FBS Re

F B S Reinsurance Limited

ANNUAL REPORT
AND FINANCIAL STATEMENTS

Corporate Headquarters

22, Dunukofia Street, Area 11,
Garki, Abuja

+(234)-913 655 9646, +(234) 913 655 9647

info@fbsre.ng www.fbsre.ng

2021

CONTENT

FINANCIAL HIGHLIGHTS

	2021 N'000
Gross Premium Written	7,906,221
Gross Premium Income	4,835,885
Investment Income	275,316
Profit before Tax	505,479
Operating Profit transferred to general reserve	353,836
Transfer to Contingency reserve	234,608

Ordinary Share	10,000,000
Capital Shareholders Fund	10,353,836
Insurance Contract Liability	4,794,184
Total Assets	**15,804,956**

Per Share Data	**Per Share Data**
Earnings Per Share (Kobo)	3.5
Net Assets Per Share (Kobo)	103.5

CRITICAL RATIOS:	**%**
Retrocession Ratio	15.40%
Claims Incurred Ratio	21.89%
Operating Expense Ratio	8.75%
Acquisition Expense Ratio	17.06%
Underwriting Expense Ratio	47.71%
Combined Ratio	92.24%

CORPORATE INFORMATION

BOARD OF DIRECTORS

BALA ZAKARIYAU	CHAIRMAN
FOLA DANIEL	MD/CEO
STEVE KYEREMATEN (GHANAIAN)	CHIEF OPERATING OFFICER
YUSUF HAMISU ABUBAKAR, OON	DIRECTOR
AHMED OLANIYI SALAWUDEEN	DIRECTOR
WOLE OSHIN	DIRECTOR
EBELE OKEKE, CFR	DIRECTOR (INDEPENDENT)

Registered number:
RC. 1350905

Registered Office:
22, Dunukofia Street,
Area 11, Garki Abuja,
FCT Nigeria

Lagos Office:
39, Alfred Rewane
Rd, Ikoyi, Lagos
Nigeria.

Auditors:
Baker Tilly Nigeria,
(Chartered Accountants),
Kresta Laurel Complex
(4th Floor), 376, Ikorodu Road,
Maryland, Lagos.

Bankers

Keystone Bank Ltd
Guaranty Trust Bank Ltd
Access Bank Plc
First City Monument Bank Plc

Zenith Bank Plc
Parallex Bank Ltd
Suntrust Bank Ltd.
Taj Bank Ltd

FBS Re
F B S Reinsurance Limited

Vision

To be an innovative Reinsurance Services Company of choice through customer centric practices, and use of advanced technology tools.

Mission

Establishing FBS Re as a Reinsurance Services Platform of integrity and creativity, upon which all our stakeholders shall derive sustainable value.

Core Values

Customer Centricity
Customer Centricity means that our business strategy is underpinned by our valued customer's perspective.

Integrity
Sustainable value and trust can only be derived from Integrity. We are corporate governance experts, and we have core promoters with stellar track records.

Innovation
Technology and the proliferation of emergent risks dictates our approach to Innovation. We aim to be at the forefront of reinsurance progress in the long run.

Efficiency
FBS Re is set up to attain maximum cost and revenue efficiency which we can then pass on to our partners and shareholders.

Professionalism
We focus on retaining the best talent and enforcing the highest standards in developing our solutions.

Core Values
- Customer centrism
- Integrity
- Innovation
- Efficiency
- Professionalism

Byline
For Better Services (FBS)

Core Competences
- Reinsurance operations
- Business Process Automation and Optimization
- Big Data Analytics

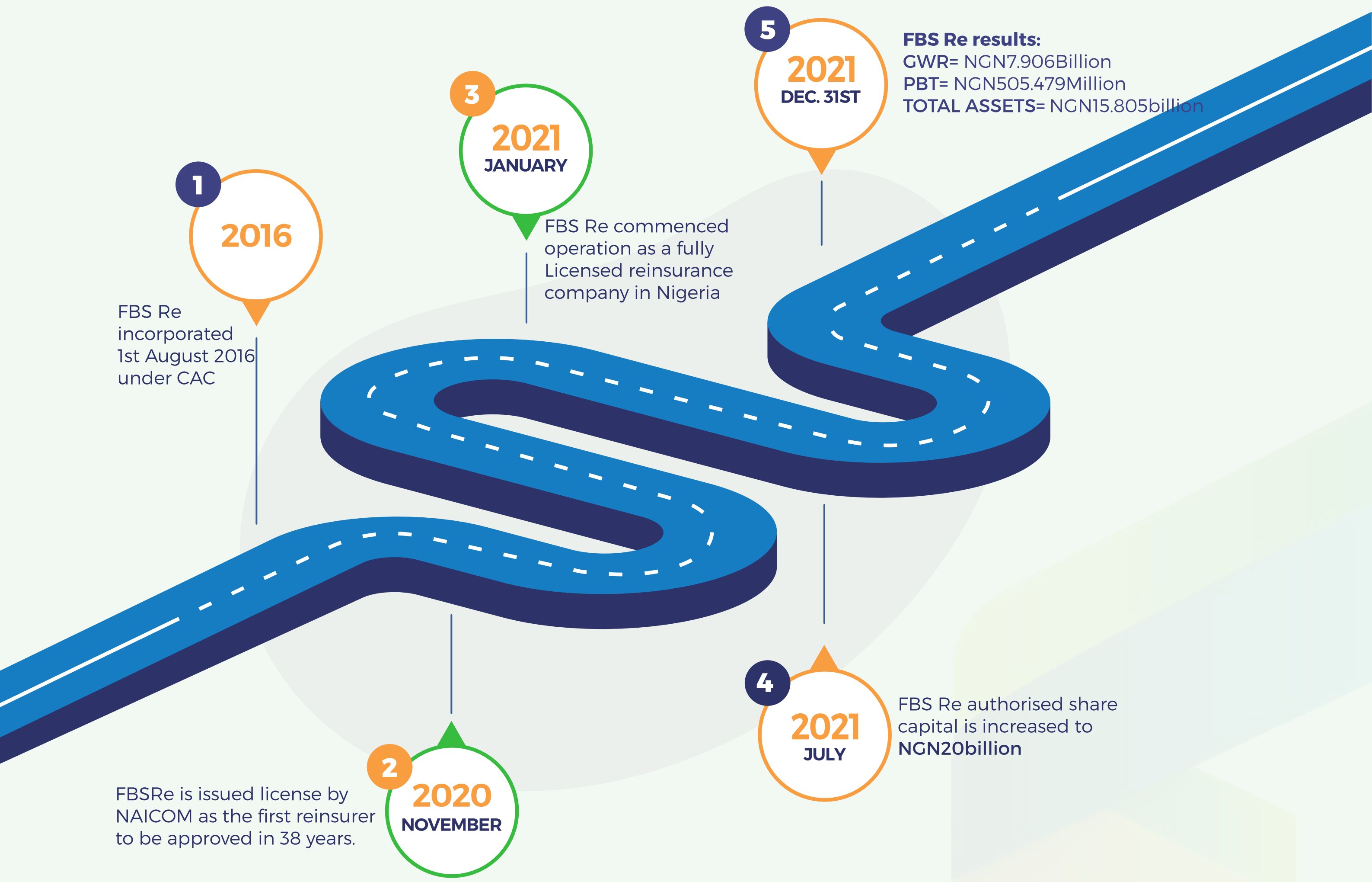
Corporate Objectives:

- To be a leader in innovation and creativity, while providing high quality reinsurance support services to insured companies.
- To provide comprehensive technology driven reinsurance and risk management services through the use of cross industry professionals.
- To strive to build a brand around our name as better services alternative to all our insured companies.
- To become an active industry player in the African insurance industry within a few years of operations.
- To gain the reputation of a reinsurance company built on innovation, technology and creativity.
- To create a culture of integrity, good governance and sustainability.

CORPORATE PROFILE

FBS Re ("FBS Reinsurance Limited", "The Company") was granted license by the National Insurance Commission (NAICOM) on the 27th of November 2020 and commenced business on the 1st of January, 2021 as a wholly Nigerian reinsurance company.

The company completed its first full- year of operations on December 31, 2021, with Gross Written Premium of NGN7.906Billion and a Profit before tax of N505.479Million.



Rich Insurance Heritage

The Founders of FBS Re are seasoned and experienced insurance practitioners. They have participated in and influenced the insurance industry for decades. FBS Re was founded on the principles of trust, innovation, reliability and expertise. We put these principles at work in delivering robust risk transfer solutions to our partners.

Long Term Focus

FBS Re is taking a long-term view to developing sustainable partnerships with our industry partners. We believe in the long-term prospects of the Insurance Industry during changing times.

Technical Partnership

FBS Re has a technical partnership agreement with Munich Reinsurance. Munich Re is headquartered in Munich, Germany with a diversified global network of reinsurance business spanning Europe, North and Latin America and Africa. The company was founded in 1880. Annual revenue in excess of €50 billion with a best in class technical and operational expertise. Munich Re prides itself as the largest reinsurer globally in 2020 with a net written premium of approximately €43.1 billion.

Business Model

Target Market

Markets

Nigeria
(Near term focus)

West Africa
(mid-term focus)

Africa
(Long term focus)

Products & Services

Core Products

Life
- Life
- Health

Non-Life
- Fire
- Engineering
- Accident
- Motor

Specialized risks
- Oil
- Energy
- Marine
- Aviation

Agriculture
- Farm produce
- Poultry
- Fish
- Livestock

Retakaful Credit
- Trade credit
- Micro credit

Distribution roll out & marketing

Alliances
- Insurance companies
- Reinsurance companies
- Professional service providers
- West African insurance institute
- Chartered Insurance Institute

Delivery Challenges

Direct
- Efficient marketing
- Technology Reinsurance

Indirect
- Insurance brokers

People & Governance

HR Strategy
- Investment in recruitment
- Investment in professional development
- Competitive rewards/ compensation structure
- Effective succession

Key Design Principles
- Strategic and market focus
- Regulatory compliance & risk management
- Lean & scalable structure

Technology

Modern IT Platform
- Financial reporting
- Reinsurance underwriting
- Risk assessment
- Claims management
- Human resources management
- Communication

The shareholder/members

In accordance with the provision of the Article of Association of our Company - FBS Re Insurance limited, I have the honour on behalf of the board of directors to present to you the annual reports and audited financial statements of the company for the year 2021, being the First year of our operation from 1st January to 31st December 2021.

Please accept the assurances of my highest consideration.

Bala Zakariyau
Chairman, Board of Directors

CHAIRMAN'S STATEMENT

Distinguished shareholders, directors of FBS REINSURANCE LIMITED, ladies and gentlemen. It is my special honour and privilege to welcome you all to the first Annual General Meeting of your company.

Global Economy

From the beginning of 2020 the global economy has been in the firm grip of the Covid 19 pandemic, which led to an unprecedented worldwide economic recession.

Policymakers advising Governments and Central Banks were compelled to implement innovative monetary and fiscal policies to mitigate the existential risk caused by the Pandemic.
It is to the credit of these experts' efforts that the International Monetary Fund did project global economic growth of 6.0% for 2021, but which was revised to 5.9% in the third quarter of the year; with 4.9% increase set for 2022. The medium-term outlook from 2022 is also looking positive at 3.3%.

War In Europe

The intense superpower geopolitical rivalry has brought war to Europe with major hostilities starting in February 2022. It is the first major conflict in that region for almost seventy years. This is certainly a major threat to world peace and to the global economy which is just recovering from the effect of the pandemic. These dual consequences of the war are still early to determine. The signs are, however, very ominous.

Review of 2021 Nigerian Economy

Negative social impact of the pandemic and the resultant global economic recession have indeed been felt by Nigeria. National recovery strategy plans from the twin challenges were anchored on expectations of rising demands for and increased prices of commodities, especially crude oil.
These growth drivers started to manifest positive signs from middle of 2021,

especially the recovery in crude oil prices, after the lifting of pandemic induced restrictions. Rapid economic growth in Asia and Europe did positively influence Nigeria's economy, post pandemic, before the war in Europe.

Even though the Nigerian economy faced headwinds from the Covid19 induced recession of 2020, 2021(Q1) saw a rebound of 0.11% and 4.03% (Q3) growth. With the obvious Covid19 challenges and a noticeable rebound in 2022, it is right to deduce that the economy has shown resilience. Growth outlook based on the figures by the Nigerian Economic Summit estimated between 3.5% - 7.5% over the horizon of 2022-2025.

The agricultural sector which has recently been receiving fiscal intervention including favourable monetary attention from the Central Bank of Nigeria, and which contributes over 30% of GDP grew even during the pandemic, especially the production of rice and other cash crops.

Price pressures continued, due to imported inflation, drop in productivity and softening of monetary policies. Cost price Inflation is now ranging between 15-17.75%.Security as a factor in social development index also continues to pose a serious risk to the growth potential of the national economy.

Efforts of Government through the Presidential Enabling Business Environment Council (PEBEC) had focused on improvements in the ease of doing business in Nigeria with a determined target of improving to 100 on the global index from 169, by the year 2024.

It is advisable for private and public sectors institutions to change plans for the post pandemic economy which is expected to be transformative offering new frontiers of growth and opportunities in green technology, digitalization, and a more creative models of supply chains.

All these emerging businesses will need risk management support services from direct insurers and reinsurers and FBS REINSURANCE LIMITED is well positioned to meet its responsibilities. The dynamics of the global economy have all been altered in the post pandemic era and the new opportunities that emerged require paradigm shift in business modelling.

The Worldwide Insurance Industry

The Global Reinsurance industry gross income is estimated at US$450 billion in 2021 with percentage growth expectations of 6% CAGR over the next 4 years to reach US$ 600 billion by 2025. This trajectory of growth is premised on adequate risk pricing and expected business rebound, post pandemic.

Nigerian insurance industry continues to present enormous potential for investors especially in the reinsurance sub sector. The industry is operating in the biggest economy in Africa with obvious demographic advantage, middle class expansion and insurance penetration now of only 0.3%. Gross written premium growth of 10% to 15% per Annum is therefrom feasible.

The Company

Your company just completed first year of operation and generated gross written premium of NGN7.906B (US$19M) and earned profit before tax of NGN505.47M (US$ 1.2M). I wish to congratulate the board, management, staff, cedants, retrocessionaires, our brokers and all other stakeholders of FBS Re, for this good first year performance, despite the harsh economic realities caused by the pandemic.

Bala Zakariyau
Chairman, Board of Directors

FROM THE DESK OF THE
CHIEF EXECUTIVE OFFICER

FBS RE was licensed on 25th November, 2020 by the National Insurance Commission (NAICOM) and commenced operations on January 1, 2021. The company is service centric with bouquets that aligns clearly with customer needs in the Oil and Gas space, Agriculture, Life/Non-life and Retakaful.

The company is poised through its service offerings to lead growth in the local content development of reinsurance business through treaty and facultative arrangement that will expand the frontiers of the insurance spend retention in Nigeria and lead to reduction in insurance premium exports in the near future.

The Cumulative experience of the company's promoters and it's executive management spanned over 100 years. Their expertise, and network is expected to leverage the company to a pan-African reinsurance platform in the next 3-5 years.

Strategy Canvas

The reinsurance market is a brown-field with growth drivers embedded in the current market weakness arising from low level of treaty and facultative capacity, sparse reinsurance market capacity, low insurance penetration measured as the ratio of gross written premium to GDP and low Insurance Density. Key factors affecting the growth level of gross written premium have been identified to include the low level of awareness, trust and apathy for insurance products by a large segment of the populace, low level of actuarial expertise and poor technology drive.

These factors have left the industry struggling to earn premium income from the commercial sector insurances. Our company sets to ride on the market opportunities that will deliver superior return and shareholders' value. Reinsurance capacity offerings will continue to be environmental sensitive in the oil and gas value chain, agriculture and other emerging risks, such as cyber-crime and terrorism.

Performance Highlights

The company in its first year of operation closed with total assets in excess of NGN15.805billion from just about NGN10billion

at commencement. Gross written premium for the year amounted to NGN7.906 billion while profit before tax of NGN505.479million was generated during the year under review.

Operating Efficiency

The retail insurance sector has remained intensely competitive, resulting in significant downward pricing pressure and high operating cost sequent to dependence on intermediaries (brokers) as source of business, limited use of direct distribution channels (online or mobile platforms). The consequences have continued to show in the industry wide weighted average combined ratio from about 96% in 2012 to 108% in 2018 while out-linersposted 161% in some very high challenging cases (AM Best Rating report 2019.)

The effect of the price pressure on primary insurers impacts negatively on reinsurance premium earnings against liabilities. The above reality has combined to shape the drive for optimality in operating efficiency at FBSRein its deal structure and cost of doing business.

Regulatory Capital

The company is in the process of achieving 100% of its target capital in line with on-going NAICOM's new capital requirement.

Missing Environment, Sustainability, Governance (ESG)

The company in the past one year has developed and embedded itself in sound framework of ESG practices in a manner that will guarantee continuity and business sustainability. Strong ESG practices are defined around Environment, Sustainability and Governance principles.

Enterprise Risk Management (ERM)

The company views risk management as a serious business and has therefore, developed an ERM strategy that timely identifies the risk content and flash points in every business and their classification on the risk dashboard. The strategy maps the risk content of the business in quadrants of risk likelihoods (ABCD) into high and low risk plane. The Identified risks are assigned a risk classification between A and D, depending on the position of the risk map. The risk classification enables the risk content and assessment and prioritization of risks to determine the most effective control to mitigate the likelihood of the risk occurring and the impact of the risk to an acceptable level tolerance in the Risk Acceptance Criterion (RAC).

The quadrants of the risk map are defined by two key driving factors in the risk plane based on significance of identified risk and likelihood of its occurrence, for each risk class. Risk buckets in market risk, operational risk, regulatory and compliance risk, liquidity risk, exchange rate gyration, weather and cataclysmic events, political risk among others, continue to feature on the company's risk dashboard for which mitigation strategies are daily profiled through techniques and risk management instruments in the ERM arsenal.

In conclusion, we say that the reinsurance market is growing. FBS Re is positioned to further this growth using disruptive technology and our depth of expertise.

Fola Daniel
CEO

- Green Technology
- Digitalization
- Automation for increased productivity

- Safety-centric operations culture
- Commitment to diversity with our employees and partners

- Transparent sustainability targets
- Compensation aligned with long-term shareholder returns

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2021

The directors accept responsibility for the preparation of the annual financial statements that give a true and fair view of the statement of financial position of the Company at the end of the year and of its comprehensive income in the manner required by the Companies and Allied Matters Act of Nigeria 2020 and the Insurance Act of Nigeria, 2003. The responsibilities include ensuring that the Company:

I. keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company and comply with the requirements of the Companies and Allied Matters Act 2020 and the Insurance Act 2003.

ii. establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and

iii. prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgements and estimates, that are consistently applied.

The directors accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in compliance with:

- International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB);

- relevant guidelines and circulars issued by the National Insurance Commission (NAICOM) and the requirements of the Companies and Allied Matters Act.

The directors are of the opinion that the financial statements give a true and fair view of the financial position of the Company and of the profit for the year. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

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

Signed on behalf of the Board of Directors by:

Fola Daniel
FRC/2013/CIIN/00000003901
17 March, 2022

Bala Zakariyau
FRC/2014/CIIN/00000003437
17 March, 2022

REPORT OF THE DIRECTORS

1 Accounts

The directors are pleased to submit their report together with the company's audited financial statements for the year ended 31 December, 2021.

Result for the year

	₦ '000
Net operating profit before tax	505,479
Income tax expense	(151,643)
Total comprehensive income for the year after tax	**353,836**
	========

2. Legal form

FBS Reinsurance Limited (FBS Re) was incorporated as a Private Limited Liability Company under Nigerian Corporate Law on 1st August 2016 with an Authorized Share Capital of ₦10,000,000,000.00 made up of 10,000,000,000 Ordinary Shares of ₦1.00 each.

The Company has its registered office situated at Central Business District in Abuja and operational office in Lagos, the commercial hub of Nigeria.

3. Principal activities

The principal activities of the company is to carry out reinsurance activities in general and life reinsurance.

4. The Directors

The current composition of the Board of Directors is as set out on page 3 of these financial statements.

5. Directors shareholding and other equity holders with 5% and above

The interests of the directors in the issued share capital of the company are as follows:-

		Number of shares held as at 31/12/2021
Bala Zakariyau	-	220,000,000
Fola Daniel	-	400,000,000
Steve Kyerematen	-	120,000,000
Yusuf Hamisu Abubakar	-	180,000,000
Ahmed Olaniyi Salawudeen	-	Nil
Wole Oshin	-	Nil
Ebele Okeke	-	Nil

Shareholding interest 5% and above	Units	Percentage
A7 Synergy Investment Limited	4,626,000,000	46.26%
Standard Insurance Consultant Limited	626,000,000	6.26%
Edginton Global Investment Limited	625,000,000	6.25%

BOARD COMPOSITION

The board is composed of seven members and during the year under review the board met three times to deliberate and provide strategic guidance to the company, within a framework of prudent and effective controls which enable risks to be effectively assessed and managed. Members of the board and records of attendance during the year are as follows:

	No. of meetings attended	Date of meetings
1. Bala Zakariyau	3	9th June 2021
2. Fola Daniel	3	9th September 2021
3. Steve Kyerematen	3	15th December 2021
4. Yusuf Hamisu Abubakar	3	
5. Ahmed Olaniyi Salawudeen	3	
6. Wole Oshin	3	
7. Ebele Okeke	3	

The following are the various committees of the board, given delegated authority to undertake a focused review of specified board matters and their composition:

Finance, Governance and Nominations

		No. of meetings attended	Date of meetings
1. Yusuf Hamisu Abubakar	***Chairman***	3	10th June 2021
2. Fola Daniel	***Member***	3	17th August 2021
3. Steve Kyerematen	***Member***	3	16th November 2021
4. Wole Oshin	***Member***	3	
Taiwo A. Otuneye	***Secretary***	3	

Technical Operations and ICT

		No. of meetings attended	Date of meetings
1. Ahmed Olaniyi Salawudeen	***Chairman***	2	29th July 2021
2. Fola Daniel	***Member***	2	23rd November 2021
3. Steve Kyerematen	***Member***	2	
4. Wole Oshin	***Member***	2	
Taiwo A. Otuneye	***Secretary***	2	

Strategy and Risk Management

		No. of meetings attended	Date of meetings
1. Wole Oshin	***Chairman***	2	17th August 2021
2. Fola Daniel	***Member***	2	16th November 2021
3. Steve Kyerematen	***Member***	2	
4. Yusuf Hamisu Abubakar	***Member***	2	
Taiwo A. Otuneye	***Secretary***	2	

Audit and Compliance

			No. of meetings attended	Date of meetings
1.	Ebele Okeke	*Chairman*	2	25th August 2021
2.	Ahmed Olaniyi Salawudeen	*Member*	2	23rd November 2021
	Taiwo A. Otuneye	*Secretary*	2	

6. Dividend

The directors do not recommend the payment of any dividend in order to grow the financial reserves.

7. Property, plant & equipment

Movements in property, plant and equipment during the year are shown in Note 9 to the financial statements. In the opinion of the directors, the market value of the company's properties is not less than the value shown in the financial statements.

8. Donations

No donation was made to charitable organization during the year.

9. Personnel

(a) **Employment of physically challenged persons:**
The company continues its general policy of extending employment opportunities to physically challenged persons as and when there are openings for such employees.

(b) **Health, safety and welfare:**
In addition to medical retainership in private clinics and hospitals, all essential safety regulations are being observed to guaranty maximum protection of personnel and also protect the company's assets.

(c) **Employees 'involvement and training:**
Employees are kept fully informed of the company's performance and the company continues with its open-door policy whereby views of employees are sought and given due consideration on matters which particularly affect them.

The company attaches importance to the training of its staff through regular in-house, on-the-job training sessions and outside courses which have broadened employees' opportunities for career development within the company.

10. Risk Management

FBS Reinsurance Limited recognizes the need for efficient service delivery. At the same time, necessary attention is given to Enterprise Risk Management. The company's approach is to identify all risks elements and minimize their complexities, whilst improving effectiveness in the workplace.

Insurance risk

FBS Reinsurance Limited reinsures both General and Life insurance businesses. The nature of risks involved are the likelihood that the insured event may occur and the uncertainty of the magnitude of the resulting claim. To mitigate against these risks, FBS Reinsurance Limited has produced and issued a company-wide underwriting manual, covering acceptance criteria, pricing, accumulation control and levels of authority. The manual serves as a guide to the underwriters in accepting risks on the basis of prudence, professionalism, objectivity and risk discrimination. Besides, adequate Reinsurance Treaty have been put in place and is reviewed annually to take account of changing retention profile.

The company regularly trains and re-trains its underwriting staff to acquaint them with recent developments in the risk bearing industry.

Besides, the company constantly reviews and controls risk quality and prudently applies policy limits when the need arises. In addition, our Internal Control Unit monitors adherence to existing guidelines via regular examination of the activities of various strategic business units.

Financial risks

FBS Reinsurance Limited is an active player in the economy. In the course of its operations, the company uses various financial instruments including cash and its equivalents, bonds, equities and receivables. FBS Reinsurance Limited is exposed to likely losses arising from market risk. Such risks comprise fluctuations in interest rates, equity prices and rate of exchange of foreign currencies and default in collection of receivables.

FBS Reinsurance Limited has developed a comprehensive financial management policy taking into account the relevant regulatory investment guidelines. Appropriate manuals are provided detailing administrative and accounting procedures. These manuals set out the framework for the investing function and specify the conditions and benchmarks for the acceptable levels of exposure to credit, currency and interest rate risks, etc.

Liquidity and credit risks

Liquidity or cash flow risk relate to the possibility that the company may encounter some difficulty to mobilize funds to discharge its obligation to clients as and when the need arises.

FBS Reinsurance Limited's investment guidelines are formulated such that minimum levels of financial assets are held in cash and cash equivalents with short maturity periods and easily convertible to cash at short notice.

Credit risk refers to the likelihood that one party to a financial transaction may fail to fulfill its obligation as and when due thereby causing the other party to a transaction to suffer financial loss. Our company is exposed to credit risks through its investment in financial assets such as short-term deposits, fixed interest securities and receivables.

FBS Reinsurance Limited's approach is to ensure that short-term deposits are placed with financial institutions with high credit rating. Moreover, deposits are spread amongst high quality institutions to avoid undue concentration on any one organization.

Credit risks associated with receivables are managed through a deliberate assessment of present and potential clients to ensure their ratings meet with our set criteria for granting credit and making necessary provision for doubtful and irrecoverable debts.

11. Auditors

Messrs. Baker Tilly Nigeria (Chartered Accountants) who were appointed during the year, have indicated their willingness to continue as auditors in accordance with Section 401(2) of the Companies and Allied Matters Act 2020. A resolution will be proposed to authorize the directors to fix their remuneration.

By Order of the Board

Taiwo A. Otuneye
FRC/2014/NBA/00000008576
Company Secretary

Lagos, Nigeria
17 March, 2022

BOARD OF DIRECTORS

Bala Zakariyau
Chairman

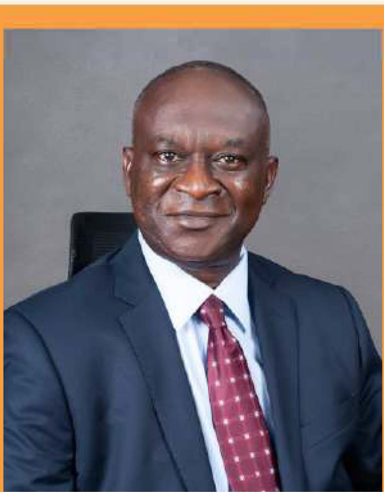
Bala Zakariyau has over 40 years' experience in the insurance sector in Nigeria and has served on boards of more than 20 national and multinational institutions. He has held various senior and management positions in the insurance sector before joining Niger Insurance Plc as a General Manager (Technical) in 1993 rising to Executive Director Position that same year. In 1997, he was appointed Managing Director of the company and later appointed as Chairman of the Board of Directors in 2006, before retiring in December 2015.

He is a Fellow of the Chartered Insurance Institute of Nigeria, Fellow of Nigeria Institute of Management, Fellow of the Institute of Marketing and Fellow of the Institute of Directors. He is the President of Lagos Business School (AMP4) and a member of Governing Council Alumni Association (LBSAA). He is a Past President of the Chartered Insurance Institute of Nigeria. He is a chartered insurer, holds Associateship of the chartered insurance institute of the UK and has Masters in Business Administration.

Fola Daniel
Chief Executive Officer

Fola Daniel is a veteran insurance practitioner and administrator per excellence. He has experience spanning over 40 years at the Managerial, Senior and Executive Management Levels including 13 years as Managing Director of two frontline insurance institutions and 8 years as the Commissioner for Insurance/Chief Executive of the apex Nigerian insurance regulatory authority (NAICOM). The Former Commissioner for Insurance studied in Nigeria and the United Kingdom. He is a Fellow of the Chartered Insurance Institute, London, Fellow of the Chartered Insurance Institute of Nigeria as well as Fellow of the British Institute of Management. He started his insurance career in Great Nigeria Insurance Co. Ltd in 1978, rising to the position of Northern Area Manager, Kano.

In 1989, he joined Globe Reinsurance Plc as Underwriting Manager and rose to the position of Assistant General Manager (Technical) from where he was appointed by the Federal Government as Executive Director (Operations) of Nigerian Agricultural Insurance Corporation in June 1994, and later appointed the Managing Director/CEO of the Corporation in November, 1994, and held the position for 10 years. He returned to Globe Reinsurance Plc as Managing Director/CEO in August, 2004, a position he occupied till 2007 when he was appointed by the Federal Government of Nigeria as Commissioner for Insurance/Chief Executive. He left office end of July,2015 after successfully completing the maximum statutory two terms of eight years.



Steven Kyerematen
Chief Operating Officer

Steven Kyerematen has over 40 years of experience having served in various roles and capacities in the African insurance and reinsurance sectors. Between 1997 and 2007, he served as Regional Manager for the Munich Reinsurance Group based in Accra, Ghana. Between his careers with the Munich Re Group and the Activa Group, he had the opportunity to serve his country Ghana for a brief period as Ghana's High commissioner to Malaysia with concurrent accreditation to five South-East Asian countries including Thailand and the Philippines.

He currently holds the following positions: Chairman of Board of Directors, MiLife Insurance Company, Ghana, Chairman of the Board of Activa International Insurance Company of Liberia, Chairman of the Board of Directors of Activa International Insurance Company of Sierra Leone, Vice Chairman, Board of Directors of Activa International Insurance Company, Ghana, Member of the Board of Directors of Activa Finances, Mauritius, Member of Board of Directors, UGAR Activa, Guinea and Member of Board of Directors, Activa Vie Assurance, Guinea, Stephen has been a Member of the Board of Directors of ACTIVA GROUP FOUNDATION from inception.

BOARD OF DIRECTORS

Yusuf Hamisu Abubakar, OON
Director

Yusuf has held diverse positions in the public service as well as the private sector. He served as Director-General, Bureau for Lands and Survey, Kaduna State, he then served as a member of the Kaduna State Executive Council as Honorable Commissioner of Health and Social development and later Honorable Commissioner of Finance and Economic Planning. He served as a Commissioner in the Nigeria Communications Commission (NCC) between 2011 and 2015. He is a Director of Kano Electricity Distribution Company and Chairman of Kaduna Electricity Distribution Company. He is a lawyer by training, with versatile knowledge in different fields of specialization including finance, management and economics. He graduated from Bayero University Kano in 1987 with an LLB degree and thereafter proceeded to the Nigerian Law School and acquired a Bachelor of Laws in 1988. He obtained a master's degree in business administration from the University of Exeter UK in 2008.

Wole Oshin
Director

Wole is an industry leader with over 30 years of experience and has at various times been a member of the Presidential Committee on Pension Reforms, Chairman of the Nigerian Insurers Association, Executive Council Member – African Insurance Organization (Cameroun), and Council Member of the West African Insurance Companies Association (Ghana).

A graduate of Actuarial Science from the University of Lagos and a Chartered Insurer by Profession, he holds the Doctor of Finance (Honoris Causa) from Igbinedion University and is a Fellow of both the Chartered Insurance Institute of Nigeria and the Association of Investment Advisers and Portfolio Managers. He is the Founder and Group Managing Director of the Custodian Group – a leading Insurance group in Sub Sahara Africa with interests in Life Insurance, General Insurance, Pensions and Trusteeship business.

Dr. Ahmed Olaniyi Salawudeen
Director

Dr. Salawudeen, the President and Chief Executive of Standard Insurance Consultants Limited is a successful Chartered Insurance Practitioner and Real Estate Investment Adviser with track record spanning over four decades experience in the Global Insurance Market Place and a frontline leader in Placement and Management of various insurance risks including but not limited to Oil & Gas, Aviation & Space, Special Risks (Kidnapping & Ransom), Marine Hull Cargo, Protection and Indemnity, Construction/Operational, etc. He piloted Standard Insurance Consultants Limited from its inception to become a top Insurance/Reinsurance Brokerage firm for over 40 years counting using his broad Industry experience in Insurance, Reinsurance, Loss Adjusting and Claims Management. Dr. Salawudeen, a Melvin Jones Fellow, is a Full Member of the Global Club of Leaders and Honourable Member, European Business Assembly (EBA) under the auspices of The Socrates Committee in Oxford, United Kingdom. He was honoured by the World Confederation of Businesses (WORLDCOB) with the "World Leader Businessperson' award in 2017, 2018, 2019 and 2020 among other beneficiaries from all over the world.

FBS Re
F B S Reinsurance Limited

Engr. Ebele Okeke, CFR
Independent

Engr. Ebele Okeke, the First female Civil Engineer in Nigeria and the First female Head of the Civil Service of the Federation, graduated from the University of Southampton, England with BSc. Hons. in Civil Engineering. She holds an MBA from the University of Nigeria Nsukka and an HonoraryDoctorate degree in Technology Management by the Abubakar Tafawa Balewa University, Bauchi, Nigeria. She began her career as a Public Health Engineer with Sanford Fawcett Wilton and Bell, Consulting Engineers, London. In Nigeria she worked as Highways and Transportation Engineer with Obiukwu Okeke Associates and Gifford and Tolefe Consulting Engineers, before joining the Federal Civil Service of Nigeria. She became Deputy Director Water Supply in Federal Ministry of Water Resources, Director Rural Development in Federal Ministry of Agriculture and Rural Development, Permanent Secretary Federal Ministry of Water Resources and Head of the Civil Service of the Federation. On retirement was appointed the Water andSanitation (WASH) Ambassador, by the Water and Sanitation Collaborative Council (WSSCC), Geneva, 2010.

KEY MANAGEMENT STAFF

SHOLA AJIBADE
Director of Operations

MUSA KOLO
Chief Financial Officer

TAIWO OTUNEYE
Company Secretary

GBOLAHAN A. TORU
Senior Manager

SHUAIBU M. ZAKARI
Head IT

Financial Statements

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF FBS REINSURANCE

FBS Re
F B S Reinsurance Limited

Report on the financial statements
We have audited the financial statements of FBS Reinsurance Limited (the company)set out on pages 26 to 69, which comprise the statement of financial position as at 31 December 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash-flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of FBS Reinsurance Limited as at 31 December 2021, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, the requirements of the Companies and Allied Matters Act 2020, the Insurance Act 2003, and relevant National Insurance Commission (NAICOM) guidelines and circulars.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (Parts 1 and 3) (IESBA Code) and other independence requirements applicable to performing audits of financial statements in Nigeria. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Nigeria. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information
The directors are responsible for the other information. The other information comprises the information included in the document titled "FBS Reinsurance Limited financial statements for the year ended 31 December 2021", which includes the Directors' Report as required by the Companies and Allied Matters Act 2020, which we obtained prior to the date of this report. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion there on. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financials statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Reports and Financial Statements
The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, the requirements of the Companies and Allied Matters Act of Nigeria, Cap C20 LFN 2020, the Insurance Act 2003, and relevant National Insurance Commission (NAICOM) guidelines and circulars and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the Reports and Financial Statements

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

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. **We also:**

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

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

iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

iv) Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are in adequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

v) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

In accordance with the Companies and Allied Matters Act, 2020 we expressly state that:

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

ii) In our opinion, proper books of account have been kept by the Company; and

iii) The Company's statement of financial position and pro t or loss and other comprehensive income are in agreement with the books of account.

Mark E. Ariemuduigho
FRC/2013/ICAN/00000002724
on behalf of
Baker Tilly Nigeria
(Chartered Accountants)

Lagos, Nigeria
17 March, 2022

1. General information

(a) Reporting Entity
FBS Reinsurance Limited ('the Company') underwrites life and non-life reinsurancee risks such as those associated with death, disability, health, property and liability. The company was incorporated in 2016.

The address of its registered office is No. 22, Dunukofia Street, Area 11, Garki, Abuja FCT, Nigeria.

Nature of entity's operation and its principal activities

The principal activities of the company are the underwriting of life and general reinsurance businesses, payment of claims and investments as described below: -

Underwriting
The company underwrites both life and general reinsurance businesses. Under the life business, it underwrites both company life and individual life businesses whilst its general business includes motor vehicles, marine and aviation, fire, accident and sundry policies generally classified under miscellaneous insurance policies.

Claims
The company pay claims incurred as part of its reinsurance business and which consist of the claims and claim handling expenses.

Investments
FBS Reinsurance Limited engages in investments of its funds in properties as well as in listed and unlisted stocks, bonds, treasury bills and other money market instruments in line with the provisions of the Insurance Act 2003.

2. Going concern

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

3. Basis of preparation

a) Statement of Compliance
Company's financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and with the interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC) as adopted by the Federal Republic of Nigeria, through the Financial Reporting Council Act No. 6 of 2011. The Company's functional and presentation currency is the Nigerian naira.

b) Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and the future periods if the revision affects both current and future periods.

Estimation of Reinsurance Receivables

The carrying value of reinsurance receivables are reviewed and estimated for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. The impairment amount is determined in relation to the time a receivable has been due as well as the financial condition of the debtor. Impairment can be as high as the outstanding net balance.

Estimation of Expenses

Accruals for incurred expenses not yet invoiced at year end is developed based on current contract and expense levels, adjusted for expected expense inflation, if appropriate.

c) Basis of measurement

The company prepare sits financial statements under the historical cost convention as modified by the fair value and revaluation of its investments and buildings.

4. Standards and interpretations issued/amended but not yet effective

The standards listed below have been issued or amended by the IASB but are yet to become effective for annual periods beginning on or after 1 January 2021. The Company has not applied the following new or amended standards in preparing these financial statements as it plans to adopt these standards at their respective effective dates. Insights on these new standards/amendments are provided below.

Amendments to IAS 1, Presentation of financial statements on classification of liabilities.

These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non- current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

Published Effective date

A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 17 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16

January 2021
Annual periods beginning on or after 1 January 2022
Amendments to IFRS 3,' Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

Amendments to IAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making. Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments', IAS 41, 'Agriculture' and the Illustrative Examples accompanying IFRS 16, ' Leases'. The Company is not early adopting these amendments and this amendment does not have any effect on the financial statements of the Company in 2021.

Published Effective date

IFRS 17, 'Insurance Contracts'

May 2021
Annual periods beginning on or after 1 January 2022

This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

Published Effective date

May 2017
Annual periods beginning on or after 1 January 2023

5. Summary of significant accounting policies

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

5.1 Cash and cash equivalents

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

5.2 Financial Instruments

I. Recognition and Initial Measurement

The Company initially recognizes trade and other receivables on the date that they are originated. All other financial assets and financial liabilities are initially recognized on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

ii. Classification a financial asset is classification and Subsequent Measurement:

On initial recognition, a financial asset is classified and measured at:

- Amortized cost; fair value through other comprehensive income (FVOCI)
- Debt investment; FVOCI
- Equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company change sits business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at fair value through profit or loss (FVTPL):

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and,

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL.

Business Model Assessment: The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cashflows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Company's management.
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed.
- how managers of the business are compensated e.g. whether compensation is based on the fair value of the assets managed or the contractual cashflows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for de-recognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Assessments whether contractual cashflows are solely payments of principal and interest:

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition.'Interest'is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cashflows;
- terms that may adjust the contractual coupon rate, including variable-rate features; prepayment and extension features; and
- terms that limit the Company's claim to cashflows from specialized assets (e.g. non—recourse features)

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual paramount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Subsequent measurement of gains and losses:

A prepayment feature is consistent with the "sole payments of principal and interest criterion" if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is in significant at initial recognition.

Subsequent measurement of gains and losses:

Financial assets at FVTP	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the cost-effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in pro gain or loss on de-recognition is recognised in profit or loss. Any gain or loss on de-recognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in pro t or loss. Other net gains and losses are recognised in OCI. On de-recognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in pro t or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial Liabilities

Classification, subsequent measurement and gains and losses

Financial liabilities are classified and measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on de-recognition is also recognized in profit or loss

iii. De-recognition

Financial Assets

The Company de-recognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial Liabilities

The Company de-recognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also de-recognizes a financial liability when its terms are modified and the cash flows of the modi ed liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On de-recognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

iv. Offsetting

Financial assets and financial liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously. Financial instruments held by the company are classified provisions of IFRS 9 Financial Instruments.

v. Impairment of Financial Assets

In line with IFRS 9, the company assesses the under listed financial instruments for impairment using Expected Credit Loss (ECL) approach:

- Amortized cost financial assets.
- Debt securities classified as at FVOCI.

Equity instruments and financial assets measured at FVTL are not subjected to impairment under the standard.

Expected Credit Loss Impairment Model

The Company's allowance for credit losses calculations are outputs of models with several underlying assumptions regarding the choice of variable inputs and their interdependencies. The expected credit loss impairment model reflects the present value of all cash shortfalls related to default events either over the following twelve months or over the expected life of a financial instrument depending on credit deterioration from inception. The allowance for credit losses reflects an unbiased, probability-weighted outcome which considers multiple scenarios based on reasonable and supportable forecasts. The Company adopts a three-stage approach for impairment assessment.

Stage 1 – Where there has not been a significant increase in credit risk (SICR) since initial recognition of a financial instrument, an amount equal to 12 months expected credit loss is recorded. The expected credit loss is computed using a probability of default occurring over the next 12 months.

Stage 2 – When a financial instrument experiences a SICR subsequent to origination but is not considered to be in default, it is included in Stage 2. This requires the computation of expected credit loss based on the probability of default over the remaining estimated life of the financial instrument.

Stage 3 – Financial instruments that are considered to be in default are included in this stage. Like Stage 2, the allowance for credit losses captures the lifetime expected credit losses.

Measurement of Expected Credit Losses
The probability of default (PD), exposure at default (EAD), and loss given default (LGD) inputs used to estimate expected credit losses are modelled based on macroeconomic variables that are most closely related with credit losses in the relevant portfolio. Details of these statistical parameters/inputs are as follows:

Probability of Default – The probability of default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the remaining estimated life if the facility has not been previously de-recognized and is still in the portfolio.

- 12-month PDs – This is the estimated probability of default occurring within the next 12 months (or over the remaining life of the financial instrument if that is less than 12 months). This is used to calculate 12-month ECLs. The company obtains the constant and relevant coefficients for the various independent variables and computes the outcome by incorporating forward looking macroeconomic variables and computing the forward probability of default.

- Lifetime PDs – This is the estimated probability of default occurring over the remaining life of the financial instrument. This is used to calculate lifetime ECLs for 'stage 2' and 'stage 3' exposures. PDs are limited to the maximum period of exposure required by IFRS 9. Variables and adopts exponentiation method to compute cumulative PD for future time periods for each obligor.

Exposure at Default – The exposure at default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date.

Loss Given Default – The loss given default is an estimate of the loss arising in the case where a default occurs at a given time.

Forward-looking information
IFRS 9 specifies that ECLs should include a forward-looking element which translates into an allowance for changes in macro-economic conditions and forecasts when estimating lifetime ECLs. It is important to understand the effect of forecasted changes in the macro-economic environment on ECLs, so that an appropriate level of provisions can be raised. The most acceptable way of allowing for macro-economic conditions is to build a regression model that aims to explain and predict the impact of macro-economic indicators on default rates.

Such regression models are usually built on a history of default rates and macro-economic variables covering at least one economic cycle, but preferable more. Information gathering is based on historical Nigerian macro-economic indicators from a host of reliable sources, including the International Monetary Fund. The following steps were followed in quantifying the impact of macro-economic scenarios on ECLs.

Step 1
Using the statistical methodology of multiple Regression, estimate the relationship between collected historical non-performing loans and on a list of macro-economic indicators.

Step 2
Identify variables that are statistically significant (that is variables that have the most significant predictive power)

Step 3
Forecast macroeconomic forward-looking information for periods over which lifetime PD will be determined

Step 4
Using the equation derived in step one as, significant coefficient obtained in step 2 as well as forecast macroeconomic forward-looking information in step 3, predict the default probability for relevant periods

Step 5
Determine Scalars for relevant period. In order to remove the impact of any historical trends included in the data, the scalar denominator is adjusted based on the estimation period used to derive the Pds.

Step 6
Apply the scalars calculated in Step 5 to the lifetime PDs as derived. A scalar factor of one means that the probability of default for the forecast year is expected to be in line with historical average probability of default. A scalar factor less than one means that the probability of default for the forecast year is expected to be less than the historical average probability of default. A scalar factor greater than one means that the probability of default for the forecast year is expected to be greater than the historical average probability of default.

Presentation of allowance for ECL in the statement of financial position
Allowances for ECL are presented in the statement of financial position as follows:

- Financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets.
- Loan commitments as a provision; and
- Debt instruments measured at FVOCI: no loss allowance is recognized in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognized in the fair value reserve.

vi. Write-off

The company writes off an impaired financial asset (and the related impairment allowance), either partially or in full, where there is no reasonable expectation of recovery as set out in IFRS 9, paragraph 5.4.4. After a full evaluation of a non-performing exposure, in the event that either one or all of the following conditions apply, such exposure shall be recommended for write-off (either partially or in full):

- continued contact with the customer is impossible;
- recovery cost is expected to be higher than the outstanding debt;
- Where all possible avenues for recoveries have been explored and it is evident that the financial capacity of the borrower makes it impossible to recover part or the whole amount of indebtedness.

All impaired financial asset write-offs shall require endorsement at the appropriate level, as stated in the company Policy. write-off approval shall be documented in writing and properly initialled by the approving authority. A write-off constitutes a de-recognition event.

5.3 Cash and Cash Equivalents

Cash, cash equivalents and bank overdrafts include cash at bank and in hand plus short-term deposits less overdrafts. Short-term deposits have a maturity of less than three months from the date of acquisition. Bank overdrafts are repayable on demand and form an integral part of the Company's cash management. Cash and cash equivalents are stated at carrying amount which is deemed to be fair value.

5.4 Deferred acquisition costs (DAC)

Commissions and other acquisition costs that are related to securing new contracts and renewing existing contracts are capitalised as Deferred Acquisition Costs (DAC). All other costs are recognised as expenses when incurred. The DAC is subsequently amortised over the life of the contracts in line with premium revenue using assumptions consistent with those used in calculating future policy benefit liabilities

5.5 Other receivables and prepayment

Other receivables and prepayment are recognised when due and at amortised cost less provision for impairment. These include receivables from suppliers, rent receivables and prepayment and other receivable other than those classified as trade receivable and loans and receivables. If there is objective evidence that the receivable is impaired, the company reduces the carrying amount of the other receivable and prepayment accordingly and recognises that impairment loss in the income statement. The company gathers the objective evidence that an item of other receivable and prepayment is impaired using the same methodology adopted for financial assets held at amortised cost. The impairment loss is calculated under the same method used for these financial assets.

5.6 Deferred Cost

The company incurred certain significant expenditure prior to the full commencement of operations. These costs, which are in respect of incorporation, strategic development and partnership and related activities, have been classified as deferred cost to be amortized over an initial estimated life of 10 years starting from financial year 2021. In line with the relevant international financial reporting standards, this cost would be subjected to annual impairment test and relevant impairment as well as the estimated useful life will be adjusted accordingly.

5.7 Investment properties

Property held for long-term rental yields and (or) capital appreciation that is not occupied by the company is classified as investment property.

Investment property comprises freehold land and buildings. It is carried at fair values, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Company uses alternative valuation methods such as discounted cash ow projections or recent prices in less active markets. Gains/losses in the fair value of investment properties are recognised in the income statement.

These valuations are reviewed annually by an independent valuation expert. Investment property under construction that is being developed for continuing use as investment property are measured at cost.

Property located on land that is held under an operating lease is classified as investment property as long as it is held for long-term rental yields and is not occupied by the company. The initial cost of the property shall be the fair value (where available), when not available the initial cost shall be used. The property is carried at fair value after initial recognition.

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

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

Properties could have dual purposes whereby part of the property is used for own use activities. The portion of a dual use property is classified as an investment property only if it could be sold or leased out separately under a finance lease or if the portion occupied by the owner is immaterial to the total let table space. The company considers 10% or below of the let-table space occupied by the owner as insignificant.

5.8 Deferred tax asset

Deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

5.9 Intangible assets

Intangible assets are carried at cost less any accumulated amortization and any impairment losses. An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash in flows. Amortization is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortization is provided on a straight-line basis over their useful life. The amortization period and the amortization method for intangible assets are reviewed every period- end. Amortization period is 10 years.

5.10 Recognition and Measurement

(i) Items of property, plant and equipment

Items of property, plant and equipment comprise mainly outlets and offices occupied by the Company. They are carried at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

Properties are measured at fair value less accumulated depreciation on leasehold land and building and impairment losses recognised after the date of the revaluation. Valuation are performed on periodic basis to ensure that the fair value of the assets does not differ materially from its carrying amount. Any revaluation surplus is recorded in other comprehensive income and subsequently asset revaluation reserve in equity except to the extent that it reverses a revaluation deficits earlier recognised on the same property in the income statement, in which case, the increase is recognised in the income statement. A revaluation deficit is recognised in the income statement, except to the extent that it reverses an existing surplus on the same property in which case it is recognised in the other comprehensive income and subsequently in the asset revaluation reserve in equity.

(ii) Subsequent costs

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

iii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is derecognised or classified as held for sale in accordance with IFRS 5, Non-current Assets Held for Sale and Discontinued Operations.

Land is not depreciated, depreciation on the building and other items of property, plant and equipment is calculated using the straight-line method to allocate their cost or re-valued amounts over their estimated useful lives.

The depreciation rates used for the current and comparative period are as follows:

Office Partition	10%
Office equipment	20% of any cost/valuation
Furniture, fittings and equipment	20% on cost
Motor Vehicles	25% on cost
Computer equipment	33% on cost

The assets' residual values and useful lives are reviewed at the end of each reporting period and adjusted, if appropriate. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

iv) De-recognition

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

5.10.1 Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset component that generates cashflows that are largely independent from other assets. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any intangible asset allocated to the units and then to reduce the carrying amount of the other assets in the unit (component of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cashflows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

5.11 Statutory deposit

Statutory deposit represents 10% of the paid-up capital of the company deposited with the Central bank of Nigeria (CBN) pursuant to Section 10(3) of the Insurance Act, 2003.

5.12 Reinsurance receivables

All amounts receivable are initially recognised at fair value. Amounts recoverable under the retrocession contracts are recognised in the same year as the related claims and are disclosed in the income statement and statement of financial position on a gross basis. Amounts recoverable under reinsurance and retrocession contracts are assessed for impairment losses at each reporting date. Such assets are deemed impaired if there is objective evidence, as a result of an event that occurred after its initial recognition that the Company may not recover all amounts due and that the event has a reliably measurable impact on the amounts that the company will receive from the debtors. The carrying amounts of the assets are reduced by the impairment losses and the impairment losses recognised in the profit or loss account for the period.

5.13 Insurance Contract

5.13.1 Classification Insurance Contract

Contracts under which the company accepts significant insurance risk from another party (the ceding company or cedant) by agreeing to compensate the cedant or other beneficiary if a specified uncertain future event (the insured event) adversely affects the policy holder or other beneficiary are classified as insurance contracts.

5.13.2 Recognition and measurement of insurance contracts

Short-term insurance contracts are accounted for on an annual basis. The Company also accounts for long-term insurance contracts on an annual basis.

i) Short-term insurance contract premium Written premium on short-term insurance contracts comprises premiums on contracts entered into during the year, irrespective of whether they relate in whole or in part to a later accounting period. Premium income for the period includes adjustments to premiums written in prior accounting periods and estimates for pipeline or premium not yet advised by the cedant for contracts in force at the end of the period. Where statements of insurance contract accounts have not been received at year-end, pipeline premiums are estimated on the basis of the latest available information.

An estimate is made at the reporting date to recognise retrospective adjustments to premium or commission. Premium relating to the expired risk period is taken as earned and recognised as revenue for the period while premium relating to the unexpired risk period is treated as a provision for unearned premium. The outward reinsurance premiums relating to earned premiums are recognised as expense in accordance with the reinsurance services received.

ii) Unearned premium provision for short term insurance contracts

The portion of gross written premium on short term insurance contracts, which is estimated to be earned in the following or subsequent years, is accounted for as unearned premium provision.

For proportional treaty business, this is computed separately for each contract at the reporting date. For non-proportional and facultative business this is computed on the pro-rata basis. Where the nature of the underlying business and risk does not justify the use of the above methods, the unearned premium provision is calculated on basis relevant to the risk profile of the insurance contract.

iii) Claims arising from short-term insurance contracts

Claims incurred in respect of short-term insurance contracts consist of claims and claims handling expenses paid during the financial year as well as movements in provision for outstanding claims and claims incurred but not reported (IBNR). Outstanding claims comprise provisions for all the Company's estimated ultimate costs of settling all claims incurred but unpaid at the reporting date whether reported or not and related claim handling expenses. Outstanding claims that have occurred at the reporting date and have been notified to the Corporation by the cedants are carried at their face value. Adequate provisions are also made for claims incurred but not reported at the reporting date using historical experience and best available information. Outstanding claim provisions are disclosed at their carrying amounts and are not discounted except where there is a particularly long period from the claim incident to settlement in which case outstanding claims are discounted using a discount rate that best reflects current assessment of time value of money and associated risks. Anticipated reinsurance recoveries on claims are disclosed separately as assets.

iv) Unexpired risk provision for short-term insurance contracts

Where the expected value of claims liabilities and expenses attributable to the unexpired periods of the insurance contracts in force at the reporting date exceed the unearned premium provision relating to those contracts after deduction of any deferred costs, provision is made for unexpired risks for the estimated excess liabilities.

v) Claims arising from long-term insurance contracts

Claims incurred in respect of long-term insurance contracts consist of claims arising during the year including provision for policyholder liabilities. Outstanding claims on long-term insurance contracts that have occurred at there porting date and have been notified to the Corporation by the cedants are carried at the claim amounts advised by the cedants. The operating surpluses or losses arising from insurance contracts are determined by regular actuarial valuation. These surpluses or losses are arrived at after taking into account the movement in actuarial liabilities under unmatured policies, provisions for profit commissions accrued and adjustments to contingency and other reserves within the policyholder liabilities.

5.14 Trade payables

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

5.15 Provisions and other payables

i) Provisions

A provision is recognized only if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic will be required to settle the obligation. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date. Provisions are normally made for restructuring costs and legal claims.

ii) Onerous Contracts

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

iii) Deferred income

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

5.16 Income tax expense

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

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

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability differs from its tax base. Deferred taxes are recognized using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes (tax bases of the assets or liability). 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. Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

5.17 Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets.

5.18 Share premium reserve

Share premium reserve represents surplus on the par value price of shares issued. Incremental costs directly attributable to the issue of new shares are shown in equity (short premium reserve) as a deduction.

5.19 Contingency reserve

a) **General business**

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

b) **Life business**

In compliance with Section 22(1) (b) of Insurance Act 2003, the contingency reserve is credited with the higher of 1% of gross premiums.

5.20 Other income

Other income are incomes other than premium earned by the company. These incomes are stated below.

a) **Fees and commission**

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

b) **Investment income**

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

c) **Foreign currencies**

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. The functional currency is the currency of the primary economic environment in which the Entity operates, which is the Nigerian Naira (N). Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end closing exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

d) **Dividend income**

Dividend income is recognised when the right to receive income is established. Dividends are reflected as a component of net trading income, net income on other financial instruments at fair value or other operating income depending on the underlying classification of the equity instrument.

e) **Interest**

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

The effective interest rate includes all fees paid or received, transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability. Interest income and expense on all trading assets and liabilities are considered to be incidental to the company's trading operations and are presented together with all other changes in the fair value of trading assets and liabilities in net trading income. Interest income and expense presented in the income statement include interest on financial assets and liabilities at amortised cost on an effective interest rate basis.

Fair value changes on other financial assets and liabilities carried at fair value through profit or loss, are presented in net income from other financial instruments and carried at fair value in the income statement.

f) **Net trading income**

Net trading income comprises gains less losses related to trading assets and liabilities, and includes all realised and unrealised fair value changes, interests, dividends and foreign exchange differences.

g) **Net income from other financial instruments at fair value**

Net income from other financial instruments at fair value relates to non-qualifying financial assets and liabilities designated as 'at fair value through profit or loss' and includes all realised and unrealised fair value changes, interest, dividends and foreign exchange differences.

h) **Other Operating Revenues**

This comprises revenue earned by the company during the year that is directly from insurance operation and not accounted for under any other separate heads on the financial statements.

5.21 Investment income and expense

Investment income and expenses for all interest-bearing financial instruments including financial instrument measured at fair value through pro t or loss, are recognised within investment income and finance cost in the income statement using the effective interest rate method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

5.22 Deficits and surpluses on actuarial valuation

Actuarial valuation of the life fund is conducted every year to determine the net liabilities on the existing policies and the adequacy of the assets representing the insurance fund as at the date of valuation. All deficits arising therefrom are charged to the income statement while the surplus is appropriated to the shareholders and credited to the income statement.

5.23 Underwriting expenses

Underwriting expenses comprises acquisition, maintenance and management expenses. Acquisition and maintenance expenses relating to cost incurred directly on acquisition.

5.24.1 Acquisition expenses

Acquisition expenses are those costs incurred in obtaining and renewing insurance contracts. These include commissions paid and policy expenses.

5.24.2 Maintenance expenses

Maintenance expenses are those costs incurred in servicing existing policies/contracts and these include brokerage fees and charges.

5.24.3 Management and administrative expenses

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

5.25 Employees Benefit

Pension obligations: The Company operates a defined contribution plan. A defined contribution plan is a pension plan under which the company pays fixed contributions to a separate entity. The company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. For defined contribution plans, the company makes contributions on behalf of qualifying employees to a mandatory scheme under the provisions of the Pension Reforms Act of 2004. The company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

5.26 Dividend on ordinary shares

Dividends on the Company's ordinary shares are recognised in equity in the period in which they are paid or, if earlier, approved by the Company's shareholders. Dividends for the year that are declared after the date of the statement of financial position are dealt with in the subsequent events note.

5.27 Earnings per share

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

5.28 Foreign Currency Translation

i. Transactions and balances:

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

5.29 Leases

i. Where the company is the lessee

Leases, in respect of which the company assumes substantially all the risks and rewards of ownership are classified as finance leases. At the beginning of the lease term, the leased asset is measured at an an amount equal to the fair value of the leased asset less the present value of unguaranteed or partially guaranteed residual value which would accrue to the lessor at the end of the term of the lease. Subsequent to initial recognition, the asset is accounted for in accordance with the policy applicable to that asset. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of outstanding liability.

The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Other leases are classified as operating leases and are not recognised in the company's balance sheet. Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease.

ii. **When the company is the lessor**

The Company does not lease out its fixed assets and as such are not lessors.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 ₦'000
Gross premium written		7,906,221
		=======
Insurance premium revenue	19.1	4,602,330
Insurance premium ceded to retrocessionaires	19.2	(216,445)
Underwriting income		4,385,885
		=======
Insurance benefits		
Insurance claims and loss adjustment	20.1	2,250,985
Insurance claim and loss adjustment expenses recoverable from retrocessionaires	20.1	(520,136)
Underwriting expenses	20.2	2,041,138
Insurance benefits and underwriting expenses		**(3,771,987)**
		========
Underwriting profit		**613,898**
		======
Investment income	21	104,216
Fair value gains on Investment property	22	100,450
Other operating income	23	70,650
Operating expenses	24	(174,886)
Depreciation and amortisation	25	(214,066)
Net operating profit before tax		500,262
Police trust development fund	15.4	(225)
Income tax expense	15.1	(146,201)
Retained profit after tax transferred to reserve		**353,836**
		=======
Other comprehensive income		
Total comprehensive income for the year		353,836
		======
Earnings per share		
Profit for the year attributable to ordinary equity holders		
Basic (Kobo)		3.5
		======

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	2021 ₦'000
Assets		
Cash and cash equivalents	1	6,209,648
Investment Securities	2	1,007,952
Reinsurance receivables	3	2,574,016
Retrocession Assets	4	1,520,942
Deferred acquisition costs	5	500,393
Deferred cost	6	1,169,901
Other Asset	7	201,001
Investment Properties	8	1,060,450
Property, plant and equipment	9	138,689
Intangible assets	10	421,964
Statutory deposit	11	1,000,000
Total assets		**15,804,956**
Liabilities		
Insurance contract liabilities	12	4,794,184
Reinsurance payables	13	170,485
Provision and other payables	14	340,250
Income tax liabilities	15.2	53,242
Deferred taxation	15.3	92,959
Total liabilities		**5,451,120**
Equity		
Share capital	16	10,000,000
Contingency reserve	17	234,690
Retained earnings	18	119,146
Shareholders fund		**10,353,836**
Total liabilities and equity		**15,804,956**

The financial statements were approved by the Board of Directors on 17 March 2022 and signed on its behalf by;

Bala Zakariyau	**Fola Daniel**	**Musa M. Kolo**
Chairman	**Managing Director**	**Chief Finance Officer**
FRC/2014/CIIN/00000003437	**FRC/2013/CIIN/00000003901**	**FRC/2012/ICAN/00000000473**

The accounting policies on pages 26 to 44 and the notes on pages 53 to 67 form part of these financial statements

STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2021

	Ordinary Share Capital N'000	Statutory contingency reserve N'000	Retained earnings N'000	Total N'000
As at 1 January, 2021				
Issue of shares	10,000,000	-	-	10,000,000
Transfer from income statement	-	-	353,836	353,836
Transfer to contingency reserve	-	234,690	(234,690)	-
As at 31 December, 2021	**10,000,000**	**234,690**	**119,146**	**10,353,836**

The accounting policies on pages 26 to 44 and the notes on pages 53 to 67 form part of these financial statements

FBS Re
F B S Reinsurance Limited

STATEMENT OF CASH FLOW
AS AT 31 DECEMBER 2021

	₦'000
Premium received	5,332,205
Underwriting expenses paid	(1,628,844)
Retrocession premium paid	(1,046,766)
Claims paid	(760,692)
Payment to employee	(449,452)
Preoperational expenses paid	(1,299,890)
Other operating income received	70,650
Other operating expenses paid	(719,097)
Net cash outflow from operating activities	**(501,886)**
Investing activities	
Investment properties	(960,000)
Property, Plant & Equipment	(175,881)
Statutory deposit	(1,000,000)
Intangible assets	(468,849)
Investments	(1,007,952)
Net cash outflow from investing activities	**(3,508,466)**
Finance activities	
Deposit for shares	220,000
Proceeds from sale of shares	10,000,000
Net cash used in servicing of finance	**10,220,000**
Net cash used in servicing of finance	6,209,648
Cash and cash equivalent at the beginning	-
Cash and cash equivalent at the end	6,209,648

The accounting policies on pages 26 to 44 and the notes on pages 53 to 67 form part of these financial statements

RISK AND CAPITAL MANAGEMENT FRAMEWORK

a. **Government framework**

The main objective of the company's risk management structure is to protect the company's shareholders from the adverse effects of events that hinder the sustainable achievement of financial performance objective, including failing to exploit opportunities. Management recognises the critical importance of having efficient and effective risk management systems in place.

The company has established a risk management function with clear terms of reference from the board of directors, its committee and the associated executive management committees.

This is supplemented with a clear organisational structure with documented delegated authorities and responsibilities from the board of directors to executive management committees and senior managers. Lastly, a company policy framework which sets out the risk profiles for the company, risk management, control and business conduct standards for the company's operations has been put in place. Each policy has a member of senior management charged with overseeing compliance with the policy through the company.

The board of directors approves the company risk management policies and meets regularly to approve any commercial, regulatory and organisational requirements of such policies. These policies define the company's identification of risk and its interpretation, limit structure to ensure the appropriate quality and diversification of assets, align underwriting and reinsurance strategy to the corporate goals and specify reporting requirements.

b. **Capital management objectives, policies and approach**

The company has established the following capital management objectives, policies and approach to managing the risks that affect its capital position.

- to maintain the required level of stability of the company thereby providing a degree of security to stockholders
- to maintain the required level of stability of the company thereby providing a degree of security to stockholders
- to allocate capital efficiently and support the development of business by ensuring that returns on capital employed meet the requirements of its capital providers and of its shareholders.
- to retain financial flexibility by maintaining strong liquidity and access to a range of capital markets.
- to align the profile of assets and liabilities taking account of risks inherent in the business
- to maintain financial strength to support new business growth and to satisfy the requirements file of assets and liabilities taking account of risks inherent in the business of the stockholders, regulators and stakeholders.
- to maintain strong credit ratings and healthy capital ratios in order to support its business objectives and maximise shareholders value.

In reporting financial strength, capital and solvency are measured using the rules prescribed by the National Insurance Commission. These regulatory capital tests are based upon required levels of solvency, capital and a series of prudent assumptions in respect of the type of business written.

Agreement to capital management

The company seeks to optimise the structure and source of capital to ensure that it consistently maximises returns to the shareholders and stockholders.

The company's approach to managing capital involves managing assets, liabilities and risks in a coordinated way, assessing shortfall between reported and required capital levels on a regular basis and taking appropriate action to influence the capital position of the company in the light of changes in economic conditions and risk characteristics.' The primary source of capital used by the company is equity (shareholders' funds)

Available capital resources at 31 December, 2021

	N'000
Total shareholders' funds per financial statements	10,353,836
Minimum capital requirement (MCR)	10,000,000
Available capital resources	353,836

Regulatory framework

Regulators are mainly interested in protecting the rights of policyholders and monitor them closely to ensure that the company is satisfactorily managing affairs for their bene t. At the same time, regulators are also interested in ensuring that the company maintains an appropriate solvency position to meet unforeseen liabilities arising from economic shocks or natural disasters.

The operation of the company are subject to regulatory requirements within the jurisdictions in which it operates. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions (e.g. capital adequacy) to minimise the risk of default and insolvency on the part of reinsurance companies to meet unforeseen liabilities as they arise.

Insurance and financial risk

Insurance risk

The principal risk the company faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore the objective of the company is to ensure that the sufficient reserves are available to cover these liabilities.

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

The company enters into retrocession arrangements with reputable retrocessionaires to diversify its risks and reduce the risk of catastrophic loss on reinsurance assumed. The retrocession does not relieve the Company of its obligations to the ceding companies. As part of its annual renewals, the financial condition of retrocessionaires is reviewed. As a result, retrocession is placed with a select group of financially secure and experienced companies in the industry.

Financial risks

In the normal course of business, the Company uses primary financial instruments such as cash and cash equivalents, bonds, equities and receivables and as a result is exposed to potential losses due to various market risks including changes in interest rates, equity prices and foreign currency exchange rates. The Company's financial management activities are guided by the financial regulations as well as the investment policy document. Detailed guidelines are provided in the accounting and administrative procedures manuals. They provide the framework for the investing activities and set specific limits and benchmarks for the acceptable levels of counter party exposure, concentration, credit risk, currency risk, liquidity risk and interest rate risk, among others.

a) **Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is exposed to credit risk through its financial assets, which include short-term bank deposits, fixed income securities and receivables.

Short-term bank deposits are placed with financial institutions of very high credit rating and are spread over a number of them to avoid undue concentration. The Company's financial regulations prescribe minimum acceptable credit rating and maximum allowable exposure to any single counter party.

The Company's fixed income portfolio is managed through use of prudent standards of diversification and rating quality of issues and issuers. Specific provisions limit the allow able holdings of a single issue and issuer and industry or sector. This is to minimise significant concentration risk associated with the fixed income portfolio.

Credit risk relating to receivables is mitigated by the large number of cedants and their dispersion across the continent. A significant number of the companies from whom receivables are due are equally shareholders of the Group. In addition, the liability for outstanding claims is in respect of insurance contracts with the same counter parties. Receivables are presented at present value net of impairment provision. A periodic evaluation of cedants and retrocessionaires is carried out to minimise exposure to significant losses from insolvencies. Transaction terms are also strictly monitored to keep balances as current as possible.

	2021 N'000
Cash and cash equivalent	6,209,648
Investment	1,007,952
Reinsurance receivables	2,574,016
Prepayments	11,401
Total assets bearing credit risk	**9,803,017**

b) Liquidity risk
Liquidity risk is the risk that the company will encounter difficulty in raising funds to meet commitments associated with reinsurance contracts and other obligations as and when due. The company's investment guidelines prescribe minimum levels of financial assets to be held in cash and cash instruments. Cash instruments include bank deposits with maturities of less than 90 days. In addition, the actively managed portfolios are traded on highly liquid markets and as such can easily supplement the Company's liquidity requirement in the event of any shortfall.

The table below analyses the Company's key financial assets and liabilities into relevant maturity groupings based on the remaining period at 31 December 2021 to the earlier of the repricing or contractual maturity date.

c) Market risk
Interest rate risk
The Company's exposure to interest rate changes is primarily concentrated in the actively managed fixed income portfolio, which is reported at fair value. Changes in interest rate will have an immediate impact on the Company's reported net income and consequently the shareholders' funds. The main objective of the fixed income portfolio is current income and price appreciation and therefore to mitigate the effect of price volatility, the portfolio has been positioned with an average duration of less than 5 years. Note 4 discloses the weighted average interest rate on principal interest-bearing investments

Currency risk
The Company maintains assets in foreign currencies and thus is exposed to the risk of exchange rate movements associated with assets and liabilities matching. The Company does not apply hedging techniques to mitigate its currency risk but ensures the net exposure to this risk is within acceptable levels by constantly reviewing the level of mismatch. The Company has offices in other locations whose currencies differ from the reporting currency of this financial statement. The Company transacts business with counterparties in a number of countries and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the euro, dollars, cedi and pounds sterling.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2021

		2021
1.	**Cash and cash equivalent**	**₦'000**
	Cash in hand	400
	Balances with banks:	
	- Current account	262,894
	- Domiciliary account	564,489
	- Foreign banks	100,957
	- Placements with banks and other financial institutions	5,280,908
		6,209,648
2.	**Investment Securities:**	
	Treasury bills	1,007,952
	Comprising:	
	Current portion	1,007,952
	Non-current portion	-
		1,007,952

Investment security represent treasury bills bought during the year with a maturity date of 25 August 2022.

		2021
3.	**Reinsurance receivables**	**₦'000**
	Due from ceding companies (Local NL)	1,201,723
	Due from ceding companies (Pipeline)	1,372,293
		2,574,016
	Impairment of Reinsurance Receivable	-
		2,574,016
	Comprising:	
	Current portion	2,574,016
	Non-current portion	-
		2,574,016
4.	**Retrocession Assets**	
	Retro Share of Claim Recoverable	509,842
	Retro Share of Unearned Premium	1,000,806
	Retro Share of Life Insurance Contract Liabilities	10,794
	Impairment of Retro Share of Claims Recoverable	-
	Retro share of Insurance Contracts Liabilities	1,520,942
5.	**Deferred Acquisition Cost**	
	At 1 January	-
	Acquisition cost paid during the year	1,628,844
	Amortized acquisition cost	(1,128,451)
	At 31 December	500,393
6.	**Deferred cost**	
	Pre-operational expenses	
	Cost	
	At 1 January	1,299,890
	Additions	-
	At 31 December	1,299,890
	Amortisation	
	At 1 January	**-**
	Charge for the year	129,989
	At 31 December	129,989
	Carrying amount	
	At 31 December 2021	1,169,901

7.	**Other Assets**	**2021** **₦'000**
	Withholding tax recoverable	4,002
	Miscellaneous Debit Balances	16,388
	Share Issue Expenses (note 7.1)	169,210
	Prepayment	11,401
		201,001

7.1 The balance on the share offer expenses is in respect of expenses incurred on the private placement. The expenses will be charged upon the completion of the private placement.

8.	**Investment Properties**	
	At January	-
	Additions	960,000
	Disposal during the year	-
	Fair Value gain	100,450
	At 31 December	1,060,450

The investment properties were valued by O. M. Tokun & Associates with FRC number 00000001353 and Chika Egwuatu & Partners and both reports were dated as at 31 December, 2021.

8.1 Below is a breakdown of Investment Properties showing movement during the year and carrying amount.

S/N	Location	Status of title	Free/pledged	Cost	Fair Value gain	Carrying amount	Name of Valuer
1.	6 Units of Three Bedroom apartments at 22, Dunukofia Street, Area 11, Garki, Abuja	Deed of assignment	Free	400,000	46,250	446,250	Chika Egwuata & Partners
2.	I Unit of three-bedroom flat at Admiralty Towers, 8, Gerrard Road, Ikoyi	Deed of assignment	Free	360,000	40,000	400,000	O. M. Tokun and Associates
3.	2 Units of three and 2 Units of four-bedroom flats at Plot D3, Zone A3, Garki Village, Garki, Abuja	Deed of assignment	Free	200,000	14,200	214,200	Chika Egwuata & Partners
	Total			**960,000**	**100,450**	**1,060,450**	

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9. Property, plant and equipment	Office Partitioning ₦'000	Motor vehicles ₦'000	Furniture & fittings ₦'000	Office equipments ₦'000	Computer equipment ₦'000	Total ₦'000
Cost						
At 1 January 2021	-	-	-	-	-	-
Additions	14,088	127,299	10,384	5,265	18,845	175,881
At 31 December 2021	14,088	127,299	10,384	5,265	18,845	175,881
Accumulated depreciation						
As at 1 January 2021	-	-	-	-	-	-
Charge for the year	1,174	29,173	1,731	862	4,252	37,192
At 31 December 2021	1,174	29,173	1,731	862	4,252	37,192
Net book value						
At 31 December 2021	**12,914**	**98,126**	**8,653**	**4,403**	**14,593**	**138,689**

10. Intangible Assets

License Cost

Cost	
At 1 January	468,849
Additions	-
At 31 December	468,849
Amortisation	
At 1 January	**-**
Charge for the year	46,885
At 31 December	46,885
Carrying amount	
At 31 December 2021	**421,964**

		2021
11.	**Statutory deposit**	**₦'000**
	At 1 January	-
	Addition	1,000,000
	At 31 December	1,000,000
		=======
12.	**Insurance contract liabilities**	
	Non – life	
	Unearned Premium Reserve (note 12.1)	3,270,599
	Reserve for Outstanding Claims (note 12.2)	1,466,020
		4,736,619
		========
	Life	
	Unearned Premium Reserve (note 12.1)	33,292
	Outstanding Claims (note 12.2)	24, 273

		57,565
		========

	Total Insurance fund	4,794,184
		========

12.1	**Reserve for Unearned Premium-**	**Life**	**Non life**	**Total**
	At 1 January	-	-	-
	Written in the year	128,921	7,777,300	7,906,221
	Earned in the year	(95,629)	(4,506,701)	(4,602,330)
	At 31 December	33,292	3,270,599	3,303,891
		=======	========	========

12.2	**Reserve for Outstanding Claims-NL**			
	Claim expenses	53,289	2,197,696	2,250,985
	Claim paid	(29,016)	(731,676)	(760,692)
	Outstanding claims reserve (OCR)	24,273	1,466,020	1,490,293
		-----------	------------	-------------
	OCR is analysed as follows:			
	Outstanding claim (note 12.3)	-	100,000	100,000
	Incurred but not reported (IBNR)	24,273	1,366,020	1,390,293
		24,273	1,466,020	1,490,293
		=====	=======	=======

12.3 **Age analysis of outstanding claims excluding IBNR claims reserves**

Outstanding Claims Age Analysis						
Age (Days)	**0 -90 Days**	**91 – 180 Days**	**181 – 270 Days**	**271 – 365 Days**	**Above 365 Days**	**Total**
Amount (₦'000)	32,542	58,450	6,000	3,008	-	100,000
Number of Claims	15	3	1	2	-	21

Claims reported but not yet paid are outstanding due to incomplete documentation by the Cedants.

13. **Reinsurance payables**

Due to retrocessionaires	167,956
Due to ceding companies	2,529
	170,485
Comprising:	
Current portion	170,485
Non-current portion	-
	170,485

14. **Provision & other payables**

Accrued expenses	15,500
Statutory deductions	120
ITF Levy	5,217
Police Trust Fund Levy	225
Other sundry creditors	99,188
Deposit for shares	220,000
	340,250

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15. Taxation

	2021 ₦'000
15.1 Per statement of comprehensive income:	
Income tax based on profit for the year	53,114
Education tax	128
	53,242
Deferred taxation	92,959
	146,201
15.2 Current taxation per statement of financial position:	
At 1 January	-
Based on the profit for the year	53,242
Payments (recoveries) during the year	-
At 31 December	53,242
15.3 Deferred taxation	
At 1 January	-
Movement during the year	92,959
At 31 December	92,959

15.4 Police Trust Fund Levy

Police trust fund levy is calculated as 0.005% of the net profit of the company as stipulated by the Nigeria Police Trust Fund Act 2019.

16. Authorized

20,000,000,000 Ordinary Shares of ₦1 each	20,000,000

16.1 Issued and fully paid

10,000,000,000 Ordinary Shares of ₦1 each	10,000,000

17. Contingency reserve

As at 1 January	-
Transfer from retained earnings	234,690
At 31 December	234,690

18. Retained earnings

As at 1 January	-
Transfer from income statement	353,836
Transfer to contingency reserves	(234,690)
As at 31 December	**119,146**

		2021 ₦'000
19.	**Earned premium**	
19.1	**Insurance premium revenue**	
	Life insurance contract	
	- Gross premium	128,921
	- Change in life unearned premium	(33,292)
		95,629
	Non life insurance contracts	
	- Gross premium	7,777,300
	- Change in unearned premium	(3,270,599)
		4,506,701
	Total premium arising from insurance contract issued	4,602,330
19.2	**Insurance premium ceded to retrocession**	
	Premium income ceded to retrocessionaires on insurance contracts issued	
	Life insurance contracts	-
	Non life insurance contracts	1,217,251
		1,217,251
	Changes in retrocessionaires share of unearned premium reserve	(1,000,806)
	Cost of premium ceded to retrocessionaires on insurance contract issued	216,445
20.	**Claims/ underwriting expenses**	
20.1	**Insurance claims and loss adjustment expenses**	
	Life insurance contracts	53,289
	Non life insurance contracts	2,197,696
	Total cost of policy holders benefits	2,250,985
	Insurance claims and loss adjustments expenses recoverable from retrocessionaires	(520,136)
	Net insurance benefits and claims	1,730,849
20.2	**Underwriting expenses**	
	Amortized acquisition cost	1,128,451
	Cost incurred for the maintenance of insurance contracts	220,539
	Management expenses (note 26)	692,148
	Total underwriting expenses	2,041,138
21.	**Investment income**	
	Interest income on bank placement	73,002
	Statutory deposits interest income	29,958
	Investment securities and loans and receivables interest income	1,256
	Net Interest income	104,216

		2021 ₦'000
22.	**Fair value gains on investment property**	
	Gains on valuation of investment properties	100,450
23.	**Other operating income**	
	Foreign Exchange Gain	70,650
24.	**Operating expenses**	
	Audit fees	7,500
	Investment fund levy	5,217
	Other professional fees	17,628
	Director's emoluments (Note 27)	144,291
	Donations	250
		174,886
25.	**Depreciation and amortization expenses**	
	Motor vehicle	29,173
	Office equipment	862
	Office furniture	1,731
	Computer	4,252
	Office partitioning	1,174
	Amortization of deferred cost	129,989
	Intangible	46,885
		214,066
26.	**Management expenses**	
	Employee benefits (Note 26.1)	449,452
	Local transport and travelling	46,901
	Rent	43,697
	Conference and seminars	28,330
	Bank charges	22,563
	Overseas travel	21,535
	Maintenance	11,389
	Entertainment	11,323
	Other charges	10,466
	Advert and publicity	10,319
	Fuel	10,012
	Telephone and posting	8,924
	Printing and stationery	4,231
	Electricity	3,744
	Cleaning	3,498
	Training	2,387
	Insurance	3,358
	Newspaper	20
		692,149

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		2021
26.1	**Employee benefits**	**₦'000**
	Wages & salaries	434,874
	Pension fund charge	14,578
		449,452
		=======

27.	**Director emoluments**	
	Fees	112,556
	Sitting allowance	27,622
	Other allowances	4,113
		144,291
		=======

28.	**Employee remunerated at high rate**		
(i)	1,000,000	5,000,000	5
	5,000,001	10,000,000	3
	10,000,001	15,000,000	2
	15,000,001	20,000,000	1
	Above 20,000,000		2
			13
			===

(ii)	**Average number of persons employed**	
	Managerial	7
	Other	6
		13
		===

29. Cash flow reconciliations

29.1 Reconciliation of Profitt Before Tax to Net Cash Generated by Operating Activities

	₦'000
Profit after tax	353,836
Add back:	
Taxation expenses	151,643
Operating profit	505,479
Adjustment for item not involving movement of cash	
Adjustments:	
Depreciation and amortisation	214,066
Fair value gain on investment properties	(100,450)
	619,095
Investment income	(104,216)
	514,879

Working capital adjustment:	2021 ₦'000
Increase in insurance Contract liabilities	4,794,184
Increase in provisions	114,808
Increase in Trade payables	170,485
Increase in deferred acquisition costs	(717,839)
Increase in deferred cost	(1,299,890)
Increase in reinsurance receivables	(2,574,016)
Increase in other assets	(201,001)
Increase in reinsurance assets	(1,303,496)
Net cash inflow from operating activities	(397,670)

29.2 **Cash and Cash Equivalent for the purpose of Statement of Cashflows**

Cash in hand	400
Balances with banks:	
- Current account	262,894
- Domiciliary account	564,489
- Foreign banks	100,957
- Placements with banks and other financial institutions	5,280,908
	6,209,648

30. **Admissible assets**

The admissible assets representing contracts liabilities included in the statement of financial position is as follows:

	Non - Life		Life	
	₦'000	₦'000	₦'000	₦'000
Cash and cash equivalents:				
Cash and bank balances	910,165		18,576	
Bank placements	5,175,289		105,618	
Total cash and cash equivalents		6,085,454		124,194
Investment properties		1,039,241		21,209
Retrocession assets		1,490,523		30,419
Investment securities:				
Treasury bills		987,793		20,159
Total assets representing insurance contract liabilities		**9,603,011**		**195,981**
Total insurance contract liabilities		4,736,619		57,565
Excess of assets over liabilities		4,866,392		138,416
		203%		**340%**

31. **Segment Information**

For management reporting purposes, the Company's business is organised into Life and Non-Life products as well as by regions.

Life reassurance business can be either Individual or Group and covers the death aspect of the life contract only which is annual.

The Non-Life reinsurance business covers general insurance to individuals and corporate bodies. The general insurance businesses covered include Energy, Fire and Engineering, Accident, Liability, Marine and Agriculture.

Also, segment information is presented in respect of the regions covered by the company.

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FBS REINSURANCE LIMITED
STATEMENT OF TOTAL COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	Non Life 31/12/2021 Actual N000	Life 31/12/2021 Actual N000	Total 31/12/2021 Actual N000
– Gross Premium -Non Life		7,777,300	128,921	7,906,221
– Change in unearned premium provision		(3,270,599)	(33,292)	(3,303,891)
-Change in ceded unexpired risk reserve		991,003	9,803	1,000,806
		(2,279,596)	*(23,489)*	*(2,303,085)*
Total Premium revenue arising from insurance contracts issued		***5,497,704***	***105,432***	***5,603,136***
Insurance premium revenue (net of UPR)		5,497,704	105,432	5,603,136
Insurance premium ceded to retrocessionaires		(1,217,251)	-	(1,217,251)
Net insurance premium revenue	**19**	**4,280,454**	**105,432**	**4,385,885**
Insurance benefits:				
Insurance claims and loss adjustment expenses	**20.1**	2,197,696	53,289	2,250,985
Insurance claims & loss adjs exps recoverable		(514,049)	(6,087)	(520,136)
Net insurance benefits and claims		1,683,647	47,202	1,730,849
Underwriting expenses	**20.2**	2,000,864	40,274	2,041,138
Net insurance benefits and underwriting expenses		3,684,511	87,477	3,771,987
Underwriting profit		**595,943**	**17,955**	**613,898**
Investment income	**21**	102,517	1,699	104,216
Net gains on investment property	**22**	98,812	1,638	100,450
Foreign Exchange (Loss)/Gain	**23**	69,498	1,152	70,650
Operating and depreciation expenses	**24 &25**	(377,478)	(6,257)	(383,735)
Profit before taxation		489,292	16,187	505,479
Income tax expense	**15.1**	(149,170)	(2,473)	(151,643)
Profit after taxation		**340,127**	**13,714**	**353,836**
Profit for the year		**340,122**	**13,714**	**353,836**
Segment Assets		15,547,237	257,719	15,804,956
Segment Liabilities		5,362,234	88,887	5,451,121

Executive Board for the reportable segments for the year ended 31 December 2021 is as follows:

	Nigeria =N='000	Ghana =N='000	Others =N='000	Total =N='000
Gross premium	5,866,296	1,155,015	884,910	7,906,221
Change in reserve for unearned premium	(1,708,854)	(336,456)	(257,775)	(2,303,085)
Earned premium income	4,157,442	818,559	627,135	5,603,136
Retrocession costs	(903,182)	(177,828)	(136,242)	(1,217,251)
Net premium earned	3,254,260	640,732	490,894	4,385,885
Expenses				
Gross claims incurred	860,692	-	-	860,692
Ceded outstanding claims reserve	1,116,579	176,321	97,393	1,390,293
Claims incurred	1,977,271	176,321	97,393	2,250,985
Retrocession recoveries	(520,136)	-	-	(520,136)
Net claims incurred	1,457,135	176,321	97,393	1,730,849
Underwriting expenses:				
Acquisition and maintenance cost	1,000,930	197,073	150,987	1,348,990
Management expenses	513,564	101,116	77,469	692,149
	1,514,494	298,189	228,456	2,041,138
Underwriting profit	282,631	166,222	165,045	613,898
Investment Income & other income	77,326	15,225	11,664	104,216
Fair value gain on investment property	74,532	14,675	11,243	100,450
Foreign exchange gain/(loss)	52,421	10,321	7,908	70,650
Administrative Expenses	(284,726)	(56,060)	(42,950)	(383,735)
Results of operating activities	202,186	150,383	152,910	505,479
Income tax expenses	(60,656)	(45,115)	(45,873)	(151,644)
Profit for the year	141,530	105,268	107,037	353,835
Segment assets	11,727,037	2,308,937	1,768,982	15,804,956
Segment liabilities	4,044,649	796,351	610,121	5,451,121

32. **Responsibilities of directors on the financial statements**

In accordance with the provisions of Sections 377 of the Companies and Allied Matters Act, the company's directors are responsible for the preparation of the annual financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the year ended on that date, and which comply with the requirements of the Financial Reporting Council Act and Companies and Allied Matters Act. These responsibilities include ensuring that:

(i) adequate internal control procedures are instituted to safeguard assets and prevent and detect fraud and other irregularities.
(ii) proper accounting records are maintained.

(iii) applicable accounting standards are followed.

(iv) suitable accounting policies are used and consistently applied; and

(v) the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the company will continue in business.

33. **Capital commitments and contingent liabilities**

There were no commitments or contingent liabilities as at 31 December 2021.

34. **Events after the reporting period**

There were no events after the reporting period which could have a relevant impact on the financial statements of the company that had not been adequately provided for or disclosed in the financial statements.

35. **Approval of financial statements**

The Board of Directors approved these financial statements on 17 March 2022.

OTHER NATIONAL DISCLOSURE

COMPANY STATEMENT OF VALUE ADDED
AS AT 31 DECEMBER, 2021

	2021 ₦'000	%
Premium earned	7,906,221	
Investment & other income	275,316	
	8,181,537	
Claims, acquisition and maintenance cost - local	(7,012,540)	
Value added	**1,168,997**	**100**
	========	====
Applied as follows: -		
In payment of employees		
Personnel cost	449,452	38
In payment to Government:-		
Income tax & levies	58,684	5
Retained for maintenance of assets		
Depreciation and amortization	214,066	19
Retained for expansion of business and payment of dividend to shareholders		
Deferred taxation	92,959	8
Retained profit	353,836	30
Value added	**1,168,997**	**100**
	=======	====

The statement represents the distribution of the wealth created through the use of the company's assets, and its employees' efforts.

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