ANNUAL REPORT & ACCOUNTS
2018

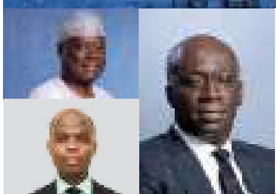
Better Together

LEADWAY
ASSURANCE COMPANY LIMITED

"Productivity is never an accident. It is always the result of a commitment to excellence, intelligent planning, and focused effort."

- Paul J. Meyer

Contents



In this section

An introduction to the report covering who we are, notable events and a snapshot of where and how we do business.

In this section

The governance framework, including the role and effectiveness of the Board and the alignment of the interests of management with organization's goals.

In this section

The Chairman's reflections on the year and review of corporate profile.

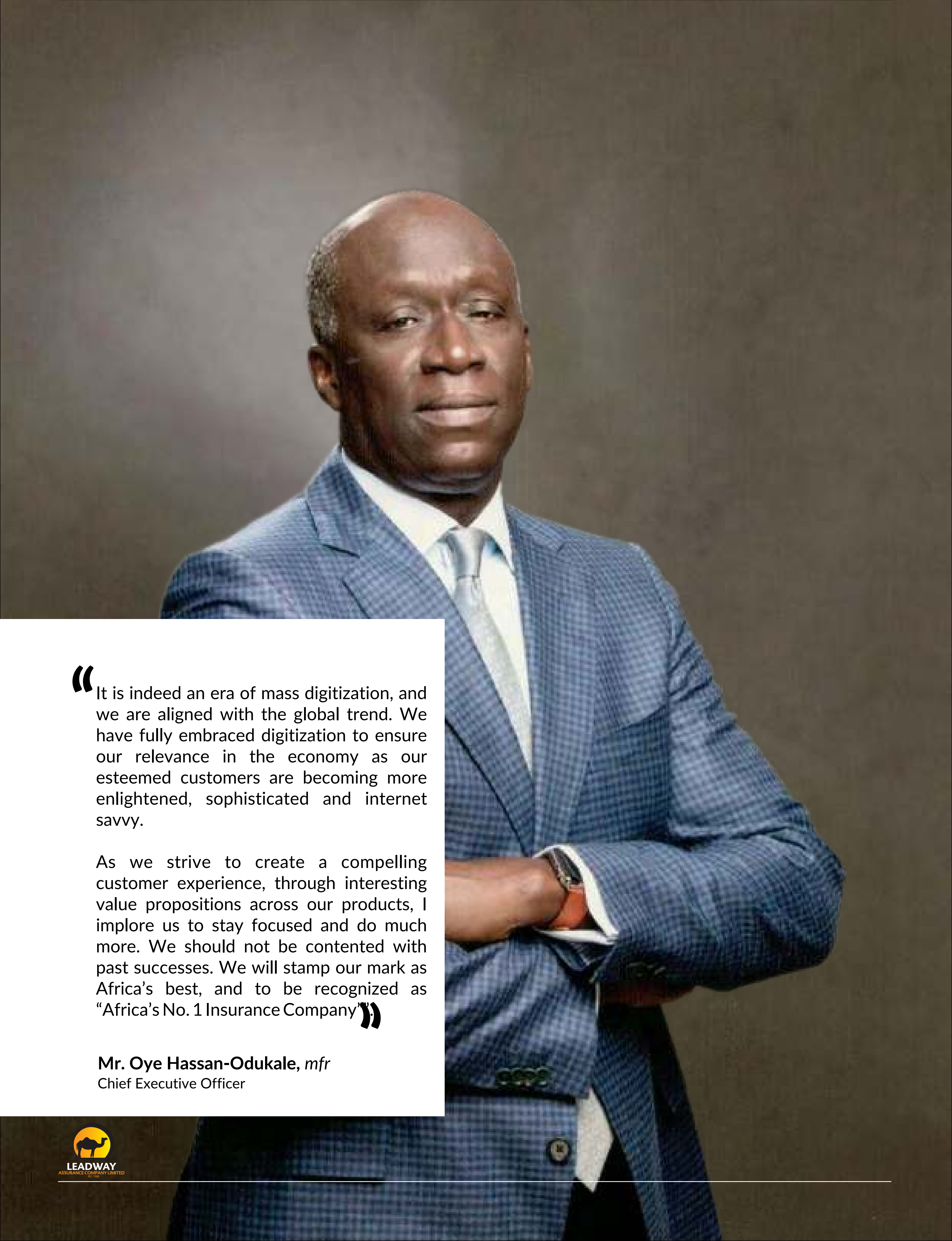
1970

2018

Sir Hassan Odukale founded Leadway Assurance in Kaduna in 1970

Insuring happiness since 1970

LEADWAY



"It is indeed an era of mass digitization, and we are aligned with the global trend. We have fully embraced digitization to ensure our relevance in the economy as our esteemed customers are becoming more enlightened, sophisticated and internet savvy.

As we strive to create a compelling customer experience, through interesting value propositions across our products, I implore us to stay focused and do much more. We should not be contented with past successes. We will stamp our mark as Africa's best, and to be recognized as "Africa's No. 1 Insurance Company"."

Mr. Oye Hassan-Odukale, *mfr*
Chief Executive Officer

Vision Statement

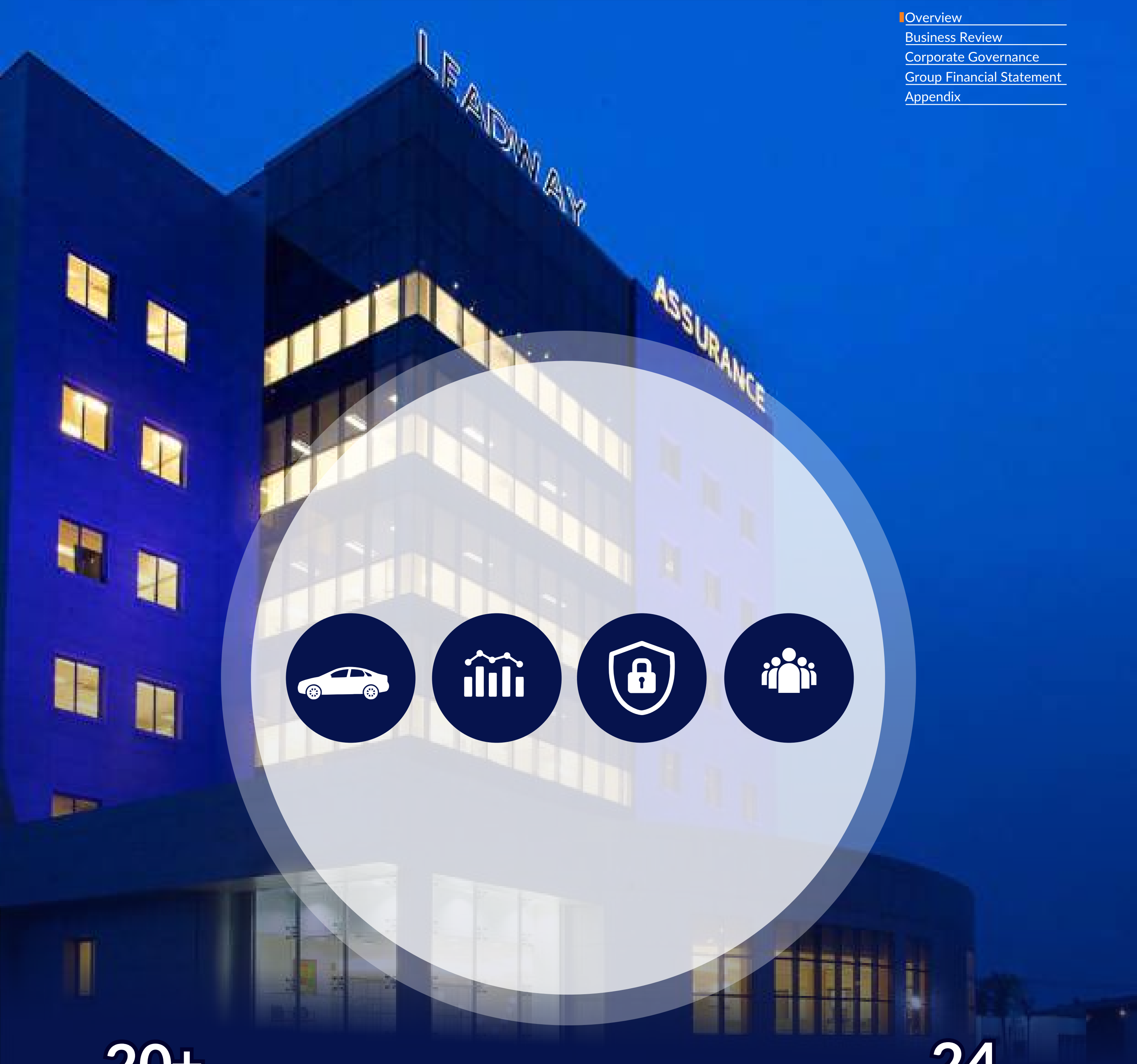
To be a leading insurance company and non-banking financial solutions provider in Nigeria, leveraging on our strategic capabilities in other selected markets.

Mission Statement

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.

Overview

IN THIS SECTION



20+
Retail Insurance products that add value to you.

₦33.8b
Paid in claims in 2018.

LEADWAY GUARANTEE
Insuring your happiness, no matter what happens in your business and life.

287
Leadway professionals on hand to serve you.

24
Branches spread across the country to meet your insurance needs

LEADWAY
ASSURANCE COMPANY LIMITED

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

The 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.

Company's Assets
₦312b

Premium Generated
₦87b

SUSTAINED MARKET LEADERSHIP IN CORPORATE BUSINESSES WHILE AGGRESSIVELY INVESTING TO TAKE ADVANTAGE OF EMERGING OPPORTUNITIES IN RETAIL, AS THE FUTURE OF INSURANCE IN NIGERIA.

Our Core Values

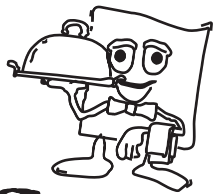
iSCORE

...Core Values for Your Success

Our core values underlie our work, how we interact with each other, and how we fulfill our mission to our customers. Thus our core values guide everything we do every day.

Integrity

Acting with honesty and honor towards all our stakeholders without compromising the truth.



Service

Serving our customers in timely, responsive, pro-active manner and meeting their needs and aiming to delight.

Customer focus

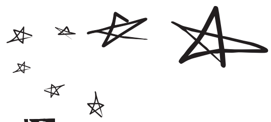
Seeking to determine the needs of our customers and taking action to satisfy them.

Openness

Sharing information with our customers, listening to them, receiving constructive feedback and confronting ethical problems immediately.

Respect for the individual

Treating every customer with utmost dignity and according them all the attention and care due to them.



Excellence

Confidently pursuing highest service quality and giving the best to our customers that warrants our persistent commitment.

Notice Of Annual General Meeting

Notice of the 47th Annual General Meeting

Notice is hereby given that the 47th Annual General Meeting of LEADWAY ASSURANCE COMPANY LIMITED will convene at the Conference Hall, Leola Hotel, 1, Mogambo Drive, Off Emmanuel Street, Maryland, Ikeja, Lagos, on Friday 24th May, 2019 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 2018.

2. To declare a dividend.

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

4. 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. Eugene Curley
   - Gen. Martin Luther Agwai (rtd)

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

BY ORDER OF THE BOARD

Olumide Hanson
ACTING COMPANY SECRETARY

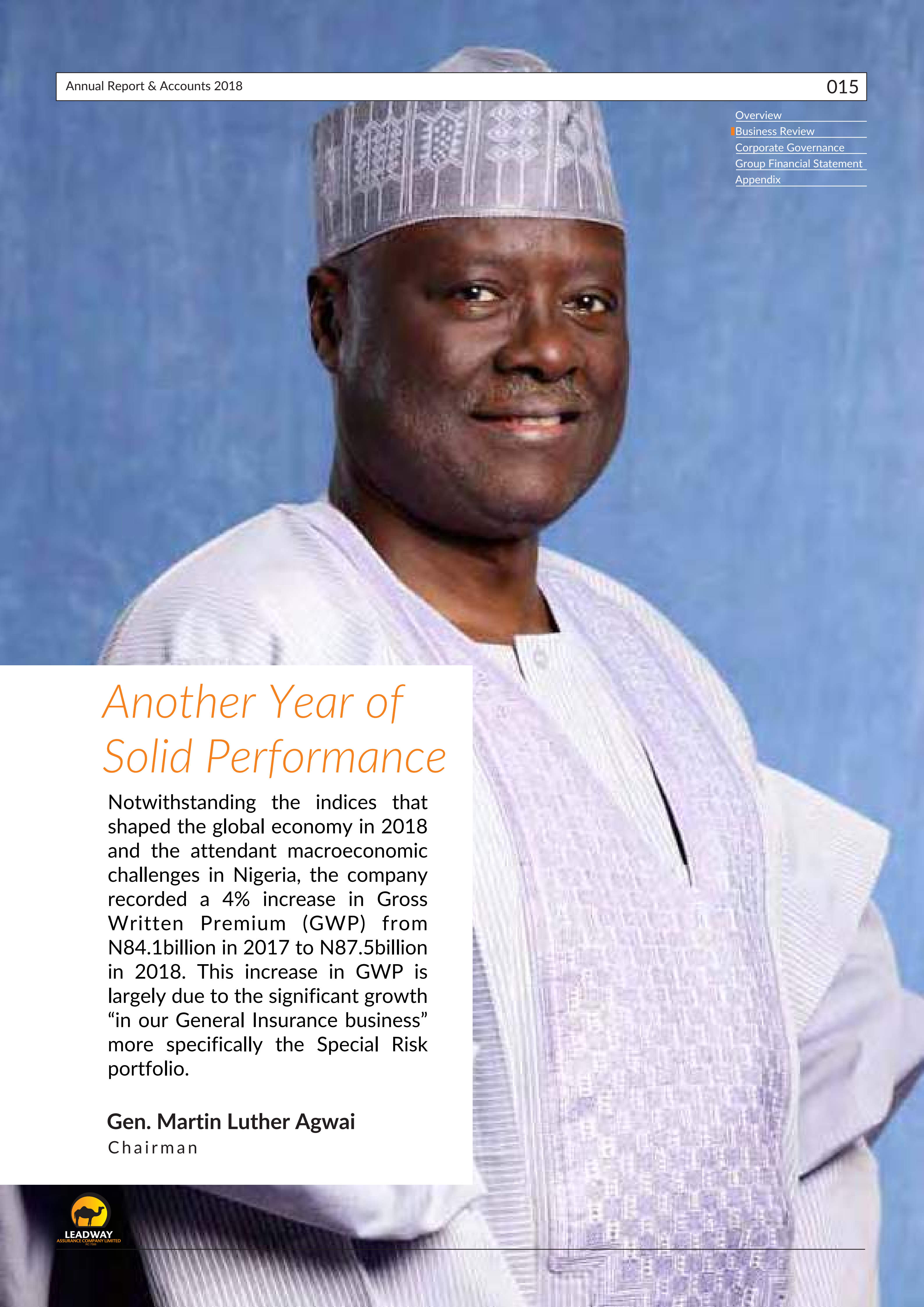
NOTES

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 17, 2019.

Business Review

IN THIS SECTION



Another Year of Solid Performance

Notwithstanding the indices that shaped the global economy in 2018 and the attendant macroeconomic challenges in Nigeria, the company recorded a 4% increase in Gross Written Premium (GWP) from N84.1billion in 2017 to N87.5billion in 2018. This increase in GWP is largely due to the significant growth “in our General Insurance business” more specifically the Special Risk portfolio.

Gen. Martin Luther Agwai
Chairman

Chairman's Statement

Distinguished Shareholders, Members of the Board of Directors, Ladies and Gentlemen. It is with great pleasure that I welcome you to the 47th Annual General Meeting of our company, and to present to you, our financial statements and reports for the year ended 31st December 2018.

OPERATING ENVIRONMENT

The giant strides of Leadway were sustained in the year 2018 despite the downward trend of the economy in the first half of 2018. This was against the expectation of investors, judging by the sturdy growth and economic recovery in the latter part of 2017. The Nigerian Economy evolved positively in the last two quarters of 2018, but not without the impact of the renewed clashes of farmers and herdsmen resulting in the contraction of the Agricultural sector. Although, these factors partially strained the reverberation of the non-oil sector, the various sectors positively evened out by year end. The Oil sector was also not immune from contraction due to the reduction in crude oil production, while the exchange rate maintained reasonable stability with the Naira against the Dollar occasioned by the consistent liquidity injections of the Central Bank of Nigeria.
The Nigerian All Share Index closed the year with a negative of 17.81% at 31,430 points, compared with the gain of 42.3% at 38,243 points recorded in 2017 with almost all sectors and indices closing negative.

Leadway has maintained its leadership position in the market and in contributions to GDP notwithstanding the cyclical macroeconomics of the Nigerian State in 2018.

INSURANCE INDUSTRY

The doggedness of insurance operators at preserving existing business amidst a soft market while grappling for new businesses for increased premium income in the quest for improved insurance quota contribution to GDP and increased insurance education and penetration was inefficacious, particularly against the backdrop of the undulating economic growth within the year.

The regulator's efforts to imbibe a culture of regulatory compliance, foster investor and consumer confidence and further drive a sanitized industry towards insurance penetration continued through the release of various guidelines and circulars. These circulars include Fair Trade Practice and Fair Treatment to Customers, Circular on AML/CFT Procedure, Circular on Inter-Company Balances and payment of Loss-Adjuster's fee and Circular on Appointment of Principal Officers by the Insurance Institution.

The Financial Reporting Council released a principle based draft National Code of Corporate Governance which adopts the Apply and Explain approach. The final Code released in 2019 is required to be applied immediately and reported in companies' annual reports from the financial year ended 2020, while we expect sectoral regulators will issue guidelines in place of existing sectoral codes. Your company has taken steps to commence compliance with the principles of the code.

We are optimistic that the various initiatives and ideas launched within the regulatory terrain will aid the evolution of our insurance industry to the leagues of global insurance operators where financial technology (Fin Tech) and insurance technology (Insur Tech) are major drivers and enablers for access, increased insurance awareness and education and for insurance penetration.

FINANCIAL RESULTS

Notwithstanding the indices that shaped the global economy in 2018 and the attendant macroeconomic challenges in Nigeria, the company recorded a 4% increase in Gross Written Premium (GWP) from N84.1billion in 2017 to N87.5billion in 2018. This increase in GWP is largely due to the significant growth in our General Insurance business more specifically the Special Risk portfolio.

Claims expense increased from N27.4billion in 2017 to N33.8billion in 2018 with annuity pay out of N21billion accounting for the largest proportion of this amount, followed by over N8billion net claim expenses in General Insurance. The significant increase in claims expense was cushioned by recoveries from reinsurers, salvage and subrogation. The investment income also increased by 36% from N16.8billion in 2017 to N22.8billion in 2018.

The company's profit before tax dropped by 15% from N13.4billion in 2017 to N11.4billion in the period under review. In line with actuarial best practice, in 2018 Leadway upgraded its valuation methodology to incorporate improved data provided on the yield curve. This resulted in a one-off charge in the valuation of our longer term liabilities.
Notwithstanding the distribution of the non-insurance subsidiaries, the company's total assets recorded 15% growth from N271.9billion in 2017 to N312.7billion in 2018. The drivers of the significant growth in asset can be traced to the significant increase in annuity premium invested majorly in government debt securities, increase in reinsurance assets and investment properties.

Following dividend in specie distribution resulting in the excise of four subsidiaries of the group, we now only have Leadway Vie as the sole subsidiary in the group. The operations of this company are negligible to the group result given that operations only started in third quarter of 2018. The figures stated for the current group result do not totally align with last year's group result numbers in line with provisions of IFRS on discontinued operations. Detailed disclosure on this is contained in Note 45 of the accounts.

DIVIDEND

In fulfillment of our assurance to guarantee good return on your equity investments, the Board of Directors recommends a cash dividend of N4billion which translates to 20 kobo per share subject to withholding tax at the prevailing rate.

FUTURE OUTLOOK

We are optimistic that the policy reforms of the government coupled with CBN's policies will provide the catalyst for economic growth to increase foreign investments, thereby creating

Chairman's Statement

employment to increase purchasing power, reinvigorate the confidence of all citizenry and residents in the ease of doing business locally and in the long run, reduce brain drain.

On our part, we will not rest on our oars and will intensify our corporate strategy to identify the needs, behavior and culture of our potential customers with an attentive ear to market-feedback and create products to address and protect the underlying risks the populace are susceptible to.

We are driven by our strategy to use digitization and creativity to harness unexploited and prompt means of selling insurance as a contingency benefit to our target market. We are strategically deepening the penetration of insurance to smallholder farmers in every community through the instrumentality of Area Yield Index Crop insurance and creating insurance awareness in the rural communities.

We have consistently built value into the Leadway brand which has catapulted us to the first of all competes. We remain driven by the marketing strategy for each one to reach one in every sphere of our influence until our value proposition and integrity speaks even when we are silent.

As a company that promotes good corporate governance and the global ideology of corporate sustainability, we remain committed towards increasing stakeholders' value while preserving shareholders' interests.

We have sustained the progress made in actualizing our strategic pillars to maintain market leadership by profit and market share and are dominating our target market while diversifying our business portfolio through digitalization amongst others.

We have settled our presence in West Africa, beyond our localized region, and are moving up the ladder to joggle the market and inscribe Leadway Vie as an enviable company within Cote D'Ivoire.

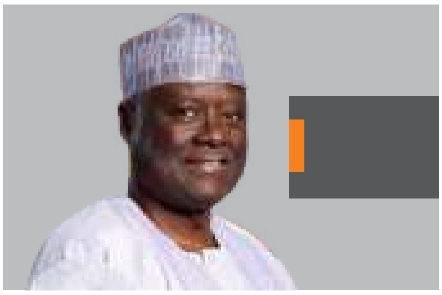
CONCLUSION

The value we have created over the years is embedded in the loyalty and commitment of the greatest number to keep Leadway as a legacy for several generations. We are sincerely grateful to our treasured customers, brokers, agents and other stakeholders who have objectively trusted in the liquidity advantage and unmatched conservative risk reserves we hold as a yardstick for placing certain risks with us. We are equally grateful to them for the testimonial campaign which attest to us as the insurer to beat in claims payment.

Our sustainability at the pinnacle of the insurance industry in Nigeria in Gross Premium, profitability and unequaled assets can only be traceable to the dynamism and creativity fostered by the Management and staff of our company. I must express gratitude to your committed Management whose devotion, proficiency, commitment and astute leadership has culminated in achieving this valiant performance and protection of policyholders' interest.

Finally, I must express deep appreciation to my colleagues on the Board for bringing to bear their wealth of experience and expertise which challenges the Management to achieve the enviable feat of your company which we are all proud to be associated with today.

Dear shareholders, the future of your company is pregnant with even greater possibilities, to be accomplished by mining and optimizing stakeholders' contributions, even as we look forward to what tomorrow brings.
Thank you.



Gen. Martin Luther Agwai
Chairman

Corporate Profile

Certificate of Incorporation Number RC 7588	Date of Incorporation 22 September, 1970	NAICOM License Number RIC-025

Corporate Profile

DIRECTORS	Gen. Martin Luther 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

MANAGEMENT STAFF

Mr. Oye Hassan-Odukale, mfr - Managing Director/CEO
Mr. Tunde Hassan-Odukale - ED - Financial Services & IT Systems
Ms. Adetola Adegbayi - ED - General Business
Mr. Tinashe Muyambo - Head of 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
Mr. Oluwafemi Adebayo - Life Sales Director
Mr. Bamidele Lawal - Chief Technical Officer, General Insurance

AG. COMPANY SECRETARY:

Olumide Hanson
FRC/2019/NBA/00000019064

Bankers and other Professional Advisors

Company Secretary
Olumide Hanson
FRC/2019/NBA/00000019064

Registered Office
NN 28/29 Constitution road,
Kaduna State Nigeria
www.leadway.com

Auditors
KPMG Professional Services
KPMG Towers
Bishop Aboyade Cole Street
Victoria Island, Lagos
Tel: (01) 2718955

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

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

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
Polaris Bank Plc
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

Governance

IN THIS SECTION

Board of Directors

Gen. Martin Luther Agwai (Rtd)
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

- Chairman, FBN UK
- 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
- Alumnus, University of Houston, Texas, USA
- Alumnus, Harvard Business School, USA

Mr. Jeremy Rowse
Director

- Former 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

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

Board of Directors

Mr. Odein Ajumogobia
Director

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

Mr. Tunde Hassan-Odukale
Executive Director, Financial Services & IT Systems

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

Ms. Adetola Adegbayi
Executive Director

- Director, Leadway Hotels Limited
- Director, Energy and Allied Insurance Pool of Nigeria
- Director, Nigerian Liability Insurance Pool
- Associate, Chartered Insurance Institute, London
- Associate, Chartered Institute of Arbitrators, UK.
- Former Director, Prestige Assurance Plc.
- Alumnus, University of Bristol, UK.
- Alumnus, University of South Wales, UK.
- Alumnus, Harvard Business School, USA

Directors' Report

For The Year Ended 31 December 2018

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 2018

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

a. The company acquired 99.99% share holding in Leadway Vie Limited ("The Subsidiary") during the year. The subsidiary which is based in Cote D'ivoire was acquired in April 2018, having obtained control over it and obtaining other regulatory approvals in Nigeria and Cote D'ivoire.
The subsidiaries : Leadway Capital and Trust; Leadway Hotels Limited; Leadway Properties & Investments Limited; Leadway Pensure Limited; Four (4) companies which Leadway Assurance held controlling interests as at 31 Dec 2017 were distributed to shareholders in form of dividend in - specie during the year following the approval of the shareholders of the company at the Annual General Meeting held in May 2018. Consequently, these four companies ceased to be Subsidiaries of Leadway Assurance Company Limited and have been deconsolidated from the Group in these financial statements.

Operating Results

The highlights of the Group and Company's operating results for the year ended 31 December 2018 are as follows:

	Group	Group	Company	Company
	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
	N	N	N	N
Gross premium written	**88,039,621**	**84,189,079**	**87,519,720**	**84,189,079**
Profit before tax	**9,533,005**	**13,448,965**	**11,412,782**	**13,448,965**
Income tax expense	(2,269,424)	(652,304)	(2,229,461)	(652,304)
Profit for the year	**7,263,581**	**12,796,661**	**9,183,321**	**12,796,661**
Other comprehensive (loss)/ income	**(2,653,708)**	**4,082,060**	**(2,653,708)**	**4,033,157**
Total comprehensive income	**4,609,873**	**16,878,721**	**6,529,613**	**16,829,818**
Earnings per share (kobo) - Basic/diluted	**47**	**86**	**59**	**83**
Profit attributable to:				
- Owners of the Company	6,025,175	13,341,926	9,183,321	12,796,661
- Non-controlling interest	102	494,507	-	-
	6,025,277	**13,836,433**	**9,183,321**	**12,796,661**
Appropriation of profit attributable to owners of the company				
Transfer to:				
- Contingency reserve	2,034,798	2,233,868	1,855,522	2,038,206
- Retained earnings	3,990,377	11,108,058	7,327,799	10,758,455
	6,025,175	**13,341,926**	**9,183,321**	**12,796,661**

Directors' Report continued

For The Year Ended 31 December 2018

All amounts are in thousands of Naira unless otherwise stated

Dividends

b. The dividend declared and paid in 2018 include a cash dividend of N1.75bn (18.67 kobo per share), a bonus issue of 9 share for every 8 shares in issue; and a special non-cash dividend in specie being shares held in four subsidiary companies valued at N3.637bn. In 2017, only a cash dividend of N1.5bn (16.02 kobo per share) was paid.
A cash dividend of N4bn will be proposed at the next annual general meeting in respect of the year ended 31 Dec 2018. This has been disclosed in the financial statements.

Directors and Their Interests

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-18	Indirect 31-Dec-17	Direct 31-Dec-18	Indirect 31-Dec-17
Gen. Martin Luther Agwai	Chairman	-	-	-	-
Mr. Oye Hassan-Odukale	Managing Director	79,672	2,481,517	37,306	1,161,958
Mr. Tunde Hassan-Odukale	Executive Director	-	1,069,352	-	500,719
Ms. Adetola Adegbayi	Executive Director	26,061	-	12,203	-
Mrs. Mowunmi Sotubo	Non-Executive Director	622,908		291,673	
Mr. Eugene Curley	Non-Executive Director	-	-	-	-
Mr. Jeremy Rowse	Independent Non-Executive Director	-	-	-	-
Mr. Seyi Bickersteth	Independent Non-Executive Director	-	-	-	-
Mr. Odein Ajumogobi	Independent Non-Executive Director	-	-	-	-

Analysis of Shareholding

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

	31 December 2018			
	No of shareholders	Percentage of shareholders	No of holdings ('000)	Percentage of holdings
Share range				
Above 800,000,000	6	16%	14,757,688	74%
400,000,001 - 800,000,000	5	13%	3,300,861	16%
200,000,001 - 400,000,000	4	10%	1,000,181	5%
100,000,001 - 200,000,000	4	10%	544,781	3%
Below 100,000,000	20	51%	396,489	2%
Total	**39**	**100%**	**20,000,000**	**100%**

	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	16%	444,693	5%
Below 50,000,000	20	52%	189,793	2%
Total	**39**	**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.

Donations and Charitable Gifts

A total sum of N50,891,387 (2017 : N64,882,789) was donated to non-political and charitable organizations, in order to identify with the aspirations of the community and the environment within which the Company operates. Details of such donations and charitable contributions are as follows:

Directors' Report continued

For The Year Ended 31 December 2018

All amounts are in thousands of Naira unless otherwise stated

Beneficiaries *(All amounts in absolute)*	**31-Dec-18**	**31-Dec-17**
Nigeria Insurance Association	13,383,095	24,456,556
National Insurance Commission (NAICOM)	-	12,000,000
Lagos State Security Trust Fund	5,000,000	7,500,000
Nigeria Bar Association	-	6,000,000
The Nigerian Council of Registered Insurance Brokers (NCRIB) Lagos Area	50,000	3,131,000
Chartered Insurance Institute of Nigeria/Iicc	1,875,500	2,421,500
Edo State Government	-	1,000,000
Little Saints Orphanage	-	895,000
Franco-Nigerian Chamber of Com. & Ind.	500,000	700,000
Lagos Motor Boat Club	400,000	600,000
OAU Faculty Of Technology Conference	-	600,000
The Nigerian Stock Exchange	500,000	527,417
Sebeccly Cancer Care & Support Centre	-	500,000
The Bridge Foundation For Youth Leadership	300,000	500,000
Kaduna Polo Club	10,000,000	440,000
Nigeria Employers' Consultative Association (NECA)	- -	400,000
Nigerian Gas Association	- -	300,000
Ondo State Education Summit	- -	300,000
Umaru Musa Yar'Adua University	- -	300,000
Professional Insurance Ladies Association	250,000	200,000
St Paul'S Anglican Church Ojoku	-	200,000
St Saviours School	200,000	200,000
ACE Charity	293,600	-
Addefort Limited	750,000	-
American University Of Nigeria	1,500,000	-
Babcock University Hospital	132,000	-
Care.Org.Public Enlight	1,000,000	-
Federal Nigeria Society For The Blind	250,000	-
Federal Road Safety Corps	650,000	-
Ibadan Golf Club	1,000,000	-
Kuru Old Students	5,000,000	-
Lagos State Government	550,000	-
Lydia Women Foundation	400,000	-
Master Hevi's Hearing Aid Acquisition	400,000	-
Meadow Hall Charity Foundation	600,000	-
National Association Of Insurance And Pension Correspondents (NAIPCO)	350,000	-
NEEM Foundation	500,000	-
Nigerian Actuarial Society	250,000	-
Ogun State Investors Forum	500,000	-
Port Harcourt Club	250,000	-
Rotary International D9110	1,500,000	-
Sebeccly Lycancer Care And Support Centre	500,000	-
Sickle Cell Foundation Nigeria	500,000	-
Society For The Performing Arts In Nigeria	500,000	-
SOS Children's Villages Nigeria	241,890	-
Demonstration School For The Deaf	89,302	-
Master Oke Olamide Ayomiposi Heart Treatment	300,000	-
Bethesda School For The Blind	426,000	-
Others	-	1,711,316
	50,891,387	**64,882,789**

Directors' Report continued
For The Year Ended 31 December 2018

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 (2017: Nil).

Auditors
Messrs KPMG professional services was appointed as auditors during the year in line with the NAICOM regulation on auditor rotation. Having satisfied the relevant corporate governance rules on their tenure in office have indicated their willingness to continue in office as auditors to the group. In accordance with section 357 (2) of the companies and Allied Matters Act of Nigeria, Therefore, the auditors will be re-appointed at the next annual general meeting of the group without any resolution being passed.

BY ORDER OF THE BOARD

Olumide Hanson
FRC/2019/NBA/00000019064
Ag. Company Secretary
121/123 Funso Williams Avenue
Iponri
Lagos

21 March 2019

Statement of Directors' Responsibilities

For The Year Ended 31 December 2018

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

The directors accept responsibility for the preparation of the annual (consolidated and separate) financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004, the Financial Reporting Council of Nigeria Act, 2011, the Insurance Act 2003 and relevant National Insurance Commission of Nigeria ("NAICOM") Circulars.

The directors further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

The directors have made assessment of the Group and Company's ability to continue as a going concern and have no reason to believe that the Group and Company 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
21 March 2019

Mr. Seyi Bickersteth
Non - Executive Director
FRC/2014/ICAN/00000010151
21 March 2019

Corporate Governance Report

For The Year Ended 31 December 2018

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 a total of nine directors as at 31 December 2018. 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	5
Names	**8th March, 2018**	**17th May, 2018**	**25th July, 2018**	**7th September, 2018**	**8th November, 2018**
Gen. (rtd) Martin Luther Agwai	×	✓	✓	✓	✓
Mr. Oye Hassan-Odukale	✓	✓	✓	✓	✓
Mr. Tunde Hassan-Odukale	✓	✓	✓	✓	✓
Ms. Adetola Adegbayi	✓	✓	✓	✓	✓
Mr. Jeremy Rowse (Independent)	✓	×	×	✓	✓
Mr. Eugene Curley	✓	✓	✓	×	✓
Mrs. Mowunmi Sotubo	✓	✓	×	✓	✓
Mr. Odein Ajumogobia (Independent)	✓	✓	✓	✓	✓
Mr. Seyi Bickersteth (Independent)	✓	✓	✓	✓	✓

Key: ✓ Present × Apology

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.

Corporate Governance Report continues

For The Year Ended 31 December 2018

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 four meetings in 2018 :

- 6 March 2018
- 15 May 2018
- 23 July 2018
- 6 November 2018

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 four meetings in 2018:

- 7 March 2018
- 16 May 2018
- 24 July 2018
- 7 November 2018

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, internal audit, internal control and compliance 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 four meetings in 2018:

- 7 March 2018
- 16 May 2018
- 24 July 2018
- 7 November 2018

d. Nomination and Remuneration Committee:

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 & Feedback

For The Year Ended 31 December 2018

Strategy for Handling Customer Feedback and Complaints

We are currently running our three year planning horizon (2017 – 2020). As customers progressively become more informed and erudite, there is greater demand for customized and personalized insurance products and services.

One of our key strategy to providing an enhanced customer experience is our provision of a 24/7 customer service. This ensures continuous customer engagement through our complaints management and customer resolution. Our Investment in technology has grown tremendously to provide our customers with the option of self –service . To this regard a continuous gear to enhancing our own data management is very pertinent. We have also improved our feedback gathering mechanisms. Our services have been extended to managing our customers efficiently through our digital platforms which includes our Mobile Apps, Web chats, WhatsApp and CRM integration. We are constantly incorporating customer feedback from these channels into product design/ redesign. This has resulted in improved product acceptability and reduced cases of product failures and attainment of customer goodwill

With the above, Leadway seeks to expand its customer loyalty with an all-inclusive view and wider understanding of the customer. Customer journey maps and plans are been developed based on insights and analysis from direct feedback from customers. This has proven to be very effective in understanding customer's pain points and boosting our customer retention.

Complaints Channels

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

- Our Leadway Assurance Company Limited Customer Service front desks, corporate office and designated branches for walk in customers
- Complaint e-mail channel; **insure@leadway.com**
- Our Leadway Assurance Company Limited hotline; 01-2700700, 01-2800700, 08129997027, 08129997178
- Our website platform; **www.leadway.com**
- Our Leadway Mobile App
- Our Leadway WhatsApp - 08080577724
- Social media

- *Facebook* - ***www.facebook.com/LeadwayAssurance/***
- *Twitter* - ***@LeadwayInsure***
- Instagram- **@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.

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.

Complaints & Feedback
For The Year Ended 31 December 2018

- 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."

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 2018.

Month	Complaints received during the year	Number of complaints resolved	Number complaints unresolved	Number of unresolved complaints within SLA*
January	56	56	-	3
February	11	11	-	-
March	18	18	-	-
April	8	8	-	-
May	7	7	-	-
June	9	9	-	-
July	4	4	-	-
August	5	5	-	-
September	6	6	-	1
October	10	10	-	-
November	4	4	-	-
December	8	8	-	-
Total	**146**	**146**	-	**4**

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's Discussion And Analysis

For The Year Ended 31 December 2018

All amounts are in thousands of Naira unless otherwise stated

This 'Management Discussion and Analysis'" (MD&A) has been prepared as at 31 December 2018 and should be read in conjunction with the consolidated financial statement account of Leadway Assurance Company Limited and subsidiary companies.

Leadway Group is made up of Leadway Assurance Company Limited, (parent company) and 1 subsidiary Leadway Vie Cote d'Ivoire. The group is registered and incorporated in Nigeria and its major business activities are: Insurance risk underwriting provisions of leisure 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.
Leadway Assurance Company Limited decided to focus on its core Insurance business thus divested its non-insurance subsidiaries (Leadway Pensure PFA Limited, Leadway Capital & Trust Limited, Leadway Hotels Limited, Leadway Properties & Investments Limited & Leadway Assets Management Company Limited) during the year to Leadway Holdings Limited. The divestment is to drive synergy and efficient capital allocation within the group.
Leadway Vie Cote d'Ivoire is a life Insurance Company which is "born digital" was also launched during the year. Leadway Vie has been planned and is being executed as a digital-led business. It is being positioned as a company to TRUST - we will not tell stories when our customers need us. This is our first venture outside Nigeria.

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

Leadway is currently running with a 3+ year strategic planning cycle (2017 - 2020). Leadway's Strategic plan involves measures and initiatives to help achieve targeted growth and profitability. in 2018, the focus was more on deploying and harnessing our various digital assets to enhance customer experience and drive growth in the top line.

Our overall strategic aspiration is to maintain our number position in market share and profitability. We intend to achieve this by fully embracing digitization in all aspects of our business, diversify our business portfolio and dominate out chosen markets. These three pillars will be supported with specific initiatives around scalable technology & digital platforms, efficient service delivery and customer service excellence, optimum human capital as a source of competitive advantage, effective risk management, relevant partnerships and alliances.

We will aspire to continue to grow our retail footprints as we believe this is the future and continue to maintain our market leadership in corporate businesses.

In 2019 - 2020, we will focus on sweating our digital Assets and platforms, fine-tune our products to appeal more to our target and ensure a seamless customer experience across board.

Financial Performance	Group			Company		
	31-Dec-18 N	31-Dec-17 N	% change	31-Dec-18 N	31-Dec-17 N	% change
Gross Premium	88,039,621	84,189,079	5%	87,519,720	84,189,079	4%
Net Premium	71,594,317	69,823,794	3%	71,121,875	69,823,794	2%
Total Underwriting Income	73,495,542	72,509,653	1%	73,001,546	72,509,653	1%
Investment Income	22,906,975	16,817,799	36%	22,805,449	16,817,799	36%
Claims expenses	13,386,311	13,439,169	0%	12,866,252	13,439,169	-4%
Annuity Claim	21,025,441	13,992,401	50%	21,025,441	13,992,401	50%
Underwriting expenses	6,212,038	6,064,607	2%	6,159,494	6,064,607	2%
Underwriting Profit/(loss)	2,961,928	(10,400,971)	-128%	2,809,755	(10,400,971)	-127%
Operating expenses including employee benefit expenses	10,544,540	6,816,612	55%	9,849,952	6,816,612	44%
Profit before tax	9,533,005	13,448,965	-29%	11,412,782	13,448,965	-15%
Earnings per share in kobo	47	86	-46%	59	83	-28%

Management's Discussion And Analysis

For The Year Ended 31 December 2018

Performance ratios (based on Gross Written Premium)

	Group		Company	
	31-Dec-18 %	31-Dec-17 %	31-Dec-18 %	31-Dec-17 %
Underwriting expenses ratio	7	7	7	7
Claims ratio	39	33	39	33
Operating expenses ratio	12	8	11	8
Combined ratio	58	48	57	48
Underwriting profit ratio	3	-12	3	-12
Profitability ratio	11	16	13	16

Performance ratios (based on Net Written Premium)

	Group		Company	
	31-Dec-18 %	31-Dec-17 %	31-Dec-18 %	31-Dec-17 %
Underwriting expenses ratio	9	8	9	8
Claims ratio	48	38	47	38
Operating expenses ratio	15	10	14	10
Combined ratio	71	57	70	57
Underwriting profit ratio	4	-15	4	-15
Profitability ratio	13	19	16	19

The Group experienced a growth of 5% in Gross written premium, 3% in net premium when compared to prior year result. The growth recorded was largely from Special risk business

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 3% growth when compared with prior year performance. The Group paid out N34.4 billion in claims and insurance benefits, an increase of 50% over previous year's payout. The claims ratio finished at 39%, this could be better managed even as management continues to focus on improving this ratios.

Underwriting result at the end of the year amounted to N3billion compared with N10.4 billion loss recorded in the prior year ended December 2017. This was mainly due to increase in yield on Bond securities over the year which resulted in drop in liabilities of our life business and consequently a drop in movement in annuity fund from N49bn in 2017 to N30bn in the current year. This drop in liability valuation is compensated by a corresponding fair value loss in investment security measured at fair value

Investment Income

Investment income for the year amounted to N22.9billion with prior year performance of N16.8billion which translates to an increase of 32% over previous year. Interest income from bonds continues to dominate our investment income.

Operating Expenses

The Group total Operating expenses for the year stood at N10.5billion as against N6.8 billion in prior year. This represents an increase of 54%. This management continues to watch costs on a regular basis with the aim of keeping it within acceptable limits

Foreign Exchange Revaluation Gain

The marginal impact of exchange rate on performance was due to the Company's adoption of NIFEX rate as against CBN rate which depreciated by 8% during the year . This recorded exchange gains 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 positive impact of exchange gains on the bottom line in the financial statements.

Management's Discussion And Analysis continued

For The Year Ended 31 December 2018

The foreign currencies liabilities are well- matched as the assets supporting them were also held in foreign currencies as at 31 December 2018.

Fair Value Gain/Loss

Yield on FGN Bonds increased during the year closing with an average yield of 15% on all Federal Government maturities versus 14% (average) that it opened the year with. The first half of the year was quite active in the Bond market, driven by improved macro indices. Slowing inflation and rising oil price kept yields depressed early in the year. Expectations of rising inflation at the end of the first half served as the trigger for an upward trend in bond yields. Heightened political risk in the run up to the 2019 elections and improved yields in the U.S also led offshore participants to exit the fixed income market, putting upward pressure on yields.

The upward move in yield has an inverse effect on the value of our bond holdings. Therefore, we recorded significant fair value loss in our debt financial instruments designated at fair value through profit or loss. Fair value gain of N10.4bn was recorded for the year 2017 compared to a fair value loss of N10.5bn in 2018.

Independent Auditors' Report

To the Shareholders of Leadway Assurance Company Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Leadway Assurance Company Limited ("the Company") and its subsidiary (together, "the group"), which comprise the consolidated and separate statements of financial position as at 31 December, 2018, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information, as set out on pages 20 to 136.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of the Company and its subsidiary as at 31 December, 2018, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004 and the Financial Reporting Council of Nigeria Act, 2011, the Insurance Act 2003 and relevant National Insurance Commission of Nigeria ("NAICOM") Circulars.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the consolidated and separate Financial Statements* section of our report. We are independent of the Group and Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the consolidated and separate financial statements in Nigeria and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of Insurance Contract Liabilities

The Group and the Company have significant life and non-life insurance contract liabilities of N227.4 billion (2017: N184 billion). The valuation of insurance contract liabilities involves high estimation uncertainties and management makes significant judgments over uncertain future outcomes.

Provisions for reported claims are based on historical experience, however, the eventual liabilities may differ from the estimated amounts. Furthermore, the estimated liability for claims that have occurred but are yet to be reported in respect of non-life insurance contracts involve economic assumptions about inputs such as inflation rate, ultimate loss ratio and discount rates, hence the eventual outcome is uncertain.

The actuarial assumptions used in the valuation of life insurance contract liabilities are judgmental, particularly with respect to mortality rates, expenses and discount rates.
The level of complexity, the assumptions and judgment involved in estimating these amounts make insurance contract liabilities a matter of significance to our audit.

How the matter was addressed in our audit
Our audit procedures included the following:

- We evaluated the design, implementation and operating effectiveness of key controls implemented by the Group and the Company which includes management review of data used for the valuation of insurance contract liabilities.
- We tested the accuracy and completeness of the data used in actuarial valuations by checking the claims paid, outstanding claims and underwriting information to the underlying data.
- We engaged our actuarial specialists to challenge the appropriateness of the methodology used by the Group and the Company's external actuary in calculating the insurance contract liabilities. This involved an assessment of the appropriateness of the valuation methods, taking into account industry practice and specific product features of the Group and the Company.
- With the assistance of our actuarial specialist, we evaluated the reasonableness of the actuarial assumptions used by the Group and the Company's external actuary and independently performed liability adequacy tests on insurance contract liabilities including assumptions and estimates on the projected cash flows, basic chain ladder runoff period, inflation rate, mortality and discount rate by comparing them to Group and the Company specific data and market experience.
- We assessed whether the Group and the Company's valuation methodology and assumptions were consistent between reporting periods as well as indicators of possible management bias. We were also assisted by our actuarial specialists in this regard.

The Group's accounting policy on valuation of insurance contract liabilities and related disclosures are shown in notes 2.13 and 2.14 (accounting policy), note 4(a) (critical accounting estimates and judgments) and note 23 (insurance contract liabilities) respectively.

Other Matter
The financial statements of the Group and the Company for the year ended December 31, 2017 were audited by another auditor who expressed an unmodified opinion on those statements on April 9, 2018.

Other Information
The Directors are responsible for the other information which comprises its corporate profile, directors¡¦ report, statement of directors' responsibilities, corporate governance report, complaint and feedback statement 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 consolidated and separate financial statements and our audit report thereon), which we obtained prior to the date of this auditor's report, and the Chairman's statement, Leadway at a glance, Leadway subsidiary, branch directory report and corporate information (together ¡§the outstanding reports¡¨), 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 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 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 obtained prior to the date of the auditor¡¦s report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.
When we read the outstanding reports, 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 for the Consolidated and Separate Financial Statements
The Directors are responsible for the preparation of consolidated and separate financial statements that give a true and fair view in accordance with IFRSs and in the manner required by the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004 and the Financial Reporting Council of Nigeria Act, 2011, the Insurance Act 2003 and relevant National Insurance Commission of Nigeria

("NAICOM") Circulars, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and Company¡¦s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of directors¡¦ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and the Company¡¦s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor¡¦s report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor¡¦s report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

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

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

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

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

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor¡¦s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements
Compliance with the requirements of Schedule 6 of the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004 and Section 28(2) of the Insurance Act 2003

In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books and the Company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.

Kabir Okunlola, FCA
FRC/2012/ICAN/00000000428
For: KPMG Professional Services
Chartered Accountants
25 March, 2019
Lagos, Nigeria

Company Information And Summary Of Significant Accounting Policies

For The Year Ended 31 December 2018

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.

At 31 December 2018, the company holds 99.99% shareholding in Leadway Vie Limited, Cote D'ivoire. All previoulsy held interests in Leadway Capital and Trust Limited, Leadway Properties Limited, Leadway Hotels Limited and Leadway Pensure PFA Limited were distributed to the shareholders of the parent during the year following the approval of the board members at the Annual General Meeting held in May 2018.

The consolidated financial statements of the Group for the year ended 31 December 2018 comprise the Company and its subsidiary (together referred to as the "Group" and individually as" Group entity"). These financial statements were authorised for issue by the directors on the 21 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 subsidiary.

2.1 Basis of Preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRIC) as issued by the international Accounting Standards Board (IASB). The consolidated financial statements have been prepared under the historical cost convention except for the following:

I. Financial instruments at fair value through profit or loss
ii. Available for sale financial assets measured at fair value
iii. Investment properties measured at fair value
iv. Revaluation of land and buildings measured at fair value
v. Insurance liabilities measured at fair value of estimated future cashflows

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

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 2018 and have been applied in preparing these consolidated financial statements.

Company Information And Summary Of Significant Accounting Policies continued

For The Year Ended 31 December 2018

Standard	Effective date	Comments
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 stand-alone 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 has adopted the 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.
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.

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 2018 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

For The Year Ended 31 December 2018

IFRS	Effective Date	Key Requirements
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 17, 'Insurance contract'	1 January 2022	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
IAS 28, 'Investment in Associates'	1 January 2019	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).

IFRS 9 Financial Instruments (Effective 1 Jan 2018)
IFRS 9, Financial instruments, issued by the IASB in July, 2014, fully replaces IASB 39 and provides a new approach on how to classify financial instruments based on their cash flow characteristics and the business model under which they are managed. Furthermore, the standard introduces a new rules for forward-looking impairment model for debt instrument and provides new rules for hedge accounting.

It can be assumed that the main impact from IFRS9 will arise from the new classification rules leading to more financial instrument being measured at a fair value through income as well as the new impairment model. Interdependencies with IFRS17 will need to be considered to assess the ultimate combined impact of both standards.

The amendments to IFRS4, Applying IFRS9 Financial Instruments with IFRS4 Insurance Contracts, issued in September 2016, allow entities that issue insurance contracts within the scope of IFRS 4 to defer the implementation of IFRS 9 until January 2021 under certain circumstances. It is to be noted that the IASB has recently proposed to defer the IFRS9 effective date for such entities in scope by another year until 2022

Given the strong interrelation between the measurement of direct participating insurance contracts and the underlying assets held, the Leadway Assurance Company has decided to use the option to defer the full implementation of IFRS 9 until IFRS 17 becomes effective.

Company Information And Summary Of Significant Accounting Policies continued

For The Year Ended 31 December 2018

All amounts are in thousands of Naira unless otherwise stated

In order to qualify for temporary exemption, an entity has to prove that its activities are predominantly connected to insurance as of 31 December 2015. Under the amended IFRS4, this condition is met if the insurer carries significant liabilities arising from contracts within the scope of IFRS4. Significant insurance-related liabilities are given, among others, if the percentage of the total carrying amount of liabilities connected with insurance relative to the total carrying amount of all liabilities is greater than 90%. A reassessment at a subsequent annual reporting date is required if, and only if, there was a change in the entity's activities during the annual period that ended on that date.

As of 31 December 2015, the Leadway Assurance Group and Company recorded a total amount of liabilities connected with insurance of **N114.6b**, which represented more than 90% of its total liabilities of **N119.3b**. Moreover, of the amount connected with insurance contract, **N109.2b** were related to liabilities arising within the scope of IFRS 4. Other insurance related liabilities amounted to **N5.4b** and included mainly other liabilities like trade payables. The Group and Company did not have any non-derivative investment contract liabilities measured at fair value through income statement. In 2018, there were two material events which qualified as a change in the group's activities. These events include, the distribution of all non - insurance subsidiaries (See further details in note 5 and 15 to this financial statements) and the acquisition of a subsidiary – Leadway Vie (see further details at note 15) to these financial statements. Consequently a reassessment of the Predominance test was carried out as of 31 December 2018 .The result showed that the Group and Company recorded total amount of liabilities connected with insurance of **N265.1b** and **N249.8** which represent more than 90% of its total liabilities of **N269.8b** and **N267.5b** respectively.

The following tables provide an overview of the fair values as of 31 December 2018 and the amounts of change in the fair values during the reporting period separately for financial assets that meet the SPPI criterion (i.e. financial assets with contractual terms that give rise on the specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding excluding any financial asset that meets the definition of held for trading in IFRS9, or that is managed and whose performance is evaluated on a fair value basis) and all other financial assets

Group				
FINANCIAL ASSET UNDER IFRS 9 CLASSIFICATION OF ASSET				
As At 31st Dec 2018	*****Financial Asset that meet SPPI Criterion**		**All Other Financial Asset**	
	Fair Value	Fair Value Change	Fair Value	Fair Value Change
	N	**N**	**N**	**N**
Cash and cash equivalent	33,666,913			
Debt Securities:				
Treasury Bill	2,475,275	-	-	-
Government Bonds	25,514,781	(1,784,532)	-	-
Corporate Bonds	5,633,964	(89,862)	-	-
Sub Total	**33,624,019**	**(1,874,395)**	-	-
Loans and advances	1,395,564	-	-	-
Other Assets	723,613	-	-	-
Equity Securities-Quoted	-	-	10,873,826	(1,530,582)
Equity Securities-Unquoted	-	-	9,704,593	25,095
Others	-	-		
Sub Total	-	-	**20,578,419**	**(1,505,486)**
Grand Total	**69,410,109**	**(1,874,395)**	**20,578,419**	**(1,505,486)**

****These exclude those that meet the definition of held for trading under IFRS 9 or those managed and whose performance is evaluated on fair value basis.*

Company Information And Summary Of Significant Accounting Policies continued

For The Year Ended 31 December 2018

All amounts are in thousands of Naira unless otherwise stated

Group						
CARRYING AMOUNT OF FINANCIAL ASSET THAT MEET SPPI CRITERION BY RATING						
	Rating Agency	Cash and cash equivalents	Treasury Bill	Government Bonds	Corporate Bonds	Others
Investment Grade						
B2	Moody	-	2,475,275	25,097,261	-	-
B2	Moody	-	-	-	5,293,597	-
A+	GCR	-	-	-	215,919	-
Not rated		33,666,913	-	417,520.00	124,448	2,119,177
		33,666,913	2,475,275	25,514,781	5,633,964	2,119,177

Company				
As At 31st Dec 2018	*****Financial Asset that meet SPPI Criterion**		**All Other Financial Asset**	
	Fair Value	Fair Value Change	Fair Value	Fair Value Change
	N'000			
Cash and cash equivalent	32,978,304			
Debt Securities:				
Treasury Bill	2,475,275	-	-	-
Government Bonds	25,097,261	(1,784,532)	-	-
Corporate Bonds	5,633,964	(89,862)	-	-
Sub Total	**33,206,499**	**(1,874,395)**	-	-
Loans and advances	1,395,564	-	-	-
Other Assets	723,613	-	-	-
Equity Securities-Listed	-	-	10,873,826	(1,530,582)
Equity Securities-Unlisted	-	-	9,704,593	25,095
Others	-	-		
Sub Total	-	-	**20,578,419**	**(1,505,486)**
Grand Total	**68,303,981**	**(1,874,395)**	**20,578,419**	**(1,505,486)**

******These exclude those that meet the definition of held for trading under IFRS 9 or those managed and whose performance is evaluated on fair value basis.***

Company						
CARRYING AMOUNT OF FINANCIAL ASSET THAT MEET SPPI CRITERION BY RATING						
	Rating Agency	Cash and cash equivalents	Treasury Bill	Government Bonds	Corporate Bonds	Others
Investment Grade						
B2	Moody	-	2,475,275	25,097,261	-	-
B2	Moody	-	-	-	5,293,597	-
A+	GCR	-	-	-	215,919	-
Not rated		32,978,304	-	-	124,448	2,119,177
		32,978,304	**2,475,275**	**25,097,261**	**5,633,964**	**2,119,177**

Company Information And Summary Of Significant Accounting Policies continued

For The Year Ended 31 December 2018

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, it derecognises the assets and liabilities of the subsidiary, any related NCI and other components of equity. Any resulting gain or loss is recognised in statement of profit or loss, 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 continued

For The Year Ended 31 December 2018

2.4 Non-Current Asset held for Distribution and Discontinued Operations

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale or distribution rather than through continuing use, are classified as held for sale or distribution. Before being classified as held for sale or distribution, the assets, or components of a disposal group, are re-measured in accordance with the Group's accounting policies. Conditions to be met before assets qualify as being held for sale/distribution include the following:

- management is committed to a plan to sell;
- the asset is available for immediate sale;
- an active programme to locate a buyer is initiated;
- the sale is highly probable, within 12 months of classification as held for sale (subject to limited exceptions);
- the asset is being actively marketed for sale at a sales price reasonable in relation to its fair value; and
- actions required to complete the plan indicate that it is unlikely that plan will be significantly changed or withdrawn.

Thereafter, the assets or disposal group, are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to financial assets and deferred tax assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale or distribution and subsequent gains and losses on re-measurement are recognised in profit or loss.

Intangible assets and property and equipment once classified as held for sale or distribution are not amortised or depreciated. In addition, equity accounting of equity-accounted investees ceases once classified as held for sale or distribution. In line with IFRIC 17, the subsidiaries being spun off will be distributed as dividend to the shareholders of the parent. The dividend payable will be at the fair value of the net assets to be distributed. For discontinued operations, the Group presents discontinued operations in a separate line in the Income statement if an entity or a component of an entity has been disposed of or is classified as held for sale and: (a) represents a separate major line of business or geographical area of operations; (b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or (c) is a subsidiary acquired exclusively with a view to resale. Net profit from discontinued operations includes the net total of operating profit and loss before tax from operations, including net gain or loss on sale before tax or measurement to fair value less costs to sell and discontinued operations tax expense. A component of an entity comprises operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the Group's operations and cash flows. If an entity or a component of an entity is classified as a discontinued operation, the Group restates prior periods in the Income statement. Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

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.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate on the date when the fair value was determined. Non-monetary assets that are measured based on historical cost in a foreign currency are translated at the exchange rate on the date of the transaction.

Company Information And Summary Of Significant Accounting Policies continued

For The Year Ended 31 December 2018

Foreign exchange gains and losses that relate to borrowings are presented in the statement of comprehensive income within 'finance income or cost'.

Changes in the fair value of debt securities denominated in foreign currency and classified as available for sale are analysed between translation differences resulting from changes in the fair value of the security, and translation differences arising from changes in amortised cost. Translation differences related to changes in amortised cost are recognised in statement of comprehensive income while translation related to changes in fair value 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'. except on impairment, in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss.

The assets and liabilities of foreign operations including goodwill and fair value adjustments arising on acquisition are translated at the exchange rate on the reporting date. The income and expenses of foreign operations are translated at the exchange rate at the dates of transactions. Foreign currency differences on foreign operations are recognised in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

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 continued

For The Year Ended 31 December 2018

<table>
<tr><th colspan="2">Category
(as defined by IAS 39)</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 rowspan="6">Loans and receivables</td><td>Held for trading</td><td>Listed Equity securities</td></tr>
<tr><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 reinsurers</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 continued

For The Year Ended 31 December 2018

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.

Subsequent measurement

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 receivable 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.

(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.

Company Information And Summary Of Significant Accounting Policies continued

For The Year Ended 31 December 2018

Available-for-sale financial assets are carried at fair 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 been established.

(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 net of allowance made for specific debts considered doubtful of recovery. Trade receivables are reviewed at every reporting period for impairment (See 2.6a) 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.

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

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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 setting a 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 reversed by adjusting the allowance account. The amount of the reversal is recognised in the statement of comprehensive income.

(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.

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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 liability 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.

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.

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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.

The group also derecognises a financial liability when its terms are modified and the cashflows of the modified liability are substancially different, in which case a new financial laibilty based on the modified terms is recognised at fair value.
On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid including any non cash assets transferred or liabilities assumed is recognised in profit or loss.

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.

Any gain or loss or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in statement of comprehensive income. When investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

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.

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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.

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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 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:

Land	-	Not depreciated
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.

Re-classification to investment property
When the use of a property changes from owner-occupied to investment property, the property is re-measured to fair value and reclassified accordingly.
Any gain arising on this re-measurement is recognised in statement of comprehensive income to the extent that it reverses a previous impairment loss on the specific property with any remaining gain recognised in OCI and presented in revaluation reserve.
Any loss is recognised in statement of comprehensive income. However, to the extent that an amount is included in revaluation surplus for that property, the loss is recognised in OCI and reduces the revaluation surplus in equity.

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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.

(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.

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(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.

(b) Insurance contracts- Recognition and measurement

(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.

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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 Statement of financial position 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. 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.

(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.

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2.14 Insurance contract liabilities

The recognition and measurement of Insurance contract liabilities is determined 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.

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).

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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.

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.

Company Information And Summary Of Significant Accounting Policies continued

For The Year Ended 31 December 2018

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.

The Group introduced a defined contributory post employment benefit scheme during the year for its Executive Directors. Under the scheme, the Group contributes fixed amounts as determined by the Board of Directors to their respective Pension Fund Administrators. The contribution made in the year and for past service has been charged to profit or loss.

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.

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.

Company Information And Summary Of Significant Accounting Policies continued

For The Year Ended 31 December 2018

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.

The insurance subsidiary maintains a Legal reserve in accordance with the provisions of Article 346 of the OHADA Treaty on Commercial Companies and Economic Interest Groupings, a company is expected to set aside 10% of its profit after tax, after payment of dividends minus carried forward losses as legal reserve. This ceases to be mandatory when the amount so set aside reaches 20% of its stated capital.

(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

When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognised as deduction from equity.

Repurchased shares are classified as treasury shares and are presented in the treasury shares reserve. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity and the resulting surplus or deifcit on the transaction is presented within share premium.

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.

Company Information And Summary Of Significant Accounting Policies continued

For The Year Ended 31 December 2018

(iii) Dividend income

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

(iii) 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.

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.

Financials

IN THIS SECTION

Consolidated And Separate Statement Of Financial Position

For The Year Ended 31 December 2018

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

ASSETS	Notes	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Cash and cash equivalents	6	**33,666,913**	29,043,554	**32,978,304**	27,800,239
Trade receivables	7	**396,614**	231,987	**395,585**	231,987
Investment securities:	8				
- Financial assets at fair value through profit or loss	8.1	**156,009,761**	130,185,303	**156,009,761**	129,997,627
- Available for sale financial assets	8.2	**53,697,478**	17,012,524	**53,279,959**	17,007,767
- Held to maturity financial assets	8.3	**-**	36,236,431	**-**	32,917,325
Reinsurance assets	9	**43,758,359**	35,235,352	**43,688,887**	35,235,353
Deferred acquisition cost	10	**851,069**	548,797	**851,069**	548,797
Other receivables and prepayments	11	**1,471,347**	4,663,679	**1,417,602**	3,534,606
Loans and advances	12	**1,395,564**	3,434,853	**1,395,564**	1,065,407
Property and equipment	13	**3,585,224**	6,751,530	**3,428,095**	3,828,939
Investment properties	14	**19,096,447**	15,637,546	**16,414,443**	14,963,765
Investment in subsidiaries	15	**-**	-	**2,153,425**	3,637,495
Deferred tax assets	16	**-**	313,462	**-**	286,446
Intangible assets	17	**1,906,391**	3,991,663	**255,339**	392,884
Statutory deposits	18	**500,000**	500,000	**500,000**	500,000
TOTAL ASSETS		**316,335,167**	283,786,681	**312,768,033**	271,948,637
LIABILITIES					
Trade payables	19	**2,637,512**	3,633,509	**2,564,194**	3,633,509
Current income tax liabilities	20	**1,141,689**	1,820,530	**1,083,948**	1,119,536
Other liabilities	21	**14,824,878**	15,622,409	**14,637,583**	12,926,747
Borrowings	22	**-**	160,275	**-**	-
Insurance contract liabilities	23	**227,462,674**	183,982,546	**225,437,157**	183,982,546
Investment contract liabilities	24	**21,890,990**	22,532,309	**21,890,990**	22,532,309
Deferred tax liabilities	16	**1,883,284**	731,601	**1,883,284**	693,427
TOTAL LIABILITIES		**269,841,027**	228,483,179	**267,497,156**	224,888,074
EQUITY					
Issued and paid up share capital	25	**10,000,000**	4,682,450	**10,000,000**	4,682,450
Share premium	25	**588,575**	4,433,748	**588,575**	4,433,748
Retained earnings	25	**19,380,490**	25,324,605	**18,361,621**	20,795,498
Other reserves	25	**16,524,865**	17,919,022	**16,320,681**	17,148,867
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**46,493,930**	52,359,825	**45,270,877**	47,060,563
Non controlling interest	26	**210**	2,943,676	**-**	-
TOTAL EQUITY		**46,494,140**	55,303,501	**45,270,877**	47,060,563
TOTAL EQUITY AND LIABILITIES		**316,335,167**	283,786,681	**312,768,033**	271,948,637

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS ON 21 March 2019 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.

LEADWAY ASSURANCE COMPANY LIMITED

Consolidated And Separate Statement Of Comprehensive Income

For The Year Ended 31 December 2018

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

	Notes	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Gross premium written	27	**88,039,621**	84,189,079	**87,519,720**	84,189,079
Gross premium income	27	88,257,131	84,479,591	**87,737,230**	84,479,591
Reinsurance expenses	28	**(16,662,814)**	(14,655,797)	**(16,615,355)**	(14,655,797)
Net premium income		**71,594,317**	69,823,794	**71,121,875**	69,823,794
Commission income	29	**1,901,225**	2,685,859	**1,879,671**	2,685,859
Underwriting income		**73,495,542**	72,509,653	**73,001,546**	72,509,653
Claims expenses	30	**(34,411,752)**	(27,431,570)	**(33,891,693)**	(27,431,570)
Increase in annuity fund		(30,020,421)	(49,313,019)	**(30,020,421)**	(49,313,019)
Increase in individual life fund		**110,597**	(101,428)	**(120,183)**	(101,428)
Underwriting expenses	31	**(6,212,038)**	(6,064,607)	**(6,159,494)**	(6,064,607)
Total underwriting expense		**(70,533,614)**	(82,910,624)	**(70,191,791)**	(82,910,624)
Total underwriting profit/ (loss)		**2,961,928**	**(10,400,971)**	**2,809,755**	**(10,400,971)**
Investment income	32	**22,906,975**	16,817,799	**22,805,449**	16,817,799
Profit/ (loss) on investment contracts		**239,712**	709,583	**239,712**	709,583
Net fair value (loss)/gain on assets at fair value	33	**(10,508,532)**	10,389,987	**(11,809,671)**	10,389,987
Other operating income	34	**4,454,681**	2,951,499	**4,262,904**	2,951,499
Gain on assets distributed	5	**-**	-	**2,931,805**	-
Employee benefit expenses	35	**(4,009,793)**	(1,963,599)	**(3,845,148)**	(1,963,599)
Other operating expenses	36	**(6,534,747)**	(4,853,013)	**(6,004,804)**	(4,853,013)
		9,510,224	13,651,285	**11,390,002**	13,651,285
Net impairment write back / losses	37	**22,781**	(202,320)	**22,781**	(202,320)
Profit before income tax		**9,533,005**	13,448,965	**11,412,782**	13,448,965
Income tax expense	38	**(2,269,424)**	(652,304)	**(2,229,461)**	(652,304)
Profit for the year from continuing operations		**7,263,581**	12,796,661	**9,183,321**	12,796,661
Loss for the year from discontinued operations	5	**(1,238,304)**	1,039,772	**-**	-
Profit for the year		**6,025,277**	13,836,433	**9,183,321**	12,796,661
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		**(2,855,554)**	3,909,170	**(2,855,554)**	3,897,164
Net amount transferred to the income statement		**110,070**	63,920	**110,070**	63,920
Items within OCI that will not be reclassified to the profit or loss:					
Gain on revaluation of properties and equipment net of tax		**91,776**	108,970	**91,776**	72,073
Other comprehensive income for the year		**(2,653,708)**	4,082,060	**(2,653,708)**	4,033,157
Total comprehensive income for the year		**3,371,569**	17,918,493	**6,529,613**	16,829,818
Profit attributable to:					
- Owners of the Company		**6,025,175**	13,341,926	**9,183,321**	12,796,661
- Non-controlling interest		**102**	494,507	**-**	-
Profit for the year		**6,025,277**	13,836,433	**9,183,321**	12,796,661
Total Comprehensive income attributable to:					
- Owners of the Company		**3,371,467**	17,405,980	**6,529,613**	16,829,818
- Non-controlling interest		**102**	512,513	**-**	-
Total comprehensive income for the year		**3,371,569**	17,918,493	**6,529,613**	16,829,818
Total Comprehensive income attributable to equity shareholders arises from:					
- Continuing operations		**3,371,569**	17,918,493	**6,529,613**	16,829,818
- Discontinued operations		**-**	-	**-**	-
Total comprehensive income for the year		**3,371,569**	17,918,493	**6,529,613**	16,829,818
Basic/Diluted - Earnings per share (kobo):					
- From continuing operations	40	**47**	86	**59**	83
- From Discontinued operations	40	**(8)**	7	**-**	-
- Total Comprehensive Income for the Year	40	**39**	93	**59**	83

* Items disclosed in other comprehensive income do not have tax effects based on relevant tax regulation

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

Consolidated Statement Of Changes In Equity

For The Year Ended 31 December 2018

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

	ATTRIBUTABLE TO OWNERS OF THE PARENT										
Group 2018	**Share capital**	**Share premium**	**Retained earnings**	**Fair value reserve on Available for sale financial assets**	**Contingency reserve**	**Asset revaluation reserve**	**Treasury shares**	**Translation reserve**	**Total**	**Non controlling interest**	**Total**
As at 1 January 2018	**4,682,450**	**4,433,748**	**25,324,605**	**5,832,593**	**10,472,100**	**1,694,017**	**(79,688)**	-	**104,719,650**	**2,943,676**	**107,663,326**
Profit for the year	-	-	6,025,175	-	-	-	-	-	6,025,175	102	6,025,277
Other comprehensive income							-	-			
Net changes in fair value of AFS financial instruments	-	-	-	(2,855,554)	-	-	-	-	(2,855,554)	-	(2,855,554)
Net amount transferred to income statement				110,070					110,070		110,070
Fair value transferred on disposal of property an equipment	-	-	30,000	-	-	(30,000)	-	-	-	-	
Fair value gain on Property and equipment net of tax	-	-	-	-	-	91,776	-	-	91,776	-	91,776
Total comprehensive income for the year	**-**	**-**	**6,055,175**	**(2,745,484)**	**-**	**61,776**	**-**	**-**	**3,371,467**	**102**	**3,371,569**
Transaction with owners and directly in equity:											
Transfer to contingency reserve	-	-	(2,034,798)	-	2,034,798	-	-	-	-	-	
Cash dividend paid to equity holders	-	-	(2,697,641)	-	-	-	-	-	(2,697,641)	-	(2,697,641)
Issue of shares of subsidiary acquired	-	-	-	-	-	-	-	-	-	108	108
Transfers from acquired subsidiary			-		-			202,715	-		
Issue of Bonus Shares	5,317,550	(3,845,173)	(1,472,377)	-	-	-	-	-	-		
Distribution of Non - Insurance Subsidiaries	-	-	(3,637,494)	-	-	-	-	-	(3,637,494)		(3,637,494)
Fair value remeasurement of non - insurance subsidiaries distributed	-	-	(2,931,805)	-	-	-	-	-	(2,931,805)		(2,931,805)
Transfers from distributed subsidiaries			774,825	3,551	(772,698)	(258,503)	79,688	-	(173,137)	(2,943,676)	(3,116,813)
Total transactions with owners	**5,317,550**	**(3,845,173)**	(11,999,290)	**3,551**	1,262,100	(258,503)	79,688	202,715	(9,440,077)	(2,943,568)	(12,383,645)
As at 31 December 2018	**10,000,000**	**588,575**	**19,380,490**	**3,090,660**	**11,734,200**	**1,497,290**	**(0)**	**202,715**	**46,493,930**	**210**	**46,494,140**

Consolidated Statement Of Changes In Equity

For The Year Ended 31 December 2018

(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
								-		-
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
Change in NCI	-	-					-	-		-
Total comprehensive income for the year	-	-	13,341,926	3,973,090	-	90,964	-	17,405,980	512,513	17,918,493
Transaction with owners and directly in equity:										
Transfer to contingency reserve	-	-	(2,233,868)	-	2,233,868		-	-	-	-
Contributions of equity net of transaction costs	-	200,000	-	-	-	-	-	200,000	-	200,000
Transfer on decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	-
Proceeds from rights issue	-	-	-	-	-	-	-	-	-	-
Dividend paid to equity holders	-	-	(1,407,749)	-	-	-	-	(1,407,749)	(230,713)	(1,638,462)
Movement in treasury shares	-	-	-	-	-	-	-	-	-	-
Total transactions with owners	-	200,000	(3,641,617)	-	2,233,868	-	-	(1,207,749)	(230,713)	(1,438,462)
As at 31 December 2017	4,682,450	4,433,748	25,324,604	5,832,593	10,472,100	1,694,017	(79,688)	52,359,825	2,943,676	55,303,501

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Separate Statement Of Changes In Equity

For The Year Ended 31 December 2018

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

Company 2018	**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 2018	**4,682,450**	**4,433,748**	**20,795,498**	**5,836,144**	**9,877,208**	**1,435,515**	**47,060,563**
Profit for the year	-	-	9,183,321	-	-	-	9,183,321
Other comprehensive income							
Net changes in fair value of AFS financial instruments	-	-	-	(2,855,554)	-	-	(2,855,554)
Net amount transferred to Income statement				110,070			110,070
Fair value transferred on disposal of property an equipment	-	-	30,000		-	(30,000)	
Fair value gain on property and equipment net of tax	-	-		-	-	91,776	91,776
Total comprehensive income for the year	**-**	**-**	**9,213,321**	**(2,745,484)**	**-**	**61,776**	**6,529,613**
Transaction with owners & directly in equity:							
Transfer to contingency reserve	-	-	(1,855,522)	-	1,855,522	-	-
Contingent consideration on investment in parent		-					-
Contributions of equity net of transaction costs	-	-	-	-	-	-	-
Cash dividend paid to equity holders	-	-	(1,750,000)	-	-	-	(1,750,000)
Issue of Bonus Shares	5,317,550	(3,845,173)	(1,472,377)				-
Distribution of Non - Insurance Subsidiaries			(3,637,494)				(3,637,494)
Fair value remeasurement of non - insurance subsidiaries			(2,931,805)				(2,931,805)
Total transactions with owners of equity	**5,317,550**	**(3,845,173)**	**(11,647,198)**	**-**	**1,855,522**	**-**	**(8,319,299)**
As at 31 December 2018	**10,000,000**	**588,575**	**18,361,621**	**3,090,660**	**11,732,730**	**1,497,291**	**45,270,877**

Separate 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
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	**-**	**-**	**12,796,661**	**3,961,084**	**-**	**72,073**	**16,829,818**
Transaction with owners and directly in equity:							
Contingent consideration on investment in parent	-	200,000	-				200,000
Dividend paid	-	-	(1,500,000)	-	-	-	(1,500,000)
Transfer to contingency reserve	-	-	(2,038,206)	-	2,038,206	-	-
Total transactions with owners of equity	**-**	**200,000**	**(3,538,206)**	**-**	**2,038,206**	**-**	**(1,300,000)**
As at 31 December 2017	**4,682,450**	**4,433,748**	**20,795,497**	**5,836,144**	**9,877,208**	**1,435,515**	**47,060,563**

Consolidated Statement Of Cash Flows

For The Year Ended 31 December 2018

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

Operating activities	**Notes**	**Group 31-Dec-18**	Group 31-Dec-17	**Company 31-Dec-18**	Company 31-Dec-17
Insurance premium received	27	**78,483,485**	78,085,780	**77,964,613**	78,097,950
Reinsurance premium paid	28	**(16,066,270)**	(13,258,167)	**(16,018,811)**	(13,258,167)
Reinsurance commission received	29	**1,901,225**	2,695,767	**1,879,671**	2,695,766
Insurance benefits and claims paid	30	**(47,662,431)**	(27,098,569)	**(47,092,940)**	(27,098,626)
Deposit received on investment contracts	24	**7,954,712**	6,285,199	**7,954,712**	6,285,200
Claims paid on investment contracts	24	**(10,808,192)**	(4,158,808)	**(10,808,192)**	(4,158,808)
Reinsurance claims received	30	**15,513,099**	4,855,822	**15,533,139**	4,855,822
Commission paid		**(4,125,898)**	(2,346,253)	**(4,073,354)**	(2,346,253)
Premium received in advance		**7,508,054**	5,664,315	**7,349,516**	5,664,315
Cash paid to insurance brokers and reinsurers	10	**(1,783,496)**	(3,233,429)	**(1,783,496)**	(3,233,429)
Cash paid to employees		**(3,190,477)**	(3,689,445)	**(3,025,832)**	(2,064,241)
Cash paid to external parties		**(6,671,378)**	(4,546,527)	**(5,297,432)**	(3,981,859)
		21,052,433	39,255,685	**22,581,594**	41,457,670
Corporate tax paid	20	**(793,829)**	(1,097,964)	**(788,745)**	(468,157)
Net cash used in operating activities		**20,258,604**	38,157,721	**21,792,849**	40,989,513
Cash flows from investing activities					
Investment income received		**23,375,394**	17,881,192	**23,367,307**	16,062,384
Purchase of investment property	14	**(480,811)**	-	**(430,509)**	-
Dividend received		**724,382**	137,527	**724,382**	634,569
Other income received		**4,329,288**	4,779,941	**3,118,789**	219,450
Proceeds on disposal of property and equipment		**132,319**	41,986	**132,319**	-
Purchase of Financial assets designated at fair value	8.1	**(53,566,530)**	(63,523,179)	**(53,566,530)**	(63,511,172)
Purchase of available for sale financial asset	8.2	**(11,925,738)**	(2,222,141)	**(11,649,449)**	(2,222,141)
Purchase of Held to Maturity Investment Securities	8.3	**(22,981,328)**	(26,110,084)	**(22,981,328)**	(25,311,059)
Payment for Loans and Receivables		**(853,120)**	(2,603,716)	**(853,120)**	(447,040)
Purchase of intangible assets	17	**(55,494)**	(265,934)	**(27,008)**	(223,369)
Purchase of property and equipment	13	**(528,590)**	(1,313,917)	**(415,691)**	(455,856)
Proceeds on disposal of Investment securities		**44,217,665**	41,355,716	**44,198,619**	41,343,712
Loans repayment received		**370,072**	1,347,787	**370,072**	819,740
Refund of deposit for shares to subsidiary		**246,422**		**246,422**	-
Cash on acquisition		**2,230,307**			
Cash from subsidiaries distributed		**(1,243,315)**			
Deposit for shares for acquisition of subsidiary		**-**	(2,656,075)	**-**	(2,656,075)
Net cash used in investing activities		**(16,009,077)**	(33,150,897)	**(17,765,725)**	(35,746,857)
Cash flows from financing activities					
Dividend paid to equity holders (parents)		**(2,697,641)**	(1,407,749)	**(1,750,000)**	(1,500,000)
Dividend paid to equity holders (NCI)		**-**	(230,713)	**-**	-
Proceeds from rights issue		**-**	-	**-**	-
Repayments of borrowings	22	**-**	(201,518)	**-**	-
Additions to borrowings	22	**-**	-	**-**	-
Proceeds from issue of shares		**-**	-	**-**	-
Net cash used in financing activities		**(2,697,641)**	(1,839,980)	**(1,750,000)**	(1,500,000)
Net increase in cash and cash equivalents		**1,551,886**	3,166,845	**2,277,124**	3,742,657
Effect of exchange rate fluctuations on cash held		**1,876,696**	1,052,792	**1,706,164**	1,062,662
Cash and cash equivalents at beginning of year	6	**30,238,331**	26,018,694	**28,995,016**	24,189,697
Cash and cash equivalent at end of year	6	**33,666,913**	30,238,331	**32,978,304**	28,995,016

Note To The Financial Statements

For The Year Ended 31 December 2018

ENTERPRISE RISK MANAGEMENT (ERM) STATEMENT

3 Introduction

Leadway Assurance Company Limited (Leadway) applies an entity-wide approach to its 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 the internal stakeholders with the guidance that ensures 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 to 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 the greatest threats to our existence and operations as an insurance and investment company. In so doing we
- i) will, in the long run, manage risks that are less significant.

- ii) **We adopt the following strategies in managing risks in Leadway:**
- iii) Incorporate risk management principles into all functions and ensure an environment in which the Board and senior management set the tone for effective controls.
- iv) Establish well defined risk management process for risk identification, assessment, controlling, monitoring and reporting.
Entrench a structured and disciplined approach to assets balancing that will prevent concentration of risk in any sector, industry,
- v) instrument, product or entity
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.
Ensure good corporate governance and pursue zero tolerance for non-compliance with regulatory compliance.

External Perspectives

Leadway has continued to be at 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. 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.

Note To The Financial Statements continued

For The Year Ended 31 December 2018

Risk Governance, Roles & 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-defence model of risk management governance that revolves around the Board, Risk Management Committee and the Audit Committee

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.

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.

Board Risk & Technical committee

-To review risk management framework and policies and present same for board's approval.
-Ensure that the ERM framework takes a portfolio view of risk and that strategy and objectives formulation are predicated on sound understanding and assessment of major risks.
-To challenge risk information and examine the appropriateness of the judgments underlying the setting of the company's risk tolerance/limits.

Risk Management Committee

-To establish an appropriate structure that recognises the required level of independence between the risk management officers and those engaged in the normal insurance operations.
-Put in place, a well-resourced risk management department with clearly defined responsibilities and authorities for the company's risk management activities.
-Develop risk management initiatives and regularly review the company's methodology for risk identification, assessment, measurement, mitigation and report escalation.
-Design and document risk policies and procedures that reflect changes in entity-risk portfolio and ensure their enterprise-wide implementation.

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 monthly 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 Enterprise Risk Management Division in the escalation of material risks to Risk Management 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 Enterprise Risk Management Division.
-Provide information towards the development of new approaches to risk management in its domain and collaborate with Enterprise Risk Management Division 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
-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 limits and assess the impact regulatory requirements will have on the company's operations.

Note To The Financial Statements continued

For The Year Ended 31 December 2018

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 enterprise risk management, by participating in separate evaluations of internal controls and the ERM programme, and recommending improvements.
-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 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 and/or existing risks that are changing to develop other dependencies. We have envisaged that country risk and product risks will become noticeable in the ensuing periods due to the forthcoming elections, the company's strategic expansion and business growth. We have scanned the environment and have started putting in place, appropriate structures to mitigate against possible crystalisation of these potential risks.

Note To The Financial Statements continued

For The Year Ended 31 December 2018

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

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. 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 large claims through treaty and facultative reinsurance arrangements.

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-18	Group 31-Dec-17	**Company 31-Dec-18**	Company 31-Dec-17
Maximum Regulatory Capital	5,000,000	5,000,000	5,000,000	5,000,000
Maximum authorized capital	10,000,000	5,000,000	10,000,000	5,000,000
Paid up share capital	10,000,000	4,682,450	10,000,000	4,682,450

The Group has different requirements depending on the specific operations which it engages in. The Group's main business is Insurance risk underwriting. 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. 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.

Note To The Financial Statements continued

For The Year Ended 31 December 2018

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

The company's solvency margin as at 31 December 2018 is as follows:

	December 2018			December 2017		
	TOTAL	ADMISSIBLE	INADMISSIBLE	TOTAL	ADMISSIBLE	INADMISSIBLE
ASSETS	N'000	N'000	N'000	N'000	N'000	N'000
Cash and Cash Equivalents	32,978,304	32,156,991	821,313	27,800,239	26,170,135	1,630,104
Trade Receivables	395,585	395,585	-	231,987	231,987	-
Investment Securities	209,289,720	209,289,720	-	179,922,719	179,922,719	-
Reinsurance Asset	43,688,887	43,688,887	-	35,235,352	35,235,352	-
Deferred Acquisition Cost	851,069	851,069	-	548,797	548,797	-
Other Receivables and Prepayments	1,417,602	-	1,417,602	3,534,606	-	3,534,606
Loans and Advances	1,395,564	1,395,564	-	1,065,407	1,065,407	-
Intangible assets	255,339	255,339	-	392,884	392,884	-
Property & Equipment	3,428,095	3,428,095	-	3,828,939	3,828,939	-
Investment Properties	16,414,443	7,040,510	9,373,933	14,963,765	14,963,765	-
Investment in Associates	-	-	-	-	-	-
Investment in Subsidiaries	2,153,425	2,153,425	-	3,637,495	3,637,495	-
Deferred Tax Assets	-	-	-	286,446	-	286,446
Statutory Deposit	500,000	500,000	-	500,000	500,000	-
Total Assets	**312,768,034**	**301,155,186**	**11,612,848**	**271,948,636**	**266,497,480**	**5,451,156**

	December 2018			December 2017		
	TOTAL	ADMISSIBLE	INADMISSIBLE	TOTAL	ADMISSIBLE	INADMISSIBLE
LIABILITIES	N'000	N'000	N'000	N'000	N'000	N'000
Trade payables	2,564,194	2,564,194	-	3,633,509	3,633,509	-
Current Income Tax Liabilities	1,083,948	1,083,948	-	1,119,536	1,119,536	-
Other Liabilities	14,637,584	14,637,584	-	12,926,746	12,926,746	-
Borrowings	-	-	-	-	-	-
Insurance Contract Liabilities	225,437,157	225,437,157	-	183,982,546	183,982,546	-
Investment Contract Liabilities	21,890,990	21,890,990	-	22,532,309	22,532,309	-
Deffered Tax Liabilities	1,883,284	-	1,883,284	693,427	-	693,427
Total Liabilities	**267,497,157**	**265,613,873**	**1,883,284**	**224,888,073**	**224,194,646**	**693,427**

		December 2018	December 2017
	Excess of admissible assets over liabilities	**35,541,313**	**42,302,835**
Test I	Gross Premium	87,737,230	84,479,591
	Less: Reinsurance expense	(16,615,355)	(14,655,797)
	Net premium	71,121,875	69,823,794
	15% thereof	10,668,281	10,473,569
Test II	Minimum paid-up capital	5,000,000	5,000,000
	The higher thereof:		
	SURPLUS OF SOLVENCY	**24,873,032**	**31,829,266**
	Solvency ratio	333%	404%

LEADWAY ASSURANCE COMPANY LIMITED

Note To The Financial Statements continued

For The Year Ended 31 December 2018

(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 position to the classes and portfolios used in the Group's ALM framework.

Item	Form	Current Period	Prior Period	% Change
Gross Insurance Funds		**247,316,422**	**206,514,855**	20%
Less				
Reinsurance Receivables				
1 Reinsurance				
2 Reinsurance expenses prepaid		3,127,725	3,784,319	-17%
3 Reinsurers share of Claims expense paid		68,750	46,293	49%
4 Reinsurers share of Claims expense outststanding		40,492,412	31,404,741	29%
5 Reinsurers share of Incurred but not reported claims				
Net Insurance Funds		**203,627,536**	**171,279,501**	**19%**
Admissible Assets				
1 Cash and Cash Equivalents		5,644,868	5,515,841	2%
2 Treasury bills and Government Bonds		177,769,334	154,193,162	36%
3 Placement with Financial Insititutions		27,333,436	22,284,398	23%
4 Corporate Bonds & Debenture		6,642,666	6,403,106	17%
5 Ordinary & Preference Shares		22,828,727	19,326,451	18%
6 Agency Loan		31,550	23,393	35%
7 Loan to Policy holders		288,000	261,882	10%
8 Other Loans & Investments		6,677,050	9,036,561	-26%
9 Investment in subsidiaries,		-	3,637,495	-100%
10 Investment in Associates		-	-	
11 Investment in jointly controlled entities				
12 Investment Properties		7,040,510	5,589,832	26%
Total Admissible Assets		**256,305,134**	**226,272,121**	13%
SURPLUS(DEFICIT) IN ASSETS COVER		**52,677,599**	**54,992,620**	-4%

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

Note To The Financial Statements continued

For The Year Ended 31 December 2018

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'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.

(iii) 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.

(iv) 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.

(v) 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.

(vi) In evaluating credit risk (impairment), the group determines impairment on loans that are not specifically impaired using a model in line with the requirements of IFRS as follows:

Impairment = EAD * PD * LGD

the parameters are defined as follows:

1. Probability of default (PD) : This is the probability that a counterparty will defualt on an exisiting commitment usually over a 12 months period

2. Loss given default (LGD) : This is the portion of a loan or receivable determined to be irrecoverable, our methods considers prior period experience, other qualitative factors and future economic prospect

3. Exposure at default (EAD): This represents the amount that is due or outstanding at the time of default.

Note To The Financial Statements continued

For The Year Ended 31 December 2018

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

3.3.1.1 Maximum exposure to credit risk

	Note	**Group 31-Dec-18**	Group 31-Dec-17	**Company 31-Dec-18**	Company 31-Dec-17
Cash and cash equivalents (See note 1 below)	6	**33,663,622**	29,038,877	**32,975,063**	27,796,473
Investment securities:					
Trade receivables	7	**396,614**	231,987	**395,585**	231,987
- Fair value through profit or loss (See note 2 below)	8.1	**153,254,493**	127,678,943	**153,254,493**	127,678,943
- Available for sale	8.2	**33,624,019**	-	**33,206,500**	-
- Held to maturity	8.3	**-**	36,236,431	**-**	32,917,325
Reinsurance Assets (See note 3 below)	9	**40,630,634**	31,451,034	**40,561,162**	31,451,034
Other receivables (See note 4 below)	11	**723,613**	935,573	**723,613**	410,325
Loans and advances	12	**1,395,564**	3,434,853	**1,395,564**	1,065,407
Statutory deposits	18	**500,000**	500,000	**500,000**	500,000
Total assets exposed to credit risk		**264,188,559**	229,507,698	**263,011,980**	222,051,494

1. Cash and cash equivalents excludes the balance representing cash in hand which is not exposed to credit risk.

2. Assets measured at fair value through profit or loss and Available for sale financial instrument do not include the balance of equity securities in these classes of asset as equity securities are not exposed to credit risk.

3. Reinsurance Assets includes amount only recoverable on claims reported (excluding IBNR) and amount due from reinsurers. The balance on prepaid reinsurance is excluded from this analysis.

4. Other receivables excludes prepayments and other non financial assets. (see note 2)

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.

Note To The Financial Statements continued

For The Year Ended 31 December 2018

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

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-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
National banks	30,296,857	25,540,713	30,296,857	24,298,309
Foreign banks	1,509,872	1,630,104	821,313	1,630,104
Investment house	1,856,893	1,868,060	1,856,893	1,868,060
	33,663,622	29,038,877	32,975,063	27,796,473
Counterparty				
National banks	90%	88%	92%	87%
Foreign banks	4%	6%	2%	6%
Investment house	6%	6%	6%	7%
	100%	100%	100%	100%

(b) Investment securities

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

Counterparty				
Federal Government of Nigeria	176,924,863	149,926,296	176,924,863	146,607,190
State Government in Nigeria	938,363	429,168	938,363	429,168
Corporates with acceptable risk ratings	9,015,286	13,559,910	8,597,767	13,559,910
	186,878,512	163,915,374	186,460,993	160,596,268

(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.

Note To The Financial Statements continued

For The Year Ended 31 December 2018

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

3.3.1.3 Credit quality

Group 2018	**AA+/AA-**	**A+/A-**	**BB+/BB-**	**UNRATED**	**TOTAL**
Neither past due nor impaired					
Cash and cash equivalents (excl. cash on hand)	10,568,316	19,035,155	920,006	3,140,145	33,663,622
Investment securities:					-
Investment securities - FVTPL (excl. equity)	-	1,645,709	151,394,875	213,908	153,254,493
Investment securities - AFS (excl. equity)	-	1,202,099	31,879,954	541,967	33,624,019
Investment securities - HTM					
Trade receivables	-	-	-	396,614	396,614
Loans and advances	-	-	-	1,395,564	1,395,564
Reinsurance Assets	-	-	-	40,630,634	40,630,634
Other receivables (excl. prepayments)	-	-	-	723,613	723,613
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	-	-	-	-	-
Loans and advances	-	-	-	351,008	351,008
Less specific impairment on past due and impaired:					
Investment securities - HTM	-	-	-	-	-
Loans and advances	-	-	-	(308,842)	(308,842)
	10,568,316	**21,882,963**	**184,694,835**	**47,324,353**	**264,470,467**

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	-	-	-	3,034,028	3,034,028
Reinsurance Assets	-	-	-	31,451,034	31,451,034
Other receivables (excl. prepayments)	-	-	-	822,534	822,534
Statutory deposits	-	-	500,000	-	500,000
Past due but not impaired					
Loans and advances	-	-	-	161,083	161,083
Past due and impaired					
Investment securities - HTM	-	-	-	-	-
Loans and advances	-	-	-	386,964	386,964
Less specific impairment on past due and impaired:					
Investment securities - HTM	-	-	-	(127,590)	(127,590)
Loans and advances	-	-	-	(386,964)	(386,964)
	2,201,143	**17,843,738**	**172,174,224**	**36,787,504**	**229,006,609**

Note To The Financial Statements continued

For The Year Ended 31 December 2018

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

Company 2018	**AA+/AA-**	**A+/A-**	**BB+/BB-**	**UNRATED**	**TOTAL**
Neither past due nor impaired					
Cash and cash equivalents (excl. cash on hand)	10,568,316	19,035,155	920,006	2,451,586	32,975,063
Investment securities - FVTPL (excl. equity)	-	1,645,709	151,394,875	213,908	153,254,493
Investment securities - AFS (excl. equity)		1,202,099	31,879,954	124,448	33,206,500
Investment securities - HTM	-	-	-	-	-
Trade receivables	-	-	-	395,585	395,585
Loans and advances	-	-	-	1,155,822	1,155,822
Other receivables - financial assets	-	-	-	723,613	723,613
Statutory deposits	-	-	500,000	-	500,000
Reinsurance assets (Due from reinsurers)	-	-	-	40,561,162	40,561,162
					-
Past due but not impaired					-
Loans and advances				239,742	239,742
Past due and impaired					
Investment securities - HTM	-	-	-	-	-
Loans and advances	-	-	-	351,008	351,008
Less specific impairment on past due and impaired:					
Investment securities - HTM	-	-	-	-	-
Loans and advances	-	-	-	(308,842)	(308,842)
	10,568,316	**21,882,963**	**184,694,835**	**45,908,031**	**263,054,146**

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)	-	-	-	317,546	317,546
Statutory deposits	-	-	500,000	-	500,000
Reinsurance Assets	-	-	-	31,451,034	31,451,034
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	-	-	-	350,574	350,574
Less specific impairment on past due and impaired:					
Investment securities - HTM	-	-	-	(127,590)	(127,590)
Loans and advances	-	-	-	(350,574)	(350,574)
	2,201,123	**17,311,965**	**168,144,487**	**34,324,354**	**221,981,929**

Note To The Financial Statements continued

For The Year Ended 31 December 2018

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

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.

	Group 31-Dec-18	Group 31-Dec-17	**Company 31-Dec-18**	Company 31-Dec-17
Past due and impaired				
0 - 90 days	265,439	265,439	308,842	203,855
90 - 180 days	-	-	-	-
181 days and above	-	-	-	-
	265,439	**265,439**	**308,842**	**203,855**

Concentration of credit risk

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

Group 2018	**Financial institution**	**Manufacturing/ telecom**	**Public sector**	**Others**	**Total**
Cash and cash equivalents	33,663,622	-	-	-	33,663,622
Investment securities - FVTPL (excl. equity)	1,240,317	-	151,369,243	644,933	153,254,493
Investment securities - AFS (excl. equity)	5,733,133	-	28,453,928	439,851	33,624,019
Investment securities - HTM	-	-	-	-	-
Trade receivables	-	-	-	396,614	396,614
Loans and advances	514,162	-	-	881,402	1,395,564
Other receivables (excl. prepayments)	-	-	-	723,613	723,613
Statutory deposits	500,000	-	-	-	500,000
Reinsurance Assets	40,630,634	-	-	-	40,630,634
Total	**82,281,868**	**-**	**179,823,171**	**3,086,413**	**264,188,558**

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For The Year Ended 31 December 2018

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

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**	**226,540,590**

Company 2018	Financial institution	Manufacturing/ telecom	Public sector	Others	Total
Cash and cash equivalents	32,975,063	-	-	-	32,975,063
Investment securities - FVTPL (excl. equity)	1,240,317	-	151,369,243	644,933	153,254,493
Investment securities - AFS (excl. equity)	5,315,614		28,453,928	439,851	33,206,500
Investment securities - HTM					-
Trade receivable	-	-	-	395,585	395,585
Loans and advances	514,162	-	-	881,402	1,395,564
Other receivables - financial assets	-	-	-	723,613	723,613
Statutory deposits	500,000	-	-	-	500,000
Reinsurance Assets	40,561,162	-	-	-	40,561,162
Total	**81,106,318**	**-**	**179,823,171**	**3,085,384**	**263,011,980**

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.	-	-	-	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**

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.

Note To The Financial Statements continued

For The Year Ended 31 December 2018

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.

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

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Group — **Contractual maturities of financial assets and liabilities**

31 December 2018	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	33,666,913	35,136,623	33,221,646	1,914,977	-	-	-
Trade receivables	7	396,614	357,441	214,465	142,976	-	-	-
Investment securities - FVTPL	8.1	156,009,761	464,320,161	7,096,944	3,723,570	10,967,077	92,332,734	350,199,836
Investment securities - Available for sale	8.2	53,697,478	58,867,116	1,139,039	418,249	1,830,568	25,172,473	30,306,787
Investment securities - Held to maturity	8.3	-	-	-	-	-	-	-
Reinsurance assets (Due from reinsurers & Recoverable)	9	40,630,634	40,758,851	10,074,699	16,776,921	13,907,232	-	-
Other receivables - financial assets	11	723,613	520,662	520,662	-	-	-	-
Loans and Advances	12	1,395,564	1,609,670	792,304	116,745	233,066	467,555	-
Statutory deposit	18	500,000	500,000	-	-	-	-	500,000
Total financial assets		**287,020,577**	**602,070,524**	**53,059,759**	**23,093,438**	**26,937,942**	**117,972,762**	**381,006,623**
Trade payables	19	2,637,512	2,637,512	1,611,834	1,025,678	-	-	-
Other liabilities - financial liabilities	21	3,466,556	1,702,618	30,000	1,482,515	190,103	-	-
Borrowings	22	-	-	-	-	-	-	-
Insurance contract liabilities (excl. IBNR and unearned premium))	23	209,242,861	209,221,461	4,144,347	7,252,607	10,360,867	14,437,159	173,026,481
Investment contract liabilities	24	21,890,990	21,890,990	1,010,795	559,033	884,518	8,861,645	10,574,999
Total financial liabilities		**237,237,919**	**235,452,581**	**6,796,976**	**10,319,833**	**11,435,488**	**23,298,805**	**183,601,479**
Gap		**49,782,658**	**366,617,943**	**46,262,783**	**12,773,606**	**15,502,454**	**94,673,957**	**197,405,143**

Note To The Financial Statements continued

For The Year Ended 31 December 2018

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

Group — **Contractual maturities of financial assets and liabilities**

31 December 2017	**Note**	**Carrying amount**	**Gross nominal**	**0-3 months**	**3-6 months**	**6-12 months**	**1-5 years**	**Over 5 years**
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)	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**	**491,686,399**	**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**	**286,189,191**	**30,190,523**	**7,508,855**	**28,215,507**	**115,216,703**	**105,057,604**

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

Company — **Contractual maturities of financial assets and liabilities**

31 December 2018	Note	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	32,978,304	35,136,623	33,221,646	1,914,977	-	-	-
Trade receivables	7	395,585	357,441	214,465	142,976	-	-	-
Investment securities - FVTPL	8.1	156,009,761	464,320,161	7,096,944	3,723,570	10,967,077	92,332,734	350,199,836
Investment securities - Available for sale **	8.2	53,279,959	58,867,116	1,139,039	418,249	1,830,568	25,172,473	30,306,787
Investment securities - Held to maturity	8.3	-	-	-	-	-	-	-
Reinsurance assets (Due from reinsurers & Recoverable)	9	40,561,162	40,561,163	9,877,010	16,776,921	13,907,232	-	-
Other receivables - financial assets	11	723,613	520,662	520,662	-	-	-	-
Loans and advances	12	1,395,564	1,609,670	792,304	116,745	233,066	467,555	-
Statutory deposit	18	500,000	500,000	-	-	-	-	500,000
Total financial assets		**285,843,948**	**601,872,835**	**52,862,070**	**23,093,438**	**26,937,942**	**117,972,762**	**381,006,623**
Trade payables	19	2,564,194	2,564,194	1,538,516	1,025,678	-	-	-
Other liabilities - financial liabilities	21	3,459,082	1,702,618	30,000	1,482,515	190,103	-	-
Insurance contract liabilities (excl. IBNR and unearned premium))	23	207,217,344	207,217,342	4,144,347	7,252,607	10,360,867	12,433,040	173,026,481
Investment contract liabilities	24	21,890,990	21,890,990	1,010,794	559,032	884,518	8,861,645	10,574,998
Total financial liabilities		**235,131,610**	**233,375,144**	**6,723,658**	**10,319,833**	**11,435,488**	**21,294,686**	**183,601,479**
Gap		**50,712,338**	**368,497,691**	**46,138,412**	**12,773,606**	**15,502,454**	**96,678,076**	**197,405,143**

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

Note To The Financial Statements continued

For The Year Ended 31 December 2018

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

Company — **Contractual maturities of financial assets and liabilities**

31 December 2017	Note	Carrying amount	Gross nominal	0-3 months	3-6 months	6-12 months	1-5 years	Over 5 years
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)	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**	**100,658,888**

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

Note To The Financial Statements continued

For The Year Ended 31 December 2018

(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 and CFA

The Group's financial assets are primarily denominated in the same currencies as the related 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 2018.

Note To The Financial Statements continued

For The Year Ended 31 December 2018

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

Group 31 December 2018	Notes	Naira (₦)	US Dollars (USD)	UK Pound Sterling (GBP)	Euro	CFA Franc CFA	Others	Total
Assets								
Cash and cash equivalents	6	6,609,820	26,210,499	22,023	31,350	793,221	-	33,666,913
Trade receivables	7	374,388	-	-	-	22,226	-	396,614
Investment securities - FVTPL	8.1	152,278,951	3,730,810	-	-	-	-	156,009,761
Investment securities - Available for sale	8.2	29,638,069	23,641,890	-	-	417,519	-	53,697,478
Investment securities - Held to maturity	8.3	-	-	-	-	-	-	-
Reinsurance assets (Due from reinsurers & Recoverable)	9	4,574,387	38,920,142	1,350	64,792	197,688	-	43,758,359
Other receivables - financial assets	11	723,613	-	-	-	-	-	723,613
Loans and advances	12	1,169,834	225,730	-	-	-	-	1,395,564
Statutory deposits	18	500,000	-	-	-	-	-	500,000
Total financial assets		**195,869,061**	**92,729,071**	**23,373**	**96,143**	**1,430,654**	**-**	**290,148,302**
Trade payables	19	2,005,234	558,960	-	-	73,318	-	2,637,512
Other liabilities - financial liabilities	21	3,459,082	-	-	-	7,474	-	3,466,556
Borrowings	22	-	-	-	-		-	-
Insurance contract liabilities (excl. IBNR and unearned premium))	23	158,431,464	48,807,278	-	-	2,004,119	-	209,242,861
Investment contract liabilities	24	21,890,990	-	-	-		-	21,890,990
Total financial liabilities		**185,786,770**	**49,366,238**	**-**	**-**	**2,011,593**	**-**	**237,237,919**
Net FCY exposure			**43,362,833**	**23,373**	**96,143**	**(580,939)**	**-**	**52,910,383**

Note To The Financial Statements continued

For The Year Ended 31 December 2018

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

Group 31 December 2017	Note	Naira (₦)	US Dollars (USD)	UK Pound Sterling (GBP)	Euro	CFA Franc CFA	Others	Total
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)	9	3,337,848	27,992,874	-	120,311	-	-	31,451,033
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**	**72,820,429**	**75,334**	**401,280**	-	**19,570**	**248,918,219**
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			**38,128,551**	**73,269**	**160,473**	-	**19,570**	**54,850,939**

Note To The Financial Statements continued

For The Year Ended 31 December 2018

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

Company 31 December 2018	Note	Naira (₦)	US Dollars (USD)	UK Pound Sterling (GBP)	Euro	CFA Franc CFA	Others	Total
Cash and cash equivalents	6	6,609,820	26,210,499	22,023	31,350	104,612	-	32,978,304
Trade receivables	7	395,585	-	-	-	-	-	395,585
Investment securities - FVTPL	8.1	152,278,951	3,730,810	-	-	-	-	156,009,761
Investment securities - Available for sale	8.2	29,638,069	23,641,890	-	-	-	-	53,279,959
Investment securities - Held to maturity	8.3	-	-	-	-	-	-	-
Reinsurance assets (Due from reinsurers & Recoverable)	9	1,574,878	38,920,142	1,350	64,792	-	-	40,561,162
Other receivables - financial assets	11	723,613	-	-	-	-	-	723,613
Loans and advances	12	1,169,834	225,730	-	-	-	-	1,395,564
Statutory deposits	18	500,000	-	-	-	-	-	500,000
Total financial assets		**192,890,749**	**92,729,071**	**23,373**	**96,143**	**104,612**		**285,843,948**
Trade payables	19	2,005,234	558,960	-	-	-	-	2,564,194
Other liabilities - financial liabilities	21	3,459,082	-	-	-	-	-	3,459,082
Insurance contract liabilities (excl. IBNR and unearned premium))	23	158,410,066	48,807,278	-	-	-	-	207,217,344
Investment contract liabilities	24	21,890,990	-	-	-	-	-	21,890,990
Total financial liabilities		**185,765,372**	**49,366,238**	**-**	**-**	**-**	**-**	**235,131,610**
Net FCY exposure		**7,125,377**	**43,362,833**	**23,373**	**96,143**	**104,612**	**-**	**50,712,338**

Note To The Financial Statements continued

For The Year Ended 31 December 2018

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

Company 31 December 2017	**Note**	**Naira (₦)**	**US Dollars (USD)**	**UK Pound Sterling (GBP)**	**Euro**	**Franc CFA**	**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)	9	3,337,848	27,992,874	-	120,311		-	31,451,033
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**	**71,875,447**	**75,334**	**401,280**		**19,570**	**241,288,931**
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		**12,069,126**	**37,183,569**	**73,269**	**160,473**		**19,570**	**49,506,006**

Note To The Financial Statements continued

For The Year Ended 31 December 2018

(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 2018		31 December 2017	
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**	**4,336,283**	**3,035,398**	3,812,855	2,668,999
Pound sterling	**+ 1000 basis points**	**2,337**	**1,636**	7,327	5,129
Euro	**+ 1000 basis points**	**9,614**	**6,730**	16,047	11,233
US Dollar	**- 1000 basis points**	**(4,336,283)**	**(3,035,398)**	(3,812,855)	(2,668,999)
Pound sterling	**- 1000 basis points**	**(2,337)**	**(1,636)**	(7,327)	(5,129)
Euro	**- 1000 basis points**	**(9,614)**	**(6,730)**	(16,047)	(11,233)
Franc CFA					

Company

		31 December 2018		31 December 2017	
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**	**4,336,283**	**3,035,398**	3,718,357	2,602,850
Pound sterling	**+ 1000 basis points**	**2,337**	**1,636**	7,327	5,129
Euro	**+ 1000 basis points**	**9,614**	**6,730**	16,047	11,233
US Dollar	**- 1000 basis points**	**(4,336,283)**	**(3,035,398)**	(3,718,357)	(2,602,850)
Pound sterling	**- 1000 basis points**	**(2,337)**	**(1,636)**	(7,327)	(5,129)
Euro	**- 1000 basis points**	**(9,614)**	**(6,730)**	(16,047)	(11,233)
Franc CFA					

(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 repricing 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 2018 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.

For The Year Ended 31 December 2018

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

Group 31 December 2018	**Non-interest bearing**	**0-3 months**	**3-6 months**	**6-12 months**	**1-5 years**	**Over 5 years**	**Total**
Cash and cash equivalents	5,826,756	27,840,157	-	-	-	-	33,666,913
Investment securities - FVTPL	-	-	2,386,215	336,052	11,480,151	141,807,344	156,009,761
Investment securities - AFS	-	-	799,883	3,182,306	5,276,352	44,438,937	53,697,478
Investment securities - Held to maturity	-	-	-	-	-	-	-
Loans and advances	-	-	149,301	400,468	845,795	-	1,395,564
Statutory deposits	-	-	-	-	-	500,000	500,000
Interest bearing assets	**5,826,756**	**27,840,157**	**3,335,399**	**3,918,826**	**17,602,298**	**186,746,281**	**245,269,716**
Investment contract liabilities	-	1,010,795	559,033	884,518	8,861,645	10,574,999	21,890,990
Borrowings	-	-	-	-	-	-	-
Interest bearing liabilities	**-**	**1,010,795**	**559,033**	**884,518**	**8,861,645**	**10,574,999**	**21,890,990**
Gap	**5,826,756**	**26,829,362**	**2,776,366**	**3,034,308**	**8,740,653**	**176,171,282**	**223,378,726**
Cumulative gap	**5,826,756**	**32,656,118**	**35,432,484**	**38,466,792**	**47,207,444**	**223,378,726**	
Impact on profit before tax		3,265,612	3,543,248	3,846,679	4,720,744	22,337,873	**37,714,156**
Taxation at 30%		979,684	1,062,974	1,154,004	1,416,223	6,701,362	**11,314,247**
Impact on equity		2,285,928	2,480,274	2,692,675	3,304,521	15,636,511	**26,399,909**

Group

31 December 2017

	Non-interest bearing	**0-3 months**	**3-6 months**	**6-12 months**	**1-5 years**	**Over 5 years**	**Carrying amount**
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	10,544,497
Impact on equity		1,974,895	2,313,072	3,103,051	4,843,281	12,369,529	24,603,827

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

Company 31 December 2018	**Non-interest bearing**	**0-3 months**	**3-6 months**	**6-12 months**	**1-5 years**	**Over 5 years**	**Total**
Cash and cash equivalents	5,138,147	27,840,157	-	-	-	-	32,978,304
Investment securities - FVTPL	-	-	2,386,215	336,052	11,480,151	141,807,344	156,009,761
Investment securities - AFS	0	-	382,364	3,182,306	5,276,352	44,438,937	53,279,959
Investment securities - Held to maturity	-	-	-	-	-	-	-
Loans and advances	-		149,301	400,468	845,795	-	1,395,564
Statutory deposits	-	-	-	-	-	500,000	500,000
Interest bearing assets	**5,138,147**	**27,840,157**	**2,917,880**	**3,918,826**	**17,602,298**	**186,746,281**	**244,163,588**
Investment contract liabilities	-	1,010,795	559,033	884,518	8,861,645	10,574,999	21,890,990
Interest bearing liabilities	**-**	**1,010,795**	**559,033**	**884,518**	**8,861,645**	**10,574,999**	**21,890,990**
Gap	5,138,147	26,829,362	2,358,847	3,034,308	8,740,653	176,171,282	222,272,598
Cumulative gap	5,138,147	31,967,509	34,326,356	37,360,664	46,101,316	222,272,598	
Impact on profit before tax	-	3,196,751	3,432,636	3,736,066	4,610,132	22,227,260	**37,202,844**
Taxation at 30%	-	959,025	1,029,791	1,120,820	1,383,039	6,668,178	**11,160,853**
Impact on equity	-	2,237,726	2,402,845	2,615,246	3,227,092	15,559,082	**26,041,991**

Company
31 December 2017

	Non-interest bearing	**0-3 months**	**3-6 months**	**6-12 months**	**1-5 years**	**Over 5 years**	**Carrying amount**
Cash and cash equivalents	3,766	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
Borrowings	-	-	-	-	-	-	-
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 profit after tax		1,944,454	2,050,726	2,576,124	3,775,368	11,882,380	22,229,051

Note To The Financial Statements continued

For The Year Ended 31 December 2018

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

(j) Equity price risk

The Group manages its exposure to equity price risk through adherence to investment in eligible equities 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 5% as at the time of the investment.
iii. Single obligor for any licensed bank over 5% of the bank's total deposit or invested fund.
iv. An Investment in any unquoted stock with value greater than N50m.
v. Investment in a start-up venture.
vi. Investments in a company, which will result in the Leadway having control of management.
vii. Investments denominated in currencies other than Naira and Eurobonds Securities.
viii. Securities lending, leveraged investments, derivatives or hedging.

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-18	Group 31-Dec-17	**Company 31-Dec-18**	Company 31-Dec-17
Financial assets	**+/- 2000 basis points**	+/- 1000 basis points	**+/- 2000 basis points**	+/- 1000 basis points
Listed equities (FVTPL)	551,054	250,636	275,527	231,868
Listed equities(AFS)	2,174,765	1,145,221	1,087,383	1,145,221
Unlisted equities (AFS)	1,839,927	556,031	919,963	555,556
Impact on profit before tax	551,054	250,636	275,527	231,868
Tax charge of 30%	(165,316)	(75,191)	(82,658)	(69,561)
Impact on profit after tax	**385,738**	**175,445**	**192,869**	**162,308**
Impact on equity	**4,400,429**	**1,876,698**	**2,200,215**	**1,863,085**

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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 2018	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	-	-	33,666,913	-	-	33,666,913	33,666,913
Trade receivables	7	-	-	396,614	-	-	396,614	396,614
Investment securities - FVTPL	8.1	156,009,761	-	-	-	-	156,009,761	156,009,761
Investment securities - AFS	8.2	-	-	-	53,697,478	-	53,697,478	53,697,478
Investment securities - HTM	8.3	-	-	-	-	-	-	-
Reinsurance assets (Due from reinsurers)	9	-	-	40,630,634	-	-	40,630,634	40,630,634
Other receivables	10	-	-	723,613	-	-	723,613	723,613
Loans and advances	12			1,395,564			1,395,564	1,395,564
Statutory deposits	18	-	-	500,000	-	-	500,000	500,000
Total		**156,009,761**	**-**	**77,313,338**	**53,697,478**	**-**	**287,020,577**	**287,020,577**
Liabilities								
Trade payables	19	-	-	-	-	2,637,512	2,637,512	2,637,512
Other liabilities	21	-	-	-	-	3,466,556	3,466,556	3,466,556
Borrowings	22	-	-	-	-	-	-	-
Insurance contract liabilities (excl. IBNR and unearned premium)	23	152,453,688	-	-	-	56,789,173	209,242,861	209,242,861
Investment contract liabilities	24	-	-	-	-	21,890,990	21,890,990	21,890,990
Total		**152,453,688**	**-**	**-**	**-**	**84,784,231**	**237,237,919**	**237,237,919**

Note To The Financial Statements continued

For The Year Ended 31 December 2018

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

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	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	-	-	31,451,034	-	-	31,451,034	31,451,034
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**	**65,483,962**	**17,012,524**	**-**	**248,918,220**	**247,841,205**
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		**-**	**-**	**-**	**-**	**73,779,714**	**194,067,280**	**194,067,280**

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

Company 31 December 2018	Notes	At Fair Value through P/L	Held to Maturity	Loans and receivables	Available for sale	Other financial liabilities at amortised	Total Carrying amount	Fair Value
Assets								
Cash and cash equivalents	6	-	-	32,978,304	-	-	32,978,304	32,978,304
Trade receivables	7	-	-	395,585	-	-	395,585	395,585
Investment securities - FVTPL	8	156,009,761	-	-	-	-	156,009,761	156,009,761
Investment securities - AFS	8	-	-	-	53,279,959	-	53,279,959	53,279,959
Investment securities - HTM	8	-	-	-	-	-	-	-
Reinsurance assets (Excl. prepaid reinsurance)	9	-	-	40,561,162	-	-	40,561,162	40,561,162
Other receivables	10	-	-	723,613	-	-	723,613	723,613
Loans and advances	12	-	-	1,395,564	-	-	1,395,564	1,395,564
Statutory deposits	18	-	-	500,000	-	-	500,000	500,000
Total		**156,009,761**	**-**	**76,554,228**	**53,279,959**	**-**	**285,843,948**	**285,843,948**
Liabilities								
Trade payables	19	-	-	-	-	2,564,194	2,564,194	2,564,194
Other liabilities	21	-	-	-	-	3,459,082	3,459,082	3,459,082
Insurance contract liabilities (excl. IBNR and unearned premium))	23	150,428,171	-	-	-	56,789,173	207,217,344	207,217,344
Investment contract liabilities	24	-	-	-	-	21,890,990	21,890,990	21,890,990
Total		**150,428,171**	**-**	**-**	**-**	**84,703,439**	**235,131,610**	**235,131,610**

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For The Year Ended 31 December 2018

(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 amortised	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	-	-	31,451,034	-	-	31,451,034	31,451,034
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**	**61,366,213**	**17,007,767**	**-**	**241,288,932**	**233,487,851**
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**

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For The Year Ended 31 December 2018

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3.3.1 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). It also includes financial instruments whose fair values could not be reliably determined and so they were measured at cost.

(a) The following table presents the financial assets and liabilities that are measured at fair value as 31 December 2018. See note 4.1b for non-financial assets that are measured at fair value.

Group
31 December 2018

Assets	Level 1	Level 2	Level 3	Total
Investment securities:				
Fair value through profit or loss				
- Equity securities	2,755,268	-	-	2,755,268
- Federal government bond	152,080,207	-	-	152,080,207
- State government	-	1,174,286	-	1,174,286
- Corporate bonds	-	-	-	-
Available for sale				
- Listed equity securities	10,873,826	-	-	10,873,826
- Unlisted equity securities	-	2,939,739	5,205,175	8,144,914
- Unlisted equity securities at cost	-	-	1,559,679	1,559,679
- Listed debt securities	33,624,019	-	-	33,624,019
Total	**199,333,320**	**4,114,025**	**6,764,854**	**210,212,199**

Group
31 December 2017

Assets	Level 1	Level 2	Level 3	Total
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	-	2,286,615	-	2,286,615
				-
Available for sale				-
- Listed equity securities	11,452,210	-	-	11,452,210
- Unlisted equity securities at cost			1,286,807	1,286,807
- Unlisted equity securities	-	2,501,226	2,277,241	4,778,467
Total	**138,176,612**	**5,962,127**	**3,564,048**	**147,702,787**

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Company
31 December 2018

Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Investment securities:				
Fair value through profit or loss				
- Equity securities	2,755,268	-	-	2,755,268
- 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	10,873,826	-	-	10,873,826
- Unlisted equity securities at cost	-	-	1,559,679	1,559,679
- Listed debt securities	33,624,019	-	-	33,624,019
- Unlisted equity securities	-	2,939,739	1,774,017	4,713,756
Total	**171,471,155**	**6,400,640**	**3,333,696**	**181,205,490**

Company
31 December 2017

Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
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 at cost	-	-	1,286,807	1,286,807
- Unlisted equity securities	-	2,501,226	2,272,484	4,773,710
Total	**137,988,936**	**5,962,127**	**3,559,291**	**147,510,354**

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

(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) 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.

Note To The Financial Statements continued

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(iii) Financial instruments in level 3

The following table presents the changes in Level 3 instruments for the year ended 31 December 2018

Equity securities - Available for sale	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Opening balance	**2,277,241**	1,893,414	**2,272,484**	1,888,657
Acquisitions	**-**	-	**-**	-
Disposals	**-**	-	**-**	-
Reclassification from investments at cost less impairment (see note 8.2.1a)	**183,000**	183,000	**183,000**	183,000
Changes in fair value recognised in other comprehensive income	**200,827**	200,827	**200,827**	200,827
Balance, end of year	**2,661,068**	2,277,241	**2,656,311**	2,272,484

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 EV/EBITDA multiples	0.85x - 5.88x 5.73x - 15.57x	The higher the multiples the higher the fair value of the asset

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.

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Group
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Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Cash and cash equivalents		33,666,913		33,666,913
Held to maturity investment securities:				
State bonds	-	-	-	-
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	-	-	1,054,719	1,054,719
Trade receivables			396,614	396,614
Loans and advances			1,395,564	1,395,564
Reinsurance assets (Excl. prepaid reinsurance)			138,222	138,222
Other receivables			723,613	723,613
Statutory deposits			500,000	500,000
Total financial assets	**26,085,052**	**40,070,018**	**4,208,732**	**70,363,802**
Liabilities				
Investment contract liabilities			21,890,990	21,890,990
Trade payables			2,637,512	2,637,512
Other liabilities			3,466,556	3,466,556
Borrowings			-	-
Total financial liabilities	**-**	**-**	**27,995,058**	**27,995,058**

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Group
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Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
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**	**35,875,827**	**5,817,514**	**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**

Company
31 December 2018

Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Cash and cash equivalents		32,978,304	-	32,978,304
Held to maturity investment securities:				
State bonds	-	-	-	-
Corporate bonds	-	-	-	-
Federal government bonds	-	-	-	-
Federal government treasury bills	-	-	-	-
Available for sale: Unlisted equity at cost	-	-	-	-
Trade receivables	-	-	395,585	395,585
Loans and advances	-	-	1,395,564	1,395,564
Reinsurance assets (Excl. prepaid reinsurance)	-	-	40,561,162	40,561,162
Other receivables	-	-	723,613	723,613
Statutory deposits	-	-	-	-
				-
Total financial assets	**-**	**32,978,304**	**43,075,924**	**76,054,228**
Liabilities				
Investment contract liabilities	-	-	21,890,990	21,890,990
Trade payables	-	-	2,564,194	2,564,194
Other liabilities	-	-	3,459,082	3,459,082
Total financial liabilities	**-**	**-**	**27,914,266**	**27,914,266**

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Company
31 December 2017

Assets	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	6,104,248	-	-	6,104,248
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	**17,733,470**	**41,789,317**	**30,211,905**	**89,734,692**
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**

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.

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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.

Risk concentration is assessed per class of business. The concentration of insurance risk before and after reinsurance by class in relation to the type of insurance risk accepted is summarized below, with reference to the carrying amount of the insurance liabilities (gross and net of reinsurance) arising from all non-life insurances.

The table below shows the Group life risk exposure by industry or sector in 2018. The table shows that the company's exposure is highly skewed towards Civil Service/Government agency followed by Estate Management/Insurance, Banking & Financial Institutions.

Industry/Sector	Before Reinsurance	Share of Gross	After Reinsurance	Share of net SA
Civil Service/Government Agency	641,102,085	18%	455,769,692	20%
Education, Research & Professional Institutions	149,504,791	4%	111,447,049	5%
Engineering & Construction	76,284,698	2%	53,802,183	2%
Estate Management/Insurance, banking & Financial Institutions	712,218,363	20%	451,396,855	20%
Foods & Beverages/Agro-allied	63,026,741	2%	69,704,743	3%
Health Service provider	67,084,728	2%	59,282,444	3%
Hotels and Resorts/catering services	22,681,000	1%	21,047,735	1%
Manufacturing	100,934,943	3%	80,166,125	4%
Marine & Aviation	55,947,882	2%	43,728,421	2%
Marketing & Consulting/Supplies & Trading/Courier Services	175,532,758	5%	138,265,282	6%
Miscellaneous/Others	159,987,069	5%	97,015,588	4%
NNPC	479,727,846	14%	144,416,784	6%
Oil & Gas	206,233,460	6%	132,978,231	6%
Radio & Television/ Electronics & Telecommunications	223,170,286	6%	162,249,113	7%
Religious institutions/NGO/Clubs& Associations	79,188,082	2%	66,930,373	3%
Security Personnel	273,780,092	8%	155,372,124	7%
	3,486,404,825	**100%**	**2,243,572,742**	**100%**

Note To The Financial Statements continued

For The Year Ended 31 December 2018

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

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 adjusted for inflation 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.

Year	Inflation index	Accumulated Inflation Index
2007	6.6%	276.9%
2008	15.1%	253.6%
2009	13.9%	207.2%
2010	11.8%	169.7%
2011	10.3%	141.2%
2012	12.0%	118.7%
2013	8.0%	95.3%
2014	8.3%	80.8%
2015	9.6%	67.0%
2016	18.5%	52.3%
2017	15.4%	28.6%
2018	11.4%	11.4%
2019+	12.0%	

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.

Note To The Financial Statements continued

For The Year Ended 31 December 2018

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.

(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

N'000m	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 Traditional (excluding annuity)	3,117,938	3,070,890	3,209,458	3,200,656	3,074,106	3,168,098	3,110,227	3,121,152	3,153,346	3,175,528	3,098,120
Annuity	147,310,231	140,697,374	154,584,841	147,586,107	147,034,356	147,842,530	146,899,924	147,310,231	147,310,231	146,638,432	148,001,583
Individual Investment Linked	12,918,688	12,918,688	12,918,688	12,918,688	12,918,688	12,918,688	12,918,688	12,918,688	12,918,688	12,918,688	12,918,688
Group DA	8,972,301	8,972,301	8,972,301	8,972,301	8,972,301	8,972,301	8,972,301	8,972,301	8,972,301	8,972,301	8,972,301
Group Life – UPR	999,874	999,874	999,874	999,874	999,874	999,874	999,874	999,874	999,874	999,874	999,874
Group Life – IBNR	1,327,291	1,327,291	1,327,291	1,327,291	1,327,291	1,327,291	1,327,291	1,327,291	1,327,291	1,327,291	1,327,291
Other Group Risk	32,083	32,083	32,083	32,083	32,083	32,083	32,083	32,083	32,083	32,083	32,083
Additional reserves	2,474,188	2,474,188	2,474,188	2,474,188	2,474,188	2,474,188	2,474,188	2,474,188	2,474,188	2,474,188	2,474,188
Reinsurance	(1,023,503)	(1,023,503)	(1,023,503)	(1,023,503)	(1,023,503)	(1,023,503)	(1,023,503)	(1,023,503)	(1,023,503)	(1,023,503)	(1,023,503)
Net liability	**176,129,090**	**169,469,186**	**183,495,221**	**176,487,683**	**175,809,383**	**176,711,550**	**175,711,072**	**176,132,304**	**176,164,499**	**175,514,882**	**176,800,624**
% change in liability	**-**	**-3.78%**	**4.18%**	**0.20%**	**-0.18%**	**0.33%**	**-0.24%**	**0.00%**	**0.02%**	**-0.35%**	**0.38%**

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	163,346,857	156,686,953	170,712,988	163,705,450	163,027,150	163,929,317	162,928,839	163,350,072	163,382,266	162,732,649	164,018,391
Group	12,782,233	12,782,233	12,782,233	12,782,233	12,782,233	12,782,233	12,782,233	12,782,233	12,782,233	12,782,233	12,782,233
Net liability	**176,129,090**	**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	-	-3.78%	4.18%	0.20%	-0.18%	0.33%	-0.24%	0.00%	0.02%	-0.35%	0.38%

---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

Note To The Financial Statements continued

For The Year Ended 31 December 2018

(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
General Accident	914,656	936,908	892,403	923,486	905,891	907,810	921,659
Engineering	470,555	485,793	455,317	473,139	468,001	466,222	475,010
Fire	2,710,306	2,919,082	2,501,531	2,726,219	2,694,457	2,694,080	2,726,839
Marine	776,488	793,824	759,153	781,696	771,293	772,407	780,638
Motor	1,060,943	1,168,399	953,487	1,071,772	1,050,161	1,054,495	1,067,515
Bond	907,690	919,830	895,549	907,690	907,690	907,690	907,690
Special Risks	55,795,248	56,541,501	55,048,996	55,795,248	55,795,248	55,795,248	55,795,248
Total	62,635,886	63,765,336	61,506,436	62,679,250	62,592,741	62,597,952	62,674,599
Account outstanding	54,314,983	54,314,983	54,314,983	54,314,983	54,314,983	54,314,983	54,314,983
Difference	8,320,902	9,450,352	7,191,453	8,364,266	8,277,757	8,282,968	8,359,616
Percentage change		**1.8%**	**-1.8%**	**0.1%**	**-0.1%**	**-0.1%**	**0.1%**

Note To The Financial Statements continued

For The Year Ended 31 December 2018

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 fixed 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.

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.

Note To The Financial Statements continued

For The Year Ended 31 December 2018

	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.
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 N25,000 on death of any member and a family support benefit payable for 6 months in installments of N20,000 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 N25,000 on death of any member and a family support benefit payable for 6 months in installments of N20,000 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.

Note To The Financial Statements continued

For The Year Ended 31 December 2018

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.
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	BORSTAL MFB Credit LIfe Protection	Credit Life Protection that pays outstanding loan amount on death, critical illness and Accidental Total and Permanent Disablility with 3 months job loss cover
17	CRUTECH MFB Credit LIfe Protection	Credit Life Protection that pays outstanding loan amount on death and Accidental Total and Permanent Disablility
18	EcoBank Credit Life Protection	Credit Life Protection that pays outstanding loan amount on death, critical illness and Permanent Disablility. Outstanding loan less terminal benefit is paid on job loss.
19	MICROCRED MFB Credit LIfe Protection	Credit Life Protection that pays outstanding loan amount on death, critical illness and Permanent Total Disablility.
20	WEMA Credit Protection	Credit Life Protection that pays outstanding loan amount on death.
21	Heritage Personal Protection Plan	Credit Life Protection that pays outstanding loan amount on death and Permanent Disablility with 6 months job loss cover
22	Small and Medium Enterprise	Credit Life Protection that pays outstanding loan amount on death or named critical Illness
23	Credit Card Protection	Credit Life Protection that pays outstanding loan amount on death
24	GTB Credit Life protection	Credit Life Protection that pays outstanding loan amount on death and Permanent Disablility with 6 months job loss cover
25	Personal Credit Loan	Credit Life Protection that pays outstanding loan amount with one month Job loss
26	Term Loan Protection Plan	Credit Life Protection that pays outstanding loan amount on Death, Critical Illness or Permanent Total Disablility
27	Group Credit Life	Credit Life Protection that pays outstanding loan amount on death and Critical Illness, 6 months job loss and PTD Rider
28	Group Mortgage Protection	Credit Life Protection that pays outstanding loan amount on death, or PTD, with 12 months Job loss
29	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**
30	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.

Note To The Financial Statements continued

For The Year Ended 31 December 2018

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 N 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 N1 million.
4	Education Target 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.
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.

Note To The Financial Statements continued

For The Year Ended 31 December 2018

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.

Note To The Financial Statements continued

For The Year Ended 31 December 2018

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 (unquoted equities)
(c) Determination of fair value of Non-insurance subsidiaries distributed
(d) Determination of fair value of Net assets acquired and liability assumed in Leadway Vie
(e) 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 (Unquoted equities)

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) Determination of fair value of Non-insurance subsidiaries distributed

The non-recurring fair value measurement for the distribution of Non-insurance subsiaries has been categorised as a Level 3 fair value based on the unobservable inputs to the valuation technique usedDiscounted cash flows method was used for the valuation, this considers the present value of the net cash flows expected to be generated from the subsidiaries, taking into account the projected growth rates for EBIT, capital expenditure & changes in working capital requirements. The expected net cash flows are discounted using a risk-adjusted discount rate. See note 5 for further details.

(d) Determination of fair value of Net assets acquired and liability assumed in Leadway Vie

As at the effective acquisition date, 62% of total assets were cash & cash equivalent which was valued at the carrying amount. The valuation techniques used for measuring the fair value of the other material assets acquired are as follows;

i. Property, plant & equipment: The valuation technique used was market comparison, this considers market prices for similar assets when available and depreciated replacement cost when appropriate.

ii. Investment property: The fair value evaluation was carried out by a licensed valuer, the method used compared prices for similar and recent real estate transactions and necessary adjustments made to account for differences in property features.

iii. Other liability (deposit for shares): The fair value for this liability was the same as the carrying value, given that it was money received for company shares yet to be allotted.

See note 15 for further details

(e) Assessment of impairment of goodwill on acquired subsidiary

Leadway Vie Ltd was acquired during the year, the acquisition resulted in recognition of goodwill. The goodwill amount was tested for impairment using discounted cash flow valuation method at year end. Projected cash flows were discounted to present value using a discount rate of 11.9% and an average revenue growth rate of 7.7% 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.

Note To The Financial Statements continued

For The Year Ended 31 December 2018

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

5 Non current assets distributed and discontinued operations

Pursuant to the approval of the shareholders at the Annual General Meeting of Leadway Assurance Company Limited held in May 2018, the Company distributed all of its holdings in Leadway Pensure PFA Limited; Leadway Hotels Limited, Leadway Capital & Trusts Limited and Leadway Properties & Investments Limited to the shareholders of the group as at that date and this was effected immediately.

The approval to distribute Non-insurance subsidiaries and the actual distribution was concluded in the same year, Consequently all the related assets and liabilities relating to the subsidiaries above have been derecognised in these financial statements. An analysis of the residual impact of this discontinued operations is summarised below:

a. Analysis of the result of discontinued operations

	Group 31-Dec-18	Group 31-Dec-17	**Company 31-Dec-18**	Company 31-Dec-17
Revenue	**2,987,565**	5,109,455	**-**	-
Expenses	**(1,703,878)**	(3,459,924)	**-**	-
Profit before tax of discontinued operations	**1,283,687**	1,649,531		
Tax	**(62,020)**	(609,759)		
Profit for the year from discontinued operations	**1,221,667**	1,039,772	**-**	-

b. Gain on Assets Distributed and Loss on Discontinued Operations

The loss/gain on distribution of the company's Non-current assets is analysed below:

	Group 31-Dec-18	Group 31-Dec-17	**Company 31-Dec-18**	Company 31-Dec-17
Fair value of assets distributed	**6,569,300**	-	**6,569,300**	-
Less:				
Net assets of subsidiaries distributed	**8,534,517**			
Goodwill on subsidiaries disposed	**3,521,668**			
Profit recorded by the subsidiaries during the period	**(1,221,667)**			
Reversal of fair value reserves	**(3,551)**			
Reversal of treasury shares	**(79,688)**			
Cost of investments in subsidiaries disposed			**(3,637,495)**	
NCI on subsidiaries disposed	**(2,943,676)**	-		-
(Loss)/ Gain on Assets Distributed	**(1,238,304)**	-	**2,931,805**	-

The net impact of the distribution on retained earnings of the Parent is the carrying value of the assets distributed N3,637,495. The loss/ gain on distribution represents a Fair Value remeasurement adjustment which is recycled back into retained earnings through Statement of Comprehensive Income.

Cashflow (used in)/from discontinuing operations	**Group 31-Dec-18**	Group 31-Dec-17
Net cash used in operating activities	**(216,539)**	(2,831,792)
Net cash (used in)/from investing activities	**(1,243,315)**	2,595,960
Net cash used in financing activities	**-**	(339,980)

Note To The Financial Statements continued

For The Year Ended 31 December 2018

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

6 Cash and cash equivalents

	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Cash on hand	**3,291**	4,677	**3,241**	3,766
Cash at bank	**5,823,465**	5,914,437	**5,641,627**	5,512,075
Tenored deposits	**27,840,157**	23,124,440	**27,333,436**	22,284,398
	33,666,913	29,043,554	**32,978,304**	27,800,239

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-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Cash on hand	**3,291**	4,677	**3,241**	3,766
Cash at bank	**5,823,465**	5,914,437	**5,641,627**	5,512,075
Tenored deposits	**27,840,157**	23,124,440	**27,333,436**	22,284,398
Treasury bills with initial maturity<90days (see 'a' below)	-	1,194,777	-	1,194,777
	33,666,913	30,238,331	**32,978,304**	28,995,016

(a) Treasury bills with maturity less than 90days are classified as part of investment securities in this financial statement are however included as a part of cash and cash equivalent for the purpose of the statement of cash flows only

7 Trade receivables

(a) Trade receivable comprises the following:

	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Non-Life Insurance receivables	**381,436**	218,192	**381,436**	218,192
Life Insurance receivables	**15,178**	13,795	**14,149**	13,795
	396,614	231,987	**395,585**	231,987
Current	**396,614**	231,987	**395,585**	231,987

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

	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Analysis of premium debtors in days 0 - 30 days	**396,614**	231,987	**395,585**	231,987

8 Investment securities:

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

	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Financial assets at fair value through profit or loss (see note 8.1 below)	**156,009,761**	130,185,303	**156,009,761**	129,997,627
Available for sale (see note 8.2 below)	**53,697,478**	17,012,524	**53,279,959**	17,007,767
Held to maturity (see note 8.3 below)	-	36,236,431	-	32,917,325
	209,707,239	183,434,258	**209,289,720**	179,922,719
Current	**6,704,456**	21,513,051	**6,286,937**	18,396,274
Non Current	**203,002,783**	161,921,207	**203,002,783**	161,526,445
	209,707,239	183,434,258	**209,289,720**	179,922,719

Note To The Financial Statements continued

For The Year Ended 31 December 2018

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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

Designated at fair value through profit or loss	**Group 31-Dec-18**	Group 31-Dec-17	**Company 31-Dec-18**	Company 31-Dec-17
Debt securities:				
- Listed	**153,254,493**	**127,678,943**	**153,254,493**	**127,678,943**
Held for trading				
Equity securities:				
- Listed	**2,755,268**	**2,506,360**	**2,755,268**	**2,318,684**
Total financial assets at fair value through profit or loss	**156,009,761**	**130,185,303**	**156,009,761**	**129,997,627**
Current	**2,722,267**	5,719,385	**2,722,267**	5,719,385
Non Current	**153,287,494**	124,465,918	**153,287,494**	124,278,242
	156,009,761	**130,185,303**	**156,009,761**	**129,997,627**

Movement in financial assets at fair value through profit or loss

	Group 31-Dec-18	Group 31-Dec-17	**Company 31-Dec-18**	Company 31-Dec-17
Opening balance	**130,185,303**	69,429,589	**129,997,627**	69,326,992
Additions	**53,566,530**	63,859,942	**53,566,530**	63,847,935
Disposals	**(15,592,212)**	(13,245,513)	**(15,592,212)**	(13,245,513)
Distribution of subsidiaries	**(153,410)**	-	**-**	-
Accrued Interest	**19,638,174**	12,268,638	**19,638,174**	12,268,638
Interest received	**(19,379,727)**	(12,115,838)	**(19,379,727)**	(12,115,838)
Fair value changes	**(12,254,897)**	9,988,485	**(12,220,631)**	9,915,413
Closing balance	**156,009,761**	**130,185,303**	**156,009,761**	**129,997,627**

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-18	Group 31-Dec-17	**Company 31-Dec-18**	Company 31-Dec-17
Equity securities at fair value				
- Listed	**10,873,826**	11,452,210	**10,873,826**	11,452,210
- Unlisted (see note a(i) below)	**8,144,914**	4,778,467	**8,144,914**	4,773,710
Equity securities at cost				
- Unlisted (see note a(ii) below)	**1,559,679**	1,286,807	**1,559,679**	1,286,807
Debt securities:				
- Listed (see note 3(a) below)	**33,624,019**	-	**33,206,500**	-
	54,202,438	17,517,484	**53,784,919**	17,512,727
Less: allowance for impairment loss (see note (b) below)	**(504,960)**	(504,960)	**(504,960)**	(504,960)
Total available for sale financial assets	**53,697,478**	**17,012,524**	**53,279,959**	**17,007,767**
	3,982,189	4,580,884	**3,564,670**	11,452,210
Non Current	**49,715,289**	12,431,640	**49,715,289**	5,555,557
	53,697,478	**17,012,524**	**53,279,959**	**17,007,767**

Note To The Financial Statements continued

For The Year Ended 31 December 2018

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

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

		Group 31-Dec-18	Group 31-Dec-17	**Company 31-Dec-18**	Company 31-Dec-17
At fair value					
Africa Finance Corporation		**1,058,169**	1,254,622	**1,058,169**	1,254,622
African Reinsurance Company Limited		**1,678,105**	1,502,880	**1,678,105**	1,502,880
Capital Bancorp		**153,098**	105,000	**153,098**	105,000
Food Concept Limited		**6,600**	6,300	**6,600**	6,300
Lekky Budget Limited		**33,945**	71,820	**33,945**	71,820
Mainstreet Technologies		**151,999**	495,895	**151,999**	495,895
Energy and Allied Insurance pool of Nigeria		**221,405**	221,405	**221,405**	221,405
MTN		**1,187,962**	935,171	**1,187,962**	935,171
Oakwood Park Limited		**33,593**	33,593	**33,593**	33,593
West African Milk Company Limited		**67,072**	56,875	**67,072**	56,875
JDI investment company Ltd		**47,319**	40,661	**47,319**	40,661
Nigeria Liability Insurance Pool		**74,488**	49,488	**74,488**	49,488
Lagos Building Investment Company Ltd		**56,159**	-	**56,159**	-
Central Security Clearing System		**3,375,000**	-	**3,375,000**	-
Others		**-**	4,757	**-**	-
	A	**8,144,914**	4,778,467	**8,144,914**	4,773,710

a (ii) *At cost*

Lagos Building Investment Company Ltd		**-**	49,920	**-**	49,920
MotorWays Assets Limited		**480,000**	480,000	**480,000**	480,000
Verod Capital Management Ltd		**1,079,679**	756,887	**1,079,679**	756,887
	B	**1,559,679**	1,286,807	**1,559,679**	1,286,807
Less: Specific allowance for impairment (unquoted equity securities)	C	**(504,960)**	(504,960)	**(504,960)**	(504,960)
Total unlisted equities (A+B +C)		**9,199,633**	5,560,314	**9,199,633**	5,555,557

Investment in Lagos Building Investment Company Limited was carried at cost as at 31st December 2017 as there was no information to reliably measure the fair value. During the year the Group was able to reliably measure the fair value of this investment and has been disclosed in this financial statement

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

Balance, beginning of year	**504,960**	24,960	**504,960**	24,960
Charge for the year	**-**	480,000	**-**	480,000
Balance, end of year	**504,960**	504,960	**504,960**	504,960

(c) Movement in Financial assets designated at available for sale

	Group 31-Dec-18	Group 31-Dec-17	**Company 31-Dec-18**	Company 31-Dec-17
Opening balance	**17,012,524**	11,210,932	**17,007,767**	11,206,175
Additions	**11,925,739**	2,222,144	**11,649,449**	2,222,144
Reclasification (see note 8.3.b below)	**27,547,995**	480,000	**27,547,995**	480,000
Disposals	**(620,942)**	(365,632)	**(620,942)**	(365,632)
Distribution of subsidiaries	**(4,757)**	-	**-**	-
Acquired from subsidiary	**141,230**	-	**-**	-
Fair value changes	**(2,745,484)**	3,961,084	**(2,745,484)**	3,961,084
Exchange gains	**441,173**	-	**441,173**	-
Impairment	**-**	(480,000)	**-**	(480,000)
Write-offs	**-**	(16,004)	**-**	(16,004)
Closing balance	**53,697,478**	17,012,524	**53,279,959**	17,007,767

Note To The Financial Statements continued

For The Year Ended 31 December 2018

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

8.3 Held to maturity financial assets

	Group 31-Dec-18	Group 31-Dec-17	**Company 31-Dec-18**	Company 31-Dec-17
Debt securities:				
- Listed	-	36,236,431	-	32,917,325
	-	36,236,431	-	32,917,325
Current	-	11,212,782	-	8,096,005
Non-current	-	25,023,649	-	24,821,320
	-	36,236,431	-	32,917,325

a. During the year the group disposed a significant portion of its held to maturity (HTM) financial assets in the ordinary course of business. Consequently, the HTM portfolio was assessed to be tainted in line with the provision of IAS 39. This resulted in HTM bonds and treasury bills amounting to N 27.5bn transferred out of the HTM portfolio to the available for sale portfolio.The group will not designate any financial asset into the HTM portfolio for the next two financial periods.

Held to maturity assets are analysed below:

		Group 31-Dec-18	Group 31-Dec-17	**Company 31-Dec-18**	Company 31-Dec-17
Federal Government Debt Securities					
10.70% FGN May 2018		-	708,752	-	708,752
7.00% FGN Oct 2019		-	260,783	-	260,783
10.00% FGN Jul 2030		-	1,222,540	-	1,222,540
16.00% FGN Jun 2019		-	120,103	-	120,103
15.54% FGN Feb 2020		-	829,774	-	829,774
14.5% FGN JUL 2021		-	4,176,891	-	4,176,891
12.50% FGN JAN 2026		-	1,325,999	-	1,325,999
12.40% FGN MAR 2036		-	2,784,825	-	2,784,825
12.1493% FGN JUL 2034		-	199,555	-	199,555
FGN treasury bill (maturity >90days)		-	9,423,354	-	6,104,248
FGN treasury bill (maturity <90days)		-	1,194,777	-	1,194,777
	A		22,247,353		18,928,247
State Government Bonds					
Lagos State bonds		-	252,553	-	252,553
Bayelsa State bonds		-	19,463	-	19,463
Delta State bonds		-	42,782	-	42,782
Ekiti State bonds		-	5,265	-	5,265
Osun State bonds		-	109,105	-	109,105
	B	-	429,168	-	429,168
Corporate bonds					
Federal Mortgage of Nigeria Bond		-	-	-	-
Lafarge WAPCO bond		-	201,669	-	201,669
Local Contractor Bond Series III		-	-	-	-
United Bank for Africa Plc Bond		-	101,714	-	101,714
Dana Group of Companies Bond		-	20,718	-	20,718
Forte Oil		-	101,342	-	101,342
	C	-	425,443	-	425,443

		Group 31-Dec-18	Group 31-Dec-17	**Company 31-Dec-18**	Company 31-Dec-17
Eurobonds					
Access Bank Eurobond 7.25%, 2017		-	-	-	-
FBN Finance BV 2020 8.25%		-	1,224,686	-	1,224,686
First Bank 8% Jul, 2021		-	2,244,228	-	2,244,228
FGN 6.75% Eurobond, 2021		-	2,520,479	-	2,520,479
ETI 8.75% Aug 2021		-	1,701,105	-	1,701,105
Access Bank Eurobond 9.25%, 2021		-	707,594	-	707,594
FGN 6.38% Eurobond, 2023		-	4,636,325	-	4,636,325
GTB 6.00% Nov 2018		-	-	-	-
Zenith 6.25% Apr 2019		-	100,050	-	100,050
Access 10.50% Oct 2021		-	-	-	-
	D	-	13,134,467	-	13,134,467
Grand Total	*(E = A+B+C+D)*	-	36,236,431	-	32,917,325

Note To The Financial Statements continued

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(b) Movement in financial assets designated as Held to Maturity :	**Group 31-Dec-18**	Group 31-Dec-17	**Company 31-Dec-18**	Company 31-Dec-17
Opening balance	**36,236,431**	32,952,921	**32,917,325**	30,508,078
Additions	**22,981,328**	27,968,314	**22,981,328**	27,537,391
Disposals	**(29,299,225)**	(26,418,962)	**(29,299,225)**	(26,418,962)
Distribution of subsidiaries	**(3,319,106)**	-	**-**	-
Accrued interests	**3,661,477**	4,504,219	**3,661,477**	4,060,879
Interest received	**(2,712,911)**	(2,661,443)	**(2,712,911)**	(2,661,443)
Reclassification (see note 8.2 above)	**(27,547,995)**		**(27,547,995)**	
Impairment	**-**	(108,618)	**-**	(108,618)
	(0)	**36,236,431**	**(0)**	**32,917,325**

9 Reinsurance assets

Prepaid reinsurance	**3,127,725**	3,784,319	**3,127,725**	3,784,319
Reinsurance recoverable	**40,492,412**	31,404,741	**40,492,412**	31,404,741
Due from reinsurers	**138,222**	46,293	**68,750**	46,293
	43,758,359	**35,235,353**	**43,688,887**	**35,235,353**
(a) Prepaid reinsurance Non Life business	**2,930,656**	3,293,999	**2,930,656**	3,293,999
Prepaid reinsurance Life Business	**197,069**	490,320	**197,069**	490,320
	3,127,725	**3,784,319**	**3,127,725**	**3,784,319**
See note (i) below for movement				
(b) Reinsurance recoverable Non Life business	**39,665,977**	30,598,262	**39,665,977**	30,598,262
Reinsurance recoverable Life business	**826,435**	806,479	**826,435**	806,479
	40,492,412	**31,404,741**	**40,492,412**	**31,404,741**
See note (ii) below for movement				
(c) Due from reinsurers Non Life business	**39,738**	42,638	**39,738**	42,638
Due from reinsurers Life business	**98,484**	3,655	**29,012**	3,655
	138,222	**46,293**	**68,750**	**46,293**
Total Reinsurance Assets	**43,758,359**	**35,235,353**	**43,688,887**	**35,235,353**
Current	**43,758,359**	35,204,239	**43,688,887**	35,204,239
Non-current	**-**	31,114	**-**	31,114
	43,758,359	**35,235,353**	**43,688,887**	**35,235,353**

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

Balance, beginning of the year	**3,784,319**	5,181,949	**3,784,319**	5,181,949
Additions in the year	**16,006,220**	13,258,167	**15,958,761**	13,258,167
Released in the year (see note 28)	**(16,662,814)**	(14,655,797)	**(16,615,355)**	(14,655,797)
Balance, end of year	**3,127,725**	**3,784,319**	**3,127,725**	**3,784,319**
Non-life				
Balance, beginning of the year	**3,321,651**	5,154,043	**3,321,651**	5,154,043
Additions in the year	**15,099,934**	11,701,483	**15,099,934**	11,701,483
Released in the year	**(15,490,929)**	(13,533,875)	**(15,490,929)**	(13,533,875)
Balance, end of year	**2,930,656**	**3,321,651**	**2,930,656**	**3,321,651**
Life				
Balance, beginning of the year	**462,668**	27,906	**462,668**	27,906
Additions in the year	**906,286**	1,556,684	**858,827**	1,556,684
Released in the year	**(1,171,885)**	(1,121,922)	**(1,124,426)**	(1,121,922)
Balance, end of year	**197,069**	**462,668**	**197,069**	**462,668**

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(ii) The movement in reinsurance recoverable is as follows:	**Group 31-Dec-18**	Group 31-Dec-17	**Company 31-Dec-18**	Company 31-Dec-17
Balance, beginning of the year	**31,404,741**	6,200,301	**31,404,741**	6,200,301
Increase during the year (see note 30)	**9,087,671**	25,204,440	**9,087,671**	25,204,440
Balance, end of year	**40,492,412**	**31,404,741**	**40,492,412**	**31,404,741**
Non-life				
Balance, beginning of the year	**30,598,261**	5,992,470	**30,598,261**	5,992,470
Increase during the year (see note 30)	**9,067,716**	24,605,791	**9,067,716**	24,605,791
Balance, end of year	**39,665,977**	**30,598,261**	**39,665,977**	**30,598,261**
Life				
Balance, beginning of the year	**806,480**	207,831	**806,480**	207,831
Increase during the year (see note 30)	**19,955**	598,649	**19,955**	598,649
Balance, end of year	**826,435**	**806,480**	**826,435**	**806,480**

10 Deferred acquisition costs

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

Motor	**141,793**	135,482	**141,793**	135,482
Fire	**175,855**	188,100	**175,855**	188,100
General accident	**79,997**	45,567	**79,997**	45,567
Marine	**129,044**	108,668	**129,044**	108,668
Bond	**3,334**	3,276	**3,334**	3,276
Engineering and Special Risk	**321,046**	67,704	**321,046**	67,704
	851,069	**548,797**	**851,069**	**548,797**

The movement in deferred acquisition costs is as follows:

Balance, beginning of year	**548,797**	486,416	**548,797**	486,416
Cost incurred during the year	**1,783,496**	1,509,388	**1,783,496**	1,509,388
Amortisation for the year	**(1,481,224)**	(1,447,007)	**(1,481,224)**	(1,447,007)
Balance, end of year	**851,069**	**548,797**	**851,069**	**548,797**
Current	**851,069**	548,797	**851,069**	548,797
	851,069	**548,797**	**851,069**	**548,797**

11 Other receivables and prepayments

	Group 31-Dec-18	Group 31-Dec-17	**Company 31-Dec-18**	Company 31-Dec-17
Financial assets:				
Accrued interest on statutory deposits	**11,574**	48,218	**11,574**	48,218
Rental income receivable	**539,594**	282,119	**539,594**	282,119
Trusteeship fee receivable	**-**	456,525	**-**	-
Dividend receivable	**232,784**	36,423	**232,784**	36,110
Receivable from related parties	**32,440**	112,288	**32,440**	43,878
	816,392	**935,573**	**816,392**	**410,325**
Non financial assets:				
Prepayment	**170,006**	189,627	**151,980**	92,646
Inventories and other consumables	**-**	52,552	**-**	-
Deposit for shares (see note "a" below)	**302,000**	2,716,198	**302,000**	2,716,198
Asset receivable from debtors (see note "b" below)	**-**	210,838	**-**	210,838
WHT Recoverable	**-**	435,156	**-**	-
Receivable on Claims settled on behalf of Co - Insurers	**111,628**	102,562	**111,628**	102,562
Deposit for purchase of foreign currency	**104,027**	-	**104,027**	-
Deposit for purchase of Assets	**20,413**	-	**20,413**	-
Sundry debtors	**183,677**	317,128	**147,958**	238,833
	891,751	**4,024,061**	**838,006**	**3,361,077**

Note To The Financial Statements continued

For The Year Ended 31 December 2018

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

	Group 31-Dec-18	Group 31-Dec-17	**Company 31-Dec-18**	Company 31-Dec-17
Gross other receivables	**1,708,143**	4,959,634	**1,654,398**	3,771,402
Less: Impairment allowance on:				
Financial asset				
Accrued interest on statutory deposits	-	-	-	-
Receivable from third party	-	-	-	-
Rental income receivable	**(64,851)**	(64,851)	**(64,851)**	(64,851)
Trusteeship fee receivable	-	(20,260)	-	-
Dividend receivable	**(27,928)**	(27,928)	**(27,928)**	(27,928)
Receivable from related parties	-	-	-	-
Total Impairment losses on Financial asset	**(92,779)**	(113,039)	**(92,779)**	(92,779)
Non-Financial Assets				
Prepayment	-	-	-	-
Inventories and other consumables	-	(38,899)	-	-
Deposit for shares	**(22,000)**	(22,000)	**(22,000)**	(22,000)
Asset receivable from debtors	-	-	-	-
WHT Recoverable	-	-	-	-
Sundry debtors	**(122,017)**	(122,017)	**(122,017)**	(122,017)
Total Impairment losses on Non- Financial asset	**(144,017)**	(182,916)	**(144,017)**	(144,017)
Total Impairment on Financial and Non Financial Assets	**(236,796)**	(295,955)	**(236,796)**	(236,796)
Net other receivables	**1,471,347**	4,663,679	**1,417,602**	3,534,606
Current	**1,427,333**	4,111,456	**1,373,588**	3,487,778
Non Current	**44,014**	552,223	**44,014**	46,828
	1,471,347	**4,663,679**	**1,417,602**	**3,534,606**

a. Deposit for shares relates to payments made for the acquisition of shares in unquoted companies which had not been allotted as at 31 December 2018. Detail is shown below.

	Ccompany's name			**Nature of business**
i	FBS Reinsurance Limited	**280,000**	280,000	Underwriting of risk
ii	MV Exchange	**22,000**	22,000	E- commerce
iii	3 Avie Insurance Company (Cote D'Ivoire)	-	2,414,198	Underwriting of risk
	Total	**302,000**	**2,716,198**	

The movement in deposit for shares is as follows:

Balance, beginning of year	**2,716,198**	540,124	**2,716,198**	540,124
Addition	-	2,414,198		2,414,198
Transfer to Investment in subsidiary upon allotment of Leadway Vie's equity	**(2,153,425)**	-	**(2,153,425)**	-
Expenses incurred on Acquisition of subsidiary	**(14,351)**	-	**(14,351)**	-
Refund of unutilized deposit	**(246,422)**	-	**(246,422)**	-
Transfer to Equity investments on allotment of shares	-	(238,124)		(238,124)
Balance, end of year	**302,000**	**2,716,198**	**302,000**	**2,716,198**

b. Asset receivable from debtors amounting to N210 million in 2017 relates to properties receivable from a debtor in lieu of a matured cash placement by Leadway Assurance. The properties were received in 2018 and the balance reclassified to Investment Properties upon receipt of the properties and related titles. This is not factored into the statement of cashflows

Note To The Financial Statements continued

For The Year Ended 31 December 2018

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c. The movement in allowance for impairment of other receivable is as follows:

	Group 31-Dec-18	Group 31-Dec-17	**Company 31-Dec-18**	Company 31-Dec-17
Balance, beginning of year	**295,955**	260,980	**236,796**	217,144
Charge for the year (see note 38)	**-**	63,692	**-**	63,692
Charge for the year on discontinued operations		11,377		
Distribution of subsidiaries	**(59,168)**	-	**-**	-
Write off	**-**	(40,094)	**-**	(44,040)
Balance, end of year	**236,787**	**295,955**	**236,796**	**236,796**

12 Loans and Advances	**Group 31-Dec-18**	Group 31-Dec-17	**Company 31-Dec-18**	Company 31-Dec-17
Gross				
Commercial loans	**1,314,822**	960,612	**1,314,822**	1,102,688
Secured Loans	**-**	2,520,836	**-**	-
Mortgage loans	**-**	77,838	**-**	-
Staff loans	**87,824**	36,377	**87,824**	33,557
Agency loan	**33,270**	25,347	**33,270**	25,347
Loan to policy holders	**310,656**	277,604	**310,656**	277,604
Advance under finance lease	**-**	48,159	**-**	-
	1,746,572	**3,946,773**	**1,746,572**	**1,439,196**
Current	**778,835**	3,286,412	**778,835**	778,835
Non Current	**967,737**	660,361	**967,737**	660,361
	1,746,572	**3,946,773**	**1,746,572**	**1,439,196**
Specific Impairment allowance on:				
- Commercial loans	**(283,933)**	(337,824)	**(283,933)**	(332,848)
- Staff Loans	**(533)**	(50)	**(533)**	(50)
- Agency loans	**(1,720)**	(1,954)	**(1,720)**	(1,954)
- Mortgage loan	**-**	(633)	**-**	-
- Policy holders loans	**(22,656)**	(15,722)	**(22,656)**	(15,722)
- Advance under finance lease below	**-**	(30,467)	**-**	-
Collective Impairment - Advance under finance lease	**-**	(314)	**-**	-
Collective Impairment - Loans	**(42,166)**	(124,956)	**(42,166)**	(23,215)
	(351,008)	**(511,920)**	**(351,008)**	**(373,789)**
Net Loans and advances	**1,395,564**	**3,434,853**	**1,395,564**	**1,065,407**

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

	Group 31-Dec-18	Group 31-Dec-17	**Company 31-Dec-18**	Company 31-Dec-17
Balance, beginning of year	**511,920**	901,840	**373,789**	851,823
Charge/ (credit) for the year : (see note 37)				
- Commercial loans	**(34,371)**	(483,643)	**(34,371)**	(483,643)
- Staff Loans	**486**	50	**486**	50
Mortgage loans				
- Agency loans	**980**	1,949	**980**	1,949
- Policy holders loans	**10,125**	15,650	**10,125**	15,650
Advance under finance lease	**-**			
Charge to discontinued operations		88,114		
Write off :	**-**	-	**-**	-
- Staff Loans	**-**	(5,481)		(5,481)
- Agency loans	**-**	(5,647)	**-**	(5,647)
- Policy holders loans	**-**	(912)	**-**	(912)
Derecognition of distributed subsidiaries	**(138,131)**	-	**-**	-
Balance, end of year	**351,008**	**511,920**	**351,008**	**373,789**

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

	Group 31-Dec-18	Group 31-Dec-17	**Company 31-Dec-18**	Company 31-Dec-17
Balance beginning of year	**3,434,853**	2,463,338	**1,065,407**	797,368
Additional loans granted	**853,120**	2,603,716	**853,120**	461,808
Loan repayment received	**(630,072)**	(1,347,787)	**(630,072)**	(700,414)
Accrued interests	**154,337**	107,222	**154,337**	125,918
Interests received	**(70,009)**	(769,516)	**(70,009)**	(85,267)
Impairment writeback/ (charge)	**22,781**	377,880	**22,781**	465,994
Derecognition of distributed subsidiaries	**(2,369,446)**	-	**-**	-
Balance end of year	**1,395,564**	**3,434,853**	**1,395,564**	**1,065,407**

Note To The Financial Statements continued

For The Year Ended 31 December 2018

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

13 Property and equipment

13.1 Group - 2018

	Land	Building	Office equipment	Computer equipment	Furniture & fittings	Motor vehicles	Capital Work in progress	Total
Cost or valuation								
Balance, beginning of year	2,208,631	3,080,502	1,069,707	1,307,006	734,268	1,871,821	34,968	10,306,903
Brought forward in subsidiary acquired during the year	-	-	3,187	15,321	78,247	30,982		127,737
Additions	-	-	43,745	239,481	61,664	183,700	-	528,590
Revaluation Surplus/(deficit)	10,116	81,660	-	-	-	-	-	91,776
Disposals	(10,000)	(137,780)	-	-	-	(45,032)	-	(192,812)
Reclassification to investment property	(393,633)	(425,712)					-	(819,345)
Reclassification from investment property							470,139	470,139
Reversal of accumulated depreciation due to revaluation	-	(63,141)	-	-	-	-	-	(63,141)
Disposals through distribution of subsidiaries	(1,296,422)	(797,454)	(503,436)	(306,470)	(210,034)	(611,433)	(34,968)	(3,760,217)
Transfers from WIP		-	-				-	-
Balance, end of year	518,692	1,738,075	613,203	1,255,338	664,145	1,430,038	470,139	6,689,630
Accumulated depreciation								
Balance, beginning of year	-	-	688,060	1,202,555	549,720	1,115,038	-	3,555,373
Brought forward in subsidiary acquired during the year	-	-	3,128	13,652	14,018	14,143		44,941
Charge for the year	-	63,141	35,271	116,062	33,219	195,705	-	443,398
Reversal of accumulated depreciation due to revaluation	-	(63,141)	-	-	-	-	-	(63,141)
Disposals	-	-	-	-	-	(31,542)	-	(31,542)
Disposals through distribution of subsidiaries	-	-	(187,181)	(278,471)	(62,528)	(316,446)		(844,626)
Balance, end of year	-	-	539,278	1,053,798	534,429	976,898	-	3,104,403
Net book value end of year	518,692	1,738,075	73,925	201,540	129,716	453,140	470,139	3,585,227
Net book value beginning of year	2,208,631	3,080,502	381,647	104,451	184,548	756,783	34,968	6,751,530

(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 2018, the fair values of the land and buildings have been determined by Diya Fatimilehin & Co., Estate Surveyor and Valuers (FRC/2013/NIESV/00000002773). See note 13.4b for the analysis of the fair valuation method used for land and building Consequent to the revaluation of the Group's land and buildings at 31 December 2018, 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 2017: Nil).

(iii) No leased assets are included in property and equipment (31 December 2017: 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 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

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

Note To The Financial Statements continued

For The Year Ended 31 December 2018

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

	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Land:				
Cost	**143,024**	228,024	**143,024**	153,024
Accumulated Depreciation	**-**	-	**-**	-
	143,024	228,024	**143,024**	153,024
Building:				
Cost	**26,250**	414,030	**26,250**	164,030
Accumulated Depreciation	**(42,063)**	(49,818)	**(42,063)**	(41,538)
	(15,813)	364,212	**(15,813)**	122,492

13.2 Company - 2018

	Land	Building	Office equipment	Computer equipment	Furniture & fittings	Motor vehicles	Capital Work In Progress	Total
Cost or valuation								
Balance, beginning of year	912,209	2,283,048	566,271	1,000,536	524,234	1,260,388	-	6,546,686
Additions	-	-	40,883	210,321	7,760	156,727	-	415,691
Revaluation surplus/(deficit)	10,116	81,660	-	-	-	-	-	91,776
Reclassification to investment property (see note 'a' below)	(393,633)	(425,712)	-	-	-	-	-	(819,345)
Reclassification from investment property							470,136	470,136
Write off	-		-	-	-	-		-
Disposals	(10,000)	(137,780)	-	-	-	(45,032)	-	(192,812)
Reversal of accumulated depreciation due to revaluation	-	(63,141)						(63,141)
Balance, end of year	518,692	1,738,075	607,154	1,210,857	531,994	1,372,083	470,136	6,448,991
Accumulated depreciation								
Balance, beginning of year	-	-	500,819	924,084	487,192	805,652		2,717,747
Charge for the year	-	63,141	32,410	106,936	19,765	175,580		397,832
Reversal of accumulated depreciation due to revaluation	-	(63,141)	-	-	-	-		(63,141)
Disposals	-	-	-	-	-	(31,542)		(31,542)
Balance, end of year	-	-	533,229	1,031,020	506,957	949,690		3,020,896
Net book value end of year	518,692	1,738,075	73,925	179,837	25,037	422,393		3,428,095
Net book value beginning of year	912,209	2,283,048	65,452	76,452	37,042	454,736		3,828,939

a. During the year a property at (Funsho Williams Av. Old Corporate office) valued at N819,345,000 previously used as owner occupied was reclassified to investment property after it was no longer occupied by the group.

b. Siun Property in Abeokuta previously carried as investment property was reclassified into PPE after it was converted into own use. This property is still undergoing contruction hence it was carried as work in progress under PPE.

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Note To The Financial Statements continued

For The Year Ended 31 December 2018

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

13 Property and equipment
13.3 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
Write off	-	-	-	-	-	-	-	-
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	-	58,800	35,369	79,822	20,894	149,429	-	344,314
Charge for the year on discontinued operations		9,461	68,649	143,811	28,102	102,824		352,847
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**

Note To The Financial Statements continued

For The Year Ended 31 December 2018

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

13.4 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	-	2,517	20,077	39,042	7,537	385,498	454,671
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**	**2,283,048**	**566,271**	**1,000,536**	**524,234**	**1,260,388**	**6,546,686**
		-	-				
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**	**2,283,048**	**65,452**	**76,452**	**37,042**	**454,736**	**3,828,939**
Net book value beginning of year	**900,662**	**2,278,806**	**80,744**	**117,232**	**50,399**	**218,676**	**3,646,519**

(b) Non financial instruments measured at fair value

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

Group
31 December 2018

All amounts are in thousands of Naira unless otherwise stated

	Level 1	Level 2	Level 3	Total
Property and equipment				
- Land	-	518,692		518,692
- Building	-	1,738,075		1,738,075
Total	**-**	**2,256,767**	**-**	**2,256,767**

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Group

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	-	2,208,631		2,208,631
- Building	-	3,080,502		3,080,502
Total	**-**	**5,289,133**	**-**	**5,289,133**

Company

31 December 2018

All amounts are in thousands of Naira unless otherwise stated

Assets	Level 1	Level 2	Level 3	Total
Property and equipment				
- Land	-	518,692		518,692
- Building	-	1,738,075		1,738,075
Total	**-**	**2,256,767**	**-**	**2,256,767**

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	-	2,283,048		2,283,048
Total	**-**	**3,195,257**	**-**	**3,195,257**

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.

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14 Investment properties

	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Office property	12,469,091	12,135,598	12,469,091	12,135,598
Residential property	6,627,356	3,501,948	3,945,352	2,828,167
Non Current	**19,096,447**	**15,637,546**	**16,414,443**	**14,963,765**

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

	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Balance, beginning of the year	15,637,546	8,820,070	14,963,765	8,159,419
Reclassification to Property & Equipment	(470,136)	-	(470,136)	-
Reclassification from Property & Equipment	819,345	-	819,345	-
Transfer from other assets	210,838	-	210,838	-
Acquisition from loan customer	49,162		49,162	
Additions during the year	480,711	6,042,032	430,509	6,028,902
Acquisition during the year through newly acquired subsidiaries	1,300,629	-	-	-
Fair value gain (see note 33)	1,704,859	775,444	410,960	775,444
Disposals through distribution of subsidiaries	(636,507)	-	-	-
As at end of the year	**19,096,447**	**15,637,546**	**16,414,443**	**14,963,765**

The analysis of investment properties is as follows:

	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Thomas Wyatt House ** (See note "c" below)	1,438,161	1,409,962	1,438,161	1,409,962
Cadastral Property, Abuja	2,812,329	2,757,185	2,812,329	2,757,185
Siun Property Abeokuta	-	76,800	-	76,800
Bedwell, Ikoyi I	1,786,664	1,757,867	1,786,664	1,757,867
George Street Ikoyi Property **	877,687	865,030	877,687	865,030
Ozumba Mbadiwe Property	1,160,516	1,152,564	1,160,516	1,152,564
Abeokuta property - Oke Ilewo	140,004	160,015	140,004	160,015
Enugu Landed property	46,160	45,255	46,160	45,255
Aerodrome Road, Apapa **	215,500	215,500	215,500	215,500
Warehouse Road Apapa **	425,350	425,349	425,350	425,349
Onike Road, Sabo Yaba **	179,300	163,000	179,300	163,000
Alfred Rewane Road (Marble House) **	6,237,935	5,935,238	6,237,935	5,935,238
Funsho Williams Av. - Old Corporate Office	831,637	-	831,637	-
Plot 802 Cadastral Zone Bo2, Durumi	100,000	-	100,000	-
Sangotedo scheme, Lekki sub-region	163,200	-	163,200	-
Bedwell, Ikoyi II	-	673,781	-	-
Cocody Besiko - Cote de voire	2,168,656			
Others	513,348	-	-	-
	19,096,447	**15,637,546**	**16,414,443**	**14,963,765**

(b) The Group's investment properties are held for the purpose of capital appreciation and rental income generation under operating lease arrangements (All leases are cancellable). 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 2018. 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 N933 million (2017: N50.7 million); and N928.1 million (2017: N177.3 million) for group and company respectively. The titles of most of the goup's properties are fully perfected.

(c) The Thomas Wyatt House property is subject of an ongoing litigation. Our Legal experts are of the view that Leadway Assurance Company has a high probability of success based on the facts of the case and that there is no other encumbrance to the full realization of the property. There is no income being realized from the property.

** 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. There are no encumberances on these properties except Thomas Wyatt House . Estimated cost of perfecting the title of these properties is put at N100million

Note To The Financial Statements continued

For The Year Ended 31 December 2018

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(d) DESCRIPTION	BAL. B/F	ADDITION & RECLASS IFICATION INTO	DISPOSAL via RECLASS IFICATION	FAIR VALUE GAIN/(LOSS) ON REVALUATION	CLOSING BALANCE
THOMAS WYATT HOUSE	1,409,962	-	-	28,199	1,438,161
ABUJA CADASTRAL OFFICE	2,757,185	1,858	-	53,286	2,812,329
SIUN PROPERTY - OGUN STATE	76,800	393,336	(470,136)	-	-
BEDWELL ROAD IKOYI	1,757,867	-	-	28,797	1,786,664
GEORGE STR-AMCON (Undeveloped Landed property)	865,030	-	-	12,657	877,687
OZUMBA MBADIWE-AMCON (Undeveloped Landed property)	1,152,564	-	-	7,952	1,160,516
ABEOKUTA PROPERTY (Undeveloped Landed property)	160,015	-	-	(20,011)	140,004
ENUGU LANDED PROPERTY (Undeveloped Landed property)	45,255	-	-	905	46,160
Property in Apapa -Aerodrome road	215,500	1,066	-	(1,066)	215,500
Property in Apapa - Warehouse road	425,349	1,066	-	(1,065)	425,350
No. 2, Onike Road (4A, Industrial Avenue), Sabo, Yaba, Lagos.	163,000	1,066	-	15,234	179,300
Marble House Ikoyi	5,935,238	32,119	-	270,578	6,237,935
FUNSHO WILLIAMS AVENUE PROPERTY	-	819,345	-	12,292	831,637
ASO 1-Plot 802, Cadastral Zone B02, Durumi Distric	-	100,000	-	-	100,000
ASO 2- Sangotedo scheme, Lekki sub - region, Eti o	-	160,000	-	3,201	163,201
Total	**14,963,765**	**1,509,855**	**(470,136)**	**410,960**	**16,414,443**

LEADWAY ASSURANCE COMPANY LIMITED

Note To The Financial Statements continued

For The Year Ended 31 December 2018

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(e) 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

Assets	Level 1	Level 1	Level 1	Level 2		Level 3	Total
Investment properties							
- Office property	-	-	-	12,469,091		-	12,469,091
- Residential property	-	-	-	6,627,356		-	6,627,356
Total	**-**	**-**	**-**	**19,096,447**		**-**	**19,096,447**

Group
31 December 2017

All amounts are in thousands of Naira unless otherwise stated

Assets	Level 1		Level 1	Level 2		Level 3	Total
Investment properties							
- Office property	-		-	12,135,598		-	12,135,598
- Residential property	-		-	3,501,948		-	3,501,948
Total	**-**		**-**	**15,637,546**		**-**	**15,637,546**

Company
31 December 2018

All amounts are in thousands of Naira unless otherwise stated

Assets	Level 1		Level 1	Level 2		Level 3	Total
Investment properties							
- Office property	-		-	12,469,091		-	12,469,091
- Residential property	-		-	3,945,352		-	3,945,352
Total	**-**		**-**	**16,414,443**		**-**	**16,414,443**

Company
31 December 2017

All amounts are in thousands of Naira unless otherwise stated

Assets	Level 1		Level 1	Level 2		Level 3	Total
Investment properties							
- Office property	-		-	12,135,598		-	12,135,598
- Residential property	-		-	2,828,167		-	2,828,167
Total		**-**		**14,963,765**		**-**	**14,963,765**

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.

Note To The Financial Statements continued

For The Year Ended 31 December 2018

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

15 Investment in subsidiaries

		Company 31-Dec-18	Company 31-Dec-17
(a)	The Company's investment in subsidiaries is as stated below:	-	47,696
	Leadway Capital and Trusts Limited (note i)	-	636,278
	Leadway Hotels Limited (note ii)	-	200,312
	Leadway Properties and Investments Limited (note iii)	-	2,753,209
	Leadway Pensure PFA Limited (note iv)	2,153,425	-
	Leadway Vie (note v)	**2,153,425**	**3,637,495**

(b) Nature of investments in subsidiaries 2018 and 2017 **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 Vie		Cote d'iVoire	99.99%	0.01%

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. The company was distributed during the year following the approval of shareholders at the Annual General Meeting. Consequently the investment has been derecognised. See further disclosure in note (5) to this financial statement.

(ii) Leadway Hotel Limited provides hotel and hospitality services. The company was distributed during the year following the approval of shareholders at the Annual General Meeting. Consequently the investment has been derecognised. See further disclosure in note (5) to this financial statement

(iii) Leadway Properties and Investments Limited is involved in property management, outsourcing services, software application provision, hotel development, real estate acquisition. The company was distributed during the year following the approval of shareholders at the Annual General Meeting. Consequently the investment has been derecognised. See further disclosure in note (5) to this financial statement

(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.The company was distributed during the year following the approval of shareholders at the Annual General Meeting. Consequently the investment has been derecognised. See further disclosure in note (5) to this financial statement

(v) Leadway Vie formerly known as Alliance Africaine D'assurance Vie (3 vie) which has now been changed to Leadway Vie after acquisition was incorporated on the 13th of July 1989 in Cote D'Ivoire, Abidjan. The principal activity is to carry out insurance business in line with the regulations of Commission Régionale de Contrôle des Assurances (CRCA) with specialization in provision of Life insurance risk underwriting. The company became a subsidiary of Leadway Assurance Company on 31 March 2018 after Leadway acquired controlling interest in the entity.

As at 1st January 2018, Leadway Assurance Company had a total deposit for shares of N2,414,198,000 for the equity interest of Leadway Vie. The total deposit for shares was fully utilized in the year as shown in the analysis below :

	Company 31-Dec-18
Opening Deposit for shares (see note 11a)	
Consideration to previous equity owners on acquisition of control	2,414,198
Additional capitalisation of Leadway Vie during the year	(1,069,436)
Expenses incurred on Acquisition of subsidiary	(1,083,989)
Refund of unutilized deposit	(14,351)
	(246,422)
	-

Note To The Financial Statements continued

For The Year Ended 31 December 2018

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(c) **Acquisition of subsidiary**

(i) **Identifiable assets acquired and liabilities assumed**

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition:

	Carrying amounts	Fair value
Cash and cash equivalent	2,230,307	2,230,307
Other receivables and prepayments	377,683	31,953
Investment securities	141,230	141,230
Property and equipment	82,796	82,796
Investment property	750,406	1,300,629
Other liabilities	(2,122,054)	(2,122,054)
Current tax liability	(21,953)	(21,953)
Insurance contract liabilities	(2,223,228)	(2,223,228)
Total identifiable net assets/ liabilities acquired	(784,813)	(580,320)

(ii) **Acquisition related costs**

The Group incurred acquisition related costs of CFA 20million (N11 million) on legal fees. This cost has been included in 'other expenses'.

(iii) **Goodwill**

Goodwill arising from the acquisition has been recognised as follows:

Cash consideration transferred	1,069,436
NCI, based on the proportionate interest in the recognised amounts of the assets and liabilities of 3AVie	(58)
Fair value of identifiable net assets/liabilities	580,320
Goodwill	1,649,698

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For The Year Ended 31 December 2018

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

The table below summarises the financial information of all Parent's subsidiaries before any intra-group elimination.

	Leadway Vie		Leadway Properties		Leadway Pensure PFA	
	Dec. 2018 (9 months)	**Dec. 2017 (12 months)**	**May 2018 (5 months)**	**Dec. 2017 (12 months)**	**May 2018 (5 months)**	**Dec. 2017 (12 months)**
Assets						
Cash and cash equivalent	688,559	-	205,103	219,870	788,506	789,240
Other receivables and prepayments	420,146	-	201,884	173,347	1,503,834	1,098,761
Investment securities	417,519	-	20,082	18,550	3,235,606	3,319,107
Deferred tax asset	-	-	7	7	-	-
Property and equipment	157,131	-	-	-	407,065	379,552
Intangible assets	1,355	-	-	-	75,712	44,446
Investment property	2,682,004	-	-	-	673,781	673,781
Investment in subsidiary	-	-	158,895	158,895		
Total Assets	**4,366,713**	**-**	**585,970**	**570,670**	**6,684,503**	**6,304,888**
Liabilities						
Other liabilities	260,603	-	33,945	25,679	854,938	713,592
Borrowings	-	-	222,336	222,336	-	-
Current tax liability	57,741	-	18,152	22,980	560,163	560,162
Deferred tax liability	-	-	-	-	37,245	37,245
Insurance contract liabilities	2,025,517					
Total liabilities	**2,343,861**	**-**	**274,433**	**270,995**	**1,452,346**	**1,310,999**
Capital and reserves						
Share capital	1,900,201	-	2,025	2,025	1,642,361	1,642,361
Retained earnings	115,056	-	311,532	301,201	2,762,165	2,527,945
Share premium	-	-	-	-	53,465	53,465
Depoosit for shares	-	-	-	-	-	-
Other reserves	7,596	-	(2,020)	(3,551)	774,166	770,117
Total equity	**2,022,853**	**-**	**311,537**	**299,675**	**5,232,157**	**4,993,888**
Total Liabilities and Equity	**4,366,713**	**-**	**585,970**	**570,670**	**6,684,503**	**6,304,888**

	Leadway Hotel Limited		Leadway Capital & Trust Limited	
	May 2018 (5 months)	**Dec. 2017 (12 months)**	**May 2018 (5 months)**	**Dec. 2017 (12 months)**
Assets				
Cash and cash equivalent	31,127	38,023	439,603	251,000
Other receivables and prepayments	95,148	81,581	2,953,386	2,694,774
Investment securities	-	-	250,276	256,482
Deferred tax asset	27,009	27,009	-	-
Property and equipment	2,518,140	2,539,056	3,635	3,486
Intangible assets	-	23,330	8,960	9,434
Investment property	-	-	-	-
Investment in subsidiary				
Total Assets	**2,671,424**	**2,709,000**	**3,655,859**	**3,215,176**
Liabilities				
Other liabilities	623,515	540,542	1,621,817	1,632,363
Borrowings	308,592	288,592	799,598	405,998
Current tax liability	16,439	9,281	118,919	108,570
Deferred tax liability	-	-	-	931
Insurance contract liabilities			940	
Total liabilities	**948,546**	**838,415**	**2,541,274**	**2,147,863**
Capital and reserves				
Share capital	109,999	109,999	440,000	440,000
Retained earnings	(26,340)	121,366	674,585	627,312
Share premium	1,127,662	1,127,662	-	-
Depoosit for shares	-	-	-	-
Other reserves	511,557	511,558	-	-
Total equity	**1,722,878**	**1,870,585**	**1,114,585**	**1,067,312**
Total Liabilities and Equity	**2,671,424**	**2,709,000**	**3,655,859**	**3,215,176**

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	Leadway Vie		Leadway Properties		Leadway Pensure PFA		Leadway Hotel Limited		Leadway Capital & Trust Limited	
	Dec. 2018 (9 months)	**Dec. 2017 (12 months)**	**May 2018 (5 months)**	**Dec. 2017 (12 months)**	**May 2018 (5 months)**	**Dec. 2017 (12 months)**	**May 2018 (5 months)**	**Dec. 2017 (12 months)**	**May 2018 (5 months)**	**Dec. 2017 (12 months)**
Revenue	2,289,218	-	30,019	85,049	2,316,140	4,711,460	238,793	327,604	400,195	751,670
Profit before income tax	1,060,341	-	14,753	58,495	1,130,225	2,141,532	(140,313)	(338,377)	225,860	379,612
Income tax expense/income	(39,964)	-	(4,426)	(19,829)	-	(576,233)	(7,393)	95,815	(57,594)	(106,470)
Profit after tax	**1,020,377**	**-**	**10,327**	**38,666**	**1,130,225**	**1,565,299**	**(147,706)**	**(242,562)**	**168,266**	**273,142**
Other comprehensive income	-	-	1,531	-	-					-
Total comprehensive income	**1,020,377**	**-**	**11,858**	**38,666**	**1,130,225**	**1,565,299**	**(147,706)**	**(242,562)**	**168,266**	**273,142**

In May 2018, the group divested all its equity interest in Leadway Properties, Leadway Pensure PFA, Leadway Hotel Limited, and Leadway Capital Trust Limited. Accordingly, the information relating to the listed subsidiaries is only for the period from 1 January to 31 May 2018. The total impact of the cashflows of the divested subsidiaries has been included in Note 5c.

(iv) **Non controlling interests in the Group's activities**

Proportion of ownership interest held by NCI:	**0.01%**	**0.00%**	**0.00%**	**0.00%**	**30.50%**	**30.50%**	**48.80%**	**48.80%**	**47.00%**	**47.00%**
Total assets allocated to NCI	-	-	-	-	-	-	13,180	13,180	-	-
Total liabilities allocated to NCI	-	-	-	-	-	-	-	-	-	-
Net assets allocated to NCI	1	-	-	-	236,121	234,886	249,640	249,640	-	-
Profit/(loss) allocated to NCI	102	-	-	-	344,719	477,416	(72,080)	(118,370)	79,085	128,377
OCI allocated to NCI	-	-	-	-	-	-	-	-	-	-
Cashflows from operating activities	4,219	-		4,219		943,873		(36,166)		(454,747)
Cashflows from investing activities	(115,004)	-		(115,004)		(609,777)		(446,484)		495,970
Cashflows from financing activities	-	-		-		(655,630)		195,532		(55,710)
Net increase/(decrease) in cash and cash equivalents	**(110,785)**	**-**	**-**	**(110,785)**	**-**	**(321,534)**	**-**	**(287,118)**	**-**	**(14,487)**
Dividends received from subsidiaries	**-**	**-**	**-**	**-**	**-**	**455,859**	**-**	**-**	**-**	**41,972**

Note To The Financial Statements continued

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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 account during the year was as follows:

	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Balance, beginning of year	313,462	286,446	286,446	286,446
Distribution of subsidiary	(27,016)	-	-	-
(Charge) / credit to income statement	(286,446)	27,016	(286,446)	-
	-	**313,462**	**-**	**286,446**

The movement in deferred tax liabilities account during the year was as follows:

	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Balance, Beginning of year	(731,601)	(825,993)	(693,427)	(728,673)
Distribution of subsidiary	38,174	-	-	-
(Charge) / credit to income statement	(1,189,857)	94,392	(1,189,857)	35,246
	(1,883,284)	**(731,601)**	**(1,883,284)**	**(693,427)**
Net Deferred Tax Liabilities (See note "16.1" below)	**(1,883,284)**	**(418,139)**	**(1,883,284)**	(406,981)

Net deferred tax liability is attributable to the following:

	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Propert and equipment	201,668	(373,266)	201,668	(373,265)
Other Non-Current Assets and Liabilities	(1,328,887)	(86,487)	(1,328,887)	(86,487)
Unrealised exchange difference	303,652	24,282	303,652	24,282
Unrecouped tax losses	-	721,918	-	721,917
Net deferred tax liabilities - Life Business	(823,567)	286,447	(823,567)	286,447
Property and equipment	(86,448)	(589,099)	(86,448)	(577,940)
Other Non-Current Assets and liabilities	(245,216)	7,323	(245,216)	7,323
Unrealised exchange difference	(912,929)	(2,512,199)	(912,929)	(2,512,199)
Unrecouped tax losses	184,876	2,389,389	184,876	2,389,389
Net deferred tax liabilities - General Business	**(1,059,717)**	**(704,586)**	**(1,059,717)**	**(693,427)**
Net Deferred Tax Liabilities	**(1,883,284)**	**(418,139)**	**(1,883,284)**	**(406,980)**

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The Group did not recognise deferred income tax assets of N32billion (2017: N30.08billion) in respect of unrecouped losses amounting to N107billion (2017: N99.63billion) that can be carried forward against future taxable income in the next four years. 89% of the unrecognised deferred tax and unrecouped losses is from the life business results.

16.1 Movements in temporary differences during the year ended 31 December 2018

	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	(951,207)	1,066,427	-	115,220	(951,205)	1,066,425	-	115,220
Distribution of subsidiary	(11,158)	-	-	-				
Other non current assets	(79,164)	(1,494,939)	-	(1,574,103)	(79,164)	(1,494,939)	-	(1,574,103)
Unrealised exchange gain	(2,487,917)	1,878,640	-	(609,277)	(2,487,917)	1,878,640	-	(609,277)
Unrecouped tax losses	3,111,307	(2,926,431)	-	184,876	3,111,307	(2,926,431)		184,876
	(418,139)	**(1,476,303)**	**-**	**(1,883,284)**	**(406,980)**	**(1,476,304)**	**-**	**(1,883,284)**

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)	(765,189)	-	(962,365)	(171,025)	(780,180)	-	(951,205)
Other Non-Current Assets and liabilities	(167,384)	88,220	-	(79,164)		(79,164)	-	(79,164)
Unrealised exchange difference	(174,987)	(2,312,930)	-	(2,487,917)	(2,418,265)	(69,652)	-	(2,487,917)
Unrecouped tax losses		3,111,307	-	3,111,307	2,147,065	964,242	-	3,111,307
			-					
	(539,547)	**121,408**	**-**	**(418,139)**	**(442,225)**	**35,245**	**-**	**(406,980)**

16.2 Analysis of amount of deferred tax recognised in profit or loss

	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Deferred tax from continuing operations	(1,476,303)	35,245	(1,476,304)	35,245
Deferred tax from discontinuing operations	-	86,163	-	

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17 Intangible assets

In thousands of Naira

	Group				Company		
	Goodwill	Software	Work in Progress	Total	Software	Work in Progress	Total
31 December 2018							
Cost							
Balance, beginning of year	3,521,668	1,283,722	52,046	**4,857,436**	1,094,654	52,046	**1,146,700**
Additions to goodwill on subsidiary acquired in the year	1,649,697	-	-	**1,649,697**	-	-	**-**
Addition to other intangible assets	-	28,486	27,008	**55,494**	-	27,008	**27,008**
Reclassification to other assets	-	-	-	**-**	(2,744)	-	**(2,744)**
Derecognition on distribution of non insurance subsidiaries	(3,521,668)	(218,820)	-	**(3,740,488)**	-	-	**-**
Balance, end of year	1,649,697	1,093,388	79,054	**2,822,139**	1,091,910	79,054	**1,170,964**
Accumulated amortization							
Balance, beginning of year	-	865,773	-	**865,773**	753,816	-	**753,816**
Amortization	-	161,932	-	**161,932**	161,809	-	**161,809**
Derecognition	-	(111,957)	-	**(111,957)**			
Balance, end of year	-	915,748	-	**915,748**	915,625	-	**915,625**
Carrying amount							
As at end of year	1,649,697	177,640	79,054	**1,906,391**	176,285	79,054	**255,339**
As at beginning of year	3,521,668	417,949	52,046	**3,991,663**	340,838	52,046	**392,884**
31 December 2017							
Cost							
Balance, beginning of year	3,521,668	1,069,834	-	**4,591,502**	923,331	-	**923,331**
Additions	-	213,888	52,046	**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	-	144,289	-	**144,289**	144,289	-	**144,289**
Amortization on discontinued operations		29,876		**29,876**			
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**

Software W.I.P

Represents the cost associated with the acquisition and customisation of a new 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 2018 was greater than its carrying amount and is thus not impaired.

The recoverable amount was determined using a value-in-use computation.

Goodwill is monitored by the Group on an entity by entity basis

The key assumption used in computing the value-in-use for goodwill in 2018 are as follows:

	Group 31-Dec-18	Group 31-Dec-17
Long term growth rate (Terminal growth rate)	3.2%	1.7%
Discount rate	11.9%	20.1%

Note To The Financial Statements continued

For The Year Ended 31 December 2018

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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 11.9% was applied in determining the recoverable amounts for the entity with goodwill (Leadway Vie Ltd). This discount rate was estimated using the risk-free rate using the average yeild on Ivorian goverment long term bond, equity risk premium and appropriate Beta.

The comparative 2017 goodwill amount and sensitivity disclosed is for Leadway Pensure PFA which has been distributed to shareholders during the year after board approval. However in 2018, a new acquisition of Leadway Vie Ltd gave rise to goodwill and has been tested for impairment as at 31 Dec 2018."

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-18		Group 31-Dec-17	
	5% increase	5% decrease	5% increase	5% decrease
Impact of change in discount rate on value-in-use computation	(1,571,342)	6,000,538	(2,234,562)	3,955,610

In millions of Nigerian Naira	31-Dec-18		31-Dec-17	
Recoverable amount		3,841		9,734
Less: Carrying amount				
Goodwill	(1,951)		(3,522)	
Net assets	(1,579)		(4,994)	
Total carrying amount		(3,530)		(8,516)
Excess of recoverable amount over carrying amount		**311**		**1,218**

Statutory deposits

This represents the Company's deposit with the Central Bank of Nigeria as at 31 December 2018, 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-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
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

Note To The Financial Statements continued

For The Year Ended 31 December 2018

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

19 Trade payables

	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Reinsurance payable	537,128	959,525	463,810	959,525
Insurance payable	2,002,069	1,478,185	2,002,069	1,478,185
Deposit for claims	98,315	1,195,799	98,315	1,195,799
	2,637,512	**3,633,509**	**2,564,194**	**3,633,509**
Current	2,637,512	3,633,509	2,564,194	3,633,509
Non Current	-	-	-	-
	2,637,512	**3,633,509**	**2,564,194**	**3,633,509**

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-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Balance, beginning of year	1,820,530	1,535,019	1,119,536	900,143
Charge for the year (see note (a) below)	793,121	687,550	753,157	687,550
Charge for the year on discontinued operations	-	695,924	-	-
Payments during the year	(793,830)	(1,097,963)	(788,745)	(468,157)
Acquired from subsidiaries	22,021	-	-	-
Derecognition of balance of residual distributed entity	(700,153)	-	-	-
Balance, end of year	**1,141,689**	**1,820,530**	**1,083,948**	**1,119,536**

(a) Analysis of charge for the year is as follows:

	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
- Current year's income tax provision	678,438	592,807	638,474	592,807
- Withholding tax on dividend income	114,683	94,743	114,683	94,743
	793,121	687,550	753,157	687,550

21 Other liabilities

	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Financial liabilities:				
Sundry creditors	190,103	314,698	190,103	314,698
Stamp duties payable	94,579	-	94,579	-
Elfina Project payable	35,824	-	35,824	-
Agent Commssion Payable (paid in January 2019)	306,487	203,121	306,487	203,121
Custodian fee	66,558	62,563	66,558	62,563
Due to employees	968,400	-	968,400	-
Accrued audit fee	30,000	43,000	30,000	25,000
Accrued valuation fees	20,000	18,000	20,000	18,000
Accrued consultancy fee	272,090	981,064	264,616	324,206
Staff profit sharing payable	675,000	577,955	675,000	577,955
Insurance supervisory fee payable	807,515	722,518	807,515	722,518
Managed funds	-	1,449,222	-	-
	3,466,556	**4,372,141**	**3,459,082**	**2,248,061**
Non-financial liabilities:				
Deferred rental income	346,668	41,483	346,668	41,483
Premium deposits (see note 'a' below)	8,396,542	9,391,509	8,358,781	9,391,509
Unearned income	442,101	194,249	442,101	194,249
Withholding tax payable	471,224	229,386	471,224	229,386
Premium suspense (see note 'b' below)	239,756	267,379	239,756	267,379
Agency provident fund	-	53,878	-	53,878
Matured and surrendered policy payable (see note 'c' below)	394,336	243,514	394,336	243,514
PAYE deductions	35,959	56,254	35,959	56,254
Pension deduction	13,774	12,754	13,774	12,754
NHF, Staff Cooperative and other statutory deductions	29,792	21,585	29,792	21,585
Service Charge Payable on occupied Facilities	204,916	154,256	204,916	23,645
Due to Vendors and other service providers	288,483	-	288,483	-
Office rent payable	16,348	14,526	16,348	14,526
VAT payable	150,417	35,625	150,417	22,514
Other creditors	328,005	533,870	185,947	106,010
	11,358,321	**11,250,268**	**11,178,502**	**10,678,686**
Total other liabilities	14,824,877	15,622,409	14,637,584	12,926,747
Current	14,279,662	12,369,339	14,092,369	12,516,539
Non Current	545,215	3,253,070	545,215	410,207
	14,824,877	**15,622,409**	**14,637,584**	**12,926,747**

a. The movement in premium deposit is as follows:

	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Balance, beginning of year	9,391,509	3,727,194	9,391,509	3,727,194
Addition during the year	7,387,277	5,664,315	7,349,516	5,664,315
Transfer to premium income	(8,382,244)	-	(8,382,244)	-
Balance, end of year	**8,396,542**	**9,391,509**	**8,358,781**	**9,391,509**

Premium deposit represents premium received in advance but which the policy risk period is yet to commence as at reporting date.

Note To The Financial Statements continued

For The Year Ended 31 December 2018

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b. Premium suspense represents premium paid into the Company's bank account by customers which are yet to be matched with specific policies as at the reporting date due to unavailability of relevant policy information. This is usually reconciled and matched with appropriate policies on a regular basis.

c. Matured and surrendered policy payable represents policies that has matured and undergoing settlement processes to the policy holders as at the reporting date majority of whom has been settled in the subsequent year.

22 Borrowings

	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Term loans	-	160,275	-	-
Other borrowings	-	-	-	-
	-	**160,275**	**-**	**-**
Current	-	-	-	-
Non-current	-	160,275	-	-
	-	**160,275**	**-**	**-**

Movement in borrowing during the year is as follows:	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Balance, beginning of year	160,275	204,623	-	-
Additions	-	-	-	-
Interest capitalised	-	28,647	-	-
Payment made during the year	-	(72,995)	-	-
Derecognition of balance of residual distributed entity	(160,275)	-	-	-
	-	**160,275**	**-**	**-**

23 Insurance contract liabilities

	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Gross				
Claims reported and loss adjustment payable (see note 23.1 below)	56,789,173	43,081,480	56,789,173	43,081,480
Claims incurred but not reported - IBNR (see note 23.1 below)	9,648,192	11,824,369	9,648,192	11,824,369
Unearned premium (see note 23.2 below)	8,571,621	8,789,131	8,571,621	8,789,131
Life fund (see note 23.3 below)	152,453,688	120,287,566	150,428,171	120,287,566
	227,462,674	**183,982,546**	**225,437,157**	**183,982,546**
Reinsurance receivables				
Prepaid reinsurance (see note 9a)	3,127,725	3,784,319	3,127,725	3,784,319
Claims reported & loss adjustment payable and IBNR (see note 9b)	40,492,412	31,404,740	40,492,412	31,404,740
Total reinsurers' share of insurance liabilities	**43,620,137**	**35,189,059**	**43,620,137**	**35,189,059**
Net insurance contract liability	**183,842,537**	**148,793,487**	**181,817,020**	**148,793,487**
Current (Gross)	92,008,986	80,694,980	92,008,986	80,694,980
Non-current (Gross)	135,453,688	103,287,566	133,428,171	103,287,566
	227,462,674	**183,982,546**	**225,437,157**	**183,982,546**

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 2018 and the comparative periods were done by Ernst &Young Nigeria Limited (FRC/2012/NAS/00000000738).

Note To The Financial Statements continued

For The Year Ended 31 December 2018

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

23.1 Claims reported and loss adjustment payable

	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Non-life (see note 23.1d)	54,314,985	40,752,427	54,314,985	40,752,427
Life (see note 23.1d)	2,474,188	2,329,053	2,474,188	2,329,053
	56,789,173	43,081,480	56,789,173	43,081,480

Claims incurred but not reported

	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Non-life	8,320,901	11,044,949	8,320,901	11,044,949
Life	1,327,291	779,420	1,327,291	779,420
	9,648,192	**11,824,369**	**9,648,192**	**11,824,369**
	66,437,365	**54,905,849**	**66,437,365**	**54,905,849**

(a) *The aging analysis of claims reported and loss adjusted for non-life insurance contracts*

	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Days				
0 - 90	4,113,000	3,307,248	4,113,000	3,307,248
91- 180	8,597,280	9,534,378	8,597,280	9,534,378
181 - 270	15,142,587	10,366,463	15,142,587	10,366,463
271 - 365	204,165	771,553	204,165	771,553
366 and above	26,257,953	16,772,785	26,257,953	16,772,785
	54,314,985	**40,752,427**	**54,314,985**	**40,752,427**

The aging analysis of claims reported for life insurance contracts

	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Days				
0 - 90	439,083	283,148	439,083	283,148
91- 180	141,313	276,921	141,313	276,921
181 - 270	87,057	138,442	87,057	138,442
271 - 365	1,439,475	239,074	1,439,475	239,074
366 and above	367,260	1,391,468	367,260	1,391,468
	2,474,188	**2,329,053**	**2,474,188**	**2,329,053**

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.

Movement in outstanding claims provision inclusive of IBNR:

	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Balance, beginning of year	54,905,849	24,804,883	54,905,849	24,804,883
Less movement:				
- Claims incurred during the year	38,168,506	57,199,535	37,599,015	57,199,592
- Claims paid during the year (see note 30)	(26,636,990)	(27,098,569)	(26,067,499)	(27,098,626)
Net movement in the year	**11,531,516**	**30,100,966**	**11,531,516**	**30,100,966**
Balance, end of year	**66,437,365**	**54,905,849**	**66,437,365**	**54,905,849**

Group and Company analysis of claims reported and IBNR by class:

	Group			Company		
	31-Dec-18			31-Dec-18		
	Claims reported	IBNR	Total	Claims reported	IBNR	Total
Non-life:						
Motor	799,826	261,116	1,060,942	799,826	261,116	1,060,942
Fire	2,117,712	592,595	2,710,308	2,117,713	592,595	2,710,308
General accident	713,074	201,580	914,654	713,074	201,580	914,654
Marine	746,719	29,769	776,488	746,719	29,769	776,488
Bond	885,526	22,163	907,689	885,526	22,163	907,689
Engineering	244,849	225,707	470,556	244,849	225,707	470,556
Special risk	48,807,278	6,987,971	55,795,249	48,807,278	6,987,971	55,795,249
	54,314,985	**8,320,901**	**62,635,886**	**54,314,985**	**8,320,901**	**62,635,886**
Life:						
Group life	2,179,573	1,327,291	3,506,864	2,179,573	1,327,291	3,506,864
Individual life	110,832	-	110,832	110,832	-	110,832
Annuity	183,783	-	183,783	183,783	-	183,783
	2,474,188	**1,327,291**	**3,801,479**	**2,474,188**	**1,327,291**	**3,801,479**
Total claims	**56,789,173**	**9,648,192**	**66,437,365**	**56,789,173**	**9,648,192**	**66,437,365**

Included in "claims reported and loss adjustment payable" for the year is N187.3 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, the outcome of these legal claims will not give rise to any significant loss beyond the amounts provided as at 31 December 2018.

LEADWAY ASSURANCE COMPANY LIMITED

Note To The Financial Statements continued

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Group and Company	**Claims reported**	**31-Dec-17 IBNR**	**Total**	**Claims reported**	**31-Dec-17 IBNR**	**Total**
Non-life:						
Motor	573,735	415,698	989,433	573,735	415,698	989,433
Fire	1,950,119	797,100	2,747,219	1,950,119	797,100	2,747,219
General accident	527,114	181,920	709,034	527,114	181,920	709,034
Marine	739,355	274,444	1,013,799	739,355	274,444	1,013,799
Bond	1,550,405	132,930	1,683,335	1,550,405	132,930	1,683,335
Engineering	185,513	248,010	433,523	185,513	248,010	433,523
Special risk	35,226,186	8,994,847	44,221,033	35,226,186	8,994,847	44,221,033
	40,752,427	**11,044,949**	**51,797,376**	**40,752,427**	**11,044,949**	**51,797,376**
Life:						
Group life	2,081,870	779,420	2,861,290	2,081,870	779,420	2,861,290
Individual life	196,957	-	196,957	196,957	-	196,957
Annuity	50,226	-	50,226	50,226	-	50,226
	2,329,053	**779,420**	**3,108,473**	**2,329,053**	**779,420**	**3,108,473**
Total claims	**43,081,480**	**11,824,369**	**54,905,849**	**43,081,480**	**11,824,369**	**54,905,849**

23.2 Unearned premium

Group and Company analysis of unearned premium by class:

	Group 31-Dec-18	**Group 31-Dec-17**	**Company 31-Dec-18**	**Company 31-Dec-17**
Non-life				
Motor	1,168,649	1,205,981	1,168,649	1,205,981
Fire	971,189	1,184,899	971,189	1,184,899
General accident	418,190	282,278	418,190	282,278
Marine	871,663	732,792	871,663	732,792
Bond	20,479	27,328	20,479	27,328
Engineering	391,232	388,088	391,232	388,088
Special risk	3,698,264	4,204,341	3,698,264	4,204,341
	7,539,666	8,025,707	7,539,666	8,025,707
Life				
Group life	1,031,957	763,424	1,031,957	763,424
	8,571,623	**8,789,131**	**8,571,623**	**8,789,131**

Movement in unearned premium is as follows:

	Group 31-Dec-18	**Group 31-Dec-17**	**Company 31-Dec-18**	**Company 31-Dec-17**
Balance, beginning of the year	8,789,131	9,079,643	8,789,131	9,079,643
Increase during the year	(217,510)	(290,512)	(217,510)	(290,512)
Balance, end of year	**8,571,621**	**8,789,131**	**8,571,621**	**8,789,131**

LEADWAY ASSURANCE COMPANY LIMITED

Note To The Financial Statements continued

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

23.3 Analysis of life fund is as follows:

	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Individual life	5,143,455	2,997,755	3,117,938	2,997,755
Annuity	147,310,233	117,289,811	147,310,233	117,289,811
	152,453,688	**120,287,566**	**150,428,171**	**120,287,566**

(i) The movement on the life insurance liability during the year was as follows:

Group and company - 2018	Group			Company		
	Individual life	**Annuity**	**Total**	**Individual life**	**Annuity**	**Total**
Balance, beginning of year	2,997,755	117,289,811	120,287,566	2,997,755	117,289,811	120,287,566
Acquired from subsidiary	2,122,054	-	2,122,054	-	-	-
Addition during the year	23,646	30,020,422	30,044,068	120,183	30,020,422	30,140,605
Balance, end of year	**5,143,455**	**147,310,233**	**152,453,688**	**3,117,938**	**147,310,233**	**150,428,171**
Group and company - 2017						
	Individual life	**Annuity**	**Total**	**Individual life**	**Annuity**	**Total**
Balance, beginning of year	2,896,327	67,976,792	70,873,119	2,896,327	67,976,792	70,873,119
addition during the year	101,428	49,313,019	49,414,447	101,428	49,313,019	49,414,447
Balance, end of year	**2,997,755**	**117,289,811**	**120,287,566**	**2,997,755**	**117,289,811**	**120,287,566**

(ii) The movement in Annuity fund during the year was as follows:

	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Balance, beginning of year	117,289,811	67,976,792	117,289,811	67,976,792
Premiums received during the year	51,764,070	56,157,101	51,764,070	56,157,101
Payments during the year	(22,308,814)	(14,710,086)	(22,308,814)	(14,710,086)
Changes in actuarial valuation	565,166	7,866,004	565,166	7,866,004
Balance as at 31 December	**147,310,233**	**117,289,811**	**147,310,233**	**117,289,811**

Note To The Financial Statements continued

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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	8	-	-	-	-	-	-
2015	1,190,393	402,538	53,877	6,457	-	-	-	-	-	-	-
2016	1,296,782	310,620	2,446	-	-	-	-	-	-	-	-
2017	1,155,119	317,446	-	-	-	-	-	-	-	-	-
2018	1,456,138	-	-	-	-	-	-	-	-	-	-

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	-	618,312	77,048	16,880	7,640	7,109	-	-	-	-	-
2008	2,620,410	1,136,738	173,727	39,993	11,587	7,558	-	-	905	-	-
2009	2,006,622	1,200,203	121,032	21,562	2,940	4,522	-	1,925	-	-	-
2010	1,829,417	1,031,436	128,222	24,816	10,484	967	5,196	1,252	-	-	-
2011	1,836,910	793,405	71,558	5,853	19,909	4,105	10,095	-	-	-	-
2012	1,745,787	914,513	41,277	20,035	12,900	3,155	-	-	-	-	-
2013	1,641,440	1,022,738	35,165	50,022	5,034	-	-	-	-	-	-
2014	1,609,196	594,168	110,242	40,173	8	-	-	-	-	-	-
2015	1,813,300	517,537	60,041	6,457	-	-	-	-	-	-	-
2016	1,667,251	346,155	2,446	-	-	-	-	-	-	-	-
2017	1,287,264	317,446	-	-	-	-	-	-	-	-	-
2018	1,456,138	-	-	-	-	-	-	-	-	-	-

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	726,989	-	726,989	-	3,459,782	21%
2008	3,990,918	102,653	4,095,076	1,505	3,459,782	118%
2009	3,358,806	71,251	3,430,056	-	3,459,782	99%
2010	3,031,791	60,074	3,091,864	-	4,005,126	77%
2011	2,741,834	35,858	2,777,691	-	4,005,126	69%
2012	2,737,667	40,776	2,779,034	591	3,961,399	70%
2013	2,754,399	142,092	2,900,060	3,569	3,248,131	89%
2014	2,353,788	137,190	2,528,197	37,219	3,465,694	73%
2015	2,397,334	230,991	2,671,125	42,801	2,954,417	90%
2016	2,015,851	301,767	2,398,653	81,035	2,819,910	85%
2017	1,604,711	162,949	2,049,026	281,367	2,963,988	69%
2018	1,456,138	100,647	2,169,641	612,857	3,434,077	63%
Total	**29,170,224**	**1,386,247**	**31,617,414**	**1,060,943**	**41,237,214**	

Note To The Financial Statements continued

For The Year Ended 31 December 2018

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

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	131	-	-	-	-	-	-
2015	57,143	54,315	2,835	5,159	-	-	-	-	-	-	-
2016	51,127	41,192	11,300	-	-	-	-	-	-	-	-
2017	55,758	41,346	-	-	-	-	-	-	-	-	-
2018	54,241	-	-	-	-	-	-	-	-	-	-

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	-	98,927	25,110	651	-	-	1,305	-	-	-	-
2008	21,566	94,978	50,145	828	13,203	373	121	30	-	-	-
2009	110,010	132,986	38,673	556	1,039	193	487	2,202	-	-	-
2010	57,220	84,832	5,450	7,024	1,983	23	2,336	-	-	-	-
2011	44,421	111,058	78,493	12,708	4,650	-	-	-	-	-	-
2012	60,743	84,988	14,385	2,750	2,025	-	-	-	-	-	-
2013	72,948	193,229	24,796	3,458	1,290	-	-	-	-	-	-
2014	143,207	79,407	47,325	6,456	131	-	-	-	-	-	-
2015	87,045	69,831	3,159	5,159	-	-	-	-	-	-	-
2016	65,734	45,905	11,300	-	-	-	-	-	-	-	-
2017	62,136	41,346	-	-	-	-	-	-	-	-	-
2018	54,241	-	-	-	-	-	-	-	-	-	-

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	125,993	-	125,993	-	593,884	21%
2008	181,244	21,817	203,061	-	593,884	34%
2009	286,146	32,923	319,070	-	593,884	54%
2010	158,867	112,382	271,249	-	550,249	49%
2011	251,330	136,665	387,995	-	550,249	71%
2012	164,891	77,692	242,929	346	716,219	34%
2013	295,722	102,083	398,721	916	687,315	58%
2014	276,526	312,333	603,710	14,851	980,992	62%
2015	165,195	74,748	249,458	9,515	817,303	31%
2016	122,938	61,570	194,171	9,663	799,904	24%
2017	103,482	79,063	302,597	120,051	1,236,223	24%
2018	54,241	43,244	412,698	315,214	1,333,565	31%
Total	**2,186,576**	**1,054,522**	**3,711,652**	**470,555**	**9,453,672**	

LEADWAY ASSURANCE COMPANY LIMITED

Note To The Financial Statements continued

For The Year Ended 31 December 2018

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

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	627	-	-	-	-	-	-
2015	277,168	261,308	12,866	1,637	-	-	-	-	-	-	-
2016	309,003	287,652	31,614	-	-	-	-	-	-	-	-
2017	295,526	244,555	-	-	-	-	-	-	-	-	-
2018	277,942	-	-	-	-	-	-	-	-	-	-

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	-	331,674	249,881	8,424	6,752	3,802	993	-	-	595	
2008	1,151,206	815,919	260,387	42,370	3,092	561	481	30	26	-	-
2009	374,018	395,450	79,870	15,433	1,118	-	82	5,374	-	-	-
2010	422,887	279,751	67,423	84,586	17,938	66	1,907	-	-	-	-
2011	519,797	858,436	203,889	2,717	517	5,225	6,047	-	-	-	-
2012	275,856	504,287	31,543	9,907	6,268	25	-	-	-	-	-
2013	551,295	290,786	33,287	48,370	250	-	-	-	-	-	-
2014	594,385	343,753	83,248	17,793	627	-	-	-	-	-	-
2015	422,204	335,960	14,338	1,637	-	-	-	-	-	-	-
2016	397,280	320,559	31,614	-	-	-	-	-	-	-	-
2017	329,335	244,555	-	-	-	-	-	-	-	-	-
2018	277,942	-	-	-	-	-	-	-	-	-	-

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	602,120	202,602	804,722	-	1,203,372	67%
2008	2,274,072	1,840,810	4,114,882	-	1,203,372	342%
2009	871,346	89,484	960,831	-	1,203,372	80%
2010	874,558	127,207	1,001,870	105	1,644,687	61%
2011	1,596,629	560,752	2,163,755	6,375	1,878,292	115%
2012	827,887	396,060	1,303,487	79,539	1,967,539	66%
2013	923,989	455,342	1,463,503	84,172	2,029,174	72%
2014	1,039,806	842,325	1,974,151	92,019	2,021,096	98%
2015	774,139	450,093	1,331,067	106,836	1,990,048	67%
2016	749,453	2,548,554	3,396,414	98,407	2,326,034	146%
2017	573,890	876,461	2,159,285	708,934	2,575,040	84%
2018	277,942	704,480	2,516,342	1,533,919	3,038,005	83%
Total	**11,385,831**	**9,094,171**	**23,190,308**	**2,710,306**	**23,080,031**	

Note To The Financial Statements continued

For The Year Ended 31 December 2018

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

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	5,348	-	-	-	-	-	-
2015	162,103	145,063	20,702	12,907	-	-	-	-	-	-	-
2016	120,585	92,416	13,486	-	-	-	-	-	-	-	-
2017	128,799	131,511	-	-	-	-	-	-	-	-	-
2018	247,241	-	-	-	-	-	-	-	-	-	-

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	-	60,798	57,123	6,969	4,397	-	-	-	-	-	-
2008	564,211	196,536	-	8,541	12,827	54	6,452	-	-	-	-
2009	245,309	259,830	62,737	8,453	1,680	97	82	-	-	-	-
2010	168,761	156,715	20,152	424	4,755	-	-	-	-	-	-
2011	195,581	163,512	17,697	5,015	225	48	-	-	-	-	-
2012	279,877	206,899	10,689	685	470	35	-	-	-	-	-
2013	221,164	202,822	23,117	-	1,764	-	-	-	-	-	-
2014	276,921	163,826	47,060	8,961	5,348	-	-	-	-	-	-
2015	246,928	186,506	23,071	12,907	-	-	-	-	-	-	-
2016	155,035	102,988	13,486	-	-	-	-	-	-	-	-
2017	143,534	131,511	-	-	-	-	-	-	-	-	-
2018	247,241	-	-	-	-	-	-	-	-	-	-

MARINE **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	129,286	-	129,286	-	862,220	15%
2008	788,621	21,131	809,752	-	862,220	94%
2009	578,187	72,727	650,914	-	862,220	75%
2010	350,806	-	350,806	-	1,005,603	35%
2011	382,078	16,644	398,721	-	1,026,446	39%
2012	498,656	271,138	771,229	1,435	1,083,007	71%
2013	448,867	270,989	720,533	677	1,000,601	72%
2014	502,115	315,613	846,803	29,074	1,262,545	67%
2015	469,411	572,856	1,141,476	99,209	1,136,917	100%
2016	271,509	101,676	436,816	63,631	621,818	70%
2017	275,045	130,680	528,672	122,946	1,247,786	42%
2018	247,241	372,765	1,079,521	459,515	1,511,154	71%
Total	**4,941,824**	**2,146,218**	**7,864,530**	**776,488**	**12,482,537**	

Note To The Financial Statements continued

For The Year Ended 31 December 2018

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

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	107	-	-
2011	99,785	129,214	58,716	18,214	8,526	2,777	3	582	-	-	-
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	1,592	-	-	-	-	-	-
2015	79,920	92,493	28,800	20,117	-	-	-	-	-	-	-
2016	117,173	123,799	22,693	-	-	-	-	-	-	-	-
2017	64,491	111,364	-	-	-	-	-	-	-	-	-
2018	86,842	-	-	-	-	-	-	-	-	-	-

GENERAL ACCIDENT **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	-	463,011	121,487	60,332	46,513	10,998	9,254	2,953	-	193	-
2008	241,397	312,791	140,603	194,163	7,811	15,450	5,485	2,396	-	-	-
2009	169,841	237,748	103,631	65,553	12,276	4,047	4,577	152	-	-	-
2010	195,091	176,965	78,686	42,981	34,636	8,855	2,571	317	107	-	-
2011	218,235	252,319	106,164	30,409	12,987	3,571	3	582	-	-	-
2012	228,365	209,308	63,468	18,151	18,187	19	-	-	-	-	-
2013	122,737	120,552	39,934	12,225	5,105	-	-	-	-	-	-
2014	87,995	173,166	59,395	16,342	1,592	-	-	-	-	-	-
2015	121,741	118,917	32,095	20,117	-	-	-	-	-	-	-
2016	150,648	137,962	22,693	-	-	-	-	-	-	-	-
2017	71,868	111,364	-	-	-	-	-	-	-	-	-
2018	86,842	-	-	-	-	-	-	-	-	-	-

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%
2018	193,199	52,145	830,753	585,410	1,871,679	65%
Total	4,310,644	1,720,703	7,628,660	1,597,312	12,843,062	

Note To The Financial Statements continued

For The Year Ended 31 December 2018

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

BOND **Table of claims paid excluding large claims (Attritional Table)**

Accident Year	1	2	3	4	5	6	7	8	9	10	11
2007	-	563	548	215	-	-	-	-	-	-	-
2008	75,938	81,831	-	-	125	-	-	-	-	-	-
2009	21,339	154,217	5,827	-	-	-	-	-	-	-	-
2010	2,687	209,669	1,657	-	-	-	-	-	-	-	-
2011	283,845	281,558	665	-	-	-	180	50	-	-	-
2012	488,898	605,149	-	-	-	-	79	-	-	-	-
2013	307,415	50,813	-	-	-	290	-	-	-	-	-
2014	179,905	212,813	315	14,049	-	-	-	-	-	-	-
2015	93,525	110,020	738	-	-	-	-	-	-	-	-
2016	477,003	132,182	31,076	-	-	-	-	-	-	-	-
2017	26,612	792,470	-	-	-	-	-	-	-	-	-
2018	60,007	-	-	-	-	-	-	-	-	-	-

BOND **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	-	463,011	121,487	60,332	46,513	10,998	9,254	2,953	-	193	-
2008	241,397	312,791	140,603	194,163	7,811	15,450	5,485	2,396	-	-	-
2009	169,841	237,748	103,631	65,553	12,276	4,047	4,577	152	-	-	-
2010	195,091	176,965	78,686	42,981	34,636	8,855	2,571	317	107	-	-
2011	218,235	252,319	106,164	30,409	12,987	3,571	3	582	-	-	-
2012	228,365	209,308	63,468	18,151	18,187	19	-	-	-	-	-
2013	122,737	120,552	39,934	12,225	5,105	-	-	-	-	-	-
2014	87,995	173,166	59,395	16,342	1,592	-	-	-	-	-	-
2015	121,741	118,917	32,095	20,117	-	-	-	-	-	-	-
2016	150,648	137,962	22,693	-	-	-	-	-	-	-	-
2017	71,868	111,364	-	-	-	-	-	-	-	-	-
2018	86,842	-	-	-	-	-	-	-	-	-	-

BOND **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	3,725	-	3,725	-	272,411	1%
2008	454,210	-	454,210	-	272,411	167%
2009	442,316	-	463,584	21,268	272,411	171%
2010	468,276	-	468,276	-	427,458	110%
2011	1,172,044	-	1,233,668	61,624	599,336	206%
2012	2,048,921	-	2,048,921	-	761,353	269%
2013	640,954	-	640,954	-	593,545	108%
2014	640,588	-	643,718	3,130	761,845	85%
2015	284,737	-	284,737	-	728,863	39%
2016	791,655	-	1,125,083	333,428	740,170	155%
2017	822,127	-	892,926	70,800	594,131	151%
2018	60,007	-	477,446	417,439	696,329	74%
Total	**7,829,559**	**-**	**8,737,249**	**907,690**	**6,720,264**	

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	1,327
2009	3,884	-	2,624	-	22,215	677	6,908	-	662	1,581	-
2010	23,568	53,773	196,010	9,282	25,490	-	-	-	401	-	-
2011	68,684	165,111	65,533	85,041	3,324	-	2,238	900	-	-	-
2012	82,728	7,382	277,016	146,549	169,718	669	67,147	-	-	-	-
2013	4,118	372,917	78,512	1,881	1,624	26,143	-	-	-	-	-
2014	72,022	294,280	-	4,626	2,569	-	-	-	-	-	-
2015	12,651	26,561	6,535	143,008	-	-	-	-	-	-	-
2016	48,595	17,398	422,680	-	-	-	-	-	-	-	-
2017	64,380	174,712	-	-	-	-	-	-	-	-	-
2018	394,271	-	-	-	-	-	-	-	-	-	-

Note To The Financial Statements continued

For The Year Ended 31 December 2018

(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	16,032	29,289	-	28,650	-	-	-	-	-	-	-
2008	58,978	8,158	3,327	-	-	16,028	-	-	360	3,323	1,327
2009	10,476	-	5,739	-	40,166	1,131	10,522	-	738	1,581	-
2010	56,854	117,604	382,754	16,782	42,555	-	-	-	401	-	-
2011	150,215	322,418	118,489	141,978	5,063	-	2,494	900	-	-	-
2012	161,545	13,347	462,482	223,234	218,203	746	67,147	-	-	-	-
2013	7,445	622,590	119,595	2,418	1,810	26,143	-	-	-	-	-
2014	120,242	448,270	-	5,155	2,569	-	-	-	-	-	-
2015	19,271	34,149	7,282	143,008	-	-	-	-	-	-	-
2016	62,478	19,389	422,680	-	-	-	-	-	-	-	-
2017	71,745	174,712	-	-	-	-	-	-	-	-	-
2018	394,271	-	-	-	-	-	-	-	-	-	-

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	73,971	-	73,971	-	7,504,563	1%
2008	91,502	-	303,634	212,132	11,687,862	3%
2009	70,353	207,736	285,743	7,654	11,515,695	2%
2010	616,950	342,307	962,410	3,154	6,616,535	15%
2011	741,557	583,844	1,888,025	562,624	6,290,318	30%
2012	1,146,704	2,499,428	5,998,760	2,352,627	12,863,770	47%
2013	780,002	-	791,270	11,268	10,615,790	7%
2014	576,236	-	2,100,635	1,524,399	11,748,608	18%
2015	203,711	136,845	2,680,371	2,339,816	10,975,832	24%
2016	504,546	3,415,063	10,664,154	6,744,545	12,006,726	89%
2017	246,458	14,259,599	42,194,190	27,688,134	14,528,257	290%
2018	394,271	1,727	14,744,894	14,348,897	18,364,393	80%
Total	**5,446,261**	**21,446,548**	**82,688,057**	**55,795,248**	**134,718,350**	

Note To The Financial Statements continued

For The Year Ended 31 December 2018

(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-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Balance, beginning of year	22,532,309	18,294,288	22,532,309	18,294,288
Deposits received	7,954,712	6,285,200	7,954,712	6,285,200
Withdrawals	(10,808,192)	(4,158,808)	(10,808,192)	(4,158,808)
Guaranteed interest charged during the year	2,212,161	2,111,629	2,212,161	2,111,629
Balance, end of year	**21,890,990**	**22,532,309**	**21,890,990**	**22,532,309**
Current	3,287,701	3,287,701	3,287,701	3,287,701
Non Current	18,603,289	19,244,608	18,603,289	19,244,608
	21,890,990	**22,532,309**	**21,890,990**	**22,532,309**

25 Capital and reserves

a Share capital

	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
(i) Authorised:				
Ordinary shares of 50k each:				
20,000,000,000 units				
(2017: 10,000,000,000 units)	**10,000,000**	**5,000,000**	**10,000,000**	**5,000,000**

(ii) Issued and fully paid;
The issued and fully paid up capital of the company which is a composite insurer is N10bn (2017: 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-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Ordinary shares of 50k each:				
Non-life business 10,000,000,000 units (2017: 6,279,596,000)	5,000,000	3,139,798	5,000,000	3,139,798
Life business 10,000,000,000 units (2017: 3,085,304,000)	5,000,000	1,542,652	5,000,000	1,542,652
	10,000,000	**4,682,450**	**10,000,000**	**4,682,450**

Following the approval of the shareholders at the Annual General Meeting held on 18th May 2018, 9 shares for every 8 held was granted to existing shareholders as a way of bonus issue, a total of 10,635,100,000 units of 50k shares were issued.To effect this bonus issue, N3.845billion was capitalised from the share premium account and N1.472 billion was capitalised from the retained earnings account.

b Share premium

Share premium comprises the amount paid over the nominal value of shares. This reserve is not ordinarily available for distribution.

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

Note To The Financial Statements continued

For The Year Ended 31 December 2018

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

d Other Reserves

Components of other reserves are as follows:	**Group 31-Dec-18 ₦'000**	Group 31-Dec-17 ₦'000	**Company 31-Dec-18 ₦'000**	Company 31-Dec-17 ₦'000
Contingency reserve (see note (i) below)	11,734,200	10,472,100	11,732,730	9,877,208
Asset Revaluation reserve (see note (ii) below	1,497,290	1,694,017	1,497,291	1,435,515
Fair value reserves (see note (iii) below	3,090,660	5,832,593	3,090,660	5,836,144
Treasury shares (see note (iv) below)	-	(79,688)	-	-
Translation reserve (see note (v) below)	202,715	-	-	-
	16,524,865	**17,919,022**	**16,320,681**	**17,148,867**

(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.

Leadway Vie maintains a Legal reserve in accordance with the provisions of Article 346 of the OHADA Treaty on Commercial Companies and Economic Interest Groupings, a company is expected to set aside 10% of its profit after tax, after payment of dividends minus carried forward losses as legal reserve. This ceases to be mandatory when the amount so set aside reaches 20% of its stated capital.

The distribution of contigency reserve is shown below:

	Group	
	31-Dec-18	**31-Dec-17**
Contigency reserves:		
Leadway Assurance company	11,732,730	9,877,208
Leadway Vie	1,470	-
Leadway Pensure PFA	-	594,892
	11,734,200	**10,472,100**

(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. See statement of changes in equities for movement in treasury shares

(v) Translation reserve

The translation reserve comprises foreign exchange differences on the translation to Naira of the results and financial position of the foreign subsidiary within the Group. See statement of changes in equity for movement in translation reserve.

Note To The Financial Statements continued

For The Year Ended 31 December 2018

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

26 Non controlling interest

Non controlling interest comprises:	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Leadway Capital and Trust Limited	-	501,577	-	-
Leadway Hotels Limited	-	912,845	-	-
Leadway Pensure PFA	-	1,529,254	-	-
Leadway Vie	210	-	-	-
	210	2,943,676	-	-

Analysis of movemet in controlling interest

(a) See statement of changes in equities for movement in non controlling interest during the period

(b) The financial information for the subsidiary (2017: subsidiaries) with non-controlling interest are disclosed in note 15 (investment in subsidiaries) of these financial statements.

27 Gross premium written

	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Gross premium				
- Non-life business	30,238,299	22,901,059	30,238,299	22,901,059
- Life business	57,801,322	61,288,020	57,281,421	61,288,020
	88,039,621	84,189,079	87,519,720	84,189,079
Decrease /(Increase)				
- Unearned premium (see note (a) i below)	217,510	290,512	217,510	290,512
Gross premium income	88,257,131	84,479,591	87,737,230	84,479,591

In 2017, Gross premium written from subsidiaries of (2017: N12million) has been eliminated in the group gross written premium. In 2018 Gross Premium written from subsidiaries is NIL

(a) The movement in unearned premium is analysed as follows:

(i) Non-life business	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Motor	37,332	(165,807)	37,332	(165,807)
Fire	213,710	(234,971)	213,710	(234,971)
General Accident	(135,912)	31,188	(135,912)	31,188
Bond	(138,871)	(281,119)	(138,871)	(281,119)
Marine	6,850	(676)	6,850	(676)
Engineering	(3,144)	(52,520)	(3,144)	(52,520)
Special risk	506,077	1,236,998	506,077	1,236,998
Total for General Business	486,042	533,093	486,042	533,093
Group life	(268,532)	(242,581)	(268,532)	(242,581)
	217,510	290,512	217,510	290,512

(ii) Life business - Annuity & Ind. Life

Individual life	110,597	(101,428)	(120,183)	(101,428)
Annuity	(30,020,421)	(49,313,019)	(30,020,421)	(49,313,019)
	(29,909,824)	(49,414,447)	(30,140,604)	(49,414,447)

28 Reinsurance expenses

	Group 31-Dec-18 ₦'000	Group 31-Dec-17 ₦'000	Company 31-Dec-18 ₦'000	Company 31-Dec-17 ₦'000
Reinsurance premium paid	16,066,270	13,258,167	16,018,811	13,258,167
Increase in unexpired reinsurance cost	596,544	1,397,630	596,544	1,397,630
	16,662,814	14,655,797	16,615,355	14,655,797

LEADWAY ASSURANCE COMPANY LIMITED

Note To The Financial Statements continued

For The Year Ended 31 December 2018

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

29 Commission income

	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Commission earned on non-life insurance contracts	**1,727,104**	2,311,301	**1,727,104**	2,311,301
Commission earned on group life assurance contracts	**174,121**	374,558	**152,567**	374,558
	1,901,225	**2,685,859**	**1,879,671**	**2,685,859**

30 Claims expense

Combined	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Gross benefits & claims paid (see note 23.1c)	**26,636,990**	13,106,225	**26,067,499**	13,106,225
Annuity Claims	**21,025,441**	13,992,401	**21,025,441**	13,992,401
Claims ceded to reinsurers	**(15,605,029)**	(3,873,305)	**(15,555,597)**	(3,873,305)
Change in provision for outstanding claims	**11,531,516**	30,100,967	**11,531,516**	30,100,967
Proceed from salvage and subrogation	**(89,495)**	(690,278)	**(89,495)**	(690,278)
Change in recoverable on outstanding claims	**(9,087,671)**	(25,204,440)	**(9,087,671)**	(25,204,440)
	34,411,752	**27,431,570**	**33,891,693**	**27,431,570**

Non-life business	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Gross benefits & claims paid	**21,819,387**	9,291,636	**21,819,387**	9,291,693
Claims ceded to reinsurers	**(15,105,954)**	(3,422,043)	**(15,105,954)**	(3,422,043)
Change in provision for outstanding claims	**10,838,510**	29,783,998	**10,838,510**	29,783,998
Recoveries from salvage and subrogation	**(89,495)**	(690,278)	**(89,495)**	(690,278)
Change in recoverable on outstanding claims	**(9,067,716)**	(24,605,791)	**(9,067,716)**	(24,605,791)
(a)	**8,394,732**	**10,357,522**	**8,394,732**	**10,357,579**
Life business				
Gross benefits & claims paid	**4,817,603**	3,814,532	**4,248,112**	3,814,532
Annuity Claims	**21,025,441**	13,992,401	**21,025,441**	13,992,401
Claims ceded to reinsurers	**(499,074)**	(451,262)	**(449,642)**	(451,262)
Change in provision for outstanding claims	**693,006**	316,969	**693,006**	316,969
Change in recoverable on outstanding claims	**(19,956)**	(598,649)	**(19,956)**	(598,649)
(b)	**26,017,020**	**17,073,991**	**25,496,961**	**17,073,991**
(a+b)	**34,411,752**	**27,431,513**	**33,891,693**	**27,431,570**

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-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Acquisition expenses	**5,607,122**	4,231,584	**5,554,578**	4,231,584
Maintenance expenses	**604,916**	1,833,023	**604,916**	1,833,023
	6,212,038	**6,064,607**	**6,159,494**	**6,064,607**

Note To The Financial Statements continued

For The Year Ended 31 December 2018

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

32 Investment income

	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Rental income	**933,623**	177,315	**928,082**	177,315
Interest on loans	**176,124**	64,378	**154,337**	64,378
Interest on Finance Lease	**47,066**	-	**-**	-
Interest on short term deposits	**1,188,768**	914,212	**1,188,768**	914,212
Dividend income on investment securities	**921,056**	656,398	**921,056**	656,398
(Loss)/ Profit on sale of investment securities	**(99,937)**	1,178,035	**(118,982)**	1,178,035
Interest income on debt securities	**19,659,077**	13,649,417	**19,659,077**	13,649,417
Interest income on statutory deposits	**57,217**	87,039	**57,217**	87,039
Other interest income	**23,981**	91,005	**15,894**	91,005
	22,906,975	**16,817,799**	**22,805,449**	**16,817,799**

33 Net fair value gain/ (loss) on assets at fair value

	31-Dec-18 Group 31-Dec-18	31-Dec-17 Group 31-Dec-17	31-Dec-18 Company 31-Dec-18	31-Dec-17 Company 31-Dec-17
Financial assets at fair value through profit or loss				
- Fair value(losses)/ gains on listed equity securities	**(111,005)**	486,334	**(118,245)**	486,334
- Fair value(losses)/ gains on listed debt securities	**(12,102,386)**	9,128,209	**(12,102,386)**	9,128,209
- Fair value gains/(losses) on investment property	**1,704,859**	775,444	**410,960**	775,444
	(10,508,532)	10,389,987	**(11,809,671)**	10,389,987

34 Other operating income

	31-Dec-18 Group 31-Dec-18	31-Dec-17 Group 31-Dec-17	31-Dec-18 Company 31-Dec-18	31-Dec-17 Company 31-Dec-17
Fee income on pension administration	**-**	-	**-**	-
Hotel management income	**-**	-	**-**	-
Management fee income from related parties	**6,940**	21,940	**6,940**	21,940
Profit/ (Loss) on sale of property and equipment	**(28,954)**	-	**(28,954)**	-
Foreign exchange gain/(loss)				
- Investment securities	**441,173**	1,449,437	**441,173**	1,449,437
- Cash and cash equivalents	**2,752,654**	1,062,662	**2,582,122**	1,062,662
- Loans and advances	**-**	16,416	**-**	16,416
- others		170,532	**170,532**	170,532
Other income	**1,282,868**	230,512	**1,091,091**	230,512
	4,454,681	2,951,499	**4,262,904**	2,951,499

35 Employee benefit expense

	31-Dec-18 Group 31-Dec-18	31-Dec-17 Group 31-Dec-17	31-Dec-18 Company 31-Dec-18	31-Dec-17 Company 31-Dec-17
Wages and salaries - staff and executive directors	**2,478,890**	1,661,348	**2,334,892**	1,661,348
Pension cost - Defined contribution plan	**1,061,090**	73,180	**1,061,090**	73,180
Termination benefits (see note (d) below)	**20,647**	75,308	**-**	75,308
Profit sharing expense	**449,166**	153,763	**449,166**	153,763
	4,009,793	1,963,599	**3,845,148**	1,963,599

Note To The Financial Statements continued

For The Year Ended 31 December 2018

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

(a) Staff information:
Employees earning more than N100,000 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-18	Group 31-Dec-17	**Company 31-Dec-18**	Company 31-Dec-17
Absolute	***Number***	*Number*	***Number***	*Number*
101,001 -N500,000		-	-	-
500,001 -N750,000		52	-	-
750,000 - N1,000,000		50	-	-
1,000,000 - N2,000,000	**12**	103	**11**	15
2,000,000 - N3,000,000	**11**	88	**2**	21
Over N3,000,000	**280**	440	**271**	241
	303	**733**	**284**	**277**

(b) The average number of full time persons employed during the year was as follows:

	Group 31-Dec-18	Group 31-Dec-17	**Company 31-Dec-18**	Company 31-Dec-17
	Number	*Number*	***Number***	*Number*
Executive directors	**3**	3	**3**	3
Management staff	**30**	36	**26**	23
Non-management staff	**273**	697	**258**	254
	306	**736**	**287**	**280**

(c) Directors' remuneration **31-Dec-18** 31-Dec-17 **31-Dec-18** 31-Dec-17

(i) Remuneration paid to the directors is as follows:

	Group 31-Dec-18	Group 31-Dec-17	**Company 31-Dec-18**	Company 31-Dec-17
Salaries and wages	**117,847**	99,188	**117,847**	99,188
Directors' fees	**115,388**	74,083	**115,388**	74,083
Post-employment benefits	**984,701**	-	**984,701**	-
	1,217,936	**173,271**	**1,217,936**	**173,271**

(ii) The directors' remuneration shown above includes:

	Group 31-Dec-18	Group 31-Dec-17	**Company 31-Dec-18**	Company 31-Dec-17
Chairman	**25,807**	16,305	**25,807**	16,305
Highest paid director	**53,011**	41,627	**53,011**	41,627

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

	Group 31-Dec-18	Group 31-Dec-17	**Company 31-Dec-18**	Company 31-Dec-17
	Number	Number	**Number**	Number
Above N4,800,000	**8**	8	**8**	8
N2,300,000 - N4,800,000	**-**	-	**-**	-
N1,500,000 - N2,300,000	**-**	-	**-**	-
N750,000 - N1,500,000	**-**	-	**-**	-
Below N750,000	**-**	-	**-**	-
	8	8	**8**	8

(d) Termination benefit relates to payments made to disengaged staff during the relevant period.

Note To The Financial Statements continued

For The Year Ended 31 December 2018

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

36 Other operating expenses

	Group 31-Dec-18	Group 31-Dec-17	**Company 31-Dec-18**	Company 31-Dec-17
Contract staff cost	**216,566**	270,371	**216,566**	270,371
Asset repairs and maintenance	**440,828**	382,022	**427,625**	382,022
Corporate expenses and gift items	**225,118**	223,845	**206,692**	223,845
Telecommunication	**732,292**	545,282	**688,134**	545,282
Advertisement	**956,369**	725,863	**875,327**	725,863
Agency related expenses	**104,186**	51,069	**95,581**	51,069
Property insurance expense	**62,950**	69,580	**62,950**	69,580
Insurance supervisory fund	**954,160**	758,440	**954,160**	758,440
Professional fees	**613,824**	227,479	**525,489**	227,479
Travelling, tours and other passage exps.	**236,265**	170,353	**224,205**	170,353
Auditor's remuneration	**45,000**	45,000	**45,000**	45,000
Bank charges	**98,093**	96,364	**88,067**	96,364
Offices rates and rent	**121,474**	81,717	**109,946**	81,717
Training cost	**91,805**	71,781	**80,216**	71,781
Power and Fuel charges	**239,181**	94,540	**199,180**	94,540
Donations	**50,891**	64,883	**50,891**	64,883
Subscription	**31,271**	48,451	**29,686**	48,451
Depreciation of property and equipment	**443,398**	344,314	**397,832**	344,314
Amortisation of intangible assets	**161,932**	144,289	**161,809**	144,289
Directors' fees and allowances	**149,930**	74,083	**115,388**	74,083
Hotel management expenses	**15,123**	12,942	**11,972**	12,942
Entertainment	**17,631**	64,137	**17,631**	64,137
Investment expenses	**86,879**	36,182	**63,436**	36,182
Others	**439,581**	250,026	**357,021**	250,026
	6,534,747	**4,853,013**	**6,004,804**	**4,853,013**

37 Net impairment losses

	Group 31-Dec-18	Group 31-Dec-17	**Company 31-Dec-18**	Company 31-Dec-17
Impairment loss on other receivables (see note 11b)	-	63,692	-	63,692
Write - off of AFS Financial assets	-	16,004	-	16,004
Impairment on Premium deposit	-	-	-	
Impairment loss on reinsurance assets	-	-	-	
Impairment loss AFS Financial asset(note 8.2aiib)	-	480,000	-	480,000
Specific impairment loss on finance leases receivable	-	-	-	
Impairment loss on HTM Bond Investment	-	108,618	-	108,618
Specific Impairment write back on loans (see note 12i)	**(50,652)**	(115,694)	**(50,652)**	(115,694)
Collective impairment write back on loans (see note 12i)	**27,871**	(350,300)	**27,871**	(350,300)
	(22,781)	202,320	**(22,781)**	202,320

Note To The Financial Statements continued

For The Year Ended 31 December 2018

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

38 Income tax expense

	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Profit before income tax	9,533,005	13,448,965	11,412,782	13,448,965
Tax calculated at domestic rate applicable in Nigeria at 30% (2017: 30%)	2,859,902	4,034,689	3,423,835	4,034,689
Effect of:				
Tax exempt income	(25,250,420)	(7,357,966)	(25,854,316)	(7,357,966)
Non-deductible expenses	7,736,401	4,747,404	7,736,401	4,747,404
Technology levy	102,541	134,490	102,541	134,490
Impact of industry tax law	(4,147,321)	-	(4,147,321)	-
Unrecognized temporary difference	20,317,705	(393,907)	20,317,705	(393,907)
Tax assessment based on minimum tax	-	(450,000)	-	(450,000)
WHT	114,683	(62,406)	114,683	(62,406)
Excess dividend tax	535,933	-	535,933	-
Total income tax expense in comprehensive income	**2,269,424**	**652,304**	**2,229,461**	**652,304**

(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-18	Group 31-Dec-17	**Company 31-Dec-18**	Company 31-Dec-17
Profit before income tax	**9,533,005**	15,098,496	**11,412,782**	13,448,965
Tax calculated at domestic rate applicable in Nigeria at 30% (2017: 30%)	**2,859,902**	4,529,549	**3,423,835**	4,034,689
Effect of:				
Tax exempt income	**(7,357,966)**	(7,357,966)	**(7,357,966)**	(7,357,966)
Non-deductible expenses	**7,578,471**	4,845,808	**6,955,777**	4,747,404
Education tax	**-**	-	**-**	-
Technology levy	**95,330**	150,985	**114,128**	134,490
Capital gains tax	**-**	-	-	-
Tax assessment based on minimum tax	**(450,000)**	(450,000)	**(450,000)**	(450,000)
WHT paid on dividend	**(62,406)**	(62,406)	**(62,406)**	(62,406)
Capital allowance	**(393,907)**	(393,907)	**(393,907)**	(393,907)
Total income tax expense in comprehensive income	**2,269,424**	**1,262,063**	**2,229,461**	**652,304**

Note To The Financial Statements continued

For The Year Ended 31 December 2018

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

Reconciliation of effective tax rate

	Group 31-Dec-18	Group 31-Dec-17	Company 31-Dec-18	Company 31-Dec-17
Tax calculated at domestic rate applicable in Nigeria at 30% (2017: 30%)	30.00%	30.00%	30.00%	30.00%
Effect of:				
Tax exempt income	-221.25%	-64.47%	-226.54%	-64.47%
Non-deductible expenses	67.79%	41.60%	67.79%	41.60%
Technology levy	0.90%	1.18%	0.90%	1.18%
Impact of industry tax law	-36.34%	0.00%	-36.34%	0.00%
Unrecognized temporary difference	178.03%	-3.45%	178.03%	-3.45%
Tax assessment based on minimum tax	0.00%	-3.94%	0.00%	-3.94%
WHT	1.00%	-0.55%	1.00%	-0.55%
Excess dividend tax	4.70%	0.00%	4.70%	0.00%
Effective tax rate	**24.83%**	**0.36%**	**19.53%**	**0.36%**

39 Earnings Per Share

	Group 31-Dec-18	Group 31-Dec-17	**Company 31-Dec-18**	Company 31-Dec-17
Profit from continuing operations attributable to owners of the parent	**7,263,581**	12,796,661	**9,183,321**	12,796,661
Loss from discontinued operations attributable to owners of the parent	**(1,238,304)**	1,039,772	**-**	-
Total	**6,025,277**	13,836,433	**9,183,321**	12,796,661
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)	**-**	-
Bonus issued as of 31 May 2018	**6,292,673**	**6,292,673**	**6,292,673**	**6,292,673**
Weighted average number of shares in issue	**15,505,234**	**14,800,518**	**15,505,234**	**15,505,234**
Basic and diluted Earnings per share (kobo)				
From continuing operations	47	86	59	83
From discontinued operations	(8)	7	-	-

Note To The Financial Statements continued

For The Year Ended 31 December 2018

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

The Company issued bonus shares effective 31 May 2018, the newly issued shares have been included as a part of the weighted average number of shares for the Earnings Per Share (EPS) computation. The EPS computation for prior period has been adjusted to include the newly issued bonus shares as though the bonus shares were issued in prior period in line with the requirements of IAS 33.

40 Dividend

The dividend paid in 2018 include a cash dividend of N1.75bn (18.67 kobo per share), a bonus issue of a share for every shares in issue; and a special non-cash dividend amounting to N3.637bn. (2017: cash dividend of N1.5bn (16.02 kobo per share) was paid)

A cash dividend of N4bn has been proposed at the next annual general meeting in respect of the year ended 31 December 2018. This has been disclosed in the financial statement.

41 **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 one subsidiary as at 31 December 2018. Transactions between Leadway Assurance Company Limited and the subsidiaries also meet the definition of related party transactions.

(ii) *Key management personnel*

The key manageement personnel have been identified as the members of the board of directors (executive and non executive members), including their close members of family and any other entity over which they exercise control.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 disclosed in note 35 c"

Key management personnel and their immediate relatives engaged in the following transactions with the company during the year.

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

	Group 31-Dec-18	Group 31-Dec-17	**Company 31-Dec-18**	Company 31-Dec-17
Loans and advances to key management	**84,386**	-	**84,386**	-
Interest income earned by the company during the year	**3,791**	-	**3,791**	-

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Note To The Financial Statements continued

For The Year Ended 31 December 2018

(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.

		Company 31-Dec-18	Company 31-Dec-17
(a) Underwriting of insurance policies			
- Leadway Capital and Trust Limited	Subsidiary till 31 May 2018	-	626
- Leadway Hotel	Subsidiary till 31 May 2018	-	2,505
- Leadway Pensure PFA	Subsidiary till 31 May 2018	-	9,041
		-	**12,172**
(b) Payment of claims			
- Leadway Hotel	Subsidiary till 31 May 2018	-	-
- Leadway Pensure PFA	Subsidiary till 31 May 2018	-	57
		-	**57**
(c) Management fee income from technical services provided			
- Leadway Hotel	Subsidiary till 31 May 2018	-	4,500
- Leadway Pensure PFA	Subsidiary till 31 May 2018	-	17,440
	Subsidiary till 31 May 2018	-	**21,940**
(d) Rental income			
- Leadway Pensure PFA	Subsidiary till 31 May 2018	-	36,923
- Leadway Hotel	Subsidiary till 31 May 2018	-	89,615
- Leadway Capital and Trust Limited	Subsidiary till 31 May 2018	-	-
		-	**126,538**
(e) Dividend received			
- Leadway Capital and Trust Limited	Subsidiary till 31 May 2018	-	41,972
- Leadway Pensure PFA	Subsidiary till 31 May 2018	-	455,859
		-	**497,831**
(f) Dividend paid			
- Leadway Capital and Trust Limited	Subsidiary till 31 May 2018	-	**80,795**
(g) Interest income earned on intercompany loans			
- Leadway Capital and Trust Limited	Subsidiary till 31 May 2018	-	27,712
- Leadway Hotel	Subsidiary till 31 May 2018	-	1,162
		-	**28,874**

Year end balances arising from sales and purchases of services are:

		Company 31-Dec-18	Company 31-Dec-17
(i) Receivables from related parties			
- Leadway Hotel	Subsidiary till 31 May 2018	-	204,847
- Leadway Capital and Trust Limited	Subsidiary till 31 May 2018	-	-
- Leadway Pensure PFA	Subsidiary till 31 May 2018	-	23,752
		-	228,599

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 (2018: nil). The receivables from subsidiaries have been eliminated on consolidation. There were no payable to related parties as at year end (2018: nil)

Note To The Financial Statements continued

For The Year Ended 31 December 2018

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

(j) Placement with related parties			
- Leadway Capital and Trust Limited	Subsidiary till 31 May 2018	-	75,123

Loans to related parties

Loans:	Leadway Hotel	Leadway Capital and Trust Limited	Total
As at 1 January 2018			
Derecognition of distributed subsidiaries	142,007 (142,007)	145,868 (145,868)	287,875 (287,875)
As at 31 December 2018	-	-	-

42 Contingent liabilities, litigations and claims

"The Group in the ordinary course of business is currently involved in 48 cases (2017 : 73) legal cases. The actions are vigorously contested and the Directors are of the opinion that no significant liability will arise therefrom in excess of the provision that has been made in the financial statements.

In 2018, The National Insurance Commission (NAICOM) fined the Company the sum of N2,676,117,988 ($7,458,730.70) for alleged failure to remit co-insurance premium within 30 days as required by the Market Conduct Guidelines for Insurance Institutions 2015 (the Market Guidelines).

Following the Company's objection to and appeal against the imposition of the fine, NAICOM has rescinded the demand for payment, pending their consideration of the Company's objection and appeal. The Company is optimistic of a favorable outcome of its objection and appeal. Accordingly, no provision has been recognized in respect of the fine"

43 Contravention of laws and regulations

The Company in 2018 paid fines totaling N1,100,000. See table below for descriptions of the fines and amount paid

Nos	Description of fines	Amount
		₦
i	Administrative fine for dealing with unregistered intermediary	1,100,000

44 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.

45 Reclassification of comparatives

(a) Effective 31 May 2018, the Company distributed its equity interests in its non-insurance subsidiaries to its shareholders. The distribution has been accounted as discontinued operations in these financial statements. The elements of the Statement of Comprehensive Income of the Group for 2017 attributable to these subsidiaries have been reclassified from the various income and expense lines and presented in a single line 'profit on discontinued operations' in line with the requirements of IFRS 5. See details below:"

Note To The Financial Statements continued

For The Year Ended 31 December 2018

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

	As previously reported	Reclassified to discontinued operations	Amounts as restated
Gross premium written	84,176,908	12,171	84,189,079
Gross premium income	84,467,420	12,171	84,479,591
Reinsurance expenses	(14,655,797)	-	(14,655,797)
Net premium income	69,811,623	12,171	69,823,794
Commission income	2,685,859	-	2,685,859
Underwriting income	72,497,482	12,171	72,509,653
Claims expenses	(27,431,513)	(57)	(27,431,570)
Increase in annuity fund	(49,313,019)	-	(49,313,019)
Increase in individual life fund	(101,428)	-	(101,428)
Underwriting expenses	(6,064,607)	-	(6,064,607)
Total underwriting expense	(82,910,567)	(57)	(82,910,624)
		-	
Total underwriting (loss)/profit	(10,413,085)	12,114	(10,400,971)
		-	
Investment income	17,332,624	(514,825)	16,817,799
Profit/ (loss) on investment contracts	709,583	-	709,583
Net fair value (loss)/gain on assets at fair value	10,463,059	(73,072)	10,389,987
Other operating income	7,473,057	(4,521,558)	2,951,499
Employee benefit expenses	(3,507,474)	1,543,875	(1,963,599)
Other operating expenses	(6,485,694)	1,632,681	(4,853,013)
	15,572,070	(1,920,785)	13,651,285
Finance cost	(157,170)	157,170	-
Net impairment write back / losses	(316,404)	114,084	(202,320)
Profit before income tax	15,098,496	(1,649,531)	13,448,965
Income tax expense	(1,262,063)	609,759	(652,304)
Profit for the year from continuing operations	13,836,433	(1,039,772)	12,796,661
		-	
Loss for the year from discontinued operations	-	1,039,772	1,039,772
Profit for the year	13,836,433	-	13,836,433

b Reclassification of comparatives

Certain items in the statement of cashflows for the comparative period were reclassified in other to align with current year presentation which is deemed to provide information that is more relevant to users of the financial statements. The revised presentation is likely to continue, so that comparability is not impaired. The amounts reclassified and the affected lines in the statement of cashflows are as shown below:

	Company 31-Dec-18	Company 31-Dec-17
(I) **Cash paid to external parties**		
Amount as previously presented	(8,235,972)	(6,046,100)
Reclassified to cash paid to employees	3,689,445	2,064,241
Amount as re-presented	(4,546,527)	(3,981,859)
(ii) **Cash paid to employees**		
Amount as previously presented	-	-
Reclassified to cash paid to employees	(3,689,445)	(2,064,241)
Amount as re-presented	(3,689,445)	(2,064,241)

Appendix To Financial Statements (Other National Disclosures)

Value Added Statement

For The Year Ended 31 December 2018

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

	Group 31-Dec-18	%	Group 31-Dec-17	%	**Company 31-Dec-18**	%	Company 31-Dec-17	%
Gross premium income (Local)	**88,039,621**		84,479,591		**87,519,720**		84,189,079	
Investment income - Local	**22,906,975**		16,817,799		**22,805,449**		16,817,799	
Other income - Local	**4,454,681**		2,951,499		**4,262,904**		2,951,499	
Reinsurance, claims, commission & operating expenses - Local - Foreign	**(91,119,002)** **(11,372,553)**		(78,619,282) (9,183,175)		**(87,397,949)** **(11,372,553)**		(78,874,035) (9,183,175)	
Value added	**12,909,722**	**100**	**16,446,432**	**100**	**15,817,571**	**100**	**15,901,167**	**100**
Applied to pay:								
Employee benefit expense	**4,009,793**	31%	1,963,599	12%	**3,845,148**	23%	1,963,599	13%
Government as tax	**2,269,424**	17%	652,304	4%	**2,229,461**	14%	652,304	4%
Retained in the business								
Depreciation of Property and equipment	**443,398**	3%	344,314	2%	**397,832**	3%	344,314	2%
Amortisation of intangible assets	**161,932**	1%	144,289	1%	**161,809**	2%	144,289	1%
To augment reserve	**6,025,175**	47%	13,341,926	81%	**9,183,321**	58%	12,796,661	80%
Value added	**12,909,722**	**100%**	**16,446,432**	**100%**	**15,817,571**	**100%**	**15,901,167**	**100%**

Five Year Financial Summary

For The Year Ended 31 December 2018

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

STATEMENT OF FINANCIAL POSITION

GROUP	2018	2017	2016	2015	2014
Cash and cash equivalents	**33,666,913**	29,043,554	26,018,694	17,031,040	13,681,394
Trade receivables	**396,614**	231,987	169,761	543,971	63,665
Investment securities	**209,707,239**	183,434,258	113,593,442	92,403,910	56,329,183
Reinsurance assets	**43,758,359**	35,235,353	11,720,783	11,405,947	15,883,296
Deferred acquisition cost	**851,069**	548,797	486,416	423,123	428,964
Other receivables and prepayments	**1,471,347**	4,663,679	2,137,103	2,281,698	1,191,812
Loans and advances	**1,395,564**	3,434,853	2,463,338	1,919,857	1,220,651
Property and equipment	**3,585,224**	6,751,530	6,063,939	5,977,671	5,693,635
Investment properties	**19,096,447**	15,637,546	8,820,070	9,537,000	7,800,000
Investment in associates	**-**	-	-	-	1,516,753
Deferred tax assets	**-**	313,462	286,446	114,129	200,235
Intangible assets	**1,906,391**	3,991,663	3,899,894	3,640,910	145,898
Statutory deposits	**500,000**	500,000	500,000	500,000	500,000
Total assets	**316,335,167**	**283,786,682**	**176,159,886**	**145,779,256**	**104,655,486**
Liabilities					
Trade payables	**2,637,512**	3,633,509	2,754,639	2,714,107	5,761,236
Current tax liabilities	**1,141,689**	1,820,530	1,535,019	1,122,772	746,198
Other liabilities	**14,824,877**	15,622,409	8,964,205	5,355,278	3,525,484
Borrowings	**-**	160,275	204,623	118,446	60,000
Insurance contract liabilities	**227,462,674**	183,982,546	104,757,646	93,785,535	62,024,023
Investment contract liabilities	**21,890,990**	22,532,309	18,294,287	15,459,507	12,665,763
Deferred tax liabilities	**1,883,284**	731,601	825,997	741,772	1,153,404
Total liabilities	**269,841,026**	**228,483,179**	**137,336,416**	**119,297,417**	**85,936,108**
Capital and reserves					
Issued and paid share capital	**10,000,000**	4,682,450	4,682,450	4,389,798	4,389,798
Share premium	**588,575**	4,433,748	4,233,748	387,826	387,826
Contingency reserve	**11,734,200**	10,472,100	8,238,232	6,790,001	5,537,908
Retained earnings	**19,380,490**	25,324,605	15,624,296	10,838,357	4,092,358
Assets revaluation reserves	**1,497,290**	1,694,017	1,603,053	1,561,569	1,335,947
Fair value reserves	**3,090,660**	5,832,593	1,859,503	503,438	1,945,833
Other reserves	**202,715**	(79,688)	(79,688)	(80,217)	(80,780)
Shareholders funds:	**46,493,930**	**52,359,825**	**36,161,594**	**24,390,772**	**17,608,890**
Non controlling interest	**210**	2,943,676	2,661,876	2,091,067	1,110,488
Total Equity	**46,494,140**	**55,303,501**	**38,823,470**	**26,481,839**	**18,719,378**
Total equity and liabilities	**316,335,167**	**283,786,682**	**176,159,886**	**145,779,256**	**104,655,486**

Five Year Financial Summary continued

For The Year Ended 31 December 2018

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

COMPANY	2018	2017	2016	2015	2014
Assets					
Cash and cash equivalents	**32,978,304**	27,800,239	24,189,697	14,656,941	13,046,165
Trade receivables	**395,585**	231,987	169,761	543,971	63,665
Investment securities	**209,289,720**	179,922,719	111,041,245	91,511,039	56,134,365
Reinsurance assets	**43,688,887**	35,235,353	11,720,783	11,405,947	15,883,296
Deferred acquisition cost	**851,069**	548,797	486,416	423,123	428,964
Other receivables and prepayment	**1,417,602**	3,534,606	1,115,754	1,114,898	661,101
Loans and advances	**1,395,564**	1,065,407	797,368	1,217,079	1,129,468
Property and equipment	**3,428,095**	3,828,939	3,645,335	3,760,439	3,627,637
Investment properties	**16,414,443**	14,963,765	8,159,419	8,795,000	7,450,000
Investment in subsidiaries	**2,153,425**	3,637,495	3,637,495	3,294,467	541,258
Investment in associates	**-**	-	-	-	788,209
Deferred tax assets	**-**	286,446	286,446	114,129	200,235
Intangible assets	**255,339**	392,884	313,804	31,308	130,285
Statutory deposits	**500,000**	500,000	500,000	500,000	500,000
Total assets	**312,768,034**	**271,948,637**	**166,063,523**	**137,368,341**	**100,584,648**
Liabilities					
Trade payables	**2,564,194**	3,633,509	2,754,639	2,714,107	5,761,236
Current tax liabilities	**1,083,948**	1,119,536	900,143	651,998	672,859
Other liabilities	**14,637,584**	12,926,747	7,097,389	3,895,636	2,552,426
Insurance contract liabilities	**225,437,157**	183,982,546	104,757,646	93,785,535	62,024,023
Investment contract liabilities	**21,890,990**	22,532,309	18,294,287	15,459,507	12,665,763
Deferred tax liabilities	**1,883,284**	693,427	728,673	556,356	945,541
Total liabilities	**267,497,157**	**224,888,074**	**134,532,777**	**117,063,139**	**84,621,848**
Capital and reserves					
Issued and paid share capital	**10,000,000**	4,682,450	4,682,450	4,389,798	4,389,798
Share premium	**588,575**	4,433,748	4,233,748	387,826	387,826
Contingency reserve	**11,732,730**	9,877,208	7,839,003	6,481,209	5,537,908
Retained earnings	**18,361,621**	20,795,497	11,537,043	7,232,879	2,646,251
Assets revaluation reserves	**1,497,291**	1,435,516	1,363,442	1,294,941	1,041,086
Fair value reserves	**3,090,660**	5,836,144	1,875,060	518,549	1,959,931
Other reserves	**-**	-	-	-	-
Shareholders funds:	**45,270,877**	**47,060,563**	**31,530,746**	**20,305,202**	**15,962,800**
Total equity and liabilities	**312,768,034**	**271,948,637**	**166,063,523**	**137,368,341**	**100,584,648**

Five Year Financial Summary continued

For The Year Ended 31 December 2018

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

STATEMENT OF COMPREHENSIVE INCOME

GROUP	2018	2017	2016	2015	2014
Gross premium written	**88,039,621**	84,189,079	52,700,272	46,640,828	38,969,943
Premium earned	**71,594,317**	69,811,623	41,256,760	39,939,075	29,863,524
Profit before taxation	**9,533,005**	13,448,965	8,791,606	9,301,030	3,362,899
Taxation	**(2,269,424)**	(652,304)	(1,206,754)	(413,974)	(707,539)
(Loss)/Profit for the year from discontinued operations	**(1,238,304)**	1,039,772			
Profit for the year	**7,263,581**	12,796,661	7,584,852	8,887,056	2,655,360
Transfer to contingency reserve	**(2,034,798)**	(2,233,868)	(1,488,231)	(1,031,113)	(758,747)
Earnings per share (kobo)	**47**	**86**	**84**	**108**	**32**

COMPANY	2018	2017	2016	2015	2014
Gross premium written	**87,519,720**	84,189,079	52,718,567	46,648,918	39,008,139
Premium earned	**71,121,875**	69,823,794	41,275,055	39,947,165	29,901,721
Profit before taxation	**11,412,782**	13,448,965	7,361,449	6,484,941	3,394,793
Taxation	**(2,229,461)**	(652,304)	(699,492)	(105,012)	(585,215)
Profit after taxation	**9,183,321**	12,796,661	6,661,957	6,379,929	2,809,578
Transfer to contingency reserve	**(1,855,522)**	(2,038,206)	(1,357,793)	(943,301)	(758,747)
Earnings per share (kobo)	**59**	**83**	**72**	**73**	**32**

Non-Life Business Statement Of Financial Position

For The Year Ended 31 December 2018

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

	Company 31-Dec-18	Company 31-Dec-17
Assets		
Cash and cash equivalents	26,860,343	21,593,197
Investment securities	30,277,807	27,837,901
Trade receivables	381,436	218,192
Reinsurance assets	42,636,372	33,934,899
Deferred acquisition cost	851,068	548,796
Loans and other receivables	1,255,786	1,749,929
Investment in subsidiaries	-	683,974
Investment properties	4,056,462	3,167,829
Deferred tax assets	-	198,764
Intangible assets	145,334	240,259
Property and equipment	2,505,062	3,249,805
Statutory deposits	300,000	300,000
Total assets	**109,269,670**	**93,723,545**
Liabilities		
Insurance contract liabilities	70,175,551	59,823,081
Trade payables and other liabilities	11,684,791	10,027,205
Current tax liabilities	614,581	678,797
Deferred tax liabilities	773,264	605,734
Total liabilities	**83,248,187**	**71,134,817**
Capital and reserves		
Share capital	5,000,000	3,139,798
Share premium	-	387,826
Contingency reserve	8,451,352	7,168,644
Retained earnings	8,318,251	6,388,325
Asset revaluation reserve	1,342,684	1,260,722
Fair value reserves	2,909,197	4,243,411
Shareholders funds:	**26,021,484**	**22,588,726**
Total equity and liabilities	**109,269,670**	**93,723,545**

Non-life Business Income Statement

For The Year Ended 31 December 2018

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

	Company 31-Dec-18	Company 31-Dec-17
Gross premium written	**30,238,298**	22,901,059
Add: reduction in unearned premium	**486,041**	533,094
Gross insurance premium revenue	**30,724,339**	23,434,153
Reinsurance expense	**(15,490,928)**	(13,561,527)
Net insurance premium earned	**15,233,411**	9,872,626
Commission income	**1,727,104**	2,311,301
Total revenue	**16,960,515**	**12,183,927**
Claims expenses	**(8,394,733)**	(10,357,579)
Underwriting expenses	**(3,305,257)**	(3,522,494)
Net underwriting expenses	**(11,699,990)**	**(13,880,073)**
Total underwriting profit	**5,260,526**	**(1,696,146)**
Investment income	**3,098,868**	2,640,282
Net fair value gain/(loss) on assets at fair value	**(147,295)**	301,277
Other operating income	**3,743,767**	2,756,036
Gain on non-current assets distributed to owners	**261,083**	-
Employee benefit expenses and other operating expenses	**(5,804,280)**	(3,220,116)
	1,152,143	**2,477,479**
Finance cost	**-**	-
Net impairment gains/(losses)	**872**	(2,112)
Profit before tax	**6,413,540**	**779,221**
Income taxes	**(783,473)**	(277,441)
Profit for the year	**5,630,067**	**501,780**
Other comprehensive income:		
Fair value changes on available for sale financial assets	**(1,334,214)**	2,579,823
Net amount transferred to income statement	**-**	-
Revaluation gain on land & building	**81,962**	58,485
Other comprehensive income for the year, net of tax	**(1,252,252)**	**2,638,308**
Total comprehensive income	**4,377,815**	**3,140,088**

Non-life Business Revenue Account

For The Year Ended 31 December 2018

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

INCOME	MOTOR	FIRE	GEN. ACC.	MARINE	BOND	ENGINEERING	SPECIAL	2018 TOTAL	2017 TOTAL
Gross premium written	**3,455,087**	**3,051,268**	**1,652,713**	**1,650,028**	**696,134**	**1,336,709**	**18,396,360**	**30,238,298**	**22,901,059**
Less: Increase/ (decrease) in unearned premium	37,332	213,710	(135,912)	(138,871)	6,850	(3,144)	506,077	486,041	533,094
Gross premiums earned	**3,492,419**	**3,264,977**	**1,516,801**	**1,511,155**	**702,984**	**1,333,565**	**18,902,437**	**30,724,339**	**23,434,153**
Reinsurance cost	(138,751)	(1,448,229)	(270,433)	(458,145)	(500,105)	(429,716)	(12,245,550)	(15,490,929)	(13,561,527)
Net premium earned	**3,353,668**	**1,816,748**	**1,246,368**	**1,053,011**	**202,878**	**903,849**	**6,656,888**	**15,233,410**	**9,872,626**
Commissions earned	46,799	408,425	71,520	106,191	91,113	130,058	872,997	1,727,104	2,311,302
Total underwriting income	**3,400,467**	**2,225,173**	**1,317,889**	**1,159,202**	**293,991**	**1,033,907**	**7,529,884**	**16,960,514**	**12,183,928**
EXPENSES									
Gross claims paid	(2,136,250)	(2,162,886)	(275,309)	(612,887)	(871,529)	(239,044)	(15,521,482)	(21,819,387)	(9,291,693)
Increase/(decrease) in outstanding claims provision	(71,510)	36,911	(205,621)	235,446	777,511	(37,032)	(11,574,215)	(10,838,510)	(29,783,998)
Gross claims incurred	(2,207,760)	(2,125,975)	(480,930)	(377,441)	(94,018)	(276,076)	(27,095,697)	(32,657,897)	(39,075,691)
Deduct: reinsurance claims recoveries/recoverable	211,919	609,464	146,327	52,255	(171,292)	205,128	23,209,364	24,263,165	28,718,110
Net claims incurred	**(1,995,842)**	**(1,516,511)**	**(334,603)**	**(325,186)**	**(265,310)**	**(70,948)**	**(3,886,334)**	**(8,394,733)**	**(10,357,580)**
Add: Underwriting expenses:									
Commission expenses	(421,237)	(557,103)	(326,052)	(258,088)	(7,908)	(213,109)	(984,464)	(2,767,960)	(1,904,952)
Acquisition expenses	(163,635)	(162,328)	(46,862)	(60,784)	(34,183)	(65,816)	(3,687)	(537,297)	(1,617,541)
	(584,872)	**(719,432)**	**(372,914)**	**(318,872)**	**(42,091)**	**(278,926)**	**(988,151)**	**(3,305,257)**	**(3,522,494)**
Total expenses and claims incurred	(2,580,714)	(2,235,943)	(707,517)	(644,058)	(307,401)	(349,874)	(4,874,485)	(11,699,990)	(13,880,074)
Underwriting profit/(loss)	**819,753**	**(10,770)**	**610,372**	**515,144**	**(13,410)**	**684,033**	**2,655,401**	**5,260,524**	**(1,696,146)**

Financial Performance

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

Financial Performance	Non Life Business		
	Company 31-Dec-18	Company 31-Dec-17	**% Change**
Gross Premium	**30,238,298**	22,901,059	32%
Net Premium	**15,233,411**	9,872,626	54%
Total Underwriting Income	**16,960,515**	12,183,927	39%
Investment Income	**3,098,868**	2,640,282	17%
Claims expenses	**(8,394,733)**	(10,357,579)	-19%
Annuity Claim	**-**	-	0%
Underwriting expenses	**(3,305,257)**	(3,522,494)	-6%
Underwriting Profit	**5,260,526**	(1,696,146)	-410%
Operating expenses	**(5,804,280)**	(3,220,116)	80%
Profit before tax	**6,413,540**	779,221	723%
Earnings per share	53kobo	53kobo	

Performance ratios	**Using Gross Written Premium**		**Using Net Written Premium**	
	Group 31-Dec-18	Group 31-Dec-17	**Company 31-Dec-18**	Company 31-Dec-17
Underwriting expenses ratio	**11%**	15%	**22%**	36%
Claims ratio	**28%**	45%	**55%**	105%
Operating expenses ratio	**19%**	14%	**38%**	33%
Combined ratio	**58%**	75%	**115%**	173%
Underwriting profit ratio	**17%**	-7%	**35%**	-17%

Life Business
Statement of Financial Position
As at 31 December 2018

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

	Company 31-Dec-18	Company 31-Dec-17
Assets		
Cash and cash equivalents	**6,117,962**	6,207,041
Investment securities	**179,011,913**	152,084,817
Trade receivables	**14,149**	13,795
Reinsurance assets	**1,052,515**	1,300,454
Loans and other receivables	**1,886,817**	3,784,933
Investment in subsidiaries	**2,153,425**	2,953,521
Investment properties	**12,357,981**	11,795,936
Deferred tax assets	**-**	87,682
Intangible assets	**110,005**	152,625
Property and equipment	**923,034**	579,134
Statutory deposits	**200,000**	200,000
Total assets	**203,827,801**	**179,159,938**
Liabilities		
Insurance contract liabilities	**155,261,604**	124,159,462
Investment contract liabilities	**21,890,989**	22,532,309
Trade payables and other liabilities	**5,846,440**	7,467,902
Current tax liabilities	**469,368**	440,739
Deferred tax liabilities	**1,110,014**	87,682
Total liabilities	**184,578,415**	**154,688,094**
Capital and reserves		
Share capital	**5,000,000**	1,542,653
Share premium	**588,575**	4,045,922
Contingency reserve	**3,281,379**	2,708,565
Retained earnings	**10,043,363**	14,407,178
Asset revaluation reserve	**154,606**	174,792
Fair value reserves	**181,462**	1,592,733
Shareholders funds	**19,249,385**	**24,471,843**
Total equity and liabilities	**203,827,801**	**179,159,938**

Life business
Income Statement
For the year ended 31 December 2018
(All amounts in thousands of Nigerian Naira unless otherwise stated)

	Company 31-Dec-18	Company 31-Dec-17
Gross premium written	**57,281,421**	61,288,022
Add: reduction in unearned premium Group life	**(268,532)**	(242,581)
Gross insurance premium revenue	**57,012,889**	**61,045,441**
Reinsurance expense	**(1,124,426)**	(1,094,270)
Net insurance premium earned	**55,888,463**	**59,951,171**
Commission income	**152,567**	374,558
Total revenue	**56,041,030**	**60,325,729**
Gross benefits and claims paid	**(25,273,553)**	(17,806,933)
Increase in annuity fund	**(30,020,421)**	(49,313,019)
Increase in individual life fund	**(120,183)**	(101,428)
Claims ceded to reinsurance	**469,598**	1,049,910
Gross change in contract liabilities	**(693,006)**	(316,969)
Underwriting expenses	**(2,854,238)**	(2,542,113)
Net underwriting expenses	**(58,491,804)**	**(69,030,552)**
Total underwriting profit	**(2,450,774)**	**(8,704,823)**
Investment income	**19,706,579**	14,177,519
Profit/(Loss) on investment contracts	**239,712**	709,583
Net fair value gain/(loss) on assets at fair value	**(11,663,959)**	10,088,710
Other operating income	**549,137**	195,463
Gain on non-current assets distributed to owners	**2,670,722**	
Employee benefit expenses and other operating expenses	**(4,032,930)**	(3,596,498)
Result of operating activities	**7,469,261**	**21,574,777**
Finance cost	**-**	-
Net impairment gains/(losses)	**10,739**	(200,208)
Profit/(loss) before tax	**5,029,226**	12,669,746
Income taxes	**(1,445,987)**	(374,863)
Profit/(loss) for the year	**3,583,239**	**12,294,883**
Other comprehensive income:		
Fair value changes on available for sale financial assets	**(1,411,271)**	1,381,261
Foreign exchange difference on unquoted financial assets	**-**	-
Revaluation gain on land & building	**(20,186)**	13,588
Other comprehensive income for the year, net of tax	**(1,431,457)**	**1,394,849**
Total comprehensive income	**2,151,782**	**13,689,732**

Life Business Revenue Accounts

For The Year Ended 31 December 2018

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

	Individual Life	Group Life	Annuity	2018 Total	2017 Total
Income					
Gross premium written	1,410,081	4,107,270	51,764,070	57,281,421	61,288,021
Decrease in unearned income	-		-	-	-
Gross premium Income	1,410,081	4,107,270	51,764,070	57,281,421	61,288,021
Reinsurance expenses	(10,190)	(1,114,236)	-	(1,124,426)	(1,094,270)
Premium retained	**1,399,891**	**2,993,033**	**51,764,070**	**56,156,995**	**60,193,751**
Commissions earned	-	152,567	-	152,567	374,558
Investment income	165,779	482,879	18,035,427	18,684,085	13,219,487
Fair value gain/ (loss) on annuity bond	(54,356)	(158,328)	(11,617,560)	(11,830,244)	9,245,798
Gain/(loss) on Investment property	818	2,382	20,609	23,809	759,097
Other income	41,423	120,656	1,104	163,183	301,515
Total income	**1,553,555**	**3,593,188**	**58,203,649**	**63,350,395**	**84,094,206**
Direct claims paid	(1,041,188)	(1,923,549)	(1,283,373)	(4,248,110)	(3,814,532)
Surrenders	-			-	-
Annuity payments	-	-	(21,025,441)	(21,025,441)	(13,992,401)
Increase/(decrease) in outstanding claims	-	-	-	-	-
Gross claims incurred	**(1,041,188)**	**(1,923,549)**	**(22,308,814)**	**(25,273,551)**	**(17,806,933)**
Deduct:					
Reinsurance claims recoveries/recoverables	-	469,598	-	469,598	1,049,910
Provision for Outstanding Claims	86,124	(645,574)	(133,556)	(693,006)	(316,969)
Net claims incurred	**(955,064)**	**(2,099,525)**	**(22,442,370)**	**(25,496,959)**	**(17,073,991)**
Provision for unexpired risk	(120,183)	(268,532)	(30,020,421)	(30,409,136)	(49,657,028)
Employee benefit expenses	(352,916)	(768,111)	(166,078)	(1,287,105)	(658,455)
Commission expenses	(279,396)	(418,511)	(1,731,476)	(2,429,383)	(2,326,632)
Maintenance expenses	(10,824)	(13,883)	(397,334)	(422,041)	(748,085)
Operating expenses	(1,040,783)	(1,117,066)	(500,802)	(2,658,651)	(1,549,652)
Total expenses	**(2,759,166)**	**(4,685,628)**	**(55,258,481)**	**(62,703,275)**	**(72,013,842)**
Underwriting result	**(1,205,611)**	**(1,092,440)**	**2,945,168**	**647,120**	**12,080,363**

Revenue Account on Deposit Administration

For the year ended 31 December 2018

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

	Company 31-Dec-18	Company 31-Dec-17
Income		
Investment Income	3,640,568	3,238,334
Gains/(loss) from sale of investment	(55,202)	135,571
Valuation gain on property	8,696	-
Unrealised gains/(loss) from investment	(41,506)	300,870
Other income	-	58,550
	3,552,556	**3,733,325**
Expenses		
Acquisition expenses	(357,234)	(445,427)
Maintenance cost	(58,246)	(22,881)
Interest on Deposit Administration	(2,212,161)	(2,111,629)
Management Expenses	(685,203)	(443,805)
	(3,312,844)	**(3,023,742)**
PROFIT FROM DEPOSIT ADMINISTRATION	**239,712**	**709,583**

Financial Performance

For The Year Ended 31 December 2018

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

Life Business

	Company 31-Dec-18	Company 31-Dec-17	% Change
Gross Premium	**57,281,421**	61,288,022	-7%
Net Premium	**55,888,463**	59,951,171	-7%
Total Underwriting Income	**56,041,030**	60,325,729	-7%
Investment Income	**19,706,579**	14,177,519	39%
Claims expenses	**(4,248,110)**	(3,814,532)	11%
Annuity Claim	**(21,025,441)**	(13,992,401)	50%
Underwriting expenses	**(2,854,238)**	(2,542,113)	12%
Underwriting Profit	**(2,450,774)**	(8,704,823)	-72%
Operating expenses	**(4,032,930)**	(3,596,498)	12%
Profit before tax	**5,029,226**	12,669,746	-60%
Earnings per share	**1.30kobo**	1.30kobo	

Performance ratios

	Using Gross Written Premium		Using Net Written Premium	
	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
Underwriting expenses ratio	5%	4%	5%	4%
Claims ratio	7%	6%	8%	6%
Operating expenses ratio	7%	6%	7%	6%
Combined ratio	19%	16%	19%	16%
Underwriting profit ratio	5%	4%	5%	4%

Life Business Annuity Statement

As at 31 December 2018

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

Leadway Assurance Company

Annuities' Portfolio at 31st December 2018

Annuity Business by nature, type and their operation.

Title	Number of Policies	Classification	Operations Procedure
PRA Regulated Annuities	40,888	Risk	Quotation; Provisional Agreement; NAICOM Approval; Premium Remittance By PFC; Despatch Policy Document; Administration
Annuities Certain	105	Risk	Quotation; Premium Remittance; Despatch Policy Document; Administration

Annuity Liabilities, Investment Income and Pay Out.

Title	Liability As At 31st December 2018 (₦'000)	Investment Income (₦'000)	Pay Out (₦'000)
PRA Regulated Annuities	146,581,670	18,036,531	22,308,814
Annuities Certain	728,561	94,523	-

Note
The information above corresponds with the report of the Actuarial Valuation as at 31st December 2018

The assets backing Annuity Funds are as follows:

S/N	ASSETS TYPE	ANNUITY		ANNUITY CERTAIN	
		(₦'000)	%	(₦'000)	%
1	Money Market	2,561,309	98	54,620	2
2	Quoted Shares	5,293,110	98	85,125	2
3	Corporate Bonds	2,838,386	98	62,563	2
4	FGN/State Bonds	130,760,880	100	526,253	0
5	Real Estate	2,038,203	100	-	-
6	Treasury bills	399,724	100	-	-
7	Unquoted Securities	2,690,059	100	-	-
	TOTAL	**146,581,670**	**99**	**728,561**	**1**

Leadway At A Glance

YEAR OF INCORPORATION	1970
COMMENCEMENT OF OPERATIONS	1971
FINANCIAL YEAR END	31st December
SHAREHOLDERS' FUNDS	₦ 45 Billion (as at 31 December 2018)
TOTAL ASSET BASE	₦ 312Billion (as at 31 December 2018)
CLASSIFICATION	All classes of Insurance, Managed Funds & Trusteeship
NUMBER OF BRANCHES	24
SUBSIDIARY	Leadway Vie
ASSOCIATED COMPANIES	Leadway Pensure PFA Limited Leadway Capital & Trusts Limited Leadway Hotels Limited Leadway Properties & Investments Ltd.
NUMBER OF EMPLOYEES	287 (as at December 31, 2018)
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)
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) Mr. Oluwafemi Adebayo (Life Sales Director) Mr. Bamidele Lawal (Chief Technical Officer, General Insurance)
COMPANY SECRETARY	Mr. Olumide Hanson

Corporate Addresses
Branch Offices

Corporate Office
121/123 Funsho Williams Avenue
Lagos State.
(01) 2700700, 08129997000

Ibadan
25, Morgaji Are Rd,
Iyaganku GRA Off Moshood Abiola Way, Ibadan
Oyo State.
08129997102, 08129997162

Sokoto
15A, Kano Road Not Far From
Central Bank Of Nigeria,
Sokoto State.
08129997124

Registered / Head Office
NN 28/29 Constitution Road,
Kaduna State.
08129997127

Ikeja
77 Opebi Road, Ikeja, Lagos
08129997012

Port Harcourt
8 Igbodo Street,
Old GRA Port Harcourt,
Rivers State.
08129997110, 08129997109

Abeokuta
Seriki Fadare Plaza,
Beside Nigeria Immigration Office,
Oke Mosan, Abeokuta, Ogun State.
08129997096, 08129997097

Ilorin
163, Ajase-Ipo. Road, Gaa-Akanbi Junction Road.
Anu Oluwapa Complex Ilorin, Kwara State
08129997153, 08129997157

Uyo
140, Atiku Abubakar Way, Uyo,
Akwa Ibom State.
08129997100, 08129997155

Abuja
Leadway House Plot 1061,
Herbert Macaulay Way
Central Business District,
Cadastral Zone. Abuja
08129997114, 08129997115

Jos
2A Ibrahim Taiwo Rd, GRA Jos
Plateau State.
08129997122, 08129997168

Warri
Ecobank Building
60 Effurun/Sapele Road Warri
Delta State.
08129997111, 08129997166

Akure
NACRDB Building,
Ado-Owo Road Alagabaka Akure,
Ondo State.
08129997104, 08129997159

Kano
Fustan House
25 Zaria Road Gyadi - Gyadi Round About.
Kano State.
08129997112, 08129997190

Zaria
Last floor, UBA building by
PZ Kaduna Road Zaria,
Kaduna State.
08129997125, 08129997136

Benin
84 Akpakpava Street, Benin City,
Edo State.
08129997103, 08129997158

Lekki
Garnet Building, Igbo-Efon by 2nd round-about
along Lekki-Epe Expreway. Lekki. Lagos State.
08129997038 08129997191

Marina
24 Campbell Street,
Lagos- Island, Lagos State.
08129997011

Calabar
141, Ndidem Usang Iso Road/
Marian Road, Calabar,
Cross River State.
08129997098, 08129997099

Makurdi
Last Floor, 8 Railway bye pass, High Level,
near Zenith bank, Makurdi, Benue State.
08129997113

Enugu
Akalaka House
(2nd floor) 127/129 Chime Avenue
New Haven, Enugu,
Enugu State.
08129997106, 08129997161

Osogbo
2nd floor, Moye House Km2, Gbogan /Ibadan
Road Oshogbo, Osun State
08129997108, 08129997163

Festac
Twin Place, Plot 2015 Block,
18A, Amuwo- Odofin Govt.
Scheme by Apple Bus/ Stop.
Festac Link Road, Festac,
Lagos State.
08129997005, 08129997192

Sagamu
13, Isale Oko Road, Sagamu,
Ogun State.
08129997101, 08129997156

Corporate Addresses

Agency Offices

IKOTA
Shop H408-409,H428-429,
Ikota Shopping Complex VGC, Lagos State

AWKA
1 Ozoagu square (Albertina Compound)
Aroma Junction, Awka, Anambra State

ABA AGENCY
193 Faulks Road
Beside Stanbic IBTC Bank Aba,
Abia State.

MARINA
Knight Frank Building 24 Campbell Street,
Lagos- Island, Lagos State.

OWERRI
Plot C11, Onitsha Road Lay-out,
Control Post, Owerri, Imo State.

ASPAMDAN
Zone D, Block
4, ASPAMDA PLAZA,
Trade Fair, Lagos State.

APAPA
Grace House,
13, Abraham Adesanya Road, Apapa
Lagos State.

IKORODU
225/227, Ikorodu Road,
Ogolonto, Ikorodu. Lagos State.

YENAGOA
imgbi Road Opp. Spring Bank,
Amarata, Yenagoa,
Bayelsa State.

FESTAC
Twin Place,
Plot 2015, NO. 18 Festac link Road,
Amuwo-Odofin, Festac

OPEBI
77 Opebi Road, Ikeja. Lagos State.

ONITSHA
87 Upper New Market Road,
Onitsha, Anambra State.

WARRI
60 Effuru/Sapele Road,
Opposite Glo/Sterling Bank,
P. O Box 4188, Warri,
Delta State.

ASABA
No 1, Stadium Road/200 Nnebisi Road,
Asaba. Delta State.

KADUNA
10 Wushishi Road
By Ahmadu Bello Way,
Kaduna State.

IGANMU
Thomas Wyatt Building,
10 Abebe Village road Iganmu,
Surulere, Lagos State.

VICTORIA ISLAND
No 10, Adetokunbo Ademola,
Victoria Island. Lagos State.

ADO-EKITI
Plot 5, Bank Road,
Besides Mainstreet Bank,
Ado-Ekiti, Ekiti State

GBOKO
No. 11, J.S Tarka Way, Gboko,
Benue State.

UYO
140 Atiku Abubakar way, Uyo.
Akwa Ibom State.

GOMBE
Doma Plaza, 1ST Floor,
Room 26, BIU Road, Gombe State.

ENUGU
127/129 Akalaka House,
Chime Avenue, New Heaven,
Enugu State.

YOLA
Sabru House, 30, Mubi Road Jimeta Yola,
Adamawa State.

PORT-HARCOURT
8 Igbodo Street,
Old GRA PortHarcourt,
Rivers State.

KATSINA
Kaita Shopping Complex building,
Nagogo Road, Kastina State.

ABUJA AGENCY
50 Kumasi Crescent off Aminu Kano
Crescent Wuse II, Abuja, FCT.

LOKOJA
Suite 24 First floor,
Lokongoma Plaza,
Along Okene-Kaba Road,
Opposite Mountain of Fire,
Phase 2 Lokongoma, Lokoja
Kogi State.

Franchise Office

Ikorodu Franchise Office:
Akoye House, 1st Floor, 2 TOS
Benson Road, Ojogbe Junction,
General Hospital Area, Ikorodu,
Lagos State.

Bogije Franchise Office:
Royale Plaza, KM 40 – Lekki-Epe
Expressway, Bogije, Ajah,
Lagos State.

Sango Ota Franchise Office:
29, Ali – Ishiba Street, Sango Ota,
Ogun state.

Ikeja Franchise Office:
Suite 46 Aderonke Plaza, 20
Olowu Street off Awolowo Way,
Ikeja, Lagos State.

Subsidiary

Leadway Vie

Leadway Assurance Company Limited gained inroads into Cote d'Ivoire through the acquisition of a Life Insurance Company. Our decision to expand into Cote d'Ivoire was a result of the identified opportunity in the Ivorian Market. Increasing Institutional Investment in the country has resulted to increasing economic activities. We started operating as Leadway Vie on the 30th of September, 2018 upon receiving regulatory approval for the acquisition and name change.

In a market that has created so much reputational damage to insurance through value eroding products, there exists both the opportunity to gain market share from acting fairly and a discouragement of customers to buy insurance. Our goal is to encourage customers to embrace the change. We aim to become Ivory Coast's foremost insurance company, following in the steps of its parent brand in ensuring integrity, service, customer focus, openness, respect for the individual and excellence (iSCORE). Leadway Vie isthe transparent insurer; we listen more than we speak and we are open to our Customers.

The Company intends to transform the insurance space by becoming the leading digital Insurance Company in Cote d'Ivoire.

Associated Companies

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], and was duly licensed by the National Pensions Commission (PenCom) in 2005.We an authorised and Paid-up share capital of N2.0 Billion. As at December 31st 2017, their shareholders fund stood at 5.018 billion, unimpaired by losses. The principal goal of the company is to provide effective support to contributors in securing a comfortable retirement, by offering world class pension fund management and administration services.

Overall, Leadway Pensure PFA is considered in the individual and corporate market as being Strong, Progressive and driven by Integrity, having successfully managed funds and provided enviable returns. With a responsive complaints resolution and feedback system, the business interacts and stays close to its customers in order to nurture and retain them, always available to take their numerous customers through the process of attaining desirable financial status at retirement.

Leadway Capital & Trusts

Leadway Capital & Trusts Limited is a subsidiary of the Leadway Holding Company. The reputation enjoyed by the Leadway brand 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 been providing 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 the Leadway Holding Company.

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

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, Le´ola 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.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.

Acknowledgments

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