Annual Report
2015

RATION • 2015 LISTING • CBL CORPORATI

CBL corporation

RPORATION • WELCOME CBL CORPORATION •

Established in 1973, CBL Corporation Limited (CBL) is an international specialist insurer and reinsurer focused on credit and financial risk. The success of our business is underpinned by the strength of our relationships, local market knowledge and our underwriting experience.

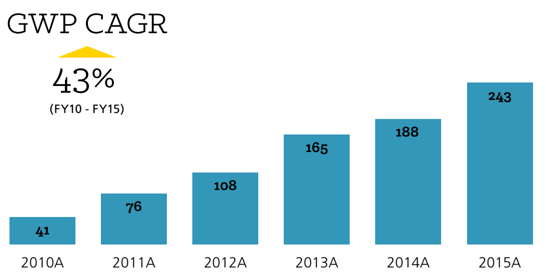
The CBL Group consists of CBL Insurance, European Insurance Services Limited (EISL), CBL Insurance Europe, Assetinsure and Professional Fee Protection (PFP). The Group writes business in 11 offices, across 25 countries.

Contents

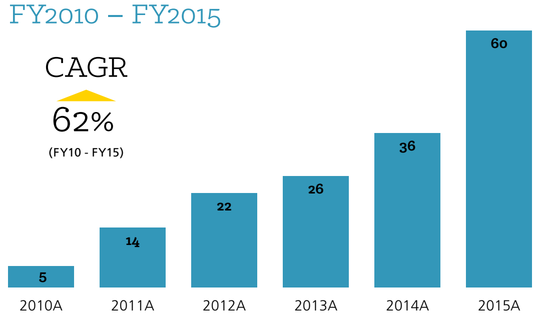
Highlights

- Highly successful Initial Public Offering
- Gross written premium increased by 21.7% to $294.2 million
- Operating profit increased by 67.8% to $59.9 million
- The Combined Ratio for the Group was 79.7%, reflecting our focus on prudent underwriting and risk management
- Acquisition and successful integration of Assetinsure (100%), and Professional Fee Protection (92%) and Fiducia (34.99%), providing growth opportunities across product lines and geographies
- Financial rating for CBL Insurance strengthened to B++ (Good) by A.M. Best

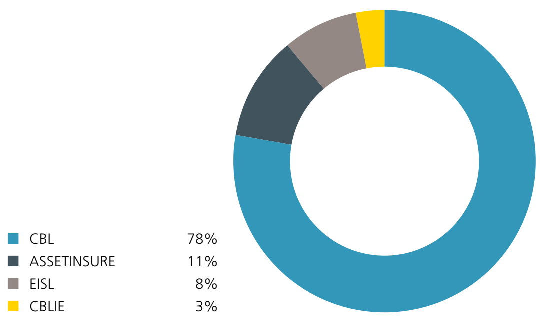
Gross Written Premium ($m)
FY2010 – FY2015



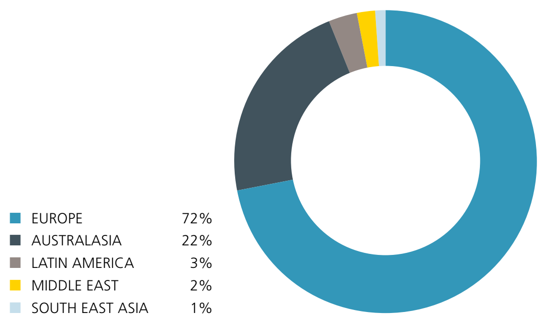
Operating Profit ($m)
FY2010 – FY2015



Operating Profit by operating entity
FY2015 (Pro Forma) actual



GWP by geography
FY2015 (Pro Forma) actual



Source: CBL management

Chairman's Report

Welcome to CBL's first Annual Report as a public company after our listing on the New Zealand and Australian stock exchanges in October last year.

I want to begin by thanking you for investing in CBL and for sharing our vision for the future. We look forward to continuing to drive the business forward and delivering for customers and shareholders.

At the IPO we set out targets for the financial performance of the company to 31 December 2015, and we are pleased to be able to report that we have exceeded those targets. Gross written premium for the year ended 2015 is $294.2 million, up 21.7% on 2014 and operating profit is $59.9 million, an increase of 67.8% on 2014 and 41.9% up on the projection made in the Public Offering Product Disclosure Statement. Our dividend policy remains unchanged, and is to distribute 30% of Adjusted NPAT subject to regulatory capital and liquidity requirements. Details of this year's dividend will be announced towards the end of March.

As shareholders, however, we understand your interest extends beyond the short-term targets to the long-term prospects of the company. This is the key focus for the Board and the executive team. The strategy is to focus on profitable growth, achieved by providing niche insurance products to local and international markets. The IPO has provided additional capital to continue to pursue this strategy. Since listing we have completed two key acquisitions, Assetinsure, an Australian surety bonding, credit and specialty insurer, and Professional Fee Protection (PFP), a leading British professional accounting expense insurance provider. Both of these businesses will enable us to grow with new product lines as well as helping us to move into new geographies.

Economic conditions are strengthening in many of our key environments and particularly across Europe and Scandinavia. Our focus on tailoring products to meet the needs of individual clients in these markets will enable us to continue to grow market share. We will also continue to monitor opportunities to enter new markets and product lines as we move into 2016.

Strong governance has always been a key feature of our business and we strive to ensure we meet the high regulatory prudential requirements in all of our main jurisdictions. As a public company we now have additional levels of governance and transparency and we look forward to continuing to exceed all of our requirements.

This year we have also strengthened the Board with the appointment of Paul Donaldson as a new independent Non-Executive Director. Paul brings a wealth of international public company experience as well as extensive knowledge of the insurance industry in Europe. This will be invaluable to us as we continue to grow.

The CBL Group operates internationally, with a number of regional subsidiary businesses, each with their own executive teams and boards. This ensures strong governance and local market knowledge and provides strategic alignment with the CBL Group.

As a result of CBL's listing, our previous auditors requested that they not be reappointed. Our 2015 financial results have been audited by Deloitte New Zealand.

I would like to acknowledge that 2015 has been a busy and highly successful year for CBL. Much of this has been down to the dedication and determination of the management team that remains as committed as ever. There is no doubt that the IPO process required a lot of management time and commitment and on behalf of the Board, I would like to thank the team and in particular Peter Harris and Carden Mulholland for their hard work and unfailing dedication. CBL is the first company to list under the new regulations. It is pleasing that the success of the IPO has also been recognised externally with CBL winning the Finance Asia Achievement Award for the best New Zealand deal of 2015.

I would also like to thank my fellow Board members and also the wider CBL team and our business partners for their contributions, which have helped make this year such a success. Thank you for your focus, commitment and outstanding work.

John Wells

Sir John Wells KNZM, Chairman

Company Overview

CBL operates an international platform with a number of key businesses offering a wide product mix to create strong revenue opportunities and diversify risk.

Our decentralised model ensures we have the agility to react to opportunities with strategic oversight by a strong and experienced Board.

CBL Insurance

New Zealand's largest and oldest credit surety and financial risk provider, supervised and regulated by the Reserve Bank of New Zealand (RBNZ).

CBL Insurance is the Group's largest operating entity. It provides the majority of products that the Group offers, focused on financial risk, builders' risks, bond sureties and guarantees and niche insurance programmes worldwide.

82.5%

OF TOTAL REVENUE*

Auckland, New Zealand
Copenhagen, Denmark
Kuala Lumpur, Malaysia
London, United Kingdom
Mexico City, México

CBL*insurance*

EISL

Licensed insurance broker and Lloyd's Coverholder based in the United Kingdom and operating solely in France

Core products are in the French construction insurance market and distributed through a network of around 800 independent insurance brokers

6.0%

OF TOTAL REVENUE*

Tunbridge Wells, United Kingdom
Paris, France

EISL
EUROPEAN INSURANCE SERVICES LTD

* Total revenue excluding intercompany transactions.

CBL Insurance Europe

Licensed European insurer headquartered in Dublin and regulated by the Central Bank of Ireland

Focused on specialist, non-traditional profitable business lines throughout Europe

3.1%

OF TOTAL REVENUE*

Dublin, Ireland

CBLinsurance Europe

Assetinsure

Assetinsure is the market-leading surety bond insurer in Australia, regulated by the APRA

Provides a range of speciality products including credit risk enhancement, surety bonds, specialised property insurance, and rural risk

6.9%

OF TOTAL REVENUE*

Sydney, Australia

asset insure

Professional Fee Protection

Providing insurance cover that indemnifies business owners for the cost of professional accounting fees that occur in the event of a tax enquiry

Policies provided through a wide network of more than 1,600 medium-sized national and regional accounting firms' offices in the United Kingdom.

0.3%

OF TOTAL REVENUE*

London, United Kingdom

PfP Professional Fee Protection

Managing Director's Report

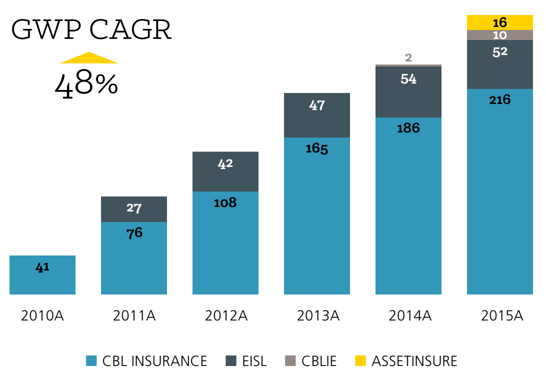
This has been a transformational year for CBL, with the company reaching a number of key milestones and achieving revenue and profit growth across the Group.

CBL is now a public company, having carried out an IPO and listed its shares on the NZX and ASX in October 2015, and I would like to thank all of our shareholders for their confidence and support.

Gross written premium income continues to increase and for 2015 was $294.2 million, with Net Premium Income at $213.5 million, an increase of 26.3% on the previous year. Our net claims expenses for the year are $74.7 million as a result of tight claims management, good underwriting and our continued focus on profitable markets and products. Total operating expenses for 2015 increased this year to $40.8 million due to the acquisitions of new businesses within the Group. The Combined Ratio for the Group was 79.7%. Across CBL we are focused on minimising operating expenses, deriving income from a small team of experts and by dealing with intermediaries who incur a significant amount of the operating costs. These are strong results and reflect the quality of the business, the strength of our relationships with long-term, trusted partners and new business, which is now gaining momentum.

We remain focused on profitable growth, building strong personal relationships with our business partners and customers. We are a specialist business and continue to focus on niche, highly profitable business lines. Following the IPO we are in a stronger position to grow our business both through new product development and expansion into new geographies.

Gross Written Premium (including EISL) ($m) FY2010 – FY2015



We are a specialist business and continue to focus on niche, highly profitable business lines.

In mid year, and without recognition of the subsequent IPO, the Financial Strength Rating of CBL Insurance was upgraded by A.M. Best from B+ to B++ (Good), reflecting the company's continuing solid results and increasing financial strength. We expect this rating will continue to increase in future years.

Strategic acquisitions

Capital raised in the IPO has helped to fund the acquisition of Australian specialty insurer Assetinsure. We are excited to be able to leverage the local capability of the Assetinsure team. We look forward to introducing some of our international products into Assetinsure's distribution channels to aid our business growth in Australasia and beyond.

We have also acquired Professional Fee Protection (PFP), the leading United Kingdom professional accounting expense insurance provider. This acquisition will complement our existing UK-based business. We will be able to offer PFP customers access to CBL products and services and, at the same time, extend PFP's operations into our other international markets. These are exciting new business opportunities and we look forward to the additional growth and added distribution channels they will provide.

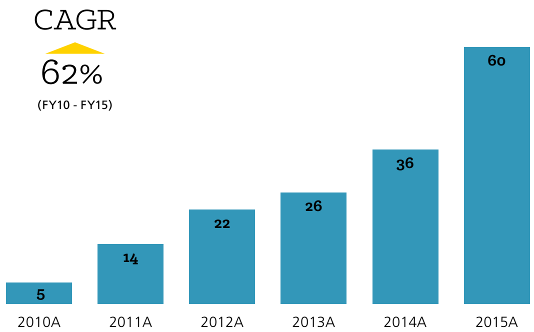
In June 2015, CBL acquired 34.99% of Mexican specialist bonding and surety insurance company, Fiducia. Due to our increased investment, Fiducia has received a strengthened financial credit rating of BBB+ (MEX) and additional regulatory credit licences. This has allowed us to develop some new bonding lines, which we hope to implement in 2016, and also allowed CBL to participate on Fiducia's reinsurance treaty programmes.

Strong organic growth

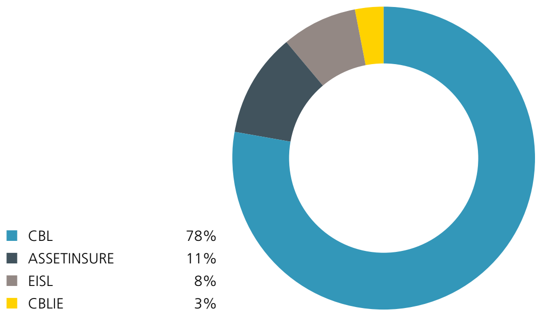
We have also achieved strong organic growth across the business. We have increased market share in France notwithstanding the strengthening economy. The Italian economy is also showing positive signs, which are contributing to strong results for our business, and similar signs are showing in Spain. In Scandinavia we have several programmes that are now fully developed and starting to produce results.

The strength of the relationships we hold with our business partners and customers and the quality of our team has ensured our business has continued to grow through the incredibly busy IPO period. We work with committed clients and business partners who are focused on profitable, quality underwriting and claims payment ability. It is their local market knowledge that allows us to offer a diverse range of speciality products. We continue to strengthen these relationships.

Operating Profit ($m) FY2010 – FY2015



Operating Profit by operating entity FY2015 (Pro Forma) actual



Source: CBL management

Regulatory environment

There has been a key change to the regulatory environment in Europe with Solvency II, which came into effect on 1 January 2016. Solvency II is a European Union legislative programme which introduces a new, harmonised EU-wide insurance regulatory solvency regime which we expect will take some insurance companies out of the market in Europe creating opportunties. We are prepared for these changes and are pleased to be operating well above Solvency II requirements.

We operate in a highly regulated environment and have appointed a new Quality Assurance Manager responsible for internal audit, international regulatory compliance and governance to ensure we continue to meet international best practice.

CBL Insurance

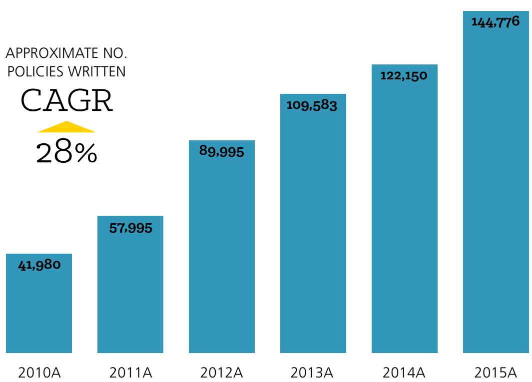
CBL Insurance is the Group's largest operating entity and New Zealand's largest and oldest credit surety and financial risk provider. It is supervised and regulated by the Reserve Bank of New Zealand (RBNZ).

The business is focused on financial risk products, builders' risks, bond sureties and guarantees and niche insurance programmes worldwide – in particular in Australasia, Europe, Scandinavia and Mexico. CBL Insurance carries out most of its business as a reinsurer whereby risks are written by local insurer partners, which retain a share of the premium and risk, with the remaining ceded to CBL Insurance as reinsurance, although CBL Insurance drives the original business and manages the relationship with the original business producer. The business operates in 25 countries. CBL Insurance is Australia's market-leading provider of property deposit bonds under the brand Deposit Power.

It has been another successful year for CBL Insurance, with growth across all areas of the business. During 2015, as mentioned above, CBL Insurance's financial rating from A.M. Best was strengthened to B++ (Good). A.M. Best is an internationally recognised independent ratings agency and a specialist in insurance companies. During 2015, CBL Corporation subscribed for $20 million of increased capital in CBL Insurance, and the resulting strengthened financial position of the company, plus listing of the CBL Group, should take CBL Insurance a step closer to receiving an A rating, which is an objective for the company over the next two years.

In Mexico, CBL Insurance has participated with its insurance partner Seguros GMX in a pilot Government scheme for compulsory building warranties (vicios occultos) for all homes lent on by the Government residential lending agency (Infonavit), since 2005. In 2015, this programme was expanded and it is now subscribed to by other fiscal agencies. In February 2016, the mandatory and preferred-provider status of the programme was extended for a further two years.

CBL Insurance – number of policies written



Source: CBL management

European Insurance Services Limited (EISL)

EISL is a licensed insurance broker and Lloyd's Coverholder based in the United Kingdom, with operations solely in France. With a network of around 800 independent insurance brokers across the major cities and regions of France, EISL is one of the largest independent Managing General Agencies (MGAs) operating in France.

It has been a steady year for EISL, with the business growth trending below expectations. As a result we are investing further resources to ensure a greater focus on sales and revenue production and introducing new facilities and lines of business to the client base.

We would like to acknowledge the tragedy that took place in Paris in November 2015. We want to ensure our French employees, brokers and clients know we have not forgotten.

CBL's greatest asset is our people and the strength of our relationships.

CBL Insurance Europe (CBLIE)

CBLIE is a licensed European insurer headquartered in Dublin and is regulated by the Central Bank of Ireland. This was CBLIE's first full year under CBL Group ownership. Our focus has been on ensuring profitable growth and this has been achieved. Like the broader CBL Group, we have successfully commenced writing new European business with a focus on non-traditional profitable business lines. A key focus for CBLIE in the lead up to 2016 has been the preparations for Solvency II, and we are pleased to exceed all requirements.

Assetinsure

Assetinsure is the market-leading surety bond insurer in Australia that provides a range of speciality products including credit risk enhancement, surety bonds, specialised property insurance, and rural risk from its head office in Sydney. Assetinsure is a strategic acquisition, enabling the Group to distribute products in Australia, and to increase our Australasian and Southeast Asian business in the future. We will also be able to introduce some Assetinsure products and relationships to our wider international markets.

The acquisition was completed in September 2015 and we have executed on a clear strategy to ensure Assetinsure is focused on profit and well integrated within the CBL Group. This has included restructuring some product lines, realigning reinsurance treaties, and we are now considering moving the business into more efficient and modern offices.

We are pleased to report that since purchase, Assetinsure is performing ahead of our projected revenue and profit targets.

The aviation book has been sold which removes Assetinsure from a market which has suffered from soft premium rates and volatility for some years.

The inwards reinsurance treaty liability to Catholic Church Insurance Company, which Assetinsure inherited in run off with its purchase of Gerling Global Reinsurance Company of Australia Pty Limited in 2004, has been commuted and terminated for a fixed sum which removes Assetinsure from any further liability. The resulting net gain is included within the FY 2015 results, but due to commercial sensitivity and confidentiality we are unable to disclose the exact details.

CBL Insurance/Assetinsure expects to be launching building warranty business in Australia in the next few months.

Like all of our businesses, Assetinsure has its own Board of Directors. Since the acquisition, Sir John Wells and I have been appointed to the Board, whilst John Fahey is retiring from the Board. CBL and Assetinsure would like to acknowledge the 12 years of service, wise counsel, and contribution John has made in chairing the Assetinsure Board. John was a NSW Premier and former Federal Minister of Finance and his links and skills have been instrumental in Assetinsure's development over that time.

Professional Fee Protection

PFP offers insurance cover that indemnifies business owners for the cost of professional accounting fees that occur in the event of a tax enquiry. The policies are provided through a wide network of more than 1,600 medium-sized national and regional accounting firms' offices in the United Kingdom. The acquisition was completed in December 2015.

PFP has the potential to expand both in the United Kingdom, and to launch in other countries, particularly Commonwealth countries with a tax system based on the United Kingdom system. We are currently evaluating opportunities.

The integration of the business is well under way and we expect to see the business grow throughout the year. To avoid any potential contingent liabilities, the acquisition target company was established as a new entity and as a result will take 12 months to reach its full annual earning potential.

Best practice IT platform

The Group-wide IT integration project with SSP which began in 2014 is nearing completion – on time and on budget. All businesses and areas of the Group will be aligned on the same best-practice IT platform. High quality information is a key requirement for our business and this project will ensure all of our team will have access to the information they need, when they need it. The system is currently in testing, with full implementation expected in the third quarter of 2016.

Community engagement

CBL continues to be committed to the communities in which we operate. In the coming year we are planning to undertake a full review of our community projects to ensure all activities are aligned with our brand values, strategy and provide mutual benefit.

We have sponsored the New Zealand Sports Journalists Association Awards for the past three years. We welcome the

association with the awards which celebrate and support a section of the media involved in reporting and communication of the high achievement, teamwork, health, fitness and wellbeing that sport involves.

The Michael Jones sculpture we commissioned and permanently loaned to Eden Park Rugby Stadium continues to be a meeting point and a motivational and iconic piece of art enjoyed by many.

We have supported the attempt by Joe Harris to break the solo round the world sailing record in the Class 40 yacht 'GryphonSolo2'. Joe is an accomplished yachtsman from the United States, who has sailed in shorthanded yacht races internationally. As CBL continues to expand internationally we see many parallels with Joe's challenge against the oceans of the world. Joe has had to stop briefly in Cape Town for repairs and while he is now back on the water continuing the voyage, he is unfortunately ineligible for the official non-stop record. Joe's challenge continues to inspire and motivate the CBL team.

Every year we host and provide an insurance lecture for University of Appalachia Insurance Academy undergraduates on an annual trip to London. We also escort them on a trip through Lloyd's of London. This is a great opportunity for the local CBL team to pass on their knowledge and experience and to inspire future entrants into the industry.

Our people

CBL's greatest asset is our people and the strength of our relationships with our clients. We are committed to building strong and trusted partnerships with key business producers worldwide. It is this focus on personal relationships that differentiates us in the industry.

During 2016, we will continue to develop the team and structure as we grow internationally. We will ensure we have team responsibilities and reporting in place to take us through the next 10 years of growth.

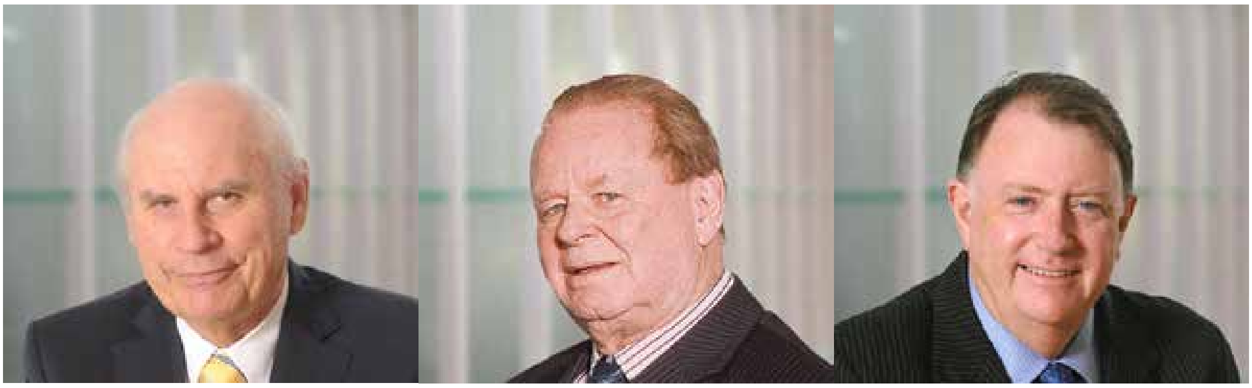
We strive to ensure all of our people are well supported and valued across the business. We have developed strong reporting lines and are pleased to see more of our people contributing to the middle and senior executive teams this year.

This year, the CBL Academy employee training and accelerated development programme, which identifies and nurtures future talent, continued with two staff exchanges between our New Zealand and European operations. This is an important programme for us as it encourages both personal and professional development of our future executive talent.

I would like to thank all of our team for their dedication and hard work during such an intensive year. The strength of these results is a real testament to each and every person at CBL. I am proud of what was achieved across the business, alongside the IPO. A special mention should be made of our CFO, Carden Mulholland, who was a driving force behind the IPO.

Finally, I would like to thank our Group and subsidiary Boards of Directors for their guidance and support in such a transformational year. We look forward to building on the momentum gained in 2015 with continued international, profitable growth.

Peter Harris, Managing Director



From left: Sir John Wells KNZM; Alistair Hutchison; Peter Harris.

Board of Directors

Sir John Wells KNZM

Chairman

Sir John has a background in governance and financial services in both private and public organisations, a career in merchant and investment banking, and provides direction on strategy and growth opportunities.

He is currently the Non-Executive Chair of Bancorp group and also the Chair of Development Auckland Limited, Fisher Funds Management Limited and Sheffield North Island Limited. He is an advisory board member of Marsh, an Independent Director of MartinJenkins, and Chair of the World Masters Games 2017 Limited.

Sir John was awarded a Distinguished Companion of The New Zealand Order of Merit (DCNZM) for his services to business and sport in the New Year Honours 2009 and was subsequently invested with a Knighthood. At the 2013 Halberg Awards he was the recipient of the Sport New Zealand Leadership Award. Sir John is an Associate Chartered Accountant, and Fellow of the Chartered Institute of Secretaries.

Alistair Hutchison

Non-Executive Director

Alistair participated in the buy-out of CBL Insurance in 1996. He has a background as an economist and has specialist expertise in financial services, public administration and micro lending.

Alistair is a past member of the Board of Governors, World Bank, International Monetary Fund and Asian Development Bank and was previously the Financial Secretary of Samoa. He currently holds equity participatory positions in various financial services companies in New Zealand and the Southwest Pacific and is Chairman of Federal Pacific Group Limited. Alistair has post graduate degrees in Accounting and Economics from Victoria University, New Zealand.

Peter Harris

Managing Director

Peter participated in the buy-out of CBL Insurance in 1996, initially heading up sales and international revenue, and was appointed Managing Director in 2007.

Peter was seconded to the Victorian Builders Warranty Advisory Council in 2008. Peter is also an "Authorised Person" with the United Kingdom Financial Conduct Authority and the Central Bank of Ireland. Prior to joining CBL, Peter was an investment banker, a Director and shareholder in General Capital & Commerce Limited, a Director of Boston Marks International Limited, and a senior executive of Fletcher Steel Limited.

Peter was awarded the Air New Zealand Young Businessman of the Year in 1984. Peter is a member of the NZ Institute of Management and the NZ Latin America Business Council, as well as being a foundation member of the Spirit of New Zealand Foundation. He obtained his M Mktg I after studying through the University of Auckland Business School and is an alumni member of the Australian Graduate School of Management.

Board of Directors, from left: Tony Hannon; Ian Marsh; Paul Donaldson.

Tony Hannon

Non-Executive Independent Director

Tony has an investment banking career covering mergers, acquisitions, dispositions, capital raising, private equity and mezzanine finance.

He is currently Chairman of General Capital Technologies Limited, Appello Services Limited, Omni Health Limited and Healthpoint Partners Limited and a Director of a number of companies, including Aotearoa Fisheries Limited, Carrington Trustees Limited and Sealord Group Limited.

He was Chairman of Snow Sports New Zealand for nearly six years. Over the last 20 years Tony has held many prominent directorships, including Canterbury of New Zealand Limited, Jade Software Corporation Limited, Nextwindow Limited, Jucy Group Limited and AJ Hackett Bungy Group. Tony also established New Zealand's first pure Mezzanine Investment Fund. He has a BCom (Accounting and Economics) from Otago University.

Ian Marsh

Non-Executive Independent Director

Ian has extensive international senior management and board governance experience in the financial services sector across his 40 year career.

He has held a variety of executive and managerial positions with American Express Company, with geographical responsibilities across Europe, the Middle East and Asia, including Greater China, Korea, Japan and the Philippines. Ian concluded his American Express career as President and Chief Executive Officer of the Japan Region. Subsequent to this he was Managing Director and Executive Vice President for Western Union Asia Pacific and a member of the executive team that took Western Union public on the New York Stock Exchange.

He is currently Non-Executive Director of PreCash Inc. Previously he was a Non-Executive Director of Ireland based Fexco, Chairman of the Compliance Committee and member of the Remuneration Committee. He was also a Non-Executive Director of the US-based Hypercom Corp and Chairman of the Compensation Committee. Prior to this Ian was Non-Executive Chairman of the Gilman Group in Hong Kong. Ian also served as President Europe of The Reader's Digest Association, Inc. Ian was educated in London and studied the Institute of Bankers qualifications.

Paul Donaldson

Non-Executive Independent Director

Paul is a highly accomplished senior executive with in excess of 15 years' extensive experience operating at board and executive committee level.

Reporting directly to the group CEO of a FTSE100 listed company he is a seasoned executive with broad international director level experience across a wide range of business disciplines. Paul retired as Executive Director Broker Relationships & Sales; and Chairman, Global Speciality Lines for RSA Insurance Plc, part of the Royal & Sun Alliance Group (RSA), in June 2014, after 38 years in various roles.

These roles included four years as Managing Director, UK Commercial and nine years as Chief Executive Officer of RSA Ireland, as well as being a member of RSA Canada Board for three years.

Paul is domiciled in Dublin, Ireland and is currently also a Director of Ryan Direct Group, Millennium Insurance Brokers Limited, Two Druids Ventures Limited, Pharma International Insurance Limited and Talanx Re. Paul is a Fellow of the Chartered Insurance Institute London and Chartered Insurer and Honorary Vice President, Chartered Insurance Institute and a past President of the Irish Insurance Federation.

Executive team

Carden Mulholland

Group Chief Financial Officer

Carden is a banking and financial risk specialist with international experience with Macquarie Bank, Bank of New York (London) and Barclays Life (London). Carden was chosen for and successfully completed the world-renowned residential Advanced Management Program at Harvard Business School in 2013.

Adam Massingham

Director UK Europe

Adam is a London based insurance specialist in banking insurance, trade credit, international political risk insurance, and property latent default risk. Previous insurance roles have included Tyser and Swire Group.

Todd Campbell

Chief Executive (EISL)

Todd has a US Insurance Regulatory background, with general and life insurance experience at senior executive levels in the US, Latin America and the UK.

Dean Finlay

Director International Business

Dean is a financial services specialist with senior executive roles in international insurance services with Tower Insurance and ISOS. Dean manages CBL's international sales and servicing operations.

Jenny Macfarlane

Underwriter

Jenny has been with CBL since 2000. In addition to being CBL's Underwriter, she is responsible for operations, compliance, systems and processes. Jenny has completed the Australian Graduate School of Management Women Leaders programme.

Directors' Declaration

The directors are responsible for the preparation, in accordance with New Zealand law and generally accepted accounting practice of the financial statements which present fairly the financial position of CBL Corporation Limited and its consolidated subsidiary entities (the Group) as at 31 December 2015 and the results of their financial operations and cash flows for the year ended 31 December 2015.

The directors consider that the financial statements of the Group have been prepared using accounting policies appropriate to the Group's circumstances, consistently applied and supported by reasonable and prudent judgements and estimates and that all applicable New Zealand equivalents to International Financial Reporting Standards have been followed.

The directors believe that proper accounting records have been kept in accordance with the Financial Markets Conduct Act 2013.

The directors have responsibility for the maintenance of a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of financial reporting. The directors consider that adequate steps have been taken to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The directors are pleased to present the Group financial statements for the year ended 31 December 2015.

This annual report is dated 29 February 2016 and is signed in accordance with a resolution of the directors made pursuant to section 211(1)(k) of the Companies Act 1993.

The annual report is signed on behalf of the Board on 29 February 2016 by

John Wells

Sir John Wells KZNZ, Chairman

Peter Harris, Managing Director

Financial Statements

For the year ended 31 December 2015

Independent Audit Report

Deloitte.

TO THE SHAREHOLDERS OF CBL CORPORATION LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of CBL Corporation Limited and its subsidiaries ('the Group') on pages 19 to 72, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the company's shareholders, as a body. Our audit has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Board of Directors' Responsibility for the Consolidated Financial Statements

The Board of Directors are responsible on behalf of the company for the preparation and fair presentation of these consolidated financial statements, in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards, and for such internal control as the Board of Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates, as well as the overall presentation of the consolidated financial statements.

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

Other than in our capacity as auditor and the provision of taxation advice and litigation support services prior to our appointment as auditors, we have no relationship with or interests in CBL Corporation Limited or any of its subsidiaries. These services have not impaired our independence as auditor of the Company and Group.

Opinion

In our opinion, the consolidated financial statements on pages 19 to 72 present fairly, in all material respects, the financial position of CBL Corporation Limited and its subsidiaries as at 31 December 2015, and their financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

Deloitte

Chartered Accountants

29 February 2016

Auckland, New Zealand

This audit report relates to the consolidated financial statements of CBL Corporation Limited for the year ended 31 December 2015 included on CBL Corporation's website. The company's Board of Directors is responsible for the maintenance and integrity of the company's website. We have not been engaged to report on the integrity of the company's website. We accept no responsibility for any changes that may have occurred to the consolidated financial statements since they were initially presented on the website. The audit report refers only to the consolidated financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these consolidated financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited consolidated financial statements and related audit report dated 29 February 2016 to confirm the information included in the audited consolidated financial statements presented on this website. Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of Comprehensive Income

For the year ended 31 December 2015

	NOTE	CONSOLIDATED 2015 $'000	2014 $'000
Gross written premium	3	**242,604**	187,784
Movement in gross unearned premium	3	**(13,965)**	(15,332)
Gross premiums		**228,639**	172,452
Premiums ceded	3	**(15,091)**	(3,395)
Net premiums		**213,548**	169,057
Other revenue	3	**30,903**	19,444
		244,451	188,501
Claims expense	4	**(102,072)**	(108,815)
Reinsurance and other recoveries	4	**27,403**	40,760
Net claims expense		**(74,669)**	(68,055)
Acquisition costs	5	**(69,106)**	(57,825)
Other operating expenses	5	**(40,758)**	(26,938)
Operating profit		**59,918**	35,683
Finance costs	5	**(6,296)**	(4,642)
Capital raising, business combination and amortisation of policies-in-force costs	5	**(8,755)**	(4)
Foreign exchange gains/(losses)		**3,863**	(6,192)
Share of profit from associate	14	**810**	384
Gain on investment property revaluation	13	**-**	1,150
Profit before tax		**49,540**	26,379
Income tax expense	7	**(14,030)**	(6,986)
Profit for the year		**35,510**	19,393
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Net movement in foreign currency translation reserve		**(455)**	(531)
Other comprehensive income net of tax		**(455)**	(531)
Total comprehensive income for the year		**35,055**	18,862
Profit attributable to:			
Shareholders		**35,488**	19,393
Non-controlling interest		**22**	-
Total comprehensive income attributable to:			
Shareholders		**35,036**	18,862
Non-controlling interest		**19**	-
Earnings per share			
Basic and diluted earnings per share (cents)	23	**20.88**	12.43

The above statement should be read in conjunction with the accompanying notes to the financial statements.

Statement of Financial Position

As at 31 December 2015

	NOTE	CONSOLIDATED 2015 $'000	2014 $'000
Assets			
Cash and cash equivalents	8	**296,012**	166,294
Other financial assets	9	**59,222**	19,323
Insurance receivables	10	**101,452**	62,821
Other receivables	10	**26,041**	3,287
Loans	10	**9,219**	9,717
Current tax receivable		**4,870**	2,329
Reinsurance and other recoveries on outstanding claims	11	**104,925**	59,165
Deferred reinsurance expense	12	**16,489**	1,747
Deferred acquisition costs	12	**38,380**	35,718
Deferred tax assets	7	**3,193**	-
Property, plant and equipment		**3,456**	1,156
Investment property	13	**10,500**	10,500
Investments in associates	14	**3,511**	992
Intangible assets	16	**13,311**	2,992
Goodwill	17	**53,372**	29,297
TOTAL ASSETS		**743,953**	405,338
Liabilities			
Other payables	18	**23,246**	8,000
Insurance payables	18	**24,577**	12,893
Current tax liabilities		**2,872**	679
Unearned premium liability	19	**144,061**	89,226
Employee benefits provision	20	**1,578**	345
Contingent consideration	18	**3,608**	-
Deferred tax liabilities	7	**9,558**	2,338
Outstanding claims liability	4	**275,550**	158,761
Borrowings	21	**65,215**	65,637
TOTAL LIABILITIES		**550,265**	337,879
NET ASSETS		**193,688**	67,459
Equity			
Share capital	22	**110,070**	18,000
Reserves	22	**(899)**	(444)
Retained earnings	22	**84,561**	49,903
Total equity attributed to shareholders of the parent		**193,732**	67,459
Non-controlling interest		**(44)**	-
TOTAL EQUITY		**193,688**	67,459

The financial statements were approved for issue by the Board on 29 February 2016.

Sir John Wells KNZM, Chairman

Peter Harris, Managing Director

The above statement should be read in conjunction with the accompanying notes to the financial statements.

Statement of Changes in Equity

For the year ended 31 December 2015

2015

	NOTE	SHARE CAPITAL $'000	RETAINED EARNINGS $'000	RESERVES $'000	NON-CONTROLLING INTERESTS $'000	TOTAL EQUITY $'000
		CONSOLIDATED				
Balance at 1 January 2015		**18,000**	**49,903**	**(444)**	**-**	**67,459**
Comprehensive income						
Profit for the year		**-**	**35,488**	**-**	**22**	**35,510**
Other comprehensive income						
Currency translation differences		**-**	**-**	**(455)**	**(3)**	**(458)**
Total comprehensive income		**-**	**35,488**	**(455)**	**19**	**35,052**
Transactions with shareholders						
Issue of new shares	22	**98,432**	**-**	**-**	**-**	**98,432**
Share issue costs	22	**(6,362)**	**-**	**-**	**-**	**(6,362)**
Other movements		**-**	**-**	**-**	**(63)**	**(63)**
Dividends provided for or paid	24	**-**	**(830)**	**-**	**-**	**(830)**
Total transactions with shareholders		**92,070**	**34,658**	**(455)**	**(44)**	**126,229**
Balance at 31 December 2015		**110,070**	**84,561**	**(899)**	**(44)**	**193,688**

2014

	NOTE	SHARE CAPITAL $'000	RETAINED EARNINGS $'000	RESERVES $'000	NON-CONTROLLING INTERESTS $'000	TOTAL EQUITY $'000
		CONSOLIDATED				
Balance at 1 January 2014		18,000	33,434	87		51,521
Comprehensive income						
Profit for the year		-	19,393	-		19,393
Other comprehensive income						
Currency translation differences		-	-	(531)		(531)
Total comprehensive income		-	19,393	(531)		18,862
Transactions with shareholders						
Dividends provided for or paid	24	-	(2,924)	-		(2,924)
Total transactions with shareholders		-	16,469	(531)		15,938
Balance at 31 December 2014		18,000	49,903	(444)	-	67,459

The above statement should be read in conjunction with the accompanying notes to the financial statements.

Statement of Cash Flows

For the year ended 31 December 2015

	NOTE	CONSOLIDATED 2015 $'000	2014 $'000
CASH FLOWS FROM/(TO) OPERATING ACTIVITIES:			
Premium received		**233,119**	188,265
Reinsurance and other recoveries received		**8,945**	3,249
Claims costs paid		**(56,318)**	(33,630)
Premium ceded payments		**(14,765)**	(2,531)
Interest received		**4,264**	2,111
Finance costs		**(5,820)**	(7,062)
Movements in security deposits held		**(2,878)**	(1,256)
Income tax paid		**(8,448)**	(8,799)
Other operating receipts		**29,762**	20,891
Commission paid		**(71,330)**	(60,594)
Other operating payments		**(41,200)**	(29,628)
Net cash flows from operating activities	8	**75,331**	71,016
CASH FLOWS FROM/(TO) INVESTING ACTIVITIES:			
Net cash flows on acquisition of subsidiaries, net of cash acquired		**(39,075)**	(2,813)
Outlays for property and equipment		**(1,271)**	(9,592)
Payments for intangible assets		**(1,346)**	(79)
Net receipts/(payments) for financial assets		**10,679**	(20,346)
Movements in loans with non related parties		**(111)**	-
Movements in loans with related parties		**4,157**	295
Net cash flows from investing activities		**(26,967)**	(32,535)
CASH FLOWS FROM/(TO) FINANCING ACTIVITIES:			
Proceeds from borrowings		**-**	40,468
Dividends paid to equity holders		**(830)**	(2,924)
Proceeds from issue of shares		**88,017**	-
Payment of IPO transaction costs		**(8,802)**	-
Net cash flows from financing activities		**78,385**	37,544
Net movement in cash held		**126,749**	76,025
Effects of exchange rates on balances of cash held in foreign currencies		**2,969**	(7,568)
Cash and cash equivalents at start of year	8	**166,294**	97,837
Cash and cash equivalents at end of year	8	**296,012**	166,294

The above statement should be read in conjunction with the accompanying notes to the financial statements.

Notes to the Financial Statements

For the year ended 31 December 2015

1 Summary of significant accounting policies

(a) General information

CBL Corporation Limited (CBL, Parent or Company), incorporated on 18 June 2012, is a FMC Reporting Entity under the Financial Markets Conduct Act 2013 and is a company limited by shares, incorporated and domiciled in New Zealand. Its registered office is Level 8, 51 Shortland Street, Auckland 1010, New Zealand. This financial report is for the reporting year ended 31 December 2015 presenting consolidated financial statements for the Company and its subsidiaries (the Group).

The principal operating activities of the Group include:

- Underwriting of general insurance through CBL Insurance Limited (CBL Insurance). CBL Insurance is a New Zealand domiciled non-life insurer, regulated by the Reserve Bank of New Zealand (RBNZ), specialising in writing niche building and construction related credit and financial surety insurance, bonding, and reinsurance.
- Underwriting of general insurance through Assetinsure Pty Limited (AI). AI is an Australian domiciled non-life insurer, regulated by the Australian Prudential Regulation Authority (APRA), specialising in surety, financial risk, professional indemnity and property lines.
- Underwriting of general insurance through CBL Insurance Europe Limited (CBLIE). CBLIE is an Ireland based insurance company, regulated by the Central Bank of Ireland. During 2014 CBLIE commenced underwriting property, construction related credit and financial surety insurance.
- Provision of insurance services as an agent through European Insurance Services Limited (EISL). EISL is a United Kingdom (UK) domiciled managing general agency (MGA) regulated by the Financial Conduct Authority (FCA), specialising in arranging builders warranty, liability insurance and other related products.
- Provision of speciality insurance services as an agent through Profession Fee Protection Limited (PFP). PFP is a leading provider of tax investigation fee protection insurance. PFP is UK domiciled and is regulated by the FCA.

This general purpose financial report was authorised by the Board of Directors for issue on 29 February 2016.

(b) Statement of compliance

This general purpose financial report has been prepared in accordance with Generally Accepted Accounting Practice in New Zealand. The financial report complies with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), International Financial Reporting Standards (IFRS) and other applicable Financial Reporting Standards, as appropriate for profit oriented entities. The Company is a profit oriented entity. These financial statements are prepared in accordance with the Financial Markets Conduct Act 2013 (FMC Act) and the Companies Act 1993 (Companies Act), and comply with these Acts.

The financial statements also comply, where relevant, with the Insurance (Prudential Supervision) Act 2010 (IPSA) and associated regulations.

(c) Basis of preparation of the financial report

The significant accounting policies adopted in the preparation of this financial report are set out below. The accounting policies adopted in the preparation of this financial report have been applied consistently by all entities in the Group and are the same as those applied for the previous reporting period unless otherwise noted. The Group changed the classification of revenue earned by EISL in its capacity as a MGA where it does not take on insurance risk, to present revenue as the net amount of commissions earned. The reclassification was made as it is considered to better reflect the substance of the revenue earned by EISL in its capacity as an agent. The reclassification has no impact on reported profit for current or prior years however prior periods have been restated to ensure consistency of presentation. The financial statements have been prepared on the basis of historical cost principles, as modified by certain exceptions noted in the financial report, with the principal exceptions being the measurement of the outstanding claims liability and related reinsurance and other recoveries at present value.

The presentation currency used for the preparation of this financial report is New Zealand dollars (NZD). All values are rounded to the nearest thousand dollars ($'000) unless otherwise stated.

The Statement of Financial Position (SOFP) is prepared using the liquidity format in which the assets and liabilities are presented broadly in order of liquidity.

The assets and liabilities comprise both current amounts (expected to be recovered or settled within 12 months after the reporting date) and non-current amounts (expected to be recovered or settled more than 12 months after the reporting date). For those assets and liabilities that comprise both current and noncurrent amounts, information regarding the amount of the item that is expected to be outstanding longer than 12 months is included within the relevant note to the financial statements.

(d) Principles of consolidation

(i) Subsidiaries

Consolidation is the inclusion of the assets and liabilities of all subsidiaries as at the reporting date and the results of all subsidiaries for the period then ended as if the Group had operated as a single entity. The balances and effects of intragroup transactions are eliminated from the consolidation. Subsidiaries are those entities controlled by the Parent.

Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

The financial statements of all subsidiaries are prepared for consolidation for the same reporting period as the Company, using consistent accounting policies.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2015

The financial statements of entities operating outside New Zealand that maintain accounting records in accordance with overseas accounting principles are adjusted where necessary to comply with the significant accounting policies of the Group.

Where a subsidiary is less than wholly owned, the equity interests held by external parties are presented separately as non-controlling interests in the consolidated SOFP and Statement of Comprehensive Income (SOCI).

(ii) Associates

Associates are entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

The equity method of accounting is applied to the results of associated companies.

Significant Accounting Policies related to General Insurance Contracts

All of the general insurance products and reinsurance products on offer, or utilised, meet the definition of an insurance contract (a contract under which one party, the insurer, accepts significant insurance risk from another party, the policyholder, by agreeing to compensate the policyholder if a specified uncertain future event, the insured event, adversely affects the policyholder) and none of the contracts contains embedded derivatives or is required to be unbundled. Insurance contracts that meet the definition of a financial guarantee contract are accounted for as insurance contracts. This means that all of the general insurance products are accounted for in the same manner.

(e) Premium revenue

Premium revenue comprises amounts charged to policyholders (direct premium) or other insurers (inwards reinsurance premium) for insurance contracts. Premium is recognised as earned from the date of the attachment of risk over the period of the related insurance contracts in accordance with the pattern of the incidence of risk expected under the contracts. For practical purposes a proxy date for the date of the attachment of risk is, in some circumstances, the written date. The pattern of the risks underwritten is generally matched by the passing of time. Premium for unclosed business (business written close to the reporting date where the attachment of risk is prior to the reporting date and there is insufficient information to identify the business accurately) is brought to account based on previous experience with due allowance for any changes in the pattern of new business and renewals.

Unearned premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. The unearned portion of premium is recognised as an unearned premium liability (UPL) in the SOFP.

Premium receivable is recognised as the amount due at the point the insurer becomes on risk, and is normally settled between 30 days and 4 months. The recoverability of premium receivable is assessed and provision is made for impairment based on objective evidence and having regard to past default experience. Premium receivable is presented in the SOFP net of any provision for impairment.

(f) Outward reinsurance and premium ceded

Premium ceded to reinsurers is recognised as an expense in accordance with the pattern of reinsurance service received. Accordingly, a portion of outwards reinsurance premium expense is treated as a prepayment and presented as deferred outwards reinsurance expense in the SOFP at the reporting date.

(g) Claims

The outstanding claims liability is measured as the central estimate of the present value of expected future payments relating to claims incurred at the reporting date with an additional risk margin added to allow for inherent uncertainty in the central estimate.

The expected future payments include those in relation to claims reported but not yet paid or not yet paid in full, claims incurred but not reported (IBNR) and the anticipated direct and indirect claims handling costs. The liability is discounted to present value using a risk-free rate.

The estimation of the outstanding claims liability involves a number of assumptions, and it is likely that the final outcome will be different from the original liability established. Changes in claims estimates are recognised in the SOCI in the reporting period in which the estimates are changed.

The claims expense represents claim payments adjusted for the movement in the outstanding claims liability.

(h) Reinsurance and other recoveries

Reinsurance and other recoveries received or receivable on paid claims and on outstanding claims are recognised as income. Reinsurance recoveries on paid claims are presented as part of other receivables net of any provision for impairment based on objective evidence for individual receivables. Reinsurance and other recoveries on outstanding claims are measured as the present value of the expected future receipts calculated on the same basis as the outstanding claims liability. Reinsurance does not relieve the originating insurer of its liabilities to policyholders and is presented separately in the SOFP.

(i) Acquisition costs

Costs associated with obtaining and recording general insurance contracts are referred to as acquisition costs. These costs include commissions or brokerage paid to agents or brokers, premium collection costs, risk assessment costs and other administrative costs. Such costs are capitalised where they relate to the acquisition of new business or the renewal of existing business. These capitalised costs are presented as deferred acquisition costs, and are amortised on the same basis as the earning pattern of the premium over the period of the related insurance contracts. The balance of the deferred acquisition costs at the reporting date represents the capitalised acquisition costs relating to unearned premium.

(j) Liability adequacy test

The liability adequacy test is an assessment of the carrying amount of the UPL and is conducted at each reporting date. If current estimates of the present value of the expected future cash flows relating to future claims arising from the rights and obligations under current general insurance contracts, plus an additional risk margin to reflect the inherent uncertainty in the central estimate, exceed the UPL (net of reinsurance) less related deferred acquisition costs, then the UPL is deemed to be deficient. The test is performed at the level of a portfolio of contracts that are subject to broadly similar risks and that are managed together as a single portfolio. Any deficiency arising from the test is recognised in the Profit or Loss with the corresponding impact on the SOFP recognised first through the write down of deferred acquisition costs for the relevant portfolio of contracts, with any remaining balance being recognised in the SOFP as an unexpired risk liability.

(k) Assets backing insurance business

The assets in insurance entities backing general insurance liabilities are those assets required to cover the technical insurance liabilities (outstanding claims and unearned premium) plus an allowance for solvency. The assets held to back general insurance activities are carried at fair value through Profit or Loss. Assets in insurance entities that do not back general insurance liabilities comprise property, plant and equipment.

Significant Accounting Policies applicable to other activities

(l) Fee and other income

Fee based revenue derived from EISL and PFP consists of commissions, policy fees and profit commissions associated with the placement of insurance contracts in the ordinary course of business. Revenue is shown net of VAT, returns, rebates and discounts. The Group recognises revenue when: the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity; and specific criteria have been met, for example the insurance policy has incepted. Profit commission is recognised when the right to such profit commission is established through a contract but only to the extent that a reliable estimate of the amount due can be made. Other income is recognised on an accrual basis.

(m) Leases

The leases entered into are operating leases, where the lessor retains substantially all the risks and benefits of ownership of the leased items. The lease payments are recognised as an expense in the Profit or Loss on a straight line basis over the term of the leases. Operating lease incentives received are initially recognised as a liability, are presented as other payables, and are subsequently reduced through recognition in the Profit or Loss as an integral part of the total lease expense (lease payments are allocated between rental expense and reduction of the liability) on a straight line basis over the period of the lease.

(n) Income tax

(i) Income tax

Income tax on the result for a reporting period comprises current and deferred tax. Income tax is recognised in Profit or Loss except to the extent that it relates to items recognised in Other Comprehensive Income (OCI), in which case the income tax is also recognised in OCI.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates for each jurisdiction, and any adjustment to tax payable in respect of previous financial periods. Deferred tax expense is the change in deferred tax assets and liabilities between the reporting periods.

Deferred tax assets and liabilities are recognised using the balance sheet method for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, except in the following circumstances when no deferred tax asset or liability is recognised:

- Temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss;
- Temporary differences between the carrying amount and tax bases of investments in subsidiaries where it is probable that the differences will not reverse in the foreseeable future; and
- Temporary differences relating to the initial recognition of goodwill.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the assets can be utilised.

(ii) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of any Goods and Services Tax (GST) or Valued Added Tax (VAT) except:

- When the GST or VAT incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST or VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables, which are stated with the amount of GST or VAT included.

The net amount of GST or VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the SOFP.

Cash flows are included in the Statement of Cash Flows on a gross basis.

(o) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less that are convertible to a known amount of cash and subject to an insignificant risk of change in value.

Cash and cash equivalents include bank balances held in trust by insurers on CBL's behalf for the purpose of settling potential future claims.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2015

(p) Other financial assets and short-term deposits

The valuation methodology for financial assets valued at fair value is summarised below:

- Cash assets and bank overdrafts are carried at face value of the amounts deposited or drawn;
- Fixed interest securities are initially recognised at cost, including transaction costs, on the date the Group commits to purchase the investment. The subsequent fair value is taken as the quoted bid price of the investment; and
- Unlisted fixed interest securities are recorded at fair value determined by appropriate valuation techniques.

The fair value of financial instruments classified as fair value through Profit or Loss is their quoted bid price at reporting date. Purchases and sales are accounted for on the trade date, and any realised net gains or losses upon sale are recognised in Profit or Loss excluding any interest or dividend income.

(q) Investment revenue, comprising interest, is brought to account on an accruals basis

The Group's investment in associates is accounted for using the equity method of accounting in the financial statements. Associates are entities over which the Group has significant influence and that are neither subsidiaries nor joint ventures.

Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

Under the equity method, investments in associates are carried in the consolidated SOFP at cost plus post acquisition changes in the Group's share of the net assets of the associates. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss with respect to the Group's net investment in the associate.

The Group's share of associates' profits or losses is recognised in Profit or Loss. The cumulative movements are adjusted against the carrying amount of the investment.

(r) Other receivables

Other receivables are stated at the amounts to be received in the future, less any impairment losses.

The recoverability of receivables is assessed on an ongoing basis and an allowance for impairment is established where there is objective evidence of impairment. Objective evidence that a financial asset is impaired includes default by a debtor, evidence that the debtor is likely to enter bankruptcy and adverse economic conditions in the stock exchange. Where a subsequent event causes the amount of the impairment loss to decrease (a payment receipt for example), the reduction in the allowance account (provision for impairment of receivables) is taken through Profit or Loss.

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial asset has been impaired through the occurrence of a loss event.

The impairment charge is recognised in Profit or Loss. Debts that are known to be uncollectable are written off.

Receivables with short durations are not discounted.

(s) Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs.

Subsequent to initial recognition, investment properties are measured at fair value. All of the Group's property interests are accounted for as investment properties and are measured using the fair value model. Gains and losses arising from changes in the fair value of investment properties are included in Profit or Loss in the period in which they arise.

When an investment property is disposed of, or permanently withdrawn from use, any gain or loss is included in Profit or Loss.

(t) Intangibles

Acquired intangible assets are initially recorded at their cost at the date of acquisition being the fair value of the consideration provided and, for assets acquired separately, incidental costs directly attributable to the acquisition. Intangible assets with finite useful lives are amortised on a straight line basis (unless the pattern of usage of the benefits is significantly different) over the estimated useful lives of the assets being the periods in which the related benefits are expected to be realised (shorter of legal duration and expected economic life). Amortisation rates and residual values are reviewed annually and any changes are accounted for prospectively.

The carrying amount of intangible assets with finite useful lives is reviewed each reporting date by determining whether there is an indication that the carrying value may be impaired. If any such indication exists, the item is tested for impairment by comparing the recoverable amount of the asset or its cash generating unit to the carrying value. Where the recoverable amount is determined by the value-in-use, the projected net cash flows are discounted using a pre-tax discount rate. For assets with indefinite useful lives, the recoverability of the carrying value of the assets is tested for impairment at each reporting date, or more frequently if events or changes in circumstances indicate that they might be impaired. An impairment charge is recognised when the carrying value exceeds the calculated recoverable amount. Impairment charges are recognised in Profit or Loss and may be reversed where there has been a change in the estimates used to determine the recoverable amount.

Goodwill acquired in a business combination is initially measured at cost, being the excess of the purchase consideration over the fair value of the net identifiable assets, liabilities and contingent liabilities acquired and is subsequently presented net of any impairment charges.

Goodwill is allocated to cash generating units for the purpose of impairment testing. The recoverability of the carrying value of the goodwill allocated to each cash generating unit is tested for impairment at each reporting date, or more frequently if events or changes in circumstances indicate that it might be impaired, by determining the present value of projected net cash flows. Where the carrying value exceeds the recoverable amount, an impairment charge is recognised in Profit or Loss and cannot subsequently be reversed.

At the date of disposal of a business, attributed goodwill is included in the share of net assets used in the calculation of the gain or loss on disposal.

(u) Other payables

Other payables are carried at cost, which is the equivalent to fair value or the face value of the consideration to be paid in the future for goods and services received. The amounts are discounted where the effect of the time value of money is material.

(v) Employee benefits

Employee benefits that the Group expects to be settled within 12 months of the reporting date are measured at nominal value based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to the reporting date, annual leave earned but not yet taken at the reporting date and non-accumulating sick leave.

The Group recognises a liability for sick leave. The amount is calculated based on the unused sick leave entitlements that can be carried forward at the reporting date, to the extent that the Group anticipates that it will be used by staff to cover those future absences.

The Group recognises a liability and expense for bonuses where they are contractually obliged or where there is a past practice that has created a constructive obligation.

(w) Interest bearing liabilities and finance costs

Interest bearing liabilities are initially recognised at fair value less transaction costs that are directly attributable to the transactions.

After initial recognition the liabilities are carried at amortised cost using the effective interest method.

Finance costs include both contracted interest and amortisation of capitalised transaction costs collectively the effective interest. Capitalised transaction costs are amortised over the life of the borrowings, or a shorter period if appropriate.

(x) Equity instruments

The Group has issued ordinary shares that are classified as equity. Incremental external costs that are directly attributable to the issue of these shares are recognised as a deduction from equity.

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Group's Board of Directors.

(y) Financial instruments

Financial instruments comprise trade debtors and other receivables, cash and cash equivalents, loans, other financial assets, trade creditors and other payables, borrowings and other financial liabilities.

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the Group commits itself to either the purchase or the sale of the asset.

Initial measurement used: Fair value

Financial instruments are initially measured at fair value plus transaction costs, except where an instrument is classified "at fair value through profit or loss" in which case transaction costs are expensed to Profit or Loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value or amortised cost using the effective interest method. Fair value represents the amount for which an asset could be sold or a liability transferred, between knowledgeable, willing parties in an arm's length transaction. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- The amount at which a financial asset or financial liability is measured at initial recognition;
- Less repayments;
- Plus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest rate method; and
- Less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with the adjustment recognised in Profit or Loss.

The classification of financial instruments depends on the purpose for which the investments were acquired. Management determines the classification of its instruments at initial recognition and at the end of each reporting period.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Loans and receivables are included in current assets, except for those that are not expected to mature within 12 months after the end of the reporting period.

(ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost. If during the period the Group sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investments category would be tainted and reclassified as available for sale.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2015

(iii) Financial assets and liabilities at fair value through profit or loss

Financial assets and liabilities are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking or derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets and liabilities are subsequently measured at fair value with changes in carrying value being included in Profit or Loss.

(iv) Other financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are measured at amortised cost. Fees payable on the establishment of the loan facilities are initially capitalised and are amortised to Profit or Loss over the period of the loan.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value of all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the SOFP when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the assets and settle the liabilities simultaneously.

Derecognition

A financial asset is no longer recognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are no longer recognised where the related obligations are discharged, cancelled or expired. The difference between the carrying value of a financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non cash assets or liabilities assumed, is recognised in Profit or Loss.

(z) Earnings per share

Basic earnings per share is determined by dividing the profit or loss attributable to shareholders of the Parent by the weighted average number of shares on issue during the reporting year.

(aa) Foreign currency transactions and balances

(i) Functional and presentation currency

The financial statements are presented in NZD, which is the presentation currency of the Group. Each company in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(ii) Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency at rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to Profit or Loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions and are not subsequently restated. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the dates when the fair value was determined.

(iii) Group companies

The SOCI and SOFP of all the Group entities that have functional currencies different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing rate;
- Income and expenses for each SOCI item are translated at exchange rates prevailing at the dates of the transactions; and
- All resulting exchange differences are recognised in OCI as a separate component of equity.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

(ab) Adoption of new and revised accounting standards

In the current year, the Group has adopted all mandatory new and amended standards. The application of these new and amended standards has had no material impact on the amounts recognised or disclosed in the financial statements. The Group is not aware of any standards at issue but not yet effective (other than those listed below in accounting policy note (ac)) which would materially impact on the amounts recognised or disclosed in the financial statements. The Group intends to adopt when they become mandatory. During the year ended 31 December 2015 the Group applied NZ IFRS 8 "Operating Segments" and NZ IAS 33 "Earnings per Share" for the first time.

(ac) New accounting standards for application in future periods

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning after 1 January 2016 or later periods, and accordingly the Group has not yet adopted them. The Group expects to adopt the following new standards on 1 January after the effective date.

- NZ IFRS 9 "Financial Instruments" is effective for balance dates beginning on or after 1 January 2018. The standard replaces NZ IAS 39. NZ IFRS 9 requires the financial assets to be classified into two measurement categories, being those measured as at fair value and those measured at amortised cost. The determination is made when the instruments are initially recognised. The method of classification is dependent on the entity's business model and how it manages its financial instruments. For financial liabilities, the standard maintains most of the requirements set out in NZ IAS 39. NZ IFRS 9 introduces a new expected credit loss model for calculating the impairment of financial assets. Management has yet to perform a full assessment of the impact of this standard, however it is not expected to have a material impact on the financial statements.

- NZ IFRS 15 "Revenue from Contracts with Customers" is effective for balance dates beginning on or after 1 January 2018. The standard provides requirements for accounting for all contracts with customers, with some exceptions. Specific exemptions include lease contracts, insurance contracts and financial instruments. The standard will replace all current accounting pronouncements on revenue. Management has yet to perform a full assessment of the impact of this standard, however it is not expected to have a material impact on the financial statements.
- NZ IFRS 16 "Leases" is effective for reporting periods beginning on or after 1 January 2019. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract. NZ IFRS 16 eliminates the current dual accounting model for lessees, which distinguishes between on balance sheet finance leases and off balance sheet operating leases. Instead, there is a single, on balance sheet accounting model that is similar to current finance lease accounting. Management has yet to perform a full assessment of the impact of this standard, however it is not expected to have a material impact on the financial statements.

(ad) Business combinations

Business combinations are accounted for using the acquisition method. Business combinations occur when control is obtained over an entity or business.

The accounting for an acquisition involves the cost of the business combination being allocated to the identifiable assets acquired (tangible and intangible) and the identifiable liabilities assumed (including contingent liabilities) based on their separate fair values determined at the acquisition date. Goodwill represents the excess of the purchase consideration over the fair value of the net identifiable assets and contingent liabilities acquired. If the cost of acquisition is less than the fair value of the net identifiable assets and contingent liabilities acquired, the difference is recognised immediately in Profit or Loss.

Where the settlement of any part of a cash consideration is deferred, the amounts payable in the future are discounted to their present value at the date of exchange. The discount rate used is the incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Where the settlement of any part of a cash consideration is contingent upon some future event or circumstance, the estimated amounts payable in the future are discounted to their present value at the date of exchange. When the contingent consideration is classified as a liability, the impact on any subsequent changes in fair value is recognised in Profit or Loss.

Where the initial accounting for a business combination is determined only provisionally by the first reporting date after the acquisition date, the business combination is accounted for using those provisional values. Any subsequent adjustments to those provisional values are recognised within 12 months of the acquisition date and are applied effective from the acquisition date.

2 Significant accounting judgements, estimates and assumptions

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates and judgements are continually evaluated and based on historical experience and other factors.

The estimates and related assumptions are considered to be reasonable. Actual results may differ from these estimates. Revisions to accounting estimates are recognised in the periods in which the estimates are revised, and future periods if relevant.

The areas where the estimates and assumptions involve a high degree of judgement or complexity and are considered significant to the financial statements are noted below:

- Claims and claim recoveries, refer to note 4;
- Liability adequacy test, refer to note 19(b);
- Acquired intangible assets' initial measurement and determination of useful life, refer to notes 16 and 27;
- Intangible assets and goodwill impairment testing, refer to notes 16 and 17; and
- The identification and fair value of identifiable assets and liabilities in a business combination, refer to note 27.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2015

3 Segmental reporting

31 December 2015	CBL INSURANCE $'000	AI $'000	CBLIE $'000	EISL $'000	PFP $'000	CBL $'000	OTHER $'000	TOTAL $'000
Gross written premium - as insurer								
Policyholders	13,306	14,061	10,419	-	-	-	-	37,786
Reinsurers	202,972	1,846	-	-	-	-	-	204,818
Gross written premium	216,278	15,907	10,419	-	-	-	-	242,604
Movement in gross unearned premium provision	(17,499)	4,746	(1,212)	-	-	-	-	(13,965)
Total gross premium earned - as insurer	198,779	20,653	9,207	-	-	-	-	228,639
Ceded premium - as insurer								
Written premium ceded	(2,657)	(7,798)	(2,114)	-	-	-	-	(12,569)
Movement in unearned ceded premium provision	233	(3,194)	439	-	-	-	-	(2,522)
Total earned premium ceded - as insurer	(2,424)	(10,992)	(1,675)	-	-	-	-	(15,091)
Total net earned premium - as insurer	196,355	9,661	7,532	-	-	-	-	213,548
Premium written and premium ceded - as MGA								
Gross written premium	-	-	-	51,563	-	-	-	51,563
Gross written premium ceded to insurers	-	-	-	(40,103)	-	-	-	(40,103)
Commission income	-	-	-	11,460	-	-	-	11,460
Investment income	2,633	652	58	40	11	1,216	(726)	3,884
Other operating revenue	6,355	6,495	-	5,313	665	5,828	(9,097)	15,559
Other revenue	8,988	7,147	58	5,353	676	7,044	(9,823)	19,443
Total revenue	205,343	16,808	7,590	16,813	676	7,044	(9,823)	244,451
Net claims expense	(70,343)	(2,188)	(2,138)	-	-	-	-	(74,669)
Acquisition costs	(66,234)	(236)	(2,636)	-	-	-	-	(69,106)
Underwriting and operating expenses	(18,225)	(7,143)	(984)	(11,997)	(334)	(1,584)	(491)	(40,758)
Operating profit/(loss)	50,541	7,241	1,832	4,816	342	5,460	(10,314)	59,918
Share of profit from associate	340	-	-	422	-	48	-	810
Earnings before interest, tax, depreciation and amortisation	51,115	3,597	1,848	5,583	348	3,341	(5,136)	60,696
Interest expense	-	-	-	-	-	(5,495)	(801)	(6,296)
Depreciation and amortisation	(234)	(108)	-	(136)	(11)	-	(4,371)	(4,860)
Profit/(loss) before income tax	50,881	3,489	1,848	5,447	337	(2,154)	(10,308)	49,540
Income tax (expense)/credit	(12,148)	(1)	(232)	(773)	(60)	25	(841)	(14,030)
Profit/(loss) for the year	38,733	3,488	1,616	4,674	277	(2,129)	(11,149)	35,510
Segment assets	456,190	164,225	20,472	10,309	4,650	194,621	(106,514)	743,953
Segment liabilities	331,024	124,480	9,161	7,671	5,202	57,216	15,511	550,265

3 Segmental reporting

31 December 2014	CBL INSURANCE $'000	AI $'000	CBLIE $'000	EISL $'000	PFP $'000	CBL $'000	OTHER $'000	TOTAL $'000
Gross written premium - as insurer								
Policyholders	12,264	-	1,887	-	-	-	-	14,151
Reinsurers	173,633	-	-	-	-	-	-	173,633
Gross written premium	185,897	-	1,887	-	-	-	-	187,784
Movement in gross unearned premium provision	(14,386)	-	(946)	-	-	-	-	(15,332)
Total gross premium earned - as insurer	171,511	-	941	-	-	-	-	172,452
Ceded premium - as insurer								
Written premium ceded	(2,795)	-	(348)	-	-	-	-	(3,143)
Movement in unearned ceded premium provision	(398)	-	146	-	-	-	-	(252)
Total earned premium ceded - as insurer	(3,193)	-	(202)	-	-	-	-	(3,395)
Total net earned premium - as insurer	168,318	-	739	-	-	-	-	169,057
Premium written and premium ceded - as MGA								
Gross written premium	-	-	-	53,982	-	-	3	53,985
Gross written premium ceded to insurers	-	-	-	(41,549)	-	-	-	(41,549)
Commission income	-	-	-	12,433	-	-	3	12,436
Investment income	1,532	-	53	2	-	653	(293)	1,947
Other operating revenue	490	-	541	3,406	-	-	624	5,061
Other revenue	2,022	-	594	3,408	-	653	331	7,008
Total revenue	170,340	-	1,333	15,841	-	653	334	188,501
Net claims expense	(69,538)	-	1,483	-	-	-	-	(68,055)
Acquisition costs	(57,615)	-	(210)	-	-	-	-	(57,825)
Underwriting and operating expenses	(14,578)	-	(492)	(10,757)	-	(423)	(688)	(26,938)
Operating profit/(loss)	28,609	-	2,114	5,084	-	230	(354)	35,683
Share of profit from associate	178	-	-	206	-	-	-	384
Earnings before interest, tax, depreciation and amortisation	29,099	-	1,937	5,428	-	2,212	(6,856)	31,820
Interest expense	-	-	-	-	-	(3,910)	(732)	(4,642)
Depreciation and amortisation	(312)	-	-	(127)	-	-	(360)	(799)
Profit/(loss) before income tax	28,787	-	1,937	5,301	-	(1,698)	(7,948)	26,379
Income tax (expense)/credit	(5,977)	-	(218)	(811)	-	-	20	(6,986)
Profit/(loss) for the year	22,810	-	1,719	4,490	-	(1,698)	(7,928)	19,393
Segment assets	326,497	-	16,390	10,074	-	68,152	(15,775)	405,338
Segment liabilities	254,236	-	6,661	7,879	-	19,860	49,243	337,879

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2015

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (being the chief operating decision maker) in assessing performance and in determining the allocation of resources.

The reportable operating segments are based on assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other operating segments.

Segment information:

- CBL Insurance: General insurance and reinsurance operations located in New Zealand.
- AI: General insurance and reinsurance operations located in Australia.
- CBLIE: General insurance operations located in Ireland.
- EISL: MGA located in the UK.
- PFP: Insurance agency located in the UK.
- CBL: Ultimate parent with head office located in New Zealand.
- Other: includes office expenses, swap, financing costs and intra-Group eliminations. Intra-Group transactions between segments have been accounted for on the same basis as the Group accounting policies.

Major customers

The Group writes a significant amount of its business in a reinsurance capacity. Business written with the following two insurers contributed the following towards the total gross written premium:

- Business written with Elite Insurance Company Limited contributed 58.8% of the total gross written premium during the year (2014: 65.2%); and
- Business written with Alpha Insurance A/S contributed 13.1% of the total gross written premium during the year (2014: 22.7%).

The reinsurance business written by the Group typically involves an insurer, as detailed above, and also a producer or originator, such as a broker or MGA. The following MGA contributed significantly towards the total gross written premium:

- Business originated by SFS Europe SA contributed 41.4% of the total gross written premium during the year (2014: 49.9%). The business originated by SFS Europe SA is initially insured by Elite Insurance Company Limited or Alpha Insurance A/S, with the Group acting as reinsurer to those insurers.

4 Claims

(a) Net claims expense in the SOCI

Current year claims relate to claim events that occurred in the current financial year. Prior year claims relate to a reassessment of the claim events that occurred in all previous periods.

	CONSOLIDATED					
	CURRENT YEAR $'000	PRIOR YEARS $'000	2015 TOTAL $'000	CURRENT YEAR $'000	PRIOR YEARS $'000	2014 TOTAL $'000
Gross claims	**108,897**	**(6,825)**	**102,072**	72,382	36,433	108,815
Reinsurance and other recoveries	**(35,205)**	**7,802**	**(27,403)**	(13,674)	(27,086)	(40,760)
Net claims expense	**73,692**	**977**	**74,669**	58,708	9,347	68,055

The prior year movements are due to a combination of strengthening to and releases from prior year claims reserves. This is as a result of the actuarial reassessment of these reserves based upon further claims development information.

The gross claims total of $102.1 million consists of $74.6 million (2014: $103.4 million) for business reinsured and the remaining balance relates to direct business.

The reinsurance and other recoveries total of $27.4 million consists of $17.1 million (2014: $39.7 million) for business reinsured and the remaining balance relates to direct business.

(b) Outstanding claims liability recognised in the SOFP

	CONSOLIDATED	
	2015 $'000	2014 $'000
(i) Composition of gross outstanding claims liability		
Gross central estimate - undiscounted	**243,030**	143,986
Claims handling costs	**11,144**	10,519
Risk margin	**33,997**	15,675
	288,171	170,180
Discount to present value	**(12,621)**	(11,419)
Gross outstanding claims liability-discounted	**275,550**	**158,761**

The outstanding claims liability includes $184.4 million (2014: $127.6 million) that is expected to be settled more than 12 months from the reporting date arising from claims (including future claims) expected to be reported over the future life of the insurance contracts (IBNR).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2015

(ii) Reconciliation of movements in discounted outstanding claims liability

	CONSOLIDATED					
	2015			2014		
	GROSS $'000	RECOVERIES $'000	NET $'000	GROSS $'000	RECOVERIES $'000	NET $'000
Balance at the beginning of the financial year	**158,761**	**(59,165)**	**99,596**	93,087	(26,708)	66,379
Change in prior year claims reserve	**(6,825)**	**7,802**	**977**	35,820	(26,881)	8,939
Current year claims incurred	**108,897**	**(35,205)**	**73,692**	72,995	(13,880)	59,115
Claims paid during the year	**(61,696)**	**7,090**	**(54,606)**	(33,862)	3,748	(30,114)
Foreign exchange adjustment	**2,866**	**(371)**	**2,495**	(9,279)	4,556	(4,723)
Acquisitions through business combinations	**73,547**	**(25,076)**	**48,471**	-	-	-
Balance at the end of the financial year	**275,550**	**(104,925)**	**170,625**	158,761	(59,165)	99,596

(iii) Claims development

	2010 AND PRIOR $'000	2011 $'000	2012 $'000	2013 $'000	2014 $'000	2015 $'000	TOTAL $'000
Net ultimate claims payments							
Development							
At end of underwriting year		**16,886**	**23,187**	**48,756**	**60,241**	**63,127**	**212,197**
One year later		**26,358**	**35,955**	**55,275**	**69,143**		**186,731**
Two years later		**28,499**	**40,946**	**57,254**			**126,699**
Three years later		**28,787**	**39,061**				**67,848**
Four years later		**28,461**					**28,461**
Current estimate of net ultimate claims payments	**985,965**	**28,461**	**39,061**	**57,254**	**69,143**	**63,127**	**1,243,011**
Cumulative payments made to date							**(1,105,653)**
Net undiscounted outstanding claims payments							**137,358**
Discount to present value							**(7,771)**
Net discounted outstanding claims payments							**129,587**
Claims handling costs							**11,144**
Risk margin							**29,894**
Net outstanding claims liability							**170,625**

(iv) Central estimate and risk margin

CBL Insurance	2015 %	2014 %
Risk margin percentage applied to the net outstanding claims liability	**20.3**	18.4
The probability of adequacy of the risk margin	**75.0**	75.0

CBLIE	2015 %	2014 %
Risk margin percentage applied to the net outstanding claims liability	**5.1**	8.4
The probability of adequacy of the risk margin	**75.0**	65.0

AI	2015 %	2014 %
Risk margin percentage applied to the net outstanding claims liability	**19.5**	-
The probability of adequacy of the risk margin	**75.0**	-

(v) Process

The outstanding claims liability is determined based on three building blocks, being:

- A central estimate of the future cash flows;
- Discounting for the effect of the time value of money; and
- A risk margin for uncertainty.

(i) Future cash flows

The estimation of the outstanding claims liability is based on a variety of actuarial techniques that analyse experience, trends and other relevant factors. The expected future payments include those in relation to claims reported but not yet paid or not yet paid in full, IBNR claims and the anticipated direct and indirect claims handling costs.

The estimation process involves using the entity's specific data, relevant industry data and more general economic data.

(ii) Discounting

Projected future claims payments, both gross and net of reinsurance and other recoveries, and associated claims handling costs are discounted to a present value using appropriate risk-free discount rates.

(iii) Risk margin

The central estimate of the outstanding claims liability is intended to contain no deliberate or conscious over or under estimation and is commonly described as providing the mean of the distribution of future cash flows. It is considered appropriate to add a risk margin to the central estimate in order for the claims liability to have an increased probability of sufficiency.

The risk margin refers to the amount by which the liability recognised in the financial statements is greater than the central estimate of the liability.

As at 31 December 2015, the outstanding claims liability for the following companies were assessed by their actuary and each actuary was satisfied as to the nature, sufficiency and accuracy of the data used to determine the outstanding claims liability. Appointed actuaries for each insurance company are as follows:

- CBL Insurance was evaluated by Paul Rhodes (Fellow of the New Zealand Society of Actuaries) of PricewaterhouseCoopers;
- AI was evaluated by Karl Marshall (Fellow of the Institute of Actuaries of Australia) of Quantium; and
- CBLIE was evaluated by Dermot Marron (Fellow of the Society of Actuaries in Ireland) of Allied Risk Management.

Uncertainties surrounding the outstanding claims liability estimation process include those relating to the data, actuarial models and assumptions, the statistical uncertainty associated with a general insurance claims run-off process, and risks external to the Group, for example, the impact of future legislative reform. Uncertainty from these sources is examined for each class of business and expressed as a volatility measure relative to the net central estimate.

The determination of the overall risk margin takes into account the volatility of each class of business. The current risk margin, which has been determined after assessing the inherent uncertainty in the central estimate and the prevailing market environment, results in an overall probability of adequacy for the outstanding claims liability of 75.0% for CBL Insurance (2014: 75.0%), 75.0% for CBLIE (2014: 65.0%) and 75.0% for AI.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2015

(c) Actuarial Assumptions

The following ranges of key actuarial assumptions were used in the measurement of outstanding claims and recoveries at the reporting date.

Assumption	CBL INSURANCE	CBLIE*	AI
2015			
Average term to settlement	**3.2 years**	**1 year**	**2.1 years**
Inflation rate	**2.50 - 3.50%**	**-**	**3.75%**
Superimposed inflation rate	**0.00 - 2.50%**	**-**	**2.00 - 2.25%**
Discount rate	**1.39%**	**-**	**1.95 - 3.65%**
Claims handling costs ratio	**5.00%**	**-**	**1.50 - 3.30%**
2014			
Average term to settlement	3.6 years	1 year	
Inflation rate	2.50 - 3.50%	-	
Superimposed inflation rate	0.00 - 2.50%	-	
Discount rate	1.75%	-	
Claims handling costs ratio	6.70%	-	

* The inflation rate is not explicitly derived and claims reserves are not discounted.

Process used to determine assumptions:

(i) Average term to settlement

The average term to settlement relates to the expected payment pattern for claims (inflated and discounted). It is calculated by class of business and is generally based on historical settlement patterns. The average term to settlement, while not itself an assumption, provides a summary indication of the future cash flow pattern.

(ii) Inflation and superimposed inflation rates

Insurance costs are subject to inflationary pressures. Inflation assumptions are set by reference to current economic indicators. Superimposed inflation reflects the past tendency for some costs, such as court awards, to increase at levels in excess of economic inflation.

(iii) Discount rate

The discount rate is derived from market yields on government securities appropriate for the applicable country.

(iv) Claims handling costs ratio

The future claims handling costs ratio is calculated with reference to the historical experience of claims handling costs as a percentage of past payments.

The effects of changes in assumptions:

(i) Average term to settlement

A decrease in the average term to settlement would reflect claims being paid sooner than anticipated and so increase the claims expense. Note that this sensitivity test only extends or shortens the term of the payments assumed in the valuation, without changing the total nominal amount of the payments.

(ii) Inflation and superimposed inflation rates

Expected future payments are inflated to take account of inflationary increases. An increase or decrease in the assumed levels of either economic or superimposed inflation will lead to a corresponding decrease or increase in profit.

(iii) Discount rate

The outstanding claims liability is calculated by reference to expected future payments. These payments are discounted to adjust for the time value of money. An increase or decrease in the assumed discount rate will lead to a corresponding increase or decrease in profit.

(iv) Claims handling costs ratio

An increase in the ratio reflects an increase in the estimate for the internal costs of administering claims. An increase or decrease in the ratio assumption will lead to a corresponding decrease or increase in profit.

(d) Sensitivity analysis of changes

The impact on the net outstanding claims liabilities before income tax to changes in key actuarial assumptions is summarised below. The impact to equity is substantially similar to the impact on Profit or Loss. Each change has been calculated in isolation of the other changes and without regard to other SOFP changes that may simultaneously occur. Changes are stated net of reinsurance recoveries.

Assumption	MOVEMENT IN ASSUMPTION	CBL INSURANCE $'000	CBLIE $'000	AI $'000
2015				
Average term to settlement	**+10%**	**(94)**	**-**	**(215)**
	- 10%	**94**	**-**	**217**
Inflation and superimposed inflation rate	**+1%**	**3,915**	**-**	**840**
	- 1%	**(3,768)**	**-**	**(757)**
Discount rate	**+1%**	**(3,915)**	**(83)**	**757**
	- 1%	**3,768**	**26**	**840**
Claims handling costs ratio	**+1%**	**1,968**	**-**	**279**
	- 1%	**(1,968)**	**-**	**(279)**

5 Analysis of expenses

	NOTE	CONSOLIDATED 2015 $'000	2014 $'000
(a) Acquisition costs			
Acquisition costs		**69,106**	57,825
(b) Other operating expenses			
Employee benefits expense		**19,398**	10,419
Directors' fees		**1,108**	499
Depreciation		**492**	210
Amortisation and impairment	16	**612**	589
Operating lease payments		**1,133**	816
Auditors' remuneration	6	**1,311**	577
Doubtful debts		**79**	-
Other expenses		**16,625**	13,828
Total other operating expenses		**40,758**	26,938
(c) Capital raising, business combination and amortisation of policies in force costs			
Loss on disposal of assets		**-**	4
Business acquisition costs		**2,656**	-
IPO capital raising costs		**2,343**	-
Amortisation of policies in force intangible	16	**3,756**	-
Total capital raising, business combination and amortisation of policies in force costs		**8,755**	4
(d) Finance costs		**6,296**	4,642
Total expenses		**124,915**	89,409

Finance costs include:

- Interest on an A$55.0 million fixed interest note (FIIG Note) of $5.5 million (2014: $3.9 million); and
- Interest on the Alpha Insurance A/S loan of $0.5 million (2014: $0.5 million).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2015

6 Remuneration of auditors

	CONSOLIDATED	
	2015 $'000	2014 $'000
Remuneration of the auditor of the Parent entity, Deloitte, for:		
- auditing or reviewing the financial statements	**205**	-
- tax consulting services	**4**	-
- litigation support services	**21**	-
Remuneration of the auditor of the Parent entity, Crowe Horwath, for:		
- auditing or reviewing the financial statements	**-**	147
- other services	**321**	233
Remuneration of other auditors of subsidiaries for:*		
- auditing or reviewing the financial statements	**358**	168
- other services	**472**	29
Total	**1,381**	577

* PricewaterhouseCoopers, KPMG and Creaseys

Other services includes taxation, litigation support, statutory assurance, due diligence and payroll processing services.

Included within other services provided by Crowe Horwath is $0.1 million of costs that are included in the share issue costs in the Statement of Changes in Equity.

7 Income tax

(a) Income tax expense

	CONSOLIDATED	
	2015 $'000	2014 $'000
Current	**9,045**	7,332
Movement in deferred tax asset	**(791)**	-
Movement in deferred tax liability	**5,867**	(380)
(Over)/under provision in prior periods	**(91)**	34
Income tax expense	**14,030**	6,986

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2015

(b) Income tax reconciliation

	CONSOLIDATED	
	2015 **$'000**	**2014** **$'000**
Profit for the year before income tax	**49,540**	26,379
Income tax at the current rate of 28% (2014: 28%)	**13,871**	7,387
Amounts which are not deductible/(taxable) in calculating taxable income:		
- non-assessable income	**(194)**	(480)
- non-deductible expenses	**1,809**	98
- foreign tax adjustment	**(335)**	(39)
- other	**(1,030)**	-
Income tax expense applicable to current year	**14,121**	6,966
Adjustment relating to prior year	**(91)**	20
Income tax expense	**14,030**	6,986

(c) Deferred tax assets

	CONSOLIDATED	
	2015 **$'000**	**2014** **$'000**
Composition		
Tax losses	**1,108**	-
Provisions and accruals	**1,810**	-
Fixed assets	**275**	-
Total deferred tax assets	**3,193**	**-**

(d) Deferred tax liabilities

	CONSOLIDATED	
	2015 **$'000**	**2014** **$'000**
Composition		
Deferred acquisition costs	**10,064**	9,937
Insurance provisions	**-**	(7,280)
Employee benefits	**(442)**	(288)
Other	**(64)**	(31)
Total deferred tax liabilities	**9,558**	2,338

(e) Imputation credits

The imputation credits available for the Group amount to $23.0 million (2014: $16.1 million). Availability is subject to shareholder continuity.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2015

8 Cash flow information

(a) Composition of cash

	CONSOLIDATED	
	2015 $'000	2014 $'000
Cash at bank and in hand	**233,436**	122,544
Short-term bank deposits	**1,084**	3,437
Cash held in trust by insurers	**61,492**	40,313
Total cash and cash equivalents	**296,012**	166,294

Cash held in trust by insurers comprises bank deposits held in trust by regulated insurers on CBL Insurance's behalf, for the purpose of settling ongoing and potential future claims obligations that CBL Insurance may have under quota share reinsurance arrangements with those insurers. These funds earn interest for the Group and the funds are available to be withdrawn.

Short-term bank deposits consist of security deposits held by the Group on agents' behalf. The majority of these funds are maintained in accounts that are separate from the normal trading accounts. Interest earned on these security deposits are payable to the agents, along with the principal, when the policies are off risk.

(b) Cash flow reconciliation

Reconciliation of net income to net cash provided by operating activities:

	CONSOLIDATED	
	2015 $'000	2014 $'000
Profit for the year	**35,510**	19,393
Cash flows excluded from profit attributable to operating activities		
Non-operating and non-cash flows in profit:		
- depreciation of property, plant and equipment	**492**	208
- amortisation and impairment of intangibles	**4,368**	589
- movements in deferred tax	**4,027**	(540)
- other	**8,463**	(254)
Movement in operating assets and liabilities:		
- increase in receivables	**(36,419)**	(33,927)
- increase in payables	**59,532**	80,179
- decrease in taxation	**(545)**	(1,430)
- foreign exchange movement in cash balances	**(97)**	6,798
Cash flow from operations	**75,331**	71,016

9 Other financial assets

	CONSOLIDATED	
	2015	**2014**
	$'000	**$'000**
Government and fixed interest securities	**59,222**	19,323
Total	**59,222**	19,323

At the prior year end term deposit investments included a term deposit of $19.3 million carrying interest at 6.0% per annum with an expiry date of 21 October 2019. The term deposit was withdrawn during the current year, with the agreement of the provider, and funds were subsequently deposited in an on-call account.

Fair value hierarchy

The investments carried at fair value have been classified under three levels of the IFRS fair value hierarchy as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset whether directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset that are not based on observable market data (unobservable inputs)

	CONSOLIDATED	
	2015	**2014**
	$'000	**$'000**
Level 1	**4,902**	-
Level 2	**54,320**	-
Level 3	**-**	-
Total investments carried at fair value through the profit and loss	**59,222**	-
Held-to-maturity	**-**	19,323
Total investments	**59,222**	19,323

Maturity analysis

	CONSOLIDATED	
	2015	**2014**
	$'000	**$'000**
Floating interest rate (at call)	**2,221**	-
Within 1 year or less	**50,626**	-
Within 1 to 3 years	**6,375**	-
Within 3 to 5 years	**-**	19,323
Total	**59,222**	19,323

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2015

10 Loans and receivables

		CONSOLIDATED	
	NOTE	2015 $'000	2014 $'000
(a) Insurance receivables		**101,452**	62,821
(b) Other receivables			
- prepayments		**556**	288
- related party receivables	32	**303**	9
- other debtors[1]		**25,182**	2,990
Total other receivables		**26,041**	3,287
(c) Loans			
- other loans		**329**	-
- fixed interest loan		**8,890**	8,407
- related party loans		**-**	1,310
Total loans		**9,219**	9,717
Total loans and receivables		**136,712**	75,825
Analysed as:			
Current		**127,493**	66,108
Non-current		**9,219**	9,717

[1] Included within other debtors is $13.3 million relating to claims funds AI has deposited with an insurance counterparty. The funds are not held in the name of AI and so are excluded from cash and cash equivalents.

The estimated fair value of loans and receivables is the discounted amount of the estimated future cash flows expected to be received.

The fixed interest loan is a loan with Alpha Holdings A/S. The loan attracts interest at 5.0% per annum effective from 1 October 2015 and 6.0% per annum for previous periods. The Group and Alpha Holdings A/S entered into the arrangement on 22 December 2012 and the principal is receivable on 1 November 2020.

The related party loans in the prior year are described further in note 32.

11 Recoveries on outstanding claims

(a) Reinsurance and other recoveries receivable on outstanding claims

	CONSOLIDATED	
	2015 $'000	**2014 $'000**
Recoveries - undiscounted	**109,775**	64,216
Discount to present value	**(4,850)**	(5,051)
Recoveries - discounted	**104,925**	59,165

The carrying value of reinsurance recoveries and other recoveries includes $79.8 million (2014: $52.8 million) which is expected to be settled more than 12 months from the reporting date.

(b) Actuarial assumptions

The measurement of reinsurance and other recoveries on outstanding claims is an inherently uncertain process involving estimates. The amounts are generally calculated using assumptions and methods similar to those used for the outstanding claims liability as disclosed in note 4. Where possible, the valuation of reinsurance recoveries is linked directly to the valuation of the gross outstanding claims liability. Accordingly, the valuation of outstanding reinsurance recoveries is subject to similar risks and uncertainties as the valuation of the outstanding claims liability. Significant individual losses are analysed on a case by case basis for reinsurance purposes.

(c) The effect of changes in assumptions

The effect of changes in assumptions on the net outstanding claims liability, which incorporates the reinsurance recoveries on outstanding claims and other recoveries receivable, is disclosed in note 4.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2015

12 Deferred insurance assets

(a) Deferred acquisition costs (DAC)

	CONSOLIDATED	
	2015 $'000	**2014 $'000**
DAC at the beginning of the financial year	**35,718**	34,314
Acquisition costs deferred	**71,758**	59,019
Charged to profit	**(69,184)**	(58,025)
Movement in unexpired risk provision*	**78**	410
Other movements	**10**	-
DAC at the end of the financial year	**38,380**	35,718
Analysed as:		
Current	**33,883**	32,169
Non-current	**4,497**	3,549

* For details regarding the unexpired risk provision refer to note 19(b).

On 30 June 2013, CBL Insurance entered into an agreement to acquire a book of reinsurance business from Risk Management South East Asia Pte Limited (RMSEA). The agreement resulted in a DAC of $15.5 million on 30 June 2013 which is charged straight line over 36 months. Included within the line Charged to profit is $5.2 million (2014: $5.2 million) relating to the charging of this DAC. At 31 December 2015 RMSEA DAC of $2.6 million is included within deferred acquisition costs in the SOFP and will be fully charged to Profit and Loss during the 2016 financial year.

(b) Deferred reinsurance expense (DRE)

	CONSOLIDATED	
	2015 $'000	**2014 $'000**
DRE at the beginning of the financial year	**1,747**	2,002
Reinsurance expenses deferred	**13,216**	2,795
Charged to profit	**(15,091)**	(3,193)
Addition through business acquisition	**17,333**	-
Other movements	**(716)**	143
DRE at the end of the financial year	**16,489**	1,747
Analysed as:		
Current	**12,003**	1,491
Non-current	**4,486**	256

13 Investment property

(a) Reconciliation of carrying amount/fair value:

	CONSOLIDATED	
	2015	**2014**
	$'000	**$'000**
Balance at the beginning of the year	**10,500**	-
Additions	**-**	9,350
Gain/(loss) on property revaluation	**-**	1,150
Balance at the end of the year	**10,500**	10,500

The Group's investment property consists of one commercial property owned by CBL Corporate Services Limited that is leased to a third party.

As at 31 December 2015 the inwards lease contains an initial non-cancellable period of ten years, with annual rents indexed to consumer prices. Changes in fair values are recognised as gains in Profit or Loss and included in the gain on property revaluation. All gains are unrealised.

As at 31 December 2015 a property valuation was performed by Seagar & Partners, an accredited external and independent valuer. Seagar & Partners is a specialist in valuing this type of investment property and has appropriate recognised professional qualifications and recent experience in the location and category of the property being valued.

The fair value valuation was determined based on the income capitalisation method, where the market rental of the lettable property is assessed by reference to the rental achieved in the lettable property, as well as other lettings of similar properties in the locality. The capitalisation rate adopted is made by reference to the yield rates observed by the valuer for similar properties in the locality and adjusted based on knowledge of the factors specific to the respective properties.

In estimating the fair value of the property, the highest and best use of the property is its current use.

The fair value measurement of the investment property has been categorised as a Level 3 fair value based upon the inputs to the valuation technique used.

For the investment property categorised into Level 3 of the fair value hierarchy, the following information is relevant based upon the income capitalisation approach used in the valuation:

Significant unobservable input(s)	Sensitivity
Capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property, and prevailing market condition, of 7.5% (2014: 7.5%).	An increase in the capitalisation rate used would result in a decrease in fair value and vice versa.
Monthly market rent, taking into account the differences in location, and individual factors, such as size, between the comparables and the property, at an average of NZ$120 per square metre per annum (2014: $120 per square metre) per annum.	An increase in the market rent used would result in an increase in fair value and vice versa.

(b) Income and expenses:

	CONSOLIDATED	
	2015	**2014**
	$'000	**$'000**
Rental income derived from investment property	**467**	-
Direct operating expenses (including repairs and maintenance) generating rental income	**(61)**	(3)
Net income arising from investment property carried at fair value	**406**	(3)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2015

14 Investment in associates

Associate	PRINCIPAL ACTIVITY	GROUP OWNERSHIP INTEREST 2015 %	2014 %	BALANCE DATE
Afianzadora Fiducia, S.A de C.V. (Fiducia)	Insurer	**35.0**	-	31 December
European Specialty Risks Limited (ESR)	Broker	-	46.1	30 June

(a) Fiducia

Fiducia, established in 1994, is a specialist bonding and surety insurance company that underwrites credit and surety bonds for the Mexican corporate sector. Fiducia provides a vehicle through which the Group can expand on its presence in the Mexican bonding and surety market.

In June 2015 the Group acquired, for cash consideration of US$2.5 million, a 34.99% shareholding in Fiducia.

The investment in Fiducia is as follows:

	CONSOLIDATED 2015 $'000	2014 $'000
Share of associate's financial position		
Assets	**4,242**	-
Liabilities	**(873)**	-
Net assets	**3,369**	-
Share of associate's revenue and profit		
Revenue	**633**	-
Profit	**48**	-
Carrying value of investment in associate	**3,511**	-

Fiducia's total revenue and total profit for the period from 1 June 2015 to 31 December 2015 was $1.8 million and $0.1 million respectively.

Management considers the investment in Fiducia to be non-current.

There are no capital or other commitments or contingent liabilities arising from the associate that are significant to the Group.

(b) ESR

ESR is an independent, London based insurance and reinsurance broker and a Lloyd's Coverholder. It is a private entity that is not listed on any public exchange and there are no published price quotations for the fair value of this investment.

In March 2015 the Group fully disposed of the 46.1% shareholding it had in ESR. The Group recorded a gain on this sale of $0.8 million.

The investment in ESR was as follows:

	CONSOLIDATED 2015 $'000	2014 $'000
Share of associate's financial position		
Assets	**-**	1,659
Liabilities	**-**	(667)
Net assets	**-**	992
Share of associate's revenue and profit		
Revenue	**871**	2,115
Profit	**9**	384
Dividends received during the year	**-**	(91)
Carrying value of investment in associate	**-**	992

There are no capital or other commitments or contingent liabilities arising from the associate.

15 Investment in subsidiaries

Name of company	FUNCTIONAL CURRENCY	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITY	OWNERSHIP INTEREST 2015 %	2014 %
New Zealand:					
CBL Insurance Limited	NZD	New Zealand	General Insurance	**100.0**	100.0
CBL Corporate Services Limited	NZD	New Zealand	Corporate Operations	**100.0**	100.0
LBC Holdings New Zealand Limited	NZD	New Zealand	Holding company	**100.0**	100.0
LBC Holdings Europe Limited	EUR	New Zealand	Holding company	**100.0**	100.0
LBC Holdings UK Limited	EUR	New Zealand	Holding company	**100.0**	100.0
LBC Holdings Australasia Limited	AUD	New Zealand	Holding company	**100.0**	100.0
LBC Holdings Americas Limited	USD	New Zealand	Dormant	**100.0**	100.0
Deposit Power Limited	NZD	New Zealand	Dormant	**100.0**	100.0
South British Funding Limited	NZD	New Zealand	Dormant	**100.0**	100.0
Europe:					
CBL Insurance Europe Limited	EUR	Ireland	General Insurance	**100.0**	100.0
European Insurance Services Limited	EUR	United Kingdom	Underwriting Agent	**100.0**	100.0
EISL Iberia Limited	EUR	United Kingdom	Underwriting Agent	**100.0**	100.0
Sarl ACJN	EUR	France	Underwriting Agent	**100.0**	100.0
Professional Fee Protection Limited	GBP	United Kingdom	Underwriting Agent	**92.0**	-
Intercede 2408 Limited	EUR	United Kingdom	Holding Company	**100.0**	100.0
Professional Financing Limited	GBP	United Kingdom	Dormant	**92.0**	-
PFP Tax Services Limited	GBP	United Kingdom	Dormant	**92.0**	-
Australia:					
Assetinsure Pty Limited	AUD	Australia	General Insurance	**100.0**	-
Assetinsure Holdings Pty Limited	AUD	Australia	Holding Company	**100.0**	-
CBL Holdings Australia Pty Limited	AUD	Australia	Holding Company	**100.0**	-
CBL Insurance Australia Pty Limited	AUD	Australia	Holding Company	**100.0**	-
CBL Insurance Pty Limited	AUD	Australia	Non-operating	**100.0**	100.0
Singapore:					
PFP Holdings Pte Limited	GBP	Singapore	Holding Company	**100.0**	-

All subsidiaries in the above table have adopted a balance date of 31 December.

During the 2015 financial year the Group acquired:

- Assetinsure Holdings Pty Limited and Assetinsure Pty Limited (collectively the AI Group); and
- PFP Holdings Pte Limited, Professional Fee Protection Limited, Professional Financing Limited and PFP Tax Services Limited (collectively the PFP Group).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2015

16 Intangible assets

(a) Composition

	CONSOLIDATED 2015 $'000	CONSOLIDATED 2014 $'000
Brand name		
Cost	**99**	99
Accumulated amortisation	**-**	-
Net carrying value	**99**	99
Computer software		
Cost	**7,162**	1,113
Accumulated amortisation	**(1,116)**	(800)
Net carrying value	**6,046**	313
Deferred profit commission		
Cost	**3,010**	2,935
Accumulated amortisation and impairment	**(646)**	(355)
Net carrying value	**2,364**	2,580
Policies-in-force		
Cost	**8,464**	-
Accumulated amortisation	**(3,662)**	-
Net carrying value	**4,802**	-
Total intangibles net carrying value	**13,311**	2,992

(b) Reconciliation of movements

CONSOLIDATED	BRAND NAMES $'000	COMPUTER SOFTWARE $'000	DEFERRED PROFIT COMMISSION $'000	POLICIES IN FORCE $'000	TOTAL $'000
Year ended 31 December 2015					
Balance at the beginning of the year	**99**	**313**	**2,580**	**-**	**2,992**
Additions	**-**	**1,338**	**-**	**-**	**1,338**
Additions through business combinations	**-**	**4,937**	**-**	**8,873**	**13,810**
Amortisation	**-**	**(321)**	**(187)**	**(3,756)**	**(4,264)**
Impairment	**-**	**-**	**(104)**	**-**	**(104)**
Foreign exchange movements	**-**	**(221)**	**75**	**(315)**	**(461)**
Closing value at 31 December 2015	**99**	**6,046**	**2,364**	**4,802**	**13,311**
Year ended 31 December 2014					
Balance at the beginning of the year	99	468	3,180	-	3,747
Additions	-	79	-	-	79
Amortisation	-	(234)	-	-	(234)
Impairment	-	-	(355)	-	(355)
Foreign exchange movements	-	-	(245)	-	(245)
Closing value at 31 December 2014	99	313	2,580	-	2,992

(c) Explanatory notes for intangible assets

As at 31 December 2015, these assets were tested for impairment, and management has determined that no impairment is required in respect of the brand name, computer software and policies-in-force intangible assets. For the deferred profit commission intangible an impairment has been calculated and the value of the asset has reduced.

The net foreign exchange movements arise as a result of the translation of the foreign denominated asset into the presentation currency of the Group.

Brand name:

This represents the revenue generating value of the acquired brand and is determined using the relief from royalty method. The Deposit Power brand is recognised as having an indefinite useful life as there is no foreseeable limit to the period over which the brand is expected to generate net cash flows. This asset is not subject to amortisation but is subject to impairment testing annually or more frequently when indicators of impairment are identified.

Computer software:

The software development expenditure asset comprises both internally generated assets and acquired assets.

For CBL Insurance and EISL, they are amortised by applying a 40% straight line approach. For the AI Group assets, they are amortised by applying a 10 year straight line approach.

Deferred profit commission:

The deferred profit commission intangible was acquired as part of the acquisition of EISL in 2011. This represents the cost to acquire an interest in policies which in the future will earn the Group profit commission. The asset will start to be amortised at the time the profit commission becomes receivable from the insurers, at which time the Group will amortise the intangible asset to match these cash flows. The deferred profit commission value represents the cost allocated to that asset.

When testing for impairment the recoverable amount of the deferred profit commission intangible has been determined based on a discounted cash flow calculation. This calculation uses cash flow projections based on expected future settlements of profit commissions, taking into account the latest actuarially assessed loss ratios. A discount rate of 5.6% (2014: 5.7%) is used, the reduction is largely a result of a decrease in interest rates.

The impairment was triggered due to an increase in the loss ratio which is one of the profit commission calculation parameters. The impairment amount of $0.1 million (2014: $0.4 million) is included within the amortisation and impairment line in note 5.

Policies-in-force (PIF):

The PIF has been acquired as part of the AI Group business combination, refer to note 27.

The PIF intangible is an asset which reflects the net profit embedded within the policies acquired where the premiums are unearned.

Subsequent to initial recognition, the intangible asset is carried at cost less accumulated amortisation and accumulated impairment losses. The intangible asset is amortised over the expected useful life of the acquired in force policies during which future premiums are expected, which typically varies between one and three years.

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

17 Goodwill

(a) Composition

	CONSOLIDATED 2015 $'000	CONSOLIDATED 2014 $'000
Cost	**57,495**	32,977
Accumulated impairment losses	**-**	-
Foreign exchange movements	**(4,123)**	(3,680)
Net carrying value	**53,372**	29,297

(b) Reconciliation of movements

	CONSOLIDATED 2015 $'000	CONSOLIDATED 2014 $'000
Net carrying value at the start of the year	**29,297**	31,745
Additions through business combinations	**24,518**	-
Net foreign exchange movements	**(443)**	(2,448)
Net carrying value at the end of the year	**53,372**	29,297

(c) Allocation to cash generating units

Goodwill has been allocated to three cash generating units, these cash generating units' carrying values are as follows:

	CONSOLIDATED 2015 $'000	CONSOLIDATED 2014 $'000
EISL	**30,154**	29,297
AI Group	**6,563**	-
PFP Group	**16,655**	-
Net carrying value at the end of the year	**53,372**	29,297

(d) Impairment assessment:

When testing for impairment, the recoverable amount of a cash generating unit has been determined based on a value-in-use calculation. This calculation uses cash flow projections based on financial budgets approved by senior management. Projected cash flows beyond projection period are extrapolated using a steady average growth rate. The growth rate does not exceed the long-term average past growth rate of the business in which the cash generating unit operates. Pre-tax entity specific risk adjusted discount rates are used in the present value calculation. Management determines budgeted profit based on past performance and its expectations for market development.
The table below summarises the valuation assumptions by each cash generating unit:

	EISL	AI GROUP	PFP GROUP
Cash flow period	5 years	5 years	5 years
Steady average growth rate post cash flow period	3%	3%	3%
Discount rate	8.6%	10.1%	8.6%

The previous year's valuation assumptions related to EISL only. The cash flow period was for 10 years, however this has been adjusted in the current year to 5 years to align the cash flow periods across all the valuations. This change had no material impact on the impairment assessment. The growth rate was 3% and discount rate was 8.7%.

The key assumptions used for the value-in-use impairment calculation are:

- Premiums, commissions and margins: premium and commission income is based on average values achieved in the three years preceding the start of the budget period. Gross margins are based on average percentages for the previous three years while taking into account anticipated efficiency improvements, known expected expenditure and inflation;
- Expenses: estimates are obtained from published indices of inflation (range of 0.2% to 1.7%). The financial budget plans assume that expenses will broadly increase in line with inflation; and
- Investment market conditions: investment market conditions are based on market research and published statistics.

With regard to the assessment of value-in-use for the cash generating unit, management does not believe a reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to exceed the recoverable amount.

No impairment loss has been recognised in 2015 and 2014 as a result of the impairment reviews of the cash generating units.

18 Payables

		CONSOLIDATED	
	NOTE	2015 $'000	2014 $'000
(a) Insurance payables		**24,577**	12,893
(b) Other payables			
Related party balances	32	**245**	62
Security deposits		**949**	3,245
Accrued expenses		**5,000**	2,593
Other[1]		**17,052**	2,100
Total other payables		**23,246**	8,000
(c) Contingent consideration		**3,608**	-
Total payables		**51,431**	20,893
Analysed as:			
Current		**50,278**	16,577
Non-current		**1,153**	4,315

[1] Included within the other category is $6.8 million relating to deposits that AI manages on behalf of insurance counterparties.

The carrying amounts disclosed above reasonably approximate fair value at the reporting date.

19 Unearned premium liability

(a) Reconciliation of movements in the unearned premium liability (UPL)

	CONSOLIDATED	
	2015 $'000	2014 $'000
UPL at the start of the financial year	**89,226**	73,923
Premium written	**242,604**	187,784
Premium earned	**(228,639)**	(172,452)
Acquisitions through business combinations	**42,696**	-
Other movements	**(1,826)**	(29)
UPL at the end of the financial year	**144,061**	89,226
Analysed as:		
Current	**131,356**	85,658
Non-current	**12,705**	3,568

(b) Liability adequacy test

The liability adequacy test has been conducted using the central estimate of the premium liabilities together with an appropriate margin for uncertainty. The test is based on prospective information and therefore is dependent on assumptions and judgements. The risk margin used in testing individual portfolios is based on an assessment of the recent historical experience in relation to the volatility of the insurance margin.

The liability adequacy test as at 31 December 2015 identified a deficit of $0.1 million (2014: $0.2 million). The underlying components for the individual portfolios that have deficiencies are as follows:

- The unearned premium liability is $1.1 million (2014: $1.3 million);
- Deferred acquisition costs are $0.4 million (2014: $0.5 million); and
- The present value of expected future cash flows for future claims is $0.8 million (2014: $1.0 million) comprises the discounted central estimate of $0.7 million (2014: $0.9 million) and a risk margin of $0.1 million (2014: $1.0 million).

Accordingly, deferred acquisition costs have been written down by the movement in the deficit, refer to note 12(a).

20 Employee benefits

	CONSOLIDATED	
	2015 $'000	2014 $'000
Annual leave	**888**	262
Long service leave and personal leave	**662**	83
Other benefits	**28**	-
Total	**1,578**	345

21 Borrowings

	CONSOLIDATED	
	2015	**2014**
	$'000	**$'000**
Fixed interest loan	**7,962**	7,753
Fixed interest note	**57,253**	57,884
Total	**65,215**	65,637
Analysed as:		
Current	**1,882**	1,319
Non-current	**63,333**	64,318

The borrowings are initially measured at fair value, net of transaction costs, but are subsequently measured at amortised cost. The fair value based on the quoted price of the fixed interest note as at 31 December 2015 is $59.0 million.

Fixed interest loan:

- The fixed interest loan is a loan from Alpha Insurance A/S. The balance as at 31 December 2015 is $8.0 million (2014: $7.8 million). On 21 December 2012 Alpha Insurance A/S lent 37.5 million Danish Krone to Intercede 2408 Limited. For the period to 30 September 2015 the loan was subject to a fixed interest rate of 6.0%. From 1 October 2015 the loan is subject to a fixed interest rate of 5.0%. The loan is unsecured and is scheduled to be redeemed on 1 November 2020.

Fixed interest note (FIIG Note):

- On 17 April 2014, CBL launched an initial bond offer through FIIG Securities Limited and raised A$55.0 million from wholesale investors. The bond pays a fixed rate of 8.25% per annum and has a final maturity of five years but can be repaid by CBL in 2017 or 2018 at 103.0% or 101.5% of the A$55.0 million respectively. Initial transaction costs of A$2.75 million were capitalised and are amortised over the five year term of the fixed interest note;
- The closing balance of $57.3 million (2014: $57.9 million) includes $1.0 million (2014: $1.0 million) of accrued interest. Interest is payable six monthly on 17 April and 17 October; and
- These loan notes are guaranteed by the following companies: LBC Holdings UK Limited, LBC Holdings Europe Limited, LBC Holdings New Zealand Limited, Intercede 2408 Limited and EISL.

Covenants:

- The Group has complied with all the loan covenants in place throughout the reporting period; and
- For the fixed interest note there are covenants with regards to dividends payable and reporting requirements, as disclosed during the initial public offer of CBL shares on the New Zealand Stock Exchange (NZX) and Australian Stock Exchange (ASX) on 13 October 2015 (the IPO).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2015

22 Notes to the statement of changes in equity

(a) Share capital

Ordinary Shares	2015 NUMBER OF SHARES	2014 NUMBER OF SHARES	CONSOLIDATED 2015 $'000	2014 $'000
Balance at the start of the financial year	**26,000,000**	26,000,000	**18,000**	18,000
Share split 6:1	**130,000,000**	-	-	-
Issue of new shares: IPO	**58,064,516**	-	**88,017**	-
Transaction costs for issue of new shares: IPO	-	-	**(6,362)**	-
Issue of new shares: AI Group acquisition	**5,612,652**	-	**10,415**	-
Balance at the end of the financial year	**219,677,168**	26,000,000	**110,070**	18,000

On 11 August 2015 the ordinary shares of the Company were split, 6 for 1, resulting in an increase in the number of shares from 26,000,000 to 156,000,000.

On 12 October 2015 58,064,516 ordinary shares were issued under the IPO for $1.55 per share, payable in cash. Transaction costs of $6.4 million directly related to the issue of new shares.

On 12 October 2015 5,612,652 shares were issued under the agreement between CBL and the vendors of the AI Group and others dated 10 March 2015, as part consideration for the purchase of the AI Group by CBL Insurance Australia Pty Limited.

All ordinary shares on issue are fully paid. Ordinary shares entitle the holder to a vote at a general meeting of the Company and to share in the dividends in proportion to the number of the shares held.

(b) Retained earnings

The directors have reviewed the total equity of the Group and considered it to be adequate for the purpose of financial soundness. The directors review this in line with the Group's internal policies around financial soundness and liquidity levels. These policies are reviewed regularly to ensure that adequate equity levels are maintained at all times.

(c) Reserve

This reserve is a foreign currency translation reserve. It records the foreign currency differences arising from the translation of the financial position and performance of subsidiaries that have functional currencies other than NZD.

23 Earnings per Share

	CONSOLIDATED 2015 $'000	2014 $'000
Profit for the year	**35,510**	19,393
Profit attributable to non-controlling interest	**(22)**	-
Profit attributable to the shareholders of the Parent	**35,488**	19,393
Weighted average number of ordinary shares for basic and diluted earnings per share (number)	**169,956,640**	156,000,000
Basic and diluted earnings per share from continuing operations (cents)	**20.88**	12.43

Numbers of shares in the above table have been adjusted to reflect the 6:1 share split that occurred on 11 August 2015.

24 Dividends

Period	CENTS PER SHARE	TOTAL AMOUNT $'000	PAYMENT DATE	TAX RATE FOR IMPUTATIONS %	PERCENTAGE IMPUTED %
Q4 2013 dividend	0.45	698	4 March 2014	28.0	100.0
Q1 2014 dividend	0.45	698	6 May 2014	28.0	100.0
Q2 2014 dividend	0.45	698	26 August 2014	28.0	100.0
Q3 2014 dividend	0.53	830	3 December 2014	28.0	100.0
Q4 2014 dividend	0.53	830	21 April 2015	28.0	100.0

All numbers of shares in the cent per share calculations have been adjusted to reflect the 6:1 share split that occurred on 11 August 2015.

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's Board of Directors.

The holders of ordinary shares receive dividends in the percentages of their holdings. The Company has one class of ordinary shares on issue.

25 Commitments

(a) Capital commitments

Group capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:

- the Group has entered into a contract amounting to $0.7 million (2014: $0.2 million) for enhancing the current insurance administration system.

(b) Operating lease commitments

The Group has entered into commercial office and equipment leases under non-cancellable lease arrangements. These leases have varying terms, escalation clauses and renewal rights.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	CONSOLIDATED	
	2015 $'000	2014 $'000
Due within one year	**2,574**	496
Due between one and five years	**7,266**	1,245
Due after five years	**167**	185
Total	**10,007**	1,926

26 Contingent liabilities

Contingent liabilities are not recognised in the SOFP but are disclosed where settlement is less than probable but more than remote. If settlement becomes probable, a provision is recognised. The best estimate of the settlement is used in measuring a contingent liability for disclosure. At the year end there were no contingent liabilities (2014: nil).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2015

27 Business combinations

The measurement of identifiable intangible assets acquired in a business combination is highly subjective and there are a range of possible values that could be attributed for initial recognition. The Group uses the skills and experience of valuation specialists in establishing an initial range within which the fair value is to be recognised. Judgement is then applied in selecting the value to be recognised on the balance sheet. Judgement is also applied in determining the useful life of the intangible assets, which impacts directly on the amortisation charges to be incurred following an acquisition.

(a) AI Group acquisition

The following table shows the assets acquired, the liabilities assumed and the purchase consideration at the acquisition date (1 September 2015).

	FAIR VALUE $'000
Purchase consideration:	
- cash	34,561
- equity instruments[1]	10,415
Total purchase consideration	44,976
Assets or liabilities acquired:	
Cash and cash equivalents	6,633
Other financial assets	61,438
Insurance and other receivables	30,309
Reinsurance and other recoveries on outstanding claims	25,076
Property, plant and equipment	888
Policies-in-force	8,873
Intangible assets	4,937
Other payables	(3,540)
Outstanding claims liability	(73,547)
Unearned premium liability, net of deferred reinsurance expense	(25,363)
Deferred tax assets	2,392
Total net identifiable assets	38,096
Purchase consideration	44,976
Less: Identifiable net assets acquired	(38,096)
Goodwill	6,880

[1] 5,612,652 CBL ordinary shares. The fair value of CBL ordinary shares at the acquisition was determined with reference to the anticipated range of pricing for the IPO, and agreement between CBL and the selling shareholders of the AI Group.

Other information

The largest fair value adjustment above relates to the recognition of the present value for the PIF on insurance contracts acquired by the Group. The PIF adjustment of $8.9 million represents the net profit embedded within the policies acquired where the premiums are unearned. The present value of future profits takes into consideration the cost of capital, discount rate and is estimated using actuarial assumptions based on projections made at acquisition date. Deferred acquisition costs totalling $9.5 million, are not recognised in the IFRS fair value SOFP as they have no fair value at acquisition. The deferred tax liability has increased by $1.8 million to reflect the increase in these intangible assets. Other Intangible assets of $4.9 million are represented by the AI Group's software system.

The goodwill of $6.9 million represents future synergies expected to arise in the combined operations, the value of new business from new distribution channels and customers going forward, and the value of the workforce and management and other future business not included in the intangibles and the PIF.

Acquisition costs of $1.0 million were recognised in Profit or Loss. These costs were legal and consulting fees related to the acquisition.

From the date of acquisition, during the Group's 2015 financial year, the AI Group has contributed $16.8 million of the total revenue and $3.5 million of the profit before tax of the Group. If the AI Group was acquired on 1 January 2015, full year contribution toward total revenue would have been $46.4 million and full year contribution toward profit before tax would have been $2.6 million. The $3.5 million profit since acquisition includes a gain from the sale of the aviation business and a gain from a commutation of certain insurance liabilities.

(b) PFP Group acquisition

The following table shows the provisional values of assets acquired, the liabilities assumed and the purchase consideration at the acquisition date (1 December 2015).

	FAIR VALUE $'000
Purchase consideration:	
- cash	11,671
- contingent consideration	5,168
Total purchase consideration	16,839
Assets or liabilities acquired:	
Cash and cash equivalents	295
Other receivables	3,716
Property, plant and equipment	568
Other payables	(5,448)
Total net identifiable assets	(869)
Purchase consideration	16,839
Less: Identifiable net assets acquired	869
Non-controlling interests	(70)
Goodwill	17,638

At 31 December 2015 the fair values of the assets and liabilities acquired in acquisition of the PFP Group are provisional and pending final valuations. On completion of the final valuations the balances for the acquisition may be revised.

The goodwill of $17.6 million represents future synergies expected to arise in the combined operations, the value of new business from new distribution channels and customers going forward and the value of the workforce and management and other future business.

Contingent consideration

Under the terms of the acquisition agreement, the Group must pay the former owners of the PFP Group additional cash payments. The undiscounted amount of all future payments at the acquisition date was £2.4 million.

At 31 December 2015 the remaining contingent consideration is £1.8 million, payable in three equal instalments of £0.6 million in May and November 2016, and May 2017, subject to certain profit hurdles which are expected to be met.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2015

The table below is a reconciliation of the amount of contingent consideration at the acquisition date to the year-end date.

Contingent consideration	2015 $'000
Contingent consideration on acquisition	**5,168**
Change in fair value	**26**
Settlements	**(1,373)**
Net foreign exchange movements	**(213)**
Contingent consideration outstanding at 31 December	**3,608**

Other information

Acquisition costs of $0.4 million were recognised in the SOCI. These costs were legal and consulting fees related to the acquisition.

From the date of acquisition, during the Group's 2015 financial year, the PFP Group has contributed $0.7 million of the total revenue and $0.3 million of the net profit before tax of the Group.

The acquired primary operating entity within the PFP Group was established as a new entity prior to the acquisition to avoid inheritance of potential contingent liabilities associated with the original primary operating entity. The operating assets, liabilities and activities were transferred into the new operating entity, PFP, prior to the acquisition. The new operating entity, PFP, commenced operations on 1 November 2015.

28 General insurance business

Analysis of general insurance operating result

	CONSOLIDATED	
	2015 $'000	2014 $'000
Premium revenue	**228,639**	172,452
Outwards reinsurance expense	**(15,091)**	(3,394)
Net premium income	**213,548**	169,058
Claims expense	**(102,072)**	(108,815)
Reinsurance recoveries	**27,403**	40,760
Net claims incurred	**(74,669)**	(68,055)
Acquisition costs	**(69,106)**	(57,825)
Underwriting expenses	**(26,352)**	(15,070)
Underwriting result	**43,421**	28,108

The table above is a summation of the insurance underwriting entities CBL Insurance, CBLIE and AI (see note 3).

29 Insurance risk management

A key risk from operating in the general insurance industry is the exposure to insurance risk arising from underwriting general insurance contracts. The insurance contracts transfer risk to the insurer by indemnifying the policyholders against adverse effects arising from the occurrence of specified uncertain future events. There is a risk that the actual amount of claims to be paid in relation to contracts will be different from the amount estimated at the time a product was designed and priced. This is influenced by the frequency of claims, severity of claims and subsequent development of claims. Therefore, the objective of the Group is to ensure that sufficient reserves are available to cover these liabilities.

The Group is exposed to this risk because the price for a contract must be set before the losses relating to the product are known. Hence the insurance business involves inherent uncertainty. The Group also faces other risks relating to the conduct of the general insurance business, including financial risks (note 30) and capital risks (note 31).

The Group principally issues the following types of general insurance contract: Builders Risk products, Contractors and Construction Bonds, Travel Bonding, Lifestyle Protection, Lender Protection, Professional Indemnity, Motor and Rental Guarantee Bonds. The risks under these products are short term and usually less than 12 months. The Builders Risk insurance products usually have a notification period of between one and ten years after the risk period and the other insurance policies are typically notified within 12 months.

A central part of the Group's overall risk management strategy is the effective management of the risks that affect the amount, timing and certainty of cash flows arising from insurance contracts.

(a) Mitigating insurance risk

The risk exposure is mitigated by diversification across a large portfolio of insurance contracts, industry sectors and geographical areas. The variability of risks is also improved by careful selection and the implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements.

The Group purchases reinsurance as part of its risk mitigation programme. Reinsurance ceded is placed on both a proportional and non-proportional basis. The majority of proportional reinsurance is quota share reinsurance, which is taken out to reduce the overall exposure of the Group to certain classes of business. Non-proportional reinsurance is primarily excess of loss reinsurance designed to mitigate the Group's net exposure to large losses.

The Group also limits its exposure by imposing maximum claim amounts on insurance contracts.

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and in accordance with reinsurance contracts. Although the Group has reinsurance arrangements it is not relieved of its direct obligations to its policyholders. The Group has a credit exposure to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance arrangements.

Initial claims determination is managed by the claims department of the insurance subsidiary, with the assistance, where appropriate, of a loss adjuster or other parties with specialist knowledge. It is the Group's policy to respond to and settle all genuine claims in a timely manner and to pay claims fairly, based on policyholders' full entitlements. Claims provisions are established using valuation models and include a risk margin for uncertainty, refer to note 4.

To further reduce the risk exposure of the Group there are strict claim review policies in place to assess all new and ongoing claims and to review claims handling procedures regularly. Inflation risk is recognised by taking expected inflation into account when estimating insurance contract liabilities.

(b) Concentrations of insurance risk

The exposure to concentrations of insurance risk is mitigated by a portfolio diversified into many classes of business across different regions and by the utilisation of reinsurance.

Concentration risk is particularly relevant in the case of catastrophes which generally result in a concentration of affected policyholders. Catastrophe losses constitute the largest potential financial loss event. Catastrophe losses are an inherent risk of the general insurance industry that have contributed, and will continue to contribute, to potentially material year to year fluctuations in the results of operations and financial position of the insurance industry. Catastrophes that could affect the nature of business that the Group underwrites include financial crises and global market stresses. The nature and level of catastrophes in any period cannot be predicted accurately. The Group minimises this risk through its strong underwriting criteria, reinsurance and partnering with local experts. The Group has a history of low claims ratios, even when exposed to catastrophes such as financial crises and global market stresses.

Even though a large portion of the Group's business is derived from Europe, the overall spread of countries and products mitigates the concentration risk.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2015

	CONSOLIDATED			
	2015		2014	
	$'000	%	$'000	%
Gross Written Premium by region				
Australasia	**29,213**	**12.0**	12,359	6.6
Latin America	**9,562**	**3.9**	(74)	-
Middle East	**5,186**	**2.1**	3,149	1.7
South East Asia	**5,117**	**2.1**	4,542	2.4
Europe	**193,526**	**79.9**	167,808	89.3
Total	**242,604**	**100.0**	187,784	100.0

(c) Operational risk

Operational risk is the risk of loss arising from system and process failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or lead to financial loss. The Group cannot expect to eliminate all operational risks but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Group is able to manage the risks. Controls include effective segregation of duties, access controls, authorisation and reconciliation procedures, staff education and assessment processes. Business risks, such as changes in environment, technology and industry, are monitored through the Group's strategic planning and budgeting processes.

The Group is subject to regulatory supervision in the jurisdictions in which it operates. The regulatory frameworks continue to evolve in a number of jurisdictions and at a minimum include requirements in relation to capital adequacy and the payment of dividends.

The Group operates a number of governance committees, including an Audit & Financial Risk Committee and a Governance and Remuneration Committee, both committees of the Board, and also a management Underwriting Committee. In addition to oversight by the Group governance committees, various operating subsidiaries are also overseen by entity specific governance committees.

(d) Acquisition risk

Acquisition risks are principally managed by governance controls over the due diligence process and subsequent integration of significant acquisitions. These include performing appropriate due diligence procedures for each target and after acquisition using a team of relevant and appropriate experts to manage the integration process.

30 Financial risk management

The Group is exposed to a range of financial risks through its financial assets, financial liabilities, reinsurance assets and insurance liabilities.

Key aspects of the processes established to mitigate financial risks include:

- The Board convenes on a regular basis and the meetings include a review of the monthly management financial statements, management reports and financial risk reports. The Board comprises key executives and independent directors. The Board reviews and agrees policies for managing all the financial risks noted below;
- The delegated responsibility for the identification and control of financial risks rests with the Audit and Financial Risk Committee under the authority of the Board. Periodic meetings are held to oversee financial reporting, accounting policies, financial management, internal control systems, risk management systems, and systems for protecting assets and compliance. The Audit and Financial Risk Committee oversees the scope, performance and results of the audit work and the independence and objectivity of the auditors;
- Throughout the current reporting period the Group has complied with the requirements of its debt agreements, including all financial and non-financial covenants; and
- The Group ensures there is an adequate and appropriate level of monitoring and management of credit quality.

The components of financial risk are market risk, credit risk and liquidity risk.

(a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: foreign exchange rates (currency risk) and market interest rates (interest rate risk).

(i) Currency risk

Nature of the risk and how it is managed:

Currency risk is the risk of loss arising from an unfavourable movement in market exchange rates. The Group operates internationally so is exposed to currency risk from various activities conducted in the normal course of business.

The financial impact from exposure to currency risk is reflected in the financial statements through two mechanisms:

- Revaluation of foreign currency balances: these financial impacts relate primarily to cash, investments, receivables, loss reserves and payables. The revaluation gains and losses are directly recognised in Profit or Loss; and
- Translation of the financial performance and position of foreign operations: these financial impacts are recognised directly in equity in the foreign currency translation reserve so have no impact on Profit or Loss.

The Group's financial assets are primarily denominated in the same currencies as its insurance liabilities. This mitigates the foreign currency exchange rate risk for the overseas operations. Thus, the main foreign exchange risk arises from assets and liabilities denominated in currencies other than those in which liabilities are expected to be settled. The currency risk is managed by regular reviews of the foreign currency financial positions.

Exposure:

The following tables provide information regarding the exposure of the Group to foreign currency risk. The sensitivity analysis provided in the following table demonstrates the effect of a change in one key assumption while other assumptions remain unchanged.

The impacts on the measurement of various financial instruments held by the Group at the reporting date of an instantaneous 10.0% depreciation of the NZD at the reporting date compared with selected currencies, on profit before tax and equity is provided in the table below. An appreciation of the NZD would have predominantly the opposite impacts.

Currency	CHANGES IN VARIABLES AGAINST NZD	2015 IMPACT ON PROFIT BEFORE TAX $'000	2015 IMPACT ON EQUITY $'000	2014 IMPACT ON PROFIT BEFORE TAX $'000	2014 IMPACT ON EQUITY $'000
Euro (EUR)	**+10%**	**6,587**	**7,227**	6,819	6,819
AUD	**+10%**	**1,608**	**1,664**	(3,531)	(3,531)

The method used for deriving sensitivity information and significant variables has not changed from the previous period.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2015

(ii) Interest rate risk

Interest rate risk is the risk that the value of the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Floating rate instruments expose the Group to cash flow risk, whereas fixed interest rate instruments expose the Group to fair value risk.

Interest rate risk arises primarily from investments and contingent consideration.

Change in variables	IMPACT ON PROFIT BEFORE TAX $'000	2015 IMPACT ON EQUITY $'000	IMPACT ON PROFIT BEFORE TAX $'000	2014 IMPACT ON EQUITY $'000
+1%	**47**	**47**	-	-
1%	**(46)**	**(46)**	-	-

The method used for deriving sensitivity information and significant variables has not changed from the previous period.

The impact of changes in market interest rates presented here excludes insurance contract liabilities, which are also affected by the changes in market interest rates that determine the discount rates applicable to these contracts

(b) Credit risk

Nature of the risk and how managed:

Credit risk is the risk of loss from a counterparty failing to meet their financial obligations. The Group has exposure to credit risk in relation to cash and cash equivalents, other financial assets, insurance receivables, loans receivable and reinsurance and other recoverables. Credit risk also arises from dealings with insurance and reinsurance intermediaries.

The following procedures are in place to mitigate the Group's exposure to credit risk:

- The Group restricts its credit risk exposure by entering into netting arrangements with counterparties with which it enters into significant volumes of transactions. The credit risk associated with such balances is reduced in the event of a default, when such balances are settled on a net basis;
- Underwriting guidelines determine when to obtain collateral and guarantees, such as security deposits; and
- Reinsurance is placed with counterparties that have a good credit history and concentration of risk is avoided by following guidelines in respect of counterparties' limits that are set by senior management and are subject to regular reviews. Management performs regular assessments of the creditworthiness of reinsurers.

The Group structures the levels of credit risk it accepts by placing limits on its exposure to a single counterparty, or groups of counterparties, and to geographic and industry segments. Such risks are subject to annual or more frequent reviews.

Reinsurance is used to manage insurance risk. This does not, however, discharge the Group's liability as primary insurer or when acting as reinsurer itself. If a reinsurer whom the Group has purchased protection from fails to pay a claim for any reason, the Group remains liable for the payment to the policyholder. The creditworthiness of reinsurers is considered by reviewing their financial strength prior to the finalisation of any contracts.

Concentrations of credit risk can exist where a number of counterparties have similar economic characteristics. At the reporting date, there are material concentrations of credit risk to the major banks in New Zealand and to reinsurers in relation to the reinsurance recoverable. The level of reinsurance cover entered into with individual reinsurers is diversified to limit concentration risks.

Exposure:

The maximum exposure to credit risk as at the reporting date is the carrying amount of the receivables in the SOFP.

(i) Premium and reinsurance recoveries on paid claims receivable

An ageing analysis for certain receivables balances is provided below. The other receivables balances not included below have either no overdue amounts or an immaterial portion of overdue amounts. The amounts are aged according to their original due dates.

31 December 2015	NOT OVERDUE $'000	< 30 DAYS $'000	30 TO 120 DAYS $'000	OVERDUE >120 DAYS $'000	TOTAL $'000
Premium receivable	**80,342**	**15,310**	**906**	**324**	**96,882**
Recoveries on paid claims	**4,446**	**99**	**-**	**25**	**4,570**
Net balance	**84,788**	**15,409**	**906**	**349**	**101,452**

31 December 2014	NOT OVERDUE $'000	< 30 DAYS $'000	30 TO 120 DAYS $'000	OVERDUE >120 DAYS $'000	TOTAL $'000
Premium receivable	58,398	2,515	1,266	283	62,462
Recoveries on paid claims	34	147	70	108	359
Net balance	**58,432**	**2,662**	**1,336**	**391**	**62,821**

The total provision for impairment at the reporting date for receivables balances is nil (2014: nil).

During 2015 receivables determined as non-recoverable amounting to $0.1 million were written off (2014: nil).

(ii) Reinsurance recoveries receivable on outstanding claims

Reinsurance arrangements mitigate insurance risk but expose the Group to credit risk. Reinsurance is placed with companies based on evaluations of the financial strength of the reinsurers, terms of coverage and price. The Group monitors the financial condition of its reinsurers on an ongoing basis and periodically reviews the reinsurers' ability to fulfil their obligations to the Group under both existing and future reinsurance contracts.

Having reinsurance protection with reputable reinsurers has benefits for the regulated insurance subsidiaries in terms of their regulatory capital adequacy calculations. The risk charges vary with the grade of the reinsurers such that higher credit quality reinsurance counterparties incur lower regulatory capital charges.

(iii) Cash and cash equivalents

The Group is exposed to credit risk from investments in third parties and cash held by third parties.

The credit risk relating to cash and investments is monitored and assessed. The maximum exposure to credit risk loss as at the reporting date is the carrying amount of the cash and investments in the SOFP.

(iv) Total assets bearing credit risk

The Group's assets are analysed in the table below using Standard & Poor's (S&P) ratings or the equivalents when not available from S&P. The concentration of credit risk is substantially unchanged compared to the prior year.

31 December 2015 Amounts in $'000	AAA	AA	A	BBB	BELOW BBB	NOT RATED	TOTAL
Other financial assets	**6,651**	**40,387**	**10,560**	**1,624**	**-**	**-**	**59,222**
Loans and receivables	**29**	**12,370**	**1,246**	**626**	**-**	**122,441**	**136,712**
Cash and cash equivalents	**-**	**219,606**	**132**	**399**	**5,329**	**70,546**	**296,012**
Total	**6,680**	**272,363**	**11,938**	**2,649**	**5,329**	**192,987**	**491,946**

31 December 2014 Amounts in $'000	AAA	AA	A	BBB	BELOW BBB	NOT RATED	TOTAL
Other financial assets	-	-	-	-	-	19,323	19,323
Loans and receivables	-	-	-	-	-	75,825	75,825
Cash and cash equivalents	-	121,054	35,508	7,617	1,878	237	166,294
Total	**-**	**121,054**	**35,508**	**7,617**	**1,878**	**95,385**	**261,442**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2015

(c) Liquidity risk

Nature of the risk and how it is managed:

Liquidity risk is concerned with the risk of there being insufficient cash resources to meet payment obligations without affecting the daily operations or the financial condition of the Group. The liquidity position is derived from operating cash flows, investment portfolios and reinsurance arrangements.

Underwriting of insurance and reinsurance contracts exposes the Group to liquidity risk through the obligation to make payments of unknown amounts on unknown dates.

An additional source of liquidity risk for the Group relates to interest-bearing liabilities.

The following procedures are in place to mitigate the Group's exposure to liquidity risk:

- Guidelines are set for asset allocations and the maturity profiles of assets, in order to ensure sufficient funding is available to meet insurance obligations; and
- Contingency funding plans are in place to meet payment obligations.

Exposure:

The table below summarises the maturity profile of the financial liabilities of the Group based on remaining undiscounted contractual obligations and estimated cash flows from insurance contract liabilities, and are determined based on the estimated timing of cash outflows from the recognised insurance liabilities. Unearned premiums and the reinsurers' share of unearned premiums have been excluded from the analysis as they are not contractual obligations

		PAYMENTS DUE BY PERIOD AS OF 31 DECEMBER 2015				
31 December 2015 Amounts in $'000	CARRYING AMOUNT	0-1 YRS	1-3 YRS	3-5 YRS	>5 YRS	TOTAL
Other payables	**23,246**	**23,246**	**-**	**-**	**-**	**23,246**
Insurance payables	**24,577**	**24,033**	**284**	**260**	**-**	**24,577**
Contingent consideration	**3,608**	**2,593**	**1,296**	**-**	**-**	**3,889**
Outstanding claims liability	**275,550**	**90,768**	**79,460**	**47,374**	**57,948**	**275,550**
Borrowings	**65,215**	**5,218**	**11,231**	**69,586**	**-**	**86,035**
Total contractual obligations	**392,196**	**145,858**	**92,271**	**117,220**	**57,948**	**413,297**

		PAYMENTS DUE BY PERIOD AS OF 31 DECEMBER 2014				
31 December 2014 Amounts in $'000	CARRYING AMOUNT	0-1 YRS	1-3 YRS	3-5 YRS	>5 YRS	TOTAL
Other payables	8,000	8,000	-	-	-	8,000
Insurance payables	12,893	8,577	4,316	-	-	12,893
Outstanding claims liability	158,761	33,046	41,779	29,893	54,043	158,761
Borrowings	65,637	5,192	18,137	66,745	-	90,074
Total contractual obligations	**245,291**	**54,815**	**64,232**	**96,638**	**54,043**	**269,728**

31 Capital management

The Board's policy is to maintain a strong capital base to protect policyholders' and creditors' interests and meet regulatory requirements whilst still creating shareholder value.

The primary sources of capital used by the Group is equity shareholders' funds and borrowings.

The operations of the Group are also subject to regulatory requirements within the jurisdictions in which it operates. Such regulations not only prescribe the approval and monitoring of activities but also impose certain restrictive provisions (such as capital adequacy) to minimise the risk of default and insolvency on the part of the companies to meet unforeseen liabilities as these arise. The Group and regulated entities within it have met all of these requirements throughout the financial year.

The Group's approach to managing capital involves managing assets, liabilities and risks in a coordinated way, assessing potential shortfalls between actual and required capital levels (by each regulated entity) on a regular basis and taking appropriate actions to influence the capital position of the Group in light of changes in economic conditions and risk characteristics.

(a) CBL Insurance

CBL Insurance is required to comply with the Solvency Standard for Non life Insurance Business (the solvency standard) issued by the RBNZ.

CBL Insurance is required to maintain actual solvency capital, as determined under the solvency standard, at or above the minimum solvency capital level.

As at 31 December 2015 the actual solvency capital exceeds the minimum requirements by $44.0 million as shown below (2014: $19.1 million).

	2015 $'000	2014 $'000
Actual solvency capital	**123,709**	68,274
Minimum solvency capital	**79,726**	49,203
Solvency margin	**43,983**	19,071
Solvency ratio	**155.2%**	138.8%

During the years ended 31 December 2015 and 31 December 2014 CBL Insurance complied with all regulatory capital requirements.

CBL Insurance has embedded in its capital management framework the necessary tests to ensure continuous compliance with the solvency standard.

(b) AI

AI is registered with APRA and is subject to the prudential standards which set out the basis for calculating the prudential capital requirement (PCR), which is the minimum level of capital that APRA deems must be held to meet policyholder obligations. It is AI's policy to hold regulatory capital in excess of the PCR required by APRA. The PCR utilises a risk based approach and is determined as the sum of the capital charges for insurance, investment, investment concentration and catastrophe risk.

The PCR for AI is as follows:

	2015 A$'000
Total capital base	**40,548**
Prudential capital requirement	**14,564**
Solvency margin	**25,984**
Capital adequacy multiple	**2.78**

During the year ended 31 December 2015 AI complied with all regulatory capital requirements.

(c) CBLIE

CBLIE is required to maintain minimum capital as calculated under the European Solvency I formula. Regulations stipulate that CBLIE should maintain capital, allowable for solvency purposes, at 150.0% of the calculated threshold amount. During the years ended 31 December 2015 and 31 December 2014 CBLIE complied with all regulatory capital requirements. Details of CBLIE's solvency position are as follows:

	2015 €'000	2014 €'000
Actual solvency capital	**7,109**	6,292
Minimum solvency capital	**590**	449
Solvency margin	**6,519**	5,843
Solvency margin cover	**1,205%**	1,401%

(d) EISL

In accordance with rules issued by the UK FCA, EISL is required to maintain a level of capital in excess of 2.5% of regulatory income for its underwriting agency insurance business.

During the years ended 31 December 2015 and 31 December 2014 EISL complied with all regulatory capital requirements.

(e) PFP

As at 31 December 2015 PFP is an appointed representative of EISL. EISL has a duty to ensure PFP is solvent, in accordance with rules issued by the UK FCA.

During the period ended 31 December 2015 PFP complied with all regulatory capital requirements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2015

32 Related party disclosures

(a) Related party balances

Related party receivable and payable balances at the end of the reporting periods were as follows:

			CONSOLIDATED CLOSING BALANCE	
			2015	2014
Nature of relationship	RELATED PARTY	TYPE OF TRANSACTION	$'000	$'000
Key management personnel				
Carden Mulholland	Deposit Power Pty Limited (Australia)	Premium	**303**	-
Various	Senior management	Loan	**-**	1,310
Adam Massingham	Brutus Management Limited	Fees payable	**(245)**	-
Other related parties (common shareholder or director)				
Alistair Hutchison	Federal Pacific Limited	Fees payable	**-**	(62)
Alistair Hutchison	Federal Pacific Limited	Net insurance debtor	**-**	9

Interest rates on the senior management loans ranged between 5.0% and 6.1% (2014: 5.0% and 6.1%). The term of the loans ranged between one to three years (2014: one to three years). These loans were taken out by senior management to acquire shareholdings in the Group. The loans were repaid on 12 October 2015.

(b) Related party transactions

The impacts of transactions with related parties on the financial statements were as follows:

Nature of relationship	RELATED PARTY	TYPE OF TRANSACTION	CONSOLIDATED REVENUE/(EXPENSE) 2015 $'000	2014 $'000
Key management personnel				
Carden Mulholland	Deposit Power Pty Limited (Australia)	Insurance contracts - premium	**10,412**	-
Carden Mulholland	Deposit Power Pty Limited (Australia)	Insurance contracts - Costs	**(4,175)**	-
Adam Massingham	Brutus Management Limited	Fees	**(651)**	(370)
Various	Senior management	Loan interest	**56**	83
Various	Senior management	Dividends	**-**	(2,658)
Other related parties (common shareholder or director)				
Peter Harris	Altares Limited	Fees	**(256)**	(1,594)
Peter Harris, Alistair Hutchison	South British Nominees Limited	Rental income	**460**	-
Peter Harris, Alistair Hutchison and Carden Mulholland	Dominion 114 Limited	Tax loss purchase	**-**	(584)
Alistair Hutchison	Federal Pacific Group Limited	Fees	**(100)**	(100)
Alistair Hutchison	Federal Pacific Group Limited	Insurance contracts	**46**	34
Peter Harris, Alistair Hutchison and Tony Hannon	General Capital Technologies Limited	Premium	**14**	-
Peter Harris	Oceanic Securities Inc.	Loan interest	**-**	8

During the year ended 31 December 2015 CBL Insurance issued a security bond with a $0.8 million limit on behalf of General Capital Technologies Limited (General Capital). Tony Hannon is a Director of General Capital and both Peter Harris and Alistair Hutchison have beneficial interests in General Capital (all of whom are directors of CBL). Peter Harris, Alistair Hutchison and Tony Hannon provided security in favour of CBL Insurance in respect to the bond. The bond expires on 23 November 2018.

(c) Compensation of key management personnel

Key management personnel of the Group include all directors, executives and non-executives and senior management. The totals of remuneration paid to key management personnel are as follows:

	CONSOLIDATED 2015 $'000	2014 $'000
Salaries and other short-term employee benefits	**8,734**	5,006
Independent directors' fees	**1,108**	497
Post-employment benefits	**38**	-
Total	**9,880**	5,503

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2015

33 Financial instruments

Consolidated 31 December 2015 Amounts in $'000	FAIR VALUE THROUGH PROFIT OR LOSS	LOANS AND RECEIVABLES	HELD-TO-MATURITY	FINANCIAL LIABILITIES AT AMORTISED COST	TOTAL
Cash and cash equivalents	**296,012**	**-**	**-**	**-**	**296,012**
Other financial assets	**59,222**	**-**	**-**	**-**	**59,222**
Insurance receivables	**-**	**101,452**	**-**	**-**	**101,452**
Other receivables	**13,264**	**12,777**	**-**	**-**	**26,041**
Loans	**-**	**9,219**	**-**	**-**	**9,219**
Other payables	**-**	**-**	**-**	**(23,246)**	**(23,246)**
Insurance payables	**-**	**-**	**-**	**(24,577)**	**(24,577)**
Contingent consideration	**(3,608)**	**-**	**-**	**-**	**(3,608)**
Borrowings	**-**	**-**	**-**	**(65,215)**	**(65,215)**
Total	**364,890**	**123,448**	**-**	**(113,038)**	**375,300**

Consolidated 31 December 2014 Amounts in $'000	FAIR VALUE THROUGH PROFIT OR LOSS	LOANS AND RECEIVABLES	HELD-TO-MATURITY	FINANCIAL LIABILITIES AT AMORTISED COST	TOTAL
Cash and cash equivalents	166,294	-	-	-	166,294
Other financial assets	-	-	19,323	-	19,323
Insurance receivables	-	62,821	-	-	62,821
Other receivables	-	3,287	-	-	3,287
Loans	-	9,717	-	-	9,717
Other payables	-	-	-	(8,000)	(8,000)
Insurance payables	-	-	-	(12,893)	(12,893)
Borrowings	-	-	-	(65,637)	(65,637)
Total	**166,294**	**75,825**	**19,323**	**(86,530)**	**174,912**

34 Events after the end of the reporting period

On 14 January 2016, CBL acquired 2.2 million CBL shares for A$1.17 per share from a selling shareholder of the AI Group. The shares will be held on account for future placement.

As at the date of adoption of these financial statements there have been no other reportable events occurring after the balance sheet date.

35 Comparison of prospective financial information

(a) Statement of comprehensive income

	2015 ACTUAL $'000	2015 PFI $'000	VARIANCE $'000
Gross written premium as an insurer	242,604	236,404	6,200
Gross written premium as an MGA (EISL)[1]*	51,563	59,740	(8,177)
Total gross written premium	294,167	296,144	(1,977)
Movement in gross unearned premium	(13,965)	(12,470)	(1,495)
Total gross premium	280,202	283,674	(3,472)
Premium ceded as an insurer	(15,091)	(12,019)	(3,072)
Premium ceded as an MGA (EISL)[1]*	(40,103)	(46,513)	6,410
Total net premium	225,008	225,142	(134)
Fee income[2]	14,907	6,402	8,505
Investment income	3,884	4,128	(244)
Other income	652	1,761	(1,109)
Total revenue	244,451	237,433	7,018
Claims expense	(102,072)	(98,374)	(3,698)
Reinsurance and other recoveries	27,403	19,152	8,251
Net claims expense	(74,669)	(79,222)	4,553
Acquisition costs[3]	(69,106)	(75,441)	6,335
Other operating expenses[4]	(40,758)	(40,596)	(162)
Total claims and operating expenses	(184,533)	(195,259)	10,726
Operating profit	59,918	42,174	17,744
Finance costs	(6,296)	(6,160)	(136)
Other expenses[3, 4, 5]	(8,755)	(647)	(8,108)
Share of profit from associate	810	944	(134)
Foreign exchange gains/(losses)	3,863	(419)	4,282
Gain/(loss) on investment property	-	400	(400)
Profit before tax	49,540	36,292	13,248
Income tax expense	(14,030)	(10,224)	(3,806)
Profit for the period	**35,510**	**26,068**	**9,442**

* To ensure consistency with the PFI the actual results have been adjusted from the SOCI to include EISL premium written as an MGA and EISL premium ceded as an MGA as described in the basis of preparation in accounting policy note 1(c).

[1] EISL GWP behind PFI target as new products having taken slightly longer to get to market.

[2] Favourable variance in fee income is partly a result of the sale of aviation business in AI and earlier than expected crystallisation of certain fee income and profit commission.

[3] Lower than projected acquisition costs are offset by higher than projected other expenses due to policies-in-force amortisation included in acquisition costs in the PFI (included in other expenses in the actual results).

[4] IPO costs included in other operating expenses in PFI column, but included in other expenses in actual results.

[5] Costs relating to PFP business acquisition. PFP acquisition not contemplated at the time of the IPO.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2015

(b) Statement of financial position

	2015 ACTUAL $'000	2015 PFI $'000	VARIANCE $'000
Assets			
Cash and cash equivalents[1,2,3]	296,012	299,456	(3,444)
Other financial assets[1, 4]	59,222	88,485	(29,263)
Insurance receivables[5]	101,452	73,694	27,758
Trade and other receivables[4, 5]	35,260	37,885	(2,625)
Current tax asset[6]	4,870	105	4,765
Recoveries on outstanding claims (including IBNR)	104,925	99,915	5,010
Deferred reinsurance expense	16,489	16,216	273
Deferred acquisition costs	38,380	45,050	(6,670)
Deferred tax assets	3,193	7,237	(4,044)
Property, plant and equipment[1]	3,456	2,688	768
Investment property[2]	10,500	-	10,500
Investment in associate	3,511	3,678	(167)
Intangible assets	13,311	9,014	4,297
Goodwill[3]	53,372	38,969	14,403
Total assets	743,953	722,392	21,561
Liabilities			
Trade and other payables	23,246	17,222	6,024
Insurance payables	24,577	15,193	9,384
Current tax liabilities	2,872	4,475	(1,603)
Unearned premium liability	144,061	139,873	4,188
Employee benefits provision	1,578	2,374	(796)
Contingent consideration[3]	3,608	-	3,608
Deferred tax liabilities[6]	9,558	1,420	8,138
Outstanding claims liability (including IBNR)	275,550	282,195	(6,645)
Borrowings	65,215	67,934	(2,719)
Total liabilities	550,265	530,686	19,579
Net assets	**193,688**	**191,706**	**1,982**
Equity			
Share capital	110,070	117,319	(7,249)
Reserves	(899)	(756)	(143)
Retained earnings	84,561	75,143	9,418
Total equity attributed to shareholders	193,732	191,706	2,026
Non-controlling interest[3]	(44)	-	(44)
Total equity	**193,688**	**191,706**	**1,982**

[1] Lower than expected funds on long-term deposit due to conversion to cash.

[2] Anticipated sale of investment property in PFI did not occur.

[3] PFP acquisition not contemplated at the time of the IPO.

[4] Other financial assets in the PFI included AI claims funds deposited with insurance counterparties. In the actual results these are included in other receivables.

[5] In the PFI all insurance and other receivables for AI were included in trade and other receivables. In the actual results these have been separately identified.

[6] Revision to recognition of premium income for tax purposes.

(c) Statement of changes in equity

	2015 ACTUAL $'000	2015 PFI $'000	VARIANCE $'000
Total equity			
Share capital	110,070	117,319	(7,249)
Translation reserve	(899)	(756)	(143)
Retained earnings	84,561	75,143	9,418
Non-controlling interest	(44)	-	(44)
Balance at end of year	**193,688**	**191,706**	**1,982**
Represented by:			
Share capital			
Balance at start of year	18,000	18,000	-
Movement in year	92,070	99,319	(7,249)
Balance at end of year	110,070	117,319	(7,249)
Translation reserve			
Balance at start of year	(444)	(444)	-
Movement in year	(455)	(312)	(143)
Balance at end of year	(899)	(756)	(143)
Retained earnings			
Balance at start of year	49,903	49,903	-
Comprehensive income			
Profit after tax	35,488	26,068	9,420
Dividends	(830)	(828)	(2)
Balance at end of year	84,561	75,143	9,418

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2015

(d) Statement of cash flows

	2015 ACTUAL $'000	2015 PFI $'000	VARIANCE $'000
Cash flows from operating activities			
Premium received*	287,063	285,354	1,709
Premium ceded payments*	(51,909)	(58,890)	6,981
Gross claims paid	(56,318)	(59,143)	2,825
Reinsurance and other recoveries received	8,945	10,609	(1,664)
Interest received and other income	4,264	4,562	(298)
Finance costs paid	(5,820)	(6,160)	340
Income taxes paid	(8,448)	(4,178)	(4,270)
Commission paid	(71,330)	(65,935)	(5,395)
Other operating payments*	(31,116)	(35,060)	3,944
Net cash flows from operating activities	75,331	71,159	4,172
Cash flows from investing activities			
Net cash flows from subsidiaries and associates[1]	(39,075)	(35,275)	(3,800)
Payments for property, plant and equipment[2]	(1,271)	10,246	(11,517)
Payment for intangibles	(1,346)	(2,846)	1,500
Movements in loans	4,046	4,761	(715)
Net receipt for financial assets[3]	10,679	-	10,679
Net cash flows from investing activities	(26,967)	(23,114)	(3,853)
Cash flows from financing activities			
Net receipts/(payments) for borrowings	-	626	(626)
Dividends paid to equity holders	(830)	(828)	(2)
Proceeds from issue of shares	79,215	85,320	(6,105)
Net cash flows from financing activities	**78,385**	**85,118**	**(6,733)**
Net movement in cash held	126,749	133,163	(6,414)
Effects of exchange rates on balances of cash held in foreign currencies	2,969	-	2,969
Cash and cash equivalents at the beginning of the financial year	166,294	166,292	2
Cash and cash equivalents at the end of the financial year	**296,012**	**299,455**	**(3,443)**

* To ensure consistency with the PFI the actual results have been adjusted to include receipts of EISL premium written as an MGA in premium received, and payments of EISL premium ceded as an MGA in premium ceded payments.

[1] PFP acquisition not contemplated at the time of the IPO.

[2] Anticipated sale of investment property in PFI did not occur.

[3] Long-term deposit converted to cash.

Corporate Governance Statement

For the year ended 31 December 2015

CBL is a company incorporated in New Zealand under the Companies Act and is listed on both the NZX and the ASX. The Board is committed to achieving and demonstrating the highest standards of corporate governance. Through the establishment of the corporate governance framework, the Board seeks to ensure that its directors, officers and employees fulfil their functions responsibly, while at the same time protecting and enhancing the interests of shareholders.

CBL's corporate governance framework has been developed having regard to the:

- NZX Listing Rules and the NZX Corporate Governance Best Practice Code (NZX Code); and
- ASX Listing Rules and the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd Edition) (ASX Principles).

This Corporate Governance Statement is current as at 29 February 2016 and has been approved by the Board. The Board continues to refine and improve CBL's corporate governance framework and the practices in place to ensure it meets the interests of shareholders.

CBL considers that for the period commencing on the date CBL was admitted to the NZX and ASX, being 13 October 2015, and ending on 31 December 2015, its corporate governance framework does not materially differ from the NZX Code and ASX Principles, except where noted below, and provides the reason(s) for not following the relevant provision of the NZX Code or those ASX Principles:

ASX Principle	NZX Code	Reasons for non-compliance
ASX recommendation 1.5(c) – A listed company should disclose, at the end of each reporting period, the measurable objectives for achieving gender diversity set by the Board in accordance with the company's diversity policy and its progress towards achieving them.		Given that CBL has only recently adopted a Diversity Policy, no measurable objectives were set for the reporting period ended 31 December 2015. The Company is in the process of developing appropriate and measurable objectives for achieving gender diversity.
ASX recommendation 2.1(b) – If a listed company does not have a nomination committee, the company should disclose that fact, and the processes the company employs to address board succession issues and to ensure that the board has the appropriate skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	**NZX Code clause 2.2** – Unless constrained by size, an issuer should establish a nomination committee as recommended below in paragraph 3.11. The nomination committee of an Issuer may comprise the same members as the remuneration committee of that Issuer. **NZX Code clause 3.11** – An Issuer should establish a nomination committee (which may be comprised of members of the Issuer's remuneration committee) to recommend director appointments to the Board. At least a majority of the nomination committee should be independent directors. Issuers should identify in their annual report the members of the nomination committee. **NZX Code clause 3.12** – The nomination committee should produce a written charter that outlines the nomination committee's authority, duties, responsibilities and relationship with the Board. **NZX Code clause 3.13** – The Board should regularly review the performance of the nomination committee in accordance with the nomination committee's written charter.	Due to CBL's current size and business circumstances, CBL does not have a nomination committee. CBL will appoint a nomination committee if, and when, CBL considers this necessary. Under the Board Charter, the Board, with the assistance of the Governance and Remuneration Committee, is responsible for addressing board succession issues and ensuring that the Board has the appropriate skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively. The Governance and Remuneration Committee is responsible for recommending new appointments to the Board in accordance with its Charter.
ASX recommendation 2.6 – A listed company should have a programme for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.		CBL is in the process of developing a formal induction and training process for all new directors. This induction process will include briefings on CBL's financial, strategic, operational and risk management position, CBL's governance framework and key developments in CBL and the industry and environment in which it operates.

Copies of CBL Corporation Group's Board and Board committee charters and key corporate governance policies are available in the Corporate Governance section of the website at http://cblcorporation.co.nz

CORPORATE GOVERNANCE STATEMENT
For the year ended 31 December 2015

1. Ethical standards

Code of conduct

The Board acknowledges and emphasises the importance of all directors and employees maintaining the highest standards of corporate governance practice and ethical conduct. A code of conduct has been adopted by the Board and requires directors and employees to:

- Observe the highest standards of honesty, integrity, fairness and ethical, responsible and law-abiding behaviour;
- Be aware of, avoid and disclose any actual, potential or reasonable perception of any conflict of interest;
- Avoid any improper use of position, property or information acquired through any affiliation with the Group, including the avoidance of acceptance of any improper gifts;
- Exercise proper diligence in respect of confidential information;
- Deal fairly in any relationship with internal or external stakeholders;
- Protect the assets of the Group and ensure their legitimate and efficient use;
- Ensure privacy is maintained in compliance with any applicable laws and policies;
- Promote responsible corporate citizenship with respect to the community and the environment;
- Maintain compliance with all laws, regulations, policies and procedures, including the Company's Securities Trading Policy and Guidelines; and
- Report and investigate any unlawful or unethical behaviour, and ensure that certain protections are afforded to any reporting person.

A copy of the Code of Conduct is available on the Company's website at http://cblcorporation.co.nz/investors/governance/.

Conflicts of interest

The Company has adopted a Conflicts of Interest Policy that requires the directors of the Company to conduct themselves impartially at all times and that any conflicts of interest are identified, disclosed and impartially managed. Where there is a conflict of interest, there is an obligation to disclose that conflict to the Board and enter it in the Company's Interests Register. The policy also addresses the extent to which an interested director may participate in and be present at the meeting when the conflict matter is being dealt with. A copy of the Conflicts of Interest Policy is available on the Company's website at http://cblcorporation.co.nz/investors/governance/.

2. Board composition and performance

Composition of the Board

The Board's composition is determined based on criteria set out in the Company's constitution and the Board Charter, requiring a minimum of three directors and a maximum of eight. At least two directors must be ordinarily resident in New Zealand. The minimum number of independent directors shall be two or, if there are eight or more directors, three or one-third (rounded down to the nearest whole number of directors) of the total number of directors, whichever is the greatest. As at the date of this 2015 Annual Report, a majority of the Board are independent directors having regard to the tests for independence set out in the NZX Listing Rules and the ASX Principles.

The Board seeks to ensure that at any point in time its membership has an appropriate mix of skills, experience, expertise and diversity to be well equipped to help the Company navigate the range of challenges faced by the Group.

Details of each Board member's experience, expertise and qualifications are set out in the biographies in this 2015 Annual Report.

Director independence

As at 31 December 2015 the independence status of each director is as outlined in the below table:

Director	NZX Listing Rules	ASX Listing Rules
Sir John Wells, Chairman	Non-Independent[1]	Independent
Alistair Hutchison, Non-Executive Director	Non-Independent[2]	Non-independent
Peter Harris, Managing Director	Non-Independent[3]	Non-independent
Tony Hannon, Non-Executive Director	Independent	Independent
Ian Marsh, Non-Executive Director	Independent	Independent
Paul Donaldson, Non-Executive Director	Independent	Independent

[1] At the time of the Company's IPO, Sir John Wells was deemed to be a Non-Independent Director under the NZX Listing Rules. This was because a disqualifying relationship under NZX Listing Rule 1.6 arose as a result of Sir John's indirect relationship with a provider of services to the Company in connection with the IPO. The revenue derived from these services could have been marginally above the 10% threshold in the relevant guidance note to NZX Listing Rule 1.6. The opinion of the Board is that, despite this technicality, Sir John Wells brings an independent judgement to bear on issues before the Board and acts in the best interests of the Company and its security holders. As of 1 January 2016, when the technical disqualifying relationship described above and caught under NZX Listing Rule 1.6 is no longer relevant to Sir John Wells, Sir John will be considered independent.

[2] Alistair Hutchison is not considered independent as he has a relevant interest in substantial holdings as per the substantial product holder notices disclosed in this 2015 Annual Report.

[3] Peter Harris is not considered independent as he has a relevant interest in substantial holdings as per the substantial product holder notices disclosed in this 2015 Annual Report.

Appointment of Board Members

A person may be appointed as a director by ordinary resolution of the shareholders or by the Board, and in each case, subject to the constitution of the Company, the Companies Act, all applicable laws and regulations, the NZX Listing Rules and the ASX Listing Rules.

The Chair of the Board will be appointed by the directors from time to time and the terms of office will be at the Board's discretion. The Chair must be an independent director. The Company Secretary, who may also be the CFO, is directly accountable to the Board through the Chair on all matters to do with the proper functioning of the Board.

The Company acknowledges that due to its size it does not have a nomination committee, however the Board is responsible for functions of the nomination committee as set out in the schedule to the Board Charter, and the Governance and Remuneration Committee is responsible for recommending new appointments to the Board in accordance with its Charter. The Board considers a number of factors in assessing the appointment of a director, both in terms of an individual's skills and experience, but also how that individual's skills and experience complement that of the Board as a whole with particular regard to the following key skills and experience:

- skills such as leadership and previous experience as a managing director, chair or board member of a large organisation;
- relevant industry experience;
- business acquisition and integration skills;
- financial literacy and legal and regulatory knowledge;
- diversity;
- policy and regulatory development and reform;
- health, safety and social responsibility; and
- organisational development and human resources.

In accordance with the Board Charter the Board undertakes appropriate checks before appointing a person, or putting forward to its shareholders a candidate for election as a director, including checks as to a candidate's character, expertise, education, criminal record and bankruptcy history. Such checks have been undertaken in relation to all current Board members and will be undertaken prior to appointment or election of any new Board candidates.

CBL will provide all material information in its possession to its shareholders relevant to a shareholders decision about whether or not to elect or re-elect a director, including their relevant qualifications and experience and the skills they bring to the Board, details of any other material directorships currently held by the candidate, the term of office already served by the director, whether the director is considered to be independent and a recommendation by the Board in respect of the appointment or re-election of the director.

CBL will, in the case of a candidate standing for election as a director for the first time, provide information to shareholders about the candidate to enable them to make an informed decision on whether or not to elect the candidate, including: material adverse information revealed by any checks the Board has performed on the candidate; details of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect the candidate's capacity to exercise judgement on Board matters or to act in the best interests of CBL and its shareholders; the Board's view on whether the candidate will be considered to be an independent director; and a recommendation by the Board in respect of the election on the candidate.

CORPORATE GOVERNANCE STATEMENT
For the year ended 31 December 2015

The Board may appoint one of its directors as an Executive Director (who may be the Managing Director) for a term of up to five years on such terms as the Board sees fit. The Executive Director can be removed by the Board at any time and is eligible for reappointment.

Tenure

At least one-third of the directors (other than the Managing Director) or if their number is not a multiple of three, then the number nearest to one third, shall retire from office at the annual meeting each year but shall be eligible for re-election at that meeting. Those to retire shall be those who have been longest in office since they were last elected or deemed elected. Persons who became directors on the same day must retire in the order they determine by lot or as otherwise agreed between those persons, unless the Board resolves otherwise. Any person appointed as a director by the directors shall retire from office at the next Annual Meeting but shall be eligible for re-election at the meeting.

The statutory disclosures section in this 2015 Annual Report lists each director's appointment date.

Induction and ongoing training

The Company is in the process of developing a formal induction and training process for all new directors. This induction process will include briefings on the Company's financial, strategic, operational and risk management position, the Company's governance framework and key developments in the Group and the industry and environment in which it operates.

Directors are required to identify additional training needs on an ongoing basis and attend these as necessary to ensure they have the appropriate skills and knowledge to perform their role.

Roles and responsibilities of the Board

The Board is responsible for the governance of the Company and for promoting the success of the Group in a manner designed to create and build sustainable value for shareholders and in accordance with the duties and obligations imposed upon them by the constitution of the Company and by law, while having due regard to other stakeholder interests and the requirements of the NZX Listing Rules and the ASX Listing Rules.

Issues of substance affecting the Company are considered by the Board, with advice from external advisers as required. Each director is required to bring an independent view and judgement to the Board and must declare all actual or potential conflicts of interest on an ongoing basis. Any issue concerning a director's ability to properly act as a director must be discussed at a Board meeting as soon as practicable and a director may not vote on any matter relating to the transaction in which the director is interested except where otherwise provided in the Constitution or the Companies Act.

The Board delegates certain functions to its three Board Committees: Audit and Final Risk Committee, Governance and Remuneration Committee and Disclosure Committee. The role of each of these Committees is outlined in section 3 of this Corporate Governance Statement.

Board procedures also ensure that all directors have the information needed to contribute to informed discussion on all meeting agenda items and to effectively carry out their duties. Senior managers make direct presentations to the Board on a regular basis to give the directors a broad understanding of management philosophies and capabilities.

Responsibilities of the Board, responsibilities of individual directors, and the ability to access information and seek independent advice as they individually or collectively consider necessary to fulfil their responsibilities is formalised via the Board Charter, which is available on the Company's website at http://cblcorporation.co.nz/investors/governance/.

Formal letters of appointment are provided to all new directors setting out key terms and conditions of their appointment.

Responsibilities of management

To enable the effective day to day management and leadership of the Company, the Board has delegated authority for the operations and administration of the Company to the Managing Director. The Managing Director has in turn sub-delegated parts of his authority to senior executives in his leadership team to enable effective and timely decision making. The Board meets regularly with management to provide strategic guidance for the Company and effective oversight of management. Management is responsible for implementing the strategic objectives of the Company and operating within the risk appetite set by the Board as well as other aspects of the day to day running of the Company. Management is also responsible for providing the Board with accurate, timely and clear information to enable the Board to perform its responsibilities.

Formal letters of employment are provided to all senior management setting out key terms and conditions of their employment.

Role of Chairman

The Chairman's role is set out in the Board Charter and includes to lead and manage the Board so that it operates effectively and to facilitate Board discussions so that core issues facing the Company are addressed. The Board supports the separation of the roles of Chairman (Sir John Wells) and Managing Director (Mr Peter Harris) in accordance with the requirements of the NZX Code and the ASX Principles. The NZX Code and the ASX Principles recommend that the Chairman should be an independent director. As at the date of this Annual Report Sir John Wells is considered an independent director.

Role of Company Secretary

The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board. Each director is able to communicate directly with the Company Secretary and vice versa.

Evaluation of directors and senior management

A performance evaluation for directors, Board committees and senior management takes place at least annually. The last review took place in May 2015 in compliance with established evaluation processes.

The Board recognises that the performance of the directors and the Board Committees are critical to the Company's success and to the interests of shareholders. The Board, with the assistance of the Governance and Remuneration Committee, undertakes an annual assessment of the performance of the Board and individual directors against the relevant charters, corporate governance policies and agreed goals and objectives.

The performance evaluation process used to assess the performance of directors, including roles as Board committee members, involves peer evaluations through the use of anonymous performance evaluation questionnaires. The completed questionnaires are provided to the Governance and Remuneration Committee as part of the assessment process.

The performance evaluation process for senior management is based on written reviews prepared by the appropriate reporting line manager, which are provided to the Governance and Remuneration Committee as part of the assessment process.

All performance evaluations take into account the performance of the Group, performance of specific operating entities as appropriate and individual performance against key deliverables for the applicable roles.

The Board is ultimately responsible for annually reviewing the performance of the Managing Director and senior executives in accordance with the process set out above.

3. Board committees

To ensure that the responsibilities of the Board are upheld and executed to the highest level, the Board has established the following Board committees:

Name of Committee	Overview of responsibilities	Members
Audit and Financial Risk Committee	Responsible for monitoring and advising the Board on the Company's audit, risk management, internal control and regulatory compliance policies and procedures.	Tony Hannon (Chair)* Ian Marsh* Paul Donaldson*
Governance and Remuneration Committee	Responsible for: a. oversight and management of the Company's remuneration structures, policies, procedures and practices; b. considering and recommending new appointments to the Board and overseeing succession planning; and c. ensuring that procedures are in place to ensure compliance with all laws, rules and regulations applicable to the Company and the directors.	Sir John Wells (Chair)* Alistair Hutchison** Ian Marsh*
Disclosure Committee	Responsible for ensuring that CBL complies with its continuous disclosure obligations under the NZX and ASX Listing Rules.	Sir John Wells (Chair)* Peter Harris** Carden Mulholland***

* Independent as at the date of this 2015 Annual Report.

** Non-independent as at the date of this 2015 Annual Report.

*** CFO.

CORPORATE GOVERNANCE STATEMENT
For the year ended 31 December 2015

Each of these committees, with the exception of the Disclosure Committee, has established charters (which detail the committees' specific functions and responsibilities) and operating procedures in place, which are reviewed by the Board on a regular basis. The Disclosure Committee operates in accordance with the Continuous Disclosure Policy as outlined below. Copies of the committee charters are available at http://cblcorporation.co.nz/investors/governance/.

The Board may establish other committees from time to time to deal with matters of special importance. The Committees have access to the Company's executives and senior management as well as independent advice. The Chair of each Committee provides an update on the outcomes of Committee meetings at the Board meeting following the relevant Committee meeting.

While the committees make recommendations to the Board, they have no decision making power except where expressly provided by the Board.

With the advice and assistance of the Governance and Remuneration Committee, the Board reviews the performance of the committees against their relevant Charters and agreed goals and objectives on an annual basis.

The qualifications and experience of the Committee members are set out in the biographies in this 2015 Annual Report and the number of meetings and attendance at meetings is included in the statutory disclosures section in this 2015 Annual Report.

Audit and Financial Risk Committee

The Audit and Financial Risk Committee comprises three non-executive directors (details of whom are set out above) all of whom are considered independent as at the date of this 2015 Annual Report. The Audit and Financial Risk Committee is chaired by Tony Hannon (an Independent Director of CBL). The Managing Director and the CFO attend as ex officio attendees and the external auditors and appointed actuaries attend by invitation of the Chairman. The Company has also engaged Diana Puketapu in a consulting capacity to act as advisor to the Audit and Financial Risk Committee.

The objectives of the Audit and Financial Risk Committee are to assist the Board in fulfilling its responsibilities relating to risk management and internal control, financial reporting, legislative and NZX and ASX Listing Rule compliance, internal policies and industry standards, the external and internal audit functions, tax management, treasury management and includes, among other things:

- promoting a culture of compliance;
- providing a forum for communication between the Board and senior management in relation to audit and compliance matters affecting the Company; and
- reviewing and commenting on senior management's plans for managing the material financial and reporting risks faced by the Company.

The Audit and Financial Risk Committee scope includes managing and reviewing the following:

- the effectiveness of the Company's internal control and risk management framework;
- the integrity and effectiveness of the internal and external audit functions;
- the integrity and effectiveness of the financial management processes and systems;
- the independent audit process, including recommending the appointment and assessing the performance of the external auditor;
- the Company's process for monitoring compliance with laws, regulations, the NZX and ASX Listing Rules, internal standards (including the code of conduct), policies and expectations of key stakeholders, including customers and employees; and
- the relationship and interaction with institutional investors and other shareholders.

The risk management framework is reviewed at least annually by the Audit and Financial Risk Committee and was reviewed during the reporting period in conjunction with the IPO.

The Audit and Financial Risk Committee reports to the full Board after every meeting on all matters relevant to the committee's roles and responsibilities.

The Audit and Financial Risk Committee charter is available on the Company's website at http://cblcorporation.co.nz/investors/governance/.

Governance and Remuneration Committee

The Governance and Remuneration Committee comprises three non-executive directors (details of whom are set out above), two of whom are considered independent as at the date of this 2015 Annual Report. The Governance and Remuneration Committee is chaired by Sir John Wells (an Independent Director of CBL as at the date of this 2015 Annual Report). See also section 2 above regarding Sir John's non-independence at the time of the Company's IPO.

The objectives of the Governance and Remuneration Committee are to:

- establish a clear framework for oversight and management of the Company's remuneration structures, policies, procedures and practices;
- consider and recommend new appointments to the Board and oversee management succession planning;
- fairly and responsibly reward directors and senior management and other employees of the Company having regard to the performance of the Company, the performance of these officers and employees and the general external pay environment; and
- see that the Company and the Board have in place and adhere to policies, procedures and practices to ensure compliance with all laws, rules and regulations applicable to the Company and the directors, including the Companies Act, the constitution of the Company, the NZX Listing Rules, the ASX Listing Rules and the Board Charter.

Each member of the Governance and Remuneration Committee:

- is familiar with the legal and regulatory disclosure requirements in relation to remuneration; and
- has adequate knowledge of executive remuneration issues, including executive retention and termination policies and short-term and long-term incentive arrangements.

The Governance and Remuneration Committee reports to the full Board after every meeting on all matters relevant to the committee's roles and responsibilities.

The Governance and Remuneration Committee charter is available on the Company's website at http://cblcorporation.co.nz/investors/governance/.

Disclosure Committee

As part of the Company's obligations as a publicly listed company, the Company needs to ensure compliance with the NZX Listing Rules and ASX Listing Rules relating to continuous disclosure. As part of that commitment the Company has established a Disclosure Committee charged with:

- monitoring compliance by the Company and its officers and employees with the Continuous Disclosure Policy;
- reviewing the Continuous Disclosure Policy at least once each financial year;
- reporting to the Board on any matters dealt with under the Continuous Disclosure Policy; and
- requiring that all material information provided to NZX and ASX is also placed on the Company's website.

The Disclosure Committee consists of the:

- Managing Director;
- CFO; and
- Chair of the Board.

If any of the above people are unavailable, then the Chair of the Audit and Financial Risk Committee will be called upon.

The Continuous Disclosure Policy is available on the Company's website at http://cblcorporation.co.nz/investors/governance/.

4. Reporting and disclosure

This 2015 Annual Report includes relevant information about the operations of the Company during the year, key financial information, changes in the state of affairs and indications of future developments. The Annual Reports for the current year and for previous years are available under the 'Investors' section of the Company's website.

The Board has received a declaration from the Managing Director and the CFO that, in their opinion, the financial records of CBL have been properly maintained and that the financial statements have been prepared in accordance with applicable laws, regulations and accounting standards and present a true and fair view of the financial position and performance of the Group. The Board has also been provided with assurance from the Managing Director and the CFO that the declaration is founded on a system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Disclosure

The Company has established policies and procedures to ensure timely and balanced disclosures of all material matters concerning the Company and to ensure that all investors have equal and timely access to information on the Company's financial performance.

These policies and procedures include a Continuous Disclosure Policy that includes identification of matters that may have a material effect on the price of the Company's securities, quality control procedures over announcements, notifying them to the NZX and ASX, posting relevant information on the Company's website and issuing media releases. The policy requires that the Board appoint a Disclosure Committee consisting of the Managing Director, CFO and the Chair of the Board (or if any are unavailable, then the Chair of the Audit and Financial Risk Committee).

The Continuous Disclosure Policy requires the Managing Director and the CFO to be informed of any potential material information or proposal immediately after any officer of the Company or any member of senior management becomes aware of that information or proposal.

The Continuous Disclosure Policy is available on the Company's website at http://cblcorporation.co.nz/investors/governance/.

5. Remuneration

The Governance and Remuneration Committee sets compensation packages in such a way that it:

- motivates senior management to pursue the long-term growth and success of the Group;
- demonstrates a clear relationship between senior management's performance and remuneration;
- fairly and responsibly rewards directors and senior management and other employees of the Group having regard to the performance of the Group, the performance of these officers and employees and the general external pay environment; and
- will result in the Group being able to attract and retain the best directors and senior management and other employees.

Remuneration may incorporate fixed and variable components with both a short-term and long-term focus. In respect of executive remuneration, remuneration packages should include an appropriate balance of fixed and performance based remuneration and may contain any or all of the following:

- fixed remuneration – this should:
  - be reasonable and fair;
  - take into account the Company's legal and industrial obligations and labour market conditions;
  - be relative to the scale of the Company's business; and
- reflect core performance requirements and expectations.

CORPORATE GOVERNANCE STATEMENT
For the year ended 31 December 2015

- performance based remuneration – this should:
  - take into account individual and corporate performance; and
  - be linked to clearly specified performance targets, which should be:
  - aligned to the Company's short and long term performance objectives; and
  - appropriate to the Company's circumstances, goals and risk appetite.
- equity based remuneration – this can include options or performance shares and is especially effective when linked to hurdles that are aligned to the Company's longer-term performance objectives. However, equity based remuneration should be designed so that it doesn't lead to 'short termism' on the part of senior management (including executive directors) or the taking of undue risks; and
- termination payments – subject to all applicable laws and the NZX and ASX listing rules, these should be agreed in advance to the extent practicable, and any agreement should clearly address to the extent reasonably foreseeable what will happen in the case of early termination. There should be no termination payment for removal for misconduct.

In respect of non-executive director remuneration, remuneration packages may comprise cash fees, superannuation contributions and non-cash benefits in lieu of fees (such as salary sacrifice into superannuation or equity) and may or may not, as appropriate, contain the following:

- fixed remuneration – this should reflect the time commitment and responsibilities of the role;
- performance based remuneration – non-executive directors should not receive performance based remuneration as it may lead to bias in their decision making and compromise their independence;
- equity based remuneration – non-executive directors can receive an initial allocation of fully paid ordinary shares if shareholders have approved such an allocation in accordance with the ASX Listing Rules and, to the extent required, the NZX Listing Rules. However, non-executive directors generally should not receive options or performance shares as part of their remuneration as it may lead to bias in their decision making and compromise their independence; and
- termination payments – non-executive directors should not be provided with termination benefits other than superannuation.

At the date of this 2015 Annual Report, and during the reporting period, no equity based remuneration scheme is in place.

The payment of bonuses, options and other incentive payments are reviewed by the Governance and Remuneration Committee annually and a recommendation is put to the Board for approval. All bonuses and incentives must be linked to predetermined performance criteria. The Board can exercise its discretion in relation to approving incentives and bonuses and can recommend changes to the Governance and Remuneration Committee's recommendations. Any changes must be justified by reference to measurable performance criteria.

Further information about the Company's remuneration can be found in the statutory disclosures section in this 2015 Annual Report.

6. Risk management

The Board considers identification and management of key risks associated with the business as vital to maximise shareholder wealth. The directors are ultimately responsible for reviewing and ratifying the risk management structure, processes and guidelines, which are to be developed, maintained and implemented by management. The active identification of risks and implementation of mitigation measures is also the responsibility of management.

To assist the Board in discharging its financial responsibility in relation to risk management, the Board has delegated certain activities to the Audit and Financial Risk Committee. The responsibilities of the Audit and Financial Risk Committee in relation to risk management and internal compliance and control systems include, among other things:

- overseeing the establishment and implementation of risk management and internal compliance and control systems and requiring that there is a mechanism for assessing the ongoing efficiency and effectiveness of those systems;
- reviewing (at least annually) and approving policies and procedures on risk oversight and management to establish an effective and efficient system for:
- identifying, assessing, monitoring and managing risk;
- disclosing any material change to the Company's risk profile;
- receiving reports from senior management concerning the Company's material risks in order to assess the internal processes for determining, monitoring and managing these risks and to monitor the risk profile of the Company; and
- reviewing the Company's financial risk management procedures with the objective of seeing that the Company complies with its legal obligations, including to assist the Managing Director or CFO to provide declarations in relation to each of the Company's financial reports required by Recommendation 4.2 of the ASX Principles.

Senior management is responsible for designing and implementing risk management and internal compliance and control systems that identify the material risks facing the Company. These compliance and control systems are designed to provide advanced warning of material risks before they eventuate.

Senior management must regularly monitor and evaluate the effectiveness of these processes and risk plans and the performance of employees implementing them. In addition, senior management must promote and monitor the culture of risk management within the Company and compliance with internal risk systems and processes by employees.

All employees are responsible for implementing, managing and monitoring processes and risk plans with respect to material business risks, as appropriate for their roles.

Senior management must report on risk management at each Board meeting, and each Audit and Financial Risk Committee meeting. The reporting must identify the Company's material risks and the extent to which:

- the Company's ongoing risk management programme effectively identifies all areas of potential risk, including with respect to licensing and regulatory issues;
- adequate policies and procedures have been designed and implemented to manage identified risks;
- a regular programme of audits is undertaken to test the adequacy of, and compliance with, prescribed policies; and
- proper remedial action is undertaken to redress areas of weakness.

The Company's Risk Management Policy, which was reviewed by the Board during the reporting period, and the Audit and Financial Risk Committee's charter are available on the Company's website at http://cblcorporation.co.nz/investors/governance/.

7. Auditors

The Audit and Financial Risk Committee oversees the relationship with the external auditor, including recommending the appointment and assessing the performance of the external auditor. The Audit and Financial Risk Committee responsibilities in regard to the external auditors are to, among other things:

- review the professional qualification of the external auditor and ensure the external auditor and audit partner hold current auditor licences with the Financial Markets Authority (including background and experience of partner and auditing personnel);
- consider the independence of the external auditor and any potential conflicts of interest;
- review on an annual basis the performance of the external auditor and make recommendations to the Board for the appointment, reappointment or termination of the appointment of the external auditor, including ensuring that the audit partner is changed at least every five years;
- review the external auditor's proposed audit scope and approach for the current year in light of the Company's circumstances and changes in regulatory and other requirements;
- discuss with the external auditor any audit problems encountered in the normal course of audit work, including any restriction on audit scope or access to information;
- ensure that significant findings and recommendations made by the external auditor and management's proposed response are received, discussed and acted on appropriately;
- discuss with the external auditor the appropriateness of the accounting policies applied in the Company's financial reports and whether they are considered to be aggressive, balanced or conservative;
- meet separately with the external auditor at least once a year to discuss any matters that the Committee or auditor believes should be discussed privately;
- ensure that the external auditor has access to the Chair of the Committee when required;
- review policies for the provision of non-audit services by the external auditor and, where applicable, the framework for pre approval of audit and non-audit services;
- require that the external auditor attends the annual meeting of the Company and is available to answer questions from shareholders of the Company relevant to the audit; and
- see that the Company has appropriate policies for hiring audit firm personnel for senior positions.

Internal audit

The Group internal audit function is the responsibility of the Group Quality Assurance Manager. The role of internal audit involves risk assessment, and the design of an internal audit programme. The role also includes performance of the monitoring and testing procedures. Independent external experts may be engaged from time to time to assist in specialist areas. The internal audit function reports directly to the Board.

8. Shareholder relations

The Company has a Shareholder Communications Policy that is designed to promote effective communication with shareholders and encourage effective participation by shareholders at general meetings of the Company. The Company seeks to recognise numerous modes of communication, including electronic communication, to ensure that its communication with shareholders is timely, clear and accessible. The Company provides investors with comprehensive and timely access to information about itself and its governance on its website at http://cblcorporation.co.nz. The website includes copies of past annual reports, results announcements, media releases (including NZX and ASX announcements) and general Company information. The Company website also has a comprehensive corporate governance section for shareholders.

Pursuant to the Shareholder Communications Policy the Company endeavours to:

- maintain and update relevant information about the Company and its corporate governance practices on the Company's website within a reasonable timeframe;
- distribute shareholder communications to shareholders in accordance with the Companies Act and the NZX and ASX listing rules; and
- use available channels and technologies to communicate widely and promptly to shareholders.

CORPORATE GOVERNANCE STATEMENT
For the year ended 31 December 2015

The Company makes announcements to the ASX and NZX in accordance with the relevant listing rules of those exchanges and the Companies Act. Announcements made by the Company to the ASX and NZX are, subject to applicable securities laws, available to shareholders:

- on the Investors section of the Company's website;
- under the 'Company Announcements' section of the ASX website and the 'Announcements' section of the NZX website; and
- by email notification (when shareholders provide the Company with their email address and elect to be notified of all the Company's ASX and NZX announcements).

Shareholders are able to access information relevant to their holdings via the Company's share registry website, www.computershare.co.nz. Shareholders who do not have access to the internet should contact the Company's share registry with any enquiries relating to their shareholdings or alternatively contact the Company Secretary at Level 8, 51 Shortland Street, Auckland 1010, New Zealand.

Shareholders will be given the option to receive communications from, and send communications to, the Company and its share registry electronically.

The Company usually holds its annual meeting in May each year. The specific date, time and location of each annual meeting will be detailed:

- in the relevant notice of meeting; and
- on the Company's website.

Shareholder meetings are an opportunity for shareholders and other stakeholders to hear from, and put questions to, the Board, senior management and the external auditor. All shareholders are invited to attend the meeting in person (including by any relevant technological means made available by the Company) or by proxy, representative or attorney. The Board regards the annual meeting as an excellent forum in which to discuss issues relevant to the Company and, accordingly, encourages full participation by shareholders. Shareholders have an opportunity to submit questions to the Board and to the Company's external auditor at such meetings.

9. Stakeholder interests

The Company considers its key stakeholders to be its shareholders, employees, contractors, customers, reinsurers, and general creditors and suppliers. While the Company has no material social, economic and environmental exposures (beyond general economic exposures), the Company also recognises the broader footprint of the Group in terms of the social, economic and environmental impacts that decisions and actions of the Group have.

The Board considers that the Company's conduct adheres to generally accepted standards of conduct, and that the enshrinement of values through the Company's code of conduct reflects the Board's commitment to the performance of fair and equitable duties by the Company.

Securities Trading

The Company has established a policy, the Securities Trading Policy and Guidelines, detailing the Company's policy on, and rules for dealing in the Company's shares listed on the NZX and ASX, any debt securities issued by the Company, and any other issued security of the Company or its subsidiaries or any derivatives in respect to the Company's securities. The policy prohibits insider trading at all times and designates certain persons as Restricted Persons subject to blackout periods. The Securities Trading Policy and Guidelines is available on the Company's website at http://cblcorporation.co.nz/investors/governance/.

Diversity

The Company has adopted a Diversity Policy which supports the commitment of the Company to an inclusive workplace that embraces and values diversity while always upholding the principle of meritocracy. The Diversity Policy includes requirements for the Board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and CBL's progress in achieving them. The Board believes that embracing diversity in its workforce contributes to the achievement of its corporate objectives (including optimising financial performance in a competitive labour market) and enhances its reputation. The Company is in the process of developing appropriate and measurable objectives for achieving gender diversity. Further information about the Company's gender diversity can be found in the statutory disclosures section in this 2015 Annual Report.

The Diversity Policy is available on the Company's website at http://cblcorporation.co.nz/investors/governance/.

Statutory Information

For the year ended 31 December 2015

1. Stock exchange listing

Our shares are listed on the main board operated by NZX and the official list of ASX (code: CBL).

2. Stock exchange waivers

No waivers have been granted and published by the NZX during the period ending 31 December 2015.

The following waivers were granted by the ASX during the period ending 31 December 2015:

- Permission to lodge CBL's half yearly report and preliminary final report in the form of NZX Appendix 1, with certain conditions.
- A waiver from ASX listing rule 6.10.3 to the extent necessary to permit CBL to set the specified time to whether a shareholder is entitled to vote at a shareholders' meeting in accordance with the requirements of relevant New Zealand legislation.
- A waiver from ASX listing rule 7.1 to the extent necessary to permit CBL to issue more than 15% of its shares without shareholder approval, with certain conditions, including compliance with NZX listing rules with respect to issue of new securities.
- A waiver from ASX listing rule 10.18 to the extent necessary to permit CBL upon a change of control to pay termination benefits to its Managing Director and CFO, in accordance with existing employment contracts.
- A waiver from ASX listing rule 15.7 to permit CBL to provide announcements simultaneously to both ASX and NZX.
- A waiver from ASX listing rules 15.13, 15.13A and 15.13B to the extent necessary to permit CBL to divest security holders of less than a marketable holding in accordance with NZX listing rules.

3. Significant changes

The total equity increased to $193.7 million from $67.5 million, an increase of $126.2 million. The movement was largely the result of the shares subscribed to in the IPO and increased retained profits. Refer to note 22 for further information on movements in equity. Prior to the date of the IPO the Company was privately held. The Company listed on the NZX and ASX on 13 October 2015.

During the financial year ended 31 December 2015, the Group acquired an interest in the AI Group, the PFP Group and Fiducia. See the Managing Director's report in this 2015 Annual Report for more information about the business of the Group and the changes in the business during the year ended 31 December 2015.

4. Shares on issue

Class	CURRENT NUMBER OF HOLDERS	NUMBER OF ISSUED SHARES
Ordinary shares	**516**	**219,677,168**

CBL's ordinary shares each carry a right to vote on any resolution on a poll at a meeting of shareholders. Holders of ordinary shares may vote at a meeting in person, or by proxy, representative or attorney. Voting may be conducted by a show of hands, by voice or by poll.

STATUTORY INFORMATION
For the year ended 31 December 2015

5. Top 20 shareholders

Our top 20 shareholders as at 31 January 2016 are as follows:

RANK	NAME	NUMBER OF SHARES HELD	% OF SHARES HELD
1	Federal Pacific Group Limited	**48,000,000**	21.85
2	Oceanic Securities Pte Limited	**39,400,000**	17.94
3	Stichting Lygon Pension Fund	**15,000,000**	6.83
4	National Nominees Limited	**8,061,141**	3.67
5	CCJE Limited	**7,824,000**	3.56
6	New Zealand Superannuation Fund Nominees Limited - NZCSD	**7,784,355**	3.54
7	JP Morgan Chase Bank NA NZ Branch Segregated Clients Acct - NZCSD	**7,749,195**	3.53
8	JP Morgan Nominees Australia Limited	**7,717,967**	3.51
9	Alpha Insurance A/S	**6,451,595**	2.94
10	Eurasia Investment Limited	**5,700,000**	2.59
11	Finlay Family Trust	**5,280,000**	2.40
12	Argo Investments Limited	**5,161,290**	2.35
13	Accident Compensation Corporation - NZCSD	**5,074,100**	2.31
14	AMP Life Limited	**4,881,225**	2.22
15	FARASJEN PTE. LTD.	**4,800,000**	2.19
16	BNP Paribas Nominees (NZ) Limited - NZCSD	**3,768,091**	1.72
17	Smallco Investment Manager Ltd	**3,762,353**	1.71
18	Forsyth Barr Custodians Limited	**2,482,631**	1.13
19	Aviation Corporate Services Pty Limited	**2,304,000**	1.05
20	CBL Corporation Limited	**2,160,000**	0.98
	Top 20 holders of ordinary shares	**193,361,943**	88.02
	Total remaining holders	**26,315,225**	11.98
	Total	**219,677,168**	100.00

6. Substantial product holders

The following information is given in accordance with Section 293 of the FMC Act. According to notices received, the following persons were substantial product holders in the Company as of 31 December 2015. The total number of common shares on issue, being the Company's only class of quoted voting products, as of 31 December 2015, was 219,677,168 shares.

NAME	SHARES IN WHICH A RELEVANT INTEREST IS HELD
Peter Harris	**58,850,000**
Alistair Hutchison	**51,400,000**
Oceanic Securities Pte Limited	**39,400,000**
Stichting Lygon Pension Fund	**15,000,000**
Federal Pacific Group Limited	**48,000,000**
CBL Corporation Limited[1]	**135,709,492**

[1] A total of 135,709,492 ordinary shares are subject to voluntary escrow arrangements with a release date of 8am on the first day after the date on which the Company releases to the NZX its preliminary announcement of its financial results in respect of the financial year ended 31 December 2016. CBL does not have any restricted securities on issue.

7. Analysis of shareholdings

As at 31 January 2016:

Size of holding	NUMBER OF SHAREHOLDERS	% OF SHAREHOLDERS	NUMBER OF SHARES	% OF SHARES
1 - 1,000	**48**	**9.30**	**28,215**	**0.01**
1,001 - 5,000	**185**	**35.85**	**565,239**	**0.26**
5,001 - 10,000	**109**	**21.13**	**837,920**	**0.38**
10,001 - 50,000	**95**	**18.41**	**1,895,031**	**0.86**
50,001 - 100,000	**16**	**3.10**	**1,242,302**	**0.57**
100,001 - 500,000	**31**	**6.01**	**7,048,979**	**3.21**
500,001 - 1,000,000	**5**	**0.97**	**3,128,717**	**1.43**
1,000,001 - 5,000,000	**14**	**2.71**	**35,727,122**	**16.26**
5,000,001 - 10,000,000	**10**	**1.94**	**66,803,643**	**30.41**
10,000,001 and above	**3**	**0.58**	**102,400,000**	**46.61**
Total	**516**	**100.00**	**219,677,168**	**100.00**

Based on the closing price of CBL ordinary shares as of 31 January 2016 the number of shareholders holding less than a marketable parcel of the Company's ordinary shares, defined in the ASX listing rules as being less than five hundred Australian dollars, was six. The number holding less than the minimum holding, defined in the NZX listing rules as less than 100 shares, was four.

8. Directors' interest in CBL Corporation Limited shares

The relevant interests of directors in CBL Corporation Limited as at 31 December 2015 are as follows:

NAME	2015 NUMBER OF SHARES	2014 NUMBER OF SHARES
Sir John Wells KNZM[1]	**600,000**	600,000
Alistair Hutchison[2]	**51,400,000**	62,037,912
Peter Harris[3]	**58,850,000**	72,122,088
Tony Hannon[4]	**510,000**	600,000
Ian Marsh[5]	**510,000**	600,000
Paul Donaldson[6]	**164,498**	-

All 2014 numbers of shares have been adjusted to reflect the 6:1 share split that occurred on 11 August 2015.

[1] Beneficial interest in shares held by Anthony Clive Sandlant and Kenneth Hugh Baguley as Trustees of the Twickenham Trust.

[2] Beneficial interest in shares held by Oceanic Securities Pte Ltd and Federal Pacific Group Limited.

[3] Beneficial interest in shares held by Oceanic Securities Pte Ltd, Stichting Lygon Pension Fund, Eurasia Investment Limited, Alliance Investments Limited and Sunshine Nominees Limited.

[4] Beneficial interest in shares held by Relational Capital Limited.

[5] Beneficial interest in shares held by Bright Castle Assets Limited.

[6] Legal and beneficial interest.

STATUTORY INFORMATION
For the year ended 31 December 2015

9. Director appointments

Each director of the Company was appointed on the following dates:

- Sir John Wells 19 November 2013
- Alistair Hutchison 19 November 2013
- Peter Harris 19 November 2013
- Anthony (Tony) Hannon 14 October 2013
- Ian Marsh 19 November 2013
- Norman (Paul) Donaldson 27 July 2015

10. Directors' attendance record

During the financial year 10 Board meetings, 5 Audit and Financial Risk Committee meetings and 3 Governance and Remuneration Committee meetings were held. Attendances by each director during the year were as follows:

	Board Meetings		**Audit and Financial Risk Committee**		**Governance and Remuneration Committee**	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Sir John Wells	10	10	-	-	3	3
Alistair Hutchison	10	10	-	-	3	3
Peter Harris	10	10	-	-	3	3
Tony Hannon	10	10	5	5	-	-
Ian Marsh	10	10	3	3	1	1
Paul Donaldson[1]	6	6	3	3	-	-

[1] Paul Donaldson was appointed as a Director on 27 July 2015

11. Directors trading in CBL Corporation Limited shares

Director	DATE	INTEREST	NUMBER ACQUIRED (DISPOSED)	CONSIDERATION $000S
Alistair Hutchison	23 April 2015	beneficial	**(164,748)**	**-**
	29 April 2015	beneficial	**(8,237)**	**-**
	12 October 2015	beneficial	**(9,600,000)**	**14,880.00**
Peter Harris	23 April 2015	beneficial	**(835,252)**	**-**
	29 April 2015	beneficial	**(41,763)**	**-**
	25 August 2015	beneficial	**(100,000)**	**-**
	12 October 2015	beneficial	**(7,910,000)**	**12,260.50**
Tony Hannon	12 October 2015	beneficial	**(90,000)**	**139.50**
Ian Marsh	12 October 2015	beneficial	**(90,000)**	**139.50**
Paul Donaldson	25 August 2015	direct	**100,000**	**-**
	12 October 2015	direct	**64,498**	**100.00**

Numbers of shares have not been adjusted to reflect the 6:1 share split that occurred on 11 August 2015.

On 23 April 2015, 1,000,000 shares were transferred for no consideration by Oceanic Securities Pte Limited. Oceanic Securities Pte Limited ultimate beneficial interest is held jointly by Alistair Hutchison and Peter Harris. These shares were previously held by Oceanic Securities Pte Limited as bare trustee for Adam Massingham and were then transferred to a separate entity controlled by Adam Massingham.

On 29 April 2015, 50,000 shares were transferred for no consideration by Oceanic Securities Pte Limited. These shares were previously held by Oceanic Securities Pte Limited as bare trustee for Sami Damoussi and were then transferred into Sami Damoussi's own name.

On 25 August 2015, 100,000 shares were transferred for no consideration by Oceanic Securities Pte Limited. These shares were previously held by Oceanic Securities Pte Limited as bare trustee for Paul Donaldson and were then transferred into Paul Donaldson's own name.

All share transactions in the above table occurring on 12 October 2015 relate to the CBL IPO.

STATUTORY INFORMATION
For the year ended 31 December 2015

12. Subsidiary company directors

The following persons held the office of director of the respective subsidiaries of CBL (as defined in the Companies Act 1993) during the year to 31 December 2015. Employees who are appointed as directors do not receive director fees or other benefits as a director.

SUBSIDIARY	DIRECTORS
New Zealand companies	
LBC Holdings UK Limited	Tony Hannon, Carden Mulholland
LBC Holdings New Zealand Limited	Tony Hannon, Carden Mulholland
LBC Holdings Europe Limited	Tony Hannon, Carden Mulholland
LBC Holdings Australasia Limited	Tony Hannon, Carden Mulholland
LBC Holdings Americas Limited	Tony Hannon, Carden Mulholland
CBL Insurance Limited	Sir John Wells, Alistair Hutchison, Peter Harris, Tony Hannon, Ian Marsh, Paul Donaldson
CBL Corporate Services Limited	Tony Hannon, Carden Mulholland
Deposit Power Limited	Peter Harris, Carden Mulholland
South British Funding Limited	Carden Mulholland
European companies	
Professional Fee Protection Limited	Kevin Igoe, James Howell, David Bone
Professional Financing Limited	Kevin Igoe, James Howell, David Bone
PFP Tax Services Limited	Kevin Igoe, James Howell, David Bone
Intercede 2408 Limited	Adam Massingham, Carden Mulholland
EISL Iberia Limited	Todd Campbell, Alain Couard, Ian Marsh, Adam Massingham, Carden Mulholland
European Insurance Services Limited	Todd Campbell, Alain Couard, Peter Harris, Ian Marsh, Adam Massingham,Carden Mulholland
CBL Insurance Europe Limited	Peter Harris, Carden Mulholland, Paul Donaldson, Brendan Malley, Kevin O'Brien
Sarl ACJN	Adam Massingham
Australian companies	
CBL Holdings Australia Pty Limited	Peter Harris, Paul Crawford, Carden Mulholland
CBL Insurance Australia Pty Limited	Peter Harris, Paul Crawford, Carden Mulholland
Assetinsure Holdings Pty Limited	John Fahey, Sir John Wells, Peter Harris, Christopher Old, Julie Osborne, Henricus Sprangers, Peter Wedgwood
Assetinsure Pty Limited	John Fahey, Sir John Wells, Peter Harris, Christopher Old, Julie Osborne, Henricus Sprangers, Peter Wedgwood, Gregor Pfitzer
CBL Insurance Pty Limited	Peter Harris, Paul Crawford
Other companies	
PFP Singapore PTE Limited	Peter Harris, Carden Mulholland

13. Directors' interests

Unless disclosed elsewhere in this Annual Report, the following particulars were given by directors of the Company pursuant to section 140 of the Companies Act.

DIRECTOR	INTEREST	ORGANISATION
Sir John Wells		
Chairman	Trustee	Auckland Grammar School Foundation Trust
	Chairman	Bancorp Group Limited
	Chairman	Bancorp Holdings Corporation Limited
	Chairman	Bancorp New Zealand Limited
	Director	Bancorp Strategic Investments Limited
	Chairman	Bancorp Treasury Services Limited
	Chairman	CBLNZ Limited
	Chairman's advisory group member	Committee for Auckland
	Chairman	Development Auckland Limited
	Chairman	Fisher Funds Management Limited
	Chairman	Greenpark Holdings Limited
	Advisory board member	Marsh Limited
	Director	MartinJenkins
	Chairman	Sheffield North Island Limited
	Trustee	Wadhurst Trust
	Trustee	Wells Family Trust
	Chairman	World Masters Games 2017 Limited
Alistair Hutchison		
Deputy chairman	Director	Alfonso Restaurants Limited
	Director	Alliance Investments Limited
	Director	CBLNZ Limited
	Director	Dominion 114 Limited
	Director	Eurasia Investments Limited
	Director	Federal Pacific Finance Limited (Fiji)
	Director	Federal Pacific Finance Limited (Samoa)
	Director	Federal Pacific Finance Limited (Tonga)
	Director	Federal Pacific Group Limited
	Director	Federal Pacific Insurance Limited (Samoa)
	Director	Federal Pacific Insurance Limited (Tonga)
	Director	Fexco (Fiji) Limited
	Director	Fexco (NZ) Limited
	Director	Fexco (Tonga) Limited
	Director	Fexco Pacific Limited (Ireland)
	Director	Fund Management Limited (Tonga)
	Director	Global Transfers Limited (Fiji)
	Director	Jetsave Taufonua Travel Limited (Tonga)
	Director	Jetsave Travel Cook Islands Limited (Cook Islands)
	Director	London Guarantee Corporation Limited (Fiji)
	Director	Pacific Equity Investments Limited
	Director	Pacific Holdings Limited (Samoa)
	Director	Pacific Insurance Underwriters Limited (Samoa)
	Director	Pukekohe Cinemas Limited
	Director	South British Capital Limited

STATUTORY INFORMATION
For the year ended 31 December 2015

DIRECTOR	INTEREST	ORGANISATION
	Director	South British Nominees Limited
	Director	South British Technologies Limited
	Director	South Pacific Star Cinemas Investments Limited
	Director	Valley 215 Limited
	Director	Worldwide Transfers Limited
Peter Harris		
Director	Director	Alliance Investments Limited
	Director	Altares Limited
	Director and shareholder	CBLNZ Limited
	Director and shareholder	Claims Administration Bureau Limited
	Director	Dominion 114 Limited
	Director	Eurasia Investments Limited
	Director	Kapawiti Limited
	Director	Pokeno Holdings Limited
	Director	South British Capital Limited
	Director	South British Nominees Limited
	Director	South British Technologies Limited
	Director and shareholder	St Marys Limited
	Director and shareholder	Sunshine Nominees Limited
Tony Hannon		
Director	Director	Aotearoa Fisheries Limited
	Chairman	Appello Services Limited
	Director	Carrington Club Limited
	Director	Carrington Management Limited
	Director	Carrington Services Limited
	Director	Carrington Trustees Limited
	Director	CBLNZ Limited
	Director	Cedilla Enterprises Limited
	Director	CSX Holdings Limited
	Chairman	General Capital Technologies Limited
	Beneficial interest	Hannon Investment Trust
	Beneficial interest	Hannon Trust
	Director	Healthpoint Advisory Limited
	Director; indirect beneficial interest	Healthpoint Partners Limited
	Sole trustee	Inverness Trust
	Director	Kaching Investments Limited
	Director	Kava Investments Limited
	Chairman	Monaco Financial Group Limited
	Chairman; indirect beneficial interest	Omni Health Limited
	Director; indirect beneficial interest	Omni Partners Limited
	Director	Pitchbeam Partners Limited
	Director; shareholder	Point Capital Limited
	Director; shareholder	Property Collectives Limited
	Director; indirect beneficial interest	Relational Capital Limited
	Director; beneficial interest	Rock Isle Forestry Limited
	Director	Sealord Group Limited
	Director	Snow Sports New Zealand

STATUTORY INFORMATION
For the year ended 31 December 2015

DIRECTOR	INTEREST	ORGANISATION
	Director	T C I Holdings Limited
	Director	Vomo Developments Holdings Limited
	Director; indirect beneficial interest	Vomo Island Resort Group
	Director	Vomo (NZ) Limited
	Director	Vomo (NZ) Security Agent Limited
	Director	Wanaka Ski Racing Limited
Ian Marsh		
Director	Director	CBLNZ Limited
	Director; beneficial interest	Bright Castle Assets Limited
	Director; beneficial interest	Enrich Development Limited
	Director; beneficial interest	PreCash Inc.
Paul Donaldson		
Director	Director	CBLNZ Limited
	Director	Millennium Insurance Brokers Limited
	Director	Pharma International Insurance Limited
	Director	Ryan Direct Group
	Director	Talanx Re
	Director	Two Druids Ventures Limited

STATUTORY INFORMATION
For the year ended 31 December 2015

14. Remuneration of directors

Amounts in the tables below reflect fees paid and accrued for the year ended 31 December 2015.

For the year to 31 December 2015	DIRECTORS' FEES $'000S	OTHER $'000S	TOTAL $'000S
Sir John Wells	**183**	**-**	**183**
Alistair Hutchison	**115**	**-**	**115**
Peter Harris	**-**	**1,462**	**1,462**
Tony Hannon	**92**	**-**	**92**
Ian Marsh	**70**	**-**	**70**
Paul Donaldson	**60**	**-**	**60**
Total	**520**	**1,462**	**1,982**

Directors' remuneration and benefits of the Company's subsidiaries.

For the year to 31 December 2015	DIRECTORS' FEES $'000S	OTHER $'000S	TOTAL $'000S
Ian Marsh	**169**	**-**	**169**
Peter Wedgwood	**137**	**-**	**137**
John Fahey	**52**	**-**	**52**
Paul Donaldson	**42**	**-**	**42**
Kevin O'Brien	**42**	**-**	**42**
Henricus Sprangers	**23**	**-**	**23**
Christopher Old	**23**	**-**	**23**
Julie Osbourne	**23**	**-**	**23**
Kevin Igoe	**20**	**-**	**20**
Volker Weisbrodt	**17**	**-**	**17**
James Howell	**16**	**-**	**16**
Beverley Walters	**12**	**-**	**12**
Brian Cairns	**12**	**-**	**12**
Total	**588**	**-**	**588**

STATUTORY INFORMATION
For the year ended 31 December 2015

15. Employee remuneration

Set out in the following table are the number of employees or former employees of the Group, not being directors or former directors but including the Managing Director, who received remuneration and other benefits in their capacity as employees valued at or exceeding $100,000 for the year ended 31 December 2015.

	GROUP
100,000 - 109,999	**6**
110,000 - 119,999	**5**
120,000 - 129,999	**4**
130,000 - 139,999	**4**
140,000 - 149,999	**5**
150,000 - 159,999	**2**
160,000 - 169,999	**1**
170,000 - 179,999	**1**
190,000 - 199,999	**1**
200,000 - 209,999	**2**
210,000 - 219,999	**2**
260,000 - 269,999	**1**
270,000 - 279,999	**1**
290,000 - 299,999	**1**
360,000 - 369,999	**1**
370,000 - 379,999	**1**
410,000 - 419,999	**1**
710,000 - 719,999	**1**
790,000 - 799,999	**1**
1,460,000 - 1,469,999	**1**
1,470,000 - 1,479,999	**1**

16. Diversity

Group	2015 NUMBER	2014 NUMBER
Board of Directors		
Male	**6**	5
Female	**-**	-
Senior management		
Male	**15**	9
Female	**3**	2
Employees		
Male	**78**	29
Female	**80**	50
Total Company		
Male	**99**	43
Female	**83**	52

Senior management in the above table includes persons taking part in the management of CBL but excludes any person who does not either report directly to the Board or report directly to a person who reports to the Board.

17. Financial strength rating of insurance subsidiaries

As at the date of this report CBL Insurance has an insurer financial strength rating of B++ from A.M. Best, with a stable outlook (2014: B+, positive).

AI and CBLIE are unrated insurers and are not required to be rated by their insurance regulators.

18. Indemnity and insurance

In accordance with section 162 of the Companies Act and the Company's constitution, the Company insures and indemnifies directors of the Company and its related companies, and certain employees of the Group, against liability to other parties that may arise from their position.

19. Donations

The Group made donations totalling $1,000 during the year end 31 December 2015 (2014: $28,000).

20. Net tangible assets

Group	2015 CENTS	2014 CENTS
Net tangible assets per ordinary share	**57.81**	22.54

STATUTORY INFORMATION
For the year ended 31 December 2015

21. Selected financial information

	2015 ACTUAL $'000	2015 PFI $'000	VARIANCE $'000
Gross written premium	294,167	296,144	(1,977)
Movement in gross unearned premium	(13,965)	(12,470)	(1,495)
Gross premium	280,202	283,674	(3,472)
Premium ceded	(55,194)	(58,532)	3,338
Net premium	225,008	225,142	(134)
Other revenue	19,443	12,291	7,152
Total revenue	244,451	237,433	7,018
Net claims expense	(74,669)	(79,222)	4,553
Acquisition costs	(69,106)	(75,441)	6,335
Other operating expenses	(40,758)	(40,596)	(162)
Total claims and operating expenses	(184,533)	(195,259)	10,726
Operating profit	59,918	42,174	17,744
Net profit after tax	35,510	26,068	9,442
Adjusted net profit after tax	32,729	26,390	6,339
Dividends	830	828	2
Total assets	743,953	722,392	21,561
Cash and cash equivalents	296,012	299,456	(3,444)
Total liabilities	550,265	530,686	19,579
Total debt	65,215	67,934	(2,719)
Total equity	193,688	191,706	1,982
Net operating cash flow	75,331	71,159	4,172
CBL Group KPIs			
Operating profit margin	24.5%	17.8%	6.7%
Net claims ratio	35.0%	37.4%	(2.4)%
Acquisition ratio	32.4%	35.6%	(3.2)%

Adjusted net profit after tax: net profit after tax adjusted for foreign exchange gains or losses (net of tax).

Operating profit margin: operating profit divided by total revenue.

Net claims ratio: net claims expense incurred as a percentage of net premium as an insurer (where net claims is calculated as gross claims incurred (including IBNR) less claims recoveries such as reinsurance and other recoveries).

Acquisition ratio: expenses incurred in the generation of net premium (the direct cost to write the business such as commissions or fees) expressed as a percentage of net premium as an insurer.

22. Additional information required by ASX listing rule 4.10

The following information is provided for the purposes of ASX listing rules 4.10.10, 4.10.11, 4.10.12, 4.10.16 4.10.18 and 4.10.21:

- CBL's Company Secretary is Carden Mulholland.
- CBL's registered office address in Australia is c/ Deposit Power, Level 10, 28 Margaret Street, Sydney, NSW 2000 and its principal administrative office address is Level 8, 51 Shortland Street, Auckland Central, Auckland 1010, New Zealand.
- CBL does not have any other securities on issue other than the ordinary shares described in the above sections of this Statutory Information section of this 2015 Annual Report.
- There is no current on-market buy back.
- There are no securities approved for the purposes of Item 7 of section 611 of the Corporations Act 2001 (Cth) which have not been completed.
- Share Registry refer to the Corporate Directory section of this 2015 Annual Report.

23. Use of Company information

During the year the Board did not receive any notices of any director of the Company or its subsidiaries requesting to use Company information received in their capacity as a director, which would not otherwise have been available to them.

24. Corporations Act 2001 (Australia)

CBL is not subject to Chapters 6, 6A, 6B and 6C of the Corporations Act 2001 (Cth) dealing with the acquisition of its shares (including substantial holdings and takeovers).

Glossary

AUD or A$	Australian Dollars.
AI	Assetinsure Pty Limited.
AI Group	Assetinsure Holdings Pty Limited and its wholly owned subsidiary, AI.
APRA	Australian Prudential Regulation Authority
ASX	ASX Limited ACN 008 624 691 or the market it operates, as the context requires.
CBL	CBL Corporation Limited, or as the context requires, CBL Corporation Limited and its subsidiaries.
CBL Insurance	CBL Insurance Limited.
CBLIE	CBL Insurance Europe Limited.
CFO	Chief Financial Officer of CBL.
Companies Act	Companies Act 1993.
Company	See CBL.
DAC	Deferred acquisition cost.
DRE	Deferred reinsurance expense.
EISL	European Insurance Services Limited.
ESR	European Specialty Risks Limited.
EUR or €	Euro, currency of the euro area.
FCA	Financial Conduct Authority.
Fiducia	Afianzadora Fiducia, S.A. de C.V.
FIIG Note	Medium term Australian dollar notes issued by CBL.
FMC Act	Financial Markets Conduct Act 2013.
GBP or £	Great British Pound.
Group	See CBL.
IBNR	Incurred but not reported.
IFRS	International Financial Reporting Standards.
IPO	The initial public offer of CBL shares on the NZX and ASX on 13 October 2015.
IPSA	Insurance (Prudential Supervision) Act 2010.
MGA	Managing general agency (an intermediary between brokers and insurers).
NZ IFRS	New Zealand equivalents to IFRS.
NZD or $	New Zealand Dollar.
NZX	NZX Limited, or as the context requires, the Main Board of the New Zealand stock exchange.
OCI	Other comprehensive income.
Operating profit	Profit before finance costs, capital raising costs, business combination costs, amortisation of policies-in-force, foreign exchange movements, profit from associates, revaluations and tax.
Parent	See CBL.
PCR	APRA's prudential capital requirement.
PDS	Product disclosure statement issued in relation to the IPO.
PFI	Prospective financial information for CBL for years 2015 and 2016 disclosed in relation to CBL's IPO.

PFP	Professional Fee Protection Limited.
PFP Group	PFP Holdings Pte Limited and its subsidiaries, including PFP.
PIF	Policies-in-force.
RBNZ	Reserve Bank of New Zealand.
S&P	Standard and Poors (rating agency).
SOCI	Statement of comprehensive income.
SOFP	Statement of financial position.
UPL	Unearned premium liability.

Corporate Directory

Date of incorporation

CBL Corporation Limited 18 June 2012
CBL Insurance Limited 19 April 1973

Registered office and principal place of business

Level 8, 51 Shortland Street
Auckland Central
Auckland 1010, New Zealand
Phone: +64 9 303 4770
Email: issuer@cblinsurance.com
Website: www.cblcorporation.co.nz
Secretary: Carden Mulholland

Share Registry: New Zealand

Computershare Investor Services Limited
Level 2, 159 Hurstmere Road
Takapuna, Auckland
Private Bag 92119
Auckland 1142
Phone: +64 9 488 8777
Fax: +64 9 488 8787
Email: enquiry@computershare.co.nz
Website: www.investorcentre.com/nz

Share Registry: Australia

Computershare Investor Services Pty Limited
Yarra Falls, 452 Johnston Street
Abbotsford VIC 3067
Melbourne VIC 3001
Phone: +61 3 9415 4083
Fax: +61 3 9473 2500
Email: enquiry@computershare.co.nz
Website: www.investorcentre.com/nz

Auditors

Deloitte (New Zealand)
Creaseys (United Kingdom)
PricewaterhouseCoopers (Ireland)
KPMG (Australia)

ATION • 2015 LISTING • CBL CORPORATI

CBL corporation