FBS Re

FBS Reinsurance Limited

ANNUAL REPORT
AND FINANCIAL STATEMENT
2022

CORPORATE HEADQUARTERS
22, Dunukofia Street, Area 11, Garki,
Abuja FCT - Nigeria

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FBS Reinsurance Limited

FBS Re
FBS Reinsurance Limited

ANNUAL REPORT
and Financial Statements
2022

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FINANCIAL HIGHLIGHTS

Critical Ratios:	Percentage(%)
Retrocession Ratio	10%
Claims Incurred Ratio	32%
Operating Expense Ratio	5%
Acquisition Expense	27%
Underwriting Expense Ratio	33%
Combined Ratio	74%

	2022 ₦'000	2021 ₦'000	% Increase
Gross Premium Written	16,588,585	7,906,221	110
Gross Premium Income	14,666,487	4,835,885	234
Investment Income	1,050,005	275,316	281
Profit before Tax	3,768,924	500,262	653
Operating Profit Transferred to general reserve	2,491,012	387,021	544
Transfer to Contingency reserve	490,056	234,690	109

Per Share Data	2022	2021
Earnings per share (Kobo)	12.5	3.9
Net assets Per Share (Kobo)	64.4	103.9

	2022 ₦'000	2021 ₦'000	% Increase
Share Capital	10,000,000	10,000,000	-
Shareholders fund	12,878,033	10,387,021	24
Insurance Contract Liability	11,274,078	4,794,184	135
Total Assets	26,296,418	15,804,956	66

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
Garki Abuja, FCT Nigeria

Lagos Office

39, Afred 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
Providus Bank

Zenith Bank Plc
Parallex Bank Ltd
SunTrust Bank Ltd.
Taj Bank Plc
Stanbic IBTC Bank Plc

MISSION, VISION, & CORE VALUES

Mission

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

Vision

To be a Reinsurance Services Company of choice in Africa through customer centric practices, and the use of advanced technology tools.

Core Values

Customer Centricity

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

Efficiency

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

Integrity

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

Professionalism

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

Innovation & Creativity

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.

CHAIRMAN'S STATEMENT

Distinguished Shareholders, directors, ladies, and gentlemen, you are all most welcome to the 2nd Annual General Meeting of your company, FBS Reinsurance Limited. It is again my honour and privilege to present to you the company's Annual Report and Financial Statements for the year ended 31st December 2022.

It is remarkable that, despite the continuing impact of the COVID-19 pandemic on both the global and our local economy, coupled with other new challenges during the year under review, your company achieved improved financial and operational results.

I am particularly pleased to report that the results were achieved mainly by delivering better services to our cedants and brokers. We shall continue to keep our promises, as has been anointed in our name: **For Better Services** and create sustainable value addition for all our stakeholders.

The Global Economy in 2022

The primary cause of the slowdown in global economic activities in 2022 was reported to be Cost Price Inflation. Core inflation rates were higher than experienced in decades across many OECD countries. As a result, the World Bank signposted a significant fall in Global Economic Growth expectations from 5.5% in 2021 to 3.2% for 2022 and 2.7% in

2023. There are lingering aftershocks on supply chains from the COVID-19 pandemic and impact of the ongoing war in Ukraine.

Global inflation rates in 2022 averaged 7.4% from 4.35% in 2021. Even though there was a marginal global economic rebound, the incidences of supply chain disruptions and higher food and energy prices have combined to complicate the management of inflation rates in many countries. These prompted central banks of emerging markets and developing countries (EMDCs) to increase borrowing rates and generally tighten monetary policies.

Financial risk factors remain unusually complex because conflicting economic policies were being applied to solve common global problems, especially as seen to be done by the two largest economies. These had indeed exacerbated the situation. For example, A policy that leads to US dollar rate appreciation and federal reserve tightening could easily trigger emerging market debt distress. Likewise, an out-of-control China property sector crises has the potential to undermine Global financial stability.

Top level policymakers should therefore **harmonise economic and financial policies through global cooperation**, avoid catastrophic trade wars, downplay geopolitical rivalry, prioritise growth, and generally focus on restoring price stability while alleviating cost-of-living pressures on vulnerable segments of the population.

African Economic Review for 2022.
Africa has over One Billion people, 50% of whom will be under twenty-five by 2050. It is a continent with positive diversity. Africa has vast human and natural resources which if put to good use can engender rapid economic growth, necessary for eradicating the prevailing endemic poverty.

The world's largest **free trade area** to serve a billion-person market size is under way in Africa, certainly that will give clear **framework for a new vibrant business opportunity in the continent.**

However, economic growth in Africa has decelerated from 4.1% in 2021 to 3.3% in 2022 due to the slowdown in global economic growth, rising inflation, the Ukraine war, adverse weather conditions, tightening global financial conditions, and rising debt.

Nigerian Economic Perspective in 2022
Nigeria's economy in 2022 faced massive economic volatility due to global and domestic uncertainties. There were apparent concerns, as expressed by economic managers over the heightened aftershocks from weakened global economic recovery.

Nigeria endured many socioeconomic headwinds, including a dire insecurity situation, cost-push inflation, exchange rate volatility and political transition-induced uncertainties. All these had combined to hurt the economy.

Gross Domestic Product (GDP) grew by 3.54 per cent (year-on-year) in the second quarter of 2022, compared with 3.11 per cent in the first quarter of 2022 and 5.01 per cent in the corresponding quarter of 2021.

Despite the difficulties, the economy did, however, maintain GDP growth for seven consecutive quarters, following an exit from the recession in 2020. The International Monetary Fund had advised reform of the applicable fiscal policies to be aligned with a targeted monetary programme; both must be aimed at curtailing rising price inflation and **reversing the prevailing dismal human development indices.**

The Central Bank of Nigeria (CBN) in October 2022 announced the decision to redesign the high-denomination banknotes of N200, N500 and N1,000 with an implementation commencement date of December 15, 2022. The Old notes would consequently cease to be legal tender by the end of January 2023.

The following reasons were adduced by the Central Bank of Nigeria (CBN) for the currency redesign:

1. Curtailing ransom payment from incidences of kidnapping.
2. Reducing the disproportionate cash holding by individuals outside the Banking system in a determined move to a more cashless society.
3. The use of electronic banking and digital payment to put into effect the anti-money laundry and terrorism financing laws and regulations.

Money market rates continued fluctuating, reflecting volatile liquidity within monetary management systems. There was also noticeable volatility in the external reserves position, which had settled at $37.09 billion by December 2022 from $40.52 at the end of December 2021.

In the year under review, the Monetary Policy Committee of the CBN raised the benchmark interest rate by 250-basis points in two consecutive meetings focusing on reining Nigeria's rising price inflation rate. CBN raised the interest rate for the second time in November by 100-basis point to 16.5 per cent while the other monetary parameters were left unchanged.

Nigeria's inflation climbed to 21.47 per cent in November from October's 21.09 per cent, closing at 21.34 per cent for 2022.

Global Insurance Industry Perspectives and Trends in 2022

The pandemic created the condition for unprecedented changes to the workplace, significantly as to how people work, interact, commute, and communicate across the board, assisted mainly by the new technologies.

The global insurance industry was impacted by five identifiable trends in 2022.

1. The changing of ‘work from the office to work from home’ impacted auto sales and created low commuting activities to and from offices, which reduced the frequency and severity of auto and other road traffic accidental losses.
2. The growth of Advanced Driver Assistance Systems (ADAS) and other connected vehicle technologies improve safety and create better driving experiences.
3. Climate change has become a significant factor in insurance risk premium computation and insurance regulation in all jurisdictions.
4. Mobile and personalised technologies have had a tremendous impact on customer expectations. The new digitally supported service offerings are now commonplace in the industry and considered a minimum requirement in service standards.
5. Insurance Service delivery is **fast adopting new technologies to enhance customer experience.**

As a matter of necessity, all the above trends made reinsurers include the use of advanced technologies and connected systems for simplifying all processes to improve service offerings.

International Reinsurance Market in 2022

The global reinsurance market in 2022 witnessed a substantial decrease in reinsurance capacities for all classes but was more acute in Energy, Marine, Aviation and Credit placements. Retrocession premium rates accordingly hardened significantly as a result.

Retrocessionaires, who are the major global reinsurers, resorted to global rating and pricing modelling, making premium rates reflect global rather than regional or national loss ratios.

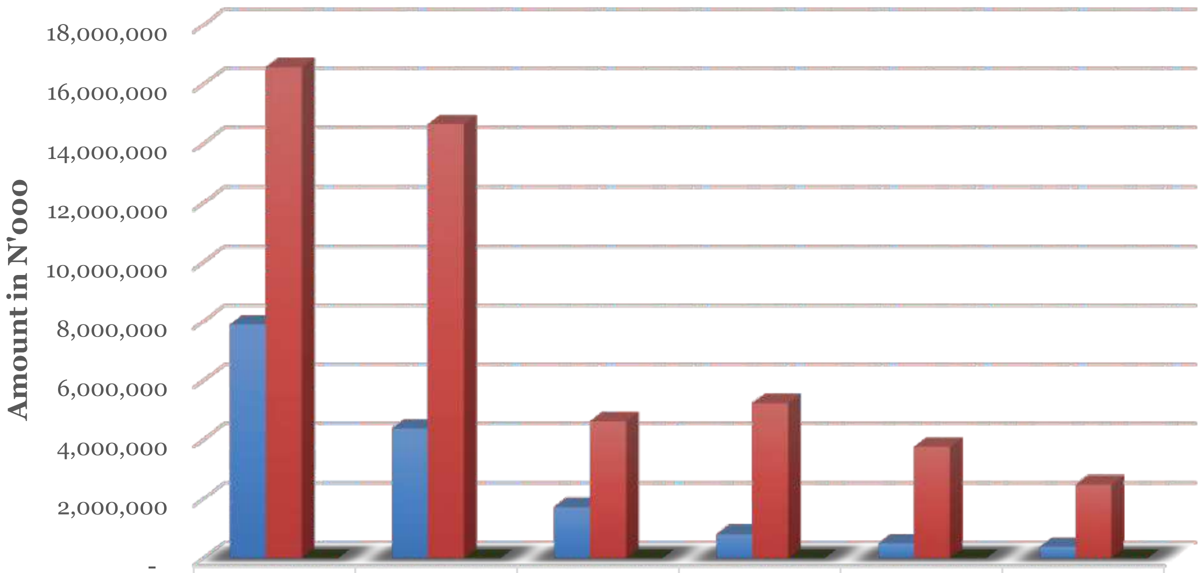
African reinsurers are, therefore, faced with both a hardened market and much narrower placement options. These situations are further complicated by local regulatory requirements on globally rated retrocession securities. However, the positive sides of these developments have been that African direct insurers and reinsurers were compelled to adopt appropriate underwriting and pricing for all classes of risks and to include stringent premium payments warranties to remain profitable.

FBS REINSURANCE LIMITED Performance in 2022

FBS Re’s financial performance for only the second year of its operation is a testament to the resilience of its applied business models. Despite environmental challenges, your company has gained positive results in the critical areas of market share growth and profitability.

Gross Written Premium in 2022 of **N16.589billion, increased by 110% from N7.906 billion achieved in 2021**. Underwriting profit grew by 545% from N813million in 2021 to N5.244billion driven by prudent management of Reinsured risks and Operational Costs. Investment Income achieved is N1.050billion in 2022 (2021: N275million). Profit after tax is N2.491billion or 544% higher than N387million achieved in 2021.

Financial Highlights



	Gross Writen Premium	Net Premium Earned	Net Claims Incurred	Underwriting Profit	Results of Operating Activities	Profit for the Year
2021	7,906,221	4,385,885	1,730,849	812,898	500,262	387,021
2022	16,588,585	14,666,487	4,633,515	5,244,406	3,768,924	2,491,012
% Increase	110%	234%	168%	545%	653%	544%

Gross Premium by Class

Fire generated 50% with an increase of 87% from 2021 followed by Energy with 23% with 177% increase then Accident, Marine, Liability and Life with 10%, 10%, 5% and 2% with an increase 99%, 115% and 195% from 2021 respectively.

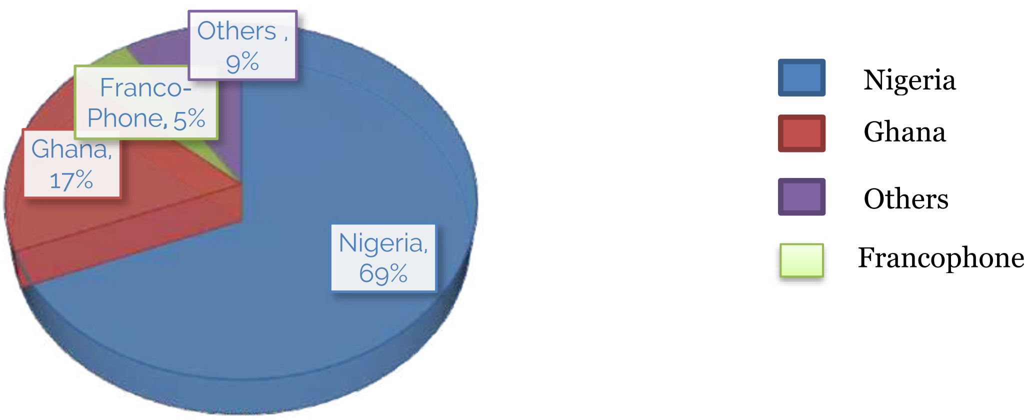
Class	2022 ₦ '000	2021 ₦ '000	2022 % of Premium	Growth in %
Fire	8,361,350	4,480,329	50%	87%
Energy	3,745,612	1,350,344	23%	177%
Liability	851,419	372,961	5%	128%
Accident	1,673,395	839,300	10%	99%
Marine	1,576,738	734,366	10%	115%
Life	380,071	128,921	2%	195%
Total	**16,588,585**	**7,906,221**		**110%**

Gross Written Premium by Territory

Territory	2022 ₦ '000	2021 ₦ '000	Growth in %
Nigeria	11,441,556	5,866,296	95%
Ghana	2,883,380	1,155,015	150%
Francophone	776,685	-	-
Others	1,486,965	884,910	68%
Total	16,588,585	7,906,221	110%

Territorial Distribution of Gross Written Premium

The Pie Chart below shows that Nigerian market contributed 69% of the total Gross written premium followed by Ghana market with 17% whilst Francophone and rest of Africa contributed 5% and 7% respectively.



Capitalisation

Your Board has prioritised adequate financial capital funding to give support to the rapid market share growth.

Authorised and issued shares have increased from 10b to 20b units, and the Board has commenced working with A7 Synergy Investment Limited and other strategic investing partners to add 10-billion-naira new capital, through hybrid sales.

International Market Expansion

As part of the FBS Re strategic plan on growth and the diversification of risks portfolio, we are embarking on a guided expansion program into other markets and territories

outside our traditional Anglophone Zones. This expansion will focus on Central, East and Southern African territories as we continue to study the North African markets.
Our set risk appetite will determine the expansion initiative and ease of doing business in the selected territories. It will also be in line with the overall corporate objectives of sustainable profitability and delivery of better alternative services to other African cedants.

Digital Transformation Programme

FBS Re has achieved full **deployment of Sage X3 ERP** financial software in the year under review and has already started to improve the accounting record keeping, data management and reporting. It will also aid our regulatory compliance efforts and enhance the oversight functions of financial management by the Board of directors.

The **Technical Software, Synergy 2, by Eurobase UK**, was also acquired and is being deployed. The software is an end-to-end reinsurance solution with tested user capability to facilitate our approved digital transformation plans.

The solution shall improve corporate governance, internal business process coordination, market development and efficient service delivery. Synergy2 is a release-based platform and, when fully deployed, will enable your company to benefit from Eurobase's investments in new technologies, training and its tradition of alignment with the changing technology landscape. Synergy 2 is also expected to deliver real-time data analytics backed by AI tools.

Human Capital and Developmental Programme

Leadership Development Initiatives: Your company has designed these programs to develop the leadership skills of employees through mentorship, coaching, and executive education platform, upscale skills, knowledge and abilities of employees through Performance Management, Career Development and Job Rotation.

Work-Life Balance: We have changed several established routines. This included changes to regimented in-office or Onsite attendance, to a flexible daily work schedule. One of the consequences of the covid 19 pandemic is the advent of the mixture of onsite and offsite office activities. This is becoming increasingly important as the line between work and personal life continues to blur due to technological advancements and increasing workloads. We developed a system where the employee's work life and personal life are made a top priority. Consequently, our employees can carry out their schedules in and out of the office environment.

Governance Policies

During 2022, FBS Re approved important management policies to strengthen governance and best-in-class practices to develop workable propositions for improved stakeholder values.

These policies include.

Succession Planning, Whistle Blower, Reward and Compensation, Delegation of Authority (DOA) Matrix, Employee Recruitment, Credit Control, Occupational Health and Safety, and Enterprise Risk Management.

All four committees of the Board held all meetings with full attendance during the year, contributing significantly to the board's decision-making processes.

Dividend

Esteemed Shareholders, the Board of Directors, recommends for your approval, a **dividend of N0.05 per share amounting to N500,000,000** (Five hundred million Naira), subject to the deduction of appropriate withholding taxes.

Appreciation

I convey my sincere appreciation for the support received from Cedants, Brokers, and Retrocessionaires. Also thank my colleagues on the Board, Shareholders, Management and Staff, whose collective efforts have made the company achieve the good results reported, for 2022.

In the coming years, we look forward to even greater partnerships to build a proudly Nigerian FBS RE, into a GREAT African enterprise.

Thank you all.

Alhaji Bala Zakariyau,
Chairman, Board of Directors.

BOARD OF DIRECTORS

Bala Zakariyau– Chairman

Zakariyau has over forty years of experience in the insurance sector in Nigeria and has served on Boards of more than 20 national and multinational institutions. 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 current President of Lagos Business School (AMP4) and a member of the Governing Council of the Alumni Association (LBSAA). He was a Past President of, Chartered Insurance Institute of Nigeria. He is a chartered insurer, holds an Associateship of the Chartered Insurance Institute of the UK and holds a Masters in Business Administration.

He has held various Senior and Management positions in the insurance sector before joining Niger Insurance Plc as a General Manager (Technical) in 1993. Due to the recognition of his professionalism and hard work, he quickly rose to the Executive Director Position that same year. In 1997, he was appointed Managing Director of the company. After nine years of successfully heading the company's affairs, he was appointed as Chairman of the company's Board in 2006. He retired in December 2015 after 22 years of meritorious service to Niger Insurance.

He held key positions on various Federal Government committees. He was a member of the Insurance law Review Committee in 1996 and Sub Committee Vision 2020 in 2009. He was also the Insurance Recapitalization and Reform Committee Chairman in 2006 and Insurance Sector Reform Committee FSS 2020. BALA ZAKARIYAU brings to the Board skills in Governance and risk management.

Fola Daniel – Chief Executive Officer

Mr. 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, 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.

Steve Kyerematen - Chief Operating Officer

Mr. Steve 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 Munich Reinsurance Group based in Accra, Ghana. Between his careers, with Munich Re Group and 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.

Yusuf Hamisu Abubakar, OON - Director

Has held diverse positions in the public service as well as the private sector. Heserved as Director-General, Bureau for Lands and Survey, Kaduna State, he then served as a member of the Kaduna State Executive Council asHonorable 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 bytraining, 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 theNigerian Law School and acquired a Bachelor of Laws in 1988. He obtaineda master's degree in business administration from the University of Exeter UK in2008.

Wol**e Oshin – Director**

He 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 WestAfrican 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 ofInvestment Advisers and Portfolio Managers. He is the Founder and Group Managing Director of the Custodian Group – a leading Insurance group in SubSahara 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 4 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.

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 theCivil Service of the Federation. On retirement was appointed the Water and Sanitation (WASH) Ambassador, by the Water and Sanitation CollaborativeCouncil (WSSCC), Geneva, 2010.

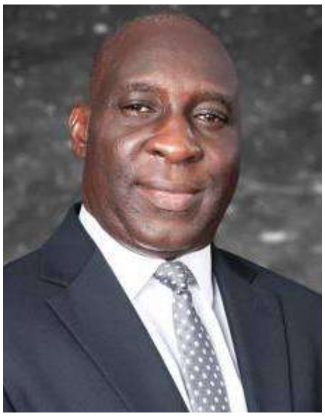
KEY MANAGEMENT STAFF

Fola Daniel
Chief Executive Officer

Steve Kyerematen
Chief Operating Officer

Shola Ajibade
Director of Operations

Musa Kolo
Chief Financial Officer



Taiwo Otuneye
Company Secretary

Gbolahan A. Toru
Senior Manager

Shuaibu M. Zakari
Head IT

FBS Re

FBS Reinsurance Limited

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2022

Financial Statement

FBS REINSURANCE LIMITED

RESULTS AT A GLANCE

	2022 ₦'000	2021 ₦'000	% increase/ (decrease)
Gross premium written	16,588,585	7,906,221	110
Gross premium income	14,666,487	4,385,885	234
Investment income	1,050,005	275,316	281
Profit before tax	3,768,924	500,262	653
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	=======	=======	
Share capital	10,000,000	10,000,000	-
Shareholders fund	12,878,033	10,387,021	24
Insurance Contract liability	11,274,078	4,794,184	135
Total assets	26,296,418	15,804,956	66
	========	========	
Per share data:			
Earnings per share (Kobo)	12.45	3.9	
Net assets per share (Kobo)	64.4	103.9	
	====	=====	

FBS REINSURANCE LIMITED

CORPORATE INFORMATION

The Board:	Bala Zakariyau	-	Chairman
	Fola Daniel	-	Managing Director/CEO
	Steve Kyerematen	-	Executive Director/COO
	Yusuf Hamisu Abubakar	-	Director
	Ahmed Olaniyi Salawudeen	-	Director
	Wole Oshin	-	Director
	Ebele Okeke	-	Director (Independent)

Company Secretary: Taiwo A. Otuneye

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

Registered number: RC 1350905

Bankers:
Keystone Bank Limited
Guaranty Trust Bank Limited
Access Bank Plc
First City Monument Bank Plc
Zenith Bank Plc
Parallex Bank Limited
SunTrust Bank Limited
Taj Bank Limited

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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	**Bala Zakariyau**
FRC/2013/CIIN/00000003901	**FRC/2014/CIIN/00000003437**
13th March, 2023	**13th March, 2023**

FBS REINSURANCE LIMITED

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 2022.

Result for the year	**₦'000**
Net operating profit before tax	3,768,924
Police Trust fund	(125)
Income tax expense	(1,277,787)
Total comprehensive income for the year after tax	2,491,012
	========

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 Authorised Share Capital of ₦20,000,000 made up of 20,000,000,000 Ordinary Shares of ₦1.00 each.

The Company was licensed on the 25th of November 2020 and commenced operations on 1st January 2021. It is authorised and regulated by the National Insurance Commission (NAICOM).

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 2 of these financial statements.

5. **Directors' shareholding and Ownership Structure**

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

		Number of shares held as at	
		31/12/2022	**31/12/2021**
Bala Zakariyau	-	220,000,000	220,000,000
Fola Daniel	-	400,000,000	400,000,000
Stephen Kyerematen	-	120,000,000	120,000,000
Yusuf Hamisu Abubakar	-	180,000,000	180,000,000
Ahmed Olaniyi Salawudeen	-	Nil	Nil
Wole Oshin		Nil	Nil
Ebele Okeke		Nil	Nil

Shareholding interest of 5% and above	**Units**	**%**
A7 Synergy Investments Limited	4,366,093,632	43.66
Standard Insurance Consultants Limited	663,453,184	6.63
Edginton Global Investment Limited	625,000,000	6.25

Ownership Structure

	As at December 31, 2022		
	Number of Holders	**Number of Shares**	**%**
Foreign	1	120,000,000	1.2
Nigeria	19	9,880,000,000	98.8

BOARD COMPOSITION

The board is composed of seven members and during the year under review the board met six 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		6	17th March 2022
2.	Fola Daniel		6	17th May 2022
3.	Stephen Kyerematen		6	28th July 2022
4.	Yusuf Hamisu Abubakar		6	23rd August 2022
5.	Ahmed Olaniyi Salawudeen		6	27th October 2022
6.	Wole Oshin		6	15th December 2022
7.	Ebele Okeke		6	
	Taiwo A. Otuneye	Secretary	6	

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**
8.	Yusuf Hamisu Abubakar	Chairman	3	11th April 2022
9.	Fola Daniel	Member	3	20th July 2022
10.	Stephen Kyerematen	Member	3	11th October 2022
11.	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	3	14th April 2022
2.	Fola Daniel	Member	3	12th July 2022
3.	Stephen Kyerematen	Member	3	12th October 2022
4.	Wole Oshin	Member	2	
	Taiwo A. Otuneye	Secretary	3	

Strategy and Risk Management

			No. of meetings attended	Date of meetings
1.	Wole Oshin	Chairman	2	11th April 2022
2.	Fola Daniel	Member	3	20th July 2022
3.	Stephen Kyerematen	Member	3	11th October 2022
4.	Yusuf Hamisu Abubakar	Member	3	
	Taiwo A. Otuneye	Secretary	3	

Audit and Compliance

			No. of meetings attended	Date of meetings
1.	Ebele Okeke	Chairman	3	14th April 2022
2.	Ahmed Olaniyi Salawudeen	Member	3	12th July 2022
				18th October 2022
	Taiwo A. Otuneye	Secretary	3	

6. **Dividend**

The directors recommend the payment of 5kobo per share as dividend.

7. **Property, plant & equipment**

Movements in property, plant and equipment during the year are shown in Note 8 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. **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.

9. **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 risk 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.

10. **Independent Auditors**

Messrs. Baker Tilly Nigeria (Chartered Accountants) 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 authorise the directors to fix their remuneration.

By Order of the Board

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

Lagos, Nigeria
13th March 2023

bakertilly

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REPORT OF THE INDEPENDENT AUDITORS

TO THE MEMBERS OF
FBS REINSURANCE LIMITED

Report on the financial statements

We have audited the financial statements of FBS Reinsurance Limited (the company) set out on pages 12 to 56, which comprise the statement of financial position as at 31 December 2022, 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 2022, 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 2022", 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 thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during 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 is 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 scepticism 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, decide whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our 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 profit 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
13th March, 2023

FBS REINSURANCE LIMITED

COMPANY INFORMATION AND ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 DECEMBER 2022

1. General information

(a) Reporting Entity

FBS Reinsurance Limited ('the Company') underwrites life and non-life re-insurance risks such as those associated with death, energy, gas, 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 pays 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

These 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 capital adequacy ratio 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

The 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 recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and 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 prepares its 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 2022. 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.

Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8

The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

Published February 2021.
Effective date Annual periods beginning on or after 1 January 2023.

Amendment to IAS 12 – deferred tax related to assets and liabilities arising from a single transaction
These amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

Published May 2021.
Effective date Annual periods beginning on or after 1 January 2023.

Amendment to IFRS 16 – Leases on sale and leaseback
These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

Published September 2022.
Effective date Annual periods beginning on or after 1 January 2024.

Amendment to IAS 1 – Non current liabilities with covenants
These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

Published November 2022.
Effective date Annual periods beginning on or after 1 January 2024.

IFRS 17, 'Insurance contracts'
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 May 2017
Effective date 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 as set 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

A) Financial assets

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 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 changes its 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 cash flows 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 cash flows 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 cash flows 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 cash flows.
- 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 cash flows from specialized assets (e.g. non— recourse features).

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 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 insignificant at initial recognition.

Subsequent measurement of gains and losses:

Financial assets at FVTPL 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 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 profit 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 profit 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.

B) **Financial Liabilities**

Classification, subsequent measurement and gains and losses

Financial liabilities are classified as 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.

Financial liabilities are classified as 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.

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 modified 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 in accordance with the 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 derecognized 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 r*eceivables 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. This was reassessed and fully amortized in 2022.

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 flow 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 lettable 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 inflows. 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.

The amortization rate used in the current and comparative year for intangible assets on pro rata basis are as follows:

License: 10 years.
Software: 3 years.

5.10 ***Property, Plant and Equipment***

(i) ***Recognition and measurement***

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 is performed on periodic basis to ensure that the fair value of the assets does not differ materially from it 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 deficit 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 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.

5.9.1 **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 cash flows 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 cash flows 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.

5.10 **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.

5.11 **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.

5.12 **Reinsurance contract**

5.12.1 **Classification of reinsurance contracts**

Contracts under which the company accepts significant reinsurance 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 reinsured event) adversely affects the policyholder or other beneficiary are classified as re-insurance contracts.

5.12.2 **Recognition and measurement of reinsurance contracts**

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

i) Short-term reinsurance contract premium

Written premium on short-term reinsurance contracts comprises premiums on contracts entered 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 reinsurance 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 reinsurance contracts**

The portion of gross written premium on short term reinsurance 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 reinsurance contracts**

Claims incurred in respect of short-term reinsurance 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 reinsurance contracts
The portion of the non-Life gross premium written which has not yet been earned by the end of the accounting year is accounted as Reserve for Unexpired Risk.

This is calculated using the current underwriting year gross written premium for all classes of business assuming premium earning pattern based on historical pattern and business knowledge.

v) **Claims arising from long-term reinsurance contracts**
Claims incurred in respect of long-term reinsurance contracts consist of claims arising during the year including provision for policyholder liabilities. Outstanding claims on long-term reinsurance contracts that have occurred at the reporting 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 reinsurance 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.

5.13 **Trade payables**

Trade payables 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.

5.14 **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 benefits 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.

v) ***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 the reinsurance commission income, the ratio of prepaid reinsurance to reinsurance cost.

5.15 **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.

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

5.17 **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.

5.18 **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 or 10% of net profit.

5.19 **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 (₦).

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 recognised 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.

5.20 **Investment income and expenses**

Investment income and expenses for all interest-bearing financial instruments including financial instrument measured at fair value through profit 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.

5.21 **Deficits and surpluses on actuarial valuation**

Actuarial valuation of the reinsurance/reassurance contract liabilities 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.

5.22 **Underwriting expenses**

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

5.22.1 **Acquisition expenses**

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

5.22.2 **Maintenance expenses**

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

5.22.3 **Management and administrative expenses**

Management and administrative 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.

5.23 **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.

5.24 ***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.

5.25 ***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 attributable 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 profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

5.26 ***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.

5.27 **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 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.

FBS REINSURANCE LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

Assets	Note	2022 ₦'000	2021 ₦'000
Cash and cash equivalents	1	9,922,434	6,209,648
Investment Securities	2	4,032,309	1,007,952
Reinsurance receivables	3	3,919,646	2,574,016
Retrocession Assets	4	5,023,202	1,520,942
Deferred acquisition costs	5	593,294	500,393
Deferred cost	6	-	1,169,901
Other Asset	7	72,752	201,001
Investment Properties	8	1,178,220	1,060,450
Property, plant and equipment	9	140,334	138,689
Intangible assets	10	414,227	421,964
Statutory deposit	11	1,000,000	1,000,000
Total assets		**26,296,418**	**15,804,956**
Liabilities			
Insurance contract liabilities	13	11,274,078	4,794,184
Reinsurance payables	14	479,778	170,485
Provision and other payables	15	293,783	340,044
Income tax liabilities	16.2	1,227,642	20,263
Deferred taxation	16.3	143,104	92,959
Total liabilities		**13,418,385**	**5,417,935**
Equity			
Share capital	17	10,000,000	10,000,000
Contingency reserve	18	724,746	234,690
Retained earnings	19	2,153,287	152,331
Shareholders fund		**12,878,033**	**10,387,021**
		-	-
Total liabilities and equity		**26,296,418**	**15,804,956**

The financial statements were approved by the Board of Directors on 13th March, 2023 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 12 to 32 and the notes on pages 37 to 57 form part of these financial statements.

FBS REINSURANCE LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 ₦'000	2021 ₦'000
Gross premium written		16,588,585	7,906,221
Insurance premium revenue	20.1	16,175,701	4,602,330
Insurance premium ceded to retrocessionaires	20.2	(1,509,214)	(216,445)
Underwriting income		14,666,487	4,385,885
Insurance benefits			
Insurance claims and loss adjustment	21.1	(7,950,080)	(2,250,985)
Insurance claim and loss adjustment expenses recoverable from retrocessionaires	21.1	3,316,564	520,136
Underwriting expenses	21.2	(4,788,565)	(1,842,138)
Insurance benefits and underwriting expenses		**(9,422,081)**	**(3,572,987)**
Underwriting profit		**5,244,406**	**812,898**
Impairment on reinsurance asset	3	(556,390)	-
Net interest income	22	441,672	104,216
Fair value gains on property	23	117,770	100,450
Other operating income	24	490,563	70,650
Operating expenses	25	(699,076)	(373,886)
Depreciation and amortization expenses	26	(1,270,021)	(214,066)
Net operating profit before tax		**3,768,924**	**500,262**
Police trust development levy	16.4	(125)	(19)
Income tax expense	16.1	(1,277,787)	(113,222)
Retained profit after tax transferred to reserve		**2,491,012**	**387,021**
Other comprehensive income		**-**	**-**
Total comprehensive income for the year		**2,491,012**	**387,021**
Earnings per share			
Profit for the year attributable to ordinary equity holders			
Basic (Kobo)		12.45	3.87

The accounting policies on pages 12 to 32 and the notes on pages 37 to 57 form part of these financial statements.

STATEMENT OF CHANGE IN EQUITY

AS AT 31 DECEMBER 2022

	Ordinary Share Capital ₦'000	Statutory contingency reserve ₦'000	Retained earnings ₦'000	Total ₦'000
As at 1 January, 2022	10,000,000	234,690	152,331	10,387,021
Profit for the year	-	-	2,491,012	2,491,012
Transfer to contingency reserve	-	490,056	(490,056)	-
As at 31 December, 2022	**10,000,000**	**724,746**	**2,153,287**	**12,878,033**
	========	======	=======	========
As at 1 January, 2021	-	-	-	-
Issued shares	10,000,000	-	-	10,000,000
Transferred from income	-	-	387,021	387,021
Transfer to contingency reserve	-	234,690	(234,690)	-
As at 31 December, 2021	**10,000,000**	**234,690**	**152,331**	**10,387,021**
	========	======	=======	========

The accounting policies on pages 12 to 32 and the notes on pages 37 to 57 form part of these financial statements.

FBS REINSURANCE LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

	2022	2021
	₦'000	₦'000
Premium received	14,686,565	5,332,205
Underwriting expenses paid	(4,052,845)	(1,628,844)
Retrocession premium paid	(1,437,502)	(1,046,766)
Claims paid	(1,883,070)	(760,692)
Payment to employee	(333,612)	(250,452)
Preoperational expenses paid	-	(1,299,890)
Other operating income received	618,811	70,650
Other operating expenses paid	(1,188,585)	(918,097)
Net cash outflow from operating activities	**6,409,762**	**(501,886)**
Tax Paid	**(20,263)**	**-**
	6,389,499	**(501,886)**
Investing activities		
Investment income	121,297	104,216
Investment properties	-	(960,000)
Property, Plant & Equipment	(48,565)	(175,881)
Statutory deposit	-	(1,000,000)
Intangible assets	(45,462)	(468,849)
Acquisition of investments securities	(3,749,971)	(1,007,952)
Proceeds from disposals of investment securities	1,045,988	-
Net cash outflow from investing activities	**(2,676,713)**	**(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	3,712,786	6,209,648
Cash and cash equivalent at the beginning	6,209,648	-
Cash and cash equivalent at the end	**9,922,434**	**6,209,648**

The accounting policies on pages 12 to 32 and the notes on pages 37 to 57 form part of these financial statements.

RISK AND CAPITAL MANAGEMENT FRAMEWORK

a. **Governance 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 of the stock holders, 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 2022	**2022**	**2021**
	₦'000	**₦'000**
Share capital	10,000,000	10,000,000
Contingency reserve	724,746	234,690
Retained earnings	2,153,287	152,331
Excess of Admissible assets over liabilities	12,878,033	10,387,021
Less amount of own shares held (Treasury shares)	-	-
	12,878,033	10,387,021
Subordinated liabilities subject to approval by commission	-	-
Any other financial instrument as prescribed by commission	-	-
Capital Requirement	**12,878,033**	**10,387,021**

NAICOM measures the financial strength of reinsurers using a solvency margin model. It generally expects reinsures to comply with this capital adequacy requirement.

Section 24 of the Insurance Act 2003 defines solvency margin of an insurer as the difference between the admissible assets and liabilities and this shall not be less than 15% of the net premium income (Gross Premium Income less Reinsurance Premium Paid) or the minimum capital base (N10 billion) whichever is higher:

This test compares insurers' capital against the risk profile. The regulator indicated that insurers should produce a minimum solvency margin of 100%.

The company's solvency margin of ₦10,180,082,000 is above the stipulated minimum solvency required by ₦180,082,000 or 2% as at 31 December, 2022.

	As per Audited	**Inadmissible**	**Admissible**
	₦'000	**₦'000**	**₦'000**
Cash and cash equivalents	9,922,434	1,900,000	8,021,593
Investment securities	4,032,309	-	4,032,309
Reinsurance receivables	3,919,646	453,236	3,466,410
Retrocession Assets	5,023,202	-	5,023,202
Deferred acquisition costs	593,294	-	593,294
Other Assets	72,752	72,752	-
Investment properties	1,178,220	-	1,178,220
Property, plant and equipment	140,334	-	140,334
Intangible assets	414,227	414,227	-
Statutory deposit	1,000,000	-	1,000,000
Total assets	**26,296,418**	**2,841,056**	**23,455,362**

Liabilities	As per Audited ₦'000	Inadmissible ₦'000	Admissible ₦'000
Insurance contract liabilities	11,274,078	-	11,274,078
Reinsurance payables	479,778	-	479,778
Provision and other payables	293,782	-	293,782
Income tax liabilities	1,227,642	-	1,227,642
Deferred taxation	143,104	143,104	-
Total liabilities	**13,418,384**	**143,104**	**13,275,280**
	========	======	========
Solvency margin			**10,180,082**

Computation of minimum solvency margin per insurance Act stipulation	
The higher of :	**₦'000**
15% of net premium (15% of 16,175,701,000)	2,426,355
	=========
Minimum capital base	10,000,000
	=========
Company and minimum solvency margin compared:	
Company's solvency margin	10,180,082
Minimum solvency margin	10,000,000
Amount over and above solvency margin	**180,082**
	========

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 benefit. 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.

The company's minimum regulatory capital requirement is N10 billion.

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 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 allowable 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.

	2022	**2021**
	₦'000	**₦'000**
Cash and cash equivalent	9,922,434	6,209,648
Investment	4,032,309	1,007,952
Reinsurance receivables	3,919,646	2,574,016
Prepayments	12,348	11,401
Total assets bearing credit risk	**17,886,735**	**9,791,616**
	========	=======

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.

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.

FBS REINSURANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

		2022	2021
1.	**Cash and cash equivalent**	**₦'000**	**₦'000**
	Cash in hand	70	400
	Balances with banks:		
	- Current account	70,966	262,894
	- Domiciliary account	590,757	564,489
	- Foreign banks	453,457	100,957
	- Placements with banks and other financial institutions	8,807,183	5,280,908
		9,922,433	6,209,648
		=======	=======
2.	**Financial Assets**		
	Investment Securities (current):		
	Debt Instrument measured at amortised cost;		
	9.5 ETI April 2024	445,094	-
	Nigeria 6% Dec.2023	457,954	-
	Nigeria 7.62% Nov. 2023	439,564	-
	FGN Bond 2042	1,006,695	-
	Sukuk Bond	200,000	-
	Treasury bills	-	1,007,952
	Fair value through P&L		
	Mutual Fund	1,393,716	-
	Fair value through OCI		
	Unquoted Equity	89,286	-
		4,032,309	**1,007,952**
		=======	=======

		Debt at amortised cost ₦'000	FV through P&L ₦'000	FV through OCI ₦'000	Total 2022 ₦'000	Total 2021 ₦'000
2.1	**Movement in financial asset**					
	As at 1 January	1,007,952	-	-	1,007,952	-
	Additions during the year	2,430,685	1,230,000	89,286	3,749,971	1,007,952
	Amortisation premium/ Discount on bond	(38,036)	-	-	(38,036)	-
	Accrued interest	19,365	-	-	19,365	-
	Unrealised fair value gain	-	50,668	-	50,668	-
	Foreign exchange adjustment	137,293	113,048	-	250,341	-
	Maturities and redemptions	(1,007,952)	-	-	(1,007,952)	-
		2,549,307	1,393,716	89,286	**4,032,309**	**1,007,952**
		=======	=======	=======	=========	=======

		2022	2021
3.	**Reinsurance receivables**		
	Due from ceding companies (Local NL)	3,029,430	1,201,723
	Due from ceding companies (Pipeline)	1,446,606	1,372,293
		4,476,036	2,574,016
	Impairment of Reinsurance Receivable	(556,390)	-
		3,919,646	2,574,016
		=======	=======
	Comprising:		
	Current portion	3,919,646	2,574,016
	Non-current portion	-	-
		3,919,646	2,574,016
		========	=======

		2022	2021
4.	**Retrocession Assets**	**₦'000**	**₦'000**
	Retro Share of Claim Recoverable	3,759,282	509,342
	Retro Share of Unearned Premium	1,186,502	1,000,806
	Retro Share of Life Insurance Contract Liabilities	77,418	10,794
		5,023,202	1,520,942

5.	**Deferred Acquisition Cost**		
	At 1 January	500,393	-
	Acquisition cost paid during the year	3,388,598	1,628,844
	Amortized acquisition cost (note 20.2)	(3,295,697)	(1,128,451)
	At 31 December	593,294	500,393

6.	**Deferred cost**		
	Pre-operational expenses		
	At 1 January	1,299,890	1,299,890
	Additions	-	-
	At 31 December	1,299,890	1,299,890
	Amortisation		
	At 1 January	129,989	-
	Charge for the year	1,169,901	129,989
	At 31 December	1,299,890	129,989
	Carrying amount		
	At 31 December	-	1,169,901

The company reassessed its deferred pre-operational cost during the year and are of the opinion that the cost can be fully absorbed by the operational results of the year, hence the cost was fully recouped in the year.

7.	**Other Assets**		
	Withholding tax recoverable	-	4,002
	Miscellaneous Debit Balances	60,404	16,388
	Share Issue Expenses	-	169,210
	Prepayment	12,348	11,401
		72,752	201,001

8.	**Investment Properties**		
	At January	1,060,450	-
	Additions	-	960,000
	Fair Value gain	117,770	100,450
	At 31 December	1,178,220	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, 2022.

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	446,250	26,250	472,500	Chika Egwuata & Partners
2.	I Unit of three-bedroom flat at Admiralty Towers, 8, Gerrard Road, Ikoyi	Deed of assignment	Free	400,000	80,000	480,000	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	214,200	11,520	225,720	Chika Egwuata & Partners
	Total			**1,060,450**	**117,770**	**1,178,220**	

9. Property, plant and equipment

	Office Partitioning ₦'000	Motor vehicles ₦'000	Furniture & fittings ₦'000	Office equipment ₦'000	Computer equipment ₦'000	Plant& Mach ₦'000	Total ₦'000
Cost							
At 1 January 2022	14,088	127,299	10,384	5,265	18,845	-	175,881
Additions	10,730	-	22,197	2,116	4,521	9,000	48,565
At 31 December 2022	24,818	127,299	32,581	7,381	23,366	9000	224,446
Accumulated depreciation							
As at 1 January 2022	1,174	29,173	1,731	862	4,252	-	37,192
Charge for the year	1,767	31,825	3,539	1,265	7,175	1,350	46,920
At 31 December 2022	2,941	60,998	5,270	2,127	11,427	1,350	84,112
Net book value							
At 31 December 2022	**21,877**	**66,301**	**27,311**	**5,254**	**11,939**	**7,650**	**140,334**
At 31 December 2021	12,914	98,126	8,653	4,403	14,593	-	138,689

10. Intangible Assets

License Cost	Software	License	Total
Cost	**₦'000**	**₦'000**	**₦'000**
At 1 January	-	468,849	468,849
Additions	45,462	-	45,462
At 31 December, 2022	45,462	468,849	514,311
	=====	======	======
Amortisation			
At 1 January	-	46,885	46,885
Charge for the year	6,314	46,885	53,199
At 31 December	6,314	93,770	100,084
	====	=====	======
Carrying amount			
As at 31 December, 2022	39,148	375,079	414,227
	=====	======	======
As at 31 December, 2021	-	421,964	421,964
	====	======	======

	2022	2021
	₦'000	**₦'000**
11. Statutory deposit		
At 1 January	1,000,000	-
Addition	-	1,000,000
At 31 December	1,000,000	1,000,000
	=======	=======

12. **Statement of investment representing Insurance Funds**
In accordance with Article 1.3.1(e) and 13.47.0 of revised prudential guideline for insurance institution in Nigeria, the company assets represent policyholders fund and shareholder funds as stated below:

Policyholders' Fund

	Non -Life ₦'000	Life ₦'000	Share -holders ₦'000	Total ₦'000
Cash in hand	-	-	70	70
Current account	-	-	70,966	70,966
Domiciliary account	-	-	590,757	590,757
Balances held with foreign banks	-	-	453,457	453,457
Local Term deposit	5,373,573	-	573,967	5,947,540
US Dollars Deposit	1,811,563	-	-	1,811,563
GHS Deposit	-	-	365,935	365,935
GBP Deposit	99,926	-	-	99,926
GTB Call	69,671	-	-	69,671
Keystone Call	264,090	-	-	264,090
Treasury Bills	248,459	-	-	248,459
Mutual Fund	1,087,691	214,895	91,130	1,393,716
Foreign unquoted	-	-	89,286	89,286
FGN Bonds	1,006,695	-	-	1,006,695
FGN Eurobond	897,518	-	-	897,518
Corporate Bond FX	-	-	445,09	445,094
Corporate Bond	200,000	-	-	200,000
Investment Property	-	-	1,178,220	1,178,220
Statutory Deposit	-	-	1,000,000	1,000,000
Reinsurance Recievable	-	-	3,919,646	3,919,646
Other assets	-	-	72,752	72,752
Retrocession assets	-	-	5,023,202	5,023,202
Deffered acquisition cost	-	-	593,294	593,294
Property, Plant and Equipment	-	-	140,334	140,334
Intangible Assets	-	-	414,227	414,227
Grand Total	**11,059,186**	**214,895**	**15,022,337**	**26,296,418**
LIABILITIES				
Insurance contract liabilities	11,059,186	214,895	-	11,274,078
Reinsurance payables	-	-	479,778	479.778
Provision and other payables	-	-	293,783	293,783
Income tax liabilities	-	-	1,227,642	1,227,642
Deferred taxation	-	-	143,104	143,104
Total Liabilities	**11,059,186**	**214,895**	**2,144,307**	**13,418,388**
Surplus	**-**	**-**	**12,878,030**	**12,878,030**

13. **Insurance contract liabilities**

Non – life		
Unearned Premium Reserve (note 13.1)	3,688,763	3,270,599
Reserve for Outstanding Claims (note 13.2)	7,370,420	1,466,020
	11,059,183	4,736,619
Life		
Unearned Premium Reserve (note 13.1)	28,012	33,292
Outstanding Claims (note 13.2)	186,883	24, 273
	214,895	57,565
Total Insurance fund	11,274,078	4,794,184

13.1 **Reserve for Unearned Premium-**	**2022 Life ₦'000**	**2022 Non life ₦'000**	**2022 Total ₦'000**	**2021 Total ₦'000**
At 1 January	33,292	3,270,599	3,303,891	-
Written in the year	380,071	16,208,514	16,588,585	7,906,221
Earned in the year	(385,351)	(15,790,350)	(16,175,701)	(4,602,330)
At 31 December	28,012	3,688,763	3,716,775	3,303,891

13.2 **Reserve for Outstanding Claims**	**Life ₦'000**	**Non-life ₦'000**	**Total ₦'000**	**Total ₦'000**
At January	24,273	1,466,020	1,490,293	-
Claim expenses	227,507	7,722,573	7,950,080	2,250,985
Claim paid	(64,897)	(1,818,173)	(1,883,070)	(760,692)
Outstanding claims reserve (OCR)	186,883	7,370,420	7,557,303	1,490,293
OCR is analysed as follows:				
Outstanding claim (note 13.3)	24	590,877	590,901	100,000
Incurred but not reported (IBNR)	186,859	6,779,543	6,966,402	1,390,293
	186,883	7,370,420	7,557,303	1,490,293

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

13.3a Outstanding Claims Age Analysis

Age (Days)	**0 -90 Days**	**91 – 180 Days**	**181 – 270 Days**	**271 – 365 Days**	**Above 365 Days**	**Total**
Amount (₦'000)	30,241	126,954	221,603	113,166	98,937	590,901
Number of Claims	14	20	36	18	14	102

13.3b Outstanding Claims Age Analysis by Reason

	0 – 90 Days		**91 – 180 Days**		**181 – 270 Days**		**271 – 365 Days**		**Above 365 Days**		**Total**	
Reasons	**QTY**	**Amount (₦'000)**	**QTY**	**Amount (₦'000)**	**QTY**	**Amount (₦'000)**	**QTY**	**Amount (₦'000)**	**QTY**	**Amount (₦'000)**	**QTY**	**Amount (₦'000)**
Claim not finalised by Cedants	14	30,241	19	124,192	36	221,603	15	112,328	13	84,123	97	572,487
Incomplete Documentation by Cedants			1	2,762			3	838			4	3,600
Non-settlement of outstanding balances									1	14,814	1	14,814
Total	**14**	**30,241**	**20**	**126,954**	**36**	**221,603**	**18**	**113,166**	**14**	**98,937**	**102**	**590,901**

		2022	2021
		₦'000	₦'000
14.	**Reinsurance payables**		
	Due to retrocessionaires	425,363	167,956
	Due to ceding companies	54,415	2,529
		479,778	170,485
	Comprising:		
	Current portion	479,778	170,485
	Non-current portion	-	-
		479,778	170,485
15.	**Provision & other payables**		
	Payment received advance	3,396	-
	Accrued expenses	73,385	15,500
	Statutory deductions	2,315	120
	ITF Levy	49,072	5,217
	Police Trust Fund Levy (note 16.5)	144	19
	Other sundry creditors	165,471	99,188
	Deposit for shares	-	220,000
		293,783	340,044
16.	**Taxation**		
16.1	**Per statement of comprehensive income:**		
	Income tax based on profit for the year (note 16.5)	1,121,775	20,135
	Education tax	105,867	128
		1,227,642	**20,263**
	Deferred taxation	50,145	92,959
		1,277,787	**113,222**
	Police development levy	125	19
		1,277,912	**113,241**
16.2	**Current taxation per statement of financial position:**		
	At 1 January	20,263	-
	Based on the profit for the year	1,227,642	20,263
	Payments during the year	(20,263)	-
	At 31 December	1,227,642	20,263
16.3	**Deferred taxation**		
	At 1 January	92,959	-
	Movement during the year	50,145	92,959
	At 31 December	143,104	92,959
16.4	**Police Trust Fund Levy**		
	Profit for the year after taxation	2,491,137	387,040
	0.005% thereof -	125	19

The Police Trust Fund Development levy represents the contribution of the company to the development of the Police Force. This is in compliance with the Nigeria Police Trust Fund Act passed by National Assembly in April 2019 and signed into law by the President on 24 June, 2019. The levy represents 0.005% of the net profit after company income tax of the companies operating business in Nigeria.

16.5 **Income tax based on profit for the year**

The Income tax based on profit for the year 2021 was restated as follows;

	Restated 2021 ₦'000	**Audited 2021 ₦'000**
Income tax based on profit for the year	53,114	53,114
Reversal of overprovision	(32,979)	-
	20,135	53,114

Police Trust Fund Levy

Police Trust Fund Levy for the year 2021 was restated as follows;

Police levy provision	225	225
Reversal of overprovision	(206)	-
	19	225

	2022 ₦'000	**2021 ₦'000**
17. Issued share capital		
As at 1 January	10,000,000	-
Issued during the year	-	10,000,000
As at 31 December	10,000,000	10,000,000

There was a call in arears in respect of additional N10billion ordinary shares of N1 each allotted at par to A7 Synergy Investments Limited during the year. An agreement was reached with A7 Synergy to pay for the shares within the subsequent year. This is however not booked until payment is made.

18. Contingency reserve		
As at 1 January	234,690	-
Transfer from retained earnings	490,056	234,690
At 31 December	724,746	234,690

The annual transfer to contingency reserve is computed as the higher of 3% of gross premium or 20% of profit before tax for nonlife, while for life it is the higher of 1% of gross premium or 10% of profit before tax.

19. Retained earnings		
As at 1 January	152,331	-
Transfer from income statement	2,491,012	387,021
Transfer to contingency reserves	(490,056)	(234,690)
As at 31 December	2,153,287	152,331

		2022 ₦'000	2021 ₦'000
20.	**Earned premium**		
20.1	**Insurance premium revenue**		
	Life insurance contract		
	- Gross premium	380,071	128,921
	- Change in life unearned premium	5,280	(33,292)
		385,351	95,629
	Non-life insurance contracts		
	- Gross premium	16,208,514	7,777,300
	- Change in unearned premium	(418,164)	(3,270,599)
		15,790,350	4,506,701
	Total premium arising from insurance contract issued	16,175,701	4,602,330
20.2	**Insurance premium ceded to retrocession**		
	Premium income ceded to retrocessionaires on insurance contracts issued		
	Life insurance contracts	61,500	-
	Non life insurance contracts	1,633,409	1,217,251
		1,694,909	1,217,251
	Changes in retrocessionaires share of unearned premium reserve	(185,695)	(1,000,806)
	Cost of premium ceded to retrocessionaires on insurance contract issued	1,509,214	216,445
21.	**Claims/ underwriting expenses**		
21.1	**Insurance claims and loss adjustment expenses**		
	Life insurance contracts	227,507	53,289
	Non-life insurance contracts	7,722,573	2,197,696
	Total cost of policy holders benefits	7,950,080	2,250,985
	Insurance claims and loss adjustments expenses recoverable from retrocessionaires	(3,316,564)	(520,136)
	Net insurance benefits and claims	4,633,516	1,730,849
21.2	**Underwriting expenses**		
	Amortized acquisition cost (note 5)	3,295,697	1,128,451
	Cost incurred for the maintenance of insurance contracts	716,133	220,539
	Management expenses (note 27)	776,735	493,148
	Total underwriting expenses	4,788,565	1,842,138
22.	**Investment income**		
	Interest income on bank placement	352,751	73,002
	Statutory deposits interest income	49,007	29,958
	Investment securities and mutual fund interest income	39,914	1,256
	Net Interest income	441,672	104,216
23.	**Fair value gains on property and financial assets**		
	Gains on valuation of investment properties	117,770	100,450
		117,770	100,450

		2022	2021
24.	**Other operating income**	**₦'000**	**₦'000**
	Foreign Exchange Gain	407,835	70,650
	Other income	79,714	-
	Income on investment	3,014	-
		490,563	70,650
		======	=====
25.	**Operating expenses**		
	Other expenses	114	-
	AGM expenses	5,239	-
	Audit fees	11,750	7,500
	Investment expense	5,149	5,217
	Other professional fees	323,980	17,628
	Director's emoluments (Note 28.1)	352,844	343,291
	Donations	-	250
		699,076	373,886
		======	======
26.	**Depreciation and amortization expenses**		
	Motor vehicle	31,825	29,173
	Office equipment	1,265	862
	Office furniture	3,539	1,731
	Computer	7,175	4,252
	Office partitioning	1,767	1,174
	Plant and machinery	1,350	-
	Intangible	53,199	4 6,885
		100,120	84,077
	Amortization of deferred cost	1,169,901	129,989
		1,270,021	214,066
		=======	======
27.	**Management expenses**		
	Employee benefits (Note 28.2)	333,612	250,452
	Local transport and travelling	39,839	46,901
	Rent	25,705	43,697
	Conference and seminars	52,185	28,330
	Bank charges	21,561	22,563
	Overseas travel	25,731	21,535
	Maintenance	28,222	11,389
	Entertainment	12,727	11,323
	Fees and charges	14,833	10,466
	Advert and publicity	32,151	10,319
	Fuel	12,710	10,012
	Telephone and posting	16,046	8,924
	Printing and stationery	999	4,230
	Electricity	6,670	3,744
	Cleaning	6,185	3,498
	Training	7,527	2,387
	Insurance	4,133	3,358
	Newspaper	95	20
	Client development service	1,596	-
	Subscription	4,100	-
	ITF levy	48,813	-
	NAICOM levy	79,063	-
	Filing and registration	2,231	-
		776,735	493,148
		======	======

		2022	2021
28.	**Emoluments of Chairman, Directors and Employees**	**₦'000**	**₦'000**
28.1	Chairman and Directors emoluments		
	Fees:		
	Chairman	27,778	27,778
	Others directors	76,291	84,778
		104,068	112,556
		----------	----------
	Other Emoluments:		
	Chairman	16,800	4,663
	Others directors	231,975	226,072
	Total emoluments	352,844	343,291
		======	======

Number of directors (excluding the Chairman) whose emoluments were within certain ranges were:

	Number	**Number**
below N5,000000	-	-
N5,000,000 - N10,000,000	-	-
N10,000,001 and above	6	6
	===	===

No director waived his/her right to receive emoluments.
No pension was paid to the existing and past directors
No compensation for loss of office was paid to any of the directors.

			2022	2021
28.2	**Employee benefits**		**₦'000**	**₦'000**
	Wages & salaries		310,173	235,874
	Pension fund charge		23,439	14,578
			333,612	250,452
			======	======
	Employee remunerated at high rate		**Number**	**Number**
(i)	1,000,000	5,000,000	6	5
	5,000,001	10,000,000	4	3
	10,000,001	15,000,000	1	2
	15,000,001	20,000,000	2	1
	Above 20,000,000		2	-
			15	11
			==	===
(ii)	**Average number of persons employed**			
	Managerial		5	5
	Other		10	6
			15	11
			===	===

29. Cash flow reconciliations

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

	₦'000	₦'000
Profit after tax	2,491,012	387,021
Add back:		
Taxation expenses	1,277,912	113,241
Operating profit	3,768,924	500,262
Adjustment for item not involving movement of cash		
Adjustments:		
Impairment of reinsurance receivables	556,390	-
Depreciation and amortisation	1,270,021	214,066
Fair value gain on investment properties	(117,770)	(100,450)
	5,477,565	613,878
Investment income	(441,672)	(104,216)
	5,035,893	**509,662**
Working capital adjustment:		
Increase in insurance Contract liabilities	6,479,894	4,794,184
Increase in provisions	(46,386)	120,025
Increase in reinsurance payable	309,293	170,485
Increase in deferred acquisition costs	(92,901)	(500,393)
Increase in deferred cost	-	(1,299,890)
Increase in reinsurance receivables	(1,902,020)	(2,574,016)
Increase in other assets	128,249	(201,001)
Increase in retrocession assets	(3,502,260)	(1,520,942)
Net cash inflow from operating activities	**1,373,869**	**(1,011,548)**
Net cash flow from operating activities	**6,409,762**	**(501,886)**

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

Cash in hand	71	400
Balances with banks:		
- Current account	70,966	262,894
- Domiciliary account	590,757	564,489
- Foreign banks	453,457	100,957
- Placements with banks and other financial institutions	8,807,183	5,280,908
	9,922,434	6,209,648

30. **Admissible assets**

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

2022	**Non - Life**	**Life**
	₦'000	**₦'000**
Cash and cash equivalents	9,760,636	161,798
Investment properties	1,159,008	19,212
Retrocession assets	4,941,293	81,910
Investment securities- Bonds	3,966,557	65,752
Total assets representing insurance Contract liabilities	**19,827,494**	**328,672**
Total insurance contract liabilities	11,059,183	214,895
Excess of assets over liabilities	8,768,311	113,777
	179%	**153%**

2021		
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.

FBS REINSURANCE LIMITED

STATEMENT OF TOTAL COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	Non-Life 2022 ₦'000	Life 2022 ₦'000	Composite 2022 ₦'000	Composite 2021 ₦'000
Gross premium - Non-life		16,208,514	380,071	16,588,585	7,906,221
Change in unearned premium provision		(418,164)	5,280	(412,884)	(3,303,891)
		15,790,350	**385,351**	**16,175,701**	**4,602,330**
Change in ceded unexpired risk reserve		184,516	1,170	185,696	1,000,806
Total Premium revenue arising from insurance contracts issued		**15,974,875**	**386,521**	**16,361,396**	**5,603,136**
Insurance premium revenue (net of UPR)		15,974,875	386,521	16,361,396	5,603,136
Insurance premium ceded to retrocessionaires		(1,633,409)	(61,500)	(1,694,909)	1,217,251
Net insurance premium revenue	**19**	**14,341,466**	**325,021**	**14,666,487**	**4,385,885**
Insurance benefits:					
Insurance claims and loss adjustment expenses	**20.1**	7,722,573	227,507	7,950,080	2,250,985
Insurance claims & loss adjs exps recoverable		(3,245,233)	(71,331)	(3,316,564)	(520,136)
Net insurance benefits and claims		4,477,340	156,176	4,633,516	1,730,849
Underwriting expenses	**20.2**	4,652,285	136,280	4,788,565	1,842,138
Net insurance benefits and underwriting expenses		**9,129,625**	**292,456**	**9,422,081**	**3,572,987**
Underwriting profit		**5,211,841**	**32,565**	**5,244,406**	**812,898**
Impairment charge for the period	**3**	(543,643)	(12,747)	(556,390)	-
Investment income	**21**	431,553	10,119	441,672	104,216
Net gains on investment property	**22**	113,911	3,859	117,770	100,450
Foreign Exchange (Loss)/Gain	**23**	399,652	8,183	407,835	-
Other operating income	**23**	80,833	1,895	82,728	70,650
Operating and depreciation expenses	**24 &25**	(1,923,982)	(45,115)	(1,969,097)	(587,952)
Profit before taxation		**3,770,165**	**(1,241)**	**3,768,924**	**500,262**
Police development levy		(73)	(52)	(125)	(19)
Income tax expense	**15.1**	(1,276,837)	(950)	(1,277,787)	(113,222)
Profit after taxation		**2,493,255**	**(2,243)**	**2,491,012**	**387,021**
Profit for the year		**2,493,255**	**(2,243)**	**2,491,012**	**387,021**
Segment Assets		25,464,809	831,609	26,296,418	15,804,956
Segment Liabilities		13,110,948	307,437	13,418,385	5,417,935

The segment information provided to the Company Executive Board for the reportable segments for the year ended 31 December 2022 is as follows:

	Nigeria ₦'000	Ghana ₦'000	Franco-phone ₦'000	Other ₦'000	Total 2022 ₦'000	Total 2021 ₦'000
Gross premium	11,441,556	2,883,380	776,685	1,486,965	16,588,585	7,906,221
Change in reserve for unearned premium	(156,698)	(39,489)	(10,637)	(20,365)	(227,189)	(2,303,085)
Earned premium income	11,284,858	2,843,891	766,048	1,466,600	16,361,396	5,603,136
Retrocession costs	(1,169,021)	(294,604)	(79,356)	(151,928)	(1,694,909)	(1,217,251)
Net premium earned	**10,115,838**	**2,549,286**	**686,691**	**1,314,672**	**14,666,487**	**4,385,885**
Expenses						
Gross claims incurred	1,298,800	327,310	88,166	168,794	1,883,070	760,692
Ceded outstanding claims reserve	1,897,535	478,197	128,810	246,607	2,751,149	970,157
Claims incurred	**3,196,335**	**805,507**	**216,976**	**415,401**	**4,634,219**	**1,730,849**
Retrocession recoveries	(703)	-	-	-	(703)	-
Net claims incurred	**3,195,632**	**805,507**	**216,976**	**415,401**	**4,633,516**	**1,730,849**
Underwriting expenses:						
Acquisition and maintenance cost	2,767,058	697,325	187,836	359,612	4,011,830	1,348,990
Management expenses	491,431	159,828	43,052	82,424	776,735	493,148
	3,258,489	**857,153**	**230,888**	**442,035**	**4,788,565**	**1,842,138**
Underwriting profit	**3,661,717**	**886,627**	**238,827**	**457,235**	**5,244,406**	**812,898**
Investment Income & other income	304,633	76,770	20,679	39,590	441,672	104,216
Net gains on financial assets	65,509	29,277	7,886	15,098	117,770	100,450
Other Income	82,728	-	-	-	82,728	70,650
Foreign exchange gain	297,014	62,082	16,723	32,016	407,835	-
Admin Expenses	(1,402,350)	(317,493)	(85,522)	(163,732)	(1,969,097)	(587,952)
Impairment charge for the period	(383,756)	(96,710)	(26,050)	(49,874)	(556,390)	-
Results of operating activities	**2,625,495**	**640,553**	**172,543**	**330,333**	**3,768,924**	**500,262**
Income tax expenses	(891,679)	(216,369)	(58,282)	(111,582)	(1,277,912)	(113,222)
Profit for the year	**1,733,816**	**424,184**	**114,261**	**218,751**	**2,491,012**	**387,021**
Segment assets	15,034,534	6,308,939	1,699,413	3,253,532	26,296,418	15,804,956
Segment liabilities	9,254,877	2,332,408	628,272	1,202,828	13,418,385	5,417,935

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 2022.

34. **Events after the reporting period**

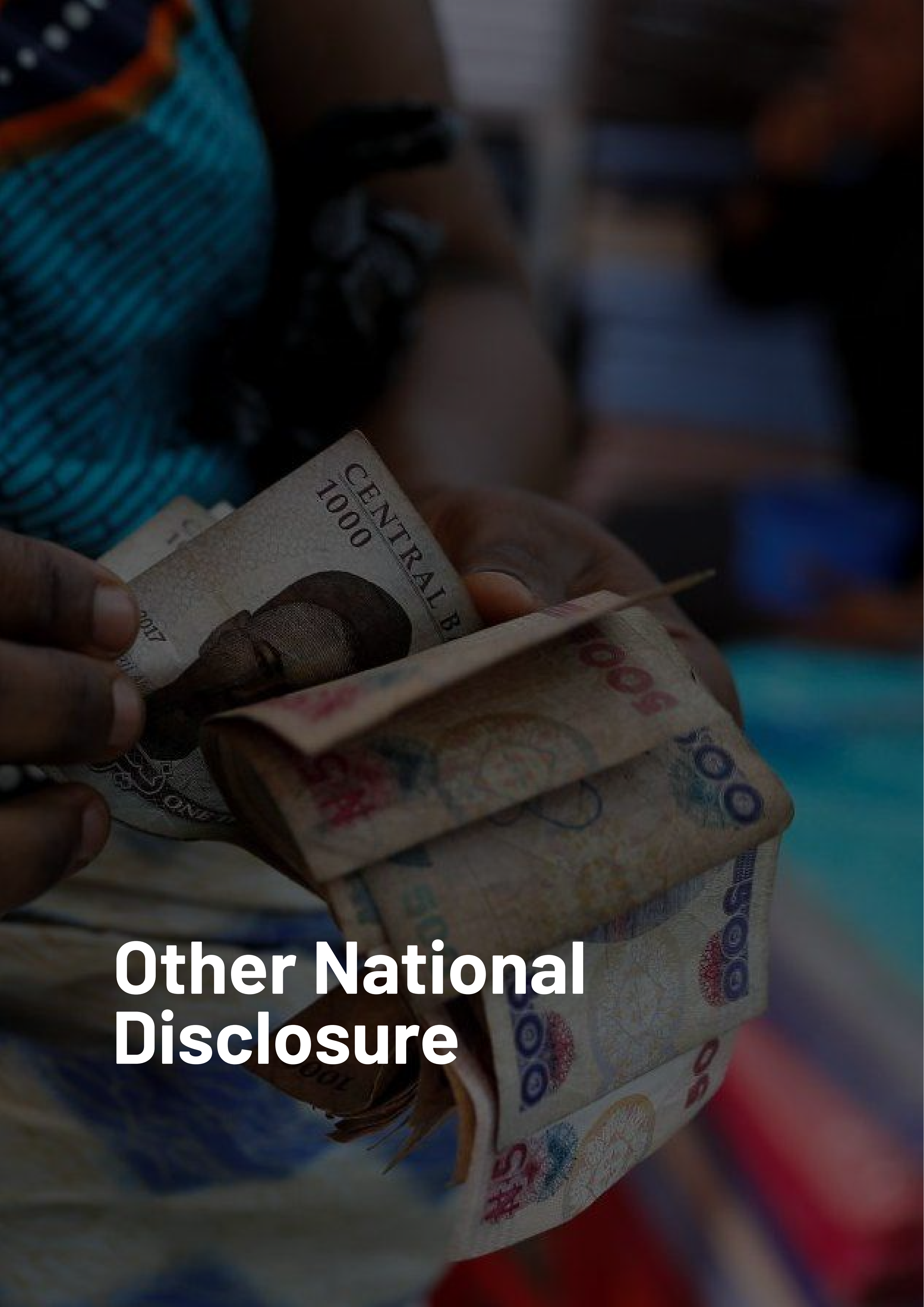
There were no events after the reporting period which could have a relevant impact on the financial statements of the company that had not been adequately provided for or disclosed in the financial statements.

35. **Comparative figures**
Some comparative figures have been represented to be consistent with current year's presentation, this includes some reclassification and restatement of balances to correct some erroneous treatment to give a true and fair position of the balances for the comparative year.

36. **Approval of financial statements**
The Board of Directors approved these financial statements on 13th March, 2023.


ACCOUNTING

OTHER NATIONAL DISCLOSURE



Other National Disclosure

FBS REINSURANCE LIMITED

STATEMENT OF VALUE ADDED
AS AT 31 DECEMBER 2022

	2022 ₦'000	%	2021 ₦'000	%
Premium earned	16,588,585		7,906,221	
Investment & other income	1,050,005		275,316	
	17,638,590		8,181,537	
Claims, acquisition and maintenance cost - local	(12,215,888)		(7,123,798)	
Value added	**5,422,702**	**100**	**1,057,739**	**100**
	========	===	========	===
Applied as follows: -				
To pay Employees				
Personnel cost	333,612	6	250,452	24
To pay Government: -				
Income tax & levies	1,277,912	24	113,241	11
Retained for maintenance of Assets				
Depreciation and amortization	1,270,021	23	214,066	20
Retained for business growth and payment of dividend to shareholders				
Deferred taxation	50,145	1	92,959	9
Retained profit	2,491,012	46	387,021	36
Value added	**5,422,702**	**100**	**1,057,739**	**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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FBS Reinsurance Limited