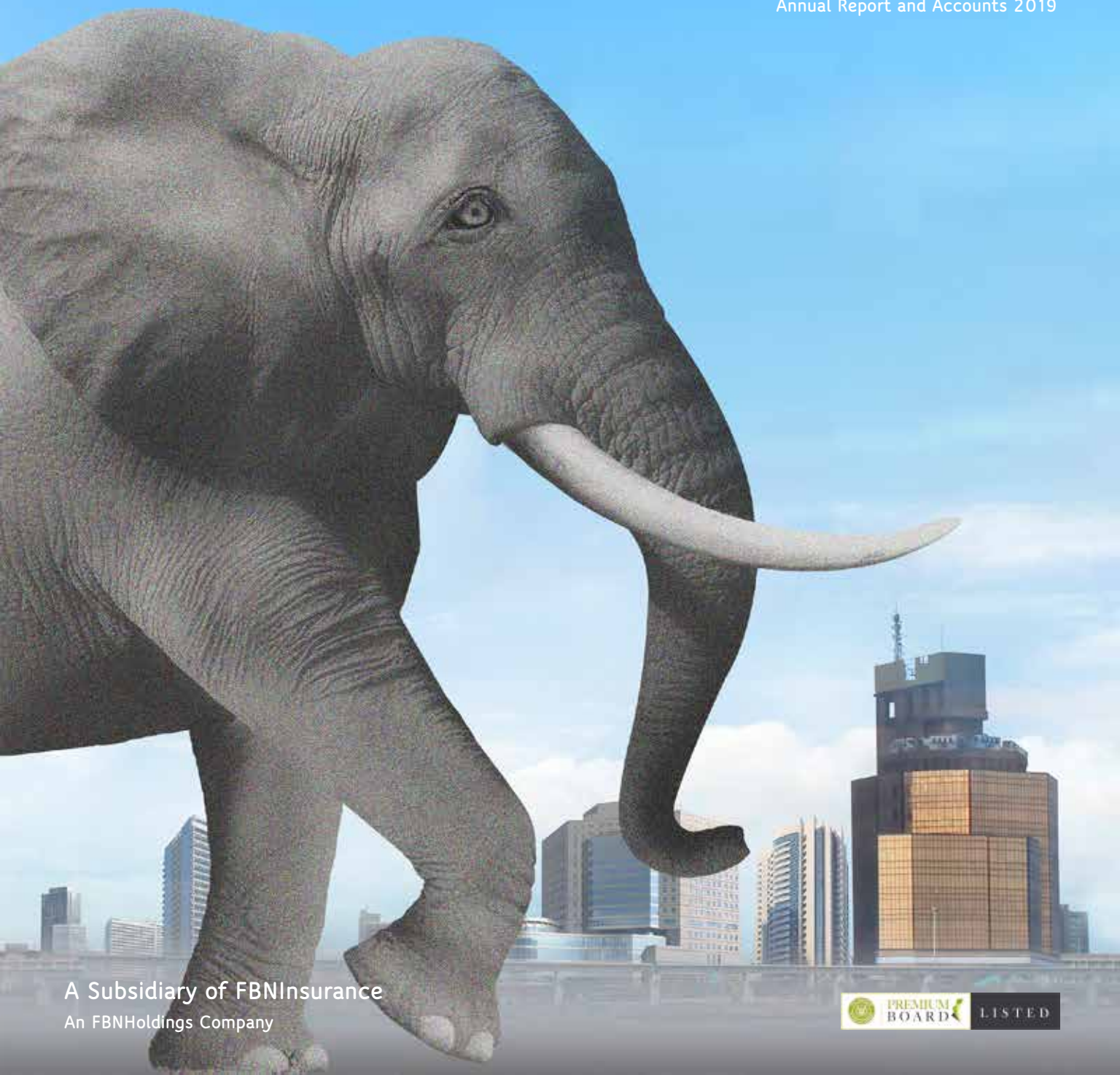
FBN General Insurance

FORGING AHEAD

FBN General Insurance Limited

Annual Report and Accounts 2019



A Subsidiary of FBNInsurance

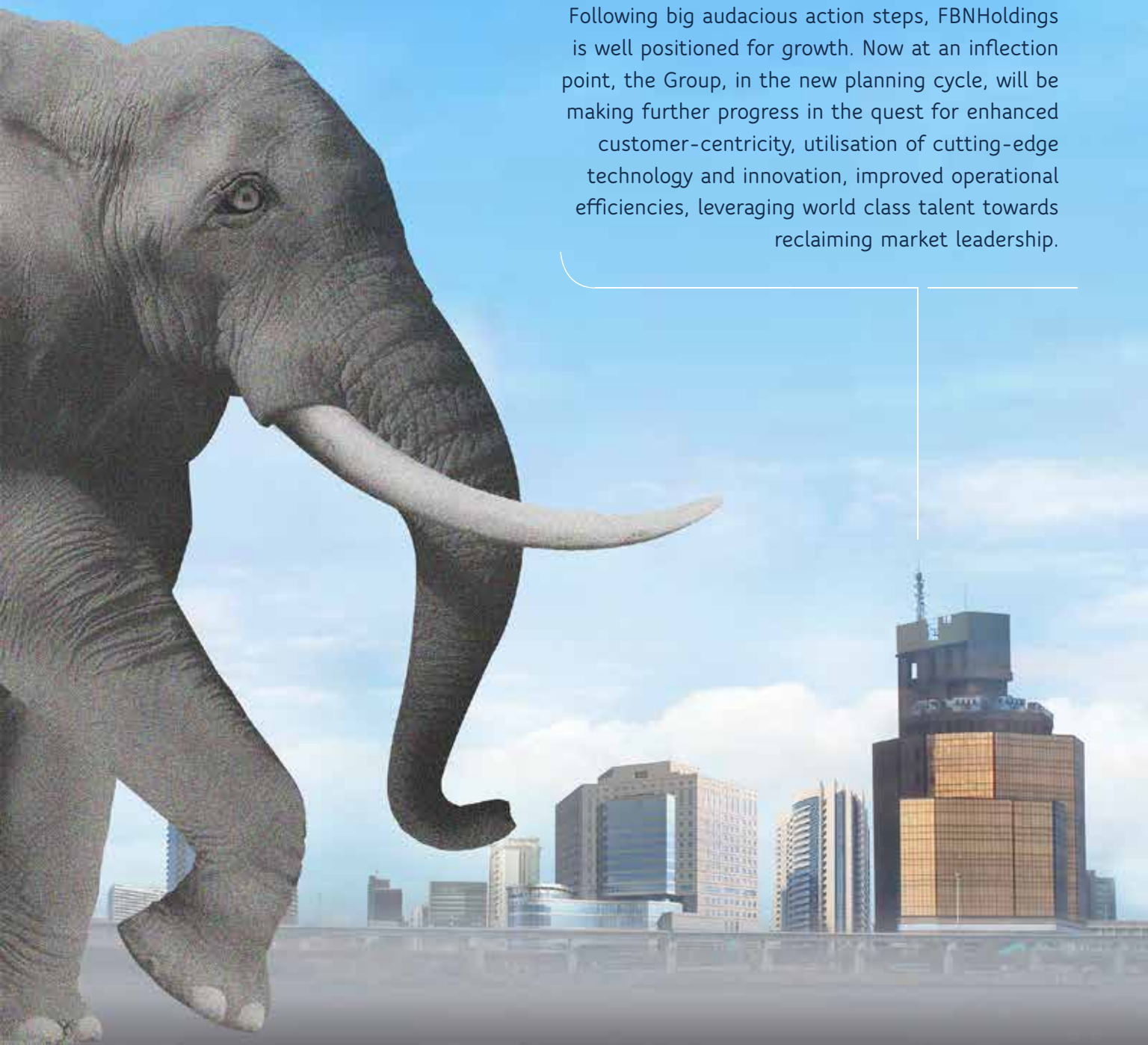
An FBNHoldings Company

PREMIUM BOARD LISTED

FORGING AHEAD

In line with our unflinching resolve and commitment, one of the key accomplishments at the end of our last strategic planning cycle was the complete overhaul of our risk management architecture and strengthening of our business processes for sustainable growth.

Following big audacious action steps, FBNHoldings is well positioned for growth. Now at an inflection point, the Group, in the new planning cycle, will be making further progress in the quest for enhanced customer-centricity, utilisation of cutting-edge technology and innovation, improved operational efficiencies, leveraging world class talent towards reclaiming market leadership.



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In this Report

The term 'FBN Holdings Plc' or the 'Group' means FBNHoldings together with its subsidiaries. FBN Holdings Plc is a financial holding company incorporated in Nigeria on 14 October 2010. The Company was listed on the Nigerian Stock Exchange under the 'Other Financial Services' section on 26 November 2012 and has issued and fully paid-up share capital of 35,895,292,791 ordinary shares of 50 kobo each (₦17,947,646,396). In this Report, the abbreviations '₦mn', '₦bn' and '₦tn' represent millions, billions and trillions of naira respectively.

FBN Holdings Plc is structured along the following business groups: Commercial Banking; Merchant Banking and Asset Management, and Insurance.

- The Commercial Banking business comprises First Bank of Nigeria Limited, FBNBank (UK) Limited, FBNBank DRC Limited, FBNBank Ghana Limited, FBNBank The Gambia Limited, FBNBank Guinea Limited, FBNBank Sierra Leone Limited, FBNBank Senegal Limited and First Pension Custodian Nigeria Limited. FirstBank (Nigeria) is the lead entity of the Commercial Banking business.

- The Merchant Banking and Asset Management business comprises FBNQuest Merchant Bank, FBNQuest Capital Limited and FBNQuest Trustees Limited. The subsidiaries of FBNQuest Merchant Bank Limited are FBNQuest Asset Management Limited and FBNQuest Securities Limited, while the subsidiary of FBNQuest Capital Limited is FBNQuest Funds Limited.

- The Insurance business comprises FBN Insurance Limited, FBN General Insurance Limited and FBN Insurance Brokers Limited.

This Annual Report encompasses FBN General Insurance Limited. Unless otherwise stated, the profit or loss statement analysis compares the 12 months to 31 December 2019 to the corresponding 12 months of 2018, and the statement of financial position comparison relates to the corresponding position at 31 December 2018. Except as otherwise disclosed, all the balances and figures relate to continuing operations. Relevant terms that are used in this document but are not defined under applicable regulatory guidance or the International Financial Reporting Standards (IFRS) are explained in the glossary or abbreviation section of this Report. This Report is also available online at www.fbngeneralinsurance.com/download/2019.

There will be an option to view a PDF copy of the FBNHoldings Annual Report, a list of unclaimed dividends, and a list of all business locations, as well as PDFs of certain subsidiary reports, on the Investor Relations section of the FBNHoldings website.

Due to rounding, numbers presented throughout the Report may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

OUR BUSINESS

COMPANY PROFILE

FBN General Insurance Limited is a Limited Liability Company licensed to transact general insurance business in Nigeria. The Company is a wholly owned subsidiary of FBN Insurance Limited, and provides insurance coverage to both individual and corporate clients.

We offer products that help customers enjoy the peace of mind that comes from managing the risks of everyday life.

With us, customers can protect what matters to them. One of our primary objectives is to help people, businesses and communities get back on their feet when the unexpected happens. It is therefore our responsibility to make sure that we are there for our customers both today and in the future.

The parent company, FBN Insurance Limited, is jointly owned by FBN Holdings Plc and the Sanlam Group.

The Company, therefore, draws from the technical experience and wealth of knowledge of its owners, which aids the Company in playing a significant role in the development of the insurance industry in Nigeria and providing client value.

To achieve these goals, we focused our operations on product innovation, efficient service delivery and prompt claims settlement.

OUR STRUCTURE

FBN HOLDINGS PLC STRUCTURE

FBN Holdings Plc is a leading non-operating financial holding company in Africa. The Company provides a diverse range of services through its divisions, which include the Commercial Banking group, the Merchant Banking and Asset Management group, and the Insurance group. Through its subsidiaries, FBNHoldings offers innovative and competitive financial solutions across Africa, Europe and Asia.

The largest subsidiary of the FBNHoldings Group is **First Bank of Nigeria Limited** (FirstBank), founded 126 years ago.

FirstBank offers commercial banking services in Nigeria, while its subsidiaries provide commercial banking services across Africa, Europe and Asia.

FirstBank is also the parent company of First Pension Custodian Nigeria Limited.

FBNQuest Merchant Bank Limited and **FBNQuest Capital Limited** provide merchant banking, asset management and investment banking services.

FBNQuest Merchant Bank Limited is the parent company of FBNQuest Asset Management Limited and FBNQuest Securities Limited.

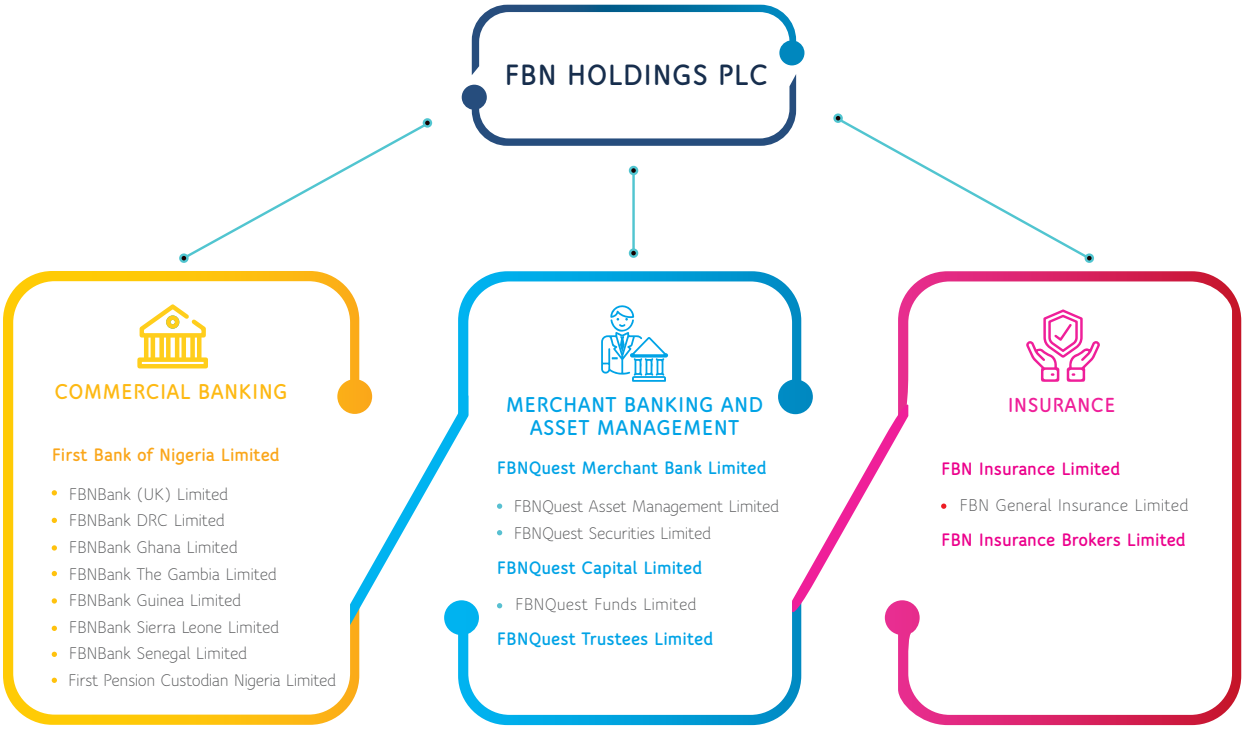
FBNQuest Capital Limited is the parent company of FBNQuest Funds Limited.

FBNQuest Trustees Limited became a direct subsidiary of FBNHoldings in 2019. The business provides trust services to both private and corporate clients.

FBNHoldings is also the parent company of **FBN Insurance Limited,** a life insurance underwriter.

FBNInsurance offers general insurance services through its subsidiary, **FBN General Insurance Limited.**

The Group also offers brokerage services through **FBN Insurance Brokers Limited.**



FBN HOLDINGS PLC STRUCTURE

At FBNHoldings Group, we offer innovative and competitive financial solutions to meet the needs of our customers.

COMMERCIAL BANKING

The Group's core business is providing financial services to individuals and corporate customers.

This business segment includes the Group's local, international and representative offices offering commercial banking services in 10 countries.

MERCHANT BANKING AND ASSET MANAGEMENT

The Group's key businesses comprise corporate banking, investment banking, wealth management and fixed-income securities trading, serving a diverse customer base of corporates, banks, public institutions, institutional investors and high-net-worth individuals.

INSURANCE

The Group offers life insurance and general insurance services, as well as insurance brokerage services.

FBN GENERAL INSURANCE NETWORK

Our head office is located at 298, Ikorodu Road, Anthony, Lagos, and we also maintain a business presence in seven branches across Nigeria. This is in line with our strategic aspiration to explore the grossly under-tapped insurance opportunities in key locations in Nigeria.

Furthermore, the pre-existence of many FirstBank branches across Nigeria's geography offers a huge boost for building synergies and gaining a robust competitive advantage among our peers in the industry.

Our Vision

To be Nigeria's first choice in wealth creation and financial security.

Our Mission

Providing the Nigerian insurance market with best-in-class, innovative and solution-driven products and services that create value for all stakeholders, while consistently demonstrating integrity, professionalism and confidence.

Our Values

Quality Service

In every aspect of our business, excellence is our benchmark. So, whether our customers interact with our people, processes or products, they are sure to have an experience that is truly pleasing and rewarding. Only the best will do.

Respect for Individuals

We understand that our customers are more than just the facts and figures of our business. We appreciate that they have concerns, challenges, hopes and aspirations. That's why we greatly esteem and value them, and why we show each of our customers a heartfelt concern and empathy that is uncommon in our industry. The customer is king.

Integrity

We believe that trust is an invaluable asset in our line of work. Hence, we ensure that in all our dealings, in every engagement we have with our customers, in our relationships with all other stakeholders and in all our processes, our character is never called into question. Our word is our bond.

Innovation

We are committed to the continuous offering of modern and relevant products and services that meet the yearnings and expectations of our customers. We are always forward thinking.

Professionalism

We have a team of highly qualified and dedicated professionals with enviable antecedents and ample experience in their respective backgrounds. Together, we work passionately to ensure optimal results for all our stakeholders and the Company as a whole. We take our work seriously.

PERFORMANCE HIGHLIGHTS

FINANCIAL HIGHLIGHTS

₦7.31bn
2018: ₦4.63bn

GROSS PREMIUM WRITTEN

Gross premium written realised grew on the back of increased penetration within the corporate insurance market and steady scaling of the retail segment.

58%

₦0.73bn
2018: ₦0.615bn

PROFIT BEFORE TAX

There was significant growth on the back of improved results from underwriting operations and investment income, coupled with better management of combined ratio.

19%

₦1.07bn
2018: ₦0.52bn

NET CLAIMS

The increase witnessed in net claims was as a result of an increase in business volume, with a corresponding increase in claims recorded.

107%

₦0.86bn
2018: ₦0.62bn

UNDERWRITING EXPENSES

The increase in underwriting expense was on the backdrop of the growth in business volume.

44%

51%
2018: 55%

RETENTION RATIO

The decrease in retention ratio was as a result of growth in the special risks portfolio, which necessitated adequate reinsurance.

46%
2018: 57%

OPERATING EXPENSE RATIO (INCLUDING IMPAIRMENT)

The operating expense ratio declined on the back of a cost-containment approach deployed across all expense points.

PERFORMANCE HIGHLIGHTS

65%
2018: 60%

LIQUIDITY RATIO

The increase in the liquidity ratio was on the back of cash-asset optimisation and a slight decrease in other non-liquid assets.

56%
2018: 43%

COST-TO-INCOME RATIO

The improvement in the cost-to-income ratio was as a result of improved management of the combined ratio, cost efficiency and optimisation of return on assets.

12%
2018: 7%

RETURN ON EQUITY (POST-TAX)

Growth in return on equity was driven by an increase in profitability.

6%
2018: 4%

RETURN ON ASSETS (POST-TAX)

Growth in return on assets was driven by an increase in return alongside moderate growth in assets, indicating an improvement in financial performance.

PERFORMANCE HIGHLIGHTS

NON-FINANCIAL HIGHLIGHTS

STEADY LEVERAGE OF TECHNOLOGY

We steadily strengthened our capabilities through increased leverage of modern technology infrastructure and embedded tools to achieve automation of key process functions, increased employee output and optimised costs.

Notable milestones include the deployment of agent banking platforms to enable the provision of insurance coverage for Firstmonie agents in Nigeria, full automation of commission payment and increased leverage of our marine insurance online portal.

STRATEGY PLANNING

Our growth strategy for the next three-year horizon is well defined and hinges on five pillars: Financials, Portfolio, Brand Equity, Technology/Digital and Employees.

In the new strategy horizon, the pillars are built on our revamped Mission and Vision, with a clear definition of short- to medium-term strategic aspirations to guide our strategy execution over the same period. Key tactical initiatives were identified, and aligned with the Company's internal capabilities and relevant business opportunities.

SYNERGY OPTIMISATION

The Group's synergy-extraction drive is steadily gaining traction, which is evident in our results. We remain steadfast in optimising available synergy opportunities within the Group to achieve improved results and increasingly gain cost advantages.

In addition, we strongly believe that the 'Think Group' approach to synergy and collaboration will further drive and unlock earnings potential for our business and the Group.

PEOPLE DEVELOPMENT

People development remains a critical component of our overall objective. We are committed to the continuous nurturing of a robust talent base through a strong employee value proposition, in line with the Group's aspiration to remain a hub for choice industry talent.

We encourage an innovative and high-performance culture underpinned through the provision of an enabling ambience, reward and talent-management structures, learning and leadership development, culture transformation towards achieving full employee engagement, and an optimised workplace experience.

AWARDS

The success of FBN General Insurance's products and services was recognised in 2019 through the receipt of leading industry awards.

Certification as a Great Workplace

GREAT PLACE TO WORK

FBN General Insurance was certified as a 'Great Workplace' in the Small-Sized Categories.

Best Insurance IT Innovation

INFORMATION TECHNOLOGY ASSOCIATION OF NIGERIA

FBN General Insurance was awarded the Most Innovative Insurance Company by the Information Technology Association of Nigeria (ITAN) in December 2019. The award acknowledged the local content drive of FBN General Insurance, aimed at utilising technology across all of its relevant process points.

STRATEGIC REPORT

CHAIRMAN'S STATEMENT

Olugbenga Shobo
Chairman
FBN General Insurance Limited

CHAIRMAN'S STATEMENT

Distinguished Stakeholders,

It is a great pleasure for me to welcome you to the fourth Annual General Meeting (AGM) of our Company, FBN General Insurance Limited, and to present the Annual Report for the year ended 31 December 2019.

This was a critical year for FBN General Insurance as the Company made giant strides and demonstrated its capacity to deliver on performance targets, in line with our three-year strategic plan. The results achieved have further reinforced the commitment of the Board of Directors and management to the strategic priorities of our Company. The robust governance provided by the Board has been instrumental in ensuring we continue to meet all our objectives.

The year was not without challenges, underscored by varying economic uncertainties – from dwindling oil prices, reduced interest rate environment, rising inflation and an unstable exchange rate environment to changing regulatory and tight fiscal policies. In spite of these challenges, we continued to drive our strategic ambitions aggressively with the aim of driving value for our esteemed customers and all our stakeholders.

Throughout 2019, we gained strong mileage in our strategic roadmap and significantly improved our results while strengthening the Business for the long term.

GOVERNANCE AND CULTURE

During the year, the Board gave full support to the management team to help bolster its resilience to external shocks, while ensuring excellent governance and the highest professional standards.

> *Throughout 2019, we gained strong mileage in our strategic roadmap and significantly improved our results while strengthening the Business for the long term.*

We commissioned an externally facilitated Board evaluation review exercise, aimed at demonstrating our commitment to good governance and enhancing the operational efficiency of our Board.

This resolve underpins all that we do, and it continues to serve as our guide as we seek to adapt our business to changing customer expectations in an evolving economic, political and digital landscape. I am proud to say that together we have transformed our Company over the past three years from being a fringe player to a brand to be reckoned with among our peers. This, among other things, further energises our efforts to innovate and better cater to the evolving needs of our customers.

It is important to mention that we bade farewell to two of our Directors, Nelius Bezuidenhout and Hendrik Nel, who were re-assigned to other engagements by the Sanlam Group and were replaced by Satish Anthony and Margaret Dawes.

On behalf of the Board of Directors, I would like to express our sincere gratitude to Nelius and Hendrik for their dedication and significant contribution to FBN General Insurance Limited.

To Satish and Margaret, we are pleased to have both of you with us. Your broad experiences will be of great value to FBN General Insurance in its quest for market leadership and sustainable growth.

2020: THE YEAR AHEAD

I would like to note that as uncertainty continues to grow, leading to consumers' increased and changing protection needs, I am confident that our role as an insurer is becoming ever more relevant.

In the face of growing risk trends, our mission is to be an enabler, helping individuals and organisations overcome the challenges associated with their risks, and acting as a beacon for collective good.

CHAIRMAN'S STATEMENT

> *I am proud to say that together we have transformed our Company over the past three years from being a fringe player to a brand to be reckoned with among our peers.*

The Board is convinced that FBN General Insurance is well positioned to tackle the challenges in the years ahead. With an aspiration for market leadership in the next three years, we are determined to build new capabilities in key areas, from products to process and technology, as well as people, in a bid to fully optimise the untapped opportunities in our market space.

We will continue to demonstrate deep knowledge of our market with a unique understanding of the key drivers, offering insights that can help our clients achieve their goals.

In line with current and future trends, we have developed a new roadmap, enabled by our 2020 – 2022 Strategic Planning Programme (SPP), geared towards creating a more efficient and adaptive organisation with higher growth potential.

We will continue to support the Management in its drive to aggressively grow income in a strong, safe and sustainable manner, while ensuring the sustenance of cost efficiency and capital discipline.

As part of our roadmap, we will deepen the optimisation of all synergy opportunities within the Group to further drive efficiency and fortify our overall growth ambition.

Moreover, as part of our commitments, and as a strategic lever for our growth aspiration, we will ensure that FBN General Insurance remains a talent bench, with a reputation for good work ethics and promotion of best practice.

CONCLUSION

I would like to send my warmest appreciation to all our employees, clients and partners for their commitment to our Company throughout 2019.

To the Board of Directors, I would like to express my heartfelt gratitude for your continuing dedication and support throughout the year.

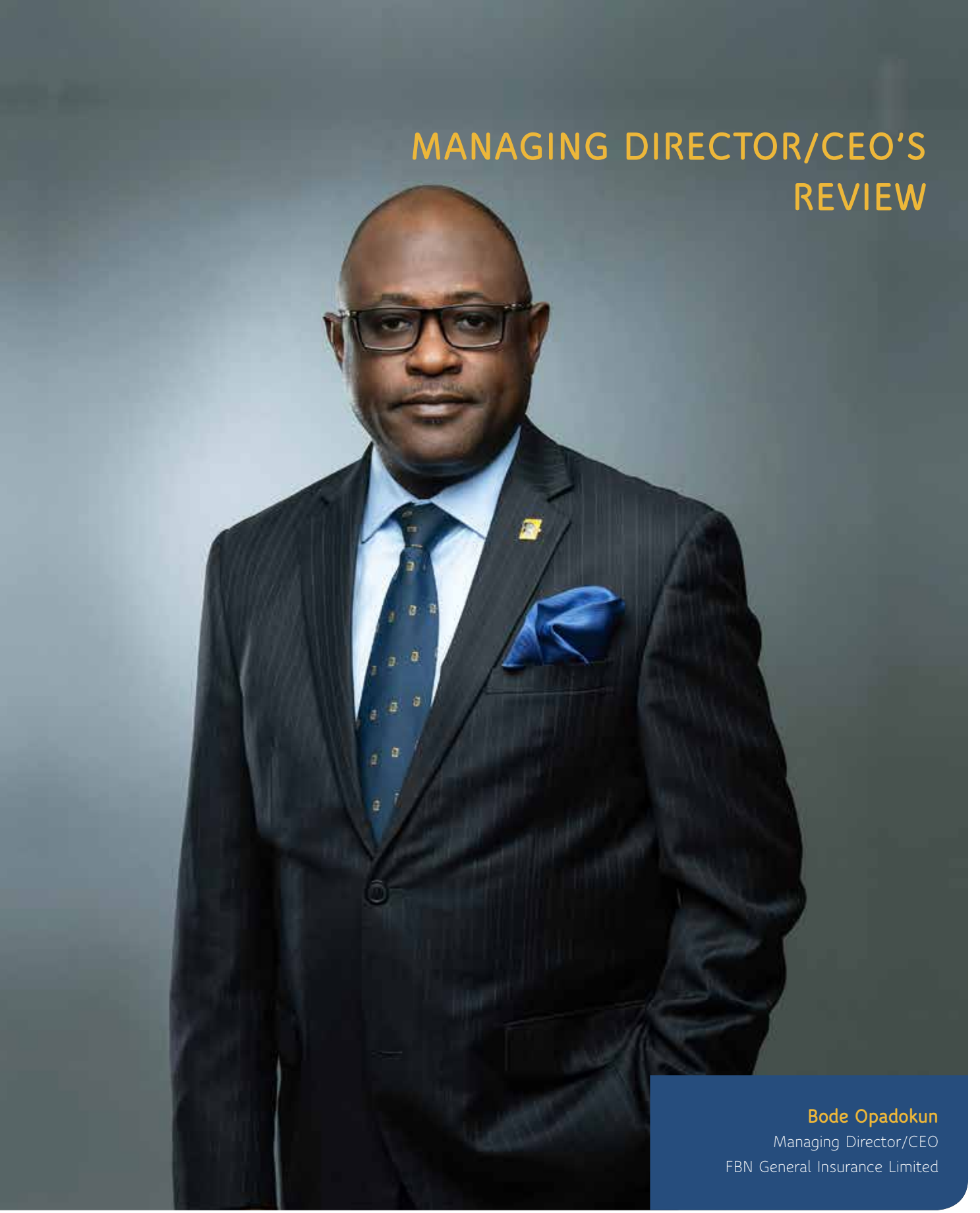
To the management and staff of FBN General Insurance Limited, thank you for your unflinching dedication and commitment to the vision and objectives of our iconic institution.

Finally, to our shareholders, I thank you for the trust and confidence reposed in us all through the journey. We assure you of our continuing commitment and seek your unrelenting support in 2020 and beyond.

Thank you and God bless you all.

Olugbenga Shobo
Chairman
FBN General Insurance Limited

MANAGING DIRECTOR/CEO'S REVIEW



Bode Opadokun
Managing Director/CEO
FBN General Insurance Limited

MANAGING DIRECTOR/CEO'S REVIEW

Distinguished Stakeholders,

I am pleased to present the financial results of FBN General Insurance (FBNGI) for the year ended 31 December 2019. Last year was a critical milestone for our business: we sustained our growth momentum, built on the progress from previous years, and delivered the best performance in the Company's history.

It is for this reason that we are confident and reasonably optimistic that FBNGI is on a predictable path that will eventually culminate in its emergence as a leading non-life insurance company in Nigeria.

Over the years, we have stayed true to the belief that every customer; irrespective of their social status or the size of their premium, is important to us and should be treated as such. It is our commitment to this simple but potent belief that is increasingly being reflected in our financial performance.

Consequently, one of our cardinal resolutions in the years ahead is to continuously strive to satisfy existing and new customers despite the economic challenges that we may face.

OPERATING ENVIRONMENT

The operating environment in 2019 was far from ideal for most individuals, organisations and industries. As with any election year in Nigeria, the year was, as expected, dominated by electioneering activities, especially during the first half - a period that was characterised by a significant moderation of critical economic activities.

This meant that there was a general lull in the economy, which spilt into the second half of the year as the economy struggled with a post-election hangover.

The year also ushered in some surprising policies with far-reaching consequences, such as the closure of land borders by the Federal Government, the CBN's restrictions on the sale of OMO bills to individuals and organisations, and NAICOM's release of the guidelines for the minimum paid-up share capital for insurance companies.

The implication of these trends for the insurance industry was that customers became more cautious in their selection of underwriters, preferring to utilise their already scarce resources on the patronage of insurers that would be true to their promise.

This change in consumer buying behaviour played out favourably for us because the FBNGI brand was, and is, progressively regarded as a preferred option for delivering value on the non-life insurance industry. We believe that in an already fiercely competitive non-life insurance market, it is the capacity to deliver value that will distinguish companies and provide sustainable growth in the medium to long term.

PERFORMANCE REVIEW

Therefore, our 2019 financial results are quite encouraging when analysed within the context of the economic uncertainties that characterised the year. We closed 2019 with a gross premium of ₦7.32bn, achieving a high year-on-year growth rate of 58% relative to ₦4.63bn in the previous year. This growth pattern is well above the industry growth rate, which some industry analysts estimate to be less than 15%.

Similarly, profit before tax (PBT) stood at ₦733mn, representing a year-on-year growth rate of 19% in comparison to the ₦616mn reported for 2018. This performance was driven by our deliberate and targeted penetration of key market segments, a firm commitment to customer-centricity, a robust underwriting approach, and a highly competent workforce.

Overall, the summary of the story from the detailed financial results is this: revenues are growing rapidly and profitably while our asset and capital base improves steadily.

Nevertheless, as we reflect on our 2019 performance with gratitude, we are also looking forward to 2020 with a renewed ambition to strengthen key areas of the Business. One such area where we expect to see rapid improvements in 2020 is our capital base, which will be bolstered

MANAGING DIRECTOR/CEO'S REVIEW

in conjunction with our parent company, FBNInsurance, in readiness to meet NAICOM's minimum capital requirements.

I therefore use this opportunity once again to assure our esteemed customers and the general public that we will be there for you when you need us the most.

> *Our strategic aspiration during the next three years is to become a top-five non-life insurance company in Nigeria, and our plans have been crafted to ensure that we achieve this.*

OUTLOOK

As we rounded up 2019, we embarked on an elaborate planning process which resulted in the development of a new three-year strategic plan for the Business. Our strategic aspiration during the next three years is to become a top-five non-life insurance company in Nigeria, and our plans have been crafted to ensure that we achieve this.

On our path to achieving this aspiration, we understand that the operating environment will be challenging. If the last decade has taught us anything, it is that the world becomes more unpredictable with every passing year.

Hence, any outlook for a stable operating environment in the years to come could very well be described as an unrealistic expectation. It is for this reason and a review of recent trends that we are convinced that 2020 will be an equally challenging year.

The COVID-19 pandemic has already significantly disrupted economies around the world, and is expected to trigger a global recession which economists expect to be worse than that of 2008.

In addition to the pandemic, countries like Nigeria that depend on crude oil must also grapple with the shocking decline in crude oil prices. While these trends do not moderate our strategic ambitions, they help to emphasise the need to maintain our adaptable and responsive posture in the months and years ahead. It will be companies that are flexible and able to promptly offer what customers perceive as value that will survive and thrive during the COVID-19 pandemic and any other crisis.

As a result, at FBN General Insurance we are committed to helping individuals and organisations during these trying times by ensuring the delivery of exceptional value.

Our staff remain our greatest strength. We will continue to invest in capacity building for our employees as we nurture robust talent pipelines for our business. We are committed to providing an inclusive working ambience in which we grow our talent, reward performance and protect our people as a brand to be reckoned with.

CONCLUSION

I would like to sincerely express my profound gratitude to our esteemed customers, shareholders, Board of Directors, management and all employees for their unwavering support throughout 2019.

As we journey through 2020, let me reassure you that our fundamentals remain firm and we are poised to live up to expectations. We will continue to depend on your support as we strive to become a leading insurer in Nigeria.

Thank you.

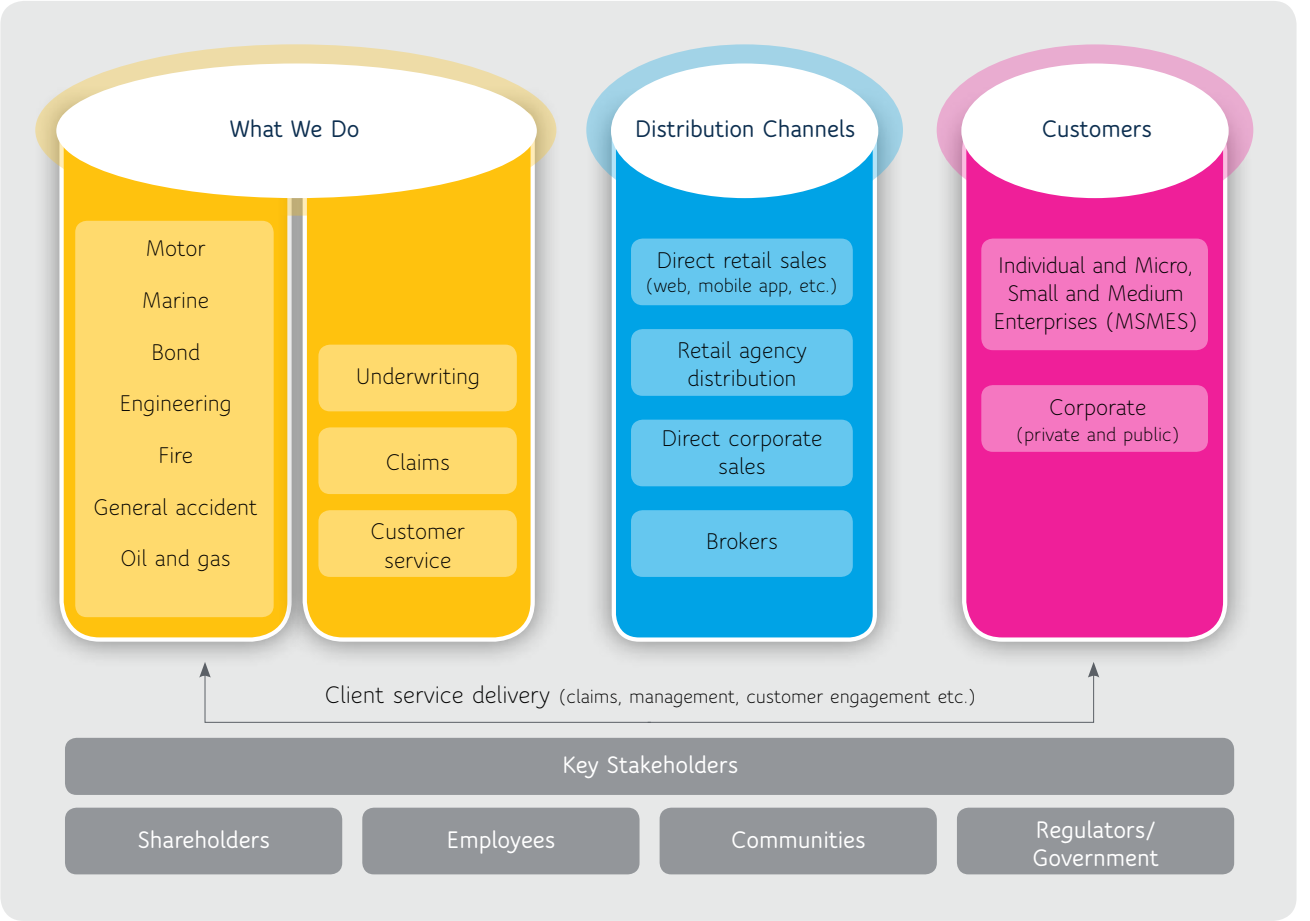
Bode Opadokun
Managing Director/CEO
FBN General Insurance Limited

OUR BUSINESS MODEL

Our business is designed to promote operational efficiency and best-in-class service excellence across all touchpoints. As much as possible, we ensure that our business model outcomes align with the expectations of our stakeholders. The following highlights how we create value for our stakeholders:

OUR BUSINESS MODEL

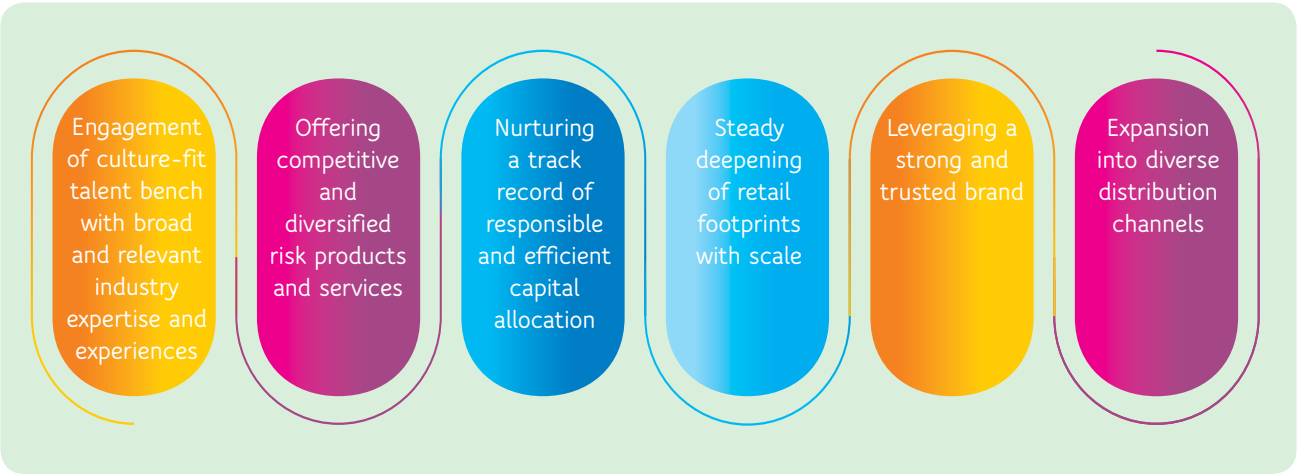
Our business is structured into key segments and distribution channels as shown in the diagram below, which illustrates how we create value for our customers and key stakeholders:



OUR STRATEGY

The 2019 financial year marked the end of the Company's 2017-19 Strategic Planning Programme. We made giant strides towards becoming a leading general insurance brand within the insurance space, as measured by both gross premium written and profit before tax.

We increasingly zeroed in on stricter risk selection, which was geared towards profitability. We also gained milestones in our drive to achieve dynamic portfolio mix. Over the last three-year period, the Company became the fastest-growing general insurance company in Nigeria at a cumulative annual growth rate (CAGR) of 44%. Over the review period, our strategy enabled us to leverage our key capabilities to competitive advantage:



Some of the milestones achieved include the increased growth in our corporate portfolio and steady increase in scale of our retail segment. We further gained momentum in the leverage of technology and relevant tools to drive process efficiency and good client experience.

We endeavoured to maximise shareholder returns, as we optimised the entrusted capital, with consideration for the solvency requirements to protect our clients, and business partners and ensure compliance with extant regulatory guidelines.

Over the next strategy horizon (2020 - 2022), we will continue to reinforce our key capabilities as we grow new markets, exploring new areas of partnerships with traditional and hybrid distribution channels.

COMPLAINT MANAGEMENT POLICY

Our Complaint Policy is intended to address complaints made to FBN General Insurance involving an expression of dissatisfaction made to the organisation, relating to its products, or to the complaints-handling process itself, in which a response or resolution is explicitly or implicitly expected.

Any person or organisation (the complainant) who is dissatisfied with a product or service provided by the Company for any reason may contact FBN General Insurance to complain, orally or in writing.

At times, complaints can be by way of negative feedback, which may not require a resolution or formal follow-up. While this type of feedback is valuable, the policy does not apply to feedback of this nature.

OBJECTIVE OF THE POLICY

FBN General Insurance seeks to maintain and enhance our reputation for providing customers with high-quality products and services. We value complaints, as they assist us in improving our products, services and customer service.

FBN General Insurance is committed to being responsive to the needs and concerns of our customers or potential customers and to resolving complaints as quickly as possible.

This policy has been designed for our customers and staff with guidance on how FBN General Insurance receives and manages complaints. We are committed to being consistent, fair and impartial when handling complaints.

CORPORATE RESPONSIBILITY AND SUSTAINABILITY

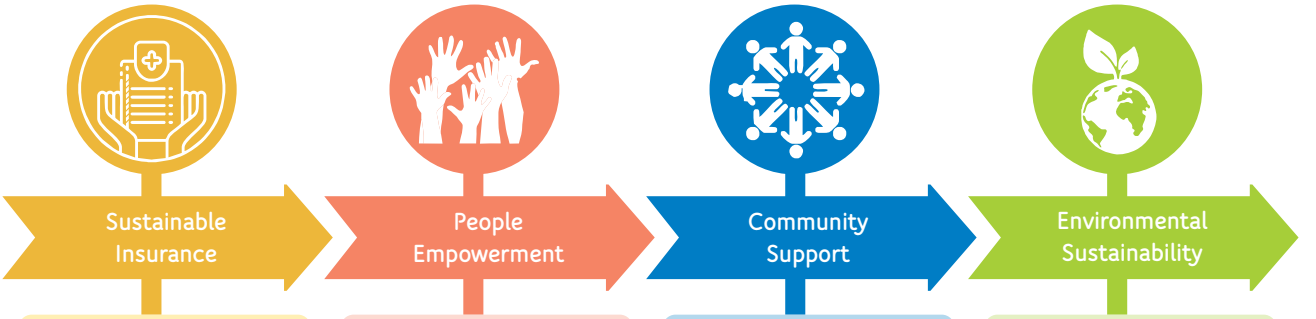
OUR APPROACH

At FBN General Insurance Limited, we clearly understand the critical importance of creating solid relationships in every business transaction and with all our stakeholders.

This is why we commit ample resources towards ensuring a mutually beneficial relationship with society at large. This is evident in the way we work, our core values, our corporate responsibility and our sustainability strategies.

The business of insurance thrives on trust. At FBN General Insurance, we place a high premium on enduring trust, especially in the relationship with our communities and other stakeholders.

Therefore, in our Corporate Responsibility and Sustainability (CR&S) strategy, we continually strive to build trust, brand recognition and good reputation through effective and efficient stakeholder engagement. This is against the backdrop of the FBNHoldings Group strategy and is expressed through the following strategic pillars:



Sustainable Insurance

In designing and selling our products and services, we always consider sustainable insurance.

Sustainable insurance is a strategic approach in which all activities in the value chain, including interactions with stakeholders and customers, are carried out in a responsible and forward-looking way by identifying, assessing, managing and monitoring risks associated with environmental, social and governance issues.

People Empowerment

Our workforce is our most cherished asset. We remain committed to nurturing an efficient, ethical and responsible body of staff who are constantly motivated, trained and retrained for personal and organisational growth.

In collaboration with our parent company, FBN Insurance Limited, and partners the Sanlam Group SA, we are able to keep our workforce up to date with global trends in insurance practices and the industry as a whole.

Community Support

We constantly draw ideas and opinions from our host communities and act on these by designing products and services that suit their needs. We appreciate their hospitality by investing time, effort and funds in projects that will make life better for everyone in the community.

Environmental Sustainability

In doing business, we aim to address environmental concerns through constant interaction with our stakeholders, driving sustainable insurance practices and putting necessary frameworks in place to ensure that our actions as a corporate entity do not negatively impact our environment.

GOVERNANCE

LEADERSHIP

BOARD OF DIRECTORS

Olugbenga Shobo
Chairman

Bode Opadokun
Managing Director/CEO

Tunde Mimiko
Executive Director

Valentine Ojumah
Non-Executive Director

Hendrik Nel*
Non-Executive Director

Satish Anthony
Non-Executive Director

Margaret Dawes
Non-Executive Director

Titilayo Adebiyi
Independent Non-Executive Director

Yusufu Modibbo
Independent Non-Executive Director

Zainab Adeleye
Company Secretary

** Hendrik Nel resigned 8 August 2019*

LEADERSHIP

Olugbenga Shobo

Chairman

Gbenga Shobo is the Chairman of the Board of FBN General Insurance Limited, and has over 30 years of banking and business experience. He is the Deputy Managing Director of First Bank of Nigeria Limited, having joined the Board of the Bank in 2012.

Prior to his appointment as Deputy Managing Director, he was the Executive Director overseeing the Retail Banking/Public Sector businesses in the Lagos and West directorates and before that the Executive Director overseeing the Retail business in the South directorate. Gbenga began his professional career with Coopers & Lybrand Chartered Accountants as an External Auditor and Tax Consultant.

Over the course of his outstanding career, Gbenga became the Divisional Head, Corporate Banking Division of MBC International Bank Limited and subsequently the General Manager, Corporate/Commercial Banking of FBN (Merchant Bankers) Limited upon joining the Bank. At FirstBank, he has served in senior management roles at various times as the General Manager, Products and Channels Group; Business Development Manager in charge of Rivers and Bayelsa States; and Group Head, National Corporates.

Gbenga is a Fellow of the Institute of Chartered Accountants of Nigeria (ICAN) and an alumnus of Kellogg School of Management and Harvard Business School. Gbenga also holds a BSc degree in Political Science from the University of Ife (OAU). In addition, he has undertaken courses and programmes in top-rated business schools including the Wharton School (University of Pennsylvania) and Stanford University.

Gbenga is the first person to be appointed to the position of Deputy Managing Director of FirstBank in the Bank's 125-years history. He is married with children, and enjoys reading, playing golf and lawn tennis.

LEADERSHIP

Olabode Opadokun

Managing Director/CEO

Bode Opadokun is a consummate financial services professional with over 28 years of experience spanning insurance underwriting, risk assessment, operations and marketing in the insurance sector.

Prior to joining FBN General Insurance Limited, he was the Managing Director of Nigerian Agricultural Insurance Corporation (NAIC). Within his first year of stewardship there, his astute business acumen helped the Company successfully overturn its loss position.

As the Managing Director/CEO of FBN General Insurance Limited, Bode led the transformation of the Company from being a fringe player in the Nigerian insurance market into the fastest-growing general insurance company in Nigeria over a three-year period. Under his leadership, the Company also achieved the feat of being among the leading brands in Nigeria's general insurance sector.

Bode Opadokun holds an MBA from Delta State University, Abraka and is an Associate of the Chartered Insurance Institute (ACII), UK. He is an alumnus of the prestigious Lagos Business School (LBS), and also a Fellow and a member of the Governing Council of the Chartered Insurance Institute of Nigeria (CIIN).

Tunde Mimiko,

Executive Director, Operations

Tunde Mimiko is a seasoned professional in the financial services sector with over 18 years of experience spanning banking and insurance. He has been involved in business and product development, strategic planning, relationship management, financial and cost analysis, and business process management.

Prior to joining FBN General Insurance as Executive Director, Operations, Tunde was actively involved in the transition of Union Assurance to Ensure Insurance Plc, having served as the Managing Director. He worked as a Management Executive at Wapic Insurance Plc and ARM Life Plc, as well as holding posts at Intercontinental Bank Plc (now Access Bank Plc) and First Chartered Insurance Company Limited.

Tunde is a Fellow of the Chartered Insurance Institute of Nigeria (FCIIN) and an alumnus of the prestigious Pan-Atlantic University (Lagos Business School). He also holds an MBA in Financial Management from Lagos State University.

LEADERSHIP

Valentine Ojumah

Non-Executive Director

Valentine Ojumah is a resourceful management executive with more than 30 years' experience in risk management, insurance broking, consultancy and training within the insurance industry, academia and research. He is currently the Managing Director of FBN Insurance Limited and previously worked as a lecturer at the University of Lagos, as well as serving as head of various departments at Insurance Brokers of Nigeria (IBN) Limited. As the MD of FBN Insurance Limited, Val demonstrated multi-disciplinary experience in all classes of insurance, risk management and loss adjustment.

Val has a bachelor's degree in Insurance from the University of Lagos and an MSc in Business from the University of Wisconsin-Madison, and is an Associate Member of the Chartered Insurance Institutes of both Nigeria and the United Kingdom.

Hendrik Nel

Non-Executive Director

Hendrik Nel is the Chief Financial Officer at Sanlam, having joined them in 2012. Hendrik is responsible for the Group's finance function, including financial reporting, corporate finance, investments, tax, internal audit, enterprise risk management, sustainability and corporate legal services.

He also holds Directorships with the Centriq Insurance Group of companies, Emerald Risk Transfer, Stalker Hutchison Admiral, the MiWay group of companies, Censeo and Sanlam Emerging Markets.

He was previously Head of the PricewaterhouseCoopers Financial Services Practice in Cape Town, South Africa.

Prior to his appointment to the Board of FBN General Insurance Limited, he served as a Non-Executive Director, representing Sanlam Group, South Africa, on the Board of FBN Insurance Limited.

LEADERSHIP

Satish Anthony

Non-Executive Director

Satish Antony joined the Sanlam Group in 2009 and currently holds the position of Head of Motor Insurance: East and Southern Africa, Sanlam Pan Africa. Satish is a qualified Actuary of the Institute and Faculty of Actuaries (UK) and also holds a BComm (Honours) degree in Actuarial Science from Stellenbosch the University.

He has more than 15 years of experience in the financial services sector, with extensive exposure to the short-term insurance industries in India and East and Southern Africa.

Margaret Dawes

Non-Executive Director

Margaret Dawes is the Chief Executive Officer of Sanlam Developing Markets (Rest of Africa). She worked with Fisher Hoffman Sithole, Johannesburg (1987 – 1999) as an Audit Manager, and also at M Cubed Holdings Limited (1999 – 2005) as the Group Financial Director/COO. Margaret was appointed as Head, Sanlam, Rest of Africa Division in 2008, with responsibility for the operations of Sanlam's Life companies in Africa.

LEADERSHIP

Titilayo Adebiyi

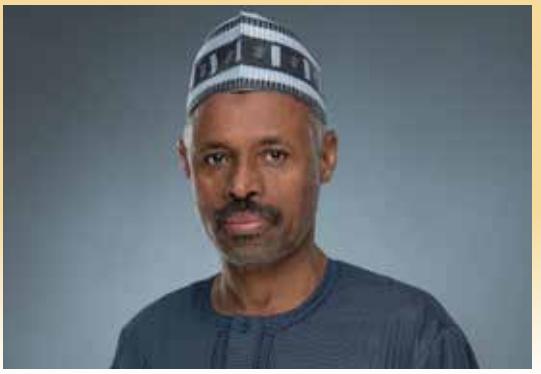
Independent
Non-Executive Director

Titilayo Adebiyi is a passionate and focused business administrator with over 26 years' all-round experience in commercial bank branch operations and relationship management.

After two stints at PZ Cussons and the former National Bank of Nigeria, she joined the now defunct Habib Nigeria Bank, where she spent the bulk of her professional career.

While there, she gained valuable experience in various departments before leaving to set up Avit Trust and Investment Limited, an investment company that caters to a diverse range of clientele across multiple sectors of the economy. Titilayo also sat on the Board of Sigma Pensions (a licensed pension fund administration company) for 10 years until she retired in 2015.

A school administrator of repute, Titilayo holds an MBA from Lagos Business School. She was appointed an Independent Non-Executive Director of FBN General Insurance Limited in 2016.



Yusufu Modibbo

Independent
Non-Executive Director

Yusufu Modibbo is a versatile finance professional with experience across banking, finance and stockbroking. After gaining a BSc in Agriculture from the University of Maiduguri, where he also started his career, Yusufu joined Nigerian Agricultural and Cooperative Bank Limited in 1984 as Assistant Manager in Charge of Projects and Operations, Makurdi branch. From there, he was appointed Manager, International Operations, Credit and Marketing and Corporate Development, New Africa Merchant Bank Limited, Lagos. He subsequently joined Allied Bank of Nigeria as Senior Manager, Corporate Finance, Stanbic Merchant Bank Nigeria Limited as Assistant General Manager (AGM), Northern Area Office, before becoming the Managing Director of Tiddo Securities Limited in 2001. He ran the business for 11 years before joining Stanbic IBTC Bank as General Manager, Investment Banking, Public Sector and Non-Interest Banking in April 2012. Yusufu has been a Board/Council member of numerous professional bodies including Central Securities Clearing System Limited, the Chartered Institute of Stockbrokers, Abuja Securities and Commodity Exchange Plc, the Investment and Securities Tribunal and the Nigerian Stock Exchange.

Yusufu holds a Master's degree in Banking and Finance (FinAfrica Foundation, Italy), as well as an MBA from Bayero University, Kano. He is also an Associate Member of the Institute of Management Consultants and the Nigerian Institute of Management, and a Fellow of the Chartered Institute of Stockbrokers.

LEADERSHIP

Zainab Adeleye

Company Secretary

Zainab Adeleye was appointed the Company Secretary of FBN General Insurance Limited in February 2019. She is a seasoned professional with experience spanning company secretarial practice, corporate governance and corporate law.

Prior to her appointment at FBN General Insurance Limited, she worked in Wema Bank Plc with responsibility for corporate governance, regulatory compliance and company secretarial services. She also worked at a number of law firms before joining Wema Bank.

Zainab is a member of the UK's Institute of Chartered Secretaries and Administrators. She graduated from the University of Lagos with Honours and subsequently obtained her Law degree from the Nigerian Law School.

LEADERSHIP

MANAGEMENT COMMITTEE

The FBN General Insurance management team is made up of seasoned and diligent practitioners. They are professionals who are backed with several years of experience from various sectors of the Nigerian economy, including the financial services sector.

Olabode Opadokun

Managing Director/CEO

Bode Opadokun is a consummate financial services professional with over 28 years of experience spanning insurance underwriting, risk assessment, operations and marketing in the insurance sector.

Prior to joining FBN General Insurance Limited, he was the Managing Director of Nigerian Agricultural Insurance Corporation (NAIC). Within his first year of stewardship there, his astute business acumen helped the Company successfully overturn its loss position.

As the Managing Director/CEO of FBN General Insurance Limited, Bode led the transformation of the Company from being a fringe player in the Nigerian insurance market into the fastest-growing General Insurance Company in Nigeria over a three-year period. Under his leadership, the Company also achieved the feat of being among the leading brands in Nigeria's general insurance sector.

Bode Opadokun holds an MBA from Delta State University, Abraka and is an Associate of the Chartered Insurance Institute (ACII), UK. He is an alumnus of the prestigious Lagos Business School (LBS), and also a Fellow and a member of the Governing Council of the Chartered Insurance Institute of Nigeria (CIIN).

Tunde Mimiko

Executive Director (Operations)

Tunde Mimiko is a seasoned professional in the financial services sector, with over 18 years of experience spanning banking and insurance. Over these years, he has been involved in business and product development, strategic planning, relationship management, financial and cost analysis, and business process management.

Prior to joining FBN General Insurance as Executive Director (Operations), Tunde was actively involved in the transition of Union Assurance to Ensure Insurance Plc, having served as the Managing Director. He worked as a Management Executive at Wapic Insurance Plc and ARM Life Plc, as well as holding posts at Intercontinental Bank Plc (now Access Bank Plc) and First Chartered Insurance Company Limited.

He is a Fellow of the Chartered Insurance Institute of Nigeria (FCIIN) and an alumnus of the prestigious Pan-Atlantic University (Lagos Business School). He also holds an MBA (Financial Management) from Lagos State University.

MANAGEMENT COMMITTEE

Shola Osho

Group Head,
Business Development

Shola Osho is a consummate marketer and insurance professional with over 21 years' experience in the insurance industry. She holds a bachelor's degree in English Language from the University of Abuja and also gained a master's degree in Public Administration (MPA) from Delta State University, Abraka in 2005. In 2010, she attended the Senior Management Programme (SMP 39) of the prestigious Lagos Business School.

Shola began her career at Lion of Africa Insurance Company Limited before joining Consolidated Hallmark Insurance Plc, where she spent close to 10 years and rose to become the Head, Lagos Island Group. In 2013, she joined FBN Insurance Limited, from where she was seconded to FBN General Insurance Limited (formerly Oasis Insurance) as the Head of Business Development as soon as the company was acquired. In her new role, she has distinguished herself as a marketer par excellence.

Under her watch as Head of Business Development, the loss position of Oasis Insurance Plc was turned into profit in the first year. A member of Ikoyi Club 1938 and Rotary Club of Gbagada, Shola is married with children.

Jacqueline Agweh

Head, Claims/Reinsurance

Jacqueline Agweh is a Fellow of the Chartered Insurance Institute of Nigeria (FCIIN). A Claims and Reinsurance Manager with over 20 years' experience in the field, she is an Insurance graduate of the prestigious University of Lagos and her career spans insurance broking, underwriting, claims administration (life and general) and reinsurance.

Jacqueline began her career with Africa Prudential Insurance Company Limited as a Life Insurance Officer, and has worked with Metropolitan General Insurance Company Limited as an underwriter, Piccadilly Insurance Limited, Zenith General Insurance Limited, Acen Insurance Company Plc, KELSAN Insurance Brokers Limited, Oasis Insurance Plc and FBN Insurance Limited as a Life Claims Manager.

She is a dedicated member of the Professional Insurance Ladies Association (PILA) and an award-winning fiction writer.

MANAGEMENT COMMITTEE

Modupe Akinwande

Head, Internal Control and Enterprise Risk Management

Modupe Akinwande is a results-driven, self-motivated and resourceful finance professional with over 14 years' experience across various functions within the financial services industry, covering banking, aviation and insurance.

She holds a bachelor's degree in Management and Accounting and an MBA, both from Obafemi Awolowo University, Ile-Ife, Osun State. An Associate Member of the Institute of Chartered Accountants of Nigeria (ICAN), Modupe also has a Diploma in International Financial Reporting (Dip. IFR, ACCA).

Prior to joining FBN General Insurance in 2015, she was Head of Finance and Accounts at Custodian and Allied Insurance Limited.

Pauline Ogebe

Head, Legal Services and Compliance

Pauline Ogebe is a legal practitioner with 13 years of significant experience in commercial law practice.

Prior to joining the Company, she worked with some of the best law firms in the country, including Olaniwun Ajayi LP, Nigeria's leading law firm, proficient in corporate and commercial law, where she got stellar work experience and advised clients on a broad range of corporate and commercial matters.

Since joining FBN General Insurance, Pauline has established a reputation as a widely exposed counsel with multifaceted competencies. She possesses considerable experience in company secretarial practice, compliance and corporate commercial law practice, particularly corporate finance, corporate restructuring, mergers and acquisitions and insurance law.

A member of the Nigerian Bar Association, she graduated with honours in Law from Ahmadu Bello University, Zaria and the Nigerian Law School.

MANAGEMENT COMMITTEE

Ndubuisi Alu

Head, Underwriting

Ndubuisi Alu graduated from the University of Nigeria, Nsukka with a combined Bachelor's degree in Sociology and Philosophy. He is an Associate of the Chartered Insurance Institute of Nigeria (ACIIN) and has extensive experience in insurance underwriting, claims and reinsurance. He made his incursion into insurance in 2007 after working in information technology.

Ndubuisi began with the Special Risks and Energy desk, and in the course of his career, has traversed all the divisions of the Technical department. He has attended a number of technical and management programmes including Treaty Negotiations at Swiss Re, Zurich, Switzerland in 2013 while he was Head, Reinsurance, KBL Insurance Limited, where he spent seven years.

He worked briefly at Sanlam South Africa on a business specialist programme in 2015. Ndubuisi joined FBN General Insurance in February 2014 and presently heads the Underwriting Unit.

Boye Ogunkoya

Head, Finance

Boye Ogunkoya is a Chartered Accountant, Chartered Economist and an Associate Member of the Chartered Institute of Taxation with over 16 years' experience in the financial services. Prior to joining FBN General Insurance as Head, Financial Reporting, he was Head, Finance at Oasis Insurance Plc.

He has worked with many other insurance companies, including Souche Insurance Brokers Limited, Presidential Insurance Plc and Universal Insurance Plc.

He attended an Executive Development programme with University of Stellenbosch Business School organised by Sanlam Emerging Market in South Africa in 2018.

MANAGEMENT COMMITTEE

John Agbai

Head, Information Technology

John Agbai is an information technology (IT) professional with more than 17 years of experience spanning software development, process planning engineering and design as well as IT infrastructure management.

John gained his first degree, in Chemical Engineering, from Enugu State University of Technology and a Master's degree in Information Technology from the University of Lagos.

John is an Oracle Certified Professional. He also has Microsoft Certified Professional and Microsoft Certified Solutions Developer (MCSD) certifications. He is an associate of Global Ethical Hackers (USA) and also an associate member of the Information Technology Association of Nigeria (ITAN).

Prior to joining FBN Insurance Limited, he was the IT Manager at Union Assurance Plc (now Allianz Nigeria Insurance Plc).

Abiola Saheed

Head, Internal Audit

Abiola Saheed is an astute management professional with 10 years' diversified experience in assurance, internal audit, control, business advisory, risk and financial management.

Prior to joining FBN General Insurance, he worked in the Internal Audit and Control department at Cornerstone Insurance Plc, where he rose through the ranks from Senior Auditor to become the Team Lead, Internal Audit and Control and eventually acted briefly as the Head of the function in 2014.

He also had a brief stint with the chartered accountancy firm of Alli-Oluwafuyi, Ibisomi, Onibon & Co. where he trained and qualified as a chartered accountant and gained top-quality experience in assurance services, accounting, tax management, business re-engineering, business restructuring, and consulting services.

Saheed obtained a Higher National Diploma (HND) in Accounting from the Polytechnic Ibadan and recently completed an MBA (with specialisations in Finance and Investment) from the Ahmadu Bello University, Zaria. He is an Associate Member of the Institute of Chartered Accountants of Nigeria (ICAN).

He is also a Certified Information Systems Auditor of the Information Systems Audit and Control Association (ISACA), USA.

MANAGEMENT COMMITTEE

Tokunbo Makinde

Head, Human Resources and Admin Services

Tokunbo Makinde is responsible for coordinating the Human Resources and Administrative Services department of FBN General Insurance Limited. She is a professional with extensive experience in human resources management in Nigeria's financial services sector.

Tokunbo began her career with Skye Bank Plc in 2008 as a strategic business partner in the areas of recruitment, and learning and development before moving to Page Microfinance Bank as the first Head of Human Resources. After a few years at Page Microfinance Bank, she joined FBN Insurance Limited as the Performance Manager and was given responsibility for ensuring alignment of performance-management activities and the organisation's corporate goals. In 2016, she was seconded to FBN General Insurance Limited.

Tokunbo is a first-class graduate of the Department of Sociology, Covenant University, Ogun State. She holds a Master's degree in Management from Nottingham Trent University, UK, and is an Affiliate Member of the Chartered Institute of Personnel and Development UK (CIPD) and a certified Balance Scorecard Professional through the Balanced Scorecard Institute, US.

Ebere Oseme-Igugu

Head, Energy and Special Risks

Ebere Oseme-Igugu is an insurance professional with industry experience spanning 12 years. She has an HND in Computer Science from Federal Polytechnic Offa, Kwara State, and a BSc (first-class honours) in Insurance from Joseph Ayo Babalola University, Osun State.

In 2016, she obtained an MBA from the University of Lagos. Ebere possesses significant experience in non-life underwriting, especially in the areas of energy and special risks. She is an Associate of the Chartered Insurance Institute of Nigeria (ACIIN).

MANAGEMENT COMMITTEE

Oladunni Oladokun

Head,
Retail/SMEs/E-Business

Oladunni Oladokun is an e-business/IT professional with over 21 years' experience in the IT and financial services sectors. He possesses skills in project management, distribution channels and agency network management, business intelligence/analytics, virtualisation, networking, mobile applications, device management and retail marketing.

Dunni holds a Bachelor's degree in Computer Science from the University of Abuja.

He is a Fellow of the Institute of Information Management Africa, an Associate Member of the International Association of Computer Science and Information Technology (IACSIT), and a certified Microsoft Certified IT Professional (MCITP) Enterprise Administrator and Microsoft Technology Specialist.

CORPORATE GOVERNANCE

Managing Director/CEO

The MD is charged with the strategic and supervisory role over all core operations of the Company that involve risk management, policy formulation and the implementation of operational decisions. The MD is the first line of reference for issues to be discussed by the Board and is charged with ensuring compliance with the regulations and policies of both the Board and regulatory authorities.

Board Meetings

Meetings of the Board of Directors are held every quarter, or as the need arises, to consider the financial statement of the Company for the year, review management accounts for the quarter, and consider the reports and minutes of Board committees and any other reports pertaining to issues within the purview of the Board's responsibilities.

Attendance at Board Meetings 2019

NAMES		FEBRUARY 7	JUNE 10	AUGUST 8	DECEMBER 5
Olugbenga Shobo	- Chairman	x	✓	✓	✓
Bode Opadokun	- Managing Director/CEO	✓	✓	✓	✓
Valentine Ojumah	- Non-Executive Director	✓	✓	✓	✓
Hendrik Nel	- Non-Executive Director	✓	✓	✓	x
Satish Antony	- Non-Executive Director	✓	x	✓	x
Margaret Dawes	- Non-Executive Director	x	x	x	✓
Titilayo Adebiyi	- Non-Executive Director	✓	x	✓	✓
Yusufu Modibbo	- Non-Executive Director	✓	✓	✓	✓
Tunde Mimiko	- Executive Director	✓	✓	✓	✓

Training Philosophy

Notwithstanding the expected depth of knowledge and experience of those appointed to the Board, we ensure regular domestic and international training programmes are organised for Board members to improve their decision-making capacity, thereby enabling them to contribute to the overall effectiveness of the Board. A training plan is usually agreed by the Board with the Company Secretariat tasked with ensuring implementation of the plan.

In some cases, where this will be beneficial to all the members of the Board, in-house programmes are organised to train all Directors. This approach has been adopted in recent years to ensure the training is tailored to address the needs of the Board, and to ensure cost optimisation.

CORPORATE GOVERNANCE

Director-Appointment Process

FBN General Insurance's Director-appointment philosophy is guided by relevant regulatory guidelines and laws. Directors are appointed by the shareholders through the Board Governance, Establishment and Enterprise Risk Management Committee based on their skills, competencies and experience.

The Committee considers and makes recommendations to the full Board on the suitability of Director nominees; the Board then decides on the nomination of the candidate, subject to the ratification of the general assembly and subsequently the National Insurance Commission.

Performance Monitoring

As part of its oversight role, the Board continuously engages with management and contributes ideas to the Company's strategy from the planning phase to the execution phase. The Board usually holds an annual Board retreat, where the strategy for the coming year is rigorously debated and agreed between management and the Board.

Once a strategy is defined, updates on specific strategic objectives become part of the ongoing agenda for the Board Finance, Investment and General Purpose Committee, which debates and reports to the Board on the implementation of the strategy.

During this process, the Board will be continuously updated on significant issues or challenges encountered during strategy implementation, and the steps being taken to address these.

On a quarterly basis, management reviews the Company's financial and performance indicators with the Board. The Board assesses progress and confirms alignment or otherwise with the Company's strategic goals and objectives on a continuous basis.

The Company's actual performance is compared to planned or budgeted performance, to provide the Board with ongoing insight into the level of achievement. In addition, peer review serves as a continuous part of our Board meetings in order to benchmark the Company against the performance of our competitors.

Board Appraisal Process

In compliance with Section 5 of the National Insurance Commission (NAICOM)'s Code of Corporate Governance (the Code), and due to the Board's commitment to strengthening its corporate governance practices, the Board engaged the services of an independent consultant, DCSL Professional Services to conduct an appraisal of the Board of Directors, and individual director peer appraisal, for the year ended 31 December 2019.

The Board assessment covers the Board's structure and composition, processes, relationships, competencies, roles and responsibilities. The report is forwarded to NAICOM, in line with the Code.

CORPORATE GOVERNANCE

Board Committees

The Board discharges its responsibilities through the different committees and is regularly informed about the work of the committees by their respective chairpersons.

The Board has three committees, namely the:

- Audit and Compliance Committee;
- Governance, Establishment and Enterprise Risk Management Committee; and
- Finance, Investment and General Purpose Committee.

The committees make recommendations to the Board, which retains responsibility for final decision-making.

All committees report to the Board, and as such must conform to the regulations laid down by the Board, with well-defined terms of reference contained in the charter of each committee. The Committees render reports to the Board at the Board's quarterly meetings.

The composition and summary of the functions of the Board committee are below.

Audit and Compliance Committee

The Board Audit and Compliance Committee provides oversight responsibility for the Company's audit, regulatory compliance and risk functions. The Committee also discusses the quarterly compliance reports and takes delivery of the audit reports and other reports and statements by the external auditors.

The Committee monitors the effectiveness of the Company's internal control system, risk management system, compliance system and internal audit system. The Committee recommends the appointment of external auditors and monitors its independence and quality, and reviews the external auditor's fee arrangements.

Audit and Compliance Committee Meetings 2019

NAMES		FEBRUARY 7	JUNE 10	AUGUST 7	DECEMBER 4
Yusufu Modibbo	- Chairman	✓	✓	✓	✓
Valentine Ojumah	- Member	✓	✓	✓	✓
Hendrik Nel	- Member	✓	✓	✓	x
Satish Antony	- Member	✓	x	✓	✓

CORPORATE GOVERNANCE

Governance, Establishment and Enterprise Risk Management Committee

The Board Governance, Establishment and Enterprise Risk Management Committee advises the Board on its oversight responsibilities in relation to recruitment, compensation and benefits, promotions and disciplinary issues affecting senior officers of the Company at Manager grade and above.

The Committee has the responsibility of reviewing and approving proposals from the Executive Committee for recruitment, promotion and termination of senior officers on Assistant General Manager (AGM) grade and above, and also of reviewing and approving disciplinary actions proposed by the Board to be carried out against senior officers at Manager grade and above. The Committee also monitors the effectiveness of the Company's risk management system.

Governance, Establishment and Risk Management Committee meetings 2019

NAMES		FEBRUARY 7	JUNE 10	AUGUST 7	DECEMBER 4
Hendrik Nel	- Chairman	✓	✓	✓	x
Valentine Ojumah	- Member	✓	✓	✓	✓
Satish Antony	- Member	✓	x	✓	x
Titilayo Adebiyi	- Member	✓	x	✓	✓
Margaret Dawes	- Member	x	x	x	✓

Finance, Investment and General Purpose Committee

The Board Finance, Investment and General Purpose Committee monitors and reviews the Company's investment policies. It ensures at all times that these policies reflect the objectives of safety and maintenance of fair returns on investments.

The Committee equally establishes standards, rules and guidelines for the Company's investment management operations while also reviewing the Company's investment strategy with a view to sustaining a medium- to long-term competitive edge. The value of the Company's marked-to-market portfolios is also evaluated by this Committee.

Finance, Investment and General Purpose Committee 2019

NAMES		FEBRUARY 7	JUNE 10	AUGUST 7	DECEMBER 4
Titilayo Adebiyi	- Chairman	✓	x	✓	x
Valentine Ojumah	- Member	✓	✓	✓	✓
Margaret Dawes	- Member	x	x	x	✓
Bode Opadokun	- Member	✓	✓	✓	✓
Hendrik Nel	- Member	✓	✓	✓	x
Tunde Mimiko	- Member	✓	✓	✓	✓
Yusufu Modibbo	- Member	✓	✓	✓	✓

Executive Management Committee

This Committee reports to the Board on activities of the Company and is responsible for:

- ensuring alignment of the Company's strategic and business plans as approved by the Board;
- reviewing strategic and business performance against the Company's approved plans and budget and agreeing on recommendations and corrective actions;
- ensuring adequate monitoring of the revenue and expenditure budget; and
- providing leadership to the management team.

Members of the Committee include the Managing Director, the Executive Director, Operations, the Heads of Finance, Underwriting, Claims and Reinsurance, Internal Control and Enterprise Risk Management, Internal Audit, Human Resources/Admin, Information Technology, Legal and Compliance, and Business Strategy, and any other Divisional Head as appointed from time to time.

WHISTLEBLOWING PROCEDURES

The whistleblowing process involves steps that should be taken by the whistleblower in reporting a reportable misconduct, and steps required for the investigation of the reported misconduct.

The Company has a procedure that encourages staff and other relevant stakeholders to report perceived unethical or illegal conduct of employees, management, Directors and other stakeholders across the Company to appropriate authorities in a confidential manner without any fear of harassment, intimidation, victimisation or reprisal of anyone for raising concern(s) under this policy.

The Board of Directors and management are committed to promoting a culture of openness, accountability and integrity, and will not tolerate any harassment, victimisation or discrimination of the whistleblower, provided such disclosure is made in good faith with reasonable belief that what is being reported is fact.

The Company has a dedicated email address and telephone numbers through which staff are encouraged to raise any concern or unethical conduct.

DIRECTORS' REPORT

The Directors present their report together with the financial statements of the Company for the year ended 31 December 2019.

a. Legal Form

FBN General Insurance Limited (formerly Oasis Insurance Company Plc) was incorporated in Nigeria on 9 November 1992 to underwrite non-life businesses. It became a publicly quoted company 'Oasis Insurance Plc' on 26 November 2004, following the successful listing of its shares on the Nigerian Stock Exchange. Oasis Insurance Plc was acquired by FBN Insurance Limited in 2014, and thereafter delisted its shares on the Nigerian Stock Exchange. The Company is a subsidiary of FBN Insurance Limited (a member of FBN Holdings Company).

b. Principal Activities

The Company is engaged in general insurance business.

c. Operating Result

	2019 ₦'000	2018 ₦'000
Gross Premium Written	7,316,585	4,635,233
Net Underwriting	4,080,032	2,751,922
Income Profit Before Tax	733,193	615,598
Profit after Tax	(74,254)	(122,613)
	658,940	**492,986**
Appropriations		
Transfer to Contingency Reserve	219,498	139,057
Transfer to Retained Earnings	439,442	353,928
	658,940	**492,985**

d. Dividends

No dividend is being proposed by the Board of Directors in respect of the financial year ended 31 December 2019.

DIRECTORS' REPORT

e. Directors

The Directors who held office at various times during the year and to the date of this Report are:

Olugbenga Shobo
Chairman

- Olugbenga Shobo - Chairman
- Bode Opadokun - Managing Director/CEO
- Tunde Mimiko - Executive Director, Operations
- Valentine Ojumah - Non-Executive Director
- Nelius Bezuidenhout - Non-Executive Director *(Resigned 11 January 2019)*
- Hendrik Nel - Non-Executive Director *(Resigned 8 August 2019)*
- Margaret Dawes - Non-Executive Director *(Appointed 8 August 2019) (Nominee)*
- Satish Antony - Non-Executive Director *(Appointed 18 April 2019)*
- Titilayo Adebiyi - Independent Non-Executive Director
- Yusufu Modibbo - Independent Non-Executive Director

f. Appointment of Directors

The Directors who were appointed during the year were:

- Satish Antony
- Margaret Dawes

g. Retirement of Directors

Nelius Bezuidenhout resigned from the Board effective 11 January 2019. Hendrik Nel resigned from the Board effective 8 August 2019.

h. Directors' Shareholding

The Directors had no financial interest nor held shares in the Company.

i. Directors' Interest in Contracts

None of the Directors has notified the Company, for the purpose of Section 277 of the Companies and Allied Matters Acts, of their direct or indirect interest in contracts or proposed contracts with the Company during the year.

DIRECTORS' REPORT

j. Analysis of Company Shareholding

The shareholding structure of the Company as at 31 December 2019 is as follows:

	NUMBER OF SHARES ₦'000	PERCENTAGE HELD (%)
FBNInsurance	7,903,506,790	100.00%
Oluseye Kosoko	1	0.00%
	7,903,506,791	**100.00%**

k. Donations and Gifts

The Company made the following donations (2018: ₦2,800,000) during the year:

2019	AMOUNT (₦)
Amalgamated Mega City Transport Services Limited	150,000
Professional Insurance Ladies Association	100,000
National Association of Insurance and Pension Correspondents	100,000
The Institute of Internal Auditors Nigeria	100,000
Mother Theresa Centre, Lagos	500,000
Nigerian Bar Association	500,000
The Federal Nigeria Society for the Blind	50,000
	1,500,000

l. Property, Plant and Equipment

Movements in property, plant and equipment are shown in Note 9. The Directors are of the opinion that the market value of the Company's assets is not less than the value shown in the financial statements.

m. Employment and Employees

Employment of disabled persons

It is the policy of the Company that there should be no discrimination in considering applications for employment, including those from disabled persons. All employees, whether disabled or not, are given equal opportunities to develop. The Company had no disabled person in its employment as at 31 December 2019.

DIRECTORS' REPORT

Health, safety at work and welfare of employees

Health and safety regulations are in force within the Company's premises, and employees are aware of existing regulations. The Company provides a subsidy to all employees for medical, transportation, housing and lunch costs.

Employees' involvement and training

The Company is committed to keeping employees informed as much as possible regarding the Company's performance and progress, and seeking their views wherever practicable on matters that particularly affect them as employees.

Training is carried out at various levels through both in-house and external courses. Management, professional and technical expertise are the Company's major assets, and investment in their further development continues.

n. Post-Balance Sheet Events

There were no post balance sheet events that could have a material effect on the state of affairs of the Company as at 31 December 2019 and the profit for the year ended on that date that have not been adequately provided for.

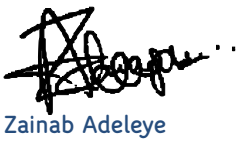
o. Auditors

Deloitte & Touche were re-appointed during the year as Auditors of the Company in line with Section 357(1) of Companies and Allied Matters (CAMA) Act CAP C20 LFN 2004.

The Auditors, having satisfied the requirements of NAICOM and the Company, have indicated their willingness to continue in office during the year.

FBN General Insurance Limited's financial statements have been authorised for issue by the Board of Directors on 13 February 2020.

BY ORDER OF THE BOARD



Zainab Adeleye
Company Secretary
FRC/2019/NBA/00000019150

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF FBN GENERAL INSURANCE LIMITED

Deloitte & Touche

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of FBN General Insurance Limited, which comprise the statement of financial position as at 31 December 2019, the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flow for the year then ended, and the notes to the financial statements including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly in all material respects the financial position of FBN General Insurance Limited as at 31 December 2019 and the financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards, the Companies and Allied Matters Act CAP C20 LFN 2004, the Insurance Act I17 LFN 2004 and the Financial Reporting Council of Nigeria Act, 2011.

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the Company, in accordance with the Institute of Chartered Accountants of Nigeria (ICAN) Professional Code of Conduct and Guide for Accountants and other independence requirements applicable to performing audits of financial statements in Nigeria. We have fulfilled our other ethical responsibilities in accordance with the ICAN Code and in accordance with other ethical requirements applicable to performing audits in Nigeria.

The ICAN Code is consistent with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matter was the matter that, in our professional judgement, was of most significance in our audit of the financial statements of the current year. The matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

INDEPENDENT AUDITOR'S REPORT

Key audit matter	How the matter was addressed in the audit
Valuation of Insurance Contracts Loss Reserve	
Under IFRS 4, the Company is required to perform liability adequacy tests on its insurance contract liabilities to ensure the carrying value of the liabilities are adequate. As disclosed in Note 12 to the financial statements, the insurance contract liabilities for the Company amounted to ₦4.33bn (2018: ₦3.48bn). This represents about 84% of Company total liabilities as at 31 December 2019. Reserves for losses and loss-adjustment expenses represent estimates of future payments of reported and unreported claims for losses and related expenses as at 31 December 2019. This involves the exercise of significant judgement and use of key inputs and assumptions such as inflation, claims development patterns and regulatory changes. Specifically, long-tail lines of business, which often have low frequency, and/or high severity claims settlements, are generally more difficult to project and subject to greater uncertainties than short-tail, high-frequency claims. Further, not all catastrophic events can be modelled using actuarial methodologies, which increases the degree of judgement needed in estimating general insurance loss reserves. At the end of each financial year, management employs the services of an external actuary in the determination of its insurance liability after considering the accuracy and integrity of data used in the valuation. Necessary adjustments are made in the financial statements to reflect the liabilities determined by the actuary.	Our procedures included the following, among others: We assessed and tested the design and operating effectiveness of selected key controls over actuarial methodology, integrity of data used in the actuarial valuation and the assumptions setting and governance processes used by management related to the valuation of general insurance reserves. In relation to the particular matters set out above, our substantive testing procedures included the following: • Tested the completeness and accuracy of underlying claims data utilised by the Company's actuaries in estimating general insurance loss reserves. • Utilised information technology audit techniques to analyse claims through claims data plausibility checks and recalculation of claims development patterns. • Involved Deloitte's actuarial specialists to independently test management's general insurance loss reserve studies and evaluate the reasonableness of the methodology and assumptions used against recognised actuarial practices and industry standards. • Performed independent re-projections on selected product lines, particularly focusing on the largest and most uncertain general insurance reserves. For these product lines, our actuarial specialists compared their re-projected reserves to those recorded by the Company, and sought to understand any significant differences. • Performed sensitivity testing and evaluated the appropriateness of any significant adjustments made to management's general insurance reserve estimates. Based on the work performed, we determined the methodology and assumptions used by management in the valuation of insurance contract liabilities reserves to be reasonable and in line with financial reporting requirements and industry-accepted practice.

INDEPENDENT AUDITOR'S REPORT

Other Information

The Directors are responsible for the other information. The other information comprises the Corporate Governance Report, Management Commentary, Enterprise Risk Management Report, Directors' Report, Chairman's Statement, Results at a Glance and MD's review, which we obtained prior to the date of this auditor's report, and the integrated report, which is expected to be made available to us after that date. The other information does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act CAP C20 LFN 2004, Insurance Act I17 2004 and Financial Reporting Council Act, 2011, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 aggregate, they could reasonably be expected to influence the economic decisions taken by users on the basis of these financial statements.

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

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

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

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;

- conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions

INDEPENDENT AUDITOR'S REPORT

that may cast significant doubt on the Company's ability to continue as a going concern.

If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.

However, future events or conditions may cause the Company to continue as a going concern. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the Company's financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and

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

We communicate with the Audit Committee and 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 Audit Committee and 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 Audit Committee and/or the Directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and which are therefore the key audit matters.

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

Report on Other Legal and Regulatory Requirements

In accordance with the Sixth Schedule of Companies and Allied Matters Act CAP C20 LFN 2004 and Insurance Act Section 28 subsection 2, we expressly state that:

i) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit;

ii) The Company has kept proper books of account, so far as appears from our examination of those books; and

iii) The Company's financial position and its statement of profit or loss and other comprehensive income are in agreement with the books of account and returns.

We are not aware of any issue of non-compliance with laws and regulations during the year.

For: **Deloitte & Touche**
Chartered Accountants
Lagos, Nigeria
February 2020

Engagement Partner: **Joshua Ojo**
FRC/2013/ICAN/00000000849

RISK REVIEW

ENTERPRISE RISK MANAGEMENT

The Company has a robust enterprise risk management framework that has been designed in line with the requirements of NAICOM and the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Effective risk management remains fundamental to the Company's business activities, and there is a framework that supports a culture in which risk management is everyone's responsibility, from the Board and Executive Committees to risk owners and respective risk units.

The Company's Enterprise Risk Management framework clearly identifies, assesses, monitors, evaluates and manages the principal risks it assumes in conducting its activities. These risks include credit, market and operational risks, as well as legal, compliance, reputational information security and underwriting risks.

The risk structure includes Management's approach to risks inherent in the business and its appetite for these risk exposures. Under this approach, the Company continuously assesses its top risks and monitors the risk profile against approved limits. The main strategies for managing and mitigating risks include policies and tools that target specific broad risk categories.

Enterprise Risk Management Philosophy

The Company's risk management principles and strategies are hinged on maximising value creation and returns on investments. The risk management strategy assists the Company in achieving its vision and delivery of business objectives. As part of the risk strategy, the Company's Enterprise Risk Management framework will ensure identification, quantification and treatment of all the foreseeable key risks. The risk management process will:

- Uphold the Company's integrity and value system
- Add sustainable value to all the activities of the organisation
- Aid the understanding of the potential upsides and downsides of key risks
- Support compliance with regulatory requirements
- Increase probability of success
- Reduce the uncertainty of achieving the organisation's overall objectives
- Support the culture that 'managing risk is everybody's responsibility' and pursue and reinforce this objective through risk awareness, clear executive sponsorship, and setting risk appetite and risk boundaries that are generally known, agreed and widely discussed
- Provide clear lines of responsibility

Our risk management context is entrenched in our mission statement of providing the Nigerian insurance market with best-in-class, innovative and solution-driven products and services that create value for all stakeholders, while consistently demonstrating integrity, professionalism and confidence.

ENTERPRISE RISK MANAGEMENT

Our Risk Culture

- The Board and Senior Management consciously promote a responsible approach to risk management and ensure that the sustainability and reputation of the Company are not jeopardised while expanding its market share.
- The responsibility for risk management in the Company is fully vested in the Board, which in turn delegates such to Senior Management.
- The Company pays adequate attention to both quantifiable and unquantifiable risks.
- The Company Management creates awareness of risk and risk management across the Board.
- The Company continually subjects its products, distribution channels and businesses to effective risk assessment processes and it will not engage in any business until it has objectively assessed and managed the associated risk.

RISK MANAGEMENT FRAMEWORK

Our Risk Management Framework was designed and embedded in our operating culture and processes. There are clear levels of responsibility (from the Board of Directors to the staff unit) assigned for effective management of our business risks.

We operate and maintain three levels of risk governance structure for the oversight and management of risk. These are:

Management

The Board includes the Board of Directors and the Board Audit and Compliance Committee, and is charged with the responsibility for oversight of the Enterprise Risk Management process, proposing and approving the risk appetite level for the Business and delegating responsibility of detailed oversight to the Risk Committee.

Risk Oversight

This consists of the Risk Management Committees and the Chief Risk Officer (CRO). Management evaluates the risks inherent within the business and ensures that they are captured appropriately within the Business's risk profile. The CRO facilitates an improved understanding of risk management processes throughout the organisation to continuously embed and improve a risk-awareness culture and to work with Business management to review and update the Risk and Control Log.

The CRO is responsible for setting policies and procedures necessary for the implementation of the Risk Management Framework. The CRO's role also includes communicating the Company's risk profile to the Board and Management Committee and the decisions of the Board and Risk Management Committee to the other members of the Company.

Independent Assurance

This is the last line or level of defence within our risk management structure, and comprises the internal audit and external auditors' function that provides independent and objective assurance of the effectiveness and adequacy of the risk management control and governance process.

RISK MANAGEMENT FRAMEWORK

Risk Appetite

The Company is committed to driving its business initiatives without loss of value or unmitigated exposures to related risks.

In order to improve the value of shareholders' wealth and remain profitable, the Company designed its appetite for risk exposures in any given situation. The risk appetite represents the amount of risk exposure or potential adverse impact that the Company is willing to accept/retain from an event.

The risk appetite of the Company is set by the Board of Directors annually, and it is aimed at minimising erosion of earnings or capital due to avoidable losses in the trading, investment and underwriting books, or from frauds or operational inefficiencies. The Company's risk appetite objectives include:

- optimisation of capital employed through enhanced returns on equity;
- consistently striving to minimise the overall cost of risk exposure and its management through effective risk mitigation practices; and
- ensuring that losses due to fraud and operational lapses should be a maximum of a specified percentage of gross earnings and, in any case, be lower than the industry average.

Risk Management Policies and Procedures

The enterprise-wide Risk Management Policies and Procedures that have been instituted strategically are aimed at managing potential, inherent and residual risk categories in our operations.

The Board recognises that the practice of risk management is critical to the achievement of corporate objectives, and has actively encouraged a risk culture that embraces innovation and opportunity, primed risk-taking and acceptance of risk, which is inherent in all our activities, while reducing barriers to successful implementation.

Risk Classification

The Company is exposed to different kinds of risk while conducting its business. Some of these include:

Market Risk/ Investment Risk

This is the risk to a company's financial condition resulting from adverse movements in the level or volatility of market prices. The Company has a structured process and basis for measuring and calculating the probability of loss and possible impact on the Company's capital resources caused by adverse changes in the prices of stock and shares, property, exchange rates and other market conditions that are relevant. The Company has established investment limits in its operational guidelines and Policy of Assets Diversification in line with NAICOM regulations to prevent overconcentrationing and over exposure to, any particular market.

RISK MANAGEMENT FRAMEWORK

Credit Risk

This is the risk that a counterparty will default on payment or fail to perform an obligation to the Company. The Company has a system for conducting due diligence on the creditworthiness of any party to which it has credit exposure. The Company does not ordinarily grant credit facilities to third parties in the course of its business, but could have credit risk associated with insurance brokers consequent upon the 'No Premium, No Cover' enforcement by NAICOM.

Operational Risk

This is the risk of loss from inadequate or failed internal processes, people and systems, or from external events, which arises from the potential that inadequate information systems, operational problems, breaches in internal controls, fraud or unforeseen catastrophes will result in unexpected losses. The Company has policies covering risk that may arise from people, systems and internal process failures. The policies include staff recruitment, training, retention plans, succession plans, remuneration and welfare benefits, designing standard operating procedures and policies, driving compliance culture, process automation, IT support systems, data integrity, IT systems access, etc.

Liquidity Risk

Liquidity risk exists when there is insufficient cash flow to meet the Company's operational and financial obligations, and is usually associated with inability to liquidate assets or obtain funding from external sources to pay claims and other liabilities when due.

The Company manages its liquidity risk through appropriate assets and liability management strategies via the Investment Management Committee. Monthly reports and review of liquidity gaps are conducted to assess the level of liquidity risk.

Reinsurance Risk

This is the risk of inadequate reinsurance cover to mitigate underwriting risk. It usually occurs when there is insolvency of a reinsurer, discovery of exposures without current reinsurance coverage, or exhaustion of reinsurance covers through multiple losses. The Company has documented reinsurance policies for adequate reinsurance arrangements and treaties for all categories of insurance business transacted. The policies include the process for reinsurer selection, monitoring, and claims recovery.

RISK MANAGEMENT FRAMEWORK

Underwriting is the process by which an insurer determines the conditions necessary and suitable to accept insurance risk. The risk crystallises when there is severe and frequent claim against the Company's projected capacity. The Company has embedded internal control processes to guide its insurance business and to guide against the risk of unexpected losses and capital erosion. There is a well-documented Underwriting Policy, and Procedures which are enforced throughout the organisation.

The Company's business risk is associated with gaining market shares and remaining profitable. This risk is considered through documented processes for product development and launch, business segment profitability analysis and stakeholder engagement, as well as being embedded in our brand promise.

This is the risk of events that could cause public distrust and damage to the Company's integrity, reputation and goodwill, especially in the eyes of customers, regulators, competitors or the general public. We manage reputational risk through a structured approach for defining and implementing core values and acceptable standards of behaviour that staff are expected to follow while conducting the Company's day-to-day business. The Company's risk assessment and monitoring process has embedded controls for testing reputational risk, and the outcome of such exercise is communicated to the Board Risk Committee on a quarterly basis.

The Company has procedures to ensure that all statutory regulations are completely adhered to by the business unit at all times. These regulations include those set by NAICOM and other relevant agencies of government. There are internal control processes that identify potential breaches to the regulations and are promptly mitigated. Some of the control processes include:

- know-your-customer procedures;
- Anti-money-laundering/combating the financing of terrorism measures;
- Anti-bribery and corruption measures;
- Guidelines for adherence to corporate governance principles;
- Gift policies; and
- Whistleblowing policies.

RISK MANAGEMENT FRAMEWORK

Risk Report and Risk Map

Issues arising from the risk assessment process are collated and presented in a report called the Risk Report, which forms the basis of constructing the risk map. The risk map draws senior management's attention to the critical risk factors, as well as the adequacy of existing controls to mitigate the risk. The risk map provides a snapshot summary of the significant risk and the ratings and probability of occurrence within a specific year. This forms the basis for estimating the potential operational loss.

Risk Control Self-Assessment

The Company has a mechanism for risk assessment on a periodic basis, known as the Risk Control Self-Assessment Principle. It involves the tests, procedures or assessments that need to be performed periodically to assure that key controls are in place and are working effectively as designed.

The control requirements are proactively assessed through process risk analysis and review of policy requirements, loss events and audit findings. The Company then sets controls required to comply with policy requirements and tests these processes for adequacy and risk mitigation capability. Risk Champions are engaged in each business or risk unit, and facilitate the process of risk control self-assessment in the Company.

Key Risk Indicators

The key risk indicator provides trend analysis of risk exposures or deviation from standard processes. This helps the risk officers and risk owners to promptly identify increasing threats to business activities, and escalate to the appropriate senior levels for control and probable review of the risk appetite. The trend analysis is one of the sources of data for the risk report and risk map documented by the Company.

Loss Events Reporting

The Company has a Loss Event Register that captures all actual loss sustained during operational processes.

Health and Safety Management

The Health and Safety Management Committee was instituted to provide and maintain safe, healthy working conditions, work equipment and systems for all staff. This responsibility also extends to visitors, contractors and others who may potentially be affected by our activities. The Health and Safety Policy framework underpins the policy statements, roles and responsibilities of the Health, Safety and Environment Officer.

Business Continuity Plan

The Business Continuity Plan (BCP) has been designed to promote resilience against operational threats, especially with regards to continuity of critical operations, in the event of a disaster or disruption to critical operations. The BCP framework also addresses adherence to contingency planning procedures in the event of emergencies. We aim to continually improve on inherent gaps identified during each simulation exercise.

RISK DECLARATION

The Board's Governance, Establishment and Enterprise Risk Management Committee hereby declare as follows:

- The Company has systems in place for the purpose of ensuring compliance with NAICOM guidelines.
- The Board is satisfied with the efficacy of the processes and systems surrounding the production of financial information of the Company.
- The Company has in place a Risk Management Strategy, developed in accordance with the requirements of NAICOM's guidelines on enterprise risk management, setting out its approach to risk management.
- The systems that are in place for managing and monitoring risks, and the Risk Management Framework, are appropriate to the Company, having regard to such factors as the size, business mix and complexity of the Company's operations.

Yusufu Modibbo
FRC/2018/CISN/00000016732

Valentine Ojumah
FRC/2012/CIIN/00000002422

FINANCIAL STATEMENTS

CORPORATE INFORMATION

COMPANY DETAILS	
Registered address:	298, Ikorodu Road, Anthony Lagos Nigeria
RC Number	208278
FRC Number	FRC/2012/0000000000266
Telephone:	+234 01-9054810 +234 01-9054832 0700CALLFBNGI, 0700225532644 and 08000CLAIMSALERT, 0800025246725378 Whatsapp No.: 08125197466
Email:	contactfbngi@fbninsurance.com
Postal address:	PMB 21170 Ikeja, Lagos Nigeria
Company secretary:	Zainab Adeleye FRC/2019/NBA/00000019150
Auditors	Deloitte & Touche Civic Towers Plot GA 1, Ozumba Mbadiwe Avenue Victoria Island Lagos Nigeria www.deloitte.com.ng FRC/2013/ICAN/00000000849
Shareholders	FBN Insurance Ltd
Bankers	First Bank of Nigeria Limited Fidelity Bank Plc Guaranty Trust Bank Plc Zenith Bank Plc
Re-insurers	African Reinsurance Corporation Continental Reinsurance Plc.
Actuary	Alexander Forbes Consulting Actuaries Nigeria

REPORT OF THE AUDIT COMMITTEE TO THE MEMBERS OF FBN GENERAL INSURANCE LIMITED

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, we confirm that we have seen the Audit Plan and Scope and the Management Letter on the audit of the financial statements of the Company and the response.

In our opinion, the plan and scope of the audit for the year ended 31 December 2019 were adequate.

We have reviewed the auditor's findings and we are satisfied with the management response thereon.

We also confirm that the accounting and reporting policies of the Company are in accordance with legal requirements and ethical practices.

Yusufu Modibbo
FRC/2018/CISN/00000016732

MEMBERS OF THE AUDIT COMMITTEE

- Yusufu Modibbo - Chairman
- Valentine Ojumah - Member
- Hendrik Nel - Member
- Satish Antony - Member

FOR THE PREPARATION AND APPROVAL OF THE FINANCIAL STATEMENTS

The Directors of FBN General Insurance Limited are responsible for the preparation of the financial statements, which give a true and fair view of the financial position of the Company as at 31 December 2019, and the results of its operations, cash flows and changes in equity for the year ended, in compliance with the International Financial Reporting Standards (IFRS), and in the manner required by the Companies and Allied Matters Act of Nigeria, the Insurance Act of Nigeria, relevant guidelines and circulars issued by the National Insurance Commission (NAICOM) and Financial Reporting Council Act of Nigeria.

In preparing the financial statements, the Directors are responsible for:

- properly selecting and applying accounting policies;
- presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- providing additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance; and
- making an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for:

- designing, implementing and maintaining an effective and sound system of internal controls throughout the Company;
- maintaining adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company, and which enable them to ensure that the financial statements of the Company comply with IFRS;
- maintaining statutory accounting records in compliance with the legislation of Nigeria and IFRS;
- taking such steps as are reasonably available to them to safeguard the assets of the Company; and
- preventing and detecting fraud and other irregularities.

Going Concern

The Directors have made an assessment of the Company's ability to continue as a going concern, and have no reason to believe the Company will not remain a going concern in the year ahead.

The financial statements of the Company for the year ended 31 December 2019 were approved by the Board of Directors on 13 February 2020.

By order of the Board

Olugbenga Shobo
Chairman
FRC/2013/ICAN/00000002330
13 February 2020

Bode Opadokun
Managing Director
FRC/2014/CIIN/00000008646

CERTIFICATION BY COMPANY SECRETARY

In my capacity as Company Secretary,

I hereby certify, in terms of the Companies and Allied Matters Act, that for the year ended 31 December 2019, the Company has lodged all such returns as are required of a company in terms of this Act, and that all such returns are, to the best of my knowledge and belief, true, correct and up to date.

Zainab Adeleye
Company Secretary
FRC/2019/NBA/00000019150
Lagos, Nigeria

13 February 2020

CERTIFICATION OF NON-LIFE INSURANCE LIABILITY VALUATION BY ACTUARY

Alexander Forbes Consulting Actuaries Nigeria verifies that the calculation of the non-life insurance liabilities as per the valuation as at 31 December 2019 is appropriate. We are satisfied that the insurance liabilities as per valuation are sufficiently prudent and appropriate given the nature of the business and existing liabilities.

The result of the valuation is as follows:

Reserve	As at 31 December 2019 (₦)
Outgoing net OCR	1,881,452
Outgoing gross IBNR	808,083
Total gross future claims that are incurred	2,689,535
Reserves as at December 2019 (₦)	
Outgoing gross UPR	1,646,882
Outgoing gross DAC	299,554
Outgoing gross AURR	-

Brian Karidza
Fellow of the Institute and Faculty of Actuaries and the Actuarial Society of South Africa
Certified Enterprise Risk Actuary
FRC/2017/NAS/00000016625

RESULTS AT A GLANCE

	31-Dec-19 ₦'000	31-Dec-18 ₦'000
COMPREHENSIVE INCOME STATEMENT		
Gross premium written	**7,316,585**	4,635,233
Gross premium income	**6,822,818**	4,388,835
Net premium income	**3,480,228**	2,429,419
Investment and other income	**798,200**	792,705
Profit before tax	**733,192**	615,598
Profit after tax	**658,939**	492,986
STATEMENT OF FINANCIAL POSITION		
Total assets	**11,005,820**	9,451,546
Insurance contract liabilities	**4,336,417**	3,489,155
Total liabilities	**5,182,460**	4,287,125
Earnings per share (basic)	**9kobo**	6kobo

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 DECEMBER 2019

Legal Form

FBN General Insurance Limited, (formerly Oasis Insurance Company Limited) was incorporated on 9 November 1992 to carry on insurance business. It changed its name to Oasis Insurance Plc on 26 November 2004 following the successful listing of its shares on the Nigeria Stock Exchange. Oasis Insurance Plc was acquired by FBN Insurance Limited during the year 2014, and delisted its shares on the Nigerian Stock Exchange.

Oasis Insurance Plc changed its name to FBN General Insurance Ltd on 29 June 2015. The Company is now a subsidiary of FBN Insurance Limited (a member of FBNHoldings).

The Company's registered office address is 298, Ikorodu Road, Anthony Lagos.

Principal Activities

FBN General Insurance Ltd is a non-life Insurance company and underwrites General and Special Risks Insurance businesses. The Company is fully capitalised in line with Insurance Act 2003 and as stated in NAICOM Insurance Act and guidelines. The non-life business underwritten by the Company are: Motor, Marine (Cargo and Hull), Fire and Special Perils, Engineering Insurance, General Accident, and Oil and Gas businesses.

The Company pays attention to claims settlement to optimise customers' satisfaction. The Company also invests its available funds in interest bearing and highly liquid instruments to generate adequate returns to meet its claims obligations.

The accounting policies applied in the preparation of these financial statements are stated below. The accounting policies have been consistently applied to all periods presented in the financial statements, unless otherwise stated.

1.1 Statement of Compliance with International Financial Reporting Standards

The financial statements of the Company have been prepared and approved by the Directors in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB); the International Financial Reporting Interpretations Committee (IFRIC); and the relevant national regulations like Companies and Allied Matters Act (CAMA), FRC Act 2011 and Insurance Act 2003, to the extent that they are not in conflict with IFRS.

These financial statements comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the cash flow statement and the accompanying notes.

1.2 Basis of Preparation and Measurement

These financial statements have been prepared in accordance with the going concern principle and on a historical cost basis except for the following:

- non-derivative financial instruments designated at fair value through profit or loss.
- financial assets are measured at fair value through other comprehensive income.
- investment property is measured at fair value.
- insurance liabilities measured at present value of future cashflows.
- investment contract liabilities at fair value.

The financial statements are presented in Nigeria naira (₦) which is the Company's functional currency and all values are rounded to the nearest thousand naira except when otherwise indicated.

1.3 Significant Accounting judgements, Estimates and Assumptions

The preparation of financial statements in conformity with the IFRS requires the use of certain critical estimates. It also requires Management to exercise its judgments in the process of applying the Company's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. The Management believes that the underlying assumptions are appropriate and that the Company's financial statements therefore present the financial position and results fairly.

The appropriate estimates and judgements have been applied in the preparation of these financial statements.

1.4 Presentation of Financial Statements

The Company presents its statement of financial position broadly in order of liquidity. It included an analysis of underwriting risk, solvency margin as well as classification of assets and liabilities due for recoverable or due for settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current). Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Income and expenses are not offset in the income statement unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Company.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES
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2 Changes in accounting policy and disclosures

(a) Amendments to IFRSs that are mandatorily effective for annual periods beginning on or after 1 January 2019

A number of standards, interpretations and amendments thereto, had been issued by the IASB which are effective but do not impact on these financial statements as summarised below:

IFRS 16 Leases

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged.

The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in IAS 17 and IFRIC 4.
Unlike other recent Standards (e.g. IFRS 15), for entities that adopt the new Standard using a full retrospective approach, IFRS 16 does not provide an exception from the requirement of IAS 8:28(f) to present the effect of the new Standard on the current period amounts.

Amendments to IFRS 9 Prepayment Features with Negative Compensation

The amendments to IFRS 9 clarify that for the purpose of assessing whether a prepayment feature meets the 'solely payments of principal and interest' (SPPI) condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, financial assets with prepayment features with negative compensation do not automatically fail SPPI.

Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures

The amendment clarifies that IFRS 9, including its impairment requirements, applies to other financial instruments in an associate or joint venture to which the equity method is not applied. These include long-term interests that, in substance, form part of the entity's net investment in an associate or joint venture. The Company applies IFRS 9 to such long-term interests before it applies IAS 28. In applying IFRS 9, the Company does not take account of any adjustments to the carrying amount of long-term interests required by IAS 28 (i.e., adjustments to the carrying amount of long term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with IAS 28).

Annual Improvements to IFRS Standards 2015–2017 Cycle Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs

The Annual Improvements include amendments to four Standards:

IAS 12 Income Taxes
The amendments clarify that the Company should recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the Company originally recognised the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits.

IAS 23 Borrowing Costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

IFRS 3 Business Combinations

The amendments clarify that when the Company obtains control of a business that is a joint operation, the Company applies the requirements for a business combination achieved in stages, including remeasuring its previously held interest (PHI) in the joint operation at fair value. The PHI to be remeasured includes any unrecognised assets, liabilities and goodwill relating to the joint operation.

IFRS 11 Joint Arrangements

The amendments clarify that when a party that participates in, but does not have joint control of, a joint operation that is a business obtains joint control of such a joint operation, the Company does not remeasure its PHI in the joint operation.

Amendments to IAS 19 Employee Benefits Plan Amendment, Curtailment or Settlement

The amendments clarify that the past service cost (or of the gain or loss on settlement) is calculated by measuring the defined benefit liability (asset) using updated assumptions and comparing benefits offered and plan assets before and after the plan amendment (or curtailment or settlement) but ignoring the effect of the asset ceiling (that may arise when the defined benefit plan is in a surplus position). IAS 19 is now clear that the change in the effect of the asset ceiling that may result from the plan amendment (or curtailment or settlement) is determined in a second step and is recognised in the normal manner in other comprehensive income.

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IFRIC 23 Uncertainty over Income Tax Treatments

IFRIC 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The Interpretation requires the Company to:

- determine whether uncertain tax positions are assessed separately or as a Company; and
- assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings:
    - If yes, the Company should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings.
    - If no, the Company should reflect the effect of uncertainty in determining its accounting tax position using either the most likely amount or the expected value method.

b) New standards, interpretations and amendments to existing standards that are not yet effective

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

i) IFRS 17: Insurance Contracts

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts. IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach.

The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees. The Standard is effective for annual reporting periods beginning on or after 1 January 2021, with early application permitted. It is applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied. An exposure draft Amendments to IFRS 17 addresses concerns and implementation challenges that were identified after IFRS 17 was published. One of the main changes proposed is the deferral of the date of initial application of IFRS 17 by one year to annual periods beginning on or after 1 January 2022.

For the purpose of the transition requirements, the date of initial application is the start if the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.

ii) IFRS 10 and IAS 28 (amendments): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the re-measurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted. The Directors of the Company anticipate that the application of these amendments may have an impact on the Company's financial statements in future periods should such transactions arise.

iii) Amendments to IFRS 3: Definition of a Business

The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

Additional guidance is provided that helps to determine whether a substantive process has been acquired.

The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or Company of similar assets.

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The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after the first annual reporting period beginning on or after 1 January 2020, with early application permitted.

iv) Amendments to IAS 1 and IAS 8: Definition of Material

The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'.

The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of material or refer to the term 'material' to ensure consistency.

The amendments are applied prospectively for annual periods beginning on or after 1 January 2020, with earlier application permitted.

v) Amendments to References to the Conceptual Framework in IFRS Standards

Together with the revised Conceptual Framework, which became effective upon publication on 29 March 2018, the IASB has also issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.

Not all amendments, however, update those pronouncements with regard to references to and quotes from the framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASC Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework.

The amendments, where they actually are updates, are effective for annual periods beginning on or after 1 January 2020, with early application permitted.

3 Foreign Currency

(i) Reporting Currency

The financial statements are presented/ measured in Nigerian currency (Naira) which is the Company's functional currency. Except otherwise indicated, financial information presented in Naira have been rounded to the nearest thousand.

(ii) Transactions and Balances

Transactions denominated in foreign currencies are translated into naira at the rate ruling on the date of the transaction. Monetary assets and monetary liabilities at the balance sheet date denominated in foreign currencies are translated into Naira at the rate ruling on the balance sheet date. Any gains or losses arising on translation are recognised in the income statement.

Non-monetary assets and liabilities are translated at historical exchange rate if held at historical cost or year-end exchange rate, if held at fair value, and the resulting foreign exchange gains and losses are recognise in either the income statement or shareholder's equity depending on the treatment of the gain or loss on the assets or liability.

4 Cash and Cash Equivalents

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

5 Financial assets and liabilities

The Company classifies its financial assets into the following categories: fair value through profit or loss, fair value through other comprehensive income and amortised cost. The classification is determined by Management at initial recognition and depends on the objective of the business model.

5.1 Classification and measurements

For the purpose of measuring a financial asset after initial recognition, IFRS 9 classifies financial assets into the following categories: at fair value through profit or loss; at fair value through other comprehensive income and at amortised cost. The classification is based on the results of the entity's business model test and the contractual cashflow characteristics of the financial assets.

The category relevant to The Entity as at 31 December 2018 are fair value through profit or loss; at fair value through other comprehensive income and at amortised cost. At initial recognition all assets are measured at Fair Value.

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5.2 Business Model Assessment

Business model assessment involves determining if financial assets are managed in order to generate cash flows from collection of contractual cash flows, selling financial assets or both. The Company assesses business model at a portfolio level which reflects how the assets are managed together to achieve a particular business objective.

5.3 Financial assets at fair value through profit and loss

Financial assets at fair value through profit or loss are financial assets held for trading and those designated by The Entity as at fair value through profit or loss upon initial recognition. Financial assets classified as held through profit or loss are those that have been acquired principally for the purpose of selling in the short-term or repurchasing in the near term, or held as part of a portfolio that is managed together for short-term profit.

Financial instruments included in this category are recognised initially at fair value; transaction costs are taken directly to profit or loss. Gains and losses arising from changes in fair value are included directly in profit or loss and are reported as 'Net gains/ (losses) on financial assets classified as held for trading'. Interest income and expense and dividend income on financial assets held for trading are included in 'Discount and similar income' or 'Other operating income', respectively. Fair value changes relating to financial assets designated at fair value through profit or loss are recognised in 'Net gains from financial assets held-for-trading'.

5.4 Financial assets at fair value through other comprehensive income

Except for financial assets that are designated at initial recognition as at fair value through profit or loss, a financial asset is measured at fair value through other comprehensive income (FVTOCI) if both of the following conditions are met:

a. the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets (the business model test); and

b. 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 (the contractual cash flows characteristics test).

5.5 Financial assets measured at amortised cost

Financial assets are measured at amortised cost if they are held within a business model whose objective is to hold for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. After initial measurement, debt instruments in this category are carried at amortised cost using the effective interest rate method. Amortised cost is calculated taking into account any discount or premium on acquisition, transaction costs and fees that are an integral part of the effective interest rate. Amortisation is included in Interest income in the Statement of Income. Impairment on financial assets measured at amortised cost is calculated using the expected credit loss approach.

5.6 Recognition and measurement

Financial assets are initially recognised at fair value plus, in the case of all financial assets not carried at fair value through profit and loss, transaction costs that are directly attributable to their acquisition. Financial assets carried at fair value through profit and loss are initially recognised at fair value, and transaction costs are expensed in the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from them have expired or where they have been transferred and the Company has also transferred substantially all risks and rewards of ownership.

Financial assets at fair value through other comprehensive income and financial assets at fair value through profit and loss are subsequently carried at fair value. Other financial assets are carried at amortised cost using the effective interest method.

Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit and loss' category are included in the income statement in the period in which they arise. Dividend income from financial assets at fair value through profit and loss is recognised in the statement of comprehensive income as part of Investment income when the Company's right to receive payments is established.

Interest on financial assets fair value through other comprehensive income calculated using the effective interest method is recognised in the income statement. Dividends on equity instruments fair value through other comprehensive income are recognised in the income statement when the Company's right to receive payments is established. Both are included in the investment income line.

5.7 Determination of fair value

For financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations. This includes listed equity securities and quoted debt instruments on major exchanges. The quoted market price used for financial assets held by the Company is the current bid price.

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A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry, company, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. Indications that a market is inactive are when there is a wide bid - offer spread or significant increase in the bid - offer spread or there are few recent transactions.

For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs (for example, NIBOR, MPR etc.) existing at the dates of the statement of financial position.

The Company uses widely recognised money market rates in determining fair values of non-standardised financial instruments of lower complexity like placements, and treasury bills. These financial instruments models are generally market observable. The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments. In cases where the fair value of unlisted equity instruments cannot be determined reliably, the instruments are carried at cost less any impairments. The fair value for loans and receivables as well as liabilities to banks and customers are determined using a present value model on the basis of contractually agreed cash flows, taking into account credit quality, liquidity and costs. The fair values of contingent liabilities and irrevocable loan commitments correspond to their carrying amounts.

5.8 De-recognition of financial instruments

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

5.9 Reclassification of financial assets

Reclassification of financial assets is determined by the Entity's Senior Management, and is done as a result of external or internal changes which are significant to the Entity's operations and demonstrable to external parties.

Reclassification of financial assets occurs when the Entity changes its business model for managing financial assets.

Investments in equity instruments that are designated as at FVTOCI at initial recognition cannot be reclassified because the election to designate as at FVTOCI is irrevocable.

For financial assets, reclassification is required between FVTPL, FVTOCI and amortised cost; if and only if the Entity's business model objective for its financial assets changes so its previous business model assessment would no longer apply.

IFRS 9 does not allow reclassification:

- when the fair value option has been elected in any circumstance for a financial asset;
- or equity investments (measured at FVTPL or FVTOCI); or
- for financial liabilities.

If an entity reclassifies a financial asset, it is required to apply the reclassification prospectively from the reclassification date, defined as the first day of the first reporting period following the change in business model that results in the entity reclassifying financial assets. Previously recognised gains, losses (including impairment gains or losses) or interest are not restated.

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

5.10 Impairment of financial asset

Financial assets carried at amortized cost and FVTOCI

The impairment model under IFRS 9 reflects expected credit losses, as opposed to incurred credit losses under IAS 39. Under the impairment approach in IFRS 9, it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, an entity always accounts for expected credit losses and changes in those expected credit losses. The amount of expected credit losses should be updated at each reporting date to reflect changes in credit risk since initial recognition.

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The Entity recognises loss allowances for Expected Credit Losses (ECL) on the following financial instruments that are not measured at FVTPL:

Financial assets that are debt instruments, Lease receivables, Loan and advances to customers, Other Loans and receivables, Financial guarantee contracts issued; and Loan commitments issued. The Entity measures expected credit losses and recognises interest income on risk assets based on the following stages:

Stage 1: Assets that are performing. If credit risk is low as of the reporting date or the credit risk has not increased significantly since initial recognition, the Entity recognise a loss allowance at an amount equal to 12-month expected credit losses. This amount of credit losses is intended to represent lifetime expected credit losses that will result if a default occurs in the 12 months after the reporting date, weighted by the probability of that default occurring.

Stage 2: Assets that have significant increases in credit risk. In instances where credit risk has increased significantly since initial recognition, the Entity measures a loss allowance at an amount equal to full lifetime expected credit losses. That is, the expected credit losses that result from all possible default events over the life of the financial instrument. For these debt instruments, interest income recognition will be based on the EIR multiplied by the gross carrying amount.

Stage 3: Credit impaired. For debt instruments that have both a significant increase in credit risk plus observable evidence of impairment:

The Entity's process to assess changes in credit risk is multi-factor and has three main elements;

i. Quantitative element, a quantitative comparison of PD at the reporting date and PD at initial recognition
ii. Qualitative elements
iii. Backstop indicators

For individually significant exposures such as corporate and commercial risk assets, the assessment is driven by the internal credit rating of the exposure and a combination of forward-looking information that is specific to the individual borrower and forward-looking information on the macro economy, commercial sector (to the extent such information has not been already reflected in the rating process).

For other exposures, significant increases in credit risk is made on a collective basis that incorporates all relevant credit information, including forward-looking macroeconomic information. For this purpose, the Entity groups its exposures on the basis of shared credit risk characteristics.

No impairment reserve is set on financial assets measured at fair value through profit and loss.

Significant increase in credit risk

The Entity's decision on whether expected credit losses are based on 12-month expected credit losses or lifetime expected credit losses depends on whether there has been a significant increase in credit risk since initial recognition. An assessment of whether credit risk has increased significantly is made at each reporting date. When making the assessment, the Entity uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. The forms the basis of stage 1, 2 and 3 classification and subsequent migration.

The Entity applies qualitative and quantitative criteria for stage classification and for its forward and backward migration.

i) Assets carried at amortised cost

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in income statement. If a financial instrument has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from disposal less costs for obtaining and selling the collateral, whether or not disposal is probable.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (i.e. on the basis of The Entity's grading process that considers asset type, industry, geographical location, collateral type, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a group of financial assets that are collectively evaluated for impairment and estimated on the basis of the contractual cash flows of the assets in the group and historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist.

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Estimates of changes in future cash flows for groups of assets are reflected and directionally consistent with changes in related observable data from period to period (for example, changes in unemployment rates, property prices, payment status, or other factors indicative of changes in the probability of losses in the group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by The Entity to reduce any differences between loss estimates and actual loss experience.

When a loan is uncollectible, it is written-off against the related allowance for loan impairment. Such loans are written-off after all the necessary procedures have been completed and the amount of the loss has been determined. Impairment charges relating to loans and advances to Insurance entitys and loans and advances to customers are classified in 'impairment charge for credit losses' whilst impairment charges relating to investment securities (loans and receivables categories) are classified in 'Net gains/(losses) on investment securities'.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in profit or loss.

ii) Assets classified as fair value through other comprehensive income

The Entity can choose to make an irrevocable election at initial recognition for investments in equity instruments that do not meet the definition of held for trading, which would otherwise be measured at fair value through profit or loss, to present changes in fair value in other comprehensive income.

Reclassification of amounts recognised in other comprehensive income and accumulated in equity to profit or loss is not done. This applies throughout the life of the instrument and also at de-recognition; such investments will not be subject to the impairment requirements.

Dividends on investments in equity instruments with gains and losses irrevocably presented in other comprehensive income are recognised in profit or loss if the dividend is not a return on investment (like dividends on any other holdings of equity instrument) when:

a. the entity's right to receive payment of the dividend is established;

b. it is probable that the economic benefits associated with the dividend will flow to the entity; and

c. the amount of the dividend can be measured reliably.

For debt instruments measured at FVTOCI, changes in fair value is recognised in other comprehensive income, except for: interest calculated using the effective interest rate method, foreign exchange gains or losses and; impairment gains or losses until the financial asset is derecognised or reclassified.

When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Also, when a debt instrument asset is measured at fair value through other comprehensive income, the amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if the financial asset had been measured at amortised cost.

5.11 Financial liabilities

Classification and subsequent measurement

i. Amortised cost,

ii. Fair Value through Profit or Loss (FVTPL)

Financial Liabilities at fair value through profit or loss

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. At initial recognition, the best evidence of the fair value of a financial instrument is the transaction price (i.e. the fair value of the consideration paid or received), unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument, without modification or repackaging, or based on valuation techniques such as discounted cash flow models and option pricing models whose variables include only data from observable markets.

Subsequent to initial recognition, for financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations. This includes listed equity securities and quoted debt instruments on major exchanges (for example, Nigerian Stock Exchange (NSE) and Financial Markets Dealers Quotation (FMDQ)).

A financial instrument is regarded as quoted in an active market 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. If the above criteria are not met, the market is regarded as being inactive.

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Indications that a market is inactive are when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.

For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs existing at the dates of the statement of financial position.

Forward-looking Information

In the context of IFRS 9, is an enhanced information set that includes credit information pertaining to future developments (including for example macroeconomic developments). The inclusion of forward-looking information along with traditional past due (realised, historical) information is considered to produce comprehensive credit risk information.

The inclusion of forward-looking information is a distinctive feature of an IFRS 9 ECL model. Incorporating economically stressed states of the world and their potential impact on credit performance is critical for the timely recognition of credit losses.

Financial liabilities at amortised cost

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

5.12 Offsetting financial instruments

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

6 Trade receivables

Trade, reinsurance and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Trade receivables arising from insurance contracts are stated after deducting allowance made for specific debts considered doubtful of recovery. Impairment of trade receivables are presented within other operating expenses.

Trade and Other receivables amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value. Trade receivables are reviewed at every reporting period for impairment.

7 Other receivables and prepayments

Other receivables and prepayments are carried at cost less accumulated impairment losses.

7.1 Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are considered to be impaired when there exists any indication that the asset's recoverable amount is less than the carrying amount. Impairment losses are recognised in profit or loss.

Impairments or losses of non-financial assets, related claims for or payments of compensation from third parties and any subsequent purchase or construction of replacement assets are separate economic events and are accounted for separately.

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

8 Investment property

Investment property comprises investment in land or buildings held primarily to earn rentals or capital appreciation or both.

Investment property is initially recognised at cost including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes cost of day to day servicing of an investment property.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 DECEMBER 2019

An investment property is subsequently measured at fair value with any change therein recognised in profit or loss. Fair values are determined individually, on a basis appropriate to the purpose for which the property is intended and with regard to recent market transactions for similar properties in the same location.

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

Subsequent expenditure on investment property is capitalised only if future economic benefit will flow to the Company; otherwise they are expensed as incurred.

Investment properties are disclosed separate from the property and equipment used for the purposes of the business.

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

9 Intangible assets

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

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

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

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

10 Property, plant and equipment

Recognition and measurement

Property, plant and equipment comprise land and buildings and other properties owned by the Company.

Items of property and equipment are carried at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the assets.

Subsequent costs

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

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

Depreciation

Depreciation is calculated on property, plant and equipment on the straight line basis to write down the cost of each asset to its residual value over its estimated useful life, land is not depreciated. Depreciation methods, useful lives and residual values are reassessed at each reporting date.

Depreciation reduces an asset's carrying value to its residual value at the end of its useful life, and is allocated on a straight line basis over the estimated useful lives, as follows:

Land	-
Buildings	2%
Office equipment	20%
Computer hardware	33.33%
Furniture and fittings	20%
Plant and machinery	20%
Motor vehicles	25%

De-recognition

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

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 DECEMBER 2019

11 Statutory deposit

This represents 10% of the paid up capital of the Company deposited with the Central Bank of Nigeria (CBN) in pursuant to Section 10(3) of the Insurance Act, 2003. Statutory deposit is measured at cost.

12 Insurance contracts

The Company issues contracts that transfer insurance risk or financial risk or both. Contracts under which the Company 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 policyholder 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.

(a) Classification of insurance contracts

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

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

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

(b) Recognition and measurement of insurance contracts

(i) Gross premiums

Gross premiums comprise the premiums on insurance contracts entered into during the year, irrespective of whether they relate in whole or in part to a later accounting period. The earned portion of premiums received is recognised as revenue. Premiums are earned from the date of attachment of risk, over the indemnity period, based on the pattern of risk underwritten. Premiums are shown before deduction of commission.

Outward reinsurance premiums are accounted for in the same accounting period as the premiums for the related direct insurance or reinsurance business assumed. Outward reinsurance premiums are recognised as an expense in accordance with the pattern of indemnity received.

(ii) Unearned premiums

Unearned premiums are those proportions of premiums written in the year that relate to periods of risks after the reporting date. It is computed separately for each insurance contract using actuarially determined liabilities by the actuary. Provision for unexpired risk is made for unexpired risks arising where the expected value of claims and expenses attributable to the unexpired period of policies in force at the reporting date exceeds the unearned premium in relation to such policies after deduction of any deferred acquisition costs. Specifically, provision for unexpired risk is based on time appointment basis.

(iii) Deferred acquisition costs

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

(iv) 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.

(v) Reinsurance contracts

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

Reinsurance expenses, and commission received are presented in the income statement separately from the gross amounts.

Reinsurance assets represent balances due from reinsurance contracts. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 DECEMBER 2019

Reinsurance recoverables are estimated in manner consistent with the outstanding claims provision and claims incurred associated with the reinsurer's policies and are in accordance with the related insurance contract. They are measured at their carrying amount less impairment charges. Amounts recoverable under reinsurance contracts are assessed for impairment at each balance sheet date. If there is objective evidence of impairment, the Company reduces the carrying amount of its insurance assets to its recoverable amount and recognises the impairment loss in the income statement as a 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.

(vi) Commission income

Commission income is recognised on ceding business to the re-assurer, and is credited to the profit and loss account.

(vii) Claims

Claims consist of claims and claims handling expenses paid during the financial year. This is charged to the income as incurred based on the estimated liability for compensation owed to policy contract holders or third parties damaged by the policy contract holders.

The provision for outstanding claims represent the Company's estimate of the ultimate cost of settling all claims incurred but unpaid at the balance sheet date whether reported or not. The provision includes an allowance for claims management and handling expenses. The Company does not discount its liability for unpaid claims.

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

(viii) Underwriting expenses

Underwriting expenses are made up of acquisition and other underwriting expenses. Acquisition costs comprise all direct and indirect costs arising from the writing of insurance contracts, these include but not limited to commission expenses, superintending fees and other technical fees.

Underwriting expenses for insurance contracts is recognised as expense when incurred and they are charged in the accounting year in which they are incurred.

(ix) Liabilities and related assets under liability adequacy test

The net liability for insurance contracts is tested for adequacy by discounting current estimates of all future contractual cash flows and comparing this amount to the carrying value of the liability net of deferred acquisition costs. Where a shortfall is identified, an additional provision is made and the Company recognises the deficiency in the income statement for the year.

13 Technical reserves

These are the reserves computed in compliance with the provision of Section 20, 21, and 22 of the Insurance Act 2003. They are:

General insurance contracts

(a) Reserves for unearned premium

Unearned premium is calculated in compliance with Section 20 (1) (a) of Insurance Act 2003 on a time apportionment basis in respect of the risks accepted during the year.

(b) Reserves for outstanding claims

The reserve for outstanding claims is maintained at the total amount of outstanding claims incurred and reported plus claims incurred but not reported (IBNR) which is based on the liability adequacy test as at balance sheet date (see Note 54).

(c) Reserves 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).

Hypothecation of assets

The Company has a practice to hypothecate its assets into insurance and shareholders' fund where funds are combined to acquire such assets.

14 Provisions and other payables

A provision is recognised if, as a result of a past event, the Company 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 rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

Other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. The fair value of a non-interest bearing liability is its discounted repayment amount. If the due date of the liability is not up to one year, discounting is omitted.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 DECEMBER 2019

15 Current income tax

Current income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

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

16 Deferred tax

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

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

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

17 Share capital and premium

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

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

18 Contingency reserves

The Company maintains contingency reserves in accordance with the provisions of the Insurance Act 2003 (section 21 (2)) to cover fluctuations in securities and variations in statistical estimates at the rate equal to the higher of 3% of total premium or 20% of the total profit after taxation until the reserve reaches the greater of minimum paid up capital or 50% of net premium for general business.

19 Earnings per share

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

Adjusted earnings per share is determined by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares adjusted for the bonus shares issued.

20 Asset revaluation reserves

Revaluation gains recognised on valuation of property, plant and equipment, basically land and buildings, are credited to assets revaluation reserves. When the revaluation gains are realised, they are credited to profit or loss from asset revaluation reserves.

21 Dividends

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved by the Company's shareholders. Dividends that are proposed but not yet declared are disclosed in the notes to the financial statements.

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.

22 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or the Company has a present obligation as a result of past events which is not recognised because it is not probable that an outflow of resources will be required to settle the obligation; or the amount cannot be reliably estimated. Contingent liabilities normally comprise of legal claims under arbitration or court process in respect of which a liability is not likely to crystallise.

23 Revenue recognition

Revenue comprises the fair value for services, net of value added tax. Revenue is recognised as follows:

(a) Rendering of services: Revenue arising from assets management and other related services offered by the Company are recognised in the accounting period in which the services are rendered.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 DECEMBER 2019

(b) Premium income: Premium income 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 balance sheet date is reported as the unearned premium liability. Premiums are shown before deduction of commission and are gross of any taxes or duties levied on premiums.

(c) Interest income and expenses: Interest income and expenses for all interest-bearing financial instruments, including financial instruments measured at fair value through profit and loss, are recognised within investment income in the income statement using the effective interest rate method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income is accounted for on a time proportionate basis that takes into account the effective interest rate on the asset.

(d) Fees and commission income: Unless included in the effective interest calculation, fees and commissions are recognised on an accruals basis as the service is provided. Fees consist primarily of investment management fees, surrenders and other contract fees arising from services rendered in conjunction with the issue and management of investment contracts where the Company actively manages the consideration received from its customers to fund a return that is based on the investment profile that the customer selected on origination of the instrument.

These services comprise the activity of trading financial assets in order to reproduce the contractual returns that the Company's customers expect to receive from their investments. Such activities generate revenue that is recognised by reference to the stage of completion of the contractual services.

24 Investment income

Investment income comprises interest income earned on short-term deposits, rental income and income earned on trading of securities including all realised and unrealised fair value changes, interest, dividends and foreign exchange differences. Investment income is accounted for on an accrual basis.

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

When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

25 Reinsurance expenses

Reinsurance cost represents outward premium paid to reinsurance companies less the unexpired portion as at the end of the accounting year.

26 Other operating expenses

Other operating expenses are expenses other than claims and underwriting expenses. They include salaries, depreciation expenses and other expenses. They are accounted for on an accrual basis and recognised in the income statement upon utilisation of the service or at the date of their origin.

27 Employee benefits

(a) Short-term benefits

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

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

(b) Post-employment benefits

The Company operates a defined contributory retirement scheme as stipulated in the Pension Reform Act 2014 Amendment. Under the defined contribution scheme, the Company pays fixed contributions of 16.5% to a separate entity - Pension Fund Administrators; employees pay 8.5% fixed percentage to the same entity. Once the contributions have been paid, the Company retains no legal or constructive obligation to pay further contributions if the Fund does not hold enough assets to finance benefits accruing under the retirement benefit plan. The Company's obligations are recognised in the profit and loss account.

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Note	31-Dec-19 ₦'000	31-Dec-18 ₦'000
ASSETS			
Cash and cash equivalent	2	**329,197**	316,947
Financial assets:			
Fair value through profit or loss	3.1	**6,557,308**	5,021,045
Fair Value through other comprehensive income	3.2	**-**	-
Trade receivables	4.1	**39,860**	14,195
Reinsurance assets	5.1	**2,153,785**	2,209,787
Deferred acquisition cost	6.1	**299,554**	194,536
Other receivables and prepayments	7.1	**32,528**	38,098
Investment properties	8	**100,000**	100,000
Property plant and equipment	9	**1,193,588**	1,256,938
Intangible assets	10	**-**	-
Statutory deposits	11	**300,000**	300,000
Total assets		**11,005,820**	9,451,546
LIABILITIES			
Insurance contract liabilities	12	**4,336,417**	3,489,155
Trade payables	13	**187,013**	259,965
Provision and other payables	14	**467,133**	350,510
Income tax liabilities	15	**82,171**	78,672
Deferred tax liabilities	16	**109,726**	108,823
Total liabilities		**5,182,460**	4,287,125
EQUITY			
Share capital	17	**3,951,753**	3,951,753
Share premium	18	**410,961**	410,961
Contingency reserve	19	**948,946**	729,448
Retained earnings	20	**(5,433)**	(444,874)
Fair value reserves	21	**-**	-
Asset revaluation surplus	22	**517,133**	517,133
Total equity		**5,823,360**	5,164,421
Total liabilities and equity		**11,005,820**	9,451,546

These Financial Statements were approved by the Board of Directors on 13 February, 2020 and signed on its behalf by;

Olugbenga Shobo
Chairman
FRC/2013/ICAN/00000002330

Bode Opadokun
Managing Director/CEO
FRC/2014/CIIN/00000008646

Boye Ogunkoya
Head, Finance
FRC/2013/ICAN/00000000900

The accompanying notes form an integral part of this Financial Statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	31-Dec-19 ₦'000	31-Dec-18 ₦'000
Gross premium written	23	**7,316,585**	4,635,233
Gross premium income	24	**6,822,818**	4,388,835
Reinsurance premium expenses	25	**(3,342,591)**	(1,959,416)
Net premium income		**3,480,228**	2,429,419
Fee and commission Income - insurance contracts	26	**599,804**	322,503
Net underwriting income		**4,080,032**	2,751,922
Claims incurred	27	**(2,300,641)**	(2,025,323)
Insurance claims recovered from reinsurers	27a	**1,230,168**	1,507,018
Underwriting expenses	28	**(1,464,177)**	(924,658)
Underwriting profit		**1,545,382**	1,308,959
Investment income	29	**948,497**	720,771
Net realised gain on financial assets	30	**4,015**	-
Net fair value gain/(loss)	31	**(60,014)**	(64,344)
Other operating income	32	**(94,298)**	136,278
ECL Impairment allowance no longer required	21.1	**-**	224
Net operating income		**2,343,582**	2,101,888
Employee benefit expenses	33	**(755,518)**	(603,839)
Other operating and administrative expenses	34	**(854,084)**	(778,993)
Specific Impairment allowance	35	**-**	(103,303)
ECL Impairment allowance	36	**(787)**	(155)
Profit before tax		**733,192**	615,598
Income tax expense	37	**(74,254)**	(122,613)
Profit after tax		**658,939**	492,986
Other comprehensive income, net of tax			
Items that may be reclassified subsequently to profit or loss			
(a) Net fair value loss on Fairvalue through OCI financial assets			
	21	**-**	(9,808)
(b) Income tax credit relating to loss arising from available-for-sale financial assets		**-**	-
Total other comprehensive loss		**-**	(9,808)
Total comprehensive income for the year		**658,939**	483,178

STATEMENT OF CHANGES IN EQUITY

AS AT 31 DECEMBER 2019

	Issued capital ₦'000	Share premium ₦'000	Contingency reserve ₦'000	Assets revaluation reserve (PPE) ₦'000	Retained earnings ₦'000	Available-for-sale reserves ₦'000	Total equity ₦'000
At 1 January 2018	3,751,753	410,961	590,390	517,133	(798,801)	10,032	4,481,468
Issue of shares	200,000	-	-	-	-	-	200,000
Profit after tax	-	-	-	-	492,985	-	492,985
Other comprehensive income for the year, net of income tax						(10,032)	(10,032)
Transfer from retained earnings	-	-	139,058	-	(139,058)	-	-
Balance at 31 December 2018	3,951,753	410,961	729,448	517,133	(444,874)	-	5,164,421
Issue of shares	-	-	-	-	-	-	-
Profit after tax	-	-	-	-	658,939	-	658,939
Other comprehensive income for the year, net of income tax	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	658,939	-	658,939
Transfer from retained earnings	-	-	219,498	-	(219,498)	-	-
Balance at 31 December 2019	3,951,753	410,961	948,946	517,133	(5,433)	-	5,823,360

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	31-Dec-19 ₦'000	31-Dec-18 ₦'000
Cash flows from operating activities			
Premiums received from policyholders	4	**7,290,920**	4,661,065
Premium deposit	13.2	**(19,924)**	90,323
Re-insurance receipt in respect of claims	5a	**1,474,680**	280,221
Cash paid to and on behalf of employees		**(755,518)**	(607,566)
Reinsurance premium paid	13.1	**(3,519,195)**	(2,003,079)
Other Income received	32	**13,043**	60,500
Interest on investment		**783,177**	846,455
Dividend received	29	**1,756**	4,206
Fees and commission income received	26	**639,935**	332,905
Claims paid	27	**(1,947,146)**	(901,841)
Other operating expenses paid		**(1,073,320)**	(595,030)
Commission paid (Acquisition)	28a	**(1,295,108)**	(857,656)
Maintenance expenses paid during the year	28	**(274,087)**	(108,226)
Tax paid	15	**(69,852)**	(47,845)
Net cashflow generated by operating activities		**1,249,360**	1,154,432
Cashflows from investing activities			
Purchase of financial assets FVTP or L - Treasury Bills	3.1iv	**(9,600,583)**	(7,656,133)
Proceed from redemption of financial assets FVT profit or loss - Treasury bills	3.1iv	**9,985,280**	6,564,668
Proceed from redemption of financial assets OCI - Unquoted equity		**12,009**	-
Purchase of financial assets - Bond	3.1v	**(1,609,815)**	(179,174)
Proceed from disposal of financial assets - Bond		**25,000**	-
Purchase of property, plant and equipment	9	**(49,769)**	(187,213)
Proceed from disposal of Property, plant and equipment	32.1	**1,555**	7,674
Net cashflow generated by investing activities		**(1,236,323)**	(1,450,178)
Cashflows from financing activities			
Proceed from issue of shares	17	**-**	200,000
Net cash flow generated by financing activities		**-**	200,000
Net increase/(decrease) in cash and cash equivalents		**13,037**	(95,746)
Cash and cash equivalents at the beginning of the period	2	**317,102**	412,848
Cash and cash equivalents at the end of the period	2	**330,139**	317,102

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Legal form

FBN General Insurance Limited, (formerly Oasis Insurance Company Limited) was incorporated on 9 November 1992 to carry on insurance business. It changed its name to Oasis Insurance Plc on 26 November 2004 following the successful listing of its shares on the Nigeria Stock Exchange. Oasis Insurance Plc was acquired by FBN Insurance Limited during the year 2015, and delisted its shares on the Nigerian Stock Exchange. The Company is now a subsidiary of FBN Insurance Limited (a member of FBNHoldings).

The Company's registered office address is 298, Ikorodu Road, Anthony, Lagos

The accounting policies of the Company is stated on pages 74 - 87.

2 Cash and cash equivalents

	31-Dec-19 ₦'000	31-Dec-18 ₦'000
Cash and bank balances	75,245	66,583
Short-term deposits	254,894	250,519
ECL impairment (Note 2.1)	(942)	(155)
	329,197	316,947
Current	329,197	316,947
Non-current	-	-
	329,197	316,947
Of the cash and cash equivalents, the following related to insurance funds:		
Policyholder insurance funds	230,389	110,140
Shareholders' funds	98,808	206,807
	329,197	316,947

2.1 ECL impairment on cash and cash equivalents

	31-Dec-19 ₦'000	31-Dec-18 ₦'000
At 1 January	155	-
Changes during the year	787	155
At 31 December	942	155

2.2 Cash and cash Equivalents for cash flow

	31-Dec-19 ₦'000	31-Dec-18 ₦'000
Cash and bank balances	75,245	66,583
Short-term deposits	254,894	250,519
	330,139	317,102

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

The carrying value of cash and cash equivalent approximates fair value. Short-term deposits are various deposits with commercial banks for varying period of one to ninety days (1 - 90 days), depending on the immediate cash requirements of the Company.

The effective interest rate on short-term deposits range from 4% to 9%. The cash and bank balances are the current account balances of the Company. The carrying value of cash and cash equivalent approximates fair value. Short-term deposits are various deposits with commercial banks for varying periods of one to ninety days (1 - 90 days), depending on the immediate cash requirements of the Company.

3 Financial assets

	31-Dec-19 ₦'000	31-Dec-18 ₦'000
Financial assets at Fair Value through profit or loss (Note 3.1)	**6,557,308**	5,021,045
Financial assets at fair value through other comprehensive income (Note 3.2)	**-**	-
	6,557,308	5,021,045
Current	**4,528,040**	4,543,268
Non-current	**2,029,268**	477,777
	6,557,308	5,021,045

3.1 Financial assets at fair value through profit or loss

	31-Dec-19 ₦'000	31-Dec-18 ₦'000
Unquoted equity security (Note 3.1iii)	**142,476**	293,693
Treasury bills:		
Treasury bills with original maturity < 90 days	**2,894,767**	2,579,913
Treasury bills with original maturity > 90 days	**1,633,273**	1,963,355
Government bond (Note 3.1v)	**1,886,792**	184,084
	6,557,308	5,021,045

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

3.1i Movement in financial assets through profit or loss

	31-Dec-19 ₦'000	31-Dec-18 ₦'000
At 1 January	5,021,045	3,281,506
Reclassification from available-for-sale	-	383,404
Addition during the year	11,210,398	7,835,307
Redemption during the year	(10,022,289)	(6,564,668)
Accrued interest	408,169	200,674
Bonus shares	-	2,376
Impairment during the year	-	(103,303)
Foreign exchange revaluation changes	-	5,960
Fair value changes	(60,015)	(20,210)
At 31 December	6,557,308	5,021,045

3.1ii Movement in fair value through profit or loss - Quoted equity security

	31-Dec-19 ₦'000	31-Dec-18 ₦'000
At 1 January	-	5,257
Impairment during the year	-	(5,257)
At 31 December	-	-

3.1iii Movement in Fair Value Through Profit or Loss - Unquoted equity security

	31-Dec-19 ₦'000	31-Dec-18 ₦'000
At 1 January	293,693	-
Reclassification from Available-for-sale	-	383,404
Disposal during the year	(12,009)	-
Bonus shares	-	2,376
Impairment during the year	-	(98,046)
Fair value changes	(139,208)	-
Foreign exchange revaluation changes	-	5,960
At 31 December	142,476	293,693

The impairment on unquoted equities represents an allowance for the decline in the fair value of the securities as at 31 December 2019 in line with the requirements of the standard.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

3.1iv Movement in fair value through profit or loss-Treasury bills

	31-Dec-19 ₦'000	31-Dec-18 ₦'000
At 1 January	4,543,268	3,276,249
Addition during the year	9,600,583	7,656,133
Redemption during the year	(9,985,280)	(6,564,668)
Accrued Interest	352,903	189,510
Fair value changes	16,566	(13,956)
At 31 December	4,528,040	4,543,268

3.1v Movement in FVTPL - Government bond

	31-Dec-19 ₦'000	31-Dec-18 ₦'000
At 1 January	184,084	179,174
Addition during the year	1,609,815	-
Disposal during the year	(25,000)	11,164
Interest receivable	55,266	(6,254)
Fair value changes	62,627	184,084
At 31 December	1,886,792	

3.2 Financial assets at fair value through other comprehensive income (Treasury bills)

	31-Dec-19 ₦'000	31-Dec-18 ₦'000
Reclassification from available-for-sale	-	380,439
Redemption during the year	-	(380,439)
At 31 December	-	-

The Company is exposed to financial risk through its financial assets (investments and loans). The key focus of financial risk management for the Company is to ensure that the proceeds from financial assets are sufficient to fund its obligations arising from its insurance operations. The most important components of financial risk (market risk) arises from open positions in interest rate, fluctuations in stock prices, inflation, all of which are exposed to general and specific market movement and/or conditions.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

3.2 Financial assets at fair value through other comprehensive income (Treasury bills) continued

Investments above ninety-one days are classified as part of financial assets of the Company.

All financial instruments are initially recorded at transaction price. Subsequent to initial recognition, the fair values of financial instruments are values quoted in an active market. When quoted prices are not available, fair value are determined by using valuation techniques that refer as far as possible to observable market data. These are compared with similar instruments where market observable prices exist.

Financial assets at fair value through profit or loss is made up of financial assets designated on initial recognition (quoted equities) and treasury bills.

The realised gain or loss arising from the sale of treasury bills was transferred to the income statement.

The table below compares the fair values of the financial instruments to their carrying values:

	31-Dec-19		31-Dec-18	
	Carrying amount ₦'000	Fair value ₦'000	Carrying amount ₦'000	Fair value ₦'000
Financial assets at fair value through profit or loss	**6,557,308**	**6,557,308**	5,021,045	5,021,045
Total financial assets	**6,557,308**	**6,557,308**	5,021,045	5,021,045

Financial assets at fair value through profit or loss is made up of:

	31-Dec-19		31-Dec-18	
	Originally designated carrying amount ₦'000	Originally designated fair value ₦'000	Originally designated carrying amount ₦'000	Originally designated fair value ₦'000
Treasury bills with original maturity <90 days	**2,894,767**	**2,894,767**	2,579,913	2,579,913
Treasury bills with original maturity > 90 days	**1,633,273**	**1,633,273**	1,963,355	1,963,355
Unquoted equities	**142,476**	**142,476**	293,693	293,693
Government bond	**1,886,792**	**1,886,792**	184,084	184,084
Total	**6,557,308**	**6,557,308**	5,021,045	5,021,045

Fair value through OCI securities as at 31 December 2019 is made up of:

Of the financial assets, the following relates to insurance funds:

	31-Dec-19 ₦'000	31-Dec-18 ₦'000
Policyholders funds	**4,528,040**	3,896,110
Shareholders funds	**2,029,268**	1,124,936
	6,557,308	5,021,046

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

4 Trade receivables

	31-Dec-19 ₦'000	31-Dec-18 ₦'000
At 1 January	14,195	40,027
Gross premium written	7,316,585	4,635,233
Premiums received from policyholders	(7,290,920)	(4,661,065)
At 31 December	39,860	14,195
Within 30 days	39,860	14,195

Trade receivables are debtors relating to insurance only. All the trade receivables are approximately one month old and are backed-up with credit notes.

5 Reinsurance assets

	31-Dec-19 ₦'000	31-Dec-18 ₦'000
Prepaid reinsurance	648,033	462,275
Prepaid minimum and deposit	17,362	14,610
Reinsurance share of outstanding claims	979,640	1,282,608
Reinsurance share of IBNR	406,134	256,307
Reinsurance share of claims expenses paid	102,616	193,987
Total	2,153,785	2,209,787

Of the Financial Assets, the following relates to insurance funds:

5a Movement in reinsurance assets

31 December 2019	Prepaid reinsurance ₦'000	Minimum and deposit Ins. premium prepaid ₦'000	Reinsurance share of outstanding claims ₦'000	Reinsurance share of IBNR ₦'000	Reinsurance share of claims paid but not yet recovered ₦'000	Total ₦'000
At 1 January	462,275	14,610	1,282,608	256,307	193,987	2,209,787
Addition during the year	-	17,362	-	-	1,383,310	1,400,672
Payment received from reinsurance in respect of claim during the year	-	-	-	-	(1,474,680)	(1,474,680)
Changes during the period	185,758	(14,611)	(302,968)	149,827	-	18,006
At 31 December	648,033	17,362	979,640	406,134	102,616	2,153,785

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

5a Movement in reinsurance assets continued

31 December 2018	Prepaid reinsurance ₦'000	Minimum and deposit Ins. premium prepaid ₦'000	Reinsurance share of outstanding claims ₦'000	Reinsurance share of IBNR ₦'000	Reinsurance share of claims paid but not yet recovered ₦'000	Total ₦'000
At 1 January	386,928	23,650	391,838	88,540	25,727	916,683
Addition during the year	-	14,610	-	-	448,481	463,091
Payment received from reinsurance in respect of claim during the year	-	-	-	-	(280,221)	(280,221)
Changes during the year	75,347	(23,650)	890,770	167,767	-	1,110,234
At 31 December	462,275	14,610	1,282,608	256,307	193,987	2,209,787

(i) Reinsurance receivables are to be settled on demand and the carrying amount is equal to the fair value.
(ii) The balance on re-insurance recoveries are set-off against payables from retrocession at the end of every quarter.

	31-Dec-19 ₦'000	31-Dec-18 ₦'000
Current	**1,529,014**	1,618,735
Non-current	**624,771**	591,052
	2,153,785	2,209,787

6 Deferred acquisition cost

	31-Dec-19 ₦'000	31-Dec-18 ₦'000
At 1 January	**194,536**	153,311
Acquisition cost paid during the year	**1,295,108**	857,656
Amortised during the year	**(1,190,090)**	(816,432)
At 31 December	**299,554**	194,536
Current	**299,554**	194,536
Non-current	**-**	-
	299,554	194,536

Deferred acquisition cost relates commission expense on unearned Premium which was measured on time apportionment basis covering the policy period.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

7 Other receivables and prepayments

	31-Dec-19 ₦'000	31-Dec-18 ₦'000
Prepaid rent	**14,294**	2,469
Prepaid insurance expenses (owned assets)	**4,454**	4,851
Equipment maintenance service charge (7.1)	**12,300**	28,700
Staff advances	**1,480**	265
Others receivables	**-**	1,813
	32,528	38,098
Current	**32,528**	38,098
Non-current	**-**	-
	32,528	38,098

Deferred acquisition cost relates commission expense on unearned Premium which was measured on time apportionment basis covering the policy period.

7.1 Equipment maintenance service charge

The equipment maintenance services charge relates to the Company share of the cost of software acquired by FBN Insurance Ltd (the parents) on behalf of the two companies and is amortised over 3 years.

8 Investment properties

	31-Dec-19 ₦'000	31-Dec-18 ₦'000
At 1 January	**100,000**	100,000
At 31 December	**100,000**	100,000
Current	**-**	-
Non-current	**100,000**	100,000
	100,000	100,000
Of the investment properties, the following relates to insurance funds:		
Policyholders funds	**-**	-
Shareholders funds	**100,000**	100,000
	100,000	100,000

NOTES TO THE FINANCIAL STATEMENTS
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8 Investment properties continued

2019	1-Jan-19 ₦'000	Addition ₦'000	Disposal ₦'000	Fair value adjustment ₦'000	31-Dec-19 ₦'000
Block of two units of three - bedroom flats and two units of two bedroom flats situated at No. 9 (Plot No. 194), Makeni Street, Zone 6, Wuse Abuja.	100,000	-	-	-	100,000
	100,000	-	-	-	100,000

2018	1-Jan-19 ₦'000	Addition ₦'000	Disposal ₦'000	Fair value adjustment ₦'000	31-Dec-19 ₦'000
Block of two units of three - bedroom flats and two units of two bedroom flats situated at No. 9 (plot No. 194), Makeni Street, Zone 6, Wuse Abuja.	100,000	-	-	-	100,000
	100,000	-	-	-	100,000

The properties were valued by Jide Taiwo & Co., Estate surveyors & Valuers, a registered member of Financial Reporting Council of Nigeria (FRCN/2012/0000000000254) and Umoru Yakubu Ayiegbeni with FRC/2014/NIESV/00000008842 (Partner) in December, 2019 on the basis of determining the open market value of the investment property. The open market value of all the property was determined using recent comparable market prices. The property is located in Abuja. The next valuation is schedule for 31 December 2020.

The property is held for long-term capital appreciation and rental income. There is no rental income arising from a property owned by the Company in 2019 (2018: Nil). No administrative charge in 2019 (2018: Nil).

The property was among the assets acquired from the former company, Oasis Insurance Plc in 2014. As at the date of this report, the registered deed of assignment is in the name of Oasis Insurance Plc. The Abuja Geographic Information System (AGIS) had been duly informed about the change of name from Oasis Insurance Plc to FBN General Insurance Limited.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

9 Property, plant and equipment

2019	Land ₦'000	Building ₦'000	Motor vehicles ₦'000	Furniture and fittings ₦'000	Plant and machinery ₦'000	Office equipment ₦'000	Computer hardware ₦'000	Total ₦'000
Cost:								
At 1 January	434,594	729,076	284,615	45,339	28,584	56,996	55,028	1,634,232
Additions	-	5,273	27,002	3,512	-	910	13,071	49,769
Disposal/adjustment	-	-	(9,407)	(43)	-	(399)	-	(9,849)
At 31 December	434,594	734,349	302,210	48,808	28,584	57,507	68,099	1,674,152
Depreciation:								
At 1 January	-	126,506	137,954	23,295	9,490	36,061	43,989	377,295
Charge for the year	-	14,620	62,362	8,246	4,331	10,272	13,279	113,110
Disposals	-	-	(9,407)	(43)	-	(391)	-	(9,841)
At 31 December	-	141,126	190,909	31,498	13,821	45,942	57,268	480,564
Carrying amount at end of year:								
At 31 December	434,594	593,223	111,301	17,310	14,763	11,565	10,831	1,193,588

2018	Land ₦'000	Building ₦'000	Motor vehicles ₦'000	Furniture and fittings ₦'000	Plant and machinery ₦'000	Office equipment ₦'000	Computer hardware ₦'000	Total ₦'000
Cost:								
At 1 January	434,594	659,708	188,058	30,270	20,249	49,939	51,343	1,434,161
Additions	-	31,825	114,431	15,069	15,146	7,057	3,684	187,213
Transfer from prepayment (Note 7)	-	37,543	-	-	-	-	-	37,543
Disposal/adjustment	-	-	(17,874)	-	(6,811)	-	-	(24,685)
At 31 December	434,594	729,076	284,615	45,339	28,584	56,996	55,028	1,634,232
Depreciation:								
At 1 January	-	112,649	100,255	17,309	12,705	26,268	30,266	299,451
Charge for the year	-	13,857	53,823	5,985	3,596	9,794	13,723	100,778
Disposals	-	-	(16,124)	-	(6,811)	-	-	(22,935)
At 31 December	-	126,506	137,954	23,294	9,490	36,061	43,989	377,294
Carrying amount								
At 31 December	434,594	602,570	146,661	22,045	19,094	20,935	11,039	1,256,938

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

9 Property, plant and equipment continued

	31-Dec-19 ₦'000	31-Dec-18 ₦'000
Current	-	-
Non-current	1,193,588	1,256,938
	1,193,588	1,256,938

The fixed assets are carried at deemed cost. Fixed asset register is available for inspection at the Company's registered office. The properties are located in Lagos (Ikorodu Road, Anthony), Abuja (Garki) and Oshogbo (Sabo). The additions to building is the cost incurred on renovation of property located in Lagos (Ikorodu Road, Anthony).

9.1a Impairment losses recognised in the year

Impairment losses recognised in respect of property, plant and equipment in the year 2019 was Nil (2018: Nil).

9.1b Contractual commitments

At 31 December 2019, the Company had no contractual commitments for the acquisition/renovation of property, plant and equipment. (2018: Nil).

10 Intangible assets

	31-Dec-19 ₦'000	31-Dec-18 ₦'000
Software expenditure		
At 1 January	123,057	123,057
Additions during the year	-	-
At 31 December	123,057	123,057
Accumulated amortisation		
At 1 January	123,057	89,440
Charged during the year	-	33,617
Balance at 31 December	123,057	123,057
Carrying amount	-	-
Current	-	-
Non-current	-	-
	-	-

The cost is amortised over the period of three years which is in line with that of parent company policy - FBN Insurance Ltd. This was fully amortised in 2018.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

11 Statutory deposit

	31-Dec-19 ₦'000	31-Dec-18 ₦'000
Statutory deposit	300,000	300,000
Current	-	-
Non-current	300,000	300,000

This represent the amount held with the Central Bank of Nigeria in accordance with Section 10(3) of the insurance Act 2003. The deposit is not available for the day-to-day operations of the Company. The Central Bank however pays Bi-annual interest on the deposit and the effective average rate stood at 14% per annum in 2019.

12 Insurance contract liabilities

	31-Dec-19 ₦'000	31-Dec-18 ₦'000
Reserves for unearned premium (Note 12.1)	1,646,882	1,153,115
Reserves for outstanding claims (Note 12.2)	1,881,452	1,744,989
Incurred but not reported (IBNR) (Note 12.3)	808,083	591,051
	4,336,417	3,489,155

12.1 Reserves for unearned premium

	At 1-Jan-2019 ₦'000	Increase/(Decrease) ₦'000	31-Dec-2019 ₦'000
Motor	180,874	57,371	238,245
Marine	49,444	24,669	74,113
Bond	6,528	3,800	10,328
Engineering	54,157	(15,830)	38,327
Fire	223,368	139,273	362,641
General accident	100,988	24,639	125,627
Aviation	-	-	-
Oil and gas	537,756	259,845	797,601
	1,153,115	493,767	1,646,882

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

12.2 Reserves for outstanding claims

	At 1-Jan-2019 ₦'000	Increase/(Decrease) ₦'000	31-Dec-2019 ₦'000
Motor	64,383	61,887	126,270
Marine	715,682	(645,835)	69,847
Bond	-	-	-
Engineering	16,236	7,323	23,559
Fire	285,045	112,988	398,033
General accident	265,913	93,599	359,512
Aviation	5,511	(4,978)	533
Oil and gas	392,218	511,480	903,698
	1,744,988	136,464	1,881,452

12.3 Incurred but not reported (IBNR)

	At 1-Jan-2019 ₦'000	Increase/(Decrease) ₦'000	31-Dec-2019 ₦'000
Motor	86,690	10,595	97,285
Marine	88,061	1,078	89,139
Bond	1,300	691	1,991
Engineering	15,387	(1,638)	13,749
Fire	34,290	62,081	96,371
General accident	42,191	109,993	152,184
Aviation	-	-	-
Oil and gas	323,134	34,231	357,365
	591,052	217,031	808,083
Total insurance contract liabilities	3,489,155	847,262	4,336,417

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

12.4 Age analysis of outstanding claims as 31 December 2019

	31-Dec-19 ₦'000	31-Dec-18 ₦'000
<=30 days	64,359	9,924
31- 90 days	186,458	80,636
91-180 days	227,514	766,252
181-365 days	848,170	309,167
Above 365 days	554,950	579,010
	1,881,452	1,744,989

All fully documented claims with executed discharge vouchers are paid immediately.

The outstanding claims relate to those claims with incomplete or lack of documentations, delay in adjusters' reports, awaiting executed discharge vouchers and awaiting conclusion from lead underwriters.

	31-Dec-19 ₦'000	31-Dec-18 ₦'000
Current	2,973,384	2,319,095
Non-current	1,363,033	1,170,062
	4,336,417	3,489,157

12.5 Estimates of incurred but not reported (IBNR) claims liability and calculation of unearned premium was developed by the Management of the Company with the use of a professional actuary (Alexander Forbes Financial Services), certified firm of actuaries with FRC registration number FRC/2013/00000000000504.

Management believes that the carrying amount of insurance liabilities represents a reasonable approximation of fair value.

13 Trade payables

	31-Dec-19 ₦'000	31-Dec-18 ₦'000
Amount due to reinsurers (Note 13.1)	-	93,159
Premium deposit (Note 13.2)	76,460	96,384
Deferred commission revenue (Note 26)	110,553	70,423
	187,013	259,966
Current	187,013	259,966
Non-current	-	-
	187,013	259,966

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

13.1 Amount due to reinsurers

	31-Dec-19 ₦'000	31-Dec-18 ₦'000
At 1 January	93,159	85,124
Reinsurance premium incurred (Note 25)	3,426,036	2,011,114
Reinsurance premium paid	(3,519,195)	(2,003,079)
Balance at 31 December	-	93,159

13.2 Premium deposit

	31-Dec-19 ₦'000	31-Dec-18 ₦'000
At 1 January	96,384	6,060
Movement during the year	(19,924)	90,323
At 31 December	76,460	96,384

Sundry payable relates to premium deposited by clients awaiting documentation for inception of the polices.

14 Provisions and other payables

	31-Dec-19 ₦'000	31-Dec-18 ₦'000
Accrued expenses (Note 14. 1)	382,810	277,230
Accrued audit fees	8,000	7,000
Derivative financial liabilities (Note 14.2)	5,350	8,706
WHT and VAT payable	7,974	2,287
NITDF levy (Note 14.3)	7,344	6,152
Other payables (Note 14.4)	55,655	49,135
	467,133	350,510
Current	467,133	350,510
Non-current	-	-
	467,133	350,510

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

14.1 Accrued expenses

Accrued expenses include professional fees payable to the Actuary, Tax consultants Estate Surveyors & Valuers, Supervisory levy, ITF, stamp duty, accrued utility bills, accrued advert and publicity (printing and publication of 2019 financial statements) and accrued staff benefits.

14.2 Derivative financial liabilities

	Currency swap amount ₦'000	Fair value assets ₦'000	Liability ₦'000
At 31 December 2019			
Foreign currency swap	929,985	-	5,350

FBN General Insurance Limited entered into a swap contract of 2,550,000USD with Grade A rated Nigerian bank at various times during the year. The currency swap arrangement involves a sale agreement on US dollars with an option to repurchase on a predetermined date. On the dates of the swaps, FBN General Insurance received a total of ₦929,985,000.

The arrangement is such that FBN General Insurance Limited will transfer the agreed Naira equivalent of the USD at the agreed upon forward rates to the Bank and thereafter the Bank will transfer USD back to FBN General Insurance Limited.

The transaction qualifies as a financial derivative under IAS 39, hence the Company has measured the instrument at the reporting date and recognised a derivative liability as shown above.

The Company's foreign exchange derivatives do not qualify for hedge accounting; therefore, all gains and losses from changes in their fair values are recognised in the statement of profit or loss and as Net gains/(losses) on the financial statement.

14.3 NITDF levy

In line with the Nigerian Information Technology Development Agency (NITDA) Act, the Company has provided for technology tax at the specified tax rate of 1% (2018: 1%) of the profit before tax for the year.

14.4 Other payable

Other payable relate to professional fees in respect of claims paid to clients and it includes survey and adjuster fees. Also included are the direct payments into our accounts without proper description.

The carrying value of other liabilities approximates fair value

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

15 Tax liabilities

	31-Dec-19 ₦'000	31-Dec-18 ₦'000
Company income tax payable:		
At 1 January	**78,673**	47,556
Income tax for the year (Note 37)	**73,351**	78,961
Tax paid during the year	**(69,852)**	(47,845)
At 31 December	**82,171**	78,672

16 Deferred tax liabilities

	31-Dec-19 ₦'000	31-Dec-18 ₦'000
At 1 January	**108,823**	65,171
Income statement charge (Note 37)	**903**	43,652
At 31 December	**109,726**	108,823

17 Capital and reserves

	31-Dec-19 ₦'000	31-Dec-18 ₦'000
Share capital		
Authorised share capital:		
10,000,000,000 ordinary shares of 50 kobo each	**5,000,000**	5,000,000
Issued and fully paid up share capital:		
At 1 January	**3,951,753**	3,751,753
Additions during the year	**-**	200,000
At 31 December	**3,951,753**	3,951,753

Subject to the restrictions imposed by the companies act, the unissued shares are under the control of Directors.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

18 Share premium

	31-Dec-19 ₦'000	31-Dec-18 ₦'000
At 1 January	410,961	410,961
Share issue expenses	-	-
At 31 December	410,961	410,961

19 Contingency reserves

In accordance with the Insurance Act, a contingency reserve is credited with the greater of 3% of total premium or 20% of net profit (i.e. profit after tax) until the reserve reaches the greater of minimum paid up capital or 50% of net premium for General Business.

	31-Dec-19 ₦'000	31-Dec-18 ₦'000
At 1 January	729,448	590,390
Transfer from retained earnings	219,498	139,057
At 31 December	948,946	729,448

20 Retained earnings

	31-Dec-19 ₦'000	31-Dec-18 ₦'000
At 1 January	(444,874)	(798,577)
ECL Impairment opening transition adjustment	-	(224)
Profit attributable to owners of the Company	658,939	492,985
Transfer to contingency reserve	(219,498)	(139,058)
At 31 December	(5,433)	(444,874)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

21 Fair value reserves

The fair value reserve represents the unrealised fair value gains/losses in respect of financial assets classified as Fair Value through Other Comprehensive Income net of tax. Gains or losses are deferred in this reserve until such time as the underlying asset is sold, matured or becomes impaired. Below is analysis of fair value reserve on financial assets classified as Fair Value through Other Comprehensive Income.

	31-Dec-19 ₦'000	31-Dec-18 ₦'000
At 1 January	-	9,808
Opening ECL impairment	-	224
Change in value of financial assets FVOCI	-	(9,808)
ECL impairment on FVOCI securities	-	(224)
At 31 December	-	-

21.1 ECL impairment on FVOCI securities

	31-Dec-19 ₦'000	31-Dec-18 ₦'000
At 1 January	-	224
ECL no longer required	-	(224)
At 31 December	-	-

21.2 Fair value reserves - statement of comprehensive income

	31-Dec-19 ₦'000	31-Dec-18 ₦'000
At 1 January	-	-
Change in value of financial assets fair value through OCI	-	(9,808)
	-	(9,808)

22 Assets revaluation surplus

	31-Dec-19 ₦'000	31-Dec-18 ₦'000
At 31 December	**517,133**	517,133

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

23 Gross premium written

	31-Dec-19 ₦'000	31-Dec-18 ₦'000
Direct premium	7,241,884	4,430,217
Inward reinsurance premiums	74,701	205,016
	7,316,585	4,635,233

24 Gross premium income

	31-Dec-19 ₦'000	31-Dec-18 ₦'000
Gross written premium	7,316,585	4,635,233
Increase in unearned premium	(493,767)	(246,398)
	6,822,818	4,388,835

25 Reinsurance premium expense

	31-Dec-19 ₦'000	31-Dec-18 ₦'000
Reinsurance premium incurred	3,426,036	2,011,114
Change in prepaid reinsurance	(185,758)	(75,347)
	3,240,278	1,935,766
Minimum and deposit premium amortised during the year	102,313	23,650
	3,342,591	1,959,416

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

26 Fee and commission income-insurance contracts

	31-Dec-19 ₦'000	31-Dec-18 ₦'000
Commission income on reinsurance premium	639,935	332,905
Change in deferred commission revenue	(40,131)	(10,402)
	599,804	322,503
Movement in deferred commission revenue		
At 1 January	70,423	60,021
Change during the year	40,131	10,402
At 31 December	110,554	70,423

Commission income on reinsurance premium is as earned on premium ceded out, rate of which varies per product in line with our reinsurance agreement with respective reinsurers.

27 Claims expense

	31-Dec-19 ₦'000	31-Dec-18 ₦'000
Direct claims paid	1,947,146	901,841
Increase in outstanding claims	136,464	832,290
Increase in Incurred But Not Reported	217,031	291,192
Total claims incurred	2,300,641	2,025,323

27a Insurance claims recovered from reinsurers

	31-Dec-19 ₦'000	31-Dec-18 ₦'000
Reinsurance share of claims paid during the year	1,383,310	448,481
Changes in reinsurance share of outstanding claims	(302,968)	890,770
Changes in reinsurance share of IBNR	149,827	167,767
Claims recoveries from reinsurance	1,230,168	1,507,018

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

28 Underwriting expenses

	31-Dec-19 ₦'000	31-Dec-18 ₦'000
Acquisition expenses (Note 28a)	1,190,090	816,432
Maintenance cost	274,087	108,226
	1,464,177	924,658

28a Analysis of acquisition expenses

	31-Dec-19 ₦'000	31-Dec-18 ₦'000
At 1 January (Note 6)	194,536	153,311
Acquisition cost during the year	1,295,108	857,656
	1,489,644	1,010,967
Deferred acquisition cost at 31 December (Note 6)	(299,554)	(194,536)
Total acquisition cost for the year	1,190,090	816,432

29 Investment income

	31-Dec-19 ₦'000	31-Dec-18 ₦'000
Interest income - bank deposits	26,126	23,494
Interest on statutory deposit	40,837	48,402
Interest on treasury bills (Note 29a)	844,952	635,228
Income - Amortisation of premium/discount paid on bond	1,927	994
Interest on bond	32,899	8,447
Dividend income	1,756	4,206
	948,497	720,771
Investment Income attributable to policyholders	538,294	405,609
Investment Income attributable to shareholders	410,203	315,162
	948,497	720,771

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

29a

	31-Dec-19 ₦'000	31-Dec-18 ₦'000
Interest on treasury bills		
Interest earned	492,049	445,718
Accrued interest - FVTPL	352,903	189,510
	844,952	635,228

30 Net realised gain/loss on financial assets

	31-Dec-19 ₦'000	31-Dec-18 ₦'000
Realised gain on sales of unquoted equity securities	4,015	-
	4,015	-

31 Net fair value gains/(loss)

	31-Dec-19 ₦'000	31-Dec-18 ₦'000
Fair value gain on unquoted equity investment	(139,207)	2,767
Fair value gain/(loss) on bonds	62,627	(6,254)
Fair value gain/(loss) on treasury bills	16,566	(60,857)
	(60,014)	(64,344)

32 Other operating income

	31-Dec-19 ₦'000	31-Dec-18 ₦'000
Gain on disposal of property, plant and equipment (Note 32.1)	1,547	5,924
Unrealised foreign exchange gain (Note 32.2)	(103,538)	78,560
Realised foreign exchange gain	-	11,500
Loss on financial derivative (Note 32.3)	(5,350)	(8,706)
Sundry income (Note 32.4)	13,043	49,000
	(94,298)	136,278

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

32.1 Gain on disposal of property, plant and equipment

	31-Dec-19 ₦'000	31-Dec-18 ₦'000
Proceeds from disposal of property, plant and equipment	**1,555**	7,674
Cost of PPE disposed	**(9,849)**	(24,685)
Accumulated depreciation	**9,841**	22,935
Gain on disposal	**1,547**	5,924

32.2 The unrealised foreign exchange gain is from valuation of FX position as at 31 December 2019.

32.3 The loss on financial instrument derivative is the market-to-market loss of ₦5,689,950 (2018: ₦8,706,400) on FX Swap arrangement.

32.4 ₦10,064,061.88 from Sundry Income relates to No-claims bonus arising from oil and gas businesses.

33 Employee benefit expenses

	31-Dec-19 ₦'000	31-Dec-18 ₦'000
Wages and salaries	**717,840**	574,924
Pension cost	**37,678**	28,915
	755,518	603,839

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

34 Other operating and administrative expenses

	31-Dec-19 ₦'000	31-Dec-18 ₦'000
Directors emoluments' and Board expenses	203,322	167,902
Staff training	34,257	28,063
Consultancy/professional fees	101,548	84,242
Depreciation	113,110	100,778
Amortisation of intangible assets	-	33,617
Repairs and maintenance expenses	106,280	115,210
Vehicle running/repairs	25,087	23,952
Printing and stationery	20,521	20,988
Advert and publicity	17,140	18,893
Travels and accommodation	19,202	17,808
Supervisory levy	64,308	32,219
Rent and rates	13,922	23,109
Entertainments	6,966	6,208
Auditors' remuneration	8,000	7,000
Bank charges	18,032	20,308
Postages and telephone	4,812	4,774
Dues and subscription	23,054	23,560
NITDEF levy	7,469	6,152
Insurance expenses	12,626	11,509
Other administrative expenses	54,428	32,701
	854,084	778,993

35 Specific impairment

	31-Dec-19 ₦'000	31-Dec-18 ₦'000
Impairment on quoted stocks	-	5,257
Impairment on unquoted stocks	-	98,046
	-	103,303

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

36 ECL impairment allowance on cash and cash equivalents and financial assets at fair value through other comprehensive income

	At 1-Jan-2019 ₦'000	Additions ₦'000	At 31-Dec-2019 ₦'000
Treasury bills	-	-	-
Cash and cash equivalents	155	787	942
	155	787	942

37 Taxation

	31-Dec-19 ₦'000	31-Dec-18 ₦'000
Analysis of tax charge for the year		
Profit before tax	733,192	615,529
Taxable expenses	(1,829,146)	(1,158,808)
Tax free income	1,180,536	1,118,617
Taxable profit	(648,610)	(40,191)
Income tax minimum	73,351	78,961
Education tax at 2%	-	-
Capital gains tax	-	-
Current tax on income for the year	73,351	78,961
Deferred tax charge (temporary difference)	903	43,652
Tax on profit on ordinary activities	74,254	122,613
Effective tax rate	10%	20%

37b Education tax has been computed at the rate of 2% (2018:2%) on assessable profit for the year.

37c In line with the Nigerian Information Technology Development Agency (NITDA) Act, the Company has provided for technology tax at the specified tax rate of 1% (2018: 1%) of the profit before tax for the year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

38 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary share in issue during the year:

	31-Dec-19 ₦'000	31-Dec-18 ₦'000
Profit attributable to equity holders '000	658,939	492,917
Weighted number of ordinary shares at the end of the year '000	7,903,506	7,903,506
Basic Earnings per share	9kobo	6kobo

39 Hypothecation

Assets and liabilities representing the funds	Policyholders fund ₦'000	Shareholders fund ₦'000	31-Dec-19 ₦'000
Assets			
Cash and cash equivalents	230,389	98,808	329,197
Financial assets:			
Treasury bills	4,308,389	219,651	4,528,040
FGN bonds	-	1,886,792	1,886,792
Other financial assets	-	142,476	142,476
Trade receivables	-	39,860	39,860
Reinsurance assets	2,153,785	-	2,153,785
Deferred acquisition cost	-	299,554	299,554
Other receivables and prepayments	-	32,528	32,528
Investment properties	-	100,000	100,000
Property, plant and equipment	-	1,193,588	1,193,588
Intangible assets	-	-	-
Statutory deposits	-	300,000	300,000
Total assets	6,692,562	4,313,257	11,005,820
Liabilities			
Insurance contract liabilities	4,336,417	-	4,336,417
Trade payables	-	187,012	187,012
Provision and other payables	-	467,133	467,133
Income tax liabilities	-	82,171	82,171
Deferred tax liabilities	-	109,726	109,726
Total liabilities	4,336,417	846,042	5,182,459
Surplus	2,356,146	3,467,215	5,823,360

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

39 Hypothecation continued

Assets and liabilities representing the funds	Policyholders fund ₦'000	Shareholders fund ₦'000	31-Dec-18 ₦'000
Assets			
Cash and cash equivalent	115,190	201,757	316,947
Financial assets:			
Treasury bills	3,896,110	831,242	4,727,351
FGN bonds	-	184,084	184,084
Other financial assets	-	293,693	293,693
Trade receivables	-	14,195	14,195
Reinsurance assets	2,209,787	-	2,209,787
Deferred acquisition cost	-	194,536	194,536
Other receivables and prepayments	-	38,098	38,098
Investment properties	-	100,000	100,000
Property, plant and equipment	-	1,256,938	1,256,938
Intangible assets	-	-	-
Statutory deposits	-	300,000	300,000
Total assets	6,221,087	3,414,541	9,635,629
Liabilities			
Insurance contract liabilities	3,489,156	-	3,489,156
Trade payables	-	189,543	189,543
Provision and other payables	-	420,933	420,933
Income tax liabilities	-	78,673	78,673
Deferred tax liabilities	-	108,823	108,823
Total liabilities	3,489,156	797,971	4,287,127
Surplus	2,731,931	2,616,570	5,348,502

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

40 Directors' emoluments

	31-Dec-19 ₦'000	31-Dec-18 ₦'000
i. Remuneration paid to the Directors of the Company were as follows:		
Short-term benefits:		
- Directors fees	12,900	12,900
- Directors sitting allowances	3,500	3,500
- Directors compensation	180,134	145,699
Other Directors expenses	6,787	5,803
	203,321	167,902
Fees and other emoluments disclosed above include amounts paid to :		
The Chairman	13,636	13,636
The highest paid Director	46,947	42,679

40b The number of Directors excluding the Chairman whose emoluments were within the following range were:

NGN	31-Dec-19 Number	31-Dec-18 Number
Below ₦5,000,000	-	-
₦5,000,000- ₦10,000,000	-	-
₦10,000,000 and above	8	8
	8	8

41 Employee

	31-Dec-19 Number	31-Dec-18 Number
Average number of persons employed during the year was as follows:		
Principal Manager - Managing Director	3	3
Assistant Manager - Senior Manager	25	23
Below Assistant Manager	56	43
Total	84	69

	₦'000	₦'000
Total staff cost	755,518	603,839

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

41b The number of employees of the Company, other than Directors, who received emoluments in the following ranges was:

NGN	31-Dec-19 Number	31-Dec-18 Number
₦1,000,001 - ₦1,500,000	-	-
₦1,500,001 - ₦2,000,000	-	1
₦2,000,001 - ₦2,500,000	-	-
₦2,500,001 - ₦3,000,000	23	12
₦3,000,001 - ₦3,500,000	3	1
₦3,500,001 - ₦4,000,000	-	-
Above ₦4,000,000	58	55
	84	69

41c Pension

	31-Dec-19 ₦'000	31-Dec-18 ₦'000
Amount charged to profit or loss account are:		
Pension	37,678	28,915

The Company operates a defined contribution pension scheme. The scheme is fully funded and is managed by licensed Pension Fund Administrators. Membership of the scheme is automatic in line with the Pension Reform Act of 2004. The Company's and the employees' contributions are at the rate of 16.5% and 8.5% respectively of basic salary, transport and entertainment allowances. Employee contributions to the scheme are funded through payroll deductions while the Company's contribution is charged to employee benefit expense in the profit and loss account. Once contributions are made, the Company has no legal or constructive obligation to make further contributions to the fund even when the Fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

42 Events after the reporting period

There were no events after the reporting period which could have a material effect on the financial position of the Company as at 31 December 2019 or the profit for the year ended.

43 Penalties paid

The Company did not pay any penalty in year 2019 (2018: Nil).

44 Contingent liabilities

There were no contingent liabilities at the year end.

45 Capital commitments

The Company has no capital commitments as at the reporting date. (2018: Nil).

46 Guarantees

The Company did not charge any of its assets to secure liabilities of third parties (2018: Nil).

47 Financial commitments

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

48 Comparative figures

Certain comparative figures have been reclassified in line with the presentation in the current year for a more meaningful comparison in the profit or loss under other comprehensive income.

49 Approval of the audited financial statements

The Audited Financial Statements were approved by the Board of Directors on 13 February 2020.

50 Detailed revenue account

	Motor ₦'000	Marine ₦'000	Bond ₦'000	Engineering ₦'000	Fire ₦'000	Gen. Accident ₦'000	Aviation ₦'000	Oil and gas ₦'000	Total ₦'000
Gross premium	843,230	254,681	39,818	184,551	1,388,060	1,357,474	-	3,248,771	7,316,585
Unexpired risk C/F	238,245	74,114	10,328	38,327	362,641	125,627	-	797,601	1,646,882
Unexpired risk B/F	180,874	49,444	6,528	54,157	223,368	100,988	-	537,756	1,153,115
(Increase)/Decrease in unearned premium	57,371	24,669	3,800	(15,830)	139,273	24,639	-	259,845	(493,767)
Gross premium earned	785,858	230,012	36,018	200,382	1,248,788	1,332,835	-	2,988,926	6,822,818
Reinsurance cost	(75,033)	(174,584)	(28,733)	(109,465)	(738,482)	(834,287)	-	(1,382,007)	(3,342,591)
Net premium earned	710,826	55,428	7,285	90,917	510,306	498,548	-	1,606,919	3,480,227
Commission earned	12,968	46,162	7,006	26,952	204,166	209,320	-	93,230	599,804
Total income	723,793	101,590	14,290	117,869	714,471	707,868	-	1,700,149	4,080,032
Total claims paid	255,162	492,591	-	36,431	326,387	137,849	-	698,727	1,947,146
Outstanding claims C/F	223,555	158,985	(2,987)	37,308	494,403	511,696	5,511	1,261,063	2,689,535
Outstanding claims B/F	151,073	803,743	1,300	31,623	319,335	308,103	5,511	715,352	2,336,041
Increase/(Decrease) in outstanding claims	72,482	(644,757)	(4,287)	5,685	175,068	203,593	-	545,710	353,494
Net claims paid	327,644	(152,167)	(4,287)	42,116	501,455	341,442	-	1,244,437	2,300,640
Claims recovery	(29,100)	78,641	(807)	(19,915)	(352,717)	(162,731)	-	(743,538)	(1,230,168)
Net claims incurred	298,543	(73,525)	(5,094)	22,201	148,737	178,711	-	500,900	1,070,472
Acquisition expenses	(89,031)	(35,377)	(7,163)	(36,878)	(232,958)	(262,745)	-	(525,938)	(1,190,089)
Maintenance cost	(31,588)	(9,541)	(1,492)	(6,914)	(51,998)	(50,852)	-	(121,703)	(274,087)
Underwriting profit	304,630	130,198	10,730	51,877	280,778	215,560	-	551,609	1,545,383

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

51 Financial risk management

This note explains the Entity's exposure to financial risks and how these risks could affect The Entity's future financial performance.

The Entity's risk management is carried out by the risk management department under policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as policies covering specific financial risks: market risk (including foreign exchange risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Company is exposed to financial risk through its financial assets, reinsurance assets and insurance liabilities. The key financial risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from its insurance contracts and other liabilities.

These risks are as a result of open positions in interest rate, currency and equity products, all of these are exposed to general and specific market fluctuations/movements. The risks that the Company primarily faces due to the nature of its investment and liabilities are interest rate risk, liquidity risk and equity price risk.

52 Financial risks management strategy and policy

The Company manages these positions through its Finance and General Purpose committee who from time to time evaluate financial assets with a view to achieving long-term investment returns in excess of its obligation under insurance and investment contracts. The principal technique of the committee is to seek the investments that bring maximum returns to cover the Company's liabilities as well as seeking to maximise the return on shareholders' and policyholders' funds.

53 Capital management policy

The Company has a shareholders' fund of ₦5.8bn which is above the statutory capital of ₦3bn required for a non-life insurance company.

The Company has as at 31 December 2019 complied with Section 24 of the Insurance Act, 2003. This is to say that the Company has in respect of its non-life business maintained a margin of solvency of ₦5.8bn as defined under Section 24 (1), (2).

Minimum capital requirement

The Company exceeded the minimum capital requirement consistently.

The table below show solvency margin computation for the Company as at 31 December 2019.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

53 Capital management policy continued

The Solvency Margin for FBN General Insurance as at 31 December 2019 is as follows:

	₦'000	₦'000
Admissible assets		
Cash and cash equivalents	329,197	
Fair value through profit or loss	6,557,308	
Fair value through other comprehensive income	-	
Trade receivable	39,860	
Reinsurance assets	2,153,785	
Deferred acquisition cost	299,554	
Other receivables and prepayments	1,480	
Investment property	-	
Property, plant and equipment (Land and building)	1,000,000	
Property, plant and equipment (Others)	165,771	
Statutory deposit	300,000	
Total admissible assets (a)		10,846,955
Insurance contract liabilities	4,336,416	
Provision and other trade payables	654,146	
Provision for current tax	82,171	
Total admissible liabilities (b)		5,072,733
SOLVENCY MARGIN (a-b)		5,774,222
Subject to higher of:		
15% of Net premium income	522,034	
or		
Minimum capital requirement	3,000,000	3,000,000
Gross solvency ratio		192%
Net solvency ratio		41%

During the year the solvency margin was 192% (2018: 170%)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

53 Capital management policy continued

Capital is actively managed with a focus on capital efficiency and effective risk management. The capital objectives are to ensure that the Company is properly capitalised and funded at all times, having regard to its regulatory needs, prudent management and the needs of all stakeholders.

Precisely, the Company has adopted the following capital management policies:

(i) Maintenance, as a minimum, of capital sufficient to meet the statutory requirement.

(ii) An Economic Capital at Risk (ECaR) approach is also used by the Management and the Board to ensure that obligations to policyholders can be met in adverse circumstances.

(iii) Maintenance of an appropriate level of liquidity at all times. The Company further ensures that it can meet its expected capital and financing needs at all times, having regard to business plans to guarantee its going concern status, forecast and any strategic initiatives.

Sensitivities

The Company has both qualitative and quantitative risk management procedures to monitor the key risks and sensitivities of the business. This is achieved through scenario analysis and risk assessments. From an understanding of the principal risks, appropriate risk limits and control are defined. The Enterprise Risk Management committee plays a major role here.

The risk types affecting the surplus capital of the Company are market risk, credit risk, liquidity risk, liability risk, business risk and operational risk.

The table below shows the sensitivity of the Company's capital to changes in key assumptions:

At 31 December, 2019	₦'000
Shareholders fund	5,823,360
Increase Company's liabilities by 5%	(216,821)
Decrease equity investment by 5%	-
Decrease investment portfolio excluding equity investment by 5%	(327,818)
Total new capital in the effect of shock	5,278,720

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

54 Credit risk

Credit risk is the risk that counterparty of a financial instrument does not settle a liability and thus expose FBN General Insurance Ltd to a loss.

The Company does not use reinsurance to manage significant credit risk. The Company is exposed to credit risk through its investment holdings backing the policyholder liabilities and in shareholders' funds.

The Entity's specific credit risk objectives, as contained in the Risk Assets Acceptance Criteria (RAAC) and Credit Risk Policy, are:

- maintenance of an efficient risk assets portfolio;
- adequately diversify the Entity's risk assets and minimise concentration risk;
- institutionalisation of sound credit culture in the Entity; and
- achieve consistent and continuous income stream for the Entity.

Management of credit risk

The Board of Directors is responsible for oversight of the Entity's credit risk, including:

- Formulating credit policies for the Entity, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.
- Establishing the authorisation structure for the approval and renewal of credit facilities. Authorisation limits are allocated to the Board of Directors as appropriate.
- Reviewing and assessing credit risk in all credit exposures prior to making commitment to customers. Renewals and reviews of facilities are subject to the same review process.
- Developing and maintaining the Entity's criteria for categorising exposures, and to focus Management on the attendant risks. The responsibility for approving and reviewing the Risk Assets Acceptance Criteria and Credit Risk Policy lies with the Board of Directors.
- Reviewing compliance of with exposure and concentration limits, and promotion of best practices throughout The Entity in the management of credit risk.

Credit risk measurement

The Entity undertakes lending activities after careful analysis of the borrowers' general character, capacity to repay, cash flow, credit history, organisational/ management quality, financial condition, market position, business operations, industry and other factors. The Entity acknowledges that there are diverse intrinsic risks inherent in the vagaries of its business segments and, as a result, applies different parameters to adequately dimension the risks in each business segments.

The Entity's rating grades as defined by the Board of Directors, covering all the Entity's credit exposure to corporate, commercial, conglomerates and multinationals. Obligor rating in the Entity is handled by Relationship Managers with further review by Risk Management and Control before it goes through the approval process.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

54 Credit risk continued

The relationship between the Entity's internal rating system and the external rating system (Agusto & Co.) is shown below:

External rating	Internal rating	Description	Characteristics
AAA	A	Highly Outstanding Investments	· Highest investment quality · Lowest expectation of default risk · Exceptionally strong capacity for timely payment of financial commitments · Capacity is highly unlikely to be adversely affected by unforeseeable events · Top multinationals/corporations · Strong equity and assets · Good track record · Cash flows
AA A	B	Above Average Investments	· Very high investment quality · Very low expectation of default risk · Very strong capacity for timely payment of financial commitments · Capacity is not significantly vulnerable to unforeseeable events. · Typically large corporates in stable industries and with significant market share · Very strong balance sheets with high liquid assets
BBB BB B	C	Average Investments	· Good investment quality · Low expectation of default risk. · Capacity for timely payment of financial commitments is considered adequate · Adverse changes in circumstances and in economic conditions is more likely to impair capacity for payment · Typically in stable industries · Strong debt repayment capacity and coverage · Good asset quality and liquidity position · Very good management
CCC CC	D	Acceptable Investments	· Average investment quality · Possibility of default risk developing, particularly as the result of adverse economic changes over time · Category is acceptable as business or financial alternatives may be available to allow financial commitments to be met · Good character of owner · Good management but depth may be an issue · Typically good companies in cyclical industries
C D	E	Unacceptable Investments	· High risk investment quality · High probability of partial loss · Financial condition is weak but obligations are still being met as and when they fall due · Adverse changes in the environment will increase risk significantly · Very weak credit fundamentals which make full debt repayment in serious doubt · Bleak economic prospects · Lack of capacity to repay unsecured debt

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

54 Credit risk continued

The Entity's operational measurements for credit risk are in conformity with the impairment allowances required under the applicable reporting standard - IAS 39, and are based on losses that have been incurred at the date of the statement of financial position, that is the 'incurred loss model' rather than expected losses.

The estimation of credit exposure is complex and requires the use of models, as the value of a product varies with changes in market variables, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties.

The Entity has developed models to support the quantification of the credit risk. These rating and scoring models are in use for all key credit portfolios and form the basis for measuring default risks. In measuring credit risk of loan and advances at a counterparty level, the Company considers three components: (i) the 'probability of default' (PD) by the client or counterparty on its contractual obligations; (ii) current exposures to the counterparty and its likely future development, from which the Company derive the 'Exposure At Default' (EAD); and (iii) the likely recovery ratio on the defaulted obligations (the 'Loss Given Default') (LGD). The models are reviewed regularly to monitor their robustness relative to actual performance and amended as necessary to optimise their effectiveness.

For debt securities, external ratings such as GCR, Moody's Agusto & Co, Fitch, Standard & Poor's rating or their equivalents are used by Risk Management department for managing of the credit risk exposures as supplemented by the Entity's own assessment through the use of internal ratings tools.

Maximum exposure to credit risk

The Entity's credit risk exposures relating to on-balance sheet assets are as follows:

	31-Dec-19 ₦'000	31-Dec-18 ₦'000
Overall credit risk		
Reinsurance contracts	**2,153,785**	2,209,787
Trade receivables	**39,860**	14,195
Short-term funds treated as investment	**254,894**	250,364
Treasury bills	**4,528,040**	4,543,268
Equity investment	**142,476**	293,694
Cash and bank	**75,245**	66,583
FGN bonds	**1,886,792**	184,084
	9,081,092	7,561,975

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

54 Credit risk continued

The table below analyses end of the year values of the above exposures:

	Fair value as at 2019 ₦'000	Fair value as at 2018 ₦'000
Reinsurance contracts	**2,153,785**	2,209,787
Trade receivables	**39,860**	14,195
Short-term funds treated as investment	**254,894**	250,364
Treasury bills	**4,528,040**	4,543,268
Equity investment	**142,476**	293,694
Cash and bank	**75,245**	66,583
Bonds	**1,886,792**	184,084
	9,081,092	7,561,975

For credit risk purpose, the trade debtors are companies into three categories:
Company A - the maximum trade credits allowed per participant under this Company is ₦10mn
Company B - the maximum trade credits allowed per participant under this Company is ₦7mn.
Company C - the maximum trade credits allowed per participant under this Company is ₦5mn.

Past experience is used in grouping the debtors since most of the clients are not rated.

The profit before tax of the Company will be reduced by ₦454mn (2018: ₦378mn) if the overall credit is impaired by 5%.

Credit risk concentration

IFRS 7 requires disclosures about concentrations of risk. Concentration of risk arises from financial instruments that have similar characteristics and are affected similarly by changes in economic or other conditions. This information has been provided along geographical areas and economic sectors.

Geographical concentration of risks of financial assets with credit risk exposure

The following table breaks down the Entity's credit exposure (without taking into account any collateral held or other credit support), as categorised by geographical region as at the reporting date. For this table, The Entity has allocated exposures to regions based on the country of domicile of its counterparties.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

54 Credit risk continued

	31 December 2019		
	Within Nigeria ₦'000	Outside Nigeria ₦'000	Total ₦'000
Reinsurance contracts	2,153,785	-	2,153,785
Trade receivables	39,860	-	39,860
Short-term funds treated as investment	254,894	-	254,894
Treasury bills	4,528,040	-	4,528,040
Equity investment	142,476	-	142,476
Cash and bank	75,245	-	75,245
FGN bonds	1,886,792	-	1,886,792
	9,081,092	-	9,081,092

	31 December 2018		
	Within Nigeria ₦'000	Outside Nigeria ₦'000	Total ₦'000
Reinsurance contracts	2,209,787	-	2,209,787
Trade receivables	14,195	-	14,195
Short-term funds treated as investment	250,364	-	250,364
Treasury bills	4,543,268	-	4,543,268
Equity investment	293,694	-	293,694
Cash and bank	66,583	-	66,583
FGN bonds	184,084	-	184,084
	7,561,975	-	7,561,975

Impairment model

Premium debtors are measured at amortised cost, less provision for impaired receivables. Under IFRS, an asset is impaired if the carrying amount is greater than the recoverable amount. IAS 39 favours the use of the incurred loss model in estimating the impairment of its receivables. However, with the inception of IFRS 9 which became effective for annual periods beginning on/after 1 January 2018, the Expected Credit Losses (ECL) method of impairment calculation has been adopted and in force since January 1, 2018.

Based on NAICOM's "No Premium No Cover" guidelines which state that "all insurance covers shall be provided on a strict 'no premium no cover' basis", only cover for which payment has been received shall be booked. However, brokers have a 30-day period to make payments from the date of the credit notes.

After analysing this financial instrument based on NAICOM "No Premium No Cover" guidelines, a nil impairment standpoint was taken.

The impairment requirements of IFRS 9 apply to all debt instruments that are measured at amortised cost or FVOCI, and to off-balance sheet lending commitments such as loan commitments and financial guarantees (hereafter collectively referred to as financial assets). This contrast to the IAS 39 impairment model which was not applicable to loan commitments and financial guarantee contracts, as there were instead covered by International

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

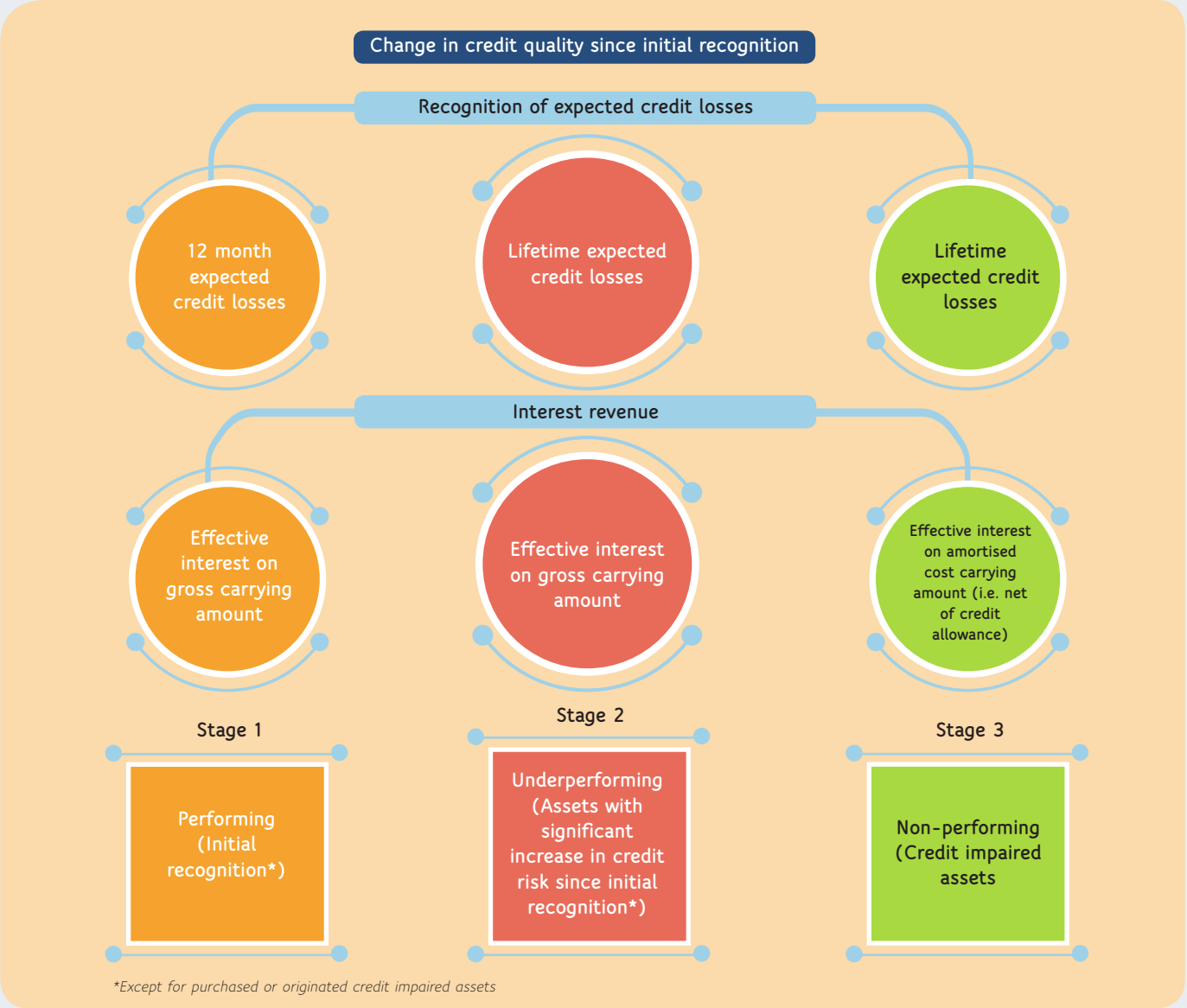
54 Credit risk continued

Accounting standards 37: "Provisions, contingent liabilities and contingent assets (IAS 37)".

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 provisions are recognised upon initial recognition of the financial asset based on expectation of potential credit losses at the time of initial recognition. Under IFRS 9, The Company first evaluates individually whether objective evidence of impairment exists for loans that are individually significant and then collectively assess the loan and other receivables that are not significant and those which are significant but for which there is no objective evidence of impairment available under the individual assessment.

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:



NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

54 Credit risk continued

Stage 1: The Company 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 Company 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.

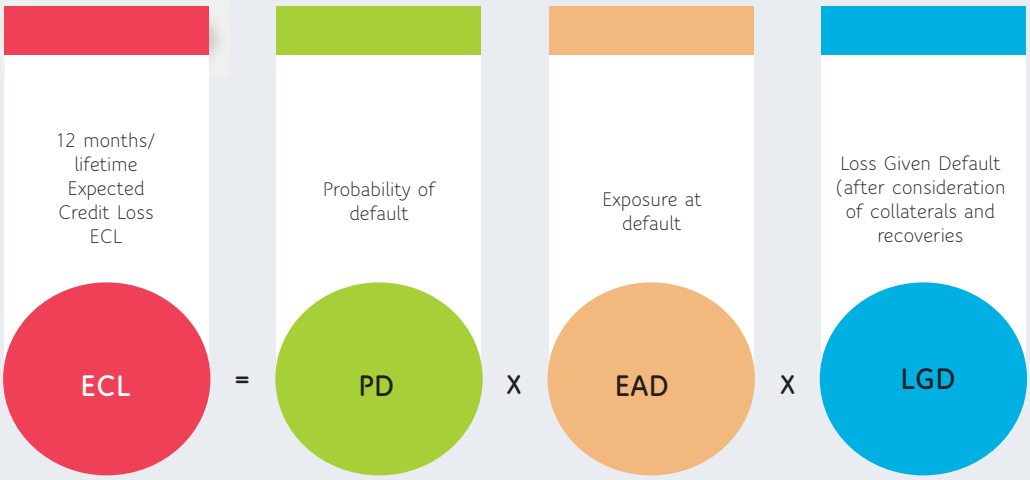
Stage 3: The Company recognises a loss allowance at an amount equal to life-time expected credit losses, reflecting a probability of default (PD) of 100% via the recoverable cash flows for the asset. For those financial assets that are credit impaired. The Company's definition of default is aligned with 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 Company does not originate or purchase credit impaired loans or receivables

Impairment methodology

Calculation of expected credit losses

Calculation of the expected credit loss is based on the key risk parameters of PD, LGD and ED according to the formula set below:



NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

54 Credit risk continued

The calculation of ECL incorporates forward-looking information in all the ECL components. This forward-looking information will impact the various ECL components as follows:

- Probability of default – The PDs will vary during various stages of an economic cycle. It is based on the likelihood that a borrower will default within one year (PD), assessment of the creditworthiness of the counterparty and transformation of 1 Year horizon into lifetime of the asset.

- Loss Given Default – Collateral values will vary based on the stage of an economic cycle.

- Exposure at default – Change in interest rates may affect the EAD e.g. higher interest rates may result in longer terms for loans causing a change in the EAD.

Loss given default

The Company applies historical experience to determine the expected loss given default ratios for each class of financial instruments. Where internal historical experience is not available, other sources, e.g. data available from rating companies as well as professional judgements are used to determine the LGD ratios that will apply. Collateral that is held against the financial assets is also considered in determining the LGD.

The Company management has resolved to use the recovery rates as published by Moodys credit analytics for all credit exposures to sovereign denominated in foreign currencies and all corporate exposures.

For sovereign exposures denominated in Naira which are assessed as low credit risk exposures, we have resolved to use LGDs within the rage of 5-10% based on the Central Banks of Nigeria's Revised Guidance Notes on Credit risk. Section 3.1 of the document addresses exposure to sovereigns and Central banks and states that financial institutions should assign a risk weight of 0% to the following:

- Exposures to Federal Government of Nigeria (FGN) and Central Bank of Nigeria (CBN);
- Instruments issued by other entities backed by express guarantee of the FGN;
- Inter-bank transactions guaranteed by the FGN or CBN;
- Inter-bank transactions among supervised institutions collateralised by FGN Bonds; and
- Treasury Bills or other similar sovereign bills.

55 Market risk

Market risk is the potential impact of unfavourable changes in foreign exchange rates, interest rates, prices and market volatilities. Market risk arises from changes in the fair value of investments. Market risks are managed by engaging in fixed interest placements with a duration closely corresponding to those liabilities.

Guidelines are set for asset allocation and portfolio limit structure; to ensure that assets back policyholders' liabilities and those assets are held to deliver income and gains for policyholders.

56 Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Due to FBN General Insurance extremely low willingness to accept currency risks, only minimal currency risks are accepted in all parts of the business. Generally, FBN General Insurance has a low currency risk exposure on its domiciliary accounts; this is hedged by short term placements/ investment in the same currency or local currency.

The currency risk has been calculated as the currency position per currency on the basis of principal amounts. Interest and future value adjustments of the currency are not included in the calculation.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

56 Currency risk continued

The table below summarises the Company's exposure to foreign currency exchange rate risk:

31-Dec-19	Naira (₦'000)	USD ($)	EURO (€)	GBP (£)	₦'000 Total
Assets					
Cash and cash equivalents	195,075	133,236	887	-	329,197
Financial assets:					
- Fair value through profit or loss	6,557,308	-	-	-	6,557,308
- Fair value through Other Comprehensive Income	-	-	-	-	-
Trade receivables	39,860	-	-	-	39,860
Reinsurance assets	915,837	1,237,947	-	-	2,153,785
Deferred acquisition cost	137,883	161,671	-	-	299,554
Other receivables and prepayments	32,528	-	-	-	32,528
Statutory deposit	300,000	-	-	-	300,000
	8,178,491	1,532,855	887	-	9,712,232
Liabilities					
Insurance contracts liabilities	2,277,754	2,058,663	-	-	4,336,417
Trade payables	187,013	-	-	-	187,013
Provision and other payables	467,133	-	-	-	467,133
	2,931,899	2,058,663	-	-	4,990,563
31-Dec-18					
Assets					
Cash and cash equivalents	279,246	26,324	11,377	-	316,947
Financial assets:					-
-Fair value through profit or loss	4,727,352	-	-	-	4,727,352
- Fair value through Other Comprehensive Income	252,000	41,693	-	-	293,693
- Amortised cost	-	-	-	-	-
Trade receivables	14,195	-	-	-	14,195
Reinsurance assets	1,011,083	1,198,705	-	-	2,209,787
Deferred acquisition cost	98,826	95,709	-	-	194,536
Other receivables and prepayments	38,097	-	-	-	38,097
Statutory deposit	300,000	-	-	-	300,000
	6,720,799	1,362,432	11,377	-	8,094,607
Liabilities					
Insurance contracts liabilities	2,236,049	1,253,108	-	-	3,489,157
Trade payables	189,543	-	-	-	189,543
Provision and other payables	420,932	-	-	-	420,932
	2,846,524	1,253,108	-	-	4,099,632

The Company has no significant concentration of currency risk. As shown in the table above, the Entity is primarily exposed to changes in NGN/US$ exchange rates.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

56 Currency risk continued

The following table details the Entity's sensitivity to a 3% increase and decrease in Naira against the US dollar. Management believes that a 10% movement in either direction is reasonably possible at the balance sheet date. The sensitivity analyses below include outstanding US dollar denominated financial assets and liabilities. A positive number indicates an increase in profit where Naira weakens by 10% against the US dollar. For a 10% strengthening of Naira against the US dollar, there would be an equal and opposite impact on profit.

Sensitivities		31-Dec-19	31-Dec-18
Currency	Changes in variables	Impact on	Impact on
		PBT	PBT
		₦'000	₦'000
USD	3%	3,997	790
EURO	3%	27	341
USD	3%	(3,997)	(790)
EURO	3%	(27)	(341)

The Company has no significant concentration of currency risk. As shown in the table above, The Entity is primarily exposed to changes in NGN/US$ exchange rates.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

56 Currency risk continued

Interest rate risk

Interest rate risk is the risk that interest rates on short-term placements will fluctuate and this will unfavourably affect FBN General Insurance earnings and the value of its assets, liabilities and capital. Fixed interest rate instruments expose the Company to fair value interest risk though FBN General Insurance Ltd has no significant concentration of interest rate risk.

The Company's interest rate risk policy requires it to manage interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments. Interest on fixed interest rate instruments is priced at inception of the financial instrument and is fixed until maturity.

The effect of the change in interest rates by 3% (increase) would result in a net increase in profit by ₦213mn in 2019 and would reduce profit by same amount if it reduces by same percentage.

31 December 2019	Carrying amount ₦'000	Variable interest-bearing ₦'000	Fixed interest-bearing ₦'000	Non-interest bearing ₦'000
Financial assets				
Cash and balances with Central Insurance entity of Nigeria	329,197	-	254,894	75,245
Amortised cost - Loans and advances to Insurance Entities	-	-	-	-
Amortised cost - Loans and advances to customers	-		-	-
FVTPL - Financial assets held-for-trading	6,557,308	-	6,557,308	-
Investment securities:			-	-
- FVTOCI	-	-	-	-
- Amortised cost		-	-	-
Pledged assets		-	-	-
Statutory deposit with Central Bank of Nigeria	300,000	-	300,000	-
Other assets	3,819,312	-	-	3,819,312
	11,005,817	-	7,112,202	3,894,557
Financial liabilities				
Due to Insurance entitys	4,336,417			4,336,417
Deposit from customers	76,460	-		76,460
Other liabilities	727,054	-	-	727,054
	5,139,931	-	-	5,139,931

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

56 Currency risk continued

Interest rate risk continued

31 December 2018	Carrying amount ₦'000	Variable interest-bearing ₦'000	Fixed interest-bearing ₦'000	Non-interest bearing ₦'000
Financial assets				
Cash and balances with Central Insurance entity of Nigeria	316,947		250,364	66,583
Amortised cost - Loans and advances to Insurance Entities	-		-	-
Amortised cost - Loans and advances to customers	-		-	-
FVTPL - Financial assets held-for-trading	4,727,353		4,727,353	-
Investment securities:				-
- FVTOCI	293,693			293,693
- Amortised cost				-
Pledged assets				-
Statutory deposit with Central Bank of Nigeria	300,000	-	300,000	-
Other assets	3,813,553	-	-	3,813,553
	9,451,546	-	5,277,717	4,173,829
Financial liabilities				
Due to Insurance Entities	3,489,157	-	-	3,489,157
Deposit from customers	96,384	-	-	96,384
Other liabilities	701,584	-	-	701,584
	4,287,125	-	-	4,287,125

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

56 Currency risk continued

Liquidity risk

Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost.

The Executive Management of the Company is responsible for the effective management of liquidity risk by putting the appropriate structure and processes in place. The risk committee of the Board is responsible for reviewing the adequacy and effectiveness thereof.

Guidelines are set for asset allocations, portfolio limit structures and maturity profiles of assets, in order to ensure sufficient funding are available to meet insurance and investment contracts obligations.

The table below summarises the maturity profile of the Company financial assets and financial liabilities.

31 December 2019	<3 months ₦'000	3-12months ₦'000	1-5 Yrs ₦'000	Over 5 Years ₦'000	Total ₦'000
Financial assets					
Cash and Cash equivalent	329,197	-	-	-	329,197
Financial Assets through profit or loss:					
Unquoted equity	-	-	-	142,476	142,476
Treasury bills (6 - 12 months)	-	4,528,040		-	4,528,040
Bond	-	-	-	1,886,792	1,886,792
	329,197	4,528,040	-	2,029,268	6,886,505
Liabilities					
Insurance contract liabilities	156,204	3,372,130	-	808,083	4,336,417
31 Dec, 2018					
Financial assets					
Cash and Cash equivalent	250,364	-	-	-	250,364
Financial Assets through profit/loss:					
Quoted equity	-	-	-	-	-
Treasury bills (6 - 12 months)	-	4,543,268		-	4,543,268
Bond	-	-	-	184,084	184,084
Financial assets through OCI:					
Unquoted equity	-	-	-	293,693	293,693
	250,364	4,543,268	-	477,777	5,271,409
Liabilities					
Insurance contract liabilities	190,560	3,298,597	-	-	3,489,157

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

56 Currency risk continued

The table below analyses assets and liabilities into current and non-current categories. It summarises the expected utilisation or settlement of assets and liabilities; the intention with regard to settlement period at the reporting date:

31-Dec-19	Current ₦'000	Non-current ₦'000	Total ₦'000
Assets			
Cash and cash equivalents	329,197	-	329,197
Financial assets	4,528,040	2,029,267.59	6,557,308
Trade receivables	39,860	-	39,860
Reinsurance assets	1,529,014	624,771	2,153,785
Deferred acquisition cost	299,554	-	299,554
Other receivables and prepayments	32,528	-	32,528
Investments property	-	100,000	100,000
Intangible assets	-	-	-
Property, plant and equipment	-	1,193,588	1,193,588
Statutory deposit	-	300,000	300,000
	6,758,194	4,247,626	11,005,820
Liabilities			
Insurance contracts liabilities	2,973,384	1,363,033	4,336,417
Trade payables	187,013	-	187,013
Provision and other payables	467,133	-	467,133
Current income tax	82,171	-	82,171
Deferred tax liabilities	-	109,726	109,726
	3,709,701	1,472,759	5,182,460

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

56 Currency risk continued

31-Dec-18	Current ₦'000	Non-current ₦'000	Total ₦'000
Assets			
Cash and cash equivalents	316,947	-	316,947
Financial assets	4,543,267	477,777	5,021,045
Trade receivables	14,195	-	14,195
Reinsurance assets	1,618,735	591,052	2,209,787
Deferred acquisition cost	194,536	-	194,536
Other receivables and prepayments	38,097	-	38,098
Investments property	-	100,000	100,000
Intangible assets	-	-	-
Property, plant and equipment	-	1,256,938	1,256,938
Statutory deposit	-	300,000	300,000
	6,725,777	2,725,767	9,451,546
Liabilities			
Insurance contracts Labilities	2,319,095	1,170,062	3,489,155
Trade payables	189,543	-	189,543
Provision and other payables	420,932	-	420,932
Current income tax	78,672	-	78,672
Deferred tax liabilities	-	108,823	108,823
	3,008,243	1,278,885	4,287,126

As at 31 December 2019, investments classified as level 1 comprise approximately 98% of financial assets measured at fair value on a recurring basis. Fair value measurements classified as level 1 include exchange-traded prices of fixed maturities and equity securities.

As at 31 December 2019, investments classified as level 3 comprise approximately 2% of financial assets measured at fair value on a recurring basis. They primarily include unquoted securities. As market quotes are not readily available or accessible for these securities, their fair value measures are determined utilising relevant information generated by market transactions involving comparable securities. Fair values are equally determined by using valuation techniques that refer as far as possible to observable market data.

Observable inputs generally used to measure the fair value of securities classified as level 3 include benchmark yields, reported secondary trades, broker-dealer quotes, benchmark securities, bids offers and reference data. Additional observable inputs are used when available, and as may be appropriate.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

56 Currency risk continued

The following table presents the Company's assets measured at fair value as at 31 December 2018.

2019	Level 1 ₦'000	Level 2 ₦'000	Level 3 ₦'000	₦'000
Financial assets at fair value through profit or loss:				
Equity securities	-	-	142,476	142,476
Treasury bills	4,528,040	-	-	4,528,040
Bonds	1,886,792	-	-	1,886,792
Financial assets at fair value through OCI:	-	-	-	-
	6,414,832	-	142,476	6,557,308
2018				
Financial assets at fair value through profit or loss:				
Equity securities	-	-	293,693	293,693
Treasury bills	4,543,268	-	-	4,543,268
Bonds	184,084	-	-	184,084
Financial assets at fair value through OCI:	-	-	-	-
	4,727,352	-	293,693	5,021,045

57 Related party disclosures

Transactions and agreements entered into between the Company and FBN Group include the provision of banking services, premises usage, asset custodial services by the FBN Group. The Company provides various general insurance cover for the Group and employees of the FBN Group.

All the insurance business of the Group passed through FBN Insurance Brokers Ltd.

Nature of the transactions	Related party	2019	2018
Gross premium	FBN Group	1,077,305	901,191
Receiving of equipment	FBN Insurance Ltd	-	-
Intercompany receivable/payable	FBN Insurance Ltd	-	-
Cash and bank balances	First Bank of Nigeria	9,376	35,735
Shared Service	FBN Insurance Ltd	13,456	39,111

All related party transactions were made on terms equivalent to those that prevail in arm's length transactions.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

58 Insurance risk management

The Company assumes insurance risk by issuing insurance policies, under which the Company agrees to compensate the policyholder if a specified uncertain future event affecting the policyholder occurs.

For accounting purposes, insurance risk is defined as risk other than financial risk. Contract issued by the Company may include both insurance and financial risk; contracts with significant insurance risk.

The principal risk FBN General Insurance faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual claims paid and subsequent occurrence of long-term claims. Therefore, the objective of FBN General Insurance is to ensure that sufficient reserves are available to cover these liabilities.

The risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements.

The Company purchases reinsurance as part of its risks mitigation programme. Reinsurance ceded is placed on both a proportional and non-proportional basis. The majority of proportional reinsurance is surplus reinsurance which is taken out to reduce the overall exposure of the Company to certain classes of business. Non-proportional reinsurance is primarily excess-of-loss reinsurance designed to mitigate the Company's net exposure to catastrophe losses. Retention limits for the excess-of-loss reinsurance vary by product line.

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. Although the Company has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that if any reinsurer is unable to meet its obligations assumed under such reinsurance agreements, this is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Company substantially dependent upon any single reinsurance contract.

FBN General Insurance principally issues the following types of general insurance contracts: Motor, Marine, Bond, Engineering, Fire, General Accident, Aviation, and Oil and Gas. All the risks usually cover twelve months except Bond, Engineering and Marine which can be less or more than 12 months.

For general insurance contracts, the most significant risks arise from climate changes, natural disasters, flood, accidents, terrorist activities (Boko Haram), bank robberies and bank frauds. These risks do not vary significantly in relation to the location of the risk insured by the Company, type of risk insured and by industry.

The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is improved by careful selection and implementation of underwriting strategies, which are designed to ensure that risks are diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors and geography.

Furthermore, strict claim review policies to assess all new and on-going claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are part of the policies and procedures put in place to reduce the risk exposure of the Company. The Company further enforces a policy of actively managing and promptly attending to claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the business.

FBN General Insurance has also limited its exposure by the use of reinsurance arrangements in order to limit exposure to catastrophic events.

The purpose of these underwriting and reinsurance strategies is to limit exposure to catastrophes based on the Company's risk appetite as decided by Management. The Board has the risk appetite in place.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

58.1 Terms and Conditions of Insurance contracts

The terms and conditions on insurance contracts determine the level of insurance risk accepted by the Company. The table below outlines the general form of terms and conditions that apply to contracts sold in each category of business, and the nature of the risk incurred:

Category	Main risks	Policyholder guarantees	Policyholder Participation
Motor	Accident/unforeseeable loss	Indemnity	Premium (to seal the contract)
Accident	Accident/unforeseeable loss/benefit	Indemnity/benefit for estate	Premium (to seal the contract)
Marine	Accident/unforeseeable loss	Indemnity	Premium (to seal the contract)
Fire	Accident/unforeseeable loss	Indemnity	Premium (to seal the contract)
Special Risks	Accident/unforeseeable loss	Indemnity/guarantee for unforeseen default	Premium (to seal the contract)

58.2 Insurance risks' management

The table below summarises the variety of insurance risks to which the Company is exposed, and the method by which it seeks to mitigate the risks:

Risk Type	Nature	Risk Management
Motor	Accidental damage/loss to Insured property	Pre-loss Survey on the property is done, past experience is considered, the risk is spread and the underwriters are properly trained.
Accident	Accident/loss/professional negligence	Pre-loss Survey on the property is done, past experience is considered, rates are reviewed, the risk is spread and the underwriters are properly trained.
Marine	Accident/unforeseeable loss	Pre-loss Survey on the property is done, past experience is considered, rates are reviewed, the risk is spread and the underwriters are properly trained.
Fire	Damage/loss as a result of unforeseen fire incident or storm	Professional input to reduce the risk, reinsurance arrangement, past experience is considered, rates are reviewed, the risk is spread and the underwriters are properly trained.
Special Risks	Accidental damage or loss	Reinsurance package to spread the risks e.g. excess of loss, treaty arrangement, local and overseas training for underwriters.

The probability of accident occurrence is high in motor and accident though the quantum is normally low while the probability of accident in Special risk is very low but the quantum is potentially very high.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

58.2 Terms and Conditions of Insurance contracts continued

Changes in rates used to value insurance contracts would result in increase/decrease to the insurance contract liabilities recorded, with the corresponding decreases or increases to profit. With Fire and Special Risk business, rate review will have effect on the profit and loss and shareholders fund. The estimate as at 31 December 2019 is analysed below:

Sensitivities		31-Dec-19	31-Dec-18
	Change%	Increase/(decrease) in liabilities ₦'000	Increase/(decrease) in liabilities ₦'000
Motor	(10%)	**(84,323)**	(62,649)
Accident	10%	**135,747**	67,239
Marine	10%	**25,468**	25,160
Fire	10%	**138,806**	80,491
Special Risk	10%	**324,877**	206,256

The changes in insurance contract liabilities shown are calculated using the specified increase or decrease to the rates, with no change in charges paid by policyholders.

The effect of the change in rates would result in a net increase in profit to ₦541mn in 2019 and ₦316mn in 2018.

59 Actuary's report

Methodology

Future claim amounts

Inflation

Claims paid amounts have not been adjusted for inflation. Nigeria's inflation has been very volatile over the last few years, and AFIC would recommend that inflation adjusted numbers are looked at in future. Although the Basic Chain Ladder method does allow implicitly for inflation, if the inflation has been very volatile over the period of projection, this implicit assumption is not valid and inflation should be allowed for explicitly.

Reserving methods used

Depending on the volume of data in the reserving classes specified in Section 6, the appropriate methodologies were used. Three methods were used for the projection of claims. The Basic Chain Ladder Method (BCL), a Loss ratio method adjusted for assumed experience to date and in more recent years and where the claim development seems different than in the past a Bornheutter - Ferguson Method was used based on loss ratios that have been experienced in past accident years.

Claims data was group into triangles by accident year or quarter and payment year or quarter. The choice between quarters or years was based on the volume of data in each segment. AFIC used payment development patterns instead of the reporting years' patterns to allow for the longer tail development that would be seen in reporting and payment delays as well as to allow for the movement of partial payments in the data.

There was insufficient data to sub-divide claims between large and small claims. Sub-dividing the data would reduce the volume of the data in the triangles and compromise the credibility. Extreme large claims however were removed from the triangulations to avoid distorting development patterns.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

59 Actuary's report continued

Basic Chain Ladder Method (BCL)

Development factors were calculated using the last 3, 4 and 5 years of data by accident year or quarter. Ultimate development factors are calculated for each of the permutations. Developments patterns are selected taking into account stability of the loss ratios between accident periods for a development period as well as considering whether there seems to be a change in development, for example a quickening in the rate that claims are paid, Ultimate development factors are applied to the paid data per accident year or quarter and an ultimate claim amount is calculated. The future claims (the ultimate claim amount less paid claims to date) are allocated to future payment periods in line with the development patterns calculated above. The outstanding claims reported to date are then subtracted from the total future claims to give the resulting IBNR figure per accident year or quarter.

For cases where there were extreme large losses that had been reported but not paid, and therefore would not have influenced the development patterns, the total case reserve was excluded from the calculation of the IBNR.

i.e. IBNR	=	Ultimate Claim Amount (excluding extreme large losses)
		minus Paid Claims to date
		minus Claims Outstanding (excluding extreme large losses)

Assumptions underlying the BCL

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

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

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

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

Loss ratio method

For 4 of the classes namely Oil and Gas, Marine Hull, Bond and Aviation, there was very limited data. A BCL method was therefore inappropriate. We allowed for expected experience to date and the assumed average Ultimate Loss ratios in carrying out the calculation.

Average delay durations were calculated from the data provided. In the absence of any data, various options were provided. Detailed results can be found under the result section.

The IBNR is then calculated as:

Expected % of claims to still arise in future based on average delay
x average ultimate loss ratio assumed
x earned premium for the current year

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

59 Actuary's report continued

Assumptions underlying the Loss Ratio method

We assumed that the average delay in reporting of claims will continue into the future. If it is expected that these delay assumptions no longer hold, an adjustment needs to be made to allow for this change in reporting. If the delay period in reporting is expected to have increased from previous years, the results shown in this report will be understated.

Additionally, an estimate of the average ultimate loss ratio needed to be assumed. We based our estimated average loss ratio on claims experience to date for accident years 2018 and 2019. In future it is suggested that a further history of written premiums is given so that we can base the initial estimates of the loss ratio for the current accident year based on more accident years' experience to date.

Additionally, AFIC would advise FBN Insurances underwriters to capture what the ultimate loss ratio for a specific accident year is expected to be per class of business.

AFIC however does feel comfortable that the initial estimate assumptions are reasonable if no business or processes have changed over the last 3 accident years. AFIC did conduct a reasonability check on the loss ratios by comparing the loss ratios to industry figures, however, if the loss ratios average is not indicative of future experience the IBNR calculated could be under/overestimated.

The loss ratios used and delays assumed for these classes are shown in the results section.

Additionally, AFIC would advise FBN Insurance underwriters to capture what the ultimate loss ratio for a specific accident year is expected to be per class of business.

AFIC however does feel comfortable that the initial estimate assumptions are reasonable if no business or processes have changed over the last 3 accident years. AFIC did conduct a reasonability check on the loss ratios by comparing the loss ratios to industry figures, however, if the loss ratios average is not indicative of future experience the IBNR calculated could be under/overestimated.

The loss ratios used and delays assumed for these classes are shown in the results section.

Unearned Premium Reserve and Deferred Acquisition Cost

Unearned Premium Reserve (UPR)

Unearned premium provision was calculated using a time – apportionment basis, in particular, the 365ths method.

In the calculation of the UPR, it was assumed that both the start and end date were included in the coverage period, i.e. if the policy's start and end date are the 1 January 2019 and 31 December 2019 respectively, then the policy will cover any claim occurring on the 1 January 2019 and 31 December 2019 as well as any dates in between. For this example, the policy term will be 366 days. This differs from the approach used by FBN General Insurance Ltd where it is assumed that a policy with a start date of 1 January 2019 only has a coverage period that starts on 2 January 2019 or alternatively covers the 1 January 2019 and only runs to the 30 December 2019.

Deferred acquisition costs

The same approach was taken as for the calculation of the UPR balance.

IBNR RESULTS:	Class of business	Gross IBNR as at 31 December 2019	Gross IBNR as at 31 December 2018
	Aviation	-	-
	Bond	1,991	1,300
	Engineering	13,749	15,387
	Fire	96,371	34,290
	General accident	152,184	42,191
	Marine	89,139	88,061
	Motor	97,285	86,690
	Oil and gas	357,365	323,134
	Total	**808,084**	591,053

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

59 Actuary's report continued

Deferred acquisition costs continued

The net figures are based on the average recovery ratio over the last 3 years per class of business instead of using actual net claims data.

UPR and DAC results	Class of business	Sum of Unearned Premium (UPR)	2019 Sum of Unearned Commission (DAC)
	Aviation	-	-
	Bond	10,328	1,977
	Engineering	38,327	6,722
	Fire	362,641	74,658
	General accident	125,627	17,996
	Marine	74,113	11,766
	Motor	238,245	24,765
	Oil and gas	797,601	161,671
	Total	1,646,882	299,555

UPR AND DAC RESULTS	Class of business	Sum of Unearned Premium (UPR)	2018 Sum of Unearned Commission (DAC)
	Aviation	-	-
	Bond	6,528	1,301
	Engineering	54,157	10,374
	Fire	223,368	42,063
	General accident	100,988	16,992
	Marine	49,444	8,678
	Motor	180,874	19,417
	Oil and gas	537,756	95,709
	Total	1,153,115	194,534

The calculation of the unearned premium reserves is very dependent on the duration of the policies. Therefore, if there are missing dates and the assumptions used are materially different to what is reality, the UPR and DAC figures will not be accurate.

This appendix shows the cumulative triangulations that were used in the reserve report as at December 2019 for the 4 classes where triangulation methods were used.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

Engineering

	Development Year											
Accident Year	0	1	2	3	4	5	6	7	8	9	10	11
2005	-	1,101,504	1,101,504	1,159,827	1,159,827	1,159,827	1,159,827	1,159,827	1,159,827	1,159,827	1,159,827	1,159,827
2006	-	-	48,378	213,205	213,205	213,205	213,205	213,205	213,205	213,205	213,205	213,205
2007	-	-	-	-	-	-	-	-	-	-	-	-
2008	1,244,930	1,367,388	2,314,651	2,314,651	2,314,651	2,314,651	2,314,651	2,314,651	2,314,651	2,314,651	2,314,651	2,314,651
2009	1,492,101	2,825,355	2,977,939	3,139,221	5,389,221	5,389,221	5,389,221	5,389,221	5,389,221	5,389,221	5,389,221	
2010	184,533	1,864,955	19,090,974	19,090,974	19,090,974	19,605,453	19,656,453	19,656,453	19,656,453	19,656,453		
2011	3,484,739	14,194,029	15,151,241	15,181,684	16,662,793	17,296,397	17,296,397	17,296,397	17,296,397			
2012	1,411,981	2,479,314	2,484,903	3,054,465	3,333,177	3,517,878	3,517,878	3,517,878				
2013	3,690,097	3,660,839	3,717,020	4,253,895	4,253,895	4,253,895	4,253,895					
2014	2,597,973	3,275,076	3,974,209	3,974,209	3,974,209	3,974,209						
2015	24,205,330	25,376,347	25,376,347	25,376,347	25,376,347							
2016	3,176,446	4,080,540	4,141,201	4,141,201								
2017	25,400,543	29,036,099	29,036,099									
2018	11,049,169	14,546,871										
2019	6,222,344											

Fire

	Development Year											
Accident Year	0	1	2	3	4	5	6	7	8	9	10	11
2005	-	11,697,059	11,697,059	11,781,729	12,012,323	12,012,323	12,012,323	12,012,323	12,012,323	12,012,323	12,012,323	12,012,323
2006	4,694,662	4,694,662	4,732,429	6,904,341	6,904,341	6,904,341	6,904,341	6,904,341	6,904,341	6,904,341	6,904,341	6,904,341
2007	-	160,763	299,611	299,611	299,611	299,611	299,611	299,611	299,611	299,611	299,611	299,611
2008	2,243,994	4,468,176	4,609,979	4,729,662	4,729,662	4,729,662	4,729,662	4,729,662	4,729,662	4,729,662	4,729,662	4,729,662
2009	615,535	13,062,008	13,062,008	13,062,008	13,062,008	13,062,008	13,062,008	13,062,008	13,062,008	13,062,008	13,062,008	
2010	4,027,524	4,958,667	4,958,667	5,877,892	5,877,892	5,877,892	5,877,892	5,877,892	5,877,892	5,877,892		
2011	13,854,830	52,294,913	54,925,981	54,925,981	54,930,236	54,930,236	54,930,236	54,930,236	54,930,236			
2012	3,002,662	22,107,268	49,624,404	50,702,354	50,702,354	50,702,354	50,702,354	50,702,354				
2013	4,982,694	10,259,622	17,179,073	17,179,073	17,292,786	17,292,786	17,292,786					
2014	2,204,263	23,480,696	26,872,329	26,899,957	26,899,957	26,899,957						
2015	22,969,865	33,597,250	34,136,169	34,252,424	34,252,424							
2016	60,177,137	77,710,280	81,199,401	81,199,401								
2017	80,300,234	99,259,668	99,259,668									
2018	82,844,967	94,264,370										
2019	97,212,884											

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

General Accident

	Development Year											
Accident Year	0	1	2	3	4	5	6	7	8	9	10	11
2005	86,916	15,112,209	15,112,209	15,453,787	16,502,203	16,502,203	16,510,234	16,510,234	16,510,234	16,510,234	16,510,234	16,510,234
2006	12,220,024	12,220,024	14,676,014	16,404,165	17,960,868	17,960,868	17,960,868	18,041,558	18,248,684	18,248,684	18,248,684	18,248,684
2007	-	2,829,708	3,768,433	3,768,433	5,996,023	5,996,023	6,505,233	6,524,968	6,534,741	6,615,401	6,615,401	6,615,401
2008	10,879,759	40,731,595	43,296,984	47,181,657	49,981,061	50,070,393	50,159,714	50,320,585	50,363,594	50,363,594	50,363,594	50,363,594
2009	9,456,179	52,301,352	57,183,040	60,632,662	61,612,051	61,918,689	62,401,233	62,401,233	62,401,233	62,401,233	62,401,233	
2010	68,851,633	140,793,913	149,157,164	161,440,067	168,142,302	168,725,399	169,094,122	169,094,122	169,094,122	169,094,122		
2011	29,970,159	120,144,240	137,577,414	138,829,660	139,816,165	140,816,998	140,929,902	140,929,902	140,929,902			
2012	49,357,058	105,310,439	154,506,869	162,791,494	163,709,002	163,709,002	168,737,871	168,744,545				
2013	38,337,209	75,126,256	112,505,270	114,332,861	121,349,738	121,349,738	121,461,049					
2014	49,206,323	111,336,246	140,727,296	157,028,481	157,028,481	157,028,481						
2015	37,609,671	195,759,721	209,807,807	209,810,807	209,828,146							
2016	46,408,233	112,210,614	129,764,977	129,774,627								
2017	54,977,513	83,072,579	83,361,216									
2018	54,516,007	61,041,442										
2019	57,576,046											

Motor

	Development Year											
Accident Year	0	1	2	3	4	5	6	7	8	9	10	11
2005	-	12,493,259	12,493,259	14,095,009	14,095,009	14,095,009	14,095,009	14,095,009	14,095,009	14,095,009	14,095,009	14,095,009
2006	7,183,547	7,183,547	8,091,816	8,162,179	8,162,179	8,162,179	8,162,179	8,162,179	8,162,179	8,162,179	8,162,179	8,162,179
2007	-	13,490,131	13,513,456	13,513,456	13,513,456	13,513,456	13,513,456	13,513,456	13,513,456	13,513,456	13,513,456	13,513,456
2008	28,697,353	53,971,325	54,682,249	54,682,249	54,712,249	55,331,832	55,331,832	55,331,832	55,331,832	55,331,832	55,331,832	55,356,132
2009	46,818,708	87,336,233	88,028,286	88,350,910	88,421,660	89,177,660	89,177,660	89,177,660	89,177,660	89,177,660	89,177,660	
2010	74,692,635	110,251,301	111,944,711	119,123,375	119,144,513	119,144,513	119,166,933	119,166,933	119,166,933	119,166,933		
2011	63,119,744	121,145,189	128,786,628	130,366,614	130,904,793	131,358,017	131,490,358	131,490,358	131,490,358			
2012	48,825,250	89,427,481	96,989,771	99,131,135	100,631,497	100,679,197	100,679,197	100,679,197				
2013	72,962,793	110,709,145	113,753,647	114,169,670	114,169,670	114,169,670	114,169,670					
2014	66,713,719	112,811,121	125,625,069	125,625,069	125,625,069	125,625,069						
2015	117,480,339	151,017,184	151,017,184	151,105,613	151,105,613							
2016	149,743,725	159,869,660	160,076,085	166,934,813								
2017	221,690,021	250,767,284	253,349,434									
2018	134,076,470	158,443,511										
2019	171,866,060											

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

60 Other national disclosures

60a Statements of value added

	2019 ₦'000	%	2018 ₦'000	%
Net insurance premium Income	3,480,228		2,429,419	
Fee and Commission Income	599,804		322,504	
Total underwriting expenses	(2,534,649)		(1,442,964)	
Net Investment Income	798,200		792,704	
Other services bought	(741,761)		(749,280)	
Value added	1,601,821	100	1,352,383	100
Applied as follows:				
In payment of employees:				
- Salaries, wages and other benefits	755,518	47	603,839	45
In payment to Government				
- Taxation	73,351	5	78,961	6
For future replacement of assets, expansion of business and payment of dividend to shareholders:				
- Deferred tax	903	-	43,652	3
- Depreciation	113,110	7	134,396	10
- Contingency reserve	219,498	13	139,056	10
- Profit for the year	439,441	27	352,479	26
	1,601,821	100	1,352,383	100

Value added represents the additional wealth the Company has been able to create by its own and employees' efforts. This statement shows the allocation of that wealth among employees, providers of capital as well as government and that retained for future creation of more wealth.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

60b Five-year financial summary

	31-Dec-19 ₦'000	31-Dec-18 ₦'000	31-Dec-17 ₦'000	31-Dec-16 ₦'000	31-Dec-15 ₦'000
ASSETS					
Cash and cash equivalent	**329,197**	316,947	413,003	344,268	293,252
Financial assets	**6,557,308**	5,021,045	4,045,347	2,858,969	2,493,191
Trade receivables	**39,860**	14,195	40,027	21,210	30,188
Reinsurance assets	**2,153,785**	2,209,787	916,684	818,580	624,259
Deferred acquisition cost	**299,554**	194,536	153,311	132,297	85,798
Other receivables and prepayments	**32,528**	38,098	105,861	295,220	114,010
Investment properties	**100,000**	100,000	100,000	105,000	320,225
Property plant and equipment	**1,193,588**	1,256,938	1,134,710	1,120,125	1,077,518
Intangible assets	**-**	-	33,617	67,235	-
Statutory deposits	**300,000**	300,000	300,000	300,000	300,000
Total assets	**11,005,820**	9,451,546	7,242,562	6,062,904	5,338,441
LIABILITIES					
Insurance contract liabilities	**4,336,417**	3,489,155	2,119,276	1,614,318	1,142,450
Trade payables	**187,013**	189,543	95,204	46,465	34,713
Provision and other payables	**467,133**	420,932	433,888	213,262	131,261
Income tax liabilities	**82,171**	78,672	47,556	31,278	26,302
Deferred tax liabilities	**109,726**	108,823	65,171	52,922	24,829
Total liabilities	**5,182,460**	4,287,125	2,761,095	1,958,245	1,359,555
EQUITY					
Paid up share capital	**3,951,753**	3,951,753	3,751,753	3,751,753	3,751,753
Share premium	**410,961**	410,961	410,961	410,961	410,961
Contingency reserve	**948,946**	729,448	590,390	484,894	419,096
Retained earnings	**(5,433)**	(444,874)	(798,577)	(984,014)	(1,051,009)
Available-for-sale reserves	**-**	-	9,807	(76,068)	(69,047)
Asset revaluation surplus	**517,133**	517,133	517,133	517,133	517,133
Total equity	**5,823,360**	5,164,421	4,481,466	4,104,659	3,978,886
Total liabilities and equity	**11,005,820**	9,451,546	7,242,562	6,062,904	5,338,441

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

Income statements

	31-Dec-19 ₦'000	31-Dec-18 ₦'000	31-Dec-17 ₦'000	31-Dec-16 ₦'000	31-Dec-15 ₦'000
Gross written premium	**7,316,585**	4,635,233	3,516,548	2,193,274	1,811,112
Gross premium income	**6,822,818**	4,388,835	3,360,467	1,957,669	1,869,296
Net premium earned	**3,480,228**	2,429,419	2,080,496	1,098,434	1,126,403
Claims incurred	**(2,300,641)**	(2,025,323)	(1,210,334)	(269,967)	(205,272)
Net underwriting expenses	**(1,464,177)**	(924,658)	(667,992)	(381,375)	(379,359)
Underwriting results	**1,545,382**	1,308,959	872,868	563,069	657,175
Investment income	**892,497**	656,427	724,901	372,981	284,575
Other income	**(94,298)**	136,278	78,495	125,022	779
ECL Impairment no longer required	**-**	224			
Management expenses	**(1,609,602)**	(1,382,832)	(1,226,480)	(858,996)	(707,745)
Other expenses	**-**	(103,303)	(126,941)	(7,415)	-
ECL impairment allowance	**(787)**	(155)	-	-	-
Profit before tax	**733,192**	615,598	322,843	194,661	234,784
Income tax	**(74,254)**	(122,613)	(31,911)	(61,868)	(46,206)
Profit after tax	**658,939**	492,986	290,933	132,793	188,578
Other Comprehensive income	**-**	(9,808)	85,876	(7,021)	(65,085)
Total comprehensiive income	**658,939**	483,178	376,809	125,772	123,493

ABBREVIATIONS

AFS	Available-For-Sale
AGM	Annual General Meeting
AURR	Additional Unexpired Risk Reserve
CAMA	Companies and Allied Matters Act
CBN	Central Bank of Nigeria
CCP	Central Counterparty
CEO	Chief Executive Officer
CGU	Cash Generating Unit
CIIN	Chartered Insurance Institute of Nigeria
CITA	Company Income Tax Act
CFO	Chief Financial Officer
COO	Chief Operating Officer
COSO	Committee of Sponsoring Organisations of the Treadway Commission
CRO	Chief Risk Officer
DAC	Deferred Acquisition Costs
ECL	Expected Credit Loss
EPS	Earnings Per Share
ExCo	Executive Management Committee
FGN	Federal Government of Nigeria
FRC	Financial Reporting Council
FVOCI	Fair Value through Other Comprehensive Income
IASB	International Accounting Standards Board

IBNR	Incurred But Not Reported
ICAN	Institute of Chartered Accountants of Nigeria
ICB	International Commercial Banks
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
KPI	Key Performance Indicator
KRI	Key Risk Indicator
KYC	Know Your Customer
MD	Managing Director
MPR	Monetary Policy Rate
N	Naira
NAICOM	National Insurance Commission
NBA	Nigerian Bar Association
NIBOR	Nigerian Inter-Bank Offered Rate
OCI	Other Comprehensive Income
PAT	Profit After Tax
PBT	Profit Before Tax
PFA	Pension Fund Administrator
SEC	Securities and Exchange Commission
SLA	Service Level Agreement
UPR	Unexpired Premium Reserve

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