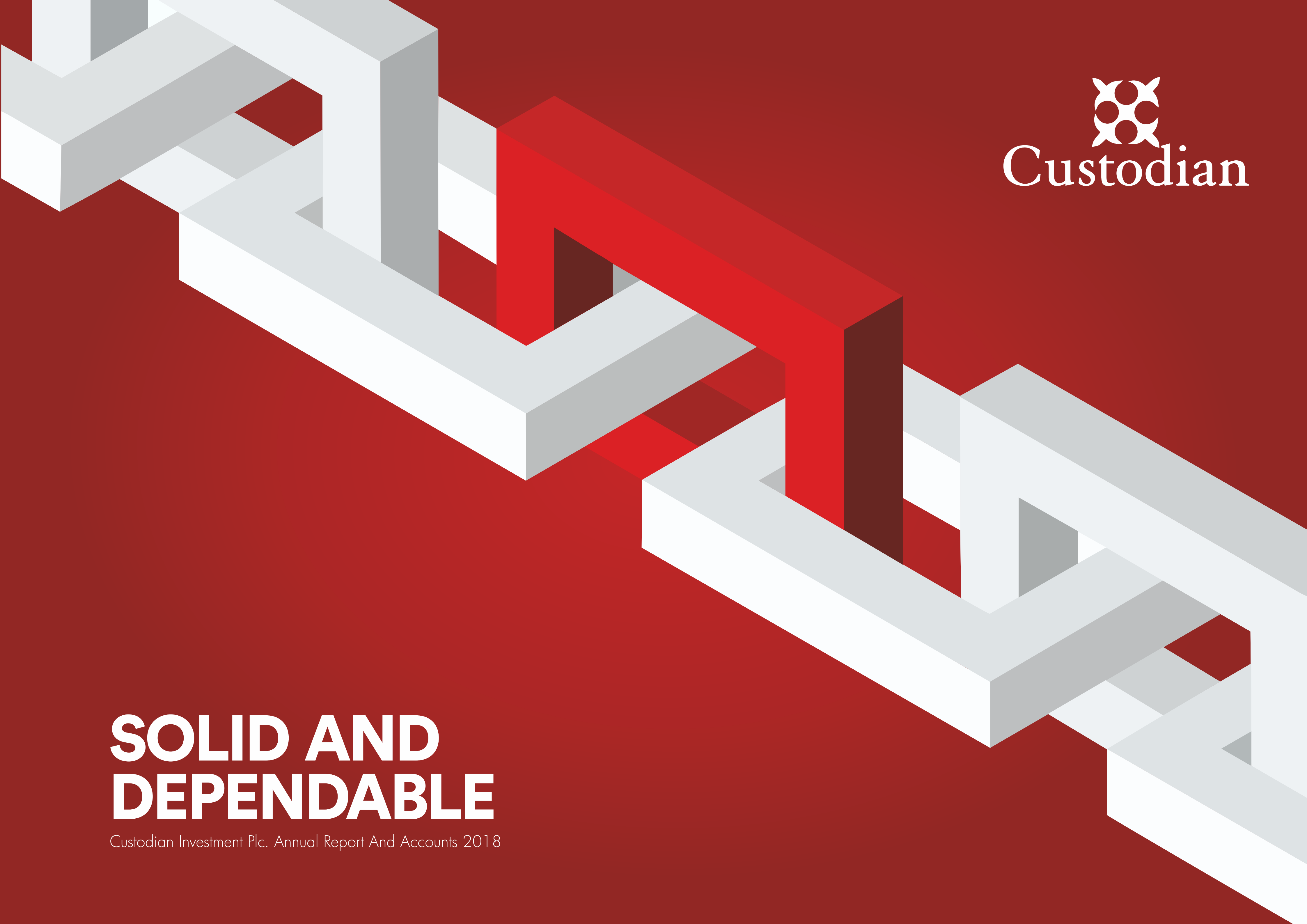

Custodian

SOLID AND DEPENDABLE

Custodian Investment Plc. Annual Report And Accounts 2018

Contents

Corporate Information

Directors

Dr. [Mrs.] Omobola Johnson [Chairman]
Mr. Wole Oshin [Managing Director]
Mr. Ibrahim Dikko
Mr. Richard Asabia
Dr. Toni Ogunbor
Mr. Ravi Sharma
Mr. Olakunle Ade-Ojo

Secretary

Custodian Trustees Limited
16A, Commercial Avenue
Sabo, Yaba, Lagos
Phone: +234 01-2774000-9

Registration No

RC No. 171209

Registered Office

Custodian House
16A, Commercial Avenue
Sabo, Yaba, Lagos
Phone: +234 01-2774000-9
Email: investors@custodianplc.com.ng
Website: www.custodianplc.com.ng

Subsidiaries

Custodian and Allied Insurance Limited
Custodian Life Assurance Limited
CrusaderSterling Pensions Limited
Custodian Trustees Limited

Associate

Interstate Securities Limited

Auditors

Ernst & Young Nigeria
10th & 13th Floor
UBA House,
57, Marina, Lagos Island,
Lagos

Registrars

Meristem Registrars & Probate Services Limited
213, Herbert Macaulay Way,
Yaba, Lagos

Bankers

First Bank of Nigeria Limited
United Bank for Africa Plc
Zenith Bank Plc
Guaranty Trust Bank Plc
Access Bank Plc

Consulting Actuaries

EY Actuary
10th & 13th Floors, UBA House
57, Marina, Lagos

Zamara Consulting Actuaries Nigeria Limited
70 Adetokunbo Ademola Street
Victoria Island, Lagos

Branch Directory

Custodian Investment Plc

Custodian House
16A, Commercial Avenue,
Sabo, Yaba,
Lagos
Tel: [+234] 1 2707206-7, 2793740, 27937401
0700-CUSTODIAN, [+234] 1 2774000-9
Fax: [+234] 1 2707203
P. O. Box 2101, Lagos
Email: investors@custodianplc.com.ng
Website: www.custodianplc.com.ng

Branch Offices

Abeokuta
34/36 Totoro Road,
Totoro, Abeokuta,
Ogun State
Tel: 08166904601

Abuja
Prime Plaza, Plot 1012,
Adetokunbo Ademola Crescent,
Opposite Rock View Hotel, Wuse 2,
Abuja
09- 2900465

Akure
3rd Floor, Left Wing,
Bank of Industry (BOI) Building,
Alagbaka, Akure, Ondo State
Tel: 07068517931, 08055394748

Amuwo Odofin
Plot 129, Block 10,
Festac Link Road,
Amuwo Odofin, Lagos

Apapa
Atlantic House
23/27, Wharf Road,
Apapa, Lagos

Asaba
339 Nnebuisi Road,
Opposite Stadium,
Asaba Delta State

Benin
4th Floor, West Wing,
34, Akpakpava Road,
Benin City, Edo State

Calabar
45, Murtala Muhammed Highway,
Calabar,
Cross River State

Ibadan
6th Floor, Broking House,
1, Alhaji Jimoh Odutola Street,
Ibadan,
Oyo State

Ikeja
95, Adeniyi Jones Avenue,
Sabo, Yaba, Lagos
P. O. Box 2101, Lagos

Ikorodu
294, Lagos Road,
Ikorodu, Lagos

Kaduna
3, Kanta Road,
Turaki Ali House,
Kaduna State

Kano
15, Bank Road, Kano,
Kano State
Tel: 064-895969

Onitsha
60A, Old Market Road,
Onitsha,
Anambra State

Osogbo
37B, Gbogan, Ibadan Road,
Opposite Fakunle Comprehensive
High School,
Osogbo, Osun State

Owerri
37 Ekwena Crescent,
Ikwe Negbu Layout,
Owerri

Port Harcourt
180 Aba Road,
Port Harcourt,
Rivers State

Sabo
27, Commercial Avenue,
Sabo, Yaba, Lagos
Tel: 0700-CUSTODIAN
P. O. Box 2101, Lagos

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 24th Annual General Meeting of CUSTODIAN INVESTMENT PLC will hold at The Civic Centre, Ozumba Mbadiwe Avenue, Victoria Island, Lagos on Wednesday, April 24, 2019 at 10a.m. to transact the following:

Ordinary Business

1. To receive the Audited Financial Statements for the year ended December 31, 2018 and the Report of the Directors, Auditor's Report and the Audit Committee Report thereon.

2. To declare a Dividend.

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

I. Mr. Ibrahim Dikko
II. Mr. Olakunle Ade-Ojo

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

5. To elect members of the Audit Committee in accordance with Section 359[4] [5] of the Companies and Allied Matters Act, CAP C20, 2004.

Special Business

6. To fix the remuneration of Directors.

Proxy

A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company.

Notice Of Annual General Meeting contd

All instruments of proxy duly stamped by the Commissioner of Stamp Duties in accordance with the Stamp Duties Act should be deposited with the Registrars, Meristem Registrars and Probate Services Limited at 213, Herbert Macaulay Way, Sabo, Yaba Lagos, not later than 48 hours before the time for holding the meeting. A Corporate body being a member of the Company is required to execute a proxy under seal.

Dividend Payment

If approved, dividend will be payable on Wednesday, April 24, 2019, at the rate of 35kobo per every 50kobo ordinary share, to shareholders whose names appear in the Register of Members at the close of business on Thursday, April 11, 2019 (bringing total Dividend paid for 2018 financial year to 45kobo). Shareholders who have completed the e-Dividend Mandate Forms will receive a direct credit of the dividend into their bank accounts on the day of the Annual General Meeting (Wednesday, April 24, 2019).

E-Dividend Mandate

Shareholders are kindly requested to update their records and advise Meristem Registrars and Probate Services Limited of their updated records and relevant bank accounts for the payment of their dividends. A detachable form in respect of mandate for e-dividend payment is attached to the Annual Report for convenience. The aforementioned form can also be downloaded from the Company's website at www.custodianplc.com.ng or from Meristem Registrars and Probate Services Limited's website www.meristemregistrars.com.

The duly completed forms should be returned to Meristem Registrars and Probate Services Limited, 213, Herbert Macaulay Way, Yaba, Lagos.

Closure of Register of Members

Notice is hereby given that the Register of Members and Transfer Books of the Company will be closed from Friday, April 12, 2019 to Wednesday, April 17, 2019 [both dates inclusive].

Notice Of Annual General Meeting contd

Biographical Details of Directors for Re-election

Biographical details of Directors standing for re-election are provided in the Annual Report.

Website

A copy of this Notice and other information relating to the meeting can be found on the Company's website www.custodianplc.com.ng.

Rights of Securities' Holders to ask Questions

Securities' Holders have a right to ask questions not only at the Meeting, but also in writing prior to the Meeting and such questions must be submitted to the Company at 16A, Commercial Avenue, Sabo, Lagos on or before April 17, 2019.

Audit Committee

In accordance with Section 359[5] of the Companies and Allied Matters Act, CAP C20 2004 any member may nominate a shareholder as a member of the Audit Committee by giving notice in writing of such nomination to the Company Secretary at least 21 days before the Annual General Meeting.

By order of the Board

ADEYINKA JAFOJO
FRC/2013/NBA/00000002403
Custodian Trustees Limited
Company Secretary

Dated this March 21, 2019

Group Organogram

- Custodian Investment Plc
  - Custodian And Allied Insurance Ltd
  - Custodian Life Assurance Ltd
  - Custodian Trustees Ltd
  - CrusaderSterling Pensions Ltd

Chairman's Statement

Distinguished shareholders, fellow members of the Board of Directors, members of the press, ladies and gentlemen. I feel highly honoured and privileged to welcome you to our company's 24th Annual General Meeting and to present the Annual Accounts and Reports for the year ended 31st December 2018.

Dr. (Mrs.) Omobola Johnson, Chairman

Distinguished shareholders, fellow members of the Board of Directors, members of the press, ladies and gentlemen. I feel highly honoured and privileged to welcome you to our company's 24th Annual General Meeting and to present the Annual Accounts and Reports for the year ended 31st December 2018.

I will give an overview of the global and domestic macroeconomic environment for 2018 and an outlook for 2019 to enable us have a good perspective of your company's achievements in the course of the year and aspirations for the future.

The Global Economy

The global economy started 2018 with strong growth but this momentum faded and growth trends diverged as the year progressed. Overall, the global economy expanded by 3.0% in 2018. The rate of growth in the Euro-zone, United Kingdom, Japan and China weakened while the US accelerated on the back of fiscal stimulus which improved families' disposable income and corporate spending. The US fiscal stimulus in the form of tax cuts and spending increases aided growth above trend at 2.9%. Growth remained moderate at 4.7% in the Emerging and Frontier Markets.

A combination of economic and political factors muted growth in the Euro-area at 1.85%. The Euro-area and the United Kingdom growths were impacted by the political uncertainties from BREXIT negotiations, challenges to Emmanuel Macron's government, winding down of Angela Merkel's chancellorship and the slump in car sales as manufacturers struggled to comply with stricter emission standards.

In 2019, global economic growth is projected to inch down to 2.9% on the back US-China trade row, elevated financial market pressures on some emerging and developing economies. General concerns for global growth still border on the ongoing trade negotiation between the two largest economies, US and China, the uncertainty over BREXIT negotiations and tighter financial stance in advanced markets especially US interest rate hike. The IMF expects the US economic growth to ease from 2.9% in 2018 to 2.5% in 2019 as the potency of the fiscal stimulus is anticipated to diminish. The Fund also forecasts a slowdown in 2019 Euro-zone growth to 1.9%.

The Domestic Economy

On the domestic front, Nigeria's economic recovery remained gradual and underwhelming with GDP growth at 1.93% in 2018 despite seven consecutive quarters of

The rate of growth in the Euro-zone, United Kingdom, Japan and China weakened while the US accelerated on the back of fiscal stimulus which improved families' disposable income and corporate spending.

expansion, downward trending inflation and relatively stable exchange rate regime. The fight against insurgency in the North East, herders and farmers' conflict across major food producing regions posed grave challenge for the country's security.

The domestic economic growth was further dampened by heightened capital outflows on the back of rising yields in the developed economies such as the US and UK and the uncertain political climate ahead of an oncoming election year.

The Nigerian Stock Exchange (NSE) All Share Index (ASI) which emerged the 3rd best performing bourse in 2017, contracted by 17.81% to 31,430.50 points as at December 31, 2018 from 38,243.19 points at December 31, 2017 as investors exited the market and repatriated capital largely due to the anticipated 2019 general election uncertainties and higher yields in offshore market. Similarly, market capitalization declined to N11.72 trillion in December 2018 from N13.61trillion indicating 13.9% or N1.9trillion loss in investment value.

Foreign Exchange rates were broadly stable across segments with Nigerian Interbank Foreign Exchange Fixing ("NIFEX") and Nigerian Autonomous Foreign Exchange Fixing("NAFEX") within a marginal spread of each other. However, the official Central Bank of Nigeria ("CBN") rate remained below market at N305/US1. Through its active market intervention activities, the CBN was able to sustain relative stability of the Naira. The external reserves grew 13.3% from US$38.1billion in December 2017 to US$43.1billion in December 2018, after rising to US$47.6 billion in June 2018. Boost to reserves was on the back of proceeds from Eurobond issues, strong crude oil receipts resulting from higher oil prices and positive capital flows in the first half of 2018. Headline inflation rate moderated to 11.14% in July 2018 and closed at 11.44% at year end.

For the Nigerian economy in 2019, we expect electioneering cycle activities to dominate the fiscal space in the first half of the year and possible reforms across key sectors of the economy from the second half in response to gaping infrastructure deficits, disturbing poverty statistics, rising population and fiscal deficit. In addition, we expect improvement in investors' optimism as the FX rate remains stable. However, the possible downside risks include herders and farmers' clashes and disruption in crude oil production by the Niger Delta militants. Hence, we expect Nigeria's GDP growth rate at 2.1%, which is within the range of 2.0% and 2.2% projected by the International Monetary Fund (IMF) and World Bank, respectively.

Through its active market intervention activities, the CBN was able to sustain relative stability of the Naira. The external reserves grew 13.3% from US$38.1billion in December 2017 to US$43.1billion in December 2018, after rising to US$47.6 billion in June 2018.

Chairman's Statement contd

Financial Performance

Despite the moderate macro-economic growth on the domestic front, your company was able to post strong financial performance across all of its business lines and from the subsidiaries. We recorded strong top line growth as gross revenue improved by 16.8% to N50.3 billion. Similarly, total asset and shareholders' funds remain strong at N98.1 billion and N41.5 billion with year-on-year growths of 21.5% and 13.9%. Significant higher reinsurance and claims expenses, typical of the cyclical nature of the underwriting business, kept profit after tax flat at N7.1 billion.

Our overall strong performance underscores the resilience of our business model and tenacity of our Management team and staff.

Dividend

The Board recognizes the importance of dividends to shareholders and therefore sustained the company's practice of regular dividend payment by rewarding shareholders with an interim dividend of 10 kobo per share in September, 2018 and your Board will propose, subject to your approval, the payment of additional 35 kobo per share as final dividend thus making a total dividend of 45 kobo per share for the 2018 financial year.

Corporate Social Responsibility

Through Custodian Social Responsibility Foundation (CSRF), corporate social responsibility initiatives with high impact and tangible benefits have continued to remain a key aspect of our organisation.

The Foundation commenced the second phase of the Vocational and Professional Development Academy, VPDA, at Thorburn Avenue, Yaba. In 2018, 64 participants have undergone training in various fields. Four students were given scholarships for vocational training. VPDA co-sponsored the free training of 40 students between the ages of 23 and 28 in partnership with GOOGLE and partnered with another organization to offer post NYSC internship and training for 60 young graduates.

We continued to maintain the Ilupeju e-library and the facilities at Lagos City College in 2018.

Through Custodian Social Responsibility Foundation (CSRF), corporate social responsibility initiatives with high impact and tangible benefits have continued to remain a key aspect of our organisation.

Future Outlook

In spite of the uncertainty that usually accompanies electioneering cycles in Nigeria, it is my utmost belief that our management is well-positioned and adept enough to weather the storm and continue to take our company to greater heights. It is therefore our duty, as loyal and appreciative directors and shareholders, to encourage and support them by patronizing and recommending the array of group's products and services.

Conclusion

As always, I thank you for your support in 2018 and relentless commitment to our company.

God bless you.

O. Johnson

Dr. (Mrs) Omobola Johnson
Chairman
FRC/2018/IODN/00000018366

It is therefore our duty, as loyal and appreciative directors and shareholders, to encourage and support them by patronizing and recommending the array of group's products and services.

- The Directors
- Profile of Directors
- Financial Highlights

Custodian Investment Plc. Directors


Dr. (Mrs.) Omobola Johnson
(Chairman)


Mr. Wole Oshin


Mr. Ravi Sharma


Mr. Richard Asabia


Dr. Toni Ogunbor


Mr. Ibrahim Dikko


Mr. Olakunle Ade-Ojo

List Of Directors

CUSTODIAN INVESTMENT PLC

Directors

Dr. [Mrs.] Omobola Johnson [Chairman]
Mr. Wole Oshin [Managing Director]
Dr. Toni Ogunbor
Mr. Richard Asabia
Mr. Ravi Sharma
Mr. Ibrahim Dikko
Mr. Olakunle Ade-Ojo

CUSTODIAN AND ALLIED INSURANCE LIMITED

Directors

Mr. Johnnie Wilcox [Chairman]
Mr. Olatoye Odunsi [Managing Director]
Mr. Edeki Isujeh [Executive Director]
Mr. Wole Oshin
Mr. Richard Asabia
Chief [Mrs.] Margaret Giwa
Mr. Ravi Sharma
Mr. Ademola Ajuwon

CUSTODIAN LIFE ASSURANCE LIMITED

Directors

Mr. Richard Asabia [Chairman]
Mr. Larry Ademeso [Managing Director]
Mr. Ngozi Nlebemuo [Executive Director]
Mr. Wole Oshin
Chief [Mrs.] Margaret Giwa
Mr. Akintunde Odunsi
Mr. Ibrahim Dikko
Mr. Adeniyi Falade

CRUSADERSTERLING PENSIONS LIMITED

Directors

Mr. Wole Oshin [Chairman]
Mr. Adeniyi Falade [Managing Director]
Mr. Olufemi Odukoya [Executive Director]
Mr. Conrad Ifode [Executive Director]
Mr. Tofarati Agusto
Mr. Olanrewaju Adesanya
Mr. Adeyemi Adeola
Ms. Bennedikter Molokwu
Mr. Richard Asabia
Dr. Femi Oyetunji
Mr. Kunle Omilani

CUSTODIAN TRUSTEES LIMITED

Directors

Mr. Richard Asabia [Chairman]
Mr. Austin Akpe [Managing Director]
Mr. Olatoye Odunsi
Mr. Adeniyi Falade

Profile Of Directors

DR. [MRS.] OMOBOLA JOHNSON - CHAIRMAN

Dr. (Mrs.) Omobola Johnson holds a B.Sc. in Electrical and Electronics Engineering from University of Manchester, an M.Sc. in Digital Electronics from Kings College, University of London as well as a Doctor of Business Administration from Cranfield University.

She is the erstwhile Minister of Communication Technology, past Country Managing Director of Accenture Nigeria, Founding Chairman of Women in Management and Business [WIMBIZ] and a fellow of Aspen Global Leadership Network [AGLN].

She at various times was Vice-chairman of Global Agenda Council on Africa of the World Economic Forum, member of the United Nation Broadband Commission Working Group on Gender and Broadband, member of the International Telecommunications Union (ITU) m-powering Advisory Board, member of the Institute of Directors and Chairman of the eighteenth session of the United Nations Commission on Science and Technology.

She brings over thirty years of local and international experience in the private and public sectors to the Board of the Company and presently serves as Non-Executive Director on the Boards of several companies both local and international.

MR. WOLE OSHIN - MANAGING DIRECTOR

Mr. Oshin is the Managing Director of Custodian Investment Plc. He is an industry leader with over thirty [30] years' experience and has at various times been a member of the Presidential Committee on Pension Reforms, Chairman of the Nigerian Insurers Association, Council Member of the West African Insurance Companies Association [Ghana] and External Lecturer – West African Insurance Institute, Banjul, The Gambia. He sits on several Boards including the International Insurance Society [IIS], New York as well as Council Member of the African Insurance Organization [Cameroun], Nigerian Insurers Association and Advisory Board Member of the Commonwealth Enterprise and Investment Council (United Kingdom). He has received numerous awards including nomination as "African CEO of the Year" by African Reinsurance Corporation.

A graduate of Actuarial Science and a Chartered Insurer by Profession, he holds a Doctor of Finance [Honoris Causa] and is a Fellow of the Chartered Insurance Institute of Nigeria, the Risk Managers Society of Nigeria and the Association of Investment Advisers and Portfolio Managers. He is a past President of the Lagos Business School Alumni Association [LBSAA] as well as an alumnus of the Harvard Business School.

DR. TONI OGUNBOR

Dr. Ogunbor is the Chairman of Grand Union Limited, an investment holding Company. He holds a B.Sc. in Agricultural Economics from the University of Ibadan and an MBA in Marketing from Ahmadu Bello University.

A versatile and consummate business professional and industrialist, Dr. Ogunbor worked as sales manager with Unilever Brothers Nigeria Limited and Union Carbide Nigeria Limited respectively before setting up his companies. He is an astute businessman and founder of several indigenous companies.

He is a member of the Institute of Directors, a fellow of the Nigerian Institute of Management and the Chartered Institute of Marketing respectively. He has attended various Executive Management Programmes both locally and internationally and is a recipient of an Honorary Doctorate degree in Business Administration. He serves on the Board of several companies as Non-Executive Director.

Profile Of Directors contd

MR. RICHARD ASABIA

Mr. Richard Asabia is a 1983 graduate of the London School of Economics [University of London] and 1989 graduate of the University of Wales, Cardiff, UK. He holds a Bachelors Degree in Law and a Masters Degree in Business Administration.

He is a qualified Barrister and a Fellow of the Chartered Institute of Stockbrokers. He served at various times as a Director on the Boards of First Interstate Bank Plc, Banque Internationale Du Benin, Future Unity Glanvills Ltd, Unity Bank Plc and as Chairman, Crusader Nigeria Plc. He is Managing Director/CEO of Interstate Securities Limited and currently sits as a Director on the Board of CrusaderSterling Pensions Limited. He is also the Chairman of Custodian Life Assurance Limited.

MR. IBRAHIM DIKKO

Mr. Dikko obtained his LL.M [Corporate & Commercial Law] degree from Queen Mary & Westfield College, University of London, England after obtaining his LL.B from the University of Buckingham, England. He was called to the Nigeria Bar in 1990.

He has worked in several capacities and industries that span across banking, information technology and telecommunications.

He worked in Kenneth Michael & Co between 1991 and 1992 and was on the team responsible for setting up the first discount house in Nigeria and was Chairman of the First Securities Discount house from 2002 - 2012. He also worked as Executive Director in Resourcery Plc. from 2000 to 2007. He was also Vice President [Regulatory and Corporate Affairs] at 9Mobile (formerly known as Etisalat).

Profile Of Directors contd

MR. RAVI SHARMA

Mr. Sharma has over 15 years experience obtained in the fields of private banking, investment banking and private equity. He joined Aureos in 2001 as a consultant and was a key member of the local team that participated in the establishment of the Aureos West Africa Fund LLC [AWAF] in 2003, which included opening a new office for Aureos in Nigeria and subsequently the Aureos Africa Fund LLC [AAF] in 2008. Aureos was bought by the Abraaj group in 2012.

Prior to joining Aureos Nigeria Advisers, Mr. Sharma worked for Aureos Ghana Advisers, where he was involved in 11 exits from Ghana Venture Capital Funds [GVCF] portfolio companies. Since relocating to Nigeria, he was responsible for sourcing, structuring, monitoring and exiting investments across various sectors. He was instrumental in the investment of over US$100 million of Aureos Funds in Nigeria. He was also responsible for the divestment from five of the AWAF portfolio companies in Nigeria.

He sits on the board of several companies. His previous experience was gained in private and investment banking with Barclays Private Bank [London] and TAIB Bank [London]. He holds an MBA from the University of Wales and has a B.Sc. in Economics & Accounting from City University, London.

MR. OLAKUNLE ADE-OJO

Mr. Olakunle Ade-Ojo is the Managing Director of Toyota Nigeria Ltd. A graduate of Mechanical Engineering from University of Reading, he also holds an MSC in Automotive Product Engineering from Cranfield University, both in the United Kingdom.

As a Global Management Associate, he worked extensively in different operational departments while at Toyota Motor Sales, USA.

Profile Of Directors contd

He returned to Nigeria as the Business and Strategic Development Manager of Toyota [Nigeria] Limited and rose through the ranks. He was an Executive Director with Toyota Nigeria Limited until his appointment as the Managing Director of the Company. As Managing Director, within his second year of leading the Company he saw to the establishment of Toyota Assembly Plant in Nigeria. He also supervised the assembling and testing of the first Hiace bus assembled in the plant.

He has attended various Executive Management Programmes both at the Lagos Business School and the Wits Business School, South Africa. He is a member of Council, Lagos Chamber of Commerce and Industry and also a member of the Institute of Directors of Nigeria.

He is an astute business man who is quick to recognise business opportunities.

Financial Highlights

For The Year Ended 31 December 2018

	Group		Compny	
	N '000			
	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
Cash and cash equivalents	11,745,027	7,909,809	192,180	668,233
Financial assets	59,189,847	49,425,235	4,573,652	5,481,025
Investment properties	9,146,905	8,812,700	4,636,980	4,308,275
Property, plant and equipment	3,916,862	3,258,879	97,704	48,490
Total assets	98,121,969	80,567,738	19,992,013	18,307,974
Insurance and investment contract liabilities	45,147,935	37,345,865	-	-
Other liabilities	11,474,898	6,512,912	1,571,290	1,225,828
Total liabilities	56,622,883	43,858,777	1,571,290	1,225,828
Equity attributable to owners of the parent	40,540,637	35,823,216	18,420,723	17,082,146
Gross revenue	50,212,406	43,052,675	5,262,492	4,455,097
Gross premium income	36,722,146	31,997,526	-	-
Interest income	7,182,514	6,220,346	818,328	1,012,301
Other investment income	428,740	95,579	3,319,527	2,789,399
Fees and commission income	4,054,602	3,417,091	-	-
Other operating income	1,723,045	1,247,346	1,124,637	653,397
Reinsurance expenses	16,149,676	13,185,179	-	-
Underwriting expenses	2,865,306	2,887,773	-	-
Net claims expenses	15,276,687	13,914,792	-	-
Management expenses	6,381,458	5,822,020	766,241	564,134
Finance costs	-	-	-	-
Share of result of associate	(33,246)	34,987	-	-
Total comprehensive income for the year	7,590,265	8,022,967	3,851,131	3,664,331
EPS - Basic (in kobo)	116	119	65	62
EPS - Diluted (in kobo)	116	119	65	62

*Certain amounts shown here do not correspond to the 2017 consolidated and separate financial statements and reflect adjustments, refer to Note 2.6.

Report Of The Directors

For the year ended December 31, 2018

The Directors present their report on the affairs of Custodian Investment Plc (“the Company”) and its subsidiaries (“the Group”), together with the Group and Separate Audited Financial Statements for the financial year ended December 31, 2018.

COMMENCEMENT OF BUSINESS

The Company commenced business on July 1, 1995

LEGAL FORM

The Company was incorporated on August 22, 1991 as a Private Limited Liability Company under the name, Accident and General Insurance Company Limited. Approval for the change of name to Custodian and Allied Insurance Limited was granted on February 5, 1993, while approval for conversion to a Public Limited Liability Company was given on September 29, 2006. The Company’s name was changed to Custodian and Allied Plc in March 2013. Following a Special Resolution, the Company’s name change to Custodian Investment Plc was approved by the Corporate Affairs Commission on May 24, 2018.

VISION

To be the preferred partner in creating and preserving wealth.

PRINCIPAL ACTIVITIES

Custodian Investment Plc is an Investment Holding Company having interests in Life Insurance, General Insurance, Pensions, Trustees, Property and Financial Services Business.

Report Of The Directors Contd

PROPERTY, PLANT AND EQUIPMENT

Information relating to changes in property and equipment is given in Note 15 to the consolidated and separate financial statements. In the opinion of the Directors, the market value of the Company's properties is not less than the value shown in the financial statements.

DIVIDEND

The Board of Directors proposed and paid Interim Dividend of 10kobo per ordinary share of 50kobo each (HY2017: 10kobo), which was paid to shareholders on the Register of Members at the closure date.

The Directors recommend the payment of a Final Dividend of 35kobo per ordinary share of 50kobo each bringing the Total Dividend for the financial year ended December 31, 2018 to 45kobo (2017: 42kobo per share), payable to shareholders on the Register of Members at the closure date. Withholding tax would be deducted at the time of payment.

EVENTS AFTER REPORTING DATE

There are no events after the reporting date, which could have had a material effect on the financial position of the Group as at December 31, 2018 and the profit for the year then ended.

Report Of The Directors Contd

DIRECTORS AND THEIR INTERESTS

The Directors who held office during the period, together with their direct and indirect interests in the issued share capital of the Company as recorded in the register of Directors shareholdings and/or as notified by them for the purposes of section 275 of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria and the listing requirements of The Nigerian Stock Exchange are noted below:

Number of 50 kobo ordinary shares held as at December 31, 2018:

Directors	Designation	December 31, 2018 Direct Holding	December 31, 2018 Indirect Holding	% of Holding	2017 Direct Holding	2017 Indirect Holding	% of Holding
Dr.(Mrs.) Omobola Johnson	Chairman [Independent]	80,000	-	0.001	80,000	-	0.001
*Mr. Wole Oshin	Group Managing Director	238,674,353	1,032,010,888	21.60	238,674,353	866,134,963	18.78
Mr. Ibrahim Dikko	Non-Executive Director [Independent]	-	-	-	-	-	-
**Mr. Richard Asabia	Non-Executive Director	21,362,847	35,000,004	0.96	19,416,971	35,000,004	0.93
***Dr. Toni Ogunbor	Non-Executive Director	-	63,409,440	1.08	-	63,409,440	1.08
Mr. Ravi Sharma	Non-Executive Director [Independent]	-	-	-	-	-	-
****Mr. Olakunle Ade-Ojo	Non-Executive Director	364,530	924,907,141	15.73	364,530	924,907,141	15.73

The following Directors have indirect shares in:

*Indirect shares held by Mr. Wole Oshin are in respect of Gratitude Capital Limited, Amethyst Multiple Links Limited and shares held by MWML Nominee Limited.
**Indirect shares held by Mr. Richard Asabia are in respect of Interstate Securities Limited.
*** Indirect shares held by Dr. Toni Ogunbor are in respect of Enterprise Stockbrokers Plc and Grand Union Limited.
**** Indirect shares held by Mr. Olakunle Ade-Ojo are in respect of Mikeade Investments Limited.

DIRECTORS' INTEREST IN CONTRACTS

For the purpose of Section 277 of the Companies and Allied Matters Act, CAP C20 LFN 2004, none of the Directors had direct or indirect interest in contracts or proposed contracts with the Company during the year.

SUBSTANTIAL SHAREHOLDING

According to the Register of Members, the following shareholders of the Company held more than 5% of the issued share capital as at December 31, 2018:

	Ordinary shares of 50 kobo each			
Shareholder	2018 Number	%	2017 Number	%
Mikeade Investments Limited	924,907,141	15.72	924,907,141	15.72
Gratitude Capital Limited	906,624,415	15.41	715,748,490	12.17
Stanbic Nominee Nigeria Limited	482,740,375	8.21	533,777,938	9.07
**Abraaj Nigeria Advisers Limited	348,027,267	5.92	348,027,267	5.92

*No other individual shareholder held up to 5% of the Company's Issued Share Capital as at December 31, 2018.

**Direct shares in respect of Abraaj Nigeria Advisers Limited [formerly Aureos Africa Fund LLC].

Report Of The Directors Contd

Analysis of shareholding

The range analysis of the distribution of the shares of the Company as at December 31, 2018 is as follows:

Range	No. of Holders	%	Holders Cum.	Units	Units %	Units Cum.
1-1,000	14,672	38.29%	14,672	9,094,285	0.15%	9,094,285
1,001-5,000	13,491	35.22%	28,163	36,429,504	0.62%	45,523,789
5,001-10,000	4,495	11.73%	32,658	34,753,733	0.59%	80,277,522
10,001-50,000	4,050	10.57%	36,708	90,496,112	1.54%	170,773,634
50,001-100,000	732	1.91%	37,440	54,419,793	0.93%	225,193,427
100,001-500,000	584	1.52%	38,024	126,893,079	2.16%	352,086,506
500,001-1,000,000	90	0.23%	38,114	66,692,407	1.13%	418,778,913
1,000,001-5,000,000	124	0.32%	38,238	276,287,060	4.70%	695,065,973
5,000,001-10,000,000	22	0.06%	38,260	151,209,878	2.57%	846,275,851
10,000,001-50,000,000	31	0.08%	38,291	821,644,586	13.97%	1,667,920,437
50,000,001- ABOVE	21	0.05%	38,312	4,213,943,758	71.64%	5,881,864,195
GRAND TOTAL	**38,312**	**100.00%**		**5,881,864,195**	**100.00%**	

Category	Number of Shareholder	Total Holdings	%
Local	38,255	5,531,187,254	94.04
Foreign	53	350,676,941	5.96

Report Of The Directors Contd

DIRECTORS' RESPONSIBILITIES

The Company's Directors are responsible for the preparation of the financial statements which give a true and fair view of the state of affairs of the Group and the Company at the end of each financial period and of the profit or loss for that period and comply with the Companies and Allied Matters Act, CAP C20 LFN 2004. In so doing, the Directors ensure that:

- Proper accounting records are maintained.
- Adequate internal control procedures are established which, as far as is reasonably possible, safeguard the assets, prevent and detect fraud and other irregularities.
- Applicable accounting standards are followed.
- Suitable accounting policies are adopted and consistently applied.
- Judgments and estimates made are reasonable and prudent.
- The going-concern basis is used, unless it is inappropriate to presume that the Company shall continue in business.

PERSONNEL

a. Employment of Disabled Persons

The Company did not employ any disabled person during the period under review. The Company however has a well established policy of considering disabled persons for employment if they are found to possess requisite qualifications.

b. **Employee Involvement and Training**

Custodian encourages participation of employees in arriving at decisions in respect of matters affecting their well-being through various forums. Towards this end, employees are provided opportunities to deliberate on issues affecting the Company and employees interests, with a view to making inputs to decisions thereon.

The Company's major assets remain Professional, Technical and Management expertise. Continuous development of these is keenly pursued by the Company in the form of regular training of employees.

c. **Health, Safety and Welfare**

Health and safety regulations are in force within the Company's premises and employees are aware of existing regulations. The Company provides subsidy to all levels of employees for medical care and treatment.

d. **Research and Development**

The Company encourages Research and Development in all the companies within the Group, in its quest to maintain high standards.

AUDITORS

Messrs. Ernst and Young Nigeria were the Auditors of the Company for the year ended 31 December 2018 and would be considered for re-appointment in line with Section 357 of the Companies and Allied Matters Act of Nigeria.

10. Shareholding History

Date Issued	No. of Shares	Nominal Value	Naration
1996	18,337,858	9,168,929	CASH
1997	18,318,066	9,159,033	CASH
1998	920,400	460,200	CASH
1998	3,665,594	1,832,797	BONUS
1999	26,853,566	13,426,783	BONUS
2000	121,904,516	60,952,258	CASH
2001	10,000,000	5,000,000	BONUS
2002	100,000,000	50,000,000	CASH
2003	120,000,000	60,000,000	BONUS
2004	125,000,000	62,500,000	BONUS
2004	180,000,000	90,000,000	CASH
2005	275,000,000	137,500,000	BONUS
2005	500,000,000	250,000,000	CASH
2006	583,333,332	291,666,666	BONUS
2006	121,608,110	60,804,055	MERGER
2006	1,186,727,478	593,363,739	CASH
2007	165,079,364	82,539,682	MERGER
2007	443,251,716	221,625,858	CASH
2008	790,744,328	395,372,164	CASH
2009	348,027,267	174,013,134	CONVERSION OF LOAN STOCK
2010	[37,924,787]	[18,962,393]	SHARE BUYBACK
2013 till Date	781,017,387	390,873,583	MERGER
Total	**5,881,864,195**	**2,940,932,098**	

E-DIVIDENDS

Experience has shown that many shareholders do not receive their dividend warrants several weeks after the dividend warrants were dispatched.

To prevent and facilitate the prompt receipt of your future dividends and bonus certificates in line with good corporate governance, the Company encourages its shareholders to embrace the e-dividend opportunity which is a fast, reliable and efficient way of receiving dividends and bonus directly into Bank and personal Accounts with the Central Securities Clearing System [CSCS]. This will substantially reduce the incidence of unclaimed dividends.

To benefit from the e-dividend and e-bonus system, you need to have a Bank Account as well as a CSCS Account to be opened with the assistance of a Stockbroker of your choice. We thus implore our shareholders to complete the detachable forms in the Annual Report indicating their preferred Bank Accounts and forward same to the Company's Registrars for necessary action.

The Registrars
Meristem Registrars & Probate Services Limited
213 Herbert Macaulay Way,
Yaba, Lagos
Tel: +234 [1]8920491-2, +234 [1] 2809250-3

12. Unclaimed Dividends Table as at December 31, 2018

S/NO	Dividend Number	Date Of Payment	Dividend Type	Amount Of Dividend Declared ₦	Dividend Per Share	Unclaimed Dividend ₦
1	1	05/05/2008	FINAL	480,000,000.00	0.12	5,513,060.91
2	2	23/10/2008	INTERIM	359,305,824.69	0.08	6,631,221.99
3	3	23/06/2009	FINAL	455,120,711.16	0.10	13,982,381.67
4	4	29/10/2009	INTERIM	239,537,216.40	0.05	7,358,691.69
5	5	06/07/2010	FINAL	616,652,591.40	0.12	17,751,104.41
6	6	20/10/2010	INTERIM	306,050,808.48	0.06	9,296,272.26
7	7	14/06/2011	FINAL	561,093,148.88	0.11	14,708,538.42
8	8	20/10/2011	INTERIM	357,059,276.56	0.07	10,101,355.49
9	9	17/05/2012	FINAL	408,067,744.64	0.08	9,861,666.88
10	10	21/10/2012	INTERIM	255,042,340.40	0.05	6,401,305.57
11	11	07/11/2013	FINAL	470,549,135.60	0.08	27,579,721.31
12	12	28/11/2013	INTERIM	294,093,209.75	0.05	16,775,950.79
13	13	09/05/2014	FINAL	647,005,061.00	0.11	38,628,961.72
14	14	12/09/2014	INTERIM	352,911,851.70	0.06	30,446,596.75
15	15	14/05/2015	FINAL	705,823,703.40	0.12	57,487,163.36
16	16	15/09/2015	INTERIM	352,911,851.70	0.06	31,039,508.53
17	17	03/05/2016	FINAL	823,460,987.30	0.14	67,016,590.81
18	18	01/09/2016	INTERIM	411,730,493.65	0.07	32,458,524.60
19	19	03/05/2017	FINAL	1,058,735,605.10	0.18	94,637,135.84
20	20	05/09/2017	INTERIM	588,186,419.50	0.10	82,833,579.83
21	21	24/04/2018	FINAL	1,882,196,542.40	0.32	221,913,075.51
22	22	05/09/2018	INTERIM	588,186,419.50	0.10	173,264,450.40

Total Gross Amount Declared (N)	Unclaimed Div. balance (N)	Amount Returned to the Company (N)
12,213,720,943.21	993,147,800.01	472,072,302.86

Report Of The Directors Contd

Unclaimed Dividend Warrants and Share Certificates

Notice is hereby given to our numerous shareholders that some dividends have remained unclaimed as the Registrars records show. A number of share certificates have also been returned as unclaimed because the addresses on them could not be traced or the shareholders have changed their addresses without informing the Registrars. The affected shareholders should please get in touch with Meristem Registrars & Probate Services Limited.

The registrars are e-dividend payment ready. Shareholders are kindly requested to take advantage of this to reduce the unclaimed dividend problems. The unclaimed dividend list is on the Registrars website and copies are displayed at the venue of the AGM.

Please contact: Meristem Registrars & Probate Services Limited, 213 Herbert Macaulay Way, Adekunle, Yaba, Lagos, P.O.Box 51585, Ikoyi, Lagos.

Phone: 01-2809250-4, Email: info@meristemregistrars.com, Website: www.meristemregistrars.com

By order of the Board

ADEYINKA JAFOJO
FRC/2013/NBA/00000002403
Custodian Trustees Limited
Company Secretary

Dated this March 21, 2019

Statement Of Directors' Responsibilities

In Relation To The Preparation Of The Consolidated And Separate Financial Statements For The Year Ended December 31, 2018

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

a) keep proper accounting records that disclose, with reasonable accuracy, the financial position of the Company and comply with the requirements of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004;

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

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

The Directors accept responsibility for the preparation and fair presentation of the annual consolidated and separate financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards, the provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, Pension Reform Act 2004, Insurance Act 2003 and Financial Reporting Council of Nigeria Act No. 6, 2011.

The Directors are of the opinion that the consolidated and separate financial statements present fairly, in all material respects, the state of the financial affairs of the Company and its subsidiaries and of its profit. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of consolidated and separate financial statements, as well as adequate systems of internal financial control.

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

On behalf of the Directors of the Group

O. Johnson

Dr. (Mrs.) Omobola Johnson
Chairman
FRC/2018/IODN/00000018366

Wole Oshin
Managing Director
FRC/2013/CIIN/0000003054

Report Of The Audit Committee
For the year ended December 31, 2018

To the members of Custodian Investment Plc:

In accordance with the provision of Section 359 (6) of the Companies and Allied Matters, Act CAP C20, Laws of the Federation of Nigeria 2004, the members of the Audit Committee of Custodian Investment Plc hereby report as follows:

- We have exercised our statutory functions under Section 359 (6) of the Companies and Allied Matters, Act CAP C20, Laws of the Federation of Nigeria 2004 and acknowledge the cooperation of Management and staff in the conduct of these responsibilities.
- We are of the opinion that the accounting and reporting policies of the Group are in accordance with legal requirements and agreed ethical practices and that the scope and planning of both the external and internal audit for the year ended December 31, 2018 were satisfactory and reinforce the Group's internal control systems.
- We have deliberated with the External Auditors, who have confirmed that necessary co-operation was received from Management in the course of their statutory audit and we are satisfied with Management's response to the External Auditor's recommendations on accounting and internal control matters and with the effectiveness of the Group's system of accounting and internal control.
- We have deliberated with the External Auditors, who have confirmed that necessary co-operation was received from Management in the course of their statutory audit and we are satisfied with Management's response to the External Auditor's recommendations on accounting and internal control matters and with the effectiveness of the Group's system of accounting and internal control.

Mr. Olaniyi Dada
Chairman, Audit Committee
FRC/2013/ICAN/00000003137
Lagos, Nigeria.

March 21, 2019

Report Of The Audit Committee Contd

Members of the Committee

-	Mr. Olaniyi Dada	-	Chairman
-	Group Captain Bola Sotubo [Rtd.]	-	Member
-	Mr. Oladipo Lambo	-	Member
-	Mr. Ravi Sharma	-	Member
-	Mr. Ibrahim Dikko	-	Member
-	Mr. Richard Asabia	-	Member

Profile Of Shareholders Representatives On The Statutory Audit Committee

MR. OLANIYI DADA - BSc. [Economics], ACA, ACTI

Mr. Olaniyi Dada holds a bachelor degree in Economics, he is also an associate of Institute of Chartered Accountants of Nigeria and Chartered Institute of Taxation of Nigeria. He started his career at Securities and Exchange Commission and proceeded to KPMG Audit [formerly Peat Marwick Ani Ogunde & Chartered Accountants] from 1987 – 1992. He joined Olukayode Akindele & Co [Chartered Accountants] in 1993. On resigning from Olukayode Akindele & Co in 2001, he established the accounting firm of Niyi Dada Chartered Accountants. He is also the principal partner at SDG Consulting Associates.

He is Chairman of the Statutory Audit Committee of Custodian Investment Plc.

Report Of The Audit Committee Contd

GROUP CAPTAIN BOLA SOTUBO (Rtd.) BSc, MBA, LL.B, LL.M

Group Captain Sotubo [rtd] studied Business Administration at the University of Nigeria, Nsukka and graduated in 1973. He has an MBA from Indiana University Bloomington Indiana [1976]. He joined the Nigerian Air Force in 1977 from where he retired in 1999. In 2002, he graduated from the Faculty of Law University of Lagos and was called to the Nigerian Bar in 2004. He also has an LLM degree from the University of London.

He started his legal career with the firm of Dapo Abudu & Co as counsel before moving to Yomi Sotubo & Co as the principal partner.

MR. OLADIPO LAMBO -LL.B, B.L, LL.M, MA

Mr. Oladipo Lambo holds a Law degree from University of London and was called to the Nigerian Bar in 1984 [Nigeria Bar]. He also holds Masters Degrees in Law [LLM] and in Political Science [MA] from the University of Hull, United Kingdom.

He worked with the Federal Ministry of Justice from 1987-1990 before moving to Nigeria Wire Industries Plc as Executive Director in 1991 [Executive Director in charge of Sales, Marketing and Purchasing]. In 2003 he was appointed the Managing Director of the Company.

Corporate Governance Certification

Corporate Governance

Custodian Investment Plc values its shareholders. We appreciate the fact that our shareholders require ethical behavior and good administration of the Company. Consequently, the Company has imbibed a culture of compliance to ensure that our operations are conducted in accordance with the principles of probity, accountability, transparency and fairness.

Custodian has in place a framework to ensure effective shareholders participation. Our shareholders approve the appointment of members of the Board of Directors, who in turn supervise the activities of Management. The confidence of investors, clients, employees and stakeholders is reinforced by this governance framework.

At Custodian, regulatory compliance is central to our corporate governance framework which is designed to ensure on-going compliance with the Securities and Exchange Commission's Code of Corporate Governance ('the SEC Code') as well as the Post-Listing requirements of the Nigerian Stock Exchange. This is in addition to the Company's Board Charter and Memorandum and Articles of Association which collectively provide the foundation for sound corporate governance. Our Internal control checks ensure that Custodian meets the legal and ethical standards required of the Board, Management and staff in the day to day activities of the Company.

At Custodian, we believe that the input of stakeholders improve our competitiveness and overall performance. We therefore encourage teamwork and recognise contributions from shareholders, employees, clients, creditors and suppliers. Our Corporate Governance framework encapsulates our effective management and promotion of stakeholders engagement in achieving our objectives.

Ethical Standards

The Company is devoted to acting with utmost integrity and expects same of every employee. The Board has adopted the Securities and Exchange Commission [SEC] Code of Corporate Governance for publicly quoted Companies [Code of Conduct], which sets out the Corporate Governance best practice framework for Custodian and incorporates some of the laws, rules and regulations it is required to comply with. Noting also that the Company is also expected to comply with:

- Companies and Allied Matters Act, 2004

Corporate Governance contd

- The Nigerian Stock Exchange Rules and Regulations.
- The Investments and Securities Act, 2007.
- Financial Reporting Act 2011.
- International best practice.
- The Company's Memorandum and Articles of Association.
- The Securities and Exchange Commission Consolidated Rules and Regulations, 2013.

Custodian's Code of Conduct and Board Charter corroborates the Company's policy to conduct its affairs in compliance with all applicable laws and regulations and to observe the highest standards of business ethics. The Company expects that the spirit as well as the letter of these standards are followed by Directors, officers and employees of the Company, its subsidiaries and affiliates. This is transmitted to every new Director, officer and employee and was communicated to those in office at the time the Standards of Business Conduct were adopted.

Corporate Legal Structure

Custodian Investment Plc is a public limited liability Company as defined under the Companies and Allied Matters Act [the Act]. Corporate powers reside in the Board of Directors and the Shareholders at the Annual General Meeting. The functions and powers of both bodies are stipulated by the Act and the Company's Memorandum and Articles of Association.

Annual General Meeting

Annual General Meetings are vital to Custodian's Corporate Governance framework and are duly convened in line with the Company's Articles of Association and existing statutory requirements. Attendance at Annual General Meetings is open to all Shareholders or their proxies while the principle of 'one share, one vote' applies.

Representatives of The Nigerian Stock Exchange and the Securities and Exchange Commission usually monitor proceedings at the Company's Annual General Meetings as well as representatives of Shareholders Associations.

Corporate Governance contd

The Board

Custodian's Board of Directors act on behalf of shareholders and is responsible for promoting the long-term success of the Company and for setting the Group's strategy, against which Management's performance is monitored. It sets the Group's risk appetite and satisfies itself that financial controls and risk management systems are robust, whilst ensuring the Group is adequately resourced. It is also responsible for setting the values and supporting the culture of the Group and ensures appropriate dialogue with shareholders on strategy and remuneration.

The Board ensures regular training of Board members on issues pertaining to their oversight functions and Corporate Governance. The Board or a Committee of the Board receives and reviews Management's reports.

Custodian's Board is accountable to Shareholders and ensures that the conduct of the Company's activities is within the applicable regulatory framework. The Board is responsible for reviewing the Company's performance, setting objectives and determining strategy. In doing this, the Board safeguards the Company's interest.

Delegation to Management

The Board has delegated the responsibility for the day-to-day operations of the Company to Management and ensures that Management strikes a balance between promoting long-term growth and delivering short-term objectives. In fulfilling its primary responsibility, the Board is aware of the importance of achieving a balance between adherence to governance principles and economic performance.

Directors' Independence

Directors are expected to contribute views and judgment that are independent of Management and free of any business or other relationship or circumstance that could materially interfere with the exercise of objective, unfettered or independent judgment, having regard to the best interest of the Company.

Corporate Governance contd

Meetings of the Board

In order to aid the effective performance of its oversight functions and to adequately monitor Management's performance, the Board meets quarterly. Periodic meetings of the Board are held at such times and places as determined by the Board, while special meetings are held at other times as the Board may consider expedient.

All Directors are provided with notices, agenda and Board documents ahead of each meeting to enable them prepare adequately for meetings. Directors are also provided with regular updates on developments in the regulatory and business environment.

Change in a Director's Occupation

The Board does not believe that Directors who retire or change the position they held when they became a member of the Board should necessarily leave the Board. However, promptly following such an event, the Director must notify the Board of such event and the Board may take such event into consideration when determining whether to re-nominate such a Director.

Appointment Process, Orientation and Training of Board Members

Custodian's Board Succession Policy ensures that the Company is managed and overseen by knowledgeable, capable and trustworthy individuals. In making Board appointments, the Board recognises knowledge, experience and skill of prospective Directors as well as other qualities considered necessary for the role. The Board Establishment and Governance Committee is responsible for Directors succession planning and recommends new appointments to the Board.

Upon appointment to the Board, newly appointed Directors are given adequate orientation regarding the Group's businesses, Corporate Governance and reporting procedures and are updated on such matters on a continuing basis. Directors are briefed on policies and procedures applicable to the Board and Board Committees as well as on the rights and responsibilities of Directors. Various information reports are sent to the Board in order to keep them informed of the Group's undertakings.

Corporate Governance contd

The Board attaches great importance to training its Directors and for this purpose, continuously offers training and education to its Directors, in order to enhance their performance on the Board and the various committees to which they belong.

Re-Election of Directors

In accordance with the Company's Articles of Association, one third of all Non-Executive Directors are presented for re-election every year. In keeping with this requirement, Mr. Ibrahim Dikko and Mr. Olakunle Ade-Ojo will retire at this Annual General Meeting and being eligible will submit themselves for re-election. The Board confirms that following a formal evaluation, these Directors continue to demonstrate commitment to their duties and roles as Non-Executive Directors.

The Board is convinced that the Directors standing for re-election will continue to add value to the Company. The Board believes that they are required to maintain the balance of skill, knowledge and experience on the Board.

The biographical details of Directors standing for re-election are set in the Annual Report.

Directors Access to Management and Independent Advisers

Management recognises the importance of the free flow of complete, adequate and timely information to the Directors to enable them make informed decisions in the discharge of their responsibilities. There is constant engagement between Executive Management and the Board. The Company's External Auditors attend the Statutory Audit Committee meeting to make presentations on the audit of the Group's Financial Statements. Directors have unrestricted access to Management and Company's information in addition to the necessary resources to carry out their responsibilities.

The Board has the authority to retain, terminate and determine the fees and terms of consultants, legal counsel and other advisers to the Board as the Board may deem appropriate in its discretion.

Corporate Governance contd

Board Structure and Composition

Custodian's Board is made up of a Non-Executive Chairman, five (5) Non-Executive Directors and one (1) Executive Director. Three (3) of the Non-Executive Directors are Independent Directors, appointed in compliance with the criteria laid down in the Securities and Exchange Commission Code of Corporate Governance and the Company's Code of Conduct & Board Charter and met the requirement that an Independent Director should not have any significant shareholding interest in the Company.

The Managing Director/Chief Executive Officer is responsible for the day to day running of the Company.

The Board functions either as a full Board or through any of the under-listed four Committees which are constituted as follows:

Audit, Compliance and Risk Management Committee

Mr. Richard Asabia - Chairman
Mr. Wole Oshin
Mr. Ravi Sharma
Mr. Ibrahim Dikko
Mr. Olakunle Ade-Ojo

Finance, Investment and General Purpose Committee

Dr. Toni Ogunbor - Chairman
Mr. Wole Oshin
Mr. Ravi Sharma
Mr. Ibrahim Dikko
Mr. Olakunle Ade-Ojo

Establishment and Governance Committee

Mr. Richard Asabia - Chairman
Dr. Toni Ogunbor
Mr. Ravi Sharma
Mr. Ibrahim Dikko

Statutory Audit Committee

Mr. Olaniyi Dada - Chairman
Group Captain Bola Sotubo [Rtd.]
Mr. Oladipo Lambo
Mr. Ravi Sharma
Mr. Ibrahim Dikko
Mr. Richard Asabia

Corporate Governance contd

The record of attendance at Board of Directors meetings are provided below:

DIRECTORS	March 8, 2018	April 26, 2018	July 26, 2018	October 25, 2018
Dr. (Mrs.) Omobola Johnson	✓	✓	✓	✓
Mr. Wole Oshin	✓	✓	✓	✓
Mr. Richard Asabia	✓	✓	✓	✓
Mr. Ibrahim Dikko	✓	✓	✓	✓
Dr. Toni Ogunbor	✓	✓	✓	✓
Mr. Ravi Sharma	✓	✓	✓	✓
Mr. Kunle Ade-Ojo	✓	✓	✓	✓

Audit, Compliance and Risk Management Committee

The Committee has oversight of Management's process for the identification of significant risks across the Company and prevention, detection and reporting mechanisms. The Committee is charged with overseeing the Enterprise Risk Management framework of the Company and ensures the adequacy of provisions made for possibilities of any adverse changes in the industry and the economy. The Committee has the responsibility for the approval and review of the Company's risk management policy in line with the Company's risk appetite and risk strategy.

The Committee oversees the Company's compliance level with applicable laws and regulatory requirements. The Committee reviews the report on audit, compliance and risk management on a quarterly basis.

The record of attendance at the Audit, Compliance and Risk Management Committee meetings are provided below:

MEMBERS	March 5, 2018	April 25, 2018	July 23, 2018	October 22, 2018
Mr. Richard Asabia	✓	✓	✓	✓
Mr. Ibrahim Dikko	✓	✓	✓	✓
Mr. Wole Oshin	✓	✓	✓	✓
Mr. Ravi Sharma	✓	✓	✓	✓
Mr. Kunle Ade-Ojo	✓	✓	X	✓

Finance, Investment and General Purpose Committee

The Committee is responsible for ensuring investment guidelines comply with legal and regulatory requirements and that investment activities reflect the goals/strategy of the Company. The Committee provides strategic assistance to Management and the full Board on Finance, Administration and General matters concerning the Company. The Committee periodically reviews changes in the economic and business environment, including emerging trends and other factors relevant to the Company's business. It has the responsibility for reviewing the Company's Accounts and it is also charged with the oversight of Management's compliance with budget.

Corporate Governance contd

The record of attendance at Finance, Investment and General Purpose Committee meetings are provided below:

MEMBERS	March 5, 2018	April 23, 2018	July 24, 2018	October 23, 2018
Dr. Toni Ogunbor	✓	X	✓	✓
Mr. Ibrahim Dikko	✓	✓	✓	✓
Mr. Wole Oshin	✓	✓	✓	✓
Mr. Ravi Sharma	✓	✓	✓	✓
Mr. Olakunle Ade-Ojo	✓	✓	✓	✓

Statutory Audit Committee

The Committee was established in accordance with statutory requirements and in compliance with Section 359[3] of the Companies and Allied Matters Act Cap C20 LFN 2004. The Statutory Audit Committee has oversight responsibility for the Company's Financial Statements; reviews the scope and planning of audit requirements; reviews the findings on Management matters in conjunction with the External Auditor; makes recommendations to the Board regarding the appointment, removal and remuneration of the Company's External Auditors and authorises the internal auditor to carry out investigations into any activities of the Company which may be of interest or concern to the Committee. The Statutory Audit Committee comprises of 6 members, 3 Shareholders Representatives and 3 Non-Executive Directors.

The record of attendance at Statutory Audit Committee meetings are provided below:

MEMEBERS	March 7, 2018	April 25, 2018	July 25, 2018	October 22, 2018
Mr. Olaniyi Dada	✓	✓	✓	✓
Group Capt. Bola Sotubo	✓	✓	✓	✓
Mr. Oladipo Lambo	✓	✓	✓	✓
Mr. Ravi Sharma	✓	✓	✓	✓
Mr. Ibrahim Dikko	✓	✓	✓	✓
Mr. Richard Asabia	✓	✓	✓	✓

Corporate Governance contd

Establishment and Governance Committee

The Board Committee is charged with the responsibility for implementing the Company's policy on Directors appointment, remuneration of Directors and Executive Management and succession planning. The Committee also ensures compliance with the Code of Corporate Governance adopted by the Company.

MEMBERS	March 7, 2018
Mr. Richard Asabia	✓
Mr. Ibrahim Dikko	✓
Dr. Toni Ogunbor	✓
Mr. Ravi Sharma	✓

Communication with Shareholders

The Company places considerable importance on communication with shareholders. This is achieved through the Annual Report & Accounts, letters sent to shareholders, published notices, information given through the Registrar and announcements made through The Nigerian Stock Exchange which are timely, factual, broadly disseminated and accurate in accordance with all applicable legal and regulatory requirements.

Amongst other things, Shareholders are responsible for approving appointments to the Board of Directors. Shareholders also approve the appointment of external auditors in addition to granting approval on specific corporate actions and holding the Board accountable for effective Corporate Governance.

The Company's Shareholders are encouraged to attend Annual General Meetings, either in person or by proxy and to maintain robust interaction. Directors answer questions posed by Shareholders on varying issues concerning the Company during Annual General Meetings.

The Company's website www.custodianplc.com.ng remains an excellent resource to members who require constant information on the Company.

Corporate Governance contd

Communication with Third Parties

Directors are of the opinion that it is Management's responsibility to speak for the Company regarding communications with third parties such as investors, the press and the public in general. Directors only engage in such communications at the request of or after consultation with Management.

Performance Monitoring and Evaluation

In Custodian's customary manner of imbibing the best corporate governance practices, the Board engaged the services of an Independent Consultant, Society for Corporate Governance Nigeria, to carry out the annual Board and Directors appraisal for the 2018 financial year.

The Board believes that the use of an independent consultant not only encourages Directors to be more honest in their evaluation of the Board performance, but also enhances the objectivity and transparency of the evaluation process.

The annual appraisal covered all aspects of the Board's composition, structure, responsibilities, relationships, processes, individual member's competencies and respective roles in the overall performance of the Board, as well as the Company's compliance status with the provisions of the SEC Code of Corporate Governance. The result also confirmed that the individual Directors and the Board continue to operate at a high level of effectiveness and efficiency.

The result of the Board performance evaluation was presented to the Board at the Board Meeting which took place on March 21, 2019 and is contained in the Annual Report.

Board Evaluation Report

For the Board of Custodian Investment Plc

LEADERSHIP & INTEGRITY

SOCIETY FOR CORPORATE GOVERNANCE NIGERIA

8 Onigefon Road, Palace Way, Oniru, P.O.Box 73002, Victoria Island, Lagos.
Phone: +234 8154080738, 8158390740
Website: www.corpgovnigeria.org

Executive Summary

The Society for Corporate Governance Nigeria was invited to conduct an independent evaluation/assessment of the Board of Custodian Investment Plc. for 2018.

Our findings are summarized below:

Custodian Investment Plc. is an investment company with significant holding in companies including Custodian and Allied Insurance Limited, Custodian Life Assurance Limited, Custodian Trustees Limited and CrusaderSterling Pensions Limited all rendering best in class services in their respective spheres.

The Company is managed by a Board comprising thoroughbred professionals with proven track records in their various fields of endeavour, who brings broad and deep insights derived from several years of fruitful and eventful years of experience to bear on the direction of the Company.

Currently, with group-wide assets under management (AUM) in excess of NGN 300 billion (approx. $1b), the Company ranks high among eminent players in Nigeria's Other Financial Services Sector of the economy.

From the peer assessment results, the Directors' have shown expertise in the areas of insurance, pension administration and other financial services both at the Board and Committee levels, and the Directors' knowledge and understanding span across their diversity, experience and resounding knowledge.

Board Evaluation Report contd

The Company has a comprehensive Code of Ethics, Whistleblowing policy, Board Charter, Anti-money laundering & Combating Financial Terrorism policy, Securities Trading policy, Anti-bribery & Corruption policy, Investment Policy Manual, Capital Expenditure policy, Board Succession policy among others. All the policies were sighted and assessed for content and relevance and were found to be way above average.
In view of this, we rate the board 'excellent' in regulatory compliance and transparency.

In our opinion, the Board of Directors of Custodian Investment Plc has been very efficient in carrying out their oversight responsibilities. This is demonstrated by the attendance at Board and Committee meetings of the Directors and the depth of discussions and resolutions arrived at during these meetings.

In the period under review, the Board met Four (4) times, the Board Audit, Compliance and Risk Management Committee met four (4) times, the Board Finance, Investment and General Purpose Committee met four (4) times, the Statutory Audit Committee met four (4) times and the Board Establishment and Governance Committee met once (1).

In as much as there is still room for improvement and continuous Director Development, we are happy to state that the Board of Custodian Investment Plc. conducted its affairs in an acceptable and satisfactory manner in 2018.

For: SOCIETY FOR CORPORATE GOVERNANCE NIGERIA

Hilda Nkor (Mrs.)
FRC/2016/NIM/00000015618
Chief Executive Officer

Corporate Governance contd

Skills, knowledge and characteristics of the Board

The profile and qualifications of Board members are periodically reviewed to ensure that the Board possesses diverse and varying expertise in the performance of its functions and a balanced mix of attributes and experiences enabling them to evaluate the Company's related and core business.

Roles of the Chairman and the Managing Director

Consistent with internationally accepted best practice, there is separation of powers between the Chairman and the Managing Director; the roles of the Chairman and the Managing Director are separate and distinct. The Chairman's priority is to lead the Board and ensure its effectiveness while the Managing Director's priority is the management of the Company. The Board has delegated the day-to-day running of the Company to the Managing Director within certain limits, above which matters must be escalated to the Board for determination.

Company Secretariat and access to Independent Professional Advice

Custodian Trustees Limited acts as Company Secretary to the Company.

The Company Secretary works closely with the Chairman to manage the flow of information between the Board, its Committees and Senior Executives across the Group. The Company Secretary is also responsible for providing advice and support to the Board on governance related matters. The appointment and removal of the Company Secretary is subject to Board approval and all Directors have a right of access to information and advice, facilitated through the Company Secretary.

The Company Secretary is responsible for keeping Directors abreast of statutory requirements relating to Corporate Governance and providing guidance when required in relation to Directors roles and responsibilities. The Secretariat maintains the Company's records and generally acts as a liaison between the Board and Shareholders.

Corporate Governance contd

In addition to the assistance provided by the Company Secretary, the Board reserves the right to obtain advice and assistance from relevant independent external professional advisers and experts at the expense of the Company.

Anti-Bribery and Corruption Policy

At Custodian, we are committed to high ethical standards and integrity. The Group's Anti-Bribery & Corruption policy prohibits offering of or giving something valuable for the purpose of persuading an official or any person to misuse his office to benefit the Company or its employees. The Policy also prohibits receiving something valuable for the purpose of influencing an official action. The Company's Board of Directors and Senior Management are charged with the responsibility of ensuring that the Company complies with the Policy.

Board Compensation

Consistent with the Company's policy, remuneration of Executive Directors is fixed by the Establishment and Governance Committee of the Board which also has the responsibility of making recommendations to the Board on all payments made to Executive Directors.

Non-Executive Directors are remunerated in line with the Company's policy of providing them with fixed annual fees and sitting allowances for their service on the Board and Committees.

Shareholders Rights

The Board ensures the protection of the rights of shareholders at all times, particularly their right to vote at general meetings. All shareholders are treated equally, regardless of volume of shareholding or social status. The Company ensures that all Shareholders receive notices of meetings.

E-Dividend

The Company encourages its Shareholders to embrace the e-dividend opportunity in accordance with good Corporate Governance practice. This will enable the Company pay dividend due to Shareholders by directly crediting their designated Bank accounts. It will also significantly lessen the incidence of unclaimed dividend.

The Company's Shareholders are implored to complete the detachable forms in the Annual Report stating their preferred Bank Accounts and make same available to the Company's Registrars, Meristem Registrars and Probate Services Limited.

External Auditors

Ernst and Young Nigeria acted as the Company's External Auditors for the 2018 financial year. The firm ensures that its responsibilities to the Company are carried out in an independent manner.

The Board confirms that the Company has complied with the regulatory requirement as enshrined in the SEC Code of Corporate Governance on the rotation of audit firm and audit partners.

Internal Controls

Custodian's internal audit function provides oversight on significant compliance issues and guide strategies, policies and practices for assessing and managing risk across the Company. The head of the Department is a competent professional Accountant with high integrity.

Accounting Principles, Disclosure and Reporting

Custodian's accounting practices are fundamental to the information required by its investors, customers, regulators and other stakeholders to facilitate objective evaluation of the Company and its future prospects. Custodian's accounting records are presented in a concise and transparent manner so that the Company's financial position at any given time is adequately disclosed.

Reporting and disclosure requirements are in accordance with International Financial Reporting Standards [IFRS]. The Company ensures prudent financial reporting and maximum disclosure in the Annual Reports & Accounts.

Corporate Governance contd

Securities Trading by Interested Parties

The Company has a Policy on Securities Trading in accordance with The Nigerian Stock Exchange Listing Rules regarding Security trading by interested parties. This Policy guides Directors on terms no less exacting than the required standards set out in regulatory Rules.

Detailed enquiries has been made regarding all Directors to ascertain whether they have complied with or whether there has been any non-compliance with the Listing Rules [relating to Securities Trading] and Custodian's Code of Conduct on Securities transactions. Full compliance by Directors in the 2018 financial year was established.

Diversity

Custodian acknowledges that a diverse workforce is of significant social and commercial value and important to being an inclusive employer. Custodian accepts the value that diversity can bring, which includes:

- Providing greater alignment to customer needs.
- Improving creativity and innovation.
- Broadening the skills and experience of the labour pool from which Custodian can draw and attract top talent to our businesses.

The Company strives to create a work environment which is inclusive to all people regardless of gender, age, race, disability, cultural background, religion, family responsibilities or any other area of potential difference. All areas of diversity are important and Custodian pays particular attention to gender diversity.

Succession Planning

The Board has a robust policy which is aligned to the Company's performance management process. The policy seeks to identify the competency requirements of critical and key positions, assess potential candidates and develop required competency through planned development and learning initiatives.

Corporate Governance contd

Code of Ethics

Custodian prioritises high ethical standards and expects its Board, Executives and Employees to observe such standards in all their dealings within the Group. The Company's Code of Ethics Policy outlines the minimum standards of conduct expected in the management of our businesses across the Group. All stakeholders are expected to comply with these standards in the discharge of their duties.

Whistle-blowing Procedure

The Board recognises that there may be instances where set ethical guidelines may be violated. To ensure that such violations receive attention from the appropriate office, the Whistle-blowing Policy ("Policy") was adopted by the Group. The Policy provides a channel for the Group's employees and other relevant stakeholders to raise concerns about workplace malpractices confidentially to enable the relevant authorities investigate and deal with such in a manner consistent with the Group's policies and relevant regulations. The policy also provides for protection against harassment or victimization of employees who report genuine concerns, malpractice or illegal acts or omissions by Directors and employees.

Custodian's Whistle-blowing policy ensures that whistle-blowing would assist in uncovering significant risks in line with best practices. Under the policy, a whistle-blower who in good faith, reports suspected violations or attempted violation of the Policy or who reports a request or offer of a corrupt payment is protected. A form for this purpose is available on the Company's website.

Complaints Management Policy

Custodian is committed to responding to feedback from clients, investors and other stakeholders and has established a Complaints Management Policy which lay the guidelines to effectively and efficiently respond to feedbacks in order to improve client experience, exceed customers expectations and deliver better services.

The Policy aims to establish a fair, impartial and objective mechanism for the handling and management of complaints by clients or investors and to establish a mechanism for the implementation and monitoring of compliance with this Policy. The Policy and the Complaints Lodgment Form can be accessed on the Company's website.

Corporate Governance contd

Statement of Compliance

Custodian Investment Plc is a Public Limited Liability Company and is subject to the jurisdiction of the Securities and Exchange Commission's Code of Corporate Governance. The Board of Directors charged with the responsibility of ensuring compliance has submitted that the Company was in compliance with the provisions of the Code in the 2018 financial year as well as the Post-Listing requirements of The Nigerian Stock Exchange.

The Company also complied with all the relevant laws of Nigeria.

CUSTODIAN TRUSTEES LTD
AUTHORISED

ADEYINKA JAFOJO
FRC/2013/NBA/00000002403
Custodian Trustees Limited
Company Secretary

Dated this March 21, 2019

Certification

Pursuant To Section 60[2] Of The Investment And Securities Act No. 29 Of 2007

We the undersigned hereby certify the following with regards to our Consolidated Financial Statements for the year ended December 31, 2018 that:

(a) We have reviewed the report;

(b) To the best of our knowledge, the report does not contain:
(i) Any untrue statement of a material fact, or
(ii) Omit to state a material fact, which would make the statements misleading in the light of the circumstances under which such statements were made;

(c) To the best of our knowledge, the financial statement and other financial information included in the report fairly present in all material respects the financial condition and results of operation of the Company as of, and for the period presented in the report.

(d) We:
(i) Are responsible for establishing and maintaining internal controls.
(ii) Have designed such internal controls to ensure that material information relating to the Company and its consolidated subsidiary is made known to such officers by others within those entities particularly during the period in which the periodic reports are being prepared;
(iii) Have evaluated the effectiveness of the Company's internal controls, as of date, within 90 days prior to the report;
(iv) Have presented in the report our conclusions about the effectiveness of our internal controls based on our evaluation;

(e) We have disclosed to the auditors of the Company and audit committee:
(i) All significant deficiency in the design or operation of internal controls which would adversely affect the Company's ability to record, process, summarize and report financial data and have identified for the Company's auditors any material weakness in internal controls, and
(ii) Any fraud, whether or not material, that involves management or other employees who have significant role in the Company's internal controls;

Certification contd

(f) We have identified in the report whether or not there were significant changes in internal controls or other factors that could significantly affect internal controls subsequent to the date of our evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

O. Johnson

Mr. Wole Oshin
Managing Director
FRC/2013/CIIN/0000003054

Dr. (Mrs.) Omobola Johnson
Chairman
FRC/2018/IODN/00000018366

Mr. Ademola Ajuwon
Chief Financial Officer
FRC/2013/ICAN/00000002068

Independent Auditors' Report

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Email: services@ng.ey.com
www.ey.com

Independent Auditors' Report

To The Members Of Custodian Investment Plc

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the accompanying consolidated and separate financial statements of Custodian Investment Plc ("the Company") and its subsidiaries (collectively "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, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Group and the Company as at 31 December 2018 and of their consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, and the relevant provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, the Insurance Act 2003 and relevant policy guidelines issued by the National Insurance Commission (NAICOM), the Pension Reform Act 2014 and the Financial Reporting Council of Nigeria Act No. 6, 2011.

Basis for Opinion

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

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Independent Auditors' Report Contd

Key Audit Matters

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

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the consolidated and separate financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated and separate financial statements.

Key Audit Matter	How the matter was addressed in the audit
Adequacy of the Valuation of Insurance Contract Liabilities and reserve adequacy testing. Custodian Investment Plc, through its subsidiaries, has material insurance contract liabilities from both Life and non-Life businesses of N42.1 billion representing 74% of total liabilities of the Group. This is an area that involves significant judgement over uncertain future outcomes and therefore we considered it a key audit matter for our audit.	Our audit procedures included, among other things, instructing the statutory auditors of Custodian Life Assurance Limited and Custodian and Allied Insurance Limited to perform an audit of insurance contract liabilities of Life and Non-Life business respectively. During the year we discussed the risk assessment and audit strategy. Subsequently we reviewed the procedures performed which includes but not limited to the following: • Review of the entity's control around reserving process and maintenance of data for valuation of insurance contract liabilities. • The validity of management's liability adequacy testing by assessing the reasonableness of the projected cash flows and challenging the assumptions adopted in the context of company and industry experience data and specific product features.

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Independent Auditors' Report Contd

Key Audit Matter	How the matter was addressed in the audit
Consistent with the insurance industry practice, the Group engages an independent actuary to test the adequacy of the valuation of non-life business as at year end. The complexity of the valuation models may give rise to errors as a result of inadequate/incomplete data or the design or application of the models. Economic assumptions such as interest rates and future inflation rates and actuarial assumptions such as customer behavior and uniform risk occurrence throughout the period are key inputs used to determine these liabilities. Significant judgement is applied in setting these assumptions. Insurance contract liabilities are disclosed in Note 18 to the consolidated and separate financial statements. Impairment losses on financial assets carried at amortised costs. The Group's investments in this class of financial assets include cash and short-term deposits, debt instruments, intercompany as well as other receivables carried at amortised costs. This totaled N52.6 billion as at 31 December 2018 representing 54% of the Group's total assets and the associated expected credit loss (ECL) is significant to the financial statements.	• Consideration of the appropriateness of assumptions used in the valuation of the Insurance Contracts by reference to company and industry data and expectations. • Consideration of the appropriateness of non-economic assumptions used in the valuation of the Insurance Contracts in relation to lapse or extension assumptions by reference to company specific and industry data. • Validated the data used in the valuation of the insurance contract liabilities. • Review of the assumptions and estimates used by management and assessment of the adequacy of the insurance liabilities in line with Liability Adequacy Test (Life). Other Key audit procedures included: • We reviewed and documented management's process for estimating insurance contracts • Performed file review of specific underwriting contracts in order to maximize our understanding of the business and validate initial loss estimates specifically for Non-Life. • Performed review of subsequent year claim payments to confirm the reasonableness of initial loss estimates We reviewed the IFRS 9 ECL models and documentation prepared by the management for the computation of impairment losses on financial assets carried at amortised costs in line with the requirements of IFRS 9

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Independent Auditors' Report Contd

Key Audit Matter	How the matter was addressed in the audit
This was considered a Key Audit Matter as IFRS 9 is a new and complex accounting standard which requires significant judgement to determine the impairment loss reserve. The general approach to ECL was adopted. This approach involves identification of significant changes in credit risks using a multi factor model, for the purpose of determining whether financial assets will be classified as stage 1, stage 2 or stage 3. While twelve months ECLs are computed for financial assets in stage 1, lifetime ECLs are computed for financial assets in stage 2 and 3. Calculating ECL for these class of financials assets also involves determination of risk parameters such as probability of default (PD), loss given default (LGD) and exposure at default (EAD). The approach also involves considerable level of judgements and estimation in determining inputs for ECL calculation such as: • Determination of PD and LGD • Adjusting the PD for forward looking information • Selecting macroeconomics variables	We gained an understanding of how the client derived the risk parameters (i.e. PD's and LGD's) by performing a walkthrough exercise. We also challenged all the assumptions considered in the estimation of recovery cash flows, the discount factor, collateral valuation and timing of realization, the forecast, and assigned probability weight to the scenarios. We challenged management assumptions by re-computing the cash flows to determine the recoverable amounts and all other parameters used. We focused on the most significant model assumptions including probability of default and loss given default. We performed detailed procedures on the completeness and accuracy of the information used. Lastly, we reviewed the qualitative and quantitative disclosures for reasonableness to ensure conformity with the IFRS 7- Financial Instruments: Disclosures.

Key Audit Matter	How the matter was addressed in the audit
•Incorporating multiple scenarios •Considered cash flow estimation including timing and amount as well as •Collateral valuation Adopting IFRS 9 for the first time also requires some judgements in taking certain key decisions which impacted the transitional disclosures as at 1 January 2018 (Refer to Note 5 to the summary of significant accounting policies). See Notes 6.3, 7.5 and 11.1 for the disclosure on Impairment losses on financial assets carried at amortised costs	

Other Information

The Directors are responsible for the other information. The other information comprises the Report of Directors, the Corporate Governance report, the Report of the Statutory Audit Committee, Certification Pursuant to Section 60[2] of the Investment and Securities Act No. 29 0f 2007, Financial Highlights, Statement of Directors' Responsibilities in Relation to the Preparation of the Consolidated and Separate Financial Statements, the Statement of Value Added and Five –Year Financial Summary as required by the Companies and Allied Matters Act and the Financial Reporting Council Act No. 6, 2011, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. Other information does not include the consolidated and separate financial statements and our auditors' report thereon.

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Independent Auditors' Report Contd

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditors' 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 Annual Report, 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 and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards , the Companies and Allied Matters Act CAP C20 Laws of the Federation of Nigeria 2004, the Insurance Act 2003, the Pension Reform Act 2014, and the Financial Reporting Council of Nigeria Act No. 6, 2011, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

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Independent Auditors' Report Contd

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

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

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

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

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

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

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

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Independent Auditors' Report Contd

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group 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 and separate financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditors' 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.

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Independent Auditors' Report Contd

Report on Other Legal and Regulatory Requirements

In accordance with the requirement of Schedule 6 of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, we confirm that:

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

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

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

iv) In our opinion, the consolidated and separate financial statements have been prepared in accordance with the provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004 so as to present fairly the consolidated and separate statement of profit or loss and other comprehensive income of the Company and its subsidiaries.

Contraventions

The Group incurred penalties in respect of contraventions of the requirement of certain sections of the National Insurance Commission's Operational Guideline 2015 and the Financial Reporting Council Act No. 6, 2011 during the financial year. The details of the contraventions and penalties are disclosed in Note 36 of the financial statements.

Jamiu Olakisan FCA,
FRC/2013/ICAN/00000003918
For Ernst & Young
Lagos, Nigeria
26 March 2019

36/ICAN
0892650

Financials

Consolidated And Separate Statements Of Financial Position

As at 31 December, 2018

		Group			Company		
			*Restated	*Restated		*Restated	*Restated
		31-Dec-18	31-Dec-17	1-Jan-17	31-Dec-18	31-Dec-17	1-Jan-17
Assets	**Notes**	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Cash and cash equivalents	6	11,745,027	7,909,809	7,467,649	192,180	668,233	171,787
Trade receivables	8	374,147	91,845	61,678	-	-	-
Financial assets	7	59,189,847	49,425,235	39,981,461	4,573,652	5,481,025	4,555,390
Reinsurance assets	9	9,213,300	7,221,303	6,409,135	-	-	-
Deferred acquisition costs	10	728,440	591,725	444,879	-	-	-
Other receivables and prepayments	11	2,463,637	1,935,196	802,780	1,555,464	1,032,476	378,601
Investment in Subsidaries	12	-	-	-	8,410,669	6,209,669	6,209,669
Investment in associate	13	543,466	573,871	537,130	525,364	525,364	525,364
Investment properties	14	9,146,905	8,812,700	8,141,275	4,636,980	4,308,275	4,098,275
Property, plant and equipment	15	3,916,862	3,258,879	3,039,638	97,704	48,490	34,794
Intangible assets	16	300,338	212,733	106,653	-	-	-
Deferred tax assets	23	-	34,442	-	-	34,442	-
Statutory deposits	17	500,000	500,000	802,000	-	-	-
		98,121,969	80,567,738	67,794,278	19,992,013	18,307,974	15,973,880
Liabilities and Equity							
Liabilities							
Insurance contract liabilities	18	42,058,277	33,830,930	26,604,797	-	-	-
Investment contract liabilities	19	3,089,658	3,514,935	3,487,613	-	-	-
Trade payables	20	5,413,308	1,228,531	2,778,161	-	-	-
Other payables	21	2,994,150	2,788,018	1,771,096	805,274	878,490	626,085
Current income tax payable	22	1,832,290	1,518,293	1,609,044	600,875	347,338	276,734
Deferred tax liabilities	23	1,235,200	978,070	1,040,814	165,141	-	6,324
Total liabilities		56,622,883	43,858,777	37,291,525	1,571,290	1,225,828	909,143
Equity							
Share capital	24	2,940,933	2,940,933	2,940,933	2,940,933	2,940,933	2,940,933
Share premium	25	6,412,357	6,412,357	6,412,357	6,412,357	6,412,357	6,412,357
Retained earnings	26	20,366,425	17,222,276	13,127,553	9,067,433	7,728,856	5,711,447
Contingency reserve	26	9,175,506	7,947,255	6,663,389	-	-	-
Fair value reserve	26	1,155,831	-	-	-	-	-
Available-for-sale reserve	26	-	862,753	310,205	-	-	-
Asset revaluation reserve	26	489,585	437,642	283,888	-	-	-
Equity attributable to owners of the parent		40,540,637	35,823,216	29,738,325	18,420,723	17,082,146	15,064,737
Non-controlling interests	26	958,449	885,745	764,428	-	-	-
Total equity		41,499,086	36,708,961	30,502,753	18,420,723	17,082,146	15,064,737
Total equity and liabilities		98,121,969	80,567,738	67,794,278	19,992,013	18,307,974	15,973,880

The consolidated and separate financial statements were approved by the Board of Directors on 21 March 2019 and signed on its behalf by:

C-Johnson

Dr. (Mrs.) Omobola Johnson
Chairman
FRC/2018/IODN/00000018366

Mr. Wole Oshin
Managing Director
FRC/2013/CIIN/00000003054

Mr. Ademola Ajuwon
Chief Financial Officer
FRC/2013/ICAN/00000002068

*Certain amounts shown here do not correspond to the 2017 consolidated and separate financial statements and reflect adjustments, refer to Note 2.6.
See accompanying notes to the consolidated and separate financial statements which form an integral part of these financial statements.

Consolidated And Separate Statements Of Profit Or Loss And Other Comprehensive Income

For the year ended 31 December, 2018

	Notes	Group 2018 ₦'000	Group 2017 ₦'000	Company 2018 ₦'000	Company 2017 ₦'000
Gross Revenue		50,212,406	43,052,675	5,262,492	4,455,097
Interest income	27.2	7,182,514	6,220,346	818,328	1,012,301
Other investment and sundry income	27.1	43,029,892	36,832,329	4,444,164	3,442,796
Operating expenses	28	(34,291,669)	(29,987,744)	-	-
Net income		15,920,737	13,064,931	5,262,492	4,455,097
Net realised (losses)/gains	29	(10,250)	122,701	(74,938)	100
Net fair value (losses)/gains	30	(173,127)	1,532,072	371,795	232,502
Credit loss write back	31.2	178,054	-	28,391	-
Management expenses	31.1	(6,381,458)	(5,822,020)	(766,241)	(564,134)
Share of result of associate	13	(33,246)	34,987	-	-
Profit before income tax expense		9,500,710	8,932,671	4,821,499	4,123,565
Income tax expense	22	(2,387,519)	(1,616,006)	(970,368)	(459,234)
Profit for the year		7,113,191	7,316,665	3,851,131	3,664,331
Other comprehensive income (OCI):					
Other comprehensive income to be reclassified to profit or loss in subsequent period:					
Net gain on available-for-sale assets	32.1	-	550,794	-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent period:					
Share of gains on equity instruments at FVTOCI of associate	13	2,841	1,754	-	-
Net gain on equity instruments at FVTOCI	32.2	422,290	-	-	-
Revaluation surplus on freehold property	33	74,203	219,648	-	-
Income tax effect	33	(22,260)	(65,894)	-	-
Other comprehensive income for the year, net of tax		477,074	706,302	-	-
Total comprehensive income for the year		7,590,265	8,022,967	3,851,131	3,664,331
Profit for the year attributable to:					
– Owners of the parent		6,817,614	7,025,511	3,851,131	3,664,331
– Non-controlling interests		295,577	291,154	-	-
		7,113,191	7,316,665	3,851,131	3,664,331
Total comprehensive income attributable to:					
– Owners of the parent		7,294,688	7,731,813	3,851,131	3,664,331
– Non-controlling interests		295,577	291,154	-	-
		7,590,265	8,022,967	3,851,131	3,664,331
Earnings per share (kobo):					
Basic	34	116	119	65	62
Diluted	34	116	119	65	62

See accompanying notes to the consolidated and separate financial statements which form an integral part of these financial statements.

Consolidated And Separate Statement Of Changes In Equity

For the year ended 31 December, 2018

GROUP For the year ended 31 December 2018	Attributable to owners of the Parent Share Capital ₦'000	Share Premium ₦'000	Retained Earnings ₦'000	Contingency Reserve ₦'000	Fair Value Reserve ₦'000	Available-For-sale Reserve ₦'000	Asset Revaluation Reserve ₦'000	Total ₦'000	Non-Controlling Interests ₦'000	Total Equity ₦'000
At 1 January 2018 (Restated)*	2,940,933	6,412,357	17,222,276	7,947,255	-	862,753	437,642	35,823,216	885,745	36,708,961
Reclassification to fair value reserve as a result of adopting IFRS 9	-	-	273,605	-	589,148	(862,753)	-	-	-	-
Impact of adopting IFRS 9 (Note 5)	-	-	(248,436)	-	141,552	-	-	(106,884)	(2,714)	(109,598)
Restated opening balance under IFRS 9	2,940,933	6,412,357	17,247,445	7,947,255	730,700	-	437,642	35,716,332	883,031	36,599,363
Profit for the year	-	-	6,817,614	-	-	-	-	6,817,614	295,577	7,113,191
Other comprehensive income net of tax	-	-	-	-	425,131	-	51,943	477,074	-	477,074
Transfer between reserves	-	-	(1,228,251)	1,228,251	-	-	-	-	-	-
Dividends paid (Note 40)	-	-	(2,470,383)	-	-	-	-	(2,470,383)	(220,159)	(2,690,542)
At 31 December 2018	2,940,933	6,412,357	20,366,425	9,175,506	1,155,831	-	489,585	40,540,637	958,449	41,499,086
At 1 January 2017	2,940,933	6,412,357	12,719,469	6,663,389	-	310,205	283,888	29,330,241	764,428	30,094,669
Adjustment on correction of error*	-	-	408,084	-	-	-	-	408,084	-	408,084
At 1 January 2017 (Restated)*	2,940,933	6,412,357	13,127,553	6,663,389	-	310,205	283,888	29,738,325	764,428	30,502,753
Profit for the year	-	-	7,025,511	-	-	-	-	7,025,511	291,154	7,316,665
Other comprehensive income net of tax	-	-	-	-	-	552,548	153,754	706,302	-	706,302
Transfer between reserves	-	-	(1,283,866)	1,283,866	-	-	-	-	-	-
Dividends paid (Note 40)	-	-	(1,646,922)	-	-	-	-	(1,646,922)	(169,837)	(1,816,759)
At 31 December 2017 (Restated)*	2,940,933	6,412,357	17,222,276	7,947,255	-	862,753	437,642	35,823,216	885,745	36,708,961

*Certain amounts shown here do not correspond to the 2017 consolidated and separate financial statements and reflect adjustments, refer to Note 2.6.

See accompanying notes to the consolidated and separate financial statements which form an integral part of these financial statements.

Consolidated And Separate Statements Of Changes In Equity Cont'd

For the year ended 31 December, 2018

COMPANY For the year ended 31 December 2018	Attributable to owners of the Company Share Capital ₦'000	Share Premium ₦'000	Retained Earnings ₦'000	Contingency Reserve ₦'000	Other Components of Equity ₦'000	Available -for- sale reserve ₦'000	Total ₦'000
At 1 January 2018 (Restated)*	2,940,933	6,412,357	7,728,856	-	-	-	17,082,146
Impact of adopting IFRS 9 (Note 5)	-	-	(42,171)	-	-	-	(42,171)
Restated opening balance under IFRS 9	2,940,933	6,412,357	7,686,685	-	-	-	17,039,975
Profit or loss for the year	-	-	3,851,131	-	-	-	3,851,131
Dividends paid (Note 40)	-	-	(2,470,383)	-	-	-	(2,470,383)
At 31 December 2018	2,940,933	6,412,357	9,067,433	-	-	-	18,420,723
At 1 January 2017	2,940,933	6,412,357	5,303,363	-	-	-	14,656,653
Adjustment on correction of error*	-	-	408,084				408,084
At 1 January 2017 (Restated)*	2,940,933	6,412,357	5,711,447	-	-	-	15,064,737
Profit or loss for the year	-	-	3,664,331	-	-	-	3,664,331
Dividend paid (Note 42)	-	-	(1,646,922)	-	-	-	(1,646,922)
At 31 December 2017 (Restated)*	2,940,933	6,412,357	7,728,856	-	-	-	17,082,146

*Certain amounts shown here do not correspond to the 2017 consolidated and separate financial statements and reflect adjustments, refer to Note 2.6.

See accompanying notes to the consolidated and separate financial statements which form an integral part of these financial statements.

Consolidated And Separate Statements Of Cash Flows

For the year ended 31December, 2018

		Group		Company	
		2018	2017	2018	2017
Cash flows from operating activities		**₦'000**	**₦'000**	**₦'000**	**₦'000**
Profit before income tax expense		9,500,710	8,932,671	4,821,499	4,123,565
Adjustments for non-cash items:					
– Change in fair value of investments	31	886,832	(879,453)	(43,090)	(22,752)
– Depreciation	15	361,206	293,919	40,918	18,175
– Share of associate	13	33,246	(34,987)	-	-
– Amortisation of intangible assets	16	66,158	34,734	-	-
– Profit on disposal of property, plant and equipment		(14,243)	(2,645)	(1,294)	(100)
– (Gain)/loss on disposal of equities	30	123,797	(117,036)	76,232	-
– Fair value (gains) on investment properties	14	(713,705)	(652,619)	(328,705)	(209,750)
- Deferred acquisition cost released to profit or loss	10	2,679,993	2,538,902	-	-
– Foreign exchange (gain)/ loss		(1,193,210)	(1,041,331)	621	-
– Impairment on loans and receivables		-	-	-	-
- Credit loss write back		(178,054)	-	(28,391)	-
– Dividend income		(3,319,527)	(143,178)	(3,319,527)	(2,812,602)
– Interest income		(763,533)	(5,173,175)	(818,328)	(1,012,301)
Changes in working capital:					
(Increase) in reinsurance assets		(1,991,997)	(812,168)	-	-
(Increase)/decrease in trade receivables		(282,302)	(30,167)	-	-
(Increase)/decrease in other receivables and prepayments		(528,441)	(1,132,416)	(708,682)	(673,243)
Increase in insurance contract liabilities		8,227,347	7,226,133	-	-
Increase in investment contract liabilities		(425,277)	27,322	-	-
(Decrease)/increase in other liabilities		4,497,747	(425,870)	(73,216)	252,405
Cash flows provided by/ (used in) operating activities		16,966,747	8,608,637	(381,963)	(336,603)
Income tax paid	22	(1,385,460)	(1,818,644)	(313,480)	(410,028)
Commission expenses paid	10	(2,816,708)	(2,685,748)	-	-
Net cash generated by/(utilised) in operating activities		12,764,579	4,104,245	(695,443)	(746,631)
Cash flows from investing activities					
Purchase of property, plant and equipment	15	(938,437)	(298,928)	(90,320)	(31,871)
Proceeds on disposal of property, plant and equipment		16,183	8,061	1,313	100
Purchase of intangible assets	16	(153,763)	(140,814)	-	-
Purchase/additions to investments		(13,551,990)	(16,073,496)	(1,220,236)	(902,883)
Redemption of matured investments		2,743,048	7,193,585	1,861,782	-
Investment in associates/ subsidiary		-	-	(2,000,000)	-
Purchase of investment properties	14	-	(18,806)	-	(250)
Proceeds on disposal of investment property		400,000			
Interest received		763,533	5,173,175	818,328	1,012,301
Dividend received		3,319,527	143,178	3,319,527	2,812,602
Net cash (used in)/generated by investing activities		(7,401,899)	(4,014,045)	2,690,394	2,889,999
Cash flows from financing activities					
Dividends paid to equity holders of the parent		(2,470,383)	(1,646,922)	(2,470,383)	(1,646,922)
Dividends paid to non-controlling interests		(220,159)	(169,837)	-	-
Net cash used in financing activities		(2,690,542)	(1,816,759)	(2,470,383)	(1,646,922)
Net (decrease)/ increase on cash and cash equivalents		2,672,138	(1,726,559)	(475,432)	496,446
Cash and cash equivalents at beginning of the year		7,909,809	7,467,649	668,233	171,787
Effect of change in exchange rate on cash and cash equivalents		1,163,080	2,168,719	(621)	-
Cash and cash equivalents at end of the year	6	11,745,027	7,909,809	192,180	668,233

See accompanying notes to the consolidated and separate financial statements which form an integral part of these financial statements.

Notes To The Consolidated And Separate Financial Statements

1. **Corporate information**

a. Custodian Investment Plc. ("the Company") is the investment holding company that resulted from the successful merger of Custodian and Allied Insurance Plc and Crusader (Nigeria) Plc. Custodian Investment Plc was incorporated on 22 August 1991 as a private limited liability company under the name Accident and General Insurance Company Limited. It changed its name to Custodian and Allied Insurance Plc on 5 February 1993, became a public limited liability company on 29 September 2006 and later changed its name to Custodian Investment Plc on 24 May 2018.

The Company is quoted on the Nigerian Stock Exchange and has its registered office at 16A Commercial Avenue, Sabo Yaba Lagos, Nigeria.

The financial statements of Custodian Investment Plc have been prepared on a going concern basis. The Directors of the Company have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

The financial statements of the Company and the consolidated and separate financial statements of the Group are as at, and for the year ended, 31 December 2018.

b. **Principal activities**

Custodian Investment Plc is an investment holding company with significant interests in life and non-life insurance, pension fund administration, trusteeship and property holding companies. The subsidiaries are:

o Custodian and Allied Insurance Limited - a wholly owned subsidiary that carries on general insurance business,
o Custodian Life Assurance Limited - a wholly owned subsidiary that underwrites life insurance risks, such as those associated with death, disability and health liability. The Company also issues a diversified portfolio of investment contracts to provide its customers with fund management solutions for their savings and other long-term needs.
o Custodian Trustees Limited - a wholly owned subsidiary that carries on the business of Trusteeship and Company Secretarial services.
o CrusaderSterling Pensions Limited - a subsidiary that is involved in the administration and management of Pension Fund Assets. This is not a wholly owned subsidiary.

c. **Going Concern**

These consolidated and separate financial statements have been prepared on the going concern basis. The Group has no intention or need to reduce substantially the scope of its business operations. The management believes that the going concern assumption is appropriate for the Group and Company due to sufficient capital adequacy ratio and projected liquidity, based on historical experience that short-term obligations will be financed in the normal course of business. Liquidity ratio and continuous evaluation of current ratio of the Group is carried out to ensure that there are no going concern threats to the operation of the Group.

d. Statement of compliance

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board (IASB).

The consolidated and separate financial statements comply with the requirement of the Companies and Allied Matters Act CAP C20 LFN 2004, Insurance Act, CAP I17 LFN 2004, the Financial Reporting Council Act, 2011 and the Guidelines issued by the National Insurance Commission to the extent that they are not in conflict with the International Financial Reporting Standards (IFRS).

2. Significant accounting policies

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

2.1 Basis of preparation

The financial statements comprise the consolidated and separate statements of financial position, the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity, the consolidated and separate statements of cash flows and summary of significant accounting policies and notes to the consolidated and separate financial statements which have been prepared in accordance with the going concern principle under the historical cost convention, except for financial assets measured at fair value through profit or loss, and investment properties, investment in equity at fair value through other comprehensive income and property plant and equipment, which have been measured at fair value.

The Group and the Company classifies their expenses by the nature of expense method.
The figures shown in the consolidated and separate financial statements are stated in thousands unless otherwise indicated.

The disclosures on risks from financial instruments are presented in the financial risk management report.

The consolidated and separate statements of cash flows shows the changes in cash and cash equivalents arising during the year from operating activities, investing activities and financing activities. Cash and cash equivalents include short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

The cash flows from operating activities are determined by using the indirect method and the net income is therefore adjusted by non-cash items, such as measurement gains or losses, changes in provisions, as well as changes from receivables and liabilities in the corresponding note. In addition, all income and expenses from cash transactions that are attributable to investing or financing activities are eliminated. Fees and commission received or paid, income tax paid are classified as operating cash flows.

The Group's assignment of the cash flows to operating, investing and financing category depends on the Group's business model (management approach).

Financial assets and financial liabilities are offset and the net amount reported in the consolidated and separate statements of financial position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously.

2.2 Basis of consolidation

Subsidiaries

The financial statements of subsidiaries are consolidated from the date the Group acquires control, up to the date that such effective control ceases.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

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

For the purpose of these financial statements, subsidiaries are entities over which the Group, directly or indirectly, has the power to govern the financial and operating policies so as to obtain benefits from their activities.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (transactions with owners). Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the Group.

Inter-company transactions, balances and unrealised gains on transactions between companies within the Group are eliminated on consolidation. Unrealised losses are also eliminated in the same manner as unrealised gains, but only to the extent that there is no evidence of impairment.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. In the separate financial statements, investments in subsidiaries and associates are measured at cost.

Loss of Control

On loss of control, the Group derecognises the assets and liabilities of the subsidiary, any controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost.

Subsequently, that retained interest is accounted for as an equity-accounted investee or as an financial asset at fair value through other comprehensive income (FVTOCI) depending on the level of influence retained.

Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equal or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.
Dilution gains and losses arising in investments in associates are recognised in profit or loss.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and it's carrying value, and then recognises the loss as 'Share of profit of an associate in profit or loss.

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

Non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on the proportionate amount of the net assets of the subsidiary.

Non-controlling interests are measured at their proportionate share of the acquirer's identifiable net assets at the acquisition date.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

2.3 Functional and presentation currency

The financial statements are presented in Nigerian Naira, which is the Company's functional currency. Except where expressly indicated, financial information presented in Naira has been rounded to the nearest thousand.

2.4 Summary of significant accounting policies

a) Insurance contracts

Classification of Insurance contracts

IFRS 4 requires contracts written by insurers to be classified as either 'insurance contracts' or 'investment contracts' depending on the level of insurance risk transferred. Contracts under which the Group accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder or other beneficiary if a specified uncertain future event (the insured event) adversely affects the policy holder or other beneficiary are classified as insurance contracts.

Insurance risk is risk other than financial risk, transferred from the holder of the contract to the issuer.

Recognition valuation and measurement

Insurance contract liabilities are recognised at fair value, this being the transaction price excluding any transaction costs directly attributable to the issue of the contract.

b) Premiums

Gross premium written 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. Premiums are disclosed gross of commission to intermediaries and exclude Value Added Tax. Premium income includes adjustments to premiums written in prior accounting periods.

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

c) Reinsurance

The Group cedes reinsurance in the normal course of business for the purpose of limiting its net loss potential through the transferral of risks. Premium ceded comprise written premiums ceded to reinsurers, adjusted for the reinsurers' share of the movement in the gross provision for the unearned premiums. Reinsurance arrangements do not relieve the Company from its direct obligations to its policyholders.

Premium ceded, claims reimbursed, and commission recovered are presented in the profit or loss and statement of financial position separately from the gross amounts. Premiums, losses and other amounts relating to reinsurance treaties are recognized over the period from inception of a treaty to expiration of the related business. The actual profit or loss on reinsurance business is therefore not recognized at the inception but as such profit or loss emerges.

In particular, any initial reinsurance commissions are recognized on the same basis as the acquisition costs incurred. Amounts recoverable under reinsurance contracts are assessed for impairment at each statement of financial position date.

Such assets are deemed impaired if there is objective evidence, as result of an event that occurred after its initial recognition, that the Company may not recover all amounts due and that the event has a reliably measurable impact on the amounts that the Company will receive from the reinsurer.

d) 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 gross provision for claims represents the estimated liability arising from claims in current and preceding financial years which have not yet given rise to claims paid. The provision includes an allowance for claims management and handling expenses. The gross provision for 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 provisions established in prior years are reflected in the financial statements for the period in which the adjustments are made and disclosed separately, if material. The liability for Incurred but not Reported (IBNR) claims is calculated at the end of the reporting period, using a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation. The liability was discounted for time value of money; and no further provision was made for equalisation or catastrophe reserves (as prohibited by IFRS 4).

The methods used and estimates made for claims provisions are reviewed regularly.

e) Acquisition costs

Acquisition costs represent commissions payable and other expenses related to the acquisition of insurance contracts revenues written during the financial year. Deferred acquisition costs represent the proportion of acquisition costs incurred which corresponds to the unearned premium provision.

f) Deferred expenses
Deferred acquisition costs (DAC)

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

Subsequent to initial recognition, DAC for general insurance are amortized over the period in which the related revenues are earned. The reinsurers' share of deferred acquisition costs is amortized in the same manner as the underlying asset amortization is recorded in the profit or loss. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period and are treated as a change in an accounting estimate.

An impairment review is performed at each reporting date or more frequently when an indication of impairment arises. When the recoverable amount is less than the carrying value, an impairment loss is recognized in the profit or loss.

DAC are also considered in the liability adequacy test for each reporting period. DAC are derecognized when the related contracts are either settled or disposed of.

Deferred expenses - Reinsurance commissions
Commissions receivable on outwards reinsurance contracts are deferred and amortized on a straight line basis over the term of the expected premiums payable.

g) Interest

Interest income and expense for all interest-bearing financial instruments, except for those classified at fair value through profit or loss, are recognised within 'investment income' and 'finance cost' in the profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the net carrying amount of the financial asset or liability. The effective interest rate is calculated on initial recognition of the financial asset and liability and is not revised subsequently.

The calculation of the effective interest rate includes all fees and points paid or received transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.

Interest income and expense on all trading assets and liabilities are considered to be incidental to the Company's trading operations and are presented together with all other changes in the fair value of trading assets and liabilities in net trading income.

h) Rental income

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

I) Income tax expenses

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date in Nigeria. Current income tax assets and liabilities also include adjustments for tax expected to be payable or recoverable in respect of previous periods.

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

Current tax assets and current tax liabilities are off set if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

Deferred tax

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

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

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

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

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

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

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

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

Deferred tax assets and deferred tax liabilities are off set if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

j) Foreign currency translation

The Nigerian Naira is the Company's functional and reporting currency. Foreign currency transactions are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rate ruling at the reporting date; the resulting foreign exchange gain or loss is recognized in the profit or loss.

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary assets and liabilities denominated in foreign currency at historical cost are translated using the exchange rate at the date of the transaction; no exchange differences therefore arise. Non-monetary assets and liabilities denominated in foreign currency at fair value are translated using the exchange rate ruling at the date that the fair value was determined. When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss shall be recognised in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss shall be recognised in profit or loss.

k) Dividends

Dividend income is recognised when the right to receive income is established. Dividends are reflected as a component of other investment and sundry income

l) Earnings per share

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

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

m) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at bank, unrestricted balances held with Central Bank, call deposits and short term highly liquid financial assets (including money market funds) with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

Cash and cash equivalents are carried at amortised cost in the statement of financial position. The carrying value is the cost of the deposit and accrued interest. The fair value of fixed interest bearing deposits is estimated using discounted cash flow techniques. Expected cash flows are discounted at current market rates for similar instruments at the reporting date.

o) Financial instrument

Policy applicable before 1 January 2018

Initial recognition and measurement

Prior to the adoption of IFRS 9, the Group designates financial assets to the following IAS 39 categories: financial assets at fair value through profit or loss; held-to-maturity investments; available-for-sale financial assets and receivables. Management determines the classification of its financial instruments at initial recognition.

Financial assets are recognised initially at fair value plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs. The classification depends on the purpose for which the investments were acquired or originated.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

Interest income is recognised on an effective interest basis for all its financial instruments measured at amortised cost other than those financial assets classified as FVTPL.

Financial assets at fair value through profit or loss (FVTPL) - Equity securities

Financial assets are classified as FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

Financial assets held for trading include equity securities which are acquired principally for the purpose of generating a profit from short-term fluctuation in price.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the statement of comprehensive income/profit or loss.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity. Held-to-maturity investments include investment in debt securities (bonds) issued by state governments and other corporate entities.

Subsequent to initial recognition, held-to-maturity investments are measured at amortized cost using the effective interest method less any impairment. Gains and losses are recognised in the profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

Available-for-sale financial assets (AFS financial assets)

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

The Group holds investments in unlisted shares that are not traded in an active market but classified as AFS financial assets and stated at cost less accumulated impairment. Changes in the carrying amount of AFS monetary financial assets relating to changes in foreign currency rates, interest income calculated using the effective interest method and dividends on AFS equity investments are recognised in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognised in other comprehensive income and accumulated under the heading of available for sale reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. Dividend on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

The fair value of AFS monetary financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate prevailing at the end of the reporting period. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortized cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortized cost using the effective interest method, less any impairment. These investments are initially recognised at cost, being the fair value of the consideration paid for the acquisition of the investment. All transaction costs directly attributable to the acquisition are also included in the cost of the investment. After initial measurement, loans and receivables are measured at amortised cost, using the effective interest rate method (EIR) less impairment.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. Gains and losses are recognised in the profit or loss also when loans and receivables are derecognised or impaired, as well as through the amortisation process.

Trade receivables

Receivables include amounts due from agents, brokers and insurance contract holders. Receivables arising under insurance contracts are measured on initial recognition at the fair value of the consideration received or receivable. Subsequent to initial recognition, insurance receivables are measured at amortised cost, using the effective interest rate method. The carrying value of insurance receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recorded in the profit or loss.

Impairment of financial assets

Under IAS 39, Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment. The Group treats 'significant' generally as 20% and 'prolonged' generally as greater than twelve months.

For all other financial assets, objective evidence of impairment could include:

* Significant financial difficulty of the issuer or counterparty; or
* Breach of contract, such as a default or delinquency in interest or principal payments; or
* It becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
* The disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis.

Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

Financial asset carried at amortised cost

For financial assets carried at amortized cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account.

Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortized cost, 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 through profit or loss to the extent that the carrying amount of the investment at the date the impairment was reversed does not exceed what the amortized cost would have been had the impairment not been recognised.

Available for sale financial assets

When an available for sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of AFS debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralized borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss.

A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Policy applicable with effect from 1 January 2018

Initial recognition and measurement

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies on Revenue from non-insurance contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

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

Business model assessment

There are three business models available under IFRS 9:

- Hold to collect Financial assets with objective to collect contractual cash flows.
- Hold to Collect and sell (Financial assets held with the objective of both collecting contractual cash flows and selling financial assets).
- Other Financial Assets held with trading intent or that do not meet the criteria of either "Hold to Collect" or "Hold to Collect and sell.

The Assessment of the business model requires judgment based on the facts and circumstances as at the date of the assessment. Custodian Investment Plc has considered quantitative factors (e.g. expected frequency and volume of sales) and qualitative factors such as how the performance of the business model and financial assets held within the business model are evaluated and reported to management; the risk that affect the performance of the business, model and the financial assets business model. In particular, the way in which those risks are managed; and how management received returns on the assets (i.e. whether the returns are based on fair value of the assets managed or on contractual cash flows collected).

Solely Payments of principal and Interest (SPPI)

If a financial asset is held in either a Hold to Collect or Hold to Collect and Sell model, then an assessment is determined whether contractual cash flows are solely payments of principal and interest on principal amount outstanding at initial recognition is required to determine the classification.

Contractual cash flows that are SPPI on the principal amount outstanding are considered as basic lending arrangement with interest as consideration for the time value of money and the credit risk associated with the principal amount outstanding during the tenor of the agreed arrangement. Other basic lending risks like Liquidity risk and cost of administration associated with holding the financial asset for the specified tenor and the profit margin that is consistent with a basic lending arrangement.

Subsequent measurement

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

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

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group’s financial assets at amortised cost includes debt instruments (bonds), loans to staff, fixed deposits with banks and other receivables.

Financial assets at fair value through OCI (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

During the year under consideration, the Group does not have any debt instruments at fair value through OCI.

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

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

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

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

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

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

Derecognition

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

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

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

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

Impairment of financial assets

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

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

For debt instruments at amortised cost, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the credit rating of the debt instrument by international credit rating agencies like S&P, Moodys and Fitch as well as local ratings by Agusto and Co. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. Where the credit risk of any bond deteriorates, the Group will sell the bond and purchase bonds meeting the required investment grade.

The Group's debt instruments at amortised cost comprise solely of quoted bonds that are graded in the top investment category and the credit ratings are tracked by the finance and investment teams via publications by International Credit Rating Agencies and trading exchange platforms.

The Group's fixed income investment portfolio consists of Investment grade and high speculative bonds and, therefore, are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from the International Credit Rating Agencies both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

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

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

- Disclosures for significant estimates Judgements and assumptions - Note 3
- Financial assets at amortised cost - Notes 7.5 and 7.6 to the financial statements
- Other receivables and prepayments - Note 11.1

Write off

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group categorises its receivables for write off when a debtor fails to make contractual payments greater than 360 days past due. Where financial assets have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The gross carrying amount of an asset is written off (either fully or partially) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the counterparty does not have assets or sources of income that could generate sufficient cashflows to repay the amount subject to write off. However, the financial assets that are subjected to write off could still be subject to enforcement activities in other to comply with the Group's procedures for recovery of amount due.

p) Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised as the proceeds received, net of direct issue costs. Repurchase of the Group's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Compound instruments

The component parts of compound instruments (convertible notes) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Group's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date. The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently re-measured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to other equity. When the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained profits. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortized over the lives of the convertible notes using the effective interest method. Once the convertible security is not convertible to fixed numbers of ordinary shares, it cannot be considered a compound instrument.

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss (FVTPL)' or 'other financial liabilities'.

The Group does not have any financial liability that is measured at fair value through profit or loss during the period under review.

Other financial liabilities (including borrowings) are subsequently measured at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are extinguished- ie when the obligation specified in the contract is discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability or a part of it (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Offsetting of financial instruments

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

q) Fair value measurement

The Group measures financial instruments such as equity instruments, and non-financial assets such as investment properties, at fair value at each reporting date. IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e an exit price). The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

The principal or the most advantageous market must be accessible to the group.

The fair value of an asset or a liability is measured using the assumption that market participant would use when pricing the asset or liability, assuming that market participant's act in their economic best interest.

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

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

- Level 1- Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

- Level 2- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

- Level 3- Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

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

External valuers are involved for valuation of significant assets, such as investment properties. Their fair value is determined using a valuation model that has been tested against prices or inputs to actual market transactions and using the Group's best estimate of the most appropriate model assumptions.

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

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

r) Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there have separately identifiable cash inflows (cash-generating units). The impairment test also can be performed on a single asset when the fair value less cost to sell or the value in use can be determined reliably. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are considered, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairment losses recognized 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 recognized.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. The Group assesses at each reporting date whether there is any objective evidence that non-financial asset or group of non-financial assets are impaired.

s) Reinsurance assets

Reinsurance assets consist of short-term balances due from reinsurers as well as longer term receivables that are dependent on the expected claims and benefits arising under the related reinsured insurances contracts.

Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in compliance with the terms of each reinsurance contract. The Group has the right to set-off re-insurance payables against amount due from re-insurance and brokers in line with the agreed arrangement between both parties.

The Group assesses its reinsurance assets for impairment on a quarterly basis. If there is objective evidence that the insurance asset is impaired, the Group reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the profit or loss.

The Group gathers the objective evidence that a reinsurance asset is impaired using the same process adopted for financial assets held at amortised cost. The impairment loss is calculated using the incurred loss model for these financial assets.

Reinsurance assets or liabilities are derecognized when the contractual rights are extinguished or expire or when the contract is transferred to another party. These are deposit assets that are recognized based on the consideration paid less any explicit identified premiums or fees to be retained by the reinsured. Investment income on these contracts is accounted for using the effective interest rate method when accrued.

t) Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise. Fair values are determined based on an annual evaluation performed by an accredited independent external valuer applying a valuation model.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised. The amount of consideration to be included in the gain or loss arising from derecognition of investment property is determined in accordance with the requirements for determining the transaction prices in IFRS 15.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

If a property initially classified as property, plant and equipment becomes an investment property because its use has changed, any difference arising between the carrying amount and the fair value of this item at the date of transfer is recognised in other comprehensive income as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss. Upon the disposal of such investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through profit or loss.

u) Intangible assets

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

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

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

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

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

An impairment review is performed whenever there is an indication of impairment. When the recoverable amount is less than the carrying value, an impairment loss is recognized in the profit or loss.

v) Property, plant and equipment

All categories of property, plant equipment (except freehold property) are initially recorded at cost. Subsequently, land and buildings are measured using revaluation model at the end of the financial period. Any increase in the value of the assets is recognized in other comprehensive income and accumulated surplus ,unless the increase is to reverse a decrease in value previously recognized in profit or loss where by the increase will be recognized in profit or loss .A decrease in value of land and building as a result of revaluation will be recognized in profit or loss unless the decrease is to reverse an increase in value previously recognized in other comprehensive income whereby the decrease will be recognized in other comprehensive income.

Recognition and measurement

Other items of property, plant and equipment are carried at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent costs

The cost of replacing part of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term lives.

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 Non-current Assets Held for Sale and Discontinued Operations.

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

Land and building	33.3 years
Household equipment, Office furniture and fittings	5 years
Plant and machinery	5 years
Motor vehicles	4 years
Computer equipment	4 years
Office equipment	4 years

Depreciation methods, useful lives and residual values are reassessed at each reporting date.

Derecognition

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

w) Leased assets

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards incidental to ownership to the Company. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments and depreciated over the shorter of their useful economic life and the lease term. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Leases in which the Company does not transfer substantially all of the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on a straight line same as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Other leases are operating leases and are not recognised on the Company's statement of financial position. Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease

Minimum lease payments made under finance leases are apportioned between the finance expense, which is recognised as financial cost in profit or loss, and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed. Contingent rents shall be charged as expenses in the periods in which they are incurred.

x) Statutory deposit

Statutory deposit represents a percentage of the paid-up capital of some of the subsidiary companies' deposit with Central Bank of Nigeria (CBN) in pursuant to Section 10(3) of the Insurance Act, 2003. Statutory deposit is measured at amortised cost. The deposit is however restricted.

y) Insurance Contract Liabilities

- **Non-life insurance contract liabilities**

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

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

At each reporting date, the Group reviews its unexpired risk and a liability adequacy test is performed to determine whether there is any overall excess of expected claims and deferred acquisition costs over unearned premiums. This calculation uses current estimates of future contractual cash flows after taking account of the investment return expected to arise on assets relating to the relevant non-life insurance technical provisions. If these estimates show that the carrying amount of the unearned premiums (less related deferred acquisition costs) is inadequate, deficiency is recognized in the profit or loss by setting up a provision for premium deficiency.

Provision for unearned premium

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

Provision for outstanding claims

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

Provision for unexpired risk

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

- Life insurance contract liabilities

The Group issues contracts that transfer insurance risk or financial risk or both. Insurance contracts are those contracts where a party (the policy holder) transfers significant insurance risk to another party (insurer) and the latter agrees to compensate the policyholder or other beneficiary if a specified uncertain future event (the insured event) adversely affects the policyholder, or other beneficiary. Such contracts may also transfer financial risk when the insurer issues financial instruments with a discretionary participation feature.

(1) Types of Insurance Contracts

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

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

- **Group life insurance contracts premium and claims**

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 dependents 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 is no maturity or surrender benefits.

For all these contracts, premiums are recognised as revenue (earned premiums) proportionally over the period of coverage. The portion of premium received on in-force contracts that relates to unexpired risks at the reporting date is reported as the unearned premium liability. Premiums are shown before deduction of commission.

Claims expenses are charged to income as incurred based on the sum assured agreed at the inception of the policy. They include direct claims that arise from death or disability that have occurred up to the end of the reporting period even if they have not yet been reported to the Group. The Group does not discount its liabilities for unpaid claims. Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to the Group and statistical analyses for the claims incurred but not reported.

(i) **Annuity premium and claims**

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

(ii) Deferred policy acquisition costs (DAC)

Acquisition costs comprise all direct and indirect costs arising from the writing of life insurance contracts. Deferred acquisition costs represent a proportion of commission which are incurred during a financial period and are deferred to the extent that they are recoverable out of future revenue margins. For the group life contracts, it is calculated by applying to the acquisition expenses the ratio of unearned premium to written premium; while no assets are established in respect of deferred acquisition cost for individual life and annuity contracts.

(iii) Deferred income

Deferred income represents a proportion of commission received on reinsurance contracts which are booked during a financial year and are deferred to the extent that they are recoverable out of future revenue margins. It is calculated by applying to the reinsurance commission income the ratio of prepaid reinsurance to reinsurance cost.

(iv) Receivables and payables related to insurance contracts

Receivables and payables are recognised when due. These include amounts due to and from agents, brokers and insurance companies (as coinsurers) and reinsurance companies.

- Receivables and payables to agents, brokers and insurance companies (as coinsurers)

The Group's receivables and payables to agents, brokers and insurance companies (as coinsurers) relate to premium and commission. If there is objective evidence that the insurance receivable is impaired, the Group reduces the carrying amount of the insurance receivable accordingly and recognises that impairment loss in the income statement. The Group gathers the objective evidence that an insurance receivable is impaired using the same methodology adopted for financial assets held at amortised cost. The impairment loss is calculated under the same method used for these financial assets.

- Reinsurance and coinsurance contracts held

Contracts entered into by the Group with reinsurers and that meet the classification requirements for insurance contracts are classified as reinsurance contracts held. Contracts that do not meet these classification requirements are classified as financial assets.

Reinsurance assets consist of short-term balances due from reinsurers, as well as longer term receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due. The Group has the right to set-off re-insurance payables against amount due from re-insurance and brokers in line with the agreed arrangement between both parties.

The Group assesses its reinsurance assets for impairment on a quarterly basis. If there is objective evidence that the reinsurance asset is impaired, the Group reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the income statement. The Group gathers the objective evidence that a reinsurance asset is impaired using the same process adopted for financial assets held at amortised cost. The impairment loss is calculated using the number of days that the receivable has been outstanding.

Liability adequacy test

At the end of each reporting period, Liability Adequacy Tests are performed to ensure that material and reasonably foreseeable losses arising from existing contractual obligations are recognised. In performing these tests, current best estimates of future contractual cash flows, claims handling and administration expenses, investment income backing such liabilities are considered. Long-term insurance contracts are measured based on assumptions set out at the inception of the contract. Any deficiency is charged to profit or loss by increasing the carrying amount of the related insurance liabilities.

z) Investment Contract Liabilities

Investment contracts are classified between contracts with and without DPF. The accounting policies for investment contract liabilities with DPF are the same as those for life insurance contract liabilities.

Investment contract liabilities without DPF are recognised when contracts are entered into and premiums are charged. These liabilities are initially recognised at fair value, this being the transaction price excluding any transaction costs directly attributable to the issue of the contract. Subsequent to initial recognition, the investment contract liabilities are measured at fair value through profit or loss.

Deposits and withdrawals are recorded directly as an adjustment to the liability in the statement of financial position and are not recognised as gross premium in the statement of profit or loss.

Fair values are determined at each reporting date and fair value adjustments are recognised in the statement of profit or loss in "Gross change in contract liabilities".

Non-unitised contracts are subsequently also carried at fair value. The liability is derecognised when the contract expires, discharged or cancelled. For a contract that can be cancelled by the policyholder, the fair value of the contract cannot be less than the surrender value.

When contracts contain both a financial risk component and a significant insurance risk component and the cash flows from the two components are distinct and can be measured reliably, the underlying amounts are unbundled. Any premiums relating to the insurance risk component are accounted for on the same basis as insurance contracts and the remaining element is accounted for as a deposit through the statement of financial position as described above.

aa) Retirement benefit obligations

Defined contributory scheme

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

In line with the Pension Reform Act 2014, the Group operates a defined contribution scheme; employees are entitled to join the scheme on confirmation of their employment. The employee and the Group contribute a minimum of 8% and 10% respectively of the employee's emoluments (basic, housing and transport allowances). The Group's contribution each year is charged in profit or loss income and is included in staff cost. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expenses when they are due.

ab) Provisions

A provision is recognized 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 at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. A provision for restructuring is recognized when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating costs are not provided for.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognizes any impairment loss on the assets associated with that contract.

ac) Share capital and reserves

Share issue costs

Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

Dividend on ordinary shares

Dividends on the Company's ordinary shares are recognised in equity in the period in which they are paid or, if earlier, approved by the Company's shareholders.

Treasury shares

Where the Company purchases the Company's share capital, the consideration paid is deducted from the shareholders' equity as treasury shares until they are cancelled. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity.

ad) Share premium equity reserve

Share premium reserve represents surplus on the par value price of shares issued. The share premium is classified as an equity instrument in the statement of financial position.

ae) Contingency reserve

The Group maintains Contingency reserves for non-life business in accordance with the provisions of S. 21 of the insurance Act 2003 to cover fluctuations in securities and valuations in statistical estimates at the rate equal to the higher of 3% of total premium and 20% of the net profits; until the reserves reaches the greater of minimum paid up capital (N3billion) or 50% of net premium.

af) Segment reporting

A segment is a distinguishable component of the Company that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Company's primary format for segment reporting is based on business segments.

ag) Fees and commission income

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

Fees and commission income consists primarily of agency and brokerage commission, reinsurance and profit commissions, policyholder administration fees and other contract fees. Reinsurance commission receivables are deferred in the same way as acquisition costs. All other fees and commission income are recognized as the services are provided.

ah) Investment income

Interest income is recognised in the income statement as it accrues and is calculated by using the effective interest rate method. Fees and commissions that are an integral part of the effective yield of the financial asset or liability are recognised as an adjustment to the effective interest rate of the instrument.

Investment income consists of dividend, interest and rent received, movements in amortized cost on debt securities and other loans and receivables, realized gains and losses, and unrealized gains and losses on fair value assets.

2.5 Changes in accounting policies and disclosures

New and amended standards and interpretations

In these financial statements, the Group has applied IFRS 9, IFRS 7R (Revised) and IFRS 15 effective for annual periods beginning on or after 1 January 2018, for the first time. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

IFRS 9 Financial instruments

The Group has adopted IFRS 9 as issued by the International Accounting Standards Board (IASB) with a transition date of 1 January 2018. IFRS 9 replaces IAS 39 for annual periods on or after 1 January 2018. The Group has not restated comparative information for 2017 for financial instruments in the scope of IFRS 9. Therefore, the comparative information for 2017 is reported under IAS 39 and is not comparable to the information presented for 2018. Differences arising from the adoption of IFRS 9 have been recognised directly in retained earnings as of 1 January 2018 and are disclosed in Note 5.

Changes to classification and measurement

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

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

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVOCI), with gains or losses recycled to profit or loss on derecognition
- Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition
- Financial assets FVPL

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

The Group's classification of its financial assets and liabilities is explained in Notes 2.4. The quantitative impact of applying IFRS 9 as at 1 January 2018 is disclosed in Note 5.

Changes to the impairment calculation

The adoption of IFRS 9 has fundamentally changed the Group's accounting for loss impairments by replacing IAS 39's incurred loss approach (with the exception of insurance related assets which is not within the scope of IFRS 9 just yet) with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Group to record an allowance for ECLs for loans and other debt financial assets not held at FVPL. The allowance is based on the ECLs associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination.

Details of the Group's impairment method are disclosed in Note 2.4. The quantitative impact of applying IFRS 9 as at 1 January 2018 is disclosed in Note 5.

IFRS 7 Revised (IFRS 7R)

To reflect the differences between IFRS 9 and IAS 39, IFRS 7 Financial Instruments: Disclosures was updated and the Group has adopted it, together with IFRS 9, for the year beginning 1 January 2018. Changes include transition disclosures as shown in Note 5, detailed qualitative and quantitative information about the ECL calculations such as the assumptions and inputs used are set out in Note 3 (note on significant estimates) and Note 43 to the financial statements.

Reconciliations from opening to closing ECL allowances are presented in Notes 5 (transition disclosures).

IFRS 15 Revenue from contracts with customers

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

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

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

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Considerations

The Interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the date of the transactions for each payment or receipt of advance consideration. This Interpretation did not have any impact on the Group's financial statements.

Amendments to IAS 40 Transfers of Investment Property

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. These amendments did not have any impact on the Group's financial statements.

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

The amendments address concerns arising from implementing the new financial instruments standard, IFRS 9, before implementing IFRS 17 Insurance Contracts, which replaces IFRS 4. The amendments introduce two options for entities issuing insurance contracts: a temporary exemption from applying IFRS 9 and an overlay approach. These amendments are not relevant to the Group as it has already adopted IFRS 9 in 2018.

Other standards that became effective during the year but have no impact on the Company's financial statements

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

Amendments to IAS 28 Investments in Associates and Joint Ventures - Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice

2.6 Correction of error

The Company has always carried its investment properties using the fair value model. Prior to 2015, the deferred tax arising from temporary difference on investment properties should have been computed using the tax rate of 10% applicable for capital gains given how management plan to recover the value of the investment property. However, the deferred tax attributable to temporary difference arising from the fair value on investment property has been computed using Company Income Tax rate of 30%.

In 2018 this prior year error was discovered and has been corrected by restating each of the affected financial statement line items for the prior periods as follows:

Impact (increase) on equity	**31-Dec-17** **₦'000**	**1-Jan-17** **₦'000**
Deferred tax assets	34,442	-
Total assets	**34,442**	**-**
Deferred tax liabilities	(373,642)	(408,084)
Total liabilities	**(373,642)**	**(408,084)**
Retained earnings	408,084	408,084
Net impact of equity	**408,084**	**408,084**

3. Critical accounting judgments and key sources of estimation uncertainty

In the application of the Group's accounting policies, the Directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

Information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described below:

I. Impairment of available-for-sale equity financial assets

The Group determined that available-for-sale equity financial assets are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgement. In making this judgement, the Company evaluated among other factors, the normal volatility in share price, the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flow. 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 qualitative evidence exists for available-for-sale financial assets, the asset is considered for impairment, taking qualitative evidence into account. Further details can be found in Note 7.

ii. Impairment on receivables

In accordance with the accounting policy, the Group tests annually whether premium receivables have suffered any impairment. The recoverable amounts of the premium receivables have been determined based on the incurred loss model. These calculations required the use of estimates based on passage of time and probability of recovery. Further details can be found in Notes 8 and 11.

iii. Impairment of non-financial assets

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

iv. Valuation of investment properties estimates

The valuation of the investment properties is based on the price for which comparable land and properties are being exchanged or are being marketed for sale. Therefore, the market-approach method of valuation is used; this reflects existing use with recourse to comparison approach that is the analysis of recent sale transaction on similar properties in the neighbourhood. The best price that subsisting interest in the property will reasonably be expected to be sold if made available for sale by private treaty between willing seller and buyer under competitive market condition. Further details can be found in Note 14.

v. Non-life insurance contract liabilities estimates

For non-life insurance contracts, estimates have to be made both for the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of claims incurred, but not yet reported, at the reporting date. It can take a significant period of time before the ultimate claims cost can be established with certainty and for some type of policies, IBNR claims form the majority of the liability in the statement of financial position.

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

The main assumption underlying these techniques is that a Company's past claims development experience can be used to project future claims development and hence ultimate claims costs. As such, these methods extrapolate the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years, but can also be further analysed by geographical area, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgment is used to assess the extent to which past trends may not apply in future, (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved. Further details can be found in Note 18.

Going Concern

The financial statements have been prepared on the going concern basis and there is no intention to curtail business operations. Capital adequacy, profitability and liquidity ratios are continuously reviewed and appropriate action taken to ensure that there are no going concern threats to the operation of the Group. The Directors have made assessment of the Group's ability to continue as a going concern and have no reason to believe that the Group will not remain a going concern in the next 12 months ahead.

Insurance product classification and contract liabilities

The Group's non-life insurance contracts are classified as insurance contracts. As permitted by IFRS 4, assets and liabilities of these contracts are accounted for under previously applied GAAP.

Insurance contracts are those contracts when the Group (the insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. As a general guideline, the Group determines whether it has significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk. Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire. Investment contracts can, however, be reclassified as insurance contracts after inception if insurance risk becomes significant.

Key sources of estimation uncertainty

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

Valuation of liabilities of non-life insurance contracts

Estimates are made for both the expected ultimate cost of claims reported and claims incurred but not reported (IBNR) at the statement of financial position date. The estimate of IBNR is generally subject to a greater degree of uncertainty than that for reported claims. The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as the Chain Ladder, Stochastic reserving (Bootstrap) and Bornheutter-Ferguson methods.

The main assumption underlying these techniques is that a Group's past claims development experience can be used to project future claims development and hence ultimate claims costs. As such, these methods extrapolate the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years, but can also be further analysed by geographical area, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development.

Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved.

Similar judgements, estimates and assumptions are employed in the assessment of adequacy of provisions for unearned premium. Judgement is also required in determining whether the pattern of insurance service provided by a contract requires amortisation of unearned premium on a basis other than time apportionment.

The carrying amount for non-life insurance contract liabilities at the reporting date is N12,826 million (2017: N10,909 million).

Valuation of liabilities of life insurance contracts and investment contracts

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

The main assumptions used relate to mortality, morbidity, longevity, investment returns, expenses, lapse and surrender rates and discount rates. The Group bases mortality and morbidity on standard industry mortality tables which reflect historical experiences, adjusted when appropriate to reflect the Group's unique risk exposure, product characteristics, target markets and own claims severity and frequency experiences. For those contracts that insure risk related to longevity, prudent allowance is made for expected future mortality improvements, as well as wide range changes to life style, could result in significant changes to the expected future mortality exposure.

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

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

The carrying value at the reporting date of life insurance contract liabilities is N29,232million (2017: N22,922million) and of investment contract liabilities is N3,090million (2017: N 3,515million). Further details are as disclosed in Notes 18 and 19 to the financial statements.

Fair value of financial instruments using valuation techniques

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

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

The carrying amount of financial assets at the report date is N59,190million (2017: N49,425million).

Valuation of property, plant and equipment and investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in the statement of profit or loss. The Group engaged an independent valuation specialist to assess fair value as at 31 December 2018 for Investment properties and revalued land and buildings. For investment properties, a valuation methodology based on discounted cash flow model was used as there is a lack of comparable market data because of the nature of the properties. In addition, it measures land and buildings at revalued amounts with changes in fair value being recognized in OCI. Land and buildings were valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property. The key assumptions used to determine the fair value of the properties and sensitivity analyses are provided in Notes 14 and 15.

Deferred tax assets

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities. The amount of such provisions is based on various factors such as experience of previous tax audits and differing interpretations by the taxable entity.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and the level of future taxable profits together with future tax planning strategies. The carrying value at the reporting date of deferred tax asset is disclosed in Note 23.

Impairment under IFRS 9

The impairment requirements of IFRS 9 apply to all debt instruments that are measured at amortised cost. The determination of impairment loss and allowance moves from the incurred credit loss model whereby credit losses are recognised when a defined loss event occurs under IAS 39, to expected credit loss model under IFRS 9, where expected credit losses are recognised upon initial recognition of the financial asset based on expectation of potential credit losses at the time of initial recognition.

Staged Approach to the Determination of Expected Credit Losses

IFRS 9 outlines a three-stage model for impairment based on changes in credit quality since initial recognition. These stages are as outlined below:

Stage 1: The Group recognises a credit loss allowance at an amount equal to the 12 month expected credit losses. This represents the portion of lifetime expected credit losses from default events that are expected within 12 months of the reporting date, assuming that credit risk has not increased significantly after the initial recognition.

Stage 2: The Group recognises a credit loss allowance at an amount equal to the lifetime expected credit losses (LTECL) for those financial assets that are considered to have experienced a significant increase in credit risk since initial recognition. This requires the computation of ECL based on Lifetime probabilities of default that represents the probability of a default occurring over the remaining lifetime of the financial assets. Allowance for credit losses is higher in this stage because of an increase in credit risk and the impact of a longer time horizon being considered compared to 12 months in stage 1.

Stage 3: The Group recognises a loss allowance at an amount equal to life-time expected credit losses, reflecting a probability of default (PD) of 100% via the recoverable cash flows for the asset. For those financial assets that are credit impaired. The Company's definition of default is aligned with the regulatory definition. The treatment of the loans and other receivables in stage 3 remains substantially the same as the treatment of impaired financial assets under IAS 39 except for the portfolios of assets purchased or originated as credit impaired.

The Group does not originate or purchase credit impaired loans or receivables.

The determination of whether a financial asset is credit impaired focuses exclusively on default risk, without taking into consideration the effect of credit risk mitigants such as collateral or guarantees. Specifically, the financial asset is credit impaired and in stage 3 when: the Group considers the obligor is unlikely to pay its credit obligations to the company. The termination may include forbearance actions, where a concession has been granted to the borrower or economic or legal reasons that a qualitative indicators of credit impairment; or contractual payments of either principal or interest by the obligor are pass due by more than 90 days.

For financial assets considered to be credit impaired, the ECL allowance covers the amount of loss the Company is expected to suffer. The estimation of ECLs is done on a case by case basis for non-homogenous portfolios, or by applying portfolio based parameters to individual financial assets in this portfolios by the Company's ECL model for homogenous portfolios.

Forecast of future economic conditions when calculating ECLs are considered. The lifetime expected losses are estimated based on the probability – weighted present value of the difference between:

1) The contractual cash flows that are due to the Company under the contract; and

2) The cash flows that the Company expects to receive.

Elements of ECL models that are considered accounting judgements and estimates include:

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

Expected lifetime:

The expected life time of a financial asset is a key factor in determine the life time expected credit losses. Lifetime expected credit losses represents default events over the expected life of a financial asset. The company measures expected credit losses considering the risk of default over the maximum contractual period (including any borrower's extension option) over which it is exposed to credit risk.

4. Standards issued but not yet effective

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

IFRS 17 - Insurance Contracts

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

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

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

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

IFRS 17 is effective for annual reporting periods beginning on or after 1 January 2021, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. Retrospective application is required.

However, if full retrospective application for a group of insurance contracts is impracticable, then the entity is required to choose either a modified retrospective approach or a fair value approach.

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

IFRS 16 Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

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

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

IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS17.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

In applying IFRS 16 for the first time, the Group will use the following practical expedients permitted by the standard:

- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2018 as short-term leases

The Group plans to adopt IFRS 16 using modified retrospective approach. The Group has also elected not to apply IFRS 16 to contracts that were not identified as containing a lease under IAS 17 and IFRIC 4 Determining whether an Arrangement contains a Lease.

Thus, the adoption of IFRS 16 in 2019 will not have any material impact on the Group.

(I) IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

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

The Interpretation specifically addresses the following:

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

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available. The Group will apply the interpretation from its effective date. In addition, the Group may need to establish processes and procedures to obtain information that is necessary to apply the Interpretation on a timely basis. The impact is still being assessed by the Group.

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

IAS 12 Income Taxes

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

An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application is permitted. When an entity first applies those amendments, it applies them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period. Since the Group's current practice is in line with these amendments, the Group does not expect any effect on its consolidated financial statements.

IAS 23 Borrowing Costs

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

An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted. Since the Group's current practice is in line with these amendments, the Company does not expect any effect on its financial statements.

(iii) Other amendments to standards, which currently do not apply to the Group are listed below:

- Amendments to IFRS 9: Prepayment Features with Negative Compensation
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement
- Amendments to IAS 28: Long-term interests in associates and joint ventures
- IFRS 3: Business combination
- IFRS 11: Joint Arrangements

5. Transition disclosures

The following set out the impact of adopting IFRS 9 on the statement of financial position, and retained earnings including the effect of replacing IAS 39's incurred credit loss calculation with IFRS 9's ECLs:

Group

Assets	Ref.	Category	31-Dec-17 IAS 39 classification and measurement Amount ₦'000	Re-classification Amount ₦'000	Remea-surement Amount ₦'000	ECL Amount ₦'000	Tax	1-Jan-18 IFRS 9 classification and measurement Amount ₦'000	Category
Cash and cash equivalents	a	L&R	7,909,809	-	-	(184,074)	-	7,725,735	AC
Financial assets			49,425,235	-	287,875	(369,119)	-	49,343,991	-
Fair Value through Profit or Loss	b	FVTPL	7,502,999	5,791,596	146,323	-	-	13,440,918	FVTPL
Available-for-sale	c	AFS	3,997,297	(3,997,297)	-	-	-	-	
Fair value through OCI	c		-	3,307,446	141,552	-	-	3,448,998	FVOCI
Held-to maturity	d	HTM	31,594,802	(31,594,802)	-	-	-	-	
Loans and receivables	d	L&R	6,330,137	(6,330,137)	-	-	-	-	
Amortised cost	d		-	32,823,194	-	(369,119)	-	32,454,075	AC
Trade receivables			91,845	-	-	-	-	91,845	
Reinsurance assets			7,221,303	-	-	-	-	7,221,303	
Deferred acquisition costs			591,725	-	-	-	-	591,725	
Other receivables and prepayments			1,935,196	-	-	(14,627)	-	1,920,569	
Sundry debtors and other receivables	e	L&R	1,516,196	-	-	(14,627)	-	1,501,569	AC
Prepayments and other non-financial assets			419,000	-	-	-	-	419,000	
Investment in subsidiaries			-	-	-	-	-	-	
Investment in associate			573,871	-	-	-	-	573,871	
Investment properties			8,812,700	-	-	-	-	8,812,700	
Property, plant and equipment			3,258,879	-	-	-	-	3,258,879	
Intangible assets			212,733	-	-	-	-	212,733	
Statutory deposits			500,000	-	-	-	-	500,000	
Deferred tax assets	f (a,d,e)		34,442	-	-	-	18,074	52,516	
			80,567,738	-	**287,875**	**(567,820)**	**18,074**	**80,305,867**	
Liabilities and equity									
Insurance contract liabilities			33,830,930	-	-	-	-	33,830,930	
Investment contract liabilities			3,514,935	-	-	-	-	3,514,935	
Trade payables			1,228,531	-	-	-	-	1,228,531	
Other payables and accruals			2,788,018	-	-	-	-	2,788,018	
Current income tax payable			1,518,293	-	-	-	-	1,518,293	
Deferred tax liabilities	f (a,d,e)		978,070	-	-	-	(152,273)	825,797	
			43,858,777	-	-	-	**(152,273)**	**43,706,504**	
Equity									
Share capital			2,940,933	-	-	-	-	2,940,933	
Share premium			6,412,357	-	-	-	-	6,412,357	
Retained earnings	g		17,222,276	273,604	146,323	(563,943)	169,184	17,247,444	
Statutory contingency reserve			7,947,255	-	-	-	-	7,947,255	
Fair value reserve	h		-	589,149	141,552	-	-	730,701	
Available for sale reserve	h		862,753	(862,753)	-	-	-	-	
Asset revaluation reserve			437,642	-	-	-	-	437,642	
			35,823,216	-	**287,875**	**(563,943)**	**169,184**	**35,716,332**	
Non-controlling interest	l		885,745	-	-	(3,877)	1,163	883,031	
			36,708,961	-	**287,875**	**(567,820)**	**170,347**	**36,599,363**	
Total Liabilities and Equity			80,567,738	-	287,875	(567,820)	18,074	80,305,867	

ECL - Expected credit losses
L&R - Loans and receivables
HTM - Held-to-maturity
AFS - Available-for sale

AC - Amortised cost
FVTPL - Fair value through profit or loss
FVTOCI - Fair value through other comprehensive income

Company

Assets	Ref.	Category	31-Dec-17 IAS 39 classification and measurement Amount ₦'000	Re-classification Amount ₦'000	Remea-surement Amount ₦'000	ECL Amount ₦'000	Tax	1-Jan-18 IFRS 9 classification and measurement Amount ₦'000	Category
Cash and cash equivalents	a	L&R	668,233	-	-	(15,950)	-	652,283	AC
Financial assets			5,481,025	-	-	(35,992)	-	5,445,033	-
Fair Value through Profit or Loss	b	FVTPL	60,800	-	-	-	-	60,800	FVTPL
Available-for-sale	c	AFS	-	-	-	-	-	-	
Fair value through OCI	c		-	-	-	-	-	-	FVOCI
Held-to maturity	d	HTM	-	-	-	-	-	-	
Loans and receivables	d		5,420,225	(5,420,225)	-	-	-	-	
Amortised cost	d		-	5,420,225	-	(35,992)	-	5,384,233	AC
Trade receivables			-	-	-	-	-	-	
Reinsurance assets			-	-	-	-	-	-	
Deferred acquisition costs			-	-	-	-	-	-	
Other receivables and prepayments			1,032,476	-	-	(8,303)	-	1,024,173	
Sundry debtors and other receivables	e	L&R	925,625	-	-	(8,303)	-	917,322	AC
Prepayments and other non-financial assets			106,851	-	-	-	-	106,851	
Investment in subsidiaries			6,209,669	-	-	-	-	6,209,669	
Investment in associate			525,364	-	-	-	-	525,364	
Investment properties			4,308,275	-	-	-	-	4,308,275	
Property, plant and equipment			48,490	-	-	-	-	48,490	
Intangible assets			-	-	-	-	-	-	
Statutory deposits			-	-	-	-	-	-	
Deferred tax assets	f (a,d,e)		34,442	-	-	-	18,074	52,516	
			18,307,974	-	-	(60,245)	18,074	18,265,803	
Liabilities and equity									
Insurance contract liabilities			-	-	-	-	-	-	
Investment contract liabilities			-	-	-	-	-	-	
Trade payables			-	-	-	-	-	-	
Other payables and accruals			878,490	-	-	-	-	878,490	
Current income tax payable			347,338	-	-	-	-	347,338	
Deferred tax liabilities	f (a,d,e)		-	-	-	-	-	-	
			1,225,828	-	-	-	-	1,225,828	
Equity									
Share capital			2,940,933	-	-	-	-	2,940,933	
Share premium			6,412,357	-	-	-	-	6,412,357	
Retained earnings	g		7,728,856	-	-	(60,245)	18,074	7,686,685	
Statutory contingency reserve			-	-	-	-	-	-	
Fair value reserve	h		-	-	-	-	-	-	
Available for sale reserve	h		-	-	-	-	-	-	
Asset revaluation reserve			-	-	-	-	-	-	
			17,082,146	-	-	(60,245)	18,074	17,039,975	
Total Liabilities and Equity			18,307,974	-	-	(60,245)	18,074	18,265,803	

ECL - Expected credit losses
L&R - Loans and receivables
HTM - Held-to-maturity
AFS - Available-for sale

AC - Amortised cost
FVTPL - Fair value through profit or loss
FVTOCI - Fair value through other comprehensive income

Notes To The Consolidated And Separate Financial Statements Cont'd

Ref. No		Group IAS 39 31-Dec-17 ₦'000	Group IFRS 9 01-Jan-18 ₦'000	Company IAS 39 31-Dec-17 ₦'000	Company IFRS 9 01-Jan-18 ₦'000
a)	**Cash and cash equivalents**				
	Balance as at 31-Dec-17 (IAS 39)	7,909,809	7,909,809	668,233	668,233
g)	Impairment (ECL Model)	-	(184,074)	-	(15,950)
	Balance as at 1 January 2018	7,909,809	7,725,735	668,233	652,283
	Financial assets:				
b)	**Fair value through Profit or loss (FVTPL)**				
	Balance as at 31-Dec-17 (IAS 39)	7,502,999	7,502,999	60,800	60,800
	Reclassified from available for sale	-	689,851	-	-
	Reclassified from held to maturity	-	5,101,745	-	-
	Remeasurement gains	-	146,323	-	-
	Balance as at 01-Jan-18 (IFRS 9)	7,502,999	13,440,918	60,800	60,800
c)	**Available for sale (AFS) /Fair value through OCI (FVOCI)**				
	Balance as at 31-Dec-17 (IAS 39)	3,997,297	3,997,297	-	-
	Reclassified to FVTPL	-	(689,851)	-	-
	Reclassified to FVOCI	-	(3,307,446)	-	-
g)	Re-measurement on transition to IFRS 9	-	-	-	-
	Impairment (ECL model)	-	-	-	-
	Balance as at 01-Jan-18 (IFRS 9)	3,997,297	-	-	-
d)	**Held to Maturity(HTM)/ Amortised Cost (AC)**				
	Balance as at 31-Dec-17 (IAS 39)	31,594,802	-	-	-
	Reclassified from loans and receivables	-	6,330,137	-	5,420,225
	Reclassified to FVTPL	(5,101,745)	-	-	-
	Reclassified to Amotised cost	(26,493,057)	26,493,057	-	-
g)	Impairment (ECL model)	-	(369,119)	-	(35,992)
	Balance as at 01-Jan-18 (IFRS 9)	-	32,454,075	-	5,384,233
e)	**Other receivables and prepayments:**				
	Sundry Debtors and other receivables				
	Balance as at 31-Dec-17 (IAS 39)	1,516,196	1,516,196	925,625	925,625
g)	Impairment (ECL model)	-	(14,627)	-	(8,303)
		1,516,196	1,501,569	925,625	917,322

		Group		Company	
		IAS 39	IFRS 9	IAS 39	IFRS 9
		31-Dec-17	01-Jan-18	31-Dec-17	01-Jan-18
Ref. No		₦'000	₦'000	₦'000	₦'000
f)	**Deferred tax (liabilities)/assets**				
	Balance as at 31-Dec-17 (IAS 39)	(978,070)	(978,070)	34,442	34,442
	IFRS 9 Tax impact	-	152,273	-	18,074
		(978,070)	(825,797)	34,442	52,516
g)	**Retained earnings**				
	Balance as at 31-Dec-17 (IAS 39)	17,222,276	17,222,276	7,728,856	7,728,856
a)	Impairment (ECL model)- Cash and Cash equivalents	-	(184,074)	-	(15,950)
b)	Remeasurement gains FVTPL	-	146,323	-	-
d)	Impairment (ECL model) - Amortised cost	-	(369,119)	-	(35,992)
e)	Impairment (ECL model) - Other receivables and prepayments	-	(14,627)	-	(8,303)
f)	IFRS 9 Tax Impact-Deferred tax liabilities	-	169,184	-	18,074
h)	Reclassified from available for sale reserve	-	273,604	-	-
I)	Non-controlling interest on ECL amortised costs	-	3,877	-	-
		17,222,276	17,247,444	7,728,856	7,686,685
h)	**Available-for-sale reserve/Fair value reserve**				
	Balance as at 31-Dec-17 (IAS 39)	862,753	-	-	-
g)	Reclassified to retained earnings	(273,604)	-	-	-
	Reclassified to fair value reserve (FVOCI)	(589,149)	589,149	-	-
c)	Remeasurement impact - FVOCI	-	141,552	-	-
	Balance as at 01-Jan-18 (IFRS 9)	-	730,701	-	-
I)	**Non-controlling interests**				
	Balance as at 31-Dec-17 (IAS 39)	885,745	885,745	-	-
g)	Non-controlling interest on ECL amortised costs	-	(3,877)	-	-
g)	Non-controlling interest on deferred tax	-	1,163	-	-
		885,745	883,031	-	-

5. Transition disclosures – continued

A As of 1 January 2018, the Group's analysis highlighted the components of cash and cash equivalents as including short term deposit (i.e. call and term deposits), bank accounts balances held with banks and cash in hand. The balances meet the SPPI criterion and they were classified as financial assets carried at amortised cost (AC). The Group further assessed for ECL based on the counterparty credit ratings adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the Banks to settle the balances and the National Deposit Insurance Company's insurance cover policy and this resulted in a loss allowance provision of N184.1million (Company: N16.0million).

B The Group has elected the option to irrevocably designate all its previous AFS equity instruments as Equity instruments at FVOCI.
All AFS equity instruments previously carried at cost under IAS 39 were revalued to report the fair values based relevant valuation approaches (Market, Income and Adjusted net asset) with one or more significant inputs based on unobservable market data as inputs. These resulted in a remeasurement adjustment of N141million (Company: Nil) posted to FVTOCI reserve.

C As of 1 January 2018, the Group assessed its assets previously classified as held-to-maturity and carried at amortised cost under IAS 39 and concluded that the payments meet the SPPI criterion and based on the Group's business model for holding the balances concluded that they remain valued at amortised cost as was the case under IAS 39. The balances were assessed for impairment and the ECL recognised amounted to N369.1million (Company: N35.9million).

D The Group also assessed its other receivables balances and concluded that the the payments meet the SPPI criterion and based on the Group's business model for holding the balances, concluded that they remain valued at amortised cost as was the case under IAS 39. The balances were assessed for impairment and the ECL recognised amounted to N14.6million (Company: N8.3million).

E The impact of adopting IFRS 9 on deferred tax is set out on the next page and in the impact of transition to IFRS 9 on reserves and retained earnings.

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

Group			
	Retained earnings ₦'000	Fair value reserve ₦'000	Non-controlling interest ₦'000
Closing balance under IAS 39 (31 December 2017)	**17,222,276**	-	**885,745**
Reclassification from available for sales reserve	273,604	589,149	
Recognition of IFRS 9 ECLs including those measured at Amortised cost (see below):			
Cash and cash equivalents	(184,074)	-	-
-Debt instruments carried at amortisedd cost	(369,119)	-	-
-Sundry debtors and other receivables	(14,627)	-	-
-Non-controlling interest on ECL amortised costs	3,877		(3,877)
-Deferred tax in relation to the above	170,347	-	-
-Non-controlling interest on deferred tax	(1,163)	-	1,163
	(394,759)	-	(2,714)
Re-measurement impact of revaluation of financial assets held as Available for sale under IAS 39 and FVTPL under IFRS 9	146,323	-	-
			-
Re-measurement impact of revaluation of financial assets held as Available for sale under IAS 39 and FVOCI under IFRS 9	-	- 141,552	-
Opening balance under IFRS 9 (1 January 2018)	**17,247,444**	**730,701**	**883,031**

Company		
	Retained earnings ₦'000	Fair value reserve ₦'000
Closing balance under IAS 39 (31 December 2017)	**7,728,856**	-
Reclassification from available for sales reserve	-	-
Recognition of IFRS 9 ECLs including those measured at Amortised cost (see below):		
Cash and cash equivalents	(15,950)	-
-Debt instruments carried at amortisedd cost	(35,992)	-
-Sundry debtors and other receivables	(8,303)	-
-Deferred tax in relation to the above	18,074	-
	(42,171)	-
Opening balance under IFRS 9 (1 January 2018)	**7,686,685**	**-**

5. Transition disclosures – continued

The following table reconciles the aggregate opening impairment allowances under IAS 39 to ECL allowances under IFRS 9.

Group

Financial assets at Amortised cost	Allowance for impairment under IAS 39 31-Dec-17 ₦'000	Remeasurement ₦'000	ECLs under IFRS 9 01-Jan-18 ₦'000
Cash held with banks	-	184,074	184,074
Debt instruments carried at amortised cost	-	369,119	369,119
Sundry debtors and other receivables	107,327	14,627	121,954
	107,327	567,820	675,147

Company

Financial assets at Amortised cost	Allowance for impairment under IAS 39 31-Dec-17 ₦'000	Remeasurement ₦'000	ECLs under IFRS 9 01-Jan-18 ₦'000
Cash held with banks	-	15,950	15,950
Debt instruments carried at amortised cost	-	35,992	35,992
Sundry debtors and other receivables	10,690	8,303	18,993
	10,690	60,245	70,935

Notes To The Consolidated And Separate Financial Statements Cont'd

All ECL impairment adjustments are based on individual assessment of the financial assets. The table below shows the stages of the ECL:

Group

	Impairment charges	Gross impairment allowance			
		Stage 1	Stage 2	Stage 3	Total
	₦'000	₦'000	₦'000	₦'000	₦'000
Cash held with banks	184,074	184,074	-	-	184,074
Debt instruments carried at amortised cost	369,119	369,119	-	-	369,119
Sundry debtors and other receivables	14,627	14,627	-	107,327	121,954
	567,820	567,820	-	107,327	675,147

Company

	Impairment charges	Gross impairment allowance			
		Stage 1	Stage 2	Stage 3	Total
	₦'000	₦'000	₦'000	₦'000	₦'000
Cash held with banks	15,950	15,950	-	-	15,950
Debt instruments carried at amortised cost	35,992	35,992	-	-	35,992
Sundry debtors and other receivables	8,303	8,303	-	10,690	18,993
	60,245	60,245	-	10,690	70,935

			Group		Company	
	Cash and cash equivalents	Notes	2018 ₦'000	2017 ₦'000	2018 ₦'000	2017 ₦'000
6	Cash-on-hand		127	192	20	20
	Balances held with local banks		843,756	846,669	116,903	400,901
	Balances held in domicilliary accounts		4,431,495	390,594	-	-
	Balances held with foreign banks		-	71,478	-	-
	Reserve with Pension Custodian		8,105	14,953	-	-
	Placements with banks		6,580,314	6,585,923	76,998	267,312
			11,863,797	7,909,809	193,921	668,233
	Less: Allowance for credit losses	6.3	(118,770)	-	(1,741)	-
			11,745,027	7,909,809	192,180	668,233

Bank placements are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group. All deposits are subject to an average interest rate of 10%p.a. (2017:13%). Reserve with Pension Custodian relates to mandatory cash reserve placed with First Pension Custodians Limited the custodian for the pension subsidiary's managed assets.

Included in Cash and cash equivalents is ₦87,845,000 (2017:₦624,668,000) being part of unclaimed dividend that has been returned to the Company by the registrars to be held against claims by the beneficiaries.

The carrying amounts disclosed above reasonably approximate fair value at the reporting date.
Cash and cash equivalent is the same for cash flow purpose as presented.

6.3 Impairment allowance loss on cash and cash equivalents

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

Group	Stage 1 Individual ₦'000	Stage 2 Individual ₦'000	Stage 3 Individual ₦'000	Total ₦'000
Gross carrying amount as at 1 January 2018	7,909,617	-	-	7,909,617
New assets purchased	8,807,516	-	-	8,807,516
Assets derecognised or matured (excluding write-offs)	(5,003,047)	-	-	(5,003,047)
Amounts written off	-	-	-	-
Foreign exchange adjustments	149,584	-	-	149,584
At 31 December 2018	11,863,670	-	-	11,863,670
		-	-	
ECL allowance at 1 January 2018	184,074	-	-	184,074
Impact of net-remeasurement of ECL at year-end	(65,026)	-	-	(65,026)
Amount written off	-	-	-	-
Foreign exchange adjustments	(278)	-	-	(278)
At 31 December 2018	118,770			118,770
		-	-	
Company		-	-	
Gross carrying amount as at 1 January 2018	668,213	-	-	668,213
New assets purchased	114,163	-	-	114,163
Assets derecognised or matured (excluding write-offs)	(588,475)	-	-	(588,475)
Amounts written off	-	-	-	-
Foreign exchange adjustments	-	-	-	-
At 31 December 2018	193,901	-	-	193,901
		-	-	
ECL allowance at 1 January 2018	15,950	-	-	15,950
Impact of net-remeasurement of ECL at year-end (Note 31.2)		-	-	
	(14,209)			(14,209)
Amount written off	-			-
Foreign exchange adjustments	-			-
At 31 December 2018	1,741			1,741

7 Financial assets

The Group's financial assets are summarised by categories as follows:

	Notes	Group 2018 ₦'000	Group 2017 ₦'000	Company 2018 ₦'000	Company 2017 ₦'000
Fair value through profit or loss		19,494,539	7,502,999	372,978	60,800
Available-for-sale	7.1	-	3,997,297	-	-
Fair value through OCI	7.2	4,376,585	-	-	-
Held-to-maturity - Amortised cost	7.3	-	31,594,802	-	-
Loans and receivables	7.4	-	6,330,137	-	5,420,225
Debt securities at amortised cost	7.5	35,318,723	-	4,200,674	-
Total financial assets		59,189,847	49,425,235	4,573,652	5,481,025

7.1 Available-for-sale

	Group 2018 ₦'000	Group 2017 ₦'000	Company 2018 ₦'000	Company 2017 ₦'000
Quoted equity securities	-	716,649	-	-
Unquoted securities	-	3,280,648	-	-
Total available-for-sale	-	3,997,297	-	-

7.2 Fair value through OCI

	Group 2018 ₦'000	Group 2017 ₦'000	Company 2018 ₦'000	Company 2017 ₦'000
Quoted equity securities	-	-	-	-
Unquoted securities	4,376,585	-	-	-
Total Fair value through OCI	4,376,585	-	-	-

The quoted equity securities are majorly equities which are traded or quoted on the Nigerian Stock Exchange.

The unquoted securities are majorly equities which are not traded or quoted on any stock exchange. The Company has no intention to dispose the securities in the foreseeable future.

	Group		Company	
Equities - available-for-sale assets	**2018 ₦'000**	**2017 ₦'000**	**2018 ₦'000**	**2017 ₦'000**
At cost		583,581	-	-
At fair value		3,413,716	-	-
Equity : Fair Value through Other Comprehensive Income (FVTOCI)	4,376,585	-	-	-
	4,376,585	3,997,297	-	-

	Group 2018 ₦'000
MTN linked share	2,986,777
NIDF	661,147
African Reinsurance Corporation	205,442
ARM Hospitality Fund	103,775
Energy and Allied Insurance Pool of Nigeria	148,796
Mainstreet Technologies Limited	123,758
Healthcare International Limited	94,305
WSTC Financial Services Limited	14,171
ARM properties Plc.	11,000
Kakawa Guaranteed Fund	14,139
Friesland Wamco Nig. Plc.	7,775
Nigerian Liability Insurance Pool	5,500
	4,376,585

Notes To The Consolidated And Separate Financial Statements Cont'd

7.3 Held-to-maturity - Amortised cost	Group 2018 ₦'000	Group 2017 ₦'000	Company 2018 ₦'000	Company 2017 ₦'000
Federal Government Bonds	-	11,933,258	-	-
State Government Bonds	-	468,097	-	-
Corporate Bonds	-	9,487,390	-	-
FGN Treasury Bills	-	9,706,057	-	-
Total held-to-maturity	-	31,594,802	-	-

7.4 Loans and receivables	Group 2018 ₦'000	Group 2017 ₦'000	Company 2018 ₦'000	Company 2017 ₦'000
Loans to policy holders	-	53,960	-	-
Mortgage loans	-	159,059	-	159,059
Other loans	-	-	-	-
Staff loans and advances	-	13,582	-	6,497
Treasury bills	-	4,081,396	-	4,081,396
Commercial papers	-	2,022,140	-	1,173,273
Total loans and receivables	-	6,330,137	-	5,420,225

Loans and receivables are carried at amortised cost and fair value approximates carrying amount (except for treasury bills)at amortised cost.

7.5 Debt securities at amortised cost	Group 2018 ₦'000	Group 2017 ₦'000	Company 2018 ₦'000	Company 2017 ₦'000
Federal Government Bonds	15,331,332	-	546,353	-
State Government Bonds	252,928	-	-	-
Corporate Bonds	11,279,147	-	-	-
Loans to policy holders	36,355	-	-	-
Mortgage loans	177,009	-	177,009	-
Short-term deposits	877,258	-	-	-
Staff loans and advances	12,047	-	6,232	-
Treasury bills	5,647,662	-	2,910,378	-
Commercial papers	1,952,810	-	574,590	-
Gross	35,566,548	-	4,214,562	-
Impairment losses on financial assets measured at amortised cost	(247,825)	-	(13,888)	-
	35,318,723	-	4,200,674	-

7.6 Impairment for debt instruments at amortised cost
Debt instruments at amortised cost
An analysis of changes in the gross carrying amount and corresponding ECLs is as follows:

	Stage 1 Individual ₦'000	Stage 2 Individual ₦'000	Stage 3 Individual ₦'000	Total ₦'000
Group				
Gross carrying amount as at 1 January 2018	32,823,194	-	-	32,823,194
New assets purchased	22,217,892	-	-	22,217,892
Assets derecognised or matured (excluding write-offs)	(19,609,786)	-	-	(19,609,786)
Amounts written off	-	-	-	-
Foreign exchange adjustments	135,248	-		135,248
At 31 December 2018	35,566,548	-	-	35,566,548
ECL allowance as at 1 January 2018*	369,119	-	-	369,119
New assets recognised	183,692	-	-	183,692
Assets derecognised or matured (excluding write-offs)	(183,692)	-	-	(183,692)
Amounts written off	-	-	-	-
Changes to models and inputs used for ECL calculations	(120,190)	-	-	(120,190)
Foreign exchange adjustments	(1,104)	-	-	(1,104)
	247,825	-	-	247,825
Company				
Gross carrying amount as at 1 January 2018	5,420,225	-	-	5,420,225
New assets purchased	1,220,236	-	-	1,220,236
Assets derecognised or matured (excluding write-offs)	(2,425,899)	-	-	(2,425,899)
Amounts written off	-	-	-	-
Foreign exchange adjustments	-	-		-
At 31 December 2018	4,214,562	-	-	4,214,562
ECL allowance as at 1 January 2018	35,992	-	-	35,992
New assets recognised	13,180	-	-	13,180
Assets derecognised or matured (excluding write-offs)	(35,544)	-	-	(35,544)
Amounts written off	-	-	-	-
Changes to models and inputs used for ECL calculations	260	-	-	260
Foreign exchange adjustments	-	-	-	-
	13,888	-	-	13,888

*see Note 5 Transition disclosures on summary of significant accounting policies

			Group		Company	
7.7	**Maturity profile of total financial assets:**	**Note**	**2018 ₦'000**	**2017 ₦'000**	**2018 ₦'000**	**2017 ₦'000**
	Within one year		10,968,862	19,531,966	3,850,290	5,321,966
	More than one year		48,220,985	29,893,269	723,362	159,059
			59,189,847	49,425,235	4,573,652	5,481,025
8	**Trade receivables**					
	Insurance receivables	(Note 8.1)	374,147	91,845	-	-
	Impairment on insurance receivables	(Note 8.2)	-	-	-	-
			374,147	91,845	-	-
8.1	**Insurance receivables**					
	Brokers		374,147	89,343	-	-
	Agents		-	2,502	-	-
			374,147	91,845	-	-
8.2	**Impairment on insurance receivables**					
	At 1 January		-	612,940	-	-
	Recoveries during the year		-	(5,944)	-	-
	Written off during the year		-	(606,996)	-	-
	Charge for the year		-	-	-	-
	At 31 December		-	-	-	-

All insurance receivables are designated as trade receivables and their carrying values approximate fair value at the statement of financial position date. The Group reviews individual receivable account to determine its collectivity. The Group issues policies only to clients who pay in advance or are backed by registered brokers'credit notes that are payable within thirty days. All uncollected amounts after due date are deemed impaired. There was no impairment charge for the year as no objective evidence for impairment exists.

		Group		Company	
9. Reinsurance assets	**Note**	**2018 ₦'000**	**2017 ₦'000**	**2018 ₦'000**	**2017 ₦'000**
Prepaid reinsurance premium	(Note 9.1)	5,372,691	4,634,264	-	-
Reinsurance share of claims	(Note 9.2)	3,209,800	1,982,681	-	-
		8,582,491	6,616,945	-	-
Due from reinsurance brokers	(Note 9.3)	582,852	554,353	-	-
Minimum deposit on premiums paid		47,957	50,005	-	-
		9,213,300	7,221,303	-	-
Reinsurance share of outstanding claims					
Non life insurance	Note 18.1	7,879,436	5,980,025	-	-
Life insurance	Note 18.2	703,055	636,920	-	-
		8,582,491	6,616,945	-	-
9.1 Prepaid reinsurance premium					
At 1 January		4,634,264	4,372,248	-	-
Reinsurance ceded during the year		16,888,103	13,447,195	-	-
Charged during the year	Note 28	(16,149,676)	(13,185,179)	-	-
At 31 December		5,372,691	4,634,264	-	-
9.2 Reinsurer's share of claims					
At 1 January		1,982,681	1,377,031	-	-
Charged/(decrease) to profit or loss		1,227,119	605,650	-	-
At 31 December		3,209,800	1,982,681	-	-

9.3 Amount due from reinsiurance brokers represent net claims and commission recoverable from reinsurance brokers. They are valued after an allowance for their recoverability, and the carrying amount is a reasonable approximation of fair value.

		Group		Company	
10. Deferred acquisition costs	**Note**	**2018 ₦'000**	**2017 ₦'000**	**2018 ₦'000**	**2017 ₦'000**
At 1 January		591,725	444,879	-	-
Movement during the year		136,715	146,846	-	-
At 31 December		728,440	591,725	-	-
At 1 January		591,725	444,879	-	-
Commission expense paid		2,816,708	2,685,748	-	-
Charged to profit or loss	Note 28.1	(2,679,993)	(2,538,902)	-	-
At 31 December		728,440	591,725	-	-

11. Other receivables and prepayments

		Group 2018 ₦'000	Group 2017 ₦'000	Company 2018 ₦'000	Company 2017 ₦'000
Staff debtors		76,058	68,261	-	-
Administration fee receivable		7,931	7,193	-	-
Management fee receivable		292,999	270,208	-	-
Deposit for shares		547,521	668,592	547,521	668,592
Deposit for assets		123,522	50,132	-	17,012
Due from related parties		-	-	278,449	194,063
Other debit balances		595,256	673,316	10,860	55,027
		1,643,287	1,737,702	836,830	934,694
WHT receivables		511,032	23,891	482,781	1,622
Dividend receivable		-	-	180,000	-
Prepayments		438,434	280,930	82,768	106,850
		949,466	304,821	745,549	108,472
		2,592,753	2,042,523	1,582,379	1,043,166
Allowance for impairment loss on other receivables	Note 11. 1	(129,116)	(107,327)	(26,915)	(10,690)
		2,463,637	1,935,196	1,555,464	1,032,476

Notes To The Consolidated And Separate Financial Statements Cont'd

11.1 Impairment loss on other receivables

The impairment loss relates to staff loans, deposit for assets and sundry debtors. An analysis of changes in the gross carrying amount and corresponding ECLs is as follows:

These items are not rated. **Group**	**Stage 1 Individual ₦'000**	**Stage 2 Individual ₦'000**	**Stage 3 Individual ₦'000**	**Total ₦'000**
Gross carrying amount as at 1 January 2018	1,626,695	-	111,007	1,737,702
New assets purchased	289,540	-	-	289,540
Assets derecognised or matured (excluding write-offs)	(383,955)	-	-	(383,955)
Amounts written off	-	-	-	-
	1,532,280	-	111,007	1,643,287

Group **ECL allowance**	**Stage 1 Individual ₦'000**	**Stage 2 Individual ₦'000**	**Stage 3 Individual ₦'000**	**Total ₦'000**
Opening allowance for impairment under IAS 39	-	-	107,327	107,327
Impact of adotion of IFRS 9*	14,627	-	-	14,627
ECL allowance at 1 January 2018	-	-	-	-
Impact of net-remeasurement of ECL at year-end (Note 31.2)	7,162	-	-	7,162
Amount written off	-	-	-	-
As at 31 December	21,789	-	107,327	129,116

Company	924,004	-	10,690	934,694
Gross carrying amount as at 1 January 2018	79,519	-	-	79,519
New assets purchased	(177,383)	-	-	(177,383)
Assets derecognised or matured (excluding write-offs)	-			-
Amounts written off	826,140	-	10,690	836,830
At 31 December 2018				
ECL allowance	8,303	-	10,690	18,993
ECL allowance at 1 January 2018				
Impact of net-remeasurement of ECL at year-end (Note 31.2)	7,922	-	-	7,922
Amount written off	-	-	-	-
	16,225	-	10,690	26,915
At 31 December 2018				

*see Note 5 Transition disclosures on summary of significant accounting policies

12. Investments in subsidiaries	Group 2018 ₦'000	Group 2017 ₦'000	Company 2018 ₦'000	Company 2017 ₦'000
Custodian and Allied Insurance Limited	-	-	3,584,607	3,584,607
Custodian Life Assurance Limited	-	-	3,184,717	1,184,717
Crusader Sterling Pensions Limited	-	-	1,139,460	1,139,460
Custodian Trustees Limited	-	-	300,885	300,885
Custodian Asset Management Limited	-	-	200,000	-
Crusader Hotels and Apartments Limited	-	-	1,000	-
At the end of the year	-	-	8,410,669	6,209,669

Custodian Investment Plc is the ultimate holding company with significant equity interests in the subsidiary companies as follows:

Subsidiary	Equity Interest	Segment	Place of Incorporation
Custodian and Allied Insurance Limited	100%	Property / Casualty Insurance	Nigeria
Custodian Life Assurance Limited	100%	Life Insurance	Nigeria
CrusaderSterling Pension Limited	76.55%	Pension Asset Management	Nigeria
Custodian Trustees Limited	100%	Trusteeship/Company Secretarial Services	Nigeria
Custodian Asset Management Ltd	100%	Asset Management	Nigeria
Crusader Hotels and Apartments Limited	100%	Hospitality	Nigeria

The Company along with its subsidiaries make up the Custodian Group.

Significant Restrictions
The Group does not have any significant restrictions on its ability to access or use its assets and settle liabilities that exist within the Group

Non Controlling interest in subsidiaries
The Group does not have any subsidiary that has material non-controlling interest.

13. Investment in associate	Group 2018 ₦'000	Group 2017 ₦'000	Company 2018 ₦'000	Company 2017 ₦'000
Interstate Securities - Ordinary shares	436,216	466,621	418,114	418,114
Interstate Securities - Preference shares	107,250	107,250	107,250	107,250
	543,466	573,871	525,364	525,364
Movement on account				
Opening balance	573,871	537,130	525,364	525,364
Addition during the year	-	-	-	-
Share of (loss)/profit of associate	(30,405)	36,741	-	-
	543,466	573,871	525,364	525,364

On 30 September 2016 the Group invested in the equity of Interstate Securities Limited, a stock broking firm and a dealing member of the Nigerian Stock Exchange in line with its strategy to further diversify its financial service offerings. The investment is made up of 321,626,098 ordinary shares representing 46.86% of the company's issued ordinary shares; and 82,500,000 5% Convertible Preference shares.

The Group's interest in ordinary share of Interstate Securities Limited is accounted for using the equity method in the consolidated financial statements. The reporting date and reporting period of Interstate Securities is the same as that of the Group.

13. Investment in associate contd

The following table illustrates the summarised financial information of the Group's investment in Interstate Securities Limited and it includes the fair value of the assets and liabilities.

	Group	
	2018 ₦'000	2017 ₦'000
Current assets	1,128,761	1,332,946
Non-current assets	332,090	329,776
Current liabilities	340,113	481,520
Non-current liabilities	189,924	185,510
Equity	930,814	995,692
Proportion of Group's ownership (46.86%)	436,216	466,621
Carrying amount of the Investment	436,216	466,621
Revenue	134,848	171,923
(Loss)/profit for the year	(70,941)	74,657
Other comprehensive income for the year	6,063	3,743
Total comprehensive (loss)/income for the year	(64,878)	78,400
Group's share of (loss)/ profit for the year	(33,246)	34,987
Group's share of OCI for the year	2,841	1,754
Group's share of total comprehensive (loss)/income for the year	(30,405)	36,741

Management considers the investment in Interstate Securities Limited to be more than 12 months' investment.

The associate had no contingent liabilities or capital commitments as at 31 December 2018 (2017: nil). And no guarantees or collaterals were provided to the associate.

		Group		Company	
14. Investment properties		**2018** **₦'000**	**2017** **₦'000**	**2018** **₦'000**	**2017** **₦'000**
At 1 January		8,812,700	8,141,275	4,308,275	4,098,275
Additions		-	18,806	-	250
Fair value gains on investment properties	Note 30	713,705	652,619	328,705	209,750
Reclassification *	Note 15	(8,500)	-	-	-
Disposals during the year		(371,000)	-	-	-
At 31 December		9,146,905	8,812,700	4,636,980	4,308,275

*The reclassification relates to the shop H4016 at Tejusho Modern market which the Group occupied. The property was reclassified to property, plant and equipment upon management putting the property into full use of the business. IAS 40.60 have been considered in determining the deemed costs of the property reclassified.

14.1 Valuation techniques used for fair valuation of investment properties

This represents the Group/Company's investment in landed property for the purpose of capital appreciation. The investment properties are stated at fair value, which has been determined based on valuations performed by a qualified estate surveyor. The investment property was independently valued by Barin Epega & Company (a registered estate surveyor & valuer) FRC/2012/NIESV/00000000597 as at 31 December 2018 and as at 31 December 2017, using the open market value. The determination of fair value of the investment property was supported by market evidence. The rental income arising from these properties during the year is included in Other Operating income .

Details of the Valuer

The investment properties were independently valued as at 31 December 2018 by Barin Epega & Company (an estate surveyor & valuer) duly registered with the Financial Reporting Council of Nigeria. The valuer, which is located at N0. 98, Norman Williams Street, Ikoyi, Lagos, is a qualified member of the Nigerian Institution of Estate Surveyors and Valuers with FRC No. FRC/2012/NIESV/00000000597.

14. Investment properties - continued

The rental income arising during the year amounted to ₦173m (2017: ₦141m) which is included in other operating income. Direct operating expenses arising in respect of such properties during the year are included within management expenses.

	Group		Company	
	2018 ₦'000	2017 ₦'000	2018 ₦'000	2017 ₦'000
Rental income derived from investment properties (Note 27.3)	173,114	140,578	13,296	13,296
Direct operating expenses in generating rental income	(9,634)	(8,632)	(951)	(183)
Profit from investment properties carried at fair value	163,480	131,946	12,345	13,113

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

14.2 Investment properties carried at fair value

Investment properties are fair valued as determined by an independent valuer. The valuation is based on open market capital valuation using the market comparison approach through analysis of recent transactions of sale of comparable properties in the neighborhood to arrive at the value of the property. Investment properties are categorised as level 3 assets based on the methodology adopted in determining the fair value.

Group

In thousands of Nigerian Naira	Level 1	Level 2	Level 3	Total
31 December 2018				
Investment properties	-	-	9,146,905	9,146,905
31 December 2017				
Investment properties	-	-	8,812,700	8,812,700

Company

In thousands of Nigerian Naira	Level 1	Level 2	Level 3	Total
31 December 2018				
Investment properties	-	-	4,636,980	4,636,980
31 December 2017				
Investment properties	-	-	4,308,275	4,308,275

14.2 Investment properties - continued

Location of properties	Valuation technique	Significant unobservable inputs
No. 5 Bankole Cardoso Avenue, formerly Barrow Road, Old Ikoyi, Lagos	Income approach (DCF Method)	- Estimated rental per annum ₦22,000,000 - ₦24,200,000 Rent growth per annum 1.14% Long term vacancy rate 0% Discount rate 15%"
39 Alfred Rewane road, formerly Kingsway Road, Ikoyi, Lagos	Depreciated replacement cost approach was adopted in ariving at the market value	Construction cost/M2: ₦365,385 for Main Building of 300.3m^2 Depreciation rate of 70%
324 Ikorodu Road, Lagos	Income approach (DCF Method)	- Estimated rental per annum ₦6,000,000 - ₦6,600,000 Rent growth per annum 10% Long term vacancy rate 0% Discount rate 15%
Flat 8 17 A BlockA Admiralty Towers. No8 Gerrad Road, Old Ikoyi, Lagos	Income approach (DCF Method)	- Estimated rental per annum ₦7,500,000 - ₦8,250,000 Rent growth per annum 10% Long term vacancy rate 0% Discount rate 15%
Plot 5, Block E, Central Business District (CBD) Alausa, Ikeja, Lagos	Market comparison approach	- Estimated price per square meter ₦100,000 - ₦130,000 Significant increases (decreases) in estimated price per square metre in isolation would result in a significantly higher (lower) fair value on a linear basis.

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14.2 Investment properties - continued

Location of properties	Valuation technique	Significant unobservable inputs
Ogombo Along Ajah/Epe Dual Carriage Expressway, Lekki, Lagos	Market comparison approach	- Estimated price per square meter ₦1,167 - ₦8,333 'Significant increases (decreases) in estimated price per square metre in isolation would result in a significantly higher (lower) fair value on a linear basis.
10, Aje Road Sabo Yaba, Lagos	Market comparison approach	- Estimated price per square meter ₦83,333 - ₦100,000 'Significant increases (decreases) in estimated price per square metre in isolation would result in a significantly higher (lower) fair value on a linear basis.
23/25 Martins Street, Lagos	Income approach (DCF Method)	- Estimated rent per annum ₦24,000,000 - ₦26,000,000. '- Rent growth p.a 1.14%'- Long-term vacancy rate 0%'- Discount rate 15%
88, Adetokunbo Ademola Street, Victoria Island, Lagos	Depreciated replacement cost approach was adopted in ariving at the market value	-Construction cost/M2 : N180,000 for Main Building of 300.3m2, N150,000 for Domestic Staff Quarters of 47.4m2 and N100,000 for Gate house of 8.48m2 Depreciation rate of 70%
3, Aja Nwachukwu Close, Off Bourdillon Road, Ikoyi, Lagos	Income approach (DCF Method)	- Estimated rental per annum ₦34,200,000 - ₦41,040,000'- Rent growth p.a 1.14%'- Long-term vacancy rate 0%'- Discount rate 15%
156 Awolowo Road, Ikoyi, Lagos	Income approach (DCF Method)	- Estimated rental per annum ₦9,500,000 - ₦11,800,000'- Rent growth p.a 19%'- Long-term vacancy rate 33%'- Discount rate 15%

14.2 Investment properties - continued

Location of properties	Valuation technique	Significant unobservable inputs
Plot 3243, Block 71, Peace Prayer Estate, Amuwo Odofin, Lagos	Market comparison approach	"- Estimated price per square ₦40,000 - ₦42,500 Significant increases (decreases) in estimated price per square metre in isolation would result in a significantly higher (lower) fair value on a linear basis"
Plot 676 Cadastral Zone, Abuja	Market comparison approach	"- Estimated price per square ₦10,500 - ₦11,500 Significant increases (decreases) in estimated price per square metre in isolation would result in a significantly higher (lower) fair value on a linear basis"
12 Keffi Street, Ikoyi, Lagos	Income approach (DCF Method)	"- Estimated rental per annum ₦3,200,000 – ₦5,200,000'- Rent growth p.a 0.02%'- Long-term vacancy rate 0%'- Discount rate 15% "

Investment properties carried at fair value

All Investment properties are carried at fair valued as determined by an independent valuer. Valuation under the market approach is based on open market capital valuation using the market comparison approach through analysis of recent transactions of sale of comparable properties in the neighborhood to arrive at the value of the property. The income approach using discounted cashflows method is also used in arriving at the fair value of income yielding investment properties. Investment properties are categorised as level 3 assets based on the methodology adopted in determining the fair value.

14.2 Investment properties - continued

Investment properties carried at fair value using income approach

Using the DCF method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a real property interest. To this projected cash flow series, a market-derived discount rate is applied to establish the present value of the income stream associated with the asset. The exit yield is normally separately determined and differs from the discount rate.

The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related re-letting,redevelopment, or refurbishment. The appropriate duration is typically driven by market behaviour that is a characteristic of the class of real property. Periodic cash flow is typically estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance cost, agent and commission costs and other operating and management expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

Significant increases/(decreases) in estimated rental value and rent growth per annum in isolation would result in a significantly higher (lower)/fair value of the properties. Significant increases (decreases) in the long-term vacancy rate and discount rate (and exit yield) in isolation would result in a significantly lower/(higher) fair value. Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the rent growth per annum and discount rate (and exit yield), and an opposite change in the long term vacancy rate."

Investment Properties carried at fair value using market approach

Under this approach, fair value of investment properties was determined using the market comparable method. The valuations have been performed by the valuer and are based on proprietary databases of prices of transactions for properties of similar nature, location and condition.

Significant increases (decreases) in estimated price per square metre in isolation would result in a significantly higher (lower) fair value.

Investment Properties carried at fair value using depreciated replacement cost

Under this approach, fair value is estimated based on the cost to a market participant buyer to construct a substitute asset of comparable utility, adjusted for physical deterioration functional obsolescence and economic obsolescence.

15. Property, plant and equipment

	Group					
Cost/Valuation	**Freehold property ₦'000**	**Office equipment ₦'000**	**Computer equipment ₦'000**	**Furniture and fittings ₦'000**	**Motor Vehicles ₦'000**	**Total ₦'000**
At 1 January 2017	2,652,823	302,017	328,237	255,949	651,394	4,190,420
Additions	37,440	49,854	64,774	17,103	129,757	298,928
Disposals	-	(2,176)	(66)	-	(63,493)	(65,735)
Revaluation	219,648	-	-	-	-	219,648
At 31 December 2017	2,909,911	349,695	392,945	273,052	717,658	4,643,261
Additions	459,146	15,713	48,189	52,669	362,720	938,437
Disposals	-	(126)	(4,786)	-	(96,610)	(101,522)
Write off	-	-	(336)	-	-	(336)
Reclassification* (Note 14)	8,500	-	-	-	-	8,500
Revaluation	74,203	-	-	-	-	74,203
At 31 December 2018	3,451,760	365,282	436,012	325,721	983,768	5,562,543
Accumulated depreciation						
At 1 January 2017	73,335	255,909	281,193	206,489	333,856	1,150,782
Charge for the year	73,407	26,078	23,289	24,528	146,617	293,919
Disposals	-	(2,050)	-	-	(58,269)	(60,319)
At 31 December 2017	146,742	279,937	304,482	231,017	422,204	1,384,382
Charge for the year	79,191	28,111	35,645	30,874	187,385	361,206
Disposals	-	-	(2,991)	-	(96,591)	(99,582)
Write off	-	-	(325)	-	-	(325)
At 31 December 2018	225,933	308,048	336,811	261,891	512,998	1,645,681
Carrying amount:						
At 31 December 2018	3,225,827	57,234	99,201	63,830	470,770	3,916,862
At 31 December 2017	2,763,169	69,758	88,463	42,035	295,454	3,258,879

Revaluation of land and building

The revalued land and buildings is the subsidiary's freehold property at 16, Commercial Avenue, Sabo, Yaba. Management determined that these constitute one class of asset under IFRS 13, based on the nature, characteristics and risks of the property. Fair value of the property was determined using the market comparable method. This means that valuations performed by the valuer are based on active market prices, significantly adjusted for differences in the nature, location or condition of the specific property. As at the date of revaluation on 31 December 2018, the property's fair value was based on valuations performed by Messrs Barin Epega & Co. (FRC No. FRC/2012/NIESV/00000000597), an accredited independent valuer who has valuation experience for similar offices. A net gain of N74.203 million from the revaluation of land and building was recognised in other comprehensive income.

None of these assets are used as security for borrowings.

15. Property, plant and equipment- continues

	Office equipment ₦'000	Computer equipment ₦'000	Furniture and fittings ₦'000	Motor Vehicles ₦'000	Total ₦'000
	Company				
Cost/Valuation					
At 1 January 2017	2,612	1,646	9,562	69,300	83,120
Additions	8,684	1,369	2,818	19,000	31,871
Disposals	(2,050)	-	-	(10,300)	(12,350)
At 31 December 2017	9,246	3,015	12,380	78,000	102,641
Additions	-	4,954	28,866	56,500	90,320
Disposals	-	-	-	(7,500)	(7,500)
Write off	-	(336)	-	-	(336)
At 31 December 2018	9,246	7,633	41,246	127,000	185,125
Accumulated depreciation					
At 1 January 2017	2,413	697	9,076	36,140	48,326
Charge for the year	1,549	494	358	15,775	18,175
Disposals	(2,050)	-	-	(10,300)	(12,350)
At 31 December 2017	1,912	1,191	9,434	41,615	54,151
Charge for the year	2,171	1,337	6,150	31,260	40,918
Disposals		-	-	(7,481)	(7,481)
Write off	-	(168)	-	-	(168)
At 31 December 2018	4,083	2,360	15,584	65,394	87,421
At 31 December 2018	5,163	5,273	25,661	61,606	97,705
At 31 December 2017	7,335	1,824	2,946	36,385	48,490

None of these assets are used as security for borrowings.

15. Property, plant and equipment- continues

There is no restriction on the realisability of the land and building or the remittance of income and proceeds of disposal. The Group has no contractual obligations to purchase, construct or develop the property or for repairs or enhancement.

The fair value disclosure on freehold property is as follows:

	Fair value measurement using			
Group	Quoted prices in active market	Significant observable inputs	Significant unobservable inputs	
Date of valuation - 31 December 2018	Level 1 ₦'000	Level 2 ₦'000	Level 3 ₦'000	Total ₦'000
Freehold property	-	-	3,225,827	3,225,827

The fair value disclosure on freehold property is as follows:

	Fair value measurement using			
Group	Quoted prices in active market	Significant observable inputs	Significant unobservable inputs	
Date of valuation - 31 December 2017	Level 1 ₦'000	Level 2 ₦'000	Level 3 ₦'000	Total ₦'000
Freehold property	-	-	2,763,169	2,763,169

During the reporting year ended 31 December 2018, there were no transfers between level 1 and level 2 and in and out of level 3 for land and building carried at fair value.

Valuation techniques and key inputs used in valuing land and building are similar to those used in valuing investment properties in Note 14.

15. Property, plant and equipment - continues

Reconciliation of carrying amount of freehold property	2018 ₦'000
Carrying amount as at 1 January 2018	2,763,169
Additions	459,146
Reclassification	8,500
Level 3 revaluation gain recognised	74,203
Depreciation for the year	(79,191)
Carrying amount and fair value as at 31 December 2018	3,225,827

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

	2018 ₦'000	2017 ₦'000
Cost	2,598,340	2,130,694
Accumulated depreciation	(193,071)	(127,854)
Net carrying amount	2,405,269	2,002,840

16. Intangible assets - Group

	Group 2018 ₦'000	Company 2017 ₦'000
Cost		
At 1 January 2017	659,270	-
Additions	140,814	-
At 31 December 2017	800,084	-
Additions	153,763	-
At 31 December 2018	953,847	-
Accumulated amortisation		
At 1 January 2017	552,617	-
Charge for the year	34,734	-
At 31 December 2017	587,351	-
Charge for the year	66,158	-
At 31 December 2018	653,509	-
Carrying Value		
At 31 December 2018	300,338	-
At 31 December 2017	212,733	-

Intangible assets comprises the softwares used by the subsidiaries across the Group.

17. Statutory deposits

	Group	
	2018	2017
	₦'000	₦'000
Minimum statutory deposit	500,000	500,000

In line with Section 10 (3) of the Insurance Act of Nigeria, a deposit of 10% of the regulatory share capital required for non-life insurance business (N3bn) and life insurance business (N2bn) is kept with the Central Bank of Nigeria. The cash amount held is considered to be a restricted cash balance.

18. Insurance contract liabilities

		Group		Company	
		2018	2017	2018	2017
	Note	₦'000	₦'000	₦'000	₦'000
Outstanding claims - non-life		4,442,389	3,385,168	-	-
Outstanding claims - life		1,536,065	1,709,451	-	-
IBNR		3,163,537	3,257,292	-	-
Group life liabilities		574,915	870,531	-	-
Individual life liabilities including annuities		3,559,775	1,819,891	-	-
Unearned premiums		28,781,596	22,788,597	-	-
		42,058,277	33,830,930	-	-
Non life	18.1	12,826,281	10,908,516	-	-
Life	18.2	29,231,996	22,922,414	-	-
		42,058,277	33,830,930	-	-

18. Insurance contract liabilities- continued

Reconciliation of Insurance contract Liabilities

18.1 Non life insurance

		Group		Company	
		Gross		Gross	
		2018 ₦'000	2017 ₦'000	2018 ₦'000	2017 ₦'000
At 1 January		10,908,516	10,808,884	-	-
Change in unearned premium		1,065,138	(406,910)	-	-
Current year claims provision		6,339,035	4,949,143	-	-
Change in prior year claims provisions		(204,594)	(787,196)	-	-
Claims paid during the year		(5,281,814)	(3,655,405)	-	-
At 31 December		12,826,281	10,908,516	-	-
		Reinsurance		Reinsurance	
		2018 ₦'000	2017 ₦'000	2018 ₦'000	2017 ₦'000
At 1 January		5,980,025	5,360,795	-	-
Change in unearned premium		777,156	257,269	-	-
Change in prior year claims provisions		1,122,255	361,961	-	-
At 31 December	Note 9	7,879,436	5,980,025	-	-
Net non-life insurance		4,946,845	4,928,491	-	-

18.2 Life Insurance

	Group Gross 2018 ₦'000	Group Gross 2017 ₦'000	Company Gross 2018 ₦'000	Company Gross 2017 ₦'000
At 1 January	22,922,414	15,795,913	-	-
Premium received	13,679,683	12,161,883	-	-
Liabilities paid for death benefit claims	(3,153,068)	(5,290,760)	-	-
Benefits and claims experience variations	(4,217,033)	255,378	-	-
At 31 December	29,231,996	22,922,414	-	-

18.2 Life Insurance - continues

		Group Reinsurance 2018 ₦'000	Group Reinsurance 2017 ₦'000	Company Reinsurance 2018 ₦'000	Company Reinsurance 2017 ₦'000
At 1 January		636,920	416,470	-	-
Additions		443,676	528,426	-	-
Benefits and claims experience variations		(482,405)	(323,596)	-	-
Changes during the year		104,864	15,620	-	-
At 31 December	Note 9	703,055	636,920	-	-
		28,528,941	22,285,494	-	-

	Group		Company	
	2018	2017	2018	2017
19. Investment contract liabilities	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Individual	2,088,599	671,384	-	-
Welfare	1,001,059	2,843,551	-	-
	3,089,658	3,514,935	-	-
Movement in investment contract liabilities				
At 1 January	3,514,935	3,487,613	-	-
Deposit	439,418	727,211	-	-
Withdrawal	(1,058,424)	(934,412)	-	-
Guaranteed interest	193,729	234,523	-	-
	3,089,658	3,514,935	-	-

20. Trade payables

	Group		Company	
	2018	2017	2018	2017
	₦'000	**₦'000**	**₦'000**	**₦'000**
This represents the amount payable to insurance and reinsurance companies.	5,413,308	1,228,531	-	-

All amounts are payables within a year. The carrying amount approximates fair value.

Notes To The Consolidated And Separate Financial Statements Cont'd

21. Other payables

	Note	Group 2018 ₦'000	Group 2017 ₦'000	Company 2018 ₦'000	Company 2017 ₦'000
Staff pension		1,433	1,433	1,433	1,433
Statutory payables		167,132	171,912	3,955	31,128
Information Technology development levy		32,193	21,884	-	-
Unclaimed dividends		472,072	624,668	472,072	624,668
Unearned income		609,277	450,036	3,324	3,324
		1,282,107	1,269,933	480,784	660,553
Non trade payable	21.2	737,735	718,657	-	-
Accruals	21.2	890,713	694,373	14,235	81,201
Due to related party		-	-	201,000	-
Tenants' security deposit		24,644	25,980	24,644	25,979
Sundry creditors	21.3	58,951	79,075	84,611	110,757
		1,712,043	1,518,085	324,490	217,937
		2,994,150	2,788,018	805,274	878,490

21.1 Non trade payables consist of payables to regulators and various suppliers.

21.2 Accruals consist of audit fee, subscription to various regulatory bodies

21.3 Sundry creditors relates to amounts due to suppliers and service providers for services rendered.

22. Income tax

Per profit or loss:	Group 2018 ₦'000	Group 2017 ₦'000	Company 2018 ₦'000	Company 2017 ₦'000
Income tax based on profit for the year	426,763	495,263	-	-
Minimum tax	1,371,115	1,168,969	741,115	496,969
Education tax for the year	125,302	114,852	11,596	3,031
Capital gains tax	24,680	-	-	-
Current income tax expense	1,947,860	1,779,084	752,711	500,000
Deferred tax	439,659	(163,078)	217,657	(40,766)
Tax charge to profit and loss	2,387,519	1,616,006	970,368	459,234
Reconciliation of tax charge:				
Profit before income tax expense	9,500,710	8,932,671	4,821,499	4,123,565
Tax at Nigerian's statutory income tax rate of 30%	2,850,213	2,679,801	1,446,450	1,237,070
Non-deductible expenses	4,394,520	3,600,597	577,953	485,640
Tax on exempt income	(6,150,565)	(5,134,001)	(1,569,026)	(1,692,817)
Capital gains tax	24,680	-	-	-
Education tax	125,302	114,852	11,596	3,031
Minimum tax	1,371,115	1,168,969	741,115	496,969
Effect of share of profit of associate	9,974	(10,496)	-	-
Utilisation of previously unrecognised tax losses	(188,225)	(58,513)	(188,225)	(58,513)
Impact of unutilised tax credit	16,246	8,829	16,246	8,829
Tax rate differential on fair value gains	(65,741)	(754,032)	(65,741)	(20,975)
	2,387,519	1,616,006	970,368	459,234
Current income tax payable				
Per Statement of financial position:				
At 1 January	1,518,293	1,609,044	347,338	276,734
Current income tax expense	1,947,860	1,779,084	752,711	500,000
Withholding tax credit offset	(248,401)	(51,191)	(185,694)	(19,368)
Payments during the year	(1,385,460)	(1,818,644)	(313,480)	(410,028)
At the end of the year	1,832,292	1,518,293	600,875	347,338

The charge for taxation has been computed in accordance with the provisions of the Companies Income Tax Act CAP C21 LFN 2004 (as amended). The charge for education tax is based on the provisions of the Education Tax Act CAP E4 LFN 2004. Minimum tax requirement was used for the Company for the year as the tax computed on the assessable profit is lower than the alternative minimum tax.

23. Deferred tax liabilities/(assets)

As per statement of financial position	Group 2018 ₦'000	Group 2017 ₦'000	Company 2018 ₦'000	Company 2017 ₦'000
Losses available for offsetting against future taxable income	(76,120)	(264,345)	(76,120)	(264,345)
Unutilised tax credit	(119,622)	(103,376)	(119,622)	(103,376)
Fair value gains on investment properties	575,656	526,066	356,577	323,707
Revaluation surplus	377,760	355,500	-	-
Accelerated depreciation	251,032	128,278	13,862	9,572
Unrealised foreign exchange gains	356,799	301,505	-	-
Impairment of financial assets	(130,305)	-	(9,556)	-
	1,235,200	943,628	165,141	(34,442)
Deferred tax assets	-	(34,442)	-	(34,442)
Deferred tax liabilities	1,235,200	978,070	165,141	-
Net deferred tax liabilities/(assets)	**1,235,200**	**943,628**	**165,141**	**(34,442)**
As per statement of profit or loss and OCI:				
Tax expense/ (income) during the year recognised in profit or loss:				
Losses available for offsetting against future taxable income	188,225	(58,513)	188,225	(58,513)
Unutilised tax credit	(16,246)	(8,829)	(16,246)	(8,829)
Fair value gains on investment properties	49,590	(61,260)	32,870	20,975
Accelerated depreciation	122,757	16,281	4,290	5,601
Unrealised foreign exchange gains	55,292	(50,757)	-	-
Impairment of financial assets	40,042	-	8,518	-
	439,659	(163,078)	217,657	(40,766)
Tax income during the period recognised in OCI:				
Revaluation surplus	22,260	65,894	-	-
Amounts recorded in retained earnings impacting from IFRS 9 application*	(170,347)	-	(18,074)	-
	291,572	(97,184)	199,583	(40,766)
Reconciliation of deferred tax liability is as shown below:				
At the beginning of the year	943,628	1,040,812	(34,442)	6,324
Amounts recorded in retained earnings impacting from IFRS 9 application*	(170,347)	-	(18,074)	
Tax expense/ (income) during the period recognised in profit or loss	439,659	(163,078)	217,657	(40,766)
Tax income during the period recognised in OCI	22,260	65,894	-	-
At the end of the year	**1,235,200**	**943,628**	**165,141**	**(34,442)**

	Group		Company	
24. Share capital	**2018**	**2017**	**2018**	**2017**
	₦'000	**₦'000**	**₦'000**	**₦'000**
Authorised				
10,000,000,000 Ordinary shares of 50k each	5,000,000	5,000,000	5,000,000	5,000,000
Issued and fully paid				
5,881,864,195 Ordinary shares of 50k each	2,940,933	2,940,933	2,940,933	2,940,933
25. Share premium				
At 31 December	6,412,357	6,412,357	6,412,357	6,412,357

Premiums from the issue of shares are reported in share premium.

26. Reserves

The nature and purpose of the reserves in equity are as follows:

Retained earnings

Retained earnings comprise the undistributed profits from previous years, which have not been reclassified to the other reserves noted below.

Contingency reserve

The statutory contingency reserve has been computed in accordance with Section 21 (1) of the Insurance Act, Cap I17 LFN 2004.

Fair value reserve

The fair value reserve comprises the net cumulative change in the fair value of financial assets measured at fair value through other comprehensive income.

Available-for-sale reserve

This reserve shows the effects from the fair value measurement of financial instruments of the category available-for-sale under IAS 39. Any gains or losses are not recognized in profit or loss until the asset has been sold or impaired.

Asset revaluation reserve

This reserve contains surplus on revaluation of property, plant and equipment. A revaluation surplus is recorded in Other Comprehensive Income and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

Non Controlling Interests

Custodian Investment Plc has a controlling interest of 76.55% (2017: 76.55%) in CrusaderSterling Pensions Limited (CSP), which gives rise to a non-controlling interest of 23.45% in the entity. The balance represents the amount attributable to the non-controlling shareholders of CSP.

27.1 Other investment and sundry income	Note	Group 2018 ₦'000	Group 2017 ₦'000	Company 2018 ₦'000	Company 2017 ₦'000
Gross premium income		36,722,146	31,997,526	-	-
Other investment income		428,740	95,579	3,319,527	2,789,399
Profit on investment contracts	27.1.1	86,521	73,181	-	-
Fees and commission income	27.1.2	4,054,602	3,417,091	-	-
Retainership and professional income		14,838	1,606	-	-
Other operating income	27.1.3	1,723,045	1,247,346	1,124,637	653,397
		43,029,892	36,832,329	4,444,164	3,442,796

Other investment income comprises of dividend income.

Gross premium income

	Group 2018 ₦'000	Group 2017 ₦'000	Company 2018 ₦'000	Company 2017 ₦'000
Non life insurance gross premium income	22,746,847	19,657,323	-	-
Life insurance gross premium income	13,975,299	12,340,203	-	-
	36,722,146	31,997,526	-	-

27.1.1 Profit on investment contracts

	Group 2018 ₦'000	Group 2017 ₦'000	Company 2018 ₦'000	Company 2017 ₦'000
Interest income	280,250	307,704	-	-
Guaranteed interest on investment contracts	(193,729)	(234,523)	-	-
	86,521	73,181	-	-

27.1.2 Fees and commission income

	Group 2018 ₦'000	Group 2017 ₦'000	Company 2018 ₦'000	Company 2017 ₦'000
Insurance contracts	1,165,570	831,692	-	-
Management fees	2,889,032	2,585,399	-	-
	4,054,602	3,417,091	-	-

27.1.3 Other operating income

	Note	Group 2018 ₦'000	Group 2017 ₦'000	Company 2018 ₦'000	Company 2017 ₦'000
Rental Income		173,114	140,578	13,296	13,296
Property management		6,192	7,343	6,192	7,343
Recoveries on insurance receivables	8.2	-	5,944	-	-
Foreign exchange gains		1,193,210	1,041,331	-	-
Sundry income		350,528	52,150	1,105,149	632,758
		1,723,045	1,247,346	1,124,637	653,397

The Company operates a structured transfer pricing program where certain common expenses such as utilities, personnel salaries, travel, etc can be incurred on behalf of its subsidiaries and charged back periodically to the subsidiaries in the manner specified in the approved Transfer Pricing Instrument. These refunds/reimbursements, including the approved mark-up of 10% amounting to ₦762,947 (2017: ₦617,820) are included in sundry income for the Company and eliminated on consolidation.

27.2 Interest income

	Group		Company	
	2018 ₦'000	2017 ₦'000	2018 ₦'000	2017 ₦'000
Interest income on bonds measured at ammortised cost	5,489,946	4,727,578	710,685	930,951
Interest income on call and deposit accounts	1,563,729	1,338,960	77,454	58,146
Interest income on statutory deposits	97,250	129,410	-	-
Interest income on staff loan	31,589	24,398	30,189	23,204
	7,182,514	6,220,346	818,328	1,012,301

28. Operating expenses

	Note	Group		Company	
		2018 ₦'000	2017 ₦'000	2018 ₦'000	2017 ₦'000
Reinsurance expenses	9.1	16,149,676	13,185,179	-	-
Underwriting expenses	28.1	2,865,306	2,887,773	-	-
Net claims expenses	28.2	15,276,687	13,914,792	-	-
		34,291,669	29,987,744	-	-

28.1 Underwriting expenses

	Note				
Acquisition costs	10	2,679,993	2,538,902	-	-
Maintenance costs		185,313	348,871	-	-
		2,865,306	2,887,773	-	-

28.2 Net claims expenses

Gross claims expenses	19,252,714	15,602,886	-	-
Claims ceded to reinsurers	(3,976,027)	(1,688,094)	-	-
	15,276,687	13,914,792	-	-
Net claims expenses Life	12,536,734	11,769,579	-	-
Net claims expenses Non Life	2,739,953	2,145,213	-	-
	15,276,687	13,914,792	-	-

The insurance claims comprise of claims payable,claims expenses paid including loss adjuster fees and the movement in the insurance fund liability. The insurance fund liability is adjusted to reflect the movement in the estimated claims liabilities as determined by the actuary. The effect of the adjustment is reflected in the profit or loss.

		Group		Company	
29. Net realised gains/(losses)	Note	2018 ₦'000	2017 ₦'000	2018 ₦'000	2017 ₦'000
Profit on disposal of property and equipment		14,243	2,645	1,294	100
Net realised gain on foreign exchange		70,304	3,020	-	-
Disposal of investment properties		29,000	-	-	-
Realised (loss)/gain on equity securities		(123,797)	117,036	(76,232)	-
		(10,250)	122,701	(74,938)	100
30. Net fair value (losses)/ gains					
Changes in fair value of quoted investments		(886,832)	879,453	43,090	22,752
Fair value gains on investment properties	14	713,705	652,619	328,705	209,750
		(173,127)	1,532,072	371,795	232,502
31. Management expenses					
Staff cost	31.1.1	2,339,276	1,632,926	453,711	373,727
Marketing and administrative expenses		1,632,883	1,796,497	35,060	34,037
Other operating expenses		1,355,255	1,330,234	179,450	82,394
Depreciation on property, plant and equipment		361,206	293,919	40,918	18,175
Professional fees		238,539	366,227	-	-
Repairs and maintenance		185,262	173,127	334	338
Directors' fees & allowances		143,496	146,119	46,647	46,463
Ammortisation of intangible assets		66,157	34,734	-	-
Auditors' remuneration		47,713	42,782	9,500	9,000
Penalties and fines		11,050	5,455	-	-
Foreign exchange loss		621	-	621	-
		6,381,458	5,822,020	766,241	564,134

Other operating expenses comprises business promotion expenses, general welfare, entertainment and printing and stationeries.

31.1.1 **Staff cost**

	Group		Company	
	2018 ₦'000	2017 ₦'000	2018 ₦'000	2017 ₦'000
Salaries	1,834,050	1,192,012	408,337	328,740
Defined contribution pension cost	111,702	88,751	11,524	7,312
Other staff allowance	393,524	352,163	33,850	37,675
	2,339,276	1,632,926	453,711	373,727

Other staff allowances include dressing, inconvenience and furniture allowance and bonuses paid to employees.

31.2. **Credit loss write back**

	Group		Company	
	2018 ₦'000	2017 ₦'000	2018 ₦'000	2017 ₦'000
Write back on cash and cash equivalents	65,026	-	14,209	-
Write back on financial assets at amortised costs	120,190	-	22,104	-
Charge on other receivables	(7,162)	-	(7,922)	-
	178,054	-	28,391	-

32.1 **Net gains on available-for-sale assets**

Net gain on available-for-sale assets*	-	550,794	-	-
	-	550,794	-	-

32.2 **Net gain on equity instrument designated at fair value through OCI**

Gain during the year	422,290	-	-	-
	422,290	-	-	-

*Income from these instruments is exempted from tax.

	Group		Company	
33. Revaluation surplus on freehold property	**2018**	**2017**	**2018**	**2017**
	₦'000	**₦'000**	**₦'000**	**₦'000**
Arising during the year (Note 15)	74,203	219,648	-	-
Income tax effect (Note 23)	(22,260)	(65,894)	-	-
	51,943	153,754	-	-
34. Earnings per share				
Profit for the year	7,113,191	7,316,665	3,851,131	3,664,331
Less: Non-controlling interests	(295,577)	(291,154)	-	-
Net profit attributable to ordinary shareholders (₦'000)	6,817,614	7,025,511	3,851,131	3,664,331
Number of ordinary shares in issue as at year end ('000)				
Share capital	5,881,866	5,881,866	5,881,866	5,881,866
Basic earnings per ordinary share (kobo)	116	119	65	62
Diluted earnings per ordinary share (kobo)	116	119	65	62

Basic earnings per share (EPS) amount is calculated by dividing the net profit or loss for the year attributable to ordinary shareholders by the number of ordinary shares outstanding at the reporting date.

Diluted EPS is calculated by adjusting the net profit due to continuing operations attributable to ordinary shareholders and the weighted average number of shares outstanding for effects of all dilutive potential ordinary share.

The basic earnings per share and the diluted earnings per share are the same because there is no potential ordinary shares.

35. Emolument of directors and key management

Key management personnel of the Company includes all directors, executive and non-executive, and senior management. The summary of the compensation of key management personnel for the year is as follows:

	Group		Company	
	2018 ₦'000	2017 ₦'000	2018 ₦'000	2017 ₦'000
Fees	28,337	26,347	17,493	17,493
Executive compensation	202,993	202,993	106,700	106,700
Other emoluments	85,506	84,974	-	-
Total	316,836	314,314	124,193	124,193
Fees and other emoluments (excluding pension contributions) disclosed above include amounts paid to:				
Chairman	5,171	5,171	5,171	5,171
Highest paid Director	48,000	48,000	48,000	48,000

Notes To The Consolidated And Separate Financial Statements Cont'd

35.1 Employee remuneration

1. The number of employees of the Group, other than directors, who received emoluments in the following ranges (excluding pension contribtions and certain benefits), were:

	Group		Company	
	2018 ₦'000	2017 ₦'000	2018 ₦'000	2017 ₦'000
60,000 - 999,999	19	22	5	5
1,000,000 - 1,999,999	181	155	8	4
2,000,000 - 2,999,999	59	58	5	2
3,000,000 - 3,999,999	32	41	1	-
4,000,000 - 4,999,999	21	14	1	-
5,000,000 - 5,999,999	18	20	-	1
6,000,000 and above	29	18	5	4
	359	328	25	16
2. Average number of persons employed during the year were:				
Executive directors	9	9	1	1
Management staff	28	25	4	4
Non-management staff	322	294	20	11
	359	328	25	16
3. Staff cost excluding the Directors relating to the above	₦'000	₦'000	₦'000	₦'000
Salaries and wages	2,070,353	1,361,826	333,521	259,846
Pension costs	111,702	68,107	11,393	7,181
	2,182,055	1,429,933	344,914	267,027

36. Fines and penalties

	Group 2018	Group 2017	Company 2018	Company 2017
Charged during the year	11,050	5,455	-	-

The Company did not pay any fines or penalty during the year (2017: Nil) but some of its subsidiaries were fined for violating/breach of certain sections of the Insurance Act 2003 or Prudential guidelines 2015 and by Financial Reporting Council of Nigeria for inadequate disclosures in 2016 financial statements.

37. Contingencies and commitments

No provisions in respect of legal claims and fees have been included in the Group consolidated and separate financial statements. No contingent liabilities have come to the attention of management for the year ended 31 December 2018 (2017: Nil).

The Directors have sought professional legal counsel and are of the opinion that no significant liability is expected.
There was no capital commitment as at 31 December 2018 (2017: Nil)
The Group has entered into commercial leases on certain property and equipment. These leases have an average life of between one and two years, with no renewal option included in the contracts. There are no restrictions placed upon the Group by entering into the leases.

	Group		Company	
	2018	**2017**	**2018**	**2017**
	₦'000	**₦'000**	**₦'000**	**₦'000**
Within one year	106,898	106,898	3,324	3,324
After one year but not more than 5 years	63,250	63,250	-	-
Total operating lease receivables	170,148	170,148	3,324	3,324

38. Events after the reporting date

There were no events after the reporting date which could have a material effect on the consolidated and separate financial position of the Group as at 31 December 2018 or the financial performance for the year ended that have not been adequately provided for or disclosed.

39. Group subsidiaries and related party transactions

Custodian Investment Plc is a company incorporated in Nigeria and is the ultimate parent company of the Group.

Transactions between the parent and its subsidiaries have been eliminated on consolidation. Details of the Group's interests and investments in subsidiaries as at 31 December 2018 are shown in Note 12.

The following balances were outstanding at the end of the reporting year:

Receivables from related parties:	Group		Company	
	2018 ₦'000	2017 ₦'000	2018 ₦'000	2017 ₦'000
Interstate Securities Limited (Investments)	100,000	400,000	-	300,000
Interstate Securities Limited (Deposits)	296,521	144,592	296,521	144,592
Key Management Personnel (Loan)	284,176	284,176	250,000	250,000
	680,697	828,768	546,521	694,592

The Group considered the outstanding balances at the reporting date as unsecured and interest bearing loan. The settlements will involve physical delivery of cash as applicable. The investments is made up of cash deposits in the associate to be used for future equity tradings on the stock market while the deposits are deposits for shares. The loan is a mortgage loan receivable from key management personnel.

In relation to the balances with related parties, there was no allowance for impairments on receivables at the end of the reporting period and no bad debt expensed in the year (2017: Nil).

40. Distribution made and proposed

	Group	
	2018 ₦'000	2017 ₦'000
Final dividend 2017: 32kobo (2016: 18Kobo)	1,882,197	1,058,736
Interim dividend 2018: 10kobo (2017: 10kobo)	588,186	588,186
	2,470,383	1,646,922

On 24 April 2018 and 6 September 2018, the Company paid final and Interim dividend comprising of 32kobo and 10kobo per ordinary share based on the 2017 audited financial results and 2018 half year results, respectively. Payment of the total N2,470,383,000 has since been made.

The Directors proposed a final dividend of 35kobo per ordinary share of 50kobo each.

41. Approval of Financial Statements

The consolidated and separate financial statements were approved by the Board of Directors and authorized for issue on 21 March 2019.

42. Segment Reporting

Identification of reportable segments

The business activities of Custodian Investment Plc Group are first organized by product and type of service: insurance activities, pension asset management activities and other activities. Due to differences in the nature of products, risks and capital allocation, insurance activities are further divided between property & casualty (Non-Life) and life categories.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit (or loss) before income taxes, as included in the internal management reports that are reviewed by the Group's CEO. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within this industry. Inter-segment pricing is determined on an arm's length basis.

Information reported to the chief operating decision maker (the CEO) for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The Company's reportable segments under IFRS 8 are therefore as follows:

- Non-life business
- Life business
- Pension administration
- Trustees and others

Non-Life Business

The non -life reportable segment offers a wide variety of insurance products for both individual and corporate customers. The products offer range from engineering, aviation, marine liability, motor liability, oil and energy, fire and property. The main source of income in this segment is the premium received from the insured on risk covered by the entity and the investment income earned on placements and deposit with financial institutions.

The business of this segment is undertaken by Custodian and Allied Insurance Limited, a fully owned subsidiary of the Company.

42. Segment Reporting - continued

Life Business

The life reportable segment offers a range of life insurance products on both individual and group basis, including annuity, endowment and investment oriented products, insurance products with Discretionary Participatory Features (DPF). Gross premium recurring on life policies are recognised as revenue when payable by the policy holders. The business of this segment is undertaken by Custodian Life Assurance Limited, a fully owned subsidiary of the Company.

Pension Administration

This reportable segment included the administration and management of the retirement benefits of members. The administration includes making investment decisions, collection of contribution and making payment to retirees in-line with provisions of Pension Reform Act 2014. The revenue earned includes administration and management fees received on member's contributions and the Net Asset value of Funds under Management respectively. The business of this segment is undertaken by Crusader Sterling Pensions Limited, a 76.55% owned subsidiary of the Company.

Trustees and others

This reportable segment includes trustee management, corporate services, investment and property management. The businesses of this segment are undertaken by the company and Custodian Trustees Limited, a fully owned subsidiary of the Company.

42.1. Business Segment Information:

Consolidated Statement Of Profit Or Loss And Other Comprehensive Income	Non Life 2018 ₦'000	Life 2018 ₦'000	Pension Administration 2018 ₦'000	Trustees And Others 2018 ₦'000	Total 2018 ₦'000	Eliminations/ Others 2018 ₦'000	Consolidated 2018 ₦'000
Gross premium written	23,811,985	13,679,683	-	-	37,491,668	-	37,491,668
Gross premium income	22,746,847	13,975,299	-	-	36,722,146	-	36,722,146
Reinsurance expenses	(15,175,823)	(973,853)	-	-	(16,149,676)	-	(16,149,676)
Net premium income	7,571,024	13,001,446	-	-	20,572,470	-	20,572,470
Fees and commission income	1,077,707	87,863	2,889,032	14,838	4,069,440	-	4,069,440
Net income	8,648,731	13,089,309	2,889,032	14,838	24,641,910	-	24,641,910
Net claims expenses	(2,739,953)	(12,536,734)	-	-	(15,276,687)	-	(15,276,687)
Underwriting expenses	(2,028,639)	(836,667)	-	-	(2,865,306)	-	(2,865,306)
	3,880,139	(284,092)	2,889,032	14,838	6,499,917	-	6,499,917
Interest income	1,862,023	3,859,431	587,937	873,123	7,182,514	-	7,182,514
Other investment and operating income	1,344,186	270,039	1,356	4,444,358	6,059,939	(3,821,633)	2,238,306
Net realised gains/(losses)	28,548	24,096	12,044	(74,938)	(10,250)	-	(10,250)
Net fair value gains/(losses)	358,584	(903,506)	-	371,795	(173,127)		(173,127)
Credit loss write back	113,457	33,278	2,928	28,391	178,054	-	178,054
Management expenses	(2,917,445)	(1,566,460)	(1,766,423)	(864,052)	(7,114,380)	732,922	(6,381,458)
Share of profit of associate	-	-	-	-	-	(33,246)	(33,246)
Profit before inocme tax expense	4,669,492	1,432,786	1,726,874	4,793,515	12,622,667	(3,121,957)	9,500,710
Income tax expenses	(844,736)	(104,243)	(466,419)	(972,121)	(2,387,519)	-	(2,387,519)
Profit after income tax expense	3,824,756	1,328,543	1,260,455	3,821,394	10,235,148	(3,121,957)	7,113,191
SEGMENT ASSETS	38,617,780	42,612,427	5,128,464	20,353,338	106,712,009	(8,590,040)	98,121,969
SEGMENT LIABILITIES	20,669,805	33,964,371	1,109,487	1,666,617	57,410,280	(787,397)	56,622,883
DEPRECIATION	78,914	142,602	88,601	51,089	361,206	-	361,206
AMORTISATION	12,923	36,762	16,473	-	66,158	-	66,158

42.1. Business Segment Information:

Consolidated Statement Of Profit Or Loss And Other Comprehensive Income	Non Life 2017 ₦'000	Life 2017 ₦'000	Pension Administration 2017 ₦'000	Trustees And Others 2017 ₦'000	Total 2017 ₦'000	Eliminations/ Others 2017 ₦'000	Consolidated 2017 ₦'000
Gross premium written	20,064,233	12,161,883	-	-	32,226,116	-	32,226,116
Gross premium income	19,657,323	12,340,203	-	-	31,997,526	-	31,997,526
Reinsurance expenses	(12,315,407)	(869,772)	-	-	(13,185,179)	-	(13,185,179)
Net premium income	7,341,916	11,470,431	-	-	18,812,347	-	18,812,347
Fees and commission income	718,497	113,195	2,585,399	13,607	3,430,698	(12,001)	3,418,697
Net income	8,060,413	11,583,626	2,585,399	13,607	22,243,045	(12,001)	22,231,044
Net claims expenses	(2,145,213)	(11,769,579)	-	-	(13,914,792)	-	(13,914,792)
Underwriting expenses	(1,951,886)	(935,887)	-	-	(2,887,773)	-	(2,887,773)
	3,963,314	(1,121,840)	2,585,399	13,607	5,440,480	(12,001)	5,428,479
Other investment and operating income	1,891,075	2,819,244	609,181	3,848,182	9,167,682	(2,802,973)	6,364,709
Net realised gains/(losses)	31,230	89,488	1,883	100	122,701	-	122,701
Net fair value gains/(losses)	631,231	668,339	-	232,503	1,532,073	-	1,532,073
Other operating income	1,121,906	116,541	1,247	676,668	1,916,363	(644,621)	1,271,742
Management expenses	(2,603,522)	(1,324,000)	(1,617,282)	(622,394)	(6,167,198)	345,178	(5,822,020)
Share of profit of associate	-	-	-	34,987	34,987	-	34,987
Profit before inocme tax expense	5,035,234	1,247,772	1,580,428	4,183,653	12,047,088	(3,114,417)	8,932,671
Income tax expenses	(582,858)	(233,170)	(338,835)	(461,143)	(1,616,006)	-	(1,616,006)
Profit after income tax expense	4,452,376	1,014,602	1,241,593	3,722,510	10,431,082	(3,114,417)	7,316,665
SEGMENT ASSETS	30,517,681	33,160,603	4,543,449	18,666,788	86,888,521	(5,987,504)	80,567,738
SEGMENT LIABILITIES	14,318,380	27,884,095	834,509	1,242,371	44,279,355	(420,578)	43,858,777
DEPRECIATION	76,384	134,516	60,282	22,737	293,919	-	293,919
AMORTISATION	13,105	3,919	17,710	-	34,734	-	34,734

43. RISK MANAGEMENT FRAMEWORK

43.1 Introduction and Overview

The Board of Directors appreciates that risks are inherent in all aspects of the Group's operations and that it cannot totally eliminate risks. It therefore acknowledges the critical role of risk management in the achievement of the objectives of the Group.

The Enterprise Risk Management Framework establishes the criteria within which enterprise risks are managed. The intent of the framework is to ensure the effective communication and management of risk categories across all business units. The scope of the Framework is enterprise-wide and is applicable to Board, Management and employees of the Group.

Enterprise risk management is a process, applied by our organization in a strategic setting, which enables management to identify potential risk events that may affect the entity; and provides a framework to manage risk within the organization's risk appetite in order to provide reasonable assurance regarding the achievement of the organization's objectives.

The Board is committed to managing risk in accordance with established risk management standards and has overall responsibility for the establishment and oversight of the enterprise risk management framework. There is an established Board Risk Committee, which is responsible for developing and monitoring the enterprise risk management policies. It meets quarterly to receive reports from the Management Risk Committee. The Management Risk Committee in turn meets every two months to review risk reports from the Chief Risk Officer.

The enterprise risk management policies are established to give broad guidance on how strategic objectives are to be set, and cascaded through to operational, reporting and compliance objectives. To identify and analyze the risks faced by the Group, risks are attached to objectives, core processes and key dependencies. The Group's risk policies set appropriate risk limits and appetites that form the basis for prioritizing identified risks. Risk controls are set and reviewed continually to monitor adherence to risk appetite and limits.

The Group has a policy to review the risk management policies and systems annually in order to reflect changes associated with its activities and the global economy generally. The Group, through regular risks workshops, trainings and design of standard operating procedures, aims to embed a risk culture in which all employees are aware of the risks in their respective roles and obligations.

The Group's risk management framework functions on three lines of risk defense. Core Process owners function as the first line of risk defense and they have responsibility for risk prevention. The risk management unit assumes the second line of risk defense and is assigned responsibility to holistically coordinate the risk control functions, enterprise-wide. The internal audit function, as the last line of risk defense, functions to secure assurance that risk controls are effective and efficient.

43.1.1 Objectives

The Group is committed to the management of inherent risks. The Group's enterprise risk management framework aims to:

- Promote proactive recognition of external factors and anticipate uncertainties that may affect the achievement of strategy.
- Protect the interests of the Group's shareholders.
- Provide assurance to counterparts, customers, employees and the community.
- Recognize that risk is embedded in all our activities and that the underlying risk appetite is key to effective decision making.
- Provide appropriate, consistent and transparent ownership and accountability around risk mitigation.
- Enable the design and implementation of controls.
- Improve performance measurement; the Group's improved understanding of its risk profile enables appropriate allocation of risk and economic capital to individual lines of business, which allows improved performance measurement and evaluation of activities.
- Ensure better control of operations; the Group expects that increased understanding of risk activities within various business units, the Board and senior management will lead to improvements in the control of operations and the emergence of a more proactive enterprise risk management culture.

43.2 Philosophy and Principles

The continued successful safeguarding, maintenance and expansion of the Group's businesses requires a comprehensive approach to risk management.

It is the policy of the Group to identify, assess, control and monitor all risks that the business may incur to ensure that the risks are appropriate in relation to the scale and benefit of the associated project, business or practice and to ensure that no individual risk or combination of risks result in a likely material impact to the financial performance, brand or reputation of the Group.

By acknowledging that risk and control are part of everyone's job, and by incorporating risk management into the Group's daily business practices the Group will be better equipped to achieve its strategic objectives, whilst maintaining the highest ethical standards.

The Group adopts a risk philosophy aimed at maximizing business opportunities and minimizing adverse outcomes, thereby enhancing shareholder value by effectively balancing risk and reward.

The Board of Directors is responsible for setting the enterprise risk management strategy of the Group and its implementation. All staff are expected to demonstrate the highest ethical standards of behavior in development of strategy and pursuit of objectives.
The following philosophy and principles govern the management of enterprise risk in the Group:

- The Board approves and periodically reviews the enterprise risk management framework.
- Ownership, management and accountability for risk is decentralised with business and functional units.
- There are consistent standards for defining, evaluating, measuring, monitoring and reporting risks.

- The Group's enterprise risk management practices are subject to regular independent review internally and externally.
- Enterprise risk management is governed by well-defined policies and procedures which are clearly communicated across the Group.
- Enterprise risk-related issues are taken into consideration in business decisions including new product and process designs.
- Various risk and loss events are reported openly and fully to the appropriate levels once they are identified.
- Adequate processes and systems for identifying, measuring, monitoring, reporting and controlling risks are being implemented by the Group.

43.2.1 Strategy

Failure to manage risk effectively often results in significant financial losses, regulatory fines or censure, reputational damage, brand erosion or even the loss of insurance licence, all of which directly impact shareholder value. Accordingly, the Group's enterprise risk strategy aims to minimise the impact of various risks on its shareholders' value. In more specific terms, the Group's strategy is to:

- reduce the likelihood of occurrence of unexpected events and related cost by managing the risk factors and implementing loss prevention or reduction techniques to reduce variation in earnings;

- minimise the impact of unexpected and catastrophic events including related costs through risk financing strategies that support the Group's long-term growth, cash flow management and balance sheet protection; and
- make all managers responsible for the management of risk and thus minimise actual or potential losses. The Group recognises that some losses, such as operational errors, are inevitable and are normal business cost but will ensure these costs are kept within acceptable levels and potential losses are minimised.

In implementing this strategy, the Group:

- has put in place best-practice enterprise risk management policies and procedures. These include procedures to help identify, assess, control, manage and report various risks within the Group;
- ensures that roles and responsibilities are agreed and clearly understood by employees at all levels;
- ensures that all staff in business and support functions are aware of their responsibilities for risk management;
- considers the potential risk impact of its activities and products at the outset with a view to minimising these as far as possible;
- has put in place structures and processes for reporting control failures to designated individuals and escalating material issues to the Board Audit & Risk Committees respectively;
- ensures that staff are provided with appropriate enterprise risk management training that is commensurate to their roles;
- establishes a workable business continuity plan (including disaster recovery and crisis management procedures) that minimises the impact of unexpected and catastrophic events on business operations and customer service;
- minimises the financial impact of losses, through management of risk factors and utilisation of insurance and other risk transfer strategies; and
- ensures that staff responsibility with respect to enterprise risk management is communicated through on-going risk awareness workshops and management action.

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43.3 Governance and Culture

The overall responsibility for enterprise risk management in the Group resides with the Board. The responsibility of the day-to-day management has been delegated as described in this section. On a regular basis, the Board receives reports on Group's risk profile through the Board Risk Management Committee.

To ensure consistency and prudent management of risks, the responsibility for managing risk has been split as follows:

- the overall governance owned by the Board and Board Committees (Board Audit & Risk Committees) and Management Risk Committee;
- the approval of enterprise risk management policies and standards for risk identification, measurement, assessment, monitoring and reporting is the responsibility of the Board Risk Management Committee;
- the enterprise risk management framework implementation and review is owned by the Risk Management department;
- the implementation of the enterprise risk management framework within the branches, departments/business units and the day-to-day management of risks is owned by respective core processes and executed through management structure.
- the assurance role that risk management controls are effective and efficient is owned by the internal audit function.
- Legal and Compliance unit ensures that the Company adheres to laws, regulations, guidelines and specifications relevant to its business.

43.3.1 The Board and Board Committees

The Board of Directors, Board Audit & Risk Committees and the Management Risk Committee shall have overall oversight function for enterprise risk management. It shall be their responsibility to ensure effective management of risks and adherence to the approved enterprise risk policies.

43.3.1.1 Board of Directors

The Board of Directors:

- sets the Group's enterprise risk strategy and direction in line with the Group's corporate strategy;
- gives final approval for the Group's enterprise risk management framework, policies and procedures;
- periodically reviews the framework to ensure its relevance and effectiveness; and ensures that senior management is performing its risk management responsibilities; and
- sets risk appetite levels.

43.3.1.2 Board Audit and Risk Committee

The Board Committees:

- ensures that the enterprise risk management framework is comprehensive and in line with the Group's strategy;
- approves the enterprise risk management framework and oversees its implementation;
- establishes a management structure capable of implementing the framework with clear lines of responsibility, accountability and reporting; and
- reports significant risk issues to the Board of Directors.

43.3.1.3 Management Risk Committee

The Group's Management Risk Committee:

- ensures that the framework is implemented consistently across the Group;
- ensures policies and procedures are developed for managing risk in the Group's products, activities, systems and processes;
- ensures that all levels of staff understand their responsibilities with respect to enterprise risk management;
- reviews the Group's risk dashboard and assesses potential impact on the activities of the Group or business unit;
- ensures the Group's risk profile is within established risk parameters;
- ensures that staff are adequately trained and have access to the necessary resources;
- obtains and reviews periodic reports on loss events, risk profiling, control failures enterprise-wide and monitors that corrective measures are being implemented;
- ensures that the outputs from the enterprise risk management process are factored into the day-to-day management decisions of the Group; and
- ensures that the Group's enterprise risk management policies and procedures promote the desired risk culture.

43.3.2 Chief Risk Officer

The Chief Risk Officer:

- Leads the development and implementation of enterprise risk management across the Group.
- Develops enterprise risk management strategy, principles, framework and policy.
- Implements appropriate enterprise risk management processes and methodologies.
- Advises and coaches management and business units on risk management.
- Coordinates the appropriate and timely delivery of risk management information.
- Approves all reports, risk policy proposals, recommendations and other documents prepared for presentation to the Management Risk Committee, and Board Audit & Risk Committees.

The Enterprise Risk Management seeks to build a strong risk management and control culture by setting the appropriate tone at the top, promoting awareness, ownership and proactive management of key risks, and promoting accountability. In short, we seek to promote a risk-conscious workforce across the enterprise.

The Group's risk culture is based on the following:

- Ownership of Risk Management by top executives and senior management with appropriate delegation down the line.
- Integration of risk management into all business units of the Group.
- Compliance with the Group's culture and value system.
- Proactive risk management process.
- Risk Management training, education and awareness.
- Effective risk management and controls .
- Constant monitoring of risk environment and risk management process and system.
- Compliance with all relevant statutory, regulatory and supervisory rules, regulations, pronouncements and requirements.
- Ensuring risk management owners are responsible and accountable relative to their function and position.
- Ensure crises free management of risk issue when and if it occurs.

43.4 Capital Management

For the purpose of the Group's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximise the shareholder value. The Group manages its capital structure. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group trade and other payables, less cash and short-term deposits, excluding discontinued operations.

	Group		Company	
	2018 ₦'000	2017 ₦'000	2018 ₦'000	2017 ₦'000
Trade and other payables	(8,407,458)	(4,016,549)	(805,274)	(878,490)
Less Cash and cash equivalents short term deposits	11,745,027	7,909,809	192,180	668,233
Cash surplus/ (deficit)	3,337,569	3,893,260	(613,094)	(210,257)
Equity	40,540,637	35,823,216	18,420,723	17,082,146
Capital and net debt	40,540,637	35,823,216	18,420,723	17,082,146
Gearing ratio	0%	0%	-3%	-1%

43.5 Risk Identification and Prioritization

Risk identification is a deliberate and systematic effort to identify and document the enterprise's key risks. Risks emanate from internal or external sources which affects implementation of strategy or achievement of objectives.

The objective of risk identification is to understand what is at risk within the context of the enterprise explicit and implicit objectives and to generate a comprehensive inventory of risks based on the threats and events that might prevent, degrade or delay the achievement of the objectives. The Group adopts a rigorous and ongoing process of risk identification that also includes mechanisms to identify new and emerging risks timely. These risks form the basis of the overall risk profile for the enterprise.

43.5 Risk Identification and Prioritization - continued

The following broad categories of risk are used to enable appropriate aggregation and to assist with the identification of inherent risks across the Group:

- Business Strategy Risk
- Credit Risk
- Compliance Risk
- Insurance Risk
- Legal/Regulatory Risk
- Liquidity Risk
- Market Risk
- Operational Risk
- Reputation/Brand Risk

The risks identified are then assessed in order to prioritize the most important risks. Risk assessment is a process to quantify or qualify the level of risk associated with a specific threat or event, to enrich the risk intelligence available to the enterprise.

Risks are prioritized, considering likelihood and impact of a given outcome, to determine how they should be managed. The purpose of prioritizing the risk is to determine the level of action needed for the identified and assessed risks. The objectives at this step are to separate the minor risks from major ones. The level of risk is determined by measuring the likelihood of each event arising and the associated consequences.

Risk Identification Methods:

The following are the methods adopted in identifying risks faced by the enterprise:
Brainstorming: Risk identification through brainstorming sessions on risk areas, vulnerabilities and threats.
Questionnaire: Risk identification by issuing questionnaires to members of various units in order to identify risks peculiar to them

43.6 Risk Appetite/Risk Tolerance

It is not always efficient to manage risks to zero residual risk or very low residual threshold because of the time, cost and effort that will be required. However, it is also poor risk management practice to accept risks which create unnecessary exposure for the enterprise.

As a result, the enterprise will not accept risks which could expose her to:

- Unacceptable levels of financial loss relative to strategic and operational targets
- Breaches of legislation or regulatory non-compliance
- Damage to its reputation
- Unacceptable interruption to the provision of services to customers
- Damage to relationships with its customers and key stakeholders

The Group's risk tolerance statement is defined below which guides strategic decision making;

"The Group shall hold capital at the 99.6% Value-at-risk level. No risk driver for example, line of business or asset class must consume more than 5% of shareholder's equity when looking at the 95% Value at Risk. No extreme scenario with a probability of higher or equal to a 1 in 250 years must result in a loss which exceeds 15% of the shareholder's equity".

43.7 Risk Reporting and Communication

Information is needed at all levels to identify, assess and respond to risks. Like any other process, the success of risk management depends on the availability of reliable information and effective communication at various levels. Pertinent information has been identified, captured and communicated in a form and time frame that enables members of staff to carry out their responsibilities.

A reporting system is designed to provide assurance that the enterprise risks are adequately managed. Information is provided on risk management status and actions taken for continuous improvement. The report provides information on the effectiveness of achieving corporate objectives; a forward looking report that anticipates emerging risks.

Information and communication channels are in place to make various business units aware of risks that fall into their area of responsibility and the expected behavior to mitigate negative outcomes.

Relevant information, properly and timely communicated is essential to equip the relevant officials to identify, assess and respond to risks. The Enterprise's risk communication and reporting process supports enhanced decision making and accountability through; dissemination of relevant, timely, accurate and complete information.

43.8 Risk Management and Controls

In the management and control of risks, the information gained during risk assessments is used to develop control measures that would be applied to ensure appropriate management of risks. It involves the implementation of new polices and standards, physical changes and procedural changes that can reduce or eliminate certain risks within the various business units.

The following are the risk control measures the enterprise employs to mitigate risk:

- Risk Avoidance: this involves committing to stop executing the activities that give rise to the risk. Risk avoidance is usually a function of consolidating business processes and implementing preventative controls to halt deviations from acceptable norms.
- Risk Reduction: The risk reduction strategy involves reorganizing business processes to reduce the risk exposure inherent in them. Risk reduction involves reducing the severity of the loss or the likelihood of the loss occurring.

- Risk Transfer: A risk transfer strategy involves reducing risk likelihood or impact by transferring or otherwise sharing a portion of the risk. Common risk transfer techniques used includes purchasing insurance products, pooling risks and engaging in hedging transactions.
- Risk Acceptance: A risk acceptance strategy is a well-informed decision to accept loss, or benefit of gain, from a risk when it occurs. This involves making resources available internally to mitigate or accommodate such risks. An acceptance strategy is an effective way of addressing emerging risks which are those risks that are anticipated to arise in the future.

Control activities are also established to ensure that risk management decisions are carried out effectively and consistently throughout the Group. This involves formalizing risk management decisions in the Group's policies, ensuring clear accountability, utilizing self-assessment and monitoring tools and designing controls into the systems and critical business processes.

43.9 Risk Factors and Types

43.9.1 Insurance Risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Group faces under its insurance contracts is that the actual claims and benefit 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.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability of the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected by a change in any subset of the portfolio. The Group has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

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43.9.1.1 General Accident Insurance Risks

Frequency and Severity of Claims

The frequency and severity of claims can be affected by several factors. The most significant is the long tailed nature of occupational hazards and employers liability. Estimated inflation is also a significant factor due to the long period typically required to settle these cases.

The Group manages these risks through prudent underwriting, adequate reinsurance arrangements and proactive claims handling.

Prudent underwriting attempts to ensure that bad risks are rejected and the underwritten pool of risks are well diversified in terms of type and amount of risk, industry and geography.

Underwriting policies are in place to enforce proper risk selection. For example, the Group does not write or renew individual policies with established moral hazards. It also imposes excesses and deductibles to make the insured bear a proportion of a loss and thus check negligent or indulgent tendencies. The Group undertakes loss investigation that most times results in downward adjustments of reported claims. The Group rejects payment of fraudulent claims that are thrown up by its investigation search light. Insurance contracts also entitle the Group to pursue third parties for payment of some or all costs through its subrogation rights. Any contract in which a branch office of the Group is committed to cover risks in excess of its prescribed limits requires head office approval.

The reinsurance arrangements include excess of loss and catastrophe covers that are used to protect the Group's net account. The effect of such reinsurance arrangements is that the Group should not suffer total net insurance losses of more than N70 million in any one event.

Sources of uncertainty in the estimation of future claim payments

Claims on long-tail general accident insurance contracts are payable on a claims-occurrence basis. Coverage applies to bodily injury or property damage that occurs during the policy period, regardless of when claims for damages are made. As a result, liability claims are settled over a long period of time (long-tail), and a larger element of the claims provision relates to incurred but not reported claims (IBNR). 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 compensation paid on these contracts is the monetary awards granted for bodily injury suffered by employees (for employer's liability covers) or members of the public (for public liability covers). Such awards are lump-sum payments that are calculated as the present value of the lost earnings and rehabilitation expenses that the injured party will incur as a result of the accident.

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 liability for these contracts comprises a provision for IBNR, a provision for reported claims not yet paid and a provision for unexpired risks at the end of the reporting period. The amount of casualty claims is particularly sensitive to the level of court awards and to the development of legal precedent on matters of contract and tort. Casualty contracts are also subject to the emergence of new types of latent claims, but no allowance is included for this at the end of the reporting period.

The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Group, where information about the claim event is available. IBNR claims may not be apparent to the insured until many years after the event that gave rise to the claims. For general accident insurance contracts, the IBNR proportion of the total liability is high and will typically display greater variations between initial estimates and final outcomes because of the greater degree of difficulty of estimating these liabilities.

In estimating the liability for the cost of reported claims not yet paid, the Group considers any information available from loss adjusters and information on the cost of settling claims with similar characteristics in previous periods. Large claims are assessed on a case-by-case basis or projected separately in order to allow for the possible distortive effect of their development and incidence on the rest of the portfolio.

Process used to decide on assumptions

The risks associated with these insurance contracts are complex and subject to a number of variables that complicate quantitative sensitivity analysis. However, the Nigerian market has not had severe losses from asbestos-related diseases which is usually material and is therefore not too complicated to come up with reasonable assumptions.

The Group uses assumptions based on a mixture of internal and market data. Internal data is derived mostly from the Group's quarterly claims reports and screening of the actual insurance contracts carried out at year-end 2018 to derive data for the contracts held. The Group has reviewed the individual contracts and in particular the industries in which the insured companies operate and the actual exposure years of claims. This information is used to develop scenarios related to the latency of claims.

Change in assumptions and sensitivity analysis

There were no additional net insurance reserves (outstanding claims) arising in respect of prior years that has arisen due to changes in the assumptions used to estimate the ultimate cost of claims, including public liability claims.

Because the assumptions used to estimate these liabilities require judgment, they are subject to great uncertainty.

43.9.1.2 Property Insurance Contracts

Frequency and Severity of Claims

For property insurance contracts, climatic changes give rise to more frequent and severe extreme weather events (for example, flooding) and their consequences (for example, flood claims). For certain contracts, the Group has also limited the number of claims that can be paid in any policy year or introduced a maximum amount payable for claims in any policy year.

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The Group has the right to impose deductibles and reject fraudulent claims. These contracts are underwritten by reference to the commercial replacement value of the properties and contents insured, and claim payment limits are always included to cap the amount payable on occurrence of the insured event. Cost of rebuilding properties, of replacement or indemnity for contents and time taken to restart operations for business interruption are the key factors that influence the level of claims under these policies. The greatest likelihood of significant losses on these contracts arises from storm or flood damage. The Group has reinsurance cover for such damage to limit losses to N300 million in any one catastrophe event.

Property insurance contracts are subdivided into the following risk groups: fire, business interruption, and theft. The insurance risk arising from these contracts is not concentrated in any of the territories in which the Group operates, and there is a balance between commercial and personal properties in the overall portfolio of insured buildings. The Group does not underwrite property insurance contracts outside Nigeria.

Sources of uncertainty in the estimation of future claim payments

The shorter settlement period for these claims allow the Group to achieve a higher degree of certainty about the estimated cost of claims, and relatively little IBNR is held at year-end. However, the longer time needed to assess the emergence of a flood claim make the estimation process more uncertain for these claims.

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The uncertain nature of the costs of this type of claim causes greater uncertainty in the estimates than in previous years. The Group has been monitoring numbers of reported claims on a weekly basis and reflected such information in its assessment of the adequacy of the unearned premium provision held at year end. The effect of this unexpected weather may affect prior year claims, due to the re-opening of old claims and higher settlement costs for flood claims in the current market. At year-end 2018, the Group believes that its liabilities for fire claims are adequate. However, more permanent changes in the climate may produce a higher frequency and severity of claims than currently expected.

Process used to decide on assumptions

For non-subsidence-related property risks, the Group uses similar statistical methods used for general accident insurance risks that incorporate the various assumptions made in order to estimate the ultimate cost of claims.

Similar to the approach for the assumptions underlying the casualty insurance liabilities, the choice of selected results for each accident year of each class of business depends on an assessment of the technique that has been most appropriate to observed historical developments. In certain instances, this has meant that different techniques or combination of techniques have been selected for individual accident years or groups of accident years within the same class of business.

Changes in assumptions

The Group did not change its assumptions for the insurance contracts disclosed in this note other than updating the costs of rebuilding properties, replacement or indemnity for contents for time value of money.

43.9.1.3 Long-Term Insurance Contracts

Frequency and Severity of Claims

For contracts where death is the insured risk, the most significant factors that could increase the overall frequency of claims are epidemics (such as AIDS, SARS, Lassa Fever, EBOLA and a human form of avian flu) or widespread changes in lifestyle, such as eating, smoking and exercise habits, resulting in earlier or more claims than expected.

For contracts where survival is the insured risk, the most significant factor is continued improvement in medical science and social conditions that would increase longevity.

At present, these risks do not vary significantly in relation to the location of the risk insured by the Group. However, undue concentration by amounts could have an impact on the severity of benefit payments on a portfolio basis.

For contracts with fixed and guaranteed benefits and fixed future premiums, there are no mitigating terms and conditions that reduce the insurance risk accepted. The Group charges for mortality risk on a monthly basis for all insurance contracts without a fixed term. It has the right to alter these charges based on its mortality experience and hence minimize its exposure to mortality risk. Delays in implementing increases in charges and market or regulatory restraints over the extent of the increases may reduce its mitigating effect. The Group manages these risks through its underwriting strategy and reinsurance arrangements.

The underwriting strategy is intended to ensure that the risks underwritten are well diversified in terms of type of risk and the level of insured benefits. Medical selection is also included in the Group's underwriting procedures, to reflect the health condition and family medical history of the applicants. The Group has a retention limit of =N=15 million and =N=20 million on any single life insured and reinsures the excess through a surplus treaty reinsurance arrangement. The Group does not have in place any reinsurance for contracts that insure survival risk.

Sources of uncertainty in the estimation of future benefit payments and premium receipts

Uncertainty in the estimation of future benefit payments and premium receipts for long-term insurance contracts arises from the unpredictability of long-term changes in overall levels of mortality and the variability in contract holder behavior.

The Group uses appropriate base tables of standard mortality according to the type of contract being written. An investigation into the actual experience of the Group over the last three years is carried out, and statistical methods are used to adjust the crude mortality rates to produce a best estimate of expected mortality for the future. Where data is sufficient to be statistically credible, the statistics generated by the data are used without reference to an industry table. Where this is not the case, the best estimate of future mortality is based on standard industry tables adjusted for the Group's overall experience. For contracts that insure survival, an adjustment is made for future mortality improvements based on trends identified in the data and in the continuous mortality investigations performed by independent actuarial bodies.

The impact of any historical evidence of selective termination behavior will be reflected in this experience. The Group maintains voluntary termination statistics to investigate the deviation of actual termination experience against assumptions. Statistical methods are used to determine appropriate termination rates. An allowance is then made for any trends in the data to arrive at a best estimate of future termination rates.

Process used to decide on assumptions

For long-term insurance contracts with fixed and guaranteed terms, estimates are made in two stages. At inception of the contract, the Group determines assumptions in relation to future deaths, voluntary terminations, investment returns and administration expenses. These assumptions are used for calculating the liabilities during the life of the contract.

A margin for risk and uncertainty is added to these assumptions. These assumptions are 'locked in' for the duration of the contract. Subsequently, new estimates are developed at each reporting date to determine whether liabilities are adequate in the light of the latest current estimates. The initial assumptions are not altered if the liabilities are considered adequate. If the liabilities are not adequate, the assumptions are altered ('unlocked') to reflect the latest current estimates; no margin is added to the assumptions in this event. As a result, the effect of changes in the underlying variables on insurance liabilities and related assets shown in paragraph below is not symmetrical. Improvements in estimates have no impact on the value of the liabilities and related assets, while significant enough deteriorations in estimates have an impact.

The assumptions used for the insurance contracts disclosed in this note are as follows:

I. Mortality

An appropriate base table of standard mortality is chosen depending on the type of contract. An investigation into the Group's experience over the most recent three years is performed, and statistical methods are used to adjust the rates reflected in the table to a best estimate of mortality for that year. Where data is sufficient to be statistically credible, the statistics generated by the data are used without reference to an industry table. For contracts insuring survivorship, an allowance is made for future mortality improvements based on trends identified in the data and in the continuous mortality investigations performed by independent actuarial bodies.

ii. Morbidity

The rate of recovery from disability is derived from industry experience studies, adjusted where appropriate for the Group's own experience.

iii. Persistency

An investigation into the Group's experience over the most recent three years is performed, and statistical methods are used to determine an appropriate persistency rate. Persistency rates vary by product type and policy duration. An allowance is then made for any trends in the data to arrive at a best estimate of future persistency rates that takes into account the effective contract holders' behavior.

iv. Investment returns

Investment returns affect the assumed level of future benefits due to the contract holders and the selection of the appropriate discount rate. The Group's primary assumptions on investment returns relate to four components:

(a) Risk-free rates

The risk-free rates are the gross yields to redemption of benchmark government securities.

(b) Equity investments

The expected long-term return – dividends and capital growth – is derived by adding to the risk-free rate of return on equity risk premium percentage considered to be appropriate.

(c) Overall investment return

A weighted average rate of investment return is derived by combining different proportions of the above financial assets in a model portfolio, which is assumed to back the liabilities. These model portfolios are consistent with the long-term asset allocation strategies as set out in the Group's Asset Liability Management (ALM) framework.

v. Renewal expense level and inflation

The current level of expenses is taken as an appropriate expense base. Expense inflation is assumed to be a suitable rate above current inflation rates hovering around 11% per annum in Nigeria.

vi. Tax

It has been assumed that current tax legislation and rates continue unaltered.

Change in assumptions

The Group did not change its assumptions for the insurance contracts disclosed in this note.

(a) Guaranteed annuity options

The amount of insurance risk under contracts with guaranteed annuity options is also dependent on the number of contract holders that will exercise their option ('option take-up rate'). This will depend significantly on the investment conditions that apply when the options can be exercised. The lower the current market interest rates in relation to the rates implicit in the guaranteed annuity rates, the more likely it is that contract holders will exercise their options. Continuing improvements in longevity reflected in current annuity rates will increase the likelihood of contract holders exercising their options as well as increasing the level of insurance risk borne by the Company under the annuities issued. The Group does not have sufficient historical data on which to base its estimate of the number of contract holders who will exercise their options.

Available table indicates the likely changes in the carrying amount of the liability at year-end in response to changes in interest and mortality rates. The additional carrying amount is calculated on the assumption that every contract holder exercises his option at the earliest date possible.

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

Other than for the testing of the adequacy of the liability representing the unexpired risk at the end of the reporting period, there is no need to estimate mortality rates or morbidity rates for future years because these contracts have short duration. However, for incurred disability income claims, it is necessary to estimate the rates of recovery from disability for future years. Standard recovery tables produced by reinsurers are used as well as the actual experience of the Group. The influence of economic circumstances on the actual recovery rate for individual contracts is the key source of uncertainty for these estimates.

RISK MANAGEMENT FRAMEWORK CONT'D

The concentration of non-life insurance by the location of the underlying risk is summarised below by reference to liabilities.

	Gross		Reinsurance		Net	
	2018 ₦'000	2017 ₦'000	2018 ₦'000	2017 ₦'000	2018 ₦'000	2017 ₦'000
- Within Nigeria	22,746,847	19,657,323	14,031,393	11,530,873	8,715,454	8,126,450
- Outside	-	-	1,144,430	784,534	(1,144,430)	(784,534)
	22,746,847	19,657,323	15,175,823	12,315,407	7,571,024	7,341,916

The concentration of non-life insurance by type of contract is summarised below by reference to gross premium and premium ceded to reinsurers.

Accident	1,362,041	1,381,811	248,365	325,324	1,113,676	1,056,487
Aviation	349,344	63,968	281,474	38,054	67,870	25,914
Bond	6,016	6,452	2,028	3,989	3,988	2,463
Engineering	520,181	411,656	293,908	195,567	226,273	216,089
Fire	4,713,643	4,731,622	3,426,951	3,595,087	1,286,692	1,136,535
Marine	793,735	990,821	315,871	332,416	477,864	658,405
Motor	2,453,988	2,458,016	137,092	164,428	2,316,896	2,293,588
Oil and Energy	12,547,899	9,612,977	10,470,134	7,660,542	2,077,765	1,952,435
	22,746,847	19,657,323	15,175,823	12,315,407	7,571,024	7,341,916

Assumptions and Sensitivities

The risks associated with the non-life insurance contracts are complex and subject to a number of variables which complicate quantitative sensitiyity analysis. The Group uses several statistical and actuarial techniques based on past claims development experience. This includes indications such as average claims, costs, ultimate claims numbers and expected loss rations.

The Group considers that the liability for non-life insurance claims recognised in the statement of financial position is adequate. However, actual experience will differ from the expected outcome.

43.9 RISK MANAGEMENT FRAMEWORK CONT'D

Risk Management Framework - continued
Assumptions and sensitivities - continued
Some results of sensitivity testing are set out below:

Discounted Inflation Adjusted Basic Chain Ladder Method	Base ₦'000	5% Loss Ratio ₦'000	(-5%) Loss Ratio ₦'000	1% Inflation Radio ₦'000	(-1%) Inflation Rate ₦'000	1% Discount Rate ₦'000	1% Discount Rate ₦'000
Class of business 2018							
Accident	67,927	13,286	(11,399)	1,095	(1,095)	(1,095)	1,095
Engineering	224,614	-	-	-	-	-	-
Fire	307,248	69,236	(46,313)	3,515	(3,515)	(3,515)	3,515
Marine	67,145	23,735	(10,088)	662	(662)	(662)	662
Motor	96,765	51,344	(17,462)	1,119	(1,119)	(1,119)	1,119
Oil and Energy	490,230	46,928	(46,928)	-	-	-	-
Bond	4	-	-	-	-	-	-
Aviation	105,447	6,424	(6,422)	-	-	-	-
Total IBNR	1,359,380						
Effect of changes on IBNR		210,952	(138,611)	6,391	(6,391)	(6,391)	6,391
Class of business2017							
Accident	269,013	52,619	(45,142)	4,336	(4,336)	(4,336)	4,336
Engineering	97,629	-	-	-	-	-	-
Fire	651,956	146,913	(98,272)	7,458	(7,458)	(7,458)	7,458
Marine	182,445	64,490	(27,413)	1,802	(1,802)	(1,802)	1,802
Motor	282,614	149,955	(51,001)	3,267	(3,267)	(3,267)	3,267
Oil and Energy	67,597	6,471	(6,471)	-	-	-	-
Bond	322	2	(2)	-	-	-	-
Aviation	12,399	755	(755)	-	-	-	-
Total IBNR	1,563,975						
Effect of changes on IBNR		421,204	(229,055)	16,864	(16,864)	(16,864)	16,864

Risk Management Framework - continued
43.9 Risk Factors and Types - continued

Claims development table for non-life outstanding claims

The following tables show the development of claims over a period of time on both a gross and net of reinsurance basis. In 2012, in the year of adoption of IFRS, only 5 years were required to be disclosed. This will be increased in each succeeding year, until 8 - 10 years of information is presented. The top half of the table shows how the estimates of total claims for each accident year develop over time. The lower half of the table reconciles the cumulative claims to the amount appearing in the Statement of Financial Position.

The cumulative claims estimates and payments for each accident year are translated into Nigerian Naira at the year rates that applied at the end of each accident year.

Analysis of claims development – Gross Estimate of ultimates	**Before 2013 ₦'000**	**2013 ₦'000**	**2014 ₦'000**	**2015 ₦'000**	**2016 ₦'000**	**2017 ₦'000**	**2018 ₦'000**	**Total ₦'000**
End of accident year	-	1,524,255	1,844,216	2,785,178	2,257,150	3,448,359	2,478,834	-
1 year later	-	3,105,505	3,419,623	3,377,010	3,233,541	6,980,005	-	-
2 years later	-	3,208,370	3,814,369	3,311,769	3,298,238	-	-	-
3 years later	-	3,882,475	3,819,373	3,481,731	-	-	-	-
4 years later	-	3,715,487	3,727,826	-	-	-	-	-
5 years later	-	3,772,635	-	-	-	-	-	-
Current estimate of ultimate claims	-	3,772,635	3,727,826	3,481,731	3,298,238	6,980,005	2,478,834	-
Cummulative payments	-	(3,137,012)	(3,416,778)	(3,218,811)	(3,094,250)	(4,880,943)	(1,664,903)	(19,412,697)
Outstanding claims provision at 31 December 2018	115,817	635,623	311,048	262,920	203,988	2,099,061	813,931	4,442,389

43.9.2 Credit Risks

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The key areas of exposure to credit risk for the Group are in relation to its investment portfolio, reinsurance programme and to a lesser extent amounts due from policyholders and intermediaries. Key areas where the Group is exposed to credit risk are:

Principal Credit Risks

- Reinsurers' share of insurance liabilities;
- Amounts due from reinsurers in respect of claims already paid;
- Amounts due from insurance contract holders;
- Amounts due from insurance intermediaries;
- Amounts due from loans and receivables;
- Amounts due from debt securities; and
- Amounts due from money market and cash positions.

The Group structures the levels of credit risk it accepts by placing limits on its exposure to a single counterparty, or groups of counterparties, and to geographical and industry segments. Such risks are subject to an annual or more frequent review. Limits on the level of credit risk by category and territory are approved quarterly by the Board of Directors.

The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent to investment grade and above.

This information is supplied by independent rating agencies where available and if not available the Group uses other publicly available financial information and its own trading records to rate its major policyholders and reinsurers.

The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

Receivables consist of a large number of policyholders, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

43.9.2.1 Credit Risk Measurement, Control and Mitigation

I. Premium and Reinsurance Receivables

Reinsurance is used to manage insurance risk. This does not, however, discharge the Group's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the Group remains liable for the payment to the policyholder. The creditworthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to finalization of any contract.

The Credit Control Committee works closely with the Underwriting and Reinsurance departments to assess the creditworthiness of all reinsurers and intermediaries by setting and reviewing regularly the credit rating of each reinsurer using internal records and other publicly available financial information.

Individual operating units maintain records of the payment history for significant contract holders with whom they conduct regular business. The exposure to individual counterparties is also managed by other mechanisms, such as the right of offset where counterparties are both debtors and creditors of the Group. Management information reported to the Group includes details of provisions for impairment on loans and receivables and subsequent write-offs. Internal audit makes regular reviews to assess the degree of compliance with the group procedures on credit. Exposures to individual policyholders and groups of policyholders are collected within the ongoing monitoring of the controls associated with regulatory solvency.

Where there exists significant exposure to individual policyholders, or homogenous groups of policyholders, a financial analysis equivalent to that conducted for reinsurers is carried out by the Group's risk department.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

ii. Investments

The Group limits its exposure to credit risk by investing only in liquid securities and only with counterparties that have a credit rating of at least BBB- from rating agencies. Management actively monitors credit ratings and given that the Group only has invested in securities with high credit ratings, management does not expect any counterparty to fail to meet its obligations.

43.9.2 Credit Risks - continued

Industry Analysis

	Financial Services ₦'000	Government ₦'000	Consumers ₦'000	Construction & Materials ₦'000	Manufacturing and Petroleum ₦'000	Other ₦'000	Total ₦'000
31 December 2018 - Group							
Cash and cash equivalents	11,744,900	-	-	-	-	-	11,744,900
Debt instruments at amortised costs	19,509,052	15,584,260	225,411	-	-	-	35,318,723
Trade receivables	308,619	-	4,618	958	35,432	24,520	374,147
Other receivables	-	-	-	-	-	1,643,287	1,643,287
Reinsurance assets	-	-	-	-	-	3,792,652	3,792,652
Statutory deposits	-	500,000	-	-	-	-	500,000
	31,562,571	16,084,260	230,029	958	35,432	5,460,460	53,373,709
31 December 2017 - Group							
Cash and cash equivalents	7,909,617	-	-	-	-	-	7,909,617
Held-to-maturity	19,193,447	12,401,355	-	-	-		31,594,802
Loans and receivables	2,022,140	4,081,396	-	-	-	226,601	6,330,137
Trade receivables	-	-	-	-	-	91,845	91,845
Other receivables	-	-	-	-	-	1,626,695	1,626,695
Reinsurance assets	-	-	-	-	-	7,221,303	2,537,034
Statutory deposits	-	500,000	-	-	-	-	500,000
	29,125,204	16,982,751	-	-	-	9,166,444	50,590,130
31 December 2018 - Company							
Cash and cash equivalents	192,160	-	-	-	-	-	192,160
Debt instruments at amortised costs	3,472,040	546,102	182,532	-	-	-	4,200,674
Other receivables	-	-	-	-	-	836,830	836,830
	3,664,200	546,102	182,532	-	-	836,830	5,229,664
31 December 2017 - Company							
Cash and cash equivalents	668,213	-	-	-	-	-	668,213
Loans and receivables	1,173,273	4,081,396	-	-	-	165,556	5,420,225
Other receivables	-	-	-	-	-	924,004	924,004
	1,841,486	4,081,396	-	-	-	1,089,560	7,012,442

43.9.2 Credit Risks - continued

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

31 December 2018 - Group	Investment grade ₦'000	Non Investment grade: Satisfactory ₦'000	Unrated ₦'000	Total ₦'000
Amortised cost	-	35,318,723	-	35,318,723
Cash and cash equivalents	-	11,744,900	-	11,744,900
Other receivables	-	-	1,643,287	1,643,287
Trade receivables	-	-	374,147	374,147
Reinsurance assets	-	-	3,792,652	3,792,652
	-	47,063,623	5,810,086	52,873,709
31 December 2017 - Group				
Held-to-maturirty	-	31,594,802	-	31,594,802
Cash and cash equivalents	-	-	7,909,617	7,909,617
Loans and receivables		6,330,137	-	6,330,137
Trade receivables	-	-	91,845	91,845
Reinsurance assets	-	-	2,537,034	2,537,034
	-	37,924,939	10,538,496	48,463,435
31 December 2018 - Company				
Cash and cash equivalents	-	192,160	-	192,160
Other receivables	-	-	836,830	836,830
Debt instruments at amortised costs	-	4,200,674	-	4,200,674
	-	4,392,834	836,830	5,229,664
31 December 2017 - Company				
Cash and cash equivalents	-	668,213	-	668,213
Other receivables			934,694	934,694
Loans and receivables	-	5,420,225	-	5,420,225
	-	6,088,438	934,694	7,023,132

43.9.2 **Credit risks - continued**

Impairment assessment

The Group's ECL assessment and measurement method is set out below.

Significant increase in credit risk, default and cure

The Group continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12mECL or LTECL, the Group assesses whether there has been a significant increase in credit risk since initial recognition. The Group considers that there has been a significant increase in credit risk when any contractual payments are more than 30 days past due, In addition, the Group also considers a variety of instances that may indicate unlikeliness to pay by assessing whether there has been a significant increase in credit risk. Such events include:

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

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

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

Expected credit loss

The Group assesses the possible default events within 12 months for the calculation of the 12mECL. Given the investment policy, the probability of default for new instruments acquired is generally determined to be minimal and the expected loss given default ratio varies for different instruments. In rare cases where a lifetime ECL is required to be calculated, the probability of default is estimated based on economic scenarios.

Impairment losses on financial investments subject to impairment assessment

Debt instruments measured at amortised cost

The table below shows the credit quality and the maximum exposure to credit risk based on Moody's credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Group's internal grading system are also provided.

43.9.2 Credit Risks - continued

Debt instruments measured at amortised cost -continued

Moody's rating Performing Cash and cash equivalents	Group	2018 12mECL ₦'000	 LTECL ₦'000	 Total ₦'000	2017 Total ₦'000
AAA-A+		-	-	-	-
BBB-B+		11,863,670	-	11,863,670	7,909,617
C-CCC		-	-	-	-
Total Gross Amount		**11,863,670**	**-**	**11,863,670**	**7,909,617**
ECL		(118,770)	-	(118,770)	-
Total Net Amount		**11,744,900**	**-**	**11,744,900**	**7,909,617**
Financial assets - amortised cost					
AAA-A+		-	-	-	-
BBB-B+		35,566,548	-	35,566,548	37,924,939
C-CCC		-	-	-	-
Total Gross Amount		**35,566,548**	**-**	**35,566,548**	**37,924,939**
ECL		(247,825)		(247,825)	-
Total Net Amount		**35,318,723**	**-**	**35,318,723**	**37,924,939**
Unrated					
Other receivables		1,532,280	111,007	1,643,287	1,737,702
Total Gross Amount		**1,532,280**	**111,007**	**1,643,287**	**1,737,702**
ECL		(21,789)	(107,327)	(129,116)	-
Total Net Amount		**1,510,491**	**3,680**	**1,514,171**	**1,737,702**

43.9.2 **Credit Risks** - continued

Debt instruments measured at amortised cost -continued

Moody's rating Performing Cash and cash equivalents Company	2018 12mECL ₦'000	2018 LTECL ₦'000	2018 Total ₦'000	2017 Total ₦'000
AAA-A+	-	-	-	-
BBB-B+	193,901	-	193,901	668,213
C-CCC	-	-	-	-
Total Gross Amount	193,901	-	193,901	668,213
ECL	(1,741)	-	(1,741)	-
Total Net Amount	**192,160**	**-**	**192,160**	**668,213**
Financial assets - amortised cost				
AAA-A+	-	-	-	-
BBB-B+	4,214,562	-	4,214,562	5,420,225
C-CCC	-	-	-	-
Total Gross Amount	**4,214,562**	**-**	**4,214,562**	**5,420,225**
ECL	(13,888)	-	(13,888)	-
Total Net Amount	**4,200,674**	**-**	**4,200,674**	**5,420,225**
Unrated				
Other receivables	826,140	10,690	836,830	934,694
Total Gross Amount	826,140	10,690	836,830	934,694
ECL	(16,225)	(10,690)	(26,915)	-
Total Net Amount	**809,915**	**-**	**809,915**	**934,694**

43.9.2 Credit risks - continued

Debt instruments measured at amortised cost -continued

Collateral for other receivables

Some of the Group's receivables (e.g. mortgage loans and car loans) are collaterised with assets ranging from properties and cars. As at 31 December 2018, the value of assets accepted as collateral that the Group is permitted to repossess or sell in the absence of default in respect of the staff loans was N309,950,000million (2017: N283,038,000million) against the receivables balances of N189,056,000 (2017: N192,641,000).

As at 31 December 2018, the Group had no asset reposed as security against asset. The Group policy is to pursue timely realisation of collateral in an orderly manner in the case of default. The Group does not generally use the non cash collateral for its own operations.

As at 31 December 2018, the Group has not pledged any of its assets as collateral for any liability or payable balance (2017: nil)

Amounts arising from ECL

Inputs, assumptions and techniques used for estimating impairment

When determining whether the credit risk(i.e. Risk of default) on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available with out undue cost of effort, This includes both qualitative and quantitative information analysis based on the Group's experience, expert credit assessment and forward looking information. The Group primarily identifies whether a significant increase in credit risk has occurred for an exposure by using days past due and assessing other information obtained externally.

Whenever available, the Group monitors changes in credit risk by tracking published external credit ratings. To determine whether published ratings remain up to date and to assess whether there has been a significant increase in credit risk at the reporting date that has not been reflected in the published rating, the group also reviews changes in Bond yields together with available press and regulatory information about issuers.

Where external credit ratings are not available, the Group allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of default (including but not limited to the audited financial statement, management accounts and cashflow projections, available regulatory and press information about the borrowers and apply experienced credit judgement. Credit risk grades are defined by using qualitative and quantitative factors that are indicative of the risk of default and are aligned with the external credit rating definition from Moody's and standards and Poor.

The Group has assumed that the credit risk of a financial asset has not increased significantly since the initial recognition if the financial asset has low credit risk at reporting date. The Group considers a financial asset to have low credit risk when its credit risk rating is equivalent to the globally understood definition of "investment grade". The Group considers this to be Baa3 or higher based on the Moody rating.

As a back stop, the Group considers that a significant increase in credit risk occurs no later than when the asset is more than 30 days past due. Days past due are determined by counting the numbers of days since the earliest elapsed due date in respect of which full payments has not been received. Due dates are determined without considering any grace period that might be available to the borrower. The Group monitors the effectiveness of the criteria used to identify significant increase in credit risk by regular reviews to confirm that:
- The criteria are capable of identifying significant increase in credit risk before an exposure is in default;
- The criteria do no align with the point in time when the asset becomes 30 days past due;
-The average time between the identification of a significant increase in credit risk and default appears reasonable
-Exposures are not generally transferred from 12- month ECL measurement to credit impaired and
-There is no unwarranted volatility in loss allowance from transfers between 12-month ECL and Lifetime ECLmeasurement.

Modified financial assets

The contractual terms of a financial asset may be modified for a number of reasons, including changing market conditions and other factors not related to a current or potential credit deterioration of the borrower. An existing financial asset whose terms have been modified may be derecognized and the renegotiated asset recognized as a new financial asset at fair value in accordance with the accounting policies. When the terms of a financial asset are modified and the modification does not result in derecognition, the determination of whether the asset's credit risk has increased significantly reflects a comparison of:
- Its risk of default occuring at the reporting date based on the modified term; with
- The risk of default occuring estimated based on data on initial recognition and the original contractual terms.

Definition of default

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or the financial asset Is more than 90 days past due. In assessing whether a borrower is in default, the Group considers indicators that are:
- qualitative: e.g. breaches of covenant and the other indicators of financial distress;
- quantitative: e.g. overdue status and non-payment of another obligation of the same issuer to the Group; and
- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

Incorporation of Forward looking information

"The Group incorporates forward-looking information into its measurement of ECL. It formulates a 'base case' view of the future direction of relevant economic variables and a representative range of other possible forecast scenarios based on advice from the Group's Investment and Risk committee, economic experts and consideration of a variety of external actual and forecast information. This process involves developing two additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies and monetary authorities in the Nigeria, supranational organizations such as the Organisation for Economic Cooperation and Development and the International Monetary Fund, and selected private-sector and academic forecasters.The base case represents a best estimate and is aligned with information used by the Group for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and pessimistic outcomes."

Measurement of ECL

The calculation of the expected credit loss is based on the key risk parameters of Probability of default(PD), Loss given default(LGD) and Exposure at default (EAD).

To determine the Lifetime and 12-month PDs, the Group uses the PD tables supplied by Moodys based on the default history of sovereign and corporate obligors with the same credit rating. The Group adopts the same approach for unrated investments by mapping its internal risk grades to the equivalent external credit ratings. The PDs are recalibrated and adjusted to reflect forward looking information as described below. changes in the rating for counterparties and exposure lead to a change in estimate of the associated PD.Loss Given Default is the magnitude off the likely loss if there is a default. The Group estimates LGD parameters based on the history of recovery rates of claims against the defaulted counterparties. The LGD for sovereign fixed income exposures are based on publications by Moody's and the models consider the structure, collateral, seniority of claims and recovery of any collateral that is integral to the financial asset. For loans secured with properties or asset, loan to value ratios are key parameter in determining LGD. LGDs are calculated on discounted cash flow basis using effective interest rate as the discounting factor.

EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract, including amortisation, and prepayments. The EAD of a financial asset is its gross carrying amount. As described in the accounting policy, and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Group measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options over which it is exposed to credit risk, even if, for risk management purposes, the Group considers a longer period. The modelling of parameter is carried out on an individual basis.

43.9.2 Credit risks - continued

An overview of the approach to estimating ECLs is set out in Note 2 and in Note 3 judgements, estimates and assumptions. To ensure completeness and accuracy, the Group obtains the data used from third party sources (Moodys, Standards and Poor, Economist associate etc.) and its investment team verifies the accuracy of inputs to the Group's ECL models including determining the weights attributable to the multiple scenarios. The following tables set out the key drivers of expected loss and the assumptions used for the Group's base case estimate, ECLs based on the base case, plus the effect of the use of multiple economic scenarios for Nigeria, as at 31 December 2018 and 1 January 2018.

The Group has identified and documented key divers of credit risk amd ECL for each portfolio of financial instruments and , using an anlysis of historical data, has estimated relationships between macro economic variables and credit risk and credit losses. The tables show the values of the key forward looking economic variables/assumptions used in each of the economic scenarios for the ECL calculations. The figures for "Subsequent years" represent a long-term average and so are the same for each scenario.

Analysis of inputs to the ECL model under multiple economic scenarios
31 December 2018

Key drivers	ECL Scenario	Assigned Probabilities	2019	2020	2021	2022	2023
Macroeconomic variable							
GDP Growth rate (%)							
	Upside	30%	1.83	2.53	3.53	1.74	1.83
	Base case	40%	1.80	2.50	3.50	1.71	1.8
	Downside	30%	1.76	2.46	3.46	1.67	1.76
Inflation rates (%)							
	Upside	30%	14.81	14.34	14.56	14.56	14.56
	Base case	40%	14.75	14.28	14.5	14.50	14.5
	Downside	30%	14.71	14.24	14.46	14.46	14.46
Oil Prices "USD"(price per barrel)							
	Upside	30%	104.61	106.61	101.61	101.71	102.61
	Base case	40%	72	74	69	69	70
	Downside	30%	35.92	37.92	32.92	33.02	33.92
Unemployment rates (%)							
	Upside	30%	18.87	17.47	15.07	16.27	16.57
	Base case	40%	18.80	17.40	15.00	16.20	16.50
	Downside	30%	18.76	17.36	14.96	16.16	16.46

43.9.2 Credit risks - continued
Measurement of ECL - continued

1 January 2018

Key drivers	ECL Scenario	Assigned Probabilities	2019	2020	2021	2022	2023
Macroeconomic variable							
GDP Growth rate (%)							
	Upside	35%	2.43	2.53	3.53	1.74	1.76
	Base case	35%	2.4	2.5	3.5	1.71	1.725
	Downside	30%	2.36	2.46	3.46	1.67	1.68
Inflation rates (%)							
	Upside	35%	14.81	14.34	14.56	14.56	14.81
	Base case	35%	14.75	14.28	14.5	14.5	14.75
	Downside	30%	14.71	14.24	14.46	14.46	14.71
Oil Prices "USD"(price per barrel)							
	Upside	35%	93	95	96	98	98
	Base case	35%	60	61.5	62.9	64.5	65
	Downside	30%	25	26	28	29	30
Unemployment rates (%)							
	Upside	35%	13.84	13.64	13.44	13.54	13.54
	Base case	35%	13.80	13.60	13.40	13.50	13.50
	Downside	30%	13.77	13.57	13.37	13.47	13.47

Since the beginning of the year, as the Group has reassessed the key economic indicators used in its ECL models, the expected GDP growth rate over the next few years has been revised downwards, given the slowdown of Nigeria's economy which is majorly due to the unstable politicaL outlook of the country. Unemployment and oil price assumptions follow a similar trend. Central Bank base rates have been stable while inflation rate is on the rise with the expected minimum wage legislation. Long-term expectations remain unchanged.

43 Risk Management Framework - continued

43.9.2 Credit risks - continued

Measurement of ECL - continued

The following tables outline the impact of multiple scenarios on the allowance

Group		Cash and cash equivalents	Financial assets - amortised cost	Other receivables	Total
31 December 2018	35%	31,230	86,739	45,191	163,160
Upside	35%	31,230	86,739	45,191	163,160
Base case	30%	26,768	74,348	38,735	139,851
Downside		89,228	247,826	129,117	466,171
1 January 2018					
Upside	35%	64,425	129,035	42,684	236,144
Base case	35%	64,425	129,035	42,684	236,144
Downside	30%	55,222	110,601	36,586	202,409
		184,072	368,671	121,954	674,697
Company					
31 December 2018					
Upside	35%	609	4,861	9,420	14,890
Base case	35%	609	4,861	9,420	14,890
Downside	30%	522	4,166	8,075	12,763
		1,740	13,888	26,915	42,543
1 January 2018					
Upside	35%	5,583	12,597	6,648	24,828
Base case	35%	5,583	12,597	6,648	24,828
Downside	30%	4,785	10,798	5,698	21,281
		15,951	35,992	18,994	70,937

43. Risk Management Framework - continued

43.9.3 Liquidity risks

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of over 90 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. The Group does not maintain any lines of credit as it does not envisage any liquidity stress that would stretch its liquidity position.

The following tables detail the Group's expected maturity for its non-derivative assets. The tables below have been drawn up on the undiscounted contractual maturities of the assets including interest that will be earned on those assets except the Group anticipates that the cash flow will occur in a different period.

31 December 2018 - Group	Up to 1 year ₦'000	1 - 3 years ₦'000	3 - 5 years ₦'000	Over 5 years ₦'000	Total ₦'000
Financial and insurance assets					
Amortised cost					
- Federal	8,247,673	3,569,427	-	9,015,713	20,832,814
- State			290,867		290,867
- Corporate	6,324,829	7,261,725	424,349		14,010,903
- Others	53,856	-	203,560		257,416
Reinsurance assets	3,792,652	-	-	-	3,792,652
Trade receivables	430,269	-	-	-	430,269
Other receivables	1,643,287	-	-	-	1,643,287
Cash and cash equivalents	11,745,027	-	-	-	11,745,027
	32,237,594	10,831,152	918,777	9,015,713	53,003,236
Financial and insurance liabilities					
Insurance contract liabilities	4,289,166	3,120,897	5,458,939	407,679	13,276,681
Investment contract liabilities	449,871	1,518,063	1,121,724	-	3,089,658
Trade payables	5,413,308	-	-	-	5,413,308
Other payables	1,712,043	-	-	-	1,712,043
	11,864,388	4,638,960	6,580,663	407,679	23,491,690

43. Risk Management Framework - continued
43.9 Risk Factors and Types - continued
43.9.3 Liquidity risks - continued

31 December 2017 - Group	Up to 1 year ₦'000	1 - 3 years ₦'000	3 - 5 years ₦'000	Over 5 years ₦'000	Total ₦'000
Financial and insurance assets					
Held-to-maturity					
- Federal	9,706,057	2,934,954	-	10,788,293	23,429,304
- State	13,425	431,957		90,916	536,298
- Corporate	3,106,835	6,969,787	249,011	118,841	10,444,473
Loans and receivables	7,279,658	-	-	-	7,279,658
Reinsurance assets	2,537,034	-	-	-	2,537,034
Trade receivables	91,845	-	-	-	91,845
Other receivables	1,626,695	-	-	-	1,626,695
Cash and cash equivalents	7,909,809	-	-	-	7,909,809
	32,271,358	10,336,698	249,011	10,998,049	53,855,115
Financial and insurance liabilities					
Insurance contract liabilities	5,373,766	1,019,537	1,962,146	2,686,883	11,042,333
Investment contract liabilities	511,794	1,727,018	1,276,123	-	3,514,935
Trade payables	1,228,531				
Other payables	1,518,085	-	-	-	1,518,085
	8,632,176	2,746,555	3,238,269	2,686,883	16,075,353

43. Risk Management Framework - continued
43.9 Risk Factors and Types - continued
43.9.3 Liquidity risks - continued

31 December 2018 - Company	Up to 1 year ₦'000	1 - 3 years ₦'000	3 - 5 years ₦'000	Over 5 years ₦'000	Total ₦'000
Financial assets					
Amortised cost	3,234,519	924,148	471,316	-	4,629,983
Other receivables	836,830	-	-	-	836,830
Cash and cash equivalents	192,180	-	-	-	192,180
	4,263,529	924,148	471,316	-	5,658,993
Financial liabilities					
Other payables	480,784	-	-	-	480,784
	480,784	-	-	-	480,784
31 December 2017 - Company					
Loans and receivables	6,042,869	7,147	174,965	-	6,224,981
Other receivables	934,694	-	-	-	934,694
Cash and cash equivalents	668,233	-	-	-	668,233
	7,645,796	7,147	174,965	-	7,827,908
Financial liabilities					
Other payables	660,553	-	-	-	660,553
	660,553	-	-	-	660,553

43. Risk Management Framework - continued
43.9 Risk Factors and Types - continued
43.9.3 Liquidity risks - continued

Maturity analysis on expected maturity bases

The table below summarises the expected utilisation of assets and liabilities

31 December 2018 - Group Asset	Current ₦'000	Non-Current ₦'000	Total ₦'000
Cash and cash equivalents	11,745,027	-	11,745,027
Financial assets	10,968,862	48,220,985	59,189,847
Trade receivables	374,147	-	374,147
Reinsurance assets	8,596,527	616,773	9,213,300
Deferred acquisition costs	728,440	-	728,440
Other receivables and prepayments	2,463,637	-	2,463,637
Investment in associate	-	545,535	543,466
Investment properties	334,205	8,812,700	9,146,905
Property, plant and equipment	583,777	3,333,085	3,916,862
Intangible assets	-	300,338	300,338
Statutory deposits	-	500,000	500,000
Total assets	**35,794,622**	**62,329,416**	**98,121,969**
Liabilities			
Insurance contract liabilities	9,748,105	32,310,172	42,058,277
Investment contract liabilities	449,871	2,639,787	3,089,658
Trade payables	5,413,308	-	5,413,308
Other payables	2,994,150	-	2,994,150
Current income tax payable	1,832,290	-	1,832,290
Deferred tax liabilities	-	1,235,200	1,235,200
Total liabilities	**20,437,724**	**36,185,159**	**56,622,883**

31 December 2017 - Group Asset	Current ₦'000	Non-Current ₦'000	Total ₦'000
Cash and cash equivalents	7,909,809	-	7,909,809
Financial assets	19,531,966	29,893,269	49,425,235
Trade receivables	91,845	-	91,845
Reinsurance assets	6,474,026	747,277	7,221,303
Deferred acquisition costs	591,725	-	591,725
Other receivables and prepayments	1,921,760	13,436	1,935,196
Investment in associate	-	573,871	573,871
Investment properties	-	8,812,700	8,812,700
Property, plant and equipment	-	3,258,879	3,258,879
Intangible assets	-	212,733	212,733
Deferred tax assets	-	34,442	34,442
Statutory deposits	-	500,000	500,000
Total assets	**36,521,131**	**44,046,607**	**80,567,738**
Liabilities			
Insurance contract liabilities	13,434,416	20,396,514	33,830,930
Investment contract liabilities	511,794	3,003,141	3,514,935
Trade payables	1,228,531	-	1,228,531
Other payables	2,788,018	-	2,788,018
Current income tax payable	1,518,293	-	1,518,293
Deferred tax liabilities	-	978,070	978,070
Total liabilities	**19,481,052**	**24,377,725**	**43,858,777**

43.9 Risk Factors and Types - continued

43.9.3 Liquidity risks - continued

Maturity analysis on expected maturity bases

The table below summarises the expected utilisation of assets and liabilities

31 December 2018 - Company Asset	Current ₦'000	Non-Current ₦'000	Total ₦'000
Cash and cash equivalents	192,180	-	192,180
Financial assets	3,850,290	723,362	4,573,652
Other receivables and prepayments	1,555,464	-	1,555,464
Investments in subsidiaries	-	8,410,669	8,410,669
Investments in associate	-	525,364	525,364
Investment properties	-	4,636,980	4,636,980
Property, plant and equipment	-	97,704	97,704
Total assets	**5,597,934**	**14,394,079**	**19,992,013**
Liabilities			
Other payables	805,274	-	805,274
Current income tax payable	600,875	-	600,875
Deferred tax liabilities	-	165,141	165,141
Total liabilities	**1,406,149**	**165,141**	**1,571,290**

31 December 2017 - Company Asset	Current ₦'000	Non-Current ₦'000	Total ₦'000
Cash and cash equivalents	668,233	-	668,233
Financial assets	4,615,023	866,002	5,481,025
Other receivables and prepayments	1,032,476	-	1,032,476
Investments in subsidiaries	-	6,209,669	6,209,669
Investment in associate	-	525,364	525,364
Investment properties	-	4,308,275	4,308,275
Property, plant and equipment	-	48,490	48,490
Deferred tax assets	-	34,442	34,442
Total assets	**6,315,732**	**11,992,242**	**18,307,974**
Liabilities			
Other payables	878,490	-	878,490
Current income tax payable	347,338	-	347,338
Deferred tax liabilities	-	-	-
Total liabilities	**1,225,828**	**-**	**1,225,828**

43.9.4 **Market risks**

Market risk is the risk that changes in market prices, such as; foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. Market risk arises due to fluctuations in both the value of assets held and the value of liabilities.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Group has established policies and procedures in order to manage market risk.

43.9.4

Currency risks

Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. The Group exposure to currency risk are minimised by matching the Group's financial assets to the same currencies as its insurance and investment contract liabilities. Cash and cash equivalent is the major asset which gives rise to currency risk.

43.9 Risk Factors and Types - continued

43.9.4.1 Currency risks - continued

Carrying amounts of the Group's foreign currency denominated assets.

2018 - Group

	Sterling ₦'000	Euro ₦'000	US Dollars ₦'000	Total ₦'000
Cash and cash equivalents	72	127,392	1,092,699	1,220,163
Financial assets	-	-	10,378,135	10,378,135
Reinsurance assets	-	-	9,547	9,547
	72	127,392	11,480,381	11,607,845
Liabilities				
Insurance contract liabilities	-	-	2,589,369	2,589,369
Net assets	72	127,392	8,891,012	9,018,476
2017 - Group				
Cash and cash equivalents	72	9,522	724,310	733,904
Financial assets	-	-	8,213,970	8,213,970
Reinsurance assets	-	-	23,860	23,860
	72	9,522	8,962,140	8,971,734
Liabilities				
Insurance contract liabilities	-	-	2,589,369	2,589,369
Net assets	72	9,522	6,372,771	6,382,365
2018 - Company				
Cash and cash equivalents	-	-	35,897	35,897
	-	-	35,897	35,897

The Company had no foreign currency denominated asset or liability in 2017.

Group	31-Dec-18		31-Dec-17	
Cash and cash equivalents	Impact on profit before tax ₦'000	Impact on equity ₦'000	Impact on profit before tax ₦'000	Impact on equity ₦'000
Sterling +10%	7	5	7	5
-10%	(7)	(5)	(7)	(5)
Euro +10%	1,274	994	952	743
-10%	(1,274)	(994)	(952)	(743)
USD +10%	10,927	8,927	7243	5,650
-10%	(10,927)	(8,927)	(7,243)	(5,650)
Company				
USD +10%	359	236	-	-
-10%	(359)	(236)	-	-

43.9 Interest rate risk management

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

"The Group has no significant concentration of interest rate risk beacause:
- It invests in fixed income securities carried at fixed and not floating rates
- Its fixed income securities are measured at amortised cost and not fair value."

Equity price risk management

The Group is exposed to equity price risks arising from equity investments primarily from investments not held for unit-linked business. The shares included in financial assets represent investments in listed and unlisted securities that present the Group with opportunity for return through dividend income and capital appreciation. Equity investments designated as fair value through other comprehensive income (available-for- sale) are held for strategic rather than trading purposes.

43.9.4.2 Risk Factors and Types - continued
Equity price risk management - continued

The analysis below is performed for reasonably possible movements in market indices with all other variables held constant, showing the impact on profit before tax (due to changes in fair value of financial assets whose fair values are recorded in the statement of profit or loss).

Group		31-Dec-18		31-Dec-17	
Cash and cash equivalents		Impact on profit before tax ₦'000	Impact on equity ₦'000	Impact on profit before tax ₦'000	Impact on equity ₦'000
Fair value through profit or loss	+1%	194,945	-	75,030	-
	-1%	(194,945)	-	(75,030)	-
Fair value through OCI	+1%	-	43,766	-	39,973
	-1%	-	(43,766)	-	(39,973)
Company					
Fair value through profit or loss	+1%	3,730	-	608	-
	-1%	(3,730)	-	(608)	-

43.9.5 Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, systems and external events. The Group recognizes the significance of operational risk, which is inherent in all areas of our business. Operational risk is managed within acceptable levels through an appropriate level of management focus and resources.

The Group is committed to the management of operational risks. The Group's operational risk management strategy aims to:

- reduce losses arising from operational risk – a key role of operational risk management in the Group is to reduce losses from operational failure and in particular avoid potentially large or catastrophic risk losses;
- provide early warning signals of deterioration in the Group's internal control system; and
- raise awareness of operational risk in the Group from top to bottom through the implementation of an enterprise-wide risk approach.

One of the foremost operational risks faced by the Group are financial crimes (internal fraud, external fraud and money laundering). Each incident is analysed, control failures identified and new controls designed. The Group is also investing in enhanced loss control. Key counter-measures put in place include:

- enhanced staff training;
- enhanced Know Your Policyholder (KYP) drive and background checks on employees;
- issuance of appropriate and deterrent circulars;
- job rotation and segregation;
- dissemination of email and SMS alerts to the Group's customers for each activity on their accounts;
- imposition of stiff disciplinary measures including prosecution of fraudulent staff, agents and brokers; and
- installation of panic alarm system, CCTV.

43.9.5 Outsourcing Risk

Outsourcing risk is the risk inherent in the usage of vendors. The group's extensive use of vendors enables the enterprise to deliver products and services to consumers and benefits to our employees. Risks inherent with using vendors includes: vendor performance, financial risks, reputation/brand, business continuity, information security, and legal/regulatory.

The Key counter-measures put in place includes:

- Maintain Enterprise policies to ensure appropriate management review, approval, and oversight of vendor risks.
- Hold vendors accountable for performance and utilize Management of Service Level Objectives.
- Through the Vendor Management Community, train associates responsible for vendor management on compliance processes, managing vendor risks, and sharing best practices.
- Review critical vendors and corporate department vendor oversight through the Internal Audit program.
- Conduct vendor vulnerability assessments on critical vendors to validate logical and physical controls protecting Custodian information and business processes.
- Manage vendor relationships and risk through Vendor Management Units.
- Identify Enterprise relationship owners for vendors that span multiple departments at Custodian.
- Use shared information repositories for contracts and vendor relationship management.

43. Risk Management Framework - continued

43.10. Financial risk management

Valuation bases

The Group monitors and manages the financial risks relating to its operations through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The Group may seek to minimise the effects of these risks by using financial instruments to hedge risk exposures.

The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Fair values are determined at prices quoted in active markets. In the current environment, such price information is typically not available for all instruments and the Group applies valuation techniques to measure such instruments. These valuation techniques make maximum use of market observable data but in some cases management estimate other than observable market inputs within the valuation model. There is no standard model and different assumptions would generate different results.

Fair values are subject to a control framework designed to ensure that input variables and output are assessed independent of the risk taker. The Group has minimal exposure to financial assets which are valued at other than quoted prices in an active market.

The table below shows financial assets carried at fair value.

Group 31 December 2018	Fair value through profit or loss ₦'000	Fair value through OCI ₦'000	Fair value ₦'000
Quoted equities at FVTPL	19,494,539	-	19,494,539
Fair value through OCI - quoted	-	18,775	18,775
Fair value through OCI - unquoted		4,357,810	4,357,810
	19,494,539	4,376,585	23,871,124
31 December 2017			
Quoted equities at FVTPL	7,502,999	-	7,502,999
Available for sale - quoted	-	716,649	716,649
Available for sale - unquoted		3,280,648	3,280,648
	7,502,999	3,997,297	11,500,296
Company			
31 December 2018			
Quoted equities at FVTPL	372,978	-	372,978
	372,978	-	372,978
31 December 2017			
Quoted equities at FVTPL	60,800	-	60,800
	60,800	-	60,800

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

The following methods and assumptions were used to estimate the fair value of unquoted equity measured at fair value and other debt securities whose fair values are disclosed.

i. **Unquoted equity**

The fair values of the unquoted ordinary shares have been estimated using either of Income approach or Market approach.Under the income approach, the valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, the discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.

Under the market approach, the Company determines comparable public companies (Peers) based on industry, size, leverage and strategy and calculates an appropriate trading multiple for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by an earnings measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the investee company to measure the fair value.

The Company classifies the fair value of these investments as Level 3.

ii. **Unlisted managed funds**

The Company invests in managed funds, including private equity funds, which are not quoted in an active market and which may be subject to restrictions on redemptions such as lock up periods, redemption gates and side pockets.The Company's investment manager considers the valuation techniques and inputs used in valuing these funds as part of its due diligence prior to investing, to ensure they are reasonable and appropriate. Therefore, the NAV of these funds may be used as an input into measuring their fair value. In measuring this fair value, the NAV of the funds is adjusted, as necessary, to reflect restrictions on redemptions, future commitments, and other specific factors of the fund and fund manager. In measuring fair value, consideration is also paid to any transactions in the shares of the fund. Depending on the nature and level of adjustments needed to the NAV and the level of trading in the fund, the Company classifies these funds as Level 3."

iii. **Listed debt securities - bonds**

Fair values of publicly traded debt securities are based on quoted market prices in an active market for identical assets with adjustments for accrued interest on the instrument after the last interest/coupon payment date. The Company values these investments at closing bid price.

iv. **Money market funds and similar securities (treasury bills)**

The estimated fair value of money market funds is based on discounted cash flows using prevailing quoted Money-market interest rates for debts with similar credit risk and maturity.

Quantitative information of significant observable inputs - unquoted equity instruments

Investment	Valuation technique (Significant unobservable valuation input)	Range* (weighted average)	Sensitivity used*	Effect on fair value (₦'000)
African Reinsurance Corporation	Market approach	Average EBITDA multiple of peers	2018: 5% 01-Jan-18: 5%	2018: ₦8,583 01-Jan-18: ₦9,023
		Discount to average multiple (10%)	2018: 1% 01-Jan-18: 1%	2018: ₦3,325 01-Jan-18: ₦3,475
Mainstreet Technologies incorporation	Market approach	Average EBITDA multiple of peers	2018: 5% 01-Jan-18: 5%	2018: ₦8,583 01-Jan-18: ₦9,023
		Discount to average multiple (10%)	2018: 1% 01-Jan-18: 1%	2018: ₦3,325 01-Jan-18: ₦3,475

43. Risk Management Framework - continued

43.10. Financial risk management - continued

Valuation bases - continued

Quantitative information of significant observable inputs - unquoted equity instruments - continued

Investment	Valuation technique (Significant unobservable valuation input)	Range* (weighted average)	Sensitivity used*	Effect on fair value (₦'000)
WSTC Financial Services Limited	Income approach	Cost of capital (16.78%)	2018: 5% 01-Jan-18: %	2018: ₦8000 1-Jan-18: ₦736
		Dividend growth rate (7.62)	2018: 5% 01-Jan-18: 5%	2018:₦1,4260 1-Jan-18: ₦1,714
Mainstreet Technologies incorporation	Market approach	Average EBITDA multiple of peers	2018: 5% 01-Jan-18: 5%	2018: ₦8,583 01-Jan-18: ₦9,023
		Discount to average multiple (10%)	2018: 1% 01-Jan-18: 1%	2018: ₦3,325 01-Jan-18: ₦3,475
Energy and Allied Insurance Pool of Nigeria	Adjusted NAV	Discount for lack of liquidity -	Unappropriated reserves 01-Jan-18: 1%	2018: ₦5,702 01-Jan-18: ₦7,735
Nigerian Liability Insurance Pool	Adjusted NAV	Discount for lack of liquidity -	Unappropriated reserves 01-Jan-18: 1%	2018: ₦5,508 01-Jan-18: ₦1,100"

Group Financial assets measured at fair value	2018 ₦'000	2019 ₦'000
Quoted prices in active markets (level 1)	675,285	835,300
Valuation technique:		
Market observable data (level 2)	-	-
Other than observable market data (level 3)	11,621,336	11,244,160
	12,296,621	12,079,460
Financial assets measured at amortised cost		
Amortised cost	35,318,723	-
Held-to-maturity	-	31,594,802
	35,318,723	31,594,802
Company		
Financial assets measured at fair value		
Quoted prices in active markets (level 1)	372,978	60,800
Valuation technique:		
Market observable data (level 2)	-	-
Other than observable market data (level 3)	4,636,980	4,308,275
	5,009,958	4,369,075
Financial assets measured at amortised cost		
Amortised cost	546,353	-
Held-to-maturity	-	5,420,225
	546,353	5,420,225

43. Risk Management Framework - continued

43.11 Fair value and fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities
Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly, and
Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data (unobservable inputs).

Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the company is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily Nigerian Stock Exchange equity investments classified as trading securities.

Financial instruments in level 2

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

Financial instruments in level 3

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

The following table shows an analysis of financial instruments recorded at fair value or whose fair values are disclosed by level of the fair value hierarchy:

31 December 2018 - Group **Items measured at fair value** Financials assets at FVTPL	**Level 1** **₦'000**	**Level 2** **₦'000**	**Level 3** **₦'000**	**Total** **₦'000**
- Quoted equities	19,494,539	-	-	19,494,539
Financials assets at FVTOCI				
- Quoted equities	2,986,777	-	-	2,986,777
- Unquoted equities	-	-	1,389,808	1,389,808
Items whose fair values are disclosed				
Debt instruments at amortised cost	-	-	35,318,723	35,318,723
31 December 2017 - Group				
Items measured at fair value				
Available for sale				
- Quoted equities	3,276,505	-	-	3,276,505
- Unquoted equities	-	-	720,792	720,792
Financials assets at FVTOCI				
- Equities				
Items whose fair values are disclosed				
Held-to-maturity				
- Bonds and debentures	-	-	21,888,745	21,888,745
- Tenor deposits	-	-	9,706,057	9,706,057
- Loans and receivable	-	-	6,330,137	6,330,137

Reconciliation of fair value measurement of non-listed equity investments classified as equity instruments designated at fair value through OCI:

	Group **2018** **₦'000**
At 1 January 2018	720,792
Fair value gain recognised in OCI	801,235
Sales	(132,219)
At 31 Decemeber 2018	1,389,808

43. Risk Management Framework - continued

43.11 Fair value and fair value hierarchy - continued

31 December 2018 - Company Items measured at fair value	Level 1 ₦'000	Level 2 ₦'000	Level 3 ₦'000	Total ₦'000
Financials assets at FVTPL				
- Equities	372,978	-	-	372,978
Financials assets at FVTOCI				
- Equities	-	-	-	-
Items whose fair values are disclosed				
Debt instruments at amortised cost	-	-	4,200,674	4,200,674
31 December 2017 - Company				
Items measured at fair value				
Available for sale				
- Quoted equities	60,800	-	-	60,800
Items whose fair values are disclosed				
Held-to-maturity				
- Bonds and debentures	-	-	-	-
- Tenor deposits	-	-	5,254,669	5,254,669
- Loans and receivable	-	-	165,556	165,556

There were no transfers between level 1 and 2 or in and out of level 3 in 2018 and 2017.

Fair value of financial assets

Group Financial assets	31-Dec-18 Carrying value ₦'000	31-Dec-18 Fair value ₦'000	31-Dec-17 Carrying value ₦'000	31-Dec-17 Fair value ₦'000
Financials assets at FVTPL	19,494,539	19,494,539	-	-
Available for sale	-	-	3,997,297	3,997,297
Financials assets at FVTOCI	4,376,585	4,376,585	-	-
Debt instruments at amortised cost	35,318,723	34,410,075	-	-
Held to maturity:				
- Bonds and debentures	-	-	21,888,745	20,794,308
- Tenor deposits			9,706,057	9,220,754
- Loans and receivable	-	-		
Company				
Financials assets at FVTPL	372,978	372,978	-	-
Available for sale	-	-	60,800	60,800
Financials assets at FVTOCI	-	-	-	-
Debt instruments at amortised cost	4,200,674	3,990,640	-	-
Held to maturity:				
- Tenor deposits			5,254,669	4,991,936
- Loans and receivable	-	-	165,556	173,834

43.12 Future outlook

The Group has succeeded in establishing a robust enterprise risk management framework, practice, culture and environment beyond complying with regulatory requirements. However, this is a continuous and on-going process which is been improved upon consistently.

The ultimate goal is to make risk management a value driver that enhances and contributes to stakeholders' value and the long-term existence and survival of the institution.
Some of the key initiatives and projects to be embarked upon to ensure a better and more efficient risk management framework are;

- Sourcing of a risk solution that has capacity to support the management of insurance risks, operational risk, credit risk and market risk in line with best practices and ultimately complying with risk-based capital regulation in anticipation.
- Structuring a business continuity management framework and infrastructure.
- On-going aggressive Group-wide risk awareness campaign to increase employees' risk-awareness level, competence and involvement in managing risks.

Statement Of Value Added

For The Year Ended 31 December 2018

	Group				Company			
	2018 ₦'000	**%**	**2017 ₦'000**	**%**	**2018 ₦'000**	**%**	**2017 ₦'000**	**%**
Interest income	7,182,514		6,220,346		818,328		1,012,301	
Other investment and sundry income	43,029,892		36,832,329		4,444,164		3,442,796	
	50,212,406		43,052,675		5,262,492		4,455,097	
Reinsurance expense	(16,149,676)		(13,185,179)		-		-	
Net claims and underwriting expenses	(18,141,993)		(16,802,565)		-		-	
Other operating expenses - Local	(3,653,388)		(2,170,646)		53,636		60,370	
Value added	12,267,349	100	10,894,285	100	5,316,128	100	4,515,467	100
Applied as follows:								
To pay employees:								
Salaries, wages and benefits	2,339,276	19	1,632,926	15	453,711	9	373,727	8
To pay Government:								
Current income tax expense	1,947,860	16	1,779,084	16	752,711	14	500,000	11
Retained for asset replacement and future expansion of business:								
- Depreciation and amortization	427,363	3	328,688	3	40,918	1	18,175	1
- Deferred tax	439,659	4	(163,078)	(1)	217,657	4	(40,766)	(1)
- Profit for the year	7,113,191	58	7,316,665	67	3,851,131	72	3,664,331	81
	12,267,349	100	10,894,285	100	5,316,128	100	4,515,467	100

Five-year Financial Summary - Group

Statement Of Financial Position As At 31 December

Assets	2018 ₦'000	*Restated 2017 ₦'000	*Restated 2016 ₦'000	2015 ₦'000	2014 ₦'000
Cash and cash equivalents	11,745,027	7,909,809	7,467,649	24,416,886	15,868,039
Trade receivables	374,147	91,845	61,678	88,243	191,479
Financial assets	59,189,847	49,425,235	39,981,461	14,272,664	11,946,916
Reinsurance assets	9,213,300	7,221,303	6,409,135	6,005,182	7,760,736
Deferred acquisition costs	728,440	591,725	444,879	377,467	556,955
Other receivables and prepayments	2,463,637	1,935,196	802,780	818,283	1,154,338
Investment in associates	543,466	573,871	537,130	-	668,166
Investment properties	9,146,905	8,812,700	8,141,275	7,362,533	7,314,011
Property, plant and equipment	3,916,862	3,258,879	3,039,638	2,761,272	2,469,421
Intangible assets	300,338	212,733	106,653	77,537	84,362
Statutory deposits	500,000	500,000	802,000	802,000	850,000
Deferred tax assets	-	34,442	-	387,112	489,977
Total assets	98,121,969	80,567,738	67,794,278	57,369,179	49,354,400
Liabilities					
Insurance contracts liabilities	42,058,277	33,830,930	26,604,797	18,813,643	15,806,783
Investment contract liabilities	3,089,658	3,514,935	3,487,613	3,376,778	3,030,332
Trade payables	5,413,308	1,228,531	2,778,161	2,592,006	1,709,081
Other payables	2,994,150	2,788,018	1,771,096	1,410,727	1,481,604
Current income tax	1,832,290	1,518,293	1,609,044	1,475,265	1,098,447
Deferred tax liabilities	1,235,200	978,070	1,040,814	1,131,015	1,075,600
Borrowings	-	-	-	2,498,286	2,066,248
Derivative financial liabilities	-	-	-	-	119,635
Total liabilities	56,622,883	43,858,777	37,291,525	31,297,720	26,387,730
Equity					
Share capital	2,940,933	2,940,933	2,940,933	2,940,933	2,940,933
Share premium	6,412,357	6,412,357	6,412,357	6,412,357	6,405,632
Treasury Shares	-	-	-	-	(140,120)
Retained earnings	20,366,425	17,222,276	13,127,553	9,991,704	7,770,006
Contingency reserve	9,175,506	7,947,255	6,663,389	5,510,478	4,779,369
Fair value reserve	1,155,831	-	-	-	-
Available-for-sale reserve	-	862,753	310,205	244,664	663,711
Asset revaluation reserve	489,585	437,642	283,888	277,327	-
Equity attributable to owners of the parent	40,540,637	35,823,216	29,738,325	25,377,463	22,419,531
Non-controlling interests	958,449	885,745	764,428	693,996	547,139
Total equity	41,499,086	36,708,961	30,502,753	26,071,459	22,966,670
Total liabilities and equity	98,121,969	80,567,738	67,794,278	57,369,179	49,354,400

Five-year Financial Summary - Group Cont'd

Statement Of Profit Or Loss And Other Comprehensive Income - Group

	For The Year Ended 31 December				
	2018 ₦'000	2017 ₦'000	*Restated 2016 ₦'000	2015 ₦'000	2014 ₦'000
Profit before income tax expense	9,500,710	8,932,671	7,389,822	5,731,738	5,097,338
Income tax expense	(2,387,519)	(1,616,006)	(2,058,846)	(1,531,284)	(1,058,079)
Profit for the year	7,113,191	7,316,665	5,330,976	4,200,454	4,039,259
Other comprehensive income/(loss) for the year, net of tax	477,074	706,302	72,102	(141,720)	460,144
Total comprehensive income for the year	7,590,265	8,022,967	5,403,078	4,058,734	4,499,403
Total comprehensive income attributable to;					
- Owners of the parent	7,294,688	7,731,813	5,187,970	3,869,823	4,344,441
- Non-controlling interests	295,577	291,154	215,108	188,911	154,962
	7,590,265	8,022,967	5,403,078	4,058,734	4,499,403
Basic earnings per share (kobo)	116	119	87	68	67
Net assets per share (kobo)	689	609	506	431	381

Note

Basic earnings per share have been computed respectively for each year on the profit after tax and number of ordinary shares in issue, less treasury shares, if any, at the end of each year. The net assets per share are based on the number of issued 50 Kobo ordinary shares at the end of each year.

Five-year Financial Summary - Company

Statement Of Financial Position As At 31 December

Assets	2018 ₦'000	*Restated 2017 ₦'000	*Restated 2016 ₦'000	2015 ₦'000	2014 ₦'000
Cash and cash equivalents	192,180	668,233	171,787	4,250,524	1,807,249
Financial assets	4,573,652	5,481,025	4,555,390	275,163	52,405
Other receivables and prepayments	1,555,464	1,032,476	378,601	104,643	104,123
Investment in subsidiaries	8,410,669	6,209,669	6,209,669	6,209,669	6,209,669
Investment in associates	525,364	525,364	525,364	-	409,891
Investment properties	4,636,980	4,308,275	4,098,275	3,608,533	3,515,000
Property, plant and equipment	97,704	48,490	34,794	52,655	39,541
Deferred tax assets	-	34,442	-	-	-
Total assets	19,992,013	18,307,974	15,973,880	14,501,187	12,137,878
Liabilities					
Other payables	805,274	878,490	626,085	613,242	433,987
Current income tax	600,875	347,338	276,734	237,257	87,869
Deferred tax liabilities	165,141	-	6,324	305,823	268,272
Total liabilities	1,571,290	1,225,828	909,143	1,156,322	790,128
Equity					
Issued share capital	2,940,933	2,940,933	2,940,933	2,940,933	2,940,933
Share premium	6,412,357	6,412,357	6,412,357	6,412,357	6,405,632
Treasury shares	-	-	-	-	(140,120)
Retained earnings	9,067,433	7,728,856	5,711,447	3,991,575	2,141,305
Total equity	18,420,723	17,082,146	15,064,737	13,344,865	11,347,750
Total liabilities and equity	19,992,013	18,307,974	15,973,880	14,501,187	12,137,878

Five-year Financial Summary - Company Cont'd

Statement Of Profit Or Loss And Other Comprehensive Income - Company

	For The Year Ended 31 December				
	2018	**2017**	**2016**	**2015**	**2014**
	₦'000	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Profit before income tax expense	4,821,499	4,123,565	3,032,655	3,266,533	2,561,944
Income tax expense	(970,368)	(459,234)	(485,675)	(357,527)	(332,986)
Profit for the year	3,851,131	3,664,331	2,546,980	2,909,006	2,228,958
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year net of tax	3,851,131	3,664,331	2,546,980	2,909,006	2,228,958
Basic and diluted earnings per share (kobo)	65	62	43	49	38
Net assets per share (kobo)	313	290	256	227	193

Note

Basic earnings per share have been computed respectively for each year on the profit after taxation and number of ordinary shares in issue, less treasury shares, if any, at the end of each year. The net assets per share are based on the number of issued 50 Kobo ordinary shares at the end of each year.

ERM Framework

ERM Framework

Introduction and Overview

The Board of Directors appreciates that risks are inherent in all aspects of the Group's operations and that it cannot totally eliminate risks. It therefore acknowledges the critical role of risk management in the achievement of the objectives of the Group.

The Enterprise Risk Management Framework establishes the criteria within which enterprise risks are managed. The intent of the framework is to ensure the effective communication and management of risk categories across all business units. The scope of the Framework is enterprise-wide and is applicable to Board, Management and employees of the Group.

Enterprise risk management is a process, applied by our organization in a strategic setting, which enables management to identify potential risk events that may affect the entity; and provides a framework to manage risk within the organization's risk appetite in order to provide reasonable assurance regarding the achievement of the organization's objectives.

The Board is committed to managing risk in accordance with established risk management standards and has overall responsibility for the establishment and oversight of the enterprise risk management framework. There is an established Board Risk Committee, which is responsible for developing and monitoring the enterprise risk management policies. It meets quarterly to receive reports from the Management Risk Committee. The Management Risk Committee in turn meets every two months to review risk reports from the Chief Risk Officer.

The enterprise risk management policies are established to give broad guidance on how strategic objectives are to be set, and cascaded through to operational, reporting and compliance objectives. To identify and analyze the risks faced by the Group, risks are attached to objectives, core processes and key dependencies. The Group's risk policies set appropriate risk limits and appetites that form the basis for prioritizing identified risks. Risk controls are set and reviewed continually to monitor adherence to risk appetite and limits.

The Group has a policy to review the risk management policies and systems annually in order to reflect changes associated with its activities and the global economy generally. The Group, through regular risks workshops, trainings and design of standard operating procedures, aims to embed a risk culture in which all employees are aware of the risks in their respective roles and obligations.

ERM Framework contd

The Group's risk management framework functions on three lines of risk defense. Core Process owners function as the first line of risk defense and they have responsibility for risk prevention. The risk management unit assumes the second line of risk defense and is assigned responsibility to holistically coordinate the risk control functions, enterprise-wide. The internal audit function, as the last line of risk defense, functions to secure assurance that risk controls are effective and efficient.

Objectives

The Group is committed to the management of inherent risks. The Group's enterprise risk management framework aims to:

- Promote proactive recognition of external factors and anticipate uncertainties that may affect the achievement of strategy.
- Protect the interests of the Group's shareholders.
- Provide assurance to counterparts, customers, employees and the community.
- Recognize that risk is embedded in all our activities and that the underlying risk appetite is key to effective decision making.
- Provide appropriate, consistent and transparent ownership and accountability around risk mitigation.
- Enable the design and implementation of controls.
- Improve performance measurement; the Group's improved understanding of its risk profile enables appropriate allocation of risk and economic capital to individual lines of business, which allows improved performance measurement and evaluation of activities.
- Ensure better control of operations; the Group expects that increased understanding of risk activities within various business units, the Board and senior management will lead to improvements in the control of operations and the emergence of a more proactive enterprise risk management culture.

Philosophy and Principles

The continued successful safeguarding, maintenance and expansion of the Group's businesses requires a comprehensive approach to risk management.
It is the policy of the Group to identify, assess, control and monitor all risks that the business may incur to ensure that the risks are appropriate in relation to the scale and benefit of the associated project, business or practice and to ensure that no individual risk or combination of risks result in a likely material impact to the financial performance, brand or reputation of the Group.

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By acknowledging that risk and control are part of everyone's job, and by incorporating risk management into the Group's daily business practices the Group will be better equipped to achieve its strategic objectives, whilst maintaining the highest ethical standards.

The Group adopts a risk philosophy aimed at maximizing business opportunities and minimizing adverse outcomes, thereby enhancing shareholder value by effectively balancing risk and reward.

The Board of Directors is responsible for setting the enterprise risk management strategy of the Group and its implementation. All staff are expected to demonstrate the highest ethical standards of behavior in development of strategy and pursuit of objectives.

The following philosophy and principles govern the management of enterprise risk in the Group:

- The Board approves and periodically reviews the enterprise risk management framework.
- Ownership, management and accountability for risk is decentralised with business and functional units.
- There are consistent standards for defining, evaluating, measuring, monitoring and reporting risks.
- The Group's enterprise risk management practices are subject to regular independent review internally and externally.
- Enterprise risk management is governed by well-defined policies and procedures which are clearly communicated across the Group.
- Enterprise risk-related issues are taken into consideration in business decisions including new product and process designs.
- Various risk and loss events are reported openly and fully to the appropriate levels once they are identified.
- Adequate processes and systems for identifying, measuring, monitoring, reporting and controlling risks are being implemented by the Group.

Strategy

Failure to manage risk effectively often results in significant financial losses, regulatory fines or censure, reputational damage, brand erosion or even the loss of insurance licence, all of which directly impact shareholder value. Accordingly, the Group's enterprise risk strategy aims to minimise the impact of various risks on its shareholders' value. In more specific terms, the Group's strategy is to:

ERM Framework contd

- reduce the likelihood of occurrence of unexpected events and related cost by managing the risk factors and implementing loss prevention or reduction techniques to reduce variation in earnings;
- minimise the impact of unexpected and catastrophic events including related costs through risk financing strategies that support the Group's long-term growth, cash flow management and balance sheet protection; and
- make all managers responsible for the management of risk and thus minimise actual or potential losses. The Group recognises that some losses, such as operational errors, are inevitable and are normal business cost but will ensure these costs are kept within acceptable levels and potential losses are minimised.

In implementing this strategy, the Group:

- has put in place best-practice enterprise risk management policies and procedures. These include procedures to help identify, assess, control, manage and report various risks within the Group;
- ensures that roles and responsibilities are agreed and clearly understood by employees at all levels;
- ensures that all staff in business and support functions are aware of their responsibilities for risk management;
- considers the potential risk impact of its activities and products at the outset with a view to minimising these as far as possible;
- has put in place structures and processes for reporting control failures to designated individuals and escalating material issues to the Board Audit & Risk Committees respectively;
- ensures that staff are provided with appropriate enterprise risk management training that is commensurate to their roles;
- establishes a workable business continuity plan (including disaster recovery and crisis management procedures) that minimises the impact of unexpected and catastrophic events on business operations and customer service;
- minimises the financial impact of losses, through management of risk factors and utilisation of insurance and other risk transfer strategies; and
- ensures that staff responsibility with respect to enterprise risk management is communicated through on-going risk awareness workshops and management action.

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Governance and Culture

The overall responsibility for enterprise risk management in the Group resides with the Board. The responsibility of the day-to-day management has been delegated as described in this section. On a regular basis, the Board receives reports on Group's risk profile through the Board Risk Management Committee.

To ensure consistency and prudent management of risks, the responsibility for managing risk has been split as follows:

- the overall governance owned by the Board and Board Committees (Board Audit & Risk Committees) and Management Risk Committee;
- the approval of enterprise risk management policies and standards for risk identification, measurement, assessment, monitoring and reporting is the responsibility of the Board Risk Management Committee;
- the enterprise risk management framework implementation and review is owned by the Risk Management department;
- the implementation of the enterprise risk management framework within the branches, departments/business units and the day-to-day management of risks is owned by respective core processes and executed through management structure.
- The assurance role that risk management controls are effective and efficient is owned by the internal audit function.
- Legal and Compliance unit ensures that the Company adheres to laws, regulations, guidelines and specifications relevant to its business.

The Board and Board Committees

The Board of Directors, Board Audit & Risk Committees and the Management Risk Committee shall have overall oversight function for enterprise risk management. It shall be their responsibility to ensure effective management of risks and adherence to the approved enterprise risk policies.

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Board of Directors

The Board of Directors:

- sets the Group's enterprise risk strategy and direction in line with the Group's corporate strategy;
- gives final approval for the Group's enterprise risk management framework, policies and procedures;
- periodically reviews the framework to ensure its relevance and effectiveness; and ensures that senior management is performing its risk management responsibilities; and
- sets risk appetite levels.

Board Audit and Risk Committee

The Board Committees:

- ensures that the enterprise risk management framework is comprehensive and in line with the Group's strategy;
- approves the enterprise risk management framework and oversees its implementation;
- establishes a management structure capable of implementing the framework with clear lines of responsibility, accountability and reporting; and
- reports significant risk issues to the Board of Directors.

Management Risk Committee

The Group's Management Risk Committee:

- ensures that the framework is implemented consistently across the Group;
- ensures policies and procedures are developed for managing risk in the Group's products, activities, systems and processes;

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- ensures that all levels of staff understand their responsibilities with respect to enterprise risk management;
- reviews the Group's risk dashboard and assesses potential impact on the activities of the Group or business unit;
- ensures the Group's risk profile is within established risk parameters;
- ensures that staff are adequately trained and have access to the necessary resources;
- obtains and reviews periodic reports on loss events, risk profiling, control failures enterprise-wide and monitors that corrective measures are being implemented;
- ensures that the outputs from the enterprise risk management process are factored into the day-to-day management decisions of the Group; and
- ensures that the Group's enterprise risk management policies and procedures promote the desired risk culture.

Chief Risk Officer

The Chief Risk Officer:

- Leads the development and implementation of enterprise risk management across the Group.
- Develops enterprise risk management strategy, principles, framework and policy.
- Implements appropriate enterprise risk management processes and methodologies.
- Advises and coaches management and business units on risk management.
- Coordinates the appropriate and timely delivery of risk management information.
- Approves all reports, risk policy proposals, recommendations and other documents prepared for presentation to the Management Risk Committee, and

Board Audit & Risk Committees

The Enterprise Risk Management seeks to build a strong risk management and control culture by setting the appropriate tone at the top, promoting awareness, ownership and proactive management of key risks, and promoting accountability. In short, we seek to promote a risk-conscious workforce

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The Group's risk culture is based on the following:

- Ownership of Risk Management by top executives and senior management with appropriate delegation down the line.
- Integration of risk management into all business units of the Group.
- Compliance with the Group's culture and value system.
- Proactive risk management process.
- Risk Management training, education and awareness.
- Effective risk management and controls .
- Constant monitoring of risk environment and risk management process and system.
- Compliance with all relevant statutory, regulatory and supervisory rules, regulations, pronouncements and requirements.
- Ensuring risk management owners are responsible and accountable relative to their function and position.
- Ensure crises free management of risk issue when and if it occurs.

Risk Identification and Prioritization

Risk identification is a deliberate and systematic effort to identify and document the enterprise's key risks. Risks emanate from internal or external sources which affects implementation of strategy or achievement of objectives.

The objective of risk identification is to understand what is at risk within the context of the enterprise explicit and implicit objectives and to generate a comprehensive inventory of risks based on the threats and events that might prevent, degrade or delay the achievement of the objectives. The Group adopts a rigorous and ongoing process of risk identification that also includes mechanisms to identify new and emerging risks timely. These risks form the basis of the overall risk profile for the enterprise.

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The following broad categories of risk are used to enable appropriate aggregation and to assist with the identification of inherent risks across the Group:

- Business Strategy Risk
- Credit Risk
- Compliance Risk
- Insurance Risk
- Legal/Regulatory Risk
- Liquidity Risk
- Market Risk
- Operational Risk
- Reputation/Brand Risk

The risks identified are then assessed in order to prioritize the most important risks. Risk assessment is a process to quantify or qualify the level of risk associated with a specific threat or event, to enrich the risk intelligence available to the enterprise.

Risks are prioritized, considering likelihood and impact of a given outcome, to determine how they should be managed. The purpose of prioritizing the risk is to determine the level of action needed for the identified and assessed risks. The objectives at this step are to separate the minor risks from major ones. The level of risk is determined by measuring the likelihood of each event arising and the associated consequences.

Risk Identification Methods:

The following are the methods adopted in identifying risks faced by the enterprise:
Brainstorming: Risk identification through brainstorming sessions on risk areas, vulnerabilities and threats.
Questionnaire: Risk identification by issuing questionnaires to members of various units in order to identify risks peculiar to them

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Risk Appetite/Risk Tolerance

It is not always efficient to manage risks to zero residual risk or very low residual threshold because of the time, cost and effort that will be required. However, it is also poor risk management practice to accept risks which create unnecessary exposure for the enterprise.

As a result, the enterprise will not accept risks which could expose her to:

- Unacceptable levels of financial loss relative to strategic and operational targets
- Breaches of legislation or regulatory non-compliance
- Damage to its reputation
- Unacceptable interruption to the provision of services to customers
- Damage to relationships with its customers and key stakeholders

The Group's risk tolerance statement is defined below which guides strategic decision making;

"The Group shall hold capital at the 99.6% Value-at-risk level. No risk driver for example, line of business or asset class must consume more than 5% of shareholder's equity when looking at the 95% Value at Risk. No extreme scenario with a probability of higher or equal to a 1 in 250 years must result in a loss which exceeds 15% of the shareholder's equity".

6.0 Risk Reporting and Communication

Information is needed at all levels to identify, assess and respond to risks. Like any other process, the success of risk management depends on the availability of reliable information and effective communication at various levels. Pertinent information has been identified, captured and communicated in a form and time frame that enables members of staff to carry out their responsibilities.

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A reporting system is designed to provide assurance that the enterprise risks are adequately managed. Information is provided on risk management status and actions taken for continuous improvement. The report provides information on the effectiveness of achieving corporate objectives; a forward looking report that anticipates emerging risks.

Information and communication channels are in place to make various business units aware of risks that fall into their area of responsibility and the expected behavior to mitigate negative outcomes.

Relevant information, properly and timely communicated is essential to equip the relevant officials to identify, assess and respond to risks. The Enterprise's risk communication and reporting process supports enhanced decision making and accountability through; dissemination of relevant, timely, accurate and complete information.

7.0 Risk Management and Controls

In the management and control of risks, the information gained during risk assessments is used to develop control measures that would be applied to ensure appropriate management of risks. It involves the implementation of new polices and standards, physical changes and procedural changes that can reduce or eliminate certain risks within the various business units.

The following are the risk control measures the enterprise employs to mitigate risk:

- Risk Avoidance: this involves committing to stop executing the activities that give rise to the risk. Risk avoidance is usually a function of consolidating business processes and implementing preventative controls to halt deviations from acceptable norms.

- Risk Reduction: The risk reduction strategy involves reorganizing business processes to reduce the risk exposure inherent in them. Risk reduction involves reducing the severity of the loss or the likelihood of the loss occurring.

- Risk Transfer: A risk transfer strategy involves reducing risk likelihood or impact by transferring or otherwise sharing a portion of the risk. Common risk transfer techniques used includes purchasing insurance products, pooling risks and engaging in hedging transactions.

- Risk Acceptance: A risk acceptance strategy is a well-informed decision to accept loss, or benefit of gain, from a risk when it occurs. This involves making resources available internally to mitigate or accommodate such risks. An acceptance strategy is an effective way of addressing emerging risks which are those risks that are anticipated to arise in the future.

Control activities are also established to ensure that risk management decisions are carried out effectively and consistently throughout the Group. This involves formalizing risk management decisions in the Group's policies, ensuring clear accountability, utilizing self-assessment and monitoring tools and designing controls into the systems and critical business processes.

8.0 Risk Factors and Types

8.1 Insurance Risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Group faces under its insurance contracts is that the actual claims and benefit 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.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability of the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected by a change in any subset of the portfolio. The Group has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

8.1.1 General Accident insurance risks

8.1.1.1 Frequency and severity of claims

The frequency and severity of claims can be affected by several factors. The most significant is the long tailed nature of occupational hazards and employers liability. Estimated inflation is also a significant factor due to the long period typically required to settle these cases.

The Group manages these risks through prudent underwriting, adequate reinsurance arrangements and proactive claims handling.

Prudent underwriting attempts to ensure that bad risks are rejected and the underwritten pool of risks are well diversified in terms of type and amount of risk, industry and geography.

Underwriting policies are in place to enforce proper risk selection. For example, the Group does not write or renew individual policies with established moral hazards. It also imposes excesses and deductibles to make the insured bear a proportion of a loss and thus check negligent or indulgent tendencies. The Group undertakes loss investigation that most times results in downward adjustments of reported claims. The Group rejects payment of fraudulent claims that are thrown up by its investigation search light. Insurance contracts also entitle the Group to pursue third parties for payment of some or all costs through its subrogation rights. Any contract in which a branch office of the Group is committed to cover risks in excess of its prescribed limits requires head office approval.

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The reinsurance arrangements include excess of loss and catastrophe covers that are used to protect the Group's net account. The effect of such reinsurance arrangements is that the Group should not suffer total net insurance losses of more than N70 million in any one event.

8.1.1.2 Sources of uncertainty in the estimation of future claim payments

Claims on long-tail general accident insurance contracts are payable on a claims-occurrence basis. Coverage applies to bodily injury or property damage that occurs during the policy period, regardless of when claims for damages are made. As a result, liability claims are settled over a long period of time (long-tail), and a larger element of the claims provision relates to incurred but not reported claims (IBNR). 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 compensation paid on these contracts is the monetary awards granted for bodily injury suffered by employees (for employer's liability covers) or members of the public (for public liability covers). Such awards are lump-sum payments that are calculated as the present value of the lost earnings and rehabilitation expenses that the injured party will incur as a result of the accident.

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 liability for these contracts comprises a provision for IBNR, a provision for reported claims not yet paid and a provision for unexpired risks at the end of the reporting period. The amount of casualty claims is particularly sensitive to the level of court awards and to the development of legal precedent on matters of contract and tort. Casualty contracts are also subject to the emergence of new types of latent claims, but no allowance is included for this at the end of the reporting period.

The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Group, where information about the claim event is available. IBNR claims may not be apparent to the insured until many years after the event that gave rise to the claims. For general accident insurance contracts, the IBNR proportion of the total liability is high and will typically display greater variations between initial estimates and final outcomes because of the greater degree of difficulty of estimating these liabilities.

In estimating the liability for the cost of reported claims not yet paid, the Group considers any information available from loss adjusters and information on the cost of settling claims with similar characteristics in previous periods. Large claims are assessed on a case-by-case basis or projected separately in order to allow for the possible distortive effect of their development and incidence on the rest of the portfolio.

8.1.1.3 Process used to decide on assumptions

The risks associated with these insurance contracts are complex and subject to a number of variables that complicate quantitative sensitivity analysis. However, the Nigerian market has not had severe losses from asbestos-related diseases which is usually material and is therefore not too complicated to come up with reasonable assumptions.

The Group uses assumptions based on a mixture of internal and market data. Internal data is derived mostly from the Group's quarterly claims reports and screening of the actual insurance contracts carried out at year-end 2018 to derive data for the contracts held. The Group has reviewed the individual contracts and in particular the industries in which the insured companies operate and the actual exposure years of claims. This information is used to develop scenarios related to the latency of claims.

8.1.1.4 Change in assumptions and sensitivity analysis

There were no additional net insurance reserves (outstanding claims) arising in respect of prior years that has arisen due to changes in the assumptions used to estimate the ultimate cost of claims, including public liability claims.

Because the assumptions used to estimate these liabilities require judgment, they are subject to great uncertainty.

8.1.2 Property insurance contracts

8.1.2.1 Frequency and severity of claims

For property insurance contracts, climatic changes give rise to more frequent and severe extreme weather events (for example, flooding) and their consequences (for example, flood claims). For certain contracts, the Group has also limited the number of claims that can be paid in any policy year or introduced a maximum amount payable for claims in any policy year.

The Group has the right to impose deductibles and reject fraudulent claims. These contracts are underwritten by reference to the commercial replacement value of the properties and contents insured, and claim payment limits are always included to cap the amount payable on occurrence of the insured event. Cost of rebuilding properties, of replacement or indemnity for contents and time taken to restart operations for business interruption are the key factors that influence the level of claims under these policies. The greatest likelihood of significant losses on these contracts arises from storm or flood damage. The Group has reinsurance cover for such damage to limit losses to N300 million in any one catastrophe event.

Property insurance contracts are subdivided into the following risk groups: fire, business interruption, and theft. The insurance risk arising from these contracts is not concentrated in any of the territories in which the Group operates, and there is a balance between commercial and personal properties in the overall portfolio of insured buildings. The Group does not underwrite property insurance contracts outside Nigeria.

8.1.2.2 Sources of uncertainty in the estimation of future claim payments

The shorter settlement period for these claims allow the Group to achieve a higher degree of certainty about the estimated cost of claims, and relatively little IBNR is held at year-end. However, the longer time needed to assess the emergence of a flood claim make the estimation process more uncertain for these claims.

The uncertain nature of the costs of this type of claim causes greater uncertainty in the estimates than in previous years. The Group has been monitoring numbers of reported claims on a weekly basis and reflected such information in its assessment of the adequacy of the unearned premium provision held at year end. The effect of this unexpected weather may affect prior year claims, due to the re-opening of old claims and higher settlement costs for flood claims in the current market. At year-end 2018, the Group believes that its liabilities for fire claims are adequate. However, more permanent changes in the climate may produce a higher frequency and severity of claims than currently expected.

8.1.2.3 Process used to decide on assumptions

For non-subsidence-related property risks, the Group uses similar statistical methods used for general accident insurance risks that incorporate the various assumptions made in order to estimate the ultimate cost of claims.

Similar to the approach for the assumptions underlying the casualty insurance liabilities, the choice of selected results for each accident year of each class of business depends on an assessment of the technique that has been most appropriate to observed historical developments. In certain instances, this has meant that different techniques or combination of techniques have been selected for individual accident years or groups of accident years within the same class of business.

8.1.2.4 Changes in assumptions

The Group did not change its assumptions for the insurance contracts disclosed in this note other than updating the costs of rebuilding properties, replacement or indemnity for contents for time value of money.

8.1.3 Long-term insurance contracts

8.1.3.1 Frequency and severity of claims

For contracts where death is the insured risk, the most significant factors that could increase the overall frequency of claims are epidemics (such as AIDS, SARS, Lassa Fever, EBOLA and a human form of avian flu) or widespread changes in lifestyle, such as eating, smoking and exercise habits, resulting in earlier or more claims than expected.

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For contracts where survival is the insured risk, the most significant factor is continued improvement in medical science and social conditions that would increase longevity.

At present, these risks do not vary significantly in relation to the location of the risk insured by the Group. However, undue concentration by amounts could have an impact on the severity of benefit payments on a portfolio basis.

For contracts with fixed and guaranteed benefits and fixed future premiums, there are no mitigating terms and conditions that reduce the insurance risk accepted. The Group charges for mortality risk on a monthly basis for all insurance contracts without a fixed term. It has the right to alter these charges based on its mortality experience and hence minimize its exposure to mortality risk. Delays in implementing increases in charges and market or regulatory restraints over the extent of the increases may reduce its mitigating effect. The Group manages these risks through its underwriting strategy and reinsurance arrangements.

The underwriting strategy is intended to ensure that the risks underwritten are well diversified in terms of type of risk and the level of insured benefits. Medical selection is also included in the Group's underwriting procedures, to reflect the health condition and family medical history of the applicants. The Group has a retention limit of =N=15 million and =N=20 million on any single life insured and reinsures the excess through a surplus treaty reinsurance arrangement. The Group does not have in place any reinsurance for contracts that insure survival risk.

8.1.3.2 Sources of uncertainty in the estimation of future benefit payments and premium receipts

Uncertainty in the estimation of future benefit payments and premium receipts for long-term insurance contracts arises from the unpredictability of long-term changes in overall levels of mortality and the variability in contract holder behavior.

The Group uses appropriate base tables of standard mortality according to the type of contract being written. An investigation into the actual experience of the Group over the last three years is carried out, and statistical methods are used to adjust the crude mortality rates to produce a best estimate of expected mortality for the future. Where data is sufficient to be statistically credible, the statistics generated by the data are used without reference to an industry table. Where this is not the case, the best estimate of future mortality is based on standard industry tables adjusted for the Group's overall experience. For contracts that insure survival, an adjustment is made for future mortality improvements based on trends identified in the data and in the continuous mortality investigations performed by independent actuarial bodies. The impact of any historical evidence of selective termination behavior will be reflected in this experience. The Group maintains voluntary termination statistics to investigate the deviation of actual termination experience against assumptions. Statistical methods are used to determine appropriate termination rates. An allowance is then made for any trends in the data to arrive at a best estimate of future termination rates.

8.1.3.3 Process used to decide on assumptions

For long-term insurance contracts with fixed and guaranteed terms, estimates are made in two stages. At inception of the contract, the Group determines assumptions in relation to future deaths, voluntary terminations, investment returns and administration expenses. These assumptions are used for calculating the liabilities during the life of the contract.

A margin for risk and uncertainty is added to these assumptions. These assumptions are 'locked in' for the duration of the contract. Subsequently, new estimates are developed at each reporting date to determine whether liabilities are adequate in the light of the latest current estimates. The initial assumptions are not altered if the liabilities are considered adequate. If the liabilities are not adequate, the assumptions are altered ('unlocked') to reflect the latest current estimates; no margin is added to the assumptions in this event. As a result, the effect of changes in the underlying variables on insurance liabilities and related assets shown in paragraph below is not symmetrical. Improvements in estimates have no impact on the value of the liabilities and related assets, while significant enough deteriorations in estimates have an impact.

The assumptions used for the insurance contracts disclosed in this note are as follows:

I. Mortality

An appropriate base table of standard mortality is chosen depending on the type of contract. An investigation into the Group's experience over the most recent three years is performed, and statistical methods are used to adjust the rates reflected in the table to a best estimate of mortality for that year. Where data is sufficient to be statistically credible, the statistics generated by the data are used without reference to an industry table. For contracts insuring survivorship, an allowance is made for future mortality improvements based on trends identified in the data and in the continuous mortality investigations performed by independent actuarial bodies.

ii. Morbidity

The rate of recovery from disability is derived from industry experience studies, adjusted where appropriate for the Group's own experience.

iii. Persistency

An investigation into the Group's experience over the most recent three years is performed, and statistical methods are used to determine an appropriate persistency rate. Persistency rates vary by product type and policy duration. An allowance is then made for any trends in the data to arrive at a best estimate of future persistency rates that takes into account the effective contract holders' behavior.

iv. Investment Returns

Investment returns affect the assumed level of future benefits due to the contract holders and the selection of the appropriate discount rate. The Group's primary assumptions on investment returns relate to four components:

(a) Risk-Free Rates
The risk-free rates are the gross yields to redemption of benchmark government securities.

(b) Equity Investments
The expected long-term return – dividends and capital growth – is derived by adding to the risk-free rate of return on equity risk premium percentage considered to be appropriate.

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(c) Overall investment return

A weighted average rate of investment return is derived by combining different proportions of the above financial assets in a model portfolio, which is assumed to back the liabilities. These model portfolios are consistent with the long-term asset allocation strategies as set out in the Group's Asset Liability Management (ALM) framework.

v. Renewal Expense Level and Inflation

The current level of expenses is taken as an appropriate expense base. Expense inflation is assumed to be a suitable rate above current inflation rates hovering around 11% per annum in Nigeria.

vi. Tax

It has been assumed that current tax legislation and rates continue unaltered.

Change in Assumptions

The Group did not change its assumptions for the insurance contracts disclosed in this note.

(a) Guaranteed Annuity Options

The amount of insurance risk under contracts with guaranteed annuity options is also dependent on the number of contract holders that will exercise their option ('option take-up rate'). This will depend significantly on the investment conditions that apply when the options can be exercised. The lower the current market interest rates in relation to the rates implicit in the guaranteed annuity rates, the more likely it is that contract holders will exercise their options. Continuing improvements in longevity reflected in current annuity rates will increase the likelihood of contract holders exercising their options as well as increasing the level of insurance risk borne by the Company under the annuities issued. The Group does not have sufficient historical data on which to base its estimate of the number of contract holders who will exercise their options.

Available table indicates the likely changes in the carrying amount of the liability at year-end in response to changes in interest and mortality rates. The additional carrying amount is calculated on the assumption that every contract holder exercises his option at the earliest date possible.

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

Other than for the testing of the adequacy of the liability representing the unexpired risk at the end of the reporting period, there is no need to estimate mortality rates or morbidity rates for future years because these contracts have short duration. However, for incurred disability income claims, it is necessary to estimate the rates of recovery from disability for future years. Standard recovery tables produced by reinsurers are used as well as the actual experience of the Group. The influence of economic circumstances on the actual recovery rate for individual contracts is the key source of uncertainty for these estimates.

8.2 Credit Risks

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The key areas of exposure to credit risk for the Group are in relation to its investment portfolio, reinsurance programme and to a lesser extent amounts due from policyholders and intermediaries. Key areas where the Group is exposed to credit risk are:

Principal Credit Risks

- Reinsurers' share of insurance liabilities;
- Amounts due from reinsurers in respect of claims already paid;

ERM Framework contd

- Amounts due from insurance contract holders;
- Amounts due from insurance intermediaries;
- Amounts due from loans and receivables;
- Amounts due from debt securities; and
- Amounts due from money market and cash positions.

The Group structures the levels of credit risk it accepts by placing limits on its exposure to a single counterparty, or groups of counterparties, and to geographical and industry segments. Such risks are subject to an annual or more frequent review. Limits on the level of credit risk by category and territory are approved quarterly by the Board of Directors.

The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent to investment grade and above.

This information is supplied by independent rating agencies where available and if not available the Group uses other publicly available financial information and its own trading records to rate its major policyholders and reinsurers.

The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

Receivables consist of a large number of policyholders, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

Credit Risk Measurement, Control and Mitigation

i. Premium and Reinsurance Receivables

Reinsurance is used to manage insurance risk. This does not, however, discharge the Group's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the Group remains liable for the payment to the policyholder. The creditworthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to finalization of any contract.

The Credit Control Committee works closely with the Underwriting and Reinsurance departments to assess the creditworthiness of all reinsurers and intermediaries by setting and reviewing regularly the credit rating of each reinsurer using internal records and other publicly available financial information.

Individual operating units maintain records of the payment history for significant contract holders with whom they conduct regular business. The exposure to individual counterparties is also managed by other mechanisms, such as the right of offset where counterparties are both debtors and creditors of the Group. Management information reported to the Group includes details of provisions for impairment on loans and receivables and subsequent write-offs. Internal audit makes regular reviews to assess the degree of compliance with the group procedures on credit. Exposures to individual policyholders and groups of policyholders are collected within the ongoing monitoring of the controls associated with regulatory solvency.

Where there exists significant exposure to individual policyholders, or homogenous groups of policyholders, a financial analysis equivalent to that conducted for reinsurers is carried out by the Group's risk department.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

ERM Framework contd

ii. Investments

The Group limits its exposure to credit risk by investing only in liquid securities and only with counterparties that have a credit rating of at least BBB- from rating agencies. Management actively monitors credit ratings and given that the Group only has invested in securities with high credit ratings, management does not expect any counterparty to fail to meet its obligations.

8.3 Liquidity Risks

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of over 90 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. The Group does not maintain any lines of credit as it does not envisage any liquidity stress that would stretch its liquidity position.

8.4 Market Risks

Market risk is the risk that changes in market prices, such as; foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. Market risk arises due to fluctuations in both the value of assets held and the value of liabilities

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Group has established policies and procedures in order to manage market risk.

8.4.1 Currency Risks

Foreign Currency Risk Management

The Group undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. The Group exposure to currency risk are minimised by matching the Group's financial assets to the same currencies as its insurance and investment contract liabilities. Cash and cash equivalent is the major asset which gives rise to currency risk.

Carrying amounts of the Group's foreign currency denominated assets.

2018 - Group	**Sterling ₦'000**	**Euro ₦'000**	**US Dollars ₦'000**	**Total ₦'000**
Cash and cash equivalents	72	127,392	1,092,699	1,220,163
Financial assets	-	-	10,378,135	10,378,135
Reinsurance assets	-	-	9,547.00	9,547
	72	127,392	11,480,381	11,607,845
Liabilities				
Insurance contract liabilities	-	-	2,589,369	2,589,369
Net assets	72	127,392	8,891,012	9,018,476
2017 - Group				
Cash and cash equivalents	72	9,522	724,310	733,904
Financial assets	-	-	8,213,970	8,213,970
Reinsurance assets	-	-	23,860	23,860
	72	9,522	8,962,140	8,971,734
Liabilities				
Insurance contract liabilities	-	-	2,589,369	2,589,369
Net assets	72	9,522	6,372,771	6,382,365
2018 - Company				
Cash and cash equivalents	-	-	35,897	35,897
	-	-	35,897	35,897

The Company had no foreign currency denominated asset or liability in 2017.

ERM Framework contd

Foreign Currency Sensitivity Analysis

The following table details the Group's sensitivity to 10% increase and decrease in the Naira against the relevant foreign currencies. A 10% sensitivity rate is used when reporting foreign risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. For each sensitivity, the impact of change in a single factor is shown with other assumptions unchanged.

Group		31-Dec-18		31-Dec-17	
Cash and cash equivalents		Impact on profit before tax ₦'000	Impact on equity ₦'000	Impact on profit before tax ₦'000	Impact on profit before tax ₦'000
Sterling	+10%	7	5	7	5
	-10%	(7)	(5)	(7)	(5)
Euro	+10%	1,274	994	952	743
	-10%	(1,274)	(994)	(952)	(743)
USD	+10%	10,927	8,927	7243	5,650
	-10%	(10,927)	(8,927)	(7,243)	(5,650)
Company					
USD	+10%	359	236	-	-
	-10%	(359)	(236)	-	-

8.4.2 Interest Rate Risk Management

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

The Group is exposed to interest rate risk as the Group invests in long term debt at fixed interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings and by limited use of interest rate swap contracts and forward interest rate contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite.

Interest rate risk also exists in products sold by the Group. The Group manages this risk by adopting close asset/liability matching criteria, to minimise the impact of mismatches between asset and liability values arising from interest rate movements.

The Group has no significant concentration of interest rate risk.

8.4.3 Equity Price Risk Management

The Group is exposed to equity price risks arising from equity investments primarily from investments not held for unit-linked business. The shares included in financial assets represent investments in listed and unlisted securities that present the Group with opportunity for return through dividend income and capital appreciation. Equity investments designated as available-for- sale are held for strategic rather than trading purposes.

"At the reporting date, the exposure to listed equity securities at fair value was N1,205 million. Adecrease of 10% on the NSE market index could have an impact of approximately N121 million onthe income or equity attributable to the Group, depending on whether the decline is significant orprolonged. An increase of 10% in the value of the listed securities would impact both profit or loss and shareholders' equity."

8.5 Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, systems and external events. The Group recognizes the significance of operational risk, which is inherent in all areas of our business. Operational risk is managed within acceptable levels through an appropriate level of management focus and resources.

The Group is committed to the management of operational risks. The Group's operational risk management strategy aims to:

- reduce losses arising from operational risk – a key role of operational risk management in the Group is to reduce losses from operational failure and in particular avoid potentially large or catastrophic risk losses;

ERM Framework contd

- provide early warning signals of deterioration in the Group's internal control system; and
- raise awareness of operational risk in the Group from top to bottom through the implementation of an enterprise-wide risk approach.

One of the foremost operational risks faced by the Group are financial crimes (internal fraud, external fraud and money laundering). Each incident is analysed, control failures identified and new controls designed. The Group is also investing in enhanced loss control. Key counter-measures put in place include:

- enhanced staff training;
- enhanced Know Your Policyholder (KYP) drive and background checks on employees;
- issuance of appropriate and deterrent circulars;
- job rotation and segregation;
- dissemination of email and SMS alerts to the Group's customers for each activity on their accounts;
- imposition of stiff disciplinary measures including prosecution of fraudulent staff, agents and brokers; and
- installation of panic alarm system, CCTV.

8.5.1 Outsourcing Risk

Outsourcing risk is the risk inherent in the usage of vendors. The group's extensive use of vendors enables the enterprise to deliver products and services to consumers and benefits to our employees. Risks inherent with using vendors includes: vendor performance, financial risks, reputation/brand, business continuity, information security, and legal/regulatory.

The Key counter-measures put in place includes:

- Maintain Enterprise policies to ensure appropriate management review, approval, and oversight of vendor risks.
- Hold vendors accountable for performance and utilize Management of Service Level Objectives.

ERM Framework contd

- Monitor whether the value of the services provided by a vendor are commensurate with the vendor expense.
- Through the Vendor Management Community, train associates responsible for vendor management on compliance processes, managing vendor risks, and sharing best practices.
- Review critical vendors and corporate department vendor oversight through the Internal Audit program.
- Conduct vendor vulnerability assessments on critical vendors to validate logical and physical controls protecting Custodian information and business processes.
- Manage vendor relationships and risk through Vendor Management Units.
- Identify Enterprise relationship owners for vendors that span multiple departments at Custodian.
- Use shared information repositories for contracts and vendor relationship management.

9.0 Financial Risk Management

9.1 Valuation Bases

The Group monitors and manages the financial risks relating to its operations through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The Group may seek to minimise the effects of these risks by using financial instruments to hedge risk exposures.

The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Fair value is the amount for which an asset could be exchanged or liability being settled between knowledgeable, willing parties in an arm's length transaction.

ERM Framework contd

Valuation bases

The Group monitors and manages the financial risks relating to its operations through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The Group may seek to minimise the effects of these risks by using financial instruments to hedge risk exposures.

The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Fair values are determined at prices quoted in active markets. In the current environment, such price information is typically not available for all instruments and the Group applies valuation techniques to measure such instruments. These valuation techniques make maximum use of market observable data but in some cases management estimate other than observable market inputs within the valuation model. There is no standard model and different assumptions would generate different results.

Fair values are subject to a control framework designed to ensure that input variables and output are assessed independent of the risk taker. The Group has minimal exposure to financial assets which are valued at other than quoted prices in an active market.

The table below shows financial assets carried at fair value.

Group 31 December 2018	Fair value through profit or loss ₦'000	Fair value through OCI ₦'000	Fair value ₦'000
Quoted equities at FVTPL	19,494,539	-	19,494,539
Fair value through OCI - quoted	-	18,775	18,775
Fair value through OCI - unquoted		4,357,810	4,357,810
	19,494,539	4,376,585	23,871,124
31 December 2017			
Quoted equities at FVTPL	7,502,999	-	7,502,999
Available for sale - quoted	-	716,649	716,649
Available for sale - unquoted		3,280,648	3,280,648
	7,502,999	3,997,297	11,500,296
Company			
31 December 2018			
Quoted equities at FVTPL	372,978	-	372,978
	372,978	-	372,978
31 December 2017			
Quoted equities at FVTPL	60,800	-	60,800
	60,800	-	60,800

ERM Framework contd

Fair value and fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly, and

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

ERM Framework contd

31 December 2018 - Group	N'000	N'000
Financial assets measured at fair value		
Quoted prices in active markets (level 1)	675,285	835,300
Valuation technique:		
Market observable data (level 2)	-	-
Other than observable market data (level 3)	11,621,336	11,244,160
	12,296,621	12,079,460
Financial assets measured at amortised cost		
Amortised cost	35,318,723	-
Held-to-maturity	-	31,594,802
	35,318,723	31,594,802
Company		
Financial assets measured at fair value		
Quoted prices in active markets (level 1)	372,978	60,800
Valuation technique:		
Market observable data (level 2)	-	-
Other than observable market data (level 3)	4,636,980	4,308,275
	5,009,958	4,369,075
Financial assets measured at amortised cost		
Amortised cost	546,353	-
Held-to-maturity	-	5,420,225
	546,353	5,420,225

ERM Framework contd

9.2 Liquidity risk

Liquidity risk is the risk that the Group cannot meet its obligations associated with financial liabilities as they fall due.

The Group has adopted an appropriate liquidity risk management framework for the management of the Group's liquidity requirements. The Group manages liquidity risk by maintaining adequate liquid assets and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of assets and liabilities. The Group is exposed to liquidity risk arising from clients on its insurance contracts. In respect of catastrophic events there is liquidity risk from a difference in timing between claim payments and recoveries thereon from reinsurers.

Liquidity management ensures that the Group has sufficient access to funds necessary to cover insurance claims. In practice, most of the Group's assets are marketable securities which could be converted to cash when required.

ERM Framework contd

10.0 Future outlook

The Group has succeeded in establishing a robust enterprise risk management framework, practice, culture and environment beyond complying with regulatory requirements. However, this is a continuous and on-going process which is been improved upon consistently.

The ultimate goal is to make risk management a value driver that enhances and contributes to stakeholders' value and the long-term existence and survival of the institution.

Some of the key initiatives and projects to be embarked upon to ensure a better and more efficient risk management framework are;

- Sourcing of a risk solution that has capacity to support the management of insurance risks, operational risk, credit risk and market risk in line with best practices and ultimately complying with risk-based capital regulation in anticipation.
- Structuring a business continuity management framework and infrastructure.
- On-going aggressive Group-wide risk awareness campaign to increase employees' risk-awareness level, competence and involvement in managing risks.

- Corporate Social Responsibility (CSR) Initiative
- Sustainability Report
- Health, Safety and Environment Report
- Proxy Form
- Mandate Card

Corporate Social Responsibility (CSR) Initiative

Corporate Social Responsibility (CSR) is the way a company takes responsibility for the social and environmental impacts of its business operations. It offers a company the opportunity to demonstrate its good corporate citizenship, whilst protecting itself from external risk by considering the environmental, social and economic factors relevant to it.

The essence of CSR is to drive change and there are different ways a company practices CSR.

Many companies practice philanthropy which usually involves donating money, products or services to social courses. Other ways include Volunteering, which involves the practice of good deeds by members of the company, or organized by the company without expecting anything in return. Ethical labour practices is another way CSR is practiced and this implies treating members of the company fairly by following only recommended practices stated in the relevant Labour law. At different times in the history of our company, we have practiced the various ways. At Custodian, we realize that CSR is important to our business because ultimately, it improves our Brand image. With sound CSR practice, Stakeholders, including shareholders have more confidence and are happy with their company as it is positively perceived by the public. Participating in events that impact the environment in the form of CSR also helps the psyche of members of the company, especially as it relates to volunteering, as this boosts employee morale which will in turn lead to increased productivity and contribute ultimately to the company standing out against competition.

We at Custodian have over the years implemented initiatives that benefit our community and in general, our environment. All our initiatives are driven by Custodian Social Responsibility Foundation (CSRF) which is the CSR arm of Custodian, owned by the member companies of Custodian Group namely: Custodian and Allied Insurance Limited, Custodian Life Assurance Limited, Custodian Trustees Limited and Crusader Sterling Pensions Limited

CUSTODIAN SOCIAL RESPONSIBILITY FOUNDATION

Custodian Social Responsibility Foundation is registered as an incorporated Trustees set up specifically to drive the CSR initiatives in the following core areas:

- Education
- Health
- Community Development
- Sustainability

Corporate Social Responsibility (CSR) Initiative contd

Of the four focal areas, our primary areas of focus are:

- **Education**

  This includes initiatives that lead to the advancement of formal and informal education by facilitating access to educational opportunities and seeking to improve learning through the provision of equipment and facilities to enhance learning in formal settings as schools and skills acquisition in Vocational Centres.

- **Health**

  This consists of interventions in the area of health including provision of emergency support to stabilize accident victims through the provision of standard facilities strategically located in areas prone to accidents, donation of blood and other activities leading to the saving of lives.

STRUCTURE

The Foundation is run on a daily basis by the Chief Executive, Mrs Bunmi Aderemi with the assistance of a few staff of the company.

The Board of Trustees comprises the Chairman, Mrs Mimi Ade-Odiachi, Director, Mr Ibrahim Dikko whose tenure is determined by the Board of Custodian Investment Plc and the CEO.

The Board currently meets twice in a year, the first time to consider on-going projects and determine/approve new ones for the year, while the second meeting considers the extent of execution of already approved projects.

CSRF is currently funded solely by the equivalent of 1% of Profit Before Tax of each member company of Custodian Investment Plc. In future, the plan is to raise funds in cash and kind through other Foundations, friendly Organizations, International Donors, Individual Donors, Interest realized from investment of funds, fund-raising events etc

Corporate Social Responsibility (CSR) Initiative contd

At the Board meetings of 2018, the following were discussed and approved for the year:

- **Accident And Emergency Center**

  The first major project of CSRF will be the setting up of an Accident and Emergency Center, to be sited along or just off the Lagos/Ibadan express way. This much-needed project that would help save lives should ideally be located within Ogun State and not far from security such as Police/ FRSC station and not too far from a community to enable easy access to hospitals. Working manuals were developed showing among other things a sketch of a 20-patient capacity center revealing the layout of an ideal emergency centre, staffing requirements, equipment that would be required and estimates of costs.

  Due to the size of the project, it will be capital intensive and would also require high recurrent expenses. We would obviously need help from other Foundations, International donors, individual donors, friends, well-wishers etc. However, this is without doubt a laudable project and with determination, we plan to take the first step this year. Though this kind of project may take a few years to complete, at the end, it will be well worth it as the impact will be felt all over the nation, with countless lives saved. Indeed, It is impossible to quantify the value of lives saved, the contributions of survivors to the nation and social benefits of relationships preserved.

- **Training Of Custodian Staff**

  All Custodian members were trained in First Aid for Accident victims in 2018. In support of the planned Accident and Emergency Centre, it was agreed it would be ideal for staff to have a feel of the essence of first aid training relating to accident victims and the training of staff done in batches and organized by the Human Resources department took place in November 2018.

- **Blood Donation Exercise**

  We had a blood-donation exercise conducted by the Lagos State Blood Transfusion Services (LSBTS) on 6th November 2018, for the third year running. This third edition has been the most successful in terms of turnout of staff and actual donation. 59 staff were willing to participate – double the number of eligible staff at the maiden edition held in 2016 and over 5 times the 11 staff that showed up in 2017. Of the 59, 46 were successful donors and 90% of the units of blood collected from them was distributed among sixty (60) patients of Sickle cell disease, various cancers, Anaemia, Road traffic accident and pregnant women spread across different hospitals including Massey Children Hospital Lagos, Gbagada General Hospital, General Hospital Ikorodu and Island Maternity hospital. We are encouraged by the numbers and hope the 2019 edition would attract even more donors.

- **VPDA 2**

The second phase of the Vocational and Professional Development Academy was approved for support at our second meeting of the year. Whilst the support given to VPDA for the first phase catered for the soft vocational skills such as Film, Photography, ICT, Beauty and Hospitality, the second phase will house some of the technical vocational skills starting with Plumbing and Electrical.

CSRF is in agreement with the motive of VPDA to empower people by teaching the currently unemployed and those with unemployable skills in various areas, thereby enabling them to be taken off the streets and have a sustainable means of livelihood. We believe that this initiative is a laudable one as it will eventually reduce unemployment and contribute to the economy of Lagos State, whilst having the social benefits of making our environment safer by engaging otherwise unemployed people capable of fomenting trouble.

The scope of work of VPDA2 has been broken down into four phases and has now reached the final stage. CSRF supported with N18.5m

Before

After

Corporate Social Responsibility (CSR) Initiative contd

Impact

Whilst real impact can only be felt as time goes on, so far, from March 2018 when the Academy opened to the public to date, 64 participants have undergone training in various fields. Two people have been given scholarships for vocational training in ICT and Film/Photography and two other students in ICT.

Google Training

VPDA co-sponsored the free training of 40 students between the ages of 23 and 28 years in partnership with GOOGLE in 2018 and 23 have so far been trained this year. This would enhance their employability, expose them to opportunities in the digital world, help the would-be Entrepreneurs among them improve their on-line presence and keep all of them up to date with digital trends.

Stutern Nigeria Limited

VPDA has partnered with Stutern Nigeria Limited, a platform that offers internship to post NYSC graduates with the aim of getting them jobs, especially those within in the Yaba community. VPDA has partnered with them to train 60 young graduates.

Custodian staff regularly enjoy free of charge training in Front desk training and Executive/Personal Assistant training.

In order to have greater impact, VPDA currently seeks partnerships with ANDELA, a company given a huge fund by the founder of FACEBOOK to train 7,000 programmers in Nigeria, in order to help solve the Global Technology dearth of talent. Besides, the plan is for the Academy to partner with the Yaba Local Government to train selected students from the Local Government to transfer skills that will enable them become more employable to them. Other ways by which VPDA plans to develop partnerships are by direct involvement with stakeholders in the community including the community leaders in schools, markets and other areas which will lead to the selection of students to be trained at the Academy.

Besides, VPDA has in view international partnerships with Beingcert (an International Association of customized Certification), CansCribe career College based in Canada and The On-Line-Business School, UK.

As time goes on and with all the planned strategic partnerships in place, greater impact will be felt especially in the community.

Corporate Social Responsibility (CSR) Initiative contd

Custodian Mentor's Conference

Having in mind the level of despondency exhibited by many of the Youths in our society today regarding the future of Nigeria and going by the pattern of conversations on social media especially, it became clear that Nigerian youths need to be inspired by the leading lights they look up to for direction and leadership.

Consequently, at Custodian, we decided to fill the gap through the Mentor's Conference. The aim of the program was to help young people be in the same space as accomplished people in their respective fields, listen to them and learn from their varied experience.

Mr. Wole Oshin, Group Managing Director, Custodian Investment Plc.

Mr. Leke Alder, the Principal of Alder Consulting

Participants drawn from across the country were pre-qualified to attend the Conference free of charge after matching their profiles, aspirations, business and industry interests among others, to ensure that the opportunity was utilized by genuine beneficiaries.

This maiden edition of the Conference facilitated the exchange of ideas, sharing of life experiences and lessons, social interaction (meet and greet) and mentoring by high achievers in the society including our Group Managing Director, Mr. Wole Oshin, Mrs Obiageli Ezekwesili, a former Minister of Solid Minerals and later, Education and Mr. Leke Alder, the Principal of Alder Consulting.

Corporate Social Responsibility (CSR) Initiative contd

The Mentees, who helped to select the mentors benefitted from the program went home encouraged and challenged to do more for this country with hope that they can become tomorrow's leaders. The Company invested N8.5m to achieve this.

It is also our belief that they will be able to improve their individual and corporate capacities to further boost productivity and in turn impact others positively, support the employment creation drive of our society and ultimately contribute to building a sustainable and socially responsible society for the benefit of all.

Donations/sponsorships

Every year, we make donations to various bodies including student groups professionally affiliated groups and others in support of worthwhile causes, whilst maintaining some past projects. In 2018, these include:

BENEFICIARY	AMOUNT
Management Science Association Students of University of Lagos	N250,000.00
Actuarial Science and Insurance Students Association Of University of Lagos	N280,000.00
Chartered Insurance Institute of Nigeria	N500,000.00
National Council of Registered Insurance Brokers	N1,200,000.00
Ilupeju Public Library maintenance	N1,215,375.00
West Africa Insurance Institute Admin Complex construction	N3,600,000.00

Sustainability Report

One of the four core areas of Social Responsibility initiatives we support at Custodian is Sustainability. Generally speaking, sustainability is the avoidance of the depletion of natural resources in order to maintain an ecological balance. For sustainable development, the key principles that apply are Economic, Environmental and Social sustainability.

Economic sustainability refers to practices that support long-term economic growth without negatively impacting social, environmental and cultural aspects of the community. Economic sustainability is very important as it has impact on both social and environmental stability. A negative economic effect will likely affect the social aspects of people's lives which can also lead to the production of products that are not environmentally friendly. On the other hand, when the economic aspect is thriving, it can lead to the achievement of social sustainability.

Environmental sustainability refers to the responsible interaction with the environment to avoid depletion or degradation of natural resources, which should lead to long-term environmental quality. This means that demands placed on the environment can be met without necessarily having a negative impact on how people live now and in future. There is sufficient evidence to show that as a result our practices, resources are being depleted all over the world. This is why sustainability issues have been brought to the fore in recent years globally, so enough awareness can be created with the aim of combatting the things responsible for the depletion of the earth's resources.

Social sustainability is a process that promotes wellbeing within an organization's members, while also supporting the ability of future generations to maintain a healthy community.

Apart from the above principles, Governance is a key Sustainability principle, which along with the ones identified above make up the ESG (Environment Social Governance) Pillars. These pillars measure the sustainability and ethical impact of an investment in a business.

As Corporate Sustainability creates long-term shareholder value and awareness has increased globally in the past few years, forward-looking Organizations have been devising strategies to integrate sustainability into their business processes, not only in the area of production but also in offering services. The result of this action usually leads to the reduction of risks and invariably costs. As Sustainability creates value that sustains the systems or resources upon which the value depends, it also seeks to build long-run competitiveness without necessarily compromising profitability in the short run.

Sustainability Report contd

Sustainability Practice At Custodian

At Custodian, one of the four core areas of our social responsibility initiatives is Sustainability.
In general, there are Nine (9) principles derived from the four focal areas of Economic, Social, Governance (ESG) and Environment with corresponding core elements developed from each principle which encompasses the indicators of responsible business conduct. Our Board of Directors has the responsibility of incorporating these Principles into the management of our Company. The nine Principles include:

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability
Principle 2: Businesses, when engaged in influencing public and regulatory policy should do so in a responsible manner
Principle 3: Businesses should provide products and services that are safe and contribute to sustainability throughout their life cycle
Principle 4: Businesses should engage with and provide value to their customers and consumers in a responsible manner
Principle 5: Businesses should promote the wellbeing of all employees
Principle 6: Businesses should respect the interests of and be responsive towards all stakeholders especially those who are disadvantaged, vulnerable and marginalized
Principle 7: Businesses should respect and promote human rights
Principle 8: Businesses should support inclusive growth and equitable development
Principle 9: Businesses should respect, protect and make effort to restore the environment.

Over the years at Custodian, we have adopted various practices in-house that promote sustainability. For several years now, we have ensured that our publications such as the Annual General Reports which were previously only printed out and sent to Shareholders ahead of meetings are gradually being replaced with Compact Discs. Whilst a few copies are still printed out (for use on meeting days only), for the convenience of Shareholders who might not have had the opportunity of opening their CDs to be able to follow proceedings on the meeting days, no printed copy is posted out anymore. This is in conformity with both economic and environmental sustainability as it prevents waste and keeps the environment cleaner. Meanwhile, in-house, we have continued to explore ways of running a paperless office by recycling paper (when print-outs are required), and encouraging the use of electronic means to communicate. We have devised alternative means of destroying old and disused paper materials instead of littering the environment or burning – which ultimately contributes to global warming. All the electrical lights at our Head Office and most Branches have been changed to Light Emitting Diodes (LED), which consumes less energy and generates less heat, making it more eco-friendly whilst lasting longer.

Sustainability Report contd

Many of our toilet bowls have dual flush cisterns, which helps to regulate water usage when flushing as limited water is used and in most of our offices, we make use of hand sanitizers which help to reduce quantity of water used whilst ensuring that health standards are high. The company has provided an in-house Fit-Fam free of charge to ensure that members of staff have adequate exercise, leading to their physical and mental wellbeing. More recently, a crèche was introduced in our Head Office free of charge to help our nursing mothers concentrate at work, knowing that their babies are in good hands. These initiatives promote social sustainability which in turn will ensure economic sustainability as productivity of relevant staff is expected to increase.

All of the above sustainability practices and more derived from the above –listed principles, are further broken down in the following table:

Theme	Description	Principles	Progress Update
Governance			
Anti-corruption	Activities to combat corruption and bribery	1&2	• At Custodian, we are committed to high ethical standards and integrity. Our anti-bribery and corruption policy prohibits giving something of value for the purpose of persuading an official to use his office for the benefit of the company or a member. • All our employees mandatorily attend Anti-money laundry training twice a year and this was done in 2018. • There was no incident, fine or exposure related to corruption in 2018

Sustainability Report contd

Theme	Description	Principles	Progress Update
Economic			
Suppliers Relations Management and Ethics	Operating standards for purchasing and selection of suppliers	3	• We operate ethical procurement practices that enable transparency and fairness. We do not patronize employee-owned companies and the company does not insure personal assets of employees.
Promotion of sustainable consumption and recycling of resources	Standards for sustainable consumption and recycling of resources	3 & 4	• We are on our way to actualizing a paper-less office, ensuring that only recycled paper is used in-house while external and most internal communication is done electronically • We have over the years relied on technology in our processes and in 2018 further improved the process of technology development with the introduction of ' CUSTODIAN MAX' our 24/7 Digital Advisor for non-banking financial services
Responsible Products and services	Overall wellbeing of clients and society	4	• At Custodian, we are committed to responding to feedback from stakeholders including clients, investors and others. We have a Complaints Management Policy with guiding principles that are People-focused and Solution oriented. Aggrieved clients or investors can make complaints through links and information available on our website. We also have a dedicated customer-care center in-house who respond directly to complaints obtained by phone and staff who ensure the aggrieved obtain feedback promptly. • In packaging different products for existing and potential clients, we take into account their different socio-economic and demographic characteristics, thereby safeguarding their freedom of choice. • The main thrust of our advertising campaign in 2018 is Trust. We promoted and continue to promote this in a responsible manner that will not confuse or mislead clients

Sustainability Report contd

Theme	Description	Principles	Progress Update
Social			
Labour practices	Conducive work environment that ensures employability, skills development and fair remuneration	5,6	• We have comfortable, well-lit and air-conditioned offices with two operational lifts servicing workers and occupants of the Head Office • Average hours of training per annum per employee is 34.96hrs • We have various benefits which are in line with industry practice • We have and adhere to a non-discriminatory policy • We have just introduced a free of charge in-house crèche at our Head Office where staff can drop their babies during office hours to enable them work in comfort, which will in turn ensure retention of staff • We have a staff canteen that provides food for all members of the company free of charge. This among other things enables bonding among staff and contributes to employee wellbeing • On a yearly basis, we operate the Custodian Graduate Trainee Program (CGTP) aimed at attracting intelligent young graduates across various disciplines to be engaged in a highly educative program. This helps the company to develop a strong workforce of home-grown talents.
Occupational Health and Safety	Safety, health and welfare of staff	5,9	• We had no reported case/s of injury and no fatalities in 2018 • We generally adhere to and meet policy standards on occupational and global health issues. • In a bid to promote a healthy lifestyle among employees, the Custodian Fit-Fam was established. This is a fitness program that enables all employees participate in high-intensity workout, aerobics, dancing exercises and strength training, free of charge, twice a week to improve employees wellbeing

Sustainability Report contd

Theme	Description	Principles	Progress Update
Social contd			
			• We have wall-mounted sanitizers on each floor of our offices in Lagos to prevent spread of disease and reduce wastage of water • We have a medical Doctor in our employ who takes employees vital statistics such as weight, blood pressure measurement etc and gives advice to employees on their health • Group Life Insurance is provided for all staff
Diversity in the Workplace	Diversity across the workplace including at Management level categorized along gender, age and physical abilities	6	• We operate a non-discriminatory policy regarding applications for employment, hiring based on qualification, competence and experience for different jobs, irrespective of applicants' gender, state of origin, religion or physical ability • Our stakeholders include clients, Shareholders, employees, Brokers, Agents etc. We have different fora whereby we engage them to understand their concerns in order to address them. • Custodian is responsive towards all stakeholders including clients and employees. Our Head office has ramps that allow access to the physically challenged • Differences among stakeholders, for instance Shareholders are resolved in a mature, just and equitable manner such as during the Annual General Meetings and at other suitable environment. At such meetings, the impact of our policies and services are acknowledged and explained in a transparent manner to all stakeholders

Sustainability Report contd

Theme	Description	Principles	Progress Update
Social contd			
Human Rights	The rights of an individual as expressed in the International Bill for Human Rights.	7	• We are careful as a company to ensure that Human Rights are not violated.
Society	Impact on society and local communities	8	• Our company, through Custodian Social Responsibility Foundation (CSRF), the CSR arm of Custodian has Community Development as one of its key focal areas. • We sank a borehole in the local community of one of our subsidiaries – CrusaderSterling Pensions Limited a few years ago • We refurbished and equipped the 25- unit Computer Center at the Lagos City College (a Public Secondary School), situated near our Head Office in Yaba • Our staff regularly visit Raegan Memorial Secondary School, Yaba located by our Head Office to teach, give career talks and guide the students on their future endeavors, especially relating to the field of Insurance. At the last edition held in 2018, signage was donated to the school to identify individual classrooms. • Currently , we are in partnership with the Vocational and Professional Development Academy, Yaba, to build a vocational school to promote informal education and teach electrical and plumbing skills in particular as well as specialized skills that include Film and video production, Photography, ICT courses, Food and Hospitality Services etc

Sustainability Report contd

Theme	Description	Principles	Progress Update
Environment			
Waste Management	Measures to check and prevent pollution and efforts made to restore the environment	9	• We generate as little waste as possible due to our practice of recycling paper. Waste generated is sorted, taking care to separate plastic containers from the rest to be given to recycling companies • On the occasions that we have had to destroy used paper such as obsolete files and documentation, we adopted the use of soaking unwanted paper in water to make paper mache, rather than use the alternative of burning which is capable of destroying the environment.
Water	Consumption and efficient use of water resources	9	• It is the policy of our company to provide bottled water for staff consumption, including junior and senior. Public supply of running water is therefore limited to toilet use. • There is provision of sanitizers on each floor of the office , which further ensures efficient use of water • All the waste water from the toilets at our 12-storey Head office building go into the sewage treatment plant located at the basement, where all waste is processed, treated and passed out as water. This waste water is tested twice/thrice a year by officials of Lagos State Waste Water Management and we have been certified as environmentally friendly every time. • Our toilet bowl tanks have dual flush cisterns that regulate water usage while flushing.

Theme	Description	Principles	Progress Update
Environment contd			
Energy	Consumption and efficient use of energy as well as energy generated from	9	• We work smart and used more public electricity relatively by reducing generator usage by an hour ahead of the usual time, translating to a monthly savings of about 23 hours of diesel, which is better for the environment. • We make use of LED Lighting in two of our offices in Lagos (including the Head office)leading to about 14% savings in 2018 and more as time goes on. • Plans are on in the future to install sensors that ensure energy is consumed only where there is activity and for the use energy generated from renewable sources
Compliance	Adherence of activities to relevant laws	9	• We have been environmentally compliant and have not been required to pay any fine for non-compliance to environmental laws and regulation in 2018

Sustainability Report contd

Custodian And The United Nations Environment Programme Finance Initiative (UNEP FI)

As a mark of our commitment to sustainability, Custodian became a member of the United Nations Environment Program Finance Initiative (UNEP FI)and is a signatory to its Principles of Sustainable Insurance (PSI). Being a Signatory to sustainable insurance demonstrates our support for accountability and transparency in managing ESG issues. The launch of PSI was at the United Nations Conference on Sustainable Development held in June 2012 in Rio de Janeiro, Brazil and is a framework for the global Insurance industry to address Environmental, Social and Governance (ESG) risks and opportunities. Sustainable Insurance itself is a strategic approach where all activities in the insurance value chain including interactions with all stakeholders are done in a responsible and forward-looking manner. This is achieved by identifying, assessing, managing and monitoring risks and opportunities associated with Environmental, Social and Governance issues.

At Custodian, the Senior Management is responsible for integrating sustainable practices into our organizations with help from the Board of Directors in incorporating the principles into the management of affairs. Collectively, they both ensure that the Economic, Social, Governance and Environmental aspects of sustainability are integrated into our business and that stakeholders are included

The breakdown of how the Principles of Sustainable Insurance are embedded into our business is represented in the tabular form below

Principles Of Sustainable Insurance	Definition	Update
Principle 1	Embedding in decision-making environmental, social and governance issues relevant to insurance business	**Strategy** • We have integrated ESG issues into our recruitment processes and our training and employee engagement programs

Sustainability Report contd

Principles Of Sustainable Insurance	Definition	Update
Principle 1	Embedding in decision-making environmental, social and governance issues relevant to insurance business	**Risk Management And Underwriting** • We have integrated ESG issues into risk management, underwriting and capital adequacy decision-making processes which include research, analytics and metrics **Product And Service Development** • We have a highly qualified Chief Actuary in-house managing our risk and who ensures the services we have developed and offer reduce risk and have a positive impact on ESG issues and encourage better risk Management **Claims Management** • Our members respond to clients quickly, fairly and transparently all the time and ensure claims processes are clearly explained to clients and are understood by them • We take into consideration ESG issues when considering repairs, replacements and perform other claims services

Principles Of Sustainable Insurance	Definition	Update
Principle 1	Embedding in decision-making environmental, social and governance issues relevant to insurance business	**Sales And Marketing** • Our Sales and marketing staff are aware of ESG issues relevant to services whilst key messages are integrated responsibly into strategies and campaigns. **Investment Management** • We have an in-house Investment Committee that meets regularly to consider ESG issues and integrate such into investment decision-making and practices and ensure Investment is done responsibly
Principle 2	Working together with clients and business partners to raise awareness of ESG issues, manage risk and develop solutions	**Clients And Suppliers** • We integrate ESG issues into our selection processes for suppliers by choosing suppliers with environmentally friendly products • From time to time, we dialogue with suppliers on benefits of managing ESG issues, stating our expectations and requirements on such issues. **Insurers, Reinsurers And Intermediaries** • A key aspect of our practice which is embedded in our Mission Statements is Ethics. We support the inclusion of ESG issues in professional education and uphold high standards of ethics in the Insurance industry.

Principles Of Sustainable Insurance	Definition	Update
Principle 3	Working together with Government, Regulators and other key stakeholders to promote widespread action across society on ESG issues	**Government, Regulators And Policy Makers** • We support prudential policy, regulatory and legal frameworks that enable risk reduction, innovation and better management of ESG issues • We dialogue with Government and Regulators when the opportunity arises to develop integrated risk management approaches and risk transfer solutions. **Other Stakeholders** • We dialogue with business and industry associations to better understand and manage ESG issues in our industry and across other industries
Principle 4	Demonstrate accountability and transparency by regularly disclosing publicly our progress in implementing the principles	When asked, we participate in relevant disclosure or reporting frameworks We regularly dialogue with clients, regulators and rating agencies to which we regularly submit ourselves to gain mutual understanding on different aspects of our business

Health, Safety and Environment Report

Custodian Investment Plc, in its continued commitment to conduct business in an environmentally responsible manner has sustained compliance with all applicable environmental, health and safety laws in her operations to protect lives and properties of the staff, clients, occupants of premises and the general public.

As such, we have continued to treat environmental, health, and safety matters as any other critical business activity by deliberately embracing a proactive culture of participation at individual, management and organizational levels, as we continue to engage, consult with and train our people in order to encourage participation.

Guided by our values, we have continued to operate according to the established corporate Environmental, Health, And Safety principles for the benefit of all as highlighted below.

Health and Safety:

We are committed to a culture of good health, and we strive to create an environment that promotes the importance of wellbeing by encouraging everyone to be responsible for his or her own health while at wok, home and within the community.

In confirmation of the above stated, Management has continued to promote employee health and wellbeing through wellness offerings and workplace initiatives through the provision of programs such as weekly fitfam under the supervision of outsourced professional fitness trainers and the weekly health consultation under the supervision of in-house health practitioner, all aimed at improving the employee quality of health and wellbeing.

In addition to the above stated, we have continued to support our employees in achieving quality health and safety responsibilities by providing them with necessary and appropriate training, job aids and resources to facilitate compliance with health and safety laws.

We are proud of our excellent track record of no recorded of injuries over the years, and to keep the record alive, we share an embedded focus on continually improving our management systems, standards and approach, by developing a culture where we:

- Proactively identify potential risk or hazard and eliminate or mitigate to as low as possible
- We operate a low blame culture, whereby employees are openly encouraged to report hazards including near misses without fear of reprisal to ensure root causes of accidents are identified to enable elimination of recurrence.

Health, Safety and Environment contd

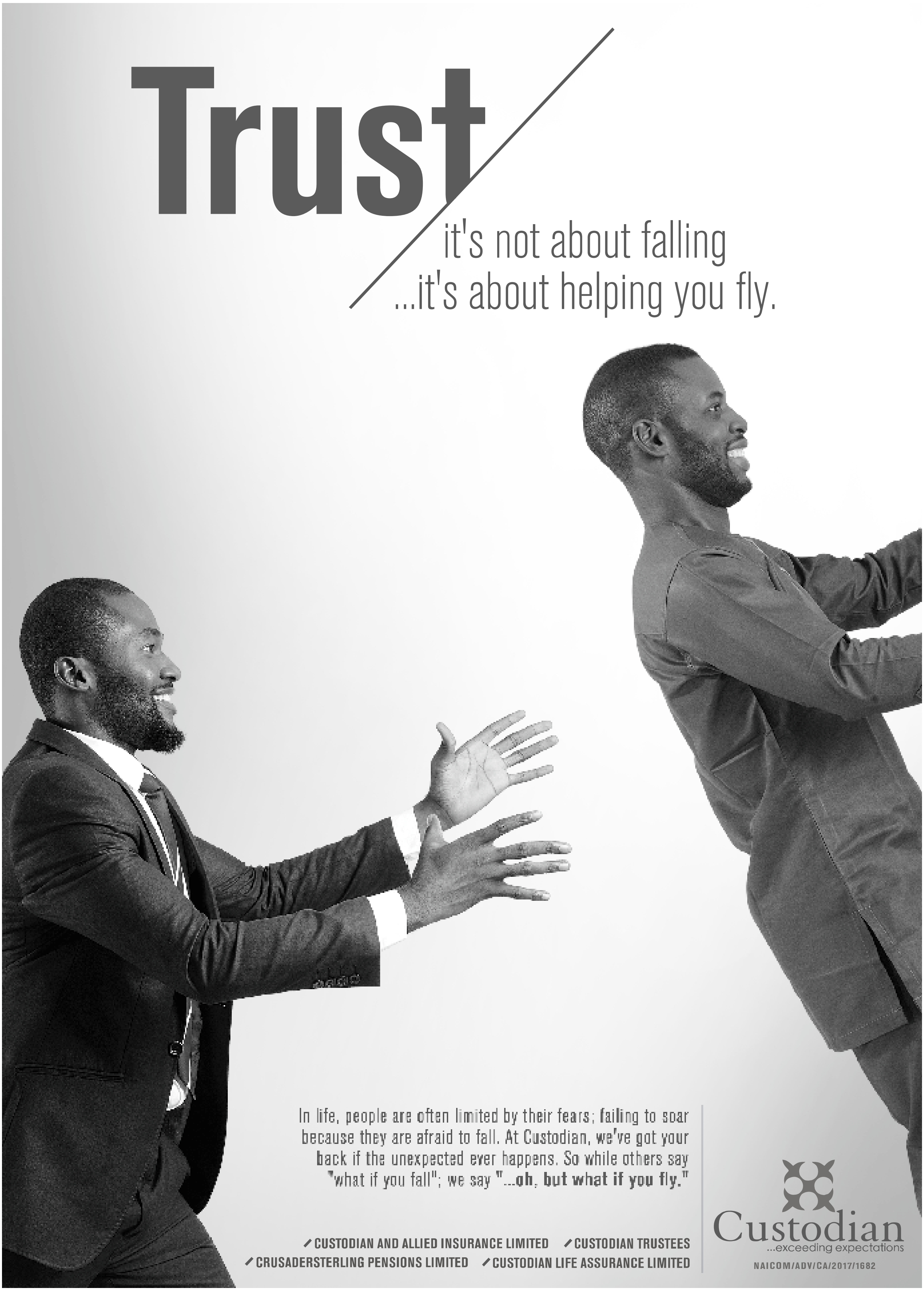
- Implementation of strategies to meet health, safety and environment goals
- Review of system for continuous improvement
- Promote efficient use of materials including stationery materials, water, electricity and other resources

Environment

We are committed to operating in a manner that ensures a safe and healthy workplace for our employees and client and minimize impact on the environment. We operate in compliance with all relevant environmental legislation and we strive to use pollution prevention and environmental best practices in all we do.

We strive to sustain this responsibility by.

- Compliance with all applicable environmental, health and safety. This is evident as we have never suffered non-compliance penalties from the local, state or federal authorities throughout the period.
- Allowing formal evaluation of our compliance by regulators such as waste water management office, fire service and so on
- Strive to reduce environmental impact by introduction and enforcement with management support, the generator early shutdown as a companywide policy
- Involve employee in our environmental programs and keep them informed of our performance
- Promote employee awareness of the policy and enhance their capacity to implement the policy



Trust
it's not about falling
...it's about helping you fly.
In life, people are often limited by their fears; failing to soar because they are afraid to fall. At Custodian, we've got your back if the unexpected ever happens. So while others say "what if you fall"; we say "...oh, but what if you fly."
CUSTODIAN AND ALLIED INSURANCE LIMITED
CUSTODIAN TRUSTEES
CRUSADERSTERLING PENSIONS LIMITED
CUSTODIAN LIFE ASSURANCE LIMITED
Custodian
...exceeding expectations
NAICOM/ADV/CA/2017/1682

Proxy Form

Custodian

24th Annual General Meeting of Custodian Investment Plc to be held at 10am on Wednesday, April 24, 2019 at The Civic Centre, Ozumba Mbadiwe Avenue, Victoria Island, Lagos.

I/We*.. being a

member/members of the above named Company hereby appoint

**..or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the 24th Annual General Meeting of the Company to be held on Wednesday, April 24, 2019.

Dated this..............................day of.............................. 2019

Signature..

Number of Shares ....

Note

1. Please sign this proxy form and post it so as to reach the registrars, Meristem Registrars and Probate Services Limited, 213, Herbert Macaulay Way, Yaba, Lagos not later than 48hours before the time for holding the meeting.
2. If executed by a corporation, the proxy form should be sealed with the Company's seal.
3. The proxy form will be used both by show of hands and in the event of a poll being directed or demanded.
4. In the case of joint holders the signature of any one of them will suffice, but the names of all joint holders should be shown.

I/We desire that this proxy be used in favour of/against the resolutions as indicated below.

Resolutions	For	Against
1. To receive the audited Accounts for the year ended December 31, 2018 together with the reports of the Directors, Auditors and the Audit Committee thereon.		
2. To declare a dividend.		
3. To re-elect the following Directors retiring by rotation:		
I. Mr. Ibrahim Dikko as a Director		
II. Mr. Olakunle Ade-Ojo as a Director		
4. To authorise the Directors to fix the remuneration of the Auditors.		
5. To elect members of the Audit Committee.		
SPECIAL BUSINESS		
Ordinary resolution		
6. To fix the remuneration of Directors.		

Please indicate with an "X" in the appropriate square how you wish your votes to be cast on the resolution set out above. Unless otherwise instructed the proxy will vote or abstain from voting at his/her discretion.

Before posting the above form, please tear off this part and retain it for admission to the meeting.

CUSTODIAN INVESTMENT PLC, 24TH ANNUAL GENERAL MEETING TO BE HELD ON WEDNESDAY, APRIL 24, 2019 AT 10A.M. AT THE CIVIC CENTRE, OZUMBA MBADIWE AVENUE, VICTORIA ISLAND, LAGOS.

Name of Shareholder..Number of shares...

*Name of Proxy ....

If you are unable to attend the meeting

A member [Shareholder] who is unable to attend Annual General Meeting is allowed by law to vote by proxy. A proxy need not be a member of the Company. The above proxy card has been prepared to enable you exercise your right to vote if you cannot personally attend.

Important - Please insert your name and that of your proxy in **BLOCK CAPITALS** to both the proxy and admission forms where asterisked.

Mandate Card

Get your dividend the instant you need it with

e-dividend payment

MANDATE FOR DIVIDEND PAYMENT TO BANKS (e-Dividend)

To:

The Registrars,
Meristem Registrars & Probate Services Limited
213, Herbert Macaulay Way,
Adekunle, Yaba
Lagos

MERISTEM
Registrars & Probate Services Limited

I/We hereby request that all my/our dividend warrant(s) due to me or/our holding(s) in Custodian Investment Plc be paid to my/our Bank named Below.

Bank Name ________________________________

Bank Address ________________________________

____

Account Number ________________________________

Shareholders' Full Name ________________________________

Shareholders' Address ________________________________

Email ____________________ Mobile No ____________________

CSCS CHN ____________________ CSCS A/C No. ____________________

Single Shareholder's Signature ____________________

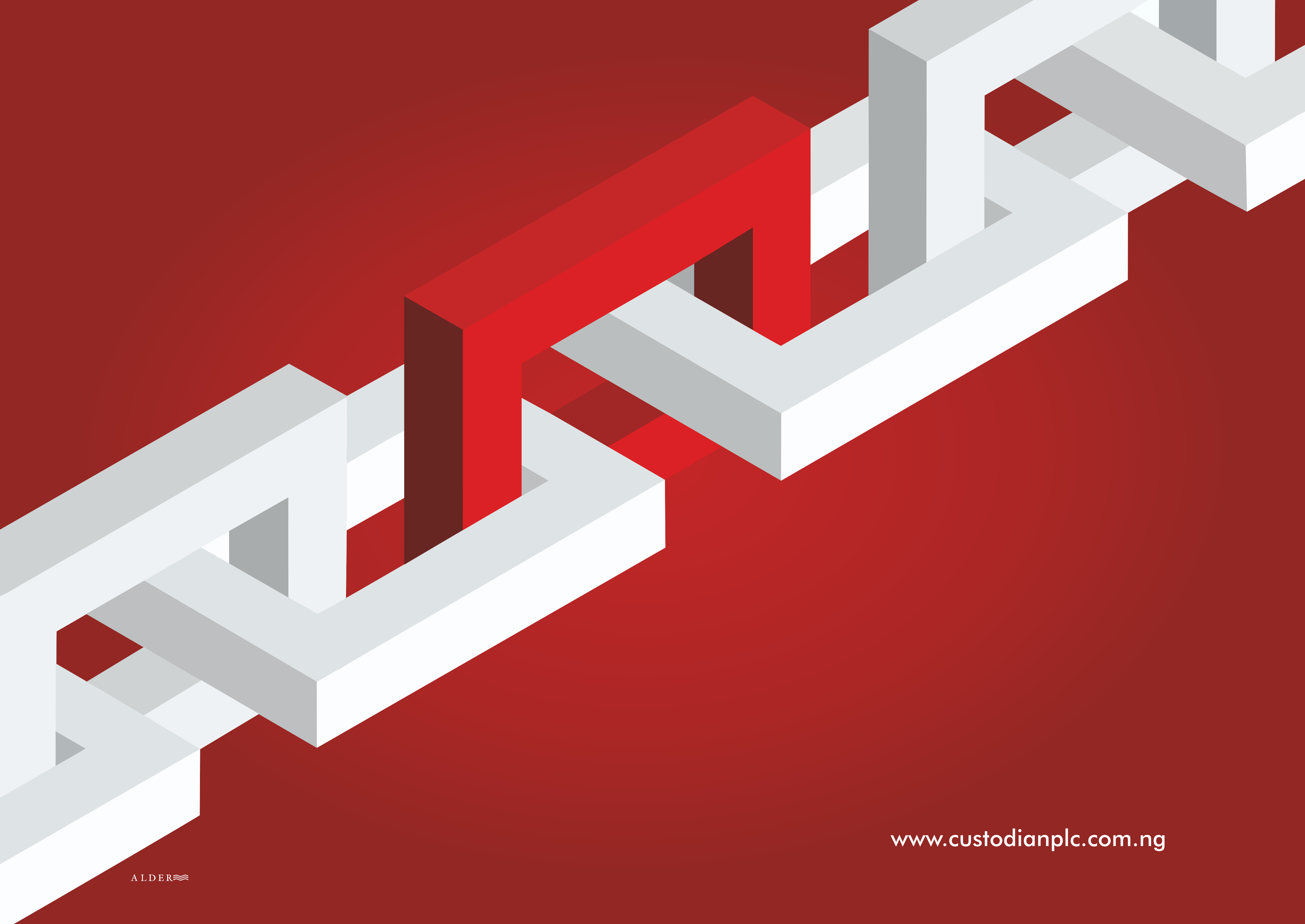
Joint Shareholder's Signature (1) ____________________ (2) ____________________

If Company, Authorized Signatory (1) ____________________ (2) ____________________

Company Seal

Authorised Signature & Stamp Of Bankers ____________________

Sort Code



www.custodianplc.com.ng