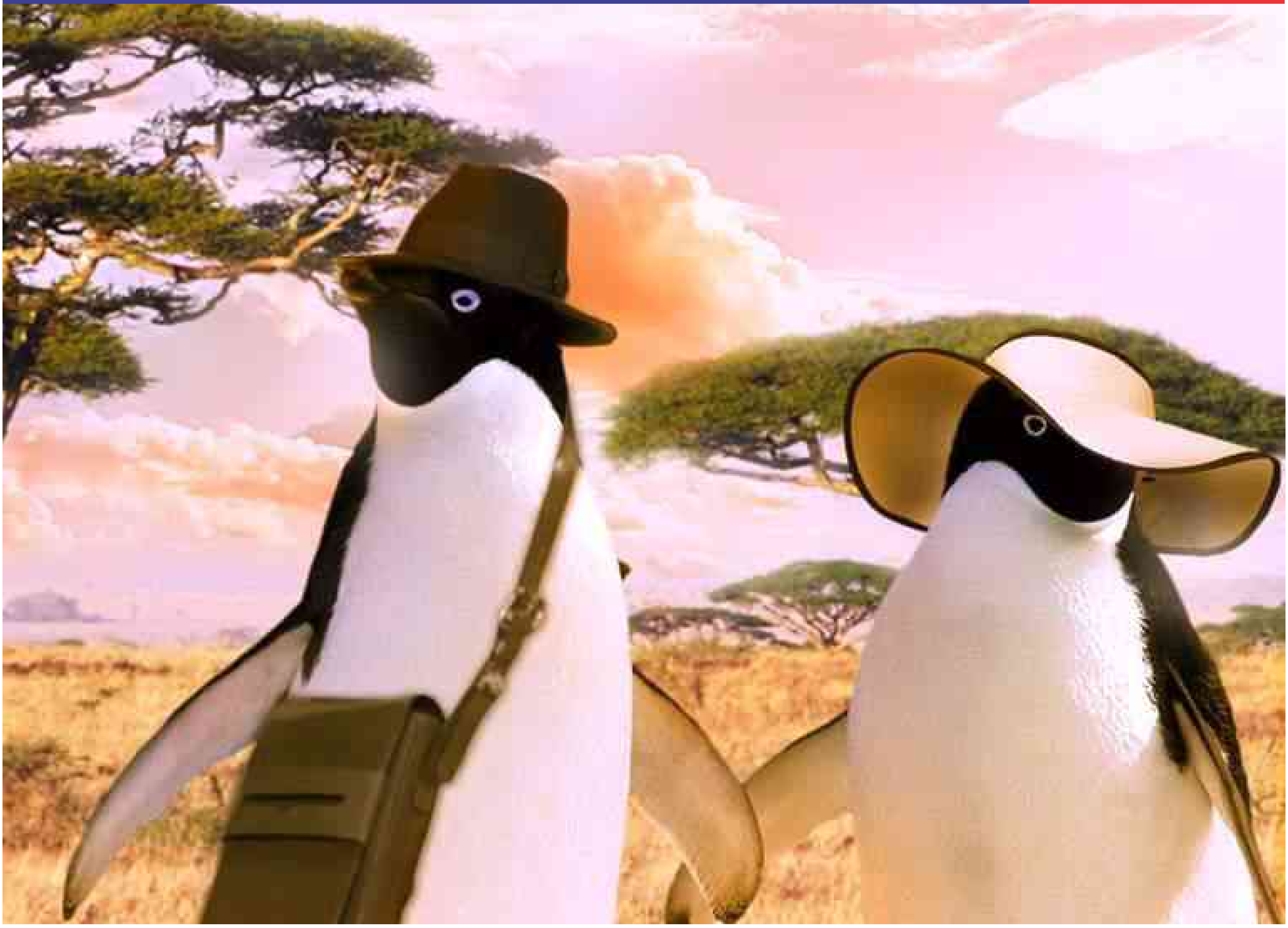
AIICO INSURANCE
AMERICAN INTERNATIONAL

ANNUAL REPORT & ACCOUNTS 2015

TOWARDS A SUSTAINABLE FUTURE



> **All you need is the plan, the road map, and the courage to press on to your destination.**
> *Earl Nightingale*

CONTENTS

COMPANY PROFILE

Established in 1963 **AIICO Insurance PLC** (NSE Ticker: "AIICO") is an insurance, Pensions Management, and Asset Management Group in Nigeria with market-leading position in its key business lines:

1. **Insurance**
2. **Pension Management**
3. **Health Management Organisation**
4. **Asset Management**

AIICO commenced operations in Nigeria in 1963 as an Agency of American Life Insurance Company ("ALICO") - at the time, a subsidiary of American International Group ("AIG"). The Company was incorporated, registered and licensed in Nigeria as American Life Insurance Company Limited-as a wholly owned subsidiary of ALICO/AIG- in 1970- to offer Life and pension products and insurance services. The company was renamed American International Insurance Company Limited ("AIICO') upon the acquisition of a 60% stake by the Federal Government of Nigeria, and later listed on the Nigeria Stock Exchange in 1990, after which both shareholders- the Federal Government of Nigeria and AIG divested. Following the insurance industry's consolidation in 2007, the company acquired NFI Insurance plc and Lamda Insurance Company Limited (both cumulatively accounting for less than 30% of AIICO's pre-acquisition gross premiums). The company subsequently re-certified as both General Insurance and Life Assurance Company- taking advantage of its legacy, brand, franchise and strong retail distribution network to grow a leading General Insurance business. As an insurance company, AIICO's goal to be the insurer of choice and the leading insurance company in Nigeria- providing life insurance and retirement services as well as risk underwriting to a substantial and diversified client base, which includes corporations, financial institutions, governments and individuals in Nigeria.

AIICO is the market leader in the life insurance and retirement services and is a market leader (top 3) in Non- Life insurance in Nigeria. The core insurance franchise is complemented by our leading asset management, pension and health management businesses. Overall, AIICO is currently the 2nd largest insurance company in Nigeria (by gross premiums). To take advantage of the opportunities presented by the pension reform Act of 2004, AIICO Pension Managers Limited ("APML") was incorporated in February 2005 and licensed in April 2006 as a Pension Fund Administration ("PFA") by the national Pension Commission ("PenCom"), and commenced operations in May 2006.

AIICO also owns valuable financial and strategic assets including a controlling stake in Multishield Limited and a 19% stake in Healthcare International Limited (both healthcare management organizations ("HMOs"), and AIICO Capital Limited (an asset management wholly-owned subsidiary.)

A depiction of the corporate structure is shown below

CORPORATE STRUCTURE

1. Life and general insurance are strategic business units/divisions within AIICO
2. AIICO Pension Management Limited- a ca.79.5% owned subsidiary of AIICO
3. AIICO Capital- a 100% owned subsidiary of AIICO providing asset management services for AIICO and 3rd parties
4. AIICO owns ca. 80.88% of Multishield Limited- a health management organization operating in Nigeria

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 46th Annual General Meeting of AIICO Insurance Plc. will be held at the **Federal Palace Hotel, Lagos** on Thursday, 5th May, 2016 at 11.00 am to transact the following businesses:-

Ordinary Business:

1. To lay before the meeting the Report of the Directors, the Financial Statements for the year ended 31st December 2015, and the Reports of the Auditors and the Statutory Audit Committee thereon.

2. To declare a dividend

3. To elect/re-elect Directors.

4. To reappoint KPMG Professional Services as the Auditors to the Company from the end of the Annual General Meeting until the end of the next year's Annual General Meeting

5. To authorize the directors to fix the remuneration of the Auditors

6. To elect shareholders as members of the Statutory Audit Committee.

Special Business

7. To approve Directors' Remuneration.

8. To consider and if thought fit pass the following as Ordinary Resolution:

   That the Board of Directors be and is hereby authorized to commence all processes required to obtain shareholders, regulatory and other approvals necessary for the adoption of a holding company structure

9. That the Authorised Share Capital of the Company be and is hereby increased from ₦7,500,000,000.00 (Seven Billion Five Hundred Million Naira) made up of 15,000,000,000 (Fifteen Billion) ordinary shares of 50 (Fifty) Kobo each to N12,500,000,000 (Twelve Billion Five Hundred Million Naira Only) by the creation of 10,000,000,000 (Ten Billion) ordinary shares of 50 (Fifty) Kobo each ranking pari-passu with the existing ordinary shares of the Company".

10. That the Memorandum and Articles of Association of the Company be and is hereby amended by inserting an additional Clause 6 in the Memorandum of Association which shall read as follows:

    The Authorised Share Capital of the Company is ₦12,500,000,000 (Twelve Billion Five Hundred Million Naira Only) divided into 25,000,000,000 (Twenty Five Billion) ordinary shares of 50 (Fifty) Kobo each."

11. That the Memorandum and Articles of Association of the Company be and is hereby amended by deleting the words The authorised share capital of the Company is ₦10,000,000.00 divided into 20,000,000 (Twenty Million) Ordinary Shares of 50 Kobo each" from Article 3 of the Articles of Association of the Company and substituting with the following:

    The Authorised Share Capital of the Company is ₦12,500,000,000 (Twelve Billion Five Hundred Million Naira Only) divided into 25,000,000,000 (Twenty Five Billion) ordinary shares of 50 (Fifty) Kobo each."

12. That the Memorandum of Association of the Company be and is hereby amended by the insertion of an additional paragraph at the end of Clause 5 of the Memorandum of Association which shall read as follows:

    By a Special Resolution dated May 5, 2016, the Authorised Share Capital of the Company was increased from ₦7,500,000,000.00 (Seven Billion Five Hundred Million Naira) made up of 15,000,000,000 (Fifteen Billion) ordinary shares of 50 (Fifty) Kobo each to ₦12,500,000,000 (Twelve Billion Five Hundred Million Naira Only) by the creation of 10,000,000,000 (Ten Billion) ordinary shares of 50 (Fifty) Kobo each ranking pari-passu with the existing ordinary shares of the Company."

13. That subject to the approval of the regulatory authorities, other relevant Clauses of the Memorandum and Articles of Association of the Company be and are hereby altered to bring it in line with its status as a Public quoted company. (The specific clauses are reproduced and included as an addendum to the Annual Reports and Accounts)

14. That the Directors be and are hereby authorised to raise, whether by way of public offering, placing, rights issue or other methods or combination of methods, additional capital of up to ₦25,000,000,000.00 (Twenty Five Billion Naira) or any other lower amount to be determined by the Directors, or its equivalent in any foreign currency, by way of issuance of ordinary shares, preference shares, convertible or non-convertible loans, stock, medium term notes, bonds or other securities, in such tranches, series, or proportions, at such coupon or interest rates, within such maturity periods, and on such other terms and conditions, including the provision of security for repayment, as the directors may deem fit or determine, subject to obtaining the approval of the relevant regulatory authorities.

15. That any capital raising exercise undertaken by the Company pursuant to Resolution 14 above may be underwritten on such terms as may be determined by the Directors, subject to obtaining the approval of the relevant regulatory authorities.

16. That the Directors of the Company be and are hereby authorised to enter into any agreement and/or execute any document necessary to or incidental to giving effect to the above resolutions.

17. That the Directors of the Company be and are hereby authorised to appoint such professional parties and advisers and to perform all such other acts and do all such other things as may be necessary to give effect to the above resolutions, including without limitation, complying with the directives of any regulatory authority.

18. That the Company Secretary be and is hereby authorised to take all necessary steps to give effect to this resolution.

NOTICE OF ANNUAL GENERAL MEETING

19. That in compliance with Article 5.07 (iv) of the National Insurance Commission (NAICOM) Code of Good Corporate Governance for the Insurance Industry in Nigeria, the Directors are hereby authorized to appoint an external consultant to conduct the Annual Board Performance Appraisal for the financial year ending December 31, 2016.

NOTES:

1. PROXY

I. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his or her place. A proxy need not be a member of the Company. A form of proxy is attached at the last page of this report.

ii. If the proxy form is to be valid for the purpose of this meeting, it must be completed, detached and deposited at the Office of the Registrar, United Securities Limited, 10 Amodu Ojikutu Street, Off Bishop Oluwole Street, Victoria Island. P.M.B. 12753, Lagos, not later than 48 hours before the time for holding the meeting.

2. CLOSURE OF REGISTER OF MEMBERS

In compliance with the provisions of Section 89 of the Companies and Allied Matters Act, 2004, the Register of Members and Share Transfer Books will be closed from the 25th - 29th April 2016 [both days inclusive].

3. DIVIDEND WARRANTS

If the Dividend recommended by the Directors is approved by the Shareholders at the Annual General Meeting, dividend warrants and E-dividends will be posted on the 6th day of May 2016 to the Shareholders whose names appear on the register of members as at close of business on the 24th of April 2016.

4. APPOINTMENT OF MEMBERS OF THE STATUTORY AUDIT COMMITTEE.

Pursuant to and in accordance with Section 359(5) of the Companies and Allied Matters Act 2004, any member may nominate a shareholder as a member of the Audit Committee by giving notice in writing of such nomination to the Secretary of the Company at least 21 days before the Annual General Meeting. To comply with the requirements of the Code of Corporate Governance, Nominations should have proof of Nominee's financial literacy attached.

5. UNCLAIMED DIVIDEND WARRANTS AND SHARE CERTIFICATES

Some dividend warrants and share certificates remain unclaimed or are yet to be presented for payment or returned to the Company for revalidation. A list of such members is circulated with the Annual Report and Financial Statements. Members affected are advised to write to or call at the office of the Company's Registrar, United Securities Ltd., 10 Amodu Ojikutu Street, Off Bishop Oluwole Street, Victoria Island, P.M.B. 12753, Lagos.

6. BIOGRAPHICAL DETAILS OF DIRECTORS

Biographical details of Directors standing election/re-election are contained in the Annual Report and Accounts

7. WEBSITE

A copy of this Notice and other information relating to the meeting can be found at http://www.aiicoplc.com.

8. RIGHT OF SECURITY HOLDERS TO ASK QUESTIONS

Securities' Holders have a right to ask questions not only at the Meeting, but also in writing prior to the Meeting, and such questions must be submitted to the Company on or before close of business on Tuesday May 3, 2016.

BY ORDER OF THE BOARD

Donald KANU
Dated this 4th Day of April, 2016.
Company Secretary/Legal Adviser
AIICO Insurance Plc
AIICO Plaza,
PC 12, Churchgate Street
(formerly, Afribank Street,)
Victoria Island,
Lagos.

NOTICE OF ANNUAL GENERAL MEETING

PROXY FORM

Annual General Meeting to be held at 11am on Thursday 5th May 2016 at Federal Palace Hotel, Victoria Island, Lagos State
I/We……
……..

Being a member/members of AIICO Insurance Plc hereby appoint*
…….
…….

Or failing him the Chairman of the Company as my/our proxy to act and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on the Thursday 5th May 2016 and at any adjournment thereof.

Dated this………………………….Day of……………………………….2016

Shareholder's Signature……………………………………………………………..

*Delete as necessary
(i) A member (Shareholder) entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy in his stead. All proxy forms should be deposited at the Company Secretary's Office not later than 48 hours before the time of holding the meeting.
(ii) In the case of joint Shareholders, any of such may complete the form, but names of all joint Shareholders must be stated.
(iii) If the Shareholder is a corporation, this form must be under its common seal or under the hand of an officer or attorney duly authorized.
(iv) Provision has been made on this form for the Chairman of the Company to act as proxy, but if you wish, you may insert in the blank space on the form (marked**) the name of any person whether a Member of the Company or not, who will attend the meeting and vote on your behalf instead of the Chairman.
(v) The Stamp Duties Act, Cap 411, Laws of the Federation of Nigeria, 1990 requires that any instrument of proxy to be used for the purpose of voting by any person entitled to vote at any meeting of Shareholders must bear a Stamp Duty of three (3) kobo.
(vi) The proxy must produce the Admission Slip sent with the Notice of Meeting to obtain entrance to the Meeting
……………………………………………………………………………………………………

ADMISSION SLIP

AIICO INSURANCE PLC
Please admit…………………………………………………….to the Annual General Meeting of AIICO Insurance Plc which will be held at the Federal Palace Hotel, Victoria Island, Lagos on 5th May 2016 at 11am. The Admission Slip must be produced by the Shareholder or his proxy in order to obtain entrance to the Annual General Meeting.

Donald Kanu
Company Secretary

Name & Address of Shareholder……………………………………………………………
Number of Shareholders……………………………………………………………………

Resolutions	For	Against
1. To receive the Reports and Financial Statements		
2. To Elect Mr. Bukola Oluwadiya as a Director		
3. To Elect Mr. Samaila Dalhat Zubairu as a Director		
4. To Elect Mr. Ademola Adebise as a Director		
5. To authorize the Directors to re-appoint KPMG Professional Services as the auditors to the Company from the end of the Annual General Meeting until the end of next year's Annual General Meeting		
6. To authorize the Directors to fix the remuneration of the Auditors		
7. To Elect/re-elect shareholders as members of the Statutory Audit Committee		
8. To approve Directors' Remuneration		
9. To adopt a Holding Company Structure		
10. To increase the authorized share capital of the company		
11. To alter the memorandum and articles of association of the company		
12. To raise additional capital		
13. To appoint external consultants to conduct Annual Board Performance Appraisal for the Directors		

CORPORATE INFORMATION

Directors

Chief (Dr.) O. Fajemirokun	Chairman
Mr. Edwin Igbiti	Group MD/CEO
Mr. Babatunde Fajemirokun	Executive Director
Mr. S.D.A. Sobanjo	Non-Executive Director
Sen. Tokunbo Ogunbanjo	Non-Executive Director
Mr. Sonnie Ayere	Non-Executive Director
Mr. Kundan Sainani	Non-Executive Director

Company Secretary

Mr. Donald Kanu
AIICO INSURANCE Plc
AIICO Plaza
Plot PC 12, Churchgate Street
Victoria Island, Lagos

Registered Office

AIICO Plaza
Plot PC 12, Churchgate Street
Victoria Island, Lagos

Rc.No

7340

Corporate Head Office

Plot PC 12,
Churchgate Street,
Victoria Island, Lagos
Tel: 07000 AIICARE (07000 2442273)
Website:www.aiicoplc.com
E-mail: aiicare@aiicoplc.com

Registrars

United Securities Limited
10, Amodu Ojikutu Street
Off, Bishop Oluwole Street,
Victoria Island,
Lagos

Auditors

KPMG Professional Services
KPMG Tower
Bishop Aboyade Cole Street
Victoria Island
P.M.B 40014, Falomo
Ikoyi, Lagos
Website: www.kpmg.com/ng

Major Bankers

City Bank Nigeria Limited
First Bank of Nigeria Limited
Guaranty Trust Bank Plc
Union Bank of Nigeria Plc
Zenith Bank Plc

Actuary

HR Nigeria Limited
FRC/NAS/00000000738

Reinsurers

Africa Reinsurance Corporation
Continental Reinsurance PLC
Swiss Reinsurance
WAICA Reinsurance
Nigerian Reinsurance
Trust Reinsurance
Zep Reinsurance
Arig Reinsurance
Aveni Reinsurance
NCA Reinsurance

Estate Valuer

Niyi Fatokun & Co.
(Chartered Surveyors & Valuers)
FRC/2013/NIESV/70000000/1217

Regulatory Authority

National Insurance Commission

CORPORATE INFORMATION

BRANCH NETWORK

Aba
7, Factory Road
Aba, Abia State.
Tel: 0805 531 4351

Abeokuta
46, Tinubu Street
Ita Eko, Abeokuta
Ogun State.
Tel: 0803 714 4883

Abuja
Plot 1012 Ademola Adetokunbo Crescent,
Opposite Rockview Hotel (Classic),
Wuse 2, FCT, Abuja.
Tel: 09 2902010
0817 668 4107
0817 668 4115

Akure
Tisco House,
3rd Floor Opp. Mr. Biggs Outlet,
Ado- Owo Road, Akure, Ondo State.
Tel: 080 644 2259
0817 732 3757

Amuwo
Plot 203 Festac Link Road,
Amuwo Odofin, Lagos State.
Tel: 012931892
0808 584 0886

Benin
28 Sokponba Road,
Benin City, Edo State.
Tel: 08051163395
08134051972.

Calabar
Henss House (General Business)
Murtala Mohammed Way, Calabar,
Cross Rivers State.
Tel : 0803 219 4197
0807 531 8777

Enugu
55/59 Chime Avenue,
Gbujas Plaza, New Haven, Enugu State.
Tel : 0803 666 0737
0902 024 1513
0703 814 3357

Ibadan
12 Moshood Abiola Way,
beside FCMB Bank, Challenge Area,
Ibadan, Oyo State.
Tel : 0803 231 8925
0802 834 4263

Ikeja
AIICO House,
Plot 2 Oba Akran Avenue,
Opp. Dunlop, Ikeja, Lagos State.
Tel: 01 4602097-8
01 4602218
01 4602343
0809 993 0082

Ilorin
1 New Yidi Road, Gomola Building,
Ilorin, Kwara State.
Tel: 0817 461 3826
0808 313 4860
0803 799 7249

Ilupeju
AIICO House,
36-38 Ilupeju Industrial Avenue,
Ilupeju, Lagos State.
Tel: 0816 046 6239
0803 315 8714
0803 334 3036
0802 304 8695

Jos
4 Beach Road,
Jos, Plateau State
Tel: 0815 369 5455
0808 313 4860
0805 735 6726

Kaduna
Yaman Phone House,
1 Constitution Road,
Beside OANDO Filling Station,
Kaduna, Kaduna State.
Tel: 0803 338 6968

Kano
8, Post Office Road,
Kano, Kano State.
Tel: 0803 629 9576

Lokoja
Plot 7, opposite 1st Gate, Phase 2,
Lokongoma Housing Estate,
Lokoja, Kogi State.
Tel: 0802 327 9920
0703 100 3095

Onitsha
Nipost Building,
Old Market Road,
Onitsha, Anambra State.
Tel: 0708 606 4999
0803 375 0361

Owerri
46 Wetheral Road,
Owerri, Imo State.
Tel: 0805 603 3269
0706 603 2065

Port Harcourt
11 Ezimgbu Link Road (Mummy B Road),
Off Stadium Road, GRA Phase IV,
Port Harcourt, Rivers State.
Tel: 0803 549 0546
0909 448 9393

Warri
60, Effurun/Sapele Road,
Effurun, Warri, Delta State.
Tel: 0818 749 7490

RETAIL OUTLETS

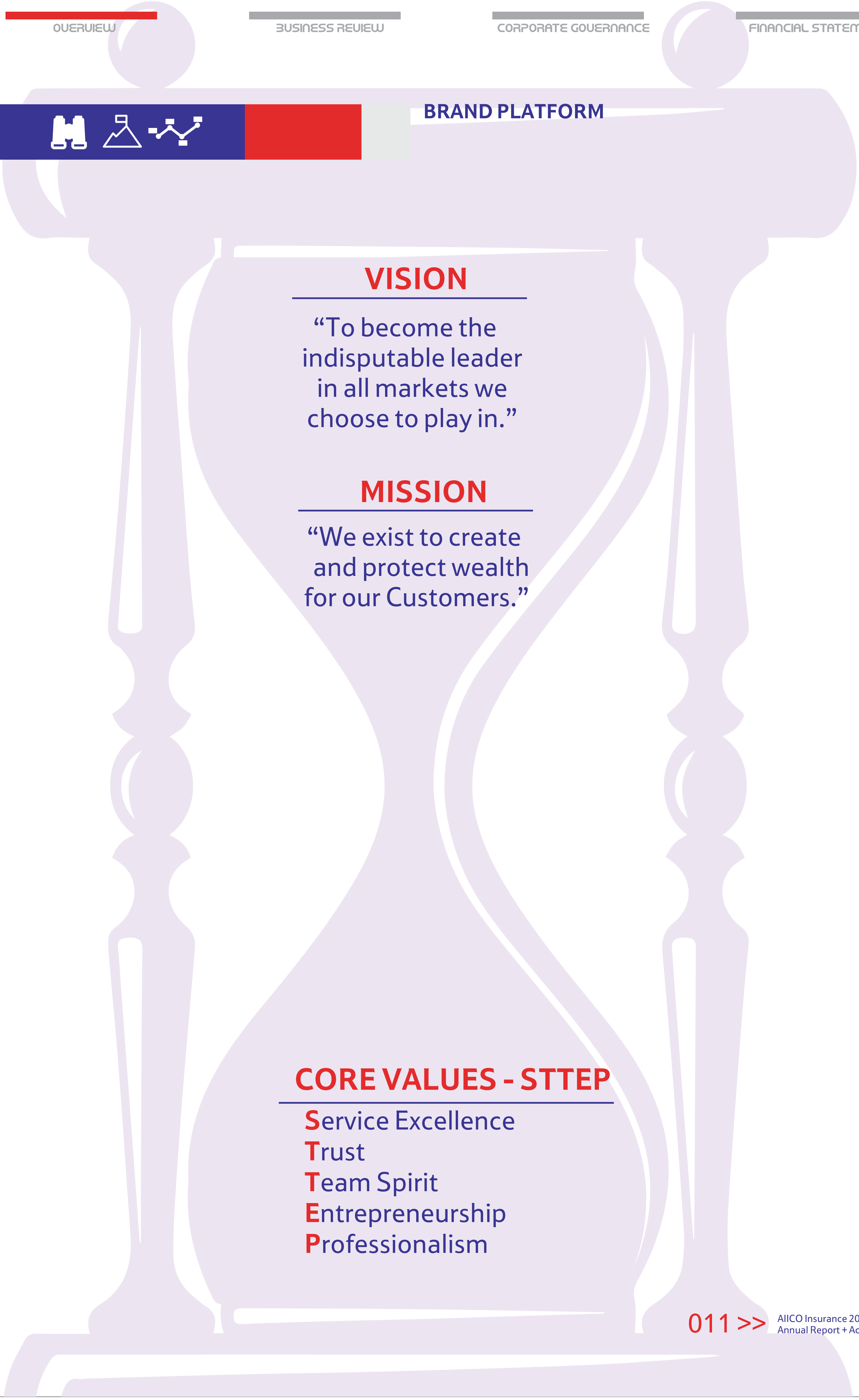
AIICO EXPRESS, Abuja
No. 46 Lobito Crescent, Wuse 2, Abuja.
Tel: 0809 993 0117
0812 912 3143

AIICO EXPRESS, Churchgate
Victoria Island Opposite Churchgate Towers,
Victoria Island, Lagos.
Tel: 0812 912 3143
0708 795 5065

AIICO EXPRESS, Falomo
No. 8 Post Office, Bourdillon Road, Ikoyi, Lagos.
Tel: 0812 912 3143
0809 993 0126

AIICO EXPRESS, Lekki
Ikate Community,
Opposite Manor House,
Ikate, Lekki, Lagos.
Tel: 0812 912 3143
0701 318 4117

AIICO EXPRESS, Park N Shop,
Victoria Island
Guru Plaza,
47B Adeola Odeku Street,
Victoria Island, Lagos.
Tel: 0812 912 3143
0812 912 3138



BRAND PLATFORM

VISION

“To become the indisputable leader in all markets we choose to play in.”

MISSION

“We exist to create and protect wealth for our Customers.”

CORE VALUES - STTEP

Service Excellence
Trust
Team Spirit
Entrepreneurship
Professionalism

FINANCIAL POSITION

CONSOLIDATED RESULTS AT A GLANCE

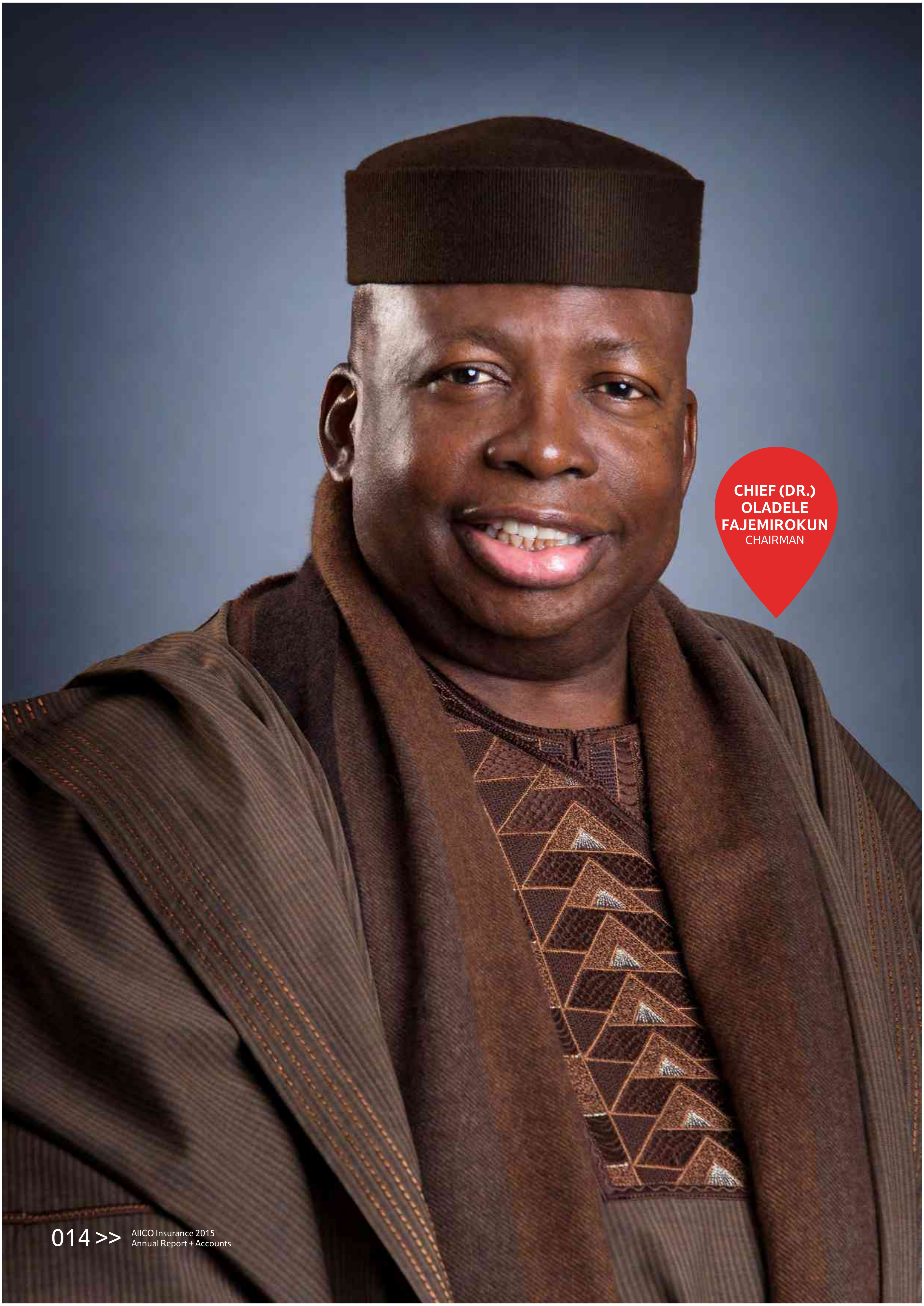
Profit or loss and other comprehensive income
In thousands of naira

	2015	2014	Changes	%
Gross premium written	32,918,820	33,648,366	(729,546)	(2)
Gross premium income	10,410,650	20,297,888	(9,887,238)	(49)
Net premium income	6,748,488	16,221,686	(9,473,198)	(58)
Claim expenses (net)	(10,667,702)	9,098,087)	(1,569,615)	17
Profit before taxation	1,799,294	3,276,560	(1,477,266)	(45)
Profit after taxation	1,195,606	2,232,871	(1,037,265)	(46)
Other comprehensive loss, net of tax	(3,156,986)	1,139,326)	(2,017,660)	177
Total comprehensive loss for the year	(1,961,380)	1,093,545	(3,054,925)	(279)
Basic earnings per share (kobo)	18	31	(14)	(44)
Diluted earnings per share (kobo)	14	31	(17)	(54)

Financial Position
In thousands of naira

	2015	2014	Changes	%
Cash and cash equivalents	8,451,795	7,954,370	497,425	6
Financial assets	58,269,318	38,172,893	20,096,425	53
Trade receivable	296,514	210,133	86,381	41
Reinsurance assets	2,479,069	1,699,319	779,750	46
Deferred acquisition cost	264,842	443,945	(179,103)	(40)
Other receivables and prepayments	447,467	321,989	125,478	39
Deferred tax asset	1,775,779	1,696,850	78,929	5
Investment property	1,115,000	1,203,000	(88,000)	(7)
Goodwill and other intangible assets	1,142,720	922,524	220,196	24
Property and equipment	5,353,657	5,183,072	170,585	3
Statutory deposit	530,000	530,000	-	-
Total assets	**80,126,161**	**58,338,095**	**21,788,066**	**37**
Insurance contract liabilities	55,548,154	35,071,301	20,476,853	58
Investment contract liabilities	8,295,046	6,608,125	1,686,921	26
Trade payables	1,547,548	643,762	903,786	140
Other payables and accruals	2,489,333	3,702,330	(1,212,997)	(33)
Fixed income liabilities	165,838	-	165,838	0
Current tax payable	592,961	558,874	34,087	6
Deferred tax liability	269,133	7,364	261,769	3555
Finance lease obligation	49,854	49,230	624	1
Long term borrowing	1,134,840	-	1,134,840	-
Derivative liabilities	319,274	-	-	0
Total liabilities	**70,411,981**	**46,640,986**	**23,451,721**	**50**
Issued share capital	3,465,102	3,465,102	-	-
Share premium	2,824,389	2,824,389	-	-
Revaluation reserves	1,221,707	1,221,707	-	-
Available-for-sale reserve	(2,723,536)	581,971	(3,305,507)	(568)
Currency reserves	148,521	-	-	-
Statutory reserve	55,240	14,629	40,611	278
Contingency reserve	3,482,076	3,019,230	462,846	15
Retained earnings	898,089	275,503	622,586	226
Cumulative irredeemable convertible preference shares	-	50,000	(50,000)	(100)
Shareholders' funds	**9,371,588**	**11,452,531**	**(2,229,464)**	**(19)**
Non - Controlling Interest	342,592	244,578		
Total equity	**9,714,180**	**11,697,109**	**(1,982,929)**	**(17)**
Total equity and liabilities	**80,126,161**	**58,338,095**	**21,788,066**	**37**

BUSINESS REVIEW



CHIEF (DR.) OLADELE FAJEMIROKUN
CHAIRMAN

CHAIRMAN’S STATEMENT

THRIVING IN UNCERTAINTY

My Fellow Shareholders,

2015 has been a year of tremendous change for Nigeria, some of them positive and others negative. The elections were a pivotal point in the country's history – for the first time, there was a change in the ruling party as the APC gained power on the platform of change. This has also coincided with a downturn in oil prices as global supply far exceeds demand. For a country dependent on oil for 75% of revenue and 90% of foreign currency earnings, this has been an extremely difficult period. The insurance industry, in which performance is closely correlated with economic performance, has also experienced a tumultuous year.

Despite these headwinds, we continue to press toward our goal of building a company with strong foundations, able to weather storms and emerge stronger. We enter into 2016, full of hope, about our future because we are well prepared. As I stated in my last Statement, our transformation agenda was built on three pillars: (a) our financial position, (b) our people and, (c) our business model. These pillars represent the foundation upon which the future of our company is being built. It is my privilege to report progress in our bid to optimize all three pillars.

Our Financial Position

Our financial position remains robust – total assets grew 37% to ₦80.1bn (₦58.3bn in 2014) while a solvency margin of 188% in our non-life business represents a strengthening by 22% in our solvency margin from 2014. Total liabilities grew 51% from ₦46.6bn to ₦70.4bn driven by a 57% increase in insurance contract liabilities. The assets on our books are adequately matched to the duration of our liabilities.

Consistent with this approach, there was a need to revise the way the assets backing the funds were valued in the Balance Sheet to eliminate the accounting mismatch, align risks and assets/ liabilities management between the assets and liabilities. The company therefore reclassified Held-to-Maturity (HTM) assets backing the Annuity liability, to Available-for-sale (AFS). The impact of this one-off change was a fair value loss in the carrying value of Annuity Assets reducing the Net Asset value per share of the company. We believe this is the appropriate way to manage the long term risks on our books so both annuity liabilities, in particular, and the assets backing these funds, change in the same direction i.e. should there be a reduction or increase in interest rates the value of the liabilities and assets should rise or fall. The net effect on the balance sheet should effectively be zero, however, because the assets were held at amortised cost in 2014, it was not the case on this occasion.

Over the next five years, there will be a gradual reduction in intangible assets in the balance sheet, such as deferred tax assets and goodwill, following the necessary impairment tests by management and external auditors. There will also be a need for the company to underwrite larger risks and withstand market turbulence or volatility with resilient capital, especially as it relates to financial market risks. These reductions in intangible assets and the need to meet economic capital requirements, may require an increase in capital in the very near term.

We continue to improve our financial position, taking prudent and pragmatic decisions aimed at safeguarding the interests of all stakeholders. We have a clean set of books, with adequate carrying values for both assets and liabilities.

Our People

Our people are our most important assets - we believe that the key to satisfying the customer is having members of staff that are challenged, motivated and adequately compensated. Many of skills required in our business requires a combination of professional qualifications and workplace experience. The risk the industry faces is the shortage of appropriately qualified and experienced employees to deliver the business strategy and operations. Insurance is not an attractive career for many Nigerians for a myriad of reasons.

At AIICO, we strongly believe we have assembled an excellent team, including “insiders” and “outsiders” to drive the strategy and operations. An approach the entire industry should support to challenge the status quo, in order to foster the required change and growth.

Our financial position remains robust – total assets grew 37% to ₦80.1bn (₦58.3bn in 2014) while a solvency margin of 188% in our non-life business represents a strengthening by 22% in our solvency margin from 2014. Total liabilities grew 51% from ₦46.6bn to ₦70.4bn driven by a 57% increase in insurance contract liabilities. The assets on our books are adequately matched to the duration of our liabilities.

We have sought to reduce agency problems that persist in many organizations. The company implemented compensation systems that aligns company performance with total cash compensation. A consequence of our new structure is the focus on bottom line performance rather than just top line growth. Our strategy is cascaded down very easily and every employee sees clearly where he/she fits in the value chain. This helps ensure the decisions of management are fully aligned with the expectations of the Board and Shareholders.

A key addition to strengthen our team in 2015 is Lanre Fabunmi, who joined as Managing Director of AIICO Capital. I will also like to use this opportunity to thank Dipo Oguntuga, who served the company for several years and helped to operationalize the vision of AIICO Capital.

Our Business Model

We are on course distinguished ladies & gentlemen, we are pragmatic with every decision that we have made while keeping our vision on the future. We are not prepared to sacrifice the long-term future of our great company for short-term positive earnings. The true test of a company's business model is how it navigates

CHAIRMAN'S STATEMENT

periods of turbulence like we witnessed in 2015. In this regard, I must commend the Management team for managing this adverse movement in interest rates with an active investment strategy, prudent risk management, excellent assets & liabilities matching and capital preservation. We have absolute faith in the ability of our team to keep pushing the company forward.

First and foremost, the underwriting loss of ₦5.4bn is not as a result of a catastrophic loss or claim i.e. payout to claimants (no cash pay-out), but a change in life funds estimates (classified as unexpired risks) - movement from profit and loss; unexpired risks to balance sheet; insurance contract liabilities, which increased by 100% (₦16bn) from December 2014 to December 2015 (₦32.7bn) for annuity liabilities, reducing net premium by 57%. In actual fact, our underwriting profit in the Non-Life business improved by 25% compared to 2014, driven by an improvement in net claims ratio.

2015 was a tumultuous year, driven by uncertainty and significant issues regarding the government's budget constraint. Towards the end of 2015, the government adopted a monetary policy to reduce borrowing rates to improve its debt service ratioand was successful in driving down the yields on all instruments by as much as 450 basis points (4.5%) in the fourth quarter of last year. This essentially means we valued our liabilities at the end of 2014 with a discount rate at 14% and in 2015 we valued our liabilities (especially annuities) using a discount rate of 10%. As you may observe, the largest impact on our life liabilities are interest rates, therefore this is our most significant risk, considering we have a large life insurance business.

We have taken bold new steps to reduce volatility in our earnings. The Management has continued to diversify by providing a balanced mix of protection, investment and retirement products in the life insurance business. There is also a concerted effort to increase contributions from subsidiary businesses where market conditions differ based on the inelasticity of demand for some of the services and products offered. We have chosen our markets carefully and understand the purpose and impact of each business unit on the overall group objective – fundamentally to participate in attractive markets where we have a sustainable competitive advantage.These business units are led by seasoned professionals with decades of experience in their fields. These changes make it clear that AIICO is able to adapt to varying market conditions and is led by a management team willing to take necessary action despite the cost. We believe that this change helps us to be nimble, flexible and able to take advantage of changes in the environment. This is the change we hoped for when we instituted the new management team barely two years ago.

2016 Outlook

Looking ahead, 2016 promises to be a challenging year for the country. Analysts expect growth of no more than 4% in 2016. Oil prices are expected to remain low and this will have an impact on CBN policies and foreign exchange availability. We have seen job losses in the economy including the insurance industry and this will probably continue, at least in the short term. We expect government debt service ratio to worsen, significant increase in prices (inflation) and a reduction in disposable income. All these point to a challenging year in the industry – competition will intensify and companies with a sustainable business model will thrive. We see this as an opportunity to look at things differently, to reimagine our approach to the market.

We are delighted to inform you that our search for a strategic investor is nearing fruition. We believe that a strategic alliance demonstrates our commitment to growing the company with increased underwriting and risk management capabilities as well as access to different markets and brand equity associated with partnering with a globally recognized player. This can only be good for the company for the long term.

Conclusion

Fellow Shareholders, this AGM will be my last as Chairman of AIICO Insurance Plc. I have retired from the Board following the recently implemented corporate governance code by NAICOM, which limits the tenure of Non-Executive Directors to nine years.

I have been Chairman of the Board at difficult times in our company's history and I am very proud of our ability to navigate through the various storms during this time. I am still completely invested in AIICO as a Shareholder and will only exit based on an economic decision. I still strongly believe in the future of the insurance industry. The growth has, however, not been as anticipated but I am convinced that it should improve as long as we have sound and sustainable economic policies, better laws applicable to our country, better enforcement of compulsory insurance and increase in other financial instruments that increases insurable interests such as mortgages.

I strongly support the team we have put together and the current economic conditions notwithstanding, I believe that we have the strength; financially and intellectually to weather the storm and emerge victorious. I believe that the company will continue to innovate and discover new and interesting ways to reach and serve the customer. In doing so, they will cement AIICO's place as the insurer of choice and provide returns that Shareholders can be proud of.

Finally, I wish to express my profound gratitude to the Board for their selfless services over the years and contributions towards the growth of the company. I also thank our numerous stakeholders; employees, customers, brokers, agents for their unflinching loyalty and support, trusting that despite the uncertainty in our country, AIICO will continue to meet and/ or exceed your various expectations.

I look forward to 2016 and all the success it will bring.

Thank you all & God Bless.

CHIEF (DR.) OLADELE FAJEMIROKUN
CHAIRMAN
FRC/2014/IODN/00000003604

DIRECTORS' REPORT

The Directors present their annual report on the affairs of AIICO Insurance Plc ("The Company") and the subsidiary companies ("The Group"), together with the Group Audited Financial Statements and the Auditors' Report for the year ended December 31, 2015.

Legal form and principal activity:

The Company was established in 1963 by the American Life Insurance Company and was incorporated as a limited liability Company on July 14, 1970. It was converted to a Public Liability Company in 1989 and quoted on the Nigerian Stock Exchange (NSE) with effect from December 3, 1990. The Company was registered by the Federal Government of Nigeria to provide Insurance services in Life Insurance Business, Non-Life Insurance Business, Deposit Administration and Financial Services to organizations and private individuals.

The Company is registered by the National Insurance Commission ("NAICOM"). It has three subsidiaries:

Multishield Limited

Multishield Limited was incorporated in 1997 as a Health Management Organization. It commenced operations in the same year with prepaid health plans to cater for the health needs of individuals and corporate organizations. The Company became a full subsidiary of AIICO Insurance Plc on July 1, 2012.

Pension Managers Limited

AIICO Pension Managers Limited (AIICO Pensions) provides pension administration services to private and public sector contributors. AIICO Pension is owned by a consortium of five reputable companies namely: AIICO Insurance PLC, Oasis Insurance PLC, UNIC Insurance PLC, Wema Securities and Finance PLC and Magnartis Finance and Investment Limited. The Company was incorporated as a Limited Liability Company on February 1, 2005 under the Companies and Allied Matters Act, 2004, and licensed as a Pension Fund Administrator by the National Pension Commission on April 13, 2006.

AIICO Capital Limited

AIICO Capital Limited was registered and licensed by the Securities & Exchange Commission in 2012, to carry out portfolio/fund management services. AIICO Capital Limited commenced full operations in 2014 through the provision of bespoke wealth solutions for clients, by adopting a research based approach for every investment decision. AIICO Capital Limited offers portfolio management services, structured investments and mutual funds to suit the investment needs of corporate and individual clients.

Operating results:

The following is a summary of the Group's operating results and transfers to reserves:

Profit or loss and other comprehensive income

In thousands of naira	2015	2014	Change	Change (%)
Gross premium written	32,918,820	33,648,366	(729,546)	(2)
Gross premium income	10,410,650	20,297,888	(9,887,238)	(49)
Net premium income	6,748,488	16,221,686	(9,473,198)	(58)
Claim expenses (net)	(10,667,702)	(9,098,087)	(1,569,615)	17
Profit before taxation	1,799,294	3,276,560	(1,477,266)	(45)
Profit after taxation	1,195,606	2,232,871	(1,037,265)	(46)
Other comprehensive loss, net of tax	(3,156,986)	(1,139,326)	(2,017,660)	177
Total comprehensive (loss)/income for the year	(1,961,380)	1,093,545	(3,054,925)	(279)
Basic earnings per share (kobo)	18	31	(14)	(44)
Diluted earnings per share (kobo)	14	31	(17)	(54)

Directors' shareholding

The direct and indirect interest of Directors in the Issued Share Capital of the Company as recorded in the Register of Directors' Shareholding and/or as notified by the Directors for the purposes of section 275 and 276 of the Companies and Allied Matters Act CAP C20 LFN 2004 and the listing requirements of the Nigerian Stock Exchange are disclosed as follows:

DIRECTORS' REPORT

Directors	Direct Holding	Indirect Holding	31 December 2015 Total Holding	31 December 2014 Total Holding
Chief (Dr.) Oladele Fajemirokun	10,000	1,067,196,280	1,067,206,280	648,576,534
Mr. Edwin Igbiti	65,844	-	65,844	-
Mr. Babatunde Fajemirokun*	2,340,695	-	2,340,695	-
Mr. Sonnie Ayere	-	-	-	-
Mr. Kundan Sainani**	-	-	-	-
Senator Tokunbo Ogunbanjo	2,216,332	1,100,000	3,316,332	188,383,629
Mr. S. D. A Sobanjo	37,284,985	-	37,284,985	37,284,985

*appointed with effect from 7 May 2015
**Independent director

Chief (Dr.) O. Fajemirokun also has an indirect holding amounting to 1,020,833,332 units (December 2013: 1,020,833,332 units) through AIICO Bahamas Limited, who is a 15% equity holder in the Company. Senator Ogunbanjo holds the above shares on behalf of the Chris Ogunbanjo foundation.

Directors' interest in contracts

None of the Directors has notified the Company for the purpose of Section 277 of the Company and Allied Matters Act, CAP C20 LFN 2004 of any disclosable interest in contracts in which the Company was involved during the year ended December 31, 2015.

Substantial interest in shares

According to the Register of Members at December 31, 2015, no shareholder held more than 5% of the issued share capital of the Company except as disclosed as follows:

	31 December 2015 Number of Shares held	%	31 December 2014 Number of Shares held	%
AIICO Bahamas Limited	1,020,833,332	14.73	1,020,833,332	14.73
DF Holdings Limited	1,067,196,280	15.40	1,059,515,292	15.28
	2,088,029,612	30.13	2,080,348,624	30.01

Shareholding Analysis

The shareholding pattern of AIICO Insurance PLC as at December 31, 2015 is as stated below:

Shareholding Analysis

Holding pattern (range) as at 31 December 2015		No of Shareholders	% of Shareholders	No of Shares	% of Shareholdings
1	1,000	3,588	3.86	2,106,242	0.03%
1,001	10,000	43,288	46.56	215,057,942	3.10%
10,001	100,000	42,676	45.90	1,074,450,856	15.50%
100,001	500,000	2,755	2.96	549,907,483	7.93%
500,001	1,000,000	310	0.33	225,315,633	3.25%
1,000,001	5,000,000	269	0.29	532,571,339	7.68%
5,000,001	10,000,000	39	0.04	278,337,777	4.02%
10,000,001	100,000,000	44	0.05	1,117,992,888	16.13%
100,000,001	1,000,000,000	8	0.01	1,913,630,988	27.61%
1,000,000,001	10,000,000,000	1	0.00	1,020,833,332	14.73%
		92,978	100	6,930,204,480	100%

Shareholding Analysis

Holding pattern (range) as at 31 December 2014		No of Shareholders	% of Shareholders	No of Shares	% of Shareholdings
1	1,000	3459	3.66	2,045,915	0.03%
1,001	10,000	43,846	46.43	218,677,911	3.16%
10,001	100,000	43,445	46.01	1,099,335,509	15.86%
100,001	500,000	2,947	3.12	591,011,040	8.53%
500,001	1,000,000	345	0.37	251,934,182	3.64%
1,000,001	5,000,000	295	0.31	596,510,676	8.61%
5,000,001	10,000,000	43	0.05	300,522,878	4.34%
10,000,001	100,000,000	44	0.05	1,014,830,384	14.64%
100,000,001	1,000,000,000	4	0.00	261,588,427	3.77%
1,000,000,001	10,000,000,000	7	0.01	2,593,747,558	37.43%
		94,435	100	6,930,204,480	100%

DIRECTORS' REPORT

Company's Distributors

The Company's products are marketed by insurance brokers and agents throughout the country. The Company also employs the direct marketing method to source for insurance business.

Post Balance Sheet Event

There has been no material change in the Group's financial position since 31st December, 2015 that would have affected the true and fair view of the Company's state of affairs as at that date.

Property and Equipment

Investment in property and equipment during the year is limited to the amounts shown in the financial statements. In the opinion of the directors, the market value of property and equipment is not less than the value indicated in the financial statements.

Acquisition of Own Shares

The Company did not purchase any of its own shares during the year.

Employment and Employees:

Employees' Health, Safety and Environment

The Company strictly observes all health and safety regulations. The Company maintains business premises designed with a view to guaranteeing the safety and healthy living conditions of its employees and customers alike. Employees are adequately insured against occupational and other hazards. Financial provision is also made for all employees in respect of transportation, housing, medical expenses and meals.

Employment of Disabled Persons

It is the policy of the Company that there is no discrimination in considering applications for employment including those of physically challenged persons. All employees whether physically challenged or not are given equal opportunities to develop their knowledge and to qualify for promotion in furtherance of their careers.

Employees' Involvement and Training

The Company is committed to keeping employees fully informed as much as possible regarding the Company's performance and progress. Views of employees are sought, where practicable, on matters which particularly affect them as employees. The Company runs an open door management policy. Management, professional and technical expertise are the Company's major assets and investment in developing such skills is continuous. The Company's expanding skills base is being brought about by a wide range of in-house and external training. Opportunities for career development within the Company have also been broadened. Incentive schemes designed to meet the circumstances of each individual are implemented wherever appropriate and some of these schemes include staff retirement benefit, productivity bonus, promotion and salary review.

Dividend

"The Board of Directors, pursuant to the powers vested in it by the provisions of section 379 of the Companies and Allied Matters Act (CAMA) of Nigeria, proposed a dividend of 5kobo per share. (2014: Nil) from the retained earnings account as at 31 December 2015. This is subject to approval by shareholders at the next Annual General Meeting. Payment of dividends is subject to withholding tax at a rate of 10% in the hand of recipients."

Donations

Donations during the year ended December 31, 2015 amounted to ₦1,150,000 (2014: ₦5,760,000) as follows:

	DESCRIPTION	AMOUNT
1.	Chartered Insurance Institute of Nigeria (CIIN)	750,000
2.	Petroleum Training Institute	250,000
3.	Support for African Students Union Parliament Campaign against hard drugs	100,000
4.	National Handicap Carers Association of Nigeria	50,000
		1,150,000

Auditors

KPMG Professional Services have indicated their willingness to continue in office as auditors in accordance with section 357 (2) of the Companies and Allied Matters Act of Nigeria.

BY THE ORDER OF THE BOARD OF DIRECTORS

MR. DONALD KANU
COMPANY SECRETARY
FRC/2013/NBA/00000002884
Plot PC 12, Churchgate Street
Victoria Island, Lagos, Nigeria
Date: 17 March 2016

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE REPORT

The Board of AIICO Insurance Plc recognizes that it has the primary responsibility for ensuring good corporate governance. Accordingly the Company through the Board maintains corporate policies and standards designed to encourage good and transparent corporate governance, avoid potential conflicts of interest and promote ethical business practices. The business of the Company is conducted with integrity which pays due regard to the legitimate interests of stakeholders.

The Board is accountable to the Shareholders and does this through proactively evaluating the socio-economic, environmental and ethical matters that may impact on stakeholders' interest. The Board also oversees the performance of Management in order to protect and enhance shareholder value and meet the Company's obligations to its employees and all other stakeholders.

To guarantee the highest level of legal and ethical requirements, internal control measures and processes have been put in place to ensure that Board, Management and staff conduct the affairs of the Company in compliance with all legislations, regulatory standards and codes that will positively impact on the performance of the Company.

Meetings of the Board and Committees

To enable it effectively perform its oversight functions, the Board and Board Committees hold meetings periodically at such times and places as determined by the Board. The Board and Committees generally meet at least once every quarter. However additional meetings may be held to deliberate and resolve matters of urgent importance.

ROLES & RESPONSIBILITIES OF THE BOARD

The Board of Directors provides entrepreneurial leadership for the Company within a framework of prudent and effective controls, sets the Company's strategic direction, objectives, values and standards and ensure that the necessary financial, material and human resources are in place for the Company to meet its objectives and review Management performance and ensure that its obligations to shareholders and other stakeholders are understood and met. The Board Charter sets out the role, responsibilities, structure and processes of the Board of AIICO Insurance Plc. (AIICO).

ROLES

The Group Board is the main decision making body at the Group level and it:

(a) Works as a team and meets on a regular basis.

(b) Considers and approves strategic direction of AIICO Group and corporate strategic initiatives

(c) Approves expenditures over certain limits in respect of its principal businesses.

(d) Has overall responsibility for management of the business and the affairs of the Group, the establishment of Group strategy, capital raising and allocation.

(e) Monitors and oversees the Group's operations, ensures competent and prudent management, sound planning and proper procedures for the maintenance of adequate accounting policies and systems of internal control, and for compliance with statutory and regulatory obligations.

(f) Determines and reviews the Group's strategic direction including, as appropriate, the strategies for each of the principal business units

(g) Determines the Group's key financial objectives including target rates of return on capital and assets.

(h) Considers emerging issues which may be material to the business and affairs of the Group

(i) Keeps under review and maintains the Group's capital and liquidity positions

(j) Reviews and approves proposals for the allocation of capital and other resources within the Group

(k) Approves material acquisitions and disposals of assets and share acquisitions and disposals which are significant in terms of the business of the Group.

(l) Approves material joint ventures, strategic partnerships and alliances which are significant in terms of the business of the Group.

(m) Reviews and approves the Group's annual capital and revenue budgets (and any material changes thereto)

(n) Receives monthly Business and Financial Reports from the principal business units and consolidated reports for the Group and reviews actual performance in the light of the Group's strategy, objectives, corporate and business plans and budgets

(o) Considers and approves the Group's procedures for reviewing and monitoring risk, and receives regular reports thereon

(p) Approves the Group's annual targets and financial statements and monitoring financial performance against forecast and prior periods.

(q) Approves the Group's Annual Report and Accounts and its other published financial statements and other material and significant statements issued to shareholders or the Nigerian Stock Exchange

(r) Determines dividend policy and the amount, nature and timing of dividends to be paid.

(s) Approves arrangements for Annual and Extraordinary General Meetings

(t) Receives and considers high level reports on matters material to the Group, in particular:

- Relations with Regulatory Authorities
- Human Resources matters
- Information systems and Technology
- Insurance cover
- Disaster recovery
- Litigation and claims
- Investor and public relations
- Environmental Policy and
- Socially Responsible Investment Policy

(u) Establishes and maintains appropriate accounting policies, implement and monitor the maintenance of adequate accounting policies and other records and systems of planning and internal control

(v) Considers and approves appointments to the Board, the Group Executive Management and approves remuneration arrangements for Executive Directors

(w) Receives the minutes of and/or reports from the Boards of subsidiary companies and the Committees of the Group Board

(x) Approves delegated authorities for expenditure and for lending, and for other risk exposures

(y) Reviews and, as appropriate, agrees changes in the terms of reference of Committees established by the Board

(z) Approves the appointment of Reporting Accountants

(aa) Maintains a satisfactory dialogue with shareholders and use the AGM to communicate with investors and encourage their participation.

(bb) Presents a balanced and understandable assessment of the Company's position and prospects

Board composition

The Board of Directors is made up of seven (7) directors comprising the Managing Director, an Executive Director and five non-executive directors. Each of the directors being qualified and outstanding individuals in their various fields of endeavours are knowledgeable on Board and Corporate matters. The Board members are provided with full, timely and adequate information to enable them carry out their duties from a very well informed position.

There are clear separation of responsibilities between the Chairman, CEO, Board and Management thus ensuring non-interference of the Board in Management functions.

Directors Independence and Terms of Office

In line with the provisions of the Company's Articles of Association, a third of the directors or a number closest to a third, excluding non-executive directors and those appointed by the Board during the year, retire by rotation at each Annual general Meeting of the Company and being eligible, present themselves for re-election. Directors retiring are those longest in office since their last election or re-election.
Directors also make unfettered judgments and bring in views that are independent of Management and devoid of any business or other relationships that could interfere with their independent judgment.

Directors Orientation and Induction

New Directors are expected to give in their best as much as other directors on the Board. To assist them become effective, these new directors are given an orientation regarding the Group's business, Directors duties, code of conduct, policies and procedures applicable to Board and Board committees. A training plan has also been approved by the Board in relevant areas of the Company's core business.

Directors Access to Management and Right to seek Independent Professional Advice

Directors receive financial reports of the Company and may invite members of senior Management at Board or Committee meetings. Access to senior Management is unhindered and is calculated to ensure adequate clarification and information flow leading up to Management decisions. All the Directors are free to seek independent professional advice in the course of their duties at the Company's expense. Directors also have access to the advice and services of the Company Secretary on rules and regulations applicable to the operations of the Board and in particular corporate governance.

Related Party Disclosures

The shareholders had, at the 42nd AGM of the Company held on June 27th 2012 in Abuja, approved that the directors be authorized, subject to the approval of the appropriate regulatory authorities, raise additional capital up to the sum of N8b whether locally or internationally, through the issuance of convertible or non-convertible loan or debenture stock, medium term notes and/or any other instrument, by way of offer for sale or offer for subscription through public or private equity placement, in tranches, series or proportions, at such coupon or interest rates within such maturity periods, and such terms and conditions, or in any other manner which the directors of the Company deem fit and expedient, and to any prospective investor(s) including but not limited to International Finance Corporation (IFC).

Consistent with this approval, the Company had, in 2015, concluded a USD 20m loan transaction with IFC. A tranche of the loan came in before the end of 2015 financial year and the loan is currently running.

Board Evaluation

Board evaluation processes assist governing boards determine how well they are carrying out their responsibilities and identify strategies to develop areas that need improvement.

The objective of a Board evaluation and self- assessment is to assist the Board improve on its own work and to move the Board to the next level of performance.

The Chairman, supported by the Company Secretary, has responsibility for the process of Board evaluation and for acting on the results. This evaluation could be carried out either by the Chairman or an external firm retained for that

CORPORATE GOVERNANCE REPORT

purpose. Along with other governance processes, the board evaluation process is reviewed periodically to check that they are fit for purpose and how they might be strengthened or improved.

In line with best practice as it affects good corporate governance and disclosure, an evaluation of the Board was carried out for year 2015. The approaches adopted include peer to peer and individual board member self-evaluation.
The result of the evaluation and lessons learnt has greatly enhanced the performance of the Board in the period under review.

PROFILE OF DIRECTORS

Chief (Dr.) O. Fajemirokun, Chairman
(Non Executive)
A businessman of repute, Chief Fajemirokun sits on the Board and Chairs of many companies since 1978 till date. He is currently the Chairman of Xerox Nigeria Plc., Food Concepts Nig. Plc., Johnson Wax Nig. Plc., amongst others. He joined the Board of AIICO Insurance Plc on November 5, 1992.

Senator Tokunbo Ogunbanjo
(Non-Executive)
Senator Tokunboh Ogunbanjo is a distinguished Senator of the Federal Republic of Nigeria with extensive legal practice. He sits on the Board of many Companies, among which are Johnson Wax Nig. Ltd., BNL Nig. Ltd. and Dragages Engineering Co. Ltd.
Senator Ogunbanjo has been a partner in the law firm of Chris Ogunbanjo & Co. and was appointed to the Board of AIICO Insurance Plc on March 22, 2007.

Mr. Sonnie Ayere
(Non-Executive)
Mr. Sonnie Ayere is a motivated and goal oriented financial economist and investment banker with more than 16 continuous years of solid Corporate and Structured Finance, Banking and Asset Management experience working with HSBC, NatWest Bank, Sumitomo Mitsui Bank of Montreal Nesbitt Burns in London and the International Finance Corporation (The World Bank Group) in Washington and South Africa.

He was a Principal adviser on the IFC team that advised the Nigerian Government on the development of the domestic bond market. He was also a key member of the SEC market structure committee. He has been a key speaker in numerous prestigious functions and seminars across Africa on diverse aspects of African and international financial markets.

He has also advised and negotiated complex mandates for governments of key countries across sub-Saharan Africa and remains an adviser of several governments across the continent.
Mr. Sonnie Ayere joined the Board of AIICO Insurance Plc on November 28, 2012.

Mr. Sobandele Sobanjo
(Non-Executive Director)
Mr. S.D.A Sobanjo was until recently, the MD/CEO of AIICO Insurance PLC. Upon his retirement, he was elevated to the Board as a Non-Executive Director in 2013. He holds a Bachelors Degree in Actuarial Science from the University of Lagos (1977-1981). A Post Graduate Degree in Business Administration, specializing in General Management from his Alumni University (1995-1996), University of Lagos and an M.B.A, specializing in Marketing from the Enugu State University of Technology (ESUT) (1997-1999). He holds the ACII (General) London, FCII (Life) London, and the FCII (Nigeria) and is also a member of the Nigerian Institute of Management, Chartered. His career history showcases organisations like Union Bank of Nigeria Plc, SCIB Nigeria and Company, Glanville Enthoven Life and Pensions Insurance Brokers, High-Gate Insurance Brokers Limited, and AIICO Insurance. He left AIICO to join African Alliance Insurance Company Limited before returning to AIICO as Managing Director/CEO.

He has varied experience spanning Pension Administration, Life Operations, General Insurance Administration, Product Development, Marketing and information Technology. He has attended several Management and Strategic Management Programmes within and outside Nigeria and has served as resource person for many seminars and conferences across Nigeria. Mr. Sobanjo has been a Director of AIICO Insurance Plc since January 1, 2006.

Mr. Edwin Friday Igbiti
(Managing Director)
Mr. Igbiti was appointed Managing Director and Chief Executive Officer on September 24, 2013. He holds an MBA from the University of Ado-Ekiti (2005) and an Advanced Diploma in Management from the University of Lagos. He is a Certified Insurance practitioner with the Chartered Insurance Institute of London and a Fellow of the Chartered Insurance Institute of Nigeria. Aside from being professionally affiliated to the Nigerian Institute of Management, Chartered, (NIMC), he is also a certified Business Continuity Systems Lead Auditor from the British Institute, UK and an alumnus of the Howard University Business School, U.S.A

Prior to Joining AIICO Insurance, he had served and gained vast experience in Insurance from Phoenix Insurance Company, where he worked for several years. He is a seasoned professional with an inestimable depth and wealth of technical experience that is acknowledged across the industry.

He has managed relationships between the Company and several international partners and affiliates and is a solution proffering, team- spirited leader with excellent inter-personal skills.

Mr. Babatunde Fajemirokun
(Executive)
Tunde who is the Chief Operating Officer (COO) in AIICO Insurance Plc. is responsible for AIICO's Operations; the group function that plans, coordinates, and controls the resources needed to produce our products and serve our clients. He is equally responsible for helping AIICO and its business units to understand the competitive landscape and the markets they operate while developing sustainable plans for long-term growth and shareholder value creation.

Mr. Fajemirokun's service with the firm dates back to May, 2009 when he joined as Chief Information Officer (CIO). During this period, he executed value-enhancing projects, first by leading the transformation program to automate and modernise operations and secondly to increase productivity (reduce cost per policy) in the selling of insurance products and services. He has served in several roles and overseen principal and operational functions during this time, giving him a deep understanding of the levers to improve and sustain profitability. Prior to AIICO, he worked in Accenture (Lagos) and then Capgemini Consulting (UK). In both companies he provided consulting advisory services to financial services and government clients predominantly in mergers and acquisitions and the UK government transformation programs.

He earned an MBA with a concentration in Finance from University of Chicago Booth School of Business, a Business Information Strategy Master's degree with distinction from University of Strathclyde and a bachelor's degree in business economics from Glasgow, UK.

BOARD/COMMITTEES AND MEETINGS

The Board functions through these committees, whose terms of reference are as hereinafter set forth:

Establishment and Corporate Governance Committee

This Committee assists the Board to fulfil its Governance responsibilities as well as its responsibilities for the management of human resources to ensure that recruitment and remuneration policies and practices are designed to attract, retain and reward fairly and responsibly with a clear link to corporate and individual performances. Its terms of reference include:

- Advising on the Company's Code of Conduct and its application
- Assessing the needs of the Board and Board Committees regularly in terms of the frequency of Board and Board Committee meetings, meeting agendas, discussion papers, reports and information, and the conduct of meetings
- In consultation with the Chairman of the Board
- Assessing and planning for Board composition and succession, as well as considering the competencies and skills necessary for the Board, as a whole; the competencies and skills that the Board considers each existing Director to possess; the competencies and skills that each new nominee would bring to the Board
- Receiving reviews and making recommendations to the Board on the terms of reference of the Board, the terms of reference of each Board Committee and the terms of reference of engagement of Director
- Making recommendations on the Board's composition and effectivenes
- The Committee also reviews and approves the terms of service upon appointment and any subsequent changes, including the total individual remuneration package for senior executives; ensures that individuals are not involved in setting their remuneration; determine contractual notice periods and termination

Finance and General Purpose Committee

This Committee's responsibilities include considering and advising the Board on transactions, including the Company's finances, financial policies, financial controls and financial strategies; giving consideration to, and recommending to, the Board the annual budget for revenue income and expenditure and any associated capital expenditure; reviewing the periodic management accounts of the Company and recommending to the Board, any in-year budget adjustments; reviewing the annual financial statements of the Company and recommending same to the Board for approval; monitoring the financial liquidity and solvency of the Company and ensuring that action is taken to maintain this at an acceptable level. The Committee also monitors the planning, implementation and progress against plan of approved major capital expenditure projects and major procurements within the Committee's approval limits as stated in the Expense Control and Procurement Policies of the Company; Considering the Financial Regulations periodically and approving any amendments that become necessary from time to time; considering the annual review of the effectiveness of Internal Audit.

Investment and Enterprise Risk Management Committee

This Committee ensures that sound policies, procedures and practices are in place for the enterprise-wide management of the Company's material risks and reports the results of the Committee's activities to the Company's Audit Committee of the Board of Directors. Management of the Company is responsible for satisfactorily mitigating material business risks. It does this by designing and implementing risk management practices, including: providing ongoing guidance and support for the refinement of the overall risk management framework and ensuring best practices are incorporated; ensuring that management understands and accepts its responsibility for identifying, assessing and managing risk; ensuring that risk assessments are performed periodically and completely.

MEMBERSHIP AND MEETINGS OF THE COMMITTEES

Meetings of committees

Invest. & Enterprise Risk Mgt. Committee	Position	No. of Meetings	Attendance
Mr. Sonnie Ayere	Chairman	4	4
Mr. Kundan Sainani	Member	4	3
Mr. S.D.A. Sobanjo	Member	4	4
Mr. Edwin Igbiti	Member	4	4
Mr. Babatunde Fajemirokun	Member	4	2*

These meetings were held on March 3, April 21, July 24, and October 13, 2015
*Limited attendance based on period of appointment.

Finance & General Purpose Committee	Position	No. of Meetings	Attendance
Mr. Sonnie Ayere	Chairman	4	4
Mr. S.D.A. Sobanjo	Member	4	3
Mr. Edwin Igbiti	Member	4	4
Mr. Babatunde Fajemirokun	Member	4	2*

These meetings were held on March 3, April 21, July 24, and October 13, 2015
*Limited attendance based on period of appointment.

CORPORATE GOVERNANCE REPORT

Establishment & Corporate Gov. Committee	Position	No. of Meetings	Attendance
Mr. Sonnie Ayere	Chairman	4	3
Mr. Kundan Sainani	Member	4	1*
Mr. Edwin Igbiti	Member	4	4
Mr. Babatunde Fajemirokun	Member	4	2*

These meetings were held on March 3, April 21, July 24, and October 13, 2015
* Limited attendance based on period of appointment

Statutory Audit Committee	Position	No. of Meetings	Attendance
Mr. Kundan Sainani	Chairman	4	4
Sir Edmund U. Njoku	Shareholder/Member	4	4
Mrs. Funke Augustine	Shareholder/Member	4	4
Chief Robert I. Igwe	Shareholder/Member	4	4
Mr. Sonnie Ayere	Member	4	3
Mr. S.D.A. Sobanjo	Member	4	2

These meetings were held on March 3, April 21, July 24, and October 13, 2015
Attendance is upon committee's invitation

Nomination Committee	Position	No. of Meetings	Attendance
Mr. Sonnie Ayere	Chairman	1	1
Mr. Kundan Sainani	Member	1	1
Mr. Edwin Igbiti	Member	1	1

This meeting was held on October 13, 2015
To fulfil the requirement of Code of Corporate Governance from NAICOM

All the committees endeavored to perform their duties competently during the period under review.

Directors' Affirmative Statement of Going Concern

Consistent with all available information from the date of the last approved account and beyond, Directors believe that there are sufficient resources for the Company and its subsidiaries to viably continue to operate in the foreseeable future and the accounts have been prepared accordingly.

Regulatory Compliance

AIICO is committed to best practices and is therefore bound by the provisions of all relevant statutory enactments. In doing this, the Board has adopted the Securities and Exchange Commission (SEC) Code of Corporate Governance for public companies. The Company also complies with the provisions of:

a. The Securities and Exchange (SEC) Consolidated Rules and Regulations 2013
b. The Nigerian Stock Exchange Rules and Regulations
c. The Companies and Allied Matters Act CAP C20 LFN 2004
d. The Investment and Securities Act CAP S124 LFN 2007
e. The Financial Reporting Act 2011 and
f. The Company's Memorandum and Articles of Association

Code of Conduct

The Company has in place a code of conduct that identifies the principles, values, standards, rules of behaviour that guide the decisions, procedures and systems of the organization in a way that contributes to the welfare of all stakeholders and respects the rights of all constituents affected by its operations. Some of the major policies include conflict of interest policy, insider trading policy and related party transactions policy.

Statement of Compliance

AIICO being a public quoted company on the floor of the exchange is under the jurisdiction of the Securities and Exchange Commission and the Nigerian Stock Exchange. The Board of Directors has submitted that the Company was in substantial compliance with the provisions of the Code in the 2015 financial year.

It is also confirmed that specific enquiry has been made of all Directors whether they have complied with the Listing Rules and the code of conduct on Securities Transactions. There was full compliance for the financial year ended 31st December 2015.

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STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

Statement of Directors' Responsibilities in Relation to the Financial Statements

The directors accept responsibility for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies and Allied Matters Act of Nigeria, the Financial Reporting Council of Nigeria Act, 2011, the Insurance Act of Nigeria and relevant National Insurance Commission (NAICOM) guidelines and circulars.

The responsibilities include ensuring that:

- Appropriate and adequate internal controls are established to safeguard the assets of the Group and to prevent and detect fraud andother irregularities;
- The Group keeps proper accounting records which disclose with reasonable accuracy the financial position and which ensure that the financial statements comply with the requirements of the Companies and Allied Matters Act, 2004, International Financial ReportingStandards (IFRS), Insurance Act 2003, Financial Reporting Council of Nigeria and the Operational Guidelines issued by NAICOM;
- The Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates, and that all applicable accounting standards have been followed; and
- The financial statements are prepared on a going concern basis unless it is presumed that the Group will not continue in business.

The Directors accept responsibility for the year's Financial Statements, which have been prepared using appropriate accounting policiessupported by reasonable and prudent judgements and estimates in conformity with:

- Insurance Act 2003 as amended:
- Financial Reporting Council Act 2011;
- Companies and Allied Matters Act 2004;
- NAICOM guidelines and circulars; and
- International Financial Reporting Standards (IFRS)

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

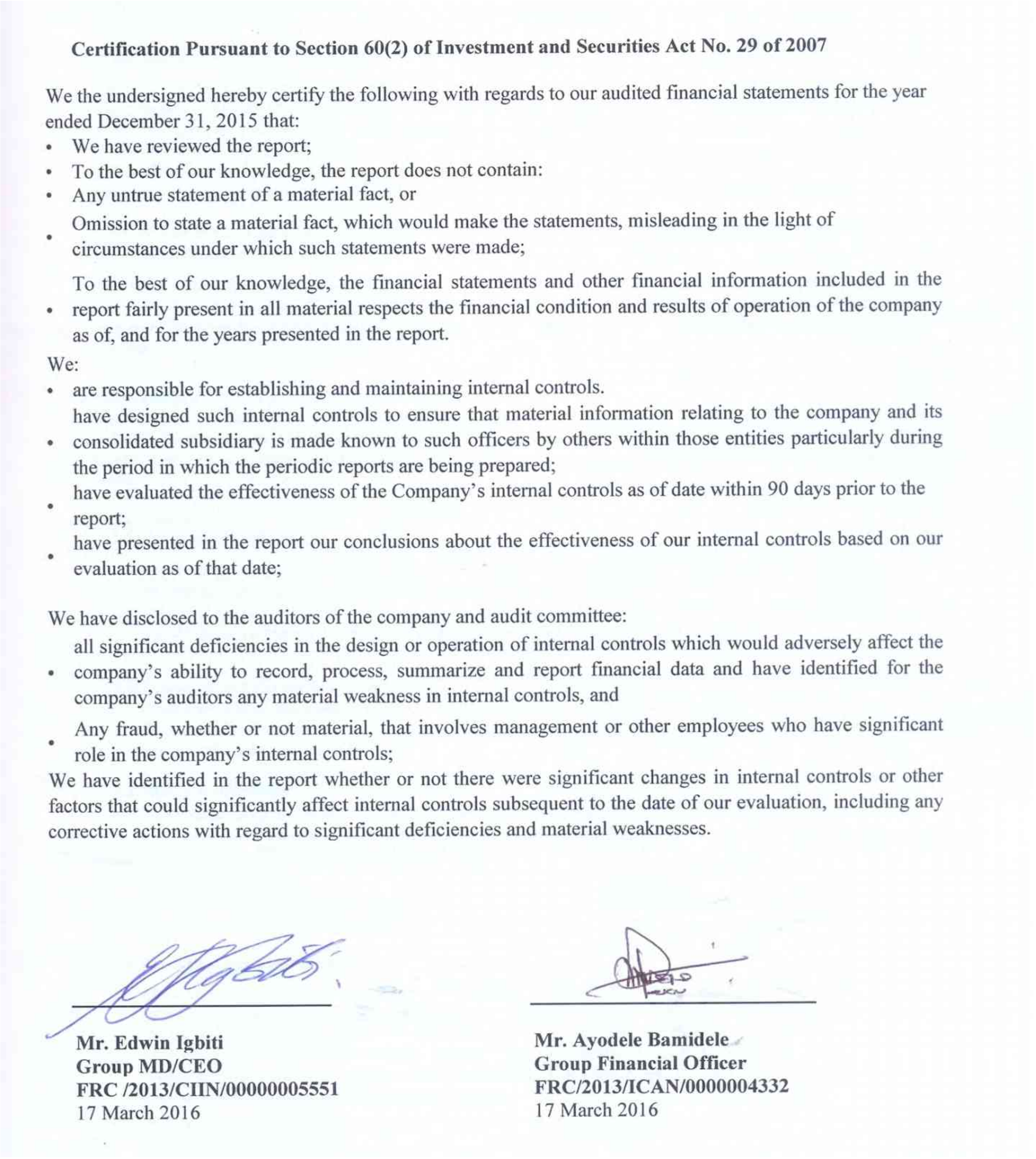
The directors have made an assessment on the Company's ability to continue as a going concern and have no reason to believe that the Company will not remain a going concern in the year ahead.

Signed on behalf of the Directors on 17 March 2016 by:

Mr. Edwin Igbiti
Group MD/CEO
FRC /2013/CIIN/00000005551
17 March 2016

Chief Dele Fajemirokun
Chairman
FRC/2014/IODN/0000003604
17 March 2016

CERTIFICATION PURSUANT TO SECTION 60 (2) OF INVESTMENT AND SECURITIES ACT NO. 29 0F 2007



Certification Pursuant to Section 60(2) of Investment and Securities Act No. 29 of 2007

We the undersigned hereby certify the following with regards to our audited financial statements for the year ended December 31, 2015 that:

- We have reviewed the report;
- To the best of our knowledge, the report does not contain:
- Any untrue statement of a material fact, or
- Omission to state a material fact, which would make the statements, misleading in the light of circumstances under which such statements were made;
- To the best of our knowledge, the financial statements and other financial information included in the report fairly present in all material respects the financial condition and results of operation of the company as of, and for the years presented in the report.

We:

- are responsible for establishing and maintaining internal controls.
- have designed such internal controls to ensure that material information relating to the company and its consolidated subsidiary is made known to such officers by others within those entities particularly during the period in which the periodic reports are being prepared;
- have evaluated the effectiveness of the Company's internal controls as of date within 90 days prior to the report;
- have presented in the report our conclusions about the effectiveness of our internal controls based on our evaluation as of that date;

We have disclosed to the auditors of the company and audit committee:

- all significant deficiencies in the design or operation of internal controls which would adversely affect the company's ability to record, process, summarize and report financial data and have identified for the company's auditors any material weakness in internal controls, and
- Any fraud, whether or not material, that involves management or other employees who have significant role in the company's internal controls;

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

Mr. Edwin Igbiti
Group MD/CEO
FRC /2013/CIIN/00000005551
17 March 2016

Mr. Ayodele Bamidele
Group Financial Officer
FRC/2013/ICAN/0000004332
17 March 2016

KPMG

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INDEPENDENT AUDITOR'S REPORT

To the Members of AIICO Insurance PLC

Report on the Financial Statements

We have audited the accompanying financial statements of AIICO Insurance PLC ("the Company") and its subsidiary companies (together "the Group"), which comprise the consolidated and separate statements of financial position as at 31 December 2015, and the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity, and the consolidated and separate statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 48 to 129.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with the International Financial Reporting Standards and in the manner required by the Companies and Allied Matters Act of Nigeria and the Financial Reporting Council Act of Nigeria, 2011, the Insurance Act of Nigeria and relevant National Insurance Commission (NAICOM) guidelines and circulars, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, these financial statements give a true and fair view of the financial position of AIICO Insurance PLC ("the Company") and its subsidiaries (together "the Group") as at 31 December 2015, and of the Group's and Company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies and Allied Matters Act of Nigeria and the Financial Reporting Council of Nigeria Act, 2011, the Insurance Act of Nigeria and relevant National Insurance Commission (NAICOM) guidelines and circulars.

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Schedule 6 of the Companies and Allied Matters Act of Nigeria

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

Compliance with the requirements of National Insurance Commission of Nigeria Guidelines

The Company did not incure any penalties with respect to contraventions of the sections of the National Insurance Commission of Nigeria's Operational Guidelines 2011 during the financial year.

Signed:

Kabir Okunlola, FCA
FRC/2012/ICAN/00000000428
For: KPMG Professional Services
Chartered Accountants
21 March 2016
Lagos, Nigeria.

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
A0984600

REPORT OF THE STATUTORY AUDIT COMMITTEE

Report of the Statutory Audit Committee

To the members of AIICO Insurance PLC

In accordance with the provisions of Section 359(6) of the Companies and Allied Matters Act, Cap 59 of the Laws of the Federation of Nigeria 2004, we the members of the Statutory Audit Committee of AIICO Insurance PLC, having carried out our statutory functions under the Act, hereby report as follows:

- We have reviewed the scope and planning of the audit for the year ended December 31, 2015 and we confirm that they were adequate;
- The Company's reporting and accounting policies as well as internal control systems conform to legal requirements and agreed ethical practices; and
- We are satisfied with the departmental responses to the External Auditors' findings on management matters for the year ended December 31, 2015.
- Finally, we acknowledge and appreciate the co-operation of management and staff in the conduct of these duties.

SIGNED ON BEHALF OF THE COMMITTEE BY:

Mr. Kundan Sainani
Chairman of the Statutory Audit Committee
FRC/2013/IODN/00000003622
15 March 2016

MEMBERS OF THE STATUTORY AUDIT COMMITTEE ARE:

Mr. Kundan Sainani	(Independent Directors' Representative)	Chairman
Sir Edmund U. Njoku Mr.	(Shareholders' Representative)	Member
Mrs. 'Funke Augustine	(Shareholders' Representative)	Member
Chief Robert I. Igwe	(Shareholders' Representative)	Member
Mr. Sonnie Ayere	(Directors' Representative)	Member
Mr. S.D.A. Sobanjo	(Directors' Representative)	Member

THE COMPANY SECRETARY/LEGAL ADVISER ACTED AS THE SECRETARY TO THE COMMITTEE.

INTERNAL CONTROL REPORT

The Board and Management of AIICO Insurance Plc. consider an effective Internal Control management system as fundamental to the successful operation of the business. The scope of internal control in the organization includes all controls incorporated in the strategic, governance and management processes, covering AIICO's entire range of activities and operations, and not just those directly related to financial operations and reporting. It also includes non-financial activities that relate to the achievement of the business objectives.

Internal control system in AIICO encompasses the control framework guided by systems, organizational structures, statutory requirements, international best practices, management philosophy, codes of conduct, policies, and standard operating procedures. Internal Control in AIICO is designed to ensure essential business objectives are met. These objectives include:

- Ensures effective and efficient operations;
- Safeguards AIICO's assets against losses and making adequate provision for liability;
- Ensures the reliability of financial reporting and compliance with Generally Accepted Accounting Principles;
- Ensures compliance with applicable laws and regulations, including internal policies;
- Ensures systematic and orderly recording of transactions; and
- Provides reasonable assurance that undesired events will be prevented or detected and corrected.

AIICO is committed to creating and maintaining a world-class internal control environment capable of sustaining its current leadership position in the industry. The internal control framework is developed to strengthen the internal operating environment of the company, thereby increasing its capability to proactively manage the impact of external (and internal) events and uncover possible flaws, gaps and deficiencies in processes and structures as well as provide information for informed decision. The framework also guides the internal control functions and roles in accordance with International best practices.

In order to ensure effective and efficient management of the organisation's resources as well as adherence to all regulatory laws and guidelines within the operating environment, every employee of AIICO plays an internal control roles which may vary depending on respective functions; Business Unit (BU) Managers play key roles in assuring that high standards of business processes and ethical practices are observed for the achievement of AIICO's corporate objectives.

Internal Control Framework

Primarily, the internal control department ensures compliance with all extant laws and regulatory guidelines, implementation of the company's policies, standard operating procedures, prevention and correction of all systematic errors and omissions in the operations; ensure far-reaching improvement and development through added value in process advancements regarding the achievement of the organisation's corporate objectives.

Internal control as a process is developed and implemented to provide reasonable assurance regarding the achievement of objectives in the following areas:

- Operational objective-effectiveness and efficiency of operations;
- Information objective - reliability of reporting;
- Compliance objective - compliance with all extant laws and regulatory guidelines and internal policies and procedures

For the achievement of the above stated objectives, internal control emphasizes:

- A process consisting of ongoing tasks and activities i.e. a continuing process rather than a periodic review;
- Effected by staff at all level. It is not merely about policy manuals, systems, and forms;
- Ability to provide reasonable assurance rather than absolute assurance;
- Achievement of the organization's objectives and operational improvement;
- Adaptability to the entity structure.

Reviewing the effectiveness of internal control is an essential responsibilities of the Board, while the Management is accountable to the board for designing, implementing, monitoring and reviewing the system of internal control.

Prerequisites for Effective Internal Control System

The Internal Control framework is designed to engender the support and commitment of all stakeholders of AIICO Insurance Plc. to a controlled environment, thus creating an enabling platform that would ensure the growth and stability of the organization.

In order for AIICO's Management and other personnel to effectively achieve the overall organization's objectives, the following prerequisites of internal control system were set and continuously improved upon: Control Environment, Risk Assessment, Control Activities, Information and Communication and Monitoring Activities.

- Control Environment - sets the tone of the organization, which influences the control consciousness of its people. It is a platform that provides discipline and structure upon which all other components of internal control are built and driven. Control environment factors include the integrity, ethical values, and competence of the entity's people; management's philosophy and operating model. Authority and responsibility are assigned with due consideration for risk mitigation. The board provides adequate attention, direction and corporate strategy for the organisation's growth.

- Risk Assessment - Every entity faces a variety of risks from external and internal sources that must be assessed and adequately mitigated. A precondition to risk assessment is the Board and Management mandate and commitment, understanding of the organisation and its context. Risk assessment is the identification, analysis, and treatment of prioritised risks that could impact the achievement of company's objectives. It forms a basis for determining how risks should be managed within the revolving and dynamic economic, industry, regulatory, and operating environment.

INTERNAL CONTROL REPORT

The Board and Senior Management regularly assess the risks that AIICO is exposed to, including risks relating to financial reporting. This is done through the Enterprise Risk Management department on a regular basis to assess the operational risk, underwriting risk, business and strategic risk, market and liquidity, credit risk, compliance risk, legal risk and reputational risks that could impact AIICO's objectives. Senior Management also regularly considers whether the existing internal controls are effective in relation to the risks identified in the financial reporting process. Internal control and risk management are fundamental functions that enhance best practices and continuous improvement of organisation's operations.

- Controls Activity - a diverse range of policies and procedures which help to ensure management directives are appropriately executed while managing risks to achieving company objectives. Control activities must occur throughout the organization, at all levels and in all functions. AIICO'S controls activities include establishment of standard operating procedures for all functions within the company to guide the company operations such as bank and general reconciliation review, budgetary and reporting system review with the objective of identity variance, pre-disbursement review etc.

- Information and Communication - effective processes and systems that identify, capture and report operational, financial and compliance-related information in a form and within a timeframe that aids staff in executing their responsibilities. All personnel must receive a clear message from top management that control responsibilities must be taken seriously. They must understand their roles in the internal control process, as well as how individual and business unit activities are interrelated and supportive for achievement of the corporate objectives.

- Monitoring Activities - a process that assesses the adequacy and quality of the internal control system's performance over time. This is accomplished through ongoing monitoring activities, separate evaluations, or a combination of the two. Ongoing monitoring occurs in the course of operations while separate evaluations will depend on risk assessment and effectiveness of ongoing monitoring. It is expected that deficiencies in internal controls are reported to the appropriate level, which may be, for example, senior management or the Board.

  Therefore, the Board acknowledged its responsibility for instituting internal control systems that provide reasonable assurance on safeguarding of assets and prevention of their unauthorized use or disposal, as well as maintenance of proper accounting records that give reasonable assurance on the reliability of financial information produced. There is periodic review of the organization policies, standard operating procedures for continuous improvement.

2015 INTERNAL CONTROL IMPROVEMENTS

The Internal Control function undertook transactional monitoring. It maintained a close working relationship with all Business Units (BU) and reported on control lapses related to transactions appropriately. Internal Control also protected business growth and sustainability by ensuring compliance to regulations or statutory requirements and reduction of wastages or leakages to the minimum.

Some internal control improvement measures achieved during the year are:

- Implementation of (COSO): Implementation of the Committee of Sponsoring Organisations of the Tread way Commission's (COSO) 2013 updated vision of Integrated Internal Control Framework for the company Internal Control Framework

- Compliance assurance: Establishment of a compliance unit within the Internal Control function with prerequisite experience, to ensure adherence to statutory requirements from regulatory bodies such as NAICOM, Security and Exchange Commission, and other statutory laws like the Insurance Act among others.

- Monitoring and review Activities: Strengthened monitoring and reviewing activities of the company transactions in line with company policy and procedures and ensure adherence to statutory requirements and international best practices. In this regard, reduce the exposure of the company to compliance risk and reduce income leakages.

- Report Rendition: Preparation and presentation of monthly activities and exceptional reports to Senior Management on control failures, key exceptions and the actions taken or recommendation to address such failures. This is being tracked on a monthly basis to appraise how well recommendations are implemented.

ENTERPRISE RISK MANAGEMENT REPORT

Introduction

The Enterprise Risk Management (ERM) is best practice many organizations implement to enhance their corporate governance; even rating agencies are beginning to give due attention to the effective implementation of ERM in organisations. The organization, in the implementation of Enterprise Risk Management, adopted ISO 31000:2009 standard with emphasis on the relationship between the risk management principles, framework and processes. The organisation's risk management is structured to create and maintain values for stakeholders by ensuring it becomes an integral part of the company's processes and procedures. It addresses uncertainties considered in every decision-making process and is periodically reviewed for continuous improvement of the company's processes.

AIICO's ERM framework provides the foundations and arrangements that entrench effective management of risk throughout the organization at all levels. It assists in managing risks effectively through the application of the risk management processes at varying levels and within the contexts of the company. Information on risk derived from the risk management process is reported appropriately and used for decision making.

The Board of Directors and Management, in carrying out its oversight ERM functions, have achieved the following:

- Reviewed the activities and effectiveness of the organisation's risk management system quarterly;
- Maintained the Business Continuity Management System certification subsequent to a continuous assessment visit by British Standard Institute to the organisation;
- Assessed the Asset and Liability Management Committee reports to guarantee effective portfolio management;
- Reviewed and approved the Risk Appetite;
- Approved the reviewed Risk Vocabulary created for use by the whole organisation;
- Reviewed and approved the Operational Risk Management Manual
- Approved the conduct of ERM training and awareness at departmental level to enhance the organisation's risk culture;
- Approved the training of business managers on the Business Continuity Management.

The process cuts across all Strategic Business Units represented by their respective heads. Monthly and Quarterly meetings were held by the Management and Board respectively to assess the effectiveness of risk management processes as well as review of ERM core activities.

The ERM framework provides detailed responsibilities of the Board, its Committee and Management for managing the risks of the Organisation.

Below are the responsibilities of the Board in the management of risk:

Roles of the Board of Directors

General Risk Management

- Approve and periodically review risk strategy and policies;
- Approve AIICO's risk appetite and monitor AIICO's risk profile against this appetite;
- Ensure Senior Management takes steps necessary to monitor and control risks;
- Ensure Senior Management maintains an appropriate system of internal control and reviews its effectiveness;
- Ensure that AIICO's risk strategy reflects its tolerance for risk;
- Review and approve changes/amendments to the risk management framework;
- Review and approve risk management procedures and controls for new products and activities; and
- Receive risk reports periodically from Senior Management highlighting key risk areas, control failures and remedial action steps taken by Senior Management.

Other Responsibilities of the Board in Relation to Enterprise Risk Management

- Define AIICO's overall risk appetite in relation to operational risk, business and strategic risk, underwriting risk, market and liquidity risk, credit risk, compliance risk and legal risk;
- Approve AIICO's Risk Management Framework for:
  - o Operational Risk
  - o Underwriting Risk
  - o Business and Strategic Risk
  - o Market and Liquidity
  - o Credit Risk
  - o Compliance Risk
  - o Legal Risk
- Approve AIICO's overall strategic direction and risk tolerance in relation to operational risk, underwriting risk, business and strategic risk, market and liquidity, credit risk, compliance risk, legal risk based on the recommendation of the Board Investment and Enterprise Risk Management Committee;
- Ensure that AIICO's overall risk exposure is maintained at prudent levels and consistent with the capital held;
- Ensure that detailed policies and procedures for various functions risk exposure creation, management and recovery are in place;
- Ensure that Senior Management as well as individuals responsible for operational risk, underwriting risk, business and strategic risk, market and liquidity, credit risk, compliance risk, legal risk management possess sound expertise and knowledge to accomplish the risk management functions;
- Ensure that AIICO's ERM Framework is subject to effective and comprehensive internal audit by independent, appropriately trained and competent staff;
- Ensure that the company Senior Management has the required authority and ability to manage risks;
- Ensure that the company implements a sound methodology that facilitates the identification, measurement, monitoring and control of operational risk,

ENTERPRISE RISK MANAGEMENT REPORT

underwriting risk, business and strategic risk, market and liquidity risks, credit risk, compliance risk and legal risk;

- Set appropriate guidelines to Management, including an explicit statement of a zero tolerance policy for all unethical behaviour.
- Ensure the company complies with all statutory responsibilities and regulatory guidelines.
- Review all exception reports by external parties such as regulators and auditors; ensure that appropriate sanctions are applied to offending officers; demand from Senior Management appropriate explanations for all exceptional items; ensure that Senior Management puts in place effective and remedial actions and reports on progress to the Board on an ongoing basis.
- Ensure at all times that only fit and proper persons are appointed to Senior Management positions in the Company. Clear guidelines must be set and all employees are expected to comply with AIICO's code of conduct.

Role of Board Committees

The above responsibilities of the Board of Directors are discharged primarily through three committees of the Board, namely:

- Board Investment and Enterprise Risk Management Committee;
- Board Audit Committee and
- Establishment and Corporate Governance Committee

Without prejudice to the roles of these committees, the full Board retain ultimate responsibility for the management of risks of the organisation and the committees meet at least once in a quarter and present their reports to the Board.

Figure 1

Figure 1, which is part of the ERM framework, shows the Risk Management Governance Framework in AIICO Insurance Plc.

Risk Management Governance Framework

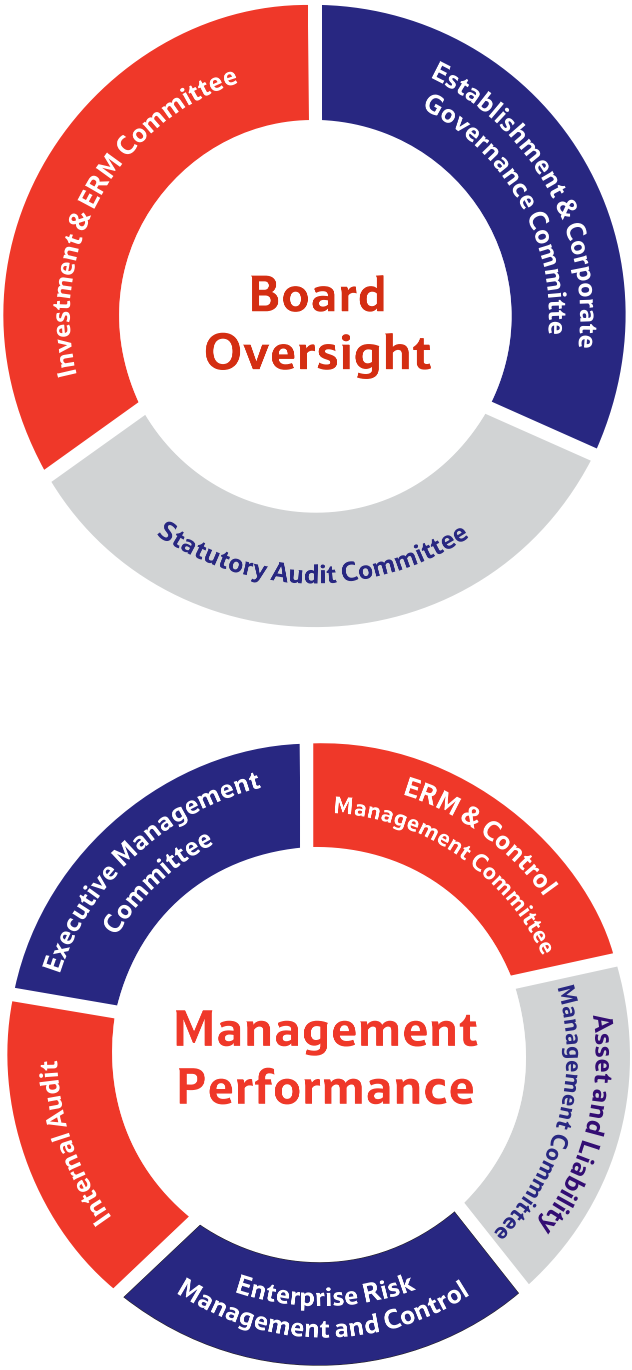

Figure 1

ENTERPRISE RISK MANAGEMENT REPORT

The Three Lines of Defence

The three lines of defence is embedded in the Company's enterprise risk management structure. The Company's risk structure includes management's approach to risks inherent in the business and its appetite for these risk exposures. The company operates and sustains the 'three lines of defence model' to establish a risk management capability and promote risk culture across the group. Under this approach, AIICO on a continuous basis assesses and monitors its risk profile against the set standard that emphasises strict adherence to controls and best practices. The model provides the business with effective approach to clarifying key roles and functions and helps to ensure the effectiveness of the company's risk management initiatives.

The **first line of defence** is implemented by the unit or business function that performs daily operational activities, especially those that are at the Company's front lines; they own and manage the risks.

The Company's line managers are responsible for ensuring conducive risk and control environment as part of their day-to-day functions and operations. They implement risk management policies and create an awareness of risk factors that could lead to the Company's corporate growth and are considerable for tactical decisions and actions. Employees in the first line of defence identify risk, implement controls and provide business initiative that are value adding and improves the risk management process.

The **second line of defence** is executed by risk management, control and compliance functions. This role provides oversights and reports to Executive Management over business processes and risks as well as ensures that business functions are implemented in accordance with established standard operating procedures. They guide and provide direction for implementing and monitoring the company's overall risk management strategy.

The **third line of defence** comprises the Internal Audit and other independent assurance providers that provide independent and objective assurance over risk management processes, controls and objectives, as established by the Company. More importantly, this role evaluates the manner in which both the first and the second line of defence achieve their risk management, governance and control objective.

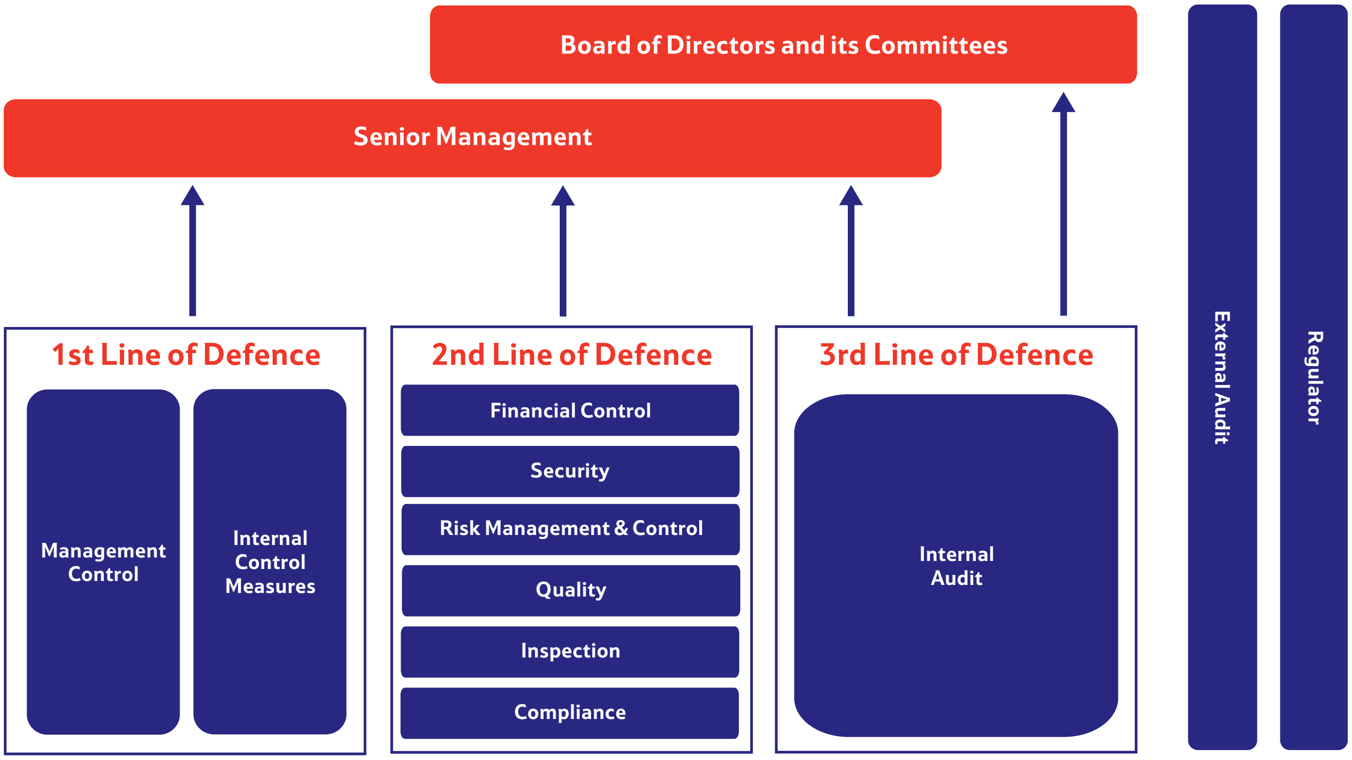

Figure 2: AIICO's Lines of defence

To demonstrate commitment to a robust ERM system, the ERM Board Committee met quarterly and the ERM Management Committee met monthly in 2015. ERM reports and related issues and controls were the agenda of meetings.

COMPLAINTS MANAGEMENT POLICY

1.0 OBJECTIVE

The objectives of the Complaints Management Policy are to:

- Lay down the guidelines, procedures, best practices and minimum criteria for handling and redress of complaints received by AIICO from various sources in an effective, efficient, fair and impartial manner;
- Provide guidance to the individuals who are responsible for handling and resolving complaints within AIICO;
- Incorporate the knowledge gained through resolution of the customer complaints in the form of reengineering of the process;
- Adhere to SEC Rules Relating to the Complaints Management Framework of the Nigerian Capital Market, which requires every listed company to establish a clearly defined Complaints Management Policy, endorsed by Senior Management, to handle and resolve complaints.

AIICO shall deal properly with any reasonable complaint provided that it relates to a service or product provided

2.0 DEFINITION

Complaints are one of the most direct and effective ways for the customer to relay to the businesses that there is a room for improvement and hence the Complaint Management Policy is framed to redress the grievances of customers. For the purposes of this guideline, a complaint shall refer to a matter for which redress is being sought in relation to a product sold or offered for sale or a service offered or failed to be offered as per agreed terms. Any communication that expresses dissatisfaction about an action or lack of action, in the course of business, about the standard or deficiency of service of our company and/or any of our agents shall be deemed to be a complaint.

According to the SEC Complaint Management Framework of the Nigerian Capital Market, the under listed complaints shall NOT be handled under the above context:

- Complaints against private wound up and liquidated companies
- Complaints on matters that are subjudice or in arbitration
- Complaints falling outside the purview of the Securities and Exchange Commission

3.0 TYPES OF COMPLAINTS

Complaints shall be classified into the following categories:

- Fraud and Suppression
- Misrepresentation
- Forgery
- Claims and Benefits Issues
- Others as may be defined by the Complaints Management Committee

4.0 COMMITMENT AND RESOURCES

All levels of management shall be committed to the laid down procedures; particularly, the Senior Management shall act through the Complaint Management Committee to ensure that these procedures are integrated into the culture of the organization and monitored for compliance purposes.

The Complaint Management Committee, saddled with the responsibility of executing the terms of this policy, shall sit on ad-hoc basis, with membership comprising of representatives of the following offices:

• Head of Ent. Risk Management	Chairman
• Customer Service Officer	Secretary
• Head Internal Audit	Compulsory Member
• Head Legal	Compulsory Member
• Head Customer Service	Compulsory Member
• Head Agency Administration	Compulsory Member
• Head Life Technical Division	Compulsory Member
• Head Non-Life Technical Division	Compulsory Member
• Head Finance	Compulsory Member

The management shall also ensure that:

- All members of staff are educated about and familiar with the internal procedures
- Adequate financial resources are allocated to complaints management and sufficient levels of authority are delegated to handle the process
- Adequate systems are put in place and reporting procedures implemented to ensure timely, effective and consistent complaints handling and monitoring
- Reasonable steps are taken to ensure that customers know about the existence of the complaints handling mechanism and how to lodge complaints

5.0 WHERE TO LODGE COMPLAINTS

Complaints may be lodged at/with any of the following touch points:

- By email to complaints@aiicoplc.com
- By surface mail to the head office
- By surface mail to any of the branch offices
- Call 07000AIICARE or 012792947-8
- Visit www.aiicoplc.com and follow the customer service link

6.0 RESOLUTION PROCEDURE

These steps are to be followed in redressing grievances:

Step 1: Registration of complaints received through any of our touch points - whether in writing, in person or by way of telephone call

Step 2: Responsibilities of the Complaints Management Committee - the committee shall be responsible for the following:

- Acknowledging complainant's letter within forty-eight (48) working hours of receipt
- Sending a closure and resolution letter alongside acknowledgement, where the matter is resolved within three (3) days
- Scrutinizing the complaint communication on its receipt and understanding customers' grievances
- Identifying the complaint and classifying it to the correct complaint type or subtype for effective analysis
- Investigating the complaint with the relevant team(s) and available information and providing resolution to the customer
- Sending request(s) to complainant for alternate contact details, where the complainant could not be reached and information that would aid investigation still pending or required

COMPLAINTS MANAGEMENT POLICY

- Ensuring records of all complaints received are maintained and case facts documented in the complaints register, whether satisfactorily resolved or otherwise
- Closing each complaint after resolutions. A complaint shall normally be settled within 30 working days from the date of the filing
- Informing the customer in writing of the resolution and closure, where he/she is satisfied, by sending AIICO's final response to the complainant within the prescribed time limit

Step 3: In cases where the customer is not satisfied, he/she may be advised to further pursue redress with the Office of the Commissioner, National Insurance Commission, Plot 1239, Ladoke Akintola Boulevard, Garki II, Abuja.

7.0 COMMUNICATION CONTENTS

All complaint letters must be acknowledged within 48 (forty-eight) hours of receipt and shall contain the following information:

- Details of how complainant could keep abreast of the complaint status
- Name, designation and direct contact of the officer assigned for follow up purposes
- Complaints management and resolution procedures
- Anticipated closure timeline

The final response, where possible, shall indicate:

- The reasons or circumstances which have been considered for the settlement or non-settlement, as the case may be
- A proposal, as appropriate, any offer or other means of settlement made to the complainant

8.0 CONDITIONS FOR RESOLUTION AND CLOSURE

The complaint shall be considered as closed & disposed-of when any of the parameters is met:

- AIICO has acceded to the request of the complainant fully
- Where the complainant has indicated acceptance of AIICO's response
- Where the complainant has not responded to AIICO within four (4) weeks of receiving the letter of resolution and closure
- Where the Company Secretary/Legal Adviser/Chief Compliance Officer certifies that AIICO has discharged its contractual, statutory and regulatory obligations
- Where the customer approaches with a fresh complaint after a letter of resolution and closure has been sent

9.0 COMPLAINTS RECORD KEEPING AND REPORTING

A written report shall be rendered at the monthly Executive Management meeting following committee sittings.

All relevant business units shall open, update and maintain e-registers for every complaint handled.
The register shall basically contain the following prescribed components:

- Name of the complainant
- Date of the complaint
- Nature of complaint
- Complaints details in brief
- Remarks/comments

AIICO shall compile and render electronic copies of this report to the Nigerian Stock Exchange (NSE) on a quarterly basis at lr@nse.com.ng.

10.0 APPROVAL:

COMPANY SECRETARY	**GMD/CEO**

Mr. Edwin Igbiti
GMD/CEO

MD/CEO's REPORT TO SHAREHOLDERS

2015 HAD ITS CHALLENGES BUT 2016 GIVES US AN OPPORTUNITY TO RE-IMAGINE

In the two years since I have been at the helm at AIICO, we have seen a return to profitability. We have also seen a consolidation of our reputation as the foremost life insurance provider in the country. This has not changed despite the many challenges that the company and the country have faced over the last eighteen months. Oil prices have descended to lows unseen in over a decade and the economy has suffered as a result, growing only about 2.9% in 2015. In comparison, growth in 2014 was about 6.5%.

When we came on board in 2013, we were given a mandate to turn company performance around as we recorded a loss in 2013. We did this at the first time of asking, generating ₦3.3 billion in profit before tax in 2014. We have kept this trend in 2015, albeit with a lower profit, despite very turbulent economic conditions.

I am honored to report on our performance in 2015 as we aim to fulfil this great charge entrusted to us by our shareholders. We are pleased to report growth in our subsidiary businesses as they reflect the continued investment in time, resources and people. They are a signal of our intent to be more than just the insurer of choice but a diversified, thriving financial institution.

Group revenues decreased 2.2% from ₦33.6 billion in 2014 to ₦32.9 billion in 2015. Profit after tax however declined 46% from ₦2.2 billion in 2014 to ₦1.2 billion in 2015 as significant changes in life funds estimates, due to adverse movement in twenty years' bond yield, negatively impacted profitability. Return on Tangible Equity declined in 2015 compared to 2014, from 25% to 15.1%. Despite this, our Return on Equity remains higher than the industry average (7.4% according to the *2016 Agusto Insurance report*).

2015 has been a rough year financially but we have improved aspects of our business crucial to the long-term stability of the company. We have continued to strengthen our balance sheet, improve on our business model and invest in our people as we promised.

AIICO Insurance
Gross premiums reduced by 2% in 2015 from ₦33.3 billion to ₦32.45 billion with our life business contributing N24.3 billion and the non-life business contributing ₦8.2 billion. Total income declined 57% due to increased reserving in our life business.

Life premiums remained flat year-on-year while non-life premiums declined 9% compared to 2014. Non-life profit before tax increased twenty-one fold however, from ₦27 million in 2014 to ₦600 million in 2015 while life profit before tax declined 72% to ₦848 million from ₦3.1 billion in 2014. The reason we have decided to use profit before tax here is to provide insights on one of the pending issues in our industry which is being worked on by the operators and the Nigerian Insurance Association (NIA) but unfortunately it affects our returns negatively. The company income tax has captured most of the value in our non-life business.

The reason is the restriction of deductible expenses (claims) to 25% of total premium and restriction of unexpired risk to 45% of total premium (when it is supposed to be on time apportionment basis). This is based on the amended Company Income Tax Act (2007); this amended Act appears to have been based on the provisions of the insurance decree of 1997 which was repealed. This effectively increases the assessable taxable profits for the tax authorities. Therefore, the tax on our non-life business is 84% of our profit before tax reducing retained earnings for growth and dividends. We believe this is a significant value eroding issue in our industry that needs to be addressed and we are working very hard with the NIA to resolve this issue as a matter of urgency.

Despite this, we have many positives to report - we continue to focus on the long-term success of the company and on keeping our promises to all stakeholders. Fulfilling our short-term and long-term objectives is hinged on three levers, all of which have to work synchronously to achieve success. They are:

1. A customer-focused strategy
2. Operational efficiency and,
3. Our people

Our strategy
We have restructured our insurance business. We did this after a careful evaluation of our internal environment and believe that it is in the best interests of the shareholders to align employee incentives to organizational goals. The increased emphasis on bottom-line performance ensures clarity of objectives which can be easily cascaded down to all employees. Our strategy is thus easily communicated and it is easier for employees to see where they add value. The result is an increase in employee morale and an improvement in quality of service delivered to the customer.

One of our major objectives in 2015 was to improve the quality of our brand. We have been renovating the head office and branches across the nation as a result. In 2016, we plan to augment this with aggressive promotions to boost awareness of our products and the brand. This will have implications for all the companies in the group.

Operational Efficiency
We are also committed to managing our direct costs - we have invested in the learning and development of our staff to improve claims reserving and underwriting capabilities. We have improved considerably in these areas and continue to judiciously reserve in our life and non-life businesses. Externally, we are not ignorant of the state of the market where unhealthy competition pervades, especially in the corporate space. We will be more prudent with the risks we intend to assume - occasionally, this may mean walking away from business that we deem to be unprofitable at a certain rate.

Our People
We have worked to create an environment where people feel valued and appreciated, where they can see how they contribute to the big picture. In some cases, we have hired in order to meet a need; in others we have promoted from within. This serves to encourage our team that performance is the only criterion under which they will be evaluated.

As mentioned above, we continue to devote resources into the growth of our people - as long as they believe that we are invested in their future, we will have people motivated and dedicated to give their best at all times.

Current economic conditions notwithstanding, we believe that this is an opportunity to test our business model, refining it where and when necessary. We have faith that we have the right perspective and most importantly, the right people to find the opportunities for value creation in what looks like a challenging market in 2016. The potential for insurance in the country is enormous - GDP penetration of less than 0.5%, given our population, leaves a lot of room for improvement.

AIICO Capital
AIICO Capital, one of our asset management businesses, generated total income of ₦573million in 2015, rising 101% from ₦285milliion in 2014. The Business produced pre-tax earnings of ₦358million, up 254% from ₦101million in 2014. Net earnings for 2015 were ₦281million, growing 275% from ₦75million in 2014. Return on average shareholder equity (ROE) was 42% in 2015, growing 180% from 15% in 2014. Shareholders equity grew 53% in 2015 to ₦807million from ₦527million in 2014.

In addition, AIICO Capital generated total annualized return on AIICO Insurance managed portfolio of ca. 25% - generating a total of ca. ₦13.4billion investment income (in accrued and realized gains) in 2015 for AIICO Insurance - up 240% from ca. ₦4.1billion in 2014.

We also made significant progress in 2015: (a) asset under supervision grew 56% to ₦63.3billion in 2015 from ₦40.7billion in 2014 and (b) the AIICO Money Market Fund, achieved a net yield of ca. 11.82% p.a. - a top-ranking money market fund in Nigeria, on a net yield basis.

In 2016, we will remain focused on strong top-tier risk-adjusted investment performance for clients, drive significant growth in assets under supervision and expand specialized client offerings; especially in long-term public funds addressing Nigeria's socio-economic challenges - such as infrastructure, housing and power.

AIICO Pensions
Our pensions business also continues to grow - compared to 2014, revenues increased 16% from ₦740 million to ₦858 million, contributing 10% to group underwriting income. Total funds under management also grew 14% from ₦63 billion to ₦72 billion.

The pensions industry is enormous in the country - total assets under management exceed ₦6 trillion as at 2016. We continue to be mindful of opportunities in the formal sector and especially those in the informal sector which promises to be a new frontier.

Non-compliance to existing laws remains an issue industry-wide. The decline in the economy has affected job numbers and this has also affected pension contributions. An upturn in economic conditions could spur job creation and improve prospects for 2016. Nevertheless, we continue to scour the market for opportunities to grow and expand our customer base. The much-anticipated transfer window will open up the industry and increase competition but it is unlikely that this will happen in 2016.

Multishield HMO
Our health insurance business continues to grow despite headwinds. Gross premiums grew 26% from ₦374 million in 2014 to ₦470 million in 2015 while net underwriting income increased 20% from ₦727 million to ₦858 million, contributing 10% to group underwriting income.

The state of health service provision has hindered the growth of health insurance in Nigeria. Perception of infrastructure, quality of care and the negative perception of insurance in the country means that people would rather pay out-of-pocket or go abroad for healthcare. Disputes between healthcare providers and HMOs have also hindered penetration.

> “One of our major objectives in 2015 was to improve the quality of our brand. We have been renovating the head office and branches across the nation as a result. In 2016, we plan to augment this with aggressive advertising to boost awareness of our products and the brand. This will have implications for all the companies in the Group.”

However, the passage of the law in Lagos state making health insurance mandatory should dramatically increase the size of the market and encourage adoption. We recognize that providers of health insurance have a role to play in encouraging this and we are working with our partners in the healthcare industry to ensure that our customers are provided the best possible care at all times.

Despite the downturn in the public sector, we expect that infrastructure spending budgeted for 2016 by the government will spur growth in the industry - the signals, so far, point to a socially inclusive government with a focus on improving quality of life.

Other considerations
2015 was a year of firsts. In addition to the aforementioned changes, we entered into a financing agreement with International Financial Corporation (IFC) for $20 million in order to finance our retail expansion, investments in infrastructure and branding efforts. So far, IFC has injected $7 million into AIICO with the rest expected in

MD/CEO's REPORT TO SHAREHOLDERS

due course. This deal is a signal of IFC's belief in our business model, our financial position and our management team. It is also a testament of our commitment to sound corporate governance practices and fulfilling our social responsibility to the public. These are factors critical to any partnership with IFC and by extension, the World Bank.

2016 Outlook

Looking forward to 2016, analysts expect more of the same. Growth estimates are about 4% at best and this depends on the implementation of the budget. Oil prices are expected to remain low - some analysts expect oil to average about $50 in 2016 but this is difficult to see in the short term. Taxation will increase in 2016 as the government looks to fund its budget. We have seen the introduction of stamp duties on transactions and early signs point to an increase in company income tax rates and VAT. In its bid to spur lending to the real sector, we may see the CBN maintain its current monetary policy stance. Excess liquidity may thus be the case in the economy in the short term, reducing yields.

In the insurance sector, we may see a reduced willingness to purchase insurance due to current economic conditions both in the retail and corporate space. It is therefore important to increase our value proposition to the customer by improving service and tailoring our offering to their needs (needs-based marketing). We also expect to see the launch of the much-anticipated risk-based supervision regime by NAICOM.

The performance of our pensions and investments businesses depend very much on market performance. As investment and pension assets grow, we expect to see a corresponding increase in fee income however.

Our plans for expansion continue apace. We are determined to make the AIICO brand top-of-mind in the consumer's consciousness. We will continue to invest in our infrastructure to improve our quality of service. We will also continue to invest in our people as they are our greatest assets. We will improve our relationships with brokers in the corporate space while maintaining our competitive advantage in the retail segment.

I believe 2016 holds great things for us at AIICO. We look forward to the challenges and opportunities that will come. We do this while continuously refining our strategy, improving our financial position and strengthening our core competencies. We believe in the strength of our business model, the power of our brand and the unwavering support of the Board. We intend to fully leverage this in 2016 to deliver success to all stakeholders.

I would like to use this opportunity to thank the Customers, Employees and Shareholders of AIICO. We would not be here without you and we promise to continue to deliver results you can be proud of.

Thank you very much.

MANAGEMENT TEAM

EDWIN IGBITI
MANAGING DIRECTOR/CEO

Mr. Edwin Igbiti is currently the Managing Director/CEO at AIIO Insurance PLC. Prior to Joining AIICO Insurance, he had served and gained vast experience in Insurance from Phoenix Insurance Company, where he worked for several years. He is a seasoned professional with an inestimable depth and wealth of technical experience that is acknowledged across the industry.

He has managed relationships between the company and several international partners and affiliates and is a solution proffering, team-spirited leader with excellent interpersonal skills.

Mr. Igbiti holds an MBA from the University of Ado-Ekiti (2005) and an Advanced Diploma in Management from the University of Lagos. He is a Certified Insurance practitioner with the Chartered Insurance Institute of London and a Fellow of the Chartered Insurance Institute of Nigeria. Aside from being professionally affiliated to the Nigerian Institute of Management, Chartered (NIMC), he is also a certified Business Continuity Systems Lead Auditor from the British Institute, UK and an alumnus of the Howard University Business School, U.S.A. He currently sits on the Governing Council of the Chartered Insurance Institute of Nigeria (CIIN) and Nigerian Insurers Association (NIA).

BABATUNDE FAJEMIROKUN
CHIEF OPERATING OFFICER

Mr. Fajemirokun is responsible for AIICO's operations; the Group function that plans, coordinates, and controls the resources needed to produce the company's products and serve her clients. He is equally responsible for helping AIICO and its business units to understand the competitive landscape and the markets they operate while developing and implementing sustainable plans for long-term growth and shareholder value creation.

Mr. Fajemirokun's service with the firm dates back to May, 2009 when he joined as Chief Information Officer (CIO). During this period, he executed value-enhancing projects, first by leading the transformation programme to automate and modernise operations and secondly to increase productivity (reduce cost per policy) in the selling of insurance products and services.

He has served in several roles and overseen principal and operational functions during this time, giving him a deep understanding of the levers to improve and sustain profitability.

Prior to AIICO, he worked in Accenture (Lagos) and then Capgemini Consulting (UK). In both companies, he provided consulting/advisory services to financial services and Government clients predominantly in mergers and acquisitions and the UK government transformation programmes.

He earned an MBA with a concentration in Finance from University of Chicago Booth School of Business, a Business Information Strategy Master's degree with distinction from University of Strathclyde and a Bachelor's degree in Business Economics from Glasgow, UK.

AYODELE BAMIDELE
CHIEF FINANCIAL OFFICER

Prior to joining AIICO Insurance Plc. Mr. Ayodele Bamidele was the General Manager/CEO of STI Leasing Limited, an Associate Company of Sovereign Trust Insurance Plc., which provides cutting-edge financial services aimed at supporting the business landscape in the country for both individuals and corporate entities. Prior to Ayodele's appointment as GM/CEO, he was the GM, Finance & Investment for Equity Assurance Plc from 2010-2012. He was at a time the Chief Operating Officer for EA Capital Management Limited, a subsidiary of Equity Assurance Plc.

He once worked with the now defunct Celtel Nigeria as Manager in the BSS Programme Management Division and Corporate Finance between 2004 and 2007. He had at various times worked with Kasmal International Limited, Leadbank Plc and NAL Bank Plc in different capacities. Ayodele has attended both local and international courses bordering on Leadership, Finance, Accounting and Risk Management.

He holds a Master's Degree in Finance from the University of Leicester in the United Kingdom where he came out with a distinction. He is also a Fellow of the Institute of Chartered Accountants of Nigeria, ICAN; Fellow, Chartered Institute of Stockbrokers, Chartered Institute of Bankers respectively and is a Registered Manager of the Securities and Exchange Commission.

MANAGEMENT TEAM

MORUF APAMPA
GM, NON-LIFE BUSINESS

Mr. Moruf Apampa is the General Manager of the Non-Life Business Division at AIICO Insurance Plc.

He is a seasoned insurance practitioner who is not only professionally affiliated to the Chartered Insurance Institute of Nigeria but holds a Fellowship status with the Institute. Prior to Joining AIICO, he worked in T.A. Braithwaite Insurance Brokers and Company and Elmac Assurance where he worked as a Marketing Manager in Lagos, Abuja and Kano respectively. He later moved to Lexington Insurance Company Limited as an Assistant General Manager (Marketing).

Moruf Apampa came to AIICO from Admiral Insurance Company Limited, where he worked in the capacity of an Assistant General Manager (Marketing). He is an excellent team lead with good interpersonal as well as excellent business skills.

He holds a Master's Degree in General Management from the University of Ado-Ekiti and a Higher National Diploma in Insurance from the Lagos State Polytechnic. He is an alumnus of the Lagos Business School (Pan African University, Nigeria) as well as the Howard University Business School, USA.

SOLA AJAYI
GM, RETAIL BUSINESS

Mr. Sola Ajayi is the General Manager of the Retail Business Division at AIICO Insurance PLC.
Sola is an experienced Management Consultant who prior to joining AIICO PLC had worked with Deloitte Consulting within the Enterprise Applications group as a Senior Consultant in the UK.

He played a key role as part of the elite Middle East business development team responsible for expanding Deloitte's business beyond the UK during the recession. Prior to joining Deloitte, Sola had worked for several years with Accenture, Nigeria. He joined AIICO Insurance Plc from Deloitte Bahrain, in 2009.

He holds an MBA from one of the most prestigious Business Schools in the world, INSEAD. He obtained his first degree in Chemical Engineering from the University of Lagos. Sola is an alumnus of the Harvard Business School, U.S.A. He is a certified Project Manager as well as a certified Business Continuity Management Systems Auditor from the British Standard Institute, UK.

PHIL MADUAGWU
DGM, CORPORATE SERVICES

Phil Maduagwu is a seasoned Human Resources practitioner with over 17 years' experience. Her exposure spans several aspects of the practice across multiple business sectors covering Manufacturing, Advertising, Telecoms, Technology, Health Care, Oil and Gas, Education and the Financial Services Sector. She is currently the Deputy General Manager, Corporate Services for AIICO Insurance Plc.

She holds a Master's Degree in International Relations from the University of Benin and a Bachelor's Degree in Linguistics from the same University. She is an alumnus of Howard University School of Management and is currently running a Master's Degree programme in International Human Resources Management with the prestigious Cranfield University, UK. She is a certified Business Continuity Management System Auditor, a certification earned from the British Standard Institute, UK.
Phil is professionally affiliated to the Chartered Institute of Personnel Development (CIPD), Nigerian Chartered Institute of Management (NIM), Society for Human Resources Managers (SHRM), Chartered Institute of Personnel Management (CIPM), Human Resources Providers Association Nigeria (HUCAPAN), Work - Life Balance Association (WLBA), Nigerian Employee Consultative Association (NECA) and the Balance Scorecard Association (BSA).

In her spare time Phil serves as an advisor to several small and medium sized businesses on Human Resources and Organisational Development matters. She is a keen advocate for Corporate Social Responsibility and good Governance practices. She is a resource to her colleagues and a coach and mentor to upcoming Human Resources practitioners.

MANAGEMENT TEAM

ABIODUN ADEBANJO
DGM, INTERNAL AUDIT

Mr. Abiodun Adebanjo is a seasoned Audit Executive with over 15 years of experience in varied financial services industry.

Before joining AIICO Insurance Plc, he had worked in reputable and high rated banks in Nigeria, some of which are Ecobank Nig. Plc, Diamond Bank, UBA Plc and First bank at both middle and senior management levels.

With about two decades of cognate experience in Banking Operations, Internal Control and Audit, Abiodun has shown a strong professional bias for Audit and Risk Management. He is highly numerate and possesses a strong passion for excellence and organizational transformation.

Mr. Adebanjo is an excellent team player and a highly motivated professional imbued with a strong spirit for achievement.

He graduated from the University of Lagos with a First class degree in Mathematics and Statistics as the overall best student. He holds a Master's Degree in Business Management (MBA) at the prestigious University of Liverpool, UK.

He is a professional member and Fellow of the Institute of Chartered Accountants of Nigeria (ICAN); a member of Chartered Institute of Taxation (CITN); a member of the Institute of Internal Auditors, and a member of Nigeria Institute of Management Chartered (NIMC).

JOSEPH ODUNIYI
DGM, NON-LIFE BUSINESS

Mr. Joseph Oduniyi provides technical expertise to the Non-Life Business Division at AIICO Insurance Plc. Prior to joining AIICO, he had garnered significant experience serving with the Ministry of Works and Housing, the Nigerian Life Pensions Consultants, Glanville Enthoven & Co Nig. Ltd, Union Commercial Insurance Brokers and Risktech Insurance Brokers Limited respectively.

He is an astute insurance professional with a wealth of experience cutting across all aspects of the non-life business and has attended many courses and seminars both locally and internationally.

He holds a Bachelor's Degree in Insurance from the University of Lagos and is professionally affiliated to the Chartered Insurance Institute of Nigeria.

BENSON OGUNYAMOJU
AGM, GROUP LIFE BUSINESS

Benson Ogunyamoju is the Head of Group Life Business at AIICO Insurance Plc.

He is a seasoned Insurance practitioner with an in-depth wealth of experience in Life Insurance Operations spanning over two decades and has virtually worked in all sections of the division. Presently, he supervises the Life Technical Division which provides technical and actuarial expertise to support business objectives.

Benson has attended various learning interventions within and outside Nigeria.

He is a graduate of Insurance from the University of Lagos, Nigeria. He is a Fellow of the Chartered Insurance Institute of Nigeria, as well as a Fellow of the Life Management Institute (U.S.A.).

MANAGEMENT TEAM

DONALD KANU
COMPANY SECRETARY

Mr. Donald Kanu is the Company Secretary/Legal Adviser at AIICO Insurance PLC. He commenced his career with Savannah Bank and then moved on to join A.U. Kalu and Associates.

He was recruited back to the financial sector where he had stints with UTB Trustees and Fidelity Bank. He later left Fidelity Bank to join Globacom, a telecommunications company. After his stint in telecommunication, Donald moved back to financial sector when he joined the Cornerstone Group. He was recruited to join AIICO from the Cornerstone Group in 2014.

He holds a Master's Degree in Business Administration from the University of Calabar. He graduated from the University of Lagos with an LL.M after his first degree LL.B (Hons) from the University of Calabar. He is a member of the Nigerian Bar Association, the Institute of Chartered Secretaries and Administrators and a member of Institute of Directors.

OLUSANJO SHODIMU
CHIEF INFORMATION OFFICER

Mr. Olusanjo Shodimu heads AIICO's Information Technology Department. He is a business-driven IT professional with over 14years business transformation and technology management experience.

Prior to joining AIICO Insurance, he worked with Accenture - a global management consulting, technology and outsourcing company for 10 years - where he led the delivery of various business & technology transformation initiatives for major banking & insurance clients in Nigeria & across the West African region.

He is a First Class (Hon.) graduate of Physics from the University of Ibadan, a certified Project Management Professional, PMP® and ITIL (Service Management) Expert from the British Computer Society (BCS - The Chartered Institute for IT).

GENERAL INFORMATION AND STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

1 Reporting entity

"AIICO Insurance Plc was established in 1963 by American Life Insurance Company and was incorporated in 1970. It was converted to a Public Liability Company in 1989 and quoted on the Nigerian Stock Exchange (NSE) in December 1990. The Company was registered by the Federal Government of Nigeria to provide insurance services in Life Insurance Business, Non-Life Insurance Business, Deposit Administration and Financial Services to organizations and private individuals. Arising from the merger in the insurance industry, AIICO Insurance Plc acquired Nigerian French Insurance Plc and Lamda Insurance Company Limited in February 2007.The Company currently has its corporate head office at Victoria Island, Lagos with branches spread across major cities and commercial centres in Nigeria."

These consolidated financial statements comprise the Company and its subsidiary (together referred to as "the Group"). The Group is primarily involved in the business of providing risk underwriting and related financial services to its customers. Such services include provision of life and non-life insurance services to both corporate and individual customers.

2 Basis of accounting

2.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB). The financial statements comply with the Companies and Allied Matters Act of Nigeria, Financial Reporting Council of Nigeria Act, the Insurance Act of Nigeria and relevant National Insurance Commission (NAICOM) guidelines and circulars.

2.2 Going concern

These financial statements have been prepared using appropriate accounting policies, supported by reasonable judgments and estimates. The directors have a reasonable expectation, based on an appropriate assessment of a comprehensive range of factors, that the Group has adequate resources to continue as going concern for the foreseeable future.

2.3 Functional and presentation currency

These consolidated and separate financial statements are presented in Nigerian Naira, which is the Group's and Company's functional and presentation currency. Except as indicated, financial information presented in Naira has been rounded to the nearest thousand.

2.4 Basis of measurement

These consolidated and separate financial statements have been prepared under the historical cost convention, as modified by the valuation of investment property, available-for-sale financial assets, insurance liabilities, and financial assets and liabilities designated at fair value.

These financial statements have being prepared on the going concern basis. The Group has no intention or need to reduce substantially its business operations.

2.5 Use of estimates and judgement

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods. Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in note to the financial statements below.

2.6 Regulatory authority and financial reporting

The Group is regulated by the National Insurance Commission of Nigeria (NAICOM) under the National Insurance Act of Nigeria. The Act specifies certain provisions which have impact on financial reporting as follows:

(i) Section 20 (1a) provides that provisions for unexpired risks shall be calculated on a time apportionment basis of the risks accepted in the year;

(ii) Section 20 (1b) requires provision for outstanding claims to be credited with an amount equal to the total estimated amount of all outstanding claims with a further amount representing 10 percent of the estimated figure for outstanding claims in respect of claims incurred but not reported at the end of the year under review;

(iii) Sections 21 (1a) and 22 (1b) require maintenance of contingency reserves for general and life businesses respectively at specified rates as set out under Note 3.30 to cover fluctuations in securities and variation in statistical estimates;

(iv) Section 22 (1a) requires the maintenance of a general reserve fund which shall be credited with an amount equal to the net liabilities on policies in force at the time of the actuarial valuation and an additional 25 percent of net premium for every year between valuation date;

(v) Section 24 requires the maintenance of a margin of solvency to be calculated in accordance with the Act;

(vi) Section 10(3) requires insurance companies in Nigeria to deposit 10 percent of the minimum paid up share capital with the Central Bank of Nigeria;

(vii) Section 25 (1) requires an insurance company operating in Nigeria to invest and hold invested in Nigeria assets equivalent to not less than the amount of policy holders' funds in such accounts of the insurer.

(viii) However, section 59 of the Financial Reporting Council Act, 2011 (FRC Act) provides that in matters of financial reporting, if there is any inconsistency between the FRC Act and other Acts which are listed in section 59(1) of the FRC Act, the FRC Act shall prevail. The Financial Reporting Council of Nigeria acting under the provisions of the FRC Act has promulgated IFRS as the national financial reporting framework for Nigeria. Consequently, the following provision of the National Insurance Act, 2003 which conflict with the provisions of IFRS have not been adopted:

(ix) Section 20(1b) which requires the provision of 10 percent for outstanding claims in respect of claims incurred but not reported at the end of the year under review. See note 3.22(b) on accounting policy for outstanding claims.

(x) Section 22(1a) which requires additional 25 percent of net premium to general reserve fund. See note 3.22(c) on accounting policy for unexpired risk and unearned premium.

2.7 Changes in accounting policies

Except for the changes below, the Group has consistently applied the accounting polices as set out in Note 3 to all periods presented in these consolidated and separate financial statements.

The Company has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2015.

(i) Employee Contributions (Amendments to IAS 19)

The amendment to IAS 19 Employee Benefits (2011) was to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service, in that contributions, can, but are not required, to be recognised as a reduction in the service cost in the period in which the related service is rendered. The amendment does not have any material impact on the financial position of the Group.

(ii) Recoverable amount disclosures for non-financial assets (amendments to IAS 36)

As a result of the amendment to IAS 36, which clarified the disclosure requirements in respect of fair value less costs of disposal; the conclusions of the Group's assessment on the amendments as of 1 January 2015 did not result in any change from the conclusion reached in prior years. The change in accounting policy did not have a material impact on the Group's financial statements.

2.8 Segment reporting

For management purposes, the Group is organized into business units based on their products and services and has five reportable operating segments as follows:

- The life insurance segment offers savings, protection products and other long-term contracts (both with and without insurance risk. It comprises a wide range of whole life, term assurance, guaranteed pensions, pure endowment pensions and mortgage endowment products. Revenue from this segment is derived primarily from insurance premium, fees and commission income and investment income."
- The non-life insurance segment comprises general insurance to individuals and businesses. Non-life insurance products offered include motor, household, commercial and business interruption insurance. These products offer protection of policyholder's assets and indemnification of other parties that have suffered damage as a result of policyholder's accident.
- Multishield segment is a Health Maintenance Organization for prepaid health plans to cater for the health needs of individuals and corporate organizations. The company became a full subsidiary of AIICO Insurance Plc on July 1, 2012.
- AIICO Pension Managers' Segment was licensed as a Pension Fund Administrator by the National Pension Commission on April 13, 2006, provides pension administration services to private and public sector contributors.
- AIICO Capital Limited is registered and licensed by the Securities & Exchange Commission in 2012, to carry out portfolio/fund management services. AIICO Capital Limited commenced full operations in 2014 through the provision of bespoke wealth solutions for clients, by adopting a research based approach for every investment decision.

No operating segments have been aggregated to form the above reportable operating segments.

Segment performance is evaluated based on profit or loss which, in certain respects, is measured differently from profit or loss in the financial statements. The Company's financing and income taxes are managed on a group basis and are not allocated to individual operating segments.

Inter-segment transactions occurred in 2015 as shown in Note 5. Segment income, expenses and results will include those transfers between business segments.

2.9 Fair value measurement

'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 in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non performance risk. If a market for a financial instrument is not active, then the Group establishes fair value using a valuation technique. The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the Group, incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments.The best evidence of the fair value of a financial instrument at initial recognition is the transaction price – i.e. the fair value of the consideration given or received. However, in some cases the initial estimate of fair value of a financial instrument on initial recognition may be different from its transaction price. If this estimated fair value is evidenced by comparison with other observable current market transactions in the same instrument (without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets, then the difference is recognised in profit or loss on initial recognition of the instrument. In other cases, the fair value at initial recognition is considered to be the transaction price and the difference is not recognised in profit or loss immediately but is recognised over the life of the instrument on an appropriate basis or when the instrument is redeemed, transferred or sold, or the fair value becomes observable. Fair value of fixed income liabilities is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid."

2.10 Disclosures - offsetting financial assets and financial liabilities (Amendment to IFRS 7)

As a result of the amendments to IFRS 7, the Group has expanded disclosure about offsetting financial assets and financial liabilities.

3 Significant accounting policies

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements.

3.1 Basis of Consolidation

(a) Business combination and goodwill

"Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Company has an option to measure any non-controlling interests in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. No reclassification of insurance contracts is required as part of the accounting for the business combination. However, this does not preclude the Company from reclassifying insurance contracts to accord with its own policy only if classification needs to be made on the basis of the contractual terms and other factors at the inception or modification date.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value as at the acquisition date through profit or loss. Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration, which is deemed to be an asset or a liability, will be recognized as measurement period adjustments in accordance with the applicable IFRS. If the contingent consideration is classified as equity, it will not be remeasured and its subsequent settlement will be accounted for within equity."

Goodwill is initially measured at cost, being the excess of the fair value of the consideration transferred over the Company's share in the net identifiable assets acquired and liabilities assumed and net of the fair value of any previously held equity interest in the acquiree. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purposes of impairment testing, goodwill acquired in a business combination is allocated to an appropriate cash-generating unit that is expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

(b) Subsidiaries

"Subsidiaries are investees controlled by the Group. The Group controls an investee when it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of subsidiaries are included in the consolidated financial statement from the date on which the date on which control commences until the date on which control ceases.

The financial statements of subsidiaries are consolidated from the date the Group acquires control, up to the date that such effective control ceases. For the purpose of these financial statements, subsidiaries are entities over which the Group, directly or indirectly, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity."

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

Inter-company transactions, balances and unrealised gains on transactions between companies within the Group are eliminated on consolidation. Unrealised losses are also eliminated in the same manner as unrealised gains, but only to the extent that there is no evidence of impairment. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the separate financial statements, investments in subsidiaries and associates are measured at cost.

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Acquisition-related costs are expensed as incurred

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

Disposal of subsidiaries

On loss of control, the Group derecognises the assets and liabilities of the subsidiary, any controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising from the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, that retained interest is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(c) Non- controlling interests

Non-controlling Interest (NCI) are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(d) Transaction eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

3.2 Foreign currency transactions

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

Monetary items denominated in foreign currency are translated with the closing rate as at the reporting date. Non-monetary items measured at historical cost denominated in a foreign currency are translated with the exchange rate as at the date of initial recognition; non-monetary items in a foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Profit or loss, except when deferred in equity as gains or losses from qualifying cash flow hedging instruments or qualifying net investment hedging instruments. Foreign exchange gains and losses are presented in profit and loss within 'Other operating income' or 'Other operating expenses'. In the case of changes in the fair value of monetary assets denominated in foreign currency classified as available-for-sale, a distinction is made between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in the carrying amount, except impairment, are recognised in other comprehensive profit or loss.

However, foreign currency differences arising from the translation of the following items are recognised in other comprehensive income (OCI):

- available-for-sale equity investments (except on impairment, in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss,

3.3 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less in the statement of financial position. For the purpose of the consolidated cash flow, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

3.4 Financial instruments

The group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held to maturity financial assets, loans and receivables and available for sale financial assets. The Group classifies non-derivative financial liabilities into the following categories: financial liabilities at fair value through profit or loss and other financial liabilities category.

(a) Non-derivative financial assets and financial liabilities-recognition and derecognition

The group initially recognises loans and receivables and debt securities issued on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date when the entity becomes a party to the contractual provisions of the instrument. The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and reward of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised asset financial asset that is created or retained by the Group is recognised as a separate asset or liability. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.Financial assets and financial liabilities are offset and the net amount presented in the statement of the financial position when, and only when, the Group currently has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(b) Non-derivative financial assets -measurement

Financial assets at fair value through profit or loss	A financial asset is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial asset at fair value through profit or loss are measured at fair value and changes therein, including any interest expense or dividend income, are recognised in profit or loss.
Held-to-maturity financial assets	These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.
Loans and receivables Available-for-sale financial assets	These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on debt instruments see 4(a), are recognised in OCI and accumulated in the fair value reserve. When these assets are derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

(c) Non-derivative financial liabilities - measurement

A financial liability is classified at fair value through profit or loss if it is classified as held-for-trading or designated as such on initial recognition. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value and changes therein, including any interest expense, are recognised in profit or loss.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

(d) Non-derivative financial assets - impairment

Financial assets not classified as at fair value through profit or loss, including an interest in an equity-accounted investee, are assessed at each reporting date to determine whether there is objective evidence of impairment. Objective evidence that financial assets are impaired includes; default or delinquency by a debtor; restructuring of an amount due to the Group on terms that the Group would consider otherwise; indications that a debtor or issuer will enter bankruptcy; adverse changes in the payment status of borrowers or issuers; the disappearance of an active market for a security because of financial difficulties; or observable data indicating that there is a measurable decrease in the expected cash flows from a group of financial assets. For an investment in equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost.

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Financial assets measured at amortised cost	The Group considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant asset are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics. In assessing collective impairment, the Group uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends. An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the Group considers that there are no realistic prospect of recovery of the asset, the relevant amount written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.
Available- for-sale financial assets	Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve to profit and loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss previously recognised in profit or loss. If the fair value of an impaired available-for-sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed through profit or loss. Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale are not reversed through profit or loss.

3.5 Trade Receivables

Trade receivables arising from insurance contracts represent premium receivable with determinable payments that are not quoted in an active market and the Company has no intention to sell. Premium receivables are those for which credit notes issued by brokers are within 31days, in conformity with the "NO PREMIUM NO COVER" policy.

3.6 Reinsurance Assets

The group cedes insurance risk in the normal course of business on the bases of our treaty and facultative agreements. Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contract.

(a) Impairment of Reinsurance assets

The Group assesses its reinsurance assets for impairment at each reporting date or more frequently when an indication of impairment arises during the reporting year. If there is objective evidence that the reinsurance asset is impaired, the Group reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the profit or loss. The Group gathers the objective evidence that a reinsurance asset is impaired using the same process adopted for financial assets measured at amortised cost. The impairment loss is calculated using the incurred loss model for these financial assets.

Premiums, losses and other amounts relating to reinsurance treaties are recognized over the period from inception of a treaty to expiration of the related business.

Ceded reinsurance arrangements do not relieve the Company from its obligations to policyholders. Reinsurance assets or liabilities are derecognized when the contractual rights are extinguished or expire or when the contract is transferred to another party.

Reinsurance contracts that do not transfer significant insurance risk are accounted for directly through the statement of financial position. These are deposit assets that are recognised based on the consideration paid less any explicit identified premiums or fees to be retained by the reinsured.

Investment income on these contracts is accounted for using the effective interest rate method when accrued.

3.7 Trade payables

Trade payables are recognised when due and measured on initial recognition at the fair value of the consideration received less directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest rate method. Trade payables are recognised as financial liabilities.

3.8 Other payables and accruals

Other payables and accruals 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. Discounting is omitted for payables that are less than one year as the effect is not material. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the profit or loss. Gains and losses are recognised in the profit or loss when the liabilities are derecognized. Other payables are recognised as financial liabilities.

3.9 Deferred expenses

(a) Deferred acquisition costs (DAC)

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

DAC for life insurance are expensed as incurred. Subsequent to initial recognition, DAC for general insurance are amortized over the period in which the related revenues are earned. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period and are treated as a change in an accounting estimate. DAC are derecognized when the related contracts are either settled or disposed of.

(b) Deferred expenses-Reinsurance commissions

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

3.10 Other receivables and prepayment

Other receivables are carried at amortised cost using the effective interest rate less accumulated impairment losses. Prepayments are carried at cost less accumulated amortization and impairment losses and are amortized on a straight line basis to the profit or loss account.

3.11 Income tax

Income tax expense comprises current and deferred tax. It is recognised in the profit and loss except to the extent that this relates to a business combination, or items recognized directly in equity or OCI.

(a) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty

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related to the income taxes, if any. It is measured using tax rate enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends received by the Company.

(b) NITDA Levy

The National Information Technology Development Agency Act (2007) empowers and mandates the Federal Inland Revenue Service (FIRS) to collect and remit 1% of profit before tax of Companies with turnovers of a minimum of ₦100million under the third schedule of the Act.

(c) Deferred taxation

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary difference arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that its probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for individual subsidiaries in the Group. 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; such reductions are reversed when the probability of future taxable profit improves.

Unrecognised deferred tax asset are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantially enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value presumed to be recovered through sale, and the Group has not been rebutted this presumption.

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

3.12 Investment property

Investment property is initially measured at cost and subsequently at fair value with any change therein recognised in profit or loss. Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

3.13 Intangible assets and goodwill

(a) Goodwill

Goodwill arising on acquisition of subsidiaries is measured at cost less accumulated impairment losses

(b) Intangible asset

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the profit or loss in the year in which the expenditure is incurred.

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

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

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortized. The useful life of an intangible asset with an indefinite life is reviewed annually to

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determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

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

(c) Present value of acquired in-force business (PVIF)

When a portfolio of insurance contracts is acquired, whether directly from another insurance company or as part of a business combination, the difference between the fair value of insurance rights acquired and insurance obligation assumed are measured using the Company's existing accounting policies and is recognized as the value of the acquired in-force business.

Subsequent to initial recognition, the intangible asset is carried at cost less accumulated amortization and accumulated impairment losses. The intangible asset is amortized over the useful life of the acquired in-force policy during which future premiums are expected, which typically varies between five and fifty years. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period and they are treated as a change in an accounting estimate. An impairment review is performed whenever there is an indication of impairment. When the recoverable amount is less than the carrying value, an impairment loss is recognized in the profit and loss. PVIF is also considered in the liability adequacy test for each reporting period.

PVIF is derecognized when the related contracts are settled or disposed of.

(d) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(e) Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight line method over their estimated useful lives, and generally recognised in profit or loss. Goodwill is not amortised. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.14 Property and equipment

(a) Recognition and measurement

Items of property and equipment are carried at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bring the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

If significant parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment. Any gain or loss on disposal of an item of property and equipment is recognised in profit or loss.

(b) Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(c) Depreciation

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual value using the straight-line method over the estimated useful lives, and is generally recognised in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

The estimated useful lives of significant items of property and equipment for current and comparative periods are as follows:

Leasehold land	over the lease period
Building	50 years
Furniture and Equipment	5 years
Motor vehicles	4 Years
Lifts	**15 years** **10 years**
Central Air Conditioners	

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's value less costs to sell or the value in use. Gains and losses on disposal are determined by comparing proceeds with carrying amount. Gains and losses are included in the profit and loss account for the period."

(d) De-recognition

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

(e) Reclassification to investment property

When the use of a property changes from owner- occupied to investment property, the property is remeasured to fair value and reclassified accordingly. Any gain arising on this remeasurement is recognised in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised in OCI and presented in the revaluation reserve. Any loss is recognised in profit or loss.

3.15 Statutory deposit

Statutory deposit represent 10% of required minimum paid up capital of AIICO Insurance PLC. The amount is held by CBN (Central Bank of Nigeria) pursuant to Section 10(3) of the Insurance Act 2003. Statutory deposit is measured at cost.

3.16 Insurance contract liabilities

(a) Life insurance contract liabilities

Life insurance liabilities are recognised when contracts are entered into and premiums are charged. These liabilities are measured by using the gross premium valuation method. The liability is determined as the sum of the discounted value of the expected future benefits, claims handling and policy administration expenses, policyholder options and guarantees, which are directly related to the contract, less the discounted value of the expected premiums that would be required to meet the future cash outflows based on the valuation assumptions used. The liability is calculated adopting current financial and decrement assumptions. A separate reserve for longevity may be established and included in the measurement of the liability. Furthermore, the liability for life insurance contracts comprises the provision for claims outstanding.

At each reporting date, an assessment is made of whether the recognized life insurance liabilities are adequate by carrying out a liability adequacy test. The liability value is adjusted to the extent that it is insufficient to meet expected future benefits and expenses. In performing the adequacy test, current best estimates of future contractual cash flows, including related cash flows such as claims handling and policy administration expenses, policyholder options and guarantees, as well as investment income from assets backing such liabilities, are used. Discounted cash flows model is used in the valuation.

The interest rate applied is based on management's prudent expectation of current market interest rates. Any inadequacy is recorded in the profit or loss by establishing an additional insurance liability for the remaining loss. In subsequent periods, the liability for a block of business that has failed the adequacy test is based on the assumptions that are established at the time of the loss recognition. The assumptions do not include a margin for adverse deviation.

(b) Guaranteed annuity

Guaranteed annuity is recognised as an insurance contract.
Annuity premium are recognised as income when received from policy holders, payments to policy holders are recognised as an expense when due.
The amount of insurance risk under contracts with guaranteed annuity is also dependent on the number of contract holders that will exercise their option ('option take-up rate'). This will depend significantly on the investment conditions that apply when the options can be exercised. The lower the current market interest rates in relation to the rates implicit in the guaranteed annuity rates, the more likely it is that contract holders will exercise their options. Continuing improvements in longevity reflected in current annuity rates will increase the likelihood of contract holders exercising their options as well as increasing the level of insurance risk borne by the Company under the annuities issued. The Group does not have sufficient historical data on which to base its estimate of the number of contract holders who exercise their option.

(c) Non-life insurance contract liabilities

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

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

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

(d) Investment contract liabilities

Investment contract liabilities are recognized when contracts are entered into and premiums are charged. These liabilities are initially recognized at fair value, this being the transaction price excluding any transaction costs directly attributable to the issue of the contract. Subsequent to initial recognition investment, contract liabilities are measured at amortized cost.

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

The liability is derecognized when the contract expires, is discharged or is cancelled.

3.17 Portfolio under Management

The Group acts in other fiduciary capacities that results in holding or placing of assets on behalf of individuals and other institutions. These assets and arising thereon are excluded from these financial statement as they are not assets of the Group. However, fee income earned and fee expenses incured by the Group relating to the Group's responsibilities from fiduciary activities are recognised on profit or loss.

3.18 Leases

(a) Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether the arrangement is or contains a lease. At inception or on reassessment of an arrangement that contains a lease, the Group separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Group's incremental borrowing rate.

(b) Leased assets

Leases of property, plant and equipment that transfer to the Group substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.
Assets held under other leases are classified as operating leases and are not recognised in the Group's statement of financial position.

(c) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

3.19 Borrowing Costs

Borrowing costs are interest and other costs incurred by the Group directly attributable to the acquisition and construction of qualifying assets which are assets that necessarily takes a substantial period of time to get ready for its intended use or sale.

Borrowing costs are capitalized as part of the cost of a qualifying asset only when it is probable that they will result in future economic benefits to the Group and the costs can be measured reliably. Other borrowing costs are recognized as an expense in the period in which they are incurred.

When the carrying amount or the expected ultimate cost of the qualifying asset exceeds its recoverable amount or net realizable value, the carrying amount is written down or written off. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

3.20 Derivative Liabilities

Derivatives may be embedded in another contractual arrangement (a host contract). The Group accounts for an embedded derivative separately from the host contract when:

- the host contract is not itself carried at fair value through profit or loss;
- the terms of embedded derivative would meet the definition of a derivative if they were contained in a separate contract and;
- the economic characteristics and risks of the embedded derivative are not closely related to the economic charcteristics and risks of the host contract.

Separated embedded derivatives are measured at fair value, with all changes in fair value recognised in profit or loss unless they form part of a qualifying cash flow or net investment hedging relationship.

3.21 Provisions

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

3.22 Share capital

(a) Ordinary shares

The Company's issued ordinary shares are classified as equity instruments. Incremental external costs that are directly attributable to the issue of these shares are recognized in equity.

(b) Dividends on ordinary share capital

Dividends on ordinary shares are recognised as a liability and deducted from retained earnings when they are approved by the Company's shareholders. Interim dividends are deducted from retained earnings when they are paid. Dividends for the year that are approved after the reporting date are dealt with as an event after the reporting date.

(c) Share Premium

The Group classifies share premium as equity when there is no obligation to transfer cash or other assets.

3.23 Asset Revaluation Reserve

Subsequent to initial recognition, an item of property, plant and equipment and intangible is carried using cost model, may be revalued to fair value. However, if such an item is revalued, the whole class of asset to which that asset belongs has to be revalued. The revaluation surplus is recognised in equity, unless it reverses a decrease in the fair value of the same asset which was previously recognised as an expense, in which case it is recognised in profit or loss. A subsequent decrease in the fair value is charged against this reserve to the extent that there is a credit balance relating to the same asset, with the balance being recognised in profit or loss.

3.24 Available-for-Sale Reserve

The available-for-sale reserve comprises the cumulative net change in the fair value of the group's available-for-sale investments. Net fair value movements are recycled to profit or loss if an underlying available-for-sale investment is either derecognized or impaired.

3.25 Technical reserves

These are computed in compliance with the provisions of Section 20, 21, and 22 of the Insurance Act 2003 as follows:

(a) General Insurance Contracts

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

(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") as at the balance sheet date. The IBNR is based on the liability adequacy test.

(c) Reserves for Unexpired Risk

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

(d) Life Business

General Reserve Fund

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

(e) Liability Adequacy Test

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

The provisions of the Insurance Act 2003 requires an actuarial valuation for life reserves only however, IFRS 4 requires a liability adequacy test for both life and non-life insurance reserves. The provision of section 59 of the Financial Reporting Council Act 2011 gives superiority to the provision of IFRS and since it results in a more conservative reserving than the provision of the Insurance Act 2003, it serves the company's prudential concerns well.

3.26 Statutory Reserve

In accordance with the provisions of Section 69 of the Pension Reform Act 2004, the statutory reserve is credited with an amount equivalent to 12.5% of net profit after tax or such other percentage of the net profit as the National Pension Commission may from time to time stipulate.

3.27 Contingency Reserves

(a) Non-life business

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

(b) In compliance with Section 22 (1) (b) of Insurance Act 2003, the contingency reserve is credited with the higher of 1% of gross premiums or 10% of net profit and accumulated until it reaches the amount of the minimum paid up capital – NAICOM ACT 22 (1)(b).

3.28 Retained Earnings

This account accumulates profits or losses from operations.

3.29 Preference share capital

The company's non-redeemable preference shares are classified as equity, because they bear discretionary dividends, do not contain any obligations to deliver cash or other financial assets and do not require settlement in a variable number of the Company's equity instruments. Discretionary dividends thereon are recognised as equity distributions on approval by the Company's shareholders.

3.30 Revenue recognition

(a) Gross premium

Gross recurring premiums on life are recognised as revenue when payable by the policyholder. For single premium business, revenue is recognised on the date on which the policy is effective.
Gross general insurance written premiums comprise the total premiums receivable for the whole period of cover provided by contracts entered into during the accounting period. They are recognised on the date on which the policy commences. Premiums include any adjustments arising in the accounting period for premiums receivable in respect of business written in prior accounting periods. Rebates that form part of the premium rate, such as no-claim rebates, are deducted from the gross premium; others are recognised as an expense. Premiums collected by intermediaries, but not yet received, are assessed based on estimates from underwriting or past experience and are included in premiums written.

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

(b) Reinsurance premium

Gross reinsurance premiums on life and investment contracts are recognised as an expense on the earlier of the date when premiums are payable or when the policy becomes effective.

Gross general reinsurance premiums written comprise the total premiums payable for the whole cover provided by contracts entered into the period and are recognised on the date on which the policy incepts.

Premiums includes any adjustments arising in the accounting period in respect of reinsurance contracts incepting in prior accounting periods.

Unearned reinsurance premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. Unearned reinsurance premiums are deferred over the term of the underlying direct insurance policies for risks-attaching contracts and over the term of the reinsurance contract for losses occurring contracts.

(C) Fees and commission income

Insurance and investment contract policyholders are charged for policy administration services, investment management services, surrenders and other contract fees. The administration fee is calculated as a flat charge payable monthly from contributions received while the fund management fee is an asset based fee charged as a percentage of the opening net assets value of the pension fund investment. These fees are recognized as revenue over the period in which the related services are performed. If the fees are for services provided in future periods, then they are deferred and recognized over those future periods.

(d) Investment income

Interest income is recognized in the profit or loss as it accrues and is calculated by using the effective interest rate method. Fees and commissions that are an integral part of the effective yield of the financial asset or liability are recognized as an adjustment to the effective interest rate of the instrument. Investment income also includes dividends when the right to receive payment is established. For listed securities, this is the date the security is listed as ex-dividend.

(e) Realized gains and losses

Realized gains and losses recorded in the profit or loss on investments include gains and losses on financial assets and investment property. Gains and losses on the sale of investments are calculated as the difference between net sales proceeds and the original or amortized cost and are recorded on occurrence of the sale transaction.

(f) Investment property rental income

Rental income from investment property is recognised as revenue on a straight line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental Income from other property is recognised as other income.

3.31 Benefits, claims and expenses recognition

(a) Gross benefits and claims

Gross benefits and claims for life insurance contracts include the cost of all claims arising during the year, including internal and external claims handling costs that are directly related to the processing and settlement of claims. Changes in the gross valuation of insurance are also included.

Death claims and surrenders are recorded on the basis of notifications received. Maturities and annuity payments are recorded when due. General insurance claims include all claims occurring during the year, whether reported or not, related internal and external claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years.

(b) Reinsurance claims

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

(c) Reinsurance Expenses

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

3.32 Underwriting Expenses

Underwriting expenses comprise acquisition costs and other underwriting expenses. Acquisition costs comprise all direct and indirect costs arising from the writing of insurance contracts. Examples of these costs include, but are not limited to, commission expense, supervisory levy, superintending fees and other technical expenses. Other underwriting expenses are those incurred in servicing existing policies/ contract. These expenses are charged in the accounting year in which they are incurred.

3.33 Other operating income

Other operating income comprises of income from realised profits on sale of securities, fair value gain or loss on investment property, realised foreign exchange gains and other sundry income.

3.34 Employee benefits

(a) Short Term Employee Benefit

Short term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(b) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(c) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

The defined benefit plan was discontinued by the Company as at 30 April 2014.

3.35 Other operating expenses

Other expenses are expenses other than claims, investment expenses, employee benefit, expenses for marketing and administration and underwriting expenses. They include wages, professional fee, depreciation expenses and other non-operating expenses. Other Operating expenses are accounted for on accrual basis and recognized in the profit or loss upon utilization of the service or at the date of their origin.

3.36 Finance cost

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

3.37 Earnings per share

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

3.38 Standards issued but not yet effective

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016 and have not been applied in preparing these financial statements. Those which may be relevant to the Company are set out below. The Company does not plan to early adopt these standards. These will be adopted in the period that they become mandatory unless otherwise indicated:

GENERAL INFORMATION AND STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

New or amended standards	**Summary of the requirements**	**Possible impact on consolidated financial statements**
IFRS 9 Financial Instruments	IFRS 9 published in July 2014, replaces the existing guidance in IAS 39 Financial Instrument: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecogniton of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. "	The Group is assessing the potential impact on its consolidated financial statements resulting from application of IFRS 9
IFRS 15 Revenue from Contracts with Customers	IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contract and IFRIC 13 Customer Loyalty Programmes. IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted."	The Group is assessing the potential impact on its consolidated financial statements resulting from application of IFRS 15

The following new or amended standards are not expected to have a significant impact on the Group's consolidated financial statements:

- IFRS 14 Regulatory Deferral Accounts.
- Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)
- Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to IAS 16 and IAS 38)
- Equity Method in Separate Financial Statements (Amendments to IAS 27)
- Defined Benefit Plans: Employee Contributions (Amendments to IAS 19).
- Annual Improvements to IFRSs 2010 – 2012 Cycle.
- Annual Improvements to IFRSs 2011 – 2013 Cycle.
- Annual Improvements to IFRSs 2012 – 2014 Cycle.
- Disclosure Initiative (Amendments to IAS 1)

4. Critical accounting estimates and judgement.

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) The ultimate liability arising from claims made under insurance contracts

The estimation of the ultimate liability arising from claims made under insurance contracts is one of the Group's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimate of the liability that the Group will ultimately pay for such claims.

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

The main assumption underlying these technique is that the Group's past claims development experience can be used to project future claims development and hence ultimate claims costs. As such, this method extrapolates the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years and the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgment is used to assess the extent to which past trends may not apply in future, (for example to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims, inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved.

(b) Impairment of available-for-sale equity financial assets

The Group determines that available-for-sale equity financial assets are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgement. In making this judgement, the Group evaluates among other factors, the normal volatility in share price, the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flow. Impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and financing and operational cash flows.

The Group's available-for-sale equity financial assets were assessed for impairment during the year and having identified objective evidence of impairment, some of the unquoted investments were impaired.

(c) Fair value of HTM financial instruments

The determination of fair value for financial assets and financial liabilities for which there is no observable market price requires the use of valuation techniques. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the requirements.

- Level 1: Quoted market price in an active market for an identical instrument.

- Level 2: Valuation techniques based on observable inputs. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

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

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations.

The fair value of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. In these cases the fair values are estimated from observable data in respect of similar financial instruments or using models. Where market observable inputs are not available, they are estimated based on appropriate assumptions. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of those that sourced them.

All models are certified before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data; however, areas such as credit risk (both own credit risk and counterparty risk), volatilities and correlations require management to make estimates.

(d) Fair value of unquoted equity financial instruments

Investments in unquoted equity financial instrument should be measured at fair value, however, where the fair value cannot be reliably estimated, it is carried at cost less impairment loss.

The Group's investment in unquoted equity financial instrument could not be fair valued as there were no observable data for which the entity could be fair valued, the carrying amount was based on cost. The investment is tested for impairment by comparing the cost of investment with the share of net assets in the investee Group. Other factors such as whether the Group is making profits from its operations and returns on the investment in form of dividend received are also considered.

(e) Liabilities arising from insurance contracts

Liabilities for unpaid claims are estimated on case by case basis. The reserves made for claims fluctuate based on the nature and severity of the claim reported. Claims incurred but not reported are determined using statistical analyses and the Group deem the reserves as adequate.

(f) Depreciation and carrying value of property and equipment

The estimation of the useful lives of assets is based on management’s judgement. Any material adjustment to the estimated useful lives of items of property and equipment will have an impact on the carrying value of these items.

(g) Determination of impairment of property and equipment and intangible assets

Management is required to make judgements concerning the cause, timing and amount of impairment. In the identification of impairment indicators, management considers the impact of changes in current competitive conditions, cost of capital, availability of funding, technological obsolescence, discontinuance of services and other circumstances that could indicate that impairment exists. This requires management to make significant judgements and estimates concerning the existence of impairment indicators, separate cash generating units, remaining useful lives of assets, projected cash flows and net realisable values. Management’s judgement is also required when assessing whether a previously recognised impairment loss should be reversed.

(h) Income taxes

The Group is subject to income taxes in the local jurisdiction. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

(i) Sensitivity analysis

The sensitivity analysis reflects the impact, on profit or loss and equity, of changes in the relevant risk variables that are reasonably possible at the reporting date.

(j) Determining control over investee entities

Management applies its judgement to determine whether the Group has significant influence over an investee company as set out in Note 3.1(b).TheGroup has determined that it exercises significant influence over certain investee companies due to its representation on the Board of such companies and its significant participation in the Companies' operating and financial policies.

(k) Impairment for receivables

The Group tests annually whether premium receivables have suffered any impairment. With this policy, all premium transactions are paid for immediately except in the cases of broker transactions. For broker transactions, the period is extended for 30 days if credit notes have been received from the broker.

FINANCIAL STATEMENTS


Mar
Apr
May
Jun
Neque pro quisquam.
Ullam corporis.
Excepteur sint occaecat cupidatat non proident.
Q1
Q2
Q3
Q4

CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2015

		Group		Company	
		2015	2014	2015	2014
In thousands of naira	Notes				
Assets					
Cash and cash equivalents	6	8,451,795	7,954,370	6,437,403	6,577,102
Financial assets	7	58,269,318	38,172,893	57,903,833	37,322,663
Trade receivable	8	296,514	210,133	123,848	11,303
Reinsurance assets	9	2,479,069	1,699,319	2,479,069	1,699,319
Deferred acquisition cost	10	264,842	443,945	264,842	443,945
Other receivables and prepayments	11	447,467	321,989	282,805	529,581
Deferred tax asset	12(e)	1,775,779	1,696,850	1,707,077	1,531,097
Investment in subsidiaries	13	-	-	2,308,690	2,133,417
Investment property	14	1,115,000	1,203,000	1,115,000	1,203,000
Goodwill and other intangible assets	15	1,142,720	922,524	1,120,871	886,766
Property and equipment	16	5,353,657	5,183,072	5,111,828	4,988,937
Statutory deposit	17	530,000	530,000	530,000	530,000
Total assets		**80,126,161**	**58,338,095**	**79,385,266**	**57,857,130**
Liabilities and equity					
Liabilities					
Insurance contract liabilities	18	55,548,154	35,071,301	55,379,977	35,029,115
Investment contract liabilities	19	8,295,046	6,608,125	8,295,046	6,608,125
Trade payables	20	1,547,548	643,762	1,547,548	643,762
Other payables and accruals	21(a)	2,489,333	3,702,330	2,432,087	3,399,890
Fixed income liabilities	21(b)	165,838	-	-	-
Current tax payable	12(a)	592,961	558,874	518,443	492,279
Deferred tax liability	12(e)	269,133	7,364	263,422	-
Finance lease obligation	22	49,854	49,230	49,854	49,230
Borrowing	23	1,134,840	-	1,134,840	-
Derivative liabilities	24	319,274	-	319,274	-
Total liabilities		**70,411,981**	**46,640,986**	**69,940,491**	**46,222,401**
Equity					
Issued share capital	26(a)	3,465,102	3,465,102	3,465,102	3,465,102
Share premium	26(b)	2,824,389	2,824,389	2,824,389	2,824,389
Revaluation reserves	26(c)	1,221,707	1,221,707	1,221,707	1,221,707
Available-for-sale reserve	26(d)	(2,723,536)	581,971	(2,723,536)	581,400
Exchange gains reserve	26(e)	148,521	-	148,521	-
Statutory reserve	26(f)	55,240	14,629	-	-
Contingency reserve	26(g)	3,482,076	3,019,230	3,482,076	2,993,584
Retained earnings	26(h)	898,089	275,503	1,026,516	548,547
Cumulative irredeemable convertible preference shares	25	-	50,000	-	-
Shareholders' funds		**9,371,588**	**11,452,531**	**9,444,775**	**11,634,729**
Non-controlling interest	13(d)(i)	342,592	244,578	-	-
Total equity of the group		**9,714,180**	**11,697,109**	**9,444,775**	**11,634,729**
Total liabilities and equity		**80,126,161**	**58,338,095**	**79,385,266**	**57,857,130**

These financial statements were approved by the Board on 17 March 2016 and signed on its behalf by:

Chief Dele Fajemirokun
Chairman
FRC/2013/IODN/00000003604

Mr. Edwin Igbiti
Group MD/CEO
FRC/2013/CIIN/00000005551

Mr. Ayodele Bamidele
Chief Financial Officer
FRC/2013/ICAN/0000004332

CONSOLIDATED AND SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER

		Group		Company	
	Notes	2015	2014	2015	2014
In thousands of naira					
Gross premium written	27(a)	**32,918,820**	**33,648,366**	**32,449,276**	33,274,427
Gross premium income	27(c)	10,410,650	20,927,888	9,941,106	20,553,949
Reinsurance expenses	27(d)	(3,662,162)	(4,706,202)	(3,662,162)	(4,706,202)
Net premium income		**6,748,488**	**16,221,686**	**6,278,944**	**15,847,747**
Fees and commission income					
Insurance contract	28	744,069	739,661	744,069	739,661
Pension and other contracts	28	1,355,846	1,093,789	-	-
Net underwriting income		**8,848,403**	**18,055,136**	**7,023,013**	**16,587,408**
Claims expenses:					
Claims expenses (Gross)	29(a)	13,045,452	10,467,388	13,045,452	10,467,388
Claims expenses recovered from reinsurer	29(b)	(2,377,750)	(1,369,301)	(2,377,750)	(1,369,301)
Claims expenses (Net)		**10,667,702**	**9,098,087**	**10,667,702**	**9,098,087**
Underwriting expenses	30	3,679,535	3,734,076	3,293,569	3,465,604
Total underwriting expenses		**14,347,237**	**12,832,163**	**13,961,271**	**12,563,691**
Underwriting profit		(5,498,834)	5,222,973	(6,938,258)	4,023,717
Investment income	31(a)	5,717,056	3,638,947	5,500,982	3,567,792
Investment income on deposit administration	31(b)	147,772	319,816	147,772	319,816
Net realised gains	32	7,630,227	181,507	7,585,119	181,507
Net fair value (losses)/gains	33	(88,000)	13,000	(88,000)	13,000
Other operating income	34	569,965	104,624	532,103	104,129
Personnel expenses	35	(3,039,353)	(3,055,865)	(2,280,601)	(2,433,226)
Other operating expenses	36	(3,540,411)	(3,024,220)	(2,913,959)	(2,568,952)
Finance cost	37	(87,121)	(26,630)	(85,072)	-
Impairment loss on financial assets	38	(12,007)	(97,592)	(12,007)	(97,592)
Profit before taxation		**1,799,294**	**3,276,560**	**1,448,079**	**3,110,191**
Income taxes	12(b)(ii)	(557,680)	(1,043,689)	(435,610)	(978,299)
Minimum tax	12(b)(I)	(46,008)	-	(46,008)	-
Profit after taxation		**1,195,606**	**2,232,871**	**966,461**	**2,131,892**
Attributable to shareholders		1,220,000	2,179,149	966,461	2,131,892
Attributable to non-controlling interest holders	13(d)(ii)	(24,394)	53,722	-	-
		1,195,606	**2,232,871**	**966,461**	**2,131,892**
Other comprehensive income, net of tax					
Items within OCI that may be reclassified to profit or loss					
Net loss on available-for-sale financial assets	26(d)	(3,305,507)	(1,332,024)	(3,304,936)	(1,332,024)
Revaluation gain on property and equipment		-	716,287	-	716,287
Exchange gains on available-for-sale financial assets	26(e)	212,173	-	212,173	-
Income tax relating to other comprehensive income	26(e)	(63,652)	(523,589)	(63,652)	(523,589)
Total other comprehensive loss		**(3,156,986)**	**(1,139,326)**	**(3,156,415)**	**(1,139,326)**
Total comprehensive (loss)/income for the year		**(1,961,380)**	**1,093,545**	**(2,189,954)**	**992,566**
Attributable to shareholders		(1,936,963)	1,039,823	(2,189,954)	992,566
Attributable to non-controlling interest		(24,417)	53,722	-	-
		(1,961,380)	**1,093,545**	**(2,189,954)**	**992,566**
Other comprehensive income, net of tax					
Basic earning per share (Kobo)	39	18	31	14	31
Diluted earning per share (Kobo)	39	14	31	11	31

The accounting policies and the accompanying notes form an integral part of these financial statements.

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015

	Attributable to owners of the Group											
In thousands of naira	Issued Share Capital	Share Premium	Retained Earnings	Contingency Reserve	Available-for-Sale Reserve	Revaluation Reserve	Statutory Reserve	Cumulative Irredeemable convertible preference shares	Exchange gains reserve	Shareholders' Equity	Non Controlling Interest	Total equity
At January 1 2014	3,465,102	2,824,389	(1,407,214)	2,506,775	1,913,995	1,029,009	-	-	-	10,332,056	241,086	10,573,142
Total comprehensive income for the year												
Profit for the year	-	-	2,179,149	-	-	-	-	-	-	2,179,149	53,722	2,232,871
Other comprehensive income	-	-	-	-	(1,332,024)	192,698	-	-	-	(1,139,326)	-	(1,139,326)
Total other comprehensive income for the year	-	-	2,179,149	-	(1,332,024)	192,698	-	-	-	1,039,823	53,722	1,093,545
Transactions within equity												
Transfer to contingency reserve	-	-	(512,455)	512,455	-	-	-	-	-	-	-	-
Transfer to statutory reserve	-	-	(8,485)	-	-	-	14,629	-	-	6,144	(6,144)	-
Total Transfers	-	-	(520,940)	512,455	-	-	14,629	-	-	6,144	(6,144)	-
Transactions with owners, recorded directly in equity												
Dividend received	-	-	-	-	-	-	-	-	-	-	(15,078)	(15,078)
Dividend paid to preference shareholders	-	-	(2,610)	-	-	-	-	-	-	(2,610)	(1,890)	(4,500)
Loss on dilution of shareholding	-	-	27,118	-	-	-	-	-	-	27,118	(27,118)	-
Transfer of Preference shares	-	-	-	-	-	-	-	50,000	-	50,000	-	50,000
Total contributions by and distributions to equity	-	-	(24,508)	-	-	-	-	50,000	-	74,508	44,086	30,422
Balance as at 31 December 2014	**3,465,102**	**2,824,389**	**275,503**	**3,019,230**	**581,971**	**1,221,707**	**14,629**	**50,000**	-	**11,452,531**	**244,578**	**11,697,109**
Total comprehensive income for the year												
Profit for the year	-	-	1,220,000	-	-	-	-		-	1,220,000	(24,394)	1,195,606
Other comprehensive income	-	-	-	-	(3,305,507)	-	-	-	148,521	(3,156,986)	(23)	(3,157,009)
Total other comprehensive income for the year	-	-	1,220,000	-	(3,305,507)	-	-	-	148,521	(1,936,986)	(24,417)	(1,961,403)
Transfers within equity												
Transfer to contingency reserve	-	-	(462,846)	462,846	-	-	-	-	-	-	-	-
Transfer to statutory reserve	-	-	(40,611)	-	-	-	40,611	-	-	-	-	-
Total transfers	-	-	(503, 457)	462,846	-	-	40,611	-	-	-	-	-
Transactions with owners, recorded directly in equity												
Loss on transactions with NCI			(54,188)							(54,188)	32,662	(21,526)
Conversion of preference shares to ordinary shares	-	-	(39,769)	-	-	-	-	(50,000)	-	(89,769)	89,769	-
Total contributions by and distributions to equity holders	-	-	(93,957)	-	-	-	-	(50,000)	-	(143,957)	122,431	(21,526)
Balance as at 31 December 2015	**3,465,102**	**2,824,389**	**898,089**	**3,482,076**	**(2,723,536)**	**1,221,707**	**55,240**	-	**148,521**	**9,371,588**	**342,592**	**9,714,180**

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015

	Attributable to owners of the Company							
In thousands of naira	Issued Share Capital	Share Premium	Retained Earnings	Contingency Reserve	Available-for-Sale Reserve	Revaluation Reserve	Exchange gains reserve	Shareholders' Equity
At January 1 2014	3,465,102	2,824,389	(1,070,890)	2,481,129	1,913,424	1,029,009	-	10,642,163
Total comprehensive income for the year								
Profit for the year	-	-	2,131,892	-	-	-	-	2,131,892
Other comprehensive income	-	-	-	-	(1,332,024)	192,698	-	(1,139,326)
Total other comprehensive income for the year	-	-	2,131,892	-	(1,332,024)	192,698	-	992,566
Transfers within equity								
Transfer to contingency reserve	-	-	(512,455)	512,455	-	-	-	-
Total transfers within equity	-	-	(512,455)	512,455	-	-	-	-
Balance as at 31 December 2014	3,465,102	2,824,389	548,547	2,993,584	581,400	1,221,707	-	11,634,729
Total comprehensive income for the year								
Profit for the year	-	-	966,461	-	-	-	-	966,461
Other comprehensive income	-	-	-	-	(3,304,936)	-	148,521	(3,156,415)
Total other comprehensive income for the year	-	-	966,461	-	(3,304,936)	-	148,521	(2,189,954)
Transfers within equity								
Transfer to contingency reserve	-	-	(488,492)	488,492	-	-	-	-
Total transfers within equity	-	-	(488,492)	488,492	-	-	-	-
Balance as at 31 December 2015	3,465,102	2,824,389	1,026,516	3,482,076	(2,723,536)	1,221,707	148,521	9,444,775

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2015

		Group		Company	
In thousands of naira	Notes	2015	2014	2015	2014
Operating activities:					
Total premium received	27(b)	32,832,439	33,474,006	32,336,731	33,298,896
Commission received	28	2,099,915	1,833,450	744,069	739,661
Commission paid		(3,499,384)	(3,675,843)	(3,113,418)	(3,407,371)
Reinsurance premium paid		(3,756,587)	(3,945,573)	(3,756,587)	(3,945,573)
Gross benefits and claim paid net of recoveries		(10,174,473)	(8,365,737)	(10,174,473)	(8,365,737)
Payments to employees		(3,039,353)	(3,583,887)	(2,280,601)	(2,961,248)
Other operating cash payments		(8,001,287)	1,036,974	(6,248,122)	1,030,404
Other income received		10,433,225	78,894	9,945,183	78,399
Tax paid	12(a)	(450,413)	(1,175,379)	(431,664)	(1,151,425)
Net cash flows from operating activities		16,444,082	15,676,905	17,021,118	15,316,006
Investing activities:					
Investment income received		6,645,149	3,958,764	5,924,861	3,887,609
Purchase of property and equipment	16	(901,036)	(345,606)	(739,175)	(273,263)
Purchase of intangibles	15	(110,558)	(25,160)	(108,501)	(4,553)
Proceeds from sale of property and equipment		45,165	61,236	44,720	78,413
Net (purchase)/sale of available-for-sale financial assets	7(b)(iii)	(1,728,402)	(1,721,135)	(1,790,898)	(1,559,339)
Net purchase of held-to-maturity financial assets	7(a)(i)	(21,289,625)	(18,176,374)	(21,709,201)	(18,054,299)
Purchase of investment in subsidiaries		-	-	(175,273)	(513,938)
Net cash flows from investing activities		(17,339,307)	(16,248,275)	(18,553,467)	(16,439,370)
Financing activities:					
Loan from IFC	23(b)	1,392,650	-	1,392,650	-
Preference dividend paid to non-controlling interest holders		-	(4,500)	-	-
Net cash flows from financing activities		1,392,650	(4,500)	1,392,650	-
Net increase/(decrease) in cash and cash equivalents		497,425	(575,870)	(139,699)	(1,123,364)
Cash and cash equivalents at 1 Janaury		7,954,370	8,530,240	6,577,102	7,700,466
Cash and cash equivalents at 31 December		8,451,795	7,954,370	6,437,403	6,577,102

The accounting policies and the accompanying notes form an integral part of these financial statements.

5 Segment Information

For management purposes, the Group is organized into business units based on their products and services and has four reportable operating segments as follows:

- The life insurance segment offers savings, protection products and other long-term contracts (both with and without insurance risk). It comprises a wide range of whole life, term assurance, guaranteed pensions, pure endowment pensions and mortgage endowment products. Revenue from this segment is derived primarily from insurance premium, fees and commission income and investment income.

- The non-life insurance segment comprises general insurance to individuals and businesses. Non-life insurance products offered include motor, household, commercial and business interruption insurance. These products offer protection of policyholder's assets and indemnification of other parties that have suffered damage as a result of policyholder's accident.

- Multishield segment is a Health Maintenance Organization for prepaid health plans to cater for the health needs of individuals and corporate organizations. The company became a full subsidiary of AIICO Insurance Plc on July 1, 2012.

- Pension Manager segment was licensed as a Pension Fund Administrator by the National Pension Commission on April 13, 2006 provides pension administration services to private and public sector contributors.

- AIICO Capital Limited is registered and licensed by the Securities & Exchange Commission in 2012, to carry out portfolio/fund management services. AIICO Capital Limited commenced full operations in 2014 through the provision of bespoke wealth solutions for clients, by adopting a research based approach for every investment decision. AIICO Capital Limited offers portfolio management services, structured investments and mutual funds to suit the investment needs of corporate and individual clients.

No operating segments have been aggregated to form the above reportable operating segments.
Segment performance is evaluated based on profit or loss which, in certain respects, is measured differently from profit or loss in the financial statements. The Company's financing and income taxes are managed on a Group basis and are not allocated to individual operating segments.

SEGMENT STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

AT 31 DECEMBER, 2015

In thousands of naira	Life Business	General Business	Elimination of inter-business transactions	Company	Health Management Services	Pensions	Asset Management	Elimination of inter-segment transactions	31 December 2015	31 December 2014
Gross premium written	**24,249,325**	**8,199,952**	**-**	**32,449,277**	**469,544**	**-**	**-**	**-**	**32,918,821**	**33,648,367**
Gross premium income	2,416,763	7,524,344	-	9,941,107	469,544	-	-	-	10,410,651	20,927,888
Premiums ceded to reinsurers	(297,791)	(3,364,371)	-	(3,662,162)	-	-	-	-	(3,662,162)	(4,706,202)
Net premium Income	**2,118,972**	**4,159,973**	**-**	**6,278,945**	**469,544**	**-**	**-**	**-**	**6,748,489**	**16,221,686**
Fees and Commission Income										
Insurance contract	95,633	648,436	-	744,069	-	-	-	-	744,069	1,093,106
Pension and other contracts	-	-	-	-	403,807	857,872	457,573	(363,406)	1,355,846	740,344
Net underwriting income	**2,214,605**	**4,808,409**	**-**	**7,023,014**	**873,351**	**857,872**	**457,573**	**(363,406)**	**8,848,404**	**18,055,036**
Claims expenses:										
Claims expenses (Gross)	9,379,289	3,666,163	-	13,045,452	-	-	-	-	13,045,452	10,467,388
Claims expenses recovered from reinsurer	(235,017)	(2,142,733)	-	(2,377,750)	-	-	-	-	(2,377,750)	(1,369,301)
Claims expenses (Net)	**9,144,272**	**1,523,430**	-	**10,667,702**	-	-	-	**-**	**10,667,702**	**9,098,087**
Underwriting expenses	2,008,623	1,284,946	-	3,293,569	385,966	-			3,679,535	3,734,076
Total underwriting expenses	**11,152,895**	**2,808,376**	**-**	**13,961,271**	**385,966**	**-**	**-**	**-**	**28,308,508**	**12,832,163**
Underwriting (loss)/profit	**(8,938,290)**	**2,000,033**	**-**	**(6,938,257)**	**487,385**	**857,872**	**457,573**	**(363,406)**	**(5,498,833)**	**5,222,973**
Investment income	4,793,160	707,863	-	5,501,023	21,207	124,767	70,059	-	5,717,056	3,638,947
Investment income in deposit administration	147,772	-	-	147,772	-	-	-	-	147,772	319,816
Net realised gains and losses	7,444,449	140,670	-	7,585,119	-	-	45,108	-	7,630,227	181,507
Fair value (losses)/gains	(56,000)	(32,000)	-	(88,000)	-	-	-	-	(88,000)	13,000
Other operating revenue	97,775	434,326	-	532,101	10,478	26,115	1,271	-	569,965	104,624
Employee Benefits expense	(1,130,462)	(1,150,139)	-	(2,280,601)	(215,165)	(392,489)	(139,482)	-	(3,027,737)	(3,055,865)
Other operating expense	(1,424,696)	(1,489,300)	-	(2,913,996)	(425,725)	(501,219)	(76,579)	363,406	(3,554,113)	(3,024,220)
Finance costs	(73,268)	(11,804)	-	(85,072)	-	-	-	-	(85,072)	(26,630)
Other material non-cash items:										
Impairment loss on investments	(12,007)	-	-	(12,007)	-	-	-		(12,007)	(97,592)
Profit/(loss) before tax	**848,433**	**599,649**	**-**	**1,448,082**	**(121,820)**	**115,046**	**357,950**	**-**	**1,799,258**	**3,276,560**
Income tax expense	(7,068)	(428,541)	-	(435,609)	(24,480)	(97,591)	-		(557,680)	(1,043,689)
Minimum tax	(46,008)	-	-	(46,008)					(46,008)	-
Profit/(loss) for the year	**795,357**	**171,108**	**-**	**966,465**	**(146,300)**	**17,455**	**357,950**	**-**	**1,195,570**	**2,232,871**
Attributable to Shareholders of the Company	795,357	171,108	-	966,465	(118,327)	13,877	357,950	-	1,219,964	2,179,149
Attributable to Non-Controlling Interest	-	-	-	-	(27,973)	3,578	-	-	(24,394)	53,722
Other Comprehensive Income										
Net loss on available-for-sale asset	(2,782,171)	(522,766)	-	(3,304,937)	(201)	-	-	-	(3,305,138)	(1,332,024)
Unrealised exchange gain on unquoted investments	212,173	-	-	212,173	-	-	-	-	212,173	-
Available for sale gains reclassified to profit or loss	-	-	-	-	-	571	-	-	571	-
Revaluation gain on property and equipment	-	-	-	-	-	-	-	-	-	716,287
Income tax relating to other comprehensive income	(63,652)	-	-	(63,652)	-	-	-	-	(63,652)	(523,589)
Other comprehensive income for the year, net of tax	**(2,633,650)**	**(522,766)**	**-**	**(3,156,416)**	**(201)**	**571**	**-**	**-**	**(3,156,046)**	**(1,139,326)**
Total comprehensive income for the year, net of tax	**(1,838,293)**	**(351,658)**	**-**	**(2,189,951)**	**(146,501)**	**18,026**	**357,950**	**-**	**(1,960,476)**	**1,093,545**

No single external customer contributed 10 percent or more of the entity's revenues as at year end.

4.2 SEGMENT STATEMENT OF FINANCIAL POSITION AS AT

31 DECEMBER, 2015

In thousands of naira	Life	General	Elimination of inter-business transactions	Company	Health management Services	Pensions	Asset Management	Elimination of inter-segment transactions	31 December 2015 N'000	31 December 2014 N'000
Assets										
Cash and cash equivalents	3,414,129	3,023,274	-	6,437,403	357,747	1,002,613	654,030		8,451,793	7,954,370
Trade receivable	-	123,848	-	123,848	90,541	82,125	-		296,514	210,133
Reinsurance assets	232,908	2,246,161	-	2,479,069	-	-	-		2,479,069	1,699,319
Deferred acquisition cost	-	264,842	-	264,842	-	-	-		264,842	443,945
Financial assets:			-							38,172,893
Available-for-sale financial assets	51,973,935	4,107,901	-	56,081,836	105,000	-	307,894	(100,000)	56,394,730	
Loans and receivables	1,648,319	173,680	-	1,821,999	14,765	45,204	-	(4,440)	1,877,528	
Held to maturity financial assets	-	-	-	-	-	-	-		-	
Deferred tax asset	1,707,077	-	-	1,707,077	-	68,702	-	-	1,775,779	1,696,850
Investment in subsidiary	1,506,958	801,732	-	2,308,690	-	-	-	(2,308,690)	-	-
Investment property	643,000	472,000	-	1,115,000	-	-	-		1,115,000	1,203,000
Property, plant and equipment	3,576,441	1,535,387	-	5,111,828	66,919	142,453	32,459		5,353,659	5,183,072
Other receivables and prepayments	1,504,227	117,335	(1,338,759)	282,803	64,845	27,226	237,148	(167,494)	444,528	321,989
Statutory deposit	230,000	300,000	-	530,000	-	-	-		530,000	530,000
Goodwill and other intangible assets	296,854	824,017	-	1,120,871		9,248	12,600		1,142,719	922,524
Total Assets	**66,733,848**	**13,990,177**	**(1,338,759)**	**79,385,266**	**699,817**	**1,377,571**	**1,244,131**	**(2,580,624)**	**80,126,161**	**58,338,095**
Liabilities and Equity										
Liabilities										
Trade payables	1,228,496	319,052	-	1,547,548	-	-	-		1,547,548	643,762
Other payables and accrual	1,531,390	2,239,456	(1,338,759)	2,432,087	76,110	55,565	94,243	(168,671)	2,489,334	3,702,330
Fixed income liability	-	-	-	-	-	-	268,778	(102,940)	165,838	-
Current tax payable	77,710	440,733	-	518,443	27,714	46,803	-		592,960	558,874
Dividend payable	-	-	-	-	-	-	-		-	-
Deferred tax liability	-	263,422	-	263,422	3,183	-	2,528	-	269,133	7,364
Finance lease obligation	20,589	29,265	-	49,854	-	-	-		49,854	49,230
Investment contract liabilities	8,295,046	-	-	8,295,046	-	-	-		8,295,046	6,608,125
Insurance contract liabilities	50,103,692	5,276,285	-	55,379,977	168,177	-	-		55,548,154	35,071,301
Borrowings	1,134,840	-	-	1,134,840	-	-	-		1,134,840	-
Derivative liabilities	319,274	-	-	319,274					319,274	
Total liabilities	**62,711,037**	**8,568,213**	**(1,338,759)**	**69,940,491**	**275,184**	**102,368**	**365,549**	**(271,611)**	**70,411,981**	**46,640,986**
Equity										
Issued share capital	1,838,863	1,626,239	-	3,465,102	400,000	1,078,777	500,000	(1,978,777)	3,465,102	3,465,102
Share premium	2,046,073	778,317	-	2,824,390	47,494	40,365	-	(87,859)	2,824,390	2,824,389
Statutory reserve	-	-	-	-	-	55,240	-		55,240	14,629
Revaluation reserves	876,792	344,915	-	1,221,707	-	-	-		1,221,707	1,221,707
Exchange gains reserves	148,521		-	148,521		-			148,521	-
Irredeemable preference shares	-	-	-	-	-	-	-		-	50,000
Available-for-sale reserve	(2,214,282)	(509,254)	-	(2,723,536)	-	-	-		(2,723,536)	581,971
Contingency reserve	1,470,827	2,011,249	-	3,482,076	-	-	-		3,482,076	3,019,230
Retained earnings	(143,983)	1,170,498	-	1,026,515	(22,861)	100,821	378,582	(584,969)	898,088	275,503
Shareholders funds	**4,022,811**	**5,421,964**	**-**	**9,444,775**	**424,633**	**1,275,203**	**878,582**	**(2,651,605)**	**9,371,588**	**11,452,531**
Non- controlling interest	-	-	-	-	-	-	-	342,592	342,592	244,578
Total equity	**4,022,811**	**5,421,964**	**-**	**9,444,775**	**424,633**	**1,275,203**	**878,582**	**(2,309,013)**	**9,714,180**	**11,697,109**
Total liabilities and equity	**66,733,848**	**13,990,177**	**(1,338,759)**	**79,385,266**	**699,817**	**1,377,571**	**1,244,131**	**(2,580,624)**	**80,126,161**	**58,338,095**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

6 Cash and cash equivalents

In thousands of naira	Group 2015	Group 2014	Company 2015	Company 2014
Cash at hand and bank	3,415,825	3,797,215	2,925,735	3,154,725
Short-term deposits	5,035,970	4,074,904	3,511,668	3,340,126
Treasury bills	-	82,251	-	82,251
	8,451,795	7,954,370	6,437,403	6,577,102

(a) Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group. The carrying amounts disclosed above reasonably approximate fair value at the reporting date.

(b) Included in cash and cash equivalents are placements with local banks representing assets of the fixed income liabilities of ₦149.9million (2014: nil) (see note 21(b)(ii))

7 Financial assets

In thousands of naira	Group 2015	Group 2014	Company 2015	Company 2014
Held to maturity financial assets (see note (a) below)	-	30,413,780	-	29,786,309
Available-for-sale financial assets (see note (b) below)	56,391,789	6,053,316	56,081,834	5,888,189
Loans and receivables (see note (c) below)	1,877,529	1,705,797	1,821,999	1,648,165
	58,269,318	38,172,893	57,903,833	37,322,663

(a) Held to maturity financial assets

In thousands of naira	Group 2015	Group 2014	Company 2015	Company 2014
Federal government bonds	-	19,262,935	-	19,055,990
State government bonds	-	1,121,073	-	1,121,073
Corporate bonds	-	3,661,860	-	3,661,860
Treasury bills	-	6,367,912	-	5,947,386
Debt securities	-	30,413,780	-	29,786,309

(i) Movement in Held-to-maturity financial assets

In thousands of naira	Group 2015	Group 2014	Company 2015	Company 2014
Opening balance	30,413,780	2,569,958	29,786,309	2,064,562
Net purchase of HTM assets	21,289,625	18,176,374	21,709,201	18,054,299
Reclassification from AFS	-	9,667,448	-	9,667,448
Reclassification to AFS (see note 7(b)(ii))	(51,703,405)	-	(51,495,510)	-
Closing balance	-	30,413,780	-	29,786,309

(ii) Reclassification out of Held-to-maturity financial assets

In 2015, the Company reclassified HTM assets backing the annuity liability, to available for sale (AFS) to eliminate the identified accounting mismatch and align the risks and management of the assets and liabilities for annuity. The effective interest rate at the date of reclassification was 12.63%.

This decision indicates a change in management's intention to hold these HTM assets to maturity and led to a tainting of the entire HTM portfolio. As a result, no financial assets will be classified as HTM for the next two years.

(b) Available-for-sale financial assets

In thousands of naira	Group 2015	Group 2014	Company 2015	Company 2014
Equity securities measured at fair value	2,757,398	4,056,370	2,757,398	4,055,893
Unquoted equity securities measured at cost	727,096	806,434	625,036	641,784
Unquoted equity securities measured at fair value	1,203,890	1,190,512	1,203,890	1,190,512
Money market placements	387,513	-	387,513	-
Federal government bonds (see note (i) below)	38,782,741	-	38,764,259	-
State bonds	1,532,366	-	1,532,366	-
Corporate bonds	3,887,389	-	3,887,388	-
Commercial papers	189,412	-	-	-
Treasury bills	6,923,984	-	6,923,984	-
	56,391,789	6,053,316	56,081,834	5,888,189

(i) Included in available-for-sale financial assets are FGN bonds representing assets of the fixed income liabilities (see note 21(b)(ii)) of ₦15.9million (2014: nil)

(ii) Money market placements and treasury bills above 90 days were classified as available - for - sale financial assets.

(iii) Movement in available-for-sale financial assets

In thousands of naira	Group		Company	
	2015	2014	2015	2014
Opening balance	6,053,316	15,331,653	5,888,189	15,328,322
Reclassification to HTM	-	(9,667,448)	-	(9,667,448)
Reclassification from HTM (see note 7(a)(i))	51,703,405	-	51,495,510	-
Net purchase of AFS assets	1,728,402	1,721,135	1,790,898	1,559,339
Unrealised exchange rate gain	212,173	-	212,173	-
Fair value loss	(3,305,507)	(1,332,024)	(3,304,936)	(1,332,024)
Closing balance	56,391,789	6,053,316	56,081,834	5,888,189

(c) Loans and receivables

In thousands of naira	Group		Company	
	2015	2014	2015	2014
Loans to policy holders (see note (i) below)	898,838	643,402	898,508	643,402
Finance lease receivables (see note (ii) below)	641,384	842,297	645,822	842,297
Other loans	349,314	262,249	289,676	204,617
	1,889,536	1,747,948	1,834,006	1,690,316
Less allowance for impairment (see note (iii) below)	(12,007)	(42,151)	(12,007)	(42,151)
	1,877,529	1,705,797	1,821,999	1,648,165

(i) Policy loans

The Group grants cash loans to policyholders in line with the policy provisions (terms and conditions). The maximum loan amount that could be granted to policyholders is 90% of the policy cash value. The cash value (worth of the policy as determined by the actuary) is the cash amount due to policyholders upon surrender of the insurance contract as at the date of determination and it is used as collateral on policy cash loan granted. The tenor of the loan is not beyond the policy duration and such policy must be in force and has acquired cash value before loan application can be considered. A pre-determined interest rate (compounded daily) is applied on the loan. The rate is currently 12% per annum and it is reviewed periodically. The rate is determined after due consideration on the interest rate used by the actuary for premium benefit calculation, allowance for documentation and other expenses on the policy, margin for contingencies and profit loadings. Policy loans are not impaired as balances are set-off against benefits accruable to the policyholders.

(ii) Finance lease receivable

The table below provides the analysis of finance lease receivables for leases of certain equipment in which the Group is the lessor.

The average lease term for the finance lease granted by the Group is three years. For the year ended 31 December 2015, the average effective lending rate was 19% (2014: 20%). The leases are secured by the assets to which the lease relates. There are no unguaranteed residual values accruing to the benefit of the Group.

In thousands of naira	Group		Company	
	2015	2014	2015	2014
Gross investments in finance leases, receivable				
Less than one year	663,707	858,327	668,182	858,327
Between one and five years	-	-	-	-
More than five years	-	-	-	-
	663,707	858,327	668,182	858,327
Unearned finance income	(22,323)	(16,030)	(22,360)	(16,030)
Net investment in finance leases	641,384	842,297	645,822	842,297
Less impairment allowance	-	(42,151)	-	(42,151)
	641,384	800,146	645,822	800,146

(iii) Impairment allowance

In thousands of naira	Group		Company	
	2015	2014	2015	2014
Balance at 1 January	42,151	42,151	42,151	-
Charge for the year	12,007	-	12,007	42,151
Recoveries	-	-	-	-
Write-offs	(42,151)	-	(42,151)	-
Balance at 31 December	12,007	42,151	12,007	42,151

8 Trade Receivables

(a) Trade receivables comprise:

	Group		Company	
	2015	2014	2015	2014
In thousands of naira				
Insurance receivables (see (i) below)	123,848	11,303	123,848	11,303
Due from direct clients	172,666	198,830	-	-
	296,514	210,133	123,848	11,303

(i) Insurance receivable is analyzed as follows:

Due from brokers	118,917	11,303	118,917	11,303
Due from others (see (ii) below)	4,931	-	4,931	
	123,848	11,303	123,848	11,303

(ii) Due from others represent receivables from travel insurance policies. This balance was still outstanding at year end because reconcilation had not been concluded.

The age analysis of gross insurance trade receivables as at year end is as follows:

	Group		Company	
	2015	2014	2015	2014
In thousands of naira				
0 - 90 days	123,848	11,303	123,848	11,303
91 - 180 days	-	-	-	-
180 days and above	-	-	-	-
	123,848	11,303	123,848	11,303

No trade receivables were impaired as at reporting date.

9 Reinsurance Assets

Reinsurance assets is analyzed as follows:

	Group		Company	
	2015	2014	2015	2014
In thousands of naira				
Recoverable on outstanding claims	1,318,705	782,289	1,318,705	782,289
Recoverable on IBNR				
Prepaid reinsurance (see note (a) below)	868,839	774,414	868,839	774,414
Recoveries on Claims paid	291,525	142,616	291,525	142,616
At 31 December	2,479,069	1,699,319	2,479,069	1,699,319

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

	Group		Company	
	2015	2014	2015	2014
In thousands of naira				
Balance at January 1,	774,414	1,535,043	774,414	1,535,043
Reinsurance paid during the year	3,756,587	3,945,573	3,756,587	3,945,573
Charges during the year (see note 27d)	(3,662,162)	(4,706,202)	(3,662,162)	(4,706,202)
Balance as at 31 December	868,839	774,414	868,839	774,414

10 Deferred Acqusition Cost

The analysis of deferred acquisition costs (DAC), which represents commission paid during the year on unearned premium received among different classes of business is shown below:

	Group		Company	
In thousands of naira	2015	2014	2015	2014
Fire	66,211	110,986	66,211	110,986
Motor	90,046	150,941	90,046	150,941
Workmen Compensation	10,594	17,758	10,594	17,758
Marine	39,726	66,592	39,726	66,592
Personal accident	18,539	31,076	18,539	31,076
Casualty	26,484	44,394	26,484	44,394
Oil and Gas	13,242	22,197	13,242	22,197
	264,842	443,945	264,842	443,945

The movement in deferred acquisition costs is as follows:

Balance at January 1	443,945	285,133	443,945	285,133
Additions during the year	(3,113,418)	3,407,372	(3,113,418)	3,407,372
Ammortization for the year	2,934,315	(3,248,560)	2,934,315	(3,248,560)
	264,842	443,945	264,842	443,945

11 Other receivables and prepayments

	Group		Company	
In thousands of naira	2015	2014	2015	2014
Prepaid expenses (see note (a) below)	259,484	47,127	206,359	47,126
Receivable from agents	15,766	36,460	15,766	36,460
Inventory	-	26,663	-	26,663
Deposit for investment	43,895	43,895	43,895	43,895
Receivable from subsidiaries (see note (a) below)	-	-	-	305,653
Other receivables	128,322	223,285	16,785	125,225
	447,467	377,430	282,805	585,022
Less allowance for impairment (b)	-	(55,441)	-	(55,441)
	447,467	321,989	282,805	529,581

The carrying amount of other receivables approximate their fair value.

(a) Prepaid expenses relate to rent and other expenses. The average amortisation period for these expenses is 24 months.

(b) Receivable from subsidiaries

	Group		Company	
In thousands of naira	2015	2014	2015	2014
Dividend receivable from Multishield Limited	-	-	-	45,066
Cash balances with AIICO Capital	-	-	-	102,635
Receivable from AIICO Capital	-	-	-	157,952
	-	-	-	305,653

(c) Impairment allowance

	Group		Company	
In thousands of naira	2015	2014	2015	2014
Balance at 1 January	55,441	-	55,441	-
Charge for the year (see note 37)	-	55,441	-	55,441
Write-offs	(55,441)	-	(55,441)	-
Balance at 31 December	-	55,441	-	55,441

12 Income Taxes

(a) Current income tax liability

The movement in current tax payable can be analyzed as follows:

	Group		Company	
In thousands of naira	2015	2014	2015	2014
At 1 January	558,874	690,564	492,279	665,405
Charge for the year (see note (b) below)	484,500	501,007	457,828	435,617
Payments made during the year	(450,413)	(632,697)	(431,664)	(608,743)
At 31 December	592,961	558,874	518,443	492,279

(b) Amounts recognised in profit or loss
(i) Current tax expense

	Group		Company	
In thousands of naira	2015	2014	2015	2014
Minimum tax*	46,008	-	46,008	-
	46,008	-	46,008	-

	Group		Company	
	2015	2014	2015	2014
(ii) Income tax				
Corporate income tax**	388,055	438,985	371,478	373,595
Tertiary tax	33,036	31,228	26,004	31,228
NITDA levy	17,401	30,794	14,338	30,794
	438,492	501,007	411,820	435,617
Deferred tax expense				
Origination and reversal of temporary differences	46,321	(88,336)	(106,357)	(88,336)
Recognition of previously unrecognised tax losses	72,867	631,018	130,147	631,018
	119,188	542,682	23,790	542,682
	557,680	1,043,689	435,610	978,299
Current tax expense				
Minimum tax	46,008	-	46,008	-
Corporate tax	438,492	501,007	411,820	435,617
Current tax expense	**484,500**	**501,007**	**457,828**	**435,617**

*The life business of the Company was assessed using section 16 of the Company Income Tax Act (CITA) as there was no taxable profit.
** The non-life business of the Company was assessed using 30% of taxable profit.

The group believes that accruals for tax liabilities are adequate for all open tax years based on its assessment of relevant factors, including the interpretations of tax law and tax practices in the determination of obligation for income taxes

(c) Amounts recognised in OCI

Group

In thousands of naira	2015 Before tax	Tax (expense) /benefit	Net of tax
Exchange gains on available-for-sale assets	212,173	(63,652)	148,521
Available-for-sale financial assets	(3,305,507)	-	(3,305,507)
Balance at 31 December	(3,093,334)	(63,652)	(3,156,986)

Company

In thousands of naira	2015 Before tax	Tax (expense) /benefit	Net of tax
Exchange gains on available-for-sale assets	212,173	(63,652)	148,521
Available-for-sale financial assets	(3,304,936)	-	(3,304,936)
Exchange gains/losses	-	-	
Balance at 31 December	(3,092,763)	(63,652)	(3,156,415)

Group

In thousands of naira	2014 Before tax	Tax (expense)/ benefit	Net of tax
Revaluation of property and equipment	716,287	(523,589)	192,698
Available-for-sale financial assets	(1,332,024)	-	(1,332,024)
Balance at 31 December	(615,737)	(523,589)	(1,139,326)

Company

In thousands of naira	2014 Before tax	Tax (expense)/ benefit	Net of tax
Revaluation of property and equipment	716,287	(523,589)	192,698
Available-for-sale financial assets	(1,332,024)	-	(1,332,024)
Balance at 31 December	(615,737)	(523,589)	(1,139,326)

(d) Reconciliation of effective tax rate

Group

In thousands of naira	2015	2015	2014	2014
Profit from continuing operations		1,799,294		3,276,560
Tax using domestic tax rate	30%	539,788	30%	982,968
Unrecognised capital allowance	5%	87,635	22%	730,048
Capital allowance utilised	0%	-	-9%	(282,644)
Non deductible expenses	27%	485,210	2%	79,781
Tax exempt income	-214%	(3,845,156)	-33%	(1,071,169)
Current year losses for which no deferred tax asset is recognised	183%	3,285,775	0%	-
Origination and reversal of temporary differences	0%	-	17%	542,682
Tertiary education tax	2%	33,036	1%	31,228
Information technology levy	1%	17,401	1%	30,794
	34%	603,689	32%	1,043,689

Company

In thousands of naira	2015	2015	2014	2014
Profit from continuing operations		1,448,079		3,110,191
Tax using domestic tax rate	30%	434,424	30%	933,057
Unrecognised capital allowance	6%	87,635	22%	730,048
Capital allowance utilised	0%	-	-9%	(282,644)
Non deductible expenses	31%	450,040	1%	48,825
Tax exempt income	-264%	(3,816,596)	-32%	(1,055,692)
Current year losses for which no deferred tax asset is recognised	227%	3,285,775	0%	-
Origination and reversal of temporary differences	0%	-	17%	542,682
Tertiary education tax	2%	26,004	1%	31,228
Information technology levy	1%	14,337	1%	30,794
	33%	481,618	31%	978,299

(e) **Movement in deferred tax balances**

2015
Group

				Balance at 31 December		
In thousands of naira	Net balance at 1 January	Recognised in profit or loss	Recognised in OCI	Net	Deferred tax assets	Deferred tax liabilities
Employee benefit deficit	198,086	(71,963)	-	126,123	79,078	47,045
Property and Equipment	(447,425)	195,641	-	(251,784)	53,097	(304,881)
Unrelieved losses	1,774,412	(72,867)	-	1,701,545	1,707,256	(5,711)
Investment property	164,413	(169,999)	-	(5,586)	-	(5,586)
Unrealised exchange gain on AFS assets	-	-	(63,652)	(63,652)	(63,652)	-
	1,689,486	**(119,188)**	**(63,652)**	**1,506,646**	**1,775,779**	**(269,133)**

2015
Company

				Balance at 31 December		
In thousands of naira	Net balance at 1 January	Recognised in profit or loss	Recognised in OCI	Net	Deferred tax assets	Deferred tax liabilities
Gratuity payable	198,086	(71,963)	-	126,123	79,078	47,045
Property and Equipment	(605,813)	348,318	-	(257,495)	47,386	(304,881)
Unrelieved losses	1,774,412	(130,147)	-	1,644,265	1,644,265	-
Investment Property	164,412	(169,998)	-	(5,586)	-	(5,586)
Unrealised exchange gain on AFS assets	-	-	(63,652)	(63,652)	(63,652)	-
	1,531,097	**(23,790)**	**(63,652)**	**1,443,655**	**1,707,077**	**(263,422)**

2014
Group

In thousands of naira	Net balance at 1 January	Recognised in profit or loss	Recognised in OCI	Balance at 31 December Net	Deferred tax assets	Deferred tax liabilities
Employee benefit deficit	158,407	39,679	-	198,086	198,086	-
Property and Equipment	(93,491)	169,655	(523,589)	(447,425)	(447,425)	-
Unrelieved losses	2,405,430	(623,654)	-	1,774,412	1,781,776	(7,364)
Investment Property	-	164,413	-	164,413	164,413	-
Provision and other temporary differences	285,410	(285,410)	-	-	-	-
	2,755,756	**(535,317)**	**(523,589)**	**1,689,486**	**1,696,850**	**(7,364)**

2014
Company

In thousands of naira	Net balance at 1 January	Recognised in profit or loss	Recognised in OCI	Balance at 31 December Net	Deferred tax assets	Deferred tax liabilities
Employee benefit deficit	158,407	39,679	-	198,086	198,086	-
Property and Equipment	(86,127)	3,903	(523,589)	(605,813)	(605,813)	-
Unrelieved losses	2,405,430	(631,018)	-	1,774,412	1,774,412	-
Investment Property	-	164,412	-	164,412	164,412	-
Provision and other temporary differences	119,658	(119,658)	-	-	-	-
	2,597,368	**(542,682)**	**(523,589)**	**1,531,097**	**1,531,097**	**-**

(f) **Unrecognised deferred tax on unrelieved losses**

In thousands of naira	**Group** **2015**	**2014**	**Company** **2015**	**2014**
Unrecognised deferred tax	3,409,746	-	3,409,746	-
	3,409,746		3,409,746	

This represents the deferred tax on unrelieved losses on the life business.

The Group did not recognise this amount as it is of the view that it may not be probable to have taxable profits against which the tax assets can be utilised, due to the four-year tax lapse period for unrelieved losses for insurance companies in Nigeria.

13 Investment in subsidiaries

The Group is made up four entities:

AIICO Insurance Plc	Parent
AIICO Pension Managers Limited	Subsidiary
Multishield Health Management Organization	Subsidiary
AIICO Capital Limited	Subsidiary

In thousands of naira	**Group** **2015**	**2014**	**Company** **2015**	**2014**
AIICO Pension Fund Managers Limited (see note (b) below)	-	-	1,365,042	1,189,769
Multishield Health Management Organization see note (c) below)	-	-	443,648	443,648
AIICO Capital Limited see note (d) below)	-	-	500,000	500,000
At 31 December	-	-	2,308,690	2,133,417

(a) The movement in investment in subsidiaries is as follows:

In thousands of naira	**Group** **2015**	**2014**	**Company** **2015**	**2014**
Balance at January 1	-	-	2,133,417	1,619,479
Net increase during the year	-	-	175,273	513,938
At 31 December	-	-	2,308,690	2,133,417

(b) **AIICO Pension Fund Managers Limited**

In thousands of naira	**Group** **2015**	**2014**	**Company** **2015**	**2014**
Balance at January 1	-	-	1,189,769	1,189,769
Additions	-	-	240,000	-
Disposal			(64,727)	
At 31 December	-	-	1,365,042	1,189,769

The Company has 79.5% interest in AIICO Pension Managers Limited (2014: 58%), which is involved in Pension Administration Services to private and public sector contributors. AIICO Pension was incorporated as a Limited Liability Company on February 1, 2005 under the Company and Allied Matter Act, 1990 and licensed as a Pension Fund Administrator by National Pension Commission on April 13, 2006. AIICO Pension Managers is domiciled in Nigeria and its registered office is at Plot 2 Oba Akran Avenue, Ikeja Lagos.

In the course of the year 2012, and in response to National Pension Commission's directive for PFAs to increase their minimum share capital to N1billion, the Company increased its investment by N775 million by converting existing N300 million 5% convertible loans and additional injection of N475million investment in the issued 9% irredeemable preference shares.During the year, the conversion option was exercised and the preference shares were converted into ordinary shares of the business at the price of N2.78 per share.AIICO Insurance PLC also acquired additional 20% stake of existing minority shares in the Company and also disposed some of its shares to individuals. This increased the Company's shareholding to 79.50%.The transactions did not lead to a loss of control.

(c) Multishield Limited

In thousands of naira	Group 2015	2014	Company 2015	2014
Balance at January 1	-	-	443,648	429,710
Additions	-	-	-	13,938
At 31 December	-	-	443,648	443,648

The Company has 80.88% interest in Multishield Limited. Multishield Limited is involved in health management insurance. It is a private entity that is not listed on any public exchange and there are no published price quotations for the fair value of this investment. In accordance with IAS 27, this investment is stated at cost less impairment.

AIICO Capital Limited

In thousands of naira	Group 2015	2014	Company 2015	2014
Balance at January 1	-	-	500,000	-
Additions	-	-	-	500,000
At 31 December	-	-	500,000	500,000

(d)(I) Non-controlling interest

In thousands of naira	NCI Percentage Holding	2015	NCI Percentage Holding	2014
AIICO Pension Managers Limited	20%	261,402	42%	134,972
Multishield HMO	19%	81,190	19%	109,606
		342,592		244,578

(ii) The movement in the NCI account during the year is as follows:

In thousands of naira	2015	2014
At January 1	244,578	241,086
Share of profit	(24,394)	53,722
Share of other comprehensive income	(23)	-
NCI share of transfer to statutory reserves	-	(6,144)
Dividend received	-	(15,078)
Dividend paid to preference shareholders	-	(1,890)
Loss on dilution of shareholding	-	(27,118)
Gain on transaction with Group	32,662	-
Conversion of preference shares to ordinary shares	89,769	-
	342,592	244,578

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FOR THE YEAR ENDED 31 DECEMBER 2015

14 Investment property

(a) The balance in this account can be analysed as follows:

	Group		Company	
In thousands of naira	**2015**	**2014**	**2015**	**2014**
Cost	1,101,825	1,101,825	1,101,825	1,101,825
Unrealized Fair value gain	13,175	101,175	13,175	101,175
Carrying amount	1,115,000	1,203,000	1,115,000	1,203,000

(b) Reconciliation of carrying amount

	Group		Company	
In thousands of naira	**2015**	**2014**	**2015**	**2014**
Fair value at 1 January	1,203,000	1,190,000	1,203,000	1,190,000
Change in fair value	(88,000)	13,000	(88,000)	13,000
Balance at 31 December	1,115,000	1,203,000	1,115,000	1,203,000

Investment property comprises a number of commercial properties that are leased to third parties.
Changes in fair values are recognised as gains in profit or loss and included in 'other income'. All gains are unrealised.

The items of investment property are valued as shown below:

	Group		Company	
In thousands of naira	**2015**	**2014**	**2015**	**2014**
Safecourt Apartment Towers (10 flats). Ojulari road, off Lekki-Express Way, Lagos	420,000	450,000	420,000	450,000
Awolowo Towers (3 flats). 17A Awolowo road, Ikoyi, Lagos	255,000	285,000	255,000	285,000
4 Terrace Houses. 36 Ladoke Akintola street, GRA, Ikeja, Lagos	440,000	468,000	440,000	468,000
	1,115,000	1,203,000	1,115,000	1,203,000

(c) Measurement of fair values

(i) Fair value hierarchy

The fair value of investment properties was determined by an external, independent property valuer, having relevant recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuer, Niyi Fatokun & Co. (Estate Surveyors and Valuers, FRC/2013/NIESV/70000000/1217) valued the properties on the basis of open market value as at 31 December 2015.

The fair value measurement for the investment properties of N1.15billion (2014: N1.2billion) has been categorised as a Level 3 fair value based on the inputs into the valuation technique used.

(ii) Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
The fair values are determined by applying the direct market evidence comparative method of valuation to derive the open market value. This valuation model reflects the current price on actual transaction for similar properties in the neighbourhood in recent time. References were made to prices of land and comparable properties in the neighbourhood. The data obtained were analysed and adjustment was made to reflect differences in site area and the actual location, quality of construction and off-site facilities.	-Prices per square meter -Rate of development in the area -Quality of the building -Influx of people and/or businesses to the area	The estimated fair value would increase (decrease) if the rate of development in the area increases (decreases), quality of the building increases (decreases), influx ofpeople and/or business to the area increases (decreases).

15 Goodwill and other intangible assets

(a) Reconciliation of carrying amount

Group

In thousands of naira	Goodwill	Computer Software	Total
Cost			
Balance at 1 January 2014	800,863	223,784	1,024,647
Acquisitions	-	25,160	25,160
Transfer from property and equipment	-	18,600	18,600
Disposals			
Balance at 31 December 2014	800,863	267,544	1,068,407
Balance at 1 January 2015	800,863	267,544	1,068,407
Acquisitions	-	110,558	110,558
Transfer from property and equipment	-	176,285	176,285
Disposals	-	(17,938)	(17,938)
Balance at 31 December 2015	800,863	536,449	1,337,312
Accumulated amortization and impairment losses			
Balance at 1 January 2014	-	98,547	98,547
Amortization	-	47,336	47,336
Balance at 31 December 2014	-	145,883	145,883
Balance at 1 January 2015	-	145,883	145,883
Amortization	-	52,258	52,258
Disposals	-	(3,549)	(3,549)
Balance at 31 December 2015	-	194,592	194,592
Carrying amounts			
Balance at 1 January 2014	800,863	125,237	926,100
Balance at 31 December 2014	800,863	121,661	922,524
Balance at 31 December 2015	800,863	341,857	1,142,720

Company

In thousands of naira	Goodwill	Computer Software	Total
Cost			
Balance at 1 January 2014	800,863	97,898	898,761
Acquisitions	-	4,552	4,552
Transfer from property and equipment	-	18,600	18,600
Balance at 31 December 2014	800,863	121,050	921,913
Balance at 1 January 2015	800,863	121,050	921,913
Acquisitions	-	108,501	108,501
Transfer from property and equipment	-	176,285	176,285
Disposals	-	(17,938)	(17,938)
Balance at 31 December 2015	800,863	387,898	1,188,761
Accumulated amortization and impairment losses			
Balance at 1 January 2014	-	-	-
Amortization	-	35,147	35,147
Balance at 31 December 2014	-	35,147	35,147
Balance at 1 January 2015	-	35,147	35,147
Amortization	-	36,292	36,292
Disposals	-	(3,549)	(3,549)
Balance at 31 December 2015	-	67,890	67,890
Carrying amounts			
Balance at 1 January 2014	800,863	97,898	898,761
Balance at 31 December 2014	800,863	85,903	886,766
Balance at 31 December 2015	800,863	320,008	1,120,871

(b) The goodwill in the Company has been allocated to the non-life business as a cash generating unit (CGU).

The recoverable amount of the non-life business has been determined based on value in use, using equity discounted cash flow projections based on current earnings before interest, tax, depreciation and amortisation (EBITDA) before tax projected over a five year period using a 10% growth rate. Budgeted EBITDA was based on expectations of future outcomes taking into consideration past experience, adjusted for the the anticipated revenue growth. A pre-tax company-specific risk-adjusted discount rate of 17% (2014: 18 %) was used. The projected cash flows beyond the five years excluding expenses have been extrapolated using a terminal growth rate of 6% (2014: 8 %), not exceeding the long-term average growth rate for the market in which the units operate. No impairment loss has been recognised in 2015 (2014: nil) on non-life insurance business as no indication of impairment was identified.

Sensitivity to changes in assumptions
With regard to the assessment of value in use for the non-life insurance cash generating unit, management does not believe a reasonably possible change in any of the above key assumptions would cause the carrying value of the units to exceed their recoverable amounts.

16 Property and equipment

(a) Group

In thousands of naira	Leasehold land & buildings	Capital work in progress	Furniture & equipment	Motor vehicles	Leased motor vehicles	Total
Cost						
At 1 January 2015	4,831,991	57,403	1,639,407	867,104	67,600	7,463,505
Additions	-	482,955	183,551	197,240	37,290	901,036
Disposals	-	(4,153)	(159,443)	(190,957)	-	(354,553)
Reclassifications	31,714	(97,438)	65,724	-	-	
Reclassification to Intangibles	-	(176,285)	-	-	-	(176,285)
At 31 December 2015	**4,863,704**	**262,482**	**1,729,239**	**873,387**	**104,890**	**7,833,703**
Accumulated depreciation						
At 1 January 2015	419,100	-	1,245,961	609,572	5,800	2,280,433
Depreciation for the period	128,924	-	217,107	158,333	20,784	525,148
Disposals		-	(138,751)	(186,784)		(325,535)
At 31 December 2015	**548,024**	**-**	**1,324,317**	**581,121**	**26,584**	**2,480,046**
Net book value						
At 31 December 2015	**4,315,680**	**262,482**	**404,922**	**292,266**	**78,306**	**5,353,657**
At 1 January 2015	**4,412,891**	**57,403**	**393,446**	**257,532**	**61,800**	**5,183,072**

i. Capital commitments contracted at the reporting date amounted to N133.4million (2014: Nill)
ii. There were no capitalized borrowing costs related to the acquisition of property and equipment as at the reporting date.

(b) Company

In thousands of naira	Leasehold land & buildings	Capital work in progress	Furniture & equipment	Motor vehicles	Leased motor vehicles	Total
Cost						
At 1 January 2015	4,831,991	57,403	1,444,965	635,059	67,600	7,037,018
Additions	-	482,955	114,501	104,429	37,290	739,175
Disposals	-	(4,153)	(157,404)	(190,957)	-	(352,514)
Reclasifications	31,714	(97,438)	65,724	-	-	-
Reclassification to Intangibles	-	(176,285)	-	-	-	(176,285)
At 31 December	**4,863,705**	**262,482**	**1,467,786**	**548,531**	**104,890**	**7,247,394**
Accumulated depreciation						
At 1 January 2015	419,100	-	1,114,838	508,343	5,800	2,048,081
Depreciation for the period	128,924	-	159,335	102,383	20,784	411,426
Disposals	-	-	(137,404)	(186,537)	-	(323,941)
At 31 December	**548,024**	**-**	**1,136,769**	**424,189**	**26,584**	**2,135,566**
Net book value						
At 31 December	**4,315,681**	**262,482**	**331,017**	**124,342**	**78,306**	**5,111,828**
At 1 January, 2014	**4,412,891**	**57,403**	**330,127**	**126,716**	**61,800**	**4,988,937**

i. Capital commitments contracted at the reporting date amounted to N133.4million (2014: Nill)
ii. There were no capitalized borrowing costs related to the acquisition of property and equipment as at the reporting date.

(c) **Leased plant and equipment**

The Group leased motor vehicles under a finance lease arrangement.The leased vehicles secure the obligations. At 31 December 2015, the net carrying amount of leased motor vehicles was N78.3million (2014: ₦61.8million)

17 Statutory deposits

This represents the amount deposited with the Central Bank of Nigeria as at 31 December, 2015 in accordance with section 9(1) and section 10(3) of Insurance Act 2003 interest income earned on this deposit is included in the investment income.

	Group		Company	
In thousands of naira	2015	2014	2015	2014
Non life business	300,000	300,000	300,000	300,000
Life business	230,000	230,000	230,000	230,000
	530,000	**530,000**	**530,000**	**530,000**

18 Insurance contract liabilities

	Group		Company	
In thousands of naira	2015	2014	2015	2014
Life insurance contract (see (a) below)	50,103,692	30,397,487	50,103,692	30,397,487
Non–life insurance contract (see (b) below)	5,444,462	4,673,814	5,276,285	4,631,628
Total insurance contract liabilities	**55,548,154**	**35,071,301**	**55,379,977**	**35,029,115**

(a) **Life insurance contract liabilities**

	Group		Company	
In thousands of naira	2015	2014	2015	2014
Provision for reported claims	2,248,785	1,998,438	2,248,785	1,998,438
Incurred but not reported (IBNR)	-	698,362	-	698,362
Total life contract outstanding claims provision	**2,248,785**	**2,696,800**	**2,248,785**	**2,696,800**
Liability on long term insurance contract	47,854,907	27,700,687	47,854,907	27,700,687
	50,103,692	**30,397,487**	**50,103,692**	**30,397,487**

(a)(i) **Movement in life contract outstanding claims provision can be analyzed as follows:**

	Group		Company	
In thousands of naira	2015	2014	2015	2014
At 1 January	2,696,800	1,662,638	2,696,800	1,662,638
Claims incurred during the year	9,379,290	6,914,635	9,379,290	6,914,635
Claims paid during the year	(9,827,305)	(5,880,473)	(9,827,305)	(5,880,473)
At 31 December	**2,248,785**	**2,696,800**	**2,248,785**	**2,696,800**

(a)(ii) **Analysis of liability on long term insurance contract fund is as follows:**

	Group		Company	
In thousands of naira	2015	2014	2015	2014
Annuity	32,700,431	16,442,582	32,700,431	16,442,582
Group life	1,149,730	523,734	1,149,730	523,734
Ordinary life	14,004,746	10,734,371	14,004,746	10,734,371
	47,854,907	**27,700,687**	**47,854,907**	**27,700,687**

(a)(iii) **Movement in long term life insurance contract fund can be analyzed as follows:**

	Group		Company	
In thousands of naira	2015	2014	2015	2014
At 1 January	27,700,687	15,338,280	27,700,687	15,338,280
Movement during the year	20,154,220	12,362,407	20,154,220	12,362,407
At 31 December	**47,854,907**	**27,700,687**	**47,854,907**	**27,700,687**

(b) **Non-life insurance contract liabilities**

	Group		Company	
In thousands of naira	**2015**	**2014**	**2015**	**2014**
Provision for reported claims	2,499,142	1,533,749	2,499,142	1,533,749
Provision for claims incurred but not reported (IBNR)	727,808	751,957	727,808	751,957
Total non-life contract outstanding claims provision	**3,226,950**	**2,285,706**	**3,226,950**	**2,285,706**
Provision for unearned premium (see note (ii) below)	2,217,512	2,388,108	2,049,335	2,345,922
Total non-life insurance contract liabilities	**5,444,462**	**4,673,814**	**5,276,285**	**4,631,628**

(b)(i) **Movement in non-life contract outstanding claims provision can be analyzed as follows:**

	Group		Company	
In thousands of naira	**2015**	**2014**	**2015**	**2014**
At 1 January	**2,285,706**	2,635,114	2,285,706	2,587,517
Claims incurred in the current accident period/year	3,662,163	3,552,754	3,662,163	3,552,754
Claims paid during the period/year	(2,720,919)	(3,902,162)	(2,720,919)	(3,854,565)
At 31 December	**3,226,950**	**2,285,706**	**3,226,950**	**2,285,706**

(b)(ii) **Analysis of non-life contract unearned premium is as follows:**

	Group		Company	
In thousands of naira	**2015**	**2014**	**2015**	**2014**
Fire	441,898	490,647	441,898	490,647
Auto	446,516	514,773	446,516	514,773
Personal Accident	106,228	38,528	106,228	38,528
Casualty	337,467	370,813	337,467	370,813
Workmen Compensation	42,321	43,020	42,321	43,020
Marine	333,433	277,974	333,433	277,974
Special Oil	341,472	610,167	341,472	610,167
Multishield HMO	168,177	42,186	-	-
	2,217,512	**2,388,108**	**2,049,335**	**2,345,922**

(b)(iii) **Movement in non-life contract unearned premium can be analyzed as follows:**

At 1 January	2,388,108	2,322,541	2,345,922	2,234,003
Changes in health insurance unearned premium	125,991	42,186	-	-
Premium written in the year	8,669,496	8,985,532	8,199,952	8,873,613
Premium earned during the year	(8,966,083)	(8,962,151)	(8,496,539)	(8,761,694)
At 31 December	**2,217,512**	**2,388,108**	**2,049,335**	**2,345,922**

19 Investment contract liabilities

	Group		Company	
In thousands of naira	**2015**	**2014**	**2015**	**2014**
Deposit administration	2,909,940	2,968,448	2,909,940	2,968,448
Other investment contract liabilities	5,385,106	3,639,677	5,385,106	3,639,677
Total investment contract liabilities	**8,295,046**	**6,608,125**	**8,295,046**	**6,608,125**

(a) Movement in deposit administration is shown below:

At 1 January	2,968,448	2,971,553	2,968,448	2,971,553
Deposits	1,599,101	2,806,790	1,599,101	2,806,790
Withdrawals	(1,741,434)	(2,801,116)	(1,741,434)	(2,801,116)
Fees and other deductions	(80,691)	(175,215)	(80,691)	(175,215)
Credit of interest and other income	164,516	166,436	164,516	166,436
At 31 December	**2,909,940**	**2,968,448**	**2,909,940**	**2,968,448**

(b) Other investment contract liabilities are stated at amortised cost and the amount is analysed as follows:

	Group		Company	
In thousands of naira	**2015**	**2014**	**2015**	**2014**
At 1 January	3,639,677	2,086,289	3,639,677	2,086,289
Increase during the year	1,745,429	1,553,388	1,745,429	1,553,388
At 31 December	**5,385,106**	**3,639,677**	**5,385,106**	**3,639,677**

Other investment contract liabilities represent deposit-based policies for individual savings business

20 Trade payables

Trade payables represent amounts payable to reinsurers, co-insurers, agents and brokers at year end. The carrying amounts disclosed below approximate the fair values at the reporting date

	Group		Company	
In thousands of naira	2015	2014	2015	2014
Reinsurance and co-insurance payable	351,195	98,617	351,195	98,617
Due to policyholders	1,196,353	545,145	1,196,353	545,145
	1,547,548	**643,762**	**1,547,548**	**643,762**

(a) Movement in trade payables

At 1 January	643,762	58,792	643,762	58,792
Changes during the year	903,786	584,970	903,786	584,970
At 31 December	**1,547,548**	**643,762**	**1,547,548**	**643,762**

21 (a) Other payables and accruals

	Group		Company	
In thousands of naira	2015	2014	2015	2014
Accrued expenses	206,246	104,302	166,575	104,302
Agent provident fund	21,654	438	21,654	438
Premium received in advance	791,373	637,738	791,373	637,738
Gratuity payable (see note (i) below)	419,448	660,287	419,448	660,287
Deferred income	194,611	138,360	194,609	138,360
Other payables	250,547	370,554	68,741	68,115
Other credit balances (see note (ii) below)	605,454	1,790,651	605,454	1,790,650
Payable to subsidiaries (see note (iii) below)	-	-	164,233	-
	2,489,333	**3,702,330**	**2,432,087**	**3,399,890**

(i) The Company's retirement benefit obligation was terminated in 2014 and the liability as at the date of termination - April 30, 2014, was transferred to a payable account.

(ii) Other credit balances represent outstanding bank credits which have not been matched to the prospective policyholders.

(iii) Payable to subsidiaries

	Group		Company	
In thousands of naira	2015	2014	2015	2014
Cash and broker balances with AIICO Capital	-	-	60,725	-
Payable to AIICO Capital	-	-	(224,958)	-
Net payable to subsidiaries	-	-	**(164,233)**	-

(b) Fixed income liability

	Group		Company	
In thousands of naira	2015	2014	2015	2014
Guaranteed income notes (see note (i))	165,838	-	-	-
	165,838	-	-	-

(i) AIICO Capital Limited, a subsidiary company, manages a guaranteed income product, held as fixed income liabilities.
The assets held under this arrangement are in the name of AIICO Capital Limited and the underlying risks are retained by the Company.

(ii) These fixed income liabilities are invested as follows:

In thousands of naira	2015	2014	2015	2014
Cash and cash equivalents (see note 6(b))	149,892	-	-	-
AFS financial assets (see note 7(b)(i))	15,946	-	-	-
	165,838	-	-	-

22 **Finance lease obligations**

Finance lease liabilities are payable as follows:

GROUP

	Future minimum lease payments		Interest		Present value of minimum lease payments	
In thousands of naira	2015	2014	2015	2014	2015	2014
Less than one year	47,562	24,954	5,076	4,989	42,486	19,965
Between one and five years	8,248	36,578	880	7,313	7,368	29,265
	55,810	**61,532**	**5,956**	**12,302**	**49,854**	**49,230**

COMPANY

	Future minimum lease payments		Interest Company		Present value of minimum lease payments	
In thousands of naira	2015	2014	2015	2014	2015	2014
Less than one year	47,562	24,954	5,076	4,989	42,486	19,965
Between one and five years	8,248	36,578	880	7,313	7,368	29,265
	55,810	**61,532**	**5,956**	**12,302**	**49,854**	**49,230**

It is the Group's policy to lease certain of its equipment under finance leases. The average lease term is four years. For the year ended 31 December 2015, the average effective borrowing rate was 20% (2014: 20%). Interest rates are fixed at the date of contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. All lease obligations are denominated in Naira. The fair value of the Group's obligations under finance leases are secured by the asset to which the leases relate.

23(a) **Borrowings**

	Group		Company	
In thousands of naira	2015	2014	2015	2014
IFC Loan	1,134,840	-	1,134,840	-
	1,134,840	-	**1,134,840**	-

The Company obtained a loan of US$7million from the International Finance Corporation (IFC). The loan was obtained on 30 June 2015 at an interest rate of 6.5% plus 6-month LIBOR for a period of 7 years with moratorium period of 4 years on the principal. The loan has an embedded derivative (a conversion option) whereby IFC has the right to convert all or a portion of the outstanding principal amount into the equivalent number of shares of the Company. This option may be exercised 3 years from 23 December 2016 or in the event of a change in control or sale of a substantial part of the Company's assets or business.

(b) The movement in borrowing is as follows:

	Group		Company	
In thousands of naira	2015	2014	2015	2014
Proceeds	1,392,650	-	1,392,650	-
Convertible option	(319,274)	-	(319,274)	-
	1,073,376	-	1,073,376	-
Accrued interest	61,464	-	61,464	-
	1,134,840	-	1,134,840	-

(c) The loan, which is a hybrid financial instrument was split into debt and derivative liability components at inception, is as follows:

	Group		Company	
In thousands of naira	2015	2014	2015	2014
Long term debt measured at amortised cost	1,134,840	-	1,134,840	-
Derivative liability measured at fair value (see note 24)	319,274		319,274	
	1,454,114	-	**1,454,114**	-

24(a) **Derivative liabilities**

	Group		Company	
In thousands of naira	2015	2014	2015	2014
Option in Convertible Debt - IFC (see note (b) below)	319,274	-	319,274	-
	319,274	-	319,274	-

(b) **Option in Convertible Debt - IFC**

This represents the embedded options to convert the outstanding notional amount of the borrowing granted by the International Finance Corporation (IFC), into shares (see further details in Note 23(b)). The fair value of the derivative liability was N319,274,000 (2014: Nil) as at reporting date.

25 Cumulative irredeemable convertible preference shares

In thousands of naira	Group 2015	Group 2014	Company 2015	Company 2014
Cumulative irredeemable convertible preference shares	-	50,000	-	-
	-	50,000	-	-

This amount represents the portion of irredeemable preference shares of AIICO Pension Fund Managers Limited, held by non-controlling interest (NCI). These preference shares are irredeemable, cumulative and convertible. In 2015, the shares were converted to ordinary share capital in AIICO Pension Fund Managers Limited, at the rate of N2.78/share.

26 Capital and reserves

(a) Share capital

	In thousands of naira	Group 2015	Group 2014	Company 2015	Company 2014
(a)(i)	Authorised:				
	At 1 January:				
	10,000,000,000 ordinary shares of 50 kobo each	5,000,000	5,000,000	5,000,000	5,000,000
	Additions:			2,500,000	-
	5,000,000,000 ordinary shares of 50 kobo each	2,500,000	-		
	At 31 December	**7,500,000**	**5,000,000**	**7,500,000**	**5,000,000**

The authorised share capital of the Company was increased from 10 billion units to 15 billion units during the 2014 annual general meeting of the Company's shareholders held on 22 June 2015.

		Group 2015	Group 2014	Company 2015	Company 2014
(a)(ii)	Ordinary shares issued and fully paid:				
	6,930,204,480 ordinary shares at 50 kobo each	3,465,102	3,465,102	3,465,102	3,465,102
		3,465,102	3,465,102	3,465,102	3,465,102
(a)(iii)	Ordinary shares issued and fully paid can be further analysed as follows:				
	General business - 3,252,479,682 ordinary shares at 50 kobo each	1,626,239	1,626,239	1,626,239	1,626,239
	Life business - 3,677,724,798 ordinary shares at 50 kobo each	1,838,863	1,838,863	1,838,863	1,838,863
		3,465,102	**3,465,102**	**3,465,102**	**3,465,102**

(b) Share premium

In thousands of naira	Group 2015	Group 2014	Company 2015	Company 2014
Share premium	2,824,389	2,824,389	2,824,389	2,824,389
	2,824,389	**2,824,389**	**2,824,389**	**2,824,389**

(c) Revaluation reserves

The balance in this account is analysed as follows:

In thousands of naira	Group 2015	Group 2014	Company 2015	Company 2014
Revaluation surplus	1,745,295	1,745,295	1,745,295	1,745,295
Deferred tax	(523,588)	(523,588)	(523,588)	(523,588)
At 31 December	**1,221,707**	**1,221,707**	**1,221,707**	**1,221,707**

(ii) Revaluation reserves warehouses revaluation gains and losses on land and building.

The movement in revaluation reserves is as follows:

	Group		Company	
In thousands of naira	2015	2014	2015	2014
At 1 January	1,221,707	1,029,009	1,221,707	1,029,009
Fair value gain of revalued land and building	-	716,287	-	716,287
Deferred tax on fair value gain	-	(523,589)	-	(523,589)
At 31 December	**1,221,707**	**1,221,707**	**1,221,707**	**1,221,707**

(d) **Available-for-sale reserves**

	Group		Company	
In thousands of naira	2015	2014	2015	2014
At 1 January	581,971	1,913,995	581,400	1,913,424
Net available-for-sale losses	(3,305,507)	(1,332,024)	(3,304,936)	(1,332,024)
At 31 December	**(2,723,536)**	**581,971**	**(2,723,536)**	**581,400**

(e) **Exchange gains reserve**

	Group		Company	
In thousands of naira	2015	2014	2015	2014
At 1 January	-	-	-	-
Exchange gains on available for sale financial assets	212,173	-	212,173	-
Deferred tax	(63,652)	-	(63,652)	-
At 31 December	**148,521**	-	**148,521**	-

(f) **Statutory reserves**

	Group		Company	
In thousands of naira	2015	2014	2015	2014
At 1 January	14,629	-	-	-
Transfer from retained earnings	40,611	14,629	-	-
At 31 December	**55,240**	**14,629**	-	-

(g) **Contingency reserves**

	Group		Company	
In thousands of naira	2015	2014	2015	2014
At 1 January	3,019,230	2,506,775	2,993,584	2,481,129
Transfer from retained earnings	462,846	512,455	488,492	512,455
At 31 December	**3,482,076**	**3,019,230**	**3,482,076**	**2,993,584**

Contingency reserve is calculated, in the case of non-life business, at the rate of the higher of 3% of total premium receivable during the period or 20% of the net profits in accordance with Section 21(2) of Insurance Act, 2003 and, in respect of Life Insurance Business, at the rate of the higher of the higher of 1% of the gross premium and 10% of net profits, in accordance with Section 22(1)(b) of the Insurance Act 2003.

(h) **Retained earnings**
The movement in retained earnings can be analysed as follows:

	Group		Company	
In thousands of naira	2015	2014	2015	2014
At 1 January	275,503	(1,407,214)	548,547	(1,070,890)
Transfer from statement of profit or loss and other comprehensive income	1,220,000	2,179,149	966,461	2,131,892
Transfer to contingency reserve	(462,846)	(512,455)	(488,492)	(512,455)
Transfer to statutory reserve	(40,611)	(8,485)	-	-
Loss on conversion of preference shares to ordinary shares	(39,769)	-	-	-
Dividend paid to preference shareholders	-	(2,610)	-	-
Loss on transactions with NCI	(54,188)	-	-	-
Loss on dilution of shareholding	-	27,118	-	-
At 31 December	**898,089**	**275,503**	**1,026,516**	**548,547**

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27 Gross premium

(a) Gross premium written

Gross premium written by business is as follows:

	Group		Company	
In thousands of naira	2015	2014	2015	2014
Non-life	8,199,952	8,985,532	8,199,952	8,985,532
Life (individual and group)	11,076,552	10,090,843	11,076,552	10,090,843
Annuity	13,172,772	14,198,052	13,172,772	14,198,052
Health Management	469,544	373,939	-	-
	32,918,820	**33,648,366**	**32,449,276**	**33,274,427**

(b) Premium received

	Group		Company	
In thousands of naira	2015	2014	2015	2014
Gross premium written per income statement	32,918,820	33,648,366	32,449,276	33,274,427
Increase/(decrease) in trade receivables	(86,381)	(174,361)	(112,545)	24,469
Premium received	**32,832,439**	**33,474,005**	**32,336,731**	**33,298,896**

(c) Gross premium income

	Group		Company	
In thousands of naira	2015	2014	2015	2014
Gross premium written	32,918,820	33,648,366	32,449,276	33,274,427
Unearned premium	(22,508,170)	(12,720,478)	(22,508,170)	(12,720,478)
	10,410,650	**20,927,888**	**9,941,106**	**20,553,949**

(d) Reinsurance expenses

	Group		Company	
In thousands of naira	2015	2014	2015	2014
Reinsurance premium charge for the year	4,531,001	4,585,622	4,531,001	4,585,622
Unexpired reinsurance cost	(868,839)	120,580	(868,839)	120,580
	3,662,162	**4,706,202**	**3,662,162**	**4,706,202**

28 Fees and commission income

	Group		Company	
In thousands of naira	2015	2014	2015	2014
Insurance contract	744,069	739,661	744,069	739,661
Pension and other contracts (see note (a) below)	1,355,846	1,093,789	-	-
	2,099,915	**1,833,450**	**744,069**	**739,661**

(a) Pension and other contracts relate to pension fund and asset management fees earned by a subsidiary companies.

29(a) Gross benefits and claims paid

	Group		Company	
In thousands of naira	2015	2014	2015	2014
Life insurance contracts (see note (i) below)	9,379,289	6,914,634	9,379,289	6,914,634
Non-life insurance contracts (see note (ii) below)	3,666,163	3,552,754	3,666,163	3,552,754
	13,045,452	**10,467,388**	**13,045,452**	**10,467,388**

(i) Life insurance contract gross benefits and claims paid can be analysed as follows:

	Group		Company	
In thousands of naira	2015	2014	2015	2014
Gross benefits paid	4,538,372	3,395,235	4,538,372	3,395,235
Gross claims paid	4,468,687	2,339,088	4,468,687	2,339,088
Change in outstanding claims reserve	372,230	1,180,311	372,230	1,180,311
	9,379,289	**6,914,634**	**9,379,289**	**6,914,634**

(ii) **Non-life insurance contract gross claims paid**

	Group		Company	
In thousands of naira	**2015**	**2014**	**2015**	**2014**
Gross claims paid	3,664,743	3,492,868	3,664,743	3,492,868
Changes in outstanding claims reserve	1,420	59,886	1,420	59,886
	3,666,163	**3,552,754**	**3,666,163**	**3,552,754**

(b) **Claim recoveries**

Life	235,017	139,574	235,017	139,574
Non-life (see note (i) below)	2,142,733	1,229,727	2,142,733	1,229,727
	2,377,750	**1,369,301**	**2,377,750**	**1,369,301**

(i) **Non-life business claims recoveries can be analysed as follows:**

Recoveries - reinsurance	2,007,606	1,105,052	2,007,606	1,105,052
Recoveries - salvage	135,127	124,675	135,127	124,675
	2,142,733	**1,229,727**	**2,142,733**	**1,229,727**

30 **Underwriting expenses**

	Group		Company	
In thousands of naira	**2015**	**2014**	**2015**	**2014**
Acquisition costs (see note (a) below)	3,320,281	3,517,031	2,934,315	3,248,559
Maintenance expenses (see note (c) below)	359,254	217,045	359,254	217,045
	3,679,535	**3,734,076**	**3,293,569**	**3,465,604**

(a) **Acquisition costs by business is as follows:**

	Group		Company	
In thousands of naira	**2015**	**2014**	**2015**	**2014**
Life	1,801,049	2,267,527	1,801,049	2,267,527
Non-life	1,133,266	981,032	1,133,266	981,032
Multishield HMO	385,966	268,472	-	-
	3,320,281	**3,517,031**	**2,934,315**	**3,248,559**

(b) **Acquisition costs can be analysed as follows:**

Commission paid during the year	3,113,418	3,407,371	3,113,418	3,407,371
Net movement in deferred acquisition cost	(179,103)	(158,812)	(179,103)	(158,812)
Commission incurred	2,934,315	3,248,559	2,934,315	3,248,559
Providers' capitation fee and other direct expenses	385,966	268,472	-	-
	3,320,281	**3,517,031**	**2,934,315**	**3,248,559**

(c) **Maintenance expenses can be analysed as follows:**

	Group		Company	
In thousands of naira	**2015**	**2014**	**2015**	**2014**
Policy administration expenses	251,418	148,702	251,418	148,702
Tracking expenses	30,822	42,211	30,822	42,211
Service charges	77,014	26,132	77,014	26,132
	359,254	**217,045**	**359,254**	**217,045**

31(a) **Investment income**

	Group		Company	
In thousands of naira	**2015**	**2014**	**2015**	**2014**
Investment income is attributable to the following:				
Policyholders' funds (see note (i) below)	2,372,903	1,742,570	2,372,903	1,671,415
Annuity funds (see note (ii) below)	2,463,910	1,643,089	2,463,910	1,643,089
Shareholders' funds (see note (iii) below)	880,243	253,288	664,169	253,288
	5,717,056	**3,638,947**	**5,500,982**	**3,567,792**

(i) **Investment income attributable to policyholders' funds**

	Group		Company	
In thousands of naira	**2015**	**2014**	**2015**	**2014**
Interest income on loans to policyholders	-	(343)	-	(343)
Interest income on held-to-maturity financial assets	1,795,378	1,233,233	1,795,378	1,233,233
Interest income on cash and cash equivalents	161,592	210,730	161,592	210,730
Trading gains/(losses) on equities	71,148	(130,500)	71,148	(201,655)
Dividend income on available-for-sale financial assets	344,785	429,450	344,785	429,450
	2,372,903	**1,742,570**	**2,372,903**	**1,671,415**

(ii) **Investment income attributable to annuity funds**

	Group		Company	
In thousands of naira	**2015**	**2014**	**2015**	**2014**
Interest income on held-to-maturity financial assets	2,268,387	1,383,975	2,268,387	1,383,975
Interest income on cash and cash equivalents	147,576	213,885	147,576	213,885
Trading gains/(losses) on equities	32,019	25,197	32,019	25,197
Dividend income on available-for-sale financial assets	15,928	20,032	15,928	20,032
	2,463,910	**1,643,089**	**2,463,910**	**1,643,089**

(iii) **Investment income attributable to shareholders' funds**

	Group		Company	
In thousands of naira	**2015**	**2014**	**2015**	**2014**
Rental income from investment property	-	83,065	-	83,065
Interest income on held-to-maturity financial assets	390,270	-	390,270	-
Interest income on cash and cash equivalents	113,037	-	113,037	-
Interest on statutory deposit	61,073	63,297	61,073	63,297
Interest income on loans and receivables	315,863	106,926	99,789	106,926
	880,243	**253,288**	**664,169**	**253,288**

(b) **Investment income on deposit administration**

Investment income on deposit administration can be analysed as follows:

	Group		Company	
In thousands of naira	**2015**	**2014**	**2015**	**2014**
Investment income on deposit	264,448	374,784	264,448	374,784
Other income generated from the fund	66,101	129,207	66,101	129,207
Guaranteed interest to policyholders	(164,516)	(166,436)	(164,516)	(166,436)
Acquisition expenses	(18,261)	(17,739)	(18,261)	(17,739)
Profit from deposit administration	**147,772**	**319,816**	**147,772**	**319,816**

32 (a) **Net realised gains**

	Group		Company	
In thousands of naira	**2015**	**2014**	**2015**	**2014**
Net realised gains are attributable to the following:				
Property and equipment	16,147	2,512	16,147	2,512
Available-for-sale equity securities	7,614,080	178,995	7,568,972	178,995
	7,630,227	**181,507**	**7,585,119**	**181,507**

(b) Net realised gains on available-for-sale investments can be analysed as follows:

	Group		Company	
In thousands of naira	**2015**	**2014**	**2015**	**2014**
Profit on disposal of quoted equities	348,270	178,995	348,270	178,995
Profit on disposal of treasury bills	198,025	-	198,025	-
Profit on disposal of FGN Bonds	7,067,785	-	7,022,677	-
	7,614,080	178,995	**7,568,972**	178,995

33 **Net fair value (losses)/gains**

	Group		Company	
In thousands of naira	**2015**	**2014**	**2015**	**2014**
Investment property	(88,000)	13,000	(88,000)	13,000
	(88,000)	**13,000**	**(88,000)**	**13,000**

34 **Other operating income**

	Group		Company	
In thousands of naira	**2015**	**2014**	**2015**	**2014**
Sundry income	458,116	83,229	420,254	82,734
Exchange gains	111,849	21,395	111,849	21,395
	569,965	**104,624**	**532,103**	**104,129**

(a) Sundry income is analysed as follows:

	Group		Company	
In thousands of naira	**2015**	**2014**	**2015**	**2014**
Recoveries on written - off assets	127,085	-	127,085	-
Capital gain distribution	90,376	-	90,376	-
Proceeds on dissolution of NLIP Fund	98,683	-	98,683	-
Others (see (i) below)	141,972	83,299	140,110	82,734
	458,116	**83,299**	**420,254**	**82,734**

(i) Amount represents sundry income from administrative charges, charges on lost documents, income from unclaimed dividend, management fees and service charges.

35 Personnel expenses

	Group		Company	
In thousands of naira	**2015**	**2014**	**2015**	**2014**
Salaries	1,178,188	1,864,107	431,052	1,279,412
Defined contribution pension costs	136,936	176,128	136,936	163,356
Current service cost (retirement benefit obligation)	-	132,265	-	132,265
Other personnel benefits	1,724,229	883,365	1,712,613	858,193
	3,039,353	**3,055,865**	**2,280,601**	**2,433,226**

36 Other operating expenses

	Group		Company	
In thousands of naira	**2015**	**2014**	**2015**	**2014**
Travel and representation	338,585	408,429	236,516	340,964
Marketing and administration	251,478	30,888	189,011	30,888
Advertising	127,591	95,852	84,384	78,704
Occupancy	402,117	396,233	349,440	336,293
Communication and postages	196,120	54,208	169,654	34,149
Data processing	48,725	111,608	38,930	99,524
Office supply and stationery	72,416	30,777	57,138	22,643
Fees and assessments	395,593	309,216	438,177	56,702
Management fees	-	-	363,406	185,111
Legal fees	193,234	7,294	165,546	7,294
Consulting fees	298,895	166,500	298,895	166,500
Depreciation and amortisation	577,406	427,858	447,718	369,631
Auditor's fees	54,000	35,000	35,000	25,000
Furniture, equipment and other office expenses	423,323	574,370	-	439,561
Miscellaneous expenses (see note (a) below)	160,928	375,987	40,144	375,988
	3,540,411	**3,024,220**	**2,913,959**	**2,568,952**

(a) Miscellaneous expenses relate to local taxes including tenement rates, land use charges, parking fees etc payable to local tax authorities.

37 Finance cost

	Group		Company	
In thousands of naira	**2015**	**2014**	**2015**	**2014**
Finance cost	87,121	26,630	85,072	-
	87,121	**26,630**	**85,072**	**-**

38 Impairment expense

	Group		Company	
In thousands of naira	**2015**	**2014**	**2015**	**2014**
Impairment loss on investments and other receivables (see note (a) below)	12,007	97,592	12,007	97,592
	12,007	**97,592**	**12,007**	**97,592**

(a) *Impairment loss on investments and other receivables can be attributed to the following:*

Loans and receivables (see note (i) below)	12,007	42,151	12,007	42,151
Other assets	-	55,441	-	55,441
	12,007	**97,592**	**12,007**	**97,592**

(a)(i) **Impairment loss on loans receivables can be attributed to:**

Impairment loss on policy loans	12,007	-	12,007	-
Impairment of structured investments	-	42,151	-	42,151
	12,007	**42,151**	**12,007**	**42,151**

39 Earnings per share

Basic earnings per share amounts is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding at the reporting date.

	Group		Company	
In thousands of naira	2015	2014	2015	2014
Net profit attributable to ordinary shareholders for basic and diluted earnings	1,220,000	2,179,149	966,461	2,131,892
Dividend paid to preference shareholders	-	(4,500)	-	-
	1,220,000	**2,174,649**	**966,461**	**2,131,892**
Number of shares in issue	**6,930,204**	**6,930,204**	**6,930,204**	**6,930,204**
Dilutive effect of preference shares	-	18,315	-	-
Dilutive effect of the IFC loan conversion option	1,519,798	-	1,519,798	-
Net	**8,450,002**	**6,948,519**	**8,450,002**	**6,930,204**
Basic earnings per share (kobo)	18	31	14	31
Diluted earnings per share (kobo)	14	31	11	31

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

40 Related party disclosures

(a) Parent and ultimate controlling party

The ultimate controlling party of the group is AIICO Insurance PLC.

(b) Transactions with key management personnel

(b)(i) Loan to directors

In 2015, no loans were advanced to directors (2014: nil).

(b)(ii) Key management personnel transactions

A number of key management personnel, or their related parties, hold positions in other companies that result in them having control or significant influence over these companies. A number of these companies transacted with the Group during the year. The terms and conditions of these transactions were no more favourable than those available, or which might reasonably be expected to be available, in similar transactions with non-key management personnel related companies on an arm's length basis.

See note 44 for directors compensation.

The aggregate value of transactions and outstanding balances related to key management personnel and entities over which they have control or significant influence were as follows.

Company	**Transaction values for the year ended 31 December**		**Balance outstanding as at 31 December**	
In thousands of naira	2015	2014	2015	2014
Management fees*	363,404	153,671	224,958	-
Finance lease receivable**	33,800	248,795	124,972	260,980
	397,204	**402,466**	**349,930**	**260,980**

* AIICO Insurance Plc employs the services of AIICO Capital Limited to manage its financial assets. In return, AIICO Capital charges a percentage of the asset value as management fees.

Finance lease receivable is analysed as follows:

		Transaction values for the year ended 31 December		Balance outstanding as at 31 December		Interest received	
Name of related party	**Relationship**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
AIICO Pension Managers Limited	Subsidiary	-	-	4,397	54,861	1,797	8,392
Lekki Free Trade Zone	Common Director	-	46,115	9,903	31,632	3,198	3,321
Xerox Nigeria Limited	Common Director	33,800	202,680	110,672	174,487	28,750	23,218
		33,800	248,795	124,972	260,980	33,745	34,931

The terms and conditions of the finance lease transactions were no more favourable than those available, or which might reasonably be expected to be available, in similar transactions with non-key management personnel related companies on an arm's length basis.

All outstanding balances with these related parties are priced on arm's length basis.

None of the balances are secured. No expense has been recognised in the current year or prior year for bad or doubtful debts in respect of amounts owed by related parties.
No guarantees have been given or received.
See note (7) (c) (ii) for material leasing arrangements.

41 Contraventions and penalties

	Group		Company	
In thousands of naira	**2015**	**2014**	**2015**	**2014**

The following payments were made relating to contraventions and penalties during the year:

Penalty to National Insurance Commission (NAICOM)	-	600	-	600
	-	600	-	600

42 Basis of measurement

The consolidated fianncial statements have been prepared on the historical cost basis except for the following items, which are measured on an alternative basis on each reporting date.

Items	**Measurement bases**
Derivative financial liabilities	Fair value
Available-for-sale financial assets	Fair value
Investment property	Fair value
Investment contract liabilities	Fair value

43 Contingencies and commitments

(a) Legal proceedings and regulations

The Company operates in the insurance industry and is subject to legal proceedings in the normal course of business. While it is not practicable to forecast or determine the final results of all pending or threatened legal proceedings, management does not believe that such proceedings (including litigation) will have a material effect on its results and financial position.

The Company is also subject to insurance solvency regulations of NAICOM. There are no contingencies associated with the Company's compliance or lack of compliance with such regulations.

(b) Funds under management

This represents investments held on behalf of clients and are stated at amortised cost.

An analysis of funds under management is shown below:

In thousands of naira	**2015**	**2014**	**2015**	**2014**
AIICO Money Market Fund (AMMF) (see note (i) below)	684,012	636,601	-	-
High Networth Individuals Fund (HNI) (see note (ii) below)	88,000	-	-	-
Non-pension funds	772,012	636,601	-	-
Pension Funds (see note (iii) below)	64,245,436	55,310,533		
Total funds	65,017,448	55,947,134	-	-

These funds do not form part of the assets and liabilities of the Group as the risks and rewards of these investments belong to the customers.

Fees earned from the management of these funds are as follows:

	Group		Company	
In thousands of naira	2015	2014	2015	2014
AMMF	9,482		-	-
HNI Fund	967	-	-	-
Non-pension funds	10,449	-	-	-
Pension Funds (see note (iii) below)	857,872	740,354		
Total funds	868,321	740,354	-	-

(i) **AIICO Money Market Fund (AMMF)**

This represents customers' investment in the AIICO Money Market Fund, which is managed by AIICO Capital Limited, a subsidiary of the Company.

This fund is regulated by the Nigerian Securities and Exchange Commission (SEC) and it started on March 10, 2014. It currently trades at N100 per unit as at December 31, 2015 (2014: N100) The Company has investments of N450million in the Fund

(ii) **High Networth Individuals Fund (HNI)**

This represents customers' investment in High Networth Individuals Fund, which is managed by AIICO Capital Limited, a subsidiary of the Company. This fund started in August 2015.

Returns on this fund are discretionary, however, when the Group exceeds the returns agreed with the customer, they earn a 20% performance fee on the excess. The Group also charges management fees on this Fund.

(iii) **Pension Funds**

This comprises of the AIICO Pensions Retirement Savings Account (RSA) Fund, Retiree Fund, Institutional Fund and Transitional Contribution Fund.

AIICO Pensions Retirement Savings Account and Retiree Funds are open pension funds, while the remaining funds are closed.

(d) **Unclaimed dividend**

As required by section 16(d) of the Nigerian Securities and Exchange Commission (SEC) guidelines, the Company has unclaimed dividend of N426million as at 31 December 2015. The assets representing these unclaimed dividend do not form part of the assets of the Company.

44 Chairman and directors' emoluments

	Group		Company	
In thousands of naira	2015	2014	2015	2014
Emolument	69,925	69,925	59,925	59,925
Fees	1,115	1,115	1,115	1,115
	71,040	71,040	61,040	61,040
Chairman	6,905	6,905	6,905	6,905
Highest paid director	10,272	10,272	10,272	10,272

The number of directors, including the Chairman, whose emoluments were within the following range were:

	Group		Company	
	2015	2014	2015	2014
1,000,001 - 2,000,000	-	-	-	-
2,000,000 and above	1	1	10	10
	1	1	10	10

45 Staff

The average number of persons employed at the end of the period was:

	Group		Company	
	2015	2014	2015	2014
Managerial	58	89	37	68
Senior staff	293	326	255	288
Junior staff	206	215	13	22
	557	630	305	378

(a) The staff costs for the above persons were:

	Group		Company	
In thousands of naira	2015	2014	2015	2014
Wages and salaries	1,178,188	1,864,107	431,025	1,279,412
Other staff costs	1,861,165	1,191,758	1,849,549	1,153,814
	3,039,353	3,055,865	2,280,601	2,433,266

(b) The number of employees paid emoluments, excluding pension and allowances, above ₦60,000 for the year were:

	Group		Company	
	2015	2014	2015	2014
60,000 - 100,000	31	35	14	25
100,001 - 150,000	36	44	29	37
150,001 - 200,000	80	105	72	103
200,001 - 250,000	72	72	55	67
250,001 - 300,000	34	47	43	41
300,001 - 350,000	31	34	22	28
350,001 - 400,000	31	38	8	13
400,001 and above	242	255	62	64
	557	630	305	378

46 Risk Management Framework

(a) **Governance framework**

The primary objective of the Group's risk and financial management framework is to protect the Group's shareholders from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities.

Key management recognises the critical importance of having efficient and effective risk management systems in place. The Group has established a risk management function with clear terms of reference from the board of directors, its committees and the associated executive management committees. This is supplemented with a clear organisational structure with documented delegated authorities and responsibilities from the board of directors to executive management committees and senior managers.

Lastly, a Group policy framework which sets out the risk profiles for the Group, risk management, control and business conduct standards for the Group's operations has been put in place. Each policy has a member of senior management charged with overseeing compliance with the policy throughout the Group.

The board of directors approves the Group's risk management policies and meets regularly to approve any commercial, regulatory and organisational requirements of such policies. These policies define the Group's identification of risk and its interpretation, limit structure to ensure the appropriate quality and diversification of assets, align underwriting and reinsurance strategy to the corporate goals, and specify reporting requirements.

(b) **Capital management objectives, policies and approach**

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

(i) To maintain the required level of stability of the Group thereby providing a degree of security to policyholders.

(ii) To allocate capital efficiently and support the development of business by ensuring that returns on capital employed meet the requirements of its capital providers and of its shareholders.

(iii) To retain financial flexibility by maintaining strong liquidity and access to a range of capital markets.

(iv) To align the profile of assets and liabilities taking account of risks inherent in the business.

(v) To maintain financial strength to support new business growth and to satisfy the requirements of the policyholders, regulators and stakeholders.

(vi) To maintain strong credit ratings and healthy capital ratios in order to support its business objectives and maximise shareholders value.

In reporting financial strength, capital and solvency are measured using the rules prescribed by the National Insurance Commission (NAICOM). These regulatory capital tests are based upon required levels of solvency, capital and a series of prudent assumptions in respect of the type of business written. The Group's capital management policy for its insurance and non-insurance business is to hold sufficient capital to cover the statutory requirements based on the NAICOM directives, including any additional amounts required by the regulator

(c) **Approach to capital management**

The Group seeks to optimise the structure and sources of capital to ensure that it consistently maximises returns to the shareholders and policyholders. The Group's approach to managing capital involves managing assets, liabilities and risks in a coordinated way, assessing shortfalls between reported and required capital levels on a regular basis and taking appropriate actions to influence the capital position of the Group in the light of changes in economic conditions and risk characteristics.

The primary source of capital used by the Group is equity shareholders' funds.
The Group has had no significant changes in its policies and processes to its capital structure during the past year from previous years.

The table below shows the available capital resources as at 31 December:

	Group		Company	
In thousands of naira	**2015**	**2014**	**2015**	**2014**
Total shareholders' funds	9,371,588	11,452,531	9,444,775	11,634,729
Regulatory required capital	5,000,000	5,000,000	5,000,000	5,000,000
Excess capital reserve	4,371,588	6,452,531	4,444,775	6,634,729

(d) **Regulatory framework**

The insurance industry regulator measures the financial strength of Non-Life Insurers using a Solvency Margin model. NAICOM generally expects non – life insurers to comply with this capital adequacy requirement. Section 24 of the Insurance Act 2003 defines the solvency margin of a non – life insurer as the difference between the admissible assets and liabilities, and this shall not be less than 15% of the net premium income (gross income less reinsurance premium paid), or the minimum capital base (N3billion) whichever is higher.

This test compares the insurer's capital against the risk profile. The regulator indicated that insurers should produce a minimum solvency margin of 100%. During the year, the Group has consistently exceeded this minimum. The regulator has the authority to request more extensive reporting and can place restrictions on the Group's operations if the Group falls below this requirement.

The solvency margin for the non - life business of the Group is as follows:

Solvency margin computation as at 31 December

In thousands of naira	**2015**	**2014**
Assets		
Cash and cash equivalents	2,570,972	708,884
Trade receivables	118,918	11,303
Reinsurance assets	2,246,160	1,528,505
Deferred acquisition cost	264,842	443,945
Financial assets	4,281,581	5,682,221
Investment in subsidiaries	801,732	746,459
Investment property	472,000	225,000
Property and equipment	1,535,386	1,589,813
Other receivables and prepayments	-	8,763
Statutory deposits	300,000	300,000
Total admissible assets	**12,591,591**	**11,244,893**
Liabilities		
Insurance contract liabilities	5,276,285	4,631,628
Trade payables	319,052	11,362
Other payables	900,740	1,755,329
Taxation payable	440,733	214,956
Finance lease obligation	29,265	-
Total admissible liabilities	**6,966,075**	**6,613,275**
Excess of total admissible assets over admissible liabilities	**5,625,516**	**4,631,617**
Higher of:		
Gross premium written	8,199,952	8,873,612
Less: Reinsurance expense	(3,364,371)	(4,485,075)
Net premium	4,835,581	4,388,537
15% of net premium	725,337	658,281
Minimum paid up capital	3,000,000	3,000,000
The higher thereof:	**3,000,000**	**3,000,000**
Excess of solvency margin over minimum capital base	**2,625,516**	**1,631,617**
Solvency margin ratio	**188%**	**154%**

47 Financial instruments - Fair values and risk management

(A) Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

GROUP
31 December 2015

	Carrying amount						Fair value			
In thousands of naira	**Designated at fair value**	**Held-to-maturity**	**Loans and receivables**	**Available -for-sale**	**Other financial liabilties**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value										
Available-for-sale financial assets	-	-	-	55,277,180	-	55,277,180	55,277,180	-	-	**55,277,180**
	-	-	-	**55,277,180**	-	**55,277,180**				
Financial assets not measured at fair value										
Cash and cash equivalents	-	-	8,451,795	-	-	8,451,795	-	-	-	-
Trade receivables*	-	-	296,514	-	-	296,514	-	-	-	-
Loans and receivables*	-	-	1,877,529	-	-	1,877,529	-	-	-	-
Reinsurance assets*^	-	-	1,610,230	-	-	1,610,230	-	-	-	-
Other receivables*	-	-	187,983	-	-	187,983	-	-	-	-
Available-for-sale financial assets^^	-	-	387,513	727,096	-	1,114,609	-	-	-	-
	-	-	**12,811,564**	**727,096**	-	**13,538,660**				
Financial liabilities measured at fair value										
Investment contract liabilities	(8,295,046)	-	-	-	-	(8,295,046)	-	(8,295,046)	-	**(8,295,046)**
Derivative liabilities	(319,274)	-	-	-	-	(319,274)	-	(319,274)	-	**(319,274)**
	(8,614,320)	-	-	-	-	**(8,614,320)**				
Financial liabilities not measured at fair value										
Other payables*	-	-	-	-	(1,297,103)	(1,297,103)	-	-	-	-
Trade payables*	-	-	-	-	(1,547,548)	(1,547,548)	-	-	-	-
Fixed income liabilities	-	-	-	-	(165,838)	(165,838)	-	-	-	-
Finance lease obligations	-	-	-	-	(49,854)	(49,854)	-	-	-	-
Long term borrowing	-	-	-	-	(1,134,840)	(1,134,840)	-	(1,114,100)	-	**(1,114,100)**
	-	-	-	-	**(4,195,183)**	**(4,195,183)**				

The Group has disclosed the fair value of each class of financial assets and liabilities in a way that permits the information to be compared with the carrying amounts. In addition, it has reconciled the assets and liabilities to the different categories of financial instruments as defined in IAS 39 Financial instruments: Recognition and Measurement.

* The Group has not disclosed the fair values for financial instruments such as short term trade receivables, payables, reinsurance assets, loans and receivables because their carrying amounts are a reasonable approximation of fair value.

^ Reinsurance assets excludes prepaid reinsurance, which is not a financial asset (₦868.8 million)

^^ Available for sale financial assets not measured at fair value comprise of unquoted equities carried at cost as their fair value was not readily available, and placements above 90 days.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

COMPANY
31 December 2015

In thousands of naira	Note	Carrying amount						Fair value			
		Designated at fair value	Held-to-maturity	Loans and receivables	Available -for-sale	Other financial liabilties	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value											
Available-for-sale financial assets		-	-	-	55,069,285	-	55,069,285	55,069,285	-	-	**55,069,285**
		-	-	-	**55,069,285**	-	**55,069, 285**				
Financial assets not measured at fair value											
Cash and cash equivalents		-	-	6,437,403	-	-	6,437,403				
Trade receivables*		-	-	123,848	-	-	123,848				
Loans and receivables*		-	-	1,821,999	-	-	1,821,999				
Reinsurance assets*^		-	-	1,610,230	-	-	1,610,230				
Other receivables*		-	-	76,446	-	-	76,446				
Available-for-sale financial assets^^		-	-	387,513	625,036	-	1,012,549				
		-	-	**10,457,439**	**625,036**	-	**11,082,475**				
Financial liabilities measured at fair value											
Investment contract liabilities		(8,295,046)	-	-	-	-	(8,295,046)	-	(8,295,046)	-	**(8,295,046)**
Derivative liabilities		(319,274)	-	-	-	-	(319,274)	-	(319,274)	-	**(319,274)**
		(8,614,320)	-	-	-	-	**(8,295,046)**				
Financial liabilities not measured at fair value											
Other payables*		-	-	-	-	(1,279,530)	(1,279,530)	-	-	-	-
Trade payables*		-	-	-	-	(1,547,548)	(1,547,548)	-	-	-	-
Finance lease obligations		-	-	-	-	(49,854)	(49,854)	-	-	-	-
Long term borrowing		-	-	-	-	(1,134,840)	(1,134,840)	-	(1,114,100)	-	**(1,114,100)**
		-	-	-	-	**(4,011,772)**	**(4,011,772)**				

The Group has disclosed the fair value of each class of financial assets and liabilities in a way that permits the information to be compared with the carrying amounts. In addition, it has reconciled the assets and liabilities to the different categories of financial instruments as defined in IAS 39 Financial instruments: Recognition and Measurement.

* The Group has not disclosed the fair values for financial instruments such as short term trade receivables, payables, reinsurance assets, loans and receivables because their carrying amounts are a reasonable approximation of fair value.

^ Reinsurance assets excludes prepaid reinsurance, which is not a financial asset (₦868.8 million)

^^ Available for sale financial assets not measured at fair value comprise of unquoted equities carried at cost as their fair value was not readily available, and placements above 90 days.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

GROUP
31 December 2014

In thousands of naira	Note	Carrying amount						Fair value			
		Designated at fair value	Held-to-maturity	Loans and receivables	Available -for-sale	Other financial liabilties	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value											
Available-for-sale financial assets		-	-	-	5,246,882	-	5,246,882	5,246,882	-	-	**5,246,882**
		-	-	-	**5,246,882**	-	**5,246,882**				
Financial assets not measured at fair value											
Cash and cash equivalents		-	-	7,954,370	-	-	7,954,370	-	-	-	-
Trade receivables*		-	-	11,303	-	-	11,303	-	-	-	-
Loans and receivables*		-	-	1,705,797	-	-	1,705,797	-	-	-	-
Reinsurance assets*^		-	-	924,905	-	-	924,905	-	-	-	-
Other receivables*		-	-	248,199	-	-	248,199	-	-	-	-
Available-for-sale financial assets^^		-	-	-	806,434	-	806,434	-	-	-	-
Held to maturity financial assets		-	30,413,780	-	-	-	30,413,780	25,254,143	-	-	25,254,143
		-	**30,413,780**	**10,844,574**	**806,434**		**42,064,788**	-	-	-	-
Financial liabilities measured at fair value											
Investment contract liabilities		(6,608,125)	-	-	-	-	(6,608,125)	-	(6,608,125)	-	**(6,608,125)**
		(6,608,125)	-	-	-	-	**(6,608,125)**	-	-	-	-
Financial liabilities not measured at fair value											
Trade payables*		-	-	-	-	(643,762)	(643,762)	-	-	-	-
Other payables*		-	-	-	-	(2,821,930)	(2,821,930)	-	-	-	-
Finance lease obligations		-	-	-	-	(49,230)	(49,230)	-	-	-	-
						(3,514,922)	**(3,514,922)**	-	-	-	-

The Group has disclosed the fair value of each class of financial assets and liabilities in a way that permits the information to be compared with the carrying amounts. In addition, it has reconciled the assets and liabilities to the different categories of financial instruments as defined in IAS 39 Financial instruments: Recognition and Measurement.

* The Group has not disclosed the fair values for financial instruments such as short term trade receivables, payables, reinsurance assets, loans and receivables because their carrying amounts are a reasonable approximation of fair value.

^ Reinsurance assets excludes prepaid reinsurance, which is not a financial asset (₦774.4 million)

^^ Available for sale financial assets not measured at fair value comprise of unquoted equities carried at cost as their fair value was not readily available.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

COMPANY
31 December 2014

		Carrying amount						Fair value			
In thousands of naira	Note	Designated at fair value	Held-to-maturity	Loans and receivables	Available -for-sale	Other financial liabilties	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value											
Available-for-sale financial assets		-	-	-	5,246,405	-	5,246,405	5,246,405	-	-	**5,246,405**
		-	-	-	**5,246,405**	-	**5,246,405**				
Financial assets not measured at fair value											
Cash and cash equivalents		-	-	6,577,102	-	-	6,577,102	-	-	-	-
Trade receivables*		-	-	11,303	-	-	11,303	-	-	-	-
Loans and receivables*		-	-	924,905	-	-	924,905	-	-	-	-
Reinsurance assets*^		-	-	1,648,165	-	-	1,648,165	-	-	-	-
Other receivables*		-	-	455,792	-	-	455,792	-	-	-	-
Available-for-sale financial assets^^		-	-	-	641,784	-	641,784	-	-	-	-
Held to maturity financial assets		-	29,786,309	-	-	-	29,786,309	-	-	-	-
		-	**29,786,309**	**9,617,267**	**641,784**		**40,045,360**				
Financial liabilities measured at fair value											
Investment contract liabilities		(6,608,125)	-	-	-	-	(6,608,125)	-	(6,608,125)	-	**(6,608,125)**
		(6,608,125)	-	-	-	-	**(6,608,125)**				
Financial liabilities not measured at fair value											
Trade payables*		-	-	-	-	(643,762)	(643,762)	-	-	-	-
Other payables*		-	-	-	-	(2,519,490)	(2,519,490)	-	-	-	-
Finance lease obligations		-	-	-	-	(49,230)	(49,230)	-	-	-	-
						(3,212,482)	**(3,212,482)**	-	-	-	-

The Group has disclosed the fair value of each class of financial assets and liabilities in a way that permits the information to be compared with the carrying amounts. In addition, it has reconciled the assets and liabilities to the different categories of financial instruments as defined in IAS 39 Financial instruments: Recognition and Measurement.

* The Group has not disclosed the fair values for financial instruments such as short term trade receivables, payables, reinsurance assets, loans and receivables because their carrying amounts are a reasonable approximation of fair value.

^ Reinsurance assets excludes prepaid reinsurance, which is not a financial asset (₦774.4 million)

^^ Available for sale financial assets not measured at fair value comprise of unquoted equities carried at cost as their fair value was not readily available.

(B) Measurement of fair values

(i) Transfer between Levels 1 and 2

At 31 December 2015, there was no transfer between level 1 and level 2 (2014: NIL)

(ii) Level 3 fair value

Reconciliation of level 3 fair values

At 31 December 2015, there was no transfer between level 1 and level 2 (2014: Nil)

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values

In thousands on naira	**Note**	**Group** **Derivative liabilities**	**Company** **Derivative liabilities**
Balance at 1 January 2015		-	-
Acquired from convertible loan option		319,274	319,274
Gain included in OCI		-	-
Balance at 31 Decmber 2015		**319,274**	**319,274**

Transfer out of level 3

The Group did not have any transfer out of level 3 during the year (2014: Nil)

(C) **Risk management framework**

The Group's board of directors has the overall responsibility for the establishment of oversight of the group's risk management framework. The board of directors has established the Risk Management Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the board of directors for on its activities.

The Group's risk management policies are established to identify and analyse the risk faced by the group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk mamangement policies and systems are reviewed regularly to reflect changes in market conditions and group activities. The group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group audit committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the result of which are reported to the audit committee.

(D) **Financial risk management**

The group has exposure to the following risks arising from financial instruments
Credit risk
Liquidity risk
Market risk

(D)(i) **Credit risk**

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment in debt securities.

The carrying amount of financial assets represents the maximum credit exposure

In addition to credit risks arising out of investments and transactions with clients, AIICO actively assumes Credit Risk through the writing of insurance business and the approval and issuance of loans. Credit Risk can arise when a client defaults on loan payments or settlement of premium payments and can also arise when its own repayment capability decreases (as reflected in a rating downgrade).

AIICO's strategy as an Insurance Group does not entail the elimination of Credit Risk but rather to take on Credit Risk in a well-controlled, planned and targeted manner pursuant to its business objectives. Its approach to measuring Credit Risk is therefore designed to ensure that it is assessed accurately in all its forms, and that relevant, timely and accurate Credit Risk information is available to the relevant decision makers at an operational and strategic level at all times.

At a strategic level, AIICO manages its credit risk profile within the constraints of its overall Risk Appetite and structured its portfolio so that it provides optimal returns for the level of risk taken. Operationally, the Insurance Group Credit Risk Management is governed by the overall risk appetite framework and aims to ensure that the risk inherent to individual exposures or certain business portfolios are appropriately managed through the economic cycle.

The organization is committed to:

a) Create, monitor and manage credit risk in a manner that complies with all applicable laws and regulations;
b) Identify Credit Risk in each investment, loan or other activity of the Insurance Group;
c) Utilize appropriate, accurate and timely tools to measure credit risk;
d) Set acceptable risk parameters;
e) Maintain acceptable levels of credit risk for existing individual credit exposures;
f) Maintain acceptable levels of overall credit risk for AIICO's Portfolio; and
g) Coordinate Credit Risk Management with the management of other risks inherent in AIICO's business activities.

Unsecured exposures to high risk obligors, transactions with speculative cash flows, loans in which the insurance Group will hold an inferior or subordinate position are some of the credit exposures that are considered undesirable by the organization.

The Group's credit risk can be analysed as follows:

	Group		Company	
In thousands of naira	2015	2014	2015	2014
Trade receivables (see note (a) below)	296,514	210,133	123,848	11,303
Reinsurance receivables (see note (b) below)	1,610,230	924,905	1,610,230	924,905
Loans and receivables (see note (c) below)	1,877,529	1,705,797	1,821,999	1,648,165
Cash and cash equivalents (see note (d) below)	8,451,795	7,954,370	6,437,403	6,577,102
Other receivables (see note (e) below)	187,983	248,199	76,446	455,792
Debt securities (see note (f) below)	51,703,405	30,413,780	51,495,510	29,786,309
	64,127,456	**41,457,184**	**61,565,436**	**39,403,576**

(a) **Trade and other receivables**

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and region in which customers operate.

At 31 December 2015, the maximum exposure to credit risk for trade receivables by type of counterparty was as follows:

	Group		Company	
In thousands of naira	2015	2014	2015	2014
Direct insured	5,019	-	5,019	-
Insurance brokers	118,829	11,303	118,829	11,303
Retail customers	172,666	198,830	-	-
	296,514	**210,133**	**123,848**	**11,303**

At 31 December 2015, the ageing of trade receivables that were not impaired was as follows:

	Group		Company	
In thousands of naira	2015	2014	2015	2014
Neither past due not impaired	296,514	210,133	123,848	11,303
	296,514	**210,133**	**123,848**	**11,303**

Management believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full, based on historical payment behaviour and extensive analysis of customers' credit risk, including underlying customers' credit ratings if they are available.

An analysis of the credit quality of trade receivables that are neither past due nor impaired is as follows:

	Group		Company	
In thousands of naira	2015	2014	2015	2014
Four or more years' trading history with the Group	296,514	210,133	123,848	11,303
	296,514	**210,133**	**123,848**	**11,303**

b **Reinsurance receivables**
The Group insures its liabilities with reputable reinsurance companies with which it has a right of set-off. None of its receivable from reinsurance companies was impaired as at 31 December 2015 (2014: NIL)

c **Loans and receivables**
The Group's loans and receivables are mostly with policy holders and other customers with which it ensures that it has collaterals for such loans. A total of N12 million as at 31 December 2015 (2014: N42 million).

d **Cash and cash equivalents**
The Group's cash and cash equivalents are held with reputable banks and financial institutions.

e **Other receivables**
The Group's other receivables comprises of receivables from agents and others. None of the other receivable was impaired as at 31 December 2015 (2014: N55 million)

f **Debt securities**
The Group limits its exposure to credit risk by investing only in liquid debt securities (bonds and treasury bills) and only with counterparties that have a very high credit rating.

The maximum exposure to credit risk for debt securities classified as held-to-maturity and available-for-sale at the reporting date per geo-political region was as follows:

In thousands of naira	Group		Company	
	2015	2014	2015	2014
South West	51,703,405	30,413,780	51,495,510	29,786,309
	51,703,405	**30,413,780**	**51,495,510**	**29,786,309**

The Group did not have any debt securities that were past due but not impaired at 31 December 2015 or 2014.

(D)(ii) **Liquidity risk**
Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group uses activity-based costing to cost its products and services, which assists it in monitoring cash flow requirements and optimising its cash return on investments.

The Group aims to maintain the level of its cash and cash equivalents and other highly marketable debt investments at an amount in excess of expected cash outflows on financial liabilities over the next 60 days. The Group also monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables.

In addition, the Group entered into a contract with the International Finance Corporation (IFC) on 23 December 2014 for a $20 million convertible long term loan at a rate of 6.5% above 6 months LIBOR. This loan has a tenor of 7 years with 4 years moratorium on the principal. As at 31 December 2015, the Group had drawn down on only $ 7 million leaving $13 million accessible to the Group.

Exposure to liquidity risk
The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, include contractual interest payments and exclude the impact of netting agreements

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GROUP
31 December 2015

		Contractual cash flows					
In thousands of naira	**Carrying amount**	**Total**	**3 months or less**	**3 - 12 months**	**1 - 2 years**	**2 - 5 years**	**More than 5 years**
Investment contract liabilities	8,295,046	8,295,046	-	-	8,295,046	-	-
Long term borrowing	1,134,840	1,398,600	-	-	-	466,200	932,400
Finance lease liabilities	49,854	55,810	11,891	35,672	3,299	4,949	-
Fixed income liabilities	165,838	165,838	165,838	-	-	-	-
Trade payables	1,547,548	1,547,548	1,547,548	-	-	-	-
Other payables	1,297,103	1,297,103	1,297,103	-	-	-	-
Derivative liabilities	319,274	-	-	-	-	-	-
	12,809,503	**12,759,945**	**3,022,380**	**35,672**	**8,298,345**	**471,149**	**932,400**

COMPANY
31 December 2015

		Contractual cash flows					
In thousands of naira	**Carrying amount**	**Total**	**3 months or less**	**3 - 12 months**	**1 - 2 years**	**2 - 5 years**	**More than 5 years**
Investment contract liabilities	8,295,046	8,295,046	-	-	8,295,046	-	-
Long term borrowing	1,134,840	1,398,600	-	-	-	466,200	932,400
Finance lease liabilities	49,854	55,810	11,891	35,672	3,299	4,949	-
Trade payables	1,547,548	1,547,548	1,547,548	-	-	-	-
Other payables	1,279,530	1,279,530	1,279,530	-	-	-	-
Derivative liabilities	319,274	-	-	-	-	-	-
	12,626,092	**12,576,534**	**2,838,969**	**35,672**	**8,298,345**	**471,149**	**932,400**

GROUP
31 December 2014

		Contractual cash flows					
In thousands of naira	**Carrying amount**	**Total**	**3 months or less**	**3 - 12 months**	**1 - 2 years**	**2 - 5 years**	**More than 5 years**
Investment contract liabilities	6,608,125	6,608,125	-	-	6,608,125	-	-
Finance lease liabilities	49,230	61,532	6,239	18,716	14,631	21,947	-
Trade payables	643,762	643,762	643,762	-	-	-	-
Other payables	2,821,930	2,821,930	2,821,930	-	-	-	-
	10,123,047	**10,135,349**	**3,471,930**	**18,716**	**6,622,756**	**21,947**	**-**

COMPANY
31 December 2014

		Contractual cash flows					
In thousands of naira	**Carrying amount**	**Total**	**3 months or less**	**3 - 12 months**	**1 - 2 years**	**2 - 5 years**	**More than 5 years**
Investment contract liabilities	6,608,125	6,608,125	-	-	6,608,125	-	-
Finance lease liabilities	49,230	61,532	6,239	18,716	14,631	21,947	-
Trade payables	643,762	643,762	643,762	-	-	-	-
Other payables	2,519,490	2,519,490	2,519,490	-	-	-	-
	9,820,607	**9,832,909**	**3,169,490**	**18,716**	**6,622,756**	**21,947**	**-**

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Maturity analysis
The table below summarises the expected utilisation or settlement of assets and liabilities as at 31 December:

Group

	2015			2014		
In thousands of naira	Current	Non-current	Total	Current	Non-current	Total
Cash and cash equivalents	8,451,795		8,451,795	7,954,370	-	7,954,370
Financial assets	58,269,318		58,269,318	-	38,172,893	38,172,893
Trade receivable	296,514		296,514	210,133	-	210,133
Reinsurance assets	2,479,069		2,479,069	1,699,319	-	1,699,319
Deferred acquisition cost	264,842		264,842	443,945	-	443,945
Other receivables and prepayments	447,467		447,467	-	321,989	321,989
Deferred tax asset		1,775,779	1,775,779	-	1,696,850	1,696,850
Investment property		1,115,000	1,115,000	-	1,203,000	1,203,000
Goodwill and other intangible assets		1,142,720	1,142,720	-	922,524	922,524
Property and equipment		5,353,657	5,353,657	-	5,183,072	5,183,072
Statutory deposit		530,000	530,000	-	530,000	530,000
Total assets	**70,209,005**	**9,917,156**	**80,126,161**	**10,307,767**	**48,030,328**	**58,338,095**
Insurance contract liabilities	2,217,512	53,330,642	55,548,154	-	35,071,301	35,071,301
Investment contract liabilities	-	8,295,046	8,295,046	-	6,608,125	6,608,125
Trade payables	1,547,548	-	1,547,548	643,762	-	643,762
Other payables and accruals	2,489,333	-	2,489,333	3,702,330	-	3,702,330
Fixed income liability	165,838	-	165,838	-	-	-
Current tax payable	592,961	-	592,961	558,874	-	558,874
Deferred tax liability	-	269,133	269,133	-	7,364	7,364
Finance lease obligation	47,562	2,292	49,854	19,965	29,265	49,230
Long term borrowing	-	1,134,840	1,134,840	-	-	-
Derivative liabilities	-	319,274	319,274	-	-	-
Total liabilities	**7,060,754**	**63,351,227**	**70,411,981**	**4,924,931**	**41,716,055**	**46,640,986**

COMPANY

	2015			2014		
In thousands of naira	Current	Non-current	Total	Current	Non-current	Total
Cash and cash equivalents	6,437,403	-	6,437,403	6,577,102	-	6,577,102
Financial assets	-	57,903,833	57,903,833	-	37,322,663	37,322,663
Trade receivable	123,848	-	123,848	11,303	-	11,303
Reinsurance assets	2,479,069	-	2,479,069	1,699,319	-	1,699,319
Deferred acquisition cost	264,842	-	264,842	443,945		443,945
Other receivables and prepayments	282,805	-	282,805	-	529,581	529,581
Deferred tax asset	-	1,707,077	1,707,077	-	1,531,097	1,531,097
Investment in subsidiaries	-	2,308,690	2,308,690	-	2,133,417	2,133,417
Investment property	-	1,115,000	1,115,000	-	1,203,000	1,203,000
Property and equipment	-	1,120,871	1,120,871	-	4,988,937	4,988,937
Goodwill and other intangible assets	-	5,111,828	5,111,828	-	886,766	886,766
Statutory deposit	-	530,000	530,000	-	530,000	530,000
Total assets	**9,587,967**	**69,797,299**	**79,385,266**	**8,731,669**	**49,125,461**	**57,857,130**
Insurance contract liabilities	2,217,512	53,162,465	55,379,977	-	35,029,115	35,029,115
Investment contract liabilities	-	8,295,046	8,295,046	-	6,608,125	6,608,125
Trade payables	1,547,548	-	1,547,548	643,762	-	643,762
Other payables and accruals	2,432,087	-	2,432,087	3,399,891	-	3,399,891
Current tax payable	518,443	-	518,443	492,279	-	492,279
Deferred tax liability	-	263,422	263,422	-	-	-
Finance lease obligation	24,954	24,900	49,854	19,965	29,265	49,230
Long term borrowing	-	1,134,840	1,134,840	-	-	-
Derivative liabilities	-	319,274	319,274	-	-	-
Total liabilities	**6,740,544**	**63,199,947**	**69,940,491**	**4,555,897**	**41,666,505**	**46,222,402**

(D)(iii) Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group uses derivatives to manage market risks. All such transactions are carried out within the guidelines set by the Risk Management Committee. Generally, the Group seeks to apply hedge accounting to manage volatility in profit or loss.

Currency risk

The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which premium, claims and borrowings are denominated and the respective functional currencies of Group companies. The functional currency of Group companies is the Nigerian Naira. The currencies in which these transactions are primarily denominated are the Nigerian Naira. However, the Group receives some premium in foreign currencies and also pays some claims in foreign currencies. The foreign currencies the Group transacts in include Euro, British Pounds and United States Dollars.

Exposure to currency risk

The summary quantitative data about the Group's exposure to currency risk as reported to the management of the Group is as follows:

GROUP

	31 December 2015				31 December 2014			
In thousands of	NGN	EUR	USD	GBP	NGN	EUR	USD	GBP
Cash and cash equivalent	483,619	51,172	379,638	52,809	125,164	31,347	83,415	10,402
Financial assets	1,465,501	-	1,465,501	-	1,147,506	-	1,147,506	-
IFC borrowing	(1,134,840)	-	(1,134,840)	-	-	-	-	-
Derivative liabilities	(319,274)	-	(319,274)	-	-	-	-	-
Net statement of financial position exposure	495,006	51,72	391,025	52,809	1,272,670	31,347	1,230,921	10,402

COMPANY

	31 December 2015				31 December 2014			
In thousands of	NGN	EUR	USD	GBP	NGN	EUR	USD	GBP
Cash and cash equivalent	483,619	51,172	379,638	52,809	125,164	31,347	83,415	10,402
Financial assets	1,465,501	-	1,465,501	-	1,147,506	-	1,147,506	-
IFC borrowing	(1,134,840)	-	(1,134,840)	-	-	-	-	-
Derivative liabilities	(319,274)	-	(319,274)	-	-	-	-	-
Net statement of financial position exposure	495,006	51,172	391,025	52,809	1,272,670	31,347	1,230,921	10,402

The following significant exchange rates have been applied.

	Year-end spot rate	
Naira	2015	2014
USD 1	196.5	167.5
GBP 1	291.2	261.5
EUR 1	214.1	203.6

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Sensitivity analysis

A reasonably possible strengthening (weakening) of the Euro, US Dollar or Pound Sterling against all other currencies at 31 December would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	GROUP				COMPANY			
	Profit or loss		Equity, net of tax		Profit or loss		Equity, net of tax	
Effects in thousands of naira	Strengthening	Weakening	Strengthening	Weakening	Strengthening	Weakening	Strengthening	Weakening
31 December 2015								
NGN (10% movement)	49,501	(49,501)	49,501	(49,501)	49,501	(49,501)	49,501	(49,501)
EUR (10% movement)	5,117	(5,117)	5,117	(5,117)	5,117	(5,117)	5,117	(5,117)
USD (10% movement)	39,102	(39,102)	39,102	(39,102)	39,102	(39,102)	39,102	(39,102)
GBP (10% movement)	5,281	(5,281)	5,281	(5,281)	5,281	(5,281)	5,281	(5,281)
31 December 2014								
NGN (10% movement)	127,267	(127,267)	127,267	(127,267)	127,267	(127,267)	127,267	(127,267)
EUR (10% movement)	3,135	(3,135)	3,135	(3,135)	3,135	(3,135)	3,135	(3,135)
USD (10% movement)	123,092	(123,092)	123,092	(123,092)	123,092	(123,092)	123,092	(123,092)
GBP (10% movement)	1,040	(1,040)	1,040	(1,040)	1,040	(1,040)	1,040	(1,040)

(D)(iv) **Interest rate risk**

The Group adopts a policy of ensuring that all its interest rate risk exposure is at a fixed rate. The exception is the dollar denominated variable rate loan obtained by the Group from the IFC. This eliminates the variability in the risks and returns on the Group's interest bearing assets and liabilities.

Exposure to interest rate risk

The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows.

	GROUP		COMPANY	
In thousands of naira	2015	2014	2015	2014
Fixed-rate instruments				
Cash deposits	5,035,970	4,157,155	3,511,668	3,422,377
Debt securities	51,315,892	30,413,780	51,107,997	29,786,309
Money market placements	387,513	-	387,513	-
Fixed income liabilities	165,838	-	-	-
Finance lease obligations	49,854	49,230	49,854	49,230
	56,955,067	34,620,165	55,057,032	33,257,916
Variable-rate instruments				
Long term convertible loan	1,398,600	-	1,398,600	-
	1,398,600	-	1,398,600	-

Cash flow sensitivity analysis for fixed-rate instruments

	GROUP				COMPANY			
	Profit or loss		Equity, net of tax		Profit or loss		Equity, net of tax	
Effect in thousands of naira	100bp increase	100bp decrease	100bp increase	100bp decrease	100bp increase	100bp decrease	100bp increase	100bp decrease
31 December 2015								
Financial instruments	569,551	(569,551)	569,551	(569,551)	550,570	(550,570)	550,570	(550,570)
	569,551	(569,551)	569,551	(569,551)	550,570	(550,570)	550,570	(550,570)
31 December 2014								
Financial instruments	346,202	(346,202)	346,202	(346,202)	332,579	(332,579)	332,579	(332,579)
	346,202	(346,202)	346,202	(346,202)	332,579	(332,579)	332,579	(332,579)

Cashflow sensitivity analysis for variable-rate instruments

	Profit or loss		Equity, net of tax		Profit or loss		Equity, net of tax	
Effect in thousands of naira	100bp increase	100bp decrease	100bp increase	100bp decrease	100bp increase	100bp decrease	100bp increase	100bp decrease
31 December 2015								
Financial instruments	13,986	(13,986)	13,986	(13,986)	13,986	(13,986)	13,986	(13,986)
	13,986	(13,986)	13,986	(13,986)	13,986	(13,986)	13,986	(13,986)
31 December 2014								
Financial instruments	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-

The analysis assumes that all other variables, in particular, foreign currency exchange rates, remain constant.

Fair value sensitivity analysis for fixed-rate instruments

The Group does not account for any fixed-rate financial assets and financial liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value model. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Other market price risk

The Group is exposed to equity price risk, which arises from available-for-sale equity securities held for partially meeting the claims and benefits obligations. The management of the Group monitors the proportion of equity securities in its investment portfolio based on market indices. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Risk Management Committee. The primary goal of the Group's investment strategy is to maximise investment returns, both to partially meet the Group's claims and benefits obligations and to improve its returns in general.

Sensitivity analysis - Equity price risk

All of the Group's listed equity investments are listed on the Nigerian Stock Exchange and are classified as available for sale. A 2% increase in the share price of those equities at the reporting date would have increased equity by ₦55 million after tax (2014: ₦81 million). An equal change in the opposite direction would have reduced equity by ₦55 million after tax (2014: ₦81 million).

(D)(v) **Operational risks**

Operational risk is the risk of loss arising from system failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss. The Group cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Group is able to manage the risks.

Controls include effective segregation of duties, access controls, authorisation and reconciliation procedures, staff education and assessment processes, including the use of internal audit. Business risks such as changes in environment, technology and the industry are monitored through the Group's strategic planning and budgeting process.

The Group's approach to Operational Risk Management was embedded within the ERM Framework manual which set out operational risk management standards and objectives for all key underlying business and support processes.

The policy:
a) Governs risk management in all business activities;
b) Facilitates the identification, measurement, management, monitoring and review of risk activities; and
c) Reflect the internal and external environment within which the business activities take place.

48 Insurance Risk

The principal risk the Group faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long–term claims. Therefore, the objective of the Group is to ensure that sufficient reserves are available to cover these liabilities. The risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements.

The Group purchases reinsurance as part of its risks mitigation programme. Reinsurance ceded is placed on both a proportional and non–proportional basis. The majority of proportional reinsurance is quota–share reinsurance which is taken out to reduce the overall exposure of the Group to certain classes of business. Non–proportional reinsurance is primarily excess–of–loss reinsurance designed to mitigate the Group's net exposure to catastrophe losses. Retention limits for the excess–of–loss reinsurance vary by product line and territory.

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. Although the Group has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements. The Group's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Group substantially dependent upon any single reinsurance contract.

Sensitivity of liability to changes in long term valuation assumptions
31 December 2015 actuarial valuation

N'000	Base	VIR +1%	VIR -1%	Expenses +10%	Expenses -10%	Expense Inflation +2%	Expense Inflation -2%	Mortality +5%	Mortality -5%
Individual Risk Reserve (Excluding Annuity)	13,627,156	12,710,439	14,291,983	13,627,156	13,255,497	13,609,083	13,297,146	13,465,202	13,416,605
Annuity	32,793,485	30,756,065	34,897,112	32,793,485	32,607,377	32,941,648	32,525,586	32,900,352	32,507,761
Investment Linked Products	5,385,106	5,385,106	5,385,106	5,385,106	5,385,106	5,385,106	5,385,106	5,385,106	5,385,106
Group DA	2,909,940	2,909,940	2,909,940	2,909,940	2,909,940	2,909,940	2,909,940	2,909,940	2,909,940
Group Life - UPR	406,950	406,950	406,950	406,950	406,950	406,950	406,950	406,950	406,950
Group Life - AURR	15,620	15,620	15,620	15,620	15,620	15,620	15,620	15,620	15,620
Group Life - IBNR	727,159	727,159	727,159	727,159	727,159	727,159	727,159	727,159	727,159
Additional Reserves	563,996	563,996	563,996	563,996	563,996	563,996	563,996	563,996	563,996
Reinsurance	(232,908)	(232,908)	(232,908)	(232,908)	(232,908)	(232,908)	(232,908)	(232,908)	(232,908)
Net Liability	**55,917,045**	**53,242,367**	**58,964,958**	**56,196,504**	**55,638,737**	**56,326,594**	**55,598,594**	**56,141,416**	**55,700,229**
% change in Net Liability		**-4.8%**	**5.5%**	**0.5%**	**-0.5%**	**0.7%**	**-0.6%**	**0.4%**	**-0.4%**

Summary	Base	Interest rate +1%	Interest rate	Expenses +10%	Expenses -10%	Expense Inflation +2%	Expense Inflation -2%	Mortality +5%	Mortality -5%
Individual	52,090,283	49,415,606	55,138,197	52,369,743.00	51,811,976.00	52,499,833.00	51,771,833.00	52,314,655.00	51,873,468.00
Group	3,826,761	3,826,761	3,826,761	3,826,761.00	3,826,761.00	3,826,761.00	3,826,761.00	3,826,761.00	3,826,761.00
Net Liability	55,917,045	53,242,367	58,964,958	56,196,504.00	55,638,737.00	56,326,594.00	56,326,594.00	56,141,416.00	55,700,229.00
% change in Liability	**0%**	**-4.8%**	**5.5%**	**0.5%**	**-0.5%**	**0.7%**	**-0.6%**	**0.4%**	**-0.4%**

All stresses were applied independently
Stresses not applied to individual reinsurance asset due to immateriality
The mortality stress has been applied in the opposite direction for annuities.

(a) **Life insurance contracts (including investment contracts)**

Life insurance contracts offered by the Group include: whole life, term assurance and deposit administration. Whole life and term assurance are conventional regular premium products when lump sum benefits are payable on death or permanent disability. Deposit administration is an investment product which accepts deposit from clients and other businesses of savings nature, by agreeing to pay interest on those deposits for an agreed period. For contracts for which death or disability is the insured risk, the significant factors that could increase the overall frequency of claims are epidemics, widespread changes in lifestyle and natural disasters, resulting in earlier or more claims than expected. For annuity contracts, the most significant factor is continued improvement in medical science and social conditions that would increase longevity. For contracts with DPF, the participating nature of these contracts results in a significant portion of the insurance risk being shared with the insured party.The Group's underwriting strategy is designed to ensure that risks are well diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors and geography, the use of medical screening in order to ensure that pricing takes account of current health conditions and family medical history, regular review of actual claims experience and product pricing, as well as detailed claims' handling procedures.

Underwriting limits are in place to enforce appropriate risk selection criteria. Insurance contracts also entitle the Group to pursue third parties for payment of some or all costs. The Group further enforces a policy of actively managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the Group.

Key assumptions

Material judgement is required in determining the liabilities and in the choice of assumptions. Assumptions in use are based on past experience, current internal data, external market indices and benchmarks which reflect current observable market prices and other published information. Assumptions and prudent estimates are determined at the date of valuation and no credit is taken for possible beneficial effects of voluntary withdrawals. Assumptions are further evaluated on a continuous basis in order to ensure realistic and reasonable valuations.

Sensitivities

The analysis which follows is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on gross and net liabilities, profit before tax and equity. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non–linear. Sensitivity information will also vary according to the current economic assumptions, mainly due to the impact of changes to both the intrinsic cost and time value of options and guarantees. When options and guarantees exist, they are the main reason for the asymmetry of sensitivities.

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

The Group principally issues the following types of general insurance contracts: fire, motor, casualty, workmen compensation, personal accident, marine and oil and gas. Risks under non–life insurance policies usually cover twelve months duration. For general insurance contracts, the most significant risks arise from climate changes, natural disasters and terrorist activities. For longer tail claims that take some years to settle, there is also inflation risk. 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 and procedures exist to assess all new and on-going claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are all policies and procedures put in place to reduce the risk exposure of the Group. The Group further enforces a policy of actively managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the business. Inflation risk is mitigated by taking expected inflation into account when estimating insurance contract liabilities. The Group has also limited its exposure by imposing maximum claim amounts on certain contracts as well as the use of reinsurance arrangements in order to limit exposure to catastrophic events (e.g., hurricanes, earthquakes and flood damage).The purpose of these underwriting and reinsurance strategies is to limit exposure to catastrophes based on the Group's risk appetite as decided by management. The overall aim is currently to restrict the impact of a single catastrophic event to approximately 50% of shareholders' equity on a gross basis and 10% on a net basis. In the event of such a catastrophe, counterparty exposure to a single reinsurer is estimated not to exceed 2% of shareholders' equity. The Board may decide to increase or decrease the maximum tolerances based on market conditions and other factors.

Key assumptions

The principal assumption underlying the liability estimates is that the Group's future claims development will follow a similar pattern to past claims development experience. This includes assumptions in respect of average claim costs, claim handling costs, claim inflation factors and claim numbers for each accident year. Additional qualitative judgments are used to assess the extent to which past trends may not apply in the future, for example: one–off occurrence, changes in market factors such as public attitude to claims, economic conditions, as well as internal factors such as portfolio mix, policy conditions and claims handling procedures. Judgment is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates. Other key circumstances affecting the reliability of assumptions include variation in interest rates, delays in settlement and changes in foreign currency rates.

Sensitivities

The non–life insurance claim liabilities are sensitive to the key assumptions that follow. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process.

Claims development table

The following tables show the estimates of cumulative incurred claims, including both claims notified and IBNR for each successive accident year at each reporting date, together with cumulative payments to date. The Group has taken advantage of the transitional rules of IFRS 4 that permit only five years of information to be disclosed upon adoption of IFRS. In general, the uncertainty associated with the ultimate claims experience in an accident year is greatest when the accident year is at an early stage of development and the margin necessary to provide the necessary confidence in the provisions adequacy is relatively at its highest. As claims develop, and the ultimate cost of claims becomes more certain, the relative level of margin maintained should decrease. However, due to the uncertainty inherited in the estimation process, the actual overall claim provision may not always be in surplus.

Gross claim reserving

The claims paid are allocated to claim development years as illustrated below: Of the claims that arose in 2010, N368.3million was paid in 2010 (development year 1), N183.6million in 2011 (development year 2) etc.

Basic chain ladder method - gross motor claims

Incremetal Chain ladder (Table of claims paid excluding large claims (Attritional Table)

Accident	Incremental Chain ladder-Yearly Projections (N'000)								
Year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**
2007	-	-	8,625	667	215	34	-	-	-
2008	-	165,642	7,482	6,755	450	1,816	4,943	900	
2009	292,367	203,681	36,530	12,350	620	-	-		
2010	368,301	183,616	12,743	331	56	-			
2011	369,420	202,559	8,594	5,498	3,077				
2012	395,812	250,654	3,916	4,073					
2013	489,117	173,416	41,806						
2014	558,480	230,849							
2015	614,957								

Cumulative data (for attritional Losses)

Accident	Cumulative Chain ladder-Yearly Projections (N'000)								
Year	1	2	3	4	5	6	7	8	9
2007	-	-	8,625	9,292	9,507	9,541	9,541	9,541	9,541
2008	-	165,642	173,124	179,879	180,329	182,145	187,088	187,988	
2009	292,367	496,048	532,578	544,928	545,548	545,548	545,548		
2010	368,301	551,917	564,660	564,991	565,047	565,047			
2011	369,420	571,979	580,573	586,071	589,148				
2012	395,812	646,466	650,382	654,455					
2013	489,117	662,533	704,339						
2014	558,480	789,329							
2015	614,957								

Accident	Cumulative Chain ladder-Annual Projections (N'000)								
Year	1	2	3	4	5	6	7	8	9
2007	-	-	8,625	9,292	9,507	9,541	9,541	9,541	9,541
2008	-	165,642	173,124	179,879	180,329	182,145	187,088	187,988	187,988
2009	292,367	496,048	532,578	544,928	545,548	545,548	545,548	545,549	545,549
2010	368,301	551,917	564,660	564,991	565,047	565,047	565,357	565,357	565,357
2011	369,420	571,979	580,573	586,071	589,148	589,526	589,526	589,526	589,526
2012	395,812	646,466	650,382	654,455	656,018	656,018	656,018	656,018	656,018
2013	489,117	662,533	704,339	711,070	712,643	712,643	712,643	712,643	712,643
2014	558,480	789,329	817,241	825,050	826,876	826,876	826,876	826,876	826,876
2015	614,957	781,743	809,388	817,122	818,930	818,930	818,930	818,930	818,930

Basic chain ladder method - casualty

Incremetal Chain ladder (Table of claims paid excluding large claims (Attritional Table)

Accident	Incremental Chain ladder-Yearly Projections (N'000)								
Year	1	2	3	4	5	6	7	8	9
2007	-	-	16,579	7,712	6,202	1,828	7,406	826	
2008	-	50,302	30,517	8,266	10,034	5,049	3,318	500	
2009	47,813	75,317	29,039	13,040	12,384	2,051	409		
2010	112,115	157,042	34,667	11,979	11,086	3,704			
2011	100,519	160,240	55,652	24,263	6,050				
2012	106,965	117,455	56,277	21,321					
2013	98,246	159,796	35,669						
2014	141,587	138,423							
2015	159,031								

Cumulative data (for attritional Losses)

Accident	Cumulative Chain ladder-Yearly Projections (N'000)								
Year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**
2007	-	-	16,579	24,291	30,493	32,321	39,727	40,553	40,553
2008	-	50,302	80,819	89,085	99,119	104,168	107,486	107,986	
2009	47,813	123,130	152,169	165,209	177,593	179,644	180,053		
2010	112,115	269,157	303,824	315,803	326,889	330,593			
2011	100,519	260,759	316,411	340,674	346,724				
2012	106,965	224,420	280,697	302,018					
2013	98,246	258,042	293,711						
2014	141,587	280,010							
2015	159,031								

Accident	Cumulative Chain ladder-Annual Projections (N'000)								
Year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**
2007	-	-	16,579	24,291	30,493	32,321	39,727	40,553	40,553
2008	-	50,302	80,819	89,085	99,119	104,168	107,486	107,986	107,985
2009	47,813	123,130	152,169	165,209	177,593	179,644	180,053	180,053	180,053
2010	112,115	269,157	303,824	315,803	326,889	330,593	331,346	331,346	331,346
2011	100,519	260,759	316,411	340,674	346,724	356,951	357,765	357,765	357,765
2012	106,965	224,420	280,697	302,018	312,868	316,437	317,158	317,158	317,158
2013	98,246	258,042	293,711	313,402	324,661	328,365	329,113	329,113	329,113
2014	141,587	280,010	332,116	354,382	367,114	371,302	372,148	372,148	372,148
2015	159,031	343,318	407,205	434,505	450,115	455,250	456,287	456,287	456,287

Basic chain ladder method - Fire

Incremetal Chain ladder (Table of claims paid excluding large claims (Attritional Table)

Accident	Incremental Chain ladder-Yearly Projections (N'000)								
Year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**
2007	-	-	297	781	94	-	-	38	-
2008	-	56,276	47,794	4,549	75	-	-	-	
2009	88,442	99,786	26,907	988	153	-	-		
2010	70,961	90,803	10,717	2,075	1,598	20			
2011	232,681	335,540	33,345	920	707				
2012	145,488	138,284	84,494	7,805					
2013	161,371	194,379	24,520						
2014	175,068	573,882							
2015	206,686								

Cumulative data (for attritional Losses)

Accident	Cumulative Chain ladder-Yearly Projections (N'000)								
Year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**
2007	-	-	297	1,078	1,172	1,172	1,172	1,210	1,210
2008	-	56,276	104,070	108,619	108,694	108,694	108,694	108,694	
2009	88,442	188,228	215,135	216,123	216,276	216,276	216,276		
2010	70,961	161,764	172,481	174,556	176,154	176,174			
2011	232,681	568,221	601,566	602,486	603,193				
2012	145,488	283,772	368,266	376,071					
2013	161,371	355,750	380,270						
2014	175,068	748,950							
2015	206,686								

Accident	Cumulative Chain ladder-Annual Projections (N'000)								
Year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**
2007	-	-	297	1,078	1,172	1,172	1,172	1,210	1,210
2008	-	56,276	104,070	108,619	108,694	108,694	108,694	108,694	108,695
2009	88,442	188,228	215,135	216,123	216,276	216,276	216,276	216,276	216,276
2010	70,961	161,764	172,481	174,556	176,154	176,174	176,174	176,174	176,174
2011	232,681	568,221	601,566	602,486	603,193	603,772	603,772	603,772	603,772
2012	145,488	283,772	368,266	376,071	370,601	370,620	370,620	370,620	370,620
2013	161,371	355,750	380,270	383,289	384,238	384,258	384,258	384,258	384,258
2014	175,068	748,950	425,568	427,262	428,319	428,342	428,342	428,342	428,342
2015	206,686	487,954	544,333	546,500	547,852	547,881	547,881	547,881	547,881

Basic chain ladder method - personal accident

Incremetal Chain ladder (Table of claims paid excluding large claims (Attritional Table)

Accident	Incremental Chain ladder-Yearly Projections (N'000)								
Year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**
2007	-	-	2,297	992	-	-	-	-	-
2008	-	9,170	2,127	73	-	-	118	157	
2009	4,542	4,914	1,930	1,728	-	33	-		
2010	5,996	3,249	953	305	610	-			
2011	1,179	2,571	2,574	544	-				
2012	4,661	7,671	1,005	3,541					
2013	7,878	6,264	839						
2014	5,887	4,525							
2015	4,798								

Cumulative data (for attritional Losses)

Accident	Cumulative Chain ladder-Yearly Projections (N'000)								
Year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**
2007	-	-	2,297	3,289	3,289	3,289	3,289	3,289	3,289
2008	-	9,170	11,297	11,370	11,370	11,370	11,488	11,645	
2009	4,542	9,456	11,386	13,114	13,114	13,147	13,148		
2010	5,996	9,245	10,198	10,503	11,113	11,112			
2011	1,179	3,750	6,324	6,868	6,868				
2012	4,661	12,332	13,337	16,878					
2013	7,878	14,142	14,981						
2014	5,887	10,412							
2015	4,799								

Accident	Cumulative Chain ladder-Annual Projections (N'000)								
Year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**
2007	-	-	2,297	3,289	3,289	3,289	3,289	3,289	3,289
2008	-	9,170	11,297	11,370	11,370	11,370	11,488	11,645	11,645
2009	4,542	9,456	11,386	13,114	13,114	13,147	13,148	13,148	13,148
2010	5,996	9,245	10,198	10,503	11,112	11,112	11,120	11,120	11,120
2011	1,179	3,750	6,324	6,868	6,868	6,882	6,882	6,882	6,882
2012	4,661	12,332	13,337	16,878	17,342	17,366	17,378	17,378	17,378
2013	7,878	14,142	14,981	17,204	17,548	17,573	17,585	17,585	17,585
2014	5,887	10,412	11,966	13,741	14,016	14,036	14,045	14,045	14,045
2015	4,799	13,236	26,057	29,945	34,388	35,076	35,125	35,149	35,149

Basic chain ladder method - workmen compensation

Incremetal Chain ladder (Table of claims paid excluding large claims (Attritional Table)

Accident	Incremental Chain ladder-Yearly Projections (N'000)								
Year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**
2007	-	-	2,337	2,244	1,115	236	6,284	-	-
2008	-	26,088	6,866	4,890	25	4,189	317	-	
2009	5,473	23,831	5,814	711	265	105	46		
2010	21,668	45,126	6,960	4,267	107	-			
2011	19,029	48,146	21,668	5,129	-				
2012	10,143	29,463	9,200	1,055					
2013	13,583	16,189	9,705						
2014	33,154	22,427							
2015	21,469								

Cumulative data (for attritional Losses)

Accident	Cumulative Chain ladder-Yearly Projections (N'000)								
Year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**
2007	-	-	2,337	4,581	5,696	5,932	12,216	12,216	12,216
2008	-	26,088	32,954	37,844	37,869	42,058	42,375	42,375	
2009	5,473	29,304	35,118	35,829	36,094	36,199	36,245		
2010	21,668	66,794	73,754	78,021	78,128	78,128			
2011	19,029	67,175	88,843	93,972	93,972				
2012	10,143	41,160	50,360	51,415					
2013	13,583	29,772	39,477						
2014	33,154	55,581							
2015	21,469								

Accident	Cumulative Chain ladder-Annual Projections (N'000)								
Year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**
2007	-	-	2,337	4,581	5,696	5,932	12,216	12,216	12,216
2008	-	26,088	32,954	37,844	37,869	42,058	42,375	42,375	42,375
2009	5,473	29,304	35,118	35,829	36,094	36,199	36,245	36,295	36,295
2010	21,668	66,794	73,754	78,021	78,128	78,128	78,228	78,228	78,228
2011	19,029	67,175	88,843	93,972	93,972	94,123	94,166	94,166	94,166
2012	10,143	41,160	50,360	51,415	51,449	51,437	51,437	51,437	51,437
2013	13,583	29,772	39,477	41,253	41,327	41,365	41,384	41,384	41,384
2014	33,154	55,581	68,242	71,313	71,441	71,506	71,539	71,539	71,539
2015	21,469	60,374	74,126	77,461	77,600	77,671	77,707	77,707	77,707

Basic chain ladder method - marine

Incremetal Chain ladder (Table of claims paid excluding large claims (Attritional Table)

Accident	Incremental Chain ladder-Yearly Projections (N'000)								
Year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**
2007	-	-	5,737	-	-	-	-	-	-
2008	-	11,469	3,991	-	-	-	-	-	
2009	23,422	30,443	2,438	386	-	-	-		
2010	42,586	5,232	16,452	205	-	-			
2011	47,861	12,819	835	19,462	89				
2012	34,699	50,117	12,861	3,911					
2013	84,356	60,143	3,606						
2014	68,187	42,366							
2015	69,435								

Cumulative data (for attritional Losses)

Accident	Cumulative Chain ladder-Yearly Projections (N'000)								
Year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**
2007	-	-	5,737	5,737	5,737	5,737	5,737	5,737	5,737
2008	-	11,469	15,460	15,460	15,460	15,460	15,460	15,460	
2009	23,422	53,865	56,303	56,689	56,689	56,689	56,689		
2010	42,586	47,818	64,270	64,475	64,475	64,475			
2011	47,861	60,680	61,515	80,977	81,066				
2012	34,699	84,816	97,677	101,588					
2013	84,356	144,499	148,105						
2014	68,187	110,553							
2015	69,435								

Accident	Cumulative Chain ladder-Annual Projections (N'000)								
Year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**
2007	-	-	5,737	5,737	5,737	5,737	5,737	5,737	5,737
2008	-	11,469	15,460	15,460	15,460	15,460	15,460	15,460	15,460
2009	23,422	53,865	56,303	56,689	56,689	56,689	56,689	56,689	56,689
2010	42,586	47,818	64,270	64,475	64,475	64,475	64,475	64,475	64,475
2011	47,861	60,680	61,515	80,977	81,066	81,169	81,169	81,169	81,169
2012	34,699	84,816	97,677	101,588	118,058	118,058	118,058	118,058	118,058
2013	84,356	144,499	148,105	160,791	160,862	160,862	160,862	160,862	160,862
2014	68,187	110,553	137,953	149,770	149,836	149,836	149,836	149,836	149,836
2015	69,435	115,813	144,516	156,895	156,965	156,965	156,965	156,965	156,965

Basic chain ladder method - Special Oil

Expected Loss Ratio - Special Oil

Accident Year	Gross Earned Premium (N'000)	Claims Paid Till Date (N'000)	Total O/S as at 31 Dec 2015 (N'000)	Current Incurred (N'000)	Current Loss Ratio (N'000)	Ultimate Loss Ratio (N'000)	Ultimate Losses (N'000)	Outstanding Claim Reserves (N'000)
2008	2,099,398	123,088	-	123,088	6%	5.86%	123,088	-
2009	2,099,398	108,156	24,000	132,156	6%	6.29%	132,156	-
2010	2,099,398	242,080	73,242	315,322	15%	15.02%	315,322	73,242
2011	2,099,398	305,759	41,317	347,076	17%	16.53%	347,076	41,317
2012	3,077,246	776,137	95,077	871,214	28%	28.31%	871,214	95,077
2013	1,743,435	108,063	92,200	200,263	11%	11.49%	200,263	92,200
2014	1,714,798	33,896	174,404	208,300	12%	18.78%	321,984	288,088
2015	1,885,938	-	255,073	255,073	14%	18.78%	354,119	354,119
Total								**944,043**
Discounted								**873,410**

49(a) PRA Regulated Annuity Fund

The Company had 6,798 PRA regulated annuity policies as at 31 December 2015 with annual annuity payment of N3,898,009,598.00.We have valued each annuity policy adopting IFRS 4 requirements in estimating the present value (at the review date) of the company's future annuity payment obligations. Each annuity policy has been valued using a monthly discounted cash flow method and the reserves are set equal to the present value of future annuity payments and attending expenses. We have recognised the 10year annuity guaranteed minimum payment period in our calculations.

The valuation interest rate is based on current risk free yields with adjustments. This is in line with the requirements of IFRS 4 (paragraph 24). The use of a risk free rate also implies that future investment margins in excess of the risk free return will not be capitalised upon, which satisfies paragraph 27 of IFRS 4. Furthermore, the result is a 'fair value' liability calculation which aids the comparability of accounts between insurers.

We illustrate below the movement of the annuity portfolio in 2015:

	Number of annuity policies	Annual Annuity (N)
31.12.2014	4,191	2,435,908,508
· **New Entrants**	2,649	1,486,233,191
· **Deaths**	42	24,132,101
31.12.2015	6,798	3,898,009,598

Mortality assumptions

We have assumed the following sample average expectation of life in line with the PA(90) UK published tables:

Age	Expectation of Life (in years)	
50	**Male**	**Female**
60	26	31
70	18	23
80	12	15
	7	5

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

Short term deposits

Description	Maturity	Interest Rate	Carrying Amount
Ecobank PLC	27-Jan-16	8.00%	253,862,381
Total			253,862,381

Quoted equities

Description		Units	Carrying Amount
FBNH		11,519,307.00	59,094,044.91
FCMB		6,224,307.00	10,519,078.83
Flourmill		210,000.00	4,368,000.00
Mobil		67,528.00	10,804,480.00
Total PLC		508,814.00	74,800,746.14
TOTAL			**159,586,349.88**

Bonds

Description	Maturity	Coupon Rate	Amortised cost	Fair Value
13.5% LASG bond 2020	27-Nov-20	13.50%	91,052,618	95,168,770
13.5% LASG bond	27-Nov-20	13.50%	182,105,236	190,337,541
14.50% Nov LASGbond 2019	22-Nov-19	14.50%	101,536,603	109,574,139
17% Cross Rivers May 2022 bond	27-May-22	17.00%	389,951,796	422,693,422
11.25% AFDB Aug 2021	01-Feb-21	11.25%	209,375,844	209,685,186
13% UBA Sep 2017	30-Sep-17	13.00%	15,483,801	15,870,678
16.45 UBA 30-Dec-2021	30-Dec-21	16.45%	410,858,022	469,116,836
14.25% FSDH SPV 2016	25-Oct-16	14.25%	205,026,132	212,709,234
LCR April 2017 P2	20-Apr-17	16.50%	108,796,608	109,458,421
LCR April 2017 P2	20-Apr-17	16.50%	108,626,069	109,458,421
LCR April 2017 P2	20-Apr-17	16.50%	425,622,799	437,833,686
10.00% FGN Jul 2030	23-Jul-30	10.00%	86,521,618	96,558,067
10.00% FGN Jul 2030	23-Jul-30	10.00%	156,535,489	144,837,101
10.7% FGN May 2018	30-May-18	10.70%	162,220,541	175,987,063
12.1493% FGN Jul 2034	18-Jul-34	12.15%	97,817,470	113,660,435
12.1493% FGN Jul 2034	18-Jul-34	12.15%	97,768,046	113,660,435
12.1493% FGN Jul 2034	18-Jul-34	12.15%	23,742,438,152	21,864,954,505
12.1493% FGN Jul 2034	18-Jul-34	12.15%	220,055,111	227,320,870
12.1493% FGN Jul 2034	18-Jul-34	12.15%	330,562,432	340,981,305
13.05% FGN Aug 2016	15-Aug-16	13.05%	71,551,156	73,858,887
14.2% FGN Mar 2024	14-Mar-24	14.20%	7,381,201,909	6,997,215,342
15.54% FGN Feb 2020	13-Feb-20	15.54%	112,771,202	121,127,215
15.54% FGN Feb 2020	13-Feb-20	15.54%	170,128,661	167,155,556
16.39% FGN bond 2022	27-Jan-22	16.39%	390,092,329	390,711,654
16.39% FGN bond 2022	27-Jan-22	16.39%	235,750,278	260,474,436
16.39% FGN bond 2022	27-Jan-22	16.39%	363,129,139	390,711,654
16.39% FGN bond 2022	27-Jan-22	16.39%	242,170,471	260,474,436
7% FGN Oct 2019	23-Oct-19	7.00%	208,518,318	179,678,542
Total			**36,317,667,851**	**34,301,273,839**

Total Assets	**34,714,722,570**
Liabilities - Annuity Reserves	**32,700,430,862**

50 (b) Hypothecation of assets

	Life Fund	Annuity	Investment Contract Liabilities	Insurance Contract Liabilities	Shareholders' Fund	Total	31 December 2014
Cash and cash equivalents	1,403,625	253,863	1,927,295	2,723,230	129,390	6,437,403	6,577,101
Bonds	11,871,226	34,301,274	1,729,824	2,592,181	613,492	51,107,996	29,786,309
Quoted equities	1,199,487	159,587	593,099	542,775	262,450	2,757,398	4,055,893
Unquoted equities	82,575	-	1,049,842	-	696,509	1,828,926	1,832,296
Money market placements	37,952	-	-	349,561	-	387,513	-
Loans & receivables	-	-	1,683,361	138,638	-	1,821,999	1,648,165
Investment In Subsidiaries	-	-	-	-	2,308,690	2,308,690	2,133,417
Investment Properties	95,000	-	550,428	350,372	119,200	1,115,000	1,203,000
Property and Equipment	1,374,965	-	1,122,858	544,414	2,069,591	5,111,828	4,988,937
Statutory Deposit	-	-	-	-	530,000	530,000	530,000
Other Assets (See a below)	232,909	-	-	2,634,850	3,110,753	5,978,512	5,102,012
	16,297,739	**34,714,723**	**8,656,707**	**9,876,021**	**9,840,076**	**79,385,266**	**57,857,130**

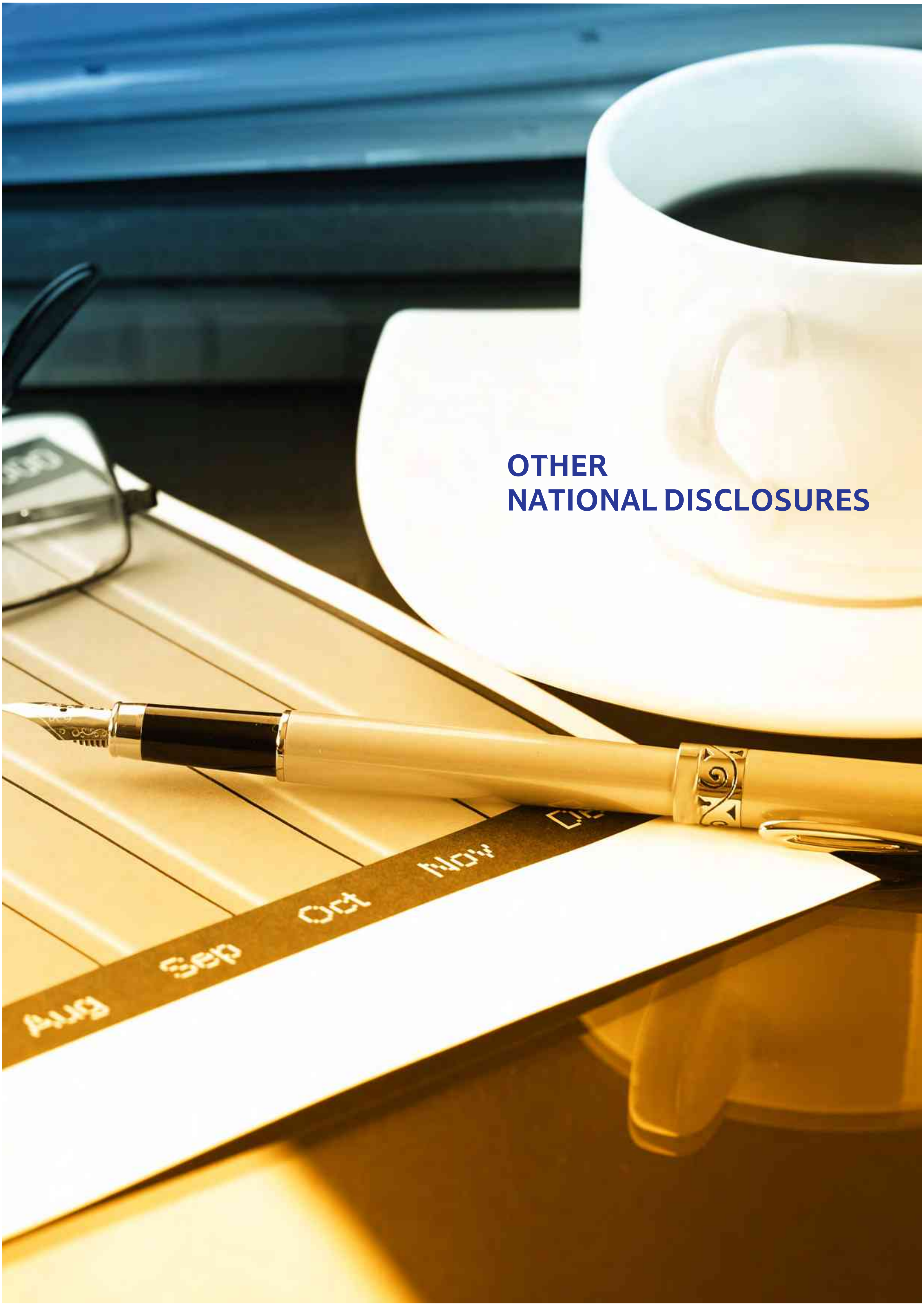
Other Assets							
Trade Receivable	-	-	-	123,848	-	123,848	11,303
Reinsurance Assets	232,909	-	-	2,246,160	-	2,479,069	1,699,319
Deferred acquisition cost	-	-	-	264,842	-	264,842	443,945
Other Receivables and Prepayments	-	-	-	-	282,805	282,805	529,579
Deferred Tax Asset	-	-	-	-	1,707,077	1,707,077	1,531,099
Goodwill and Other Intangible Assets	-	-	-	-	1,120,871	1,120,871	886,766
	232,909	**-**	**-**	**2,634,850**	**3,110,753**	**5,978,512**	**5,102,012**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

(c) **Assets representing policyholders' funds**

In thousands of naira	Group		Company	
	2015	2014	2015	2014
Assets Representing Policyholders' Fund	6,308,013	2,899,387	6,308,013	2,899,387
Cash and Cash Equivalents:	-	3,340,127		3,340,127
Bank Balance	387,513	82,251	387,513	82,251
Short Term Investments		-		-
Money market Placements	2,494,948	4,055,893	2,494,948	4,055,893
Available For Sale Investments:	50,494,504	-	50,494,504	-
Quoted Equities	-	-	1,132,417	-
Bonds	-	-	4,689,757	-
Unquoted Equities		-		
Loans & receivables And Other assets	-	29,786,309	-	29,786,309
Held To Maturity Investments:	995,800	1,203,000	995,800	1,203,000
FGN, State and Corporate Bonds	3,042,237	2,940,381	3,042,237	2,940,381
Investment Property	63,723,015	44,307,348	69,545,189	44,307,348
Leasehold and Building				



OTHER NATIONAL DISCLOSURES

VALUE ADDED STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2015

In thousands of Naira	Group				Company			
	2015 N'000		2014 N'000		2015 N'000		2014 N'000	
		%		%		%		%
Gross Premium Written:								
Local	32,918,820		33,648,366		32,449,276		33,274,427	
Investment and other income	13,977,020		4,257,894		13,677,976		4,186,244	
Interest expense	(87,121)		(26,630)		(85,072)		-	
	46,808,719		**37,879,630**		**46,042,180**		**37,460,671**	
Impairment charge for financial assets	(12,007)		(42,151)		-		-	
	46,796,712		**37,837,479**		**46,042,180**		**37,460,671**	
Bought in materials and services:								
Local	(41,356,265)		(31,050,124)		(41,865,782)		(31,420,791)	
Value Added	**5,440,447**	**100**	**6,787,355**	**100**	**4,176,398**	**100**	**6,039,880**	**100**
Distribution								
Employees								
Salaries and other employees benefits	3,039,353	55.9	3,055,865	45.0	2,280,601	54.6	2,433,226	40.3
Government								
Taxation	603,688	11.1	1,043,689	15.4	481,618	11.5	978,299	16.2
Retained in the Group								
Replacement of property and equipment	525,148	9.7	461,316	6.8	411,426	9.9	461,316	7.6
Replacement of intangible assets	52,258	1.0	47,336	0.7	36,292	0.9	35,147	0.6
To pay proposed dividend	346,510	6.4	-	-	-	-	-	-
Contingency reserves	462,846	8.5	512,455	7.6	488,492	11.7	512,455	8.5
Retained profits for the year	410,644	7.5	1,666,694	24.6	477,969	11.4	1,619,437	26.8
Value Added	**5,440,447**	**100**	**6,787,355**	**100**	**4,176,398**	**100**	**6,039,880**	**100**

FINANCIAL SUMMARY-GROUP

FOR THE YEAR ENDED 31 DECEMBER 2015

In thousands of naira	31 Dec. 2015	31 Dec. 2014	31 Dec. 2013	31 Dec. 2012	31 Dec. 2011
Assets					
Cash and cash equivalents	8,451,795	7,954,370	8,541,729	9,721,659	6,899,852
Financial assets	58,269,318	38,172,893	19,045,540	12,443,624	10,255,310
Trade receivable	296,514	210,133	35,772	2,184,434	2,050,888
Reinsurance assets	2,479,069	1,699,320	2,255,233	689,735	204,467
Deferred acquisition cost	264,842	443,945	285,133	508,137	563,341
Other receivables and prepayments	447,467	321,989	1,804,167	1,105,714	670,899
Deferred tax asset	1,775,779	1,696,850	2,907,536	1,502,062	1,413,756
Investment in associate	-	-	-		23,386
Investment property	1,115,000	1,203,000	1,190,000	760,000	718,000
Goodwill and other intangible assets	1,142,720	922,524	878,603	894,005	855,788
Property and equipment	5,353,657	5,183,071	4,657,122	4,745,310	4,188,629
Statutory deposit	530,000	530,000	500,000	500,000	500,000
Total assets	**80,126,161**	**58,338,095**	**42,100,835**	**35,054,680**	**28,344,316**
Liabilities					
Insurance contract liabilities	55,548,154	35,071,301	21,870,036	15,576,898	11,773,918
Investment contract liabilities	8,295,046	6,608,125	6,356,398	4,983,089	4,217,560
Trade payables	1,547,548	643,762	58,792	387,047	211,049
Other payables and accruals	2,489,333	3,702,330	1,776,463	969,394	1,146,511
Portfolio under management	165,838	-	-	-	-
Book overdraft	-	-	11,489	187,177	412,760
Current tax payable	592,961	558,874	690,564	648,089	482,357
Dividend payable	-	-	34,154	10,041	10,041
Deferred tax liability	269,133	7,364	151,780	34,957	23,917
Finance lease obligation	49,854	49,230	-	-	-
Retirement benefit obligation	-	-	528,021	695,303	376,942
Cumulative Irredeemable convertible preference shares	-	-	50,000	-	-
Long term borrowing	1,134,840	-	-	-	-
Derivative liabilities	319,274	-	-	-	-
Total liabilities	**70,411,981**	**46,640,986**	**31,527,697**	**23,491,995**	**18,655,055**
Net assets	**9,714,180**	**11,697,109**	**10,573,138**	**11,562,685**	**9,689,261**

FINANCIAL SUMMARY-GROUP

FOR THE YEAR ENDED 31 DECEMBER 2015

Equity					
Issued share capital	3,465,102	3,465,102	3,465,102	3,465,102	3,465,103
Share premium	2,824,389	2,824,389	2,824,389	2,824,389	2,824,389
Revaluation reserves	1,221,707	1,221,707	1,029,009	1,029,009	1,029,009
Available-for-sale reserve	(2,723,536)	581,971	1,913,995	1,461,684	475,506
Exchange gains reserve	148,521		-	-	-
Statutory reserves	55,240	14,629	-	-	-
Contingency reserve	3,482,076	3,019,230	2,506,771	2,065,727	1,665,923
Retained earnings	898,089	275,503	(1,407,214)	528,387	146,011
Cumulative Irredeemable convertible preference shares	-	50,000	-	-	-
Shareholders' fund	**9,371,588**	**11,452,531**	**10,332,052**	**11,374,298**	**9,605,941**
Non controlling interest	342,592	244,578	241,086	188,387	83,320
Total equity and liabilties	**9,714,180**	**11,697,109**	**10,573,138**	**11,562,685**	**9,689,261**
Gross premium written	32,918,820	33,648,367	23,602,618	21,273,100	18,444,704
Gross premium income	10,410,650	20,927,888	23,316,026	21,070,249	14,699,104
Net premium income	6,748,488	16,221,687	18,228,214	16,083,926	12,383,360
Other revenue	14,573,317	6,091,343	4,683,287	4,675,157	2,147,322
Total revenue	21,321,805	21,993,214	22,911,501	20,759,084	14,530,682
Net benefits and claims	(10,667,702)	(9,098,087)	(6,784,084)	(4,938,591)	(6,266,725)
Other expenses	(6,818,016)	3,734,076	(11,256,664)	(9,720,499)	(7,830,868)
Total benefits, claims and other expenses	(17,485,718)	12,832,163	(18,040,748)	(14,659,090)	(14,097,592)
Profit/(loss) before taxation	1,799,294	3,276,560	(1,279,555)	2,084,087	433,090
Profit/(loss) after taxation	1,195,606	2,232,871	(739,226)	1,320,663	(28,381)
Other comprehensive income, net of tax	(3,156,986)	(1,139,326)	535,394	812,795	(362,004)
Total comprehensive income/(loss) for the year	(1,961,380)	1,093,545	(203,832)	2,133,458	(390,385)
Basic earnings/(loss) per share (kobo)	18	31	(12)	19	0
Diluted earnings per share (kobo)	14	31	(12)	19	0

FINANCIAL SUMMARY-COMPANY

FOR THE YEAR ENDED 31 DECEMBER 2015

Financial Summary- Company

In thousands of naira	31 Dec. 2015	31 Dec. 2014	31 Dec. 2013	31 Dec. 2012	31 Dec. 2011
Assets					
Cash and cash equivalents	6,437,403	6,577,102	7,700,467	8,584,780	6,807,936
Financial assets	57,903,833	37,322,661	18,536,812	12,532,840	10,464,452
Trade receivable	123,848	11,303	35,772	2,184,434	2,050,888
Reinsurance assets	2,479,069	1,699,320	2,255,233	689,735	204,467
Deferred acquisition cost	264,842	443,945	285,133	508,137	563,341
Other receivables and prepayments	282,805	529,581	1,495,485	776,376	543,231
Deferred tax asset	1,707,077	1,531,097	2,741,784	1,305,111	1,214,499
Investment in associate	-	-			20,770
Investment in subsidiaries	2,308,690	2,133,417	1,619,479	1,557,945	464,769
Investment property	1,115,000	1,203,000	1,190,000	760,000	718,000
Goodwill and other intangible assets	1,120,871	886,767	864,914	886,436	851,204
Property and equipment	5,111,828	4,988,937	4,493,862	4,582,294	4,151,305
Statutory deposit	530,000	530,000	500,000	500,000	500,000
Total Assets	**79,385,266**	**57,857,130**	**41,718,941**	**34,868,088**	**28,554,862**
Liabilities					
Insurance contract liabilities	55,379,977	35,029,115	21,822,439	15,532,629	11,773,918
Investment contract liabilities	8,295,046	6,608,125	6,356,398	4,983,089	4,217,560
Trade payables	1,547,548	643,762	58,792	308,620	211,049
Other payables and accruals	2,432,087	3,399,891	1,491,267	905,894	1,105,809
Book overdraft	-	-		187,177	412,760
Current tax payable	518,443	492,279	665,405	623,542	478,148
Dividend payable	-	-	10,041	10,041	10,041
Deferred tax liability	263,422	-	144,416	31,917	23,917
Finance lease obligation	49,854	49,230	-	-	-
Retirement benefit obligation	-	-	528,021	695,303	376,942
Long term borrowing	1,134,840	-	-	-	-
Derivative liabilities	319,274				
Total liabilities	**69,940,491**	**46,222,402**	**31,076,779**	**23,278,212**	**18,610,144**
Net Assets	**9,444,775**	**11,634,729**	**10,642,162**	**11,589,876**	**9,944,718**

FINANCIAL SUMMARY-COMPANY

FOR THE YEAR ENDED 31 DECEMBER 2015

Equity					
Issued share capital	3,465,102	3,465,102	3,465,102	3,465,102	3,465,102
Share premium	2,824,389	2,824,389	2,824,389	2,824,389	2,824,389
Revaluation reserves	1,221,707	1,221,707	1,029,009	1,029,009	1,029,009
Available-for-sale reserve	(2,723,536)	581,400	1,913,424	1,459,645	475,506
Exchange gain reserves	148,521				
Contingency reserve	3,482,076	2,993,584	2,481,129	2,065,726	1,665,923
Retained earnings	1,026,516	548,547	(1,070,890)	746,005	484,791
Shareholders' fund	**9,444,775**	**11,634,729**	**10,642,163**	**11,589,876**	**9,944,720**
Gross premium written	32,449,276	33,274,428	22,830,564	20,716,780	18,444,704
Gross premium income	9,941,106	20,553,949	22,543,972	20,513,929	14,699,104
Net premium income	6,278,944	15,847,747	17,763,366	15,527,606	12,383,360
Other revenue	14,422,045	4,186,244	3,898,252	4,123,089	1,768,881
Total revenue	20,700,989	20,453,836	21,661,619	19,650,695	14,152,242
Net benefits and claims	(10,667,702)	(9,098,087)	(6,784,084)	(4,938,591)	(6,266,725)
Other expenses	(1,998,070)	(8,565,374)	(10,238,190)	(8,718,443)	(7,445,438)
Total benefits, claims and other expenses	(12,665,772)	(17,663,461)	(17,022,274)	(13,657,034)	(13,712,163)
Profit/(loss) before taxation	1,448,079	3,110,191	(1,510,963)	1,977,754	440,079
Profit/(loss) after taxation	966,461	2,131,892	(930,158)	1,247,963	(11,684)
Other comprehensive (loss)/income, net of tax	3,156,415	(1,139,326)	536,861	813,006	(362,004)
Total comprehensive income/(loss) for the year	2,189,954	992,566	(393,297)	2,060,969	(373,688)
Basic earnings/(loss) per share (kobo)	14	31	(13)	18	(0)
Diluted earnings per share (kobo)	11	31	(13)	18	(0)

REVENUE ACCOUNT OF GENERAL BUSINESS

FOR THE YEAR ENDED 31 DECEMBER 2015

In thousands of naira	Fire	Motor	Casualty	Employer's liability	Marine	Personal accident	Special oil	Total December-15	Total December-14
Income									
Direct premium	1,605,318	1,580,013	1,608,867	141,848	972,419	469,743	1,614,929	7,993,136	8,813,370
Inward premium	67,401	19,240	72,699	1,270	43,141	751	2,313	206,815	172,162
Gross written premium	1,672,719	1,599,253	1,681,566	143,118	1,015,560	470,495	1,617,242	8,199,952	8,985,532
Increase/(decrease) in unexpired risk premium	96,864	(145,988)	(203,008)	(62,138)	(144,072)	(66,277)	(150,989)	(675,607)	(111,920)
Gross premium income	1,769,583	1,453,265	1,478,558	80,980	871,488	404,218	1,466,253	7,524,344	8,873,612
Reinsurance cost	(911,311)	(199,317)	(682,376)	(74,901)	(428,732)	(204,615)	(863,118)	(3,364,371)	(4,485,075)
Net premium income	858,271	1,253,948	796,182	6,079	442,757	199,602	603,135	4,159,974	4,388,537
Commission received	151,432	40,169	207,662	30,404	123,017	62,817	32,934	648,436	652,283
Total underwriting income	**1,009,704**	**1,294,117**	**1,003,844**	**36,483**	**565,774**	**262,420**	**636,069**	**4,808,409**	**5,040,820**
Expense									
Direct claims paid	987,380	905,589	611,361	121,720	528,363	290,317	220,013	3,664,743	3,492,867
Incrase/(decrease) in outstanding claims	25,568	-	-	-	-	-	-	25,568	25,568
Increase/(decrease) in claims incurred but not reported (IBNR)	53,485	(58,172)	236,122	(63,059)	(62,164)	(66,686)	(63,674)	(24,148)	59,886
Gross claims incurred	1,066,432	847,417	847,483	58,660	466,199	223,632	156,339	3,666,163	3,578,321
Reinsurance claims recoveries/recoverable	(946,963)	(223,156)	(236,894)	(76,980)	(242,000)	(200,513)	(216,227)	(2,142,733)	(1,229,726)
Net claims incurred	**119,470**	**624,261**	**610,589**	**(18,320)**	**224,199**	**23,119**	**(59,888)**	**1,523,430**	**2,348,595**
Commission	265,548	206,907	353,140	56,317	172,863	74,051	4,439	1,133,266	929,879
Maintenance costs	(2,655)	29,024	9,979	(541)	47,397	43,968	24,504	151,676	111,324
Total underwriting expenses	382,363	860,192	973,709	37,457	444,459	141,138	(30,945)	2,808,372	3,389,798
Underwriting Profit	**627,341**	**433,925**	**30,135**	**(974)**	**121,315**	**121,281**	**667,014**	**2,000,037**	**1,651,022**

REVENUE ACCOUNT OF LIFE BUSINESS

FOR THE YEAR ENDED 31 DECEMBER 2015

In thousands of naira	Ordinary life	Group life	Annuity	Total December 2015	Total December 2014
Income					
Gross premium written	9,388,713	1,687,842	13,172,770	24,249,325	24,288,896
Changes in unearned premium	(5,015,900)	(558,813)	(16,257,848)	(21,832,562)	(12,608,559)
Gross premium income	**4,372,813**	**1,129,028**	**3,085,078**	**2,416,763**	**11,680,337**
Less: Reinsurance costs	(14,020)	(283,770)	-	(297,791)	(221,127)
Net premium income	**4,358,794**	**845,258**	**3,085,078**	**2,118,972**	**11,459,210**
Commission received	4,823	90,810	-	95,633	87,378
Total underwriting income	**4,363,617**	**936,069**	**3,085,078**	**2,214,605**	**11,546,588**
Expenses					
Claims expenses					
Direct claims	166,205	888,779	172,197	1,227,181	609,244
Withdrawals	38,048	-	3,241,506	3,279,553	1,729,844
Maturity	2,420,941	-	-	2,420,941	1,833,111
Surrender	2,079,383	-	-	2,079,383	1,562,124
Increase in outstanding claims	-	372,230	-	372,230	1,180,311
Gross claims incurred	**4,704,577**	**1,261,009**	**3,413,702**	**9,379,289**	**6,914,634**
Reinsurance recoveries	-	(235,017)	-	(235,017)	(139,574)
Net claims incurred	**4,704,577**	**1,025,992**	**3,413,702**	**9,144,272**	**6,775,060**
Underwriting expenses:					
Acquisition	1,191,055	147,280	462,714	1,801,049	2,224,546
Maintenance	103,527	521	103,527	207,574	199,855
Total underwriting expenses	**5,999,159**	**1,173,793**	**3,979,943**	**11,152,895**	**9,199,461**
Underwriting (Loss)/Profit	**(1,635,542)**	**(237,724)**	**(7,065,021)**	**(8,938,290)**	**2,347,127**

ELECTRONIC DELIVERY MANDATE FORM

FOR THE YEAR ENDED 31 DECEMBER 2015

Dear Sir/Madam

To enable you receive your Annual Reports promptly, your company wishes to introduce electronic delivery of Annual Reports and Accounts, Proxy Forms and other statutory documents to shareholders.

With this service, instead of receiving the hard copy of our Annual Report and other corporate documents in future, you can elect to receive a soft copy of the Annual Report, Proxy Form, etc, through the electronic link to be forwarded to your email address.

Please complete this self addressed for to capture your preference and return the completed form to:

The Managing Director
United Securities Limited
10, Amodu Ojikutu Street
Off Bishop Oluwole Street
Victoria Island
Lagos

Or any of their branch offices nationwide

DONALD KANU
Company Secretary

I,……

OF…….....

HEREBY AGREE TO THE ELECTRONIC DELIVERY OF ANNUAL REPORT, PROXY FORM, PROSPECTUS, NEWSLETTER AND STATUTORY DOCUMENTS OF AIICO INSURANCE PLC TO ME THROUGH:

☐ I WILL DOWNLOAD FROM THE WEB ADDRESS FORWARDED TO MY EMAIL ADDRESS STATED BELOW.

MY EMAIL ADDRESS:……………………………………………………………………………………………

DESCRIPTION OF SERVICE

By enrolling in electronic delivery service, you have agreed to receive future announcements/shareholder communication materials stated above by Email/Internet Address (URL). These materials can be made available to you electronically either semi annual or annually. Annual Report, Proxy Form, Prospectus and Newsletter are examples of shareholder communications that can be made available to you electronically. The subscription enrolment will be effective for all your holdings in AIICO INSURANCE PLC on an ongoing basis unless you change or cancel your enrolment.

This initiative is in line with our determination to help protect and sustain our planet's environment and the consolidated SEC Rule 128 (6) of September 2011 which states that A Registrar of a public company may dispatch Annual Reports and Notices of General Meetings to shareholders by electronic means.

………………………………………………… ……………………………………………
Name (Surname First) Signature and Date

Affix N50.00
Poster Stamp
Here

The Managing Director
United Securities Limited
10, Amodu Ojikutu Street,
Off Bishop Oluwole Street
Victoria Island,
Lagos

COMPLAINTS MANAGEMENT PROCESS

FOR THE YEAR ENDED 31 DECEMBER 2015

united securities

In a bid to meet the expectations of our customers, United Securities Limited has a standardized Complaints Management Framework to cater for prompt resolution of complaints.
Our aim of satisfying and delighting our stakeholders is critical to our business model where we view complaints as an opportunity to improve on our service delivery.

To this end it is of utmost importance that our customers know how to communicate their complaints for prompt and satisfactory resolution.

BENEFITS OF COMPLAINTS MANAGEMENT PROCESS

- Achieve operational efficiency to identify trends and causes of complaints
- Resolve more complaints by adopting a more customer-focused approach
- Monitor and continually improve our complaints handling process

For complaints resolution relating to AIICO Insurance Plcshares, the under-listed channels may be explored.

Website: www.unitedsecuritieslimited.com
To view our Frequently Asked Questions (FAQ)
E-Mail: info@unitedsecuritieslimited.com
Phone No: +234 (1) 271 4566, +234 (1) 271 4567
Visit our Office: Plot 009, AmoduOjikutu Street,
Off Saka Tinubu Street, Victoria Island
Lagos.

United Securities Limited is assuring our esteemed customers of a valued experience as Shareholders in AIICO Insurance PLC.

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APPLICATION FORM

FOR E-BONUS AND E-DIVIDEND

Dear Shareholder(s)

SHAREHOLDER'S DATA UPDATE

In our quest to update shareholders data with the current technology in the capital market (i.e. e-bouns and e-dividend), we request you to complete this form with the following information:

NAME OF SHAREHOLDER/CORPORATE SHAREHOLDER AND CURRENT ADDRESS	REGISTRARS' USE

NAME OF COMPANY IN WHICH YOU HAVE SHARES
AIICO Insurance Plc.

Please notify our Registrars, United Securities Ltd of any change in telephone, address and bank whenever it occurs.

Yours faithfully,
AIICO INSURANCE PLC

DONALD KANU
Company Secretary

SIGNATURE/RIGHT THUMBPRINT OF SHAREHOLDER

In case of Corporate Shareholder, use Company seal

Note: **Please be informed that by filling and sending this to our Registrars, United Securities Limited, for processing, you have applied for the e-dividend and e-bonus; Thereby, authorizing AIICO Insurance Plc to credit your account (in respect of dividends and bonuses electronically.)

PLEASE COMPLETE AND RETURN TO:
United Securities Limited
10 Amodu Ojikutu Street, Off Bishop OLuwole Street
Victoria Island, Lagos.

Affix N50.00
Poster Stamp
Here

The Managing Director
United Securities Limited
10, Amodu Ojikutu Street,
Off Bishop Oluwole Street
Victoria Island,
Lagos

Proxy Form

Annual General Meeting to be held at 11am on Thursday May 5, 2016 at Federal Palace Hotel , Lagos

I/We………

………

Being a member/members of AIICO Insurance Plc hereby appoint*

I/We………

………

Or failing him the Chairman of the Company as my/our proxy to act and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Thursday May 5, 2016 and at any adjournment thereof.

Dated this:………………. Day of…………………………………… 2016

Shareholder's Signature:……………………………………………………
*Delete as necessary

I. A member (Shareholder) entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy in his stead. All proxy forms should be deposited at the Company Secretary's Office not later than 48 hours before the time of holding the meeting.
II. In the case of joint Shareholders, any of such may complete the form, but names of all joint Shareholder must be stated.
III. If the Shareholders is a corporation, this form must be under its common seal or under the hand of an officer or attorney duly authorized.
IV. Provision has been made on this form for the Chairman of the Company to act as proxy, but if you wish, you may insert in the blank space on the form (marked**) the name of any person whether a Member of the Company or not, who will attend the meeting and vote on your behalf instead of the Chairman.
V. The Stamp Duties Act, Cap 411, Laws of the Federation of Nigeria, 1990 requires that any instrument of proxy to be used for the purpose of voting by any person entitled to vote at any meeting of Shareholders must bear a Stamp Duty of three (3) kobo.
VI. The proxy must produce the Admission Slip sent with the Notice of Meeting to obtain entrance to the meeting.

……**ADMISSION SLIP**

AIICO INSURANCE PLC

Please admit……………………………………………………….. to the Annual General Meeting of AIICO Insurance Plc which will be held at Federal Palace Hotel , Lagos on Thursday **May 5, 2016** at 11am. The Admission Slip must be produced by the Shareholder in order to obtain entrance to the Annual General Meeting.

Donald Kanu
Company Secretary

Name & Address of Shareholder……

Number of Shares………

	Resolutions	**For**	**Against**
1.	To receive the Reports and Financial Statements		
2.	To Elect Mr. Bukola Oluwadiya as a Director		
3.	To Elect Mr. Samaila Dalhat Zubairu as a Director		
4.	To Elect Mr. Ademola Adebise as a Director		
5.	To authorize the Directors to re-appoint KPMG Professional Services as the auditors to the Company from the end of the Annual General Meeting until the end of next year's Annual General Meeting		
6.	To authorize the Directors to fix the remuneration of the Auditors		
7.	To Elect/re-elect shareholders as members of the Statutory Audit Committee		
8.	To approve Director's Remuneration		
9.	To adopt a Holding Company Structure		
10.	To increase the authorized share capital of the company		
11.	To alter the memorandum and articles of association of the company		
12.	To raise additional capital		
13.	To appoint external consultants to conduct Annual Board Performance Appraisal for the Directors		

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The Managing Director
United Securities Limited
10, Amodu Ojikutu Street,
Off Bishop Oluwole Street
Victoria Island,
Lagos

UNCLAIMED DIVIDENDS AND SHARE CERTIFICATES

FOR THE YEAR ENDED 31 DECEMBER 2015

AIICO had declared the following dividends and made public issues including bonuses since it became a public company in July 1989

DIVIDEND No	DATE
01	November 15,1990
02	November 20,1991
03	August 23,1993
04	October 17,1994
05	May 29,1995
06	October 5,1998
07	September 20, 2001
08	August 18, 2003
09	September 8, 2004
10	October 25, 2010
11	July 27, 2011
12	July 2, 2012
13	September 18, 2013

ISSUES

Allotment ‘90

Rights ‘93

Bonus ‘95

Bonus ‘96

Bonus ‘97

Bonus 2001

Bonus 2003

Rights 2003

Bonus 2005

Public offer 2005

Rights 2005

Bonus 2006

Public offer 2007

Bonus 2008

According to our record, some unpaid dividend warrants have not been returned to the company for revalidation and subsequent payment. Also, about 499 share certificates have been returned unclaimed.

Affected AIICO shareholders are hereby requested to contact the following address for collection of their dividend warrants or/and certificates yet unclaimed.

For dividend warrants and share certificates, please contact:

The registrar
United Securities Limited
10, Amodu Ojikutu Street
Off Bishop Oluwole Street
Victoria Island
Lagos.

SHARE CAPITAL HISTORY

FOR THE YEAR ENDED 31 DECEMBER 2015

DATE	AUTHORISED SHARED CAPITAL INCREASE	CUMULATIVE	ISSUED SHARE CAPITAL INCREASE	CUMULATIVE	
	N'000	**N'000**	**N'000**	**N'000**	
1970	-	200,000	-	57,304	CASH
1976	400,000	600,000	384,212	451,516	BONUS
1977	1,400,000	2,000,000	748,484	1,200,000	BONUS
1987	-	2,000,000	800,000	2,000,000	BONUS
1989	8,000,000	10,000,000	2,000,000	4,000,000	BONUS
1993	15,000,000	25,000,000	6,000,000	10,000,000	CASH
1994	75,000,000	100,000,000	10,000,000	20,000,000	BONUS
1995	-	100,000,000	10,000,000	30,000,000	BONUS
1996	-	100,000,000	20,000,000	50,000,000	BONUS
1997	100,000,000	200,000,000	50,000,000	100,000,000	BONUS
2002	300,000,000	500,000,000	50,000,000	150,000,000	BONUS
2003	-	500,000,000	200,000,000	350,000,000	BONUS/CASH
2004	500,000,000	1,000,000,000	-	350,000,000	-
2005	1,500,000,000	2,500,000,000	350,000,000	700,000,000	BONUS
2006	-	2,500,000,000	457,765,688	1,157,765,688	CASH
2006	-	2,500,000,000	175,000,000	1,332,765,688	BONUS
2007	2,500,000,000	5,000,000,000	318,864,000	1,651,629,688	CONSOLIDATION
2007	-	5,000,000,000	222,128,000	1,873,757,688	BONUS
2008	-	5,000,000,000	1,611,580,000	3,485,337,688	CASH
2009	-	5,000,000,000	34,744,792	3,520,082,480	CONSOLIDATION
2009	-	5,000,000,000	880,020,000	4,400,102,480	BONUS
2010	-	5,000,000,000	-	4,420,102,480	-
2011	-	5,000,000,000	-	4,400,102,480	-
2012	-	5,000,000,000	-	4,420,102,480	-
2013	2,500,000,000	5,000,000,000	-	4,420,102,480	-
2014	2,500,000,000	5,000,000,000	-	4,420,102,480	-
2015	2,500,000,000	5,000,000,000	-	4,420,102,480	-

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