



**UNITED METROPOLITAN NIGERIA LIFE INSURANCE
LIMITED**

(Formerly UBA Metropolitan Life Insurance Limited)

(Registration Number 605083)
(FRC /2012/0000000000337)

**ANNUAL FINANCIAL STATEMENTS
31 December 2016**

UNITED METROPOLITAN NIGERIA LIFE INSURANCE LIMITED
(Formerly UBA Metropolitan Life Insurance Limited)

Annual Financial Statements
For the year ended 31st December 2016

CONTENTS

	PAGE
Corporate Information	i
Directors' report	ii
Independent Auditor's Report	1
Statement of comprehensive income	28
Statement of financial position	29
Statement of changes in equity	30
Statement of cash flows	31
Notes to the financial statements	32
Supplemental Information-Statement of Value Added	62
Supplemental Information-5 year summary	63

UNITED METROPOLITAN NIGERIA LIFE INSURANCE LIMITED
(Formerly UBA Metropolitan Life Insurance Limited)

*Annual Financial Statements
For the year ended 31st December 2016*

CORPORATE INFORMATION

SECRETARY:

Aluko and Oyeboode
1 Murtala Muhammed Drive
Ikoyi
Lagos, Nigeria

AUDITORS:

Akintola Williams Deloitte
Civic Towers
Plot GA1, Ozumba Mbadiwe Avenue
Victoria Island, Lagos, Nigeria

REPORTING ACTUARY in NIGERIA

HR Nigeria Ltd
7th Floor, Aiico Plaza
Afribank Street
Victoria Island,
Lagos, Nigeria

BANKERS

United Bank for Africa Plc
UBA House
57 Marina, Lagos Island
Lagos, Nigeria

REINSURER:

Continental Reinsurance Plc
8th Floor, St Nicholas House
6 Catholic Mission Street
Lagos, Nigeria

REGISTERED OFFICE:

205B Ikorodu Rd
Obanikoro
Lagos, Nigeria

UNITED METROPOLITAN NIGERIA LIFE INSURANCE LIMITED
(Formerly UBA Metropolitan Life Insurance Limited)

*Annual Financial Statements
For the year ended 31st December 2016*

Directors' Report

The directors submit their report together with the audited financial statements for the year ended 31 December 2016, which discloses the state of affairs of the company. The commentary is compiled in accordance with the IFRS Practise Statement on Management Commentary as it is applicable to a limited liability company.

The Company

United Metropolitan Nigeria Life Insurance Limited was incorporated as a private limited liability company on 19 August 2004. The National Insurance Commission licensed the company on 14 November 2007 to carry on the business of Life Insurance.

Incorporation and Address

United Metropolitan Nigeria Life Insurance Limited is incorporated in Nigeria under the Companies and Allied Matters Act as a limited liability company, and is domiciled in Nigeria. The address of its registered office is:

205B Ikorodu Rd.,
Obanikoro,
Lagos, Nigeria

Change of Name and Acquisition by MMI Of 50% of Shares Held by United Capital Plc.

Metropolitan International (Pty) Ltd a 50% shareholder in United Metropolitan Nigeria Life Insurance Limited successfully concluded the share acquisition of the 50% shareholding formerly held by United Capital Plc in the Company on the 10th May, 2016. This landmark event occurred almost concurrently with the change of name from UBA METROPOLITAN LIFE INSURANCE LIMITED to UNITED METROPOLITAN NIGERIA LIFE INSURANCE LIMITED. NAICOM approved the share transaction on 30th March 2016 and the name change also on 30th March 2016.

This name change became imperative pursuant to the Central Bank of Nigeria directive to all commercial Banks in Nigeria to limit their affairs to core banking practice. Consequently UBA Plc was compelled by its chief regulator to divest its interest and equity from the company (achieved in 2015) and furthermore, directed the Bank to instruct its current and former affiliates and subsidiaries to remove names and acronyms suggesting any form of relationship going forward and show evidence of compliance with the extant law. (As previously reported in 2015, the remaining shareholding of UBA Bank Plc was transferred to United Capital Plc., who consequently became a 50% shareholder in United Metropolitan.)

Nature of Business

United Metropolitan Nigeria Life Insurance Limited provides life insurance services in the corporate and financial institutions markets in Nigeria as well as the retail life insurance market. The vision of United Metropolitan is to create prosperity for Nigeria's people and, to this end, the company combines the presence and technical expertise of its parent company to deliver high quality professional service to its chosen markets and customers through group and credit life value propositions.

As a specialised life underwriter, United Metropolitan is one of the top 5 in the Nigerian market. The penetration of the market by life insurance, especially in terms of retail value propositions, remains very low and presents an enormous opportunity to United Metropolitan for which a mass market strategy has been developed and is being implemented based on voluntary group products.

UNITED METROPOLITAN NIGERIA LIFE INSURANCE LIMITED
(Formerly UBA Metropolitan Life Insurance Limited)

Annual Financial Statements
For the year ended 31st December 2016

A significant portion of the profit generated over the years by United Metropolitan has been derived from the four funds approach to investment management that ensures appropriate segregation of policyholder and shareholder funds and aligns the asset allocations in the fund to the objectives of the fund. The company managed to maintain superior investment returns and was largely unaffected by the collapse of the Nigerian equity market, which followed the deterioration in the macro-economic environment as a result of the significant drop in oil prices in the global market that subsequently affected the value of the naira against major foreign currencies. 90% of the total asset base is comprised of assets that generate quality yield and the equity exposure is restricted to 1.7% of the remainder.

During the past year and going forward it is the view of management that the interventions of the Regulator in the structure of the insurance industry will only strengthen the underwriting and distribution of products into the market, providing increasing comfort to the market as to the value proposition presented. In particular, the continued enforcement of the "No Premium No Cover" ruling as per Section 50 of the Insurance Act 2003, has resulted in a significant improvement in premium collections in recent history and in the future it will ensure timely payment of premiums and will improve overall industry and company profitability. The company carries no insurance receivables at 31st December 2016 (2015; N0.737 million)

Objectives and Strategies

It is the stated intent of United Metropolitan to remain one of the leading specialist life insurance underwriters in the market. To this end we combine our technical expertise with high quality people to identify opportunities and market segments in which we can offer life insurance value propositions profitably and sustainably while meeting the expectations of especially our policyholders and shareholders.

The objectives of the business therefore focus on profitable revenue growth, certainty in delivery of benefits to our policyholders, distribution reach and efficiency and ensuring optimal capital management and returns for shareholders.

Resources, Risks and Relationships

The primary resources employed in United Metropolitan consist of the intellectual property and spread provided by our parent companies, combined with the professionalism and drive of the high quality people employed in the business which, in combination, provide the company with the opportunity to pursue the stated strategy. In addition, operations remain self-funding with adequate capital to continue to do so in the foreseeable future while meeting the capital adequacy requirements of both the Regulator and that of the policyholder liabilities with no exposure to premium debtors due to the ongoing accounting practice of recognising revenue only once received and in compliance with the no premium, no cover ruling.

Risk in the business is managed in terms of the Enterprise Risk Management Guidelines of the Regulator and reviewed on a quarterly basis, while identified risks are actively managed with the objective of maintaining the risk profile of the company within the defined risk appetite parameters. The ERM review is endorsed and approved for relevance by the Enterprise Risk Management, Remuneration and Governance Committee of the Board before submission of the same to NAICOM.

The ongoing sustainable growth and success of the business are largely dependent on the continued strong support of our parent company which provides the access and technical know-how, in addition to the strategic direction for the business. This is augmented by the strong moves by the National Insurance Commission in sanitising the industry of inappropriate competitive practices and ensuring deepening penetration and premium settlement, all of which are to the benefit of both the insurance industry and its consumers in the long term.

UNITED METROPOLITAN NIGERIA LIFE INSURANCE LIMITED
(Formerly UBA Metropolitan Life Insurance Limited)

*Annual Financial Statements
For the year ended 31st December 2016*

Results and Prospects

	31-Dec-16 (N'000)	31-Dec-15 (N'000)
Underwriting (loss)	<u>(582,784)</u>	<u>(32,822)</u>
Investment Income	777,203	765,267
Fair Value Gains and Losses	(76,332)	117,059
Other operating Income- Profit/(Loss) on disposal	1,110	(1,197)
Management expenses	<u>(187,980)</u>	<u>(152,406)</u>
Profit before tax	<u>(68,783)</u>	<u>695,901</u>
Income tax expense	<u>(12,185)</u>	<u>(21,012)</u>
Earnings for the year attributable to owners of the company	<u>(80,968)</u>	<u>674,889</u>

UNITED METROPOLITAN NIGERIA LIFE INSURANCE LIMITED
(Formerly UBA Metropolitan Life Insurance Limited)

*Annual Financial Statements
For the year ended 31st December 2016*

Dividend Declaration

The Directors do not recommend the payment of a dividend for the year ended 31st December 2016.

Performance Measures and Indicators

The performance measures applied in United Metropolitan focus on the factors that ensure the sustainable growth of the business in the long term while meeting the requirements and obligations towards both providers of capital and policyholders. These measures are applied consistently across financial reporting periods and reviewed by the Board on a quarterly basis with corrective action following any deviation. The specific performance indicators are as follows:

Growth in Gross Premium Income measured as a % of prior year: 2016: (11%) (2015:31%)

After pleasing growth of 31% in the prior year, the economic headwinds currently ravaging Nigeria impacted the company's business model in 2016. The company seeks to achieve renewal ratios of at least 90% but in 2016, despite achieving this kind of performance in terms of scheme no's, frequently the renewed levels of premium were diminished because of company downsizing and retrenchments so the related sums assured commensurately reduced. Premium inflows from official channels also diminished greatly as a consequence of fiscal challenges. The credit life line of business struggles to gain decent traction in an environment where most financial institutions are curtailing personal lending lines as the incidence of non-performing loans continually increases.

Reinsurance Ratio. 2016:18% (2015:12%)

The increase in the reinsurance ratio is primarily attributable to the increased usage of facultative reinsurance arrangements as part of the policy in managing the net claims ratio. Facultative reinsurance is utilized as a mitigation strategy in respect of schemes which exhibit a gross loss ratio which is deemed to be chronic and competitive market forces militate against repricing commensurate with the loss ratio

Net Claims Ratio. 2016: 56% (2015:53%)

The net claims experience has been managed, inter alia, by increased facultative reinsurance. The reinsurance claims recoveries were N308 million in 2016 compared to N177 million in 2015. Unprofitable schemes are monitored in respect of loss ratios and pricing adjustments implemented where feasible. Other policy conditions are also reviewed in instances where the claims experience warrants such interventions.

Growth in Underwriting Expenses. 2016:39% (2015:19%)

Growth in Management Expenses. 2016:23% (2015:10%)

The rapid depreciation of the naira in the year under review has resulted in a high level of imported inflation and the 39% increase in underwriting costs is primarily a reflection of the impact of an inflationary experience which is impacting every facet of the Nigerian economy. Whilst official inflation is reported to be in the vicinity of 19%, certain components of United Metropolitan's cost profile have increased far in excess of this official average rate. The move from the 4th floor of UBA House to 205B Ikorodu Rd. caused some significant 'one off' costs and increased capex generated related amortization/depreciation charges, but rental costs are now locked in for at least two years, which would otherwise not have been the case. MI charges have remained constant in ZAR terms, but the conversion to naira has caused significant increases as the rand has strengthened by 76% compared to the naira during 2016. All travel and transport related costs have increased by factors well in excess of the official inflation rate.

UNITED METROPOLITAN NIGERIA LIFE INSURANCE LIMITED
(Formerly UBA Metropolitan Life Insurance Limited)

Annual Financial Statements
For the year ended 31st December 2016

Investment Performance

Financial assets reduced by N509 million over the year as insurance liabilities reduced by N294 million primarily as a result of maturities/surrenders on Individual Life contracts combined with increased investment in PPE and rental prepayments. Nevertheless the yield generated by the investment portfolio increased by 1.5% as increased allocations to longer dated Treasury Bills realized enhanced returns. The investment portfolio is virtually completely derisked. The rising yield curve did result in an unrealized revaluation loss of N48 million in respect of the bond portfolio and the equity portfolio generated further revaluation losses of N28 million as its market valuation reduced to N112million. Any possible further unrealized equity losses are therefore extremely limited on the downside in respect of a portfolio which comprises counters that were deemed 'blue chip' at the time of acquisition. With a large concentration of the investment portfolio currently parked in treasury bills, the company is well positioned to take optimal advantage of any firm indications that the yield curve is moving in a discernible direction, whether the emerging direction evidences either a softening or hardening bias.

Outlook

The business model currently employed by United Metropolitan is optimised for what, in the view of management, represents the viable life insurance market segments. This includes product development, distribution, service delivery and administration. However, as the market evolves and new opportunities present themselves, the company has the capability and capacity to pursue such opportunities as are viable and attractive. Specific emphasis is being placed on evaluating the mass retail market and the application of mobile technology for value proposition delivery. Obviously the fortunes of United Metropolitan are inextricably linked to the wellbeing or otherwise of the Nigerian economy. If recessionary conditions start to ease and sustained progress is maintained in respect of initiatives to diversify the Nigerian economy, the company's current principal lines of business, being employee benefits and credit life underwriting, will be well placed to capitalize on any such green shoots of recovery and the growth trajectory achieved in 2015 can be resumed.

Directors

The directors who held office during the year and to the date of this report were:

Emmanuel Nnorom	Non-Executive Director and Chairman. Resigned 29th July 2016.
Phillip Matlakala*	Non-Executive Director. Appointed Chairman 29th July 2016.
Livingstone Magorimbo**	Managing Director.
Henry Ationu	Executive Director.
Adim Jibunoh	Non-Executive Director .Resigned 29th July 2016
Blumerius Khan*	Non-Executive Director
Charles Egan***	Non-Executive Director .Appointed 29th July 2016
Bridgette Ofei***	Non-Executive Director .Appointed 29th July 2016
Olufemi Olasupo Adeyemo	Non-Executive Director .Appointed 29th July 2016
* South African citizen	**Zimbabwe Citizen *** Ghanaian Citizen

Regulatory and Compliance Developments

The financial year ended 31st December, 2016 was characterized by wholesome changes in the Nigerian Insurance Industry. The industry has seen the regulatory authority reaffirm its statutory powers through the issuance of different industry driven guidelines. A case in point is the recent circular on a Code of Corporate Governance. This, amongst many other guidelines, formed the major talking point during the period. Whilst this will in the long run represent a stimulus for growth and profitability, the implementation of a more extensive corporate governance framework will increase the cost of doing business, especially for smaller companies. As many boards are likely to be reconstituted and new management formed in compliance with the new governance requirements, cost, capacity and expertise will take the centre stage.

UNITED METROPOLITAN NIGERIA LIFE INSURANCE LIMITED
(Formerly UBA Metropolitan Life Insurance Limited)

Annual Financial Statements
For the year ended 31st December 2016

Board Committee Constitution and Composition of United Metropolitan Nigeria Life Insurance Limited

The combined effect of the share buyback arrangement and the NAICOM CIRCULAR ON CODE OF GOOD CORPORATE GOVERNANCE RE: NAICOM/DAP/CIR/02/2016, dated 25th August, 2016 led to the full restructuring of the Board and the erstwhile Board Operations Committee - BOC metamorphosed into three Board Committees.

The three Board Committees adopted are as follows:

- Finance, Investment and General Purpose Committee;
- Audit and Compliance Committee (to be headed by an independent director); and
- Enterprise Risk Management Remuneration and Governance Committee (independent director to be a member)

Board Committees' Composition

These Committees' composition, are driven by the need to manage costs and at the same time ensuring that the committees have access to the required skills and competencies from directors. The composition of these committees is as follows:

a. Finance, Investment and General Purpose Committee

- Chairman – Charles Egan
- Olufemi Adeyemo
- MD/CEO (member))
- CFO – by invitation
- ED Business Development-by invitation

b. Enterprise Risk Management, Remuneration and Governance Committee

- Chairman – Beatrice Ofei
- Olufemi Adeyemo (member)
- MD/CEO (member)
- CFO – by invitation
- Head of HR-by invitation
- Risk Officer- by invitation

c. Audit and Compliance Committee

The Chairman of the Audit committee is a Chartered Accountant who is registered with a professional accounting body in Nigeria being the Institute of Chartered Accountants of Nigeria (ICAN).

- Chairman – Olufemi Adeyemo
- Charles Egan (member)
- Beatrice Ofei (member)
- CEO/MD- by invitation
- CFO – by invitation
- Internal Auditor- by invitation
- Chief Compliance Officer by invitation

UNITED METROPOLITAN NIGERIA LIFE INSURANCE LIMITED
(Formerly UBA Metropolitan Life Insurance Limited)

*Annual Financial Statements
For the year ended 31st December 2016*

United Metropolitan Nigeria Life Insurance Limited Audit and Compliance Committee

The Board Audit and Compliance (A&C) Committee is a Committee of the Board.

The Purpose Of Audit & Compliance Committee Is to:

- Assist the Board of Directors in fulfilling its oversight responsibilities in regard to audit and control.
- Monitor and assess the overall integrity of the financial statements and disclosure of the financial condition and results of operations of the Company.
- Monitor Management's responsibilities to ensure that an effective system of financial and internal controls is in place.
- Assist the Board in discharging its responsibilities on Information Technology (IT) as it relates to financial reporting and the status of the Company as a going concern.
- Monitor and evaluate on a regular basis the qualification, independence and performance of the External Auditors and the Internal Audit and Control Department.

Composition of the Committee

- The Committee will comprise of at least three members of whom the majority will be non-executive, including the Chairperson of the Enterprise Risk Management Remuneration and Governance Committee.
- The Chairperson and members of this Committee shall be appointed by the Board, or its duly mandated Board Committee. Any change to the composition of the Committee shall be considered and approved by the Board, or its duly mandated Board Committee.
- The Committee's composition shall be reviewed at least every three years and members may be eligible for re-appointment.
- The members of the Committee must collectively have sufficient qualifications and experience to fulfil their duties, be fit and proper, and keep up-to-date with developments affecting the required skills-set.
- The Company Secretary, or any other person so appointed by the Board, duly mandated by the Board Committee, shall be the secretary to the Committee.

The Responsibilities and Scope of the Audit & Compliance Committee Shall Be to:

- Ensure that an effective system of Audit and Internal Controls are in place to safeguard the assets and income of the company and ensure the integrity of the Company's financial statements.
- Monitor processes designed to ensure compliance in all respect with legal and regulatory requirements, including disclosure controls and procedures and the impact (or potential impact) of the developments related thereto. Also ensure compliance with Anti-Money laundering laws, policies and reporting requirements.
- Evaluate annually the independence and performance of the External and Internal Auditors.
- Review with Management and External Auditors the annual audited financial statements before its submission to the Board.
- Select and Review appointments of Independent External Auditors and recommend to the Board for approval prior to the Board's recommendation to shareholders for ratification.
- Review Management's Internal Audit and Control Reports and recommend controls that will address control lapses to the Board.
- Review all Whistle Blowing Reports.
- In collaboration with Enterprise Risk Management, Remuneration and Governance Committee, respond to Regulators on behalf of the Board in respect of their audit comments.

UNITED METROPOLITAN NIGERIA LIFE INSURANCE LIMITED
(Formerly UBA Metropolitan Life Insurance Limited)

Annual Financial Statements
For the year ended 31st December 2016

- Review and approve audit policies.
- Review and approve Internal Audit Charter.
- Recommend, in line with best practice, the Head Internal Auditor for appointment by the Board.
- The Head Internal Auditor and the Chief Compliance Officer will report to the Chairman of the Committee and will be assessed annually by him/her in consultation with the MD/CEO.
- Advise the Board of significant control failures and tracking;
- Act as the Disciplinary Committee of the Board for the Managing Director/CEO, Executive Director(s) and the Executive Management Team.
- Review Regulators audit reports and ensure that systems are put in place to address any weaknesses.
- Review the activities of the internal audit function and ensure that no unjustified restrictions or limitations are imposed
- Review the internal audit function's compliance with its mandate as approved by the Committee
- Consider whether or not the objectives, staffing plans, financial budgets, audit plans and standing of the internal audit function provides adequate support to enable the Committee to meet its objectives.
- Ensure that the internal audit function is subject to an independent quality review, as and when the Committee determines it appropriate provided it takes place at intervals not exceeding 5 years at a time, including compliance with The Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing.
- On a regular basis meet separately with the head of internal audit to discuss any matters that the Committee or internal audit believes should be discussed privately
- Ensure that a formal process to follow up significant internal and external audit recommendations is in place, and that the Internal Auditor reports to the Audit & Compliance Committee on any slow progress or non-implementation of these recommendations.

Internal Control

The Committee will review the effectiveness of the design and operation of the Company's system of internal control. In discharging these responsibilities the Committee will:

- Evaluate whether management is setting the appropriate "control culture" by communicating the importance of internal control and ensuring that all employees have an understanding of their roles and responsibilities;
- Gain an understanding of whether internal control recommendations made by internal and external auditors have been implemented by management;
- Review the directors' responsibility statement in the financial statements on internal controls prior to endorsement by the Board and, in particular, to review;
 - i. The procedures for identifying business and financial risk and controlling their impact on the company;
 - ii. The company's procedures for preventing or detecting fraud;
 - iii. The company's procedures for ensuring that relevant regulatory and legal requirements are complied with;
 - iv. The operational effectiveness of policies and procedures.

UNITED METROPOLITAN NIGERIA LIFE INSURANCE LIMITED
(Formerly UBA Metropolitan Life Insurance Limited)

*Annual Financial Statements
For the year ended 31st December 2016*

- Review the controls over significant financial risks. Assess whether management has controls in place for unusual types of transactions and/or any potential transactions that may involve an unacceptable degree of risk;
- Review the results of work performed by the Internal Audit function in relation to financial reporting, corporate governance, internal control and any significant investigations and that findings and recommendations are received and discussed on a timely basis;
- Review such significant transactions not directly related to the company's normal business as the Committee might deem appropriate;
- Review the report of Internal Audit to the Committee in providing comfort on internal controls and on any unmanaged risks and controls.
- Compliance with Laws and Regulations
- Review the effectiveness of the system for monitoring compliance with laws and regulations.
- Review the findings of any examinations by regulatory agencies, and any auditor observations.
- Review the process for communicating the code of conduct to Company personnel, and for monitoring compliance therewith.
- Obtain regular updates from management and company Chief Legal Officer regarding compliance matters.

External Audit

- Review the external auditors' proposed audit scope, approach, terms of engagement and audit fee, including coordination of audit effort with internal audit, and ensure that no undue restrictions or limitations have been placed on the scope of the audit.
- Review and discuss the external auditor's proposed report, any matters arising from the audit that the auditors may wish to raise, as well as the external auditor's management letter and the management response thereto.
- Review the performance of the external auditors, and make recommendations to the Boards on the appointment or discharge of the auditors.
- Review and confirm the independence of the external auditors by obtaining statements from the auditors on relationships between the auditors and the company, including non-audit services, and discussing the relationships with the auditors.
- On a regular basis, meet separately with the external auditors to discuss any matters that the Committee or auditors believe should be discussed privately.

Authority

In order to meet its responsibilities and fulfil its role, the Committee:

- Acts in terms of the delegated authority of the Board.
- Has the power to investigate any activity within the scope of its Terms of Reference.
- May call upon the Chairmen of the other Board Committees, any of the executive directors, officers or Company Secretary to provide it with information, subject to following a Board approved process.
- Has reasonable access to the Companies' records, facilities and any other resources necessary to discharge its duties and responsibilities.
- May delegate authority to one or more designated members of the Committee.
- Has the right to obtain independent outside professional advice to assist with the execution of its duties, at companies' cost, subject to following a Board approved process.
- Makes recommendations to the Board that it deems appropriate on any area within the ambit of its Terms of Reference where action or improvement is required.

UNITED METROPOLITAN NIGERIA LIFE INSURANCE LIMITED
(Formerly UBA Metropolitan Life Insurance Limited)

Annual Financial Statements
For the year ended 31st December 2016

Meeting Procedures

- Frequency
- The Committee will meet on an ad hoc basis but will meet a minimum of four times per annum.
- The chairman of the Committee may meet with the CEO, the Head Internal Audit, and/or the Company Secretary prior to a Committee meeting to discuss important issues and agree on the agenda.

Attendance

- The Chairman may invite any member of staff from the Company, including external professional advisors, to Committee meetings as and when required, provided that a Board approved process is followed. Invitees to meetings attend by invitation only and they may not vote on matters at the meeting.
 - The following persons shall attend Committee meetings as appropriate (but have no voting power):
 - MD/CEO
 - Chief Compliance Officer;
 - Chief Financial Officer;
 - Executive Director, Business Development; and
 - Internal Auditor
 - Committee members will attend all scheduled meetings of the Committee, including meetings called on an ad hoc basis for special matters, unless prior apology, with reasons, have been submitted to the Chairperson or Committee Secretary.
 - If the nominated Chairperson of the Committee is absent from a meeting, the members present shall elect one of the members present to act as Chairperson for that meeting.
 - The Company Secretary or his/her delegate is the secretary to this Committee.
- QUORUM AND VOTING**
- A quorum for meetings shall be a simple majority of Members.
 - Individuals in attendance at Committee meetings by invitation may participate in discussions at meetings but do not form part of the quorum for Committee meetings, and shall have no voting rights where decisions are to be voted on;
 - Wherever possible the Committee will take decisions on a consensus basis. Where consensus cannot be reached, voting shall take place by a show of hands.

Agenda And Minutes

- The Committee shall establish an annual work plan for each year to ensure that all relevant matters are covered by the agendas of the meetings planned for the year.
- The notice of each meeting of the Committee, confirming the venue, time and date and enclosing an agenda of items to be discussed, together with the supporting documentation, shall be forwarded to each member of the Committee not less than five (5) working days prior to the date of the meeting.
- Committee members must be fully prepared for Committee meetings, to provide appropriate and constructive input on matters discussed.
- The minutes of meetings shall be completed as soon as possible after the meeting and circulated to the Chairperson for review thereof. The minutes will be formally approved by the Committee at its next scheduled meeting.

UNITED METROPOLITAN NIGERIA LIFE INSURANCE LIMITED
(Formerly UBA Metropolitan Life Insurance Limited)

Annual Financial Statements
For the year ended 31st December 2016

Evaluation

The Board, and each member of the Committee, will perform an evaluation of the effectiveness of the Committee annually.

Remuneration

Committee members not holding executive office shall be compensated for their services, with the Chairperson being entitled to an additional fee for his/her service.

Review of Terms of Reference

The Board will review the contents of this Terms of Reference each year to ensure that it remains consistent with the Boards' objectives and responsibilities.

UNITED METROPOLITAN NIGERIA LIFE INSURANCE LIMITED
(Formerly UBA Metropolitan Life Insurance Limited)

Annual Financial Statements
For the year ended 31st December 2016

Enterprise Risk Management, Remuneration and Governance Committee.

Terms of Reference

Introduction

The Board Enterprise Risk Management, Remuneration and Governance (ERMR&GC) Committee is a Committee of the Board.

The Purpose of Enterprise Risk Management Remuneration and Governance Committee is to:

- Discharge the Board's risk management responsibilities as defined in the Company's Risk Policies and in compliance with regulation, law and statute;
- Review and assess the integrity and adequacy of the overall risk management function of the Company;
- Review risk limits and periodic risk reports and make recommendations to the Board;
- Establish procedures for the nomination of Directors.
- Advise and recommend to the Board the composition of the Board.
- Approve recruitments, promotions, redeployments, disengagements and succession planning for Executive Management in line with the approved organization structure of the Company and manning levels and the approved annual Manpower Plan.
- Approve recruitments, promotions, redeployments and disengagement for Executive Management of Subsidiaries, where applicable. Recruitments shall be in line with the approved organisation structure of the subsidiary.
- Review and evaluate the skills of members of the Board using the skills matrix found in the Appendix.
- Recommend to the Board compensation for all staff of the Company.
- Advise the Board on corporate governance standards and policies.
- Review and approve all human resources and governance policies for the Company.
- Review and recommend to the Board and Shareholders any changes to the Memorandum and Articles of Association.
- Recommend the organization structure of the Company to the Board for approval.
- Evaluate and appraise the performance of the Board and Board Committees and its members annually in conjunction with consultants.
- Review management's performance against pre-set objectives and compliance with human resources policies and practices.
- Review and recommend for approval to the Board, Company Policies relating to Human Resources risk management.

Composition of the Committee

- The Committee will comprise of at least three members of whom the majority will be non-executive, including the Chairperson of the Audit and Compliance Committee.
- The Chairperson and members of this Committee shall be appointed by the Board, or its duly mandated Board Committee. Any change to the composition of the Committee shall be considered and approved by the Board, or its duly mandated Board Committee.
- The Committee's composition shall be reviewed at least every three years and members may be eligible for re-appointment.
- The members of the Committee must collectively have sufficient qualifications and experience to fulfil their duties, be fit and proper, and keep up-to-date with developments affecting the required skills-set.
- The Company Secretary, or any other person so appointed by the Board, duly mandated by the Board Committee, shall be the secretary to the Committee.

UNITED METROPOLITAN NIGERIA LIFE INSURANCE LIMITED
(Formerly UBA Metropolitan Life Insurance Limited)

Annual Financial Statements
For the year ended 31st December 2016

The Responsibilities and Scope of the Enterprise Risk Management Remuneration and Governance Committee Shall be to:

- Risk Management
- Approve annual risk management plan and oversee its implementation and monitor performance. This annual plan should also include a fraud risk plan to consider the Company's fraud exposure and prevention.
- Ensure that risk assessments are performed on a continual basis and ensure that frameworks and methodologies are in place to increase the probability of anticipating unpredictable risks.
- Monitor, review and assess the integrity and adequacy of the overall risk management framework of the company.
- Recommend risk approval limits to the Board for approval.
- Review and on a continuous basis update the risk management policies, frameworks and procedures subject to the approval of the Board.
- Advise the Board on any emerging risks that the Company's or could be exposed to and recommend mitigation actions.

Remuneration and Performance Management

- Recommend the entitlements of Directors to the Board for approval.
- Recommend compensation package for the Managing Director/CEO, Executive Director(s) and Executive Management Team for approval by the Board.
- Define the Managing Director/CEO's accountabilities and how performance will be appraised.
- Approve the accountabilities and how performance will be appraised for the Executive Management Team.
- Appraise the performance of the Managing Director/CEO, and the Executive Management Team of the Company against Key Performance Indicators, with a report of the appraisal submitted to the Board of Directors.
- Review and evaluate the Managing Director/CEO's annual evaluation of the Executive Management Team and decide on their individual compensation packages in accordance with the remuneration policy for the Executive Management Team.
- Appraise Board performance and oversee the evaluation of the Board.

Governance

- Propose candidates to the Board for all Board positions.
- Propose to the Board, candidates for the position of Managing Director Chief Executive Director(s) and members of the Executive Management Team for the Company.
- Recommend to the Board, directors for election and re-election.
- Regularly update the Board about the Committee's activities and make appropriate recommendations in accordance with Companies' vision statement and business concept.
- Appointments will be approved as follows:
 - Appointments of up to Senior Manager should be approved by the CEO;
 - Appointments of Assistant General Manager and above should be approved by ERMRC;
 - Appointments of Company Secretary, Head Internal Audit, and Executive Directors/Non-Executive Directors should be approved by the Board. Approve the redeployments of the Executive Management.
- Review the Executive Management succession plans and make recommendations to the Board.
- Approve the disengagement (resignation, retirement, termination, dismissal, redundancy and invalidation on medical grounds) of Executive Management.
- Approve compensation policy and review the same for all staff of the Company.
- Approve recruitment policies, appointment policies, promotion policies of the Company.

UNITED METROPOLITAN NIGERIA LIFE INSURANCE LIMITED
(Formerly UBA Metropolitan Life Insurance Limited)

Annual Financial Statements
For the year ended 31st December 2016

- The ERMR&GC shall provide a central source of guidance and advice to the Board and Company on matters of ethics, conflict of interest and good corporate governance.
- Responsible for evaluating the overall system of Corporate Governance for the Company and proposing any changes to the Board for approval.
- Recommend to the Board for approval, the Board Governance and Board Committee and Executive Management Governance frameworks/mechanisms, and conduct its periodic review as it deems appropriate.
- Recommend to the Board for approval, the Policy framework and procedures for the Company.
- Review and recommend to the Board and Shareholders any changes to the Memorandum and Articles of Association.
- Deliberate and respond on behalf of the Board to regulatory reports/ comments.
- Organize all Board and Board Committees inductions and trainings. Conduct training for the Board on all aspects of governance practices and compliance to ensure that it can carry out its decision making and oversight functions effectively.
- Review the leadership development and training initiatives of executive management and ensure that any development needs are addressed. Due consideration must be given to the MMI group aspirations to grow talent in country that could be developed to take on greater responsibility in other parts of the MMI International and MMI group companies.
- Review and on a continuous basis update the policies, frameworks and procedures of the Company subject to the approval of the Board;
- Approve the promotion of Head Internal Audit and senior management of the Audit Department, upon recommendation from the Audit and Compliance Committee. These promotions must be based on approved promotion eligibility criteria and the approved annual Manpower plan by the Board.
- Approve IT governance framework and delegate to Management the responsibility for the implementation of the IT governance framework.

Authority

In order to meet its responsibilities and fulfil its role, the Committee:

- Acts in terms of the delegated authority of the boards.
- Has the power to investigate any activity within the scope of its Terms of Reference.
- May call upon the Chairmen of the other Board Committees, any of the executive directors, officers or company secretary to provide it with information, subject to following a Board approved process.
- Has reasonable access to the companies' records, facilities and any other resources necessary to discharge its duties and responsibilities.
- May delegate authority to one or more designated members of the Committee.
- Has the right to obtain independent outside professional advice to assist with the execution of its duties, at company's cost, subject to following a Board approved process.
- Makes recommendations to the board that it deems appropriate on any area within the ambit of its Terms of Reference where action or improvement is required.

Meeting Procedures

- Frequency
- The Committee will meet on an ad hoc basis but will meet a minimum of four times per annum.
- The Chairman of the Committee may meet with the CEO, the Risk Officer, Internal Auditor, Head HCM and/or the Company Secretary prior to a Committee meeting to discuss important issues and agree on the agenda.

UNITED METROPOLITAN NIGERIA LIFE INSURANCE LIMITED

(Formerly UBA Metropolitan Life Insurance Limited)

*Annual Financial Statements
For the year ended 31st December 2016*

Attendance

- The Chairman may invite any member of staff from the Company, including external professional advisors, to Committee meetings as and when required, provided that a Board approved process is followed. Invitees to meetings attend by invitation only and they may not vote on matters at the meeting.
- The following persons shall attend Committee meetings as appropriate (but have no voting power):
 - The Risk Officer;
 - The Head of Internal Audit;
 - Head of HCM;
 - Chief Financial Officer; and
 - Chief Compliance Officer.
- The Head HR MMI International may attend the meetings of the Committee but only by invitation.
- Committee members must attend all scheduled meetings of the Committee, including meetings called on an ad hoc basis for special matters, unless prior apology, with reasons, have been submitted to the Chairperson or Committee secretary.
- If the nominated Chairperson of the Committee is absent from a meeting, the members present shall elect one of the members present to act as Chairperson for that meeting.
- The Company Secretary or his/her delegate is the secretary to this Committee.

Quorum and Voting

- A quorum for meetings shall be a simple majority of Members.
- Individuals in attendance at Committee meetings by invitation may participate in discussions at meetings but do not form part of the quorum for Committee meetings, and shall have no voting rights where decisions are to be voted on;
- Wherever possible the Committee will take decisions on a consensus basis. Where consensus cannot be reached, voting shall take place by a show of hands.

Agenda and Minutes

- The Committee shall establish an annual work plan for each year to ensure that all relevant matters are covered by the agendas of the meetings planned for the year.
- The notice of each meeting of the Committee, confirming the venue, time and date and enclosing an agenda of items to be discussed, together with the supporting documentation, shall be forwarded to each member of the Committee not less than five (5) working days prior to the date of the meeting.
- Committee members must be fully prepared for Committee meetings, to provide appropriate and constructive input on matters discussed.
- The minutes of meetings shall be completed as soon as possible after the meeting and circulated to the Chairperson for review thereof. The minutes will be formally approved by the Committee at its next scheduled meeting.

Evaluation

The Board, and each member of the Committee, will perform an evaluation of the effectiveness of the Committee annually.

Remuneration

Committee members not holding executive office shall be compensated for their services, with the Chairperson being entitled to an additional fee for his/her service.

Review of Terms of Reference

The Board will review the contents of this Terms of Reference each year to ensure that it remains consistent with the Boards' objectives and responsibilities.

UNITED METROPOLITAN NIGERIA LIFE INSURANCE LIMITED
(Formerly UBA Metropolitan Life Insurance Limited)

*Annual Financial Statements
For the year ended 31st December 2016*

Finance, Investment and General Purpose Committee (FIGP)

Terms of Reference

Introduction

The Board Finance, Investment and General Purpose Committee is a Committee of the Board.

The Purpose of The Finance, Investment and General Purpose Committee is to:

- Discharge the Board's responsibilities with regard to strategic direction and budgeting;
- Provide oversight on financial matters and the performance of the company;
- Review and approve the Company's policies of a financial and general nature;
- Make financial and investment decisions within its approved limits on behalf of the Board;
- Discharge other related responsibilities of a finance, investment and/or general nature as the name implies.

Composition of the Committee

- The Committee will comprise of at least three members of whom the majority will be non-executive, including the Chairperson of the Finance, Investment and General Purpose committee.
- The Chairperson and members of this Committee shall be appointed by the Board, or its duly mandated Board Committee. Any change to the composition of the Committee shall be considered and approved by the Board, or its duly mandated Board Committee.
- The Committee's composition shall be reviewed at least every three years and members may be eligible for re-appointment.
- The members of the Committee must collectively have sufficient qualifications and experience to fulfil their duties, be fit and proper, and keep up-to-date with developments affecting the required skills-set.
- The Company Secretary, or any other person so appointed by the Board, duly mandated by the Board Committee, shall be the secretary to the Committee.

The Responsibilities and Scope of the Finance, Investment and General Purpose Committee Shall be to:

- Formulate and shape the strategy of the Company and make recommendations to the Board accordingly;
- In carrying out its functions, the FIGP may engage an adviser on behalf of the Board to facilitate an annual review of the Company's long term plans and the principal issues that the Company may face in the future.
- Conduct one (1) Board/Management Strategy Retreat a year to formulate the strategy.
- Review and approve the budget of the Company within its limit and make recommendations to the Board for approvals above its limit.
- Review and approve within its approved limits, the annual Manpower plan for the Company as part of the budget approval process. The Manpower plan shall at a minimum include the vacancies, maximum levels, cost implication, etc.
- Approve within its approved limits the annual estimated number of staff to be promoted based on agreed promotion eligibility criteria as part of the annual Budget exercise.
- Monitor performance of the Company against budget.
- Conduct Quarterly business reviews with Management/Board.
- Concur on compensation for executives.
- Consider and approve expenses (including donations, sponsorships and overseas training) above the limits of the Executive Management and its organs as specified in the Expense Empowerment Policy.

UNITED METROPOLITAN NIGERIA LIFE INSURANCE LIMITED
(Formerly UBA Metropolitan Life Insurance Limited)

Annual Financial Statements
For the year ended 31st December 2016

- Consider and approve significant IT investments and expenditure for the Company.
- Consider and approve extra budgetary expenditure (including donations, sponsorships and overseas training) above the limits of Executive Management and its organs as specified in the approved Expense Empowerment Policy.
- Consider and approve income reversals, refunds of fraud losses on customer accounts.
- Review the assets and liability committee reports.
- Develop and review a Board information system needed for the Board to carry out its oversight role.
- Approve financial policies for the Company regarding financial reporting and controls and audits.
- Approve the following other policies of the company:
 - a. Accounting and Finance Policies;
 - b. Operations Policies;
 - c. Expense Policies;
 - d. Accrual, Depreciation and Amortization Policies;
 - e. Asset Management/Disposal Policies;
 - f. Income Generation Policies;
 - g. Investment Policies;
 - h. Recommend Dividend Policies to the Board for approval;
 - i. Insurance Policies;
 - j. Treasury Policies & Frameworks; and
 - k. Any Other Policies/Matters relating to the title of the Committee;
- Monitor and evaluate significant IT investments and expenditure.
- Financial Reporting (General)
- Review any legal matters which could significantly impact the financial statements.
- Gain an understanding of the current areas of greatest financial and nonfinancial (operational, strategic and regulatory) risk that may impact on the reporting, and how management is managing these effectively.
- Communicate with management and the internal and external auditors on the significant risks and exposures and the plans to minimize such risks.
- Review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements.
- Consider, with the internal and external auditors, any fraud, illegal acts and deficiencies in internal control or other similar issues.
- Review and approve non-credit products above the level of Executive Management.
- Review the Company's investment portfolio annually.
- Approve investment/divestment proposals on behalf of the Company within its limit and recommend to the Board decisions above its limits for approval.
- Review the Company's investment proposals irrespective of the amount, before presenting to the Board.
- Approve any new business activity irrespective of the amount of capital commitment.
- Review from time to time the capital (debt/equity) requirements of the Company.
- Recommend to the Board for approval the authority limits for all Executives (including all Executive Directors and Managing Director).

UNITED METROPOLITAN NIGERIA LIFE INSURANCE LIMITED
(Formerly UBA Metropolitan Life Insurance Limited)

Annual Financial Statements
For the year ended 31st December 2016

Financial Reporting (Financial Statements)

- Review significant accounting and reporting issues, including the definition of materiality, any complex or unusual transactions and highly judgmental areas.
- Review with management and the external auditors the results of the audit, including any difficulties encountered.
- Review the annual financial statements, and before recommending them to the Board for approval, consider whether they are complete, consistent with information known to Committee members, follow appropriate accounting principles, fairly reflect the state of affairs of the companies and that all material legal and regulatory compliance matters have been considered.
- Review with management and the external auditors all matters required to be communicated to the FIGP under generally accepted international standards on auditing.
- Understand how management develops interim financial information, and the nature and extent of internal and external auditor involvement.
- Review financial reports with management and the external auditors before filing with regulators, and consider whether they are complete and consistent with the information known to Committee members. In reviewing financial reports, consider whether management representations are fair and reasonable.
- Consider whether or not the objectives, staffing plans, financial budgets, audit plans and standing of the internal audit function provides adequate support to enable the Committee to meet its objectives.

External Audit

- Review all reports submitted by the valuator and ensure that concerns of the valuator are addressed by management.
- Consider the need for and scope of independent actuarial audits.

Actuarial & Financial Report

- Receive reports and review such reports and minutes of meetings submitted that relate to finance and actuarial mandates. Ensure that material risks and concerns are addressed by management.

Reporting Responsibilities

- Regularly report to the Board about the Committee's activities and make appropriate recommendations.
- Ensure that the Board is aware of matters which may significantly impact the financial condition or affairs of the business.

Other Responsibilities

- Perform any other functions as may be requested by the Board; provided that those functions are not management functions.
- Institute and oversee special investigations as needed.
- Review and assess the adequacy of the Committee Terms of Reference annually, requesting Board approval for proposed changes, and ensure appropriate disclosure.
- Confirm annually that all responsibilities outlined in this Terms of Reference have been carried out.
- Evaluate the Committee's and individual members' performance on a regular basis.

UNITED METROPOLITAN NIGERIA LIFE INSURANCE LIMITED
(Formerly UBA Metropolitan Life Insurance Limited)

*Annual Financial Statements
For the year ended 31st December 2016*

Authority

In order to meet its responsibilities and fulfil its role, the Committee:

- Acts in terms of the delegated authority of the Board.
- Has the power to investigate any activity within the scope of its Terms of Reference.
- May call upon the Chairmen of the other Board Committees, any of the executive directors, officers or company secretary to provide it with information, subject to following a board approved process.
- Has reasonable access to the Companies' records, facilities and any other resources necessary to discharge its duties and responsibilities.
- May delegate authority to one or more designated members of the Committee.
- Has the right to obtain independent outside professional advice to assist with the execution of its duties, at companies' cost, subject to following a Board approved process.
- Makes recommendations to the Board that it deems appropriate on any area within the ambit of its Terms of Reference where action or improvement is required.

Meeting Procedures

- Frequency
- The Committee will meet on an ad hoc basis but will meet a minimum of four times per annum.
- The Chairman of the Committee may meet with the CEO, the CFO, Chief Technical Officer, Head of Business Development and/ or the Company Secretary prior to a Committee meeting to discuss important issues and agree on the agenda.

Attendance

- The Chairperson may invite any member of staff from the Company, including external professional advisors, to Committee meetings as and when required, provided that a Board approved process is followed. Invitees to meetings attend by invitation only and they may not vote on matters at the meeting.
- The following persons shall attend Committee meetings as appropriate (but have no voting power):
 - Chief Financial Officer;
 - Executive Director, Business Development;
 - Chief Technical Officer; and
 - Internal Auditor
- Committee members will attend all scheduled meetings of the Committee, including meetings called on an ad hoc basis for special matters, unless prior apology, with reasons, have been submitted to the Chairperson or Committee secretary.
- If the nominated Chairperson of the Committee is absent from a meeting, the members present shall elect one of the members present to act as Chairperson for that meeting.
- The Company Secretary or his/her delegate is the secretary to this Committee.

Quorum and Voting

- A quorum for meetings shall be a simple majority of Members.
- Individuals in attendance at Committee meetings by invitation may participate in discussions at meetings but do not form part of the quorum for Committee meetings, and shall have no voting rights where decisions are to be voted on;
- Wherever possible the Committee will take decisions on a consensus basis. Where consensus cannot be reached, voting shall take place by a show of hands.

UNITED METROPOLITAN NIGERIA LIFE INSURANCE LIMITED
(Formerly UBA Metropolitan Life Insurance Limited)

*Annual Financial Statements
For the year ended 31st December 2016*

Agenda and Minutes

- The Committee shall establish an annual work plan for each year to ensure that all relevant matters are covered by the agendas of the meetings planned for the year.
- The notice of each meeting of the Committee, confirming the venue, time and date and enclosing an agenda of items to be discussed, together with the supporting documentation, shall be forwarded to each member of the Committee not less than five (5) working days prior to the date of the meeting.
- Committee members must be fully prepared for Committee meetings, to provide appropriate and constructive input on matters discussed.
- The minutes of meetings shall be completed as soon as possible after the meeting and circulated to the Chairperson for review thereof. The minutes will be formally approved by the Committee at its next scheduled meeting.

Evaluation

The Board, and each member of the Committee, will perform an evaluation of the effectiveness of the Committee annually.

Remuneration

Committee members not holding executive office shall be compensated for their services, with the Chairperson being entitled to an additional fee for his/her service.

Review of Terms Of Reference

The Board will review the contents of this Terms of Reference each year to ensure that it remains consistent with the Board's objectives and responsibilities.

Directors

The directors who held office during the year and to the date of this report were:

Emmanuel Nnorom	Non-Executive Director and Chairman. Resigned 29th July 2016.
Phillip Matlakala*	Non-Executive Director. Appointed Chairman 29th July 2016.
Livingstone Magorimbo**	Managing Director.
Henry Ationu	Executive Director.
Adim Jibunoh	Non-Executive Director .Resigned 29th July 2016
Blumerius Khan*	Non-Executive Director
Charles Egan***	Non-Executive Director .Appointed 29th July 2016
Bridgette Ofei***	Non-Executive Director .Appointed 29th July 2016
Olufemi Olasupo Adeyemo	Non-Executive Director .Appointed 29th July 2016
* South African citizen	**Zimbabwe Citizen *** Ghanaian Citizen

Directors' Shareholding

No director has a shareholding interest in the company.

Directors' Interests in Contracts

None of the directors has notified the company for the purpose of section 277 of the Companies and Allied Matters Act of their direct or indirect interest in contracts or proposed contracts with the company during the period.

UNITED METROPOLITAN NIGERIA LIFE INSURANCE LIMITED
(Formerly UBA Metropolitan Life Insurance Limited)

*Annual Financial Statements
For the year ended 31st December 2016*

Shareholding

According to the statement of share capital and return of allotment of shares, the shareholders in the company as at 31st December 2016 are as follows:

Shareholders	Percentage of Shares
Metropolitan International Holdings (Pty) Ltd	99.99%
MMI Strategic Investments (Pty) Ltd (one share only)	.01%

Auditor

The company's auditor, Akintola Williams Deloitte will resign at the 2017 AGM after completion of five audit engagements (2012 to 2016) in compliance with the rotational requirements mandated by NAICOM, most recently in section 2.22.d. of the Prudential Guidelines for Insurers and Reinsurers in Nigeria (2015).

Post Balance Sheet Events

There are no post balance sheet events that require disclosure in this directors' report.

By order of the Board

SECRETARY


Kingsley Odiadi
ERC/2013/NBA/00000002610
22 March 2017

UNITED METROPOLITAN NIGERIA LIFE INSURANCE LIMITED
(Formerly UBA Metropolitan Life Insurance Limited)

*Annual Financial Statements
For the year ended 31st December 2016*

**Statement of Directors' Responsibilities
For the preparation and approval of the Financial Statements**

The Directors of **UNITED METROPOLITAN NIGERIA LIFE INSURANCE LIMITED** are responsible for the preparation of the financial statements that give a true and fair view of the financial position of the Company as at 31 December 2016, and the results of its operations, cash flows and changes in equity for the period ended, in compliance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Allied Matters Act of Nigeria, the Insurance Act CP I17,LFN 2004 and the Financial Reporting Council of Nigeria Act, 2011.

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

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

The Directors are responsible for:

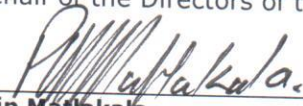
- designing, implementing and maintaining an effective and sound system of internal controls throughout the Company;
- maintaining adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of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

Going Concern:

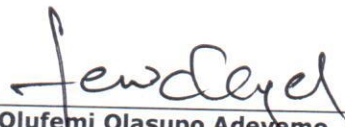
The Directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe the Company will not remain a going concern in the year ahead.

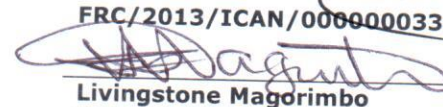
The financial statements of the Company for the year ended 31 December 2016 were approved by the Directors on 22 March 2017

On behalf of the Directors of the Company.


Phillip Matlakala
Chairman*


Nicholas Biezanek
Chief Financial Officer
FRC/2012/MULTI/00000010410


Olufemi Olasupo Adeyemo
Chairman, Audit and Compliance Committee
FRC/2013/ICAN/0000003349


Livingstone Magorimbo
MD and CEO
FRC/2013/CIIN/0000002611

*Financial Reporting Council of Nigeria waiver (See note 6.6)

INDEPENDENT AUDITOR'S REPORT

To the members of United Metropolitan Nigeria Life Insurance Limited (Formerly UBA Metropolitan Life Insurance Limited)

Opinion

We have audited the accompanying financial statements of **UNITED METROPOLITAN NIGERIA LIFE INSURANCE LIMITED** (Formerly UBA Metropolitan Life Insurance Limited) ("The Company") which comprise the statements of financial position as at 31 December 2016, statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows for the year then ended and the notes to the financial statements including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of **UNITED METROPOLITAN NIGERIA LIFE INSURANCE LIMITED** (Formerly UBA Metropolitan Life Insurance Limited) as at 31 December 2016 and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards, the Companies and Allied Matters Act Cap C20 LFN 2004, the Insurance Act CAP I17 LFN 2004 and the Financial Reporting Council of Nigeria Act, 2011.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the Institute of Chartered Accountants of Nigeria (ICAN) Professional Code of Conduct and Guide for Accountants and other independence requirements applicable to performing audits of financial statements in Nigeria. We have fulfilled our other ethical responsibilities in accordance with the ICAN Code and in accordance with other ethical requirements applicable to performing audits in Nigeria. The ICAN Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report, which we obtained prior to the date of this auditors' report. The other information does not include financial statements and our auditor's report thereon.

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

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

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

Responsibilities of the directors for the Financial Statements

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

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

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the Company's financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the Sixth Schedule of Companies and Allied Matters Act CAP C20 LFN 2004 we expressly state that:

- i) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.
- ii) The Company's financial position and its statement of profit or loss and other comprehensive income are in agreement with the books of account.
- iii) The Company has kept proper books of account, so far as appears from our examination of the books.

The Company has complied with the requirements of the relevant circulars and guidelines issued by the National Insurance Commission of Nigeria.

No contravention of any sections of the Insurance Act CAP I17 LFN 2004 and NAICOM Circulars/Guidelines came to our knowledge during the year ended 31 December 2016



For: Akintola Williams Deloitte
Chartered Accountants
Lagos, Nigeria
20 June, 2017



Engagement Partner: David Achugamonu FCA
FRC/2013/ICAN/00000000840

UNITED METROPOLITAN NIGERIA LIFE INSURANCE LIMITED
(Formerly UBA Metropolitan Life Insurance Limited)

Annual Financial Statements
For the year ended 31st December 2016

1. Company Information

United Metropolitan Nigeria Life Insurance Limited provides life insurance services in the corporate and financial institutional markets in Nigeria as well as the retail life insurance market. The company is a specialized life underwriter and was incorporated as a private limited liability company on 19th August 2004. The company is ultimately controlled by MMI Holdings Limited through its subsidiary Metropolitan International Holdings Pty Limited. The National Insurance Commission licensed the company on 14th February 2007 to carry on the business of life insurance in Nigeria.

Business Acquisition

The company acquires its business through registered brokers and directly through its own trained marketing staff. The brokers and marketing staff are adequately trained on the products of the company with emphasis on the selling process to ensure that there is no mis-selling of products. The brokers are remunerated through commission in line with the guidelines set by the regulator, NAICOM.

Underwriting

The company has documented underwriting guidelines and rules that are used for classifying insurance risks and these are enforced through the Underwriting Department of the company. Information collected from sources such as completed proposal forms and medical reports is used to determine where the applicant fits in relation to these guidelines, and therefore whether the applicant should be accepted, and if so on what terms. The impact of the underwriting guidelines is assessed through the achievement or otherwise of profit targets set by the company from time to time in line with the actuarial team of the company. The company also uses reinsurance to limit the exposure on its balance sheet and underwriting support is also received from its reinsurance partners.

Claims

The company has documented claims procedure manuals that guide its claims assessors on how to assess claims after the receipt of essential documentation and ensure that the set and agreed service level agreements are met and ensure the timely payment of claims. The processes capture how assessments are executed to ensure that all genuine claims are paid in line with the policy contracts and identify those claims that fall outside the policy terms and conditions. The prompt payment of claims is a key business driver.

Investments

All investments held to fund policy holder liabilities and shareholders' equity are actively managed and held at fair value with gains and losses recognized through the income statement (there are no other categories of investments). All investments are held in the nominee accounts of an independent investment custodian, whilst the management of these investments is managed by independent specialist asset managers. The Board has approved four separate fund mandates which specify the asset allocation parameters deemed most appropriate to manage the liquidity and risk profiles of the separate funds. All investments attributable to policy holder liabilities are hypothecated in specified investment funds and rebalanced after the completion of each six monthly internal actuarial valuation, which is complemented by the annual actuarial valuation in accordance with the requirements of the Insurance Act. The Board has adopted best international practice in respect of all aspects of the hypothecation, management and recording of investments.

Approval by the Board

These financial statements and notes were approved by the Board of Directors on 22 March 2017

UNITED METROPOLITAN NIGERIA LIFE INSURANCE LIMITED
(Formerly UBA Metropolitan Life Insurance Limited)

Annual Financial Statements
For the year ended 31st December 2016

2. Significant Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below

2 i Basis of Preparation of the Statements

The financial statements of United Metropolitan Nigeria Life Insurance Limited have been prepared on a going concern basis. The directors of the company have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and meet all capital adequacy requirements (Refer note 5.2)

In compliance with the requirements of the FRC, these financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) in issue by the International Accounting Standards Board (IASB) and effective or available as at 31st December 2013 and also in accordance with the International Financial Reporting Interpretations Committee (IFRIC)

These financial statements have been prepared on the historical cost basis except for the following which are carried at fair value or another measurement basis.

Fair value

- Financial instruments designated as at fair value through income.

Other measurement basis

- Long term insurance contracts and investment contracts are actuarially valued in accordance with the requirements of the Insurance Act Cap L17, LFN 2004.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the company's accounting policies. There are areas involving a high degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements. These judgments, assumptions and estimates are disclosed in the notes to the annual financial statements, in particular in notes 6 to 6.3, inter alia, covering allowances for the impairment of loans and receivables, assumptions and estimates on contract holder liabilities and valuation assumptions for financial instruments.

UNITED METROPOLITAN NIGERIA LIFE INSURANCE LIMITED
(Formerly UBA Metropolitan Life Insurance Limited)

*Annual Financial Statements
For the year ended 31st December 2016*

New and revised IFRS for 2016 annual financial statements and beyond

Amendments to IFRSs that are mandatorily effective for the year ended 31 December 2016

Similar to 2015, 2016 is a relatively quiet year, only a limited number of amendments to IFRSs became mandatorily effective. All these amendments to IFRSs generally require full retrospective application (i.e. comparative amounts have to be restated), with some amendments requiring prospective application.

For December year-end entities, below is a list of the amendments to IFRSs that are mandatorily effective for their 2016 financial year:

New standards and amendments that will be effective for reporting period that begin 1 January 2016

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

IFRS	Effective Date	Subject of standard/amendment
IFRS 14 Regulatory Deferral Accounts	1 January 2016	<p>IFRS 14 specifies the accounting for regulatory deferral account balances that arise from rate-regulated activities. The Standard is available only to first-time adopters of IFRSs who recognised regulatory deferral account balances under their previous GAAP. IFRS 14 permits eligible first-time adopters of IFRSs to continue their previous GAAP rate-regulated accounting policies, with limited changes, and requires separate presentation of regulatory deferral account balances in the statement of financial position and statement of profit or loss and other comprehensive income.</p> <p>Disclosures are also required to identify the nature of, and risks associated with, the form of rate regulation that has given rise to the recognition of regulatory deferral account balances.</p> <p>This standard does not impact on the consolidated financial statements as the Group does not provide services subject to rate regulation and in addition, the group has applied IFRS 1 in prior year when converting to IFRS.</p>

UNITED METROPOLITAN NIGERIA LIFE INSURANCE LIMITED
(Formerly UBA Metropolitan Life Insurance Limited)

Annual Financial Statements
For the year ended 31st December 2016

Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)	Effective for annual periods beginning on or after 1 January 2016	<p>The amendments to IFRS 11 provide guidance on how to account for the acquisition of an interest in a joint operation in which the activities constitute a business as defined in IFRS 3 Business Combinations. Specifically, the amendments state that the relevant principles on accounting for business combinations in IFRS 3 and other standards (e.g. IAS 12 Income Taxes regarding recognition of deferred taxes at the time of acquisition and IAS 36 Impairment of Assets regarding impairment testing of a cash-generating unit to which goodwill on acquisition of a joint operation has been allocated) should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation.</p> <p>A joint operator is also required to disclose the relevant information required by IFRS 3 and other standards for business combinations.</p>
--	---	---

UNITED METROPOLITAN NIGERIA LIFE INSURANCE LIMITED
(Formerly UBA Metropolitan Life Insurance Limited)

*Annual Financial Statements
For the year ended 31st December 2016*

<p>Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to IAS 16 and IAS 38)</p>	<p>Effective for annual periods beginning on or after 1 January 2016</p>	<p>The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:</p> <ul style="list-style-type: none"> a) when the intangible asset is expressed as a measure of revenue. For example, an entity could acquire a concession to explore and extract gold from a gold mine. The expiry of the contract might be based on a fixed amount of total revenue to be generated from the extraction and not be based on time or on the amount of gold extracted. Provided that the contract specifies a fixed total amount of revenue to be generated on which amortisation is to be determined, the revenue that is to be generated might be an appropriate basis for amortising the intangible asset; or b) when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated. Based on the assessment, it was noted that none of its intangible assets or property, plant and equipment are being amortised or depreciated based on revenue
---	--	--

UNITED METROPOLITAN NIGERIA LIFE INSURANCE LIMITED
(Formerly UBA Metropolitan Life Insurance Limited)

Annual Financial Statements
For the year ended 31st December 2016

Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)	Effective for annual periods beginning on or after 1 January 2016	<p>The amendments bring bearer plants, which are used solely to grow produce, into the scope of IAS 16 so that they are accounted for in the same way as property, plant and equipment. For the purpose of bringing bearer plants from the scope of IAS 41 into the scope of IAS 16 and therefore enabling entities to measure them at cost subsequent to initial recognition or at revaluation, a definition of a 'bearer plant' is introduced into both standards. A bearer plant is defined as a living plant that:</p> <ul style="list-style-type: none"> i. is used in the production or supply of agricultural produce; ii. is expected to bear produce for more than one period; and iii. has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales. <p>The scope sections of both standards are then amended to clarify that biological assets except for bearer plants are accounted for under IAS 41 while bearer plants are accounted for under IAS 16.</p>
--	---	--

UNITED METROPOLITAN NIGERIA LIFE INSURANCE LIMITED
(Formerly UBA Metropolitan Life Insurance Limited)

Annual Financial Statements
For the year ended 31st December 2016

Equity Method in Separate Financial Statements (Amendments to IAS 27)	Effective for annual periods beginning on or after 1 January 2016	<p>The amendments reinstate the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements. The amendments allow an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statements at cost, in accordance with IFRS 9 Financial Instruments (or IAS 39 Financial Instruments: Recognition and Measurement for entities that have not yet adopted IFRS 9), or using the equity method as described in IAS 28 Investments in Associates and Joint Ventures. The Group has assessed the impact of this amendment in its financial statements and noted that this amendment does not affect the entity's accounting treatment of its investment in its subsidiary.</p> <p>iii. Notes. The amendments add additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order so far listed in paragraph 114 of IAS 1. The IASB also removed guidance and examples with regard to the identification of significant accounting policies that were perceived as being potentially unhelpful</p>
---	---	--

UNITED METROPOLITAN NIGERIA LIFE INSURANCE LIMITED
(Formerly UBA Metropolitan Life Insurance Limited)

Annual Financial Statements
For the year ended 31st December 2016

Disclosure Initiative (Amendments to IAS 1)	Effective for annual periods beginning on or after 1 January 2016	<p>The amendments aim at clarifying IAS 1 to address perceived impediments to preparers exercising their judgment in presenting their financial reports. Disclosure Initiative (Amendments to IAS 1) makes the following changes:</p> <p>i. Materiality. The amendments clarify that (1) information should not be obscured by aggregating or by providing immaterial information, (2) materiality considerations apply to the all parts of the financial statements, and (3) even when a standard requires a specific disclosure, materiality considerations do apply.</p> <p>ii Statement of financial position and statement of profit or loss and other comprehensive income. The amendments (1) introduce a clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and (2) clarify that an entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss.</p> <p>iii. Notes. The amendments add additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order so far listed in paragraph 114 of IAS 1. The IASB also removed guidance and examples with regard to the identification of significant accounting policies that were perceived as being potentially unhelpful</p>
--	---	---

UNITED METROPOLITAN NIGERIA LIFE INSURANCE LIMITED
(Formerly UBA Metropolitan Life Insurance Limited)

Annual Financial Statements
For the year ended 31st December 2016

Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)	Effective for annual periods beginning on or after 1 January 2016	The amendments address issues that have arisen in the context of applying the consolidation exception for investment entities. Investment Entities: The amendments confirm that the exemption from preparing consolidated financial statements for an intermediate parent entity is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all of its subsidiaries at fair value. It also states that a subsidiary that provides services related to the parent's investment activities should not be consolidated if the subsidiary itself is an investment entity. In addition, when applying the equity method to an associate or a joint venture, a non-investment entity investor in an investment entity may retain the fair value measurement applied by the associate or joint venture to its interests in subsidiaries. In addition, an investment entity measuring all of its subsidiaries at fair value must provide the disclosures relating to investment entities as required by IFRS 12.
---	---	--

UNITED METROPOLITAN NIGERIA LIFE INSURANCE LIMITED
(Formerly UBA Metropolitan Life Insurance Limited)

*Annual Financial Statements
For the year ended 31st December 2016*

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Annual Improvements to IFRSs 2010 - 2012 Cycle
(Effective for annual periods beginning on or after 1 January 2016, except as detailed below)**

The Annual Improvements include amendments to a number of IFRSs, which have been summarised below:

Standard	Subject of amendment	Details
IFRS 5 Non-current Assets Held for Sale and Discontinued Operations	Changes in methods of disposal	The amendment introduces specific guidance in IFRS 5 for when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa). The amendment clarifies that such a change is considered as a continuation of the original plan of disposal and accordingly an entity should not apply paragraphs 27-29 of IFRS 5 regarding changes to a plan of sale in those situations
IFRS 7 Financial Instruments: Disclosures (with consequential amendments to IFRS 1)	(i) Servicing contracts (ii) Applicability of the amendments to IFRS 7 on offsetting disclosure to condensed interim financial statements	The amendment provides additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets. Also, the amendment clarifies that the offsetting disclosures are not specifically required for all interim periods. However, the disclosures may need to be included in the condensed interim financial statements to satisfy the requirements in IAS 34 Interim Financial Reporting.
IAS 19 Employee Benefits	Discount rate: regional market issue	The amendment clarifies that the rate used to discount post-employment benefit obligations should be determined by reference to market yields at the end of the reporting period on high quality corporate bonds. The basis for conclusions to the amendment also clarifies that the depth of the market for high quality corporate bonds should be assessed at a currency level which is consistent with the currency in which the benefits are to be paid. For currencies for which there is no deep market in such high quality bonds, the market yields (at the end of the reporting period) on government bonds denominated in that currency should be used

UNITED METROPOLITAN NIGERIA LIFE INSURANCE LIMITED
(Formerly UBA Metropolitan Life Insurance Limited)

*Annual Financial Statements
For the year ended 31st December 2016*

<p>IAS 34</p> <p>Interim Financial Reporting</p>	<p>Disclosure of information 'elsewhere in the interim financial report'.</p>	<p>The amendment clarifies the requirements relating to information required by paragraph 16A of IAS 34 that is presented elsewhere within the interim financial report but outside the interim financial statements. The amendment requires that such information to be included either in the interim financial statements or incorporated by way of a cross-reference from the interim financial statements to the other part of the interim financial report that is available to users on the same terms and at the same time as the interim financial statements</p>
--	---	--

UNITED METROPOLITAN NIGERIA LIFE INSURANCE LIMITED
(Formerly UBA Metropolitan Life Insurance Limited)

*Annual Financial Statements
For the year ended 31st December 2016*

New and revised IFRSs that are not mandatorily effective (but allow early application) for the year ending 31 December 2016

Below is a list of new and revised IFRSs that are not yet mandatorily effective (but allow early application) for the year ending 31 December 2016:

- i. IFRS 9 Financial Instruments;
- ii. IFRS 15 Revenue from Contracts with Customers;
- iii. Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- iv. IFRS 16 Leases
- v. Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses
- vi. Amendments to IAS 7 Additional disclosure on changes in financing activities
- vii. Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions
- viii. Amendments to IFRS 4 upon applying IFRS 9

IFRS 9 Financial Instruments

(Effective for annual periods beginning on or after 1 January 2018)

In July 2014, the IASB finalised the reform of financial instruments accounting and issued IFRS 9 (as revised in 2014), which contains the requirements for a) the classification and measurement of financial assets and financial liabilities, b) impairment methodology, and c) general hedge accounting. IFRS 9 (as revised in 2014) will supersede IAS 39 Financial Instruments: Recognition and Measurement upon its effective date.

Phase 1: Classification and measurement of financial assets and financial liabilities

With respect to the classification and measurement, the number of categories of financial assets under IFRS 9 has been reduced; all recognised financial assets that are currently within the scope of IAS 39 will be subsequently measured at either amortised cost or fair value under IFRS 9. Specifically:

- a debt instrument that (i) is held within a business model whose objective is to collect the contractual cash flows and (ii) has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding must be measured at amortised cost (net of any write down for impairment), unless the asset is designated at fair value through profit or loss (FVTPL) under the fair value option.
- a debt instrument that (i) is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets and (ii) has contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, must be measured at FVTOCI, unless the asset is designated at FVTPL under the fair value option.
- all other debt instruments must be measured at FVTPL.
- all equity investments are to be measured in the statement of financial position at fair value, with gains and losses recognised in profit or loss except that if an equity investment is not held for trading, an irrevocable election can be made at initial recognition to measure the investment at FVTOCI, with dividend income recognised in profit or loss.

UNITED METROPOLITAN NIGERIA LIFE INSURANCE LIMITED
(Formerly UBA Metropolitan Life Insurance Limited)

Annual Financial Statements
For the year ended 31st December 2016

IFRS 9 also contains requirements for the classification and measurement of financial liabilities and derecognition requirements. One major change from IAS 39 relates to the presentation of changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk of that liability. Under IFRS 9, such changes are presented in other comprehensive income, unless the presentation of the effect of the change in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as FVTPL is presented in profit or loss.

Phase 2: Impairment methodology

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

Phase 3: Hedge accounting

The general hedge accounting requirements of IFRS 9 retain the three types of hedge accounting mechanisms in IAS 39. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify as hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is no longer required. Far more disclosure requirements about an entity's risk management activities have been introduced.

The work on macro hedging by the IASB is still at a preliminary stage - a discussion paper was issued in April 2014 to gather preliminary views and direction from constituents with a comment period which ended on 17 October 2014. The project is under deliberation at the time of writing.

Transitional provisions

IFRS 9 (as revised in 2014) is effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. If an entity elects to apply IFRS 9 early, it must apply all of the requirements in IFRS 9 at the same time, except for those relating to:

1. the presentation of fair value gains and losses attributable to changes in the credit risk of financial liabilities designated as at FVTPL, the requirements for which an entity may early apply without applying the other requirements in IFRS 9; and
2. hedge accounting, for which an entity may choose to continue to apply the hedge accounting requirements of IAS 39 instead of the requirements of IFRS 9.

An entity may early apply the earlier versions of IFRS 9 instead of the 2014 version if the entity's date of initial application of IFRS 9 is before 1 February 2015. The date of initial application is the beginning of the reporting period when an entity first applies the requirements of IFRS 9.

UNITED METROPOLITAN NIGERIA LIFE INSURANCE LIMITED
(Formerly UBA Metropolitan Life Insurance Limited)

Annual Financial Statements
For the year ended 31st December 2016

IFRS 9 contains specific transitional provisions for i) classification and measurement of financial assets; ii) impairment of financial assets; and iii) hedge accounting. Please see IFRS 9 for details.

IFRS 15 Revenue from Contracts with Customers
(Effective for annual periods beginning on or after 1 January 2018)

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. It will supersede the following revenue Standards and Interpretations upon its effective date:

- IAS 18 Revenue;
- IAS 11 Construction Contracts;
- IFRIC 13 Customer Loyalty Programmes;
- IFRIC 15 Agreements for the Construction of Real Estate;
- IFRIC 18 Transfers of Assets from Customers; and
- SIC 31 Revenue-Barter Transactions Involving Advertising Services.

As suggested by the title of the new revenue Standard, IFRS 15 will only cover revenue arising from contracts with customers. Under IFRS 15, a customer of an entity is a party that has contracted with the entity to obtain goods or services that are an output of the entity's ordinary activities in exchange for consideration.

Unlike the scope of IAS 18, the recognition and measurement of interest income and dividend income from debt and equity investments are no longer within the scope of IFRS 15. Instead, they are within the scope of IAS 39 Financial Instruments: Recognition and Measurement (or IFRS 9 Financial Instruments, if IFRS 9 is early adopted).

As mentioned above, the new revenue Standard has a single model to deal with revenue from contracts with customers. Its core principle is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The new revenue Standard introduces a 5-step approach to revenue recognition and measurement:

- Step 1: Identify the contract with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Far more prescriptive guidance has been introduced by the new revenue Standard:

- Whether or not a contract (or a combination of contracts) contains more than one promised good or service, and if so, when and how the promised goods or services should be unbundled.
- Whether the transaction price allocated to each performance obligation should be recognised as revenue over time or at a point in time. Under IFRS 15, an entity recognises revenue when a performance obligation is satisfied, which is when 'control'

UNITED METROPOLITAN NIGERIA LIFE INSURANCE LIMITED
(Formerly UBA Metropolitan Life Insurance Limited)

Annual Financial Statements
For the year ended 31st December 2016

of the goods or services underlying the particular performance obligation is transferred to the customer. Unlike IAS 18, the new Standard does not include separate guidance for 'sales of goods' and 'provision of services'; rather, the new Standard requires entities to assess whether revenue should be recognised over time or a particular point in time regardless of whether revenue relates to 'sales of goods' or 'provision of services'.

- When the transaction price includes a variable consideration element, how it will affect the amount and timing of revenue to be recognised. The concept of variable consideration is broad; a transaction price is considered variable due to discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses, penalties and contingency arrangements. The new Standard introduces a high hurdle for variable consideration to be recognised as revenue – that is, only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.
- When costs incurred to obtain a contract and costs to fulfil a contract can be recognised as an asset.

Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify that the exemption from preparing consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all its subsidiaries at fair value in accordance with IFRS 10. Consequential amendments have also been made to IAS 28 to clarify that the exemption from applying the equity method is also applicable to an investor in an associate or joint venture if that investor is a subsidiary of an investment entity that measures all its subsidiaries at fair value.

The amendments further clarify that the requirement for an investment entity to consolidate a subsidiary providing services related to the former's investment activities applies only to subsidiaries that are not investment entities themselves.

Moreover, the amendments clarify that in applying the equity method of accounting to an associate or a joint venture that is an investment entity, an investor may retain the fair value measurements that the associate or joint venture used for its subsidiaries.

Lastly, clarification is also made that an investment entity that measures all its subsidiaries at fair value should provide the disclosures required by IFRS 12 Disclosures of Interests in Other Entities.

The amendments apply retrospectively for annual periods beginning on or after 1 January 2016 with earlier application permitted.

IFRS 16 Leases

IFRS 16 Leases was issued, it specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

Effective date of this standard is 1 January 2018

UNITED METROPOLITAN NIGERIA LIFE INSURANCE LIMITED
(Formerly UBA Metropolitan Life Insurance Limited)

Annual Financial Statements
For the year ended 31st December 2016

Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses

IAS 12 Income Taxes was amended to clarify the following aspects: Unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use. The carrying amount of an asset does not limit the estimation of probable future taxable profits. Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences. An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilization of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

Effective date of the amendment is 1 January, 2017

Amendments to IAS 7 Additional disclosure on changes in financing activities

IAS 7 was amended to clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

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

IFRS 2 was amended to clarify the standard in relation to the accounting for cash-settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features, and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled.

Effective date is 1 January 2018

Amendments to IFRS 4 upon applying IFRS 9

IFRS 4 Insurance Contracts was amended to provide two options for entities that issue insurance contracts within the scope of IFRS 4:

- i. an option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets; this is the so-called overlay approach;
- ii. an optional temporary exemption from applying IFRS 9 for entities whose predominant activity is issuing contracts within the scope of IFRS 4; this is the so-called deferral approach.

The application of both approaches is optional and an entity is permitted to stop applying them before the new insurance contracts standard is applied. Overlay approach to be applied when IFRS 9 is first applied.

2.1 GENERAL ACCOUNTING POLICIES

Functional and Presentation Currency

Items included in the financial statements are measured using the currency that best reflects the primary economic environment in which each entity operates ("the functional currency"). The financial statements are presented in Nigerian Naira ("the presentation currency"), which is also the functional currency of the company.

UNITED METROPOLITAN NIGERIA LIFE INSURANCE LIMITED
(Formerly UBA Metropolitan Life Insurance Limited)

*Annual Financial Statements
For the year ended 31st December 2016*

Preparation of Financial Statements

The financial statements are prepared on the going concern basis of accounting. The statement of financial position is presented based on liquidity. The income statement is presented on the function of expense method, with sub classification by nature provided in the notes. In the statement of cash flows, the cash flows from operating activities are reported on the indirect method. The financial statements are presented in Nigerian Naira which is the functional currency of the company.

The Regulatory Authority of the National Insurance Commission

United Metropolitan Nigeria Life Insurance Limited is regulated by the National Insurance Commission (NAICOM), and all regulatory requirements and guidelines of the Commission are operative. These regulatory requirements, inter alia, relate to the maintenance of minimum regulatory capital, (note 5.2), the strict hypothecation of all investments funding policy holder liabilities (note 5.3.3) and rigid observance of the 'no premium, no cover' regulations (refer trade and other receivables-above).

Contingent Liabilities

Contingent liabilities are reflected when the company has a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company, or it is possible but not probable that an outflow of resources will be required to settle an obligation, or the amount of the obligation cannot be measured with sufficient reliability.

Asset Allocations to Policy Holder Holders and Shareholders/Other Liabilities

As detailed in note 5.3.3 and in accordance with the fundamental principles of risk management and in accordance with section 19 and 25 of the Insurance Act 2003, the company ensures that every category of policy holder liabilities is matched by an appropriate profile of liquid investments, for which the benchmark allocations are specified in individual fund mandates.

Leases

Finance leases

Leases of equipment where substantially all the risks and rewards incidental to ownership have been transferred to the company are classified as finance leases. There are currently no finance leases as the company purchases outright all fixed assets.

Operating leases

Leases where substantially all the risks and rewards incidental to ownership have not been transferred to the company are classified as operating leases. Payments made are charged to the income statement on a straight-line basis over the period of the lease.

Provisions

Provisions are recognised when, as a result of past events, the company has a present legal or constructive obligation, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are measured as the present value of the expenditure required to settle the obligation at the reporting date.

UNITED METROPOLITAN NIGERIA LIFE INSURANCE LIMITED
(Formerly UBA Metropolitan Life Insurance Limited)

Annual Financial Statements
For the year ended 31st December 2016

2.2 POLICIES ON ITEMS IN STATEMENT OF FINANCIAL POSITION

2.2.1 Cash and Cash Equivalents

Cash and cash equivalents are carried in the statement of financial position at amortised cost (cost plus accrued interest) which approximates fair value. Cash and cash equivalents comprise cash on hand, deposits held at call with banks and other short-term, highly liquid investments with original maturities of three months or less and are subject to an insignificant risk of change in value. Bank balances that are held for investment purposes are included in funds on deposit and other money market instruments with a maturity of three months or less. Operating bank balances are included in bank and other cash balances.

2.2.2 Financial Instruments at Fair Value through Profit or Loss

Financial assets are designated as fair value through income at inception if they are:

- held to match insurance and investment contract holder liabilities that are linked to the changes in fair value of these assets, thereby eliminating or significantly reducing an accounting mismatch that would otherwise arise from measuring assets and liabilities or recognising the gains and losses on them on different bases
- managed, with their performance evaluated on a fair value basis, in accordance with portfolio mandates that specify the investment strategy

These assets are initially recognised at fair value and transaction costs directly attributable to acquiring these financial assets are expensed in the income statement. Subsequent fair value adjustments are recognised in the income statement.

A financial asset or financial liability is recognised on the statement of financial position when, and only when, the company becomes a party to the contractual provisions of the instrument.

Purchases and sales of investments are recognised on trade date, being the date on which the company commits to purchase or sell the asset. Financial instruments are initially recognised at fair value and are thereafter carried at fair value.

The fair value of quoted investments is based on closing Nigerian Stock Exchange (NSE) quoted prices. For unlisted debt securities and corporate bonds where the market is not active, the company establishes fair value by using valuation techniques disclosed in note 6.3.

Financial assets are de-recognised when the right to receive cash flows from the investments has expired or has been transferred, and the company has transferred substantially all risks and rewards of ownership

Realised and unrealised gains and losses arising from changes in the value of financial assets at fair value through income are included in the income statement in the period in which they arise. Interest income and dividend income arising on these assets are disclosed separately as investment income in the income statement.

UNITED METROPOLITAN NIGERIA LIFE INSURANCE LIMITED
(Formerly UBA Metropolitan Life Insurance Limited)

Annual Financial Statements
For the year ended 31st December 2016

2.2.3 Trade Receivables

In accordance with Section 50.1 of the Insurance Act of 2003, as reinforced by National Insurance Commission directives, all insurance cover shall be provided on a strict 'no premium no cover basis'. Consequently, only cover for which payment has been received, directly by the underwriter, or indirectly through a duly licensed insurance broker, shall be recognizable as income. Trade receivables have been recognised if settled in cash within 30 days of the balance sheet date and provided that there has been compliance with the NAICOM directive on Insurance Premium Collection and Remittance. "

Receivables for individual life contracts are fully impaired upon the expiration of the grace period allowed per the terms of the contract as outlined in note 3.3.1

2.2.4 Other Receivables and Prepayments

Other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment.

2.2.5 Reinsurance Asset

Contracts entered into by the company with reinsurers under which the company is compensated for losses on one or more contracts issued by the company and that meet the classification requirements for insurance contracts are classified as reinsurance contracts held. The benefits to which the company is entitled under its reinsurance contracts held are recognised as reinsurance assets. These assets consist of short-term balances due from reinsurers (classified as receivables), as well as longer term receivables (classified as reinsurance assets) that are dependent on the expected claims and benefits arising under the related reinsured insurance contract. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. The aggregate value of reinsurance contracts is determined actuarially

Impairment of reinsurance assets

If there is objective evidence that the reinsurance asset is impaired, the company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the income statement. The reinsurance risk is centred with a reinsurer with a B+ international rating.

2.2.6 Property Plant and Equipment

Measurement

Property, plant and equipment is stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

UNITED METROPOLITAN NIGERIA LIFE INSURANCE LIMITED
(Formerly UBA Metropolitan Life Insurance Limited)

Annual Financial Statements
For the year ended 31st December 2016

Depreciation

All assets are depreciated using the straight-line method to allocate their cost less their residual values over their estimated useful lives, as follows

Furniture and fittings	5 years
Leasehold Improvements	5 years
Computer equipment	5 years
Motor Vehicles	4 years

The residual values and useful lives of the assets are reviewed at each reporting date and adjusted if appropriate.

Gains and losses

Gains and losses on disposal of assets are determined by comparing proceeds with carrying amounts and are included in the income statement in the year of disposal.

Impairment

Equipment is reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. An impairment loss is recognised immediately for the amount by which the carrying amount of the asset exceeds its recoverable amount, the latter being the higher of the fair value less cost to sell of the asset and its value in use.

2.2.7 Computer Software (Intangible Assets)

Recognition and measurement

Acquired computer software

Acquired computer software licenses are capitalised on the basis of the cost incurred to acquire and bring to use the specific software. These costs are amortised on the basis of an expected useful life of five years, which is assessed annually, using the straight-line method. Included in acquired computer software is the Exergy system license which is amortised over an expected useful life of 5 years.

Impairment

Computer software is reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, the latter being the higher of the fair value less cost to sell, and the value in use.

2.2.8 Insurance and Investment Contracts

United Metropolitan Nigeria Life Insurance Limited issues contracts that transfer insurance risk or financial risk or both. For the purposes of valuations and profit recognition, contracts are divided into investment and insurance contracts. Insurance contracts are those contracts that transfer significant insurance risk to the company, whereas investment contracts transfer financial risk. Investment contracts are comprised of the liabilities on policies in force as actuarially computed on the reporting date.

UNITED METROPOLITAN NIGERIA LIFE INSURANCE LIMITED
(Formerly UBA Metropolitan Life Insurance Limited)

Annual Financial Statements
For the year ended 31st December 2016

Classification of contracts

The classification of contracts is determined at the inception of each contract. The classification of the contract at inception remains the classification of the contract for the remainder of its lifetime, until all rights and obligations are extinguished or expired unless the terms of an investment contract change to such an extent that the original contract is derecognised and a new contract is recognised with a new classification.

Insurance contract Liabilities

Insurance risk is risk, other than financial risk, transferred from the holder of a contract to the issuer. Insurance risk is significant if an insured event could cause an insurer to pay benefits on the occurrence of an insured event that are significantly more than the benefits payable if the insured event did not occur.

Financial risk is the risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, provided that in the case of a non-financial variable, the variable is not specific to a party to the contract.

Insurance contracts are those under which the company accepts significant insurance risk from another party (contract holder) by agreeing to pay compensation if a specified uncertain future event (the insured event) adversely affects the contract holder.

Insurance contracts may transfer financial risk as well as insurance risk. However, in all instances where significant insurance risk is transferred, the contract is classified as an insurance contract.

Assumptions used in the valuation basis are reviewed periodically and any changes in estimates are reflected in the income statement as they occur. The underlying assumptions are disclosed in note 6.2.

An analysis of the components of insurance contract liabilities is itemized in note 3.8.1. An additional unexpired risk reserve arises after testing via pooled industry claims data the UPR in respect of its adequacy to meet claims in respect of the unexpired period.

Legacy Investment Contract Liabilities.

The company's forerunner issued investment contracts (closed to new business) with fixed terms. In respect of these contracts, actuarial valuation techniques are used to establish the fair value at each reporting date. These investment contracts transfer no significant insurance risk and have reached maturity.

2.2.9 Current Income Tax Liabilities

Current tax is provided for at the amount expected to be paid, using the tax rates and in respect of laws that have been substantively enacted at the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

UNITED METROPOLITAN NIGERIA LIFE INSURANCE LIMITED
(Formerly UBA Metropolitan Life Insurance Limited)

Annual Financial Statements
For the year ended 31st December 2016

Deferred Income Tax

Deferred income tax is provided for in full, at the current tax rates and in terms of laws substantively enacted at the reporting date, in respect of temporary differences between the tax bases of assets and liabilities and their carrying values for financial reporting purposes, using the liability method. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss, it is not accounted for. Deferred tax assets are recognised for tax losses and unused tax credits carried forward only to the extent that realisation of the related future tax benefit is probable.

2.2.10.1 Paid Up Share Capital

Ordinary shares are classified as Share Capital Equity.

2.2.10.2 Share Premium

Any amounts received over and above the par value of shares issued are classified as 'share premium' in equity.

2.2.10.3 Issue Costs

Incremental external costs directly attributable to the issue of new shares, other than in connection with business combinations, are recognised in equity as a deduction from the proceeds

2.2.10.4 Contingency Reserve

The company maintains a contingency reserve in accordance with the provisions of the Insurance Act 2003 to cover fluctuations in statistical estimates as prescribed by section 22b of the Act in respect of life insurance business. The contingency reserve is credited with an amount equal to 1% of gross premium or 10% of the profits after tax (whichever is greater) and accumulated until it reaches the amount of the minimum paid-up capital.

2.2.10.5 Retained Earnings

The retained earnings represent the amount available for dividend distribution to the equity shareholders of the company. Refer to the statement of changes in equity for the movements in retained earnings.

2.2.10.5 Statutory Deposit

The statutory deposit represents 10% of the paid up capital of the company deposited with the Central Bank of Nigeria (CBN) as mandated by S10(3) of the Insurance Act 2003. The deposit is measured at cost and interest is paid twice annually at rates determined by the CBN.

2.2.11 TRADE PAYABLES AND OTHER PAYABLES And ACCRUALS

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

UNITED METROPOLITAN NIGERIA LIFE INSURANCE LIMITED
(Formerly UBA Metropolitan Life Insurance Limited)

*Annual Financial Statements
For the year ended 31st December 2016*

2.3 POLICIES ON ITEMS IN THE STATEMENT OF COMPREHENSIVE INCOME

2.3.1 Insurance Premiums

Only insurance premiums and annuity considerations received from insurance contracts are recognised as revenue in the income statement, gross of commission and reinsurance premiums and excluding taxes and levies. Where annual premiums are paid in instalments, the outstanding balances of these premiums are recognised only when received, and time apportioned in respect of the recognition of risk. Receivables are only recognised in respect of individual life contracts whilst the grace period is operative (refer note 3.2.1). Policy 2.2.2 above re insurance receivables incorporates the adherence to the policy of no premium. No cover into the recognition of group life premiums on a cash basis only.

Reinsurance premiums

Reinsurance recoveries are accounted for in the same period as the related claim.

2.3.2 Acquisition Costs (Fees and commission expense)

Acquisition costs, disclosed as sales remuneration, consist of commission payable on insurance contracts and expenses directly related thereto (including bonuses payable to sales staff and the company's contribution to their retirement and medical aid funds). These costs are expensed when incurred. The bases of the actuarial valuation make allowance for the recoupment of commission related acquisition costs; therefore, no explicit deferred acquisition cost asset is recognised in the statement of financial position for contracts valued on this basis.

2.3.3 Net Insurance Benefits and Claims

Insurance benefits and claims incurred under insurance contracts include death, disability, maturity, and annuity and surrender payments and are recognised in the income statement based on the estimated liability for compensation owed to the contract holder. Death, disability and surrender claims are recognised when incurred. These claims also include claim events, which occurred before the reporting date, but have not been fully processed. Claims in the process of settlement are recognised as a component of insurance contract liabilities in the statement of financial position. Maturity and annuity claims are recognised when they are due for payment.

2.3.4 Change in Insurance Contract Liabilities

Policy 2.2.8 (above) describes the classification of policy holder liabilities and Note 6.2 below outlines the basis of the actuarial assumptions and estimates deployed in the valuation of policy holder liabilities. Note 3.8 itemizes the components of the changes in insurance contract liabilities. The individual components of insurance risk are itemized in Note 5.7

2.3.5 Employee Benefits

Pension and provident fund obligations

The company makes all contributions as stipulated in the Pension Reform Act of 2004, and these payments are remitted to the Pension Fund Administrator as elected by each employee.

UNITED METROPOLITAN NIGERIA LIFE INSURANCE LIMITED
(Formerly UBA Metropolitan Life Insurance Limited)

Annual Financial Statements
For the year ended 31st December 2016

Bonus plans

The company pays performance bonuses to senior employees of the company and thirteenth cheque bonuses to staff members. Performance bonuses are based on defined objectives, taking into account past business experience and future strategic issues as agreed upon by the Board of directors. The company recognizes a provision when contractually obliged.

2.3.6 Revenue Recognition

Revenue is recognised as follows:

Investment Income

Interest income

Interest income is recognised in the income statement, using the effective interest rate method, and taking into account the expected timing and amount of cash flows. Interest income includes the amortisation of any discounts or premiums or other difference between the initial carrying amount of an interest-bearing instrument and its amount at maturity, calculated on an effective interest rate method.

Dividend income

Dividends received are recognised in the income statement when received.

2.3.7 Expense Recognition

Other expenses include auditor's remuneration, consulting fees, direct property expenses, information technology expenses, marketing costs, indirect taxes and other expenses not separately disclosed and are expensed as incurred.

The company maintains a detailed chart of accounts in respect of the nature of revenue/expenses. The company also maintains individual cost/profit centres in respect of all principal functions within the company and all transactions are allocated into the most appropriate cost/profit centre. The function performed by a cost centre enables the classification of expenses into Underwriting Expenses or Management Expenses as disclosed in note 3.17.1.

UNITED METROPOLITAN NIGERIA LIFE INSURANCE LIMITED
(Formerly UBA Metropolitan Life Insurance Limited)

*Annual Financial Statements
For the year ended 31st December 2016*

Statement of Profit or Loss and other Comprehensive Income

	Notes	31-Dec 16 (N'000)	31-Dec-15 (N'000)
Gross premium income written	3.14	2,036,522	2,289,935
(Increase)/decrease in UPR reserves	3.8	43,790	(214,265)
Gross premium income		2,080,312	2,075,670
Reinsurance premium expense	3.14	(368,244)	(231,012)
Net premium income		1,712,068	1,844,658
Changes in Long Term insurance contract liabilities	3.8	205,464	256,709
Claims Expense	3.15	(1,202,464)	(1,201,607)
Underwriting expenses	3.17	(1,297,852)	(932,582)
Underwriting loss		(582,784)	(32,822)
Investment Income	3.18	777,203	765,267
Fair value gains and losses	3.19	(76,332)	117,059
Other operating Income- profit/(loss) on disposal of PPE		1,110	(1,197)
Management expenses	3.17.1	(187,980)	(152,406)
Profit before tax		(68,783)	695,901
Income tax expense	3.11.2	(12,185)	(21,012)
Net (loss)/Profit after Tax		(80,968)	674,889
Other comprehensive income for the year, net of tax			
Items that will not be classified subsequently to profit or loss		-	-
Items that will be reclassified subsequently to profit or loss		-	-
Other Comprehensive income for the year, net of income tax		-	-
Total comprehensive (loss)/income for the year		(80,968)	674,889
Transfer to Contingency Reserve		(20,365)	(67,489)
Retained (Loss)/Profit for the year		(101,333)	607,400
Basic earnings per share (kobo)	3.20	(8.10)	67.49

UNITED METROPOLITAN NIGERIA LIFE INSURANCE LIMITED
(Formerly UBA Metropolitan Life Insurance Limited)

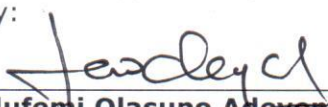
Annual Financial Statements
For the year ended 31st December 2016

Statement of Financial Position

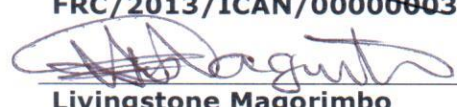
	Notes	31-Dec-16 (N'000)	31-Dec-15 (N'000)
Assets			
Cash and Cash Equivalents	3.1	1,183,502	2,430,532
Financial Instruments at fair value through profit and loss	3.2	4,489,401	3,751,089
Trade Receivables	3.3.1	-	737
Other Receivables and Prepayments	3.3.2	119,029	35,163
Reinsurance Asset	3.4	220,074	261,251
Property Plant and Equipment	3.5	162,702	69,759
Intangible Assets	3.6	1,329	2,205
Statutory Deposit	3.7	200,000	200,000
Total Assets		6,376,037	6,750,736
Liabilities			
Insurance Contract Liabilities	3.8	2,158,177	2,452,731
Investment Contract Liabilities	3.9	53,440	53,440
Trade Payables	3.10.1	3,103	1,762
Other Payables and Accruals	3.10.2	202,485	194,243
Current Income Tax Liabilities	3.11.1	15,781	24,542
Total Liabilities		2,432,986	2,726,718
Equity			
Paid Up Share capital	3.13	1,000,000	1,000,000
Share Premium	3.13	2,494,862	2,494,862
Contingency Reserve	3.13.1	251,645	231,280
Retained Earnings	3.13.2	196,544	297,876
Total Equity		3,943,051	4,024,018
Total Equity and Liabilities		6,376,037	6,750,736

The financial statements and notes on pages 28 to 60 were approved by the Board of Directors on 22nd March 2017 and were signed on its behalf by:


Phillip Matlakala
Chairman *


Olufemi Olasupo Adeyemo
Chairman, Audit and Compliance Committee
FRC/2013/ICAN/00000003349


Nicholas Biezanek
Chief Financial Officer
FRC/2012/MULTI/00000010410


Livingstone Magorimbo
MD and CEO
FRC/2013/CIIN/00000002611

*Financial Reporting Council of Nigeria waiver (See note 6.6)

UNITED METROPOLITAN NIGERIA LIFE INSURANCE LIMITED
(Formerly UBA Metropolitan Life Insurance Limited)

Annual Financial Statements
For the year ended 31st December 2016

STATEMENT OF CHANGES IN EQUITY

	Share Capital (N'000)	Share Premium (N'000)	Retained earnings (N'000)	Contingency Reserve (N'000)	Total Equity (N'000)
Balance at 1 January 2016	1,000,000	2,494,862	297,876	231,280	4,024,018
Profit after Tax for Year	-	-	(80,968)	-	(80,968)
Other Comprehensive Income	-	-	-	-	-
Total Comprehensive Income	-	-	(80,968)	-	(80,968)
Transfer to Contingency Reserve (per note 3.13)	-	-	(20,365)	20,365	-
Balance at 31 December 2016	1,000,000	2,494,862	196,544	251,645	3,943,051

	Share Capital (N'000)	Share Premium (N'000)	Retained earnings (N'000)	Contingency Reserve (N'000)	Total Equity (N'000)
Balance at 1 January 2015	1,000,000	2,494,862	(309,524)	163,791	3,349,129
Profit after Tax for Year	-	-	674,889	-	674,889
Other Comprehensive Income	-	-	-	-	-
Total Comprehensive Income	-	-	674,889	-	674,889
Transfer to Contingency Reserve (per note 5.13.2)	-	-	(67,489)	67,489	-
Balance at 31 December 2015	1,000,000	2,494,862	297,876	231,280	4,024,018

UNITED METROPOLITAN NIGERIA LIFE INSURANCE LIMITED
(Formerly UBA Metropolitan Life Insurance Limited)

Annual Financial Statements
For the year ended 31st December 2016

STATEMENT OF CASH FLOWS

	Note	31-Dec 16 (N'000)	31-Dec-15 (N'000)
Cash flow from operating activities			
Premium received		2,028,832	2,333,163
Interest received		772,934	758,522
Dividends received	3.18	6,708	6,744
Claims recovered from reinsurance		289,104	188,180
Commission paid		(231,291)	(252,622)
Reinsurance premiums paid	3.14.1	(364,775)	(267,397)
Underwriting expenses		(1,088,726)	(645,811)
Management expenses		(187,813)	(152,406)
Claims paid	3.15	(1,499,160)	(1,303,426)
		(274,187)	664,947
Tax paid		(20,946)	(15,850)
Net cash from operating activities		(295,133)	649,097
Cash flow from investing activities			
Proceeds from disposal of fixed assets		1,110	3,336
Purchase of equipment		(136,144)	(49,464)
Acquisition of treasury bills		(2,657,739)	(188,252)
Bond redemption proceeds		1,840,876	365,497
Net cash generated by/used in investing activities		(951,897)	131,117
Net cash generated by financing activities		-	-
Net (decrease)/ increase in cash and cash equivalents		(1,247,030)	780,214
Cash and cash equivalents at 1 January	3.1	2,430,532	1,650,318
Cash and cash equivalents at 31 December	3.1	1,183,502	2,430,532

This statement of cash flows is presented on the DIRECT METHOD BASIS in accordance with section 2.6 of the revised Prudential Guidelines effective July 2015. A reconciliation to the indirect method is provided in note 3.23

UNITED METROPOLITAN NIGERIA LIFE INSURANCE LIMITED
(Formerly UBA Metropolitan Life Insurance Limited)

Annual Financial Statements
For the year ended 31st December 2016

NOTES TO THE FINANCIAL STATEMENTS

1. Company Information

Company information is presented as a precursor to the section on Accounting Policies which precedes the primary financial statements.

2. Significant Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are presented in the dedicated section which precedes the primary financial statements.

	31-Dec 16 (N'000)	31-Dec-15 (N'000)
3 DETAILED NOTES TO THE FINANCIAL STATEMENTS		
3.1 Cash and Cash Equivalents		
Bank and other cash balances	113,317	347,567
Funds on deposit and other money market instruments	1,070,185	2,082,965
Cash and cash equivalents	1,183,502	2,430,532
3.2 Financial Instruments		
Designated as at fair value through income		
Equity securities	112,765	140,770
Debt securities	901,518	2,838,500
Funds on deposit and other money market instruments	3,475,118	771,819
	4,489,401	3,751,089
Open ended	112,765	140,770
Current	3,733,309	-
Non - current	643,326	3,610,319
	4,489,401	3,751,089
3.3.1 Trade Receivables		
Receivables arising from investment contracts.	-	737
Investment contract holders	-	737
Less allowance for impairment	-	-
Current	-	737
Non-current	-	-
	-	737

The allowance for impairment is computed by reference to the terms and conditions of the standard individual life policy which states that premiums are due on the first day of every month. A grace period of 30 days is allowed to pay a premium. If, at the end of a grace period, four premiums are outstanding, the policy will lapse and all United Metropolitan's obligations shall cease except that if the value of the Investment Fund is positive, the Policy will be converted to a paid-up policy and no further premiums will be payable, but supplementary benefits, if any, will be cancelled.

UNITED METROPOLITAN NIGERIA LIFE INSURANCE LIMITED
(Formerly UBA Metropolitan Life Insurance Limited)

*Annual Financial Statements
For the year ended 31st December 2016*

NOTES TO THE FINANCIAL STATEMENTS

	31-Dec 16 (N'000)	31-Dec-15 (N'000)
3.3.2 Other Receivables and Prepayments		
Prepayments	119,029	35,163
Current	82,609	35,163
Non-current	36,420	-
	119,029	35,163
3.4 Reinsurance Asset		
Prepaid reinsurance (refer to Note 3.4.1)	75,985	79,454
Reinsurance share recoverable on	-	-
Reinsurance Share of IBNR (refer to Note 3.4.2)	125,137	181,797
Reinsurance share of claims paid (refer to Note 3.4.3)	18,952	-
Total reinsurance asset	220,074	261,251
Current	171,927	228,646
Non-current	48,147	32,605
	220,074	261,251

Reinsurance

In respect of both credit life and group business, the reinsurance asset is arrived at by reference to the unexpired portion of the reinsurance premium. Additionally there is a statistically determined reinsurance component of the gross IBNR provision.

	31-Dec 16 (N'000)	31-Dec-15 (N'000)
3.4.1 Prepaid Reinsurance		
Balance at the beginning	79,454	43,069
Reinsurance paid during the year	364,775	267,397
Reinsurance amortisation	(368,244)	(231,012)
Balance at the end of the year (refer to note 3.4)	75,985	79,454
3.4.2 Reinsurance share of IBNR		
Balance at the beginning	181,797	163,195
Changes during year as actuarially determined	(56,660)	18,602
Balance at the end of the year (refer to Note 3.4)	125,137	181,797

UNITED METROPOLITAN NIGERIA LIFE INSURANCE LIMITED
(Formerly UBA Metropolitan Life Insurance Limited)

Annual Financial Statements
For the year ended 31st December 2016

NOTES TO THE FINANCIAL STATEMENTS

	31-Dec-16 (N'000)	31-Dec-15 (N'000)
3.4.3 Reinsurance Recoverable on paid claims		
Balance at the beginning	-	11,031
Reinsurance recoverable on claims paid (refer to note 3.15)	308,056	177,149
Receipts from reinsurers during the year	(289,104)	(188,180)
Balance at the end of the year (refer to note 3.4)	18,952	-

3.5 PROPERTY, PLANT and EQUIPMENT (SUMMARY)

	31-Dec-16 (N'000)	31-Dec-15 (N'000)
Cost	419,304	290,920
Accumulated depreciation	(256,602)	(221,161)
Carrying amount	162,702	69,759
Carrying amount at 1 January	69,759	57,698
Additions	136,144	49,464
Assets written off/disposals	-	(2,139)
Depreciation charge	(43,201)	(35,264)
Carrying amount at 31 December	162,702	69,759

Fixed assets:

The movement on fixed asset accounts during the year was as follows:

	Leasehold Improvement (N'000)	Motor Vehicle (N'000)	Computer Equipment (N'000)	Furniture and fittings (N'000)	TOTAL (N'000)
COST:					
At 1 January 2015	32,730	99,459	84,857	38,647	255,693
Additions	558	38,318	10,588	-	49,464
Disposal	-	(12,479)	(1,758)	-	(14,237)
Write off	-	-	-	-	-
End of year (31 December 2015)	33,288	125,298	93,687	38,647	290,920
DEPRECIATION:					
At 1 January 2015	27,750	70,468	62,560	37,217	197,995
Additions (charge for year)	4,224	21,471	8,774	795	35,264
Disposal	-	(10,340)	(1,758)	-	(12,098)
Write off	-	-	-	-	-
End of year (31 December 2015)	31,974	81,599	69,576	38,012	221,161
NET BOOK VALUE					
At 31 December, 2015	1,314	43,699	24,111	635	69,759
At 31 December, 2014	4,980	28,991	22,297	1,430	57,698

UNITED METROPOLITAN NIGERIA LIFE INSURANCE LIMITED
(Formerly UBA Metropolitan Life Insurance Limited)

Annual Financial Statements
For the year ended 31st December 2016

NOTES TO THE FINANCIAL STATEMENTS

	Leasehold Improvement (N'000)	Motor Vehicle (N'000)	Computer Equipment (N'000)	Furniture and fittings (N'000)	TOTAL (N'000)
COST:					
At 1 January 2016	33,288	125,298	93,687	38,647	290,920
Additions	36,110	49,277	8,574	42,183	136,144
Disposal	-	(7,760)	-	-	(7,760)
Write off	-	-	-	-	-
At 31 December 2016	69,398	166,815	102,261	80,830	419,304
DEPRECIATION:					
At 1 January 2015	31,974	81,599	69,576	38,012	221,161
Additions (charge for year)	3,371	29,237	8,836	1,757	43,201
Disposal	-	(7,760)	-	-	(7,760)
Write off	-	-	-	-	-
At 31 December 2016	35,345	103,076	78,412	39,769	256,602
NET BOOK VALUE					
At 31 December, 2016	34,053	63,739	23,849	41,061	162,702
At 31 December, 2015	1,314	43,699	24,111	635	69,759

	31-Dec 16 (N'000)	31-Dec-15 (N'000)
3.6 Intangible Assets		
<i>Purchased Software Licenses</i>		
Cost	56,256	56,256
Accumulated amortisation and	(54,927)	(54,051)
Carrying amount	1,329	2,205
Carrying amount at beginning	2,205	3,081
Additions	-	-
Amortisation charge	(876)	(876)
Carrying amount at end	1,329	2,205
3.7 Statutory Deposit		
Statutory Deposit with CBN (being 10% of minimum regulatory capital)	200,000	200,000

UNITED METROPOLITAN NIGERIA LIFE INSURANCE LIMITED
(Formerly UBA Metropolitan Life Insurance Limited)

Annual Financial Statements
For the year ended 31st December 2016

NOTES TO THE FINANCIAL STATEMENTS

	31-Dec 16 (N'000)	31-Dec-15 (N'000)
3.8 Insurance Contract Liabilities		
<i>Movement in insurance contract liabilities</i>		
Balance at 1 January	2,452,731	2,406,243
Decrease in Annuity Business (exited from business)	-	(761)
Increase/(Decrease)in actuarial valuation of Individual contracts (refer to note 3.8)	(205,464)	(255,948)
(Decrease)/Increase in UPR Reserves (including additional unexpired risk reserve)	(43,790)	214,265
Increase (decrease)in IBNR Reserves	(41,591)	105,889
Decrease in Claims in the process of settlement	(3,709)	(12,299)
Decrease in Legacy claims provision	-	(4,658)
Total Insurance Contract Liabilities as actuarially valued (refer note 3.8.1)	<u>2,158,177</u>	<u>2,452,731</u>
3.8.1 Analysis Of Insurance Contract Liabilities		
Individual Risk Business	975,883	1,181,347
Additional unexpired risk reserve	26,851	10,125
UPR Reserves	477,180	537,696
IBNR Reserves	618,936	660,527
Claims in process of settlement	5,424	9,133
Legacy claim provision	53,903	53,903
Total Insurance Contract Liabilities as actuarially valued (refer note 3.8)	<u>2,158,177</u>	<u>2,452,731</u>
The hypothecation of assets to fund these liabilities is outlined in note 5.3.3		
3.9 Investment Contracts		
Legacy Investment Contract Liabilities	53,440	53,440
Total Investment Contract Liabilities as actuarially valued	<u>53,440</u>	<u>53,440</u>
The hypothecation of assets to fund these liabilities is outlined in note 5.3.3		
<i>Movement in Investment Contracts</i>		
Balance at beginning	53,440	53,440
Movements (closed to business in 2007)	-	-
Profit/(Loss)	-	-
Balance at end	<u>53,440</u>	<u>53,440</u>

This Legacy Investment Fund was closed to new business in 2007 and is a legacy from Heirs Life Assurance Limited.

UNITED METROPOLITAN NIGERIA LIFE INSURANCE LIMITED
(Formerly UBA Metropolitan Life Insurance Limited)

Annual Financial Statements
For the year ended 31st December 2016

NOTES TO THE FINANCIAL STATEMENTS

	31-Dec 16 (N'000)	31-Dec-15 (N'000)
3.10.1 Trade Payables		
Due to agents	3,103	1,762
Current	3,103	1,762
Non-current	-	-
3.10.2 Other Payables And Accruals		
Intercompany account with Metropolitan International Holdings (Pty) Ltd	69,917	36,563
Accrued Expenditure	132,568	149,253
	21,930	23,524
	27,220	24,500
	11,672	6,000
	19,706	34,655
	52,040	60,574
Premiums in Advance	-	8,427
	202,485	194,243
Current	202,485	194,243
Non-current	-	-
3.11 Income Tax		
3.11.1 Current income tax liabilities		
Balance at 1 January	24,542	19,380
Charged to income statement	12,185	21,012
Additional provisions	12,185	14,057
Technology Levy	-	6,955
Unused amounts reversed	-	-
Payments during the year	(20,946)	(15,850)
Balance at 31 December	15,781	24,542
3.11.2 Income tax expense		
Current taxation		
Normal tax-Nigeria	12,185	14,057
Prior year (over)/under provision		
Technology Levy (1% of pre tax profits)		6,955
	12,185	21,012
3.12 Tax rate reconciliation	%	%
	30	30
Effective rate after adjustment for status of insurance premiums	-	-
Minimum tax charge on ranking components of investment income (refer below)	6	6
	6	6

UNITED METROPOLITAN NIGERIA LIFE INSURANCE LIMITED
(Formerly UBA Metropolitan Life Insurance Limited)

Annual Financial Statements
For the year ended 31st December 2016

NOTES TO THE FINANCIAL STATEMENTS

The income tax expense is determined by section 16.9.c of CITA (Companies Income Tax Act) which stipulates a minimum tax charge on life assurance companies on certain components of taxable investment income. 20% of such income shall be available as total profit of the company for tax purposes. This translates into an actual charge of 6% on such income at the prevailing corporate tax rate of 30%. A Government Gazette, however, in 2012 granted exemption for 10 years from any taxation imposed by CITA on a variety of FGN securities and bonds and consequently the impact of section of 16.9.c of CITA is diluted. In accordance with the company's accounting policies, a **deferred tax asset** of N848,978 million (2015 N698.384 million) is not recognized because there is little probability of any future tax benefit emanating from this deferred tax computation.

	31-Dec 16 (N'000)	31-Dec-15 (N'000)
3.13 Share Capital And Share Premium		
Authorised share capital		
1000 000 000 ordinary shares of N1 each	<u>1,000,000</u>	<u>1,000,000</u>
Issued share capital and premium		
Nominal value of shares in issue		
Ordinary shares of N1 each	1,000,000	1,000,000
Share premium	<u>2,494,862</u>	<u>2,494,862</u>
	<u>3,494,862</u>	<u>3,494,862</u>
3.13.1 Contingency Reserve		
Balance at 1st January	231,280	163,791
Transfer from Retained Earnings (policy note 2.2.10.4)	<u>20,365</u>	<u>67,489</u>
	<u>251,645</u>	<u>231,280</u>
3.13.2 RETAINED EARNINGS		
Balance at 1 January	297,876	(309,524)
Transfer from statement of Comprehensive Income	(80,968)	674,889
Transfer to Contingency Reserve (note 3.13.2)	<u>(20,365)</u>	<u>(67,489)</u>
	<u>196,544</u>	<u>297,876</u>

The Contingency Reserve is an appropriation as mandated by section 22(b) of the Insurance Act.

	31-Dec 16 (N'000)	31-Dec-15 (N'000)
3.14 GROSS AND NET INSURANCE PREMIUM		
Premiums received on Insurance Contracts	2,036,522	2,289,935
Previous UPR released	547,821	333,556
New UPR created	(504,031)	(547,821)
Premiums received ceded to reinsurers (refer to note 3.14.1)	<u>(368,244)</u>	<u>(231,012)</u>
	<u>1,712,068</u>	<u>1,844,658</u>

UNITED METROPOLITAN NIGERIA LIFE INSURANCE LIMITED
(Formerly UBA Metropolitan Life Insurance Limited)

Annual Financial Statements
For the year ended 31st December 2016

NOTES TO THE FINANCIAL STATEMENTS

	31-Dec 16 (N'000)	31-Dec-15 (N'000)
3.14.1 REINSURANCE EXPENSE		
Prepaid reinsurance at 1 January (refer to note 3.4.1)	79,454	43,069
Prepaid premium during the year (refer to note 3.4.1)	364,775	267,397
Prepaid premium at 31 December (refer to note 3.4.1)	<u>(75,985)</u>	<u>(79,454)</u>
Total reinsurance expense (refer to note 3.4.1)	<u>368,244</u>	<u>231,012</u>
3.15 Net Insurance Benefits And Claims		
Death and disability claims paid	1,086,195	930,796
Maturity claims paid	284,909	207,856
Surrenders/Terminations paid	127,536	167,754
Withdrawal benefits paid	520	1,660
Gross claims paid during the year	1,499,160	1,308,066
Changes in outstanding claims	(3,709)	(16,597)
Increase/(Decrease)in IBNR Reserves (note 3.8)	<u>(41,591)</u>	<u>105,889</u>
Gross claims expense	1,453,860	1,397,358
Recoveries from Reinsurers (see note 3.4.3)	<u>(308,056)</u>	<u>(177,149)</u>
Actuarial reduction in reinsurance share of IBNR (3.4.2)	56,660	(18,602)
Net Insurance Benefits and Claims	<u>1,202,464</u>	<u>1,201,607</u>
3.16 Acquisition Costs		
Commission incurred for the acquisition of insurance contracts	<u>232,632</u>	<u>251,543</u>
3.17 Underwriting Expenses		
Acquisition Expenses (refer note 3.16)	232,632	251,543
Maintenance Expenses (refer note 3.17.1)	<u>1,065,220</u>	<u>681,039</u>
	<u>1,297,852</u>	<u>932,582</u>
3.17.1 Total Operating Expenses		
Personnel costs	344,719	271,855
Asset management fees	23,640	30,945
Auditors' remuneration	16,400	13,500
Audit fees	16,400	13,500
Fees for other services	-	-
Bank charges	1,066	9,617
Consulting fees	33,343	15,406
Information technology expenses	52,833	29,058
Marketing costs	266,747	69,543
Underwriting and other expenses	440,881	363,550
Depreciation (note 3.5)	43,201	35,264
Software amortization (note 3.6)	876	876
Allowance for/(release of) Individual Life premium	-	(36,246)
Other indirect taxes	-	10,118
Travel and entertainment expenses	<u>29,493</u>	<u>19,969</u>
Total Operating Expenses	<u>1,253,200</u>	<u>833,455</u>

UNITED METROPOLITAN NIGERIA LIFE INSURANCE LIMITED
(Formerly UBA Metropolitan Life Insurance Limited)

Annual Financial Statements
For the year ended 31st December 2016

NOTES TO THE FINANCIAL STATEMENTS

Based on the departmental costing of the company, total operating expenses are allocated as follows based on the function of each cost/profit centre as per accounting policy 2.3.7

	31-Dec-16 (N'000)	31-Dec-15 (N'000)
Maintenance Expenses (note 3.17)	1,065,220	681,039
Management Expenses	<u>187,980</u>	<u>152,406</u>
Total Operating Expenses	<u>1,253,200</u>	<u>833,455</u>

The number of employees of the company, other than directors, who received emoluments in the following ranges was:
(Other emolument disclosures are made in note 4.1.2 on Related Party Transactions)

N500,001 – N1000,000	1	3
N1,000,001 – N1,500,000	12	10
N1,500,001 – N2,000,000	13	17
N2,000,000 – N2,500,000	7	5
N2,500,001 – N3,000,000	3	2
N3,000,001 – N3,500,000	3	4
N3,500,001 – N4,000,000	3	3
N4,000,001 – N5,000,000	3	8
N5,000,001 – N6,000,000	8	-
N6,000,001 – N7,000,000	-	1
N7,000,001 – N8,000,000	1	1
N8,000,000 and above	10	7

	31-Dec 16 (N'000)	31-Dec-15 (N'000)
3.18 Investment Income		
Designated as at fair value through income	6,708	6,744
Dividend income – listed- attributable to Insurance Contracts	<u>6,708</u>	<u>6,744</u>
Interest income	770,496	758,523
Designated as at fair value through income	<u>594,538</u>	<u>554,113</u>
Cash and cash equivalents	<u>175,958</u>	<u>204,410</u>
Total Investment Income	<u>777,203</u>	<u>765,267</u>
Investment Interest Income accrued to policy holder funds (refer note 5.3.3) as follows:		
Attributable to policyholders	<u>318,780</u>	<u>285,687</u>
Attributable to shareholders	<u>458,423</u>	<u>479,580</u>
Total Investment income	<u>777,203</u>	<u>765,267</u>

UNITED METROPOLITAN NIGERIA LIFE INSURANCE LIMITED
(Formerly UBA Metropolitan Life Insurance Limited)

Annual Financial Statements
For the year ended 31st December 2016

NOTES TO THE FINANCIAL STATEMENTS

	31-Dec 16	31-Dec-15
	(N'000)	(N'000)
3.19 Net Realised And Fair Value Gains		
Financial instruments designated at fair value through income	(76,332)	117,059
Attributable to policyholders	(6,704)	(6,111)
Attributable to shareholders	(69,628)	123,170
Total Net Realized and Fair Value Gains (Losses)	(76,332)	117,059
3.20 Earnings Per Share		
Basic earnings per share attributable to equity holders	(8.10)	67.4
Earnings	(80,968)	674,889
Weighted average number of ordinary shares in issue (thousands)	1,000,000	1,000,000
3.21 Capital and Lease Commitments		
Capital commitments		
Authorised but not contracted	-	-
Authorised and contracted	-	-

3.22 Contingent Liabilities

In 2015 FIRS conducted a full audit for the years 2009 to 2012. In the Summary of the audit findings received on 14th May 2015, FIRS indicated an arrears liability for N23.935 million in respect of underpaid company income tax. The company's liability for income tax emanates from section 16.9.c of CITA and is a minimum tax levied on 20% on the taxable income of the company (effective tax charge equals 6%, being a 30% tax rate on 20% of taxable income). Applicable as at 1st January 2012, the President of the Federal Republic of Nigeria issued a government gazette exempting, for a period of ten years, any tax imposed under the Companies Income Tax Act (CITA) on any interest earned in respect of bonds issued by Federal, State, Local Government and corporate bodies and also in respect of Federal Government Treasury bills and promissory notes. On 1st June 2015, the company's tax consultants issued a letter of objection to FIRS based on the failure of FIRS to apply the above detailed exemptions. FIRS are still to respond to this letter of objection, and until such a response is received, the BOARD cannot make a determination on any future course of action. The tax computations for 2013, 2014 and 2015 have also been based on the exemptions granted under the 2012 Gazette. These exemptions are quite unequivocal, and the 2012 Gazette is completely devoid of any restrictions or limitations in respect to its domain or applicability.

UNITED METROPOLITAN NIGERIA LIFE INSURANCE LIMITED
(Formerly UBA Metropolitan Life Insurance Limited)

Annual Financial Statements
For the year ended 31st December 2016

NOTES TO THE FINANCIAL STATEMENTS

3.23 Reconciliation of Direct Cash Flow Method to Indirect Method

	Note	31-Dec 16 (N'000)	31-Dec-15 (N'000)
Cash Flow from Operating Activities			
Cash flow from operating activities:			
Profit/(Loss) before tax		(68,782)	695,901
Adjusted for:			
Depreciation charges	3.5	43,201	35,264
Software amortization charges	3.6	876	876
(Profit)/Loss on disposal of equipment	3.17.1	1,110	(1,197)
Unrealized portion net fair value (gains)/losses on financial assets		76,332	(117,059)
Release from allowance for derecognition of premium arrears	3.17.1	-	(36,246)
Changes in operating assets and liabilities			
Change in reinsurance asset	3.4	41 177	(43,956)
Insurance contract liabilities		(294,554)	46,488
Trade Receivables		737	44,926
Other Receivables and Prepayments		(83,866)	4,503
Trade Payables		1,341	(1,079)
Other Payables		8,242	36,526
Cash utilized in operations		(274,186)	664,947
Income tax paid	3.11.1	(20,946)	(15,850)
Cash utilized in operations		(295,132)	649,097

4.00 Related Party Transactions

4.1 Holding Company

The ultimate holding company is MMI Holdings Limited registered in South Africa whose shares are widely held by public and non-public shareholders.

4.1.2 Transactions with Directors and Key Personnel and their Families

Remuneration is paid to directors in the form of fees and sitting allowances and retirement benefits to non-executive directors and remuneration to executive directors"

The aggregate remuneration of the directors of the company is set out below

	31-Dec 16 (N'000)	31-Dec-15 (N'000)
Fees and sitting allowances paid to non-executive directors	8,319	3,650
Retirement gratuities for non-executive directors		-
Salaries and other benefits paid to executive directors	96,426	69,565
Post-employment benefits paid to executive directors	1,120	1,072
Key management personnel other than executive directors		
Short term employee benefits only	33,771	21,316

UNITED METROPOLITAN NIGERIA LIFE INSURANCE LIMITED
(Formerly UBA Metropolitan Life Insurance Limited)

Annual Financial Statements
For the year ended 31st December 2016

NOTES TO THE FINANCIAL STATEMENTS

4.1.3 Staff share schemes

There is no staff share scheme in operation

4.1.4 Transactions with other related parties

	<u>Relationship</u>	31-Dec-16 N'000	31-Dec-15 N'000
Actuarial and Technical Fees paid to Metropolitan International	<i>Shareholder</i>	67,592	54,640
Insurance system license fees paid to Metropolitan International	<i>Shareholder</i>	24,235	16,818
Asset management fees paid to the UBA Capital Group	<i>Shareholder (former)</i>		30,945

4.1.5 Information on Directors and Employees

There were no other material transactions with any key management personnel in these reporting periods

4.2 Disclosure of Contraventions

In accordance with section 2.21 of the 2015 Naicom Prudential Guidelines, the penalties imposed upon the company were N0.750 million (2015 NIL). The penalties were imposed for seeking a name change application at the Corporate Affairs Commission before being in possession of a NAICOM 'No Objection Letter' and because the initial submission of the 2015 AFS to NAICOM were restated by directives of NAICOM.

5 Risk Management

A key financial and investment risk for the company is that the proceeds from its assets will not be sufficient to fund the obligations arising from its insurance and investment contracts. The risk arises from the presence of financial or insurance risk in the contracts issued by the company. This section provides information on the processes and structures in place to manage and mitigate such risks.

Responsibility for risk management

The board is ultimately responsible for risk management. The board has delegated the assessment of the quality, integrity and reliability of the company's risk management processes to the Board Enterprise Risk Management, Remuneration and Governance Committee (ERMRC).

- The United Metropolitan Board ERMRC provides executive oversight and review of the information presented by the Risk Officer (RO).
- The United Metropolitan's Chief Executive Officer is accountable to the Board for the management of risks facing United Metropolitan and is supported in the management of these risks by business unit executives and line management.
- The RO acts on behalf of the Board and the Board ERMRC to provide guidance and oversight over the implementation of risk management processes in specialized risk disciplines as well as to coordinate risk reporting at corporate level.
- The United Capital Investment Managers provide specialized guidance to the Board ERMRC in respect of all investment strategies and the optimization of investment returns and the management of related risks.

UNITED METROPOLITAN NIGERIA LIFE INSURANCE LIMITED
(Formerly UBA Metropolitan Life Insurance Limited)

Annual Financial Statements
For the year ended 31st December 2016

NOTES TO THE FINANCIAL STATEMENTS

- The United Capital Investment Managers execute all investment related decisions in accordance with fund mandates and oversight from the Board ERMRC and the custodianship of all investments vests in nominee accounts managed by UBA Global Investor Services.

5.1 Capital management

The solvency margin of a Nigerian Life Assurance company is defined in the recapitalization Guidelines of 2005 as reinforced by various sections of the in force National Insurance Commission Guidelines. This margin is currently stated at N2 billion naira. Additionally the company is twice annually apprised, via FSV actuarial valuations, of Capital Adequacy (CAR) ratios as prescribed in the Professional Guidance Note 104 of the Actuarial Society of South Africa. These actuarial reports indicate that the company holds a sufficient level of excess assets over its liabilities to enable it to withstand adverse and unforeseen circumstances and thus protect its solvency and the interests of its policy holders.

Key objectives of the company's capital management programme are:

- to maintain the optimal level of capital in the most cost efficient way. The optimal capital level is achieved through balancing the needs of the regulators and policyholders, and to manage the levels of capital across the company to keep them in line with the long-term capital requirements of the company;
- that the level of capital reflects the company's risk appetite;
- to optimise the level of capital, the investment of the capital and the future use of this capital to the benefit of all stakeholders; and
- to ensure that there is sufficient capital available for profitable business growth.

5.2 Capital adequacy requirement

The company is required to maintain a minimum regulatory capital base of N2 billion. The company has complied with this requirement in both these reporting periods after recapitalization in 2010. Additionally the company's actuaries twice annually compute the capital ratios embodied in the concept of the capital adequacy requirement (CAR). This is available to meet obligations in the event of substantial deviations from the main experience assumptions affecting the company's investment and insurance business.

The CAR is determined in accordance with the guidelines as prescribed in SAP 104. It is a risk-based capital measure that is intended to provide a reasonable confidence level that insurers will be able to meet their existing liabilities.

The company's monthly management accounts are subjected to models which simulate the actuarial process so that the Board is continually apprised of the actuarial consequences of financial results. This process, inter alia, ensures that the maintenance of regulatory minimum capital is constantly monitored. The consequences of full conversion to IFRS as at 1st January 2011 and the first time adoption of IFRS did not impact the preservation of minimum regulatory capital.

UNITED METROPOLITAN NIGERIA LIFE INSURANCE LIMITED
(Formerly UBA Metropolitan Life Insurance Limited)

*Annual Financial Statements
For the year ended 31st December 2016*

NOTES TO THE FINANCIAL STATEMENTS

5.3 Asset allocations to shareholder funds and insurance contract liabilities

5.3.1 Assets

The following table reconciles the assets of the statement of financial position to the classes used for asset liability matching by the company in all instances where assets are managed and performance is evaluated against mandates.

Designated as at fair value through income

	31-Dec-16 (N'000)	31-Dec-15 (N'000)
Equity securities	112,765	140,770
Local listed	112,765	140,770
Unlisted	-	-
Debt securities		
Stock of and loans to governments and other public bodies	901,518	2,838,500
Local listed	643,326	2,582,073
Local unlisted		-
Other debt securities		
Local listed		
Unlisted	258,192	256,427
Funds on deposit and other money market instruments	3,475,118	771,819
Other Receivables and Prepayments	119,029	35,163
Accounts receivable	119,029	35,163
Trade Receivables	-	737
Cash and cash equivalents	1,183,502	2,430,532
Statutory deposit	200,000	200,000
Other assets	384,105	333,216
Total assets	6,376,037	6,750,737

UNITED METROPOLITAN NIGERIA LIFE INSURANCE LIMITED
(Formerly UBA Metropolitan Life Insurance Limited)

*Annual Financial Statements
For the year ended 31st December 2016*

NOTES TO THE FINANCIAL STATEMENTS

5.3.2 Liabilities

The following table reconciles the financial liabilities of the statement of financial position to liability classes:

	31-Dec 16 (N'000)	31-Dec-15 (N'000)
Investments contracts	53,440	53,440
Legacy Investment Contract Liabilities	53,440	53,440
Insurance contract liabilities	2,158,177	2,452,731
Individual risk without participation in profits	975,883	1,181,347
Group business UPR and AURR	312,618	382,596
Group Business IBNR	618,936	660,527
Credit life business	191,413	165,225
Legacy Claim Provision	53,903	53,903
Claims in the process of settlement	5,424	9,133
Trade and other payables	205,588	196,005
Intercompany account with Metropolitan International (Pty) Ltd	69,917	36,563
Other payables	135,672	159,442
Employee benefit obligations	-	-
Total liabilities	2,432,986	2,726,718

5.3.3 Asset allocations to policy holders and shareholders/other liabilities.

In accordance with the fundamental principles of risk management and in accordance with section 19 and 25 of the Insurance Act 2003, the company ensures that every category of policy holder liabilities is matched by an appropriate profile of liquid investments, for which the benchmark allocations are specified in individual fund mandates. The allocation of assets to accommodate the profile of policy holder liabilities is summarized as follows:

UNITED METROPOLITAN NIGERIA LIFE INSURANCE LIMITED
(Formerly UBA Metropolitan Life Insurance Limited)

Annual Financial Statements
For the year ended 31st December 2016

NOTES TO THE FINANCIAL STATEMENTS

	Insurance contract liabilities (N'000)	Investment contract liabilities (N'000)	Shareholder's/ other Liabilities (N'000)
31 December 2016			
Held at fair value through income			
Equity securities	112,765		
Local listed	112,765		
Debt securities			901,518
Stock of and loans to governments and other public bodies			
Local listed			643,326
Local unlisted			
Other debt securities			
Local listed			
Unlisted			258,192
Funds on deposit and other money market instruments	1,784,252	53,440	1,637,426
Trade receivables			119,029
Other Receivables and prepayments			
Staff advances			-
Accounts receivable			119,029
Cash and cash equivalents	278,604		904,899
Statutory deposit			200,000
Other assets			384,105
Total assets	2,175,621	53,440	4,146,977

UNITED METROPOLITAN NIGERIA LIFE INSURANCE LIMITED
(Formerly UBA Metropolitan Life Insurance Limited)

*Annual Financial Statements
For the year ended 31st December 2016*

NOTES TO THE FINANCIAL STATEMENTS

	Insurance contract liabilities (N'000)	Investmen t contract liabilities (N'000)	Shareholder's/ other Liabilities (N'000)
31 December 2015			
Designated as at fair value through income			
Equity securities	140,770		-
Local listed	140,770		-
Debt securities	1,385,254		1,453,246
Stock of and loans to governments and other public bodies			
Local listed	1,385,254		1,196,819
Local unlisted	-		-
Other debt securities			
Local listed			
Unlisted	-		256,427
Funds on deposit and other money market instruments	164,007	53,440	554,372
Trade receivables			737
Other receivables and prepayments	-		35,163
Loans			-
Accounts receivable	-		35,163
Cash and cash equivalents	782,700		1,647,832
Statutory deposit	-		200,000
Other assets	-		333,216
Total assets	2,472,731	53,440	4,224,566

The particulars of the actuarial values of policy holder liabilities is outlined in note 3.8.1 and 3.9

UNITED METROPOLITAN NIGERIA LIFE INSURANCE LIMITED
(Formerly UBA Metropolitan Life Insurance Limited)

Annual Financial Statements
For the year ended 31st December 2016

NOTES TO THE FINANCIAL STATEMENTS

5.4 Analysis of assets not carried at fair value

The following table provides an analysis of the fair value of financial assets not carried at fair value in the statement of financial position.

	31-Dec 16 (N'000)	31-Dec-15 (N'000)
Assets		
Cash and cash equivalents	1,183,502	2,430,532
Trade receivables	-	737
Other receivables and prepayments	119,029	35,163
	1,302,531	2,466,432

For other receivables and prepayments, trade receivables as well as cash and cash equivalents, the carrying value approximates fair value due to their short-term nature.

5.5 Analysis of assets into the various levels

The following table provides an analysis of the financial assets at fair value into the various levels:

31 December 2016	Level 1 N'000	Level 2 N'000	Level 3 N'000	Total N'000
Designated as at fair value through income	756,091	258,192		1,014,283
Equity securities	112,765			112,765
Debt securities	643,326	258,192		901,518

31 December 2015	Level 1 N'000	Level 2 N'000	Level 3 N'000	Total N'000
Designated as at fair value through income	2,722,843	256,427		2,979,270
Equity securities	140,770			140,770
Debt securities	2,582,073	256,426		2,838,500

5.6 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

One of the tools that United Metropolitan Life Insurance Ltd uses to manage its credit risk is through restrictive fund mandates for money market and debt instruments as these instruments comprise 96% (31-Dec-15: 96%) of the assets exposed to credit risk. Portfolios managed by United Asset Management Ltd are managed according to this policy.

Within Nigeria's jurisdictions, there is little rated paper, apart from government bonds. Local investments made within Nigeria's jurisdictions must be executed with counterparties that are accorded the highest credit grade in the United Capital Group's Credit Policy.

UNITED METROPOLITAN NIGERIA LIFE INSURANCE LIMITED
(Formerly UBA Metropolitan Life Insurance Limited)

Annual Financial Statements
For the year ended 31st December 2016

NOTES TO THE FINANCIAL STATEMENTS

No exposure is permitted to leveraged credit instruments, e.g. instruments where exposure to an entity or small group of entities can cause greater losses across the portfolio than the proportionate share of the defaulting entity or entities.

Exposure and probability of default can also be mitigated by means such as:

- Choosing senior over subordinated debt;
- Buying into tranches that procure preferential payment; and
- Transacting through markets where settlement is guaranteed.

Reinsurance is used to manage insurance risk. This does not, however, discharge the company's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the company remains liable for the payment to the policyholder. The credit worthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to finalisation of any contract.

The company's maximum exposure to credit risk is through the following classes of assets. Excluded from any deemed exposure to credit risk are holdings of FGN bonds and Treasury Bills and the statutory deposit placed with the CBN.

	31-Dec 16 (N'000)	31-Dec-15 (N'000)
FGN bonds	643,326	2,582,073
Treasury Bills	3,475,118	771,819
Statutory Deposit with CBN	200,000	200,000
	<u>4,318,444</u>	<u>3,553,892</u>
Designated as at fair value through income		
Debt securities	258,192	256,426
Other debt securities	<u>258,192</u>	<u>256,426</u>
Funds on deposit and other money market instruments	-	-
Trade receivables	-	737
Reinsurance Contracts	220,074	261,251
Cash and cash equivalents	<u>1,183,502</u>	<u>2,430,532</u>
Total assets bearing credit risk	<u>1,661,768</u>	<u>2,948,946</u>

Security and credit enhancements

- For debt securities, and cash and cash equivalents, the credit risk is managed through the company's credit risk exposure policy described above.
- Reinsurance is placed with reputable companies. The credit rating of the company is assessed when placing the business and where there is a change in the status of the reinsurer. If a reinsurer fails to pay a claim, the company remains liable for the payment to the contract holder.

UNITED METROPOLITAN NIGERIA LIFE INSURANCE LIMITED
(Formerly UBA Metropolitan Life Insurance Limited)

*Annual Financial Statements
For the year ended 31st December 2016*

NOTES TO THE FINANCIAL STATEMENTS

The assets in the credit risk table above are analysed in the table below using local Nigerian ratings as published by external, independent agencies

	31-Dec 16 (N'000)	31-Dec-15 (N'000)
Debt securities	258,192	256,426
AAA	-	-
AA	-	-
A+ Lagos State Fixed Rate Redeemable Bond 2014 SERIES 1 (matured 9th Feb 2014 and paid in full)	-	-
A UBA Fixed Rate Subordinated Unsecured Notes	258,192	256,426
BBB- Flourmill Fixed Rate Senior Unsecured Bonds Maturing 2015	-	-
Unrated	-	-
Cash and cash equivalents and funds on deposit	1,183,502	2,430,532
AAA		
AA		
A		
BBB		
Counterparties approved by UBA Group Credit Committee	1,183,502	2,430,532
Other unrated assets		
Trade receivables	-	737
Reinsurance contracts (counterparty has B+ international rating)	220,074	261,251
	1,661,768	2,984,108

There were no assets in either 2016 or 2015 that were past due as at the reporting date but not impaired.

5.7 Insurance risk

Insurance risk is the risk that benefit payments and expenses exceed the carrying amount of the company's insurance liabilities. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year. Statistically, the larger the portfolio of similar insurance contracts, the smaller the relative variability of the expected outcome will be. Similarly, diversification of the portfolio with respect to risk factors reduces insurance risk.

UNITED METROPOLITAN NIGERIA LIFE INSURANCE LIMITED
(Formerly UBA Metropolitan Life Insurance Limited)

Annual Financial Statements
For the year ended 31st December 2016

NOTES TO THE FINANCIAL STATEMENTS

Mortality, morbidity and medical risks

Underwriting processes are in place to manage exposure to death, disability and medical risks. The most significant measures are:

- Premium rates are required to be certified by the statutory actuary as being financially sound.
- Regular realized loss ratio experience investigations are conducted and used to set premium rates.
- Reinsurance arrangements are negotiated in order to limit the risk on any individual contract including 'ad hoc' facultative arrangements'.

The nature of risks varies depending on the class of business. The material classes of business most affected by these risks are discussed below:

Individual insurance business

These are contracts providing benefits on death, disability, accident, medical events and survival that are sold directly to individuals. The company has minimal exposure to these risks

Group insurance business

- These are contracts that provide life and/or disability cover to members of a group (e.g. clients or employees of a specific company).
 - Underwriting processes may be streamlined, with cover supplied up to certain limits without underwriting.
- How risks are managed:
- Reinsurance arrangements are in place to limit the risk on each individual life. In addition, catastrophe cover is used to limit the risk of a large number of claims arising as a result of a single event.
- Rates are based on scheme experience and are reviewed annually.
- Rate reviews take into account known trends such as worsening experience due to AIDS.

The table below shows the concentration of group schemes by scheme size (as determined by the number of lives covered).

Lives covered by scheme	2016	2015
0 - 1 000	901	893
1 001 - 5 000	60	55
> 5 000	20	15

Contract persistency risk

Persistency risk is the risk that policy holders surrender or cease premium payments on their policies in a volume that has not been expected within the pricing assumptions, thereby leading to a reduction in anticipated profit streams and with an impact on liquidity.

The individual savings book, which is now closed to new business, is, however, backed 100% by easily liquidated financial assets and the company's business model is not predicated on any significant earnings emanating from this line of business in the future.

UNITED METROPOLITAN NIGERIA LIFE INSURANCE LIMITED
(Formerly UBA Metropolitan Life Insurance Limited)

Annual Financial Statements
For the year ended 31st December 2016

NOTES TO THE FINANCIAL STATEMENTS

Expense risk

Expense risk is the risk that actual expenses exceed expense levels assumed in product pricing. This may result in future profit falling below the company's objectives. All expenses are monitored monthly against a formal budget plan and corrective action is immediately taken to address variances. A functional cost analysis model is used to allocate indirect costs in determining profit contribution per line of business. This is reviewed monthly and twice annually the company's results are subjected to actuarial valuations to determine profit contribution from each major line of business.

5.8 Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting obligations associated with financial and insurance liabilities (that are settled by delivering cash or another financial asset), arising because of the possibility that the company could be required to pay its liabilities earlier than expected.

Contract holder liabilities

- The insurance contract liabilities comprise 91% (31-Dec-15:92%) of the liabilities of the company. Expected cash flows, i.e. the estimated timing of repayment of the amounts recognised in the statement of financial position, are disclosed based on the assumptions that are disclosed in note 6.2
- Contractual cash flows for investment contract liabilities, both with DPF and designated as at fair value through income.
- The contractually required cash flows for policies that can be surrendered are the surrender values of such policies. It is assumed that surrender values are contractually available on demand.
- The Finance Investment and General Purpose Committee, company management and the asset managers monitor liquidity requirements and cash resources.
- The company reduces liquidity risk for contract holder liabilities by ensuring that appropriate assets, including liquid resources, back these liabilities as disclosed in note 5.3.3. As at 31st Dec 2016, policy holder liabilities are backed by cash equivalents 13%, quoted equities 5% and Treasury Bills 82%. As at 31st Dec 2015 this profile was cash equivalents (31%), quoted equities (6%), FGN bonds held at fair value (55%) and Treasury Bills (8%)

5.9 Market risk

- Market risk for shareholders, is the risk that the fair value on future cash flows of financial instruments backing the shareholder capital will fluctuate because of changes in market prices, and additionally there is a possible second order impact on earnings due to such market price fluctuations of financial instruments backing contract holder liabilities.
- Management analyses three types of market risk being, equity price risk, interest rate risk and currency risk.
- For contract holder liabilities, the financial instruments backing each major line of business are segregated to ensure that they are used exclusively to provide benefits for the relevant contract holders. Risk. Each portfolio consists of an asset mix deemed appropriate for the specific product. These allocations are summarized in note 5.3.3.

UNITED METROPOLITAN NIGERIA LIFE INSURANCE LIMITED
(Formerly UBA Metropolitan Life Insurance Limited)

*Annual Financial Statements
For the year ended 31st December 2016*

NOTES TO THE FINANCIAL STATEMENTS

The following table is an analysis of the assets backing shareholder capital, i.e. shareholder excess.

Analysis of assets backing shareholders' equity and other liabilities with market risk	Dec 2016 (N'000)	Dec 2015 (N'000)
Equity securities	-	-
Local Listed debt securities	643,326	1,196,820
Local unlisted debt securities	258,192	256,426
	901,518	1,453,246

- Currency risk is also not seen to be a primary market risk as the exposure value is negligible

5.10 Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate as a result of changes in interest rates.

Changes in market interest rates have a direct effect on the contractually determined cash flows associated with floating rate financial assets and financial liabilities, and on the fair value of other investments. Fair values of fixed maturity investments included in the company's investment portfolios are subject to changes in prevailing market interest rates. The ongoing assessment by the asset managers of market expectations within the Nigerian interest rate environment drives the process of asset allocation in this category.

The company is exposed to the following interest rate risks:

	Carrying value	Cash flow interest rate risk	Fair value interest rate risk	No interest rate risk	Weighted average rate
31 December 2016					
Designated as at fair value through income					
Debt securities	901,518		901,518		13
Funds on deposit and other money market instruments	3,475,118		3,475,118		13
Cash and cash equivalents	1,183,502		1,070,185	113,317	10
Statutory deposit	200,000	200,000			11
Trade and other receivables	119,029			119,029	
Other assets	384,105			384,105	
	6,263,272	200,000	5,446,821	616,451	

UNITED METROPOLITAN NIGERIA LIFE INSURANCE LIMITED
(Formerly UBA Metropolitan Life Insurance Limited)

*Annual Financial Statements
For the year ended 31st December 2016*

NOTES TO THE FINANCIAL STATEMENTS

	Carrying value	Cash flow interest rate risk	Fair value interest rate risk	No interest rate risk	Weighted average rate
31 December 2015					
Designated as at fair value through income					
Debt securities	2,838,500		2,838,500		13
Funds on deposit and other money market instruments	771,819		771,819		13
Cash and cash equivalents	2,430,532		2,082,965	347,567	10
Statutory deposit	200,000	200,000			11
Trade and other receivables	35,899			35,899	
Other assets	333,215			333,215	
	6,609,965	200,000	5,693,284	716,681	

5.11 Currency risk

Currency risk is the risk that the Nigerian naira value of an asset or liability will fluctuate due to changes in foreign exchange rates. This currency exposure in respect of assets is limited, to the US dollar domiciliary account N21.854 million (31-Dec-15 N12.927m). In respect of liabilities, the amount owing to Metropolitan International Support (Pty) Ltd is denominated in South African rands N69.917 million (31-Dec-2015 N36.563 million)

6 Critical Accounting Estimates And Judgments

Estimates and assumptions are an integral part of financial reporting and as such have an impact on the assets and liabilities of the company. Management applies judgment in determining best estimates of future experience. Judgments are based on historical experience and management's best estimate expectations of future events, taking into account changes experienced historically. Estimates and assumptions are regularly updated to reflect actual experience. Actual experience in future financial years can be materially different to the current assumptions and judgments that could require adjustments to the carrying values of the affected assets and liabilities. The critical estimates and judgments made in applying the company's accounting policies are detailed in the notes to the annual financial statements and are listed below.

6.1 Provision for impairment of loans and receivables:

The allowance for impairment is computed by reference to the terms and conditions of the standard individual life policy which states that premiums are due on the first day of every month. A grace period of 30 days is allowed to pay a premium. If at the end of a grace period, four premiums are outstanding, the policy will lapse and all United Metropolitan's obligations shall cease except that if the value of the Investment Fund is positive, the Policy will be converted to a paid-up policy and no further premiums will be payable, but supplementary benefits, if any, will be cancelled.

UNITED METROPOLITAN NIGERIA LIFE INSURANCE LIMITED
(Formerly UBA Metropolitan Life Insurance Limited)

Annual Financial Statements
For the year ended 31st December 2016

NOTES TO THE FINANCIAL STATEMENTS

6.2 Assumptions and estimates of contract holder liabilities

The actuarial value of policyholder liabilities arising from long-term insurance contracts is determined in accordance with the requirements of the NAICOM Insurance Act 2003. As the Act does not prescribe the methodologies to be adopted for the purpose of life business serving, reliance is placed on the advice of the Actuary. The gross premium valuation method was adopted as the most appropriate. The valuation of contract holder liabilities is a function of methodology and assumptions.

The process used to decide on best-estimate assumptions is described below:

Mortality:

- Individual risk business: The mortality table used was the UK's Mortality of Assured Lives 1967-70 (A6770) without any adjustments. A mortality study was conducted in 2010 using Nigeria industry mortality experience data which demonstrated a good correlation to the A6770 table.
- No allowance has been made for future mortality improvements.

Morbidity:

- For group life insurance contracts, the rate of recovery from disability is derived from industry experience studies, adjusted where appropriate for the company's own experience.

Persistency:

- Lapse and surrender assumptions are based on an adjusted pricing basis. When appropriate, account is also taken of expected future trends.

Expenses:

- Expense assumptions are based on an expense analysis, using a functional cost approach. This analysis allocates expenses between policy and overhead expenses and within policy expenses, between new business, maintenance and claims, for both group and individual business.
- The budgeted expense for the following year is taken as an appropriate expense base.
- Provision for future renewal expenses starts at a level consistent with the budgeted expense for the 2016 financial year and allows for escalation at the assumed expense inflation rate of 9% (2015: 9%).

UNITED METROPOLITAN NIGERIA LIFE INSURANCE LIMITED
(Formerly UBA Metropolitan Life Insurance Limited)

Annual Financial Statements
For the year ended 31st December 2016

NOTES TO THE FINANCIAL STATEMENTS

Investment returns

- Market related information is used to derive assumptions in respect of investment returns, discount rates used in calculating contract holder liabilities and renewal expense inflation.
- These assumptions take into account the notional long-term asset mix backing each liability type and are suitably adjusted for tax and investment expenses.
- Investment returns for other asset classes are set as follows:
- Equity rate: FGN bond yield + 3.5%
- Bonds rate: FGN bond yield
- Cash rate: FGN bond yield - 2.5%

The main best-estimate assumptions, gross of tax, used in the valuation are:

	2016	2015
- FGN bond yield - risk free investment return	15.8%	10.9%
- Valuation interest rate - risk adjusted return	14.65%	10.3%
- Renewal expense inflation	13.4%	9.42%

Basis and other changes

-Assumptions and methodologies used in the valuation basis are reviewed at the reporting date and the impact of any resulting changes in actuarial estimates is reflected in the income statement as they occur.

Sensitivity analysis

The sensitivity of the value of contract holder liabilities to movement in the assumptions is shown in the table below. In each instance, one assumption changes while all the other assumptions remain constant.

The numbers in the table demonstrate the impact on liabilities if experience deviates from best-estimate assumptions in all future years, and not only in one given time period.

Sensitivity of liabilities to changes in valuation assumptions

	Individual	Group IBNR	Net total Liabilities	% Change
Base	1,029,324	921,845	1,951,169	0.00%
Interest rate +1%	1,028,701	921,845	1,950,546	-0.03%
Interest rate -1%	1,029,987	921,845	1,951,832	0.03%
Expenses +10%	1,035,686	921,845	1,957,531	0.33%
Expenses -10%	1,023,004	921,845	1,944,849	-0.32%
Expense Inflation +2%	1,031,119	921,845	1,952,964	0.09%
Expense Inflation -2%	1,027,629	921,845	1,949,474	-0.09%
Lapses +10%	1,029,302	921,845	1,951,147	0.00%
Lapses -10%	1,029,346	921,845	1,951,191	0.00%
Mortality +5%	1,029,495	921,845	1,951,340	0.01%
Mortality -5%	1,029,152	921,845	1,950,997	-0.01%

UNITED METROPOLITAN NIGERIA LIFE INSURANCE LIMITED

(Formerly UBA Metropolitan Life Insurance Limited)

Annual Financial Statements

For the year ended 31st December 2016

NOTES TO THE FINANCIAL STATEMENTS

The impact of the reduction in the assumed investment return includes the consequent change in the discount rates and the assumed level of renewal expense inflation.

The above sensitivities were chosen because they represent the main assumptions regarding future experience that the company employees in determining its insurance liabilities.

It is not uncommon to experience one or more of the stated deviations in any given year. There might be some correlation between sensitivities; for instance, changes in investment returns normally correlates with changes in discontinuance rates. The table above shows the impact of each sensitivity in isolation, without taking into account possible correlations.

The table does not show the financial impact of variances in lump sum mortality and morbidity claims in respect of employee benefits business because of the annually renewable nature of this class of insurance and these lines of business are valued using statistical approaches which are less sensitive to assumptions

It should be pointed out that the table shows only the sensitivity of liabilities to changes in valuation assumptions. It does not fully reflect the impact of the stated variances on the company's financial position. In many instances, changes in the fair value of assets will accompany changes in liabilities.

6.3 Valuation Assumptions for financial instruments

The valuation of assets and liabilities has been classified using a fair value hierarchy that reflects the significance of the inputs used in the valuation. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2);

Instruments classified as level 1 have been valued using published price quotations in an active market.

UNITED METROPOLITAN NIGERIA LIFE INSURANCE LIMITED
(Formerly UBA Metropolitan Life Insurance Limited)

Annual Financial Statements
For the year ended 31st December 2016

NOTES TO THE FINANCIAL STATEMENTS

The following are the methods and assumptions for determining the fair value, when a valuation technique is used, in respect of instruments classified as level 2 and 3. Refer to note 5.5 for details of the instruments split into the different levels.

Class	Valuation technique and assumptions
Equity securities	
Listed	Not applicable. Only level 1 quoted equities owned by United Metropolitan
Debt securities	FGN bonds are valued by using the bid yields provided by the FMDQ daily quotation lists
Unlisted	Corporate bonds are valued by using the indicative yields provided by the FMDQ daily quotation lists

6.3 Valuation Assumptions for financial instruments

NAICOM issued Prudential Guidelines effective from July 2015 requiring insurers to include a certified disclosure by the Actuary in their Financial Statements on their Embedded Value (EV).

The Embedded Value is comprised of:

- Shareholders' Net Asset Value as reported in the AFS.
- Deductions for the cost of holding the required capita (estimated at NIL)
- The expected future value of profits to shareholders arising from the business in force at the valuation date (VIF)

Embedded Value captures the value arising from in force business only. Future new business is excluded, which includes any possible renewal business like Group Life business which will entail repricing and the issuance of new contracts. The value of retail business as at 31st December 2016 amounts to 1% of reserves, which is too small a base to materially provide any returns to shareholders.

6.4 Embedded Value Disclosure as at 31 December 2015

NAICOM recently issued Prudential Guidelines effective from July 2015 requiring insurers to include a certified disclosure by the Actuary in the Annual Financial Statement (AFS) on their Embedded Value (EV)

-The Embedded Value is made up of the value of:

- * Shareholders Net Asset Value (NAV) as reported in the AFS
- * Deductions for the cost of holding the required capital
- * The expected future value of profits to shareholders arising from the business in force at the valuation date (the Value of In-force or VIF)

UNITED METROPOLITAN NIGERIA LIFE INSURANCE LIMITED
(Formerly UBA Metropolitan Life Insurance Limited)

Annual Financial Statements
For the year ended 31st December 2016

NOTES TO THE FINANCIAL STATEMENTS

Embedded Value captures the value from the in-force business only, Future new business is excluded.

6.5 Embedded Value certification

HR Nigeria Limited (the Actuary) has issued a certification that the Embedded Value of the life business of the company was not materially different from the reported audited Net Asset value as at 31 December 2016 (unchanged from 31 December 2015)

6.6 FRCN Waiver

After the resignation of the former chairman Emmanuel Nnorom on 29th July 2016, Phillip Matlakala was appointed chairman. He is a South African national and not yet registered with the Financial Reporting Council (FRC). The FRC however, has granted a waiver which allows the Chairman to sign the 2016 Annual Report and Financial Statements only, without indicating any FRC registration number on the basis that the Chairman complete the requirements for registration before the 2017 Annual reports and financial statement.

UNITED METROPOLITAN NIGERIA LIFE INSURANCE LIMITED
(Formerly UBA Metropolitan Life Insurance Limited)

Annual Financial Statements
For the year ended 31st December 2016

SUPPLEMENTAL INFORMATION

UNITED METROPOLITAN NIGERIA LIFE INSURANCE LIMITED
(Formerly UBA Metropolitan Life Insurance Limited)

Annual Financial Statements
For the year ended 31st December 2016

STATEMENT OF VALUE ADDED

	31-Dec-16	%	31-Dec-15	%
	(N'000)		(N'000)	
Net Premium	1,712,068		1,844,658	
Investment income	700,871		882,325	
Claims incurred, commissions paid and operating expenses (local)	(2,207,671)		(1,622,717)	
Operating Expenses (foreign)	(91,828)		(71,457)	
	<u>113,440</u>	<u>100</u>	<u>1,032,809</u>	<u>100</u>
Distribution as follows:				
To pay employees				
-salaries and allowances	344,719	304	271,855	26
To pay Government				
-Income tax	12,185	11	21,012	2
To provide for enhancement of assets, expansion and payment of dividends				
-Depreciation and amortization	44,077	39	36,140	4
Profit reinvested in the business	(287,541)	(252)	703,802	68
	<u>113,440</u>	<u>100</u>	<u>1,003,809</u>	<u>100</u>

Value add represents the additional wealth the company has been able to create by its employees' efforts.

This statement shows the allocation of that wealth amongst the employees, Government and that reinvested for future growth.

UNITED METROPOLITAN NIGERIA LIFE INSURANCE LIMITED
(Formerly UBA Metropolitan Life Insurance Limited)

Annual Financial Statements
For the year ended 31st December 2016

FIVE YEAR FINANCIAL SUMMARY

	2016	2015	2014	2013	2012
	N'000	N'000	N'000	N'000	N'000
Assets					
Cash and short term funds	1,183,502	2,430,532	1,650,318	1,423,808	2,180,224
Financial Instruments at fair value	4,489,401	3,751,089	3,811,274	4,014,344	2,744,845
Trade receivables	-	737	9,417	322	67,396
Other Receivables and prepayments	119,029	35,163	39,666	27,845	18,288
Reinsurance Asset	220,074	261,251	217,295	153,215	143,527
Property, Plant and Equipment	162,702	69,759	57,698	65,828	39,614
Intangible assets	1,329	2,205	3,081	4,570	12,301
Statutory deposit	200,000	200,000	200,000	200,000	200,000
Total assets	6,376,037	6,750,736	5,988,749	5,889,932	5,406,195
Liabilities					
Insurance Contract Liabilities	2,158,177	2,452,731	2,406,243	2,538,374	2,415,850
Investment Contract liabilities	53,440	53,440	53,440	53,440	53,440
Trade Payables	3,103	1,762	2,840	5,926	20,000
Other Payables	202,485	194,243	157,717	165,983	94,285
Current Income Tax Liabilities	15,781	24,542	19,380	16,178	31,394
Employee Benefit Obligations	-	-	-	41	-
Total liabilities	2,432,986	2,726,718	2,639,620	2,779,942	2,614,969
Net assets	3,943,050	4,024,018	3,349,129	3,109,990	2,791,226
Capital and reserves					
Share capital	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Share premium	2,494,862	2,494,862	2,494,862	2,494,862	2,494,862
Contingency reserve	251,645	231,280	163,791	139,877	108,001
Retained earnings	196,544	297,876	(309,524)	(524,749)	(811,637)
Shareholders' funds	3,943,051	4,024,018	3,349,129	3,109,990	2,791,226
Profit and loss accounts					
Net premium income	1,712,068	1,844,658	1,618,408	1,293,384	1,698,710
Profit /(Loss) before taxation	(68,782)	695,901	255,008	328,182	515,459
Taxation	(12,185)	(21,012)	(15,869)	(9,418)	(14,319)
Profit/(Loss) after taxation	(80,968)	674,890	239,139	318,764	501,140
Transfer to contingency reserve	(20,365)	(67,489)	(23,914)	(31,876)	(50,114)