Reinsurance payable
Insurance payable
Commission payable
Investment contract payable
Accrued expenses
Outstanding claims
Life funds
Term loans
Others</td></tr>
<tr><td colspan="2">Other Liabilities</td></tr>
<tr><td colspan="2">Insurance contract liabilities</td></tr>
<tr><td colspan="2">Borrowings</td></tr>
</table>

Company Information and Summary of Significant Accounting Policies (Cont'd)

2.6.1 FINANCIAL ASSETS:

Initial recognition

Regular-way purchases and sales of financial assets are recognised on the settlement date i.e. the date on which the group receives value for a purchase/sale of assets. All financial assets are initially recognized at fair value, which includes directly attributable transaction costs for financial instruments not classified at fair value through the statement of comprehensive income. Financial instruments are derecognized when the rights to receive cash flows from the financial instruments have expired or where the group has transferred substantially all risks and rewards of ownership.

Subsequent measurement

Subsequent measurement of financial instruments depends on their classification. Subsequent to initial measurement, financial instruments are measured either at fair value or amortised cost, depending on their classification:

(a) Financial assets held at fair value through profit or loss

A financial asset is classified into the ""financial assets at fair value through profit or loss"" category at inception if so designated by management at inception.

Financial assets designated as fair value through profit or loss at inception are those that are held in internal funds to match insurance and investment contracts liabilities that are linked to the changes in fair value of these assets. The designation of these assets to be at fair value through profit or loss eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as "" an accounting mismatch"") that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.Upon initial recognition, attributable transaction costs are recognised in the statement of comprehensive income as incurred. Subsequent to initial recognition, they are remeasured at fair value, with gains and losses arising from changes in this value recognized in Net fair value gains/(losses) in the statement of comprehensive income in the period in which they arise. The fair values of quoted investments in active markets are based on current bid prices.

Interest earned and dividends received while holding trading assets at fair value through profit or loss are included in investment income.

Financial assets at fair value through profit or loss are presented within ""Operating activities"" as part of changes in working capital in the statement of cash flows.

(b) Held-to-maturity

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

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

Held-to-maturity investments include corporate and government bonds. Interests on held-to- maturity investments are included in the consolidated financial statement and reported as interest income within investment income.

Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs and are subsequently carried at amortised cost, using the effective interest method, less any accumulated impairment losses. Any sale or reclassification of a more than insignificant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity investments as available-for-sale, and prevent the Group from classifying financial assets as held-to-maturity for the current and the following two financial years.

Company Information and Summary of Significant Accounting Policies (Cont'd)

(c) Available-for-sale

Available for sale financial investments are made up of equities. The Group classifies as available-for-sale those financial assets that are generally not designated as another category of financial assets, and strategic capital investments held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

Available-for-sale financial assets are carried at 9fair value, with the exception of investments in equity instruments where fair value cannot be reliably determined, which are carried at cost. Fair values are determined in the same manner as for investments designated at fair value through statement of comprehensive income. Unrealised gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income while the investment is held, and are subsequently transferred to the statement of comprehensive income upon sale or de-recognition of the investment.

Dividends received on available-for-sale instruments are recognised in the statement of comprehensive income when the Group's right to receive payment has

(d) Loans and receivables

Loans and receivables include non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those classified by the Group as fair value through statement of comprehensive income or available-for-sale. Loans and receivables consist of cash & cash equivalent, loans & advances, reinsurance & co-insurance receivables, trade receivables and other receivables. These are managed in accordance with a documented policy.

Loans and receivables are measured at amortised cost using the effective interest method, less any accumulated impairment losses. Loans granted at below market rates are fair valued by reference to expected future cash flows and current market interest rates for instruments in a comparable or similar risk class and the difference between the historical cost and fair value is accounted for as employee benefits under staff costs.

- ***Cash & cash equivalent***

Cash and cash equivalents include cash in hand and at bank, call deposits and short term highly liquid financial assets with original maturities of three months or less from the acquisition date, which are subject to insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. Cash and cash equivalents are carried at amortised cost in the statement of financial position.

- ***Trade receivables***

Trade receivables arising from insurance contracts are stated after deducting allowance made for specific debts considered doubtful of recovery. Trade receivables are reviewed at every reporting period for impairment (See 2.6f(iii)) for the accounting policy on impairment of trade receivables).

- ***Loans & advances***

Loans & advances includes commercial loans, loans to policy holders, staff loans, annuity loans, mortgage loans and agency loans and are recognised at amortised cost.

- ***Reinsurance and Co-insurance recoverables***

The group cedes business to reinsurers in the normal course of business for the purpose of limiting its net loss through the transfer of risks. Premium ceded comprise the share of gross written premiums transferred to reinsurers based on agreed arrangements. Reinsurance arrangements does not relieve the Group from its direct obligation to policy holders.

- ***Finance Lease***

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessee are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Company Information and Summary of Significant Accounting Policies (Cont'd)

Fair value measurement

The best evidence of the fair value of a financial instrument on initial recognition is the transaction price, i.e. the fair value of the consideration paid or received, unless the fair value is evidenced by comparison with other observable current market transactions in the same instrument, without modification or repackaging, or based on discounted cash flow models and option pricing valuation techniques whose variables include only data from observable markets.
Subsequent to initial recognition, the fair values of financial instruments are based on quoted market prices or dealer price quotations for financial instruments traded in active markets. If the market for a financial asset is not active or the instrument is an unlisted instrument, the fair value is determined by using applicable valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analyses, pricing models and valuation techniques commonly used by market participants.

Where discounted cash flow analyses are used, estimated cash flows are based on management's best estimates and the discount rate is a market-related rate at the balance sheet date from a financial asset with similar terms and conditions.

Where pricing models are used, inputs are based on observable market indicators at the balance sheet date and profits or losses are only recognised to the extent that they relate to changes in factors that market participants will consider in a setting price.

Impairment of financial assets

(a) Financial assets carried at amortised cost

The carrying amounts of these assets are reviewed at each reporting date to determine whether there is any objective evidence of impairment. A financial asset is considered to be impaired if objective evidence indicates that one or more events that have occurred since the initial recognition of the asset have had a negative effect on the estimated future cash flows of that asset and can be reliably estimated. Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Group about the following events:

Significant financial difficulty of the issuer or debtor;

- A breach of contract, such as a default or delinquency in payments;
- It becoming probable that the issuer or debtor will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the estimated future cashflow from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the Group.

For financial assets measured at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant and individually or collectively for financial assets that are not individually significant. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying value and the present value of the estimated future cash flows discounted at the original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income. If the financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under contract. The Group may measure impairment on the basis of an instrument's fair value using an observable market price.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics. Those characteristics are relevant to the estimation of future cashflows for groups of such assets by being indicative of the issuer's ability to pay all amounts due under the contractual terms of the debt instrument being evaluated. If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as improved credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the statement of comprehensive income.

Company Information and Summary of Significant Accounting Policies (Cont'd)

(b) Assets classified as available-for-sale

Available-for-sale financial assets are considered impaired if there is objective evidence of impairment, resulting from one or more loss events that occurred after initial recognition but before the reporting date, that have an impact on the future cash flows of the asset. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is an objective evidence of impairment resulting in the recognition of an impairment loss.

In this respect, a decline of 20% or more is regarded as significant, and a period of 12 months or longer is considered to be prolonged. If any such quantitative evidence exists for available-for-sale financial assets, the asset is considered for impairment, taking qualitative evidence into account.

All impairment losses are recognized through statement of comprehensive income. If any loss on the financial asset was previously recognized directly in equity as a reduction in fair value, the cumulative net loss that had been recognized in equity is transferred to the statement of comprehensive income and is recognized as part of the impairment loss. The amount of the loss recognized in the statement of comprehensive income is the difference between the acquisition cost and the current fair value, less any previously recognized impairment loss.

Subsequent decreases in the amount relating to an impairment loss, that can be linked objectively to an event occurring after the impairment loss was recognized in the statement of comprehensive income, is reversed through the statement of comprehensive income. An impairment loss in respect of an equity instrument classified as available-for-sale is not reversed through the statement of comprehensive income but accounted for directly in equity.

(c) Trade receivables

Trade receivables, are a significant part of loans and receivables, are initially recognised at fair value and subsequently measured at amortised cost less provision for impairment. An allowance for impairment is made when there is an objective evidence (such as the probability of solvency or significant financial difficulties of the debtors) that the Group will not be able to collect all the amount due under the original terms of the invoice. Allowances are made based on an impairment model which considers the loss given default for each customer, probability of default and emergence period which serves as an impairment trigger based on the age of the debt. Impaired debts are derecognised 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 recognised, the previously recognised impairment loss is reversed to the extent that the carrying value of the asset does not exceed its amortised cost at the reverse date. Any subsequent reversal of an impairment loss is recognised in the statement of comprehensive income.

In respect of other receivables, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.6.2 FINANCIAL LIABILITIES

The Group classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortized cost or fair value through profit and loss

Investment contracts

Investment contracts are those contracts that transfer financial risk with no significant insurance risk.

Investment contracts with guaranteed and fixed terms are initially measured at fair value less transaction cost that are incremental and directly attributable to the acquisition or issue of the contract.

The Group re-estimates at each reporting date the expected future cashflows and recalculate the carrying amount of the financial laibility by calculating the present value of estimated future cashflows using the financial liability's original effective interest rate. Any adjustment is immediately recoginsed as income or expense in the statement of comprehensive income."

Trade and Other Payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. The fair value of a non-interest bearing liability is its discounted repayment amount. If the due date of the liability is less than one year discounting is omitted.

Company Information and Summary of Significant Accounting Policies (Cont'd)

2.6.3 OFFSETTING FINANCIAL INSTRUMENTS

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, and only when, there is a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.6.4 DE-RECOGNITION OF FINANCIAL INSTRUMENTS

A financial asset is derecognized when the contractual rights of the Group to the cash flows from the asset expire, or its rights to receive the contractual cash flows on the financial asset in a transaction that transfers substantially all the risks and rewards of ownership of the financial asset are transferred, or when it assumes an obligation to pay those cash flows to one or more recipients, subject to certain criteria.

Any interest in transferred financial assets that is created or retained by the Group is recognized as a separate asset or liability. The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

2.7 DEFERRED ACQUISITION COSTS

Acquisition costs comprise all direct and indirect costs arising from the origination of insurance contracts.
Deferred acquisition costs represent a portion of commission which are incurred during a financial year and are deferred to the extent that they are recoverable out of future revenue margins. It is calculated on a time apportionment basis over the tenor of the policies.

2.8 INVESTMENT PROPERTY

Investment property comprises investment in land or buildings held primarily to earn rentals or capital appreciation or both. The Group's investment property is initially recognized 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 cost of day to day servicing of an investment property. An investment property is subsequently measured at fair value with any change therein recognised in statement of comprehensive income. Fair values are determined individually, on a basis appropriate to the purpose for which the property is intended and with regard to recent market transactions for similar properties in the same location.

Fair values are reviewed annually by independent valuer, holding a recognized and relevant professional qualification and with relevant experience in the location and category of investment property being valued. Any gain and loss arising from a change in the fair value is recognized in the statement of comprehensive income.

Subsequent expenditure on investment property is capitalized only if future economic benefit will flow to the Group; otherwise they are expensed as incurred.
Investment properties are disclosed separate from the Property and equipment used for the purposes of the business.

The Group separately accounts for a dual purpose property as investment property if it occupies only an insignificant portion. Otherwise, the portion occupied by the Group is treated as property and equipment.

2.9 STATUTORY DEPOSIT

These deposits represent bank balances required by the insurance regulators of the Group to be placed with relevant central banks of Group's operating jurisdictions. These deposits are stated at cost. Interest on statutory deposits is recognized as earned in other receivables and the corresponding amount is recognised in statement of comprehensive income within investment income.

Company Information and Summary of Significant Accounting Policies (Cont'd)

2.10 INTANGIBLE ASSETS

(a) Goodwill
Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill has an indefinite useful life and it is tested annually for impairment.

Goodwill is allocated to cash-generating units or groups of cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose identified in accordance with IFRS 3.
Goodwill has an indefinite useful life and is tested annually as well as whenever a trigger event has been observed for impairment by comparing the present value of the expected future cash flows from a cash generating unit with the carrying value of its net assets, including attributable goodwill and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(b) Purchased software
Recognition of software acquired is only allowed if it is probable that future economic benefits to this intangible asset are attributable and will flow to the Group.

Software acquired is initially measured at cost. The cost of acquired software comprises its purchase price, including any import duties and non-refundable purchase taxes, and any directly attributable expenditure on preparing the asset for its intended use. After initial recognition, software acquired is carried at its cost less any accumulated amortisation and any accumulated impairment losses. Maintenance costs should not be included.

Internally developed software is capitalized when the Group has the intention and demonstrates the ability to complete the development and use of the software in a manner that will generate future economic benefits, and can reliably measure the costs to complete the development. The capitalised costs include all costs directly attributable to the development of the software. Internally developed software is stated at capitalised cost less accumulated amortisation and impairment.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred. Amortisation is recognised in statement of comprehensive income on a straight-line basis over the estimated useful life of the software, from the date that it is available for use. The estimated useful life of software is three years subject to annual reassessment.

2.11 PROPERTY AND EQUIPMENT

Recognition & measurement
Property and equipment comprise land and buildings and other properties owned by the Group.

Items of Property and equipment are carried at cost less accumulated depreciation and impairment losses except for land and building which is carried at revalued amount. Cost includes expenditure that is directly attributable to the acquisition of the asset.

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

Subsequent costs on replacement parts on an item of property are recognized in the carrying amount of the asset and the carrying amount of the replaced or renewed component is derecognized.

Subsequent measurement
All items of property and equipment except land and buildings are subsequently measured at cost less accumulated depreciation and impairment losses.

Land and buildings
Land and buildings are subsequently carried at revalued amounts, being fair value at the date of revaluation less subsequent accumulated depreciation and impairment losses, if any. They are valued on an open market basis by qualified property valuers at each reporting date. Land is however not depreciated.

When an individual property is revalued, any increase in its carrying amount (as a result of revaluation) is transferred to a revaluation reserve, except to the extent that it reverses a revaluation decrease of the

Company Information and Summary of Significant Accounting Policies (Cont'd)

same property previously recognised as an expense in the statement of statement of comprehensive income.

When the value of an individual property is decreased as a result of a revaluation, the decrease is charged against any related credit balance in the revaluation reserve in respect of that property. However, to the extent that it exceeds any surplus, it is recognised as an expense in the statement of statement of comprehensive income.

When Land and buildings are revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount.

Depreciation

Depreciation is calculated on property and equipment excluding land on the straight line basis to write down the cost of each asset to its residual value over its estimated useful life.

Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is derecognised or classified as held for sale in accordance with IFRS 5.

The estimated useful lives for the current and comparative periods are as follows:

Buildings	50 years
Office equipment	5 years
Computer equipment	3 years
Furniture and fittings	5 years
Motor vehicles	4 years

Capital work in progress is not depreciated. The Group's capital work in progress relates to capital expenditure on properties to be for the company's activities. Upon completion it is transferred to the relevant asset category. Depreciation methods, useful lives and residual values are reassessed at each reporting date.

De-recognition

Upon disposal of any item of property and equipment or when no future economic benefits are expected to flow from its use, such items are derecognized from the books. Gains and losses on disposal of assets are determined by comparing proceeds with their carrying amounts and are recognized in the statement of comprehensive income in the year of de-recognition.

2.12 IMPAIRMENT OF NON-FINANCIAL ASSETS

The Group's non-financial assets with carrying amounts other than investment property are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in statement of comprehensive income.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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.

2.13 CLASSIFICATION OF INSURANCE CONTRACTS

The Group enters into insurance contracts as its primary business activities. Insurance contracts are those that the Group accepts significant insurance risk from another party (the policy holder) by agreeing to compensate the policy holder or other beneficiary, if a specified uncertain future event (the insured event) adversely affects the policy holder or the other beneficiary. The Group as a guide defines significant insurance risk as the possibility of having to pay benefit on the occurrence of an insured event that are at least 10% more than the benefit payable if the insured event did not occur.

The Group classifies financial guarantee contracts and account for these as insurance contracts in accordance with IFRS 4.

Company Information and Summary of Significant Accounting Policies (Cont'd)

(a) Types of insurance contracts

The Group classifies insurance contracts into life and non-life insurance contracts. The group also makes a distinction between Short and Long term insurance contracts as follows:

	SHORT TERM	LONG TERM
NON- LIFE CONTRACTS	Most non- life insurance contract policies	Some insurance contracts under special risks
LIFE CONTRACTS	Group life insurance contract policies	Insurance contract policies over human life

(i) Non life insurance contract

These contracts are accident, casualty and property insurance contracts.

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

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

Non-life insurance contracts protects the Group's customers from the consequences of events (such as death or disability) that would affect the ability of the customer or his/her dependants to maintain their current level of income. Guaranteed benefits paid on occurrence of the specified insurance event are either fixed or linked to the extent of the economic loss suffered by the insured. There are no maturity or surrender benefits.

(ii) Life insurance contract

These contracts insure events associated with human life (for example, death or survival) over a long duration.

Indivdual and group life insurance contracts
Individual life contracts are usually long term insurance contracts and span over one year while the group life insurance contracts usually cover risk within one year. A liability for contractual benefits that are expected to be incurred in the future when the premiums are recognised.

The liability is determined as the sum of the expected discounted value of the benefit payments and the future administration expenses that are directly related to the contract, less the expected discounted value of the theoretical premiums that would be required to meet the benefits and administration expenses based on the valuation assumptions used. The liability is based on assumptions as to mortality, persistency, maintenance expenses and investment income that are established at the time the contract is issued.

Annuity contracts
These contracts insure customers from consequences of events that would affect the ability of the customers to maintain their current level of income. There are no maturity or surrender benefits. The annuity contracts are fixed annuity plans. Policy holders make a lump sum payment recognised as part of premium in the period when the payment was made. Constant and regular payments are made to annuitants based on terms and conditions agreed at the inception of the contract and throughout the life of the annuitants.

The annuity funds are invested in long tailed government bonds and reasonable money markets instruments to meet up with the payment of monthly/quarterly annuity payments. The annuity funds liability is actuarially determined based on assumptions as to mortality, persistency, maintenance expenses and investment income that are established at the time the contract is issued.

Company Information and Summary of Significant Accounting Policies (Cont'd)

(b) Types of insurance contracts

(i) Premiums
Gross premiums comprise the premiums on insurance contracts entered into during the year, irrespective of whether they relate in whole or in part to a later accounting period. This is recognised gross of commission expense.

Premiums on reinsurance inward are included in gross written premiums and accounted for as if the reinsurance was considered direct business, taking into account the product classification of the reinsured business.

Outward reinsurance premiums are accounted for in the same accounting period as the premiums for the related direct insurance or reinsurance business assumed.

The earned portion of premiums received is recognized as revenue. Premiums are earned from the date of attachment of risk, over the insurance period, based on the pattern of risk underwritten. Outward reinsurance premiums are recognized as an expense in accordance with the pattern of risk reinsured.

(ii) Unearned premiums
Unearned premiums are those proportions of premiums written in the year for Non-Life contracts that relate to periods of risks after the reporting date. It is computed separately for each Non-Life insurance contract using a time apportionment basis, or another suitable basis for uneven risk contracts. Provision for unexpired risk is made for unexpired risks arising where the expected value of claims and expenses attributable to the unexpired period of policies in force at the reporting date exceeds the unearned premium in relation to such policies after deduction of any deferred acquisition costs.

(iii) Reinsurance
The Group cedes out insurance risks in the normal course of business for the purpose of limiting its net loss on policies written. Premium ceded comprise written premiums ceded to reinsurers, adjusted for the reinsurers' share of the movement in the provision for the unearned premiums. Reinsurance arrangements do not relieve the Group from its direct obligations to its policy holders.

Premium ceded, claims reimbursed and commission recovered are presented in the statement of comprehensive income and statement of financial position separately from the gross amounts.

Reinsurance assets represent balances due from reinsurance contracts. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised at cost.

Reinsurance recoverables are estimated in manner consistent with the outstanding claims provision and claims incurred associated with the reinsurer's polices and are in accordance with the related insurance contract. They are measured at their carrying amount less any impairment charges. Amounts recoverable under reinsurance contracts are assessed for impairment at each balance sheet date. If there is objective evidence of impairment, the Group reduces the carrying amount of its reinsurance assets to its recoverable amount and recognizes the impairment loss in the statement of comprehensive income as a result of an event that occurred after its initial recognition, for which the Group may not be able to recover all amounts due and the event has a reliably measurable impact on the amounts that the Group will receive from the reinsurer.

(iv) Commission income
Commissions are recognized on ceding business to the reassurer, and are credited to the statement of comprehensive income.

(v) Underwriting expenses
Underwriting expenses are made up of acquisition and maintenance expenses.

Underwriting expenses for insurance contracts and investment contracts are recognized as expense when incurred, with the exception of acquisition costs which are recognized on a time apportionment basis in respect of risk.

(vi) Claims incurred
Claims incurred consist of claims and claims handling expenses paid during the financial year together with the movement in the provision for outstanding claims. The provision for outstanding claims represent the Group's estimate of the ultimate cost of settling all claims incurred but unpaid at the balance sheet date whether reported or not. The provision includes an allowance for claims management and handling expenses.

The provision for outstanding claims for reported claims, is estimated based on current information and the ultimate liability may vary as a result of subsequent information and events and may result in significant adjustments to the amounts provided. Adjustments to the amounts of claims provision for prior years are reflected in the statement of comprehensive income in the financial period in which adjustments are made, and disclosed separately if material.

Company Information and Summary of Significant Accounting Policies (Cont'd)

Reinsurance recoverables are recognized when the Group records the liability for the claims and are not netted off claims expense but are presented separately in the statement of comprehensive income.

Claims incurred in respect of long-term insurance contracts especially pure life business and annuity contracts consist of claims arising during the year including provision for policy holders' liabilities. Outstanding claims on long-term insurance contracts that have occurred at the balance sheet date and have been notified by the insured are carried at the claim amounts advised.

(vii) Deferred acquisition costs

Acquisition costs comprise insurance commissions, brokerage and other related expenses arising from the generation and conclusion of Non- Life insurance insurance contracts. The proportion of acquisition costs that correspond to the unearned premiums are deferred as an asset and recognised in the subsequent period. They are recognised on a basis consistent with the related provisions for unearned premiums.

(viii) Salvages

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

(ix) Subrogation

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

2.14 INSURANCE CONTRACT LIABILITIES

The recognition and measurement of insurance contract liabilities is as follows:

(i) Non-life business

(a) Reserves for unearned premium and unexpired risk

The reserve for unearned premium is calculated on a time apportionment basis in respect of risk accepted during the year with the exception of construction all risk policies where the risk increases with term and progress on the project at hand and marine policies where actuarial valuation is used to determine the liabilities. A provision for additional unexpired risk reserve is recognised for an underwriting year where it is determined that the estimated cost of claims and expenses would exceed the unearned premium reserve.

(b) Reserves for outstanding claims

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

(c) Liabilities Adequacy Test

The net liability for insurance contracts is tested annually for adequacy by actuarial valuation. This is carried out by discounting current estimates of all future contractual cash flows and comparing this amount to the carrying value of the liability net of deferred acquisition costs.

Where a shortfall is identified, an additional provision is made and the Group recognizes the deficiency in the statement of comprehensive income for the year. The method of valuation and assumptions used, the cashflows considered and the discounting and aggregation practices adopted have been set out in the following notes.

Reserving methodology and assumptions

For non-life insurance risks, the Group uses different methods to incorporate the various assumptions made in order to estimate the ultimate cost of claims. The two methods more commonly used are the Discounted Inflation-adjusted Basic Chain Ladder and the Expected Loss Ratio methods adjusted for assumed experience to date.

Claims data was grouped into triangles by accident year or quarter and payment year or quarter. The choice between quarters or years was based on the volume of data in each segment. Analysis was conducted by line of business.

Discounted inflation-adjusted basic chain ladder method

Historical claims paid were grouped into 6 years cohorts – representing when they were paid after their underwriting year. These cohorts are called claim development years and the patterns for 6 years was studied. The historical paid losses are projected to their ultimate values for each underwriting year by calculating the loss development factors for each development year. The ultimate claims are then derived using the loss development factors and the latest paid historical claims.

Company Information and Summary of Significant Accounting Policies (Cont'd)

The historical paid losses are inflated using the corresponding inflation index in each of the accident years to the year of valuation and then accumulated to their ultimate values for each accident year to obtain the projected outstanding claims. These projected outstanding claims are then further multiplied by the future inflation index from the year of valuation to the future year of payment of the outstanding claims.

The resulting claims estimated is discounted to the valuation date using a discount factor raised by years as a result of applying historical inflation rates to determine the appropriate discount rate to allow for a margin of prudence.

The future claims (the ultimate claim amount less paid claims to date) are allocated to future payment periods in line with the development patterns. The outstanding claims reported and that paid to date are then subtracted from the total future claims to give the resulting IBNR figure per accident year or quarter. i.e. IBNR = (Ultimate claim amount) minus (paid claims till date) minus (claims outstanding).

Assumptions underlying the Discounted Inflation-adjusted Basic Chain Ladder method.

This method assumes the following:

- The future claims follows a trend pattern from the historical data
- Payment patterns will be broadly similar in each accident year. Thus, the proportionate increases in the known cumulative payments from one development year to the next is used to calculate the expected cumulative payments for the future development periods.
- The run off period is six (6) years and hence the method assumes no more claims will be paid subsequently.

Expected loss ratio method

This method was adopted where the volume of data available is too small to be credible when using a statistical approach. Special risk reserves were estimated based on this method. Under this method, the ultimate claims was obtained by assuming loss ratio of 50%, where loss ratio is defined as claims incurred divided by earned premiums. Outstanding claims is stated as amount estimated less paid claims.

(ii) Life business

These contracts insure events associated with human life (for example, death or survival) over a long duration. Premiums are recognised as revenue when they become payable by the contract holder. Premiums are shown before deduction of commission.

Benefits are recorded as an expense when they are incurred.

A liability for contractual benefits that are expected to be incurred in the future is recorded 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 valuation premiums). The liability is based on assumptions as to mortality, persistency, maintenance expenses and investment income that are established at the time the contract is issued. A margin for adverse deviations is included in the assumptions.

Where insurance contracts have a single premium or a limited number of premium payments due over a significantly shorter period than the period during which benefits are provided, the excess of the premiums payable over the valuation premiums is deferred and recognised as income in line with the unexpired insurance risk of the contracts in force or, for annuities in force, in line with the amount of future benefits expected to be paid.

The liabilities are recalculated at each balance sheet date using the assumptions established at inception of the contracts.

Actuarial valuation of the life fund is conducted annually to determine the net liabilities on the existing policies and the adequacy of the assets representing the insurance funds as at the date of the valuation. All deficits arising therefore are charged to the statement of comprehensive income while the surplus is appropriated to the shareholders and credited to the statement of comprehensive income.

Company Information and Summary of Significant Accounting Policies (Cont'd)

2.15 PROVISIONS

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are determined by discounting the expected future cash flows discounted at a rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

2.16 EMPLOYEE BENEFITS

Short-term benefits
Short-term employee benefit obligations include wages, salaries and other benefits which the Group has a present obligation to pay, as a result of employees' services provided up to the balance sheet date. The accrual is calculated on an undiscounted basis, using current salary rates.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Post employment benefits
The Group operates a defined contributory retirement scheme as stipulated in the Pension Reform Act 2004. Under the defined contribution scheme, the Group pays fixed contributions of 10% to a separate entity – Pension Fund Administrators; employees also pay 8% to the same entity. Once the contributions have been paid, the Group retains no legal or constructive obligation to pay further contributions if the Fund does not hold enough assets to finance benefits accruing under the retirement benefit plan. The Group's obligations are recognised in the statement of comprehensive income.

Termination benefits
Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it is demonstrably committed either to terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal, or to provide termination benefits as a result of an offer made to encourage voluntarily redundancy if it is probable that the offer will be accepted and the number of acceptances can be estimated. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

2.17 INCOME TAX

(i) Current tax
Income tax comprises current and deferred tax. Income tax expense is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

(ii) Deferred taxation
Deferred taxation, which arises from timing differences in the recognition of items for accounting and tax purposes, is calculated using the liability method. Deferred taxation is provided fully on timing differences, which are expected to reverse at the rate of tax likely to be in force at the time of reversal. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the associated unused tax losses and deductible temporary differences can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future and differences arising from investment property measured at fair value whose carrying amount will be recovered through use. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

Company Information and Summary of Significant Accounting Policies (Cont'd)

2.18 SHARE CAPITAL AND RESERVES

Share capital
The Group classifies ordinary shares and share premium as equity when there is no obligation to transfer cash or other assets.

Incremental costs directly attributable to issue of shares are recognised as deductions from equity net of any tax effects.

Dividend on ordinary shares
Dividend distribution to the Group's shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved by the Group's shareholders. Dividends that are proposed but not yet declared are disclosed in the notes to the financial statements. Dividends on the Group's ordinary shares are recognised in equity in the period in which they are paid or, if earlier, approved by the Group's shareholders.

(a) Contingency reserves
The Group maintains contingency reserves in accordance with the provisions of the Insurance Act 2003 to cover fluctuations in securities and variations in statistical estimates at the rate equal to the higher of 3% of total premium or 20% of the total profit after taxation until the reserve reaches the greater of minimum paid up capital or 50% of net premium for non-life business. Contingency reserve for life business is credited with the higher of 1% of gross premium and 10% of profit after taxation.

(b) Assets revaluation reserves
Assets revaluation reserves represents the fair value differences on the revaluation of items of Property and equipment as at the balance sheet date.

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

(d) Treasury shares
Where the company or any member of the Group purchases the company's share capital, the consideration paid is deducted from the shareholders' equity as treasury shares until they are cancelled or disposed. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity.

2.19 EARNINGS PER SHARE

The Group presents basic earnings per share for its ordinary shares. Basic earnings per share are calculated by dividing the profit attributable to ordinary shareholders of the group by the number of shares outstanding during the year.

Earnings per share is determined by dividing the statement of comprehensive income attributable to ordinary shareholders by the weighted average number of ordinary shares adjusted for the bonus shares issued.

2.20 REVENUE RECOGNITION

Revenue comprises the fair value for services, net of value-added tax, after eliminating revenue within the Group. Revenue is recognised as follows:

(i) Insurance contracts:
See accounting policy 2.13 b(i) for recognition of premium on insurance contracts.

(ii) Investment and other operating income:
Investment income comprises interest income earned on short-term deposits, rental income and income earned on trading of securities including all realised and unrealised fair value changes, interest income on loans and finance leases, dividends and foreign exchange differences. Investment income is accounted for on an accrual basis.
Other operating income comprise of fee income and profit on disposal of property and equipment.

(iii) Dividend income:
Dividend income for available for sale equities are recognised when the right to receive payment is established.

(iv) Rendering of Services:
Revenue arising from asset management and other related services offered by the Group are recognised in the accounting period in which the services are rendered.

Fee income consist primarily of investment management fees and pension administration fees. These fees are recognised in the period in which the services are rendered.

Company Information and Summary of Significant Accounting Policies (Cont'd)

2.21 MANAGEMENT EXPENSE

Management expenses are expenses other than claims and underwriting expenses. They include depreciation expenses and other operating expenses. They are recognised on an accrual basis.

2.22 INVENTORIES

Inventories arise from the Hotel subsidiary and is included as part of other asset in this financial statement. Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

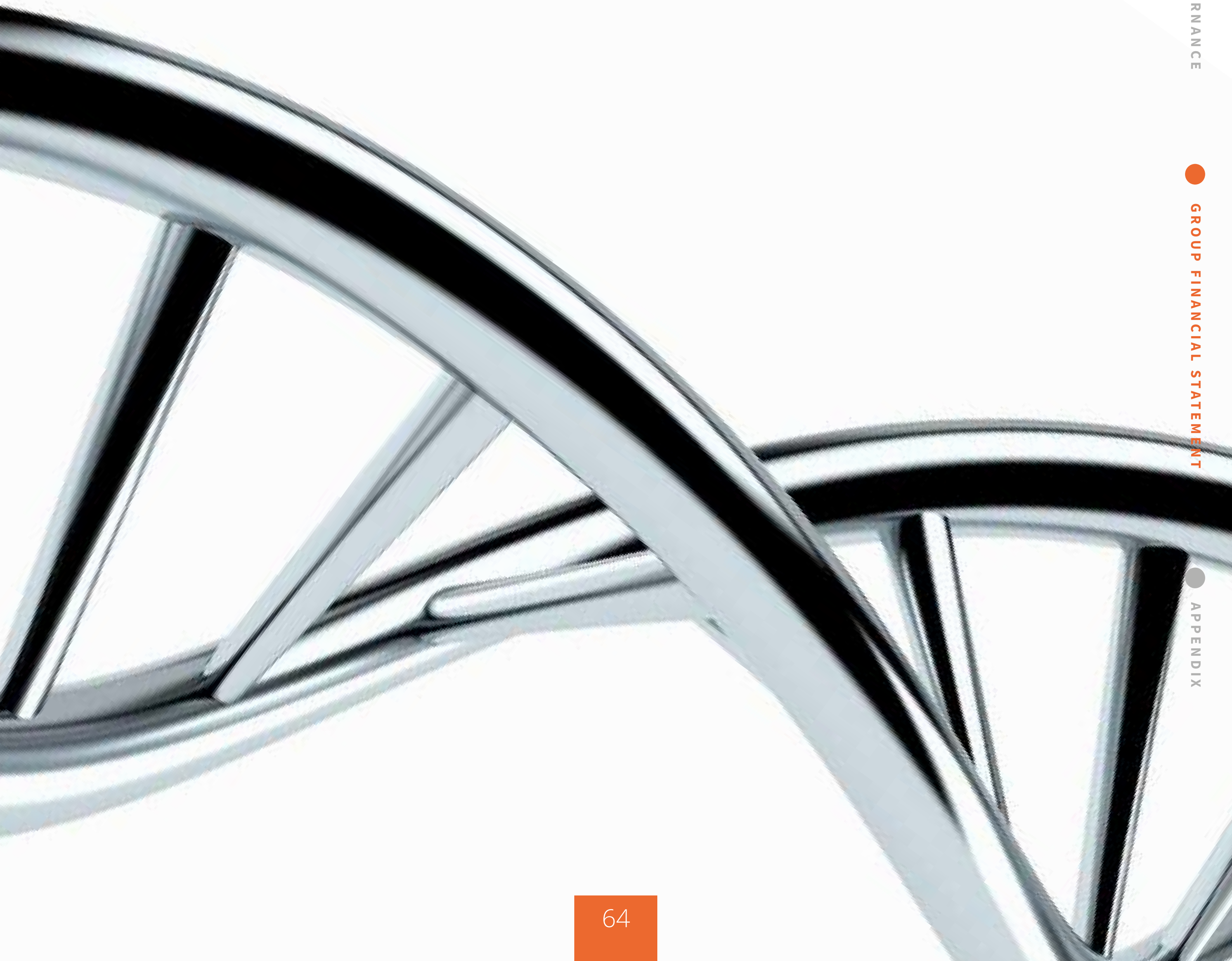
2.23 BORROWINGS

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired.

4

Group Financial Statement



Consolidated Statement of Financial Position

As at 31 December 2017

(All amounts in thousands of Nigerian Naira unless otherwise stated)

	Notes	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
ASSETS					
Cash and cash equivalents	6	29,043,554	26,018,694	27,800,239	24,189,697
Trade receivables	7	231,987	169,761	231,987	169,761
Investment securities	8				
- Financial assets at fair value through profit or loss	8.1	130,185,303	69,429,589	129,997,627	69,326,992
- Available for sale financial assets	8.2	17,012,524	11,210,932	17,007,767	11,206,175
- Held to maturity financial assets	8.3	36,236,431	32,952,921	32,917,325	30,508,078
Reinsurance assets	9	35,235,352	11,720,783	35,235,352	11,720,783
Deferred acquisition cost	10	548,797	486,416	548,797	486,416
Other receivables and prepayments	11	4,663,679	2,137,103	3,534,606	1,115,754
Loans and advances	12	3,434,853	2,463,338	1,065,407	797,368
Property and equipment	13	6,751,530	6,063,939	3,828,939	3,645,335
Investment properties	14	15,637,546	8,820,070	14,963,765	8,159,419
Investment in subsidiaries	15	-	-	3,637,495	3,637,495
Deferred tax assets	16	313,462	286,446	286,446	286,446
Intangible assets	17	3,991,663	3,899,894	392,884	313,804
Statutory deposits	18	500,000	500,000	500,000	500,000
TOTAL ASSETS		**283,786,681**	**176,159,886**	**271,948,636**	**166,063,523**
LIABILITIES					
Trade payables	19	3,633,509	2,754,639	3,633,509	2,754,639
Current income tax liabilities	20	1,820,530	1,535,019	1,119,536	900,143
Other liabilities	21	15,622,410	8,964,205	12,926,746	7,097,389
Borrowings	22	160,275	204,623	-	-
Insurance contract liabilities	23	183,982,546	104,757,646	183,982,546	104,757,646
Investment contract liabilities	24	22,532,309	18,294,287	22,532,309	18,294,287
Deferred tax liabilities	16	731,601	825,997	693,427	728,673
TOTAL LIABILITIES		**228,483,180**	**137,336,416**	**224,888,073**	**134,532,777**
EQUITY					
Issued and paid up share capital	25	4,682,450	4,682,450	4,682,450	4,682,450
Share premium	25	4,433,748	4,233,748	4,433,748	4,233,748
Retained earnings	25	25,324,605	15,624,296	20,795,498	11,537,044
Other reserves	25	17,919,022	11,621,100	17,148,867	11,077,504
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**52,359,825**	**36,161,594**	**47,060,563**	**31,530,746**
Non controlling interest	26	2,943,676	2,661,876	-	-
TOTAL EQUITY		**55,303,501**	**38,823,470**	**47,060,563**	**31,530,746**
TOTAL EQUITY AND LIABILITIES		**283,786,681**	**176,159,886**	**271,948,636**	**166,063,523**

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS ON 8 March 2018 BY:

Mr. Oye Hassan Odukale
FRC/2013/IODN/00000001963
Group Chief Executive Officer

Mr. Seyi Bickersteth
FRC/2014/ICAN/00000010151
Non - Executive Director

Mr. David Abitoye
FRC/2018/ICAN/00000017917
Chief Finance Officer

The notes are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2017

(All amounts in thousands of Nigerian Naira unless otherwise stated)

	Notes	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
Gross premium written	27	84,176,908	52,700,272	84,189,079	52,718,567
Gross premium income	27	84,467,420	53,655,158	84,479,591	53,673,453
Reinsurance expenses	28	(14,655,797)	(12,398,398)	(14,655,797)	(12,398,398)
Net premium income		69,811,623	41,256,760	69,823,794	41,275,055
Commission income	29	2,685,859	1,853,853	2,685,859	1,853,853
Underwriting income		72,497,482	43,110,613	72,509,653	43,128,908
Claims expenses	30	(27,431,513)	(23,062,634)	(27,431,570)	(23,062,927)
Increase in annuity fund		(49,313,019)	(4,429,557)	(49,313,019)	(4,429,557)
Increase in individual life fund		(101,428)	(42,413)	(101,428)	(42,413)
Underwriting expenses	31	(6,064,607)	(5,041,651)	(6,064,607)	(5,041,651)
Total underwriting expense		(82,910,567)	(32,576,255)	(82,910,624)	(32,576,548)
Total underwriting (loss)/profit		**(10,413,085)**	**10,534,358**	**(10,400,971)**	**10,552,360**
Investment income	32	17,332,624	10,762,301	16,817,799	10,490,455
Profit/ (loss) on investment contracts		709,583	(355,520)	709,583	(355,520)
Net fair value gain/(loss) on assets at fair value	33	10,463,059	(17,500,004)	10,389,987	(17,415,674)
Other operating income	34	7,473,057	14,885,700	2,951,499	10,736,521
Employee benefit expenses	35	(3,507,474)	(3,331,627)	(1,963,599)	(1,989,513)
Other operating expenses	36	(6,485,694)	(5,628,190)	(4,853,013)	(4,286,250)
		15,572,070	**9,367,018**	**13,651,285**	**7,732,379**
Finance cost	37	(157,170)	(155,829)	-	-
Net impairment losses	38	(316,404)	(419,583)	(202,320)	(370,930)
Profit before tax		**15,098,496**	**8,791,606**	**13,448,965**	**7,361,449**
Income tax expense	39	(1,262,063)	(1,206,754)	(652,304)	(699,492)
Profit for the year		**13,836,433**	**7,584,852**	**12,796,661**	**6,661,957**
Other comprehensive income:					
Items that may be subsequently reclassified to the profit or loss account:					
Changes in available-for-sale financial assets net of taxes		3,909,170	1,386,418	3,897,164	1,386,864
Net amount transferred to the income statement		63,920	(30,353)	63,920	(30,353)
Items within OCI that will not be reclassified to the profit or loss:					
Gain on revaluation of properties and equipment net of tax		108,970	15,733	72,073	68,501
Other comprehensive income for the year		**4,082,060**	**1,371,798**	**4,033,157**	**1,425,012**
Total comprehensive income for the year		**17,918,493**	**8,956,650**	**16,829,818**	**8,086,969**
Profit attributable to:					
- Owners of the Company		13,341,926	7,143,178	12,796,661	6,661,957
- Non-controlling interest		494,507	441,674	-	-
Profit for the year		**13,836,433**	**7,584,852**	**12,796,661**	**6,661,957**
Total Comprehensive income attributable to:					
- Owners of the Company		17,405,980	8,540,727	16,829,818	8,086,969
- Non-controlling interest		512,513	415,923	-	-
Total comprehensive income for the year		**17,918,493**	**8,956,650**	**16,829,818**	**8,086,969**
Earnings per share (kobo):					
- Basic/diluted		157	84	139	72

The notes are an integral part of these consolidated financial statements.

OVERVIEW
BUSINESS REVIEW
GOVERNANCE
GROUP FINANCIAL STATEMENT
APPENDIX

Consolidated Statement of Changes in Equity

For the year ended 31 December 2017

(All amounts in thousands of Nigerian Naira unless otherwise stated)

	ATTRIBUTABLE TO OWNERS OF THE PARENT									
Group 2017	**Share capital**	**Share premium**	**Retained earnings**	**Fair value reserve on Available-for-sale financial assets**	**Contingency reserve**	**Asset revaluation reserve**	**Treasury shares**	**Total**	**Non controlling interest**	**Total**
As at 1 January 2017	**4,682,450**	**4,233,748**	**15,624,296**	**1,859,503**	**8,238,232**	**1,603,053**	**(79,688)**	**36,161,594**	**2,661,876**	**38,823,470**
Profit for the year	-	-	13,341,926	-	-	-	-	13,341,926	494,507	13,836,433
Transfer to contingency reserve	-	-	(2,233,868)	-	2,233,868	-	-	-	-	-
Other comprehensive income										
Net changes in fair value of AFS financial instruments	-	-	-	3,909,170	-	-	-	3,909,170	-	3,909,170
Net amount transferred to income statement	-	-	-	63,920	-	-	-	63,920	-	63,920
Fair value gain on Property and equipment net of tax	-	-	-	-	-	90,964	-	90,964	18,006	108,970
Total comprehensive income for the year	**-**	**-**	**11,108,058**	**3,973,090**	**2,233,868**	**90,964**	**-**	**17,405,980**	**512,513**	**17,918,493**
Transaction with owners:										
Contingent consideration on investment in parent		200,000	-	-	-	-	-	200,000	-	200,000
Dividend paid to equity holders	-	-	(1,407,749)	-	-	-	-	(1,407,749)	(230,713)	(1,638,462)
Total transactions with owners	**-**	**200,000**	**(1,407,749)**	**-**	**-**	**-**	**-**	**(1,207,749)**	**(230,713)**	**(1,438,462)**
As at 31 December 2017	**4,682,450**	**4,433,748**	**25,324,605**	**5,832,593**	**10,472,100**	**1,694,017**	**(79,688)**	**52,359,825**	**2,943,676**	**55,303,501**

Consolidated Statement of Changes in Equity

For the year ended 31 December 2016

(All amounts in thousands of Nigerian Naira unless otherwise stated)

	ATTRIBUTABLE TO OWNERS OF THE PARENT									
Group 2016	**Share capital**	**Share premium**	**Retained earnings**	**Fair value reserve on Available-for-sale financial assets**	**Contingency reserve**	**Asset revaluation reserve**	**Treasury shares**	**Total**	**Non controlling interest**	**Total**
As at 1 January 2016	**4,389,798**	**387,826**	**10,838,357**	**503,438**	**6,790,001**	**1,561,569**	**(80,217)**	**24,390,772**	**2,091,067**	**26,481,839**
Profit for the year	-	-	7,143,178	-	-	-	-	7,143,178	441,674	7,584,852
Transfer to contingency reserve	-	-	(1,448,231)	-	1,448,231	-	-	-	-	-
								-		-
Other comprehensive income								-		-
Net changes in fair value of AFS financial instruments	-	-	-	1,386,418	-	-	-	1,386,418	-	1,386,418
Net amount transferred to income statement	-		-	(30,353)	-	-	-	(30,353)	-	(30,353)
Fair value gain on Property and equipment net of tax	-	-	-	-	-	-	-	-	-	-
Change in NCI	-	-	-	-	-	41,484	-	41,484	(25,751)	15,733
Total comprehensive income for the year	**-**	**-**	**5,694,947**	**1,356,065**	**1,448,231**	**41,484**	**-**	**8,540,727**	**415,923**	**8,956,650**
	-									
Transaction with owners:										
Contributions of equity net of transaction costs	292,652	3,845,922	-	-	-	-	-	4,138,574	-	4,138,574
Transfer on decrease in non-controlling interests	-	-	12,999	-	-	-	-	12,999	(12,999)	-
Proceeds from rights issue	-	-	-	-	-	-	-	-	312,902	312,902
Dividend paid to equity holders	-	-	(921,478)	-	-	-	-	(921,478)	(145,017)	(1,066,495)
Movement in treasury shares	-	-	(529)	-	-	-	529	-	-	-
Total transactions with owners	**292,652**	**3,845,922**	**(909,008)**	**-**	**-**	**-**	**529**	**3,230,095**	**154,886**	**3,384,981**
As at 31 December 2016	**4,682,450**	**4,233,748**	**15,624,296**	**1,859,503**	**8,238,232**	**1,603,053**	**(79,688)**	**36,161,594**	**2,661,876**	**38,823,470**

Company Statement of Changes in Equity

For the year ended 31 December 2017

(All amounts in thousands of Nigerian Naira unless otherwise stated)

Company 2017	Share capital	Share premium	Retained earnings	Fair value reserve on Available-for-sale financial assets	Contingency reserve	Asset revaluation reserve	Total
As at 1 January 2017	4,682,450	4,233,748	11,537,043	1,875,060	7,839,002	1,363,442	31,530,745
Profit for the year	-	-	12,796,661	-	-	-	12,796,661
Transfer to contingency reserve	-	-	(2,038,206)	-	2,038,206	-	-
Other comprehensive income							
Net changes in fair value of AFS financial instruments	-	-	-	3,897,164	-	-	3,897,164
Net amount transferred to income statement	-	-	-	63,920	-	-	63,920
Fair value gain on property and equipment net of tax	-	-	-	-	-	72,073	72,073
Total comprehensive income for the year	-	-	10,758,455	3,961,084	2,038,206	72,073	16,829,818
Transaction with owners:							
Contingent consideration on investment in parent	-	200,000	-	-	-	-	200,000
Dividend paid	-	-	(1,500,000)	-	-	-	(1,500,000)
Total transactions with owners of equity	-	200,000	(1,500,000)	-	-	-	(1,300,000)
As at 31 December 2017	4,682,450	4,433,748	20,795,498	5,836,144	9,877,208	1,435,515	47,060,563

For the year ended 31 December 2016

(All amounts in thousands of Nigerian Naira unless otherwise stated)

Company 2016	Share capital	Share premium	Retained earnings	Fair value reserve on Available-for-sale financial assets	Contingency reserve	Asset revaluation reserve	Total
As at 1 January 2016	4,389,798	387,826	7,232,879	518,549	6,481,209	1,294,941	20,305,202
Profit for the year	-	-	6,661,957	-	-	-	6,661,957
Transfer to contingency reserve	-	-	(1,357,793)	-	1,357,793	-	-
Other comprehensive income							
Net changes in fair value of AFS financial instruments	-	-	-	1,386,864	-	-	1,386,864
Net amount transferred to income statement	-	-	-	(30,353)	-	-	(30,353)
Fair value gain on property and equipment net of tax	-	-	-	-	-	68,501	68,501
Total comprehensive income for the year	-	-	5,304,164	1,356,511	1,357,793	68,501	8,086,969
Transaction with owners:							
Contributions of equity net of transaction costs	292,652	3,845,922	-	-	-	-	4,138,574
Dividend paid	-	-	(1,000,000)	-	-	-	(1,000,000)
Total transactions with owners of equity	292,652	3,845,922	(1,000,000)	-	-	-	3,138,574
As at 31 December 2016	4,682,450	4,233,748	11,537,043	1,875,060	7,839,002	1,363,442	31,530,745

Consolidated Statement of Cash Flows

For the year ended 31 December 2017

(All amounts in thousands of Nigerian Naira unless otherwise stated)

	Notes	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
Operating activities					
Insurance premium received	27	78,085,780	52,700,272	78,097,950	52,718,567
Reinsurance premium paid	28	(13,258,167)	(11,299,753)	(13,258,167)	(11,299,753)
Reinsurance commission received	29	2,695,767	1,853,853	2,695,766	1,853,853
Insurance benefits and claims paid	30	(27,098,569)	(19,178,830)	(27,098,626)	(19,179,123)
Deposit received on investment contracts	24	6,285,199	5,051,290	6,285,200	5,051,290
Claims paid on investment contracts	24	(4,158,808)	(3,653,975)	(4,158,808)	(3,653,975)
Reinsurance claims received	30	4,855,822	2,024,611	4,855,822	2,024,611
Commission paid		(2,346,253)	(3,843,378)	(2,346,253)	(3,843,378)
Premium received in advance		5,664,315	3,136,602	5,664,315	3,136,602
Cash paid to insurance brokers and reinsurers	10	(3,233,429)	(1,485,844)	(3,233,429)	(1,485,844)
Cash paid to external parties		(8,235,972)	(1,370,394)	(6,046,100)	(1,515,845)
		39,255,685	**23,934,454**	**41,457,670**	**23,807,005**
Corporate tax paid	20	(1,097,964)	(533,416)	(468,157)	(451,347)
Net cash used in operating activities		**38,157,721**	**23,401,038**	**40,989,513**	**23,355,658**
Cash flows from investing activities					
Investment income received		17,881,192	11,396,068	16,062,384	11,383,072
Purchase of investment property	14	-	(9,156)	-	(6,176)
Dividend received		137,527	725,486	634,569	725,486
Other income received		4,779,941	2,526,298	219,450	390,618
Proceeds on disposal of property and equipment		41,986	18,742	-	14,919
Purchase of Financial assets designated at fair value	8.1	(63,523,179)	(27,147,171)	(63,511,172)	(27,152,086)
Purchase of available for sale financial asset	8.2	(2,222,141)	(727,635)	(2,222,141)	(727,635)
Purchase of Held to Maturity Investment Securities	8.3	(26,110,084)	(17,318,396)	(25,311,059)	(15,788,823)
Payment for Loans and Receivables		(2,603,716)	(2,644,368)	(447,040)	(804,453)
Purchase of intangible assets	17	(265,934)	(372,866)	(223,369)	(366,213)
Purchase of property and equipment	13	(1,313,917)	(1,197,489)	(455,856)	(223,198)
Proceeds on disposal of Investment securities		41,355,716	8,267,717	41,343,712	8,267,717
Loans repayment received		1,347,787	2,024,001	819,740	905,159
Payment for right issue to subsidiary			-	-	(178,500)
Deposit for shares for acquisition of subsidiary		(2,656,075)	-	(2,656,075)	-
Net cash used in investing activities		**(33,150,897)**	**(24,458,769)**	**(35,746,857)**	**(23,560,113)**
Cash flows from financing activities					
Dividend paid to equity holders (parents)		(1,407,749)	(921,478)	(1,500,000)	(1,000,000)
Dividend paid to equity holders (NCI)		(230,713)	(145,017)	-	-
Proceeds from rights issue		-	312,902	-	-
Repayments of borrowings	22	(201,518)	(118,446)	-	-
Additions to borrowings	22	-	204,623	-	-
Proceeds from issue of shares		-	4,138,574	-	4,138,574
Net cash used in financing activities		**(1,839,980)**	**3,471,158**	**(1,500,000)**	**3,138,574**
Net increase in cash and cash equivalents		3,166,845	2,413,427	3,742,657	2,934,119
Effect of exchange rate fluctuations on cash held		1,052,792	6,495,082	1,062,662	6,519,492
Cash and cash equivalents at beginning of year	6	26,018,694	17,110,185	24,189,697	14,736,086
Cash and cash equivalent at end of year	6	**30,238,331**	**26,018,694**	**28,995,016**	**24,189,697**

Notes to the Financial Statements

For the year ended 31 December 2017

3 INTRODUCTION

Uncertainties in the global market place are part of Leadway Assurance Company Limited's (Leadway) everyday business management. The enterprise Risk Management (ERM) monitors and manages our exposure to various risks in a structured and proactive way.

At Leadway we apply an entity-wide approach to risk management process such that both existing and anticipated risks are identified upfront and appropriate responses are applied to reduce the likelihood of the risk downside while exploiting the opportunities inherent in the risks, thus creating value. The ERM framework has assisted all levels of operation in achieving the company's strategic objectives through systematic and portfolio approach to evaluating and improving on effectiveness of risk management and control.

Purpose

The general purpose of Leadway's ERM Framework is to provide a comprehensive guidance to all stakeholders to ensure that all decisions made and activities conducted with regard to risk management are in congruence with the entity's goals and business units' objectives.

The specific benefits we envisage gaining from our ERM framework are to:

- Protect and strengthen the company's capital base such that risk acceptances are guided by our Risk Appetite Framework and exposures are curtailed within tolerance limits.
- Give reasonable assurance to our policyholders and the regulators about our ability to pay promptly, claims arising now and in the future.
- Communicate the risks being taken by the company to the investors and ensure that the objectives of the organization are aligned with the expectations of capital providers.
- Reduce Leadway's susceptibility to systemic risks generated by other sectors in the financial system
- Make our capital requirements more risk-sensitive and improve the alignment of our company's capital standards.
- Provide the means to promote and demonstrate best practices in governance and risk management, and deliver more efficient use of capital.

Enterprise Risk Management Culture and Philosophy

- Our risk management philosophy and culture represent our shared values, attitude and practice of how we consider risk in our day-to-day operations across all levels. As insurers, we anticipate risks and in advance, respond appropriately.
- We regard every one of our employees as a risk manager and we all take individual and collective ownership of the ERM responsibilities.
- We observe prudence in underwriting and limit risks to our appetite and set tolerances beyond which we object to unguided exposures.
- We weigh the risk and reward inherent in our daily transactions and pursue those that support value creation to all customers and shareholders.
- We have no tolerance for infractions of laws and regulations and we detest business relationship with disreputable business entities and individuals.
- We have recorded visible improvement in our risk management strategy that has helped us sustain our leadership position in the Nigerian insurance market and surpass stakeholders' expectations.

- Leadway will continue to pursue value-based risk management objective that strives for an optimal trade- off between risk and reward.

Risk Management Strategy

Our risk management methodology recognises that there cannot be total elimination of risk but we are determined to reduce both the severity and probability of the occurrence of risk events through appropriate responses. We have deployed an ERM policy that focuses on taking enterprise-level view of interrelationship among various risks with a view to providing an effective responses to managing the material risks that present

Notes to the Financial Statements continued

For the year ended 31 December 2017

(All amounts in thousands of Nigerian Naira unless otherwise stated)

the greatest threats to our existence and operations as an insurance and investment company. In so doing we will, in the long run, manage risks that are less significant.

We adopt the following strategies in managing risks in Leadway:

- i) Incorporate risk management principles into all functions and ensure an environment in which the Board and senior management set the tone for effective controls.
- ii) Establish well defined risk management process for risk identification, assessment, controlling, monitoring and reporting.
- iii) Entrench a structured and disciplined approach to assets balancing that will prevent concentration of risk in any sector, industry, instrument, product or entity
- iv) Formulation of policies and procedures that ensure that appropriate risk responses, as well as other entity directives, internal policies and control procedures are carried out.
- v) Ensure good corporate governance and pursue zero tolerance for non- compliance with regulatory compliance.

External Perspectives

Leadway has continued to be in the forefront of many industry initiatives that seek to ensure setting and adhering to global best practice. This informed its involvement at the trade, association and regulatory levels in setting the tone for compliance with legislations, regulations, guidelines and standards designed for global ratings among insurers. The interest of regulators and notable rating agencies in bringing about the required reforms that will make insurance business more attractive to investors, informed Leadway's pro-activeness to becoming the co-chair on the National Risk Assessment Group under the Presidency. We are conversant with the regulatory direction and we (re)position our business to proactively respond to both local and global insurance standards and regulations.

Risk Governance, Roles and Responsibilities

Our risk governance focuses on directing and controlling the management of risks within the company by spelling out the roles and responsibilities for the board, management and employees. The policy adopts the three-lines-of-defense model of risk management governance that revolves round the Board, Risk Management Committee and the Audit Committee.

Roles and Responsibilities

The Board

The board has the ultimate accountability for the risk and the related control environment and as such, is responsible for the following:

- To approve the risk management framework, set the risk appetite/tolerance level and the risk management strategy escalated to it, from time to time.
- To appraise the risk management process and the internal controls for effectiveness, appropriateness and adequacy.
- To ensure that the company's ERM Framework is subject to periodic audit by competent personnel independent of the company's risk management functions.

Enterprise Risk and Technical committee

The primary function of the ERTC as related to risk management is to oversee the strategic risk management process and monitor the quality, integrity, reliability and effectiveness of the process. It performs this function by:

- Reviewing the adequacy and effectiveness of the strategic risk management process which should ensure that:
    - i. Enterprise risks are identified and measured as to their likelihood of occurrence and impact
    - ii. Management takes appropriate action to minimise both the occurrence and impact of those risks

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Notes to the Financial Statements continued

For the year ended 31 December 2017

- Review and discuss with internal and external audit the extent and alignment of their audits with the risks identified

Business Units

Many of the operational risks reside in the business units and risk owners/champions in these units have responsibilities for risk management in the respective risks. Specifically, business are responsible for the following:

- To carry out a weekly review of risks profile in the department/unit in compliance with the entity's risk policies and procedures.

- Apply appropriate control measures to manage identified risks and solicit the involvement of the Risk Management & Compliance Department (RMCD) in the escalation of material risks to Enterprise Risk Management & Technical Committee.

- Be involved in all activities designed to propagate risk management culture within the company and in building firewalls against emerging exposures that may affect the achievement of the company's objectives.

- Produce risk management reports input for consolidation into the overall report repository domiciled in the RMCD.B100.

- Provide information towards the development of new approaches to risk management in its domain and collaborate with RMCD Department to prepare appropriate risk mitigation plans for the unit.

Enterprise Risk Management Division

- Responsible for facilitation and co-ordination of risk management activities across the company.

- Provision of technical assistance and guidance to business units. It will be responsible for raising awareness of risk management across the Company.

- Reviews and analyses the company's business and investment proposals to ensure that risks have been adequately identified and proper mitigating factors put in place.

- Develop Key Risk Indicators (KRIs) for monitoring key drivers associated with identified major risks and regular liaison with regulators on compliance issues.

- Prepare for the Risk Management Committee's review, necessary exception reports with recommendations for improvement of the entire risk management and reporting system.

- Monitor compliance with the company's ERM policies/procedures on risk limit and access the impact of regulatory requirements will have on the company's operations.

Internal Audit

- To adopt a risk-based approach to planning and executing the internal audit process/activities by directing internal auditing resources at those areas most important to the organization.

- Evaluate the adequacy and effectiveness of controls encompassing the organization's governance, operations, and information systems.

- Develop internal audit plans that identify and assess risks relevant to the activity under review and ensure that the internal auditing objectives reflect the results of the risk assessment.

- To contribute to the effectiveness of the enterprise risk management, by participating in separate evaluations of internal controls and the ERM programme, and recommending improvements.

Notes to the Financial Statements continued

For the year ended 31 December 2017

- To provide advice in the design and improvement of control systems and risk mitigation strategies.

- To challenge the basis of management's risk assessments and evaluate the adequacy and effectiveness of risk treatment strategies.

Risk Landscape

The company's risk landscape comprises of the core risks around our business operations and other risks that are external to them. The key risk classifications that have been reported include:

i) **Insurance Risk** – the risk of loss as a result of improper pricing or/and inadequate reserving. The risk may arise as the insurers are exposed to the risk of timing and expectation of claims and benefit payments. The risk is mitigated through a strong reinsurance programme and effective underwriting strategy that diversifies through appropriate mix.

ii) **Operational Risk** – the company is exposed to risks associated with process inefficiencies, system failure, human errors and external events. In mitigating the risk we deployed strategies for mining operational loss data, appropriate tools and policies to curb the menace of ICT attack and institute effective internal controls to minimise both the occurrence and severity of operational risk.

iii) **Market/Financial Risk** – the risk of volatility in the financial market that can expose our income streams to market fluctuations, and assets value being jeopardised due to falling stock prices.

iv) **Regulatory/Compliance Risk** – the risk of loss arising from regulatory infractions that attract fines and penalties. The company deploys appropriate trainings aimed at achieving the status of 'most significantly- compliant insurer'. The company Governance and Compliance Policies are periodically audited.

v) **Competition Risk –** the risk of losing business and market share arising from voluntary customer attrition, price war, inefficient work process and poor service delivery. Our company is able to manage this risk through efficient, technology driven premium service delivery and prompt resolution of customer complaints that has enabled the company sustain its market leadership status.

vi) **Emerging Risk** – these are risks that are developing or/and existing risks that are changing to develop other dependencies. We have envisaged that ICT risk, country risk and product risks will become noticeable in the ensuing periods due to the company's strategic expansion and business growth. We have scanned the environment and have started putting in place, appropriate structures and commensurate capital charge for possible crystalisation of these potential risks.

3.1 CAPITAL MANAGEMENT POLICIES, OBJECTIVES AND APPROACH

Approach to capital management

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

Leadway's approach to managing capital involves managing assets, liabilities and risks in a coordinated way, assessing shortfalls between reported and required capital level on a regular basis and taking appropriate actions to influence the capital position of the company in the light of changes in economic conditions and risk characteristics. An important aspect of the company's overall capital management process is the setting of target risk adjusted rates of return, which are aligned to performance objectives and ensure that the Group is focused on the creation of value for shareholders.

The Group's primary source of capital includes its equity shareholders' funds and borrowings. Leadway also utilizes adequate and efficient reinsurance arrangements to protect shareholders' funds by reducing the need for further funding following unfavorable events such as catastrophes or just large random single claims.

Notes to the Financial Statements continued

For the year ended 31 December 2017

(All amounts in thousands of Nigerian Naira unless otherwise stated)

The capital requirements are routinely forecast on a periodic basis and assessed against both the forecast available capital and the expected internal rate of return, including risk and sensitivity analyses. The process is ultimately subject to approval by the Board.

The Group has developed a framework to identify the risks and quantify their impact on the economic capital. The framework estimates how much capital is required to reduce the risk of insolvency to a remote degree of probability. The framework has also been considered in assessing the capital requirement.

The Company's objectives with respect to capital management are to maintain a capital base that is structured to exceed regulatory requirement and to decide on the efficient use of capital by assessing the return on capital allocated to the various classes of business and/or products.

The table below summarises the maximum authorized capital across the group and the paid up capital held as follows:

	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
Maximum authorized capital	5,000,000	5,000,000	5,000,000	5,000,000
Paid up share capital	4,682,450	4,682,450	4,682,450	4,682,450

The Group has different requirements depending on the specific operations which it engages in. The Group's main businesses are insurance, property development, pension and asset management, hospitality and trusteeship. The insurance business is divided into life and non life business. Note 25a shows the authorized and paid up capital for the life and non life businesses.

Insurance industry regulator measures the financial strength of non-life insurers using a solvency margin model. NAICOM generally expect non-life insurers to comply with this capital adequacy requirement. This test compares insurers' capital against the risk profile. Section 24 (1) of the Insurance Act, 2003 requires that an insurer shall in respect of its business other than its life insurance business, maintain at all times a margin of solvency being the excess of the value of its admissible assets in Nigeria over its liabilities in Nigeria. The solvency margin shall not be less than 15 percent of the gross premium income less reinsurance premiums paid out during the year under review or the minimum paid-up capital which ever is greater. During the year, the Company has complied with this capital requirement. The regulator has the authority to request more extensive reporting and can place restrictions on the Company's operations if the Company falls below this requirement as deemed necessary.

The Parent company has two (2) businesses i.e major lines, life and non-life businesses and they are required to prepare solvency margin computation separately.

Notes to the Financial Statements continued

For the year ended 31 December 2017

(All amounts in thousands of Nigerian Naira unless otherwise stated)

The company's solvency margin as at 31 December 2017 is as follows:

	December 2017			December 2016		
	Total	**Admissible**	**Inadmissible**	**Total**	**Admissible**	**Inadmissible**
ASSETS						
Cash and Cash Equivalents	27,800,239	26,170,135	1,630,104	24,189,697	21,167,975	3,021,722
Trade Receivables	231,987	231,987	-	169,761	169,761	-
Investment Securities	179,922,719	179,922,719	-	111,041,245	111,041,245	-
Reinsurance Asset	35,235,352	35,235,352	-	11,720,783	11,720,783	-
Deferred Acquisition Cost	548,797	548,797	-	486,416	486,416	-
Other Receivables and Prepayments	3,534,606	-	3,534,606	1,115,754	-	1,115,754
Loans and Advances	1,065,407	1,065,407	-	797,368	797,368	-
Intangible assets	392,884	392,884	-	313,804	313,804	-
Property & Equipment	3,828,939	3,828,939	-	3,645,335	3,645,335	-
Investment Properties	14,963,765	14,963,765	-	8,159,419	8,159,419	-
Investment in Associates	-	-	-	-	-	-
Investment in Subsidiaries	3,637,495	3,637,495	-	3,637,495	3,637,495	-
Deferred Tax Assets	286,446	-	286,446	286,446	-	286,446
Statutory Deposit	500,000	500,000	-	500,000	500,000	-
Total Assets	271,948,636	266,497,480	5,451,156	166,063,523	161,639,601	4,423,922
LIABILITIES						
Trade payables	3,633,509	3,633,509	-	2,754,639	2,754,639	-
Current Income Tax Liabilities	1,119,536	1,119,536	-	900,143	900,143	-
Other Liabilities	12,926,746	12,926,746	-	7,097,390	7,097,390	-
Borrowings	-	-	-	-	-	-
Insurance Contract Liabilities	183,982,546	183,982,546	-	104,757,646	104,757,646	-
Investment Contract Liabilities	22,532,309	22,532,309	-	18,294,287	18,294,287	-
Deffered Tax Liabilities	693,427	-	693,427	728,673	-	728,673
Total Liabilities	224,888,073	224,194,646	693,427	134,532,778	133,804,105	728,673
Excess of admissible assets over liabilities		**42, 302, 834**			**27,835,496**	
Test I Gross Premium		84, 479, 591			53,673,453	
Less: Reinsurance expense		(14, 655, 797)			(12,398,398)	
Net premium		69, 823, 794			41,275,055	
15% thereof		10, 473, 569			6,191,258	
Test II Minimum paid-up capital		5,000,000			5,000,000	
The higher thereof:						
SURPLUS OF SOLVENCY		**31,829,265**			**21,644,238**	
Solvency ratio		404%			450%	

Notes to the Financial Statements continued

For the year ended 31 December 2017

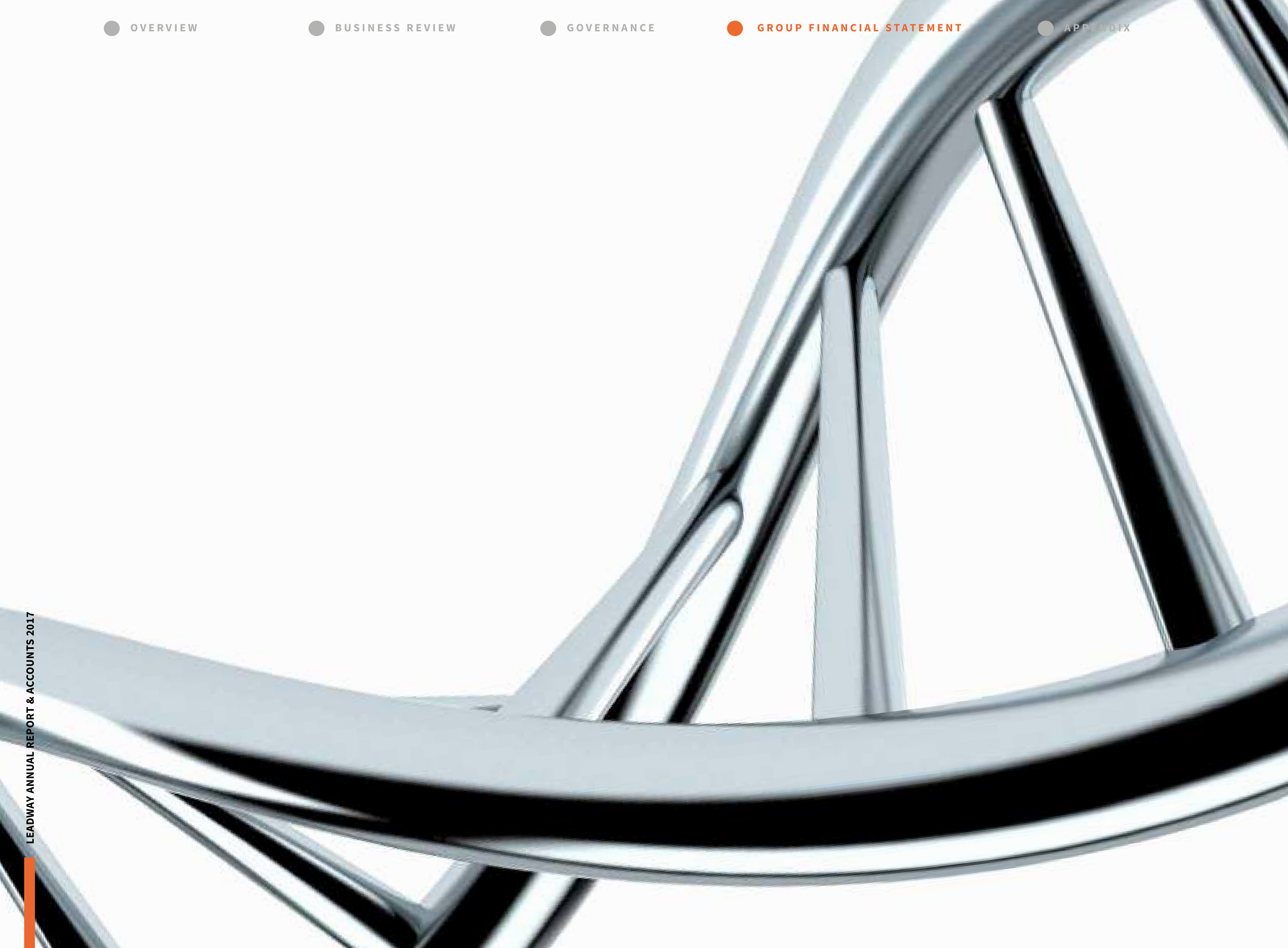
(All amounts in thousands of Nigerian Naira unless otherwise stated)

3.2 ASSET AND LIABILITY MANAGEMENT

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

These risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The risks that the Group primarily faces due to the nature of its investments and liabilities are interest rate risk and equity price risk. The Group manages these positions within an ALM framework that has been developed to achieve long term investment returns in excess of its obligations under insurance and investment contracts. Within the ALM framework, the Group periodically produces reports at portfolio, legal entity and asset and liability class level that are circulated to the Group's key management personnel. The principal technique of the Group's ALM is to match assets to the liabilities arising from insurance and investment contracts by reference to the type of benefits payable to contract holders. For each distinct class of liabilities, a separate portfolio of assets is maintained. The Group has not changed the processes used to manage its risks from previous periods.

The Group's ALM is integrated with the management of the financial risks associated with the Group's other classes of financial assets and liabilities not directly associated with insurance and investment liabilities. The notes below explain how financial risks are managed using the categories utilized in the Group's ALM framework. The following tables reconcile the consolidated statement of financial statements to the classes and portfolios used in the Group's ALM framework.



Notes to the Financial Statements continued

For the year ended 31 December 2017

3.2 ASSET AND LIABILITY MANAGEMENT

(a) HYPOTHECATION OF ASSETS
As at 31 December 2017

(All amounts in thousands of Nigerian Naira unless otherwise stated)

COMPANY	NON - LIFE			LIFE					
	Shareholder's fund	Policy holder's fund	Others	Shareholder's fund	Deposit Admin. fund	Annuity fund	Policy holder's fund (LIFE)	Others	Total
TOTAL	**22,588,726**	**59,823,081**	**11,311,736**	**24,471,843**	**22,532,309**	**117,289,811**	**6,869,651**	**7,996,323**	**272,883,480**
INVESTMENTS:									
Fixed Assets:									
Real Estate	2,843,500	3,167,829	-	11,697,707	449,986	-	-	-	18,159,022
Office Equipments	98,270	-	-	43,633	-		-	-	141,903
Motor Vehicles	299,655	-	-	155,081	-		-	-	454,736
Furniture and Fittings	8,380	-	-	28,662	-		-	-	37,042
Intangible Assets	240,259	-	-	152,625	-		-	-	392,884
Others Investments:	-	-	-	-					-
Commercial loans	388,500	-	-	266,006	387,945	-	-	-	1,042,451
Loans to Policy holders	-	-	-	-	277,604		-	-	277,604
Statutory Deposit	300,000	-	-	200,000	-		-	-	500,000
Treasury Bills	-	-	-	132,172	4,728,105	2,250,584	188,164	-	7,299,025
Government Bonds	6,139,208	6,481,781	-	2,673,342	13,305,427	107,571,372	3,437,160	5,276,621	144,884,911
Corporate bonds	-	4,901,817	-	196,942	1,423,039	1,428,939	589,187	-	8,539,924
Quoted Securities	6,497,753	-	-	1,834,757	1,174,597	3,734,461	456,175	73,151	13,770,894
Unquoted Securities	525,944	3,291,398	-	1,693,766	3,787	-	40,661	-	5,555,556
Bank Placements	2,987,161	16,091,733	-	639,565	678,007	1,263,457	624,475	-	22,284,398
Bank and Cash Balances		2,514,303	-	540,864	103,812	1,040,998	233,375	1,082,489	5,515,841
Related Companies Securities	683,974	-	-	2,953,521		-	-	-	3,637,495
Related Companies Loans	-	-	-	-	-		-	-	-
Other assets (see "A" below)	1,576,122	23,374,220	11,311,736	1,263,200		-	1,300,454	1,564,062	39,547,795
TOTAL	**22,588,726**	**59,823,081**	**11,311,736**	**24,471,843**	**22,532,309**	**117,289,811**	**6,869,651**	**7,996,323**	**272,041,481**

OTHER DETAILS (A)	NON LIFE BUSINESS	LIFE BUSINESS
Intangible assets		
Prepaid Reinsurance & Recoverables	33,934,899	1,300,454
Deferred Acquisition Expenses	548,796	-
Premium Debtors	218,192	13,795
Deferred Tax Assets	198,764	87,682
Other assets: (Staff loans , prepayments, and sundry debtors)	519,428	2,725,785
TOTAL	**35,420,079**	**4,127,716**

Notes to the Financial Statements continued

For the year ended 31 December 2017

3.2 ASSET AND LIABILITY MANAGEMENT

(a) HYPOTHECATION OF ASSETS
As at 31 December 2016

(All amounts in thousands of Nigerian Naira unless otherwise stated)

	NON - LIFE			LIFE					
COMPANY	**Shareholder's fund**	**Policy holder's fund**	**Others**	**Shareholder's fund**	**Deposit Admin. fund**	**Annuity fund**	**Policy holder's fund (LIFE)**	**Others**	**Total**
TOTAL	**20,423,637**	**30,572,177**	**9,471,488**	**1 1,107,112**	**18,294,287**	**67,976,792**	**6,208,674**	**2,266,936**	**166,321,103**
INVESTMENTS:									
Fixed Assets:									
Real Estate	2 ,836,453	3 ,134,223	-	641,199	2,098,260	1,469,293	335,680	822,598	11,337,706
Office Equipments	161,108	-	-	36,816	-	-	-	-	197,924
Motor Vehicles	139,013	-	-	78,353	-	-	-	-	217,366
Furniture and Fittings	16,788	-	-	34,972	-	-	-	-	51,760
Intangible Assets	312,306	-	-	1,498	-	-	-	-	313,804
Others Investments:	-	-	-	-	-	-	-	-	-
Commercial loans	155,380	-	-	398,572	-	-	-	3,218	557,170
Loans to Policy holders	-	-	-	-	251,165	-	-	-	251,165
Statutory Deposit	300,000	-	-	200,000	-	-	-	-	500,000
Treasury Bills	-	-	-	-	2,071,044	2,469,569	25,398	-	4,566,011
Government Bonds	-	-	-	3,431,165	8,261,146	60,974,782	4,340,735	21,071	77,028,899
Corporate bonds	-	12,873,341	-	413,246	3,100,893	181,758	208,702	42,576	16,820,516
Quoted Securities	4,311,011	-	-	888,828	1,700,380	866,660	221,912	-	7,988,791
Unquoted Securities	3,233,173	-	-	923,801	72,504	288,382	25,500	112,643	4,656,003
Bank Placements	2,987,161	14,564,613	-	216,984	695,650	1,505,832	763,591	61,941	20,795,772
Bank and Cash Balances	2,364,270	-	-	452,611	43,246	220,516	287,156	26,123	3,393,922
Related Companies Securities	683,974	-	-	2,953,521	-	-	-	-	3,637,495
Related Companies Loans	-	-	-	-	-	-	-	-	-
Other assets (see "A" below)	2,923,000	-	9,471,488	435,546	-	-	-	1,176,766	14,006,799
TOTAL	**20,423,637**	**30,572,177**	**9,471,488**	**11,107,112**	**18,294,287**	**67,976,792**	**6,208,674**	**2,266,936**	**166,321,103**

OTHER DETAILS (A)	**NON LIFE BUSINESS**	**LIFE BUSINESS**
Intangible assets		
Prepaid Reinsurance & Recoverables	11,384,279	336,504
Deferred Acquisition Expenses	486,416	-
Premium Debtors	164,616	5,145
Deferred Tax Assets	198,765	87,682
Other assets: (Staff loans , prepayments, and sundry debtors)	190,767	1,182,982
TOTAL	**12,424,843**	**1,612,313**

Notes to the Financial Statements continued

For the year ended 31 December 2017

3.3 FINANCIAL RISK MANAGEMENT

The Group is exposed to a range of financial risks through its financial instrument, reinsurance 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:

- Credit risks
- Liquidity risks
- Market risks

3.3.1 CREDIT RISKS

Credit risks arise from the default of a counterparty to fulfil its on and/or off- balance sheet contractual obligations. Exposure to this risk results from financial transactions with a counterparty including issuer, debtor, investee, borrower, broker, policy holder, reinsurer or guarantor.

The Group has policies in place to mitigate its credit risks.

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

Net exposure limits are set for each counterparty or group of counterparties, geographical and industry segment (i.e. limits are set for investments and cash deposits, foreign exchange trade exposures and minimum credit ratings for investments that may be held).

(ii) The Group further restricts its credit risk exposure by entering into master netting arrangements with counterparties with which it enters into significant volumes of transactions. However, such arrangements do not generally result in an offset of balance sheet assets and liabilities, as transactions are usually settled on a gross basis. However, the credit risk associated with such balances is reduced in the event of a default, when such balances are settled on a net basis. The Group's reinsurance treaty contracts involve netting arrangements.

(iii) The Group's set guidelines determine when to obtain collateral and guarantees. The Group also maintains strict control limits by amount and terms on financial assets. The amounts subject to credit risk are limited to the fair value of 'in the money' financial assets against which the Group either obtains collateral from counterparties or requires margin deposits. Collateral may be sold or repledged by the Group and is repayable if the contract terminates or the contract's fair value falls.

(iv) Reinsurance is placed with counterparties that have a good credit rating and concentration of risk is avoided by following policy guidelines in respect of counterparties' limits that are set each year by the management 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.

(v) The Group sets the maximum amounts and limits that may be advanced to corporate counterparties by reference to their long–term credit ratings and worthiness.

(vi) 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 or trust deed until expiry, when the policy is either paid up or terminated. Commission paid to intermediaries is netted off against amounts receivable from them to reduce the risk of doubtful debts.

Notes to the Financial Statements continued

For the year ended 31 December 2017

(All amounts in thousands of Nigerian Naira unless otherwise stated)

3.3.1.1 MAXIMUM EXPOSURE TO CREDIT RISK

	Note	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
Cash and cash equivalents (excl. cash on hand)	6	29,038,877	26,014,889	27,796,473	24,186,451
Investment securities:					
Trade receivables	7	231,987	169,761	231,987	169,761
- Fair value through profit or loss (excl. equity investments)	8.1	127,678,943	67,888,375	127,678,943	67,888,375
- Held to maturity	8.3	36,236,431	32,952,921	32,917,325	30,508,078
Reinsurance Assets **	9	28,596,965	338,532	28,596,965	338,532
Other receivables (excl. prepayments)	11	822,534	753,860	317,546	315,285
Loans and advances	12	3,434,853	3,365,178	1,065,407	1,649,190
Statutory deposits	18	500,000	500,000	500,000	500,000
Total assets exposed to credit risk		226,540,590	131,983,516	219,104,646	125,555,672

** Reinsurance Assets includes amount recoverable on claims reported (excluding IBNR) and amount due from reinsurers.

The Group further manages its exposure to credit risk through counterparty risk via established limits as approved by the Board. These limits are determined based on credit ratings of the counterparty amongst other factors. All fixed income investments are measured for performance on a quarterly basis and monitored by management on a monthly basis.

3.3.1.2 COUNTERPARTY RISK

(a) Cash and cash equivalent

The group and company's counterparty exposure of its cash and cash equivalent is represented below:

Counterparty	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
National banks	25,539,913	22,788,068	24,298,309	20,959,630
Foreign banks	1,630,104	3,021,722	1,630,104	3,021,722
Investment house	1,868,060	205,099	1,868,060	205,099
	29,038,077	26,014,889	27,796,473	24,186,451

Counterparty	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
National banks	87%	88%	87%	87%
Foreign banks	6%	11%	6%	12%
Investment house	7%	1%	7%	1%
	100%	100%	100%	100%

Notes to the Financial Statements continued

For the year ended 31 December 2017

(All amounts in thousands of Nigerian Naira unless otherwise stated)

(b) Investment securities

The group and company's counterparty exposure of its investment securities is represented below:

Counterparty	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
Federal Government of Nigeria	150,303,094	84,949,317	150,303,094	82,504,473
State Government in Nigeria	1,603,454	753,387	1,603,454	753,387
Corporates with acceptable risk ratings	12,008,826	15,138,592	8,689,720	15,138,593
	163,915,374	100,841,296	160,596,268	98,396,453

(c) Trade receivables

Credit risk exposure to trade receivables arises from the 30 days window given by NAICOM in the "No Premium No Cover" policy. This give the brokers latitude to withhold premium collected from the insured for 30 days before remittance. However, they are expected to issue their credit note and remit the premium on or before the expiration of the 30 days grace period. Brokers who fail to remit are reported on a quarterly basis to NAICOM and are subject to the downgrading process in line with the Group's policy. The Group's risk exposure to credit risk is low as the receipt of insurance premium from the insured is a pre-condition for the issuance of insurance cover.

(d) Loans and advances

Credit risk exposure to direct business is low as the Company requires debtors to provide guarantees before inception of insurance policies. The Company's exposure to credit risk arising from brokered business is relatively moderate and the risk is managed by the Group's internal rating model for brokers. Our credit risk internal rating model is guided by several weighted parameters which determine the categorization of brokers the Group transacts businesses with.

(e) Reinsurance receivable

Reinsurance contract is executed only with reinsurers with a minimum acceptable credit rating. Management monitors the credit worthiness of reinsurers by reviewing their annual financial statements and through ongoing communications. Reinsurance treaties are reviewed annually by management prior to renewal of reinsurance contracts.

3.3.1.3 CREDIT QUALITY

Group
2017

	AA+/AA-	A+/A-	BB+/BB-	UNRATED	TOTAL
Neither past due nor impaired					
Cash and cash equivalents (excl. cash on hand)	-	16,671,411	11,434,986	932,480	29,038,877
Investment securities:					-
Investment securities - FVTPL (excl. equity)	1,948,590	826,534	124,646,599	257,220	127,678,943
Investment securities - HTM	252,553	345,793	35,592,639	24,728	36,215,713
Trade receivables	-			231,987	231,987
Loans and advances	-	-	-	3,195,111	3,195,111
Reinsurance Assets	-	-	-	28,596,965	28,596,965
Other receivables (excl. prepayments)	-	-	-	822,534	822,534
Statutory deposits	-	-	500,000	-	500,000
Past due but not impaired					
Loans and advances	-	-	-	239,742	239,742
Past due and impaired					
Investment securities - HTM	-	-	-	148,308	148,308
Loans and advances	-	-	-	356,183	356,183
Less specific impairment on past due and impaired:					
Investment securities - HTM	-	-	-	(127,590)	(127,590)
Loans and advances	-	-	-	(356,183)	(356,183)
	2,201,143	17,843,738	172,174,224	34,321,485	226,540,590

Notes to the Financial Statements continued

For the year ended 31 December 2017

(All amounts in thousands of Nigerian Naira unless otherwise stated)

Group

2016

	AA+/AA-	A+/A-	BB+/BB-	UNRATED	TOTAL
Neither past due nor impaired					
Cash and cash equivalents (excl. cash on hand)	10,239,028	7,709,134	7,468,341	598,386	26,014,889
Investment securities:					
Investment securities - FVTPL (excl. equity)	1,494,522	295,750	65,946,012	152,091	67,888,375
Investment securities - HTM	2,924,927	476,923	27,108,244	2,294,473	32,804,567
Loans and advances	-	-	-	-	-
Trade receivables	-	-	-	3,216,824	3,216,824
Other receivables (excl. prepayments)	-	-	-	338,532	338,532
Reinsurance Assets	-	-	-	753,860	753,860
Statutory deposits	-	-	-	500,000	500,000
Past due and impaired					
Loans and advances	-	-	-	148,354	148,354
Trade receivables	-	-	-	169,280	169,280
	14,658,477	8,481,808	100,522,597	8,171,801	131,834,682

Company

2017

	AA+/AA-	A+/A-	BB+/BB-	UNRATED	TOTAL
Neither past due nor impaired					
Cash and cash equivalents (excl. cash on hand)	-	16,139,638	10,724,355	932,480	27,796,473
Investment securities - FVTPL (excl. equity)	1,948,590	826,534	124,646,599	257,220	127,678,943
Investment securities - HTM	252,533	345,793	32,273,533	24,748	32,896,607
Trade receivables	-	-	-	231,987	231,987
Loans and advances	-	-	-	848,879	848,879
Other receivables (excl. prepayments)	-	-	-	410,325	410,325
Statutory deposits	-	-	500,000	-	500,000
Reinsurance Assets	-	-	-	28,596,965	28,596,965
Past due but not impaired					
Loans and advances				239,742	239,742
Past due and impaired					
Investment securities - HTM	-	-	-	148,308	148,308
Loans and advances	-	-	-	350,575	350,575
Less specific impairment on past due and impaired:					
Investment securities - HTM	-	-	-	(127,590)	(127,590)
Loans and advances	-	-	-	(350,575)	(350,575)
	2,201,123	17,311,965	168,144,487	31,563,064	219,220,639

Notes to the Financial Statements continued

For the year ended 31 December 2017

(All amounts in thousands of Nigerian Naira unless otherwise stated)

Company

2016

	AA+/AA-	A+/A-	BB+/BB-	UNRATED	TOTAL
Neither past due nor impaired		7,709,134	7,468,341	595,140	24,186,451
Cash and cash equivalents (excl. cash on hand)	8,413,836	295,750	65,946,012	152,091	67,888,375
Investment securities - FVTPL (excl. equity)	1,494,522	476,923	28,672,950	729,768	30,359,724
Investment securities - HTM	480,083	-	-	169,761	169,761
Trade receivables	-	-	-	1,479,910	628,088
Loans and advances	-	-	-	315,285	315,285
Other receivables (excl. prepayments)	-	-	500,000	-	500,000
Statutory deposits	-	-	-	190178	338532
Past due and impaired					
Loans and advances	-	-	-	148,354	148,354
Reinsurance assets (excl. IBNR and prepaid resinurance)	-	-	-	169,280	169280
	10,388,441	8,481,807	102,587,303	3,949,767	124,703,850

Global Corporate Rating (GCR)'s rating symbols and Definitions

AAA	Extremely strong financial security characteristics and is the highest FSR assigned by GCR.
AA+ AA AA-	Has very strong financial security characteristics, differing only slightly from those rated higher.
A+ A A-	Has strong financial security characteristics, but is somewhat more likely to be affected by adverse business conditions than assurers with higher ratings.
BBB+ BBB BBB-	Has good financial security characteristics, but is much more likely to be affected by adverse business conditions than assurers with higher ratings.
BB+	Has vulnerable financial security characteristics, which might outweigh its strengths. The ability of these companies to discharge obligations is not well safeguarded in the future.

Past due and impaired				
0 - 90 days	265,439	265,439	203,855	203,855
90 - 180 days	-	-	-	-
181 days and above	-	-	-	-
	265,439	265,439	203,855	203,855

Notes to the Financial Statements continued

For the year ended 31 December 2017

(All amounts in thousands of Nigerian Naira unless otherwise stated)

Concentration of credit risk

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

Group 2017	Financial institution	Manufacturing/ telecom	Public sector	Others	Total
Cash and cash equivalents	29,038,877	-	-	-	29,038,877
Investment securities - FVTPL (excl. equity)	1,887,765	-	125,392,328	398,850	127,678,943
Investment securities - HTM	6,079,376	201,669	29,812,608	142,778	36,236,431
Trade receivables	231,987	-	-	-	231,987
Loans and advances	145,867	-	-	3,288,986	3,434,853
Other receivables (excl. prepayments)	-	-	-	822,534	822,534
Statutory deposits	500,000	-	-	-	500,000
Reinsurance Assets	28,596,965	-	-	-	28,596,965
Total	**66,480,837**	**201,669**	**155,204,936**	**4,653,148**	**226,540,589**

Group 2016	Financial institution	Manufacturing/ telecom	Public sector	Others	Total
Cash and cash equivalents	26,014,889	-	-	-	26,014,889
Investment securities - FVTPL (excl. equity)	623,223	-	66,225,421	1,039,731	67,888,375
Investment securities - HTM	7,887,268	201,669	24,416,761	447,223	32,952,921
Trade receivable	169,761	-	-	-	169,761
Loans and advances	-	-	-	3,365,178	3,365,178
Other receivables (excl. prepayments)	-	-	-	753,860	753,860
Statutory deposits	500,000	-	-	-	500,000
Due from Reinsurers	338,532	-	-	-	338,532
Total	**35,533,673**	**201,669**	**90,642,182**	**5,605,992**	**131,983,516**

Notes to the Financial Statements continued

For the year ended 31 December 2017

(All amounts in thousands of Nigerian Naira unless otherwise stated)

Company 2017	Financial institution	Manufacturing/ telecom	Public sector	Others	Total
Cash and cash equivalents	27,796,473	-	-	-	27,796,473
Investment securities - FVTPL (excl. equity)	1,887,765	-	125,392,328	398,850	127,678,943
Investment securities - HTM	6,079,376	201,669	26,514,220	122,060	32,917,325
Trade receivable	-	-	-	231,987	231,987
Loans and advances	145,867	-	-	1,293,329	1,439,196
Other receivables (excl. prepayments)	-	-	-	317,546	317,546
Statutory deposits	500,000	-	-	-	500,000
Reinsurance Assets	28,596,965	-	-	-	28,596,965
Total	**65,006,446**	**201,669**	**151,906,548**	**2,363,772**	**219,478,435**

Company 2016	Financial institution	Manufacturing/ telecom	Public sector	Others	Total
Cash and cash equivalents	24,189,697	-	-	-	24,189,697
Investment securities - FVTPL (excl. equity)	623,223	-	66,225,421	1,039,731	67,888,375
Investment securities - HTM	7,887,268	201,669	21,971,917	447,224	30,508,078
Trade receivable	-	-	-	169,761	169,761
Loans and advances	-	-	-	1,649,190	1,649,190
Other receivables (excl. prepayments)	-	-	-	315,285	315,285
Statutory deposits	500,000	-	-	-	500,000
Due from Reinsurers	338,532	-	-	-	338,532
Total	**33,538,720**	**201,669**	**88,197,338**	**3,621,191**	**125,558,918**

Collateral held and other credit enhancements and their financial effect.

The Group does not hold collateral against their commercial loans. The loans and advances are uncollateralised.

3.3.2 LIQUIDITY RISKS

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial instruments. In respect of catastrophic events there is also a liquidity risk associated with the timing differences between gross cash out–flows and expected reinsurance recoveries.

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

- The Company's liquidity risk policy which sets out the assessment and determination of what constitutes liquidity risk for the company. Compliance with the policy is monitored and exposures and breaches are reported to the company's risk committee. The policy is regularly reviewed for pertinence and for changes in the risk environment.
- Guidelines are set for asset allocations, portfolio limit structures and maturity profiles of assets, in order to ensure sufficient funding available to meet insurance and investment contracts obligations.
- Contingency funding plans are in place, which specify minimum proportions of funds to meet emergency calls as well as specifying events that would trigger such plans.

The table that follows summarizes the maturity profile of the non–derivative financial assets and financial liabilities of the Group based on remaining undiscounted contractual obligations, including interest payable.

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

Repayments which are subject to notice are treated as if notice were to be given immediately.

Notes to the Financial Statements continued

For the year ended 31 December 2017

(All amounts in thousands of Nigerian Naira unless otherwise stated)

Maturity analysis (contractual undiscounted cash flow basis for non–derivatives)

Using the behavioural pattern of our funding sources over time, the Group's expected cash flows on some financial assets and liabilities to vary significantly from the contractual cash flows. As part of management of liquidity risk arising from financial liabilities, the Group maintains a portfolio of highly marketable and diverse assets that can be easily liquidated in the event of an unforeseen interruption of cash flow.

The table below shows the undiscounted cash flow on the Group's financial assets and liabilities and on the basis of the earliest possible contractual maturity. The gross nominal inflow/outflow disclosed in the table is the contractual, undiscounted cash flows on the financial assets and liabilities. Whilst the table below have been prepared based on the contractual maturities, the maturity profile based on the behavioural pattern of the assets and liabilities observed over a very long period (five years) presents management with a reliable basis to manage the inherent liquidity risks.

		Contractual maturities of financial assets and liabilities						
Group 31 December 2017	**Notes**	**Carrying amount**	**Gross nominal**	**0-3 months**	**3-6 months**	**6-12 months**	**1-5 years**	**Over 5 years**
Assets								
Cash and cash equivalents	6	29,043,554	31,250,831	29,335,854	1,914,977	-	-	-
Trade receivables	7	231,987	231,987	231,987	-	-	-	-
Investment securities - FVTPL	8.1	130,185,303	352,870,396	6,577,608	1,809,310	11,676,131	91,634,102	241,173,245
Investment securities - Available for sale	8.2	17,012,524	17,012,524	-	-	-	17,012,524	-
Investment securities - Held to maturity	8.3	36,236,431	55,633,373	1,860,086	1,611,751	9,854,232	29,671,119	12,636,185
Reinsurance assets (Due from reinsurers and Recoverable)	9	28,596,965	28,596,965	1,192,852	10,070,629	17,333,484	-	-
Other receivables - financial assets	11	822,534	822,534	-	-	822,534	-	-
Loans and Advances	12	3,434,853	4,767,790	191,588	78,061	316,194	634,727	3,547,220
Statutory deposit	18	500,000	500,000	-	-	-	-	500,000
Total financial assets		**246,064,151**	**491,686,400**	**39,389,975**	**15,484,728**	**40,002,575**	**138,952,472**	**257,856,650**
Trade payables	19	3,633,509	3,633,509	3,633,509	-	-	-	-
Other liabilities - financial liabilities	21	4,372,141	4,372,141	732,342	1,391,738	2,248,061		-
Borrowings	22	160,275	202,563	-	-	-	202,563	-
Insurance contract liabilities (excl. IBNR and unearned premium))	23	163,369,046	163,369,046	3,267,381	5,717,917	8,168,452	9,802,143	136,413,153
Investment contract liabilities	24	22,532,309	33,919,949	1,566,220	866,218	1,370,555	13,731,063	16,385,893
Total financial liabilities		194,067,280	205,497,208	9,199,452	7,975,873	11,787,068	23,735,769	152,799,046
Gap		51,996,871	286,189,192	30,190,523	7,508,855	28,215,507	115,216,703	105,057,604

Investment securities - Available-for-sale ** This category of financial assets does not have contractual maturity

Notes to the Financial Statements continued

For the year ended 31 December 2017

(All amounts in thousands of Nigerian Naira unless otherwise stated)

Group 31 December 2016	**Note**	**Carrying amount**	**Gross nominal**	**Contractual maturities of financial assets and liabilities**				
				0-3 months	**3-6 months**	**6-12 months**	**1-5 years**	**Over 5 years**
Cash and cash equivalents	6	26,018,694	26,085,991	26,085,991	-	-	-	-
Trade receivables	7	169,761	169,762	169,762	-	-	-	-
Investment securities - FVTPL	8.1	69,429,589	217,974,689	6,234,461	10,577,148	37,890,951	11,468,464	151,803,666
Investment securities - Available for sale	8.2	11,210,932	13,010,779	6,550,173	-	-	-	6,460,606
Investment securities - Held to maturity	8.3	32,952,921	34,481,580	986,234	1,673,207	5,993,998	14,639,739	11,188,402
Reinsurance assets (Due from reinsurers)	9	338,532	338,532	338,532	-	-	-	-
Other receivables - financial assets	11	753,860	753,860	-	-	753,860	-	-
Loans and Advances	12	2,463,338	3,705,767	68,864	75,165	178,493	1,421,825	1,961,420
Statutory deposit	18	500,000	500,000	-	-	-	-	500,000
Total financial assets		**143,837,627**	**297,020,959**	**40,434,017**	**12,325,520**	**44,817,302**	**27,530,028**	**171,914,094**
Trade payables	19	2,754,639	2,754,639	2,754,639	-	-	-	-
Other liabilities - financial liabilities	21	3,772,280	3,948,901	2,558,240	54,913	398,158		937,590
Borrowings	22	204,623	204,623	-	-	-	204,623	-
Insurance contract liabilities (excl. IBNR and unearned premium))	23	91,371,054	91,371,054	-	-	-	20,497,935	70,873,119
Investment contract liabilities	24	18,294,287	18,294,287	-	-	-	18,294,287	-
Total financial liabilities		**116,396,883**	**116,573,504**	**5,312,879**	**54,913**	**398,158**	**38,996,845**	**71,810,709**
Gap		**27,440,744**	**180,447,455**	**35,121,138**	**12,270,607**	**44,419,144**	**(11,466,817)**	**100,103,385**

Notes to the Financial Statements continued

For the year ended 31 December 2017

(All amounts in thousands of Nigerian Naira unless otherwise stated)

Company 31 December 2017	Notes	Carrying amount	Gross nominal	0-3 months	3-6 months	6-12 months	1-5 years	Over 5 years
			Contractual maturities of financial assets and liabilities					
Assets								
Cash and cash equivalents	6	27,800,239	27,958,328	26,043,351	1,914,977	-	-	-
Trade receivables	7	231,987	231,987	231,987	-	-	-	-
Investment securities - FVTPL	8.1	129,997,627	352,682,720	6,577,608	1,809,310	11,676,131	91,634,102	240,985,569
Investment securities - Available for sale **	8.2	17,007,767	-	-	-	-	16,972,100	-
Investment securities - Held to maturity	8.3	32,917,325	52,314,268	1,196,265	947,930	9,190,411	29,007,298	11,972,364
Reinsurance assets (Due from reinsurers and Recoverable)	9	28,596,965	28,596,965	1,192,852	10,070,629	17,333,484	-	-
Other receivables - financial assets	11	317,546	317,546	-	-	317,546	-	-
Loans and advances	12	1,065,407	1,220,570	191,588	78,061	316,194	634,727	-
Statutory deposit	18	500,000	500,000	-	-	-	-	500,000
Total financial assets		**238,434,863**	**463,822,384**	**35,433,651**	**14,820,907**	**38,833,766**	**138,248,227**	**253,457,933**
Trade payables	19	3,633,509	3,633,509	3,633,509	-	-	-	-
Other liabilities - financial liabilities	21	2,248,061	2,248,061	-	-	2,248,061	-	-
Insurance contract liabilities (excl. IBNR and unearned premium)	23	163,369,046	163,369,045	3,267,381	5,717,917	8,168,452	9,802,143	136,413,153
Investment contract liabilities	24	22,532,309	33,919,949	1,566,220	866,218	1,370,555	13,731,063	16,385,893
Total financial liabilities		**191,782,925**	**203,170,564**	**8,467,110**	**6,584,135**	**11,787,068**	**23,533,206**	**152,799,046**
Gap								
		46,651,938	**260,651,820**	**26,966,541**	**8,236,772**	**27,046,698**	**114,715,021**	**100,658,887**

Investment securities - Available-for-sale ** This category of financial assets does not have contractual maturity

Notes to the Financial Statements continued

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(All amounts in thousands of Nigerian Naira unless otherwise stated)

Company 31 December 2016	Note	Carrying amount	Gross nominal	Contractual maturities of financial assets and liabilities 0-3 months	3-6 months	6-12 months	1-5 years	Over 5 years
Cash and cash equivalents	6	24,189,697	24,256,995	24,256,995	-	-	-	-
Trade receivables	7	169,761	169,762	169,762	-	-	-	-
Investment securities - FVTPL	8.1	69,326,992	217,872,091	6,234,461	10,577,148	37,890,951	11,468,464	151,701,068
Investment securities - Available for sale	8.2	11,206,175	12,925,027	6,550,173	-	-	-	6,374,854
Investment securities - Held to maturity	8.3	30,508,078	32,036,735	497,265	1,184,238	5,505,029	14,150,770	10,699,433
Reinsurance assets (Due from reinsurers)	9	6,538,834	6,461,895	6,461,895	-	-	-	-
Other receivables - financial assets	11	315,285	315,285	-	-	135,169	-	-
Loans and advances	12	797,368	1,912,148	68,864	75,165	346,294	1,421,825	-
Statutory deposit	18	500,000	500,000	-	-	-	-	500,000
Total financial assets		**143,552,190**	**296,449,938**	**44,239,415**	**11,836,551**	**43,877,443**	**27,041,059**	**169,275,355**
Trade payables	19	2,754,639	2,754,639	2,754,639	-	-	-	-
Other liabilities - financial liabilities	21	2,372,725	2,372,725	-	-	2,372,725	-	-
Insurance contract liabilities (excl. IBNR and unearned premium))	23	91,371,054	91,371,054	-	-	-	20,497,935	70,873,119
Investment contract liabilities	24	18,294,287	19,462,007	423,555	399,450	1,187,965	15,571,064	1,879,973
Total financial liabilities		114,792,705	115,960,425	3,178,194	399,450	3,560,690	36,068,999	72,753,092
Gap		**28,759,485**	**180,489,513**	**41,061,220**	**11,437,101**	**40,316,753**	**(9,027,940)**	**96,522,263**

It is not expected that cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

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(All amounts in thousands of Nigerian Naira unless otherwise stated)

(g) Market risks

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

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

- Guidelines are set for asset allocation and portfolio limit structure, to ensure that assets back specific policyholder's liabilities and that assets are held to deliver income and gains for policyholders which are in line with expectations of the policyholders.

- The Group stipulates diversification benchmarks by type of instrument and geographical area, as the Group is exposed to guaranteed bonuses, cash and annuity options when interest rates falls.

(h) 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 US dollar.

The Group's financial assets are primarily denominated in the same currencies as its insurance and investment contract liabilities. 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.

The table below summarises the Group's financial assets and liabilities by major currencies. Note that irrespective of the currency in which the assets are held, the amounts disclosed against individuals currencies are the Naira equivalent of the respective currencies. The exchange rates applied for each of the listed currencies have been obtained from reliable sources depicting reliable market transactions on 31 Decembers 2017.

Group 31 December 2017	Notes	Naira (N)	US Dollars (USD)	UK Pound Sterling (GBP)	Euro	Others	Total
Assets							
Cash and cash equivalents	6	7,155,743	21,511,938	75,334	280,969	19,570	29,043,554
Trade receivables	7	231,987	-	-	-	-	231,987
Investment securities - FVTPL	8.1	124,046,095	6,139,208	-	-	-	130,185,303
Investment securities - Available for sale	8.2	13,319,851	3,692,673	-	-	-	17,012,524
Investment securities - Held to maturity	8.3	23,101,964	13,134,467	-	-	-	36,236,431
Reinsurance assets (Due from reinsurers and Recoverable)	9	3,337,848	25,138,806	-	120,311	-	28,596,965
Other receivables - financial assets	11	822,534	-	-	-	-	822,534
Loans and advances	12	3,085,584	349,269	-	-	-	3,434,853
Statutory deposits	18	500,000	-	-	-	-	500,000
Total financial assets		**175,601,606**	**69,966,361**	**75,334**	**401,280**	**19,570**	**246,064,151**
Trade payables	19	3,633,509	-	-	-	-	3,633,509
Other liabilities - financial liabilities	21	4,372,141	-	-	-	-	4,372,141
Borrowings	22	160,275	-	-	-	-	160,275
Insurance contract liabilities (excl. IBNR and unearned premium))	23	128,434,296	34,691,878	2,065	240,807	-	163,369,046
Investment contract liabilities	24	22,532,309	-	-	-	-	22,532,309
Total financial liabilities		**159,132,530**	**34,691,878**	**2,065**	**240,807**	**-**	**194,067,280**
Net FCY exposure			**35,274,483**	**73,269**	**160,473**	**19,570**	**51,996,871**

Notes to the Financial Statements continued

For the year ended 31 December 2017

(All amounts in thousands of Nigerian Naira unless otherwise stated)

Group 31 December 2016	Note	Naira (N)	US Dollars (USD)	UK Pound Sterling (GBP)	Euro	Rand (ZAR)	Total
Cash and cash equivalents	6	5,366,938	20,309,325	126,555	215,697	179	26,018,694
Trade receivables	7	169,761	-	-	-	-	169,761
Investment securities - FVTPL	8.1	69,429,589	-	-	-	-	69,429,589
Investment securities - Available for sale	8.2	8,542,508	2,668,424	-	-	-	11,210,932
Investment securities - Held to maturity	8.3	18,891,120	14,061,801	-	-	-	32,952,921
Reinsurance assets (Due from reinsurers)	9	338,532	-	-	-	-	338,532
Other receivables - financial assets	11	753,860	-	-	-	-	753,860
Loans and advances	12	2,239,360	223,978	-	-	-	2,463,338
Statutory deposits	18	500,000	-	-	-	-	500,000
Total financial assets		**106,231,668**	**37,263,528**	**126,555**	**215,697**	**179**	**143,837,627**
Trade payables	19	2,754,639	-	-	-	-	2,754,639
Other liabilities - financial liabilities	21	3,772,280	-	-	-	-	3,772,280
Borrowings	22	204,623	-	-	-	-	204,623
Insurance contract liabilities (excl. IBNR and unearned premium))	23	77,783,622	13,587,432	-	-	-	91,371,054
Investment contract liabilities	24	18,294,287	-	-	-	-	18,294,287
Total financial liabilities		**102,809,451**	**13,587,432**	**-**	**-**	**-**	**116,396,883**
Net FCY exposure			**23,676,096**	**126,555**	**215,697**	**179**	**27,440,744**

Notes to the Financial Statements continued

For the year ended 31 December 2017

(All amounts in thousands of Nigerian Naira unless otherwise stated)

Company 31 December 2017	Notes	Naira (N)	US Dollars (USD)	UK Pound Sterling (GBP)	Euro	Others	Total
Cash and cash equivalents	6	5,917,467	21,506,899	75,334	280,969	19,570	27,800,239
Trade receivables	7	231,987	-	-	-	-	231,987
Investment securities - FVTPL	8.1	123,858,419	6,139,208	-	-	-	129,997,627
Investment securities - Available for sale	8.2	14,244,631	2,763,136	-	-	-	17,007,767
Investment securities - Held to maturity	8.3	19,782,858	13,134,467	-	-	-	32,917,325
Reinsurance assets (Due from reinsurers and Recoverable)	9	3,337,848	25,138,806	-	120,311	-	28,596,965
Other receivables - financial assets	11	317,546	-	-	-	-	317,546
Loans and advances	12	726,545	338,862	-	-	-	1,065,407
Statutory deposits	18	500,000	-	-	-	-	500,000
Total financial assets		**168,917,301**	**69,021,378**	**75,334**	**401,280**	**19,570**	**238,434,863**
Trade payables	19	3,633,509	-	-	-	-	3,633,509
Other liabilities - financial liabilities	21	2,248,061	-	-	-	-	2,248,061
Insurance contract liabilities (excl. IBNR and unearned premium))	23	128,434,296	34,691,878	2,065	240,807	-	163,369,046
Investment contract liabilities	24	22,532,309	-	-	-	-	22,532,309
Total financial liabilities		**156,848,175**	**34,691,878**	**2,065**	**240,807**	**-**	**191,782,925**
Net FCY exposure			**34,329,500**	**73,269**	**160,473**	**19,570**	**46,651,938**

Company 31 December 2016	Note	Naira (N)	US Dollars (USD)	UK Pound Sterling (GBP)	Euro	Rand (ZAR)	Total
Cash and cash equivalents	6	3,537,940	20,309,325	126,556	215,697	179	24,189,697
Trade receivables	7	169,761	-	-	-	-	169,761
Investment securities - FVTPL	8.1	69,326,992	-	-	-	-	69,326,992
Investment securities - Available for sale	8.2	8,537,751	2,668,424	-	-	-	11,206,175
Investment securities - Held to maturity	8.3	16,446,277	14,061,801	-	-	-	30,508,078
Reinsurance assets (Due from reinsurers)	9	338,532	-	-	-	-	338,532
Other receivables - financial assets	11	135,169	-	-	-	-	135,169
Loans and advances	12	573,390	223,978	-	-	-	797,368
Statutory deposits	18	500,000	-	-	-	-	500,000
Total financial assets		**99,565,812**	**37,263,529**	**126,556**	**215,697**	**179**	**137,171,772**
Trade payables	19	2,754,639	-	-	-	-	2,754,639
Other liabilities - financial liabilities	21	2,372,725	-	-	-	-	2,372,725
Insurance contract liabilities (excl. IBNR and unearned premium))	23	77,783,622	13,587,432	-	-	-	91,371,054
Investment contract liabilities	24	18,294,287	-	-	-	-	18,294,287
Total financial liabilities		**101,205,273**	**13,587,432**	**-**	**-**	**-**	**114,792,705**
Net FCY exposure			**23,676,097**	**126,556**	**215,697**	**179**	**22,379,067**

Notes to the Financial Statements continued

For the year ended 31 December 2017

(All amounts in thousands of Nigerian Naira unless otherwise stated)

Foreign currency sensitivity

The tables below shows the sensitivity of the Group's profit before tax to appreciation or depreciation of the naira in relation to other currencies. Based on the past years behaviour, it is reasonable to assume 1000 basis points appreciation and 1000 basis points depreciation of the Naira holding all other variables constant.

Group	**31 December 2017**			**31 December 2016**	
Currency	**Change in variables**	**Impact on profit before tax**	**Impact on equity**	**Impact on profit before tax**	**Impact on equity**
US Dollar	+ 1000 basis points	3,527,448	2,469,214	2,367,610	1,657,327
Pound sterling	+ 1000 basis points	7,327	5,129	12,656	8,859
Euro	+ 1000 basis points	16,047	11,233	21,570	15,099
US Dollar	- 1000 basis points	(3,527,448)	(2,469,214)	(2,367,610)	(1,657,327)
Pound sterling	- 1000 basis points	(7,327)	(5,129)	(12,656)	(8,859)
Euro	- 1000 basis points	(16,047)	(11,233)	(21,570)	(15,099)

Company	**31 December 2017**			**31 December 2016**	
Currency	**Change in variables**	**Impact on profit before tax**	**Impact on equity**	**Impact on profit before tax**	**Impact on equity**
US Dollar	+ 1000 basis points	3,432,950	2,403,065	2,367,610	1,657,327
Pound sterling	+ 1000 basis points	7,327	5,129	12,656	8,859
Euro	+ 1000 basis points	16,047	11,233	21,570	15,099
US Dollar	- 1000 basis points	(3,432,950)	(2,403,065)	(2,367,610)	(1,657,327)
Pound sterling	- 1000 basis points	(7,327)	(5,129)	(12,656)	(8,859)
Euro	- 1000 basis points	(16,047)	(11,233)	(21,570)	(15,099)

Notes to the Financial Statements continued

For the year ended 31 December 2017

(All amounts in thousands of Nigerian Naira unless otherwise stated)

(i) Interest rate risks:

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

Exposure to this risk primarily results from timing differences in the reprising of assets and liabilities as they mature (fixed rate instruments) or contractually repriced (floating rate instruments).

The Group monitors this exposure through periodic reviews of the assets and liability position. Estimates of cash flows, as well as the impact of interest rate fluctuations relating to the investment portfolio and insurance provisions are modeled and reviewed.

The overall objective of these strategies is to limit the net change in value of assets and liabilities arising from interest rate movements.

While it is more difficult to measure the interest sensitivity of insurance liabilities than that of the related assets, to the extent that such sensitivities are measurable then the interest rate movements will generate asset value changes that substantially offset changes in the value of the liabilities relating to the underlying products. The table below details the interest rate sensitivity analysis of the Group as at 31 December 2016 holding all other variables constant. Based on historical data, 100 basis points change is deemed to be reasonably possible and are used when reporting interest rate risk.

Group **31 December 2017**	**Non-interest bearing**	**0-3 months**	**3-6 months**	**6-12 months**	**1-5 years**	**Over 5 years**	**Total**
Cash and cash equivalents	4,677	27,165,997	1,872,880	-	-	-	29,043,554
Investment securities - FVTPL	2,318,684	-	322,104	3,266,273	19,133,026	105,145,216	130,185,303
Investment securities - Held to maturity	-	-	1,729,469	8,068,204	14,950,511	11,488,247	36,236,431
Loans and advances	33,506	24,806	1,608,891	1,028,616	739,034	-	3,434,853
Statutory deposits	-					500,000	500,000
Interest bearing assets	2,356,867	27,190,803	5,533,344	12,363,093	34,822,571	117,133,463	199,400,141
Investment contract liabilities	-	1,334,891	702,242	1,077,671	9,801,874	9,615,631	22,532,309
Borrowings	-	-	-	-	160,275	-	160,275
Interest bearing liabilities	-	1,334,891	702,242	1,077,671	9,962,149	9,615,631	22,692,584
Gap	2,356,867	25,855,912	4,831,102	11,285,422	24,860,422	107,517,832	176,707,557
Cumulative gap	2,356,867	28,212,779	33,043,881	44,329,303	69,189,725	176,707,557	
Impact on profit before tax		2,821,278	3,304,388	4,432,930	6,918,973	17,670,756	35,148,325
Taxation at 30%		846,383	991,316	1,329,879	2,075,692	5,301,227	10,544,498
Impact on equity		1,974,895	2,313,072	3,103,051	4,843,281	12,369,529	24,603,828

Notes to the Financial Statements continued

For the year ended 31 December 2017

(All amounts in thousands of Nigerian Naira unless otherwise stated)

Group 31 December 2016	Non-interest bearing	0-3 months	3-6 months	6-12 months	1-5 years	Over 5 years	Carrying amount
Cash and cash equivalents	3,868,030	22,150,664	-	-	-	-	26,018,694
Investment securities - FVTPL	1,541,215	-		92,670	7,202,115	60,593,589	69,429,589
Investment securities - Held to maturity	-	532,439	1,261,903	7,867,020	13,523,686	9,767,873	32,952,921
Loans and advances	48,491	-	-	72,458	381,433	1,960,956	2,463,338
Statutory deposits	-					500,000	500,000
Interest bearing assets	5,457,736	22,683,103	1,261,903	8,032,148	21,107,234	72,822,418	131,364,542
Investment contract liabilities	-	-	-	-	18,294,287	-	18,294,287
Borrowings	-	-	-	-	204,623	-	204,623
Interest bearing liabilities	-	-	-	-	18,498,910	-	18,498,910
Gap	5,457,736	22,683,103	1,261,903	8,032,148	2,608,324	72,822,418	112,865,632
Cumulative gap	5,457,736	28,140,839	29,402,742	37,434,890	40,043,214	112,865,632	
Impact on profit before tax		2,814,084	2,940,274	3,743,489	4,004,321	11,286,563	24,788,732
Taxation at 30%		844,225	882,082	1,123,047	1,201,296	3,385,969	7,436,620
Impact on equity		1,969,859	2,058,192	2,620,442	2,803,025	7,900,594	17,352,112

Company 31 December 2017	Non-interest bearing	0-3 months	3-6 months	6-12 months	1-5 years	Over 5 years	Total
Cash and cash equivalents	3,766	25,923,593	1,872,880	-	-	-	27,800,239
Investment securities - FVTPL	2,318,684	-	134,428	3,266,273	19,133,026	105,145,216	129,997,627
Investment securities - Held to maturity	-	-	729,469	7,568,204	14,450,405	10,169,247	32,917,325
Loans and advances	33,507	24,806	37,839	233,458	735,797	-	1,065,407
Statutory deposits	-					500,000	500,000
Interest bearing assets	2,355,957	25,948,399	2,774,616	11,067,935	34,319,228	115,814,463	192,280,598
Investment contract liabilities	-	526,445	1,256,442	3,562,254	17,187,168	-	22,532,309
Interest bearing liabilities	-	526,445	1,256,442	3,562,254	17,187,168	-	22,532,309
Gap	**2,355,957**	**25,421,954**	**1,518,174**	**7,505,681**	**17,132,060**	**115,814,463**	**169,748,289**
Cumulative gap	2,355,957	27,777,911	29,296,085	36,801,766	53,933,826	169,748,289	
Impact on profit before tax	-	2,777,791	2,929,609	3,680,177	5,393,383	16,974,829	31,755,788
Taxation at 30%	-	833,337	878,883	1,104,053	1,618,015	5,092,449	9,526,736
Impact on equity	-	1,944,454	2,050,726	2,576,124	3,775,368	11,882,380	22,229,051

Notes to the Financial Statements continued

For the year ended 31 December 2017

(All amounts in thousands of Nigerian Naira unless otherwise stated)

Company 31 December 2016	Non-interest bearing	0-3 months	3-6 months	6-12 months	1-5 years	Over 5 years	Carrying amount
Cash and cash equivalents	3,246	24,186,451	-	-	-	-	24,189,697
Investment securities - FVTPL	1,438,618	-	-	92,670	7,202,115	60,593,589	69,326,992
Investment securities - Held to maturity	-	532,439	1,261,903	7,867,020	11,078,843	9,767,873	30,508,078
Loans and advances	-	-	-	40,027	757,341	-	797,368
Statutory deposits	-					500,000	500,000
Interest bearing assets	1,441,864	24,718,890	1,261,903	7,999,717	19,038,299	70,861,462	125,322,135
Investment contract liabilities	-	-	-	-	18,294,287	-	18,294,287
Borrowings	-	-	-	-	-	-	-
Interest bearing liabilities	-	-	-	-	18,294,287	-	18,294,287
Gap	1,441,864	24,718,890	1,261,903	7,999,717	744,012	70,861,462	107,027,848
Cumulative gap	1,441,864	26,160,754	27,422,657	35,422,374	36,166,386	107,027,848	
Impact on profit before tax		2,616,075	2,742,266	3,542,237	3,616,639	10,702,785	23,220,002
Taxation at 30%		784,823	822,680	1,062,671	1,084,992	3,210,835	6,966,001
Impact on profit after tax		1,831,253	1,919,586	2,479,566	2,531,647	7,491,949	16,254,001

(j) Equity price risk

The Group manages its exposure to equity price risk through adherence to investment in eligible stocks as approved by the Board and in line with NAICOM investment guidelines. Management Investment Committee establishes and approves a list of eligible stocks in line with approval as approved by the Board through its Board Investment Committee. The investment decisions are subject to authorization(s) levels;

Management Investment Committee

1. An investment which would result in exposure to the invested company for not greater than 5% of the issue under consideration i.e. Equities, Bonds etc.
2. Investment in any unquoted stock with value less than N500m.

Board Investment Committee

i. An investment which would result in exposure to the invested company for greater than 5% of the issue under consideration.
ii. Any investment where the value of total exposure to the invested corporate on completion, as a percentage of total Leadway's Asset Under Management will exceed 2.5% as at the time of the investment.
iii. An Investment in any unquoted stock with value greater than N500m.
iv. Investment in a start-up venture with value over N100m
v. Investments in a company, which will result in the Leadway having control of management.
vi. Securities lending, leveraged investments, derivatives or hedging.

Notes to the Financial Statements continued

For the year ended 31 December 2017

(All amounts in thousands of Nigerian Naira unless otherwise stated)

We have exposure to equity risk through asset/liability mismatches, including our investments in equity securities held in our investment portfolio. Changes in equity prices create risk that the resulting changes in asset values will differ from the changes in the value of the liabilities. Additionally, changes in equity prices may impact other items including, but not limited to investment income of the Company.

	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
Financial assets	**+/- 1000 basis points**	**+/- 1000 basis points**	**+/- 1000 basis points**	**+/- 1000 basis points**
Listed equities (FVTPL)	250,636	144,516	231,868	143,862
Listed equities(AFS)	1,145,221	655,017	1,145,221	655,017
Unlisted equities (AFS)	556,031	468,572	555,556	468,096
Impact on profit before tax	250,636	144,516	231,868	143,862
Tax charge of 30%	(75,191)	(43,355)	(69,561)	(43,159)
Impact on profit after tax	175,445	101,161	162,308	100,703
Impact on equity	1,876,698	1,224,751	1,863,085	1,223,817

Notes to the Financial Statements continued

For the year ended 31 December 2017

(All amounts in thousands of Nigerian Naira unless otherwise stated)

3.4 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

Accounting classification, measurement basis and fair values

The table below sets out the Group's classification of each class of financial assets and liabilities, and their fair values

Group								
31 December 2017	**Notes**	**At fair value through P/L**	**Held-to - maturity**	**Loans and receivables**	**Available-for-sale**	**Other financial liabilities at amortised cost**	**Total carrying amount**	**Fair Value**
Assets								
Cash and cash equivalents	6	-	-	29,043,554	-	-	29,043,554	29,043,554
Trade receivables	7	-	-	231,987	-	-	231,987	231,987
Investment securities - FVTPL	8.1	130,185,303	-	-	-	-	130,185,303	130,185,303
Investment securities - AFS	8.2	-	-	-	17,012,524	-	17,012,524	17,012,524
Investment securities - HTM	8.3	-	36,236,431	-	-	-	36,236,431	35,159,416
Reinsurance assets (Due from reinsurers)	9	-	-	28,596,965	-	-	28,596,965	28,596,965
Other receivables	10	-	-	822,534	-	-	822,534	822,534
Loans and advances	12			3,434,853			3,434,853	3,434,853
Statutory deposits	18	-	-	500,000	-	-	500,000	500,000
Total		**130,185,303**	**36,236,431**	**62,629,893**	**17,012,524**	**-**	**246,064,151**	**244,987,136**
Liabilities								
Trade payables	19	-	-	-	-	3,633,509	3,633,509	3,633,509
Other liabilities	21	-	-	-	-	4,372,141	4,372,141	4,372,141
Borrowings	22	-	-	-	-	160,275	160,275	160,275
Insurance contract liabilities (excl. IBNR and unearned premium)	23	120,287,566	-	-	-	43,081,480	163,369,046	163,369,046
Investment contract liabilities	24	-	-	-	-	22,532,309	22,532,309	22,532,309
Total		**120,287,566**	**-**	**-**	**-**	**73,779,714**	**194,067,280**	**194,067,280**

Notes to the Financial Statements continued

For the year ended 31 December 2017

(All amounts in thousands of Nigerian Naira unless otherwise stated)

Group								
31 December 2016	**Notes**	**At fair value through P/L**	**Held-to-maturity**	**Loans and receivables**	**Available-for-sale**	**Other financial liabilities at amortised cost**	**Total carrying amount**	**Fair Value**
Assets								
Cash and cash equivalents	6	-	-	26,018,694	-	-	26,018,694	26,018,694
Trade receivables	7	-	-	169,761	-	-	169,761	169,761
Investment securities - FVTPL	8	69,429,589	-	-	-	-	69,429,589	69,429,589
Investment securities - Available for sale	8	-	-	-	11,210,932	-	11,210,932	11,210,932
Investment securities - Held to maturity	8	-	32,952,921	-	-	-	32,952,921	31,875,906
Reinsurance assets (Excl. prepaid reinsurance)	9	-	-	338,532	-	-	338,532	338,532
Other receivables	10	-	-	569,577	-	-	569,577	569,577
Loans and advances	12			2,463,338			2,463,338	2,463,338
Statutory deposits	18	-	-	500,000	-	-	500,000	500,000
Total		**69,429,589**	**32,952,921**	**30,059,902**	**11,210,932**	**-**	**143,653,344**	**142,576,329**
Liabilities								
Trade payables	19	-	-	-	-	2,754,639	2,754,639	2,754,639
Other liabilities	21	-	-	-	-	3,772,280	3,772,280	3,772,280
Borrowings	22	-	-	-	-	204,623	204,623	204,623
Insurance contract liabilities (excl. IBNR and unearned premium)	23	70,873,119	-	-	-	20,497,935	91,371,054	20,497,935
Investment contract liabilities	24	-	-	-	-	18,294,287	18,294,287	18,294,287
Total		**-**	**-**	**-**	**-**	**45,523,764**	**116,396,883**	**45,523,764**

Notes to the Financial Statements continued

For the year ended 31 December 2017

(All amounts in thousands of Nigerian Naira unless otherwise stated)

Company

31 December 2017	Notes	At Fair Value through P/L	Held-to-maturity	Loans and receivables	Available-for-sale	Other financial liabilities at amortised cost	Total Carrying amount	Fair Value
Assets								
Cash and cash equivalents	6	-	-	27,800,239	-	-	27,800,239	27,800,239
Trade receivables	7	-	-	231,987	-	-	231,987	231,987
Investment securities - FVTPL	8	129,997,627	-	-	-	-	129,997,627	129,997,627
Investment securities - AFS	8	-	-	-	17,007,767	-	17,007,767	17,007,767
Investment securities - HTM	8	-	32,917,325	-	-	-	32,917,325	25,116,244
Reinsurance assets (Excl. prepaid reinsurance)	9	-	-	28,596,965	-	-	28,596,965	28,596,965
Other receivables	10	-	-	317,546	-	-	317,546	317,546
Loans and advances	12	-	-	1,065,407	-	-	1,065,407	1,065,407
Statutory deposits	18	-	-	500,000	-	-	500,000	500,000
Total		**129,997,627**	**32,917,325**	**58,512,144**	**17,007,767**	**-**	**238,434,863**	**230,633,782**
Liabilities								
Trade payables	19	-	-	-	-	3,633,509	3,633,509	3,633,509
Other liabilities	21	-	-	-	-	2,248,061	2,248,061	2,248,061
Insurance contract liabilities (excl. IBNR and unearned premium))	23	120,287,566	-	-	-	43,081,480	163,369,046	163,369,046
Investment contract liabilities	24	-	-	-	-	22,532,309	22,532,309	22,532,309
Total		**120,287,566**	**-**	**-**	**-**	**71,495,359**	**191,782,925**	**191,782,925**

Notes to the Financial Statements continued

For the year ended 31 December 2017

(All amounts in thousands of Nigerian Naira unless otherwise stated)

Company

31 December 2016	Notes	At Fair Value through P/L	Held-to-maturity	Loans and receivables	Available-for-sale	Other financial liabilities amortised cost	Total Carrying amount	Fair Value
Assets								
Cash and cash equivalents	6	-	-	24,189,697	-	-	24,189,697	24,189,697
Investment securities - FVTPL	7	69,326,992	-	-	-	-	69,326,992	69,326,992
Investment securities - Available for sale	8	-	-	-	11,206,175	-	11,206,175	11,206,175
Investment securities - Held to maturity	8	-	30,508,078	-	-	-	30,508,078	29,431,063
Trade receivables	8	-	-	169,761	-	-	169,761	169,761
Loans and advances	9	-	-	797,368	-	-	797,368	797,368
Reinsurance assets (Excl. prepaid reinsurance)	10	-	-	338,532	-	-	338,532	274,416
Other receivables	12	-	-	135,169	-	-	135,169	135,169
Statutory deposits	18	-	-	500,000	-	-	500,000	500,000
Total		**69,326,992**	**30,508,078**	**26,130,527**	**11,206,175**	**-**	**137,171,772**	**136,030,641**
Liabilities								
Trade payables	19	-	-	-	-	2,754,639	2,754,639	2,754,639
Other liabilities	21	-	-	-	-	2,372,725	2,372,725	2,372,725
Insurance contract liabilities (excl. IBNR and unearned premium)	23	70,873,119	-	-	-	20,497,935	20,497,935	20,497,935
Investment contract liabilities	24	-	-	-	-	18,294,287	18,294,287	18,294,287
Total		**-**	**-**	**-**	**-**	**43,919,586**	**43,919,586**	**43,919,586**

Notes to the Financial Statements continued

For the year ended 31 December 2017

(All amounts in thousands of Nigerian Naira unless otherwise stated)

Fair value hierarchy

The Group's accounting policy on fair value measurement is disclosed in note 2.6. The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). These may include quoted prices for similar assets or liabilities in active markets or quoted prices for identical or similar assets and liabilities in markets that are not active.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data (that is, unobservable inputs).

The following table presents the financial assets and liabilities that are measured at fair value as 31 December 2017. See note 4.1b for non-financial assets that are measured at fair value.

Group
31 December 2017

All amounts are in thousands of Naira unless otherwise stated

	Level 1	Level 2	Level 3	Total
Assets				
Investment securities:				
Fair value through profit or loss				
- Equity securities	2,506,360	-	-	2,506,360
- Federal government bond	124,218,042	-	-	124,218,042
- State government	-	1,174,286	-	1,174,286
- Corporate bonds	-	-	-	-
Available-for-sale				
- Listed equity securities	11,452,210	-	-	11,452,210
- Unlisted equity securities	-	2,501,226	2,277,241	4,778,467
Total	**138,176,612**	**3,675,512**	**2,277,241**	**144,129,365**

Group
31 December 2016

All amounts are in thousands of Naira unless otherwise stated

	Level 1	Level 2	Level 3	Total
Assets				
Investment securities:				
Fair value through profit or loss				
- Equity securities	1,541,214	-	-	1,541,214
- Federal government bond	65,513,381	-	-	65,513,381
- State government	-	712,039	-	712,039
- Corporate bonds	-	1,662,955	-	1,662,955
				-
Available for sale				-
- Listed equity securities	6,550,172	-	-	6,550,172
- Unlisted equity securities	-	2,177,560	1,888,657	4,066,217
Total	**73,604,767**	**4,552,554**	**1,888,657**	**80,045,978**

Notes to the Financial Statements continued

For the year ended 31 December 2017

(All amounts in thousands of Nigerian Naira unless otherwise stated)

Company

31 December 2017

All amounts are in thousands of Naira unless otherwise stated

	Level 1	Level 2	Level 3	Total
Assets				
Investment securities:				
Fair value through profit or loss				
- Equity securities	2,318,684	-	-	2,318,684
- Federal government bond	124,218,042	-	-	124,218,042
- State government	-	1,174,286	-	1,174,286
- Corporate bonds	-	2,286,615	-	2,286,615
				-
Available-for-sale				-
- Listed equity securities	11,452,210	-	-	11,452,210
- Unlisted equity securities	-	2,501,226	2,272,484	4,773,710
Total	**137,988,936**	**5,962,127**	**2,272,484**	**146,223,547**

Company

31 December 2016

All amounts are in thousands of Naira unless otherwise stated

	Level 1	Level 2	Level 3	Total
Assets				
Investment securities:				
Fair value through profit or loss				
- Equity securities	1,438,617	-	-	1,438,617
- Federal government bond	65,513,381	-	-	65,513,381
- State government	-	712,039	-	712,039
- Corporate bonds	-	1,662,955	-	1,662,955
				-
Available-for-sale				-
- Listed equity securities	6,550,172	-	-	6,550,172
- Unlisted equity securities	-	2,172,803	1,888,657	4,061,460
Total	**73,502,170**	**4,547,797**	**1,888,657**	**79,938,624**

There were no transfers between levels 1 and 2 during the year.

Notes to the Financial Statements continued

For the year ended 31 December 2017

(All amounts in thousands of Nigerian Naira unless otherwise stated)

(i) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet 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.

(ii) Financial instruments in Level 2

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

(i) Quoted market prices or dealer quotes for similar instruments;

(ii) The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value;

(iii) Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

The Group's level 2 corporate bonds, state bonds and unlisted equities were valued using quoted market prices for similar instruments at the measurement date.

(iii) Financial instruments in level 3
The following table presents the changes in Level 3 instruments for the year ended 31 December 2017.

All amounts are in thousands of Naira unless otherwise stated

Equity securities - Available for sale	Group	Group	Company	Company
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
Opening balance	1,893,414	1,320,681	1,888,657	1,320,681
Acquisitions	-	4,757	-	-
Disposals	-	-	-	-
Reclassification from investments at cost less impairment (see note 8.2.1a)	183,000	-	183,000	-
Changes in fair value recognised in other comprehensive income	200,827	567,976	200,827	567,976
Balance, end of year	**2,277,241**	**1,893,414**	**2,272,484**	**1,888,657**

Notes to the Financial Statements continued

For the year ended 31 December 2017

(All amounts in thousands of Nigerian Naira unless otherwise stated)

Varying valuation techniques in determining the fair value of Level 3 item, investments in AFC, Capital Bancorp, Lekky Budget Limited, Mainstreet Technologies, Oakwood Park Limited, Energy & Allied Limited, JDI Investment Company, Nigeria Liability Insurance Pool are as follows:

Valuation technique	Unobservable inputs	Range of unobservable inputs (probability - weighted average)	Relationship of unobservable inputs to fair value
Market Approach	P/BV multiples	0.85x - 5.88x	The higher the multiples the higher the fair value of the asset
	EV/EBITDA multiples	5.73x - 15.57x	

EV/EBITDA or P/E valuation multiple - the company determines appropriate comparable public company/ies based on industry, size, developmental stage, revenue generation and strategy. The company then calculates a trading multiple for each comparable company identified. The multiple is calculated by either dividing the quoted price of the comparable company by its net income (P/E).

Financial instruments not measured at fair value

The following table sets out fair values of financial instruments not measured at fair value and analyses them by level in the fair value hierarchy into which each fair value measurement is categorised.

Group

31 December 2017

All amounts are in thousands of Naira unless otherwise stated

	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents	-	29,043,554	-	29,043,554
Held to maturity investment securities:	-	-	-	-
State bonds	-	429,168	-	429,168
Corporate bonds	-	6,403,105	-	6,403,105
Federal government bonds	18,786,027	-	-	18,786,027
Federal government treasury bills	7,299,025	-	-	7,299,025
Available for sale: Unlisted equity at cost	-	-	781,847	781,847
Trade receivables	-	231,987	-	231,987
Loans and advances	-	-	3,434,853	3,434,853
Reinsurance assets (Excl. prepaid reinsurance)	-	-	46,293	46,293
Other receivables	-	-	822,534	822,534
Statutory deposits	-	500,000	-	500,000
Total financial assets	**26,085,052**	**36,607,814**	**5,085,527**	**67,778,393**
Liabilities				
Investment contract liabilities	-	-	22,532,309	22,532,309
Trade payables	-	-	3,633,509	3,633,509
Other liabilities	-	-	4,372,141	4,372,141
Borrowings	-	-	160,275	160,275
Total financial liabilities	**-**	**-**	**30,698,234**	**30,698,234**

Notes to the Financial Statements continued

For the year ended 31 December 2017

(All amounts in thousands of Nigerian Naira unless otherwise stated)

Group
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All amounts are in thousands of Naira unless otherwise stated

	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents	-	26,018,694	-	26,018,694
Held-to-maturity investment securities:				
State bonds	-	753,387	-	753,387
Corporate bonds	-	15,738,592	-	15,738,592
Federal government bonds	10,050,088	-	-	10,050,088
Federal government treasury bills	7,010,854	-	-	7,010,854
Available-for-sale: Unlisted equity at cost	-	-	594,543	594,543
Trade receivables	-	169,761		169,761
Loans and advances	-	-	2,463,338	2,463,338
Reinsurance assets (Excl. prepaid reinsurance)	-	-	338,532	338,532
Other receivables	-	-	569,577	569,577
Statutory deposits	-	500,000	-	500,000
Total financial assets	17,060,942	43,180,434	3,965,990	64,207,366
Liabilities				
Investment contract liabilities	-	-	18,294,287	18,294,287
Trade payables	-	-	2,754,639	2,754,639
Other liabilities	-	-	3,772,280	3,772,280
Borrowings	-	-	118,446	118,446
Total financial liabilities	-	-	24,939,652	24,939,652

Company
31 December 2017
All amounts are in thousands of Naira unless otherwise stated

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	-	27,800,239	-	27,800,239
Held-to-maturity investment securities:				
State bonds	-	429,168	-	429,168
Corporate bonds	-	6,403,106	-	6,403,106
Federal government bonds	11,629,222	7,156,804	-	18,786,026
Federal government treasury bills	7,299,025	-	-	7,299,025
Available-for-sale: Unlisted equity at cost	-	-	-	-
Trade receivables	-	231,987	-	231,987
Loans and advances	-	-	1,065,407	1,065,407
Reinsurance assets (Excl. prepaid reinsurance)	-	-	28,596,965	28,596,965
Other receivables	-	-	317,546	317,546
Statutory deposits	-	-	-	-
Total financial assets	**18,928,247**	**42,021,304**	**29,979,918**	**90,929,469**
Liabilities				
Investment contract liabilities	-	-	22,532,309	22,532,309
Trade payables	-	-	3,633,509	3,633,509
Other liabilities	-	-	2,248,061	2,248,061
Total financial liabilities	**-**	**-**	**28,413,879**	**28,413,879**

Notes to the Financial Statements continued

For the year ended 31 December 2017

(All amounts in thousands of Nigerian Naira unless otherwise stated)

Company

31 December 2016

All amounts are in thousands of Naira unless otherwise stated

	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents	-	24,189,697	-	24,189,697
Held-to-maturity investment securities:				
State bonds	-	753,387	-	753,387
Corporate bonds	-	8,536,163	-	8,536,163
Federal government bonds	10,050,088	6,602,430	-	16,652,518
Federal government treasury bills	4,566,010	-	-	4,566,010
Available for sale: Unlisted equity at cost	-	-	594,543	594,543
Trade receivables	-	169,761	-	169,761
Loans and advances	-	-	797,368	797,368
Reinsurance assets (Excl. prepaid reinsurance)	-	-	338,532	338,532
Other receivables	-	-	135,169	135,169
Statutory deposits	-	500,000	-	500,000
Total financial assets	**14,616,098**	**40,751,438**	**1,865,612**	**57,233,148**
Liabilities				
Investment contract liabilities	-	-	18,294,287	18,294,287
Trade payables	-	-	2,754,639	2,754,639
Other liabilities	-	-	2,372,725	2,372,725
Total financial liabilities	**-**	**-**	**23,421,651**	**23,421,651**

The fair value for financial assets and liabilities that are not carried at fair value were determined respectively as follows:

(i) Cash

Included in the balances of cash and cash equivalents are cash and balances with banks and short term placement. The carrying amount of cash and cash equivalents is a reasonable approximation of fair value.

(ii) Held to maturity investment securities

The fair value of held to maturity treasury bills and bonds are determined with reference to quoted prices in active market for identical assets, valued using market prices of individual securities at the reporting date. Where this information is not available, fair value is estimated using quoted market prices for securities with similar characteristics.

(iii) Loans and advances and borrowings

The estimated fair value of loans and advances represents the discounted amount of estimated future cashflows expected to be received. Expected future cashflows are discounted at the current market rate to determine the fair value.

(iv) Trade receivables, Other Receivables, Reinsurance Assets (Excl. prepaid reinsurance), Trade payables and Other liabilities

The estimated fair value of receivables and payables with no stated maturity which includes no interest payables and receivables is the amount repayable or received on demand. The carrying amounts are reasonable approximation of their fair values which are payable on demand.

(v) Investment contract liabilities

Investment contracts are those that do not transfer significant insurance risk from the contract holder to the issuer. The carrying amount of investment contract liability is a reasonable approximation of fair value.

Notes to the Financial Statements continued

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3.5 MANAGEMENT OF INSURANCE RISK

The Group issues contracts that transfer insurance risk or financial risk or both. This section summarizes these risks and the way the Group manages them.

Insurance Risk

The risk in any insurance contract is the possibility that the event insured against occurs, resulting in a claim. This risk is very random and unforeseeable. The principal risk that the Group faces under its insurance contracts is that the actual claims and benefits payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random, and the actual number and amount of claims and benefits will vary from year to year from the level established using statistical techniques.

Our insurance underwriting strategy has been developed in such a way that the types of insurance risks accepted are diversified to achieve a sufficiently large population of risks to reduce the variability of the expected outcome. Insurance risk is increased by the lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

Non-life Insurance Contracts

(a) Frequency and severity of claims: The frequency and severity of claims can be affected by several factors. The most significant are the increasing level of awards for the damages suffered as a result of road accidents. The Group manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling and investigations.

Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the Group has the right not to renew certain policies, it can impose excess or deductibles and has the right to reject the payment of a fraudulent claim. Insurance contracts also entitle the Group to pursue third parties for payment of some or all of claims costs. The reinsurance arrangements include excess and proportional coverage. The effect of such reinsurance arrangements is that the Group should not suffer total net insurance losses in any one year.

The Group has a specialized claims unit that ensures mitigation of the risks surrounding all known claims. This unit investigates and adjusts all claims in conjunction with appointed loss adjusters. The Group actively manages and pursues early settlements of claims to reduce its exposure to unpredictable developments.

The table below shows the Group life risk exposure by industry or sector in 2017. The table shows that the company's exposure is highly skewed towards Civil Service/Government agency followed by Estate Management/Insurance, Banking and Financial Institutions.

Notes to the Financial Statements continued

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Industry/Sector	Before Reinsurance	Share of Gross	After Reinsurance	Share of net SA
Civil Service/Government Agency	458,123,540	18%	263,814,819	15%
Education, Research & Professional Institutions	66,767,925	3%	42,044,409	2%
Engineering & Construction	49,694,997	2%	37,038,905	2%
Estate Management/Insurance, banking and Financial Institutions	443,629,083	18%	311,501,112	18%
Foods & Beverages/Agro-allied	29,690,625	1%	19,984,592	1%
Health Service provider	34,323,368	1%	20,583,999	1%
Hotels and Resorts/catering services	17,283,152	1%	12,191,574	1%
Manufacturing	62,872,846	3%	42,392,347	2%
Marine and Aviation	29,488,580	1%	15,811,454	1%
Marketing and Consulting/Supplies & Trading/Courier Services	35,023,728	1%	27,511,642	2%
Miscellaneous/Others	392,000,814	16%	434,019,224	25%
NNPC	342,406,261	14%	233,505,005	13%
Oil & Gas	304,395,593	12%	175,644,900	10%
Radio & Television/ Electronics & Telecommunications	133,869,795	5%	74,031,150	4%
Religious institutions/NGO/Clubs& Associations	66,582,753	3%	46,944,540	3%
Security Personnel	16,700,537	1%	12,849,934	1%
	2,482,853,597	100%	1,769,869,606	100%

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

Claims on non-life insurance contracts are payable on a claims-occurrence basis. The Group is liable for all insured events that occurred during the term of the contract. There are several variables that affect the amount and timing of cash flows from these contracts. These mainly relate to the inherent risks of the business activities carried out by individual contract holders and the risk management procedures they adopted. The estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected subrogation value and other recoveries.

The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. The reserves held for these contracts comprises of a provision for IBNR, a provision for reported claims not yet paid and a provision for unearned premiums at the end of the reporting period.

c) Process used to decide on assumptions

Non-life insurance contract liabilities: The discounted inflation adjusted chain ladder method (IABCL) was applied for reserving in respect of non-life risk, with the exception of special risk policies reserved using the Expected Loss Ratio Approach. The discounted inflation adjusted chain ladder method (IABCL) method involves historical paid losses being inflated using the corresponding inflation index in each of the accident years to the year of valuation and then accumulated to their ultimate values for each accident year to obtain the projected outstanding claims. The projected outstanding claims are then further multiplied by the future inflation index from the year of valuation to the future.

The Expected Loss Ratio Approach was adopted for the special risk sub-category of non-life risks due to the volume of data available being too small to be credible when using a statistical approach. Under this method, the ultimate claims is obtained by assuming loss ratio. Paid claims already emerged is then deducted for from the estimated ultimate claims.

The provision for outstanding claims, including IBNR, was determined for each line of business on both gross and net of reinsurance basis. A yearly cohort from year 2008 has been adopted in building the historical claims. The reserve was calculated using the inflation adjusted chain ladder method. Under this method, the historical paid losses are inflated using the corresponding inflation index in each of the accident years to the year of valuation and then accumulated to their ultimate values for each accident year to obtain the projected outstanding claims. These projected outstanding claims are then further multiplied by the future inflation index from the year of valuation to the future year of payment of the outstanding claims. The following official inflation index below was adopted:

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For the year ended 31 December 2017

(All amounts in thousands of Nigerian Naira unless otherwise stated)

Year	Inflation index	Accumulated Inflation Index
2007	6.6%	238.2%
2008	15.1%	217.3%
2009	13.9%	175.6%
2010	11.8%	142.0%
2011	10.3%	116.5%
2012	12.0%	96.3%
2013	8.0%	75.2%
2014	8.3%	62.3%
2015	9.6%	49.8%
2016	18.5%	36.7%
2017	15.4%	15.4%
2018	15.0%	

See note 23.4 for claims development tables

Key assumptions

The methods assumes that future claims follow a regression pattern from the historical data. Hence payment patterns will be broadly similar in each accident year. Thus the proportionate increase in the known cumulative payments from one development year to the next is used to calculate the expected cumulative payments for the future development periods.

- The run off period is six (6) years.
- An implicit assumption of the chain ladder is that weighted past average inflation will remain unchanged in to the future.
- We assume gross claim amount includes all related claim expenses. If this is not the case, we will hold a separate reserve to cover claim expenses.
- The UPR is calculated on the assumption that risk will occur evenly during the duration of the policy.
- The BF method assumes past experience is not fully representative of the future.
- Historical average loss ratio under gross Special Risk is 26% and 6.5% is the proportion of recoveries to ceded premiums, we have assumed loss ratio of 50% and 20% respectively.

Life insurance contract liabilities - Individual risk business comprises whole life assurances, endowment assurances and term assurances of descriptions, including mortgage protection and credit life. For all individual risk business the gross premium method of valuation was adopted. Reserves were calculated via a cashflow projection approach, taking into account future office premium, expenses and benefit payments, including payments on surrender where applicable. Future cashflows were discounted back to the valuation date at the valuation rate of interest.

An unexpired premium reserve was included for Group life business, after allowing for acquisition expenses. An additional unexpired risk reserve was also held for any inadequacies in the unexpired risk reserve for meeting claims in respect of the expired period. The claim rates underlying the additional unexpired risk reserve were based on pooled historical scheme claims experience.

An allowance was made for incurred but not reported (IBNR) claims in group life to take care of delay in reporting claims. This was based on a loss ratio, which uses historical claims rates, from which the IBNR is determined. The cashflow projection method applied in respect of individual risk is also applied for the group life.

Key assumptions

Material judgment is required in determining the liabilities and, in particular, 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 reserves are set aside to meet liabilities.

Notes to the Financial Statements continued

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(All amounts in thousands of Nigerian Naira unless otherwise stated)

(i) Sensitivity analysis on insurance contract liabilities

The analysis which follows is performed for reasonably possible movements in key assumptions with all other assumptions held constant, and shows the impact on gross and net liabilities, profit before tax and equity. 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, the 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.

Sensitivities were not applied to the Reinsurance for individual life business as its value is immaterial. Also, Mortality sensitivity tests were applied in the opposite direction for the annuity business. These are as shown below:

Life insurance contract liabilities

₦'000m	Base	Interest rate +1%	Interest rate	Expenses +10%	Expenses -10%	Expense Inflation +2%	Expense Inflation -2%	Lapses +10%	Lapses -10%	Mortality +5%	Mortality -5%
Individual Traditional (excluding annuity)	2,972,678	2,876,394	3,080,143	3,026,101	2,919,572	3,037,256	2,923,412	2,956,931	2,989,036	2,995,722	2,949,531
Annuity	117,289,811	111,505,562	123,715,616	117,530,040	117,049,096	117,830,812	116,886,129	117,289,811	117,289,811	116,688,782	117,910,543
Individual Investment Linked	10,399,406	10,399,406	10,399,406	10,399,406	10,399,406	10,399,406	10,399,406	10,399,406	10,399,406	10,399,406	10,399,406
Group DA	12,132,903	12,132,903	12,132,903	12,132,903	12,132,903	12,132,903	12,132,903	12,132,903	12,132,903	12,132,903	12,132,903
Group Life – UPR	603,510	603,510	603,510	603,510	603,510	603,510	603,510	603,510	603,510	603,510	603,510
Group Life – IBNR	779,420	779,420	779,420	779,420	779,420	779,420	779,420	779,420	779,420	779,420	779,420
Other Group Risk	25,077	24,974	25,181	26,188	23,973	25,174	24,980	25,009	25,145	25,534	24,621
Additional reserves	159,915	159,915	159,915	159,915	159,915	159,915	159,915	159,915	159,915	159,915	159,915
Reinsurance	(867,792)	(867,792)	(867,792)	(867,792)	(867,792)	(867,792)	(867,792)	(867,792)	(867,792)	(867,792)	(867,792)
Net liability	**143,494,928**	**140,074,033**	**152,447,921**	**146,236,298**	**145,634,845**	**146,547,054**	**145,478,150**	**145,917,681**	**145,954,272**	**145,364,558**	**146,526,181**
% change in liability	-	-4.10%	4.55%	0.21%	-0.21%	0.42%	-0.32%	-0.01%	0.01%	-0.40%	0.42%

Summary	Base	Interest rate +1%	Interest rate -1%	Expenses +10%	Expenses -10%	Expense Inflation +2%	Expense Inflation -2%	Lapses +10%	Lapses -10%	Mortality +5%	Mortality -5%
Individual	130,661,895	124,781,362	137,195,165	130,955,547	130,368,073	131,267,473	130,208,947	130,646,148	130,678,253	130,083,910	131,259,480
Group	12,833,033	12,832,929	12,833,137	12,834,143	12,831,928	12,833,129	12,832,935	12,832,964	12,833,100	12,833,489	12,832,577
Net liability	**143,494,928**	**140,074,033**	**152,447,921**	**146,236,298**	**145,634,845**	**146,547,054**	**145,478,150**	**145,917,681**	**145,954,272**	**145,364,558**	**146,526,181**
% change in liability	-	-4.10%	4.55%	0.21%	-0.21%	0.42%	-0.32%	-0.01%	0.01%	-0.40%	0.42%

---The mortality stress has been applied in the opposite direction for annuities. For example the 5% strengthening of the mortality assumption was modelled as 5% lighter mortality for annuitants

---All stresses were applied independently

- All stresses were applied independently

Notes to the Financial Statements continued

For the year ended 31 December 2017

(All amounts in thousands of Nigerian Naira unless otherwise stated)

(b) Non-life insurance contract liabilities

Class of business	Base	5% Development Ratio	-5% Development Ratio	1% Inflation Rate	-1% Inflation Rate	1% Discount Rate	-1% Discount Rate
Accident	709,034	726,284	691,785	708,933	709,148	702,970	715,251
Engineering	433,523	447,562	419,484	434,435	432,612	430,403	436,715
Fire	2,747,217	2,958,836	2,535,599	2,752,144	2,742,290	2,731,282	2,763,440
Marine	1,011,934	1,034,525	989,342	1,011,268	1,012,617	1,006,657	1,017,296
Motor	989,433	1,089,646	889,220	989,882	988,990	982,824	996,185
Bond	1,685,200	1,707,739	1,662,661	1,685,200	1,685,200	1,685,200	1,685,200
Special Risks	44,221,033	44,221,033	44,221,033	44,224,379	44,217,707	44,042,827	44,403,307
Total	51,797,375	52,185,626	51,409,123	51,806,241	51,788,564	51,582,163	52,017,394
Account outstanding	40,752,425	40,752,425	40,752,425	40,752,425	40,752,425	40,752,425	40,752,425
Difference	11,044,949	11,433,201	10,656,698	11,053,816	11,036,139	10,829,738	11,264,969
Percentage change		0.7%	-0.7%	0.0%	0.0%	-0.4%	0.4%

The key assumptions to which the estimation of liabilities is particularly sensitive to 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 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 rates on products other than life annuities will lead to a larger number of expected claims (and claims could occur sooner than anticipated), which will increase the reserve and reduce reported profits for the shareholders. For Life annuities, the converse will be true.

Longevity

Assumptions are based on standard industry and national tables, adjusted when appropriate to reflect the Group's 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 expected number of annuity payments to be made, which will increase the reserve and reduce reported profits for the shareholders.

Investment return

The actual yield curve is derived from the spot rates of the FGN fied income securities as provided by FMDQ. These rates are based on current market returns as well as expectations about future economic and financial developments.

An increase in investment return would lead to a reduction in reserves and an increase in reported profits for the shareholders.

Expenses

Operating expense assumption reflects the projected costs of maintaining and servicing in–force policies and associated overhead expenses. The current level of expenses is taken as an appropriate expense base, adjusted for expected expense inflation if appropriate.

Notes to the Financial Statements continued

For the year ended 31 December 2017

(All amounts in thousands of Nigerian Naira unless otherwise stated)

An increase in the level of expenses would result in an increase in expected expenditure thereby reducing reported profits for the shareholders.

Lapses and surrender rates

Lapses relate to the termination of risk policies or investment policies that have not acquired a value 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 Company's experience and vary by product type.

Usually, an increase in lapse rates early in the life of the policy would tend to reduce profits for shareholders to the unrecouped initial expenses.

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 the long term risk free rate plus an adjustment for risk.

A decrease in the discount rate will increase the value of the insurance liability and therefore reduce profits for the shareholders with the exception of a perfectly matched annuity portfolio where both assets and liabilities will increase by the same magnitude.

The following table outline the general form of terms and conditions that apply to contracts sold in each category of business, and the nature of the risk incurred by the Group.

	Name	Features
1	Leadway Immediate Annuity Plan	"Designed to help with the cost of retirement by providing a guaranteed income for the rest of the policyholder's life. The annual payments can be made monthly, quarterly or annually. During the stated guarantee period, the annuity payments will continue whether the annuitant is alive or not. If the annuitant dies before the end of the guarantee period the present value of the outstanding payment due within the guarantee period shall be payable in a lump sum to the name beneficiary or to the estate of the annuitant under probate.
2	Comfort5plus plan	It offers protection against the unexpected for full 5 years. Benefit is only paid when the risk (death, critical illness, accidental medical expenses) occurs. If none of these crystallises, nothing is paid to the beneficiary. Two options are available: Option A: Payment of Sum Assured and a 10 year quarterly immediate annuity of 20% Sum Assured upon death.Upon Critical Illness, the benfit is 300% of sum assured and termination of policy afterwards. On injury due to personal accident,medical expenses up to a maximum of 100,000 is paid per annum. Option B: Payment of Sum Assured and a 10 year quarterly immediate annuity of 20% Sum Assured upon death.Upon critical Illness, the benfit is 300% of sum assured. If critical illness leads to death, an extra benefit of 80% of sum assured is paid. On injury due to personal accident, medical expenses up to a maximum of 100,000 is paid per annum.

Notes to the Financial Statements continued

For the year ended 31 December 2017

	Name	Features
3	Annuity certain	Policyholder buys into this product and pays a lump-sum premium. The policyholder in turn receives pre-defined payments throughout the term of the policy. If the policyholder dies within the annuity period, the balance in the annuity is payable to the beneficiary, but if he survives the annuitant (policy holder) gets the annuity.
4	Education Protection Plan	The Policy covers payment of fees for the named beneficiary children or ward whilst in school or college in the event of death, total permanent disablement (optional cover) or critical illness (optional cover) of the named parent and/or Policyholder. The policy has a term of one year and is renewable subject to underwriting terms. Premium payment can be made in installments subject to a maximum of three times annually. The benefit shall be payable to the named school through the named guardian for the unexpired school years as stated in the schedule.
5	Family Benefit Plan	Leadway's Funeral Insurance Cover Plan. Designed to address any unforeseen financial worries in the event of the loss of an insured life or death of the policy holder. They provide funeral insurance cushion which can be extended to your spouse, parents and/or parents in-laws. The policy benefits can be extended to cover Critical Illness and Accidental Permanent and Total Disability (Optional). - A whole Life Assurance that pays sum assured on death on policyholder or any of the parents or spouse insured. - Policy terminates on first death. - Additonal grocery voucher of ₦25,000 on death of any member and a family support benefit payable for 6 months in installments of ₦20,000 on death of policyholder.
6	Family Benefit Plan Plus	Whole Life Assurance that pays sum assured on death of each of the members including the policyholder and spouse. Pays benefit for deaths of all the lives insured up to the death of the policy holder. Additonal grocery voucher of ₦25,000 on death of any member and a family support benefit payable for 6 months in installments of ₦20,000 on death of policyholder.
7	Group life	Sum assured is payable in the event of death of a member while in the service of the employer and before retirement. Refund of premium: in the event of the assurance on the life of a member being terminated before the normal retirement date from any cause other than death, the Company will pay to the employer a rebate in respect of the relative premium proportionate to the unexpired portion of the then current year of assurance. Rates of premium used in determining contributions and sum assured are guaranteed for 12 months, Leadway has the right to charge extra premiums on medical grounds.
8	Credit Life	Credit Life Protection that pays outstanding loan amount on death. There are disability and job loss riders.
9	Personal Loan Protection Plan	Credit Life Protection that pays outstanding loan amount, 6 months job loss and PTD Rider in the event of claim.
10	Term Assurance	The Leadway Term Assurance product is a simple but flexible life insurance product that pays out a lump sum if death occurs during the period of cover.

Notes to the Financial Statements continued

For the year ended 31 December 2017

	Name	Features
11	Mortgage Protection Plan	Credit Life Protection that pays outstanding loan amount on death. It also has a PTD rider benefit
12	REN Credit Life	Credit Life Protection that pays outstanding loan amount on death. It also has a PTD rider benefit
13	RSL Credit Life Insurance	Credit Life Protection that pays outstanding loan amount on death, critical illness, and Permanent Disablility with 6 months job loss cover
14	Vehicle Loan Protection Plan	Credit Life Protection that pays outstanding loan amount on death and Permanent Disablility with 6 months job loss cover
15	Heritage Credit Life Protection	Credit Life Protection that pays outstanding loan amount on death and Permanent Disablility with 3 months job loss cover
16	Heritage Personal Protection Plan	Credit Life Protection that pays outstanding loan amount on death and Permanent Disablility with 6 months job loss cover
17	Small and Medium Enterprise	Credit Life Protection that pays outstanding loan amount on death or named critical Illness
18	Credit Card Protection	Credit Life Protection that pays outstanding loan amount on death
19	GTB Credit Life protection	Credit Life Protection that pays outstanding loan amount on death and Permanent Disablility with 6 months job loss cover
20	Personal Credit Loan	Credit Life Protection that pays outstanding loan amount with one month Job loss
21	Term Loan Protection Plan	Credit Life Protection that pays outstanding loan amount on Death, Critical Illness or Permanent Total Disablility
22	Group Credit Life	Credit Life Protection that pays outstanding loan amount on death and Critical Illness, 6 months job loss and PTD Rider
23	Group Mortgage Protection	Credit Life Protection that pays outstanding loan amount on death, or PTD, with 12 months Job loss
24	Private Health Plan	Designed to provide covers for Healthcare, Total Permanent Disability and Funeral Expenses in the event of death. Funeral and Accidental Total Permanent Disability cover is a fixed benefit chosen by policyholder, with a minimum of ₦200,000
25	Leadway Lifestyle Protection Plan	Leadway Lifestyle Protection is a life insurance plan that provides you with a life cover and also optionally protects you against Critical Illness, Permanent Total Disability and Job Loss. The product pays a sum assured on occurrence of the insured risks within the policy term. The minimum policy term is one year. For having consecutive claim-free years, you receive a cash-back payment which is a rate on the premiums paid in the year.

Notes to the Financial Statements continued

For the year ended 31 December 2017

(All amounts in thousands of Nigerian Naira unless otherwise stated)

Investment contract liabilities

The following table outlines the deposit based (DA) products)

	Name	Features
1	Deferred annuity plan	This product meets protection and savings needs of a policyholder towards funding an annuity pension at retirement. Contributions from policy holder are to be invested in a fund. The accumulated return on the investment as well as the invested amount is due on maturity. Payment of Sum Assured + Savings account balance upon death. Minimum policy term is 3 years. On choosing critical illness and/or PTD riders, payment of sum assured on the riders + Savings account balance in the event of claim.
2	Leadway Investment Plan	A death benefit where the benefit payable is 125% of the investment premium (with the 25% subject to a maximum of ₦5 million) or the value of the account balance, whichever is higher. A guaranteed amount (known at inception) is paid upon maturity of the investment. Policyholders can avail additional Life Cover, Critical illness and PTD cover.
3	Personal Savings Plan	Deposit Based Savings. Death benefit is half the account balance subject to be a maximum of ₦1 million.
4	Education Savings Plan	Payment of Sum Assured (Target amount) upon Death and Maturity. Policy terminates after payment of any benefit. Critical Illness, Accidental, Total and Permanent disability are optional riders and attract additional premium.
5	Leadway Target Plan	Endowment Assurance. Maturity benefit is Sum Assured payable in advance for 4 years after maturity. On death, waiver of premium and 150% sum assured is payable. On critical illness, 100% of sum assured is payable and waiver of premiums.
6	Education Savings Plan	Payment of Sum Assured + Savings account balance upon death, Minimum policy term is 5 years, on choosing critical illness and/or PTD riders, payment of sum assured on the riders.
7	Leadway Savings Plan	Payment of Sum Assured + Savings account balance upon death. At marturity, account deposit balance is paid. On choosing critical illness and/or PTD riders, payment of sum assured on the riders + Savings account balance in the event of claim.
8	Custodian	Deposit based savings, Risk component is the outstanding premium payable. It is thus a decreasing term assurance with start sum assured equal to contracted total premium. Risk benefit is funded by the Nil and partial allocations on the premiums. The structure for Nil and Partial allocation. Year 1- 75% allocation.Year 2 to year 4 - 90% allocation.Year 6 afterwards- 97% allocation. The product is running off.

Notes to the Financial Statements continued

For the year ended 31 December 2017

(All amounts in thousands of Nigerian Naira unless otherwise stated)

	Name	Features
9	Individual Deposit Admin	The life cover granted during the policy shall be future unpaid premiums up to cessation date provided the policy is in force. This policy has nil allocation between 4 months to 8 months during which the overhead cost of the Company are met. If term assurance is not opted for, 100% premium will be transferred to the policyholder's account for investment purpose. When policyholder dies, the balance in the policyholder's account plus total premium due after death and before maturity is payable to the beneficiary. If the policyholder surrenders or terminates the policy; the balance in the policyholder's account is payable. On maturity, accumulated balance in the policy holder's account is paid or instalment payment of the maturity benefit through the period of child's education.
10	Pearl	Deposit based savings. No risk cover. The product is running off. No new business.
11	Group Deposit Admin	Guaranteed interest (renewable annually) on all deposits received from employer. Contribution to the fund can be on individual basis or on pool basis. If a member leaves the service of the employer before normal retirement date, accrued benefit up to withdrawal date in respect of employee's and employer's contribution shall be paid to the member. *Pension option:* In the event of the benefit becoming payable; it could be applied in whole or in part to secure a Pension. This pension is payable at equal intervals to the member until he dies , however the payment is guaranteed for a predefined period. If a member leaves the service of the employer before normal retirement date, accrued benefit up to withdrawal date in respect of employee's and employer's contribution shall be paid to the member. If a member dies before the expiration of the guaranteed period a cash sum shall be payable.

Notes to the Financial Statements continued

For the year ended 31 December 2017

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. 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.

These disclosures supplement the commentary on enterprise risk management (see note 3). Estimates where management has applied judgements are:

(a) Ultimate liability arising from claims made under insurance contracts
(b) Determination of fair value of level 3 financial instruments.
(c) Assessment of impairment of goodwill on acquired subsidiaries

(a) The ultimate liability arising from claims made under insurance contracts
The estimation of the ultimate liability arising from claims made under insurance contracts is one of 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 Group will ultimately pay for such claims.

The ultimate cost of outstanding claims is estimated by using a standard actuarial claims projection techniques called the Basic Chain Ladder (BCL).

The main assumption underlying these technique is that the Group's past claims development experience can be used to project future claims development and hence ultimate claims costs. As such, this method extrapolates 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 and the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgment is used to assess the extent to which past trends may not apply in future, (for example 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.

See note 3.5 (i) for sensitivity analysis on insurance contract liabilities.

(b) Determination of fair value of level 3 financial instruments
Investments in unquoted equity securities that are classified as equity securities at fair value available for sale financial instrument in line with the accounting policies as set out in note 2.6 of the statement of significant accounting policies. See note 3.4 for the valuation methodology for the determining the fair value.

(c) Assessment of impairment of goodwill on acquired subsidiaries
Goodwill on acquired subsidiaries was tested for impairment using discounted cash flow valuation method. Projected cash flows were discounted to present value using a discount rate of 20.1% and a cash flow growth rate of 18% over a period of 5 years. The Group determined the appropriate discount rate at the end of the reporting period. See note 17 for further details.

Notes to the Financial Statements continued

For the year ended 31 December 2017

5 SEGMENT INFORMATION

The board of directors is the group's chief operating decision-maker. Management has determined the operating segments based on the information reviewed by the board of directors for the purpose of allocating resources and assessing performance from the product and services perspective. Segment information is presented in respect of the Group's business segments and is based on the Group's management and reporting structure. The Group is organised into five operating segments. These segments distribute their products through various forms of brokers, agencies and direct marketing programmes. Management identifies its reportable operating segments by based on the Group's management and reporting structure. These segments and their respective operations are as follows:

Non life insurance business
This component offers protection against different forms of risk (i.e. Engineering, fire, general accident, bond and marine) to individuals and corporate customers. Its revenue stream is driven by premium income and investment income from investment securities. The policies issued are usually short tenored.

Life insurance business
This component offers life assurance for individuals and groups (i.e. Death, permanent disability or critical illness), and acquisition of annuities. Deposits are also accepted for investment contracts with guaranteed interest. Its revenue stream is driven by premium income, annuities, and investment income from investment securities. The policies issued are usually long tenored.

Trusteeship
This component is principally engaged in the business of providing Trust Management, Investment Management and related financial services to its customers. Such services include provision of loans and advances to both corporate and individual customers by way of commercial loans or lease. Its revenue stream is driven by interest on deposits and loans and trustee fees.

Hospitality
This component owns an hotel "Leadway Hotel Limited". Its revenue stream is driven by room occupancy.

Property management
This component is involved in the property management, outsourcing services, software application provision, hotel development and real estate acquisition.

Pension fund management
This component carry on the business of pension fund management and administration in line with the Pension Reform Act 2014.

Notes to the Financial Statements continued

For the year ended 31 December 2017

(All amounts in thousands of Nigerian Naira unless otherwise stated)

The consolidated financial data for the reporting segments for the year ended 31 December 2017 is as follows:

31-Dec-17	Non-life	Life	Asset Management &Trustees	Hospitality	Property management	Pension Fund management	Total segment income	Inter-segment income & consolidation adjustments	Total
Revenue from external customers:									
Gross premium income	23,434,153	61,045,441	-	-	-	-	84,479,594	(12,174)	84,467,420
Reinsurance expenses	(13,561,527)	(1,094,271)	-	-	-	-	(14,655,798)	-	(14,655,797)
Net premium revenue	**9,872,626**	**59,951,170**	**-**	**-**	**-**	**-**	**69,823,796**	**(12,174)**	**69,811,623**
Commission income from insurance contracts	2,311,302	374,558	-	-	-	-	2,685,860	-	2,685,859
Net fair value gain/(loss) on assets at fairvalue	301,277	10,088,710	73,073	-	-	-	10,463,060	(0)	10,463,060
Investment income	2,640,282	14,177,519	590,729	11,263	45,041	612,123	18,076,957	(744,333)	17,332,624
Other operating income	2,756,036	195,463	87,870	316,341	40,008	4,099,337	7,495,055	(21,998)	7,473,057
Net income	**17,881,523**	**84,787,420**	**751,672**	**327,604**	**85,049**	**4,711,460**	**108,544,729**	**(778,506)**	**107,766,223**
Claims expenses	(10,357,580)	(17,073,992)	-	-	-	-	(27,431,572)	59	(27,431,513)
Underwriting expenses	(3,522,494)	(2,542,114)	-	-	-	-	(6,064,608)	-	(6,064,607)
Increase in annuity fund	-	(49,313,019)	-	-	-	-	(49,313,019)	-	(49,313,019)
Increase in individual life fund	-	(101,428)	-	-	-	-	(101,428)	-	(101,428)
Employee benefit and other operating expenses	(3,220,116)	(3,596,498)	(142,860)	(635,548)	(26,554)	(2,569,928)	(10,191,503)	198,335	(9,993,168)
Interest expense - finance cost	-		(138,113)	(19,057)	-	-	(157,170)	0	(157,170)
Profit/(Loss) on investment contracts		709,583					709,583		709,583
Net impairment (losses)/gains	(2,112)	(200,208)	(102,707)	(11,377)	-	-	(316,404)	-	(316,404)
Income tax charge	(277,441)	(374,863)	(106,470)	95,815	(19,829)	(576,233)	(1,259,021)	-	(1,262,063)
Net expense	**(17,379,743)**	**(72,492,539)**	**(490,150)**	**(570,167)**	**(46,383)**	**(3,146,161)**	**(94,125,143)**	**198,395**	**(93,929,789)**
Reportable segment profit	501,780	12,294,881	261,522	(242,563)	38,666	1,565,299	14,419,586	(580,111)	13,836,434
Other segment disclosures:									
Depreciation and amortization expense	**(382,022)**	**(106,580)**	**(5,057)**	**(141,186)**	**(38)**	**(152,370)**	**(787,253)**	**(89)**	**(787,342)**

Notes to the Financial Statements continued

For the year ended 31 December 2017

(All amounts in thousands of Nigerian Naira unless otherwise stated)

SEGMENT ASSETS AND LIABILITIES

31-Dec-17	Non-life	Life	Trusteeship	Hospitality	Property management	Pension Fund management	Total segment balances	Consolidation/ Inter-segment balances	Total
Reportable segment assets									
Cash and cash equivalent	21,593,197	6,207,041	411,495	38,023	219,870	789,240	29,258,866	(215,312)	29,043,554
Investment securities	27,837,901	152,084,817	256,482	-	18,550	3,319,107	183,516,857	(82,599)	183,434,258
Trade receivables	218,192	13,795	-	-	-	-	231,987	-	231,987
Reinsurance assets	33,934,899	1,300,454	-	-	-	-	35,235,353	-	35,235,352
Deferred acquisition cost	548,796	-	-	-	-	-	548,796	1	548,797
Other receivables and prepayments	1,749,929	3,784,933	2,694,774	81,581	173,347	1,098,761	9,583,325	(1,484,793)	8,098,532
Investment in subsidiaries	683,974	2,953,521	-	-	-	-	3,637,495	(3,637,495)	-
Investment properties	3,167,829	11,795,936	-	-	-	673,781	15,637,546	-	15,637,546
Deferred tax asset	198,764	87,682	-	-		-	286,446	27,016	313,462
Intangible assets	240,259	152,625	9,425	23,329	-	44,446	470,084	3,521,579	3,991,663
Property and equipment	3,249,805	579,134	3,982	2,539,056	-	379,552	6,751,530	-	6,751,530
Statutory deposits	300,000	200,000	-	-	-	-	500,000	-	500,000
Total reportable segment assets	93,723,545	179,159,938	3,376,158	2,681,990	411,767	6,304,887	285,658,285	(1,871,603)	283,786,681
Reportable segment liabilities									
Insurance contract liabilities	59,823,081	124,159,463	-	-	-	-	183,982,544	-	183,982,546
Investment contract liabilities	-	22,532,309	-	-	-	-	22,532,309	-	22,532,309
Trade payables and other liabilities	10,027,205	7,467,902	1,620,262	540,542	25,679	713,590	20,395,180	(1,139,261)	19,255,919
Borrowings	-	-	405,997	288,592	222,336	-	916,926	(756,651)	160,275
Current tax liabilities	678,797	440,739	108,570	9,281	22,980	-	1,260,367	560,163	1,820,530
Deferred tax liabilities	605,734	87,682	931	-	-	37,245	731,592	9	731,601
Total reportable segment liabilities	**71,134,817**	**154,688,095**	**2,135,760**	**838,415**	**270,995**	**750,835**	**229,818,918**	**(1,335,738)**	**228,483,180**
Net Assets	**22,588,728**	**24,471,843**	**1,240,398**	**1,843,574**	**140,772**	**5,554,052**	**55,839,367**	**(535,865)**	**55,303,501**
Other segment disclosures:									
Additions to property and equipment	230,667	164,676	34,392	157,442	2,740	92,296	682,213	-	1,313,917

Notes to the Financial Statements continued

For the year ended 31 December 2017

(All amounts in thousands of Nigerian Naira unless otherwise stated)

STATEMENT OF COMPREHENSIVE INCOME

31 December 2016	Non-life	Life	Trusteeship	Hospitality	Property management	Pension Fund management	Total segment income	Inter-segment income & consolidation adjustments	Total
Revenue from external customers:									
Gross premium income	21,539,968	32,133,485	-	-	-	-	53,673,453	(18,295)	53,655,158
Reinsurance expenses	(12,213,623)	(184,775)	-	-	-	-	(12,398,398)	-	(12,398,398)
Net Premium Revenue	9,326,345	31,948,710	-	-	-	-	41,275,055	(18,295)	41,256,760
Commission income from insurance contracts	1,825,376	28,477	-	-	-	-	1,853,853	-	1,853,853
Net fair value gain/(loss) on assets at fair value	(208,587)	(17,207,088)	-	-	-	(84,329)	(17,500,004)	-	(17,500,004)
Investment income	2,100,826	8,389,629				323,992	10,814,447	(52,146)	10,762,301
Other operating income	10,086,595	649,927	531,649	785,817	44,648	3,265,660	15,364,296	(478,596)	14,885,700
Share of profit of investments accounted for using the equity method	-	-	-	-	-	-	-	-	-
Net income	**23,130,555**	**23,809,655**	**531,649**	**785,817**	**44,648**	**3,505,323**	**51,807,647**	**(549,037)**	**51,258,610**
Claims expenses	(10,023,855)	(13,039,071)	-	-	-	-	(23,062,926)	292	(23,062,634)
Underwriting expenses	(3,238,505)	(1,803,147)	-	-	-	-	(5,041,652)	-	(5,041,651)
Increase in annuity fund	-	(4,429,557)					(4,429,557)	-	(4,429,557)
Increase in individual life fund	-	(42,413)					(42,413)	-	(42,413)
Employee benefit and other operating expenses	(4,016,532)	(2,259,228)	(95,607)	(871,714)	(24,525)	(1,978,279)	(9,245,885)	286,068	(8,959,817)
Interest expense - finance cost			(155,829)				-		(155,829)
Profit/(Loss) on investment contracts		(355,520)	-				(355,520)		(355,520)
Net impairment (losses)/gains	(27,520)	(343,410)	(39,784)	(7,607)	-	-	(418,321)	0	(419,583)
Income tax charge	(614, 626)	(84,866)	(54,115)	46,862	(13,528)	(484,481)	(1,206,754)	-	(1,206,754)
Net expense	**(17,921,038)**	**(22,357,212)**	**(345,335)**	**(832,459)**	**(38,053)**	**(2,464,760)**	**(43,958,857)**	**285,099**	**(43,673,758)**
Reportable segment profit	**5,209,517**	**1,452,443**	**186,314**	**(46,642)**	**6,595**	**1,040,563**	**7,848,790**	**(263,938)**	**7,584,852**
Other segment disclosures:									
Depreciation and amortization expense	(312,951)	(83,927)	(2,060)	(119,856)	(68)	(99,295)	(618,157)	-	(732,040)

Notes to the Financial Statements continued

For the year ended 31 December 2017

(All amounts in thousands of Nigerian Naira unless otherwise stated)

SEGMENT ASSETS AND LIABILITIES

31-Dec-16	Non-life	Life	Trusteeship	Hospitality	Property management	Pension Fund management	Total segment balances	Consolidation/ Inter-segment balances	Total
Reportable segment assets									
Cash and cash equivalent	19,916,045	4,273,651	265,487	325,141	330,651	907,719	26,018,694	-	26,018,694
Investment securities	20,417,525	90,623,722	181,804	-	6,545	2,444,842	113,674,438	(80,996)	113,593,442
Trade receivables	164,616	5,145	-	-	-	-	169,761	-	169,761
Loans and advances							-	-	
Reinsurance assets	11,384,279	336,504	-	-	-	-	11,720,783	-	11,720,783
Deferred acquisition cost	486,416	-	-	-	-	-	486,416	-	486,416
Other receivables and prepayments	315,791	1,854,912	2,317,943	103,705	190,390	863,075	5,645,816	(1,045,375)	4,600,441
Investment in subsidiaries	683,974	2,953,521	-	-	-	-	3,637,495	(3,637,495)	-
Investment properties	3,134,223	5,025,196	-	-	-	660,651	8,820,070	-	8,820,070
Deferred tax asset	198,765	87,682	-	-		-	286,447	-	286,446
Intangible assets	312,306	1,498	11,774	2,545	-	50,192	378,315	3,521,579	3,899,894
Property and equipment	3,153,362	491,971	5,235	2,214,899	38	198,434	6,063,939	-	6,063,939
Statutory deposits	300,000	200,000	-	-	-	-	500,000	-	500,000
Total reportable segment assets	**60,467,302**	**105,853,802**	**2,782,243**	**2,646,290**	**527,624**	**5,124,913**	**177,402,174**	**(1,242,287)**	**176,159,886**
Reportable segment liabilities									
Insurance contract liabilities	30,572,177	74,185,467	-	-	-	-	104,757,644	-	104,757,646
Investment contract liabilities	-	18,294,287	-	-	-	-	18,294,287	-	18,294,287
Trade payables and other liabilities	8,226,443	1,883,176	1,096,638	408,247	32,344	476,940	12,123,788	(404,944)	11,718,844
Borrowings	-	-	746,592	95,472	222,336	-	1,064,400	(859,777)	204,623
Current tax liabilities	647,887	252,256	55,602	12,752	23,944	-	992,441	542,578	1,535,019
Deferred tax liabilities	597,158	131,504	1,111	75,038	-	21,176	825,987	10	825,997
Total reportable segment liabilities	**40,043,665**	**94,746,690**	**1,899,943**	**591,509**	**278,624**	**498,116**	**138,058,547**	**(722,131)**	**137,336,416**
Net Assets	**20,423,637**	**11,107,112**	**882,300**	**2,054,781**	**249,000**	**4,626,797**	**39,343,627**	**(520,156)**	**38,823,470**
Other segment disclosures:									
Additions to property and equipment	**230,667**	**164,676**	**34,392**	**157,442**	**2,740**	**92,296**	**682,213**	**-**	**1,197,489**

The group is domiciled in Nigeria. No geographical segment information has been provided in these financial statements as there is only one geographical segment.

Although the trusteeship and property management segments do not meet the quantitative thresholds required by IFRS 8 for reportable segments, management has concluded that these segments should be reported, as they are closely monitored by the Chief operating decision maker as potential growth segments and are expected to materially contribute to group revenue in the near future.

No single customer contributed up to 5% of the Group's revenue in the year (2016:Nil).

Notes to the Financial Statements continued

For the year ended 31 December 2017

(All amounts in thousands of Nigerian Naira unless otherwise stated)

6 CASH AND CASH EQUIVALENTS

	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
Cash on hand	4,677	3,805	3,766	3,246
Cash at bank	5,914,437	3,864,225	5,512,075	3,390,677
Tenored deposits	23,124,440	22,150,664	22,284,398	20,795,774
	29,043,554	26,018,694	27,800,239	24,189,697

Tenored deposits are made up of placements with banks and other financial institutions with less than 3 months maturity from the date of acquisition. The carrying amounts disclosed above reasonably approximates fair value at the reporting date.

Cash and cash equivalents for the purpose of cashflow statement includes the following:

	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
Cash on hand	4,677	3,805	3,766	3,246
Cash at bank	5,914,437	3,864,225	5,512,075	3,390,677
Tenored deposits	23,124,440	22,150,664	22,284,398	20,795,774
Treasury bills with initial maturity <90days	1,194,777	-	1,194,777	-
	30,238,331	26,018,694	28,995,016	24,189,697

7 TRADE RECEIVABLES

(a) Trade receivable comprises the following:

	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
Non-Life Insurance receivables	218,192	164,616	218,192	164,616
Life Insurance receivables	13,795	5,145	13,795	5,145
	231,987	169,761	231,987	169,761
Current	231,987	169,761	231,987	169,761
	231,987	169,761	231,987	169,761

(b) The age analysis of gross insurance receivables as at the end of the year is as follows:

	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
Analysis of premium debtors in days				
0 - 30 days	231,987	169,761	231,987	169,761
	231,987	169,761	231,987	169,761

Notes to the Financial Statements continued

For the year ended 31 December 2017

(All amounts in thousands of Nigerian Naira unless otherwise stated)

8 INVESTMENT SECURITIES

The Group's investment securities are summarised below by measurement category in the table below:

	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
Financial assets at fair value through profit or loss (see note 8.1 below)	130,185,303	69,429,589	129,997,627	69,326,992
Available for sale (see note 8.2 below)	17,012,524	11,210,932	17,007,767	11,206,175
Held to maturity (see note 8.3 below)	36,236,431	32,952,921	32,917,325	30,508,078
	183,434,258	113,593,442	179,922,719	111,041,245
Current	21,513,051	83,112,655	18,396,274	83,112,655
Non Current	161,921,207	30,480,787	161,526,445	27,928,590
	183,434,258	113,593,442	179,922,719	111,041,245

The assets comprised in each of the categories above are detailed in the tables below:

8.1 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
Designated at fair value through profit or loss				
Debt securities:				
- Listed	127,678,943	67,888,375	127,678,943	67,888,375
Equity securities:				
- Listed	2,337,235	1,445,162	2,318,684	1,438,617
	130,016,178	69,333,537	129,997,627	69,326,992
Held-for-trading				
Equity securities:				
- Listed	169,125	96,052	-	-
	169,125	96,052	-	-
Total financial assets at fair value through profit or loss	130,185,303	69,429,589	129,997,627	69,326,992
Current	5,719,385	69,429,589	5,719,385	69,326,992
Non Current	124,465,918	-	124,278,242	-
	130,185,303	69,429,589	129,997,627	69,326,992

Movement in financial assets designated at fair value through profit or loss

	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
Opening balance	69,429,589	66,322,015	69,326,992	66,214,502
Additions	63,859,942	27,147,172	63,847,935	27,152,086
Disposals	(13,245,513)	(7,418,865)	(13,245,513)	(7,418,865)
Accrued Interest	12,268,638	8,702,830	12,268,638	8,702,831
Interest received	(12,115,838)	(8,268,679)	(12,115,838)	(8,268,679)
Fair value changes	9,988,485	(17,054,884)	9,915,413	(17,054,883)
Closing balance	130,185,303	69,429,589	129,997,627	69,326,992

Notes to the Financial Statements continued

For the year ended 31 December 2017

(All amounts in thousands of Nigerian Naira unless otherwise stated)

8.2 AVAILABLE FOR SALE FINANCIAL ASSETS

Certain unquoted investment securities listed below for which fair values could not be reliably estimated have been carried at cost less impairment. There are no active markets for these equity instruments, fair value information are therefore not available making it impracticable for the group to fair value these investments. The group does not intend to dispose any of these investments within the next financial year.

	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
Equity securities at fair value				
- Listed	11,452,210	6,550,172	11,452,210	6,550,172
- Unlisted (see note a(i) below)	4,778,467	4,066,217	4,773,710	4,061,460
Equity securities at cost				
- Unlisted (see note a(ii) below)	1,286,807	619,503	1,286,807	619,503
	17,517,484	11,235,892	17,512,727	11,231,135
Less: allowance for impairment loss (see note (b) below)	(504,960)	(24,960)	(504,960)	(24,960)
Total available for sale financial assets	17,012,524	11,210,932	17,007,767	11,206,175
Current	4,580,884	6,550,172	4,580,884	6,550,172
Non Current	12,431,640	4,660,760	12,426,883	4,656,003
	17,012,524	**11,210,932**	**17,007,767**	**11,206,175**

a (i) Analysis of unlisted available for sale financial assets:

	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
At fair value				
Africa Finance Corporation	1,254,622	1,113,963	1,254,622	1,113,963
African Reinsurance Company Limited	1,502,880	1,371,461	1,502,880	1,371,461
Capital Bancorp	105,000	148,351	105,000	148,351
Food Concept Limited	6,300	6,300	6,300	6,300
Lekky Budget Limited	71,820	49,113	71,820	49,113
Mainstreet Technologies	495,895	380,103	495,895	380,103
Energy and Allied Insurance pool of Nigeria	221,405	-	221,405	-
MTN	935,171	795,044	935,171	795,044
Oakwood Park Limited	33,593	66,714	33,593	66,714
West African Milk Company Limited	56,875	55,250	56,875	55,250
JDI investment company Ltd	40,661	44,688	40,661	44,688
Nigeria Liability Insurance Pool	49,488	30,473	49,488	30,473
Others	4,757	4,757	-	-
A	**4,778,467**	**4,066,217**	**4,773,710**	**4,061,460**

Notes to the Financial Statements continued

For the year ended 31 December 2017

(All amounts in thousands of Nigerian Naira unless otherwise stated)

			Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
a (ii)	**At cost**					
	Lagos Building Investment Company Ltd		49,920	49,920	49,920	49,920
	Energy and Allied Insurance pool of Nigeria		-	183,000	-	183,000
	MotorWays Assets Limited		480,000	-	480,000	-
	Verod Capital Management Ltd		756,887	370,579	756,887	370,579
	Others		-	16,004	-	16,004
		B	**1,286,807**	**619,503**	**1,286,807**	**619,503**
	Less: Specific allowance for impairment (unquoted equity securities)	**C**	(504,960)	(24,960)	(504,960)	(24,960)
	Total unlisted equities (A+B +C)		**5,560,314**	**4,660,760**	**5,555,557**	**4,656,003**

(b) The movement in the allowance for impairment losses on available for sale unquoted equities is as follows:

	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
Balance, beginning of year	24,960	24,960	24,960	24,960
Charge for the year	480,000	-	480,000	-
Write off	-	-	-	-
Balance, end of year	**504,960**	**24,960**	**504,960**	**24,960**

Movement in Financial assets designated at available for sale

	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
Opening balance	11,210,932	9,603,510	11,206,175	9,598,753
Additions	2,222,144	727,635	2,222,144	727,635
Reclasification	480,000	-	480,000	-
Disposals	(365,632)	(476,724)	(365,632)	(476,724)
Fair value changes	3,961,084	1,356,511	3,961,084	1,356,511
Impairment	(480,000)	-	(480,000)	-
Write-offs	(16,004)	-	(16,004)	-
Closing balance	**17,012,524**	**11,210,932**	**17,007,767**	**11,206,175**

8.3 HELD TO MATURITY FINANCIAL ASSETS

	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
Debt securities:				
- Listed	36,236,431	32,952,921	32,917,325	30,508,078
	36,236,431	32,952,921	32,917,325	30,508,078
Current	11,212,782	7,235,491	8,096,005	7,235,491
Non-current	25,023,649	25,717,430	24,821,320	23,272,587
	36,236,431	32,952,921	32,917,325	30,508,078

Notes to the Financial Statements continued

For the year ended 31 December 2017

(All amounts in thousands of Nigerian Naira unless otherwise stated)

The entity's investment in Dana bonds was impaired by ₦108.62million (2016: ₦18.97m). Held to maturity assets are analysed below:

	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
Federal Government Debt Securities				
10.70% FGN May 2018	708,752	681,337	708,752	681,337
7.00% FGN Oct 2019	260,783	241,785	260,783	241,785
10.00% FGN Jul 2030	1,222,540	1,216,670	1,222,540	1,216,670
15.10% FGN Apr 2017	-	1,693,966	-	1,693,966
16.00% FGN Jun 2019	120,103	120,103	120,103	120,103
15.54% FGN Feb 2020	829,774	843,602	829,774	843,602
14.5% FGN JUL 2021	4,176,891	945,301	4,176,891	945,301
12.50% FGN JAN 2026	1,325,999	1,326,479	1,325,999	1,326,479
12.40% FGN MAR 2036	2,784,825	2,781,482	2,784,825	2,781,482
12.1493% FGN JUL 2034	199,555	199,363	199,555	199,363
FGN treasury bill	10,618,131	7,010,854	7,299,025	4,566,010
	22,247,353	**17,060,942**	**18,928,247**	**14,616,098**
State Government Bonds				
Lagos State bonds	252,553	480,083	252,553	480,083
Bayelsa State bonds	19,463	30,423	19,463	30,423
Delta State bonds	42,782	80,150	42,782	80,150
Ekiti State bonds	5,265	9,842	5,265	9,842
Osun State bonds	109,105	152,889	109,105	152,889
	429,168	**753,387**	**429,168**	**753,387**
Corporate bonds				
Federal Mortgage of Nigeria Bond	-	5,280	-	5,280
Lafarge WAPCO bond	201,669	201,669	201,669	201,669
Local Contractor Bond Series III	-	639,155	-	639,155
United Bank for Africa Plc Bond	101,714	154,838	101,714	154,838
Dana Group of Companies Bond	20,718	129,382	20,718	129,382
Forte Oil	101,342	104,305	101,342	104,305
	425,443	**1,234,629**	**425,443**	**1,234,629**
Eurobonds				
Access Bank Eurobond 7.25%, 2017	-	52,896	-	52,896
FBN Finance BV 2020 8.25%	1,224,686	1,111,880	1,224,686	1,111,880
First Bank 8% Jul, 2021	2,244,228	2,039,217	2,244,228	2,039,217
FGN 6.75% Eurobond, 2021	2,520,479	2,358,551	2,520,479	2,358,551
ETI 8.75% Aug 2021	1,701,105	1,564,705	1,701,105	1,564,705
Access Bank Eurobond 9.25%, 2021	707,594	592,737	707,594	592,737
FGN 6.38% Eurobond, 2023	4,636,325	4,243,879	4,636,325	4,243,879
GTB 6.00% Nov 2018	-	87,402	-	87,402
Zenith 6.25% Apr 2019	100,050	89,778	100,050	89,778
Access 10.50% Oct 2021	-	1,762,918	-	1,762,919
	13,134,467	13,903,963	13,134,467	13,903,964
Grand Total	**36,236,431**	**32,952,921**	**32,917,325**	**30,508,078**

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(All amounts in thousands of Nigerian Naira unless otherwise stated)

The debt securities are interest bearing and have stated interest rates of 7 to 16.4 per cent for government bonds and 6.75 to 17.25 per cent for the corporate bonds. The contractual maturity dates are 1 to 20 years for the government securities and 1 to 7 years for the corporate bonds. Issuer of GTB 6.00% Nov. 2018 Bond made an early redemption.

Movement in Financial assets designated as Held-to-maturity

	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
Opening balance	32,952,921	16,478,385	30,508,078	15,697,784
Additions	27,968,314	17,239,251	27,537,391	15,709,678
Disposals	(26,418,962)	(1,395,851)	(26,418,962)	(1,395,851)
Accrued interests	4,504,219	2,474,520	4,060,879	2,339,851
Interest received	(2,661,443)	(1,824,414)	(2,661,443)	(1,824,414)
Impairment (see note (a) below)	(108,618)	(18,970)	(108,618)	(18,970)
	36,236,431	32,952,921	32,917,325	30,508,078

(a) The group's investment in Dana bonds was impaired by ₦108.62million (2016: ₦18.97m).

9 REINSURANCE ASSETS

		Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
(a)	Prepaid reinsurance Non Life business	3,293,999	5,154,043	3,293,999	5,154,043
	Prepaid reinsurance Life Business	490,320	27,906	490,320	27,906
		3,784,319	5,181,949	3,784,319	5,181,949
	(see note (i) below) for movement				
(b)	Reinsurance recoverable Non Life business	30,598,262	5,992,471	30,598,262	5,992,471
	Reinsurance recoverable Life business	806,479	207,830	806,479	207,830
		31,404,740	6,200,302	31,404,740	6,200,302
	(see note (ii) below) for movement				
(c)	Due from reinsurers Non Life business	42,638	237,765	42,638	237,765
	Due from reinsurers Life business	3,655	100,767	3,655	100,767
		46,293	338,532	46,293	338,532
	Total Reinsurance Assets	**35,235,352**	**11,720,783**	**35,235,352**	**11,720,783**
	Current	35,204,238	11,508,724	35,204,238	11,508,724
	Non-current	31,114	212,059	31,114	212,059
		35,235,352	**11,720,783**	**35,235,352**	**11,720,783**

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(All amounts in thousands of Nigerian Naira unless otherwise stated)

(i) The movement in prepaid reinsurance is as follows:

	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
Balance, beginning of the year	5,181,949	6,280,596	5,181,949	6,280,596
Additions in the year	13,258,167	11,299,751	13,258,167	11,299,751
Released in the year (see note 28)	(14,655,797)	(12,398,398)	(14,655,797)	(12,398,398)
Balance, end of year	**3,784,319**	**5,181,949**	**3,784,319**	**5,181,949**

Non-life	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
Balance, beginning of the year	5,154,043	6,280,596	5,154,043	6,221,965
Additions in the year	11,701,483	11,299,751	11,701,483	11,145,702
Released in the year	(13,533,875)	(12,398,398)	(13,533,875)	(12,213,624)
Balance, end of year	**3,321,652**	**5,181,949**	**3,321,652**	**5,154,043**

Life	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
Balance, beginning of the year	27,906	6,280,596	27,906	58,631
Additions in the year	1,556,684	11,299,751	1,556,684	154,049
Released in the year	(1,121,922)	(12,398,398)	(1,121,922)	(184,774)
Balance, end of year	**462,667**	**5,181,949**	**462,667**	**27,906**

(ii) The movement in reinsurance recoverable is as follows:

	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
Balance, beginning of the year	6,200,302	4,653,691	6,200,302	4,653,691
Increase during the year (see note 30)	25,204,438	1,546,611	25,204,438	1,546,611
Balance, end of year	**31,404,740**	**6,200,302**	**31,404,740**	**6,200,302**

Non-life	Group	Group	Company	Company
	43,100	42,735	43,100	42,735
Balance, beginning of the year	5,992,471	4,458,135	5,992,471	4,458,135
Increase during the year (see note 30)	24,605,790	1,534,336	24,605,790	1,534,336
Balance, end of year	**30,598,262**	**5,992,471**	**30,598,262**	**5,992,471**

Life	Group	Group	Company	Company
	43,100	42,735	43,100	42,735
Balance, beginning of the year	207,830	195,556	207,830	195,556
Increase during the year (see note 30)	598,648	12,275	598,648	12,275
Balance, end of year	**806,478**	**207,831**	**806,478**	**207,831**

Notes to the Financial Statements continued

For the year ended 31 December 2017

(All amounts in thousands of Nigerian Naira unless otherwise stated)

10 DEFERRED ACQUISITION COSTS

Deferred acquisition costs represent commissions on unearned premium relating to the unexpired period of risks and comprise:

	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
Motor	135,482	120,023	135,482	120,023
Fire	188,100	159,075	188,100	159,075
General accident	45,567	56,325	45,567	56,325
Marine	108,668	96,176	108,668	96,176
Bond	3,276	4,983	3,276	4,983
Engineering	67,704	49,834	67,704	49,834
	548,797	**486,416**	**548,797**	**486,416**

The movement in deferred acquisition costs is as follows:

	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
Balance, beginning of year	486,416	423,123	486,416	423,123
Cost incurred during the year	1,509,388	1,485,844	1,509,388	1,485,844
Amortisation for the year	(1,447,007)	(1,422,551)	(1,447,007)	(1,422,551)
Balance, end of year	548,797	486,416	548,797	486,416
Current	**548,797**	**486,416**	**548,797**	**486,416**

11 OTHER RECEIVABLES AND PREPAYMENTS

	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
Financial assets:				
Accrued interest on statutory deposits	48,218	38,011	48,218	38,011
Accrued rental income	282,119	230,342	282,119	230,342
Trusteeship fee receivable	456,525	379,955	-	-
Dividend receivables	36,423	14,594	36,110	14,281
Receivable from related parties	112,288	90,958	43,878	32,651
	935,573	753,860	410,325	315,285
Non financial assets:				
Prepayment	189,627	120,978	92,646	99,407
Inventories and other consumables	52,552	-	-	-
Asset receivable from debtors	210,838	-	210,838	-
Deposit for shares	2,716,198	540,124	2,716,198	540,124
WHT Recoverable	435,156	351,280	-	-
Sundry debtors	419,690	631,841	341,395	378,082
	4,024,061	**1,644,223**	**3,361,077**	**1,017,613**
Gross other receivables	**4,959,634**	**2,398,083**	**3,771,402**	**1,332,898**
Less: Impairment allowance on:				
Allowance for impairment losses - financial asset	(113,039)	(184,283)	(92,779)	(180,116)
Allowance for impairment losses - non financial asset	(182,916)	(76,697)	(144,017)	(37,028)
	(295,955)	**(260,980)**	**(236,796)**	**(217,144)**
Net other receivables	**4,663,679**	**2,137,103**	**3,534,606**	**1,115,754**
Current	4,111,456	1,709,080	3,487,778	997,634
Non Current	552,223	428,023	46,828	118,120
	4,663,679	**2,137,103**	**3,534,606**	**1,115,754**

Notes to the Financial Statements continued

For the year ended 31 December 2017

(All amounts in thousands of Nigerian Naira unless otherwise stated)

Deposit for shares of ₦480m of Motorways Assets Ltd was alloted during the year and the amount was subsequently reclassified to Available for Sale (AFS) Financial Assets and provisioned.

Deposit for shares relates to payments made for the acquisition of shares in unquoted companies which had not been allotted as at 31 December 2017. Detail is shown below.

	Company's name	Amount ₦'000	Nature of business
i	3 Avie Insurance Company (Cote de voire)	2,414,198	Underwriting of risk
ii	FBS Reinsurance Limited	280,000	Underwriting of risk
iii	MV Exchange	22,000	E- commerce
	Total	**2,716,198**	

(i) The movement in allowance for impairment of other receivable is as follows:

	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
Balance, beginning of year	260,980	253,054	217,144	206,616
Charge for the year (see note 38)	75,069	23,288	63,692	11,617
Write off	(40,094)	(15,362)	(44,040)	(1,089)
Balance, end of year	**295,955**	**260,980**	**236,796**	**217,144**

12 LOANS AND ADVANCES

	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
Gross				
Commercial loans	960,612	986,493	1,102,688	1,317,677
Annuity Loans	2,520,836	1,899,915	-	-
Mortgage loans	77,838	61,505	-	-
Staff loans	36,377	55,304	33,557	51,155
Agency loan	25,347	28,282	25,347	28,282
Loan to policy holders	277,604	252,076	277,604	252,076
Advance under finance lease	48,159	81,603	-	-
	3,946,773	**3,365,178**	**1,439,196**	**1,649,190**
Current	3,286,412	2,494,823	778,835	778,835
Non Current	660,361	870,355	660,361	870,355
	3,946,773	**3,365,178**	**1,439,196**	**1,649,190**
Specific Impairment allowance on:				
- Commercial loans	(337,824)	(706,923)	(332,848)	(692,242)
- Staff Loans	(50)	(5,481)	(50)	(5,481)
- Agency loans	(1,954)	(5,647)	(1,954)	(5,647)
- Mortgage loan	(633)	(464)	-	-
- Policy holders loans	(15,722)	(912)	(15,722)	(912)
- Advance under finance lease below	(30,467)	(32,352)	-	-
Collective Impairment - Advance under finance lease	(314)	(760)	-	-
Collective Impairment - Loans	(124,956)	(149,301)	(23,215)	(147,540)
	(511,920)	**(901,840)**	**(373,789)**	**(851,822)**
Net Loans and advances	**3,434,853**	**2,463,338**	**1,065,407**	**797,368**

Notes to the Financial Statements continued

For the year ended 31 December 2017

(All amounts in thousands of Nigerian Naira unless otherwise stated)

(i) The movement in allowance for impairment of loans is as follows:

	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
Balance, beginning of year	868,728	744,039	851,822	684,348
Charge/ (credit) for the year : (see note 38)				
- Commercial loans	(364,862)	126,994	(483,643)	169,779
- Staff Loans	50	-	50	-
- Agency loans	1,949	-	1,949	-
- Policy holders loans	15,650	(2,305)	15,650	(2,305)
Advance under finance lease	(30,668)			
Write off :	-	-	-	
- Staff Loans	(5,481)	-	(5,481)	-
- Agency loans	(5,647)	-	(5,647)	-
- Policy holders loans	(911)	-	(911)	-
Balance, end of year	**478,808**	**868,728**	**373,789**	**851,822**

(ii) Movement in loans and advances is as follows:

	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
Balance beginning of year	2,463,338	1,919,857	797,368	1,217,079
Additional loans granted	2,603,716	2,644,368	461,808	804,453
Loan repayment received	(1,347,787)	(2,024,001)	(700,414)	(905,159)
Accrued interests	107,222	178,493	125,918	227,365
Interests received	(750,775)	(130,690)	(97,306)	(378,897)
Impairment writeback/ (charge)	347,100	(124,689)	465,994	(167,474)
Write off	12,039	-	12,039	-
Balance end of year	**3,434,853**	**2,463,338**	**1,065,407**	**797,368**

Notes to the Financial Statements continued

For the year ended 31 December 2017

(All amounts in thousands of Nigerian Naira unless otherwise stated)

13 PROPERTY AND EQUIPMENT

13.1 GROUP - 2017

	Land	Building	Office equipment	Computer equipment	Furniture & fittings	Motor vehicles	Capital Work in progress	Total
Cost or valuation								
Balance, beginning of year	2,091,553	2,775,006	734,126	1,126,035	711,114	1,251,572	313,319	9,002,725
Additions	-	180,672	225,416	182,589	23,154	667,118	34,968	1,313,917
Revaluation Surplus/(deficit)	117,078	(8,108)	-	-	-	-	-	108,970
Disposals	-	-	(1,961)	(1,618)	-	(46,869)	-	(50,448)
Reversal of accumulated depreciation due to revaluation	-	(68,261)	-	-	-	-	-	(68,261)
Transfers from WIP		201,193	112,126				(313,319)	-
Balance, end of year	**2,208,631**	**3,080,502**	**1,069,707**	**1,307,006**	**734,268**	**1,871,821**	**34,968**	**10,306,903**
Accumulated depreciation								
Balance, beginning of year	-	-	586,003	979,264	500,724	872,795	-	2,938,786
Charge for the year	-	68,261	104,018	223,633	48,996	252,253	-	697,161
Reversal of accumulated depreciation due to revaluation	-	(68,261)	-	-	-	-	-	(68,261)
Write off	-	-	-	-	-	-	-	-
Disposals	-	-	(1,961)	(342)	-	(10,010)	-	(12,313)
Balance, end of year	**-**	**-**	**688,060**	**1,202,555**	**549,720**	**1,115,038**	**-**	**3,555,373**
Net book value end of year	**2,208,631**	**3,080,502**	**381,647**	**104,451**	**184,548**	**756,783**	**34,968**	**6,751,530**
Net book value beginning of year	**2,091,553**	**2,775,006**	**148,123**	**146,771**	**210,390**	**378,777**	**313,319**	**6,063,939**

(i) Fair values of land and buildings

On a determined basis, the Group engages the services of external, independent and qualified valuers to determine the fair value of the group's land and buildings. As at 31 December 2017, the fair values of the land and buildings have been determined by Diya Fatimilehin & Co., Estate Surveyor and Valuers (FRC/2013/NIESV/00000002773). The revaluation surplus net of applicable deferred income taxes was credited to other comprehensive income and is shown in ""asset revaluation reserve" in shareholders equity (Note 25). See note 13.4b for the analyses of the fair valuation method used for land and building.

Consequent to the revaluation of the Group's land and buildings at 31 December 2017, the accumulated depreciation at that date was eliminated against the gross carrying amount of the properties and the net amount restated to the revalued amount.

(ii) The Group had no capital commitments as at the balance sheet date (31 December 2016: Nil).

(iii) No leased assets are included in property and equipment (31 December 2016: Nil)

(iv) No borrowing cost was capitalised as borrowing liability does not relate to purchase of property and equipment

For each revalued class of property, plant and equipment, the carrying amount that would have been recognised had the assets been carried under the cost model; and the revaluation surplus, indicating the change for the period and any restrictions on the distribution of the balance to shareholders.

Notes to the Financial Statements continued

For the year ended 31 December 2017

(All amounts in thousands of Nigerian Naira unless otherwise stated)

If Land and Buildings were stated using the historical cost basis, the carrying value will be as follows:

	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
Land:				
Cost	228,024	228,024	153,024	153,024
Accumulated Depreciation	-	-	-	-
	228,024	228,024	153,024	153,024
Building:				
Cost	414,030	414,030	164,030	164,030
Accumulated Depreciation	(49,818)	(46,508)	(41,538)	(38,258)
	364,212	367,522	122,492	125,772

13.2 COMPANY - 2017

	Land	Building	Office equipment	Computer equipment	Furniture & fittings	Motor vehicles	Total
Cost or valuation							
Balance, beginning of year	900,662	2,278,806	547,997	961,619	516,697	884,909	6,090,690
Additions	-	3,704	20,075	39,042	7,537	385,498	455,856
Revaluation surplus/(deficit)	11,547	60,525	-	-	-	-	72,072
Write off	-		-	-	-	-	-
Disposals	-	-	(1,803)	(125)		(10,019)	(11,947)
Reversal of accumulated depreciation due to revaluation		(58,800)					(58,800)
Balance, end of year	**912,209**	**2,284,235**	**566,269**	**1,000,536**	**524,234**	**1,260,388**	**6,547,871**
Accumulated depreciation							
Balance, beginning of year	-	-	467,253	844,387	466,298	666,233	2,444,171
Charge for the year	-	58,800	35,369	79,822	20,894	149,429	344,314
Reversal of accumulated depreciation due to revaluation	-	(58,800)	-	-	-	-	(58,800)
Disposals	-	-	(1,803)	(125)	-	(10,010)	(11,938)
Balance, end of year	**-**	**-**	**500,819**	**924,084**	**487,192**	**805,652**	**2,717,747**
Net book value end of year	**912,209**	**2,284,235**	**65,450**	**76,452**	**37,042**	**454,736**	**3,830,124**
Net book value beginning of year	**900,662**	**2,278,806**	**80,744**	**117,232**	**50,400**	**218,676**	**3,646,520**

Notes to the Financial Statements continued

For the year ended 31 December 2017

(All amounts in thousands of Nigerian Naira unless otherwise stated)

13. PROPERTY AND EQUIPMENT

13.3 GROUP - 2016

	Land	Building	Office equipment	Computer equipment	Furniture & fittings	Motor vehicles	Capital Work in progress	Total
Cost or valuation								
Balance, beginning of year	2,250,870	2,479,029	587,148	969,106	963,563	973,493	-	8,223,209
Additions	1,260	222,164	153,216	171,670	11,419	386,377	313,319	1,259,425
Revaluation surplus/(deficit)	(160,577)	135,749	-	-	-	-	-	(24,828)
Write off	-		-	-	(263,868)	-	-	(263,868)
Disposals	-	-	(6,238)	(14,741)	-	(108,298)	-	(129,277)
Reversal of accumulated depreciation due to revaluation		(61,936)						(61,936)
Balance, end of year	**2,091,553**	**2,775,006**	**734,126**	**1,126,035**	**711,114**	**1,251,572**	**313,319**	**9,002,725**
Accumulated depreciation								
Balance, beginning of year	-	-	390,765	780,090	425,139	649,544	-	2,245,538
Charge for the year	-	61,936	201,183	208,054	75,585	323,906	-	870,664
Reversal of accumulated depreciation due to revaluation	-	(61,936)	-	-	-	-	-	(61,936)
Write off	-	-	-	-	-	-	-	-
Disposals	-	-	(5,945)	(8,880)	-	(100,655)	-	(115,480)
Balance, end of year	**-**	**-**	**586,003**	**979,264**	**500,724**	**872,795**	**-**	**2,938,786**
Net book value end of year	**2,091,553**	**2,775,006**	**148,123**	**146,771**	**210,390**	**378,777**	**313,319**	**6,063,939**
Net book value beginning of year	**2,250,870**	**2,479,029**	**196,383**	**189,016**	**538,424**	**323,949**	**-**	**5,977,671**

13.4 COMPANY - 2016

	Land	Building	Office equipment	Computer equip-ment	Furniture & fittings	Motor vehi-cles	Total
Cost or valuation							
Balance, beginning of year	1,143,000	2,018,000	537,925	893,513	508,314	785,586	5,886,338
Additions	-	53,732	10,072	82,512	8,384	120,973	275,673
Revaluation surplus/(deficit)	(242,338)	258,364	-	-	-	-	16,026
Write off	-		-	-	-	-	-
Disposals	-	-		(14,406)		(21,650)	(36,056)
Reversal of accumulated depreciation due to revaluation		(52,475)					(52,475)
Balance, end of year	**900,662**	**2,277,621**	**547,997**	**961,619**	**516,698**	**884,909**	**6,089,506**
Accumulated depreciation							
Balance, beginning of year	-	-	406,290	756,750	406,099	556,760	2,125,899
Charge for the year	-	52,475	60,963	96,276	60,199	126,916	396,829
Reversal of accumulated depreciation due to revaluation	-	(52,475)	-	-	-	-	(52,475)
Disposals	-	-	-	(8,639)	-	(17,443)	(26,082)
Balance, end of year	**-**	**-**	**467,253**	**844,387**	**466,298**	**666,233**	**2,444,171**
Net book value end of year	**900,662**	**2,277,621**	**80,744**	**117,232**	**50,400**	**218,676**	**3,645,335**
Net book value beginning of year	**1,143,000**	**2,018,000**	**131,635**	**136,763**	**102,215**	**228,826**	**3,760,439**

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(b) Non financial instruments measured at fair value

The following table sets out fair values of non financial instruments measured at fair value and analyses them by level in the fair value hierarchy into which each fair value measurement is categorised

Group

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All amounts are in thousands of Naira unless otherwise stated

	Level 1	Level 2	Level 3	Total
Property and equipment				
- Land	-	2,208,631	-	2,208,631
- Building	-	3,080,502	-	3,080,502
Total	**-**	**5,289,133**	**-**	**5,289,133**

Group

31 December 2016

All amounts are in thousands of Naira unless otherwise stated

Assets	Level 1	Level 2	Level 3	Total
Property and equipment				
- Land	-	2,091,553	-	2,091,553
- Building	-	2,775,006	-	2,775,006
Total	**-**	**4,866,559**	**-**	**4,866,559**

Company

31 December 2017

All amounts are in thousands of Naira unless otherwise stated

Assets	Level 1	Level 2	Level 3	Total
Property and equipment				
- Land	-	912,209	-	912,209
- Building	-	2,284,235	-	2,284,235
Total	**-**	**3,196,444**	**-**	**3,196,444**

Company

31 December 2016

All amounts are in thousands of Naira unless otherwise stated

Assets	Level 1	Level 2	Level 3	Total
Property and equipment				
- Land	-	900,662	-	900,662
- Building	-	2,277,621	-	2,277,621
Total	**-**	**3,178,283**	**-**	**3,178,283**

There were no transfers between levels 1 and 2 during the year.

Valuation techniques used to derive level 2 fair values

Level 2 fair values of land and buildings have been derived using the market valuation approach. Sales prices of comparable land and buildings in close proximity are adjusted for differences in key attributes such as property size and age.

Notes to the Financial Statements continued

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14 INVESTMENT PROPERTIES

	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
Office property	12,135,598	5,288,347	12,135,598	5,380,682
Residential property	3,501,948	3,531,723	2,828,167	2,778,737
	15,637,546	**8,820,070**	**14,963,765**	**8,159,419**
Non Current	15,637,546	8,820,070	14,963,765	8,159,419
	15,637,546	**8,820,070**	**14,963,765**	**8,159,419**

(a) The movement in investment properties during the year is shown below:

	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
Balance, beginning of the year	8,820,070	9,537,000	8,159,419	8,795,000
Reclassification from other assets (see "i" below)	-	321,324	-	321,324
Acquisition during the year	6,042,032	9,156	6,028,902	6,176
Fair value gain /(loss) (see note 33)	775,444	(1,047,410)	775,444	(963,081)
As at end of the year	**15,637,546**	**8,820,070**	**14,963,765**	**8,159,419**

The analysis of investment properties is as follows:

	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
Thomas Wyatt House **	1,409,962	1,405,080	1,409,962	1,405,080
Cadastral Property, Abuja	2,757,185	2,757,185	2,757,185	2,757,185
Siun Property Abeokuta **	76,800	74,074	76,800	74,074
Bedwell, Ikoyi I **	1,757,867	1,729,148	1,757,867	1,729,148
George Street Ikoyi Property **	865,030	849,839	865,030	849,839
Ozumba Mbadiwe Property	1,152,564	1,144,343	1,152,564	1,144,343
Abeokuta property - Oke Ilewo	160,015	155,009	160,015	155,009
Enugu landed property	45,255	44,741	45,255	44,741
Aerodrome Road, Apapa **	215,500	-	215,500	-
Warehouse Road Apapa **	425,349	-	425,349	-
Onike Road, Sabo Yaba **	163,000	-	163,000	-
Alfred Rewane Road (Marble House) **	5,935,238	-	5,935,238	-
Bedwell, Ikoyi II	673,781	660,651	-	-
	15,637,546	**8,820,070**	**14,963,765**	**8,159,419**

Notes to the Financial Statements continued

For the year ended 31 December 2017

(All amounts in thousands of Nigerian Naira unless otherwise stated)

(b) The Group's investment properties are held for the purpose of capital appreciation and rental income generation. The Group's investment properties were revalued by Diya Fatimilehin & Co, Estate Surveyors and Valuers (FRC/2013/NIESV/00000002773) using the Comparative approach method of valuation to arrive at the open market value as at 31 December 2017. Fair value gains have been recognized in the income statement in line with the fair value model of IAS 40. Rental income on investment property included in the statement of comprehensive income for the year is ₦50.7 million(2016: ₦177.3 million); and ₦177.3 million (2016: ₦291.3 million) for group and company respectively. The titles of most of the goup's properties are fully perfected.

** These are properties with titles yet to be fully perfected but which are at advanced stages of perfection. The delay is due to the length of time it takes to complete the statutory procedures for perfection in the normal course of business.

(c) Non financial instruments measured at fair value

The following table sets out fair values of non financial instruments measured at fair value and analyses them by level in the fair value hierarchy into which each fair value measurement is categorised

Group
31 December 2017

All amounts are in thousands of Naira unless otherwise stated

Assets	Level 1	Total
Investment properties		
- Office property	-	12,135,598
- Residential property	-	3,501,948
Total	**0**	**15,637,546**

Group
31 December 2016

All amounts are in thousands of Naira unless otherwise stated

Assets	Level 1	Total
Investment properties		
- Office property	-	5,288,347
- Residential property	-	3,531,723
Total	**0**	**8,820,070**

Company
31 December 2017

All amounts are in thousands of Naira unless otherwise stated

Assets	Level 1	Total
Investment properties		
- Office property	-	12,135,598
- Residential property	-	2,828,167
Total	**0**	**14,963,765**

Company
31 December 2016

All amounts are in thousands of Naira unless otherwise stated

Assets	Level 1	Total
Investment properties		
- Office property	-	5,380,682
- Residential property	-	2,778,737
Total	**0**	**8,159,419**

There were no transfers between levels 1 and 2 during the year.

Valuation techniques used to derive level 2 fair values

Level 2 fair values of land and buildings have been derived using the market valuation approach. Sales prices of comparable land and buildings in close proximity are adjusted for differences in key attributes such as property size and age.

Notes to the Financial Statements continued

For the year ended 31 December 2017

(All amounts in thousands of Nigerian Naira unless otherwise stated)

15 INVESTMENT IN SUBSIDIARIES

		Company 31-Dec-17	Company 31-Dec-16
(a)	The Company's investment in subsidiaries is as stated below:		
	Leadway Capital and Trusts Limited	47,696	47,696
	Leadway Hotels Limited	636,278	636,278
	Leadway Properties and Investments Limited	200,312	200,312
	Leadway Pensure PFA Limited	2,753,209	2,753,209
		3,637,495	**3,637,495**

(b) Nature of investments in subsidiaries 2017 and 2016

Name of entity	Nature of business	Country of incorporation	Proportion of ordinary shares directly held by parent/group (%)	Proportion of ordinary shares held by non-controlling interest (%)
Leadway Capital and Trust Limited	Note i	Nigeria	53.0	47.0
Leadway Hotel Limited	Note ii	Nigeria	51.2	48.8
Leadway Properties and Investments Limited	Note iii	Nigeria	100.0	-
Leadway Pensure PFA	Note iv	Nigeria	69.5	30.5

All subsidiaries undertakings are included in the consolidation. The proportion of the voting rights in the subsidiaries undertakings held directly by the parent company do not differ from the proportion of ordinary shares held. The parent company further does not have any shareholdings in the preference shares of subsidiaries undertakings included in the Group.

The company did not provide financial support to any of its subsidiaries during the year. In addition, the directors are not aware of any significant restriction that may prevent the transfer of capital within the group.

(i) Leadway Capital and Trust Limited was incorporated in 1995 as Leadway Trustees Limited but its services became commercial in 1999. The Company has been registered with the Securities and Exchange Commission since 2000. The Company provides Fund Management and Portfolio management services to retirement benefits funds, employee benefit schemes and other special funds.

(ii) Leadway Hotel Limited provides hotel and hospitality services. During the year, Leadway exercised its option on the rights issue made by hotel. This additional acquisition of shares resulted in a 0.2% increase in Leadway's interest in the investee company from 51% to 51.2%. The increase is attributable to the rights that were not taken up by a minority equity holder.

(iii) Leadway Properties and Investments Limited is involved in property management, outsourcing services, software application provision, hotel development, real estate acquisition. During the year the company incorporated a subsidiary company Leadway Assets Management Limited. It owns 99% of this company.

(iv) Leadway Pensure PFA Limited was incorporated as Pensure PFA Limited (a limited liability company) on 25 August 2004. It was granted an operating license by PENCOM on 7 December, 2005 and commenced operations in the same month. The Company's name was changed to Leadway Pensure PFA Limited in August 2006 following a corporate re-branding exercise. The principal activity is to carry out the business of pension fund management and administration in line with the Pension Reform Act, 2004. It is the licensed Pension Fund Administrator of Leadway Pensure RSA, Retiree and other Managed Funds following the enactment of the Pension Reform Act, 2004.

Notes to the Financial Statements continued

For the year ended 31 December 2017

(All amounts in thousands of Nigerian Naira unless otherwise stated)

The table below summarises the financial information of all the Parent's subsidiaries before any intra-group elimination. Note 5 on segment reporting shows the summarised financial information of all the subsidiaries.

	Leadway Properties		Leadway Hotel Limited		Leadway Capital & Trust Limited	
	31 December		31 December		31 December	
	2017	2016	2017	2016	2017	2016
Assets						
Cash and cash equivalent	219,870	330,651	38,023	325,140	251,000	265,487
Other receivables and prepayments	173,347	190,390	81,581	103,706	2,694,774	2,317,943
Investment securities	18,550	6,545	-	-	256,482	181,804
Deferred tax asset	7	4	27,009	-	-	-
Property and equipment	-	38	2,539,056	2,214,899	3,486	5,235
Intangible assets	-	-	23,330	2,545	9,434	11,774
Investment property	-	-	-	-	-	-
Investment in subsidiary	158,895					
Total Assets	**570,670**	**527,628**	**2,708,999**	**2,646,290**	**3,215,176**	**2,782,243**
Liabilities						
Other liabilities	25,679	32,344	540,542	408,247	1,632,363	1,096,639
Borrowings	222,336	222,336	288,592	95,472	405,998	746,592
Current tax liability	22,980	23,944	9,281	12,752	108,570	55,602
Deferred tax liability	-	-	-	75,038	931	1,111
Total liabilities	**270,995**	**278,624**	**838,415**	**591,509**	**2,147,862**	**1,899,944**
Capital and reserves						
Share capital	2,025	2,025	109,999	75,000	440,000	440,000
Retained earnings	301,201	262,535	121,366	363,929	627,313	442,299
Share premium	-	-	1,127,662	500,000	-	-
Depoosit for shares	-	-	-	641,192	-	-
Other reserves	(3,551)	(15,557)	511,557	474,660	-	-
Total equity	**299,675**	**249,003**	**1,870,584**	**2,054,781**	**1,067,313**	**882,299**
Total Liabilities and Equity	**570,670**	**527,628**	**2,708,999**	**2,646,290**	**3,215,176**	**2,782,243**

Notes to the Financial Statements continued

For the year ended 31 December 2017

(All amounts in thousands of Nigerian Naira unless otherwise stated)

	Leadway Properties 31 December		Leadway Hotel Limited 31 December		Leadway Capital & Trust Limited 31 December	
	(12 months) 2017	(12 months) 2016	(12 months) 2017	(12 months) 2016	(12 months) 2017	(12 months) 2016
Revenue	85,049	43,137	327,604	729,662	751,670	531,649
Profit before income tax	58,495	61,639	(338,377)	(52,156)	379,612	240,428
Income tax expense/income	(19,829)	(13,528)	95,815	46,862	(106,470)	(54,115)
Profit after tax	38,666	48,111	(242,562)	(5,294)	273,142	186,313
Other comprehensive income	-	(446)	-	(52,768)	-	-
Total comprehensive income	38,666	47,665	(242,562)	(58,062)	273,142	186,313
Profit allocated to NCI			**(118,370)**	**(2,583)**	**128,377**	**87,567**
Cashflows from operating activities	4,219	(21,400)	(36,166)	25,635	(454,747)	(853,292)
Cashflows from investing activities	(115,004)	42,776	(446,484)	(224,419)	495,970	364,345
Cashflows from financing activities	-	-	195,532	386,277	(55,710)	442,223
Net increase/(decrease) in cash and cash equivalents	(110,785)	21,376	(287,118)	187,493	(14,487)	(46,724)
Dividends received from subsidiaries	-	-	-	-	41,972	20,986

Notes to the Financial Statements continued

For the year ended 31 December 2017

(All amounts in thousands of Nigerian Naira unless otherwise stated)

16 DEFERRED TAXATION

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

The movement on deferred tax assets account during the year was as follows:

	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
Balance, beginning of year	286,446	114,129	286,446	114,129
Credit to income statement	27,016	172,317	-	172,317
	313,462	286,446	286,446	286,446
The movement in deferred tax liabilities account during the year was as follows:				
Balance, Beginning of year	(825,997)	(741,772)	(728,673)	(556,356)
(Charge) / credit to income statement	94,396	(84,225)	35,246	(172,317)
	(731,601)	**(825,997)**	**(693,427)**	**(728,673)**
Net Deferred Tax Liabilities (See note "a" below)	**(418,139)**	**(539,551)**	**(406,981)**	**(442,227)**

Net deferred tax liability is attributable to the following:

		Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
	Assets				
	Propert, plant and equipment	(373,265)		(373,265)	
	Other Non-Current Assets	(86,487)		(86,487)	
	Unrealised exchange differnce	24,282	-	24,282	-
	Unrecouped tax losses	721,917	2,147,065	721,917	2,147,065
	Net Deferred tax assets - Life business	**286,446**	**2,147,065**	**286,446**	**2,147,065**
	Liabilities				
	Property and equipment	(268,347)	(268,347)	(577,940)	(171,025)
	Provisions	7,323	-	7,323	-
	Unrealised exchange gain	(2,512,199)	(2,418,265)	(2,512,199)	(2,418,265)
	Unused Tax Credits & Losses	2,389,389		2,389,389	
	Deferred tax liabilities - General business	**(383,834)**	**(2,686,612)**	**(693,427)**	**(2,589,290)**
a)	Net	(97,388)	(539,547)	(406,981)	(442,225)

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets of ₦30.08billion (2016: ₦12.8billion) in respect of unrecouped losses amounting to ₦99.63billion (2016: ₦44.5billion) that can be carried forward against future taxable income indefinitely. The unrecognised deferred tax and unrecouped losses are from the life business results.

Notes to the Financial Statements continued

For the year ended 31 December 2017

(All amounts in thousands of Nigerian Naira unless otherwise stated)

16. 1 MOVEMENTS IN TEMPORARY DIFFERENCES DURING THE YEAR ENDED 31 DECEMBER 2017

	Group				Company			
	Balance at 1 January	**Recognised in profit or loss**	**Recognised in other comprehensive income**	**Balance at 31 December**	**Balance at 1 January**	**Recognised in profit or loss**	**Recognised in other comprehensive income**	**Balance at 31 December**
Property and equipment	(197,176)	(44,436)	-	(641,612)	(171,025)	(780,180)	-	(951,205)
Other non current assets	(120,195)	(86,487)	-	(86,487)	-	(86,487)	-	(86,487)
Investment Property	(47,189)	47,189	-	-				
Provisions		7,323	-	7,323	-	7,323		7,323
Unrealised exchange gain	(174,987)	(69,652)	-	(2,487,917)	(2,418,265)	(69,652)	-	(2,487,917)
Unrecouped tax losses	-	964,242	-	3,111,307	2,147,065	964,242		3,111,307
	(539,547)	**418,177**	**-**	**(451,453)**	**(442,225)**	**35,244**	**-**	**(406,981)**

Movements in temporary differences during the year ended 31 December 2016

	Group				Company			
	Balance at 1 January	**Recognised in profit or loss**	**Recognised in other comprehensive income**	**Balance at 31 December**	**Balance at 1 January**	**Recognised in profit or loss**	**Recognised in other comprehensive income**	**Balance at 31 December**
Property and equipment	(281,401)	84,225	-	(197,176)	(296,220)	125,195	-	(171,025)
Investment securities	(120,195)	-	-	(120,195)	80,040	(80,040)	-	-
Investment properties	(47,189)	-	-	(47,189)	(47,189)	47,189	-	-
Unrealised exchange gain	(178,856)	-	3,869	(174,987)	(178,856)	(2,239,409)	-	(2,418,265)
Employee benefit obligation	-	-	-	-	-	-	-	-
	-	-	-		-	2,147,065		2,147,065
	(627,641)	**84,225**	**3,869**	**(539,547)**	**(442,225)**	**-**	**-**	**(442,225)**

Notes to the Financial Statements continued

For the year ended 31 December 2017

(All amounts in thousands of Nigerian Naira unless otherwise stated)

17 INTANGIBLE ASSETS

In thousands of Naira	Group				Company		
	Goodwill	Software	Work in Progress	Total	Software	Work in Progress	Total
31-Dec-17							
Cost							
Balance, beginning of year	3,521,668	1,069,834	-	**4,591,502**	923,331	-	**923,331**
Additions	-	213,888	52046	**265,934**	171,323	52,046	**223,369**
Balance, end of year	3,521,668	1,283,722	52,046	**4,857,436**	1,094,654	52,046	**1,146,700**
Accumulated amortization							
Balance, beginning of year		691,608	-	**691,608**	609,527	-	**609,527**
Amortization	-	174,165	-	**174,165**	144,289	-	**144,289**
Balance, end of year	-	865,773	-	**865,773**	753,816	-	**753,816**
Carrying amount							
As at end of year	3,521,668	417,949	52,046	**3,991,663**	340,838	52,046	**392,884**
As at beginning of year	3,521,668	378,226	-	**3,899,894**	313,804	-	**313,804**
31 December 2016							
Cost							
Balance, beginning of year	3,521,668	696,968	-	**4,218,636**	557,118	-	**557,118**
Additions	-	372,866	-	**372,866**	366,213	-	**366,213**
Balance, end of year	3,521,668	1,069,834	-	**4,591,502**	923,331	-	**923,331**
Accumulated amortization							
Balance, beginning of year	-	577,726	-	**577,726**	525,810	-	**525,810**
Amortization	-	113,882	-	**113,882**	83,717	-	**83,717**
Balance, end of year	-	691,608	-	**691,608**	609,527	-	**609,527**
Carrying amount							
As at end of year	3,521,668	378,226	-	**3,899,894**	313,804	-	**313,804**
As at beginning of year	3,521,668	119,242	-	**3,640,910**	31,308	-	**31,308**

Software W.I.P

Represents the cost associated with the acquisition and customisation of the policy administration software for the Non-Life business. Amortisation will commence immediately the development is completed and software is available for use.

Impairment test of goodwill

Goodwill is reviewed annually for impairment, or more frequently when there are indications that impairment may have occurred. Impairment assessment has been performed for the period, and no losses on goodwill was recognized during the period under review as the recoverable amount of Goodwill as at 31 December 2017 was greater than its carrying amount and is thus not impaired.

The recoverable amount of ₦9.734bn was determined using a value-in-use computation.

Goodwill is monitored by the Group on an entity by entity basis.

OVERVIEW BUSINESS REVIEW GOVERNANCE GROUP FINANCIAL STATEMENT APPENDIX

Notes to the Financial Statements continued

For the year ended 31 December 2017

(All amounts in thousands of Nigerian Naira unless otherwise stated)

The key assumption used in computing the value-in-use for goodwill in 2017 are as follows:

	Group 31-Dec-17	Group 31-Dec-16
Long term growth rate (Terminal growth rate)	1.7%	3.3%
Discount rate	20.1%	19.9%

Cash Flow Forecast
Cash flows were projected based on past experience of operating results. These cashflows are based on the expected revenue growth for the entity over a 5 year period.

Discount Rate
Pre-tax discount rate of 20.1% was applied in determining the recoverable amounts for the entity with goodwill (Leadway Pensure PFA). This discount rate was estimated using the risk-free rate using the yeild on FGN long term bond, equity risk premium and appropriate Beta.

Longterm term growth rate
The key assumptions described above may change as economic and market conditions change. The Group estimates that reasonably possible changes in these assumptions are not expected to cause the recoverable amount of the subsidiaries (from which the goodwill arose) to decline below their carrying amount.

Sensitvitiy analysis of key assumptions used

	Group 31-Dec-17		Group 31-Dec-16	
	5% increase	5% decrease	5% increase	5% decrease
Impact of change in discount rate on value-in-use computation	2,234,562	3,955,610	(519,200)	517,755
In millions of Nigerian Naira	**31-Dec-17**		**31-Dec-16**	
Recoverable amount		9,734		10,759
Less: Carrying amount				
Goodwill	(3,522)		(3,522)	
Net assets	(4,994)		(4,082)	
Total carrying amount		(8,516)		(7,604)
Excess of recoverable amount over carrying amount		**1,218**		**3,155**

Notes to the Financial Statements continued

For the year ended 31 December 2017

(All amounts in thousands of Nigerian Naira unless otherwise stated)

18 STATUTORY DEPOSITS

This represents the Company's deposit with the Central Bank of Nigeria as at 31 December 2017, in compliance with the Insurance Act, CAP 117 LFN 2004. This amount is not available for the day-to day use in the working capital of the Company and is therefore excluded from cash and cash equivalents. Analysis of statutory deposits is as shown below:

	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
Non-life Business	300,000	300,000	300,000	300,000
Life Business	200,000	200,000	200,000	200,000
	500,000	**500,000**	**500,000**	**500,000**
Non Current	500,000	500,000	500,000	500,000
	500,000	500,000	500,000	500,000

Income on statutory deposit is recognized in investment income

19 TRADE PAYABLES

	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
Reinsurance payable	959,525	332,949	959,525	332,949
Insurance payable	1,478,185	1,160,488	1,478,185	1,160,488
Deposit for claims	1,195,799	1,261,202	1,195,799	1,261,202
	3,633,509	**2,754,639**	**3,633,509**	**2,754,639**
Current	3,633,509	2,754,639	3,633,509	2,754,639
Non Current		-	-	-
	3,633,509	**2,754,639**	**3,633,509**	**2,754,639**

Deposit for claims payments relates to claim amounts received from other insurance companies for payments to the insured.

20 CURRENT INCOME TAX LIABILITIES

The movement on current income tax liabilities during the year was as follows:

	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
Balance, beginning of year	1,535,019	1,122,772	900,143	651,998
Charge for the year (see note (a) below)	1,383,474	945,663	687,550	699,492
Payments during the year	(1,097,963)	(533,416)	(468,157)	(451,347)
Balance, end of year	1,820,530	1,535,019	1,119,536	900,143
			-	

(a) Analysis of charge for the year is as follows:

	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
- Current year's income tax provision	1,288,731	881,916	592,807	635,745
- Withholding tax on dividend income	94,743	63,747	94,743	63,747
	1,383,474	945,663	687,550	699,492

Notes to the Financial Statements continued

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(All amounts in thousands of Nigerian Naira unless otherwise stated)

21 OTHER LIABILITIES

	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
Financial liabilities:				
Commission payable	-	697	-	697
Sundry creditors	580,382	670,766	580,382	670,766
Due to employees	-	266,982	-	266,982
Accruals	1,042,064	605,615	367,206	226,448
Staff profit sharing payable	577,955	802,767	577,955	721,438
Insurance supervisory fee payable	722,518	486,394	722,518	486,394
Managed funds	1,449,222	939,059	-	-
	4,372,141	**3,772,280**	**2,248,061**	**2,372,725**
Non-financial liabilities:				
Deferred rental income	41,483	55,315	41,483	55,315
Premium deposits	9,391,509	3,727,194	9,391,509	3,727,194
Unearned income	194,249	184,342	194,249	184,342
Withholding tax payable	229,386	134,818	229,386	134,818
Deferred payment for equity	-	200,000	-	200,000
Premium suspense	267,379	219,622	267,379	219,622
Agency provident fund	53,878	-	53,878	-
Payment-out cheques	243,514	63,760	243,514	63,760
PAYE and other deductions	56,254	13,413	56,254	13,413
Stale cheques	34,339	34,339	34,339	34,339
Other creditors	738,278	559,122	166,694	91,861
	11,250,269	5,191,925	10,678,685	4,724,664
Total other liabilities	15,622,410	8,964,205	12,926,746	7,097,389
Current	12,369,340	6,934,890	12,516,539	6,474,394
Non Current	3,253,070	2,029,315	410,207	622,995
	15,622,410	**8,964,205**	**12,926,746**	**7,097,389**

22 BORROWINGS

	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
Term loans	160,275	204,623	-	-
Other borrowings	-	-	-	-
	160,275	**204,623**	**-**	**-**
Current	-	-	-	-
Non-current	160,275	204,623	-	-
	160,275	**204,623**	**-**	**-**

(a) The term loan of ₦160.3m represents a loan obtained from a corporate investor which is not a member of the group.

Movement in term loan during the year is as follows:

	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
Balance, begining of year	204,623	118,446	-	-
Additions	-	204,623	-	-
Interest capitalised	28,647	-	-	-
Payment made during the year	(72,995)	(118,446)	-	-
	160,275	**204,623**	**-**	**-**

Notes to the Financial Statements continued

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(All amounts in thousands of Nigerian Naira unless otherwise stated)

23 INSURANCE CONTRACT LIABILITIES

	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
Gross				
Claims reported and loss adjustment payable (see note 23.1 below)	43,081,480	20,497,935	43,081,480	20,497,935
Claims incurred but not reported - IBNR (see note 23.1 below)	11,824,369	4,306,948	11,824,369	4,306,948
Unearned premium (see note 23.2 below)	8,789,131	9,079,644	8,789,131	9,079,644
Life fund (see note 23.3 below)	120,287,566	70,873,119	120,287,566	70,873,119
	183,982,546	**104,757,646**	**183,982,546**	**104,757,646**
Reinsurance receivables				
Prepaid reinsurance (see note 9a)	3,784,319	5,181,949	3,784,319	5,181,949
Claims reported & loss adjustment payable and IBNR (see note 9b)	31,404,740	6,200,302	31,404,740	6,200,302
Total reinsurers' share of insurance liabilities	**35,189,059**	**11,382,251**	**35,189,059**	**11,382,251**
Net insurance contract liability	**148,793,487**	**93,375,395**	**148,793,487**	**93,375,395**
Current (Gross)	80,694,980	15,631,891	80,694,980	15,631,891
Non-current (Gross)	103,287,566	89,125,755	103,287,566	89,125,755
	183,982,546	**104,757,646**	**183,982,546**	**104,757,646**

Outstanding claims represents the estimated cost of settling all claims arising from incidents occurring as at the reporting date. The liability adequacy test for outstanding claims liability as at 31 December 2017 and the comparative periods were done by Ernst &Young Nigeria Limited (FRC/2012/NAS/00000000738).

23.1 CLAIMS REPORTED AND LOSS ADJUSTMENT PAYABLE

	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
Non-life (see note 23.1d)	40,752,427	18,494,855	40,752,427	18,494,855
Life (see note 23.1d)	2,329,053	2,003,080	2,329,053	2,003,080
	43,081,480	**20,497,935**	**43,081,480**	**20,497,935**
Claims incurred but not reported				
Non-life	11,044,949	3,518,525	11,044,949	3,518,525
Life	779,420	788,423	779,420	788,423
	11,824,369	**4,306,948**	**11,824,369**	**4,306,948**

Notes to the Financial Statements continued

For the year ended 31 December 2017

(All amounts in thousands of Nigerian Naira unless otherwise stated)

(a) *The aging analysis of claims reported and loss adjusted for non-life insurance contracts*

	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
Days				
0 - 90	3,307,248	1,058,556	3,307,248	1,058,556
91- 180	9,534,378	1,226,483	9,534,378	1,226,483
181 - 270	10,366,463	3,446,071	10,366,463	3,446,071
271 - 365	771,553	3,463,239	771,553	3,463,239
366 and above	16,772,784	9,300,506	16,772,784	9,300,506
	40,752,426	**18,494,855**	**40,752,426**	**18,494,855**

(b) *The aging analysis of claims reported for life insurance contracts*

	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
Days				
0 - 90	283,148	514,930	283,148	514,930
91- 180	276,921	102,937	276,921	102,937
181 - 270	138,442	203,270	138,442	203,270
271 - 365	239,074	200,961	239,074	200,961
366 and above	1,391,468	1,042,949	1,391,468	1,042,949
	2,329,053	**2,065,047**	**2,329,053**	**2,065,047**

Outstanding claims above 90 days are those that are awaiting relevant documentations to facilitate settlement. Sufficient funds has been set aside to meet these obligations.

(c) *Movement in outstanding claims provision inclusive of IBNR:*

	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
Balance, beginning of year	24,804,883	17,349,856	24,804,883	17,349,856
Less movement:				
- Claims incurred during the year	57,199,535	26,633,857	57,199,592	26,634,150
- Claims paid during the year (see note 30)	(27,098,569)	(19,178,830)	(27,098,626)	(19,179,123)
Net movement in the year	30,100,966	7,455,027	30,100,966	7,455,027
Balance, end of year	**54,905,849**	**24,804,883**	**54,905,849**	**24,804,883**

Notes to the Financial Statements continued

For the year ended 31 December 2017

(All amounts in thousands of Nigerian Naira unless otherwise stated)

(d) Group and Company analysis of claims reported and IBNR by class:

	31-Dec-17		
	Claims reported	**IBNR**	**Total**
Non-life:			
Motor	573,735	415,698	989,433
Fire	1,950,119	797,100	2,747,219
General accident	527,114	181,920	709,034
Marine	739,355	274,444	1,013,799
Bond	1,550,405	132,930	1,683,335
Engineering	185,513	248,010	433,523
Special risk	35,226,186	8,994,847	44,221,033
	40,752,427	**11,044,949**	**51,797,376**
Life:			
Group life	2,081,870	779,420	2,861,290
Individual life	196,957	-	196,957
Annuity	50,226	-	50,226
	2,329,053	**779,420**	**3,108,473**
Total claims	**43,081,480**	**11,824,369**	**54,905,849**

Included in "claims reported and loss adjustment payable" for the year is ₦187.3 million representing insurance claims which are subject of ongoing litigations. The provision charged is recognised in "claims and loss adjustment expense". 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 as at 31 December 2017.

Group and Company	31-Dec-16		
	Claims reported	**IBNR**	**Total**
Non-life:			
Motor	483,596	492,218	975,814
Fire	1,878,405	179,128	2,057,533
General accident	458,953	503,185	962,138
Marine	1,216,016	205,816	1,421,832
Bond	357,937	63,642	421,579
Engineering	512,516	(47,955)	464,561
Special risk	13,587,432	2,122,491	15,709,923
	18,494,855	**3,518,525**	**22,013,380**
Life:			
Group life	1,859,377	788,423	2,647,800
Individual life	143,703	-	143,703
	2,003,080	**788,423**	**2,791,503**
Total claims	**20,497,935**	**4,306,948**	**24,804,883**

Notes to the Financial Statements continued

For the year ended 31 December 2017

(All amounts in thousands of Nigerian Naira unless otherwise stated)

23.2 UNEARNED PREMIUM

Group and Company analysis of unearned premium by class:

	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
Non-life				
Motor	1,205,981	1,040,174	1,205,981	1,040,174
Fire	1,184,899	949,928	1,184,899	949,928
General accident	282,278	313,466	282,278	313,466
Marine	732,792	451,673	732,792	451,673
Bond	27,328	26,652	27,328	26,652
Engineering	388,088	335,568	388,088	335,568
Special risk	4,204,341	5,441,339	4,204,341	5,441,339
	8,025,707	8,558,801	8,025,707	8,558,801
Life				
Group life	763,424	520,844	763,424	520,844
	8,789,131	9,079,645	8,789,131	9,079,645
Movement in unearned premium is as follows:				
Balance, beginning of the year	9,079,644	10,034,530	9,079,644	10,034,530
Increase during the year	(290,513)	(954,886)	(290,513)	(954,886)
Balance, end of year	8,789,131	9,079,644	8,789,131	9,079,644

23.3 ANALYSIS OF LIFE FUND IS AS FOLLOWS:

	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
Individual life	2,997,755	2,896,327	2,997,755	2,896,327
Annuity	117,289,811	67,976,792	117,289,811	67,976,792
	120,287,566	70,873,119	120,287,566	70,873,119

Notes to the Financial Statements continued

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(All amounts in thousands of Nigerian Naira unless otherwise stated)

(i) The movement on the life insurance liability during the year was as follows:

Group and company - 2017

	Individual life	Annuity	Total
Balance, beginning of year	2,896,327	67,976,792	70,873,119
Addition during the year	101,428	49,313,019	49,414,447
Balance, end of year	**2,997,755**	**117,289,811**	**120,287,566**

Group and company - 2016

Balance, beginning of year	2,853,914	63,547,235	66,401,149
Addition during the year	42,413	4,429,557	4,471,970
Balance, end of year	**2,896,327**	**67,976,792**	**70,873,119**

(ii) The movement in Annuity fund during the year was as follows:

	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
Balance, beginning of year	67,976,792	63,547,235	67,976,792	63,547,235
Premiums received during the year	56,157,101	28,119,043	56,157,101	28,119,043
Payments during the year	(14,710,086)	(10,226,168)	(14,710,086)	(10,226,168)
Changes in actuarial valuation	7,866,004	(13,463,318)	7,866,004	(13,463,318)
Balance as at 31 December	**117,289,811**	**67,976,792**	**117,289,811**	**67,976,792**

Notes to the Financial Statements continued

For the year ended 31 December 2017

(All amounts in thousands of Nigerian Naira unless otherwise stated)

23.4 CLAIMS DEVELOPMENT TABLES

The claims development table provides a measure of the Group's ability to estimate the ultimate value of claims. The top half of each table below illustrates how the Group's estimate of total claims outstanding for each year has changed at successive year-ends. The bottom half of the table reconciles the cumulative claims to the amount appearing in the consolidated statement of financial position.

MOTOR	**Table of claims paid excluding large claims (Attritional Table)**										
Accident Year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**
2007	-	201,283	28,568	6,997	3,493	3,640	-	-	-	-	-
2008	853,038	421,486	72,016	18,286	5,934	4,180	-	-	704	-	-
2009	744,027	497,530	55,340	11,042	1,626	2,709	-	1,497	-	-	-
2010	758,364	471,609	65,663	13,725	6,279	635	4,042	1,124	-	-	-
2011	839,901	406,306	39,577	3,506	13,070	3,193	9,058	-	-	-	-
2012	894,025	505,792	24,724	13,153	10,034	2,831	-	-	-	-	-
2013	907,835	612,597	23,085	38,907	4,518	-	-	-	-	-	-
2014	963,872	390,059	85,746	36,049	-	-	-	-	-	-	-
2015	1,190,393	402,538	53,877	-	-	-	-	-	-	-	-
2016	1,296,782	310,620	-	-	-	-	-	-	-	-	-
2017	1,155,119	-	-	-	-	-	-	-	-	-	-

MOTOR	**Table of inflated adjusted claims paid excluding large claims (Attritional Table)**										
Accident Year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**
2007	-	554,839	69,138	15,147	6,856	6,379	-	-	-	-	-
2008	2,351,409	1,020,044	155,893	35,887	10,398	6,782	-	-	812	-	-
2009	1,800,630	1,076,995	108,607	19,348	2,638	4,058	-	1,727	-	-	-
2010	1,641,616	925,553	115,059	22,268	9,407	868	4,663	1,124	-	-	-
2011	1,648,340	711,957	64,212	5,252	17,865	3,684	9,058	-	-	-	-
2012	1,566,572	820,632	37,039	17,978	11,576	2,831	-	-	-	-	-
2013	1,472,936	917,748	31,555	44,887	4,518	-	-	-	-	-	-
2014	1,444,003	533,173	98,925	36,049	-	-	-	-	-	-	-
2015	1,627,153	464,408	53,877	-	-	-	-	-	-	-	-
2016	1,496,097	310,620	-	-	-	-	-	-	-	-	-
2017	1,155,119	-	-	-	-	-	-	-	-	-	-

Notes to the Financial Statements continued

For the year ended 31 December 2017

(All amounts in thousands of Nigerian Naira unless otherwise stated)

MOTOR	Combined results table (Attritional and Large Losses)					
Accident Year	Paid to date	Latest Paid Large Loss	Total Ultimate	Gross claims reserve	Gross Earned Premium	Ultimate Loss ratio
2007	652,359	-	652,359	-	3,459,782	**19%**
2008	3,581,226	102,653	3,683,879	-	3,459,782	**106%**
2009	3,014,004	71,251	3,085,254	-	3,459,782	**89%**
2010	2,720,559	60,074	2,780,959	327	4,005,126	**69%**
2011	2,460,368	35,858	2,497,276	1,051	4,005,126	**62%**
2012	2,456,629	40,776	2,501,367	3,963	3,961,399	**63%**
2013	2,471,643	142,092	2,622,122	8,387	3,248,131	**81%**
2014	2,112,150	137,190	2,357,229	107,889	3,465,694	**68%**
2015	2,145,439	230,991	2,472,972	96,542	2,954,417	**84%**
2016	1,806,717	301,767	2,212,098	103,614	2,819,910	**78%**
2017	1,155,119	162,949	1,985,932	667,865	2,963,988	**67%**
Total	**24,576,211**	**1,285,600**	**26,851,448**	**989,637**	**37,803,138**	

ENGINEERING	Table of claims paid excluding large claims (Attritional Table)										
Accident Year	1	2	3	4	5	6	7	8	9	10	11
2007	-	32,204	9,310	270	-	-	722	-	-	-	-
2008	7,021	35,216	20,787	378	6,761	206	72	20	-	-	-
2009	40,790	55,128	17,683	285	575	116	319	1,713	-	-	-
2010	23,720	38,788	2,791	3,885	1,188	15	1,817	-	-	-	-
2011	20,311	56,873	43,413	7,612	3,053	-	-	-	-	-	-
2012	31,107	47,004	8,616	1,806	1,575	-	-	-	-	-	-
2013	40,346	115,740	16,278	2,690	1,158	-	-	-	-	-	-
2014	85,778	52,129	36,809	5,793	-	-	-	-	-	-	-
2015	57,143	54,315	2,835	-	-	-	-	-	-	-	-
2016	51,127	41,192	-	-	-	-	-	-	-	-	-
2017	55,758	-	-	-	-	-	-	-	-	-	-

ENGINEERING	Table of inflated adjusted claims paid excluding large claims (Attritional Table)										
Accident Year	1	2	3	4	5	6	7	8	9	10	11
2007	-	88,771	22,532	584	-	-	1,171	-	-		-
2008	19,352	85,228	44,998	743	11,848	335	108	27	-		-
2009	98,717	119,334	34,703	499	932	173	437	1,976	-		-
2010	51,346	76,123	4,890	6,303	1,779	21	2,096	-	-		-
2011	39,860	99,657	70,436	11,403	4,173	-	-	-	-		-
2012	54,507	76,263	12,908	2,468	1,817	-	-	-	-		-
2013	65,460	173,393	22,250	3,103	1,158	-	-	-	-		-
2014	128,506	71,256	42,467	5,793	-	-	-	-	-		-
2015	78,109	62,663	2,835	-	-	-	-	-	-		-
2016	58,986	41,192	-	-	-	-	-	-	-		-
2017	55,758	-	-	-	-	-	-	-	-		-

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(All amounts in thousands of Nigerian Naira unless otherwise stated)

ENGINEERING Combined results table (Attritional and Large Losses)

Accident Year	Paid to date	Latest Paid Large Loss	Total Ultimate	Gross claims reserve	Gross Earned Premium	Ultimate Loss ratio
2007	113,059	-	113,059	-	593,884	**19%**
2008	162,638	21,817	184,455	-	593,884	**31%**
2009	256,772	32,923	289,695	-	593,884	**49%**
2010	142,559	112,382	254,940	-	550,249	**46%**
2011	225,529	136,665	362,914	720	550,249	**66%**
2012	147,964	77,692	226,807	1,150	716,219	**32%**
2013	265,364	102,083	377,963	10,516	687,315	**55%**
2014	248,022	312,333	577,483	17,128	980,992	**59%**
2015	143,607	61,983	235,404	29,814	817,303	**29%**
2016	100,178	61,570	227,993	66,245	799,904	**29%**
2017	55,758	-	363,708	307,950	1,236,223	**29%**
Total	**1,861,449**	**919,449**	**3,214,421**	**433,523**	**8,120,106**	

FIRE Table of claims paid excluding large claims (Attritional Table)

Accident Year	1	2	3	4	5	6	7	8	9	10	11
2007	-	107,972	92,652	3,492	3,087	1,947	549	-	-	463	-
2008	374,759	302,531	107,940	19,373	1,583	310	288	20	20	-	-
2009	138,680	163,929	36,520	7,903	619	-	54	4,180	-	-	-
2010	175,303	127,912	34,528	46,782	10,745	43	1,483	-	-	-	-
2011	237,670	439,609	112,765	1,627	339	4,064	5,426	-	-	-	-
2012	141,267	278,907	18,893	6,504	4,875	23	-	-	-	-	-
2013	304,906	174,174	21,852	37,622	225	-	-	-	-	-	-
2014	356,023	225,666	64,750	15,966	-	-	-	-	-	-	-
2015	277,168	261,308	12,866	-	-	-	-	-	-	-	-
2016	309,003	287,652	-	-	-	-	-	-	-	-	-
2017	295,526	-	-	-	-	-	-	-	-	-	-

FIRE Table of inflated adjusted claims paid excluding large claims (Attritional Table)

Accident Year	1	2	3	4	5	6	7	8	9	10	11
2007	-	297,625	224,229	7,560	6,059	3,411	891	-	-	534	-
2008	1,033,028	732,160	233,657	38,021	2,774	503	432	27	23	-	-
2009	335,623	354,855	71,671	13,849	1,004	-	74	4,822	-	-	-
2010	379,475	251,033	60,502	75,902	16,097	59	1,711	-	-	-	-
2011	466,437	770,313	182,959	2,438	464	4,689	5,426	-	-	-	-
2012	247,538	452,519	28,305	8,890	5,625	23	-	-	-	-	-
2013	494,702	260,935	29,870	43,405	225	-	-	-	-	-	-
2014	533,368	308,464	74,702	15,966	-	-	-	-	-	-	-
2015	378,862	301,471	12,866	-	-	-	-	-	-	-	-
2016	356,497	287,652	-	-	-	-	-	-	-	-	-
2017	295,526	-	-	-	-	-	-	-	-	-	-

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(All amounts in thousands of Nigerian Naira unless otherwise stated)

FIRE	Combined results table (Attritional and Large Losses)					
Accident Year	Paid to date	Latest Paid Large Loss	Total Ultimate	Gross claims reserve	Gross Earned Premium	Ultimate Loss ratio
2007	540,309	202,602	742,911	-	1,203,372	**62%**
2008	2,040,625	1,840,810	3,881,435	-	1,203,372	**323%**
2009	781,897	89,484	871,382	-	1,203,372	**72%**
2010	784,779	127,207	912,106	120	1,644,687	**55%**
2011	1,432,725	560,752	2,000,744	7,267	1,878,292	**107%**
2012	742,899	396,060	1,226,007	87,048	1,967,539	**62%**
2013	829,136	455,342	1,379,689	95,211	2,029,174	**68%**
2014	932,501	842,325	1,904,223	129,397	2,021,096	**94%**
2015	693,200	450,093	1,277,628	134,336	1,990,048	**64%**
2016	644,149	2,490,488	3,485,262	350,626	2,326,034	**150%**
2017	295,526	189,557	2,428,296	1,943,213	2,575,040	**94%**
Total	**9,717,746**	**7,644,721**	**20,109,684**	**2,747,217**	**20,042,026**	

MARINE	Table of claims paid excluding large claims (Attritional Table)									
Accident Year	1	2	3	4	5	6	7	8	9	10	11
2007	-	19,792	21,180	2,889	2,010	-	-	-	-	-	-
2008	183,671	72,873	23,692	3,905	6,569	30	3,865	-	-	-	-
2009	90,957	107,709	28,685	4,329	929	58	54	-	-	-	-
2010	69,958	71,656	10,320	234	2,848	-	-	-	-	-	-
2011	89,427	83,735	9,788	3,004	147	37	-	-	-	-	-
2012	143,326	114,430	6,403	450	366	32	-	-	-	-	-
2013	122,320	121,486	15,176	-	1,582	-	-	-	-	-	-
2014	165,869	107,548	36,603	8,041	-	-	-	-	-	-	-
2015	162,103	145,063	20,702	-	-	-	-	-	-	-	-
2016	120,585	92,416	-	-	-	-	-	-	-	-	-
2017	128,799	-	-	-	-	-	-	-	-	-	-

MARINE	Table of inflated adjusted claims paid excluding large claims (Attritional Table)										
Accident Year	1	2	3	4	5	6	7	8	9	10	11
2007	-	54,556	51,259	6,253	3,946	-	-	-	-	-	-
2008	506,291	176,361	51,285	7,664	11,511	48	5,790	-	-	-	-
2009	220,126	233,156	56,296	7,586	1,508	87	74	-	-	-	-
2010	151,436	140,627	18,083	380	4,267	-	-	-	-	-	-
2011	175,503	146,726	15,881	4,500	201	43	-	-	-	-	-
2012	251,146	185,660	9,592	615	422	32	-	-	-	-	-
2013	198,460	182,001	20,744	-	1,582	-	-	-	-	-	-
2014	248,493	147,008	42,229	8,041	-	-	-	-	-	-	-
2015	221,579	167,360	20,702	-	-	-	-	-	-	-	-
2016	139,119	92,416	-	-	-	-	-	-	-	-	-
2017	128,799	-	-	-	-	-	-	-	-	-	-

MARINE **Combined results table (Attritional and Large Losses)**

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Accident Year	Paid to date	Latest Paid Large Loss	Total Ultimate	Gross claims reserve	Gross Earned Premium	Ultimate Loss ratio
2007	116,014	-	116,014	-	862,220	**13%**
2008	758,949	21,131	780,080	-	862,220	**90%**
2009	518,833	72,727	591,559	-	862,220	**69%**
2010	314,794	-	314,794	-	1,005,603	**31%**
2011	342,855	16,644	359,499	-	1,026,446	**35%**
2012	447,466	271,138	720,208	1,605	1,083,007	**67%**
2013	402,788	270,989	674,549	772	1,000,601	**67%**
2014	445,771	315,613	817,829	56,445	1,262,545	**65%**
2015	409,641	572,856	1,191,843	209,346	1,136,917	**105%**
2016	231,535	92,698	677,695	353,461	621,818	**109%**
2017	128,799	34,763	553,836	390,273	1,247,786	**44%**
Total	**4,117,446**	**1,668,558**	**6,797,906**	**1,011,902**	**10,971,383**	

GENERAL ACCIDENT Table of claims paid excluding large claims (Attritional Table)

Accident Year	1	2	3	4	5	6	7	8	9	10	11
2007	-	150,727	45,046	25,010	21,267	5,632	5,118	1,769	-	150	-
2008	78,583	115,978	58,285	88,778	4,000	8,545	3,285	1,573	-	-	-
2009	62,974	98,556	47,384	33,570	6,790	2,424	3,005	118	-	-	-
2010	80,873	80,915	40,296	23,772	20,746	5,813	1,999	284	-	-	-
2011	99,785	129,214	58,716	18,214	8,526	2,777	3	-	-	-	-
2012	116,947	115,763	38,016	11,916	14,145	17	-	-	-	-	-
2013	67,883	72,208	26,216	9,508	4,581	-	-	-	-	-	-
2014	52,707	113,680	46,197	14,664	-	-	-	-	-	-	-
2015	79,920	92,493	28,800	-	-	-	-	-	-	-	-
2016	117,173	123,799	-	-	-	-	-	-	-	-	-
2017	64,491	-	-	-	-	-	-	-	-	-	-

GENERAL ACCIDENT Cumulative table for Attritional loses

Accident Year	1	2	3	4	5	6	7	8	9	10	11
2007	-	415,480	109,016	54,138	41,738	9,869	8,304	2,650	-	173	-
2008	216,616	280,681	126,170	174,231	7,009	13,864	4,922	2,150	-	-	-
2009	152,405	213,341	92,993	58,824	11,016	3,632	4,107	137	-	-	-
2010	175,064	158,799	70,609	38,569	31,080	7,946	2,307	284	-	-	-
2011	195,832	226,417	95,265	27,287	11,654	3,204	3	-	-	-	-
2012	204,922	187,821	56,953	16,288	16,320	17	-	-	-	-	-
2013	110,137	108,177	35,834	10,970	4,581	-	-	-	-	-	-
2014	78,962	155,389	53,298	14,664	-	-	-	-	-	-	-
2015	109,243	106,709	28,800	-	-	-	-	-	-	-	-
2016	135,183	123,799	-	-	-	-	-	-	-	-	-
2017	64,491	-	-	-	-	-	-	-	-	-	-

Notes to the Financial Statements continued

For the year ended 31 December 2017

(All amounts in thousands of Nigerian Naira unless otherwise stated)

GENERAL ACCIDENT — **Combined results table (Attritional and Large Losses)**

Accident Year	Paid to date	Latest Paid Large Loss	Total Ultimate	Gross claims reserve	Gross Earned Premium	Ultimate Loss ratio
2007	116,014	-	116,014	-	862,220	**13%**
2008	758,949	21,131	780,080	-	862,220	**90%**
2009	518,833	72,727	591,559	-	862,220	**69%**
2010	314,794	-	314,794	-	1,005,603	**31%**
2011	342,855	16,644	359,499	-	1,026,446	**35%**
2012	447,466	271,138	720,208	1,605	1,083,007	**67%**
2013	402,788	270,989	674,549	772	1,000,601	**67%**
2014	445,771	315,613	817,829	56,445	1,262,545	**65%**
2015	409,641	572,856	1,191,843	209,346	1,136,917	**105%**
2016	231,535	92,698	677,695	353,461	621,818	**109%**
2017	128,799	34,763	553,836	390,273	1,247,786	**44%**
Total	**4,117,446**	**1,668,558**	**6,797,906**	**1,011,902**	**10,971,383**	

Expected Loss Ratio Method - Bond Claims

Accident Year	Gross Earned Premium	Claims Paid till date	Total outstanding as at 31 Dec 2016	Current Incurred	Current Loss Ratio	Ultimate Loss Ratio	Ultimate Losses	O/s Claim Reserves ₦'000
2007	272,411	1,325	-	1,325	0%	0%	1,325	-
2008	272,411	157,894	-	157,894	58%	58%	157,894	-
2009	272,411	181,383	22,608	203,992	75%	75%	203,992	22,608
2010	427,458	214,013	-	214,013	50%	50%	214,013	(0)
2011	599,336	566,248	65,507	631,755	105%	105%	631,755	65,507
2012	761,353	1,094,046	-	1,094,046	144%	144%	1,094,046	-
2013	593,545	358,228	-	358,228	60%	60%	358,228	-
2014	761,845	407,082	7,076	414,158	54%	54%	414,158	7,076
2015	728,863	204,282	3,605	207,887	29%	29%	207,887	3,605
2016	740,170	609,185	364,224	973,410	132%	142%	1,047,427	438,241
2017	594,131	26,612	1,088,749	1,115,361	188%	198%	1,174,774	1,148,162

SPECIAL RISK — **Table of claims paid excluding large claims (Attritional Table)**

Accident Year	1	2	3	4	5	6	7	8	9	10	11
2007	4,534	9,535	-	11,877	-	-	-	-	-	-	-
2008	19,199	3,025	1,379	-	-	8,865	-	-	280	2,982	-
2009	3,884	-	2,624	-	22,215	677	6,908	-	662	-	-
2010	23,568	53,773	196,010	9,282	25,490	-	-	-	-	-	-
2011	68,684	165,111	65,533	85,041	3,324	-	2,238	-	-	-	-
2012	82,728	7,382	277,016	146,549	169,718	669	-	-	-	-	-
2013	4,118	372,917	78,512	1,881	1,624	-	-	-	-	-	-
2014	72,022	294,280	-	4,626	-	-	-	-	-	-	-
2015	12,651	26,561	6,535	-	-	-	-	-	-	-	-
2016	48,595	17,398	-	-	-	-	-	-	-	-	-
2017	64,380	-	-	-	-	-	-	-	-	-	-

Notes to the Financial Statements continued

For the year ended 31 December 2017

(All amounts in thousands of Nigerian Naira unless otherwise stated)

SPECIAL RISK	Table of inflated adjusted claims paid excluding large claims (Attritional Table)										
Accident Year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**
2007	14,387	26,282	-	25,709	-	-	-	-	-	-	-
2008	52,924	7,320	2,986	-	-	14,383	-	-	323	2,982	-
2009	9,400	-	5,150	-	36,043	1,015	9,442	-	662	-	-
2010	51,017	105,531	343,462	15,060	38,187	-	-	-	-	-	-
2011	134,795	289,320	106,325	127,403	4,544	-	2,238	-	-	-	-
2012	144,951	11,977	415,005	200,318	195,803	669	-	-	-	-	-
2013	6,681	558,677	107,318	2,170	1,624	-	-	-	-	-	-
2014	107,899	402,252	-	4,626	-	-	-	-	-	-	-
2015	17,293	30,644	6,535	-	-	-	-	-	-	-	-
2016	56,064	17,398	-	-	-	-	-	-	-	-	-
2017	64,380	-	-	-	-	-	-	-	-	-	-

SPECIAL RISK	Combined results table (Attritional and Large Losses)					
Accident Year	**Paid to date**	**Latest Paid Large Loss**	**Total Ultimate**	**Gross claims reserve**	**Gross Earned Premium**	**Ultimate Loss ratio**
2007	66,378	-	66,378	-	7,504,563	**1%**
2008	80,918	-	1,174,293	1,093,374	11,687,862	**10%**
2009	61,713	207,736	804,133	534,684	6,616,535	**7%**
2010	553,256	342,307	1,148,179	252,617	6,290,318	**17%**
2011	664,624	583,844	2,214,685	966,217	12,863,770	**35%**
2012	968,734	2,498,377	6,069,118	2,602,007	10,615,790	**47%**
2013	676,470	-	825,691	149,220	11,748,608	**8%**
2014	514,777	-	4,321,394	3,806,618	10,975,832	**37%**
2015	54,471	136,845	3,087,549	2,896,233	12,006,726	**28%**
2016	73,462	3,389,991	7,744,016	4,280,563	14,528,257	**64%**
2017	64,380	706	7,719,503	7,654,417	-	**53%**
Total	**3,779,183**	**7,159,806**	**35,174,939**	**24,235,950**	**104,838,261**	

Notes to the Financial Statements continued

For the year ended 31 December 2017

(All amounts in thousands of Nigerian Naira unless otherwise stated)

24 INVESTMENT CONTRACT LIABILITIES

Movement in investment contract liabilities is as shown below

	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
Balance, beginning of year	18,294,288	15,459,506	18,294,288	15,459,506
Deposits received	6,285,200	5,051,291	6,285,200	5,051,291
Withdrawals	(4,158,808)	(3,653,975)	(4,158,808)	(3,653,975)
Guaranteed interest charged during the year	2,111,629	1,437,465	2,111,629	1,437,465
Balance, end of year	22,532,309	18,294,287	22,532,309	18,294,287
Current	3,287,701	1,961,010	3,287,701	1,961,010
Non Current	**19,244,608**	**16,333,277**	**19,244,608**	**16,333,277**
	22,532,309	**18,294,287**	**22,532,309**	**18,294,287**

25 CAPITAL AND RESERVES

a Share capital

		Group 31-Dec-2017	Group 31-Dec-2016	Company 31-Dec-2017	Company 31-Dec-2017
(i)	Authorised:				
	Ordinary shares of 50k each:				
	10,000,000,000 units (2016: 10,000,000,000 units)	5,000,000	5,000,000	5,000,000	5,000,000
		5,000,000	5,000,000	5,000,000	5,000,000

(ii) **Issued and fully paid:**

The issued and fully paid up capital of the company which is a composite insurer is N4.682bn (2016: N4.682bn). In line with regulations issued by the National Insurance Commission (NAICOM), issued and paid capital of the company is allocated as follows;

	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
Ordinary shares of 50k each:				
Non-life business 6,279,596,000 units (2016: 6,279,596,000)	3,139,798	3,139,798	3,139,798	3,139,798
Life business 3,085,304,000 units (2016: 3,085,304,000)	1,542,652	1,542,652	1,542,652	1,542,652
	4,682,450	4,682,450	4,682,450	4,682,450

There was no movement in the share caiptal during the year

b Share premium

Share premium comprises the amount paid over the nominal value of shares. This reserve is not ordinarily available for distribution. Share premium increased by ₦200million as a result of a contingent consideration arising from the acquisition of the ordinary shares of Leadway Assurance Company Limited by Swiss Re in 2015.

c Retained earnings

The retained earnings is the carried forward recognised income net of expenses plus current profit attributable to shareholders. It is the amount available for dividend distribution to the equity shareholders of the company. See statement of changes in equities for movement in retained earnings.

Notes to the Financial Statements continued

For the year ended 31 December 2017

(All amounts in thousands of Nigerian Naira unless otherwise stated)

d Other Reserves

Components of other reserves are as follows:

	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
Contingency reserve (see note (i) below)	10,472,100	8,238,232	9,877,208	7,839,003
Asset Revaluation reserve (see note (ii) below	1,694,017	1,603,053	1,435,515	1,363,442
Fair value reserves (see note (iii) below	5,832,593	1,859,503	5,836,144	1,875,060
Treasury shares (see note (iv) below)	(79,688)	(78,688)	-	-
	17,919,022	**11,622,100**	**17,148,867**	**11,077,505**

(i) Contingency reserves

Included in the contigency reserve is contigency reserve from Leadway assurance company general and life business in line with Insurance act of 2003, and Statutory reserve from Leadway Pensure PFA in line with the Pension reform act, 2014.

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 net profits (whichever is greater).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 reaches the amount of minimum paid up capital.

Included in the group contigency reserve is a statutory reserves from Leadway Pensure PFA in line with section 69 of Pension Reform Act, 2014. 12.5% of profit after tax has been credited to this Fund as contingency fund to meet claims for which the PFA may be liable as determined by the commission.

The distribution of contigency reserve is shown below:

	Group	
	31-Dec-17	**31-Dec-16**
Contigency reserves:		
Leadway Assurance company	9,877,208	7,839,003
Leadway Pensure PFA	594,892	399,229
	10,472,100	8,238,232

(ii) Asset revaluation reserve

This reserve is the accumulation of revaluation gain on the group's land and buildings. See statement of changes in equities for movement in asset revaluation reserve.

(iii) Fair value reserves

Fair value reserves includes the net accumulated change in the fair value of available for sale asset until the investment is derecognized or impaired. See statement of changes in equities for movement in fair value reserve.

(iv) Treasury shares

Treasury shares represent the cost of the ordinary shares of the parent held by the its subsidiary, Leadway Capital and Trust Limited. There was no movement in treasury shares during the year.

	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
Treasury shares	79,688	79,688	-	-
	79,688	79,688	-	-

Notes to the Financial Statements continued

For the year ended 31 December 2017

(All amounts in thousands of Nigerian Naira unless otherwise stated)

26 NON CONTROLLING INTEREST

Non controlling interest comprises:

	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
Leadway Capital and Trust Limited	501,577	414,680	-	-
Leadway Hotels Limited	912,845	1,002,734	-	-
Leadway Pensure PFA	1,529,254	1,244,462	-	-
	2,943,676	**2,661,876**	**-**	-

(a) See statement of changes in equities for movement in non controlling interest during the period

(b) The financial information for the three subsidiaries with non-controlling interest are disclosed in note 15 (investment in subsidiaries) of these financial statements.

27 GROSS PREMIUM WRITTEN

	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
Gross premium				
- Non-life business	22,888,888	21,111,318	22,901,059	21,129,613
- Life business	61,288,020	31,588,954	61,288,020	31,588,954
	84,176,908	**52,700,272**	**84,189,079**	**52,718,567**
Decrease /(Increase)				
- Unearned premium (see note (a) i below)	290,512	954,886	290,512	954,886
Gross premium income	**84,467,420**	**53,655,158**	**84,479,591**	**53,673,453**

Gross premium written from subsidiaries of ₦12Million (2016: ₦18.3million) has been eliminated in the group gross written premium

(a) The movement in unearned premium is analysed as follows:

(i) Non-life business

	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
Motor	(165,807)	(61,872)	(165,807)	(61,872)
Fire	(234,971)	(207,343)	(234,971)	(207,343)
General Accident	31,188	(107,456)	31,188	(107,456)
Bond	(281,119)	36,332	(281,119)	36,332
Marine	(676)	158,171	(676)	158,171
Engineering	(52,520)	(137,599)	(52,520)	(137,599)
Special risk	1,236,998	730,122	1,236,998	730,122
Group life	(242,581)	544,531	(242,581)	544,531
	290,512	**954,886**	**290,512**	**954,886**

(ii) Life business

	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
Individual life	(101,428)	(42,413)	(101,428)	(42,413)
Annuity	(49,313,019)	(4,429,557)	(49,313,019)	(4,429,557)
	(49,414,447)	**(4,471,970)**	**(49,414,447)**	**(4,471,970)**

Notes to the Financial Statements continued

For the year ended 31 December 2017

(All amounts in thousands of Nigerian Naira unless otherwise stated)

28 REINSURANCE EXPENSES

	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
Reinsurance premium paid	13,258,167	11,299,751	13,258,167	11,299,751
Increase in unexpired reinsurance cost	1,397,630	1,098,647	1,397,630	1,098,647
	14,655,797	**12,398,398**	**14,655,797**	**12,398,398**

29 COMMISSION INCOME

	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
Commission earned on non-life insurance contracts	2,311,301	1,825,376	2,311,301	1,825,376
Commission earned on group life assurance contracts	374,558	28,477	374,558	28,477
	2,685,859	1,853,853	2,685,859	1,853,853

30 CLAIMS EXPENSE

	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
Combined				
Gross benefits & claims paid (see note 23.1c)	27,098,569	19,178,830	27,098,626	19,179,123
Claims ceded to reinsurers	(3,873,305)	(1,945,516)	(3,873,305)	(1,945,516)
Change in provision for outstanding claims	30,100,967	7,455,025	30,100,967	7,455,025
Proceed from salvage and subrogation	(690,278)	(79,095)	(690,278)	(79,095)
Change in recoverable on outstanding claims	(25,204,440)	(1,546,610)	(25,204,440)	(1,546,610)
	27,431,513	**23,062,634**	**27,431,570**	**23,062,927**

	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
Non-life business				
Gross benefits & claims paid	9,291,636	6,615,491	9,291,693	6,615,784
Claims ceded to reinsurers	(3,422,043)	(1,930,813)	(3,422,043)	(1,930,813)
Change in provision for outstanding claims	29,783,998	6,952,315	29,783,998	6,952,315
Recoveries from salvage and subrogation	(690,278)	(79,095)	(690,278)	(79,095)
Change in recoverable on outstanding claims	(24,605,791)	(1,534,335)	(24,605,791)	(1,534,335)
(a)	**10,357,522**	**10,023,563**	**10,357,579**	**10,023,856**
Life business				
Gross benefits and claims paid	17,806,933	12,563,339	17,806,933	12,563,339
Claims ceded to reinsurers	(451,262)	(14,703)	(451,262)	(14,703)
Change in provision for outstanding claims	316,969	502,710	316,969	502,710
Change in recoverable on outstanding claims	(598,649)	(12,275)	(598,649)	(12,275)
(b)	**17,073,991**	**13,039,071**	**17,073,991**	**13,039,071**
(a+b) = (c)	**27,431,513**	**23,062,634**	**27,431,570**	**23,062,927**

Notes to the Financial Statements continued

For the year ended 31 December 2017

(All amounts in thousands of Nigerian Naira unless otherwise stated)

31 UNDERWRITING EXPENSES

Underwriting expenses can be sub-divided into acquisition and other maintenance expenses. Acquisition expenses relate to commission expenses incurred in obtaining and renewing insurance contracts. They include commissions or brokerage paid to agents or brokers. Maintenance expenses are those incurred in processing costs and other incidental costs such as salaries of underwriting staff.

	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
Acquisition expenses	4,231,584	3,111,672	4,231,584	3,111,672
Maintenance expenses	1,833,023	1,929,979	1,833,023	1,929,979
	6,064,607	**5,041,651**	**6,064,607**	**5,041,651**

32 INVESTMENT INCOME

	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
Rental income	50,777	171,503	177,315	291,304
Interest on loans	107,222	178,493	64,378	227,365
Interest on Finance Lease	13,699	24,185	-	-
Interest on short term deposits	1,393,248	1,546,374	914,212	1,332,452
Dividend income on investment securities	159,356	420,863	656,398	739,767
Profit/(Loss) on sale of investment securities	1,178,035	(1,015,912)	1,178,035	(1,048,318)
Interest income on debt securities	13,649,417	8,884,352	13,649,417	8,884,352
Interest income on statutory deposits	105,016	55,118	87,039	50,834
Other interest income	675,854	497,325	91,005	12,699
	17,332,624	**10,762,301**	**16,817,799**	**10,490,455**

33 NET FAIR VALUE GAIN/ (LOSS) ON ASSETS AT FAIR VALUE

	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
Financial assets at fair value through profit or loss				
- Fair value gains on listed equity securities	559,406	17,016	486,334	17,017
- Fair value gains/(losses) on listed debt securities	9,128,209	(16,730,014)	9,128,209	(16,730,014)
- Fair value gains/(losses) on investment property	775,444	(787,006)	775,444	(702,677)
	10,463,059	**(17,500,004)**	**10,389,987**	**(17,415,674)**

₦260,404 forming part of fair value loss on investment properties relates to Deposit admin. This amount was only reported in the Deposit Admin. revenue account.

Notes to the Financial Statements continued

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34 OTHER OPERATING INCOME

	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
Fee income on pension administration	4,212,830	3,431,793	-	-
Hotel management income	325,916	729,662	-	-
Management fee income from related parties	-	-	21,940	18,250
Profit/ (Loss) on sale of property and equipment	3,851	5,055	-	-
Foreign exchange gain/(loss)				
- Investment securities	1,449,437	3,930,608	1,449,437	3,930,608
- Cash and cash equivalents	1,223,324	6,495,082	1,062,662	6,519,492
- Loans and advances	16,416	94,902	16,416	94,902
- Others			170,532	
Other income	241,283	198,598	230,512	173,269
	7,473,057	**14,885,700**	**2,951,499**	**10,736,521**

The increase in exchange income from prior year is as a result of an increase in exchange rate from ₦305/$USD in 2016 to ₦331/$USD in 2017.

35 EMPLOYEE BENEFIT EXPENSE

	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
Wages and salaries - staff and executive directors	3,092,364	2,326,230	1,661,348	1,016,013
Pension cost - Defined contribution plan	186,039	68,959	73,180	52,228
Termination benefits (see note (d) below)	75,308	169,833	75,308	169,833
Profit sharing expense	153,763	766,605	153,763	751,439
	3,507,474	3,331,627	1,963,599	1,989,513

(a) Staff information:

Employees earning more than 100,000 per annum, other than the executive directors, whose duties were wholly or mainly discharged in Nigeria, received emoluments in the following ranges:

	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
Absolute	**Number**	**Number**	**Number**	**Number**
₦101,001 - ₦500,000	-	26	-	-
₦500,001 - ₦750,000	52	86	-	-
₦750,000 - ₦1,000,000	50	36	-	-
₦1,000,000 - ₦2,000,000	103	191	15	27
₦2,000,000 - ₦3,000,000	88	87	21	77
Over ₦3,000,000	440	255	241	184
	733	**681**	**277**	**288**

Notes to the Financial Statements continued

For the year ended 31 December 2017

(All amounts in thousands of Nigerian Naira unless otherwise stated)

(b) The average number of full time persons employed during the year was as follows:

	Group 31-Dec-17 Number	Group 31-Dec-16 Number	Company 31-Dec-17 Number	Company 31-Dec-16 Number
Executive directors	3	3	3	3
Management staff	36	110	23	82
Non-management staff	697	571	254	206
	736	**684**	**280**	**291**

(c) Directors' remuneration

(i) Remuneration paid to the directors is as follows:

	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
Salaries and wages	99,188	58,054	99,188	58,054
Directors' fees	74,083	11,965	74,083	11,965
Post-employment benefits	-	80,800	-	80,800
	173,271	**150,819**	**173,271**	**150,819**

(ii) The directors' remuneration shown above includes:

	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
Chairman	16,305	32,600	16,305	32,600
Highest paid director	41,627	25,775	41,627	25,775

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

	Group 31-Dec-17 Number	Group 31-Dec-16 Number	Company 31-Dec-17 Number	Company 31-Dec-16 Number
Above ₦4,800,000	8	5	8	5
₦2,300,000 - ₦4,800,000	-	1	-	1
₦1,500,000 - ₦2,300,000	-	-	-	-
₦750,000 - ₦1,500,000	-	1	-	1
Below ₦750,000	-	1	-	1
	8	**8**	**8**	**8**

(d) Termination benefit relates to payments made to disengaged staff during the relevant period.

Notes to the Financial Statements continued

For the year ended 31 December 2017

(All amounts in thousands of Nigerian Naira unless otherwise stated)

36 OTHER OPERATING EXPENSES

	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
Contract staff cost	270,371	385,716	270,371	385,716
Asset repairs and maintenance	392,670	293,293	382,022	238,418
Corporate expenses and gift items	286,326	137,755	223,845	119,816
Telecommunication	718,642	637,314	545,282	539,234
Advertisement	1,043,075	651,371	725,863	415,449
Agency related expenses	60,316	100,354	51,069	82,367
Property insurance expense	76,456	33,225	69,580	27,583
Insurance supervisory fund	863,333	486,394	758,440	486,394
Professional fees	271,617	213,173	227,479	194,546
Travelling, tours and other passage exps.	213,078	543,294	170,353	486,697
Auditor's remuneration	80,340	69,190	45,000	45,000
Bank charges	105,622	122,197	96,364	80,563
Offices rates and rent	68,591	39,064	81,717	77,085
Training cost	72,212	106,516	71,781	106,516
Power and Fuel charges	254,938	134,308	94,540	89,278
Donations	64,883	32,780	69,883	32,780
Subscription	51,271	51,271	48,451	33,364
Depreciation of property and equipment	697,161	618,157	344,314	396,878
Amortisation of intangible assets	174,253	113,883	144,289	83,718
Directors' fees and allowances	149,478	111,992	98,050	92,765
Hotel management expenses	145,055	292,994	12,942	4,853
Entertainment	72,927	29,791	64,137	20,691
Investment expenses	36,972	36,367	36,182	36,367
Others	316,107	387,791	221,059	210,172
	6,485,694	**5,628,190**	**4,853,013**	**4,286,250**

37 FINANCE COST

	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
Interest expense on borrowings	157,170	155,829	-	-
	157,170	**155,829**	-	-

Notes to the Financial Statements continued

For the year ended 31 December 2017

(All amounts in thousands of Nigerian Naira unless otherwise stated)

38 NET IMPAIRMENT LOSSES

	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
Impairment loss on other receivables (see note 11iii)	75,069	23,288	63,692	11,617
Write - off of AFS Financial assets	16,004	-	16,004	-
Impairment on Premium deposit	-	172,867	-	172,867
Impairment loss AFS Financial asset(note 8.2aiib)	480,000	4,469	480,000	-
Specific impairment loss on finance leases receivable	1,575	30,508	-	-
Impairment loss on HTM Bond Investment	108,618	18,972	108,618	18,972
Specific Impairment write back on loans (see note 12i)	(14,562)	76,608	(115,694)	74,603
Collective impairment write back on loans (see note 12i)	(350,300)	92,871	(350,300)	92,871
	316,404	**419,583**	**202,320**	**370,930**

39 INCOME TAX EXPENSE

	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
Current tax on profits for the year:				
Company income tax	1,179,223	1,197,004	449,999	635,745
Education tax	-	18,297	962	-
Technology levy	141,846	14,863	141,846	-
Withholding tax on dividend income	62,406	63,747	94,743	63,747
Total current tax	**1,383,475**	**1,293,911**	**687,550**	**699,492**
Deferred tax credit	(121,412)	(87,157)	(35,246)	-
	1,262,063	**1,206,754**	**652,304**	**699,492**

(b) The tax on the group and company's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
Profit before income tax	15,098,496	8,791,606	13,448,965	7,361,449
Tax calculated at domestic rate applicable in Nigeria at 30% (2016: 30%)	4,529,549	2,637,482	4,034,689	2,208,435
Effect of:				
Tax exempt income	(7,357,966)	(6,491,866)	(7,357,966)	(6,491,866)
Non-deductible expenses	4,845,808	6,038,280	4,747,404	5,974,367
Education tax	-	-	-	-
Technology levy	150,985	87,916	134,490	73,614
Capital gains tax	-	(31,084)	-	(31,084)
Tax assessment based on minimum tax	(450,000)	(570,916)	(450,000)	(570,916)
WHT paid on dividend	(62,406)	(63,747)	(62,406)	(63,747)
Capital allowance	(393,907)	(399,311)	(393,907)	(399,311)
Total income tax expense in comprehensive income	**1,262,063**	**1,206,754**	**652,304**	**699,492**
Reconciliation of effective tax rate				
Tax calculated at domestic rate applicable in Nigeria at 30% (2016: 30%)	30.00%	30.00%	30.00%	30.00%
Effect of:				
Tax exempt income	-48.73%	-73.84%	-54.71%	-88.19%
Non-deductible expenses	32.09%	68.68%	35.30%	81.16%
Education tax	0.00%	0.00%	0.00%	0.00%
Technology levy	1.00%	1.00%	1.00%	1.00%
Capital gains tax	0.00%	-0.35%	0.00%	-0.42%
Tax assessment based on minimum tax	-2.98%	-6.49%	-3.35%	-7.76%
WHT paid on dividend	-0.41%	-0.73%	-0.46%	-0.87%
Capital allowance	-2.61%	-4.54%	-2.93%	-5.42%
Effective tax rate	**8.36%**	**13.73%**	**4.85%**	**9.50%**

Notes to the Financial Statements continued

For the year ended 31 December 2017

(All amounts in thousands of Nigerian Naira unless otherwise stated)

40 EARNINGS PER SHARE

The calculation of basic earnings per share as at 31 December 2017 was based on the profit attributable to ordinary shares of ₦14.18billion (Company: ₦13.64billion) and weighted average number of ordinary shares outstanding of 8.5billion (Company: 9.2billion), having excluded treasury shares held by a subsidiary, Leadway Capital and Trust Limited. The company has no dilutive instruments in 2017 and 2016.

	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
Profit from continuing operations attributable to owners of the parent	**13,341,926**	**7,143,178**	**12,796,661**	**6,661,957**
Weighted average number of ordinary shares in issue before deducting treasury shares	9,212,561	9,212,561	9,212,561	9,212,561
Treasury shares	(704,716)	(704,716)	-	-
Weighted average number of shares in issue	**8,507,845**	**8,507,845**	**9,212,561**	**9,212,561**
Earnings per share - Basic and diluted (kobo)	**157**	**84**	**139**	**72**

41 DIVIDEND

The dividend paid in 2017 and 2016 were ₦1.5billion (16.02Kobo per share) and ₦1billion (11.39Kobo per share) respectively. These dividends are in respect of the results of the preceding financial years. A cash dividend of 18.67kobo per share, amounting to a total dividend of ₦1.75bn; a bonus issue of 9 shares for every 8 shares in issue; and a special non cash dividend amounting to ₦3.637bn are to be proposed at the annual general meeting in respect of the year ended 31 December 2017. The dividend has not been included as liability in these financial statements.

42 RELATED PARTIES

Leadway Assurance Company Limited is the ultimate parent/controlling party of the group. Related parties to the Company are as follows:

(i) *Subsidiary*

The Company has four subsidiaries as at 31 December 2017. Transactions between Leadway Assurance Company Limited and the subsidiaries also meet the definition of related party transactions.

(ii) *Key management compensation*

The Group's key management personnel, and persons connected with them, are also considered to be related parties for disclosure purposes. The definition of key management includes close members of family of key management personnel and any entity over which key management personnel exercise control. The key management personnel have been identified as the 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 Leadway Assurance Company Limited. The compensation paid or payable to key management personnel for employee services is shown below:

	Group 31-Dec-17	Group 31-Dec-16	Company 31-Dec-17	Company 31-Dec-16
Salaries and other short term employee benefits	91,300	50,848	91,300	50,848
Pension cost - defined contribution	7,889	7,207	7,889	7,207
	99,189	**58,055**	**99,189**	**58,055**

Notes to the Financial Statements continued

For the year ended 31 December 2017

(All amounts in thousands of Nigerian Naira unless otherwise stated)

The following transactions were carried out with related parties. All transactions and balances with subsidiaries have been eliminated on consolidation.

			31-Dec-17	31-Dec-16
(a)	**Underwriting of insurance policies**			
	- Leadway Capital and Trust Limited	Subsidiary	626	439
	- Leadway Hotel	Subsidiary	2,505	5,415
	- Leadway Pensure PFA	Subsidiary	9,041	15,648
			12,172	**21,502**
(b)	**Payment of claims**			
	- Leadway Hotel	Subsidiary	-	214
	- Leadway Pensure PFA	Subsidiary	57	78
			57	**292**
(c)	**Management fee income from technical services provided**			
	- Leadway Hotel	Subsidiary	4,500	4,500
	- Leadway Pensure PFA	Subsidiary	17,440	13,750
			21,940	**18,250**
(d)	**Rental income**			
	- Leadway Pensure PFA	Subsidiary	36,923	35,867
	- Leadway Hotel	Subsidiary	89,615	89,615
	- Leadway Capital and Trust Limited	Subsidiary	-	3,119
			126,538	**128,601**
(e)	**Dividend received**			
	- Leadway Capital and Trust Limited	Subsidiary	41,972	20,986
	- Leadway Pensure PFA	Subsidiary	455,859	283,867
			497,831	**304,853**
(f)	**Dividend paid**			
	- Leadway Capital and Trust Limited	Subsidiary	92,251	80,795
(g)	**Interest income earned on intercompany loans**			
	- Leadway Capital and Trust Limited	Subsidiary	27,712	53,390
	- Leadway Hotel	Subsidiary	1,162	37,481
			28,874	**90,871**
Year end balances arising from sales and purchases of services are:				
(i)	**Receivables from related parties**			
	- Leadway Hotel	Subsidiary	204,847	13,500
	- Leadway Capital and Trust Limited	Subsidiary	-	802
	- Leadway Pensure PFA	Subsidiary	23,752	18,475
			228,599	**32,777**

The receivables from related parties arise mainly from technical service agreement and rent. They are due immediately services are rendered. The receivables are unsecured in nature and bear no interest. No provisions are held against receivables from related parties (2016: nil). The receivables from subsidiaries have been eliminated on consolidation. There were no payable to related parties as at year end (2016: nil)

Notes to the Financial Statements continued

For the year ended 31 December 2017

(All amounts in thousands of Nigerian Naira unless otherwise stated)

			31-Dec-17	31-Dec-16
(j)	**Placement with related parties**			
	- Leadway Capital and Trust Limited	Subsidiary	75,123	-

Loans to related parties
Loans to subsidiaries:

	Leadway Hotel	Leadway Capital and Trust Limited	Total
As at 1 January 2017	90,845	300,568	391,413
Loans advanced during the year	50,000	75,000	125,000
Loans repayments received	-	(227,258)	(227,258)
Interest charged	1,162	27,712	28,874
Interest received	-	(30,154)	(30,154)
As at 31 December 2017	**142,007**	**145,868**	**287,875**

No loan was advanced to key management personnel as at 31 December 2017 (2016: nil).

A provision of ₦90,844,689 was made in 2017 (2016: ₦90,844,689) for the loans availed to subsidiaries based on the separate financial statement of the parent.

43 CONTINGENT LIABILITIES, LITIGATIONS AND CLAIMS

During the year, the company in the ordinary course of business was involved in 73 (2016: 75) legal cases. The directors have sought the opinion of professional legal counsels and are of the opinion that no significant liability will crystalize against the company from these cases beyond the provisions already recognised within "Provisions for outstanding claims" in these financial statements.

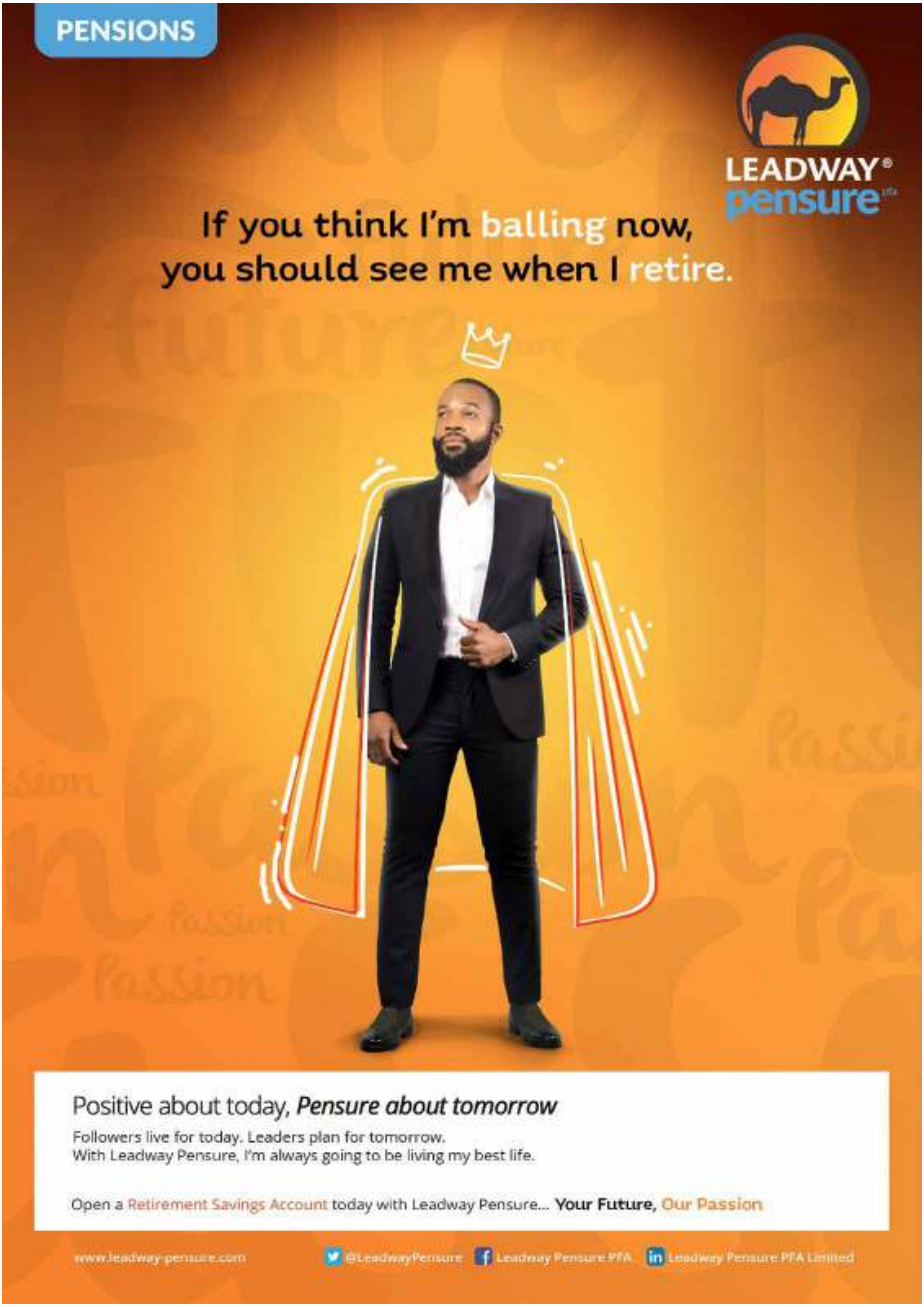
44 CONTRAVENTION OF LAWS AND REGULATIONS

The Company in 2017 paid fines totaling ₦430,000. See table below for descriptions of the fines and amount paid.

Nos	Description of fines	Amount
		₦
i	Administrative fine for non-response to the commissions letter	430,000

45 EVENTS OCCURRING AFTER THE REPORTING PERIOD

There were no events that occurred subsequent to the reporting date that require adjustments or disclosures in the financial statements.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5
Appendix

Value Added Statement

For the year ended 31 December 2017

(All amounts in thousands of Nigerian Naira unless otherwise stated)

	Group 2017	%	Group 2016	%	Company 2017	%	Company 2016	%
Gross premium income (Local)	84,176,908		52,700,272		84,189,079		52,718,567	
Investment income								
- Local	17,332,624		10,762,301		16,817,799		10,490,455	
Other income								
- Local	7,473,057		14,885,700		2,951,499		10,736,521	
Reinsurance, claims, commission and operating expenses								
- Local	(80,659,367)		(57,593,947)		(78,874,035)		(55,929,087)	
- Foreign	(9,183,175)		(8,184,898)		(9,183,175)		(8,184,898)	
Value added	**19,140,047**	**100**	**12,569,428**	**100**	**15,901,167**	**100**	**9,831,558**	**100**
Applied to pay:								
Employee benefit expense	3,507,474	18%	3,331,627	27%	1,963,599	11%	1,989,513	21%
Government as tax	1,262,063	6%	1,206,754	10%	652,304	4%	699,492	7%
To providers of finance								
To lenders	157,170	1%	155,829	1%	-	0%	-	0%
Retained in the business								
Depreciation of Property and equipment	697,161	4%	618,157	5%	344,314	2%	396,878	4%
Amortisation of intangible assets	174,253	1%	113,883	1%	144,289	2%	83,718	1%
To augment reserve	12,491,926	65%	6,293,178	50%	11,946,661	75%	5,811,957	59%
To pay proposed dividend	850,000	4%	850,000	7%	850,000	5%	850,000	9%
Value added	**19,140,047**	**100%**	**12,569,428**	**100%**	**15,901,167**	**100%**	**9,831,558**	**100%**

Five Year Financial Summary

For the year ended 31 December 2017

(All amounts in thousands of Nigerian Naira unless otherwise stated)

STATEMENT OF FINANCIAL POSITION

GROUP	2017	2016	2015	2014	2013
Cash and cash equivalents	29,043,554	26,018,694	17,031,040	13,681,394	21,741,885
Trade receivables	231,987	169,761	543,971	63,665	1,060,362
Investment securities	183,434,258	113,593,442	92,403,910	56,329,183	43,078,047
Reinsurance assets	35,235,352	11,720,783	11,405,947	15,883,296	20,568,804
Deferred acquisition cost	548,797	486,416	423,123	428,964	332,237
Other receivables and prepayments	4,663,679	2,137,103	2,281,698	1,191,812	765,735
Loans and advances	3,434,853	2,463,338	1,919,857	1,220,651	1,725,164
Property and equipment	6,751,530	6,063,939	5,977,671	5,693,635	4,651,753
Investment properties	15,637,546	8,820,070	9,537,000	7,800,000	5,400,000
Investment in associates	-	-	-	1,516,753	1,196,124
Deferred tax assets	313,462	286,446	114,129	200,235	602
Intangible assets	3,991,663	3,899,894	3,640,910	145,898	181,746
Statutory deposits	500,000	500,000	500,000	500,000	500,000
Total assets	**283,786,681**	**176,159,886**	**145,779,256**	**104,655,486**	**101,202,459**
Liabilities					
Trade payables	3,633,509	2,754,639	2,714,107	5,761,236	17,486,929
Current tax liabilities	1,820,530	1,535,019	1,122,772	746,198	863,865
Other liabilities	15,622,410	8,964,205	5,355,278	3,525,484	2,960,843
Borrowings	160,275	204,623	118,446	60,000	115,831
Insurance contract liabilities	183,982,546	104,757,646	93,785,535	62,024,023	49,665,623
Investment contract liabilities	22,532,309	18,294,287	15,459,507	12,665,763	11,106,336
Deferred tax liabilities	731,601	825,997	741,772	1,153,404	833,214
Total liabilities	**228,483,180**	**137,336,416**	**119,297,417**	**85,936,108**	**83,032,641**
Capital and reserves					
Issued and paid share capital	4,682,450	4,682,450	4,389,798	4,389,798	4,389,798
Share premium	4,433,748	4,233,748	387,826	387,826	387,826
Contingency reserve	10,472,100	8,238,232	6,790,001	5,537,908	4,779,161
Retained earnings	25,324,605	15,624,296	10,838,357	4,092,358	2,988,579
Assets revaluation reserves	1,694,017	1,603,053	1,561,569	1,335,947	767,521
Fair value reserves	5,832,593	1,859,503	503,438	1,945,833	3,975,180
Other reserves	(79,688)	(79,688)	(80,217)	(80,780)	(80,995)
Shareholders funds:	**52,359,825**	**36,161,594**	**24,390,772**	**17,608,890**	**17,207,070**
Non controlling interest	2,943,676	2,661,876	2,091,067	1,110,488	962,748
Total Equity	**55,303,501**	**38,823,470**	**26,481,839**	**18,719,378**	**18,169,818**
Total equity and liabilities	**283,786,681**	**176,159,886**	**145,779,256**	**104,655,486**	**101,202,459**

Five Year Financial Summary (Cont'd)

For the year ended 31 December 2017

(All amounts in thousands of Nigerian Naira unless otherwise stated)

COMPANY	2017	2016	2015	2014	2013
Assets					
Cash and cash equivalents	27,800,239	24,189,697	14,656,941	13,046,165	21,119,684
Trade receivables	231,987	169,761	543,971	63,665	1,060,362
Investment securities	179,922,719	111,041,245	91,511,039	56,134,365	42,899,645
Reinsurance assets	35,235,352	11,720,783	11,405,947	15,883,296	20,568,804
Deferred acquisition cost	548,797	486,416	423,123	428,964	332,237
Other receivables and prepayment	3,534,606	1,115,754	1,114,898	661,101	191,917
Loans and advances	1,065,407	797,368	1,217,079	1,129,468	1,283,430
Property and equipment	3,828,939	3,645,335	3,760,439	3,627,637	3,154,172
Investment properties	14,963,765	8,159,419	8,795,000	7,450,000	4,550,000
Investment in subsidiaries	3,637,495	3,637,495	3,294,467	541,258	541,258
Investment in associates	-	-	-	788,209	788,209
Deferred tax assets	286,446	286,446	114,129	200,235	-
Intangible assets	392,884	313,804	31,308	130,285	172,033
Statutory deposits	500,000	500,000	500,000	500,000	500,000
Total assets	**271,948,636**	**166,063,523**	**137,368,341**	**100,584,648**	**97,161,751**
Liabilities					
Trade payables	3,633,509	2,754,639	2,714,107	5,761,236	17,486,929
Current tax liabilities	1,119,536	900,143	651,998	672,859	750,533
Other liabilities	12,926,746	7,097,389	3,895,636	2,552,426	2,080,333
Insurance contract liabilities	183,982,546	104,757,646	93,785,535	62,024,023	49,665,623
Investment contract liabilities	22,532,309	18,294,287	15,459,507	12,665,763	11,106,336
Deferred tax liabilities	693,427	728,673	556,356	945,541	604,826
Total liabilities	**224,888,073**	**134,532,777**	**117,063,139**	**84,621,848**	**81,694,580**
Capital and reserves					
Issued and paid share capital	4,682,450	4,682,450	4,389,798	4,389,798	4,389,798
Share premium	4,433,748	4,233,748	387,826	387,826	387,826
Contingency reserve	9,877,208	7,839,003	6,481,209	5,537,908	4,779,161
Retained earnings	20,795,498	11,537,043	7,232,879	2,646,251	1,345,421
Assets revaluation reserves	1,435,515	1,363,442	1,294,941	1,041,086	584,120
Fair value reserves	5,836,144	1,875,060	518,549	1,959,931	3,980,845
Other reserves	-	-	-	-	-
Shareholders funds:	**47,060,563**	**31,530,746**	**20,305,202**	**15,962,800**	**15,467,171**
Total equity and liabilities	**271,948,636**	**166,063,523**	**137,368,341**	**100,584,648**	**97,161,751**

Five Year Financial Summary (Cont'd)

For the year ended 31 December 2017

(All amounts in thousands of Nigerian Naira unless otherwise stated)

STATEMENT OF COMPREHENSIVE INCOME

GROUP	2017	2016	2015	2014	2013
Gross premium written	84,176,908	52,700,272	46,640,828	38,969,943	41,751,459
Premium earned	69,811,623	41,256,760	39,939,075	29,863,524	14,176,000
Profit before taxation	15,098,496	8,791,606	9,301,030	3,362,899	4,199,486
Taxation	(1,262,063)	(1,206,754)	(413,974)	(707,539)	(1,164,308)
Profit for the year	13,836,433	7,584,852	8,887,056	2,655,360	3,035,178
Transfer to contingency reserve	(2,233,868)	(1,448,231)	(1,031,113)	(758,747)	(918,820)
Earnings per share (kobo)	**157**	**84**	**108**	**32**	**36**

COMPANY	2017	2016	2015	2014	2013
Gross premium written	84,189,079	52,718,567	46,648,918	39,008,139	41,752,673
Premium earned	69,823,794	41,275,055	39,947,165	29,901,721	14,177,214
Profit before taxation	13,448,965	7,361,449	6,484,941	3,394,793	2,732,306
Taxation	(652,304)	(699,492)	(105,012)	(585,215)	(1,014,227)
Profit after taxation	12,796,661	6,661,957	6,379,929	2,809,578	1,718,079
Transfer to contingency reserve	(2,038,206)	(1,357,793)	(943,301)	(758,747)	(916,618)
Earnings per share (kobo)	**139**	**72**	**73**	**32**	**20**

Non-life Business Statement of Financial Position

As at 31 December 2017

(All amounts in thousands of Nigerian Naira unless otherwise stated)

	31-Dec-17	31-Dec-16
Assets		
Cash and cash equivalents	21,593,197	19,916,045
Investment securities	27,837,901	20,417,525
Trade receivables	218,192	164,616
Reinsurance assets	33,934,899	11,384,279
Deferred acquisition cost	548,796	486,416
Loans and other receivables	1,749,929	315,791
Investment in subsidiaries	683,974	683,974
Investment properties	3,167,829	3,134,223
Deferred tax assets	198,764	198,764
Intangible assets	240,259	312,306
Property and equipment	3,249,805	3,153,362
Statutory deposits	300,000	300,000
Total assets	**93,723,545**	**60,467,301**
Liabilities		
Insurance contract liabilities	59,823,081	30,572,177
Trade payables and other liabilities	10,027,205	8,226,442
Current tax liabilities	678,797	647,887
Deferred tax liabilities	605,734	597,158
Total liabilities	**71,134,817**	**40,043,664**
Capital and reserves		
Share capital	3,139,798	3,139,798
Share premium	387,826	387,826
Contingency reserve	7,168,644	6,481,612
Retained earnings	6,388,325	7,548,576
Asset revaluation reserve	1,260,722	1,202,237
Fair value reserves	4,243,411	1,663,588
Shareholders funds:	**22,588,726**	**20,423,637**
Total equity and liabilities	**93,723,544**	**60,467,301**

Non-life Business Income Statement

For the year ended 31 December 2017

(All amounts in thousands of Nigerian Naira unless otherwise stated)

	31-Dec-17	31-Dec-16
Gross premium written	22,901,059	21,129,613
Add: reduction in unearned premium	533,094	410,354
Gross insurance premium revenue	23,434,153	21,539,967
Reinsurance expense	(13,561,527)	(12,213,623)
Net insurance premium earned	9,872,626	9,326,344
Commission income	2,311,301	1,825,376
Total revenue	12,183,927	11,151,720
Claims expenses	(10,357,579)	(10,023,855)
Underwriting expenses	(3,522,494)	(3,238,505)
Net underwriting expenses	**(13,880,073)**	**(13,262,360)**
Total underwriting profit	**(1,696,146)**	**(2,110,640)**
Investment income	2,640,282	2,100,826
Net fair value gain/(loss) on assets at fair value	301,277	(208,587)
Other operating income	2,756,036	10,086,595
Employee benefit expenses and other operating expenses	(3,220,116)	(4,016,532)
	2,477,479	**7,962,302**
Finance cost	-	-
Net impairment gains/(losses)	(2,112)	(27,520)
Profit before tax	**779,221**	**5,824,142**
Income taxes	(277,441)	(614,626)
Profit for the year	501,780	5,209,516
Other comprehensive income:		
Fair value changes on available for sale financial assets	2,579,823	872,996
Net amount transferred to income statement	-	(30,353)
Revaluation gain on land & building	58,485	(11,477)
Other comprehensive income for the year, net of tax	**2,638,308**	**831,166**
Total comprehensive income	**3,140,088**	**6,040,682**

Non-life Business Revenue Account

For the year ended 31 December 2017

(All amounts in thousands of Nigerian Naira unless otherwise stated)

	Motor	Fire	Gen. Acc.	Marine	Bond	Engi-neering	Special Risk	2017 Total	2016 Total
INCOME									
Gross premium written	**3,071,452**	**2,583,038**	**1,087,553**	**1,528,905**	**588,153**	**1,288,743**	**12,753,215**	**22,901,059**	**21,129,613**
Less: Increase/ (decrease) in unearned premium	(165,807)	(234,971)	31,188	(281,119)	(676)	(52,520)	1,236,998	533,094	410,354
Gross premiums earned	**2,905,646**	**2,348,067**	**1,118,742**	**1,247,786**	**587,477**	**1,236,223**	**13,990,213**	**23,434,153**	**21,539,968**
Reinsurance cost	(163,227)	(1,280,571)	(206,234)	(464,140)	(231,013)	(369,157)	(10,847,184)	(13,561,527)	(12,213,623)
Net premium earned	**2,742,418**	**1,067,496**	**912,508**	**783,645**	**356,464**	**867,066**	**3,143,028**	**9,872,626**	**9,326,345**
Commissions earned	53,861	241,575	20,663	146,224	49,332	135,638	1,664,009	2,311,302	1,825,376
Total underwriting income	**2,796,279**	**1,309,071**	**933,170**	**929,869**	**405,795**	**1,002,704**	**4,807,037**	**12,183,928**	**11,151,721**
EXPENSES									
Gross claims paid	(1,983,173)	(1,942,583)	(347,378)	(497,132)	(179,113)	(247,494)	(4,094,820)	(9,291,693)	(6,615,784)
Increase/(decrease) in outstanding claims provision	(13,619)	(689,686)	361,133	408,033	(1,261,756)	(76,992)	(28,511,111)	(29,783,998)	(6,952,315)
Gross claims incurred	(1,996,792)	(2,632,269)	13,755	(89,099)	(1,440,869)	(324,486)	(32,605,931)	(39,075,691)	(13,568,099)
Deduct: reinsurance claims recoveries/recoverable	166,502	1,840,763	96,055	299,146	993,210	68,095	25,254,339	28,718,110	3,544,244
Net claims incurred	(1,830,290)	(791,506)	109,810	210,047	(447,659)	(256,391)	(7,351,593)	(10,357,580)	(10,023,855)
Add: Underwriting expenses:									
Commission expenses	(367,304)	(500,574)	(203,352)	(218,119)	(11,871)	(208,167)	(395,564)	(1,904,952)	(1,440,964)
Acquisition expenses	(110,407)	(77,813)	(55,358)	(49,665)	(25,809)	(34,282)	(1,264,207)	(1,617,541)	(1,797,541)
	(477,711)	**(578,387)**	**(258,711)**	**(267,784)**	**(37,680)**	**(242,449)**	**(1,659,771)**	**(3,522,494)**	**(3,238,505)**
Total expenses and claims incurred	**(2,308,001)**	**(1,369,893)**	**(148,901)**	**(57,737)**	**(485,339)**	**(498,840)**	**(9,011,364)**	**(13,880,074)**	**(13,262,360)**
Underwriting profit/(loss)	**488,278**	**(60,822)**	**784,270**	**872,132**	**(79,544)**	**503,864**	**(4,204,325)**	**(1,696,146)**	**(2,110,639)**

Financial Performance

For the year ended 31 December 2017

(All amounts in thousands of Nigerian Naira unless otherwise stated)

	Non Life Business		
	31-Dec-17	**31-Dec-16**	**% Change**
Gross Premium	22,901,059	21,129,613	8%
Net Premium	9,872,626	9,326,344	6%
Total Underwriting Income	12,183,927	11,151,720	9%
Investment Income	2,640,282	2,100,826	26%
Claims expenses	(10,357,579)	(10,023,855)	3%
Annuity Claim	-	-	0%
Underwriting expenses	(3,522,494)	(3,238,505)	9%
Underwriting Profit	(1,696,146)	(2,110,640)	-20%
Operating expenses	(3,220,116)	(4,016,532)	-20%
Profit before tax	779,221	5,824,142	-87%
Earnings per share	53kobo	53kobo	

Performance ratios

	Using Gross Written Premium		Using Net Written Premium	
	31-Dec-17	**31-Dec-16**	**31-Dec-17**	**31-Dec-16**
Underwriting expenses ratio	15%	15%	36%	35%
Claims ratio	45%	47%	105%	107%
Operating expenses ratio	14%	19%	33%	43%
Combined ratio	75%	82%	173%	185%
Underwriting profit ratio	-7%	-10%	-17%	-23%

Life Business
Statement of Financial Position

As at 31 December 2017

(All amounts in thousands of Nigerian Naira unless otherwise stated)

	31-Dec-17	31-Dec-16
Assets		
Cash and cash equivalents	6,207,041	4,273,651
Investment securities	152,084,817	90,623,722
Trade receivables	13,795	5,145
Reinsurance assets	1,300,454	336,504
Deferred Acquisition Cost	-	-
Loans and other receivables	3,784,933	1,854,912
Investment in associates	-	-
Investment in subsidiaries	2,953,521	2,953,521
Investment properties	11,795,936	5,025,196
Deferred tax assets	87,682	87,682
Intangible assets	152,625	1,498
Property and equipment	579,134	491,971
Statutory deposits	200,000	200,000
Total assets	**179,159,938**	**105,853,802**
Liabilities		
Insurance contract liabilities	124,159,462	74,185,466
Investment contract liabilities	22,532,309	18,294,288
Trade payables and other liabilities	7,467,902	1,883,176
Retirement benefit obligation	-	-
Current tax liabilities	440,739	252,256
Deferred tax liabilities	87,682	131,504
Total liabilities	**154,688,094**	**94,746,690**
Capital and reserves		
Share capital	1,542,653	1,542,653
Share premium	4,045,922	3,845,922
Contingency reserve	2,708,565	1,357,390
Retained earnings	14,407,178	3,988,471
Asset revaluation reserve	174,792	161,204
Fair value reserves	1,592,733	211,472
Shareholders funds	**24,471,843**	**11,107,112**
Total equity and liabilities	**179,159,938**	**105,853,802**

Life Business Income Statement

For the year ended 31 December 2017

(All amounts in thousands of Nigerian Naira unless otherwise stated)

	31-Dec-17	31-Dec-16
Gross premium written	61,288,022	31,588,954
Add: reduction in unearned premium Group life	(242,581)	544,531
Gross insurance premium revenue	**61,045,441**	**32,133,485**
Reinsurance expense	(1,094,270)	(184,774)
Net insurance premium earned	**59,951,171**	**31,948,711**
Commission income	374,558	28,477
Total revenue	**60,325,729**	**31,977,188**
Gross benefits and claims paid	(17,806,933)	(12,563,339)
Increase in annuity fund	(49,313,019)	(4,429,557)
Increase in individual life fund	(101,428)	(42,413)
Claims ceded to reinsurance	1,049,910	26,978
Gross change in contract liabilities	(316,969)	(502,710)
Underwriting expenses	(2,542,113)	(1,803,146)
Net underwriting expenses	**(69,030,553)**	**(19,314,187)**
Total underwriting profit	**(8,704,824)**	**12,663,001**
Investment income	14,177,519	8,389,629
Profit/(Loss) on investment contracts	709,583	(355,520)
Net fair value gain/(loss) on assets at fair value	10,088,710	(17,207,088)
Other operating income	195,463	649,927
Employee benefit expenses and other operating expenses	(3,596,498)	(2,259,228)
Result of operating activities	**21,574,777**	**(10,782,280)**
Finance cost	-	-
Net impairment gains/(losses)	(200,208)	(343,410)
Profit/(loss) before tax	**12,669,745**	**1,537,311**
Income taxes	(374,863)	(84,866)
Profit/(loss) for the year	**12,294,882**	**1,452,445**
Other comprehensive income:		
Fair value changes on available for sale financial assets	1,381,261	513,868
Foreign exchange difference on unquoted financial assets	-	-
Revaluation gain on land & building	13,588	79,977
Other comprehensive income for the year, net of tax	**1,394,849**	**593,845**
Total comprehensive income	**13,689,731**	**2,046,290**

Life Business Revenue Accounts

For the year ended 31 December 2017

(All amounts in thousands of Nigerian Naira unless otherwise stated)

	Individual Life	Group Life	Annuity	2017 Total	2016 Total
Income					
Gross premium written	2,547,303	2,583,617	56,157,101	61,288,021	31,588,954
Decrease in unearned income	-		-	-	-
Gross premium Income	2,547,303	2,583,617	56,157,101	61,288,021	31,588,954
Reinsurance expenses	(23,477)	(1,070,793)	-	(1,094,270)	(184,773)
Premium retained	**2,523,826**	**1,512,823**	**56,157,101**	**60,193,751**	**31,404,181**
Commissions earned	-	374,558	-	374,558	28,477
Investment income	343,948	348,851	12,526,688	13,219,487	7,786,572
Fair value gain/ (loss) on annuity bond	158,270	160,527	8,927,001	9,245,798	(15,991,717)
Gain/(loss) on Investment property	7,801	7,912	743,384	759,097	(495,709)
Other income	70,687	71,695	159,133	301,515	647,696
Total income	**3,104,532**	**2,476,364**	**78,513,306**	**84,094,206**	**23,379,500**
Direct claims paid	(1,094,096)	(2,002,751)	(717,686)	(3,814,532)	(2,965,591)
Surrenders	-			-	-
Annuity payments	-	-	(13,992,401)	(13,992,401)	(9,597,747)
Increase/(decrease) in outstanding claims	-	-	-	-	-
Gross claims incurred	**(1,094,096)**	**(2,002,751)**	**(14,710,086)**	**(17,806,933)**	**(12,563,338)**
Deduct:					
Reinsurance claims recoveries/recoverables	-	1,049,910	-	1,049,910	26,978
Provision for Outstanding Claims	(53,254)	(255,235)	(8,480)	(316,969)	(502,710)
Net claims incurred	**(1,147,350)**	**(1,208,076)**	**(14,718,567)**	**(17,073,992)**	**(13,039,069)**
Provision for unexpired risk	(101,428)	(242,581)	(49,313,019)	(49,657,028)	(3,927,439)
Commission expenses	(276,314)	(245,204)	(1,805,113)	(2,326,632)	(1,676,774)
Maintenance expenses	(30,363)	(23,143)	(694,579)	(748,085)	(178,372)
Operating expenses	(815,651)	(1,004,484)	(387,973)	(2,208,107)	(2,207,230)
Total expenses	**(2,371,105)**	**(2,723,488)**	**(66,919,250)**	**(72,013,844)**	**(21,028,884)**
Underwriting result	**733,427**	**(247,124)**	**11,594,056**	**12,080,362**	**2,350,616**

Revenue Account on Deposit Administration

For the year ended 31 December 2017

(All amounts in thousands of Nigerian Naira unless otherwise stated)

	31 December 2017	31 December 2016
Income		
Investment Income	3,238,334	2,158,331
Gains/(loss) from sale of investment	135,571	5,625
Valuation gain on property	-	(260,404)
Unrealised gains/(loss) from investment	300,870	(341,886)
Other income	58,550	199,099
	3,733,325	**1,760,765**
Expenses		
Acquisition expenses	445,427	256,829
Maintenance cost	22,881	30,742
Interest on Deposit Administration	2,111,629	1,436,673
Management Expenses	443,805	392,041
	3,023,742	**2,116,285**
Profit/(Loss) from Deposit Administration	**709,583**	**(355,520)**

Financial Performance

For the year ended 31 December 2017

(All amounts in thousands of Nigerian Naira unless otherwise stated)

	Life Business		
	31-Dec-17	**31-Dec-16**	**% Change**
Gross Premium	61,288,022	31,588,954	94%
Net Premium	59,951,171	31,948,711	88%
Total Underwriting Income	60,325,729	31,977,188	89%
Investment Income	14,177,519	8,389,629	69%
Claims expenses	(3,814,532)	(2,965,591)	29%
Annuity Claim	(13,992,401)	(9,597,747)	46%
Underwriting expenses	(2,542,113)	(1,803,146)	41%
Underwriting Profit	(8,704,824)	12,663,001	-169%
Operating expenses	(3,596,498)	(2,259,228)	59%
Profit before tax	12,669,745	1,537,311	724%
Earnings per share	1.30kobo	1.30kobo	

Performance ratios

	Using Gross Written Premium		Using Net Written Premium	
	31-Dec-17	**31-Dec-16**	**31-Dec-17**	**31-Dec-16**
Underwriting expenses ratio	4%	6%	4%	6%
Claims ratio	6%	9%	6%	9%
Operating expenses ratio	6%	7%	6%	7%
Combined ratio	16%	22%	16%	22%
Underwriting profit ratio	4%	6%	4%	6%

Life Business Annuity Statement

For the year ended 31 December 2017

(All amounts in thousands of Nigerian Naira unless otherwise stated)

LEADWAY ASSURANCE COMPANY

Annuities' Portfolio at 31st December 2017

Annuity Business by nature, type and their operation

Title	Number of Policies	Classification	Operations Procedure
PRA Regulated Annuities	32,369	Risk	Quotation; Provisional Agreement; NAICOM Approval; Premium Remittance By PFC; Despatch Policy Document; Administration
Annuities Certain	90	Risk	Quotation; Premium Remittance; Despatch Policy Document; Administration

Annuity Liabilities, Investment Income and Pay Out

Title	Liability As At 31st December 2017 (N'000)	Investment Income (N'000)	PayOut (N'000)
PRA Regulated Annuities	116,639,223	12,685,821	14,710,086
Annuities Certain	650,588	92,014	-

Note: The information above corresponds with the report of the Actuarial Valuation as at 31st December 2017

The assets backing Annuity Funds are as follows:

S/N	ASSETS TYPE	ANNUITY		ANNUITY CERTAIN	
		(N'000)	%	(N'000)	%
1	Money Market	2,258,559	2	45,896	8
2	Quoted Shares	3,654,056	1	80,405	16
3	Corporate Bonds	1,373,653	3	55,286	10
4	FGN/State Bonds	107,102,471	88	468,901	66
5	Real Estate	-	3	-	-
6	Treasury bills	2,250,584	3	-	-
7	Loans to Policy Holders	-	0.13	-	-
	TOTAL	**116,639,323**	**100**	**650,488**	**100**

Leadway at a glance

YEAR OF INCORPORATION

1970

COMMENCEMENT OF OPERATIONS

1971

FINANCIAL YEAR END

31st December

SHAREHOLDERS' FUNDS

N 47.06 Billion
(as at 31 December 2017)

SHAREHOLDERS' FUNDS

N 271.94 Billion
(as at 31 December 2017)

CLASSIFICATION

All classes of Insurance, Managed Funds & Trusteeship

NUMBER OF BRANCHES:

22 (excluding Registered Office & Corporate Office)

NUMBER OF EMPLOYEES

280
(as at 31 December 2017)

SUBSIDIARIES:

1. Leadway Pensure PFA Limited
2. Leadway Capital and Trusts Limited
3. Leadway Hotels Limited
4. Leadway Properties & Investments Ltd.

Leadway at a glance

FOUNDER
Sir Hassan O. Odukale (1926-1999)

DIRECTORS

GENERAL MARTIN LURTHER AGWAI (RTD.)
Chairman

MR. OYE HASSAN-ODUKALE, mfr
Managing Director/CEO

MR. JEREMY ROWSE
Director

MRS. MOWUNMI SOTUBO
Director

MR. EUGENE CURLEY
Director

MR. SEYI BICKERSTETH
Director

MR. ODEIN AJUMOGOBIA
Director

MR. TUNDE HASSAN-ODUKALE
Executive Director, Financial Services & IT Systems

MS. ADETOLA ADEGBAYI
Executive Director, General Business

MR. SUNDAY OROLEKE
Company Secretary

MANAGEMENT STAFF

MR. OYE HASSAN - ODUKALE, mfr
Managing Director / CEO

MR. TUNDE HASSAN - ODUKALE
Executive Director, Financial Services & IT Systems

MS. ADETOLA ADEGBAYI
Executive Director, General Insurance

MR. TINASHE MUYAMBO
Head, Life Business

MR. DAVID ABITOYE
Chief Finance Officer

MR. GBOYEGA LESI
Commercial Director

MR. ALLAN OLUFADE SURADJ
Regional Director

MRS. KUNBI ADEOTI
Human Resources Director

MR. NNAMDI ODOZI
Enterprise Risk Management Director

MR. ODALO AIMUFIA
Chief Information Officer

MR. ERNEST AZIAGBA
General Insurance Actuary

MR. TUNDE ALAO-OLAIFA
Strategy & Special Projects Director

Corporate Addresses

BRANCH OFFICES

***Corporate office**
121/123 Funso Williams Avenue,
Iponri. Lagos
01-2700700

Registered Office
NN28/29 Constitutional Road,
Kaduna
08129997127

Kaduna Life Office
QQ10 Wushishi Road,
By Ahmadu Bello Way, Kaduna
08029004779, 08162165062

Abuja
Leadway House Plot 1061,
Herbert Macaulay Way Central Business
District, Cadastral Zone. Abuja
08129997114, 08129997115

Abeokuta
Seriki Fadare Plaza,
Beside Nigeria Immigration office,
Oke Mosan. Abeokuta
08129997096, 08129997097

Akure
NACRDB Building,
Ado-Owo Road Alagabaka, Akure
08129997104, 08129997159

Benin
84 Akpakpava Street,
Benin City
08129997103, 08129997158

Calabar
141, Ndidem Usang Iso/Marian Road,
Calabar
08129997098, 08129997099

Enugu
Akalaka House (2nd floor)
127/129 Chime Avenue New Haven,
Enugu.
08129997106, 08129997161

***Festac**
Twin Place, Plot 2015 Block,
18A, Amuwo- Odofin Govt. Scheme by
Apple Bus/ Stop.
Festac Link Road, Festac
08129997005

Ilorin
163, Ajase-Ipo.Road,Gaa-Akanbi
Junction Road. Anu Oluwapo
Complex Ilorin, Kwara State
08129997153, 08129997157

***Ikeja**
Adebola House,
40, Opebi Road, Opebi. Lagos
08129997012

Ibadan
25, Morgaji Are Rd, Iyaganku GRA,
Off Moshood Abiola Way, Ibadan
08129997102, 08129997162

Jos
2A Ibrahim Taiwo Rd,
GRA, Jos
08129997122, 08129997123

Kano
Fustan House
25 Zaria Road, Gyadi- Gyadi Roundabout
Kano
08129997112, 08129997168

***Lekki**
Garnet Building, Igbo-Efon by
5th Roundabout,
Along Lekki-Epe Expressway, Lekki.
08129997009

Makurdi
Last Floor, 8 Railway Bypass,
High Level, near Zenith bank,
Makurdi
08129997113

Osogbo
2nd floor, Moye House Km2,
Gbogan /Ibadan Road, Oshogbo ,
Osun State
08129997108, 08129997163

Port Harcourt
8 Igbodo Street,
Old GRA Port Harcourt
08129997109 , 08129997110

Sagamu
136, Akarigbo Street
Opposite Mobil Filling Station
Ijokun, Sagamu
08129997101, 08129997156

Sokoto
15A, Kano Road,
Not far from CBN, Sokoto.
08129997124

Uyo
140, Atiku Abubakar Way Uyo
08129997100, 08129997155

Warri
Ecobank Building
60 Effurun/Sapele Road,
Opposite Glo/Sterling Bank, Warri
08129997111, 08129997166

Zaria
Last floor, UBA building by
PZ Kaduna Road Zaria
08129997125

*** (represents branches in Lagos)**

Corporate Addresses

AGENCY OFFICES

***IKOTA**
Shop H408-409,H428-429,
Ikota Shopping Complex VGC,
Lagos State
08055124617, 08033296670

***AKURO**
Knight Frank Building
24 Campbell Street,
Lagos- Island, Lagos
08033445694

***APAPA**
Grace House, 13,
Abraham Adesanya
Road, Apapa
08060650329

***FESTAC**
Same office with
main office
08033152848

WARRI
Same office with main
office
08056661602

IGANMU
Thomas Wyatt Building,
10 Abebe Village road Iganmu,
Surulere Lagos
08033212166

ADO-EKITI
Plot 5, Bank Road,
Besides Mainstreet Bank,
Ado-Ekiti, Ekiti State
08061139837

UYO
Same office with
main office
08032803450

ENUGU
Same office with main office
08023630090

PORT-HARCOURT
6 Igbodo Street,
Old GRA PortHarcourt
08037138917

ABUJA
50 Kumasi Crescent off Aminu Kano
Crescent Wuse II, Abuja.
08090678517

AWKA
200 Nnebisi Road beside
Stadium/Studio 24 building
Asaba Delta State

OWERRI
Plot C11, Onitsha Road Lay-out,
Control Post. Owerri

IKORODU
225/227, Ikorodu Road, Ogolonto,
Ikorodu.
08023377794

***SHERATON-OPEBI LINK**
AFRIJET Plaza ,
6 Sheraton Link Road,
Opposite Western Hotel, Ikeja. Lagos
08023326788

ASABA
No 1, Stadium Road/200 Nnebisi Road,
Asaba. Delta State.

***VICTORIA ISLAND**
No 1, Hopewell Adeola Street, Victoria
Island. Lagos

GBOKO
No. 11, J.S Tarka Way, Gboko

GOMBE
Doma Plaza, 1ST Floor,
Room 26, BIU Road, Gombe

YOLA
Sabru House,
30, Mubi Road Jimeta Yola

KATSINA
Kaita Shopping Complex building,
Nagogo Road, Kastina

LOKOJA
Suite 24 First floor,
Lokongoma Plaza,
Along Okene-Kaba Road,
Opposite Mountain of Fire,
Phase 2 Lokongoma,
Lokoja

YENAGOA
Imgbi Road Opp.
Spring Bank, Amarata
08129997105, 08129997160

*** (Agencies in Lagos)**

FRANCHISE OFFICE

***IKEJA**
Suite 46, No 20 Olowu Street Ikeja.
LagoS

***IKORODU**
Akoye House, 1st Floor,
No 2, Tos Benson Road,
Ojogbe Junction, Ikorodu
08129997037

Leadway Subsidiaries

LEADWAY PENSURE PFA

Leadway Pensure PFA Limited was incorporated on the 25th day of August, 2004 in accordance with the provisions of the Pension Reforms Act 2004 to carry on the services of a Pension Fund Administrator [PFA].Leadway Pensure PFA Limited was duly licensed by PENCOM on the 7th day of December, 2005. Formed by a consortium of three (3) financial services companies namely Leadway Assurance Company Limited; Prestige Assurance Plc; and MBC Securities Limited, Leadway Pensure PFA has an authorised and Paid-up share capital of N2.0 Billion.

Each company has a track record of remarkable success and a combined total of hundred (100) years experience in the Financial Services sector. Our principal goal is to provide effective support to our customers and contributors in securing a comfortable retirement, by offering world class pension fund management and administration services.

LEADWAY CAPITAL & TRUSTS

Leadway Capital & Trusts Limited is a subsidiary of Leadway Assurance Company Limited, one of the foremost insurance service providers in Nigeria. The reputation enjoyed by the Leadway Group has been attained and sustained by the pursuit of improvements to maintain competitive advantage. All aspects of the business are approached with discipline – the recruitment of staff, development of products, use of advanced technology to final service delivery.
Since incorporation, the company has provided and is still providing corporate and personal trusteeship services in diverse arrangements.

Specifically, Leadway Capital & Trusts Limited provides professional services in the following areas:

- Trusts of Consortium Lending
- Debenture Trusts
- Unit Trusts and Mutual Funds
- Mortgage Trusts
- Investment Trusts
- Leasing Trusts
- Employee Share Ownership Trusts
- Custodian Trusteeship
- Nominee Shareholding Management of other Trusts as Endowments, Foundations and Co-operatives
- Preparation of Wills
- Living Trusts
- Education Trusts
- Public Trusts

Services also provided are Short Term Financing for pre-qualified transactions, Equipment Leasing to select Corporate Bodies, as well as Investing in varied transactions where management finds it expedient. Leadway Capital and Trusts Limited is able to tap into the resources and over 45-year experience of its parent company, Leadway Assurance
Company Ltd.

Address: 121/123 Funso Williams Avenue, Iponri, Surulere, Lagos; P.O. Box 6437, Marina, Lagos
Tel: 01-2700700 Fax: 01-2700800, E-mail: trustees@leadway.com, Website: www.leadwaycapital.com

LEADWAY HOTELS LIMITED

Leadway Hotels Limited, incorporated March 2005, is a subsidiary of Leadway Assurance Company Limited and an up-and-coming player in the hospitality industry in Nigeria.It aims to become a distinctly recognized brand in the hospitality and service industry.
Leadway Hotels Limited is dedicated to quality and services and has a reputation for service efficiency and customers' reliability. For almost a decade, the Leadway Hotels Limited, has honoured its hospitality commitments and has earned its reputation of excellence in this regard. All aspects of the business are approached with discipline; the recruitment of staff, the advancement of technologies and the corporate/personal service offered to its growing clientele.

Under its umbrella are three notable and thriving businesses in Lagos and Abuja, namely, Leadway Hotel in Ikeja, Léola Suites and Panache Restaurant , both in Abuja. One of the strengths of the group is its ability to effectively coordinate these businesses with innovative prowess which is helping it carve a niche within the hospitality industry in Nigeria. These are evident in the excellent local and international cuisine offered to its diverse guests. Its Restaurants boasts of a menu selection that is varied enough to cater for all tastes.

Operating Address:
Leadway Hotel,Ikeja
1 Mugambo Close, Maryland Estate, Lagos. Nigeria.
Tel:+2341 2790800/0802/0803/0806, Fax:+2341 2790801,
E-mail: reservations@leadway-protea.com

Leola Suites/Panache Restaurant
Leadway House (near NNPC Towers)
1061 Herbert Macaulay Way
Central Business District
Abuja,Nigeria.

LEADWAY PROPERTIES & INVESTMENT LIMITED

Leadway Properties & Investment Limited, a wholly-owned subsidiary of Leadway Assurance Company Limited, is a property development company involved in the acquisition, development, management and sales of high quality, serviced commercial and residential properties in the Nigerian real estate market.